



THE MARKET

Rapid developments in technology and the proliferation of viewing options now characterise the communications landscape in Australia - a landscape long dominated by broadcast television.

Broadcast television is now entering an era of competition - the likes of which has never before been experienced. But while pay television has encountered difficulties in gaining a foothold in the Australian market, there is no doubt it will gain some audience share over the coming years. Broadcast television, however, is well prepared for this challenge with programming and marketing plans in place to ensure that television continues to dominate the Australian communications market.

International experience also confirms that, as a medium, broadcast television will continue to be unrivalled in delivering large, unsplintered, unduplicated audiences. Despite the proliferation of cable television channels and direct-to-home satellite programming in the United States, broadcast television still leads the market, commanding more than 70% of total viewing. Cable and pay television attract less than 30% of total viewing and that is split between more than 40 channels.

Based on industry projections, the top rating Australian pay television channel in 2000 will attract an average five city audience across all dayparts of 35-40,000 people and around 65,000 in prime time. By way of comparison, Seven's average audience across all dayparts is nearly 480,000 people and in prime time more than 1.3 million.

There is one certainty in these times of rapid change, broadcast television will continue to dominate communications, and command the largest audiences and the biggest slice of advertising revenue.

ACHIEVEMENTS

From an early commitment to the production of innovative Australian programming and leadership in advances in broadcasting technology to the identification of effective business strategies to strengthen the company in a rapidly changing market, forward thinking has marked Seven's development.

Back in November, 1956, Seven was coming to grips with a then new technology, television, and the Network's first broadcast, the Olympic Games in Melbourne, was only days away. Seven's three cameras brought live daily seven-hour coverage of track and field and were then transferred to the swimming stadium for nightly coverage.

In Atlanta, forty years later, almost to the day,



Seven mounted the most extensive coverage of the Olympic Games of any television network anywhere - including the United States - with more than 320 hours of coverage over 17 days produced by a team of 200 Australians and drawing on the resources of more than 350 cameras.

Seven's involvement with the Olympic movement - a commitment which has seen Seven broadcast nine of the past eleven Summer Olympic Games - has been further strengthened in a landmark agreement with the International Olympic Committee. As part of this agreement, Seven has secured the television rights for all Summer and Winter Olympic Games until 2008. The IOC selected Seven before considering the cities for many of the forthcoming Summer and Winter Olympic Games - an indication of the strength of

the long-term business partnership between the Network and the International Olympic Committee.

Those first days of television saw Seven produce Australia's first nightly live variety programme, 'Sydney Tonight', the first nightly current affairs programme, 'Seven on Seven', the first quiz programme, 'The Price Is Right', the first soap opera, 'Autumn Affair', and Australia's first drama programme, 'Emergency'.

Seven's coverage of the Australian Football League dates back to the opening bounce of the first match in the 1957 premiership season. This association with Australia's most popular sports code continues today.

In many respects, those first days of Seven were to establish the Network's approach to broadcasting. While there have been dramatic changes in technology and the demands of audiences, many of those early programmes provided the direction for Seven - a commitment to Australian programming

and sports coverage. Today and in the future this leadership will continue to drive Seven - along with an increasing presence in news and current affairs.

HISTORY

From those early days of grainy black-and-white images in the corner of our living room to satellites and the promise of a one hundred channel communication landscape, television has become a distinct part of our lives. And Seven has been there from the beginning.

'Homicide', 'My Name's McGooley - What's Yours?', 'Revue '61', 'The Mavis Bramston Show', 'Sunnyside Up', 'BP Pick-A-Box', 'The Great Temptation', 'Against The Wind', 'The Shiralee', 'A Town Like Alice', 'A Country Practice', 'Blue Heelers'. These are only some of the programmes which not only define Seven but television

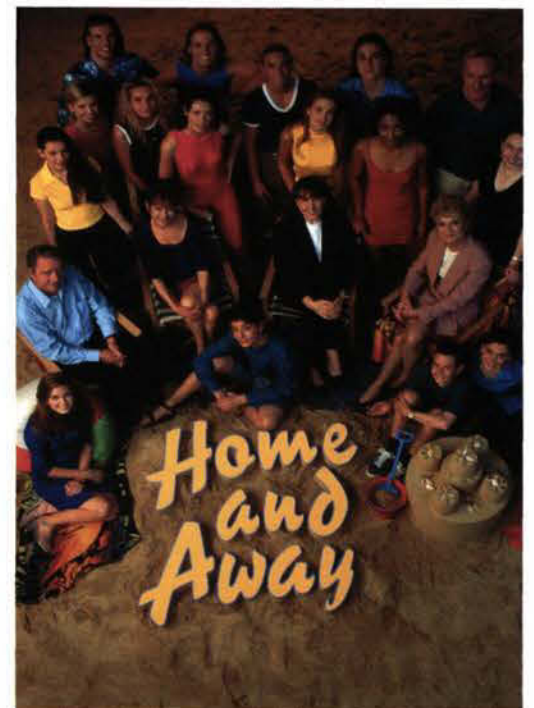
in Australia.

The success of 'Homicide' laid the foundation for locally produced drama programming on Seven - leadership confirmed by 'A Town Like Alice', 'The Shiralee', 'Against The Wind', 'A Country Practice', 'Blue Heelers' and 'Home and Away'.

Today, 'Home and Away' ranks as this country's most successful television export - watched by more than 15 million people every day in the United Kingdom. 'Blue Heelers', which continues to set new standards in drama production, ranks as the most watched drama on Australian television.

'The Mavis Bramston Show' made headlines

**SEVEN
NIGHTLY
NEWS**





with its controversial and irreverent humour, proved that Australians could laugh at themselves and provided the cornerstone for Seven's direction in comedy, with programmes such as 'My Name's McGooley - What's Yours?', 'The Paul Hogan Show' and 'Fast Forward'.

The success of Seven's move into historical drama series - with 'Cash and Company' - provided the Network with the confidence to commission 'Against The Wind'. The success of this programme - Australia's first true "mini-series" - led Seven to launch a number of mini-series, including 'The Shiralee', 'All The Rivers Run' and 'Melba'. Perhaps the most highly regarded of these mini-series was 'A Town Like Alice' which achieved record ratings and international acclaim, including an Emmy Award.

'Beyond 2000' - which documented developments in technology - provided the catalyst for the expansion of information programming, including 'Better Homes and Gardens' and 'The Great Outdoors'.

These programmes represent only selected moments in Seven's history. They are indicative of Seven's approach to broadcasting - the production of quality programming relevant to Australian audiences.

THE PRODUCT

Three key elements define Seven: Australian programming, news and current affairs, and all-encompassing coverage of major sports events.

Seven's long term agreements with the International Olympic Committee and the Australian Football League are an indication of the development of partnerships between broadcast television and sports, and form key elements in Seven's strategy for a significant presence in all major sports.

In news and current affairs, the development

of 'Witness', a weekly public affairs programme, and the introduction of news programming across Seven's schedule is underpinned by a significant commitment to the production of 'Seven Nightly News' and 'Today Tonight'.

The success of 'Better Homes and Gardens', 'The Great Outdoors', 'Blue Heelers', 'Home and Away', 'Who Dares Wins' and 'Great Escapes' underline Seven's acknowledged capabilities in the development of Australian programming.

Seven remains committed to the production of new drama and entertainment programmes which will further enhance the Network's audience delivery capabilities - particularly those audiences sought by major advertisers.

RECENT DEVELOPMENTS

A long term business strategy for Seven focuses on the company's involvement in entertainment software and the identification of long term partnerships to secure a significant presence in delivery platforms for this software. Seven's strategic shareholdings in Optus Communica-



tions and Metro-Goldwyn-Mayer underline these strategies.

Metro-Goldwyn-Mayer's film library - which includes the libraries of MGM, United Artists, Orion Pictures and The Samuel Goldwyn Company - ranks as the largest contemporary library in the world and will lead the development of MGM as the world's leading provider of programming content.

Seven's strategic investment in Optus Communications significantly enhances Seven's involvement in the future development of communications technologies in Australia, including telephone services, subscription television and online programming delivery systems.

In addition to its investment in Optus Communications, Seven plays a pivotal role in subscription television in Australia through significant shareholdings in SportsVision, MovieVision and Sky News Australia, which produce and supply cable television programming channels.



The two major platforms for the company's growth are now in place: the development of Seven as a significant broadcast television-based entertainment company through its joint ownership of Metro-Goldwyn-Mayer and a major commitment to Optus Communications which will expose Seven to all aspects of communications technologies in Australia.

PROMOTION

Part of the company's marketing focus will be directed towards developing Seven's leadership in new technologies - through the creation and introduction of new products and services.

Seven is also at the forefront of the evolution of the relationships between the network and the advertiser. Increasingly, Seven is forming business partnerships with advertisers to ensure campaigns are relevant, targeted, flexible to respond to competitive activity and provide "value-added" elements.

BRAND VALUES

For more than forty years, Australians have turned to Seven for quality Australian programming, news and current affairs, and all-encompassing coverage of major sports.

Seven is now one of this country's best known and highly regarded brands. Some recent surveys show Seven ranking in the top ten companies in terms of brand recognition. Seven is building from this platform of strength to ensure relevant and consistent branding across all programmes and markets to reinforce Seven's position as the number of viewing options increase. Maintaining a strong and relevant link with Australians and delivering the right programming will ensure Seven continues to drive the leadership of broadcast television in the changing communications environment.

Things you didn't know about Channel Seven

- Seven developed the first microwave link between two cities, Sydney and Canberra, to allow the broadcast of the visit of Queen Elizabeth II in 1957, and established the first live link between Sydney and Melbourne for the broadcast of test cricket from the Sydney Cricket Ground in 1959.
- Seven's first live broadcast in Melbourne of an AFL grand final - in 1977 - was a draw. The following day Seven covered the rugby league grand final - and it too ended in a draw. Both games had to be played again.
- In 1974, Seven commissioned a new drama series from Reg Grundy who was then renowned for quiz show productions. 'Class of '74' was a five-night-a-week drama - designed for an early evening timeslot. Another first for Seven.
- Engineers at Seven developed Racecam, the in-car camera technology which received an Emmy Award, was highly sought after by international television networks, and revolutionised sports coverage.