



December 1, 2008

NTIA LETTER TO PARTICIPATING RETAILERS

Dear :

As the TV Converter Box Coupon Program moves closer to the transition to digital television on February 17, 2009, consumer demand for converter boxes is growing at a rapid pace. The latest trends show:

- Coupon demand has been strong and has been rising significantly with November 2008 projected to be 28 percent stronger than October 2008. In November, NTIA received requests for over 150,000 coupons per day on average compared to 105,000 per day over the first nine months of 2008.
- More than 36 million coupons have been requested as of November 25, and the Program is prepared to issue up to 50.5 million coupons.
- Overall redemption rates, which are updated weekly in the Redemption Report [https://www.ntiadv.gov/coupon_stats.cfm] posted at the Program retailer Web site, are currently above 50 percent and increasing. Indeed, the weekly redemption rate for coupons that expired between October 17, 2008 and November 14, 2008 was at or above 55%.

An October 15, 2008 report issued by The Nielsen Co. shows that there are approximately 9 million households totally unprepared for the upcoming digital transition and another 12 million with at least one TV set that is not yet ready. Consumers who have not yet applied for coupons are being urged to do so by the end of the year in our "Apply, Buy and Try" campaign, with the expectation that many of those purchases will be during the first quarter of 2009. Because the 100-Day countdown began in early November—and broadcasters are increasing the intensity of their messaging—we expect demand to continue to be robust.

This potential for strong demand reinforces the importance of retailers monitoring converter boxes on store shelves in the weeks and months ahead to meet consumer demand. As you know, the terms for Program participation require certified retailers to use commercially reasonable methods to order and manage inventory to meet customer demand for Coupon Eligible Converter Boxes (CECBs).

Our subcontractor, CLC Services, will be contacting you soon to discuss your planned inventory during the critical first quarter of 2009. This information, which will be treated as business confidential, is necessary for us to ensure that consumers will continue to find CECBs readily available.

The digital transition is a major technological step forward for our country, and you can take pride in your role in helping Americans prepare. Thank you for your continued support to ensure a successful conclusion to the digital transition on February 17, 2009.

Sincerely,

A handwritten signature in blue ink that reads "MABaker". The signature is written in a cursive, slightly stylized font.

Meredith Attwell Baker
Acting Assistant Secretary
For Communications and Information