

SECOND PERIODIC REVIEW OF DTV RULES AND POLICIES

FCC rules addressing multiple, critical DTV transition issues, including: digital broadcast content protection; “plug and play” cable compatibility; and ubiquitous availability of off-air DTV tuners soon will combine, within the next 6 to 18 months, to propel DTV into the “mass market” technology required to ensure a swift transition and the return of broadcasters’ analog spectrum for public safety and other uses. Thomson has supported the Commission’s actions in each of these areas.

Thomson’s HDTV Products Offer Consumers Exceptional Functionality, Flexibility and Affordability

- Under the RCA and RCA Scenium brands, Thomson offers one of the industry’s most comprehensive assortments of HDTV Sets (with integrated tuner/decoders), HDTV Monitors, and HDTV Set-top receivers. Consumers can find these RCA products at affordable prices, including \$1200 for an HDTV Monitor, and \$2500 for a fully featured HDTV Set.
- Thomson offers widescreen and standard aspect-ratio HDTV products in traditional direct-view, rear-projection, LCD, plasma, and microdisplay DLP rear-projection.
- For 2004, Thomson has announced a line of 12 new Digital Cable Ready HDTV Sets that will ensure compliance with the FCC’s tuner/decoder mandate. All of these products are widescreen, fully-integrated ATSC receivers that also include the necessary electronics and security functionality for Digital Cable Ready “plug and play” cable service and multiple Secure Digital Interfaces.
- Thomson’s investments in Digital Light Processing microdisplay technology alone exceeds \$60 million, just for 2003 and 2004.
- All of Thomson’s 2004 HDTV Sets (with integrated tuner/decoders) will fully detect the Broadcast Flag beginning this year – a full year ahead of the FCC requirement. This feature will encrypt “flagged” digital broadcast content passed through the digital output of the HDTV Set to recording devices.
- Thomson offers three flavors of set-top HDTV receivers – an ATSC-only set-top box, an ATSC+NTSC set-top box, and an ATSC+NTSC+DIRECTV HD set-top box.

Failure To Transmit Full Power HDTV Signals Threatens Consumer Investment In – and Risks Consumer Frustration With – DTV

- Today, nearly two years after the May 1, 2002 deadline for broadcasters to complete their DTV build-out, about 15 percent of all commercial broadcasters still are not on the air with a DTV signal, and more than half of those that are on the air are operating under “Special Temporary Authority,” which could indicate that these DTV stations are operating at such low power that a substantial portion of their viewers cannot actually receive the signal. If consumers cannot receive DTV signals off-air due to low-power transmission (particularly if they still cannot do so by July 1, 2004 – the first benchmark for mandatory integration of ATSC reception capability), and if they cannot otherwise receive those signals over cable (as is predominantly the case today), the risk of consumer revolt or consumer apathy toward the digital TV transition will increase substantially.
- Thomson is cognizant of the substantial costs associated with broadcasters’ conversion to DTV, including the costs to operate both analog and digital facilities during the transition. However, the groundswell of consumer interest in DTV necessary to complete the conversion to DTV will not occur when the signals “in” a market are only actually reaching a fraction of the homes in that market.

- Thomson urges the Commission to require that the maximum practicable number of consumers will be able to receive DTV and HDTV services as early in the transition as possible. Ideally, this means setting expeditious dates for replication and maximization, but, at a minimum, ensuring, as an interim measure, that each broadcaster's DTV signal covers at least the entirety of its Grade A contour in the very near-term, preferably July 1, 2004.

Consumers Will Balk At The DTV Transition If Their Local Broadcaster Offers “Digital” Service Without HDTV

- Thomson is very concerned by reports that a significant number of local affiliates are not actually passing through network-originated HDTV programming in its full resolution. Indeed, Chairman Powell recognized the importance of ensuring that consumers actually have the opportunity to view HDTV programming offered by the broadcast networks when he called upon “DTV affiliates of the top four networks 1-100 [to] obtain and install, [by January 1, 2003], the equipment necessary to pass through network DTV programming without degradation of its signal quality.” Broadcast networks are finally producing HDTV programming. Consumers are increasingly making investments in DTV with the expectation they will be able to receive and enjoy HDTV programming. If these expectations are to be met, local broadcasters must not be permitted to impede viewers' access to network-originated HDTV programming.
- Thomson urges the Commission to take every effort necessary to ensure that local broadcasters build out their DTV facilities in a manner that maximizes, not impedes, consumers' access to DTV and to the full-blown HDTV experience.

The Commission Should Adopt Channel Election Deadlines That Ensure Broadcasters Have Their Final Channel Approvals “In-Hand” By May 1, 2005

- The DTV transition cannot be completed until all broadcast stations have their final (and best) channel assignments. The critical first step toward completing this task is for every broadcaster with two "in-core" channels to select which channel it will retain, thereby freeing up the second channel for assignment to broadcasters moving in-core from out-of-core. Failure to complete this process in early 2005 will result in substantial and unnecessary delay in completing the DTV transition.
- Thomson supports CEA's recommendation that the Commission ensure that all broadcast stations have FCC approvals for their final channels “in hand” by May 1, 2005. To make that happen, the Commission should set March 1, 2005, as the deadline for channel-election applications that request a channel change. Because applications for locations within 200 miles of the Canadian or Mexican border require coordination with those countries, which takes extra time, the Commission should set the deadline for such applications 90 days earlier (December 1, 2004). To implement these proposals, the Commission should establish application-processing guidelines that ensure grant of all necessary approvals within 60 days of submissions, with the exception of applications requiring foreign coordination, for which the guidelines should ensure approval within 150 days.

DTV Manufacturers Will Provide Consumers With Abundant And Accurate Information Concerning The Functionality Of The Equipment They Purchase

- Consumer electronics manufacturers have every incentive to ensure that their customers are more than adequately informed about the capabilities of the equipment they purchase. As the Commission found in its First Periodic Review of DTV, industry-led consumer education efforts – such as that which today informs consumers about the subtle differences between integrated HDTV Sets and HDTV Monitors

(which require a separate receiver) – continue to be the best way to ensure that consumers are adequately and accurately informed regarding the attributes and limitations of the consumer electronics devices they purchase. There is no evidence that manufacturers would not inform consumers appropriately of product limitations. Certainly, there has been no showing of marketplace failure to justify government intervention through labeling requirements.

- Thomson already complies with CEA’s labeling regime, which provides consumers with information such as what qualifies as an HDTV Set (with integrated tuning/decoding) and an HDTV Monitor (which requires the use of a separate set-top box to receive DTV signals).