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**PRESS STATEMENT OF COMMISSIONER KEVIN J. MARTIN
ON PROPOSED MERGER OF ECHOSTAR AND DIRECTV**

I support today's decision not to approve this merger because of the potential anti-competitive impact on consumers, particularly those consumers in rural America. In addition, as I explain below, I would have set this merger for hearing on an additional ground and therefore dissent in part.

Generally, I believe competition is the most effective means of delivering choice, innovation, and affordability to consumers. Today, approximately 85% of consumer households receive their television programming from a multi-channel video programming distributor. The vast majority of those consumers have only two or three providers from which to choose. Cable rates have continued to rise; indeed, the Consumers Union recently reported that cable rates have increased 36 percent since 1996. Particularly in this environment, the Commission must be wary of taking action that would decrease, not increase, competition in this market. As the attached Order concludes, the potential harm to competition from the merger as proposed outweighs the potential benefits.

I note that the Commission's Order provides the companies with 30 days to amend their application to include major revisions designed to address the anti-competitive impact of their proposed merger. For example, some parties have suggested that the applicants could divest some of their spectrum in a manner that would enable a *new* DBS provider with more efficient technology to compete nationally against a merged EchoStar/DirecTV. These two new DBS providers, it is argued, could provide all consumers with their local broadcast stations and thus serve as stronger competitors to cable than EchoStar and DirecTV do today. This idea is interesting, but the applicants have made no such proposal. If the applicants were to request such a structural remedy, it could merit further review as to its technical and economic feasibility. Failing to fully explore such options could be a missed opportunity to bring more competitive choices to consumers.

Finally, as I explained in a detailed press statement last April, I believe EchoStar currently is violating the must-carry provisions of the Satellite Home Viewer Improvement Act ("SHVIA") and FCC rules by placing some broadcasters' signals on a second dish. I continue to be concerned about the burden this practice places on consumers and the impact this discrimination may have on some broadcasters—particularly public broadcasters. I therefore dissent in part, on the majority's decision not to include EchoStar's compliance with its must-carry obligations among those issues designated for hearing.