



NEWS

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FOR IMMEDIATE RELEASE:
January 19, 2001

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FCC BROADLY AFFIRMS THE DECISIONS REACHED IN THREE TV OWNERSHIP AND MASS MEDIA ATTRIBUTION ORDERS

Washington – The FCC today generally affirmed the three August 1999 Orders amending its television ownership and mass media attribution rules. Copies of the text of the Orders will be available on the FCC website at www.fcc.gov.

1. Local Television Ownership Rules

The FCC today generally affirmed its August 1999 Order in which it amended its local TV ownership rules – the local television multiple ownership rule, or TV duopoly rule, and the radio/TV cross-ownership rule – and “grandfathered” certain local marketing agreements and waivers of the radio/TV cross-ownership rule. Subsequent to the August 1999 Order, the FCC received fourteen petitions for reconsideration of the revised local TV ownership rules.

Today's Order clarifies and modifies the application of the new rules in certain circumstances. Most significantly, the FCC modified its rules to require that, in order for TV stations to count toward the minimum number necessary for a proposed combination (*e.g.*, 8 for duopolies), their Grade B signal contours must overlap the Grade B signal contour of at least one of the TV stations involved in a proposed combination. The FCC noted that there are some geographically large DMAs where counting every station in the DMA may produce results at odds with the FCC's goal of establishing a minimum number of independent voices in a particular community before permitting common ownership of two local television stations.

The FCC's revised rule is consistent with the overall duopoly rule, which has always permitted common ownership of stations with no Grade B overlap. The FCC also adopted a similar modification for its radio/TV cross-ownership rule.

Action by the Commission by Memorandum Opinion and Second Order on Reconsideration, FCC 00-431, Chairman Kennard, Commissioners Ness, Furchtgott-Roth, Powell and Tristani.

MM Docket No's 91-221 and 87-8.
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2. National Television Ownership Rule

The FCC today affirmed its August 1999 Order in which it revised its national TV ownership rule to clarify that no market will be counted more than once when calculating whether a group station owner complies with the rule's 35% aggregate national audience reach limit. The FCC received one petition for reconsideration of its August 1999 Order. In that Order the FCC ruled that when two stations in a market are commonly owned by virtue of the local television ownership rule (*i.e.*, a duopoly), that market's audience reach will be counted only once when calculating the group owner's national aggregate audience reach.

The FCC stated that regardless of a station's actual viewership, the licensee is attributed with all of the viewership in the entire DMA. Therefore, the FCC found that increasing actual viewership by adding a second station does not affect the audience reach calculation, as that calculation already includes all the viewers in that DMA. The petitioner did not raise any arguments that persuaded the FCC to revisit this decision.

Action by the Commission by Memorandum Opinion and Order on Reconsideration, FCC 00-406, Chairman Kennard, Commissioners Ness, Furchtgott-Roth, Powell and Tristani.
MM Docket Nos. 96-222, 91-221, 87-8.
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3. Mass Media Attribution Rules

The FCC today disposed of petitions for reconsideration of its August 1999 Report and Order revising the mass media attribution rules. The attribution rules define what interests are counted in applying the FCC ownership rules. While generally affirming the August 1999 Report and Order, on reconsideration, the FCC made a few modifications and clarifications. First, the FCC eliminated the single majority shareholder exemption to the mass media attribution rules. Under this exemption, minority voting shares in a corporation with a single majority shareholder are not attributable. While eliminating the exemption, the FCC grandfathered as nonattributable such minority shareholdings acquired before the date of adoption of the reconsideration decision. In addition, the FCC clarified certain aspects of its equity/debt plus (EDP) attribution rule, under which the FCC will attribute financial interests amounting to over 33% of the total assets of a mass media entity where the interest holder is either a major program supplier to the entity or a same-market media entity. Among other things, the FCC clarified how to determine the total asset base of an entity so that the percentage share of the firm represented by a particular interest can be ascertained, and how to count options and other interests in applying the EDP rule.

Action by the Commission by Memorandum Opinion and Order on Reconsideration, FCC 00-438, Chairman Kennard approving in part, concurring in part and issuing a statement; Commissioners Ness and Tristani approving in part, dissenting in part, and issuing separate statements; Commissioner Furchtgott-Roth concurring in part, dissenting in part, and issuing a statement.

MM Docket Nos. 94-150, 92-51, 87-154.
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