

# THE MISSION TO KILL BROADCAST TELEVISION STATIONS

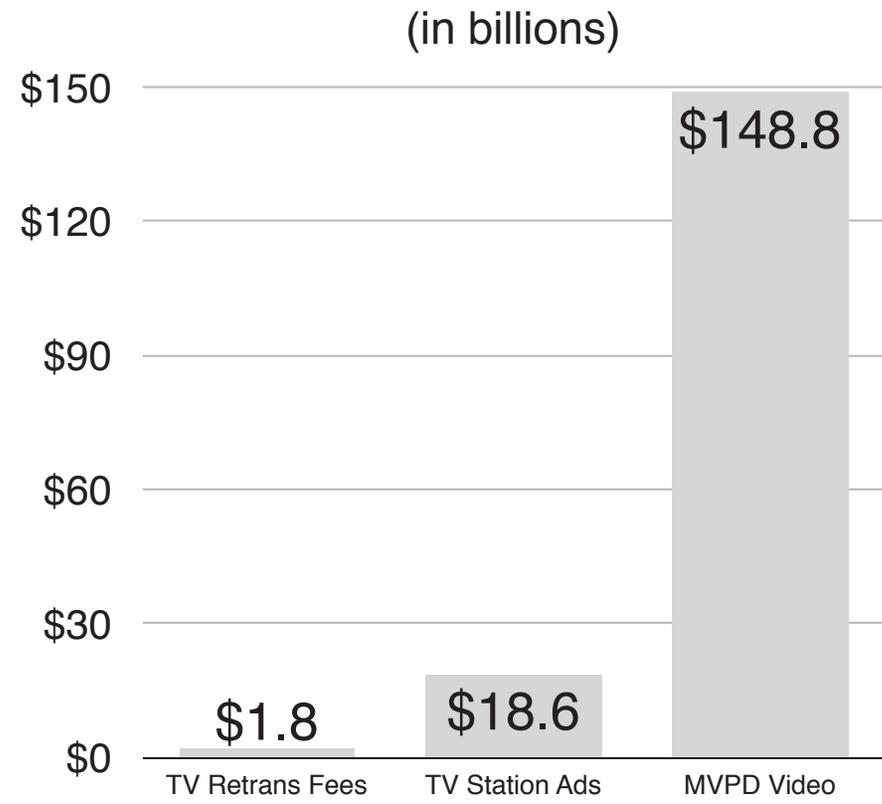
Analyzing Pay-TV's Bid to Control the Video Marketplace



# The War on TV Stations

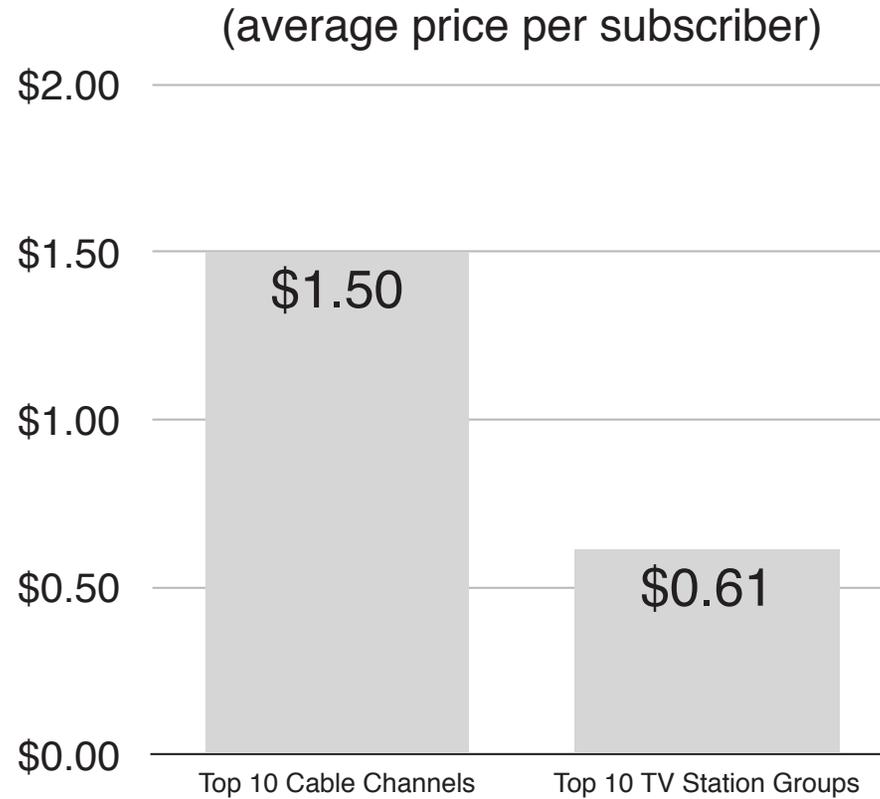
- Legislative and regulatory proceedings involving compulsory copyright, retransmission consent, and broadcast exclusivity agreements (non-duplication and syndication) are designed to kill broadcast television stations for their advertising revenue.

# Video Revenue



Source: FCC 13-99, 2011 data

# Retrans Prices Aren't Excessive



Source: SNL Kagan, 2012 data

# No Market Power

- 7 programming networks = 95% TV viewing hours
- 3 MVPDs = 90% of subscribers

# Must Carry Is Irrelevant

- Retransmission consent and must carry are mutually exclusive as a matter of law.
  - A TV station that elects retransmission consent is no longer entitled to must carry for three years.
  - If a TV station elects must carry, MVPDs are legally *exempt* from paying any compensation to that station for the retransmission of its signal.

# Basic Tier=Red Herring

- If MVPDs were right about TV market power, the basic tier requirement would have no impact on retransmission consent prices.
- TV stations could rely on their market power to force MVPDs to place broadcast programming on the basic tier with or without a legal requirement.

# Exclusivity Rules Benefit MVPDs

- MVPDs have the right to enter into exclusive programming agreements on a nationwide basis, but want to deny TV stations the right to enter into agreements for territorial exclusivity.
- STELA absolutely *prohibits* TV stations from entering into exclusive retransmission consent agreements.