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To: All TV Clients

April 18, 2008

FCC AMENDS RULES TO REQUIRE SATELLITE CARRIERS TO CARRY DIGITAL-ONLY STATIONS UPON REQUEST AND TO CARRY HD SIGNALS

The FCC recently released a *Second Order and Notice of Proposed Rulemaking* amending the FCC's rules to require satellite carriers to carry digital-only stations upon request in markets in which they are providing any local-into-local service, and to require carriage of all high definition ("HD") signals in a market in which any station's signals are carried in HD.

Digital-Only Carriage

The Commission concluded that providing digital-only stations with mandatory satellite carriage in local-into-local markets furthers the completion of the digital transition by assuring that new digital stations and stations returning their analog spectrum will have satellite carriage rights. The Commission has required carriage of digital-only stations by cable operators, and determined that a similar requirement is appropriate for satellite carriers.

HD "Carry-One, Carry-All"

Further, the Commission concluded that satellite carriers must carry each station in a market in a nondiscriminatory manner, including carriage of HD signals in HD format if any broadcaster in the same market is carried in HD.

HD "Carry-One, Carry-All" Phase In

The Commission agreed with DirecTV and Dish Network that satellite carriers face unique capacity, uplink and ground facility construction issues that must be factored into the timing of the HD "carry-one, carry-

all" requirement, and that if immediate HD carriage requirements were adopted, the rollout of HD might be slowed. The Commission therefore adopted a "phase-in" plan, requiring satellite carriers to provide carriage of HD broadcast stations by February 17, 2010 in at least 15% of the markets in which they carry any station. The "HD carry-one, carry-all" requirement will apply to 30% of a carrier's HD markets no later than February 17, 2011, 60% no later than February 17, 2012, and 100% by February 17, 2013. Satellite carriers will be required to notify all local stations in a market at least 60 days prior to their launch of HD "carry-one, carry all" in that market.

Carriage Election

In any market in which a satellite carrier is currently offering or will offer local-into-local service pursuant to the statutory copyright license, it must carry digital-only stations in that market upon request. In markets currently subject to "carry-one, carry-all" the rules pertaining to "new" stations will govern carriage elections for digital-only stations, and therefore, a station that turns off its analog signal and returns its licensed analog spectrum to the Commission and commences operation in digital-only prior to January 1, 2009 would constitute a "new station" for purposes of the rules. "New" stations are entitled to request carriage between 60 days prior to commencing broadcasting and 30 days after commencing broadcasting.

Broadcasters must elect, by October 1, 2008, whether they wish to engage in retransmission consent negotiations with satellite carriers or request mandatory carriage for the three-year period beginning January 1, 2009. If a station elects to carry, satellite carriers must provide carriage of the station's analog signal beginning or continuing on January 1, 2009, and concluding no earlier than the actual termination of analog service by the broadcaster. Once the station terminates analog service and begins broadcasting in digital, the carrier shall commence carriage of the station's digital signal without any gap in carriage. Beginning January 1, 2009, satellite carriers must immediately begin carrying the digital signal of stations that cease analog broadcasting prior to the February 17, 2009 statutory deadline; provided, however, that broadcasters must notify the satellite carriers by October 1, 2008 of the date on which they anticipate terminating their analog signal if it will be earlier than February 17, 2009.

Program-Related Requirements

Satellite carriers will be required to carry certain over-the-air digital services, such as closed-captioning information and V-chip information.

Signal Quality

The Commission adopted a signal level of -61 dBm as the standard for a "good quality signal" that broadcast stations must deliver to a satellite carrier's designated local receive facility.

Second Notice of Proposed Rulemaking

In the Second Notice of Proposed Rulemaking (SNPRM), the Commission seeks comment on the scope of satellite carriers' carriage obligations as the HD carriage requirement becomes effective. The Commission is concerned that some subscribers will not have HD-capable set-top boxes on sets connected to the DBS system, preventing them from viewing programming from stations broadcasting in HD. The Commission seeks comment on whether satellite carriers should be required to carry the signals of all local broadcast stations in both HD and Standard Definition ("SD") if they carry the signals of any local station in the same market in both HD and SD. The Commission also seeks comment on the applicability of the rule provision that requires satellite carriers to retransmit digital signals by means of a single reception antenna and associated equipment.

Comments are due within 30 days of the publication of the SNPRM in the Federal Register, with reply comments due 15 days later. We will notify you when that publication takes place.

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If you have any questions regarding the Commission's satellite carriage rules, or would like to submit comments in response to the SNPRM, please contact any attorney in our office.

Leventhal Senter & Lerman PLLC

This memorandum is intended only as a general discussion of these issues and should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired. To discuss any of the issues presented here, please contact any attorney in our office.