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Viacom demands rate increase – threatens channels going black March 31st

PARK RIVER – March 28, 2014 - Polar Communications is in negotiations with Viacom, owner of MTV Networks, to continue offering their channels, but believes the current proposal from Viacom would have costly repercussions for the company's customers. While we are restricted from talking about specific rates, Viacom demanded a rate increase that's 40 times the rate of inflation*. Imagine pulling up to the gas pump and finding that gas has gone from \$3.50 a gallon to \$6.00 – overnight. That's the scale of some of these large increases. In addition, Viacom may demand we drop their networks if we don't agree to their proposal.

“Viacom owns popular networks such as MTV, Nickelodeon and Comedy Central. But in order to offer these, the cable networks require us to carry networks that are not as well-known, networks such as MTV2, MTV Hits and VH1 Classic,” explained David Dunning, Polar Communications CEO.

We want our customers to know that fees from these networks account for the bulk of monthly cable bills. Today's entertainment marketplace is changing rapidly, and we have seen consolidation among major media companies. These mergers allow large programming companies significant leverage over independent cable companies such as Polar Communications.

Our goal is to protect our customers from significant programming fee increases. We pay programmers such as Viacom a fee per channel per month per customer for their programming. When these contracts conclude, we negotiate new agreements and that concludes that business

deal. But when a multibillion-dollar company such as Viacom demands an unprecedented increase in its monthly fees, we believe it's our responsibility to take a stand.

These large increases impact all of us throughout northeast North Dakota and we want to make sure our customers know we are working on their behalf.

** Source: 12-month period from January 2013 to January 2014, Bureau of Labor Statistics, released February 20, 2014.*