

**STATEMENT OF  
COMMISSIONER JONATHAN S. ADELSTEIN  
APPROVING IN PART, DISSENTING IN PART**

Re: In the Matter of News Corporation and The DirecTV Group, Inc., Transferors, and Liberty Media Corporation, Transferee, for Authority to Transfer Control., MB Docket No. 07-18.

I approve in part this transaction, because it is in the public interest to deconsolidate a major vertically-integrated media and entertainment company that has significant interests in broadcasting, satellite program delivery, cable programming, film and print. While News Corp is transferring DirecTV to Liberty Media -- another vertically-integrated media company which seems to have an appetite to become even more vertically-integrated<sup>1</sup> -- a little media deconsolidation is better than no deconsolidation at all.

Equally significant is the willingness of Liberty Media and DirecTV to abide by the Commission's program access and program carriage rules and to agree to special retransmission consent and regional sports network arbitration conditions. These conditions safeguard against potentially anticompetitive practices of a vertically-integrated media company.

I must, however, dissent in part to the approval of this transaction, because it substantially frustrates important objectives of the Communications Act and longstanding policy goals of the Commission.

As the Commission has stated repeatedly, video competition is a significant policy goal and the delivery of local broadcast stations to local markets is an important element of a compelling subscription service's program offering. In order to promote video competition, increase choices and lower prices, cable and satellite operators should provide comparable services and every community in the United States should be served. In 2003, News Corporation argued that "DirecTV will be the strongest possible competitor to incumbent cable operators only if it can provide consumers with their local broadcast channels...." As a regulatory agency, the Commission should ensure that DBS should be just as attractive as cable and no community is left behind. Scores of markets throughout the country have been ignored by DirecTV. The Commission should not neglect these markets, relegating them to second-class video citizenship.

Perhaps because I am from rural America, I can appreciate fully the discouraging impact that the lack of DBS local-into-local service has on the video choices of rural households. This disincentive to satellite television service is compounded by DirecTV's hybrid local-into-local solution, which amounts to a rural or undesired market tax -- approved by members of the Commission who have often complained about video

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<sup>1</sup> During the pendency of this transaction, Liberty Media has proposed to purchase two broadcast stations, WFRV-TV in Green Bay, Wisconsin, and its satellite station WJMN-TV in Escanaba, Michigan.

distributors requiring consumers to purchase expensive set-top boxes when cheaper alternatives could be made available.

I cannot support an unfair service tax on rural households, while DirecTV has made the business decision to provide local-into-local HD service over the next few years to local markets that are already served. A similar commitment should be made to provide local-into-local service to unserved markets in the coming years. Universal local-into-local service should be a localism goal of the Commission, and it should be an imperative for DirecTV. The benefits of video competition should be available for all Americans.