COVINGTON & BURLING LLP

1201 PENNSYLVANIA AVENUE NW
WASHINGTON, DC 20004-2401
TEL 202.662.6000
FAX 202.662.6291
WWW.COV.COM

BEIJING
BRUSSELS
LONDON
NEW YORK
SAN DIEGO
SAN FRANCISCO
SILICON VALLEY
WASHINGTON

July 30, 2010

VIA ELECTRONIC FILING

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

Re: Notice of *Ex Parte* Communication,
MB Docket Nos. 10-71 and 09-182

Dear Ms. Dortch:

On July 29, 2010, Craig Dubow, Chairman and CEO of Gannett Co., Inc. ("Gannett"); Gracia Martore, President, COO, and CFO of Gannett; David Lougee, President of Gannett Broadcasting; and Todd Mayman, Senior Vice President and General Counsel of Gannett, met with Commissioner Clyburn and Eloise Gore of Commissioner Clyburn's office concerning the above-referenced proceedings.

Gannett's representatives discussed retransmission consent generally and reiterated their publicly filed views that the retransmission consent marketplace was working and should not be changed. Gannett explained that retransmission consent revenues are necessary to help underwrite its investments in local journalism and high-quality programming generally. As pointed out by Gannett and the other Local Television Broadcasters in this proceeding, "[t]elevision stations have to invest heavily in order to create or have the rights to this programming."[1] In order to finance local news programming alone, television stations spend over $3.6 billion in operating expenses and capital costs.[2] Local broadcasters such as Gannett

[1] Opposition of the Local Television Broadcasters at 10-11, MB Docket No. 10-71 (May 18, 2010).

[2] *Id.* at 11.

also must incur substantial costs in order to acquire other quality programming, including national sports programming, syndicated programming, and network programming.

Gannett's representatives noted that retransmission consent revenue provides a vital dual revenue stream that helps to keep this quality programming on free, over-the-air television. It supports broadcasters' ability to finance unique local journalism, weather coverage, emergency information, and public affairs programming. It also supports investments in highly demanded national sports programming. Network retransmission consent revenues help support bids for the rights to popular sports programming. Gannett's representatives pointed out that undermining the retransmission consent regime would jeopardize stations' ability to broadcast major events and would result in a migration of national sports programming from free, over-the-air television to pay-television services that can be more profitable for sports programmers because of the large subscription fees that can be charged by sports channels. Other public services provided by local broadcasters, such as local journalism, simply cannot be replaced and would be put in jeopardy by any shifts in retransmission consent policy.

As the NBC Affiliates pointed out in recent meetings at the Commission, "[r]etransmission consent negotiations are working as Congress intended."[3] Data from the November 2009 sweeps period show that "cable operators paid *more than 10 times the per-subscriber fee* for cable networks that were *less than half as popular* as the broadcast network channels."[4] Broadcasters provide valuable and desirable programming which dominates the ratings. It is appropriate to align retransmission consent fees with viewership, and these fees are very modest in comparison to *less popular* cable network fees. (Cable systems generally pay $4 or more per subscriber for month for ESPN.) The NBC Affiliates noted that "broadcasters often must negotiate with cable operators that have an interest in competing cable channels and that compete for the same advertising and programming, including major sports programming, as television broadcasters."[5] Finally, as the CBS Affiliates and others have noted, the Commission does not have statutory authority to grant the Petition.[6]

---

[3] *See* Notice of *Ex Parte* Communication, NBC Affiliates Association, GN Docket No. 09-51 and MB Docket Nos. 10-56, 10-71, and 09-182, at 2 (June 8, 2010).

[4] Opposition of the Local Television Broadcasters at 9 (noting that "the four most popular cable networks averaged ratings of 2.186 per channel, while the Big 4 broadcast networks averaged ratings of 5.185 per channel. Cable operators paid an average of $1.49 per channel for the most popular cable networks, and an average of $0.14 for the Big 4 broadcast channels").

[5] NBC Affiliates Notice of *Ex Parte* Communication at 2.

[6] Notice of *Ex Parte* Communication, CBS Television Network Affiliates Association, MB Docket No. 10-71 and GN Docket No. 09-51, at 2 (May 26, 2010); NBC Affiliates Notice of *Ex Parte* Communication at 2; Opposition of the Local Television Broadcasters at 14-17. The NBC Affiliates and the CBS Affiliates both point out that broadcasters rely on retransmission consent revenues to produce unique local programming and to provide the public with high-quality national programming, including national sports programming.

Other issues raised by this proceeding and affecting the broadcasting industry in general were discussed at this meeting; these issues are all discussed in the above-referenced filings and in the Broadcaster Associations' filing.[7]

Finally, the parties also discussed the benefits of ownership flexibility and supporting local journalism efforts, including efforts affected by the local newspaper-broadcast cross-ownership rule.

Please address any questions to the undersigned.

Respectfully submitted,

Kurt A. Wimmer
Eve R. Pogoriler
Counsel to Gannett Co., Inc.

cc: Commissioner Clyburn*
Eloise Gore*

* By e-mail

[7] *See* Opposition of the Broadcaster Associations, MB Docket No. 10-71 (May 18, 2010).