

7A of the Clayton Act is not subject to the Antitrust Procedures and Penalties Act ("APPA"), 15 U.S.C. 16(b)-(h)).

IX. Retention of Jurisdiction

This Court retains jurisdiction to enable any party to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate to carry out or construe this Final Judgment, to modify or terminate any of its provisions, to enforce compliance, and to punish any violations of its provisions.

X. Expiration of Final Judgment

Unless extended by this Court, this Final Judgment shall expire ten years from the date of its entry.

XI. Costs

Each party shall bear its own costs of this action.

XII. Public Interest Determination

Entry of this Final Judgment is in the public interest.

Exhibit A

Notification of Available Option to Rescind Certain Contracts

Gemstar-TV Guide, International Inc. and TV Guide, Inc. ("TV Guide") (collectively "Gemstar") have consented to the entry of the attached proposed Final Judgment to resolve a civil suit brought by the Antitrust Division of the Department of Justice. Under the proposed Final Judgment, Gemstar is required to permit your company to terminate, without penalty, the IPG agreement your company entered into with TV Guide between June 10, 1999 and July 12, 2000. Your company has the sole option to terminate its agreement with Gemstar so long as it makes its election no later than nine calendar months after February 6, 2003, which is the date that the proposed Final Judgment was filed with the Court. Please note that your option to terminate begins immediately and does not require final entry of the proposed Final Judgment.

You may exercise this option to terminate the contract by sending a letter to that effect to Gemstar at the following address:

Stephen H. Kay, Esq., General Counsel, Gemstar-TV Guide International, Inc., 135 North Los Robles Avenue, Suite 800, Pasadena, CA 91101.

Please contact Stephen H. Kay, Esq. at Gemstar 626-792-5700 if you need more information.

[Civil Action No. 03 CV 000198, Filed: March 19, 2003]

Competitive Impact Statement

The United States, pursuant to the Antitrust Process and Penalties Act ("APPA"), 15 U.S.C. 16(b)-(h), files this Competitive Impact Statement to set forth the information necessary to enable the Court and the public to evaluate the proposed Final Judgment that would terminate this civil antitrust proceeding.¹

I. Nature and Purpose of This Proceeding

On February 6, 2003, the United States filed a four-count Complaint against Gemstar-TV Guide International, Inc. ("GTV") and its subsidiary TV Guide, Inc. ("TV Guide") related to the conduct of GTV's predecessor Gemstar International Group, Ltd. ("Gemstar") and TV Guide before July 2000, when Gemstar and TV Guide were competitors in the provision of interactive program guides, or "IPGs," to cable, satellite and other multi-channel subscription television service providers ("service providers").

The Complaint alleges that the Defendants entered into various agreements to fix prices and to allocate markets and customers, and that they began jointly conducting their IPG business, eliminating competition between them in violation of section 1 of the Sherman Act, 15 U.S.C. 1. Specifically, the Complaint alleges that, in June 1999, as Gemstar and TV Guide began the negotiations that would ultimately result in a merger agreement, they agreed that they would "slow roll" (i.e., delay on-going contract negotiations with) certain customers. Upon agreeing to merge in October 1999, Gemstar and TV Guide also agreed that Gemstar would phase out its IPG marketing operations to service providers and that they would allocate specific customers between them. Additionally, Gemstar and TV Guide agreed on the prices and material terms that TV Guide would offer to service providers before consummating the proposed merger.

The Complaint also alleges that the Defendants violated section 7A of the Clayton Act, 15 U.S.C. 18a, which requires certain acquiring and acquired

parties to file pre-acquisition Notification and Report Forms with the Department of Justice ("DOJ") and the Federal Trade Commission ("FTC") and to observe a statutorily mandated waiting period before consummating the acquisition. The fundamental purpose of the waiting period is to prevent the merging parties from combining during the pendency of an antitrust review and to maintain their identity as separate and independent actors.

In October 1999, Gemstar and TV Guide executed a merger agreement that required the filing of the Notification and Report Forms under section 7A of the Clayton Act. Rather than wait for the expiration of the statutory waiting period, however, Gemstar and TV Guide merged most of their IPG decision-making processes, transferred control over important assets, and acted jointly on numerous business decisions.

The Complaint seeks an adjudication that the Defendants' agreements violate section 1 of the Sherman Act, such other relief as the Court deems appropriate, and a civil penalty for violation of section 7A of the Clayton Act.

The United States and the Defendants have reached a proposed settlement that eliminates the need for a trial in this case. The proposed Final Judgment remedies the Sherman Act violations by enjoining the Defendants from reaching similar anticompetitive agreements with competitors. The proposed Final Judgment also provides that customers that signed IPG agreements with TV Guide between June 10, 1999, and July 12, 2000, may elect to terminate their contracts within nine months of filing of this proposed Final Judgment.

To resolve the Clayton Act violation, the proposed Final Judgment prohibits the Defendants, during the period between executing an agreement subject to section 7A and the expiration of the statutory waiting period, from entering into any agreement with the other contracting parties to combine, merge, or transfer, in whole or in part, any operational or decision-making control over the marketing or distribution of any to-be-acquired product, service, or technology. In addition, GTV has agreed to pay a civil penalty of \$5,676,000, which is the maximum civil penalty available to address the section 7A violation.

The United States and the Defendants have stipulated that the proposed Final Judgment may be entered into after compliance with the APPA, unless the United States first withdraws its consent. Entry of the proposed Final Judgment would terminate this action, except that the Court would retain jurisdiction to construe, modify, or

¹ On February 6, 2003, the United States filed a civil Complaint, a Stipulation and Order, a proposed Final Judgment, and a Memorandum Regarding Procedures for Entering Judgments. As set forth in the Memorandum, the proposed Final Judgment would settle this case pursuant to the APPA, which applies to civil antitrust cases brought and settled by the United States. The APPA requires that the United States file a competitive impact statement in such proceedings. 15 U.S.C. 16(b).