

Important notice regarding the attached report

Please read the terms and conditions set out below. It is on the basis that you have read, understood and agreed to abide by these terms and conditions that the report is made available to you.

The Australian Competition and Consumer Commission (ACCC) has asked PricewaterhouseCoopers (PwC) to permit the ACCC to disclose the attached report to the public. PwC has agreed that the ACCC may make the report available to the public on the basis set out below

Caution: incomplete report

With the consent of the ACCC, FOXTEL has instructed PwC to obscure certain information from PwC's report because the information is confidential to FOXTEL. PwC's report is intended to be read in its entirety and, without the obscured information, the report does not represent PwC's opinion or the findings of PwC's work. While PwC has no responsibility to readers of the report other than FOXTEL (see below), PwC believes that anyone reading the report for information should seek access to a complete copy of the report. PwC has been told that this will be made available if FOXTEL is given an appropriate confidentiality undertaking in relation to the information which has been obscured.

Terms and conditions

By reading the PwC report you acknowledge and agree to the following terms and conditions on which a copy of the report is made available to you:

- (a) in performing its work for FOXTEL (including, where applicable, carrying out the procedures agreed with FOXTEL) and preparing its report, PwC acted solely for FOXTEL and owed no duty or responsibility to any other party
- (b) PwC should not be taken to have assumed any duty of care or responsibility to any party because that party is shown or given a copy of the PwC's report
- (c) where a report relates to agreed upon procedures, the sufficiency of the procedures performed is solely the responsibility of FOXTEL and PwC makes no representation to FOXTEL, the ACCC or any other person regarding their sufficiency for the purpose of its engagement by FOXTEL or for any other purpose
- (d) neither the ACCC nor any other party to whom PwC's report may be shown or given is entitled to rely on the report for any purpose or to claim to have done so. However, this does not prevent the ACCC or you from considering and commenting on PwC's reports in connection with any assessment of FOXTEL's special access undertaking
- (e) subject to paragraph (d), PwC's report may not be copied for any purpose or disclosed to any other party
- (f) you agree not to bring any action, claim, suit, demand, claim or any other proceedings whatsoever against PwC arising directly or indirectly out of or in connection with the report being made available to you.

Independent Review Report on FOXTEL's Digital Rate Card Regulatory Accounting Procedures Manual

To FOXTEL Management Pty Limited (as manager of the FOXTEL Partnership)

Scope

We have reviewed the Digital Rate Card Regulatory Accounting Procedures Manual (RAPM) of FOXTEL Partnership (FOXTEL) for the period ended 30 June 2004. FOXTEL management are responsible for preparation of the Digital Rate Card RAPM. We have performed a review of the Digital Rate Card RAPM in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Digital Rate Card RAPM has not been prepared, in all material respects, in accordance with the provisions of Schedule 3 of the Digital Access Agreement (Section 87B Undertaking, FOXTEL Digital Access Agreement, dated 18 December 2003).

We understand that FOXTEL requires this review to satisfy their requirements under clause 4.5 of the Section 87B undertaking to the ACCC dated 18 Dec 2003. We also understand that the Digital Rate Card RAPM will form part of FOXTEL's legal submission to the ACCC to support FOXTEL's special access undertaking relating to its digital access regime. We disclaim any assumption of responsibility for any reliance on this report or on the Digital Rate Card RAPM to which it relates to any person other than the management of FOXTEL, or for any purpose other than that for which it was prepared.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, and excluding the two discrepancies noted below, nothing has come to our attention that causes us to believe that FOXTEL's Digital Rate Card RAPM as at 30 June 2004 has not been prepared in all material respects in accordance with the provisions of Schedule 3 of the Digital Access Agreement.

The following discrepancies between Schedule 3 of the Digital Access Agreement and the Digital Rate Card RAPM are noted:

- Schedule 3 of the Digital Access Agreement defined the Commencement Date as "the date by which FOXTEL has incurred expenditure of Defined Capital Expenditure items equal to 1% of the total capital expenditure forecast over the period T1 to T10." Section 4.1 of the RAPM, sub-section titled The Commencement Date, indicates that this definition was triggered somewhere between 30 June 2003 and 31 January 2004. FOXTEL has taken T1

Caution: incomplete report - refer to notice on page 1 of this report

to be the financial year of 1 July 2003 to 30 June 2004, which corresponds to its reporting cycle and which is supported by its accounting and management systems.

- Schedule 3 requires that “attributable costs ... be allocated ... in equal proportions” between FOXTEL and all Access Seekers. Clause 7b(ii) of Schedule 2 of the DA Agreement limits the share of “network enhancement costs’ to 20% for any one Access Seeker. FOXTEL has imposed the same limit on the allocation of all attributable costs within the RAPM for the rate card calculation.



PricewaterhouseCoopers



DN Ridehalgh
Partner

Sydney
13 July 2005