

30th July 2008

RE: Anticipated Joint Venture between BBC Worldwide Ltd, Channel 4 Television Corp and ITV Plc relating to the video on demand sector: Project Kangaroo

Non-Confidential Submission by Company X

We believe that the three parties combined will have a large and unique share of popular TV content that will be difficult for retailers to substitute from other content owners.

It is our view that the best way for the video on demand (VOD) market to develop in the UK is for film and TV content to be made available through as many retailers as possible. In that respect we welcome the launch of Project Kangaroo.

However, as Project Kangaroo is in the position of being both a content owner and a retailer then we believe this could result in their having an unfair advantage over other retailers which in our opinion is not in the best interests of the consumer.

We approached two of the above parties last year in order to obtain licences for their content for retail distribution and we were asked to pay, what we viewed, as very high minimum guarantees (MGs) in advance. We felt the MGs were prohibitive, unreasonable and impossible to recoup during the term of the agreement. As a result we did not license the content.

We believe that due to the prohibitive cost of MGs to retailers in obtaining content from two of the above parties (assuming other retailers have been asked for similar MGs) then Kangaroo are effectively excluding other retailers from making available their content thereby giving Kangaroo an unfair advantage.