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November 26, 2003

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington D.C. 20554

via ECFS

**Re: American Cable Association ("ACA"); Notice of Ex Parte Presentation, MB
Docket No. 03-124**

Dear Ms. Dortch:

Under 47 CFR § 1.1206(b), we electronically provide this notice of an ex parte oral presentation in MB Docket No. 03-124. On November 25, 2003, Matt Polka, President of ACA, and Christopher Cinnamon of the law firm Cinnamon Mueller met with Commissioner Jonathan Adelstein and his special assistant, Anne M. Perkins.

The purpose of the meeting was to discuss conditions proposed by various participants in this Docket, including those proposed by ACA in the Ex Parte letter filed October 17, 2003.

Concerning conditions proposed in ACA's October 17 Ex Parte letter relating to retransmission consent for News Corp.- controlled broadcast stations, we emphasized that the conditions are intended to preserve a wide variety of retransmission consent arrangements with smaller cable operators, arrangements that News Corp. itself has described as "mutually beneficial." As described in the October 17 Ex Parte letter, ACA's retransmission consent conditions are not intended to lock the parties into any specific terms and conditions, nor to involve the Commission in deciding disputes over specific terms and conditions. Rather, the conditions are intended to restrain News Corp. from using its control over both retransmission consent rights and DirecTV to disadvantage smaller competitors of DirecTV.

The presentation included a discussion of a handout summarizing approval conditions recommended by ACA. We attach a copy of that handout to this letter.

Sincerely,

_____/s/_____
Emily A. Denney

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The News Corp./Hughes Electronics Corp. Application

Transaction conditions proposed by ACA. On October 17, 2003, ACA filed an ex parte presentation detailing three sets of conditions that the Commission should impose on any approval of the News/DirecTV transaction. The conditions address three areas:

Retransmission consent. The proposed retransmission consent conditions will restrain News Corp. from using retransmission consent to disadvantage smaller cable companies.

Program access. The proposed program access condition will restrain News Corp.'s ability to use terms and conditions of access to News Corp. programming to disadvantage smaller cable companies.

Access to local-into-local. The proposed local-into-local condition will restrain DirecTV's ability to deny rural competitors access to broadcast signals in rural areas.

Exhibit A to that filing (attached) sets forth the specific conditions.

Rationale for proposed conditions. For smaller cable operators, the transaction will result in one entity controlling: (i) their access to key broadcast and satellite content; and (ii) their biggest competitor. The combined News Corp./DirecTV will have ample ability and incentives to raise costs and reduce or eliminate competition. Smaller cable operators are especially vulnerable. ACA's proposed conditions will help mitigate these merger specific harms as follows:

Retransmission consent conditions. These conditions memorialize News Corp.'s *pre-closing* representations regarding its dealings with smaller cable operators, and provide a means of redress. This will preserve mutually beneficial arrangements while preventing News Corp from using retransmission consent to disadvantage smaller competitors.

Program access conditions. This condition ensures that NCTC and its members get the same prices, terms, and conditions for Fox programming as DirecTV. This will minimize News Corp.'s ability to disadvantage smaller competitors to benefit DirecTV.

Local-into-local condition. The local-into-local condition will ensure that DirecTV does not withhold broadcast programming from smaller systems that cannot receive good off-air signals. This will help increase distribution of good quality local broadcast signals in rural areas.

Each condition addresses a merger-specific public interest harm that will affect the most vulnerable consumers and competitors – those in smaller markets and rural areas.

Exhibit A

American Cable Association

Proposed Conditions

Retransmission Consent Conditions

1. For cable companies serving 5,000 subscribers or less, News Corp.-controlled commercial broadcast stations shall grant retransmission consent for no additional consideration beyond continued carriage and channel position.
2. For all other cable companies:
 - (a) News Corp.-controlled commercial broadcast stations shall grant retransmission consent on terms and conditions no more costly or burdensome than the terms and conditions on which such stations granted retransmission consent during the election period immediately preceding News Corp.'s acquisition of control of DirecTV.
 - (b) If a cable operator believes that a News Corp.-controlled commercial broadcast station is demanding terms and conditions of retransmission consent in violation of Condition 2(a) above, the cable operator may petition the Commission. The petition for special relief procedures of Section 76.7 shall apply.
 - (i) If the Commission determines that the cable operator has demonstrated that a News Corp.-controlled commercial broadcast station has demanded terms and conditions of retransmission consent in violation of Condition 2(a), the Commission shall order News Corp. to continue negotiations consistent with Condition 2(a).
 - (ii) If the Commission determines that the cable operator has not demonstrated that a News Corp.-controlled broadcast station has demanded terms and conditions of retransmission consent in violation of Condition 2(a), the cable operator will have 30 days from the date of release of the Commission's order to either: (a) obtain retransmission consent from such station; or (b) cease carriage of the station.
 - (iii) During the pendency of the petition, News Corp. shall grant an extension of retransmission consent.
3. News Corp. shall not refuse to negotiate retransmission consent with the National Cable Television Cooperative or other representatives of groups of cable operators who choose to negotiate on a group basis.

Program Access Conditions

1. News Corp. shall offer all News Corp.-controlled satellite programming to the National Cable Television Cooperative or other recognized programming buying group on the same effective prices, terms, and conditions as News Corp. offers such programming to DirecTV.
2. News Corp. and DirecTV shall disclose to the National Cable Television Cooperative and the Commission all effective prices, terms, conditions, and agreements of any kind related to the sale of News Corp.-controlled programming to DirecTV.

Local-into-local Conditions

1. News Corp./DirecTV shall offer distribution rights to local-into-local signals to cable operators meeting the following criteria:
 - (a) The cable systems on which the cable operator will distribute the local-into-local signals cannot receive a good quality signal for one or more of the signals at the cable systems' respective principal headend.
 - (b) The cable operator has received the consent of the broadcaster to distribute the signal when received via satellite.