



NEWS RELEASE

FOR IMMEDIATE RELEASE

Date: April 16, 2002

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**DISCOVERY COMMUNICATIONS, INC.
TO LAUNCH *DISCOVERY HD THEATER™*, A NEW 24-HOUR HDTV CHANNEL,
ON JUNE 17, 2002**

**LAUNCH IN SUPPORT OF GOALS OF
VOLUNTARY ACTIONS PROPOSED BY FCC CHAIRMAN POWELL TO SPUR THE
GROWTH OF HDTV AND DIGITAL CONTENT**

**DISCOVERY ALSO TO LAUNCH TWO NEW VIDEO-ON-DEMAND SERVICES,
CHOICE 10 DISCOVERY™ AND *DISCOVERY ON DEMAND™*, TO SUPPORT FILE-
SERVED DIGITAL SUBSCRIBERS**

(Bethesda, MD April 16, 2002) Discovery Communications, Inc., one of the world's leading innovators in the development of quality content for television, is taking the major step on June 17, 2002, of launching a 24-hour, high-definition television network. The move is intended to support the goals of FCC Chairman Michael Powell's recent statement urging content providers to transmit the high-definition programming needed to drive the rollout of digital television.

Discovery HD Theater™

On June 17, 2002, Discovery will launch *Discovery HD Theater™*, a new 24-hour network which will transmit high-definition content in all the popular categories of entertainment offered by Discovery including nature, history, world cultures, geographic explorations, science, education, travel, and a wealth of children's and how-to programming. Discovery has over 115 high-definition titles ready for transmission and new productions have been commissioned to support the new service.

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Discovery HD Theater™ will commence transmission at 9:00 AM (EST) on Monday, June 17, 2002, which coincides with the 17th anniversary of the Discovery Channel's first transmission on June 17, 1985. *Discovery HD Theater™* will be delivered via satellite to cable systems, satellite providers and other multi-channel distribution systems via Satcom 4, Transponder 14. The HDTV digital signal will be delivered in 1080i high-definition resolution and will utilize 3 MHz of spectrum.

"Because independent consumer surveys continue to document that the Discovery Channel is America's most-valued network, and that our other television brands are among the most valued, we believe we have a special responsibility to help pioneer the rollout of digital and high-definition television," stated John S. Hendricks, the Founder, Chairman and CEO of Discovery Communications, Inc. "Today, we transmit five special-interest digital channels which have received widespread carriage on digital cable systems as well as on DBS systems. On June 17, we will light up HD television sets with stunning high-definition images that will truly enable our viewers to explore their world via television in ways they never before imagined."

"By furnishing high-quality HDTV content during 100% of primetime, *Discovery HD Theater™* will more than qualify as one of the five HDTV or value-added DTV services urged for carriage by the FCC voluntary action proposal," stated Judith A. McHale, President and Chief Operating Officer of Discovery Communications, Inc. "We are pleased to provide distributors with the high-quality, family-friendly HDTV content they need to serve subscribers who purchase HDTV sets. In addition to movies, broadcast network sitcoms and other broadcast fare, we are convinced that high-definition viewers will welcome a service that can visually transport their families to the far reaches of the globe and help them explore, in stunning detail, the mysteries of history, science, medicine, nature, and human adventure," said Ms. McHale.

Discovery HD Theater™ will present programming covering the full-range of the company's real-world entertainment categories with limited commercial interruptions. Shows which are less than 30 minutes in length will have no commercial break but they will be preceded and followed by commercial messages from the channel's presenting sponsors. Shows longer than 30 minutes will contain intermissions. Discovery will offer its advertisers the unique opportunity to provide commercial messages with compelling high-definition clarity.

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The marketing tag line for *Discovery HD Theater™* and its promise to consumers is: "Your window on the world." Discovery will provide demonstrations of *Discovery HD Theater™* at the upcoming national convention of the National Cable & Telecommunications Association (NCTA) in New Orleans, May 5-8, 2002. Discovery will be launching a marketing campaign called "Next Generation Discovery" for its new digital services.

Discovery on Demand™ and Choice 10 Discovery™

Discovery is also introducing a new subscription video-on-demand (SVOD) service, *Discovery on Demand™*, which is designed to support the rollout of file-served digital television. The new Discovery SVOD service will offer, at any given time, up to 500 of the very best titles from Discovery's award-winning programming library which now exceeds over 70,000 hours.

Discovery on Demand™ subscribers will select Discovery shows from a menu featuring current Discovery hit shows and series plus offerings representing all of Discovery's categories of content. Users will enjoy full VCR functionality as they watch their selections.

To increase the programming value for all file-served digital subscribers, Discovery has created an entry-level, free VOD content service that will provide a menu of on demand Discovery content organized in ten (10) categories. The new service will offer 10-25 hours of popular Discovery shows with full VCR functionality. The service is branded as *Choice 10 Discovery™* and has been designed to be packaged free with the upgraded digital converter boxes. *Choice 10 Discovery™* will include advertising and menu sponsorships along with a new file-served, on demand advertising menu branded *Discovery Sponsor Cinema™*.

"We consider advertising sponsorship a critical element of the file-served platform of the future. We are excited to work with our advertising partners to ensure that these new Discovery offerings provide additional opportunities, value, interactivity and reach," said Mr. Hendricks (See attached release concerning *Discovery Sponsor Cinema™* for more information).

The objectives of *Choice 10 Discovery™* are to (1) add value to the "basic" digital tier thereby reducing churn while driving penetration; (2) bring advertisers into the new medium thereby sustaining the important advertising revenue subsidy that supports content development;

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(3) encourage free and convenient trial usage of VOD by subscribers thereby educating consumers on navigation in the menu-driven, file-served television world; and (4) promote the purchase of premium SVOD and HDTV services so that the content and infrastructure investments required for the digital transition can be sustained through increased viewer spending for valuable content services they desire.

Commenting on Discovery's decision to provide content free of cost to distributors who offer *Choice 10 Discovery™* to their digital customers, Mr. Hendricks stated: "In my opinion, our number one priority as programmers is to support the rollout of an easy-to-understand, low-cost, video-on-demand service that is packaged with the digital converter box at no additional cost to the consumer. By providing this value-added digital content, programmers will assist cable operators who are attempting to provide a very affordable, basic digital service that should help drive digital penetration to near universal reach within upgraded systems. For programmers this means that all of our special-interest channels and their associated advertising revenue streams (like Discovery Civilization Channel), which are largely dependent on digital distribution, should dramatically benefit from our support of the free-on-demand (FOD) platform. Once subscribers are equipped with digital converters, a free marketplace competition should emerge wherein digital consumers can choose to subscribe to additional premium digital services depending on their own particular interests and their own assessment of content value. In such a free marketplace based solely on consumer-perceived values, Discovery has always thrived. We encourage all content providers to support the FOD digital platform. By bringing along our sponsors' commercials into this new media environment, we should substantially mitigate the risk of advertising revenue erosion."

Discovery Communications, Inc. is the leading global real-world media and entertainment company. DCI has grown from its core property, the Discovery Channel, first launched in the United States in 1985, to current global operations in more than 155 countries and territories with over 700 million cumulative subscribers. DCI's 33 networks of distinctive programming represent 14 entertainment brands including TLC, Animal Planet, Travel Channel, Discovery Health Channel, Discovery Kids and a family of newer, targeted channels. DCI's other properties consist of Discovery.com and 167 Discovery Channel retail stores. DCI also distributes BBC America in the United States. DCI's ownership consists of four shareholders: Liberty Media Corporation (NYSE: L), Cox Communications, Inc. (NYSE: COX), Advance/Newhouse

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Communications and John S. Hendricks, the Company's Founder, Chairman and CEO.

Press Statement Attachments:

1. Next Generation Discovery Brochure
2. Recent independent research concerning Discovery Networks content
3. Logo sheets



The Walt Disney Company

Robert A. Iger
President and Chief Operating Officer

May 30, 2002

The Honorable Michael Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Digital Television Plan

Dear Mr. Chairman:

I am writing to provide you more information about The Walt Disney Company's support for your voluntary industry plan to accelerate the DTV transition.

As I wrote you earlier, the ABC Television Network has accepted your challenge to provide HDTV programming for at least 50% of its prime time schedule during the 2002-2003 season. I am very excited about ABC's recently-announced schedule, and the full list of dramas and comedies that ABC plans to air next fall in high definition includes: *The Drew Carey Show*, *8 Simple Rules for Dating My Teenage Daughter*, *According to Jim*, *Life With Bonnie*, *Less Than Perfect*, *NYPD Blue*, *My Wife and Kids*, *The George Lopez Show*, *Meds*, *Push Nevada*, *That Was Then*, *Alias*, and *The Practice*. ABC also plans to air virtually all of its movies in high definition, including the *ABC Big Picture Show* (Saturday night) and *The Wonderful World of Disney* (Sunday night). In addition, ABC - together with ESPN - is working hard to provide more sports programming in high definition. I will keep you updated as these efforts progress.

I also am pleased to report that all of ABC's owned stations that are operating in digital are able to pass through ABC's high definition programming. These stations are: KABC (Los Angeles), KFSN (Fresno), KGO (San Francisco), KTRK (Houston), WJRT (Flint), WLS (Chicago), WPVI (Philadelphia), WTVD (Raleigh-Durham). One additional station, WTVG (Toledo), will be on the air early this fall and, at that time, will be capable of passing through high definition programming. Unfortunately, one of our flagship stations, WABC in New York, was broadcasting in digital and was passing through high definition programming until its analog and digital transmitters and antennas were lost as part of the World Trade Center collapse. As you know, ABC is working very hard to restore digital service on WABC in New York.

Please do not hesitate to contact me if you have any questions or concerns.

Very truly yours,

Robert A. Iger



Jeffrey L. Bewkes
Chairman and Chief Executive Officer

May 23, 2002

VIA FACSIMILE - (202) 418-2801

Chairman Michael K. Powell
Federal Communications Commission
445 12th Street, S.W.
Room 8-B201
Washington, D.C. 20554

Dear Chairman Powell:

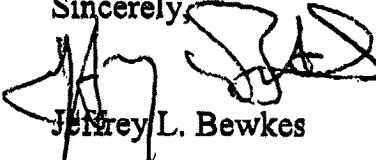
Home Box Office ("HBO") commends the leadership role you have taken to ensure that the promise of digital technology is brought rapidly to American consumers and enthusiastically supports your call for voluntary commitments from programmers to deliver digitally enhanced television services.

HBO has been an innovator and early adopter of high-definition television ("HDTV") and enhanced digital technology to improve the quality and choice of the programming available to our subscribers. In 1992 we were the first programming network in the United States to transmit our services digitally, and in 1999 we began offering a high-definition digital version of the HBO service. Today approximately 65% of HBO's total programming schedule is available in HDTV. Furthermore, the remaining 35% is upconverted to the 1080i format. HBO is committed to expanding over time the number of hours of HDTV programming available to our subscribers.

Moreover, last year HBO was the first premium network to offer a subscription video on demand product, known as HBO on Demand, which is currently distributed in nine cable systems. We are in the process of rolling out this "value-added DTV" service to all of our distributors where the technology is available.

HBO strongly agrees with your view that it is important for programmers to offer enhanced services such as HDTV to enable the American television viewer to reap the enormous benefits of digital television technology.

Sincerely,



Jeffrey L. Bewkes

June 20, 2002

The Honorable Michael Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Mr. Chairman,

On April 4, you challenged the industries involved in the transition to digital television to take steps to speed up that transition. NAB embraced your plan at our Convention in April, and this is a further update on the broadcasting industry's support for your plan.

For broadcast licensees, your plan called for the affiliates of the top four networks in the 100 largest television markets, if they are on the air in DTV, to have the capability of passing through an undegraded network DTV signal. An NAB survey of these stations shows that the broadcasting industry will meet your challenge.

Eighty-three percent of these affiliates in the 100 largest markets answered our survey. Of those stations, 89 percent say that by next January they will be on the air in DTV and have the capability of passing through an undegraded network digital signal. Thus, the overwhelming majority of responding stations in the 100 largest markets will do their part to make your plan a success.

It is possible, however, that after all of these stations are broadcasting value-added DTV signals, they may not be seen by cable subscribers since the cable industry has not committed to carrying all local DTV signals or all of the content on those signals. And the consumer electronics industry has yet to respond to the third key element of your plan – the inclusion of DTV tuners in new television sets.

Your plan also asked that DTV stations use their analog facilities to inform viewers about digital television. NAB and local broadcasters have begun a multi-market campaign to promote DTV which includes, in addition to on-air announcements, recognition of "DTV Zones" by public officials, cooperation with retailers, and placement of DTV receivers in public locations. NAB is encouraging stations in markets across the country to take part in this campaign and to promote their DTV offerings. I am enclosing a booklet describing these efforts.

The Honorable Michael Powell

June 20, 2002

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Working together, we can make sure that American consumers receive the full benefits of digital television and that the transition to digital television reaches a rapid conclusion. The broadcasting industry stands ready to work with you to achieve that goal.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Eric Fitch". The signature is fluid and cursive, with a large initial "E" and "F".

Attachment

cc: The Honorable Kathleen Abernathy
The Honorable Michael Copps
The Honorable Kevin Martin
The Honorable Ernest F. Hollings
The Honorable Billy Tauzin
Kenneth R. Ferree, Chief, Media Bureau
Rick Chessen, Chair, Digital Television Task Force
Robert Sachs
Gary Shapiro



Robert C. Wright

*Vice Chairman & Executive Officer,
General Electric Company*

*Chairman & Chief Executive Officer,
National Broadcasting Company, Inc.
30 Rockefeller Plaza, New York, NY 10112
212 664-4555*

June 20, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Chairman:

In my recent letter to you, I expressed my strong support for your call to spur the development of digital television for consumers throughout the country. Your staff subsequently asked for two additional clarifications about NBC's plans for broadcasting in HDTV for the '02/'03 season.

First, NBC has implemented a vigorous build out schedule for the digital conversion of our owned and operated stations. All of NBC's owned stations that are broadcasting digitally are able to pass through NBC's high definition programming. Due to unforeseen circumstances, including the tragic events of 9/11 and local zoning and tower construction delays, we have requested and received from the FCC extensions of time to construct several of our DTV stations, including WNBC (New York) which was affected by the loss of the World Trade Center facilities. Furthermore, NBC has invested more than \$60 million in a state of the art digital studio in New York.

Second, NBC will increase its HDTV programming in prime time and late night by approximately 133% from 6 hours in 2002 to 14 hours next season. Certain movies, sports and special events will continue to be broadcast in HDTV next year, as well.

I hope this clarifies NBC's plans for responding to your voluntary challenge for all aspects of the television industry to bring digital television to consumers across the country.

Sincerely,

Bob Wright

bcc: Andy Lack
Larry Tu
Bob Okun
Randy Falco
Jay Ireland
John Eck



Robert C. Wright

*Vice Chairman & Executive Officer,
General Electric Company*

*Chairman & Chief Executive Officer,
National Broadcasting Company, Inc.
30 Rockefeller Plaza, New York, NY 10112
212 664-4555*

May 31, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Chairman:

I applaud your efforts to call for voluntary action to spur the development of digital television for consumers throughout the country. I also agree wholeheartedly with your assessment that every relevant industry player must participate in this transition if it is going to be effective and meaningful.

NBC currently broadcasts six hours per week of both primetime and late night programming in HDTV. We have broadcast special events in HDTV formats such as the Olympics, NBA games, and Triple Crown horseracing, along with movies and specials. We are prepared to continue our leadership. NBC's primetime and late night programming for next season will meet your challenge.

As I mentioned to you personally, though, it is imperative that you have commitments from all other industry participants to ensure that such additional programming will actually reach consumers in significant numbers. Furthermore, copyright protection of these digital broadcasts, prevention of DTV signal degradation and DTV-cable compatibility are several of the many critical problems that need to be solved to make this transition successful for consumers. I look forward to working with you and the other industry participants to launch this very important voluntary effort.

Sincerely,


Bob Wright

Cc: Senator Fritz Hollings
Senator John McCain
Congressman Billy Tauzin
Congressman John Dingell



NCTA

NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION

ROBERT SACHS PRESIDENT & CHIEF EXECUTIVE OFFICER

1724 MASSACHUSETTS AVE N.W. WASHINGTON, D.C. 20036-1903

TEL: 202.775.3651 FAX: 202.775.3695

May 1, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Room 8-B201
Washington, DC 20554

Dear Mr. Chairman:

On April 4 you put forward a bold and creative proposal for voluntary industry actions to speed the digital television transition. The cable television industry applauds you for your vision and leadership and, as outlined below, today pledges its strong and enthusiastic support for your proposal.

The industry's 10 largest cable operators (AT&T Broadband, AOL-Time Warner, Comcast, Charter Communications, Cox Communications, Adelphia Communications, Cablevision Systems, Mediacom Communications, Insight Communications and CableOne), who collectively serve more than 85% of the cable customers in the United States ("Cable Operators"), commit to take the actions described herein during the transition. This offer includes cable systems with more than 25,000 subscribers and activated bandwidth of at least 750 MHz in the top 100 markets. Central to these actions is our belief that the availability of high definition television ("HDTV") is key to creating the market incentive for American consumers to purchase HD-ready digital television receivers. Therefore, to further spur the DTV transition, Cable Operators commit that:

- By January 1, 2003, Cable Operators will offer to carry the signal of up to five digital commercial or public television stations (at no cost to cable operators or broadcasters) and/or cable networks that meet the threshold of providing HDTV programming during at least 50% of their prime time schedule or a substantial portion of their broadcast week.
- As part of this digital complement, Cable Operators may offer to carry other "value added DTV programming" that would create an incentive for consumers to purchase DTV sets.
- This offer assumes that qualifying broadcast stations will deliver a good quality signal to the cable system head-end.

Your proposal also addresses the deployment of integrated high definition digital set-top boxes that include digital connectors such as 1394/5C and/or DVI/HDCP. Cable Operators strongly support the use of digital connectors and corresponding digital inputs on DTV receivers and recording devices. Leading set-top box manufacturers have advised Cable Operators that they anticipate being able to furnish HD set-top boxes with 1394/5C, DVI/HDCP or both connectors, in quantity, by the end of 2003. Accordingly:

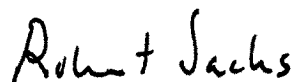
- Cable Operators will begin immediately to place orders for integrated HD set-top boxes with digital connectors and provide these boxes to customers who request them as soon as the boxes are obtained from manufacturers.
- Cable Operators will lease HD set-top boxes to consumers and, consistent with the cable industry's October 2001 initiative to promote the retail sale of set-top boxes, will support consumers' purchase of HD set-top boxes from consumer electronics retailers.

Finally, Cable Operators commit to advertising and marketing HDTV and any other "value added DTV programming" they provide, using a broad variety of promotional tools, so that consumers are made fully aware of this programming and how to receive it on their cable systems. Additionally, NCTA has offered to join forces with the broadcast and consumer electronics industries to promote HDTV.

Mr. Chairman, as you have recognized, the success of the DTV transition depends upon the creation of compelling digital programming, the cooperation of the broadcast, cable, satellite and consumer electronics industries, and most importantly, consumer demand. For its part, the cable industry has taken the lead in creating HDTV programming and has invested almost \$60 billion - or \$1,000 per cable subscriber - in building additional broadband capacity over the past six years.

We look forward to working with you and the other industries you've called upon to help speed the DTV transition. The cable initiative outlined above, together with the other voluntary industry actions suggested by you on April 4th, should provide an important boost to the DTV transition. Again, we commend you for your foresight and leadership.

Very best regards,



Robert Sachs
President & CEO
NCTA



News Corporation

1211 AVENUE OF THE AMERICAS • NEW YORK, NY 10036 • 212-852-7014 • FAX 212-852-7139

PETER CHERNIN
PRESIDENT AND
CHIEF OPERATING OFFICER

June 25, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Chairman Powell:

We commend your recent plan for boosting the DTV transition, as set forth in Congressional correspondence dated April 4, 2002. We are enthusiastic supporters of digital television and have been aggressively working on the transition for several years now. In fact, FOX was the only station group to build out all of its owned and operated stations in the top 30 markets on time under the FCC's schedule, amounting to 16 stations covering 38% of U.S. TV households. Consequently, we heartily welcome the "jump start" we hope your letter will provide to our industry and to other industries affected by the transition.

On behalf of FOX, we would like to take up your call to action as follows:

- The FOX network will continue to provide Enhanced Definition 480P digital television programming" during 100% of our prime-time schedule, as well as *Fox News Sunday*. This Enhanced Definition programming gives consumers a quality viewing experience that is a significant improvement over what they currently receive in analog television.
- In response to your letter, we will commit to expand our provision of Enhanced Definition programming by 20% by producing and distributing one major professional sporting event per weekend in Enhanced Definition 480P (constituting 3-4 hours of additional programming each week). We strongly believe, and are confident that television manufacturers and retailers agree, that sports and movies are the major drivers of the sale of new digital television sets. Thus, producing, distributing, and displaying a regularly scheduled and heavily promoted weekend sporting event in Enhanced Definition should help spur significant interest among the American public in digital television.

- This new commitment to broadcast sports programming in Enhanced Definition will be modeled after our recent successful experience with Super Bowl XXXVI, which distinguished itself this year as the first all-digital broadcast of a major sporting event that included the enhanced graphics, super slow motion replays, 48 camera angles, and other value-added production features that viewers have come to expect in nationally televised and highly popular major sporting events.
- Due in part to your “call to arms” on DTV, and in particular “value added DTV programming,” we announced last month a deal between Fox Entertainment Group and Cablevision to provide digital cable subscribers with video on demand access to all the first season’s episodes of two critically-acclaimed series, FOX’s “24” and FX’s “The Shield.” We are working to expand this video on demand project, and in fact are in discussions with four other cable operators to provide top quality FOX programming to viewers on a video on demand basis in markets where we own local broadcast stations. We feel that this is the type of “value-added” DTV programming that you envisioned in your letter; programming that we feel will give consumers unprecedented control over their television sets and thereby help encourage excitement for the digital television transition.
- We also plan to continue our research and development work on other aspects of “value-added DTV programming,” including an interactive multimedia product and a project involving convenient consumer access to high resolution presentations of major motion pictures.
- Seventeen of FOX’s owned stations that affiliate with FOX are currently passing through network DTV programming in a faithful manner, without any degradation to the picture or sound quality. Of the remaining nine FOX owned stations that affiliate with FOX, two are not yet on air because of tower problems, but the remaining stations should be able to pass the network DTV feed by January 1, 2003.
- We will likewise continue to work closely with affiliates of the FOX network in all markets to ensure that they obtain and install the equipment necessary to pass through network DTV programming in a faithful manner without degradation to the picture or sound. FOX has, in fact, developed a cost-effective affiliate “pass through” equipment package so that any DTV affiliate can faithfully and economically broadcast FOX network content without rebuilding their master control. This has been available to affiliates since 1999, and we will continue to refine and make this available. FOX, with Andrew Corp. have also developed and applied for a patent for a transmit antenna design to optimize the cost benefits of DTV transmitters, especially for smaller stations. This “Vari-Tilt” antenna could save stations up to \$500,000 in DTV station capital costs. These are just a few of the many ways that we work with our affiliates to assist them in broadcasting FOX DTV programming so that viewers can experience FOX as it is intended to be.

We look forward to continuing to work with you on furthering the transition to digital television, which we strongly believe is good for consumers, good for the economy, and good for the broadcast industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Chernin", with a long horizontal flourish extending to the right.

Peter Chernin
President & COO
News Corporation



July 1, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Powell:

On April 4, you called upon broadcasters, cable operators and Direct Broadcast Satellite (DBS) providers to reach voluntary milestones that will spur completion of the digital over-the-air broadcasting transition. We congratulate you on your vision and leadership during this challenging transition, and are firmly committed to your goal of bringing advanced television services to consumers, in our case via satellite. I am pleased to report to you today on the progress that the DBS providers have made toward meeting and exceeding your challenge to offer high-definition (HD) programming services to all Americans.

DBS is the only multichannel video programming distributor currently providing all of its customers -- more than 17 million DBS households (which translates to 45 million viewers) nationwide -- a 100 percent digital audio and video signal. In addition, the DBS providers are leading the way in offering HD programming to consumers and are well positioned to meet your challenge of providing by January 1, 2003 up to five digital programming services that are providing "value-added digital programming" (which includes HD) during at least 50% of their prime-time schedule.

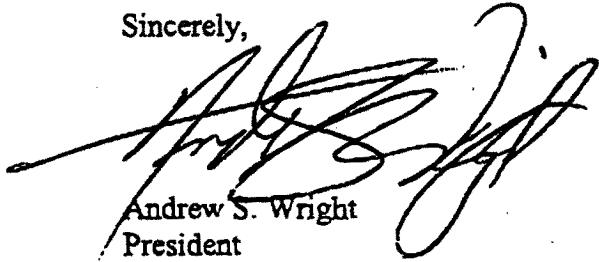
By providing compelling content on an all-digital platform, the DBS providers are giving consumers a reason to invest in digital equipment. DBS providers offer movies, sporting events, documentaries, concerts, public affairs programming and original series in HD from HBO HD, HDNet, CBS, SHO (Showtime) HD, Discovery HD Theater and certain pay-per-view movies. Depending on the availability of capacity, DBS providers intend to continue increasing the number of HD channels they offer, enhancing the television viewing experience for consumers nationwide.

DBS providers also are addressing the digital transition from the hardware side of the equation. Currently, DBS providers offer set-top boxes designed to receive HD signals in any of the ATSC digital formats (e.g., 720p and 1080i). Additionally, certain HD television sets have a DIRECTV system built-in, so consumers can, with only one piece of equipment, receive HD signals via satellite, as well as over-the-air signals from local broadcasters offering digital content.

Likewise, EchoStar's Model 6000 set-top box allows consumers to receive locally-originated, over-the-air digital broadcasts. Both the DIRECTV and EchoStar consumer equipment bring the added public interest benefit of contributing to the statutory 85 percent digital television receiver penetration benchmark that must be met before the broadcasters are required to return their valuable analog broadcast spectrum to the Commission, an event that will free up spectrum for new wireless and other services.

The SBCA and its members, the DBS providers, programmers, equipment manufacturers and retailers, remain committed to providing consumers with superior quality, choice and customer service. We look forward to working with you, your colleagues at the Commission, Members of Congress and the industries involved toward a successful transition to digital over-the-air broadcasting. Ultimately, it is American consumers who will benefit most from this coordinated effort.

Sincerely,



Andrew S. Wright
President

cc: Commissioner Kathleen Q. Abernathy
Commissioner Michael J. Copps
Commissioner Kevin J. Martin
Rick Chessen, Associate Bureau Chief, Media Bureau
Susan Eid, Office of Chairman Powell
Stacy Robinson, Office of Commissioner Abernathy
Susanna Zwerling, Office of Commissioner Copps
Catherine Crutcher Bohigian, Office of Commissioner Martin



Viacom Inc.
1515 Broadway
New York, NY 10036-5794

Mel Karmazin
President & Chief Operating Officer

Tel 212 846 5500
Fax 212 846 1980
E-mail: mel.karmazin@viacom.com

May 22, 2002

The VIACOM logo is displayed in a bold, black, sans-serif font. The letters are all uppercase and have a consistent thickness, with the 'V' and 'O's being particularly prominent.

Honorable Michael Powell
Chairman
Federal Communications Commission
445 Twelfth Street, N.W.
Washington, D.C. 20554

Dear Chairman Powell:

I want to thank you for issuing the proposal for voluntary industry actions to speed the digital television transition. Your plan clearly recognizes that the transition will occur only when all sectors of the industry are fully invested in the process.

When it comes to providing American consumers with high quality, high definition and value-added DTV programming, Viacom has needed no prodding. Its broadcast network CBS has been producing high definition programming for its affiliates nationwide since October 1998, when it documented in HD the historic space shuttle voyage of Senator John Glenn and the crew of the *Discovery*. Later that fall, CBS pioneered the first HD broadcasts of three NFL games.

CBS began airing at least half of its prime-time schedule in HD in the 1999-2000 television season. In the 2001-2002 season, all but one of CBS's scripted prime-time programs have been broadcast in HD. Already this season CBS has aired more than 100 hours of high definition of its premier sports events, including the third consecutive HD broadcasts of the U.S. Open Tennis Tournament, the Men's NCAA Final Four, and the Masters. In selected markets, CBS has also experimented with digital, over-the-air multiplexing of the early rounds of the Final Four. Last fall, CBS aired a college football game in HD each Saturday, including the Army-Navy game and the SEC Championship. And in 2000 and 2001, CBS broadcast in HD its AFC Playoff games, including the 2001 Super Bowl. CBS is also the only broadcast network to air a daytime drama in HD, in this case the ratings leader *The Young and the Restless*. Further, CBS has aggressively sought to partner with consumer electronics companies and national retailers to identify and promote HD programming and to market DTV receivers. To further that end, for each CBS HD program, a five-second banner airs at the top of the program on the analog network and channel alerting viewers that the program is also available in HD.

As to Viacom's owned and operated CBS stations, each is equipped to pass through the network's 1080i HD signal without degradation from the moment it goes on the air with a digital signal. In fact, WCBS in New York and KCBS in Los Angeles have been so equipped since November 1998. The CBS owned and operated stations also have the capability of recording and playing back HD programs and commercials. This means that the stations can run *local* commercials, promotions, station identification messages and PSAs in high definition.

Showtime, Viacom's premium cable program service, launched its two high definition feeds more than two years ago, in January 2000, when it aired the high-profile film *Star Trek: Insurrection* in HD. Since that time, Showtime HDTV has been made available directly to consumers nationwide. It is currently available nationally to both DBS and cable distributors in 1080i. Showtime offers high definition and other value-added DTV programming for more than half of its prime-time schedule. This June, Showtime will air the first-ever original series on a premium television network to be completely shot in HDTV, making Showtime the first premium network to create a series with complete end-to-end HD production and distribution. This series, *Odyssey 5*, furthers Showtime's commitment as a premium programmer to offer consumers the very best viewing experience, within reasonable economic parameters.

CBS and Showtime both plan to continue providing at least their current levels of HD and other value-added DTV programming for the 2002-2003 season. Viacom will be happy to negotiate with cable operators who will commit to carry our high quality HD signals without degradation. Stunning pictures are essential to the goal of motivating consumers to purchase digital televisions.

Viacom has been a recognized leader in HDTV and is committed to a rapid transition as envisioned by your proposal. As you are aware, however, resolution of the copy protection issue is critical to the transition's continued progress. I am concerned that failure to establish adequate copy protection measures may cause us to reevaluate the continued availability of high value digital programming. Thus, I hope you and your staff will work with us and the affected sectors of the industry on implementation of the broadcast flag technology, a crucial piece of the copy protection debate.

Sincerely,

A handwritten signature in black ink, appearing to read "M. S. K.", followed by a horizontal line.