



ASA concerned by situation at TEN Network Holdings

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The Australian Shareholders' Association (ASA) today expressed concern about the governance and trading situation at TEN Network Holdings as 17,000 retail shareholders face the prospect of losing 100% of their investment if administrators are appointed as early as this week.

ASA CEO Judith Fox said, "The board should not rush prematurely into administration, but instead seek a suspension from trading which would allow time to further explore funding options, contract renegotiations and potentially allow the proposed licence fee cut and the elimination of old, outdated broadcasting regulation to be passed by Federal Parliament."

However, ASA points out that the current governance model of only having two independent directors is not appropriate for these delicate negotiations and ASA believes new independent directors should be added to the board as a matter of urgency.

"Given the substantial conflicts of interest and potential related party transactions at play, ASA believes TEN needs to immediately move to a conventional board with a majority of independent directors," Ms Fox said.

"For that to happen, TEN needs to quickly add two new independent directors so the independents have a majority and can out-vote all of the conflicted directors if necessary to ensure the interests of minority shareholders are protected and conflicts of interest are appropriately managed."

Allan Goldin, who is a director of ASA and company monitor for TEN, said the reports of potential administration meant that disclosure for all investors should be improved.

"The board should voluntarily disclose the material terms of these 'onerous' CBS and 21st Century Fox output contracts and if not, ASX should require that they be publicly disclosed," Mr Goldin said. "How can potential white knights or third party investors assess the situation if there is incomplete disclosure on these material contracts? Fairfax has opened a data room for due diligence in a change of control situation and TEN should do the same BEFORE administrators are appointed."

ASA is surprised at the prospect of administrators being called in given the \$200 million facility with the Commonwealth Bank was only \$66 million drawn at the half year and does not fall due until December 2017.

“TEN has 17,000 small shareholders and if they are going to salvage something from the wreckage, the directors should strive to avoid administration,” Mr Goldin said.

ASA notes that issuers such as Bellamy’s and G8 Education have all recently had their shares suspended to allow time for capital raisings or commercial negotiations to take place.

“The directors of TEN have the power to request a suspension and pursue a similar strategy, rather than rushing into administration, and we believe they should do that whilst also appointing new independent directors,” Mr Goldin said.

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EDITOR’S NOTE:

ASA classifies the TEN directors as follows:

- Independent: chairman David Gordon and Deborah Goodin.
- Not independent: Foxtel CEO Peter Tonagh, Andrew Robb (representing Gina Rinehart), Andrew Lancaster (representing Bruce Gordon).

The Australian Shareholders’ Association (ASA) is the only independent, member-funded, not-for-profit organisation that educates shareholders to become better investors and focuses on driving improvements in transparency and accountability of corporate behaviour in Australia.