

Hi everyone,

Over the past week, I presented to AUSTAR and XYZ sharing our vision to provide a better entertainment experience for each Australian every day. I also outlined our six priorities we went through at our last staff address. I urge all of you to read this email in full.

I spoke about bringing our three businesses together - highlighting what each bring to the new FOXTEL, communicated decisions made about the integration, shared detail about what ownership day will look like for our two Call Centres and for XYZnetworks.

I also told AUSTAR and XYZ we are designing our structure for the new combined business, as you know from a previous email. This means there will be some redundancies across all three businesses. We are currently only recruiting business critical roles and will aim to reduce redundancies by redeploying people into any vacant roles - where possible - post ownership. We aim for everyone to know their future in the new FOXTEL by mid July and will manage this through two stages.

1. **Pre-ownership:** our Executive team and their direct reports will be appointed, meaning we are speaking to some people about in their future in the new FOXTEL now and in the coming weeks.
2. **Post-ownership:** to structure ourselves below the Executive and leadership group, we will speak directly to any staff members from the three businesses affected by structural changes in the weeks immediately after we become one business.

I am keen you are [across the information I shared](#) and below each of our priorities are outlined with how we are already delivering on them, along with the details I shared with AUSTAR and XYZ on how the new FOXTEL supports each.

Content: our Olympics coverage is racing towards us and promises to be absolutely fantastic, whilst FOX SPORTS are currently negotiating 2013 NRL rights. Joining XYZnetworks and FCG unites the most watched channels in Lifestyle, Entertainment, Music, Weather and Factual to form a channel powerhouse called FOXTEL Networks and will attract 36% of STV viewing and build on existing leadership in non-sports segments. We have enormous opportunity to use content to differentiate ourselves even more and create that strong emotional connection I have spoken about. **The viewing experience:** our Olympics coverage is on track for us to offer a fantastic viewing experience for customers nationwide not only through our eight dedicated channels, but also on their iPads and compatible Android tablets – I cannot wait. When we bring our businesses together, iQ/iQHD and the MyStar/ MyStarHD will continue providing the excellent experience customers love right around the country. **Customer focus:** our Exec have spent half a day spent half a day in Melbourne to start their customer experience on the phones, kiosks and out in the field. I encourage you to visit a kiosk and hear first-hand what consumers are asking and saying – it is very interesting. With a national customer base of 2.2 million, the new FOXTEL will retain Call Centres in Moonee Ponds and Robina and on the first day of ownership nothing will change – consultants in both locations continue servicing and selling to the same customers, products and systems they do today. **Access to our product:** we are working on plans to change our pricing and packaging for national customers in early 2013. Soon FOXTEL on Xbox 360 customers will experience a world with no remotes or controllers with a brand new design including all new voice and gesture control via Xbox Kinect. From July

1, the new FOXTEL will align the channel line up for customers across Australia – offering more channels at no extra cost as part of our focus on improving access to our product.

Run the business efficiently: we store and manage nearly half a million video tapes, making our operations inflexible and costly and the Content Factory is focused on transforming and streamlining how we manage content – from acquisition to play out. Our national business will focus on initiatives which will really make a difference to providing a better entertainment experience for all Australians.

Living our brand: this will be so important in bringing our businesses together and we are already demonstrating and living our values. We will introduce an enhanced logo on July 1 as part of forming the new FOXTEL and will share more details in the coming months.

I shared all of the detail above about the new FOXTEL with AUSTAR and XYZ and you can [read my full presentations](#) for more information.

While this may be an uncertain time, it is also an exciting time for our business and it is important we remain focused on delivering our vision and priorities as we create the new FOXTEL. I ask all of you to complete the FY12 Achievement Reviews to measure your individual progress against plans, as these are also important – you will receive more information soon.

I will keep you updated and next week, a regular merge update will be shared with people from all three businesses. If you have any questions please [send them through](#).

Regards,
Richard

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