

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 Audit Report on FOXTEL's Digital Access Pricing model dated 13 May 2005, version 6, for the T1 period.

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

Scope

We have audited the Digital Access Pricing model (the model) for the T1 period representing the financial year ended 30 June 2004 in accordance with the Digital Rate Card Regulatory Accounting Procedures Manual (RAPM). The management of the FOXTEL Partnership (FOXTEL) is responsible for the model and for determining that the methodology presented in the RAPM is in accordance with Schedule 3 of the FOXTEL Digital Access Agreement dated 18 December 2003. We have conducted an independent audit of the model in order to express an opinion to the management of FOXTEL on its preparation and presentation in accordance with the RAPM. No opinion is expressed as to whether the methodology used to build the model is appropriate to the needs of the FOXTEL management, or is in accordance with Schedule 3.

We have agreed the inputs to the model back to the source document as described in the RAPM. We have not carried out further substantive testing on this source to more detailed underlying documentation.

We understand that FOXTEL requires this audit 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 model 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 model 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 audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of the actual T1 costs contained within the model, to the source documentation, as defined within the RAPM, and an evaluation, on a test basis, that the logic and formulae within the model are operating in accordance with the RAPM. These procedures have been undertaken to form an opinion whether, in all material respects, the model is presented fairly in accordance with the RAPM.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the Digital Access Pricing model has, in all material respects, been fairly prepared and presented in accordance with the Digital Rate Card Regulatory Accounting Procedures Manual for the T1 period representing the financial year ended 30 June 2004.



PricewaterhouseCoopers



DN Ridehalgh
Partner

Sydney
13 July 2005