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CBS Corporation Blacks Out DISH Subscribers; DISH Offers Over-the-Air Antennas at No Cost to Affected Customers

- | *Eligible DISH customers can choose to drop cost of local channels, savings of \$10 per month*
- | *DISH offers qualified affected customers digital over-the-air (OTA) antenna and installation at no cost, thousands have switched*
- | *CBS rejects DISH offer to extend contract for benefit of consumers while negotiations continue*
- | *Broadcaster fees will rise to \$12.8 billion by 2023, up almost 40 percent from today, estimates SNL Kagan*

ENGLEWOOD, Colo.--(BUSINESS WIRE)-- Tonight DISH reported that CBS Corporation chose to black out DISH customers' access to 28 local channels in 18 markets across 26 states ([view full list here](#)). CBS is blocking consumers in an effort to raise carriage rates for local channels and gain negotiating leverage for unrelated cable channels, all with declining viewership on DISH.

"CBS is attempting to tax DISH customers on programming that's losing viewers, tax DISH customers on programming available for free over the air, and tax DISH customers for content available directly from CBS," said Warren Schlichting, DISH executive vice president of Marketing, Programming and Media Sales. "Our customers are clear: they don't want to pay a CBS tax. It's regrettable and unnecessary that CBS is bringing its greed into the homes of millions of families this Thanksgiving."

On a recent investor conference call, CBS boasted about the rate increases promised to shareholders, going from \$250 million in 2012 to a forecasted \$2.5 billion by 2020. Those desired increases come as DISH customers are watching less CBS, with average viewership down 20 percent over the past 3 years.

As DISH works to reach an agreement, the company is offering digital over-the-air (OTA) antennas at no cost so that customers in affected markets can watch CBS's local broadcast channels for free. Eligible DISH customers have the option to completely drop their local channels from their programming package, saving \$10 on their monthly bill.

Free Antenna Installation, Seamless Integration

In recent weeks, thousands of eligible DISH customers in CBS markets have made the switch to OTA, accessing news, popular network shows and sports from CBS and other local channels for free, over the air. Customers with qualifying equipment, programming, and location can choose to receive local channels free over the air and save \$10 per month on their bill. At no cost, DISH will install an antenna for qualifying customers in CBS markets based on the reception available at their home.

"Switching to OTA-delivered locals can unlock \$120 savings annually for DISH customers," explained Schlichting. "Customers will see the local channels and show information for the most popular channels in the guide on the Hopper DVR, and can watch and record local channels using their DISH remote without switching inputs on the TV. We want to help customers with the choice to save money. DISH doesn't save money, but consumers can."

Local station availability over the air is dependent on geographic location and topography. Consequently, some customer locations may not qualify for an antenna installation.

Streaming Availability and Forced Bundling at Issue

"On top of free availability with an antenna, the fact that CBS makes its content available a la carte on a streaming app has further eroded the value of its content for DISH and our customers," added Schlichting.

In addition to asking for significant price increases for local channels, CBS is attempting to "force bundle" unrelated and low-performing cable channels (CBS Sports Network, Pop and Smithsonian Channel) at a premium.

"By attempting to force bundle its cable channels with its local broadcast stations, CBS is using local viewers as leverage to raise rates for channels fewer people are watching," said Schlichting.

DISH viewership data reveals that on CBS Sports Network, Pop and Smithsonian Channel, average viewership is down more than 10 percent in the past 3 years.

DISH Offer of Extension, True Up Rejected

DISH and CBS had been making steady progress in their recent negotiations, and DISH was hopeful that they would come to a mutual agreement to renew carriage of its local stations. In that spirit, DISH offered a short-term contract extension to CBS that would include a retroactive true-up when new rates were agreed upon, and would preserve the ability of DISH customers to access the CBS stations while negotiations continued. The true-up would ensure that CBS was made whole at the new rates for the period of any contract extension.

"With DISH willing to grant an extension and a retroactive true-up on rates, CBS had nothing to lose and consumers had everything to gain by leaving its channels up," said Schlichting. "Instead, CBS chose to turn its back on its public interest obligations to serve viewers."

"We are actively working to negotiate an agreement that promptly returns this content to DISH's programming lineup," added Schlichting.

Need for Retransmission Consent Reform

"CBS is using its mix of local and national channels against viewers, abusing outdated laws to try to force consumers to pay more. This greedy attempt to extort more money from our customers is one of the main reasons we - and our industry - are asking Congress to restore balance in the broadcaster-pay TV equation," said Jeff Blum, DISH senior vice president and deputy general counsel. "We are asking lawmakers to reform outdated TV laws to give our customers the best viewing experience at an affordable price - without the threat of broadcaster blackouts."

Along with other pay-TV companies and public interest groups that form the American Television Alliance, DISH has called for the U.S. Congress to revamp the out-of-date laws that favor these high fees and unnecessary blackouts.

Blum continued: "We continue to urge the FCC and Congress to update a system that emboldens broadcasters to black out consumers."

Rising Retransmission Rates

Each year, the cost to carry local broadcast stations rises far beyond the rate of inflation, leading to blackouts across the country that affect millions of subscribers of various pay-TV companies. [According to SNL Kagan](#), a leading source on the media industry, broadcast fees burdening pay-TV consumers are expected to reach an unprecedented \$9.3 billion in 2017. These same rates, for channels available free over the air, were as low as \$215 million in 2006, soared to \$7.9 billion in 2016 and are expected to reach \$12.8 billion in 2023.

DISH customers can visit DISHPromise.com for more information and to ask the FCC and Congress to end TV blackouts.

About DISH

DISH Network Corp. (NASDAQ:DISH), through its subsidiaries, provides approximately 13.203 million pay-TV subscribers, as of September 30, 2017, with the highest-quality programming and technology with the most choices at the best value. DISH offers a high definition line-up with more than 200 national HD channels, the most international channels and award-winning HD and DVR technology. DISH Network Corporation is a Fortune 200 company. Visit www.dish.com.

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