Telstra

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra and FOXTEL open new era of digital subscription TV and bundled products

In accordance with the listing rules I attach an announcement for release to the market.

Yours sincerely

Douglas Gration
Company Secretary

Telstra Corporation Limited
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November 13, 2002

Telstra and FOXTEL open new era of digital subscription TV and bundled products

Telstra today welcomed the decision of the Australian Competition and Consumer Commission (ACCC) to allow the restructuring of the subscription television industry.

Telstra CEO Dr Ziggy Switkowski said the ACCC decision cleared the way for Telstra to reward loyal customers by offering them single bill convenience for bundles of telephony, Internet, broadband and FOXTEL subscription television services.

FOXTEL has also gained approval for its proposed Content Sharing Agreement with Optus, which was submitted to the ACCC in March this year.

Under the proposals FOXTEL and Telstra have provided a comprehensive set of undertakings which will ensure competitors can gain access to the Telstra and FOXTEL subscription-TV infrastructure.

He said the decision also cleared the way for Telstra and its partners News Corporation and PBL to turn FOXTEL into a digital TV service with more than 200 FOXTEL channels and the opportunity for other pay-TV providers to operate on the same platform.

Dr Switkowski said: "The ACCC's decision is good for Australia - a victory for commonsense and consumers".

"Consumers are the winners with convenience, flexibility and greater choice. These proposals also boost competition in both telephony and pay-TV," he said.

"These proposals allow for a long overdue restructuring of the pay-TV industry. It also clears the way for the development of digital subscription television with hundreds of additional channels and the growth of the FOXTEL customer base.

"Together these agreements will increase consumer choice, promote competition in telephony and subscription television and provide the basis for the growth and digitisation of Australia's subscription television industry.

"Digital subscription television requires substantial new investment which is only feasible if the industry is placed on a stronger economic footing.

"The ACCC's approval today follows months of work by the FOXTEL business partners and the regulators to ensure the best results for consumers and competition generally," Dr Switkowski said.

He said details of Telstra's new telephony, Internet and FOXTEL bundling offers for customers would be announced shortly and become available before Christmas.

"This is a great new opportunity for Telstra to reward loyal customers with improved services and extended choices," Dr Switkowski said.

"We can also fully develop the opportunities offered by digital television, and in time, interactive television, which offers huge potential for the growth of consumer services in Australia," he said.

FOXTEL is jointly owned by Telstra (50 per cent), News Corporation (25 per cent) and PBL (25 per cent).

The final form of the undertakings negotiated with the Australian Competition and Consumer Commission is consistent with the intentions and financial impact previously announced.

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