



Federal Communications Commission
Washington, D.C. 20554

October 2014

Dear Broadcaster,

It is my pleasure to provide you with the attached information package prepared by the investment firm Greenhill and Co. as part of the FCC's ongoing effort of outreach to broadcasters regarding the upcoming incentive auction of television broadcast spectrum. The package describes how the incentive auction will work and reviews the flexible multiple bidding options for broadcasters, including relinquishing your spectrum and remaining on the air through channel sharing with another licensee. The package also includes FCC staff estimates of high end compensation that could be paid for spectrum rights in each market, and a letter from the IRS providing guidance on the tax implications of the incentive auction.

As you know, the incentive auction is a new tool authorized by Congress to help the Commission meet the Nation's accelerating spectrum needs. In the "reverse auction" phase of the incentive auction you will have the unique opportunity to return some or all of your broadcast spectrum usage rights in exchange for incentive payments taken from the forward auction revenue. The FCC has the ability to unlock spectrum value, through the reorganization of the UHF band that cannot be matched by individual private spectrum sales or leases. Broadcasters who choose to participate can strengthen their businesses by funding new content, services, and delivery mechanisms.

The auction offers potentially significant financial benefits for broadcasters in more than just the largest markets. In fact, some of the highest estimated compensation is for mid-size and smaller markets. The package includes a detailed explanation of how the FCC staff derived these estimates and the assumptions behind them. Of course, the numbers are not the exact amounts you can expect to be paid in the auction. Actual compensation will be determined in the auction itself.

Whether or not you decide to participate in the auction is entirely up to you. You will have to make this decision based on your own assessment of your financial and business interests, but the Commission is committed to providing you with information to help you in your analysis.

The provision of the Greenhill information package marks a significant milestone in our efforts to implement a successful incentive auction. In the weeks ahead, Commission staff will embark on an expanded broadcaster outreach effort. It will include sitting down with individual broadcasters to communicate directly and confidentially about their potential interest in the incentive auction. I believe the incentive auction is an unparalleled business opportunity for broadcasters. I hope you give careful consideration to the economic potential that it offers you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler".

Tom Wheeler
Chairman