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November 16, 2007

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Application of News Corporation and The DIRECTV Group, Inc.,
Transferors, and Liberty Media Corporation, Transferee, For Authority to
Transfer Control, MB Docket No. 07-18*

ERRATA

Dear Ms. Dortch:

On November 15, 2007, HDNet LLC filed an *ex parte* letter summarizing several November 14, 2007 meetings with Commissioners and Staff. We resubmit that letter, adding as an attachment the full text of the article that was quoted in the last paragraph. At the same time, we correct minor typographical errors in the letter (paragraph numbering and an extra letter on page 3). Please replace the previously submitted letter.

Please let me know if you have any questions or require additional information.

Respectfully submitted,

/s/ David S. Turetsky

David S. Turetsky
Counsel to HDNet LLC

Enclosure

Marlene H. Dortch, Secretary

November 16, 2007

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cc: Mania Baghdadi, FCC (via e-mail)
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EX PARTE

Dear Ms. Dortch:

On November 14, 2007, Mark Cuban, co-founder of HDNet LLC, and the undersigned and Brett A. Snyder of Dewey & LeBoeuf LLP, met separately with (i) Commissioner Adelstein, Rudy Brioché, and Renee Crittendon, (ii) Michelle Carey, (iii) Commissioner McDowell and Cristina Chou Pauzé, and (iv) Rick Chessen, to discuss the interest of HDNet LLC in these proceedings.

The group discussed the issues that HDNet LLC presented to Commission Staff on November 9, 2007 and that were the subject of the *ex parte* submission HDNet LLC made on November 13, 2007 in these proceedings. HDNet LLC hereby incorporates that submission by reference. That submission was also provided to the attendees.

In addition to the issues identified in the November 13, 2007 submission, the following topics were also discussed at one or more of the meetings:

1. Most High Definition Television (“HDTV”) channels primarily offer content that does not provide a full HD-quality experience. Instead, that content is up-converted from low-resolution media. An up-conversion does not add resolution where it is lacking to begin with. In marked contrast, independently owned HDNet and HDNet Movies videotape

their original content in HD, and non-original (licensed) content is translated from high-resolution media, like film. This enables customers to have a significantly different and better HD experience.

2. The type of programming on HDNet and HDNet Movies provides diverse perspectives and viewpoints, as the Commission seeks to encourage. HDNet News broadcast live for seven straight hours a continuous feed of Iraqi citizens approaching their polling place, sometimes even showing an ink-marked thumb as they emerged, permitting viewers to observe in depth a part of that election. It offers regularly high quality well known original programming, including shows like *HDNet World Report* and *Dan Rather Reports*. HDNet is the first network to offer live coverage of a NASA launch in the highest quality HD and coverage of major international news events from the Vatican, Middle East, Asia and more. HDNet has created a network of stringers in more than 60 cities around the world, allowing it to cover events in a manner no other network can.

3. HDNet Movies is the only network in the world to offer *Sneak Previews*, an exclusive showing of a nationally released theatrical offering *before* it is even in theaters, the first of which was the Academy Award nominated *Enron: The Smartest Guys in the Room*. This offering is unique not only for the pre-theatrical presentation of movies, but because of its impact on the entire entertainment industry.

4. Prior to the filing of the pending application, Mr. Cuban and the two networks considered their relationship with DIRECTV to be good, and DIRECTV indicated that it valued HDNet and HDNet Movies. However, after Liberty Media's transaction to acquire control of DIRECTV was announced and its application for approval filed at the Commission earlier this year, this began to change. HDNet LLC also heard from Liberty Media and was in contact with Dr. John Malone in this period. Among other things, over the course of this period:

-- Liberty Media proposed buying a 50% interest in HDNet and HDNet Movies.

-- DIRECTV told HDNet LLC of a new approach that would eliminate compensation to HD-only networks.

-- Dr. Malone advised that Discovery HD Theater, which also is an HD-only channel, would receive compensation from DIRECTV.

-- Rumors circulated that HDNet and HDNet Movies would be moved to a new, obscure, and pricey tier. HDNet and HDNet Movies and DIRECTV had discussions about that possibility, and DIRECTV advised HDNet and HDNet Movies quite late in the process that it had not made a final decision.

-- After trying to solve the problem and finding out indirectly that a decision had been made, HDNet and HDNet Movies filed suit and obtained temporary relief based on its contract rights.

-- Discovery ran advertisements for HDNet and HDNet Movies on Discovery HD Theater, which reached viewers of HD programming, in return for agreed compensation. Well before expiration of the agreed period for the advertisements to run, Discovery refused to run any more of the advertising. It indicated that MVPDs that did not carry HDNet and HDNet Movies were displeased.

5. Discovery HD Theater, although also an HD-only network that had long been in the same tier, would not be in the tier in which DIRECTV was attempting to place HDNet and HDNet Movies. It is affiliated with Dr. Malone. No network in the "HD Extra Pack" is affiliated with DIRECTV, Liberty Media, John Malone or News Corp.

6. The 101, a channel affiliated with DIRECTV would benefit competitively from placing HDNet and HDNet Movies in an obscure and pricey tier.

7. DIRECTV is an important platform for HD networks because of its national reach and because many consumers in the United States do not have any access to HDTV through cable.

8. A network that is already on a MVPD's system faces a different set of carriage issues than a network that is trying to gain access to the system for the first time and is highly vulnerable to discrimination and retaliation.

9. This transaction requires conditions that protect independent programmers and deter retaliation, discrimination, and other illegal and anticompetitive behavior. These must include a guarantee that an independent review and determination is available before DIRECTV can take adverse action against the unaffiliated programmer. The conditions were discussed. The need for such conditions in this transaction is reinforced and underscored by Liberty Media's business plan and approach: by becoming an MVPD it will gain powerful opportunities in content; it is looking to buy independent programmers and they will become available; and independent programmers would be better off if they were owned by vertically integrated companies.

As Liberty's CEO Greg Maffei explained only days ago in an interview:

[Q.] Do you have any plans to buy more programming assets?

[A.] Liberty and DirecTV are great believers in the power of distribution content [entity] interplay—strength in distribution can

create content opportunity, strength in content can create opportunity in distribution. Chase is a believer in that, John Malone is a believer in that.

While we have no plans to announce, we'll certainly be looking for those. I think you'll see a lot of the independent content companies becoming available over the next few years. They'd be better served being in the hands of either a consolidated content entity or consolidated distribution entity, and there are probably only a handful of consolidators or likely consolidators and I'd put us in the category of being one.

"Liberty With Content for All," *Broadcast and Cable*, Vol. 137, Issue 45 (Nov. 12, 2007).

Respectfully submitted,

/s/ David S. Turetsky

David S. Turetsky
Counsel to HDNet LLC

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Marilyn Simon, FCC (via e-mail)
Elvis Stumbergs, FCC (via e-mail)
Tracy Waldon, FCC (via e-mail)

Marlene H. Dortch, Secretary
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Patrick Webre, FCC (via e-mail)
Sarah Whitesell, FCC (via e-mail)

Attachment



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11/12/07 BCSTCBL 3

11/12/07 Broadcasting & Cable 3
2007 WLNR 22347365

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November 12, 2007

Volume 137; Issue 45

Section: News

Liberty With Content for All

Staff

Like a chameleon changing its colors, **Liberty Media** is becoming an owner and distributor of television content.

The media company run by the cable pioneer **John Malone** is expected to close on its acquisition of a 38.4% stake of **DirectTV** from News Corp. in the fourth quarter. In advance, Liberty announced it will split Liberty Capital into two tracking stocks to group the satellite television service under the same roof as its programming assets such as Starz Entertainment, Game Show Network and regional sports networks it will receive as part of the deal with News Corp.

Liberty anticipates that the move will increase the valuation of the new stock holding the operating assets, Liberty Entertainment, so it can be used as currency to consolidate DirectTV.

The move does not affect Liberty Interactive, which holds a portfolio of e-commerce and digital businesses, and QVC, Liberty's largest revenue generator with \$3.4 billion in the first half of the year.

Liberty Media CEO Greg Maffei spoke with B&C's Jonathan Hemingway about acquiring DirectTV, competition in the video service business, and about the prospects for its digital operations.

Does it worry you that AT&T may make a bid for Echostar's Dish Network?

Of course we respect AT&T and we've been their partner in the Bellsouth territory before the purchase of Bellsouth and still afterward. We have a contract and we are partners with them. And it's a great and successful relationship. So we know that they can be a very helpful partner.

We also have been living under the case where they've been partnered with Dish in the old AT&T and SBC territory. We've continued to succeed and prosper, and had video subscribers in

that territory, nonetheless. While I respect them, love to partner with them, I don't think their purchase of Dish, if it occurs, would be a knock-out blow for DirecTV.

What about reports of their interest in DirecTV?

Right now we're just focused on trying to complete our deal with [News Corp.] At such time we are the owner, if somebody comes and makes an offer, whether it's AT&T or anyone else, we'll try to respond in the best interest of the shareholders.

DirecTV is using its HD package as a competitive differentiator. How will it respond as cable companies increase their capacity?

You have a couple things happening. You know, the cable companies are playing catch-up in HD. They are adding capacity. That's one of the reasons why their free cash flows, it appears, have not been up to what Wall Street really wanted.

We have an edge in particular in the delivery of HD video product because we made investments earlier and in many ways because satellites are a more efficient platform for the delivery of HD. We have an edge that I believe, is now, and I think it's an edge DirecTV will continue to press going forward.

I think it's a lead that cable will address in some markets, but certainly not uniformly. I think it's a lead we will continue to press as we add more HD channels. So stay tuned.

Do you have any plans to buy more programming assets?

Liberty and DirecTV are great believers in the power of distribution content [entity] interplay-- strength in distribution can create content opportunity, strength in content can create opportunity in distribution. Chase is a believer in that, John Malone is a believer in that.

While we have no plans to announce, we'll certainly be looking for those. I think you'll see a lot of the independent content companies become available over the next few years. They'd be better served being in the hands of either a consolidated content entity or consolidated content distribution entity, and there are probably only a handful of consolidators or likely consolidators and I'd put us in the category of being one.

Is a slow down in consumer spending a concern for QVC?

We've seen for a while that retailers--I'd call in the upper end but not necessarily the highest end to the lower end--have all been reporting less than killer results. So, they've been reporting OK to poor reports. I think QVC is in the category of reporting OK results. So, on a relative basis I think we're doing OK but I clearly, if you look across that industry, the entire retail market is not as robust as, say, a year ago.

So "concern" may not be my word, but we certainly are aware of the environment.

What are the long term plans for Liberty Interactive?

We are continuing to generate large free cash flow because QVC is enormously profitable. And we are continuing to redeploy that cash flow primarily in two ways.

First, at looking at incremental e-commerce opportunities like the three that we bought: Provide Commerce, Buyseasons and Backcountry.com. Secondly, we continue to repurchase equity because we are long-term believers in the future of QVC and [Liberty Interactive].

---- INDEX REFERENCES ----

COMPANY: NEWS CORP; BACKCOUNTRY COM; BELLSOUTH; ECHOSTAR COMMUNICATIONS CORP; NEWS CORPORATION LIMITED (THE); BACKCOUNTRY STORE INC; BELLSOUTH CORP

NEWS SUBJECT: (Mergers & Acquisitions (1ME39); Major Corporations (1MA93); Corporate Groups & Ownership (1XO09))

INDUSTRY: (TV (1TV19); I.T. (1IT96); Entertainment (1EN08); Satellite (1SA91); Satellite Television (1SA85); Cable TV Programming (1CA07); Broadcast TV Programming (1BR42); TV Programming (1TV26); Telecom Satellites & Services (1TE46); Television Networks (1TE85); Cable TV (1CA92); Satellite TV Programming (1SA03); Broadcast TV (1BR25))

Language: EN

OTHER INDEXING: (BACKCOUNTRY COM; BELLSOUTH; DISH; DISH NETWORK; HD; NEWS CORP; QVC; SBC; STARZ ENTERTAINMENT GAME SHOW NETWORK) (Chase; Echostar; Greg Maffei; John Malone; Jonathan Hemingway; Liberty; Liberty Interactive; Liberty Media)

Word Count: 959
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