

Lilly Broadcasting Blocks Channels to DISH Customers in Puerto Rico, U.S. Virgin Islands, and Markets in Pennsylvania, New York and Hawaii

Lilly turns back on public interest obligations during humanitarian crisis –uses catastrophe to create ‘deal leverage’

Lilly rejects DISH offer to extend contract, including retroactive ‘true-up’ for new rates, which would keep national news and information available in Puerto Rico and U.S. Virgin Islands while negotiations continue
Broadcaster fees will rise to \$12.8 billion by 2023, estimates SNL Kagan

ENGLEWOOD, Colo. -- Sept. 30, 2017 -- ([BUSINESS WIRE](#))--The following is a news release from DISH:

This evening, Lilly Broadcasting blacked out DISH customers' access to its stations in Puerto Rico, the U.S. Virgin Islands and three other markets in New York, Pennsylvania and Hawaii after the two companies were unable to establish viable economic terms for a renewed retransmission agreement. The broadcaster is demanding from DISH and, by extension, its customers unreasonable rate increases higher than the current DISH rate. Lilly has also refused DISH's offer to match the rates paid by other pay-TV providers.

Lilly is blacking out the following stations from DISH customers in Puerto Rico and the U.S. Virgin Islands:

- One Caribbean Television (Puerto Rico)
- WSEEP-TV (CBS, Puerto Rico and U.S. Virgin Islands)
- WENY-VI (ABC, U.S. Virgin Islands)

"Lilly is further blinding the citizens of Puerto Rico and the U.S. Virgin Islands at this time, showing an unbelievable lack of compassion," said Warren Schlichting, executive vice president of Marketing, Programming and Media Sales. "During this humanitarian crisis, it's critical for people to have access to more information, not less, whether one home or 10,000 can access these stations."

These stations are among the few broadcast sources that offer national news and information from the continental U.S. to DISH customers in Puerto Rico and the U.S. Virgin Islands. DISH offered a short-term contract extension to Lilly that would include a retroactive true-up when new rates are agreed upon, and would preserve the ability of DISH customers to access Lilly's stations while negotiations continued. The true-up would ensure that Lilly is made whole at the new rates for the period of any contract extension.

"DISH offered to extend the contract, but Lilly rejected it," said Schlichting. "Lilly had nothing to lose and consumers had everything to gain by accepting our extension and leaving the channels up."

Lilly is blacking out the following stations from DISH customers:

- One Caribbean Television (Puerto Rico)
- WSEEP-TV (CBS, Puerto Rico and U.S. Virgin Islands)
- WENY-VI (ABC, U.S. Virgin Islands)
- WENY-TV (ABC, Elmira)
- WENYD-TV (CBS, Elmira)
- WBEP-TV (CW, Erie)

“We continue to urge the FCC and Congress to update a system that emboldens broadcasters to black out consumers”

- WICU-TV (NBC, Erie)
- WSEE-TV (CBS, Erie)
- KITV-TV (ABC, Honolulu)
- KITV2-TV (MeTV, Honolulu)

Need for Retransmission Consent Reform

"Lilly's decision to cut ties with DISH customers is a prime example of why Washington needs to stand up for consumers and end local channel blackouts," said R. Stanton Dodge, DISH executive vice president and general counsel. "Broadcasters like Lilly use their in-market monopoly power to put profits ahead of the public interests they are supposed to serve."

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.

Dodge 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 13.332 million pay-TV subscribers, as of June 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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