COPY

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

1440 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-2111

TEL: (202) 371-7000
FAX: (202) 393-5760

FIRM/AFFILIATE OFFICES
BOSTON
CHICAGO
HOUSTON
LOS ANGELES
NEWARK
NEW YORK
PALO ALTO
SAN FRANCISCO
WILMINGTON
BEIJING
BRUSSELS
FRANKFURT
HONG KONG
LONDON
MOSCOW
PARIS
SINGAPORE
SYDNEY
TOKYO
TORONTO

DIRECT DIAL
202-371-7817

2001 APR 19 A 8:44

April 18, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

EX PARTE – DA 00-2246

Re: Applications Seeking Consent to the Assignment of Chris-Craft Television Licenses to Fox Television Stations, Inc. File Nos. BALCT-20000918ABB, *et al.*

Dear Ms. Salas:

Attached are the letters, along with a copy of the attachments, that Maureen O'Connell, Vice President, Regulatory and Government Affairs, of News Corporation delivered by facsimile on April 18, 2001 to the legal advisors of Chairman Powell and Commissioners Furchtgott-Roth, Ness, and Tristani identified below.

In accordance with Section 1.1206(b) of the Commission's rules, a copy of this written ex parte presentation has been provided to each of the staff members identified below and the original and one copy of this letter are being submitted to the Office of the Secretary.

Respectfully submitted,

Linda G. Morrison

Linda G. Morrison

Attachments
cc (w/attachments): Angela Campbell (by facsimile)

Susan Eid, Office of Chairman Powell
William J. Friedman, Office of Commissioner Tristani
Ben Golant, Office of Commissioner Furchtgott-Roth
David Goodfriend, Office of Commissioner Ness
James Bird, OGC
Barbara A. Kreisman, MMB
David Roberts, MMB
David Brown, MMB
International Transcription Services

News Corporation

444 NORTH CAPITOL STREET, NW • WASHINGTON, DC 20001 • 202-824-6500 • FAX 202-824-6510

MAUREEN A. O'CONNELL, ESQ.
VICE PRESIDENT
REGULATORY AND GOVERNMENT AFFAIRS

April 18, 2001

Susan Eid, Esq.
Legal Advisor
Office of Chairman Powell
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Applications Seeking Consent to the Assignment of Chris-Craft Television Licenses to Fox Television Stations, Inc.

Dear Ms. Eid:

Attached for your consideration is a summary of the factors supporting grant of interim relief to allow Fox Television Stations, Inc. to retain the *New York Post* pending the outcome of the newspaper/broadcast cross-ownership rulemaking proceeding. Attached to the summary are two newspaper articles that discuss the declining advertising market for newspapers and magazines, and a chart comparing the interim waiver granted to Tribune Company with the interim relief requested by Fox. The summary and attachments provide compelling support for Fox's request for interim relief under the newspaper/broadcast cross-ownership rule.

Respectfully submitted,

Maureen A. O'Connell/lm

Maureen A. O'Connell
Vice President, Regulatory and
Government Affairs
The News Corporation

Attachments

News Corporation

444 NORTH CAPITOL STREET, NW • WASHINGTON, DC 20001 • 202-824-6500 • FAX 202-824-6510

MAUREEN A. O'CONNELL, ESQ.
VICE PRESIDENT
REGULATORY AND GOVERNMENT AFFAIRS

April 18, 2001

William J. Friedman, Esq.
Senior Legal Advisor
Office of Commissioner Tristani
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Applications Seeking Consent to the Assignment of Chris-Craft Television Licenses to Fox Television Stations, Inc.

Dear Mr. Friedman:

Attached for your consideration is a summary of the factors supporting grant of interim relief to allow Fox Television Stations, Inc. to retain the *New York Post* pending the outcome of the newspaper/broadcast cross-ownership rulemaking proceeding. Attached to the summary are two newspaper articles that discuss the declining advertising market for newspapers and magazines, and a chart comparing the interim waiver granted to Tribune Company with the interim relief requested by Fox. The summary and attachments provide compelling support for Fox's request for interim relief under the newspaper/broadcast cross-ownership rule.

Respectfully submitted,

Maureen A. O'Connell/km

Maureen A. O'Connell
Vice President, Regulatory and
Government Affairs
The News Corporation

Attachments

News Corporation

444 NORTH CAPITOL STREET, NW • WASHINGTON, DC 20001 • 202-824-6500 • FAX 202-824-6510

MAUREEN A. O'CONNELL, ESQ.
VICE PRESIDENT
REGULATORY AND GOVERNMENT AFFAIRS

April 18, 2001

Ben Golant, Esq.
Legal Advisor
Office of Commissioner
Furchtgott-Roth
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Applications Seeking Consent to the Assignment of Chris-Craft Television Licenses to Fox Television Stations, Inc.

Dear Mr. Golant:

Attached for your consideration is a summary of the factors supporting grant of interim relief to allow Fox Television Stations, Inc. to retain the *New York Post* pending the outcome of the newspaper/broadcast cross-ownership rulemaking proceeding. Attached to the summary are two newspaper articles that discuss the declining advertising market for newspapers and magazines, and a chart comparing the interim waiver granted to Tribune Company with the interim relief requested by Fox. The summary and attachments provide compelling support for Fox's request for interim relief under the newspaper/broadcast cross-ownership rule.

Respectfully submitted,

Maureen A. O'Connell/rm

Maureen A. O'Connell
Vice President, Regulatory and
Government Affairs
The News Corporation

Attachments

News Corporation

444 NORTH CAPITOL STREET, NW • WASHINGTON, DC 20001 • 202-824-6500 • FAX 202-824-6510

MAUREEN A. O'CONNELL, ESQ.
VICE PRESIDENT
REGULATORY AND GOVERNMENT AFFAIRS

April 18, 2001

David Goodfriend, Esq.
Legal Advisor
Office of Commissioner Ness
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Applications Seeking Consent to the Assignment of Chris-Craft Television Licenses to Fox Television Stations, Inc.

Dear Mr. Goodfriend:

Attached for your consideration is a summary of the factors supporting grant of interim relief to allow Fox Television Stations, Inc. to retain the *New York Post* pending the outcome of the newspaper/broadcast cross-ownership rulemaking proceeding. Attached to the summary are two newspaper articles that discuss the declining advertising market for newspapers and magazines, and a chart comparing the interim waiver granted to Tribune Company with the interim relief requested by Fox. The summary and attachments provide compelling support for Fox's request for interim relief under the newspaper/broadcast cross-ownership rule.

Respectfully submitted,

Maureen A. O'Connell /lm

Maureen A. O'Connell
Vice President, Regulatory and
Government Affairs
The News Corporation

Attachments

FOX/CHRIS-CRAFT
Factors Supporting Grant of Interim Relief Pending Outcome of Newspaper/Broadcast Cross-Ownership Proceeding

Allowing News Corp to retain the *Post* pending the outcome of the newspaper/broadcast cross-ownership rulemaking proceeding will not open the floodgates to others.

- The *Post*'s situation is unique – no other cross-owner has similar equities warranting interim relief. News Corp is the ***only*** newspaper/broadcast cross-owner whose cross-ownership is not the result of grandfathering. Instead the Commission granted News Corp a ***permanent*** waiver, making an ***affirmative*** finding that News Corp's common ownership of a newspaper and a broadcast station in New York would serve the public interest.

- The Commission has now had almost 8 years of experience with this cross-ownership, and the record indicates *no* harm to competition or diversity in the New York market. Rather the record indicates that the *Post* is a fierce competitor.

- Requiring News Corp to divest the *Post* would jeopardize the stability and continued development of the newspaper as an alternative news source without producing any countervailing public interest benefits. For example, a divestiture order would make it difficult for the *Post* to retain key employees in the highly competitive New York market. When the Commission forced News Corp to divest the *Post* fifteen years ago, the newspaper ended up in bankruptcy, losing many of its readers, advertisers and key employees. In this difficult advertising market, the newspaper should not again be placed in such a precarious position and New York should not be threatened with the loss of one of its major dailies.

    - As stated in the Assignment Application, if forced to choose between divesting one of the permissible duopoly stations and the *Post*, News Corp will sell or shut down the *Post* (Assignee's Exhibit No. 4 at n. 36).

News Corp has presented a strong case for interim relief.

- As detailed in the Confidential Amendment filed April 9, 2001, despite News Corp's significant investment in the *Post* during the past 7 years the *Post* continues to incur losses.

- The Commission is on the verge of starting a rulemaking to examine whether there are situations, given the size of the market and size and type of the newspaper and television station, where the rule should be relaxed. What market – New York, the largest media market in the country – and what newspaper – the *Post,* which ranks only fifth among New York newspapers in terms of advertising and circulation – better illustrates why the Commission should relax the rule.

- As set forth in detail in the Application, the New York City media marketplace has become even more competitive since the grant of the permanent waiver in 1993.

    - Even taking into account the proposed common ownership of stations WNYW (ranked 5^{th}) and WWOR-TV (ranked 6^{th}), the New York City DMA would be served by at least 19 independently owned and operating full power TV stations. Over 65 independently owned radio groups serve the DMA, which has a cable penetration of 75%.

    - The market is served by *25 daily newspapers* published within the DMA, and 12 newspapers from other markets have spillover coverage into the DMA. The *Post* accounts for approximately only 4% of advertising dollars spent on the top 5 daily newspapers in the New York City DMA, which translates to an even smaller percentage of the ad dollars spent on all newspapers in the New York City DMA.

    - The dramatic downturn in print advertising has heightened competition for readers and advertising dollars and has affected the financial performance of all daily newspapers in the New York market. (See attached newspaper articles).

Fairness requires that News Corp be treated no differently than its major competitors.

- The Tribune Company, which owns Channel 11 in New York, has recently purchased *Newsday*, which ranks 3rd in terms of coverage and 2nd in terms of advertising dollars in the New York DMA. Because the cross-ownership rule is not triggered by a TV station's purchase a newspaper, Tribune has obtained *de facto* interim relief. Tribune's newspaper cross-ownership in New York (and Los Angeles) won't be subject to FCC review until 2006. Tribune has indicated publicly that it made its investment based on the belief that the rule will be relaxed before that date.

- In Fort Lauderdale – a market that is far less diverse than New York -- the Commission granted Tribune precisely the interim relief News Corp seeks here for a combination of a television station and a *leading* newspaper in the market. (See attached chart).

BUSINESS IN BRIEF

Newspaper Publishers Plan Layoffs

N.Y. Times, Dow Jones to Cut Costs as Advertising Declines

By CHRISTOPHER STERN
Washington Post Staff Writer

Two of the nation's biggest newspaper publishers, the New York Times Co. and Dow Jones & Co., announced yesterday that they will lay off employees to cut costs amid a dramatic downturn in advertising.

Dow Jones, which publishes the Wall Street Journal, said it will lay off 202 employees, or 2.4 percent of its roughly 8,000 workers. The New York Times did not reveal details of its plans but said some editorial employees will be offered buyouts and an unspecified number of jobs at its Internet division will be eliminated. The Times said staff reductions will be made across its many businesses, including its newspaper, broadcasting and Internet divisions.

The New York Times and Dow Jones are the latest in a long list of companies that have announced layoffs in recent months as the economy has slowed sharply. Advertising-supported companies such as the Times and Dow Jones have felt the effects as other firms trim advertising to cut their own costs.

"Ad revenues are falling faster than anyone expected," said Edward J. Atorino, an analyst with Dresdner Kleinwort Wasserstein.

Both companies said their Internet operations will be among the hardest hit by the layoffs. New York Times Digital, the Internet division, laid off 69 people, or 17 percent of its workers, in January. Employees were warned by e-mail yesterday that there will be further layoffs next week. A spokesman for Dow Jones said 35 of the 250 employees at its Internet division, WSJ.com, will be let go.

Dow Jones said the layoffs are part of a general effort to trim $60 million in costs. A spokesman for the company said there will be no layoffs among the editorial staffs of the Wall Street Journal or Dow Jones Newswires.

In a letter to New York Times newspaper employees, Times executives said yesterday that the layoffs and the offer of the voluntary buyouts were made necessary by the "serious problems we are confronting, ranging from higher newsprint prices, diminishing advertising revenues and a slowing economy." The letter went on to say the situation shows "no signs of improvement."

Catherine Mathis, New York Times vice president for corporate communications, said yesterday that no decision will be made on whether to lay off editorial employees at the Times until it is determined how many accept the buyout offer. That is expected to take just under three months. The Times said the buyouts will be offered to selected employees. If the economy improves and enough employees accept buyouts, there may be no editorial layoffs at the newspaper, Mathis said.

Advertising-supported companies say their current financial results compare poorly with those from a year ago. During the first quarter of 2000, the overall economy was booming and highflying dot-com companies spent freely on advertising in order to get noticed. But now many of those same dot-coms are either gone or can no longer afford to spend as heavily on promotion.

Dow Jones, which reported its first-quarter earnings yesterday, said advertising linage at the Wall Street Journal fell 31 percent compared with the same quarter last year.

Atorino predicts that the staff reductions at the Times and Dow Jones will be followed by cutbacks at other companies. "I don't care what the economists are saying about a recession, the advertising industry is seeing a depression," Atorino said.

So far, The Washington Post Co. has not seen a need for layoffs.

"We are not planning layoffs, but we are taking other cost-cutting measures, including a reluctance to fill most vacancies," publisher and chief executive Boisfeuillet Jones Jr said. The Post recently bought out the contracts of 114 printers who had been guaranteed lifetime employment at the newspaper. There are also selective buyout offers on the table in several departments at the paper, Jones said.

MEDIA

March Brings No Sign Of Improving Climate For Print Advertising

By FELICITY BARRINGER and ALEX KUCZYNSKI

Call it the March tornado. The first, unofficial advertising returns for the month are in for newspapers and magazines, and the news is generally becoming worse, not better. Declines, particularly in recruitment advertising, are so sudden, so steep and so pervasive that pessimists suspect this advertising vortex may rival the bad days of the early 1990's.

What has surprised advertising salesmen and advertising buyers is not so much that the boom of a year ago sputtered out, but the speed at which the latest downturn is sucking advertising away.

The stomach-churning quality of the drop-off, analysts, advertising buyers and media executives say, reminds them of the early 1990's and the worst advertising recession since World War II. But the optimists among them say that in a period of compressed economic cycles, good times may return as fast as they left.

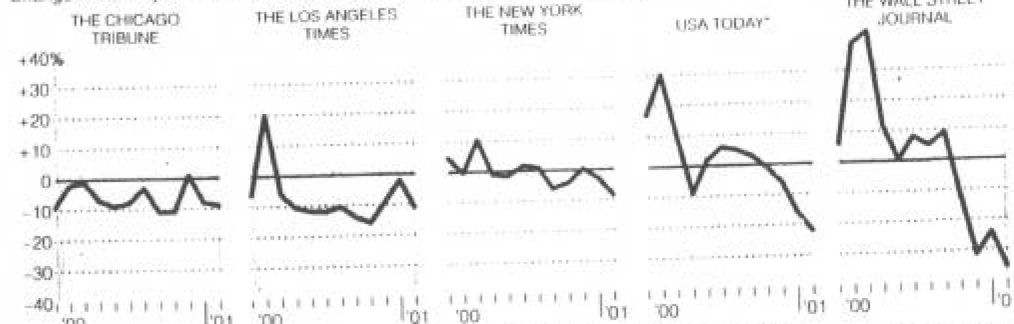
The early months of 2000 were the heights of the good times, and the advertising market was at its peak.

Philip Greenberg for The New York Times

Newspaper Ad Slump

Five of the biggest daily newspapers have had a decline in advertising.

Change in monthly full-run advertising volume from same period a year earlier



Sources: The companies

*Includes special advertising inserts

The New York Times

Making cuts in an effort to calm shareholders.

These boom times made print media — particularly newspapers — increasingly dependent on the very types of revenue that have vanished most quickly. As spending swelled to epic proportions, so did newspapers' dependency on recruitment and national advertising.

Workers were needed; help-wanted classifieds expanded — even though some of them leached to the Internet. New-economy Internet companies competed to get the public's attention and old-economy brokerage firms competed to invest the public's 401(k) assets.

Now there is less demand for workers, and help-wanted sections in markets like San Jose, Calif., and Boston have shrunk a quarter to a third or more compared with last year. When it comes to national brand advertising, newspapers are often the first medium to be cut. Why? Newspaper readers tend to be older and thus less coveted by advertisers. Newspapers tend to be more expensive than other media per reader or viewer. And most important, it is much easier to pull newspaper ads at the last minute.

Ernie Simon, a group planning director at the advertising agency MindShare, explained: "What you're finding with a lot of clients is that they cut what they can cut quickly. A lot of media have long lead times. So things like spot television advertising and newspapers tend to get cut at the last minute."

With sales falling, he said, companies hoping to make their budgets and give Wall Street the margins they promised decide that "getting money back is their first concern."

The optimists, where they exist, are hard put to find many silver linings, though they do stress that, at least for newspapers, real estate advertising is showing an upward trend and automotive advertising is holding its own in some markets. Also, they say that 2001 should be compared with 1999 or 1998, not the good times of early 2000. Looking forward, they argue that the forces that accelerated the decline could accelerate a recovery.

Right now, signs of weakness are everywhere. Last week the **Tribune Company**, publisher of The Chicago Tribune and The Los Angeles Times, reported that in February its overall classified revenue was down 12 percent from February 2000. At The Los Angeles Times, the volume of advertising that reached all readers — called full-run advertising — was down 11 percent in February.

At The **New York Times**, total volume was down 6.9 percent in February, compared with February 2000 — the steepest monthly percentage decline since the advertising economy turned sour last fall. At The Minneapolis Star-Tribune, the largest of the **McClatchy** Company's newspapers, advertising revenue was down 8.2 percent in February.

At The Wall Street Journal, a **Dow Jones & Company** publication, advertising volume, which rose steeply in early 2000, has dropped off almost as fast. In February 2000, ad volume was 49.5 percent greater than it had been in February 1999. Last month, it was off 35.5 percent.

In magazines, optimism is hard to find. Bill Holiber, the publisher of **U.S. News & World Report**, said, "In the 20 years I have been doing this, I have never seen such a sudden change down."

"Public companies have made promises to their shareholders," he said. "They have to deliver on those promises. So you're seeing massive cutbacks that we began to see evidence of in the middle of August. There was a kind of denial going on and and then the fourth quarter just shocked everybody. And then instead of getting better, it got even worse this year."

Total magazine advertising pages for February were down 9.7 percent from last year, according to the Publishers Information Bureau.

The weekly newsmagazines have taken a particularly hard hit. U.S. News & World Report ran 26 ad pages in its March 19 issue — a drop of 48 percent from the 51 pages it ran on March 20, 2000, according to a tally by the trade publication Mediaweek. So far this year, U.S. News ad pages are down 15 percent; Time magazine, 11 percent; and Newsweek, a **Washington Post Company** magazine, 26 percent, according to Mediaweek. The weekly news magazines as a category are carrying 35 percent less advertising than they did last year.

Magazine industry executives say that advertisers, in need of cash, are not buying packages for the year, as they do in good years, or even for a few months, as they did last year. They buy month by month, if at all.

"I call it the caveman mentality," said William P. Kupper Jr., publisher of Business Week, a **McGraw-Hill** publication. "They stick their head out of the cave and then, whoops, the market goes down again, and they pop their head back in the cave.

Mr. Holiber of U.S. News agreed that advertisers were skittish. "Last week we thought we had lured back in a bunch of advertisers who we thought had bottomed out as far as they would go, but now they're coming back and cutting back their advertising completely," he said.

Advertising buyers have their own frustrations. A year ago, ad salespeople from some publications would not return their calls. Now, said Jean Pool, president for operations at MindShare, a unit of **WPP**, it is her clients who do not call. One way to get them back, she said, is to push for lower advertising rates.

"In a bad economy," she said, "it is our responsibility to drive rates down as low as possible." The idea is to have the lowest possible base when the rates start back up.

When rates drop in one medium, like television, advertisers who are still in the game can channel the savings into other media. Thomas Curley, the publisher of the **Gannett** Company's USA Today, said he was seeing this. "TV prices are collapsing," he said, which means "there are some pockets of opportunity for us as TV money shifts." He credited this process for bringing his newspaper four large advertising buys the last month.

Advertisers in some categories never left. Jyll F. Holzman, the senior vice president for advertising at The New York Times, said that fashion and banking were up more than 20 percent this year. Gannett's chief executive, Douglas H. McCorkindale, told analysts last week that real estate, telecommunications and grocery advertising were bright spots for the company's newspapers.

Jack Fuller, president of Tribune Publishing, the newspaper division of the Tribune Company, is reluctant to compare the current downturn with 1990 and 1991. He said: "When it's going up they forget that it can go down. When it is going down they're afraid it's never going to come back up." But this time around, he said, "things happen faster."

COMPARISON OF TRIBUNE INTERIM WAIVER
AND
FOX REQUEST FOR INTERIM RELIEF

	Tribune	**FOX**
Relief Requested	Tribune Broadcasting sought waiver pending outcome of first biennial review	Fox seeks interim relief pending outcome of a publicly-promised rulemaking (reportedly set to begin next month) that will reexamine newspaper-broadcast cross-ownership rule.
Grounds for Relief	• Tribune request was based on Congressionally mandated biennial review of broadcast ownership rules. At time of request no rulemaking had been promised. • Tribune appealed FCC denial of an interim waiver. D.C. Circuit found disparate treatment between Tribune (12 mo. Waiver) and Disney (waiver until 6 mos. after completion of rulemaking) was "inexplicable." • Citing apparent confusion over FCC's position on interim waivers, MMB granted Tribune relief pending completion of first biennial review, which had not even been initiated. Staff cautioned that mere initiation of biennial review ordinarily insufficient basis for interim relief.	• Fox request is based on FCC commitment, in *1998 Biennial Review*, to initiate a rulemaking specifically looking toward relaxation of the newspaper-broadcast cross-ownership rules, particularly in large, diverse markets. • In *1998 Biennial Review NOI*, FCC indicated that interim waivers would not be routinely granted, but that interim relief would be appropriate where application falls within scope of rulemaking proposals and "grant of an interim waiver would be consistent with the Commission's goals of competition and diversity."

	Tribune	**FOX**
Impact on Diversity	• Created new cross-ownership of a TV station in Miami and the leading newspaper in Ft. Lauderdale. • Thus, without any FCC action to modify any of its ownership rules, one voice was eliminated in the No. 16-ranked market.	• News Corp. not creating a new cross-ownership in New York, rather proposing only a new ***permissible*** duopoly. • Thus, one voice will be eliminated in the No. 1-ranked market as a result of the FCC's duopoly decision, and regardless of whether the duopoly is created by Fox or another station owner.
Impact on Competition	• Miami-Ft. Lauderdale is the 16th DMA ranked by number of television households. • *Sun-Sentinel* is the ***leading*** newspaper in Ft. Lauderdale (and ranks 2nd after *Miami Herald* in the Miami-Ft. Lauderdale DMA).	• New York City is the country's ***largest and most diverse*** DMA, ranked 1st by number of television households. • *New York Post* ranks only ***fifth*** among New York newspapers in terms of both coverage and advertising in the New York City DMA.