



George Bodenheimer

Co-Chairman, Disney Media Networks
President, ESPN, Inc. and ABC Sports

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Dear Senator:

ESPN urges you to oppose any legislative effort promoting government regulation of a la carte programming for cable or satellite. ESPN has been engaged for many years in the policy debate surrounding a la carte and has actively participated in many proceedings before Congressional Committees and in studies conducted by regulatory agencies on the issue. Nothing we have seen in any analysis, government report, the economic literature or our own experience convinces us that a la carte would be good for consumers or for business. The latest FCC report supporting a la carte is flawed in its fundamental economic analysis and cuts against the overwhelming record compiled by the government, economic experts and financial analysts which concludes that a la carte will force consumers to pay more for less.

Consumers are extremely well served by the cable and satellite industries. Each has invested heavily to provide their customers with a growing array of quality programming services and new products such as high speed internet connections, digital content and telephone service. There is intense competition that will only be enhanced by the growing presence of telephone companies in this mix. In our view, mandating a la carte distribution will substantially disrupt the business model that has produced this competition and what may well be the greatest entertainment value in America – expanded basic cable and satellite service.

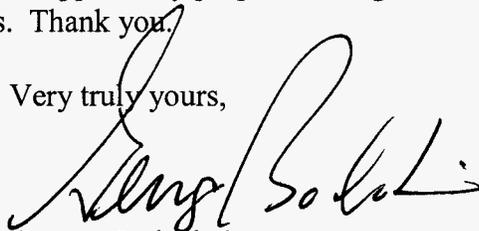
ESPN has steadily contributed to the cable and satellite industry's growth and our business model is built upon the widest possible distribution of our networks. The sports community from which we purchase rights demands it and the economics of live event and news coverage cannot be sustained without it. Fortunately, and consistent with the quality programs we produce, ESPN is extremely popular with cable and satellite viewers and over 80% of them watched ESPN in the fourth quarter of 2005. A la carte changes this business to the detriment of subscribers in two very fundamental ways: (i) Advertising revenue (which helps pay a significant portion of our costs) would be greatly reduced as the audience drops. This lost sales opportunity also directly impacts cable operators who derive upwards of \$5 per sub per month in local ad sales offsetting their programming acquisition costs. ESPN is by far the single most important driver of this local revenue stream; (ii) Enormous additional costs would be associated with a la carte distribution to cover huge new marketing expenses, the cost of subscriber churn and to equip every television set with a set top box. The end result is that consumers would pay more for the services they get and have fewer of them.

In the a la carte world niche and minority services will not survive. In the case of ESPN our success can be traced to our ability in our early years to negotiate for distribution to virtually all cable subscribers as part of basic or expanded basic service. It enabled us to reach millions of viewers who had never heard of us and to generate the revenue necessary to expand our programming. A la carte would have eliminated that chance as few viewers would subscribe to programming they've never seen or sampled.

The same holds true today. ESPN would never have launched ESPN Deportes (Spanish language and Hispanic audience programming) or ESPNU (with its focus on the nation's historically black colleges, women's sports and expansive college coverage) in an a la carte world. Nor would we take the chance of putting lesser known sports (like NASCAR in its early years) on ESPN or invest in our very aggressive rollout of ESPN and ESPN2 in high definition. The economic risk of doing so with a smaller and constantly churning distribution base would simply be too great.

It is for good and demonstrable reasons that ESPN, all major programmers, the vast majority of cable operators, the body of opinion in the Wall Street community, virtually all expert economists and the GAO do not support a la carte legislation. It will harm consumers. ESPN therefore urges you to oppose any proposals for government regulation of a la carte programming options. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "George Bodenheimer". The signature is fluid and cursive, with a large initial "G" and "B".

George Bodenheimer
President, ESPN Inc. and ABC Sports