

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

_____)	
UNITED STATES OF AMERICA,)	
)	No.:
Plaintiff,)	
)	<u>STIPULATION</u>
v.)	
)	
THE WALT DISNEY COMPANY,)	
)	
Defendant.)	
_____)	

It is stipulated by and between the undersigned parties, by their respective attorneys, that:

1. The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in the Central District of California.

2. The parties consent that this Stipulation and a proposed Final Judgment in the form attached may be filed by The Antitrust Division of the U. S. Department of Justice (the "Division"), acting in good faith and in its sole discretion, at any time after the occurrence of any of the following events (but not otherwise):

A. The Division has determined that The Walt Disney Company ("Disney") has failed to comply fully with its

commitment to hold separate the operations of KCAL-TV and KABC-TV in accordance with the Appendix attached hereto;

B. The Federal Communications Commission (the "FCC") releases an order granting the pending applications of Disney for FCC approval of the acquisition by Disney of Capital Cities/ABC, Inc. (the "FCC Order") and within nine (9) months of the release of the FCC Order Disney has (i) failed to enter into a binding and definitive agreement to divest the KCAL-TV Assets, as defined in the proposed Final Judgment (or, in the event of a spin-off of the KCAL-TV Assets to Disney shareholders, file a registration statement with the SEC), in a manner consistent with Section 7 of the Clayton Act and in such a way as to satisfy the Division, in its sole discretion, that the KCAL-TV Assets can and will be maintained as a viable, ongoing business and that the prospective owner has the managerial, operational, and financial capability to compete effectively, and that none of the terms of the divestiture agreement interfere with the ability of the prospective owner to compete effectively; or (ii) failed to file all papers necessary to secure any governmental approvals and/or rulings to effectuate such divestiture (including but not limited to FCC, SEC and IRS rulings);

C. Twelve months after the release of the FCC Order, Disney has failed to spin-off the KCAL-TV Assets to Disney shareholders or to complete the divestiture of the

KCAL-TV Assets in a manner set forth in subparagraph B(i) above; or

D. Disney has requested the approval of the FCC to permanently own both KCAL-TV and KABC-TV.

3. A. The Division agrees that, although the ultimate decision is in its sole discretion, acting in good faith, it will also reasonably consider extending any time period specified under paragraph 2 of this Stipulation in the event Disney demonstrates that, despite its diligent and good faith efforts and the diligent and good faith efforts of any prospective owner of the KCAL-TV Assets, this deadline cannot be met.

B. The parties recognize that there could be a delay in obtaining approval by or a ruling of a government agency regarding the divestiture despite the diligent and good faith efforts of Disney and any prospective owner of the KCAL-TV Assets. The Division will, in the exercise of its sole discretion, acting in good faith, give special consideration to extending the time period specified in paragraph 2 C. in the event that Disney demonstrates that neither it nor the prospective owner of the KCAL-TV Assets was responsible for any such delay.

4. The parties further consent that the attached proposed Final Judgment may be entered by the Court upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust

Procedures and Penalties Act, 15 U.S.C. § 16, and without further notice to any party or other proceedings, provided that the Division has not withdrawn its consent to the entry of this proposed Final Judgment, which it may do at any time before entry of the proposed Final Judgment by serving notice thereof on Disney and by filing that notice with the Court.

5. Disney further agrees that any changes in existing laws or regulations governing the ownership of broadcast licenses would not warrant any modification of the proposed Final Judgment.

6. If this Stipulation and proposed Final Judgment are filed, from and after that date the parties shall abide by and comply with the provisions of the proposed Final Judgment pending entry of the Final Judgment as though they were in full force and effect as an order of the Court.

7. In the event the Division withdraws its consent, or if the proposed Final Judgment is not entered pursuant to this Stipulation, this Stipulation shall be of no effect whatever and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

Dated: January __, 1996.

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