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Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

MM Docket No. 92-265

In the Matter of)
)
Implementation of Sections 12 and 19)
of the Cable Television Consumer)
Protection and Competition Act of 1992)
)
Development of Competition and)
Diversity in Video Programming)
Distribution and Carriage)

REPLY COMMENTS OF
SUPERSTAR CONNECTION

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**REPLY COMMENTS OF
SUPERSTAR CONNECTION**

Superstar Connection ("Superstar") hereby submits these reply comments in response to the comments filed by various parties on the Commission's proposal to implement the program access and pricing provisions of Section 19 of the Cable Television Consumer Protection and Competition Act of 1992 ("1992 Cable Act").

I. INTRODUCTION AND SUMMARY

The general tone and consistency of the various comments filed by the superstation programmers, and other programming vendors, demonstrate the reasonableness of the Commission's approach to resolving the complex pricing and access mechanisms imposed by Section 19 of the 1992 Cable Act. Those who oppose the Commission's analytic framework complain loudly, but offer no constructive criticism nor evidence to dispute the reasonableness of the approach, preferring only to decry the existence of "loopholes" in the NPRM. These protestors utterly

fail to acknowledge the need to approach the problems of program pricing and access from the perspective of business and marketing realities, and consumer protection, while preventing only harmful vertical favoritism. The protestors would prefer that the Commission adopt a simple uniform pricing mechanism, ignore the statute's express purpose of preventing only conduct that causes significant harm, thus sacrificing competition generally to maximize a distributor's own profit margins.

Fortunately, politics are not part of any proposed rule. Statutory construction must follow the words of the statute -- not some proponent's unsupported and misguided interpretation. The presence of competition, and the wide availability of superstation programming to all technologies and all parties throughout the country for distribution or resale, means that there should be far less stringent regulation of the acts and practices associated with negotiating superstation program distribution agreements.

**II. THE VARIOUS TYPES, METHODS AND TECHNOLOGIES
FOR DISTRIBUTING PROGRAMMING MANDATE A
FLEXIBLE MARKET-ORIENTED REGULATORY MECHANISM**

A. Price Regulation

The Commission has expressed wariness of price regulation before. More often in recent times it has eliminated price regulation as unnecessary in the face of competition. Most important, the Commission has made it plain that price regulation

for superstation programming would be less effective than "assuring entry by new competitors". Second Scrambling Report, 3 F.C.C. Rcd. at 1209, ¶61. Indirect price regulation that proscribes discrimination also has "serious procedural problems" and may well not be effective at all in dealing with any improper exercise of market power. Id. at 1204, ¶13. Indeed, the already healthy competition in the HSD market continues to be the best way to "regulate" the market. As the Commission has previously suggested:

[Price] regulation may have significant administrative costs. It may also have the unintended effect of reducing the efficiency of HSD distribution. Furthermore, it is not clear that HSD price regulation, be it direct or indirect (e.g., a prohibition of "discrimination" by programmers among alternative distributors), will be effective in checking whatever underlying cable market power that may be present. Price regulation can only address a manifestation of market power. For that reason, measures to allow entry by new competitors are likely to be more efficacious than price regulation in dealing with market power.

Second Scrambling Report, 3 F.C.C. Rcd. 1209. Deregulatory initiatives at the Commission over the years have made entry into the satellite programming distribution service quite easy. In the current unregulated market, overcharging or discrimination thus would be met by other competitors entering and cutting prices. Moreover, price regulation is not the answer to the perceived problem with alleged discriminatory practices.

[P]rice regulation, regardless of how it is packaged, has serious deficiencies. At best, it would treat a symptom of any underlying market power. At worst, it would spawn a mass of litigation on questions such as "What is discrimination?", "What are reasonable criteria for appointing distributors?"; "Has would-be distributor X met these criteria?" Or such regulation could simply force programmers to adopt less efficient distribution modes in order to avoid these pitfalls, in which case satellite programming subscribers would foot the bill.

Second Scrambling Report, 3 F.C.C. Rcd. at 1214 (Statement of Chairman Patrick). These problems were noted by allowing for discrimination when justified by various factors, and preventing only that discrimination which significantly hinders the delivery of programming to consumers. Any other approach would result in a flood of meritless complaints, forcing the programmers to defend (and the Commission to resolve) every single difference in terms, conditions or prices among thousands of distributors. This is entirely unnecessary and contrary to Congress' express directives to protect consumers and competition, not any particular distributor. Indeed, the Commission recently noted the significant benefits to consumers in eliminating unnecessary and potentially harmful regulation of fully competitive services. In re Competition in the Interstate Interexchange Marketplace, 5 F.C.C. Rcd. 2627, 2649, ¶188 (1990).

No commenter has contradicted (a) the ease of entry into superstation programming; (b) the differences between cable and superstation programming generally, or, more important, (c)

the functional differences between facilities-based operators ("FBOs") such as cable operators, and distributors who only sell authorization services to the home satellite dish ("HSD") market.^{1/} Moreover, the differences in pricing -- which reflect the differences in technologies, the ability to reach various consumers, and the overall universe of subscribers over which to spread each technology's unique costs -- are minimal and only appear large because the few pennies of additional cost of providing the service to HSDs, when compared to the few pennies of total cost in providing the service to other technologies, represents a large comparative percentage. These wide percentages correspond to relatively small actual differences in amounts of money that are paid per station, per subscriber, per customer, per month.^{2/}

B. Competitive Economic Advantages

Fortunately, the Commission has recognized that pricing regulation should not elevate minimal differences to actionable discrimination. The purpose of the Act is to protect competition, not competitors, and the relief provided is only to ensure that there is diversity and wide availability of

^{1/} The comments of the programming vendors generally have supported the distinctions between FBOs and HSDs. See Comments of Liberty Media Corp. at 26-32.

^{2/} Second Report, 6 F.C.C. Rcd. 3312-3320 (1991). See Comments of Liberty Media Corp. at 46.

programming to consumers. Indeed, there is no basis for removing by regulation the advantage one competitor may have over another because competition breeds just that: economic advantages. Economic laws and regulations are not intended to support artificially firms that cannot compete effectively on their own. Where one entity has obtained a competitive advantage based on economies of scale, there is no legal or rational basis, by price regulation, or otherwise, to equip a competitor with that particular economy of scale that simply allows that competitor to compete more effectively.^{3/} The superstation programmers' competitive advantages and economies of scale were acquired lawfully through strategic planning and timely investments. No distributor should be heard to complain and seek a "free ride" on the satellite programmer's economies simply so that some distributor could compete more easily.

In that regard, without a fundamentalist approach to pricing regulation, it only makes sense that a competitor prove harm to the marketplace and the consumer in order to assert a violation of the statute. Harm to competition and the consumer is to be prevented; harm to competitors is to be expected.^{4/}

^{3/} Sea Good Trading Corp. v. Jerrico, Inc., 924 F.2d 1555, 1573 (11th Cir. 1991).

^{4/} "[I]f a price differential only reduces the disfavored buyer's profit margin, and eliminating the discrimination will not significantly reduce the retail price to consumers, the discrimination does not harm the disfavored customer's ability to compete." Comments of NCTA at 32.

III. THERE HAS BEEN ONLY ONE COMPLAINING VOICE THROUGHOUT THESE PROCEEDINGS

Of all the comments filed to date, and in all the previous discrimination inquiries and complaint proceedings, only one entity has ever accused the superstation programming vendors of unfair or discriminatory practices: the National Rural Telecommunications Cooperative ("NRTC"). In the current proceeding, NRTC has joined forces with the Consumer Federation of America ("CFA"),^{5/} but not changed its misguided notion that in the business of distributing programming to the consumer, HSD distributors such as NRTC are identical to cable operators. Rather than analyze the history of technological development, the Commission is asked to accept this statement on faith and adopt uniform pricing regardless of technology.^{6/} Again, fortunately, the Commission cannot adopt this approach under the statute.

A. Absolute and Uniform Pricing

NRTC wrongly argues the discrimination prohibitions are absolute such that even a one-penny differential in pricing would

^{5/} Another HSD distributor -- Consumer Satellite Services -- has also complained in this proceeding of unfair treatment.

^{6/} NRTC contradicted its assertion that it functions as a cable operator when it disclaimed any responsibility for complying with any satellite syndex regulations. NRTC Comments, filed August 7, 1989 in Syndicated Exclusivity for Satellite-Delivered Programming, 4 F.C.C. Rcd. 3889. This is quite different from cable operators which are technologically and legally responsible for complying with cable syndex.

justify the filing of a complaint. NRTC refuses to recognize that it does not play any role in the physical distribution of satellite programming to the HSD consumer. NRTC places orders and functions only to facilitate the authorization process. Satellite programming vendors such as United Video and Superstar provide the necessary facilities and transmission path, signal security and decryption capability directly to the consumer. Consequently, pricing to entities such as NRTC function as discounts from retail prices, providing healthy profit margins (and incentives) to sign up customers.

When Superstar began selling to the HSD market, it had to do so through its own retail operations as there were no distributors, programming packagers or others selling programming to consumers. NRTC was nowhere to be found. Assuming the attendant risks and a number of contingent liabilities, Superstar helped create the HSD market and has been at the forefront in maintaining the integrity of the HSD market and increasing HSD subscriptions. Superstar sells directly and with the help of thousands of distributors to over 800,000 subscribers. Indeed, there are now a total of over one million authorized decoder modules representing substantial increases in the number of authorizations for HSDs. Attached hereto as Exhibit A is an excerpt from the February 1993 issue of "TVRO" showing monthly TVRO system sales, Videocipher authorizations, and quoting members of the industry who attended the recent trade show in San

Diego. One major distributor said that he had just finished the best four months in the history of his business.

All programmers must maintain back office facilities and also engage in significant advertising to support their programming product. Some third-party program packagers who themselves create no programming, also have sought to promote their own individual packages and provide their own authorization facilities. These packagers' additional facilities are duplicative and unnecessary to deliver programming to consumers. If a packager wishes to duplicate an existing facility, that should be its own business decision, but should not be the grounds for forcing price concessions from the programming vendors. Indeed, there are eight other programming packaging services with back-offices. No one has disputed that (1) the programming vendor's retail advertising efforts, enhancing consumer awareness of the programming product,^{7/} and (2) the programmer's back-office operations,^{8/} benefit all involved in

^{7/} The Commission recognized this when it found that the cost of advertising and promotion is appropriately allocated to serving distributors as well as to individual HSD customers because national advertising is directed to all customers, enhances consumer awareness and many distributors -- unfortunate enough not to have NRTC's resources -- cannot conduct their own promotional activities. Second Report at ¶46.

^{8/} Customer service is critical in this industry and is handled entirely by the carriers. Even when entities such as NRTC sell superstation subscriptions, Superstar's name and 800 number will appear on screens when customers are deauthorized. Often the HSD subscribers will call carriers -- even at the direction of an entity such as NRTC -- for customer service.

program distribution.

B. New Technologies

There is no question that delivery to the HSD market is more expensive; it is simply that entities such as NRTC refuse to accept the legitimacy of those differences and the realities of business negotiations inherent in the business of distributing superstation programming. Moreover, with the advent of new technologies, including digital video compression, services will be provided via various fiber optics, copper wire, microwave and satellite facilities, with potentially hundreds of available channels in different configurations. In the very near-term, it will not simply be cable versus HSD. The Commission should not even be remotely interested in price regulations for each and every one of these new available technologies.

Superstar has no incentive to discriminate against any distributor. Developing the HSD market is in Superstar's best interest. Expanding the universe of subscribers -- not limiting it -- is the economic motive behind the development of the HSD market. Entry is wide open and superstation carriers thus are constrained by the ease of entry and number of potential entrants. The progress of technology and development of new transmission technologies will continue unabated. The lack of any discernable motive to choke growth in the HSD market makes allegations of discrimination particularly hollow and undermines

the needs for any detailed pricing regulation that will prohibit every perceivable difference in treatment among the various technologies and distributors.

C. Vertical Integration

The evils of vertical integration also have been quite overstated. Far from condemning them, Congress recognized that vertical integration has produced quantifiable benefits both in the deployment of new programming and in the success of new programming ventures. The Commission should note that one of the biggest complaints concerning availability of programming is not directed at a vertically-integrated programmer, but at one that will be exempt from Section 19's prescriptions - ESPN.^{9/}

D. Dealer Incentives

If the Commission examines programmers' distribution methods in the HSD market now, there is a multitude of incentive programs offered for increasing subscribership. Indeed, one commenter strongly argued that these incentive programs should be allowed to continue.^{10/} All programming vendors -- and even non-programming entities such as NRTC -- provide various packages at various prices, and also provide incentives for "dealers" to

^{9/} See Comments of Consumer Satellite Systems, Inc. at 13.

^{10/} See Comments of National Satellite Programming Network, Inc. ("NSPN").

participate in the distribution process. Each packager has its different pricing strategy and various commissions and incentives to enhance dealer participation. These include variable discounts, as well as "up front", "residual", and "renewal" commissions.^{11/} The programmers also provide various promotional services, including showroom materials, direct-mailing, referrals, billing options, marketing support materials, showroom subscriptions and newsletters.

Under NRTC's extreme view, each one of these items would have to be quantified in order to make the wooden price comparison for purposes of evaluating discrimination. None of the discounts for these incentive programs could be readily "quantified", however, such that differentials based on incentive programs would arguably be unlawful discrimination in the absolute uniform pricing universe. Such a scheme would thus eliminate valuable incentive programs if each program had to be cost-justified by measuring an actual economy of scale or tangible benefit. Moreover, the threat of possible litigation would eliminate the entrepreneurial desire of programmers to offer these incentives.

^{11/} Attached as Exhibit B is another excerpt from "TVRO" outlining the specifics of the various dealer incentive programs provided by some 18 programming vendors.

E. Effect on New Superstations

Price parity among technologies would defeat one of the purposes of the statute -- programming diversity. With the advent of the DBS center, satellite carriers and programmers began uplinking new superstations and selling them to both the cable and HSD markets. Many of these new superstations, for example Superstar's own KTLA-TV, Los Angeles, derive most of their revenue support from the HSD market. As a result, its total viewership is far less than the traditional cable superstations, so its cost-per-viewer is dramatically higher. If forced to put its cable rates for KTLA at the HSD level, cable systems would decline service and KTLA-TV would lose its cable revenue support altogether, making its costs to the HSD market even higher. This ultimately would price the service out of the HSD market, benefiting no one.

CONCLUSION

Price differentials standing alone are not anti-competitive. One of the entities competing for business in the cable, SMATV and MMDS markets operates as a buying agent and obtains a number of programming discounts. The Commission should heed the comments of NSPN, and others like it, and "strongly oppose[] the imposition of uniform rates . . . because uniform rates would eliminate NSPN and all other purchasing agents from the marketplace."^{12/} The marketplace created the need for an

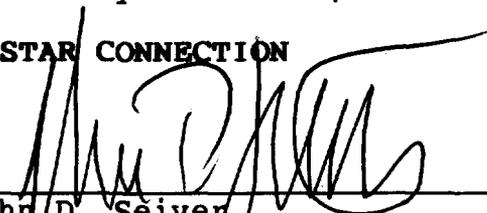
^{12/} Comments of NSPN at 13.

entity like NSPN but the extreme approach to regulation would eliminate this company, and others like it, and the benefits they provide to small and start-up competitors to cable.^{13/}

Because there is no market power exercised by any superstation programming vendor, there simply is no possible conclusion that price differentials here are causing any kind of harm -- significant or otherwise -- to competition. Under NRTC's proposals, the Commission will be deluged with frivolous complaints, and the Commission will be forced to price regulate every aspect of every carrier's programming offering. This cannot be a result consistent with congressional intent nor one consistent with the overriding purpose of the Communications Act.

Respectfully submitted,

SUPERSTAR CONNECTION

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February 16, 1993

13/ Id.

EXHIBIT A

VITAL STATISTICS

1992 Shipment Figures End on a High Note

A Satellite Broadcasting and Communications Association (SBCA) spokesperson has christened the second half of 1992 as "the best six months [in terms of system sales] since scrambling began back in 1986."

Harry Thibedeau, spokesperson for the SBCA, added that, while no firm figures were available for the month ending Dec. 31, 1992, initial reports indicate that systems shipped remain on the upswing and that sales should be "up 10 percent at the close of 1992 compared to the close of 1991." (The accompanying chart

tracking system sales figures will be updated to reflect the latest numbers in the March issue of *TVRO Dealer*.)

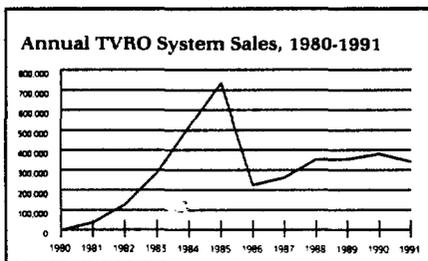
According to Thibedeau, the industry has made tremendous strides in the past year, especially in light of the upgrade and conversion processes required of it.

"In 1992, the industry was faced with a significant transition," Thibedeau said while attending the SBCA's Winter Trade Show in January in San Diego. "But it proved to be very resilient and responded to the challenge."

Thibedeau has heard reports from

those attending the Winter Show that "they are extremely busy" and that at least "one major distributor said that he has just finished the best four months in the history of his business." Such reports, according to Thibedeau, "clearly indicate that the TVRO industry has forged its way through."

As for 1993, Thibedeau said that reports of the nation's economy improving, combined with a pent-up demand for systems, should result in "sales which should be incredibly solid in the coming year."



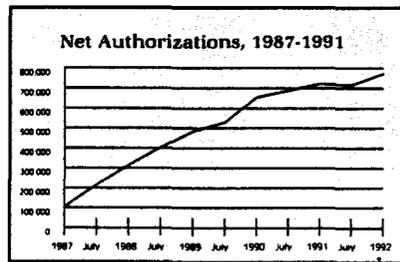
VideoCipher Authorizations

For the month that ended December 31, 1992, no virgin VC II modules were authorized. However, 71,842 VC II Plus (including VC RS) modules were authorized.

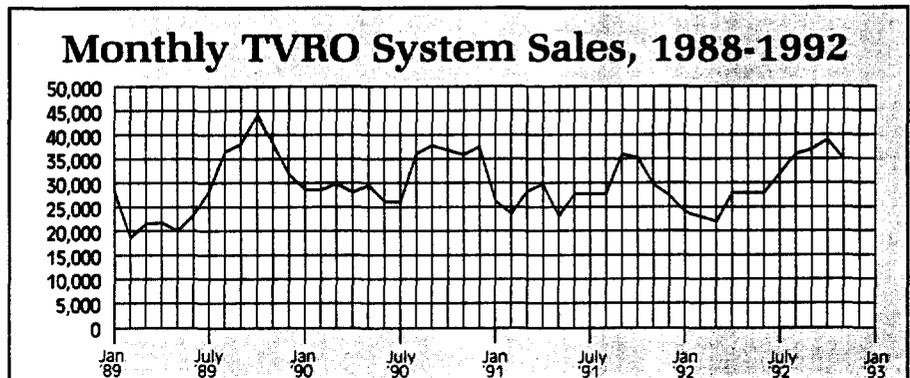
Net December de-authorizations were 14,931 for VC II and 3,913 for VC II Plus. This gave an end base of 41,548 VC II and 991,719 VC II Plus (RS) for a total base of 1,033,267 authorized modules.

That total base figure represents a net growth of 52,998 authorized decoders during December, said Mara Holguin, manager of communications for General Instrument's VideoCipher Division.

These most recent figures for December 1992 reflect an increase of approximately 225,000 in VC II and VC II+ module authorizations compared to December 1991.



Data supplied by the DBS Authorization Center.



Data supplied by the Satellite Broadcasting & Communications Association (SBCA).

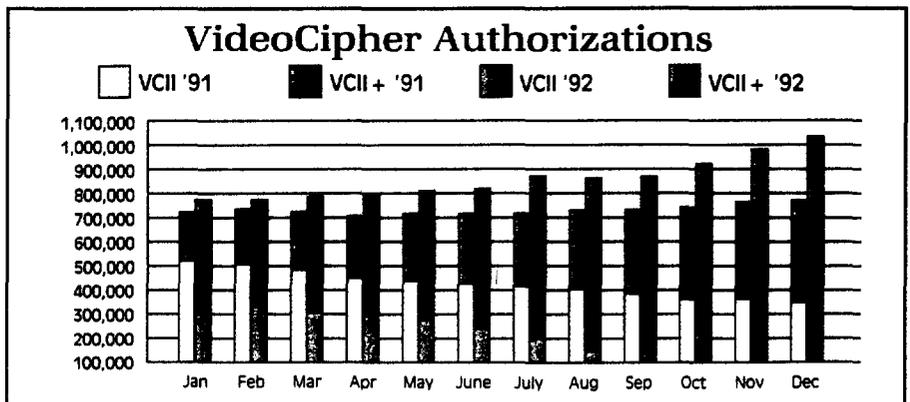
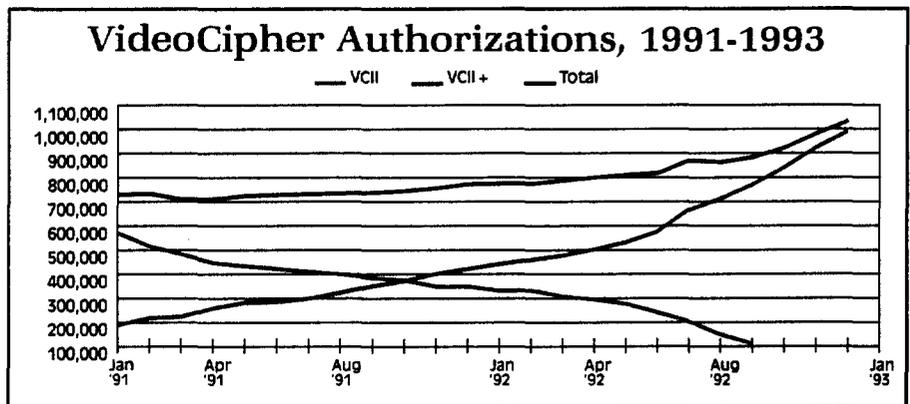


EXHIBIT B

2nd Annual Survey

Programming Sales Lures

**Dealer
Incentive
Programs**

BY DEBRA WEBSTER

Dealers going fishing for programming options in 1993 can't help but be lured by a proliferation of packages, promotions, commissions and dealer-assistance services.

Fourteen "dealer-friendly" programmers were listed in TVRO Dealer's 1992 "Dealer Incentive Programs" survey. That number has grown to 18 (see related charts on pages 27-31). In addition, programmers' efforts to put more cash in the pockets of dealers in the form of rebates and commissions continue to be complemented by emerging user-friendly business systems.

For example, some programmers offer a service that enables customers or dealers to dial a phone number that automatically reauthorizes customer decoders. Automatic billing is another new feature, and dealers can be linked via computer to programmers' backrooms to place orders, upgrade or reauthorize customers.

Most programmers offer commissions. HBO offers a \$55 commission on HBO and Cinemax packages, and up to \$10 more on other extensive program packages. National Programming Service offers a 15 percent commission on all a la carte basics and 10 percent commission on all premiums and preset packages (its annual commissions average from 15 to 40 percent). Programmer's Warehouse offers a flat 10 percent commission on sales and renewals.

Dealer Incentive Programs

Availability of marketing materials also is on the rise. Superstar Connection offers dealers various materials. Turner Home Satellite has both sales kits and renewal support services. The Satellite Source offers point-of-sale literature and a dealer sales kit small enough to fit in a shirt pocket. Playboy features posters, sales cards, a point-of-purchase display and a monthly brochure highlighting programming. Playboy also offers support for home shows on a one-on-one basis, which may include a Playmate for display.

On the pay-per-view front, TVN reimburses dealers the sign-up fee for new customers, and Turner Home Satellite offers a 15 percent discount on PPV.

The "Dealer Incentive Programs" survey will continue to be an annual feature of TVRO Dealer. But even that pace cannot keep up with the increasing number of programmers intent on providing dealer incentive options. For example, New York-based A&L Programming was in the process of establishing such a program as TVRO Dealer went to press and just missed the opportunity to be included in this year's survey.

Program packagers are invited to contact TVRO Dealer throughout the year as they too join the host of programmers that contribute to dealer sales and services. As usual, TVRO Dealer will report changes and additions as they occur.

Program Packager

American Programming Services

1-800-876-8848

Cox Satellite Programming

1-800-727-9485

Programming Available — Basic Packages

Basics On Satellite: All News Channel; Country Music Television; KTLA; WGN; WPIX; KTVT; USA Network; The Family Channel; Arts & Entertainment; The Discovery Channel; Lifetime; The Nashville Network; The Weather Channel; and PrimeTime 24 (ABC, NBC and CBS).

Annual retail cost \$149; dealer cost \$125.

Premium Plus: CNN/Headline News; ESPN; Comedy Central; Country Music Television; CNBC; USA Network; The Family Channel; The Discovery Channel; The Nashville Network; Lifetime; WWOR; KTLA; WSBK; Arts & Entertainment; PrimeTime 24 (ABC, CBS, NBC); The Weather Channel; Nickelodeon; WPIX; WGN; KTVT plus one premium (HBO, Cinemax or The Disney Channel).

Annual retail cost of \$307.45 allows dealer \$20 with one free month to customer.

Programming Available — a la Carte

All News; AMC; A&E; Bravo; CNBC; The Family Channel; Encore; CNN/Headline News; Denver 5 (KUSA, KCNC, KMGH, KRMA, KWGN); The Discovery Channel; The Disney Channel; ESPN; HBO; Cinemax; International; KTLA; Lifetime; MTV/VH-1; The Nashville Network; Country Music Television; Playboy; Nickelodeon; Prime; PrimeTime 24 (ABC, CBS, NBC); Satellite Sports Networks; Spice; Showtime; Skyline; Silver (WOR, WSBK, KTLA); Superstar (WGN, WPIX, KTVT); TMC; Fib; USA Network; TBS; The Weather Channel; WTBS; or Comedy Central at dealer discount.

American Movie Classics; Bravo; Denver 5 (KUSA, KMGH, KWGN, KCNC, KRMA); Country Music Television; Comedy Central; CNBC; ESPN; Lifetime/The Weather Channel; Nickelodeon; Satellite Sports Networks; TNT; Arts & Entertainment; CNN/Headline News/The Discovery Channel/The Nashville Network; The Family Channel; MTV/VH-1; PrimeTime 24 (ABC, CBS, NBC); WPIX; WGN; KTVT; TBS; USA; HBO; Showtime; Cinemax; TMC; or The Disney Channel.

Commission or Incentive

Variable dealer discount on initial purchase.

Upfront commission and full residual. Dealer receives credit for customer as long as the customer stays aboard (must meet minimum activity requirements).

Promotional Services

Showroom materials and free showroom subscription for qualified dealers.

Full service dealer department, newsletter, showroom account and point-of-sale materials available.

Other Benefits

Open Mon.-Fri. 8 a.m.-10:30 p.m. (E).
Sat. 8 a.m.-6 p.m. (E).

Open Mon.-Fri. 9 a.m.-10 p.m. (E).
Sat. 9 a.m.-8 p.m. (E).

Dealer Incentive Programs

Program Packager

**The Disney Channel
Home Satellite
Services**

1-800-338-8066

**Galaxy
Satellite
Programming**

1-800-942-5299

HBO

1-800-HBO-8876

**National
Programming
Service**

1-800-627-2271

Programming Available — Basic Packages

Variety Pak: American Movie Classics; Arts & Entertainment; CNN; Headline News; Comedy Central; Country Music Television; The Discovery Channel; The Family Channel; The Learning Channel; Lifetime; The Nashville Network; TBS; USA Network; The Weather Channel.

Annual retail cost \$99.

Variety Pak Plus: All of the above plus Bravo; Prime Network; KTVT; WPIX; WGN; and choice of either PrimeTime 24 (ABC, CBS, NBC); Denver 5 (KUSA, KMGH, KCNC, KRMA, KWGN); or Skyline Silver (KTLA, WWOR, WSBK). Annual retail cost \$179.40.

Super SatPak: Arts & Entertainment; CNN/Headline News; TBS; USA Network; The Discovery Channel; WGN; The Nashville Network; The Family Channel; The Weather Channel; WWOR; KTVT; WPIX; KTLA; Lifetime; Comedy Central; The Cartoon Network; CMTV.

Annual retail price of \$179.40; dealer cost \$149.95.

Multiplex HBO & Cinemax, annual retail prepaid cost of \$179.55.

Multiplex HBO & Cinemax & SuperPak (Arts & Entertainment, The Cartoon Network, Discovery, Lifetime Television, Black Entertainment Television, E! Entertainment Television, The Nashville Network, Country Music Television, Learning, Weather, CNN, TBS, Comedy Central, Headline News, USA Network, Bravo, ESPN, PrimeTime 24, Family), annual retail prepaid cost of \$275.

Multiplex HBO & Cinemax & Superpak Plus (SuperPak plus WGN, Prime Network, WWOR, WSBK and AMC), annual retail prepaid cost of \$315.

Six-month Preview Pak: Cartoon Network; WTBS; WGN; WWOR; KTVT; WPIX; WSKB; KTLA; The Learning Channel; The Weather Channel; The Discovery Channel; CNN; USA Network; Headline News; E! Entertainment Television; Bravo; Black Entertainment Network; Arts & Entertainment; CNBC; The Family Channel; Lifetime; Country Music Television; The Nashville Network; American Movie Classics; ESPN; PrimeTime 24 (ABC/NBC/CBS).

Retail cost of \$129 for six-months with \$20 dealer commission (dealer cost: \$109).

Programming Available — a la Carte

The Disney Channel; HBO; Cinemax; ESPN; Satellite Sports Networks; PrimeTime 24 (ABC, CBS, NBC); Skyline Silver (WWOR, WSBK, KTLA); Superstar 3-Pak (WGN, WPIX, KTVT); Superstar 4-Pak (WGN, WPIX, KTVT, KTLA); Denver 5 (KWGN, KRMA, KUSA, KMGH, KCNC).

American Movie Classics/Bravo; Arts & Entertainment; CNN/Headline News; TBS; USA Network; The Discovery Channel; WGN; The Nashville Network; The Family Channel; The Weather Channel; WWOR; KTVT; WPIX; KTLA; Lifetime; Comedy Central; Country Music Television; The Cartoon Network; Denver 5 (KUSA, KMGH, KCNC, KRMA, KWGN); The Disney Channel; MTV/VH-1; Nickelodeon; Satellite Sports Networks; HBO; Cinemax; The Movie Channel; Showtime or Playboy.

The Disney Channel; Satellite Sports Networks; Viewer's Choice; CNN; TBS; WGN; ESPN; Bravo; USA Network; Headline News; Comedy Central; Lifetime Television; The Family Channel; The Weather Channel; The Discovery Channel; The Nashville Network; American Movie Classics; Country Music Television; PrimeTime 24 (ABC, CBS, NBC); Superstations (WWOR, WPIX, KTLA, WSBK, KTVT; Netlink Denver 5 (KUSA, KMGH, KWGN, KCNC, KRMA); The Cartoon Network; Prime Network.

All News; AMC; A&E; Bravo; The Cartoon Network; Cinemax; CMTV; CNBC; CNN/Headline News; Comedy Central; Discovery; Disney; Encore; ESPN; Family; HBO; HBO/Cinemax; International; KTLA; Lifetime; MTV/VH-1; TMC; TNN; Denver 5; Nickelodeon; Playboy; Prime Sports Network; PrimeTime 24; Showtime; Showtime/Flix; Spice; SUR; TBS; Weather; USA; WWOR/KTLA; WGN/WPIX/KTVT/KTLA; WGN; KTLA; TMC/Flix; Showtime/TMC; Showtime/TMC/Flix.

Commission or Incentive

Instant and renewal commissions on sales which include The Disney Channel.

Instant commission on annual packages. Automatic renewal and residual program.

\$55 commission on HBO and Cinemax; \$55 commission on HBO, Cinemax and SuperPak; \$65 commission on HBO, Cinemax and SuperPak Plus.

Monthly: 15 percent on all a la carte basics; 10 percent on all premiums and present packages. Annual commissions average from 15 to 40 percent.

Promotional Services

Free Disney showroom materials; posters; newsletters; Mickey point-of-purchase displays; programming guides; dealer kits; and free showroom subscription to qualified dealers.

Showroom materials and courtesy showroom subscription. No authorization fees.

Complimentary showroom subscription to dealers who have completed 10 sales or more of HBO, Cinemax and SuperPak.

Customized promotional materials and free basic showroom subscription.

Other Benefits

Open Mon.-Fri. 11 a.m.-9 p.m. (E); Sat. 10 a.m.-7 p.m. (E). Monthly billing options; 24-hour automated rehits.

Open Mon.-Sat. 9 a.m.-midnight (E); Sat. 10 a.m.-10 p.m. (E). Multiple billing options.

Hours: Mon.-Sat. 8 a.m.-11 p.m. (E); Sun. noon to 9 p.m. (E).

Automated computer access to accounts and authorizations. Billing options offered. Open Mon.-Sat. 8 a.m.-midnight (E); Sundays, 11 a.m.-8 p.m. (E).

Program Packager

Netlink One-Stop Programming

1-800-451-3528

Playboy

1-800-258-2729

PrimeTime 24

1-800-833-PTD

Programmers Clearing House

1-800-445-2916

Programming Available -- Basic Packages

One-Stop Package: ABC; CBS; NBC; PBS; KWGN; American Movie Classics; Lifetime; Bravo; The Nashville Network; WGN; CNN/Headline News; ESPN; Arts & Entertainment; The Family Channel; TBS; USA Network; The Discovery Channel; Prime Network; The Weather Channel; The Cartoon Network; Comedy Central.

Twenty-two channels at annual retail cost of \$181.50 with \$10 up-front commission to dealer.

The Playboy Channel.

Annual retail cost is approximately \$99, dealer cost is \$91, resulting in an \$8 commission.

PrimeTime Plus: PrimeTime 24 (ABC/NBC/TBS/Raleigh, NBC/Atlanta); CNN/Headline News; USA Network; WGN; The Nashville Network; The Discovery Channel; The Weather Channel; Arts & Entertainment; American Movie Classics; Bravo; Lifetime; CNBC; The Family Channel; TBS; Prime Network; The Cartoon Network; CMT.

All 20 channels at annual retail price of \$159.50 with \$12 commission to dealers. Monthly retail price of \$14.50.

Super Pak: Arts & Entertainment; Bravo; Cinemax 1, 2; Black Entertainment Television; CNN/Headline News; Comedy Central; Country Music Television; E! Entertainment Television; HBO 1, 2, 3; Lifetime; National Network; PrimeTime 24 (ABC, CBS, NBC); WTBS; The Discovery Channel; The Family Channel; The Learning Channel; The Weather Channel; USA Network; ESPN.

Retail annual cost of \$259.40 with \$25 commission to dealer.

Monthly, quarterly, semi-annual and annual packages available.

Programming Available -- a la Carte

Encore; American Movie Classics; TNT; Nickelodeon; CNN/Headline News; The Discovery Channel; The Nashville Network; Bravo; MTV/VH-1; Denver 5 (KUSA, KMGH, KCNC, KRMA, KWGN); Satellite Sports Networks; HBO; The Movie Channel; Cinemax; Showtime; The Disney Channel; The Cartoon Network; CNBC; Comedy Central; Country Music Television; International Channel; TBS; WGN.

Same as above.

PrimeTime 24 (ABC, CBS, NBC). Added to **PrimeTime Plus**: HBO; The Disney Channel; Cinemax; Satellite Sports Networks; Playboy; Spice; and various Superstations.

The Disney Channel; HBO; ESPN; Cinemax; Showtime; The Movie Channel; American Movie Classics; Lifetime; The Discovery Channel; The Family Channel; The Nashville Network; Comedy Central; The Weather Channel; Arts & Entertainment; WGN; CNN/Headline News; Nickelodeon; Denver 5 (KUSA, KMGH, KCNC, KRMA, KWGN); PrimeTime 24 (ABC, CBS, NBC); Satellite Sports Networks; Bravo; USA Network; TBS; MTV/VH-1; Satellite Sports News; Country Music Television; CNBC; MSC; The Cartoon Network; Prime Network.

Commission or Incentive

Direct and annual monthly residual commissions. "Performance Guarantee billing program."

Eight dollars in commission is available to dealers. A "Preferred Dealer Program" currently is being developed.

Annual, instant and residual commissions for PrimeTime 24 and PrimeTime Plus.

Monthly PrimeTime Plus: \$5 up-front commission on every package sold plus \$1 monthly commission on month's service.

Dealer discounts and residual commissions. New commission structure now in effect. Commissions range from eight percent to 20 percent and are paid by the 10th of each month. No authorization fee on wholesale accounts.

Promotional services

Dealer newsletters, marketing materials, field support and free showroom subscription to qualified dealers.

Posters, sales cards, point-of-purchase displays and a monthly brochure highlighting programming. Support for home shows available on a one-on-one basis; a Playmate may be available for display at a home show.

Showroom materials, marketing materials. Free showroom subscriptions to PrimeTime 24.

Showroom materials; free dealer showroom package.

Other benefits

A 24-hour telephone service and automatic rebills.

For program purchasing, call 1-800-258-2729 Mon.-Sat., 3 p.m.-1 a.m. (E); for other support services, i.e. home shows, call 310-246-4000 Mon.-Fri. noon-9 p.m. (E) and ask for special services.

Full-time dealer hotline open daily 8 a.m.-11 p.m. (E). Direct billing and PrimeTime 24 first month program.

Instant hits on programming. Billing-related hot-line. Open Mon.-Fri. 9 a.m.-11 p.m. (E); Sat. 10 a.m.-11 p.m. (E); Sun. 1 p.m.-6 p.m. (E).

Dealer Incentive Programs

Program Packager

Programmer's Warehouse

1-800-844-6444

Satellite Receivers Programming Center

1-800-972-4117

The Satellite Source

1-800-395-7587

Satellite Sports Networks

1-800-766-7766

Programming Available — Basic Packages

Power Basic: All News Channel; Arts & Entertainment; Comedy Central; Country Music Television; The Discovery Channel; The Family Channel; Lifetime; Prime Network; TBS; The Nashville Network; USA Network; The Weather Channel; WGN; WSBK; WWOR; WABC; WRAL; WXIA.
Annual retail cost \$159 with 10 percent commission to dealer.

Super Basic: WGN; WPIX; KTVT; KTLA; USA Network; WWOR; CNBC; Black Entertainment Television; WSBK; TBS; The Nashville Network; Arts & Entertainment; The Family Channel; The Sci-Fi Channel; The Discovery Channel; The Cartoon Network; The Weather Channel; Lifetime; Comedy Central; Country Music Television; American Movie Classics; CNN/Headline News; Mind Extension University; E! Entertainment Television; The Learning Channel.
Annual retail cost \$199.95 with 10 percent commission to dealer (applies to all add-ons as well).

SkyLIGHTER: HBO; Cinemax; Showtime; The Movie Channel; Flix; The Disney Channel; The Cartoon Network; TBS; CNN; Headline News; Arts & Entertainment; Country Music Television; The Discovery Channel; The Family Channel; Lifetime; The Weather Channel; WGN; USA Network; Prime Network; KTVT; KTLA; WPIX; WSBK; WWOR; Bravo; Comedy Central; CNBC; The Nashville Network; All News Channel; MTV/VH-1; Nickelodeon; American Movie Classics; Satellite Sports Networks. ESPN option.
Annual retail cost \$699 with a 10 percent cash-back on all programming, including renewals.

SSN Sports Package (subject to regional broadcast only): Empire Sports HSE; HTS; KBL; MSG; NESN; Pass Sport Prime Network; Prime Sports Northwest Prime Ticket; SportsSouth; Sunshine Network; Prime Sports Network/Rocky Mountain; Prime Sports Network Midwest; Prime Sports Network Intermountain West; Prime Sports Network Upper Midwest.
Sixteen sports channels at a suggested annual retail cost of \$120 with 10 percent dealer commission.

Programming Available — a la Carte

All News Channel; AMC; Bravo; CNBC; CNN/Headline News; Comedy Central; Cartoon Network; Country Music Television; Discovery; ESPN; Family; International; KWGN; KTLA; Lifetime; MTV/VH-1; Denver 5; Nickelodeon; Prime Network; PrimeTime 24; Satellite Sports Networks; The Nashville Network; The Weather Channel; WGN; 4 Pack (WGN, KTVT, WPIX, KTLA); Superstar (WGN, KTVT, WPIX); Skyline (WWOR, KTLA, WSBK); Twin Pack (WWOR, WSBK); Disney; Encore; Cinemax; HBO; TMC; Showtime; HBO/Cinemax; Showtime/TMC; Showtime/TMC/Flix; Showtime or TMC/Flix; Playboy; Spice.

HBO/Cinemax; HBO; Cinemax; Showtime/TMC/Flix; Showtime & TMC; Showtime; TMC; Disney; AMC; Playboy; Spice; WGN; WGN/WPIX/KTVT; WWOR/WSBK; WWOR/WSBK/KTLA; WGN/WPIX/KTVT/KTLA; PrimeTime 24; Denver 5; MTV/VH-1; Country Music Television; TNT; CNBC; All News; CNN/HN; CNN/HN/ESPN; ESPN; Midwest Sports Channel; Prime Network; SSN; Bravo; Comedy Central; A&E; The Cartoon Network; Family; Discovery; International; Lifetime; The Weather Channel; USA Network; Nickelodeon.

HBO/Cinemax; Showtime/TMC/Flix; The Disney Channel; Denver 5; PrimeTime 24 (ABC, CBS, NBC); TNT; all Superstations; Arts & Entertainment; All News Channel; American Movie Classics/Bravo; The Cartoon Network; CMTV; CNBC; CNN/Headline News; Comedy Central; The Discovery Channel; The Family Channel; The International Channel; Lifetime; MTV/VH-1; Nickelodeon; The Nashville Network; SUR; USA Network; The Weather Channel; ESPN; Satellite Sports Networks; Prime Network; Playboy; Spice.

No services are available a la carte.

Commission or Incentive

Ten percent commission paid on sales and renewals.

Ten percent commission paid on sales, add-ons and renewals. Commission guaranteed in written form. Also, Partnership Plan with 30 to 45 percent commission.

Ten percent cash-back on all programming, including renewals.

Direct commission with dealer direct billing. Consumer "welcome kit" available.

Promotional Services

Showroom materials and free showroom subscription for qualified dealers.

Showroom materials, direct-mail program, newsletter, dealer service referrals and billing options.

Point-of-sale literature, dealer sales kit (fits in shirt pocket).

Free marketing and dealer showroom sales support material. Distributor dealer promotion (contact program packager to check which distributors are enrolled in program). Monthly dealer package: newsletter; sales support materials; monthly cash and vacation giveaways.

Other Benefits

Open Mon.-Sat. 9 a.m.-11 p.m. (E); Sat. 11 a.m.-11 p.m. (E).

Technical Service Dept. open Mon.-Fri. 7 a.m.-4 p.m. (E); General Office open Mon.-Sat. 9 a.m.-midnight (E); Sun. 11 a.m.-6 p.m. (E).

PC modem capability designed to place orders from dealer's office. Open Mon.-Sat. 9 a.m.-1 a.m. (E).

Toll-free SSN Sports Desk, 1-800-727-7761, answers questions on programming and general information and is open daily 8 a.m.-1 a.m. (E). SSN commercial information hotline, 1-800-766-6741, is open Mon.-Sat. 8:30 a.m.-midnight (E).

Program Packager

**Showtime
Satellite
Networks Inc.**

1-800-422-9006

**Superstar
Connection**

1-800-332-5372

**Turner
Home
Satellite**

1-800-822-2206

**TVN
Entertainment
Corporation**

1-800-232-4TVN

Programming Available -- Basic Packages

Ultraview: All News Channel; A&E; AMC; Bravo; CMT; Comedy Central; Discovery; ESPN; Family Channel; Lifetime; MTV; Nashville Network; Nickelodeon; Prime Network; PrimeTime 24; USA; VH-1; Weather Channel; TBS; WGN; KTLA; WWOR; WSBK. Twenty-five channels retail cost \$201.96.
Extraview: All News Channel; A&E; AMC; Bravo; Comedy Central; Discovery; ESPN; Family; Lifetime; MTV; Nashville Network; Nickelodeon; Prime Network; USA; VH-1; Weather Channel; TBS; WGN. Seventeen channels retail cost \$168.84.

SuperView: WGN; WPIX; KTLA; KTVT; WTBS; Arts & Entertainment; The Discovery Channel; The Family Channel; American Movie Classics; Bravo; CNN; Headline News; Lifetime; Country Music Television; The Nashville Network; USA Network; CNBC; Comedy Central; ESPN; The Weather Channel and Prime Network.
Twenty-two channels at an annual retail cost of \$165 allows dealer \$25 in commission. Flexible billing terms available (monthly, quarterly, semi-annual, annual).

Turner Basic Package: 14 services.
Turner Expanded Basic: 22 services.
Turner Super Package: 27 or 29 services. TNT; The Cartoon Network; TBS; CNN; Headline News; A&E; Country Music Television; Discovery; Learning; Family; Lifetime; Weather; WGN; USA; Prime Network; KTVT; KTLA; WPIX; WSBK; WWOR; Bravo; Comedy Central; AMC; The Nashville Network; PrimeTime 24 (four services); Denver 5.
Basic: \$104 annual retail, \$24 commission. **Expanded:** \$175 annual retail, \$30 commission. **Super:** \$270 annual retail, \$50 commission.

TVN offers multi-channel, pay-per-view satellite programming. TVN Satellite Theaters play pay-per-view movies, live concerts, great sports and Spice adult entertainment on T3-20.

Programming Available -- a la Carte

Annual Showtime or The Movie Channel subscription at retail cost of \$90 each with \$8 dealer rebate. Add FiX to Showtime and TMC for \$6 annual. Annual Playboy subscription of \$98 with \$6 dealer rebate.

Add-on programming available: HBO; Cinemax; Showtime; The Movie Channel; The Disney Channel; Satellite Sports Networks; CNN; Headline News; Denver 5 (KUSA, KMGH, KCNC, KRMA, KWGN); PrimeTime 24 (ABC, CBS, NBC); International Channel; Encore; Twin Pack (WWOR/WSBK).
A la cartes available on request.

TNT; The Cartoon Network; CNN; Headline News; SportsSouth; The Nashville Network; PrimeTime 24; Denver 5; Playboy; HBO; Cinemax; The Disney Channel.
Turner provides \$6 or \$7 commission.

TVN Satellite Theaters, Cable Video Store and Spice services are available to TVN customers on T303. Authorized Videopal owners need not sign up for TVN. TVN movies can be ordered with a Videopal remote control, or by phone, using TVN's toll-free order numbers.

Commission or Incentive

New Percentage Plus Dealer Compensation program provides increased commissions on annual and monthly pay contracts, active and passive renewals. Annual commission pay rebates from \$15 to \$30. 30% Showtime.

Commissions up to \$65 paid on the initial subscription. Monthly residuals of up to \$3 per month.

Annual commissions up to \$100 on initial subscription. Monthly residuals of up to \$3 per month. 30% Showtime.

Authorized TVN dealers can collect the \$19.95 TVN registration fee from non-Videopal customers or give it away as part of their sales promotion. Dime-A-Time dealers should authorize their Videopal customers with the Satellite Video Center.

Promotional Services

High quality promotional and marketing materials for subscription promotion.

Free showroom service to qualified dealers; marketing materials; the industry's only multi-unit discount.

High quality promotional and marketing materials for subscription promotion.

T3-24 shows free previews of TVN's current movies, coming attractions and show times.

Other Benefits

Monthly direct billing and qualified Dealer Incentive Program allows qualified dealers to order programming by computer/modem. Voice Center Automatic Response Unit provides automatic reauthorization ability.

A 24-hour dealer-exclusive hotline; toll-free dealer exclusive fax, 1-800-876-4074.

Monthly direct billing and qualified Dealer Incentive Program allows qualified dealers to order programming by computer/modem. Voice Center Automatic Response Unit provides automatic reauthorization ability.

The Customer Service and TVN Dealer Desk are available 24 hours a day by calling 1-800-535-9691.