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## TEN HOLDINGS UPDATES MARKET AND ANNOUNCES PROPOSED CAPITAL RAISING

17 February 2009

Ten Network Holdings Limited (Ten Holdings) today updated the market on expected earnings for the first half of financial year 2009, ahead of the scheduled release of its results for this period on 2 April 2009. The Company also announced a potential capital raising through an institutional placement.

### Market update

Ten Holdings' executive chairman Nick Falloon said: "Since we reported our results for the first quarter of 2009 at the time of our Annual General Meeting in December 2008, the advertising market continues to be impacted by the prevailing economic conditions."

"Revenue for the television business Network Ten (TEN) in the first half of 2009 is expected to be approximately 12 per cent behind the prior corresponding half," Mr Falloon said.

"This will result in consolidated Group revenue being approximately 11 per cent behind the same period in 2008. Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the half is expected to be approximately \$118 million, being 28 per cent down on the result achieved in the first half of 2008."

In December, Ten Holdings advised that a comprehensive cost review had been conducted across the Group and the results of this review had been implemented, with substantial benefits being realised in operating costs.

"Ten Holdings remains committed to continually reviewing our cost base," Mr Falloon said.

"Consistent with previous advice, TEN is expected to deliver zero cost growth (ex selling costs) for the full year. This includes the commitment to our new multi-channel ONE, which launches next month, as well as investment in new international and domestic program initiatives for TEN," he said.

"In light of the recent sharp decline in global advertising markets, we have also reviewed the assets and contracts in TEN and in our out-of-home (EYE) division.

"Following this review, Ten Holdings will recognise the following non-recurring charges across its EYE and TEN operations:

- EYE – \$133 million, representing asset write downs and losses on onerous contracts, largely within the USA and UK operations, and
- TEN – \$15 million, relating mainly to program inventory write downs.

"TEN's strong program line-up for 2009 is our best in years. In the first official week of the survey period, TEN has demonstrated the strength of its line-up with *The Biggest Loser*, *So You Think You Can Dance Australia*, *House* and the brand new US drama *Lie to Me* all dominating their timeslots in our target demographics of 18-49 and 16-39.

"With key new series, including *Merlin*, along with our new mid-year franchise of *MasterChef Australia* yet to join the schedule, TEN is well positioned to grow its already-competitive footing in the key 18-49 demographic and maintain its lead in 16-39s.

"We are also well prepared for the launch of our new sport multi-channel, ONE, next month. The combination of TEN and ONE will provide a broader and more diverse offering for our viewers and advertisers," Mr Falloon said.

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## Capital raising

Ten Holdings is seeking to undertake a potential equity raising via an institutional placement of ordinary shares.

Ten Holdings has stated that it will not proceed with the equity raising unless it is able to achieve an acceptable outcome in the book-build process. Should the placement not proceed, Ten Holdings remains well capitalised and is comfortably placed within the requirements of its lending facilities.

The raising will be for up to 120 million new shares, which represents approximately 13 per cent of the current total shares outstanding. Institutional investors will be approached as part of a book-build process. Ten Holdings has been placed in a trading halt while the placement is being finalised.

Ten Holdings' executive chairman Nick Falloon said: "This capital raising is being proactively undertaken at this time as a measure of prudence in the continuing uncertain economic environment, which provides limited visibility."

"A capital raising of this size will provide Ten Holdings with enhanced balance sheet flexibility, which positions the business well for an eventual improvement in the advertising market," Mr Falloon said.

Leonard Asper, President and Chief Executive of Canwest Global Communications Corp (Canwest), which is a 56.6% shareholder in Ten Holdings, said: "Canwest is supportive of the proposed capital raising, but has elected not to participate."

"I have advised the Board of Ten Holdings that Canwest presently intends to retain its shareholding. Canwest endorses Ten Holdings' proposed equity offering, its sound strategic direction, attractive market position and, despite the prevailing market conditions, future growth prospects," Mr Asper said.

Upon successful completion of the capital raising, Canwest will continue to hold a greater than 50 per cent stake in Ten Holdings.

Source: *OzTam Week 7 2009*

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