

January 13, 2004

Ms. Marlene Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: **Ex Parte Notification**  
CS Docket No. 98-120

Dear Ms. Dortch:

On January 12, 2004, Stuart J. Beck, President, Granite Broadcasting Corporation and Jack Goodman, Karen Kirsch and Valerie Schulte of NAB met separately with Commissioner Kathleen Abernathy and her legal advisor Stacy Fuller, with Commissioner Kevin Martin and his legal advisor Catherine Bohigian and with Jon Cody of Chairman Powell's office to discuss the importance to consumers, broadcasters and the DTV transition of the Commission's requiring cable operators to carry local broadcasters' DTV signals, including all free multicast programming within the 6 MHz broadcast DTV signal.

Mr. Beck emphasized the importance of allowing broadcasters to use DTV technology to its fullest to provide consumers with an over-the-air multicast programming option in addition to HDTV. Multicasting will also provide broadcasters, particularly those in smaller markets, with the potential for additional revenue streams to compete against consolidated media competition. Public policy should incent broadcasters to produce as much free over-the-air programming as they can, for the benefit of consumers both with, and without, access to pay services. There is little incentive to develop free, advertiser-supported multi-channel program offerings to only one-third or less of the viewing audience. Without inclusion of multicasting within broadcasters' must carry rights, broadcasters will be forced back into a single channel economic model, all consumers will lose additional programming options, many of them local, and fresh multi-channel broadcast competition to cable (and options for cable programmers) will have been stifled.

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We also stressed that some transitional cable carriage requirement, as well as inclusion of DTV multicasting in the DTV must carry requirement, will be necessary to push the DTV transition over the tipping point that Chairman Powell has said is now within reach. With the Commission's other important DTV initiatives achieved, the time is ripe for all the pieces to the DTV puzzle to fall into place. But without the center piece of full signal must carry, the transition can not be completed in the time frame the Commission and Congress wants.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Valerie Schulte".

Valerie Schulte

cc: Commissioner Kathleen Abernathy  
Commissioner Kevin Martin  
Catherine Bohigian  
Jon Cody  
Stacy Fuller