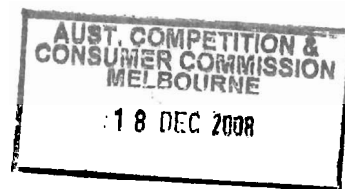


NEWS LIMITED



17 December 2008

General Manager
Adjudication Branch
Australian Competition & Consumer Commission
Level 35, The Tower
360 Elizabeth Street
Melbourne Central
Melbourne Vic 3000

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| FILE No: | |
| DOC: | |
| MARS/PRISM: | |

By Urgent Courier

Dear Sir or Madam

Potential Third Line Forcing Conduct

Please find attached a Form G Exclusive Dealing Notification in relation to potential third line forcing conduct by certain named subsidiaries of News Limited, The Hoyts Corporation Pty Ltd and Australian Multiplex Cinemas Pty Ltd under the *Trade Practices Act 1974* (Cth) (the Act). News Limited has received written authorisation to lodge this notification on behalf of The Hoyts Corporation Pty Ltd and Australian Multiplex Cinemas Pty Ltd. We also enclose the notification filing fee of \$600.

The applicants submit that in relation to the statutory test under section 93(3A) of the Act, no public detriment will result from the conduct, but instead there will be clear public benefits.

Attached is a Confidential Annexure which contains further details about the proposed initiative. The applicants request that the Commission exercises its discretion under section 95(2) of the Act to exclude the Confidential Annexure from the public register until the program has been launched. The current intention is that the initiative will be launched on 11 January 2009 with pre-promotion starting on 5 January 2009. Considerable time and resources have been spent developing the offer and the applicants are concerned that they will lose first mover advantage if details are released prior to its official launch. If the Commission does not grant the applicants request for confidentiality, we request that you return the Confidential Annexure to News Limited pursuant to section 95(4) of the Act and not include it on the register.

December 17, 2008

If you have further questions in relation to this notification, please do not hesitate to contact the author of this letter to discuss on (02) 9288 3107 or 0413 080848.

Yours faithfully

A handwritten signature in cursive script, appearing to read "Rose Owen". The signature is written in black ink on a light-colored background.

Rose Owen
Legal Counsel

Form G

Commonwealth of Australia

Trade Practices Act 1974 – subsection 93(1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in subsections 47(2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

1. Applicant

(a) Name of person giving notice:

~~Nationwide News Pty Ltd (AGN 008 438 828)~~ Invalid

~~The Herald & Weekly Times Pty Limited (AGN 004 113 937)~~ Invalid

~~Advertiser News Weekend Publishing Company Pty Ltd (AGN 007 562 950)~~ Invalid

~~Queensland Newspapers Pty Ltd (AGN 009 661 778)~~ Invalid

(together, **News Ltd entities**)

Australian Multiplex Cinemas Pty Ltd (**AMC**) (ABN 73059 968 599) N93730

The Hoyts Corporation Pty Ltd (**Hoyts**) (ABN 31 006 082 551) N93731

(b) Short description of business carried on by that person:

News Ltd entities

Provision of newspaper and media services.

AMC

Operation of movie cinemas and other entertainment venues.

Hoyts

Operation of movie cinemas and other entertainment venues.

(c) Address in Australia for service of documents on that person:

c/- Rose Owen

Legal Counsel

2 Holt Street

Surry Hills NSW 2010

Phone: 61 2 9288 3701

Fax: 9288 3269

email: owenr@newsltd.com.au

2. Notified Arrangement

- (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

News Ltd entities

The News Ltd entities propose to conduct a discount and reward program as described in the Confidential Annexure. The notification relates to access to promotional coupons and discounts to obtain goods or services offered through third parties advertised on the condition that the customer purchases one of the relevant newspapers identified in 3(a) below.

Hoyts/AMC

Hoyts/AMC propose to offer movie tickets to a specific movie at a particular price or discount to customers who present an original coupon obtained from the Sunday Telegraph, Sunday Herald Sun, The Sunday Mail (QLD), Sunday Mail (SA) and The Sunday Times.

The specific details of the offer are set out in the Confidential Annexure.

- (b) Description of the conduct or proposed conduct:

See attached Confidential Annexure.

Persons, or Classes of Persons, Affected or Likely to be Affected by the Notified Conduct

- (a) Class or classes of persons to which the conduct relates:
Current and future readers of the Sunday Telegraph, Sunday Herald Sun, The Sunday Mail (QLD), Sunday Mail (SA) and The Sunday Times.
- (b) Number of those Persons:
- (i) At present time:
Substantially more than 50
- (ii) Estimated within the next year:
Substantially more than 50
- (c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:
Not applicable

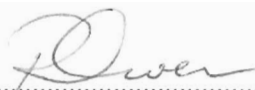
4. Further Information

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

c/- Rose Owen
Legal Counsel
2 Holt Street
Surry Hills NSW 2010
Phone: 61 2 9288 3701
Fax: 9288 3269
email: owenr@newsLtd.com.au

Dated 17.12.08

Signed by/on behalf of the applicant



.....

(Signature)

ROSE OWEN
.....

(Full Name)

NEWS LIMITED
.....

(Organisation)

LEGAL COUNSEL
.....

(Position in Organisation)

DIRECTIONS

In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.

Describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.

If particulars of a condition or of a reason of the type referred to in section 47 of the *Trade Practices Act 1947* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.

Describe the business or consumers likely to be affected by the conduct.

State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.

Provide details of the market(s) likely to be effected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.

Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.

1. ~~Confidential Annexure~~

News waived
confidentiality on
12/1/09
R.C.

1.1 Notified Arrangement

(a) *Description of the goods or services in relation to the supply or acquisition of which this notice relates:*

- (i) **Nationwide News Pty Ltd, The Herald & Weekly Times Pty Limited, Advertiser Newspapers Pty Ltd, Queensland Newspapers Pty Ltd, and Davies Brothers Pty Ltd (together, "News Ltd entities")**

The News Ltd entities carry on the business of providing newspaper and media services. The goods and services to which this notice relates are a discount and rewards program offered by the News Ltd entities as described in 1.1(b) below.

- (ii) **AMC/Hoyts**

AMC and Hoyts operate movie cinemas and other entertainment venues. The goods and services to which this notice relates include the provision of cinema tickets at a particular price or discount to customers as described in 1.1(b) below.

(b) *Description of the conduct or proposed conduct:*

- (i) **The News Ltd entities**

The notification relates to access to promotional coupons and discounts to obtain goods or services offered through third parties advertised in the Sunday Telegraph, Sunday Herald Sun, The Sunday Mail (QLD), Sunday Mail (SA), The Sunday Times, Sunday Tasmanian and Sunday Territorian (together, the **Relevant Newspapers**).

Access to the promotional goods or services is on the condition that the customer obtains an original coupon from the Relevant Newspapers.

The promotional offers are exclusive to the Relevant Newspapers in that the advertiser cannot make the same offer in another publication or online media at the same time.

The proposed discount and rewards program is similar to other promotional initiatives offered through newspaper, magazines and via the Internet.

- (ii) **AMC**

In Queensland AMC proposes to give one free child's ticket with the purchase of another child's ticket to the same screening of the same specific movie, in a specific week, on presentation of a coupon from The Sunday Mail (QLD).

- (iii) **Hoyts**

In NSW/ACT, Victoria, South Australia and Western Australia, Hoyts proposes to give one free child's ticket with the purchase of another child's

ticket to the same screening of the same specific movie, in a specific week, on presentation of a coupon from the Sunday Telegraph, Sunday Herald Sun, Sunday Mail (SA) and The Sunday Times.

1.2 Conduct

The proposed conduct may involve third line forcing in contravention of sections 47(6) and (7) of the *Trade Practices Act 1974* (Cth).

1.3 Public Benefit Claims

There are a number of significant public benefits which result from the proposed conduct:

- (a) customers will be offered discounted or free goods or services, specifically the movie promotion reduces the price of movie tickets for families with more than one child or for customers attending with multiple children, allowing more people to go to the cinema at a cheaper price;
- (b) the discount and rewards program may encourage competitors of the Relevant Newspapers, including other newspapers, magazines and online media, to offer customers similar promotions;
- (c) competitors of the advertisers offering the promotions may be encouraged to offer customers discounts through the Relevant Newspapers as well as other newspapers, magazines or in store; and
- (d) The AMC/Hoyts offer will encourage competitors to offer similar discounted movie tickets (or other discounted substitutes in entertainment such as DVDs, theatre or sports tickets) promoting competition in the cinema/entertainment markets.

1.4 Public Detriments

The Applicants submit that the conduct would not result in any lessening of competition in any relevant market.

It is not necessary to precisely define the applicable relevant markets affected as even in the narrowest potential market, the notified conduct will not result in any lessening of competition.

(i) The supply of newspapers

Even if the market is narrowly defined as the Australian market for the supply of metropolitan newspapers, the Applicants submit that the discount and rewards program would not lessen competition in the narrower market.

Many printed newspapers, magazines and online media services in Australia offer discount coupons or promotions to third parties' goods and services. This is to encourage loyalty to the publication or online service by customers and advertisers and increases competition between newspapers, media and online media services.

Many advertisers promote their products through coupons or promotions offered in newspapers, magazine and online media to increase awareness of new products or encourage general brand awareness and loyalty.

The Applicants submit that there is no substantial lessening of competition or public detriment for the following reasons:

- (a) advertisers are not prevented from purchasing advertising services from the Relevant Newspapers;
- (b) advertisers are not prevented from purchasing advertising services from other newspapers, magazines or online outlets;
- (c) customers of the Relevant Newspapers are free to purchase the goods and services offered by the advertiser offering the discounted goods at their regular prices, irrespective of whether or not the customer purchases a Relevant Newspaper and takes advantage of the promotion offered in that week; and
- (d) customers do not need to purchase the Relevant Newspapers every day of the week to obtain the promotional offers as the discounts are independent of each other.

(ii) The supply of movie tickets

Even if the market is narrowly defined as the market for cinema entertainment, the Applicant submits that the discounted cinema tickets offered would not lessen competition in that market.

Many cinemas offer discounted tickets or promotional two for one offers. This is to encourage attendance and loyalty at the cinema and to encourage attendance at certain movies. This is sometimes offered in conjunction with third parties where the customer requires a coupon or must pay with a certain credit card to redeem the offer, or may be the cinema offering its own discounted movie day or special offers for a particular movie.

The Applicants submit that there is no substantial lessening of competition or public detriment for the following reasons:

- (a) customers of the Relevant Newspapers are free to purchase the discounted movie tickets at their regular price, irrespective of whether or not the customer purchases a Relevant Newspaper and takes advantage of the promotional offer; and
- (b) customers are not prevented from seeing the movie at a cinema other than AMC or Hoyts.

The benefits associated with the notified conduct are likely to outweigh any public detriments.

In these circumstances, the Applicants submit that the Commission should allow the notification to stand.