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REDACTED – FOR PUBLIC INSPECTION

July 28, 2003

BY HAND DELIVERY

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20054

Re: *Consolidated Application of General Motors Corporation,
Hughes Electronics Corporation, and The News Corporation Limited
for Authority to Transfer Control (MB Docket No. 03-124)*

Dear Ms. Dortch:

This letter (the "Response") sets forth the redacted public version of the interrogatory responses of The News Corporation Limited ("News Corp.") to the Commission's Initial Information and Document Request dated July 8, 2003 (the "Request"). Specifically, this Response covers those matters in Section I of the Request (which are addressed to the Applicants as a group) and in Section II of the Request (which is addressed to News Corp. only). News Corp. is providing documents responsive to the Request separately (the "Production"), although some materials from the Production are incorporated by reference herein. News Corp. will continue to review the documents collected from the sources identified to the Commission and will produce responsive documents on a rolling basis as quickly as possible.

Certain of the responses below and schedules hereto have been designated as "Confidential" under the Protective Order adopted by the Media Bureau on May 21, 2003, or as "Highly Confidential" under the Second Protective Order adopted on July 21, 2003. Accordingly, News Corp. is filing today a redacted public version of this Response. In general, the material sought in the Request includes some of News Corp.'s most proprietary and competitively sensitive information. In classifying these materials

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as public, confidential, or highly confidential, News Corp. has made every effort to provide information for the public while also taking into account these sensitivities.

News Corp.'s responses to the Request are set forth below under a restatement of the relevant interrogatory. Narrative answers herein are supplemented by attached paper and electronic schedules where noted. An index of those schedules is attached hereto as Exhibit A. Please note that, as requested by the Commission, these schedules are being provided in electronic form.

Should there be any questions regarding this matter, please contact the undersigned.

Respectfully submitted,



William M. Wiltshire
Michael D. Nilsson
Counsel for The News Corporation Limited

Enclosures

cc: Marcia Glauberman
Linda Senecal

**THE NEWS CORPORATION LIMITED'S RESPONSE
TO INITIAL INFORMATION AND DOCUMENT REQUEST**

Set forth below are the responses of The News Corporation Limited ("News Corp") to those aspects of the Commission's Initial Information and Document Request, dated July 8, 2003 (the "Request") addressed to News Corp. or to the Applicants jointly. Responses are generally provided using the data and level of detail that News Corp. maintains in the ordinary course of its business. In addition, to the extent information sought by the Commission was incomplete or unavailable on this basis, News Corp. has requested responsive information from individuals within the company whom it believes might have relevant knowledge. Some responses incorporate by reference documents that are being produced to the Commission concurrently under separate cover (the "Production").

REQUEST I.1

Please file any and all amendments to any Transaction Document.

To date, there have been only two such amendments. The Production includes Amendment No. 1 to the Merger Agreement, dated as of July 16, 2003, and Amendment No. 1 to the Stock Purchase Agreement, dated as of April 25, 2003, as documents numbered NCFCC04137-04149.

REQUEST I.2

With reference to the draft Certificate of Incorporation and By-laws of Hughes filed with the SEC on June 5, 2003, please state the objective criteria that the Audit Committee would be expected to use in determining whether a transaction is to be considered a "related party transaction."

The Audit Committee has the "sole authority to review, consider and pass upon" related party transactions. (Hughes By-laws, Article III, Section 3(d)). The By-laws (Article III, Section 3) provide that a related party transaction is *any* transaction *that the Audit Committee determines* "could be considered an interested transaction." Thus, the By-laws do not limit Audit Committee members' authority by subjecting them to objective criteria. Instead, the Hughes By-laws provide the Audit Committee with broader and more far-reaching power to review and pass on *any* transactions between Hughes and News Corp. that it deems appropriate. Granting the Audit Committee such power provides Hughes with greater flexibility to respond to changing conditions and areas of concern than would be the case if fixed criteria were established.

In addition to the broad powers conferred to the Audit Committee under the By-laws, as noted in the Applicants' Opposition to Petitions to Deny and Reply Comments (pp. 58-

59), DIRECTV's documents with respect to its approximately \$3 billion of indebtedness contain objective criteria for review of related-party transactions.

REQUEST I.3

What criteria will be used in selecting independent directors for appointment to ensure that they have sufficient expertise to pass on "related party contracts?"

The independent directors comprising the Audit Committee must satisfy the independence standards and other audit committee membership criteria set forth in the rules and regulations of the New York Stock Exchange ("NYSE"), which include criteria for financial literacy, as well as certain minimum standards set forth in the Sarbanes-Oxley Act and the SEC regulations promulgated thereunder.¹ Further, the members of the Nominating/Corporate Governance Committee (which will be comprised entirely of independent directors), acting in accordance with their fiduciary duties, can be expected to nominate for election as an independent director of a multi-billion dollar company someone with sufficient expertise to become familiar with Hughes' businesses and to evaluate related-party contracts. Indeed, as is evident from the biographies contained in the Consent Solicitation Statement/Prospectus relating to the proposed transactions, the proposed independent directors have extensive business expertise, including experience in the industries in which Hughes operates. If such directors do not have sufficient expertise to evaluate a particular transaction, it is expected, particularly in this era of heightened sensitivity to director responsibilities, that they would avail themselves of experts to aid them in the process. To this end, the By-laws explicitly provide the Audit Committee with the authority to (1) "retain counsel and consultants to assist it in carrying out its responsibilities," (2) utilize internal subject matter experts, including those at DIRECTV, and (3) engage advisors to assist in its review of related-party transactions. (Hughes By-laws, Article III, Sections 3(b) and 3(e)).

¹ Section 301 of Sarbanes-Oxley prescribes audit committee independence, listing standards, including a requirement that audit committees consist of all independent directors, a definition of independence, a requirement of audit committee direct responsibility for the outside auditor and a requirement of issuer funding for advisers employed by the committee. As directed by Section 301 of Sarbanes-Oxley, on April 9, 2003, the Securities and Exchange Commission adopted Exchange Act Rule 10A-3 directing the national securities exchanges and national securities associations to prohibit the listing of any security of an issuer that is not in compliance with the audit committee requirements mandated by Sarbanes-Oxley.

REQUEST I.4

Will the members of the Audit Committee serve for fixed terms and be removable during such term only for gross misconduct?

The members of the Audit Committee will serve at the pleasure of the board of directors. The board of directors, as is required by the Certificate of Incorporation, and pending NYSE rules and regulations, will consist of a majority of independent directors; the Audit Committee, as is required by the Certificate of Incorporation, the By-laws, the NYSE rules and regulations and Sarbanes-Oxley and the SEC regulations promulgated thereunder, will consist of entirely independent directors. Thus, if a majority of the board of directors so determines, it is possible that Audit Committee members may be removed; however, under the Certificate of Incorporation, the By-Laws and the NYSE rules and regulations, any replacement would also have to be an independent director.

REQUEST I.5

What provisions are included in the Hughes' corporate governance documents to ensure that the Audit Committee is required to review all related party transactions?

Article III, Section 3(d) of the Hughes By-laws provides that a related party transaction may *not* be effected by Hughes *unless* it is approved or ratified by the Audit Committee. Thus, in order to effect a transaction that the Audit Committee determines “could be considered an interested transaction,” the Audit Committee must be consulted and must pass on it. The failure to consult with and obtain the approval of the Audit Committee regarding a related party transaction could result in the transaction being rescinded. (Hamermesh Affidavit at ¶ 10.)

REQUEST I.6

Please state precisely how the Sarbanes-Oxley Act will protect consumers from alleged controlling shareholder self-dealing.

Applicants have *not* relied on the Sarbanes-Oxley Act as a means to protect consumers from alleged controlling shareholder self-dealing, nor is that the purpose of such Act. Rather, Applicants have demonstrated that “vertical foreclosure” concerns with respect to the proposed transaction are not valid because (i) each of DIRECTV and News Corp. has insufficient power in the relevant market, (ii) the asserted circumstances giving rise to those concerns are unrelated to the proposed transaction, (iii) vertical foreclosure strategies would not be profitable to pursue in any event, and (iv) Applicants have agreed to abide by the Commission’s program access rules as a prophylactic measure. (Applicants’ Opposition to Petitions to Deny and Reply Comments, pp. 11-60).

Applicants have further explained that any such vertical foreclosure concerns are based on the premise that Hughes would put the interests of News Corp. ahead of those of the other Hughes shareholders. *Id.* at 53.

Applicants have explained that Hughes shareholders will be protected from alleged News Corp. self-dealing by a combination of securities laws, NYSE rules and regulations, Delaware corporate law, and the comprehensive governance structure established by the Hughes Certificate of Incorporation and By-laws, whereby independent directors will have the authority to review, consider and pass upon any transactions with related parties. (*Id.* at 53-60.)

Although Applicants have not previously addressed this point, provisions of Sarbanes Oxley should in fact serve to enhance the effectiveness of the comprehensive corporate governance structure already in place.²

REQUEST I.7

What are the rules for the functioning of the Audit Committee?

As the board of directors is not yet seated, and the members of the Audit Committee are yet to be selected by the board, the specific rules for the functioning of the Audit Committee have yet to be implemented. However, the NYSE rules and regulations, as well as the specified minimum standards set forth in Sarbanes-Oxley and the SEC regulations promulgated thereunder, will govern the operation of the Hughes Audit Committee. The NYSE rules require that an audit committee have a formal written charter approved by the board of directors, and also provide detailed requirements as to the governance of the audit committee that must be specified in the charter. Moreover, the audit committee charter must be made publicly available. In addition, the audit committee of a NYSE-listed company is required to review and reassess the adequacy of its charter on an annual basis. The NYSE has also proposed changes to its rules and regulations which, if adopted, would substantially increase the powers and responsibilities of the Audit Committee.

² First, as described above, Section 301 of Sarbanes-Oxley requires that audit committees consist of all independent directors and provides a definition of independence. Section 906 requires CEO and CFO certification of financial statement compliance with periodic reporting requirements under the Securities Exchange Act of 1934 and establishes criminal liability for knowing failures of compliance. Section 303 proscribes action by any officer or director to fraudulently influence, coerce etc. the outside auditor in its audit. Sarbanes-Oxley also includes provisions (e.g., Sections 201-203) to ensure the independence of outside auditors from management. Since material related party transactions involving News Corp. will have to be reflected in Hughes' SEC filings and financial statements, the Sarbanes-Oxley provisions designed to shore up accurate financial reporting will necessarily tend to assure adequate disclosure of such transactions and, thereby, ensure that such transactions are reviewed using appropriate and required procedures.

REQUEST I.8

How will the Applicants ensure that independent directors are neither controlled nor influenced by News Corp, its subsidiaries and their respective officers, managers, directors, employees, and agents?

The Hughes By-laws (Article II, Section 2) adopt the definition of independence supplied by the NYSE rules and regulations, or, in the absence of such a definition, require, among other things, that independent directors have no material relationship with News Corp. or any of its affiliates. In either case, independent directors must have no relationship with the company that may interfere with their independence from management and the company. The NYSE rules and regulations also provide, and Rule 10A-3 under the Exchange Act for NYSE-listed companies will provide, additional specific independence requirements with respect to audit committee members.

REQUEST I.9

Please explain how the by-laws operate to make it “somewhat cumbersome” for News Corp to directly nominate candidates for election as directors. Please explain any difference between the tendered explanation and the procedure used by stockholders generally to nominate candidates for election to a board of directors of a Delaware corporation. See General Motors Corporation, Hughes Electronics Corporation, and The News Corporation Limited, Opposition to Petitions to Deny and Reply Comments, Affidavit of Lawrence A. Hamermesh, July 1, 2003 (“Hamermesh Affidavit”) ¶ 8(c).

The Hughes By-laws (Article III, Section 5) provide the Nominating/Corporate Governance Committee with the exclusive authority to nominate directors on behalf of the board of directors. As required by both the Hughes Certificate of Incorporation (Article V, Section 5) and the pending NYSE rules and regulations, the Nominating/Corporate Governance Committee will be comprised exclusively of independent directors. In order for News Corp. (or any other shareholder) to nominate its own competing candidates for election as directors at the annual meeting, such shareholder generally must provide the board of directors with advance notice of its intention to do so not later than the 120th day prior to the first anniversary of the date on which Hughes first mailed its proxy materials for the preceding year’s annual meeting of stockholders. Moreover, even if News Corp. were to meet this criterion in order to nominate one or more directors to run against the directors nominated by the Hughes Nominating/Corporate Governance Committee, any such director would by no means be guaranteed election given News Corp.’s 34% share of Hughes’ voting stock.

Even in the unlikely event that News Corp. succeeded in nominating its own competing director to replace an independent director and then successfully waged a proxy contest

to have its nominee for director elected, any such director would still be required to meet the applicable “independence standards” in order to preserve the majority of independent directors required by the pending NYSE rules and regulations and the Hughes Certificate of Incorporation, and the Hughes Audit Committee would still be required pursuant to NYSE rules and regulations, Sarbanes-Oxley and SEC regulations to consist solely of independent directors. The requirement that the Hughes Audit Committee consist solely of independent directors will continue so long as Hughes remains a listed company.

REQUEST I.10

Please explain the phrase “dramatically diminished ability,” referenced in the Hamermesh Affidavit at paragraph 9.

The “dramatically diminished ability” of News Corp. to remove the independent directors of Hughes from office stems from the following characteristics of the Hughes governance structure:

- (A) Hughes’ certificate of incorporation (Article V, Section 1) divides the board of directors into three classes, with directors serving three-year terms. Because the board of directors is classified, Delaware law (Section 141(k) of the Delaware General Corporation Law) prohibits stockholders (such as News Corp. acting alone or with other stockholders) from removing directors of Hughes without cause. Similarly, Hughes’ certificate of incorporation (Article V, Section 4) contains restrictions on the ability of stockholders to remove directors other than for cause. While removal for cause is permitted, such removal is subject to a variety of procedural and substantive hurdles, including an opportunity for the targeted director to present a defense to the charges presented at the stockholder meeting, and the possibility that “cause” for removal might be interpreted to require, at a minimum, proof of breach of fiduciary duty. In addition, in most foreseeable circumstances, the solicitation of consents for the removal of a director would require advance public disclosure and compliance with the SEC’s consent solicitation rules, and Hughes could oppose the solicitation. Moreover, removal in any event requires the vote of an absolute majority of the outstanding shares entitled to vote; News Corp.’s 34% ownership interest will fall considerably short of that level. A leading authority on Delaware law points out that with a public company like Hughes, any effort by stockholders to remove a director for cause “is likely to bog down in a procedural morass, the success of which will be uncertain and, ultimately, considering the difficulty and expense involved, counterproductive to those seeking to remove.” Drexler, Black and Sparks, Delaware Corporation Law and Practice, §13.01[11][c][iii]. Therefore, each independent director of Hughes will be elected to a three-year term (following the initial term of office) and, during that term, it would be difficult for News Corp. to remove him or her.

(B) Even when an independent director's term of office is about to expire and such director is up for re-election, it will be difficult if not impossible for News Corp. to unseat him or her without the approval of the Hughes board of directors' Nominating/Corporate Governance Committee, which must consist entirely of independent directors. In order to unseat an independent director at such time over the opposition of that committee, News Corp. would have to submit its own nominee to compete for election against such independent director. As explained in response to Request I.9, however, there are procedural and substantive impediments for News Corp. to submit a competing nominee for the board and to prevail in an election contest. Further, if the removed director were independent, such vacancy would have to be filled by another independent director to preserve the majority of independent directors required in the Certificate of Incorporation and the pending NYSE rules and regulations. (See Hamermesh Affidavit at ¶ 7.)

REQUEST I.11

Please explain, with the corporate governance arrangements applicable to Hughes, the steps a shareholder would be required to take in order to remove a director. See Hamermesh Affidavit ¶ 9.

See responses to Requests I.9 and I.10 above. Further, the steps that News Corp. would have to take to remove a director are the same as those that any other shareholder would have to take.

REQUEST II.1

Identify each video programming network distributed in the U.S. that your company owns, controls, or in which it has an interest and for each such network state, separately for each year from 2000 through the present:

News Corp. owns or controls the following video programming networks that are distributed in the United States (the "Relevant Programming Networks"):

- FX
- Fox Movie Channel
- Fox News Channel
- Fox Sports Digital Nets
- Fox Sports en Español
- Fox Sports World
- Fuel
- National Geographic Channel

Speed Channel
Fox Sports Net Arizona
Fox Sports Net Detroit
Fox Sports Net Midwest
Fox Sports Net North
Fox Sports Net Northwest
Fox Sports Net Pittsburgh
Fox Sports Net Rocky Mountain
Fox Sports Net South
Fox Sports Net Southwest
Fox Sports Net West
Fox Sports Net West 2
Sunshine Network

In many instances, information is provided separately for Fox News Channel (“Fox News”), which is managed by itself rather than by Fox Cable Networks Group, which manages all of the other Relevant Programming Networks.

News Corp. also holds interests in video programming networks that are controlled by other companies. Specifically, the following U.S. networks are controlled by Cablevision Systems Corporation (“Cablevision”) through its indirect 60% ownership interest in Regional Programming Partners, in which Fox Entertainment Group (“FEG”) holds a passive 40% interest:

Fox Sports Net Bay Area
Fox Sports Net Chicago³
Fox Sports Net Florida
Fox Sports Net New England
Fox Sports Net New York
Fox Sports Net Ohio
Madison Square Garden Network
Metro Guide
Metro Stories
Metro Traffic and Weather

Gemstar-TV Guide International, Inc. (“Gemstar”), a publicly traded company in which News Corp. indirectly holds an approximately 42.9% interest, also offers the following video programming networks in the U.S.:

TV Guide Channel
TV Games Network

³ Ownership percentages for Fox Sports Net Bay Area and Fox Sports Net Chicago reflect pending closing of RPP’s purchase of Fox’s direct 50% interests in these networks.

In order to respond fully to every aspect of this Request, News Corp. would need information that it does not maintain in the ordinary course of business, including information relating to the video programming networks in which it holds a minority interest. The Commission has issued Discovery Requests to Cablevision and Gemstar that include a request for information virtually identical to this one.⁴ News Corp. will defer to those parties and direct the Commission to their response for the responsive data for the services they control. In addition, News Corp. may not have information relating to Relevant Programming Networks for the entire period from 2000 to 2003, either because the network had not yet been launched or because News Corp. did not have operational control over the network during that entire period.

- a. *the MVPD systems that distribute the network, and as to each identify:*
1) *the geographic areas in which it distributes the network,*

Three schedules submitted with this narrative respond to this Request.

- Schedule II.1.a(1)i consists of Nielsen data that News Corp. has acquired relating to the MVPDs that distribute Fox News and the geographic areas in which Fox News is distributed.
- Schedule II.1.a(1)ii is based on internal News Corp. data and sets forth information relating to the states, counties and designated market areas (“DMAs”) in which News Corp. believes MVPDs distribute the Relevant Programming Networks, other than Fox News and other than for DBS operators that distribute Fox regional sports networks (“RSNs”).
- With respect to DBS operators DIRECTV and EchoStar, the Relevant Programming Networks that are national are distributed on a national basis; information as to the geographic areas in which each of DIRECTV and EchoStar distributes the Relevant Programming networks that are RSNs is provided in Schedule II.1.a(1)iii, by state and by zip code, with the first three digits of the zip code identified.

- 2) *the date when the network was first carried,*

Three schedules submitted with this narrative respond to this Request.

- Schedule II.1.a(1)ii provides information relating to the date that MVPDs first carried each of the Relevant Programming Networks other than Fox News. It is

⁴ See Letter from W. Kenneth Ferree to Howard J. Symons, MB Docket No. 03-124, at Request 1 (dated July 15, 2003) (“Request to Cablevision”); Letter from W. Kenneth Ferree to Stephen H. Kay, MB Docket No. 03-124, at Request 1 (dated July 15, 2003) (“Request to Gemstar”).

based on internal data that is subject to the recording errors and other qualifications described below.

- Information relating to Fox News is set forth in Schedule II.1.a(2-4) and is based on information extracted from Fox News contracts with MVPDs.
- Additional information relating to Fox Sports Digital Nets and National Geographic Channel is provided in Schedule II.1.a(2)iii, which may be more accurate and also provides information relating to the Fuel network, which the Company launched on July 1, 2003. This Schedule is also, however, subject to the qualifications described below.

For those networks that News Corp. acquired, the information provided in Schedules II.1.a(1)ii is based on information the Company received from third parties that previously managed or owned such networks, such as for Speed Channel and certain of the RSNs identified in response to Request II.1 herein. In addition, the information contained in those schedules may be inaccurate due to human error in initially recording the information or the use of different methodologies that may have been employed over the course of maintaining that information. For example, duplicate entries may appear in those schedules for certain MVPD systems – such as for cable systems that have been rebuilt, for which the schedules may provide the date the system was rebuilt along with the date the MVPD first carried the network. In addition, information may simply be lacking for certain MVPDs, such as those that began carrying a network prior to the date News Corp. acquired control of the network. News Corp. does not rely on this “date first carried” data in the ordinary course of business. News Corp. also does not maintain information relating to the dates its regional sports networks were first carried by DIRECTV or EchoStar, because such launches predate its ownership interest in the networks. However, News Corp. believes that those networks in existence at the time were likely first carried en masse on or near the dates that the respective DBS systems began operating, in 1994 for DIRECTV and in early 1996 for EchoStar.

The information included in Schedule II.1.a(2)iii for cable networks that News Corp. has launched more recently – in particular, Fox Sports Digital Nets, National Geographic Channel and Fuel – may be more accurate than that included in Schedules II.1.a(1)ii and II.1.a(2-4), as the former is based on information prepared for purposes of responding to this Request while the latter is based on a database that may contain the recording errors and qualifications described above. However, certain entries on Schedule II.1.a(2)iii may also be inaccurate for MVPD launches that have been authorized by Headend in the Sky (“HITS”), an intermediary distribution system owned by Comcast Corporation that delivers certain of News Corp.’s video programming services to third-party MVPDs in addition to certain of Comcast’s systems, because HITS may not have provided News Corp. with accurate information as to the date the MVPD first carried one or more of its video programming services.

3) all periods of time in which the MVPD's right to carry the network lapsed,

Schedule II.1.a(3) hereto identifies the occasions on which, to the best of News Corp.'s information and belief after due inquiry, an MVPD's right to carry a Relevant Programming Network lapsed. In two cases – involving Time Warner and Sunflower – the lapse was due to failure to come to terms prior to expiration of an existing contract for carriage. In all other cases listed, the lapse was caused by an outstanding accounts receivable balance owed by the MVPD to Fox Cable.

4) the date of expiration of the contract under which the network is currently distributed,

Two schedules submitted with this narrative respond to this Request.

- Schedule II.1.a(2-4) provides information relating to the date of expiration of each contract pursuant to which an MVPD distributes Fox News.
- Schedule II.1.a(4)ii provides information relating to the date of expiration of each contract pursuant to which an MVPD distributes the remaining Relevant Programming Networks.

These schedules are based on information extracted from carriage contracts with MVPDs. Some of those contracts are executed by cooperatives or other associations of MVPDs. Accordingly, News Corp. has also provided as part of Schedule II.1.a(4)ii a list of members of two of the largest such groups – the National Cable Television Cooperative, Caribbean Cable Cooperative, the expiration dates of which are those listed for the applicable cooperative – as well as a similar list for Satellite Services, Inc (“SSI”), a subsidiary of the former AT&T Broadband (now Comcast Corporation).⁵

5) the number of subscribers to that MVPD who received the network,

Two schedules attached to this narrative respond to this Request.

- Schedule II.1.a(5)i provides subscriber information by MVPD for each of the Relevant Programming Networks during the Company's fiscal years 2000 to 2003, with the exception of (1) information relating to RSNs distributed by DBS providers DIRECTV and EchoStar, and (2) information relating to Fox News.

⁵ Certain MVPDs in which SSI has an ownership interest and programming control are permitted to distribute certain of the relevant Programming Networks pursuant to the affiliation agreements with SSI. Accordingly, the expiration dates relating to such MVPDs are the dates listed for SSI.

- Schedule II.1.a(5)ii provides subscriber information for DIRECTV and EchoStar. News Corp. has provided such information for comparable periods for purposes of comparison to the MVPDs other than DIRECTV and EchoStar, except with respect to DIRECTV for fiscal year 2000, for which only actual subscriber information as of June 30 is available.

With respect to Fox News, documents numbered NCFCC 04118-04133 of the Production are copies of internal reports maintained by Fox News that provide subscriber information by MVPD as of June 30 of each year during the period 2000 to 2003.

As a general matter, the subscriber information represents the number of subscribers for which the MVPD was billed on June 30 of each year, and is based on the number of actual MVPD subscribers to that MVPD during the period 45 to 60 days earlier.

6) total revenues received by the company from the MVPD provider in exchange for distribution of the network and total revenue categorized by subscription fees, launch fees, and other sources of revenue (with a brief description).

Two schedules attached to this narrative respond to this Request. (News Corp. operates on a fiscal year that ends on June 30.)

- Schedule II.1.a(6)i provides information as to Fox News for the period June 30, 2000 to June 30, 2003.
- Schedule II.1.a(6)ii 2001 through 2003, respectively, provide billed subscription fee information for each of the remaining Relevant Programming Networks, during the period June 30, 2001 to June 30, 2003. News Corp. does not maintain the requested information relating to these networks for fiscal year 2000.

On both schedules, with the exception of amounts relating to DBS providers DIRECTV and EchoStar, the amounts indicated are amounts billed to the MVPD provider and do not represent collected revenues. The amounts indicated for DIRECTV and EchoStar are collected revenues (and not “billed” amounts), as News Corp. does not send invoices to either DBS provider, but rather receives a monthly payment from each provider based on the number of subscribers that receive each of its managed networks.

The information set forth in Schedule II.1.a(6)ii does not contain revenues relating to the distribution by DIRECTV and EchoStar of a package of “out-of-market” programming, which consists of all of the RSNs (with virtually all of the key programming, such as MLB, NBA, NHL and high-profile regional collegiate sporting events, “blacked out” for such out-of-market subscribers). News Corp. does not allocate to the RSNs revenues earned from distribution of the RSNs as out-of-market programming, and has not included it in the schedule for this reason.⁶

The only revenues News Corp. receives from MVPDs relating to the distribution of the Relevant Programming Networks are subscription fees. In particular, News Corp. does not receive launch fees from MVPDs, but rather may provide launch support to MVPDs.

7) *the number of advertising minutes made available for use by the MVPD.*

Each of the Relevant Programming Networks makes available the same number of advertising minutes for use by each MVPD that carries the network. Specifically, at all times from January 1, 2000 to the present, the following networks have made available to MVPDs the following average number of advertising minutes per hour:

FX	3 minutes
Fox Movie Channel	none
Fox News Channel	14 minutes
Fox Sports Digital Networks	none
Fox Sports en Español	2 minutes
Fox Sports World	2 minutes
Fuel	2 minutes
National Geographic	2 minutes
Speed Channel	3 minutes
All Fox Sports Nets (excluding FSN Pittsburgh)	2 minutes
Fox Sports Net Pittsburgh	none
Sunshine	2 minutes

⁶ The figures contained in Schedule II.1.a(5) also do not include such “out-of-market” subscribers for particular RSNs.

b. total revenues categorized by:

- 1) subscription fees,**
- 2) advertising revenues,**
- 3) other sources of revenues (with a description),**

See Schedule II.1.b to this narrative for the requested information. For each of the Relevant Programming Networks, total revenues – categorized by subscription or “affiliate” fees, advertising revenues, and “other” revenues – are provided in the schedule for each fiscal year for the period 2000 to 2003. As indicated in the schedule, the revenues included within the category of “other” revenues may differ from one video programming service to another. For example, “other” revenues for national sports networks such as Fox Sports World and Fox Sports en Español consist primarily of pay-per-view and closed circuit television revenues for exhibition of certain programming carried on such networks in commercial establishments such as bars. For regional sports networks, “other” revenues may include pay-per-view, leased air time, programming barter (advertising inventory given up to acquire programming without cash payment) and production revenue (ancillary revenue generated from production services).

Schedule II.1.b includes revenue items that are not reflected in Schedule II.1.a(6)ii. Affiliate revenue derived from distribution of the Relevant Programming Networks outside the United States and its territories and possessions – including revenues derived from distribution of News Corp.’s networks in the Caribbean, Latin America and Canada – is included in Schedule II.1.b but has been removed from Schedule II.1.a(6)i. News Corp. does not track collected revenues by country of origin, and thus is not able to calculate the exact amount of revenues earned from overseas distribution. Such revenues, however, are *de minimis*, and are estimated to comprise less than one percent of all affiliate fees collected by News Corp. in each fiscal year.

In addition, unlike the “billed” subscription fees by MVPD that are included in Schedule II.1.a(6)ii, the subscription revenues included in Schedule II.1.b represent the amounts News Corp. has collected from MVPDs, and thus reflect adjustments and write-offs taken against billed subscription fees.

c. for each DMA, the viewer rating and share by:

- 1) all persons,**
- 2) persons aged 18-34,**
- 3) persons aged 35-49**
- 4) persons aged 50-or higher.**

See Schedules II.1.ci and II.1.cii to this narrative for the requested information with respect to Fox News and the remaining Relevant Programming Networks, respectively, based on data received from Nielsen.

REQUEST II.2

For each video programming network identified in response to question II.1, state:

a. *the launch date,*

See Schedule II.2(a-b) to this narrative for information responsive to this Request. With respect to those video programming networks in which News Corp. acquired an ownership interest rather than launched *de novo*, the data may be based on information received from the third parties from which such interests were acquired.

b. *the company's cost to develop or launch the network, including a description and quantification of each major category of costs,*

See Schedule II.2(a-b) to this narrative for information responsive to this Request. As indicated on that schedule, News Corp. entered the video programming services business primarily by acquiring ownership interests in video programming networks, including those interests identified on Schedule II.2(a-b). With respect to acquired networks, News Corp. does not maintain information relating to the cost of launching or developing those networks prior to launch. However, News Corp. has provided costs associated with the rebranding of Speedvision into Speed Channel in 2002.

Regarding the Fox Cable networks that News Corp. has launched or participated in the launch of – FX, Fox Movie Channel, Fox News Channel, National Geographic Channel, Fox Sports Digital Nets, and Fuel – News Corp. has provided information relating to marketing, programming, and related costs incurred during the period prior to launch, and launch support payments and marketing costs incurred since launch, which include payments made long after the original launch of the network and necessarily include amounts relating to ongoing business operations rather than the launch of the network. News Corp. has not provided information relating to capital costs it may have incurred in connection with the launch or development of the Fox Cable networks, as such costs may be shared across several networks and are not maintained by News Corp. by network. In addition, News Corp. has not provided information relating to launch support that may have taken the form of a credit against billed subscription fees, as it does not maintain such data in a manner that would enable it to reliably estimate the value of such credits.

Launch and development costs relating to Fox News Channel are indicated on Schedule II.2(a-b) to the extent News Corp. maintains such information. Included in such costs are the capital costs Fox News incurred in constructing television studios and acquiring news gathering equipment during the period prior to launch, and the amounts it has paid since launch (which occurred in October 1996) through May 2003, as launch support. News Corp. does not maintain information relating to other costs (i.e., programming or

marketing) that may have been incurred in connection with the launch of the Fox News Channel.

- c. *the total number of MVPD subscribers who received the network during each year from launch to present,*

See Schedule II.2.c to this narrative for information responsive to this Request. News Corp. does not maintain subscriber information on a reliable basis for any period prior to 1997, with the exception of Fox News, for which subscriber numbers are provided as of December 31, 1996. Subscriber information is otherwise provided (1) as of June 30 of each year other than 1996 for Fox News, and (2) as of December 31 of each year for each of the remaining Relevant Programming Networks.

- d. *if the network provides sports programming, the identity of the teams, leagues, or organizations whose distribution rights are held by the network and for each state:*

As stated in the Applicants' July 14, 2003 letter to the Media Bureau, for purposes of this Request II.2.d, News Corp. shall respond with respect to the following sports leagues and conferences: the National Football League, the National Basketball Association, the National Hockey League, Major League Baseball, men's college football for all Division I-A and I-AA conferences and teams, men's college basketball for all Division I conferences and teams, and women's college basketball for teams competing in the Southeastern Conference, Atlantic Coast Conference, Big Ten Conference, Big East Conference, Big 12 Conference, or Pacific 10 Conference.⁷

- 1) *the official name of the team, league, or organization and the sport played,*
- 2) *the term of the contract that grants the right to distribute the sports programming,*
- 3) *the number of game events entitled to be distributed by News Corporation under the agreement,*
- 4) *the number of game events licensed to News Corporation in which News Corporation has an exclusive license,*

To the extent information is available, Schedule II.2.d(1-4) to this narrative sets forth information responsive to these four Requests.⁸ News Corp. notes that distribution rights to the post-season games of professional teams are restricted to rights to those games

⁷ Please note that this response does not include information for Cablevision-controlled networks. See discussion above in response to Question II.1.

⁸ Please note that information contained in this section relates to teams, leagues, and conferences whose distribution rights are held by Fox Sports Net, as well as the Relevant Programming Networks.

actually played, which cannot be precisely determined ahead of time. Therefore, where applicable, Schedule II.2.d(1-4) includes the maximum number of games scheduled for each professional post-season series, although a given series in a particular year may actually be determined by a fewer number of games. In addition, regular season games in both professional and collegiate sports may on occasion be cancelled due to weather, scheduling conflicts, natural disasters, or other events of *force majeure*. Similarly, additional unscheduled games may be played on occasion to determine tie-breakers for post-season eligibility. Both professional and collegiate sports leagues also occasionally increase or reduce the number of member teams, which consequently affects the number of games played accordingly. Therefore, Schedule II.2.d(1-4) provides a range of games where applicable to accommodate these minor discrepancies. Regular season and post-season professional games may on very infrequent occasions be cancelled due to labor disputes, strikes, or work stoppages, which could further reduce the actual number of games played in a given season. In these rare situations, there may be a major discrepancy in the number of games played and broadcast distribution of the games would also be disrupted. There were no such cancellations during the time period requested in the schedule.

With respect to collegiate sports, major conferences control the distribution rights for all of the games of their member colleges. These conferences negotiate the primary national and/or regional distribution contracts for selected individual games with over-the-air or cable networks, after which the rights to any remaining games not yet included in such distribution packages revert to the individual colleges playing in such games. Thus the distribution rights obtained from such individual colleges are subject to availability after the conferences select which games they will distribute through their contracts with the networks. Thus Schedule II.2.d(1-4) includes the maximum number of games covered by each distribution contract even though the actual number of games that are made available to the network to be shown is subject to availability in each case. For example, although Fox Sports Net West has a contract with USC that provides distribution rights for a minimum of two football games per season, during the 2002-03 football season, no games were made available to Fox Sports Net West for distribution because the PAC-10 Conference granted rights to networks for the distribution of all, USC football games. Consequently, distribution rights to USC football games did not revert back to USC during the 2002-03 football season, and Fox Sports Net West did not actually distribute any USC football games through its contract with USC, notwithstanding the terms of such contract.

Schedule II.2.d(1-4) provides information related to the exclusivity of any sports programming distributed by the Relevant Programming Networks. Contracts that grant exclusive distribution rights throughout an entire geographic region (or “distribution footprint”) are deemed to be exclusive, although the same programming may be distributed by another network outside of that distribution footprint. However, in instances where, for the same game, more than one network has distribution rights in the same distribution footprint, the contract is deemed to be non-exclusive. Schedule

II.2.d(1-4) also notes any variations to such designations of exclusivity, such as where a network holds exclusive rights for live distribution but non-exclusive rights for tape-delayed distribution of the same games. In addition, networks will occasionally carry certain sports programming without a written contract, such as coverage of a discrete event or a few games of local interest. Schedule II.2.d(1-4) includes any such instances of programming in the absence of a written contract.

- 5) *the total number of game events that the team, league, or organization could make available to networks and the actual number of game events it makes available to all networks.***

See Schedule II.2.d(5) to this narrative for information responsive to this Request.⁹ News Corp. does not maintain this information in the ordinary course of business. Rather, it has prepared this schedule based on publicly available data provided by the various teams, leagues, and organizations involved. Accordingly, the accuracy of the information provided in the schedule may vary according to the accuracy of the data made available by these sports entities.

As requested, News Corp. has provided total games information only for teams, leagues, or organizations that have current distribution agreements with the Relevant Programming Networks and Fox Sports Net. Accordingly, information may be provided for one school or conference in one sport but not others, and no such information is provided for games of teams without such agreements, including the following:

PROFESSIONAL

National Football League

Atlanta Falcons
Baltimore Ravens
Buffalo Bills
Carolina Panthers
Chicago Bears
Cincinnati Bengals
Cleveland Browns
Dallas Cowboys
Denver Broncos
Green Bay Packers
Indianapolis Colts
Kansas City Chiefs
Minnesota Vikings

⁹ Again, News Corp. notes that, to the extent this Request relates to networks controlled by Cablevision and Gemstar, the Commission should look to their responses for additional responsive information.

New England Patriots
New Orleans Saints
New York Giants
New York Jets
Oakland Raiders
Philadelphia Eagles
Pittsburgh Steelers
San Francisco 49ers
St. Louis Rams
Tampa Bay Buccaneers
Tennessee Titans
Washington Redskins

National Basketball League

Boston Celtics
Chicago Bulls
Cleveland Cavaliers
Golden State Warriors
Houston Rockets
New Jersey Nets
New Orleans Hornets
New York Knicks
Philadelphia 76ers
Sacramento Kings
Seattle Supersonics
Toronto Raptors
Washington Wizards

Major League Baseball

Baltimore Orioles
Boston Red Sox
Chicago Cubs
Chicago White Sox
Cincinnati Reds
Cleveland Indians
Florida Marlins
Montreal Expos
New York Mets
New York Yankees
Oakland Athletics
Philadelphia Phillies
San Diego Padres
San Francisco Giants
Tampa Bay Devil Rays

Toronto Blue Jays

National Hockey League

Atlanta Thrashers
Boston Bruins
Buffalo Sabres
Calgary Flames
Chicago Blackhawks
Columbus Blue Jackets
Edmonton Oilers
Florida Panthers
Montreal Canadiens
New Jersey Devils
New York Islanders
New York Rangers
Ottawa Senators
Philadelphia Flyers
San Jose Sharks
Toronto Maple Leafs
Vancouver Canucks
Washington Capitals

COLLEGE CONFERENCES AND INDEPENDENT SCHOOLS

Div. I-A football:

Big East Conference
Big Ten Conference
Conference USA
Mountain West Conference
Sun Belt Conference
Independent Schools: University of Connecticut, U.S. Naval Academy,
University of Notre Dame, Troy State University

Div. I-AA football:

Atlantic 10 Conference
Big South Conference
Ivy League
Metro Atlantic Athletic Conference
Northeast Conference
Patriot League
Pioneer League
Southwestern Athletic Conference

Independent Schools: California Polytechnic State University – SLO, Florida Atlantic University, Florida International University, St. Mary's College of California, Savannah State University, Southeastern Louisiana University, Southern Utah University¹⁰

Div. I Men's Basketball:

America East Conference

Big East Conference

Big Sky Conference

Big Ten Conference

Big 12 Conference

Colonial Athletic Association

Conference USA

Ivy League

Metro Atlantic Athletic Conference

Mountain West Conference

Patriot League

Southwestern Athletic Conference

Sun Belt Conference

Independent Schools: Centenary College, Texas A&M-Corpus Christi, Indiana University-Purdue University Fort Wayne, David Lipscomb University, Savannah State University, University of Texas – Pan American.¹¹

REQUEST II.3

For each US-based broadcast TV station in which your company owns an interest identify:

News Corp. owns an interest in the following U.S.-based broadcast television stations, which are referred to herein as the “O&Os,” serving the following DMAs:

WNYW	New York
WWOR*	New York

¹⁰ Note that in addition, the Relevant Programming Networks do not currently have football contracts with the Mid-Eastern Athletic Conference and Southland Conference. However, the agreements with those conferences expired at the end of the 2002-03 season, and News Corp. does not yet affirmatively know whether or not they will be renewed for the upcoming season.

¹¹ Note that in addition, the Relevant Programming Networks do not currently have men’s basketball contracts with the Atlantic Sun Conference, Atlantic 10 Conference, Big South Conference, Mid-Eastern Athletic Conference, Southland Conference, and Western Athletic Conference. However, the agreements with those conferences expired at the end of the 2002-03 season, and News Corp. does not yet know whether or not they will be renewed for the upcoming season.

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KTTV	Los Angeles
KCOP*	Los Angeles
WFLD	Chicago
WPWR*	Chicago
WTFX	Philadelphia
WFXT	Boston
KDFW	Dallas
KDFI**	Dallas
WTTG	Washington, DC
WDCA*	Washington, DC
KMSP	Minneapolis
WFTC*	Minneapolis
WJBK	Detroit
WAGA	Atlanta
WUTB*	Baltimore
KRIV	Houston
KTXH*	Houston
WTVT	Tampa Bay
WRBW	Orlando
WOFL*	Orlando
WJW	Cleveland
KSAZ	Phoenix
KUTP*	Phoenix
KDVR	Denver
KTVI	St. Louis
WITI	Milwaukee
WDAF	Kansas City
KSTU	Salt Lake City
WBRC	Birmingham
WHBQ	Memphis
WGHP	Greensboro
KTBC	Austin
WOGX	Ocala

* denotes stations affiliated with UPN

** denotes independent station with secondary FOX affiliation

a. the MVPD systems that currently retransmit the broadcast station, and for each:

The Production includes documents numbered NCFCC 07088-07646, which are records prepared from Nielsen data that indicate the MVPD systems that operate in each DMA with a FOX-affiliated O&O. For each such MVPD system, these reports provide (among other things) the location of the system, the number of subscribers of each system, and