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Media Release

AUSTAR welcomes ACCC's Foxtel-Optus decision

Austar United Communications ("AUSTAR"), the leading regional subscription television provider, welcomes the ACCC's decision today in relation to the Foxtel-Optus content sharing arrangement.

John Porter, AUSTAR's CEO said, "The new subscription television industry arrangements will provide long term benefits to AUSTAR and will secure the future of digital television for consumers in regional and rural Australia."

Key benefits for AUSTAR

- AUSTAR is guaranteed access to new services that Foxtel may acquire in the future, including new interactive and near video on demand services. This new content will supplement AUSTAR's existing broad channel line up, which includes all premium subscription television programming.
- AUSTAR's joint venture programming business, XYZ Entertainment, will generate additional revenue by on-selling programming to Optus and other third parties.
- AUSTAR will migrate from the B3 satellite to the new C1 satellite to be launched next year, sharing Foxtel's transponders. This will see AUSTAR's coverage extended to more than 200,000 new homes, many in the most remote areas where decent ordinary television reception is unavailable. In addition to expected increased subscription revenue, the new satellite arrangements will reduce AUSTAR's infrastructure costs. As part of the migration, AUSTAR plans to upgrade set-top-boxes for all those customers of the satellite service who are not currently iTV-enabled.
- New regional infrastructure providers will be able to access AUSTAR's extensive channel programming for provision on their cable networks.
- AUSTAR has the right to bundle with other organisations as appropriate, increasing choice and flexibility for rural consumers. This means, for example, consumers may be able to purchase a bundle of television, telephony and internet services from one provider.
- A more stable industry should result in a lower cost structure and more customers so lower prices for consumers.

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About Austar United Communications

Austar United Communications (Australian Stock Exchange "AUN") is a leading provider of subscription television services in Australia. Its core business, Austar Communications, is Australia's second largest subscription TV operator, providing principally satellite delivered services to regional and rural Australia. Austar also provides communications services to its customers, bundling mobile telephony and internet services with its television product. Austar's 50% owned joint venture, XYZ Entertainment, is a significant program provider in the Australian market and owns and/or distributes Nickelodeon, Discovery, Channel [V], musicMAX, Arena and The Lifestyle Channel to over 1.2 million subscribers. In addition, Austar was the first company in Australasia to launch digital interactive television.

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