

**WesTrac**

22 February, 2010

SEVEN NETWORK AND WESTRAC TO CREATE NEW COMPANY

- **Seven Network Limited and WesTrac Holdings to merge to create a new diversified operating and investment group to be listed on the Australian Securities Exchange.**
- **The new company - Seven Group Holdings Limited – will transition Seven Network Limited from an investment holding company with a significant presence in media, to part of an operating group with diversity, scale and strong growth prospects.**
- **The new company delivers shareholders a company with a market-leading presence in media and the resource services sector, as well as an expanding business presence in China.**
- **The Independent Directors of Seven Network Limited unanimously recommend the proposed transaction supported by independent advice.**
- **The Independent Expert has concluded that the Share Scheme is fair and reasonable and therefore in the best interests of shareholders and the proposed TELYS3 Scheme is in the best interests of TELYS3 holders.**

Seven Network Limited (“Seven”) and Australian Capital Equity Pty Ltd (“ACE”) today announce the proposed creation of a leading Australian diversified operating and investment group through a scrip for scrip merger of Seven and WesTrac Holdings Pty Ltd (“WesTrac Group”). WesTrac Group is a wholly-owned subsidiary of ACE. The combined group will be called Seven Group Holdings Limited and listed on the ASX.

Seven Group Holdings will comprise wholly-owned operating businesses and key strategic investments including:

- 100% of WesTrac Group, the sole authorised Caterpillar dealer in Western Australia, New South Wales / Australian Capital Territory and the North East region of China;
- 47% of Seven Media Group (“SMG”), a joint venture with Kohlberg Kravis Roberts comprising Australia’s leading television network, Seven Network, Pacific Magazines, one of Australia’s two largest magazine publishing companies, and Yahoo!7;
- 23% of West Australian Newspaper Holdings, the leading media group in Western Australia;
- 22% of Consolidated Media Holdings, which owns 25% of Foxtel and 50% of Premier Media Group;
- 66% of National Hire Limited, which in turn owns 46% of Coates Hire, the largest equipment hire business in Australia; and
- Cash and other existing Seven investments.

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Plans to create Seven Group Holdings were announced today by Mr Kerry Stokes, the Executive Chairman of ACE and Seven, and Mr Peter Ritchie, the Deputy Chairman and Independent Director of Seven.

Mr Stokes said: "Seven and WesTrac Group are two great companies. Both are performing strongly and both have terrific opportunities for growth. We have had a long and proud association with both companies, which are both leaders in their respective areas, with what I consider the best management teams in the country.

"Since the deal to create SMG, Seven has evolved into an investment holding company with strong media platforms and the financial capacity to expand into new sectors. We are excited about the potential opportunity this transaction has to transform Seven, and about the growth opportunity for all Seven shareholders."

Shareholders in Seven will be asked to consider a proposal that will transform their company and provide the foundation for its future development in media, investments and now the equipment management sector.

Mr Ritchie said: "Today is an exciting day in Seven's evolution. The proposed transaction represents a transformational opportunity for Seven and substantially repositions the Company to be a leading Australian diversified operating and investment group. WesTrac Group is a significant equipment management business that ACE has grown over the last 20 years, with solid future growth prospects in Australia and particularly in China.

"Over the past three years, the board and management of Seven have searched for investment opportunities that would deliver growth and add value to our shareholders. We have used strict investment criteria to assess opportunities, and the Independent Directors of Seven firmly believe this opportunity meets our investment criteria, including a strong revenue and earnings growth profile with a market leading position. Combining Seven and the WesTrac Group will deliver significant long-term growth opportunities and enhance shareholder value and returns. It will also provide the ability for Seven to deploy part of its excess cash into a growing operating business with strong earnings.

"The new company – Seven Group Holdings – will have market-leading assets, a conservative balance sheet and strong and well-credentialed management teams in its two core businesses," Mr Ritchie said.

The Independent Expert (Deloitte Corporate Finance) commissioned by Seven has concluded that the Seven share scheme is fair and reasonable and in the best interests of Seven ordinary shareholders and that the TELYS3 scheme is in the best interests of TELYS3 holders.

Peter Gammell will become Chief Executive Officer of Seven Group Holdings (SGH). Mr Gammell has been the Managing Director of ACE for 20 years and has been a founding Director of WesTrac since it was established 20 years ago and a Director of Seven for 15 years. Mr Gammell's experience in building both businesses will provide strong and focused leadership of the new merged group.

WesTrac Group is the sole authorised Caterpillar dealer in WA, NSW and the ACT and is the market-leader in each of these states. The business also operates a rapidly growing Caterpillar dealership in the fast-growing region of North East China. WesTrac is an equipment

management company, which provides customer value through cost effective management of their equipment through its full life cycle. It provides sales, service, and support of Caterpillar equipment with focus on the mining and construction industries.

Transaction Rationale

The Seven Directors have conducted a comprehensive review of potential media and telecommunications segment transaction opportunities for Seven and have concluded that the value-enhancing opportunities are limited. The Independent Directors believe that the merger will alleviate market concerns related to re-investment risks, and will reduce or eliminate the value discount currently applied to Seven's share price.

The transaction substantially repositions Seven from an investment holding company to part of a diversified operating group owning market leading businesses with attractive growth outlooks, while retaining full upside to existing strategic investments. The merger provides access to assets that underpin a long term growth profile via exposure to Australian resources and the Chinese economy. In addition, WesTrac is a business that is well known and understood by ACE management, and key ACE executives Peter Gammell and Jim Walker, who will be joining SGH in an executive capacity, have been instrumental in building the business over the past 20 years.

In assessing the opportunity ACE provided Seven with exclusivity and access to detailed due diligence on the WesTrac Australia and China businesses¹.

Aside from the strategic benefits of the transaction, financial benefits for Seven shareholders who become part of the new company will include expected EPS accretion of greater than 20% in FY11, a strong pro forma balance sheet with ample capacity to fund growth opportunities, increased dividend coverage and a greater scope for future dividend per share growth. Pro-forma dividends are forecast to increase to 36.0 cents in 2011 compared to the current forecast of 34.0 cents for Seven as a standalone. Following the transaction, Seven Group Holdings will be ACE's primary investment focus as substantially all of ACE's economic interests will be consolidated into a single entity.

Key Transaction Terms

The parties have agreed an enterprise value of WesTrac Group of \$2.0 billion, comprising an equity value of \$1.0 billion and assumed net debt of \$1.0 billion². As part of the agreed enterprise value, WesTrac's investment in National Hire will be acquired at a value of \$246 million. As ACE has been unable to provide Seven access to due diligence, ACE has underwritten this valuation as at 30 June 2011. Based on WesTrac Group forecast FY2011 EBITDA of \$231 million³ and EBIT of \$192 million³, and excluding the underwritten value of National Hire (\$246m), the terms imply a blended multiple for WesTrac Group of 7.8³ x FY11E EBITDA and 9.4³ x FY11E EBIT.

¹ ACE was unable to provide Seven access to perform due diligence on non-public information related to National Hire or Coates Hire

² As at 31 December 2009.

³ Excludes any financial forecast from WesTrac Group's interest in National Hire; Enterprise value has been adjusted for NHR underwrite. The assumptions underlying the financial forecasts and the sensitivities of the forecasts and the basis on which they have been provided are set out in the attachment to the investor presentation released today.

In consideration for 100% of the equity value in WesTrac Group, ACE, its director-related entities and management, are to receive 115 million shares in SGH (there will be no cash consideration), which implies an equivalent Seven per share valuation of \$8.70. This represents a 33% premium to Seven's 90-day VWAP and an 18% premium to Seven's current share price, based on the closing price on 19 February.

Seven shareholders will receive 1 SGH share for each Seven share held and pro forma SGH will have ~305 million shares outstanding (190m issued to Seven shareholders, including 92.8m to ACE and director-related entities, and 115m issued to ACE, its director-related entities and management). Following the transaction ACE and its director-related entities will own approximately 68% of SGH (the current shareholding of these entities in Seven is 48%). TELYS3 holders will be offered a similar security in SGH (TELYS4).

If the transaction proceeds, SGH's board will be made up of the existing Seven Board, with the addition of Jim Walker, CEO of WesTrac, and two additional independent directors that will further strengthen the Board. It is anticipated that the new independent directors will be nominated for election at SGH's first annual general meeting in late 2010.

The proposed transaction will be effected via separate schemes of arrangement for both Seven ordinary shareholders and TELYS3 holders. If the ordinary share scheme does not proceed, ordinary shares and TELYS3 will remain in place.

Transaction Timetable

Scheme of arrangement meetings for Seven ordinary shareholders and TELYS3 holders are expected to be held in mid-April 2010. ACE and its director-related entities will vote as a separate class of shareholders under the shareholder scheme vote.

Seven expects to distribute an Explanatory Memorandum to Seven shareholders and TELYS3 holders in mid-March 2010.

Further details regarding the transaction timetable and the scheme meetings holders will be outlined in the Explanatory Memorandum.

J.P. Morgan and Grant Samuel Corporate Finance are financial advisers to Seven and Freehills is legal adviser.

Goldman Sachs JBWere is the financial adviser to ACE and Clayton Utz is legal adviser.

Shareholders who require further information can contact the Seven Network Limited Information Line on 1300 656 831 (within Australia) or +612 8986 9358 (outside Australia).

A new company website has also been established at www.sevengroup.com.au.

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Overview of WesTrac Group

WesTrac Group has an ownership interest in three key businesses, a 100% interest in each of WesTrac Australia and WesTrac China and a 66% interest in National Hire Group Limited ("National Hire"). WesTrac Group was established by ACE in 1990 with the WA territory, and expanded subsequently into North East China in 2001, and NSW/ACT in 2004, at the invitation of Caterpillar.

WesTrac Australia operates the sole authorised Caterpillar dealer in WA, NSW and the ACT, providing equipment sales, service, and support, and is the market leader in each of these territories. WesTrac Australia services the mining, infrastructure, and non-residential construction markets in each of these regions. WesTrac is focused on equipment management through full equipment lifecycle and is not reliant solely on machine sales. WesTrac Australia is expected to achieve forecast sales and EBITDA of approximately \$1.9 billion and \$197 million respectively in FY2011.

WesTrac China operates as one of only four authorised Caterpillar dealers in China, covering eight provinces and municipalities in some of China's fastest growing and most mineral rich regions. WesTrac China is expected to achieve forecast sales and EBITDA of approximately \$832 million and \$34 million respectively in FY2011.

National Hire, a company listed on the ASX, comprises a wholly-owned equipment sales and support business, operating under the Allight name (a distributor of Allight lighting towers, Perkins and FG Wilson engines and Godwin pumps) and a 46% investment in Coates Hire. Coates Hire is the largest equipment hire business in Australia with over 200 branches and satellite locations. It serves the mining, construction, infrastructure project and event management sectors.

Excludes any financial forecast from WesTrac Group's interest in National Hire; Enterprise value has been adjusted for NHR underwrite. The assumptions underlying the financial forecasts and the sensitivities of the forecasts and the basis on which they have been provided are set out in the attachment to the investor presentation released today.