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VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
45 12th Street, SW
Washington, DC 20554

RE: MB Docket Nos. 09-182 and 10-71

Dear Madam Secretary,

On February 24, 2013 Rebecca Hanson, SVP of Strategy and Policy for Sinclair Broadcast Group met with Clint Odom, Policy Director for Commissioner Jessica Rosenworcel and separately with Matthew Berry, Chief of Staff for Commissioner Ajit Pai. A courtesy copy of this filing is also being provided to Courtney Reinhard, Chief of Staff to Commissioner O'Rielly.

Ms. Hanson discussed data showing the jobs created and investments made into news and other operations as a result of Sinclair's recent acquisitions and JSA/SSA arrangements. In summary, in acquisitions and JSAs/SSAs from October 2011 to December 2013, Sinclair has:

1. Added net total headcount of 192 employees;

2. Added net news headcount of 118 employees;

3. Added 64 hours per week of news[1];

4. Invested or will invest over $33,000,000 into station operations;

5. Invested or will invest $25,000,000 in news operations.

Ms. Hanson reiterated Sinclair's request that JSAs be evaluated within the larger context of the statutorily required 2014 quadrennial review and the ongoing torrid pace of growth in video competition since the record for the 2010 quadrennial review was developed. The FCC's failure to analyze recent increases in competition in both the video and advertising sales markets makes any piecemeal rulemaking arbitrary and capricious. She also discussed the potential lost employment and investment of requiring the unwinding of JSAs, and the inherent unfairness of not permanently grandfathering JSAs that comply with requirements set by the FCC Media Bureau itself, and were fully disclosed, carefully reviewed, and ultimately approved by the Commission in the past, and were not objected to on competition grounds during Hart-Scott-Rodino review by the Department of Justice.[2] Such JSAs, as well as JSAs currently in the approval process at the FCC that meet existing standards, should be permanently grandfathered under the prior rules that broadcasters reasonably relied upon with the approval of the FCC.

Sinclair is particularly concerned about the consequences of attributing JSAs without permanent grandfathering for existing JSAs and those currently awaiting FCC approval as part of pending assignment and transfer applications, because there is no evidence that selling a station's advertising spots influences the programming decisions of that station. Neither is there any evidence of demonstrable harm resulting from JSA arrangements. We are not aware of any instance of consumers in JSA markets complaining about the existence of these arrangements or the newscasts resulting from them. Neither are we aware of any advertiser complaints of undue ad inventory concentration. Ms. Hanson pointed out that it is incongruous for the FCC to express concern about advertising sales concentration, when cable and satellite companies routinely aggregate and jointly sell local television advertising inventory, in direct competition with local broadcasters, through "interconnect" joint sales

[1] This is through June 2013, with additional news hours not yet finalized for stations acquired or contracted with after June 2013.

[2] We disagree with the DOJ's view that arrangements it has approved, in some cases recently, as consistent with a competitive marketplace, should be considered by the FCC as harming competition.

agreements. Ms. Hanson said that Sinclair would like broadcasters to be given equal treatment to their primary competitors and be allowed to achieve the same efficiencies through JSAs.

Sinclair also believes that MVPD complaints that broadcasters enjoy undue leverage in retransmission consent negotiations as part of JSAs also have no basis in fact. The top four MVPDs in this country serve 65% of all video homes, and the top 10 serve 86% of such homes.[3] These are corporate giants with significant negotiating leverage that do not need the protection of government intervention. In light of this market imbalance, broadcasters remain at a tremendous disadvantage in in compensation negotiations. This is evidenced by the fact that although almost 40% of television viewing is of broadcast signals, according to SNL Kagan broadcasters received only 9.5% of basic cable fees in 2013 and are projected to grow at less than 1% of basic cable fees each year, to only 12% in 2016. And those figures are the percentage of basic cable fees, not including premium networks and tiers. Thus, we believe it is impossible to take seriously any assertion that MVPDs are threatened or otherwise disadvantaged by stations in smaller markets who seek the efficiency of joint retransmission consent negotiations.

It is well known that retransmission rights negotiations are conducted company-by-company and not market-by-market. Thus, when Sinclair negotiates with an MVPD, it is (with respect to the great majority of households Sinclair reaches) negotiating with a far larger company with vastly greater revenue, reach and market power than Sinclair, and which also sells local advertising in direct competition with Sinclair. Any marginal benefit a broadcaster may have in one market is countered by significant bargaining disadvantages in most of the other markets being negotiated as part of the same transaction, where the MVPDs control large market shares. And while the MVPDs compete with broadcasters for local advertising revenue, they do not reinvest any of that revenue into local news or other local programming. Sharing arrangements are important to secure fair, market-based financial sustainability for broadcast television to continue to provide free

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[3] See http://www.multichannel.com/content/top-20-multichannel-providers, reporting 2012 data. While the MVPD market is already highly concentrated, it would become even more concentrated if the pending Comcast/Time Warner merger is approved.

entertainment, news and public safety information to underprivileged Americans and other groups that cannot afford or choose not to pay for such services.

Respectfully,

Clifford M. Harrington

CC: Clint Odom, Matthew Berry, Courtney Reinhard