

# Exhibit 3



Carat USA  
2450 Colorado Avenue, Suite 300 East, Santa Monica, CA 90404, USA  
Tel +(1) 310 255 1000 Fax +(1) 310 255 1050  
www.carat.com

FAX: 202.222.4799

Re: Charlie Rutman position on A La Carte Cable

July 7, 2004

My name is Charlie Rutman and I currently serve as President of Carat USA. I have been in this job for 6 ½ years and have been involved in the advertising / media sector for 28 years, specifically advising on advertising purchases.

In my view, if distribution of certain cable channels becomes limited, their national ratings are likely to decline in accordance with the drop in distribution. In my experience, national-distributed clients are interested in achieving the highest national reach and the highest national ratings on a given network. If the distribution of a channel were to be severely cut, ad spending would most likely be cut in accordance with those drops and some networks would drop off buy lists. This would have two effects. First, because there would be fewer places for national advertisers to buy, competition on the "buy side" of advertising would decrease. Second, and perhaps more importantly, it would particularly hard for new networks to be launched.

These statements reflect my own opinions and do not necessarily reflect the opinion of Carat USA. They are made for no purpose other than to provide insight for the FCC's consideration of various a la carte questions on which the FCC has requested public comment.

Sincerely,

Charlie Rutman  
President  
Carat USA

# Exhibit 4

**Tim Spengler**  
Executive Vice President  
Director, National Broadcast  
E tim.spengler@us.initiativemedia.com

**Initiative** One Dag Hammar skjold Plaza  
New York NY 10017  
T 212 605 7322  
F 212 605 7822

**initiative**

7 July 2004

**Susan Fox**  
Vice President, Government Relations  
The Walt Disney Company  
1150 17<sup>th</sup> Street, N.W., Suite 400  
Washington, DC 20036

Dear Susan,

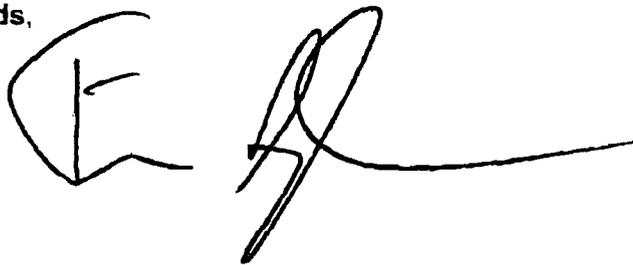
My name is Tim Spengler and I currently serve as Executive Vice President for National Broadcast for Initiative Media. I have been in this job for five years and have been involved in advertising and, specifically, advising on advertising purchases for 19 years.

In my opinion, nationally distributed clients are interested in achieving the highest national reach as well as the highest national ratings on a given network. Currently, because of the wide distribution of many cable channels, national advertisers have a variety of channels on which to buy advertising. If distribution of a cable channel were to become limited, national advertisers would most likely cut spending in accordance with these drops. In my view, the result would be that some networks would drop off buy lists.

These statements reflect my own opinions and are made for no purpose other than to provide insight for the FCC's consideration of various a la carte questions on which the FCC has requested public comment.

Feel free to call if you would like to discuss this matter in greater detail.

Best regards,



# Exhibit 5

# mediaedge:cia

July 1, 2004

Ms. Susan Fox  
Vice President, Government Relations  
*Walt Disney*  
1150 17<sup>th</sup> Street, Suite 400  
Washington, D.C. 20036

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Dear Susan:

My name is Denise Weimann and I currently serve as Managing Partner for National Television Buying for Mediaedge:cia. I have been in this job for 6 years and have been involved in advertising and, specifically, advising clients on advertising purchases for 25 years.

One of the main focuses of my job is that I am responsible for the cable advertising purchasing for a major national franchisor. There are some unique considerations when purchasing advertising for a national franchisor. Because the advertising is funded by *local* franchisees, it is *critical* that the cable channels on which a franchisor buys advertising are distributed as widely as possible and ideally in all the locations where local franchisees are located. This is a separate consideration from the aggregate national rating or share for any given channel or program because local franchisees want the advertising to reach viewers in their local area and a highly-watched program in one area of the country (e.g., in NY or Washington) is not of interest to them if the program is not even received by viewers in their franchise area (e.g., in Omaha). Examples of national franchisors that purchase a significant amount of advertising are quick serve restaurants, beverage companies, and car dealers.

As a general matter, in my experience nationally distributed clients are interested in achieving the highest national reach and the highest national ratings on a given network. In the early years of cable, some national advertisers had absolute requirements that they would only purchase advertising on channels with a certain level of national penetration. Since cable hit the 50-60% national penetration mark, national advertisers have had more flexibility and more options because they have been able to select from a wide variety of cable channels with wide national reach. If distribution were to be severely limited, I believe that national advertisers would most likely cut spending on those networks. Those networks would likely drop off the buy list (as in the early years of cable).

These statements reflect my own opinions and are made for no purpose other than to provide insight for the FCC's consideration of various a la carte questions on which the FCC has requested public comment.



Denise Weimann

Denise Weimann  
Managing Partner, National Broadcast Director  
Mediaedge:cia 825 Seventh Avenue New York NY 10019 USA  
Tel +1 212 474 0873 Fax +1 212 474 0001

# Exhibit 6

To Whom It May Concern:

July 7, 2004

My name is Tom Winner. I am the Global Media Buying Director for Wieden + Kennedy Advertising. I have been in the media buying business for thirty years, and currently handle clients such as NIKE, jetBlue, and Avon. In the past, I have placed advertising for such brands as Microsoft, Mastercard, Colgate, Nissan, Ralston Purina, Eveready Batteries, and Anheuser Busch.

During this tenure, I have watched the development of cable television from a means to bring signals across mountains to a driving force in the broadcasting business. I am convinced that the growth of this medium is due to the bundling of disparate networks under a single pricing umbrella. This technique enabled viewers to sample a variety of networks which not only made the medium robust, but allowed small networks gain viewers and grow into profitable entities.

I fear that ala carte pricing being proposed by some legislators today will stymie further growth of this medium. An obvious issue would be the reduction in variety of program offerings. Another would be the resultant cost/benefit ratio. I find it difficult to believe that cable systems would be able to generate required revenue through the ala carte pricing method. My belief is they will only be able to exist by charging exorbitant ala carte prices for each network.

These are issues of great concern to all of us in the marketing business. We are all dependent on mass media like television to deliver our informational messages to prospective consumers. Ala carte pricing for cable will dramatically lessen the potential reach of every network. For instance, using ESPN as an example, weekly

Wieden,  
Kennedy<sup>+</sup>

150 Varick Street  
Seventh Floor  
New York  
New York 10013  
USA

Telephone  
917 661 5200

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917 661 5500

-2-

viewership is approximately 30MM. Quarterly viewership is 60MM. Most of the difference is made up of casual, non-core viewers. Ala carte pricing will virtually eliminate this difference, making ESPN a much less attractive media vehicle for advertisers.

By instituting ala carte pricing, legislators will be interfering with natural marketplace forces. To do this is to court disaster. Viewers will miss the variety of programming currently available. They will be upset by having to pay big numbers for their favorite networks. New and small networks will lie moribund, unable to be sampled or to grow. Advertisers will be hard pressed to find another means to effectively reach their target consumers. Cable systems will be forced to reduce their new technology offerings due to lower subscription revenue from viewers.

I would ask that you consider leaving well enough alone, and don't take the chance of lousing up a system that, although not perfect, comes very close to delivering the greatest amount of good to the greatest number of people.

Thank you for your consideration.

Cordially,



Thomas H. Winner  
Global Media Buying Director

# Exhibit 7

MAYOR  
JAN LAVERTY JONES

COUNCILMEN  
BOB NOLEN  
ARNIE ADAMSEN  
SCOTT HIGGINSON  
FRANK HAWKINS JR.

CITY MANAGER  
WILLIAM J. NOONAN



# CITY of LAS VEGAS

August 27, 1992

RECEIVED

SEP 29 1992

MATTHEW A. PARILLO

Harris H. Bass  
Vice President & General Manager  
Prime Cable  
900 S. Commerce  
Las Vegas, NV 89106

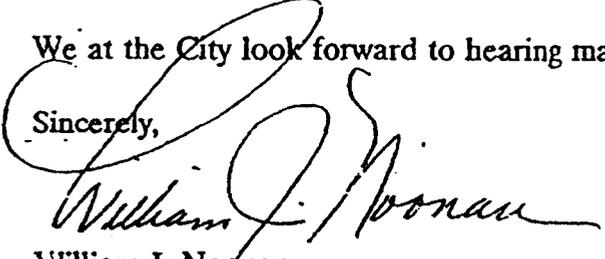
Dear Mr. Bass:

Please accept our compliments on your recent decision to add the Disney channel to your basic cable package, while also eliminating the remote control charge to senior citizens. This latest addition to your services is yet another example of the community-oriented decisions made by Prime Cable as you plan for your company's future in the Las Vegas valley.

The City of Las Vegas has reviewed this, as well as other, program product decisions made by your company, and we consistently find your concern for first-rate customer service standards to be a hallmark of Prime Cable.

We at the City look forward to hearing many more success stories from your company.

Sincerely,

  
William J. Noonan  
City Manager

WJN:ks

cc: Mayor Jan Laverty Jones  
Councilman Bob Nolen  
Councilman Arnie Adamsen  
Councilman Scott Higginson  
Councilman Frank Hawkins Jr.

*Prime Cable -  
Las Vegas*

*• Letter from  
City Manager  
• Proclamation*



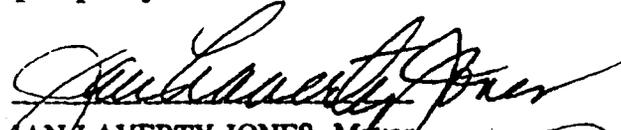
## DISNEY CHANNEL DAY

- WHEREAS;** the City of Las Vegas is proud to designate Wednesday, October 21, 1992 as **DISNEY CHANNEL DAY**; and
- WHEREAS;** the Disney Channel provides entertainment the entire family can enjoy together and spectacular television productions that delight people of all ages; and
- WHEREAS;** the Disney Channel gives the audiences an opportunity to see such a multitude of Disney stars, old favorites and hot new personalities. Many of the programs provide excellent educational, enrichment-type shows while informing and enhancing the lives of our young people; and
- WHEREAS;** it is indeed an honor to pay special tribute to the Disney Channel for their outstanding programming and for helping to bring high quality shows to children and adults around the world.

**NOW, THEREFORE, WE,** the undersigned Mayor and City Councilmen do hereby proclaim Wednesday, October 21, 1992 to be:

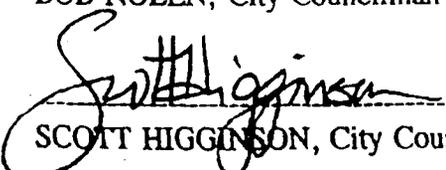
## DISNEY CHANNEL DAY

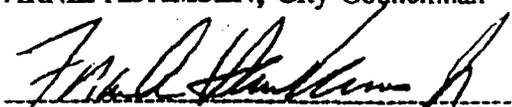
in the City of Las Vegas and urge all citizens to join with us in honoring the Disney Channel for their superior programming. Congratulations and best wishes for continued success and prosperity.

  
JAN LAVERTY JONES, Mayor

  
BOB NOLEN, City Councilman

  
ARNIE ADAMSEN, City Councilman

  
SCOTT HIGGINSON, City Councilman

  
FRANK HAWKINS JR., City Councilman

# Exhibit 8

OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU

HONOLULU, HAWAII 96813 • AREA CODE 808 • 523-4141

JEREMY HARRIS  
MAYOR



November 28, 1995

Mr. Benjamin N. Pyne  
Vice President, Western Region  
The Disney Channel  
3800 West Alameda Avenue, Suite 310  
Burbank, Ca. 91505

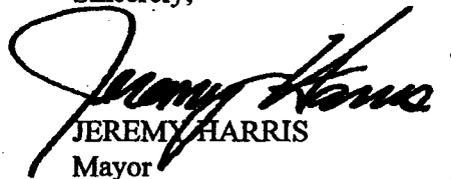
Dear Mr. Pyne:

It was my pleasure to assist you with the "arrival" of Mickey Mouse to Waikiki beach. Ramona and I enjoyed our part in officially launching the Disney Channel on the Oceanic Cable station.

Thank you for sending the sericel and the photo.

Please do not hesitate to contact the Office of the Mayor if we can be of assistance to you again.

Sincerely,

  
JEREMY HARRIS  
Mayor

JH:lc

*Oceanic Honolulu,*  
*HI*

- Letter from Mayor
- Proclamation

OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU

# PROCLAMATION

It is my great pleasure to offer warm greetings of aloha to Mickey Mouse on the occasion of Oceanic Cablevision bringing The Disney Channel into all of its basic subscribers' homes on Oahu starting September 30, 1995.

Every time when we are besieged from all sides by unsavory images and content on television, The Disney Channel offers wholesome entertainment for the entire family.

Mickey Mouse is known throughout the world as the symbol of Disney. It is an honor to welcome him to Honolulu and The Disney Channel to Oceanic subscribers without additional charge.

**NOW, BEFORE ME, JEREMY HARRIS, Mayor of the City and County of Honolulu, do hereby proclaim September 29, 1995, as**

## THE DISNEY CHANNEL DAY

in the City and County of Honolulu and extend appreciation to Disney for its charitable work and determination to bring residents with fine entertainment.

**IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City and County of Honolulu to be hereunto affixed.**

Done and Published at Honolulu, Hawaii, this 29th day of September, 1995.

  
JEREMY HARRIS, Mayor  
City and County of Honolulu



# Exhibit 9

Mr. Ed Durso  
Executive Vice President, Administration  
ESPN, Inc.  
77 West 66th Street  
New York, NY 10023

Dear Mr. Durso:

**Re: Canadian Broadcasting System**

You have requested that I provide you with some insight into the Canadian broadcasting system ("the Canadian System") with specific focus on whether the offering of specialty programming services on an "a la carte" basis is either prevalent or successful in Canada.

**Background: Personal and Company**

1. I am Executive Vice President of CTV Specialty Television Inc. I oversee the administration and operation of the CTV Specialty Group, which manages one of the largest and most successful stables of specialty services in Canada. These services include The Sports Network ("TSN"), Le Réseau des Sports (RDS"), Discovery Channel, ESPN Classic Canada, NHL Network, Discovery Civilization and Animal Planet.
2. Specialty services in Canada are analogous to cable networks in the United States.
3. CTV Specialty Television Inc. is owned and controlled by CTV Inc. ("CTV"). ESPN, Inc. is an approximately 30% minority shareholder in CTV Specialty Television Inc. In addition to its interest in a variety of specialty services, CTV is a leader in over the air broadcasting in Canada with twenty-one television stations across the country. CTV's over the air stations cover ninety-nine percent of English-speaking households, offering a wide range of quality news, sports, information and entertainment programming. CTV is owned by Bell Globemedia Inc., which also owns The Globe and Mail, a national newspaper publication.

**Background: Canadian Broadcasting System**

4. The Canadian System is regulated through the Canadian Radio-television and Telecommunications Commission (the "CRTC"). The CRTC is an independent public authority that reports to the Canadian Parliament through the Minister of Canadian Heritage.
5. The CRTC has the authority to regulate and supervise all aspects of the Canadian System, as well as to regulate telecommunications common carriers that fall under Federal jurisdiction.
6. With respect to specialty services in Canada, the two primary aspects of the Canadian System are the licensing of specialty services and distribution of same to consumers. The CRTC regulates both aspects of specialty television.

**Specialty Service Broadcast Licences**

7. There are generally three types of specialty service licences in Canada: analogue, Category 1 digital and Category 2 digital.

**(a) Analogue Licences**

8. Analogue specialty services represent the first wave of specialty services licensed by the CRTC between 1984 and 1996 when the primary mode of program distribution was via analogue cable systems. These specialty services have achieved high levels of penetration across the installed analogue cable base. For example, TSN's penetration of cable/DTH households is approximately 80%.
9. Analogue broadcast licence conditions reflect the expectations of high penetration and typically include:
  - restrictions on allowable program genres;
  - minimum levels of Canadian programming (hours);
  - minimum levels of Canadian program expenditures; and
  - a regulated wholesale rate when distributed on basic cable.

Wholesale rates are negotiated between programmers and distributors in cases where analogue specialty services are distributed on a discretionary tier (analogous to expanded basic in the United States).

10. TSN, RDS and Discovery Channel are all analogue specialty services.
11. Class 1 cable systems and DTH systems are obligated to carry analogue specialty services<sup>1</sup>. This “must carry” status contributes to the high penetration levels achieved by analogue licencees.
12. The last analogue broadcast licences were granted by the CRTC in 1996.

**(b) Category 1 Digital Licences**

13. Category 1 digital broadcast licences were first granted by the CRTC in 2000. These services are licensed for distribution on digital cable and DTH and must be carried by Class 1 and Class 2 cable systems as well as DTH.
14. Given the benefit of the carriage assurances associated with a Category 1 licence, a Category 1 licence typically contains fairly onerous conditions (although less than analogue services), including:
  - restrictions on allowable program genres;
  - minimum levels of Canadian programming (hours); and
  - minimum levels of Canadian programming expenditures.
15. CTV Travel is a Category 1 digital service.

**(c) Category 2 Digital Licences**

16. Category 2 digital broadcast licences also contain conditions similar to Category 1 licences, including:
  - restrictions on allowable program genres;
  - minimum levels of Canadian programming (hours); and
  - minimum levels of Canadian programming expenditures.

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<sup>1</sup> Class 1 cable systems are those cable systems that have more than 6,000 subscribers. Class 2 cable systems are systems with between 2,000 and 6,000 subscribers.

However, since Category 2 services are not “must carry” services, the licence conditions are far less onerous than those relating to analogue or even Category 1 services. This is due to the relatively low level of penetration expected for Category 2 services. Category 2 services must negotiate with distributors in order to obtain carriage.

17. Examples of Category 2 digital services include ESPN Classic Canada and Animal Planet.

### **Distribution Environment**

18. In Canada there are approximately twelve million television households. Of those households, ten million households receive their television from either cable or direct-to-home (“DTH”) distributors. Approximately four million households currently have digital service.
19. Cable distributors typically have both an analogue service offering as well as a digital service offering. Cable distributors are required to offer consumers a “basic service” that must include certain services (as defined by CRTC regulations).
20. Analogue specialty service licencees are distributed by cable on either the basic service or large, multi-genre analogue tiers. The tiers have high penetration.
21. Cable distributors generally offer Category 1 and 2 specialty service licencees on digital service offerings in packages and, on a more limited basis, on an a la carte basis. Where a cable distributor offers Category 1 services on a la carte basis, it must also offer that service as part of a package of programming services, so as to protect programmers from being isolated on a low penetration stand-alone basis. Thus, on the digital platform, only Category 2 services may be offered solely on an a la carte basis. Cable distributors are permitted to distribute digital versions of analogue services subject to negotiating terms of carriage with the programming services and these negotiations typically result in packaged distribution of the digital services.

**Packaging**

22. Specialty service programmers, including CTV Specialty, generally have limited control over the packaging of services. Most analogue services have to be carried on a discretionary programming tier (akin to expanded basic in the U.S.) unless both the programming service and the cable distributor agree that the programming service can be carried on basic. A limited number of analogue programming services must be carried on the basic service unless the programming service consents to distribution in a discretionary package. As noted earlier, Category 1 digital services have no packaging guarantees apart from protections against solely a la carte carriage. Apart from these basic regulatory rules, as programmers we attempt to influence packaging through negotiations with distributors. The CRTC has ultimate oversight on issues relating to packaging.

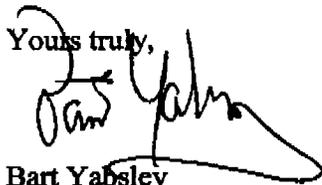
**A La Carte**

23. A very small portion of the distribution of our Category 1 and 2 digital services is achieved through a la carte offerings. For example, Animal Planet is one of the most successful digital networks in Canada in terms of distribution, having exceeded 1,000,000 subscribers earlier this year. However, the bulk of its penetration is through digital tiers. In fact, in the case of each of the two largest cable distributors (Rogers and Shaw) as well as the only two DTH distributors (Bell ExpressVu and Star Choice), less than 1% of such distributors' subscribers take Animal Planet on an a la carte basis. In total, our latest records indicate that only approximately 15,500 subscribers take Animal Planet on an a la carte basis from these four distributors. For clarity, for purposes of this letter I am using the term "a la carte" as equivalent to "stand alone."

24. Another example of the challenges that digital networks face in Canada is ESPN Classic Canada ("ECC") (a Category 2 service). ECC has only approximately 490,000 subscribers and has lost money each year since its launch in 2001 and unless it can become financially viable in the near future, we will consider closing the service. We have already closed WTSN, a women's sports digital service that was also launched in 2001, as a result of its financial performance.
25. In my opinion, the ability for a specialty service to be viable if offered exclusively on a stand-alone basis in Canada is extremely limited. The penetration rates that are achieved by a service that is distributed solely on an a la carte basis are so limited that neither subscriber fees nor advertising revenue would be sufficient to permit the service to provide programming that is compelling to viewers.
26. Note that this letter is not intended to be a legal review of the Canadian System nor does it address other key elements (e.g. foreign services) that comprise the Canadian System.

I trust the foregoing is helpful in understanding our broadcasting system and the role of a la carte distribution in Canada.

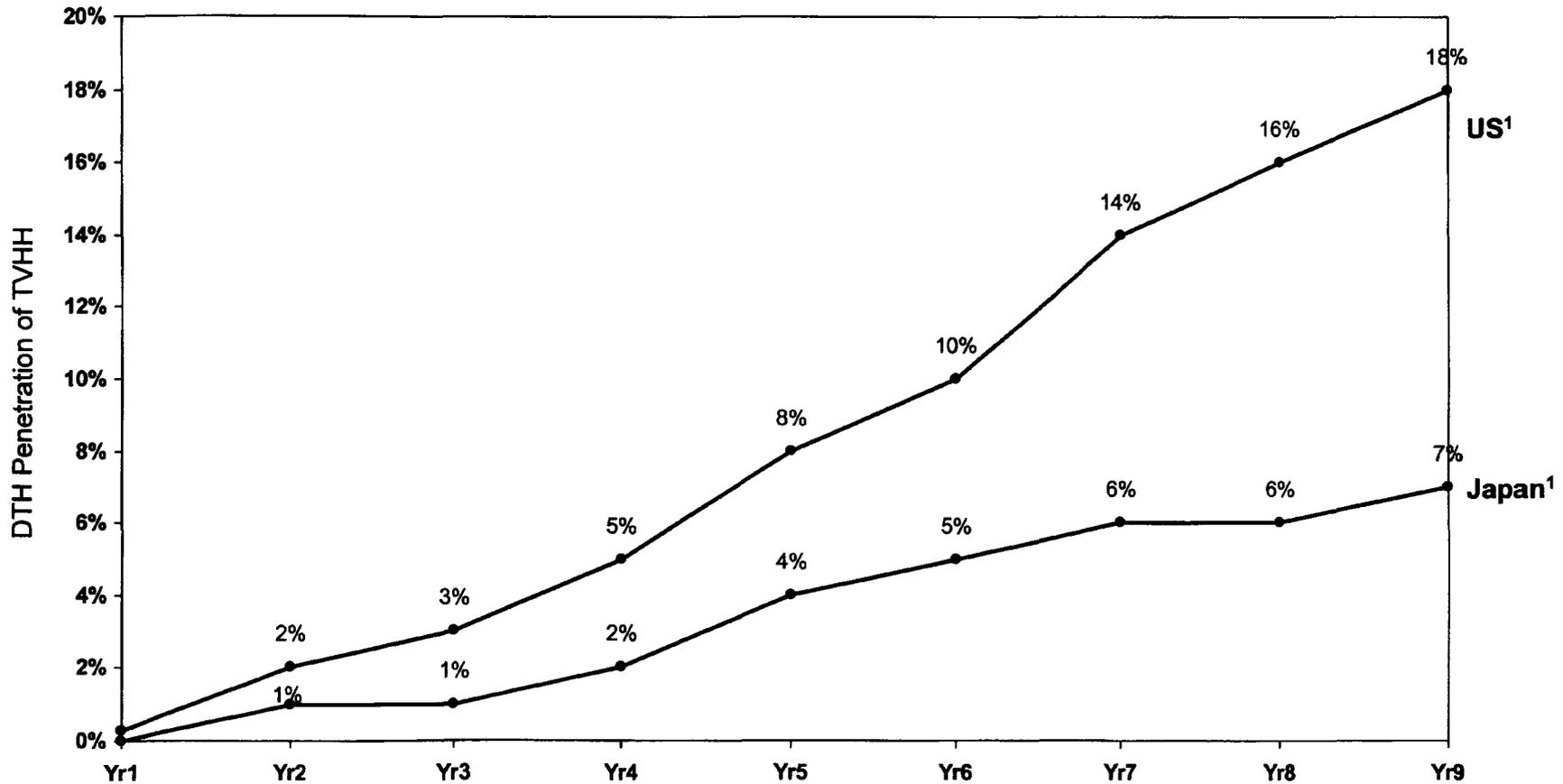
Yours truly,



Bart Yabsley  
Executive Vice President  
CTV Specialty Television Inc.

# Exhibit 10

## US vs. Japan Historical DTH Penetration Growth (DTH Subscriber Penetration of TVHH)



<sup>1</sup> Yr1 for DTH in the US was 1994, therefore Yr9 represents 2002 data; Yr1 for DTH in Japan was 1996, therefore Yr9 represents 2004 projections

<sup>2</sup> US Data: Based on averages from FCC 8<sup>th</sup> Annual Report on Video Competition 1-14-03, Veronis Suhler Industry Forecasts, 2003 Kagan Forecast, and analyst reports from Salomon Smith Barney, Morgan Stanley, and CSFB

Japan Data: Jumin Kihon Daicho Jinko Yoran, March 2004 and data from the SkyPerfect website, 2004 projections based on Merrill Lynch report of May 10, 2004

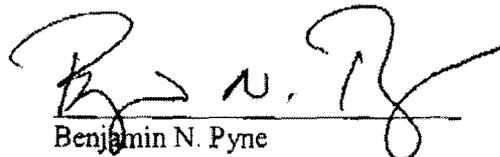
# Exhibit 11

**EXHIBIT A****DECLARATION OF BEN PYNE**

I am Senior Vice President of Affiliate Sales and Marketing for ABC Cable Networks Group. Among other responsibilities, I am responsible for working with the ABC owned television stations to negotiate retransmission agreements for the ten ABC owned television stations.

I attest that, in negotiating for retransmission consent, ABC offers MVPDs a cash stand-alone price for retransmission consent for the ABC owned stations. If the cable operator accepts that offer, that decision results in no additional obligation to carry any Disney/ABC programming. To the extent that any given MVPD decides not to accept ABC's stand-alone cash offer, and instead elects the alternative to negotiate to carry programming, that decision is made by the individual MVPD. We attempt to work with the MVPD to customize a reasonable offer to address their particular needs.

I hereby declare, under penalty of perjury, that, to the best of my knowledge, information, and belief, all of the factual information contained in this Declaration is accurate and complete.



Benjamin N. Pyne  
Senior Vice President of Affiliate  
Sales and Marketing  
ABC Cable Networks Group

February 3, 2003