

August 16, 2010

Ms. Kathy J. Goodman
EVP, Operations
Channel One Network
3100 Breckinridge Blvd, Suite 529
Duluth, GA 30096-7564

Dear Ms. Goodman:

I believe a significant number of schools are breaching their contract with Channel One, LLC. I base this on personal observations, school websites, newspaper articles, and evidence presented to me by a person formerly responsible for obtaining compliance reports from south Texas schools.

As a courtesy I am sending this to you, but I believe you have a duty to pass on this letter to Alloy's general counsel and ZelnickMedia's due diligence team.

For years I have posted articles detailing how schools dishonor Channel One's contract by airing the program fewer days than required, before the school day begins, and with fewer than 12 minutes for viewing.

It is not infrequent that schools simply don't show Channel One News at all.

Two recent examples: Last week I talked with students at Pizitz Middle School in Vestavia Hills, AL. They said Channel One News hasn't been aired the last two years. Promethean white boards have made your TVs obsolete. Yet, the principal and the Superintendent indicate there is no breach of your contract. If this is true, your contract is a sham contract and I know hundreds of schools that would quickly turn off your program if there were no danger of losing your equipment.

Also last week the principal of Hernando High School (FL) said in a Hernando Today article about the removal of Channel One's service, "students nor teachers would see much difference next year because the school hasn't broadcasted the show for the past three years."

Channel One has had little incentive to enforce the contract because as long as the signed contracts are in your file you will earn ad revenue – even if that revenue is based on "ghost" students.

That all has changed with the impending purchase of your parent company. I am sure ZelnickMedia will require a scrupulously honest accounting of student viewers.

I would be happy to share information with your general counsel and ZelnickMedia.

Sincerely,

Jim Metrock
President

P.S. Remember? Forged compliance reports: obligation.org/2006-02-25-the-inevitable-fall