Before the COPYRIGHT ROYALTY JUDGES Washington, DC

In the Matter of

Rate Adjustment for the Satellite Carrier Compulsory License Docket No. 2010-4 CRB Satellite Rate

NOTICE OF SUBMISSION OF VOLUNTARY AGREEMENT REGARDING SATELLITE ROYALTY RATES

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Pursuant to Section 17 U.S.C. § 119(c)(1)(D)(i) and (ii), and the Federal Register Notice published by the Copyright Royalty Judges ("Judges") announcing the voluntary negotiation period for a proceeding to determine satellite royalty rates, 75 Fed. Reg. 32228 (June 7, 2010), the Program Suppliers and Joint Sports Claimants (collectively, "Copyright Owners") and DIRECTV, Inc., DISH Network, LLC, and National Programming Service, LLC (collectively, "Satellite Carriers"), hereby submit a voluntary agreement concerning satellite carrier royalty rates ("Agreement"), which is attached hereto as Exhibit A. The Copyright Owners and Satellite Carriers request that the Judges publish the Agreement in the Federal Register for notice and comment pursuant to 17 U.S.C. § 119(c)(1)(D)(ii)(II), and adopt the rates set forth in Article 2 of the Agreement for all satellite carriers, distributors, and copyright owners if no objections are received from a party with a significant interest and an intention to participate in a royalty rate proceeding pursuant to 17 U.S.C. § 119(c)(1)(D)(ii)(III).

The undersigned Copyright Owners receive the majority of the copyright royalties paid for the statutory license set forth in Section 119 of the Copyright Act. Similarly, the Satellite Carriers pay the majority of Section 119 royalties. Thus, the royalty rates in the Agreement represent rates negotiated by parties with a significant interest in the determination of satellite royalty rates by the Judges. Moreover, the undersigned Copyright Owners and Satellite Carriers intend to separately file Petitions to Participate in this proceeding if they are requested by the Judges at a future date. *See* 75 Fed. Reg. at 32229. Thus, Copyright Owners and Satellite Carriers respectfully request that the Judges apply the royalty rates in the Agreement to all satellite carriers, distributors, and copyright owners pursuant to 17 U.S.C. § 119(c)(1)(D)(i).

Article 4 of the Agreement states that the Copyright Owners and Satellite Carriers do not believe the rates in Article 2 should be accorded any precedential effect in this proceeding or any other proceeding. The Copyright Owners and Satellite Carriers do not request the Judges adopt Article 4 as part of their regulations. *Cf.* Proposed Rulemaking in Digital Performance Right in Sound Recordings and Ephemeral Recordings Proceeding, Docket No. 2009-1 CRB Webcasting III, 75 Fed. Reg. 16377, 16378 (April 1, 2010) (adopting rates and terms set forth in a settlement agreement but declining to include language that agreed rates have no precedential effect); Proposed Rulemaking in Mechanical and Digital Phonorecord Delivery Rate Determination Proceeding, Docket No. 2006-3 CRB DPRA, 73 Fed. Reg. 57033, 57034 (October 1, 2008) (same); Proposed Rulemaking in Noncommercial Educational Broadcasting Statutory License Proceeding, Docket No. 2006-2 CRB NCBRA, 72 Fed. Reg. 19138, 19139 (April 17, 2007) (same).

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Respectfully submitted,

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Dated: June 9, 2010

Agreement of Settlement Concerning Satellite Carrier Royalty Rate

This "Agreement of Settlement Concerning Satellite Carrier Royalty Rate" ("Settlement Agreement") is made as of the <u>4</u> th day of <u>June</u>, 2010, by and among DIRECTV, Inc., National Programming Service, LLC and DISH Network L.L.C. (hereinafter collectively referred to as "Satellite Carriers") and the Motion Picture Association of America, Inc. (on behalf of the Program Suppliers) and the Office of the Commissioner of Baseball (on behalf of the Joint Sports Claimants) (hereinafter collectively referred to as "Copyright Owners.") Satellite Carriers and Copyright Owners are collectively referred to as "Parties."

Article 1 Preamble

WHEREAS the compulsory license of 17 U.S.C. § 119, which affords satellite carriers the right to retransmit certain broadcast signals, was set to expire on December 31, 2009;

WHEREAS the Parties sought to respond to Congress' request to resolve controversies over the extension of 17 U.S.C. § 119 by mutually supporting legislation that would contain various provisions of importance to the Parties;

WHEREAS Congress recently extended 17 U.S.C. § 119 by enacting the Satellite Television Extension and Localism Act of 2010 ("STELA");

WHEREAS STELA contains various provisions that the Parties mutually supported, including a provision that would permit Satellite Carriers and Copyright Owners to enter into voluntary agreements concerning the rates payable under 17 U.S.C. § 119 ("Voluntary Agreements") as an alternative to a proceeding before the Copyright Royalty Judges to adjust those rates ("2010 Adjustment Proceeding"); and

WHEREAS the Parties wish to enter into such a Voluntary Agreement in consideration for their mutual support of various provisions of importance in STELA and in order to avoid the costs, uncertainties and delays of litigating a 2010 Adjustment Proceeding;

THEREFORE, Satellite Carriers and Copyright Owners agree as follows:

Article 2 Royalty Rates

The royalty rates applicable to the Satellite Carriers' retransmission of broadcast signals pursuant to Section 119 for each of the years 2010-2014 shall be as set forth in Articles 2.1 and 2.2 below. In each case, "per subscriber per month" shall mean "for each subscriber subscribing to the station in question (or to a package including such station) on the last day of a given month." Furthermore, in the case of a station engaged in digital multicasting, the rates below shall apply to each digital stream that a satellite carrier or distributor retransmits pursuant to 17 U.S.C. § 119, provided however that no additional royalty shall be paid for the carriage of any material related to the programming on such stream.

Article 2.1 Rates for Private Home Viewing)

The rates applicable to Satellite Carriers' carriage of each broadcast signal for private home viewing shall be as follows:

2010: 25 cents per subscriber per month (for each month of 2010, regardless of when the Substantive Reauthorization is enacted into law);

2011: the 2010 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October, 2009, to October, 2010;

2012: the 2011 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2010 to October 2011;

2013, the 2012 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2011, to October 2012;

2014: the 2013 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2012, to October 2013, payable as set forth above.

Article 2.2 Rates for Viewing in Commercial Establishments

The rates applicable to Satellite Carriers' carriage of each broadcast signal for viewing in commercial establishments shall be as follows:

2010: 50 cents per subscriber per month (for each month of 2010, regardless of when the Substantive Reauthorization is enacted into law);

2011: the 2010 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2009 to October 2010;

2012: the 2011 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2010 to October 2011;

2013: the 2012 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2011 to October 2012;

2014: the 2013 rate, adjusted for the amount of inflation as measured by the change in the Consumer Price Index for all Urban Consumers All Items from October 2012 to October 2013, payable as set forth above.

Article 3 Proceedings Before Copyright Royalty Judges

Satellite Carriers and Copyright Owners will (a) within two (2) business days of the publication in the Federal Register of the notice of initiation of voluntary negotiation proceedings or at such earlier time as is required by law or regulation, file this Settlement Agreement as a Voluntary Agreement binding on the Copyright Owners and Satellite Carriers that are Parties hereto; and (b) use their best efforts to have the terms of this Settlement Agreement adopted for all satellite carriers, distributors and copyright owners; provided that, if this Settlement Agreement is not adopted for all satellite carriers, distributors and copyright owners; provided that, if owners, even though it has become effective, it shall nevertheless be binding on the Copyright Owners and Satellite Carriers that are parties hereto. If a 2010 Adjustment Proceeding is convened at the request of any copyright owners, satellite carriers or distributors who are not a party to this Settlement Agreement, Copyright Owners and Satellite Carriers may urge that rates different than those set forth in this Settlement Agreement be adopted only for those satellite carriers, distributors or copyright owners who are not a party hereto.

Article 4 Lack Of Precedential Value

This Settlement Agreement is made upon the express understanding that it constitutes a negotiated settlement. No person shall be deemed to have accepted as precedent, or approved, accepted, agreed to, or consented to any principle underlying, or which may be asserted to underlie, it. Taking into account all circumstances, including without limitation the fact that this Settlement Agreement has been negotiated as a settlement of various Section 119 issues, the Parties agree that the rates set forth in Article 2 above should not be regarded as evidence of the fair market value of the copyrighted programming and associated works retransmitted by satellite carriers pursuant to 17 U.S.C. § 119.

The terms of Article 4 shall survive the expiration of this Settlement Agreement.

Article 5 Severability

The various provisions of this Settlement Agreement are not severable.

Article 6 Counterparts

This Settlement Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and a party may execute this Settlement Agreement by signing any such counterpart.

This Settlement Agreement sets forth the entire and complete agreement of the parties with respect to the subject matter contained herein, and no oral or written prior or contemporaneous statement or representation not contained herein shall have any force or effect. This Settlement Agreement may not be modified only by mutual agreement in writing subscribed to by the Parties.

IN WITNESS WHEREOF, the undersigned have executed this Settlement Agreement as of the date first written above.

MOTION PICTURE ASSOCIATION OF AMERICA, on behalf of PROGRAM SUPPLIERS

Jane Virginia Saunders Senior Vice President, Rights Management Relations Motion Picture Association of America 1600 I Street NW Washington, DC 20006 Telephone: (202) 293-1966 Fax: (202) 785-3026

COMMISSIONER OF BASEBALL, on behalf of JOINT SPORTS CLAIMANTS

Thomas J. Ostertag General Counsel Office of the Commissioner of Baseball 245 Park Avenue New York, NY 10167 Telephone: (212) 931-7800 Fax: (212) 949-5653

DIRECTTV, Inc., National Programming Service, LLC

Derek Chang Executive Vice President Content Strategy and Development 901 F Street, NW, Suite 600 Washington, DC 20004 Telephone: (202) 383-6300

DISH NETWORK, LLC

R. Stanton Dodge Executive Vice President and General Counsel 9601 South Meridian Blvd. Englewood, CO 80112 Telephone: (303) 723-1611

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