

20 July 2015

**Position of the Management Board of TVN S.A.  
regarding the Tender Offer  
for shares in TVN S.A.  
announced by Southbank Media Limited on 6 July 2015**

The Management Board of TVN S.A. with its registered office in Warsaw (the "**Management Board**"; "**TVN**" and the "**Company**"), acting pursuant to Article 80 sections 1-3 of the Act on Public Offerings and the Conditions for Introducing Financial Instruments to the Organized Trading System and on Public Companies of 29 July 2005 (the "**Act**"), hereby presents its position regarding the Tender Offer (the "**Tender Offer**") announced on 6 July 2015 by Southbank Media Limited ("**Southbank**" or the "**Offeror**") for all outstanding shares in TVN. Pursuant to the Tender Offer, the Offeror belongs to the capital group of Scripps Networks Interactive Inc. ("**SNI**"), a company listed on the NYSE, with its seat in Knoxville, Tennessee (USA).

Pursuant to the content of the Tender Offer, the Offeror intends to acquire under the Tender Offer announced pursuant to Article 73 section 2 and Article 74 section 1 of the Act all outstanding shares issued by the Company, that is 160,952,702 (one hundred and sixty million nine hundred and fifty two thousand seven hundred and two) shares with a nominal value of PLN 0.20 (20 groszes) per share (the "**Shares**"), all of them ordinary bearer shares of the Company, officially listed and traded on the main market organized by Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange, the "**WSE**"), dematerialized and registered with Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities) under ISIN: PLTVN0000017.

Pursuant to the Tender Offer, prior to the registration of the redemption of the treasury shares held by the Company as a result of the share buy-back the Offeror indirectly held 191,795,606 (one hundred and ninety one million seven hundred and ninety five thousand six hundred and six) shares in TVN corresponding to 191,795,606 (one hundred and ninety one million seven hundred and ninety five thousand six hundred and six) votes at the general meeting of the Company, including:

- a. 5,326,426 (five million three hundred and twenty six thousand four hundred and twenty six) shares in TVN corresponding to 5,326,426 (five million three hundred and twenty six thousand four hundred and twenty six) votes at the general meeting of the Company held by a subsidiary of the Offeror, N-vision B.V. with its registered office in Amsterdam, the Netherlands;
- b. 173,969,180 (one hundred and seventy three million nine hundred and sixty nine thousand one hundred and eighty) shares in TVN corresponding to 173,969,180 (one hundred and seventy three million nine hundred and sixty nine thousand one hundred and eighty) votes at the general meeting of the Company held by a subsidiary of the Offeror, Polish Television Holding B.V. with its registered office in Amsterdam, the Netherlands and

- c. 12,500,000 (twelve million five hundred thousand) shares in TVN corresponding to 12,500,000 (twelve million five hundred thousand) votes at the general meeting of the Company held by a subsidiary of the Offeror, the Company.

The registration of the decrease in the share capital of the Company and redemption of the treasury shares held by the Company was finalized on 6 July 2015. Therefore, after the redemption of the treasury shares the Offeror ultimately indirectly held 179,295,606 (one hundred and seventy nine million two hundred and ninety five thousand six hundred and six) shares in TVN corresponding to 179,295,606 (one hundred and seventy nine million two hundred and ninety five thousand six hundred and six) votes at the general meeting of the Company, including:

- a. 5,326,426 (five million three hundred and twenty six thousand four hundred and twenty six) shares in TVN corresponding to 5,326,426 (five million three hundred and twenty six thousand four hundred and twenty six) votes at the general meeting of the Company held by a subsidiary of the Offeror, N-vision B.V. with its registered office in Amsterdam, the Netherlands and
- b. 173,969,180 (one hundred and seventy three million nine hundred and sixty nine thousand one hundred and eighty) shares in TVN corresponding to 173,969,180 (one hundred and seventy three million nine hundred and sixty nine thousand one hundred and eighty) votes at the general meeting of the Company held by a subsidiary of the Offeror, Polish Television Holding B.V. with its registered office in Amsterdam, the Netherlands.

Pursuant to the Tender Offer, neither the Offeror nor any of its subsidiaries or parent companies is a party to the agreement referred to in Art. 87, section 1, point 5 of the Act.

Under the Tender Offer, the Offeror intends to acquire all outstanding shares in TVN, i.e. after the Tender Offer it intends to control 100% of the total number of shares and votes at the general meeting of the Company, i.e. 340,248,308 (three hundred and forty million two hundred and forty six thousand three hundred and eight) shares in the Company corresponding to 340,248,308 (three hundred and forty million two hundred and forty eight thousand three hundred and eight) votes at the general meeting of the Company as of 6 July 2015, i.e. after the registration of the redemption of the treasury shares held by the Company.

The Tender Offer is unconditional.

### **Basis of the position of the Management Board**

In order to express its position, the Management Board has become acquainted with the following available information and data relating to the Tender Offer:

- a) the content of the Tender Offer,
- b) the price of the Company's shares quoted on the stock exchange during the last three and six months preceding the announcement of the Tender Offer; and
- c) other material the Management Board deems necessary in connection with this position.

In order to verify whether the price proposed in the Tender Offer corresponds to the fair value of TVN's shares, the Management Board, acting pursuant to Article 80 section 3 of the Act, also requested that Nomura International plc ("**Nomura**") prepare an independent opinion on the price offered for the Shares in the Tender Offer (the "**Fairness Opinion**").

**Effects of the Tender Offer on the interests of the Company, including employment in the Company, strategic plans of the Offeror for the Company and their likely impact on employment in the Company and the location of its business**

In the opinion of the Management Board, the Tender Offer is in line with the Company's interests since, according to the declaration made in the Tender Offer, the Offeror expects that: *"The acquisition of TVN by SNI will enable the Company to continue implementing its international development strategy, strengthening the position of SNI as a key global player on the TV entertainment market. The transaction will ensure that the Company has an important place on the European market and is an additional important strategic point for SNI in its business in Europe. With 20 years' experience in creating important lifestyle content, SNI's thorough understanding of this field will prove invaluable during the further optimisation of TVN's offer for consumers and advertisers and will also increase the international distribution of its existing portfolio of channels. SNI will work closely with the Company's experienced management team and employees to ensure the Company continues to develop over the long term."*

Furthermore, SNI underlined in its communications to the market that *"TVN is a strong and compelling business in one of Europe's key media markets, and under Markus Tellenbach's leadership, it will play an important role in our continued expansion in the region."*

All this shows that the Company currently plays, and will continue to play, an important role in the realization of the international development strategy of the SNI group. Taking into account the intentions stated directly in the Tender Offer as well as public declarations made by SNI's officials to date, the Management Board is of the opinion that SNI's equity commitment in TVN is a key step to further developing the Company in Poland and in the region. With strategic support from the new majority shareholder, the Company will be in an ideal position to strengthen its premium programming portfolio and expand the scope of national and international content exploitation across multiple digital media platforms. The Management Board is of the opinion that such cooperation will be beneficial for the Company.

The Management Board notes that in the event of the Offeror, its subsidiaries and parent companies achieving jointly 90% or more of the total number of votes at the General Meeting as a result of the Tender Offer, the Offeror shall take measures to carry out the compulsory acquisition of such shares that are not purchased in the Tender Offer (so called squeeze-out). Subsequently, it will procure the Company's shares to be rematerialized and delisted from the Warsaw Stock Exchange.

The Management Board also notes that in the event of the Offeror, its subsidiaries and the parent companies achieving jointly 80% or more of the total number of votes at the General Meeting as a result of the Tender Offer, the Offeror will consider taking action to eliminate the dematerialization of the Shares and the withdrawal of the Shares from trading on the regulated market on the Warsaw Stock Exchange.

In the Tender Offer document the Offeror did not present any detailed information on the impact of the Tender Offer on employment in TVN and the location of its business.

However, the Offeror pointed out that its intention is to continue cooperating with the experienced management and employees of the Company in order to ensure that the business continues to grow in the long term. In the opinion of the Management Board, there are no grounds for stating that the Tender Offer will have an adverse impact on employment in the Company. Taking into account the SNI's officers' above-mentioned declarations of cooperation with the business staff of the Company as well as the expected support to be provided to the Company by SNI in the implementation of the development strategy and long-term development, the Management Board believes that the Tender Offer will have no adverse impact on employment at the Company.

Furthermore, based on the content of the Tender Offer as well as the above-mentioned declarations, there are no grounds for stating that the Offeror intends to change the location of TVN's business.

Taking into account the content of the Tender Offer and the declaration that the strengthening of TVN's position and competences will enable the continued growth of the Company the Management Board believes that it is in the interests of the Company to acquire a strong and stable strategic investor such as SNI. In the Management Board's opinion, based on the content of the Tender Offer and press releases made by the Offeror, the Offeror considers the acquisition of the shares of the Company to be a long-term investment and an important milestone in the ongoing strategic development of the Offeror's international business, which is consistent with the interests of the Company, its employees and contractors. In the Management Board's opinion, such integration with a strategic investor will also provide the Company access to additional sources of financing or re-financing necessary for the implementation of its long-term strategy.

#### **Position of the Management Board regarding the price of the Company's shares offered in the Tender Offer**

Polish securities law provides for the concept of minimum price, i.e. the price that sets the floor for the price that could be offered in a tender offer for shares in a company listed on the Warsaw Stock Exchange. Pursuant to Article 79 of the Act, the price of the Company's shares proposed in the Tender Offer may not be lower than:

- a. the arithmetic average of the average daily prices weighted by the volume of trade in the shares on the main market, for the period of the three months preceding the date of announcement of the Tender Offer;
- b. the arithmetic average of the average daily prices weighted by the volume of trade in the shares, for the period of the six months preceding the announcement of the Tender Offer in which the shares were traded on the main market;
- c. the highest price at which the entity obliged to announce the Tender Offer, its subsidiaries or its parent companies, or entities which are parties to the agreement signed with it pursuant to Article 87 section 1 subsection 5 of the Act paid within the period of 12 months preceding the announcement of the Tender Offer for the shares that are the subject matter of the Tender Offer, or
- d. the highest value of the tangible assets or rights which the entity obliged to announce the Tender Offer, its subsidiaries or its parent companies, or entities which are parties to an agreement signed with it pursuant to Article 87 section 1 subsection 5 of the Act

delivered within the 12 months preceding the announcement of the Tender Offer in exchange for the shares that are the subject matter of the Tender Offer.

Pursuant to the contents of the Tender Offer:

- a. The arithmetic average of the average daily prices weighted by the volume of trade for the period of the three (3) months preceding the date of announcement of the Tender Offer during which the shares were traded at the WSE main market amounts to PLN 17.83(seventeen zlotys 83/100).
- b. The arithmetic average of the average daily prices weighted by the volume of trade for the period of the six (6) months preceding the date of announcement of the Tender Offer during which the shares were traded on the WSE main market amounts to PLN 17.71 (seventeen zlotys 71/100).
- c. The Company acquired its own shares as part of the buy-back. The Company is a subsidiary of the Offeror. The highest price at which during the 12 (twelve) months preceding the announcement of the Tender Offer, the Company acquired Shares amounts to PLN 20.00 (twenty zlotys).
- d. The subsidiary of the Offeror acquired as an in-kind contribution shares in the Company. In exchange for the shares in the Company, i.e. 5,326,426 (five million three hundred and twenty six thousand four hundred and twenty six) bearer shares in TVN, 2,748,212 (two million seven hundred and forty eight thousand two hundred and twelve) shares in N-vision with a nominal value of EUR 1 (one euro) per share and a total nominal value of 2,748,212 (two million seven hundred and forty eight thousand two hundred and twelve euro) were delivered, which corresponds to EUR 4.21 (four euro 21/100) per share in TVN, that is PLN 17.57 (seventeen zlotys 57/100) converted at the mid rate of exchange at the NBP on the date of the agreement.

The Offeror is not and, in the period of the 12 (twelve) months preceding the day of the Tender Offer, was not a party to any arrangement referred to in Article 87 section 1 point 5 of the Act.

The price offered in the Tender Offer amounts to PLN 20.00 (twenty zlotys) per Share in the Company and therefore is not lower than the price paid in the transactions listed in points a-d above.

According to the Fairness Opinion prepared by Nomura dated 16 July 2015, the price proposed in the Tender Offer for the Shares in TVN is fair.

After having become acquainted with the Fairness Opinion prepared by Nomura, and based on the evidence presented above, the Management Board concludes that the share price offered by the Offeror in the Tender Offer is fair, taking into account the fair value of the Company.

## **Disclaimer**

With the exception of commissioning Nomura to prepare an opinion on the price offered in the Tender Offer for the Shares in the Company, the Management Board did not outsource the preparation of any additional studies or analyses in connection with the Tender Offer and its content, nor did it consult any external entities as regards the content of the Tender Offer. In connection with the preparation of this position, neither the Management Board nor the Company took any specific actions to seek, collect, organize or verify information that was not provided by the Company, nor did they commission other entities to take such or similar actions on their behalf.

Subject to information provided by the Company and concerning its activities, the Management Board does not assume any responsibility for the accuracy, reliability, completeness or adequacy of the information based on which this position is presented.

Neither the Management Board nor the Company is in possession of any inside information within the meaning of the Act on Trading in Financial Instruments of 29 July 2005 which should be disclosed, and, to the best of their knowledge, they do not possess knowledge of facts about the Company or its shares that are or could be considered inside information relevant to the evaluation of the Tender Offer and that the Company has not already disclosed to the public.

On 16 July 2015, Nomura presented to the Management Board the Fairness Opinion, a written opinion on whether the price offered in the Tender Offer is fair taking into account the value of the Company. The Fairness Opinion is subject to certain assumptions, restrictions and disclaimers. Nomura provides services in accordance with an agreement concluded with the Company, and it does not represent any other entity in connection with the Tender Offer, nor is it responsible to any other entity, besides TVN, for providing services in connection with the Tender Offer or the content of the Fairness Opinion document. The opinion of Nomura is an attachment to this position of the Management Board.

The position of the Management Board presented herein does not constitute a recommendation to acquire or dispose of financial instruments referred to in Article 42 of the Act on Trading in Financial Instruments of 29 July 2005.

Any investor making an investment decision in connection with this opinion of the Management Board on the Tender Offer should perform its own assessment of the investment risk associated with the disposal or acquisition of financial instruments on the basis of all information provided by the Offeror and by the Company, in particular in connection with the performance of its obligations related to the provision of information, including obtaining individual advice or a recommendation from licensed advisors to the extent necessary to make an appropriate decision. The decision regarding the sale of the Company's Shares in response to the Tender Offer should be an independent decision of each of the Company's shareholders. In particular, each shareholder of TVN, when analysing a possible response to the Tender Offer, should assess the investment risk associated with it as well as any legal and/or tax implications thereof.

The Management Board points out that there may exist opinions on TVN's value that differ from those presented herein.