



ASX / MEDIA RELEASE

FOR IMMEDIATE RELEASE

10 APRIL 2012

ACCC APPROVES FOXTEL'S PROPOSED ACQUISITION OF AUSTAR

SYDNEY: Consolidated Media Holdings Limited (CMH) (ASX:CMJ) announces today that the Australian Competition and Consumer Commission (the **ACCC**) has accepted undertakings given by FOXTEL to the ACCC to facilitate its proposed acquisition of 100 per cent of AUSTAR (**Proposed Transaction**).

The Proposed Transaction remains subject to the approval of the Federal Court this Friday, 13 April 2012. Should this approval be received, FOXTEL expects to complete the Proposed Transaction in late May 2012.

A summary of the undertakings given by FOXTEL to the ACCC is provided in FOXTEL's media release, which follows this announcement.

Following receipt of a drawdown notice from FOXTEL, CMH will contribute up to \$225 million, being its share of the FOXTEL Partner funding contribution, to FOXTEL later this week by way of a subordinated shareholder note. As previously announced, CMH's contribution will be funded from the debt facility put in place last year, which is fully underwritten by Australia and New Zealand Banking Group Limited and BNP Paribas.

ENDS

COPIES OF RELEASES

Copies of previous ASX announcements issued by CMH are available at CMH's website at www.cmh.com.au



FOXTEL and AUSTAR Set to Merge After ACCC Green Light

National Service Will Deliver Innovation, New Services and Parity for City, Regional and Rural Consumers

Media Release: 10 April 2012

FOXTEL and AUSTAR will join forces to create a national subscription television service for all consumers after the Australian Competition and Consumer Commission (ACCC) today accepted an undertaking from FOXTEL and gave a green light to the transaction to merge the companies. The transaction is subject to final Federal Court approval on 13 April.

The ACCC said today it had accepted a set of undertakings offered by FOXTEL in order to facilitate the merger process. On 30 March 2012, AUSTAR shareholders voted in favour of the merger, subject to the decision by the ACCC, and pending approval by the Federal Court of the shareholder vote.

"This is a great outcome for consumers because we will now be able to create a company of scale that will deliver innovative new digital products and services, and parity for regional and city customers," said FOXTEL's Chief Executive Officer, Richard Freudenstein.

"The new national FOXTEL will be one of Australia's most progressive and dynamic media companies, it will directly employ 2500 people and support a subscription television sector which spends close to \$600 million a year on new and original Australian content," Mr Freudenstein added.

FOXTEL currently services the major metropolitan cities and Western Australia, while AUSTAR services rural and regional Australia. FOXTEL and AUSTAR share 50:50 ownership of the major subscription TV channels group XYZ Entertainment. When the merger is completed, FOXTEL will own 100 per cent of XYZ.

"Bringing together AUSTAR, FOXTEL and XYZ will unite a number of the most watched channels in the lifestyle and entertainment genres. Importantly, it will enable us to keep building our offering of high quality, compelling content including sport, movies, news, music, children's, and documentary channels using world-leading technology. This will benefit the 2.2 million subscriber households and over 6 million viewers of our combined platforms, as well as potential consumers," said Mr Freudenstein.

FOXTEL expects to complete the merger in late May 2012.

Until the transaction is completed and integration of the two companies has commenced, FOXTEL will continue to service FOXTEL customers and AUSTAR will continue to service AUSTAR customers.

“Combining FOXTEL and AUSTAR will give us the scale to keep investing and innovating in both content and technology for consumers across Australia in an increasingly competitive market,” Mr Freudenstein said.

“While we continue to believe that the transaction does not substantially lessen competition in any market, we are pleased that the ACCC has today accepted the undertakings which we have provided to expedite completion of the transaction,” said Mr Freudenstein.

“Throughout the process ACCC Chairman Rod Sims and his officers have taken a highly professional approach in their dealings with FOXTEL for which I would like to thank the ACCC,” said Mr Freudenstein.

There have been some changes to the draft undertakings to accommodate the comments of respondents to the ACCC’s public enquiry process.

The undertakings the ACCC has accepted cover five broad areas:

- **Non-exclusivity over a broad range of channels** – FOXTEL is undertaking not to acquire or renew exclusive new distribution rights to a broad range of linear and time-shifted channels and associated entitlement and subscription VOD (video-on-demand) content unless another bidder is seeking exclusive rights. These channels include Disney Channel, SKY NEWS, ESPN, 13th Street, and KidsCo.

This undertaking will ensure IPTV players will have access to a wide range of channels and entitlement and subscription VOD content, including where they wish to bundle content services with telephony and broadband services.

- **Non-exclusivity over TVOD movie rights** – FOXTEL is undertaking not to exclusively acquire TVOD (transactional video-on-demand) rights to movies, unless another bidder is seeking exclusive rights.

This undertaking will also ensure IPTV players will have access to transactional movie services including where they wish to bundle these movie services with telephony and broadband services.

- **Non-exclusivity over movies supplied by major studios and key independents** – FOXTEL is undertaking not to acquire or renew exclusive new distribution rights to include movies in linear channels or EVOD (entitlement video-on-demand) services from more than 50% of the major studios or more than 50% of the eight key independent distributors in Australia. FOXTEL is also undertaking not to acquire or renew exclusive new distribution rights to include movies in SVOD (subscription video-on-demand) services, except for new release movies that FOXTEL is permitted to acquire exclusively for inclusion in linear channels for a period of 18 months.

This undertaking will ensure that IPTV players and other content aggregators will continue to have access to a broad range of movies which they will be able to provide to their customers as part of linear channels, EVOD services and SVOD services.

- **Signal access to facilitate IPTV delivery by third parties** - FOXTEL has undertaken that it will provide the signal of linear channels to IPTV players either via an internet exchange (located in Sydney) or via access to the satellite signal. FOXTEL will recover its reasonable and attributable costs of providing such signals.

This undertaking will enable IPTV players to efficiently receive the channel signal for channels to which they have negotiated agreements.

- **Special Access Undertaking extended to Austar set top units** – FOXTEL has also agreed that it will extend its current Special Access Undertaking (which the ACCC accepted in 2007) to AUSTAR set top units.

This extended undertaking will enable independent channel providers to access FOXTEL and AUSTAR's over 2.2 million subscribing households in order to sell their channel directly to the combined FOXTEL and AUSTAR customer base.

The Undertakings contain certain provisions that relate to FOXTEL's dealings with the FOXTEL partners including, for example, precluding FOXTEL from agreeing with any of the FOXTEL partners to jointly bid for the acquisition of exclusive content in circumstances where FOXTEL is in its own right prohibited from acquiring that content on an exclusive basis pursuant to the Undertaking.

For more information call Mark Furness on 0419 275 504 or email: mark.furness@lastwordcc.com.au

About FOXTEL

FOXTEL is Australia's leading subscription television provider. FOXTEL strives to ensure subscribers find TV they want to watch every time they switch on through delivery of a range of high quality channels covering news, sport, general entertainment, movies, documentaries, music and children's programming. FOXTEL is owned by Telstra Corporation Limited ACN 051 775 556 (50%), The News Corporation Ltd (25%), and Consolidated Media Holdings Ltd (25%).