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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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.

In recent meetings presentations to the Commission, News Corp. has argued that it has strong incentives to continue providing its Fox Sports Nets signals to MVPDs during arbitration because it will suffer significant financial losses if the programming is not carried. Attached hereto is an illustration of the financial impact on News from loss of carriage.

Sincerely,

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Enclosure

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WITHHOLDING RSN PROGRAMMING FOR EVEN A SHORT PERIOD OF TIME COSTS FOX MILLIONS

- Fox earns average monthly revenue of $ per subscriber (from affiliate fees plus advertising revenues) for its regional sports networks. If Fox withholds RSN programming from an MVPD, it loses that revenue.

- For example, if Fox were to withhold its RSN programming from an MVPD with 1,000,000 subscribers during a two-month arbitration period, ***Fox would lose $*** . This figure does not include other costs, such as the costs of any public relations campaign associated with such an impasse. (By way of example, Fox spent approximately $ on marketing during its recent impasse with Time Warner systems in Florida and Minnesota.)

- Some have argued that News Corp. would be able to recoup this loss through gains from subscribers who switch to DIRECTV. As explained by Charles River Associates in its analysis submitted on September 8, 2003, the expected present value to News Corp. of its 34% interest in a new DIRECTV subscriber over that subscriber's full lifetime with DIRECTV is $. News Corp. would also recover two months' worth of RSN subscriber fees from the new DIRECTV subscriber ($), for a total recoupment of $ per subscriber.

  - In order to recoup the entire $, almost 21,000 subscribers – 2.1% of the MVPD's base – would have to switch from the MVPD to DIRECTV in just two months. Given that Cablevision lost approximately 1% of its subscribers during the period of over one year when it did not carry the YES Network (with New York Yankee and New Jersey Nets games), a 2.1% switch rate in just two months is implausibly high.

  - Even assuming that the MVPD in this hypothetical were to lose as many subscribers in two months as Cablevision lost in over a year (*i.e.*, 1% or 10,000 subscribers) and further assuming that all such subscribers churned to DIRECTV (instead of being shared between DIRECTV and EchoStar), News Corp. would recoup $ ***– which would still leave Fox with a loss of over $*** .

  - Because DIRECTV earns far less per subscriber in the areas serviced by NRTC, the loss to News Corp. from an impasse with an MVPD in an NRTC territory would be far larger

For a more detailed presentation of the economics underlying this analysis, see Charles River Associates, Inc., "News Corporation's Partial Acquisition of DIRECTV: A Further Economic Analysis," submitted September 8, 2003, at ¶¶ 11-20.