



VARIATION TO
UNDERTAKINGS TO THE AUSTRALIAN COMPETITION AND CONSUMER COMMISSION
PURSUANT TO SECTION 87B

BY

Hoyts Multi-Plex Cinemas Pty Limited ACN 006 564 585

and

The Greater Union Organisation Pty limited ACN 000 024 439

and

Birch Carroll & Coyle Limited ACN 009 659 643

and

Village Cinemas Australia Pty Limited ACN 006 735 002

and

Entertainment Of The Future Pty Limited ACN 066 861 514

and

Val Morgan and co (Aust) Pty Limited ACN 004 806 857

and

Media Entertainment Group Limited ACN 007 290 539

and

Independent Cinema Advertising Pty limited ACN 060 535 882

and

Val Morgan Holdings Pty Limited ACN 102 805 756

1. BACKGROUND

- 1.1 Hoyts, Greater Union and Village each operate, among other businesses, a chain of cinemas in Australia and between them own all the issued share capital in VMH.
- 1.2 VMH is the owner of Val Morgan and MEG. MEG is the owner of ICA. ICA, Val Morgan and MEG operate cinema advertising businesses in which they:
- (i) acquire the right to exhibit cinema advertising in cinemas from cinema operators;
 - (ii) sell cinema advertising time to advertisers;
 - (iii) produce, or arrange for the production of, certain cinema advertising; and
 - (iv) schedule the cinema advertising for exhibition at the relevant cinemas.
- 1.3 Prior to the acquisition by VMH of Val Morgan, the Commission expressed concern that the acquisition may result in a contravention of section 50 of the Act. To address the

Commission's competition concerns VMH, Hoyts, Greater Union, Village, ICA, Val Morgan and MEG provided undertakings to the Commission under section 87B of the Act dated 13 December 2002 (**Undertakings**).

- 1.4 Clause 3.6 of the Undertaking provides that VMH may conduct a review of the profitability of the slide advertising operations of Val Morgan, MEG and ICA (**Slide Advertising Business**) and subsequently seek the consent of the Commission to vary (including, without limitation, by closing the Slide Advertising Business) the terms on which it continues to acquire from Undertaking Exhibitors and Independent Exhibitors the right to supply cinema advertising services. VMH has conducted such a review and has sought the consent of the Commission to vary the terms on which it continues to supply cinema advertising services by closing the Slide Advertising Business.
- 1.5 VMH acknowledges its existing contractual obligations to exhibitors and advertisers. VMH will honour its contractual obligations to Independent Exhibitors and, where required by those obligations, continue to pay agreed minimum guarantee payments where there is no mechanism to adjust the minimum guaranteed payment as a result of ceasing to sell any further slide advertisements for exhibition on the screens of the Independent Exhibitor.
- 1.6 The Commission consents to the variation of the Undertakings on the terms set out in this document pursuant to 87B(2) of the Act.

2. **DEFINITIONS**

Defined terms in this document have the meaning provided to them in the Undertakings.

3. **VARIATION**

- 3.1 Definition of **Net Advertising Revenue** - Delete the current definition and insert the following definition:

means the Revenue collected from advertisers minus the percentage commission paid to advertising agencies.

- 3.2 Definition of **Revenue** - Insert the word "*film*" before the word advertisements.
- 3.3 Clause 3.3(a)(i)(C) - at the end of this paragraph replace "*;and*" with a full stop.
- 3.4 Clause 3.3(a)(ii) - delete.

3.5 Clause 3.3(c)(v) - delete.

3.6 Clause 3.6 - delete. Insert new clause 3.6 on the following terms

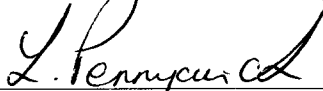
3.6 Closure of Slide Business

- (a) *VMH shall ensure that a minimum of two months written notice is given to any Independent Exhibitor of either ICA, Val Morgan or MEG slide advertisements, of the intent of any of ICA, Val Morgan or MEG to cease selling slide advertisements for exhibition on that Independent Exhibitor's cinema screens.*
- (b) *VMH shall ensure that each of ICA, Val Morgan and MEG honour the terms and conditions of all agreements with advertisers for the exhibition of slide advertisements on the cinema screens of an Independent Exhibitor, where such agreements are in effect when it ceases to sell slide advertising for exhibition on the cinema screens of that Independent Exhibitor.*

3.7 Schedule 2 - delete.

SIGNED by KIRK SENIOR

as authorised signatory for **VAL MORGAN
HOLDINGS PTY LIMITED** in the presence of




Signature of witness

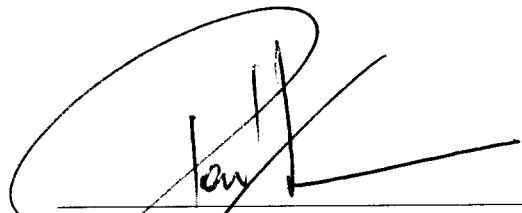


Signature of Kirk Senior
Director

SIGNED by PAUL JOHNSON
as authorised signatory for **HOYTS MULTI-
PLEX CINEMAS PTY LIMITED** in the
presence of



Signature of witness

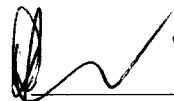


Signature of Paul Johnson
Director

SIGNED by DAVID SEARGEANT
as authorised signatory for **THE GREATER
UNION ORGANISATION PTY LIMITED** in the
presence of



Signature of witness




Signature of David Seargeant
Director

SIGNED by DAVID SEARGEANT
as authorised signatory for **BIRCH CARROLL
& COYLE LIMITED** in the presence of

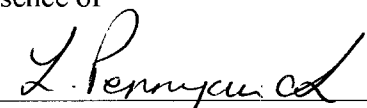


Signature of witness




Signature of David Seargeant
Director

SIGNED by KIRK SENIOR
as authorised signatory for **VILLAGE
CINEMAS AUSTRALIA PTY LIMITED** in the
presence of

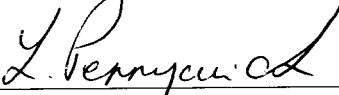


Signature of witness

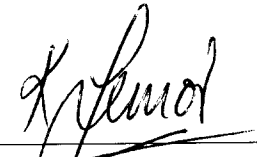


Signature of Kirk Senior
Chief Financial Officer

SIGNED by KIRK SENIOR
under power of attorney for
ENTERTAINMENT OF THE FUTURE PTY
LIMITED in the presence of

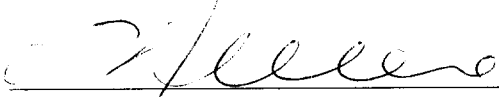


Signature of witness

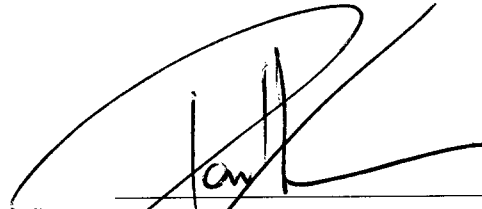


Signature of Kirk Senior

SIGNED by PAUL JOHNSON
as authorised signatory for **VAL MORGAN**
AND CO (AUST) PTY LIMITED in the presence
of




Signature of witness

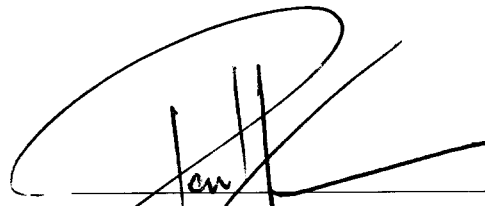


Signature of Paul Johnson
Director

SIGNED by PAUL JOHNSON
as authorised signatory for **MEDIA**
ENTERTAINMENT GROUP LIMITED in the
presence of

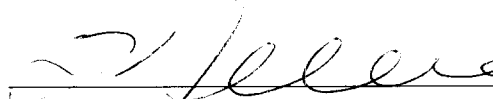


Signature of witness

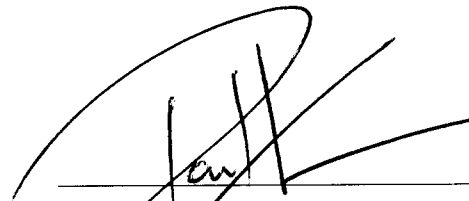


Signature of Paul Johnson
Director

SIGNED by PAUL JOHNSON
as authorised signatory for **INDEPENDENT**
CINEMA ADVERTISING PTY LIMITED in the
presence of

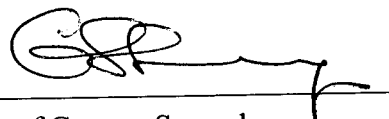


Signature of witness



Signature of Paul Johnson
Director

**ACCEPTED BY THE AUSTRALIAN
COMPETITION AND CONSUMER
COMMISSION:**

A handwritten signature in black ink, appearing to read 'Graeme Samuel', written over a horizontal line.

Signature of Graeme Samuel
Chairman

DATED: 12th NOVEMBER 2003