

**Preston|Gates|Ellis &
Rouvelas|Meeds** LLP

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August 13, 2003

FILED ELECTRONICALLY

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Ex Parte* Presentation in MB Docket No. 03-15, CS Docket No. 97-80, and PP Docket No. 00-67

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, Starz Encore Group LLC ("Starz Encore") submits this notice of *ex parte* presentations in the above-captioned proceedings.

On August 12, 2003, Starz Encore sent the attached letters from John Sie, its Chairman, CEO and Founder, to, as indicated, Commissioners Abernathy, Copps, Martin, and Adelstein (with copies to their respective legal advisors), and W. Kenneth Ferree, Chief of the Media Bureau (with copies to the additional Media Bureau staff listed below).¹

In addition, we are attaching hereto, for filing as an *ex parte* presentation in the captioned proceedings, a copy of a Powerpoint presentation made by Mr. Sie in meetings on July 21, 2003 with Commissioner Abernathy and Stacy Robinson, Commissioner Adelstein and Johanna Mikes, Commissioner Martin, and with Mr. Ferree and Media Bureau staff; and in a meeting on July 22 with Commissioner Copps and Jordan Goldstein.

The subject of those meetings involved Starz Encore's concern with two aspects of the DTV transition: the phase-out of high definition sets with the traditional 4:3 aspect ratio based on the erroneous impression that only 16:9 sets can qualify as HDTV under the Commission's DTV standard; and the FCC decision to lock into its DTV standard a specific technology for compression, MPEG-2, without allowing for software upgradeable decoders that can handle current and future transmission standards.

¹ These letters included a copy of a letter sent by Starz Encore yesterday to Chairman Powell, which has already been filed in the above-referenced dockets, and is not included here.



August 8, 2003

The Honorable Kathleen O. Abernathy
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Commissioner Abernathy:

Thank you for taking the time to meet with me during my recent trip to Washington. Attached you will find a copy of my letter to Chairman Powell asking that the two issues that we discussed be addressed in connection with the Commission's ongoing Second DTV Periodic Review.

The first issue relates to the slow acceptance of digital television by consumers. Six years after adoption of the digital standard less than one percent of TV homes in the US have sets with tuners or set top boxes capable of receiving high definition television signals. I believe that this slow acceptance is caused in part by the failure of the FCC to make it clear that TV sets with the traditional 4:3 aspect ratio can be high definition.

The second relates to the FCC decision to lock into its DTV standard a specific technology for digital compression, MPEG 2, which mandates that sets be made with that standard. A much better solution would be software upgradeable decoders that can handle all current as well as future transmission standards without forcing consumers to trade in their expensive new digital TV sets.

In my letter to Chairman Powell, which we have filed as an ex parte in several Commission dockets, we ask that the Commission in its Report and Order that will be adopted in the Second DTV Periodic Review proceeding, remind industry and consumers that it did not foreclose the use of a 4:3 aspect ratio for HDTV or require that HDTV sets be 16:9. We also ask that the Commission use the opportunity of its Second DTV Periodic Review to begin a rulemaking to consider whether the DTV Standard should be amended to allow for remote upgradeability and the incorporation of new, advanced compression technologies.

Thank you again for your time and attention to these matters. We look forward to working with you and your staff to help address these issues and speed the DTV transition.

Sincerely,



John J. Sie

Enclosure



STARZ ENCORE GROUP

JOHN J. SIE FOUNDER, CHAIRMAN & CEO

August 8, 2003

The Honorable Jonathan S. Adelstein
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Commissioner Adelstein:

Thank you for taking the time to meet with me during my recent trip to Washington. Attached you will find a copy of my letter to Chairman Powell asking that the two issues that we discussed be addressed in connection with the Commission's ongoing Second DTV Periodic Review.

The first issue relates to the slow acceptance of digital television by consumers. Six years after adoption of the digital standard less than one percent of TV homes in the US have sets with tuners or set top boxes capable of receiving high definition television signals. I believe that this slow acceptance is caused in part by the failure of the FCC to make it clear that TV sets with the traditional 4:3 aspect ratio can be high definition.

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In my letter to Chairman Powell, which we have filed as an ex parte in several Commission dockets, we ask that the Commission in its Report and Order that will be adopted in the Second DTV Periodic Review proceeding, remind industry and consumers that it did not foreclose the use of a 4:3 aspect ratio for HDTV or require that HDTV sets be 16:9. We also ask that the Commission use the opportunity of its Second DTV Periodic Review to begin a rulemaking to consider whether the DTV Standard should be amended to allow for remote upgradeability and the incorporation of new, advanced compression technologies.

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Sincerely,



John J. Sie

Enclosure



STARZ ENCORE GROUP

JOHN J. SIE FOUNDER, CHAIRMAN & CEO

August 8, 2003

The Honorable Michael J. Copps
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Commissioner Copps:

Thank you for taking the time to meet with me during my recent trip to Washington. Attached you will find a copy of my letter to Chairman Powell asking that the two issues that we discussed be addressed in connection with the Commission's ongoing Second DTV Periodic Review.

The first issue relates to the slow acceptance of digital television by consumers. Six years after adoption of the digital standard less than one percent of TV homes in the US have sets with tuners or set top boxes capable of receiving high definition television signals. I believe that this slow acceptance is caused in part by the failure of the FCC to make it clear that TV sets with the traditional 4:3 aspect ratio can be high definition.

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In my letter to Chairman Powell, which we have filed as an ex parte in several Commission dockets, we ask that the Commission in its Report and Order that will be adopted in the Second DTV Periodic Review proceeding, remind industry and consumers that it did not foreclose the use of a 4:3 aspect ratio for HDTV or require that HDTV sets be 16:9. We also ask that the Commission use the opportunity of its Second DTV Periodic Review to begin a rulemaking to consider whether the DTV Standard should be amended to allow for remote upgradeability and the incorporation of new, advanced compression technologies.

Thank you again for your time and attention to these matters. We look forward to working with you and your staff to help address these issues and speed the DTV transition.

Sincerely,



John J. Sie

Enclosure



August 8, 2003

The Honorable Kevin J. Martin
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Commissioner Martin:

Thank you for taking the time to meet with me during my recent trip to Washington. Attached you will find a copy of my letter to Chairman Powell asking that the two issues that we discussed be addressed in connection with the Commission's ongoing Second DTV Periodic Review.

The first issue relates to the slow acceptance of digital television by consumers. Six years after adoption of the digital standard less than one percent of TV homes in the US have sets with tuners or set top boxes capable of receiving high definition television signals. I believe that this slow acceptance is caused in part by the failure of the FCC to make it clear that TV sets with the traditional 4:3 aspect ratio can be high definition.

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In my letter to Chairman Powell, which we have filed as an ex parte in several Commission dockets, we ask that the Commission in its Report and Order that will be adopted in the Second DTV Periodic Review proceeding, remind industry and consumers that it did not foreclose the use of a 4:3 aspect ratio for HDTV or require that HDTV sets be 16:9. We also ask that the Commission use the opportunity of its Second DTV Periodic Review to begin a rulemaking to consider whether the DTV Standard should be amended to allow for remote upgradeability and the incorporation of new, advanced compression technologies.

Thank you again for your time and attention to these matters. We look forward to working with you and your staff to help address these issues and speed the DTV transition.

Sincerely,



John J. Sie

Enclosure



STARZ ENCORE GROUP

JOHN J. SIE FOUNDER, CHAIRMAN & CEO

August 8, 2003

Mr. Kenneth Ferree
Chief, Media Bureau
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Dear Mr. Ferree,

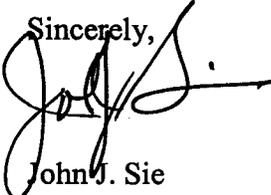
It was a real pleasure to meet you and your staff during my recent trip to Washington. Attached you will find a copy of my recent *ex parte* filing at the Federal Communications Commission. In it I raise the same issues that you and I discussed.

The first issue relates to the slow acceptance of digital television by consumers. Six years after adoption of the digital standard less than one percent of TV homes in the US have sets with tuners or set top boxes capable of receiving high definition television signals. I believe that this slow acceptance is caused in part by the failure of the FCC to make it clear that TV sets with the traditional 4x3 aspect ratio can be high definition.

The second relates to the FCC decision to lock into a specific technology for digital compression, MPEG 2, and the resultant decision by manufacturers to make sets with that standard. A much better solution would be software upgradeable decoders that can handle all current as well as future transmission standards without forcing consumers to trade in their expensive new digital TV sets.

Please take the time to read my letter to Chairman Powell. If you find these arguments have merit, I would ask you to lend your influential voice to the effort to persuade him to consider these issues.

Thank you again for your time and attention to these matters.

Sincerely,

John J. Sie

Enclosure

HDTV Policy

**John J. Sie
Starz Encore Group
July 2003**



Minor Parts of ATSC Standards Cause Disastrous Effects

Aspect ratio problems

- **FCC intended for the “marketplace” to decide which of 18 video formats to use (ATSC DTV standard)**
- **However, the “18 choices” do not permit 4 x 3 aspect ratio to be qualified as HDTV**
- **Forcing manufacturing to phase out offering 4 x 3 “high definition” TV sets**

Minor Parts of ATSC Standards Cause Disastrous Effects

Aspect Ratio Disastrous Effects

- **Consumer - confusion and frustration**
 - **Slow adoption rate (< 1% after 6 years)**
- **Government's spectrum reclamation indefinite**
 - **Urgently needed for homeland security, wireless, etc.**
 - **\$70 billion budgeted spectrum auction revenue disappears**

Solution:

**FCC should revisit this issue: make clear that
4 x 3 is a qualified HDTV format**

Minor Parts of ATSC Standards Cause Disastrous Effects

Compression problems

- **FCC adopted the ATSC standard for compression: MPEG-2**
 - **Ignores inevitable technological advances in processing, memory, compression algorithms**
 - **Already obsolete before adoption reaches 1%**

Disastrous effects

- **America will be stuck with a 2nd class broadcasting system - ripple effect to other platforms, satellite, cable**
- **Broadcasters seek more spectrum for another digital transition**
- **Major uproar when the public realizes that the current DTV sets not upgradable to any future advanced DTV systems**

PUBLIC AND NATIONAL INTERESTS WILL BE TOTALLY ABROGATED

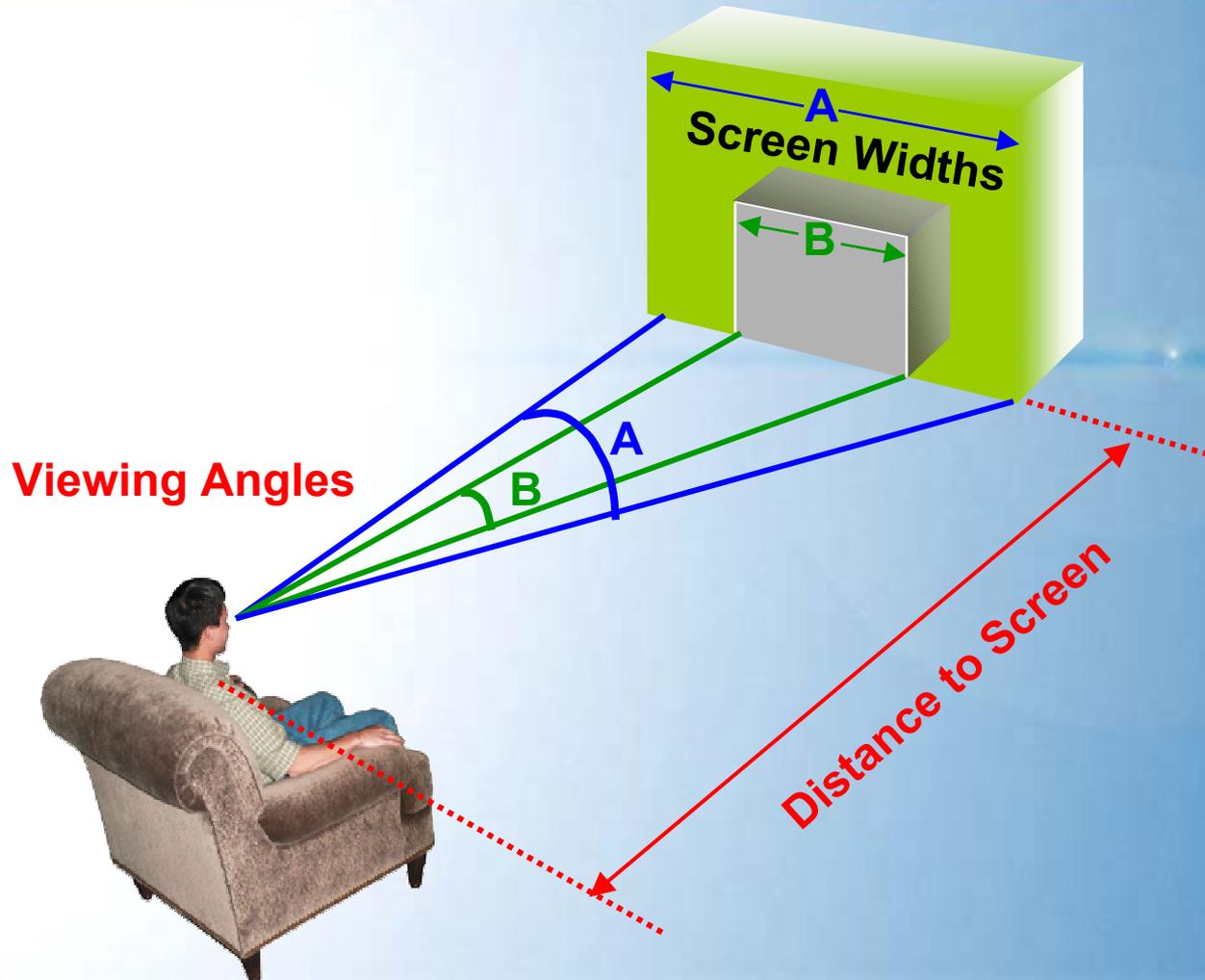
Compression Solution

Use software upgradable, hardware scalable decoders in DTV sets and set-tops to accommodate current and future improved compression algorithms

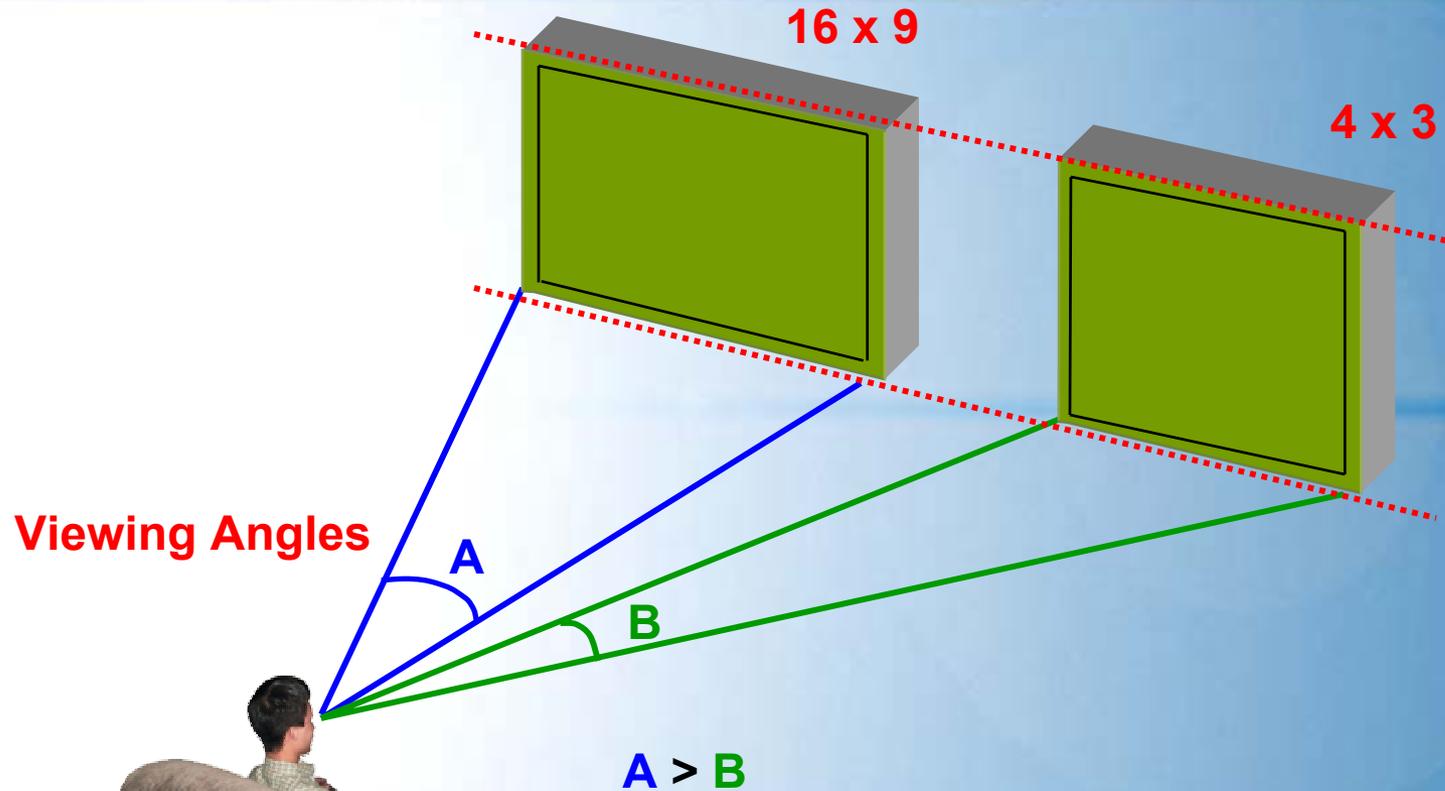
Aspect Ratio

A seemingly logical but **incorrect** premise leads to diametrically opposite conclusions on aspect ratio with many unintended consequences

Wide Viewing Angle is Determined by Screen Width, Not Screen Height

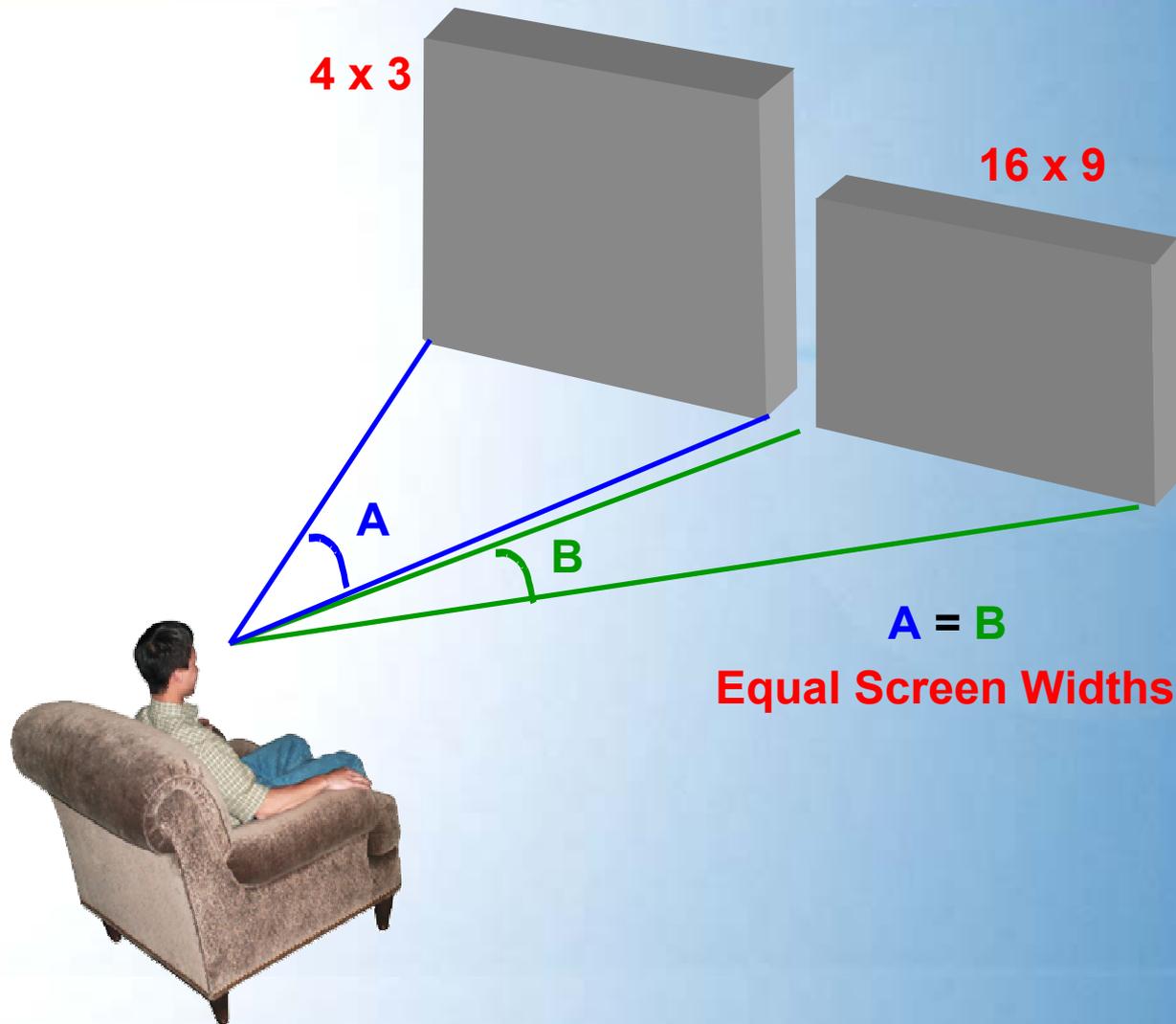


But Almost all ATV Demonstrations Use The **WRONG** Premise of “Same Height” to Determine Format Preferences

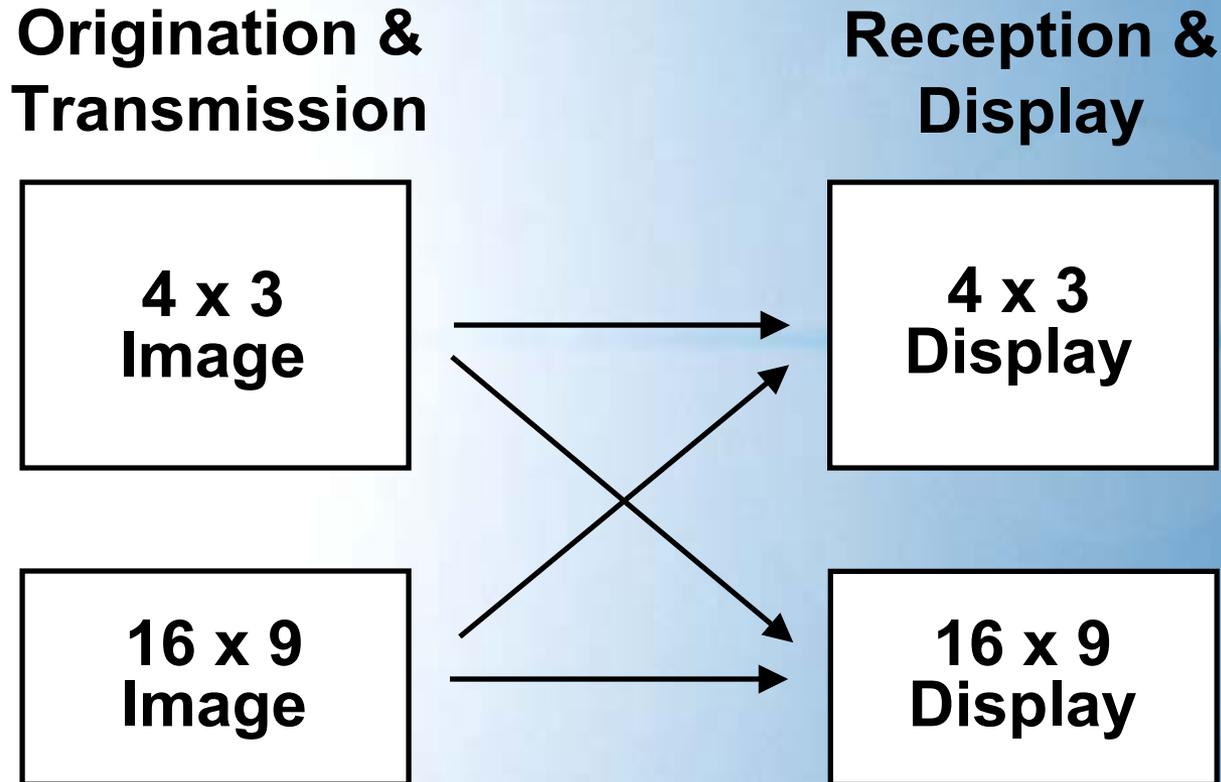


Consumers prefer the 16 x 9 with equal screen height because it provides for a **WIDER VIEWING ANGLE**

With Equal Viewing Angles (Same Screen Width), Consumers Prefer Taller Screen of 4 x 3



Public Dislocation From Aspect Ratio Transition Problems



Case A

Ideal World (Requires Double the Spectrum)

16 x 9 Image

16 x 9 Transmission

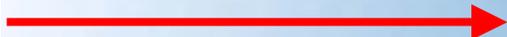


16 x 9 Display



4 x 3 Image

4 x 3 Transmission



4 x 3 Display



A Constant Screen Width (Equal Viewing Angle)
16 x 9 Image on 16 x 9 Display

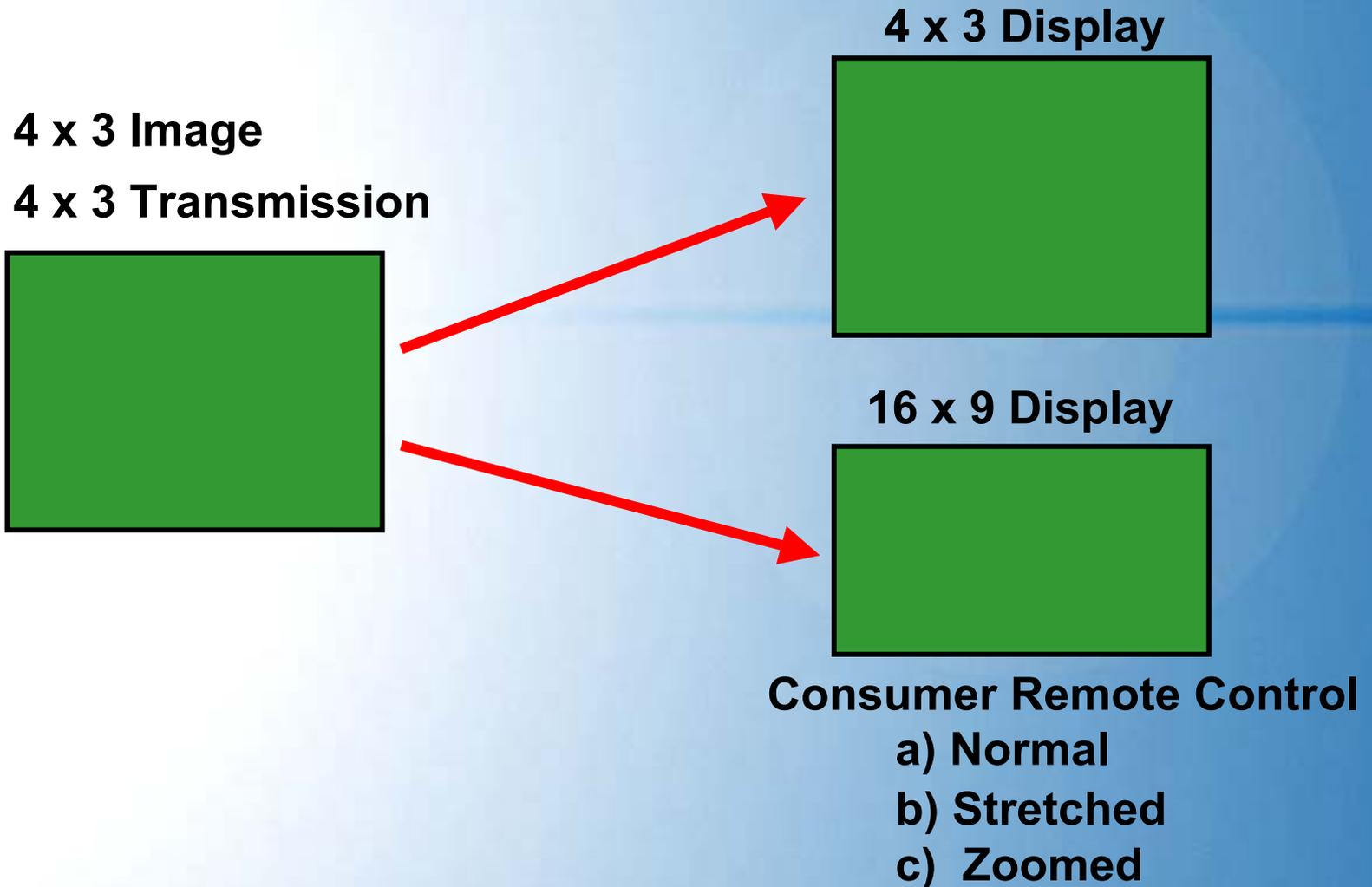


A Constant Screen Width (Equal Viewing Angle)
4 x 3 Image on 4 x 3 Display



Case B

~ 99% of Multi-Channel Viewing



B Constant Screen Width (Equal Viewing Angle)
4 x 3 Image on 4 x 3 Display



B Constant Screen Width (Equal Viewing Angle)
4 x 3 Image on 16 x 9 Display - **NORMAL**



B Constant Screen Width (Equal Viewing Angle)
4 x 3 Image **STRETCHED** to Fill 16 x 9 Display

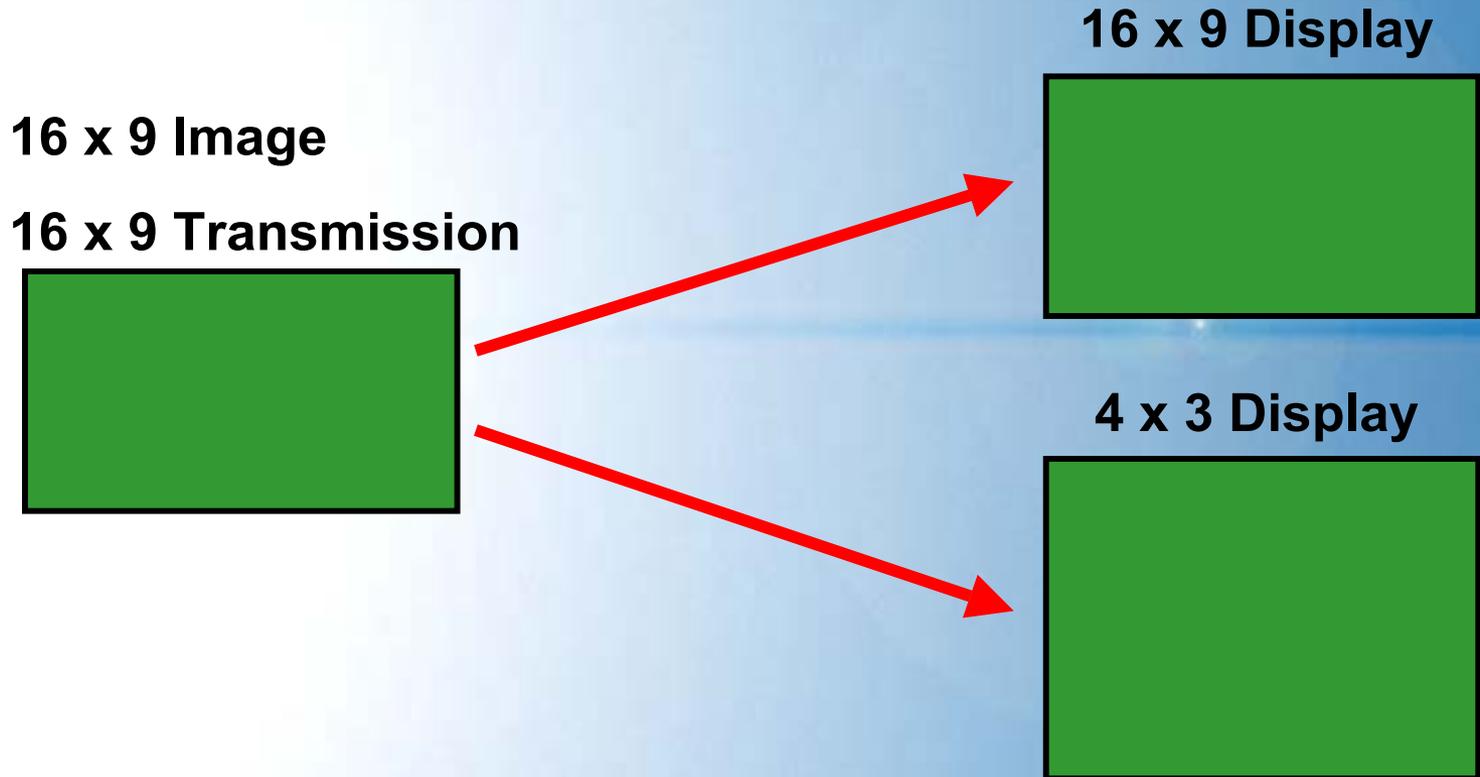


B Constant Screen Width (Equal Viewing Angle)
4 x 3 Image **ZOOMED** to Fill 16 x 9 Display (lost Content and Resolution)



Case C

HDTV Transmission: STARZ! HD, HBO HD, ...



C Constant Screen Width (Equal Viewing Angle)
16 x 9 Image on 16 x 9 Display



C Constant Screen Width (Equal Viewing Angle)
16 x 9 Image on 4 x 3 Display (Same Image Size)



Case D

Sports: ESPN HD, HD Net, ...

16 x 9 Image

16 x 9 Transmission



16 x 9 Display



4 x 3 Image

4 x 3 Transmission



4 x 3 Display



D Constant Screen Width (Equal Viewing Angle)
16 x 9 Image on 16 x 9 Display



D Constant Screen Width (Equal Viewing Angle)
4 x 3 Image on 4 x 3 Display



Case E

Film buffs and Hollywood demand 16 x 9
“widescreen” over 4 x 3 because:

**YOU LOSE CONTENT FROM THE
THEATRICAL VIEWING EXPERIENCE
DURING PAN & SCAN TO 4 x 3**



Theatrical Framing



**Austin Powers in Goldmember
as shown in movie theaters**

4 x 3 TV Framing: 78% Bigger Image

TV HAS MORE CONTENT THAN SHOWN IN THEATERS



Hollywood's Little Secret!

In Theaters



Blackhawk Down

TV at Home



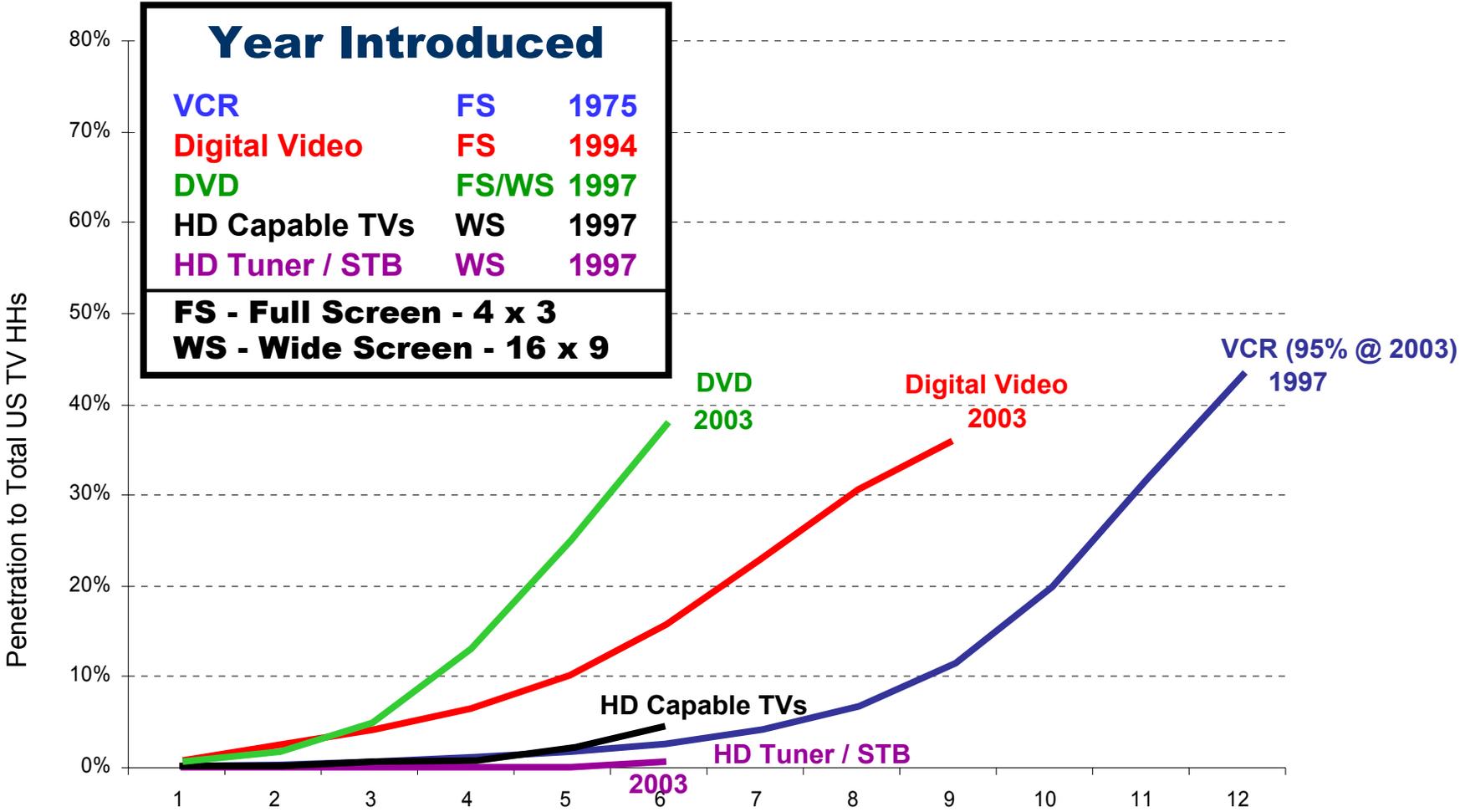
4 x 3 Display
Blackhawk Down

Sample of Films With More Content for 4 x 3 Video Than Theatrical

Title	Release Year
Austin Powers in Goldmember	2002
The Bourne Identity	2002
Harry Potter and the Chamber of Secrets	2002
Black Hawk Down	2001
The Fast and the Furious	2001
Gosford Park	2001
Harry Potter and the Sorcerer's Stone	2001
Lord of the Rings: The Fellowship of the Ring	2001
Crouching Tiger, Hidden Dragon	2000
Gladiator	2000
Austin Powers: The Spy who Shagged Me	1999
Matrix	1999
Seven	1995

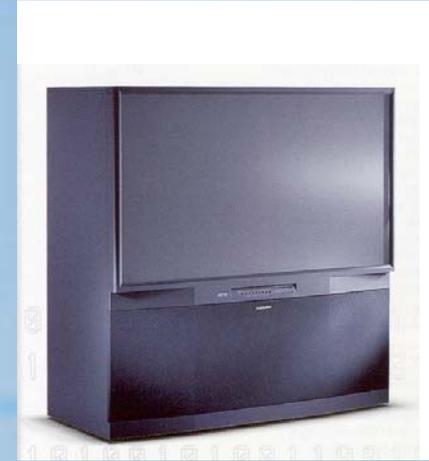
85 - 90% of Hollywood's Top Movies

Adoption From Year of Introduction



TV Set Comparisons

Mitsubishi 2003 Models



Model	VS-60111	WS-55311
Aspect Ratio	4 x 3	16 x 9
Width	50 1/2"	50 1/2"
Diagonal	60"	55"
Scan Formats	480p & 1080i	480p & 1080i
MSRP	\$2,499	\$2,599

4 x 3 1080i sets being phased out because they are not defined as HDTV

FCC Should Rule 4x3 a Qualified HDTV Format

LET THE PUBLIC DECIDE

Scanning Formats

Format	Pixels per Line	Horizontal Lines	Aspect Ratio	Vertical Rate & Scan Type p= progressive i=interlaced
SDTV	640	480	4:3	24p 30p 60i 60p
SDTV	704	480	4:3 16:9	24p 30p 60i 60p
HDTV	1,280	720	4:3 16:9	24p 30p 60p
HDTV	1,920	1,080	4:3 16:9	24p 30p 60i

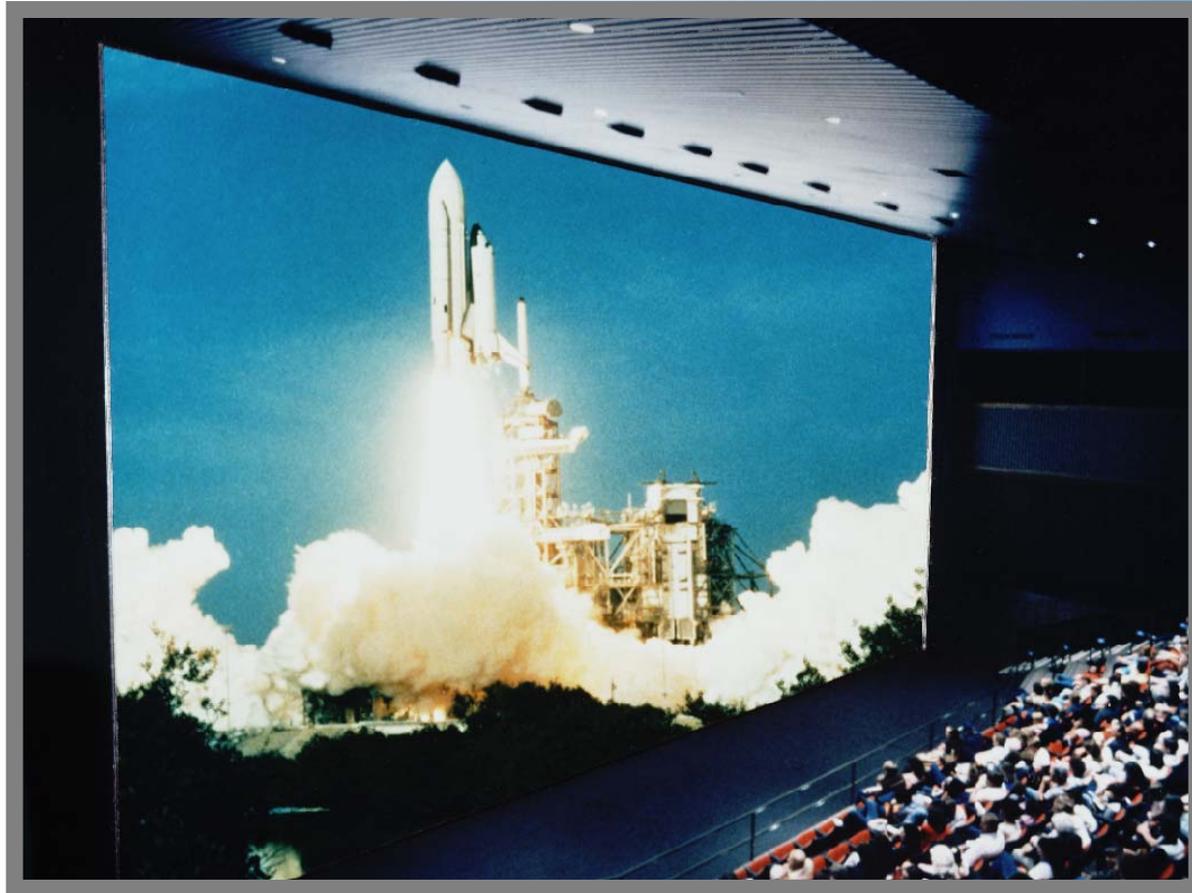
18 Standard Formats

RED

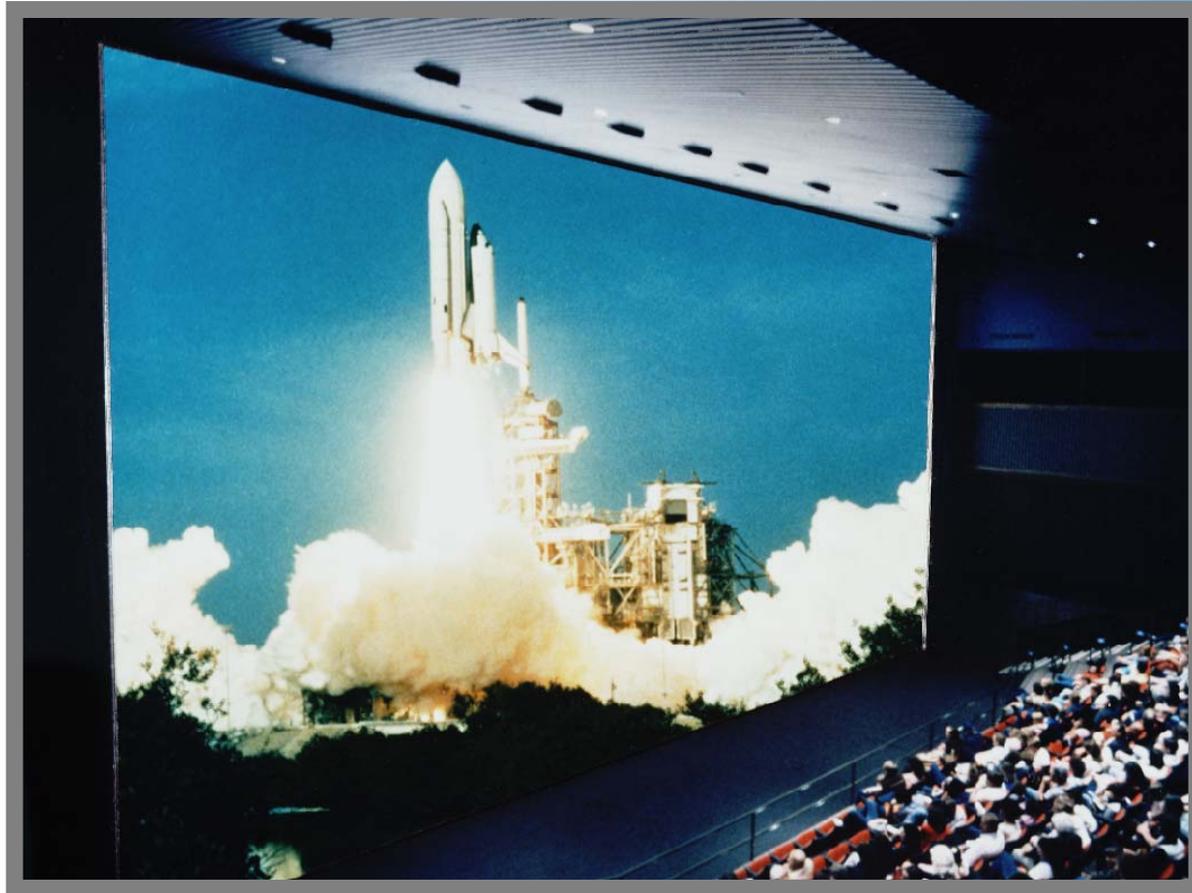
= missing from ATSC DTV Standard

6 more needed

The Ultimate in Wide Screen & Resolution: IMAX



The Ultimate in Wide Screen & Resolution: IMAX



ASPECT RATIO: 4 x 3

FCC's ATV Standard Locked to MPEG-2 Compression

- **Technology advances relentlessly in processing, memory, compression algorithms**
- **MPEG-2 already technically obsolete (> decade old)**
- **Six years after FCC's ATV standard, only 1% adoption**
- **All current DTV sets are HARDWIRED with MPEG-2 chips... not compatible with any future advanced DTV systems**
- **US DTV broadcast system will be 2nd class, causing a ripple effect on US cable and satellite**
- **Public cannot afford to buy future incompatible DTV set after buying the current ATV standard DTV set**

Software Upgradable Decoder Tough, But The Only Solution

- **FCC should change its ATV standard to:**
 - Permit technological advances with backward compatibility (like analog TV transition from B&W to color)
 - Use software upgradable, hardware scalable decoders in DTV sets and set-tops
- **Same as standard practice in broadband computer industry...**
e.g., AOL 6.0 → AOL 7.0 → AOL 8.0 → ...

Huge Benefits of Upgradable Compression Decoders

- **Maintain US superiority in competitive DTV technology**
- **Public buys expensive DTV sets with confidence of longevity...quicker reclamation of spectrum**
- **Continuing spectrum efficiency**
 - e.g., Use of H.264 instead of MPEG-2 can save HDTV broadcast spectrum by 2.5 times (2.4 MHz vs. 6 MHz)
- **More compression improvements to come**

Transition From Fixed to Upgradable Compression is Manageable -- Now

- **Only 5% of the public have purchased DTV sets.**
- **Fortunately, 90% of these are really “HDTV capable” TV monitors ... will accept future generations of decoders**
- **Less than 0.5% of public have HDTV tuners with fixed MPEG-2 decoders (a few hundred dollars to replace)**

Upgradable Media Processor Chips Exist Today

Company

TEXAS Instruments

Royal Philips Electronics

Hitachi Ltd.

Atsana Semiconductor Corp.

Equator

Chip

TMS320DM642

Nexperia pnx1500

Broadgear Series

J2210

MAP-CA

Functionality

Backward compatible to MPEG-2, MPEG-4, H.264

Summary

- For the quickest transition to DTV, and to maximize public and national interests, FCC should:

- **Step in**

- Give 4x3 HDTV status

- **Step out**

- Don't limit ATV decoding to MPEG-2

- Use upgradable system

