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LOCAL CUSTOMERS PUNISHED BY SINCLAIR

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Pittsburgh, PA – The following statement was issued today by Matthew M. Polka, president and CEO of the American Cable Association (ACA), regarding Sinclair Broadcasting's refusal to grant retransmission consent to Mediacom and the DirecTV "bounty" Sinclair has placed on Mediacom customers:

"Broadcasters complain they are entitled to receive compensation for carriage of their local television signals. Let's look at the compensation facts.

"In return for the obligation to provide local television signals to taxpayers, the broadcast industry has received billions of dollars in free government-granted spectrum. The federal government recently priced the return of broadcasters' analog spectrum at more than \$11 billion.

"Moreover, the broadcast industry makes enormous money off of the sale of advertising on its local television stations. In 2005, advertising on local television equaled \$24 billion in revenue. An important part of that total advertising revenue comes in the value broadcasters receive by cable extending the reach of the broadcasters to viewers who could never receive the signals over the air.

"That's not all. Copyright payments to broadcasters in 2004 totaled nearly \$200 million.

"But wait. There's more. The broadcasters wanted to transition to digital television, and the federal government again stepped in to help, giving the broadcast industry about \$70 billion in free digital spectrum.

"All tolled, that's about \$105.2 BILLION in value and revenue the broadcast industry has right now. Not a bad take.

"How does the broadcast industry thank the American taxpayer for this grant? By seeking hundreds of millions more in direct retransmission consent payments from taxpayers who use cable to receive their free over-the-air television signals.

"The broadcasters say, 'We just want to be treated like other programming networks.' There's one thing wrong with this statement. Broadcasters are not like other programming networks. Unlike broadcasters, programming networks pay for satellite delivery to cable and satellite companies, and they don't receive taxpayer money and handouts to have their signals delivered. (More)

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"Let's look at one egregious broadcast example: Sinclair Broadcasting – one of the largest owners of taxpayer granted broadcast licenses and recipient of hundreds of millions of dollars in free digital spectrum. In return for that favor, according to most published reports, Sinclair seeks millions of dollars from taxpayers who choose to receive the Sinclair signal through their local cable operator, Mediacom.

"Sinclair and other broadcasters say it's important for companies like Mediacom to pay retransmission consent fees in order to 'protect and promote localism,' ensuring local programming is carried. How ironic then that Sinclair was one of the first major broadcast station owners in the country to stop production of local news and weather reports, thereby enhancing their shareholders profits.

"In a November 2006 investors' conference, Sinclair CEO David Smith said the financial impact of turning off the signals to customers of Mediacom is negligible to Sinclair. But the bigger questions are what is the impact on Mediacom's customers – taxpayers all – and why should they be forced to pay twice, through their tax dollars and again through retransmission consent fees, to receive free over-the-air television? Obviously, localism and the local customers in Mediacom's markets are not what are most important to Sinclair.

"Sinclair responds that it does care about the local customer, and that's why it has promoted a bounty deal with DirecTV to plunk off Mediacom customers at \$100 or more per pop. Sinclair promotes this bounty deal on its free, over-the-air public airwaves. Is this what Congress had in mind when it gave Sinclair and other broadcasters the billions of dollars in free, taxpayer-backed government spectrum?

"It's time for taxpayers, not just the cable companies, to stand-up to the powerful broadcasting companies and tell them you refuse to pay twice for broadcast signals. If broadcasters want to be treated like other cable programming networks, then they need to return their free taxpayer granted spectrum and have it auctioned off so taxpayers are not charged twice. And if they want to be treated like other networks, then they need to lose the exclusive market protection that allows them to prevent any competition. And if they want to be treated like other networks, then cable operators should be allowed to sell broadcast signals on a tier, just like any other programming network, and not be forced to put broadcast stations on a mandatory basic tier.

"But that's not what the broadcast industry wants. They want their cake, and they want to eat it too. Thank you, Mr. and Ms. Taxpayer and Mr. and Ms. Member of Congress.

"This issue is no longer about Sinclair versus Mediacom. It's about local customers and taxpayers who should not have to pay twice."

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About the American Cable Association

Based in Pittsburgh, the American Cable Association is a national association of small, locally-based cable TV companies providing advanced broadband services primarily in rural markets. The Association represents smaller and medium-sized independent cable businesses through active participation in the regulatory and legislative process in Washington, D.C. ACA's nearly 1,100 member companies serve approximately 8 million subscribers in all 50 states. For more information, visit www.americancable.org.