

**Before the  
COPYRIGHT ROYALTY JUDGES  
Washington, D.C.**

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<b>In the Matter of</b>	)	
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	)	
<b>Distribution of the</b>	)	<b>Docket No. 2007-3 CRB CD 2004-2005</b>
<b>2004 and 2005 Cable Royalty Funds</b>	)	
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**PROGRAM SUPPLIERS'  
ADMITTED HEARING EXHIBITS**

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**Submitted: April 19, 2010**

*Attorneys for  
Program Suppliers*

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<b>MARKED EXHIBIT</b>	<b>DESCRIPTION</b>	<b>ADMITTED</b>	<b>DATE</b>
PS Exhibit 1	Written Direct Testimony of Alex Paen, filed 6/1/09.	Yes	10/15/09
PS Exhibit 2	Written Direct Testimony of Jonda K. Martin, filed 6/1/09.	Yes	10/15/09
PS Exhibit 3	Written Direct Testimony of Martin R. Frankel, Ph.D., filed 6/1/09, corrected 9/28/09.	Yes	10/15/09
PS Exhibit 4	Written Direct Testimony of Alan M. Rubin, Ph.D., filed 6/1/09, corrected 9/28/09.	Yes	10/15/09
PS Exhibit 5	Written Direct Testimony of Marsha E. Kessler, with attachments MEK-1 through MEK-12, filed 6/1/09, corrected 9/28/09.	Yes	10/15/09
PS Exhibit 6	Written Direct Testimony of John Mansell, filed 6/1/09, corrected 9/28/09 and 10/13/09.	Yes (with additional corrections to pp. 13 and 23)	10/15/09
PS Exhibit 7	Written Direct Testimony of Howard B. Homonoff, with attachments HBH-1 through HBH-8, filed 6/1/09, corrected 9/28/09.	Yes	10/15/09

<b>MARKED EXHIBIT</b>	<b>DESCRIPTION</b>	<b>ADMITTED</b>	<b>DATE</b>
PS Exhibit 8	Written Direct Testimony of Arthur C. Gruen, Ph.D., filed 6/1/09, corrected 9/28/09.	Yes (with redactions to pp. 5 and 27)	10/19/09
PS Exhibit 9	Written Direct Testimony of Paul Lindstrom, with attachments PL-1 through PL-7, filed 6/1/09, corrected 9/28/09.	Yes (with additional correction to p. 7)	10/19/09
PS Exhibit 10	Written Direct Testimony of Bruce Hoynoski, with attachment BH-1, filed 6/1/09.	Yes (with corrections to pp. 8 and 13)	10/19/09
PS Exhibit 11	Written Direct Testimony of George S. Ford, Ph.D., filed 6/1/09, corrected 9/28/09.	Yes	10/19/09
PS Exhibit 12	Written Rebuttal Testimony of Arthur C. Gruen, Ph.D., filed 12/11/09.	Yes	2/4/10
PS Exhibit 13	Written Rebuttal Testimony of Marsha E. Kessler, filed 12/11/09, corrected 1/15/10 and 2/2/10.	Yes	2/4/10
PS Exhibit 14	Written Rebuttal Testimony of John R. Woodbury, Ph.D., filed 12/11/09.	Yes (with corrections to p. 7 and Appendix 3)	2/4/10
PS Exhibit 15	Written Rebuttal Testimony of John Mansell, filed 12/11/09, corrected 1/15/10 and 2/4/10.	Yes (with an additional correction and redaction to p. 13).	2/4/10
PS Exhibit 16	Written Rebuttal Testimony of George S. Ford, Ph.D., filed 12/11/09, corrected 1/15/10.	Yes	2/4/10

**PROGRAM SUPPLIERS' CROSS-EXAMINATION EXHIBITS**

<b>MARKED EXHIBIT</b>	<b>DESCRIPTION</b>	<b>ADMITTED</b>	<b>DATE</b>
PS Exhibit 1x	Comments of the Professional Sports Leagues, filed 3/1/05 in FCC MB Doc. No. 05-28.	No	10/6/09
PS Exhibit 2x	Music Bates No. 10574, Tabname PRO info request.	Yes	10/13/09
PS Exhibit 3x	Data from PS Exhibit 2x with Calculation of Actual Music License Fees Excluding Big 3 Network Fees Added	Yes	10/13/09
PS Exhibit 4x	1998 Music Ratio Approach with 2004-05 Data (Millions of Dollars)	No	10/13/09
PS Exhibit 5x	Excerpt from U.S. Census Bureau, Service Annual Survey 2006 (Music Bates Nos. 6107 and 6165)	Yes	10/13/09
PS Exhibit 6x	Excerpts of Redacted Ringold Distant Signal Questionnaires for 2004 (selections from CDN Bates Nos. 000005 through 000347)	Yes	10/14/09
PS Exhibit 7x	2004 Signal A List With Q.4 Program Value Responses, excerpted from CDN Discovery Response Underlying 2004 Ringold Survey	Yes	10/14/09
PS Exhibit 8x	Signal A Key Code List of Stations (p4 Code), excerpted from CDN Discovery Response Underlying 2004 Ringold Survey	Yes	10/14/09
PS Exhibit 9x	2005 Signal A List With Q.4 Program Value Responses, excerpted from CDN Discovery Response Underlying 2005 Ringold Survey	Yes	10/14/09
PS Exhibit 10x	Berman Pilot Survey Respondent Level Data, JSC04-05 21375-21416.xls.	Yes	2/1/10

<b>MARKED EXHIBIT</b>	<b>DESCRIPTION</b>	<b>ADMITTED</b>	<b>DATE</b>
PS Exhibit 11x	Kagan Media Sports Business article, dated February 20, 2002 (RE TNT's rights deal with the NBA), JSC04-05 21613-14.	Yes	2/2/10
PS Exhibit 12x	Excerpt from Economics of Basic Cable Networks (13 <sup>th</sup> ed.), JSC04-05 21656-84.	Yes	2/2/10
PS Exhibit 13x	Excerpt from Kagan Media Sports Business article, dated April 17, 2007 (RE table of Programming Expenses By Network, 1999-2008), JSC04-05 21653-55.	Yes	2/2/10
PS Exhibit 14x	Chart entitled "Number Extracts From Gruen Survey."	No	2/4/10
PS Exhibit 15x	Memo from John B. Horrigan, Ph.D., Associate Director for Research at PEW to Michelle Connolly, Ph.D., Chief Economist of the FCC	Yes	2/4/10
PS Exhibit 16x	Article by Eleanor Singer entitled <i>Introduction: Nonresponse Bias in Household Surveys.</i>	No	2/4/10

**DIRECT-EXAMINATION  
EXHIBITS**



## Testimony of Alex Paen

### I. Background and Experience

My name is Alex Paen. From 1975 to the present, I have been a television journalist and producer specializing in international news for several Los Angeles stations. Since 1985, I have also become a producer and distributor of many nationally syndicated programs. In connection with my syndication business, I have visited and communicated with hundreds of stations across the United States.

I graduated from UCLA with a baccalaureate degree in Communication Studies in 1975. As a young radio reporter for KMPC-AM in Los Angeles, I was assigned to cover the Iranian hostage crisis in Tehran in 1979. Following that assignment, I reported on a number of international events over the next three decades, including the civil war in El Salvador, the political upheavals in South Africa, the assassination attempt on Pope John Paul II, the Iran-Iraq war, the Persian Gulf war, the Rio Environmental Summit, the famine in Somalia, the economic crisis in Cuba and the tragedy in the Balkans. I have been the recipient of numerous awards, including an Emmy for my series on Papua New Guinea, two Golden Mikes for investigative reporting from the Southern California Radio and Television News Association, an Associated Press award for my Gulf War reporting and several Emmy nominations for a documentary special, where I traveled to several continents, entitled, *AIDS: The Global Explosion* and for *Animal Rescue*, one of my syndicated shows. I am also the author of *Love from America*, a true life account of my experiences covering the Iranian hostage crisis. In 1985, I purchased *The Telco Report*, an



international television program magazine, which I still own and continue to serve as Publisher.

In 1994, I created *Emergency with Alex Paen*, a weekly syndicated series showcasing emergency workers around the world. As a producer and distributor, my responsibilities included contract and sales administration as well as serving as marketing director for my company, Telco Productions. I subsequently created, produced, and distributed other shows, *Missing*, *Dog Tales*, *We the Jury*, *State Police*, *Dragonfly TV* and *SWAP TV*, all the while overseeing an expanding programming distribution sales staff.

I appreciate the opportunity afforded to me by the Copyright Royalty Judges (“Judges”) to offer my testimony in this case.

## **II. Introduction to Syndication**

The term “syndication” refers to the process by which programming is sold on a market-by-market basis to television stations in various cities throughout the United States. The programs that fall within the Program Suppliers category are generally referred to as “syndicated programs.” There are two general categories of stations: ones that are owned-and-operated (“O&Os”) by the major television networks (*i.e.*, ABC, NBC, CBS) and those owned by independent owners or ownership groups or companies, of which the vast majority of these are affiliates of the major networks (“network affiliates”). To fill an entire day’s schedule, O&Os and network affiliates acquire syndicated programs only for that part of the day during which the network does not

provide network programming. Independent stations acquire syndicated and other programs to fill entire days.

Since the infancy of television, most stations have been network affiliates and have carried programming created for and by the networks. Many television programs are created, however, for sale or for barter (discussed below) directly to local stations during a single calendar period. The programs that I have produced are primarily for barter, but are also available for direct sale.

A common syndicated program is called a series. There are generally two types of syndicated series -- **off-network** and **first-run**. Off-network series are those programs that go into syndication after first being exposed to the public on a network. Examples of off-network series include *Law & Order*, *Everybody Loves Raymond* and *King of Queens*, which were originally created for network broadcast and seen subsequently in syndication. First-run programs are created to be sold or cleared through barter arrangements directly to stations for immediate exhibition in first-run syndication. Examples of first-run programming include *Entertainment Tonight*, *The Oprah Winfrey Show*, *Wheel of Fortune* as well as my shows, such as *Animal Rescue* and *Missing*.

There are generally two types of movies seen on broadcast television -- movies from theatrical releases (“motion pictures”) and made-for-TV movies. The pattern of licensing motion pictures in syndication is quite different from that of off-network series and first-run programming. Immediately following a motion picture’s theatrical exposure, it is licensed to airlines and in home video. The home video “window”

continues indefinitely. Meanwhile, the motion picture is licensed to pay television (HBO, Showtime, *etc.*) for a limited window, then to a network (ABC, CBS, *etc.*), followed either to a basic cable network or, in syndication, to an *ad hoc* network of individual stations. When a movie is licensed to pay cable, to network, to basic cable, and to syndication, it is usually licensed together with other motion pictures in “packages” which may also include movies-of-the-week that were made for network television. In syndication, the motion picture license may have an initial period (usually a month) in which the stations telecast the film on a “barter” basis, and a subsequent period (often several years) in which the station has a right to four to six telecasts on a “cash” basis. In general, made-for-TV movies are licensed much in the same way as series (discussed below), that is, on a market-by-market basis.

### **III. Program Development**

#### **A. Off-network Series**

To understand the need for syndication after a program’s network run, it is necessary to understand how a network selects a new series. That process begins when a party, typically a producer, pitches (*i.e.*, tries to sell) a program idea to a source of funding. The funding source, which may be a network, a major studio, or an independent production company, then invests in the development of the idea for presentation to a network in hopes that the network will order a pilot. An order for a pilot will depend on the network’s perception of the program idea’s value: essentially, the potential of the concept to attract an audience, subsumed within which is the track record of the producer,

the popularity of a given star, *etc.* A production company produces the pilot, which results, hopefully, in a network order of from anywhere of six to twenty-four episodes for placement on the network schedule. If the series performs well enough in its first season to be renewed, and continues to perform well during its second season, the funding entity, or Program Supplier, evaluates the program's chances in syndication, and develops a marketing plan. In general, to be considered worthy of syndication, the program must attract a desired level of viewership.

Until fairly recently, it was accepted wisdom that a series required at least 100 episodes, or roughly five seasons on the network, before it could be sold in syndication. This is because most syndicated programs are stripped, that is, broadcast at the same time every weekday (*e.g.*, a stripped *Everybody Loves Raymond* is broadcast at 7:00 p.m. Monday through Friday). To strip a program, there needs to be enough episodes so the individual segments do not repeat often during the broadcast season. However, more recently, it is not uncommon to see programs going to syndication with fewer than 100 episodes. Nevertheless, it is still the rule of thumb that a series must survive at least four seasons of network production to have a sufficient number of episodes to be attractive to a local station.

#### **B. First-run Programming**

First-run series programming is developed through a process similar to the development of network programming, except that the idea for a show, once accepted by a Program Supplier, is presented to individual stations or groups of stations (instead of a

conventional network). A first-run program needs to sell to enough stations to form an *ad hoc network* reaching a sufficient percentage of all U.S. television households to make the program's launch economically feasible. This is the main route my company, Telco Productions, follows to get shows on the air.

Absent a commitment by stations whose total audience equals at least 70% of all U.S. homes using television, a first-run program will likely not proceed to production. That commitment must be secured by April or May in order to permit the producers and stations adequate time to contract with advertisers for a fall launch.

### **C. Telco Productions Program Development**

I develop shows that usually relate to my news experiences and background.

*Emergency with Alex Paen* consists of long-form reporting on the brave efforts of emergency workers from around the world. That theme continued as I developed *Animal Rescue*, *State Police* and *Missing*. I like to tell stories of bravery which have had positive results and, at the same time, provide knowledge and information to my audience in an entertaining way. I personally fund the development of the concept, production of the pilot, and marketing expenses. It is my hope that the show(s) will be accepted by audiences so that after a few years they will prove profitable. I also count on the royalties collected by the MPAA as part of my revenue mix. These royalties are critical to my continued survival as a program producer.

#### **IV. Costs of Production**

##### **A. Cost Risks in Programming**

Producing for television is a high risk venture, given that new programs compete for a shrinking number of available broadcast time periods. Each season, it becomes more difficult to get and to keep a program on the air, especially for small producers like myself because of the heavy competition due to paid programming and increased weekend stripping of programs. Nevertheless, establishing and sustaining a syndication market offers the best (and possibly only) way to recover the deficits that inevitably result from program development.

On average, a typical individual episode ranges from \$20,000 to \$24,000 for Telco Productions to produce. This cost includes all camera work, bought footage, post-production (editing, graphics), closed-captioning, writing fees, production staff fees, satellite costs, and office overhead. These costs are not static, because programs cost more to produce each year. Creative talent and the unions that represent them rarely agree to accept less money for a new production. On the other side, networks and stations are not willing to pay for all these costs. This means that virtually all programming is produced at a deficit. The initial network run does not recoup development and production costs, nor does the initial season of a first-run series. Therefore, producers depend on long syndication runs to recover their investments in both off-network and first-run syndication.

A reduction in the number of episodes ordered by networks has also increased risks. It has become increasingly difficult to achieve the number of episodes necessary for off-network syndication because networks order fewer episodes each season. Series like *The Honeymooners* had 39 original episodes ordered in a season. In 2004-05, the standard full season order has been reduced to approximately 22 to 24 episodes and, today, 13 and even 6 episode orders have become common. For Telco Productions, the average production cost for a 22 to 24 episode season would typically be between \$440,000 and \$576,000.

With the decline in episodes per season, it takes more time to achieve the number of episodes desirable for syndication. Deficit reduction therefore cannot begin as fast, and this can, in turn, inhibit new production. Moreover, networks' propensity for changing schedules makes it more difficult to maintain an audience for new shows. New shows must also compete for a share in an increasingly fragmented viewing market (cable, satellite, DVDs, *etc.*), which also make it more difficult for a new series to gain a following.

Producing a new program means accumulating a deficit over as many as five or more years. Even with a moderately successful off-network first cycle, or an impressive premiere season in first-run, it can take years before these accumulated deficits can be eliminated.

## **B. Cost Risks for First-run Programming**

First-run syndicated programs are produced for simultaneous exhibition by local stations (*i.e.*, on a market-by-market basis) during the same calendar period throughout the country. More and more stations have turned to first-run to fill their programming time slots, in part, because of the shorter contractual commitment. In addition, the types of first-run programming available to these stations are a more cost-efficient option than most station-produced programs. As a result, many stations are turning to first-run reality and talk programming.

First-run syndicated programming faces high financial risks, especially at launch. Not only has the number of time periods available to new programs been shrinking, but also first-run programs incur weekly production costs, as well as high initial marketing and promotion expenditures, especially for those directed toward the most competitive syndicated dayparts. First-run “strip” series require five original episodes every week for as many as thirty-nine weeks every season. This means that even with lower per episode costs, deficits will be large because at least 195 new episodes must be produced each year. A long successful run will be needed to recover those deficits. Success must be achieved swiftly, to avoid the program being cancelled and any deficits becoming permanent.

To improve the chances of a program’s success, millions of dollars are generally spent to provide a “high profile” launch. Marketing and promotion costs can make



profitability very difficult in a program's first few years. If first-run programming is cancelled within a year or so, virtually all of these costs are lost.

## **V. Licensing and Distribution**

### **A. Cash Basis Licensing**

Originally, the total compensation received for syndicated programs came from license fees (cash) paid by stations that sold time in the programs to local advertisers. Suppliers of programming and stations negotiated license fees based on estimated advertising revenue. The stations were free to telecast the programming at any time throughout the license term, provided that they paid the license fees and did not exceed the number of telecasts licensed. The license fees were negotiated on the basis of separate calculations by each party as to what its perceptions of the revenue stations could reasonably expect to receive from local advertisers. Advertiser payments to the stations were determined by the number of homes in the local market that tuned in to the programs. Under a cash deal, the station bears the risk that its advertising revenues will not exceed the license fees.

### **B. Barter Basis Licensing**

In 2004-05, few syndicated programs were licensed on a "straight cash" basis; many were licensed on a "barter" basis. For barter deals, the producer and the station divide the available advertising time between themselves. Each party is compensated by being able to sell its portion of the advertising time in the program. To be successful at barter, a producer must license a program to stations that broadcast to at least 70% of U.S.

households, the minimum coverage before national advertisers will buy advertising time on programs. A producer's advertising revenue in barter is almost always derived from the sale of time in the programs to national advertisers, while a station generally sells its portion of time to local advertisers.

Under barter, a station contracts to broadcast the episodes of a series, in the order, daypart, and on the dates set out in the license agreements. Preemption is usually permitted only for coverage of events of national or local importance, and the station is obligated to make-good on the preempted episode by broadcasting it in another time period. Barter allows stations to shift as much as half of the risk to the producer. If a program does poorly, both suffer, but at least the station has not put out any cash. Only programs that attract a large enough audience will have an opportunity to recoup their costs through the sale of advertising time.

#### **C. Cash/Barter Basis Licensing**

In cash/barter deals, the station pays a lower license fee than with a cash-only sale, but keeps more advertising slots than with a straight barter sale. Virtually all first-run series are sold on barter or cash/barter basis. Accordingly, more of the risk associated with new programs in first-run syndication has shifted to producers.

#### **D. Program Revenues**

Under all of the foregoing scenarios, program revenues are determined by the appeal of a program based on the number of viewers watching. Ultimately, a producer is

compensated for program creation and investment out of the sale of advertising time, which, in turn, depends on the public's election to watch a program.

"Demographic ratings" also affect compensation because advertisers value certain demographics more than others. In general, advertisers and, perhaps, most in the industry, deem adults 18-49 as the most valued demographic group. Programming that sustains its appeal to this group fetches the highest advertising rates. A first-run programming marketing plan must consider both which dayparts will likely be available for broadcast, as well as the demographic groups that view during those dayparts, and which advertisers will be likely to pay a premium rate to reach the targeted demographic when determining the expected value of its program.

## **VI. Basic Cable Networks**

The emergence of basic cable networks as a viable alternative to over-the-air television has broadened the opportunities for viewers to find their favorite programs. Cable networks frequently seek to achieve unique personalities by appealing to a specific audience, which makes certain types of off-network series particularly attractive to them. In addition, cable networks, such as The Food Channel, The History Channel, and various financial networks, appeal to narrowly defined interests of specific segments of the viewing public. Some cable networks satisfy the desires of viewers to see, again, television series that attracted a loyal following in their network life, even though they had not received the number of episodes required for the five-night-per week syndication

strip. Unlike local television stations, cable services are not wedded to stripping episodes, and will air these shows on a weekly schedule.

Cable networks compete vigorously with television stations for off-network programming as well as for original programming. This has been especially true for off-network hour series, but is becoming increasingly the case for 30-minute series.

Off-network programming has helped basic cable networks, like USA, Lifetime, and Family Channel, to compete more effectively in the increasingly fragmented viewing landscape. Licensing off-network programming serves this purpose by providing material that is familiar to audiences. Cable networks are willing to spend more to purchase these tested programs because they attract and retain subscribers.

## **VII. Conclusion**

Syndication continues to fuel the growth of popular competing video outlets that offer a broad array of entertainment and instructional sources. Independent stations proliferated throughout the United States, in large part, due to an increase in the public awareness and appetite for syndicated television programming. Cable networks, too, have followed this model to spur their growth. Even pay cable has moved to series (*e.g.*, *The Sopranos*) to augment their movie fare as a means of increasing their appeal.


The common measure of value for this programming is its appeal to the viewing audience. Syndicated programming is created to appeal to a very broad audience because that audience produces the best opportunity for recouping the investment and compensating for the risk of developing programs.

Syndication is a vital source of revenue to the creators and suppliers of television programs who, as copyright proprietors, are entitled to compensation for the use of material created by application of their labor, their talent, and their investment. Unless Program Suppliers receive fair compensation for the use of their programs, they will not have the incentive to produce programming that is at the core of the success of the video industry.

**DECLARATION OF ALEX PAEN**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on June 1, 2009.

  
\_\_\_\_\_  
Alex Paen



DIRECT TESTIMONY OF JONDA K. MARTIN

COPYRIGHT ROYALTY JUDGES

2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING

JUNE 1, 2009

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Declaration



## DIRECT TESTIMONY OF JONDA K. MARTIN

### **I. BIOGRAPHICAL INFORMATION**

My name is Jonda K. Martin. I am the President and Owner of Cable Data Corporation ("CDC"). I have worked at CDC for over 20 years, and during this time, I have been actively involved in all aspects of the company, including research, data-entry, report generation, and administration. I received a Bachelor of Science/Business Administration degree from American University in Washington, D.C., with concentrations in international business and management of information systems. I also received a MBA from the University of Maryland. I have previously testified before the Copyright Arbitration Royalty Panel ("CARP") regarding CDC's data collection activities in connection with the CARP's distribution of 1998 and 1999 cable compulsory license royalties, and recently before the Copyright Royalty Judges ("Judges") in connection with a proceeding to distribute the 2000, 2001, 2002, and 2003 cable royalty funds.

### **II. PURPOSE OF TESTIMONY**

The purpose of my testimony is to provide the Judges with an overview of CDC's operations and describe its data collection process and methodologies in relevant detail. I will also describe the data that CDC supplied to Program Suppliers for use in connection with the 2004 and 2005 subscriber surveys and the studies presented by The Nielsen Company ("Nielsen Studies").

### **III. CABLE DATA CORPORATION**

Located in Rockville, Maryland, CDC was established in 1979 to collect and analyze information on Statements of Account (“SOAs”) that cable systems file with the Licensing Division of the Copyright Office (“Licensing Division”). CDC makes the collected information available to users either by purchase, on an as needed basis, or by subscription. CDC is the only company providing such a service. Numerous parties involved in the cable and satellite industries rely on data collected by CDC. This is particularly true for parties involved in copyright compulsory license proceedings. As a result, CDC data have been presented over the years to the Copyright Royalty Tribunal, the CARP, and the Judges in virtually all of the cable and satellite copyright royalty distribution proceedings and rate adjustment proceedings. In this section of my testimony, I will provide an overview of CDC’s operations and its data collection methodologies.

#### **A. Data Collection and System Updates**

Data collection is an integral part of CDC’s operations. CDC has two full-time employees who spend the vast majority of each work day on-location in the Licensing Division of the Copyright Office. Those employees record data and other information from each publicly-available, filed SOA on laptop computers.<sup>1</sup> The employees return to

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<sup>1</sup> Once SOAs are filed at the Copyright Office they are subject to review by the Licensing Division before they are made available for public inspection. The Licensing Division’s initial review typically causes a several month delay between the date that the SOAs are filed with the Office and when they are available for CDC’s on-site employees to access the information.

CDC's office periodically to transfer the data collected at the Copyright Office on laptops to CDC's HP3000 minicomputer. Once the data are transferred to CDC's minicomputer, CDC produces standard reports and customized reports which summarize the SOA data. To keep CDC data as consistent as possible with the SOAs on file with the Licensing Division, CDC performs regular system updates to account for modifications made to a system's filing, for reasons such as additional royalty payments or refunds issued by the Licensing Division.

## **B. Data Reports**

CDC regularly produces two major standardized reports of aggregated cable system data. The first standardized report, the "Account Period Summary," provides a snapshot of all the SOA data collected for each accounting period. This two-page summary report tabulates the total number of systems, royalty paid, subscribers, gross receipts, number of systems with carriage, average number of stations reported, average number of distant signals reported, number of systems with zero distant signals, and average distant signal equivalents ("DSEs"). The data are grouped by accounting period, and categorized by SOA form type (Form 1-2 or Form 3), type of royalty for Form 3 systems, and market category (Top 50, Second 50, Smaller and Outside All Markets). This report allows comparison of how the royalty fund changes over time. CDC produces the Account Period Summary report both in its complete form, and also in a summary format that condenses the same data without market breakdown. As an

example, a copy of CDC's Account Period Summary report for the 2004-1 through the 2005-2 accounting periods is attached to my testimony as Appendix A.

CDC's second standardized report is the "Station Summary" report, which is a set of reports that provides aggregated data for all stations reported in an accounting period. This report includes station type, the number of systems reporting carriage of each station, the number of distant and local subscriber instances, and an accumulation of the royalty fees attributed ("fees generated" or "fees gen") to each station as calculated by CDC. As an example, I have attached a copy of the Station Summary report for the 2004-1 accounting period to my testimony as Appendix B.

In addition to these two standardized reports, CDC also produces customized reports as requested by clients. While these customized reports may differ in format from CDC's standardized reports, they are derived from the same database and rely on the same data protocols employed by CDC in its standardized reports.

#### **IV. CDC'S ROLE IN PROGRAM SUPPLIERS' SUBSCRIBER SURVEY**

In early 2005, Program Suppliers asked CDC to prepare a customized data report of all publicly-available SOAs for Form 3 cable systems for the first accounting period of the previous royalty year (*i.e.*, 2004-1) and the corresponding royalty payment information for each system on that list. Program Suppliers requested that this report be sent directly to Dr. Martin Frankel via electronic mail. CDC received a similar request in

early 2006 relative to all Form 3 cable systems who submitted an SOA in the first accounting period of 2005 (*i.e.*, 2005-1).

**A. CDC Data Supplied Prior to Sample Selection**

In response to Program Suppliers' requests, CDC generated customized data reports to capture royalty payment information reported on all publicly available SOAs from Form 3 cable systems for the first accounting period of the royalty year in question (*i.e.*, 2004-1 and 2005-1, respectively). The customized report for each royalty year contained royalty payment information for all Form 3 systems which reported at least one distant signal in the first accounting period of the royalty year in question.

The initial report for each accounting period was sent directly to Dr. Frankel, as requested. CDC understood that the data CDC provided in these reports would be utilized by Dr. Frankel in order to select a statistical sample of cable systems that carried distant signals in 2004 and 2005.

**B. CDC Data Supplied Following Sample Selection**

After Dr. Frankel completed the sample selection process for a given royalty year, CDC received a second request from Program Suppliers for more detailed information about the Form 3 systems in the sample.

As requested by Program Suppliers, CDC sent the detailed information directly to Dr. Arthur Gruen and David Wilkofsky of Wilkofsky Gruen Associates, Inc. CDC

understood that these data were to be utilized by Dr. Gruen and Mr. Wilkofsky in connection with Program Suppliers' subscriber surveys for 2004 and 2005.

### **C. Follow Up Analysis of Overlapping Counties**

As a part of the data request summarized above, CDC generally provided Dr. Gruen and Mr. Wilkofsky with the county of the Form 3 cable system that Dr. Frankel had identified as a part of the sample. County information is not provided by cable operators on their SOAs, and is a value-added feature that CDC obtains on its own and provides to its customers. Occasionally, in the course of preparing these data requests, a cable system that was a part of the sample served more than one county or two sample systems served communities in the same county. In these cases, CDC analyzed the systems to determine which county contained the majority of the system's subscribers. To make this determination, CDC considered such factors as the location of large cities or major population concentrations served by the system, the land area covered by the system, and the population of a given land area. The goal of this analysis was to associate each cable system in the sample with the county that most fairly represented the system's subscribers. In most cases, CDC was able to assign a cable system to a particular county based on its analysis of these factors. In a small number of cases, CDC encountered a situation where a cable system's subscribers were spread evenly among multiple counties. Where this was the case, CDC would not assign a single county to the system, and would call the system to the attention of Dr. Gruen and Mr. Wilkofsky.

## V. CDC'S ROLE IN PROGRAM SUPPLIERS' NIELSEN STUDIES

CDC had a role in the development of Program Suppliers' Nielsen Studies for 2004 and 2005. At the request of Marsha Kessler of MPAA, CDC forwarded to Nielsen a list of broadcast stations carried as full-time distant signals by Form 3 cable systems in 2004 and 2005, along with the number of distant subscribers to which each station was available during those royalty years. CDC compiled the 2004 and 2005 broadcast station data from our standardized reports for the 2004 and 2005 cable royalty years. I understand that Nielsen utilized these data in order to select a sample of stations for the Nielsen Studies.

Thank you for the opportunity to present this information in this proceeding. I hope that it will assist you in your deliberations.

**Direct Testimony  
of Jonda Martin**

**APPENDIX A**



FORM-DESCR	TOTAL SYSTEMS	ROYALTY	Average Royalty	# SOA SYSTMS	SUBSCRIBERS	Average Subs	GROSS RECEIPTS	Average Receipts	# With CARR'G	AVG # STA	AVG # DIST	# =0 Dist	AVG DSE
2005-2													
1 ONE	3,859	204,443	53	3,857	1,204,292	313	151,838,162	39,521	3,856	8.296	1.681	842	1.443
2 TWO	1,150	1,689,258	1,469	1,150	2,922,030	2,543	319,600,983	278,156	1,150	10.463	2.064	171	1.617
3 THREE	1,265	66,140,802	52,285	1,263	58,589,010	46,426	5,157,286,218	4,086,598	1,263	14.238	2.610	182	1.310
3.75% SYNDEX	246	8,342,490	33,913	246	12,119,177	49,265	1,025,634,378	4,169,245	246	14.768	6.106		1.706
TOTAL F1,2,3	6,274	68,034,503	10,844	6,270	62,715,332	10,020	5,628,725,363	900,164	6,269	9.891	1.939	1195	1.449
2005-1													
1 ONE	3,799	141,423	37	3,784	1,022,040	271	120,341,122	31,895	3,781	8.107	1.680	828	1.442
2 TWO	1,302	1,418,973	1,090	1,301	2,242,635	1,724	261,018,089	200,629	1,301	9.865	2.037	178	1.591
3 THREE	1,545	65,513,586	42,404	1,544	59,879,107	38,782	5,325,941,320	3,449,444	1,544	12.686	2.610	210	1.351
3.75% SYNDEX	304	9,219,419	30,327	304	11,560,824	38,029	999,583,374	3,288,103	304	13.428	5.671		1.789
TOTAL F1,2,3	6,646	67,073,982	10,092	6,629	63,143,782	9,541	5,707,300,531	862,391	6,626	9.519	1.967	1216	1.451
2004-2													
1 ONE	3,940	146,905	37	3,937	1,054,968	268	123,354,453	31,340	3,935	8.037	1.658	865	1.421
2 TWO	1,363	1,441,733	1,058	1,362	2,405,785	1,768	271,631,097	199,582	1,362	9.808	2.017	188	1.584
3 THREE	1,588	64,942,994	40,896	1,587	59,429,529	37,442	5,178,491,014	3,263,069	1,586	12.526	2.536	214	1.354
3.75% SYNDEX	318	10,028,893	31,537	318	9,600,594	30,191	820,595,272	2,580,488	318	13.132	5.387		1.791
TOTAL F1,2,3	6,891	66,531,632	9,655	6,886	62,881,282	9,138	5,573,476,564	1,849,180	6,883	9.421	1.931	1267	1.439
2004-1													
1 ONE	4,478	166,637	37	4,469	1,227,402	275	143,418,710	32,164	4,465	8.077	1.680	939	1.435
2 TWO	1,525	1,597,127	1,047	1,522	2,694,068	1,771	304,024,709	199,885	1,521	9.737	2.005	194	1.567
3 THREE	1,619	65,894,875	40,207	1,619	60,067,785	37,102	5,247,982,870	3,241,497	1,619	12.368	2.411	261	1.329
3.75% SYNDEX	286	9,711,916	33,958	286	9,776,538	34,184	810,532,883	2,834,031	286	13.021	5.552		1.810
TOTAL F1,2,3	7,622	66,858,639	8,772	7,610	63,989,255	8,420	5,695,426,289	749,497	7,605	9.323	1.900	1394	1.440

FORM 1/2 Dist & DSE EST'd...AVG-DIST Denom Incl's '# =0-Dist', AVG-DSE NOT ...3.75 and Syn = Subsets; Roy's = 3.75 or Syn resp.

**Direct Testimony  
of Jonda Martin**

**APPENDIX B**

MAY 26 2007  
SSF3SUMS

SUMMARY PAGES FOR FORM 3 (LINE 2), ACCOUNTING PERIOD: 2004-1

Description	TOTAL Instances of Carriage	TOTAL SUBSCRIBER Instances	TOTAL FEES- Generated	No. of UNIQUE Stations Total	DISTANT INSTANCES of Carriage	DISTANT SUBSCRIBER Instances	DISTANT FEES- Generated	No. of UNIQUE Stations Distant
	U.S.	Minimum Fee				U.S.	Minimum Fee	
Minimum Fee	449	18,886,225	13,984,578	1	0	0	0	0
Minimum Fee	449	18,886,225	13,984,578	1	0	0	0	0
Country Subtotal:								
U.S.	20,131	864,628,651	61,978,094	1,990	3,739	66,601,812	47,993,384	943
	CANADIAN	Independent				CANADIAN	Independent	
regular	96	5,667,234	1,863,340	19	54	2,250,253	1,863,340	13
Language	22	704,843	365,398	3	22	509,964	365,398	3
Independent	118	6,372,077	2,228,738	22	76	2,760,217	2,228,738	16
Country Subtotal:								
CANADIAN	118	6,372,077	2,228,738	22	76	2,760,217	2,228,738	16
	MEXICAN	Independent				MEXICAN	Independent	
regular	4	205,167	0	3	0	0	0	0
FOX	5	766,799	0	1	0	0	0	0
Language	17	1,627,288	18,772	11	1	9,578	18,772	1
Independent	26	2,599,254	18,772	15	1	9,578	18,772	1
Country Subtotal:								
MEXICAN	26	2,599,254	18,772	15	1	9,578	18,772	1
OVERALL Total 2004-1								
Total	20,275	873,599,982	64,225,604	2,027	3,816	69,371,607	50,240,894	960

MAY 26 2009  
SSF3SUMS


SUMMARY PAGES FOR FORM 3 (THREE), Accounting Period: 2004-1

Description	TOTAL Instances of Carriage	TOTAL SUBSCRIBER Instances	TOTAL FEES-Generated	No. of UNIQUE Stations Total	DISTANT INSTANCES of Carriage	DISTANT SUBSCRIBER Instances	DISTANT FEES-Generated	No. of UNIQUE Stations Distant
U.S. Educational								
regular Religious	3,018	141,372,455	1,708,819	351				
	11	884,558	4,258	4	644	8,413,688	1,708,775	201
Educational	3,029	142,257,013	1,713,077	355	2	27,585	4,258	1
U.S. Independent								
regular	2,445	113,597,178	31,499,493	124				
FOX	1,846	70,976,176	2,313,560	187	1,028	35,121,596	31,499,493	32
Language	16	780,336	55,234	2	250	2,219,795	2,313,538	97
PAX	1,251	71,377,833	782,215	76	6	66,328	55,234	1
Relig & Lang	792	41,408,331	215,859	64	53	909,940	782,215	27
UPN & FOX	621	398,348	0	3	45	148,702	215,859	26
UPN & WBN	5	31,213,654	104,113	67	0	0	0	0
UPN, Paramount	51	91,416	5,867	3	44	114,447	104,113	25
WBN - Warner	1,187	1,572,718	32,477	7	25	9,918	5,867	1
Independent	1,191	52,618,327	3,138,464	91	200	10,847	32,477	3
	9,414	437,319,164	41,808,082	707	230	2,926,300	3,138,464	51
					1,863	3,958,676	3,660,778	54
U.S. Low Power								
regular	387	16,619,775	413,918	235				
FOX	26	820,754	3,537	7	41	438,454	413,918	26
Language	40	1,879,742	9,638	9	1	3,737	3,537	1
PAX	3	27,849	0	1	2	3,680	9,638	1
Religious	7	496,476	0	4	0	0	0	0
UPN, Paramount	55	2,801,265	237,204	19	0	0	0	0
Low Power	518	22,645,861	664,297	275	10	176,597	237,204	7
					54	622,468	664,297	35
U.S. Network								
ABC	2,228	81,776,250	1,180,232	218				
CBS	2,247	79,628,890	1,317,132	215	390	3,803,149	1,180,188	134
CBS & NBC	3	39,541	3,739	2	390	3,834,670	1,317,132	128
NBC	2,243	82,075,707	1,306,957	217	1	6,553	3,739	1
Network	6,721	243,520,388	3,808,060	652	395	4,407,150	1,306,957	126
					1,176	12,051,522	3,808,016	389

**DECLARATION OF JONDA K. MARTIN**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on June 1, 2009.

  
\_\_\_\_\_  
Jonda K. Martin



**TESTIMONY OF MARTIN R. FRANKEL, PH.D****Distribution of 2004-2005 Cable Royalties****Corrected September 28, 2009****A. BACKGROUND**

My name is Martin R. Frankel. I am Professor of Statistics and Computer Information Systems at Baruch College, City University of New York. I have held this position at various levels (Assistant, Associate and Full Professor) for more than 30 years. I also hold a Professorial appointment on the Graduate Faculty of the City University of New York. I have taught courses in basic statistics as well as advanced courses in statistical areas such as Statistical Sampling and Multivariate Statistical Methods. I am the author or co-author of 3 books, 10 book chapters and more than 60 articles and papers on various applications of statistics and computers. I have authored and co-authored publications in statistical journals on statistical methods and theory. I have co-authored publications in non-statistical journals involving the application of statistical methods to applied areas such as Medicine, Public Policy, Marketing, Physics and Media Research.

My education includes a BA (Mathematics) from the University of North Carolina, and an MA (Mathematical Statistics) and Ph.D. (Mathematical Sociology) from the University of Michigan.

I have served as an officer in a number of professional organizations. These posts include: President of the Market Research Council, Chair of the American Statistical

Association Section on Survey Research, Chair of the Standards Committee for the American Association of Public Opinion Research, and Chair of the Quality and Methods Council of the Advertising Research Foundation. I am an elected member of the International Statistical Institute and an elected Fellow of the American Statistical Association. In 2007 I was inducted into the Market Research Council Hall of Fame.

I have served as a consultant to more than 50 business, government and industry organizations since 1971. Over the course of my career, I have applied statistical methods to a number of diverse areas such as Criminal Justice, Anti-Trust, Rail Tariffs, Magazine Readership, TV Viewing and Radio Listening, Voter Discrimination, Nuclear Licensing, Cable TV Forecasting and Network Election Coverage. Since 1996 I have served as a member of the NBC Election Decision Team and have represented NBC on the Election Pool Statistical Committee.

A number of the papers and articles that I have authored and co-authored are cited in a number of texts and manuals. One of my papers has been included in the publication "50 Landmark Papers in Survey Statistics."

**B. NATURE OF MY ASSIGNMENT**

Program Suppliers asked me to select a sample each, for 2004 and 2005 royalty years of cable systems, to be used for selecting subscribers for inclusion in a survey seeking certain information about how subscribers valued the types of program categories



at issue in this proceeding. Samples were selected based on information on cable systems filing Form 3 reports in the first semi-annual periods of 2004 and 2005.

The samples were selected using probability sampling methods designed to give each subscribing household in the entire universe a known chance or probability of selection. In order to accomplish this sampling of subscriber households, a two stage sampling approach was used. In the first stage of selection, a probability sample of cable systems was selected ("Stage 1 Sample"). In the second stage of selection, a Random Digit Dialing ("RDD") sample of households subscribing to the cable systems selected in Stage 1 was selected ("Stage 2 Sample"). Interviews were conducted with these qualifying households. Using this two stage sampling process it was possible to produce a sample of subscribing households with known probabilities of selection. These known probabilities of selection were then used to establish sampling weights which allowed for the projection of the sample households to the full population or universe of households that subscribe to Form 3 cable systems. In this projection, households in the various cable systems were given a weight proportional to the royalties paid per system household.

### **C. SAMPLE SELECTION 2004**

#### **1. STAGE 1 – FORM 3 SYSTEMS**

In the first stage of sampling, a total of 100 Form 3 Cable Systems were selected. In multistage probability sampling, it is generally preferable to select a sample of first

stage units (in this case, cable systems) with probabilities in proportion to a quantity known as a “measure of size.” This allows the Stage 2 Sample selection process to probabilistically select second stage units (*i.e.*, subscribing households) with probabilities inversely proportional to this measure of size. This two-step process tends to produce a probability sample in which the samples resulting from each first stage sampled unit are approximately equal in size. The exception to this design feature occurs when the first stage sampling units are too large for sampling in the first stage of selection. In such a case, the first stage units are selected with certainty (probability 1.0). In this case, we chose a total sample of 100 first stage units. Also, any cable system that represented more than 1% of the universe (on an iterative basis) was put into this special certainty subgroup.

The measure of size chosen for the sample selection purpose was the amount of remittance (royalty fee payment) for each system. This appropriately measured size since royalties would be related to the number of subscribers in each system.

Cable Data Corporation (“CDC”) provided me with a list of Form 3 systems submitting remittances to the Copyright Office for the first semi-annual period of 2004. The 2004 first stage sampling frame consisted of 1,319 Form 3 systems with a total measure of size (or MOS, which here are royalty payments) of 52,563,092. Five systems, each of which had a measure of size in excess of 1% of the universe (on an iterative basis), were selected with certainty, and the other systems in the Stage 1 sample were selected with probabilities proportional to their measure of size.

The sample selection of the 95 non-certainty systems was accomplished using a sampling method known as Probability Proportional to Size (“PPS”) systematic selection. Prior to selection, systems were sorted by their measure of size from highest to lowest. A selection interval of 516,188.28421 was determined by dividing the sum of the measures of size, 49,037,887 (the royalty amount remaining after the 5 certainty systems were selected), by the desired number of sample selections, 95 ( $49,037,887/95=516,188.28421$ ). Next a random start number of 436,901.76376 was successively added to this interval. The selected cable systems were determined by cumulating the system measures of size and locating the systems corresponding to the successively added random start.

## **2. STAGE 2 – SUBSCRIBER HOUSEHOLDS IN STAGE 1 SAMPLE SYSTEMS.**

I specified that the Stage 2 Sample (*i.e.*, households subscribing to the cable systems selected in the Stage 1 Sample) be selected using RDD telephone sampling methods, a methodology for selecting probability samples of telephone households that was developed in the 1970s. RDD remains the primary method of sample selection for telephone interviewing today. It is used by most government agencies, market research companies, polling organizations and academic researchers who rely on probability sampling via telephone.

For each cable system selected in the Stage 1 Sample, the geographic coverage of the system (in terms of complete counties) was determined by CDC. Once the

determination of the counties was made, PGM, the organization responsible for conducting the telephone interviews, worked with Survey Sampling International (“SSI”) to obtain RDD samples of all households in these counties. SSI used the Equal Probability of Selection Method (“EPSEM”) to select its RDD Sample. When calls were made to these RDD sample households, subscription to the selected cable systems was ascertained in a telephone screening process. Interviews were conducted in households that indicated that they subscribed to the selected systems.

The total sample size target of 1,500 households was established in consultation with Mr. Wilkofsky and Dr. Gruen of Wilkofsky Gruen Associates, Inc. It was also determined that systems with retransmitted broadcast distant signals associated with only Canadian and/or PBS stations would not be interviewed, but would be included in the sample estimation as virtual interviews. Thus, for the allocation of the sample target of 1,500, 10 systems were eliminated leaving a total of 90 systems over which the 1,500 household target was to be distributed.

The allocation of household interviews to the remaining 90 systems was done in such a way so as to equalize the sample sizes among the non-self representing sample selections. Further, the household target sample was allocated among the certainty systems in the proportion represented by their cumulative measure of size.

The resulting probabilities of selection for the two stages of sample selections are shown in Appendix A.

## **D. SAMPLE SELECTION 2005**

### **1. STAGE 1 – FORM 3 SYSTEMS**

The sample selection process for the 2005 sample of cable systems was nearly identical to the one conducted the previous year. As with the 2004 sample, in the Stage 1 Sampling Process for 2005, a total of 100 Form 3 Cable Systems were selected. Similarly, any cable system that represented more than 1% of the universe was put into a special certainty subgroup.

The measure of size chosen for 2005 sampling was the number of subscribers for each system. The number of subscribers was chosen in 2005 rather than royalties (used in 2004), because unlike 2004, the subscriber data were available for sample selection.

Using a list of Form 3 systems submitting remittances to the Copyright Office for the first semi-annual period of 2005, the 2005 first stage sampling frame consisted of 1,292 Form 3 systems with a total measure of size (subscribers) of 49,201,265. Eight systems, each of which had a measure of size in excess of 1% of the universe (on an iterative basis), were selected with certainty, and the others would be selected with probabilities proportional to their measure of size.

The sample selection of the 92 non-certainty systems was accomplished using the PPS systematic selection. Prior to selection, systems were sorted by subscribers from lowest to highest. A selection interval of 471,632.88043 was determined by dividing the

sum of the measures of size, 43,390,225 (the subscribers remaining after the 8 certainty systems were selected), by the desired number of sample selections, 92 ( $43,390,225/92=471,632.88043$ ). Next a random start number of 252087.77459 was successively added to this interval. The selected cable systems were determined by cumulating the system measures of size and locating the systems corresponding to the successively added random start.

## **2. STAGE 2 – SUBSCRIBER HOUSEHOLDS IN STAGE 1 SAMPLE SYSTEMS**

For 2005, I prescribed the same process used for selecting the Stage 2 Sample in 2004. The total sample size target of 1,500 households was established in consultation with Mr. Wilkofsky and Dr. Gruen. As with the 2004 survey, it was also determined that systems with retransmitted broadcast distant signals associated with only Canadian and/or PBS stations would not be interviewed, but would be included in the sample estimation as virtual interviews. Thus, for the allocation of the sample target of 1,500, 8 systems were eliminated leaving a total of 92 systems over which the 1,500 household target was to be distributed.

The allocation of household interviews to the remaining 92 systems was done in such a way so as to equalize the sample sizes among the non-self representing sample selections. Further, the sample was allocated among the certainty systems in the proportion represented by their cumulative measure of size.

## **E. QUALITY ASSURANCE**

To maintain the integrity of the survey, I prescribed certain rules to be followed by PGM for both the 2004 and 2005 surveys. I specified that the sample within each system was to be divided into sub-sample replicates for field administration. In addition, I specified a calling procedure whereby a telephone number was called a minimum of six times on six different days or until the record was resolved. Busy signals could be called on the same day but only 30 minutes after the initial call. Initial refusals were called back until there was either a second refusal, the number was called six times, or there was a completed interview. Once a replicate was opened, each record had to be resolved even if the quota on the number of completed interviews for a given market had been reached. I spoke with PGM and separately with SSI to make sure everyone understood these directions.

## **F. WEIGHTING THE SAMPLE**

Sample weighting is a technique of probability sampling that is used for four basic reasons. First, it is used to adjust estimates derived from samples selected with unequal probabilities to those that would result from equal probability of selections. This is often referred to as adjusting for unequal probability of selection. In the case of unequal probabilities of selection, the basic sampling weight is made inversely proportional to the probability of selection. Using these weights, basic element level estimates from the sample will be unbiased.

The second reason for the use of sample weighting is to compensate for non-response. For example, if we selected a sample of 100 persons, 50 males and 50 females, but only 20 males respond to the survey while 40 females respond to the survey. If the sample of 60 persons (20 males and 40 females) were used to produce statistical estimates for the entire group of 100, any association of these estimates with gender would produce sample bias. In order to compensate for the differential rates of non-response, a data weight of  $50/20 = 2.5$  would be applied to each of the males and a data weight of  $50/40 = 1.25$  would be applied to each of the females. By using these weights, males would contribute 50% to the sample total while females would contribute 50% to the sample total. This is the initial distribution of gender prior to non-response. If the sample were used without weights, the sample would be unbalanced in that the contribution of males to the sample total would be 33.3%, while the females would contribute 66.7%.

The third reason weights are applied is to adjust certain random variation in the sample to known characteristics of the universe. This is sometimes known as sample post-stratification.

The fourth reason weights are applied is to adjust to the parameter units used in projection.

For the sample of subscribing households, weights were applied in order to compensate for unequal probabilities of selection and in order to compensate for non-



response and to adjust to the units of projection which, here, is royalties per subscribing household. The details of the weighting are explained in Appendix B.

I provided Dr. Gruen with weights related to the royalties paid by each system in the 2004 and 2005 samples. These weights reflect the relative contribution to the royalty pool for each cable system as well as the proportion of the interview quota for each system that resulted in completed interviews.

After Dr. Gruen tabulated the 2004 and 2005 survey results and applied the weights that I provided him, I calculated the relevant confidence intervals for the survey results. The formulas used for these calculations are shown in Appendix C.

Thank you for the opportunity to present the information contained in this testimony to the Judges.

## APPENDIX A

### STAGE 1 (2004)

For the Certainty Selections in the 2004 sample the probability of selection in stage 1 was equal to unity.

Probability of selection stage 1 = 1.0

For Non-Certainty Selections in 2004 (systems with remittances less than 531,931, the probability of selection for stage 1 was equal to:

Probability of selection stage 1 =  $MOS_i/516,188.28421$ , where  $MOS_i$  is the 2004 Form 3 remittance amount for the  $i^{th}$  system.

### STAGE 1 (2005)

For the Certainty Selections in the 2004 sample the probability of selection in stage 1 was equal to unity.

Probability of selection stage 1 = 1.0

For Non-Certainty Selections in 2005 (systems with fewer than 501,005 subscribers, the probability of selection for stage 1 was equal to:

Probability of selection stage 1 =  $MOS_i/471,832.88043$ , where  $MOS_i$  is the number of 2005 Form 3 subscribers for the  $i^{th}$  system.

## **STAGE 2 (2004 and 2005)**

The second stage selection probabilities (including a non-response correction) are as follows:

For certainty Selections: Probability of selection stage 2 =  $k_i / S_i$ , where  $k_i$  is the number of completed interviews and  $S_i$  is equal to the number of subscribing households for the  $i^{\text{th}}$  system.

For non-certainty Selections the probability of selection for stage 2 =  $k_i / S_i$ , where  $k_i$  is the number of completed interviews and  $S_i$  is equal to the number of subscribing households for the  $i^{\text{th}}$  system.

The probability of selection in stage 2 without a non-response correction is  $a_i / S_i$  where  $a_i$  is the sample allocation for the  $i^{\text{th}}$  system. The non-response correction factor the  $i^{\text{th}}$  system is  $k_i / a_i$ . Thus the non-response corrected probability of selection is

$$(a_i / S_i) \times (k_i / a_i) = k_i / S_i$$

## **OVERALL PROBABILITY (STAGE 1 x STAGE 2)**

For subscriber households in Certainty Systems the overall probability of selection (including stage two non-response adjustment) is

Probability (Household in Certainty Systems)

= First Stage Probability x Second Stage Probability

= 1.0 x  $k_i / S_i$

=  $k_i / S_i$

where  $k_i$  is the number of completed interviews and  $S_i$  is equal to the number of subscribing households for the  $i^{\text{th}}$  system.

For subscriber households in Non-Certainty Systems the overall probability of selection (including Stage 2-non-response adjustment) for the 2004 sample is

Probability (Household in Non-Certainty Systems)

$$\begin{aligned} &= \text{First Stage Probability} \times \text{Second Stage Probability} \\ &= (\text{MOS}_i / 516,188.28421) \times (k_i / S_i) \\ &= (\text{MOS}_i / S_i) \times (k_i / 516,188.28421), \end{aligned}$$

where  $\text{MOS}_i$  is the 2004 Form 3 remittance amount for the  $i^{\text{th}}$  system.

For subscriber households in Non-Certainty Systems the overall probability of selection (including Stage 2-non-response adjustment) for the 2005 sample is

Probability (Household in Non-Certainty Systems)

$$\begin{aligned} &= \text{First Stage Probability} \times \text{Second Stage Probability} \\ &= (\text{MOS}_i / 471,832.88043) \times (k_i / S_i) \\ &= (\text{MOS}_i / S_i) \times (k_i / 471,832.88043), \end{aligned}$$

where  $\text{MOS}_i$  is the number of 2005 Form 3 subscribers for the  $i^{\text{th}}$  system.

## APPENDIX B

### SAMPLE WEIGHTING 2004 SAMPLE

The initial weight (including non-response adjustment) for households within certainty systems is equal to the inverse of the probability of selection

$$\begin{aligned} \text{WTI}_i & \text{ (household in certainty system i)} \\ & = 1/\text{Probability of Selection} \\ & = 1 / (k_i / S_i) \\ & = S_i / k_i \end{aligned}$$

The initial weight (including non-response adjustment) for households within non-certainty systems is equal to the inverse of the probability of selection

$$\begin{aligned} \text{WTI}_i & \text{ (household in non-certainty system i)} \\ & = 1/\text{Probability of Selection} \\ & = 1 / [(MOS_i/S_i) \times (16.43928/516,188.28421)] \\ & = ( S_i / MOS_i ) \times (516,188.28421 / k_i) \end{aligned}$$

These weights are applied to actual as well as virtual interviews.

The final weights are the initial weights multiplied by the system level royalties per subscribing household times a constant so that they sum to the number of total cases (interviews and virtual interviews). Noting that for the 2004 sample, the royalties per subscribing household is equal to  $MOS_i / S_i$  we have the following:

For Households in certainty systems

$$\begin{aligned} WT_i &= F * (S_i / k_i) * (MOS_i / S_i) \\ &= F * (MOS_i / k_i), \end{aligned}$$

where F is a constant chosen so that the sum of final weights equals the total sample size.

For Households in non certainty selection households this gives,

$$\begin{aligned} WT_i &= F * (S_i / MOS_i) * (516,188.28421 / k_i) * (MOS_i / S_i) \\ &= F * (516,188.28421 / k_i) \end{aligned}$$

### **SAMPLE WEIGHTING 2005 SAMPLE**

The initial weight (including non-response adjustment) for households within certainty systems is equal to the inverse of the probability of selection

$$\begin{aligned} WTI_i &(\text{household in certainty system } i) \\ &= 1/\text{Probability of Selection} \\ &= 1 / (k_i / S_i) \\ &= S_i / k_i \end{aligned}$$

The initial weight (including non-response adjustment) for households within non-certainty systems is equal to the inverse of the probability of selection

$$\begin{aligned} WTI_i &(\text{household in non-certainty system } i) \\ &= 1/\text{Probability of Selection} \\ &= 1 / [(MOS_i/S_i) * (k_i / 471,832.88043)] \end{aligned}$$

$$= (S_i / MOS_i) \times (471,832.88043 / k_i)$$

Since for 2005  $MOS_i$  was equal to the number of subscribers  $S_i$  we have

$WT_i$ (household in non-certainty system i)

$$= (471,832.88043 / k_i)$$

These weights are applied to actual as well as virtual interviews.

The final weights are the initial weights multiplied by the system level royalties per subscribing household times a constant so that they sum to the number of total cases (interviews and virtual interviews). For the 2005 sample, the royalties per subscriber households is equal to  $R_i / S_i$  (where  $R_i$  is the royalties for the  $i^{\text{th}}$  system and  $S_i$  is the subscribers for the  $i^{\text{th}}$  system). Thus we have the following:

For Households in certainty systems

$$WT_i = F * (S_i / k_i) * (R_i / S_i) = F * (R_i / k_i)$$

Where  $F$  is a constant chosen so that the sum of final weights equals the total sample size.

For Households in non certainty selection households this gives,

$$WT_i = F * (471,832.88043 / k_i) * (R_i / S_i)$$

## APPENDIX C

### COMPUTATION OF STANDARD ERRORS

The computation of the sampling errors for sample estimates must be consistent with the sample design and the estimation procedures.

Given the two stage sample design and the form of estimation, the percentage estimates allocated to each system are described in survey sampling theory as ratio estimates derived from a clustered sample where each system is a cluster. If we let  $y_i$  denote the weighted sum of dollars allocated to programming type  $y$  across all respondents within the  $i^{\text{th}}$  system, and  $x_i$  denote the weighted total sum of dollars allocated across all respondents within the  $i^{\text{th}}$  system, we have  $r$ , the estimated proportion allocated to programming type  $y$  as

$$r = \frac{\sum_{i=1}^A y_i}{\sum_{i=1}^A x_i}$$

The sample estimator of the variance of  $r$  is given by

$$\text{var}(r) = \frac{1-f}{x^2} a(s_y^2 + r^2 s_x^2 - 2rs_{xy}),$$

where



$$s_y^2 = \frac{1}{a-1} \left( \sum_{i=1}^a y_i^2 - \frac{y^2}{a} \right),$$

$$s_x^2 = \frac{1}{a-1} \left( \sum_{i=1}^a x_i^2 - \frac{x^2}{a} \right),$$

$$s_{xy} = \frac{1}{a-1} \left( \sum_{i=1}^a x_i y_i - \frac{xy}{a} \right),$$

$$y = \sum_{i=1}^a y_i,$$

$$x = \sum_{i=1}^a x_i.$$

And the standard error of r defined as

$$se(r) = \text{var}(r)^{1/2}$$

May 8, 2009

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University of North Carolina, 1965

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The University of Michigan, 1967

Ph. D. (Mathematical Sociology)  
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PROFESSIONAL  
EXPERIENCE:

PRESENT: Professor of Statistics and Computer Information Systems, Baruch College, City University of New York. (1980-present). Deputy Chair (1994-2001).

Senior Statistical Scientist, Abt Associates (1996-present)

- 1974-96 Senior Statistical Scientist, National Opinion Research Center, The University of Chicago.
- 1975-79: Associate Professor of Statistics, Baruch College, City University of New York.
- 1973-74: Assistant Professor of Statistics, Graduate School of Business, University of Chicago.
- 1971-72: Assistant Professor of Statistics, Baruch College, City University of New York.
- 1965-70: Research Associate, Survey Research Center, Institute for Social Research, the University of Michigan. (Research Assistant 65-68).

**PUBLICATIONS:**

**BOOKS:**

Inference from Survey Samples: An Empirical Investigation. Ann Arbor: Institute for Social Research, the University of Michigan. 1971 (presently in fourth printing).

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"Dropping Out of School: 1982 and 1992," U.S. Department of Education, Office of Educational Research and Improvement, Issue Brief, August 1993. PP 1-2. (co-author)

"Integrating Results of Physician Practice Cost Surveys, Final Report," Health Policy Research Consortium, Heller Graduate School, Brandeis University, October 1992. pp. 1-73. (co-author)

"Benchmarking Readership Levels in the New Study of Media and Markets to the Survey of American Readership," Worldwide Readership Research Symposium VII (Berlin), 1995. pp. 329-332. (lead author) Winner of Best Technical Paper Prize.

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SELECTED PROFESSIONAL  
ACTIVITIES:

Chair, Committee on Standards, American Association for Public Opinion Research, (1988-89).

Chair, Research Quality Council, Advertising Research Foundation, 1988-present.

Chairman, Section on Survey Research Methods, American Statistical Association (1975-1976).

Associate Editor, Journal of the American Statistical Association. (1973-1981).

Member of Editorial Board, Public Opinion Quarterly (1977-1983, 1986-1990).

Member of Editorial Board, Sociological Methods and Research (1979-1983).

Chairman, American Statistical Association Advisory Committee to the U. S. Census (1981), Member (1975-1981).

Member of Editorial Board, Encyclopedia of Statistical Sciences, John Wiley & Sons, (1980-1985).

Member, Panel on Occupational Safety and Health Statistics, Committee on National Statistics, National Research Council, National Academy of Sciences. (1985-1987)

Member, Panel on the Functionality and Usability of Data from the American Community Survey, Committee on National Statistics, National Research Council, National Academy of Sciences. (2004-2005)

Member, External Advisory Committee, Program in Survey Methodology, The University of Michigan (2002-2004).

Fellow, American Statistical Association Fellow, (1978)

Fellow, International Statistical Institute (elected 1980)

President, Market Research Council, 1995

Biographee: Who's Who in America

Biographee: American Men and Women of Science

Hall of Fame, 2007, Market Research Council

SELECTED APPEARANCES INVOLVING THE PRESENTATION AND INTERPRETATION  
OF STATISTICAL EVIDENCE FOR LEGAL AND ADMINISTRATIVE PROCEEDINGS

SUPREME COURT OF THE STATE OF NEW YORK: Introduced the use of statistical sampling for the determination of the weight of narcotics. Accepted by the Court and Jury. (1997)

FEDERAL COURT (IOWA): Expert witness survey methods for U.S. Department of Justice, Anti-Trust Division (1995)

FEDERAL COURT (DETROIT): Expert witness survey sampling and methods for A.C. Nielsen Company (1993)

FEDERAL COURT (NEW YORK) Expert witness sampling and estimation. J Lefcourt (1985)

NUCLEAR REGULATORY COMMISSION: Expert witness statistical sampling and quality for Commonwealth Edison Company (License hearing for Byrom and Braidwood Nuclear Power Stations. (1980-1984)

INTERSTATE COMMERCE COMMISSION. Expert witness statistical sampling and estimation on behalf of Union Pacific Railroad merger with Western and Missouri Pacific Railroads. (1975-6)

FEDERAL COURT (ALABAMA): Expert witness in statistics and demography on behalf of Southern Poverty Law Center for redistricting of Alabama after 1970 Census. (1973-4)

**DECLARATION OF MARTIN R. FRANKEL**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on September 28, 2009.

  
\_\_\_\_\_  
Martin R. Frankel





Testimony of Alan M. Rubin, Ph.D.  
to the Copyright Royalty Judges for the  
2004-2005 Cable Royalty Distribution Proceeding

June 1, 2009

Corrected September 28, 2009

Background

1. I am Professor Emeritus and Director Emeritus of the School of Communication Studies at Kent State University. During my tenure at Kent State University I also served as Director of the Communication Research Center and as Chair of the University Research Council. I hold a Ph.D. degree with a concentration in the social influence of mass and political communication from the Department of Speech Communication at the University of Illinois at Urbana-Champaign. My educational background includes substantial training in research methodology. I served for 4 years as the Editor of the *Journal of Broadcasting & Electronic Media*, a major scholarly journal of electronic media research, and for 3 years as Editor of the *Journal of Communication*, a major scholarly journal primarily devoted to mass media research. I also have served (a) as Advisory Editor in Mass Communication for Lawrence Erlbaum Associates, a leading academic book publisher (now part of Routledge); and (b) on the Editorial Boards of 13 scholarly communication journals, and as a reviewer for 30 other journals, publishers, professional associations, government agencies, and foundations. I have been Chair of the Research Committee of the International Communication Association and Chair of the Publications Committee of the Broadcast Education Association. I was elected as a Fellow of the International Communication Association

and received the Distinguished Scholar Award from the Broadcast Education Association.

2. I taught communication and research courses at the undergraduate, masters, and doctoral levels for 35 years, directed 35 Ph.D. dissertations and M.A. theses, and served on 38 other dissertation and thesis committees. I have coauthored seven editions of a text on communication research (in addition to two Chinese editions), and coauthored a new book and served as associate editor for another book profiling the validity and reliability of research measures used in the field of communication. I have designed and conducted many research investigations, mostly focusing on audience uses and effects of the electronic media. I have published over 90 journal articles and book chapters, presented over 90 conference papers, and participated on over 90 programs at professional conferences. I have presented invited lectures or appeared as a visiting scholar at 19 universities in the United States, Europe, and Asia. My attached curriculum vitae identifies consulting experience for publishers, media, and organizations. That experience includes designing questionnaires and conducting surveys for local radio, network television, and a health organization, as well as in research supported by grants from a national television network and a state government agency.

3. In this testimony, I will (a) summarize relevant principles about effective survey research, which apply directly to gathering valid and reliable data about the relative values of different categories of distant-signal cable television programs; (b) address the need for valid and reliable measurement including when using the constant-sum technique; (c) explain from my conceptual perspective why a cable subscriber survey is

more useful than a cable operator survey for determining what programming attracts and retains cable subscribers; and (d) describe my role in the development and refinement of the Program Suppliers' surveys of 2004 and 2005 cable subscribers.

4. I have appeared as an expert witness on three occasions before the Copyright Royalty Tribunal (CRT) and the Copyright Arbitration Royalty Panel (CARP) on behalf of the Motion Picture Association of America, in the 1983, 1989, and 1990-1992 distribution proceedings. In that earlier testimony, I questioned the validity and reliability of measuring instruments used by Joint Sports Claimants, Local, Devotional, and Canadian claimants. Specifically, I pointed out various problems with a survey of cable operators performed by Bortz Media and Sports Group ("Bortz Survey"). Despite recognizing the validity of my criticisms, the CRT and the CARP, nonetheless, gave weight to the Bortz Survey results. In assisting with the development of the MPAA cable subscriber surveys, I applied lessons learned from my prior testimony to incorporate refinements over what had been done in the earlier Bortz Survey questionnaire to make the Program Supplier surveys comport with the basic premises of effective survey research that were part of my prior testimony. Many of these refinements, which correct problems that I had identified earlier, underlie the development and implementation of the Program Suppliers' subscriber surveys.

#### Effective Survey Research

5. First, for a survey to be effective, questions need to use clear and unambiguous response categories, which are precise, exhaustive, and mutually exclusive. Response choices should not overlap but should present clear and parallel choices. Given the focus of these hearings on relative value between different program

categories, the definitions of the categories in the questionnaire need to facilitate perceptions that place various distant-signal programs in the appropriate categories. For example, syndicated programs that might in popular parlance be considered part of sports, news and public affairs, or PTV programming need to be aligned with the stipulated program category definitions so that they are properly valued by respondents in the Program Suppliers' category, which includes syndicated series, and not in the joint sports, commercial television, or public broadcasting categories.<sup>1</sup> Likewise, all other program categories need to align with the definitions used in these proceedings to distinguish program options clearly, and to provide program examples or descriptions to achieve clarity. Each distinct program category should be presented independently and not combined with other categories. For example, presenting movies and syndicated series in a single element has the potential to diminish the perceived value that movies and syndicated programs would receive if each of them was more appropriately presented separately.

6. Second, effective survey research requires respondents to be knowledgeable so that they are able to answer the questions being asked. Naturally, individual subscribers are aware of their own attitudes and behavior, and should be able to tell us, in a valid and reliable manner, which program categories they value as reasons for continuing to subscribe to cable service. Other parties, such as cable operators, may be aware of how they package their programs in different tiers, but may not be sufficiently aware of what value subscribers place on specific program categories within the distant signals (or other channels) offered on those tiers. This may be especially true for

technicians, public affairs directors, marketing managers, and office managers at cable systems, who have answered some cable operator questionnaires in the past.

7. Third, completion rates and accurate and valid data depend on the goodwill and voluntary cooperation of respondents to be honest and accurate. An excessive number of callbacks may impede cooperation. Survey research procedures suggest a limited number of callbacks if a sample member is difficult to contact. A fixed number of callbacks is usually set beforehand to control cost, to prevent a sense of harassment in annoyed participants, and to use systematic procedures.

8. Fourth, a survey needs to be sufficiently contemporaneous with the requested information. Recall may become faulty if the survey is separated in time from the target of the questionnaire, in this instance, the value of retransmitted distant-signal programming during 2004 and 2005. Of course, the practicality of conducting multi-stage sampling for these proceedings does, by necessity, produce some separation from the target and the data gathering, given the administrative processes required to define representative geographic areas, draw samples and phone numbers, contact the sample members, and complete the questionnaires.

9. Fifth, the instructions given by interviewers must be clear and precise. Interviewers, for instance, must appropriately remind respondents to exclude network programming on distant stations affiliated with the ABC, CBS, and NBC broadcast networks, as well as any programming on cable networks such as ESPN and CNN, when they focus on the value of retransmitted distant-signal programs because programming on these cable networks is not compensable by the royalties at issue here.

10. Sixth, how questionnaire items are structured and ordered affect how respondents answer the questions. Questions should be rotated so that earlier questions do not color perceptions and influence responses to later questions.

#### Valid and Reliable Measurement

11. One measurement technique to gather information about respondents' perceptions of value has been the constant-sum technique. This technique allows respondents to order and to compare how they distribute their responses across several categories or choices. In order to produce valid and reliable data, that technique should allow respondents to visualize, to reconsider, and to alternate choices such as the distribution of dollars or other values among program categories. It also needs to allow the interviewer to order and control the process in a consistent manner from interview to interview. The constant-sum technique is a more valid and reliable procedure in face-to-face interviews, yet it has been used with telephone surveys, which is often a more economical and efficient manner of data collection. Although I have been critical of this technique in past proceedings, the CARP has regarded it to be a useful method to gather the needed information for these proceedings. Consequently, we have incorporated the technique into the Program Suppliers' surveys of cable subscribers.

12. Researchers must use valid and reliable measures. To be reliable, a measure must deliver consistent results. To be valid, a measure must serve its intended purpose. The validity of any measure rests with how adequately the concept (for example, *value*) is defined. Although a measure may appear to have face validity (that is, tap the attribute it purports to measure on the surface), it may lack predictive validity. For example, measures used should appropriately define *value* and predict what

consumers most value and their actual behavior when watching cable television. A measure might be reliable (that is, deliver consistent results), even if it is not valid (that is, measure the intended concept, *value* in this instance, and predict the expected behavior). We expect that the match between a subscriber valuing a program category and actually viewing the program category would be better than a match between an operator's value and a hypothetical channel-budgeting exercise.

#### Conceptual Perspective

13. According to research, in addition to better reception, greater program variety, value, and more movies are primary reasons for subscribing to cable television and/or predictors of cable satisfaction.<sup>2</sup> If I want to watch the programs broadcast by a certain distant signal, my choices for viewing those programs are the Internet, direct satellite service, or a local cable system. The individual is the one who makes that choice. We cannot ignore the *value* that these programs on the distant signals have for those who choose to watch the programs via the local cable service. Even though entire distant signals with a complete package of programs are sold to and retransmitted by cable systems, it is individual programs, not the signal, itself, that subscribers select to watch. If they choose not to watch a program on a distant signal, that program would not have value to them. If the programs do not have sufficient value for the viewers, they will not continue to subscribe to a cable system.

14. To assess the value of programming on distant signals to attract and retain subscribers, we need to examine what subscribers actually prefer to watch, not someone else's perceptions of subscribers' preferences. Perceived value lies within people who, themselves, act or behave in a manner that provides the value; here, the

perceived value of different program categories in attracting subscribers lies within the subscribers themselves. It is the individual subscriber who is or is not attracted to certain types of programs and is or is not retained by a cable system. It is the individual subscriber who can tell us, more directly and definitively, what type of program is more likely to make that subscriber take and continue to pay for cable service.

15. This approach to determining value is consistent with an area of media research known as *uses and gratifications*.<sup>3</sup> If we want to know what a person thinks or does and why a person feels or acts a certain way, the best measure is to go directly to the source and to ask that person. I have been working in the area of media uses and gratifications research for 35 years. It was first introduced as an alternative to direct-influence approaches to media effects, whereby researchers often erroneously assumed that people are unduly and directly influenced by the media they encounter. In short, uses and gratifications research assumes people use the media, rather than the media use people.

16. According to numerous uses and gratifications studies during the past half-century, we know that people are influenced by a host of social and psychological factors (for example, their attitudes and beliefs, their family and friends, etc.) when they seek, choose, and use media content. People use the various media in a, more or less, purposive or intentional manner. They may choose different media in a more ritualized fashion to fill time. Or, they may choose different content or programming in a more instrumental fashion to seek information, excitement, or interaction. In either case, people seek to fulfill certain social and psychological needs or desires when choosing media and programs. These gratifications influence a person's behavior in using media



as well as his or her perceptions of media affinity, realism, and personal relevance or value. The selection of programs to watch emanates from one's beliefs or expectations that the selected medium or content may satisfy his or her specific needs.

17. These basic uses and gratifications principles have even more application today given the numerous media choices people now have ranging from traditional media to newer and evolving digital devices. Even with the increasing choices, it still comes down to the individual, who chooses, selects, and becomes involved with the programming in a home or other social environment. That individual choice is why a subscriber survey is more useful than an operator survey in determining what value different program categories have in attracting and retaining subscribers, and why the Program Suppliers' surveys were directed at the individual cable subscriber.

#### Program Suppliers' 2004 and 2005 Subscriber Surveys

18. Program Suppliers' subscriber surveys focused on the individual consumer and sought to alleviate several of the methodological concerns with past operator surveys, as summarized above. My involvement with the Program Suppliers' subscriber surveys for these proceedings began in July 2004 and August 2004 with a review of the 2004 cable subscriber survey questionnaire developed by Wilkofsky Gruen Associates. (I understand Arthur Gruen of that organization will also be testifying in this proceeding about the subscriber survey.) I approached the review of the questionnaire with the principles of effective survey research outlined above and my earlier CRT and CARP critiques in mind. My objective was to suggest refinements consistent with ensuring the questionnaire tapped subscribers' opinions of the value of retransmitted distant-signal

cable programming in a clear and precise, valid and reliable manner that improved upon past approaches used by the other claimants.

19. I initially suggested alterations in the reviewed drafts adding to the clarity of instructions given by the interviewers and to the precise language used to focus respondents only on nonnetwork distant signals from other cities retransmitted by their cable systems within precise program categories: News and Community Events, Series, Devotional Programs, Movies and Specials, Live Team Sports, Non-Team Sports, PBS Programs, and Canadian Programs. For each respondent, the order in which the program categories were presented was determined by using a random sequence of numbers for all questions. Along with the precise descriptions of the program category, several examples of the types of the names of individual programs falling within the program category were included to insure respondents would be focusing on that category in their answers. We made certain that respondents were reminded throughout the questionnaire that they should respond only about the nonnetwork distant signal programming retransmitted by their cable system. These refinements ensured that respondents did not confuse one category of programming involved in this proceeding with other categories of programming.

20. To hone the phrasing, clarity, and soundness of the questionnaire, I was involved in August 2004 and October 2004 teleconferences with the team working on the questionnaires. I monitored the pre-testing and pilot testing of the questionnaire by listening in on approximately 10 administrations of the subscriber survey in October 2004. Further discussions were held in February 2005, following monitoring and reviews of pre-tests and pilot investigations. A pilot study was conducted by Wilkofsky

Gruen Associates from January 8, 2005, through January 19, 2005. The telephone interviews averaged about 16 minutes in the pre-tests and just over 11 minutes in the pilot study. Respondents had little difficulty completing the valuation task. The pre-tests and pilot testing helped fine tune the final questionnaire.

21. The cable subscriber questionnaires used for both royalty years proceeded systematically and methodically: (a) introducing the brief national survey to the randomly selected cable television subscriber; (b) randomly seeking the head or co-head of the household to respond; (c) insuring the respondent subscribed to the appropriate cable system in the year in question; (d) focusing the subscriber on “program categories on television stations that come from other cities” and then presenting the distant signal call letters and city and state of origin; (e) reminding the subscriber that the questions asked throughout the questionnaire “apply *only to these stations from these cities*”; (f) and reading the name, description, and examples of each applicable program category “shown only on” the station from the distant city.

22. When interviewers next asked the respondents about the “popularity of each type of program” in their own home: (a) they reminded the subscriber to consider only the specific distant signal stations (including the call letters) from the other named cities; (b) they reminded them of the description and examples of the program category type; and (c) they asked if respondents wanted to add any other popular categories of programs from those distant signal stations.

23. Respondents were then asked how they “value the program categories shown on these same stations.” Interviewers repeated the station call letters and city of

origin and reminded respondents that “we are not interested in network shows on ABC, CBS, and NBC television networks,” but to “consider the value of all the non-network programs in that category.” The interviewers then asked the respondents to divide a hypothetical \$10 according to “how **valuable**” they feel each program category is in their home” (the hypothetical \$10 was explained as representing a portion of their cable bill devoted to the distant signal stations under consideration). The interviewers reminded respondents to “consider the value of ALL the programs in that category” when dividing the \$10 any way they wished from \$0 to \$10, including portions of dollars, to a program category and asked the respondent to write down and think about the program categories, as each program category, along with its description and examples, was read. When asking the respondent to provide a share of the \$10 for each program category (and any programming mentioned by the respondent during the popularity questions), the interviewer asked the respondent to keep each category’s value in mind and to make sure all assigned values add up to the \$10. Respondents were prompted to clarify if the final value didn’t add up to \$10; this was done by having the interviewer read back each program category along with the respondent’s assigned value, and asking whether the respondent wanted to make any changes.

24. Interviewers concluded the survey by gathering basic demographic data for classification purposes, including marital status, age, number of children in the household, annual household income, and education level. They thanked the respondent and made arrangements to mail a \$25 gift.

## Conclusions

25. We used the lessons learned from earlier critiques of surveys presented by other claimants and the relevant principles of effective survey research to develop the Program Suppliers' subscriber questionnaire. We refined our thinking by monitoring the pre-tests and pilot tests. This work resulted in a subscriber questionnaire that presented clear and unambiguous program categories based on the previously identified category definitions. The response options were precise, exhaustive, and mutually exclusive. This process was aided by the use of representative program examples to help make each category more comprehensible and distinguish it from other program categories. The questionnaire items were structured and ordered in an appropriate random and meaningful manner. Subscribers were knowledgeable about the questions asked, which were highly relevant to them, and were able to articulate their answers. Once selected and reached via telephone, respondents were cooperative and seemed to provide honest responses. Instructions provided by interviewers were clear and precise, especially regarding the crucial task of focusing respondents on the program categories on those nonnetwork distant signals they received. Constant reminders provided by the interviewers kept the respondents on task to detail how valued the program categories were to them. Respondents had few, if any, problems completing the constant-sum valuation measurement, which incorporated visualization of response categories in a structured and reliable manner, allowing respondents both to visualize and to reconsider their choices. The valuation measure asked respondents to distribute the available budget dollars in any amount ranging from 0 to 10 dollars among the given program categories and additional program categories that respondents identified on their own

as being of value. Consistent with the uses and gratifications approach, we would anticipate a solid match between the individual's valuation of a preferred program category and the choice and selection of that program category, resulting in better cable subscriber attraction and retention.

#### Notes

<sup>1</sup> Copyright Arbitration Royalty Panel, *Stipulation of the parties on the issues of program categorization and scope of claims*, 1990-1992 Cable Royalty Distribution Proceedings, Docket No. 94-3. CARP CD 90-92.

<sup>2</sup> Umphrey, D. (1988). Segmenting the cable audience by reason for subscribing. *Journalism Quarterly*, 65, 972-975; Umphrey, D. (1989). A comparison of cable disconnecters and subscribers. *Journalism Quarterly*, 66, 628-631, 779; Jacobs, R. (1995). Exploring the determinants of cable television subscriber satisfaction. *Journal of Broadcasting & Electronic Media*, 39, 262-274.

<sup>3</sup> Rubin, A. M. (2009). Uses-and-gratifications perspective on media effects. In J. Bryant & M. B. Oliver (Eds.), *Media effects: Advances in theory and research* (3rd ed., pp. 165-184). New York: Routledge.

## APPENDIX A

Brief Curriculum Vitae

May 2009

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#### Academic Experience

- Professor Emeritus and Director Emeritus (since August 2004), Kent State University, Kent, Ohio.
- Director/Interim Director (2000-2004), Assistant Director (1999-2000), Director of Graduate Studies (1992-1998), Professor (1989-2004), Associate Professor (1982-1989), School of Communication Studies, Kent State University. Administered budget, curriculum, personnel, strategic planning, promotion, etc., as school director. Directed Ph.D. dissertations and M.A. theses. Full graduate faculty status. Taught mass media effects, information and society, political communication, research methods, and measurement and analysis.
- Director, Communication Research Center, Kent State University (1988-1992, 1998-2003).
- Assistant Professor, Cleveland State University (1981-1982), University of Wisconsin-Parkside (1977-1981), and Georgia Southern College (1975-1977).
- Graduate Teaching Assistant, University of Illinois at Urbana-Champaign (1972-1975) and Queens College of the City University of New York (1970-1972).

#### Education

- Ph.D., University of Illinois at Urbana-Champaign, 1976, Speech Communication. Concentration in the social influence of mass and political communication. Dissertation: A developmental examination of the uses of television by children and adolescents.
- M.A., Queens College, City University of New York, 1972, Communication Theory and Media. Thesis: The relationship between political ideology and poll effectiveness on the influence of public opinion polls among newer voters.
- B.A., Queens College, City University of New York, 1969, Communication and Political Science. Graduated with honors in Communication Arts and Sciences.

#### Selected Recognition

- Distinguished Scholar Award, Broadcast Education Association, 2007.
- Awarded Professor Emeritus and Director Emeritus Status, Kent State University, 2004-2005.
- *Revealing the active audience: Spotlight on the scholarship of Alan Rubin*, National Communication Association research spotlight program, 2003.
- Fellow, International Communication Association (elected 2001).
- Committee of Scholars, Eastern Communication Association, 2001-2002, 2002-2003.
- Ranked 16<sup>th</sup> active scholar in communication studies, *Communication Monographs*, 1999.
- Top-5 most frequently cited author and most cited article published between 1972 and 1995 in the *Journal of Broadcasting & Electronic Media*, *Journal of Broadcasting & Electronic Media*, 1996.
- Ranked 1<sup>st</sup> in telecommunications research productivity, *Journalism Quarterly*, 1991.
- Ranked 5<sup>th</sup> most productive researcher in mass communication, *Journalism Quarterly*, 1988.
- *Who's Who in Communication and Media*, 1997.
- Kent Research Group, member (inducted 1996).
- Phi Beta Delta, Honor Society for International Scholars, member (inducted 1992).
- Twelve paper awards from International Communication Association, National Communication Association, Broadcast Education Association, Association for Education in Journalism and Mass Communication, Central States Communication Association, and Southern Communication Association divisions; and Broadcast Education Association Scholarly Papers Competition.

## Editorial Activities

- Advisory Editor, *Mass Communication*, Lawrence Erlbaum Associates (1986-2008).
- Editor, *Journal of Communication*, volumes 47-49 (1997-1999; editor-elect, 1996).
- Editor, *Journal of Broadcasting & Electronic Media*, volumes 29-32 (1985-1988; editor-elect, 1984).
- Review & Criticism Editor, *Journal of Broadcasting* (1983-1984).
- Served on 13 Editorial Boards: *Communication Education*, *Communication Monographs*, *Communication Quarterly*, *Communication Reports*, *Communication Research*, *Communication Research Reports*, *Critical Studies in Media Communication*, *Human Communication Research*, *Journal of Applied Communication Research*, *Journal of Broadcasting & Electronic Media*, *Journal of Communication*, *Mass Communication Review Yearbook*, and *Media Psychology*.
- Editorial consultant for 30 other journals, publishers, associations, foundations, and government agencies: *Child Abuse & Neglect*, *Communication Studies*, *Communication Theory*, *Communication Yearbook*, *Developmental Psychology*, *Electronic Journal of Communication*, *Feedback*, *Harvard International Journal of Press/Politics*, *Journal of Asian Pacific Communication*, *Journal of Computer-Mediated Communication*, *Journal of Social and Personal Relationships*, *Journalism Quarterly*, *Political Communication*, *Psychological Reports-Perceptual and Motor Skills*, *Southern Speech Communication Journal*, *Western Journal of Communication*, Broadcast Education Association, Central States Communication Association, City University of New York, Guggenheim Memorial Foundation, International Communication Association, Israel Science Foundation, McGraw-Hill, National Communication Association, Sage Publications, Social Sciences and Humanities Research Council of Canada, United States-Israel Binational Science Foundation, and Wadsworth Publishing Company.

## More Recent, Selected Publications

- Published 15 notes and reviews, and over 90 books, chapters, and articles in such journals as *American Behavioral Scientist*, *Communication Education*, *Communication Monographs*, *Communication Quarterly*, *Communication Research*, *Computers in Human Behavior*, *Critical Studies in Mass Communication*, *Human Communication Research*, *International Journal of Aging & Human Development*, *Journal of Broadcasting & Electronic Media*, *Journal of Communication*, *Journalism Quarterly*, *Language & Communication*, *Mass Communication and Society*, *Media Psychology*, and *Newspaper Research Journal*. Recent and selected publications include:
- Rubin, A. M. (in press). Uses and gratifications: An evolving perspective of media effects. In R. L. Nabi & M. B. Oliver (Eds.), *The Sage handbook of mass media effects*. Thousand Oaks, CA: Sage.
- Rubin, R. B., Rubin, A. M., Graham, E. E., Perse, E. M., & Siebold, D. R. (in press). *Communication research measures II: A sourcebook*. New York: Routledge. Measurement profiles and chapters: Measurement in cross-cultural and intercultural communication (with D. R. Seibold & R. B. Rubin); Measures imported from related disciplines.
- Rubin, R. B., Rubin, A. M., Haridakis, P. M., & Piele, L. J. (2010). *Communication research: Strategies and sources* (7<sup>th</sup> ed.). Boston: Wadsworth/Cengage Learning. (1<sup>st</sup> edition, 1986; 2<sup>nd</sup> edition, 1990; 3<sup>rd</sup> edition, 1993; 4<sup>th</sup> edition, 1996; 5<sup>th</sup> edition, 2000; 6<sup>th</sup> edition, 2005; Chinese editions, 1997, 2000)
- Rubin, A. M. (2009). Uses-and-gratifications perspective on media effects. In J. Bryant & M. B. Oliver (Eds.), *Media effects: Advances in theory and research* (3rd ed., pp. 165-184). New York: Routledge.
- Pornsakulvanich, V., Haridakis, P., & Rubin, A. M. (2008). The influence of dispositions and Internet motivation on online communication satisfaction and relationship closeness. *Computers in Human Behavior*, 24, 2292-2310.
- Rubin, A. M. (2008). Regression analysis. In W. Donsbach (Ed.), *The international encyclopedia of communication* (Vol. 9, pp. 4151-4155). Oxford, UK: Blackwell Publishing.
- Rubin, A. M. (2008). Media effects on social behavior. In W. Donsbach (Ed.), *The international encyclopedia of communication* (Vol. 10, pp. 4639-4644). Oxford, UK: Blackwell Publishing.
- Sun, S., Rubin, A. M., & Haridakis, P. M. (2008). The role of motivation and media involvement in explaining Internet dependency. *Journal of Broadcasting & Electronic Media*, 52(3), 408-431.
- Rubin, R. B., & Rubin, A. M. (2006). Research and information gathering. In W. G. Christ (Ed.), *Assessing media education: A resource handbook for educators and administrators* (pp. 191-214). Mahwah, NJ: Erlbaum.
- Rubin, A. M., Haridakis, P. M., Hullman, G. A., Sun, S., Chikombero, P. M., & Pornsakulvanich, V. (2005). Television exposure not predictive of terrorism fear. In E. K. Grusin & S. H. Utt (Eds.), *Media in an American crisis: Studies of September 11, 2001* (pp. 191-206). Lanham, MD: University Press of America. (Reprinted from *Newspaper Research Journal*, 2003, 24[1], 128-145)
- Haridakis, P. M., & Rubin, A. M. (2005). Third-person effects in the aftermath of terrorism. *Mass Communication and Society*, 8, 39-59.
- Rubin, A. M. (2004). Interacting with media personalities. In J. A. DeVito, *The interpersonal communication book* (10<sup>th</sup> ed., p. 246). Boston: Pearson/Allyn & Bacon.



- Eyal, K., & Rubin, A. M. (2003). Viewer aggression and homophily, identification, and parasocial relationships with television characters. *Journal of Broadcasting & Electronic Media*, 47, 77-98.
- Haridakis, P. M., & Rubin, A. M. (2003). Motivation for watching television violence and viewer aggression. *Mass Communication and Society*, 6, 29-56.
- Rubin, A. M., Haridakis, P. M., & Eyal, K. (2003). Viewer aggression and attraction to television talk shows. *Media Psychology*, 5, 331-362.
- Rubin, A. M. (2002). The uses-and-gratifications perspective of media effects. In J. Bryant & D. Zillmann (Eds.), *Media effects: Advances in theory and research* (2<sup>nd</sup> ed., pp. 525-548). Mahwah, NJ: Erlbaum.
- Rubin, A. M., & Eyal, K. (2002). The videocassette recorder in the home media environment. In C. A. Lin & D. J. Atkin (Eds.), *Communication technology and society: Audience adoption and uses* (pp. 329-349). Cresskill, NJ: Hampton Press.
- Rubin, A. M. (2001). The challenge of writing the quantitative study. In A. Alexander & W. J. Potter (Eds.), *How to publish your communication research: An insider's guide* (pp. 57-75). Thousand Oaks, CA: Sage.
- Rubin, A. M., & Haridakis, P. (2001). Mass communication research at the dawn of the 21<sup>st</sup> century. *Communication Yearbook*, 24, 73-97.
- Rubin, A. M., & Rubin, R. B. (2001). Interface of personal and mediated communication: Fifteen years later/Interface de la communication personnelle et de la communication assistee par ordinateur: Quinze ans apres. *Electronic Journal of Communication/La Revue Electronique de Communication*, 11(1).
- Rubin, A. M., West, D. V., & Mitchell, W. S. (2001). Differences in aggression, attitudes toward women, and distrust as reflected in popular music preferences. *Media Psychology*, 3, 25-42.
- Rubin, R. B., & Rubin, A. M. (2001). Attribution in social and parasocial relationships. In V. Manusov & J. H. Harvey (Eds.), *Attribution, communication behavior, and close relationships* (pp. 320-337). Cambridge, UK: Cambridge University Press.
- Papacharissi, Z., & Rubin, A. M. (2000). Predictors of internet use. *Journal of Broadcasting & Electronic Media*, 44, 175-196.
- Rubin, A. M. (2000). Die Uses-And-Gratifications-Perspektive der Medienwirkungsforschung [The uses-and-gratifications perspective of media effects]. In A. Schorr (Ed.), *Publikums- und Wirkungsforschung: Ein Reader [Audience and effects research: A reader]* (pp. 137-152). Wiesbaden, Germany: Westdeutscher.
- Rubin, A. M., & Step, M. M. (2000). Impact of motivation, attraction, and parasocial interaction on talk radio listening. *Journal of Broadcasting & Electronic Media*, 44, 635-654.
- Rubin, A. M. (1998). Personal involvement with the media. In J. S. Trent (Ed.), *Communication: Views from the helm for the 21st century* (pp. 257-263). Boston, MA: Allyn and Bacon.
- Kim, J., & Rubin, A. M. (1997). The variable influence of audience activity on media effects. *Communication Research*, 24, 107-135.
- Rubin, R. B., Rubin, A. M., & Jordan, F. F. (1997). Effects of instruction on communication apprehension and communication competence. *Communication Education*, 46, 104-114.
- Rubin, A. M. (Assoc. Ed.). (1994). Mass communication. In R. B. Rubin, P. Palmgreen, & H. E. Sypher (Eds.), *Communication research measures: A sourcebook*. New York: Guilford. Measurement profiles and chapter: Measures of mass communication (with E. M. Perse).
- Rubin, A. M., & Perse, E. M. (1994). Measures of mass communication. In R. B. Rubin, P. Palmgreen, & H. E. Sypher (Eds.), *Communication research measures: A sourcebook* (pp. 37-56). New York: Guilford. (Profiles of)
- Rubin, A. M. (1993). Audience activity and media use. *Communication Monographs*, 60, 98-105.
- Hamilton, N. F., & Rubin, A. M. (1992). The influence of religiosity on television use. *Journalism Quarterly*, 69, 667-678.
- Rubin, A. M., & Rubin, R. B. (1992). Call-in talk radio in den USA. *Rundfunk und Fernsehen*, 40, 385-397.
- Conway, J. C., & Rubin, A. M. (1991). Psychological predictors of television viewing motivation. *Communication Research*, 18, 443-463.

## Grants

- Received research, instructional, and service grants from the American Broadcasting Companies, Ohio Board of Regents, Kent State University's Research and Graduate Studies, and University of Wisconsin-Parkside's Center for Teaching Excellence. Received an \$86,172 Research Challenge Grant, *Developing and evaluating measures of Internet use* (2001-2004), and a \$43,908 Learning Communities grant, *Student scholars serving the community* (2002-2003).

## More Recent, Selected Convention and Association Activities

- Presented over 90 papers and participated on over 90 panels at conferences including: the American Educational Research Association, Association for Education in Journalism and Mass Communication, Broadcast Education Association, Central States Communication Association, Eastern Communication Association, German Mass Media Effects Association, International Communication Association, National Communication Association, Speech Communication Association of Ohio, Western States Communication Association, and the World Communication Association. Recent presentations and selected activities include:
- Rubin, A. M. (2009, May). Projections of the future from reflections on the past: Media issues. Chair. International Communication Association annual conference, Chicago, IL.
- Rubin, A. M. (2009, February). Mixing methodological metaphors: Measurement issues in interpersonal, family, intercultural, media, instructional, organizational, health, and related areas. Panelist. Western States Communication Association annual convention, Mesa, AZ.
- Haridakis, P. M., Rubin, R. B., & Rubin, A. M. (2006, November). *Psychological and social characteristics, Internet use, and psychological well-being*. Paper presented at the National Communication Association annual meeting, San Antonio, TX.
- Hur, G., & Rubin, A. M. (2006, June). *The abstract level specificity and matching principles in television uses and gratifications*. Paper presented at the International Communication Association annual conference, Dresden, Germany.
- Rubin, A. M. (2006, June). *The evolving study of media uses and effects*. Paper presented at the International Communication Association annual conference, Dresden, Germany.
- Rubin, A. M. (2006, June). Mass communication top student papers. Respondent. International Communication Association annual conference, Dresden, Germany.
- Sun, S., Rubin, A. M., & Haridakis, P. M. (2006, June). *The role of motivation and media involvement in explaining Internet dependency*. Paper presented at the International Communication Association annual conference, Dresden, Germany.
- Rubin, A. M. (2006, February). *Promising new measures for communication research*. Paper presented at the Western States Communication Association annual convention, Palm Springs, CA.
- Rubin, A. M. (2005, November). To regulate or not to regulate that is the question: What's next for the FCC and media ownership. Respondent. National Communication Association annual meeting, Boston, MA.
- Rubin, A. M., & Rubin, R. B. (2005, April). *Developing information-gathering outcomes*. Paper presented at the Broadcast Education Association annual convention, Las Vegas, NV.
- Rubin, A. M. (2005, April). Past *JOB(EM)* editors look at research. Panelist and Moderator, Broadcast Education Association annual convention, Las Vegas, NV.
- Rubin, R. B., & Rubin, A. M. (2004, December). *Measurement instruments for cross-cultural communication research*. Paper presented at the Speech Communication Association of Puerto Rico annual meeting, San Juan, Puerto Rico.
- Rubin, A. M. (2004, November). Moving forward to new research in media effects by looking back at influential studies in mass communication. Respondent. National Communication Association annual meeting, Chicago, IL.
- Rubin, A. M. (2004, November). Top three papers in mass communication. Respondent. National Communication Association annual meeting, Chicago, IL.
- Cortese, J., & Rubin, A. M. (2003, November). *Uses and gratifications of television shopping*. Paper presented at the National Communication Association annual meeting, Miami Beach, FL.
- Rubin, A. M. (2003, November). Publish or perish: Advice from the experts. Panelist. National Communication Association annual meeting, Miami Beach, FL.
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- Rubin, A. M. (2003, April). *Academic publishing in the Internet age*. Paper presented at the Broadcast Education Association annual convention, Las Vegas, NV.
- Rubin, A. M. (2003, April). NCA workshop on survival skills for doctoral students. Panelist. Eastern Communication Association annual meeting. Washington, DC.
- Rubin, R. B., Haridakis, P. M., Rubin, A. M., & Miraldi, P. N. (2002, November). *Comparing methods for assessing Internet use*. Paper presented at the National Communication Association annual meeting, New Orleans, LA.

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- Rubin, A. M., & Rubin, R. B. (2000, April). *Issues in mediated interpersonal communication in a new technology age*. Paper presented at the Eastern Communication Association annual conference, Pittsburgh, PA.
- Rubin, A. M. (2000, April). Studies in measurement: Scale validity research. Respondent. Eastern Communication Association annual conference, Pittsburgh, PA.
- Research Committee, Broadcast Education Association, 2007-2008 (Vice Chair, 2007-2008).
- Board of Directors (ex-officio), Broadcast Education Association, 2003-2006.
- Publications Committee, Broadcast Education Association, 2000-2006 (Chair, 2003-2006).
- Distinguished Scholar Committee, Broadcast Education Association, 2005-2006.
- Research Committee, International Communication Association, 2002-2005 (Chair, 2002-2005).
- Research Promotion Task Force, Broadcast Education Association, 2004-2005.
- Advisory Committee, Mass Communication Division, International Communication Association, 2003-2005.
- Planner, Media Forum Series, National Communication Association annual meeting, 2001-2002.
- Committee of Scholars, Eastern Communication Association, 2001-2002, 2002-2003.
- Dissertation Award Committee, Mass Communication Division, International Communication Association, 1994, 2002.
- Nominating Committee, Mass Communication Division, National Communication Association, 1999-2000 (Chair).
- Federation Prize Committee, Central States Communication Association, 1994.
- Past Chair, Mass Communication Division, National Communication Association.
- Past Secretary, Mass Communication Division, International Communication Association.
- Invited faculty at two National Communication Association doctoral honors seminars.

### Kent State Teaching and Advising

- Mass Media Effects, Communication in an Information Society, Political Communication, Intercultural Communication, Personal and Mediated Communication, Television Violence, Research Methods in Communication, Communication Measurement and Analysis, Understanding Statistics, Etc.
- Directed 35 Ph.D. dissertations and M.A. theses to completion.
- Served on 38 additional dissertation and thesis committees.
- Served on 43 M.A. and Ph.D. comprehensive examination committees.

## Other Selected Professional Activities

- Expert witness before the Copyright Arbitration Royalty Panel, Copyright Office, Library of Congress, Washington, DC, 1996, Docket No. 94-3 CARP-CD90-92.
- Expert witness before the Copyright Royalty Tribunal, Washington, DC, 1991, Docket No. CRT91-2-89CD.
- Expert witness before the Copyright Royalty Tribunal, Washington, DC, 1985, Docket No. CRT84-1-83CD.
- Invited lectures/visiting scholar at 19 U.S., European, and Asian Universities in Austria, France, Germany, South Korea, Sweden, Switzerland, and the U.S.
- Invited address, *Media motivation, involvement, and effects*, German Media Effects Association, Frankfurt, Germany, 1998.
- Invited participant, Media Psychology Conference, *Using media entertainment*, University of Music and Theater, Hannover, Germany, 1998.
- Invited program presentation, "Sharing the Wealth," *Uses and gratifications research in mass communication*. National Communication Association, Chicago, 1997.
- Invited "At the Helm" lecture, *Personal involvement with the media*. Speech Communication Association, San Diego, 1996.
- Invited colloquium, *Linking interpersonal and mass communication*. Speech Communication Association of Ohio, Columbus, 1996.
- Consultant: American Broadcasting Companies, Copyright Collective of Canada, Motion Picture Association of America, and other media, communication, and health organizations.
- External review committee, Department of Communication, Denison University, 1987.
- External personnel referee for departments, schools, or colleges at 27 universities.
- Educational/cultural exchange with the *Guang Ming Daily*, People's Republic of China, 1993.

## Selected Kent State University Service

- Chairs and Directors Council, 2000-2004 (co-Chair, 2003-2004).
- Council on Academic Administrators Professional Development, 2003-2004.
- Operations Effectiveness Council, 2003-2004.
- President's Cabinet, Kent State University, 2003-2004.
- Strategic Planning Steering Committee, Kent State University, 1998-2000, 2003-2004.
- Academic Integrity Subcommittee, NCAA re-certification, 2002-2003.
- Implementation Committee, Web for Faculty, Kent State University, 2002-2003.
- Intercollegiate Athletics Committee, 1996-2003 (Chair, 1998-2000).
- Dean Search and Transition Committees, College of Communication and Information, 2001-2003.
- Advisory Board, Institute for the Study and Prevention of Violence, 1998-2002.
- Executive Committee, Ohio Institute for Information Research and Management, 1999-2001.
- Symposium on Democracy (May 4<sup>th</sup>) Committee, 2000-2001.
- Provost's Promotion Advisory Board, 1993-1995, 1999-2000.
- Graduate Faculty Council, 1992-1997.
- University Research Council, 1992-1995 (Chair, 1994-1995).
- Human Subjects Review Board, 1985-1992.

## Selected Prior University Service

- Advisory Board, WCSB Radio, Cleveland State University, 1981-1982.
- Faculty Advisor, *Parkside Ranger* student newspaper, University of Wisconsin-Parkside, 1978-1981.
- Faculty Senator, University of Wisconsin-Parkside, 1979-1980.
- Broadcasting Coordinator, Dixie Speech Festival, Georgia Southern College, 1976-1977.

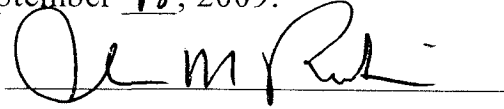
## Professional Affiliations

- Broadcast Education Association
- International Communication Association
- National Communication Association

**DECLARATION OF ALAN M. RUBIN**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on September 18, 2009.

A handwritten signature in black ink, appearing to read "Alan M. Rubin", is written over a horizontal line.

Alan M. Rubin



**DIRECT TESTIMONY OF MARSHA E. KESSLER**  
**COPYRIGHT ROYALTY JUDGES**  
**2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING**  
**CORRECTED SEPTEMBER 28, 2009**

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## DIRECT TESTIMONY OF MARSHA E. KESSLER

### I. BIOGRAPHICAL INFORMATION

My name is Marsha E. Kessler. I am Vice-President, Retransmission Royalty Distribution, at Motion Picture Association of America ("MPAA"), a position I have held, under various titles, for about 27 years. Prior to that, I was a founding member of the Copyright Office's Licensing Division, the division responsible for collecting cable royalties under Section 111 of the Copyright Act. Section 111, also known as the "statutory" or "compulsory" license, governs cable system royalty fee liability for the carriage of broadcast signals. At the Licensing Division, I initially was an "Examiner" of **Statements of Account ("SOAs")** -- the documents cable operators file to substantiate their royalty payments. Later, I became a "Lead Examiner." As a Lead Examiner, I advised colleagues as they encountered difficulties with individual SOAs.

In order to verify the accuracy of a royalty payment, examiners confirmed that the cable operator had filed the correct SOA form and had supplied all other required SOA information (*e.g.*, numbers of subscribers served, monthly rates, stations retransmitted, revenues, activated channels, *etc.*). In the case of larger systems, we confirmed that the royalty payment reflected correct application of the provisions of the statutory license in conjunction with the former signal carriage

rules of the Federal Communications Commission ("FCC").<sup>1</sup> If all those conditions were met, the filing was accepted.

If an SOA appeared deficient (for example, if the system omitted information or miscalculated the royalty), examiners wrote to the system and sought correction of the matter.

I left the Licensing Division in 1982 and have since worked for MPAA, where I oversee the distribution of cable and satellite retransmission royalties (under Sections 111 and 119 of the Copyright Act). I work closely with information technology contractors and with financial, legal and statistical professionals to provide fair and efficient distribution of royalties among our represented claimants. In addition to overseeing royalty distributions, I assist program owners in the annual filing of their royalty claims with the Copyright Royalty Board ("CRB").

Finally, I supervise MPAA's statutory license enforcement efforts.<sup>2</sup> This supervision includes training, reviewing the work of, and advising the staff who review SOAs for compliance with the statutory license. I also make

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<sup>1</sup> The signal carriage rules, now rescinded, were found at Sections 76.57 through 76.63 of the regulations of the FCC. 47 C.F.R. §§ 76.57-76.63 (1976), PS Exhibit \_\_\_ (MEK-1).

<sup>2</sup> Although the Copyright Office sends letters asking cable operators to correct errors on SOAs, the Office has no authority to pursue court or administrative action if the operators do not fix the errors. That role falls to copyright owners, who must file infringement actions against systems that fail to satisfy their statutory filing obligations. MPAA's enforcement program monitors cable and satellite SOA filings and seek to bring cable systems and satellite carriers into compliance when it believes their reporting or payments conflict with the requirements of the statutory licenses.

recommendations regarding potential areas for enforcement investigation and on other matters that crop up during the course of an investigation.

In addition to testifying before this Board, I have testified numerous times before the Copyright Royalty Tribunal, the Copyright Arbitration Royalty Panel, and the Canadian Copyright Board on matters related to statutory license royalties. I have also appeared before the Intellectual Property Subcommittee of the House Judiciary Committee in a matter connected with satellite royalty rates.

## **II. PURPOSE OF TESTIMONY**

First, I will explain in part how Section 111 works.

Second, I will provide information regarding cable systems' SOA filing requirements, including descriptions of key elements of the SOAs, types of cable systems, types of distant signals, and the methodology by which cable operators calculate royalties.

Third, I will describe my role in the cable subscriber surveys and the Nielsen Studies which Program Suppliers are presenting as evidence in these proceedings.

## **III. INTRODUCTION**

Beginning with the first royalty distribution proceeding addressing the allocation of 1978 cable royalties, MPAA has been the *de facto* Phase I representative of all Program Supplier claimants – the owners of nonnetwork series, movies and specials which air on commercial television broadcast stations

retransmitted by cable systems. For that year, cable operators paid some \$12.9 million into the 1978 royalty fund, and the Program Suppliers consisted of about 30 claimants.

By contrast, the Program Suppliers now consist of more than 200 claimants seeking a share of the almost \$300 million in 2004 and 2005 royalties at stake in these proceedings. A listing of MPAA-represented Program Suppliers is shown in PS Exhibit \_\_\_\_ (MEK-2).

Program Suppliers include not only the major studios, but also dozens and dozens of smaller producers and syndicators – all of whom have filed claims seeking a share of the pool. Stating merely that our programs include series, movies and specials understates the width and breadth of Program Suppliers' claim. An A to Z sampling of our claimants and their works includes:

**Animal shows** – ANIMAL RESCUE (Telco Productions, Inc.)

**Business shows** – WALL STREET JOURNAL REPORT (NBC Universal)

**Cartoons** – INSPECTOR GADGET'S FIELD TRIP (DIC Entertainment)

**Dramas** – FATAL ATTRACTION (movie) – (Paramount)

**Educational shows** – SESAME STREET in Spanish (Sesame Workshop)

**Fishing shows** – GOOD FISHING (Babe Winkelman Prods)

**Garden shows** – P. ALLEN SMITH GARDENS (Hortus Ltd.)

**How-to shows** – RON HAZELTON'S HOUSE CALLS (Hearst)

**Interview talk shows** – OPRAH (King World)

**Judge shows – JUDGE JUDY (CBS Broadcasting)**

**Kid shows – CRAMP TWINS (The Summit Media Group)**

**Latin American shows – LATIN FUZE (American Latino TV)**

**Music shows – IT'S SHOWTIME AT THE APOLLO (Western Int'l)**

**Nature shows – WILD AMERICA (Marty Stouffer Prods.)**

**Outdoor shows – JEEP KING OF THE MOUNTAIN BIKING (Eclipse TV)**

**Political shows – McLAUGHLIN GROUP (Oliver Prods)**

**Quiz shows – JEOPARDY! (Jeopardy Productions)**

**Race shows – NEXTEL CUP SERIES – SUBWAY 400 (NASCAR)**

**Science Fiction – ANDROMEDA (Tribune Ent.)**

**Telenovelas (soap operas in Spanish) – LOCURA DE AMOR (Televisa)**

**Univision movies – LA VOZ DE SU AMO (Univision)**

**Vampire movies – EMBRACE OF THE VAMPIRE (New Line)**

**Wrestling – WWE BOTTOM LINE (World Wrestling Ent.)**

**X-Files – THE X-FILES (Fox)**

**Young peoples' shows – AN ALL DOGS CHRISTMAS CAROL (MGM)**

**Z - (I couldn't find a "Z!")**

All of these and many more types of programs and their owners fall under the Program Supplier umbrella and it is for this entire product pool that Program Suppliers seek remuneration.

## **Definitions**

Before going on, it might be helpful to provide definitions of some terms commonly used in Section 111 discussions.

**TV station:** A broadcast facility licensed by the FCC to air on a specific channel in a certain geographic area. An example of a TV broadcast station is KMSP, channel 27, licensed to Minneapolis. As a rule, call signs of stations located in the western U.S. begin with the letter "K" (*e.g.*, KOMO in Seattle) and call signs of stations located in the eastern U.S. begin with the letter "W" (*e.g.*, WJLA in Washington, D.C.). TV stations are sometimes referred to as "over-the-air television stations" or "free TV." Stations are also referred to as "signals."

**Cable network:** A non-broadcast facility which provides programming directly to cable systems. An example of a cable network is TNT. Programming on cable networks is **not** compensable under Section 111.

**Network station and nonnetwork programming:** In the context of Section 111, network TV stations are those affiliated with the ABC, CBS and/or NBC networks only. Network programming refers to programming disseminated by these networks to their affiliated TV stations. ABC/CBS/NBC network programming is *not* compensable under Section 111. All other programs are considered nonnetwork, and thus compensable under Section 111.

**Transmission versus retransmission:** TV stations broadcast (*i.e.*, transmit) works over the air to the public which receives the programming for free. Section

111 refers to this as the primary transmission. Cable systems **re-transmit** stations' signals to the subscribers who pay fees for the service. Section 111 refers to this as the secondary transmission.

**Distant Station (Signal):** A TV station retransmitted outside its local market by a cable system. An example is a cable system's retransmission of TV station KMSP, channel 9 licensed to Minneapolis **outside** the Minneapolis local market. I will say more about distant stations later.

**Local Station (Signal):** When a cable system located in Minneapolis retransmits KMSP to subscribers located *within* the Minneapolis market, KMSP is called a "local" signal.

**Local Market (or Local Service Area):** The geographic area within which a TV station is entitled to insist that its signal be retransmitted by a cable system in accordance with the FCC must carry rules. I will discuss the FCC rules later in my testimony. A cable system located within a market must carry all stations that are local to the market.

**Retransmission royalties:** Section 111 royalties cable operators pay in order to retransmit TV station programming to subscribers.

#### **IV. OPERATION OF THE SECTION 111 STATUTORY LICENSE**

When a program owner licenses a work to a broadcast station, say to television station WBAL located in Baltimore, the license gives the station exclusive broadcast rights within the station's local market. When a cable system

located *outside* the Baltimore local market retransmits programs licensed to WBAL, this means the programs on WBAL are available to a new audience for which the program owners have not been compensated. Section 111 is designed to compensate program owners for this increased exposure of their works outside (*i.e.*, distant to) the area to which the program was originally licensed.

In order to retransmit broadcast station signals outside the local market without infringing program owners' copyright in individual works, the cable operator must comply with the requirements of the statutory license. Compliance consists of, among other things, the operator's filing an SOA and paying a royalty, the calculation of which is determined by Section 111. Cable operators make royalty payments and file the accompanying SOAs twice a year with the Licensing Division of the Copyright Office. Royalties and SOAs for January 1 through June 30 are due by August 29; for July 1 through December 31, they are due by March 1 of the following year. We refer to these time frames as accounting periods "1" and "2," respectively, for example "2004-1" (for the January-June accounting period in 2004) and "2005-2" (for the July-December accounting period in 2005).

## **V. THE STATEMENT OF ACCOUNT (SOA)**

### **A. Contents of the Statement of Account**

Section 111 requires that cable operators accompany each royalty payment with an SOA in which the operator must provide information about the system's operations during the accounting period. For filing purposes, these are three



categories of cable systems and the categories are differentiated by Gross Receipts amounts (discussed below). Different-sized systems file different SOA forms. Copies of the two types of SOA forms required to be completed by each cable system are attached to my testimony. PS Exhibit \_\_\_ (MEK- 3) is the form for smaller systems called "Form 1-2" and PS Exhibit \_\_\_ (MEK-4) is the form for larger systems called "Form 3."

Information required to be filed on both SOAs includes:

- Owner of the system
- Communities served by the system
- The categories of service offered by the system (*e.g.*, basic, expanded basic and pay cable, about which I will say more later)
- The number of subscribers to those services
- The rates charged the subscribers
- TV stations retransmitted to the system's subscribers (by call sign, local channel, city of license, *etc.*)
- Gross Receipts for any and all packages or tiers of service that contain broadcast signals
- The royalty fee calculation plus a section where interest can be calculated if the system files late

- The number of channels on which the system retransmitted broadcast stations and the total number of activated channels offered by the system
- Various schedules providing the basis for calculating certain royalties (Form 3 only)
- A certification as to the veracity of the information in the SOA
- The person at the system to whom inquiries can be made if further information is required

Next, I will describe in more detail the key reported items found in an SOA.

**B. Gross Receipts**

**Gross Receipts** are the fees collected by cable operators from subscribers who receive the categories of service containing broadcast stations. Cable operators offer various packages, or tiers, of programming. Typically, there is a “basic service tier” (or “basic tier”), which must include local broadcast stations, and access channels for local city and county governments and educational institutions, and may also include distant broadcast stations or cable networks. In a hypothetical situation, a cable system might charge a monthly rate of \$14 for the basic tier.

One notch up from basic is what the cable system typically refers to as the “expanded basic” tier, which may include such channels as distant signals, digital broadcast stations, and cable networks. In the hypothetical situation envisioned in

the preceding paragraph, the same cable system might charge an expanded basic tier monthly fee of \$25. The cable customer must first subscribe to the basic tier (for \$14) before she can receive the expanded basic tier, so the subscriber's monthly fee would be \$39 for both tiers.

Cable operators also offer premium cable networks ("pay cable") such as HBO or Showtime, either alone or in packages of multiple premium channels for an additional monthly fee, say \$20. The cable customer must first subscribe to the basic tier before electing additional premium channels. In the hypothetical posed above, if the customer subscribes to basic (for \$14), expanded basic (for \$25) and an HBO/Showtime tier (for \$20), the customer's bill would be \$59 per month.

For purposes of calculating its Section 111 royalties, the cable operator must report as Gross Receipts the full amounts received from all tiers of service that contain broadcast stations. Hypothetically, if the cable operator offered its local broadcast stations in the basic (\$14) tier and its distant stations in the expanded basic (\$25) tier, the operator would report its Gross Receipts based on \$14 for all subscribers who took basic only plus \$39 for all subscribers who took basic and expanded basic. Operators are not allowed to prorate fees for tiers of service that contain both broadcast and non-broadcast offerings when reporting their Gross Receipts.

Different-sized systems pay different statutory fees based on their Gross Receipts. For 2004-1 through 2005-1, the Gross Receipts thresholds for the three forms were:

Form 1: \$98,600 or less

Form 2: More than \$98,600 and less than \$379,600

Form 3: \$379,600 and more

During the same period, the different royalty payments for the different-sized systems were as follows:

- Form 1 operators paid a *flat fee* of \$37 every 6 months.
- Form 2 operators paid flat *percentages* of their Gross Receipts (0.5% up to \$189,800 and 1.0% of their Gross Receipts in excess of \$189,800 but less than \$379,600).
- Form 3 operators paid a royalty based on a calculation whose components are the system's Gross Receipts and the number and type of distant stations they carried.

Commencing July 1, 2005, the gross receipts limits and the rates increased.

Thereafter, the Gross Receipts thresholds for the three forms increased:

Form 1: \$137,100 or less

Form 2: More than \$137,100 and less than \$527,600

Form 3: \$527,600 and more

Starting with that period, Form 1 operators paid a *flat fee* of \$52 every 6 months. The methodology for calculating Form 2 and Form 3 operators' royalties did not change.

#### **VI. THE 2004 AND 2005 CABLE FUNDS AND SUBSCRIBERS**

For the years 2004 and 2005 the approximate total royalties paid by cable operators each year were as follows:

2004 \$134.3 million

2005 \$137.2 million

Appendix A is a copy of the Licensing Division's Report of Receipts dated March 20, 2009, showing cable royalty deposits from inception to date. Appendix B breaks out the average number of systems, subscribers and total royalties reported by cable operators in their SOA filings for 2004 and 2005. The Appendix B data were provided by **Cable Data Corporation ("CDC")**, a Rockville, Maryland company, whose representative I understand will testify in this proceeding. CDC compiles SOA information, as reported on paper forms at the Copyright Office, and reproduces the data in electronic format.

You will note small differences between Appendix A (the Licensing Division's deposits) and the royalty amounts as recorded by CDC and reported in Appendix B. While the Division's document reports the deposits related to unexamined SOAs, CDC's data are compiled after SOAs have been examined and may include adjustments for late payment interest, additional payments, refunds,

*etc.* Regardless of the differences in the absolute amounts between the two sources, they both show that the royalties paid for the years at issue in this proceeding total approximately \$272 million. Further, Appendix B shows that the bulk of the subscribers (about 94%) and of the royalties (about 97%) are attributable to Form 3 cable systems.

## VII. FORM 3 ROYALTIES

### A. Distant Signals

The Form 3 royalty calculation involves the number and type of distant stations carried by the system. Remember, “**distant**” means a cable system retransmits a broadcast station outside its local service area. Form 3 cable operators are required to account for all distant signals when calculating the royalty obligation.

In 2004 and 2005, the process for identifying a system’s distant stations was based on an amalgam of current and former FCC cable system signal carriage rules. These rules define which stations a cable system “**must**” carry (meaning the stations in the system’s local market) and which stations a cable system “**may**” carry (*i.e.*, distant stations).

Form 1 systems pay a flat fee, while Form 2 systems pay specific percentages of Gross Receipts without regard to how many distant broadcast stations they retransmit. For Form 3 operators, the calculation is more complex and related directly to the distant stations carried.

**B. Royalty Fee Calculation for Form 3 Systems**

A Form 3 operator pays a royalty based on the system's Gross Receipts and the number and type of distant stations carried. As I mentioned before, Gross Receipts consist of subscriber fees collected for all tiers of service containing broadcast stations – including fees from residential and commercial customers and payments made for related services (for example, for additional sets or for converter boxes).

Page 3 (Space G) of the Form 3 SOA, PS Exhibit \_\_\_ (MEK-4), is the section where the operator identifies all stations carried during the accounting period plus an identification of those stations which were distant to the system. Again, the determination of whether a station is distant or local is done by analyses associated with the FCC's signal carriage rules.

After identifying the distant signals retransmitted by the system, the cable operator assigns a weight to each one. The weight is called a **Distant Signal Equivalent** ("DSE"). DSE values are a statutorily-prescribed system based on the amount of nonnetwork programming broadcast by different types of broadcast stations. The DSE values assigned by Section 111 are as follows:

- **Independent** stations, which include Fox, UPN, WB, PAX, Univision affiliates and Canadian signals, are set at 1.00 DSE.
- Stations affiliated with the ABC, CBS and/or NBC **networks** are set at 0.25 DSE.

- **Public television stations (“PTV”)** are set at 0.25 DSE.

Congress assigned the different DSE values because only nonnetwork programming is compensable under the royalty plan. For example, on network affiliated stations which have a .25 DSE, 75% of the programming is assumed to be network-originated, which is not compensable under Section 111.

In the next step for calculating royalties, the cable operator totals the DSE values of all the distant stations it retransmits. Assume, for example, that a system carried a total of 6 distant stations -- 2 independent stations, 3 network stations and 1 PTV station. Those 6 distant stations translate to a total DSE value of 3.0, calculated as follows:

2.00	(2 distant independents at 1.00 DSE each)
0.75	(3 distant networks at 0.25 DSE each)
<u>0.25</u>	<u>(1 distant PTV station at 0.25 DSE each)</u>
3.00	Total DSEs

After determining its Gross Receipts and DSE values, the cable operator calculates the first of three potential royalty payments, the **Base Rate Fee**. The Base Rate Fee is paid by all Form 3 cable operators. Pages 16-17 of PS Exhibit \_\_\_ (MEK-4) shows the place on the SOA where cable operators tabulate their Base Rate Fee.



If the system's DSEs total more than 1.00, the operator calculates the Base Rate Fee according to a sliding scale of percentages based on the number of DSEs. The base rate fees for 2004 and 2005 are shown below:

<b><u>Royalty Rates – Base Rate Fee during 2004 &amp; 2005</u></b>		
DSEs	<u>2004 &amp; 2005-1</u>	<u>2005-2</u>
	Percentage of Gross Receipts	Percentage of Gross Receipts
1 <sup>st</sup> DSE	0.9560%	1.0130%
2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> DSEs, each	0.6300%	0.6680%
All DSEs over 4	0.2960%	0.3140%

The cable operator calculates the royalty by multiplying the system's Gross Receipts by the DSE percentages applicable to the system's DSE total.

**Example of Base Rate Fee Calculation**

If we assume a cable system had Gross Receipts of \$1,300,000 and 3.0 DSEs (based on the carriage of the 6 distant stations in the example above), here is how the Form 3 Base Rate Fee for 2005-1 is calculated:

Gross Receipts	\$1,300,000
Total number DSEs	3.0
1 <sup>st</sup> DSE at 0.956% ( $\$1,300,000 \times 0.956\% \times 1$ )	\$12,428
2 <sup>nd</sup> and 3 <sup>rd</sup> DSEs at 0.630% ( $\$1,300,000 \times 0.630\% \times 2$ )	\$16,380
5 <sup>th</sup> DSE at 0.296% ( $\$1,300,000 \times 0.296\% \times 0$ )	\$0
Total Royalty, Base Rate Fee	<u>\$28,808</u>

Royalties for the 1<sup>st</sup> DSE are calculated by multiplying Gross Receipts of \$1,300,000 by 0.956% (the rate for the 1<sup>st</sup> DSE), which equals \$12,428. The second through fourth DSEs are paid for at the same rate of 0.630%, so the royalty payment for those remaining 2 DSEs in the hypothetical is calculated by multiplying Gross Receipts of \$1,300,000 times the rate (0.630%) times 2, for a royalty of \$16,380. Added together, the Base Rate Fee for this hypothetical Form 3 system is \$28,808. Had the system retransmitted more than 4 DSEs, the royalty for those additional DSEs would have been calculated by multiplying Gross Receipts of \$1,300,000 times 0.296% times the number of DSEs over 4.

If a cable system carries no distant stations, or if the DSE values for its retransmitted distant stations total less than 1.0 DSE, the system pays a **minimum fee**. The minimum fee is the equivalent of 1.0 DSE and is paid at the rate of the 1<sup>st</sup> DSE, *i.e.*, 0.956% of Gross Receipts for 2004 and 2005-1. The Base Rate Fees paid by all cable operators makes up the Basic Fund.

**C. The 3.75% Fee and the Syndicated Exclusivity Surcharge**

In addition to the Base Rate Fee, there are two additional categories of royalties for which an operator may be obligated to pay in certain circumstances: the “**3.75% Fee**” and the “**Syndicated Exclusivity Surcharge**” (also called “**Syndex Surcharge**”). These fees resulted from changes in the FCC rules and regulations that affected carriage of distant signals.

Prior to June 24, 1981, the FCC limited the number and type of distant stations cable systems that were permitted to retransmit. Appendix C is a chart showing those limits. After the FCC eliminated those restrictions, the Copyright Royalty Tribunal set a rate of 3.75% of Gross Receipts (“3.75% Fee”) for the carriage of added distant stations that a cable system could not have carried prior to June 24, 1981. Page 13 of PS Exhibit \_\_ (MEK-4) shows the section where the cable system calculates the 3.75% Fee.

The calculation of the 3.75% Fee is similar to that of the Base Rate Fee. After identifying all stations subject to the 3.75% Fee, those stations’ DSEs are totaled. Then Gross Receipts are multiplied by 3.75% and that result is multiplied by the total DSEs for 3.75% Fee stations. The result is the 3.75% Fee royalty obligation and the pool of royalties resulting from these payments is referred to as the 3.75% Fund.

Here is an example of the 3.75% Fee calculation in a hypothetical situation where a system with Gross Receipts of \$700,000 must pay the 3.75% Fee for one independent (1.00 DSE) plus one network affiliate (0.25 DSE) for a total of 1.25 DSEs.

$$\$700,000 \times 3.75\% \times 1.25 = \$32,813$$

Three observations regarding the 3.75% Fee:

- If the cable operator pays the 3.75% Fee for a particular distant station, there is no other royalty due for that station.

- If a cable operator carries two independent stations and is required to pay the 3.75% Fee for only one of them, the cable system has discretion as to which station is paid for at the Base Rate versus which is paid for at the 3.75% rate.
- In some situations, where carriage of a distant signal may trigger 3.75% Fee liability only in parts of the system (for example, if the system serves communities in the Top 50 markets and also serves communities outside all television markets), the operator is permitted to prorate the 3.75% Fee.

“**Syndicated Exclusivity Surcharge**” or “**Syndex**” refers to the protection that FCC rules formerly provided to television stations in the top 100 markets. At one time, the FCC required cable systems, if requested by the local station, to black out syndicated programs on distant stations if the same programs were available on a local TV station. The purpose was to protect the local station’s right to provide an exclusive audience to the businesses to whom the station had sold commercial time. Those rules have gone through several evolutions, one of the effects of which was the imposition of the Syndex Surcharge for Form 3 systems located in the FCC’s top 100 markets. A cable operator becomes liable for the Syndex Surcharge when the operator:

1. serves subscribers located in one of the top 100 markets as defined by the FCC (47 C.F.R. § 76.51)

2. carries a very high frequency (“VHF”) station (*i.e.*, a TV station that broadcasts over any channel 2-13)
3. serves subscribers located within the station’s Grade B contour<sup>3</sup>
4. whose syndicated programs the operator once was required to black out pursuant to FCC rules in effect on June 24, 1981, but which the operator is no longer required to black out because the FCC rule changed.

The circumstances that trigger Syndex occur infrequently and result in a very small amount of royalties generated – less than \$92,000 for 2004 and 2005 combined. Pages 14-16 of PS Exhibit \_\_\_ (MEK-4) shows the schedule by which the cable operator calculates any applicable Syndex Surcharge royalty, and Appendix D is a listing of the FCC’s top 100 markets. The Syndex Surcharge fees are paid into the Syndex Surcharge Fund. Historically, only Program Suppliers and the Music Claimants have been awarded the royalties paid into the Syndex Surcharge Fund.

In the cases of all three fee schedules, the Base Rate, 3.75% Fee and Syndex, cable operators are permitted to prorate their payments if they retransmit stations that are distant to some communities in the cable system, but local to other communities served by the system. Such stations are called “**partially-distant**”

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<sup>3</sup> A Grade B contour is a prediction of the station’s signal strength. The contour generally resembles a circle around the station’s transmitter.

stations, or "P-D" and the operator pays royalties only on the Gross Receipts attributable to the so-called distant subscribers.

Appendix E reports the breakdown of Form 3 payments for 2004 and 2005 by royalty type.

### **VIII. PROGRAM SUPPLIERS' STUDIES IN THIS PROCEEDING**

Program Suppliers will be presenting two studies in this proceeding, both of which cover 2004 and 2005 royalty years. The first is a study of viewing to distantly-retransmitted, nonnetwork programs undertaken by the Nielsen Company ("Nielsen"). The second is a survey of cable subscribers which asks the respondents to assign relative values to the program categories at issue in this proceeding.

#### **A. The Nielsen Special Studies**

Viewing, as measured by Nielsen, is the standard by which all television programming is evaluated. I believe that nearly all, if not all, of the copyright owners represented in these proceedings rely on Nielsen ratings in the course of their normal business operations. It is to Nielsen, therefore, that MPAA turns for assistance in quantifying the consumption of distant signal programming by cable subscribers.

MPAA ordered from Nielsen a special study for 2004 and 2005 estimating viewing to distantly-retransmitted, nonnetwork programs ("Nielsen Studies").

These studies will be presented by Program Suppliers' witness from Nielsen, Paul

Lindstrom. Below is a description of MPAA's role in the development of the Nielsen Studies.

At MPAA's request, Cable Data Corporation forwarded Nielsen a listing of broadcast stations carried as full-time distant signals during 2004 and 2005 by Form 3 cable systems, along with the number of distant subscribers to whom each station was available. Using the Form 3 data as the universe of television stations, Nielsen selected a sample of 180 stations for 2004 and 2005. We relied on Form 3 data because Form 3 royalties and subscribers account for the lion's share of all cable royalties and distant subscribers -- roughly 94% (subscribers) and 97% (royalties) for each year.

PS Exhibits \_\_\_ and \_\_\_ (MEK-5 and MEK-6) are the stations in the 2004 and 2005 samples.

#### **1. Local County Analysis for Commercial Stations**

Nielsen's standard ratings estimate broadcast station viewing on a per-county basis, without differentiation between "distant" and "local" cable household ("CHH") viewing. Because these hearings are concerned only with distant programming value, Nielsen had to limit its analysis to those counties that were distant to each sample station. This task is accomplished by eliminating all counties that are considered local for each sample station.

MPAA, under my supervision, determined and advised Nielsen which counties were local for each station in the samples. Relying on the FCC signal

carriage rules to perform this task, referred to as “county analysis,” we employed the following general steps: first, we identified the counties that constituted each station’s Designated Market Area (“DMA”); second, we identified the counties in which each station was deemed “**significantly viewed**” (“SV”); lastly, we looked at other factors that would qualify a county as local to the station in question. We then provided Nielsen with a listing of those counties that we identified in this process as local for each sample station. Nielsen excluded viewing from cable households located in each station’s local counties with the result that only *distant* cable viewing is shown in the studies.

Let me illustrate how the process worked. Nielsen groups counties into DMAs.<sup>4</sup> Each DMA consists of a group of counties forming an exclusive geographic area in which Nielsen has determined that the home market television stations hold a dominance of viewing. Although a few counties are split between DMAs, as a rule each county is assigned to one and only one DMA.

PS Exhibit \_\_ (MEK-7) is a page with the Detroit market (among others) from Nielsen’s September 2004 “U.S. TV Household Estimates” (“the DMA book”), which shows all DMAs and the counties associated with each. This page provides a good example of how DMAs are used to identify local cable system carriage for station WKBD, channel 50, licensed to Detroit. WKBD is a sample

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<sup>4</sup> The definition of “local service area” in Section 111(f) and 47 C.F.R. § 76.55(e)(2) defines a station’s market as its Nielsen DMA.



station for both the 2004 and 2005 special studies. Again, the objective in determining the counties where a station is local is to enable Nielsen to exclude cable viewing from those counties, with the result that only distant viewing for WKBD will be captured.

The Detroit DMA market consists of nine Michigan counties:

Lapeer	Sanilac
Livingston	St. Clair
Macomb	Washtenaw
Monroe	Wayne
Oakland	

Because WKBD is licensed to Detroit, a cable system serving communities in any of these nine counties must carry WKBD to its subscribers as a local signal. MPAA advised Nielsen to exclude cable viewing from homes located in these nine counties when measuring WKBD's distant viewing.

Besides DMA counties, stations are considered local in significantly viewed ("SV") counties or communities, *i.e.*, if the station reaches certain viewing thresholds within the county or community. Because a station must be carried by a cable system located in the station's SV counties or communities, such carriage is considered local.

PS Exhibit \_\_\_ (MEK-8) lists selected counties in Michigan and Ohio and the TV stations significantly viewed in each as reported on the FCC's website:

<http://www.fcc.gov/mb/significantviewedstations022509.pdf>

In the case of WKBD, four counties outside the DMA are considered SV:

Genesee, MI          Lucas, OH

Lenawee, MI        Wood, OH

If a cable system serves communities located in these SV counties, that system must carry WKBD as a local signal and thus would not have to account for the carriage of WKBD in the royalty fee calculation. Consequently, those SV counties were excluded from the Nielsen analysis of WKBD's distant viewing.

Besides the SV and DMA criteria, which identify the vast majority of local counties, MPAA also examines other criteria to see if there are any additional counties that would be considered local.

The first of these checks is the 35-mile specified zone. A copy of that specified zone for Detroit is shown as PS Exhibit \_\_\_ (MEK-9). FCC rules require a cable system serving communities located within that specified zone to carry WKBD as a local signal. Review of the zone indicated that the counties within the specified zone had already been classified local due to the SV/DMA criteria.

Next is the station's Grade B contour. PS Exhibit \_\_\_ (MEK-10) is the Grade B contour of WKBD taken from the FCC's website. Cable systems serving

communities that fall “outside all (television) markets” must carry as a local signal any station whose Grade B encompasses the communities of the system. To identify any such counties, I looked to see if there were any *additional* counties within WKBD’s Grade B contour that were outside all markets and not already classified local by a previous standard. That review indicated that the counties within the Grade B contour had either already been classified as local due to the SV/DMA criteria or were not outside all markets.

Once I identified all the local counties for WKBD, I provided those counties to Nielsen so that Nielsen could exclude viewing from them when measuring WKBD’s distant viewing. WKBD’s local counties were the nine counties in the Detroit DMA, plus the four SV counties, for a total of 13 counties in which WKBD was a local signal.

## **2. County Analysis for “Partially-Local” Stations**

For the most part, Nielsen organizes its viewing data on a county-by-county basis, so for purposes of MPAA’s special studies, it is necessary to declare an entire county either distant or local. In the course of our analyses, we may find that an entire county is neither wholly-distant nor wholly-local. An example would be a county that is neither SV nor DMA for a station, but which falls partially within the 35-mile zone of the station’s market. Another example might be a county located outside all television markets and partially-covered by a

station's Grade B. In these few cases, MPAA uses certain tools to decide whether the entire county should be considered local or distant.

Our first tool relies on the location of a majority of the county's population. Because the entire county must be classified as either local or distant for purposes of the Nielsen Studies, it is reasonable to assume that viewing will track with population. For example, are more people located *inside* the 35-mile zone (or Grade B) or outside? If, in our example, most of the population is within the station's Grade B contour, we consider the county local. We rely on maps, census data and so forth and compare the location of individual communities in relation to the Grade B (or 35-mile zone).

### **3. Local County Analysis for Noncommercial Educational Stations**

In order to determine the local service area of a noncommercial station, MPAA applies the two FCC criteria that define whether a PTV station must be carried by a cable system - the Grade B contour and/or a 50-mile plotted radius. If a cable system's primary headend is located either (1) inside the station's Grade B contour or (2) within a 50-mile radius plotted around the city to which the station is licensed, the cable system must carry the PTV station as a local signal. PS Exhibit \_\_\_ (MEK-11) shows the map upon which MPAA relied to perform the local county analysis for PTV station KCTS, channel 9 licensed to Seattle, WA.

First, we downloaded and printed the KCTS Grade B map from the FCC website:

<http://www.fcc.gov/mb/video/tvq.html>

Next, relying on the scale provided on the map and a compass, we plotted a 50-mile radius around the city of Seattle (the city to which KCTS is licensed). As the exhibit shows, KCTS's Grade B is larger than its 50-mile radius, so the Grade B was the sole determining factor for identifying the local counties. However, had the 50-mile radius been larger, any additional counties partially or totally within that radius would have been marked as local.

Four Washington counties are entirely within KCTS's Grade B:

Island	Kitsap
King	Mason

Eight Washington counties are partially within KCTS's Grade B, and required an additional analysis:

Chelan	Pierce
Clallam	Skagit
Jefferson	Snohomish
Kittitas	Thurston

Starting with Chelan County, we went to the Census Bureau website and filtered the populations for all the Washington communities located in Chelan County. The website can be found at:

[http://factfinder.census.gov/servlet/GCTTable?\\_ds\\_name=PEP\\_2007\\_EST&-mt\\_name=PEP\\_2007\\_EST\\_GCTT1R\\_ST9S&-geo\\_id=04000US53&-format=ST-9&-tree\\_id=806&-context=gct](http://factfinder.census.gov/servlet/GCTTable?_ds_name=PEP_2007_EST&-mt_name=PEP_2007_EST_GCTT1R_ST9S&-geo_id=04000US53&-format=ST-9&-tree_id=806&-context=gct)

The website provided data for eight communities in Chelan County, WA with a total population of 43,567. We determined by looking at maps that seven of the eight communities were located outside KCTS's Grade B, with a population of 41,576 or 95% of the total. Because 95% of the identifiable population was located outside the Grade B, Chelan County as a whole was identified as distant to KCTS, and Nielsen would have measured viewing from Chelan County, WA to KCTS.

We repeated that process for the remaining seven counties and found four of them had the majority of their population within KCTS's Grade B:

Jefferson	Snohomish
Pierce	Thurston

We classified these four counties as local for purposes of the Nielsen analysis.

#### **4. Local County Analysis for Canadian Stations**

We used multiple criteria to identify local counties for the Canadian stations in the sample. Some Canadian stations are significantly viewed (SV) in US counties; all such counties were designated as local to the station. Where a station's Grade B included counties located outside all television markets, those

counties were designated as local. Here is an example of how this process was conducted for station CFTO, channel 9, Toronto.

CFTO is SV in Niagara County, NY, so we designated that county local for CFTO. Because CFTO is SV in *some* communities located in Erie County, NY, we analyzed the county population as described earlier to determine that CFTO was SV to 52% of the Erie County population, so we designated Erie County, NY as a local county for station CFTO.

#### **5. Program Categorization**

The Nielsen Studies quantify the relative shares of distant cable viewing to programming represented by Phase I claimant categories. Nielsen, using its own resources, determines the programs that were broadcast by each of the sample stations. These programs must be categorized by Phase I program types in accordance with established definitions. Categorizing each program to one of the Phase I program types enables quantification of the relative level of distant signal viewing to the Phase I program categories.

Based on instructions that MPAA provided Nielsen for earlier studies, Nielsen evaluated all programs broadcast by the 2004 and 2005 sample stations to place each program in the appropriate programming category. MPAA's instructions were based on the CRT-established definitions that still govern in distribution proceedings.

The Phase I program categories are:

- Local programs (U.S. Broadcasters' programs)
- Series and movies (Program Suppliers' programs)
- Devotional (Devotional Broadcasters' programs)
- Noncommercial (PTV's programs)
- Sports (Joint Sports' programs)
- Programming on Canadian stations (the Canadian Claimants group)

Nielsen also employs an "other" category to represent programming about which there is insufficient information available to determine in which category a program should be assigned. Examples of "other" include "TBA" ("to be announced"), "filler," and "rain delay."

The Nielsen Studies do not measure programming claimed by National Public Radio, nor by the Music Claimants.

Assigning each program to one of the Phase I categories enables us to measure the relative distant cable household usage of the categories. Each program is categorized to one category and viewing to that program is credited solely to the assigned program category. As Paul Lindstrom of Nielsen will testify, the sample stations and their programming are representative of the entire universe of distant signal program usage during 2004 and 2005. As a result, the Nielsen measurements provide a representative picture of relative distant viewing shares of the Phase I claimants among all cable households.



PS Exhibit \_\_\_\_ (MEK-12) shows the program category definitions that I developed based on CRT decisions and that were used by Nielsen in order to perform the program categorization. The only missing category is Canadian programming. For purposes of this study, MPAA instructed Nielsen to classify all programming on Canadian sample stations in a single category.

**B. The Subscriber Surveys**

In addition to the Nielsen Studies, MPAA is sponsoring 2004 and 2005 surveys of cable subscriber attitudes about distant signal programming. I assisted with the development of the survey questionnaire, including establishing the program categories and providing representative examples of programs used in the survey questionnaires.

During my early years at MPAA, I performed a substantial amount of the program categorization used for the Nielsen Studies. Banking on that experience, I worked with Dr. Arthur Gruen to refine the survey questionnaires so that the program category descriptions used would match the Phase I categories as closely as possible. This required a bit of work because the Phase I program definitions require the suspension of everyday logic as to what programs fit within each category in order to accommodate the unique royalty distribution process.

First, the survey questions must focus the respondent's attention on the distant signal programming available via her cable system. In other words, the survey had to pull the respondent's attention away from programs on cable

networks, away from programs on the ABC/CBS/NBC networks, and direct it specifically on the works available on the distant signals received by that individual subscriber.

Next, the questions had to consider that for royalty distribution purposes many programs do not fall “naturally” into the category one might imagine. Let me give you some examples:

Many shows “sound” like sporting events, but are not considered as such for royalty distribution purposes. High school football games are not Joint Sports Claimants’ programs for these proceedings. Rather, they tend to fall in the Local category unless they are broadcast by more than one station, in which case they are considered to fit in the Program Supplier category. Likewise, NASCAR races, mountain bike events, fishing, wrestling, are not Joint Sports Claimants’ programs for royalty distribution purposes. They are series and fall within the Program Supplier category.

A similar division applies to news programs. Those broadcast by multiple stations, like WALL STREET JOURNAL REPORT and THE McLAUGHLIN GROUP, belong in the Program Supplier group, whereas news shows produced by individual stations broadcast only by that one station are local and belong to Commercial Television.

Simply because a program has a cultural, educational or documentary slant does not mean it is part of the PTV category. Such programs, when broadcast by

commercial stations, are classified as series and belong in the Program Supplier category. In contrast, all programming on PTV stations – regardless of its type (e.g., a commercially-produced motion picture) – fall within the Public Television category.

Similarly, all programming on Canadian stations – regardless of its content (sports, series, movies) – is considered part of the Canadian category (although for distribution purposes, the Phase I award to the Canadian Claimants Group has been reduced by the portion of programming in the Canadian program category attributable to Joint Sports Claimants and Program Suppliers).

Incorporating these complexities into questions that would focus the respondents' attention to the distribution task, both in terms of program categories and distant signal programs specifically available to them, required a fair amount of effort.

Thank you for the opportunity to present the information in this testimony. I hope it will be helpful in the Judges' deliberations.

APPENDIX A

Direct Testimony  
of Marsha Kessler

LICENSING DIVISION  
REPORT OF RECEIPTS  
3/20/2009

CABLE YEAR/PERIOD	TOTAL DEPOSITS	PERCENT GROWTH	LAST DEPOSIT	TOTAL DEPOSIT BY YEAR	PERCENT GROWTH
2008/2	\$79,339,056.68		03/19/09		
2008/1	\$80,004,722.30	10.15%	03/19/09	\$159,343,778.98	
2007/2	\$73,187,399.01	3.80%	03/11/09		
2007/1	\$72,635,165.37	1.36%	02/27/09	\$145,822,564.38	2.57%
2006/2	\$70,509,865.85	1.66%	02/20/09		
2006/1	\$71,662,135.65	5.70%	02/20/09	\$142,172,001.50	3.66%
2005/2	\$69,359,485.54	3.46%	02/19/09		
2005/1	\$67,798,052.49	0.73%	03/03/09	\$137,157,538.03	2.09%
2004/2	\$67,040,682.52	1.88%	02/06/09		
2004/1	\$67,306,121.97	1.55%	02/06/09	\$134,346,804.49	1.72%
2003/2	\$65,803,392.51	0.30%	08/15/08		
2003/1	\$66,276,120.47	1.56%	10/09/08	\$132,079,512.98	0.93%
2002/2	\$65,605,614.29	5.99%	07/28/08		
2002/1	\$65,261,154.97	6.92%	07/28/08	\$130,866,769.26	6.45%
2001/2	\$61,900,086.00	-6.40%	07/28/08		
2001/1	\$61,037,417.89	12.41%	07/28/08	\$122,937,503.89	2.08%
2000/2	\$66,133,957.49	15.70%	02/11/08		
2000/1	\$54,299,665.30	-2.99%	07/28/08	\$120,433,622.79	6.45%
1999/2	\$57,159,927.51	5.27%	07/28/08		
1999/1	\$55,971,187.67	3.83%	07/28/08	\$113,131,115.18	4.55%
1998/2	\$54,296,755.51	-30.30%	07/28/08		
1998/1	\$53,907,972.57	-29.53%	07/28/08	\$108,204,728.08	-29.92%
1997/2	\$77,900,354.10	-12.68%	07/28/08		
1997/1	\$76,495,072.67	-13.51%	02/11/08	\$154,395,426.77	-13.09%
1996/2	\$89,216,634.56	6.32%	07/28/08		
1996/1	\$88,440,053.50	7.90%	07/28/08	\$177,656,688.06	7.10%
1995/2	\$83,910,133.03	7.31%	07/28/08		
1995/1	\$81,962,891.10	-1.34%	07/28/08	\$165,873,024.13	2.85%
1994/2	\$78,197,770.21	-14.25%	07/28/08		
1994/1	\$83,077,232.43	-11.79%	07/28/08	\$161,275,002.64	-13.00%
1993/2	\$91,191,061.78	-3.13%	02/11/08		
1993/1	\$94,183,949.75	-0.22%	02/11/08	\$185,375,011.53	-1.68%
1992/2	\$94,141,711.32	4.17%	07/28/08		
1992/1	\$94,395,613.62	4.45%	02/11/08	\$188,537,324.94	4.31%
1991/2	\$90,376,655.26	6.55%	02/11/08		
1991/1	\$90,377,632.96	5.68%	02/11/08	\$180,754,288.22	6.12%
1990/2	\$84,819,301.05	-20.23%	02/11/08		
1990/1	\$85,516,221.89	-15.99%	02/11/08	\$170,335,522.94	-18.16%
1989/2	\$106,334,726.38	9.86%	02/11/08		
1989/1	\$101,791,515.01	5.69%	02/11/08	\$208,126,241.39	7.78%
1988/2	\$96,790,730.13	13.22%	02/11/08		
1988/1	\$96,313,278.58	24.00%	02/11/08	\$193,104,008.71	18.35%
1987/2	\$85,492,550.64	34.43%	02/11/08		
1987/1	\$77,670,753.05	27.06%	02/11/08	\$163,163,303.69	30.82%
1986/2	\$63,598,291.16	17.39%	02/11/08		
1986/1	\$61,127,295.88	20.80%	02/11/08	\$124,725,587.04	19.04%
1985/2	\$54,176,755.47	12.52%	02/11/08		
1985/1	\$50,600,568.70	14.67%	02/11/08	\$104,777,324.17	13.55%
1984/2	\$48,147,865.41	27.01%	02/11/08		
1984/1	\$44,125,443.21	26.56%	02/11/08	\$92,273,308.62	26.79%
1983/2	\$37,909,196.05	74.87%	02/11/08		
1983/1	\$34,866,475.47	79.00%	02/11/08	\$72,775,671.52	76.82%
1982/2	\$21,678,906.56	28.16%	02/11/08		
1982/1	\$19,478,472.04	39.42%	02/11/08	\$41,157,378.60	33.26%
1981/2	\$16,915,375.02	64.22%	11/25/08		
1981/1	\$13,970,784.29	43.38%	11/25/08	\$30,886,159.31	54.09%
1980/2	\$10,300,643.55	24.74%	10/24/05		
1980/1	\$9,743,848.23	27.67%	10/25/05	\$20,044,491.78	26.15%
1979/2	\$8,257,623.65	25.63%	10/26/05		
1979/1	\$7,632,169.73	20.44%	10/27/05	\$15,889,793.38	23.08%
1978/2	\$6,572,982.50		10/28/05		
1978/1	\$6,337,044.38		10/29/05	\$12,910,026.88	
<b>Total</b>				<b>\$3,751,187,744.90</b>	

**APPENDIX B**

GENERAL CABLE ROYALTY INFORMATION - 2004				
AVG NUMBER OF F1 SYSTEMS	AVG NUMBER OF F2 SYSTEMS	AVG NUMBER OF F3 SYSTEMS	TOTAL NUMBER OF SYSTEMS	
4,209	1,444	1,604	7,257	
58.0%	19.9%	22.1%	100.0%	
AVG NUMBER OF F1 SUBSCRIBERS	AVG NUMBER OF F2 SUBSCRIBERS	AVG NUMBER OF F3 SUBSCRIBERS	TOTAL NUMBER OF SUBSCRIBERS	
1,141,185	2,549,927	59,744,157	63,435,269	
1.8%	4.0%	94.2%	100.0%	
ROYALTIES PAID BY F1 SYSTEMS	ROYALTIES PAID BY F2 SYSTEMS	ROYALTIES PAID BY F3 SYSTEMS	TOTAL ROYALTIES	
\$ 313,542	\$ 3,038,860	\$ 130,037,869	\$ 133,390,271	
0.2%	2.3%	97.5%	100.0%	

GENERAL CABLE ROYALTY INFORMATION - 2005				
AVG NUMBER OF F1 SYSTEMS	AVG NUMBER OF F2 SYSTEMS	AVG NUMBER OF F3 SYSTEMS	TOTAL NUMBER OF SYSTEMS	
3,829	1,226	1,405	6,460	
59.3%	19.0%	21.7%	100.0%	
AVG NUMBER OF F1 SUBSCRIBERS	AVG NUMBER OF F2 SUBSCRIBERS	AVG NUMBER OF F3 SUBSCRIBERS	TOTAL NUMBER OF SUBSCRIBERS	
1,113,166	2,582,333	59,234,059	62,929,558	
1.8%	4.1%	94.1%	100.0%	
ROYALTIES PAID BY F1 SYSTEMS	ROYALTIES PAID BY F2 SYSTEMS	ROYALTIES PAID BY F3 SYSTEMS	TOTAL ROYALTIES	
\$ 345,866	\$ 3,108,231	\$ 131,654,388	\$ 135,108,485	
0.3%	2.3%	97.4%	100.0%	

SOURCE: CABLE DATA CORPORATION

APPENDIX C

PERMITTED SIGNALS PRIOR TO JUNE 24, 1981

LOCATION OF SYSTEM	NUMBER OF PERMITTED NETWORKS*	NUMBER OF PERMITTED INDEPENDENTS	ADDITIONAL INDEPENDENTS
TOP 50 MARKETS	1/EACH PER NETWORK	3	2, SUBJECT TO RESTRICTIONS
SECOND 50 MARKETS	1/EACH PER NETWORK	2	2, SUBJECT TO RESTRICTIONS
SMALLER MARKETS	1/EACH PER NETWORK	1	(ZERO)

\*ABC, CBS or NBC

APPENDIX D

Federal Communications Commission § 76.51  
Subpart D—Carriage of Television Broadcast Signals  
§ 76.51 Major television markets

For purposes of the cable television rules, the following is a list of the major television markets and their designated communities:

(a) *First 50 major television markets:*

	<u>Market Code</u>
(1) New York, NY-Linden-Paterson-Newark, NJ	501
(2) Los Angeles-San Bernardino-Corona-Riverside-Anaheim, CA	803
(3) Chicago, IL	602
(4) Philadelphia, PA-Burlington, NJ	504
(5) Detroit, MI	505
(6) Boston-Cambridge-Worcester-Lawrence, MA	506
(7) San Francisco-Oakland-San Jose, CA	807
(8) Cleveland-Lorain-Akron, OH	510
(9) Washington, DC	511
(10) Pittsburgh, PA	508
(11) St. Louis, MO	609
(12) Dallas-Fort Worth, TX	623
(13) Minneapolis-St. Paul, MN	613
(14) Baltimore, MD	512
(15) Houston, TX	618
(16) Indianapolis-Bloomington, IN	527
(17) Cincinnati, Ohio-Newport, KY	515
(18) Atlanta-Rome, GA	524
(19) Hartford-New Haven-New Britain-Waterbury-New London, CT	533
(20) Seattle-Tacoma, WA	819
(21) Miami, FL	528
(22) Kansas City, MO	616

(23) Milwaukee, WI	617
(24) Buffalo, NY	514
(25) Sacramento-Stockton-Modesto, CA	862
(26) Memphis, TN	640
(27) Columbus-Chillicothe, OH	535
(28) Tampa-St. Petersburg-Clearwater, FL	539
(29) Portland, OR	820
(30) Nashville, TN	659
(31) New Orleans, LA	622
(32) Denver-Castle Rock, CO	751
(33) Providence, RI-New Bedford, MA	521
(34) Albany-Schenectady-Troy, NY	532
(35) Syracuse, NY	555
(36) Charleston-Huntington, W VA	564
(37) Kalamazoo-Grand Rapids-Battle Creek, MI	563
(38) Louisville, KY	529
(39) Oklahoma City, OK	650
(40) Birmingham, AL	630
(41) Dayton-Kettering, OH	542
(42) Charlotte, NC	517
(43) Phoenix-Mesa, AZ	753
(44) Norfolk-Newport News-Portsmouth-Hampton, VA	544
(45) San Antonio, TX	641
(46) Greenville-Spartanburg-Anderson, S.C.-Asheville, NC	567
(47) Greensboro-High Point-Winston-Salem, NC	518
(48) Salt Lake City, UT	770
(49) Wilkes Barre-Scranton, PA	577
(50) Little Rock-Pine Bluff, AR	693



*(b) Second 50 major television markets:*

(51) San Diego, CA	825
(52) Toledo, OH	547
(53) Omaha, NEB	652
(54) Tulsa, OK	671
(55) Orlando-Daytona Beach-Melbourne-Cocoa-Clermont, FL	534
(56) Rochester, NY	538
(57) Harrisburg-Lancaster-York, PA	566
(58) Texarkana, Tex.-Shreveport, LA	612
(59) Mobile, Ala.-Pensacola, FL	686
(60) Davenport, IA-Rock Island-Moline, IL	682
(61) Flint-Bay City-Saginaw, MI	513
(62) Green Bay, WI	658
(63) Richmond-Petersburg, VA	556
(64) Springfield-Decatur-Champaign, IL	648
(65) Cedar Rapids-Waterloo, IA	637
(66) Des Moines-Ames, IA	679
(67) Wichita-Hutchinson, KS	678
(68) Jacksonville, FL	561
(69) Cape Girardeau, Mo.-Paducah,Ky.-Harrisburg, IL	632
(70) Roanoke-Lynchburg, VA	573
(71) Knoxville, TN	557
(72) Fresno-Visalia-Hanford-Clovis,CA	866
(73) Raleigh-Durham-Goldsboro-Fayetteville, NC	560
(74) Johnstown-Altoona, PA	574
(75) Portland-Poland Spring, ME	500
(76) Spokane, WA	881
(77) Jackson, MS	718
(78) Chattanooga, TN	575
(79) Youngstown, OH	536

(80) South Bend-Elkhart, IN	588
(81) Albuquerque, NM	790
(82) Fort Wayne-Roanoke, IN	509
(83) Peoria, IL	675
(84) Greenville-Washington-NewBern, NC	545
(85) Sioux Falls-Mitchell, SD	725
(86) Evansville, IN	649
(87) Baton Rouge, LA	716
(88) Beaumont-Port Arthur, TX	692
(89) Duluth, Minn.-Superior, MN	676
(90) Wheeling, W. Va.-Steubenville, OH	554
(91) Lincoln-Hastings-Kearney, NEB	722
(92) Lansing-Onondaga, MI	551
(93) Madison, WI	669
(94) Columbus, GA	522
(95) Amarillo, TX	634
(96) Huntsville-Decatur, AL	691
(97) Rockford-Freeport, IL	610
(98) Fargo-Valley City, ND	724
(99) Monroe, La.-El Dorado, AR	628
(100) Columbia, SC	546

APPENDIX E

FORM 3 ROYALTIES  
BASE, 3.75 AND SYNDEX - 2004 & 2005

<u>POOL - 2004</u>	<u>AMOUNT</u>	<u>%-AGE</u>
BASE	\$ 110,252,061	85%
3.75	\$ 19,740,809	15%
SYNDEX	\$ 44,999	0%
TOTAL	\$ 130,037,869	100%

<u>POOL - 2005</u>	<u>AMOUNT</u>	<u>%-AGE</u>
BASE	\$ 114,045,720	87%
3.75	\$ 17,561,909	13%
SYNDEX	\$ 46,759	0%
TOTAL	\$ 131,654,388	100%

SOURCE: CABLE DATA CORPORATION

**DECLARATION OF MARSHA E. KESSLER**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on September 18, 2009.

Marsha E. Kessler  
Marsha E. Kessler

**PS Exhibit \_\_\_\_ (MEK-1)**

## FCC Cable Rules

STATE & COMMUNITY	LONGITUDE			LATITUDE		
	Deg.	Min.	Sec.	Deg.	Min.	Sec.
Green Bay	44	30	48	88	00	50
Janesville	42	40	52	89	01	39
Kenosha	42	35	04	87	49	14
La Crosse	43	48	48	91	15	02
Madison	43	04	23	89	22	55
Milwaukee	43	02	19	87	54	15
Rhineland	45	38	09	89	24	50
Superior	46	43	14	92	06	07
Wausau	44	57	30	89	37	40

### WYOMING

Casper	42	51	00	106	19	22
Cheyenne	41	08	09	104	49	07
Rawlins	41	47	23	107	14	37
Riverton	43	01	29	108	23	03

### § 76.54 Significantly viewed signals; method to be followed for special showings.

(a) Signals that are significantly viewed in a county (and thus are deemed to be significantly viewed within all communities within the county) are those that are listed in Appendix B of the *Memorandum Opinion and Order on Reconsideration of the Cable Television Report and Order* (Docket 18397 et al.), FCC 72-530.

(b) Significant viewing in a cable television community for signals not shown as significantly viewed under paragraphs (a) or (d) of this section may be demonstrated by an independent professional audience survey of noncable television homes that covers at least two weekly periods separated by at least thirty (30) days but no more than one of which shall be a week between the months of April and September. If two surveys are taken, they shall include samples sufficient to assure that the combined surveys result in an average figure of at least one standard error above the required viewing level. If surveys are taken for more than 2 weekly periods in any 12 months, all such surveys must result in an average figure at least one standard error above the required viewing level. If a cable television system serves more than one community, a single survey may be taken, provided that the sample includes noncable television homes from each community that are proportional to the population.

(c) Notice of a survey to be made pursuant to paragraph (b) of this section shall be served on all licensees or permittees of television broadcast stations within whose predicted Grade B contour the cable community or communities are located, in whole or in part, and on all other system community units, franchisees, and franchise applicants in the cable community or communities at least thirty (30) days prior to the initial survey period. Such notice shall include the name of the survey organization and a description of the procedures to be used. Objections to survey organizations or procedures shall be served on the party sponsoring the survey within twenty (20) days after receipt of such notice.

NOTE: With respect to those counties designated by an asterisk in Appendix B of the *Memorandum Opinion and Order on Reconsideration of the Cable Television Report and Order* (Docket 18397 et al.), FCC 72-530, surveys of significant viewing made pursuant to § 76.54 (b) may be submitted prior to March 31, 1973.

(d) Signals of television broadcast stations not encompassed by the surveys (for the periods May 1970, November 1970 and February/March 1971) used in establishing Appendix B of the *Memorandum Opinion and Order on Reconsideration of Cable Television Report and Order*, FCC 72-530, 36 FCC 2d 326 (1972), may be demonstrated as significantly viewed on a county-wide basis by independent professional audience surveys which cover three separate, consecutive four-week periods and are otherwise comparable to the surveys used in compiling the

above-referenced Appendix B; *Provided, however*, That such demonstration shall be based upon audience survey data for the first three years of the subject station's broadcast operations.

### § 76.55 Manner of carriage.

(a) Where a television broadcast signal is required to be carried by a community unit, pursuant to the rules in this subpart:

(1) The signal shall be carried without material degradation in quality (within the limitations imposed by the technical state of the art), and, where applicable, in accordance with the technical standards of Subpart K of this part;

(2) The signal shall, on request of the station licensee or permittee, be carried on the community unit on the channel number on which the station is transmitting, except where technically infeasible;

(3) The signal shall, on request of the station licensee or permittee, be carried on the community unit on no more than one channel; *Provided, however*, That this provision shall not apply to a signal protected pursuant to §§ 76.92 and 76.94, during periods when network program nonduplication protection is provided.

(b) Where a television broadcast signal is carried by a community unit, pursuant to the rules in this subpart, the programs broadcast shall be carried in full, without deletion or alteration of any portion except as required by this part.

(c) A community unit need not carry the signal of any television translator station if (1) the community unit is carrying the signal of the originating station, or (2) the community of the unit is located, in whole or in part, within the Grade B contour of a station carried on the community unit whose programming is substantially duplicated by the translator station.

(d) If the community is located, in whole or in part, within the Grade B contour of both a satellite and its parent television station, and if the community unit would otherwise be required to carry both of them pursuant to the rules in this subpart, the community unit need carry only one of these signals, and may select between them.

### § 76.57 Provisions for systems operating in communities located outside of all major and smaller television markets.

Where a system serves a community that is located wholly outside all major and smaller television markets, as defined in § 76.5 that community unit shall carry television broadcast signals in accordance with the following provisions:

(a) Any such community unit may carry or, on request of the relevant licensee or permittee, shall carry the signals of:

(1) Television broadcast stations within whose Grade B contours the community of the unit is located, in whole or in part;

(2) Television translator stations with 100 watts or higher power serving the community of the unit and, as to community units that commence operations or expand channel capacity after March 30, 1972, noncommercial educational translator stations with 5 watts or higher power serving the community of the unit. In addition, any community unit may elect to carry the signal of any noncommercial educational translator station;

(3) Noncommercial educational television broadcast stations within whose specified zone the community of the unit is located, in whole or in part;

(4) Commercial television broadcast stations that are significantly viewed in the community of the unit. See § 76.54.

(b) In addition to the television broadcast signals carried pursuant to paragraph (a) of this section, any such community unit may carry any additional television signals.

§(c) In addition to the television broadcast signals carried pursuant to paragraphs (a) and (b) of this section, any television station during the period from sign off of the last television broadcast station which the community unit must carry pursuant to § 76.57(a), or from 12:00 a.m. in the Central and Mountain Times Zones and 1:00 a.m. in the Eastern and Pacific Times Zones, whichever occurs first, to the sign-on of the first station which the community unit must carry pursuant to § 76.57(a); *Provided, however*: That a community unit may

carry a program to its completion; *And provided further:* That this subsection does not authorize carriage in the manner described above whenever a television broadcast station that the community unit must carry pursuant to § 76.57(a) broadcasts continuously and does not sign off during the hours from 12:00 a.m. to 6:00 a.m. Carriage of such additional television signals shall not require prior registration with the Commission and shall be consistent with the network nonduplication protection and syndicated exclusivity rules of Subpart F of this part. #

#(d) In addition to the television broadcast signals carried pursuant to paragraphs (a), (b) and (c) of this section, any television station while it is broadcasting a foreign language, religious or automated program. Carriage of such selected programs shall be only for the duration of the programs and shall not require prior registration with the Commission. #

**§ 76.59 Provisions for smaller television markets.**

Where a system serves a community that is located in whole or in part within a smaller television market, as defined in § 76.5, that community unit shall carry television broadcast signals only in accordance with the following provisions:

(a) Any such community unit may carry or, on request of the relevant station licensee or permittee, shall carry the signals of:

(1) Television broadcast stations within whose specified zone the community is located, in whole or in part;

(2) Noncommercial educational television broadcast stations within whose Grade B contours the community of the unit is located, in whole or in part;

(3) Commercial television broadcast stations licensed to communities in other smaller television markets, within whose Grade B contours the community of the unit is located, in whole or in part;

(4) Television broadcast stations licensed to other communities which are generally considered to be part of the same smaller television market (Example: Burlington, Vermont-Plattsburgh, New York television market);

(5) Television translator stations with 100 watts or higher power serving the community of the unit and, as to community units that commence operations or expand channel capacity after March 30, 1972, noncommercial educational translator stations with 5 watts or higher power serving the community of the unit. In addition, any community unit may elect to carry the signal of any noncommercial educational translator station;

(6) Commercial television broadcast stations that are significantly viewed in the community of the unit. See § 76.54.

##(b) In addition to the television broadcast signals carried pursuant to paragraph (a) of this section, any such community unit constituting all or part of a system having fewer than 1000 subscribers may carry any additional television signals. Any such community unit constituting all or part of a system having 1000 or more subscribers may carry sufficient additional signals so that, including the signals required to be carried pursuant to paragraph (a) of this section, it can provide the signals of a full network station of each of the major national television networks, and of one independent television station: *Provided,*

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*however,* That, in determining how many additional signals may be carried, any authorized but not operating television broadcast station that, if operational would be required to be carried pursuant to paragraph (a)(1) of this section, shall be considered to be operational for a period terminating 18 months after grant of its initial construction permit. ##

##(c) In addition to the noncommercial educational television broadcast signals carried pursuant to paragraph (a) of this section, any such community unit may carry the signals of any noncommercial educational stations that are operated by an agency of the state within which the community unit is located. Such community unit may also carry any other noncommercial educational signals, in the absence of objection filed pursuant to § 76.7 by any local noncommercial educational station or state or local educational television authority. ##

#(d) In addition to the television broadcast signals carried pursuant to paragraphs (a) through (c) of this section, any such community unit may carry:

(1) Any specialty station and any station while it is broadcasting a foreign language, religious or automated program. Carriage of such selected programs shall be only for the duration of the programs and shall not require prior registration with the Commission.

(2) Any television station broadcasting a network program that will not be carried by a station normally carried on the community unit. Carriage of such additional stations shall be only for the duration of the network programs not otherwise available, and shall not require prior registration with the Commission.

(3) Any television broadcast station during the period from sign-off of the last television broadcast station which the community unit must carry pursuant to § 76.59(a), or from 12:00 a.m. in the Central and Mountain Time Zones and 1:00 a.m. in the Eastern and Pacific Time Zones, whichever occurs first, to the sign-on of the first station which the community unit must carry pursuant to § 76.59(a): *Provided, however:* That a community unit may carry a program to its completion; *And provided further:* That this subsection does not authorize carriage in the manner described above whenever a television broadcast station that the community unit must carry pursuant to § 76.59(a) broadcasts continuously and does not sign off during the hours from 12:00 a.m. to 6:00 a.m. Carriage of such additional television signals shall not require prior registration with the Commission and shall be consistent with the network nonduplication protection and syndicated exclusivity rules of Subpart F of this part.

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(4) Any television station broadcasting a network news program at any time when no station regularly carried is broadcasting the same program and when no station licensed to the market in which the community unit is located is broadcasting a local news program. Carriage of such additional stations shall be for the duration of the news program only and shall not require prior Commission notification or registration with the Commission.

(5) Any commercial UHF television station within whose Grade B contours the community of the system is located, in whole or in part. #

#(e) Where the community is wholly or partially within both one of the first fifty major television markets and a smaller television market, the carriage provisions for the first fifty major markets shall apply. Where the community is wholly or partially within both one of the second fifty major television markets and a smaller television market, the carriage provisions for the second fifty major markets shall apply. #

### § 76.61 Provisions for first fifty major television markets.

## Where a system serves a community that is located in whole or in part within one of the first fifty major television markets listed in § 76.51(a) the community unit shall carry television broadcast signals only in accordance with the following provisions:

(a) Any such community unit may carry, or on request of the relevant station licensee or permittee, shall carry the signals of:

(1) Television broadcast stations within whose specified zone the community is located, in whole or in part: *Provided, however:* That where a community unit is located in the designated community of a major television market, it shall not carry the signal of a television station licensed to a designated community in another major television market, unless the designated community in which the community unit is located is wholly within the specified zone (see § 76.5(f)) of the station, except as otherwise provided in this section;

(2) Noncommercial educational television broadcast stations within whose Grade B contours the community is located, in whole or in part;

(3) Television translator stations with 100 watts or higher power serving the community and, as to community units that commence operations or expand channel capacity after March 30, 1972, noncommercial educational translator stations with 5 watts or higher power serving the community. In addition, any community unit may elect to carry the signal of any noncommercial educational translator station;

(4) Television broadcast stations licensed to other designated communities of the same major television market (Example: Cincinnati, Ohio-Newport, Kentucky television market);

(5) Commercial television broadcast stations that are significantly viewed in the community. See § 76.54. ##

##(b) In addition to the television broadcast signals carried pursuant to paragraph (a) of this section, any such community unit constituting all or part of a system having fewer than 1000 subscribers may carry any additional television signals. Any such community unit constituting all or part of a system having 1000 or more subscribers may carry sufficient additional signals

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so that, including the signals required to be carried pursuant to paragraph (a) of this section, it can provide the signals of a full network station of each of the major national television networks, and of three independent television stations: *Provided, however,* That in determining how many additional signals may be carried, any authorized but not operating television broadcast station that, if operational, would be required to be carried pursuant to paragraph (a)(1) of this section, shall be considered to be operational for a period terminating 18 months after grant of its initial construction permit.

(1) Whenever, pursuant to this section a community unit is permitted to carry three additional independent signals, one of these signals must be that of a UHF television broadcast station.

(2) Whenever, pursuant to Subpart F of this part, a community unit is required to delete a television program on an independent signal carried pursuant to this section, or a program on such a signal is primarily of local interest to the distant community (e.g., a local news or public affairs program), such community unit may, consistent with the program exclusivity rules of Subpart F of this part, substitute a program from any other television broadcast station. A program substituted may be carried to its completion, and the community unit need not return to its regularly carried signal until it can do so without interrupting a program already in progress. #

#(c) After the service standards specified in paragraph (b) of this section have been satisfied, a community unit may carry two additional independent television broadcast signals: *Provided, however,* That the number of additional signals permitted under this paragraph shall be reduced by the number of signals added to the community unit pursuant to paragraph (b) of this section. #

#(d) In addition to the noncommercial educational television broadcast signals carried pursuant to paragraph (a) of this section, any such community unit may carry the signals of any noncommercial educational stations that are operated by an agency of the State within which the community unit is located. Such community unit may also carry any other noncommercial educational signals, in the absence of objection filed pursuant to § 76.7 by any local noncommercial educational station or State or local educational television authority. #

#(e) In addition to the television broadcast signals carried pursuant to paragraphs (a) through (d) of this section, any such community unit may carry:

(1) Any specialty station and any station while it is broadcasting a foreign language, religious or automated program. Carriage of such selected programs shall be only for the duration of the programs and shall not require prior registration with the Commission.

(2) Any television station broadcasting a network program that will not be carried by a station normally carried on the community unit. Carriage of such additional stations shall be only for the duration of the network programs not otherwise available, and shall not require prior registration with the Commission.

(3) Any television broadcast station, during the period from sign-off of the last television broadcast station which the community unit must carry pursuant to § 76.61(a), or from 12:00 a.m. in the Central and Mountain Time Zones and 1:00 a.m. in the Eastern and Pacific Time Zones, whichever occurs first, to the sign-on of the first station which the community unit must carry pursuant to § 76.61(a); *Provided, however:* That a community unit may carry a program to its completion; *And provided further:* That this subsection does not authorize carriage in the manner described above whenever a television broadcast station that the community unit must carry pursuant to § 76.61(a) broadcasts continuously and does not sign off during the hours from 12:00 a.m. to 6:00 a.m. Carriage of such additional television signals shall not require prior registration with the Commission and shall be consistent with the network nonduplication protection and syndicated exclusivity rules of Subpart F of this part.

(4) Any television station broadcasting a network news program at any time when no station regularly carried is broadcasting the same program and when no station licensed to the

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market in which the community unit is located is broadcasting a local news program. Carriage of such additional stations shall be for the duration of the news program only and shall not require prior Commission notification or registration with the Commission.

(5) Any commercial UHF television station within whose Grade B contours the community of the system is located, in whole or in part. #

#(f) Where the community is wholly or partially within both one of the first fifty major television markets and another television market, the provisions of this section shall apply. #

#### # § 76.63 Provisions for second fifty major television markets.

(a) Where a system serves a community that is located in whole or in part within one of the second fifty major television markets listed in § 76.51(b), that community unit shall carry television broadcast signals only in accordance with the provisions of § 76.61, except that in paragraph (b) of § 76.61, the number of additional independent television signals that may be carried by community units constituting all or part of a system having 500 or more subscribers is two (2).

(b) Where the community is wholly or partially within both one of the second fifty major television markets and one of the first fifty major television markets, the carriage provisions for the first fifty major markets shall apply. Where the community is wholly or partially within both one of the second fifty major television markets and a smaller television market, the provisions of this section shall apply. #

#### § 76.64 Carriage of subscription television broadcast programs.

The provisions of § 76.57, 76.59, 76.61, and 76.63 shall not operate to require carriage of any subscription television broadcast program.

#### § 76.65 Grandfathering provisions.

#(a) The provisions of §§ 76.57, 76.59, 76.61, and 76.63 shall not require the deletion of any television broadcast or translator signals which a community unit was authorized to carry or was lawfully carrying prior to March 31, 1972: *Provided, however,* That if carriage of a signal has been limited by Commission order to discrete areas of a community, any expansion of service will be subject to the appropriate provisions of this subpart. If a community unit is authorized to carry signals, either by virtue of specific Commission authorization or otherwise, any other community unit already operating or subsequently commencing operations in the same community may carry the same signals. (Any such new community unit shall, before instituting service, register with the Commission if otherwise required by § 76.12.) #

#(b) The provisions of §§ 76.57, 76.59, 76.61 and 76.63 shall not require the deletion of any television broadcast or translator signals which a system community unit having fewer than 50 subscribers but constituting all or part of a system having 1000 or more subscribers was carrying prior to May 16, 1977, until the community unit has 50 subscribers. #

##(c) When, for purposes of ascertaining cable signal carriage rights or broadcast station rights to cable system carriage, reference is made to Grade B contours in Sections 76.57, 76.59, 76.61, or 76.63, such contours shall be the field intensity contours defined in § 73.683 (a) of this chapter, provided, however, that such rights as to signals carried or authorized for carriage on or before August 26, 1977, shall be determined by reference to the contour prediction rules adopted in the *Sixth Report and Order in Dockets 8736, 8975, 8976 and 9175, 41 FCC 148 (1952)* as amended by *Report and Order in Docket 17253 FCC 70-345, 22 FCC 2d 354 (1970)*. ##

#### § 76.67 Sports broadcasts.

(a) No community unit located in whole or in part within the specified zone of a television broadcast station licensed to a community in which a sports event is taking place, shall, on request of the holder of the broadcast rights to that event,

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or its agent, carry the live television broadcast of that event if the event is not available live on a television broadcast signal carried by the community unit pursuant to the mandatory signal carriage rules of this Part. For the purposes of this Section, if there is no television station licensed to the community in which the sports event is taking place, the applicable specified zone shall be that of the television station licensed to the community with which the sports event or local team is identified, or, if the event or local team is not identified with any particular community, the nearest community to which a television station is licensed.

(b) Notification of the programming to be deleted pursuant to this section shall include the following information:

(1) As to programming to be deleted from television broadcast signals regularly carried by the community unit:

(i) The name and address of the party requesting the program deletion;

(ii) The date, time and expected duration of the sports event television broadcast of which is to be deleted;

(iii) The call letters of the television broadcast station(s) from which the deletion is to be made.

(2) As to programming to be deleted from television broadcast signals not regularly carried by the community unit:

(i) The name and address of the party requesting the program deletion;

(ii) The date, time and expected duration of the sports event television broadcast of which is to be deleted.

(c) Notifications given pursuant to this section must be received, as to regularly scheduled events, no later than the Monday preceding the calendar week (Sunday-Saturday) during which the program deletion is to be made. Notifications as to events not regularly scheduled and revisions of notices previously submitted, must be received within twenty-four (24) hours after the time of the telecast to be deleted is known, but in any event no later than twenty-four (24) hours from the time the subject telecast is to take place.

(d) Whenever, pursuant to this section, a community unit is required to delete a television program on a signal regularly carried by the community unit, such community unit may, consistent with the rules contained in Subpart F of this part, substitute a program from any other television broadcast station. A program substituted may be carried to its completion, and the community unit need not return to its regularly carried signal until it can do so without interrupting a program already in progress.

(e) The provisions of this section shall not require the deletion of any portion of a television signal which a community unit was lawfully carrying prior to March 31, 1972.

(f) The provisions of this section shall not apply to any cable television system having fewer than 1000 subscribers.

#### SUBPART E—[RESERVED]

#### SUBPART F—NONDUPLICATION PROTECTION AND SYNDICATED EXCLUSIVITY

#### § 76.91 [Reserved]

#### § 76.92 Stations entitled to network program nonduplication protection.

## FCC Cable Rules

**CABLE COMMUNICATIONS MANAGEMENT AND ENGINEERING CONSULTANTS**

**MALARKEY TAYLOR ASSOCIATES**

CALL TOLL FREE 800 424 8036

(a) Any community unit which operates in a community that is located in whole or in part within the 35-mile specified zone of any commercial television broadcast station or within the secondary zone which extends 20 miles beyond the specified zone of a smaller market television broadcast station (55 miles altogether), and carries the signal of such station, that community unit shall, except as provided in paragraphs (e) and (f) of this section, delete, upon request of the station licensee or permittee, the duplicating network programming of lower priority signals in the manner and to the extent specified in §§ 76.94 and 76.95.

(b) For purposes of this section, the order of nonduplication priority of television signals carried by a community unit is as follows:

(1) First, all television broadcast stations within whose specified zone the community is located, in whole or in part;

(2) Second, all smaller market television broadcast stations within whose secondary zone the community is located, in whole or in part.

(c) For purposes of this section, all noncommercial educational television broadcast stations licensed to a community located in whole or in part within a major television market as specified in § 76.51 shall be treated in the same manner as a major market commercial television broadcast station, and all noncommercial educational television broadcast stations not licensed to a community located in whole or in part within a major television market shall be treated in the same manner as a smaller market television broadcast station.

(d) Any community unit operating in a community to which a 100-watt or higher power translator station is licensed, and the translator is located within the predicted Grade B signal contour of the television broadcast station that the translator station retransmits, and the translator is carried by that community unit, the community unit shall, upon request of such translator station licensee or permittee, delete the duplicating network programming of any television broadcast station whose reference point (See § 76.53) is more than 55 miles from the community.

(e) Any community unit operating in a community that is located in whole or in part within the specified zone of any television broadcast station or within the secondary zone of a smaller market television broadcast station, that community unit is not required to delete the duplicating network programming of any 100-watt or higher power television translator station which is licensed to the community.

(f) Any community unit operating in a community that is located in whole or in part within the secondary zone of a smaller market television broadcast station, that community unit is not required to delete the duplicating network programming of any major market television broadcast station whose reference point (See § 76.53) is also within 55 miles of the community.

(g) A community unit is not required to delete the duplicating network programming of any television broadcast station which is significantly viewed in the cable television community pursuant to Section 76.54.

### § 76.93 [Reserved]

### § 76.94 Notification requirements and extent of protection.

(a) Where the network programming of a television station is entitled to nonduplication protection, a community unit

shall, upon request of the station licensee or permittee, refrain from simultaneously duplicating any network program broadcast by such station only if the community unit has received the information required in paragraph (a)(1) and (2) below:

(1) Notification of the date and time of the programming to be protected and date and time of the programming to be deleted must, at a minimum, be received on a monthly basis. If the station licensee or permittee elects to provide such notification on a monthly basis, it must be submitted no later than six (6) days preceding the calendar month during which nonduplication is requested. If the station licensee or permittee elects to provide such notification on a weekly basis, notice shall be given no later than the Monday preceding the calendar week (Sunday-Saturday) during which nonduplication protection is sought.

(2) Changes in the monthly notification request required by paragraph (a)(1) must be submitted six (6) days preceding the broadcast of the programming to be protected; *Provided, however*, That the licensee or permittee of the television station otherwise entitled to nonduplication protection must notify the affected community unit as soon as possible, and without regard to the time limits prescribed in paragraph (a)(1), of any programming change which would render unnecessary the deletion of a lower priority television broadcast signal.

(b) Where a community unit is required to provide same-day network program nonduplication protection, either pursuant to specific Commission order or pending Commission action on a broadcast station petition for special relief filed pursuant to the procedures described in paragraph 25 of the *Second Report and Order in Docket 19995*, FCC 75-820, 54 FCC 2d 229 (1975), the following provisions shall be applicable:

(1) A community unit need not delete reception of a network program if, in so doing, it would leave available for reception by subscribers, at any time, less than the programs of two networks (including those broadcast by any stations whose signals are being carried and whose programming is being protected pursuant to the requirements of this section);

(2) A community unit need not delete reception of a network program which is scheduled by the network between the hours of 6 and 11 p.m., Eastern time, but is broadcast by the station requesting deletion, in whole or in part, outside of the period which would normally be considered prime time for network programming in the time zone involved.

### § 76.95 Exceptions.

(a) Notwithstanding the requirements of §§ 76.92 and 76.94, a community unit need not delete reception of any program which would be carried on the community unit in color but will be broadcast in black and white by the station requesting deletion.

(b) The provisions of §§ 76.92 and 76.94 shall not apply to a cable television system having fewer than 1,000 subscribers. Within 60 days following the provision of service to 1,000 subscribers, the operator of each such system shall file a notice to that effect with the Commission and shall send a copy thereof to all television broadcast and translator stations carried by the system.

(c) Network nonduplication protection need not be extended to a higher priority station for one hour following the scheduled time of completion of the broadcast of a live sports event by that station or by a lower priority station against which a community unit would otherwise be required to provide nonduplication protection following the scheduled time of completion.

(d) The Commission will give full effect to private agreements between operators of community units and local television stations which provide for a type or degree of network program nonduplication protection which differs from the requirements of §§ 76.92 and 76.94. A copy of any such private agreement entered into after August 22, 1975, shall be filed with the Commission and a copy shall also be placed in the public inspection file (see § 76.305) and retained in such file for as long as the contract remains in force.

**PS Exhibit \_\_\_\_\_ (MEK-2)**

MPAA-REPRESENTED PROGRAM SUPPLIER CLAIMANTS		
2004 & 2005 US CABLE RETRANSMISSION ROYALTIES		
CLAIMANT	2004	2005
AGICOA	YES	YES
AGICOA URHEBERRECHTSSCHUTZ GMBH	YES	
ALLIED COMMUNICATIONS, INC.	YES	
AUDIO-VISUAL COPYRIGHT SOCIETY	YES	YES
B&A PRODUCTIONS, LLC	YES	
BABE WINKELMAN PRODUCTIONS, INC.	YES	YES
PARAMOUNT PICTURES, A VIACOM COMPANY o/b/o BIG TICKET TELEVISION, INC.	YES	
BUENA VISTA TELEVISION	YES	YES
CALIFON PRODUCTIONS, INC.	YES	YES
CANADIAN BROADCASTING CORPORATION	YES	YES
CBS BROADCASTING, INC.	YES	YES
CBS STUDIOS INC., A CBS COMPANY		YES
CCE TELEVISION	YES	
CF ENTERTAINMENT, INC.	YES	YES
CLASSIC MEDIA, INC.	YES	
CNBC, INC.	YES	YES
CNN LP LLLP	YES	
COMPACT COLLECTIONS LIMITED	YES	YES
CONNECTION III ENTERTAINMENT CORP.	YES	YES
D.L. TAFFNER, LTD.	YES	
DIC ENTERTAINMENT CORP	YES	
DICK CLARK PRODUCTIONS, INC.	YES	YES
DREAMWORKS LLC	YES	
FINTAGE PUBLISHING AND COLLECTION B.V.	YES	YES
FOX ENTERTAINMENT GROUP, INC.	YES	YES
FREMANTLE PRODUCTIONS LATIN AMERICA, INC.	YES	
FREMANTLEMEDIA NORTH AMERICA, INC.	YES	YES
THE PROGRAM EXCHANGE o/b/o GENERAL MILLS SALES	YES	
GUTHY-RENKER		YES
HARMONY GOLD U.S.A.	YES	
HASBRO, INC.	YES	
HEARST ENTERTAINMENT, INC.	YES	YES
HOME BOX OFFICE, INC.	YES	YES
IFTA COLLECTIONS	YES	YES
INTERMEDIARY COPYRIGHT ROYALTY SERVICES	YES	YES
INTERSPORT		YES
JASINSKI TV	YES	YES
JEOPARDY PRODUCTIONS, INC.	YES	YES
LARRY HARMON PICTURES CORPORATION		YES
LITTON SYNDICATIONS, INC.	YES	YES
MAJOR LEAGUE BASEBALL PROPERTIES INC		YES
MARTHA STEWART LIVING OMNIMEDIA, INC	YES	YES
MARTY STOUFFER PRODUCTIONS LTD	YES	YES
PARAMOUNT PICTURES, A VIACOM COMPANY o/b/o MELANGE PICTURES LLC		YES
METRO-GOLDWYN-MAYER STUDIOS INC.	YES	YES
MG/PERIN, INC.	YES	YES
NASCAR DIGITAL ENTERTAINMENT LLC	YES	YES
NATIONAL BASKETBALL ASSOCIATION	YES	YES

CLAIMANT	2004	2005
NATIONAL HOCKEY LEAGUE	YES	YES
NBC UNIVERSAL, INC.	YES	YES
NELVANA LIMITED	YES	YES
NEW LINE CINEMA CORPORATION	YES	YES
NFL FILMS	YES	YES
NGHT, INC.	YES	YES
OLIVER PRODUCTIONS INC.	YES	YES
OVERVIEW PRODUCTIONS, INC.	YES	
PARAMOUNT PICTURES, A VIACOM COMPANY	YES	YES
QUALIA CAPITAL LLC		YES
RED HORSE LLC		YES
RYSDER ENTERTAINMENT	YES	
SCHOLASTIC ENTERTAINMENT INC.	YES	YES
SCREEN MEDIA VENTURES, LLC	YES	YES
SCRIPT TO SCREEN PRODUCTIONS, INC.	YES	YES
SESAME WORKSHOP	YES	YES
SFM ENTERTAINMENT LLC	YES	YES
SONY PICTURES TELEVISION INC.	YES	YES
SPECTACOR FILMS	YES	
PARAMOUNT PICTURES, A VIACOM COMPANY o/b/o SPELLING TELEVISION INC.	YES	
STEPHEN J. CANNELL PRODUCTIONS, INC.	YES	YES
STEVE ROTFELD PRODUCTIONS, INC.	YES	YES
TELCO PRODUCTIONS, INC.	YES	YES
CARSEY WARNER DISTRIBUTION	YES	YES
THE GOODMAN GROUP, LLC.	YES	YES
THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS	YES	YES
THE LANDSBURG COMPANY	YES	YES
THE RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.	YES	
THE SUMMIT MEDIA GROUP, INC.	YES	YES
TRANSWORLD INTERNATIONAL INC	YES	YES
TRIBUNE ENTERTAINMENT COMPANY	YES	YES
UNITED STATES OLYMPIC COMMITTEE	YES	YES
UNIVISION NETWORK LIMITED PARTNERSHIP	YES	YES
WARNER BROS. ENTERTAINMENT INC.	YES	YES
WESTERN INTERNATIONAL SYNDICATION	YES	YES
WGBH EDUCATIONAL FOUNDATION		YES
WORLD WRESTLING ENTERTAINMENT, INC.	YES	YES
PARAMOUNT PICTURES, A VIACOM COMPANY o/b/o WORLDVISION ENTERPRISES, INC.	YES	

**PS Exhibit \_\_\_\_\_ (MEK-3)**

**ATTENTION**

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*Mandatory Regulation for  
Making Statutory License Royalty Fee Payments  
via Electronic Funds Transfer*

**EFFECTIVE OCTOBER 1, 2006**

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The Copyright Office amended Sections 201.11 (satellite carrier statements of account covering statutory licenses for secondary transmissions), 201.17 (statements of account covering statutory licenses for secondary transmissions by cable systems) and 201.28 (statements of account for digital audio recording devices or media) of Title 37 of the *Code of Federal Regulations* to require that all statutory license royalty fee payments be made via electronic funds transfer. The regulation is effective beginning October 1, 2006, and applicable to all royalty payments received on or after October 1, 2006, for past and subsequent accounting periods. For details see the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html).

For detailed instructions concerning electronic payments, contact the Licensing Division between 8:30 AM and 5:00 PM eastern time by calling (202) 707-8150, faxing (202) 707-0905, or emailing [licensing@loc.gov](mailto:licensing@loc.gov) for circulars 74A (on payments via wire), 74B, (on payments via ACH credit), and 74C (on payments using *pay.gov*), which are also available at [www.copyright.gov/circs/circ74](http://www.copyright.gov/circs/circ74).

**Copyright**

United States Copyright Office

M-258A REV: 08/2006 PRINT: 08/2006—3,000 Printed on recycled paper

## **SPECIAL NOTICE ABOUT THIS STATEMENT OF ACCOUNT**

### **IMPORTANT**

#### **New Regulation Requiring Statutory License Royalty Fee Payments via Electronic Funds Transfer**

The Copyright Office amended section 201.17 of Title 37 of the *Code of Federal Regulations* to require that all statutory license royalty fee payments be made via electronic funds transfer, effective beginning October 1, 2006. See the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html). For detailed instructions for making royalty payments via electronic funds transfer, contact the Licensing Division of the Copyright Office for circulars 74a, 74b, and 74c, which are also available at [www.copyright.gov/circs](http://www.copyright.gov/circs).

#### **Adjusted Cable Royalty Fee Rates**

The royalty fee rates and gross receipts limitation threshold amounts under the cable statutory license were adjusted pursuant to 17 USC 801(b)(2)(A)&(D). The new rates are effective July 1, 2005. See page 6 of this form and page (vi) of the general instructions. (See *Federal Register*, October 6, 2005, 70 FR 58310.)

#### **Photocopy Required**

The Copyright Office amended Section 201.17 of Title 37 of the *Code of Federal Regulations* to require that a legible copy of the semi-annual statement of account be submitted together with the original statement of account to the Copyright Office, effective July 1, 2005. (See the *Federal Register*, May 26, 2005, 70 FR 30366.)

Library of Congress  
Copyright Office  
Licensing Division  
101 Independence Avenue SE  
Washington, DC 20557-6400  
Tel: (202) 707-8150 (8:30 a.m.–5:00 p.m., eastern time)  
Fax: (202) 707-0905  
Email: [licensing@loc.gov](mailto:licensing@loc.gov)  
Web: [www.copyright.gov](http://www.copyright.gov)



**THIS FORM IS EFFECTIVE FOR ACCOUNTING PERIODS BEGINNING JULY 1, 2005**  
 If you are filing for a prior accounting period, contact the Licensing Division for the correct form.

**SA1-2  
 Short Form**

Return to:  
 Library of Congress  
 Copyright Office  
 Licensing Division  
 101 Independence Ave. SE  
 Washington, DC 20557-6400  
 (202) 707-8150

[For courier deliveries,  
 see page i of the general  
 instructions]

**STATEMENT OF ACCOUNT**  
*for Secondary Transmissions  
 by Cable Systems (Short Form)*

General instructions are at the  
 end of this form [pages (i)–(vi)].

FOR COPYRIGHT OFFICE USE ONLY	
DATE RECEIVED	AMOUNT
	\$
	ALLOCATION NUMBER

<b>A</b> Accounting Period	<b>ACCOUNTING PERIOD COVERED BY THIS STATEMENT:</b> (Check one of the boxes and fill in the year date.)	
	<input type="checkbox"/> January 1–June 30 ..... (Year)	<input type="checkbox"/> July 1–December 31 ..... (Year)

<b>B</b> Owner	<b>INSTRUCTIONS:</b> Give the full legal name of the owner of the cable system in line 1. If the owner is a subsidiary of another corporation, give the full corporate title of the subsidiary, not that of the parent corporation. In line 2, list any other names under which the owner conducts the business of the cable system. <input type="checkbox"/> Check here if this is the system's first filing. If not, enter the system's ID number assigned by the Licensing Division. _____	
	1	<b>LEGAL NAME OF OWNER/MAILING ADDRESS OF CABLE SYSTEM</b>
	2	<b>BUSINESS NAME(S) OF OWNER OF CABLE SYSTEM (IF DIFFERENT):</b>
	3	<b>MAILING ADDRESS OF OWNER OF CABLE SYSTEM:</b>  ..... (Number, street, rural route, apartment or suite number) ..... (City, town, state, zip)

<b>C</b> System	<b>INSTRUCTIONS:</b> In line 1, give any business or trade names used to identify the business and operation of the system unless these names already appear in space B. In line 2, give the mailing address of the system, if different from the address given in space B.	
	1	<b>IDENTIFICATION OF CABLE SYSTEM:</b>
	2	<b>MAILING ADDRESS OF CABLE SYSTEM:</b>  ..... (Number, street, rural route, apartment or suite number) ..... (City, town, state, zip)

<b>D</b> Area Served	<b>INSTRUCTIONS:</b> List each separate community served by the cable system. A "community" is the same as a "community unit" as defined in FCC rules: "...a separate and distinct community or municipal entity (including unincorporated communities within unincorporated areas and including single, discrete unincorporated areas.) 47 CFR §78.5(dd). The first community that you list will serve as a form of system identification hereafter known as the "First Community." Please use it as the First Community on all future filings.  Note: Entities and properties such as hotels, apartments, condominiums or mobile home parks should be reported in parentheses below the identified city.			
	<b>First Community</b>	CITY OR TOWN	STATE	CITY OR TOWN
.....		.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....

LEGAL NAME OF OWNER OF CABLE SYSTEM:	Name
--------------------------------------	------

**SECONDARY TRANSMISSION SERVICE: SUBSCRIBERS AND RATES**

**In General:** The information in space E should cover all categories of "secondary transmission service" of the cable system: that is, the retransmission of television and radio broadcasts by your system to subscribers. Give information about other services (including pay cable) in space F, not here. All the facts you state must be those existing on the last day of the accounting period (June 30 or December 31, as the case may be).

**Number of Subscribers:** Both blocks in space E call for the number of subscribers to the cable system, broken down by categories of secondary transmission service. In general, you can compute the number of subscribers in each category by counting the number of billings in that category (the number of persons or organizations charged separately for the particular service at the rate indicated—not the number of sets receiving service).

**Rate:** Give the standard rate charged for each category of service. Include both the amount of the charge and the unit in which it is generally billed. (Example: \$8/mth). Summarize any standard rate variations within a particular rate category, but do not include discounts allowed for advance payment.

**Block 1:** In the left-hand block in space E, the form lists the categories of secondary transmission service that cable systems most commonly provide to their subscribers. Give the number of subscribers and rate for each listed category that applies to your system. *Note:* Where an individual or organization is receiving service that falls under different categories, that person or entity should be counted as a "subscriber" in each applicable category. Example: a residential subscriber who pays extra for cable service to additional sets would be included in the count under "Service to the first set," and would be counted once again under "Service to additional set(s)."

**Block 2:** If your cable system has rate categories for secondary transmission service that are different from those printed in block 1, (for example, tiers of services which include one or more secondary transmissions), list them, together with the number of subscribers and rates, in the right-hand block. A two or three word description of the service is sufficient.

E

Secondary  
transmission  
Service:  
Subscribers  
and Rates

BLOCK 1			BLOCK 2		
CATEGORY OF SERVICE	NO. OF SUBSCRIBERS	RATE	CATEGORY OF SERVICE	NO. OF SUBSCRIBERS	RATE
<b>Residential:</b>					
• Service to first set .....					
• Service to additional set(s) .....					
• FM radio (if separate rate) .....					
<b>Motel, Hotel</b> .....					
<b>Commercial</b> .....					
<b>Converter</b> .....					
• Residential .....					
• Non-residential .....					

**SERVICES OTHER THAN SECONDARY TRANSMISSIONS: RATES**

**In General:** Space F calls for rate (not subscriber) information with respect to all your cable system's services that were not covered in space E. That is, those services that are not offered in combination with any secondary transmission service for a single fee. There are two exceptions: you do not need to give rate information concerning: (1) services furnished at cost; and (2) services or facilities furnished to nonsubscribers. Rate information should include both the amount of the charge and the unit in which it is usually billed. If any rates are charged on a variable per-program basis, enter only the letters "PP" in the rate column.

**Block 1:** Give the standard rate charged by the cable system for each of the applicable services listed.

**Block 2:** List any services that your cable system furnished or offered during the accounting period that were not listed in block 1 and for which a separate charge was made or established. List these other services in the form of a brief (two or three word) description, and include the rate for each.

F

Services  
Other Than  
Secondary  
Transmissions:  
Rates

BLOCK 1		BLOCK 2	
CATEGORY OF SERVICE	RATE	CATEGORY OF SERVICE	RATE
<b>Continuing Services:</b>		<b>Installation: Non-residential</b>	
• Pay cable .....		• Motel, hotel .....	
• Pay cable—add'l channel .....		• Commercial .....	
• Fire protection .....		• Pay cable .....	
• Burglar protection .....		• Pay cable—Add'l channel .....	
<b>Installation: Residential</b>		• Fire protection .....	
• First set .....		• Burglar protection .....	
• Additional set(s) .....		<b>Other Services:</b>	
• FM radio (if separate rate) .....		• Reconnect .....	
• Converter .....		• Disconnect .....	
		• Outlet relocation .....	
		• Move to new address .....	








LEGAL NAME OF OWNER OF CABLE SYSTEM:	Name
<p><b>GROSS RECEIPTS</b>  <b>Instructions:</b> The figure you give in this space determines the form you file and the amount you pay. Enter the total of all amounts (gross receipts) paid to your cable system by subscribers for the system's secondary transmission service (as identified in space E) during the accounting period. For a further explanation of how to compute this amount, see page (v) of the general instructions.</p> <ul style="list-style-type: none"> <li>• Gross receipts from subscribers for secondary transmission service(s) during the accounting period. ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span></li> </ul> <p><b>IMPORTANT:</b> You must complete a statement in space P concerning gross receipts. ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span>  <small>(Amount of gross receipts)</small></p>	<p style="font-size: 2em; margin: 0;"><b>K</b></p> <p>Gross Receipts</p>
<p><b>INSTRUCTIONS FOR COMPUTING THE COPYRIGHT ROYALTY FEE</b>                  To compute the royalty fee you owe:</p> <ul style="list-style-type: none"> <li>• Complete <i>either</i> block 1, block 2 or block 3</li> <li>• Use block 1 if the amount of gross receipts in space K is \$137,100 or less</li> <li>• Use block 2 if the amount of gross receipts in space K is more than \$137,100 but less than or equal to \$263,800</li> <li>• Use block 3 if the amount of gross receipts in space K is more than \$263,800 but less than \$527,600</li> </ul> <p>See page (vi) of the general instructions for more information.</p>	<p style="font-size: 2em; margin: 0;"><b>L</b></p> <p>Copyright Royalty Fee</p>
<b>BLOCK 1: GROSS RECEIPTS OF \$137,100 OR LESS</b>	
<p><b>INSTRUCTIONS:</b> As a cable system with gross receipts of \$137,100 or less, the royalty fee that you must pay for this six-month accounting period is \$52.00</p> <p>Line 1. Royalty Fee for Accounting Period .....&gt; \$ <b>52.00</b></p> <p>Line 2. Interest Charge. Enter the amount from line 4, space Q, page 8 .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span></p> <p>Line 3. <b>TOTAL ROYALTY FEE PAYABLE FOR ACCOUNTING PERIOD.</b> Add lines 1 and 2 .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span></p>	
<b>BLOCK 2: GROSS RECEIPTS OF \$263,800 OR LESS (but more than \$137,100)</b>	
<p>1. Base amount under statutory formula .....&gt; <b>\$263,800</b></p> <p>2. Enter amount of gross receipts from space K .....&gt; _____</p> <p>3. Subtract line 2 from line 1 .....&gt; _____</p> <p>4. Enter the amount of gross receipts from space K .....&gt; _____</p> <p>5. Enter the amount from line 3 .....&gt; _____</p> <p>6. Subtract line 5 from line 4 .....&gt; _____</p> <p>7. Multiply line 6 by .005 (enter figure here) .....&gt; \$ _____</p> <p>8. Interest charge. Enter the amount from line 4, space Q, page 8 .....&gt; \$ _____</p> <p>9. <b>TOTAL ROYALTY FEE PAYABLE FOR ACCOUNTING PERIOD.</b> Add lines 7 and 8 .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span></p>	
<b>BLOCK 3: GROSS RECEIPTS OF MORE THAN \$263,800 (but less than \$527,600)</b>	
<p>1. Enter the amount of gross receipts from space K .....&gt; \$ _____</p> <p>2. Base amount under statutory formula .....&gt; <b>\$263,800</b></p> <p>3. Subtract line 2 from line 1 .....&gt; _____</p> <p>4. Multiply line 3 by .01 .....&gt; _____</p> <p>5. Royalty due on the first \$263,800 of gross receipts (under statutory formula) .....&gt; <b>\$1,319</b></p> <p>6. Interest charge. Enter the amount from line 4, space Q, page 8 .....&gt; \$ _____</p> <p>7. <b>TOTAL ROYALTY FEE PAYABLE FOR ACCOUNTING PERIOD.</b> Add lines 4, 5, and 6 .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px; vertical-align: middle;"></span></p>	
<p><b>IMPORTANT:</b> When you file your statement of account on this form, SA1-2, you must also submit the royalty fee you have computed in block 1, block 2, or block 3 above. Your remittance must be in the form of an <i>electronic payment</i> payable to <i>Register of Copyrights</i>. See page i of the general instructions for more information.</p>	

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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<b>M</b> Channels	<p><b>CHANNELS</b> <b>INSTRUCTIONS:</b> You must give: (1) the number of channels on which the cable system carried television broadcast stations to its subscribers; and, (2) the cable system's total number of activated channels, during the accounting period.</p> <p>1. Enter the total number of channels on which the cable system carried television broadcast stations. ....</p> <p>2. Enter the total number of activated channels on which the cable system carried television broadcast stations and nonbroadcast services. ....</p>
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<b>N</b> Contact	<p><b>INDIVIDUAL TO BE CONTACTED IF FURTHER INFORMATION IS NEEDED:</b> (Identify an individual to whom we can write or call about this statement of account.)</p> <p>Name ..... Telephone ..... <span style="margin-left: 150px;"><small>(Area code)</small></span></p> <p>Address ..... <span style="margin-left: 20px;"><small>(Number, street, rural route, apartment or suite number)</small></span></p> <p>..... <span style="margin-left: 20px;"><small>(City, town, state, zip)</small></span></p> <p>Email (optional) ..... Fax (optional) .....</p>
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<b>O</b> Certification	<p><b>CERTIFICATION:</b> (This statement of account must be certified and signed in accordance with Copyright Office regulations, as explained in the general instructions.)</p> <ul style="list-style-type: none"> <li>• I, the undersigned, hereby certify that: (Check one, <i>but only one</i>, of the boxes.)</li> <li><input type="checkbox"/> <b>(Owner other than corporation or partnership)</b> I am the owner of the cable system as identified in line 1 of space B; or</li> <li><input type="checkbox"/> <b>(Agent of owner other than corporation or partnership)</b> I am the duly authorized agent of the owner of the cable system as identified in line 1 of space B, and that the owner is not a corporation or partnership; or</li> <li><input type="checkbox"/> <b>(Officer or partner)</b> I am an officer (if a corporation) or a partner (if a partnership) of the legal entity identified as owner of the cable system in line 1 of space B.</li> <li>• I have examined the statement of account and hereby declare under penalty of law that all statements of fact contained herein are true, complete, and correct to the best of my knowledge, information, and belief, and are made in good faith. [18 USC, Section 1001(1986)]</li> </ul> <p style="text-align: center;"> Handwritten signature: .....</p> <p style="text-align: center;">Typed or printed name: .....</p> <p style="text-align: center;">Title: ..... <span style="margin-left: 100px;"><small>(Title of official position held in corporation or partnership)</small></span></p> <p style="text-align: center;">Date: .....</p>
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**PRIVACY ACT ADVISORY STATEMENT—Required by Privacy Act of 1974 (Public Law 93-579)**

<p><b>Authority for Requesting This Information:</b></p> <ul style="list-style-type: none"> <li>• Title 17, USC § 111</li> </ul> <p><b>Furnishing This Information is:</b></p> <ul style="list-style-type: none"> <li>• Voluntary</li> </ul> <p><b>But if the information is Not Furnished:</b></p> <ul style="list-style-type: none"> <li>• It may be necessary to delay placement of this statement of account in the completed record of statements of account.</li> </ul>	<p>• You may be liable for civil or criminal penalties for copyright infringement with respect to retransmission of television and radio stations (17 USC §§502-506, 509-510)</p> <p><b>Principal Uses of Requested Information:</b></p> <ul style="list-style-type: none"> <li>• Establishment and maintenance of a public record.</li> </ul>	<p>• Examination of the statement of account for compliance with legal requirement</p> <p><b>Other Routine Uses:</b></p> <ul style="list-style-type: none"> <li>• Public inspection and copying</li> <li>• Preparation of public indexes</li> <li>• Preparation of search reports upon request</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• No other advisory statement will be given you in connection with this statement of account</li> <li>• Please retain a copy of this statement and refer to it if we communicate with you regarding this statement of account</li> </ul>
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LEGAL NAME OF OWNER OF CABLE SYSTEM:	Name				
<p><b>SPECIAL STATEMENT CONCERNING GROSS RECEIPTS EXCLUSION</b>                  The Satellite Home Viewer Act of 1988 amended Title 17, section 111(d)(1)(A), of the Copyright Act by adding the following sentence:                  "In determining the total number of subscribers and the gross amounts paid to the cable system for the basic service of providing secondary transmissions of primary broadcast transmitters, the system shall not include subscribers and amounts collected from subscribers receiving secondary transmissions pursuant to section 119."                   For more information on when to exclude these amounts, see the note on page (v) of the general instructions.                   During the accounting period did the cable system exclude any amounts of gross receipts for secondary transmissions made by satellite carriers to satellite dish owners?  <input type="checkbox"/> NO  <input type="checkbox"/> YES. Enter the total here and list the satellite carrier(s) below. .... \$ _____</p>	P  Statement of Gross Receipts				
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; padding: 2px;">                             Name .....                              Mailing address .....                              .....                              .....                         </td> <td style="width:50%; padding: 2px;">                             Name .....                              Mailing address .....                              .....                              .....                         </td> </tr> <tr> <td style="padding: 2px;">                             Name .....                              Mailing address .....                              .....                              .....                         </td> <td style="padding: 2px;">                             Name .....                              Mailing address .....                              .....                              .....                         </td> </tr> </table>	Name ..... Mailing address ..... ..... .....	Name ..... Mailing address ..... ..... .....	Name ..... Mailing address ..... ..... .....	Name ..... Mailing address ..... ..... .....	
Name ..... Mailing address ..... ..... .....	Name ..... Mailing address ..... ..... .....				
Name ..... Mailing address ..... ..... .....	Name ..... Mailing address ..... ..... .....				

<p><b>WORKSHEET FOR COMPUTING INTEREST</b></p> <p>You must complete this worksheet for those royalty payments submitted as a result of a late payment or underpayment. For an explanation of interest assessment, see page (vi) general instructions.</p> <p>Line 1. Enter the amount of late payment or underpayment ..... \$ _____  <span style="float: right;">x _____ %</span></p> <p>Line 2. Multiply line 1 by the interest rate* and enter the sum here .....  <span style="float: right;">x _____ days</span></p> <p>Line 3. Multiply line 2 by the number of days late and enter the sum here .....  <span style="float: right;">x .00274</span></p> <p>Line 4. Multiply line 3 by .00274** and enter here and in space L (page 6) Block 1, line 2, or Block 2, line 8, or Block 3, line 6 ..... \$ _____  <span style="float: right;">(interest charge)</span></p> <p>* Contact the Licensing Division at (202) 707-8150 (8:30 a.m.-5:00 p.m., eastern time) for the interest rate for the accounting period in which the late payment or underpayment occurred.</p> <p>**This is the decimal equivalent of 1/365, which is the interest assessment for one day late.</p> <p>NOTE: If you are filing this worksheet covering a statement of account already submitted to the Copyright Office, please list below the owner, address, first community served, ID number, and accounting period as given in the original filing.</p> <p>Owner .....                  Address .....                  .....                  First Community Served .....                  ID Number .....                  Accounting Period .....</p>	Q  Interest Assessment
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**IF YOU ARE FILING FOR A PRIOR ACCOUNTING PERIOD,  
CONTACT THE LICENSING DIVISION FOR THE CORRECT FORM.**

**USE THIS FORM WHEN:**

- You are the owner (or represent the owner) of a cable system; and
- You are filing the semiannual statement of account required by the copyright law; and
- Your system's semiannual gross receipts for secondary transmissions (the figure you give in space K of the form) is less than \$527,600; and
- You are also depositing the required semiannual royalty fee with the Licensing Division of the Copyright Office.

**IF YOUR FIGURE FOR SEMIANNUAL GROSS RECEIPTS IN SPACE K IS \$527,600 OR MORE, USE SA3 (LONG FORM)**

## GENERAL INSTRUCTIONS FOR SA1-2 (SHORT FORM)

### CABLE SYSTEMS AND THE COPYRIGHT LAW (P.L. 94-553)

Cable systems are subject to copyright liability for their use of copyrighted material in "secondary transmissions" (the retransmission of television and radio broadcasts to subscribers). Cable retransmissions of copyrighted programming are subject to a system of "statutory licensing." Among other things this means that twice a year the owner of a cable system must send a statement of account, together with a royalty fee, to the Licensing Division of the Copyright Office.

#### Primary Transmissions and Secondary Transmissions

In providing copyright liability for cable systems, the law draws a distinction between "primary transmissions" and "secondary transmissions":

- **Primary Transmissions:** These include broadcasts by radio and television stations to the public that are retransmitted by cable systems to their subscribers.
- **Secondary Transmissions:** This is the basic service of retransmitting television and radio broadcasts to subscribers. The statute requires all U.S. cable systems, regardless of how many subscribers they have or whether they are carrying any distant signals, to pay some copyright royalties. However, instead of obliging cable systems to bargain individually for each copyrighted program they retransmit, the law offers them the opportunity of obtaining a statutory license for secondary transmissions.

**Note:** Secondary transmissions do not include transmissions originated by a cable system (including local origination cablecasting, pay cable, program services, background music services, and originations on leased or access channels). Cable systems must negotiate for the use of any copyrighted material in the programming they originate, and their originations are not subject to statutory licensing.

### HOW TO FILE THE STATEMENT OF ACCOUNT AND ROYALTY FEE

- 1 Study the general information on these pages and read through the detailed instructions in the statement of account form itself. Before you start completing the form, make sure that you have collected all of the necessary information and that you are using the right form.
- 2 Fill out the statement of account form, giving all of the required information about your cable system and about the television and radio stations carried by it. Use a typewriter, or print the information in black ink.
- 3 Certify the statement of account by signing at space O. The statement of account is not acceptable unless it bears the original handwritten signature of one of the persons indicated in space O as authorized to certify it under Copyright Office regulations.
- 4 Make an *electronic payment* (see note below) in the amount you have calculated in space L, to cover the copyright royalty fee. See the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html). The remittance should be payable to *Register of Copyrights*.
- 5 Send the completed statement of account with one legible copy of the statement of account to

Library of Congress  
Copyright Office  
Licensing Division  
101 Independence Avenue SE  
Washington, DC 20557-6400

For courier deliveries, see [www.copyright.gov/mail.html](http://www.copyright.gov/mail.html) for updated information.

- 6 The Copyright Office will retain your statement of account and make it a part of our public records. You should, therefore, keep a copy of the entire statement, as filed, in case you need it for future reference.

**Note:** For detailed instructions concerning electronic payments, contact the Licensing Division for Circular 74, which is also available at [www.copyright.gov/circs/circ74.pdf](http://www.copyright.gov/circs/circ74.pdf)

## HOW THE STATUTORY LICENSE WORKS

In general, having a statutory license means that a cable system can retransmit broadcast programming without violating the copyright law, as long as it complies with certain paperwork requirements and, twice a year, deposits a royalty fee with the Copyright Office.

- The cable system can, without negotiated licenses or advance permission from copyright owners, retransmit signals of any U.S. television or radio stations that it is authorized to carry under FCC rules, regulations, or authorizations (plus Mexican or Canadian stations in certain cases); and
- The cable system must file statements of account with the Copyright Office and must also deposit a semiannual royalty. The amount of the royalty, which is established under a statutory formula, depends on the total of the system's gross receipts for secondary transmission service.
- Every 6 months the cable system must send the Copyright Office a statement of account on this form, SA1-2 (Short Form), or on SA3 (Long Form) (if the gross receipts are \$527,600 or more).
- Each semiannual statement of account must be accompanied by the deposit of a royalty fee covering retransmissions during the preceding 6 months in the form of an electronic payment payable to *Register of Copyrights*.

### Why Having a Statutory License Is Important

Most television and radio broadcasts contain copyrighted material. Without a statutory license, a cable system would either have to negotiate licenses for all copyrighted programming it transmits or run the risk of substantial civil (or, in some cases, criminal) liability for multiple acts of copyright infringement.

### Who Can Utilize the Statutory License

Under the statute and Copyright Office regulations, retransmissions are subject to statutory licensing only if they are made by cable systems.

**Cable system:** A "cable system" is defined as "a facility, located in any State, Territory, Trust Territory, or Possession, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service." A system that meets this definition is considered a "cable system" for copyright purposes, even if the FCC excludes it from being considered a "cable system" because of the number or nature of its subscribers or the nature of its secondary transmissions.

**Individual cable system:** An individual cable system is defined generally as "each cable system recognized as a distinct entity under the rules, regulations, and practices of the Federal Communications Commission..." In addition, two or more cable facilities are considered as one "individual" cable system if either: (A) the facilities are in contiguous communities and are under common ownership or control; or (B) the facilities operate from one headend. Thus, even if they are owned by different entities, two cable facilities will be considered as one individual cable system if they share a common headend.

## WHAT A STATUTORY LICENSE DOES NOT PERMIT YOU TO DO

The statutory authority given to cable systems to retransmit television and radio broadcasts under a statutory license is limited in several ways:

- **Originations.** To repeat: a cable system's statutory license extends only to secondary transmissions (retransmissions). It does not permit the system to make any originations of copyrighted material without a negotiated license covering that material.
- **Nonsimultaneous Retransmissions.** In general, to be subject to statutory licensing under the copyright law, a cable retransmission must be simultaneous with the broadcast being carried. As a rule, taping or other recording of the program is not permitted. Taping for delayed transmission is permissible only for some (not all) cable systems located outside the 48 contiguous states; and, even in these exceptional cases, there are further limitations and conditions that the cable system must meet.
- **FCC Violations.** The broadcast signals that a cable system can carry under a statutory license are limited to those that it is permitted to carry under FCC rules, regulations, and authorizations. If signal carriage is in violation of FCC requirements, the cable system may be subject under the Copyright Act to a separate action for copyright infringement for each unauthorized retransmission.
- **Foreign Signals.** In general, the copyright law does not permit a cable system to retransmit signals of foreign television and radio stations under a statutory license. The only exceptions have to do with the signals of certain Mexican and Canadian stations. Unless foreign signals fall within these exceptions, their carriage would not be authorized under a statutory license, even if permissible under FCC rules.
- **Program Alteration or Commercial Substitution.** Cable systems are not permitted to alter the content of retransmitted programs, or to change, delete, or substitute commercials or station announcements in or adjacent to programs being carried. There is only one exception: under certain circumstances, substitutions involving "commercial advertising market research" may be permitted.

### Accounting Periods

The statute establishes two 6-month accounting periods for purposes of computing the royalty fee and reporting the information called for in the statement of account. The first semiannual period runs from January through June, and the second from July through December, of each calendar year. You must use these accounting periods whether or not they coincide with the beginning or ending of your cable system's fiscal year.

### Filing Dates

Cable systems are given 60 days after the close of each accounting period in which to file their statements of account and royalty fees. The following are the two filing dates you must observe each year:

- For the January–June accounting period: *File between July 1 and August 29, inclusive;*
- For the July–December accounting period: *File between January 1 and March 1, inclusive.*

**Note:** If August 29 or March 1 falls on a weekend or federal holiday, statements of account and royalty fees may be made on the next succeeding business day.

Statements of account and royalty fees received before the end of the accounting period will not be accepted. Statements and fees received after the August 29 or March 1 deadlines will be accepted for whatever legal effect they may have, if any. The Copyright Office takes no position as to what this effect will be, and a cable system that files late runs a substantial risk.

### Refunds

Refund requests must be received within 60 days after the close of the filing period (by April 30 or October 28). Also, refund requests for late and amended payments must be received before the expiration of 60 days from the date of receipt at the Copyright Office of the royalty payment that is the subject of the request. The Debt Collection Improvement Act of 1996 requires that refunds be made through electronic funds transfer (EFT). Note: Late payments are subject to interest assessment. See page (vi) of the general instructions. Contact the Licensing Division for additional information.

### How Royalty Fees Are Handled

For purposes of computing the semiannual royalty fee a cable system must pay, the statute creates three brackets, depending upon the system's gross receipts from subscribers for secondary transmissions during the accounting period:

- 1 **Gross receipts of \$137,100 or less:** royalty fee of \$52;
- 2 **Gross receipts of more than \$137,100 and less than \$527,600:** royalty fee determined by a formula based on percentage of gross receipts;
- 3 **Gross receipts of \$527,600 or more:** royalty fee determined by a formula based on percentage of gross receipts and on the number of distant stations carried by the system.

A cable system is required to deposit its semiannual royalty fee with the Copyright Office at the time it files each statement of account. The royalty must be made by electronic payment, and the related statement of account must be filed by the appropriate deadline accompanied with a cover letter (*see circulars 74a, 74b, and 74c*). The Copyright Office transfers these fees into a special fund, which is later distributed to copyright owners as payment for the use of their works by cable systems.

### PURPOSES OF THE STATEMENT OF ACCOUNT

The law requires a cable system to file statements of account for two purposes:

- To show the basis for the semiannual royalty fee the cable system owes under its statutory license; and
- To give the information needed to allocate royalty fees among copyright owners.

Thus, some of the information you give on your statement of account has nothing to do with computing your gross receipts or deciding the amount of your royalty fee. Nevertheless, you are required to give the additional information in order to provide the basis for the second phase of the statutory license: the distribution of fees to copyright owners.

### SOME POINTS TO REMEMBER ABOUT STATUTORY LICENSES:

- As long as a cable system keeps its statutory license in force by complying with the requirements of the new copyright law, it is not obliged to negotiate individual copyright licenses for retransmission of television and radio broadcasts.
- The following are among the various ways a cable system can lose its statutory license: by failing to file the statements of account or royalty fees; by taping for delayed retransmission; by carrying signals in violation of FCC requirements; by carriage of certain foreign stations; and by altering programs or substituting commercials.
- Without a statutory license, a cable system can be sued by a copyright owner for the full range of civil remedies for copyright infringement, including injunctions, actual damages and profits, or statutory damages (of up to \$150,000 in cases of willful infringement). The statute also provides for criminal penalties in cases of willful infringements for commercial purposes.

### WHAT FACTS THE STATEMENT OF ACCOUNT SHOULD COVER

All of the information you give in a statement of account must be an accurate presentation of the facts existing during the accounting period covered by that statement (or, in certain cases, on the last day of that period).

- **Spaces D, G, H, and I:** List all areas served, stations carried, and certain substitute programs carried at any time during the accounting period.
- **Spaces K and M:** You should report the total of "gross receipts" attributable to the particular accounting period in space K. The figures requested in space M should be the appropriate totals of channels for the entire period.
- **Space J:** This space (part-time carriage log) has been deleted.
- **Spaces B, C, E, and F:** Even if items of information concerning the owner, system, subscribers, or rates have changed during the accounting period, your statement of account does not need to reflect the change. Give only the facts existing on the last day of the accounting period. If there were different owners during the accounting period, only the owner on the last day of the accounting period should submit a single statement of account and royalty fee payment covering the entire accounting period.

### SPACE G (Primary Transmitters: Television)

**Stations Actually Carried.** Make sure that space G lists all the television stations your system actually carried at any time during the accounting period (except as explained in space G of the Form). Do not list stations that were not in fact carried during that period, even if the FCC has authorized their carriage, and even if they were carried during earlier accounting periods.

#### Low Power Television Stations

- The Copyright Act in section 111(f) delineates the local status of a low power television station as follows: "In the case of a low power television station, as defined by the rules and regulations of the Federal Communications Commission, the 'local service area of a primary transmitter' comprises the area within 35 miles of the transmitter site, except that in the case of such a station located in a standard metropolitan statistical area which has one of the 50 largest populations of all standard metropolitan statistical areas (based on the 1980 decennial census of population taken by the Secretary of Commerce), the number of miles shall be 20 miles." This means that a low power television station carried by a cable system within an area as defined above will be considered "local".

#### Translator Stations

- **Translator Stations Must Be Listed.** For Copyright purposes, a translator station is a primary transmitter not

only of any programs it originally transmits but also of all the programming it receives from its parent station and retransmits. Thus, if your cable system carried signals emanating from a translator station, you must list the translator station in space G. And, if your system separately carried signals from both a translator station and its parent station, both the translator and the parent station should be identified.

- **Type of Translator Station.** For any translator station listed in space G, the type of station indicated in column 3 should be that of the parent station.

**Definitions of Types of Stations:** Under the Copyright Act, the terms used in connection with column 3 of space G mean the following:

- **Network station:** a television broadcast station that is owned or operated by, or affiliated with, one or more of the television networks in the United States providing nationwide transmissions, and that transmits a substantial part of the programming supplied by such networks for a substantial part of the station's typical broadcast day.
- **Independent station:** a commercial television broadcast station other than a network station. For purposes of determining a station's type value this category includes all specialty, Canadian and Mexican stations.
- **Noncommercial educational station:** a television station that either: (1) is licensed by the FCC as a noncommercial educational broadcast station and is owned and operated by a public agency or nonprofit private foundation, corporation, or association; or (2) is owned and operated by a municipality and transmits only noncommercial programs for educational purposes.

### SPACE H (Primary Transmitters: Radio)

**All-Band Carriage.** If your system carried FM radio stations on an all-band basis, you are not required to list every station that subscribers might possibly have received during the accounting period. Instead, Copyright Office regulations require you to monitor your FM transmission service at your system's headend from time to time during the accounting period and to report the generally receivable FM stations identified as a result of your monitoring.

**Stations "Generally Receivable."** There are two standards for determining whether an FM station is "generally receivable":

- 1 Is the station usually carried whenever it is received at your system's headend; and
- 2 Can the station be expected to be received at the headend, with your system's FM antenna, at least 3 consecutive hours each day at the same time each day, 5 or more days a week, for four or more weeks during any calendar

quarter, with a strength of not less than fifty microvolts per meter measured at the foot of the tower or pole to which the antenna is attached?

The monitoring arrangements you set up should be aimed at determining what stations can reasonably be expected to meet these standards.

**Monitoring Activities.** It is not necessary to monitor continuously throughout the accounting period, and you are not required to make precise measurements to determine which stations in fact meet the technical standards and which do not. Your monitoring activities should take place periodically at your headend during the accounting period and you should use a good FM receiver.

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#### SPACE I (Substitute Carriage: Special Statement and Program Log)

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**Substitute Programs Must Be Logged and Reported.** The Copyright Act requires all cable systems to submit, with their statement of account, "logs showing the times, dates, stations, and programs" involved in "any nonnetwork television programming that was carried in whole or in part beyond the local service area of the primary transmitter, under rules, regulations, or authorizations of the Federal Communications Commission permitting the substitution or addition of signals under certain circumstances." The applicable present and former rules and regulations are identified in item 3 which follows.

**What Programs Must Be Listed.** You must list a program in space I if all three of the following conditions apply:

- 1 **The program is a nonnetwork television program.** A "nonnetwork television program" is a program that was not being broadcast by a station as part of a network television broadcast at the time the cable system carried it.
- 2 **The program is picked up from a distant station.** A "distant station" is a television station carried by a cable system in whole or in part beyond that station's "local service area." A television station's local service area is the area within which the station is entitled to insist upon its signal being retransmitted by a cable system pursuant to rules, regulations, and authorizations of the Federal Communications Commission in effect on April 15, 1976. Effective on July 1, 1994, a station's local service area also includes the station's television market as defined in section 76.55(e) of title 47, *Code of Federal Regulations* (as in effect on September 18, 1993), or any modifications to such television market made, on or after September 18, 1993, pursuant to section 76.55(e) or 76.59 of title 47 of the *Code of Federal Regulations*.
- 3 **The program was carried by the cable system in substitution for another program under FCC rules, regulations, or authorizations:**

- Where FCC rules and regulations in effect on the date of carriage require the deletion of certain programming of one station and permit substitution of programming from another distant station. That is, if a cable system is required to delete a station because of the FCC sports exclusivity rules.
- Where the FCC rules, regulations and authorizations in effect on October 19, 1976, permit a cable system at its option, to delete programming, and authorize the system to substitute programming from another distant station. That is, if the cable system elects to delete a distant station while that station is broadcasting a program primarily of local interest to the distant community, for copyright purposes former FCC rules sections 76.61(b) (2) and 76.63 (incorporating 76.61(b) (2)) continue to authorize the station to substitute the programming of any other distant station.

#### NOTES:

- 1) The provisions of the Copyright Act dealing with voluntary deletion and substitution of programs are limited to programs substituted under FCC rules, regulations, and authorizations *in effect on October 19, 1976*.
- 2) Effective January 1, 1990, the FCC amended Parts 73 and 76 of its rules relating to program exclusivity in the cable and broadcast industries.

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#### SPACE K (Gross Receipts)

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**What Are Gross Receipts?** The gross receipts you enter in space K are the receipts for the basic service of providing secondary transmissions of primary broadcast transmitters. *They include the full amount of monthly (or other periodic) service fees for any and all services or tiers of services which include one or more secondary transmissions of television or radio broadcast signals, for additional set fees, and for converter fees.* All such gross receipts shall be aggregated and the royalty fee calculations shall be made against the aggregated amount. Gross receipts for secondary transmission services do not include installation (including connection, relocation, disconnection or reconnection) fees, separate charges for security, alarm or facsimile services, charges for late payments, or charges for pay cable or other program origination services: Provided that, the origination services are not offered in combination with secondary transmission service for a single fee.

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#### SATELLITE CARRIER GROSS RECEIPTS EXCLUSION

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- The Satellite Home Viewer Act of 1988, Public Law 100-667, as amended by Public Law 103-369, Public Law 106-113, and Public Law 108-447 establishes a statutory license for certain secondary transmissions made by satellite carriers to satellite dish owners. Satellite carriers are subject to copyright liability for their use of copyrighted material when they make secondary

transmissions (retransmissions of television broadcasts) to satellite dish owners and they make a direct or indirect charge for that service. Satellite carrier retransmissions of the copyrighted programming embodied in the signals of superstations or network stations are eligible under an operational system of statutory licensing, that is established in section 119 of the Copyright Act.

- A *satellite carrier* is defined in the Satellite Home Viewer Extension and Reauthorization Act of 2004 as "an entity that uses the facilities of a satellite or satellite service licensed by the Federal Communications Commission, and operates in the Fixed-Satellite Service under part 25 of title 47 of the *Code of Federal Regulations* or the Direct Broadcast Satellite Service under part 100 of title 47 of the *Code of Federal Regulations*, to establish and operate a channel of communications for point-to-multipoint distribution of television station signals, and that owns or leases a capacity or service on a satellite in order to provide such point-to-multipoint distribution, except to the extent that such entity provide such distribution pursuant to tariff under the Communications Act of 1934, other than for private home viewing pursuant to Section 119."
- As provided in the Satellite Home Viewer Act [amendment of section 111(d)(1)(A)], any amounts collected by a cable system/distributor from subscribers should be excluded from the cable system's determination of gross receipts received for the basic service of providing secondary transmissions of primary broadcast transmitters pursuant to the cable statutory license, section 111 (c) to (f). This provision contemplates the situation where the same entity may be offering both satellites and cable distribution of secondary transmissions of primary broadcast transmitters.
- If a cable system offers both satellite and cable services to satellite dish owners, then it may exclude those amounts attributed to the satellite service under section 119 of the Act. Such a system should declare on page 8, the amount of gross receipts that are excluded for this service, and list the name and address of each satellite carrier in which the system has contracted as a distributor or agent to market the carrier's retransmissions service. The system should also maintain separate records of the subscriber fees received for satellite carrier retransmissions.

**Accrual Basis:** If your revenue accounts are kept on an accrual basis, the figure you give in space K should be the total of all gross receipts for secondary transmission service accrued for the accounting period. Subtract bad debts actually written off during the period, and add previously written-off debts that were actually recovered during the period. (However, do not make adjustments for bad debts for secondary transmission service furnished before January 1, 1978.)

**Cash Basis:** If your revenue accounts are kept on a cash basis, your gross receipts are all amounts actually received during the accounting period for secondary transmission service.

## Space L (Copyright Royalty Fee)

### Statutory Formulas for Computing the Royalty Fee

For cable systems whose semiannual gross receipts are under \$527,600, the method of calculating the royalty fee depends on the amount of gross receipts reported in space K.

**Gross receipts of \$137,100 or less:** If the figure you give in space K is \$137,100 or less, your royalty fee has been calculated for you in accordance with the formula set out in section 111(d)(2)(C) of the Copyright Act as adjusted. The amount is \$52. Do not use blocks 2 and 3.

**Gross receipts of more than \$137,100 but less than or equal to \$263,800:** If the figure you give in space K is more than \$137,100 but less than or equal to \$263,800, your royalty fee must be calculated in accordance with the formula set out in section 111(d)(2)(C) of the Copyright Act, as adjusted. Follow the step-by-step calculations in block 2 of space L. Do not use blocks 1 and 3.

**Gross receipts of more than \$263,800 but less than \$527,600:** If your gross receipts figure in space K is more than \$263,800 but less than \$527,600, you must use the formula set out in section 111(d)(2)(D) of the Act, as adjusted. Follow the step-by-step calculations in block 3 of space L. Do not use blocks 1 and 2.

### Interest Charges for Underpayments and Late Payments

Underpayments or late payments received after the filing deadline shall be subject to an interest assessment. Cable systems must calculate their own interest charge. (A worksheet is provided at space Q, page 8.) The interest rate set for a specific accounting period is the U.S. Treasury Current Value of Funds Rate in effect on the first business day after the close of the filing deadline for that accounting period. Cable systems may obtain the interest rate for the applicable accounting period(s) by contacting the Licensing Division at (202) 707-8150.

For underpayments and late payments the interest shall begin to accrue on the first day after the close of the filing date for that accounting period. For a late payment the accrual period ends on the date that the statement of account and proper form of payment are received in the Copyright Office. For underpayments the accrual period ends on the date appearing on the electronic payment, provided that the remittance is received in the Copyright Office within five business days of that date. **Note:** The Office shall not require, nor notify a cable system of, an interest charge of \$5.00 or less.

**PS Exhibit \_\_\_\_\_ (MEK-4)**

**ATTENTION**

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*Mandatory Regulation for  
Making Statutory License Royalty Fee Payments  
via Electronic Funds Transfer*

**EFFECTIVE OCTOBER 1, 2006**

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The Copyright Office amended Sections 201.11 (satellite carrier statements of account covering statutory licenses for secondary transmissions), 201.17 (statements of account covering statutory licenses for secondary transmissions by cable systems) and 201.28 (statements of account for digital audio recording devices or media) of Title 37 of the *Code of Federal Regulations* to require that all statutory license royalty fee payments be made via electronic funds transfer. The regulation is effective beginning October 1, 2006, and applicable to all royalty payments received on or after October 1, 2006, for past and subsequent accounting periods. For details see the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html).

For detailed instructions concerning electronic payments, contact the Licensing Division between 8:30 AM and 5:00 PM eastern time by calling (202) 707-8150, faxing (202) 707-0905, or emailing [licensing@loc.gov](mailto:licensing@loc.gov) for circulars 74A (on payments via wire), 74B, (on payments via ACH credit), and 74C (on payments using [pay.gov](http://pay.gov)), which are also available at [www.copyright.gov/circs/circ74](http://www.copyright.gov/circs/circ74).

**Copyright**

United States Copyright Office

M-358A REV. 08/2006 PRINT: 08/2006—3,000 Printed on recycled paper



**SPECIAL NOTICE ABOUT THIS STATEMENT OF ACCOUNT**  
**IMPORTANT**

**New Regulation Requiring Statutory License Royalty Fee Payments via Electronic Funds Transfer**

The Copyright Office amended section 201.17 of Title 37 of the *Code of Federal Regulations* to require that all statutory license royalty fee payments be made via electronic funds transfer, effective beginning October 1, 2006. See the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html). For detailed instructions for making royalty payments via electronic funds transfer, contact the Licensing Division of the Copyright Office for circulars 74a, 74b, and 74c, which are also available at [www.copyright.gov/circs](http://www.copyright.gov/circs).

**Photocopy Required**

The Copyright Office amended Section 201.17 of Title 37 of the *Code of Federal Regulations* to require that a legible copy of the semi-annual statement of account be submitted together with the original statement of account to the Copyright Office, effective July 1, 2005. (See the *Federal Register*, May 26, 2005, 70 FR 30366.)

**Calculation of the 3.75% Fee for Partially-Permitted Signals**

Effective January 1, 1998, the Copyright Office amended its rules to permit cable systems to calculate the 3.75% fee for distant signals on a "partially-permitted" basis where applicable. Section 201.17 was amended by adding paragraph (h)(2)(iv) which reads:

Commencing with the semiannual accounting period of January 1, 1998 through June 30, 1998, the 3.75% rate applies to certain DSEs with respect to the communities within the cable system where carriage would not have been permitted under the rules and regulations of the Federal Communications Commission in effect on June 24, 1981, but in all other communities within the cable system, the current base rate shall apply. 62 FR 23360 (April 30, 1997) ([www.copyright.gov/fedreg/1997/62fr23360.html](http://www.copyright.gov/fedreg/1997/62fr23360.html))

**Guidance for Computing the Royalty Fee for Partially Permitted/Partially Non-Permitted Stations**

**Step 1:** Use part 9, block A, of the DSE Schedule to establish subscriber groups to compute the base rate fee for wholly and partially-permitted distant stations. Write "Permitted Stations" at the top of the page. Note: One or more permitted stations in these subscriber groups may be partially distant.

**Step 2:** Use a separate part 9, block A, to compute the 3.75% fee for wholly non-permitted and partially non-permitted distant stations. Write "Non-permitted 3.75 stations" at the top of this page. Multiply the subscriber group gross receipts x total DSEs x .0375 and enter the grand total 3.75% fees on line 2, block 3, of space L. Important: The sum of the gross receipts reported for each part 9 used in steps 1 and 2 must equal the amount reported in space K.

**Step 3:** Use part 9, block B, to compute a syndicated exclusivity surcharge for any wholly or partially-permitted distant station from step 1 that is subject to this surcharge.

Address: *Library of Congress, Copyright Office, Licensing Division, 101 Independence Avenue SE, Washington, DC 20557-6400*

Tel: (202) 707-8150 (8:30 a.m.–5:00 p.m., eastern time)

Fax: (202) 707-0905

Email: [licensing@loc.gov](mailto:licensing@loc.gov)

Web: [www.copyright.gov](http://www.copyright.gov)

**THIS FORM IS EFFECTIVE FOR ACCOUNTING PERIODS BEGINNING JULY 1, 2005**  
 If you are filing for a prior accounting period, contact the Licensing Division for the correct form.

**SA3  
 Long Form**

**STATEMENT OF ACCOUNT**  
*for Secondary Transmissions by  
 Cable Systems (Long Form)*

General instructions are at the  
 end of this form [pages i-vii].

FOR COPYRIGHT OFFICE USE ONLY	
DATE RECEIVED	AMOUNT
	\$
	ALLOCATION NUMBER

Return to:  
 Library of Congress  
 Copyright Office  
 Licensing Division  
 101 Independence Ave. SE  
 Washington, DC 20557-6400  
 (202) 707-8150

[For courier deliveries,  
 see page i of the general  
 instructions]

<b>A</b> Accounting Period	<b>ACCOUNTING PERIOD COVERED BY THIS STATEMENT:</b> (Check one of the boxes and fill in the year date.)	
	<input type="checkbox"/> January 1–June 30 ..... (Year)	<input type="checkbox"/> July 1–December 31 ..... (Year)

<b>B</b> Owner	<b>INSTRUCTIONS:</b> Give the full legal name of the owner of the cable system in Line 1. If the owner is a subsidiary of another corporation, give the full corporate title of the subsidiary, not that of the parent corporation. In Line 2, list any other names under which the owner conducts the business of the cable system.  <input type="checkbox"/> Check here if this is the system's first filing. If not, enter the system's ID number assigned by the Licensing Division. _____	
	1	<b>LEGAL NAME OF OWNER OF CABLE SYSTEM</b>
	2	<b>BUSINESS NAME(S) OF OWNER OF CABLE SYSTEM (IF DIFFERENT):</b>
	3	<b>MAILING ADDRESS OF OWNER OF CABLE SYSTEM:</b>  (Number, street, rural route, apartment or suite number) .....  (City, town, state, zip code)

<b>C</b> System	<b>INSTRUCTIONS:</b> In line 1, give any business or trade names used to identify the business and operation of the system unless these names already appear in space B. In line 2, give the mailing address of the system, if different from the address given in space B.	
	1	<b>IDENTIFICATION OF CABLE SYSTEM:</b>
	2	<b>MAILING ADDRESS OF CABLE SYSTEM:</b>  (Number, street, rural route, apartment or suite number) .....  (City, town, state, zip code)

<b>D</b> Area Served	<b>INSTRUCTIONS:</b> List each separate community served by the cable system. A "community" is the same as a "community unit" as defined in FCC rules: "...a separate and distinct community or municipal entity (including unincorporated communities within unincorporated areas and including single, discrete unincorporated areas.)" 47 CFR §76.5(dd). <i>The first community that you list will serve as a form of system identification hereafter known as the "first community." Please use it as the first community on all future filings.</i>  Note: Entities and properties such as hotels, apartments, condominiums or mobile home parks should be reported in parentheses below the identified city.			
	<b>First Community</b>	CITY OR TOWN	STATE	CITY OR TOWN
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....
	.....	.....	.....	.....

LEGAL NAME OF OWNER OF CABLE SYSTEM:	Name
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<p><b>SECONDARY TRANSMISSION SERVICE: SUBSCRIBERS AND RATES</b></p> <p><b>In General:</b> The information in space E should cover all categories of secondary transmission service of the cable system: that is, the retransmission of television and radio broadcasts by your system to subscribers. Give information about other services (including pay cable) in space F, not here. All the facts you state must be those existing on the last day of the accounting period (June 30 or December 31, as the case may be).</p> <p><b>Number of Subscribers:</b> Both blocks in space E call for the number of subscribers to the cable system, broken down by categories of secondary transmission service. In general, you can compute the number of subscribers in each category by counting the number of billings in that category (the number of persons or organizations charged separately for the particular service at the rate indicated—not the number of sets receiving service).</p> <p><b>Rate:</b> Give the standard rate charged for each category of service. Include both the amount of the charge and the unit in which it is generally billed. (Example: "\$8/mth"). Summarize any standard rate variations within a particular rate category, but do not include discounts allowed for advance payment.</p> <p><b>Block 1:</b> In the left-hand block in space E, the form lists the categories of secondary transmission service that cable systems most commonly provide to their subscribers. Give the number of subscribers and rate for each listed category that applies to your system. <b>Note:</b> Where an individual or organization is receiving service that falls under different categories, that person or entity should be counted as a subscriber in each applicable category. Example: a residential subscriber who pays extra for cable service to additional sets would be included in the count under "Service to the first set," and would be counted once again under "Service to additional set(s)."</p> <p><b>Block 2:</b> If your cable system has rate categories for secondary transmission service that are different from those printed in block 1, (for example, tiers of services which include one or more secondary transmissions), list them, together with the number of subscribers and rates, in the right-hand block. A two or three word description of the service is sufficient.</p>						E	<p style="text-align: center;">Secondary transmission Service: Subscribers and Rates</p>
BLOCK 1			BLOCK 2				
CATEGORY OF SERVICE	NO. OF SUBSCRIBERS	RATE	CATEGORY OF SERVICE	NO. OF SUBSCRIBERS	RATE		
<p><b>Residential:</b></p> <ul style="list-style-type: none"> <li>• Service to first set .....</li> <li>• Service to additional set(s) .....</li> <li>• FM radio (if separate rate) .....</li> </ul> <p><b>Motel, hotel</b> .....</p> <p><b>Commercial</b> .....</p> <p><b>Converter</b> .....</p> <ul style="list-style-type: none"> <li>• Residential .....</li> <li>• Non-residential .....</li> </ul>							

<p><b>SERVICES OTHER THAN SECONDARY TRANSMISSIONS: RATES</b></p> <p><b>In General:</b> Space F calls for rate (not subscriber) information with respect to all your cable system's services that were not covered in space E. That is, those services that are not offered in combination with any secondary transmission service for a single fee. There are two exceptions: you do not need to give rate information concerning (1) services furnished at cost; and (2) services or facilities furnished to nonsubscribers. Rate information should include both the amount of the charge and the unit in which it is usually billed. If any rates are charged on a variable per-program basis, enter only the letters "PP" in the rate column.</p> <p><b>Block 1:</b> Give the standard rate charged by the cable system for each of the applicable services listed.</p> <p><b>Block 2:</b> List any services that your cable system furnished or offered during the accounting period that were not listed in block 1 and for which a separate charge was made or established. List these other services in the form of a brief (two or three word) description, and include the rate for each.</p>						F	<p style="text-align: center;">Services Other Than Secondary Transmissions: Rates</p>
BLOCK 1			BLOCK 2				
CATEGORY OF SERVICE	RATE	CATEGORY OF SERVICE	RATE	CATEGORY OF SERVICE	RATE		
<p><b>Continuing Services:</b></p> <ul style="list-style-type: none"> <li>• Pay cable .....</li> <li>• Pay cable—add'l channel .....</li> <li>• Fire protection .....</li> <li>• Burglar protection .....</li> </ul> <p><b>Installation: Residential</b></p> <ul style="list-style-type: none"> <li>• First set .....</li> <li>• Additional set(s) .....</li> <li>• FM radio (if separate rate) .....</li> <li>• Converter .....</li> </ul>		<p><b>Installation: Non-residential</b></p> <ul style="list-style-type: none"> <li>• Motel, hotel</li> <li>• Commercial</li> <li>• Pay cable .....</li> <li>• Pay cable—add'l channel .....</li> <li>• Fire protection .....</li> <li>• Burglar protection .....</li> </ul> <p><b>Other services:</b></p> <ul style="list-style-type: none"> <li>• Reconnect</li> <li>• Disconnect</li> <li>• Outlet relocation</li> <li>• Move to new address .....</li> </ul>					

Name LEGAL NAME OF OWNER OF CABLE SYSTEM:

G

Primary Transmitters: Television

INSTRUCTIONS:

General: In space G, identify every television station (including translator stations and low power television stations) carried by your cable system during the accounting period, except: (1) stations carried only on a part-time basis under FCC rules and regulations in effect on June 24, 1981 permitting the carriage of certain network programs [sections 76.59(d)(2) and (4), 76.61(e)(2) and (4) or 76.63 (referring to 76.61(e)(2) and (4))]; and (2) certain stations carried on a substitute program basis, as explained in the next paragraph.

Substitute Basis Stations: With respect to any distant stations carried by your cable system on a substitute program basis under specific FCC rules, regulations, or authorizations:

- Do not list the station here in space G—but do list it in space I (the Special Statement Program Log)—if the station was carried only on a substitute basis.
List the station here, and also in space I, if the station was carried both on a substitute basis and also on some other basis. For further information concerning substitute basis stations, see page v of the general instructions.

Column 1: List each station's call sign. Do not report origination program services such as HBO, ESPN, etc.

Column 2: Give the number of the channel on which the station's broadcasts are carried in its own community. This may be different from the channel on which your cable system carried the station.

Column 3: Indicate in each case whether the station is a network station, an independent station, or a noncommercial educational station, by entering the letter "N" (for network), "I" (for independent) or "E" (for noncommercial educational). For the meaning of these terms, see page iv of the general instructions.

Column 4: If the station is "distant" enter "Yes." If not, enter "No." For explanation of what a "distant station" is, see page iv of the general instructions.

Column 5: If you have entered "Yes" in column 4, you must complete column 5, stating the basis on which your cable system carried the distant station during the accounting period. Indicate by entering "LAC" if your cable system carried the distant station on a part-time basis because of lack of activated channel capacity. If you carried the channel on any other basis, enter "O." For a further explanation of these two categories, see page iv of the general instructions.

Column 6: Give the location of each station. For U.S. stations, list the community to which the station is licensed by the FCC. For Mexican or Canadian stations, if any, give the name of the community with which the station is identified.

Table with 6 columns: 1. CALL SIGN, 2. B'CAST CHANNEL NUMBER, 3. TYPE OF STATION, 4. DISTANT? (Yes or No), 5. BASIS OF CARRIAGE (If Distant), 6. LOCATION OF STATION. The table contains multiple rows of dotted lines for data entry.








<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
<b>K</b>  Gross Receipts	<p><b>GROSS RECEIPTS</b>  <b>Instructions:</b> The figure you give in this space determines the form you file and the amount you pay. Enter the total of all amounts (gross receipts) paid to your cable system by subscribers for the system's secondary transmission service (as identified in space E) during the accounting period. For a further explanation of how to compute this amount, see page vi of the general instructions.</p> <p>Gross receipts from subscribers for secondary transmission service(s) during the accounting period. ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 150px; height: 1.2em; vertical-align: middle;"></span>  <small>(Amount of gross receipts)</small></p> <p><b>IMPORTANT:</b> You must complete a statement in space P concerning gross receipts.</p>
<b>L</b>  Copyright Royalty Fee	<p><b>INSTRUCTIONS FOR COMPUTING THE COPYRIGHT ROYALTY FEE</b>          Use the blocks in this space L to determine the royalty fee you owe:</p> <ul style="list-style-type: none"> <li>• Complete block 1, showing your minimum fee.</li> <li>• Complete block 2, showing whether your system carried any distant television stations.</li> <li>• If your system did not carry any distant television stations, leave block 3 blank. Enter the amount of the minimum fee from block 1 on line 1 of block 4, and calculate the total royalty fee.</li> <li>• If your system did carry any distant television stations you must complete the applicable parts of the DSE Schedule accompanying this form and attach the schedule to your statement of account.</li> </ul> <p>▶ If part 8 or part 9, block A, of the DSE schedule was completed, the base rate fee should be entered on line 1 of block 3 below.</p> <p>▶ If part 6 of the DSE schedule was completed, the amount from line 7 of block C should be entered on line 2 in block 3 below.</p> <p>▶ If part 7 or part 9, block B, of the DSE schedule was completed, the surcharge amount should be entered on line 2 in block 4 below.</p>
Block 1	<p><b>MINIMUM FEE:</b> All cable systems with semiannual gross receipts of \$527,600 or more are required to pay at least the minimum fee, regardless of whether they carried any distant stations. This fee is 1.013 percent of the system's gross receipts for the accounting period.</p> <p>Line 1. Enter the amount of gross receipts from space K .....&gt; _____</p> <p>Line 2. Multiply the amount in line 1 by .01013          Enter the result here. ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span>          This is your minimum fee. ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p>
Block 2	<p><b>DISTANT TELEVISION STATIONS CARRIED:</b> Your answer here must agree with the information you gave in space G. If, in space G, you identified any stations as "distant" by stating "Yes" in column 4, you must check "Yes" in this block.</p> <p>• Did your cable system carry any distant television stations during the accounting period?  <input type="checkbox"/> Yes—Complete the DSE schedule.      <input type="checkbox"/> No—Leave block 3 below blank and complete line 1, block 4.</p>
Block 3	<p>Line 1. <b>BASE RATE FEE:</b> Enter the base rate fee from either part 8, section 3 or 4, or part 9, block A of the DSE schedule. If none, enter zero .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p> <p>Line 2. <b>3.75 Fee:</b> Enter the total fee from line 7, block C, Part 6 of the DSE schedule. If none, enter zero .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p> <p>Line 3. Add lines 1 and 2 and enter here .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p>
Block 4	<p>Line 1. <b>BASE RATE FEE/3.75 FEE, or MINIMUM FEE:</b> Enter either the minimum fee from block 1 or the sum of the base rate fee/3.75 fee from block 3, line 3, whichever is larger .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p> <p>Line 2. <b>SYNDICATED EXCLUSIVITY SURCHARGE:</b> Enter the fee from either part 7 (block D, section 3 or 4) or part 9 (block B) of the DSE schedule. If none, enter zero. ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p> <p>Line 3. <b>INTEREST CHARGE:</b> Enter the amount from line 4, space Q, page 9 (Interest Worksheet). ....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p> <p><b>TOTAL ROYALTY FEE.</b> Add Lines 1, 2 and 3 of block 4 and enter total here .....&gt; \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p> <p>Remit this amount via <i>electronic payment</i> payable to <i>Register of Copyrights</i>. (See page i of the general instructions for more information.)</p>



LEGAL NAME OF OWNER OF CABLE SYSTEM:	<b>Name</b>
<p><b>CHANNELS</b>  <b>INSTRUCTIONS:</b> You must give: (1) the number of channels on which the cable system carried television broadcast stations to its subscribers; and, (2) the cable system's total number of activated channels, during the accounting period.</p> <p>1. Enter the total number of channels on which the cable system carried television broadcast stations .....</p> <p>2. Enter the total number of activated channels on which the cable system carried television broadcast stations and nonbroadcast services .....</p>	<b>M</b>  <b>Channels</b>
<p><b>INDIVIDUAL TO BE CONTACTED IF FURTHER INFORMATION IS NEEDED:</b> (Identify an individual to whom we can write or call about this statement of account.)</p> <p>Name..... Telephone.....  <small>(Area code)</small></p> <p>Address.....  <small>(Number, street, rural route, apartment or suite number)</small></p> <p>.....  <small>(City, town, state, zip)</small></p> <p>Email (optional)..... Fax (optional).....</p>	<b>N</b>  <b>Contact</b>
<p><b>CERTIFICATION:</b> (This statement of account must be certified and signed in accordance with Copyright Office regulations, as explained in the general instructions.)</p> <ul style="list-style-type: none"> <li>• I, the undersigned, hereby certify that: (Check one, <i>but only one</i>, of the boxes.)</li> <li><input type="checkbox"/> <b>(Owner other than corporation or partnership)</b> I am the owner of the cable system as identified in line 1 of space B; or</li> <li><input type="checkbox"/> <b>(Agent of owner other than corporation or partnership)</b> I am the duly authorized agent of the owner of the cable system as identified in line 1 of space B, and that the owner is not a corporation or partnership; or</li> <li><input type="checkbox"/> <b>(Officer or partner)</b> I am an officer (if a corporation) or a partner (if a partnership) of the legal entity identified as owner of the cable system in line 1 of space B.</li> </ul> <p>• I have examined the statement of account and hereby declare under penalty of law that all statements of fact contained herein are true, complete, and correct to the best of my knowledge, information, and belief, and are made in good faith. [18 USC, Section 1001(1986)]</p> <p> Handwritten signature:.....</p> <p>Typed or printed name:.....</p> <p>Title:.....  <small>(Title of official position held in corporation or partnership)</small></p> <p>Date:.....</p>	<b>O</b>  <b>Certification</b>

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
-------------	--------------------------------------

<b>P</b>  Statement of Gross Receipts	<p><b>SPECIAL STATEMENT CONCERNING GROSS RECEIPTS EXCLUSION</b>                  The Satellite Home Viewer Act of 1988 amended Title 17, section 111(d)(1)(A), of the Copyright Act by adding the following sentence:                  "In determining the total number of subscribers and the gross amounts paid to the cable system for the basic service of providing secondary transmissions of primary broadcast transmitters, the system shall not include subscribers and amounts collected from subscribers receiving secondary transmissions pursuant to section 119."                   For more information on when to exclude these amounts, see the note on page vi of the general instructions.                   During the accounting period did the cable system exclude any amounts of gross receipts for secondary transmissions made by satellite carriers to satellite dish owners?</p> <p><input type="checkbox"/> NO  <input type="checkbox"/> YES. Enter the total here ..... \$ _____                  and list the satellite carrier(s) below.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; padding: 2px;">Name .....</td> <td style="width:50%; padding: 2px;">Name .....</td> </tr> <tr> <td style="padding: 2px;">Mailing address .....</td> <td style="padding: 2px;">Mailing address .....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> </table> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; padding: 2px;">Name .....</td> <td style="width:50%; padding: 2px;">Name .....</td> </tr> <tr> <td style="padding: 2px;">Mailing address .....</td> <td style="padding: 2px;">Mailing address .....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> </table>		Name .....	Name .....	Mailing address .....	Mailing address .....	.....	.....	.....	.....	Name .....	Name .....	Mailing address .....	Mailing address .....	.....	.....	.....	.....
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<b>Q</b>  Interest Assessment	<p><b>WORKSHEET FOR COMPUTING INTEREST</b>                  You must complete this worksheet for those royalty payments submitted as a result of a late payment or underpayment. For an explanation of interest assessment, see page vii general instructions.</p> <p>Line 1 Enter the amount of late payment or underpayment ..... \$ _____  <span style="float: right;">x _____ %</span></p> <p>Line 2 Multiply line 1 by the interest rate* and enter the sum here ..... _____  <span style="float: right;">x _____ days</span></p> <p>Line 3 Multiply line 2 by the number of days late and enter the sum here ..... _____  <span style="float: right;">x .00274</span></p> <p>Line 4 Multiply line 3 by .00274** enter here and on line 3, block 4, space L, (page 7) ..... \$ _____  <span style="float: right;">(interest charge)</span></p> <p>* Contact the Licensing Division at (202) 707-8150 (8:30 a.m.–5:00 p.m. eastern time, Monday–Friday except federal holidays) for the interest rate for the accounting period in which the late payment or underpayment occurred.                  ** This is the decimal equivalent of 1/365, which is the interest assessment for one day late.</p> <p>NOTE: If you are filing this worksheet covering a statement of account already submitted to the Copyright Office, please list below the owner, address, first community served, accounting period, and ID number as given in the original filing.</p> <p>Owner .....</p> <p>Address .....</p> <p>.....</p> <p>First community served .....</p> <p>Accounting period .....</p> <p>ID number .....</p>	
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## INSTRUCTIONS FOR DSE SCHEDULE

### WHAT IS A "DSE"

The term "distant signal equivalent" (DSE) refers to the numerical value given by the Copyright Act to each distant television station carried by a cable system during an accounting period. Your system's total number of DSEs determines the royalty you owe.

### FORMULAS FOR COMPUTING A STATION'S DSE

There are two different formulas for computing DSEs: (1) a basic formula for all distant stations listed in space G (page 3); and (2) a special formula for those stations carried on a substitute basis and listed in space I (page 5). (Note that, if a particular station is listed in both space G and space I, a DSE must be computed twice for that station: once under the basic formula and again under the special formula. However, a station's total DSE is not to exceed its full type-value. If this happens, contact the Licensing Division.)

### BASIC FORMULA: FOR ALL DISTANT STATIONS LISTED IN SPACE G OF SA3 (LONG FORM)

**Step 1: Determine the station's type-value.** For purposes of computing DSEs, the Copyright Act gives different values to distant stations depending upon their type. If, as shown in space G of your statement of account (page 3), a distant station is:

- Independent: its type-value is ..... 1.00
- Network: its type value is ..... 0.25
- Noncommercial educational: its type-value is ..... 0.25

Note that local stations are not counted at all in computing DSEs.

**Step 2: Calculate the station's basis of carriage value:** The DSE of a station also depends on its basis of carriage. If, as shown in space G of your Form SA3, the station was carried part-time because of lack of activated channel capacity its basis of carriage value is determined by (1) calculating the number of hours the cable system carried the station during the accounting period; and (2) dividing that number by the total number of hours the station broadcast over the air during the accounting period. The basis of carriage value for all other stations listed in space G is 1.0.

**Step 3: Multiply the result of step 1 by the result of step 2.** This gives you the particular station's DSE for the accounting period. (Note that, for stations other than those carried on a part-time basis due to lack of activated channel capacity, actual multiplication is not necessary since the DSE will always be the same as the type value.)

### SPECIAL FORMULA: FOR STATIONS LISTED IN SPACE I OF SA3 (LONG FORM)

**Step 1:** For each station, calculate the number of programs that, during the accounting period: were broadcast live by the station; and were substituted for programs deleted at the option of the cable system.

(These are programs for which you have entered "Yes" in column 2 and "P" in column 7 of space I.)

**Step 2:** Divide the result of step 1 by the total number of days in the calendar year (365—or 366 in a leap year). This gives you the particular station's DSE for the accounting period.

### TOTAL OF DSEs

In part 5 of this schedule you are asked to add up the DSEs for all of the distant television stations your cable system carried during the accounting period. This is the total sum of all DSEs computed by the basic formula and by the special formula.

### THE ROYALTY FEE

The total royalty fee is determined by calculating the minimum fee and the base rate fee. In addition, cable systems located within certain television market areas may be required to calculate the 3.75 fee and/or the Syndicated Exclusivity Charge.

**The 3.75 Fee.** If a cable system located in whole or in part within a television market added stations after June 24, 1981, that would not have been permitted under FCC rules, regulations and authorizations (hereafter referred to as "the former FCC rules") in effect on June 24, 1981, the system must compute the 3.75 fee using a formula based on the number of DSEs added. These DSEs used in computing the 3.75 fee will not be used in computing the base rate fee and Syndicated Exclusivity Surcharge.

**The Syndicated Exclusivity Surcharge.** Cable systems located in whole or in part within a major television market, as defined by FCC rules and regulations, must calculate a Syndicated Exclusivity Surcharge for the carriage of any commercial VHF station that places a grade B contour, in whole or in part, over the cable system which would have been subject to the FCC's syndicated exclusivity rules in effect on June 24, 1981.

**The Minimum Fee/Base Rate Fee/3.75% Fee.** All cable systems filing SA3 (Long Form) must pay at least the minimum fee which is 1.013% of gross receipts. The cable system pays either the minimum fee, or the sum of the base rate fee and the 3.75% fee, whichever is larger, and a Syndicated Exclusivity Surcharge, as applicable.

**What is a "Permitted" Station?** A permitted station refers to a distant station whose carriage is not subject to the 3.75% rate, but is subject to the base rate and, where applicable, the Syndicated Exclusivity Surcharge. A permitted station would include the following:

- 1) A station actually carried within any portion of a cable system prior to June 25, 1981, pursuant to the former FCC rules.
- 2) A station first carried after June 24, 1981, which could have been carried under FCC rules in effect on June 24, 1981, if such carriage would not have exceeded the market quota imposed for the importation of distant stations under those rules.
- 3) A station of the same type substituted for a carried network, noncommercial educational, or regular independent station for which a quota was or would have been imposed under FCC rules (47 CFR 76.59 (b),(c), 76.61 (b),(c),(d), and 76.63 (a) [referring to 76.61 (b),(d)]) in effect on June 24, 1981.
- 4) A station carried pursuant to an individual waiver granted between April 16, 1976, and June 25, 1981 under the FCC rules and regulations in effect on April 15, 1976.
- 5) In the case of a station carried prior to June 25, 1981, on a parttime and/or substitute basis only, that fraction of the current DSE represented by prior carriage.

**NOTE:** If your cable system carried a station which you believe qualifies as a permitted station but does not fall into one of the above categories, please attach written documentation to the statement of account detailing the basis for its classification.

**Substitution of Grandfathered Stations.** Under section 76.65 of the former FCC rules, a cable system was not required to delete any station that it was authorized to carry or was lawfully carrying prior to March 31, 1972, even if the total number of distant stations carried exceeded the market quota imposed for the importation of distant stations. Carriage of these grandfathered stations is not subject to the 3.75% rate, but is subject to the Base Rate, and where applicable, the Syndicated Exclusivity Surcharge. *The Copyright Royalty Tribunal has stated its view that, since section 76.65 of the former FCC rules would not have permitted substitution of a grandfathered station, the 3.75% Rate applies to a station substituted for a grandfathered station if carriage of the station exceeds the market quota imposed for the importation of distant stations.*

### COMPUTING THE 3.75% RATE—PART 6 OF THE DSE SCHEDULE

- Determine which distant stations were carried by the system pursuant to former FCC rules in effect on June 24, 1981.
- Identify any station carried prior to June 25, 1981, on a substitute and/or part-time basis only and complete the log to determine the portion of the DSE exempt from the 3.75% rate.
- Subtract the number of DSEs resulting from this carriage from the number of DSEs reported in part 5 of the DSE Schedule. This is the total number of DSEs subject to the 3.75% rate. Multiply these DSEs x gross receipts x .0375. This is the 3.75 fee.

### COMPUTING THE SYNDICATED EXCLUSIVITY SURCHARGE—PART 7 OF THE DSE SCHEDULE

- Determine if any portion of the cable system is located within a top 100 major television market as defined by the FCC rules and regulation in effect on June 24, 1981. If no portion of the cable system is located in a major television market, part 7 does not have to be completed.
- Determine which station(s) reported in block B, part 6 is a commercial VHF station and places a grade B contour in whole, or in part, over the cable system. If none of these stations are carried part 7 does not have to be completed.
- Determine which of those stations reported in block b, part 7 of the DSE Schedule were carried before March 31, 1972. These stations are exempt from the FCC's syndicated exclusivity rules in effect on June 24, 1981. If you qualify to calculate the royalty fee based upon the carriage of partially-distant stations, and you elect to do so, you must compute the surcharge in part 9 of this schedule.
- Subtract the exempt DSEs from the number of DSEs determined in block B of part 7. This is the total number of DSEs subject to the Syndicated Exclusivity Surcharge.
- Compute the Syndicated Exclusivity Surcharge based upon these DSEs and the appropriate formula for the system's market position.

**COMPUTING THE BASE RATE FEE—PART 8 OF THE DSE SCHEDULE**

Determine whether any of the stations you carried were partially-distant—that is, whether you retransmitted the signal of one or more stations to subscribers located within the station's local service area and, at the same time, to other subscribers located outside that area.

- If none of the stations were partially-distant, calculate your base rate fee according to the following rates—for the system's permitted DSEs as reported in block B, part 6 or from part 5, whichever is applicable.

First DSE	1.013% of gross receipts
Each of the second, third, and fourth DSEs	.668% of gross receipts
The fifth and each additional DSE	.314% of gross receipts

**PARTIALLY-DISTANT STATIONS—PART 9 OF THE DSE SCHEDULE**

- If any of the stations were partially-distant:
  1. Divide all of your subscribers into subscriber groups depending on their location. A particular subscriber group consists of all subscribers who are distant with respect to exactly the same complement of stations.
  2. Identify the communities/areas represented by each subscriber group.
  3. For each subscriber group, calculate the total number of DSEs of that group's complement of stations.

If your system is located wholly outside all major and smaller television markets, give each station's DSEs as you gave them in parts 2, 3, and 4 of the schedule; or

If any portion of your system is located in a major or smaller television market, give each station's DSE as you gave it in block B, part 6 of this schedule.

- 4. Determine the portion of the total gross receipts you reported in space K (page 7) that is attributable to each subscriber group.

- 5. Calculate a separate base rate fee for each subscriber group, using (1) the rates given above; (2) the total number of DSEs for that group's complement of stations; and (3) the amount of gross receipts attributable to that group.

6. Add together the base rate fees for each subscriber group to determine the system's total base rate fee.

7. If any portion of the cable system is located in whole or in part within a major television market, you may also need to complete part 9, block B of the Schedule to determine the Syndicated Exclusivity Surcharge.

**What To Do If You Need More Space on the DSE Schedule.** There are no printed continuation sheets for the Schedule. In most cases the blanks provided should be large enough for the necessary information. If you need more space in a particular part, make a photocopy of the page in question (identifying it as a Continuation Sheet), enter the additional information on that copy, and attach it to the DSE Schedule.

**Rounding Off DSEs.** In computing DSEs on the DSE schedule, you may round off to no less than the third decimal point. If you round off a DSE in any case, you must round off DSEs throughout the schedule as follows:

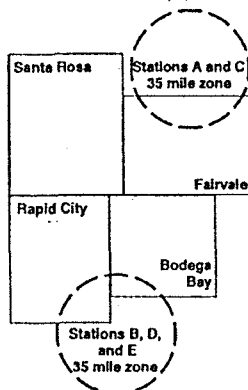
- When the fourth decimal point is 1, 2, 3, or 4 the third decimal remains unchanged (example: .34647 is rounded to .346).
- When the fourth decimal point is 5, 6, 7, 8, or 9 the third decimal is rounded up (example: .34651 is rounded to .347).

*The example below is intended to supplement the instructions for calculating only the base rate fee for partially-distant stations. The cable system would also be subject to the Syndicated Exclusivity Surcharge for partially-distant stations, if any portion is located within a major television market.*

**EXAMPLE:**

**COMPUTATION OF COPYRIGHT ROYALTY FEE FOR CABLE SYSTEM CARRYING PARTIALLY-DISTANT STATIONS**

In most cases under current FCC rules all of Fairvale would be within the local service area of both stations A and C and all of Rapid City and Bodega Bay would be within the local service area of stations B, D, and E.



Distant Stations Carried		Identification of Subscriber Groups		GROSS RECEIPTS FROM SUBSCRIBERS
STATION	DSE	CITY	OUTSIDE LOCAL SERVICE AREA OF	
A (independent)	1.0		Stations A, B, C, D, E	\$310,000.00
B (independent)	1.0	Santa Rosa	Stations A and C	100,000.00
C (part-time)	.083	Rapid City	Stations A and C	70,000.00
D (part-time)	.139	Bodega Bay	Stations B, D, and E	120,000.00
E (network)	.25	Fairvale		
<b>TOTAL DSEs</b>	<b>2.472</b>		<b>TOTAL GROSS RECEIPTS</b>	<b>\$600,000.00</b>

Minimum Fee Total Gross Receipts	\$600,000.00
	x .01013
	<u>\$6,078.00</u>

First Subscriber Group (Santa Rosa)		Second Subscriber Group (Rapid City and Bodega Bay)		Third Subscriber Group (Fairvale)	
Gross receipts	\$310,000.00	Gross receipts	\$170,000.00	Gross receipts	\$120,000.00
DSEs	2.472	DSEs	1.083	DSEs	1.389
Base rate fee	\$6,188.52	Base rate fee	\$1,816.36	Base rate fee	\$1,527.43
\$310,000 x .01013 x 1.0 =	3,140.30	\$170,000 x .01013 x 1.0 =	1,722.10	\$120,000 x .01013 x 1.0 =	1,215.60
\$310,000 x .00668 x 1.472 =	3,048.22	\$170,000 x .00668 x .083 =	94.26	\$120,000 x .00668 x .389 =	311.83
Base rate fee	<u>\$6,188.52</u>	Base rate fee	<u>\$1,816.36</u>	Base rate fee	<u>\$1,527.43</u>

Total Base Rate Fee: \$6,188.52 + \$1,816.36 + \$1,527.43 = \$9,532.31.  
 In this example, the cable system would enter \$9,532.31 in space L, block 3, line 1, (page 7).

<b>1</b> Owner	LEGAL NAME OF OWNER OF CABLE SYSTEM:																														
<b>2</b> Computation of DSEs for Category "O" Stations	<p><b>INSTRUCTIONS:</b>                      In the column headed "Call Sign": list the call signs of all distant stations identified by the letter "O" in column 5 of space G (page 3).                      In the column headed "DSE": for each independent station, give the DSE as "1.0"; for each network or noncommercial educational station, give the DSE as ".25."</p> <p style="text-align: center;"><b>CATEGORY "O" STATIONS: DSEs</b></p> <table border="1" style="width: 100%;"> <thead> <tr> <th>CALL SIGN</th> <th>DSE</th> <th>CALL SIGN</th> <th>DSE</th> <th>CALL SIGN</th> <th>DSE</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table> <p><b>SUM OF DSEs OF CATEGORY "O" STATIONS:</b>                      • Add the DSEs of each station.                      Enter the sum here and in line 1 of part 5 of this schedule. ▶ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p>	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																								
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																										

LEGAL NAME OF OWNER OF CABLE SYSTEM:	Name
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**INSTRUCTIONS FOR COMPUTATION OF DSEs FOR STATIONS CARRIED PART-TIME DUE TO LACK OF ACTIVATED CHANNEL CAPACITY**

**Column 1:** List the call sign of all distant stations identified by "LAC" in column 5 of space G (page 3).  
**Column 2:** For each station, give the number of hours your cable system carried the station during the accounting period. This figure should correspond with the information given in space J. Calculate only one DSE for each station.  
**Column 3:** For each station, give the total number of hours that the station broadcast over the air during the accounting period.  
**Column 4:** Divide the figure in column 2 by the figure in column 3, and give the result in decimals in column 4. This figure must be carried out at least to the third decimal point. This is the "basis of carriage value" for the station.  
**Column 5:** For each independent station give the "type-value" as "1.0." For each network or noncommercial educational station, give the type-value as ".25."  
**Column 6:** Multiply the figure in column 4 by the figure in column 5, and give the result in column 6. Round to no less than the third decimal point. This is the station's DSE. (For more information on rounding, see page vii of the general instructions.)

3

Computation of DSEs for Category LAC Stations

**CATEGORY LAC STATIONS: COMPUTATION OF DSEs**

1. CALL SIGN	2. NUMBER OF HOURS CARRIED BY SYSTEM	3. NUMBER OF HOURS OF STATION ON AIR	4. BASIS OF CARRIAGE VALUE	5. TYPE VALUE	6. DSE
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=
.....		+	=	X	=

**SUM OF DSEs OF CATEGORY LAC STATIONS:**  
 Add the DSEs of each station.  
 Enter the sum here and in line 2 of part 5 of this schedule,

**INSTRUCTIONS FOR COMPUTATION OF DSEs FOR SUBSTITUTE-BASIS STATIONS:**

**Column 1:** Give the call sign of each station listed in space I (page 5, the Log of Substitute Programs) if that station:  
 • Was carried by your system in substitution for a program that your system was permitted to delete under FCC rules and regulations in effect on October 19, 1976 (as shown by the letter "P" in column 7 of space I); and  
 • Broadcast one or more *live*, nonnetwork programs during that optional carriage (as shown by the word "Yes" in column 2 of space I).  
**Column 2:** For each station give the number of live, nonnetwork programs carried in substitution for programs that were deleted at your option. This figure should correspond with the information in space I.  
**Column 3:** Enter the number of days in the calendar year: 365, except in a leap year.  
**Column 4:** Divide the figure in column 2 by the figure in column 3, and give the result in column 4. Round to no less than the third decimal point. This is the station's DSE (For more information on rounding, see page vii of the general instructions.)

4

Computation of DSEs for Substitute-Basis Stations

**SUBSTITUTE-BASIS STATIONS: COMPUTATION OF DSEs**

1. CALL SIGN	2. NUMBER OF PROGRAMS	3. NUMBER OF DAYS IN YEAR	4. DSE	1. CALL SIGN	2. NUMBER OF PROGRAMS	3. NUMBER OF DAYS IN YEAR	4. DSE
.....		+	=	.....		+	=
.....		+	=	.....		+	=
.....		+	=	.....		+	=
.....		+	=	.....		+	=
.....		+	=	.....		+	=
.....		+	=	.....		+	=
.....		+	=	.....		+	=
.....		+	=	.....		+	=

**SUM OF DSEs OF SUBSTITUTE-BASIS STATIONS:**  
 Add the DSEs of each station.  
 Enter the sum here and in line 3 of part 5 of this schedule,

**TOTAL NUMBER OF DSEs:** Give the amounts from the boxes in parts 2, 3, and 4 of this schedule, and add them to provide the total number of DSEs applicable to your system.

1. Number of DSEs from part 2 . . . . .

2. Number of DSEs from part 3 . . . . .

3. Number of DSEs from part 4 . . . . .

TOTAL NUMBER OF DSEs . . . . .

5

Total Number of DSEs

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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**6**  
Computation of  
3.75 Fee

**INSTRUCTIONS:** Block A must be completed.  
In block A:  
• If your answer if "Yes," leave the remainder of part 6 and part 7 of their DSE schedule blank and complete part 8, (page 16) of the Schedule.  
• If your answer if "No," complete blocks B and C below.

**BLOCK A: TELEVISION MARKETS**

Is the cable system located wholly outside of all major and smaller markets as defined under section 76.5 of FCC rules and regulations in effect on June 24, 1981?  
 Yes — Complete part 8 of the schedule— **DO NOT COMPLETE THE REMAINDER OF PART 6 AND 7.**  
 No — Complete blocks B and C below.

**BLOCK B: CARRIAGE OF PERMITTED DSEs**

**Column 1: CALL SIGN** List the call signs of distant stations listed in part 2, 3, and 4 of this schedule that your system was permitted to carry under FCC rules and regulations prior to June 25, 1981. (Note: for further explanation of permitted station see instructions for the DSE schedule.)

**Column 2: BASIS OF PERMITTED CARRIAGE** Enter the appropriate letter indicating the basis on which you carried a permitted station. (Note the FCC rules and regulations cited below pertain to those in effect on June 24, 1981.)  
**A** Stations carried pursuant to the FCC market quota rules (76.57, 76.59(b), 76.61(b)(c), 76.63(a) referring to 76.61(b)(c))  
**B** Specialty station as defined in 76.5(kk) (76.59(d)(1), 76.61(e)(1), 76.63(a) referring to 76.61(e)(1))  
**C** Noncommercial educational station (76.59(c), 76.61(d), 76.63(a) referring to 76.61(d))  
**D** Grandfathered station (76.65) (see paragraph regarding substitution of grandfathered stations in the instructions for DSE schedule).  
**E** Carried pursuant to individual waiver of FCC rules (76.7)  
**\*F** A station previously carried on a part-time or substitute basis prior to June 25, 1981  
**G** Commercial UHF station within grade-B contour (76.59(d)(5), 76.61(e)(5), 76.63(a) referring to 76.61(e)(5))

**Column 3:** List the DSE for each distant station listed in parts 2, 3, and 4 of the schedule. \*(Note: For those stations identified by the letter "F" in column 2, you must complete the worksheet on page 14 of this schedule to determine the DSE.)

1. CALL SIGN	2. PERMITTED BASIS	3. DSE	1. CALL SIGN	2. PERMITTED BASIS	3. DSE	1. CALL SIGN	2. PERMITTED BASIS	3. DSE
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		
.....			.....			.....		

• SUM OF PERMITTED DSEs—add the DSEs of each station

**BLOCK C: COMPUTATION OF 3.75 FEE**

Do any of these DSEs represent partially permitted/ partially non-permitted carriage? If yes, see instructions on inside cover of this SA.

Line 1: Enter the total number of DSEs from part 5 of this schedule . . . . .

Line 2: Enter the sum of permitted DSEs from block B above . . . . .

Line 3: Subtract line 2 from line 1. This is the total number of DSEs subject to the 3.75 rate. (If zero, leave lines 4-7 blank and proceed to part 7 of this schedule) . . . . .

Line 4: Enter gross receipts from space K (page 7) . . . . . \$ x .0375

Line 5: Multiply line 4 by .0375 and enter sum here . . . . . \$ x

Line 6: Enter total number of DSEs from line 3 . . . . .

Line 7: Multiply line 6 by line 5 and enter here and on line 2, block 3, space L (page 7) . . . . . \$



<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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<b>7</b> <b>Computation of the Syndicated Exclusivity Surcharge</b>	<b>BLOCK D: COMPUTATION OF THE SYNDICATED EXCLUSIVITY SURCHARGE</b>	
	Section 1	Enter the amount of gross receipts from space K (page 7) ..... \$ _____
	Section 2	A. Enter the total DSEs from block B of part 7 ..... _____
		B. Enter the total number of exempt DSEs from block C of part 7..... _____
		C. Subtract line B from line A and enter here. This is the total number of DSEs subject to the surcharge computation. If zero, proceed to part 8. .... <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>
	* Is any portion of the cable system within a top 50 television market as defined by the FCC? <input type="checkbox"/> Yes—Complete section 3 below. <input type="checkbox"/> No—Complete section 4 below.	
	<b>SECTION 3: TOP 50 TELEVISION MARKET</b>	
	Section 3a	* Did your cable system retransmit the signals of any partially-distant television stations during the accounting period? <input type="checkbox"/> Yes—Complete part 9 of this schedule. <input type="checkbox"/> No—Complete the applicable section below.  If the figure in section 2, line C is 4.000 or less, compute your surcharge here and leave section 3b blank. NOTE: If the DSE is 1.0 or less, multiply the gross receipts x .00599 x the DSE. Enter the result on line A below.  A. Enter .00599 of gross receipts (the amount in section 1) ..... \$ _____ B. Enter .00377 of gross receipts (the amount in section 1) ..... \$ _____ C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here..... _____ D. Multiply line B by line C and enter here ..... _____ E. Add lines A and D. This is your surcharge. Enter here and on line 2 of block 4 in space L (page 7) Syndicated Exclusivity Surcharge ..... \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>
	Section 3b	If the figure in section 2, line C is more than 4.000, compute your surcharge here and leave section 3a blank.  A. Enter .00599 of gross receipts (the amount in section 1) ..... \$ _____ B. Enter .00377 of gross receipts (the amount in section 1) ..... \$ _____ C. Multiply line B by 3.000 and enter here..... \$ _____ D. Enter .00178 of gross receipts (the amount in section 1) ..... \$ _____ E. Subtract 4.000 from total DSEs (the figure on line C in section 2) and enter here ..... _____ F. Multiply line D by line E and enter here..... \$ _____ G. Add lines A, C, and F. This is your surcharge. Enter here and on line 2, block 4, space L (page 7) Syndicated Exclusivity Surcharge ..... \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>
	<b>SECTION 4: SECOND 50 TELEVISION MARKET</b>	
Section 4a	Did your cable system retransmit the signals of any partially-distant television stations during the accounting period? <input type="checkbox"/> Yes—Complete part 9, of the Schedule. <input type="checkbox"/> No—Complete the following sections.  If the figure in section 2, line C is 4.000 or less, compute your surcharge here and leave section 4b blank. NOTE: If the DSE is 1.0 or less, multiply the gross receipts x .003 x the DSE. Enter the result on line A below. A. Enter .00300 of gross receipts (the amount in section 1) ..... \$ _____ B. Enter .00189 of gross receipts (the amount in section 1) ..... \$ _____ C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here..... _____ D. Multiply line B by line C and enter here..... \$ _____ E. Add lines A and D. This is your surcharge. Enter here and in line 2, block 4, space L (page 7) Syndicated Exclusivity Surcharge ..... \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>	



	LEGAL NAME OF OWNER OF CABLE SYSTEM:	Name
Section 4b	<p>If the figure in section 2, line C is more than 4.000, compute your surcharge here and leave section 4a blank.</p> <p>A. Enter .00300 of gross receipts (the amount in section 1) ..... \$ _____</p> <p>B. Enter .00189 of gross receipts (the amount in section 1) ..... \$ _____</p> <p>C. Multiply line B by 3.000 and enter here ..... \$ _____</p> <p>D. Enter .00089 of gross receipts (the amount in section 1) ..... \$ _____</p> <p>E. Subtract 4.000 from the total DSEs (the figure on line C in section 2) and enter here ..... _____</p> <p>F. Multiply line D by line E and enter here ..... \$ _____</p> <p>G. Add lines A, C, and F. This is your surcharge. Enter here and on line 2, block 4, space L (page 7)</p> <p>Syndicated Exclusivity Surcharge ..... \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p>	<p style="font-size: 2em; margin: 0;">7</p> <p>Computation of the Syndicated Exclusivity Surcharge</p>

<p><b>INSTRUCTIONS:</b>                  You must complete this part of the DSE schedule for the SUM OF PERMITTED DSEs in part 6, block B; however, if block A of part 6 was checked "yes," use the total number of DSEs from part 5.</p> <ul style="list-style-type: none"> <li>• In block A, indicate, by checking "Yes" or "No," whether your system carried any partially-distant stations.</li> <li>• If your answer is "No," compute your system's base rate fee in block B. Leave part 9 blank.</li> <li>• If your answer is "Yes" (that is, if you carried one or more partially-distant stations), you must complete part 9. Leave block B below blank.</li> </ul> <p><b>What is a partially-distant station?</b> A station is "partially-distant" if, at the time your system carried it, some of your subscribers were located within that station's local service area and others were located outside that area. For the definition of a station's "local service area," see the "Distant Station" section on page iv of the general instructions.</p>	<p style="font-size: 2em; margin: 0;">8</p> <p>Computation of Base Rate Fee</p>
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**BLOCK A: CARRIAGE OF PARTIALLY-DISTANT STATIONS**

• Did your cable system retransmit the signals of any partially-distant television stations during the accounting period?

Yes—Complete part 9 of this schedule.       No—Complete the following sections.

**BLOCK B: NO PARTIALLY-DISTANT STATIONS—COMPUTATION OF BASE RATE FEE**

Section 1	Enter the amount of gross receipts from space K (page 7) ..... \$ _____	
Section 2	Enter the total number of permitted DSEs from block B, part 6 of this schedule. (If block A of part 6 was checked "yes," use the total number of DSEs from part 5.) ..... _____	
Section 3	<p>If the figure in section 2 is 4.000 or less, compute your base rate fee here and leave section 4 blank.                  NOTE: If the DSE is 1.0 or less, multiply the gross receipts x .01013 x the DSE. Enter the result on line A below.</p> <p>A. Enter .01013 of gross receipts (the amount in section 1) ..... \$ _____</p> <p>B. Enter .00668 of gross receipts (the amount in section 1) ..... \$ _____</p> <p>C. Subtract 1.000 from total DSEs (the figure in section 2) and enter here ..... _____</p> <p>D. Multiply line B by line C and enter here ..... \$ _____</p> <p>E. Add lines A, and D. This is your base rate fee. Enter here and in block 3, line 1, space L (page 7)</p> <p>Base Rate Fee ..... \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p>	

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:	
<b>8</b>	Section <b>4</b>	<p>If the figure in section 2 is <b>more than 4,000</b>, compute your base rate fee here and leave section 3 blank.</p> <p>A. Enter .01013 of gross receipts (the amount in section 1).....▶ \$ _____</p> <p>B. Enter .00668 of gross receipts (the amount in section 1).....▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here.....▶ \$ _____</p> <p>D. Enter .00314 of gross receipts (the amount in section 1).....▶ \$ _____</p> <p>E. Subtract 4.000 from total DSEs (the figure in section 2) and enter here.....▶ _____</p> <p>F. Multiply line D by line E and enter here.....▶ \$ _____</p> <p>G. Add lines A, C, and F. This is your base rate fee. Enter here and in block 3, line 1, space L (page 7)  <b>Base Rate Fee</b>.....▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p>
<b>9</b>	Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations	<p><b>In General:</b> If any of the stations you carried was partially-distant, the statute allows you, in computing your base rate fee, to exclude receipts from subscribers located within the station's local service area from your system's total gross receipts. To take advantage of this exclusion, you must</p> <p><b>First:</b> Divide all of your subscribers into subscriber groups, each group consisting entirely of subscribers that are distant to the same station or the same group of stations.</p> <p><b>Next:</b> Treat each subscriber group as if it were a separate cable system. Determine the number of DSEs and the portion of your system's gross receipts attributable to that group, and calculate a separate base rate fee for each group.</p> <p><b>Finally:</b> Add up the separate base rate fees for each subscriber group. That total is the base rate fee for your system.</p> <p><b>Important:</b> If any portion of your cable system is located within the top 100 television market and the station is <i>not exempt</i>, you must also compute a Syndicated Exclusivity Surcharge for each subscriber group. In this case, complete both block A and B below. However, if your cable system is wholly located outside all major television markets, complete block A only.</p> <p><b>How to Identify a Subscriber Group</b></p> <p><b>Step 1:</b> Determine the local service area of each wholly-distant and each partially-distant station you carried.</p> <p><b>Step 2:</b> For each wholly-distant and each partially-distant station you carried, determine which of your subscribers were located outside the station's local service area. A subscriber located outside the local service area of a station is distant to that station (and, by the same token, the station is distant to the subscriber.)</p> <p><b>Step 3:</b> Divide your subscribers into subscriber groups according to the complement of stations to which they are distant. Each subscriber group must consist entirely of subscribers who are distant to exactly the same complement of stations. Note that a cable system will have only one subscriber group when the distant stations it carried have local service areas that coincide.</p> <p><b>Computing the base rate fee for each subscriber group:</b> Block A contains separate sections, one for each of your system's subscriber groups.</p> <p>In each section:</p> <ul style="list-style-type: none"> <li>• Identify the communities/areas represented by each subscriber group.</li> <li>• Give the call sign for each of the stations in the subscriber group's complement—that is, each station that is distant to all of the subscribers in the group.</li> <li>• If:             <ol style="list-style-type: none"> <li>1) your system is located wholly outside all major and smaller television markets, give each station's DSE as you gave it in parts 2, 3, and 4 of this schedule; or,</li> <li>2) any portion of your system is located in a major or smaller television market, give each station's DSE as you gave it in block B, part 6 of this schedule.</li> </ol> </li> <li>• Add the DSEs for each station. This gives you the total DSEs for the particular subscriber group.</li> <li>• Calculate gross receipts for the subscriber group. For further explanation of gross receipts see page vi of the general instructions.</li> <li>• Compute a base rate fee for each subscriber group using the formula outline in block B of part 8 of this schedule on the preceding page. In making this computation, use the DSE and gross receipts figure applicable to the particular subscriber group (that is, the total DSEs for that group's complement of stations and total gross receipts from the subscribers in that group). You do not need to show your actual calculations on the form.</li> </ul>

LEGAL NAME OF OWNER OF CABLE SYSTEM:								Name
<b>BLOCK A: COMPUTATION OF BASE RATE FEES FOR EACH SUBSCRIBER GROUP</b>								<div style="font-size: 24pt; font-weight: bold; margin-bottom: 10px;">9</div> Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations
FIRST SUBSCRIBER GROUP				SECOND SUBSCRIBER GROUP				
COMMUNITY/ AREA .....				COMMUNITY/ AREA .....				
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
Total DSEs .....				Total DSEs .....				
Gross Receipts First Group ..... \$				Gross Receipts Second Group ..... \$				
Base Rate Fee First Group ..... \$ <span style="border: 1px solid black; display: inline-block; width: 80px; height: 20px; vertical-align: middle;"></span>				Base Rate Fee Second Group ..... \$ <span style="border: 1px solid black; display: inline-block; width: 80px; height: 20px; vertical-align: middle;"></span>				
THIRD SUBSCRIBER GROUP				FOURTH SUBSCRIBER GROUP				
COMMUNITY/ AREA .....				COMMUNITY/ AREA .....				
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	.....	.....	
Total DSEs .....				Total DSEs .....				
Gross Receipts Third Group ..... \$				Gross Receipts Fourth Group ..... \$				
Base Rate Fee Third Group ..... \$ <span style="border: 1px solid black; display: inline-block; width: 80px; height: 20px; vertical-align: middle;"></span>				Base Rate Fee Fourth Group ..... \$ <span style="border: 1px solid black; display: inline-block; width: 80px; height: 20px; vertical-align: middle;"></span>				
Base Rate Fee: Add the base rate fees for each subscriber group as shown in the boxes above. Enter here and in block 3, line 1, space L (page 7) .							<span style="border: 1px solid black; display: inline-block; width: 80px; height: 20px; vertical-align: middle;"></span>	

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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<b>9</b>	<b>BLOCK B: COMPUTATION OF SYNDICATED EXCLUSIVITY SURCHARGE FOR EACH SUBSCRIBER GROUP</b>
<p><b>Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations</b></p>	<p>If your cable system is located within a top 100 television market and the station is not exempt, you must also compute a Syndicated Exclusivity Surcharge. Indicate which major television market any portion of your cable system is located in as defined by section 76.5 of FCC rules in effect on June 24, 1981:</p> <p style="text-align: center;"> <input type="checkbox"/> First 50 major television market             <span style="margin-left: 200px;"><input type="checkbox"/> Second 50 major television market</span> </p> <p><b>INSTRUCTIONS:</b></p> <p><b>Step 1:</b> In line 1, give the total DSEs by subscriber group for commercial VHF Grade B contour stations listed in block A, part 9 of this schedule.</p> <p><b>Step 2:</b> In line 2 give the total number of DSEs by subscriber group for the VHF Grade B contour stations that were classified as Exempt DSEs in block C, part 7 of this schedule. If none enter zero.</p> <p><b>Step 3:</b> In line 3 subtract line 2 from line 1. This is the total number of DSEs used to compute the surcharge.</p> <p><b>Step 4:</b> Compute the surcharge for each subscriber group using the formula outlined in block D, section 3 or 4 of part 7 of this schedule. In making this computation use gross receipts figures applicable to the particular group. You do not need to show your actual calculations on this form.</p>

FIRST SUBSCRIBER GROUP	SECOND SUBSCRIBER GROUP
Line 1: Enter the VHF DSEs .....	Line 1: Enter the VHF DSEs .....
Line 2: Enter the Exempt DSEs .....	Line 2: Enter the Exempt DSEs .....
Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation .....	Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation .....
<b>SYNDICATED EXCLUSIVITY SURCHARGE</b> First Group ..... \$ .....	<b>SYNDICATED EXCLUSIVITY SURCHARGE</b> Second Group ..... \$ .....

THIRD SUBSCRIBER GROUP	FOURTH SUBSCRIBER GROUP
Line 1: Enter the VHF DSEs .....	Line 1: Enter the VHF DSEs .....
Line 2: Enter the Exempt DSEs .....	Line 2: Enter the Exempt DSEs .....
Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation .....	Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation .....
<b>SYNDICATED EXCLUSIVITY SURCHARGE</b> Third Group ..... \$ .....	<b>SYNDICATED EXCLUSIVITY SURCHARGE</b> Fourth Group ..... \$ .....

<b>SYNDICATED EXCLUSIVITY SURCHARGE:</b> Add the surcharge for each subscriber group as shown in the boxes above. Enter here and in block 4, line 2 of space L (page 7) ..... \$ .....
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**IF YOU ARE FILING FOR A PRIOR ACCOUNTING PERIOD,  
CONTACT THE LICENSING DIVISION FOR THE CORRECT FORM.**

**USE THIS FORM WHEN:**

- You are the owner (or represent the owner) of a cable system; and
- You are filing the semiannual statement of account required by the copyright law; and
- Your system's semiannual gross receipts for secondary transmissions (the figure you give in space K of the form) is **\$527,600 or more**; and
- You are also depositing the required semiannual royalty fee with the Licensing Division of the Copyright Office.

**IF YOUR FIGURE FOR SEMIANNUAL GROSS RECEIPTS IN SPACE K IS LESS THAN \$527,600,  
USE SA1-2 (SHORT FORM)**

## GENERAL INSTRUCTIONS FOR SA3 (LONG FORM)

### CABLE SYSTEMS AND THE COPYRIGHT LAW (P.L. 94-553)

Cable systems are subject to copyright liability for their use of copyrighted material in "secondary transmissions" (the retransmission of television and radio broadcasts to subscribers). Cable retransmissions of copyrighted programming are subject to a system of "statutory licensing." Among other things this means that twice a year the owner of a cable system must send a statement of account, together with a royalty fee, to the Licensing Division of the Copyright Office.

#### Primary Transmissions and Secondary Transmissions

In providing copyright liability for cable systems, the law draws a distinction between "primary transmissions" and "secondary transmissions":

- **Primary transmissions:** These include broadcasts by radio and television stations to the public that are retransmitted by cable systems to their subscribers.
- **Secondary transmissions:** This is the basic service of retransmitting television and radio broadcasts to subscribers. The statute requires all U.S. cable systems, regardless of how many subscribers they have or whether they are carrying any distant signals, to pay some copyright royalties. However, instead of obliging cable systems to bargain individually for each copyrighted program they retransmit, the law offers them the opportunity of obtaining a "statutory license" for secondary transmissions.

**Note:** Secondary transmissions do not include transmissions originated by a cable system (including local origination cablecasting, pay cable, program services, background music services, and originations on leased or access channels). Cable systems must negotiate for the use of any copyrighted material in the programming they originate, and their originations are not subject to statutory licensing.

### HOW TO FILE THE STATEMENT OF ACCOUNT AND ROYALTY FEE

- 1 Study the general information on these pages and read through the detailed instructions in the statement of account form itself. Before you start completing the form, make sure that you have collected all of the necessary information and that you are using the right form.
- 2 Fill out the statement of account form, giving all of the required information about your cable system and about the television and radio stations carried by it. Use a typewriter, or print the information in black ink. If you need more space, use one or more continuation sheets.
- 3 Certify the statement of account by signing at space O. The statement of account is not acceptable unless it bears the original handwritten signature of one of the persons indicated in space O as authorized to certify it under Copyright Office regulations.
- 4 Make an *electronic payment* (see note below) in the amount you have calculated in space L, to cover the copyright royalty fee. See the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html). The remittance should be payable to *Register of Copyrights*.
- 5 Send the completed statement of account, together with one legible copy of the statement of account, all continuation sheets, the DSE schedule if required to  
  
*Library of Congress  
Copyright Office  
Licensing Division  
101 Independence Avenue SE  
Washington, DC 20557-6400*  
  
For courier deliveries, see [www.copyright.gov/mail.html](http://www.copyright.gov/mail.html) for updated information.
- 6 The Copyright Office will retain your statement of account and make it a part of our public records. You should therefore keep a copy of the entire statement, as filed, in case you need it for future reference.

**Note:** For detailed instructions concerning electronic payments, contact the Licensing Division for Circular 74 which is also available online at [www.copyright.gov/circs/circ74.pdf](http://www.copyright.gov/circs/circ74.pdf)

## HOW THE STATUTORY LICENSE WORKS

In general, having a statutory license means that a cable system can retransmit broadcast programming without violating the copyright law, as long as it complies with certain paperwork requirements and, twice a year, deposits a royalty fee with the Copyright Office.

- The cable system can, without negotiated licenses or advance permission from copyright owners, retransmit signals of any U.S. television or radio stations that it is authorized to carry under FCC rules, regulations, or authorizations (plus Mexican or Canadian stations in certain cases); and
- The cable system must file statements of account with the Copyright Office and must also deposit a semiannual royalty. The amount of the royalty, which is established under a statutory formula, depends on the total of the system's gross receipts for secondary transmission service.
- Every six months the cable system must send the Copyright Office a statement of account on this form, SA3 (Long Form), or on SA1-2 (Short Form) (if the system's gross receipts for the accounting period are less than \$527,600).
- Each semiannual statement of account must be accompanied by the deposit of a royalty fee covering retransmissions during the preceding six months in the form of an electronic payment payable to *Register of Copyrights*.

### Why Having a Statutory License Is Important

Most television and radio broadcasts contain copyrighted material. Without a statutory license, a cable system would either have to negotiate licenses for all copyrighted programming it retransmits or run the risk of substantial civil (or, in some cases, criminal) liability for multiple acts of copyright infringement.

### Who Can Utilize the Statutory License

Under the statute and Copyright Office regulations, retransmissions are subject to statutory licensing only if they are made by cable systems.

- **Cable system:** A "cable system" is defined as a facility, located in any State, Territory, Trust Territory, or Possession, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service. A system that meets this definition is considered a cable system for copyright purposes, even if the FCC excludes it from being considered a cable system because of the number or nature of its subscribers or the nature of its secondary transmissions.

- **Individual cable system:** An "individual" cable system is defined generally as "each cable system recognized as a distinct entity under the rules, regulations, and practices of the Federal Communications Commission...." In addition, two or more cable facilities are considered as one individual cable system if either (A) the facilities are in contiguous communities and are under common ownership or control; or (B) the facilities operate from one headend. Thus, even if they are owned by different entities, two cable facilities will be considered as one individual cable system if they share a common headend

## WHAT A STATUTORY LICENSE DOES NOT PERMIT YOU TO DO

The statutory authority given to cable systems to retransmit television and radio broadcasts under a statutory license is limited in several ways:

- **Originations.** To repeat: a cable system's statutory license extends only to secondary transmissions (retransmissions). It does not permit the system to make any originations of copyrighted material without a negotiated license covering that material.
- **Non simultaneous retransmissions.** In general, to be subject to statutory licensing under the copyright law, a cable retransmission must be simultaneous with the broadcast being carried. As a rule, taping or other recording of the program is not permitted. Taping for delayed retransmission is permissible only for some (not all) cable systems located outside the 48 contiguous states; and, even in these exceptional cases, there are further limitations and conditions that the cable system must meet.
- **FCC violations.** The broadcast signals that a cable system can carry under a statutory license are limited to those that it is permitted to carry under FCC rules, regulations, and authorizations. If signal carriage is in violation of FCC requirements, the cable system may be subject under the Copyright Act to a separate action for copyright infringement for each unauthorized retransmission.
- **Foreign signals.** In general, the copyright law does not permit a cable system to retransmit signals of foreign television and radio stations under a statutory license. The only exceptions have to do with the signals of certain Mexican and Canadian stations. Unless foreign signals fall within these exceptions, their carriage would not be authorized under a statutory license, even if permissible under FCC rules.
- **Program alteration or commercial substitution.** Cable systems are not permitted to alter the content of retransmitted programs, or to change, delete, or substitute commercials or station announcements in or adjacent to programs being carried. There is only one exception: under certain circumstances, substitutions involving commercial advertising market research may be permitted.

### Accounting Periods

The statute establishes two six-month accounting periods for purposes of computing the royalty fee and reporting the information called for in the statement of account. The first semiannual period runs from January through June, and the second from July through December, of each calendar year. You must use these accounting periods whether or not they coincide with the beginning or ending of your cable system's fiscal year.

### Filing Dates

Cable systems are given 60 days after the close of each accounting period in which to file their statements of account and royalty fees. The following are the two filing dates you must observe each year.

- For the January–June accounting period: *File between July 1 and August 29, inclusive;*
- For the July–December accounting period: *File between January 1 and March 1, inclusive.*

**Note:** If August 29 or March 1 falls on a weekend or federal holiday, statements of account and royalty fees may be filed on the next succeeding business day.

Statements of account and royalty fees received before the end of the accounting period will not be accepted. Statements and fees received after the August 29 or March 1 deadlines will be accepted for whatever legal effect they may have, if any. The Copyright Office takes no position as to what this effect will be, and a cable system that files late runs a substantial risk.

### Refunds

Refund requests must be received within sixty days after the close of the filing period (by April 30 or October 28). Also, refund requests for late and amended payments must be received before the expiration of 60 days from the date of receipt at the Copyright Office of the royalty payment that is the subject of the request. The Debt Collection Improvement Act of 1996 requires that refunds be made through electronic funds transfer (EFT). Note: Late payments are subject to interest assessment. See page vii of the general instructions. Contact the Licensing Division for additional information.

### How Royalty Fees Are Handled

For purposes of computing the semiannual royalty fee a cable system must pay, the statute creates three brackets, depending upon the system's gross receipts from subscribers for secondary transmissions during the accounting period:

- 1 **Gross receipts of \$137,100 or less:** royalty fee of \$52;
- 2 **Gross receipts of more than \$137,100 and less than \$527,600:** royalty fee determined by a formula based on percentage of gross receipts;

- 3 **Gross receipts of \$527,600 or more:** royalty fee determined by a formula based on percentage of gross receipts and on the number of distant stations carried by the system.

A cable system is required to deposit its semiannual royalty fee with the Copyright Office at the time it files each statement of account. The royalty must be made by electronic payment, and the related statement of account must be filed by the appropriate deadline accompanied with a cover letter (see circulars 74a, 74b, and 74c). The Copyright Office transfers these fees into a special fund, which is later distributed to copyright owners as payment for the use of their works by cable systems.

### PURPOSES OF THE STATEMENT OF ACCOUNT

The law requires a cable system to file statements of account for two purposes:

- To show the basis for the semiannual royalty fee the cable system owes under its statutory license; and
- To give the information needed to allocate royalty fees among copyright owners.

Thus, some of the information you give on your statement of account has nothing to do with computing your gross receipts or deciding the amount of your royalty fee. Nevertheless, you are required to give the additional information in order to provide the basis for the second phase of the statutory license: the distribution of fees to copyright owners.

### SOME POINTS TO REMEMBER ABOUT STATUTORY LICENSES:

- As long as a cable system keeps its statutory license in force by complying with the requirements of the new copyright law, it is not obliged to negotiate individual copyright licenses for retransmission of television and radio broadcasts.
- The following are among the various ways a cable system can lose its statutory license: by failing to file the statements of account or royalty fees; by taping for delayed retransmission; by carrying signals in violation of FCC requirements; by carriage of certain foreign stations; and by altering programs or substituting commercials.
- Without a statutory license, a cable system can be sued by a copyright owner for the full range of civil remedies for copyright infringement, including injunctions, actual damages and profits, or statutory damages (of up to \$150,000 in cases of willful infringement). The statute also provides for criminal penalties in cases of willful infringements for commercial purposes.

## WHAT FACTS THE STATEMENT OF ACCOUNT SHOULD COVER

All of the information you give in a statement of account must be an accurate presentation of the facts existing during the accounting period covered by that statement (or, in certain cases, on the last day of that period).

- **Spaces D, G, H, I, and J:** List all areas served, stations carried, and certain substitute or part-time programs carried at any time during the accounting period.
- **Spaces K and M:** You should report the total of gross receipts attributable to the particular accounting period in space K. The figures requested in space M should be the appropriate totals of channels for the entire period.
- **Spaces B, C, E, and F:** Even if items of information concerning the owner, system, subscribers, or rates have changed during the accounting period, your statement of account does not need to reflect the change. Give only the facts existing on the last day of the accounting period. If there were different owners during the accounting period, only the owner on the last day of the accounting period should submit a single statement of account and royalty fee payment covering the entire accounting period.

### SPACE G (Primary Transmitters: Television)

**Stations Actually Carried.** Make sure that space G lists all the television stations your system actually carried at any time during the accounting period (except as explained in space G of the form). Do not list stations that were not in fact carried during that period, even if the FCC has authorized their carriage, and even if they were carried during earlier accounting periods.

#### Low Power Television Stations

- The Copyright Act in section 111(f) delineates the local status of a low power television station as follows: "In the case of a low power television station, as defined by the rules and regulations of the Federal Communications Commission, the 'local service area of a primary transmitter' comprises the area within 35 miles of the transmitter site, except that in the case of such a station located in a standard metropolitan statistical area which has one of the 50 largest populations of all standard metropolitan statistical areas (based on the 1980 decennial census of population taken by the Secretary of Commerce), the number of miles shall be 20 miles."
- This means that a low power television station carried by a cable system within an area as defined above will be considered "local." A low power television station should be identified as "distant" in column 4 of space G if it is carried by your cable system in whole or in part beyond the low power television station's local service area.

#### Translator Stations

- **Translator Stations Must Be Listed.** For copyright purposes, a translator station is a primary transmitter not

only of any programs it originally transmits but also of all the programming it receives from its parent station and retransmits. Thus, if your cable system carried signals emanating from a translator station, you must list the translator station in space G. And, if your system separately carried signals from both a translator station and its "parent" station, both the translator and the parent station should be identified.

- **Type of Translator Station.** For any translator station listed in space G, the type of station indicated in column 3 should be that of the parent station.
- **When Translator Stations Are Distant Stations.** As explained below in these general instructions for space G, a television station is considered a distant station if the cable system is carrying the station wholly or partly beyond that station's local service area. The determination of whether a translator station should be identified as distant in column 4 of space G depends on the local service area of the translator, not that of the parent station.

**Definitions of Types of Stations:** Under the Copyright Act, the terms used in connection with column 3 of space G mean the following:

- **Network station:** a television broadcast station that is owned or operated by, or affiliated with, one or more of the television networks in the United States providing nationwide transmissions, and that transmits a substantial part of the programming supplied by such networks for a substantial part of the station's typical broadcast day.
- **Independent station:** a commercial television broadcast station other than a network station. For purposes of determining a station's type value this category includes all specialty, Canadian and Mexican stations.
- **Noncommercial educational station:** a television station that either: (1) is licensed by the FCC as a non-commercial educational broadcast station and is owned and operated by a public agency or nonprofit private foundation, corporation, or association; or (2) is owned and operated by a municipality and transmits only noncommercial programs for educational purposes.

**Distant Station:** A television station should be identified as "distant" in column 4 if it is carried by your cable system in whole or in part beyond that station's "local service area." A television station's local service area is the area within which the station is entitled to insist upon its signal being retransmitted by a cable system pursuant to rules, regulations, and authorizations of the Federal Communications Commission in effect on April 15, 1976. Effective July 1, 1994, a station's local service area also includes the station's television market as defined in section 76.55(e) of title 47, *Code of Federal Regulations* (as in effect on September 18, 1993), or any modifications to such television market made, on or after September 18, 1993, pursuant to section 76.55(e) or 76.59 of title 47 of the *Code of Federal Regulations*.



**Basis of Carriage of Distant Stations:** In column 5 of space G you are asked to identify the basis on which you carried the signals of distant television stations during the accounting period. The two categories are as follows:

**LAC Part-time carriage because of lack of activated channel capacity.** In referring to this category, the Copyright Act speaks of "a station carried on a part-time basis where full-time carriage is not possible because the cable system lacks the activated channel capacity to retransmit on a full-time basis all signals which it is authorized to carry." A cable system can only claim lack of activated channel capacity (LAC) in column 5, space G if (A) all of its activated television channels are used exclusively for the secondary transmission of television signals; and (B) the number of primary television transmitters secondarily transmitted by the cable system exceeds the number of its activated television channels.

**"O" Any other basis of carriage.** This category covers all distant television stations you carried, including full-time stations, *except*:

- those identified in category LAC above;
- those carried only on a substitute basis (see the general instructions regarding the use of space I); and
- those carried only on a part-time network basis under former FCC rules cited in space G of the form.

**THREE POINTS TO REMEMBER IN CONNECTION WITH COLUMN 5 OF SPACE G:**

- 1 Due to changes in FCC rules, it is no longer possible for cable systems to specify part-time carriage of specialty and late-night programming. Carriage by your cable system on either of those bases must now be included in category "O" cited above.
- 2 The "basis of carriage" to be identified in column 5 does not include *substitute carriage*. If a station was carried *only* on a substitute basis, you need not list it in space G but you must list it in space I. A station carried on a substitute basis, *and* also on some other basis, must be logged in space G and space I.
- 3 A part-time carriage log (space J) must be provided for stations carried on a LAC basis.

**SPACE H (Primary Transmitters: Radio)**

**All-Band Carriage.** If your system carried FM radio stations on an all-band basis, you are not required to list every station that subscribers might possibly have received during the accounting period. Instead, Copyright Office regulations require you to monitor your FM transmission service at your system's headend from time to time during the accounting period and to report the generally receivable FM stations identified as a result of your monitoring.

**Stations Generally Receivable.** There are two standards for determining whether an FM station is "generally receivable":

- 1 Is the station usually carried whenever it is received at your system's headend; and
- 2 Can the station be expected to be received at the head-end, with your system's FM antenna, at least three consecutive hours each day at the same time each day, five or more days a week, for four or more weeks during any calendar quarter, with a strength of not less than fifty microvolts per meter measured at the foot of the tower or pole to which the antenna is attached?

The monitoring arrangements you set up should be aimed at determining what stations can reasonably be expected to meet these standards.

**Monitoring Activities.** It is not necessary to monitor continuously throughout the accounting period, and you are not required to make precise measurements to determine which stations in fact meet the technical standards and which do not. Your monitoring activities should take place periodically at your headend during the accounting period and you should use a good FM receiver.

**SPACE I (Substitute Carriage: Special Statement and Program Log)**

**Substitute Programs Must Be Logged and Reported.** The Copyright Act requires all cable systems to submit, with their statement of account, logs showing the times, dates, stations, and programs involved in any nonnetwork television programming that was carried in whole or in part beyond the local service area of the primary transmitter, under rules, regulations, or authorizations of the Federal Communications Commission permitting the substitution or addition of signals under certain circumstances. The applicable present and former rules and regulations are identified in item 3 which follows.

**What Programs Must Be Listed.** You must list a program in space I if all three of the following conditions apply:

- 1 **The program is a nonnetwork television program.** A "nonnetwork television program" is a program that was not being broadcast by a station as part of a network television broadcast at the time the cable system carried it.
- 2 **The program is picked up from a distant station.** A "distant station" is a television station carried by a cable system in whole or in part beyond that station's local service area. For the definition of "local service area," see the "Distant Station" section on page iv of the general instructions.
- 3 **The program was carried by the cable system in substitution for another program under FCC rules, regulations, or authorizations:**

- Where FCC rules and regulations in effect on the date of carriage require the deletion of certain programming of one station and permit substitution of programming from another distant station. That is, if a cable system is required to delete a station because of FCC program or sports exclusivity rules.
- Where the FCC rules, regulations and authorizations in effect on October 19, 1976, permit a cable system at its option, to delete programming, and authorize the system to substitute programming from another distant station. That is, if the cable system elects to delete a distant station while that station is broadcasting a program primarily of local interest to the distant community, for copyright purposes former FCC rules sections 76.61(b)(2) and 76.63 (incorporating 76.61(b)(2) continue to authorize the station to substitute the programming of any other distant station.

**NOTES:**

- 1) The provisions of the Copyright Act dealing with voluntary deletion and substitution of programs are limited to programs substituted under FCC rules, regulations, and authorizations *in effect on October 19, 1976*.
- 2) Effective January 1, 1990, the FCC amended Parts 73 and 76 of its rules relating to program exclusivity in the cable and broadcast industries.

**THERE ARE TWO DIFFERENT LOGS IN SA3 (LONG FORM):**

- The Log of Substitute Programs (block 2 of space I); and
- The Part-Time Carriage Log (space J).

**DO NOT CONFUSE THESE TWO LOGS. THEY DO NOT OVERLAP, AND THEY SHOULD BE COMPLETED SEPARATELY.**

**SPACE K (Gross Receipts)**

**What Are Gross Receipts?** The gross receipts you enter in space K are the receipts for the basic service of providing secondary transmissions of primary broadcast transmitters. *They include the full amount of monthly (or other periodic) service fees for any and all services or tiers of services which include one or more secondary transmissions of television or radio broadcast signals, for additional set fees, and for converter fees.* All such gross receipts shall be aggregated and the DSE calculations shall be made against the aggregated amount. Gross receipts for secondary transmission services do not include installation (including connection, relocation, disconnection or reconnection) fees, separate charges for security, alarm or facsimile services, charges for late payments, or charges for pay cable or other program origination services: Provided that, the origination services are not offered in combination with secondary transmission service for a single fee.

**SATELLITE CARRIER GROSS RECEIPTS EXCLUSION**

- The Satellite Home Viewer Act of 1988, Public Law 100-667, as amended by Public Law 103-369, Public Law 106-113, and Public Law 108-447 establishes a statutory license for certain secondary transmissions made by satellite carriers to satellite dish owners. Satellite carriers are subject to copyright liability for their use of copyrighted material when they make secondary transmissions (retransmissions of television broadcasts) to satellite dish owners and they make a direct or indirect charge for that service. Satellite carrier retransmissions of the copyrighted programming embodied in the signals of superstations or network stations are eligible under an operational system of statutory licensing, that is established in section 119 of the Copyright Act.
- A *satellite carrier* is defined in the Satellite Home Viewer Extension and Reauthorization Act of 2004 as "an entity that uses the facilities of a satellite or satellite service licensed by the Federal Communications Commission, and operates in the Fixed-Satellite Service under part 25 of title 47 of the *Code of Federal Regulations* or the Direct Broadcast Satellite Service under part 100 of title 47 of the *Code of Federal Regulations*, to establish and operate a channel of communications for point-to-multipoint distribution of television station signals, and that owns or leases a capacity or service on a satellite in order to provide such point-to-multipoint distribution, except to the extent that such entity provide such distribution pursuant to tariff under the Communications Act of 1934, other than for private home viewing pursuant to Section 119."
- As provided in the Satellite Home Viewer Act [amendment of section 111(d)(1)(A)], any amounts collected by a cable system/distributor from subscribers should be excluded from the cable system's determination of gross receipts received for the basic service of providing secondary transmissions of primary broadcast transmitters pursuant to the cable compulsory license, section 111 (c) to (f). This provision contemplates the situation where the same entity may be offering both satellites and cable distribution of secondary transmissions of primary broadcast transmitters.
- If a cable system offers both satellite and cable services to satellite dish owners, then it may exclude those amounts attributed to the satellite service under section 119 of the Act. Such a system should declare on page 9, the amount of gross receipts that are excluded for this service, and list the name and address of each satellite carrier in which the system has contracted as a distributor or agent to market the carrier's retransmissions service. The system should also maintain separate records of the subscriber fees received for satellite carrier retransmissions.

**Accrual Basis:** If your revenue accounts are kept on an accrual basis, the figure you give in space K should be the total of all gross receipts for secondary transmission

service accrued for the accounting period. Subtract bad debts actually written off during the period, and add previously written-off debts that were actually recovered during the period. (However, do not make adjustments for bad debts for secondary transmission service furnished before January 1, 1978.)

**Cash Basis:** If your revenue accounts are kept on a cash basis, your gross receipts are all amounts actually received during the accounting period for secondary transmission service.

### SPACE L (Copyright Royalty Fee)

The method for calculating your royalty fee depends upon whether your system carried any distant stations and, if so, the number you carried. If the system did not carry any distant stations you pay a minimum fee, which is calculated in space L.

If the system carried any distant stations, you must compute distant signal equivalents (DSEs) in parts 1 through 5 of the DSE schedule accompanying this form. Each cable system regardless of whether or not it is located in a television market area must compute a base rate fee if it carried any distant stations. This figure is computed in part 8 of the DSE schedule, and is entered in block 3 of space L. (NOTE: Unless the system is located totally outside of all television markets part 8 cannot be completed until parts 6 and 7 have been completed.) If any portion of the cable system is located within a television market area as defined by the FCC and that system carried any non-permitted distant television stations, then you must compute the 3.75% fee in part 6 of the DSE schedule. This figure is to be entered on line 2, block 3 of space L. The base rate fee and the 3.75% Fee are then added together and the sum compared to the minimum fee. Either the minimum fee or the sum of the base rate fee and the 3.75% fee (whichever is greater) is listed on line 1, block 4.

Additionally, if any portion of the cable system is located within a top 100 major market area as defined by the FCC and that system carried any distant stations, then you may

need to compute the "Syndicated Exclusivity Surcharge" in part 7 of the DSE schedule. This figure is to be entered on line 2, block 4 of space L. The total copyright royalty fee due is computed in block 4 of space L by adding together: 1) the minimum fee or the sum of the base rate fee/3.75% fee (whichever is greater), 2) the Syndicated Exclusivity Surcharge, and 3) the interest charge.

**Rounding Off DSEs.** In computing DSEs on the DSE schedule, you may round off to no less than the third decimal point. If you round off a DSE in any case, you must round off DSEs throughout the schedule as follows:

- When the fourth decimal point is 1, 2, 3 or 4 the third decimal remains unchanged—(example: .34647 is rounded to .346)
- When the fourth decimal point is 5, 6, 7, 8 or 9 the third decimal is rounded up—(example: .34651 is rounded to .347)

### Interest Charges For Underpayments and Late Payments

Underpayments or late payments received after the filing deadline shall be subject to an interest assessment. Cable systems must calculate their own interest charge. (A worksheet is provided at space Q, page 9.) The interest rate set for a specific accounting period is the U.S. Treasury Current Value of Funds Rate in effect on the first business day after the close of the filing deadline for that accounting period. Cable systems may obtain the interest rate for the applicable accounting period(s) by contacting the Licensing Division (202) 707-8150.

For underpayments and late payments the interest shall begin to accrue on the first day after the close of the filing date for that accounting period. For a late payment the accrual period ends on the date that the statement of account and proper form of payment are received in the Copyright Office. For underpayments the accrual period ends on the date appearing on the electronic payment, provided that the remittance is received in the Copyright Office within five business days of that date. **Note:** The Office shall not require, nor notify a cable system of, an interest charge of \$5.00 or less.

#### PRIVACY ACT ADVISORY STATEMENT—Required by Privacy Act of 1974 (Public Law 93-579)

**Authority for Requesting This Information:**

- Title 17, USC § 111

**Furnishing This Information is:**

- Voluntary

**But If the Information is Not Furnished:**

- It may be necessary to delay placement of this statement of account in the completed record of statements of account.

- You may be liable for civil or criminal penalties for copyright infringement with respect to retransmission of television and radio stations (17 USC §§502-506, 509-510)

**Principal Uses of Requested Information:**

- Establishment and maintenance of a public record.

- Examination of the statement of account for compliance with legal requirement

**Other Routine Uses:**

- Public inspection and copying
- Preparation of public indexes
- Preparation of search reports upon request

**Note:**

- No other advisory statement will be given you in connection with this statement of account
- Please retain a copy of this statement and refer to it if we communicate with you regarding this statement of account

**PS Exhibit \_\_\_\_ (MEK-5)**

SAMPLE STATIONS			
2004 METER STUDY			
STATION	CH	MARKET	State/ Prov.
WGN	9	CHICAGO	IL
WPIX	11	NEW YORK	NY
CBUT	2	VANCOUVER	BC
KTLA	5	LOS ANGELES	CA
WNBC	4	NEW YORK	NY
WPHL	17	PHILADELPHIA	PA
WNET	13	NYC-NEWARK	NY
WUAB	43	LORAIN	OH
WWOR	9	SECAUCUS	NJ
KTNC	42	CONCORD	CA
WGBX	44	BOSTON	MA
WPSG	57	PHILADELPHIA	PA
WHA	21	MADISON	WI
CBET	9	WINDSOR	ON
WSEE	35	ERIE	PA
WSBK	38	BOSTON	MA
CKSH	9	SHERBROOKE	QU
WKBD	50	DETROIT	MI
WKRN	2	NASHVILLE	TN
WTFX	29	PHILADELPHIA	PA
KERA	13	DALLAS	TX
KCET	28	LOS ANGELES	CA
WTTW	11	CHICAGO	IL
WGBH	2	BOSTON	MA
KGO	7	SAN FRANCISCO	CA
WXIX	19	CINCINNATI	OH
WLIW	21	GARDEN CITY	NY
KCAL	9	LOS ANGELES	CA
WIS	10	COLUMBIA	SC
KCTS	9	SEATTLE	WA
WPTO	14	OXFORD	OH
WFAA	8	DALLAS	TX
WVTV	18	MILWAUKEE	WI
WCAU	10	PHILADELPHIA	PA
WHYY	12	WILMINGTON	DE
WJZ	13	BALTIMORE	MD
CBMT	6	MONTREAL	QU
CBLT	5	TORONTO	ON
CFTO	9	TORONTO	ON
KCOP	13	LOS ANGELES	CA
WSB	2	ATLANTA	GA
WNYW	5	NEW YORK	NY
KCRA	3	SACRAMENTO	CA
KYW	3	PHILADELPHIA	PA
KTVU	2	OAKLAND	CA

KUHT	8	HOUSTON	TX
WBNS	10	COLUMBUS	OH
WPVI	6	PHILADELPHIA	PA
WDIV	4	DETROIT	MI
WCET	48	CINCINNATI	OH
WPBT	2	MIAMI	FL
WTVS	56	DETROIT	MI
KTCA	2	ST PAUL	MN
KWGN	2	DENVER	CO
KBWB	20	SAN FRANCISCO	CA
WIAT	42	BIRMINGHAM	AL
KABC	7	LOS ANGELES	CA
KRMA	6	DENVER	CO
WALA	10	MOBILE	AL
KTWU	11	TOPEKA	KS
WKMJ	68	LOUISVILLE	KY
KBNT	17	SAN DIEGO	CA
WWL	4	NEW ORLEANS	LA
WNCT	9	GREENVILLE	NC
WBBM	2	CHICAGO	IL
WTAJ	10	ALTOONA	PA
WQLN	54	ERIE	PA
WBNX	55	AKRON	OH
WDJT	58	MILWAUKEE	WI
KPRC	2	HOUSTON	TX
WDTA	53	FAYETTEVILLE	GA
WMPB	67	BALTIMORE	MD
WKNO	10	MEMPHIS	TN
WTVY	4	DOTHAN	AL
KETV	7	OMAHA	NE
WFSB	3	HARTFORD	CT
WCEU	15	NEW SMYRNA BEACH	FL
WQAD	8	MOLINE	IL
WISC	3	MADISON	WI
KOAB	3	BEND	OR
WWLP	22	SPRINGFIELD	MA
WFRV	5	GREEN BAY	WI
KBYU	11	PROVO	UT
KNXV	15	PHOENIX	AZ
CJOH	13	OTTAWA	ON
WFTE	58	SALEM	IN
WHP	21	HARRISBURG	PA
WAPK	30	KINGSPORT	TN
WPBA	30	ATLANTA	GA
WZMY	50	DERRY	NH
WAAY	31	HUNTSVILLE	AL
KETK	56	JACKSONVILLE	TX
WPXD	31	ANN ARBOR	MI
WICU	12	ERIE	PA

WGVU	35	GRAND RAPIDS	MI
WCVE	23	RICHMOND	VA
WKAR	23	EAST LANSING	MI
KSIN	27	SIOUX CITY	IA
WREX	13	ROCKFORD	IL
KTXA	21	FT WORTH	TX
WTHI	10	TERRE HAUTE	IN
WPXL	49	NEW ORLEANS	LA
WCCB	18	CHARLOTTE	NC
WLUC	6	MARQUETTE	MI
WPTY	24	MEMPHIS	TN
WALB	10	ALBANY	GA
KSTC	45	MINNEAPOLIS	MN
KMWB	23	MINNEAPOLIS	MN
WIVT	34	BINGHAMTON	NY
WHRO	15	HAMPTON	VA
WHAS	11	LOUISVILLE	KY
WEKW	52	KEENE	NH
KTEJ	19	JONESBORO	AR
WMGT	41	MACON	GA
KTFT	38	TWIN FALLS	ID
WTCE	21	FT PIERCE	FL
KTVD	20	DENVER	CO
WOTV	41	BATTLE CREEK	MI
KAKE	10	WICHITA	KS
WNJS	23	CAMDEN	NJ
WUNJ	39	WILMINGTON	NC
KVII	7	AMARILLO	TX
KTVI	2	ST LOUIS	MO
KOMU	8	COLUMBIA	MO
WNYO	49	BUFFALO	NY
WSFJ	51	NEWARK	OH
WJWB	17	JACKSONVILLE	FL
KFXK	51	LONGVIEW	TX
KTBC	7	AUSTIN	TX
WGTV	29	TRAVERSE CITY	MI
KBAK	29	BAKERSFIELD	CA
WCBS	2	NEW YORK	NY
KVUE	24	AUSTIN	TX
KBMT	12	BEAUMONT	TX
WNYA	51	PITTSFIELD	MA
KSFY	13	SIOUX FALLS	SD
KUTP	45	PHOENIX	AZ
KTNV	13	LAS VEGAS	NV
WHO	13	DES MOINES	IA
WPXV	49	NORFOLK	VA
KGWC	14	CASPER	WY
WGXA	24	MACON	GA
WILL	12	CHAMPAIGN-URBANA	IL

WNDY	23	MARION	IN
WFMZ	69	ALLENTOWN	PA
KSTS	48	SAN JOSE	CA
WUPW	36	TOLEDO	OH
KHBS	40	FT SMITH	AR
WGRZ	2	BUFFALO	NY
WMTW	8	POLAND SPRING	ME
KPXM	41	ST CLOUD	MN
WXXA	23	ALBANY	NY
KBHE	9	RAPID CITY	SD
WBKB	11	ALPENA	MI
KAAL	6	AUSTIN	MN
WQPT	24	MOLINE	IL
KODE	12	JOPLIN	MO
KDSD	16	ABERDEEN	SD
WSBN	47	NORTON	VA
WGTW	48	BURLINGTON	NJ
WJYS	62	HAMMOND	IN
KXII	12	SHERMAN	TX
KMEX	34	LOS ANGELES	CA
KLFY	10	LAFAYETTE	LA
KHQA	7	HANNIBAL	MO
KLTL	18	LAKE CHARLES	LA
WICD	15	CHAMPAIGN	IL
WVBG	25	GREENWICH	NY
KCSD	23	SIOUX FALLS	SD
KSBI	52	OKLAHOMA CITY	OK
WGBA	26	GREEN BAY	WI
WKOH	31	OWENSBORO	KY
KWWF	22	WATERLOO	IA
KWBT	19	MUSKOGEE	OK
WTCN	16	PALM BEACH	FL
KVLY	11	FARGO	ND
WMAK	7	KNOXVILLE	TN
WFLI	53	CLEVELAND	TN
WLAJ	53	LANSING	MI
KPLC	7	LAKE CHARLES	LA



**PS Exhibit \_\_\_\_\_ (MEK-6)**

<b>SAMPLE STATIONS</b>			
<b>2005 METER STUDY</b>			
<b>STATION</b>	<b>CH</b>	<b>MARKET</b>	<b>State/ Prov.</b>
WGN	9	CHICAGO	IL
WPIX	11	NEW YORK	NY
CBUT	2	VANCOUVER	BC
WUAB	43	LORAIN	OH
KTLA	5	LOS ANGELES	CA
CKSH	9	SHERBROOKE	QU
WLIW	21	GARDEN CITY	NY
WNBC	4	NEW YORK	NY
WPHL	17	PHILADELPHIA	PA
WNET	13	NYC-NEWARK	NY
CBET	9	WINDSOR	ON
KTNC	42	CONCORD	CA
WWOR	9	SECAUCUS	NJ
WGBX	44	BOSTON	MA
WKBD	50	DETROIT	MI
WPSG	57	PHILADELPHIA	PA
WSBK	38	BOSTON	MA
WTTW	11	CHICAGO	IL
WTFX	29	PHILADELPHIA	PA
KERA	13	DALLAS	TX
KCET	28	LOS ANGELES	CA
KGO	7	SAN FRANCISCO	CA
WIS	10	COLUMBIA	SC
WSEE	35	ERIE	PA
KCAL	9	LOS ANGELES	CA
KCTS	9	SEATTLE	WA
CFTO	9	TORONTO	ON
WXIX	19	NEWPORT	KY
CBMT	6	MONTREAL	QU
CBLT	5	TORONTO	ON
WFAA	8	DALLAS	TX
WJZ	13	BALTIMORE	MD
WBNS	10	COLUMBUS	OH
KCRA	3	SACRAMENTO	CA
WSB	2	ATLANTA	GA
WPTO	14	OXFORD	OH
WGBH	2	BOSTON	MA
WKRN	2	NASHVILLE	TN

STATION	CH	MARKET	State/ Prov.
KCOP	13	LOS ANGELES	CA
KUHT	8	HOUSTON	TX
WFUM	28	FLINT	MI
WCAU	10	PHILADELPHIA	PA
KOCE	50	HUNTINGTON BEACH	CA
WRNN	62	KINGSTON	NY
WDIV	4	DETROIT	MI
KICU	36	SAN JOSE	CA
WTV	18	MILWAUKEE	WI
WPBT	2	MIAMI	FL
WPVI	6	PHILADELPHIA	PA
WISN	12	MILWAUKEE	WI
KYW	3	PHILADELPHIA	PA
WXIA	11	ATLANTA	GA
WABC	7	NEW YORK	NY
WWBT	12	RICHMOND	VA
CHLT	7	SHERBROOKE	QU
WPSU	3	CLEARFIELD	PA
WUSA	9	WASHINGTON	DC
WMAQ	5	CHICAGO	IL
WYTV	33	YOUNGSTOWN	OH
WPCW	19	JEANNETTE	PA
KCNC	4	DENVER	CO
WCNY	24	SYRACUSE	NY
WNPT	8	NASHVILLE	TN
KTRK	13	HOUSTON	TX
WMEC	22	MACOMB	IL
WCCO	4	MINNEAPOLIS	MN
KSDK	5	ST LOUIS	MO
WLVT	39	ALLENTOWN	PA
WOSU	34	COLUMBUS	OH
WBGT	40	ROCHESTER	NY
WDBJ	7	ROANOKE	VA
WPCB	40	GREENSBURG	PA
WPGH	53	PITTSBURGH	PA
WMPB	67	BALTIMORE	MD
WOWT	6	OMAHA	NE
WPMT	43	YORK	PA
WCHS	8	CHARLESTON	WV
WCAX	3	BURLINGTON	VT
WRTV	6	INDIANAPOLIS	IN

STATION	CH	MARKET	State/ Prov.
KEYT	3	SANTA BARBARA	CA
KBYU	11	PROVO	UT
WWLP	22	SPRINGFIELD	MA
KTEH	54	SAN JOSE	CA
WPSD	6	PADUCAH	KY
WBNX	55	AKRON	OH
WTTV	4	BLOOMINGTON	IN
WCTI	12	NEW BERN	NC
WANE	15	FT WAYNE	IN
KRWG	22	LAS CRUCES	NM
KGTV	10	SAN DIEGO	CA
KLCS	58	LOS ANGELES	CA
KUVS	19	MODESTO	CA
WROC	8	ROCHESTER	NY
WFQX	33	CADILLAC	MI
WLIO	35	LIMA	OH
WTGS	28	HARDEEVILLE	SC
WKAR	23	EAST LANSING	MI
WLUC	6	MARQUETTE	MI
WHAM	13	ROCHESTER	NY
WPXA	14	ROME	GA
WFRZ	61	MONTGOMERY	AL
WBBJ	7	JACKSON	TN
WZZM	13	GRAND RAPIDS	MI
WAAY	31	HUNTSVILLE	AL
WEEK	25	PEORIA	IL
WJCL	22	SAVANNAH	GA
WKSO	29	SOMERSET	KY
WMYD	20	DETROIT	MI
WOI	5	AMES	IA
WOWK	13	HUNTINGTON	WV
WAGA	5	ATLANTA	GA
WMSN	47	MADISON	WI
WWUE	8	NEW ORLEANS	LA
WMQF	19	MARQUETTE	MI
WREX	13	ROCKFORD	IL
WINM	63	ANGOLA	IN
KVIA	7	EL PASO	TX
WUXP	30	NASHVILLE	TN
WSOC	9	CHARLOTTE	NC
WMGT	41	MACON	GA

STATION	CH	MARKET	State/ Prov.
WTSF	61	ASHLAND	KY
WZPX	43	BATTLE CREEK	MI
KBLN	30	GRANTS PASS	OR
WNTZ	48	NATCHEZ	MS
WGTU	29	TRAVERSE CITY	MI
KSCB	21	SIOUX FALLS	SD
WOOD	8	GRAND RAPIDS	MI
WPXD	31	ANN ARBOR	MI
WISH	8	INDIANAPOLIS	IN
KMEG	14	SIOUX CITY	IA
WUTR	20	UTICA	NY
KSNF	16	JOPLIN	MO
KOVR	13	STOCKTON	CA
KCRG	9	CEDAR RAPIDS	IA
WTTX	30	ELMIRA	NY
KDCK	21	DODGE CITY	KS
WYCN	13	NASHUA	NH
WLFV	68	GRUNDY	VA
WVNS	59	LEWISBURG	WV
KHQA	7	HANNIBAL	MO
WCIU	26	CHICAGO	IL
KNWS	51	KATY	TX
KDLT	46	SIOUX FALLS	SD
WCJB	20	GAINESVILLE	FL
WUNC	4	CHAPEL HILL	NC
CIII	6	TORONTO	ON
WUNP	36	ROANOKE RAPIDS	NC
KGNS	8	LAREDO	TX
KAKW	31	AUSTIN	TX
WHAS	11	LOUISVILLE	KY
WTXL	27	TALLAHASSEE	FL
WRAY	30	WILSON	NC
KLKN	8	LINCOLN	NE
WLFL	22	RALEIGH	NC
WNIN	9	EVANSVILLE	IN
WBUI	23	DECATUR	IL
KKRA	24	RAPID CITY	SD
KSMO	62	KANSAS CITY	MO
WTVH	5	SYRACUSE	NY
KAVU	25	VICTORIA	TX
KTMO	36	AMARILLO	TX

STATION	CH	MARKET	State/ Prov.
WICD	15	CHAMPAIGN	IL
WJZY	46	BELMONT	NC
WTJP	60	GADSDEN	AL
WTVT	13	TAMPA	FL
WRJM	67	TROY	AL
KAUT	43	OKLAHOMA CITY	OK
WAKA	8	SELMA	AL
WGNO	26	NEW ORLEANS	LA
KOCM	46	NORMAN	OK
WJHG	8	PANAMA CITY	FL
KLWY	27	CHEYENNE	WY
WMYA	40	ANDERSON	SC
WKBS	47	ALTOONA	PA
WCWJ	17	JACKSONVILLE	FL
WLED	49	LITTLETON	NH
KTNV	13	LAS VEGAS	NV
WPPX	61	WILMINGTON	DE
WINK	11	FT MYERS	FL
WOIO	19	SHAKER HEIGHTS	OH

**PS Exhibit \_\_\_\_ (MEK-7)**

# U.S. TV HOUSEHOLD ESTIMATES

## BY COUNTY WITHIN DESIGNATED MARKET AREA (DMA)

DESIGNATED MARKET AREA**	STATE	COUNTY	COUNTY SIZE *	TOTAL HOUSEHOLDS	TV HOUSEHOLDS	% TV PENE- TRATION	% OF U.S. TV HOUSEHOLDS	DESIGNATED MARKET AREA**	STATE	COUNTY	COUNTY SIZE *	TOTAL HOUSEHOLDS	TV HOUSEHOLDS	% TV PENE- TRATION	% OF U.S. TV HOUSEHOLDS	
679	DES MOINES-AMES (CONT'D)							516	ERIE			161,100	158,910	99	.145	
	IOWA								PENNSYLVANIA							
		GREENE	D	4,000	3,980				CRANFORD	M	C	35,200	34,350			
		GUTHRIE	M	4,800	4,760				ERIE	M	C	108,300	107,350			
		HAMILTON	D	6,700	6,660				WARREN	M	D	17,600	17,210			
		HARRIS	D	7,400	7,340			801	EUGENE			238,900	229,360	96	.209	
		HUMBOLDT	D	4,200	4,130				OREGON							
		JASPER	D	15,300	15,210				BENTON	C	C	31,600	29,690			
		KOSSUTH	D	6,800	6,720				COOS	C	C	27,300	26,200			
		LUCAS	D	3,800	3,760				DOUGLAS	M	C	42,300	41,130			
		MADISON	M	5,400	5,350				LANE	M	C	137,700	132,280			
		MAHASKA	D	9,000	8,850			802	KUREKA			62,800	58,380	93	.053	
		MARION	D	12,300	12,180				CALIFORNIA							
		MARSHALL	D	15,200	15,100				DEL NORTE	M	D	9,500	8,720			
		MONROE	D	3,200	3,120				HUMBOLDT	M	C	53,300	49,660			
		POCAHONTAS	D	3,400	3,370			649	KVANSVILLE			292,700	289,840	99	.264	
		POLK	M	157,800	156,620				ILLINOIS							
		POWESHIEK	M	7,800	7,700				EDWARDS	D	D	2,900	2,890			
		KINGGOLD	D	2,200	2,150				WARASH	D	D	5,200	5,140			
		STORY	M	31,700	31,270				WAYNE	D	D	7,200	7,108			
		TAYLOR	D	2,700	2,640				WHITE	D	D	6,500	6,430			
		UNION	D	5,100	5,020				INDIANA							
		WARREN	M	35,800	35,740				DUBOIS	M	D	15,600	15,490			
		WAYNE	D	2,800	2,760				GIBSON	M	D	13,400	13,300			
		WEBSTER	D	15,700	15,590				PERRY	D	D	7,500	7,430			
		WRIGHT	D	5,600	5,560				PIKE	M	C	5,200	5,110			
									POSEY	M	C	10,300	10,220			
505	DETROIT			1,962,400	1,943,930	99	1.774		SPECER	M	D	7,700	7,620			
	MICHIGAN								VANDERBURGH	M	C	72,000	71,500			
	LAFAYETTE	M	A	33,700	33,390				WARRICK	M	C	21,900	21,360			
	LIVINGSTON	M	A	65,300	64,640				KENTUCKY							
	MACOMB	M	A	337,000	335,590				DAVIESS	C	C	37,800	37,590			
	MONROE	M	A	58,400	58,080				HANCOCK	M	D	3,400	3,330			
	OAKLAND	M	A	491,400	487,520				HENDERSON	M	C	18,900	18,740			
	SANILAC	D	D	17,300	16,940				HOPKINS	D	D	19,800	19,510			
	ST CLAIR	M	A	66,500	66,050				MCLENNAN	D	D	4,100	4,050			
	WASHINGTON	M	A	137,100	133,950				MOULDERBERG	D	D	12,800	12,430			
	WAYNE	M	A	755,700	747,770				OHIO	D	D	9,300	9,170			
									UNION	M	D	6,000	5,960			
									WEBSTER	M	D	5,600	5,470			
606	DOTHEAN			100,100	98,850	99	.090		745	FAIRBANKS			34,100	31,640	93	.029
	ALABAMA								ALASKA							
	COFFEE	M	D	18,800	18,480				FAIRBANKS-PLUS	C	C	34,100	31,640			
	DALE	M	C	19,800	19,560				724	FARGO-VALLEY CITY			238,800	235,490	99	.215
	GENEVA	M	D	10,700	10,520				MINNESOTA							
	HENRY	M	D	6,900	6,810				BRCKER	M	D	12,800	12,430			
	HOUTSON	M	C	39,100	38,750				CLAY	M	C	19,600	19,510			
	GEORGIA								CLEARWATER	D	D	3,400	3,250			
	EARLY	D	D	4,800	4,730				ELIOTT	D	D	2,000	1,980			
									LAKE OF WOODS	D	D	1,900	1,820			
676	DULUTH-SUPERIOR			178,500	175,030	98	.160		MAHONEN	D	D	2,000	1,980			
	MICHIGAN								MARSHALL	D	D	4,100	4,050			
	COCKER	D	D	7,600	7,320				NORMAN	D	D	2,900	2,860			
	MINNESOTA								OTTER TAIL	D	D	23,800	23,410			
	CARLTON	M	D	13,200	13,130				PERMNINGTON	C	C	5,700	5,620			
	COOK	D	D	2,500	2,320				POLK	D	D	12,200	12,060			
	ITASCA	D	D	18,700	18,320				RED LAKE	D	D	1,800	1,750			
	KOOCHICHING	D	D	6,100	5,970				ROSHAU	D	D	6,300	6,170			
	LAKE	D	D	6,800	6,750				WILKIN	D	D	2,700	2,700			
	ST LOUIS	M	C	83,400	82,020				NORTH DAKOTA							
	WISCONSIN								BAKERS	M	D	4,600	4,550			
	ASHLAND	D	D	6,800	6,540				BENSON	M	D	2,300	2,280			
	BAYFIELD	D	D	6,500	6,200				CLAS	M	C	55,800	55,000			
	DOUGLAS	M	C	19,600	18,420				CAVALIER	D	D	1,900	1,890			
	IRON	D	D	3,200	3,180				DICKFY	D	D	2,200	2,180			
	SANTYR	D	D	7,100	6,860				EDDY	D	D	1,100	1,080			
									FOSTER	D	D	2,400	2,390			
765	EL PASO (LAS CRUCES)			292,400	288,440	99	.263		GLAND FORKS	C	C	25,500	25,260			
	NEW MEXICO								GRIFFS	D	D	1,100	1,090			
	DONA ANA	C	C	64,700	62,840				LA MOURE	D	D	1,900	1,890			
	TRIAS								NELSON	D	D	1,500	1,490			
	CULBERSON	D	D	1,000	980				PERKINS	D	D	3,500	3,370			
	EL PASO	M	B	225,600	223,550				RANSBY	D	D	4,800	4,750			
	HUDSPETH	D	D	1,100	1,070				RANSON	D	D	2,400	2,370			
									RICHLAND	D	D	6,900	6,820			
565	ELMIRA (CORNING)			100,200	98,270	98	.090		SARGENT	D	D	1,800	1,770			
	NEW YORK								STEELE	D	D	800	790			
	CHEMUNO	M	C	35,700	35,450				STUTSMAN	D	D	8,900	8,820			
	SCROYLER	D	D	7,800	7,660				TOWNER	D	D	1,100	1,090			
	STUYVEN	C	C	40,200	39,270				TRAILL	D	D	3,300	3,260			
	PENNSYLVANIA								WALSH	D	D	4,800	4,760			
	TIOGA	D	D	16,500	15,890											

M METRO COUNTY OF DMA MARKET  
NM METRO COUNTY OF NON-DMA MARKET

\* SEE PAGE A FOR COUNTY SIZE DEFINITIONS  
\*\* SEE PAGE A FOR DMA CODE AND NAME DEFINITION



**PS Exhibit \_\_\_\_\_ (MEK-8)**

Significantly-Viewed Counties – WKBD, 50, Detroit

Michigan

Genesee

WNEM-TV, 5, Bay City, MI  
WJRT-TV, 12, Flint, MI  
+WSMH, 66, Flint, MI  
#WJBK, 2, Detroit, MI<sup>24</sup>  
#WDIV, 4, Detroit, MI (formerly WWJ)<sup>25</sup>  
#WXYZ-TV, 7, Detroit, MI<sup>26</sup>  
WKBD-TV, 50, Detroit, MI  
WLNS-TV, 6, Lansing, MI (formerly WJIM)

---

Lenawee

WJBK, 2, Detroit, MI  
WDIV, 4, Detroit, MI (formerly WWJ)  
WXYZ-TV, 7, Detroit, MI  
CBET, 9, Canada (formerly CKLW)  
WKBD-TV, 50, Detroit, MI  
WTOL-TV, 11, Toledo, OH  
WTVG, 13, Toledo, OH (formerly WSPD)  
WNWO-TV, 24, Toledo, OH (formerly WDHO)  
+WUPW, 36, Toledo, OH

---

Ohio

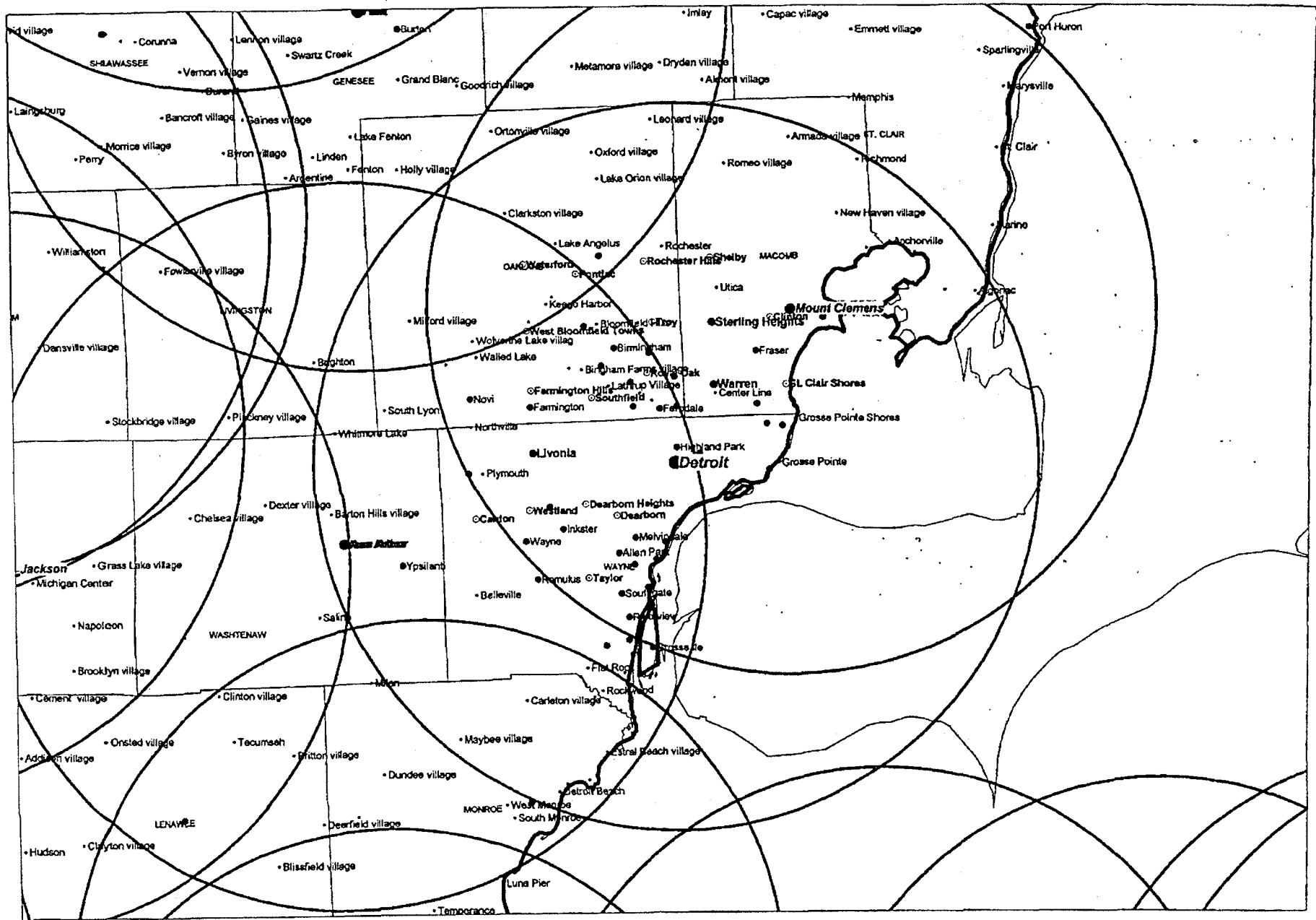
Lucas

WTOL-TV, 11, Toledo, OH  
WTVG, 13, Toledo, OH (formerly WSPD)  
WNWO-TV, 24, Toledo, OH (formerly WDHO)  
+WUPW, 36, Toledo, OH  
WJBK, 2, Detroit, MI  
WXYZ-TV, 7, Detroit, MI  
+WKBD-TV, 50, Detroit, MI

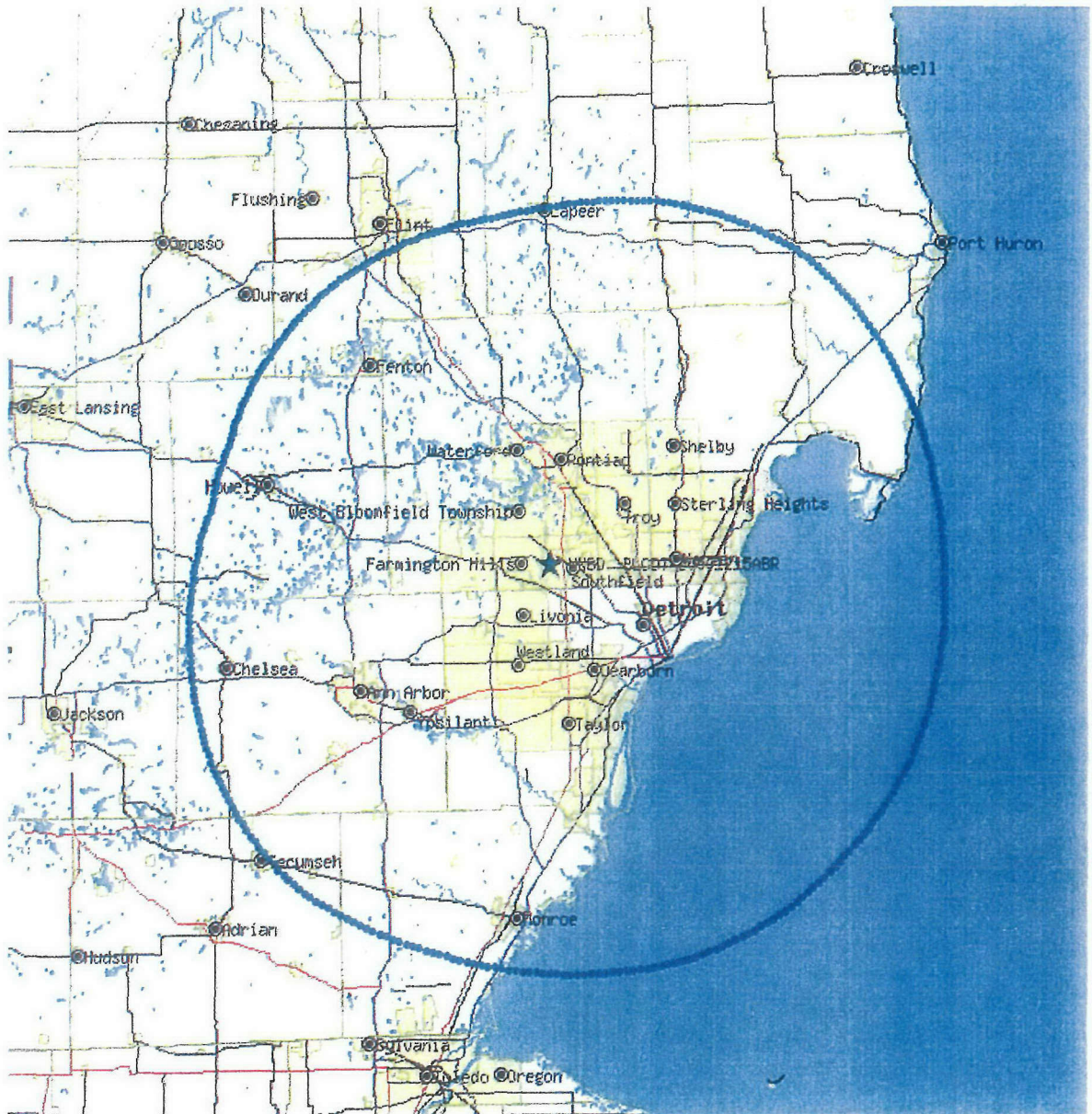
Wood

WTOL-TV, 11, Toledo, OH  
WTVG, 13, Toledo, OH (formerly WSPD)  
WNWO-TV, 24, Toledo, OH (formerly WDHO)  
+WUPW, 36, Toledo, OH  
WKBD-TV, 50, Detroit, MI

**PS Exhibit \_\_\_\_ (MEK-9)**



**PS Exhibit \_\_\_\_ (MEK-10)**



**PS Exhibit \_\_\_\_ (MEK-11)**



Audio and Video Divisions

FM and TV Service Contour Maps

(202)-418-2700

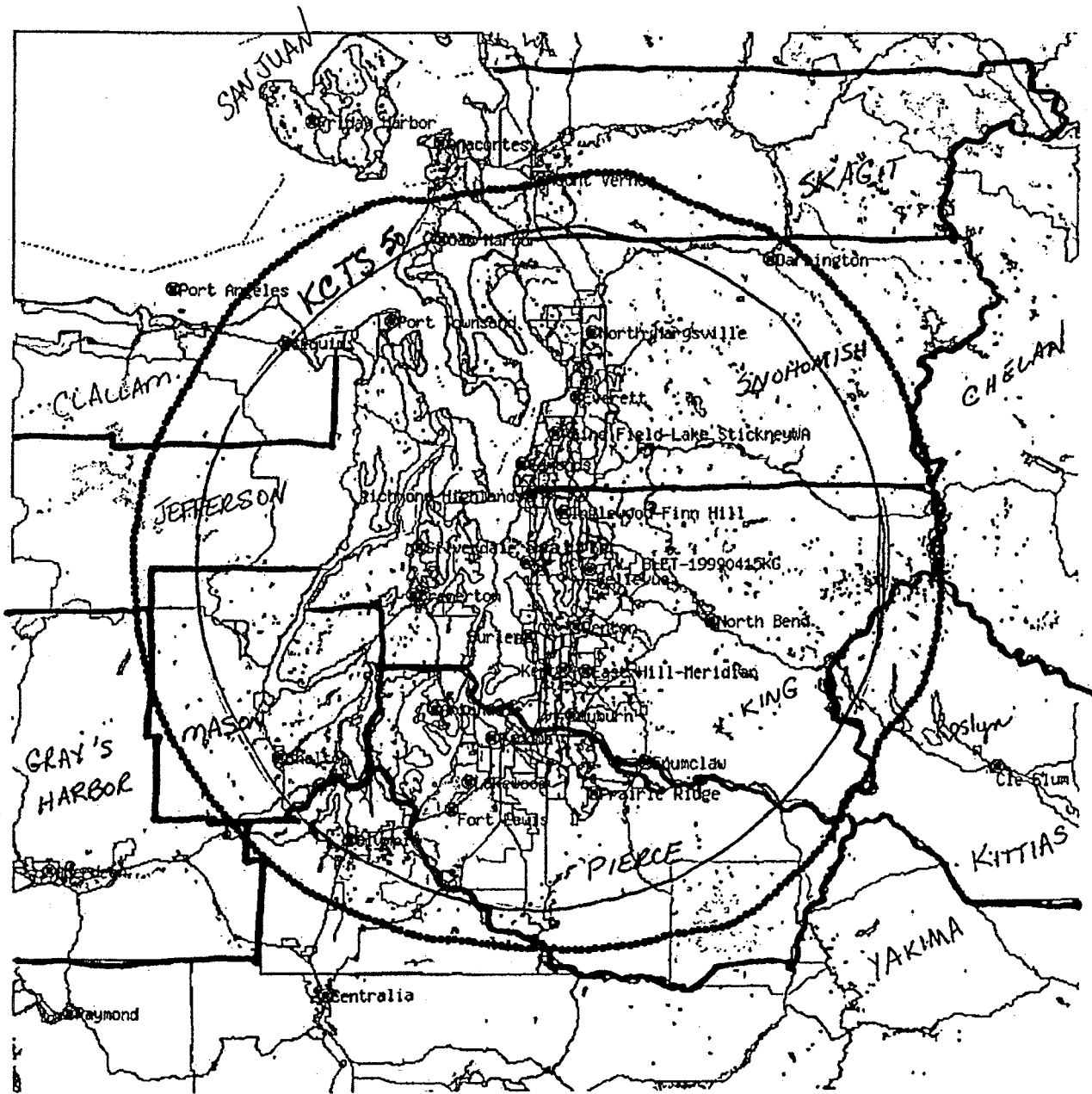
FCC > MB > Audio Division - Video Division

FM Query

TV Query

FCC site map

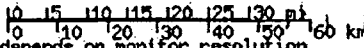
Service Area on a Tiger Census Map





**LEGEND**

— State	□ Military Area
— County	□ National Park
▣ Lake/Pond/Ocean	□ City
— Expressway	— County
— Highway	
— Connector	
▣ Stream	

Scale 1:1033553  160  
 \*average--true scale depends on monitor resolution

**KCTS-TV WA SEATTLE USA 56 dBu service contour**

Licensee: KCTS TELEVISION  
 Service Designation: TV NTSC (analog) television station

Channel: 9 186 - 192 MHz Licensed  
 File No.: BLET-19990415KG Facility ID number: 33749  
 CDBS Application ID No.: 283910

TV Query: [Detailed Record for this map](#) [All current records for KCTS-TV](#)

CDBS: [Station Info](#) [Application Info](#) [Mailing Address](#) [Assignments and Transfers](#)  
[Application List](#) [CDBS Search Page](#) [Ownership Info](#) [EEO](#) [Call Sign Changes](#)

Site: [Region Map](#) [Area Map](#) [Local Map](#)  
 Area: [Service Contour Map \(56 dBu\)](#) [Alternate Map Link](#)

ULS: [Related facilities in ULS](#)  
[ASRNs within 0.5 km radius](#)

General Information about the FM and TV Service Area Maps

---

[FCC Home](#) | [Search](#) | [Updates](#) | [E-Filing](#) | [Initiatives](#) | [For Consumers](#) | [Find People](#)

---

Please send comments via standard mail to the Federal Communications Commission, Consumer and Governmental Affairs Bureau, 445 12th Street, S.W., Washington, D.C., 20554. Questions can also be answered by calling the FCC's National Call Center, toll free, at 1-888-Call FCC (1-888-225-5322).

---

Federal Communications Commission  
 445 12th Street SW  
 Washington, DC 20554  
[More FCC Contact Information...](#)

Phone: 1-888-CALL-FCC (1-888-225-5322)  
 TTY: 1-888-TELL-FCC (1-888-835-5322)  
 Fax: 1-866-418-0232  
 E-mail: [fccinfo@fcc.gov](mailto:fccinfo@fcc.gov)

- [Privacy Policy](#)
- [Website Policies & Notices](#)
- [Required Browser Plug-ins](#)
- [Freedom of Information Act](#)

**PS Exhibit \_\_\_\_ (MEK-12)**

## CATEGORIZATION OF TELEVISION PROGRAMS

Each program is assigned to only one of the following seven categories.

### 1. LOCAL

Programs produced by or for only one commercial television station and broadcast exclusively by that one station during the calendar year.

Excluded from the category are programs comprised predominantly of syndicated elements such as music video shows, cartoon shows, "PM Magazine," and locally-hosted movie shows.

Programs such as parades, telethons, political events, etc. as well as programs that cannot be positively assigned to other categories may be included in the "Local" category if they were broadcast by a single commercial station. Care should be taken to check that such programs were not broadcast by other stations not in the study.

No program identified as having been broadcast by two or more television stations, including noncommercial stations, is to be classified "Local." All such programs are to be assigned to the appropriate category.

Examples include: "10 O'clock News," "Channel 9 News," community public affairs programming, etc.

### 2. SERIES

Programs licensed to/broadcast by at least one commercial television station during the calendar year, exclusive of programs assigned to any of the other categories.

Programs produced by/for a commercial broadcast station and broadcast by two or more broadcast stations (including commonly-owned stations) during the calendar year. The stations need not be in the study.

Programs produced by/for a commercial station which are comprised predominantly of syndicated elements, such as music video shows, cartoon shows, "PM Magazine," etc.

Examples include: "Ally McBeal," "ER," "Seinfeld," "60 Minutes," "NBC Network News," infomercials, etc.

3. DEVOTIONAL SERIES

Syndicated programs that are of a primarily religious theme.

Examples: "Old Time Gospel Hour."

4. MOVIES, SPECIALS & DOCUMENTARIES

The category includes all movies, feature films, MOWs, MFTs, etc., as well as specials and documentaries that were aired on commercial stations.

Examples include: "The Man In The Iron Mask" (movie), "Children In Crisis" (documentary), "Miss America Pageant" (special).

5. SPORTS

Play-by-play (full game) coverage of professional MLB baseball, NBA basketball, NASL soccer, NHL hockey, NFL football, NCAA basketball, and NCAA football. Other "sports-like" programming, e.g. wrestling, golf, car racing, etc. should be assigned to another category (generally local or series) as appropriate.

Example: Baltimore Orioles baseball games - Sports  
PGA Golf - Series  
WWF (and other) Wrestling - Series  
NASCAR (and other) auto racing - Series  
High School football - Local

6. OTHER

Untitled programs which, due to lack of information, cannot be assigned to any of the categories given above. This category includes such titles as "Filler," "Rain Delay," "TBA," etc.

7. NONCOMMERCIAL

All programming on noncommercial educational (PBS) stations is assigned to this category.



**TESTIMONY OF JOHN MANSELL  
COPYRIGHT ROYALTY JUDGES  
2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING  
JUNE 1, 2009**

**CORRECTED SEPTEMBER 28, 2009,  
OCTOBER 13, 2009,  
AND OCTOBER 15, 2009**

**THE MIGRATION OF LIVE TEAM SPORTS  
PROGRAMMING FROM BROADCAST  
TELEVISION TO CABLE-SATELLITE TV  
AND OTHER NEW MEDIA**

**PREPARED BY:**

**JOHN MANSELL ASSOCIATES, INC.  
1093 LORAN COURT  
GREAT FALLS, VA 22066-1533**

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## I. BACKGROUND AND EXPERIENCE

I am John Mansell, Jr., President/CEO of John Mansell Associates, Inc., a company established over 20 years ago. Until April 2007, I worked exclusively for Kagan Research and related successor companies for over 32 years. Kagan is one of the leading media research organizations in the U.S. Its vast array of publications covers many arenas of media and entertainment, including broadcast and cable television. I began my career as a newsletter editor in 1975 and was promoted to senior analyst in 1986. When I left the company, I was Kagan's lead analyst for cable TV overbuilds and competition, sports media rights and franchise valuations, communications law, and a seasoned appraiser of sports business, digital media, wireless, satellite and communications properties. I was responsible for writing, editing and contributing to several Kagan books, special reports and newsletters, including Kagan's *Wireless Broadband*, *Cable TV Law Reporter* and *Media Sports Business*. I served as moderator at Kagan events such as the Kagan Digital Media Summit and have been invited to speak at industry association conferences, including the Wireless Communications Association, National Cable TV & Telecom Association, and the Western Cable Show.

From 1984 to 2007, I wrote and edited the monthly *Media Sports Business*. This newsletter regularly reported on the evolving relationship between sports teams and the electronic media, franchise valuations, transactions, media rights fees, advertising, viewership, subscription revenue, labor relations and

stadium/arena financings. In addition to coverage of these issues in newsletters, I headed a Kagan team and contributed to a series of special reports, including *The Business of Baseball*, *The Business of Football*, *The Business of Basketball*, *The Business of Hockey*, and the *U.S. TV Sports Databook*.

Over the years, I have done consulting and/or valuations for numerous entertainment and telecommunications organizations, including sports leagues, teams, and financial entities involved in transactions with teams and leagues. I have more than 25 years of experience in analyzing the sports business and appraising sports, media and communications properties. During that period, I have appraised over \$10 billion worth of media properties on contract assignment. In addition, many more billions of dollars worth of such properties have been valued through regular informal analyses in Kagan Research's *Media Sports Business*, *Cable TV Investor: Deals & Finance*, *Motion Picture Investor*, *Broadcast Investor: Deals & Finance*, *Wireless Broadband* and *Wireless Telecom Investor* newsletters. I have based my analysis in part on personal knowledge of the media and communications industries acquired over more than three decades.

I have a B.A. in economics from the University of Michigan, 1974, received my J.D. degree in 1978 from Thomas M. Cooley Law School, and I am a member of the Michigan Bar, District of Columbia Bar and Federal Communications Bar Association.

## II. PURPOSE OF TESTIMONY

The purpose of my testimony is to analyze the changes in the carriage of “live team sports” programming (as such term is used in this proceeding) in light of evolving technology and new distribution options that compete for the attention of the consumer of live team sports programming.

In the broadest sense, sports programming is defined as the dissemination of audio and/or video of a game or contest involving individual skill or physical prowess, including baseball, football, basketball, soccer, hockey, golf, tennis, bowling, track & field, horseracing, swimming-diving, ice-skating, skiing, auto racing, boxing, wrestling, softball, lacrosse, volleyball, sailing, extreme sports, fishing and other activities.

For the purpose of the instant Phase I cable compulsory license distribution proceedings, I focus on “live team sports,” the sports programming that falls within the Joint Sports Claimants program category. That programming is a narrower subset of the broader sports programming, consisting of over-the-air television broadcasts of professional and college team sport games involving teams belonging to Major League Baseball (MLB), the National Football League (NFL), the National Basketball Association (NBA), the National Hockey League (NHL), and the National Collegiate Athletic Association (NCAA).

I have analyzed the changes in live team sports programming on television. Based on that analysis, I conclude that, over the past 20 years, the number of live team sports programming on local over-the-air TV stations has

significantly declined. At the same time, live team sports programming on cable networks and regional sports networks (RSNs) has dramatically increased. In effect, live team sports programming in general, and live team sports programming specific to this proceeding, have shifted dramatically from local over-the-air TV stations to regional sports networks and basic cable sports networks. Furthermore, the trend has accelerated since 1998-99 and there is no reason to believe that this trend will not continue.

### III. EXECUTIVE SUMMARY

By any measure, compared to 1990 and to 1998, in 2004-05 the availability of live MLB, NBA, NHL and NCAA basketball and football games to cable subscribers increasingly came from cable TV national networks and RSNs, not from over-the-air broadcast networks and local TV stations.

**A. Local TV stations versus RSNs:** Since 1990, RSNs have grown in number, subscribership and in the percentage of live MLB, NBA, and NHL games televised. In 1990, 23 RSNs served a combined 24.8 million cable TV subscribers. By the end of 2005, 34 RSNs, including overlapping networks in 10 regions, served a combined total of 145.5 million cable subscribers.

As shown in the chart below, between 1990 and 2005, the number of live game telecasts on local broadcast television declined, while the number carried by cable television RSNs increased for each of the major sports leagues. Each year, more games were televised on RSNs than were televised on local TV stations, with the trend toward RSNs accelerating over time.

<b>LOCAL BROADCAST VS. REGIONAL SPORTS NETWORK NUMBER OF MAJOR LEAGUE GAMES--1990, 1999, 2004, 2005</b>								
<b>League</b>	<b>-----1990-----</b>		<b>-----1999-----</b>		<b>-----2004-----</b>		<b>-----2005-----</b>	
	<b>Broad- cast</b>	<b>Cable RSN</b>	<b>Broad- cast</b>	<b>Cable RSN</b>	<b>Broad- cast</b>	<b>Cable RSN</b>	<b>Broad- cast</b>	<b>Cable RSN</b>
MLB	1,577	1,097	1,656	2,160	1,150	2,906	1,066	3,067
NBA	724	885	534	626	790	2,026	558	1,561
NHL	251	624	269	1,016	194	1,447	-	-

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The percentage of total televised MLB and NBA games carried by RSNs from 1990 to 2005 rose from about 41% and 55%, respectively, to nearly 75% in each case, and the percentage of NHL games has climbed from about 71% in 1990 to 88% in 2004. The NHL lockout meant no NHL games were broadcast in 2005.

<b>PERCENTAGE OF LOCAL GAMES ON REGIONAL SPORTS NETWORKS</b>				
<b>League</b>	<b>-----RSN Game Percentage-----</b>			
	<b>1990</b>	<b>1999</b>	<b>2004</b>	<b>2005</b>
MLB	41%	57%	72%	74%
NBA	55%	54%	72%	74%
NHL	71%	79%	88%	n.a.

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**B. National cable networks versus national broadcast networks:** In 1990, seven national cable networks with a combined 288 million subscribers carried sports programming. Only two were 100% sports programming. By the beginning of 2005, those numbers had more than quadrupled to 32 national sports programming networks, including 21 carrying sports programming full-time with a combined 617.1 million cable and DBS subscribers.

**C. New media:** TV station carriage of sports programming faced greater competition from increased streaming audio/video options on new distribution platforms, including video-on-demand, the Internet broadband, mobile phones, and other wireless devices.

**D. NHL 2004-05 lockout:** Obviously, the NHL lockout which resulted in cancellation of the 2004-05 NHL season, also diminished the availability of games to cable subscribers in 2004-05.

#### **IV. LOCAL BROADCASTING VERSUS CABLE REGIONAL SPORTS NETWORKS**

##### **A. Introduction**

RSNs are cable television networks whose primary, if not exclusive, content is sports programming. RSNs offer the live games of “home” teams for the region. In March 1990, there were 35 RSNs, of which seven were premium (pay-TV), five were pay-per-view, and 23 were basic and expanded basic (“basic tier”), ad-supported RSNs. At the time, according to the Paul Kagan Associates

March 31, 1990 issue of *Media Sports Business*, these RSNs reached a combined total of 28.6 million subscribers. A majority of the RSNs were controlled by two partnerships: (1) Cablevision Systems and NBC and (2) Tele-Communications and Daniels.

By the end of 2005, there were 34 RSNs, all of which were carried on the basic tier and advertising-supported, including several regions with multiple and/or overlapping networks, such as Atlanta, Baltimore, Chicago, Colorado, Florida, Los Angeles, New England, Ohio, New York, and Washington, DC. As shown in the table below, the 34 RSNs had a combined total of 145 million subscribers, a 59% increase over 1999 and a 409% increase over 1990. This reflects the fact that cable subscribers are interested in watching their home teams' games. A majority of RSNs are owned by Comcast and News Corp. (Fox Sports), sometimes in partnership with sports franchises. Also, over the past decade, two trends have developed: (1) teams have been establishing their own RSNs to broadcast their games throughout the region of most interest by viewers, and (2) there is an increasing amount of cross-ownership between cable companies, sports franchises and RSNs. By 2005, these RSNs were generating an estimated \$3.1 billion in revenue—\$2.5 billion in affiliate fees paid by cable TV and DBS companies, plus nearly \$600 million in advertising revenue, (See Kagan, *Media Sports Business*, Feb. 28, 2006).

<b>REGIONAL SPORTS NETWORK CENSUS 1999, 2005 (000)</b>			
<b>Regional Sports Network</b>	<b>-----Subscribers-----</b>		<b>Percent</b>
	<b>1999</b>	<b>2005</b>	<b>Change</b>
			<b>1999-2005</b>
FS South	7,938	11,061	49.9%
YES	n/a	11,200	n/a
SportsNet NY	n/a	n/a	n/a
Sports South	1,371	8,000	534.6%
FS Southwest	6,513	8,034	24.6%
MSGN	6,592	8,006	22.9%
FS New York	4,605	6,678	58.4%
FS West	5,215	7,155	38.4%
Sun Sports	5,217	6,279	20.6%
Prime Ticket	3,000	5,873	97.2%
Comcast Sports SE	1,500	4,500	266.7%
FS Midwest	2,435	5,200	121.8%
FS Florida	3,661	5,230	43.0%
FS Ohio	4,342	5,021	16.1%
Comcast-Chicago	3,518	4,860	39.9%
Comcast - Mid Atlantic.	5,207	4,700	-9.7%
NESN	1,590	3,950	150.0%
FS New England	3,854	3,725	1.2%
FS Bay Area	3,275	3,705	13.7%
FS Northwest	2,690	3,482	30.7%
FS Detroit	2,582	3,181	23.9%
Comcast - Philadelphia	2,670	2,983	12.5%
FS Rocky Mountain	2,974	2,834	-4.5%
SportsTime Ohio	n/a	n/a	n/a



Regional Sports Network	-----Subscribers-----		Percent Change 1999-2005
	1999	2005	
Altitude	n/a	2,500	n/a
FS Pittsburgh	2,131	2,600	8.9%
FS Arizona	1,160	2,300	100.0%
Comcast SN West	n/a	2,300	n/a
Royals TV	n/a	2,000	n/a
MASN**	n/a	425	n/a
Chicagoland	1,700	1,835	7.9%
FS North-Minnesota	n/a	1,681	n/a
FS North-Wisconsin	1,320	1,500	13.6%
The Mountain	n/a	n/a	n/a
Carolina Time Warner	n/a	898	n/a
Cox New Orleans	500	900	100.0%
Cox Cable 4 SD	768	860	12.0%
MSC	1,390	n/a	n/a
Empire	1,290	n/a	n/a
Blazer Cable	347	n/a	n/a
<b>TOTAL</b>	<b>91,355</b>	<b>145,456</b>	<b>59.2%</b>

FS = Fox Sports; \*\* denotes estimates. Name changes: Sun Sports was formerly Sunshine. Prime Ticket was formerly FS-West. Comcast-Mid-Atlantic was formerly Home Team Sports. Comcast-Chicago was FS-Chicago. SportSouth was formerly Turner South. Source: *Media Sports Business*, March 30, 2007 and May 8, 2000.

From 1999 through 2005, the number of local telecasts of MLB, NBA and NHL regular-season games on over-the-air TV stations plunged, both in absolute terms and as a percentage of the total telecasts by combined over-the-air TV stations and RSNs.

The number of live local television broadcasts of MLB, NBA and NHL games over the past 20 years has significantly plummeted for a number of reasons, including the following:

- Broadcast networks effectively restrict their affiliates from carrying nonnetwork programming;
- RSNs are able to outbid local TV stations for the local rights to MLB, NBA and NHL live team sports and NCAA basketball and football programming because RSNs have multiple revenue streams from cable/satellite TV company affiliate fees plus advertising;
- RSNs often lock-up major league sports programming by paying very high rights fees in exchange for exclusive and long-term agreements with the home teams in a region; and
- Sports teams are starting or participating in ownership of RSNs.

The divergence between an increasingly smaller number of local broadcasts and a rapidly rising number of local RSN telecasts from 1990 to 2005

is dramatic: 59.0% of 2,674 MLB games were on over-the-air in 1990, but just 25.8% of 4,133 games were broadcast over-the-air in 2005. Similarly, local stations carried 45% of all NBA regular-season basketball games in 1990-91 versus 26.3% in 2005-06.

**B. Major League Baseball Local Telecasts**

In 1990, there were 1,577 MLB games on local TV (including 299 superstation games). That number increased slightly over the next ten years, but started to decline in 2000. Between 1999 and 2005, the number of MLB games broadcast on over-the-air TV stations declined by approximately 36%, from 1,656 to 1,066. In the same period, the number of MLB games on RSNs increased by 42% from 2,160 to 3,067. With the exception of WGN based in Chicago, superstation games disappeared a decade ago, and the number of games on other local television stations has declined as well. RSNs, on the other hand, show the opposite trend, televising more games every year. Nearly 70% of all MLB games televised in 2004 and 2005 aired on RSNs versus 41% in 1990. MLB local broadcast telecasts have been declining at a compound annual growth rate (CAGR) of 2.6% per year, while RSN carriage has been rising at a 7.1% annual clip. In 2005, seven of 30 MLB teams were not carried on local TV stations, but were available on RSNs. Those local TV stations that carried MLB games telecast an average of 44 games versus 102 games shown by RSNs.

**LOCAL MAJOR LEAGUE BASEBALL TELECASTS (1990-2005)**

Year	Local Broadcast	% Change	RSN	% Change	Total	% Change	% Total Over-the-Air TV
1990	1,577	---	1,097	---	2,674	---	59.0%
1991	1,714	8.7%	1,274	16.1%	2,988	11.7%	57.4%
1992	1,632	-4.8%	1,251	-1.8%	2,883	-3.5%	56.6%
1993	1,815	11.2%	1,310	4.7%	3,125	8.4%	58.1%
*1994	1,799	-0.9%	1,355	3.4%	3,154	0.9%	57.0%
1995	1,847	2.7%	1,404	3.6%	3,251	3.1%	56.8%
1996	1,852	0.3%	1,416	0.9%	3,268	0.5%	56.7%
1997	1,686	-9.0%	1,715	21.1%	3,401	4.1%	49.6%
1998	1,651	-2.1%	2,057	19.9%	3,708	9.0%	44.5%
1999	1,656	0.3%	2,160	5.0%	3,816	2.9%	43.4%
2000	1,559	-5.9%	2,262	4.7%	3,821	0.1%	40.8%
2001	1,508	-3.3%	2,406	6.4%	3,914	2.4%	38.5%
2002	1,356	-10.1%	2,483	3.2%	3,839	-1.9%	35.3%
2003	1,236	-8.8%	2,707	9.0%	3,943	2.7%	31.3%
2004	1,150	-7.0%	2,906	7.4%	4,056	2.9%	28.4%
2005	1,066	-7.3%	3,067	5.5%	4,133	1.9%	25.8%
CAGR	-2.6%		7.1%		2.9%		-5.4%

\* Excludes games canceled due to MLB strike

**C. NBA Basketball Local Telecasts**

In the 1990-91 NBA season, 18 RSNs carried a combined 764 games on basic cable, two offered 102 games on pay sports channels, and two offered packages of pay-per-view games. That season, every NBA team had a local TV station partner and televised a combined 724 games. There was a work stoppage during the 1998-99 NBA season, so fewer NBA games were played,

and there were fewer broadcasts on both local TV and RSNs than in 1990. Nonetheless, while the number of locally televised over-the-air games climbed from 724 in 1990 to 837 in 1998, the number of locally televised NBA games declined to 558 in 2005. During that same period, games carried by RSNs went from 885 in 1990, to 1,000 in 1998, to 1,561 in 2005. In 2004-05, over-the-air TV accounted for 26.3% of local telecasts as opposed to 46.0% in 1998-99 and 45% in 1990-91. Local broadcasts have been declining at a CAGR of 1.8% while RSN telecasts have been increasing at a CAGR of 4.1%. By 2004-05, only 21 of 30 teams were carried by local TV stations, even though all but one were carried by RSNs. Local broadcast stations that did offer NBA games carried an average of 28 games, versus an average of 54 games carried on RSNs.

**LOCAL NBA BASKETBALL TELECASTS (1990-2005)**

Year	Local Broadcast	% Change	RSN	% Change	Totals	% Change	% Total Over-the Air TV
1990-91	724		885		1,609		45.0%
1991-92	700	-3.3%	919	3.8%	1,619	0.6%	43.2%
1992-93	705	0.7%	937	2.0%	1,642	1.4%	42.9%
1993-94	684	-3.0%	862	-8.0%	1,546	-5.8%	44.2%
1994-95	764	11.7%	866	0.5%	1,630	5.4%	46.9%
1995-96	831	8.8%	913	5.4%	1,744	7.0%	47.6%
1996-97	823	-1.0%	978	7.1%	1,801	3.3%	45.7%
1997-98	837	1.7%	1,000	2.2%	1,837	2.0%	45.6%
1998-99	534	-36.2%	626	-37.4%	1,160	-36.9%	46.0%
1999-00	781	-6.7%	1,197	19.7%	1,978	7.7%	39.5%
2000-01	786	0.6%	1,178	-1.6%	1,964	-0.7%	40.0%
2001-02	783	-0.4%	1,198	1.7%	1,981	0.9%	39.5%
2002-03	726	-7.3%	1,224	2.2%	1,950	-1.6%	37.2%
2003-04	790	8.8%	1,236	1.0%	2,026	3.9%	39.0%
2004-05	558	-29.4%	1,561	26.3%	2,119	4.6%	26.3%
CAGR	-1.8%		4.1%		2.0%		

Source: *Media Sports Business* and JMA research

**D. NHL Hockey Local Telecasts**

In the 1989-1990 hockey season, nine of the 14 American NHL hockey teams televised a combined 251 games. Thirteen of 14 teams carried games on RSNs—a total of 624 games, or an average of 48 per team. NHL hockey has experienced the same trend as the NBA and MLB. A lockout in 2004-05 resulted in the cancellation of the entire NHL season. Comparing 1998-99 to 2005-06,

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the number of locally televised games declined by 100 games from 269 to 169 (37.2%), while the total number of RSN games increased by 451 games, from 1,016 to 1,467 (44.4%). In other words, there were nearly 10 times as many NHL games on RSNs as on over-the-air TV. Local broadcasts have been declining at a CAGR of 2.4% while RSN telecasts have been increasing at a CAGR of 5.5%. Similar to MLB and the NBA, there has been a huge decline in over-the-air NHL games in recent years.

<b>LOCAL NHL TELECASTS (1990-2006)</b>							
<b>Year</b>	<b>Local Broadcast</b>	<b>% Change</b>	<b>RSN</b>	<b>% Change</b>	<b>Totals</b>	<b>% Change</b>	<b>% Total Broadcast</b>
1989-90	251		624		875		28.7%
1990-91	251	0.0%	618	-1.0%	869	-0.7%	28.9%
1991-92	272	8.4%	632	2.3%	904	4.0%	30.1%
1992-93	283	4.0%	703	11.2%	986	9.1%	28.7%
1993-94	316	11.7%	828	17.8%	1,144	16.0%	27.6%
1994-95	165	-47.8%	531	-35.9%	696	-39.2%	23.7%
1995-96	308	86.7%	881	65.9%	1,189	70.8%	25.9%
1996-97	337	9.4%	996	13.1%	1,333	12.1%	25.3%
1997-98	308	-8.6%	943	-5.3%	1,251	-6.2%	24.6%
1998-99	269	-12.7%	1,016	7.7%	1,285	2.7%	20.9%
1999-00	273	1.5%	1,187	16.8%	1,460	13.6%	18.7%
2000-01	262	-4.0%	1,343	13.1%	1,605	9.9%	16.3%
2001-01	283	8.0%	1,311	-2.4%	1,594	-0.7%	17.8%
2002-03	228	-19.4%	1,374	4.8%	1,602	0.5%	14.2%
2003-04	194	-14.9%	1,447	5.3%	1,641	2.4%	11.8%
2004-05	0		0		0		
2005-06*	169	-12.9%	1,467	1.4%	1,636	-0.3%	10.3%
<b>CAGR</b>	<b>-2.4%</b>		<b>5.5%</b>		<b>4.0%</b>		

\* Comparison to 2003-04.  
 Source: *Media Sports Business* and JMA research

## V. NATIONAL BROADCASTING VERSUS NATIONAL CABLE SPORTS NETWORKS

Besides televised sports games on RSNs, cable subscribers have sports available on national cable networks as well. In 1990, seven national cable networks that carried sports programming served a combined 288 million customers.

<b>NATIONAL SPORTS NETWORKS--1990</b>		
<b>Launch Date</b>	<b>Network</b>	<b>Sep-90 Subscribers (mil.)</b>
Dec-76	WTBS	55.3
Sep-79	ESPN	56.9
Oct-79	Galavision (e)	8.0
Apr-80	USA	53.7
Mar-83	The Nashville Network	51.8
Oct-88	TNT	50.3
1988	SportsChannel America	12.0
<b>Total</b>		<b>288.0</b>
Source: Kagan, <i>Economics of Basic Cable Networks</i> , 1995.		
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By the beginning of 2005, 21 full-time national cable sports networks, including 12 that had launched since 1999, had a combined total of 617.1 million subscribers. Cable sports networks like ESPN2, ESPNU, College Sports TV, The Golf Channel, The Speed Channel (motorsports), The Tennis Channel and multiple soccer channels all continued to compete for the attention of sports fans. The NBA launched its own channel in January 2003, followed by the NFL



Network in November 2003. While some of the sports programming on these new national cable sports networks was previously carried by local TV stations, other programming was being televised for the first time or had migrated from other networks. In either case, the abundance of new national sports programming during this period spurred competition for viewers who might otherwise watch major league team sports programming on over-the-air TV stations.

<b>NATIONAL CABLE SPORTS NETWORKS</b>		
<b>Launch Date</b>	<b>Network</b>	<b>Dec-04 Subscribers (mil.)</b>
Sep-79	ESPN	89.1
Oct-93	ESPN2	87.9
Jul-94	TVG Network	14.0
Jan-95	Golf Channel	66.9
May-95	ESPN-Classic	54.8
Jan-96	SPEED Channel	63.4
Nov-96	ESPNNews	42.9
Nov-96	Fox Sp. En Espanol	6.1
Nov-97	Fox Soccer Channel	26.7
Jul-99	FitTV	35.4
Jun-01	Fox College Sports	20.0
Jan-03	NBA TV	13.8
Jan-03	Horseracing TV	12.0
Feb-03	Gol TV	5.5
Apr-03	College Sports TV	7.6
May-03	Tennis Channel	11.5
Nov-03	NFL Network	24.0
Jan-04	ESPN Deportes	3.0
Feb-04	SiTV	9.1
Oct-04	Blackbelt TV	3.4
Mar-05	ESPNU	20.0
<b>TOTAL</b>		<b>617.1</b>
Source: <i>Economics of Basic Cable Networks</i> 2006 © John Mansell Associates, Inc. 2009		

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In addition, a dozen other national cable networks with a combined 825.3 million subscribers carried sports programming in 2004-05.

<b>NATIONAL NETWORKS WITH SPORTS PROGRAMS</b>		
<b>Launch Date</b>	<b>Network</b>	<b>Dec-04 Subscribers (mil.)</b>
Dec-76	TBS	88.5
Oct-79	Galavision	37.0
Apr-80	USA	88.7
Mar-83	Spike TV (formerly TNN)	88.2
Jun-85	Discovery	89.4
Feb-87	Travel Channel	77.7
Oct-88	TNT	88.8
Apr-93	The Outdoor Channel	24.8
Jun-94	FX	86.6
Jul-95	Outdoor Life Network (Versus)	61.6
Oct-96	Animal Planet	86.4
Apr-03	The Sportsman Channel	7.6
<b>TOTAL</b>		<b>825.3</b>
Source: <i>Economics of Basic Cable Networks 2006</i>		
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### A. MLB National Broadcast TV Contracts

In 1990, CBS broadcast 16 network MLB games, ESPN had 176 games, WTBS offered 109, WGN offered 190 games, WOR offered 75, and WPIX offered 75. In 1998 and 1999, Fox carried 18 baseball games and split post-season play with NBC. Also, ESPN gained rights to post-season play for the first time—six to 12 afternoon and late night divisional playoff games each season. TBS, which by 2004-05 was a cable network, carried only 80 and 72 Atlanta Braves games, respectively, in those years. WGN televised 144 (92 Chicago Cubs and 52 White Sox games) in 1998 plus 150 in 1999 (95 Chicago Cubs and 55 White Sox), but was down to 94 and 99 games, respectively, in 2004-05.

#### MLB NATIONAL & SUPERSTATION TV

	1990	1999	2004	2005
National Broadcast TV*	16	18	18	18
ESPN	176	100	160+	160+
WTBS	109	90	80	72
WGN	190	150	94	99
WOR	75			21
WPIX	75	50	50	50

\*CBS-1990; Fox-1999,2004,2005

NOTE: Does not include 1999 FX and Fox Sports Net regular-season and division series playoff games.

In late 1999, ESPN contracted through 2005 to cover 160-175 games featuring Sunday nights and Wednesday prime-time doubleheaders, September Fridays and holiday tripleheaders, plus weekly games Monday night and

Wednesday afternoon, the nightly Baseball2nite highlight shows on ESPN2, along with mid-season All-Star Game shoulder programming and Home Run Derby. Some of these telecasts were exclusive, which precluded local television stations from broadcasting them over-the-air. In 2000, MLB signed a six-year \$2.5 billion deal with Fox that included exclusive post-season and All-Star Game rights. Initially, Fox began its Game-of-the-Week coverage in June for 18 regular-season games. In 2004 and 2005, Fox had 18 regular-season games while ESPN/ESPN2 had over 160, TBS was down to 80 Atlanta Braves games, and only 94 Chicago Cubs/White Sox games were broadcast on WGN. In 2005, there were 72 Braves games on TBS and 99 Cubs/White Sox games scheduled on WGN. During that year, regional superstations WOR and WPIX televised fewer New York Yankees and New York Mets games compared to 1990.

In September 2005, ESPN agreed to a new eight-year deal for a package of 80 regular-season games on ESPN and ESPN2 from 2006 through 2013. Fox retained all post-season rights through the end of 2006. Separately, ESPN agreed to a deal for digital multimedia rights—exclusive in-progress highlights and live cut-ins as well as rights for ESPN.com, ESPN Deportes, ESPN 360 and ESPN Mobile.

#### **B. NBA National Broadcast TV-Cable Distribution**

Twenty years ago, a superstation, as defined by the NBA, was a TV station whose signal is received outside a 75-mile radius of a team's local market by more than 5% of the total number of cable subscribers. In 1998-99,

approximately 162 NBA regular-season and playoff games were televised, including 58 on NBC, approximately 60 on TNT, 24 on WTBS and 20 on WGN.

Of the 162 national telecasts during 1998-99, about 36% were aired on network TV. By 2004-05, cable networks TNT, ESPN and NBA TV were televising over 280 (83%) games per season compared to less than 10% on network TV in that same period. The number of games televised on network TV declined from 58 in 1998-99, even with the slowdown, to about 26 in 2003-04. From 1998-99 to 2003-05, the percentage of games on network TV declined by two-thirds from 36% to 9% while the percentage of games on national cable doubled from 40% to 82%.

<b>NBA NATIONAL TELECASTS</b>				
<b>Network</b>	<b>1989-1990</b>	<b>1998-1999</b>	<b>2003-2004</b>	<b>2004-2005</b>
Network TV*	42	58	26	31
TNT	81	60	95	94
ESPN/ESPN2			101	91
NBA TV			96	96
WTBS	25	24		
WGN	25	20	25	25
TOTAL	173	162	343	337
% Network TV	24%	36%	8%	9%
% Cable	47%	37%	85%	83%
% Superstation	29%	27%	7%	7%

\*CBS 1989-90; NBC 1998-99, ABC 2003-05

(Note: In 1998-99, the NBA season was reduced from 82 games per team to 50 games due to a work stoppage. After the settlement of the stoppage dispute, NBC carried 32 regular-season games and 26 playoff games. TNT carried 60 games—33 regular-season and 27 playoff games, TBS carried 15 regular-season games and 9 playoff games, and WGN carried 20 games.) The NBA's 2002 TV pacts with Disney (ABC/ESPN) and AOL Time Warner (TNT) for two six-year national TV contracts covered four TV outlets.

- Compared to 1998-99 when NBC held network TV rights, in 2003-04 and 2004-05, ABC televised one-half as many games.
- TNT gained carriage rights to 45 regular-season and 45 playoff games each year, plus the All-Star Game and All-Star Saturday. For the first time, the All-Star Game and two conference finals migrated to cable. TNT also negotiated exclusivity for Thursday nights and Spanish language rights.
- ESPN acquired rights to 75 regular-season games (one Wednesday and a doubleheader on Friday), but no blackout rights for local telecasts. ESPN also gained rights to 15 to 24 playoff games, two conference finals, the NBA draft, video-on-demand rights and Spanish language rights. In addition, ESPN2 gained rights to Tuesday Night Games in progress during a two-hour window.

- The NBA established a deal with Time Warner to develop NBATV, a new cable channel to carry up to 96 games per season.

### **C. NHL National TV Coverage**

In 1989-90, national cable network SportsChannel America carried about 87 NHL games. There was no national broadcast network coverage. In the early part of this decade, NHL national coverage was dominated by cable TV with a total of 29 games per season on ESPN and 81 games on ESPN2 in 2000-2001 along with coverage by ABC of about five regionalized regular season games and 10 playoff games. Starting in 2002-03, ESPN and ESPN2 regular-season TV packages were cut by 30%, from 102 games to about 71 games. ESPN2 reduced its coverage from 75 games to 47 and ESPN did not begin coverage until mid-January. Starting with the 2005-06 season, Versus has been carrying 50-60 games per season while NBC carries a half-dozen regular-season games and about 10 playoff games on weekends.

### **D. College Football Distribution**

In 1990, ABC carried 24 and CBS carried 18 college football games. RSNs distributed 1,491 games.

<b>COLLEGE FOOTBALL TELECASTS (1990-2005)</b>							
<b>Year</b>	<b>Natl. Bctst.</b>	<b>Natl. Cable</b>	<b>RSNs (Avg)</b>	<b>Syndication</b>	<b>Total</b>	<b>% Natl. Cable</b>	<b>% RSNs</b>
1990	42	185	73	54	354	52.3%	20.5%
1991	61	182	71	29	343	53.1%	20.6%
1992	67	192	69	42	370	51.9%	18.6%
1993	72	110	73	29	284	38.7%	25.8%
1994	72	106	59	28	265	40.1%	22.1%
1995	71	111	56	28	266	41.8%	21.0%
1996	104	129	44	41	318	40.6%	13.8%
1997	104	111	34	42	291	38.1%	11.7%
1998	101	125	37	40	303	41.3%	12.2%
1999	93	132	44	40	309	42.8%	14.1%
2000	103	137	47	39	326	42.1%	14.3%
2001	102	136	33	35	306	44.5%	10.8%
2002	94	133	33	32	292	45.5%	11.4%
2003	96	152	35	32	315	48.2%	11.2%
2004	95	166	34	33	328	50.6%	10.3%
2005	95	274	32	34	435	62.9%	7.4%

Source: *Media Sports Business* and JMA Research

With the emergence of CSTV and ESPNU, in 2005, the number of national cable games increased 65% from 166 to 274. The number of games distributed by the broadcast networks was flat at 95 as were the number of games in syndication. The number of RSN games increased to 971. Thus, by 2004-05, cable subscribers had many more games available on RSNs and cable networks than on broadcast television. By 2004 and 2005, the broadcast networks carried eight Bowl games per year. Cable networks—mainly ESPN and ESPN2—carried 20 Bowl Games in 2004 and 20 in 2005.



**E. College Basketball Regular Season**

Likewise, with college basketball, while the number of games on national broadcast television stayed roughly the same, the telecasts available on cable networks and RSNs increased dramatically. In 1989-1990, 70 NCAA college basketball games were national broadcasts, 529 were broadcast on cable, 2,355 were on RSNs, and 426 games were syndicated to local TV stations. By 1997-98, 84 games were national broadcasts, 332 games were broadcast on cable, 2,556 on RSNs, and 519 were syndicated. During 2003-04, national broadcast of TV games remained at 84, cable games dropped to 215, but RSN games increased to 3,301.

<b>COLLEGE BASKETBALL TELECASTS, 1989-2006</b>				
<b>Year</b>	<b>Natl. Broadcast</b>	<b>Natl. Cable</b>	<b>RSNs Total</b>	<b>Syndication</b>
1989-90	70	529	2,355	426
1990-91	58	483	3,369	468
1991-92	61	494	3,016	501
1992-93	58	460	3,004	487
1993-94	51	634	3,722	496
1994-95	71	363	3,508	510
1995-96	88	427	2,900	443
1996-97	86	329	2,457	509
1997-98	84	332	2,556	519
1998-99	84	265	2,165	n.a.
1999-00	84	262	2,418	n.a.
2000-01	84	255	2,710	n.a.
2001-02	84	202	3,171	n.a.
2002-03	84	217	3,259	n.a.
2003-04	84	215	3,301	n.a.
2004-05	84	234	3,642	n.a.
2005-06	84	234	3,637	n.a.

n.a.-not available  
 Source: *Media Sports Business* and  
 JMA Research

**VI. OUT-OF-MARKET CABLE-SATELLITE VIDEO-ON-DEMAND**

Since the mid-1990's, the NFL, MLB, NBA, NHL, NASCAR and ESPN (college football and basketball) have all licensed events to be viewed on a pay-per-view, season-ticket and/or partial season-ticket basis. Cable and/or satellite TV subscribers, even if subject to local blackout restrictions, can use these

services to watch nearly every NFL, MLB, NBA, and NHL regular-season game as well as hundreds of college football and basketball games. To the extent that sports seasons overlap, the leagues are competing more vigorously against each other and reducing the value of exclusive national and local programming windows for sports programming. Viewership of sports programming on local TV stations is reduced and fragmented as audiences look to these pay services and other out-of-market cable and satellite alternatives.

**A. NFL Football**

During the years 2003-07, DIRECTV struck a deal with the NFL for NFL *Sunday Ticket*, a premium package that allows subscribers access to all NFL Games (subject to home-game blackouts). That agreement was replaced in 2004 by a new contract covering 2006-10. In 1999, subscribership was about 900,000. By 2004, there were approximately 1.7 million subscribers who paid for the right to view NFL games other than those carried by their local TV stations.

**B. Major League Baseball**

MLB's *Extra Innings* package of out-of-market games has been available to cable and satellite TV subscribers since 1996. Nearly every out-of-market game is available. Subscriber numbers are rarely made public, but *Extra Innings* attracted 150,000 cable customers and 285,000 satellite subscribers in 2006. As with other out-of-market packages, this offers subscribers games that would not be available to them on local TV stations, RSNs, national broadcast networks and national cable networks.

### **C. College Football**

In 2004, ESPN *Game Plan* offered about 100 games from the Big-10, Big 12, ACC, SEC, Pac-10, Big East, and Mountain West conferences plus a selection from several independent schools. In 2005, ESPN *Game Plan* increased its package of out-of-market games to 150, or an increase from about 10 games per weekend in 1999, to a dozen games in 2004-05. Cable TV and satellite companies offer weekly and season-ticket plans and allocate about a half-dozen channels to the service.

### **D. NCAA Basketball Tournament**

In 1999, DIRECTV began carrying all games otherwise not shown on local TV, providing subscribers to its *Mega March Madness* premium package with 37 games from outside the region of the local CBS affiliate station's telecasts. All 64 games are carried, enabling subscribers to view 30+ games that would not otherwise be available on the local CBS affiliate. In 2002, the package of 30+ games recorded 55,000 to 60,000 buys, about the same as in 2001. Since then, the same package has been available each year. Over time, enhancements have been added, including a mosaic screen enabling fans to view four games at one time.

## **VII. Internet Sports Programming on the Rise**

Both usage of TV and usage of video on the Internet and mobile phones have risen in the past few years. According to a Nielsen "A2M2 Three Screen Report," as of Q3 2008, the average person in the U.S. watched approximately

142 hours of TV per month, while people who used the Internet were online 27 hours a month, including 2.5 hours watching video. People who used a mobile phone spent 3.5 hours a month watching mobile video. Streaming of live sports events is attractive to advertisers because fans generally want to view sports events in real time, rather than storing them on digital video recorders. Sports sites that stream live games can jam advertisements into timeouts.

**A. NCAA Basketball Tournament**

In 2002, FinalFour.net, the official site of the NCAA men's and women's college basketball tournaments, registered 4.0 million visits, the same as in 2001. Users spent over 1.1 million hours on the site, averaging 19 minutes per visit, notching 200 million impressions. In 2005, CBS registered 23 million total visits for the first week of the 2005 men's tournament, an all-time high. Daily unique visitors for the first two days of the tournament increased 23% and 24%, respectively, over 2004. In 2004, live video was available for the first time for 37 games (first three rounds). In 2005, for the first time, 56 NCAA Division One Basketball Championship games—through the regional semi-finals—were streamed live over the Internet along with pre- and post-game press conferences and video highlights on NCAAsports.com and CBS.Sportsline.com.

**B. Major League Baseball**

MLB.com, a unit of MLB Advanced Media (MLBAM), began offering live streaming video of games in August 2002 and launched the first full-season subscription video product in April 2003. Since then, more than 1 million fans

have subscribed to MLB.TV. The service began with 45 out-of-market games per week. In 2003, MLB.com started a new MLB.TV webcasting service. Gameday Audio and MLB.TV were offered as part of RealNetworks' SuperPass online video package. After its three-year deal with RealNetworks expired, MLB cut deals with Microsoft and AOL for 2004 and 2005 for:

- *GameDay Audio*;
- *Condensed Game Video*—a 20-minute video package of highlights for each game;
- *Plays of the Week*—a 3-5 minute video highlight show;
- *MLB.com Radio*—a Mon.-Fri. eight-hour feed plus archives; and
- *Specialty Produced Video*—plays of the week, preview shows and special events

#### **C. NHL**

In 2005, Comcast signed a three-year deal to carry NHL games on its Outdoor Life Network (now Versus). A subsequent deal allowed Comcast to stream up to 300 live regular-season NHL games to Comcast's 7.7 million broadband customers during the 2005-06 season.

#### **D. College sports**

CSTV.com was launched in 2003. In 2006, CSTV.com offered live streaming of more than 10,000 events from 250 schools covering 35 men's and women's sports, including basketball and football. ESPN360, launched in 2001 as ESPN Broadband, charges cable companies a license fee for carriage, which

includes much of ESPN/ESPN2 programming and additional college football/basketball games.

**E. Mobile and Other Digital Devices**

While a number of services provide game highlights, audio services and archived video programming for mobile devices, streamed video of live programming is mainly available two ways: (1) MobiTV and (2) Slingbox. MobiTV, which launched in November 2003, was available to Sprint PCS, Cingular Wireless and other regional carriers in 2005. Since then, the service has grown to more than 6 million subscribers worldwide. In the U.S., its service is available through Sprint, AT&T, Alltel, and several regional carriers. MobiTV offers many popular TV channels, including Fox Sports, ESPN Mobile TV, and NBC Mobile. Starting in 2005, MobiTV had a three-year deal with MLBAM to provide live audio and video coverage of all MLB games. The SlingBox, first introduced in 2004 news stories, and unveiled at the January 2005 Consumer Electronics Show, is a device that “slings” live or recorded TV programming via a broadband Internet connection to PCs, desktop computers and mobile wireless devices anywhere in the world enabling a user to control his TV via virtual remote control. In 2005, it quickly became popular among early adopters. Since it enables live sports programming to be transmitted from a home TV set, via the Internet, the device enables consumers to skirt viewing area limitations imposed by sports teams and leagues.

### VIII. CANCELLATION OF 2004-05 NHL SEASON

In 2004-05, the NHL cancelled its season in an effort to negotiate team and player salary caps. To the extent that the NHL contributed to the value of sports programming in 1998-99, that value was diminished in 2004-05. During the 1998-99 season, 269 NHL games were televised on 15 American local TV stations covering 13 NHL teams, an average of 21 games per team. Further, 1,016 NHL games were televised on 20 RSNs covering 21 teams, an average of 48 games per team. In 1998-99, the FOX Network carried 11 regular-season games and nine post-season playoff games, ESPN carried 27 regular-season and 36 playoff games, and ESPN2 carried 77 regular season games and 24 playoff games.

All those games were lost in 2004-05. In 2004-05, many TV and cable programmers, in anticipation of a possible work stoppage, made contingency plans. ESPN, for example, had acquired NBA games and was poised to carry only 40 NHL games, mostly on ESPN2. The previous season, ESPN had carried 70 NHL games. NBC, the national broadcast rights holder in 2004-05, carried little risk, since its deal was a revenue sharing pact. Some ESPN programming generated higher ratings than the NHL. In mid-winter, the original series *Tilt* reportedly cost less than NHL programming and was averaging a 1.1 rating. (See Kagan, *MEDIA SPORTS BUSINESS*, Feb. 28, 2005, P. 4).



## **IX. Growing NASCAR Popularity**

Auto racing, which for years was mainly popular in the southeast, has gone mainstream and competes head-to-head in primetime with live team sports programming throughout the year. To the extent that NASCAR has grown in popularity and increased the number of races during primetime, major league team sports programming is impacted. Over the past decade, the number of races on national broadcast networks has tripled and the number on cable TV national networks is up 50%. In addition, Speed Channel, which launched in 1996, grew from 20.0 million subscribers in 1998 to 76.6 million in 2006. Speed's coverage includes NASCAR surround events, Indy Racing League, Trans Am and Can Am series, Formula One, special endurance races plus races involving boats, motorcycles and other motorized vehicles. Additional motorsports are also carried on ESPN.

NASCAR's upward climb into the mainstream of the TV sports scene took a giant leap forward in 2001. Until then, NASCAR differed from other major sports in that it did not have a long history of broadcast and cable network contracts. For the first time, in 2000-2001, NASCAR consolidated its popular Winston Cup (Nextel Cup) and Busch races. They were aggregated and sold in two different packages, one to Fox and its cable network FX, and the other to a joint venture of NBC and Turner. The network deals totaled \$2.4 billion over six years.

In the 1998 to 1999 time-frame, broadcast networks carried a combined 21 NASCAR races and cable networks carried 53 races. In the 2004 to 2005 timeframe, the total number of races more than doubled, with broadcasters televising 70 NASCAR races and cable networks 76, with an average length of about three hours per race.

<b>NASCAR AUTO RACES</b>				
<b>Network</b>	<b>1998</b>	<b>1999</b>	<b>2004</b>	<b>2005</b>
ABC	4	5		
CBS	6	5		
NBC (Nextel Cup)	0	1	12	13
NBC (Busch)			4	5
FOX (Nextel Cup)			14	15
FOX (Busch)			4	4
ESPN	14	13		
TNN	9	9		
TBS/TNT (Nextel Cup)	5	3	11	7
TNT (Busch)			12	13
FX (Nextel Cup)			3	5
FX (Busch)			13	12
<b>Broadcast</b>	<b>10</b>	<b>11</b>	<b>34</b>	<b>37</b>
<b>Cable</b>	<b>28</b>	<b>25</b>	<b>39</b>	<b>37</b>
<b>Total</b>	<b>38</b>	<b>36</b>	<b>73</b>	<b>74</b>

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## X. SUMMARY

From 1990 through 2005, the number of national broadcast TV network telecasts and local TV station broadcasts of MLB, NBA, and NHL games plunged, both in absolute terms and as a percentage of the total number of national and local games distributed by broadcasters and cable TV networks. During that time period, local broadcasts for MLB declined by 32% and national broadcasts were flat. Superstation games declined 50%. For NBA, local broadcasts declined by 23%, national broadcasts declined by 26%, and superstation games were flat. For NHL (1990 to 2004), local broadcasts declined by 23%. In contrast, the number and percentage of national and regional cable MLB, NBA, and NHL telecasts rose dramatically from 1990 to 2005. For MLB, the number of national and regional cable telecasts increased by 159%. For NBA, the number of national and regional cable telecasts increased by 91%. For NHL (1990 to 2004), the number of national and regional cable telecasts increased by 113%. The trend has accelerated since 1998-99 and there is no reason to believe that this trend will not continue.

Not only have games migrated from broadcast to cable, since 1990, the number of national and regional cable sports networks and subscribership to cable networks have significantly increased while national and local broadcast TV households have barely changed. In 1990, 23 RSNs reached 24.8 million subscribers. By 1999, 30 RSNs reached 91.4 million subscribers, and by 2005, 34 RSNs reached a combined 166.8 million subscribers. Similarly, in 1990 only

a handful of national cable networks carried sports programming. By December 2004, however, there were 21 full-time national cable sports networks, including a dozen that had launched since 1999. These cable sports networks had a combined total of 617.1 million subscribers. In addition, a dozen other established cable networks with 825.3 million subscribers also carried some sports programming.

The number of NCAA college football games carried by national broadcast networks, RSNs, and in syndication remained flat from 1999 to 2005, but the launch of ESPNU and College Sports TV resulted in the number of national cable telecasts doubling from 132 games in 1999 to 274 games in 2005. There has been little change in the relative percentage of regular-season college basketball telecasts.

The availability of out-of-market/video-on-demand MLB, NBA and NFL packages provides another dimension to the dissemination of sports programming, as does the availability of live games on Internet websites and mobile devices. In 2004, for the first time, early rounds of the NCAA basketball tournament games were available online for a fee and in 2005, for the first time, all 56 games through the regional semi-finals were streamed live over the Internet. MLB Advanced Media began offering live streaming video of baseball games in 2002. CSTV.com (College Sports TV), which launched in 2003, offered live streaming of more than 10,000 events from 250 schools, including basketball

and football. ESPN360, which launched in 2001, includes ESPN/ESPN2 programming and additional college football and basketball games.

Finally, sports programming consumers have other media options, too. In 1999, there was no satellite radio. By 2004-05, every MLB, NBA, NHL and NFL game was available along with the NCAA Basketball Tournament, Pac-10, Big-10 and ACC sports events on satellite radio. By 2004-05 sports on mobile devices was starting to become available. Compared to 1999, there was much greater interest in NASCAR auto racing, golf and tennis programming among cable subscribers.

## APPENDIX I

### John Mansell Curriculum Vitae

John M. Mansell is president of John Mansell Associates, an independent research and consulting firm. He was previously a senior analyst at Kagan Research, LLC and Kagan Media Appraisals, a media and communications consulting firm based in Monterey, California. He began his career with Kagan as an analyst in 1975 and remained at the firm until 2007. Mr. Mansell is 56 years old and resides in Great Falls, Virginia, outside of Washington, D.C. He has a bachelor of arts in economics from the University of Michigan, a law degree from Thomas M. Cooley Law School in Lansing, Michigan, and is a member of the Michigan Bar, District of Columbia Bar and the Federal Communications Bar Association.

Mr. Mansell's interest in multichannel video services dates back to the industry's formative growth years in the early 1970s, when he was attending college. In the late 1970s and early 1980s, as franchising became popular, he began closely monitoring and analyzing cable TV franchising and regulation to identify trends within the industry. At the same time, he began writing his first newsletter, CABLE TV REGULATION, which analyzed the federal, state, and local regulation of cable TV. As public interest in the industry began to develop, he also started to monitor rate changes, pole attachment disputes, overbuilding, and copyright.

Over the years, Mr. Mansell has concentrated on analysis of financial, technical and legal-regulatory developments affecting multichannel video program distribution technologies, including cable TV, wireless cable (MDS), direct broadcast satellite as well as Satellite Master Antenna TV. He has also developed specific expertise in the legal and regulatory aspects of the cable television industry and related electronic media

As a Senior Analyst, Mr. Mansell was responsible for the writing and editing of specialty newsletters that monitor and analyze developments in the cable and electronic media. The production of these newsletters requires continual research, including the review and analysis of all pertinent legal developments that affect the industry. Mr. Mansell was responsible for writing, editing and/or contributing to the following monthly newsletters:

*CABLE TV LAW REPORTER* which monitors and evaluates significant lawsuits involving the cable industry, which actions typically include issues in the areas of antitrust, First Amendment, franchising, taxation, copyright, rate regulation, and mandatory access to property.

*WIRELESS BROADBAND* (formerly *BROADBAND FIXED WIRELESS*) *WIRELESS/PRIVATE CABLE INVESTOR*) which covers the economic, financial, technical, legal and operating issues that affect SMATV, MMDS, LMDS and other

wireless cable services. A comprehensive data base of system sales and wireless cable transactions is maintained and constantly updated.

*MEDIA SPORTS BUSINESS* which reports on the evolving relationship between sports teams and the electronic media and focuses upon franchise valuations, transactions, media rights fees, advertising, subscription revenue, and stadium/arena financings.

*THE DBS REPORT* which consists of analysis of marketing, technology and regulatory developments that affect the C-band, Ku-band and Ka-band direct-to-home satellite service worldwide.

*DIGITAL TELEVISION* tracks the financial, regulatory and technical aspects of the transition from analog technology to digital.

In addition, Mr. Mansell has contributed to other publications and special reports, including: the *Wireless Cable Databook*, *MediaCast*, *The Business of Baseball*, *The Business of Football*, *The Business of Basketball*, *The Business of Hockey* and the *U.S. TV Sports Business Databook*.

Mr. Mansell has also been responsible for writing and contributing to other newsletters, including, CABLE TV TECHNOLOGY, CABLE TV SECURITY, CELLULAR INVESTOR, SMATV NEWS, and MEDIA MERGERS & ACQUISITIONS. He keeps abreast of technological developments in the cable industry, such as fiber optics, new build and upgrade construction trends, headend technology, converter-descramblers, digital set-tops, and cable modem technology for high-speed access to the Internet.

He has authored several reports on cable TV overbuilds for the National Cable & Telecommunications Association. In 2007, he prepared a report for Mediacom on the economics of high-speed Internet in rural areas that was submitted to a unit of the U.S. Department of Agriculture and in 2006 a report for Bright House Networks on the impact of competition in Manatee County, FL. He also writes for other publications and engages in consulting and valuation work relating to cable TV, private cable, wireless spectrum, and the sports business.

Over the years, Mr. Mansell has done consulting and/or valuations for numerous entertainment and telecommunications organizations including the National Cable & Telecommunications Association, Major League Baseball, National Football League, Boston Red Sox, Minnesota Twins, Virginia Stadium Authority, Fox Sports, Cablevision Systems, Microband, Continental Cablevision, Tele-Communications, Viacom International, Time, Inc., Sprint, Goldman Sachs, J.P. Morgan, Nucentrix Broadband Networks, Bell Atlantic, Transworld Wireless, Tribune Co., General Instrument, and

many others. Mr. Mansell has completed franchise valuations and/or media rights valuations of MLB, NBA, NHL and NFL franchises.

In the course of his association with the Kagan Group, he has been wholly responsible for writing reports appraising over 100 MMDS (BRS/EBS) properties and has also worked on valuations of another dozen wireless properties outside the United States.

He has appraised MMDS/ITFS channels in over numerous communities across the United States including: Buffalo, NY; Cleveland, OH; Dallas-Fort Worth, TX; Hartford, CT; Las Vegas, NV; Minneapolis, MN; New York, NY; Pittsburgh, PA; Washington, DC. numerous cities in Florida including Sarasota, Bradenton, and Fort Pierce; numerous cities in California including San Francisco, San Jose, Anaheim, San Bernardino and Riverside; Traverse City, MI; Augusta, ME; numerous cities in North Carolina including Asheville, Burlington, Charlotte, Elizabeth City, Fayetteville, Gastonia, Goldsboro, Kinston, Greensboro, Greenville, Hickory, Jacksonville, New Bern, Raleigh, Roanoke Rapids, Rockingham, Rocky Mount, Shelby, Wilmington, and Winston-Salem.

He has also appraised WCS frequencies and worked on appraisals outside the United States including a number of LMDS and MMDS interests in New Zealand (Auckland, Christchurch, and Wellington, NZ) and South America (Guatemala City, Caracas, Maracaibo, Maracay, Valencia, Barquisimeto, San Jose, Panama City, Parana-Santa Fe, and Aracaju).

In *WIRELESS BROADBAND* (formerly *WIRELESS/PRIVATE CABLE INVESTOR*) newsletter, Mr. Mansell regularly wrote about valuations of MMDS mergers and acquisitions and valuations of publicly-traded companies.

Mr. Mansell has also been a speaker and moderator at numerous Kagan seminars, meetings, national cable TV trade shows, and private/wireless cable business conferences, and is often quoted in trade publications as well as popular business media.

He was responsible for organizing and moderating one- and two-day seminars relating to the sports business, including franchise valuations, labor relations, stadium-arena finance, TV rights fees, ratings, advertising, new leagues, new technology, and new revenue opportunities. He has specifically organized and moderated one- day seminars relating to the economics of the wireless cable (MMDS) business, including valuations, finance, legal, regulatory, marketing, competitive, and technical developments. These meetings involve wireless communications industry leaders, both as speakers and attendees. Since he has been writing *WIRELESS BROADBAND*, he has been invited to moderate or speak as a panelist nearly every year at the annual convention of the Wireless Communications Association.



Mr. Mansell has been a frequent speaker at industry trade shows such as the National Cable TV Assn. Convention, the Western Cable Show, the Private & Wireless Cable Show, and the Wireless Communications Assn. Convention.

Mr. Mansell has been quoted in the Wall Street Journal, USA Today, Washington Post, New York Times, Newsday, and many other daily newspapers along with Business Week, Forbes, and other business magazines. He has also been quoted in media trade publications such as CableWorld, Multichannel News, and Hollywood Reporter.

In 2004, Mr. Mansell was named to the Board of Directors of two George Mason University non-profit companies that own 2.5 GHz (WiMAX) spectrum and in 2006 assisted in the valuation of leases assigned to Clearwire and Sprint.

During the course of his employment he has testified or been deposed as an expert witness in numerous legal proceeding relating to cable TV, franchising, private cable (SMATV), sports rights, and MMDS in federal and state court proceedings. He has testified before a U.S. House subcommittee and been involved in arbitrations.

### Expert Witness/Arbitration Cases:

1. 1982 dispute between Teleprompter and Pittsburgh, PA, over the terms of Teleprompter's franchise application—Expert witness for Teleprompter.
2. Rate hike arbitration, Viacom v. City of Nashville—Participated as expert for Viacom.
3. Cable TV overbuild litigation between Americable and Tele-Communications, Inc. over right to serve Homestead AFB, FL.
4. Federal court suit against the Kansas City Royals for breach of contract and other allegations claimed by a disgruntled regional sports network promoter.
5. Arbitration involving a disgruntled shareholder of an SMATV company, who claimed other shareholders wrongfully deprived him of his share of the company. Participated as expert for plaintiff.
6. Contract dispute between Amplica and Arvin Industries relating to components for Amplica's TVRO receiver—1990.
7. Dispute between partners of Western Pay TV and Boettcher over allegedly fraudulent economic projections.

8. Shea Properties v. Heritage Cable TV—access to property/overbuild dispute in San Jose, CA—1990.
9. Sacramento Cable disputes with Pacific West Cable Co., City of Sacramento and others--Overbuild/First Amendment/unfair trade/price discrimination disputes—1991-95.
10. U.S. v. Playboy Entertainment Group, 98-1682 (U.S. Supreme Court, May 22, 2000)--First Amendment challenge to audio/video scrambling requirements of the 1996 Telecommunications Act. Analysis of cable TV encryption costs.
11. City of San Jose v. Gill Industries, Inc., et al., CV 735578, (Santa Clara Superior Court, 1997)—Cable TV franchise fee dispute.
12. Warner v. Wireless Broadcast Systems of America, 96-2214-CIV-T-25 (M.D.Fla. 1998)—Dispute over valuation of several Florida wireless cable markets.
13. Showtime Networks, Inc. v. Comsat Video Enterprises, 95-600849 (New York County Supreme Court, 1998)—Hotel pay-TV contract dispute.
14. Children's Cross-Cultural Communications Foundation v. Bay Area Cablevision, Case No. 216081 (Sonoma County, CA, Super. Ct.)—Dispute over a putative contract and value of ITFS frequencies in San Francisco.
15. SportSouth Network d/b/a Fox Sports South v. Time Warner Inc., 1999CV10083 (Fulton County, GA, Super. Ct., Sept. 7, 1999)—Covenant not to compete dispute over the definition of regional sports network and valuation of southeastern RSN.
16. John Hansen v. Transworld Wireless TV-Spokane, Inc., 99203108-8 (Spokane County, WA, Super. Ct., filed May 27, 1999)—Contractual dispute over value of Spokane MMDS frequencies.
17. USA Media Group v. Truckee Donner PUD (E.D. Cal.)—2003 antitrust-declaratory judgment suit relating to cable operator's access to utility poles for purpose of rebuild. Community is alleged to be planning municipal overbuild.
18. Zenith Electronics Corp. v. WH-TV Broadcasting Corp., 04-1635 (7th Cir. Jan. 20, 2005)—Expert for Zenith in dispute over damages for San Juan, Puerto Rico digital MMDS operator who purchased allegedly flawed set-tops from Zenith.
19. Sprint Las Vegas MMDS Partnership arbitration—Valuation of MMDS frequencies in Las Vegas—Arbitrator appointed by Sprint in 2003 dispute.
20. Houston McLane Co., Inc. et al v. Affiliated Regional Communications, Ltd., d/b/a Fox Sports Southwest, No. 2003-10943 (Harris County, TX Dist. Ct., 2004)—

Worked for Fox Sports Southwest in litigation relating to “covered offer” to acquire the Houston Astros and Houston Rockets home television rights.

21. *YankeeNets v. Cablevision Systems* (2004)—Private arbitration over the pricing and tiering of a regional sports network distributing the New York Yankees and New Jersey Nets.

22. *The Maryland Jockey Club of Baltimore City v. ODS Technologies, L.P., WNM-03-CV-2124* (D. Md. 2004)—Testified for TVG in dispute over exclusive rights to televise and provide electronic wagering on horse racing at Pimlico.

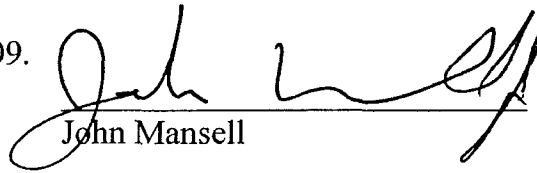
23. *Interactive Management Services v. AGS Telecom, Inc., et al.* (Dec. 2004)-- Retained as expert witness for AGS Telecom in arbitration over the value of 218-219 MHz spectrum in Boston, New York, Houston and Los Angeles.

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**DECLARATION OF JOHN MANSELL**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on October 9, 2009.

  
John Mansell



**TESTIMONY OF HOWARD B. HOMONOFF****COPYRIGHT ROYALTY JUDGES****2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING****JUNE 1, 2009<sup>1</sup>****CORRECTED SEPTEMBER 28, 2009****I. Introduction/Personal Background and Experience**

1. I am a Director in the Entertainment, Media and Communications advisory practice at PricewaterhouseCoopers LLP ("PwC"), based in New York. At PwC, I provide consulting services to a range of media clients including those on both the acquisition as well as distribution sides of the programming marketplace. My work at PwC leverages my more than 20 years of experience in the cable television, broadcasting and new media industries. That experience includes work as a senior executive for cable operators and programming networks, with specific responsibilities related to the acquisition and distribution of programming; as a consultant and business advisor to a variety of media and communications clients, again with a focus on programming acquisition and distribution; and as an academic and lecturer with a specific focus around content acquisition and distribution. I have also worked on Capitol Hill and in private law practice in the regulation of the cable

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<sup>1</sup> While the opinions presented in this testimony are completely based upon the information and documents made available to me to date, I reserve the right to amend my testimony based upon my review of any additional information or documentation and pursuant to the regulations of the Copyright Royalty Judges. This testimony has been prepared solely in connection with this proceeding and PwC disclaims any contractual or other responsibility to others based on the use of this report. Accordingly, this information may not be relied upon by anyone other than in connection with the above referenced matter. I hereby declare under penalty of perjury that the statements of fact in the foregoing are true and correct to the best of my knowledge, information and belief.

and broadcasting businesses, and have testified in administrative and court proceedings as an industry expert.

2. I served as a senior executive for several media companies throughout my career, including positions as Vice President of Business Affairs at Rainbow Media Holdings; as Vice President and General Manager of CNBC Strategic Ventures, overseeing CNBC's business development efforts and managing the exploitation of CNBC content on new media platforms; as General Counsel of NBC Cable Networks, counseling the company on a range of strategic and operational matters and negotiating numerous programming affiliation agreements; and as Director of Corporate and Legal Affairs at Continental Cablevision, then the nation's third-largest cable operator, working as part of a senior management team on strategy and execution for issues such as retransmission consent for broadcast television stations. In these positions, I was involved directly in the drafting, negotiation, execution and implementation of agreements for carriage of cable programming networks as well as broadcast television stations.

3. I have worked for the past seven years as a consultant and business advisor for a variety of media companies. I served as President of Homonoff Media Group, LLC, a New York-based media consulting firm that provided consulting and expert services in business development and content acquisition on behalf of programming networks and multichannel video providers such as cable operators and telephone companies. In this capacity, I worked with several start-up programming networks, including in areas such as raising money, preparing investor and marketing materials, negotiating affiliation agreements, and advising on start-up operations. For

the past three years, I have continued my work as a consultant to media companies at PwC, where my work has included evaluating the processes and substance of programming acquisition and distribution decisions by cable operators and programmers.

4. In the academic world, I served as Program Director for the Paul F. Harron Graduate MBA/MS Program in Television Management at Drexel University in Philadelphia, Pennsylvania, and have also lectured on the media business at Columbia Business School (where I am affiliated with the Columbia Institute on Tele-Information), New School University and Boston College School of Law, as well as at industry events such as the Cable Telecommunications Association for Marketing (CTAM) Summit, the National Association of Television Programming Executives (NATPE), the Caribbean Cable Television Association, and the Practicing Law Institute on Cable Television Law (where I lecture on programming negotiation and regulation). I previously served as Counsel to the U.S. House of Representatives Subcommittee on Telecommunications and Finance, where I conducted investigations and worked on legislation in cable and broadcasting, and as a Legislative Assistant to U.S. Representative Edward J. Markey. My education includes a B.A. in government with distinction in all subjects from Cornell University and a J.D. from New York University School of Law. A more detailed summary of my background is attached hereto as Exhibit 1.



## II. Purpose and Summary of Testimony

5. In the course of my preparation for this proceeding, counsel for Motion Picture Association of America and its represented claimants ("Program Suppliers") provided me with documents from prior Copyright Arbitration Royalty Panel proceedings. I understand that for the purposes of this proceeding, Program Suppliers are seeking an allocation of the 2004 and 2005 statutory license royalties for series, movies, and special programs aired on television signals retransmitted by cable systems. My testimony is based upon my experience, as well as research that I and my staff conducted from publicly available sources.

6. I have prepared this written testimony ("Testimony") at the request of Program Suppliers, who asked that I provide an industry expert perspective on the process by which cable operators (sometimes referred to as "multiple system operators" or "MSOs") negotiate for carriage of programming on cable systems; the factors that influence their programming carriage decisions; and an analysis of actual programming marketplace decisions made by MSOs. For the purpose of my analysis, the relevant period is 2004 and 2005.

7. In summary, I provide the following findings and opinions related to this proceeding: First, the process by which cable operators make their programming decisions is typically driven by programming executives at corporate headquarters ("Corporate Programming Executives") and not at the individual system level. Second, in this process, Corporate Programming Executives synthesize a number of factors that they hope will attract and retain subscribers, including, most importantly, subscriber preferences. Third, relative to the other program categories at issue in this

proceeding, Program Suppliers' category of programming has a demonstrated importance to cable operators in attracting and retaining subscribers. This programming is the most widely-distributed to cable subscribers and represents the largest percentage of monthly per subscriber fees paid by MSOs to the most widely-distributed cable programming networks (hereinafter referred to variously as "cable networks," "programming networks" or "cable programming networks"), demonstrating the importance to MSOs of Program Suppliers' programming in attracting and retaining subscribers.

### **III. The Cable Operator Programming Decision-Making Process Suggests the Centrality of Corporate Programming Executives.**

8. As the Copyright Arbitration Royalty Panel ("CARP" or "Panel") noted in their most recent report, most of the programming negotiations that MSOs conduct concern the carriage of "whole cable networks."<sup>2</sup> The Panel noted that MSOs "rarely" negotiate over individual programs. The Panel analyzed a "hypothetical marketplace" in which broadcasters would negotiate with MSOs both for retransmission of their distant signals and for the right to carry programming in distant (non-local) markets. The Panel envisioned that hypothetical market operating "in the same manner as cable networks currently offer programming packages...."<sup>3</sup> While the Panel did not go so far as to say that the "hypothetical free market" for distant signals would be "identical" to the cable network marketplace, the Panel's broader point as to the utility and validity of looking to the cable network marketplace for guidance on a hypothetical

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<sup>2</sup> *In the Matter of Distribution of 1998 and 1999 Cable Royalty Funds*, Report of the Copyright Arbitration Royalty Panel to the Librarian of Congress, Docket No. 2001-8 CARP CD 98-99 at 11 (Oct. 21, 2003) ("1998-99 CARP Report").

<sup>3</sup> *Id.* at 12.

distant signal marketplace is consistent with my experience. A hypothetical marketplace for the acquisition of programming on distant signals is closely analogous to the market for whole cable networks, which represent a large majority of the programming MSOs provide to their subscribers. Following that lead, I examine that same cable programming network marketplace as a guide in analyzing the distant signal programming marketplace.

9. The process by which MSOs construct their programming line-ups is fundamentally consistent across all types of different cable networks. MSOs typically have a senior executive at their "corporate" or "headquarters" location often with a title such as Executive Vice President or Senior Vice President, who has overall responsibility for programming acquisition operations (hereinafter referred to as "Corporate Programming Executives"). These Corporate Programming Executives and the teams that report to them are responsible for the full range of activities in the lifecycle of programming negotiations and implementation.

10. The Corporate Programming Executives are generally responsible for fielding inquiries from all of the programmers (*i.e.*, cable networks) interested in launching or continuing the carriage of their programming on the MSO's cable systems, and thus, the Corporate Programming Executives see first-hand the offerings from virtually all programmers. This team evaluates proposals from large media companies with ownership of multiple, well-established programming networks, such as Disney, Fox, NBC Universal, Turner Broadcasting and others, as well as from start-up networks testing the waters for their first carriage and potentially, investment funding as well. The Corporate Programming Executives screen submitted materials,

hear live pitches, and determine which programming and which programmers are the most promising candidates for carriage either across an entire MSO "footprint" or for a more limited number of subscribers.

11. Particularly with new cable programming networks, and depending on such factors as the content of the programming network in question, relationships in the industry, and the quality of initial presentations, the Corporate Programming Executives will seek input from other interested stakeholders on the value of adding a particular program service on one or more systems. Those stakeholders generally include corporate executives in senior management, marketing, research, finance, and public relations, and may include general managers and other personnel in the field with local programming responsibilities. And the Corporate Programming Executives may conduct their own formal or informal research into whether and to what extent a programming network is carried by competitors as well as other marketplace developments, and leverage lessons learned from prior experience with a programming category, network owner or even particular talent. All of this input is synthesized as part of the process that Corporate Programming Executives undertake in weighing the relative costs and benefits of carrying any particular programming network.

12. Once a MSO has preliminarily decided to pursue a carriage agreement with a cable programming network, the Corporate Programming Executives generally take the lead in the negotiating process. This often begins with the drafting or revising of a term sheet between the MSO and the programming network until a resolution of key business terms such as price (monthly license fees paid by MSOs to

programmers), tiering, launch and distribution commitments and timing, marketing support, and potential advertising partnerships has been reached. The Corporate Programming Executives usually work closely in this process with senior corporate executives such as the CEO, COO, CFO and others. After the resolution of those fundamental business terms and conditions, the legal and business affairs team for the programming network will generally work through the negotiation of a long-form agreement with the corporate programming group and their attorneys.

13. After a programming affiliation agreement has been formally executed, the Corporate Programming Executives disseminate information on the key rights and responsibilities under the agreement, work with local systems to arrange the actual launch and/or additional rollout of a network to subscribers, and monitor compliance with the agreement. Implementation at the local level typically follows the framework established at corporate headquarters.

14. In addition to the negotiation and implementation of specific programming agreements, the Corporate Programming Executives work to develop the MSO's overall programming line-up strategy, in concert with a corporate strategy or product development group. The challenge is to develop and maintain an overarching approach to the delivery of programming to subscribers which is sensitive to changes in subscriber demands, keeps abreast of developing trends in programming content, and supports the financial and operational goals of the MSO as a whole. Each MSO's strategic approach becomes most evident in its choice of the overall mix of programming networks and genres delivered to subscribers on everything from the most inexpensive tier of broadcast basic service all the way through to the more

expensive and niche-oriented digital tiers in areas such as sports, ethnic programming or on-demand.

**III. Subscriber Impact is a Key Factor that Influences MSO Programming Decisions.**

15. While several factors affect MSO programming carriage decisions, ultimately, what counts is the impact of such decisions on subscriber behavior. The MSO programming decisions, as dictated by the technology and business objectives, are based on their perception of what programming their subscribers value and what will attract and retain those subscribers.

16. Adding and retaining subscribers is critical to enhancing the value of a cable company, thus, actual cable operator behavior in the market should follow the preferences of their subscribers. An interesting, and not atypical, perspective from one market analyst firm identified "8 Metrics [that] Matter Most" for the valuation of Time Warner Cable, with the top 5 all related to the attraction and retention of subscribers - whether video, high speed data or voice (the cable "triple play").<sup>4</sup> The importance of attracting and retaining subscribers was no less important in 2004-2005 than it is today.

17. In the programming area, MSOs seek to expand subscriber numbers because that translates directly to an MSO's ability to obtain "volume discounts" in cable network affiliation agreements. For a programming network, more subscribers delivered by the MSO means more value to the network by increasing the opportunity for the programming network to increase its viewership and advertising revenues. As a consequence, programming networks routinely grant lower pricing on a per

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<sup>4</sup> See *Media Metrics - Time Warner Cable*, Soleil Equity Research, March 24, 2009 at 3.

subscriber basis to MSOs that have the largest numbers of subscribers. Consequently, MSOs will pick programming networks that attract greater numbers of subscribers because that means the MSO will pay a lower wholesale (monthly) subscriber fee for a programming network than an MSO that attracts fewer subscribers. For the MSO, having more subscribers typically reduces per subscriber costs for an MSO, making clear the value of being sensitive to subscriber preferences.

18. Beyond the gross numbers of subscribers (and the rates of subscriber growth and subscriber losses), the revenue generated on a per subscriber basis (generally referred to as "average revenue per subscriber" or "ARPU") is a crucial measurement of an MSO's financial well-being. Revenue generated by monthly subscriber fees (for cable service, telephony, and high speed Internet) still dominates the overall revenue picture at most major MSOs. Comcast, the largest MSO with roughly 24 million video subscribers, reported that roughly 84% of its revenues in 2008 came from subscriber fees (that is, monthly fees paid by subscribers to any of Comcast's cable, telephone and/or high speed Internet services) and 55% of that 84% came from cable service subscribers alone. Time Warner Cable, the second largest MSO, reported for the same year an even greater percentage of revenues derived from subscriber fees (94.8%). The more services and thus, higher monthly bills paid by subscribers means a higher ARPU and enhanced value for the MSO.<sup>5</sup>

19. In terms of the 2004-05 timeframe, the competition for both MSO subscriber numbers and ARPU sharpened as telephone companies (Verizon and

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<sup>5</sup> Comcast Communications Corp (2008), SEC Form 10-K for the Fiscal Year Ended December 31, 2008 at 24-25; Time Warner Cable (2008), SEC Form 10-K for the Fiscal Year Ended December 31, 2008 at 58.

AT&T, most prominently) entered the video marketplace and began to negotiate directly with cable programming networks and to compete for video subscribers alongside satellite companies and MSOs. The importance of the telephone company ("telco") video services that were coming into being in 2004-05 as cable competitors is seen today in reports that the telcos provide a "very comparable" video service and thus, an outlet for subscribers seeking alternatives to cable's video packages.<sup>6</sup> The most significant opportunities for the MSOs to continue to grow their business in the video sphere are to keep subscribers away from their competitors and to generate the highest possible revenue from those subscribers that it retains.

20. Avoiding negative subscriber impact is an important facet of cable operator experience with difficult programming negotiations. MSOs' high-profile battles with cable networks, broadcast networks, and individual stations for many years have generated consternation among subscribers and fears and threats of subscriber defections. These challenges reinforce the importance of carrying programming that will maximize the odds of attracting and retaining subscribers, and reduce the risk of defections and reduced revenue streams.

#### **IV. Additional Factors That Drive MSO Programming Carriage Decisions**

21. Cable operator programming decisions are also limited by the capacity available for programming carriage. The National Cable Telecommunications Association ("NCTA") currently lists 565 different cable programming networks on its website, all of whom are fighting for the same relatively scarce real estate on

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<sup>6</sup> See *Time Warner Cable*, Credit Suisse Equity Research, March 27, 2009 at 3.



multichannel video provider platforms.<sup>7</sup> Thus, a critical issue for MSOs in deciding whether and on what terms to carry cable programming networks as well as distant signals is the bandwidth constraints that most cable operators operate under today.

22. Within the portion of their services allocated to video programming, the MSO must determine what bandwidth to dedicate to 24-hour per-day programming services as opposed to video-on-demand channels, and then which programming services will fill those scarce 24-hour-per day slots. Carrying one 24-hour per day channel (whether a cable network or distant signal) means an operator pays an opportunity cost of other channels or other services that must make way.

23. In conjunction with their bandwidth limitations, MSOs evaluate a host of factors in assessing which programming networks to carry. Certainly one of the most prevalent considerations for carriage of a cable programming network is the impact of the network's content on subscriptions and customer satisfaction. A MSO carefully considers the composition of its overall programming line-up to determine the desirability of adding (or subtracting) any particular channel, based on the channel's ability to win or maintain paying subscribers and to enhance the MSO's profitability.

24. Carriage decisions also depend on the wholesale programming costs sought by programming networks - that is, the price it will cost the MSO to carry the network. Cable, satellite, and telco TV (Verizon and AT&T primarily) all strongly compete for subscribers in the multichannel video marketplace and price is clearly a

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<sup>7</sup> See NCTA Website at <http://www.ncta.com/Statistic/Statistic/NationalVideoProgramming.aspx> ("NCTA Website") (last visited May 19, 2009).

key factor in that competition. Because the cost of acquired programming is among - if not the - most significant non-capital expenditure an MSO has, that cost is a critical factor in determining the distributor's bottom line, and thus what programming networks will be selected.

25. In sum, MSOs have a complex matrix of factors to consider in determining what programming they will carry on their systems to attract and retain subscribers. Given the centrality of the subscriber to the cable operators' financial health, the perceived programming preferences of the subscriber is inevitably a critical factor in the cable operator's choice of what programming should be carried and how it should be carried - that is, to how many subscribers, on what tier of service, for how long, and at what price. In fact, the factors that come into play in the programming carriage decision-making process can and should be viewed as proxies for weighing the impact of the carriage of a particular programming network (whether a network or distant broadcasting signal) on subscribers.

**V. Actual Marketplace Decisions by Cable Operators Indicate Value of Program Supplier Programming to MSOs.**

**A. Distribution of Programming Network Categories**

26. A key path to understanding the relative importance of any particular type of programming to the attraction and retention of MSO subscribers is to observe the actual marketplace decisions made by MSOs. Because these decisions are made on a channel basis, looking at the overall channel line-up generally reflects what programming they perceive to be most valuable to their subscribers. The foundation of those cable programming decisions is the 24-hour per day cable network, at least

since the late 1970s and early 1980s with the launch of CNN, USA, ESPN and other networks. As the 1998-99 CARP Report acknowledged, the relative program value seen in the cable network marketplace is a very helpful guidepost for a hypothetical relative program value in the broadcast distant signal marketplace.

27. MSOs typically build their programming line-ups with a variety of different genres of content perceived as having the most appeal to subscribers. By reviewing the most prevalent programming offered on the cable networks provided by MSOs on their systems, we can view how the MSOs' programming decisions reflect their relative investments in different programming and their inferred understanding of the desired programming of their subscribers. Carriage decisions about distant signal programming are not made in a vacuum. The relative importance and value to MSOs of programming carried on distant signals can effectively be understood by examining the entirety of the cable network programming line-ups assembled by cable operators. Since the early 1980s, the most prevalent and widely-distributed genres of cable network programming have included a general entertainment category, which includes subcategories such as arts, film, family/kids, women's entertainment, music and international programming; news; and sports. MSOs have generally favored these popular genres in filling their programming line-ups.

28. Given the focus of this proceeding for 2004-2005, I examined the 50 most widely distributed cable programming networks for those years to provide a sample of how MSOs filled out their cable network programming line-ups amongst a variety of program categories. Upon review, the programming category preferences

evident from cable operator lineups for the 2004-05 time periods are consistent with my own experience.

29. SNL Kagan maintains a database of all cable programming networks carried in U.S. multichannel video (cable, satellite and telco) households.<sup>8</sup> The single most widely distributed cable programming network in 2004 and 2005 was Discovery Channel, with 89.4 million multichannel video subscribers in 2004 and 90.3 million in 2005. The top 50 most widely distributed networks (referred to herein as the "2004 Top 50" or "2005 Top 50" as applicable) included ESPN, CNN, TNT, USA, and Nickelodeon/Nick at Nite, on through to number 50, MTV2, which had 54.6 million subscribers in 2004 and 58.4 million in 2005.<sup>9</sup>

30. According to my breakdown of these networks, 37 networks - or 74% - of the 2004 Top 50 and the 2005 Top 50 cable programming networks would be appropriately labeled as what I understand to be "Program Supplier/Entertainment" (or "PSE") networks, that is, programming most analogous to the Program Supplier claimant group in this proceeding. Within that PSE category, I include 8 categories that SNL Kagan uses to subdivide the cable programming marketplace, such as "General/Variety" (networks such as TNT, USA, E!, Bravo and GSN); "Arts & Entertainment" (networks such as Discovery Channel, A&E, TLC, and History); "Family/Kids" (such as Nickelodeon/Nick at Nite, Disney Channel, and Cartoon

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<sup>8</sup> See *Basic Cable Networks by Subscribers (m)*, SNL Kagan 2009 (referred to herein as "SNL Kagan Database").

<sup>9</sup> See Exhibits 2 and 3 for a list of the top 50 most widely-distributed cable networks in 2004 and 2005 drawn from the SNL Kagan Database, as well as a breakdown of their programming classifications. In 2004, MSO subscribers comprised 72% of the multichannel video subscribers referenced on Exhibit 2; in 2005 MSO subscribers comprised 70% of the multichannel video subscribers referenced on Exhibit 3.

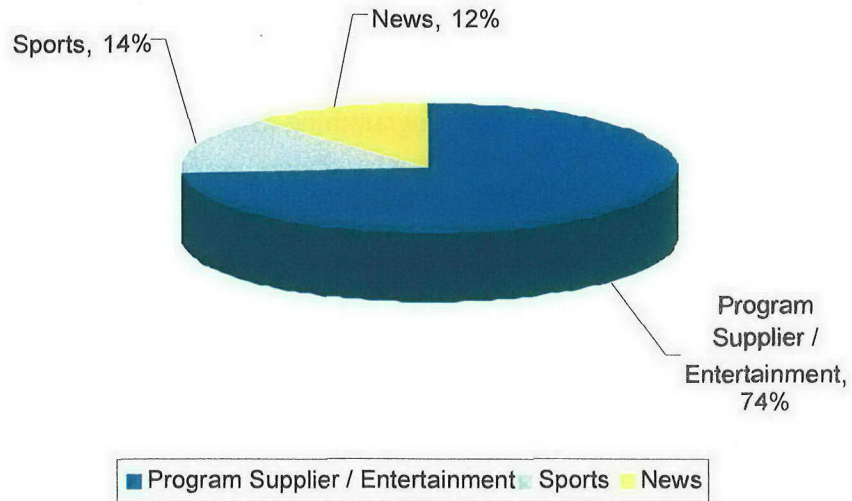
Network); "Women's" (Lifetime and WE); "Niche" (such as HGTV, Food Network and Travel Channel); "Film" (AMC and TCM); "Music" (MTV, CMT and MTV2); and "International/Ethnic/Foreign Language" (which includes BET). As I will discuss below, the preponderance of the programs carried on these networks during the 2004-05 time period appear to fall within the definition of "Program Supplier" programming as I understand it is used in this proceeding.

31. By comparison, 7 of the 2004 and 2005 Top 50 networks - or 14% - are labeled by SNL Kagan as "Sports" (such as ESPN, Fox Sports Net, Speed, and The Golf Channel). On these "Sports" networks, much of the actual programming would not in all likelihood fall within the definition of "Sports" programming as used in this proceeding. Among the programs that do not fit into the "Sports" programming definition are golf programming on The Golf Channel, live non-team sports (such as on Speed) and live highlights shows and pre-produced interview and non-fiction programming (such as on ESPN). As I understand it, those types of programs fit in the "Program Supplier," not the "Sports," category in these proceedings.

32. The third and final major category among the top 50 cable programming networks of 2004 and 2005 were 6 networks (12%) that SNL Kagan labeled as "News" such as CNN, MSNBC, and Fox News Channel. In this category as well, there are significant numbers of individual programs that could likely be characterized as "Program Supplier" content in this proceeding (such as syndicated general news and economic news, live talk shows and pre-produced non-fiction programming). Figures 1 and 2 illustrate the relative mix of programming categories among the 2004 and 2005 Top 50 cable programming networks.

**Figure 1:**

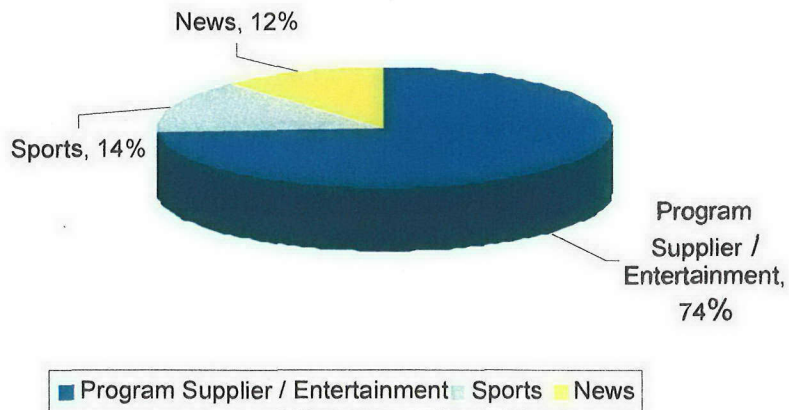
**2004 Top 50 Cable Networks  
Categorization of Network by Program Type\***



\* Network programming categorization is as applied by Howard Homonoff from SNL / Kagan network categorization.

**Figure 2:**

**2005 Top 50 Cable Networks  
Categorization of Network by Program Type \***



\* Network programming categorization is as applied by Howard Homonoff from SNL / Kagan network categorization.

33. The above analysis of the most widely distributed programming cable networks in 2004-05 demonstrates that the MSOs' network choices are heavily weighted towards a variety of programming genres that would most likely fit within the Program Supplier category. All other categories fall significantly behind in their proportion of the most-widely distributed programming networks by MSOs.

**B. Distribution of Individual Programming Categories**

34. In 2004-2005, Program Supplier category content comprised the vast majority of individual programs on the most-widely distributed cable networks that MSOs delivered to their subscribers during that time period - including on some networks that are generally categorized as "Sports" or "News." For the purposes of this analysis, I drew from data supplied by Tribune Media Services ("TMS"), which provides historical data drawn from its electronic program guides. I selected the top 25 most widely-distributed cable networks in 2004 and 2005, and then randomly selected 5 weeks from each year to sample the mix of programming. I then aggregated the amount of programming in each category for each network for 2004 and 2005, respectively.

35. Looking across the top 25 networks in 2004 (the "2004 Top 25"), running from Discovery Channel at the top to AMC at number 25, 90.2% of the programming identified for the 5 sampled weeks would likely fall within the "Program Supplier" category for purposes of this proceeding as I understand it. I have grouped within this "Program Supplier" category a broad range of produced-programming genres that TMS classifies as "Network Series," "Special," "Hobbies &

Crafts," "Syndicated," "Movie," and "TV Movie" among others. In addition, I have included several categories in the sports area that are not live team sports, such as the TMS categories of "Sports-related," "Pseudo-sports," and "Sporting Events," as well as a portion of the TMS category "Other" that consists of "paid programs" as that category is considered "Program Supplier" content in the context of this proceeding.<sup>10</sup>

36. In contrast to the preponderance of "Program Supplier"-type programming, content in the "News" category (comprised entirely of the TMS "News" category) comprises 4.4 percent of the 2004 Top 25, and "Sports," which includes the live team sports TMS categories of "Team vs. Team" and "Playoff Sports," comprises 1.8 percent of the 2004 Top 25. Under the TMS formula, an additional 3.6 percent of 2004 Top 25 programming would fall into a category of "Other/Miscellaneous" category (consisting of the TMS "Other" category minus "paid programs," which I have folded into the Program Supplier category as noted above).

37. I performed a similar review of the top 25 most widely distributed cable networks in 2005 (the "2005 Top 25"), with the list running from Discovery Channel at the top to Comedy Central at number 25. This analysis indicated that 89 percent of the programming identified for the 5 sampled weeks would likely fall within the "Program Supplier" category for purposes of this proceeding as I understand it. By comparison, the "News" category content (again comprised entirely of the TMS "News" category) comprises 4.2 percent of the 2005 Top 25, and "Sports" (encompassing the TMS categories of "Team vs. Team" and "Playoff Sports") comprises 1.5 percent of the 2005 Top 25. An additional 4.5 percent of 2005 Top 25

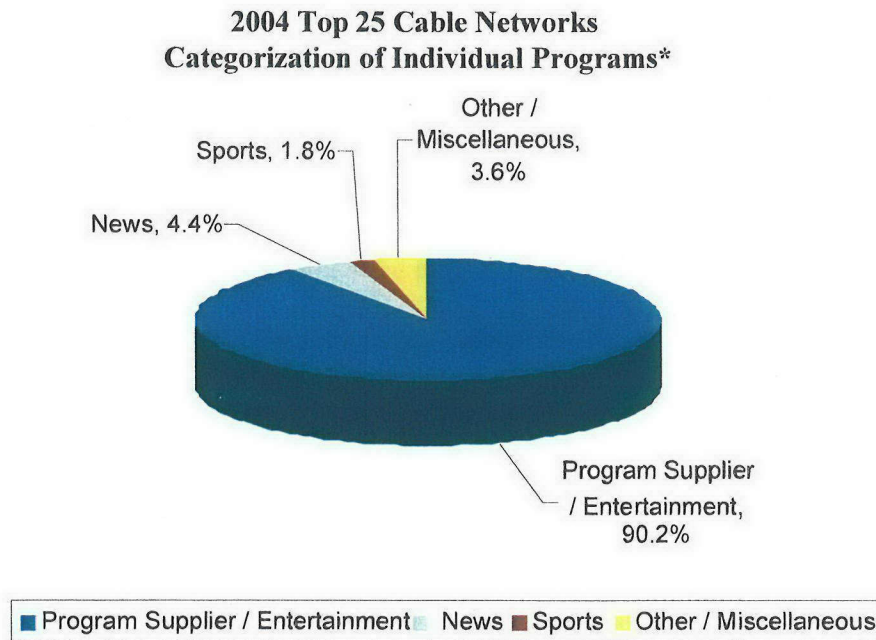
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<sup>10</sup> See Exhibit 4, *TVDT's [TV Data] PROGRAM TYPES* (Supplied by TMS), for a list of the TMS "Program Types" and their definitions.



programming would fall into the "Other/Miscellaneous" category (consisting of the TMS "Other" category minus "paid programs," which I have folded into the Program Supplier category as noted above). Figures 3 and 4 illustrate the relative mix of categories for individual programs carried by the 2004 Top 25 and the 2005 Top 25 cable programming networks.<sup>11</sup>

**Figure 3:**

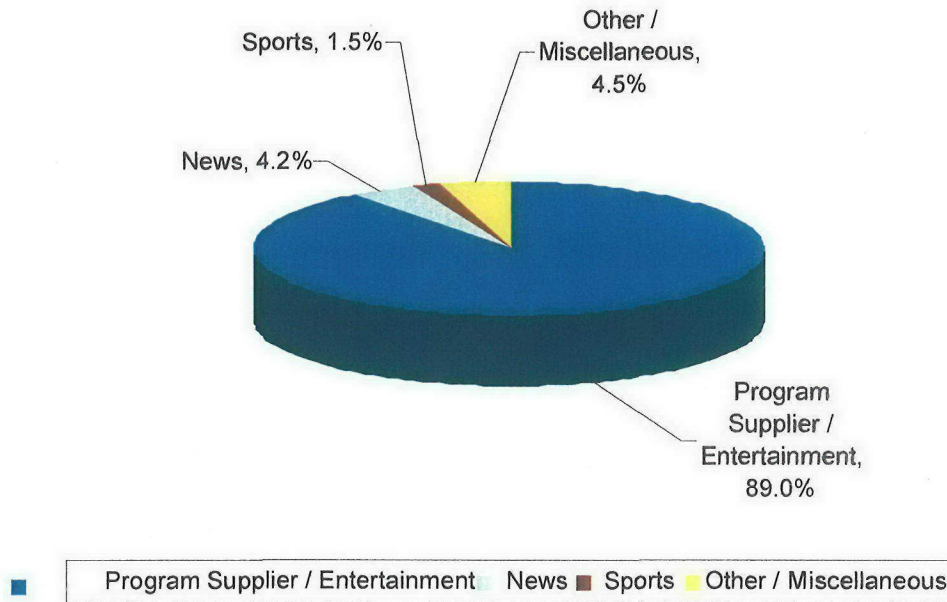


\* Network programming categorization is as applied by Howard Homonoff from categorization supplied by Tribune Media Services.

<sup>11</sup> See Exhibits 5 and 6 for lists of the top 25 most widely-distributed cable networks in 2004 and 2005 drawn from SNL Kagan, as well as a breakdown by genre of individual program categories carried on those networks.

**Figure 4:**

**2005 Top 25 Cable Networks  
Categorization of Individual Programs\***



\* Network programming categorization is as applied by Howard Homonoff from categorization supplied by Tribune Media Services.

**C. Distribution of MSO Programming Expenditures**

38. As I noted earlier, one of the most critical factors driving the decision of whether and how to carry a particular programming network is the cost of monthly license fees paid by the MSO for carriage of the cable networks. In this area also, the CARP acknowledged the validity of using the cable network marketplace as a guide to the value MSOs might place on different categories of programming in the hypothetical distant signal marketplace.<sup>12</sup>

39. The 1998-99 CARP Report approached the hypothetical distant signal market by looking at the relative license fees for a dozen different cable networks.

<sup>12</sup> 1998-99 CARP Report.  
Testimony of Howard B. Homonoff

However, when MSO programming executives are assembling packages of cable networks, they must address how they spend their budgets on a broader range of networks that offer different programming choices. Certain individual networks may be relatively more expensive than others (for example, ESPN was clearly the most expensive individual network during 2004-05, with average monthly license fees of \$2.65 per subscriber in 2004 and \$3.07 in 2005). However, an MSO spreads its programming expenses (monthly license fees to cable networks) amongst a wide variety of cable networks, and thus, sets priorities reflected in the aggregate mix of programming. Where the MSO puts its aggregate budget in terms of the program categories is indicative of the relative value they place on different program types. Consequently, I reviewed the average monthly per subscriber license fees for the top 50 cable programming networks in 2004 and 2005.

40. The license fees for the top 50 programming networks in 2004-05 identified on Exhibits 2 and 3 indicate that the largest percentage of license fees are spent on the "PSE" category of programming. For example, in 2004, the 37 programming networks in this category averaged an aggregated total of \$6.85 per month in license fees, and in 2005 the figure was \$7.19. By comparison, the aggregated license fees for the "Sports" category were \$4.92 in 2004 (of which \$2.65 was for ESPN alone) and \$5.53 in 2005 (of which \$3.07 was for ESPN alone).<sup>13</sup> For the "News" category, the figures were \$1.18 and \$1.22 for 2004 and 2005.<sup>14</sup> Figures 5

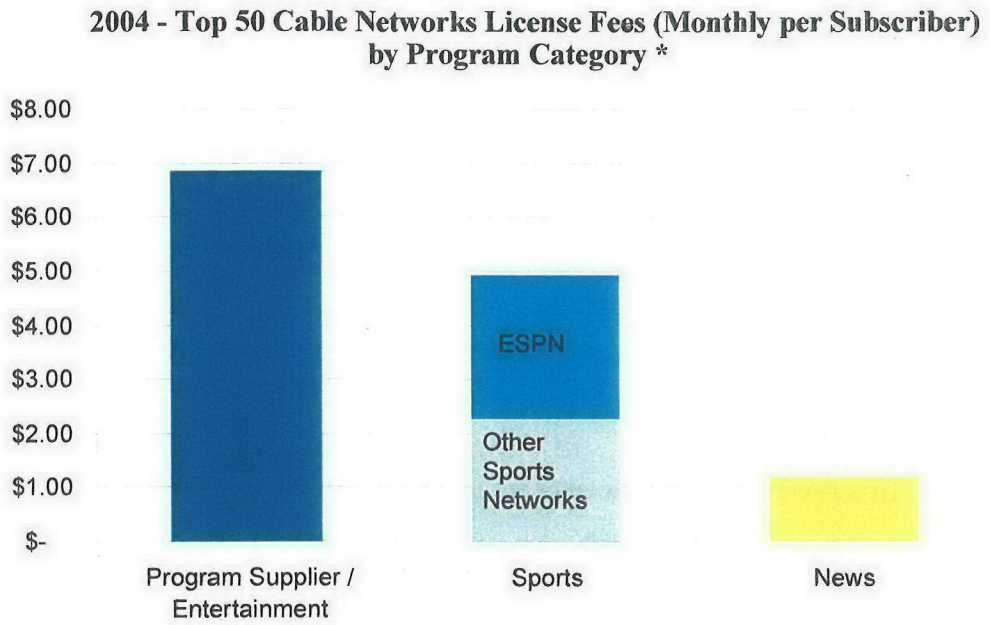
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<sup>13</sup> Again, it is important to keep in mind that the majority of programming on ESPN is not live sports and would likely fit within the definition of "Program Supplier" rather than "Sports" programming used in this proceeding. See ¶¶ 34-37 above.

<sup>14</sup> See Exhibits 7 and 8 for lists of the top 50 most widely-distributed cable networks in 2004 and 2005 drawn from SNL Kagan, with their average monthly license fees.

and 6 demonstrate this mix of license fees across the different network programming classifications.

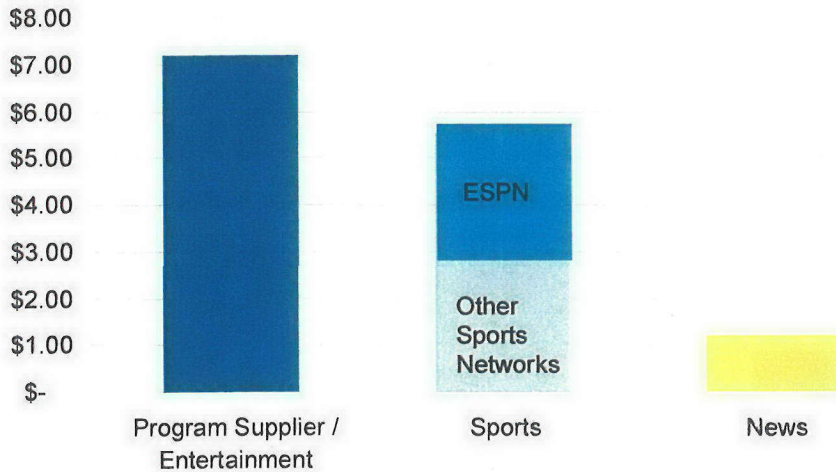
**Figure 5:**



\* Network programming categorization is as applied by Howard Homonoff from SNL / Kagan network categorization.

**Figure 6:**

**2005 - Top 50 Cable Networks License Fees  
(Monthly per Subscriber) by Program Category \***



\* Network programming categorization is as applied by Howard Homonoff from SNL / Kagan network categorization.

41. This review of MSO license fee expenditures provides insight into the relative spending on cable programming networks that MSOs and their Corporate Programming Executives think will provide the best mix of programming for attracting and retaining subscribers. We can see that the cable networks that MSOs have chosen to distribute to the highest number of their subscribers and upon which they have chosen to spend a measurably larger portion of subscriber fees, are primarily "PSE" cable networks (with predominantly "Program Supplier" content). Based on this behavior in the cable network marketplace, cable operators thus demonstrate the value they attribute to Program Suppliers' programming in attracting and retaining subscribers.

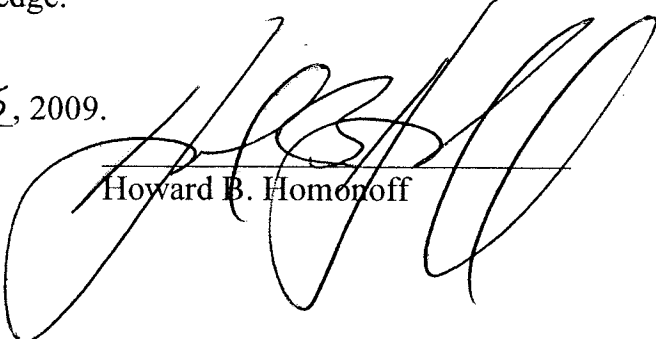
## **VI. Conclusion**

42. The process by which cable operators make their programming decisions and the factors that influence those decisions indicate the central importance of the impact of programming decisions on subscriber attraction and retention. The actual behavior of cable operators in the programming marketplace, in the choices of the most widely-distributed cable networks (and the individual programming carried by those networks) as well as the relative distribution of monthly per subscriber fees paid by MSOs to the most-widely distributed cable networks, demonstrates MSOs' track record in utilizing Program Suppliers' programming in attracting and retaining subscribers.

**DECLARATION OF HOWARD B. HOMONOFF**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

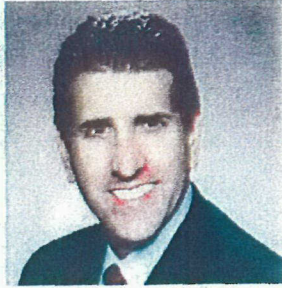
Executed on September 25, 2009.

  
Howard B. Homonoff

**PS Exhibit \_\_\_\_ (HBH-1)**



## HOWARD HOMONOFF BIOGRAPHY



Howard Homonoff is a Director at PricewaterhouseCoopers LLP in their Entertainment, Media & Communications advisory practice based in New York. He has over twenty years of experience in the media business, in cable and broadcast television, digital media and regulatory management. The focus of his practice at PwC includes areas such as rights management, strategic content acquisition and distribution, the development of new digital media businesses including interactive advertising, and the presentation of expert witness testimony for major media companies, particularly around disputes between content providers and distributors.

Howard's clients have included vertically-integrated media companies; major cable operators and telephone companies; large advertising agencies; a major motion picture studio; mobile carriers; several startup programming networks (including the first English-language network for Indian Americans); and the National Cable Telecommunications Association. Prior to running his own media consulting firm and joining PwC, Howard served as Vice President and General Manager of CNBC Strategic Ventures, where he oversaw the exploitation of CNBC content on new media platforms such as online video and satellite radio. He also served as General Counsel of NBC Cable Networks, where he counseled the company on a range of strategic and operational matters including content distribution, and as Director of Corporate and Legal Affairs for Continental Cablevision in Boston. In his earlier political career, he served as Counsel for the U.S. House of Representatives Telecommunications and Finance Subcommittee and as Legislative Assistant for U.S. Rep. Edward J. Markey, D-Mass. Howard also worked as an Associate in the Washington, DC law firm Wilmer, Cutler & Pickering and as law clerk to the Honorable Stanley S. Brotman, U.S. District Judge for the District of New Jersey.

In addition to his work at PwC, Howard recently served as Associate Professor and Program Director for the Masters Degree Program in Television Management at Drexel University. He has lectured at Columbia Business School (where he is affiliated with the Columbia Institute on Tele-Information), New School University and Boston College School of Law. Howard is a frequently sought-after speaker at industry events sponsored by organizations such as the National Association of Television Programming Executives (NATPE), the Cable Telecommunications Association for Marketing (CTAM), the Practising Law Institute on Cable Television Law, the Caribbean Cable Television Association and The Association of the Bar for the City of New York. He has served as Co-Chairman of the New York chapter of the Federal Communications Bar Association and is a member of the Telecommunications Committee of The Association of the Bar for the City of New York. Howard received a B.A. in government with distinction in all subjects from Cornell University and a J.D. from New York University School of Law.

**PS Exhibit \_\_\_\_ (HBH-2)**

Top 50 Networks (2004) - Subscribers  
 PS Exhibit \_\_\_ (HBH-2)

Ranking (by Subscribers)	Cable Network	SNL Kagan Network Programming Categorization	Homonoff/PwC Network Programming Categorization	Number of Subscribers (millions)
1	Discovery Channel	Arts & Entertainment	Program Supplier / Entertainment	89.4
2	ESPN	Sports	Sports	89.1
3	CNN/HN	News	News	88.8
4	TNT	General / Variety	Program Supplier / Entertainment	88.8
5	USA	General / Variety	Program Supplier / Entertainment	88.7
6	Nickelodeon/Nick At Nite	Family / Kids	Program Supplier / Entertainment	88.6
7	TBS	General / Variety	Program Supplier / Entertainment	88.5
8	A&E	Arts & Entertainment	Program Supplier / Entertainment	88.4
9	COSPAN	News	News	88.4
10	Lifetime Television	Women's	Program Supplier / Entertainment	88.3
11	Spike TV	General / Variety	Program Supplier / Entertainment	88.2
12	The Weather Channel	News	News	88.1
13	TLC	Arts & Entertainment	Program Supplier / Entertainment	88.0
14	ESPN2	Sports	Sports	87.9
15	ABC Family Channel	Family / Kids	Program Supplier / Entertainment	87.7
16	MTV	Music	Program Supplier / Entertainment	87.6
17	HGTV	Niche	Program Supplier / Entertainment	87.4
18	History	Arts & Entertainment	Program Supplier / Entertainment	87.4
19	Cartoon Network	Family / Kids	Program Supplier / Entertainment	87.1
20	CNBC	News	News	87.1
21	VH01	Music	Program Supplier / Entertainment	86.9
22	FOX News	News	News	86.6
23	Comedy Central	Niche	Program Supplier / Entertainment	86.4
24	Animal Planet	Arts & Entertainment	Program Supplier / Entertainment	86.4
25	AMC	Film	Program Supplier / Entertainment	86.4
26	Food Network	Niche	Program Supplier / Entertainment	85.9
27	EI Entertainment Televis	Arts & Entertainment	Program Supplier / Entertainment	85.6
28	Disney Channel	Family / Kids	Program Supplier / Entertainment	85.1
29	FX Network	General / Variety	Program Supplier / Entertainment	85.1
30	TV Land	General / Variety	Program Supplier / Entertainment	85.0
31	SCI FI Channel	Niche	Program Supplier / Entertainment	84.3
32	MSNBC	News	News	83.2
33	truTV	General / Variety	Program Supplier / Entertainment	82.5
34	FOX Sports Net	Sports	Sports	81.0
35	BET	International / Ethnic / Foreign Lar	Program Supplier / Entertainment	79.5
36	Bravo	General / Variety	Program Supplier / Entertainment	77.8
37	Travel Channel	Niche	Program Supplier / Entertainment	77.7
38	TV Guide Network	General / Variety	Program Supplier / Entertainment	76.7
39	CMT	Music	Program Supplier / Entertainment	76.6
40	TCM	Film	Program Supplier / Entertainment	71.1
41	Hallmark Channel	Family / Kids	Program Supplier / Entertainment	67.2
42	Golf Channel	Sports	Sports	66.9
43	WGN America	General / Variety	Program Supplier / Entertainment	65.3
44	SPEED	Sports	Sports	63.4
45	VERSUS	Sports	Sports	61.6
46	GSN	Niche	Program Supplier / Entertainment	56.6
47	Discovery Health Chann	Arts & Entertainment	Program Supplier / Entertainment	55.6
48	WE tv	Women's	Program Supplier / Entertainment	55.2
49	ESPN Classic	Sports	Sports	54.8
50	MTV2	Music	Program Supplier / Entertainment	54.6

Data Source: Kagan database, "Basic Cable Networks by Subscribers (m)" SNLi Kagan 2009.

**PS Exhibit \_\_\_\_ (HBH-3)**

**Top 50 Networks (2005) - Subscribers**  
**PS Exhibit \_\_\_\_ (HBH-3).**

Ranking (by Subscribers)	Cable Network	SNL Kagan Network Programming Categorization	Homonoff/PwC Network Programming Categorization	Number of Subscribers (millions)
1	Discovery Channel	Arts & Entertainment	Program Supplier / Entertainment	90.3
2	ESPN	Sports	Sports	90.1
3	CNN/HN	News	News	89.9
4	TNT	General / Variety	Program Supplier / Entertainment	89.8
5	USA	General / Variety	Program Supplier / Entertainment	89.7
6	COSPAN	News	News	89.7
7	Spike TV	General / Variety	Program Supplier / Entertainment	89.6
8	TBS	General / Variety	Program Supplier / Entertainment	89.5
9	The Weather Channel	News	News	89.5
10	Nickelodeon/Nick At Nite	Family / Kids	Program Supplier / Entertainment	89.5
11	Lifetime Television	Women's	Program Supplier / Entertainment	89.5
12	A&E	Arts & Entertainment	Program Supplier / Entertainment	89.3
13	ESPN2	Sports	Sports	89.3
14	TLC	Arts & Entertainment	Program Supplier / Entertainment	89.1
15	HGTV	Niche	Program Supplier / Entertainment	88.9
16	MTV	Music	Program Supplier / Entertainment	88.8
17	ABC Family Channel	Family / Kids	Program Supplier / Entertainment	88.7
18	Cartoon Network	Family / Kids	Program Supplier / Entertainment	88.6
19	History	Arts & Entertainment	Program Supplier / Entertainment	88.6
20	VH01	Music	Program Supplier / Entertainment	88.5
21	CNBC	News	News	88.1
22	Food Network	Niche	Program Supplier / Entertainment	88.0
23	FOX News	News	News	87.9
24	FX Network	General / Variety	Program Supplier / Entertainment	87.9
25	Comedy Central	Niche	Program Supplier / Entertainment	87.8
26	Animal Planet	Arts & Entertainment	Program Supplier / Entertainment	87.7
27	AMC	Film	Program Supplier / Entertainment	87.2
28	Disney Channel	Family / Kids	Program Supplier / Entertainment	86.9
29	E! Entertainment Television	Arts & Entertainment	Program Supplier / Entertainment	86.9
30	TV Land	General / Variety	Program Supplier / Entertainment	86.1
31	MSNBC	News	News	85.1
32	SCI FI Channel	Niche	Program Supplier / Entertainment	84.8
33	truTV	General / Variety	Program Supplier / Entertainment	84.5
34	Travel Channel	Niche	Program Supplier / Entertainment	82.9
35	FOX Sports Net	Sports International / Ethnic	Sports	82.0
36	BET	/ Foreign Language	Program Supplier / Entertainment	80.9
37	Bravo	General / Variety	Program Supplier / Entertainment	79.4
38	CMT	Music	Program Supplier / Entertainment	79.4
39	TV Guide Network	General / Variety	Program Supplier / Entertainment	77.4
40	TCM	Film	Program Supplier / Entertainment	71.5
41	Hallmark Channel	Family / Kids	Program Supplier / Entertainment	70.7
42	Golf Channel	Sports	Sports	67.8
43	WGN America	General / Variety	Program Supplier / Entertainment	66.9
44	SPEED	Sports	Sports	64.2
45	VERSUS	Sports	Sports	63.4
46	Discovery Health Channel	Arts & Entertainment	Program Supplier / Entertainment	58.5
47	MTV2	Music	Program Supplier / Entertainment	58.4
48	ESPN Classic	Sports	Sports	58.4
49	GSN	Niche	Program Supplier / Entertainment	57.9
50	Oxygen Network	Women's	Program Supplier / Entertainment	56.6

Data Source: Kagan database, "Basic Cable Networks by Subscribers (m)" SNLi Kagan 2009.

**PS Exhibit \_\_\_\_ (HBH-4)**

TVDT'S PROGRAM TYPES

Movie	Cinema
Pelicula	TV Movie
Sporting Event	Team vs. Team
Sports Anthology	Pseudo Sport
Sports Related	Playoff Sport
*Special	*Childrens Special
*Music Special	Network Series
Mini Series	Syndicated Series
First Syndicated	*Childrens Show
Music	Talk Show
Finance	Health
Hobbies & Crafts	Arts
*Religious	Public Affairs
*News	*Cartoon
*Daytime Soap	*Game Show
Instructional	*Filler
Other	

\* Categories are not applied to these program types.

DEFINITIONS OF TVDT'S PROGRAM TYPES

MOVIE	This includes all films with a theatrical release or intended for a theatrical release or made for video. Spanish (Pelicula), French (Cinema) and made-for-TV movies (TV Movie) have their own types. An animated movie is still a movie, not a cartoon.
PELICULA	This includes movies in Spanish on Spanish services and stations.
CINEMA	Movies in French on French services and stations.
TV MOVIE	Includes movies that premiered on TV, not in theaters. This includes "made for pay" movies on premium channels such as HBO, Showtime, etc.
SPORTING EVENT	This is a sporting event that is not a team vs. team contest. Examples: a golf tournament, a horse race, bowling tournaments, a boxing match.
TEAM VS TEAM	This is a sporting event with two teams. Examples: NFL Football, Major League Baseball, all-star games, Little League.
SPORTS ANTHOLOGY	This is for sports programs that feature more than one sport. Examples: Wide World of Sports, Sports Sunday, Sportsworld, Olympics, etc.

SPORTS RELATED	Shows dealing with sports including interviews, highlights, results, analysis, instruction, etc. Examples: NFL Today, Super Bowl Highlights, SportsCenter, coach's shows, fishing shows, skiing tips.
PLAYOFF SPORT	This includes the Super Bowl, World Series, NCAA Playoff, Stanley Cup Playoffs, NBA Playoffs. The finals of any team vs. team season.
PSEUDO SPORT	Sports programs in which the outcome is pre-determined. Examples: roller derby, pro wrestling.
SPECIAL	Generally a one-time-only program that deviates from the normal lineup. Use Music or Children's Special before this generic type.
*CHILDREN'S SPECIAL	Specials designed specifically for children 12 years and under.
*MUSIC SPECIAL	Generally, one-time-only concerts, recitals and performances.
NETWORK SERIES	Any open-ended series running on the networks or major cables that can be continued due to audience demand.
MINISERIES	A program longer than 4 hours/2 parts; any limited series (fictional or non-fictional). Must be identified with part numbers.
FIRST-RUN SYNDICATED	These are never-seen-before series or episodes, distributed via syndication. These are new programs that aren't aired exclusively on any network or cable.
SYNDICATED	All programming aired on a channel except programming produced exclusively for them or obtained through a network relationship.
*CHILDREN'S	Includes shows designed specifically for children, 12 years and under. Note: children's specials and cartoons are not included here. Examples: Sesame Street, Captain Kangaroo, Fraggle Rock.
*MUSIC	Includes all music-related series. Examples: Friday Night Videos, Night Tracks, In Concert, Evening at Pops.
*TALK SHOW	Includes shows in which a host or hostess introduces and chats with celebrities, sometimes before a studio audience. Examples: Tonight Show,



Donahue, Today Show.

- FINANCE** All money-related, investment-oriented or business shows. Examples: Wall Street Week, Wall Street Journal Report, Smart Money, Nation's Business Today.
- HEALTH** Health and fitness shows like Weight Watcher Magazine, Medicine Today, exercise shows and Your Baby and You.
- HOBBIES & CRAFTS** How-to programs. Examples: Car Owner's Maintenance Guide, Woodworking, Sewing With Nancy.
- \*ARTS** Fine arts programs such as ballet, opera, theatrical productions, museum exhibits.
- \*RELIGIOUS** Includes religious shows like Oral Roberts, Jerry Falwell, church services. Copy is not written for evangelist or sermon shows.
- \*PUBLIC AFFAIRS** Includes current events programs like Meet the Press, Firing Line, Washington Week in Review, Nightline.
- \*NEWS** Includes local and network news. No copy is written for news programs. No on-screen titles should be used for any local news.
- \*CARTOON** Includes regularly scheduled cartoons such as Flintstones, Smurfs. Note: animated specials such as Garfield and Peanuts would go under Children's Special. No copy is written on regularly scheduled cartoon shows. No Repeat qualifier is used.
- \*DAYTIME SOAP** Continuing daily dramas. No repeat qualifier is used.
- \*GAME SHOW** Includes all game shows. Examples: Wheel of Fortune, Jeopardy, Price is Right. Also, High School or College Quiz Shows with the teams in the subtitle field. No copy is written for game shows. No Repeat qualifier is used.
- INSTRUCTIONAL** Any program seeking to teach academic or theoretical lessons.
- \*FILLER** Programs aired to fill time between featured programs. No Repeat qualifier is used.
- OTHER** For any program that doesn't fit into any of the above types.

PS Exhibit \_\_\_\_ (HBH-5)

Top 25 Networks (2004) - Archived Programming Data  
PS Exhibit \_\_\_ (HBH-5).

Ranking (by Subscribers)	Cable Network	SNL Kagan Network Programming Categorization	Homonoff/PwC Network Programming Categorization	Homonoff/PwC Individual Program Categorization (average hours per week & percent) *							
				Program Supplier / Entertainment		News		Sports		Other / Miscellaneous	
				Hours	Percent	Hours	Percent	Hours	Percent	Hours	Percent
1	Discovery Channel	Arts & Entertainment	Program Supplier / Entertainment	165.1	98%	0.0	0%	0.0	0%	3.3	2%
2	ESPN	Sports	Sports	128.3	76%	0.0	0%	39.7	24%	0.0	0%
3	CNN/HN	News	News	79.2	47%	87.8	52%	0.0	0%	1.0	1%
4	TNT	General / Variety	Program Supplier / Entertainment	163.0	97%	0.0	0%	4.4	3%	0.4	0%
5	USA	General / Variety	Program Supplier / Entertainment	167.2	100%	0.0	0%	0.0	0%	0.7	0%
6	Nickelodeon/Nick At Nite	Family / Kids	Program Supplier / Entertainment	167.8	100%	0.0	0%	0.0	0%	0.2	0%
7	TBS	General / Variety	Program Supplier / Entertainment	164.2	98%	0.0	0%	3.0	2%	1.0	1%
8	A&E	Arts & Entertainment	Program Supplier / Entertainment	166.9	99%	0.0	0%	0.0	0%	1.1	1%
9	COSPAN	News	News	164.2	98%	0.0	0%	0.0	0%	3.8	2%
10	Lifetime Television	Women's	Program Supplier / Entertainment	163.7	97%	0.0	0%	0.0	0%	4.0	2%
11	Spike TV	General / Variety	Program Supplier / Entertainment	167.4	100%	0.0	0%	0.0	0%	0.6	0%
12	The Weather Channel	News	News	14.2	8%	50.9	30%	0.0	0%	102.9	61%
13	TLC	Arts & Entertainment	Program Supplier / Entertainment	165.8	99%	0.0	0%	0.0	0%	2.2	1%
14	ESPN2	Sports	Sports	141.2	84%	0.0	0%	27.2	16%	0.0	0%
15	ABC Family Channel	Family / Kids	Program Supplier / Entertainment	161.4	96%	0.0	0%	0.0	0%	6.6	4%
16	MTV	Music	Program Supplier / Entertainment	168.1	100%	0.0	0%	0.0	0%	0.0	0%
17	HGTV	Niche	Program Supplier / Entertainment	166.9	99%	0.0	0%	0.0	0%	1.1	1%
18	History	Arts & Entertainment	Program Supplier / Entertainment	166.6	99%	0.0	0%	0.0	0%	1.4	1%
19	Cartoon Network	Family / Kids	Program Supplier / Entertainment	168.0	100%	0.0	0%	0.0	0%	0.0	0%
20	CNBC	News	News	151.4	90%	4.4	3%	0.0	0%	12.2	7%
21	VH01	Music	Program Supplier / Entertainment	162.8	97%	0.0	0%	0.0	0%	5.4	3%
22	FOX News	News	News	125.2	75%	42.8	25%	0.0	0%	0.0	0%
23	Comedy Central	Niche	Program Supplier / Entertainment	166.1	99%	0.0	0%	0.0	0%	1.9	1%
24	Animal Planet	Arts & Entertainment	Program Supplier / Entertainment	167.5	100%	0.0	0%	0.0	0%	0.8	0%
25	AMC	Film	Program Supplier / Entertainment	168.1	100%	0.0	0%	0.0	0%	0.0	0%
<b>Total</b>				<b>18,951.3</b>	<b>90.2%</b>	<b>929.6</b>	<b>4.4%</b>	<b>371.4</b>	<b>1.8%</b>	<b>753.0</b>	<b>3.6%</b>
<b>Average week</b>				<b>151.6</b>		<b>7.4</b>		<b>3.0</b>		<b>6.0</b>	<b>3.6%</b>
<b>Average 24 hour day</b>				<b>21.7</b>		<b>1.1</b>		<b>0.4</b>		<b>0.9</b>	<b>3.6%</b>

\* Homonoff Content Categorization hours are determined by averaging 24-hour weekly network programming data from five randomly selected weeks.

Definitions of Homonoff categories are as follows:

- "Program Supplier / Entertainment" includes the following Tribune Media Services (TMS) categories: Music, Network Series, Special, Hobbies & Crafts, Syndicated, Movie, TV Movie, Talk Show, Mini-Series, Game Show, Public Affairs, Finance, Instructional, Sports-related, Health, Religious, Children's Show, Music Special, Cartoon, Children's Special, Pseudo-sports, Sporting Events, First-run Syndication, Daytime Soap, Other (when the title is noted as "Paid Program")
- "News" includes the following TMS category: News
- "Sports" includes the following TMS categories: Team vs. Team, Playoff Sports
- "Paid Programs / Miscellaneous" includes the following TMS category: Other (when the title is anything other than "Paid Program")

Data Source: Tribune Media Services Archived Programming Data

**PS Exhibit \_\_\_\_ (HBH-6)**

Top 25 Networks (2005) - Archived Programming Data  
PS Exhibit \_\_\_\_ (HBH-6).

Ranking (by Subscribers)	Cable Network	SNL Kagan Network Programming Categorization	Homonoff/PwC Network Programming Categorization	Homonoff/PwC Individual Program Categorization (average hours per week & percent) *							
				Program Supplier / Entertainment		News		Sports		Other / Miscellaneous	
				Hours	Percent	Hours	Percent	Hours	Percent	Hours	Percent
1	Discovery Channel	Arts & Entertainment	Program Supplier / Entertainment	162.4	97%	0.0	0%	0.0	0%	5.6	3%
2	ESPN	Sports	Sports	136.1	81%	0.0	0%	31.7	19%	0.0	0%
3	CNN/HN	News	News	69.2	41%	65.2	39%	0.0	0%	0.0	0%
4	TNT	General / Variety	Program Supplier / Entertainment	165.2	98%	0.0	0%	3.0	2%	0.0	0%
5	USA	General / Variety	Program Supplier / Entertainment	166.7	99%	0.0	0%	0.0	0%	1.1	1%
6	C0SPAN	News	News	107.5	64%	60.5	36%	0.0	0%	0.0	0%
7	Spike TV	General / Variety	Program Supplier / Entertainment	167.0	99%	0.0	0%	0.0	0%	1.0	1%
8	TBS	General / Variety	Program Supplier / Entertainment	162.9	97%	0.0	0%	3.9	2%	1.0	1%
9	The Weather Channel	News	News	19.4	12%	0.0	0%	0.0	0%	148.6	88%
10	Nickelodeon/Nick At Nite	Family / Kids	Program Supplier / Entertainment	168.0	100%	0.0	0%	0.0	0%	0.0	0%
11	Lifetime Television	Women's	Program Supplier / Entertainment	165.5	99%	0.0	0%	0.0	0%	2.9	2%
12	A&E	Arts & Entertainment	Program Supplier / Entertainment	165.9	99%	0.0	0%	0.0	0%	2.1	1%
13	ESPN2	Sports	Sports	141.3	84%	0.0	0%	26.5	16%	0.0	0%
14	TLC	Arts & Entertainment	Program Supplier / Entertainment	162.0	96%	0.0	0%	0.0	0%	6.2	4%
15	HGTV	Niche	Program Supplier / Entertainment	167.1	99%	0.0	0%	0.0	0%	0.9	1%
16	MTV	Music	Program Supplier / Entertainment	167.7	100%	0.0	0%	0.0	0%	0.2	0%
17	ABC Family Channel	Family / Kids	Program Supplier / Entertainment	164.7	98%	0.0	0%	0.0	0%	3.5	2%
18	Cartoon Network	Family / Kids	Program Supplier / Entertainment	168.0	100%	0.0	0%	0.0	0%	0.0	0%
19	History	Arts & Entertainment	Program Supplier / Entertainment	164.1	98%	0.0	0%	0.0	0%	3.9	2%
20	VH01	Music	Program Supplier / Entertainment	168.1	100%	0.0	0%	0.0	0%	0.0	0%
21	CNBC	News	News	155.3	92%	5.6	3%	0.0	0%	7.1	4%
22	Food Network	Niche	Program Supplier / Entertainment	166.7	99%	0.0	0%	0.0	0%	1.3	1%
23	FOX News	News	News	124.8	74%	43.2	26%	0.0	0%	0.0	0%
24	FX Network	General / Variety	Program Supplier / Entertainment	165.0	98%	0.0	0%	0.0	0%	3.0	2%
25	Comedy Central	Niche	Program Supplier / Entertainment	166.3	99%	0.0	0%	0.0	0%	1.7	1%
<b>Total</b>				<b>18,684.3</b>	<b>89.0%</b>	<b>872.5</b>	<b>4.2%</b>	<b>325.4</b>	<b>1.5%</b>	<b>950.7</b>	<b>4.5%</b>
<b>Average week</b>				<b>149.5</b>		<b>7.0</b>		<b>2.6</b>		<b>7.6</b>	
<b>Average 24 hour day</b>				<b>21.4</b>		<b>1.0</b>		<b>0.4</b>		<b>1.1</b>	

\* Homonoff Content Categorization hours are determined by averaging 24-hour weekly network programming data from five randomly selected weeks.

Definitions of Homonoff categories are as follows:

- "Program Supplier / Entertainment" includes the following Tribune Media Services (TMS) categories: Music, Network Series, Special, Hobbies & Crafts, Syndicated, Movie, TV Movie, Talk Show, Mini-Series, Game Show, Public Affairs, Finance, Instructional, Sports-related, Health, Religious, Children's Show, Music Special, Cartoon, Children's Special, Pseudo-sports, Sporting Events, First-run Syndication, Daytime Soap, Other (when the title is noted as "Paid Program")

- "News" includes the following TMS category: News

- "Sports" includes the following TMS categories: Team vs. Team, Playoff Sports

- "Paid Programs / Miscellaneous" includes the following TMS category: Other (when the title is anything other than "Paid Program")

Data Source: Tribune Media Services Archived Programming Data

**PS Exhibit \_\_\_\_ (HBH-7)**

Top 50 Networks (2004) - Monthly License Fees  
 PS Exhibit \_\_\_\_ (HBH-7).

Ranking (by Subscribers)	Cable Network	SNL Kagan Network Programming Categorization	Homonoff/PwC Network Programming Categorization	License Fees per Subscriber
1	Discovery Channel	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.24
2	ESPN	Sports	Sports	\$ 2.65
3	CNN/HN	News	News	\$ 0.43
4	TNT	General / Variety	Program Supplier / Entertainment	\$ 0.82
5	USA	General / Variety	Program Supplier / Entertainment	\$ 0.44
6	Nickelodeon/Nick At Nite	Family / Kids	Program Supplier / Entertainment	\$ 0.36
7	TBS	General / Variety	Program Supplier / Entertainment	\$ 0.34
8	A&E	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.20
9	COSPAN	News	News	\$ 0.05
10	Lifetime Television	Women's	Program Supplier / Entertainment	\$ 0.20
11	Spike TV	General / Variety	Program Supplier / Entertainment	\$ 0.17
12	The Weather Channel	News	News	\$ 0.09
13	TLC	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.16
14	ESPN2	Sports	Sports	\$ 0.32
15	ABC Family Channel	Family / Kids	Program Supplier / Entertainment	\$ 0.19
16	MTV	Music	Program Supplier / Entertainment	\$ 0.26
17	HGTV	Niche	Program Supplier / Entertainment	\$ 0.06
18	History	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.17
19	Cartoon Network	Family / Kids	Program Supplier / Entertainment	\$ 0.14
20	CNBC	News	News	\$ 0.25
21	VH01	Music	Program Supplier / Entertainment	\$ 0.12
22	FOX News	News	News	\$ 0.22
23	Comedy Central	Niche	Program Supplier / Entertainment	\$ 0.10
24	Animal Planet	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.06
25	AMC	Film	Program Supplier / Entertainment	\$ 0.22
26	Food Network	Niche	Program Supplier / Entertainment	\$ 0.06
27	E! Entertainment Television	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.19
28	Disney Channel	Family / Kids	Program Supplier / Entertainment	\$ 0.76
29	FX Network	General / Variety	Program Supplier / Entertainment	\$ 0.32
30	TV Land	General / Variety	Program Supplier / Entertainment	\$ 0.08
31	SCI FI Channel	Niche	Program Supplier / Entertainment	\$ 0.15
32	MSNBC	News	News	\$ 0.14
33	truTV	General / Variety	Program Supplier / Entertainment	\$ 0.08
34	FOX Sports Net	Sports	Sports	\$ 1.34
35	BET	International / Ethnic / Foreign Language	Program Supplier / Entertainment	\$ 0.13
36	Bravo	General / Variety	Program Supplier / Entertainment	\$ 0.13
37	Travel Channel	Niche	Program Supplier / Entertainment	\$ 0.05
38	TV Guide Network	General / Variety	Program Supplier / Entertainment	\$ 0.03
39	CMT	Music	Program Supplier / Entertainment	\$ 0.04
40	TCM	Film	Program Supplier / Entertainment	\$ 0.21
41	Hallmark Channel	Family / Kids	Program Supplier / Entertainment	\$ 0.01
42	Golf Channel	Sports	Sports	\$ 0.20
43	WGN America	General / Variety	Program Supplier / Entertainment	\$ 0.10
44	SPEED	Sports	Sports	\$ 0.17
45	VERSUS	Sports	Sports	\$ 0.11
46	GSN	Niche	Program Supplier / Entertainment	\$ 0.05
47	Discovery Health Channel	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.09
48	WE tv	Women's	Program Supplier / Entertainment	\$ 0.09
49	ESPN Classic	Sports	Sports	\$ 0.13
50	MTV2	Music	Program Supplier / Entertainment	\$ 0.03

Data Source: Kagan database, "Basic Cable Networks by Subscribers (m)" SNLi Kagan 2009.

**PS Exhibit \_\_\_\_ (HBH-8)**



Top 50 Networks (2005) - Monthly License Fees  
 PS Exhibit \_\_\_\_ (HBH-8).

Ranking (by Subscribers)	Cable Network	SNL Kagan Network Programming Categorization	Homonoff/PwC Network Programming Categorization	License Fees per Subscriber
1	Discovery Channel	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.25
2	ESPN	Sports	Sports	\$ 3.07
3	CNN/HN	News	News	\$ 0.44
4	TNT	General / Variety	Program Supplier / Entertainment	\$ 0.86
5	USA	General / Variety	Program Supplier / Entertainment	\$ 0.45
6	COSPAN	News	News	\$ 0.05
7	Spike TV	General / Variety	Program Supplier / Entertainment	\$ 0.17
8	TBS	General / Variety	Program Supplier / Entertainment	\$ 0.37
9	The Weather Channel	News	News	\$ 0.10
10	Nickelodeon/Nick At Nite	Family / Kids	Program Supplier / Entertainment	\$ 0.37
11	Lifetime Television	Women's	Program Supplier / Entertainment	\$ 0.22
12	A&E	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.21
13	ESPN2	Sports	Sports	\$ 0.36
14	TLC	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.16
15	HGTV	Niche	Program Supplier / Entertainment	\$ 0.07
16	MTV	Music	Program Supplier / Entertainment	\$ 0.27
17	ABC Family Channel	Family / Kids	Program Supplier / Entertainment	\$ 0.19
18	Cartoon Network	Family / Kids	Program Supplier / Entertainment	\$ 0.15
19	History	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.18
20	VH01	Music	Program Supplier / Entertainment	\$ 0.12
21	CNBC	News	News	\$ 0.25
22	Food Network	Niche	Program Supplier / Entertainment	\$ 0.06
23	FOX News	News	News	\$ 0.24
24	FX Network	General / Variety	Program Supplier / Entertainment	\$ 0.34
25	Comedy Central	Niche	Program Supplier / Entertainment	\$ 0.11
26	Animal Planet	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.07
27	AMC	Film	Program Supplier / Entertainment	\$ 0.22
28	Disney Channel	Family / Kids	Program Supplier / Entertainment	\$ 0.79
29	E! Entertainment Television	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.19
30	TV Land	General / Variety	Program Supplier / Entertainment	\$ 0.09
31	MSNBC	News	News	\$ 0.14
32	SCI FI Channel	Niche	Program Supplier / Entertainment	\$ 0.16
33	truTV	General / Variety	Program Supplier / Entertainment	\$ 0.08
34	Travel Channel	Niche	Program Supplier / Entertainment	\$ 0.05
35	FOX Sports Net	Sports	Sports	\$ 1.45
36	BET	International / Ethnic / Foreign Language	Program Supplier / Entertainment	\$ 0.14
37	Bravo	General / Variety	Program Supplier / Entertainment	\$ 0.14
38	CMT	Music	Program Supplier / Entertainment	\$ 0.05
39	TV Guide Network	General / Variety	Program Supplier / Entertainment	\$ 0.02
40	TCM	Film	Program Supplier / Entertainment	\$ 0.22
41	Hallmark Channel	Family / Kids	Program Supplier / Entertainment	\$ 0.02
42	Golf Channel	Sports	Sports	\$ 0.21
43	WGN America	General / Variety	Program Supplier / Entertainment	\$ 0.11
44	SPEED	Sports	Sports	\$ 0.18
45	VERSUS	Sports	Sports	\$ 0.12
46	Discovery Health Channel	Arts & Entertainment	Program Supplier / Entertainment	\$ 0.10
47	MTV2	Music	Program Supplier / Entertainment	\$ 0.03
48	ESPN Classic	Sports	Sports	\$ 0.14
49	GSN	Niche	Program Supplier / Entertainment	\$ 0.07
50	Oxygen Network	Women's	Program Supplier / Entertainment	\$ 0.10

Data Source: Kagan database, "Basic Cable Networks by Subscribers (m)" SNLi Kagan 2009.



Wilkofsky Gruen Associates Inc.

## **Testimony of Arthur C. Gruen, Ph.D.**

**June 1, 2009**

**Corrected September 28, 2009**

**Redacted by Order of the Copyright Royalty Judges**

**October 19, 2009**

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## Wilkofsky Gruen Associates Inc.

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### **I. Introduction**

I am the co-founder and a principal of Wilkofsky Gruen Associates. My curriculum vitae is attached hereto as Schedule 1. Wilkofsky Gruen Associates, founded in 1986, is an internationally known consultancy that specializes in the entertainment, media, and telecommunications industries. The firm's principals are economists, mathematicians and former CBS research executives with extensive experience in the dynamics and performance of all media. The firm provides analysis and forecasts for television and radio broadcasting, cable television, motion pictures, newspapers, magazines, book publishing, recorded music, all home video applications, the leisure and recreational markets, the Internet, interactivity and other new technologies, and telecommunications both in the United States and abroad.

I am the principal author of the *Global Media & Entertainment Outlook*, published annually since 2000 by PricewaterhouseCoopers LLP; the *Entertainment and Media Outlook for the Netherlands*, published annually since 2001 by PricewaterhouseCoopers Netherlands LLP; the *Entertainment and Media Outlook for Germany*, published annually since 2003 by PricewaterhouseCoopers Germany; and the *Telecommunications Market Review & Forecast*, published annually by the Telecommunications Industry Association since 1997.

Our firm has experience in developing questionnaires and supervising surveys. We developed a questionnaire and supervised a 1993 survey on the demand for interactive media applications whose sponsors included CBS, Bell Atlantic (now

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Verizon), and Price Waterhouse (now PricewaterhouseCoopers), and surveys dealing with the direct mail market in 2003 and retail print advertising in 2005.

David Wilkofsky, co-founder and managing partner of Wilkofsky Gruen Associates, has extensive experience developing questionnaires and supervising surveys. In addition to the surveys cited above, he was involved in developing numerous surveys as Director of Economic Analysis at CBS dealing with such issues as violence on children's television programs, social habits of television viewers, and consumers' attitudes to prescription drug advertising.

I testified before the Copyright Arbitration Royalty Panel on behalf of Program Suppliers Claimants in the 1998 and 1999 cable distribution proceeding. I am offering this testimony before the Copyright Royalty Board on behalf of Program Suppliers Claimants in connection with the distribution of royalties paid by cable system operators for the 2004 and 2005 royalty years.

### **II. Purpose of Testimony**

I played a principal role in the development and execution of the surveys of cable subscribers that is presented in my testimony. The cable subscriber surveys asked subscribers to attribute relative values to certain program categories retransmitted on distant signals during 2004 and 2005. My testimony will (1) describe the development of the cable subscriber surveys; (2) present the results of the cable subscriber surveys; and (3) discuss why a cable subscriber survey makes more sense than a cable operator survey with respect to determining the relative

marketplace value (attracting and retaining subscribers) of the program categories at issue in this proceeding.

A subscriber survey was developed because, unlike the cable operator survey conducted by Bortz Media and Sports Group, Inc. ("Bortz Survey") which was presented in the 1998-99 cable royalty distribution proceeding by the Joint Sports Claimants and relied upon by the CARP in that proceeding, it directly measures how cable subscribers value the programs delivered on distant signals. Moreover, although the subscriber questionnaire is similar in structure to the Bortz Survey, we made several improvements to the subscriber survey, compared to the past Bortz Survey, in design and execution. The following features, in my view, are [REDACTED] in the structure of the subscriber questionnaire compared with the previous questionnaires used in the Bortz Survey:

1. Program category definitions and representative examples of shows for each program category were provided for each question regarding program categories.
2. We established a category for non-team sports, which allowed respondents to value that category separately and eliminated confusion with live team sports.
3. Respondents were frequently reminded about the origin of the programming to keep them focused on program categories on distant signals.
4. Respondents were frequently reminded that questions regarding program categories applied only to shows on the named distant signals.
5. The limitation to distant signal programs was reinforced by reminders of the city and state where the distant signal TV stations originate.



### **III. Development of the Cable Subscriber Surveys**

Development of the cable subscriber surveys for 2004 and 2005 was a collaborative effort that meshed the knowledge and experience of several individuals familiar with the compulsory license proceedings as well as with consumer research and statistics. Where appropriate below, I mention the roles of those individuals. My principal role was to develop a questionnaire for the subscriber surveys and to supervise the execution of such surveys.

#### **A. Questionnaire**

Starting with the basic structure of the Bortz Survey, we tailored the questions to subscribers and corrected aspects of the Bortz Survey questionnaire that we thought could lead to misleading results. My firm developed an initial draft of a questionnaire in December 2003 and shared it with the team. Through the fall of 2004, the questionnaire was revised numerous times based on input from each member of the team. Mr. Wilkofsky helped shaped the questionnaire, Dr. Alan M. Rubin provided input with respect to the wording of questions, Ms. Marsha Kessler of the MPAA provided input as to definitions and representative examples of program categories, and Dr. Martin Frankel provided questions and wording to ensure that the questionnaire would meet his standards for randomness and statistical validity. Ms. Kessler, Dr. Rubin and Dr. Frankel are all submitting direct testimony on behalf of Program Suppliers in this proceeding.

**B. Field Test**

The next step was a field test to determine if subscribers understood the questions and were capable of providing relative values for each program category. We selected Milwaukee, Wisconsin and Columbus, Ohio, as the test markets.

Milwaukee at that time was served by Time Warner Cable of Southeast Wisconsin, which carried two distant signals, WGN from Chicago and WHA from Madison, Wisconsin. WHA is a PBS station. Columbus at that time was served by Insight Midwest and Wide Open West, both of which carried WGN from Chicago and WUAB from Lorain, Ohio. We wanted to conduct the survey in markets where there were two distant signals to see how respondents would react to hearing about multiple stations. We also wanted to select one market that had a PBS station and one that did not to see how respondents reacted to our presentation of the PBS program category. Beyond those criteria, the selection of the markets was arbitrary.

We conducted a total of 25 interviews in the two markets, which was a large enough sample to give us a sense of how respondents would react to the questionnaire. There was no attempt to provide a statistically valid sample or to generate statistically valid results.

We selected PGM, a survey house in Utah, to conduct the survey. Other than providing PGM with the survey questionnaire and pertinent instructions, we did not tell PGM the name of the client or provide any information as to the purpose of the study. I provided PGM with two questionnaires, one for Milwaukee that

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listed the relevant cable systems and distant signals for that market, and one for Columbus that did the same. PGM acquired a sample of telephone numbers and conducted the survey in October 2004. A total of 25 interviews were completed — 13 in Milwaukee and 12 in Columbus.

Based on reports from PGM, respondents understood the questions, were not discouraged by having the program definitions repeated, and were able to allocate values among the various program categories.

We modified the questionnaire based on reports from PGM (as shown below). First, we shortened the introduction to the section where respondents were asked to allocate values among the program categories because the original text impeded the flow of the survey. The before and after changes are as follows:

*Before*

When you pay your cable bill, a certain portion of the payment is for the program categories on the stations I mentioned earlier. Let's assume that TEN DOLLARS of your bill represents how much you pay for the program categories on these stations that we have been discussing so far.

Now, I would like you to divide this hypothetical TEN DOLLARS according to how **valuable** you feel each program category is in your own home. You can divide the TEN DOLLARS any way you wish.

In considering how to divide the TEN DOLLARS among the program categories, please consider the

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value of ALL the programs in that category. For example, in thinking of the value of all different **LIVE TEAM SPORTS** programs, think of ALL the different live team sports programs in that category **shown only on WGN from Chicago.**

For the SERIES category, **think of ALL the series shown** in that category **only on WGN from Chicago.**

For PBS shows, **think of ALL PBS shows in that category only on WHA from Madison, Wisconsin [and so on for each program category].**

Try to give a value for each category by thinking of ALL the shows in that category.

*After*

When you pay your cable bill, a certain portion of the payment is for the program categories on the stations I mentioned earlier. Let's assume that TEN DOLLARS of your bill represents how much you pay for the program categories on these stations that we have been discussing so far.

Now, I would like you to divide this hypothetical TEN DOLLARS according to how **valuable** you feel each program category is in your own home. You can divide the TEN DOLLARS any way you wish.

In considering how to divide the TEN DOLLARS among the program categories, please consider the value of ALL the programs in that category.

Second, for clarity, we added a reference to the specific distant signals carried on the cable system at the point where respondents could introduce their own program categories. The before and after text follows:

*Before*

Are there any other categories of programs that are **VERY POPULAR** or **SOMEWHAT POPULAR** in your home?

*After*

Are there any other categories of programs shown only on WGN and WUAB that are **VERY POPULAR** or **SOMEWHAT POPULAR** in your home?

For reference, the results of the Field Test are shown in Table A-1 in Appendix A.

**C. Pilot Study**

We next undertook a pilot study to determine if a subscriber survey was feasible on a wider scale. Using the questionnaire previously developed, we targeted a 150 person survey of subscribers to cable systems with distant signals. Respondents were selected from the top 50 cable systems that contributed the most to the royalty pool, based on royalty payments made in 2003, the most recent year for which royalty data were available at the time. The survey was conducted by PGM from January 8, 2005 through January 19, 2005. As before, PGM was not told the name of the client or given any information, other than the questionnaire, as to the purpose of the study.

As originally designed, PGM conducted 150 interviews, divided equally among all 50 systems (about 3 interviews per system). Two additional interviews were completed; one each in Tulsa, Oklahoma, and Wayne, New Jersey, resulting in

these two markets each having 4 completed interviews for a total study size of 152 interviews. Tulsa and Wayne had an extra interview apiece as two interviewers working independently of one another completed surveys minutes apart. The survey went smoothly and demonstrated that a large-scale survey was feasible.

For reference, the results of the pilot survey are shown in Table A-2 in Appendix A. My opinion does not depend or rely on the results of the pilot study.

#### **D. 2004 Cable Subscriber Survey**

We then decided to proceed with a full study. Dr. Frankel was in charge of selecting the sample and determining the survey methodology, a process which Dr. Frankel will describe in his testimony in this proceeding. We set a target of 1,500 survey respondents across 100 cable systems. It is my understanding that a 1,500 person survey is approximately twice the size of most national surveys whose findings are used to project results for the country as a whole. A survey of this size was chosen to provide reliable results with a relatively low sampling error.

##### **1. Sample of Cable Systems**

Cable Data Corporation (“CDC”) provided Dr. Frankel with Statement of Account (“SOA”) information of Form 3 cable systems filed for the first accounting period of 2004 (*i.e.*, 2004-1). In June 2005, Dr. Frankel provided Wilkofsky Gruen Associates with a sample of 100 cable systems from which we were to select subscribers for interviews. At my request, CDC provided information about each

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of the 100 cable systems selected, including the distant signals carried by each system. Of that sample, four systems were located outside of the continental United States—three in Puerto Rico and one in Guam. As the survey was intended to apply to cable systems in the continental U.S., we eliminated non-continental U.S. systems from the sample.

Five cable systems in the sample had only PBS distant signals and one cable system had only a Canadian distant signal. For those systems, there was only one program category available on distant signals. Consequently, respondents would give 100 percent of that value to the PBS claimant group in systems with only PBS distant signals, and 100 percent to Canadian claimant group in systems with only Canadian stations. As there was no other information that could be gained by conducting interviews in those markets, we decided not to conduct interviews of subscribers to those systems. Instead, we incorporated the expected value allocations of those subscribers (virtual allocations) into the survey results.

I made one further adjustment to the sample. Two systems in the 2004-1 sample were owned by Charter Communications. Both were located in San Luis Obispo County, California, and both carried the same roster of distant signals—KCAL, KCBS, KCET, KCOP and KTLA. Consequently, respondents in San Luis Obispo County would have had no way of knowing which Charter system they subscribed to and the survey instrument would not have been able to assign subscribers to one system or the other. After I brought this to the attention of Dr. Frankel, we combined the two systems and treated them as a single system with a combined

target of 33 interviews. After this adjustment, there were 89 markets covering 90 cable systems whose subscribers would be surveyed.

## 2. Questionnaire Template

I then prepared a template that would be used by PGM to program the survey. In effect, the process involves 89 separate surveys, one for each market in the sample. The template contained the following information:

- Name of cable system
- Prime City of cable system
- Counties served by the cable system
- States served by the cable system
- Federal Information Processing Standard (FIPS) County Codes
- Distant signals carried by each system
- City of license for each distant signal
- State of origin for each distant signal
- Whether a distant signal is a network affiliate
- Whether a distant signal is a PBS station
- Whether a distant signal is a Canadian station
- The target number of interviews for each cable system

Dr. Frankel assigned the number of interviews targeted for each cable system (i.e., interview allocations). With the exception of the state of origin for each distant signal, the remainder of the information was provided to me by CDC. I obtained



information on the state of origin for each distant signal from the TV Factbook and the Internet.

The template allowed PGM to program the survey so that each potential respondent would be asked questions tied to the relevant cable system and the distant signals that were carried by that cable system.

### **3. Questionnaire**

The team made a few modest changes in the questionnaire from the pilot study. The questionnaire was keyed to ask questions about 2004; Dr. Frankel suggested modifications to the questionnaire text to ensure that in the event there were co-heads of households, the respondent would be randomly selected; instructions were tied to the template file; and there were a few tweaks for clarity. The questionnaire used for the 2004 survey is shown in Appendix B.

### **4. Survey Methodology**

Dr. Frankel selected Survey Sampling Inc. (SSI) as the company that would provide telephone numbers to be called and approved the use of PGM to conduct the survey. The geographic footprint from which telephone numbers (records) would be provided consisted of all counties in which each cable system had a presence. For the telephone numbers to be called, at Dr. Frankel's request, we used an Equal Probability of Selection Method ("EPSEM") sample, consisting of all possible telephone numbers that could be called, including business numbers,

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disconnected numbers, and fax numbers, as the means to select the numbers to be called.

Dr. Frankel established rigorous call protocols. All counties in which a cable system had a presence, even a limited presence, were included in the sample of telephone numbers to be called. Our calling procedure was to call each telephone number a minimum of six times on six different days or until the record was resolved. Busy signals could be called on the same day but only 30 minutes after the initial call. Initial refusals were called back until there was either a second refusal, the number was called six times, or there was a completed interview. Once a replicate was opened, each record had to be resolved even if the quota on the number of completed interviews for a given market had been reached. Dr. Frankel spoke with PGM and separately with SSI to make sure everyone understood the conditions.

After a few days in the field, it was discovered that some numbers may have been called twice on the same day. Accordingly, the minimum call quota for each unresolved number was raised to seven in those instances to make sure that each unresolved number was called at least six times on six different days.

I monitored progress of the survey and, when necessary, determined how much additional sample would be needed for markets that had not yet reached their quota of completions. The survey was conducted from July 13, 2005 through December 3, 2005. A total of 1,439 interviews were completed, representing 96

percent of the target number of 1,500 completions. The number of completions for each market is shown in Appendix C. The quota for completed interviews was reached or exceeded in 54 markets, and in each of an additional 20 markets, the number of completed interviews was within two of the established quota. Of the 1,497 respondents who were known to be qualified to take the survey, only 10 refused to do so and only 48 were unavailable to complete the survey. The remainder, 96 percent of those contacted and qualified, chose to cooperate.

#### **E. 2005 Cable Subscriber Survey**

The process for executing the 2005 cable subscriber survey remained substantially the same as it was for the 2004 cable subscriber survey, except as discussed below.

##### **1. Sample of Cable Systems**

Using CDC's data record of Form 3 cable systems which filed SOAs for the 2005-1 accounting period, Dr. Frankel selected a sample of 100 cable systems which he provided to me. I eliminated three systems located in Puerto Rico from the sample. Also, we did not interview subscribers to three PBS-only cable systems and one Canadian-only cable system, on the basis that respondents would be expected to allocate 100 percent of value to the single program category. We later factored these subscribers' expected value allocations into the survey results (i.e., virtual allocations). Further, I eliminated one cable system that carried both PBS and Canadian distant signals, but no other signals. Although the allocation between PBS and Canadian was not known in advance, I eliminated that system from the

systems to be surveyed as well but later provided virtual allocations for that system.

After these adjustments, there were 92 cable systems whose subscribers would be surveyed. Dr. Frankel provided the target number of interviews per cable system.

## 2. Questionnaire Template

There were instances where different cable systems in the sample selected by Dr. Frankel with the same or similar names served the same county, but had a different roster of distant signals. In those cases, it was possible that there would be confusion as to which of the two systems a respondent subscribed. (In instances where the same county was served by cable systems with different names, the interviewer could easily determine whether or not the respondent qualified for the survey.)

I brought this issue to the attention of the team and to CDC. CDC indicated that towns with the same name may be located in more than one county in a state. As a result, there could be a mismatch between counties assigned to a particular cable system. CDC revisited the county coverage for the identified systems and eliminated the counties that were incorrectly listed. Eliminating these counties solved much of the problem, but there remained a few instances where the same county was served by more than one system with the same or similar names.

CDC observed that a cable system could have had only a small presence in some counties and that most of the residents of the county were served by another system. Dr. Frankel said that if a system in the sample served the preponderance of residents in a county, that county could be assigned to that system as the probability of reaching a subscriber to the system in question would be very high. CDC analyzed the systems and assigned the counties in question to the system to which most residents would be served.

### **3. Questionnaire**

We used the same questionnaire for the 2005 survey as we did for the 2004 survey, except for changes made to reference the correct year. The questionnaire for the 2005 survey is shown in Appendix D.

### **4. Survey Methodology**

I again monitored progress of the survey and, when necessary, determined how much additional sample would be needed for markets that had not yet reached their quota of completions. The survey was conducted from August 2, 2006 through December 2, 2006. A total of 1,510 interviews were completed, representing 99 percent of the target number of 1,520 completions. The number of completions for each market is shown in Appendix E. The quota for completed interviews was reached or exceeded in 61 markets, and in each of an additional 21 markets, the number of completed interviews was within two of the established quota. Of the respondents who were known to be qualified to take the survey, only one refused to do so and only 15 were not available to complete the survey in

2006. The remainder, 99 percent of those contacted and qualified, chose to cooperate.

**F. 2004 and 2005 Unweighted Survey Results**

The unweighted results of the surveys for 2004 and 2005 are shown in Table 1 below. Three program types named in the surveys accrue to Program Suppliers—series, movies and specials, and non-team sports, for a total of 51.53 percent in 2004 and 49.06 percent in 2005.

**Table 1**

<b>Unweighted Survey Results (Percent)</b>		
<b>Category</b>	<b>2004</b>	<b>2005</b>
<b>Program Suppliers</b>		
Series	22.30	21.59
Movies and Specials	21.14	20.63
Non-Team Sports	8.09	6.84
<b>Program Suppliers Total</b>	<b>51.53</b>	<b>49.06</b>
News and Community Events (NAB)	16.36	19.70
Devotional Programs (Devotional)	7.73	7.80
Live Team Sports (JSC)	18.85	17.96
PBS (PTV)	4.27	3.94
Canadian (CCG)	0.15	0.08
Other	1.10	1.45
<b>Total*</b>	<b>99.99</b>	<b>99.99</b>

\*May not equal 100.00 percent due to rounding.

The other representatives of the program categories whose results are presented are as follows: News and Community Events - the National Association of Broadcasters (“NAB”); Devotional Programs - Devotional Claimants; Live Team Sports - Joint Sports Claimants (“JSC”); PBS - Public Television Claimants (“PTV”); Canadian Programs - Canadian Claimants Group (“CCG”).

In addition to answering questions about named program types, respondents were given the option to mention any other type of program that was popular in their homes. They were also given the option to value those other program types. Respondents assigned a value of 1.10 percent in 2004 and 1.45 percent in 2005 for these "other" categories.

### **G. Weighting the 2004 and 2005 Survey Results**

I incorporated virtual results of the systems whose subscribers were not interviewed. I also applied a series of weights to the raw survey results so that the survey would more accurately reflect actual marketplace conditions. The weights that I utilized were derived from royalty payments.

#### **1. Contribution to Royalties**

Dr. Frankel assigned an interview quota for the systems whose subscribers were not interviewed under the assumption that each of these virtual interviews would be completed and assigned weights to both the eliminated and included systems. The weights reflect the relative contribution to the royalty pool for each cable system as well as the proportion of the interview quota for each system that resulted in completed interviews. The virtual interview quota represents the actual number of subscriber interviews that would have been allocated to the system if its subscribers had been interviewed. These weights along with the actual and virtual interviews for each system are shown in Tables F-1 and F-2 in Appendix F.

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With respect to the virtual interviews for 2004, I assigned a value of \$10 to the Canadian category for each virtual interview for the Seattle system and a value of \$10 to the PBS category for each virtual interview for the Wilmington, Piscataway, Riverhead, Sherman, and Conroe systems. With respect to virtual interviews for 2005, I assigned a value of \$10 to the PBS category for each virtual interview for the Groton, Dover and Cranston systems, and a value of \$10 to the Canadian category for each virtual interview for the Seattle system. For the Portland, Maine system, I first assigned a value of \$0 for the PBS category and \$10 for the Canadian category for each virtual interview and then reversed the allocation.

I then applied the weights, included the virtual interviews, and recalculated the shares, which are shown in the table below, along with the associated standard error percentages computed by Dr. Frankel. The standard error calculations are attached in Appendix G to my testimony in Table G-1.



**Table 2**  
**Survey Results Weighted by Contribution to Royalties and**  
**Including Virtual Interviews (Percent)**

Category	2004	2005
<b>Program Suppliers</b>		
Series	20.96	20.45
Movies and Specials	19.83	19.01
Non-Team Sports	7.60	6.47
<b>Program Supplier Total</b>	<b>48.39</b>	<b>45.93</b>
News and Community Events	15.35	19.22
Devotional Programs	7.30	8.07
Live Team Sports	17.63	16.85
PBS†	9.52	6.72
Canadian‡	0.76	1.74
Other	1.05	1.46
<b>Total*</b>	<b>100.00</b>	<b>99.99</b>

†In 2005, this is the average of values that range from 6.39 to 7.05

‡In 2005, this is the average of values that range from 1.42 to 2.07

\*May not equal 100.00 percent due to rounding.

I then eliminated the “other” category and recalculated the shares for each claimant group so that the total would approximate 100 percent. The recalculated shares for 2004 and 2005 are shown in the table below. The overall totals for 2004 were as follows: Program Suppliers, 48.90 percent; News and Community Events, 15.51 percent; Devotional, 7.38 percent; Live Team Sports, 17.82 percent; PBS, 9.62 percent; and Canadian 0.77 percent. For 2005, the overall totals were as follows: Program Suppliers, 46.62 percent; News and Community Events, 19.51 percent; Devotional, 8.19 percent; Live Team Sports, 17.10 percent; PBS, 6.82 percent (on average); and Canadian 1.77 percent (on average).

**Table 3**

**Normalized Distant Signal Relative Values (Percent)**

<b>Category</b>	<b>2004</b>	<b>2005</b>
<b>Program Suppliers</b>		
Series	21.18	20.76
Movies and Specials	20.04	19.29
Non-Team Sports	7.68	6.57
<b>Program Supplier Total</b>	<b>48.90</b>	<b>46.62</b>
News and Community Events	15.51	19.51
Devotional Programs	7.38	8.19
Live Team Sports	17.82	17.10
PBS†	9.62	6.82
Canadian‡	0.77	1.77
<b>Total*</b>	<b>100.00</b>	<b>100.01</b>

†In 2005, this is the average of values that range from 6.49 to 7.16

‡In 2005, this is the average of values that range from 1.44 to 2.10

\*May not equal 100.00 percent due to rounding.

In sum, Table 3 above presents the *relative value* that cable subscribers responding to the surveys placed on the various programming categories, based on the subscribers' exercise of allocating a hypothetical ten dollar portion of the cable bill among these categories.

**2. Popularity**

In addition to seeking to quantify cable subscribers' perception of the *relative value* of programming categories, the survey also asked respondents to indicate the popularity of each category of programming in the subscriber's home. The responses in this portion of the survey indicated that Program Suppliers' category of programming also is the most *popular* among subscribers. In 2004, 57.1 percent of respondents listed at least one of the Program Supplier categories on distant

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signals as “very popular” in their home, a much higher percentage than any other category. Live Team Sports was listed as very popular by 38.3 percent of respondents and News and Community Events were rated as very popular by 31.8 percent of respondents. Program Suppliers continued to be the most popular category in 2005 with 60.6 percent of respondents rating at least one category as very popular in their homes. News and Community Events was next at 50.8 percent and Live Team Sports was third at 44.7 percent. In both years, the popularity rankings are consistent with the value rankings for the leading program categories.

**Table 4**  
**Program Category Popularity Among Subscribers**

<b>Category</b>	<b>Percent "Very Popular" Among Subscribers</b>	
	<b>2004</b>	<b>2005</b>
<b>Any Program Supplier Category</b>	57.1	60.6
News and Community Events	31.8	50.8
Live Team Sports	38.3	44.7
PBS*	27.6	34.9
Devotional Programs	12.0	14.8
Canadian*	1.8	6.5
Other	3.6	6.1

\*In homes that received those distant signals.

Cable subscribers do not rate PBS stations as especially popular in their homes. A lower share of respondents listed PBS programming on distant signals as very popular in their homes compared with the Program Supplier, News and Community Events, or Live Team Sports categories in both years.

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**3. Demographics**

There is a demographic element to the distribution of program category relative valuations. In general, younger people (18-49) tend to place a higher valuation on the Program Supplier category than do older people (50+). By contrast, the News and Community Events and Devotional categories are generally valued higher among older people than younger people. As I describe in more detail in Appendix H to my testimony, the majority of the multichannel population falls within the 18-49 demographic group. Thus, one would expect the cable subscriber population to have a similar 18-49 demographic profile. However, a larger percentage of respondents to Program Suppliers' subscriber surveys fell in the 50+ demographic group than the 18-49 demographic group. Given the differences in valuations between younger and older people, it is likely that the older demographic skew of survey respondents led to lower valuations for the Program Supplier category and higher valuations for the News and Community Events and Devotional categories than if the demographic composition of survey respondents more closely approximated the demographic composition of multichannel households.

**IV. Attributes of the Cable Subscriber Survey**

The surveys presented here differ from the Bortz Survey questionnaires in some major respects. The subscriber surveys' questionnaires provide explicit reminders for respondents to answer only concerning the distant signals specified — in other words, to limit the responses to the distant signals that generate the royalty pool.

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The Bortz Survey is introduced by referring to programs on the specific distant signals carried by the cable system. However, beyond that instruction, the specific distant signal television stations and their specific cities of origin are not mentioned again in the survey. As Bortz Survey respondents get into the rhythm of the questionnaire, when thinking of program categories, it may be natural for them to focus on a program type as known by the general population, rather than to focus on the program categories at issue in this proceeding as they apply only to specific distant television stations. Thus, a respondent could unknowingly consider the value of programming that appears on ESPN, TNT, and other cable networks in their responses. This tendency could be especially significant for the sports category. Also the experience of cable operators in negotiating carriage fees for regional sports networks carrying local teams could influence the perceived value given by Bortz Survey respondents to sports in general, as distinct from the more limited value of out-of-town teams on distant signals.

To avoid such a result, the subscriber survey respondents were explicitly reminded when considering each category that their answers applied only to programs on the distant signals carried by the system, a point driven home when identifying both the call sign and city of origin for each distant signal. This distinction sought to avoid over-valuing any category from distant markets.

The cable subscriber survey questionnaire provided program category definitions and representative examples of programs. In so doing, the subscriber survey adheres to and clarifies the program categories as used in these proceedings.

Moreover, the questionnaire includes a separate category for non-team sports. As Ms. Kessler explains in greater detail, the program categories used in this proceeding do not always coincide with the understanding of different program types in the real world. For example, Live Team Sports programs could easily be construed by respondents to include events such as NASCAR auto races, particularly because NASCAR does not appear to fit within a different program type. However, for purposes of copyright royalty distributions to the claimants appearing in this proceeding, NASCAR does not belong in the sports category but in the Program Suppliers category. Thus, to the extent that NASCAR was included in the valuation of the sports category, its inclusion would incorrectly inflate the relative valuation for sports and incorrectly decrease the relative valuation for Program Suppliers. The absence of a distinction between sports that are part of the sports claimant category and sports that are not was one aspect of the Bortz Media questionnaire that we corrected.

[REDACTED]

#### **V. Cable Subscriber Survey: the Better Measure of Value**

In the 1998–99 proceeding, the arbitrators indicated that the Bortz Survey results directly addressed the issue the panel faced. I agree that the central issue facing the panel is the relative value of various program categories. But, because value is defined in terms of attracting and retaining subscribers, I believe it is more appropriate to rely on cable subscribers' answers to that question than on cable operator answers.

The measure of value in these proceedings has been the ability to attract and retain subscribers. Given that premise, subscriber preferences should carry great weight in determining relative program values. Basic cable subscribers ultimately pay the copyright royalty fees as well as other programming costs. Although cable operators write the royalty checks, the revenue used to pay those fees is generated from subscribers. In economic terms, demand by cable operators for distant signals is derived from subscriber demand for programming.

These proceedings call for allocations of value among various program categories. However, cable operators do not routinely make such relative valuations. Because virtually every channel included on a cable system's line-up is pre-packaged, cable operators in the course of doing business are not called upon to place relative values on program categories shown on a given channel. Because cable operators select channels, not program categories, they need not place relative values on the program categories carried within the channels they select. Consequently, cable operators do not possess special expertise or experience in making the type of valuations needed in these proceedings.

Cable subscribers, by contrast, have extensive experience on an almost daily basis in valuing programs and program categories. They decide which programs they like; they decide which programs are worth making an extra effort to watch; and they decide which programs are worth taking the trouble to record. In short, cable

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subscribers make relative program valuation decisions all the time and have far more experience in doing so than cable operators.

The concept of avidity relates to how subscribers value programs, not how cable operators value programs. Only subscribers can incorporate avidity in determining the relative value of programs and program categories. Cable operators can only guess at subscriber avidity and subscriber valuations of program categories.

For these reasons, a survey of cable subscribers is more useful in determining the relative value of program categories in attracting and retaining subscribers than a survey of cable operators.



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**Appendix A**

**Table A-1**

**Field Test Program Category Relative Values**

<b>Category</b>	<b>Share (%)</b>
Program Suppliers	
Series	24.4
Movies/Specials	28.3
Non-Team Sports	3.7
Program Supplier Total	56.4
News and Community Events	6.7
Live Team Sports	19.5
Devotional	11.0
PBS	5.6
Canadian	—
Other	0.8

**Table A-2**

**Pilot Study Program Category Relative Values**

<b>Category</b>	<b>Share (%)</b>
Program Suppliers	
Series	21.2
Movies/Specials	21.3
Non-Team Sports	7.4
Program Supplier Total	49.9
News and Community Events	14.9
Live Team Sports	21.9
Devotional	5.0
PBS	3.4
Canadian	4.1
Other	0.9

**Appendix B**

**2004 Cable Subscriber Questionnaire**

System Name: \_\_\_\_\_  
City/state: \_\_\_\_\_  
Respondent's Name: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Date Interviewed: \_\_\_\_\_

**INTRODUCTION**

Good morning / afternoon / evening. My name is \_\_\_\_\_ and I'm calling from \_\_\_\_\_. We are conducting a brief national survey among randomly selected cable TV subscribers regarding television programs. This survey will take about 20 minutes of your time. We are offering a cash payment of \$25 to those who complete the survey. May we talk now? [IF NOT, SCHEDULE A TIME FOR CALL BACK.]

First, are you the head or co-head of the household?

IF **YES**, PROCEED TO QUESTION 1.

IF **NO**, ... Could I please speak with that person? REPEAT INTRODUCTION AND Q.1 [IF PERSON IS NOT AVAILABLE, ARRANGE FOR CALL BACK OR TERMINATE]

1. Did you have cable TV in your home in 2004?

IF **YES**, PROCEED TO QUESTION 2A.

IF **NO**, THANK AND TERMINATE.

2A. Is there another head or co-head of the household?

IF **YES**, PROCEED TO QUESTION 2B.

IF **NO**, PROCEED TO QUESTION 3A.

2B. Between you and the other co-head of the household, is your birthday the [NEXT/LAST] [ALTERNATE BETWEEN THE TWO]

IF **YES**, PROCEED TO QUESTION 3A.

IF **NO**, ... Could I please speak with the other co-head of the household? REPEAT INTRODUCTION, BUT SKIP QUESTIONS 1 AND 2 AND JUMP

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TO QUESTION 3A. [IF PERSON IS NOT AVAILABLE, ARRANGE FOR CALLBACK]

3A. What cable system did you subscribe to last year?

RECORD RESPONSE \_\_\_\_\_.

VERIFY THAT CABLE SYSTEM SERVES RESPONDENT'S CITY/COUNTY (AS PER EXCEL SPREADSHEET COLUMNS B THROUGH D):

--IF CABLE SYSTEM **DOES** SERVE RESPONDENT'S LOCATION, PROCEED TO '**DESCRIPTIVE INFORMATION**' ON FOLLOWING PAGE.

--IF RESPONDENT'S ANSWER IS A CABLE SYSTEM THAT **DOES NOT** SERVE THAT LOCATION --PROCEED TO Q.3B

3B. Is [ **INSERT CABLE SYSTEM FROM EXCEL SPREADSHEET COLUMN B**] your cable company?

--IF YES, PROCEED TO '**DESCRIPTIVE INFORMATION**' BELOW

--IF NO, THANK AND TERMINATE

--IF DON'T KNOW THANK AND TERMINATE

--IF REFUSE TO ANSWER THANK AND TERMINATE

--IF RESPONDENT ANSWERS DIRECTV, ECHOSTAR (DISH), OR VOOM, THANK AND TERMINATE.

**DESCRIPTIVE INFORMATION: READ TO ALL RESPONDENTS**

We are interested in program categories on television stations that come from other cities. I am now going to ask questions about categories of programs on [ **INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OF ORIGIN, STATE FROM COLUMNS G, H & I OF EXCEL SPREADSHEET**].

The questions I will ask apply *only to these stations from these cities*.

These television stations I just mentioned carry certain categories of programs. I'm going to read a brief description of these program categories and then ask you a few questions.

READ PROGRAM CATEGORIES AND DEFINITIONS TO RESPONDENTS.

**PROGRAM CATEGORIES:**

**NEWS AND COMMUNITY EVENTS: These include news and community events** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G and H of excel spreadsheet].

**SERIES: These include sitcoms, dramas, children's shows, talk shows, game shows, and other series** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER (S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Examples include *Seinfeld, Star Trek: Enterprise, American Idol, Jeopardy,* and the *Oprah Winfrey Show.*

**DEVOTIONAL PROGRAMS: These include shows with religious themes** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Examples include *Old Time Gospel Hour, 700 Club,* and *Joel Osteen Ministry.*

**MOVIES AND SPECIALS: These include feature films, Movies of the Week, and specials** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Examples include movies such as *Star Wars, Independence Day,* and *Lethal Weapon*

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**LIVE TEAM SPORTS:** These include live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

**NON-TEAM SPORTS:** These include professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

INTERVIEWER: READ FOLLOWING PROGRAM CATEGORY ONLY IF Cable system carries a PBS station ('X' in column K of Excel spreadsheet)

**PBS PROGRAMS:** These include programs shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]

Examples include *Masterpiece Theatre*, *NewsHour with Jim Lehrer*, and *Sesame Street*.

INTERVIEWER: READ FOLLOWING PROGRAM CATEGORY ONLY IF Cable system carries a Canadian station ('X' in column L of Excel spreadsheet)

**PROGRAMS ON CANADIAN STATIONS** These include programs shown *only* on \_\_\_ [STATION(s)] from [CITY(IES)]. INSERT CANADIAN STATION DISTANT SIGNAL CALL LETTER(S) AND CITY(IES) FROM LIST. DO NOT INCLUDE ANY NON-CANADIAN STATIONS. SKIP IF THERE ARE NO CANADIAN STATIONS ON LIST.

Examples include *Back of the House*, *Canada Now*, and *Magic School Bus*.

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Now I'm going to ask you about the popularity of each type of program last year **IN YOUR OWN HOME**. Here I am still referring *only* to **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**. As I read each program category and a brief definition, tell me if it was VERY POPULAR, SOMEWHAT POPULAR, or, NOT POPULAR in your own home last year.

When you respond, please do so on the basis of ALL the shows that are included in that particular program category.

Let's start with: **[ROTATE 4A- 4H]**.

**A. NEWS AND COMMUNITY EVENTS: Remember**, this category includes news and community events *shown only on* **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**.

Please tell me if **news and community events** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**B. SERIES: Remember, this category** includes sitcoms such as *Seinfeld*, dramas such as *Star Trek: Enterprise*, reality shows such as *American Idol*, game shows such as *Jeopardy*, and talk shows such as the *Oprah Winfrey Show* *shown only on* **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**.

Please tell me if **series** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

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- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**C. DEVOTIONAL PROGRAMS: Remember, this category** includes shows with religious themes such as *Old Time Gospel Hour*, the *700 Club*, and *Joel Osteen Ministry* **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **devotional programs** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**D. MOVIES AND SPECIALS: Remember, this category** includes movies such as *Star Wars*, *Independence Day*, and *Lethal Weapon 3* **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **movies and specials** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or

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4 = Don't Know /Refused

**E. LIVE TEAM SPORTS: Remember, this category** includes live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **live team sports** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**F. NON-TEAM SPORTS: Remember, this category** includes professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **non-team sports** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused



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INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a PBS station ('X' in column K of Excel spreadsheet)

**G. PBS PROGRAMS. Remember, this category** includes PBS programs such as *Masterpiece Theatre*, *NewsHour with Jim Lehrer*, and *Sesame Street* **shown only on [INSERT ONLY PBS DISTANT SIGNAL STATION CALL LETTER(S) (denoted by 'X' in column K) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet. DO NOT INCLUDE NON-PBS STATIONS.]**

Please tell me if **PBS programs** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a Canadian station ('X' in column L of Excel spreadsheet)

**H. PROGRAMS ON CANADIAN STATIONS.** These include programs such as *Back of the House*, *Canada Now*, and *Magic School Bus* shown only on \_\_\_\_\_ [STATION(S) FROM \_\_\_\_\_ [CITY(IES).] **[INSERT ONLY CANADIAN STATION CALL LETTERS (DENOTED BY 'X' IN COLUMN L) AND CITY(IES) FROM COLUMNS G AND H of Excel spreadsheet. DO NOT INCLUDE NON-CANADIAN STATIONS.]**

Please tell me if **programs on Canadian stations** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

**INTERVIEWER: PROCEED TO QUESTION 5**

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Are there any other categories of programs shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from COLUMN D of Excel spreadsheet] that are **VERY POPULAR OR SOMEWHAT POPULAR** in your home?

If **YES**, please indicate which categories. (Limit of 5)

If **NO** or **DON'T KNOW** – PROCEED TO 'Program Value' SECTION ON FOLLOWING PAGE.

INTERVIEWER: RECORD ALL RESPONSES. ADD LINES IF NEEDED.

Category	Very Popular	Somewhat Popular
a. _____	_____	_____
b. _____	_____	_____
c. _____	_____	_____
d. _____	_____	_____

Please tell me if \_\_\_\_\_ [INSERT CATEGORY FROM LIST a THROUGH d, etc. ABOVE] as a whole are **VERY POPULAR** or **SOMEWHAT POPULAR** in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR

INTERVIEWER: REPEAT AS NEEDED FOR EACH ITEM LISTED ABOVE

AFTER RECORDING RESPONSES, PROCEED TO 'Program Value' BELOW.

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**Program Value**

We are now going to ask you a few questions on how you value the program categories **shown on these same stations [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

When you pay your cable bill, a certain portion of the payment is for the program categories on the stations I mentioned earlier. Let's assume that TEN DOLLARS of your bill last year represented how much you paid for the program categories on these stations that we have been discussing so far.

Now, I would like you to divide this hypothetical TEN DOLLARS according to how **valuable** you feel each program category was in your own home. You can divide the TEN DOLLARS any way you wish.

**PROGRAMMING INSTRUCTIONS: INSERT THE FOLLOWING PARAGRAPH ONLY IF THE CABLE SYSTEM CARRIES A NETWORK AFFILIATE (DENOTED BY 'X' IN COLUMN J OF THE EXCEL SPREADSHEET):**

For purposes of this survey, we are not interested in network shows on the ABC, CBS, and NBC television networks. In considering how to divide the TEN DOLLARS among the program categories, please consider the value of all the non-network programs in that category.

In considering how to divide the TEN DOLLARS among the program categories, please consider the value of ALL the programs in that category.

I'll read all the categories broadcast by these stations to give you a chance to think about them. Please write the categories down as I am reading them.

Remember, you can divide the TEN DOLLARS any way you wish -- you can give any value between ZERO DOLLARS and TEN DOLLARS, INCLUDING PORTIONS OF DOLLARS, to a program category. But keep in mind the total value you give to all the categories has to add up to TEN DOLLARS.

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READ IN SAME ORDER AS IN QUESTION 4.

**To begin...**

- A. NEWS AND COMMUNITY EVENTS:** This category includes news and community events **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Of the TEN DOLLARS, what is the value to you, if any, of all the **news and community events** programs shown on this station for this category?

\$ \_\_\_\_\_

- B. SERIES PROGRAMS:** This category includes sitcoms such as *Seinfeld*, dramas such as *Star Trek: Enterprise*, reality shows such as *American Idol*, game shows such as *Jeopardy*, and talk shows such as the *Oprah Winfrey Show* shown **only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Of the TEN Dollars, what is the value to you, if any, of all **series** programs shown on this station for this category?

\$ \_\_\_\_\_

- C. DEVOTIONAL PROGRAMS:** This category includes shows with religious themes such as *Old Time Gospel Hour*, the *700 Club*, and *Joel Osteen Ministry* shown **only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Of the TEN Dollars, what is the value to you, if any, of all **devotional** programs shown on this station for this category?

\$ \_\_\_\_\_

- D. MOVIES AND SPECIALS:** This category includes movies such as *Star Wars*, *Independence Day*, and *Lethal Weapon 3* shown **only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

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Of the TEN Dollars, what is the value to you, if any, of all **movies and specials** shown on this station for this category?

\$ \_\_\_\_\_

**E. LIVE TEAM SPORTS:** This category includes live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN Dollars, what is the value to you, if any, of all **live team sports** shown on this station for this category?

\$ \_\_\_\_\_

**F. NON-TEAM SPORTS:** This category includes professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts shown *only* [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN Dollars, what is the value to you, if any, of all **non-team sports** shown on this station for this category?

\$ \_\_\_\_\_

INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a PBS station ('X' in column K of Excel spreadsheet)

**G. PBS PROGRAMS.** This category includes PBS programs such as *Masterpiece Theatre*, *NewsHour with Jim Lehrer*, and *Sesame Street* shown *only* on [INSERT ONLY PBS DISTANT SIGNAL STATION CALL LETTER(S) (DENOTED BY 'X' IN COLUMN K of Excel spreadsheet) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]. **DO NOT INCLUDE NON-PBS STATIONS.**

Of the TEN Dollars, what is the value to you, if any, of all **PBS programs** shown on this station for this category?

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\$ \_\_\_\_\_

INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a Canadian station ('X' in column L of Excel spreadsheet)

**H. PROGRAMS ON CANADIAN STATIONS.** This category includes programs such as *Back of the House*, *Canada Now*, and *Magic School Bus* shown only on \_\_\_\_\_ [STATION(S) FROM \_\_\_\_\_ [CITY(IES). **INSERT ONLY CANADIAN STATION CALL LETTERS (DENOTED BY 'X' IN COLUMN L of Excel spreadsheet) AND CITY(IES) FROM COLUMNS G AND H of Excel spreadsheet. DO NOT INCLUDE NON-CANADIAN STATIONS.**

Of the TEN Dollars, what is the value to you, if any, of all **programs on Canadian stations?**

\$ \_\_\_\_\_

**SUBTOTAL: Q.6A through Q.6H: \$ \_\_\_\_\_**

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I. INTERVIEWER: ASK ONLY IF RESPONDENT LISTED OTHER PROGRAM CATEGORIES IN QUESTION 5. OTHERWISE SKIP TO Q.7

You also said that [Read each response to q.5, separately] \_\_\_\_\_ was [very or somewhat popular in your own home. Remember, we are still interested in the value of programs shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Read Responses from Q.5:

Program Category	Very Popular	Somewhat Popular	Value (\$)
a. _____	_____	_____	_____
b. _____	_____	_____	_____
c. _____	_____	_____	_____
d. _____	_____	_____	_____
e. _____	_____	_____	_____
<b>Total Value Q.6I (add lines a through end, above)</b>			<b>\$ _____</b>

Of the TEN Dollars, what is the value to you, if any, of all \_\_\_\_\_ [INSERT PROGRAM CATEGORIES LISTED IN QUESTION 5 – ASK VALUES SEPARATELY FOR EACH ANSWER GIVEN IN Q.5, RECORD VALUE ABOVE] programs shown on these same stations? (ADD VALUES RECORDED ABOVE, IF ANY, AND RECORD ABOVE)

INTERVIEWER: REPEAT AS NECESSARY FOR EACH PROGRAM CATEGORY LISTED IN QUESTION 5.

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INTERVIEWER NOTE: VALUES GIVEN (e.g. \$2, \$1.50, ETC. MUST ADD TO TEN DOLLARS); PROMPT RESPONDENTS IF THEY DO NOT.

7. Now I'm going to read back the program categories and your estimates. YOU GAVE A VALUE OF \_\_\_\_\_ FOR THE (RE-READ QUESTIONS 6A – 6I WITH RESPONSES IN SAME RANDOM SEQUENCE IN ORDER TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. AMOUNTS MUST STILL ADD TO **TEN DOLLARS**; PROMPT RESPONDENTS IF THEY DO NOT.)

**Classification**

We have just a few more questions for classification purposes only.

8. What is your current marital status? Are you currently single or married? (CHECK RESPONSE)

- a. Single \_\_\_\_\_
- b. Married \_\_\_\_\_
- c. Refused \_\_\_\_\_

9. What is your current age? Is it...(READ ALTERNATIVES AND CHECK RESPONSE.)

	Your Age	Your Spouse's Age (IF MARRIED)
a. 18-24	_____	_____
b. 25-39	_____	_____
c. 40-49	_____	_____
d. 50-54	_____	_____
e. 55-64	_____	_____
f. 65+	_____	_____
g. Refused	_____	_____



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10. Do you have children living with you in your household?

IF YES, PROCEED TO 11A AND 11B; IF NO, SKIP TO QUESTION 12

- a. How many?
- b. What are their ages? (MULTIPLE RESPONSES PERMITTED)

	Number	Male	Female
Under 2	_____	_____	_____
2-5	_____	_____	_____
6-11	_____	_____	_____
12-17	_____	_____	_____
18+	_____	_____	_____

11. What is your total annual household income before taxes? Is it... (READ ALTERNATIVES AND CHECK RESPONSE.)

- a. Under \$20,000 \_\_\_\_\_
- b. \$20,000-\$39,999 \_\_\_\_\_
- c. \$40,000-\$59,999 \_\_\_\_\_
- d. \$60,000-\$79,999 \_\_\_\_\_
- e. \$80,000-\$99,999 \_\_\_\_\_
- f. \$100,000+ \_\_\_\_\_
- g. Refused \_\_\_\_\_

12. What is your highest level of education?

	Self	Spouse (IF MARRIED)
a. Grade school	_____	_____
b. Some high school	_____	_____
c. High school graduate	_____	_____
d. Some college or technical school	_____	_____
e. College graduate	_____	_____
f. Some graduate school	_____	_____
g. Graduate degree	_____	_____
h. Refused	_____	_____

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**Conclusion**

This concludes our interview. Thank you very much for your time today.

INTERVIEWER: RECORD NAME AND ADDRESS TO MAIL \$25 GIFT.

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Appendix C

Completion Status, 2004 Survey

Market	Cable System	Quota	Completed
Las Vegas, NV	COX COMMUNICATION LAS VEGAS	33	35
Phoenix, AZ	COXCOM	19	20
Houston, TX	TEXAS KANSAS CITY CABLE PAR	17	12
Atlanta	COMCAST OF GEORGIA INC	17	16
Arapahoe County	COMCAST OF COLORADO IX LLC	16	16
Tucson, AZ (Pima County East)	COXCOM INC	17	18
Palm Beach County	WEST BOCA ACQUISITION LP	16	2
Appleton, WI	TIME WARNER ENTERTAINMENT CO	17	19
Allentown, PA	SERVICE ELECTRIC CABLE TV INC	16	17
Marquette, MI	BRESNAN COMMUNICATIONS CO	16	15
Pittsburgh, PA	COMCAST OF CA/OH/PA/UT/WA/INC	17	19
Pacific Beach, CA (San Diego Cty)	TIME WARENER ENT/ADV-NEWHSE GP	16	15
Pompano, FL	COMCAST OF GREATER FL/GA INC	17	21
Colorado Springs, CO	CENTURY COLORADO SPRINGS PARTN	16	16
Fairfax County, VA	COXCOM INC	17	16
W. Palm Beach, FL	ADELPHIA CABLEVISION ASSOC	16	18
Fond du Lac, WI	MARCUS CABLE PARTNERS LLC	17	15
Amberly Village, OH	TIME WARNER CABLE	16	16
Audubon, NJ	COMCAST OF GARDENT STATE LP	17	19
Kettering, OH	TIME WARNER ENTERTAINMENT CO	16	17
Kansas City, MO	KCCP TRUST	17	12
Beckley, WV	CHARTER COMMUNICATIONS VI	16	17
Milwaukee, WI	TIME WARNER CABLE OF SE WI	17	17
Hillsborough County, FL	BRIGHTHOUSE NETWORKS	16	17
San Luis Obispo, CA	CHARTER COMM PROPERTIES LLC	33	34
Janesville, WI	MARCUS CABLE PARTNERS LLC	16	13
Cleveland Heights, OH	ADELPHIA COMMUNICATIONS OF CA	16	16
Portland, OR	COMCAST OF OREGON II INC	17	17
Ormond Beach, FL	BRIGHTHOUSE NETWORKS	16	17
Goodrich, MI	CHARTER COMMUNICATIONS VII	17	15
York, PA	YORK CABLE TELEVISION INC	16	16
Hazleton, PA	SERVICE ELECTRIC CBV INC	17	15

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<b>Market</b>	<b>Cable System</b>	<b>Quota</b>	<b>Completed</b>
Beachwood, NJ	COMCAST CABLE COMM LLC	16	16
North Charleston, SC	COMCAST CBV OF GA/SC INC	16	16
Chambersburg, PA	COMCAST OF SOUTHEAST PENNSYLVA	17	26
Oklahoma City, OK	COXCOM INC	16	17
Allendale TWP, MI	AVALON CABLE OF MICHIGAN LLC	17	6
LA County	CHARTER COMM ENTERTAIN II LLC	16	16
Santa Clarita, CA (LA County)	TIME WARNER ENT/ADV-NEWHSE GP	16	14
Rancho Palos Verdes, CA (LA County)	COXCOM INC	16	12
Lehigh County, PA	RCN TELECOM SERVICES INC	17	17
Scranton, PA	SCRANTON CABLEVISION INC	16	11
Southfield, MI	COMCAST OF THE SOUTH INC	17	17
Millsboro, DE	MEDIACOM DELAWARE LLC	16	12
Baton Rouge, LA	COX COMM CENTRAL II INC	16	17
Port Clinton, OH	FRONTIERVISION OPERATING	17	9
Richmond, VA	COMCAST OF MA/VA INC	16	19
Fort Collins, CO	COMCAST OF CA/CO LLC	17	16
Morgantown, WV	CENTURY HUNTINGTON COMPANY	17	14
Orange, CA (Orange County)	KBL CABLESYSTEMS OF THE SW INC	16	6
Lansing, MI	COMCAST OF MICHIGAN LLC	17	17
Corpus Christie, TX	TEXAS CABLE PARTNERS LP	16	9
Butler, PA	ARMSTRONG UTILITIES INC	17	16
Pinole, CA	COMCAST OF CONTRA COSTA INC	16	16
Lincoln, NE	TIME WARNER-ENT/ADV-NEWHSE GP	17	27
Warner Robins, GA	COX COMMUNICATIONS INC	16	17
Topeka, KS	COX COMMUNICATIONS KANSAS LLC	17	18
Myrtle Beach, SC	TIME WARNER ENT/ADV-NEWHSE GP	16	17
Springdale, AR	TCA CABLE PARTNERS	16	14
Wauwatosa, WI	CENTURY VENTURE/TIME WARNER	17	18
Gulf Breeze, AL	MEDIACOM SOUTHEAST LLC	16	16
Klamath Falls, OR	CHARTER COMMUNICATIONS VII	17	19
Comstock TWP, MI	CHARTER COMMUNICATIONS VI	16	16
Meadville, PA	ARMSTRONG COMMUNICATIONS INC	17	18
Huntsville, AL	COMCAST OF ALABAMA INC	16	16
Roanoke, VA	COXCOM INC	17	17
Wildwood, NJ	COMCAST CABLE COMM INC	16	17

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Market	Cable System	Quota	Completed
Winston-Salem, NC	TIME WARNER ENT/ADV-NEWHSE GP	16	17
Westland, MI	COMCAST OF THE SOUTH INC	17	16
Edenton, NC	MEDIACOM SOUTHEAST LLC	16	15
Sebago, ME	FRONTIERVISION OPERATING	17	15
Austin, MN	BRESNAN COMMUNICATIONS CO	16	12
Kokomo, IN	INSIGHT MIDWEST LP	17	19
Aberdeen, WA	COMCAST OF WASHINGTON IV INC	16	17
Cookeville, TN	RIFKIN ACQUISITION PARTNERS	16	10
Battle Creek, MI	COMCAST OF CA/CT/MI	17	17
Lima, OH	TIME WARNER ENTERTAINMENT CO	16	15
Covington, GA	CITY OF COVINGTON	17	17
Angier, NC	CHARTER COMMUNICATIONS LLC	17	18
Greenville, MS	TCA CABLE PARTNERS	16	15
Lexington, NC	TIME WARNER ENT/ADV-NEWHSE GP	17	17
San Angelo, TX	COX SOUTHWEST HOLDINGS LP	16	17
Millinocket, ME	BEE LINE INC	16	14
New Tazewell, TN	JAMES CABLE PARTNERS LP	17	12
Newburgh, IN	WARRICK CABLEVISION INC	16	15
Buxton, NC	CHARTER COMMUNICATIONS VII	17	17
Dasher, GA	CHARTER COMM PROPERTIES LLC	16	16
Southside, AL	CHARTER COMMUNICATIONS LLC	17	16
Tucson, AZ (Pima County East)	COMCAST OF ARIZONA	16	15
<b>Total</b>		<b>1500</b>	<b>1439</b>

**Appendix D**

**2005 Cable Subscriber Questionnaire**

System Name: \_\_\_\_\_  
City/state: \_\_\_\_\_  
Respondent's Name: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Date Interviewed: \_\_\_\_\_

**INTRODUCTION**

Good morning / afternoon / evening. My name is \_\_\_\_\_ and I'm calling from \_\_\_\_\_. We are conducting a brief national survey among randomly selected cable TV subscribers regarding television programs. This survey will take about 20 minutes of your time. We are offering a cash payment of \$25 to those who complete the survey. May we talk now? [IF NOT, SCHEDULE A TIME FOR CALL BACK.]

First, are you the head or co-head of the household?

IF **YES**, PROCEED TO QUESTION 1.

IF **NO**, ... Could I please speak with that person? REPEAT INTRODUCTION AND Q.1 [IF PERSON IS NOT AVAILABLE, ARRANGE FOR CALL BACK OR TERMINATE]

1. Did you have cable TV in your home in 2005?

IF **YES**, PROCEED TO QUESTION 2A.

IF **NO**, THANK AND TERMINATE.

2A. Is there another head or co-head of the household?

IF **YES**, PROCEED TO QUESTION 2B.

IF **NO**, PROCEED TO QUESTION 3A.

2B. Between you and the other co-head of the household, is your birthday the [NEXT/LAST] [ALTERNATE BETWEEN THE TWO]

IF **YES**, PROCEED TO QUESTION 3A.

IF **NO**, ... Could I please speak with the other co-head of the household? REPEAT INTRODUCTION, BUT SKIP QUESTIONS 1 AND 2 AND JUMP

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TO QUESTION 3A. [IF PERSON IS NOT AVAILABLE, ARRANGE FOR  
CALLBACK]

3A. What cable system did you subscribe to last year?

RECORD RESPONSE \_\_\_\_\_.

VERIFY THAT CABLE SYSTEM SERVES RESPONDENT'S CITY/COUNTY  
(AS PER EXCEL SPREADSHEET COLUMNS B THROUGH D):

--IF CABLE SYSTEM **DOES** SERVE RESPONDENT'S LOCATION, PROCEED  
TO '**DESCRIPTIVE INFORMATION**' ON FOLLOWING PAGE.

--IF RESPONDENT'S ANSWER IS A CABLE SYSTEM THAT **DOES NOT**  
SERVE THAT LOCATION --PROCEED TO Q.3B

3B. Is [ **INSERT CABLE SYSTEM FROM EXCEL SPREADSHEET  
COLUMN B**] your cable company?

--IF YES, PROCEED TO '**DESCRIPTIVE INFORMATION**' BELOW

--IF NO, THANK AND TERMINATE

--IF DON'T KNOW THANK AND TERMINATE

--IF REFUSE TO ANSWER THANK AND TERMINATE

--IF RESPONDENT ANSWERS DIRECTV, ECHOSTAR (DISH), OR VOOM,  
THANK AND TERMINATE.

**DESCRIPTIVE INFORMATION: READ TO ALL RESPONDENTS**

We are interested in program categories on television stations that come from other cities.  
I am now going to ask questions about categories of programs on [ **INSERT DISTANT  
SIGNAL STATION CALL LETTER(S) from CITY OF ORIGIN, STATE FROM  
COLUMNS G, H & I OF EXCEL SPREADSHEET**].

The questions I will ask apply *only to these stations from these cities*.

These television stations I just mentioned carry certain categories of programs.  
I'm going to read a brief description of these program categories and then ask you  
a few questions.

READ PROGRAM CATEGORIES AND DEFINITIONS TO RESPONDENTS.

**PROGRAM CATEGORIES:**

**NEWS AND COMMUNITY EVENTS:** These include news and community events shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS D AND E of excel spreadsheet].

**SERIES:** These include sitcoms, dramas, children's shows, talk shows, game shows, and other series shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER (S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Examples include *Seinfeld*, *Star Trek: Enterprise*, *American Idol*, *Jeopardy*, and the *Oprah Winfrey Show*.

**DEVOTIONAL PROGRAMS:** These include shows with religious themes shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Examples include *Old Time Gospel Hour*, *700 Club*, and *Joel Osteen Ministry*.

**MOVIES AND SPECIALS:** These include feature films, **Movies of the Week, and specials** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Examples include movies such as *Star Wars*, *Independence Day*, and *Lethal Weapon 3*.



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**LIVE TEAM SPORTS: These include live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

**NON-TEAM SPORTS: These include professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts** shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

INTERVIEWER: READ FOLLOWING PROGRAM CATEGORY ONLY IF Cable system carries a PBS station ('X' in column K of Excel spreadsheet)

**PBS PROGRAMS:** These include programs shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]

Examples include *Masterpiece Theatre*, *NewsHour with Jim Lehrer*, and *Sesame Street*.

INTERVIEWER: READ FOLLOWING PROGRAM CATEGORY ONLY IF Cable system carries a Canadian station ('X' in column L of Excel spreadsheet)

**PROGRAMS ON CANADIAN STATIONS** These include programs shown *only* on \_\_\_ [STATION(s)] from [CITY(IES)]. INSERT CANADIAN STATION DISTANT SIGNAL CALL LETTER(S) AND CITY(IES) FROM LIST. DO NOT INCLUDE ANY NON-CANADIAN STATIONS. SKIP IF THERE ARE NO CANADIAN STATIONS ON LIST.

Examples include *Back of the House*, *Canada Now*, and *Magic School Bus*.

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Now I'm going to ask you about the popularity of each type of program last year **IN YOUR OWN HOME**. Here I am still referring *only* to **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**. As I read each program category and a brief definition, tell me if it was VERY POPULAR, SOMEWHAT POPULAR, or, NOT POPULAR in your own home last year.

When you respond, please do so on the basis of ALL the shows that are included in that particular program category.

Let's start with: **[ROTATE 4A- 4H]**.

**H. NEWS AND COMMUNITY EVENTS:** Remember, this category includes news and community events *shown only on* **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**.

Please tell me if **news and community events** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**I. SERIES:** Remember, this category includes sitcoms such as *Seinfeld*, dramas such as *Star Trek: Enterprise*, reality shows such as *American Idol*, game shows such as *Jeopardy*, and talk shows such as the *Oprah Winfrey Show* *shown only on* **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**.

Please tell me if **series** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

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- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**J. DEVOTIONAL PROGRAMS: Remember, this category** includes shows with religious themes such as *Old Time Gospel Hour*, the *700 Club*, and *Joel Osteen Ministry* **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **devotional programs** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

**K. MOVIES AND SPECIALS: Remember, this category** includes movies such as *Star Wars*, *Independence Day*, and *Lethal Weapon 3* **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **movies and specials** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or

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4 = Don't Know /Refused

**L. LIVE TEAM SPORTS: Remember, this category** includes live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **live team sports** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

1 = VERY POPULAR

2 = SOMEWHAT POPULAR

3 = NOT POPULAR

or

4 = Don't Know /Refused

**M. NON-TEAM SPORTS: Remember, this category** includes professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts **shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

Please tell me if **non-team sports** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

1 = VERY POPULAR

2 = SOMEWHAT POPULAR

3 = NOT POPULAR

or

4 = Don't Know /Refused

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INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a PBS station ('X' in column K of Excel spreadsheet)

**N. PBS PROGRAMS. Remember, this category** includes PBS programs such as *Masterpiece Theatre*, *NewsHour with Jim Lehrer*, and *Sesame Street* **shown only on [INSERT ONLY PBS DISTANT SIGNAL STATION CALL LETTER(S) (denoted by 'X' in column K) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet. DO NOT INCLUDE NON-PBS STATIONS.]**

Please tell me if **PBS programs** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR
- 3 = NOT POPULAR
- or
- 4 = Don't Know /Refused

INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a Canadian station ('X' in column L of Excel spreadsheet)

**H. PROGRAMS ON CANADIAN STATIONS.** These include programs such as *Back of the House*, *Canada Now*, and *Magic School Bus* shown only on \_\_\_\_\_ [STATION(S) FROM \_\_\_\_\_ [CITY(IES).] **[INSERT ONLY CANADIAN STATION CALL LETTERS (DENOTED BY 'X' IN COLUMN L) AND CITY(IES) FROM COLUMNS G AND H of Excel spreadsheet. DO NOT INCLUDE NON-CANADIAN STATIONS.]**

Please tell me if **programs on Canadian stations** as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NOT POPULAR in your own home.

***INTERVIEWER: PROCEED TO QUESTION 5***

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Are there any other categories of programs shown only on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from COLUMN D of Excel spreadsheet] that are VERY POPULAR OR SOMEWHAT POPULAR in your home?

If YES, please indicate which categories. (Limit of 5)

If NO or DON'T KNOW – PROCEED TO 'Program Value' SECTION ON FOLLOWING PAGE.

INTERVIEWER: RECORD ALL RESPONSES. ADD LINES IF NEEDED.

Category	Very Popular	Somewhat Popular
a. _____	_____	_____
b. _____	_____	_____
c. _____	_____	_____
d. _____	_____	_____

Please tell me if \_\_\_\_\_ [INSERT CATEGORY FROM LIST a THROUGH d, etc. ABOVE] as a whole are VERY POPULAR or SOMEWHAT POPULAR in your own home.

INTERVIEWER: RECORD RESPONSE WHERE:

- 1 = VERY POPULAR
- 2 = SOMEWHAT POPULAR

INTERVIEWER: REPEAT AS NEEDED FOR EACH ITEM LISTED ABOVE

AFTER RECORDING RESPONSES, PROCEED TO 'Program Value' BELOW.

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**Program Value**

We are now going to ask you a few questions on how you value the program categories **shown on these same stations [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].**

When you pay your cable bill, a certain portion of the payment is for the program categories on the stations I mentioned earlier. Let's assume that TEN DOLLARS of your bill last year represented how much you paid for the program categories on these stations that we have been discussing so far.

Now, I would like you to divide this hypothetical TEN DOLLARS according to how **valuable** you feel each program category was in your own home. You can divide the TEN DOLLARS any way you wish.

**PROGRAMMING INSTRUCTIONS: INSERT THE FOLLOWING PARAGRAPH ONLY IF THE CABLE SYSTEM CARRIES A NETWORK AFFILIATE (DENOTED BY 'X' IN COLUMN J OF THE EXCEL SPREADSHEET):**

For purposes of this survey, we are not interested in network shows on the ABC, CBS, and NBC television networks. In considering how to divide the TEN DOLLARS among the program categories, please consider the value of all the non-network programs in that category.

In considering how to divide the TEN DOLLARS among the program categories, please consider the value of ALL the programs in that category.

I'll read all the categories broadcast by these stations to give you a chance to think about them. Please write the categories down as I am reading them.

Remember, you can divide the TEN DOLLARS any way you wish -- you can give any value between ZERO DOLLARS and TEN DOLLARS, INCLUDING PORTIONS OF DOLLARS, to a program category. But keep in mind the total value you give to all the categories has to add up to TEN DOLLARS.

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READ IN SAME ORDER AS IN QUESTION 4.

To begin...

**B. NEWS AND COMMUNITY EVENTS:** This category includes news and community events shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN DOLLARS, what is the value to you, if any, of all the **news and community events** programs shown on this station for this category?

\$ \_\_\_\_\_

**F. SERIES PROGRAMS:** This category includes sitcoms such as *Seinfeld*, dramas such as *Star Trek: Enterprise*, reality shows such as *American Idol*, game shows such as *Jeopardy*, and talk shows such as the *Oprah Winfrey Show* shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN Dollars, what is the value to you, if any, of all **series** programs shown on this station for this category?

\$ \_\_\_\_\_

**G. DEVOTIONAL PROGRAMS:** This category includes shows with religious themes such as *Old Time Gospel Hour*, the *700 Club*, and *Joel Osteen Ministry* shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN Dollars, what is the value to you, if any, of all **devotional** programs shown on this station for this category?

\$ \_\_\_\_\_

**H. MOVIES AND SPECIALS:** This category includes movies such as *Star Wars*, *Independence Day*, and *Lethal Weapon 3* shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].



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Of the TEN Dollars, what is the value to you, if any, of all **movies and specials** shown on this station for this category?

\$ \_\_\_\_\_

**I. LIVE TEAM SPORTS:** This category includes live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer shown *only* on [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN Dollars, what is the value to you, if any, of all **live team sports** shown on this station for this category?

\$ \_\_\_\_\_

**F. NON-TEAM SPORTS:** This category includes professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts shown *only* [INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet].

Of the TEN Dollars, what is the value to you, if any, of all **non-team sports** shown on this station for this category?

\$ \_\_\_\_\_

INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a PBS station ('X' in column K of Excel spreadsheet)

**G. PBS PROGRAMS.** This category includes PBS programs such as *Masterpiece Theatre*, *NewsHour with Jim Lehrer*, and *Sesame Street* shown *only* on [INSERT ONLY PBS DISTANT SIGNAL STATION CALL LETTER(S) (DENOTED BY 'X' IN COLUMN K of Excel spreadsheet) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]. **DO NOT INCLUDE NON-PBS STATIONS.**

Of the TEN Dollars, what is the value to you, if any, of all **PBS programs** shown on this station for this category?

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\$ \_\_\_\_\_

INTERVIEWER: ASK FOLLOWING QUESTION ONLY IF Cable system carries a Canadian station ('X' in column L of Excel spreadsheet)

**H. PROGRAMS ON CANADIAN STATIONS.** This category includes programs such as *Back of the House*, *Canada Now*, and *Magic School Bus* shown only on \_\_\_\_\_ [STATION(S) FROM \_\_\_\_\_ [CITY(IES). **INSERT ONLY CANADIAN STATION CALL LETTERS (DENOTED BY 'X' IN COLUMN L of Excel spreadsheet) AND CITY(IES) FROM COLUMNS G AND H of Excel spreadsheet. DO NOT INCLUDE NON-CANADIAN STATIONS.**

Of the TEN Dollars, what is the value to you, if any, of all **programs on Canadian stations?**

\$ \_\_\_\_\_

**SUBTOTAL: Q.6A through Q.6H: \$ \_\_\_\_\_**

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**I. INTERVIEWER: ASK ONLY IF RESPONDENT LISTED OTHER PROGRAM CATEGORIES IN QUESTION 5. OTHERWISE SKIP TO Q.7**

You also said that [Read each response to q.5, separately] \_\_\_\_\_ was [very or somewhat popular in your own home. Remember, we are still interested in the value of programs shown *only* on **[INSERT DISTANT SIGNAL STATION CALL LETTER(S) from CITY OR CITIES FROM COLUMNS G AND H of Excel spreadsheet]**].

Read Responses from Q.5:

Program Category	Very Popular	Somewhat Popular	Value (\$)
a. _____	_____	_____	_____
b. _____	_____	_____	_____
c. _____	_____	_____	_____
d. _____	_____	_____	_____
e. _____	_____	_____	_____
<b>Total Value Q.6I (add lines a through end, above)</b>			<b>\$ _____</b>

Of the TEN Dollars, what is the value to you, if any, of all \_\_\_\_\_ [INSERT PROGRAM CATEGORIES LISTED IN QUESTION 5 – ASK VALUES SEPARATELY FOR EACH ANSWER GIVEN IN Q.5, RECORD VALUE ABOVE] programs shown on these same stations? (ADD VALUES RECORDED ABOVE, IF ANY, AND RECORD ABOVE)

INTERVIEWER: REPEAT AS NECESSARY FOR EACH PROGRAM CATEGORY LISTED IN QUESTION 5.

INTERVIEWER NOTE: VALUES GIVEN (e.g. \$2, \$1.50, ETC. MUST ADD TO TEN DOLLARS); PROMPT RESPONDENTS IF THEY DO NOT.

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13. Now I'm going to read back the program categories and your estimates. YOU GAVE A VALUE OF \_\_\_\_\_ FOR THE (RE-READ QUESTIONS 6A – 6I WITH RESPONSES IN SAME RANDOM SEQUENCE IN ORDER TO ALLOW RESPONDENT TO REVIEW THE ESTIMATES.)

Are there any changes you would like to make? (RECORD ANY CHANGES BY CROSSING OUT ORIGINAL RESPONSE AND WRITING IN REVISED RESPONSE NEXT TO IT. AMOUNTS MUST STILL ADD TO **TEN DOLLARS**; PROMPT RESPONDENTS IF THEY DO NOT.)

**Classification**

We have just a few more questions for classification purposes only.

14. What is your current marital status? Are you currently single or married? (CHECK RESPONSE)

- d. Single \_\_\_\_\_
- e. Married \_\_\_\_\_
- f. Refused \_\_\_\_\_

15. What is your current age? Is it...(READ ALTERNATIVES AND CHECK RESPONSE.)

	Your Age	Your Spouse's Age (IF MARRIED)
a. 18-24	_____	_____
b. 25-39	_____	_____
c. 40-49	_____	_____
d. 50-54	_____	_____
e. 55-64	_____	_____
f. 65+	_____	_____
g. Refused	_____	_____

16. Do you have children living with you in your household?

IF YES, PROCEED TO 11A AND 11B; IF NO, SKIP TO QUESTION 12

- c. How many?
- d. What are their ages? (MULTIPLE RESPONSES PERMITTED)

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	Number	Male	Female
Under 2	_____	_____	_____
2-5	_____	_____	_____
6-11	_____	_____	_____
12-17	_____	_____	_____
18+	_____	_____	_____

17. What is your total annual household income before taxes? Is it... (READ ALTERNATIVES AND CHECK RESPONSE.)

- h. Under \$20,000 \_\_\_\_\_
- i. \$20,000-\$39,999 \_\_\_\_\_
- j. \$40,000-\$59,999 \_\_\_\_\_
- k. \$60,000-\$79,999 \_\_\_\_\_
- l. \$80,000-\$99,999 \_\_\_\_\_
- m. \$100,000+ \_\_\_\_\_
- n. Refused \_\_\_\_\_

18. What is your highest level of education?

	Self	Spouse (IF MARRIED)
a. Grade school	_____	_____
b. Some high school	_____	_____
c. High school graduate	_____	_____
d. Some college or technical school	_____	_____
e. College graduate	_____	_____
f. Some graduate school	_____	_____
g. Graduate degree	_____	_____
h. Refused	_____	_____

**Conclusion**

This concludes our interview. Thank you very much for your time today.

INTERVIEWER: RECORD NAME AND ADDRESS TO MAIL \$25 GIFT.

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Appendix E

Completion Status, 2005 Survey

Market	Prime City	Quota	Completed
EAST ARKANSAS VIDEO INC	FORREST CITY	16	15
TCA CABLE PARTNERS	RUSSELLVILLE	16	9
COXCOM INC	PHOENIX	23	25
COMCAST OF ARIZONA INC	TUCSON	16	16
COMCAST OF CYPRESS INC	CYPRESS	16	13
COMCAST OF S CENTRAL LA LLC	LOS ANGELES	16	15
TIME WARNER ENT/ADV-NEWHSE GP	PACIFIC BEACH	16	11
COMCAST OF SACRAMENTO I LLC	SACRAMENTO	16	13
COMCAST OF CALIFORNIA III INC	SAN FRANCISCO	28	29
ADELPHIA CALIFORNIA	SOUTHGATE	16	16
CHARTER COMM PROPERTIES LLC	WOODLAND	16	11
COMCAST OF COLORADO IX LLC	ARAPAHOE CO	16	16
BRESNAN COMMUNICATIONS LLC	GRAND JUNCTION	16	17
BRIGHT HOUSE NETWORKS LLC	HILLSBOROUGH CO	28	30
COMCAST OF GREATER FL/GA INC	JACKSONVILLE BEACH	16	16
COMCAST SCH HOLDINGS INC	LEESBURG	16	20
COMCAST OF SOUTH FL II INC	N MIAMI	16	16
BRIGHT HOUSE NETWORKS LLC	ORLANDO	20	21
WEST BOCA ACQUISITION LP	PALM BEACH CO	16	13
COMCAST OF GREATER FL/GA INC	POMPANO	16	14
COMCAST OF TALLAHASSEE INC	TALLAHASSEE	16	16
NATIONAL CABLE ACQUISITION	WELLINGTON	16	16
COMCAST OF GEORGIA INC	ATLANTA	20	19
MCC IOWA LLC	CEDAR RAPIDS	16	17
MCC IOWA LLC	MOLINE	16	13
COMCAST OF INDIANAPOLIS LP	HENDRICKS CO	16	16
COMCAST OF MT/IN/KY/UT INC	LOGANSPORT	16	17
COMCAST OF MUNCIE	MUNCIE	16	17
COX COMMUNICATIONS KANSAS LLC	WICHITA	16	17
FRANKFORT ELECTRIC WATER	FRANKFORT	16	16
RIFKIN ACQUISITION PARTNERS	MAYFIELD	16	14
CHARTER COMM ENTERTAINME I LLC	CHICOPEE	16	18
COMCAST OF MASSACHUSETTS I	REHOBOTH	16	18
COMCAST CBV OF POTOMAC LLC	ROCKVILLE	16	18
COMCAST OF FLINT INC	BURTON CITY	16	15
COMCAST OF DETROIT GP	DETROIT	16	16
BRIGHT HOUSE NETWORKS LLC	LIVONIA	16	16
COMCAST OF MINN/WISCONSIN	BROOKLYN PARK	16	14

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Market	Prime City	Quota	Completed
MARCUS CABLE PARTNERS LP	ROSEMOUNT	16	16
COMCAST OF ST PAUL INC	ST PAUL	16	17
CHARTER COMM ENTERTAINME I LLC	BELLA VILLA	16	15
CHARTER COMMUNICATIONS VII	CAPE GIRARDEAU	16	17
KCCP TRUST	KANSAS CITY	16	16
CABLE ONE INC	COLUMBUS	16	18
TIME WARNER ENTERTAINMENT CO	JACKSON	16	17
TIME WARNER ENT/ADV-NEWHSE GP	CHARLOTTE	16	16
CHARTER COMMUNICATIONS VII	KILL DEVIL HILLS	16	15
TIME WARNER ENT/ADV-NEWHSE GP	RALEIGH	16	15
METROCAST CBV OF NH LLC	LACONIA	16	15
COMCAST OF GARDEN STATE LP	AUDUBON	16	17
COMCAST CABLE COMM LLC	BEACHWOOD	16	18
CABLEVISION OF MONMOUTH INC	FREEHOLD	16	16
COMCAST CABLE COMM LLC	UNION	16	16
COX COMMUNICATION LAS VEGAS	LAS VEGAS	16	15
TIME WARNER ENT/ADV-NEWHSE GP	ALBANY	16	20
TIME WARNER ENT/ADV-NEWHSE GP	DEWITT	16	16
TIME WARNER NY CABLE INC	NEWBURGH	16	15
TIME WARNER ENTERTAINMENT CO	ONEONTA	16	16
TIME WARNER CABLE	ROCHESTER	16	18
TIME WARNER ENTERTAINMENT CO	AKRON	16	15
WIDEPENWEST CLEVELAND LLC	BEREA	16	14
ADELPHIA CLEVELAND LLC	CLEVELAND HEIGHTS	16	19
TIME WARNER ENTERTAINMENT CO	COLUMBUS	16	22
FRONTIERVISION OPERATING	DELLROY	16	17
CHARTER COMMUNICATIONS VII	LINCOLN CITY	16	17
COMCAST OF OREGON II INC	PORTLAND	16	16
ATLANTIC BROADBAND LLC	ALTOONA	16	19
COMCAST OF SOUTHEAST PENNSYLV	ASTON	16	17
RIGPAL COMMUNICATIONS INC	BETHEL PARK BORO	16	19
COMCAST OF SOUTHEAST PENNSYLV	COATESVILLE	16	18
COMCAST CABLE COMM LLC	LANCASTER	16	17
COMCAST OF CA/OH/PA/UT/WA INC	PITTSBURGH	16	17
COMCAST OF SOUTHEAST PENNSYLV	WARRINGTON	16	16
CENTURY LYKENS CABLE CORP	WILLIAMSTOWN BORO	16	16
TIME WARNER ENT/ADV-NEWHSE GP	COLUMBIA	16	16

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Market	Prime City	Quota	Completed
COMCAST CBV OF GA/SC INC	N CHARLESTON	16	16
BLACK HILL FIBERCOM	RAPID CITY	16	16
TEXAS KANSAS CITY CABLE PAR	EL PASO	16	10
TEXAS KANSAS CITY CABLE PAR	HOUSTON	25	15
COX SOUTHWEST HOLDINGS LP	MT PLEASANT	16	13
COX SOUTHWEST HOLDINGS LP	TYLER	16	14
COMCAST OF VIRGINIA INC	ALEXANDRIA	16	20
COXCOM INC	FAIRFAX CO	16	15
COXCOM INC	HAMPTON	16	15
CHELSEA COMMUNICATIONS	HARRISONBURG	16	17
COMCAST OF MA/VA INC	RICHMOND	16	15
COXCOM INC	VIRGINIA BEACH	16	17
BRESNAN COMMUNICATIONS INC LLC	MADISON	16	15
COMCAST OF WISCONSIN INC	MANITOWAC RAPIDS	16	15
TIME WARNER CABLE OF SE WI	MILWAUKEE	16	16
MARCUS COMMUNICATIONS INC	ONALASKA	16	16
CHARTER COMMUNICATIONS VI	BECKLEY	16	17
<b>TOTAL</b>		<b>1520</b>	<b>1510</b>



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Appendix F

Table F-1

System Weights 2004

PRIME-CITY	OWNER-NAME	Completed Interviews- Actual	Completed Interviews- Virtual	System Weight
LAS VEGAS	COX COMMUNICATION LAS VEGAS	35	0	0.96311019
PHOENIX	COXCOM INC	20	0	1.01289164
HOUSTON	TEXAS & KANSAS CITY CABLE PAR	12	0	0.96622617
ATLANTA	COMCAST OF GEORGIA INC	16	0	0.99623221
ARAPAHOE CO	COMCAST OF COLORADO IX LLC	16	0	0.99623221
TUCSON	COXCOM INC	18	0	0.88553974
PALM BEACH CO	WEST BOCA ACQUISITION LP	2	0	7.96985765
APPLETON	TIME WARNER ENTERTAINMENT CO	19	0	0.83893238
ALLENTOWN	SERVICE ELECTRIC CABLE TV INC	17	0	0.93763031
MARQUETTE	BRESNAN COMMUNICATIONS CO	15	0	1.06264769
PITTSBURGH	COMCAST OF CA/OH/PA/UT/WA INC	19	0	0.83893238
PACIFIC BEACH	TIME WARNER ENT/ADV-NEWHSE GP	15	0	1.06264769
POMPANO	COMCAST OF GREATER FL/GA INC	21	0	0.75903406
COLORADO SPRINGS	CENTURY COLORADO SPRINGS PARTN	16	0	0.99623221
FAIRFAX CO	COXCOM INC	16	0	0.99623221
W PALM BEACH	ADELPHIA CABLEVISION ASSOC	18	0	0.88553974
FOND DU LAC	MARCUS CABLE PARTNERS LLC	15	0	1.06264769
AMBERLY VILLAGE	TIME WARNER CABLE	16	0	0.99623221
AUDUBON	COMCAST OF GARDEN STATE LP	19	0	0.83893238
KETTERING	TIME WARNER ENTERTAINMENT CO	17	0	0.93763031
KANSAS CITY	KCCP TRUST	12	0	1.32830961
BECKLEY	CHARTER COMMUNICATIONS VI	17	0	0.93763031
MILWAUKEE	TIME WARNER CABLE OF SE WI	17	0	0.93763031
HILLSBOROUGH CO	BRIGHTHOUSE NETWORKS	17	0	0.93763031
	Charter Combined	34	0	0.93763031
JANESVILLE	MARCUS CABLE PARTNERS LLC	13	0	1.22613195
CLEVELAND HEIGHTS	ADELPHIA COMMUNICATIONS OF CA	16	0	0.99623221
PORTLAND	COMCAST OF OREGON II INC	17	0	0.93763031
ORMOND BEACH	BRIGHTHOUSE NETWORKS	17	0	0.93763031
GOODRICH	CHARTER COMMUNICATIONS VII	15	0	1.06264769
YORK	YORK CABLE TELEVISION INC	16	0	0.99623221
HAZLETON	SERVICE ELECTRIC CBV INC	15	0	1.06264769
BEACHWOOD	COMCAST CABLE COMM LLC	16	0	0.99623221
N CHARLESTON	COMCAST CBV OF GA/SC INC	16	0	0.99623221
CHAMBERSBURG	COMCAST OF SOUTHEAST PENNSYLV	26	0	0.61306597

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PRIME-CITY	OWNER-NAME	Completed Interviews- Actual	Completed Interviews- Virtual	System Weight
OKLAHOMA CITY	COXCOM INC	17	0	0.93763031
ALLENDALE TWP	AVALON CABLE OF MICHIGAN LLC	6	0	2.65661922
LA COUNTY	CHARTER COMM ENTERTAIN II LLC	16	0	0.99623221
SANTA CLARITA	TIME WARNER ENT/ADV-NEWHSE GP	14	0	1.13855109
RANCHO-PALOS VERDE	COXCOM INC	12	0	1.32830961
LEHIGH CO	RCN TELECOM SERVICES INC	17	0	0.93763031
SCRANTON	SCRANTON CABLEVISION INC	11	0	1.44906503
SOUTHFIELD	COMCAST OF THE SOUTH INC	17	0	0.93763031
MILLSBORO	MEDIACOM DELAWARE LLC	12	0	1.32830961
BATON ROUGE	COX COMM CENTRAL II INC	17	0	0.93763031
PT CLINTON	FRONTIERVISION OPERATING	9	0	1.77107948
RICHMOND	COMCAST OF MA/VA INC	19	0	0.83893238
FT COLLINS	COMCAST OF CA/CO LLC	16	0	0.99623221
MORGANTOWN	CENTURY HUNTINGTON COMPANY	14	0	1.13855109
ORANGE	KBL CABLESYSTEMS OF THE SW INC	6	0	2.65661922
LANSING	COMCAST OF MICHIGAN LLC	17	0	0.93763031
CORPUS CHRISTI	TEXAS CABLE PARTNERS LP	9	0	1.77107948
BUTLER	ARMSTRONG UTILITIES INC	16	0	0.99623221
PINOLE	COMCAST OF CONTRA COSTA INC	16	0	0.99623221
LINCOLN	TIME WARNER ENT/ADV-NEWHSE GP	27	0	0.59035983
WARNER ROBINS	COX COMMUNICATIONS INC	17	0	0.93763031
TOPEKA	COX COMMUNICATIONS KANSAS LLC	18	0	0.88553974
MYRTLE BEACH	TIME WARNER ENT/ADV-NEWHSE GP	17	0	0.93763031
SPRINGDALE	TCA CABLE PARTNERS	14	0	1.13855109
WAUWATOSA	CENTURY VENTURE/TIME WARNER	18	0	0.88553974
GULF BREEZE	MEDIACOM SOUTHEAST LLC	16	0	0.99623221
KLAMATH FALLS	CHARTER COMMUNICATIONS VII	19	0	0.83893238
COMSTOCK TWP	CHARTER COMMUNICATIONS VI	16	0	0.99623221
MEADVILLE	ARMSTRONG COMMUNICATIONS INC	18	0	0.88553974
HUNTSVILLE	COMCAST OF ALABAMA INC	16	0	0.99623221
ROANOKE	COXCOM INC	17	0	0.93763031
WILDWOOD	COMCAST CABLE COMM INC	17	0	0.93763031
WINSTON-SALEM	TIME WARNER ENT/ADV-NEWHSE GP	17	0	0.93763031
WESTLAND	COMCAST OF THE SOUTH INC	16	0	0.99623221
EDENTON	MEDIACOM SOUTHEAST LLC	15	0	1.06264769
SEBAGO	FRONTIERVISION OPERATING	15	0	1.06264769
AUSTIN	BRESNAN COMMUNICATIONS CO	12	0	1.32830961
KOKOMO	INSIGHT MIDWEST LP	19	0	0.83893238
ABERDEEN	COMCAST OF WASHINGTON IV INC	17	0	0.93763031
COOKEVILLE	RIFKIN ACQUISITION PARTNERS	10	0	1.59397153
BATTLE CREEK	COMCAST OF CA/CT/MI	17	0	0.93763031

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<b>PRIME-CITY</b>	<b>OWNER-NAME</b>	<b>Completed Interviews- Actual</b>	<b>Completed Interviews- Virtual</b>	<b>System Weight</b>
LIMA	TIME WARNER ENTERTAINMENT CO	15	0	1.06264769
COVINGTON	CITY OF COVINGTON	17	0	0.93763031
ANGIER	CHARTER COMMUNICATIONS LLC	18	0	0.88553974
GREENVILLE	TCA CABLE PARTNERS	15	0	1.06264769
LEXINGTON	TIME WARNER ENT/ADV-NEWHSE GP	17	0	0.93763031
SAN ANGELO	COX SOUTHWEST HOLDINGS LP	17	0	0.93763031
MILLINOCKET	BEE LINE INC	14	0	1.13855109
NEW TAZEWELL	JAMES CABLE PARTNERS LP	12	0	1.32830961
NEWBURGH	WARRICK CABLEVISION INC	15	0	1.06264769
BUXTON	CHARTER COMMUNICATIONS VII	17	0	0.93763031
DASHER	CHARTER COMM PROPERTIES LLC	16	0	0.99623221
SOUTHSIDE	CHARTER COMMUNICATIONS LLC	16	0	0.99623221
TUCSON	COMCAST OF ARIZONA INC	15	0	1.06264769
SEATTLE	COMCAST OF WASHINGTON IV INC	0	22	0.40839951
WILMINGTON	COMCAST CABLE COMM LLC	0	16	0.99623221
PISCATAWAY	CSC TKR INC	0	16	0.99623221
RIVERHEAD	CSC ACQUISITIONS NY, INC.	0	16	0.99623221
SHERMAN	CABLE ONE, INC	0	16	0.99623221
CONROE	COX SOUTHWEST HOLDINGS LP	0	16	0.99623221

**Table F-2**

**System Weights 2005**

<b>PRIME-CITY</b>	<b>OWNER-NAME</b>	<b>Completed Interviews- Actual</b>	<b>Completed Interviews- Virtual</b>	<b>System Weight</b>
FORREST CITY	EAST ARKANSAS VIDEO INC	15	0	1.87742847
RUSSELLVILLE	TCA CABLE PARTNERS	9	0	1.11187447
PHOENIX	COXCOM INC	25	0	1.05960734
TUCSON	COMCAST OF ARIZONA INC	16	0	2.77330166
CYPRESS	COMCAST OF CYPRESS INC	13	0	0.79948440
LOS ANGELES	COMCAST OF S CENTRAL LA LLC	15	0	0.58751471
PACIFIC BEACH	TIME WARNER ENT/ADV-NEWHSE GP	11	0	1.43464024
SACRAMENTO	COMCAST OF SACRAMENTO I LLC	13	0	0.74330732
SAN FRANCISCO	COMCAST OF CALIFORNIA III INC	29	0	0.75478340
SOUTHGATE	ADELPHIA CALIFORNIA	16	0	1.11291962
WOODLAND	CHARTER COMM PROPERTIES LLC	11	0	1.28730893
ARAPAHOE CO	COMCAST OF COLORADO IX LLC	16	0	0.73940923
GRAND JUNCTION	BRESNAN COMMUNICATIONS LLC	17	0	0.93722774
HILLSBOROUGH CO	BRIGHT HOUSE NETWORKS LLC	30	0	0.70013321

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PRIME-CITY	OWNER-NAME	Completed Interviews- Actual	Completed Interviews- Virtual	System Weight
JACKSONVILLE BEACH	COMCAST OF GREATER FL/GA INC	16	0	0.52180196
LEESBURG	COMCAST SCH HOLDINGS INC	20	0	0.53267201
N MIAMI	COMCAST OF SOUTH FL II INC	16	0	0.91593735
ORLANDO	BRIGHT HOUSE NETWORKS LLC	21	0	1.13009883
PALM BEACH CO	WEST BOCA ACQUISITION LP	13	0	5.94908246
POMPANO	COMCAST OF GREATER FL/GA INC	14	0	0.83131626
TALLAHASSEE	COMCAST OF TALLAHASSEE INC	16	0	0.57395203
WELLINGTON	NATIONAL CABLE ACQUISITION	16	0	2.62992840
ATLANTA	COMCAST OF GEORGIA INC	19	0	0.86661824
CEDAR RAPIDS	MCC IOWA LLC	17	0	0.57341553
MOLINE	MCC IOWA LLC	13	0	1.00661002
HENDRICKS CO	COMCAST OF INDIANAPOLIS LP	16	0	0.73227501
LOGANSPOUT	COMCAST OF MT/IN/KY/UT INC	17	0	0.92073100
MUNCIE	COMCAST OF MUNCIE	17	0	0.64683760
WICHITA	COX COMMUNICATIONS KANSAS LLC	17	0	0.69613866
FRANKFORT	FRANKFORT ELECTRIC & WATER	16	0	1.37552870
MAYFIELD	RIFKIN ACQUISITION PARTNERS	14	0	2.31938332
CHICOPEE	CHARTER COMM ENTERTAINME I LLC	18	0	0.52918995
REHOBOTH	COMCAST OF MASSACHUSETTS I	18	0	0.63769982
ROCKVILLE	COMCAST CBV OF POTOMAC LLC	18	0	0.77820565
BURTON CITY	COMCAST OF FLINT INC	15	0	1.16831167
DETROIT	COMCAST OF DETROIT GP	16	0	1.33705352
LIVONIA	BRIGHT HOUSE NETWORKS LLC	16	0	0.59643657
BROOKLYN PARK	COMCAST OF MINN/WISCONSIN	14	0	0.62150072
ROSEMOUNT	MARCUS CABLE PARTNERS LP	16	0	0.73407342
ST PAUL	COMCAST OF ST PAUL INC	17	0	0.41162546
BELLA VILLA	CHARTER COMM ENTERTAINME I LLC	15	0	0.71480395
CAPE GIRARDEAU	CHARTER COMMUNICATIONS VII	17	0	1.59082010
KANSAS CITY	KCCP TRUST	16	0	0.61829727
COLUMBUS	CABLE ONE INC	18	0	0.83202381
JACKSON	TIME WARNER ENTERTAINMENT CO	17	0	0.59496005
CHARLOTTE	TIME WARNER ENT/ADV-NEWHSE GP	16	0	0.52778893
KILL DEVIL HILLS	CHARTER COMMUNICATIONS VII	15	0	1.83605982
RALEIGH	TIME WARNER ENT/ADV-NEWHSE GP	15	0	0.73364811
LACONIA	METROCAST CBV OF NH LLC	15	0	0.89071912
AUDUBON	COMCAST OF GARDEN STATE LP	17	0	0.72648161
BEACHWOOD	COMCAST CABLE COMM LLC	18	0	1.40959809
FREEHOLD	CABLEVISION OF MONMOUTH INC	16	0	0.83009308
UNION	COMCAST CABLE COMM LLC	16	0	0.95627321
LAS VEGAS	COX COMMUNICATION LAS VEGAS	15	0	2.70670113
ALBANY	TIME WARNER ENT/ADV-NEWHSE GP	20	0	0.44311754

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<b>PRIME-CITY</b>	<b>OWNER-NAME</b>	<b>Completed Interviews- Actual</b>	<b>Completed Interviews- Virtual</b>	<b>System Weight</b>
DEWITT	TIME WARNER ENT/ADV-NEWHSE GP	16	0	0.85652519
NEWBURGH	TIME WARNER NY CABLE INC	15	0	0.78230903
ONEONTA	TIME WARNER ENTERTAINMENT CO	16	0	0.74526388
ROCHESTER	TIME WARNER CABLE	18	0	0.40838582
AKRON	TIME WARNER ENTERTAINMENT CO	15	0	0.76976996
BEREA	WIDOPENWEST CLEVELAND LLC	14	0	0.64424202
CLEVELAND HEIGHTS	ADELPHIA CLEVELAND LLC	19	0	0.41425298
COLUMBUS	TIME WARNER ENTERTAINMENT CO	22	0	0.89024853
DELLROY	FRONTIERVISION OPERATING	17	0	1.57457285
LINCOLN CITY	CHARTER COMMUNICATIONS VII	17	0	1.12110430
PORTLAND	COMCAST OF OREGON II INC	16	0	0.68423898
ALTOONA	ATLANTIC BROADBAND LLC	19	0	0.79649882
ASTON	COMCAST OF SOUTHEAST PENNSYLV	17	0	0.70365733
BETHEL PARK BORO	RIGPAL COMMUNICATIONS INC	19	0	0.47467980
COATESVILLE	COMCAST OF SOUTHEAST PENNSYLV	18	0	0.61191356
LANCASTER	COMCAST CABLE COMM LLC	17	0	1.17688102
PITTSBURGH	COMCAST OF CA/OH/PA/UT/WA INC	17	0	0.65477035
WARRINGTON	COMCAST OF SOUTHEAST PENNSYLV	16	0	0.71735667
WILLIAMSTOWN BORO	CENTURY LYKENS CABLE CORP	16	0	1.42078774
COLUMBIA	TIME WARNER ENT/ADV-NEWHSE GP	16	0	1.89259436
N CHARLESTON	COMCAST CBV OF GA/SC INC	16	0	1.44762837
RAPID CITY	BLACK HILL FIBERCOM	16	0	1.20437640
EL PASO	TEXAS & KANSAS CITY CABLE PAR	10	0	0.72032864
HOUSTON	TEXAS & KANSAS CITY CABLE PAR	15	0	1.17122045
MT PLEASANT	COX SOUTHWEST HOLDINGS LP	13	0	2.34677397
TYLER	COX SOUTHWEST HOLDINGS LP	14	0	1.46864678
ALEXANDRIA	COMCAST OF VIRGINIA INC	20	0	0.66746852
FAIRFAX CO	COXCOM INC	15	0	1.22478980
HAMPTON	COXCOM INC	15	0	0.76176843
HARRISONBURG	CHELSEA COMMUNICATIONS	17	0	1.01500503
RICHMOND	COMCAST OF MA/VA INC	15	0	0.52677064
VIRGINIA BEACH	COXCOM INC	17	0	0.68563863
MADISON	BRESNAN COMMUNICATIONS INC LLC	15	0	0.79451153
MANITOWAC RAPIDS	COMCAST OF WISCONSIN INC	15	0	0.74083479
MILWAUKEE	TIME WARNER CABLE OF SE WI	16	0	0.91645285
ONALASKA	MARCUS COMMUNICATIONS INC	16	0	1.59680142
BECKLEY	CHARTER COMMUNICATIONS VI	17	0	0.86221063
GROTON	COMCAST CBV OF GROTON INC	0	16	0.65993812
PORTLAND	TIME WARNER ENTERTAINMENT LP	0	16	0.65262154

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<b>PRIME-CITY</b>	<b>OWNER-NAME</b>	<b>Completed Interviews- Actual</b>	<b>Completed Interviews- Virtual</b>	<b>System Weight</b>
DOVER	CSC TKR INC	0	16	0.64137444
CRANSTON	COXCOM INC	0	16	0.71220022
SEATTLE	COMCAST OF WASHINGTON IV INC	0	16	1.32771987

Appendix G

Table G-1

<b>Distant Signal Relative Values Weighted by Royalties (Percent)</b>				
<b>Category</b>	<b>2004</b>	<b>Standard Error</b>	<b>2005</b>	<b>Standard Error</b>
<b>Program Suppliers</b>				
Series	20.96	0.78%	20.45	0.65%
Movies and Specials	19.83	0.65%	19.01	0.74%
Non-Team Sports	7.60	0.39%	6.47	0.37%
<b>Program Supplier Total</b>	<b>48.39</b>	<b>1.42%</b>	<b>45.93</b>	<b>1.30%</b>
News and Community Events	15.35	0.64%	19.22	0.63%
Devotional Programs	7.30	0.49%	8.07	0.65%
Live Team Sports	17.63	0.69%	16.85	0.66%
PBS†	9.52	2.30%	6.72	1.41%
Canadian‡	0.76	0.39%	1.74	1.37%
Other	1.05	0.16%	1.46	0.32%
<b>Total*</b>	<b>100.00</b>		<b>99.99</b>	

†Value in 2005 ranges from 6.39 to 7.05

‡Value in 2005 ranges from 1.42 to 2.07

\*May not equal 100.00 percent due to rounding.

## Appendix H

In the 2004 survey, 98.9 percent of respondents provided information on their age. For those respondents, I calculated the value allocations given by people in the 18-to-49 age group and the 50+ age group. The valuations used the weights based on the contributions to royalties described earlier but did not include the virtual interviews or values given by people who did not provide information on their age. The relative values are shown in the Table H-1 below. The standard error calculations are attached in Table H-2.

People aged 18-to-49 assigned a relative value of 53.86 percent to the Program Supplier category compared with a 49.13 percent valuation given by people 50 and older. For News and Community Events, older respondents gave a higher valuation (17.18 percent) than younger people (15.10 percent). Similarly for Devotional programs, the average valuation was nearly two percentage points higher for those 50 and older (8.63 percent) compared with those 18-to-49 (6.67 percent).



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**Table H-1**

**2004 Survey Results by Demographics (%)**

<b>Category</b>	<b>18-49</b>	<b>50+</b>
<b>Program Suppliers</b>		
Series	24.10	20.55
Movies and Specials	21.40	20.70
Non-Team Sports	8.36	7.88
<b>Program Supplier Total</b>	<b>53.86</b>	<b>49.13</b>
News and Community Events	15.10	17.18
Devotional Programs	6.67	8.63
Live Team Sports	19.07	18.50
PBS	4.00	5.21
Canadian	0.13	0.25
Other	1.15	1.10
<b>Total*</b>	<b>99.98</b>	<b>100.00</b>

\*May not equal 100.00 percent due to rounding.

**Table H-2**

**2004 Survey Results by Demographics (%)**

<b>Category</b>	<b>18-49</b>	<b>Standard Error</b>	<b>50+</b>	<b>Standard Error</b>
<b>Program Suppliers</b>				
Series	24.10	0.870%	20.55	0.835%
Movies and Specials	21.40	0.623%	20.70	0.716%
Non-Team Sports	8.36	0.457%	7.88	0.448%
<b>Program Supplier Total</b>	<b>53.86</b>	<b>1.088%</b>	<b>49.13</b>	<b>1.160%</b>
News and Community Events	15.10	0.693%	17.18	0.718%
Devotional Programs	6.67	0.522%	8.63	0.674%
Live Team Sports	19.07	0.861%	18.50	0.850%
PBS	4.00	0.819%	5.21	1.032%
Canadian	0.13	0.077%	0.25	0.144%
Other	1.15	0.263%	1.10	0.227%
<b>Total*</b>	<b>99.98</b>		<b>100.00</b>	

\*May not equal 100.00 percent due to rounding.

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There was a similar demographic distinction in the 2005 survey as shown in Table H-3 below. Based on the 97.8 percent of respondents who provided their age, people 18-to-49 gave Program Suppliers more than a five percentage point higher valuation (50.95 percent) than did those 50 and older (45.59 percent). Also as in 2004, those 50 and older gave News and Community Event and Devotional programs higher valuations than did people aged 18-to-49. The standard error calculations are attached in Table H-4.

**Table H-3**

**2005 Survey Results by Demographics (%)**

<b>Category</b>	<b>18-49</b>	<b>50+</b>
<b>Program Suppliers</b>		
Series	24.20	18.99
Movies and Specials	18.98	20.63
Non-Team Sports	7.77	5.97
<b>Program Supplier Total</b>	<b>50.95</b>	<b>45.59</b>
News and Community Events	18.47	20.95
Devotional Programs	7.48	9.08
Live Team Sports	17.70	17.92
PBS	4.19	4.55
Canadian	0.09	0.08
Other	1.12	1.84
<b>Total*</b>	<b>100.00</b>	<b>100.01</b>

\*May not equal 100.00 percent due to rounding.

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**Table H-4**

<b>2005 Survey Results by Demographics (%)</b>				
<b>Category</b>	<b>18-49</b>	<b>Standard Error</b>	<b>50+</b>	<b>Standard Error</b>
<b>Program Suppliers</b>				
Series	24.20	1.007%	18.99	0.624%
Movies and Specials	18.98	1.103%	20.63	0.772%
Non-Team Sports	7.77	0.576%	5.97	0.436%
<b>Program Supplier Total</b>	<b>50.95</b>	<b>1.761%</b>	<b>45.59</b>	<b>1.031%</b>
News and Community Events	18.47	0.799%	20.95	0.669%
Devotional Programs	7.48	1.301%	9.08	0.674%
Live Team Sports	17.70	0.676%	17.92	0.867%
PBS	4.19	0.951%	4.55	0.837%
Canadian	0.09	0.065%	0.08	0.063%
Other	1.12	0.346%	1.84	0.411%
<b>Total*</b>	<b>100.00</b>		<b>100.01</b>	

\*May not equal 100.00 percent due to rounding.

Given this demographic distinction in the survey results, I attempted to assess, at least generally, what effect the distinction may have had on the relative valuation survey results. Using demographic information provided by The Nielsen Company for the multichannel household universe (*i.e.*, households that have access to cable plus alternative delivery systems, such as satellite), I calculated the demographic make-up of adults in multichannel homes. I determined the demographic composition of multichannel homes because such demographic information was not readily available for cable-only households. In 2004, people 18-to-49 comprised 60.2 percent of adults in multichannel homes and in 2005, their share was 60.4 percent. Of the multichannel household universe, the majority are cable subscribers. Based on Federal Communications Commission information, cable accounted for 71.6 percent of multichannel households in 2004

and 69.4 percent in 2005. I would therefore expect that the demographic composition of cable households would be similar to that of all multichannel households.

The respondents in our cable subscriber surveys skewed older than the multichannel universe. In 2004, 47.4 percent of respondents who provided their age were in the 18-to-49 age group, and the share in 2005 was 44.8 percent. The relative shares are shown in the tables below.

**Table H-5**  
**Demographic Composition of the Market, 2004 (%)**

<b>Age Group</b>	<b>Survey Respondents</b>	<b>Cable Plus Alternative Delivery Services*</b>	<b>Index of Survey Population to Multichannel Household Population</b>
18-49	47.4	60.2	0.79
50+	52.6	39.8	1.32

\*Obtained from The Nielsen Company

**Table H-6**  
**Demographic Composition of the Market, 2005 (%)**

<b>Age Group</b>	<b>Survey Respondents</b>	<b>Cable Plus Alternative Delivery Services*</b>	<b>Index of Survey Population to Multichannel Household Population</b>
18-49	44.8	60.4	0.74
50+	55.2	39.6	1.39

\*Obtained from The Nielsen Company

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Thus, in 2004, the share of survey respondents in the 18-to-49 age group was approximately 21 percent lower than the adult share in multichannel households, while the representation of people 50 and older was approximately 32 percent higher among survey respondents than among the multichannel household adult population. The disparity was larger in 2005. The 18-to-49 share was approximately 26 percent lower among survey respondents than the multichannel household population and the 50 and older share was approximately 39 percent higher.

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**Schedule 1**

*Curriculum Vita of Arthur C. Gruen*

**June 2009**

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Arthur C. Gruen  
14 Penn Plaza  
New York, NY 10122

### **Education:**

Ph.D. Economics, Tufts University; 1977, Graduate Scholarship,  
1971-76, Teaching Fellowship, 1972-74.

M.A. Economics, Tufts University; 1972.

B.A. Economics, University of Pennsylvania, 1970.

### **Professional Experience:**

Wilkofsky Gruen Associates Inc.

1986-present. Co-founder and President of Wilkofsky Gruen Associates Inc., an economic consulting firm serving major clients with analyses and forecasts of entertainment media markets. Author and co-author of numerous analyses on various subjects in the telecommunications, broadcasting, cable television, filmed entertainment, publishing, home video, business information, Internet, and other new technology markets.

CBS Inc.

1981-1985. Director of Industry Studies, Supervised staff and conducted research covering domestic and foreign economies and industry studies on CBS lines of business: broadcasting, motion pictures, recorded music, publishing, toys and musical instruments. Also engaged in econometric analyses involving economic forecasting and statistical demand analysis; long range planning and budgeting reflecting evaluations of the economic environment, demography, and social change; the economic analysis of antitrust litigation and regulatory issues.

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Hunter College and Graduate Center, City University of New York

1977-1981. Assistant Professor. Taught courses in economic theory, urban economics, corporate finance, money and banking, labor economics, international trade, and economics of the nonprofit sector. Also engaged in research for publication in economic journals, and delivered papers at conferences.

Tufts University, Wellesley College

1976-1977. Instructor. Taught courses in economic theory and corporate finance.

Bureau of Health Facilities, Financing, Compliance and Conversion

1979-1981. Consultant. Analyzed efforts by various states to control hospital costs.

North Shore University Memorial Hospital

1980. Consultant. Analyzed the effect of a proposed merger on return on capital investments.

**Professional Publications:**

*Global Entertainment and Media Outlook* An analysis and forecast of media markets by segment for the United States, Canada, Europe, Latin America, and Asia: broadcast and cable television, filmed entertainment, recorded music, Internet, radio and outdoor advertising, station, cable and DBS distribution, magazine publishing, newspaper publishing, book publishing, theme and amusement parks, sports, business information, casino gaming (*in annual editions since 2000*). PricewaterhouseCoopers, New York, NY

*Telecommunications Industry Association Market Review and Forecast* An analysis and forecast of the telecommunications equipment and services



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markets (*in annual editions since 1997*). Telecommunications Industry Association, Arlington, Virginia.

*Entertainment and Media Outlook for the Netherlands* An analysis and forecast of media markets by segment for the Netherlands: filmed entertainment, television, recorded music, radio advertising, out-of-home advertising, Internet advertising and access spending, magazine publishing, newspaper publishing, book publishing, theme parks, and sports (*in annual editions since 2001*). PricewaterhouseCoopers, Amsterdam, The Netherlands.

*Entertainment and Media Outlook for Germany* An analysis and forecast of media markets by segment for Germany: filmed entertainment, television, recorded music, radio advertising, out-of-home advertising, Internet advertising and access spending, magazine publishing, newspaper publishing, book publishing, theme parks, and sports (*in annual editions since 2003*). PricewaterhouseCoopers, Germany.

*Future Direction and Trends in Retail Print Media Advertising* An analysis and forecast of advertising by auto dealers, food stores, home improvement stores, specialty stores, drug stores, discount stores, consumer electronic stores, department stores, and big box retailers in the United States, Canada, and Mexico. Print Industries Market Information and Research Organization, June, 2005.

*Entertainment and Media Outlook: Europe* An analysis and forecast of media markets by segment for France, Germany, Italy, the Netherlands, Spain, and the United Kingdom: filmed entertainment, television, recorded music, radio advertising, out-of-home advertising, Internet advertising and access spending, magazine publishing, newspaper publishing, book publishing, theme parks, and sports. PricewaterhouseCoopers, London, United Kingdom, 2003

*The Health of the Print Media: Special Report* Analysis and forecast of the print media: magazines, books, direct mail, catalogs, inserts, and commercial printing in the United States, Canada, Europe and Latin America. Quebecor World Inc, Montreal, Canada, March 2001

*International Media and Entertainment Report 2000* An analysis and forecast of media markets by segment: motion pictures, theme and amusement parks, recorded music, broadcast television, cable and DBS, radio and outdoor

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*Communications Industry Forecast* An analysis and five-year forecast of media markets by segment: television broadcasting, radio broadcasting, cable television, filmed entertainment, recorded music, newspaper publishing, book publishing, magazine publishing, business information, and interactive digital media (*in annual editions from 1987 through 1999*). Veronis, Suhler & Associates, Inc., New York, NY.

*Communications Industry Transactions Report* A compendium of mergers and acquisitions, initial and secondary public offerings, public debt, private placements, redemptions, and joint ventures of more than 400 media companies by media segment: television broadcasting, radio broadcasting, cable television, filmed entertainment, recorded music, newspaper publishing, book publishing, magazine publishing, business information, advertising agencies, and interactive digital media (*in annual editions from 1996 through 1998*). Veronis, Suhler & Associates, Inc., New York, NY.

*Communications Industry Report* A compendium of the financial performance of more than 400 media companies by media segment: television broadcasting, radio broadcasting, cable television, filmed entertainment, recorded music, newspaper publishing, book publishing, magazine publishing, business information, advertising agencies, and interactive digital media (*in annual editions from 1988 through 1999*). Veronis, Suhler & Associates, Inc., New York, NY.

*The Interactive Television Study* A comprehensive analysis combining survey research and economic regression analysis to determine the demand and optimum price points for 24 interactive applications. Wilkofsky Gruen Associates, Interactive Media Associates, 1995

*EMA Market Research Survey* A comprehensive survey and forecast of electronic messaging in all its formats. Electronic Messaging Association, Arlington, Virginia, August 1996.

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*Investment Considerations For The Communications Industry* An overview of the dynamics and opportunities for investors in the communications industry. Veronis, Suhler & Associates, Inc., New York, NY, April 1995.

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*Interactivity and the Information Highway: The First Decade*, Wilkofsky Gruen Associates, 1993

*The Impact of Monopoly Newspapers on Consumer Welfare*, With Jack Meyer, MFJ Task Force, September 1992.

*Advertising Pricing Power: Newspapers vs. Radio and Television*, NYNEX, Washington, D.C., March 1991.

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*Syndication 1995*, Channels Magazine, New York, 1989.

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*Video 1995 Update: An Analysis Of The Home Video Industry*, Wilkofsky Gruen Associates Inc., New York, May, 1987.

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*An Analysis and Outlook for Radio and Television Stations*, E.F. Hutton & Co., Inc., August 1987.

*Comments Of CBS Inc.*, (in regard to a Notice Of Proposed Rule Making by the FCC dealing with proposed modification of the "duopoly" and "one-to-a-market" provisions of the Commission's local multiple ownership rules) before the Federal Communications Commission, Washington, D.C., May, 1987.

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**Testimony:**

In the Matter of Distribution of the 1998 and 1999 Cable Royalty Funds. Before the Copyright Office, Library of Congress. Docket No. 2001-8 CARP CD 98-99. Trial Testimony: June 10-11 and July 18, 2003.

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Satellite Broadcasting & Communications Association of America, EchoStar Communications Corporation and Dish Ltd. d/b/a "The Dish Network," DirecTV Enterprises, Inc., DirecTV, Operations, Inc., and DirecTV Inc. vs. Federal Communications Commission, and William E. Kennard, Chairman, and Susan Ness, Harold Furchtgott-Roth, Michael K. Powell and Gloria Tristani, Commissioners, in the official capacities, Washington, DC 20554, United States Copyright Office, Library of Congress, and James H. Billington, Librarian of Congress, and Mary Peters, Register of Copyrights, in their official capacities, and United States of America. United States District Court

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Credit Lyonnais Nederland N.V., a credit institution organized under the laws of the Netherlands vs. Tracinda Corporation, a Nevada Corporation, Kirk Kerkorian, Jeffrey Barbakow, and Stephen Silbert, individuals. United States District Court, Central District of California. Case Number: 94-2957 TJH. Deposition Testimony: April 25, 1994.

Paulette Eichenholtz, Individually and on behalf of all others similarly situated and Derivatively on behalf of International Thoroughbred Breeders, Inc. vs. Robert E. Brennan, First Jersey Securities, Inc., International Thoroughbred Breeders, Inc., Rooney Pace, Inc., First Pennsylvania Corporation, Kerry B. Fitzpatrick, John W. Allen, Joseph C. Daniel, Jr., Jack Price, Robert J. Quigley, Norman Rothstein, John J. Degnan, Richard J. Hughes, Ronald J. Riccio, Herbert Barness and Joseph K. Fisher. United States District Court, District of New Jersey. Case Number: 88-515 (JCL). Deposition Testimony: December 19, 1991 and April 2, 1992.

Vestron Inc. vs. Security Pacific National Bank. United States District Court, Central District of California. Case Number: CV 89 4902 IH. Deposition Testimony: September 11, 1991.

### **Speeches & Presentations:**

To senior managers and media investors, on a periodic basis, on the prevailing trends in aggregate and individual media markets, and the current outlook for these markets over a forecast horizon.

Presentations have included: The outlook for retail print advertising for the Print Industries Market Information and Research Organization (*June 2005*);

The outlook for the direct mail market for International Paper (*May 2003*); An evaluation of pre-media opportunities for the International Prepress Association (*February 2003*); The outlook for the telecommunications market for the Telecommunications Industry Association (*June 2002*); The outlook for broadband for the Telecommunications Industry Association (*April 2002*); The outlook for the telecommunications equipment market for Spectrum Control, an equipment manufacturer (*August 2000*); The status and outlook for telecommunications equipment and services for a national press conference sponsored by the Telecommunications Industry Association (*annually since 1997*); The impact of the Asian financial crisis on the U.S. economy for Price Waterhouse and Coopers & Lybrand (*September 1998*); The outlook for adult trade books before the Board of Directors of a leading trade book publisher (*December 1996*); The impact of new media on magazines and catalogs for major clients of *Boise Cascade* and their senior management (*May 1996*); The impact of media consolidation and new media on advertising for *Groupe D'Ouchy*, a high level council of senior executives from major European packaged goods manufacturers, Lausanne, Switzerland, (*February 1996*); The outlook for electronic messaging presented to the *Electronic Messaging Association* annual conference, San Francisco, California (*October 1995*); A review and outlook for traditional and new media for *TAC Partners*, a large media investment fund, (*April 1995*); Opportunities and problems in broadcasting and cable for a high yield bond conference sponsored by *Citibank*, (*June and December 1994*); The Status and outlook for the consulting industry for *Price Waterhouse*, Los Angeles, California (*May 1994*); The prospects for radio networks for the *CBS Radio Network Group*, (*December 1993*)

**Academic Publications:**

*An Inquiry into the Economics of RaceTrack Gambling.* In *Price Theory in Action*, 4th Edition, Donald S. Watson and Malcolm Getz, editors, Houghton Mifflin Company, (1981).

*The Demand for Horse Race Wagering, the Take-out, and State Revenues.* Papers and Proceedings of the Third Conference on Gambling. (1977).

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**Presentations at Professional Meetings:**

*Invited Paper: The Demand for Horse Race Wagering, the Take-out, and State Revenues.* Third Conference on Gambling. Las Vegas, Nevada, December 19-21, 1976.

*Traffic Congestion and Public Transportation.* New York State Economics Association Convention. Syracuse University, April 12, 1980.

**Papers Refereed:**

*The Revenue Potential of Horse Race Gambling Taxation.* Journal of Political Economy, 1979. This paper analyzed the "Gruen Model" of generating revenue through taxing horse race gambling.

*The Demand for Pari-Mutuel Wagering in the Thoroughbred Horse Racing Industry.* Journal of Political Economy, 1977.

*Community Selection and the Equilibrium: Spatial Structure of Communities.* Growth and Change, 1979.

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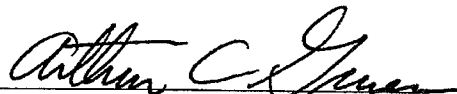
*Benefit-Cost Analysis and Environmental Decisions: Viable Decision Tool or Economists' Pipe Dream? Human Ecology, 1977.*



**DECLARATION OF ARTHUR C. GRUEN**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on September 18, 2009.

  
Arthur C. Gruen





Paul B. Lindstrom  
Sr. Vice President  
Strategic Media Research

**TESTIMONY OF PAUL LINDSTROM**  
**CORRECTED SEPTEMBER 28, 2009**

My name is Paul Lindstrom. I am a senior vice president with The Nielsen Company (Nielsen). I manage the Nielsen Strategic Media Research group. Nielsen is a global leader in information services for the media and entertainment industries. Nielsen serves the information and marketing needs of television and radio broadcasters, cable networks, advertisers, agencies, media planners, music companies, publishers, motion-picture studios, distributors and exhibitors, and the Internet industry.

I have worked for Nielsen for thirty-one years and have spent the majority of that time designing custom research with a particular focus on new television viewing sources or new services that might compete with television. These have included cable television, pay-TV, satellite services, over-the-air subscription television, VCRs, PC's on-line services, the Internet, DVDs, cinema, and most recently, place-based digital networks. I am currently responsible for all national custom research and all custom research for local cable. In my current role, I work with clients to determine the best methodologies to answer their research questions. These methods can involve either the analysis of existing databases such as the National People Meter (NPM) sample, the Local People Meter (LPM), local television diary samples, or the

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development of new databases through the use of new single-client sponsored data collections. Through the years I have worked on projects as varied as the pre-launch concept tests for ESPN, The Weather Channel and DirecTV, the design of Nielsen's Syndicated Pay Cable, VCR Usage, Syndicated Satellite and Home Technology Reports, the CommerceNet Study of Internet Usage, the Nielsen Cinema Audience Report, and Nielsen On Location Media. I have been involved in all of the studies that MPAA has directed Nielsen to conduct for proceedings before the Copyright Royalty Tribunal and the Copyright Arbitration Royalty Panel since 1980. Also, I have testified before those bodies. This is my first opportunity to testify before the Copyright Royalty Judges.

The Nielsen name is synonymous with television ratings. The ratings provide an estimate of television audience size and are a barometer of viewing habits. In 2004 and 2005, advertisers spent approximately between \$60,000,000,000 and \$70,000,000,000 on television advertising time with the expectation that their commercial messages were reaching a certain audience. Nielsen's charter as an independent measurement service is to provide both the buyer and seller of time with unbiased estimates of viewing behavior.

Nielsen utilizes two basic data collection instruments in our syndicated services: meters and diaries. For the MPAA study presented in this proceeding, Nielsen utilized the National People Meter (NPM). In addition to measuring what channel the television set is tuned to, the People Meter electronically collects viewing



information from the people in the household. The People Meter sample is used to measure viewing to the broadcast networks, national syndicated programs, and over 75 cable networks. Viewing data is also important to local cable system operators, multi-system cable operators (MSOs), and interconnects. Interconnects are aggregations of cable systems that cover a particular market or region, thus allowing an agency or advertiser to buy a large area at one time without having to negotiate with many different companies.

As more local cable ad sellers sell local advertising time on cable channels, they need an agreed "currency" in order to maximize the value of their advertising time. Nielsen ratings offer that currency. This is true for them as well as their national broadcast, cable network, and local broadcast station counterparts. There is an adage that says "an unmeasured media is inherently an undervalued one." Local cable operators use a variety of measurement tools ranging from diary-based reports to Local People Meter and metered market data to obtain full value for their systems' programming.

The heart of the national measurement system is the People Meter. Smaller than a cigar box, the People Meter is placed on each television in the household. An accompanying remote control unit makes it possible to make electronic entries from anywhere in the room. Each member of the sample household is identified by name on the People Meter and assigned a personal viewing button. Red and green lights by each button assist in showing who is watching and who is not watching when the television is on. For example, if one of the children, Susan, is watching, she presses



her button, followed by the “OK” button. Additional buttons are labeled for visitors for the purpose of tracking their viewing.

#### **METHODOLOGY SUMMARY**

The MPAA study is a custom analysis of the sample People Meter viewing data that are used for generating the cable and broadcast network ratings. The methodology, in brief, is as follows:

- 1) At MPAA’s request, Cable Data Corporation (CDC) supplied Nielsen with a listing of stations CDC determined to be distantly retransmitted in 2004 and 2005. The stations were ranked based upon the number of distant subscribers. To create the sample of stations to be studied, Nielsen divided the sample into two groups – the top 50 stations and all other stations within the frame. The top 50 stations were selected with certainty (meaning, they were automatically included in the sample of stations studied) and the remainder of the stations were systematically sub-sampled. The data were ultimately weighted to reflect this difference in the probability of selection.
- 2) To limit the result to only distant viewing, Nielsen supplied the list of selected stations (*i.e.*, the sample stations) to MPAA for county analysis. MPAA provided Nielsen with the information as to whether counties were distant or local for each sample station. To do this, MPAA gave us the identities of the counties that should be considered local for the purpose of the MPAA study.



- 3) Nielsen examined the schedule for each station in the sample and systematically classified each program based upon an agreed upon set of rules.
- 4) Nielsen eliminated all non-cable viewing of programs. Nielsen only measured the cable viewing for each station individually for counties that were not identified as local by the MPAA. Nielsen eliminated all viewing to each station that occurred within the station's local area. What was left after the elimination of local viewing was distant viewing among cable households. This is reported in the form of minutes of viewing by sample households.
- 5) This distant cable viewing is divided by program type. The distant viewing by program type by station is summed and the end result is the sum across stations of the minutes viewed by distant cable households.
- 6) Nielsen underwent a methodological change starting in 2004 to accommodate the introduction of Local People Meter (LPM) markets. My colleague, Mr. Bruce Hoynoski, will discuss details of the change in his testimony. As a result of this change in methodology, we simplified the process for producing the 2004 and 2005 MPAA studies to account for the methodological change. Rather than introduce the complexity of a weighting procedure, the total installed homes were sub-sampled so that the sample actually used in the MPAA studies was equivalent to the Proportional Equivalent Sample Size (PESS). Essentially we made an adjustment to accommodate the overall methodological change.



## SAMPLING TV RATINGS

To set the context of my testimony, I want to take a minute to discuss ratings and sampling. The Nielsen rating you may see reported in newspapers or magazines is simply a statistical estimate of the number of homes tuned to a program. For example, a rating of 15 for a network television program means that 15% of U.S. television homes are estimated to be tuned in to that program. In 2004, approximately 108 million U.S. households (98% of the total) had television sets. A rating of 15 meant that an estimated 16 million television households tuned in:

### **Equation for determining viewing households:**

$$\begin{aligned} \text{Rating} \times \text{Total Television Households} &= \text{Viewing Households} \\ .15 \times 108 \text{ million} &= 16 \text{ million} \end{aligned}$$

Note that when we described the rating, we used the words "statistical estimate." Ratings are based not on a count of all television households, but on the count within a sample of television households selected from all television households. The findings within the sample are then "projected" to national totals. Thus, a rating is subject to a margin of statistical error. Mr. Hoynoski will discuss sampling in more detail in his testimony.

## QUINTILES

In the past, there was a concern that a small number of heavy viewing homes could unduly influence the total viewing minutes. In order to address these concerns,





we report the data in viewing quintiles. Quintiles are groupings of households or individuals in blocks of twenty percent of the total sample. This allows the user to see differences for the heaviest twenty percent of viewers as compared to the lightest twenty percent, and each increment in between. Participants in the television viewer study were also sorted by demographic groups. These data were reported in the MPAA study results. These data indicate that the findings are not strictly the result of heavy viewing individuals behaving substantially different from the rest of the population and unduly influencing the totals.

#### **STANDARD ERRORS**

Standard Error (SE) is a measure of the variation that can be expected between the results from a sample and those that would be associated with a complete census. Relative error is a reflection of size of one standard error compared to the result measured. Sixty-five times out of 100 the result measured would be within one standard error of a census, 95% of the time it would be within two standard errors, and 99% of the time it would be within three Standard Errors. Standard Errors provide a measure of the confidence a user can have in the results of a study. Standard Error is a reflection of a variety of factors including sample size, the magnitude of the result, the number of sampling points or duration, the correlation of viewing, and the number of discrete households that viewed the program type.

It is highly likely that distant viewing to most sample stations would yield very small ratings and could thus have large relative errors. Aggregating the data increases



the total ratings generated by each program type, thus lowering significantly the standard and relative errors associated with the results. Since the Judges are only interested in the totals, the low standard error associated with these numbers is the key.

## **EXHIBITS**

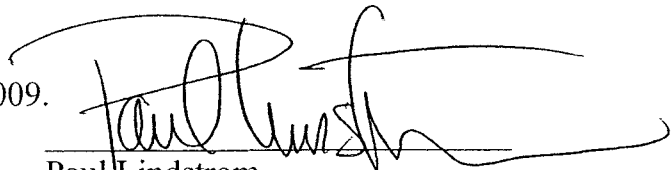
My testimony is accompanied by several exhibits that provide greater detail of the MPAA study methodology and results. PS Exhibit \_\_\_ (PL-1) is taken from our 2004-2005 National Reference Supplement. It discusses the methodology used to develop the People Meter sample. This is the database from which Nielsen produces the custom analysis for the MPAA. PS Exhibit \_\_\_ (PL-2) contains a general description of the 2004 study. It indicates the methodology used and lists the stations included in this study. PS Exhibit \_\_\_ (PL-3) contains the 2004 study results. PS Exhibit \_\_\_ (PL-4) contains a general description of the 2005 study, including methodology used and stations included in the study. PS Exhibit \_\_\_ (PL-5) is the 2005 study results. PS Exhibit \_\_\_ (PL-6) is the standard error and relative error estimates for the 2004 study. PS Exhibit \_\_\_ (PL-7) is the standard error and relative error estimates for the 2005 study.

Thank you for the opportunity to testify in this proceeding.

**DECLARATION OF PAUL LINDSTROM**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on September 18, 2009.

  
Paul Lindstrom

**PS Exhibit \_\_\_\_ (PL-1)**

## Foreword

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While the primary reference for the Nielsen Media Research National Services is the text material in the various Ratings and Analysis Reports, the Reference Supplement covers, in greater detail, various policies and technical aspects of the following services:

- Nielsen Television Index (NTI)
- Nielsen Syndication Service (NSS)
- Nielsen Homevideo Index (NHI)
- Nielsen Hispanic Television Index (NHTI)
- Nielsen Hispanic Homevideo Index (NHHI)
- Nielsen Hispanic Syndication Service (NHSS)
- Nielsen Sports Marketing Service (NSMS)

This issue of the National Reference Supplement is an update of the 2003-2004 National Reference Supplement. Modifications of procedures, computational methods, and report formats during the past year are reflected in the updated text.

All national report text should be considered within the framework of the additional detail set forth in this Supplement. In the following text, procedures relating to all national services are described. Those procedures unique to one service or another are noted as such.

**Note:** The traditional Nielsen Media Research National Services, NTI, NSS, NHI, and NSMS, are based on a common, nationally-distributed sample. However, the Nielsen Hispanic Television Index (NHTI), Nielsen Hispanic Homevideo Index (NHHI), and Nielsen Hispanic Syndication Service (NHSS) services, while similar to NTI, NSS, NHI, and NSMS in how the data are collected, processed, and reported, are based on a separately selected and maintained sample of nationally distributed Hispanic households.

# Chapter 1

## National Samples

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### A. National People Meter (NPM) Sample

#### 1. Sample Plan

Nielsen Television Index (NTI), Nielsen Syndication Service (NSS), and Nielsen Homevideo Index (NHI) provide estimates of in-home audiences of nationally televised programs and are based upon a national sample of U.S. television-equipped households, including Alaska and Hawaii. The NPM sample is dispersed geographically to facilitate territorial and regional reporting, includes non-telephone as well as telephone households, and both urban and rural households. As of November 2003, approximately 6,550 sample neighborhoods and sample housing units were selected for the NPM sample, which consisted of approximately 5,100 metered television households. In December 2003, a proportionate sample expansion of approximately 2860 metered television households (3670 sample neighborhoods) began. Expansion will continue to occur across 24 months, ending October 2005. In addition, in February 2004, all sample households in the Boston Local People Meter (LPM) market began contributing to National reports. Going forward, all sample households in new LPM markets will also contribute to National reports.

#### 2. Sample Design

The NPM sample is a multi-stage stratified area probability sample of U.S. housing units, with each housing unit outside of LPM markets having an equal chance of selection. Each housing unit within a specific LPM market also has an equal chance of selection, but these housing units are sampled at a higher rate than housing units in the remainder of the U.S. In addition, the sample design includes several levels of stratification and uses selection procedures to allocate the sample by strata in each stage of selection.

The current sampling frame is developed based on 1990 Census data with updates each year based on residential new construction from building permits as collected and reported by the Census Bureau. The updating procedures are described in "Sample Revision" on page 1-3.

In June 2003, the sampling frame began conversion from the 1990 to 2000 Census-based data. The NPM sample housing units are replaced with selections from the new frame through normal and planned sample turnover.

##### a. First Stage

The first selection stage involves the assignment of all counties to Primary Sampling Units (PSUs) also referred to as Primary Areas (PAs). Each PA consists of a county or group of counties and contains a minimum of 5,000 housing units. PAs are defined as:

- Each metered market Designated Market Area (DMA) as of December 2002.
- Each separate Consolidated Metropolitan Statistical Area (CMSA) or New England County Metropolitan Area (NECMA), based on Census of Housing, 2000.
- Each separate Metropolitan Statistical Area (MSA), as defined by the U.S. Office of Management and Budget at the time of the 2000 Census.
- Remaining individual counties or combinations of contiguous counties with a minimum of 5,000 housing units.

The effect of increasing the size of PAs by combining counties of less than 5,000 housing units reduces the amount of clustering by spreading the sample of housing units over a larger number of counties, thereby decreasing the sampling error of most estimates.

A total of 1,339 PAs are formed with 451 PAs included in the sample with certainty and designated as self-representing. These self-representing PAs comprise a total of 1,763 counties and contain about 91 percent of all U.S. housing units.

The remaining 888 PAs, designated as non-self-representing units, are combined into 241 geographic groups. In addition, the non-self-representing PAs are assigned to strata defined by Nielsen Media Research territory, county size, broadcast-only penetration, and PA geographic group. The number of sample PAs allocated for selection from each stratum is proportionate to the number of housing units in each stratum. Controlled selection procedures are used to determine the PA sample allocation.

Within the strata, a total of 322 PAs are randomly selected with probability proportionate to size using housing units as the measure of size. These 322 sample PAs consist of about 492 sample counties. Combined with the certainty sample PAs, the total number of sample counties for the NPM sample is 2,255.

**b. Second Stage**

The second stage consists of the selection of Census Bureau Block Groups (BGs). BGs are small geographic areas used for census enumeration. They have defined boundaries, and generally contain between 600 and 3,000 people.

BGs are stratified by PA, Nielsen Media Research territory, county size, percent broadcast-only, percent Black, percent Asian/Pacific Islander, percent American Native, and percent Hispanic households, where penetration warrants.

The 10 largest metered market PAs, based on 2002 TVHH universe estimates, are further stratified by county or sub-county to provide greater geographic control and distribution of the sample BGs.

The number of sample BGs in each strata is determined using controlled selection based on the total BG housing units for each strata. Within the strata, BGs are randomly selected with probability proportionate to housing units. A total of three sample BGs are selected within each non-certainty sample PA.

A small percentage of the Census BGs contain zero housing units at the time of the Census. These areas are linked to an adjacent Census BG containing housing units and are surveyed if their associated BG is selected. This method provides for complete coverage of all land areas in the U.S. at the time of the survey and gives all new housing units constructed in such areas, since the Census, the same chance of selection.

**c. Third Stage**

A third stage consists of the selection of blocks within sample BGs for which the Census provides individual block housing unit counts. Blocks with fewer than 200 housing units are combined with other blocks to achieve a minimum BG segment size of 200 housing units. Sample BG segments are randomly selected with probability proportionate to housing units.

**d. Fourth Stage**

The sample selection through the first three stages is done in the office. The remaining sample selection procedures involve survey operations done in the field by employees trained and supervised by Nielsen Media Research's Statistical Research Department. This stage consists of enumerating housing units within the sample blocks and selecting the sample housing units. In total, nearly three and a half million housing units are enumerated and more than one million housing units are listed for possible selection.

In BGs for which single blocks or combined blocks are selected, the procedures are as follows:

1. Using Census maps, the Nielsen Media Research Field Surveyor locates the selected block(s) and enumerates the housing units in each block(s) using a predetermined pattern.
2. The Field Surveyor uses a specified random number to identify the predesignated sample housing unit.

3. The Field Surveyor then lists the address of the predesignated housing unit and up to 100 total addresses of adjacent housing units.
4. In cases where street addresses are not available, each of the listed housing units are located on maps. A description of each housing unit is included by the Field Surveyor to later enable the Nielsen Media Research Field Representative to locate the predesignated sample housing unit.

The desired number of predesignated sample housing units per survey area is one. To achieve an equal chance of selection for each housing unit, the sampling rate used to select sample housing units within each sample area is one housing unit per the 2000 Census number of housing units for the area. This rate is applied to the actual number of housing units enumerated by the surveyor in the sample area. The number of housing units found at the time of the surveyor count could differ from the 2000 Census housing units because of new construction or demolition.

If the ratio of the number of housing units counted by the surveyor and the 2000 Census number of housing units is one, then the number of sample housing units obtained will be one; if the ratio is greater than one, then additional sample housing units may be selected; if the ratio is less than one, then no sample housing units may be selected. By using this ratio for each sample survey area, each housing unit has an equal chance of selection. If only one housing unit was selected, regardless of the size of the ratio of actual housing units and 2000 Census housing units, then sample housing units would have been selected with different probabilities.

Households with a television set occupying the predesignated sample housing units are later recruited for the panel sample by Nielsen Media Research Membership Representatives. Vacant housing units are checked periodically to determine if they have become occupied. If so, they are recruited for the panel sample. Some housing units listed following the predesignated housing unit are available as substitute housing units in the event the sample household refuses to cooperate. In addition, some of the listed housing units are reserved for future years as predesignated sample housing units for planned turnover.

### **3. Sample Revision**

Twice each year the NPM sample of housing units is revised through the sampling of newly constructed housing units and the replacement of demolished sample housing units. The revisions are done to reflect the normal shifts in housing population.

About 97 percent of residential construction in the United States is done in areas that require building permits. Each year the Census Bureau obtains data on the number of housing units authorized for construction by each building permit office in the U.S. This information is purchased by Nielsen Media Research for use in updating the NPM sample to include such new construction.

Selection of newly constructed housing units is done as follows:

1. The building permit offices are listed alphabetically within the sample counties, which are geographically sequenced across the U.S.
2. The number of housing units authorized for construction is obtained from each building permit office and accumulated.
3. The accumulation is sampled systematically using the same sampling rate used for the NPM sample. This work is done in the Nielsen Media Research office.
4. Field Surveyors trained by the Statistical Research Department are sent to the selected building permit offices. In each office, the surveyor systematically arranges the permits (usually by issue date), identifies the randomly selected sample housing unit(s), and obtains the geographic location. Similar information is obtained for additional new housing units to be used as substitutes in the event the selected household refuses to cooperate.
5. The surveyor locates the sample housing units and obtains the address or other geographic and descriptive information. Housing units still under construction or not yet started are periodically visited to verify construction progress and occupancy.



In areas for which building permit information is not available (approximately 3 percent of the U.S.), Field Surveyors re-survey the sample areas and determine housing units constructed since the previous count. Newly constructed housing units are sampled at the same rate as used for the NPM sample. These areas are surveyed periodically between each decennial census.

The revision procedures include maintaining the NPM operational sample of housing units at a constant size. This is achieved by the removal of an equal number of randomly selected housing units from the operational sample.

#### **4. Systematic Sample Replacement**

The NPM sample design provides for turnover (replacement) of sample households on a scheduled basis. Each month sample households are specified to the Field for replacement. No household remains in the sample longer than two years. Replacement households are generally selected from the same areas as the households to be removed from the sample.

### **B. National Hispanic People Meter (NHPM) Sample**

#### **1. Sample Plan**

The National Hispanic People Meter (NHPM) sample is used to provide Hispanic audiences to Spanish and English TV sources. The NHPM sample consists of approximately 1000 metered television households across the U.S., excluding Alaska and Hawaii. It is dispersed geographically and includes non-telephone as well as telephone households in both urban and rural areas. There are a total of 1475 sample neighborhoods from which housing units are selected.

#### **2. Sample Design**

The NHPM sample is based on a two phase stratified area probability sample design. The first phase sample is selected from a sampling frame comprising approximately 95 percent of all U.S. Hispanic households. The first phase includes a large national enumeration survey to identify Hispanic households. The second phase sample is selected from the Hispanic households with TV sets identified in the first phase. The subset of homes selected and installed in the second phase sample provide the audience estimates of in-home tuning and viewing to television programs.

##### **a. First Phase Sample**

The first phase sample starts with the selection of areas with a high penetration of Hispanic households as well as areas with a low penetration of Hispanic households. Excluded areas are based on remote or isolated areas and areas containing very few Hispanic households which in total account for approximately 5 percent of all U.S. Hispanic households. Areas in Alaska and Hawaii are also excluded. Areas with substantial numbers of Hispanic households are automatically selected for inclusion, in other words, selected with certainty. Remaining areas, with less dense Hispanic penetration, are combined to form strata, and one or two area(s) from each strata are selected based on a probability proportionate to the estimate of Hispanic households. There are a total of 889 counties in the sampling frame, of which 183 are designated as certainty counties. The remaining 706 counties are stratified by geography and Hispanic penetration and 72 sample counties are selected with probability proportionate to the estimate of Hispanic households.

Within counties, census tracts are selected. Tracts are geographic areas used for census enumeration. They have defined boundaries, and generally contain between 2500 and 8000 persons. For each non-certainty sample county, tracts are stratified based on Hispanic household penetration, and 3 tracts are selected. Among certainty counties, tracts are stratified by DMA and Hispanic household penetration. In DMAs deserving 10 or more tracts, stratification is also done at the county level. The number of sample tracts in each stratum is determined using controlled selection based on the total Hispanic households in the stratum. Within each stratum, tracts are randomly selected with probability proportionate to Hispanic households.

**PS Exhibit \_\_\_\_\_ (PL-2)**

THE NIELSEN COMPANY

NATIONAL REPORTING  
MPAA METERED 2004

REPORTED FOR TOTAL YEAR 2004  
& SWEEP MONTHS (FEB, MAY, JUL, NOV '04)

ISSUE DATE: MARCH, 2009

## THE NIELSEN COMPANY

### General description:

This report provides audience estimates for metered households and persons within certain demographics for two measurement intervals as follows:

- 1) Total year 2004 (January 1, 2004 – December 31, 2004)
- 2) Totals across NSI sweep months, to include
  - NSI February '04 (Feb 5 – Mar 3, 2004)
  - NSI May '04 (Apr 29 – May 26, 2004)
  - NSI July '04 (Jul 8 – Aug 4, 2004)
  - NSI November '04 (Nov 4 – Dec 1, 2004)

Cable households and persons viewing to 180 selected stations is used in the analysis, in order to represent and report "distant" viewing to the local stations. Local program information is collected on the 180 local stations and categorized into one of six (6) MPAA program type categories, in order to report "viewing minutes" & "# of quarter hours of programming" for those stations. All households & demographic categories are also quintilized in order to report the above statistics by total and quintile category within MPAA program types. Station weights are also calculated & provided by Stat Research for this report.

### Weighted Sample:

Household and Demographic definitions, viewing, and quintilization were all derived from the National PeopleMeter sample. Households were selected for this report if they received programming via a wired cable system and met the weighting requirements below. Once these households (and the persons within them) were selected, only their viewing was gathered and summarized for the quintilization process, and for inclusion of their viewing into the reports for this study.

For the 2004 study, a separate file of sample households was provided by Nielsen's Stat Research for each NTI month, January - December. The monthly sample was determined using homes installed as of the first day of the corresponding NTI measurement period, and consists of all "Remainder U.S." homes, plus a proportionate sub-sample of integrated LPM homes. Remainder U.S. for a given month consists of Total U.S. minus integrated LPM DMAs. The list is based on the first day of the NTI month since that's the day that expansion homes enter the NPM sample, and it's the day that LPM samples are integrated into NPM (i.e., we want to reflect these changes in sample as of the first day they occur). The Remainder U.S. homes installed on day 1 of the month, plus the selected LPM homes, comprise the total NPM proportionate sample for the month. This process was used to account for the weighting changes that took place for all Nielsen data in 2003.

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**Demographics:**

Demographics to be reported in this study are as follows:

- Households
- Persons 2+
- Persons 2-17
- Persons 18-34
- Persons 35-49
- Persons 18-49
- Persons 50+

A "static" age for each person in the household was used for the entire year. This age was the age of each person on the last day they were installed in the NPM sample. The use of "static" age means that each person will contribute viewing to the same demographic category throughout the entire report year.

All visitors, both short- and long-term, have been excluded from this analysis.

**Stations:**

A total of 180 stations were selected by the MPAA and Te Nielsen Company Stat Research to be included in this analysis. These stations are selected to represent a cross-section of the station base in the U.S. Viewing to these stations is gathered for the subset of cable households / persons in the defined sample for this study.

The list of 180 stations selected for this analysis is reviewed by Stat Research for application of station weights. Each station is assigned a weight by Stat Research based on certainty. This weight is applied to adjust viewing levels.

The list of stations used in this analysis is provided in call letter sequence, including city, state, market, stations affiliation, and channel, and is provided in *Appendix A*.

**Geography / Distant Viewing:**

The purpose of the MPAA study is to measure only distant viewing to the 180 selected stations.

The initial viewing used in the study is based on weighting criteria discussed above in 2004 to the 180 MPAA selected stations by the MPAA sample households and the persons in those households.

For the 180 stations selected for the study, the MPAA determines the Nielsen state counties, which are local for each station, based on FCC definitions. Only viewing that occurs in state counties that are not local to the station is included. The state county for each sample household is determined. If a household views a station, and is in a state county local to that station, that household's viewing would not be included in the study. If the household was not in a state county local to that station, its viewing would be included.

Quintiles:

Quintiles are determined for all cable households intab one or more days in 2004, and for all persons in the reported demographic categories within those households, not including any long-term or short-term visitors. Quintiles have been processed based on unweighted viewing minutes to the 180 selected MPAA stations, for any day and time during the year of 2004. The viewing used in the quintilization process only includes the MPAA sample cable households, and only includes the distant state county viewing. Quintilization was based on the average viewing minutes per intab day for a household or person. Household/persons were then split into 5 equivalent categories based on the average minutes viewed per intab day, ranked lowest to highest for each demographic. A person may be assigned to two different quintiles for two different demographics. For instance, a person may be categorized as a Heavy Viewer for the Persons 2+ demographic, but only categorized as Medium Heavy for the Persons 18-34 demographic. Zero viewers are excluded from the quintiles and from any total demographic. Zero viewers are defined as those who viewed a total of 0 distant viewing minutes to the MPAA stations in the report year.

Quintile definitions:

Quintile:

Heavy  
Medium Heavy  
Medium  
Medium Light  
Light

NOTE: For this delivered report, quintiles were only reported for households and persons 2+. Quintiles for all other demographics were processed but not reported.

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### Program Names:

Local program names data from various sources (for 2004 this includes The Nielsen Company and TV Data) is combined into one comprehensive set of names for the MPAA stations being processed. Because there are several sources of names data, there may be multiple records for a station, date and quarter hour. This study will select the one record to be used for the quarter hour based on several rules.

The most likely overlap situation is when there is names data from both The Nielsen Company and TV Data, which occurs during NSI sweep intervals. In this case, The Nielsen Company names data is used because it is reported in NSI VIPs. The exception to this rule is if The Nielsen Company name is 'TBA'. In that situation the TV Data name is used if there is one.

### MPAA Program Type Category Assignment Overview:

The study assigns program names by station, date and quarter hour to the appropriate MPAA program type category. There are 6 MPAA program type categories:

1. **Local:** programs originating from the local station
2. **Syndicated programs, specials and movies:** programs syndicated and available to many stations
3. **Devotional Series:** religious-oriented programs that are available to many stations. If such a program originates from a local station it would be assigned as local
4. **Sports:** team versus team sports events. The sports teams must be in either major professional sports leagues (National Football League, Major League Baseball, National Basketball Association, National Hockey League, North American Soccer League) or major college basketball or football.
5. **Other:** program which could not be assigned to one of the other categories
6. **Non-commercial:** all programs on PBS stations
7. **Canadian:** programs airing in Canadian markets

Two terms need to be explained here, program type and MPAA program type category. Program type is not the final MPAA program type category being assigned in WP04. The standard values of this program type were established by TV Data and program names that come from TV Data have this program type already assigned. For program names coming from The Nielsen Company a subset of the TV Data program type values are assigned based on other information The Nielsen Company collects. These program type values are used in the assignment of MPAA program type categories. In this document MPAA program type category will also be referred to as MPAA type.

Syndex processing is necessary for the cable portion of the Superstation WGN. The MPAA study measures distant viewing to local stations. By definition viewing to XWGN normally is distant viewing. In a syndex situation, the normal distant feed is replaced by another program, locally fed by a cable headend - therefore the viewing is not distant. The study removes any viewing to the distant station where the syndex protection takes place.

**MPAA Program Type Category Assignment Overview (cont'):**

Ideally, program names would always be assigned to MPAA types based on the program type and other objective variables such as source of the program (syndicator, network, local), program type, or the number of stations carrying the program name. Unfortunately, the various inputs and the varying degree of quality of their information cause the objective rules to not work in many cases. In these situations it is necessary to force certain program names to be assigned to the correct MPAA program type category. Various sources of information were used to determine which programs would be forced into categories. The sources included:

1. The results of the previous year MPAA program type category assignments
2. Local cable claims from Marsha Kessler at MPAA. This is a list of stations and the programs that the station registered with the US Government patent office as originating on that station. Any of these programs will be assigned to local for that station
3. Known syndicated programs from Marsha Kessler at MPAA
4. Known infomercial programs from Nielsen New Media Services report
5. Known infomercial programs from Nielsen's LocalLineups software
6. Known infomercial programs and products from Internet web site [www.infomercialindex.com](http://www.infomercialindex.com)
7. Known programs from Internet web site [www.ultimatetv.com](http://www.ultimatetv.com)
8. Professional and experiential knowledge of the processing analysts

**MPAA Program Type Category assignment rules:**

Programs are placed into the MPAA program type categories according to the following rules in order of precedence. Any program that met a certain rule would not be processed further. Any program that did not meet that rule would be processed further.

1. Any programs with a program name of 'SIGN OFF' or 'SIGN-OFF' were deleted and not reported.
2. Network programs are not reported in MPAA.
3. Any programs on a station that Nielsen identified as a PBS affiliate were put in MPAA type Non-commercial.
4. Any program identified as a movie per TV DATA classification was put in MPAA type Syndicated Series, Specials and Movies.
5. Any program name and station call letters on the local cable claims file were assigned to MPAA type Local, only for that station.
6. Any programs identified on a manually created override file were assigned the program type category specified on that file.
7. Any program / program type combination which matched to the previous year results was assigned the same MPAA program type category as it had the previous year.
8. Any program quarter hour with the call letters of the station in the program name was classified as Local.
9. Any program with a program name of 'FILL', 'FILLER', 'FILL PROGRAM' or 'FILM FILL' was classified as Other.
10. Any program with a program name of 'TO BE ANNOUNCED' was classified as Other.
11. Any program with a program type of 35 (To Be Announced) was classified as Other.
12. If the program has not been classified based on the rules above, the next set of default assignment rules are applied based on whether the program name came from The Nielsen Company names data or TV Data names. Some of the variables that determine the MPAA program type category include the program type, the source of the program, the number of (MPAA study) stations carrying the program / program type, and the affiliation of the station.



Default MPAA Program Type Category Assignment Rules						
Assigned MPAA type	Program name source (The Nielsen Company / TV Data)	Program type	Program source	Number of MPAA stations	Station affiliation	Program name
Local	The Nielsen Company	News				
Local	The Nielsen Company	Local program				
Syndicated	The Nielsen Company	Sports related Playoff sports				
Devotional	The Nielsen Company	Religious				
Syndicated	The Nielsen Company	Special				'CARTOON'
Syndicated	The Nielsen Company	Special		2+		
Syndicated	The Nielsen Company	Special	Syndicator			
Local	The Nielsen Company	Special		1		
Syndicated	The Nielsen Company	General syndication				
Syndicated	The Nielsen Company		Syndicator			
Local	The Nielsen Company		Local			
Syndicated	TV Data	Network series	Syndicator Local			
Syndicated	TV Data	Network series	Network		Independent Fox Superstation WB PAX UPN	
Syndicated	TV Data	Cartoons Daytime dramas				
Syndicated	TV Data	Pseudo Sports				
Devotional	TV Data	Religious	Syndicator OR >	2+		
Local	TV Data	Religious	Local OR >	1		

Default MPAA Program Type Category Assignment Rules						
Assigned MPAA type	Program name source (The Nielsen Company / TV Data)	Program type	Program source	Number of MPAA stations	Station affiliation	Program name
Syndicated	TV Data	Special Seasonal special Children's special Musical special Mini-series First run syndication Syndicated Children's Public Affairs Game Shows Finance Health Hobbies / Crafts Arts Fill	Syndicator OR >	2+		
Local	TV Data	Special Seasonal special Children's special Musical special Mini-series First run syndication Syndicated Children's Public Affairs Game Shows Finance Health Hobbies / Crafts Arts Fill	Local OR >	1		
Syndicated	TV Data		Syndicator OR >	2+		
Local	TV Data		Local OR >	1		

**Reporting & Calculations:**

Data reported is as follows. Each report represents a single page of information:

<b>Interval</b>	<b>Report</b>
Total Year '04	Households only by MPAA Type - Weighted Persons 2-17 only by MPAA Type - Weighted Persons 18-34 only by MPAA Type - Weighted Persons 35-49 only by MPAA Type - Weighted Persons 18-49 only by MPAA Type - Weighted Persons 50+ only by MPAA Type - Weighted Persons 2+ only by MPAA Type - Weighted Households by Quintile by MPAA Type - Weighted Persons 2+ by Quintile by MPAA Type - Weighted
Total Sweep Months '04	Households only by MPAA Type - Weighted Persons 2-17 only by MPAA Type - Weighted Persons 18-34 only by MPAA Type - Weighted Persons 35-49 only by MPAA Type - Weighted Persons 18-49 only by MPAA Type - Weighted Persons 50+ only by MPAA Type - Weighted Persons 2+ only by MPAA Type - Weighted Households by Quintile by MPAA Type - Weighted Persons 2+ by Quintile by MPAA Type - Weighted

NOTE: Additional reports for other demographics by quintile, and demographic reports were also processed but not reported.

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**Intermediate Calculation as follows:**

$$\text{Weighting of HHLD/Person Viewing Minutes} = \frac{\text{Viewing minutes for HHLD / Person / Station / Date / Qtr Hour}}{\text{X Station Weight}}, \text{ Stored at } \text{xxxx.xxxx}$$

**Report Level Calculations are as follows:**

$$\text{Viewing Minutes (Weighted)} = \frac{\text{Sum of weighted viewing minutes across stations/HHLD/Person}}{\text{\&/or MPAA Type \&/or Quintile}}, \text{ Rounded to } \text{xxxx.}$$

$$\text{Viewing Minutes (Un-Weighted)} = \frac{\text{Sum of un-weighted viewing minutes across stations/HHLD/Person}}{\text{\&/or MPAA Type \&/or Quintile}}$$

$$\text{Viewing Minutes \% within MPAA Types (Weighted)} = \frac{\frac{\text{Sum of weighted viewing minutes across stations/HHLD/Person}}{\text{\&/or Quintile by MPAA Type}}}{\frac{\text{Sum of weighted viewing minutes across stations/HHLD/Person}}{\text{\&/or Quintile in Total}}} \times 100, \text{ Rounded to } \text{xx.x}$$

$$\text{Viewing Minutes \% within MPAA Types (Un-Weighted)} = \frac{\frac{\text{Sum of un-weighted viewing minutes across stations/HHLD/Person}}{\text{\&/or Quintile by MPAA Type}}}{\frac{\text{Sum of un-weighted viewing minutes across stations/HHLD/Person}}{\text{\&/or Quintile in Total}}} \times 100, \text{ Rounded to } \text{xx.x}$$

$$\text{Total Quarter Hours of Programming} = \text{Sum of quarter hours with local program names by MPAA Type (Includes quarter hours with no viewing)}$$

$$\text{Total Quarter Hours of Programming \% within MPAA Types} = \frac{\text{Sum of quarter hours with local program names by MPAA Type}}{\text{Sum of quarter hours with local program names in Total}} \times 100, \text{ Rounded to } \text{xx.x}$$

**Appendix A: STATIONS PROCESSED FOR MPAA METERED 2004 REPORT**

<b>CALL LETTERS</b>	<b>STATION CITY AND STATE</b>	<b>DMA NAME</b>	<b>STATION AFFILIATION</b>	<b>AIR CHANNEL</b>
CBET	WINDSOR, ON	DETROIT	CANADIAN	9
CBLT	TORONTO, ON		CANADIAN	5
CBMT	MONTREAL, QU		CANADIAN	6
CBUT	VANCOUVER, BC		CANADIAN	2
CFTO	TORONTO, ON		CANADIAN	9
CJOH	OTTAWA, ON		CANADIAN	13
CKSH	SHERBROOKE, QU		CANADIAN	9
EBNS	COLUMBUS, OH	COLUMBUS, OH	CBS	21
ETVS	DETROIT, MI	DETROIT	PBS	43
KAAL	AUSTIN, MN	RCH-MASN CY-AUS	ABC	6
KABC	LOS ANGELES, CA	LOS ANGELES	ABC	7
KAKE	WICHITA, KS	WICHTA-HTCH PLS	ABC	10
KBAK	BAKERSFIELD, CA	BAKERSFIELD	CBS	29
KBHE	RAPID CITY, SD	RAPID CITY	PBS	9
KBMT	BEAUMONT, TX	BEAUMNT-PRT ART	ABC	12
KBNT	SAN DIEGO, CA	SAN DIEGO	UNIVISION	17
KBWB	SAN FRANCISCO, CA	SAN FRAN-OAK-SJ	WB	20
KBYU	PROVO, UT	SALT LAKE CITY	PBS	11
KCAL	LOS ANGELES, CA	LOS ANGELES	INDEPENDENT	9
KCET	LOS ANGELES, CA	LOS ANGELES	PBS	28
KCOP	LOS ANGELES, CA	LOS ANGELES	UPN	13
KCRA	SACRAMENTO, CA	SACRMNTO-STK-MO	NBC	3
KCSD	SIOUX FALLS, SD	SIOUX FLS(MCHL)	PBS	23
KCTS	SEATTLE, WA	SEATTLE-TACOMA	PBS	9
KDSD	ABERDEEN, SD	SIOUX FLS(MCHL)	PBS	16
KERA	DALLAS, TX	DALLAS-FT.WORTH	PBS	13
KETK	JACKSONVILLE, TX	TYLER-LONGVIEW	NBC	56
KETV	OMAHA, NE	OMAHA	ABC	7
KFXK	LONGVIEW, TX	TYLER-LONGVIEW	INDEPENDENT/FOX*	51
KGO	SAN FRANCISCO, CA	SAN FRAN-OAK-SJ	ABC	7
KGWC	CASPER, WY	CASPER-RIVERTON	CBS	14
KHBS	FORT SMITH, AR	FT SMH-FY-SP-RG	ABC	40
KHQA	QUINCY, IL	QUINCY-HBL-KEOK	CBS	7
KLFY	LAFAYETTE, LA	LAFAYETTE, LA	CBS	10

KLTL	LAKE CHARLES, LA	LAKE CHARLES	PBS	18
KMEX	LOS ANGELES, CA	LOS ANGELES	UNIVISION	34
KMWB	MINNEAPOLIS, MN	MINEAPLS-ST. PL	WB	23
KNXV	PHOENIX, AZ	PHOENIX(PRSCOT)	ABC	15
KOAB	BEND, OR	BEND, OR	PBS	3
KODE	JOPLIN, MO	JOPLIN-PITTSBRG	ABC	12
KOMU	COLUMBIA, MO	COLUMBIA-JF CTY	NBC	8
KPLC	LAKE CHARLES, LA	LAKE CHARLES	NBC	7
KPRC	HOUSTON, TX	HOUSTON	NBC	2
KPXM	ST CLOUD, MN	MINEAPLS-ST. PL	PAX	41
KRMA	DENVER, CO	DENVER	PBS	6
KSBI	OKLAHOMA CITY, OK	OKLAHOMA CITY	INDEPENDENT	52
KSFY	SIOUX FALLS, SD	SIOUX FLS(MCHL)	ABC	13
KSIN	SIOUX CITY, IA	SIOUX CITY	PBS	27
KSTC	MINNEAPOLIS, MN	MINEAPLS-ST. PL	INDEPENDENT	45
KSTS	SAN JOSE, CA	SAN FRAN-OAK-SJ	TELEMUNDO	48
KTBC	AUSTIN, TX	AUSTIN	INDEPENDENT/FOX*	7
KTCA	ST PAUL, MN	MINEAPLS-ST. PL	PBS	2
KTVD	DENVER, CO	DENVER	INDEPENDENT	20
KTEJ	JONESBORO, AR	JONESBORO	PBS	19
KTFT	TWIN FALLS, ID	TWIN FALLS	NBC	38
KTLA	LOS ANGELES, CA	LOS ANGELES	WB	5
KTNC	CONCORD, CA	SAN FRAN-OAK-SJ	SPANISH LANGUAGE IND.	42
KTNV	LAS VEGAS, NV	LAS VEGAS	ABC	13
KTVI	ST LOUIS, MO	ST. LOUIS	INDEPENDENT/FOX*	2
KTVU	OAKLAND, CA	SAN FRAN-OAK-SJ	INDEPENDENT/FOX*	2
KTWJ	TOPEKA, KS	TOPEKA	PBS	11
KTXA	FORT WORTH, TX	DALLAS-FT.WORTH	UPN	21
KUHT	HOUSTON, TX	HOUSTON	PBS	8
KUTP	PHOENIX, AZ	PHOENIX(PRSCOT)	UPN	45
KVII	AMARILLO, TX	AMARILLO	ABC	7
KVLY	FARGO, ND	FARGO-VALLY CTY	NBC	11
KVUE	AUSTIN, TX	AUSTIN	ABC	24
KWBT	MUSKOGEE, OK	TULSA	WB	19
KWGN	DENVER, CO	DENVER	WB	2
KWWF	WATERLOO, IA	CDR RP-WA-IC&DB	UPN	22
KXII	SHERMAN, TX	SHERMAN-ADA	CBS	12
KYW	PHILADELPHIA, PA	PHILADELPHIA	CBS	3
WAAY	HUNTSVILLE, AL	HNTVLE-DCTR(FL)	ABC	31
WALA	MOBILE, AL	MOBILE-PNS(FWB)	INDEPENDENT/FOX*	10

WALB	ALBANY, GA	ALBANY, GA	NBC	10
WAPK	KINGSPORT, TN	TRI-CTIES, TN-VA	UPN	36
WBBM	CHICAGO, IL	CHICAGO	CBS	2
WBKB	ALPENA, MI	ALPENA	CBS	11
WBNX	AKRON, OH	CLEVELND-AK(CN)	WB	55
WCAU	PHILADELPHIA, PA	PHILADELPHIA	NBC	10
WCBS	NEW YORK, NY	NEW YORK	CBS	2
WCCB	CHARLOTTE, NC	CHARLOTTE	INDEPENDENT/FOX*	18
WCET	CINCINNATI, OH	CINCINNATI	PBS	48
WCEU	NEW SMYRNA BCH, FL	ORL-DYTN B-MLBN	PBS	15
WCVE	RICHMOND, VA	RICHMOND-PTRSBG	PBS	23
WDIV	DETROIT, MI	DETROIT	NBC	4
WDJT	MILWAUKEE, WI	MILWAUKEE	CBS	58
WDTA	ATLANTA, GA	ATLANTA	W	53
WEKW	KEENE, NH	BOSTON (MANCHR)	PBS	52
WFAA	DALLAS, TX	DALLAS-FT.WORTH	ABC	8
WFLI	CLEVELAND, TN	CHATTANOOGA	WB	53
WFMZ	ALLENTOWN, PA	PHILADELPHIA	INDEPENDENT	69
WFRV	GREEN BAY, WI	GREEN BAY-APLTN	CBS	5
WFSB	HARTFORD, CT	HARTFRD&NW HAVN	CBS	3
WFTE	SALEM, IN	LOUISVILLE	UPN	58
WGBA	GREEN BAY, WI	GREEN BAY-APLTN	NBC	26
WGBH	BOSTON, MA	BOSTON (MANCHR)	PBS	2
WGBX	BOSTON, MA	BOSTON (MANCHR)	PBS	44
WGN	CHICAGO, IL	CHICAGO	WB	9
WGRZ	BUFFALO, NY	BUFFALO	NBC	2
WGTU	TRAVERSE CITY, MI	TRAVRS CTY-CDLC	ABC	29
WGTW	BURLINGTON, NJ	PHILADELPHIA	INDEPENDENT	48
WGVU	GRAND RAPIDS, MI	GR.RAPIDS-KL-BC	PBS	35
WGXA	MACON, GA	MACON	INDEPENDENT/FOX*	24
WHA	MADISON, WI	MADISON	PBS	21
WHAS	LOUISVILLE, KY	LOUISVILLE	ABC	11
WHO	DES MOINES, IA	DES MOINES-AMES	NBC	13
WHP	HARRISBURG, PA	HARRSBG-LA-LB-Y	CBS	21
WHRO	NORFOLK, VA	NRFLK-PRT-NP NW	PBS	15
WHYY	WILMINGTON, DE	PHILADELPHIA	PBS	12
WIAT	BIRMINGHAM, AL	BIRMINGHAM	CBS	42
WICD	CHAMPAIGN, IL	CHAMPGN&SPR-DEC	NBC	15
WICU	ERIE, PA	ERIE	NBC	12
WILL	URBANA, IL	CHAMPGN&SPR-DEC	PBS	12

WIS	COLUMBIA, SC	COLUMBIA, SC	NBC	10
WISC	MADISON, WI	MADISON	CBS	3
WIVT	BINGHAMTON, NY	BINGHAMTON	ABC	34
WJWB	JACKSONVILLE, FL	JACKSONVILLE	WB	17
WJYS	HAMMOND, IN	CHICAGO	INDEPENDENT	62
WJZ	BALTIMORE, MD	BALTIMORE	CBS	13
WKAR	LANSING, MI	LANSING	PBS	23
WKBD	DETROIT, MI	DETROIT	UPN	50
WKMJ	LOUISVILLE, KY	LOUISVILLE	PBS	68
WKNO	MEMPHIS, TN	MEMPHIS	PBS	10
WKOH	OWENSBORO, KY	EVANSVILLE	PBS	31
WKRN	NASHVILLE, TN	NASHVILLE	ABC	2
WLAJ	LANSING, MI	LANSING	ABC	53
WLIW	GARDEN CITY, NY	NEW YORK	PBS	21
WLUC	MARQUETTE, MI	MARQUETTE	NBC	6
WMAK	KNOXVILLE, TN	KNOXVILLE	INDEPENDENT	7
WMGT	MACON, GA	MACON	NBC	41
WMPB	BALTIMORE, MD	BALTIMORE	PBS	67
WMTW	POLAND SPRING, ME	PORTLAND-AUBURN	ABC	8
WNBC	NEW YORK, NY	NEW YORK	NBC	4
WNCT	GREENVILLE, NC	GREENVL-NB-WASH	CBS	9
WNDS	DERRY, NH	BOSTON (MANCHR)	INDEPENDENT	50
WNDY	MARION, IN	INDIANAPOLIS	UPN	23
WNET	NEW YORK, NY	NEW YORK	PBS	13
WNJS	CAMDEN, NJ	PHILADELPHIA	PBS	23
WNYA	ALBANY, NY	ALBANY-SCH-TROY	UPN	51
WNYO	BUFFALO, NY	BUFFALO	WB	49
WNYW	NEW YORK, NY	NEW YORK	INDEPENDENT/FOX*	5
WOTV	BATTLE CREEK, MI	GR.RAPIDS-KL-BC	ABC	41
WPBA	ATLANTA, GA	ATLANTA	PBS	30
WPBT	MIAMI, FL	MIAMI-FT. LAUDE	PBS	2
WPHL	PHILADELPHIA, PA	PHILADELPHIA	WB	17
WPIX	NEW YORK, NY	NEW YORK	WB	11
WPSG	PHILADELPHIA, PA	PHILADELPHIA	UPN	57
WPTO	OXFORD, OH	CINCINNATI	PBS	14
WPTY	MEMPHIS, TN	MEMPHIS	ABC	24
WPVI	PHILADELPHIA, PA	PHILADELPHIA	ABC	6
WPXD	ANN ARBOR, MI	DETROIT	PAX	31
WPXL	NEW ORLEANS, LA	NEW ORLEANS	PAX	49
WPXV	NORFOLK, VA	NRFK-PRT-NP NW	PAX	49



WQAD	MOLINE, IL	DAVNPRT-RI-MLNE	ABC	8
WQLN	ERIE, PA	ERIE	PBS	54
WQPT	MOLINE, IL	DAVNPRT-RI-MLNE	PBS	24
WREX	ROCKFORD, IL	ROCKFORD	NBC	13
WSB	ATLANTA, GA	ATLANTA	ABC	2
WSBK	BOSTON, MA	BOSTON (MANCHR)	UPN	38
WSBN	NORTON, VA	TRI-CTIES,TN-VA	PBS	47
WSEE	ERIE, PA	ERIE	CBS	35
WSFJ	NEWARK, OH	COLUMBUS, OH	PAX	51
WTAJ	ALTOONA, PA	JOHNSTOWN-ALTNA	CBS	10
WTCE	FORT PIERCE, FL	WEST PLM BCH-FP	INDEPENDENT	21
WTCN	STUART, FL	WEST PLM BCH-FP	WB	43
WTHI	TERRE HAUTE, IN	TERRE HAUTE	CBS	10
WTTW	CHICAGO, IL	CHICAGO	PBS	11
WTVY	DOTHAN, AL	DOTHAN	CBS/INDEPENDENT*	4
WTFX	PHILADELPHIA, PA	PHILADELPHIA	INDEPENDENT/FOX*	29
WUAB	LORAIN, OH	CLEVELND-AK(CN)	UPN	43
WUNJ	WILMINGTON, NC	WILMINGTON	PBS	39
WUPW	TOLEDO, OH	TOLEDO	INDEPENDENT/FOX*	36
WVWG	ALBANY, NY	ALBANY-SCH-TROY	W	25
WWTW	MILWAUKEE, WI	MILWAUKEE	WB	18
WWL	NEW ORLEANS, LA	NEW ORLEANS	CBS	4
WWLP	SPRINGFIELD, MA	SPRINGFLD-HLYOK	NBC	22
WWOR	SECAUCUS, NJ	NEW YORK	UPN	9
WXIX	NEWPORT, KY	CINCINNATI	INDEPENDENT/FOX*	19
WXXA	ALBANY, NY	ALBANY-SCH-TROY	INDEPENDENT/FOX*	23

\* Denotes mid-year affiliation change.

**PS Exhibit \_\_\_\_ (PL-3)**

THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

-----  
DEMOGRAPHIC=HOUSEHOLDS  
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MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)		TOTAL QUARTER HOURS OF PROGRAMMING	
LOCAL	473,875	8.5%	356,262	7.5%
SYND SERIES, SPCLS, MOVIES	3,015,986	54.1%	2,520,373	53.1%
DEVOTIONAL SERIES	56,025	1.0%	189,438	4.0%
SPORTS	388,340	7.0%	34,456	0.7%
OTHER	6,632	0.1%	5,235	0.1%
NON-COMMERCIAL	1,542,673	27.7%	1,429,096	30.1%
CANADIAN	92,854	1.7%	211,834	4.5%
	-----	-----	-----	-----
	5,576,384	100%	4,746,694	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=HOUSEHOLDS -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)		TOTAL QUARTER HOURS OF PROGRAMMING	
LOCAL	202,422	12.8%	184,221	12.6%
SYND SERIES, SPCLS, MOVIES	746,785	47.1%	704,843	48.3%
DEVOTIONAL SERIES	14,978	0.9%	58,534	4.0%
SPORTS	90,637	5.7%	7,424	0.5%
OTHER	905	0.1%	340	0.0%
NON-COMMERCIAL	503,403	31.8%	440,700	30.2%
CANADIAN	24,747	1.6%	64,698	4.4%
	-----	-----	-----	-----
	1,583,877	100%	1,460,760	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=PERSONS 2-17 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	45,439	6.7%
SYND SERIES, SPCLS, MOVIES	418,235	61.6%
DEVOTIONAL SERIES	2,201	0.3%
SPORTS	34,375	5.1%
OTHER	3,916	0.6%
NON-COMMERCIAL	156,851	23.1%
CANADIAN	17,747	2.6%
	-----	-----
	678,763	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=PERSONS 18-34 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	53,659	6.5%
SYND SERIES, SPCLS, MOVIES	483,892	58.8%
DEVOTIONAL SERIES	2,770	0.3%
SPORTS	60,334	7.3%
OTHER	643	0.1%
NON-COMMERCIAL	208,012	25.3%
CANADIAN	13,904	1.7%
	-----	-----
	823,214	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=PERSONS 35-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	135,688	7.5%
SYND SERIES, SPCLS, MOVIES	1,289,573	71.1%
DEVOTIONAL SERIES	42,850	2.4%
SPORTS	118,413	6.5%
OTHER	531	0.0%
NON-COMMERCIAL	199,615	11.0%
CANADIAN	28,094	1.5%
	-----	-----
	1,814,764	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=PERSONS 18-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	189,347	7.2%
SYND SERIES, SPCLS, MOVIES	1,773,465	67.2%
DEVOTIONAL SERIES	45,620	1.7%
SPORTS	178,747	6.8%
OTHER	1,174	0.0%
NON-COMMERCIAL	407,627	15.5%
CANADIAN	41,998	1.6%
	-----	-----
	2,637,977	100%



THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=PERSONS 50+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	282,557	8.6%
SYND SERIES, SPCLS, MOVIES	1,580,039	48.2%
DEVOTIONAL SERIES	20,494	0.6%
SPORTS	247,417	7.5%
OTHER	1,357	0.0%
NON-COMMERCIAL	1,110,593	33.9%
CANADIAN	35,737	1.1%
	-----	-----
	3,278,193	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

TOTAL YEAR (JAN-DEC, 2004)  
16152, #347910

ISSUE DATE: MARCH, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	517,342	7.8%
SYND SERIES, SPCLS, MOVIES	3,771,739	57.2%
DEVOTIONAL SERIES	68,315	1.0%
SPORTS	460,539	7.0%
OTHER	6,447	0.1%
NON-COMMERCIAL	1,675,071	25.4%
CANADIAN	95,482	1.4%
	-----	-----
	6,594,933	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2004)  
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----- DEMOGRAPHIC=PERSONS 2-17 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	20,733	10.4%
SYND SERIES, SPCLS, MOVIES	115,425	57.9%
DEVOTIONAL SERIES	548	0.3%
SPORTS	9,214	4.6%
OTHER	210	0.1%
NON-COMMERCIAL	47,926	24.1%
CANADIAN	5,133	2.6%
	-----	-----
	199,189	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

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----- DEMOGRAPHIC=PERSONS 18-34 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	24,734	10.9%
SYND SERIES, SPCLS, MOVIES	120,886	53.5%
DEVOTIONAL SERIES	708	0.3%
SPORTS	16,073	7.1%
OTHER	278	0.1%
NON-COMMERCIAL	59,488	26.3%
CANADIAN	3,847	1.7%
	-----	-----
	226,013	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

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----- DEMOGRAPHIC=PERSONS 35-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	54,421	11.0%
SYND SERIES, SPCLS, MOVIES	325,459	65.5%
DEVOTIONAL SERIES	10,235	2.1%
SPORTS	29,198	5.9%
OTHER	66	0.0%
NON-COMMERCIAL	70,763	14.2%
CANADIAN	6,785	1.4%
	-----	-----
	496,928	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

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----- DEMOGRAPHIC=PERSONS 18-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	79,155	10.9%
SYND SERIES, SPCLS, MOVIES	446,345	61.7%
DEVOTIONAL SERIES	10,943	1.5%
SPORTS	45,271	6.3%
OTHER	344	0.0%
NON-COMMERCIAL	130,251	18.0%
CANADIAN	10,632	1.5%
	-----	-----
	722,941	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

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----- DEMOGRAPHIC=PERSONS 50+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	125,652	13.3%
SYND SERIES, SPCLS, MOVIES	386,091	41.0%
DEVOTIONAL SERIES	5,790	0.6%
SPORTS	52,588	5.6%
OTHER	603	0.1%
NON-COMMERCIAL	362,811	38.5%
CANADIAN	9,129	1.0%
	-----	-----
	942,662	100%

THE NIELSEN COMPANY  
MPAA METERED 2004

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----- DEMOGRAPHIC=PERSONS 2+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	225,540	12.1%
SYND SERIES, SPCLS, MOVIES	947,861	50.8%
DEVOTIONAL SERIES	17,280	0.9%
SPORTS	107,072	5.7%
OTHER	1,157	0.1%
NON-COMMERCIAL	540,988	29.0%
CANADIAN	24,894	1.3%
	-----	-----
	1,864,791	100%



THE NIELSEN COMPANY  
 MPAA METERED 2004  
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-----  
 DEMOGRAPHIC=HOUSEHOLDS  
 -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
-----			
HEAVY VIEWERS	LOCAL	376,456	8.6%
	SYND SERIES, SPCLS, MOVIES	2,405,804	55.2%
	DEVOTIONAL SERIES	40,120	0.9%
	SPORTS	275,377	6.3%
	OTHER	5,311	0.1%
	NON-COMMERCIAL	1,199,060	27.5%
	CANADIAN	54,165	1.2%
-----			
HEAVY VIEWERS		4,356,292	100%
MED-HEAVY VIEWERS	LOCAL	59,056	7.4%
	SYND SERIES, SPCLS, MOVIES	382,049	47.7%
	DEVOTIONAL SERIES	9,609	1.2%
	SPORTS	71,961	9.0%
	OTHER	1,186	0.1%
	NON-COMMERCIAL	256,279	32.0%
	CANADIAN	21,515	2.7%
-----			
MED-HEAVY VIEWERS		801,654	100%
MEDIUM VIEWERS	LOCAL	24,960	8.9%
	SYND SERIES, SPCLS, MOVIES	148,839	52.9%
	DEVOTIONAL SERIES	2,899	1.0%
	SPORTS	28,142	10.0%
	OTHER	97	0.0%
	NON-COMMERCIAL	64,932	23.1%
	CANADIAN	11,291	4.0%
-----			
MEDIUM VIEWERS		281,160	100%

MED-LIGHT VIEWERS	LOCAL	10,504	9.0%
	SYND SERIES, SPCLS, MOVIES	67,884	58.4%
	DEVOTIONAL SERIES	3,037	2.6%
	SPORTS	11,114	9.6%
	OTHER	32	0.0%
	NON-COMMERCIAL	19,170	16.5%
	CANADIAN	4,576	3.9%
-----		-----	
MED-LIGHT VIEWERS		116,316	100%
LIGHT VIEWERS	LOCAL	2,899	13.8%
	SYND SERIES, SPCLS, MOVIES	11,411	54.4%
	DEVOTIONAL SERIES	361	1.7%
	SPORTS	1,746	8.3%
	OTHER	7	0.0%

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----- DEMOGRAPHIC=HOUSEHOLDS -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	NON-COMMERCIAL	3,232	15.4%
	CANADIAN	1,307	6.2%
LIGHT VIEWERS		20,962	100%

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----- DEMOGRAPHIC=PERSONS 2+ -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
HEAVY VIEWERS	LOCAL	427,120	7.8%
	SYND SERIES, SPCLS, MOVIES	3,191,221	58.5%
	DEVOTIONAL SERIES	58,422	1.1%
	SPORTS	348,700	6.4%
	OTHER	5,319	0.1%
	NON-COMMERCIAL	1,366,438	25.0%
	CANADIAN	60,293	1.1%
-----		5,457,512	100%
HEAVY VIEWERS			
MED-HEAVY VIEWERS	LOCAL	57,568	7.6%
	SYND SERIES, SPCLS, MOVIES	368,199	48.7%
	DEVOTIONAL SERIES	3,727	0.5%
	SPORTS	78,489	10.4%
	OTHER	803	0.1%
	NON-COMMERCIAL	227,757	30.2%
	CANADIAN	18,760	2.5%
-----		755,303	100%
MED-HEAVY VIEWERS			
MEDIUM VIEWERS	LOCAL	21,274	7.7%
	SYND SERIES, SPCLS, MOVIES	149,905	54.3%
	DEVOTIONAL SERIES	4,600	1.7%
	SPORTS	25,114	9.1%
	OTHER	308	0.1%
	NON-COMMERCIAL	63,408	23.0%
	CANADIAN	11,516	4.2%
-----		276,125	100%
MEDIUM VIEWERS			

MED-LIGHT VIEWERS	LOCAL	9,609	10.4%
	SYND SERIES, SPCLS, MOVIES	54,915	59.4%
	DEVOTIONAL SERIES	1,474	1.6%
	SPORTS	7,282	7.9%
	OTHER	9	0.0%
	NON-COMMERCIAL	15,092	16.3%
	CANADIAN	4,126	4.5%
-----		-----	-----
MED-LIGHT VIEWERS		92,506	100%
LIGHT VIEWERS	LOCAL	1,771	13.1%
	SYND SERIES, SPCLS, MOVIES	7,499	55.6%
	DEVOTIONAL SERIES	92	0.7%
	SPORTS	955	7.1%
	OTHER	8	0.1%

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----- DEMOGRAPHIC=PERSONS 2+ -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	NON-COMMERCIAL	2,378	17.6%
	CANADIAN	787	5.8%
LIGHT VIEWERS		13,488	100%

THE NIELSEN COMPANY  
 MPAA METERED 2004  
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----- DEMOGRAPHIC-HOUSEHOLDS -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
-----			
HEAVY VIEWERS	LOCAL	164,086	13.0%
	SYND SERIES, SPCLS, MOVIES	590,739	47.0%
	DEVOTIONAL SERIES	11,690	0.9%
	SPORTS	63,930	5.1%
	OTHER	789	0.1%
	NON-COMMERCIAL	410,568	32.6%
	CANADIAN	15,917	1.3%
-----			
HEAVY VIEWERS		1,257,718	100%
MED-HEAVY VIEWERS	LOCAL	23,699	11.2%
	SYND SERIES, SPCLS, MOVIES	98,842	46.9%
	DEVOTIONAL SERIES	2,134	1.0%
	SPORTS	17,506	8.3%
	OTHER	50	0.0%
	NON-COMMERCIAL	63,693	30.2%
	CANADIAN	4,747	2.3%
-----			
MED-HEAVY VIEWERS		210,670	100%
MEDIUM VIEWERS	LOCAL	9,156	12.2%
	SYND SERIES, SPCLS, MOVIES	34,240	45.8%
	DEVOTIONAL SERIES	612	0.8%
	SPORTS	6,655	8.9%
	OTHER	59	0.1%
	NON-COMMERCIAL	21,241	28.4%
	CANADIAN	2,856	3.8%
-----			
MEDIUM VIEWERS		74,819	100%

MED-LIGHT VIEWERS	LOCAL	3,927	11.4%
	SYND SERIES, SPCLS, MOVIES	19,970	57.8%
	DEVOTIONAL SERIES	501	1.5%
	SPORTS	2,320	6.7%
	NON-COMMERCIAL	6,922	20.0%
	CANADIAN	896	2.6%
-----		-----	
MED-LIGHT VIEWERS		34,536	100%
LIGHT VIEWERS	LOCAL	1,554	25.3%
	SYND SERIES, SPCLS, MOVIES	2,995	48.8%
	DEVOTIONAL SERIES	41	0.7%
	SPORTS	227	3.7%
	OTHER	7	0.1%
	NON-COMMERCIAL	980	16.0%



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----- DEMOGRAPHIC=HOUSEHOLDS -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	CANADIAN	331	5.4%
LIGHT VIEWERS		6,134	100%

**PS Exhibit \_\_\_\_ (PL-4)**

THE NIELSEN COMPANY

NATIONAL REPORTING  
MPAA METERED 2005

REPORTED FOR TOTAL YEAR 2005  
& SWEEP MONTHS (FEB, MAY, JUL, NOV '04)

ISSUE DATE: APRIL, 2009

## THE NIELSEN COMPANY

### General description:

This report provides audience estimates for metered households and persons within certain demographics for two measurement intervals as follows:

- 1) Total year 2005 (January 1, 2005 – December 25, 2005)
- 2) Totals across NSI sweep months, to include
  - NSI February '05 (Feb 3 – Mar 2, 2005)
  - NSI May '05 (Apr 28 – May 25, 2005)
  - NSI July '05 (Jul 8 – Aug 4, 2005)
  - NSI November '05 (Nov 3 – Nov 30, 2005)

Cable households and persons viewing to 180 selected stations is used in the analysis, in order to represent and report "distant" viewing to the local stations. Local program information is collected on the 180 local stations and categorized into one of six (6) MPAA program type categories, in order to report "viewing minutes" & "# of quarter hours of programming" for those stations. All households & demographic categories are also quintilized in order to report the above statistics by total and quintile category within MPAA program types. Station weights are also calculated & provided by Stat Research for this report.

### Weighted Sample:

Household and Demographic definitions, viewing, and quintilization were all derived from the National PeopleMeter sample. Households were selected for this report if they received programming via a wired cable system and met the weighting requirements below. Once these households (and the persons within them) were selected, only their viewing was gathered and summarized for the quintilization process, and for inclusion of their viewing into the reports for this study.

For the 2005 study, a separate file of sample households was provided by Nielsen's Stat Research for each NTI month, January - December. The monthly sample was determined using homes installed as of the first day of the corresponding NTI measurement period, and consists of all "Remainder U.S." homes, plus a proportionate sub-sample of integrated LPM homes. Remainder U.S. for a given month consists of Total U.S. minus integrated LPM DMAs. The list is based on the first day of the NTI month since that's the day that expansion homes enter the NPM sample, and it's the day that LPM samples are integrated into NPM (i.e., we want to reflect these changes in sample as of the first day they occur). The Remainder U.S. homes installed on day 1 of the month, plus the selected LPM homes, comprise the total NPM proportionate sample for the month. This process was used to account for the weighting changes that took place for all Nielsen data in 2003.

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NATIONAL REPORTING  
MPAA METERED 2005

REPORTED FOR TOTAL YEAR 2005  
& SWEEP MONTHS (FEB, MAY, JUL, NOV '04)

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**Demographics:**

Demographics to be reported in this study are as follows:

- Households
- Persons 2+
- Persons 2-17
- Persons 18-34
- Persons 35-49
- Persons 18-49
- Persons 50+

A "static" age for each person in the household was used for the entire year. This age was the age of each person on the last day they were installed in the NPM sample. The use of "static" age means that each person will contribute viewing to the same demographic category throughout the entire report year.

All visitors, both short- and long-term, have been excluded from this analysis.

**Stations:**

A total of 180 stations were selected by the MPAA and Te Nielsen Company Stat Research to be included in this analysis. These stations are selected to represent a cross-section of the station base in the U.S. Viewing to these stations is gathered for the subset of cable households / persons in the defined sample for this study.

The list of 180 stations selected for this analysis is reviewed by Stat Research for application of station weights. Each station is assigned a weight by Stat Research based on certainty. This weight is applied to adjust viewing levels.

The list of stations used in this analysis is provided in call letter sequence, including city, state, market, stations affiliation, and channel, and is provided in **Appendix A**.

**Geography / Distant Viewing:**

The purpose of the MPAA study is to measure only distant viewing to the 180 selected stations.

The initial viewing used in the study is based on weighting criteria discussed above in 2004 to the 180 MPAA selected stations by the MPAA sample households and the persons in those households.

For the 180 stations selected for the study, the MPAA determines the Nielsen state counties, which are local for each station, based on FCC definitions. Only viewing that occurs in state counties that are not local to the station is included. The state county for each sample household is determined. If a household views a station, and is in a state county local to that station, that household's viewing would not be included in the study. If the household was not in a state county local to that station, its viewing would be included.

**Quintiles:**

Quintiles are determined for all cable households intab one or more days in 2004, and for all persons in the reported demographic categories within those households, not including any long-term or short-term visitors. Quintiles have been processed based on unweighted viewing minutes to the 180 selected MPAA stations, for any day and time during the year of 2004. The viewing used in the quintilization process only includes the MPAA sample cable households, and only includes the distant state county viewing. Quintilization was based on the average viewing minutes per intab day for a household or person. Household/persons were then split into 5 equivalent categories based on the average minutes viewed per intab day, ranked lowest to highest for each demographic. A person may be assigned to two different quintiles for two different demographics. For instance, a person may be categorized as a Heavy Viewer for the Persons 2+ demographic, but only categorized as Medium Heavy for the Persons 18-34 demographic. Zero viewers are excluded from the quintiles and from any total demographic. Zero viewers are defined as those who viewed a total of 0 distant viewing minutes to the MPAA stations in the report year.

Quintile definitions:

Quintile:

Heavy  
Medium Heavy  
Medium  
Medium Light  
Light

NOTE: For this delivered report, quintiles were only reported for households and persons 2+. Quintiles for all other demographics were processed but not reported.



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Program Names:

Local program names data from various sources (for 2005 this includes The Nielsen Company and TV Data) is combined into one comprehensive set of names for the MPAA stations being processed. Because there are several sources of names data, there may be multiple records for a station, date and quarter hour. This study will select the one record to be used for the quarter hour based on several rules.

The most likely overlap situation is when there is names data from both The Nielsen Company and TV Data, which occurs during NSI sweep intervals. In this case, The Nielsen Company names data is used because it is reported in NSI VIPs. The exception to this rule is if The Nielsen Company name is 'TBA'. In that situation the TV Data name is used if there is one.

MPAA Program Type Category Assignment Overview:

The study assigns program names by station, date and quarter hour to the appropriate MPAA program type category. There are 6 MPAA program type categories:

1. **Local:** programs originating from the local station
2. **Syndicated programs, specials and movies:** programs syndicated and available to many stations
3. **Devotional Series:** religious-oriented programs that are available to many stations. If such a program originates from a local station it would be assigned as local
4. **Sports:** team versus team sports events. The sports teams must be in either major professional sports leagues (National Football League, Major League Baseball, National Basketball Association, National Hockey League, North American Soccer League) or major college basketball or football.
5. **Other:** program which could not be assigned to one of the other categories
6. **Non-commercial:** all programs on PBS stations
7. **Canadian:** programs airing in Canadian markets

Two terms need to be explained here, program type and MPAA program type category. Program type is not the final MPAA program type category being assigned in WP04. The standard values of this program type were established by TV Data and program names that come from TV Data have this program type already assigned. For program names coming from The Nielsen Company a subset of the TV Data program type values are assigned based on other information The Nielsen Company collects. These program type values are used in the assignment of MPAA program type categories. In this document MPAA program type category will also be referred to as MPAA type.

Syndex processing is necessary for the cable portion of the Superstation WGN. The MPAA study measures distant viewing to local stations. By definition viewing to XWGN normally is distant viewing. In a syndex situation, the normal distant feed is replaced by another program, locally fed by a cable headend - therefore the viewing is not distant. The study removes any viewing to the distant station where the syndex protection takes place.

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### **MPAA Program Type Category Assignment Overview (cont'):**

Ideally, program names would always be assigned to MPAA types based on the program type and other objective variables such as source of the program (syndicator, network, local), program type, or the number of stations carrying the program name. Unfortunately, the various inputs and the varying degree of quality of their information cause the objective rules to not work in many cases. In these situations it is necessary to force certain program names to be assigned to the correct MPAA program type category. Various sources of information were used to determine which programs would be forced into categories. The sources included:

1. The results of the previous year MPAA program type category assignments
2. Local cable claims from Marsha Kessler at MPAA. This is a list of stations and the programs that the station registered with the US Government patent office as originating on that station. Any of these programs will be assigned to local for that station
3. Known syndicated programs from Marsha Kessler at MPAA
4. Known infomercial programs from Nielsen New Media Services report
5. Known infomercial programs from Nielsen's LocalLineups software
6. Known infomercial programs and products from Internet web site [www.infomercialindex.com](http://www.infomercialindex.com)
7. Known programs from Internet web site [www.ultimatetv.com](http://www.ultimatetv.com)
8. Professional and experiential knowledge of the processing analysts

### **MPAA Program Type Category assignment rules:**

Programs are placed into the MPAA program type categories according to the following rules in order of precedence. Any program that met a certain rule would not be processed further. Any program that did not meet that rule would be processed further.

1. Any programs with a program name of 'SIGN OFF' or 'SIGN-OFF' were deleted and not reported.
2. Network programs are not reported in MPAA.
3. Any programs on a station that Nielsen identified as a PBS affiliate were put in MPAA type Non-commercial.
4. Any program identified as a movie per TV DATA classification was put in MPAA type Syndicated Series, Specials and Movies.
5. Any program name and station call letters on the local cable claims file were assigned to MPAA type Local, only for that station.
6. Any programs identified on a manually created override file were assigned the program type category specified on that file.
7. Any program / program type combination which matched to the previous year results was assigned the same MPAA program type category as it had the previous year.
8. Any program quarter hour with the call letters of the station in the program name was classified as Local.
9. Any program with a program name of 'FILL', 'FILLER', 'FILL PROGRAM' or 'FILM FILL' was classified as Other.
10. Any program with a program name of 'TO BE ANNOUNCED' was classified as Other.
11. Any program with a program type of 35 (To Be Announced) was classified as Other.
12. If the program has not been classified based on the rules above, the next set of default assignment rules are applied based on whether the program name came from The Nielsen Company names data or TV Data names. Some of the variables that determine the MPAA program type category include the program type, the source of the program, the number of (MPAA study) stations carrying the program / program type, and the affiliation of the station.

Default MPAA Program Type Category Assignment Rules						
Assigned MPAA type	Program name source (The Nielsen Company / TV Data)	Program type	Program source	Number of MPAA stations	Station affiliation	Program name
Local	The Nielsen Company	News				
Local	The Nielsen Company	Local program				
Syndicated	The Nielsen Company	Sports related Playoff sports				
Devotional	The Nielsen Company	Religious				
Syndicated	The Nielsen Company	Special				'CARTOON'
Syndicated	The Nielsen Company	Special		2+		
Syndicated	The Nielsen Company	Special	Syndicator			
Local	The Nielsen Company	Special		1		
Syndicated	The Nielsen Company	General syndication				
Syndicated	The Nielsen Company		Syndicator			
Local	The Nielsen Company		Local			
Syndicated	TV Data	Network series	Syndicator Local			
Syndicated	TV Data	Network series	Network		Independent Fox Superstation WB PAX UPN	
Syndicated	TV Data	Cartoons Daytime dramas				
Syndicated	TV Data	Pseudo Sports				
Devotional	TV Data	Religious	Syndicator OR >	2+		
Local	TV Data	Religious	Local OR >	1		

Default MPAA Program Type Category Assignment Rules						
Assigned MPAA type	Program name source (The Nielsen Company / TV Data)	Program type	Program source	Number of MPAA stations	Station affiliation	Program name
Syndicated	TV Data	Special Seasonal special Children's special Musical special Mini-series First run syndication Syndicated Children's Public Affairs Game Shows Finance Health Hobbies / Crafts Arts Fill	Syndicator OR >	2+		
Local	TV Data	Special Seasonal special Children's special Musical special Mini-series First run syndication Syndicated Children's Public Affairs Game Shows Finance Health Hobbies / Crafts Arts Fill	Local OR >	1		
Syndicated	TV Data		Syndicator OR >	2+		
Local	TV Data		Local OR >	1		

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Reporting & Calculations:

Data reported is as follows. Each report represents a single page of information:

Interval	Report
Total Year '05	Households only by MPAA Type - Weighted Persons 2-17 only by MPAA Type - Weighted Persons 18-34 only by MPAA Type - Weighted Persons 35-49 only by MPAA Type - Weighted Persons 18-49 only by MPAA Type - Weighted Persons 50+ only by MPAA Type - Weighted Persons 2+ only by MPAA Type - Weighted Households by Quintile by MPAA Type - Weighted Persons 2+ by Quintile by MPAA Type - Weighted
Total Sweep Months '05	Households only by MPAA Type - Weighted Persons 2-17 only by MPAA Type - Weighted Persons 18-34 only by MPAA Type - Weighted Persons 35-49 only by MPAA Type - Weighted Persons 18-49 only by MPAA Type - Weighted Persons 50+ only by MPAA Type - Weighted Persons 2+ only by MPAA Type - Weighted Households by Quintile by MPAA Type - Weighted Persons 2+ by Quintile by MPAA Type - Weighted

NOTE: Additional reports for other demographics by quintile, and demographic reports were also processed but not reported.

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Intermediate Calculation as follows:

$$\begin{array}{l} \text{Weighting of HHLD/Person} \\ \text{Viewing Minutes} \end{array} = \begin{array}{l} \text{Viewing minutes for HHLD / Person / Station / Date / Qtr Hour} \\ \text{X Station Weight), Stored at xxxx.xxxx} \end{array}$$

Report Level Calculations are as follows:

$$\begin{array}{l} \text{Viewing Minutes (Weighted)} \end{array} = \begin{array}{l} \text{Sum of weighted viewing minutes across stations/HHLD/Person} \\ \text{\&/or MPAA Type \&/or Quintile, Rounded to xxxx.} \end{array}$$

$$\begin{array}{l} \text{Viewing Minutes (Un-Weighted)} \end{array} = \begin{array}{l} \text{Sum of un-weighted viewing minutes across stations/HHLD/Person} \\ \text{\&/or MPAA Type \&/or Quintile} \end{array}$$

$$\begin{array}{l} \text{Viewing Minutes \% within} \\ \text{MPAA Types (Weighted)} \end{array} = \frac{\begin{array}{l} \text{Sum of weighted viewing minutes across stations/HHLD/Person} \\ \text{\&/or Quintile by MPAA Type} \end{array}}{\begin{array}{l} \text{Sum of weighted viewing minutes across stations/HHLD/Person} \\ \text{\&/or Quintile in Total} \end{array}} \times 100, \text{ Rounded to xx.x}$$

$$\begin{array}{l} \text{Viewing Minutes \% within} \\ \text{MPAA Types (Un-Weighted)} \end{array} = \frac{\begin{array}{l} \text{Sum of un-weighted viewing minutes across stations/HHLD/Person} \\ \text{\&/or Quintile by MPAA Type} \end{array}}{\begin{array}{l} \text{Sum of un-weighted viewing minutes across stations/HHLD/Person} \\ \text{\&/or Quintile in Total} \end{array}} \times 100, \text{ Rounded to xx.x}$$

$$\begin{array}{l} \text{Total Quarter Hours of} \\ \text{Programming} \end{array} = \begin{array}{l} \text{Sum of quarter hours with local program names by MPAA Type} \\ \text{(Includes quarter hours with no viewing)} \end{array}$$

$$\begin{array}{l} \text{Total Quarter Hours of} \\ \text{Programming \% within} \\ \text{MPAA Types} \end{array} = \frac{\begin{array}{l} \text{Sum of quarter hours with local program names by MPAA Type} \end{array}}{\begin{array}{l} \text{Sum of quarter hours with local program names in Total} \end{array}} \times 100, \text{ Rounded to xx.x}$$

**Appendix A: STATIONS PROCESSED FOR MPAA METERED 2004 REPORT**

CALL LETTERS	STATION CITY AND STATE	DMA NAME	STATION AFFILIATION	AIR CHANNEL
CBET	WINDSOR, ON	DETROIT	CANADIAN	9
CBLT	TORONTO, ON		CANADIAN	5
CBMT	MONTREAL, QU		CANADIAN	6
CBUT	VANCOUVER, BC		CANADIAN	2
CFTO	TORONTO, ON		CANADIAN	9
CHLT	SHERBROOKE, QU		CANADIAN	7
CIII	TORONTO, ON		CANADIAN	3
CKSH	SHERBROOKE, QU		CANADIAN	9
KAKW	WACO, TX	AUSTIN	UNIVISION	62
KAUT	OKLAHOMA CITY, OK	OKLAHOMA CITY	UPN	43
KAVU	VICTORIA, TX	VICTORIA	ABC	25
KBLN	GRANTS PASS, OR	MEDFORD-KLM FLS	INDEPENDENT	30
KBYU	PROVO, UT	SALT LAKE CITY	PBS	11
KCAL	LOS ANGELES, CA	LOS ANGELES	INDEPENDENT	9
KCET	LOS ANGELES, CA	LOS ANGELES	PBS	28
KCNC	DENVER, CO	DENVER	CBS	4
KCOF	LOS ANGELES, CA	LOS ANGELES	UPN	13
KCRA	SACRAMENTO, CA	SACRMNTO-STK-MO	NBC	3
KCRG	CEDAR RAPIDS, IA	CDR RP-WA-IC&DB	ABC	9
KCTS	SEATTLE, WA	SEATTLE-TACOMA	PBS	9
KDCK	DODGE CITY, KS	WICHTA-HTCH PLS	PBS	21
KDLT	SIOUX FALLS, SD	SIOUX FLS(MCHL)	NBC	46
KERA	DALLAS, TX	DALLAS-FT.WORTH	PBS	13
KEYT	SANTA BARBARA, CA	SANTABAR-SM-SLO	ABC	3
KGNS	LAREDO, TX	LAREDO	NBC	8
KGO	SAN FRANCISCO, CA	SAN FRAN-OAK-SJ	ABC	7
KGTV	SAN DIEGO, CA	SAN DIEGO	ABC	10
KHQA	QUINCY, IL	QUINCY-HBL-KEOK	CBS	7
KICU	SAN JOSE, CA	SAN FRAN-OAK-SJ	INDEPENDENT	36
KKRA	RAPID CITY, SD	RAPID CITY	PAX	24
KLCS	LOS ANGELES, CA	LOS ANGELES	PBS	58
KLKN	LINCOLN, NE	LIN&HST-KRNY	ABC	8
KLWY	CHEYENNE, WY	CHEY-SCTTS	FOX	27
KMEG	SIOUX CITY, IA	SIOUX CITY	CBS	14

KNWS	KATY, TX	HOUSTON	INDEPENDENT	51
KOCE	HUNTINGTON BCH, CA	LOS ANGELES	PBS	50
KOCM	NORMAN, OK	OKLAHOMA CITY	INDEPENDENT	46
KOVR	STOCKTON, CA	SACRMNTO-STK-MO	CBS	13
KRWG	LAS CRUCES, NM	EL PASO(LAS CR)	PBS	22
KSCB	SIOUX FALLS, SD	SIOUX FLS(MCHL)	W	53
KSDK	ST LOUIS, MO	ST. LOUIS	NBC	5
KSMO	KANSAS CITY, MO	KANSAS CITY	WB	62
KSNF	JOPLIN, MO	JOPLIN-PITTSBRG	NBC	16
KTEH	SAN JOSE, CA	SAN FRAN-OAK-SJ	PBS	54
KTLA	LOS ANGELES, CA	LOS ANGELES	WB	5
KTMO	AMARILLO, TX	AMARILLO	TELEMUNDO	36
KTNC	CONCORD, CA	SAN FRAN-OAK-SJ	SPANISH LANGUAGE IND.	42
KTNV	LAS VEGAS, NV	LAS VEGAS	ABC	13
KTRK	HOUSTON, TX	HOUSTON	ABC	13
KUHT	HOUSTON, TX	HOUSTON	PBS	8
KUVS	MODESTO, CA	SACRMNTO-STK-MO	UNIVISION	19
KVIA	EL PASO, TX	EL PASO(LAS CR)	ABC	7
KYW	PHILADELPHIA, PA	PHILADELPHIA	CBS	3
WAAY	HUNTSVILLE, AL	HNTVLE-DCTR(FL)	ABC	31
WABC	NEW YORK, NY	NEW YORK	ABC	7
WAGA	ATLANTA, GA	ATLANTA	FOX	5
WAKA	SELMA, AL	MONTGOMERY-SEL	CBS	8
WANE	FORT WAYNE, IN	FT. WAYNE	CBS	15
WBBJ	JACKSON, TN	JACKSON, TN	ABC	7
WBGH	ROCHESTER, NY	ROCHESTER, NY	UPN	40
WBNS	COLUMBUS, OH	COLUMBUS, OH	CBS	10
WBNX	AKRON, OH	CLEVELND-AK(CN)	WB	55
WBSC	ANDERSON, SC	GRVL-SPA-ASH-AN	WB	40
WBUI	DECATUR, IL	CHAMPGN&SPR-DEC	WB	23
WCAU	PHILADELPHIA, PA	PHILADELPHIA	NBC	10
WCAX	BURLINGTON, VT	BURLNGTN-PLTBRG	CBS	3
WCCO	MINNEAPOLIS, MN	MINEAPLS-ST. PL	CBS	4
WCHS	CHARLESTON, WV	CHARLSTN-HUNTING	ABC	8
WCIU	CHICAGO, IL	CHICAGO	INDEPENDENT	26
WCJB	GAINESVILLE, FL	GAINESVILLE	ABC	20
WCNY	SYRACUSE, NY	SYRACUSE	PBS	24
WCTI	NEW BERN, NC	GREENVL-NB-WASH	ABC	12
WDBJ	ROANOKE, VA	ROANOKE-LNCHBRG	CBS	7
WDIV	DETROIT, MI	DETROIT	NBC	4



WDWB	DETROIT, MI	DETROIT	WB	20
WEEK	PEORIA, IL	PEORIA-BLMINGTN	NBC	25
WFAA	DALLAS, TX	DALLAS-FT.WORTH	ABC	8
WFQX	CADILLAC, MI	TRAVRS CTY-CDLC	FOX	33
WFRZ	MONTGOMERY, AL	MONTGOMERY-SEL	W	34
WFUM	FLINT, MI	FLINT-SAGNAW-BC	PBS	28
WGBH	BOSTON, MA	BOSTON (MANCHR)	PBS	2
WGBX	BOSTON, MA	BOSTON (MANCHR)	PBS	44
WGN	CHICAGO, IL	CHICAGO	WB	9
WGNO	NEW ORLEANS, LA	NEW ORLEANS	ABC	26
WGTU	TRAVERSE CITY, MI	TRAVRS CTY-CDLC	ABC	29
WHAM	ROCHESTER, NY	ROCHESTER, NY	ABC	13
WHAS	LOUISVILLE, KY	LOUISVILLE	ABC	11
WICD	CHAMPAIGN, IL	CHAMPGN&SPR-DEC	ABC	15
WINK	FORT MYERS, FL	FT. MYERS-NAPLS	CBS	11
WINM	ANGOLA, IN	FT. WAYNE	INDEPENDENT	63
WIS	COLUMBIA, SC	COLUMBIA, SC	NBC	10
WISH	INDIANAPOLIS, IN	INDIANAPOLIS	CBS	8
WISN	MILWAUKEE, WI	MILWAUKEE	ABC	12
WJCL	SAVANNAH, GA	SAVANNAH	ABC	22
WJHG	PANAMA CITY, FL	PANAMA CITY	NBC	7
WJWB	JACKSONVILLE, FL	JACKSONVILLE	WB	17
WJZ	BALTIMORE, MD	BALTIMORE	CBS	13
WJZY	BELMONT, NC	CHARLOTTE	UPN	46
WKAR	LANSING, MI	LANSING	PBS	23
WKBD	DETROIT, MI	DETROIT	UPN	50
WKBS	ALTOONA, PA	JOHNSTOWN-ALTNA	INDEPENDENT	47
WKRN	NASHVILLE, TN	NASHVILLE	ABC	2
WKSO	SOMERSET, KY	LEXINGTON	PBS	29
WLED	LITTLETON, NH	BURLNGTN-PLTBRG	PBS	49
WLFG	GRUNDY, VA	TRI-CTIES, TN-VA	INDEPENDENT	68
WLFL	RALEIGH, NC	RALEIGH-DUR(FY)	WB	22
WLIO	LIMA, OH	LIMA	NBC	35
WLIW	GARDEN CITY, NY	NEW YORK	PBS	21
WLUC	MARQUETTE, MI	MARQUETTE	NBC	6
WLVT	ALLENTOWN, PA	PHILADELPHIA	PBS	39
WMAQ	CHICAGO, IL	CHICAGO	NBC	5
WMEC	MACOMB, IL	QUINCY-HBL-KEOK	PBS	22
WMGT	MACON, GA	MACON	NBC	41
WMPB	BALTIMORE, MD	BALTIMORE	PBS	67

WMQF	MARQUETTE, MI	MARQUETTE	FOX	19
WMSN	MADISON, WI	MADISON	FOX	47
WNBC	NEW YORK, NY	NEW YORK	NBC	4
WNET	NEW YORK, NY	NEW YORK	PBS	13
WNIN	EVANSVILLE, IN	EVANSVILLE	PBS	9
WNPA	JEANETTE, PA	PITTSBURGH	UPN	19
WNPT	NASHVILLE, TN	NASHVILLE	PBS	8
WNTZ	NATCHEZ, MS	ALEXANDRIA, LA	FOX	48
WOI	AMES, IA	DES MOINES-AMES	ABC	5
WOIO	SHAKER HEIGHTS, OH	CLEVELND-AK(CN)	CBS	19
WOOD	GRAND RAPIDS, MI	GR.RAPIDS-KL-BC	NBC	8
WOSU	COLUMBUS, OH	COLUMBUS, OH	PBS	34
WOWK	HUNTINGTON, WV	CHARLSTN-HUNTNG	CBS	13
WOWT	OMAHA, NE	OMAHA	NBC	6
WPBT	MIAMI, FL	MIAMI-FT. LAUDE	PBS	2
WPCB	PITTSBURGH, PA	PITTSBURGH	INDEPENDENT	40
WPGH	PITTSBURGH, PA	PITTSBURGH	FOX	53
WPHL	PHILADELPHIA, PA	PHILADELPHIA	WB	17
WPIX	NEW YORK, NY	NEW YORK	WB	11
WPMT	YORK, PA	HARRSBG-LA-LB-Y	FOX	43
WPPX	WILMINGTON, DE	PHILADELPHIA	PAX	61
WPSD	PADUCAH, KY	PDCH-CP GIR-HAR	NBC	6
WPSG	PHILADELPHIA, PA	PHILADELPHIA	UPN	57
WPSU	CLEARFIELD, PA	JOHNSTOWN-ALTNA	PBS	3
WPTO	OXFORD, OH	CINCINNATI	PBS	14
WPVI	PHILADELPHIA, PA	PHILADELPHIA	ABC	6
WPXA	ROME, GA	ATLANTA	PAX	14
WPXD	ANN ARBOR, MI	DETROIT	PAX	31
WRAY	WILSON, NC	RALEIGH-DUR(FY)	INDEPENDENT	30
WREX	ROCKFORD, IL	ROCKFORD	NBC	13
WRJM	TROY, AL	MONTGOMERY-SEL	UPN	67
WRNN	KINGSTON, NY	NEW YORK	INDEPENDENT	48
WROC	ROCHESTER, NY	ROCHESTER, NY	CBS	8
WRTV	INDIANAPOLIS, IN	INDIANAPOLIS	ABC	6
WSB	ATLANTA, GA	ATLANTA	ABC	2
WSBK	BOSTON, MA	BOSTON (MANCHR)	UPN	38
WSEE	ERIE, PA	ERIE	CBS	35
WSOC	CHARLOTTE, NC	CHARLOTTE	ABC	9
WTGS	HARDEEVILLE, SC	SAVANNAH	FOX	28
WTJP	GADSDEN, AL	BIRMINGHAM	INDEPENDENT	60

WTSF	ASHLAND, KY	CHARLSTN-HUNTING	INDEPENDENT	61
WTTV	BLOOMINGTON, IN	INDIANAPOLIS	WB	4
WTTW	CHICAGO, IL	CHICAGO	PBS	11
WTTX	ELMIRA, NY	ELMIRA(CORNING)	UPN	30
WTVH	SYRACUSE, NY	SYRACUSE	CBS	5
WTVT	TAMPA, FL	TAMPA-ST P(SAR)	FOX	13
WTFX	PHILADELPHIA, PA	PHILADELPHIA	FOX	29
WTXL	TALLAHASSEE, FL	TALLHSEE-THMSVL	ABC	27
WUAB	LORAIN, OH	CLEVELND-AK(CN)	UPN	43
WUNC	CHAPEL HILL, NC	RALEIGH-DUR(FY)	PBS	4
WUNP	ROANOKE RAPIDS, NC	RALEIGH-DUR(FY)	PBS	36
WUSA	WASHINGTON, DC	WASH, DC (HAG)	CBS	9
WUTR	UTICA, NY	UTICA	ABC	20
WUXP	NASHVILLE, TN	NASHVILLE	UPN	30
WVNS	LEWISBURG, WV	BLFLD-BECKLY-OH	CBS	59
WVTV	MILWAUKEE, WI	MILWAUKEE	WB	18
WVUE	NEW ORLEANS, LA	NEW ORLEANS	FOX	8
WWBT	RICHMOND, VA	RICHMOND-PTRSBG	NBC	12
WWLP	SPRINGFIELD, MA	SPRINGFLD-HLYOK	NBC	22
WWOR	SECAUCUS, NJ	NEW YORK	UPN	9
WXIA	ATLANTA, GA	ATLANTA	NBC	11
WXIX	NEWPORT, KY	CINCINNATI	FOX	19
WYCN	NASHUA, NH	BOSTON (MANCHR)	W	13
WYTV	YOUNGSTOWN, OH	YOUNGSTOWN	ABC	33
WZPX	BATTLE CREEK, MI	GR.RAPIDS-KL-BC	PAX	43
WZZM	GRAND RAPIDS, MI	GR.RAPIDS-KL-BC	ABC	13

\* Denotes mid-year affiliation change.

**PS Exhibit \_\_\_\_ (PL-5)**

**CORRECTED**

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=HOUSEHOLDS -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)		TOTAL QUARTER HOURS OF PROGRAMMING	
LOCAL	1,043,942	12.6%	459,827	10.0%
SYND SERIES, SPCLS, MOVIES	5,617,852	68.0%	2,599,091	56.3%
DEVOTIONAL SERIES	40,376	0.5%	248,683	5.4%
SPORTS	450,567	5.5%	32,651	0.7%
OTHER	2,611	0.0%	4,198	0.1%
NON-COMMERCIAL	990,212	12.0%	1,028,590	22.3%
CANADIAN	121,394	1.5%	243,585	5.3%
	-----	-----	-----	-----
	8,266,955	100%	4,616,625	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

-----  
DEMOGRAPHIC=HOUSEHOLDS  
-----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)		TOTAL QUARTER HOURS OF PROGRAMMING	
LOCAL	622,145	23.6%	220,564	15.3%
SYND SERIES, SPCLS, MOVIES	1,512,769	57.3%	745,789	51.6%
DEVOTIONAL SERIES	9,372	0.4%	74,661	5.2%
SPORTS	118,149	4.5%	5,995	0.4%
OTHER	829	0.0%	342	0.0%
NON-COMMERCIAL	334,880	12.7%	320,749	22.2%
CANADIAN	40,354	1.5%	76,215	5.3%
	-----	-----	-----	-----
	2,638,499	100%	1,444,315	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2-17 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	80,138	8.2%
SYND SERIES, SPCLS, MOVIES	702,685	71.7%
DEVOTIONAL SERIES	2,886	0.3%
SPORTS	27,350	2.8%
OTHER	59	0.0%
NON-COMMERCIAL	149,977	15.3%
CANADIAN	16,716	1.7%
	-----	-----
	979,812	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 18-34 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	180,120	12.4%
SYND SERIES, SPCLS, MOVIES	945,253	65.3%
DEVOTIONAL SERIES	7,420	0.5%
SPORTS	71,297	4.9%
OTHER	214	0.0%
NON-COMMERCIAL	233,940	16.2%
CANADIAN	9,753	0.7%
	-----	-----
	1,447,997	100%



CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

-----  
DEMOGRAPHIC=PERSONS 35-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	337,625	12.4%
SYND SERIES, SPCLS, MOVIES	2,118,045	77.7%
DEVOTIONAL SERIES	13,830	0.5%
SPORTS	82,622	3.0%
OTHER	575	0.0%
NON-COMMERCIAL	134,950	4.9%
CANADIAN	39,465	1.4%
	-----	-----
	2,727,112	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 18-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	517,745	12.4%
SYND SERIES, SPCLS, MOVIES	3,063,298	73.4%
DEVOTIONAL SERIES	21,250	0.5%
SPORTS	153,919	3.7%
OTHER	789	0.0%
NON-COMMERCIAL	368,890	8.8%
CANADIAN	49,217	1.2%
	-----	-----
	4,175,110	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 50+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	639,481	14.8%
SYND SERIES, SPCLS, MOVIES	2,764,581	64.2%
DEVOTIONAL SERIES	20,709	0.5%
SPORTS	355,049	8.2%
OTHER	1,965	0.0%
NON-COMMERCIAL	461,105	10.7%
CANADIAN	64,394	1.5%
	-----	-----
	4,307,285	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	1,237,364	13.1%
SYND SERIES, SPCLS, MOVIES	6,530,564	69.0%
DEVOTIONAL SERIES	44,846	0.5%
SPORTS	536,319	5.7%
OTHER	2,813	0.0%
NON-COMMERCIAL	979,973	10.4%
CANADIAN	130,328	1.4%
	-----	-----
	9,462,206	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2-17 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	50,662	14.9%
SYND SERIES, SPCLS, MOVIES	233,900	68.6%
DEVOTIONAL SERIES	606	0.2%
SPORTS	6,538	1.9%
OTHER	20	0.0%
NON-COMMERCIAL	42,029	12.3%
CANADIAN	7,174	2.1%
	-----	-----
	340,928	100%

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 18-34 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	95,226	19.4%
SYND SERIES, SPCLS, MOVIES	273,515	55.6%
DEVOTIONAL SERIES	1,329	0.3%
SPORTS	25,780	5.2%
OTHER	158	0.0%
NON-COMMERCIAL	91,876	18.7%
CANADIAN	3,808	0.8%
	-----	-----
	491,691	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 35-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	229,294	26.7%
SYND SERIES, SPCLS, MOVIES	547,445	63.9%
DEVOTIONAL SERIES	3,404	0.4%
SPORTS	21,598	2.5%
OTHER	262	0.0%
NON-COMMERCIAL	41,222	4.8%
CANADIAN	14,104	1.6%
	-----	-----
	857,330	100%

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 18-49 -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	324,520	24.1%
SYND SERIES, SPCLS, MOVIES	820,960	60.9%
DEVOTIONAL SERIES	4,733	0.4%
SPORTS	47,378	3.5%
OTHER	420	0.0%
NON-COMMERCIAL	133,098	9.9%
CANADIAN	17,912	1.3%
	-----	-----
	1,349,021	100%



CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 50+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	377,565	28.3%
SYND SERIES, SPCLS, MOVIES	689,732	51.8%
DEVOTIONAL SERIES	4,901	0.4%
SPORTS	79,114	5.9%
OTHER	653	0.0%
NON-COMMERCIAL	159,142	11.9%
CANADIAN	20,792	1.6%
	-----	-----
	1,331,900	100%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005

SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249

ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LOCAL	752,747	24.9%
SYND SERIES, SPCLS, MOVIES	1,744,592	57.7%
DEVOTIONAL SERIES	10,240	0.3%
SPORTS	133,030	4.4%
OTHER	1,094	0.0%
NON-COMMERCIAL	334,269	11.1%
CANADIAN	45,878	1.5%
	-----	-----
	3,021,850	100%

THE NIELSEN COMPANY  
 MPAA METERED 2005  
 TOTAL YEAR (JAN-DEC, 2005)  
 17263, #367249  
 ISSUE DATE: JUNE, 2009

-----  
 DEMOGRAPHIC=HOUSEHOLDS  
 -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
-----			
HEAVY VIEWERS	LOCAL	923,669	12.8%
	SYND SERIES, SPCLS, MOVIES	5,018,866	69.4%
	DEVOTIONAL SERIES	28,085	0.4%
	SPORTS	338,233	4.7%
	OTHER	2,142	0.0%
	NON-COMMERCIAL	839,874	11.6%
	CANADIAN	76,835	1.1%
-----		-----	
HEAVY VIEWERS		7,227,705	100%
MED-HEAVY VIEWERS	LOCAL	76,128	11.4%
	SYND SERIES, SPCLS, MOVIES	391,611	58.5%
	DEVOTIONAL SERIES	7,597	1.1%
	SPORTS	77,020	11.5%
	OTHER	305	0.0%
	NON-COMMERCIAL	93,430	14.0%
	CANADIAN	23,549	3.5%
-----		-----	
MED-HEAVY VIEWERS		669,641	100%
MEDIUM VIEWERS	LOCAL	28,733	11.0%
	SYND SERIES, SPCLS, MOVIES	141,114	54.2%
	DEVOTIONAL SERIES	3,993	1.5%
	SPORTS	26,513	10.2%
	OTHER	140	0.1%
	NON-COMMERCIAL	46,157	17.7%
	CANADIAN	13,768	5.3%
-----		-----	
MEDIUM VIEWERS		260,417	100%

CORRECTED

MED-LIGHT VIEWERS	LOCAL	13,184	13.8%
	SYND SERIES, SPCLS, MOVIES	58,045	61.0%
	DEVOTIONAL SERIES	554	0.6%
	SPORTS	7,813	8.2%
	OTHER	24	0.0%
	NON-COMMERCIAL	9,620	10.1%
	CANADIAN	5,980	6.3%
-----		-----	-----
MED-LIGHT VIEWERS		95,221	100%
LIGHT VIEWERS	LOCAL	2,227	15.9%
	SYND SERIES, SPCLS, MOVIES	8,216	58.8%
	DEVOTIONAL SERIES	146	1.0%
	SPORTS	989	7.1%
	NON-COMMERCIAL	1,131	8.1%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005  
TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249  
ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=HOUSEHOLDS -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	CANADIAN	1,262	9.0%
LIGHT VIEWERS		13,971	100%

CORRECTED

THE NIELSEN COMPANY  
 MPAA METERED 2005  
 TOTAL YEAR (JAN-DEC, 2005)  
 17263, #367249  
 ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
HEAVY VIEWERS	LOCAL	1,116,202	13.2%
	SYND SERIES, SPCLS, MOVIES	5,926,718	70.2%
	DEVOTIONAL SERIES	31,420	0.4%
	SPORTS	435,107	5.2%
	OTHER	2,326	0.0%
	NON-COMMERCIAL	836,353	9.9%
	CANADIAN	92,208	1.1%
-----		-----	-----
HEAVY VIEWERS		8,440,335	100%
MED-HEAVY VIEWERS	LOCAL	80,790	11.6%
	SYND SERIES, SPCLS, MOVIES	413,680	59.3%
	DEVOTIONAL SERIES	12,080	1.7%
	SPORTS	72,652	10.4%
	OTHER	321	0.0%
	NON-COMMERCIAL	96,415	13.8%
	CANADIAN	21,803	3.1%
-----		-----	-----
MED-HEAVY VIEWERS		697,741	100%
MEDIUM VIEWERS	LOCAL	29,099	12.3%
	SYND SERIES, SPCLS, MOVIES	137,856	58.2%
	DEVOTIONAL SERIES	884	0.4%
	SPORTS	22,289	9.4%
	OTHER	141	0.1%
	NON-COMMERCIAL	36,710	15.5%
	CANADIAN	9,839	4.2%
-----		-----	-----
MEDIUM VIEWERS		236,817	100%

## CORRECTED

MED-LIGHT VIEWERS	LOCAL	9,122	12.2%
	SYND SERIES, SPCLS, MOVIES	45,047	60.2%
	DEVOTIONAL SERIES	352	0.5%
	SPORTS	5,487	7.3%
	OTHER	25	0.0%
	NON-COMMERCIAL	9,452	12.6%
	CANADIAN	5,366	7.2%
-----		-----	-----
MED-LIGHT VIEWERS		74,851	100%
LIGHT VIEWERS	LOCAL	2,151	17.3%
	SYND SERIES, SPCLS, MOVIES	7,264	58.3%
	DEVOTIONAL SERIES	110	0.9%
	SPORTS	784	6.3%
	NON-COMMERCIAL	1,043	8.4%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005  
TOTAL YEAR (JAN-DEC, 2005)  
17263, #367249  
ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	CANADIAN	1,111	8.9%
LIGHT VIEWERS		12,462	100%



THE NIELSEN COMPANY  
 MPAA METERED 2005  
 SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
 17263, #367249  
 ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=HOUSEHOLDS -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
-----			
HEAVY VIEWERS	LOCAL	569,447	24.3%
	SYND SERIES, SPCLS, MOVIES	1,370,645	58.5%
	DEVOTIONAL SERIES	5,880	0.3%
	SPORTS	88,104	3.8%
	OTHER	713	0.0%
	NON-COMMERCIAL	281,710	12.0%
	CANADIAN	27,287	1.2%
-----		-----	
HEAVY VIEWERS		2,343,785	100%
MED-HEAVY VIEWERS	LOCAL	33,222	17.2%
	SYND SERIES, SPCLS, MOVIES	95,616	49.4%
	DEVOTIONAL SERIES	2,098	1.1%
	SPORTS	20,779	10.7%
	OTHER	76	0.0%
	NON-COMMERCIAL	33,571	17.3%
	CANADIAN	8,336	4.3%
-----		-----	
MED-HEAVY VIEWERS		193,698	100%
MEDIUM VIEWERS	LOCAL	12,889	18.3%
	SYND SERIES, SPCLS, MOVIES	30,982	44.0%
	DEVOTIONAL SERIES	1,189	1.7%
	SPORTS	6,390	9.1%
	OTHER	38	0.1%
	NON-COMMERCIAL	16,430	23.3%
	CANADIAN	2,512	3.6%
-----		-----	
MEDIUM VIEWERS		70,430	100%

MED-LIGHT VIEWERS	LOCAL	5,395	20.4%
	SYND SERIES, SPCLS, MOVIES	13,811	52.2%
	DEVOTIONAL SERIES	195	0.7%
	SPORTS	2,357	8.9%
	OTHER	2	0.0%
	NON-COMMERCIAL	2,858	10.8%
	CANADIAN	1,865	7.0%
-----		-----	-----
MED-LIGHT VIEWERS		26,483	100%
LIGHT VIEWERS	LOCAL	1,192	29.1%
	SYND SERIES, SPCLS, MOVIES	1,715	41.8%
	DEVOTIONAL SERIES	10	0.2%
	SPORTS	520	12.7%
	NON-COMMERCIAL	311	7.6%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005  
SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249  
ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=HOUSEHOLDS -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	CANADIAN	354	8.6%
LIGHT VIEWERS		4,103	100%

THE NIELSEN COMPANY  
 MPAA METERED 2005  
 SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
 17263, #367249  
 ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
HEAVY VIEWERS	LOCAL	695,643	25.6%
	SYND SERIES, SPCLS, MOVIES	1,592,582	58.6%
	DEVOTIONAL SERIES	5,711	0.2%
	SPORTS	104,354	3.8%
	OTHER	991	0.0%
	NON-COMMERCIAL	287,479	10.6%
	CANADIAN	31,885	1.2%
-----		-----	
HEAVY VIEWERS		2,718,646	100%
MED-HEAVY VIEWERS	LOCAL	39,778	18.9%
	SYND SERIES, SPCLS, MOVIES	105,780	50.2%
	DEVOTIONAL SERIES	4,254	2.0%
	SPORTS	20,870	9.9%
	OTHER	66	0.0%
	NON-COMMERCIAL	30,605	14.5%
	CANADIAN	9,172	4.4%
-----		-----	
MED-HEAVY VIEWERS		210,525	100%
MEDIUM VIEWERS	LOCAL	12,410	18.7%
	SYND SERIES, SPCLS, MOVIES	33,051	49.7%
	DEVOTIONAL SERIES	174	0.3%
	SPORTS	5,773	8.7%
	OTHER	34	0.1%
	NON-COMMERCIAL	11,964	18.0%
	CANADIAN	3,051	4.6%
-----		-----	
MEDIUM VIEWERS		66,458	100%

MED-LIGHT VIEWERS	LOCAL	3,934	17.0%
	SYND SERIES, SPCLS, MOVIES	12,127	52.5%
	DEVOTIONAL SERIES	95	0.4%
	SPORTS	1,756	7.6%
	OTHER	3	0.0%
	NON-COMMERCIAL	3,763	16.3%
	CANADIAN	1,421	6.2%
-----		-----	-----
MED-LIGHT VIEWERS		23,100	100%
LIGHT VIEWERS	LOCAL	982	31.5%
	SYND SERIES, SPCLS, MOVIES	1,050	33.7%
	DEVOTIONAL SERIES	6	0.2%
	SPORTS	276	8.8%
	NON-COMMERCIAL	458	14.7%

CORRECTED

THE NIELSEN COMPANY  
MPAA METERED 2005  
SWEEP MONTHS ONLY (FEB/MAY/JUL/NOV 2005)  
17263, #367249  
ISSUE DATE: JUNE, 2009

----- DEMOGRAPHIC=PERSONS 2+ -----

QUINTILE	MPAA TYPE	TOTAL VIEWING MINUTES (WEIGHTED)	
LIGHT VIEWERS	CANADIAN	348	11.2%
LIGHT VIEWERS		3,121	100%

**PS Exhibit \_\_\_\_ (PL-6)**

<b>2004 MPAA Standard Errors</b>			
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<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(7)</b>
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<b>Total Year</b>			
			<b>RE</b>
	<b>% Viewing Minutes</b>	<b>SE</b>	
<b>Households</b>			
Local	8.5	0.73	8.6
Synd Series	54.1	3.14	5.8
Devontional Series	1.0	0.43	43.0
Sports	7.0	0.77	11.0
Other	0.1	0.04	35.2
Non-Commerical	27.7	3.74	13.5
Canadian	1.7	0.73	43.0

<b>Sweep Months</b>			
			<b>RE</b>
	<b>% Viewing Minutes</b>	<b>SE</b>	
<b>Households</b>			
Local	12.8	1.32	10.3
Synd Series	47.1	3.49	7.4
Devontional Series	0.9	0.41	45.9
Sports	5.7	0.66	11.5
Other	0.1	0.04	41.7
Non-Commerical	31.8	4.29	13.5
Canadian	1.6	0.73	45.9

<b>Total Year</b>			
<b>2-17</b>			
			<b>RE</b>
	<b>% Viewing Minutes</b>	<b>SE</b>	
<b>Households</b>			
Local	6.7	1.65	24.6
Synd Series	61.6	6.41	10.4
Devontional Series	0.3	0.18	59.7
Sports	5.1	1.17	22.9
Other	0.6	0.27	45.1
Non-Commerical	23.1	6.51	28.2
Canadian	2.6	0.60	22.9

<b>Sweep Months</b>			
<b>2-17</b>			
			<b>RE</b>
	<b>% Viewing Minutes</b>	<b>SE</b>	
<b>Households</b>			
Local	10.4	2.45	23.6
Synd Series	57.9	7.64	13.2
Devontional Series	0.3	0.18	60.7
Sports	4.6	1.49	32.4
Other	0.1	0.10	100.8
Non-Commerical	24.1	7.33	30.4
Canadian	2.6	0.84	32.4



<b>2004 MPAA Standard Errors</b>			
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(1)	(2)	(3)	(7)
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**Total Year  
18-34**

			RE
	<b>% Viewing Minutes</b>	<b>SE</b>	
Local	6.5	0.93	14.3
Synd Series	58.8	6.06	10.3
Devotional Series	0.3	0.08	26.7
Sports	7.3	1.31	17.9
Other	0.1	0.04	37.5
Non-Commerical	25.3	7.72	30.5
Canadian	1.7	0.45	26.7

**Sweep Months  
18-34**

			RE
	<b>% Viewing Minutes</b>	<b>SE</b>	
Local	10.9	2.06	18.9
Synd Series	52.5	4.99	9.5
Devotional Series	0.3	0.09	30.3
Sports	7.1	1.39	19.6
Other	0.1	0.06	57.0
Non-Commerical	26.3	6.34	24.1
Canadian	1.7	0.52	30.3

**Total Year  
35-49**

			RE
	<b>% Viewing Minutes</b>	<b>SE</b>	
Local	7.5	1.91	25.4
Synd Series	71.1	5.83	8.2
Devotional Series	2.4	1.94	80.8
Sports	6.5	1.56	24.0
Other	-	-	-
Non-Commerical	11.0	3.16	28.7
Canadian	1.5	1.21	80.8

**Sweep Months  
35-49**

			RE
	<b>% Viewing Minutes</b>	<b>SE</b>	
Local	11.0	3.15	28.6
Synd Series	65.5	7.66	11.7
Devotional Series	2.1	1.78	84.8
Sports	5.9	1.44	24.4
Other	-	-	-
Non-Commerical	14.2	4.66	32.8
Canadian	1.4	1.19	84.8

<b>2004 MPAA Standard Errors</b>			
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(1)	(2)	(3)	(7)
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**Total Year**

**18-49**

			RE
	% Viewing Minutes	SE	
Local	7.2	1.32	18.4
Synd Series	67.2	4.97	7.4
Devotional Series	1.7	1.28	75.4
Sports	6.8	1.20	17.7
Other			
Non-Commerical	15.5	3.83	24.7
Canadian	1.6	1.21	75.4

**Sweep Months**

**18-49**

			RE
	% Viewing Minutes	SE	
Local	10.9	2.31	21.2
Synd Series	61.7	5.98	9.7
Devotional Series	1.5	1.18	78.5
Sports	6.3	1.15	18.3
Other			
Non-Commerical	18.0	4.21	23.4
Canadian	1.5	1.18	78.5

**Total Year**

**50+**

			RE
	% Viewing Minutes	SE	
Local	8.6	1.19	13.8
Synd Series	4.1	0.45	11.0
Devotional Series	0.6	0.20	32.7
Sports	7.5	1.25	16.7
Other			
Non-Commerical	33.9	5.80	17.1
Canadian	1.1	0.36	32.7

**Sweep Months**

**50+**

			RE
	% Viewing Minutes	SE	
Local	13.3	2.35	17.7
Synd Series	41.0	6.15	15.0
Devotional Series	0.6	0.21	34.2
Sports	5.6	0.95	17.0
Other	0.1	0.06	
Non-Commerical	38.5	6.62	17.2
Canadian	1.0	0.34	34.2

2004 MPAA Standard Errors			
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(1)	(2)	(3)	(7)
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**Total Year  
2+**

			RE
	% Viewing Minutes	SE	
Local	7.8	0.97	12.4
Synd Series	57.2	4.40	7.7
Devotional Series	1.0	0.52	51.7
Sports	7.0	0.88	12.5
Other	0.1	0.04	
Non-Commerical	25.4	4.01	15.8
Canadian	1.4	0.72	51.7

**Sweep Months  
2+**

			RE
	% Viewing Minutes	SE	
Local	12.1	1.79	14.8
Synd Series	50.8	5.38	10.6
Devotional Series	0.9	0.46	51.3
Sports	5.7	0.74	12.9
Other	0.1	0.04	
Non-Commerical	29.0	4.76	16.4
Canadian	1.3	0.67	51.3

**PS Exhibit \_\_\_\_ (PL-7)**

**CORRECTED**

2005 MPAA Standrd Errors			
(1)	(2)	(3)	(4)
Total Year	% Viewing Minutes	SE	RE
Households			
Local	12.6	0.87	6.9
Synd Series	68.0	2.58	3.8
Devontional Series	0.5	0.09	18.7
Sports	5.5	0.70	12.9
Other			
Non-Commerical	12.0	2.78	23.2
Canadian	1.5	0.39	26.3

Sweep Months	% Viewing Minutes	SE	RE
Households			
Local	23.6	2.30	9.8
Synd Series	57.3	2.96	5.2
Devontional Series	0.4	0.09	24.7
Sports	4.5	0.64	14.3
Other			
Non-Commerical	12.7	3.34	26.3
Canadian	1.5	0.48	31.4

Total Year	% Viewing Minutes	SE	RE
2-17			
Local	8.2	1.68	20.6
Synd Series	71.7	5.41	7.5
Devontional Series	0.3	0.11	37.8
Sports	2.8	0.60	21.6
Other			
Non-Commerical	15.3	4.78	31.2
Canadian	1.7	0.81	47.6

Sweep Months	% Viewing Minutes	SE	RE
2-17			
Local	14.9	3.41	22.9
Synd Series	68.6	5.50	8.0
Devontional Series	0.2	0.09	53.1
Sports	1.9	0.67	34.8
Other			
Non-Commerical	12.3	4.20	34.0
Canadian	2.1	1.12	53.3

2005 MPAA Standrd Errors			
(1)	(2)	(3)	(4)
<b>Total Year</b>			
<b>18-34</b>	<b>% Viewing Minutes</b>	<b>SE</b>	<b>RE</b>
Local	12.4	3.08	24.7
Synd Series	65.3	8.05	12.3
Devontional Series	0.5	0.25	48.5
Sports	4.9	1.25	25.3
Other	-	-	-
Non-Commerical	16.2	10.23	63.3
Canadian	0.7	0.26	39.3
<b>Sweep Months</b>			
<b>18-34</b>	<b>% Viewing Minutes</b>	<b>SE</b>	<b>RE</b>
Local	19.4	5.44	28.1
Synd Series	55.6	9.02	16.2
Devontional Series	0.3	0.08	30.4
Sports	5.2	1.67	31.8
Other	-	-	-
Non-Commerical	18.7	12.38	66.3
Canadian	0.8	0.43	55.0
<b>Total Year</b>			
<b>35-49</b>	<b>% Viewing Minutes</b>	<b>SE</b>	<b>RE</b>
Local	12.4	1.57	12.7
Synd Series	77.7	2.11	2.7
Devontional Series	0.5	0.20	39.8
Sports	3.0	0.70	23.0
Other	-	-	-
Non-Commerical	4.9	1.80	36.3
Canadian	1.4	0.62	43.2
<b>Sweep Months</b>			
<b>35-49</b>	<b>% Viewing Minutes</b>	<b>SE</b>	<b>RE</b>
Local	26.7	4.81	18.0
Synd Series	63.7	4.04	6.3
Devontional Series	0.4	0.19	48.2
Sports	2.5	0.67	26.6
Other	-	-	-
Non-Commerical	4.8	1.73	35.9
Canadian	1.6	0.92	56.2

<b>2005 MPAA Standrd Errors</b>			
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(1)	(2)	(3)	(4)
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Total Year	% Viewing Minutes	SE	RE
18-49			
Local	12.4	1.49	12.0
Synd Series	73.4	3.55	4.8
Devontional Series	0.5	0.16	31.0
Sports	3.7	0.67	18.1
Other	-	-	-
Non-Commerical	8.8	4.06	45.9
Canadian	1.2	0.44	37.1

Sweep Months	% Viewing Minutes	SE	RE
18-49			
Local	24.1	3.88	16.1
Synd Series	60.9	4.40	7.2
Devontional Series	0.4	0.12	35.2
Sports	3.5	0.81	23.0
Other	-	-	-
Non-Commerical	9.9	5.15	52.2
Canadian	1.3	0.70	52.7

Total Year	% Viewing Minutes	SE	RE
50+			
Local	14.8	1.54	10.4
Synd Series	64.2	2.80	4.4
Devontional Series	0.5	0.16	32.5
Sports	8.2	1.44	17.4
Other	-	-	-
Non-Commerical	10.7	2.22	20.8
Canadian	1.5	0.58	38.5

Sweep Months	% Viewing Minutes	SE	RE
50+			
Local	28.3	4.14	14.6
Synd Series	51.8	4.15	8.0
Devontional Series	0.4	0.21	58.1
Sports	5.9	1.01	17.0
Other	-	-	-
Non-Commerical	11.9	2.54	21.2
Canadian	1.6	0.65	41.5

<b>2005 MPAA Standrd Errors</b>			
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(1)	(2)	(3)	(4)
-----	-----	-----	-----

Total Year		% Viewing Minutes	SE	RE
2+				
Local	13.1	1.05	8.0	
Synd Series	69.0	2.33	3.4	
Devontional Series	0.5	0.11	22.2	
Sports	5.7	0.78	13.8	
Other	-			
Non-Commerical	10.4	2.38	23.0	
Canadian	1.4	0.38	27.3	

Sweep Months		% Viewing Minutes	SE	RE
2+				
Local	24.9	2.81	11.3	
Synd Series	57.7	3.07	5.3	
Devontional Series	0.3	0.11	32.8	
Sports	4.4	0.63	14.3	
Other	-			
Non-Commerical	11.1	2.82	25.5	
Canadian	1.5	0.51	33.8	







**TESTIMONY OF BRUCE HOYNOSKI**  
**CORRECTED OCTOBER 19, 2009**

My name is Bruce Hoynoski. I am Senior Vice President and Chief Research Officer - Global Media for The Nielsen Company ("Nielsen"). I have held this position at Nielsen since September 2008. Prior to holding this position, I worked in the research areas of Nielsen holding various senior positions. From October 2000 until September 2008, I was Senior Vice President, Research for Nielsen Media. In this capacity I was responsible for the Statistical, Methodological and Demography areas of the company. From February 1997 until October 2000 I was Vice President, Chief statistician at Nielsen in charge of the Statistical functions for Nielsen.

I received a B.A. in Mathematics in 1977 from North Adams State College in North Adams, Massachusetts, and an M.S. in Statistics in 1978 from Stanford University in Palo Alto, California. I began my career at Nielsen in August 1978 as a Research Statistician.

Currently, I am responsible for all technical, methodological, and research-related issues for the media businesses of Nielsen. This includes all television, radio, print and outdoor measurement businesses in the United States and over 30



other countries in which Nielsen operates media measurement services. Currently, Statistical Research, Demography and Methodological Research departments of Nielsen all report to me. My experience and education provide me with the qualifications necessary to comment the methodological questions related, in general, to Nielsen's data gathering operation and, specifically, the 2004 and 2005 viewing results presented in this proceeding ("Nielsen Studies").

My testimony provides a description of the overall methodology employed by Nielsen to garner ratings data. This discussion will include how sampling and sampling error work, the impact of response rates, the relation between tuning and viewing, the status of people meters as a measurement method, and the validity and effect of zero audiences in the data. My colleague, Paul Lindstrom, will present the results and provide more specific detail about the Nielsen Studies.

### **STUDY METHODOLOGY**

The viewing results presented in this proceeding are based on data collected through our National People Meter service. That service collects data from nearly 10,000 households nationally. In each of these households, every television set (over six inches) is measured using a device called a People Meter. The People Meter records which channel the set is tuned to and also provides a mechanism for



viewers to identify who is watching the television. For the last several years, People Meters have been considered the most accurate measurement tool in use throughout the world. Although a variety of techniques are being investigated by other companies, the People Meter service is the current standard of television audience measurement in almost all of the world's television economies.

In 2004, Nielsen began gradually introducing the Local People Meter ("LPM") into the local markets. LPMs allow Nielsen to use the same methodology and technology for local as well as national measurement. For the Nielsen Studies, LPMs were used only in the top 10 markets. Because the methodology and technology are the same, the LPM households can do "double duty" and be used both for local and national measurements.

LPM markets need to independently measure an entire Designated Market Area ("DMA"), thus, they require larger sample sizes than would be necessary if they were only measuring that DMA within the national sample. For example, for the national sample we might only need 30 metered homes in New York. But to measure the New York DMA independently using LPMs may require 300 metered homes. In this scenario, when the New York market LPM data is aggregated with the national sample, each of the 300 homes would be allocated a 1/10 weight and



not its full weight. This produces what is known as a proportional equivalent sample size ("PESS"), meaning that even if you have 10,300 metered homes the data is treated as if you really only had 10,000 homes. As each market is introduced the number of actual installed homes increases while the PESS essentially remains the same. By the end of 2005, there were over 11,000 installed homes representing just under 10,000 equivalent homes.

### **TUNING AND VIEWING**

Because People Meters directly match each person's viewing with the television tuning, they are not affected by memory-related issues that could influence a person's ability to recall watching one station over another. I am aware that in prior proceedings, parties raised questions about the relationship between tuning data and persons viewing data. The data reported by the People Meter is persons viewing data. The People Meter also records, and we report, household-level tuning data. We compute the shares of viewing data separately for household tuning and persons viewing.

The differences in the household and persons data are driven primarily by two factors: tuning without viewing and the number of viewers per tuned household (VPVH). Tuning without viewing describes the situation where a set is



turned on and no one is watching it. The data from People Meters suggests that this happens about 3-5% of the time for reasons that we do not fully understand. In any event, buyers and sellers generally do not contemplate the phenomena in the advertising sales process.

The other source of difference between household and person data is that different numbers of persons may be watching the same station in different households. For example, if one household had only a single person viewing, while another had three persons watching, the household measurement for each would be one, and the person data would be one and three, respectively. Both of these factors can contribute to subtle differences in the meaning and levels associated with households and persons data.

The National People Meter service sample of nearly 10,000 households is selected using an area of probability sample covering the entire United States. This probability sample is a very high quality probability sample that is closely monitored by the industry's Media Ratings Council ("MRC"). This council commissions Ernst & Young to annually audit all field, processing, and organizational processes. At the conclusion of this audit, the MRC votes on



accrediting a syndicated service. Our service is annually reviewed and has received accreditation from the MRC television committee.

### SAMPLING

Why use a sample? A completed count, program by program of all television homes—over 108 million—would cost countless millions of dollars. Furthermore, any count—complete or from a sample—has to be taken regularly so that broadcasters and sponsors can stay in tune with peoples' likes and dislikes, which often change over time. It is far more efficient to draw a sample and then project the results.

Sampling is universally accepted. Statistics that we see on indices of cost of living, retail sales, unemployment rates, wage rates, and the like are all based on samples. It often surprises people to learn that the U.S. Census Bureau uses samples to assess the accuracy of their figures. Even more surprising to many is the following fact: of the 52 questions included in the 2000 Census, only 6 were asked of all households. The remaining 46 were asked among a sample of households. In short, sampling is a highly useful – and completely valid – technique.



Let me explain sampling by using an example of the photographs on PS Exhibit \_\_ (BH-1). Example A is composed of several hundred thousand dots. Let's consider these dots as our total population and draw several samples. The other three pictures represent samples of 250, 1000, and 4000 dots. These samples represent a specific kind of sample design called "area probability sampling" because the black and white dots in the samples are distributed in proportion to their distribution in the original picture. (More black dots in the dress, more white dots in the face, *etc.*) Think of homes (which add up to our population) instead of dots (which add up to the pictures), and you have the sampling method used by Nielsen for arriving at national television ratings.

Now, if you put the page down and step back a few feet, you'll notice a very interesting thing as you look at these small pictures. Your eye will adjust to the overall image and will stop trying to "read" the dots. See how the 250-dots sample provides a recognizable picture? The picture is recognizable, yes, but obviously does not have much detail. So, let's take a look at the 1000-dot sample, again from a few feet away. Now, we find that the person is very recognizable; in fact, if all we want is a reliable idea of what she looks like, this sample would be quite adequate.





Here's another interesting thing about sampling. The 1000-dot photograph is about twice as sharp as the 250-dot photograph because it has four times as many dots. And so it is with sampling: to double accuracy, one must quadruple the sample size.

These are some of the basic sampling laws followed in constructing Nielsen's national television sample.

Approximately 10,000 households across the U.S. are used for these Nielsen national TV ratings (as of May 2005). An often-asked question is: "Does a 10,000 household sample provide a sufficiently reliable estimate of the national television audience?" The television industry certainly considers the sample adequate. By "television industry" I mean the advertisers and their agencies, networks, television stations, program producers, cable systems, and cable networks.

We can also answer the question mathematically. I will do this without going into all the intricacies of statistics. The idea behind sampling rests on the fact that if 20% of all U.S. TV homes were watching a program (which translates to a 20 rating), and we picked 1000 different samples of 5000 households each to



measure viewing to that program, then virtually all of the samples – 995 out of 1000 – would have ratings between 18.2 and 21.8, that is, plus or minus 1.8 rating points of the real rating.

Being almost certain – 995 times out of 1000 – that the real rating is within so small a range is adequate for most practical purposes. Examining the ratings over time further enhances confidence in the data. Rarely would a programming decision be made on just one ratings report. Repeated measurements substantially reduce the range of statistical error that applies, and they provide broadcasters with a vital sense of direction as to whether an audience is building or dropping off.

The following exercise demonstrates the theory of sampling. Imagine 100,000 beads in a washtub: 30,000 red and 70,000 white. Mix thoroughly, then scoop out a sample of 4000. Even before counting, you'll know that not all the beads in your sample are red. Nor would you expect your sample to divide exactly 1200 red and 2800 white (30% and 70% respectively). As a matter of fact, the mathematical odds are about 99 out of 100 that the count of red beads will be plus or minus 90 beads (2.2% of the sample) of the ideal 1200 count—or a range of



27% to 32.2% of the sample. So, in short, you have now produced a “rating” of 30, plus or minus 2.2, with a 99 out of 100 assurance of statistical reliability.

These basic sampling laws would not change even if you drew your sample of 5000 from 108 million beads instead of 100,000 – assuming that the 108 million beads had the same ratio of red to white. This is a simple demonstration of why a small sample is just as adequate for a nation of 108 million television households as for a city of 100,000.

In some ways, measuring a television audience is as simple in principle as counting beads. We do not measure the programs to which people plan to tune in or expect to tune in; we only measure the programs to which they actually tuned in. We ask questions such as: “Is the set on?” “If on, is it tuned to channel A, B, C or D?” and “Who’s watching?” These questions are just as simple as asking if the bead is red or white.

For the People Meter sample, we use scientific sampling procedures to randomly select housing units from the U.S. Census Bureau’s count of all housing units in the nation. Homes that are occupied and have a television set are asked to



become a part of our sample. The whole process takes thousands of work-hours and costs hundreds of thousands of dollars.

Just as a random selection of black and white dots in the sample photographs turned out to be representative of the whole photograph, the Nielsen area probability sample contains all types of households – city, town, farm, rich, poor, *etc.*—each selected at random according to population density across the U.S. As a result, the Nielsen sample provides what in effect is a scale model of all U.S. television households.

The 10,000 metered households may seem like a small number when compared to the U.S. television households. The factor of time must be considered, however, when examining sample sizes. Unlike a single measurement, (*e.g.*, a phone interview where 10,000 households are queried once), the metered panel collects data over time. Each metered home is measured every minute. We measure the 10,000 homes at minute one, again at minute two and so forth. Each minute measured for each household can be thought of as a different sampling point (the equivalent of one person being asked a question). Assuming an 8,400 intab sample (*i.e.*, data used in tabulations) for 60 minutes, we measure 504,000 household/minutes ( $8,400 \times 60 = 504,000$ ) during that hour. Multiply this



times 24 hours a day, seven days a week and you get 84,672,000 household minutes ( $8,400, \times 60 \times 24 \times 7 = 84,672,000$ ). At this level, even a programming source which averages a 0.1 national rating, generates 84,672 household minutes of viewing in the People Meter panel during a single week ( $84,672/84,672,000$ ). It should be understood that the 84,672,000 household/minutes generated are not equivalent to an independent sample size of 84,672,000 due to the nature of panels (the same households remaining in the measurement versus all new ones).

In an ideal world, we would be able to measure viewing in every household in the United States. While the technology of multi-channel distribution may make this possible some day, by allowing us to poll tuning through the digital backchannel, it will be several years before such opportunities can be developed. In the meantime, samples will continue to provide data in all television ratings services worldwide.

### **RESPONSE RATES**

Of all the randomly selected households that we initially pre-designated, approximately 15% are in the process of being recruited at any one time. During 2004, approximately 60% of our pre-designated households agreed to provide ratings data. The initial cooperation rate for January 2004 was 63.6%. Over time,



some households drop out of the panel, which meant the ongoing cooperation rate for January 2004 was 59.1%. When selected households refuse or drop out, we recruit and substitute households using the same earlier established selection criteria.

Finally, on any given day, lineups may change, respondents may move equipment, or other technical difficulties may arise. This means that some households may not report usable data on some days.

As a result, on the average, 40% of the initially predesignated households provide data for the reported ratings. The response rate among predesignated households was 44.7% for January 2004. It is important to realize that these rates far exceed most of the rates characterizing the U.S. survey research. Moreover, this rate far exceeds the response rates evidenced in other countries. This is remarkable, given the fact that we ask households to participate for two years. This success notwithstanding, we recognize that the potential for non-response bias exists. To address this, Nielsen uses a variety of substitution and control procedures to ensure that our sample is demographically and viewer-graphically as representative as it can be. We track demographic representation for all key demographics and this procedure yields excellent demographic representation.



We have achieved this representation through a significant program of research and development that has guided our methods.

Finally, panelists are recruited on an ongoing basis to join our panels for a maximum of two years. That is, after a household has been in a panel for two years, we de-install the household. As some households are de-installed other households are installed, which keeps the average number of households in the study at approximately 10,000 at any given time. This turnover ensures that our sample does not become over-representative of the less mobile segments of the population.

### **SAMPLING ERROR**

Even though larger samples are always better, the marginal value of additional sample decreases as the sample increases. The sample during January 2004 was approximately 5,054 and by December 2005 was 8,395 intab households and over 20,000 persons over the age of 2. This total sample includes both broadcast and multichannel households. There are approximately 7000 multichannel households and 17,000 persons living in those households in the 2004-05 sample. This is a significant increase in cable households over the



previous studies. The number of cable households increased as Nielsen increased the overall national sample from 5000 to 10,000 television households.

The sampling error associated with the samples of 7,000 households and 17,000 persons are relatively small. The standard error is the usual measure of the sampling error. Every time you go out and draw a different sample of 7,000 households, and compute a rating for the same program, you would arrive at a slightly different answer. If the true rating were 1, then in the first sample the measured rating might be .9. The second sample of 7,000 might yield a rating of 1.1. This bounce around the true rating is called the *standard error* and can be thought of as the average error in a rating, which is a function of the sample size. Indeed, the standard error associated with a household rating of 1, based on a sample of 7,000, is about .12. A persons rating of 1 based on a sample of 9,000 would have a standard error of .09. You can see that at this high level, even very significant increases in sample size have only a small impact on standard error.

Concerns that the households in any given distant market may be too few to measure the viewing in that market is misplaced. We do not project individual ratings to individual programs in individual markets. In fact, none of the viewing in the Nielsen Studies is for an individual market because we are projecting





aggregate distant viewing. Instead, we have developed a share of viewing over all distant markets for all programs within each type. Asking whether the 20 metered homes within a market is enough is a logical question only if you wanted to project a rating to that individual market. But since the study does not do that, 20 metered homes in that distant market are only one contribution to the overall national average for a program type. Even if in a single market level, using 20 metered homes overestimates the audience in some markets, and underestimates in other markets. The aggregated viewing, on average, over all distant markets provides a rating estimate expected to be within a standard error of the true rating. Once you average this over all programs and telecasts, the viewing share of the program types is expected to be even more accurate.

#### **INTERPRETATION OF RATINGS AND SAMPLING**

As I understand it, questions have previously been raised about why, for certain stations, or in certain counties, ratings for certain programs or program types would seem higher than expected, and others would seem lower or at a zero-viewing level. The answer is that such variations are characteristic of sampling. Nonetheless, in the aggregate, the overall estimate is accurate to within levels of sampling error. Consider a program with a very small rating, so small, for example, that in a sample of 1,000 persons, you would only expect it to have one



viewer. This would be characteristic of a cable station with a rating of 1/10 of a rating point. And so while it is small, it is within the range of rating sizes that we regularly measure on an ongoing basis. The first sample that you draw, of 1,000 persons may indeed show one viewer. The second sample you draw might show zero viewers, or might show three viewers. Many will have zero viewers. With each additional sample that you select, each sample will be close, but most will probably not have exactly one viewer.

However, the average of all of those samples, as you continue to draw many of them, will rapidly converge on the true population, which should have one viewer per 1,000 persons. The same is true within each of the program categories, in that, because of sampling error, a particular program may have higher than expected viewers, or lower than expected viewers, but as programs of the same type are all averaged together, they accurately reflect the size of the universe for viewers to those aggregate program types.

### **STANDARD ERROR VERSUS RELATIVE ERROR**

The standard error and relative error estimates are useful for different reasons. When we compare the share of viewing between two categories such as Devotional and Sports, one would ordinarily evaluate the standard errors of each



type to judge the degree to which sampling error could be affecting our conclusions. For example, one might contrast a Devotional audience as .7 plus or minus .2 and Sports as 9.0 plus or minus .65. The .2 and .65, the respective standard errors, provide a sense of range around each number. In that hypothetical, the sports audience is clearly higher than the Devotional audience. But let me hypothesize category A with an audience of 6 plus or minus .5, and category B with an audience of 7 plus or minus .6. It is much more difficult to say B has a larger audience than A with those numbers.

Relative error simply represents the standard error as a percentage of the size of the estimate. Therefore, the relative error is more generally used to evaluate the size of the error relative to the estimate itself but less likely to be used in considering the difference between two estimates.

### **COMPUTING SHARE OF VIEWING**

The allocation methodology is one where the total number of minutes viewed across all persons, and across all program types, are aggregated. Using this as the denominator, the total number of persons minutes viewed within a particular program type serves as the numerator, and it is the ratio of this numerator to the aggregate denominator that offers the relative share of total



minutes viewed for each program type. This is a straightforward method for computing a statistical allocation. It is unbiased and would be in complete conformance with the industry's notion of what is meant by share of viewing.

**CONCLUSION**

In conclusion, the Nielsen audience measurement methodology is the most heavily relied upon methodology in the television and cable industries. In my view, the Nielsen Studies are based on sound statistical principles, which are not only generally accepted in these industries, but have worldwide acceptance. I hope the Judges will find my testimony to be helpful in this proceeding.

**DECLARATION OF BRUCE HOYNOSKI**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on June 1, 2009.

  
Bruce Hoynoski

**PS Exhibit \_\_\_\_ (BH-1)**



A



250



1000



4000





TESTIMONY OF GEORGE S. FORD  
COPYRIGHT ROYALTY JUDGES  
2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING  
CORRECTED SEPTEMBER 28, 2009

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**TESTIMONY OF GEORGE S. FORD**  
**COPYRIGHT ROYALTY JUDGES**  
**2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING**  
**CORRECTED SEPTEMBER 28, 2009**

**I. EXPERIENCE AND QUALIFICATIONS**

My name is George S. Ford. I am the President of Applied Economics Studies, a private consulting firm specializing in economic and econometric analysis, located in Birmingham, Alabama. I am also the Chief Economist of the Phoenix Center for Advanced Legal & Economic Policy Studies, a highly regarded Washington, D.C. based 501(c)(3) research organization that specializes in the legal and economic analysis of public policy issues involving the communications and technology industries. In addition, I am an Adjunct Professor at Samford University, a private university located in Birmingham, Alabama, where I teach economics in the graduate program of the business school. I serve as a member of the Alabama Broadband Taskforce upon appointment by Alabama Governor Bob Riley.

I received a Ph.D. in Economics from Auburn University in 1994. Since then, I have worked as a professional economist in both government and industry. In 1994, I became an economist in the Competition Division of the Federal Communications Commission, an organization located in the General

Counsel's Office that provided competition analysis support to the many bureaus of that organization. My primary interests were multichannel video services and broadcasting policies, though my work ranged from international policy to radio interference standards to statistical analysis. After my government tenure, I became an economist at MCI Communications, where my work focused on telecommunications policy. In April 2000, I became the Chief Economist of Z-Tel Communications in Tampa, Florida, a small competitive telephone company where I performed both regulatory and business analysis. I have been in my present employment since the Summer of 2004.

My areas of specialty in economics include Industrial Economics, Regulation, and Public Policy, with an emphasis on the communications industries, including broadcast radio and television. I have written many papers on telecommunications and media policy, and much of this work has been published in economic and law journals including the *Journal of Law & Economics*, *Empirical Economics*, the *Journal of Business*, the *Journal of Regulatory Economics*, the *Antitrust Bulletin*, *Energy Economics*, the *Yale Journal on Regulation*, the *Federal Communications Law Journal*, and many others. I have testified before numerous public service commissions, state legislative bodies, and committees of the U.S. Congress on communications policy. A copy of my curriculum vitae is attached as Appendix A.

## II. PURPOSE OF TESTIMONY

The purpose of this proceeding is to distribute royalty payments collected from cable systems for the retransmission of distant broadcast signals in 2004 and 2005. Compensation goes to the copyright holders of the nonnetwork programming appearing on these broadcast signals. Royalties paid by cable systems for such retransmissions are not based on actual market transactions but are set by statute. Nor are these transactions reflective of the value for programming genres; royalty payments are based on the retransmission of entire signals without reference to the nonnetwork program content on the signals. Consequently, these payments say virtually nothing about how to distribute the royalty funds among the copyright owners of the programming carried over these distant broadcast signals. The purpose of my testimony is to propose how the Copyright Royalty Judges (“CRJs”) should allocate the 2004 and 2005 royalties among the competing Phase I program categories.

The established basis for setting the distribution shares of the royalty pool among the Claimants is *relative market value*.<sup>1</sup> The market value of the

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<sup>1</sup> *In the Matter of Distribution of 1998 and 1999 Cable Royalty Funds, Report of the Copyright Royalty Arbitration Royalty Panel to the Librarian of Congress, Docket No. 2001-8 CARP CD 98-99 (October 21, 2003) (“1998-99 Report”)* (“Only one distribution criterion appears to have stood the ‘test of time’ and has served as the principal basis for allocating copyright royalties – ‘relative marketplace value’ (at 9)”). *In the Matter of Distribution of 1990, 1991 and*

programming is the price at which the programming would change hands between willing buyers and willing sellers in an unregulated market, that is, a market where the compulsory license in all its parts does not apply.<sup>2</sup> Since the compulsory license does infect all of the observed retransmissions, we must “simulate [relative] market valuation” as if no compulsory license existed.<sup>3</sup> Under such conditions, estimating the relative market value of television programming is a fairly straightforward task, since television programming is regularly bought and sold in unregulated markets. Marketplace evidence is available and the valuation process is well developed and understood, thereby making reasonable estimates of the relative market value of the programming obtainable.

At issue are the relative market values of the programming rights represented by seven Phase I Claimants in this proceeding: the Commercial Television Claimants, represented by the National Association of Broadcasters (“NAB”), the Program Suppliers (“PS”), the Joint Sports Claimants (“JSC”), the Devotional Claimants, Public Television Claimants (“PTV”), the Canadian

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*1992 Cable Royalty Funds, Report of the Copyright Royalty Arbitration Royalty Panel to the Librarian of Congress, Docket No. 94-3 CARP CD 90-92 (May 31, 1996) (“1990-92 Report”) at 19.*

<sup>2</sup> 1998-99 Report (“In an unregulated world, absent a compulsory license ... (at 11)”).

<sup>3</sup> 1998-99 Report at 10.

Claimants Group, and the Music Claimants.<sup>4</sup> These claimants are by no means homogeneous in either the type of the material they represent, the quantities aired of their programming, or the sizes and demographics of the audiences actually viewing the programming. For example, the Program Suppliers represent a highly varied group of programming including movies, syndicated shows, non-team sports, and an assortment of other content. Their programming makes up more than half (about 54%) of all compensable material. In stark contrast, JSC represents only certain live team sporting events, which account for less than 1% of the volume of total compensable programming. These variations in the volumes and audiences of the compensable materials are not unique to this proceeding, but are standard fare for television programs. Established procedures exist for taking these variations into account when valuing programming.

The value of television programming depends on its audience. When a broadcast station considers purchasing a program or group of programs, its willingness to pay is established by valuing the expected income flowing from the program's audience. A program's audience has value because companies will pay the broadcaster to expose this audience to advertisements and announcements. A program's value to the advertiser depends on the size of the

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<sup>4</sup> My testimony does not address an allocation to the Music Claimants.

audience and its demographic profile, among other factors. Knowledge of these and other determinants of value provides the tools required to estimate the value of television programs in an unregulated market.

The royalty fees to be distributed in this proceeding arise from copyright law. Copyright aims to ensure compensation to creators when their works are used by others to earn income. The question the Judges must answer is *what compensation the owner (or rightsholder) of the rights of the compensable programming would likely receive in return for the retransmission rights to its property in the "distant" market*. Compensation to other television marketplace participants—particularly the intermediaries between rightsholders and those paying for its use—are irrelevant, because there is no nexus between those payments and the compensation likely to be received by the copyright owners of the compensable programs.

In my testimony, I use the same types of data used to establish program values for actual market transactions to estimate what relative program value would be in the distant programming marketplace. The fundamentals of program valuation do not vary by geographic location. Like all participants in the television programming industry, I rely on viewing data produced by The Nielsen Company ("Nielsen") for 2004 and 2005, information on program volumes and viewership for those years ("Nielsen Studies"), and audience

demographics to establish each program category's audience profile.<sup>5</sup> Using advertising rate data, I assign a dollar value to the particular audience profiles of each of the claimants. Once these values are assigned, I estimate the relative market value across all claimant categories based on this dollar value applied to their viewing audiences. This procedure parallels the standard, textbook approach to program valuation.<sup>6</sup>

Although Nielsen data has been used before in these proceedings, the last CARP Report rejected the view that viewership shares alone accurately measured relative market value. It is true that viewership is not value. My approach does more than simply substitute viewing for value, and it satisfies the stated desire in the 1998-99 Report that “[f]uture parties ... may fashion a method

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<sup>5</sup> Nielsen is the pre-eminent supplier of viewing data on television programming. P. M. Napoli, *AUDIENCE ECONOMICS: MEDIA ECONOMICS AND THE AUDIENCE MARKETPLACE* (2003) (“Television programs live and die by their Nielsen ratings. ... [T]he measured audience, as represented by ratings data, is central to the decision making that determines the content mix that audiences receive. ... [T]he measured audience represents the central currency in the audience marketplace (at 32-3).”); J. G. Webster, P. F. Phalen, and L. W. Lichty, *RATINGS ANALYSIS: THE THEORY AND PRACTICE* (2006) (“Buying and selling syndicated programming is often accompanied by an extensive use of ratings data (at 47)”). Details regarding how Nielsen prepared the data are covered in the testimonies of Messrs. Paul Lindstrom and Bruce Hoynoski.

<sup>6</sup> Textbook treatments are provided in S. T. Eastman and D. A. Ferguson, *BROADCAST/CABLE PROGRAMMING: STRATEGIES & PRACTICE* (1997), at Ch. 3, and P. K. Pringle and M. F. Starr, *ELECTRONIC MEDIA MANAGEMENT* (2006) at 121-2; Webster, Phalen, and Lichty, *supra* n. 5 (“Each program purchase is evaluated according to its potential to generate revenue for the station (at 67)”).



to harness the Nielsen viewing data to determine relative value.”<sup>7</sup> Rather than simply assume viewership is value, I instead assign a dollar value to viewership using price data from the advertising market, just like copyright owners, broadcast stations, and cable networks do when they value programming in the actual marketplace. My methodology renders very different relative market valuations for compensable programming than would a simple viewing measure of value, confirming that simple viewership ratios do not reflect ultimate market value ratios. For example, I estimate that JSC programming has a relative market value well in excess of its relative viewing.

By making value adjustments to viewership based on economically relevant audience characteristics, I avoid the shortcomings of earlier attempts to use viewing data alone to allocate relative market value for the purposes of royalty distribution. Moreover, my estimates of relative market value are based on actual marketplace evidence, including industry-standard data on audience shares and demographics, and data on advertising rates actually paid for the purchase of advertising spots. If the goal is to estimate what the market value or the compensable programming would be in an *unregulated* distant signal marketplace, then it makes sense to use actual marketplace evidence and to mimic actual transactions to the greatest extent feasible. That is my goal.

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<sup>7</sup> See 1998-99 Report at 53.

In addition to my own estimation procedures, I also discuss briefly the results of a cable subscriber survey presented here in the testimony of Dr. Arthur Gruen. The last two cable royalty distribution decisions, in determining the relative marketplace value of programs, relied heavily, if not exclusively, on a surveys of cable operator attitudes about subscriber values.<sup>8</sup> The Bortz Survey gleaned subscriber valuations not from cable subscribers themselves, but from cable system employees. In contrast, Dr. Gruen discusses a survey of subscriber valuations where the *subscriber* valuations are obtained directly from *subscribers*, rather than from second-hand approximations made by cable system employees. If relative market values are to be determined primarily or in part from a survey of subscriber attitudes, then this new survey of subscribers provides better evidence of actual subscriber valuations than the survey of cable employees. I emphasize, however, that the methodology employed in my testimony to determine market value obviates the necessity of relying on surveys of attitudes as a determinant of market value, even when such surveys are correctly targeted and well designed.

My standard approach to program valuation and the alternative method based on subscriber attitudes provide two different measures of value. The

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<sup>8</sup> These surveys, hereafter referred to as the "Bortz Survey," were prepared by the Bortz Media & Sports Group, Inc.

Judges may choose to set relative market values based on a weighted mix of subscriber attitudes revealed in surveys and the actual market evidence on program value as presented in my testimony. To that end, I offer a recommendation of reasonable values for such weights.

### **III. ESTIMATING THE RELATIVE MARKET VALUE OF PROGRAMMING IN AN UNREGULATED MARKET**

Since Section 111 of the Copyright Act was passed in 1976, distant signal retransmission of broadcast signals has been and remains purely an artifact of regulation.<sup>9</sup> Regulation determines the price; regulation determines the quantity; and regulation determines the terms and conditions. “Market value” cannot be observed in such a heavily regulated setting. We must abstract from the distortions inherent in the regulation and seek market values for the compensable programming that would arise in the standard course of business in the broadcast and cable industries. Since all the compensable programming appears on broadcast signals, it makes sense to focus on the valuation approach relevant to broadcasters.<sup>10</sup> These relative market values, determined in an unregulated setting, are representative of the financial consideration paid to

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<sup>9</sup> Since programs are typically sold on an exclusive basis and the retransmissions often overlap with programs already appearing in the distant market, in an unregulated setting many such retransmissions would likely be prohibited by contractual terms.

<sup>10</sup> In essence, the simulated scenario of market value assumes there is a hypothetical broadcaster in the distant market that airs the same mix of programming as is found on the 2004-05 distant signals.

copyright owners of compensable programming and, as such, legitimately form the basis for royalty distributions arising from the *relative market value* standard.

The buying and selling of television programming outside of the compulsory license regime occurs routinely in the television and cable industries. This market is well developed and the nature of transactions in this industry is well understood.<sup>11</sup> Consequently, it is possible to obtain good estimates for the hypothetical distant signal marketplace of relative market value among program categories commensurate with actual market transactions for the same programming. In doing so, it is desirable to follow, as closely as possible, the patterns of transactions actually established in the unregulated market, so that we base any estimates on observed practices and prices occurring in the industry.

In my opinion, such transactions and price data are likely to be vastly superior to any other evidence for estimating the value one would reasonably expect to observe in a hypothetical marketplace. Importantly, the estimation approach should be suited to the task of estimating *market value*, and not some other form of value. Market value is based on the prices and quantities of goods

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<sup>11</sup> Eastman and Ferguson at 86-90, Pringle and Starr at 121-22, *supra* n. 6.

and services exchanged. In the absence of useful observations on the buying and selling of goods or services, the entire notion of “market value” is problematic.<sup>12</sup>

All the compensable programming appears on broadcast signals. In actual industry transactions, programming has value because it attracts audiences, and these audiences can be sold to advertisers.<sup>13</sup> Programming that attracts audiences and keeps them coming back has market value. The demand for programming is derived from advertising income. Advertising income is derived from selling advertising spots (*i.e.*, time) during the time a program airs. Both broadcast stations and cable networks compete for advertising dollars by

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<sup>12</sup> The United States Supreme Court defined market value in *U.S. v. Cartwright*. See *United States v. Cartwright*, 411 U. S. 546, 93 S. Ct. 1713, 1716-17, 36 L. Ed. 2d 528, 73-1 U.S. Tax Cas. (CCH) ¶ 12,926 (1973) (“The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts” (quoting from U.S. Treasury regulations relating to Federal estate taxes, at 26 C.F.R. sec. 20.2031-1(b))). See also IRS Publication 561: <http://www.irs.gov/publications/p561/ar02.html#d0e139> (“Fair market value ... is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.”).

<sup>13</sup> Fox Corporation, Form 10-K (2005) at 8 (“[c]ompetition for sales of broadcast advertising time is based primarily on the anticipated and actually delivered size and demographic characteristics of audiences as determined by various rating services.”; Hearst-Argyle Television, Form 10-K (2005) at 15 (“because our revenues depend upon the public’s acceptance of a station’s programming, a decline in programming popularity and audience ratings, or our inability to retain the rights to popular programming, may adversely affect our ability to generate advertising revenues.”). In the economics lingo, the demand for programming is derived from the demand for advertising sales. THE MIT DICTIONARY OF MODERN ECONOMICS, D. Pearce, ed. (1989) (“Demand for a factor of production is sometimes called a derived demand. This means that it is derived from the demand for the final good that the factor co-operates in producing”).

competing for audience on the basis of viewers' interest in the programming offered on their channels.<sup>14</sup> Because different programs attract different sizes of audiences with different demographic profiles, my analysis takes both factors into account. Generally, the larger the audience, the more valuable the advertising time during that particular program.<sup>15</sup>

Audience size, or viewership, is not the only factor relevant to advertising value and, in turn, the market value of programming, however.<sup>16</sup> Audience demographics -- such as age and gender -- also differ across program types, and advertising spots targeting particular demographics may be sold at different prices.<sup>17</sup> Reaching men with advertisements is more costly than reaching

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<sup>14</sup> Hearst-Argyle Television, Form 10-K (2005) (“[stations] compete for audience on the basis of program popularity ... (at 9)”; Sinclair Broadcasting, Form 10-K (2005) (“[w]e seek to target our programming offerings to attract viewership .... (at 7)”).

<sup>15</sup> Webster, Phalen, and Lichty, *supra* n. 5 (“More than any other factor, the size of the media audience determines its value advertisers and, in turn, its value to the media (at 31)”).

<sup>16</sup> 1998-99 Report (“some method of ‘adjusting’ the Nielsen raw results must be employed to provide a direct measure of relative value (at 39)”).

<sup>17</sup> Fox Corporation, Form 10-K (2005) (“[c]ompetition for sales of broadcast advertising time is based primarily on the anticipated and actually delivered size and demographic characteristics of audiences as determined by various rating services (at 8).”; Hearst-Argyle Television, Form 10-K (2005) (“because our revenues depend upon the public’s acceptance of a station’s programming, a decline in programming popularity and audience ratings, or our inability to retain the rights to popular programming, may adversely affect our ability to generate advertising revenues (at 15)”).

women, and younger adults are more costly to reach than older adults.<sup>18</sup> In addition, the price paid for advertising spots may differ depending on the time of day the program airs. For example, advertising prices are much higher in Primetime (8pm - 11pm) than during the day.<sup>19</sup>

When a broadcast station or cable network purchases programming, incorporating the variations in audience size, demographics, and the time the program airs is boilerplate procedure in the determining the value of programming.<sup>20</sup> Tools are available to incorporate these variations in

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<sup>18</sup> For example, a 30-second commercial targeted to Women, Age 18-34, has a Cost-Per-Thousand viewers ("CPM") in Prime Time (8pm-11pm) that is about four times the price for the same 30-second commercial to this same demographic during the Daytime (9am-4pm) daypart. Media Dynamics, Inc., TV DIMENSIONS (2005) at 64. Also see H. J. Blumenthal and O. R. Goodenough, THE BUSINESS OF TELEVISION: THE STANDARD GUIDE TO THE TELEVISION INDUSTRY (2006) ("The CPM for women under 50 years of age during daytime (about \$5, on average) is roughly 25 percent of the CPM for the same group during prime time (about \$20) (at 75)"). CPMs reflect both the desirability and scarcity of particular audiences. P. M. Napoli, AUDIENCE ECONOMICS (2003) at 131.

<sup>19</sup> Blumenthal and Goodenough, Id. ("Compared to the cost of prime time, advertising on daytime is inexpensive (at 75)"). The CARP noted the relevance of this fact with regard to JSC programming in the 1990-92 Report ("JSC programming is presented in very desirable time slots (at 100)").

<sup>20</sup> Pringle and Starr, supra n. 6 at 121-2 ("In determining what to buy and how much to pay, the station should give particular attention to the rating potential and projected revenues of syndicated programs. Their appeal may be ascertained by studying their performance in other markets, particularly those with a similar population makeup. Nielsen's *Report on Syndicated Programs* provides detailed information on the size and demographic composition of the audiences for syndicated programs in all markets, in different dayparts, and against different program competition. Clues to the appeal of off-network programs may be gleaned from their performance in the market when they aired on a network. ... Calculating revenue potential requires consideration of (1) spot inventory, or the number of 30-second spots available in each program; (2) the average selling price in the daypart in which the program will

determining value. My estimation of the relative market value of compensable programming follows this standard approach.<sup>21</sup> Following industry practice, I use Nielsen data for detailed information on the size and demographic composition of the actual audiences viewing compensable programs in 2004 and 2005. I also use some additional demographic information obtained from other sources and consider the daypart during which programs are likely to appear. I use the average price of a 30-second spot for the relevant audience profile and time of day to compute the relative gross advertising revenue expected from airing all programs in the categories.<sup>22</sup>

In practice, this estimate of gross advertising value is marked down by 15%, on average, for sales commissions, rendering the *net*.<sup>23</sup> Another mark down

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be broadcast; and (3) the selling level, that is, the percentage of spots likely to be sold. Multiplying the selling price by the number of spots available produces the gross revenue. This gross is reduced by 15 percent to allow for commissions paid by the station to account executives, reps and advertising agencies, producing the net. This figure is reduced further by the projected selling level (most stations use 80 percent) to give what is known as the *net net*. ... Having calculated the net net revenue potential of each episode over the life of the contract, the station must then consider how much it can afford to pay per episode. The actual price will be determined through negotiations between the syndicator and the station.”).

<sup>21</sup> Eastman and Ferguson at 86-90, Pringle and Starr at 121-2, *supra* n. 6.

<sup>22</sup> D. Shilbury, S. Quick and H. Westerbeek, STRATEGIC SPORT MARKETING (2003) (“In terms of extracting rights revenue ..., [over the air broadcasters] can simply calculate the total advertising time in dollar terms, thereby determining how much direct value sport programming represents (at 199-200)”).

<sup>23</sup> Eastman and Ferguson at 87, Pringle and Starr at 121-2, *supra* n. 6.



is taken for the sellout rate, or the share of spots expected to be sold, rendering the *net net*.<sup>24</sup> The sellout rate is typically assumed to be 80%.<sup>25</sup> The net net serves as a maximum willingness-to-pay for the program by a buyer. While these adjustments will affect the prices paid in *individual* program transactions, using these numbers as constants across large numbers of transactions, as I do here, will not affect the aggregated results.<sup>26</sup> Finally, having obtained the market-based average values for our programs, we need only recognize that the resulting relative market values will be equal to the relative shares derived directly from these values.<sup>27</sup>

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24 *Id.*

25 *Id.*

26 I compute relative value by translating the prices paid for the entire program catalog of each claimant category into a single average price for the aggregated category. In the hypothetical market, I assume there is a broadcaster in the "distant" market facing demand and supply conditions that render identical program selections, though the value of such selections is based on market conditions in the "distant" market as represented by viewership share and demographic profiles of the program's audience.

27 Say, for example, that gross value is 100 for program A and 900 for program B. The relative market values are 0.10 for A and 0.90 for B. The net net values, under the assumptions of a 15% commission and 80% sellout rate, are \$68 and \$612, which are also the relative market values of 0.10 and 0.90. If negotiations render, on average, a price equal to 50% of the net net, then the market prices are \$34 and \$306, still for a relative market value of 0.10 and 0.90.<sup>27</sup> More generally, say that the net net values of A and B are  $V_A$  and  $V_B$ , and their final price is  $P_A$  and  $P_B$ . My assumption is that  $P_A = \lambda V_A$ ,  $P_B = \lambda V_B$ , so that  $V_A/V_B = \lambda V_A/\lambda V_B = P_A/P_B$ , where  $\lambda$  is assumed to be equal, on average, for all programs. While I cannot observe final transactions prices for all the compensable programs, the volumes and types of programs represented by the Phase I Claimants are large and varied. In the aggregation, it seems unlikely

My estimation approach is simple and logical. First, I calculate a market unit price (see the discussion below regarding cost-per-thousand) for each program category based on each category's demographic profile. In doing so, I adjust, as appropriate, the unit price of certain program categories for gender, time of day (daypart) and market viability. Second, I calculate the total relative market value of the categories by applying each category's market unit price to the quantity consumed, as measured by relative viewership for the category.

Data on audience size and the age demographics of that audience is provided by Nielsen. In both the 1990-92 and 1998-99 Reports, the CARP concluded that the Nielsen evidence of viewing to the distant signals was reliable.<sup>28</sup> Nielsen data is widely used in the video programming industry, so whatever defects it may have, those defects have been embedded in actual market transactions and thus do not distort market values.<sup>29</sup> The data covers the volume and viewership of compensable programming over the entire year for

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that there will be significant differences in the final price measured as a proportion of the net net (that is  $\lambda$ ).

<sup>28</sup> 1990-92 Report ("reasonably reliable (at 84)"); 1998-99 Report ("CARP took note of a number of methodological criticisms of the Nielsen study ... but was "unpersuaded" by those criticisms (at 37);" "No party in this proceeding expressed serious methodological criticism of Nielsen. The Panel similarly sees no serious methodological infirmities in the Nielsen study itself (at 38);" "Panel concludes that the Nielsen study provides relevant viewing information [but] does not afford an independent basis for determining relative value (at 44)."

<sup>29</sup> Lin TV, Form 10-K (2005) ("Local television markets are defined by A.C. Nielsen, an audience measurement service used by the television industry (at 5)").

both 2004 and 2005. Additional data used for the adjustments came from other equally credible sources.

Market value of programming is based on the monetary value of the audience it produces. The standard yardstick of the price of advertising is the cost-per-thousand or CPM.<sup>30</sup> "M" means one thousand in the Roman numbering system. If there are 1,000,000 persons watching a particular program and a 30-second spot on that program costs \$10,000, then the CPM is \$10 [=10000/(1000000/1000)]. CPM has an advantage over other measures of spot costs because CPM always measures the cost of one thousand viewers, irrespective of the relative size of audiences either across markets or across dayparts. In fact, because the CPM is measured for a fixed number of persons exposed to an advertisement, the CPM is often used to compare the value of advertising across different media such as television and cable, radio, magazines, and now the Internet.

I use CPM data provided by SQAD (formerly known as Service Quality Analytics Data), whose data is based on a large sample of advertising purchases

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<sup>30</sup> J. Mullin, S. Hardy, and W. Sutton, *SPORTS MARKETING* (2007) ("When it comes to audiences, size matters, because broadcasters and advertisers calculate the cost and value of commercials by the number of people in the audience. The standard yardsticks are cost per thousand, often abbreviated CPM (because M represents one thousand in Roman numerals), or cost per point ("CPP"), which refers to the cost of reaching 1 percent of the audience, or one rating point (at 371)"); Shilbury, Quick and Westerbeek, *supra* n. 22 ("The best-known method for establishing the cost-efficiencies between program buys is cost per thousand (CPM) (at 198).").

(buys) representing billions of dollars of local spot advertising transactions.<sup>31</sup>

The purpose of the SQAD data is to aid media executives in their promotional planning by allowing them to forecast the likely cost of a television advertising spot targeting a particular audience demographic. As with Nielsen, SQAD is recognized as an industry standard source for advertising cost data.<sup>32</sup>

#### *A. The Computation of Relative Market Value*

The relative volumes and distant viewer shares for the programming of the Phase I Claimants, as measured by Nielsen, are provided in Table 1 below.<sup>33</sup> The viewer-to-volume ratio (“Viewing/Volume Ratio”) calculated in the final column of Table 1 is the ratio of the viewing share to the volume share. This

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<sup>31</sup> <http://www.squad.com>. For my calculations, I use the actual (rather than forecast) buy data for the reported for the second (June) and fourth (December) quarters of the years 2004 and 2005, respectively. Spot buys are more important for non-network programming. Sinclair Broadcasting, Form 10-K (2005) (“Most of our revenues are generated from the transactional spot market rather than the traditional ‘up front’ and ‘scatter’ markets that networks access (at 34)”); Belo Corp, Form 10-K (2005) (“In 2005, approximately 90 percent of total Television Group revenues were derived from advertising spot revenues (at 4)”).

<sup>32</sup> See, e.g., J. Z. Sissors, R. B. Baron, and E. Ephron, *ADVERTISING MEDIA PLANNING* (2002) (“[SQAD] is the primary source of local market costs per rating point in all 219 DMAs (at 153)”); D. Kaplan, *NBC Television Stations to Use SQAD Software*, *ADWEEK* (Feb. 24, 2002) (“use Tarrytown, NY-based SQAD Inc.’s spot market data analysis software for programming and sales research”). The SQAD data is also used in academic studies of the broadcasting marketplace. See, e.g., K. Brown and P. J. Alexander, *Market Structure, Viewer Welfare, and Advertising Rates in Local Broadcast Markets*, 86 *ECONOMICS LETTERS* 330-337 (2005).

<sup>33</sup> I have excluded from Table 1 a category labeled “Other” from the original data provided by Nielsen because it did not represent any particular program category and in any event is not relevant to my analysis. For both volume and viewership, the share of “Other” was very small (less than 1%).

ratio is of interest because part of the price paid for a given quantity of programming is based on viewership. A higher Viewing/Volume ratio, other things constant, implies higher value in the advertising market.

**Table 1. Total Volume and Viewer Shares of Claimant Programming  
(Persons 2+)**

Claimant Group	Share of Volume (%)	Share of Viewing (%)	Viewing/Volume Ratio
<i>Year 2004</i>			
NAB	7.51	7.85	1.05
Program Suppliers	53.16	57.25	1.08
Devotional	4.00	1.04	0.26
Joint Sports Claimants	0.73	6.99	9.62
Public Television	30.14	25.42	0.84
Canadian	4.47	1.45	0.32
<i>Year 2005</i>			
NAB	9.97	13.08	1.31
Program Suppliers	56.35	69.04	1.23
Devotional	5.39	0.47	0.09
Joint Sports Claimants	0.71	5.67	8.01
Public Television	22.30	10.36	0.46
Canadian	5.28	1.38	0.26

Source: The Nielsen Company. "Other" category excluded. Numbers may not add to 100 due to rounding.

There are a few interesting facts worthy of note from Table 1. First, the Program Suppliers represent over half of all of the compensable programming for these two years, both in terms of volume and viewing, capturing nearly 70% of viewership in 2005. The expectation, then, is that their relative market value is likely to be high. Their viewer share is roughly equal to their volume, so the programming is relatively attractive to television viewers. In contrast, the viewer

share of Devotional programming is well below its volume. Devotional programming, while about 5% of the volume, earns about 1% or less of the viewing. Public Television has the second largest volume, but its viewer share is below its volume, particularly for 2005. The smallest volume is represented by JSC, where the claimant represents less than 1% of the total volume of compensable programming. But, the viewer share of JSC is well above its volume share. This high Viewing/Volume Ratio suggests the relative market value of JSC programming will be significantly above its relative volume share. Still, JSC's viewer share is only about 6% of total viewing, and the size of the audience is an important determinant of the market value of programming.

Because viewership does not equate to value, Table 1 is only the beginning of the valuation process. *Who* is watching and *when* they watch matter, too.<sup>34</sup> For

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<sup>34</sup> Blumenthal and Goodenough, *supra* n. 18 ("For many (if not most) products, the question is not only 'How many households?' but also 'Who are they?' (at 70-1)"); M. G. Cantor and J. M. Cantor, *PRIME-TIME TELEVISION: CONTENT AND CONTROL* (1991) ("Before 1970, the commercial value of a network television program was judged simply in terms of the percentage of households and the share a particular program attracted. Since that time, the demographics (especially age, income, and sex) of each program's audience has become crucial (at 59)."); P. M. Napoli, *supra* n. 18 ("An increasingly important characteristic of the audience marketplace is that advertisers place different values on different members of the media audience. Advertisers seek to place their messages within content whose audiences represent the most likely consumers of their product (at 96).").

the “who,” I consider and incorporate the most commonly used demographics for television advertising: age and gender.<sup>35</sup>

Age matters in the advertising market. On average, the Primetime CPM in years 2004-2005 for Adults 18-34 was \$88.54 but was only \$37.00 for Adults 50+ (see Table 4 below).<sup>36</sup> A program producing a high share of audience in the Adult 50+ demographic will have lower advertising income than one with a high share for Adults 18-34, and thus the former will have a lower value in the programming market. Programming that attracts low value audiences will fetch a lower price, and conversely, high value audience programs will fetch a higher price. Age demographics for the viewership data in Table 1 are summarized in Table 2. The demographic categories employed are Kids 2-17, Adults 18-34, Adults 35-49, and Adults 50+. These are commonly used demographic groupings and I use those provided in the Nielsen Studies for my computations. The percentages in Table 2 are the average for years 2004 and 2005. In my

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<sup>35</sup> Income is often listed as an important demographic, since consumption typically rises with income. However, there are products that are purchased more regularly by persons with low incomes, so income does not always have a simple relationship to advertising demand. In any case, the evidence suggests there are not significant income differences across aggregates of programming. See, e.g., TV DIMENSIONS, *supra* n. 18, at 261, 278, 292 (Percent of viewers with incomes of \$75,000 or more: Syndicated series (31%); Daytime series (31%); Sports (31%; average of NFL, NBA, MLB, NCAA Football and Basketball)).

<sup>36</sup> SQAD DATAVue, author calculations using June and December data for both 2004 and 2005.

calculations of year-specific market values, I use the data for each respective year.<sup>37</sup>

**Table 2. Demographic Profiles for Claimants (Viewing)**  
(Average of 2004 and 2005)

Claimant Group	Kids 2-17	Adults 18-34	Adults 35-49	Adults 50+
NAB	7.2%	13.3%	27.0%	52.5%
Program Suppliers	10.9%	13.9%	33.1%	42.2%
Devotional	4.5%	9.0%	50.1%	36.4%
Joint Sports Claimants	6.2%	13.2%	20.2%	60.4%
Public Television	11.6%	16.6%	12.6%	59.2%
Canadian	15.3%	10.5%	29.9%	44.3%
Average	9.3%	12.8%	28.8%	49.2%

Source: The Nielsen Company (author calculations).

Another key demographic is gender. It is well known that Live Team Sports<sup>38</sup> programs attract a disproportionately male audience.<sup>39</sup> As shown in Table 3 below, live team sporting events are more heavily weighted toward men, exhibiting roughly a 2:1 ratio. Since the male audience is generally more costly

<sup>37</sup> The shares of audience in each age group differ across the two years 2004 and 2005. I use each year's data when computing the relative market value for that year.

<sup>38</sup> For the purpose of this proceeding, Live Team Sports, the program category represented by JSC, comprises live telecasts of professional and college team sports broadcast by U.S. and Canadian television stations (excluding those programs coming within the Canadian Claimants category).

<sup>39</sup> Eastman and Ferguson, *supra* n. 6 ("Men generally are light television users, and advertisers have difficulty reaching them at reasonable cost. Many men will watch sports for hours on end (208)").



in the advertising market than the female audience, some adjustment for viewing behavior based on gender is prescribed.

**Table 3. Gender Demographics, Sports, Regular Season  
(Viewers Per 100 Homes)**

Program Type	Men 18+	Women 18+	Ratio
College Basketball	76	40	1.9
College Football	78	41	1.9
Major League Baseball	71	43	1.7
Pro Basketball	75	40	1.9
Pro Football	83	40	2.1
Pro Hockey	72	38	1.9

Source. TV Dimensions, Media Dynamics, Inc. (2005) at 285.

Unlike JSC which has a very narrow portfolio of programming that favors men, several other claimants offer a wide variety of programming, with varying mixes of male and female audiences. Given the volumes and mixes of programming, I assume there is no systematic gender bias for the claimants except for JSC. Evidence supports this assumption. For Fox Broadcasting, statistics suggest a roughly equal mix of male and female viewers across all shows and dayparts and in Primetime, and this is also true for cable channels and shows generally.<sup>40</sup> Thus, adjustments for gender are limited to JSC programming. This decision will elevate the relative share of JSC.

<sup>40</sup> The data is based on *Reach*, which refers to the number of persons exposed to an advertising message. Blumenthal and Goodenough, *supra* n. 18, at 71. Data is from TV DIMENSIONS at 108 (Fox, Any Show, Any Daypart, Men 66.4, Women 63.1), also showing similar results for cable networks and cable shows (Any Cable Channel, Men 85.2, Women 83.5; Any Cable Show, Men 80.6, Women 77.8).

The gender differential applicable to JSC is computed by taking the ratio of the CPM for Men 18+ to Women 18+.<sup>41</sup> These CPMs are \$70.42 for Men 18+ and \$55.43 for Women 18+, implying a markup of about 27% for men.<sup>42</sup> At the 2:1 ratio of male-to-female typical for team sports, the markup of the CPM for JSC is 18%, on average.<sup>43</sup> Therefore, in my calculation of relative market value, the CPM for JSC is equal to 1.18 times the daypart CPMs for the other claimants.<sup>44</sup> This will result in a higher JSC share than would otherwise be obtained.

Turning to the issue of “*when*” a show airs, I make some adjustments to account for the daypart during which programming is likely to be broadcast.<sup>45</sup> For the daypart adjustment, I limit my attention to NAB and JSC. Given the large volumes and variety of programming represented by the other claimants, I

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<sup>41</sup> SQAD DATAVue, author calculations, June and December, 2004 and 2005. I also make adjustments to JSC programming in relation to the dayparts the programming appears. These average CPMs are based only on the relevant dayparts.

<sup>42</sup> Other data confirms this differential. See TV DIMENSIONS, supra n. 18, at 468 (Major Network Primetime CPMs, Male \$29.75, Women \$23.20, Ratio = 1.28).

<sup>43</sup> For 100 viewers, about 67 would be male and 33 would be female. The male CPM is 1.27-times larger than the female CPM. So, the markup is computed as  $0.67 \cdot 1.27 + 0.33 \cdot 1.00 = 1.18$ .

<sup>44</sup> Year specific ratios are used in the actual computations of relative market value (17% in 2004; 19% in 2005).

<sup>45</sup> The Dayparts I used are those defined in SQAD DATAVue.

assume that their content is viewed throughout the day in proportion to the number of hours in each daypart.<sup>46</sup>

Because network programs are non-compensable, for NAB, I assume that non-compensable, network programming is aired during half of the Daytime daypart (9am-4pm) and in all of Primetime (8pm-11pm) and Late Fringe (11.30pm-1am). Network affiliates almost always air network programming during these periods, and this programming is not compensable.<sup>47</sup> In other words, NAB's compensable, that is nonnetwork, programming will rarely, if ever, be assumed to appear in Primetime, Late Fringe, or half of Daytime (this half taken up by the soap opera block).<sup>48</sup> Otherwise, the compensable, locally-originated non-network programming of the network affiliate is assumed to air throughout the day in proportion to the number of hours in each of the remaining dayparts. The adjustment for NAB reduces its relative advertising

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<sup>46</sup> I could find no compelling evidence justifying adjustments for the other claimants, so I make the assumption of equal daypart distributions.

<sup>47</sup> Pringle and Starr, *supra* n. 20 at 129-31; (9am to Noon, "networks are not providing programming"; 1pm to 4pm, "affiliates generally carry the network soap opera block"; 8pm-11pm, "Most affiliates carry network programming during this entire daypart"; 11.35pm to 2.05pm, "NBC provides affiliates with programming for the entire period, CBS programs all but 30 minutes, ABC fills only the 11.35 P.M. to 1.05 A.M. slot"); Eastman and Ferguson, *supra* n. 6, at 176-189.

<sup>48</sup> NAB's claim in this proceeding is for programs produced by or for a U.S. commercial television station and broadcast only by that one station during the calendar year in question, and excluding any programs that fall within the Program Suppliers category.

value, since Primetime is the highest priced daypart, though the reduction is tempered somewhat by eliminating the lower CPM periods like Daytime and Late Fringe.

JSC team sporting events are typically scheduled in the afternoon and evening. While games are sometimes scheduled in the early afternoon, these games represent a small amount of total live team sports programming.<sup>49</sup> For purposes of estimation, I assume that JSC programming is aired between 4-11pm, which includes the Early Fringe (4-6pm), Early News (6-7pm), Prime Access (7-8pm), and Prime (8-11pm) dayparts. These are the more expensive advertising parts of the day, so this assumption will increase the advertising value of the JSC programming relative to the other claimants. Consistent with

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<sup>49</sup> As an example, I use the 2008-09 schedules of Washington's professional sports teams. For the Washington Wizards (NBA), all but one game occurred in the assumed dayparts (<http://forums.hoopshype.com/forums/index.php?topic=30464.0>). For the Washington Nationals, about 75% of the games were played mostly (over half) during the dayparts assumed ([http://washington.nationals.mlb.com/schedule/index.jsp?c\\_id=was](http://washington.nationals.mlb.com/schedule/index.jsp?c_id=was)). NFL Football, of course, is played on Sunday afternoons and evenings or Monday Night in Primetime. For the Redskins (NFL), all the games are played on or after 1:00pm, with 10 of the 20 regular and pre-season games played in the assumed dayparts (<http://www.redskins.com/gen/games/schedule.jsp>). About 94% of the Washington Capitals games are played mostly during the dayparts assumed, with a strong leaning toward Prime Access and Primetime (<http://capitals.nhl.com/team/app?page=TeamSchedule&service=page>). I assume all JSC teams had comparable scheduled times in 2004 and 2005.

the CARP's earlier decision, my assumption recognizes that "JSC programming is presented in very desirable time slots."<sup>50</sup>

Table 4 below illustrates the CPM by age demographic and daypart for years 2004-2005. The Designated Market Areas ("DMAs") used for the CPM calculations match those used in the Nielsen data.<sup>51</sup> The values in the table represent population weighted averages of the CPMs for each DMA in the sample. In the table, it is shown that Primetime CPMs are the highest. The Primetime CPM for Kids 2-17 is very high, which is reflective of both the high value of advertising to kids and the difficulty of targeting that particular demographic.<sup>52</sup> Moreover, advertising data on kids is more difficult to obtain; so much so that SQAD no longer reports CPM data for Kids 2-11. Since I have the data for 2004 and 2005, I use it. However, I recalculate my relative market value numbers without the Kids 2-17 demographic group. My calculation shows that the high CPM for that group does not meaningfully affect my overall results.

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<sup>50</sup> 1990-92 Report at 100.

<sup>51</sup> There are 94 DMAs in the sample. The results are not meaningfully affected by using different sample periods or different DMAs, such as using the top 100 DMAs or all DMAs.

<sup>52</sup> SQAD DATAVue does not provide CPM values for Kids 2-11 in the Early Morning, Late News, or Late Night dayparts. Assuming that Kids 2-11 and Teen audiences are equal in all dayparts but these three. The average CPM for Kids 2-17 is just an average of the CPMs for Kids 2-11 and Teens (12-17).

**Table 4. CPM by Age Demographic**

Daypart	Kids 2-17	Adults 18-34	Adults 35-49	Adults 50+
Early Morning (5am-9am)	\$34.32	\$45.02	\$23.40	\$10.47
Daytime (9am-4pm)	\$67.14	\$35.89	\$29.29	\$9.16
Early Fringe (4-6pm)	\$32.02	\$41.32	\$35.59	\$11.90
Early News (6-7pm)	\$49.27	\$51.63	\$35.92	\$11.40
Prime Access (7-8pm)	\$83.27	\$57.58	\$46.34	\$15.15
Prime (8-11pm)	\$178.63	\$88.54	\$75.00	\$37.00
Late News (11-11:30pm)	\$83.91	\$72.30	\$45.54	\$22.69
Late Fringe (11.30pm-1am)	\$61.94	\$37.48	\$31.65	\$17.35

Source: SQAD DATAVue (Average of June and December in 2004 and 2005).

One more adjustment is made to reflect the somewhat unique programming rights represented by JSC. In the SQAD-supplied materials which describe the proper use of their data for planning purposes, the firm recommends using the “High” CPM when, for example, the intent is to purchase advertising on a particular program.<sup>53</sup> In the SQAD data, the CPMs are provided in three categories: High, Average, and Low. For most of my calculations, I use the Average CPM. Since Live Team Sports is a very specific genre, I use the “High” CPMs for JSC. Normally, advertisers pay for target audiences and not

<sup>53</sup> SQAD, SPOT TV DATA DESCRIPTION AND GUIDELINES FOR USE (June 2007) (“High SQAD can generally be used when ... buying guidelines require a restrictive daypart mix (e.g., specific programming and/or fixed positions (at 2))”).

particular shows. This adjustment results in an additional markup of about 10% on JSC programming relative to the other claimants.<sup>54</sup>

Table 5 summarizes the average CPMs I obtain for each claimant, using the adjustments for daypart and demographics outlined above. The CPMs in the table are averages for years 2004 and 2005. However, I use the individual results for each year in my relative value assessment. These averages include the daypart adjustments for NAB and JSC. JSC programming is rated at the “High” CPM while the others are rated at the “Average” CPM from the SQAD data. We are only interested in relative value, so the data is normalized on the CPM for NAB, who has the lowest CPM (mainly as a consequence of the airing of non-compensable network programming during Primetime).

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<sup>54</sup> I do not apply a single factor, but use the actual “High” rates from SQAD DATAVue. While JSC has the most adjustments, all are supported by market evidence and prescribed by industry practice. The purchase of sports programming is motivated by the same factors as other programs, and I have treated it as such. See, e.g., Eastman and Ferguson, *supra* n. 6 (“Rights to telecast sporting events are subject to the same exercise of valuation as other programming (at 208)”); L. A. Wenner, *MEDIA, SPORTS & SOCIETY* (1988) (“When being considered for carriage, as a class of programming, sporting events (and related pregame and postgame shows) face the same economic selection criteria as other programs (at 102)”); Mullin, Hardy, and Sutton, *supra* n. 30 (“The sport audience is attractive to advertisers. Broadcasters therefore are willing to pay for rights to broadcast games that produce audiences that can be sold to advertisers (at 371)”); Sinclair Broadcasting, Form 10-K (2005) (“We seek to expand our sports broadcasting in DMAs only as profitable opportunities arise (at 9)”).

**Table 5. Average and Relative CPM  
(Average of 2004, 2005)**

Claimant Group	Average CPM	Relative CPM (Base = NAB)
NAB	\$23.88	\$1.00
Program Suppliers	\$33.61	\$1.41
Devotional	\$31.99	\$1.34
Joint Sports Claimants	\$52.45	\$2.20
Public Television	\$30.41	\$1.27
Canadian	\$34.33	\$1.44

Source: SQAD, June and December, 2004 and 2005, author calculations.

Table 5 provides the following relevant information. First, the JSC has, by far, the largest average CPM of the claimants. JSC has a CPM 2.20-times larger, on average, than NAB. In other words, for an audience of equal size, an advertisement that costs \$100,000 on an average NAB program would cost \$220,000 on an average JSC program – a large difference. Second, NAB has a lower CPM -- about 36% lower -- than do the Program Suppliers and Canadian claimants, where the latter two have roughly the same advertising value. The somewhat low relative value for NAB arises mainly from the exclusion of the Primetime daypart as an outlet for locally-originated, non-network programming. Other than for JSC and NAB, CPM differences are based on the age demographics.



My valuation approach includes a number of adjustments which increase relative market values for the JSC. To some extent, these adjustments are consistent with opinions of previous CARP rulings. As a check on my approach, I compare my calculated CPMs to an independent estimate of a CPM for sports programming. For network-affiliated stations, there is an industry-recognized "Sports" daypart. The Sports daypart is defined in reference to its content rather than its time of day. Network programming is not compensable here, and the Sports daypart includes all types of sports, rather than just live team events. Nevertheless, looking at the CPMs of the Sports demographic may provide some corroborating evidence that my approach closely corresponds to observed transaction values, even if the CPMs are not perfectly comparable. In 2005, the ratio of the Sports daypart CPM to the Primetime CPM for the major networks (ABC, CBS, and NBC) was 0.81.<sup>55</sup> In my calculations, the computed average CPM for JSC relative to the Primetime CPM is 0.81 in 2004 and 0.73 in 2005.<sup>56</sup> (Other things constant, the Primetime CPM for JSC is above the Primetime CPM for the other claimants since JSC's CPM is drawn from the "High" CPMs in

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<sup>55</sup> TV DIMENSIONS, supra n. 18, at 52 (Sports \$16.19 divided by Prime \$19.93 equals 0.81).

<sup>56</sup> From Table 5, the JSC CPM is \$52.45. For the average age demographic profile, the average Primetime CPM is \$67.63.

SQAD.) From this perspective, my calculations render credible estimates for the advertising premium associated with sports programming.

The relative CPM values in the final column of Table 5 indicate the relative dollar values of a given amount of viewership.<sup>57</sup> Essentially, the CPMs are “unit” prices which refine several components into a single factor that can be used to convert *relative viewership* into *relative market value* in a way comparable to the manner in which programming is actually bought and sold in the marketplace. Because these unit prices vary significantly, these numbers show that viewership is not identical to value. Nevertheless, with some exceptions, viewership is certainly highly correlated with, and a fundamental determinant of value. This reinforces my earlier point that different programming has different values because of who is watching the programming and when it is viewed.

A few final adjustments are required to render the viewing and relative CPM into final market values. Neither programs represented by the Devotional Claimants nor programs represented by the PTV Claimants follow the commercial model of the television industry because they cannot be valued in a

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<sup>57</sup> The CPM, as a per viewer measure of advertising costs (measured in 1,000 viewers), matches Nielsen data which provides viewership and volume in a minute basis. As an example, a 30 minute show with 150 minutes of viewing averages 5 viewers per minute (= 150/30). For its relevance, see Eastman and Ferguson, *supra* n. 6, at 87.

pure market setting. Accordingly, some adjustments for these claimants are required.

Programming has market value because it is sold as an input of production to broadcasters or cable networks. The definition of relative market value in this proceeding is based on the expected compensation to programmers for the retransmission rights to their materials. But, for Devotional programming, the broadcasters are not customers and the claimant is not a seller. Rather, the Devotional claimant is, for the most part, a customer of the broadcaster, typically buying time to air religious messages.<sup>58</sup> Devotional program owners do not, in the normal course of business, receive compensation from broadcasters for their content, and thus would not be expected to receive compensation in any sensibly-defined hypothetical or actual distant signal marketplace. Economic logic and business practices indicate that devotional programming has very little, if any, *market* value, and should therefore receive a zero or near zero share of the royalty pool. Previous decisions of the CARP have recognized this fact.

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<sup>58</sup> Eastman and Ferguson, *supra* n. 6 (“usually pay lucrative carriage fees to cable operators; the most generous, TBN, pays up to \$1 per subscriber – although systems have to sign up for a four-year commitment to get that rate (at 300)”; “paid religion, which brings in dollars (at 188)”; Blumenthal and Goodenough, *supra* n. 18 (“broadcasters have not provided free airtime to religious ventures (at 192);” “A substantial percentage of the revenues from religious television is used to purchase airtime (at 193);” “Benny Hinn is one of television’s most popular evangelists. ... [T]he program is seen on nearly 100 local television stations, generally in paid-programming slots (at 194)”).

However, it is my understanding that, for legal reasons, it is not possible to assign a zero value to Devotional programming.<sup>59</sup> Given their relatively low viewer shares and audience profiles, the estimated market value of Devotional programming will be very low under my analysis.<sup>60</sup> In the past, their share of the royalties has been about 1%, and that is approximately what I estimate their relative market value to be (0.76% on average over both years). Based on the logic above, giving Devotionals 1% of the royalty pool is generous, and I recommend giving them no more than that level. I provide a calculation of Devotional Claimants' market value using the same methods I employed for all other program categories. This provides roughly a 1% relative market value that is about equal to their viewer share. Thus, their viewer share may also serve as the basis for compensation to the Devotional Claimants, thereby abstracting a bit from the market value calculations, which really do not apply in most instances to this programming.<sup>61</sup>

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<sup>59</sup> *Christian Broadcasting Network, Inc. v. Copyright Royalty Tribunal*, 720 F.2d 1295, 1312-13 (D.C. Cir. 1983).

<sup>60</sup> I have assumed an equal share of commercial and announcement time for each claimant group and this assumption is not well suited for Devotional programming.

<sup>61</sup> *Christian Broadcasting Network, Inc. v. Copyright Royalty Tribunal*, supra n. 59, (noting "viewership rating" is a valid measure of the economic benefits of Devotional programming).

PTV is largely a non-commercial entity. Over half the PTV budget comes from various government subsidies and charitable gifts.<sup>62</sup> While PTV does not actually participate in the advertising market per se, it does accept “corporate sponsorship.” According to PTV financial reports, about 15% of public television’s annual revenues in 2004 and 2005 were derived from such sponsorships.<sup>63</sup> The sales pitch for these sponsorships is not much different than that for standard advertising on a commercial station. The corporate support material for WCNY in New York states the following:

Your message on public television will reach the target audience you need to reach efficiently and effectively. Research on the buying habits of public television viewers shows they are more likely than non-viewers to be consumers of financial services, household appliances, and recreational equipment, as well as many other types of products and services. With high penetration into the nation’s upscale households, public television can be an effective way to put your message in front of your customers, community, stockholders, and your employees.<sup>64</sup>

Here, corporate sponsorship appears to be a proxy for advertising, and it is reasonable to treat it as such.

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<sup>62</sup> Public Corporation for Public Broadcasting, APPROPRIATION REQUEST AND JUSTIFICATION, FY 2009 AND FY 2011, (Feb. 2008) at Appendix D (data for 2005) (available at: [http://www.cpb.org/aboutcpb/financials/appropriation/justification\\_09-11.pdf](http://www.cpb.org/aboutcpb/financials/appropriation/justification_09-11.pdf)).

<sup>63</sup> *Id.*

<sup>64</sup> <http://www.wcny.org/content/section/12/57/>. Also see <http://www.pbs.org/sponsorship/>.

On a typical broadcast or cable network, approximately 12 to 17 minutes of each hour is devoted to non-programming materials.<sup>65</sup> In my valuation method, I have assumed that the share of non-programming content is the same across all claimants, which I believe is a reasonable approximation at such a high level of aggregation. However, public television stations only devote about 5 minutes of each hour to non-program content, representing about a third as much material as is aired on a typical commercial broadcast station.<sup>66</sup> Thus, the adjustment for the less commercial nature of PTV can be made in a manner entirely consistent with my valuation technique. The amount of non-programming time offered to advertisers on a public broadcasting station equals one-third (33%) of that one would see in a purely commercial environment. I therefore adjust PTV's estimated market value accordingly.

The final calculations of relative market value are provided in Table 6. In the first two columns of the table, the volume and viewer shares (from Table 1) are provided. The third column provides the relative price for the viewer share (Table 5) based on actual marketplace evidence of the value of the particular audiences (or average audience) of each claimant's programming. The non-

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<sup>65</sup> TV DIMENSIONS (2005) at 63; A. Magistrali-Smith and K. Hurley, *Stand Out on PBS* (2005) ([http://www.pbs.org/sponsorship/programInfo/clutter\\_summary\\_05.pdf](http://www.pbs.org/sponsorship/programInfo/clutter_summary_05.pdf)).

<sup>66</sup> *Id.*

commercial adjustment for PTV is reflected in its relative price. Market value is determined by multiplying the viewer share by the relative price. To ease exposition and application, I have normalized the relative market values so that they sum to 100. The value I estimate is the expected relative compensation to the copyright owner of the compensable programming. These values may be used to assign relative shares of copyright payments to claimants under the relative market value standard.

Table 6. Relative Market Values Based on Marketplace Evidence

Claimant Group	Relative Share of Volume (%)	Relative Share of Viewership (%)	Relative Price of Viewership (Base = NAB)	Relative Market Value (%)
<i>Year 2004</i>				
	A	B	C	Norm(B·C)
NAB	7.514	7.852	\$1.00	6.519
Program Suppliers	53.156	57.247	\$1.44	68.283
Devotional	3.995	1.037	\$1.39	1.194
Joint Sports Claimants	0.727	6.990	\$2.39	13.843
PTV	30.140	25.424	\$0.39 <sup>a</sup>	8.237
Canadian	4.468	1.449	\$1.60	1.924
Sum	100	100	...	100
<i>Year 2005</i>				
NAB	9.969	13.081	1.00	10.181
Program Suppliers	56.350	69.038	1.40	74.961
Devotional	5.392	0.474	1.30	0.481
Joint Sports Claimants	0.708	5.670	2.05	9.046
PTV	22.300	10.360	0.48 <sup>a</sup>	3.909
Canadian	5.281	1.378	1.33	1.421
Sum	100	100	...	100

(a) Includes non-commercial adjustment.

Not surprisingly, the programs represented by the Program Suppliers are estimated to have the largest relative market value. The Program Suppliers represent the largest group of compensable programming. And their programs perform relatively well in generating audiences. As noted in the 1990-92



Decision, “the most significant value of Program Suppliers is its volume,” and that is clearly supported here.<sup>67</sup>

In contrast, the JSC has puny volumes relative to every claimant, but its relative market value is second largest in 2004 and third largest in 2005, because it has the highest relative advertising prices given the favorable demographics, airing times, and narrowly-defined program holdings. In 2004, the relative market value of JSC is nearly 20-times its volume share, and 2.4 times its viewer share. The relative market value of NAB is much closer to its viewing share and likewise for the Canadian claimants. In fact, with the exception of JSC, viewer share provides a reasonably good proxy for relative market value, at least among the more commercially viable program categories.

These results make clear why the CARP’s reluctance in using viewing data alone to determine relative market value. My estimates, however, have resolved the value-viewership dilemma by using a straightforward, market based approach to valuation that – when combined with viewership data – provides a better snapshot of relative market value.

Even though the price for a unit of viewership may differ across program genres (by a factor of roughly 2 to 2.5 times in the JSC case), the differential between that value and viewership should not be expected to vary too widely.

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<sup>67</sup> 1990-92 Decision at 84.

For example, my calculations show that two categories with compatible sizes are very unlikely to exhibit relative values that differ by as much as a factor of, say, four or five. Given the standard of relative market value, exceedingly large deviations between the viewer share and relative market value should be carefully scrutinized. For television programming, viewership is not value, but neither is value independent of viewership. Programs with similar audiences airing at similar times would not have highly divergent values in the programming market.<sup>68</sup>

### *B. Sensitivity Analysis for the Kids Demographic*

As mentioned above, my source of CPM data - SQAD DATAVue - no longer includes the Kids 2-11 demographic in their data given the lack of sufficient information to render reliable estimates for that demographic. In Table 7, I present the estimates of relative market value with the Kids 2-17 demographic excluded from all computations. (The Nielsen data does not separate Kids 2-11 from Teens 12-17.) The results are trivially impacted by this modification. My recommendation is to use the relative market values from Table 6. While the differences between Tables 6 and 7 are insignificant, the estimates in Table 6 are based on all the available data.

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<sup>68</sup> Cantor and Cantor, *supra* n. 34 ("What television is selling is not the drama, but the audience (at 85).").

**Table 7. Relative Market Values Based on Marketplace Evidence  
(Excluding Kids 2-17)**

Claimant Group	Relative Share of Volume (%)	Relative Share of Viewership (%)	Relative Price of Viewership (Base = NAB)	Relative Market Value (%)
<i>Year 2004</i>	A	B	C	Norm(B·C)
NAB	7.514	7.852	\$1.00	6.756
Program Suppliers	53.156	57.247	\$1.38	67.912
Devotional	3.995	1.037	\$1.49	1.331
Joint Sports Claimants	0.727	6.990	\$2.37	14.273
PTV	30.140	25.424	\$0.36	7.971
Canadian	4.468	1.449	\$1.41	1.757
Sum	100	100	...	100
<i>Year 2005</i>				
NAB	9.969	13.081	1.00	10.878
Program Suppliers	56.350	69.038	1.29	74.198
Devotional	5.392	0.474	1.28	0.505
Joint Sports Claimants	0.708	5.670	2.01	9.466
PTV	22.300	10.360	0.42	3.628
Canadian	5.281	1.378	1.16	1.325
Sum	100	100	...	100

(a) Includes non-commercial adjustment.

### *C. Using Advertising Revenue to Determine Market Value*

In past proceedings, some parties have claimed that advertising value is irrelevant to the royalty distribution because the retransmitted signals cannot be

altered, including changing the advertisements.<sup>69</sup> This position is untenable given the nature of the simulated market transactions envisioned in these earlier decisions. While the inability to alter the distant signal is a part of the current regulated environment, market value must be approximated in an *unregulated* environment. To my knowledge, programming rights are not sold with embedded advertisements in the standard course of business. Consequently, it is illogical to assume that compensable programs come with advertisements intact when estimating relative market value based on actual market transactions for this proceeding. Indeed, we would not expect to observe this outcome. In an unregulated marketplace, it is unlikely the spots from a local station would have much value in the distant signal market. Rather, the insertion of market-relevant advertisements in the distant market would increase the program's value.

It is also important to recognize that the demand side of the programming market is competitive because of the many entities vying for the rights to particular programs. All of this programming aired on broadcast stations so it is reasonable to assume that the unregulated market, like the actual market, would likely assign the highest value to the compensable programming based on advertising income. Advertising income, then, is the most obvious source of market value for the simulated market. Furthermore, since the market is

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<sup>69</sup> See, e.g., 1998-99 Report at 11.

competitive, there is no reason for any other entity to pay significantly higher prices for the programming than would a broadcaster. Another buyer, say a cable system, need only outbid the broadcaster by a small amount to obtain the program rights itself. Put simply, in the competitive programming markets where demand is robust, the identity of the buyer does not matter because value is determined by the competition among potential buyers, not for each particular buyer. Therefore, advertising value is a reasonable proxy for market value.

Moreover, nearly all broadcast stations are retransmitted on cable systems in their local market. This retransmission does not alter the fundamental valuation of programming based on its potential advertising income. The fact the programs are retransmitted over a cable system, either in the local or distant market, does not complicate the analysis at all. The value of the compensable programming is derived from advertising income. There is no reason to unnecessarily complicate the analysis by assuming otherwise.

Finally, expected advertising revenues are often used to value programs outside of market transactions. For example, broadcast stations sometimes purchase multiple years of rights to television programming. Financial accounting practices require the broadcasters to occasionally assess the current market value of such program rights. When doing so, the broadcasters estimate market value by appealing to the potential advertising value of the

programming. The process is described in Sinclair Broadcasting's financial forms:

[t]he programming rights are reflected in the consolidated balance sheets at the lower of unamortized cost or estimated net realizable value (NRV). Estimated NRVs are based on management's expectation of future advertising revenue, net of sales commissions, to be generated by the remaining program material available under the contract terms.<sup>70</sup>

And for Hearst-Argyle, the hypothetical market valuation is described as follows,

Rights for off-network syndicated products, feature films and cartoons are amortized based on the projected number of airings on an accelerated basis contemplating the estimated revenue to be earned per showing.<sup>71</sup>

Expected advertising revenues are also used to determine the value of barter programming. Sinclair Broadcasting observes,

[t]he revenues realized from station barter arrangements are recorded as the programs are aired at the estimated fair value of the advertising airtime given in exchange for the program rights.<sup>72</sup>

Similarly, Lin TV states,

"[b]arter revenue is accounted for at the fair value of the assets or services received, or the advertising time surrendered, whichever is more clearly evident."<sup>73</sup>

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<sup>70</sup> Sinclair Broadcasting, Form 10-K (2005) at 35.

<sup>71</sup> Hearst-Argyle Television, Form 10-K (2005) at 47.

<sup>72</sup> Sinclair Broadcasting, Form 10-K (2005) at 35.

When broadcasters value programming, whether as part of or outside of a market transaction, advertising value plays a dominant role in valuation.

#### IV. SUBSCRIBER ATTITUDES

In the last two royalty distribution decisions, the determination of relative market value relied heavily, if not exclusively, on a survey regarding cable subscriber attitudes about the value of the compensable programs. This evidence, called the Bortz Survey, gleaned subscriber valuations not from the cable subscribers, but from cable system employees.<sup>74</sup>

Program Suppliers present in this proceeding a survey of subscriber valuations in which *subscriber* valuations are obtained from *subscribers*, rather than from second-hand approximations by cable system employees as was done in the earlier surveys. If the Judges choose to continue to base relative market values on subscriber attitudes obtained from a survey, then Program Suppliers' new survey of subscribers provides better evidence of actual subscriber valuations than does a survey of non-subscribers, a cleaner assessment of what attracts and retains subscribers. Furthermore, the preferences of cable operators

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<sup>73</sup> Lin TV, Form 10-K (2005) at 40.

<sup>74</sup> The Bortz Survey intended to proxy the relative market values to the viewers of the programming on these signals. This fact was recognized by the CARP, noting that the Bortz survey asks, "what is the relative value of the types of programming actually broadcast in terms of attracting and retaining subscribers?" 1990-92 Report at 65. The focus is plainly subscriber preferences.

have been shown to be sensitive to market structure. In competitive cable markets, empirical evidence shows that cable television prices are lower and more channels are provided.<sup>75</sup> In contrast, the subscriber survey should not be sensitive to the cable provider's market power or lack thereof.

The results of the survey, as presented by Dr. Gruen, are summarized in Table 8. Despite the very different approaches to measuring relative value, there are some similarities between the survey results and my analysis. This result is not terribly surprising, since we know that viewership is correlated both with value in the program marketplace with subscriber preferences.

In the 2004 survey, Program Suppliers have the highest relative market value, with the second largest market value belonging to JSC and the third to NAB, the same relative outcome as my analysis. In the 2005 survey, the ranking changes so that NAB is second and JSC is third in market value. Both approaches estimate market value for the Canadian claimants at about 1% to 2%.

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<sup>75</sup> *The Effect of Competition from Satellite Providers on Cable Rates*, Report to Congressional Requesters, US Government Accountability Office, GAO/RCED-00-164 (2000) at Table 3 (showing competition reduces cable prices and increases the number of channels offered).



**Table 8. Relative Market Values Based on \$10  
Subscriber Fee Allocation**

Claimant Group	Subscriber Survey 2004 (%)	Subscriber Survey 2005 (%)
NAB	15.51	19.51
Program Suppliers	48.90	46.62
Devotional	7.38	8.19
Joint Sports Claimants	17.82	17.10
PTV	9.62	6.82
Canadian	0.77	1.77
Sum	100.00	100.01

Source: Testimony of Arthur Gruen, Table 3.

There are some differences between the consumer survey and the advertising value methodology (Table 6), such as in the scales of relative value. My estimates of Program Supplier value are larger than in the subscriber survey. Customer attitudes direct more value to the NAB and JSC than do the standard methodologies used by actual marketplace participants for valuing programming. The survey approach also gives Devotionals about an 8% relative market value, which is plainly excessive under a *market* value standard. Actual marketplace evidence reveals that Devotional programming has a near zero market value, given its very small viewer shares and audience profile as well as the fact Devotional programs are rarely, if ever, compensated by broadcasters or the cable industry as an programming input. I recommend that the Devotional

claimants receive no more than 1% of the fund, and the survey results do not alter my opinion on that matter.

## V. A HYBRID APPROACH

The subscriber survey arguably attempts to measure market value in the subscription market, implying that the value flows from subscribers to the cable system, and then presumably to the programmers. Marketplace evidence shows that advertising income is the dominant source of value in the programming industry. While the results of the two methods are alike in many ways, they are, in fact, two different valuation methodologies.

To recognize that for some participants in the multichannel video market income is derived from both subscriptions and advertising, a weighted average of the two estimates (the cable subscriber survey results and my analysis here) might be used with the average cable network's relative shares of income sources as the weights. For cable networks, revenues are derived primarily from advertising and license fees, and about half of these revenues are from advertising.<sup>76</sup>

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<sup>76</sup> H. L. Vogel, ENTERTAINMENT INDUSTRY ECONOMICS (2001) at 210. Also see Kagan Research, THE ECONOMICS OF BASIC CABLE NETWORKS (2006), years 2004 and 2005, average of net advertising revenue divided by total revenues for a sample of cable networks including ABC Family, BET, Cartoon Network, CNN + HN, Comedy Central, Disney, ESPN, Fox News, Galavision, Lifetime, MSNBC, Nickelodeon, SCI FI, Spike TV, TBS, TNT, USA Network, and Weather Channel.

Based on the average cable network share of advertising revenues, a weighted share for Program Suppliers, for example, in 2004 would be computed as  $0.5 \cdot 68.3 + 0.5 \cdot 48.90 = 58.6$ , using the values in Table 6 and Table 8 above (assuming no adjustment for Devotionals). Similarly, for JSC, the same calculation renders  $0.5 \cdot 13.8 + 0.5 \cdot 17.8 = 15.8$ . The calculations for the others proceed in the same manner, except for Devotional programming which should receive no more than 1% of the fund.

This approach would acknowledge dual sources of value for distantly retransmitted television programming - advertising and subscription. In that sense, it is conceptually plausible. However, all of the compensable programming is aired on broadcast signals, and the broadcast business is an advertising business. Thus, in my opinion, the relative market values in Table 6 are more accurate assessments of the relative market value of the compensable programming. Furthermore, my estimates of relative market value are based on the types of transactions that actually occur in the market, and not attitudes. I recognize, however, that subscriber attitudes, as a determinant of value have precedent in these proceedings, and if attitudes continue to determine market value, the survey detailed by Dr. Gruen is a substantial improvement over past efforts to gather the same information.

## VI. CONCLUSION

The rights to transmit television programming are purchased routinely. As such, the market is well developed and the nature of such transactions is understood. Marketplace evidence can therefore be used to derive reliable estimates of the relative market value of compensable programming. I provide such estimates in my testimony, using industry-standard data and methods in my valuation methodology. As is standard practice, I derive the value of programming by the audience it produces, adjusted for the size of the audience, its demographic profile, and the time of day the programs are likely to air.

Viewership is an important, but not the only determinant of market value. The demographic and daypart profiles of particular program genres, sometimes, produce relative market values in excess of or below viewership share. This outcome is particularly relevant for live team sporting events.

I also provide a brief review of a new survey of subscriber attitudes on the value of programming. The purpose of my testimony is to render such indirect evidence of market value unnecessary by using established procedures and marketplace evidence to estimate relative market values. I offer a simple method to combine the two valuation methods if necessary. Reliable estimates of relative market value reflecting actual market transactions can be produced, and I have done so.

## APPENDIX A

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### EDUCATION:

Ph.D., Economics, Auburn University, 1994.

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2000 - Present	<b>PHOENIX CENTER FOR ADVANCED LEGAL AND ECONOMIC PUBLIC POLICY STUDIES</b> Washington, DC <u>Chief Economist</u>
2006 - Present	<b>SAMFORD UNIVERSITY, Birmingham, Alabama</b> <u>Adjunct Professor</u>
2004 - Present	<b>APPLIED ECONOMIC STUDIES, Birmingham, Alabama</b> <u>President</u>
2000 - 2004	<b>Z-TEL COMMUNICATIONS</b> Tampa, FL <u>Chief Economist, Strategic Policy and Planning</u>
1996 - 2000	<b>MCI WORLDCOM CORPORATION</b> Washington, D.C. <u>Senior Economist, Office of Policy and Strategic Planning</u>
1994 - 1996	<b>FEDERAL COMMUNICATIONS COMMISSION</b> Washington, D.C. <u>Economist, Office of the General Counsel &amp; Cable Bureau, Competition Division</u>

## PUBLISHED RESEARCH:

"HAC Standard Errors and the Event Study Methodology: A Cautionary Note," with J. Jackson. (Forthcoming in *Applied Economics Letters*).

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**DECLARATION OF GEORGE S. FORD**

I declare under penalty of perjury that the foregoing testimony is true and correct and of my personal knowledge.

Executed on September 23, 2009.

  
\_\_\_\_\_  
George S. Ford



**Wilkofsky Gruen Associates Inc.**

**Rebuttal Testimony of Arthur C. Gruen, Ph.D**

December 11, 2009

**Wilkofsky Gruen Associates Inc.**

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## Wilkofsky Gruen Associates Inc.

- 2 -

### **Introduction**

My name is Arthur C. Gruen. I am the co-founder and a principal of Wilkofsky Gruen Associates Inc., an internationally known consultancy that specializes in the entertainment, media, and telecommunications industries. I provided direct testimony in this proceeding regarding my role in the development and execution of the 2004 and 2005 Cable Subscriber Surveys presented by Program Suppliers.<sup>1</sup> That testimony also contained a detailed description of my background and experience and a copy of my curriculum vitae.

For the rebuttal phase of this proceeding, Judge Roberts asked me to analyze valuation responses of respondents to the 2004 and 2005 Cable Subscriber Surveys who subscribed to cable systems with one distant signal (“single-DS respondents”) as compared with respondents who subscribed to cable systems with multiple distant signals (“multi-DS respondents”). *See* Tr. 1934:4-1935:9 (Gruen).

### **Background**

In the 2004 Cable Subscriber Survey sample, 43 systems retransmitted a single distant signal and 46 systems retransmitted multiple distant signals, with 29 carrying between two and four distant signals and 17 carrying five or more distant signals.

In the 2005 Cable Subscriber Survey sample, 52 systems retransmitted a single distant signal and 40 systems retransmitted multiple distant signals, with 18 carrying between two and four distant signals and 22 carrying five or more distant signals.

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<sup>1</sup> PS Exhibit 8.

To address Judge Roberts' request, I sought to determine whether any similarities or wide variations exist between (1) overall valuation responses of single-DS respondents and multi-DS respondents, and (2) valuation responses of single-DS respondents and multi-DS respondents by demographic group. In performing this analysis, I did not incorporate the results of the virtual interviews.<sup>2</sup> Also, I did not incorporate the related weights provided to me by Dr. Frankel<sup>3</sup> as those weights were computed based on the inclusion of the virtual interviews.

#### **Single Versus Multiple Distant Signal Respondents (Overall)**

I computed valuation responses of respondents based on three categories of cable systems: those carrying (1) one distant signal, (2) two-to-four distant signals, and (3) five or more distant signals. The allocations made by respondents for these three categories for 2004 are shown in Table 1 and the allocations for 2005 are shown in Table 2.

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<sup>2</sup> Virtual interview results refer to the artificial interview allocations and responses credited to the Canadian-only and Public Television ("PTV")-only cable systems whose subscribers were not interviewed. See PS Exhibit 8 at 20.

<sup>3</sup> See *id.*

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**Table 1**

**Raw Survey Results by Number of Distant Signals, 2004 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	25.24	19.98	18.60
Movies and Specials	22.24	21.20	18.25
Non-Team Sports	8.03	8.17	8.08
<b>Program Supplier Total</b>	<b>55.51</b>	<b>49.35</b>	<b>44.93</b>
News and Community Events (NAB)	15.60	16.40	18.28
Devotional Programs (Devotional)	8.48	7.79	5.69
Live Team Sports (JSC)	19.52	18.74	17.31
PBS (PTV)	0.00	6.55	11.50
Canadian (CCG)	0.00	0.15	0.54
Other	0.89	1.01	1.75
<b>Total*</b>	<b>100.00</b>	<b>99.99</b>	<b>100.00</b>

\*May not equal 100.00 percent due to rounding.

**Table 2**

**Raw Survey Results by Number of Distant Signals, 2005 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	23.12	20.86	18.66
Movies and Specials	22.70	19.15	17.03
Non-Team Sports	6.69	5.84	7.90
<b>Program Supplier Total</b>	<b>52.51</b>	<b>45.85</b>	<b>43.59</b>
News and Community Events (NAB)	19.79	20.30	19.04
Devotional Programs (Devotional)	8.09	7.76	7.18
Live Team Sports (JSC)	18.49	17.00	17.47
PBS (PTV)	0.00	7.29	10.42
Canadian (CCG)	0.00	0.25	0.14
Other	1.12	1.55	2.17
<b>Total*</b>	<b>100.00</b>	<b>100.00</b>	<b>100.01</b>

\*May not equal 100.00 percent due to rounding.



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Because subscribers receiving PTV-only or Canadian-only systems were not interviewed, for the purpose of my analysis, valuation responses of single-DS respondents did not include virtual responses allotted to systems carrying only public television or Canadian television stations as distant signals. Single-DS respondents also did not have any actual PTV or Canadian signals to value. The PTV and Canadian signals, however, are represented on a majority of the remaining systems. Because multi-DS respondents in many cases had two additional program categories to value than single-DS respondents, the relative valuations in Tables 1 and 2 do not necessarily represent an apples-to-apples comparison.

To provide figures allowing for an apples-to-apples comparison, I adjusted for differences in the array of available program categories by eliminating valuations assigned to the PTV and CCG categories. For those respondents who subscribed to systems with either a public television distant signal or a Canadian distant signal and who placed a positive value on those categories, I changed that value to zero and proportionally raised their valuations of the remaining categories.

In the 2004 survey, there were three respondents who assigned a 100 percent valuation to PTV and a zero valuation to the other categories and there was one respondent who split the valuation between PTV and CCG and assigned a zero valuation to the remaining categories. I eliminated those responses from the calculation. In the 2005 survey, one respondent assigned a 100 percent valuation to PTV and a zero valuation to the other categories. I eliminated that response from the calculation.

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As I did in my direct testimony, I then eliminated the “other” category and recalculated the shares for the remaining claimant groups so that the total would approximate 100 percent. The revised shares for 2004 are shown in Table 3 and the revised shares for 2005 are shown in Table 4.

**Table 3**

**Normalized Survey Results by Number of Distant Signals Excluding PTV and CCG, 2004 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	25.47	21.72	21.53
Movies and Specials	22.44	23.37	21.42
Non-Team Sports	8.10	8.67	9.07
<b>Program Supplier Total</b>	<b>56.01</b>	<b>53.75</b>	<b>52.01</b>
News and Community Events (NAB)	15.74	17.67	21.57
Devotional Programs (Devotional)	8.56	8.27	6.56
Live Team Sports (JSC)	19.70	20.31	19.86
<b>Total*</b>	<b>100.00</b>	<b>100.01</b>	<b>100.00</b>

\*May not equal 100.00 percent due to rounding.

**Table 4**

**Normalized Survey Results by Number of Distant Signals Excluding PTV and CCG, 2005 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	23.38	22.87	21.22
Movies and Specials	22.96	21.42	19.76
Non-Team Sports	6.77	6.70	8.75
<b>Program Supplier Total</b>	<b>53.10</b>	<b>50.98</b>	<b>49.72</b>
News and Community Events (NAB)	20.01	21.83	22.15
Devotional Programs (Devotional)	8.18	8.60	8.07
Live Team Sports (JSC)	18.70	18.58	20.06
<b>Total*</b>	<b>100.00</b>	<b>99.99</b>	<b>100.01</b>

\*May not equal 100.00 percent due to rounding.

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Except for News and Community Events and Devotional Programs in 2004, the overall valuation responses of single-DS respondents do not vary widely from valuation responses of multi-DS respondents. For example, in 2004, the share for Program Suppliers was 4.00 percentage points lower on systems with five or more distant signals compared with systems with only one distant signal, and in 2005 the differential was 3.38 percentage points. In both years, the difference was less than 10 percent.

The significance of valuations by respondents in systems with five or more distant signals must be viewed in the context of the contribution of those systems to the overall royalty pool. Systems carrying five or more distant signals contribute relatively less to the royalty pool than the other two categories of systems. As shown in Table 5 below, systems carrying five or more distant signals contributed 21.5 percent and 24.7 percent to the royalty pool in 2004 and 2005, respectively.

**Table 5**  
**Cable System Copyright Royalty Payments**

<b>Cable System Category</b>	<b>2004</b>		<b>2005</b>	
	<b>Royalty Payments (\$)</b>	<b>Share of Total (%)</b>	<b>Royalty Payments (\$)</b>	<b>Share of Total (%)</b>
0-1 Distant Signals	35,091,462	54.7	31,284,157	48.4
2-4 Distant Signals	15,269,995	23.8	17,372,327	26.9
5+ Distant Signals	13,753,773	21.5	15,949,178	24.7
<b>Total</b>	<b>64,115,230</b>	<b>100.0</b>	<b>64,605,662</b>	<b>100.0</b>

Source: Cable Data Corporation

I would also note that the subscriber valuations reported in my direct testimony already reflect a heavier weighting for cable systems with multiple distant signals than cable systems with only one distant signal. As shown in Table 6, in 2004 allocations made by respondents in systems with five-or-more distant signals received a 5 percent higher weight on average than respondents in systems with only one distant signal, and in 2005 they were assigned a 22 percent higher average weight compared with single-DS respondents.

**Table 6**

**Average Weight Per Respondent**

<b>Cable System Category</b>	<b>2004</b>	<b>2005</b>
1 Distant Signal	0.99	0.85
2-4 Distant Signals	1.02	1.46
5+ Distant Signals	1.04	1.04

Note: Figures do not include weights for virtual interviews.

**Single Versus Multiple Distant Signal Respondents (Demographic Group)**

Using the same procedure as I did in calculating the overall results, I computed normalized findings for respondents in the 18-49 age group and in the 50-and-older age group. Overall, in 2004 and 2005, Program Suppliers generated a higher share among respondents in the 18-49 age group compared with respondents in the 50-and-older age group for each of the three categories of cable systems. The 18-49 and 50-and-older results for 2004 are shown in Tables 7 and 8, respectively, and comparable findings for 2005 are shown in Tables 9 and 10, respectively.

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**Table 7**

**Normalized Survey Results for 18-49 Respondents by Number of Distant Signals Excluding PTV and CCG, 2004 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	26.57	23.58	23.22
Movies and Specials	22.73	22.96	21.49
Non-Team Sports	8.15	9.57	9.35
<b>Program Supplier Total</b>	<b>57.45</b>	<b>56.11</b>	<b>54.06</b>
News and Community Events (NAB)	14.74	16.29	18.91
Devotional Programs (Devotional)	7.15	7.59	5.45
Live Team Sports (JSC)	20.65	20.00	21.59
<b>Total*</b>	<b>99.99</b>	<b>99.99</b>	<b>100.01</b>

\*May not equal 100.00 percent due to rounding.

**Table 8**

**Normalized Survey Results for 50-and-Older Respondents by Number of Distant Signals Excluding PTV and CCG, 2004 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	24.42	20.23	20.33
Movies and Specials	21.92	23.76	21.81
Non-Team Sports	8.22	8.07	8.83
<b>Program Supplier Total</b>	<b>54.56</b>	<b>52.06</b>	<b>50.97</b>
News and Community Events (NAB)	16.61	18.62	23.12
Devotional Programs (Devotional)	9.96	8.51	7.25
Live Team Sports (JSC)	18.86	20.81	18.66
<b>Total*</b>	<b>99.99</b>	<b>100.00</b>	<b>100.00</b>

\*May not equal 100.00 percent due to rounding.

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**Table 9**

**Normalized Survey Results for 18-49 Respondents by Number of Distant Signals Excluding PTV and CCG, 2005 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	25.32	28.12	23.54
Movies and Specials	23.19	20.75	18.57
Non-Team Sports	7.23	8.19	11.25
<b>Program Supplier Total</b>	<b>55.74</b>	<b>57.06</b>	<b>53.36</b>
News and Community Events (NAB)	18.39	18.92	20.50
Devotional Programs (Devotional)	6.79	7.41	6.41
Live Team Sports (JSC)	19.08	16.60	19.73
<b>Total*</b>	<b>100.00</b>	<b>99.99</b>	<b>100.00</b>

\*May not equal 100.00 percent due to rounding.

**Table 10**

**Normalized Survey Results for 50-and-Older Respondents by Number of Distant Signals Excluding PTV and CCG, 2005 (Percent)**

<b>Category</b>	<b>1 Distant Signal</b>	<b>2-4 Distant Signals</b>	<b>5+ Distant Signals</b>
<b>Program Suppliers</b>			
Series	21.93	18.91	19.47
Movies and Specials	22.71	22.05	20.96
Non-Team Sports	6.46	5.64	7.00
<b>Program Supplier Total</b>	<b>51.10</b>	<b>46.60</b>	<b>47.43</b>
News and Community Events (NAB)	21.26	23.79	22.69
Devotional Programs (Devotional)	8.95	9.24	9.22
Live Team Sports (JSC)	18.68	20.39	20.65
<b>Total*</b>	<b>99.99</b>	<b>100.02</b>	<b>99.99</b>

\*May not equal 100.00 percent due to rounding.

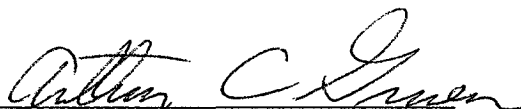
**Conclusion**

Except for News and Community Events and Devotional Programs in 2004, there are no wide variations between overall valuation responses of single-DS respondents and multi-DS respondents. With the same exceptions, there are also no wide variations between the responses of the two groups of respondents when analyzed by demographic group. Multi-DS respondents' valuation responses tended to be slightly lower for Program Suppliers in both years. However, multi-DS respondents in systems with five-or-more distant signals account for less than a quarter of the overall royalty pool in both 2004 and 2005. Moreover, the differentials in valuations that do exist for Program Suppliers between single-DS and multi-DS respondents are largely offset by the higher weights given to multi-DS respondents in computing the overall results presented in my direct testimony. In both analyses, Program Suppliers remained by far the dominant program category among all Cable Subscriber Survey respondents in both 2004 and 2005.

**DECLARATION OF ARTHUR C. GRUEN**

I declare under penalty of perjury that the foregoing rebuttal testimony is true and correct and of my personal knowledge.

Executed on December 11, 2009.

  
Arthur C. Gruen





**Rebuttal Testimony of Marsha E. Kessler**  
**CORRECTED JANUARY 15, 2010**  
**AND FEBRUARY 2, 2010**

My name is Marsha E. Kessler and I am Vice-President, Retransmission Royalty Distribution at Motion Picture Association of America (“MPAA”). I provided direct testimony in this proceeding on behalf of Program Suppliers concerning how Section 111 works and my role in the development of 2004 and 2005 Nielsen Viewing Studies and the 2004 and 2005 Cable Subscriber Surveys.<sup>1</sup>

**I. Purpose of Testimony**

In his direct testimony, Mr. James Trautman of Bortz Media & Sports Group “acknowledge[d] the potential for certain ‘fringe’ programming to be interpreted as belonging to one category when for the purposes of these proceedings it may belong in another.”<sup>2</sup> In light of that statement, for these rebuttal proceedings, counsel asked me to review sports programs aired on stations distantly-retransmitted by cable operator respondents to Settling Parties’ 2004 and 2005 Bortz surveys.

My testimony examines sports programming that was on the air in 2004 and 2005, the periods addressed in the Bortz surveys. In particular, with respect to stations distantly-retransmitted by respondents to the 2004 and 2005 Bortz surveys, I quantify the following: (1) all sports available on those stations; (2) the amount of compensable and non-compensable sports

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<sup>1</sup> PS Exhibit 5.

<sup>2</sup> SP Exhibit 2 at 30; Tr. at 83:15-21, 107:14-22-108-1-5 (Trautman).

programming broadcast on those stations; (3) the distribution of compensable programming among several Phase I claimant groups; and (4) the availability of JSC sports programming in comparison to all sports programming available on those stations.

## **II. The Analysis**

The process consisted of (1) identifying the commercial stations (“Bortz stations”) distantly-retransmitted by cable operators included in the Bortz 2004 and 2005 surveys; (2) isolating all sports programs on those stations; (3) calculating the percentage of sports programs that were and were not compensable under the cable statutory license; and (4) allocating the broadcast time (in minutes) among the Phase I claimant groups to which each program belonged.

The following is the process by which I calculated these results:

### ***a. Identification of the Bortz Stations***

In the direct phase of these proceedings, the Settling Parties provided in discovery the distant stations retransmitted by the cable respondents in the Bortz 2004 and 2005 surveys. A listing of those stations is shown in Appendix A.

***b. Definition of “Sports” and “Sports-like” Programming***

Next, I defined two types of programs broadcast by the Bortz stations and called the programs “sports” and “sports-like” programming. By “sports” I meant programming considered to be in the JSC category, *i.e.*, live, play-by-play team professional and collegiate sports. By “sports-like,” I meant all other programming that one thinks of as sports in the non-statutory license world, *i.e.*, non-JSC programs. Such programs include golf, ice skating, the Olympics, wrestling, boxing, poker, fishing, hunting, bowling, volleyball, bicycle riding, gymnastics, sports talk shows, motorcycle racing, triathlons, tennis, horseracing, diving, high school sports, and the like. In this testimony, I will refer to both categories combined simply as “sports.”

***c. Identification of Sports Programs***

In order to identify sports programs on the air in 2004 and 2005, I referred to a file of television station programs the Settling Parties provided during discovery in the direct phase of these proceedings. It is my understanding that the data were prepared by Tribune Media (“Tribune”) and that Tribune categorized each program in the file so that the program could be assigned to one of the Phase I groups in these proceedings.<sup>3</sup>

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<sup>3</sup> SP Exhibit 8 at 5.

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For each program aired, the Tribune data report multiple data fields, one of which is “prog\_type” (Program Type). In order to cull out sports programs, I filtered the data in the “prog\_type” field for the following program types, the definitions of which Settling Parties provided in discovery:

PL – Playoff Sports

PS – Pseudo Sports

SE – Sporting Event

SP – Special

SR – Sports Related

TM – Team vs. Team

The SP (Special) group included many programs that clearly did not belong in the sport group like “Dr. Phil Primetime Special: Romance Rescue” and a Billy Graham special, so I reviewed the SP category and deleted all such programs. Additionally, I eliminated programs such as “NBA All-Star Reading Rally” because the focus of the program was on encouraging children to read rather than on sports. The remaining group of programs thus created became my database of sports programs.

***d. Compensable and Non-compensable Sports***

Under the cable statutory license, programming broadcast on the ABC/CBS/NBC networks is not compensable, so I next determined which of the sports programs on the Bortz stations were not compensable because they were network programs. I did that by sorting the Tribune data

according to the "claim\_cat" (claim category) field, which contained various designations for network programming.

The remaining programs were compensable under the statutory license.

*e. Allocation of compensable programming among Phase I claimants*

Relying on Tribune categorizations in the "claim\_cat" field, I sorted each sport program on the Bortz stations according to a Phase I claimant group.

*f. Calculations*

I based the calculations on minutes per Tribune data, which reported the duration in minutes for each program. For 2004 and 2005, I summed the total minutes for all sports programs. Next, I backed out minutes attributable to network programming. Then, I allocated the remaining compensable minutes to the various Phase I claimants who had sports programming in the database, and calculated the percentage for each category. I expressed the allocations as percentages of compensable sports programming.

### **III. Results**

The results of my calculations are detailed in Appendix B of this testimony. In sum, cable operators retransmitted a plethora of sports programming during 2004 and 2005. In both years, about 60% of such programs were non-compensable for the purposes of this proceeding.

For the remaining 40% of the sports programs that were compensable, approximately two-thirds did not belong in the JSC category, but instead were programs associated either with Program Suppliers or with claimants other than JSC.

In other words, approximately 85% of the sports programs on the Bortz stations either were non-compensable under Section 111 or, if compensable, belonged to a program category other than JSC.

Given that the vast majority of the sports programming shown on the Bortz stations did not fall in the JSC category, it is unclear how such a large majority of the sports programming available can be considered “fringe” to the JSC category, as suggested by Mr. Trautman.

Thank you for this opportunity to provide additional information to the Panel.

**CORRECTED**

**APPENDIX A**

**REBUTTAL TESTIMONY OF**

**MARSHA KESSLER**



**APPENDIX A  
2004 BORTZ STATIONS**

CBET	KQED	WAXN	WEEE	WITF	WMVS	WPXI	WUAB
CBLT	KREN	WBAL	WEKW	WITI	WMVT	WPXP	WUPA
CBMT	KRWG	WBAY	WENH	WITN	WNAB	WPXV	WUPN
CFTO	KSAT	WBDC	WETK	WIUP	WNBC	WQED	WUSA
CHTV	KSAX	WBGN	WEUX	WIWB	WNCT	WQEX	WUTF
CIII	KSDK	WBGU	WEWB	WIXT	WNDS	WQLN	WUTR
CKSH	KSPR	WBKB	WEYI	WJAC	WNDU	WQOW	WUVP
KABB	KTCA	WBKP	WFAA	WJAL	WNED	WRC	WUXP
KAET	KTCI	WBNS	WFFF	WJBK	WNEG	WRGB	WVAH
KAJB	KTEL	WBOY	WFLX	WJET	WNEM	WRIC	WVBK
KARE	KTNC	WBQC	WFQX	WJLA	WNEP	WSAW	WVBT
KATV	KTVD	WBRE	WFRU	WJMN	WNET	WSAZ	WVTA
KAWB	KTVK	WBTW	WFSB/ WFSBDT	WJRT	WNEU	WSB	WVNY
KCAL	KTVU	WBZ	WFTC	WJW	WNMU	WSBK	WVTV
KCCO	KTXA	WBZL	WFUM	WJZ	WNMV	WSBT	WVBT
KCEB	KUHT	WCAU	WFXP	WJZY	WNPA	WSEE	WWDP
KCEN	KUID	WCAX	WFXS	WKAR	WNPB	WSKG	WWJ
KCET	KUSA	WCCB	WFXT	WKBD	WNPT	WSKY	WWOR
KCNC	KVIA	WCEU	WFXV	WKBT	WNYA	WSMH	WWPX
KGOP	KVRR	WCFE	WGBA	WKMJ	WNYT	WSMV	WWSI
KCRG	KWBM	WCFN	WGBHLP	WKRN	WNYW	WSOC	WWTW
KCSO	KWGN	WCGV	WGCL	WKTV	WOAI	WSPA	WWWB
KDEB	KWTX	WCHS	WGME	WKYT	WOUB	WSYX	WXEL
KDKA	KWWL	WCIA	WGN	WLAJ	WOWK	WTAE	WXIA
KENS	KXAS	WCML	WGNT	WLEX	WPBN	WTBS	WXII
KERA	KXTX	WCMV	WGPX	WLNS	WPBS	WTCE	WXXA
KGAN	KYTV	WCNY	WGTW	WLRN	WPBT	WTCN	WXYZ
KLRN	KYTX	WCTI	WHAG	WLTW	WPBY	WTEN	WYBE
KMGH	KYW	WCVB	WHDH	WLUK	WPCB	WTMJ	WYDN
KMIZ	W3IBP	WCWB	WHNT	WLVI	WPDE	WTRF	WYDO
KMSP	W5OBE	WDBJ	WHP	WLXI	WPGH	WTTG	WYOU
KMWB	WAAY	WDCA	WHRO	WLYH	WPHL	WTVF	WYPX
KNLJ	WACY	WDCQ	WHTM	WMAR	WPIX	WTVI	WZPX
KNME	WAFF	WDIV	WHYY/ WHYYDT	WMCN	WPMT	WTVP	WZTV
KNXT	WAGA	WDJT	WHYYDT	WMFQ	WPNE	WTVQ	WZZM
KNXV	WAMI	WDRL	WICU	WMHT	WPSG	WTVS	
KOLR	WAND	WDSE	WICZ	WMLW	WPSX	WTVZ	
KPIX	WAQP	WDTA	WIS	WMPB	WPTO	WTVB	
KPLR	WATC	WDWB	WISFLP	WMUR	WPVI	WTVF	
KPXM	WATL	WEDH	WISN	WMVR	WPXD	WTVF/WTVFDT	

**APPENDIX A  
2005 BORTZ STATIONS**

CBET	KIRO	KSTW	WAVE	WDLI	WIAT	WKTV	WNWO	WREX	WTVS
CBMT	KJZZ	KTBY	WAXN	WDRB	WICZ	WLED	WNYO	WRIC	WTWB
CBUT	KLAS	KTCA	WAZE	WDSU	WIFR	WLFG	WNYS	WROC	WTFX
CBWT	KLJB	KTCI	WBAL	WDWB	WIPB	WLIO	WNYW	WSAW	WUAB
CFCF	KLRN	KTEJ	WBAY	WEAO	WIS	WLJT	WOAI	WSAZ	WUHF
CHLT	KLVX	KTFT	WBBJ	WEIQ	WISC	WLKY	WOIO	WSBE	WUNI
CJOH	KMBC	KTHV	WBBM	WELT	WISF	WLMB	WOME	WSBK	WUPA
CKSH	KMIZ	KTNV	WBDC	WENY	WISN	WLMT	WOSU	WSBK/ WSBKDT	WUPN
CKWS	KMOV	KTTC	WBGH	WETA	WITF	WLNS	WOTM	WSBT	WUSA
KABB	KMSP	KTVK	WBGH	WETM	WITI	WLS	WOUB	WSEE	WUTF
KAET	KNLJ	KTVU	WBGT	WEUX	WIUP	WLUK	WOWK	WSFA	WUTR
KAIT	KNTV	KTVX	WBGU	WFDC	WIVB	WLVII/ WLVIDT	WPBN	WSHM	WUTV
KARE	KNXT	KTWO	WBKI	WFLD	WIVT	WLXI	WPBO	WSKG	WUVG
KARK	KNXV	KUAM	WBKP	WFQX	WIWB	WLYH	WPBS	WSKY	WVCY
KATU	KOIN	KUED	WBNG	WFRV	WIXT	WMAE	WPBT	WSMH	WVIA
KATV	KOLN	KUSA	WBNS	WFTC	WJAC	WMAQ	WPBY	WSMV	WVIR
KBHK	KOLR	KUTP	WBOY	WFTV	WJAL	WMAR	WPCB	WSOC	WVIZ
KBSI	KOMO	KVPT	WBPB	WFXS	WJBK	WMAZ	WPDE	WSPA	WVPT
KBTC	KOMU	KVTJ	WBQC	WFXV	WJEB	WMC	WPGA	WSPX	WVTB
KBYU	KOPB	KVVU	WBRC	WGAL	WJJA	WMFE	WPGH	WSRE	WVTV
KCAL	KPDX	KWBM	WBTV	WGBA	WJKT	WMHT	WPHL	WSTM	WWBT
KCET	KPIX	KWBP	WBUW	WGBO	WJLA	WMLW	WPIX	WSYT	WWCP
KCNC	KPLR	KWDK	WBZ	WGCL	WJMN	WMPB	WPNE	WSYX	WWJ
KCPT	KPNZ	KWGN	WCAU	WGGB	WJRT	WMQF	WPSD	WTAE	WWL
KCRA	KPTV	KWKB	WCCB	WGGN	WJTV	WMSN	WPSG	WTAJ	WWNY
KCRG	KPXR	KWQC	WCCO	WGMU	WJW	WMTV	WPSX	WTBS	WWOR
KCTS/ KCTSDT	KQED	KWWF	WCET	WGN	WJZ	WMUR	WPTO	WTFX	WWSI
KDKA	KRMA	KWWL	WCEV/ WCEVDT	WGPX	WJZY	WMVS	WPTY	WTFX/WTF	WWWB
KENS	KRWG	KXIT	WCFE	WGRZ	WKAR	WMVT	WPVI	WTGL	WXIA
KETC	KSAT	KYTV	WCGV	WGTE	WKBD	WNBC	WPXD	WTGS	WXIX
KEVN	KSAW	KYW	WCHS	WGTV	WKBT	WNDU	WPXE	WTMJ	WXXI
KFPX	KSCB	W28BC	WCMH	WHA	WKBW	WNED	WPXI	WTRF	WXYZ
KFVS	KSDK	W31BP	WCML	WHAM	WKCF	WNEG	WPXX	WTRV	WZTV
KFXB	KSFX	WABC	WCNC	WHAS	WKMG	WNEM	WQAD	WTSF	
KGAN	KSIN	WABM	WCNY	WHBQ	WKMJ	WNEU	WQED	WTTW	
KGO	KSL	WACY	WCVE	WHCP	WKMU	WNEV	WQEX	WTTX	
KGW	KSLA	WALA	WCWB	WHEC	WKNO	WNMU	WQLN	WTVF	
KGWC	KSMQ	WAPK	WDBJ	WHIO	WKOH	WNPA	WQOW	WTVG	
KIIN	KSPR	WAPW	WDCA	WHP	WKOI	WNPB	WQRF	WTVH	
KING	KSTC	WAQP	WDIV	WHTM	WKOW	WNPT	WRC	WTVI	
KIPT	KSTP	WATL	WDJT	WHUT	WKRK	WNVC	WREG	WTVO	

**CORRECTED**

**APPENDIX B**

**REBUTTAL TESTIMONY OF**

**MARSHA KESSLER**

## APPENDIX B

**COMPENSABLE v NON-COMPENSABLE  
SPORTS PROGRAMMING**

Total Broadcast Time, Sports Programs  
Less, ABC/CBS/NBC Net Sports Programs (i.e. Not Compensable)  
Total Broadcast Time, Compensable Sports Programs

2004		2005	
MINUTES	SHARE	MINUTES	SHARE
849,906	100.0%	909,062	100.0%
(497,436)	-58.5%	(548,447)	-60.3%
352,470	41.5%	360,615	39.7%

**ALLOCATION OF COMPENSABLE SPORTS  
PROGRAMMING AMONG PHASE I  
CLAIMANTS**

Total Broadcast Time, Sports Programs, Canadian Claimants  
Total Broadcast Time, Sports Programs, Commercial TV Claimants  
Total Broadcast Time, Sports Programs, Program Suppliers  
Total Broadcast Time, Sports Programs, JSC  
Total Allocation Of Compensable Sports Time

24,756	7.0%	20,729	5.7%
36,258	10.3%	30,582	8.5%
162,725	46.2%	179,660	49.8%
128,731	36.5%	129,644	36.0%
352,470	100.0%	360,615	100.0%

**NON-COMPENSABLE, NON-JSC SPORTS**

Total Broadcast Time, Network Sports Programs (i.e. Not Compensable)  
Total Broadcast Time, Sports Programs, Canadian Claimants  
Total Broadcast Time, Sports Programs, Commercial TV Claimants  
Total Broadcast Time, Sports Programs, Program Suppliers  
Total Broadcast Time, Non-JSC Sports

497,436	548,447
24,756	20,729
36,258	30,582
162,725	179,660
721,175	779,418

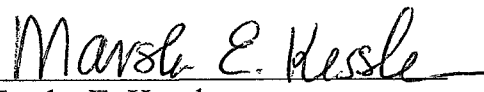
Share Of Total Broadcast Time, Non-Compensable, Non-JSC Sports

84.9%	85.7%
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**DECLARATION OF MARSHA E. KESSLER**

I declare under penalty of perjury that the foregoing rebuttal testimony is true and correct and of my personal knowledge.

Executed on February 1, 2010.

  
Marsha E. Kessler



Before the  
COPYRIGHT ROYALTY JUDGES  
Washington, D.C.

**In the Matter of**

**Distribution of the 2004 and 2005  
Cable Royalty Funds**

**Docket No. 2007-3 CRB CD 2004-2005**

**REBUTTAL TESTIMONY  
OF  
JOHN R. WOODBURY**

**December 11, 2009  
Corrected February 4, 2010**

## REBUTTAL TESTIMONY OF JOHN R. WOODBURY

### I. Qualifications

1. My name is John R. Woodbury and I am a vice president at Charles River Associates, an economics and business consulting firm, where I have been employed since 1992. I received my B.A. from the College of the Holy Cross (*summa cum laude*) and my M.A. and Ph.D. in Economics from Washington University (St. Louis). Among other positions, I have served as a Brookings Economics Policy Fellow at the Civil Aeronautics Board, as a Senior Economist on the Network Inquiry Special Staff of the Federal Communications Commission, as Vice President for Research and Policy Analysis at the National Cable Television Association (now the National Cable and Telecommunications Association), and as Associate Director for Special Projects in the Bureau of Economics of the Federal Trade Commission.
2. I have been involved in numerous matters regarding intellectual property. During my tenure at the National Cable Television Association, I served as staff liaison to the Association's Copyright Committee, charged with overseeing economic initiatives and proceedings before the Copyright Royalty Tribunal. In that capacity, I was responsible for analyzing the empirical basis for the then 3.75% distant signal compulsory license fee and for estimating the appropriate inflation adjustment for distant signal payments made by cable operators and for presenting those findings to various claimant groups. In addition, I was part of a small negotiating team that included the Association's President and the Chairman of its Executive Committee whose purpose was to determine whether an agreement could be reached with the Motion Picture Association of America ("MPAA") on simplifying the copyright royalty payment scheme.
3. I have testified a number of times before the Copyright Royalty Tribunal and before the Copyright Arbitration Royalty Panel ("CARP") as a rebuttal witness on behalf of MPAA addressing issues dealing with the distribution of distant signal license payments. I provided both direct and rebuttal testimony on behalf of Music Choice (formerly known as DCR) and DMX in the first CARP under the Digital Performance Right in Sound Recordings Act of 1995. I, along with my colleague, Jane Murdoch, also provided written direct and rebuttal testimony on behalf of the Corporation for Public Broadcasting and National Public Radio addressing reasonable license fees for the public performance of sound recordings by public radio entities on their Internet sites. In addition, I provided both direct and rebuttal testimony on behalf of Music Choice regarding the appropriate rate to be paid to BMI for performances of musical compositions. Most recently, I submitted direct and rebuttal testimony to the Copyright Royalty Board on behalf of XM and Sirius in assessing the appropriate fees to be paid by XM and Sirius for sound recording performance rights. My *curriculum vita* is attached as Appendix 1 to this report.



## II. Introduction

4. I have been retained by Program Suppliers to evaluate the share of distant-signal royalties attributable to the Music Claimants (comprised of ASCAP, BMI, and SESAC) as estimated by William Zarakas.<sup>1</sup> For reasons discussed below, Mr. Zarakas chose not to rely on the method used in previous proceedings that looks to actual payments made by broadcast stations and networks for music rights as a percentage of total payments by stations and networks for programming and music rights.
5. In my judgment, Mr. Zarakas' concerns about replicating that analysis, while not without some basis, are not sufficiently important to disregard this approach. Indeed, his approach almost certainly overstates the payments Music Claimants could expect to receive. In this report, I adopt an approach that is generally consistent with the reliance on actual music rights payments in previous distribution proceedings. That approach provides a more reasonable basis for determining the royalty share attributable to the Music Claimants—2.04% of the 2004 royalty pool and 1.94% of the 2005 royalty pool.
6. The materials I have relied on are reported in Appendix 4 to this report.

## III. The Approach Used In Prior Proceedings Is a Straightforward Method to Estimate the Music Claimants' Share of Royalties

7. In previous distribution proceedings, I understand that one basis for the ultimate determination of the Music Claimants' royalty share has been the calculation of actual music rights payments made by all broadcast stations and networks as a percentage of total payments by broadcast stations and networks for programming and music rights. For example, in the 1998-99 Cable Distribution Proceeding, the CARP found that this approach was "reasonable and worthy of some weight in determining the relative value of Music in [that] proceeding."<sup>2</sup> The CARP also recognized that in both the 1978 and 1979 distribution proceedings, the Copyright Royalty Tribunal adopted a similar approach to the calculation of the share of royalties due the Music Claimants.<sup>3</sup>
8. In his written testimony, Mr. Zarakas notes that the "music ratio approach used by the CARP in the 1998-99 distribution proceeding is a reasonable method to approximate

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<sup>1</sup> SP Exhibit 27.

<sup>2</sup> In the Matter of Distribution of 1998 and 1999 Cable Royalty Funds, Docket No. 2001-8 CARP CD 98-99, *Report of the Copyright Arbitration Royalty Panel To The Librarian of Congress* (October 21, 2003) ("CARP Report") at 86-87. Among other reasons, the CARP did not rely solely on this estimated ratio because it believed that the "inclusion of network data *may* have the effect of somewhat artificially decreasing the percentage of music license fees compared to [all] broadcast rights expenses...." *Id.* at 87 (note omitted).

<sup>3</sup> *Id.* at 86-87.

the value of music in the local over-the-air broadcast market relative to the value of the works of the other copyright holders....”<sup>4</sup>

9. When asked during the hearing why he did not replicate the calculations relied on by the CARP in the 1998-99 distribution proceeding for 2004 and 2005, Mr. Zarakas explained that that earlier calculation was based on data provided by the U.S. Bureau of the Census which included separate “line” items for music royalties paid by broadcast stations (and the three networks ABC, CBS, and NBC) and for other broadcast rights payments. However, the Bureau of the Census no longer reports data distinguishing between music rights payments and broadcast rights payments. Now, those payments are combined into a single line item. As a result, one cannot tell from the Census data alone what the actual music rights payments have been.<sup>5</sup>
10. Mr. Zarakas was also asked about the possible use of the actual payments recorded by ASCAP and BMI as a substitute for actual music payments that, in years prior to 1999, had been reported separately by the Census.<sup>6</sup> Mr. Zarakas responded that those actual payments to ASCAP and BMI would understate the total music royalty payments made by the broadcast networks and stations because they would exclude direct licensing by those networks and stations. That is, if the station or network negotiated with and paid the composer or publisher directly for the music rights, those payments would not be reflected in the ASCAP or BMI revenues.<sup>7</sup>
11. As a substitute for the actual music rights payments made by broadcast networks and stations, Mr. Zarakas chose to rely on the blanket license fees negotiated between the Television Music License Committee—representing a variety of network and non-network broadcast stations—and each of the Performing Rights Organizations (“PROs”)—ASCAP, BMI, and SESAC. As he notes:

[B]lanket music license fees are the only available measures of total market based prices....[The] negotiated, annual PRO blanket license fee, applicable to all local television stations, is an accurate and reliable measure of the market price of music licenses in the local over-the-air-broadcast market.<sup>8</sup>

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<sup>4</sup> SP Exhibit 27 at ¶26.

<sup>5</sup> Tr.1169:9-1172:15 (Zarakas). Mr. Zarakas did agree that the combined total reported by the Census for 2004 and 2005 corresponded conceptually to the right absolute amount of music and broadcast rights payments. Tr. 1177:4-1177:13 (Zarakas).

<sup>6</sup> SESAC only offered blanket licenses to local stations in 2004 and 2005. Tr. 1107:2-3 (O’Neill). As a result, SESAC’s blanket license fees correspond with actual license fees for these years.

<sup>7</sup> SP Exhibit 27 at ¶33; Tr. 1175:10-1176:5 (Zarakas).

<sup>8</sup> SP Exhibit 27 at ¶33.

12. However, there is no reason to believe that the use of the blanket license fees is in fact a more “accurate and reliable” measure of the actual music rights payments made by broadcast stations than the payments actually recorded by the PROs. In particular, the use of the blanket license fee payment estimates does not measure what stations actually paid for their music rights. Indeed, estimates based on the blanket license fee cannot satisfy Mr. Zarakas’ own criterion for a value measure: “the dollars paid by local broadcast television stations for music license fees is a measure of the value that these stations place upon access to music included in their programming.”<sup>9</sup> (Emphasis added.)
13. Specifically, Mr. Zarakas’ reliance on the blanket license fee payments negotiated between the Television Music License Committee and the PROs may have overstated—perhaps substantially—the total payments actually made by licensees to the PROs. At best, those blanket license fees are an upper bound on the actual payments made by broadcast stations for at least two reasons.
14. First, to the extent that stations opt for a direct license rather than the blanket license, the payments made by the broadcast stations in the aggregate to the PROs will be less than the negotiated fee amounts used by Mr. Zarakas, which assumes that all stations opted for the blanket license. If a station opts to choose a direct license, then presumably it is doing so because the payments associated with the direct license are less than those associated with a blanket license. If direct licensing occurs very infrequently, then the actual payments to the PROs will not in any significant way understate the total music rights payments. In any event, I am not aware of any evidence offered by Mr. Zarakas that suggests that direct licensing is so prevalent that the actual payments to the PROs would not serve as a reasonable proxy for the total music rights payments.<sup>10</sup>
15. Second, in addition to direct licensing as a substitute for the blanket license, the broadcast stations and networks can opt for a per-program license from the PROs. While the fees for such licenses are apparently based in part on the blanket license fee, a station (or network) that opts for a per-program license does so because it is less expensive than the blanket license. As those per-program fees are paid directly to the PROs, they will be included in the reported actual music payments to the PROs. To be sure, some stations that have opted for a direct license for some of their music may now find a per-program license fee more attractive than a blanket license.

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<sup>9</sup> *Id.* at ¶26.

<sup>10</sup> As a matter of economics, one would expect that the fees generated by direct licensing will reflect the incremental music value resulting from the programming on stations retransmitted as distant signals by the cable operators. That is, in their negotiations with individual stations for a direct license, music copyright holders would recognize that there is some distant signal carriage of the station and the fee charged by the copyright holders would reflect that incremental viewer exposure. One would expect that to be the case, given the uncertainties as to what fraction of the allocated royalties to music they would actually receive. One would expect this to be particularly true of any direct licensing associated with widely-carried stations like WGN.

But other stations may opt for a per-program license fee simply because their programming tends not to include music in the BMI and ASCAP repertoires.

16. In summary, there is no particular reason to believe that the assumed payments specified in the blanket license agreement are more accurate or reliable than the actual payments received by the PROs as a proxy for the amounts actually paid for the music rights. To the extent that per-program licenses are prevalent and used by stations to reduce aggregate music payments to the PROs relative to the amounts that were negotiated under a blanket license, Mr. Zarakas' use of the blanket license as a proxy for actual payments made by stations and networks for the music rights may substantially exceed those actual payments. This overstatement will also be amplified to the extent that stations rely on direct licensing to reduce their music payments below those that would have to be paid under a blanket license. In fact, one would expect this result because the direct licensing fees and per-program fees paid by individual stations are presumably less than what their share of the negotiated blanket license fees would be. At best, the estimate offered by Mr. Zarakas is no more than an upper bound on the total payments made by the broadcast stations for the use of the music.

#### **IV. Estimating Actual Music Rights Payments as a Percentage of Total Rights Payments**

17. In what follows, I rely on the evidence produced during the course of this proceeding to estimate the percentage of total (broadcast and music) rights payments accounted for by music rights payments in a manner consistent with previous distribution proceedings. To estimate this percentage requires two inputs: music rights payments made by broadcast stations and networks and total rights payments (music rights payments plus broadcast rights payments) made by broadcast stations and networks. I report the calculation for 1998 cable royalties provided to the CARP in the 1998-99 Cable Distribution Proceeding and then calculate the music percentage share in 2004 and 2005.
18. The data for the 1998 calculation are provided by Dr. George Schink in his testimony before the CARP. In his report, Dr. Schink relies on 1998 data tabulated by the U.S. Bureau of the Census.<sup>11</sup> As noted above, that report identifies both the total music license fee payments and the broadcast rights payments (including payments by the three networks). In 1998, the total rights payments (music plus broadcast rights) were \$9,799 million while total music rights payments were \$228 million.<sup>12</sup> Thus, music rights accounted for 2.33% (*i.e.*, \$228 million/\$9,799 million) of total rights payments by broadcast stations and networks in 1998. As noted above, the CARP found that this approach was "reasonable and worthy of some weight in determining the relative

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<sup>11</sup> In the Matter of Distribution of 1998 and 1999 Cable Royalty Funds, Docket No. 2001-8 CARP CD 98-99, *Testimony of Dr. George R. Schink* (June 20, 2003) ("Schink"), Appendix F.

<sup>12</sup> Schink at ¶28.

value of Music in [that] proceeding.” Mr. Zarakas agreed with the CARP in his report, stating that this approach “is a reasonable method to approximate the value of music in the local over-the-air broadcast market relative to the value of the works of the other copyright holders....”<sup>13</sup>

19. For 2004 and 2005, the data for total rights (*i.e.*, music plus broadcast rights) payments by broadcast stations and networks are those reported by the Bureau of the Census.<sup>14</sup> For 2004, the payments reported by the Census were \$11,710 million. For 2005, the corresponding payments were \$12,036 million.
20. For 2004 and 2005, I used, for the reasons discussed above, the actual payments received by the PROs in my calculation. The data on actual music rights payments are based on the submissions by ASCAP and BMI as compiled by Mr. Zarakas in discovery document Music 10574, “Pro Info Request” tab. That spreadsheet provides the actual payments made by the stations and networks to ASCAP and BMI, but not for SESAC, which did not offer a per-program license to local stations in 2004 and 2005.<sup>15</sup> I understand that the actual payments to SESAC were the same as the blanket license fees, also reported in that same spreadsheet.
21. Appendix 2 (attached) lists the payments by the three broadcast networks, Univision and all stations for 2004 and 2005. For 2004, the total music rights payments received by the PROs are estimated as \$239 million for 2004 and \$234 million for 2005.
22. Using these data, music rights payments accounted for 2.04% (*i.e.*, \$239 million/\$11,710 million) of all rights payments (*i.e.*, music rights plus broadcast rights) in 2004 and 1.94% (*i.e.*, \$234 million/\$12,036 million) in 2005. Appendix 3 reports the results for all three years: 1998, 2004, and 2005.

**V. Additional Adjustments by Mr. Zarakas to the Music Rights Percentage Appear to be Without Any Sound Economic Basis**

23. For reasons discussed above, the overall percentage of total rights payments accounted for by music rights payments using the blanket license fees as proposed by Mr. Zarakas does not rely on actual payments and, thus, almost certainly overstates what that percentage would be using actual payments. The approach that I have adopted in the previous section may to some extent understate the actual overall percentage, but my approach is tied to the underlying reality of what stations actually pay for music rights.

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<sup>13</sup> SP Exhibit 27 at ¶26.

<sup>14</sup> U.S. Census Bureau, *Service Annual Survey 2006*, Table 3.3.3.

<sup>15</sup> Tr. 1107:2-3 (O’Neill).

24. In his testimony, Mr. Zarakas does not rely on an overall blanket license fee-based music rights percentage to estimate the Music Claimants' proposed share of the copyright royalty pool. Instead, he notes that the mix of stations carried as distant signals may differ from those available over the air. Thus, he attempts to account for this mix difference by weighting various station types (*e.g.*, ABC affiliates, NBC affiliates, WB affiliates, Independents) by the fraction of cable subscribers having distant-signal access to the number of stations of each type.<sup>16</sup>
25. Mr. Zarakas offers no justification for using subscriber instances to weigh station types. What Mr. Zarakas may be implicitly assuming is that the number of music performances on a distant signal is directly proportional to the number of subscribers that have access to that signal. Obviously, there is no reason to believe that is the case. (Nor, as I note below, is that the basis for determining individual station payments under the blanket licensing fee approach.)
26. For example, system A with 1000 subscribers may have 100 (or 10% of its subscribers) who view distant signal X for some part of the time. Mr. Zarakas appears to be assuming that a system B with 2000 subscribers would have the same proportion of subscribers (200) who view distant signal X. But Mr. Zarakas offers no evidence that such proportionality holds from one cable system to the next. Indeed, one would not expect such proportionality. Cable systems vary substantially in terms of the program services offered to subscribers, the extent to which the services are offered in high-definition, and the tiering of those services, among other factors. Those differences will in turn likely cause the attractiveness of distant signals to cable operators and subscribers to vary widely across systems—even for systems with the same number of subscribers. In assuming proportionality, Mr. Zarakas fails to control for any of these differences.
27. Thus, there is no reason to believe that Mr. Zarakas' approach of weighting each distant signal by subscriber access to distant signals provides any meaningful estimate of the actual music payments associated with the mix of distant signals carried.
28. As Mr. Zarakas acknowledges, a viewership weighting, not the number of households to which a station is available, is the scheme used by the TMLC to allocate the payments due to the PROs by individual stations. Yet, Mr. Zarakas did not even consider such an approach.<sup>17</sup> There is absolutely no reason to believe that there is any one-to-one relationship between the actual viewership of distant signals and the number of subscribers having access to those distant signals. Indeed, one can easily imagine circumstances where there is no statistically important relationship between

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<sup>16</sup> SP Exhibit 27 at ¶¶51-52. For purposes of this discussion, I am assuming that accounting for any mix differences is acceptable. However, I am also aware that the cable payment for the carriage of a distant signal does not depend on whether or not the station has an affiliation with a non-Big 3 (*i.e.*, ABC, NBC, CBS) network. If the payment by cable operator does not depend on the station type, it is not obvious why the estimated share of the royalty pool due the Music Claimants should depend on the station type.

<sup>17</sup> Tr. 1228:4-17 (Zarakas).

the two.<sup>18</sup>

29. Another “adjustment” made by Mr. Zarakas is to treat WGN as an independent rather than a WB affiliate for purposes of assigning a percentage music royalty due to the carriage of WGN. Mr. Zarakas testified that he did so because as a distant signal, WGN does not include WB programming in its transmission.<sup>19</sup> The effect of this reclassification appears to have dramatically increased the weight on the percentage music rate of independent stations because WGN is apparently one of the most widely—if not the most widely—carried distant signal.<sup>20</sup>
30. But WGN is clearly not like other independent television stations (*i.e.*, stations not affiliated with any broadcast network). As Mr. Zarakas notes, WGN transmits two signals, “one for its local market in Chicago...and one designed for distant carriage.”<sup>21</sup> I am not aware of any other independent station identified by Mr. Zarakas that operates in the same fashion as WGN. Mr. Zarakas provides no justification for the assumption that WGN’s nationally distributed distant signal should be treated as a “typical” local independent station for purposes of estimating the Music Claimants’ proposed share of the royalty pool. Mr. Zarakas has offered no reason to believe that the music percentage paid by the nationally-distributed WGN mirrors the music percentage actually paid by locally-distributed independent stations.<sup>22</sup>

## VI. Conclusion

31. I conclude that the degree of confidence that an economist would place on Mr. Zarakas’ estimate of the royalty share due the Music Claimants is quite low. His overstatement of actual royalty payments by using the blanket license fee, his flawed scheme for weighting the royalty importance of a distant signal type by cable subscriber instances, and his implicit assumption that the nationally-distributed distant signal WGN is analogous to a locally-distributed independent broadcast station all cast considerable doubt on the accuracy of Mr. Zarakas’ estimate.
32. A better starting point for estimating what relative share Music Claimants should receive is the set of calculations I performed above: the ratio of actual music payments to the PROs divided by the total rights payments as reported by the U.S.

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<sup>18</sup> For example, system A with 1000 subscribers may have 100 who view the distant signal. System B with 2000 subscribers may have 110 who view the distant signal.

<sup>19</sup> SP Exhibit 27 at note 30.

<sup>20</sup> Tr. 1235:16-18 (Zarakas).

<sup>21</sup> SP Exhibit 27 at note 30.

<sup>22</sup> Note that to the extent there is no (or significantly less) local programming on WGN’s distant-signal transmission, Mr. Zarakas’ “local programming” adjustment should not be applied to WGN. *See* SP Exhibit 27 at ¶¶41-46 (Mr. Zarakas’ discussion of this adjustment).

Bureau of the Census. While this approach may understate the music fees, it has the advantage of relying on actual payments made.



**APPENDIX 1**

**REBUTTAL TESTIMONY OF**

**JOHN WOODBURY, Ph.D.**

**JOHN R. WOODBURY**  
Vice President

Ph.D. Economics,  
Washington University

M.A. Economics,  
Washington University

B.A. Economics,  
College of the Holy Cross

## PRIOR PROFESSIONAL EXPERIENCE

1989–1992 *Principal, Microeconomic Consulting and Research Associates, Inc.*  
(formerly Competitive Analysis Group, ICF Consulting Associates)

- Responsible for providing antitrust and regulatory advice to clients.

1989 *Research Associate, Analysis Group*

- Responsible for providing antitrust and regulatory advice to clients.

1985–1989 *Federal Trade Commission*

*Associate Director for Special Projects, Office of the Bureau Director, Bureau of Economics*

- Responsible for initiating, conducting, and reviewing economic studies on Commission and other regulatory policies (including telecommunications); drafting speeches for the chairman; and reviewing Bureau participation in Federal Trade Commission cases.

*Assistant Director for Rulemaking, Division of Policy and Evaluation, Bureau of Consumer Protection*

- Responsible for managing the Commission's rulemaking agenda and drafting recommendations to the Commission from the Bureau director. Rules reviewed include holder-in-due-course, vocational schools, cooling-off, and funeral rules.

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- Deputy Assistant Director, Regulatory Analysis, Bureau of Economics*
- Responsible for conducting or supervising studies or filings before regulatory agencies, including the Federal Communications Commission, the International Trade Commission, and the National Highway Traffic Safety Administration.
- 1983–1985 *Vice President, Department of Research and Policy Analysis, National Cable Television Association*
- Responsible for conduct or supervision of studies related to cable television, including consumer costs of the franchising process, deregulation of cable prices, effects of copyright fees on consumers, and the extent of competition with cable television.
- 1982–1983 *Senior Economist, Regulatory Analysis Division, Bureau of Economics, Federal Trade Commission*
- Responsible for broadcasting and telecommunications.
- 1979–1982 *Federal Communications Commission*
- Chief, Economics Division, Common Carrier Bureau*
- Senior economic advisor to Bureau and Commission on common carrier policy. Directed 25 subordinates in policy analysis.
- Industry Economist, Network Inquiry Special Staff*
- Responsible for the analysis of the program supply industry and the competitive impact of new broadcast technology.
- 1978–1979 *Assistant Chief, Policy Analysis Division, Brookings Economic Policy Fellow, assigned to Office of Economic Analysis, Civil Aeronautics Board*
- Responsible for the development of merger policy, international aviation policy, and service to small communities.
- 1977–1978 *Assistant Professor of Economics, State University of New York at Albany*
- 1975–1977 *Economist, International Research Department, Federal Reserve Bank of New York*
- Responsible for assessing bank-reported capital flows and exchange-rate movements.
- 1974–1975 *Lecturer, Southern Illinois University, Carbondale*

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## EXPERT WITNESS ACTIVITIES

Expert witness, Determination of Reasonable Royalties for the Digital Transmission of Sound Recordings, Before the Copyright Arbitration Royalty Panel, direct and rebuttal written, deposition, and trial testimony, on behalf of XM and Sirius (Hearing: June and August, 2007).

Expert witness, Northern PCS Services v. Sprint Nextel Corporation, Circuit Court of Cook County, Illinois, on behalf of Sprint Nextel Corporation, November 2006 (Deposition testimony and written direct report and draft rebuttal report).

Expert witness, iPCS Wireless Inc. v. Sprint Corporation, Circuit Court of Cook County, Illinois, on behalf of Sprint Nextel Corporation, January 2006 (deposition testimony, written direct and rebuttal reports, trial testimony).

Expert witness, Horizon Personal Communications and Bright Personal Communications v. Sprint Corporation and UbiquiTel Inc. v. Sprint Corporation, Court of Chancery of the State of Delaware In and For New Castle County Testimony on behalf of Sprint Nextel Corporation, April-May 2006 (deposition testimony, written direct and rebuttal reports, trial testimony).

Expert witness in a BMI rate setting proceeding on behalf of Music Choice, Second District Court of New York (expert report, supplemental report, direct case report, data affidavit, deposition testimony, and trial testimony), November 2003-April 2004.

Expert witness in a conspiracy/monopolization matter on behalf of IBEW Local No. 3. Expert report and deposition testimony. October-December 2002.

Expert witness before the Copyright Arbitration Royalty Panel, Direct and rebuttal testimony, regarding the determination of reasonable license fees for digital performance right in sound recordings and ephemeral recordings of music performed on public radio websites. Prepared on behalf of National Public Radio/Corporation for Public Broadcasting. April and October 2001.

Expert witness before the Illinois Commerce Commission, regarding the proposed SBC/Ameritech merger. Prepared on behalf of Sprint Communications Company, L.P. July 1999.

Expert witness before the Commonwealth of Virginia State Corporation Commission, regarding the proposed Bell Atlantic/GTE merger. Prepared on behalf of Sprint Communications Company, L.P. March 1999.

Expert witness before the Ohio Public Utilities Commission, regarding the proposed SBC/Ameritech merger. Prepared on behalf of Sprint Communications Company, L.P. December 1998.

Expert witness before the Illinois Commerce Commission, regarding the proposed SBC/Ameritech merger. Prepared on behalf of Sprint Communications Company, L.P. October and December 1998.

Expert witness to Copyright Arbitration Royalty Panel, Direct and Rebuttal Testimony, regarding the determination of reasonable rates for the digital performance of sound recordings. Prepared on behalf of Music Choice and DMX. June and July 1997.

Expert witness to Copyright Arbitration Royalty Panel, Rebuttal Testimony, regarding the shares of royalties due copyright claimants. Prepared on behalf of the Motion Picture Association of America. March 1996.

Expert witness before the Copyright Royalty Tribunal, rebuttal testimony on the value of distant signal sports programming. Prepared on behalf of the Motion Picture Association of America, December 1991.

Expert witness preparation in five antitrust investigations, 1988–1992, on behalf of the FTC.

Expert witness, FTC v. Elders Grain, Preliminary Injunction Proceeding, Sixth District Court. Testimony prepared on behalf of the FTC, June 1988.

Expert witness before the International Trade Commission and Department of Commerce, imports of Japanese semiconductors. Testimony prepared on behalf of the FTC, 1986.

Expert witness, Texas International/National/Pan American Acquisition Case and Continental/Western acquisition case. Testimony prepared on behalf of the Civil Aeronautics Board, 1978–1979.

## **OTHER SELECTED CONSULTING ACTIVITIES**

Provided an evaluation of price-fixing claims against a defendant provider of LBO services, on behalf of the defendant, 2009.

Provided an assessment of vertical issues raised by an music-related merger, 2009.

Assisted in the preparation of expert reports in the EC investigation of Intel, on behalf of Intel, 2009.

Provided an assessment of the antitrust risk for a number of transportation-related mergers, 2009.

Provided an assessment of the competitive effects of a number of broadcast station mergers, 2008-2009.

Provided economic analysis of the competitive effects of the Miller-Coors joint venture on behalf of Miller, 2007-2008.

Provided economic analysis of the merger between Galileo and Worldspan, on behalf of Galileo, 2006-2007.

Submitted a report, Declaration of Stanley M. Besen and John R. Woodbury filed before the Federal Communications Commission on behalf of the National Cable & Telecommunications Association, March 28, 2006. *In the Matter of Implementation of Section 621 (a) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992, MB Docket No. 05-311.*

Submitted a report on behalf of Sprint, Joint declaration of Stanley M. Besen, Steven C. Salop and John R. Woodbury; Attachment B to, In re Applications of Nextel Communications, Inc., Transferor, and Sprint Corporation, Transferee, for Consent to the Transfer of Control of Entities Holding Commission Licenses and Authorizations Pursuant to Sections 214 and 310 (d) of the Communications Act, Before the Federal Communications Commission, February 8, 2005.

Submitted a report, "Economic Analysis of the DOT's NPRM Proposals—Reply Comments." With Professor Steven C. Salop. To the Department of Transportation on behalf of Sabre, Inc., 2003.

Submitted a report, "Economic Analysis of DOT's NPRM Proposals." With Professor Steven C. Salop. To the Department of Transportation on behalf of Sabre, Inc., 2003.

Submitted a report, "Cable Television Subscriber Limits: A Critique." With Carl Shapiro. To the Federal Communications Commission on behalf of National Cable and Telecommunications Association, 2002.

Submitted a report to the Justice Department regarding unilateral effects related to a merger in the personal care industry, 2001.

Submitted a report to the European Commission on the effect of partial ownership interests in the luxury goods industry, 2001.

Submitted a report, "The Incentives of Cable Operators to Carry Multiple ISPs." With Stanley M. Besen and Patrick J. DeGraba. To the Federal Communications Commission on behalf of The National Cable Television Association, 2000.

Submitted a report on a media merger to the European Commission, 2000.

Submitted a report, "The Staff's Flawed Economic Analysis of Harm from Control Over 'Inactive' Programs" With Steven C. Salop. To the Federal Communications Commission on behalf of CBS Corporation and Viacom, Inc., 2000.

Submitted a report, "An Economic Analysis of the Effects of the AT&T-MediaOne Merger on Competition in the Supply and Distribution of Video Program Services: Response to the Critics." With Stanley M. Besen and Serge X. Moresi. To the Federal Communications Commission on behalf of AT&T, 1999.

Submitted a report, "An Economic Analysis of the proposed Bell Atlantic/GTE Merger." With Stanley M. Besen and Padmanabhan Srinagesh. To the Federal Communications Commission on behalf of Sprint Communications Company, L.P., 1998.

Submitted a report, "An Economic Analysis of the proposed SBC/Ameritech Merger." With Stanley M. Besen and Padmanabhan Srinagesh. To the Federal Communications Commission on behalf of Sprint Communications Company, L.P., 1998.

Submitted a report, "An Economic Analysis of the FCC's Cable Ownership Restrictions." With Stanley M. Besen. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1998.

Submitted a report, "Comments on Dertouzos and Wildman, 'Programming Access and Effective Competition in Cable Television.'" With Stanley M. Besen. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1998.

Submitted a report, "An Economic Analysis of the Effects of Partial Ownership Interests in Cable Systems." With Stanley M. Besen, Daniel P. O'Brien, and Serge X. Moresi. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1998.

Submitted a report, "A Response to Ameritech's New Media's 'Allegations of a Price Squeeze' by Vertically Integrated Cable Operators." With Stanley M. Besen. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1998.

Submitted a report, "A Further Analysis of the Effects of Cable Diversion, Premium Service Buy Rates, and Volume Discounts on Primestar's Competitive Incentives: A Response to Dr. Rosston." With Steven C. Salop, Stanley M. Besen, and E. Jane Murdoch. To the Federal Communications Commission on behalf of PRIMESTAR Partners, L.P., 1998.

Submitted a report, "An Economic Analysis of the Impact of the WorldCom-MCI Merger on the Provision of Internet Backbone Services." With Stanley M. Besen and Padmanabhan Srinagesh. To the Federal Communications Commission and the European Commission on behalf of Sprint Corporation, 1998.

Submitted a report, "A Comparison of Primestar's Costs with Those of a Standalone Entrant." With Steven C. Salop, Stanley M. Besen, and E. Jane Murdoch. To the Federal Communications Commission on behalf of PRIMESTAR Partners, L.P., 1998.

Submitted a report, "An Economic Analysis of Primestar's Competitive Behavior and Incentives: Reply to the Oppositions." With Steven C. Salop, Stanley M. Besen, and E. Jane Murdoch. To the Federal Communications Commission on behalf of PRIMESTAR Partners, L.P., 1998.

Submitted a report, "An Economic Analysis of Primestar's Competitive Behavior and Incentives." With Steven C. Salop, Stanley M. Besen, and E. Jane Murdoch. To the Federal Communications Commission on behalf of PRIMESTAR Partners, L.P., 1998.

Conducted statistical and other analyses of anticompetitive allegations surrounding a major media merger and submitted to the Federal Trade Commission, 1996.

Submitted a report, "Competitive Market Considerations in the Licensing of the 37-40 GHz Band." With Steven R. Brenner. To the Federal Communications Commission on behalf of WinStar Wireless, Inc., 1996.

Conducted statistical and other analyses of anticompetitive allegations surrounding a major media acquisition and submitted to the Justice Department, 1995.

Assisted in the preparation of testimony for the D.C. District Court regarding the competitive effects of the "must-carry" rules imposed on cable systems, 1996.

Submitted a report, "A Competitive Markup Approach to Establishing Rates When Adding Cable Program Services." With Stanley M. Besen. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1994.

Submitted a report, "Exclusivity and Differential Pricing for Cable Program Services." With Stanley M. Besen and Steven R. Brenner. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1993.

Submitted a report, "An Analysis of Cable Television Rate Regulation." With Stanley M. Besen and Steven R. Brenner. To the Federal Communications Commission on behalf of Tele-Communications, Inc., 1993.

Evaluated the prospects for Direct Broadcast Satellites on behalf of a potential investor, 1992.

Assisted in the preparation of testimony on the value of distant signal programming to earth station owners on behalf of the Motion Picture Association of America, 1992.

Prepared estimates of the supply elasticity of crude oil production and a paper, with F. Warren-Boulton and K. Baseman, on the alternatives to traditional pipeline regulation for a pipeline client, 1991-1992.

Prepared analyses of liability and damage estimates, with F. Warren-Boulton, on behalf of NEC in a bid-rigging allegation and presented those analyses to Justice Department officials, 1991.

Prepared a report, "Economic Analysis and Policy Implications of the Financial Interest and Syndication Rule." With F. Warren-Boulton. On behalf of the Motion Picture Association of America, 1990.

Submitted a report, "Assessing The Effect of Rate Deregulation on Cable Subscribers." With Sherman and Baseman. To the Federal Communications Commission on behalf of the National Cable Television Association, 1990.

Submitted an affidavit, "Economic Implications of the Pac Tel/Chicago Waiver Request." To the Department of Justice on behalf of the National Cable Television Association, January 1990.



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Submitted an analysis of sham litigation allegations to the Justice Department on behalf of a software client, 1989.

## PUBLICATIONS

Numerous discussions of working papers and other papers, "Paper Trail," *Antitrust Source* (2001-present).

"Repositioning and the Revision of the Horizontal Merger Guidelines." (With Peter Boberg.) *Antitrust Source* (forthcoming).

"Implementing the Hypothetical Monopolist SSNIP Test with Multi-Product Firms" (with Serge Moresi and Steven Salop), *Antitrust Source* (February 2008).

"Analyzing Vertical and Horizontal Cross Ownership in Cable Television: the Time Warner–Turner Merger (1996)," in J.E. Kwoka and L.J. White, *The Antitrust Revolution: Economics, Competition, and Policy*, Scott, Foresman. With S. Besen, E. Murdoch, D. O'Brien, and S. Salop. Third Edition, Oxford University Press, 1999.

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"Rate Regulation, Effective Competition, and the Cable Act of 1992." With S. Besen. *Hastings Communications and Entertainment Law Journal*, 1994.

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"Deterrence and Justice." With J. Bilmes. *Research in Law and Economics*, 1991.

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"Video Competition and Consumer Welfare." In E. Noam (ed.), *Proceedings of the Arden House Conference on Video Competition*. New York: Columbia University Press, 1986.

*Misregulating Television*. With S. Besen, R. Metzger, and T. Krattenmaker. Chicago: University of Chicago Press, 1984.

"Regulation, Deregulation, and Antitrust in Telecommunications." With S. Besen. *Antitrust Bulletin*, Spring 1983.

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"Advertising, Price Competition, and Market Structure." With A. Arterburn. *Southern Economic Journal*, January 1981.

"Exchange Rate Stability and Monetary Policy." With B. Putnam. Albany Discussion Paper #95 in *Review of Economics and Business Research*, Winter 1980.

"Capital Market Integration Under Fixed and Floating Exchange Rates: An Empirical Analysis." *Journal of Money, Credit, and Banking*, May 1980.

### OTHER COMPLETED RESEARCH

"Empirical Evidence on Efficiencies in the Common Ownership of Broadcast Stations." With K. Anderson. Comments on FCC Proceeding, 1991.

"Do Government-Imposed Ownership Restrictions Inhibit Efficiency?" *Working Paper of the Bureau of Economics*, No. 169, 1988.

"Over-the-Air Television and Cable Prices: An Econometric Inquiry." With M. Bykowsky. Served as basis of FCC decision deregulating cable prices, 1985.

"The Effect of Rate Regulation and Franchise Delay on Program Availability." With D. Koran. Comments on FCC Proceeding, 1985.

"Pricing Flexibility and Consumer Welfare: The Deregulation of Basic Cable Rates." NCTA White Paper, 1984.

"Economic Assessment of the Financial Interest and Syndication Rules." With K. Anderson. Comments on FCC Proceeding, 1983.

"Domestic Fixed Satellite Transponders Sales." Comments on FCC Proceeding, 1982.

*An Analysis of Television Program Production, Acquisition, and Distribution.* With R. Metzger. Network Inquiry Special Staff, Preliminary Report, Federal Communications Commission, June 1990.

"Production Abroad: Theoretical Considerations and Empirical Analysis." Mimeo, 1978.

"Scale Economies in the Airline Industry: A Survey." Mimeo, 1978.

## PRESENTED PAPERS

"Market Structure, Program Diversity, and Radio Audience Size." With R. Rogers. Meetings of the Western Economics Association, July 1993.

"The Effects of Rate Deregulation on Cable Subscribers." With K. Baseman. Policy Approaches to the Deregulation of Network Industries: An American Enterprise Institute Conference, October 1990.

"Economic Analysis and Policy Implications of the Financial Interest and Syndication Rule." Telecommunications Policy Research Conference, Airlie House, October 1990.

"The Design and Evaluation of Competitive Rules Joint Ventures for Mergers and Natural Monopolies." With F. Warren-Boulton. American Economic Association Meetings, December, October 1990.

"Do Media Ownership Restrictions Reduce Economic Efficiency?" Telecommunications Policy Research Conference, Airlie House, November 1989.

"The Conflict Between Spectrum Efficiency and Economic Efficiency." With R. Rogers. Telecommunications Policy Research Conference, Airlie House, November 1989.

"Regulation versus Antitrust." Annenberg Conference: The Divestiture Five Years Later." March 1989.

"Regulating Cable Television." Telecommunications Policy Research Conference, Airlie House, September 1987.

"An Empirical Analysis of Television Program Prices." With S. Besen and G. Fournier. Meetings of the Southern Economic Association, November 1981.

"Flexible Exchange Rates and Market Integration." With B. White. Federal Reserve System Conference on Financial Market Research, June 1979.

"Advertising, Price Competition, Market Structure." With A. Arterburn. Meetings of the Southern Economic Association, November 1978.

"The Effects of Exchange Rate Systems on International Capital Market Integration." With B. White. Federal Reserve System Conference on International Research, November 1977.

## OTHER PROFESSIONAL ACTIVITIES

*Editorial Board, Antitrust Source (since 2001).*

*Referee: Antitrust Law Journal, Journal of Media Economics, Review of Industrial Organization, RAND Journal of Economics, Southern Economics Journal, Harvard University Press*

*Chair*, "Competition between Cable Television and Telephone Companies." Telecommunications Policy Research Conference, September 1991.

*Discussant*, "Competition and Ownership in the Media." Telecommunications Policy Research Conference, September 1991.

*Chair*, "Spectrum Management Session." Telecommunications Policy Research Conference, Airlie House, September 1988.

*Book Review*, *Productivity in the United States* by John Kendrick and Elliot Grossman, *Southern Economic Journal*, April 1981.

*Discussant*, "Deregulation of Telecommunications." Meetings of the Western Economic Association, July 1981.

## AWARDS

- Award for Excellence in Economics (FTC), 1988
- Competition Advocacy Award (FTC), 1987
- Brookings Economic Policy Fellow, 1978–1979
- SUNY Faculty Research Grant, 1978
- NSF Traineeship, 1973–1974
- *Finalist*, Woodrow Wilson Fellowship Competition, 1971

**APPENDIX 2**

**REBUTTAL TESTIMONY OF**

**JOHN WOODBURY, Ph.D.**

**Actual Music License Fees (\$ millions)\***

		2004	2005
<b>ASCAP</b>	<b>Big 3 Networks</b>	\$36.808	\$37.417
	<b>Univision</b>	\$2.800	\$3.000
	<b>Stations</b>	\$68.082	\$62.814
<b>BMI</b>	<b>Big 3 Networks</b>	\$42.650	\$43.400
	<b>Univision</b>	\$2.400	\$2.600
	<b>Stations</b>	\$69.386	\$65.033
<b>SESAC</b>	<b>Big 3 Networks</b>	\$3.250	\$3.425
	<b>Univision</b>	\$0.110	\$0.120
	<b>Stations</b>	\$13.500	\$16.000
<b>TOTAL</b>		\$238.986	\$233.809

\* SESAC figures represent Blanket Music License Fees.

Source: "Music 10574.xls"

**APPENDIX 3**

**REBUTTAL TESTIMONY OF**

**JOHN WOODBURY, Ph.D.**



Music Rights Payments as a Percentage of Total (Music plus Broadcast) Rights Payments  
(Millions of Dollars)

	Schink Data [1]	PRO plus US Census Data [2]	
	1998	2004	2005
<b>Actual Music License Fees Paid</b>	\$228	\$239	\$234
<b>Broadcasting Rights &amp; Music License Fees Combined</b>	\$9,799	\$11,710	\$12,036
<b>Music Rights Percentage</b>	2.33%	2.04%	1.94%

Sources:

[1] 1998: Testimony of Dr. George R. Schink at ¶ 28

[2] 2004-5: *Service Annual Surveys: 2006*; and "Music 10574.xls"

**APPENDIX 4**

**REBUTTAL TESTIMONY OF**

**JOHN WOODBURY, Ph.D.**

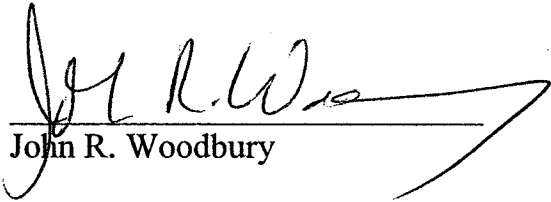
**LIST OF DOCUMENTS AND DATA RELIED UPON**

Document/Data	Format
In the Matter of Distribution of 1998 and 1999 Cable Royalty Funds, Docket No. 2001-8 CARP CD 98-99, Report of the Copyright Arbitration Royalty Panel To The Librarian of Congress (October 21, 2003)	Report
In the Matter of Distribution of 2004 and 2005 Cable Royalty Funds, Docket No. 2007-3 CRB CD 2004-2005, <i>Testimony of William P. Zarakas</i>	Report
In the Matter of DISTRIBUTION OF 1998 AND 1999 CABLE ROYALTY FUNDS, Docket No. 2001-8 CARP CD 98-99, <i>Testimony of Dr. George R. Schink</i> (June 20, 2003)	Report
Trial Testimony of Michael O'Neill (October 13, 2009)	Transcript
Trial Testimony of William Zarakas (October 13, 2009)	Transcript
U.S. Census Bureau, Current Business Reports, Service Annual Survey, 2006	Report
"Music 10574.xls"	Excel Workbook

**DECLARATION OF JOHN R. WOODBURY**

I declare under penalty of perjury that the foregoing rebuttal testimony is true and correct and of my personal knowledge.

Executed on December 11, 2009.

  
\_\_\_\_\_  
John R. Woodbury



**THE DIMINUTION OF LIVE PROFESSIONAL TEAM SPORTS  
PROGRAMMING CARRIED ON DISTANT SIGNALS  
IN THE BORTZ SURVEYS AND NIELSEN STUDIES**

**PREPARED BY:**

**JOHN MANSELL ASSOCIATES, INC.  
1093 LORAN COURT  
GREAT FALLS, VA 22066-1533  
DECEMBER 11, 2009**

**CORRECTED JANUARY 15, 2010  
AND FEBRUARY 4, 2010**

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FEBRUARY 4, 2010**

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## **I. Introduction**

My name is John Mansell, Jr. I am President/CEO of John Mansell Associates, Inc. I have over 34 years of experience analyzing sports media rights, franchise values and sports networks, including over 20 years as the senior analyst at Kagan Research, where I was responsible for writing and editing the *Media Sports Business* newsletter. I provided direct testimony in this proceeding regarding the migration of live professional team sports programming from broadcast television to cable and satellite television and to other media.<sup>1</sup> That testimony also contains a detailed description of my background and experience.

## **II. Purpose Of Testimony**

In the direct phase of this proceeding, James Trautman of Bortz Media & Sports Group, Inc. ("Bortz") presented the results of a survey of cable system employees for the years 2004 and 2005, which I will refer to as the Bortz Report.<sup>2</sup> The Bortz Report included tables that tabulated the survey responses of the cable operator surveys conducted by Bortz and predecessor firms from 1978 through 2005, as well as other non-Bortz surveys within the same period.<sup>3</sup> The Bortz surveys purport to measure

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<sup>1</sup> PS Exhibit 6.

<sup>2</sup> SP Exhibit 2.

<sup>3</sup> SP Exhibit 2 at 22-23 (Tables III-1 and III-2).



“how cable operators valued, on a relative basis, the different categories of non-network distant signal television programming that they carried in those years.”<sup>4</sup>

Mr. Trautman testified that “it is useful to compare the results over the years to understand trends in response patterns,”<sup>5</sup> and that “the consistency of the survey results over time—is an indicator of the reliability of the survey.”<sup>6</sup>

Counsel for Program Suppliers asked me to analyze trendlines for the following: (1) live professional team sports shown on the distant signals carried by cable systems responding to the Bortz surveys for the years 1998-2005; (2) live professional team sports shown on the distant signals that were included in the study samples for the 1998, 1999, 2004 and 2005 Nielsen Viewing Studies (“Nielsen Studies”) presented by Program Suppliers in the 1998-99 cable distribution proceeding and in this proceeding, respectively; and (3) subscriber instances, as compiled by Cable Data Corporation, for the distant signals appearing both in the Bortz surveys and the Nielsen Studies samples in 1998, 1999, 2004, and 2005. I understand from counsel that this undertaking is intended to provide a context for the Copyright Royalty Judges to evaluate the consistency of the

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<sup>4</sup> SP Exhibit 2 at 1-2.

<sup>5</sup> SP Exhibit 2 at 22.

<sup>6</sup> Tr. at 110:5-7 (Trautman).

results reported in Tables III-1 and III-2 of the Bortz Report. I performed this analysis only for Major League Baseball ("MLB"), the National Basketball Association ("NBA"), and the National Hockey League ("NHL"). I did not perform such an analysis for the National Football League ("NFL") or the National Collegiate Athletic Association ("NCAA") sports.

### **III. Executive Summary**

There was no significant change in the share allocated to live professional team sports in the Bortz surveys conducted in 1998 through 2005. There was no significant change in the number of distant stations in the Bortz surveys samples that carried live professional team sports programming from 1998 to 2005. The number of live professional team sports games appearing on the distant signals carried by the Bortz survey respondents declined by approximately 32% between the 1997-98 season and the 2004-05 season. The average number of games carried per station for the same period declined by 25%. When the analysis is limited to the five distant signals carrying live professional team sports programming that appeared in each of the Bortz surveys conducted between 1998 and 2005 (KCAL, WGN, WPSG, WSBK, and WUAB), the

number of live professional team sports games declined by more than 36%.<sup>7</sup>

Similarly, there was no significant change in the number of distant stations that carried live professional team sports programming from 1998 to 2005 in the Nielsen Studies samples. The number of live professional team sports games carried on the distant signals included in the Nielsen Studies declined by approximately 44% between 1998 and 2005. The average number of games carried per station for those same signals declined by 33.4%.<sup>8</sup>

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<sup>7</sup> All of these stations were also included in the Nielsen data each year except that WPSG was not included in 1998.

<sup>8</sup> The analysis focuses on sports "flagship" television stations, namely the team's primary station in the team's home market that produces live game telecasts and feeds them to affiliates. In many cases, the term "flagship" may no longer apply because cable regional sports networks often hold exclusive rights and in some cases may even produce games carried by the former flagship television station. Also, this analysis does not include national MLB telecasts that aired on the FOX network, which remained flat between 1998-99 and 2004-05. See PS Exhibit 6 at 19-20.

**IV. Live Professional Team Sports on Distant Signals Carried By  
Bortz Survey Respondents Between 1998 and 2005**

The Bortz Surveys conducted for the years 1998 through 2005 allocated the following values to live professional and college team sports:

Table 1

BORTZ SURVEY VALUES FOR LIVE PROFESSIONAL TEAM SPORTS	
<u>YEAR</u>	<u>VALUE</u>
1998	37.0%
1999	38.8%
2000	35.4%
2001	35.4%
2002	36.2%
2003	37.8%
2004	33.5%
2005	36.9%
Source: SP Exhibit 2 at 23.	

As you can see from this table, there was no significant change in the value allocated to live professional and college team sports by Bortz survey respondents for the 1998 through 2005 survey years.

Using discovery materials the Joint Sports Claimants provided to Program Suppliers, I compiled lists of the unique distant signals carried by cable systems responding to the Bortz survey in each survey year from

1998 through 2005 (“Bortz Sample Stations”).<sup>9</sup> A list of the Bortz Sample Stations for each of these years is attached to my testimony as Appendix A. I used data from Kagan’s *Media Sports Business* newsletters to determine the number of live NBA, MLB and NHL games carried on each distant signal for the eight sports seasons between 1997-98 and 2004-05. I aggregated the results and calculated the percentage changes in carriage patterns.

Table 2 shows the total number of Bortz Sample Stations that carried live NBA, MLB and/or NHL games from 1997-98 to 2004-05. With a few exceptions, there was little change in the number of Bortz Sample Stations carried in each season.

Table 2

NUMBER OF BORTZ SAMPLE STATIONS CARRYING NBA, MLB AND NHL GAMES			
Year	NBA	MLB	NHL
1997-98	12	14	5
1998-99	5	17	5
1999-2000	11	13	6
2000-01	7	19	8
2001-02	8	12	5
2002-03	10	15	4
2003-04	15	17	5
2004-05	13	15	0

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<sup>9</sup> Sports seasons tend to straddle calendar years, while the Bortz Report and the Nielsen Studies cover calendar years. Game data is combined into the year with the majority of games. For example, 2003-04 games are included in the 2004 calendar year even though some games occurred in the fourth quarter of 2003. Notwithstanding, the downward trend in carriage of live professional sports team games on distant signals over the years is easily discernible.

Table 3 shows that the total number of live MLB, NBA and NHL games carried on Bortz Sample Stations declined by 32.4%, from a total of 1,278 games in 1997-98 to 864 games in 2004-05. There were zero NHL games in 2004-05 due to the NHL lockout that season.

Table 3

TOTAL NBA, MLB AND NHL GAMES ON DISTANT TV STATIONS INCLUDED IN BORTZ SAMPLE STATIONS				
Year	NBA	MLB	NHL	Total
1997-98	380	739	159	1,278
1998-99	172	943	128	1,243
1999-2000	294	687	151	1,132
2000-01	227	906	155	1,288
2001-02	205	559	115	879
2002-03	219	528	58	805
2003-04	415	592	84	1,091
2004-05	254	610	0	864
8-yr. % Chg.	-33.2%	-17.5%	n.a.	-32.4%
n.a.-not applicable				
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During the period from 1997-98 to 2004-05, the number of NBA games on Bortz Sample Stations declined by 33.2% and the number of MLB games dropped by 17.5%. From 1997-98 to 2003-04, the number of NHL games slid 47.2%.

Table 4 shows that the number of games per station for the Bortz Sample Stations games also trended downward. The total number of

NBA, MLB and NHL games per station for those stations declined by 25.2% from 41.2 games per station in 1997-98 to 30.9 games per station in 2004-05.

Table 4

GAMES PER STATION FOR BORTZ SAMPLE STATIONS CARRYING GAMES				
Year	NBA	MLB	NHL	Total
1997-98	31.7	52.8	31.8	41.2
1998-99	34.4	55.5	25.6	46.0
1999-2000	26.7	52.8	25.2	37.7
2000-01	32.4	47.7	19.4	37.9
2001-02	25.6	46.6	23.0	35.2
2002-03	21.9	37.7	14.5	27.8
2003-04	27.7	34.8	16.8	29.5
2004-05	19.5	40.7	-	30.9
8-yr. Chg.	-38.5%	-23.0%	n.a.	-25.2%
n.a.-not applicable				
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Table 5 shows the results of my examination of the five distant signals that appeared in each Bortz survey sample from 1998 to 2005. That examination revealed a significant dropoff in carriage of NBA, MLB and NHL games on these signals. These five stations recorded a combined 185-game (36.6%) decline in the number of games carried during the eight-year period analyzed, dropping from 506 games to 321

games. Two of the stations experienced declines of over 60%, and two others more than 30%.

Table 5

TOTAL NBA, MLB AND NHL GAMES CARRIED						
	KCAL	WGN	WPSG	WSBK	WUAB	TOTAL
1997-98	138	179	21	78	90	506
1998-99	101	170	182	36	86	575
1999-00	132	132	101	40	98	503
2000-01	116	124	79	25	100	444
2001-02	90	122	59	26	25	322
2002-03	97	124	61	25	20	327
2003-04	102	119	63	24	30	338
2004-05	86	124	53	28	30	321
8-Yr. Chg.	-37.7%	-30.7%	152.4%	-64.1%	-66.7%	-36.6%
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**V. Live Professional Team Sports on Distant Signals in the 1998, 1999, 2004 and 2005 Nielsen Viewing Studies**

Similar to the analysis of the Bortz surveys, using data from Kagan's *Media Sports Business* newsletters, I examined local TV carriage of NBA, MLB and NHL games on stations used in the Nielsen Studies for 1998, 1999, 2004, and 2005 ("Nielsen Sample Stations"). A list of the Nielsen Sample Stations for each of these years is attached to my testimony as Appendix B.

Table 6 shows the total number of Nielsen Sample Stations that carried live NBA, MLB and/or NHL games in 1997-98, 1998-99, 2003-04 and 2004-05. As with the Bortz Sample Stations, the number of Nielsen



Sample Stations carrying NBA, MLB and/or NHL games remained relatively flat across the periods I examined.

Table 6

NUMBER OF NIELSEN SAMPLE STATIONS CARRYING GAMES				
Year	NBA	MLB	NHL	Total
1997-98	9	12	4	25
1998-99	8	13	7	28
2003-04	9	14	2	25
2004-05	10	11	0	21

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Table 7 shows that the total number of live MLB, NBA and NHL games carried by stations included in the Nielsen Sample Stations declined 44.0% from 1,115 games in 1997-98 to 624 games in 2004-05. There were zero NHL games in 2004-05 due to the NHL lockout that season.

Table 7

TOTAL LOCAL TV GAMES-NIELSEN SAMPLE STATIONS				
Year	NBA	MLB	NHL	Total
1997-98	317	669	129	1,115
1998-99	245	868	162	1,275
2003-04	237	553	29	819
2004-05	217	407	0	624
% Chg.				
97-98 to 04-05	-31.5%	-39.2%	n.a.	-44.0%
n.a.-not applicable				
2004-05: NHL had 0 games				
1998-99: Short NBA season				
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During the period from 1997-98 to 2004-05, the number of NBA games declined by 31.5% and the number of MLB games dropped by 39.2%. From 1997-98 to 2003-04, the number of NHL games fell 77.5%.

Table 8 shows that the number of games per station for the Nielsen Sample Stations carrying games also trended downward. The total number of NBA, MLB and NHL games per station declined by 33.4% from 44.6 games per station in 1997-98 to 29.7 games per station in 2004-05.

Table 8

GAMES PER STATION FOR NIELSEN SAMPLE STATIONS CARRYING GAMES				
Year	NBA	MLB	NHL	Total
1997-98	35.2	55.8	32.3	44.6
1998-99	30.6	66.8	23.1	45.5
2003-04	26.3	39.5	14.5	32.8
2004-05	21.7	37.0	-	29.7
8-yr. Chg.	-38.4%	-33.6%	n.a.	-33.4%
n.a.-not applicable				
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**VI. Live Professional Team Sports and Subscriber Instances for Combined Bortz Sample Stations and Nielsen Sample Stations, 1998-2005**

Cable Data Corporation provided data on subscriber instances<sup>10</sup> for the combined Bortz Sample Stations and Nielsen Sample Stations (“Nielsen/Bortz Stations”) for 1998, 1999, 2004, and 2005 (*i.e.*, stations unique to both samples for the relevant years). Table 9 below shows that in those years, the number of Nielsen/Bortz Stations distant signals carrying live professional team sports ranged from 26 to 36 and averaged approximately 31 stations. There were approximately 41.6 million subscriber instances in 2005, only 0.5% more than in 1998.

<sup>10</sup> Subscriber instances refer to the number of subscribers with access to each distant signal.

Table 9<sup>11</sup>

	Sports Carriers	Total Sports Station Subscribers	Sports Subs/ Sports Carrier
1997-98	28	41,385,895	1,478,068
1998-99	26	41,218,094	1,585,311
2003-04	36	41,299,145	1,147,198
2004-05	32	41,609,676	1,300,302

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## VII. Summary of Findings

By any measure, there has been a significant decline in the amount of live professional team sports programming carried on distant signals between 1998 and 2005.

[REDACTED]

As shown in Table 10 below, taking an average of my analyses, between 1997-98 and 2004-05, the percentage decline in the total number of NBA, MLB and NHL games carried on distant signals was 37.7%. During that same period, the average percentage decline in the number of games carried per station carrying games was 31.7%.

<sup>11</sup> Analysis is limited to 1998, 1999, 2004, and 2005 because there were no Nielsen Studies presented in a distribution proceeding for 2000 through 2003. This analysis also does not include live professional team sports that aired during the 2003-04 season on KSTP, WFTC, and WSBK due some unresolved discrepancies with the Settling Parties' discovery data as maintained by Cable Data Corporation.

Table 10

PERCENTAGE CHANGES 1997-98 vs. 2004-05				
	Bortz Sample	Five Leading Dist. Signals	Nielsen Sample	Average Change
Total Number of Games	-32.4%	-36.6%	-44.0%	-37.7%
Games/Station Carrying Games	-25.2%	-36.6%	-33.4%	-31.7%

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Thank you for the opportunity to participate in this proceeding.

CORRECTED

**APPENDIX A**

**REBUTTAL TESTIMONY OF**

**JOHN MANSELL**

## 1998 BORTZ SAMPLE STATIONS

CBET	WBAL	WIS	WPSX
CKSH	WBBM	WISC	WPTA
KABC	WBFF	WISH	WPVI
KARE	WBRE	WISN	WPXN
KATU	WBRZ	WITN	WQED
KCAL	WCAL	WIXT	WQRF
KCET	WCAU	WJAR	WREX
KCNC	WCAV	WJZ	WRTV
KCOP	WCBS	WKBD	WSAZ
KDFY	WCCO	WKRN	WSB
KERA	WCHS	WKTV	WSBK
KEZI	WCNY	WKU	WSEE
KFXK	WCPB	WLAE	WSKG
KGO	WCPO	WLAX	WTAE
KHTV	WCVB	WLIW	WTGI
KICU	WDBJ	WLNE	WTIU
KLAX	WDCN	WLPB	WTMJ
KLGT	WDCQ	WLUK	WTOG
KMGH	WDPB	WLVI	WTTW
KMSP	WDSU	WLYH	WTVB
KNBC	WEWS	WMAQ	WTVO
KOIN	WFFT	WMPB	WTVT
KPBS	WFLA	WMTV	WTFX
KPTV	WFLD	WMVT	WUAB
KQED	WFMZ	WNBC	WUHF
KRMA	WFTC	WNCT	WUPL
KRON	WFYI	WNED	WUTR
KSMN	WGAL	WNEP	WUTV
KSTP	WGBH	WNET	WVAH
KTCA	WGBY	WNMU	WVIA
KTLA	WGKI	WNUV	WVLA
KTNC	WGN	WNVC	WVTV
KTRK	WGNX	WNYO	WWOR
KTVU	WHA	WNYW	WXFV
KUHT	WHEC	WOR	WXIA
KUSA	WHMM	WORK	WXIN
KUSM	WHNO	WOWK	WXIX
KVAL	WHWC	WPGH	WXTV
KWGN	WHYY	WPHL	WXXI
KYW	WICZ	WPHZ	WYBE
WAFB	WIFR	WPIX	WYOU
WAGA	WIPB	WPSG	WYTV

## 1999 BORTZ SAMPLE STATIONS

CBFT	KTVU	WGEM	WQED
CBLT	KTWO	WGN	WQRF
CBMT	KUED	WGNX	WRAL
CFCF	KUSA	WHMM	WRAN
CFTO	KWGN	WHYY	WREX
CHCH	KWTV	WICZ	WRIC
CIII	KXAS	WIFR	WRLH
K16BP	KYW	WIPB	WSB
K44CN	WABC	WIS	WSBK
KABC	WABM	WISN	WSEE
KADN	WAGA	WIXT	WSMV
KAET	WALA	WJEB	WSWB
KARK	WAVY	WJET	WTHR
KATV	WBAL	WJZ	WTKR
KCAL	WBAL	WKBD	WTMJ
KCBS	WBBM	WKBT	WTOV
KCET	WBFF	WKRN	WTRF
KCNC	WBMG	WKTV	WTVC
KCOP	WBPT	WLAX	WTVD
KDSD	WBRA	WLUK	WTVF
KDVR	WBRC	WLVI	WTVO
KERA	WBRZ	WMAQ	WTVR
KETA	WBZ	WMPB	WTVZ
KETC	WCAU	WNBC	WTXF
KING	WCMU	WNDY	WUAB
KIRO	WCNY	WNET	WUCM
KMBC	WCPB	WNOL	WUNP
KMGH	WDAM	WNUV	WUPN
KMOS	WDPB	WNVC	WJTR
KMOV	WDPX	WOLO	WVEC
KMSP	WDSI	WOR	WWTM
KNBC	WDSU	WOSU	WWTV
KPLR	WFAA	WPBT	WWBT
KPTV	WFLD	WPHL	WWL
KRMA	WFRV	WPIX	WWOR
KTCI	WFUM	WPSG	WWTW
KTLA	WFXT	WPSX	WXIA
KTNC	WGBH	WPTD	WYES
KTTV	WGBX	WPVI	



## 2000 BORTZ SAMPLE STATIONS

CBMT	KOIN	KXVO	WFUM	WMVS	WTLH
K30AL	KOLN	KYW	WFYI	WMVT	WTMJ
K30BP	KOMO	WAAY	WGAL	WNBC	WTMU
KABC	KOPB	WABC	WGBA	WNED	WTOV
KADN	KPDX	WACY	WGBS	WNEM	WTTG
KARE	KPIX	WAFB	WGKI	WNEP	WTTW
KARK	KPRC	WAGA	WGN	WNET	WTVQ
KATU	KPTV	WALA	WGNX	WNMU	WTVR
KATV	KQED	WALV	WHA	WNOL	WTWC
KBSI	KRCB	WBAL	WHAG	WNPA	WTFX
KCAL	KRMA	WBAY	WHIZ	WNPB	WTXL
KCBS	KRON	WBDC	WHNO	WNYW	WUAB
KCET	KRSC	WBFF	WHP	WOLF	WUPL
KCNC	KRWG	WBKP	WHTM	WOWT	WUSA
KCOP	KSLA	WBPT	WISN	WPBT	WVBG
KDEB	KSMQ	WBRE	WITI	WPHL	WVIA
KERA	KSPR	WBRZ	WIVB	WPIX	WVLA
KETK	KSTP	WBZ	WJAC	WPMT	WVTV
KETV	KTCA	WCAU	WJAL	WPNE	WVUE
KEYC	KTCI	WCCB	WJLA	WPSD	WWBT
KEZI	KTEH	WCCO	WJNB	WPSG	WWL
KFVS	KTHV	WCET	WJRT	WPSX	WWOR
KGW	KTLA	WCEU	WJZ	WPTD	WWPX
KHWB	KTNC	WCGV	WKBD	WPTY	WXIA
KING	KTTC	WCVE	WKBN	WPVI	WXIN
KITN	KTTV	WDAF	WKBT	WPXI	WXIX
KLGT	KTWU	WDAM	WKNO	WPXL	WXTF
KLKN	KTXA	WDCA	WKOI	WQEX	WYBE
KLRN	KUHT	WDJT	WKRN	WQOW	WYES
KMBC	KUON	WDKY	WKYT	WRC	WYMT
KMIZ	KUSA	WDSU	WLAE	WRTV	WYOU
KMSP	KVAL	WEUX	WLPB	WSBK	
KMTV	KWGN	WEYI	WLUK	WSEE	
KNBC	KXAS	WFAA	WLYH	WSWB	
KNLJ	KXLT	WFQX	WMAR	WTBS	
KNME	KXTX	WFTC	WMPB	WTIU	

## 2001 BORTZ SAMPLE STATIONS

CBET	KOCB	KWTV	WCTX	WHDH	WMAQ	WPSG	WTSF
CBFT	KOCO	KXAS	WCVB	WHNO	WMAR	WPSX	WTTV
CBMT	KOIN	KXTX	WCWB	WHP	WMC	WPTO	WTVA
CFCF	KOKH	KYW	WDAM	WHPN	WMDT	WPTZ	WTVE
CHLT	KOMO	WABC	WDBJ	WHTM	WMPB	WPVI	WTVG
CKSH	KPBS	WACY	WDCQ	WHUB	WMSM	WPXB	WTVI
CKWS	KPIX	WAFB	WDIV	WHWC	WMTV	WPXI	WTVO
KABC	KPLR	WAGA	WDRB	WHYY	WMUR	WPXL	WTVS
KAET	KPTV	WAIQ	WDSU	WIFR	WMVS	WQED	WTFX
KARK	KQED	WALA	WDWB	WIPB	WMVT	WQEX	WUAB
KATU	KRON	WANE	WEAU	WIS	WNBC	WQOW	WUAB
KATV	KRSC	WATE	WEDH	WISC	WNCT	WQRF	WUPL
KBHK	KSDK	WATM	WEHT	WISN	WNDS	WREX	WUPW
KBYU	KSHB	WAVE	WEKW	WITI	WNDU	WRIC	WUSA
KCAL	KSL	WBAL	WEMT	WIWB	WNEO	WROC	WUTF
KCBS	KSMQ	WBAY	WEUX	WIXT	WNEP	WRTV	WUTR
KCET	KSMS	WBBJ	WEVV	WJEB	WNET	WRYI	WVAH
KCNC	KSPR	WBBM	WEWS	WJLA	WNIN	WSAH	WVIA
KCNS	KSTS	WBFF	WFAA	WJMN	WNJS	WSAW	WVII
KCOP	KSTW	WBGU	WFFF	WJW	WNMU	WSAZ	WVIT
KCPT	KTCA	WBIR	WFIE	WJZ	WNOL	WSB	WVLA
KCRA	KTEC	WBKI	WFLD	WJZY	WNPA	WSBE	WVLT
KCTS	KTEH	WBKP	WFMZ	WKA	WNPB	WSBK	WVNY
KDEB	KTHV	WBNS	WFQX	WKAQ	WNVT	WSBT	WVPX
KDFW	KTLA	WBOC	WFUM	WKAR	WNVV	WSEE	WVTM
KDKA	KTNC	WBPX	WFWA	WKBD	WNWO	WSFA	WVTV
KDNL	KTRK	WBRC	WFXS	WKBN	WNYN	WSFJ	WVUE
KDSD	KTVI	WBRE	WFXT	WKBT	WNYW	WSKG	WVDP
KERA	KTVK	WBRZ	WFXV	WKJG	WNYZ	WSLS	WWL
KETC	KTVT	WBTV	WGAL	WKOI	WOET	WSPA	WWLP
KEZI	KTVU	WBZ	WGBA	WKOW	WOLF	WSPX	WWOR
KFOR	KTWU	WCAU	WGBH	WKRN	WOR	WSWB	WWTV
KGO	KTXA	WCAZ	WGBL	WKTV	WOWK	WSYX	WXIA
KICU	KUHT	WCBS	WGCL	WKYC	WPBT	WTAE	WXIN
KION	KUID	WCCB	WGME	WLAE	WPBY	WTGS	WXIX
KMGH	KUSD	WCEU	WGN	WLBZ	WPCB	WTIV	WXXI
KMIZ	KUSK	WCFE	WGNS	WLKY	WPDE	WTMJ	WYBE
KMSP	KUSM	WCGV	WGTE	WLPB	WPGH	WTNH	WYES
KNBC	KVAL	WCHS	WGTV	WLUK	WPHL	WTOL	WYOU
KNLJ	KWET	WCNY	WHA	WLVI	WPIX	WTOV	
KNXV	KWGN	WCTI	WHAS	WLYH	WPNE	WTRF	

## 2002 BORTZ SAMPLE STATIONS

CBWT	KPRC	W4ICI	WFXT	WMAQ	WSJV
KABC	KPTV	WABC	WGBH	WMAR	WSMV
KADN	KQED	WADL	WGCL	WMAZ	WSWB
KAET	KRON	WALA	WGGB	WMTW	WSYX
KARK	KRSC	WATL	WGHT	WNAB	WTBS
KATU	KRWG	WBAL	WGME	WNBC	WTLJ
KATV	KSAWLP	WBBJ	WGN	WNDS	WTLW
KBHK	KSAX	WBNS	WGPX	WNDU	WTMJ
KCAL	KSMQ	WBNX	WGTV	WNEP	WTNZ
KCBS	KSMS	WBQC	WGTW	WNET	WTOG
KCET	KSNT	WBRE	WGVK	WNOL	WTOV
KCNS	KSTS	WBXX	WHA	WNPT	WTVF
KCOP	KSTV	WBZ	WHH	WNYW	WTVT
KCPM	KTCI	WCAU	WHME	WOOD	WTWB
KCTV	KTEH	WCAV	WHPN	WOTV	WTFX
KDSD	KTFTLP	WCCB	WIBW	WOWT	WUAB
KESD	KTHV	WCET	WISC	WPBF	WUNP
KETA	KTLA	WCFT	WISN	WPEC	WUPA
KETC	KTNC	WCIQ	WJAC	WPGA	WUPN
KETV	KTWU	WCSH	WJBK	WPHL	WUVG
KEZI	KTXA	WCVB	WJW	WPIX	WVTV
KFME	KTYO	WDAF	WJZ	WPMT	WWHO
KGO	KUED	WDEF	WKAQ	WPSG	WWJ
KICU	KUHT	WDIO	WKAR	WPTO	WWL
KION	KUSM	WDIV	WKBD	WPTV	WWMT
KIPT	KUTV	WDSU	WKBN	WPVI	WWOR
KLRN	KVAL	WDWB	WKOI	WPXB	WXIA
KMBC	KVIA	WEDW	WKRK	WPXK	WXIX
KMOV	KVII	WEIU	WKRN	WQAD	WXMI
KMSP	KVLY	WETA	WLIO	WQED	WXYZ
KMTV	KWCM	WEWS	WLLA	WSAH	WYBE
KMWB	KWGN	WFLA	WLS	WSBK	WYDN
KNBC	KWQC	WFLD	WLVI	WSBT	WYES
KOIN-TV	KWTV	WFLX	WLXI	WSEE	WYOU
KPIX	KYW	WFMZ	WLYH	WSFJ	WZPX

## 2003 BORTZ SAMPLE STATIONS

CBET	KSAT	WBVT	WGBA	WKRC	WPCB	WTVD
CHCH	KSDK	WBZ	WGBH	WKRK	WPGH	WTVE
CKSH	KTBY	WBZL	WGGS	WKRN	WPHL	WTVH
CKWS	KTCA	WCAU	WGME	WKTV	WPIX	WTVR
KABB	KTEJ	WCBS	WGN	WLIO	WPMT	WTVS
KABC	KTEL	WCCB	WGNT	WLS	WPNE	WTVZ
KAET	KTHV	WCET	WGTV	WLUK	WPSG	WTFX
KARK	KTLA	WCFE	WHA	WLVI	WPSX	WUAB
KATU	KTNC	WCGV	WHAG	WLYH	WPTO	WUNF
KATV	KTVI	WCHS	WHDH	WMAR	WPTZ	WUPV
KBFX	KTVK	WCNY	WHEC	WMDT	WPVI	WUSA
KBYU	KUED	WCPO	WHOH	WMHT	WQED	WUTF
KCAL	KUHT	WCSH	WHP	WMLW	WQOW	WUTR
KCBS	KUSA	WCVB	WHTM	WMPB	WQPX	WUXP
KCET	KUWB	WDAM	WHYY	WMTV	WRC	WVAH
KCNC	KVAL-TV	WDBT	WHYY- HD	WMTW	WRDW	WVCY
KCOP	KVIA	WDCA	WIAT	WMVR	WRIC	WVEC
KDKA	KVPT	WDIV	WICU	WMVS	WSAH	WVIA
KDNL	KWGN	WDJT	WICZ	WMVT	WSBK	WVNY
KENS	KWTV	WDSU	WIS	WNAB	WSEE	WVPT
KETA	KYW	WEDH	WISC	WNBC	WSFJ	WVTA
KETC	WABC	WEDW	WISN	WNDS	WSKG	WVTF
KEZI-TV	WABM	WENH	WITF	WNDU	WSLS	WVTV
KFOR	WACY	WENY	WITI	WNED	WSPX	WWBT
KING	WAIQ	WETA	WITN	WNEP	WSTM	WWDP
KIRO	WALA	WETM	WIWB	WNET	WSWB	WWHO
KLRN	WAPW	WEUX	WIXT	WNEU	WSYT	WWL
KMOV	WASV	WEWS	WJAC	WNNE	WSYX	WWOR
KNBC	WAVY	WFFF	WJAL	WNOL	WTAE	WWPB
KNME	WBAL	WFMZ	WJBK	WNTV	WTGS	WWPX
KNXV	WBAY	WFRV	WJEB	WNYE	WTIC	WXIX
KOAT	WBDC	WFSB	WJLA	WNYS	WTKR	WXYZ
KOIN-TV	WBNS	WFTC	WJW	WNYW	WTLW	WYDN
KPDX	WBOC	WFXS	WJZ	WOAI	WTMJ	WYES
KPLR	WBRE	WFXT	WKAQ	WOLF	WTOV	WZTV
KRMA	WBRZ	WFXV	WKBT	WOWK	WTTG	
KRWG	WBTW	WFYI	WKOI	WPBS	WTTW	

## 2004 BORTZ SAMPLE STATIONS

CBET	KQED	WAXN	WEEE	WITF	WMVS	WPXI	WUAB
CBLT	KREN	WBAL	WEKW	WITI	WMVT	WPXP	WUPA
CBMT	KRWG	WBAY	WENH	WITN	WNAB	WPXV	WUPN
CFTO	KSAT	WBDC	WETK	WIUP	WNBC	WQED	WUSA
CHTV	KSAX	WBGH	WEUX	WIWB	WNCT	WQEX	WUTF
CIII	KSDK	WBGU	WEWB	WIXT	WNDS	WQLN	WUTR
CKSH	KSPR	WBKB	WEYI	WJAC	WNDU	WQOW	WUVP
KABB	KTCA	WBKP	WFAA	WJAL	WNED	WRC	WUXP
KAET	KTCI	WBNS	WFFF	WJBK	WNEG	WRGB	WVAH
KAJB	KTEL	WBOY	WFLX	WJET	WNEM	WRIC	WVBK
KARE	KTNC	WBQC	WFQX	WJLA	WNEP	WSAW	WVBT
KATV	KTVD	WBRE	WFRU	WJMN	WNET	WSAZ	WVTA
KAWB	KTVK	WBTW	WFSB/ WFSBDT	WJRT	WNEU	WSB	WVNY
KCAL	KTVU	WBZ	WFTC	WJW	WNMU	WSBK	WVTV
KCCO	KTXA	WBZL	WFUM	WJZ	WNMV	WSBT	WWBT
KCEB	KUHT	WCAU	WFXP	WJZY	WNPA	WSEE	WWDP
KCEN	KUID	WCAX	WFXS	WKAR	WNPB	WSKG	WWJ
KCET	KUSA	WCCB	WFXT	WKBD	WNPT	WSKY	WWOR
KCNC	KVIA	WCEU	WFXV	WKBT	WNYA	WSMH	WWPX
KCOP	KVRR	WCFE	WGBA	WKMJ	WNYT	WSMV	WWSI
KCRG	KWBM	WCFN	WGBHLP	WKRN	WNYW	WSOC	WWTW
KCSO	KWGN	WCGV	WGCL	WKTV	WOAI	WSPA	WWWB
KDEB	KWTX	WCHS	WGME	WKYT	WOUB	WSYX	WXEL
KDKA	KWWL	WCIA	WGN	WLAJ	WOWK	WTAE	WXIA
KENS	KXAS	WCML	WGNT	WLEX	WPBN	WTBS	WXII
KERA	KXTX	WCMV	WGPX	WLNS	WPBS	WTCE	WXXA
KGAN	KYTV	WCNY	WGTW	WLRN	WPBT	WTCN	WXYZ
KLRN	KYTX	WCTI	WHAG	WLTW	WPBY	WTEN	WYBE
KMGH	KYW	WCVB	WHDH	WLUK	WPCB	WTMJ	WYDN
KMIZ	W3IBP	WCWB	WHNT	WLVI	WPDE	WTRF	WYDO
KMSP	W5OBE	WDBJ	WHP	WLXI	WPGH	WTTG	WYOU
KMWB	WAAY	WDCA	WHRO	WLYH	WPHL	WTVF	WYPX
KNLJ	WACY	WDCQ	WHTM	WMAR	WPIX	WTVI	WZPX
KNME	WAFF	WDIV	WHYY/ WHYYDT	WMCN	WPMT	WTVP	WZTV
KNXT	WAGA	WDJT	WICU	WMFQ	WPNE	WTVQ	WZZM
KNXV	WAMI	WDRL	WICZ	WMHT	WPSG	WTVS	
KOLR	WAND	WDSE	WIS	WMLW	WPSX	WTVZ	
KPIX	WAQP	WDTA	WISFLP	WMPB	WPTO	WTVB	
KPLR	WATC	WDWB	WISN	WMUR	WPVI	WTVF	
KPXM	WATL	WEDH		WMVR	WPXD	WTVF/WTVFDT	

CORRECTED

2005 BORTZ SAMPLE STATIONS

CBET	KIRO	KSTW	WAVE	WDLI	WIAT	WKTV	WNWO	WREX	WTVS
CBMT	KJZZ	KTBY	WAXN	WDRB	WICZ	WLED	WNYO	WRIC	WTWB
CBUT	KLAS	KTCA	WAZE	WDSU	WIFR	WLFG	WNYS	WROC	WTFX
CBWT	KLJB	KTCI	WBAL	WDWB	WIPB	WLIO	WNYW	WSAW	WUAB
CFCF	KLRN	KTEJ	WBAY	WEAO	WIS	WLJT	WOAI	WSAZ	WUHF
CHLT	KLVX	KTFT	WBBJ	WEIQ	WISC	WLKY	WOIO	WSBE	WUNI
CJOH	KMBC	KTHV	WBBM	WELT	WISF	WLMB	WOME	WSBK	WUPA
CKSH	KMIZ	KTNV	WBDC	WENY	WISN	WLMT	WOSU	WSBK/ WSBKDT	WUPN
CKWS	KMOV	KTTC	WBGH	WETA	WITF	WLNS	WOTM	WSBT	WUSA
KABB	KMSP	KTVK	WBGH	WETM	WITI	WLS	WOUB	WSEE	WUTF
KAET	KNLJ	KTVU	WBGH	WEUX	WIUP	WLUK	WOWK	WSFA	WUTR
KAIT	KNTV	KTVX	WBGH	WFDC	WIVB	WLVI/ WLVIDT	WPBN	WSHM	WUTV
KARE	KNXT	KTWO	WBKI	WFLD	WIVT	WLXI	WPBO	WSKG	WUVG
KARK	KNXV	KUAM	WBKP	WFQX	WIVB	WLYH	WPBS	WSKY	WVCY
KATU	KOIN	KUED	WBNG	WFRV	WIXT	WMAE	WPBT	WSMH	WVIA
KATV	KOLN	KUSA	WBNS	WFTC	WJAC	WMAQ	WPBY	WSMV	WVIR
KBHK	KOLR	KUTP	WBOY	WFTV	WJAL	WMAR	WPCB	WSOC	WVIZ
KBSI	KOMO	KVPT	WBPG	WFXS	WJBK	WMAZ	WPDE	WSPA	WVPT
KBTC	KOMU	KVTJ	WBQC	WFXV	WJEB	WMC	WPGA	WSPX	WVTB
KBYU	KOPB	KVVU	WBRC	WGAL	WJJA	WMFE	WPGH	WSRE	WVTV
KCAL	KPDX	KWBM	WBTW	WGBA	WJKT	WMHT	WPHL	WSTM	WWBT
KCET	KPIX	KWBP	WBUW	WGBO	WJLA	WMLW	WPIX	WSYT	WWCP
KCNC	KPLR	KWDK	WBZ	WGCL	WJMN	WMPB	WPNE	WSYX	WWJ
KCPT	KPNZ	KWGN	WCAU	WGGB	WJRT	WMQF	WPSD	WTAE	WWL
KCRA	KPTV	KWKB	WCCB	WGGN	WJTV	WMSN	WPSG	WTAJ	WWNY
KCRG	KPXR	KWQC	WCCO	WGMU	WJW	WMTV	WPSX	WTBS	WWOR
KCTS/ KCTSDT	KQED	KWWF	WCET	WGN	WJZ	WMUR	WPTO	WTFX	WWSI
KDKA	KRMA	KWWL	WCEV/ WCEVDT	WGPX	WJZY	WMVS	WPTY	WTFX/WTF	WWWB
KENS	KRWG	KXIT	WCFE	WGRZ	WKAR	WMVT	WPVI	WTGL	WXIA
KETC	KSAT	KYTV	WCGV	WGTE	WKBD	WNBC	WPXD	WTGS	WXIX
KEVN	KSAW	KYW	WCHS	WGTW	WKBT	WNDU	WPXE	WTMJ	WXXI
KFPX	KSCB	W28BC	WCMH	WHA	WKBW	WNED	WPXI	WTRF	WXYZ
KFVS	KSDK	W31BP	WCML	WHAM	WKCF	WNEG	WPXX	WTRV	WZTV
KFXB	KSFX	WABC	WCNC	WHAS	WKMG	WNEM	WQAD	WTSF	
KGAN	KSIN	WABM	WCNY	WHBQ	WKMJ	WNEU	WQED	WTTW	
KGO	KSL	WACY	WCVE	WHCP	WKMU	WNEV	WQEX	WTTX	
KGW	KSLA	WALA	WCWB	WHEC	WKNO	WNMU	WQLN	WTVF	
KGWC	KSMQ	WAPK	WDBJ	WHIO	WKOI	WNPA	WQOW	WTVG	
KIIN	KSPR	WAPW	WDCA	WHP	WKOI	WNPB	WQRF	WTVH	
KING	KSTC	WAQP	WDIV	WHTM	WKOW	WNPT	WRC	WTVI	
KIPT	KSTP	WATL	WDJT	WHUT	WKRK	WNVC	WREG	WTVO	

**APPENDIX B**

**REBUTTAL TESTIMONY OF**

**JOHN MANSELL**

## 1998 NIELSEN SAMPLE STATIONS

KABC	KTBS	WEAO	WKRN	WSBK
KATN	KTLA	WEAU	WLW	WSEE
KAUT	KTNC	WEDU	WLLA	WSFA
KAYU	KTSF	WEMT	WLPB	WSTM
KCAL	KTTW	WETM	WLS	WSWB
KCET	KUAT	WFFT	WLUK	WSYX
KCNC	KUHT	WFLD	WLWT	WTIC
KCOP	KUSI	WFMY	WMAH	WTNZ
KDKA	KUTV	WFTV	WMCF	WTRF
KDVR	KUVS	WGBH	WMPB	WTTW
KERA	KVII	WGBO	WMTW	WTVC
KETC	KWGN	WGGB	WNBC	WTVE
KETG	KWTX	WGN	WNCT	WTVF
KETS	KXAN	WGVK	WNDY	WTVM
KEYE	WABC	WHA	WNED	WTVP
KGO	WATE	WHNO	WNEM	WTVS
KGWN	WBAL	WHOI	WNEP	WTVW
KHTV	WBBM	WHSI	WNET	WTVX
KIMO	WBDC	WHYY	WNPB	WUAB
KIMT	WBNS	WICD	WNYW	WUSA
KIPT	WBRC	WILX	WOOD	WWIZ
KIXE	WBRE	WIS	WPBT	WVTV
KLRT	WBTW	WISN	WPHL	WWJ
KMAZ	WCAU	WIVT	WPIX	WWLP
KMIZ	WCBS	WIXT	WPSX	WWOR
KMOS	WCCB	WJAL	WPTA	WWPX
KNBC	WCFE	WJMN	WPTO	WWSB
KNXV	WCMH	WJSU	WPXN	WVTO
KOIN	WCMU	WJW	WPXT	WXEL
KOLD	WCNY	WJZ	WPXU	WXIA
KPTS	WDAZ	WKBD	WQLN	WXIN
KQED	WDBJ	WKBT	WQRF	WXIX
KRMA	WDCA	WKMG	WRAL	WYES
KRON	WDEF	WKNO	WRAZ	WYIN
KRSC	WDIV	WKOI	WREG	WZTV
KSNT	WDTN	WKRG	WSBA	



## 1999 NIELSEN SAMPLE STATIONS

KABC	KPTV	WDIV	WKJG	WSB
KADN	KQBN	WDKY	WKNO	WSBE
KARK	KQED	WETM	WKRN	WSBK
KATN	KRWG	WFFT	WKSO	WSEE
KATU	KSLA	WFLD	WLAE	WSLS
KATV	KSNK	WFMJ	WLEF	WSPA
KCAL	KTEJ	WFRV	WLIW	WSWB
KCBS	KTLA	WFUM	WLKY	WSYX
KCET	KTNC	WFXB	WLNS	WTCE
KCNC	KTSF	WFYI	WLS	WTCI
KCOP	KTVK	WGBH	WLTV	WTGS
KCTS	KTXS	WGBY	WLVI	WTHI
KCTV	KUHT	WGCB	WMDT	WTJP
KDSD	KUTP	WGEM	WMGT	WTMJ
KDTN	KWES	WGGB	WMUR	WTTW
KDVR	KWGN	WGME	WNBC	WTVS
KERA	KWTV	WGN	WNCT	WTVY
KETS	KXII	WGVK	WNDS	WTFX
KEZI	WAAY	WHA	WNEO	WUAB
KFXB	WACY	WHAG	WNET	WUNI
KGO	WATM	WHDF	WNJS	WUPL
KHQ	WAXN	WHIO	WNPI	WUTB
KICU	WBAL	WHLA	WNVC	WUXP
KIMO	WBBJ	WHP	WNYW	WVEC
KIPT	WBFS	WHYV	WPBT	WVTV
KLAX	WBNS	WIFR	WPDE	WVUE
KLRT	WBOC	WILX	WPHL	WWJ
KLTL	WBRE	WIPB	WPIX	WWLP
KMOT	WBVT	WIS	WPSG	WWOR
KMSS	WCAU	WITI	WPTV	WWPB
KNBC	WCET	WJAC	WPVI	WXIA
KOAC	WCFT	WJSU	WPXX	WXII
KOMO	WCPO	WJW	WQEX	WXIX
KOOD	WCTI	WJZ	WQPT	WYCC
KOTV	WDAM	WKBD	WRAL	WYES
KPLR	WDEF	WKBN	WRLH	WYIN

Source: 1998-99 Cable Distribution Proceeding, Docket No. 2001-8 CARP CD 98-99, PS Exhibit 21 (Admitted April 24, 2003).

## 2004 NIELSEN SAMPLE STATIONS

CBET	KMWB	WAAY	WHRO	WPBT
CBLT	KNXV	WALA	WHYY	WPHL
CBMT	KOAB	WALB	WIAT	WPIX
CBUT	KODE	WAPK	WICD	WPSG
CFTO	KOMU	WBBM	WICU	WPTO
CJOH	KPLC	WBKB	WILL	WPTY
CKSH	KPRC	WBNX	WIS	WPVI
EBNS	KPXM	WCAU	WISC	WPXD
ETVS	KRMA	WCBS	WIVT	WPXL
KAAL	KSBI	WCCB	WJWB	WPXV
KABC	KSFY	WCET	WJYS	WQAD
KAKE	KSIN	WCEU	WJZ	WQLN
KBAK	KSTC	WCVE	WKAR	WQPT
KBHE	KSTS	WDIV	WKBD	WREX
KBMT	KTBC	WDJT	WKMJ	WSB
KBNT	KTCA	WDTA	WKNO	WSBK
KBWB	KTVD	WEKW	WKOH	WSBN
KBYU	KTEJ	WFAA	WKRN	WSEE
KCAL	KTFT	WFLI	WLAJ	WSFJ
KCET	KTLA	WFMZ	WLIW	WTAJ
KCOP	KTNC	WFRV	WLUC	WTCE
KCRA	KTNV	WFSB	WMAK	WTCN
KCSD	KTVI	WFTE	WMGT	WTHI
KCTS	KTVU	WGBA	WMPB	WTTW
KDSD	KTWU	WGBH	WMTW	WTVY
KERA	KTXA	WGBX	WNBC	WTXF
KETK	KUHT	WGN	WNCT	WUAB
KETV	KUTP	WGRZ	WNDS	WUNJ
KFXK	KVII	WGTU	WNDY	WUPW
KGO	KVLY	WGTW	WNET	WVBG
KGWC	KVUE	WGVU	WNJS	WVTV
KHBS	KWBT	WGXA	WNYA	WWL
KHQA	KWGN	WHA	WNYO	WWLP
KLFY	KWWF	WHAS	WNYW	WWOR
KLTL	KXII	WHO	WOTV	WXIX
KMEX	KYW	WHP	WPBA	WXXA

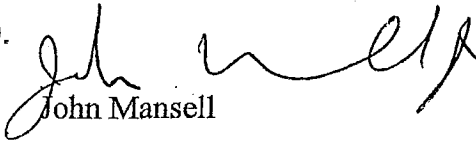
**2005 NIELSEN SAMPLE STATIONS**

CBET	KOCM	WDBJ	WLUC	WRJM
CBLT	KOVR	WDIV	WLVT	WRNN
CBMT	KRWG	WDWB	WMAQ	WROC
CBUT	KSCB	WEEK	WMEC	WRTV
CFTO	KSDK	WFAA	WMGT	WSB
CHLT	KSMO	WFQX	WMPB	WSBK
CIII	KSNF	WFRZ	WMQF	WSEE
CKSH	KTEH	WFUM	WMSN	WSOC
KAKW	KTLA	WGBH	WNBC	WTGS
KAUT	KTMO	WGBX	WNET	WTJP
KAVU	KTNC	WGN	WNIN	WTSF
KBLN	KTNV	WGNO	WNPA	WTTV
KBYU	KTRK	WGTU	WNPT	WTTW
KCAL	KUHT	WHAM	WNTZ	WTTX
KCET	KUVS	WHAS	WOI	WTVH
KCNC	KVIA	WICD	WOIO	WTVT
KCOP	KYW	WINK	WOOD	WTFX
KCRA	WAAY	WINM	WOSU	WTXL
KCRG	WABC	WIS	WOWK	WUAB
KCTS	WAGA	WISH	WOWT	WUNC
KDCK	WAKA	WISN	WPBT	WUNP
KDLT	WANE	WJCL	WPCB	WUSA
KERA	WBBJ	WJHG	WPGH	WUTR
KEYT	WBGH	WJWB	WPHL	WUXP
KGNS	WBNS	WJZ	WPIX	WVNS
KGO	WBNX	WJZY	WPMT	WVTV
KGTV	WBSC	WKAR	WPPX	WVUE
KHQA	WBUI	WKBD	WPSD	WWBT
KICU	WCAU	WKBS	WPSG	WWLP
KKRA	WCAX	WKRN	WPSU	WWOR
KLCS	WCCO	WKSO	WPTO	WXIA
KLKN	WCHS	WLED	WPVI	WXIX
KLWY	WCIU	WLFG	WPXA	WYCN
KMEG	WCJB	WLFL	WPXD	WYTV
KNWS	WCNY	WLIO	WRAY	WZPX
KOCE	WCTI	WLIW	WREX	WZZM

**DECLARATION OF JOHN MANSELL**

I declare under penalty of perjury that the foregoing rebuttal testimony is true and correct and of my personal knowledge.

Executed on January 12, 2010.

  
John Mansell



REBUTTAL TESTIMONY OF GEORGE S. FORD

COPYRIGHT ROYALTY JUDGES  
2004-2005 COPYRIGHT ROYALTY DISTRIBUTION PROCEEDING

DECEMBER 11, 2009  
CORRECTED JANUARY 15, 2010

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## REBUTTAL TESTIMONY OF GEORGE S. FORD

My name is George S. Ford. I am the President of Applied Economic Studies, a private consulting firm specializing in economic and econometric analysis, located in Birmingham, Alabama. I am also the Chief Economist of the Phoenix Center for Advanced Legal & Economic Policy Studies, a Washington, D.C.-based 501(c)(3) research organization that specializes in the legal and economic analysis of public policy issues involving the communications and technology industries. I provided direct testimony in this proceeding in which I presented my estimate of what the relative market value of distant signal programming would be for the different programming categories in an unregulated distant signal marketplace.<sup>1</sup> That testimony also included a description of my background and experience, and a copy of my curriculum vitae.

I have been asked by the Program Suppliers to respond to the direct testimony of Dr. Robert Crandall and of Dr. Joel Waldfoegel, both of whom appeared on behalf of the Settling Parties. Drs. Crandall and Waldfoegel testify that relative market value should be used as the standard for allocating the royalties among the competing program categories in this proceeding, but they differ substantially on how market value should be measured. Dr. Crandall claims that the relative market values of the programming

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<sup>1</sup> PS Exhibit 11.

at issue should be determined by the Bortz survey results, while Dr. Waldfogel proposes a linear regression analysis of royalty payments made by cable systems.

The market value of the programming is the price at which it would change hands between willing buyers and willing sellers in an unregulated market, that is, a market where the compulsory license does not apply.<sup>2</sup> The market value of a good or service consists of two components: price and quantity. In this proceeding, the relevant quantities are the programs actually retransmitted on a distant basis in 2004 and 2005. The purpose of this proceeding is to assign relative market prices to these quantities based, to the extent possible, on actual marketplace transactions.

While Dr. Crandall, Dr. Waldfogel, and I agree that the standard for allocation of royalty funds is relative market value, neither Dr. Crandall nor Dr. Waldfogel provides credible economic analysis that would justify using either the Bortz survey results or the regression analysis results to establish the relative market values of the programming in question. Accordingly, neither Dr. Crandall's nor Dr. Waldfogel's approach is proper for determining how to allocate the 2004 and 2005 royalties among the program categories.

## **I. Summary of Conclusions**

With respect to Dr. Crandall's direct testimony, I conclude as follows:

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<sup>2</sup> *In the Matter of Distribution of 1998 and 1999 Cable Royalty Funds, Report of the Copyright Arbitration Royalty Panel to the Librarian of Congress, Docket No. 2001-8 CARP CD 98-99 (October 21, 2003) ("1998-99 Report") ("In an unregulated world, absent a compulsory license ... (at 11)").*



- First, the Bortz survey does not produce direct estimates of market value, and Dr. Crandall provides no economic explanation of the purported linkage between the Bortz survey and market value. The Bortz survey elicits, at best, estimates of willingness to pay. But, relative willingness to pay equals relative market value only under an implausible set of conditions, which is not satisfied here.
- Second, a market valuation cannot rely on the Bortz survey results because it fails to take into account the specific quantity of programming retransmitted in 2004 and 2005 that is to be valued in this proceeding. The Bortz survey does not ask respondents to value the actual amounts of programming retransmitted, but asks only for hypothetical willingness to pay for general categories of programming. As a result, it is not clear exactly what amounts of compensable programming are being valued by the Bortz survey respondents.
- Third, Dr. Crandall's analysis is based on a single buyer's willingness to pay. Dr. Crandall claims that in an unregulated environment, the cable operator would compete for the rights to the programming with other potential buyers, including broadcasters and satellite video providers. Yet, the Bortz survey obtains the valuations only of cable operators. When there is competition among potential buyers, the market value of the item to be purchased is rarely, if ever, determined by a single buyer's

valuations or relative valuations. To the contrary, competition among buyers, combined with seller behavior, determines prices.

With respect to Dr. Waldfogel's direct testimony, I conclude as follows:

- First, his regression analysis incorrectly relies on royalty payments made by cable systems. These payments are entirely based on a specific regulatory formula, not on market transactions, and, thus, do not possess the unregulated market price information needed to perform a legitimate “hedonic” analysis of this problem and to assign relative market values to the relevant programming.
- Second, because the statutory royalty payment formula uses the number and type of distant signals retransmitted and a cable system’s gross receipts to determine the cable system’s royalty liability, the payments are not affected by the mix of programming (*i.e.*, minutes) available on retransmitted signals. Consequently, the different coefficients estimated by Dr. Waldfogel’s regression analysis are not indicative, indeed cannot be indicative, of the true contribution of different programming types to the amount of royalties paid, much less a measure of market prices.
- Third, as a consequence of regression mis-specification, Dr. Waldfogel’s regression results are highly sensitive to the particular sample used to estimate the coefficients and, thus, unreliable measures of relative market values.

- Fourth, additional problems with the regression model undermine the validity of the results obtained by Dr. Waldfogel.

For these reasons, neither Dr. Crandall nor Dr. Waldfogel has provided an approach proper for determining how to allocate the 2004 and 2005 royalties. Neither effort incorporates data from actual market transactions nor relies on the known factors that determine the market value of television programming in unregulated markets.

## **II. Rebuttal to Direct Testimony of Dr. Robert Crandall**

Dr. Crandall concludes that the "best evidence on how the marketplace would have allocated these royalties is to be found in constant sum surveys of cable system executives who are asked how they would have allocated a fixed budget for imported broadcast signals."<sup>3</sup> This statement requires that willingness to pay responses of the Bortz survey equal market value. However, Dr. Crandall offers no testimony on what economic assumptions would be required to conclude that the relative willingness to pay responses of the Bortz survey equal relative market values. Willingness to pay responses, at best, provide only indirect evidence of market value and do so under the most implausible conditions. Moreover, the Bortz survey does not elicit valuations of the specific programming that must be valued in this proceeding. We have no idea what content the Bortz respondents are providing values for, except that the evidence suggests they are not likely equal to the actual programming retransmitted during 2004 and 2005 under the Section 111 license. Finally, Dr. Crandall's depiction of the

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<sup>3</sup> SP Exhibit 3 at 3.

hypothetical market underlying his conclusions explicitly rejects the cable-centric Bortz survey as an indicator of relative market value.

*A. Bortz Does Not Seek A Market Value Response*

Willingness to pay is the maximum amount that a buyer is willing to pay for a good or a service. This is distinct from market value, which is the actual price paid for a particular quantity of a good or service. In most exchanges, the market price is lower than the willingness to pay for consumers.<sup>4</sup> The relevant Bortz survey question reads: “[H]ow much do you think each such type of programming was worth, if anything, on a comparative basis, in terms of attracting and retaining subscribers[?]”<sup>5</sup> As recognized explicitly by Dr. Crandall, this question elicits the cable system's willingness to pay for programming, rather than the market value of such programming.<sup>6</sup> Dr. Crandall concludes that the Bortz survey results could equate to market value, but he provides no explanation as to why this should be so. Willingness to pay is, at best, indirect

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<sup>4</sup> Absent compulsion, price is always below willingness to pay.

<sup>5</sup> SP Exhibit 2 at Appendix B (question 4a). The question does not ask the respondent what they would pay for a given quantity of programming of a particular type in a market exchange. See 1990-92 CARP Report at 65 (“The question should ask what would the cable system operator have to and be willing to spend.”). This type of question may be more sensibly interpreted as evidence of market value.

<sup>6</sup> Dr. Crandall states the Bortz survey responses are based on “the copyrighted program’s marginal contribution to cable-system net revenue.” SP Exhibit 3 at 5-6. Net revenue measures the maximum willingness to pay for the program, which, if the item is purchased, includes both market value and consumer’s surplus (or producer’s surplus in this case since the cable system is a firm and programming is an input). See D. Pearce, THE MIT DICTIONARY OF MODERN ECONOMICS (1989) at 79 and 342. See also 1990-92 CARP Report at 65 (“willing to spend a certain amount”).

evidence of market value, and relative willingness to pay equals relative market value only under an implausible set of conditions.

While a number of conditions are required for relative willingness to pay to equal relative market value, a discussion of two such conditions sufficiently demonstrates the improbability of the correspondence. First, for Dr. Crandall's support of Bortz as a measure of relative market value to be legitimate, the demand curves for all programming must be linear.<sup>7</sup> If the demand curves are not linear, then relative willingness to pay cannot equal relative market value (except by chance). While linear demand curves are often used in economic analysis, they are selected not because they are realistic, but because they simplify the mathematics. Dr. Crandall did not provide any testimony supporting linearity of the demand curve in his analysis, and there is no reason to believe that the demand curves are linear.

Second, the elasticities of demand for all programming categories must be identical at the selected quantities.<sup>8</sup> With linear demand curves, satisfying the condition of equal elasticities is highly improbable. A linear demand curve has a constant slope, so the elasticity of demand has a different value at every price-quantity pair.<sup>9</sup> In other words, a demand curve does not have a single elasticity, but at each point on the demand curve the elasticity of demand is different, implying that for any single

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<sup>7</sup> See Appendix A.

<sup>8</sup> See *id.* The own-price elasticity of demand is a measure of price sensitivity and is defined as the percentage change in quantity divided by the percentage change in price.

<sup>9</sup> The elasticity of demand can be written as  $E_d = (1/\text{Slope})(\text{Price}/\text{Quantity})$ .

demand curve there are a very large number of demand elasticities.<sup>10</sup> Given the required condition of linear demand, there is every reason to believe that the elasticities are *not* equal for the seven program categories of the Bortz survey. Certainly, economic theory provides no basis for a claim of equal factor demand elasticities across the inputs of production (in this case, the categories of television programming). The simultaneously required conditions of linear demand and equal elasticities of demand are wholly inconsistent with any expectation that relative willingness to pay would equal relative market value. Accordingly, there is no economic support for Dr. Crandall's testimony in this regard.

*B. The Bortz Survey Does Not Assign Value Based on the Programming Actually Retransmitted*

The total value of a good, whether value is identified with market value or willingness to pay, depends on how much of it is being valued. A significant defect in the Bortz survey is that it asks respondents to provide relative willingness to pay valuations for each category of programming, but without any relation to the actual quantities of compensable programming retransmitted in 2004 and 2005 under the compulsory license. In order to allocate the 2004 and 2005 royalty funds, we need estimates of the relative market values of the actual programming retransmitted, not a

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<sup>10</sup> In economic parlance, the term  $(1/\text{Slope})$  -- with a large number of potential values -- for each program type must be such that, when it is multiplied by the ratio  $\text{Price}/\text{Quantity}$  -- also with a large number of potential values -- for each program type, the same elasticity results across all program types.

generic valuation of the program categories presumed to have been carried. Bortz did not provide respondents with estimates of the quantities of compensable programming retransmitted on their systems, and this failure led to some predictably absurd responses. For example, in an earlier proceeding, one cable system respondent assigned a value to sports programming even though that respondent's cable system did not carry any sports programming.<sup>11</sup> In the current survey, Bortz again finds positive valuations for sports programming even though the presence of sports programming on certain cable systems could not be confirmed.<sup>12</sup> If some respondents are valuing programming they do not carry, it seems implausible that the valuation responses are based on sufficiently accurate estimates of the relative quantities of retransmitted programming.

In a market, you pay for the quantity you get. The fact that the respondents to the Bortz survey do not appear to be placing values on the "quantities they get" is sufficient reason, in my opinion, to reject the Bortz survey valuations as indicative of either relative willingness to pay or relative market value of the quantities relevant to this proceeding. Even if the Bortz survey's willingness to pay valuations did measure market value, it is unclear what the market valuations represent.

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<sup>11</sup> SP Exhibit 2 at 37-8.

<sup>12</sup> *Id.* at 38.

*C. Bortz Survey Incorrectly Reflects a Single Buyer's View of the Market*

When questioned by Judge Wisniewski about competition among buyers of the television programming relevant here, Dr. Crandall suggested the cable system would compete with "the satellite provider" and "off-the-air broadcasting."<sup>13</sup> If this is true, then the Bortz survey, which shows only one buyer's perspective, cannot provide an accurate measure of relative market value. Rather, competition among these buyers, combined with seller behavior, determines prices.

This is shown by a simple example. Assume three buyers - Tom, Dick, and Harry - are competing for a single unit of each of two goods, Good 1 and Good 2. Table 1 below displays the willingness to pay of each buyer, the implied (willingness to pay) budget shares derived from these values, and the actual price paid for each good. To determine actual prices, assume that the two goods are auctioned off, with a minimal bid increment of \$1. For Good 1, Tom, Dick and Harry are willing to pay maximums of \$45, \$15, and \$9, respectively. For Good 2, Tom, Dick and Harry are willing to pay \$15, \$45 and \$1 respectively.

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<sup>13</sup> Tr. at 261:9-264:22 (Crandall).



<b>Table 1. Willingness to Pay and Market Value</b>				
	Willing to Pay		Percent of Budget	
	Good 1	Good 2	Good 1	Good 2
Tom	45	15	75%	25%
Dick	15	45	25%	75%
Harry	9	1	90%	10%
Market Price	16	16	63%	37%

Tom has the highest willingness to pay for Good 1, so Tom buys Good 1. However, Tom does not pay what he is willing to pay (\$45), since he only has to outbid Dick, who was willing to pay \$15. Given the \$1 bid increment, the market price is \$16. The same is true for Good 2. Dick, who has the highest value for Good 2, buys Good 2. Dick, however, does not pay what he was willing to pay (\$45), but only has to outbid Tom's maximum willingness to pay of \$15. The market price of Good 2 is also \$16.

This result shows that in a competitive bidder setting for a fixed supply, it is not the buyer's willingness to pay, but the willingness of the next highest potential buyer, that determines market price. Relative willingness to pay does not coincide with relative market price. The same is true if we examine the outcome in terms of budget shares, mimicking the Bortz methodology. The market prices create budget shares of 50%-50%, which do not correspond to any buyer's relative willingness to pay.

### III. Response to Dr. Joel Waldfogel

Dr. Waldfogel endeavors to assign "market" prices to the estimates of the "compensable" programming using linear regression in a fashion superficially similar

to a hedonic analysis, which is a technique common in economic research.<sup>14</sup> A hedonic model is one in which the marginal values of the components or “attributes” of a bundle are statistically estimated by regressing data on market prices for entire bundles on variables measuring the bundle’s attributes. Certain requirements are needed to make hedonic models legitimate. The prices must be market prices, determined by the interaction of both buyers and sellers, if the goal is to determine the contribution of attributes to market value.<sup>15</sup> Also, attributes can be valued only when changes in those attributes lead to changes in market prices; attributes that do not affect price cannot be given market values.<sup>16</sup> Neither condition is satisfied in Dr. Waldfoegel’s regression analysis. First, the dependent variable of Dr. Waldfoegel’s regression is not a market price but the *regulated* royalty payment. Second, the attributes are the volumes of each claimant’s programming minutes, which do not directly or differentially impact royalty payments under the regulations. Since royalty payments are not market prices, and since the mix of programming does not determine royalty payments, Dr. Waldfoegel’s regression model lacks both legitimacy and relevance.

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<sup>14</sup> Tr. at 833:1 (Waldfoegel) (“It is very much like a hedonic model.”).

<sup>15</sup> S. Rosen, *Hedonic Prices and Implicit Markets: Product Differentiation in Pure Competition*, 82 JOURNAL OF POLITICAL ECONOMY 34-55 (1975) (“market clearing prices,  $p(z)$ , fundamentally are determined by the distributions of consumer tastes and producer costs (at 35)”).

<sup>16</sup> *Id.* (“ $p(z_1, \dots, z_n)$  must be increasing in all its arguments (at 37)”).

While I believe that Dr. Waldfogel's regression analysis should be rejected on conceptual grounds, the details of the regression estimates also suggest that the estimation he employs is unreliable as a practical matter. First, a statistical review of Dr. Waldfogel's analysis points to instability in his coefficient estimates. This instability makes it difficult to see how one could use his results to determine relative market value of the competing programming. Second, other problems with the econometric model render Dr. Waldfogel's results unreliable.

*A. Royalty Payments Are Not Market Prices*

Royalty payments made by all cable systems are based entirely on a prescribed regulatory formula, and, thus, do not reflect a market price as one would expect of a hedonic model. By contrast, market value is determined by negotiations over prices and quantities between willing buyers and willing sellers, not by regulatory rules.

The total royalty fund consists of three components: the Base Fund, the 3.75% Fund, and the Syndex Fund. The regulations provide for royalty payments to be calculated based on the number and type of distant signals carried by the cable system and the system's gross receipts. The regulations also provide specific and different formulas to be used by cable operators in calculating royalty payments to each fund. There are rules describing how every dollar of royalty payments is determined. Owners of the copyrighted content have no say in the matter, as retransmission occurs under compulsion. Consequently, royalty payments are not market outcomes; they are regulatory outcomes. There is no negotiation among willing buyers and sellers; the

exchange is compulsory and the payments are determined by regulatory rules. It is not possible to extract market information from regulatory royalty payments using regression analysis in the manner employed by Dr. Waldfogel, and he provides no theory to suggest otherwise.

*B. Royalty Payments Are Independent of Program Minutes*

Dr. Waldfogel models royalty payments as a function of the minutes of programming in each category (and some other factors). This is inconsistent both with the facts we know and his own testimony. Royalty payments are calculated based on the number of distant signal equivalents and the cable system's gross receipts.<sup>17</sup> As such, they are, by rule, independent of the quantities of the various programming types -- e.g., minutes of sports programming or movies -- appearing on retransmitted signals. To claim that a minute of sports increases royalty payments nearly forty-times ( $= 2.77/0.075$ ) more than a minute of movies, as Dr. Waldfogel does, is simply not true. The calculation of the royalty payment for a system carrying one independent distant station remains the same whether that distant signal carries 100% movies, 100% live sporting events, 100% Mexican programming, or 100% Canadian programming. While Dr. Waldfogel understands that royalty payments are regulatorily prescribed and that

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<sup>17</sup> See PS Exhibit 5 at 10-13.

royalty payment calculations are independent of the programming mix on distant signals,<sup>18</sup> his model does not reflect that understanding.

The lack of connection between the program mix of a system's distant signals and the system's royalty payments can be shown by looking at Dr. Waldfogel's data. Summarized in Table 2 are two cases where the royalty payments for two cable systems are virtually identical. This occurs when the Distant Signal Equivalent ("DSE") count is identical and when the gross receipts are identical (or almost so). In Example 1, we have a case where royalty payments are identical and revenues are essentially identical. Yet, in this case, we see that the mix of programming minutes for Cable System MAA200 and VAR850 are very different. Unlike System VAR850, System MAA200 has no Commercial TV, Devotional, or Joint Sports programming minutes, retransmitting instead 20,739 Canadian minutes and 4,490 Program Supplier minutes. Yet, this very different mix had no effect on royalties paid by the two systems. This outcome is not restricted to systems with only one DSE. In Example 2, each system has 1.25 DSEs and the mix of programming is very different across systems, with the largest difference being in the Public Television category. Again, the mix of programming is different, but the royalty payment is the same.

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<sup>18</sup> SP Exhibit 18 at 7 ("the royalty payment for a bundle of distant signals is the product of the percentage rate (which is determined by the number of DSEs carried and other factors) and the system gross receipts for program service tiers that include broadcast stations. Hence, variation across [cable system operator] distant signal royalty payments is directly affected by two basic factors, the number and type of distant signals chosen and the system gross receipts."); Tr. 828:3-831:20 (Waldfogel).

**Table 2. Royalty Payments and the Programming Mix**

	Example 1		Example 2	
	MAA200	VAR850	CAW525	WYU200
Gross Receipts	739,320	739,325	380,013	380,009
Total Royalty	7,489	7,489	4,231	4,231
Total DSE	1	1	1.25	1.25
Canadian	20,739	0	0	0
Comm. TV.	0	2,836	2,354	5,588
Devotional	0	1,860	1,770	2,100
Public Television	0	0	30,240	0
Joint Sports	0	982	1,807	1,569
Program Suppliers	4,490	24,562	24,309	36,509

As shown in Table 2, the royalty payments made by cable operators are independent of the mix of programming on each signal.

*C. The Estimated Coefficients are Unstable*

The dependent variable in Dr. Waldfogel's regression is royalty payments. The linear regression employed by Dr. Waldfogel is intended to quantify the relationships between royalty payments and the actual determinants of such payments. We know that the determinants of those royalty payments are DSE counts and gross receipts, yet neither of these variables appear in Dr. Waldfogel's regression. Consequently, Dr. Waldfogel does not attempt to model the true data generating process, so his model is clearly mis-specified. Mis-specified regression models like Dr. Waldfogel's tend to produce results that are specific to the data set used to estimate the coefficients.

To evaluate the stability of the coefficients obtained by Dr. Waldfogel's regression, I estimate Dr. Waldfogel's model using subsamples of his data. I selected

the subsamples such that there would be no change in the coefficients given Dr. Waldfogel's own specification. While we would not expect the coefficients obtained using the subsample to be identical across subsamples, they should be relatively similar if Dr. Waldfogel's regression model is sound. Large changes in the coefficients across datasets can indicate a problem with specification, and such changes are problematic because Dr. Waldfogel relies solely on the actual coefficients (*i.e.*, the point estimates) to compute the royalty allocation shares. The analysis below demonstrates extreme sensitivity of the coefficients to data set changes in Dr. Waldfogel's modeling approach.

#### *1. Pooling the Data*

Dr. Waldfogel's dataset consists of data for four time periods, which he pools into one dataset for estimation. He assumes that the coefficients on program minutes (and the other coefficients) are equal across all four time periods. Estimating the model for each time period, then, provides an opportunity to evaluate the stability of Dr. Waldfogel's coefficients in a manner consistent with the overall specification used by Dr. Waldfogel.

The first column of Table 3 provides the coefficient estimates from Dr. Waldfogel's testimony.<sup>19</sup> In the next four columns, I calculate the coefficient estimates for the four time periods individually. The range of the coefficient estimates is provided in the final column. As shown in the table, the regression coefficients vary widely across the time periods. In fact, the coefficients on Public Television and

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<sup>19</sup> SP Exhibit 18 at 11 (Table 2).

Devotional minutes change sign across models. The coefficient for Commercial TV is as high as 0.582 and as low as 0.006. The coefficient for Canadian ranges from 0.077 to 0.45, and the Sports coefficient ranges from 1.69 to 5.45. The ranges on the estimated coefficients are very wide, particularly considering the relatively compact time periods involved. The instability of the coefficients across the samples demonstrates the consequence of a poorly specified model.

**Table 3. Coefficient Instability Across Time Periods**

	Full Data Set	First Half 2004	Second Half 2004	First Half 2005	Second Half 2005	Range (Max - Min)
Program Suppliers	0.075*	0.111*	0.093	0.022	0.048	0.086
Sports	2.77*	1.69	4.00*	4.96*	5.45*	3.76
Commercial TV	0.256*	0.239	0.074	0.582*	0.006	0.576
Public Broadcasting	0.042	-0.012	0.013	0.141	-0.007	0.153
Devotional	-0.067	0.020	-0.130	0.013	-0.251	0.271
Canadian	0.282*	0.450	0.295	0.298*	0.077	0.373
R <sup>2</sup>	0.75	0.74	0.76	0.73	0.78	...
Obs.	4954	1301	1303	1294	1056	...

\* Statistically Significant 10% level. Robust.

While there are statistical tests such as that performed by Dr. Waldfogel to evaluate the statistical differences in the coefficients across time periods,<sup>20</sup> such tests are not very compelling in this case. In Table 3, the asterisked coefficients under the individual time periods are those for which the null hypothesis (the coefficient equals zero) is rejected. The null hypothesis is rejected for only 6 of the 24 estimated coefficients (at the 10% level). In other words, across time, most of the coefficients are not statistically different from zero and have very wide confidence intervals. These

<sup>20</sup> SP Exhibit 18 at Appendix 3, p. 3.



poor estimates make it difficult to perform statistical tests on the equality of coefficients. For example, we can say on statistical grounds that in Dr. Waldfogel's regression, the coefficient for Public Broadcasting (0.042) is equal to the coefficient for Commercial TV (0.256), even though the two estimates differ by a factor of six.<sup>21</sup> Likewise, the Program Suppliers coefficient (0.075) and the Devotional coefficient (-0.067) are statistically equal, even though the Devotional price is negative and the Program Suppliers price is positive and statistically different from zero.<sup>22</sup> In fact, statistically speaking, the coefficients for the Program Suppliers, Commercial TV, Public Television, and Devotional are all equal.<sup>23</sup> Put simply, when a coefficient is poorly estimated (*i.e.*, it has a wide confidence interval), testing its equivalence to other coefficients also poorly estimated is exceptionally weak evidence. Moreover, statistical tests are irrelevant in Dr. Waldfogel's analysis. In the computation of shares, only the actual value of the coefficient enters Dr. Waldfogel's calculation. Statistical significance plays no role in the his calculation of allocation shares.<sup>24</sup> In this light, the variability in the coefficients is very troubling.

The instability of the coefficients is further illustrated by studying the sample of systems paying the 3.75% fees versus non-3.75% systems. The Base and 3.75% Funds

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<sup>21</sup> More formally, the null hypothesis of equal coefficients is not rejected. The F-statistic is 1.74 with Probability level 0.175.

<sup>22</sup> The F-statistic is 0.97 with Probability level 0.326.

<sup>23</sup> The F-statistic is 1.85 with Probability level 0.136.

<sup>24</sup> Only negative coefficients are discarded. Statistically insignificant but positive coefficients are used without adjustment.

are different funds, and the computation of royalty payments is very different across the two. Evaluating each group of systems independently is a useful exercise, and since Dr. Waldfogel accounts for the 3.75% Fund payments using a single dummy variable, we should, by definition, be able to estimate separate regressions for the two system types without any significant changes in the coefficients.<sup>25</sup>

**Table 4. Coefficient Instability Across 2004-2005 Funds**

Claimant	Waldfogel's Table 3 Coefficients	Exclude 3.75% Fund Systems	Include Only 3.75% Fund Systems
Program Suppliers	0.075*	0.108*	0.073
Sports	2.77*	0.922	3.404*
Commercial TV	0.256*	0.315*	0.118
Public Broadcasting	0.042	0.006	0.119*
Devotional	-0.067	-0.247	-0.007
Canadian	0.282*	0.050	0.631*
R <sup>2</sup>	0.75	0.85	0.62
Obs.	4954	3851	1103

\* Statistically Significant 10% level. Robust.

Table 4 presents the estimated coefficients on minutes for subsamples of Dr. Waldfogel's data chosen based on the payments to the 3.75% Fund. In the first numerical column, Dr. Waldfogel's coefficient estimates are provided.<sup>26</sup> In the second numerical column, I estimate the coefficients after *excluding* all firms making a payment to the 3.75% Fund (leaving only Base Fund and Syndex paying systems). Comparing the first two numerical columns, we see that the coefficient estimates when 3.75% Fund

<sup>25</sup> The constant term of the regression may change, but this coefficient is irrelevant to the computation of royalty shares.

<sup>26</sup> SP Exhibit 18 at 11.

systems are excluded are very different than those reported in Dr. Waldfogel's testimony. The coefficients on Sports, Public Broadcasting, Devotional, and Canadian shrink considerably.<sup>27</sup> In the third numerical column, I estimate the coefficients including only firms that pay into the 3.75% Fund. These estimated coefficients are very different than those reported by Dr. Waldfogel. Comparing the last two columns, we see large differences in the coefficient estimates across the two subsamples.<sup>28</sup> If Dr. Waldfogel's model specification were sufficiently reliable for the allocation of the royalty funds, we would not expect to see such large differences in the coefficients.

This analysis reveals once more the fact that the coefficient estimates are highly unstable across subsamples. This instability confirms what we already know to be a problem with model specification, and indicates Dr. Waldfogel's analysis is too unreliable to allocate the royalty fund under a relative market value standard.

#### *D. Specification and Outliers*

During Dr. Waldfogel's oral testimony, Judge Wisniewski asked him if he had performed any analysis of the residuals of his regression.<sup>29</sup> Dr. Waldfogel answered that he had not.<sup>30</sup> In light of the question, I decided to analyze Dr. Waldfogel's regression in two ways. First, I performed a widely-used specification test known as

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<sup>27</sup> The statistical significance of the coefficients change as well, but statistical significance is not relevant to Dr. Waldfogel's calculations.

<sup>28</sup> A statistical test of equal coefficients on the Claimants' minutes is likewise rejected at better than the 10% level (F Statistic = 2.90, Probability < 0.01).

<sup>29</sup> Tr. at 935:11-936:18 (Waldfogel).

<sup>30</sup> Tr. at 935:16 (Waldfogel).

RESET, which is a somewhat general test of specification error.<sup>31</sup> The hypothesis of RESET is that the model is correctly specified; Dr. Waldfogel's model failed that test. This test provides strong evidence that Dr. Waldfogel's regression model is not correctly specified, suggesting the model is inadequate and the estimated coefficients are unreliable.<sup>32</sup>

More directly to the issue of the residuals, I evaluated Dr. Waldfogel's regression for what are often referred to as "outliers" or influential observations. Such observations can exert undue influence on the coefficient estimates, and their identification can tell us other things about the data or the model. In this case, the presence of outliers is used as evidence of poor model specification.<sup>33</sup> Specifically, if we know that a cable system's actual royalty payment matches the payment calculation from the regulations, then that system should not be an outlier. If such a system is an outlier, then there must be a problem with the model's specification.

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<sup>31</sup> The test is used primarily to test for incorrect functional form and in some instances omitted variables. *See, e.g.,* D. Gujarati, *BASIC ECONOMETRICS* (1995) at 464-6; J. Wooldridge, *INTRODUCTORY ECONOMETRICS* (2003) at 292-4.

<sup>32</sup> The null hypothesis of RESET is "no specification error," and the test statistic follows the F-distribution. If the test statistic from the regression exceeds the critical value, then it can be assumed that the model is not correctly specified. Applying RESET to Dr. Waldfogel's regression produces a test statistic of 48.45. The critical F-value is 2.08 at the 10% significance level, so the null hypothesis of "no specification error" is rejected at much better than standard significance levels.

<sup>33</sup> D. Belsley, E. Kuh, and R. Welsch, *REGRESSION DIAGNOSTICS: IDENTIFYING INFLUENTIAL DATA AND SOURCES OF COLLINEARITY* (2004) ("since the data could have been generated by a model(s) other than that specified, diagnostics may reveal pattern suggestive of these alternatives (at 6)").

I computed the outlier statistics Cook's D and COVRATIO for each observation.<sup>34</sup> I found that Dr. Waldfogel's regression model labeled some good data as outliers (and perhaps vice versa). For example, one of the systems I observed with a particularly large Cook's D (an outlier) is Cable System AZP580 (0.077 in the second half of 2005). This system carries only 1.0 DSE and paid 1.013% of its gross receipts in cable royalties. The system's royalty payment is exactly in line with the regulatory rule, so this particular system should not be labeled an outlier if the model specification is legitimate. Yet, based on Dr. Waldfogel's regression model, the system is an outlier. Another system, System CAS810, also showed a large Cook's D (0.01). The system, with 5.25 total DSEs, made royalty payments amounting to 3.4095% of gross receipts -- exactly what it should have paid under the regulatory rule.<sup>35</sup> Again, this valid observation is determined to be an outlier by Dr. Waldfogel's regression, indicating mis-specification of the regression model. Now, consider System ILE240, which, with 5.5 total DSEs, paid only 1.2% of its gross receipts in royalties where the DSE total should have led to payments of about 3.3% of gross receipts.<sup>36</sup> This system's Cook's D is 0.00016, which is well below the threshold for outlier status. In all, there are 337

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<sup>34</sup> The threshold value of Cook's D is  $D > 4/N$ , or 0.00081 ( $N = 4,954$ ). The threshold value for COVRATIO is  $|\text{COVRATIO} - 1| \geq 3K/N = 0.0121$ , where  $K$  is the number of estimated parameters including the constant term (or 20). See L. Hamilton, *STATISTICS WITH STATA* (2009) at 224.

<sup>35</sup> The calculation is  $1.013 + 0.668 \cdot 3 + 0.314 \cdot 1.25 = 3.4095\%$ .

<sup>36</sup> The calculation is  $0.956 + 0.63 \cdot 3 + 0.296 \cdot 1.5 = 3.29\%$ .

outliers indicated in Dr. Waldfogel's data based on his regression model.<sup>37</sup> Excluding the outliers from the estimation sample results in substantially different royalty shares for the Claimants, and all the estimated coefficients are positive.<sup>38</sup> Moreover, most of these "outliers" appear to paying the correct level of royalty payments and thus should not be outliers in a correct model. Even if legitimate reasons exist for the outliers that do not appear to be paying the correct royalty amount, Dr. Waldfogel's analysis should have accounted for those reasons in his regression model. The outlier statistics further demonstrate that Dr. Waldfogel's model is mis-specified.

*E. Corroboration of Bortz*

Dr. Waldfogel claims his regression analysis can be used to corroborate the Bortz survey results. Meaning, if the regression approach and the Bortz survey render similar results, then this is evidence that the two approaches are producing legitimate estimates of relative market value. In fact, Dr. Waldfogel's regression analysis does not corroborate the Bortz survey results.

Dr. Waldfogel's testimony includes two alternative computations of program value—one based on "Compensable Minutes" and the other based on "All WGNA Minutes." For the computation of the relative market values actually recommended by

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<sup>37</sup> By Cook's D and COVRATIO there are 337 outliers. A review of the data indicates that most of these systems (over 90%) are making payments at least roughly in line with the regulatory rules.

<sup>38</sup> The shares based on "compensable" minutes are: Program Suppliers (40.7%), Sports (34.1%), Commercial TV (14.5%), Public Broadcasting (5.0%), Devotional (1.26%), and Canadian (4.47%). Dr. Waldfogel describes his results as "implausible" due to the negative coefficient on Devotional minutes. Tr. at 781:14 (Waldfogel).

Dr. Waldfogel, he uses the Compensable Minutes.<sup>39</sup> Dr. Waldfogel believes these compensable minutes are the proper quantities for determining relative market value.<sup>40</sup> The alternative calculation, which is found in an appendix to Dr. Waldfogel's written testimony, relies on the All WGNA Minutes, which Dr. Waldfogel believes contain program minutes that are "not eligible to receive any share of the royalties in this proceeding."<sup>41</sup> Although he does not claim the All WGNA Minutes analysis produces results that can be used to determine relative market value, Dr. Waldfogel uses the All WGNA Minutes as somehow corroborative of the Bortz survey results as proper estimates of relative market value.

Table 5 provides the final shares recommended by the Bortz survey along with Dr. Waldfogel's two results. The Bortz shares for 2004 and 2005 are provided in the first two numerical columns. In the third column, Dr. Waldfogel's recommended shares for the royalty distribution based on Compensable Minutes are provided. As shown in the table, Dr. Waldfogel's Compensable Minutes results are not at all consistent with the Bortz numbers. For example, in the Program Supplier category, Dr. Waldfogel's recommended share is 45% lower than the two-year average of the Bortz share. In the Commercial Television category, Dr. Waldfogel's recommended share is 30% higher

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<sup>39</sup> SP Exhibit 18 at 12 ("we consider only compensable programs").

<sup>40</sup> *Id.* at 12, note 11.

<sup>41</sup> *Id.* at 12.

than the two-year average of the Bortz share. His recommended share for the Canadian Claimants is 67% higher than the two-year average of the Bortz share.

	Bortz		Waldfogel Compensable Minutes Results		Waldfogel All WGNA Minutes Results	
	2004	2005	04-05 Shares	Difference (Average)	04-05 Shares	Difference
Program Suppliers	35.40	36.20	24.68	45%	32.15	11%
Sports	32.40	35.50	42.36	20%	38.73	12%
Commercial TV	17.90	14.20	22.86	30%	20.20	21%
Public Broadcasting	6.20	6.05	6.79	10%	6.01	2%
Devotional	7.60	6.30	0.00	...	0.00	...
Canadian	0.50	1.65	3.30	67%	2.92	63%

Dr. Waldfogel does not, however, make the comparison between his Compensable Minutes results, which he believes to be the correct basis for allocation of royalties, and the Bortz shares, which Dr. Crandall argues are legitimate. Rather, Dr. Waldfogel re-computes the relative shares for the claimants using All WGNA Minutes, which he claims *do not* show relative market value for the programming to be compensated here, for comparison to Bortz. It is the All WGNA Minutes estimates of shares that Dr. Waldfogel compares to Bortz to conclude the value derived from his regression results are corroborative of the Bortz survey results. So, the corroboration attempt is allegedly successful only if Dr. Waldfogel compares the relative shares from Bortz to his All WGNA Minutes results of relative shares, and not to the relative shares that he claims represent relative market value. Dr. Waldfogel's recommended distribution shares clearly do not corroborate the Bortz survey results. In essence, Dr.



Waldfogel claims the improperly computed shares corroborate Bortz, which is a discredit to his analysis, the Bortz survey, or both.

Even if one could accept Dr. Waldfogel's All WGNA Minutes shares as the appropriate market value shares, these results would not corroborate the Bortz survey results. The Bortz survey provides separate allocation shares for the years 2004 and 2005, whereas Dr. Waldfogel provides only estimated shares for the combined periods. In order to meaningfully compare the two estimates, I re-estimated Dr. Waldfogel's regression model and recalculated the share values for each year using the All WGNA Minutes. The results are depicted in Table 6.

**Table 6. All WGNA Minutes Shares Versus Bortz Shares (By Year)**

	Year 2004			Year 2005		
	Coefs.	Shares Total Minutes	Bortz Shares	Coefs.	Shares Total Minutes	Bortz Shares
Program Suppliers	0.111*	46.90	35.40	0.036	14.78	36.20
Sports	2.702*	37.31	32.40	3.528	47.27	35.50
Commercial TV	0.154	11.98	17.90	0.323	24.39	14.20
Public Broadcasting	0.001	0.19	6.20	0.082	11.38	6.05
Devotional	-0.057	0.00	7.60	-0.092	0.00	6.30
Canadian	0.354*	3.62	0.50	0.220	2.18	1.65

\* Statistically Significant 10% level. Robust.

Initially, the resulting coefficients in Table 6 show, once again, that Dr. Waldfogel's coefficients are not stable over time. For example, the coefficient on Program Suppliers is 0.111 in 2004 but 0.036 in 2005 -- a 102% difference.<sup>42</sup> The

<sup>42</sup> The difference is so large, I use the arc formula to compute the percentage difference ( $= (0.111-0.036)/0.5(0.111+0.036)$ ).

coefficient on Public Television rises from 0.001 to 0.082 across the two years -- a 195% difference. None of the estimated coefficients are statistically different from zero in 2005 (even at the 10% level). In fact, statistically speaking, all the coefficients are equal in 2005.

As a consequence of the coefficient instability, the allocation shares based on total minutes are very different in 2004 and 2005. In 2004, Program Suppliers get 46.9% by Dr. Waldfogel's approach, but only 14.78% in 2005. Sports jumps from 37.31% to 47.27% between years, and Public Television rises from 0.19% to 11.38%. In fact, very few of the estimated shares are close across Dr. Waldfogel's regression approach and the Bortz survey. In reference to Bortz, even a comparison using the All WGNA Minutes results as Dr. Waldfogel recommends for the corroboration exercise, Table 6, shows that the two methods render very different recommendations in 2004 and 2005. These results clearly reject the argument of corroboration between the two methodologies.

#### **IV. Conclusion**

As explained in detail in this testimony, neither Dr. Crandall nor Dr. Waldfogel provides credible economic analysis that would justify using the Bortz survey results, or the regression analysis results, as evidence of the relative market values of the programming in question. Accordingly, neither Dr. Crandall's nor Dr. Waldfogel's approach is proper for determining how to allocate the 2004-05 royalties.

**APPENDIX A**

**REBUTTAL TESTIMONY OF**

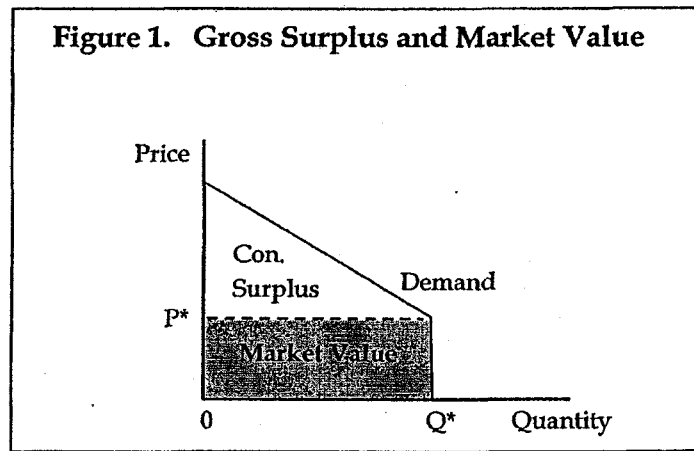
**GEORGE FORD, Ph.D.**

## APPENDIX A

### Conditions Under Which Willingness-to-Pay (or Gross Surplus)

#### Equals Relative Market Value

Figure 1 illustrates the difference between willingness to pay (or gross value) and market value. In Figure 1, we have a downward sloping demand curve labeled "Demand." The market price and quantity are labeled  $P^*$  and  $Q^*$ . Market value ( $P^*Q^*$ ) is the shaded area labeled "Market Value". Willingness to pay is the sum of market value and Consumer Surplus, the latter of which is the triangular area labeled "Con. Surplus". Gross surplus, or willingness to pay, is the area under the demand curve up to quantity  $Q^*$ .



Turning to the comparison of relative gross surplus and relative market value, we consider the case of two goods, Good 1 and Good 2. Mathematically, we can define the gross surplus from Good 1 as

$$GS_1 = \int_0^{Q_1} P_1(s) ds \quad (1)$$

where  $P_1(Q)$  is the inverse demand curve for Good 1. Expression (1) is just the total area under the demand curve (total or "gross" surplus) for the quantity  $Q_1$ . We can define the gross surplus for Good 2 ( $GS_2$ ) similarly:

$$GS_2 = \int_0^{Q_2} P_2(s) ds \quad (2)$$

Note that for any  $Q_i$ , we have an associated price  $P_i = P_i(Q_i)$ , and this price makes  $Q_i$  optimal for the firm. Although the analysis to follow is ordinarily discussed within the context of consumer behavior, the logic is the same in the case of a firm buying inputs. When it is not ambiguous, we will move freely between the two examples. At prices  $P_i$ , we have supplier revenues  $R_i = P_i Q_i$ , where these revenues are identified with the market value of the input

quantity purchased. Further,  $GS_i - R_i$  is the consumer surplus from Good  $i$ , which is actually producer surplus (variable profits) since these are factor demands.

The question of interest is under what condition relative gross surplus equals relative market value, or  $GS_1/GS_2 = R_1/R_2$ . (This argument extends to more than two goods.) To answer this question, we first replace the inverse demand function  $P_i(s)$  in Expressions (1) and (2) by their Taylor expansions around the quantity  $Q_i$ . Suppressing the subscripts, we have

$$P(s) = P(Q) + P'(Q)(s - Q) + (1/2)P''(Q)(s - Q)^2 + \dots \quad (3)$$

Ordinarily, these Taylor expansions may contain many terms and, if the demand function is relatively well-behaved, the Taylor expansion will, in the limit, perfectly express the underlying function it approximates. If the demand curve is linear, and only if it is linear, we can solve the resulting integral for the Gross Surplus, obtaining the exact solution

$$GS_1 = R(1 + 1/2\eta) \quad (4)$$

where  $\eta$  is the own-price elasticity of demand at  $(P_i, Q_i)$ . So, making this substitution for both, we can write

$$\frac{GS_1}{GS_2} = \frac{R_1(1 + 1/2\eta_1)}{R_2(1 + 1/2\eta_2)} \quad (5)$$


as the condition of interest. From Expression (5), it is easy to see that the ratio of gross surplus (or willingness-to-pay) is equal to relative market value (i.e., the ratio of revenues) only when  $\eta_1 = \eta_2$  (inclusive of the assumption of linear demand).

In sum, for relative willingness-to-pay to be found equal to relative market value (except perhaps by chance), the following two conditions must hold. First, the demand curves must be linear. If the demands are not linear, then the Taylor expansion used in the proof will not terminate at the first derivative, so there will be additional, unequal terms. This will, in general, lead to inequality in the ratios of interest. Second, the own-price elasticities of demand must be equal across the goods. Even with linear demands, the points on the demand curve where the evaluations of surplus and revenue are made must be selected so that the demand elasticities are then equal. This is highly improbable. If either condition is violated, the equality of the two ratios is not implied. Also, since linear demand curves contain all elasticity values, the elasticities are different at every price, and there is no theoretical reason to expect that the demand elasticities for the inputs of production should be equal, the equality of elasticities across an arbitrary pair of prices is an exceptionally unlikely event for any continuous distributions of prices. Formally, the probability is literally zero for any pair of continuous distributions over prices.

**DECLARATION OF GEORGE S. FORD**

I declare under penalty of perjury that the foregoing rebuttal testimony is true and correct and of my personal knowledge.

Executed on January 15, 2010.

  
\_\_\_\_\_  
George S. Ford

**CROSS-EXAMINATION  
EXHIBITS**





**EXHIBIT NOT ADMITTED**



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1																	
2	Blanket Music License Fees																
3	(\$ millions)																
4		ASCAP			BMI			SESAC			Total						
5		Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Total			
6	2004	\$ 36.808	\$ 2.800	\$ 97.000	\$ 42.650	\$ 2.400	\$ 85.000	\$ 3.250	\$ 0.110	\$ 13.500	\$ 82.71	\$ 5.31	\$ 195.50	\$ 283.52			\$ 200.81
7	2005	\$ 37.417	\$ 3.000	\$ 85.000	\$ 43.400	\$ 2.600	\$ 85.000	\$ 3.425	\$ 0.120	\$ 16.000	\$ 84.24	\$ 5.72	\$ 186.00	\$ 275.96			\$ 191.72
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15	Actual Music License Fees																
16	(\$ millions)																
17		ASCAP			BMI			SESAC									
18		Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations							
19	2004	\$ 36.808	\$ 2.800	\$ 68.082	\$ 42.650	\$ 2.400	\$ 69.386	\$ -	\$ -	\$ -							
20	2005	\$ 37.417	\$ 3.000	\$ 62.814	\$ 43.400	\$ 2.600	\$ 65.033	\$ -	\$ -	\$ -							



	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	
1																		
2	Blanket Music License Fees																	
3	(\$ millions)																	
4		ASCAP			BMI			SESAC			Total							
5		Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Total				
6	2004	\$ 36.808	\$ 2.800	\$ 97.000	\$ 42.650	\$ 2.400	\$ 85.000	\$ 3.250	\$ 0.110	\$ 13.500	\$ 82.71	\$ 5.31	\$ 195.50	\$ 283.52			\$ 200.81	
7	2005	\$ 37.417	\$ 3.000	\$ 85.000	\$ 43.400	\$ 2.600	\$ 85.000	\$ 3.425	\$ 0.120	\$ 16.000	\$ 84.24	\$ 5.72	\$ 186.00	\$ 275.96			\$ 191.72	
8																		
9																		
10																		
11																		
12																		
13																		
14																		
15	Actual Music License Fees																	
16	(\$ millions)																	
17		ASCAP			BMI			SESAC			Total							
18		Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations								
19	2004	\$ 36.808	\$ 2.800	\$ 68.082	\$ 42.650	\$ 2.400	\$ 69.386	\$ -	\$ -	\$ -								
20	2005	\$ 37.417	\$ 3.000	\$ 62.814	\$ 43.400	\$ 2.600	\$ 65.033	\$ -	\$ -	\$ -								
21																		
22																		
23	Difference Between Blanket and Actual Fees												Total					
24	2004			\$ 28.92			\$ 15.61			\$ -			\$ 44.53					
25	2005			\$ 22.19			\$ 19.97			\$ -			\$ 42.15					
26																		
27																		
28																		
29	Actual Music License Fees Excluding Big 3 Networks Fees																	
30	(\$ millions)																	
31		ASCAP			BMI			SESAC			Total							
32		Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Big 3 Networks	Univision	Stations	Total				
33	2004	\$ 36.808	\$ 2.800	\$ 68.082	\$ 42.650	\$ 2.400	\$ 69.386	\$ 3.250	\$ 0.110	\$ 13.500	\$ 82.71	\$ 5.31	\$ 150.97	\$ 238.99			\$ 156.28	
34	2005	\$ 37.417	\$ 3.000	\$ 62.814	\$ 43.400	\$ 2.600	\$ 65.033	\$ 3.425	\$ 0.120	\$ 16.000	\$ 84.24	\$ 5.72	\$ 143.85	\$ 233.81			\$ 149.57	



**EXHIBIT NOT ADMITTED**





# Service Annual Survey 2006

Issued January 2008

**Current Business Reports**



USCENSUSBUREAU  
*Helping You Make Informed Decisions*

U.S. Department of Commerce  
Economics and Statistics Administration  
U.S. CENSUS BUREAU



**Table 3.3.3. Television Broadcasting (NAICS 51512) – Estimated Sources of Revenue and Expenses for Employer Firms: 2004 Through 2006**

[Estimates are based on data from the 2006 Service Annual Survey and administrative data. Estimates for 2005 and prior years have been revised to reflect historical corrections to individual responses. Dollar volume estimates are published in millions of dollars; consequently, results may not be additive. Estimates have been adjusted using results of the 2002 Economic Census]

Kind of business	2006	2005	2004	Percent change	
				2006/2005	2005/2004
<b>Operating Revenue</b>					
<b>Total</b> .....	<b>38,328</b>	<b>36,297</b>	<b>35,599</b>	<b>5.6</b>	<b>2.0</b>
<b>Sources of Revenue</b>					
Air time .....	26,859	25,971	25,892	3.4	0.3
National/regional air time .....	16,456	16,211	16,233	1.5	-0.1
Local air time .....	10,403	9,760	9,659	6.6	1.0
Other operating revenue .....	S	10,326	9,707	S	6.4
Network compensation .....	S	6,321	5,765	S	9.6
Public and non-commercial programming services .....	1,550	1,337	1,371	15.9	-2.5
All other operating revenue .....	3,193	2,668	2,571	19.7	3.8
<b>Operating Expenses</b>					
<b>Total</b> .....	<b>29,892</b>	<b>28,805</b>	<b>27,992</b>	<b>3.8</b>	<b>2.9</b>
Personnel costs .....	7,884	7,570	7,176	4.1	5.5
Gross annual payroll .....	6,575	6,438	6,108	2.1	5.4
Employer's cost for fringe benefits .....	1,152	1,008	955	14.3	5.5
Temporary staff and leased employee expense .....	157	124	113	26.6	9.7
Expensed materials, parts and supplies (not for resale) .....	219	223	222	-1.8	0.5
Expensed equipment .....	58	57	61	1.8	-6.6
Expensed purchase of other materials, parts, and supplies .....	161	166	161	-3.0	3.1
Expensed purchased services .....	2,149	2,003	1,897	7.3	5.6
Expensed purchases of software .....	47	39	33	20.5	18.2
Purchased electricity and fuels (except motor fuels) .....	421	343	330	22.7	3.9
Lease and rental payments .....	490	426	411	15.0	3.6
Purchased repair and maintenance .....	S	250	244	S	2.5
Purchased advertising and promotional services .....	888	945	879	-6.0	7.5
Other operating expenses .....	19,640	19,009	18,698	3.3	1.7
Broadcast rights and music license fees .....	12,802	12,036	11,710	6.4	2.8
Network compensation fees (networks only) .....	609	695	658	-12.4	5.6
Depreciation and amortization charges .....	1,458	1,385	1,413	5.3	-2.0
Governmental taxes and license fees .....	144	150	177	-4.0	-15.3
All other operating expenses .....	4,627	4,743	4,741	-2.4	Z

Z Absolute value is less than 0.05. S Estimate does not meet publication standards because of high sampling variability (coefficient of variation is greater than 30%) or poor response quality (total quantity response rate is less than 50%). Unpublished estimates derived from this table by subtraction are subject to these same limitations and should not be attributed to the U.S. Census Bureau. For a description of publication standards and the total quantity response rate, see [http://www.census.gov/quality/S20-0\\_v1.0\\_Data\\_Release.pdf](http://www.census.gov/quality/S20-0_v1.0_Data_Release.pdf).

Note: Estimates cover taxable and tax-exempt firms and are not adjusted for price changes. The introduction and appendixes give information on confidentiality protection, sampling error, nonsampling error, sample design, and definitions. Links to this information on the Internet may be found at [www.census.gov/svsd/www/cv.html](http://www.census.gov/svsd/www/cv.html). Appendix A, Table A-3.3.3 provides estimated measures of sampling variability.



10502

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr/Ms. \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$30.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

D(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"  
 Yes ①(1c)  
 No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
 Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"  
 Yes 1  
 No--> "May I have the number where he/she can be reached?" 2  
 \_\_\_\_\_ [Record area code and number.]  
 (Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
 No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WSBK</u> been carried by your cable system?"	①	2	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"  
 Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
 No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10513

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$30.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

①(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes 1(1c)  
No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes 1  
No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	<u>1</u>	2	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	<u>1</u>	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10514

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No -> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal -> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

①(1b)

No -> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

1

No -> "May I have the number where he/she can be reached?"  
\_\_\_\_\_  
(Record area code and number.)

2

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes 1 (1c)  
No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes 1  
No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	<u>1</u>	2	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	<u>1</u>	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10575

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted] s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

(1)(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1) 1c)  
No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_ ]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c: "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W T B S</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10518

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted] s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello (Mr./Ms. [redacted]), I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes  
No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes  
No--> "May I have the number where he/she can be reached?"

\_\_\_\_\_  
[Record area code and number.]  
(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1c)  
No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	0	2	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	0	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10520

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr. (Ms) \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

- Yes
- No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)
- No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

- Yes
- No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?" ①(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

- Yes 1
- No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_  
[Record area code and number.]  
(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1)(1c)  
No -> Ask 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes 1  
No -> "How are these budget decisions made?" (Record verbatim.) (2)

"Corporate decides what budget - works out negotiations with programmers"

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W P I X</u> been carried by your cable system?"	(1)	2	3
"During 2004, has <u>W T B S</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10501

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$30.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

1(1b)

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

1

No--> "May I have the number where he/she can be reached?"

2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1) (1c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_ ]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No--> "How are these budget decisions made?" (Record verbatim.) 2

\_\_\_\_\_  
\_\_\_\_\_

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W P I X</u> been carried by your cable system?"	1	(2)	3
"During 2004, has <u>W T B S</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10524

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No -> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal -> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No -> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1c)  
No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WPIX</u> been carried by your cable system?"	1	<u>(2)</u>	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	<u>(1)</u>	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10525

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No -> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal -> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No -> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?" (1)(b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"  
\_\_\_\_\_  
(Record area code and number.)  
(Thank respondent and terminate interview.)

1  
2

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No--> Ask:

1 (1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

Yes

2  
1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

No--> "How are these budget decisions made?" (Record verbatim.)

1  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	1	2	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

1  
2

10525

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr/Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system 2 who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"  
\_\_\_\_\_  
(Record area code and number.)

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No -> Ask:

①(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

Yes

2

1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"

1

2

[Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

No -> "How are these budget decisions made?" (Record verbatim.)

①  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

"During 2004, has WG N been carried by your cable system?"

Y	N	D/K
①	2	3
1	②	3
①	2	3

"During 2004, has WS B K been carried by your cable system?"

"During 2004, has WT B S been carried by your cable system?"

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

1

2

10528

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted] s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello, Mr/Ms. [redacted] am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No -> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal -> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No -> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No--> Ask:

1 (1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

Yes

2

1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1

2

[Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

No--> "How are these budget decisions made?" (Record verbatim.)

1  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	1	2	3
"During 2004, has <u>WTBS</u> been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

1

2

10529

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr. Ms \_\_\_\_\_ I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system (1)(b) who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]  
(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes  
No -> Ask: Q1c  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes  
No -> "How are these budget decisions made?" (Record verbatim.) Q1  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10531

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No--> Ask:

①(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

2

Yes

1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

1

No--> "May I have the number where he/she can be reached?"

2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

①

No--> "How are these budget decisions made?" (Record verbatim.)

2

\_\_\_\_\_  
\_\_\_\_\_

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

1

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

2

10536

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted] s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr (Ms) [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

1 (1b)

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

1

No--> "May I have the number where he/she can be reached?"

2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No -> Ask:

①(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

Yes

2  
1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"

1  
2

[Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

No -> "How are these budget decisions made?" (Record verbatim.)

1  
②

Primarily aggregated by CFO

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

"During 2004, has WGN been carried by your cable system?"

Y N D/K  
① 2 3

"During 2004, has WTBS been carried by your cable system?"

① 2 3

"During 2004, has \_\_\_\_\_ been carried by your cable system?"

1 2 3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

1

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

2

10537

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No -> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal -> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No -> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"  
\_\_\_\_\_  
(Record area code and number.)

1  
2

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1)(1c)  
 No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
 Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
 No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]  
 (Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
 No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	(1)	2	3
"During 2004, has <u>WTS</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
 No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10539

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello (Mr/Ms [redacted]), I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

D(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes ①(1c)  
No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No. (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_ ]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10541

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

①(1b) 2

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1) (1c)  
No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No -> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No -> "How are these budget decisions made?" (Record verbatim.) 2

\_\_\_\_\_  
\_\_\_\_\_

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W T B S</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10542

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello, Mr/Ms. \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

①(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No -> Ask:

1(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

Yes

2  
1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

No -> "How are these budget decisions made?" (Record verbatim.)

1  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

No -> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

1  
2

10545

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello (Mr./Ms. \_\_\_\_\_), I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1

2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes ①(1c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
No--> "How are these budget decisions made?" (Record verbatim.) 2

\_\_\_\_\_  
\_\_\_\_\_

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10546

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr. (Ms) \_\_\_\_\_ I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

D(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
(Record area code and number.)

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"  
 Yes ①(1c)  
 No -> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"  
 No (Thank respondent and terminate interview.) 2  
 Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_ ]

"May we reach him/her at this same number?"

Yes 1  
 No -> "May I have the number where he/she can be reached?" 2  
 \_\_\_\_\_ [Record area code and number.]  
 (Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
 No -> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
 No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10547

Form A  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1 (1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1)(1c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10550

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

(1)(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes  
No--> Ask: (1)(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes  
No--> "How are these budget decisions made?" (Record verbatim.) (1)  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10552

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted] s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system 2 who is responsible for deciding which television stations the system offers?"

(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes ①(1c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
No--> "How are these budget decisions made?" (Record verbatim.) 2

\_\_\_\_\_  
\_\_\_\_\_

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W T B S</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10553

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr. (Ms) [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

- (Yes)
- No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)
- No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

- Yes
- No --> "Could you tell me the name and title of the person at your cable system (1)(1b) who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

- Yes
- No--> "May I have the number where he/she can be reached?"

\_\_\_\_\_  
[Record area code and number.]  
(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1)(c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10554

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr/Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you ~~\$50.00~~ <sup>45.00</sup> for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes  
No --> "Could you tell me the name and title of the person at your cable system <sup>①(1b)</sup> 2 who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes  
No--> "May I have the number where he/she can be reached?" 1  
\_\_\_\_\_ [Record area code and number.] 2  
(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"  
 Yes ①(1c)  
 No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
 Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
 No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]  
 (Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
 No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WGN</u> been carried by your cable system?"	1	②	3
"During 2004, has <u>W T B S</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
 No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10558

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr. (Ms) \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1 (1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes  
No--> Ask:

1(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)  
Yes

2  
1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes  
No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes  
No--> "How are these budget decisions made?" (Record verbatim.)

1  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

1  
2

10559

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system <sup>1</sup>(1b) 2 who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1  
2



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes  
No--> Ask:

①(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)  
Yes

2  
1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes  
No--> "May I have the number where he/she can be reached?"  
\_\_\_\_\_ [Record area code and number.]

1  
2

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes  
No--> "How are these budget decisions made?" (Record verbatim.)

①  
2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	①	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

1  
2

10560

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr/Ms [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$10.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1) 1c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_ ]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market. "]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W S B K</u> been carried by your cable system?"	(1)	2	3
"During 2004, has <u>W T B S</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10562

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to \_\_\_\_\_; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. \_\_\_\_\_, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, [that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes (1)(c)  
No--> Ask: 2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]  
(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
No--> "How are these budget decisions made?" (Record verbatim.) 2

\_\_\_\_\_  
\_\_\_\_\_

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>WTBS</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10564

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr. (Ms) [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes  
 No--> Ask: (1) 1c  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
 Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
 No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]  
 (Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes (1)  
 No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W</u> <u>S</u> <u>B</u> <u>K</u> been carried by your cable system?"	1	(2)	3
"During 2004, has <u>W</u> <u>T</u> <u>B</u> <u>S</u> been carried by your cable system?"	(1)	2	3
"During 2004, has _____ been carried by your cable system?"	1	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
 No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2

10567

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr/Ms [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$70.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No --> "When is a convenient time to call back?"

(Record date and time for callback on call record form.)

No, refusal--> "Could you please tell me why you have decided not to participate?"

(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No --> "Could you tell me the name and title of the person at your cable system who is responsible for deciding which television stations the system offers?"

1(1b)

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No--> "May I have the number where he/she can be reached?"

1  
2

\_\_\_\_\_  
[Record area code and number.]

(Thank respondent and terminate interview.)



1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes

No--> Ask:

①(1c)

2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.)

2

Yes

1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

1

No--> "May I have the number where he/she can be reached?"

2

[Record area code and number.]

(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes

No--> "How are these budget decisions made?" (Record verbatim.)

①

2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

"During 2004, has W P I X been carried by your cable system?"

Y N D/K

① 2 3

"During 2004, has W S B K been carried by your cable system?"

① 2 3

"During 2004, has W T B S been carried by your cable system?"

① ~~2~~ 3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.)

1

No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.)

2

10629

Form C  
Distant Signal Questionnaire  
Approved 09/10/04

"Hello, I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. I would like to speak to [redacted]; s/he is expecting my call."

[If respondent not available, set up appointment to callback, record on call record form.]

When respondent comes on, say:

"Hello Mr./Ms. [redacted], I am (interviewer name) calling from Westat, a research firm located in Rockville, Maryland. We recently "faxed" you a letter saying that we would be calling about a survey on cable television channel decisions. We said in the letter, that the interview will take less than ten minutes and we will pay you \$50.00 for your time. The results will be combined for statistical purposes, but your individual responses will remain anonymous."

"May we proceed with the interview?"

Yes

No -> "When is a convenient time to call back?"  
(Record date and time for callback on call record form.)

No, refusal -> "Could you please tell me why you have decided not to participate?"  
(Record verbatim.)

\_\_\_\_\_  
"Any other reason?" (Record verbatim.)

"First, let me go over some background information."

1a. "As I understand it you are the person primarily responsible for deciding which television stations your cable system carries. Is that correct?"

Yes

No -> "Could you tell me the name and title of the person at your cable system <sup>1</sup>(1b) 2 who is responsible for deciding which television stations the system offers?"

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes

No -> "May I have the number where he/she can be reached?"  
\_\_\_\_\_  
[Record area code and number.]

1  
2

(Thank respondent and terminate interview.)

1b. "Were you responsible for deciding which television stations this cable system carried during 2004?"

Yes  
No--> Ask: ①(1c)  
2

"Is the person who was responsible for deciding which television stations to carry in 2004 still working at this cable system?"

No (Thank respondent and terminate interview.) 2  
Yes 1

[Record name: \_\_\_\_\_ title: \_\_\_\_\_]

"May we reach him/her at this same number?"

Yes 1  
No--> "May I have the number where he/she can be reached?" 2

\_\_\_\_\_ [Record area code and number.]  
(Thank respondent and terminate interview.)

1c. "In addition to selecting television stations, are you, or someone you supervise, responsible for making the budget decisions or recommendations associated with station carriage?"

Yes ①  
No--> "How are these budget decisions made?" (Record verbatim.) 2

2a. "According to public records, your cable system currently carries a number of distant television stations and/or cable networks." [If asked, "Distant television stations are broadcast stations that do not originate in your local television market."]

For the Signal A List:

[Determine if each distant Signal A was carried in 2004.]

	Y	N	D/K
"During 2004, has <u>W E N</u> been carried by your cable system?"	①	2	3
"During 2004, has <u>W S B K</u> been carried by your cable system?"	①	2	3
"During 2004, has <u>W T B S</u> been carried by your cable system?"	①	2	3

[Record at Q2b the first Signal A carried during 2004 and go to Signal B List.

If no Signal A has been carried during 2004, ask "Any distant superstation carried in 2004?"

Yes \_\_\_\_\_ (RECORD AT Q2b.) 1  
No --> (DO NOT ASK ABOUT SIGNAL A ON REST OF SURVEY.) 2



## 2004 Signal A List With Q.4 Program Value Responses

id	p4code	p4_1	p4_2	p4_3	p4_4	p4_5	p4_6	p4_7
10502	3	30	10	20	20	10	10	0
10513	5	20	10	20	20	20	10	0
10514	5	20	10	20	20	20	10	0
10515	1	15	5	50	20	5	5	0
10518	5	20	30	10	15	15	10	0
10520	4	17	16	16	17	17	17	0
10521	1	10	15	25	25	25	0	0
10524	1	25	20	20	20	15	0	0
10525	5	25	5	30	25	10	5	0
10526	5	25	25	50	0	0	0	0
10528	5	20	30	10	15	15	10	0
10529	1	60	30	10	0	0	0	0
10531	1	60	30	10	0	0	0	0
10536	5	30	10	10	25	15	10	0
10537	5	30	20	10	25	15	0	0
10539	1	15	10	30	30	10	5	0
10541	1	25	9	8	25	25	8	0
10542	1	50	0	25	15	10	0	0
10545	1	50	0	25	15	10	0	0
10546	1	25	9	8	25	25	8	0
10547	1	10	3	45	40	2	0	0
10550	1	40	10	20	10	10	10	0
10552	1	30	10	10	20	10	10	10
10553	1	25	30	15	15	10	5	0
10554	1	40	10	15	25	10	0	0
10558	1	5	20	20	30	20	5	0
10559	1	25	30	15	15	10	5	0
10560	3	20	5	30	30	10	5	0
10562	1	40	10	20	10	10	10	0
10564	1	5	20	20	30	20	5	0
10567	4	10	5	40	30	10	5	0
10629	5	20	10	20	30	10	10	0

**Variable Information**

Variable	Label
p4code	4. SIGNAL A
p4_1	4. % OF LIVE PRO/COLLGE SPORTS-SG A
p4_2	4. % OF STATION PRODUCED PRGMS-SG A
p4_3	4. % OF SYNDICATED SHOWS-SG A
p4_4	4. % OF MOVIES SHOWN-SG A
p4_5	4. % OF CHILDRENS PROGRAM-SG A
p4_6	4. % OF RELIGIOUS PROGRAM-SG A
p4_7	4. % OF OTHER 2004 PROGRAM-SG A



**Signal A Key Code List of Stations (p4 code)**

Variable Information

Variable	Position	Label
id	1	<none>
q2asa1	11	2A. 1ST SIGNAL FROM SIGNAL A LIST
q2asa1	1	WTBS
	2	WWOR
	3	WSBK
	4	WPIX
	5	WGN
	6	WSKB
	7	WGBH
	8	WWIN





## 2005 Signal A List With Q.4 Program Value Responses

id	p4code	p4_1	p4_2	p4_3	p4_4	p4_5	p4_6	p4_7
11534								
11543								
11501	3	20	15	15	15	15	20	0
11512	5	40	30	10	20	0	0	0
11513	5	16	16	17	17	17	17	0
11522	5	20	5	25	25	5	20	0
11540	5	70	0	30	0	0	0	0
11509	5	20	20	30	20	5	0	5
11510	5	20	20	30	20	5	0	5
11528	5	25	10	25	25	10	5	0
11531	5	100	0	0	0	0	0	0
11532	5	50	0	0	50	0	0	0
11550								
11551								
11549	5	35	0	15	25	15	10	0
11560	4	30	10	15	30	10	5	0
11558	3	15	5	30	40	10	0	0
11511	1	40	10	10	20	15	5	0
11519	1	20	0	40	20	20	0	0
11533	1	30	20	15	20	10	5	0
11536	1	20	0	12	60	6	2	0
11538	1	70	0	30	0	0	0	0
11539	1	70	6	6	6	6	6	0
11525	1	30	20	20	10	10	10	0
11535	1	50	0	25	25	0	0	0
11541	1	20	0	12	60	6	2	0
11544	1	40	10	20	30	0	0	0
11545	1	40	10	20	30	0	0	0
11548	1	10	10	35	35	10	0	0
11553	1	15	5	30	40	10	0	0
11547	1	50	0	10	30	10	0	0
11554	3	15	5	50	20	10	0	0

## Variable Information

Variable Label

p4code 4. SIGNAL A

p4\_1 4. % OF LIVE PRO/COLLGE SPORTS-SG A

p4\_2 4. % OF STATION PRODUCED PRGMS-SG A

p4\_3 4. % OF SYNDICATED SHOWS-SG A

p4\_4 4. % OF MOVIES SHOWN-SG A

p4\_5 4. % OF CHILDRENS PROGRAM-SG A

p4\_6 4. % OF RELIGIOUS PROGRAM-SG A

p4\_7 4. % OF OTHER 2004 PROGRAM-SG A



Variable Name	Variable Description
Resp_ID	Case ID
qsdoi	Date Of Interview
samptype	SAMPLE TYPE
sysinfo	SYSTEM INFO
cablesys	CABLE SYSTEM NAME
station	DISTANT SIGNAL STATION CALL LETTER(S)
cityorig	CITY OF ORIGIN
stateorg	STATE OF ORIGIN
fips	FIPS
qs1	S1. First, are you the head or co-head of the household? (DO NOT READ LIST, ACCEPT ONE RESPONSE)
qs2	S2. Did you have cable TV in your home in 2008? (DO NOT READ LIST, ACCEPT ONE RESPONSE)
qs3	S3. Is there another head or co-head of the household? (DO NOT READ LIST, ACCEPT ONE RESPONSE)
qs4	S4. Between you and the other co-head of the household, is your birthday the next one? (DO NOT READ LIST, ACCEPT ONE RESPONSE)
qs5a	S5a. What cable system did you subscribe to last year? (DO NOT READ LIST, ACCEPT ONE RESPONSE)
qs5b	S5b. Was ANSWERFROM(CABLESYS) your cable company? (DO NOT READ LIST, ACCEPT ONE RESPONSE)
qs6a	S6a. In what state do you primary live? (DO NOT READ LIST)
qs6b	S6b. In what county do you primary live? (DO NOT READ LIST)
q1a	NEWS AND COMMUNITY EVENTS: Remember, this category includes news and community events shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q1A. Please tell me if NEWS AND COMMUNITY EVENTS as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NO...
q1b	SERIES: Remember, this category includes sitcoms such as Seinfeld, dramas such as Smallville, reality shows such as American Idol, game shows such as Jeopardy, and talk shows such as the Oprah Winfrey Show shown only on ANSWERFROM(STATION) fr...
q1c	DEVOTIONAL PROGRAMS: Remember, this category includes shows with religious themes such as Old Time Gospel Hour, the 700 Club, and Joel Osteen Ministry shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q1C. Please tell me if DEVOTIONAL PR...
q1d	MOVIES AND SPECIALS: Remember, this category includes movies such as Star Wars, Independence Day, and Lethal Weapon 3 shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q1D. Please tell me if MOVIES AND SPECIALS as a whole are VERY POPULA..
q1e	LIVE TEAM SPORTS: Remember, this category includes live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer s...
q1f	NON-TEAM SPORTS: Remember, this category includes professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q1F. Please tell me if N...

Variable Name	Variable Description
q1g	PBS PROGRAMS: Remember, this category includes PBS programs such as Antiques Roadshow, NewsHour, and Sesame Street shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q1G. Please tell me if PBS PROGRAMS as a whole are VERY POPULAR, SOMEWHAT POPULAR, or NEITHER VERY POPULAR NOR SOMEWHAT POPULAR in your home? (ALLOW UP TO 5 ANSWERS)
q1h	PROGRAMS ON CANADIAN STATIONS: These include programs such as The Border, The National, and Bo on the Go shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q1H. Please tell me if PROGRAMS ON CANADIAN STATIONS as a whole are VERY POPULAR, ...
q2a01	Q2a. Are there any other categories of programs shown only on ANSWERFROM(STATION) that are VERY POPULAR OR SOMEWHAT POPULAR in your home? (ALLOW UP TO 5 ANSWERS)
q2a02	Q2a. Are there any other categories of programs shown only on ANSWERFROM(STATION) that are VERY POPULAR OR SOMEWHAT POPULAR in your home? (ALLOW UP TO 5 ANSWERS)
q2a03	Q2a. Are there any other categories of programs shown only on ANSWERFROM(STATION) that are VERY POPULAR OR SOMEWHAT POPULAR in your home? (ALLOW UP TO 5 ANSWERS)
q2a04	Q2a. Are there any other categories of programs shown only on ANSWERFROM(STATION) that are VERY POPULAR OR SOMEWHAT POPULAR in your home? (ALLOW UP TO 5 ANSWERS)
q2a05	Q2a. Are there any other categories of programs shown only on ANSWERFROM(STATION) that are VERY POPULAR OR SOMEWHAT POPULAR in your home? (ALLOW UP TO 5 ANSWERS)
q2b1	Q2b1. Please tell me if ANSWERFROM(Q2A1TX) as a whole are VERY POPULAR or SOMEWHAT POPULAR in your own home. (DO NOT READ LIST, ACCEPT ONE RESPONSE FOR EACH)
q2b2	Q2b2. Please tell me if ANSWERFROM(Q2A2TX) as a whole are VERY POPULAR or SOMEWHAT POPULAR in your own home. (DO NOT READ LIST, ACCEPT ONE RESPONSE FOR EACH)
q2b3	Q2b3. Please tell me if ANSWERFROM(Q2A3TX) as a whole are VERY POPULAR or SOMEWHAT POPULAR in your own home. (DO NOT READ LIST, ACCEPT ONE RESPONSE FOR EACH)
q2b4	Q2b4. Please tell me if ANSWERFROM(Q2A4TX) as a whole are VERY POPULAR or SOMEWHAT POPULAR in your own home. (DO NOT READ LIST, ACCEPT ONE RESPONSE FOR EACH)
q2b5	Q2b5. Please tell me if ANSWERFROM(Q2A5TX) as a whole are VERY POPULAR or SOMEWHAT POPULAR in your own home. (DO NOT READ LIST, ACCEPT ONE RESPONSE FOR EACH)
q3a	NEWS AND COMMUNITY EVENTS: This category includes news and community events shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3A. Of the TEN Dollars, what is the value to you, if any, of all NEWS AND COMMUNITY EVENTS shown on this stati...
q3b	SERIES PROGRAMS: This category includes sitcoms such as Seinfeld, dramas such as Smallville, reality shows such as American Idol, game shows such as Jeopardy, and talk shows such as the Oprah Winfrey Show shown only on ANSWERFROM(STATION) fr..
q3c	DEVOTIONAL PROGRAMS: This category includes shows with religious themes such as Old Time Gospel Hour, the 700 Club, and Joel Osteen Ministry shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3C. Of the TEN Dollars, what is the value to ...

Variable Name	Variable Description
q3d	MOVIES AND SPECIALS: This category includes movies such as Star Wars, Independence Day, and Lethal Weapon 3 shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3D. Of the TEN Dollars, what is the value to you, if any, of all MOVIES AND SP...
q3e	LIVE TEAM SPORTS: This category includes live play-by-play coverage of Major League Baseball, NBA professional basketball, NFL professional football, NHL professional hockey, NCAA college football and basketball, and Major League Soccer shown only ...
q3f	NON-TEAM SPORTS: This category includes professional wrestling, NASCAR auto racing, and pre- and post-game shows surrounding live team sports broadcasts shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3F. Of the TEN Dollars, what is t...
q3i1	You also said that ANSWERFROM(Q2A1TX) was very or somewhat popular in your own home. Remember, we are still interested in the value of programs shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3I1. Of the TEN Dollars, what is the value...
q3i2	You also said that ANSWERFROM(Q2A2TX) was very or somewhat popular in your own home. Remember, we are still interested in the value of programs shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3I2. Of the TEN Dollars, what is the value...
q3i3	You also said that ANSWERFROM(Q2A3TX) was very or somewhat popular in your own home. Remember, we are still interested in the value of programs shown only on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q3I3. Of the TEN Dollars, what is the value...
q5	Thank you for your help with this survey so far. Now, I have just a few more questions about the topics in the survey that we have just talked about. Q5. Earlier, I asked how you would divide ten dollars among different program categories, such as ...
q6	Q6. When you allocated dollars to each of the different program categories, were you thinking about...? (READ LIST AND ACCEPT ONE RESPONSE)
q7a	Thinking about LAST YEAR, that is, 2008, please tell me how often your household watched ANSWERFROM(STATION) from ANSWERFROM(CITYORIG). Q7A. IN 2008, did your household watch ANSWERFROM(STATION) from ANSWERFROM(CITYORIG) frequently, occasionally, ra...
q8a	Q8A. What programming, if any, did your household watch on ANSWERFROM(STATION) from ANSWERFROM(CITYORIG)?
q9	Q9. How important was getting ANSWERFROM(STATION) from ANSWERFROM(CITYORIG) in your decision to subscribe or continue subscribing to your cable TV provider? Was it...? (READ LIST AND ACCEPT ONE RESPONSE)
qd1	We have just a few more questions for classification purposes only. D1. What is your current marital status? Are you currently single or married? (DO NOT READ LIST; ACCEPT ONE RESPONSE)
qd2a	D2a. What is your current age? Is it...? (READ LIST AND ACCEPT ONE RESPONSE)
qd2b	D2b. What is your spouse's current age? Is it...? (READ LIST AND ACCEPT ONE RESPONSE)
qd3a	D3a. Do you have children living with you in your household? (DO NOT READ LIST; ACCEPT ONE RESPONSE)

Variable Name	Variable Description
qd3b1_1	How many are MALE in this age group... D3b1_1. Under 2 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b1_2	How many are MALE in this age group... D3b1_2. 2-5 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b1_3	How many are MALE in this age group... D3b1_3. 6-11 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b1_4	How many are MALE in this age group... D3b1_4. 12-17 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b1_5	How many are MALE in this age group... D3b1_5. 18+ (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b2_1	How many are FEMALE in this age group... D3b2_1. Under 2 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b2_2	How many are FEMALE in this age group... D3b2_2. 2-5 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b2_3	How many are FEMALE in this age group... D3b2_3. 6-11 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b2_4	How many are FEMALE in this age group... D3b2_4. 12-17 (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd3b2_5	How many are FEMALE in this age group... D3b2_5. 18+ (INTERVIEWER: RECORD RESPONSE (0-10) ENTER '0' FOR NONE. DO NOT ACCEPT A RANGE.)
qd4	D4. What is your total annual household income before taxes? Is it...? (READ LIST AND ACCEPT ONE RESPONSE)
qd5a	D5a. What is your highest level of education? (READ LIST AND ACCEPT ONE RESPONSE)
qd5b	D5b. What is your spouse's highest level of education? (READ LIST AND ACCEPT ONE RESPONSE)
qd6	D6. Record Gender (DO NOT ASK)

Variable Name	Values	Definition
Resp_ID	Exclusive identification number assigned to each respondent	
qsdoi	Date Of Interview (in format MMDDYY)	
samptype	1	Wireless phone sample
	2	RDD sample
sysinfo	1	COXCOM INC (OK)
	2	COXCOM INC (AZ)
	3	BRIGHTHOUSE NETWORKS (FL)
	4	COMCAST OF CA OH PA UT WA INC
	5	COMCAST CBV OF GA SC INC
	6	CHARTER COMM ENT II LLC (CA)
	7	COMCAST OF THE SOUTH INC (MI)
cablesys	1	Cox
	2	Bright House
	3	Comcast
	4	Charter
station	1	WGN
cityorig	1	Chicago
stateorg	1	Illinois
fips	Respondent's FIPs code	
qs1	1	Yes
	2	No
qs2	1	Yes
	2	No
qs3	1	Yes

Variable Name	Values	Definition
	2	No
qs4	1	Yes
	2	No
qs5a	1	Armstrong
	2	Atlantic Broadband
	3	Bee Line Cable
	4	Bresnan
	5	Bright House
	6	Cable One
	7	Cablevision
	8	Charter
	9	Comcast
	10	Covington Cable
	11	Cox
	12	DirectTV
	13	Dish Network
	14	East Arkansas Video
	15	Frankfort Plant Board
	16	Insight Communications
	17	Knology
	18	MCC Iowa
	19	Mediacom
	20	Metrocast
	21	RCN
	22	Service Electric Cable
	23	Time Warner
	24	Voom
	25	Wide Open West (WOW)
	26	Other (Specify)
	99	Don't know
qs5b	1	Yes
	2	No
	3	Don't know



Variable Name	Values	Definition
	4	Refused
qs6a	AK	Alaska
	AL	Alabama
	AR	Arkansas
	AZ	Arizona
	CA	California
	CO	Colorado
	CT	Connecticut
	DC	District of Columbia
	DE	Delaware
	FL	Florida
	GA	Georgia
	HI	Hawaii
	IA	Iowa
	ID	Idaho
	IL	Illinois
	IN	Indiana
	KS	Kansas
	KY	Kentucky
	LA	Louisiana
	MA	Massachusetts
	MD	Maryland
	ME	Maine
	MI	Michigan
	MN	Minnesota
	MO	Missouri
	MS	Mississippi
	MT	Montana
	NC	North Carolina
	ND	North Dakota
	NE	Nebraska
	NH	New Hampshire
	NJ	New Jersey
	NM	New Mexico
	NV	Nevada

Variable Name	Values	Definition
	NY	New York
	OH	Ohio
	OK	Oklahoma
	OR	Oregon
	PA	Pennsylvania
	RI	Rhode Island
	SC	South Carolina
	SD	South Dakota
	TN	Tennessee
	TX	Texas
	UT	Utah
	VA	Virginia
	VT	Vermont
	WA	Washington
	WI	Wisconsin
	WV	West Virginia
	WY	Wyoming
qs6b	1	Canadian
	2	Cleveland
	3	Logan
	4	Oklahoma
	5	Maricopa
	6	Pinal
	7	Citrus
	8	Hernando
	9	Hillsborough
	10	Manatee
	11	Pasco
	12	Pinellas
	13	Polk
	14	Allegheny
	15	Beaver
	16	Bradford
	17	Butler
	18	Chester

Variable Name	Values	Definition
	19	Clinton
	20	Cumberland
	21	Fayette
	22	Greene
	23	Indiana
	24	Lackawanna
	25	Lancaster
	26	Montgomery
	27	Snyder
	28	Somerset
	29	Tioga
	30	Washington
	31	Westmoreland
	32	Berkeley
	33	Charleston
	34	Colleton
	35	Dorchester
	36	Los Angeles
	37	Macomb
	38	Oakland
	39	Wayne
	99	None of the above
q1a	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q1b	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q1c	1	Very popular
	2	Somewhat popular
	3	Not popular

Variable Name	Values	Definition
	4	Don't know/refused
q1d	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q1e	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q1f	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q1g	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q1h	1	Very popular
	2	Somewhat popular
	3	Not popular
	4	Don't know/refused
q2a01	Verbatim Response	
q2a02	Verbatim Response	
q2a03	Verbatim Response	
q2a04	Verbatim Response	
q2a05	Verbatim Response	

Variable Name	Values	Definition
q2b1	1	Very popular
	2	Somewhat popular
	3	Don't know/refused
q2b2	1	Very popular
	2	Somewhat popular
	3	Don't know/refused
q2b3	1	Very popular
	2	Somewhat popular
	3	Don't know/refused
q2b4	1	Very popular
	2	Somewhat popular
	3	Don't know/refused
q2b5	1	Very popular
	2	Somewhat popular
	3	Don't know/refused
q3a	Numeric Values	
q3b	Numeric Values	
q3c	Numeric values	
q3d	Numeric values	
q3e	Numeric values	
q3f	Numeric values	
q3i1	Numeric values	
q3i2	Numeric values	

Variable Name	Values	Definition
q3i3	Numeric values	
q5	1	The programming that's CURRENTLY on (DISTANT SIGNAL) from (CITY, STATE)
	2	The programming that was on (DISTANT SIGNAL) from (CITY, STATE) in 2008
	3	Or, were you not thinking about a particular time frame
	4	Don't know/don't remember
q6	1	The value of the categories to YOU
	2	Or, the value of the categories to YOUR HOUSEHOLD
	3	Only person in the household
	4	Don't know/don't remember
q7a	1	Never
	2	Rarely
	3	Occasionally
	4	Frequently
	99	Don't know
q8a	Verbatim response	
q9	1	Extremely important
	2	Very important
	3	Not very important
	4	Not at all important
qd1	1	Single
	2	Married
	3	Refused
qd2a	1	18-24
	2	25-39
	3	40-49
	4	50-54

Variable Name	Values	Definition
	5	55-64
	6	65+
	7	Refused
qd2b	1	18-24
	2	25-39
	3	40-49
	4	50-54
	5	55-64
	6	65+
	7	Refused
qd3a	1	Yes
	2	No
	3	Refused
qd3b1_1	Numeric values	
qd3b1_2	Numeric values	
qd3b1_3	Numeric values	
qd3b1_4	Numeric values	
qd3b1_5	Numeric values	
qd3b2_1	Numeric values	
qd3b2_2	Numeric values	
qd3b2_3	Numeric values	
qd3b2_4	Numeric values	
qd3b2_5	Numeric values	

Variable Name	Values	Definition
qd4	1	Under \$20,000
	2	\$20,000-\$39,999
	3	\$40,000-\$59,999
	4	\$60,000-\$79,999
	5	\$80,000-\$99,999
	6	\$100,000+
	7	Refused
qd5a	1	Grade school
	2	Some high school
	3	High school graduate
	4	Some college or technical school
	5	College graduate
	6	Some graduate school
	7	Graduate degree
	8	Refused
qd5b	1	Grade school
	2	Some high school
	3	High school graduate
	4	Some college or technical school
	5	College graduate
	6	Some graduate school
	7	Graduate degree
	8	Refused
qd6	1	Male
	2	Female



Resp_ID	qsdoi	samptype	sysinfo	cablesys	station	cityorig	stateorg	fips	qs1	qs2	qs3	qs4	qs5a	qs5b	qs6a	qs6b	q1a	q1b	q1c	q1d	q1e	q1f	q1g	q1h	q2a01
4	101509	2	3	2	1	1	1	12057	1	1	1	1	1	5				1	2	2	1	1	1		98
5	101509	2	4	3	1	1	1	42071	1	1	1	1	1	9				3	2	3	2	2	3		98
7	101509	2	7	3	1	1	1	26183	1	1	2			9				3	1	3	1	1	3		98
8	101509	2	3	2	1	1	1	12057	1	1	1	2	5					3	3	3	3	1	3		98
9	101509	2	5	3	1	1	1	45019	1	1	2			23	1			1	1	2	1	2	3		98
11	101509	2	5	3	1	1	1	45019	1	2	2			9				2	1	2	1	2	3		98
13	101509	2	1	1	1	1	1	40109	1	1	2			11				3	1	2	1	2	3		98
15	101509	2	7	3	1	1	1	26099	1	1	1	1	1	9				3	3	2	3	3	3		98
18	101509	2	3	2	1	1	1	12081	1	1	2			5				3	3	3	2	3	3		98
21	101509	2	7	3	1	1	1	26125	1	1	2			9				3	1	3	2	3	3		98
22	101509	2	3	2	1	1	1	12101	1	1	1	1	1	99	1			3	3	3	3	3	3		98
24	101509	2	4	3	1	1	1	42071	1	1	1	1	1	9				3	2	3	3	3	3		1
25	101509	2	4	3	1	1	1	42003	1	1	2			9				2	2	3	3	1	3		98
29	101509	2	4	3	1	1	1	42083	1	1	2			9				2	2	3	3	1	3		98
30	101509	2	4	3	1	1	1	42003	1	1	2			9				2	1	3	1	3	2		98
31	101509	2	5	3	1	1	1	45035	1	1	1	1	1	23	1			3	3	3	3	2	3		98
32	101509	2	5	3	1	1	1	45019	1	1	1	1	1	9				2	2	3	2	2	2		98
33	101509	2	5	3	1	1	1	45019	1	1	1	1	1	9				3	2	1	3	2	1		98
36	101509	2	4	3	1	1	1	42015	1	1	2			9				3	2	1	1	3	3		98
37	101509	2	2	1	1	1	1	4013	1	1	1	1	1	11				2	3	2	1	1	2		98
40	101509	2	4	3	1	1	1	42071	1	1	1	1	1	9				1	4	3	3	3	3		1
44	101509	2	2	1	1	1	1	4013	1	1	1	1	1	11				1	2	2	3	1	2		98
48	101509	2	2	1	1	1	1	4013	1	1	1	1	1	11				3	1	2	2	3	2		98
51	101609	2	4	3	1	1	1	42111	1	1	1	1	1	9				2	2	1	2	2	2		98
52	101609	2	1	1	1	1	1	40109	1	1	2			11				1	2	3	2	1	2		1
53	101609	2	7	3	1	1	1	26125	1	1	1	2	8	1				2	1	3	3	1	3		98
59	101609	2	3	2	1	1	1	12053	1	1	1	1	1	5				2	1	3	2	3	3		98
64	101609	2	7	3	1	1	1	26125	1	1	2			9				3	1	3	1	3	3		98
70	101609	2	5	3	1	1	1	45019	1	1	2			9				3	3	3	2	3	3		98
72	101609	2	3	2	1	1	1	12057	1	1	2			5				1	1	2	1	1	2		98
80	101609	2	4	3	1	1	1	42003	1	1	1	1	1	9				3	3	3	3	2	3		99
82	101609	2	1	1	1	1	1	40027	1	1	2			11				1	1	2	3	2	3		1
83	101609	2	6	4	1	1	1	6037	1	1	1	1	1	9	1			3	1	3	1	1	1		98
92	101709	2	5	3	1	1	1	45019	1	1	1	1	1	9				3	3	3	2	1	2		98
94	101709	2	7	3	1	1	1	26183	1	1	2			9				3	3	3	2	1	2		98
99	101709	2	3	2	1	1	1	12103	1	1	1	1	1	5				3	1	3	2	3	3		98
106	101709	2	5	3	1	1	1	45019	1	1	1	1	1	9				1	1	3	2	3	2		98
111	101709	2	5	3	1	1	1	45019	1	1	2			9				3	2	2	2	3	3		1
112	101709	2	7	3	1	1	1	26183	1	1	1	1	1	9				3	2	2	1	1	3		98
114	101709	2	5	3	1	1	1	45015	1	1	1	1	1	9				3	2	3	2	2	1		98
115	101709	2	4	3	1	1	1	42003	1	1	1	1	1	26	1			3	2	3	3	2	3		98
117	101709	2	7	3	1	1	1	26099	1	1	1	1	1	9				2	2	3	3	1	1		98
118	101709	2	7	3	1	1	1	26125	1	1	1	2	9					2	1	3	1	1	2		98
119	101709	2	3	2	1	1	1	12081	1	1	1	1	1	5				3	3	3	2	2	3		98
121	101709	2	2	1	1	1	1	4013	1	1	2			11				2	3	2	1	3	3		98
122	101709	2	4	3	1	1	1	42003	1	1	1	1	1	26	1			3	2	3	2	1	3		98
123	101709	2	2	1	1	1	1	4013	1	1	1	1	1	11				2	3	3	1	2	2		98
126	101709	2	7	3	1	1	1	26099	1	1	2			99	1			3	1	3	2	3	3		98
130	101709	2	5	3	1	1	1	45019	1	1	2			9				3	2	2	1	3	3		98
131	101709	2	2	1	1	1	1	4013	1	1	1	1	1	11				3	2	3	2	2	3		98
133	101709	2	1	1	1	1	1	40109	1	1	2			11				2	2	3	2	1	2		98
136	101709	2	1	1	1	1	1	40027	1	1	1	1	1	11				2	2	3	2	2	2		98
138	101709	2	1	1	1	1	1	40109	1	1	1	1	1	11				2	2	2	2	1	3		98
141	101709	2	4	3	1	1	1	42029	1	1	1	1	1	9				2	2	3	2	1	2		1
142	101709	2	4	3	1	1	1	42071	1	1	2			9				3	1	2	3	3	3		98
143	101709	2	4	3	1	1	1	42071	1	1	1	1	1	9				2	3	3	1	1	2		98
145	101709	2	5	3	1	1	1	45015	1	1	2			9				3	3	3	3	3	3		98
147	101709	2	2	1	1	1	1	4013	1	1	1	1	1	11				3	3	2	2	2	3		98
148	101709	2	2	1	1	1	1	4013	1	1	1	1	1	11				3	2	3	2	2	1		98
159	101709	2	3	2	1	1	1	12103	1	1	1	1	1	5				3	2	3	2	2	1		99
160	101709	2	2	1	1	1	1	4013	1	1	1	1	1	11				3	3	3	3	1	1		98
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162	101709	2	3	2	1	1	1	12053	1	1	1	1	1	5				2	1	2	3	1	2		98
168	101709	2	3	2	1	1	1	12057	1	1	2			5				2	1	2	2	2	3		98
170	101709	2	3	2	1	1	1	12103	1	1	1	1	1	5				3	2	2	2	3	3		99
174	101709	2	2	1	1	1	1	4013	1	1	2			11				3	2	1	3	2	2		98
175	101709	2	3	2	1	1	1	12101	1	1	1	1	1	5				3	2	2	1	1	2		98
176	101709	2	2	1	1	1	1	4013	1	1	1	1	1	11				3	3	3	3	3	3		98
177	101709	2	6	4	1	1	1	6037	1	1	1	1	1	8				2	2	3	1	1	2		98
179	101709	2	6	4	1	1	1	6037	1	1	1	1	1	99	1			2	2	3	1	2	3		98
182	101809	2	1	1	1	1	1	40109	1	1	2			11				2	1	1	2	1	2		98
183	101809	2	1	1	1	1	1	40109	1	1	2			11				1	1	3	1	1	2		98
186	101809	2	1	1	1	1	1	40109	1	1	2			11				2	1	1	1	3	3		1
																			2	2	1	2	3		98

Resp_ID	qsdoi	samptype	sysinfo	cablesys	station	cityorig	stateorg	fips	qs1	qs2	qs3	qs4	qs5a	qs5b	qs6a	qs6b	q1a	q1b	q1c	q1d	q1e	q1f	q1g	q1h	q2a01
188	101809	2	7	3	1	1	1	26163	1	1	1	1	9				3	2	3	2	3	3			98
191	101809	2	6	4	1	1	1	6037	1	1	2		8				2	3	3	3	3	1	3		99
193	101809	2	1	1	1	1	1	40109	1	1	2		11				1	1	2	3	2	3			1
195	101809	2	1	1	1	1	1	40027	1	1	1	1	11				2	1	3	2	2	3			99
196	101809	2	1	1	1	1	1	40027	1	1	1	1	11				3	2	3	2	2	3			98
202	101809	2	7	3	1	1	1	26163	1	1	2		9				1	1	2	1	2	3			98
203	101809	2	7	3	1	1	1	26099	1	1	2		9				1	1	2	1	2	2			1
237	101909	2	6	4	1	1	1	6037	1	1	2		26	1			2	2	2	1	1	3			98
245	102009	2	6	4	1	1	1	6037	1	1	1	1	8				2	2	3	3	3	3			98
249	102109	2	6	4	1	1	1	6037	1	1	2		8				4	2	3	3	3	1	3		98
265	102109	2	6	4	1	1	1	6037	1	1	1	1	8				1	3	3	2	3	3			1
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289	102109	2	6	4	1	1	1	6037	1	1	1	1	8				2	2	3	2	1	3			98
311	102209	2	6	4	1	1	1	6037	1	1	1	1	23	1			2	1	3	3	3	3			98
312	102209	2	6	4	1	1	1	6037	1	1	2		8				3	1	3	3	2	2			98
80004	101609	1	1	1	1	1	1	40109	1	1	1	1	11		OK	4	3	3	3	3	3	3			98
80005	101609	1	7	3	1	1	1	26163	1	1	2		9		MI	39	3	2	3	1	1	3			98
80012	101709	1	4	3	1	1	1	42029	1	1	2		9		PA	18	1	1	1	2	1	1			98
80019	101809	1	7	3	1	1	1	26099	1	1	1	1	9		MI	37	3	1	1	2	1	1			98
80021	101809	1	4	3	1	1	1	42091	1	1	1	1	9		PA	18	3	2	3	3	1	3			98
80025	101809	1	7	3	1	1	1	26163	1	1	1	1	9		MI	39	1	1	3	3	1	3			98
80027	101809	1	5	3	1	1	1	45019	1	1	2		9		SC	33	3	1	3	1	3	3			98
80043	101809	1	2	1	1	1	1	4013	1	1	2		11		AZ	5	4	4	4	4	4	4			98
80044	101809	1	3	2	1	1	1	12057	1	1	2		5		FL	11	2	1	3	1	1	1			98
80047	101909	1	4	3	1	1	1	42003	1	1	1	1	9		PA	14	1	1	1	1	1	3			98
80057	101909	1	1	1	1	1	1	40109	1	1	2		11		OK	4	3	2	3	2	2	2			98
80062	102009	1	3	2	1	1	1	12105	1	1	1	1	5		FL	13	1	4	3	2	2	3			98
80063	102009	1	1	1	1	1	1	40109	1	1	2		11		OK	4	3	2	3	2	1	3			1
80064	102009	1	1	1	1	1	1	40109	1	1	2		11		OK	1	3	2	3	2	3	2			98
80066	102009	1	3	2	1	1	1	12057	1	1	2		5		FL	11	2	3	2	3	2	3			98
80067	102009	1	6	4	1	1	1	6037	1	1	2		26	1	CA	36	2	1	3	1	1	1			98
80074	102009	1	6	4	1	1	1	6037	1	1	2		23	1	CA	36	1	3	3	3	2	1			1
80079	102109	1	5	3	1	1	1	45019	1	1	2		9		SC	33	3	3	3	2	3	1			1
80081	102109	1	5	3	1	1	1	45019	1	1	2		9		SC	33	1	3	3	2	3	3			98
80084	102109	1	2	1	1	1	1	4013	1	1	2		11		AZ	5	1	1	1	1	1	1			1
80087	102109	1	2	1	1	1	1	4013	1	1	2		11		AZ	5	2	1	2	1	1	1			98
80092	102109	1	6	4	1	1	1	6037	1	1	1	1	23	1	CA	36	3	3	3	1	1	3			98

Resp_ID	q2a02	q2a03	q2a04	q2a05	q2b1	q2b2	q2b3	q2b4	q2b5	q3a	q3b	q3c	q3d	q3e	q3f	q3i1	q3i2	q3i3	q5	q6	q7a	q8a	q9	qd1	qd2a	
4										1.00	0.00	1.00	3.00	3.00	2.00					2	2	3	1	3	1	3
5										0.00	5.00	0.00	1.00	4.00	0.00					3	2	2	1	4	2	3
7					1					2.00	2.00	0.00	3.00	1.00	0.00	2.00				1	4	4	1	3	1	5
8										0.00	4.00	0.00	0.00	5.00	1.00					3	2	1		4	2	5
9										2.25	1.50	1.25	1.25	1.00	2.75					3	2	4	1	3	2	1
11										1.00	2.00	3.00	2.00	0.00	2.00					3	3	4	1	2	1	6
13										1.00	2.00	3.00	0.00	2.00	2.00					3	1	3	1	4	1	6
15										4.00	2.00	0.00	2.00	2.00	0.00					3	2	1		4	1	6
18										0.00	8.00	0.00	4.00	0.00	0.00					3	1	2	99	4	2	6
21										0.00	0.00	0.00	0.00	8.00	2.00					3	1	2		4	1	6
22					2					2.00	2.00	1.00	1.00	2.00	1.95	0.05				4	2	2	1	4	2	6
24										3.00	3.00	1.00	0.00	3.00	0.00					3	2	3	1	1	2	6
25										3.00	0.00	0.00	0.00	7.00	0.00					3	1	1		4	1	6
29										2.00	1.00	0.00	5.00	0.00	2.00					2	1	3	1	2	1	2
30										0.50	1.50	1.75	0.75	5.00	0.50					3	1	4	1	2	2	6
31										1.00	2.00	1.00	2.00	2.00	2.00					2	2	3	1	4	1	3
32										0.00	4.00	0.00	2.00	4.00	0.00					3	2	4	1	2	2	5
33										0.00	5.00	3.00	2.00	0.00	0.00					2	2	3	1	3	2	5
36										5.00	5.00	0.00	0.00	0.00	0.00					3	1	4	1	2	3	6
37										0.25	0.25	0.25	8.00	0.75	0.50					2	1	3	1	3	1	1
40					1					1.00	1.00	2.00	1.00	1.00	1.00	3.00				4	1	99		2	2	4
44										3.00	2.00	0.00	0.00	5.00	0.00					3	2	99		4	3	7
48										1.00	3.00	3.00	3.00	0.00	0.00					2	2	3	1	2	2	6
51										1.00	2.00	3.00	1.00	1.00	2.00					3	2	3	1	2	2	5
52					1					1.00	1.00	0.00	1.00	5.00	1.00	1.00				1	1	4	1	1	2	6
53										0.00	0.00	2.50	5.00	2.50	0.00					3	2	3	99	4	2	6
59										1.00	5.00	0.00	4.00	0.00	0.00					3	2	2	1	3	1	4
64										0.00	5.00	0.00	5.00	0.00	0.00					3	1	3	1	3	1	5
70										0.00	0.00	0.00	5.00	3.00	2.00					3	2	2	1	4	1	6
72										2.00	2.00	1.00	3.00	1.00	1.00					1	1	3	1	4	1	6
80	2				1	2				0.00	2.00	0.00	2.00	2.00	0.00	3.00	1.00			1	1	3	1	2	1	6
82										2.00	1.00	4.00	0.00	2.00	1.00					2	1	3	1	3	2	6
83										2.00	0.00	2.00	2.00	2.00	2.00					2	1	3	1	2	1	6
92										0.00	0.00	0.00	2.00	5.00	3.00					3	2	4	1	2	2	2
94										0.00	5.00	0.00	5.00	0.00	0.00					3	2	2	1	3	2	5
99										0.00	5.00	0.00	5.00	0.00	0.00					3	2	3	1	4	2	4
106	2				1	1				10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			2	2	4	1	3	1	2
111										0.00	5.00	1.00	1.00	3.00	0.00					3	2	3	1	4	1	3
112										0.00	1.00	0.00	4.00	1.00	4.00					2	1	4	1	2	1	6
114										0.00	2.00	1.00	5.00	2.00	0.00					3	2	3	1	2	2	5
115										0.00	2.00	0.00	0.00	4.00	2.00					3	2	2	1	3	2	6
117										3.00	1.00	0.00	0.00	4.00	2.00					2	2	4	1	2	2	4
118										3.00	3.00	0.00	2.00	2.00	0.00					3	2	4	1	2	2	5
119										0.00	0.00	0.00	10.00	0.00	0.00					3	1	2	1	4	2	6
121										1.00	2.00	1.00	2.00	3.00	1.00					1	2	3	1	4	2	5
122										6.00	1.00	1.00	1.00	1.00	0.00					2	2	2	1	4	2	3
123										0.00	2.00	0.00	5.00	2.00	1.00					3	2	3	1	3	2	6
126										7.00	1.50	0.00	1.50	0.00	0.00					2	2	3	1	3	2	6
128										2.00	8.00	0.00	0.00	0.00	0.00					3	1	4	1	2	1	6
130										0.00	3.00	3.00	4.00	0.00	0.00					1	2	3	1	3	1	5
131										1.00	1.00	1.00	1.00	5.00	1.00					3	1	3	1	3	2	2
133										0.50	1.00	1.50	1.00	3.00	3.00					3	2	3	1	2	1	6
136										0.00	2.00	0.00	3.00	3.00	2.00					3	2	3	1	2	1	2
138										0.00	2.00	4.00	0.00	1.00	3.00					3	2	4	1	4	1	2
141					1					1.50	1.50	0.25	2.00	2.50	0.50	1.75				3	2	99		4	1	6
142										0.50	4.50	1.00	0.50	3.50	0.00					2	1	4	1	3	2	6
143										0.00	5.00	0.00	0.00	5.00	0.00					3	2	3	1	4	2	6
145										0.00	0.00	10.00	0.00	0.00	0.00					1	1	3	1	4	2	2
147										0.00	4.00	2.00	1.00	3.00	0.00					3	2	3	1	4	1	3
148										0.00	2.00	1.00	3.00	2.00	2.00					2	2	3	1	4	2	5
159										0.00	2.00	0.00	2.00	4.00	2.00					3	2	4	1	3	1	4
160										0.00	5.00	0.00	5.00	0.00	0.00					3	2	4	1	3	2	6
161										1.00	5.00	0.50	0.50	2.50	0.50					3	2	1		4	2	5
162										2.00	4.00	1.00	1.00	2.00	0.00					3	2	4	1	4	2	3
168										1.00	6.00	2.00	1.00	0.00	0.00					3	2	1		4	2	6
170										0.00	1.00	5.00	0.00	2.00	2.00					3	1	2	1	2	1	6
174										0.00	1.00	1.00	5.00	3.00	0.00					1	1	3	1	3	1	6
175										10.00	0.00	0.00	0.00	0.00	0.00					3	2	4	1	2	1	2
176										9.50	2.50	1.00	2.00	2.50	1.50					4	2	1		4	2	6
177										2.00	2.00	0.00	4.00	2.00	0.00					3	2	4	1	3	2	6
179										1.00	2.00	5.00	1.00	0.50	0.50					3	2	2	1	3	2	4
182										2.00	2.00	0.00	4.00	1.00	1.00					2	1	4	1	2	1	5
183	2	3			1	1	1			1.00	2.00	1.00	1.00	0.00	0.00	1.00	2.00	2.00		3	1	4	1	1	1	5
185										0.00	0.00	10.00	0.00	0.00	0.00					3	2	3	1	3	2	6

Resp_ID	q2a02	q2a03	q2a04	q2a05	q2b1	q2b2	q2b3	q2b4	q2b5	q3a	q3b	q3c	q3d	q3e	q3f	q3i1	q3i2	q3i3	q5	q6	q7a	q8a	q9	qdf	qd2a	
188										4.00	6.00	0.00	0.00	0.00	0.00					1	2	3	1	3	2	3
191										3.00	0.00	1.00	1.00	5.00	0.00					3	1	2	1	4	1	5
193					1					4.00	2.00	1.00	1.00	1.00	0.00	1.00				1	1	4	1	1	1	6
195										3.00	3.00	0.00	1.00	1.00	2.00					3	1	4	1	4	2	4
196										0.00	5.00	2.00	3.00	0.00	0.00					3	2	3	1	3	2	6
202					1					1.00	2.00	1.00	1.00	1.00	2.00	2.00				3	2	4	1	1	1	3
203										2.00	2.00	0.00	3.00	3.00	0.00					3	1	4	1	2	1	6
237										3.00	3.00	0.00	2.00	1.00	1.00					4	3	3	1	3	3	6
245										0.00	1.00	0.00	0.00	9.00	0.00					3	2	4	1	2	2	3
249					1					4.00	0.00	0.00	2.00	0.00	0.00	4.00				3	2	2	99	3	2	6
265										0.00	0.00	0.00	0.00	0.00	10.00					2	2	2	1	4	1	1
283										2.00	0.00	0.00	2.00	5.00	1.00					3	1	3	1	3	2	6
289										3.00	3.00	0.00	2.00	1.00	1.00					1	2	4	1	2	2	2
311										3.00	2.00	1.00	1.00	1.00	2.00					2	2	2	1	3	2	2
312										0.00	5.00	0.00	3.00	2.00	0.00					3	2	2	1	3	2	2
80004										1.00	3.00	1.00	3.00	1.00	1.00					3	2	2	99	3	2	2
80005										2.00	1.00	1.00	3.00	3.00	0.00					3	1	2	99	4	1	7
80012										4.00	1.00	1.00	0.00	3.00	1.00					1	1	4	1	2	1	2
80019										0.00	2.00	1.00	2.00	3.00	2.00					3	2	4	1	1	1	3
80021										1.00	2.00	0.00	1.00	6.00	0.00					3	2	4	1	4	2	5
80025										1.00	0.00	2.00	5.00	2.00	0.00					3	2	4	1	3	1	2
80027										0.00	7.00	0.00	3.00	0.00	0.00					3	1	2	1	3	1	2
80043										0.00	0.00	0.00	0.00	10.00	0.00					3	1	1	1	4	1	5
80044										1.00	3.00	0.00	4.00	1.00	1.00					2	2	4	1	1	1	3
80047										1.00	1.00	2.00	3.00	2.00	1.00					3	1	3	99	2	2	4
80057										0.00	3.00	0.00	4.00	2.00	1.00					3	1	3	1	3	1	6
80062	2	3			1	2	1			3.00	0.00	0.00	2.00	1.00	0.00	2.00	1.00	1.00		3	2	4	1	2	2	2
80063										0.00	1.00	0.00	2.00	7.00	0.00					3	1	3	1	4	1	4
80064										2.00	3.00	2.00	1.00	2.00	0.00					3	2	3	1	4	1	4
80066										0.75	0.25	0.00	1.00	8.00	0.00					3	2	3	1	4	2	2
80067					1					1.00	0.00	0.00	0.00	4.00	2.00	3.00				3	1	2	1	3	1	2
80074	2				1	3				1.00	1.50	0.00	4.00	0.50	1.00	2.00	0.00			3	2	3	1	2	1	1
80079										1.00	6.00	1.00	1.00	1.00	0.00					3	1	3	99	2	1	1
80081					1					1.00	0.50	1.00	3.50	1.50	0.50	2.00				3	2	2	1	4	2	2
80084										2.00	1.00	4.00	2.00	0.00	1.00					3	2	3	1	2	1	2
80087										3.00	2.00	1.00	2.00	2.00	0.00					3	1	4	1	2	2	3
80092					1					2.00	0.00	0.00	3.00	3.00	0.00	2.00				1	2	4	99	2	1	3
																				3	2	1		3	2	3

Resp ID	qd2b	qd3a	qd3b1_1	qd3b1_2	qd3b1_3	qd3b1_4	qd3b1_5	qd3b2_1	qd3b2_2	qd3b2_3	qd3b2_4	qd3b2_5	qd4	qd5a	qd5b	qd6
4		2												3	5	1
5	4	1	0	0	0	0	1	0	0	1	1	1		6	5	1
7		2												7	5	2
8	5	2												6	5	1
9	2	1	1	0	0	0	0	0	0	0	0	0		2	4	2
11		2												2	3	2
13		2												2	8	2
15	6	2												7	5	2
18		2												3	5	2
21		2												7	4	1
22	6	2												1	3	1
24	6	2												7	2	1
25		1	2	0	0	0	2	0	0	0	0	0		5	4	1
29		1	0	0	1	0	0	0	0	0	0	0		1	3	2
30	6	2												7	3	2
31		1	0	0	0	0	0	0	0	2	0	1		2	4	1
32	4	1	0	0	0	0	0	0	0	0	0	2		6	5	1
33	5	2												2	4	2
36		2												2	3	2
37		2												2	5	1
40	4	1	0	0	0	0	2	0	0	0	0	0		7	4	2
44		3												7	8	2
48	6	2												2	5	2
51	5	2												2	2	1
52	6	2												4	5	1
53	6	2												7	2	1
59		2												3	4	2
64		2												7	4	2
70		2												3	3	1
72		2												2	3	1
80	5	2												3	3	1
82		2												1	5	2
83	2	1	0	0	0	2	0	0	0	0	0	2		3	4	1
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94	4	2												5	4	1
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106		2												2	4	1
111		2												6	6	2
112	5	2												6	3	1
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115	4	1	0	0	0	0	1	0	0	0	0	1		5	4	2
117	5	2												3	4	2
118	6	2												7	7	1
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122	6	2												7	4	2
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131	2	1	1	0	0	0	0	0	0	0	0	0		2	4	1
133		2												4	5	1
136		1	0	0	1	0	0	0	0	0	0	0		1	4	2
138		2												2	4	2
141	6	2												6	7	1
142	6	2												2	5	1
143	2	1	0	0	3	0	0	0	0	0	0	0		2	3	1
145		2												3	3	1
147	6	2												5	5	2
148		2												2	2	1
159	6	1	0	0	0	0	1	0	0	0	0	1		3	4	2
160	6	2												5	4	2
161	5	1	0	0	0	1	0	0	0	0	1	0		5	4	2
162	6	1	0	0	0	0	0	0	0	0	0	2		3	3	2
168		2												1	4	2
170		1	0	0	0	0	1	0	0	0	0	0		3	4	1
174		1	0	0	0	1	0	0	0	1	0	1		3	7	2
175	6	2												4	5	1
176	5	2												4	3	2
177	5	2												6	6	2
179		2												1	5	2
182		2												1	2	2
183		2												1	3	2
185	6	2												7	3	2

Resp ID	qd2b	qd3a	qd3b1_1	qd3b1_2	qd3b1_3	qd3b1_4	qd3b1_5	qd3b2_1	qd3b2_2	qd3b2_3	qd3b2_4	qd3b2_5	qd4	qd5a	qd5b	qd6
188	5	1	0	0	0	0	1	0	0	0	0	0	7	3	4	2
191		2											7	5		2
193		2											1	4		2
195	4	1	0	0	0	0	1	0	0	0	0	0	3	6	4	1
198	6	2											2	4	4	2
202	1	0	0	0	1	1	0	0	0	1	1	2	5			2
203	2												1	4		1
237	2												2	4		2
245	3	1	0	0	0	0	1	0	0	0	1	1	7	2	2	2
249	5	1	2	0	0	0	0	0	0	0	1	0	6	7	5	1
265		1	0	0	0	1	1	0	0	1	0	1	2	4		2
283	4	1	0	0	0	2	0	0	0	0	0	0	5	3	5	1
289	3	1	0	1	0	0	0	0	1	0	0	0	4	6	7	2
311	3	1	0	0	2	0	0	0	0	0	0	0	7	4	7	2
312	2	1	0	0	0	1	0	0	0	2	0	0	6	5	7	2
80004	2	1	0	0	0	0	0	0	1	0	0	0	2	5	7	2
80005	2												2	5	4	2
80012	1	0	0	0	0	0	0	1	0	0	0	1	7	3		1
80019	1	0	0	0	0	0	2	0	0	0	0	0	2	3		2
80021	5	1	0	0	0	0	1	0	0	0	0	0	2	2		2
80025	1	0	0	1	0	1	0	0	0	0	0	0	3	3	3	1
80027	2												1	1	3	2
80043	2												2	4		2
80044	1	0	0	0	1	0	0	0	0	0	1	0	3	4		1
80047	3	2											4	5		2
80057	1	0	0	0	0	1	0	0	0	0	0	0	1	3	5	1
80062	2	1	0	2	0	0	0	0	0	0	0	0	7	5		1
80063	2								3	0	0	0	3	2	5	1
80064	2	2											3	4		1
80066	2												5	5	5	1
80067	1	0	0	0	0	0	1	0	1	0	0	0	2	4		1
80074	1	0	0	0	0	0	0	0	1	0	0	0	3	5		1
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80087	1	0	0	1	0	0	0	0	0	0	1	0	5	6	5	2
80092	7	1	0	0	1	2	0	0	0	0	1	0	1	3		1
													7	7	7	2



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**NBA Boosts National Rights In Down Market**

The migration of marquee major sports programming from terrestrial networks to cable took one more fateful step with the NBA's landmark TV pacts with Disney (ABC/ESPN) and AOL Time Warner (TNT and new AOL/NBA sports channel).

AOL TW is reportedly paying \$2.2 bil. over six years and Disney \$2.4 bil.—an estimated average \$367 mil./yr. for AOL TW and \$400 mil./yr. for Disney, or \$26.4 mil./team/yr., up 16% from \$22.8 mil. under the current four-year deal.

For the first time, the All-Star Game and two conference finals will be on cable. AOL will be the official ISP and ESPN was granted video-on-demand/replay rights.

Under the new deal, nearly 300 games will be on cable, with two-thirds on TNT and the new sports channel and one-third on ESPN. ABC will carry 15 Sunday afternoon games and the NBA Finals in prime time.

TNT will have Thursday nights to itself. Only two to three games will be scheduled, with TNT airing two of them. No other NBA games will be televised that night.

In addition to exclusivity, TNT will be able to sell rotational signage, except to competitors of NBA sponsors or arena-naming-rights holders. ABC and ESPN will be able to use rotational signs to promote programming and Disney films, theme parks and other holdings.

ESPN won't have the luxury of local blackouts. ESPN2 will have the rights to show games in progress during a two-hour window on Tuesday nights and ABC Family will have post-game press conferences and repeats of ABC's Sat. morning *Inside Stuff* children's show.

AOL TW and Disney will both have Spanish-language rights to their games, but the NBA is also reportedly hoping to put together a separate Spanish package.

In effect, the NBA is augmenting its revenue by upping its number of telecasts. As a result, advertisers will have more exposures to more viewers. The rights fee will reportedly increase by about 3%/year and Internet rights by a like amount.

(CONTINUED ON NEXT PAGE)



**Nets Out On A Limb For NBA Rights** (CONTINUED FROM P. 1)**TNT NBA Rights**

Year	Rights/ Game	-----Total-----		Total
		Cable	Internet	
------(mil.)-----				
1999	\$2.63	\$210.0	-	\$210.0
2000	2.73	218.4	-	218.4
2001	2.84	227.1	-	227.1
2002	2.95	236.2	-	236.2
2003	2.90	290.0	\$20.0	310.0
2004	2.99	298.7	20.6	319.3
2005	3.08	307.7	21.2	328.9
2006	3.17	316.9	21.9	338.8
2007	3.26	326.4	22.5	348.9
2008	3.36	336.2	23.2	359.4

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**NBA TV-Cable Rights****TNT**

48 exclusive Thurs. Double-Header (DH) games  
 Four reg. season games (two season openers)  
 Up to 45 playoff games  
 Conference Finals  
 All-Star Game  
 All-Star Saturday  
 AOL/NBA-96 games/50% equity  
 AOL as official ISP  
 Up to 15 games/any one team  
 Spanish rights

**ABC**

15 games  
 Five playoffs  
 Finals (Start time: 8:30 PM)

**ESPN**

75 games (1/Wed., DH/Fri.)  
 15-24 playoff games  
 No blackout rights  
 Conference Finals  
 NBA draft  
 VOD rights  
 Spanish rights

**ESPN2**

Tues. night games in progress

**ABC Family**

Post-game shows

Source: NBA, AOL TW and ESPN.

Although the new contract is the smallest percentage increase in a NBA TV rights deal since 1983, commr. David Stern correctly calls it "a very substantial increase in a turbulent marketplace."

Regular-season ratings dropped 35% over three Michael Jordan-less years and NBC claims it lost more than \$100 mil./season in the first three seasons of its current four-year deal; some say NBC could lose \$200 mil. this year.

The losers: (1) Fox Sports Net (23 O&Os and seven RSN affiliates) packages, facing stiff national competition; (2) local TV-cable rights, facing downward pressure; (3) NBA's out-of-market package of games; and (4) NHL games on ESPN2, which may have to compete against the NBA on ESPN.

The new sports channel is the key. AOL TW has committed 10 mil. of its 12.7 mil. subs, but that commitment reportedly depends on the NBA securing distribution by other cable ops.

The threat of DBS gives the NBA and AOL TW a strong hand. How can a cable operator resist carriage if DIRECTV and/or EchoStar become affiliates?

With Comcast (Philadelphia 76ers), Cablevision (N.Y. Knicks) and Charter's Paul Allen (Portland Trailblazers) all NBA franchise owners, some believe analog basic cable carriage is a slam-dunk, especially with the CNN-SI shelf space open.

Cable ops, however, want to generate incremental revenue by growing subscribership (and cutting churn) on digital tiers.

If the new channel can command the NBA's 50 cents/sub/mo. asking price and launch with 40 mil. subs, it would pull in \$240 mil. in affiliate fees the first year. Figure \$45 mil. in advertising and a 20% cash flow margin, and the network generates \$57 mil. in cash flow. At 15x cash flow, the network would be worth \$855 mil. (\$21/sub), making the NBA's stake worth \$427.5 mil.

One side note: Those in the know tell us AOL and the NBA have incorporated put and call options in the contract.

*John Mansell*

**YES Vs. Cable**

Among other markets, the analog basic vs. digital tier scenario is being played out in New York, where New York Yankees RSN YES has come to terms with DIRECTV and a small overbuilder, RCN.

Will AOL TW, Cablevision and Comcast be able to resist the charms of YES chmn. and CEO Leo Hindery and the threat of losing subscribers to DIRECTV? Not likely.

At \$1.50/mo./sub, with five mil. subs, and assuming only 15% of revenue from advertising, YES would generate an annual \$103.5 mil.

Assuming a 20% cash flow margin and a 15x multiple would give YES a worth of \$310.5 mil., or about \$62/sub.

Put another way, the network would be worth more than three times the rights fee Cablevision's Madison Square Garden Net was willing to pay.

Meanwhile, YES Feb. 13 announced it will televise seven N.Y. Gladiators Arena Football League games.

*John Mansell*



# ECONOMICS OF BASIC CABLE NETWORKS



13TH ANNUAL EDITION



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Discovery Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	62.3	67.2	70.8	72.6	75.9	77.8	80.8	86.0	86.9	88.6	89.4	90.3	93.5	96.4
Avg. License Fee/Subs/Mo. (mil.)	62.1	64.7	69.0	71.7	74.2	76.8	79.3	83.4	86.4	87.7	89.0	89.9	91.9	94.9
Gross Ad Revenue (\$ mil.)	0.12	0.13	0.15	0.17	0.18	0.27	0.22	0.23	0.23	0.23	0.24	0.24	0.25	0.25
Net Ad Revenue (\$ mil.)	154.4	189.6	213.8	250.0	280.0	348.4	388.2	358.9	336.1	340.0	400.8	411.0	436.3	468.9
License Fee Revenue (\$ mil.)	131.2	161.2	181.7	212.5	238.0	296.1	321.5	298.3	285.7	289.0	340.7	349.3	370.9	398.6
Other Revenue (\$ mil.)	87.1	103.9	123.0	148.4	158.2	248.9	212.4	226.4	237.6	243.8	252.7	260.5	271.8	289.3
Total Net Revenue (\$ mil.)	3.5	1.5	9.2	4.5	1.4	39.0	22.9	9.9	8.9	8.0	7.2	6.5	5.8	5.3
SG&A (\$ mil.)	221.8	266.5	313.9	365.4	397.6	584.0	556.8	534.6	532.2	540.8	600.6	616.4	648.6	693.2
Programming Expenses (\$ mil.)	36.0	43.0	46.0	58.0	62.1	71.7	108.9	102.6	106.0	111.7	117.9	123.8	130.0	136.4
Total Expenses (\$ mil.)	96.0	110.0	122.0	142.0	149.1	192.8	91.3	90.2	108.2	122.4	131.6	144.7	155.6	167.3
Cash Flow (\$ mil.)	132.0	153.0	168.0	200.0	211.2	264.5	200.2	192.8	214.2	234.1	249.4	268.5	285.5	303.7
Cash Flow Margin	89.8	113.5	145.9	165.4	186.4	319.5	356.6	341.8	318.0	306.7	351.1	347.9	363.0	389.5
	40.5%	42.6%	46.5%	45.3%	46.9%	54.7%	62.3%	62.5%	59.8%	56.7%	58.5%	56.4%	56.0%	56.2%
Avg. 24-Hour Rating	0.55	0.63	0.60	0.65	0.65	0.65	0.65	0.63	0.57	0.53	0.52	0.51		
Avg. Prime Time Rating	0.97	1.13	1.17	1.19	1.16	1.15	1.19	1.17	1.03	0.97	0.95	0.82		
Avg. 24-Hr. TVHH Delivery (000)	328.0	407.3	411.5	466.8	482.5	494.8	515.0	526.0	487.8	460.3	463.3	459.0		
Avg. P-T TVHH Delivery (000)	602.5	734.0	793.8	853.3	862.3	878.0	933.0	967.0	891.3	850.5	839.5	733.8		
Local Avails (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4		
National Avails (30 Sec./Hour)	16	16	16	16	16	16	16	16	16	16	16	16	4	4
Total Avails (30 Sec./Hour)	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Local Avails (30 Sec./Year)	35,040	35,040	35,040	25,168	25,168	25,168	25,168	25,168	25,168	26,280	26,280	26,280	24	24
National Avails (30 Sec./Year)	140,160	140,160	140,160	100,672	100,672	100,672	100,672	100,672	100,672	118,260	131,400	131,400	131,400	131,400
Total Avails (30 Sec./Year)	175,200	175,200	175,200	125,840	125,840	125,840	125,840	125,840	125,840	144,540	157,680	157,680	157,680	157,680
Local 1-Min. Commercial Avails.	15	15	15	15	15	15	15	15	15	15	15	15	10	10
1st Break Time (min, past hr.)	45	45	45	45	45	45	45	45	45	45	45	45	20	20
2nd Break Time (min, past hr.)													40	40
3rd Break Time (min, past hr.)													6.81	6.81
Calculated 24-Hour CPM (\$)	3.36	3.32	3.71	5.32	5.76	6.99	7.49	6.78	6.84	6.25	6.58	6.81	3.5%	3.5%
Growth in CPM	28.0%	(1.1%)	11.6%	43.5%	8.3%	21.3%	7.1%	(9.5%)	1.0%	(8.7%)	5.4%			

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Network Profiles

ESPN Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	63.5	68.0	71.1	72.7	75.7	77.1	80.5	85.9	87.0	88.4	89.1	90.1	93.2	96.2
Avg. Subs (mil.)	63.3	65.7	69.5	71.9	74.2	76.4	78.8	83.2	86.5	87.7	88.8	89.6	91.7	94.7
Avg. License Fee/Sub/Mo. (\$)	0.63	0.67	0.70	0.73	0.85	0.98	1.14	1.30	1.60	1.93	2.28	2.60	2.91	3.26
Gross Ad Revenue (\$ mil.)	424.4	464.7	555.4	655.3	770.7	913.3	970.6	834.7	801.3	853.4	939.7	966.5	1,339.8	1,548.5
Net Ad Revenue (\$ mil.)	360.7	395.0	472.1	557.0	655.1	776.3	825.0	709.5	681.1	725.4	798.7	821.5	1,138.8	1,316.2
License Fee Revenue (\$ mil.)	474.8	524.6	584.1	626.5	757.0	900.2	1,080.3	1,296.4	1,655.6	2,031.6	2,426.5	2,793.1	3,199.5	3,701.7
Other Revenue (\$ mil.)	52.5	80.0	84.0	88.2	94.4	101.0	108.0	110.2	112.4	114.6	116.9	119.2	121.6	124.1
<b>Total Net Revenue (\$ mil.)</b>	<b>888.0</b>	<b>999.6</b>	<b>1,140.2</b>	<b>1,271.8</b>	<b>1,506.6</b>	<b>1,777.6</b>	<b>2,013.3</b>	<b>2,116.0</b>	<b>2,449.1</b>	<b>2,871.6</b>	<b>3,342.1</b>	<b>3,733.9</b>	<b>4,459.9</b>	<b>5,142.0</b>
SG&A (\$ mil.)	158.6	162.3	170.7	176.9	189.3	202.5	216.7	205.9	197.6	209.5	218.9	228.8	237.9	247.4
Programming Expenses (\$ mil.)	476.8	539.4	634.6	713.0	891.3	1,048.6	1,212.2	1,310.2	1,665.7	1,998.8	2,298.7	2,666.4	3,444.7	3,875.3
<b>Total Expenses (\$ mil.)</b>	<b>635.4</b>	<b>701.7</b>	<b>805.3</b>	<b>889.9</b>	<b>1,080.6</b>	<b>1,251.1</b>	<b>1,428.9</b>	<b>1,516.1</b>	<b>1,863.3</b>	<b>2,208.3</b>	<b>2,517.6</b>	<b>2,895.2</b>	<b>3,682.7</b>	<b>4,122.8</b>
Cash Flow (\$ mil.)	252.6	298.0	334.9	381.8	426.0	526.5	584.4	599.9	585.8	663.3	824.6	838.7	777.3	1,019.2
Cash Flow Margin	28.4%	29.8%	29.4%	30.0%	28.3%	29.6%	29.0%	28.4%	23.9%	23.1%	24.7%	22.5%	17.4%	19.8%
Avg. 24-Hour Rating	0.75	0.79	0.83	0.76	0.78	0.74	0.69	0.60	0.68	0.75	0.77	0.73	—	—
Avg. Prime Time Rating	1.78	1.70	1.63	1.51	1.66	1.64	1.45	1.25	1.46	1.50	1.59	1.55	—	—
Avg. 24-Hr. TVHH Delivery ('000)	484.5	520.8	570.8	549.0	576.5	562.4	539.8	496.0	589.5	651.0	673.1	654.6	—	—
Avg. P-T TVHH Delivery ('000)	1,130.3	1,101.3	1,124.5	1,083.8	1,234.3	1,253.5	1,139.2	1,042.5	1,260.8	1,309.0	1,405.3	1,395.1	—	—
Local Avails (30 Sec.)/Hour	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avails (30 Sec.)/Hour	16	16	16	16	16	16	16	16	16	16	16	16	16	16
Total Avails (30 Sec.)/Hour	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Local Avails (30 Sec.)/Year	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avails (30 Sec.)/Year	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160
Total Avails (30 Sec.)/Year	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Local 1-Min. Commercial Avails	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
1st Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
2nd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	6.25	6.37	6.94	8.52	9.54	11.59	12.83	12.01	9.70	9.35	9.96	10.53	—	—
Growth in CPM	35.5%	1.9%	9.0%	22.7%	12.0%	21.5%	10.7%	(6.4%)	(19.2%)	(3.6%)	6.5%	5.8%	—	—

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CNN + HN Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs*	63.6	67.8	71.3	72.6	75.6	77.5	80.3	85.6	86.6	88.2	88.8	89.9	93.2	96.2
Avg. Subs*	63.2	65.7	69.5	71.9	74.1	76.5	78.9	82.9	86.1	87.4	88.5	89.4	91.6	94.7
Avg. License Fee/Sub/Mo. (\$)	0.30	0.31	0.32	0.33	0.33	0.34	0.35	0.36	0.38	0.41	0.43	0.44	0.44	0.45
Gross Ad Revenue (\$ mil.)	289.1	322.1	347.9	375.6	401.9	405.8	485.7	524.6	423.3	465.7	373.4	442.2	498.2	543.6
Net Ad Revenue (\$ mil.)	245.7	273.8	295.7	319.3	341.7	345.0	412.8	445.9	359.8	395.9	317.4	375.9	423.5	462.0
License Fee Revenue (\$ mil.)	229.0	246.2	263.6	280.9	291.5	310.3	329.2	356.2	395.6	427.7	454.4	466.8	483.9	515.4
Other Revenue (\$ mil.)	35.4	37.2	40.0	42.0	44.1	47.4	51.0	54.8	58.3	62.7	67.4	72.5	77.9	83.8
<b>Total Net Revenue (\$ mil.)</b>	<b>510.1</b>	<b>557.2</b>	<b>599.3</b>	<b>642.2</b>	<b>677.3</b>	<b>702.7</b>	<b>793.0</b>	<b>856.9</b>	<b>813.8</b>	<b>886.3</b>	<b>839.2</b>	<b>915.2</b>	<b>985.3</b>	<b>1061.2</b>
SG&A (\$ mil.)	187.1	210.5	224.0	224.0	230.7	237.6	255.5	265.5	272.1	285.7	301.5	313.5	329.2	345.7
Programming Expenses (\$ mil.)	94.2	97.9	119.7	140.8	169.0	177.4	190.7	210.5	242.1	272.3	299.6	329.5	346.0	363.3
<b>Total Expenses (\$ mil.)</b>	<b>281.3</b>	<b>308.4</b>	<b>343.7</b>	<b>364.8</b>	<b>399.7</b>	<b>415.0</b>	<b>446.2</b>	<b>476.0</b>	<b>514.2</b>	<b>558.1</b>	<b>601.0</b>	<b>643.0</b>	<b>675.2</b>	<b>709.0</b>
<b>Cash Flow (\$ mil.)</b>	<b>228.8</b>	<b>248.8</b>	<b>255.6</b>	<b>277.4</b>	<b>277.6</b>	<b>287.6</b>	<b>346.9</b>	<b>380.9</b>	<b>299.6</b>	<b>328.2</b>	<b>238.2</b>	<b>272.2</b>	<b>310.1</b>	<b>352.2</b>
Cash Flow Margin	44.9%	44.7%	42.6%	43.2%	41.0%	40.9%	43.7%	44.5%	36.8%	37.0%	28.4%	29.7%	31.5%	33.2%
Avg. 24-Hour Rating	0.90	1.24	0.78	0.75	0.77	0.70	0.63	0.85	0.55	0.68	0.48	0.53	—	—
Avg. Prime Time Rating	1.33	1.53	1.17	1.25	1.28	1.05	0.97	1.23	0.85	1.03	0.78	0.75	—	—
Avg. 24-Hr. TV-H Delivery (000)	527.0	762.8	516.5	524.5	554.5	521.3	485.3	689.5	459.5	563.3	417.8	452.3	—	—
Avg. P-T TV-H Delivery (000)	793.3	966.8	781.5	877.5	940.8	792.0	756.8	1,094.3	739.3	888.3	707.3	711.5	—	—
Local Avals (30 Sec.)/Hour*	6	6	6	6	6	6	6	6	6	6	6	6	6	6
National Avals (30 Sec.)/Hour*	20	20	18	18	18	18	18	18	18	18	18	22	22	22
Total Avals (30 Sec.)/Hour*	26	26	24	24	24	24	24	24	24	24	24	28	28	28
Local Avals (30 Sec.)/Year*	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560
National Avals (30 Sec.)/Year*	175,200	175,200	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	192,720	192,720	192,720
Total Avals (30 Sec.)/Year*	227,760	227,760	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	245,280	245,280	245,280
Local 1-Min. Commercial Avals.	19	19	19	19	19	19	19	19	19	19	19	19	19	19
1st Break Time (min, past hr.)	40	40	40	40	40	40	40	40	40	40	40	40	40	40
2nd Break Time (min, past hr.)	48	48	48	48	48	48	48	48	48	48	48	48	48	48
3rd Break Time (min, past hr.)	3.13	2.41	4.27	4.54	4.60	4.94	6.35	4.82	5.84	5.24	5.67	5.07	—	—
Calculated 24-Hour CPM (\$)	6.5%	(23.0%)	77.2%	6.3%	1.2%	7.4%	28.6%	(24.0%)	21.1%	(10.2%)	8.1%	(10.5%)	—	—
Growth in CPM	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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TNT Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	61.5	66.5	70.5	72.2	75.2	77.1	80.2	85.5	86.5	88.2	88.8	89.8	91.0	93.9
Avg. Subs (mil.)	61.3	64.0	68.5	71.4	73.7	76.1	78.7	82.9	86.0	87.4	88.5	89.3	90.4	92.5
Avg. License Fee/Sub/Mo. (\$)	0.42	0.47	0.48	0.51	0.52	0.54	0.55	0.62	0.71	0.77	0.82	0.86	0.89	0.91
Gross Ad Revenue (\$ mil.)	239.1	268.0	324.4	382.7	459.2	477.5	503.7	550.1	567.7	644.2	734.3	776.0	810.1	861.8
Net Ad Revenue (\$ mil.)	203.2	227.8	275.7	325.3	390.4	405.9	428.2	467.6	482.5	547.6	624.1	659.6	688.5	732.5
License Fee Revenue (\$ mil.)	308.2	360.2	395.2	435.1	464.3	498.0	519.2	616.7	733.1	802.0	865.5	916.1	960.1	1004.3
Other Revenue (\$ mil.)	21.4	23.3	24.5	25.7	27.0	29.7	32.7	35.9	39.5	43.5	47.8	52.6	57.8	63.6
<b>Total Net Revenue (\$ mil.)</b>	<b>532.8</b>	<b>611.3</b>	<b>695.4</b>	<b>786.1</b>	<b>881.6</b>	<b>933.5</b>	<b>980.0</b>	<b>1,120.2</b>	<b>1,255.1</b>	<b>1,393.1</b>	<b>1,537.4</b>	<b>1,628.2</b>	<b>1,706.5</b>	<b>1,800.4</b>
SG&A (\$ mil.)	90.5	99.5	104.4	139.6	160.5	164.6	168.7	160.2	172.3	176.6	181.9	186.9	191.5	196.3
Programming Expenses (\$ mil.)	332.3	326.8	378.0	396.4	436.0	479.6	522.8	554.2	598.5	658.4	724.2	782.1	829.1	878.8
<b>Total Expenses (\$ mil.)</b>	<b>422.9</b>	<b>426.3</b>	<b>482.4</b>	<b>536.0</b>	<b>596.6</b>	<b>644.2</b>	<b>691.5</b>	<b>714.4</b>	<b>770.8</b>	<b>834.9</b>	<b>906.1</b>	<b>969.0</b>	<b>1,020.6</b>	<b>1,075.1</b>
Cash Flow (\$ mil.)	109.9	184.9	213.0	250.1	285.0	289.3	288.5	405.8	484.4	558.1	631.3	659.2	685.9	725.3
Cash Flow Margin	20.6%	30.3%	30.6%	31.8%	32.3%	31.0%	29.4%	36.2%	38.6%	40.1%	41.1%	40.5%	40.2%	40.3%
Avg. 24-Hour Rating	0.90	1.03	1.05	1.02	0.99	0.97	0.87	0.88	0.93	1.13	1.18	1.23	—	—
Avg. Prime Time Rating	1.78	2.01	2.12	2.37	2.10	1.95	1.65	1.63	1.75	1.92	2.18	2.20	—	—
Avg. 24-Hr. TVHH Delivery (000)	568.3	658.3	713.8	686.5	727.0	731.5	681.8	723.5	805.3	980.3	1,048.3	1,080.8	—	—
Avg. P-T TVHH Delivery (000)	1,088.3	1,294.0	1,442.5	1,693.3	1,540.8	1,481.0	1,288.8	1,340.5	1,520.3	1,756.5	1,905.5	1,963.3	—	—
Local Averages (30 Sec./Hour)	6	6	6	6	6	6	6	6	6	6	6	6	6	6
National Averages (30 Sec./Hour)	17	14	14	14	16	16	16	16	16	16	18	18	18	18
Total Averages (30 Sec./Hour)	23	20	20	20	22	22	22	22	22	22	24	24	24	24
Local Averages (30 Sec./Year)	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560
National Averages (30 Sec./Year)	148,920	122,640	122,640	122,640	140,160	140,160	140,160	140,160	140,160	140,160	157,680	157,680	157,680	157,680
Total Averages (30 Sec./Year)	201,480	175,200	175,200	175,200	192,720	192,720	192,720	192,720	192,720	192,720	210,240	210,240	210,240	210,240
Local 1-Min. Commercial Averages	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
1st Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
2nd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
3rd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
Calculated 24-Hour CPM (\$)	2.82	3.32	3.71	4.35	4.51	4.66	5.27	5.42	5.03	4.69	4.44	4.55	—	—
Growth in CPM	8.1%	17.5%	11.6%	22.7%	(0.8%)	3.3%	13.2%	2.9%	(7.3%)	(6.8%)	(5.3%)	2.5%	—	—

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Network Profiles

USA Network Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs	62.7	67.1	70.9	72.2	75.2	77.2	80.4	85.6	86.5	88.1	88.7	89.7	91.0	93.9
Avg. Subs	62.1	64.9	69.0	71.6	73.7	76.2	78.8	83.0	86.1	87.3	88.4	89.2	90.4	92.5
Avg. License Fee/Sub/Mo.	0.24	0.28	0.31	0.35	0.35	0.35	0.36	0.37	0.39	0.42	0.44	0.45	0.47	0.48
Gross Ad Revenue (\$ mil.)	295.1	330.0	390.0	412.9	430.0	501.0	531.8	531.4	556.0	563.6	614.6	674.8	736.2	801.2
License Fee Revenue (\$ mil.)	250.8	280.5	331.5	351.0	365.5	425.9	452.1	451.7	472.6	479.0	522.4	573.6	625.8	681.0
Other Revenue (\$ mil.)	180.0	219.9	260.0	299.7	310.9	321.3	340.9	369.5	397.6	440.1	461.6	481.8	504.3	536.7
Total Net Revenue (\$ mil.)	430.8	500.4	591.5	650.7	686.5	757.7	804.2	833.3	883.2	933.1	999.0	1,071.3	1,147.2	1,236.1
SG&A (\$ mil.)	90.8	100.5	123.5	133.0	140.0	145.0	130.1	120.4	128.8	137.8	147.8	169.0	177.4	186.3
Programming Expenses (\$ mil.)	240.0	260.0	300.0	348.0	299.5	300.6	278.9	282.8	364.0	436.1	453.5	476.2	495.2	515.0
Total Expenses (\$ mil.)	330.8	360.5	423.5	481.0	439.5	445.6	409.0	403.2	492.8	573.9	601.3	645.1	672.6	701.3
Cash Flow (\$ mil.)	100.0	139.9	168.0	169.7	247.0	312.1	395.2	430.1	390.4	359.2	397.7	426.2	474.5	534.8
Cash Flow Margin	23.2%	28.0%	28.4%	26.1%	36.0%	41.2%	49.1%	51.6%	44.2%	38.5%	39.8%	39.8%	41.4%	43.3%
Avg. 24-Hour Rating	1.10	1.10	0.95	0.90	0.98	0.99	0.89	0.80	0.85	0.83	0.86	0.77	—	—
Avg. Prime Time Rating	2.33	2.38	1.98	2.00	2.34	2.37	2.07	1.70	1.65	1.58	1.96	1.98	—	—
Avg. 24-Hr. TVHH Delivery (000)	679.3	707.8	648.3	646.8	722.8	752.0	696.3	660.3	727.3	713.8	757.8	680.8	—	—
Avg. P-T TVHH Delivery (000)	1,443.3	1,524.3	1,350.0	1,429.5	1,709.0	1,800.5	1,619.3	1,408.0	1,417.5	1,372.5	1,719.5	1,774.0	—	—
Local Aavails (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Aavails (30 Sec./Hour)	18	18	18	18	18	18	18	18	18	18	18	18	20	20
Total Aavails (30 Sec./Hour)	22	22	22	22	22	22	22	22	22	22	22	22	24	24
Local Aavails (30 Sec./Year)	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Aavails (30 Sec./Year)	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	175,200	175,200
Total Aavails (30 Sec./Year)	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	210,240	210,240
Local 1-Min. Commercial Aavails	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
1st Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
2nd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
3rd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
Calculated 24-Hour CPM	2.75	2.96	3.82	4.05	3.77	4.23	4.84	5.10	4.85	5.01	5.14	5.66	—	—
Growth in CPM	10.4%	7.3%	29.0%	6.1%	(6.8%)	12.0%	14.7%	5.4%	(5.0%)	3.3%	2.7%	10.0%	—	—

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Nickelodeon/Nick At Nite Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	60.9	65.6	69.5	71.0	74.2	76.6	79.8	85.3	86.2	87.9	88.6	89.5	93.0	95.7
Avg. Subs (mil.)	60.9	63.2	67.6	70.3	72.6	75.4	78.2	82.5	85.8	87.1	88.2	89.0	91.2	94.3
Avg. License Fee/Subs/Mo. (\$)	0.16	0.18	0.21	0.23	0.25	0.26	0.29	0.31	0.32	0.35	0.38	0.40	0.41	0.43
Gross Ad Revenue (\$ mil.)	234.0	313.3	428.4	564.6	636.2	752.9	756.5	676.6	706.1	811.8	1,006.2	1,152.1	1,247.9	1,367.4
Net Ad Revenue (\$ mil.)	198.9	266.3	364.1	479.9	540.8	640.0	643.0	575.1	600.2	690.1	855.3	979.3	1,060.7	1,162.3
License Fee Revenue (\$ mil.)	113.5	134.0	169.7	191.9	220.0	235.0	270.0	304.6	328.0	366.0	400.5	424.4	452.4	486.3
Other Revenue (\$ mil.)	30.0	36.9	55.4	83.0	106.2	146.0	162.0	130.0	160.0	198.0	244.0	273.3	306.0	342.8
<b>Total Net Revenue (\$ mil.)</b>	<b>342.4</b>	<b>437.2</b>	<b>589.2</b>	<b>754.8</b>	<b>867.0</b>	<b>1,021.0</b>	<b>1,075.0</b>	<b>1,009.7</b>	<b>1,088.2</b>	<b>1,254.1</b>	<b>1,499.8</b>	<b>1,677.0</b>	<b>1,819.2</b>	<b>1,991.4</b>
SG&A (\$ mil.)	87.4	111.9	132.4	164.8	198.2	220.6	243.5	261.8	266.4	296.7	285.8	335.8	366.0	393.5
Programming Expenses (\$ mil.)	110.0	132.5	147.6	173.0	196.0	205.5	213.6	163.5	175.8	193.4	199.8	224.8	251.7	283.2
<b>Total Expenses (\$ mil.)</b>	<b>197.4</b>	<b>244.4</b>	<b>280.0</b>	<b>337.8</b>	<b>394.2</b>	<b>426.1</b>	<b>457.1</b>	<b>425.3</b>	<b>442.1</b>	<b>490.1</b>	<b>485.6</b>	<b>560.6</b>	<b>617.8</b>	<b>676.7</b>
<b>Cash Flow (\$ mil.)</b>	<b>145.0</b>	<b>192.8</b>	<b>309.2</b>	<b>417.0</b>	<b>472.8</b>	<b>594.9</b>	<b>617.9</b>	<b>584.4</b>	<b>646.1</b>	<b>764.0</b>	<b>1,014.2</b>	<b>1,116.5</b>	<b>1,201.4</b>	<b>1,314.7</b>
Cash Flow Margin	42.4%	44.1%	52.5%	55.2%	54.5%	58.3%	57.5%	57.9%	59.4%	60.9%	67.6%	66.6%	66.0%	66.0%
Avg. 24-Hour Rating	1.04	1.46	1.60	1.64	1.56	1.52	1.53	1.39	1.16	1.52	1.64	1.70	—	—
Avg. Prime Time Rating	1.30	1.58	1.77	1.85	1.97	1.90	1.69	1.58	1.73	1.75	1.56	1.82	—	—
Avg. 24-Hr. TV/HH Delivery (000)	608.3	931.8	1,066.0	1,149.8	1,125.3	1,140.8	1,178.3	1,141.5	1,311.0	1,319.0	1,470.1	1,519.4	—	—
Avg. P-T TV/HH Delivery (000)	792.3	1,008.4	1,181.5	1,302.5	1,430.5	1,422.8	1,323.5	1,288.5	1,483.0	1,513.3	1,387.6	1,624.0	—	—
Local Avals (30 Sec./Hour*)	4	4	4	3	3	3	3	3	3	3	3	3	3	—
National Avals (30 Sec./Hour*)	12	12	12	15	15	16	16	16	16	16	16	16	17	17
Total Avals (30 Sec./Hour)	16	16	16	18	19	18	18	18	18	18	18	19	19	—
Local Avals (30 Sec./Year)	35,040	35,040	35,040	22,813	29,200	22,630	22,630	22,630	22,630	22,630	22,630	23,816	23,816	—
National Avals (30 Sec./Year)	105,120	105,120	105,120	133,955	132,860	137,970	137,970	137,970	137,970	137,970	137,970	147,680	147,680	—
Total Avals (30 Sec./Year)	140,160	140,160	140,160	156,768	162,060	160,600	160,600	160,600	160,600	160,600	160,600	171,496	171,496	—
Local 1-Min. Commercial Avals.	20	20	55	55	55	56	57	57	57	57	57	20	20	—
1st Break Time (min. past hr.)	55	55	—	—	—	—	—	—	—	—	—	55	55	—
2nd Break Time (min. past hr.)	3.66	3.20	3.82	3.67	4.26	4.78	4.65	4.30	3.90	4.46	4.96	5.13	—	—
3rd Break Time (min. past hr.)	30.8%	(12.6%)	19.5%	(4.1%)	16.1%	12.4%	(2.7%)	(7.7%)	(9.1%)	14.3%	11.2%	3.5%	—	—
Calculated 24-Hour CPM (\$)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Growth in CPM	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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TBS Superstation Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	63.0	67.5	71.0	73.3	76.5	78.6	81.4	87.0	88.1	88.1	88.5	89.5	91.0	93.9
Avg. Subs (mil.)	62.5	65.3	69.3	72.2	74.9	77.6	80.0	84.2	87.6	88.1	88.3	89.0	90.3	92.5
Avg. License Fee/Sub/Mo. (\$)	—	—	—	—	0.18	0.19	0.19	0.22	0.26	0.30	0.34	0.37	0.39	0.41
Gross Ad Revenue (\$ mil.)	364.2	423.2	478.2	524.6	574.4	681.7	730.0	655.2	627.7	610.2	627.2	667.4	713.9	773.5
Net Ad Revenue (\$ mil.)	309.6	359.7	406.5	445.9	488.2	579.4	620.5	556.9	533.6	518.6	533.1	567.3	606.8	657.5
License Fee Revenue (\$ mil.)	0.0	0.0	0.0	0.0	165.0	175.5	185.5	196.2	276.9	321.0	364.0	398.6	426.0	449.5
Other Revenue (\$ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Net Revenue (\$ mil.)</b>	<b>309.6</b>	<b>359.7</b>	<b>406.5</b>	<b>445.9</b>	<b>653.2</b>	<b>754.9</b>	<b>806.0</b>	<b>753.2</b>	<b>810.5</b>	<b>839.6</b>	<b>897.2</b>	<b>965.9</b>	<b>1,032.7</b>	<b>1,106.9</b>
SG&A (\$ mil.)	63.6	80.7	91.2	95.8	119.8	122.7	125.8	126.2	119.3	122.8	126.5	130.3	133.6	136.9
Programming Expenses (\$ mil.)	132.0	164.0	183.0	207.1	287.1	315.8	347.4	375.5	394.3	425.8	459.9	496.7	531.4	568.6
<b>Total Expenses (\$ mil.)</b>	<b>195.6</b>	<b>244.7</b>	<b>274.2</b>	<b>302.9</b>	<b>406.9</b>	<b>438.6</b>	<b>473.2</b>	<b>501.7</b>	<b>513.5</b>	<b>548.7</b>	<b>586.4</b>	<b>627.0</b>	<b>665.0</b>	<b>705.6</b>
Cash Flow (\$ mil.)	114.0	115.0	132.3	143.0	246.4	316.4	332.7	251.5	297.0	290.9	310.7	338.9	367.7	401.4
Cash Flow Margin	36.8%	32.0%	32.5%	32.1%	37.7%	41.9%	41.3%	33.4%	36.6%	34.7%	34.6%	35.1%	35.6%	36.3%
Avg. 24-Hour Rating	1.25	1.17	1.19	1.09	1.06	1.18	1.14	1.05	0.95	0.90	0.85	0.85	—	—
Avg. Prime Time Rating	1.95	1.96	1.94	1.85	1.87	1.95	1.85	1.73	1.55	1.46	1.43	1.43	—	—
Avg. 24-Hr. TVHH Delivery (000)	769.5	762.8	816.3	787.5	795.5	906.0	905.5	872.8	832.0	789.8	763.0	787.5	—	—
Avg. P-T TVHH Delivery (000)	1,204.0	1,284.3	1,335.8	1,334.5	1,396.0	1,510.0	1,474.8	1,451.3	1,354.3	1,288.8	1,273.0	1,277.3	—	—
Local Avals (30 Sec./Hour)	—	—	—	—	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	21	20	22	22	18	18	18	18	18	18	18	18	18	18
Total Avals (30 Sec./Hour)	21	20	22	22	22	22	22	22	22	22	22	22	22	22
Local Avals (30 Sec./Year)	—	—	—	—	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avals (30 Sec./Year)	183,960	175,200	192,720	192,720	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680
Total Avals (30 Sec./Year)	183,960	175,200	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720
Local 1-Min. Commercial Avals.	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies
1st Break Time (min, past hr.)	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies
2nd Break Time (min, past hr.)	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies
3rd Break Time (min, past hr.)	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies
Calculated 24-Hour CPM (\$)	2.57	3.17	3.04	3.46	4.58	4.77	5.11	4.76	4.78	4.90	5.21	5.37	—	—
Growth in CPM	5.7%	23.1%	(4.0%)	13.7%	32.5%	4.2%	7.1%	(6.9%)	0.5%	2.4%	6.4%	3.1%	—	—

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Network Profiles

TLC Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	32.2	44.3	54.8	62.3	68.2	72.0	76.8	83.2	84.9	87.0	88.0	89.1	91.0	93.9
Avg. Subs (mil.)	30.2	38.3	49.5	58.6	65.3	70.1	74.4	80.0	84.0	85.9	87.5	88.6	90.1	92.5
Avg. License Fee/Sub/Mo. (\$)	0.05	0.06	0.08	0.10	0.11	0.11	0.14	0.14	0.14	0.15	0.15	0.16	0.16	0.17
Gross Ad Revenue (\$ mil.)	35.3	56.6	68.2	90.0	125.0	200.0	263.4	270.4	307.2	345.2	286.3	235.6	230.4	266.1
Net Ad Revenue (\$ mil.)	30.0	48.1	58.0	76.5	106.3	170.0	219.1	227.3	261.1	293.5	243.4	200.3	195.8	226.2
License Fee Revenue (\$ mil.)	16.1	27.5	47.6	68.9	84.6	92.6	121.9	133.3	145.1	153.5	161.5	168.8	177.1	184.6
Other Revenue (\$ mil.)	1.6	5.4	9.0	9.2	9.7	19.0	13.5	6.3	5.8	5.5	5.1	4.7	4.4	4.1
<b>Total Net Revenue (\$ mil.)</b>	<b>49.7</b>	<b>81.0</b>	<b>114.6</b>	<b>154.6</b>	<b>200.5</b>	<b>281.6</b>	<b>354.5</b>	<b>366.9</b>	<b>412.0</b>	<b>452.5</b>	<b>410.0</b>	<b>373.8</b>	<b>377.3</b>	<b>414.8</b>
SG&A (\$ mil.)	19.0	22.0	27.0	38.7	50.7	57.6	95.6	83.6	89.0	94.3	99.5	101.5	106.6	111.9
Programming Expenses (\$ mil.)	37.0	50.0	55.9	74.3	89.3	99.5	89.5	78.9	83.7	96.2	97.3	104.6	115.0	120.8
<b>Total Expenses (\$ mil.)</b>	<b>56.0</b>	<b>72.0</b>	<b>82.9</b>	<b>113.0</b>	<b>140.0</b>	<b>157.1</b>	<b>185.1</b>	<b>162.5</b>	<b>172.7</b>	<b>190.6</b>	<b>196.8</b>	<b>206.1</b>	<b>221.6</b>	<b>232.7</b>
<b>Cash Flow (\$ mil.)</b>	<b>(6.3)</b>	<b>9.0</b>	<b>31.7</b>	<b>41.6</b>	<b>60.5</b>	<b>124.5</b>	<b>169.4</b>	<b>204.4</b>	<b>239.3</b>	<b>261.9</b>	<b>213.2</b>	<b>167.7</b>	<b>155.7</b>	<b>182.1</b>
Cash Flow Margin	(12.6%)	11.2%	27.6%	26.9%	30.2%	44.2%	46.7%	54.9%	58.1%	57.9%	52.0%	44.9%	41.3%	43.9%
Avg. 24-Hour Rating	0.31	0.35	0.38	0.46	0.54	0.55	0.53	0.56	0.61	0.68	0.53	0.39	—	—
Avg. Prime Time Rating	0.43	0.50	0.60	0.76	0.86	0.90	0.88	0.90	0.96	1.11	0.82	0.63	—	—
Avg. 24-Hr. TV/H Delivery (000)	93.0	135.3	187.3	269.5	349.3	386.5	389.8	444.0	524.0	584.5	465.5	348.3	—	—
Avg. P-T TV/H Delivery (000)	130.6	195.3	293.5	445.0	560.8	626.0	654.5	716.5	815.5	951.5	712.5	557.8	—	—
Local Avals (30 Sec.)/Hour	4	4	4	3	3	3	3	3	3	3	4	4	4	—
National Avals (30 Sec.)/Hour	16	16	16	11	11	11	12	14	16	18	20	20	20	—
Total Avals (30 Sec.)/Hour	20	20	20	14	14	14	15	17	19	21	24	24	24	—
Local Avals (30 Sec.)/Year	35,040	35,040	35,040	23,088	23,088	23,088	26,768	19,710	19,710	19,710	26,280	26,280	26,280	—
National Avals (30 Sec.)/Year	140,160	140,160	140,160	92,352	92,352	92,352	105,120	91,980	105,120	118,260	131,400	131,400	131,400	—
Total Avals (30 Sec.)/Year	175,200	175,200	175,200	115,440	115,440	115,440	131,888	111,690	124,830	137,970	157,680	157,680	157,680	—
Local 1-Min. Commercial Avals.	15	15	15	15	15	15	15	15	15	15	15	10	10	—
1st Break Time (min. past hr.)	45	45	45	45	45	45	45	45	45	45	45	20	20	—
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	45	45	—
3rd Break Time (min. past hr.)	2.71	2.99	2.60	3.62	3.88	5.60	6.43	6.62	5.58	4.99	4.68	5.15	—	—
Calculated 24-Hour CPM (\$)	47.4%	10.2%	(12.9%)	39.1%	7.2%	44.6%	14.7%	3.0%	(15.8%)	(10.4%)	(6.3%)	10.0%	—	—
Growth in CPM	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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# Network Profiles

## A&E Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	58.8	63.7	68.0	70.0	73.7	75.8	79.4	85.0	86.2	87.7	88.4	89.3	90.7	91.7
Avg. Subs (mil.)	58.7	61.3	65.9	69.0	71.9	74.7	77.6	82.2	85.6	87.0	88.1	88.9	90.0	91.2
Avg. License Fee/Sub/Mo. (\$)	0.11	0.12	0.12	0.13	0.15	0.15	0.16	0.17	0.18	0.19	0.20	0.21	0.22	0.23
Gross Ad Revenue (\$ mil.)	137.5	183.4	211.8	247.1	297.6	395.1	427.6	382.8	334.7	312.0	319.0	348.8	380.7	432.8
Net Ad Revenue (\$ mil.)	116.9	155.9	180.0	210.0	253.0	335.8	363.5	325.4	284.5	265.2	271.2	296.5	323.6	367.9
License Fee Revenue (\$ mil.)	79.5	87.5	98.0	109.8	126.2	135.7	145.5	167.6	184.9	198.3	207.4	223.9	236.5	246.4
Other Revenue (\$ mil.)	9.0	11.0	13.0	13.7	14.4	15.1	15.9	16.7	15.5	16.3	17.1	17.9	18.8	19.8
<b>Total Net Revenue (\$ mil.)</b>	<b>205.4</b>	<b>254.4</b>	<b>291.0</b>	<b>333.5</b>	<b>393.6</b>	<b>486.7</b>	<b>524.9</b>	<b>509.7</b>	<b>484.9</b>	<b>479.8</b>	<b>495.7</b>	<b>538.4</b>	<b>578.9</b>	<b>634.1</b>
SG&A (\$ mil.)	59.9	63.6	84.9	98.4	105.3	112.7	120.5	110.0	107.5	104.0	105.5	121.5	127.5	133.5
Programming Expenses (\$ mil.)	67.3	95.9	100.8	112.0	132.3	165.4	180.3	191.0	197.7	210.0	222.0	256.0	280.5	308.8
<b>Total Expenses (\$ mil.)</b>	<b>127.2</b>	<b>159.5</b>	<b>185.7</b>	<b>210.4</b>	<b>237.6</b>	<b>278.0</b>	<b>300.8</b>	<b>301.0</b>	<b>305.2</b>	<b>314.0</b>	<b>327.5</b>	<b>377.5</b>	<b>408.0</b>	<b>442.3</b>
<b>Cash Flow (\$ mil.)</b>	<b>78.2</b>	<b>94.9</b>	<b>105.3</b>	<b>123.1</b>	<b>156.0</b>	<b>208.6</b>	<b>224.1</b>	<b>208.7</b>	<b>179.7</b>	<b>165.8</b>	<b>168.2</b>	<b>160.9</b>	<b>170.9</b>	<b>191.8</b>
Cash Flow Margin	38.1%	37.3%	36.2%	36.9%	39.6%	42.9%	42.7%	40.9%	37.1%	34.6%	33.9%	29.9%	29.5%	30.2%
Avg. 24-Hour Rating	0.75	0.69	0.80	0.84	0.81	0.91	0.91	0.81	0.66	0.61	0.60	0.56	—	—
Avg. Prime Time Rating	1.04	1.01	1.27	1.33	1.28	1.35	1.41	1.25	1.04	1.05	1.00	0.93	—	—
Avg. 24-Hr. TVHH Delivery (000)	440.0	422.0	522.8	567.8	580.0	679.8	701.3	657.0	564.3	529.5	522.3	501.5	—	—
Avg. P-T TVHH Delivery (000)	610.8	626.5	829.0	919.8	916.5	1,006.5	1,086.0	1,017.3	889.8	905.0	875.3	823.8	—	—
Local Avals (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	16	16	16	16	16	16	16	16	16	16	21	21	21	21
Total Avals (30 Sec./Hour)	20	20	20	20	20	20	20	20	20	20	25	25	25	25
Local Avals (30 Sec./Year)	35,040	35,040	35,040	33,904	33,904	33,904	33,904	33,904	33,904	33,904	33,580	33,580	33,580	33,580
National Avals (30 Sec./Year)	140,160	140,160	140,160	134,320	135,616	135,616	135,616	135,616	135,616	135,616	176,295	176,295	176,295	176,295
Total Avals (30 Sec./Year)	175,200	175,200	175,200	167,900	169,520	169,520	169,520	169,520	169,520	169,520	209,875	209,875	209,875	209,875
Local 1-Min. Commercial Avals.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	29	29	29	29	29	29	29	29	29	29	29	29	15	15
2nd Break Time (min. past hr.)	59	59	59	59	59	59	59	59	59	59	59	59	45	45
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	2.23	3.10	2.89	3.24	3.78	4.29	4.50	4.30	4.37	4.34	3.46	3.95	—	—
Growth in CPM	(10.4%)	39.1%	(6.8%)	12.1%	16.8%	13.3%	4.9%	(4.4%)	1.8%	(0.7%)	(20.3%)	13.9%	—	—

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C-SPAN Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	61.7	65.6	69.7	72.4	74.9	77.0	79.4	85.0	86.6	88.1	88.4	89.7	95.4	95.7
Avg. Subs (mil.)	60.6	63.7	67.7	71.1	73.7	76.0	78.2	82.2	85.8	87.4	88.3	89.1	92.6	95.5
Avg. License Fee/Sub/Mo. (\$)	0.04	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.04	0.04	0.05	0.05	0.05	0.05
Gross Ad Revenue (\$ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Ad Revenue (\$ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
License Fee Revenue (\$ mil.)	30.1	32.2	35.0	37.8	39.5	41.6	43.7	45.1	45.6	46.9	48.9	50.3	52.3	54.0
Other Revenue (\$ mil.)	0.8	0.8	0.9	1.1	1.6	1.8	2.2	0.7	1.1	1.2	1.2	1.2	1.2	1.3
<b>Total Net Revenue (\$ mil.)</b>	<b>30.9</b>	<b>33.1</b>	<b>35.8</b>	<b>38.9</b>	<b>41.1</b>	<b>43.4</b>	<b>45.9</b>	<b>45.8</b>	<b>46.7</b>	<b>48.1</b>	<b>50.2</b>	<b>51.5</b>	<b>53.5</b>	<b>55.2</b>
SG&A (\$ mil.)	9.8	10.3	10.8	12.3	16.2	15.6	14.8	14.8	14.5	14.8	15.0	16.3	17.1	17.9
Programming Expenses (\$ mil.)	11.9	12.6	13.2	13.4	13.6	17.0	19.8	20.6	22.0	23.5	26.3	29.3	30.8	32.3
<b>Total Expenses (\$ mil.)</b>	<b>21.7</b>	<b>22.8</b>	<b>24.1</b>	<b>25.7</b>	<b>29.8</b>	<b>32.6</b>	<b>34.6</b>	<b>35.5</b>	<b>36.5</b>	<b>38.3</b>	<b>41.3</b>	<b>45.6</b>	<b>47.9</b>	<b>50.3</b>
Cash Flow (\$ mil.)	9.2	10.2	11.8	13.2	11.2	10.8	11.3	10.4	10.1	9.8	8.9	5.9	5.6	4.9
Cash Flow Margin	30.4%	31.7%	33.7%	34.8%	28.4%	26.0%	25.9%	23.0%	22.2%	21.0%	18.1%	11.8%	10.8%	9.2%
Avg. 24-Hour Rating														
Avg. Prime Time Rating														
Avg. 24-Hr. TVHH Delivery (000)														
Avg. P-T TVHH Delivery (000)														
Local Avails (30 Sec.)/Hour	0	0	0	0	0	0	0	0	0	0	0	0	0	0
National Avails (30 Sec.)/Hour	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Avails (30 Sec.)/Hour	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Avails (30 Sec.)/Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
National Avails (30 Sec.)/Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Avails (30 Sec.)/Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local 1-Min. Commercial Avails														
1st Break Time (min. past hr.)														
2nd Break Time (min. past hr.)														
3rd Break Time (min. past hr.)														
Calculated 24-Hour CPM (\$)														
Growth in CPM														

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Lifetime Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	59.1	64.1	67.1	69.3	73.1	75.2	78.8	84.6	86.2	87.5	88.3	89.5	90.1	92.9
Avg. Subs (mil.)	59.0	61.6	65.6	68.2	71.2	74.2	77.0	81.7	85.4	86.9	87.9	88.9	89.8	91.5
Avg. License Fee/Subs/Mo. (\$)	0.10	0.10	0.10	0.11	0.12	0.13	0.13	0.14	0.16	0.18	0.20	0.22	0.23	0.24
Gross Ad Revenue (\$ mil.)	201.5	245.1	301.1	359.3	420.6	506.1	618.9	664.2	669.5	660.0	636.9	677.0	708.1	757.9
Net Ad Revenue (\$ mil.)	171.3	208.3	255.9	305.4	357.5	430.2	526.1	564.6	569.1	561.0	541.3	575.4	601.9	644.2
License Fee Revenue (\$ mil.)	68.2	75.4	82.4	89.1	102.7	114.6	122.1	138.8	164.9	183.2	208.1	231.8	250.2	266.0
Other Revenue (\$ mil.)	3.5	4.6	7.8	8.1	8.0	10.5	12.6	11.5	9.8	10.9	7.1	4.3	14.9	16.4
Total Net Revenue (\$ mil.)	243.0	288.3	346.1	402.6	468.2	555.3	660.8	714.9	743.8	755.1	756.5	811.4	867.1	926.6
SG&A (\$ mil.)	66.5	67.8	78.3	85.6	112.8	122.8	148.8	165.7	171.2	183.9	196.6	200.5	208.6	216.9
Programming Expenses (\$ mil.)	104.6	115.9	132.2	147.4	168.6	207.6	244.0	264.4	304.4	294.0	316.1	322.4	346.6	363.9
Total Expenses (\$ mil.)	171.1	183.7	210.5	233.0	281.4	330.4	392.8	430.3	475.6	477.9	512.7	523.0	555.2	580.8
Cash Flow (\$ mil.)	71.9	104.6	135.6	169.6	186.8	224.9	268.0	284.6	268.2	277.2	243.8	288.5	311.9	345.8
Cash Flow Margin	29.6%	36.3%	39.2%	42.1%	39.9%	40.5%	40.6%	39.8%	36.1%	36.7%	32.2%	35.6%	36.0%	37.3%
Avg. 24-Hour Rating	0.65	0.84	0.84	0.83	0.94	1.02	1.11	1.23	1.22	1.14	1.00	1.00	—	—
Avg. Prime Time Rating	1.15	1.51	1.51	1.51	1.64	1.62	1.73	1.96	2.04	1.69	1.55	1.63	—	—
Avg. 24-Hr. TVHH Delivery (000)	378.3	521.5	544.0	570.5	664.3	761.3	852.8	998.3	1,039.3	979.5	873.8	893.0	—	—
Avg. P-T TVHH Delivery (000)	664.8	932.3	980.5	1,035.3	1,159.0	1,195.8	1,323.8	1,591.8	1,741.5	1,458.0	1,365.0	1,447.5	—	—
Local Avals (30 Sec.)/Hour	4	4	4	4	4	4	4	4	4	4	4	4	—	—
National Avals (30 Sec.)/Hour	20	20	20	20	20	20	20	20	20	20	20	20	—	—
Total Avals (30 Sec.)/Hour	24	24	24	24	24	24	24	24	24	24	24	24	—	—
Local Avals (30 Sec.)/Year	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	—	—
National Avals (30 Sec.)/Year	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	—	—
Total Avals (30 Sec.)/Year	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240	—	—
Local 1-Min. Commercial Avals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	3.04	2.68	3.16	3.59	3.61	3.79	4.14	3.80	3.68	3.85	4.16	4.33	—	—
Growth in CPM	12.1%	(11.8%)	17.8%	13.8%	0.5%	5.0%	9.2%	(8.3%)	(3.2%)	4.6%	8.2%	4.0%	—	—

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Spike TV Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	59.6	64.9	68.9	70.5	73.4	75.7	79.2	84.9	86.0	87.2	88.2	89.6	90.8	93.7
Avg. Subs (mil.)	59.7	62.3	66.9	69.7	72.0	74.5	77.4	82.0	85.5	86.6	87.7	88.9	90.2	92.2
Avg. License Fee/Sub./Mo. (\$)	0.13	0.13	0.14	0.14	0.14	0.15	0.14	0.14	0.15	0.16	0.17	0.18	0.19	0.20
Gross Ad Revenue (\$ mil.)	122.4	137.6	188.2	209.4	234.6	241.7	223.5	170.6	200.1	235.3	251.2	359.1	402.5	455.2
Net Ad Revenue (\$ mil.)	104.0	117.0	160.0	178.0	199.4	205.4	190.0	145.0	170.1	200.0	213.5	305.2	342.1	386.9
License Fee Revenue (\$ mil.)	91.8	99.5	111.6	115.8	125.1	134.1	132.0	140.0	155.0	167.6	180.1	193.6	207.1	225.0
Other Revenue (\$ mil.)	6.0	6.5	7.0	8.3	8.7	9.2	1.0	5.0	3.0	2.0	2.1	2.1	2.2	2.2
<b>Total Net Revenue (\$ mil.)</b>	<b>201.8</b>	<b>223.0</b>	<b>278.6</b>	<b>302.1</b>	<b>333.2</b>	<b>348.7</b>	<b>323.0</b>	<b>290.0</b>	<b>328.1</b>	<b>369.6</b>	<b>395.7</b>	<b>501.0</b>	<b>551.4</b>	<b>614.1</b>
SG&A (\$ mil.)	48.6	53.5	60.2	52.0	39.0	41.0	60.0	44.1	60.0	68.0	72.8	77.5	84.6	88.8
Programming Expenses (\$ mil.)	86.4	98.6	136.7	149.8	157.3	165.2	125.0	130.0	160.0	182.5	205.3	231.0	259.1	285.0
<b>Total Expenses (\$ mil.)</b>	<b>135.0</b>	<b>152.1</b>	<b>196.9</b>	<b>201.8</b>	<b>196.3</b>	<b>206.1</b>	<b>185.0</b>	<b>174.1</b>	<b>220.0</b>	<b>250.5</b>	<b>278.1</b>	<b>308.5</b>	<b>343.7</b>	<b>373.8</b>
<b>Cash Flow (\$ mil.)</b>	<b>66.8</b>	<b>70.9</b>	<b>81.7</b>	<b>100.3</b>	<b>136.9</b>	<b>142.5</b>	<b>138.0</b>	<b>115.9</b>	<b>108.1</b>	<b>119.1</b>	<b>117.6</b>	<b>192.5</b>	<b>207.7</b>	<b>240.3</b>
Cash Flow Margin	33.1%	31.8%	29.3%	33.2%	41.1%	40.9%	42.7%	40.0%	32.9%	32.2%	29.7%	38.4%	37.7%	39.1%
Avg. 24-Hour Rating	0.50	0.50	0.50	0.53	0.50	0.43	0.41	0.46	0.44	0.45	0.47	0.61	—	—
Avg. Prime Time Rating	1.03	1.00	0.88	0.90	0.90	0.83	0.78	1.02	0.92	0.88	0.97	1.26	—	—
Avg. 24-Hr. TVHH Delivery (000)	295.3	308.3	332.5	368.0	342.0	314.5	310.3	355.3	375.3	382.0	409.8	545.3	—	—
Avg. P-T TVHH Delivery (000)	606.5	613.0	573.5	615.3	626.8	609.8	604.5	831.0	787.3	758.0	851.5	1,124.5	—	—
Local Avals (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	20	20	24	24	24	24	24	24	24	24	24	24	24	24
Total Avals (30 Sec./Hour)	24	24	28	28	28	28	28	28	28	28	28	28	28	28
Local Avals (30 Sec./Year)	35,040	35,040	35,040	26,280	35,040	35,040	26,280	26,280	26,280	26,280	26,280	26,280	26,280	26,280
National Avals (30 Sec./Year)	175,200	175,200	210,240	157,680	210,240	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680	157,680
Total Avals (30 Sec./Year)	210,240	210,240	245,280	183,960	245,280	192,720	183,960	183,960	183,960	183,960	183,960	183,960	183,960	183,960
Local 1--Min. Commercial Avals.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min, past hr.)	29	29	29	29	29	29	29	29	29	29	29	29	Varies	Varies
2nd Break Time (min, past hr.)	59	59	59	59	59	59	59	59	59	59	59	59	45	45
3rd Break Time (min, past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	2.37	2.55	2.69	3.61	3.26	4.87	4.57	3.05	3.38	3.91	3.89	4.18	—	—
Growth in CPM	4.1%	7.8%	5.6%	34.0%	(9.6%)	49.4%	(6.3%)	(33.4%)	11.1%	15.5%	(0.5%)	7.5%	—	—

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Network Profiles

Weather Channel Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs	(mil.)	55.5	60.9	66.4	68.7	72.2	74.5	83.9	85.3	87.5	88.1	89.5	92.7	95.7
Avg. Subs	(mil.)	55.5	58.2	63.6	67.5	70.4	73.4	81.2	84.6	86.4	87.8	88.8	91.1	94.2
Avg. License Fee/Sub/Mo.	(\$)	0.05	0.05	0.06	0.07	0.07	0.08	0.09	0.09	0.09	0.09	0.10	0.10	0.10
Gross Ad Revenue	(\$ mil.)	41.1	48.0	77.1	94.0	104.7	144.8	144.8	130.3	139.2	160.1	174.6	189.5	206.7
Net Ad Revenue	(\$ mil.)	34.9	40.8	65.5	79.9	89.0	123.1	144.8	110.8	118.3	136.1	148.4	161.1	175.7
License Fee Revenue	(\$ mil.)	34.0	38.0	46.0	54.0	61.0	67.9	84.9	90.6	95.1	90.3	102.4	107.2	113.1
Other Revenue	(\$ mil.)	2.0	3.0	8.0	13.0	13.7	14.3	15.0	16.6	17.4	18.3	19.2	20.2	21.2
Total Net Revenue	(\$ mil.)	70.9	81.8	119.5	146.9	163.6	205.4	223.8	218.0	230.9	253.6	270.0	288.5	309.9
SG&A	(\$ mil.)	16.4	18.3	21.5	24.8	26.5	28.4	30.4	31.5	32.9	34.9	37.1	39.3	41.7
Programming Expenses	(\$ mil.)	33.0	36.0	60.0	72.1	75.7	87.1	102.3	101.1	106.1	112.5	119.5	129.1	138.1
Total Expenses	(\$ mil.)	49.4	54.3	81.5	96.9	102.2	115.5	134.5	132.6	139.1	147.4	156.6	168.4	179.8
Cash Flow	(\$ mil.)	21.5	27.5	38.0	50.0	61.4	89.9	89.3	85.4	91.8	106.2	113.4	120.1	130.1
Cash Flow Margin		30.3%	33.6%	31.8%	34.0%	37.5%	43.8%	39.9%	39.2%	39.8%	41.9%	42.0%	41.6%	42.0%
Avg. 24-Hour Rating		0.23	0.29	0.37	0.32	0.32	0.32	0.27	0.28	0.29	0.33	0.33	—	—
Avg. Prime Time Rating		0.25	0.33	0.40	0.33	0.34	0.35	0.34	0.28	0.32	0.35	0.36	—	—
Avg. 24-Hr. TVHH Delivery (000)		134.8	178.3	240.0	217.3	222.3	234.3	219.3	237.5	246.5	292.8	290.3	—	—
Avg. P-T TVHH Delivery (000)		143.3	197.8	252.5	220.0	241.8	257.5	229.5	240.0	274.3	309.8	313.3	—	—
Local Avals (30 Sec.)/Hour		4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec.)/Hour		18	18	18	18	18	20	20	20	20	20	20	20	20
Total Avals (30 Sec.)/Hour		22	22	22	22	22	24	24	24	24	24	24	24	24
Local Avals (30 Sec.)/Year		35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avals (30 Sec.)/Year		157,680	157,680	157,680	157,680	157,680	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Total Avals (30 Sec.)/Year		192,720	192,720	192,720	192,720	192,720	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240
Local 1-Min. Commercial Avals.		15	14	17	17	17	17	17	17	17	17	17	17	17
1st Break Time (min. past hr.)		45	43	47	47	47	47	47	47	47	47	47	47	47
2nd Break Time (min. past hr.)		—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)		1.93	1.71	2.04	2.74	2.09	3.53	3.77	3.13	3.22	3.12	3.43	—	—
Calculated 24-Hour CPM	(\$)	12.9%	(11.6%)	19.2%	34.8%	8.9%	18.1%	(7.5%)	(16.9%)	2.9%	(3.2%)	10.0%	—	—
Growth in CPM		—	—	—	—	—	—	—	—	—	—	—	—	—

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Network Profiles

TLC Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	32.2	44.3	54.8	62.3	68.2	72.0	76.8	83.2	84.9	87.0	88.0	89.1	91.0	93.9
Avg. Subs (mil.)	30.2	38.3	49.5	58.6	65.3	70.1	74.4	80.0	84.0	85.9	87.5	88.6	90.1	92.5
Avg. License Fee/Sub/Mn. (\$)	0.05	0.06	0.08	0.10	0.11	0.11	0.14	0.14	0.14	0.15	0.15	0.16	0.16	0.17
Gross Ad Revenue (\$ mil.)	35.3	56.6	68.2	90.0	125.0	200.0	263.4	270.4	307.2	345.2	286.3	235.6	230.4	266.1
Net Ad Revenue (\$ mil.)	30.0	48.1	58.0	76.5	106.3	170.0	219.1	227.3	261.1	293.5	243.4	200.3	195.8	226.2
License Fee Revenue (\$ mil.)	18.1	27.5	47.6	68.9	84.6	92.6	121.9	133.3	145.1	153.5	161.5	168.8	177.1	184.6
Other Revenue (\$ mil.)	1.6	5.4	9.0	9.2	9.7	19.0	13.5	6.3	5.8	5.5	5.1	4.7	4.4	4.1
<b>Total Net Revenue (\$ mil.)</b>	<b>49.7</b>	<b>81.0</b>	<b>114.6</b>	<b>154.6</b>	<b>200.5</b>	<b>281.6</b>	<b>354.5</b>	<b>366.9</b>	<b>412.0</b>	<b>452.5</b>	<b>410.0</b>	<b>373.8</b>	<b>377.3</b>	<b>414.8</b>
SG&A (\$ mil.)	19.0	22.0	27.0	38.7	50.7	57.6	95.6	83.6	89.0	94.3	99.5	101.5	106.6	111.9
Programming Expenses (\$ mil.)	37.0	50.0	55.9	74.3	89.3	99.5	89.5	78.9	83.7	96.2	97.3	104.6	115.0	120.8
<b>Total Expenses (\$ mil.)</b>	<b>56.0</b>	<b>72.0</b>	<b>82.9</b>	<b>113.0</b>	<b>140.0</b>	<b>157.1</b>	<b>185.1</b>	<b>162.5</b>	<b>172.7</b>	<b>190.6</b>	<b>196.8</b>	<b>206.1</b>	<b>221.6</b>	<b>232.7</b>
<b>Cash Flow (\$ mil.)</b>	<b>(6.3)</b>	<b>9.0</b>	<b>31.7</b>	<b>41.6</b>	<b>60.5</b>	<b>124.5</b>	<b>169.4</b>	<b>204.4</b>	<b>239.3</b>	<b>261.9</b>	<b>213.2</b>	<b>167.7</b>	<b>155.7</b>	<b>182.1</b>
Cash Flow Margin	(12.6%)	11.2%	27.6%	26.9%	30.2%	44.2%	46.7%	54.9%	58.1%	57.9%	52.0%	44.9%	41.3%	43.9%
Avg. 24-Hour Rating	0.31	0.35	0.38	0.46	0.54	0.55	0.53	0.56	0.61	0.68	0.53	0.39	—	—
Avg. Prime Time Rating	0.43	0.50	0.60	0.76	0.86	0.90	0.88	0.90	0.96	1.11	0.82	0.63	—	—
Avg. 24-Hr. TV/H Delivery (000)	93.0	135.3	187.3	269.5	349.3	386.5	389.8	444.0	524.0	584.5	465.5	348.3	—	—
Avg. P-T TV/H Delivery (000)	130.6	195.3	293.5	445.0	560.8	626.0	654.5	716.5	815.5	951.5	712.5	557.8	—	—
Local Avals (30 Sec./Hour)	4	4	4	3	3	3	3	3	3	3	4	4	4	4
National Avals (30 Sec./Hour)	16	16	16	11	11	11	12	14	16	18	20	20	20	20
Total Avals (30 Sec./Hour)	20	20	20	14	14	14	15	17	19	21	24	24	24	24
Local Avals (30 Sec./Year)	35,040	35,040	35,040	23,088	23,088	23,088	26,268	19,710	19,710	19,710	26,280	26,280	26,280	26,280
National Avals (30 Sec./Year)	140,160	140,160	140,160	92,352	92,352	92,352	105,120	91,980	105,120	118,260	131,400	131,400	131,400	131,400
Total Avals (30 Sec./Year)	175,200	175,200	175,200	115,440	115,440	115,440	131,388	111,690	124,830	137,970	157,680	157,680	157,680	157,680
Local 1-Min. Commercial Avals.	15	15	15	15	15	15	15	15	15	15	15	10	10	10
1st Break Time (min. past hr.)	45	45	45	45	45	45	45	45	45	45	45	20	20	20
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	45	45	45
3rd Break Time (min. past hr.)	2.71	2.99	2.60	3.62	3.88	5.60	6.43	6.62	5.58	4.99	4.68	5.15	—	—
Calculated 24-Hour CPM (\$)	47.4%	10.2%	(12.9%)	39.1%	7.2%	44.6%	14.7%	3.0%	(15.8%)	(10.4%)	(6.3%)	10.0%	—	—
Growth in CPM														

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ESPN2 Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	17.3	28.2	41.8	54.0	62.6	66.9	74.1	82.6	84.7	86.8	87.9	89.3	93.0	95.9
Avg. Subs (mil.)	13.5	22.8	35.0	47.9	58.3	64.8	70.5	78.3	83.6	85.7	87.3	88.6	91.1	94.4
Avg. License Fee/Subs/Mo. (\$)	0.09	0.12	0.14	0.12	0.14	0.15	0.15	0.17	0.18	0.20	0.21	0.23	0.24	0.26
Gross Ad Revenue (\$ mil.)	7.1	19.5	40.8	61.2	102.4	122.5	137.9	126.9	142.7	160.8	176.0	192.6	236.8	260.0
Net Ad Revenue (\$ mil.)	6.0	16.6	34.7	52.0	87.0	104.1	117.2	107.8	121.3	136.7	149.6	163.7	201.2	221.0
License Fee Revenue (\$ mil.)	14.0	32.8	57.5	70.7	101.0	116.1	130.6	159.2	185.0	205.1	224.7	243.9	267.3	293.9
Other Revenue (\$ mil.)	0.0	1.0	4.0	10.0	14.0	15.9	17.3	19.0	20.7	21.6	22.4	23.3	24.5	25.9
Total Net Revenue (\$ mil.)	20.0	50.4	96.2	132.7	202.0	236.1	265.1	286.0	327.0	363.4	396.7	430.9	493.0	540.9
SG&A (\$ mil.)	20.3	22.9	25.1	30.7	33.8	35.8	37.9	36.0	34.6	37.0	36.1	35.0	34.1	33.3
Programming Expenses (\$ mil.)	30.7	40.8	72.9	89.0	124.6	143.3	157.6	181.3	210.3	233.4	256.7	285.0	332.8	359.4
Total Expenses (\$ mil.)	51.0	63.7	98.0	119.7	158.4	179.1	195.6	217.3	244.9	270.4	292.8	320.0	366.9	392.7
Cash Flow (\$ mil.)	(31.0)	(13.3)	(1.8)	13.0	43.7	57.0	69.6	68.7	82.2	93.0	103.9	110.9	126.1	148.2
Cash Flow Margin	(155.0%)	(26.3%)	(1.9%)	9.8%	21.6%	24.1%	26.2%	24.0%	25.1%	25.6%	26.2%	25.7%	25.6%	27.4%
Avg. 24-Hour Rating	—	0.19	0.24	0.26	0.25	0.25	0.24	0.22	0.24	0.24	0.27	0.27	—	—
Avg. Prime Time Rating	—	0.35	0.41	0.46	0.45	0.48	0.46	0.48	0.50	0.51	0.53	0.57	—	—
Avg. 24-Hr. TV/HH Delivery (000)	—	39.5	82.8	124.0	143.0	161.3	166.0	175.8	197.8	214.3	227.1	235.7	—	—
Avg. P-T TV/HH Delivery (000)	—	78.3	140.8	221.8	259.3	309.4	326.3	376.8	415.0	431.8	459.0	508.1	—	—
Local Averages (30 Sec.)/Hour	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Averages (30 Sec.)/Hour	16	16	16	16	16	16	16	16	16	16	16	16	16	16
Total Averages (30 Sec.)/Hour	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Local Averages (30 Sec.)/Year	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Averages (30 Sec.)/Year	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160
Total Averages (30 Sec.)/Year	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Local 1-Min. Commercial Averages	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
1st Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
2nd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
3rd Break Time (min. past hr.)	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable	variable
Calculated 24-Hour CPM (\$)	—	3.53	3.52	3.52	5.11	5.42	5.93	5.15	5.15	5.36	5.53	5.83	—	—
Growth in CPM	—	—	(0.2%)	0.0%	45.1%	6.1%	9.4%	(13.1%)	(0.0%)	4.0%	3.3%	5.4%	—	—

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ABC Family Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	59.5	64.6	68.4	70.7	74.0	75.9	79.3	84.1	85.0	86.8	87.7	88.7	91.5	94.7
Avg. Subs (mil.)	59.5	62.0	66.5	69.6	72.3	74.9	77.5	79.8	84.5	85.9	87.2	88.2	90.1	93.1
Avg. License Fee/Sub/Avg. (\$)	0.10	0.11	0.13	0.14	0.15	0.16	0.16	0.17	0.18	0.20	0.21	0.22	0.23	0.24
Gross Ad Revenue (\$ mil.)	112.8	135.8	164.6	202.4	220.1	189.0	187.3	170.5	170.8	153.8	194.8	220.7	245.0	276.3
Net Ad Revenue (\$ mil.)	95.9	115.4	139.9	172.0	187.1	160.6	159.2	144.9	145.2	130.7	165.6	187.6	208.2	234.8
License Fee Revenue (\$ mil.)	71.0	82.2	100.6	117.0	132.0	141.2	150.6	159.9	186.4	203.6	222.3	235.9	250.7	266.8
Other Revenue (\$ mil.)	3.0	0.8	0.6	0.4	0.4	0.4	0.5	0.6	0.7	0.9	1.1	1.4	1.8	2.2
<b>Total Net Revenue (\$ mil.)</b>	<b>169.9</b>	<b>198.4</b>	<b>241.1</b>	<b>289.4</b>	<b>319.5</b>	<b>302.3</b>	<b>310.3</b>	<b>305.3</b>	<b>332.3</b>	<b>335.2</b>	<b>389.0</b>	<b>424.9</b>	<b>460.7</b>	<b>503.8</b>
SG&A (\$ mil.)	42.5	53.7	56.4	60.6	64.8	69.4	74.2	78.7	61.8	63.3	66.5	69.5	73.0	76.7
Programming Expenses (\$ mil.)	71.5	75.7	85.3	106.8	112.1	117.7	123.6	129.8	137.0	150.7	171.7	202.7	222.9	245.2
<b>Total Expenses (\$ mil.)</b>	<b>114.0</b>	<b>129.4</b>	<b>141.7</b>	<b>167.4</b>	<b>177.0</b>	<b>187.1</b>	<b>197.9</b>	<b>208.5</b>	<b>198.8</b>	<b>214.0</b>	<b>238.3</b>	<b>272.2</b>	<b>295.9</b>	<b>321.9</b>
<b>Cash Flow (\$ mil.)</b>	<b>55.9</b>	<b>69.0</b>	<b>99.4</b>	<b>122.0</b>	<b>142.5</b>	<b>115.2</b>	<b>112.4</b>	<b>96.8</b>	<b>133.6</b>	<b>121.2</b>	<b>150.7</b>	<b>152.7</b>	<b>164.7</b>	<b>181.9</b>
Cash Flow Margin	32.9%	34.8%	41.2%	42.2%	44.6%	38.1%	36.2%	31.7%	40.2%	36.2%	38.7%	35.9%	35.8%	36.1%
Avg. 24-Hour Rating	0.55	0.59	0.66	0.61	0.64	0.49	0.52	0.53	0.51	0.46	0.57	0.59	—	—
Avg. Prime Time Rating	1.00	1.07	1.23	1.14	1.10	0.86	0.71	0.72	0.82	0.68	0.87	0.94	—	—
Avg. 24-Hr. TV/H Delivery (000)	324.5	374.0	437.8	426.0	457.3	370.3	401.3	429.0	430.0	395.0	498.3	523.8	—	—
Avg. P-T TV/H Delivery (000)	591.0	656.8	805.5	794.8	794.3	642.8	551.0	591.3	694.3	584.8	760.0	804.5	—	—
Local Averages (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Averages (30 Sec./Hour)	20	20	22	22	22	22	24	24	24	24	23	23	23	23
Total Averages (30 Sec./Hour)	24	24	26	26	26	26	28	28	28	28	28	28	28	28
Local Averages (30 Sec./Year)	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360
National Averages (30 Sec./Year)	116,800	116,800	128,480	128,480	128,480	128,480	140,160	140,160	140,160	140,160	134,320	134,320	134,320	134,320
Total Averages (30 Sec./Year)	140,160	140,160	151,840	151,840	151,840	151,840	163,520	163,520	163,520	163,520	157,680	157,680	157,680	157,680
Local 1-Min. Commercial Averages	29	28	15	15	15	15	15	15	15	15	15	15	15	15
1st Break Time (min. past hr.)	58	58	45	45	45	45	45	45	45	45	45	45	45	45
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)	2.98	3.11	2.93	3.70	3.75	3.97	3.33	2.83	2.83	2.78	2.91	3.14	—	—
Calculated 24-Hour CPM (\$)	14.3%	4.4%	(5.8%)	26.3%	1.3%	6.0%	(16.2%)	(14.9%)	0.0%	(2.0%)	4.8%	7.8%	—	—
Growth in CPM	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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Network Profiles

MTV Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	58.7	63.2	67.1	68.0	71.2	73.6	77.3	83.4	85.1	86.7	87.6	88.8	91.0	93.7
Avg. Subs (mil.)	58.9	61.0	65.1	67.5	69.6	72.4	75.4	80.3	84.2	85.9	87.1	88.2	89.9	92.4
Avg. License Fee/Subs/Mo. (\$)	0.12	0.14	0.16	0.16	0.16	0.15	0.20	0.21	0.22	0.25	0.26	0.28	0.29	0.30
Gross Ad Revenue (\$ mil.)	242.1	296.0	340.4	370.6	508.9	600.6	624.7	641.2	707.1	831.5	911.2	997.8	1,091.6	1,192.0
Net Ad Revenue (\$ mil.)	205.8	251.6	289.3	315.0	432.6	510.5	531.0	545.0	601.0	706.8	774.6	848.1	927.9	1,013.2
License Fee Revenue (\$ mil.)	88.0	103.9	124.0	130.4	130.5	130.6	183.9	207.0	224.2	253.1	274.7	292.0	312.5	337.0
Other Revenue (\$ mil.)	22.0	21.1	22.0	22.4	23.3	23.5	23.6	28.0	35.0	38.5	42.0	45.1	48.5	52.1
Total Net Revenue (\$ mil.)	315.8	376.6	435.3	467.8	586.5	664.5	738.4	780.0	860.2	998.3	1,091.2	1,185.2	1,288.9	1,402.4
SG&A (\$ mil.)	82.8	78.6	92.4	100.0	117.1	125.3	134.1	120.0	115.2	128.8	138.5	148.9	160.8	173.6
Programming Expenses (\$ mil.)	83.0	110.0	128.5	150.0	164.9	184.7	195.2	235.0	267.9	309.0	335.3	363.8	400.2	440.2
Total Expenses (\$ mil.)	165.8	188.6	220.9	250.0	282.0	310.0	329.3	355.0	383.1	437.8	473.8	512.6	560.9	613.8
Cash Flow (\$ mil.)	150.0	188.0	214.4	217.8	304.5	354.6	409.2	425.0	477.1	560.5	617.5	672.6	728.0	788.6
Cash Flow Margin	47.5%	49.9%	49.3%	46.6%	51.9%	53.4%	55.4%	54.5%	55.3%	56.1%	56.6%	56.7%	56.5%	56.2%
Avg. 24-Hour Rating	0.51	0.48	0.48	0.45	0.50	0.60	0.57	0.50	0.52	0.56	0.58	0.64	—	—
Avg. Prime Time Rating	0.65	0.63	0.63	0.67	0.73	0.93	0.91	0.81	0.91	0.94	1.01	1.03	—	—
Avg. 24-Hr. TV/H Delivery (000)	289.0	296.5	309.7	303.8	357.3	429.8	431.0	404.3	435.5	475.5	503.0	567.8	—	—
Avg. P-T TV/H Delivery (000)	376.8	387.5	405.0	446.5	502.3	681.5	677.0	643.5	759.5	805.8	872.3	908.0	—	—
Local Avals (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	17	17	20	22	22	22	21	21	21	21	21	22	22	22
Total Avals (30 Sec./Hour)	21	21	24	26	26	26	25	25	25	25	25	26	26	26
Local Avals (30 Sec.)/Year	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avals (30 Sec.)/Year	148,920	148,920	175,200	172,280	192,720	192,720	183,960	183,960	183,960	183,960	183,960	183,960	192,720	192,720
Total Avals (30 Sec.)/Year	183,960	183,960	210,240	207,320	227,760	227,760	219,000	219,000	219,000	219,000	219,000	227,760	227,760	227,760
Local 1-Min. Commercial Avals.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	20	20	20	20	20	20	20	20	20	20	20	20	20	20
2nd Break Time (min. past hr.)	50	50	50	50	50	50	50	50	50	50	50	50	50	50
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 2+4-Hour CPM (\$)	5.63	6.70	6.27	7.08	7.39	7.25	7.88	8.62	8.83	9.51	9.85	9.12	—	—
Growth in CPM	3.0%	19.2%	(6.4%)	12.0%	4.4%	(1.9%)	8.7%	9.4%	2.4%	7.7%	3.6%	(7.4%)	—	—

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Network Profiles

HGTV Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	6.5	10.0	22.0	36.1	48.4	59.0	67.1	76.4	80.4	84.5	87.4	88.9	92.5	95.7
Avg. Subs (mil.)	3.3	8.3	16.0	29.1	42.3	53.7	63.1	71.7	78.4	82.4	86.0	88.2	90.7	94.1
Avg. License Fee/Subs/Mo. (\$)	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.05	0.05	0.06	0.07	0.08	0.09
Gross Ad Revenue (\$ mil.)	0.4	10.2	18.5	45.9	82.6	158.0	216.4	228.2	234.8	294.4	367.4	441.1	497.6	554.7
Net Ad Revenue (\$ mil.)	0.3	8.7	15.7	39.0	73.8	134.3	184.0	193.9	199.6	250.2	312.3	375.0	422.9	471.5
License Fee Revenue (\$ mil.)	0.0	2.6	6.2	12.0	15.2	19.3	22.7	34.4	45.0	47.3	62.1	74.3	87.3	101.8
Other Revenue (\$ mil.)	0.2	0.0	0.2	0.5	10.9	5.5	2.7	2.5	1.1	1.5	2.5	2.9	3.3	3.8
<b>Total Net Revenue (\$ mil.)</b>	<b>0.5</b>	<b>11.3</b>	<b>22.1</b>	<b>51.5</b>	<b>99.9</b>	<b>159.1</b>	<b>209.3</b>	<b>230.9</b>	<b>245.7</b>	<b>299.0</b>	<b>376.9</b>	<b>452.1</b>	<b>513.5</b>	<b>577.2</b>
SG&A (\$ mil.)	3.3	7.9	10.4	17.7	21.2	30.0	31.5	33.1	34.4	36.1	40.6	44.7	51.4	59.1
Programming Expenses (\$ mil.)	4.9	19.5	29.3	43.5	70.0	96.5	112.1	115.2	100.1	110.1	137.7	148.7	171.0	196.7
<b>Total Expenses (\$ mil.)</b>	<b>8.2</b>	<b>27.4</b>	<b>39.7</b>	<b>61.2</b>	<b>91.2</b>	<b>126.5</b>	<b>143.6</b>	<b>148.3</b>	<b>134.5</b>	<b>146.2</b>	<b>178.3</b>	<b>193.4</b>	<b>222.4</b>	<b>255.8</b>
<b>Cash Flow (\$ mil.)</b>	<b>(7.7)</b>	<b>(16.1)</b>	<b>(17.6)</b>	<b>(9.7)</b>	<b>8.7</b>	<b>32.6</b>	<b>65.7</b>	<b>82.6</b>	<b>111.2</b>	<b>152.8</b>	<b>198.6</b>	<b>258.7</b>	<b>291.1</b>	<b>321.4</b>
Cash Flow Margin	(1,540%)	(142.5%)	(79.6%)	(18.8%)	8.7%	20.5%	31.4%	35.8%	45.3%	51.1%	52.7%	57.2%	56.7%	55.7%
Avg. 24-Hour Rating	—	—	—	0.31	0.38	0.42	0.40	0.41	0.43	0.50	0.51	0.50	—	—
Avg. Prime Time Rating	—	—	—	0.41	0.55	0.65	0.65	0.64	0.69	0.81	0.87	0.80	—	—
Avg. 24-Hr. TV/HH Delivery (000)	—	—	—	84.8	159.5	235.5	252.5	289.0	339.3	410.3	442.5	460.0	—	—
Avg. P-T TV/HH Delivery (000)	—	—	—	116.8	231.3	355.5	405.3	457.0	544.8	670.3	742.5	723.8	—	—
Local Avals (30 Sec.)/Hour	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec.)/Hour	20	20	20	17	20	20	20	20	20	20	20	20	20	20
Total Avals (30 Sec.)/Hour	24	24	24	21	24	24	24	24	24	24	24	24	24	24
Local Avals (30 Sec.)/Year	35,040	35,040	35,040	30,660	29,930	29,930	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avals (30 Sec.)/Year	175,200	175,200	175,200	130,305	149,650	149,650	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Total Avals (30 Sec.)/Year	210,240	210,240	210,240	160,965	179,580	179,580	210,240	210,240	210,240	210,240	210,240	210,240	210,240	210,240
Local 1-Min. Commercial Avals.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	—	—	—	4.15	3.46	4.48	4.89	4.51	3.95	4.10	4.74	5.47	—	—
Growth in CPM	—	—	—	(16.7%)	29.6%	29.6%	9.1%	(7.9%)	(12.3%)	3.6%	15.7%	15.5%	—	—

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History Channel Economics

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	10.2	29.4	44.1	54.6	61.7	69.6	79.3	82.2	85.8	87.4	88.6	90.1	91.2
Avg. Subs (mil.)	5.1	19.8	36.8	49.4	58.2	65.7	74.5	80.8	84.0	86.6	88.0	89.3	90.7
Avg. License Fee/Subs/Mo. (\$)	0.03	0.06	0.10	0.09	0.10	0.13	0.13	0.14	0.15	0.17	0.18	0.19	0.20
Gross Ad Revenue (\$ mil.)	4.0	10.6	26.4	49.3	82.4	141.2	136.5	182.4	224.0	276.5	310.6	344.5	353.4
Net Ad Revenue (\$ mil.)	3.4	9.0	22.4	41.9	70.0	120.0	116.0	155.0	190.4	235.0	264.0	292.8	300.4
License Fee Revenue (\$ mil.)	2.0	14.0	42.0	55.0	68.3	100.1	116.3	135.7	146.5	174.7	191.2	203.6	213.8
Other Revenue (\$ mil.)	0.6	3.0	4.0	5.0	6.3	7.7	19.8	12.0	14.4	16.6	19.5	23.3	28.0
<b>Total Net Revenue (\$ mil.)</b>	<b>6.0</b>	<b>26.0</b>	<b>68.4</b>	<b>101.9</b>	<b>144.6</b>	<b>227.8</b>	<b>252.1</b>	<b>302.7</b>	<b>351.3</b>	<b>426.3</b>	<b>474.7</b>	<b>519.8</b>	<b>542.2</b>
SG&A (\$ mil.)	15.0	20.0	30.5	42.8	47.1	72.7	73.4	78.0	82.3	96.8	100.7	113.2	117.6
Programming Expenses (\$ mil.)	15.0	22.5	35.0	40.5	50.2	92.0	121.0	132.0	143.2	157.5	173.3	187.2	202.1
<b>Total Expenses (\$ mil.)</b>	<b>30.0</b>	<b>42.5</b>	<b>65.5</b>	<b>83.3</b>	<b>97.3</b>	<b>164.7</b>	<b>194.4</b>	<b>210.0</b>	<b>225.5</b>	<b>254.3</b>	<b>274.0</b>	<b>300.4</b>	<b>319.7</b>
<b>Cash Flow (\$ mil.)</b>	<b>(24.0)</b>	<b>(16.5)</b>	<b>2.9</b>	<b>18.6</b>	<b>47.3</b>	<b>63.1</b>	<b>57.7</b>	<b>92.7</b>	<b>125.8</b>	<b>171.9</b>	<b>208.7</b>	<b>219.4</b>	<b>222.5</b>
Cash Flow Margin (400.0%)	(63.4%)	4.3%	4.3%	18.3%	32.7%	27.7%	22.9%	30.6%	35.8%	40.3%	42.3%	42.2%	41.0%
Avg. 24-Hour Rating	—	0.28	0.33	0.39	0.48	0.57	0.53	0.48	0.52	0.58	0.58	—	—
Avg. Prime Time Rating	—	0.49	0.54	0.65	0.78	0.90	0.88	0.82	0.87	0.99	0.98	—	—
Avg. 24-Hr. TV/HH Delivery (000)	—	57.5	130.8	190.3	276.8	373.3	387.0	390.3	436.3	501.3	506.5	—	—
Avg. P-T TV/HH Delivery (000)	—	102.0	207.3	319.3	427.0	583.3	652.3	659.8	725.8	854.5	869.3	—	—
Local Avals (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	16	16	16	16	16	16	16	16	18	21	21	21	21
Total Avals (30 Sec./Hour)	20	20	20	20	20	20	20	20	20	25	25	25	25
Local Avals (30 Sec./Year)	35,040	35,040	33,580	33,904	33,904	33,904	33,904	33,904	33,580	33,580	33,904	33,904	33,904
National Avals (30 Sec./Year)	140,160	140,160	134,320	135,616	135,616	135,616	135,616	135,616	151,110	176,295	177,996	177,996	177,996
Total Avals (30 Sec./Year)	175,200	175,200	167,900	169,520	169,520	169,520	169,520	169,520	184,690	209,875	211,900	211,900	211,900
Local 1-Min. Commercial Avals.	—	—	29	29	29	29	29	29	29	29	29	29	29
1st Break Time (min, past hr.)	—	—	59	59	59	59	59	59	59	59	59	59	59
2nd Break Time (min, past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min, past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	—	1.31	1.50	1.91	2.20	2.79	2.60	3.45	3.40	3.13	3.45	—	—
Growth in CPM	—	—	14.2%	27.3%	14.9%	27.1%	(6.8%)	32.5%	(1.4%)	(7.9%)	10.1%	—	—

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Cartoon Network Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	12.5	23.6	31.8	47.1	55.4	61.0	69.3	79.5	82.8	85.8	87.1	88.6	91.5	94.2
Avg. Subs (mil.)	10.8	18.0	27.7	39.5	51.3	58.2	65.1	74.4	81.2	84.3	86.4	87.8	90.0	92.9
Avg. License Fee/Sub/Mo. (\$)	0.13	0.09	0.08	0.07	0.07	0.07	0.08	0.10	0.12	0.13	0.14	0.15	0.15	0.16
Gross Ad Revenue (\$ mil.)	14.1	31.1	40.0	61.6	88.2	132.4	157.2	171.2	190.2	221.0	287.7	356.4	422.3	479.2
Net Ad Revenue (\$ mil.)	12.0	26.4	34.0	52.4	75.0	112.5	133.6	145.5	161.7	187.9	244.6	303.0	359.0	407.3
License Fee Revenue (\$ mil.)	16.8	18.5	26.5	34.0	42.0	51.2	61.2	87.7	115.2	129.8	143.4	156.3	165.6	176.4
Other Revenue (\$ mil.)	0.0	0.0	0.2	0.5	0.9	1.5	5.4	7.6	10.5	15.3	18.1	22.5	23.5	24.8
Total Net Revenue (\$ mil.)	28.8	44.9	60.7	86.9	117.9	165.2	200.2	240.8	287.4	332.9	406.1	481.8	548.1	608.5
SG&A (\$ mil.)	20.0	25.9	30.7	35.8	38.3	44.1	52.9	60.4	64.6	67.9	71.6	75.3	79.1	83.0
Programming Expenses (\$ mil.)	6.0	11.0	18.0	31.1	33.3	49.9	57.4	72.1	90.1	112.7	140.8	176.0	211.2	242.9
Total Expenses (\$ mil.)	26.0	36.9	48.7	66.9	71.6	94.0	110.3	132.5	154.8	180.5	212.4	251.3	290.3	325.9
Cash Flow (\$ mil.)	2.8	8.0	12.0	20.0	46.3	71.2	89.9	108.3	132.6	152.4	193.7	230.4	257.8	282.6
Cash Flow Margin	9.7%	17.8%	19.8%	23.0%	39.3%	43.1%	44.9%	45.0%	46.2%	45.8%	47.7%	47.8%	47.0%	46.4%
Avg. 24-Hour Rating	0.83	0.98	0.88	0.89	0.97	1.08	1.11	1.13	1.13	1.14	1.13	1.18	—	—
Avg. Prime Time Rating	1.30	1.42	1.20	1.33	1.45	1.64	1.74	1.68	1.58	1.56	1.53	1.48	—	—
Avg. 24-Hr. TVHH Delivery (000)	90.0	177.8	241.8	376.5	494.3	624.3	711.5	846.3	918.8	951.8	990.5	1,026.8	—	—
Avg. P-T TVHH Delivery (000)	137.5	255.5	329.3	568.5	737.8	944.3	1,120.8	1,245.5	1,269.3	1,309.3	1,326.0	1,304.0	—	—
Local Averages (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Averages (30 Sec./Hour)	16	16	16	16	16	16	16	16	16	16	16	16	16	16
Total Averages (30 Sec./Hour)	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Local Averages (30 Sec./Year)	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Averages (30 Sec./Year)	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160
Total Averages (30 Sec./Year)	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Local 1-Min. Commercial Averages	15	15	15	15	15	15	15	15	15	15	15	15	15	15
1st Break Time (min. past hr.)	45	45	45	45	45	45	45	45	45	45	45	45	45	45
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	1.12	1.25	1.18	1.17	1.27	1.51	1.58	1.44	1.48	1.66	2.07	2.48	—	—
Growth in CPM	—	11.4%	(5.3%)	(1.0%)	9.0%	18.8%	4.2%	(8.4%)	2.4%	12.1%	25.1%	19.5%	—	—

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CNBC Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs	51.7	57.0	61.2	63.4	67.9	71.3	75.6	82.3	84.3	86.2	87.1	88.1	92.0	95.2
Avg. Subs	51.1	54.3	59.1	62.3	65.6	69.6	73.4	78.9	83.3	85.3	86.6	87.6	90.0	93.6
Avg. License Fee/Sub/Mo.	0.10	0.11	0.12	0.13	0.14	0.14	0.16	0.18	0.22	0.23	0.25	0.25	0.26	0.27
Gross Ad Revenue (\$ mil.)	75.3	103.5	117.6	148.3	202.1	302.0	435.0	450.0	255.0	240.0	163.9	191.6	203.9	230.3
License Fee Revenue (\$ mil.)	64.0	88.0	100.0	125.9	172.0	256.0	371.0	382.5	216.8	204.0	139.3	162.9	173.3	195.8
Other Revenue (\$ mil.)	60.0	72.0	82.0	95.0	108.1	119.0	141.0	170.5	216.9	240.0	260.0	265.9	280.0	299.8
Total Net Revenue (\$ mil.)	0.0	0.0	15.9	19.0	20.6	24.0	32.0	38.0	30.0	35.0	37.5	54.4	78.1	82.0
SG&A (\$ mil.)	124.0	160.0	197.9	239.9	300.7	399.0	544.0	591.0	463.7	479.0	436.8	483.2	531.5	577.6
Programming Expenses (\$ mil.)	43.5	45.0	63.2	63.8	79.9	90.0	107.0	95.0	80.0	86.0	87.7	92.1	96.7	101.5
Total Expenses (\$ mil.)	31.5	43.0	50.0	54.1	79.6	113.0	149.0	164.0	95.0	90.0	103.5	121.1	133.2	146.5
Cash Flow (\$ mil.)	75.0	88.0	113.2	117.9	159.5	203.0	256.0	259.0	175.0	176.0	191.2	213.2	229.9	248.1
Cash Flow Margin	39.5%	45.0%	42.8%	50.9%	47.0%	49.1%	52.9%	56.2%	62.3%	63.3%	56.2%	55.9%	56.7%	57.0%
Avg. 24-Hour Rating	0.17	0.21	0.23	0.27	0.40	0.39	0.38	0.34	0.24	0.27	0.14	0.13	—	—
Avg. Prime Time Rating	0.25	0.45	0.48	0.43	0.70	0.52	0.42	0.41	0.25	0.28	0.10	0.10	—	—
Avg. 24-Hr. TVHH Delivery (000)	86.8	115.0	133.3	166.8	264.5	268.8	280.0	263.0	205.0	205.0	129.8	132.0	—	—
Avg. P-T TVHH Delivery (000)	127.3	244.5	283.0	264.8	459.0	359.5	307.5	318.8	207.3	190.0	109.0	107.3	—	—
Local Averts (30 Sec.)/Hour	4	6	6	6	6	6	6	6	6	6	6	6	6	6
National Averts (30 Sec.)/Hour	14	18	19	19	22	22	20	20	20	20	20	24	24	24
Total Averts (30 Sec.)/Hour	18	24	25	25	28	28	26	26	26	26	26	30	30	30
Local Averts (30 Sec.)/Year	35,040	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	45,600	48,180	48,180	48,180
National Averts (30 Sec.)/Year	122,640	157,680	166,440	166,440	192,720	192,720	175,200	175,200	175,200	175,200	152,000	192,720	192,720	192,720
Total Averts (30 Sec.)/Year	157,680	210,240	219,000	219,000	245,280	245,280	227,760	227,760	227,760	227,760	197,600	240,900	240,900	240,900
Local 1-Min. Commercial Averts	19	19	19	19	19	19	19	19	19	19	12	3	3	3
1st Break Time (min. past hr.)	29	29	29	29	29	29	29	29	29	29	20	24	24	24
2nd Break Time (min. past hr.)	49	49	49	49	49	49	49	49	49	49	27	41	41	41
3rd Break Time (min. past hr.)	7.08	5.71	5.30	5.34	3.96	5.83	8.87	9.77	7.10	6.68	8.31	7.53	—	—
Calculated 24-Hour CPM	37.2%	(19.3%)	(7.1%)	0.7%	(25.8%)	47.1%	52.1%	10.1%	(27.3%)	(5.9%)	24.3%	(9.3%)	—	—
Growth in CPM														

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VH-1 Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	49.8	54.2	56.3	60.4	64.9	69.2	74.2	81.7	83.8	86.3	86.9	88.5	92.0	94.9
Avg. Subs (mil.)	49.7	52.0	55.3	58.3	62.6	67.1	71.7	78.0	82.8	85.1	86.6	87.7	90.2	93.5
Avg. License Fee/Sub/Mo. (\$)	0.02	0.03	0.06	0.07	0.08	0.08	0.09	0.10	0.10	0.11	0.12	0.12	0.13	0.13
Gross Ad Revenue (\$ mil.)	61.1	71.2	89.4	103.5	129.3	191.6	280.7	278.8	230.6	281.4	321.0	424.8	459.9	504.8
Net Ad Revenue (\$ mil.)	51.9	60.5	76.0	88.0	127.6	162.9	238.6	237.0	196.0	239.2	272.9	361.1	390.9	429.1
License Fee Revenue (\$ mil.)	12.0	21.5	42.0	51.0	60.0	68.3	79.3	89.3	99.8	107.7	120.0	127.8	138.1	149.7
Other Revenue (\$ mil.)	2.5	1.7	2.1	3.3	3.1	3.0	4.9	3.4	3.2	3.0	3.0	3.1	3.2	3.2
Total Net Revenue (\$ mil.)	66.4	83.7	120.1	142.3	190.7	234.1	322.8	329.7	299.1	349.9	395.9	492.0	532.1	582.0
SG&A (\$ mil.)	14.9	16.9	20.0	31.0	58.5	79.0	92.6	75.0	80.0	83.9	90.2	112.1	120.5	129.5
Programming Expenses (\$ mil.)	36.5	54.1	65.0	81.2	89.3	93.8	110.3	115.0	130.0	142.9	155.0	180.5	198.6	216.4
Total Expenses (\$ mil.)	51.4	71.0	85.0	112.2	147.8	172.8	202.9	190.0	210.0	226.8	245.2	292.6	319.1	346.0
Cash Flow (\$ mil.)	15.0	12.7	35.1	30.1	42.9	61.4	119.9	139.7	89.1	123.1	150.7	199.4	213.0	236.1
Cash Flow Margin	22.6%	15.2%	29.2%	21.2%	22.5%	26.2%	37.1%	42.4%	29.8%	35.2%	38.1%	40.5%	40.0%	40.6%
Avg. 24-Hour Rating	0.22	0.22	0.18	0.21	0.27	0.28	0.27	0.24	0.21	0.27	0.28	0.34	—	—
Avg. Prime Time Rating	0.26	0.24	0.26	1.01	0.42	0.48	0.47	0.42	0.37	0.45	0.45	0.54	—	—
Avg. 24-Hr. TVHH Delivery (000)	97.4	112.3	100.3	121.5	177.3	188.0	188.5	184.3	174.5	227.3	245.0	296.0	—	—
Avg. P-T TVHH Delivery (000)	128.4	126.8	142.5	195.5	276.3	321.0	333.0	314.0	306.5	381.8	384.8	468.0	—	—
Local Avals (30 Sec./Hour)	4	4	4	4	4	4	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	16	20	20	23	21	21	21	21	21	21	21	21	21	21
Total Avals (30 Sec./Hour)	20	24	24	27	25	25	25	25	25	25	25	25	25	25
Local Avals (30 Sec./Year)	35,040	35,040	35,040	33,580	33,580	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avals (30 Sec./Year)	140,160	175,200	175,200	193,085	176,295	183,960	183,960	183,960	183,960	183,960	183,960	183,960	183,960	183,960
Total Avals (30 Sec./Year)	175,200	210,240	210,240	226,665	209,875	219,000	219,000	219,000	219,000	219,000	219,000	219,000	219,000	219,000
Local 1-Min. Commercial Avals.	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	20	23	23	23	23	23	23	23	23	23	23	23	23	23
2nd Break Time (min. past hr.)	50	53	53	53	53	53	53	53	53	53	53	53	53	53
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	4.47	3.62	5.09	4.41	4.14	5.54	8.09	8.23	7.18	6.73	7.12	6.55	—	—
Growth in CPM	2.7%	(19.1%)	40.7%	(13.3%)	(6.2%)	33.9%	46.1%	1.6%	(12.7%)	(6.3%)	5.8%	(8.0%)	—	—

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Fox News Economics

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	17.0	24.0	36.4	44.0	57.5	77.2	82.0	85.0	86.6	87.9	91.5	94.7
Avg. Subs (mil.)	8.5	20.5	30.2	40.2	50.7	67.3	79.6	83.5	85.8	87.2	89.7	93.1
Avg. License Fee/Sub/Mo. (\$)	0.00	0.08	0.13	0.15	0.20	0.17	0.17	0.19	0.22	0.24	0.27	0.30
Gross Ad Revenue (\$ mil.)	1.8	10.6	15.3	34.4	60.2	70.5	129.2	245.4	302.4	406.2	533.6	677.7
Net Ad Revenue (\$ mil.)	1.5	9.0	13.0	29.3	51.2	59.9	109.8	208.6	257.0	345.3	453.6	576.1
License Fee Revenue (\$ mil.)	0.0	20.0	45.3	72.4	120.0	140.0	162.0	195.0	226.5	251.3	285.3	329.5
Other Revenue (\$ mil.)	0.0	0.5	1.0	2.0	4.0	8.0	9.6	12.0	13.2	14.3	15.1	15.7
<b>Total Net Revenue (\$ mil.)</b>	<b>1.5</b>	<b>29.5</b>	<b>59.3</b>	<b>103.6</b>	<b>175.2</b>	<b>207.9</b>	<b>281.4</b>	<b>415.6</b>	<b>496.7</b>	<b>610.8</b>	<b>754.0</b>	<b>921.3</b>
SG&A (\$ mil.)	139.5	59.0	89.4	58.0	67.0	58.0	72.5	97.9	132.1	145.3	157.0	168.7
Programming Expenses (\$ mil.)	13.0	54.0	64.8	77.8	138.0	130.0	127.4	149.1	184.4	221.3	271.1	325.3
<b>Total Expenses (\$ mil.)</b>	<b>152.5</b>	<b>113.0</b>	<b>154.2</b>	<b>135.8</b>	<b>205.0</b>	<b>188.0</b>	<b>199.9</b>	<b>247.0</b>	<b>316.5</b>	<b>366.6</b>	<b>428.0</b>	<b>494.0</b>
<b>Cash Flow (\$ mil.)</b>	<b>(151.0)</b>	<b>(83.5)</b>	<b>(94.9)</b>	<b>(32.1)</b>	<b>(29.8)</b>	<b>19.9</b>	<b>81.5</b>	<b>168.6</b>	<b>180.2</b>	<b>244.2</b>	<b>326.0</b>	<b>427.3</b>
Cash Flow Margin	(10,067%)	(283.1%)	(160.0%)	(31.0%)	(17.0%)	9.6%	29.0%	40.6%	36.3%	40.0%	43.2%	46.4%
Avg. 24-Hour Rating	—	—	—	—	—	0.55	0.70	1.00	0.88	0.93	—	—
Avg. Prime Time Rating	—	—	—	—	—	1.03	1.18	1.58	1.48	1.58	—	—
Avg. 24-Hr. TVHH Delivery (000)	—	—	—	—	—	386.8	555.3	825.0	752.5	805.5	—	—
Avg. P-T TVHH Delivery (000)	—	—	—	—	—	675.3	916.5	1,312.3	1,268.3	1,376.0	—	—
Local Avals (30 Sec./Hour)	6	6	6	6	6	6	6	6	6	6	6	6
National Avals (30 Sec./Hour)	22	22	22	22	22	22	22	22	22	22	22	22
Total Avals (30 Sec./Hour)	28	28	28	28	28	28	28	28	28	28	28	28
Local Avals (30 Sec./Year)	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560
National Avals (30 Sec./Year)	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720	192,720
Total Avals (30 Sec./Year)	245,280	245,280	245,280	245,280	245,280	245,280	245,280	245,280	245,280	245,280	245,280	245,280
Local 1-Min. Commercial Avals.	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	16	16
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	45	45
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	—	—	—	—	—	0.95	1.21	1.54	2.09	2.62	—	—
Growth in CPM	—	—	—	—	—	—	27.6%	27.9%	35.1%	25.5%	—	—

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Network Profiles

Comedy Central Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	31.1	38.0	44.0	46.3	56.2	62.4	69.0	78.2	82.0	84.9	86.4	87.8	90.8	93.7
Avg. Subs (mil.)	30.7	34.6	41.0	45.2	51.3	59.3	65.5	73.1	78.8	83.4	85.6	87.1	89.3	92.2
Avg. License Fee/Sub/Mo. (\$)	0.07	0.08	0.07	0.08	0.08	0.09	0.08	0.08	0.08	0.09	0.10	0.11	0.11	0.12
Gross Ad Revenue (\$ mil.)	38.4	48.1	66.7	89.4	152.9	196.1	240.2	244.0	276.6	316.6	403.8	460.7	518.3	583.1
Net Ad Revenue (\$ mil.)	32.6	40.9	56.7	76.0	129.8	166.7	204.2	207.4	235.1	269.1	343.2	391.6	440.6	495.6
License Fee Revenue (\$ mil.)	27.0	31.2	36.3	41.4	51.7	63.3	60.0	71.8	78.9	93.6	101.2	110.8	119.2	128.1
Other Revenue (\$ mil.)	0.2	0.4	0.7	1.3	1.6	2.4	17.8	16.7	11.4	10.1	22.5	115.5	104.0	52.0
Total Net Revenue (\$ mil.)	59.8	72.5	93.7	118.7	197.6	254.1	282.0	295.9	325.4	372.8	466.9	617.9	663.7	675.7
SG&A (\$ mil.)	42.3	46.5	50.3	57.8	79.6	95.2	94.6	103.2	108.3	103.3	109.0	170.1	165.0	140.3
Programming Expenses (\$ mil.)	36.2	30.1	50.9	52.9	71.2	102.6	121.6	123.6	141.2	170.4	185.7	197.3	215.1	234.5
Total Expenses (\$ mil.)	78.5	76.6	101.2	110.7	150.8	197.8	216.2	226.8	249.5	273.7	294.7	367.4	380.1	374.7
Cash Flow (\$ mil.)	(18.7)	(4.1)	(7.5)	8.0	46.8	56.3	65.8	69.1	75.9	99.1	172.2	250.4	283.6	301.0
Cash Flow Margin	(31.3%)	(5.7%)	(8.0%)	6.7%	23.7%	22.2%	23.3%	23.4%	23.3%	26.6%	36.9%	40.5%	42.7%	44.5%
Avg. 24-Hour Rating	0.25	0.24	0.29	0.32	0.39	0.41	0.41	0.42	0.37	0.38	0.47	0.50	—	—
Avg. Prime Time Rating	0.38	0.39	0.46	0.52	0.69	0.67	0.67	0.63	0.57	0.58	0.74	0.77	—	—
Avg. 24-Hr. TVHH Delivery (000)	75.0	82.3	115.7	141.3	198.0	242.8	272.0	305.5	291.0	318.8	403.8	431.3	—	—
Avg. P-T TVHH Delivery (000)	114.5	134.5	187.0	227.3	350.3	395.5	407.5	459.8	453.3	477.5	628.5	668.5	—	—
Local Avoirs (30 Sec./Hour)	6	6	6	6	6	6	6	6	6	6	6	6	6	6
National Avoirs (30 Sec./Hour)	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Total Avoirs (30 Sec./Hour)	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Local Avoirs (30 Sec./Year)	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560	52,560
National Avoirs (30 Sec./Year)	147,680	147,680	147,680	175,200	175,200	147,680	147,680	147,680	154,674	154,674	154,674	154,674	154,674	154,674
Total Avoirs (30 Sec./Year)	200,240	200,240	200,240	227,760	227,760	200,240	200,240	200,240	207,234	207,234	207,234	207,334	207,234	207,234
Local 1-Min. Commercial Avoirs	23	23	20	20	20	20	20	20	20	20	20	20	28	28
1st Break Time (min. past hr.)	38	38	35	35	35	35	35	35	35	35	35	35	30	30
2nd Break Time (min. past hr.)	52	52	53	53	53	53	53	53	53	53	53	53	59	59
3rd Break Time (min. past hr.)	3-46	3-96	3-90	3-61	4-41	5-47	5-98	5-41	6-15	6-42	6-47	6-91	—	—
Calculated 24-Hour CPM (\$)	38.0%	14.4%	(1.4%)	(7.5%)	22.0%	24.1%	9.3%	(9.6%)	13.6%	4.5%	0.7%	6.8%	—	—
Growth in CPM	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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Network Profiles

Animal Planet Economics

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs	2.0	31.4	45.6	54.4	66.3	77.0	81.5	84.7	86.4	87.7	90.8	93.7
Avg. Subs	1.0	16.7	38.5	50.0	60.4	71.7	79.3	83.1	85.5	87.0	89.3	92.2
Avg. License Fee/Sub/Mo.	0.00	0.00	0.03	0.05	0.06	0.06	0.06	0.07	0.07	0.08	0.08	0.09
Gross Ad Revenue	0.0	7.2	18.4	52.0	63.3	71.7	76.6	94.3	146.6	176.5	204.9	234.4
Net Ad Revenue	0.0	6.1	15.7	44.2	53.8	60.9	65.1	80.1	124.6	150.0	174.2	199.2
License Fee Revenue	0.0	0.0	14.0	32.6	41.6	47.9	57.7	65.5	72.5	79.1	86.4	94.8
Other Revenue	0.0	0.5	2.0	1.0	4.9	3.9	2.9	3.2	3.4	3.6	3.8	4.0
<b>Total Net Revenue</b>	<b>0.0</b>	<b>6.6</b>	<b>31.7</b>	<b>77.8</b>	<b>100.3</b>	<b>112.8</b>	<b>125.7</b>	<b>148.8</b>	<b>200.5</b>	<b>232.7</b>	<b>264.4</b>	<b>298.1</b>
SG&A	6.0	26.0	28.6	78.4	62.5	62.5	41.2	37.5	40.2	44.2	46.9	49.2
Programming Expenses	8.0	25.0	33.8	57.4	27.6	34.1	40.3	48.3	54.1	66.3	79.5	93.4
<b>Total Expenses</b>	<b>14.0</b>	<b>51.0</b>	<b>62.3</b>	<b>135.8</b>	<b>90.1</b>	<b>96.5</b>	<b>81.5</b>	<b>85.8</b>	<b>94.3</b>	<b>110.5</b>	<b>126.4</b>	<b>142.7</b>
<b>Cash Flow</b>	<b>(14.0)</b>	<b>(44.4)</b>	<b>(30.7)</b>	<b>(58.0)</b>	<b>10.2</b>	<b>16.2</b>	<b>44.3</b>	<b>63.0</b>	<b>106.3</b>	<b>122.2</b>	<b>138.0</b>	<b>155.5</b>
Cash Flow Margin	—	(67.4.3%)	(97.0%)	(74.6%)	10.2%	14.4%	35.2%	42.3%	53.0%	52.5%	52.2%	52.1%
Avg. 24-Hour Rating	—	0.16	0.22	0.26	0.30	0.35	0.33	0.37	0.35	0.35	—	—
Avg. Prime Time Rating	—	0.40	0.40	0.45	0.48	0.53	0.53	0.59	0.52	0.52	—	—
Avg. 24-Hr. TV/H Delivery (000)	—	50.3	89.3	128.0	184.0	244.8	250.3	305.0	301.5	301.3	—	—
Avg. P-TV/H Delivery (000)	—	89.7	161.0	226.8	290.3	377.0	407.0	487.3	438.5	451.0	—	—
Local Avals (30 Sec./Hour)	6	6	6	6	5	5	5	5	6	6	6	6
National Avals (30 Sec./Hour)	10	10	16	16	14	14	14	16	18	18	18	18
Total Avals (30 Sec./Hour)	16	16	22	22	19	19	19	21	24	24	24	24
Local Avals (30 Sec./Year)	52,560	52,560	52,560	52,560	39,420	39,420	39,420	39,420	52,560	52,560	52,560	52,560
National Avals (30 Sec./Year)	87,600	87,600	140,160	140,160	105,120	105,120	105,120	140,160	157,680	157,680	157,680	157,680
Total Avals (30 Sec./Year)	140,160	140,160	192,720	192,720	144,540	144,540	144,540	179,580	210,240	210,240	210,240	210,240
Local 1-Min. Commercial Avals	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM	—	1.62	1.47	2.90	3.27	2.79	2.91	2.20	3.08	3.72	—	—
Growth in CPM	—	—	(9.4%)	96.9%	12.9%	(14.9%)	4.5%	(24.3%)	39.9%	20.5%	—	—

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Network Profiles

AMC Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	52.0	58.0	61.5	67.1	69.0	71.0	75.9	82.6	84.2	85.5	86.4	87.2	89.1	91.9
Avg. Subs (mil.)	49.5	55.0	59.8	64.3	68.1	70.0	73.5	79.3	83.4	84.8	85.9	86.8	88.2	90.5
Avg. License Fee/Subs/Mo. (\$)	0.17	0.17	0.17	0.19	0.19	0.20	0.20	0.20	0.21	0.21	0.22	0.22	0.23	0.23
Gross Ad Revenue (\$ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	14.8	26.1	31.6	81.6	124.2	144.1	172.9	205.8
Net Ad Revenue (\$ mil.)	0.0	0.0	0.0	0.0	0.0	0.0	12.6	22.2	26.9	69.4	105.6	122.5	147.0	174.9
License Fee Revenue (\$ mil.)	99.5	112.7	122.7	139.0	156.4	170.5	178.5	194.5	213.1	217.9	225.9	228.5	239.0	252.8
Other Revenue (\$ mil.)	0.0	0.0	0.0	0.0	1.6	6.7	0.9	0.9	1.6	1.9	2.1	1.9	2.1	2.3
<b>Total Net Revenue (\$ mil.)</b>	<b>99.5</b>	<b>112.7</b>	<b>122.7</b>	<b>139.0</b>	<b>158.0</b>	<b>177.2</b>	<b>192.0</b>	<b>217.6</b>	<b>241.6</b>	<b>289.2</b>	<b>333.6</b>	<b>352.9</b>	<b>388.1</b>	<b>430.0</b>
SG&A (\$ mil.)	29.5	29.1	39.1	41.0	42.8	44.7	45.1	46.6	32.0	34.2	36.8	33.6	35.3	37.0
Programming Expenses (\$ mil.)	38.0	45.6	41.5	41.7	50.6	51.8	53.1	65.8	85.4	99.7	110.5	116.6	128.2	141.0
<b>Total Expenses (\$ mil.)</b>	<b>67.5</b>	<b>74.7</b>	<b>80.6</b>	<b>82.7</b>	<b>93.4</b>	<b>96.5</b>	<b>98.2</b>	<b>112.4</b>	<b>117.4</b>	<b>133.9</b>	<b>147.3</b>	<b>150.2</b>	<b>163.5</b>	<b>178.1</b>
Cash Flow (\$ mil.)	32.0	38.0	42.1	56.3	64.6	80.7	93.8	105.2	124.1	155.3	186.3	202.7	224.6	251.9
Cash Flow Margin	32.2%	33.7%	34.3%	40.5%	40.9%	45.5%	48.9%	48.3%	51.4%	53.7%	55.9%	57.5%	57.9%	58.6%
Avg. 24-Hour Rating	—	—	—	—	—	—	—	0.45	0.40	0.43	0.45	0.50	—	—
Avg. Prime Time Rating	—	—	—	—	—	—	—	0.75	0.70	0.79	0.85	0.93	—	—
Avg. 24-Hr. TVHH Delivery (0000)	—	—	—	—	—	—	—	348.3	342.5	375.3	403.8	450.5	—	—
Avg. P-T TVHH Delivery (0000)	—	—	—	—	—	—	—	594.0	587.3	665.5	731.0	782.5	—	—
Local Avals (30 Sec./Hour)	0	0	0	0	0	0	4	4	4	4	4	4	4	4
National Avals (30 Sec./Hour)	0	0	0	0	0	0	16	16	16	16	16	16	16	16
Total Avals (30 Sec./Hour)	0	0	0	0	0	0	20	20	20	20	20	20	20	20
Local Avals (30 Sec./Year)	0	0	0	0	0	0	35,040	35,040	35,040	35,040	35,040	35,040	35,040	35,040
National Avals (30 Sec./Year)	0	0	0	0	0	0	140,160	140,160	140,160	140,160	140,160	140,160	140,160	140,160
Total Avals (30 Sec./Year)	0	0	0	0	0	0	175,200	175,200	175,200	175,200	175,200	175,200	175,200	175,200
Local 1-Min. Commercial Avals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2nd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	—	—	—	—	—	—	0.54	0.66	0.66	1.55	2.20	2.28	—	—
Growth in CPM	—	—	—	—	—	—	—	23.0%	135.8%	41.4%	4.0%	—	—	—

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Network Profiles

Food Network Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	10.0	15.2	19.2	29.8	37.1	44.2	54.5	71.5	78.2	83.0	85.9	88.0	91.0	94.2
Avg. Subs (mil.)	7.9	12.6	17.2	24.5	33.4	40.7	49.3	63.0	74.8	80.6	84.4	86.9	89.5	92.6
Avg. License Fee/Sub/Mo. (\$)	0.01	0.01	0.02	0.02	0.05	0.03	0.03	0.03	0.03	0.04	0.06	0.07	0.07	0.08
Gross Ad Revenue (\$ mil.)	1.1	5.5	11.8	17.1	25.6	57.1	100.2	111.1	150.0	195.8	266.4	336.8	406.9	477.2
Net Ad Revenue (\$ mil.)	0.9	4.7	10.0	14.5	21.8	48.5	85.2	94.5	127.5	166.5	226.4	286.3	345.8	405.6
License Fee Revenue (\$ mil.)	1.0	2.0	3.7	5.6	7.2	14.8	15.0	24.8	27.8	37.5	64.6	71.7	79.3	87.5
Other Revenue (\$ mil.)	0.1	0.1	0.2	0.2	3.4	3.3	3.0	3.2	2.6	3.3	4.0	4.6	5.3	6.1
<b>Total Net Revenue (\$ mil.)</b>	<b>2.0</b>	<b>6.8</b>	<b>13.9</b>	<b>20.3</b>	<b>32.4</b>	<b>66.6</b>	<b>103.2</b>	<b>122.5</b>	<b>158.0</b>	<b>207.3</b>	<b>295.0</b>	<b>362.7</b>	<b>430.4</b>	<b>499.3</b>
SG&A (\$ mil.)	4.5	13.1	17.0	20.4	32.3	35.2	42.2	48.6	39.1	40.7	46.8	51.4	60.4	69.5
Programming Expenses (\$ mil.)	4.0	12.2	16.4	17.0	15.9	27.4	47.1	57.7	66.3	79.2	108.5	124.7	146.5	172.2
<b>Total Expenses (\$ mil.)</b>	<b>8.5</b>	<b>25.3</b>	<b>33.4</b>	<b>37.4</b>	<b>48.2</b>	<b>62.6</b>	<b>89.3</b>	<b>106.2</b>	<b>105.4</b>	<b>119.8</b>	<b>155.2</b>	<b>176.2</b>	<b>207.0</b>	<b>241.7</b>
<b>Cash Flow (\$ mil.)</b>	<b>(6.5)</b>	<b>(18.5)</b>	<b>(19.5)</b>	<b>(17.1)</b>	<b>(15.8)</b>	<b>4.0</b>	<b>13.9</b>	<b>16.3</b>	<b>52.6</b>	<b>87.4</b>	<b>139.7</b>	<b>186.5</b>	<b>223.4</b>	<b>257.6</b>
Cash Flow Margin	(33.8%)	(273.2%)	(141.1%)	(84.3%)	(48.9%)	6.0%	13.4%	13.3%	33.3%	42.2%	47.4%	51.4%	51.9%	51.6%
Avg. 24-Hour Rating	—	—	—	0.19	0.19	0.20	0.28	0.30	0.33	0.43	0.44	0.50	—	—
Avg. Prime Time Rating	—	—	—	0.26	0.30	0.36	0.44	0.50	0.55	0.63	0.60	0.65	—	—
Avg. 24-Hr. TVHH Delivery (000)	—	—	—	44.0	63.5	84.0	136.5	186.5	253.0	345.0	374.0	428.0	—	—
Avg. P-T TVHH Delivery (000)	—	—	—	63.5	97.0	143.0	214.5	309.0	421.8	495.8	522.0	573.8	—	—
Local Avails (30 Sec./Hour)	6	6	6	4	4	4	4	4	4	4	4	4	4	4
National Avails (30 Sec./Hour)	18	18	18	18	18	26	26	26	24	22	20	20	20	20
Total Avails (30 Sec./Hour)	24	24	24	22	22	30	30	30	30	30	24	24	24	24
Local Avails (30 Sec./Year)	45,990	45,990	45,990	30,660	30,660	30,660	30,660	30,660	30,660	30,660	30,660	30,660	30,660	30,660
National Avails (30 Sec./Year)	137,970	137,970	137,970	137,970	137,970	199,290	199,290	199,290	183,960	168,630	153,300	153,300	153,300	153,300
Total Avails (30 Sec./Year)	183,960	183,960	183,960	168,630	168,630	229,950	229,950	229,950	214,620	199,290	183,960	183,960	183,960	183,960
Local 1-Min. Commercial Avails	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	18	18	18	18	18	18	18	18	18	18	18	18	8	8
2nd Break Time (min. past hr.)	28	28	28	28	28	28	28	28	28	28	28	20	20	20
3rd Break Time (min. past hr.)	48	48	48	48	48	48	48	48	48	48	48	40	40	40
Calculated 24-Hour CPM (\$)	—	—	—	2.81	2.93	3.41	3.68	2.99	3.22	3.37	4.65	5.13	—	—
Growth in CPM	—	—	—	—	4.2%	16.4%	8.1%	(18.9%)	7.8%	4.4%	38.0%	10.5%	—	—

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Network Profiles

FX Economics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Year-End Subs (mil.)	18.0	24.6	30.5	33.2	38.1	45.3	57.0	75.3	79.6	83.0	85.1	87.9	90.5	93.7
Avg. Subs (mil.)	9.0	21.3	27.6	31.9	35.6	41.7	51.1	66.1	77.4	81.3	84.1	86.5	89.2	92.1
Avg. License Fee/Sub/Mo. (\$)	0.03	0.20	0.22	0.23	0.24	0.26	0.28	0.27	0.27	0.30	0.32	0.34	0.35	0.36
Gross Ad Revenue (\$ mil.)	0.4	15.8	41.2	51.3	70.0	88.2	81.7	120.6	167.1	192.5	240.8	278.5	319.0	363.6
Net Ad Revenue (\$ mil.)	0.3	13.4	35.0	43.6	59.5	75.0	69.4	102.5	142.0	163.6	204.7	236.8	271.2	309.1
License Fee Revenue (\$ mil.)	3.7	52.2	73.0	87.9	102.7	130.0	171.8	214.3	246.3	292.7	322.9	353.0	374.7	397.9
Other Revenue (\$ mil.)	0.1	2.6	2.9	3.4	9.4	9.4	8.9	8.4	8.2	8.0	7.6	7.2	7.3	7.4
Total Net Revenue (\$ mil.)	4.1	68.2	110.9	134.9	171.5	214.4	250.1	325.2	396.5	464.4	535.2	597.0	653.2	714.3
SG&A (\$ mil.)	10.7	5.8	15.0	42.0	44.9	48.1	50.5	58.1	55.7	53.0	54.8	56.2	57.9	59.6
Programming Expenses (\$ mil.)	29.2	105.0	115.0	102.1	107.2	123.3	124.6	166.9	217.0	249.5	280.7	306.0	330.4	356.9
Total Expenses (\$ mil.)	39.9	110.8	130.0	144.1	152.1	171.4	175.1	225.0	272.7	302.5	335.5	362.1	388.3	416.5
Cash Flow (\$ mil.)	(35.8)	(42.6)	(19.2)	(9.2)	19.4	43.0	75.0	100.2	123.8	161.9	199.7	234.8	264.9	297.9
Cash Flow Margin	(871.5%)	(62.4%)	(17.3%)	(6.8%)	11.3%	20.1%	30.0%	30.8%	31.2%	34.9%	37.3%	39.3%	40.6%	41.7%
Avg. 24-Hour Rating	—	0.46	0.46	0.45	0.46	0.53	0.53	0.50	0.53	0.52	0.57	0.58	—	—
Avg. Prime Time Rating	—	0.67	0.68	0.78	0.82	0.72	0.73	0.74	0.81	0.86	0.97	0.99	—	—
Avg. 24-Hr. TVHH Delivery (0000)	—	98.8	125.0	144.8	165.8	214.5	266.8	330.5	415.0	414.5	471.0	497.5	—	—
Avg. P-T TVHH Delivery (0000)	—	144.3	185.0	250.0	293.0	294.5	349.8	487.8	626.0	693.3	810.8	855.5	—	—
Local A-avails (30 Sec./Hour)	5	5	5	6	6	6	6	6	6	6	6	6	6	6
National A-avails (30 Sec./Hour)	15	15	15	18	18	18	18	18	18	18	18	18	18	18
Total A-avails (30 Sec./Hour)	20	20	20	24	24	24	24	24	24	24	24	24	24	24
Local A-avails (30 Sec./Year)	43,800	43,800	43,800	43,800	43,800	41,610	41,610	41,610	41,610	41,610	41,610	41,610	41,610	41,610
National A-avails (30 Sec./Year)	131,400	131,400	131,400	131,400	131,400	124,830	124,830	124,830	124,830	124,830	124,830	124,830	124,830	124,830
Total A-avails (30 Sec./Year)	175,200	175,200	175,200	175,200	175,200	166,440	166,440	166,440	166,440	166,440	166,440	166,440	166,440	166,440
Local 1-Min. Commercial A-avails	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1st Break Time (min. past hr.)	5	5	5	5	5	5	5	5	5	5	5	5	5	5
2nd Break Time (min. past hr.)	20	20	20	20	20	20	20	20	20	20	20	20	20	20
3rd Break Time (min. past hr.)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Calculated 24-Hour CPM (\$)	—	1.21	2.51	2.70	3.21	3.30	2.45	2.92	3.23	3.72	4.10	4.49	—	—
Growth in CPM	—	—	106.3%	7.6%	19.2%	2.5%	(25.6%)	19.2%	10.4%	15.3%	10.1%	9.5%	—	—

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## Programming Expenses By Network, 1999-2008 (By 2006 Programming Expenses)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR
ESPN	\$1,048.6	\$1,212.2	\$1,310.2	\$1,665.7	\$1,998.8	\$2,298.7	\$2,666.4	\$3,444.7	\$3,858.1	\$4,321.1	17.0%
FSN	536.5	747.1	841.6	876.8	975.4	1,131.5	1,244.7	1,443.8	1,660.4	1,909.4	15.2
TNT	479.6	522.8	554.2	598.5	613.5	647.2	682.8	720.4	763.6	809.4	6.0
USA	300.6	278.9	282.8	364.0	436.1	453.5	476.2	551.0	573.0	596.0	7.9
MTV	184.7	195.2	235.0	267.9	309.0	335.3	363.8	402.0	452.2	488.4	11.4
TBS	315.8	347.4	375.5	338.0	346.4	355.1	363.9	375.4	392.3	409.9	2.9
Lifetime	207.6	244.0	264.6	304.4	294.0	316.1	322.4	336.9	353.8	371.5	6.7
ESPN2	143.3	157.6	181.3	210.3	233.4	256.7	285.0	332.8	352.7	373.9	11.2
FX Network	123.3	124.6	166.9	217.0	249.5	280.7	306.0	332.0	358.5	387.2	13.6
A&E	165.4	180.3	191.0	197.7	210.0	222.0	256.0	280.5	294.5	307.8	7.1
CNN	177.4	190.7	210.5	242.1	254.2	261.8	268.3	273.7	287.4	301.8	6.1
Fox News	77.8	138.0	130.0	127.4	149.1	184.4	221.3	265.5	318.6	366.4	18.8
Spike TV	165.2	125.0	130.0	160.0	182.5	205.3	231.0	259.0	277.1	296.5	6.7
Nickelodeon	205.5	213.6	163.5	175.8	193.4	199.8	224.8	252.9	278.2	306.0	4.5
ABC Family	117.7	123.6	129.8	137.0	150.7	171.7	202.7	214.8	227.7	241.4	8.3
Disney Channel	100.2	114.8	109.0	140.5	168.6	185.5	199.4	211.8	224.5	238.0	10.1
Comedy Central	102.6	121.6	123.6	141.2	170.4	185.7	197.3	211.7	225.4	238.9	9.8
VH1	93.8	110.3	115.0	130.0	142.9	155.0	180.5	198.1	215.9	233.2	10.7
SCI FI	88.7	102.6	105.9	132.4	166.8	173.5	183.9	195.8	207.6	220.0	10.6
NFL Network	-	-	-	-	18.0	45.0	60.8	189.0	449.1	885.1	-
History Channel	50.2	92.0	121.0	132.0	143.2	157.5	173.3	185.0	197.9	211.8	17.3
Court TV	25.8	28.4	85.1	111.1	104.6	135.0	155.7	179.0	196.9	214.6	26.5
HGTV	96.5	112.1	115.2	100.1	110.1	137.7	148.7	171.0	188.1	206.9	8.8
Versus	37.9	43.6	48.4	53.2	61.2	67.3	104.1	158.5	174.3	190.0	19.6
Discovery	192.8	91.3	90.2	108.2	113.5	143.6	145.6	158.2	177.9	200.2	0.4
Hallmark	50.5	18.9	51.8	50.6	66.2	113.3	176.4	156.9	142.5	152.5	13.1
Fox Coll. Sports	-	-	-	-	-	66.0	115.0	146.6	183.3	229.1	-
Food Network	27.4	47.1	57.7	66.3	79.2	108.5	124.7	146.5	172.2	202.3	24.9
Bravo	32.3	44.1	57.5	65.6	75.4	114.2	130.2	141.9	156.1	168.6	20.2
MSNBC	92.3	140.0	126.0	138.6	165.5	150.1	138.8	138.4	145.3	156.2	6.0
Speed Channel	48.8	58.1	63.0	75.5	86.8	99.4	116.8	134.3	151.1	170.0	14.9
CNBC	113.0	149.0	164.0	95.0	90.0	103.5	121.1	133.8	147.2	161.9	4.1
TLC	99.5	89.5	78.9	90.8	103.4	118.9	121.7	128.3	147.6	166.0	5.9
Weather	87.1	95.8	102.3	101.1	106.1	112.5	119.5	128.3	136.0	144.2	5.8
AMC	51.8	53.1	65.8	85.4	99.7	110.5	116.6	123.5	135.9	149.4	12.5
Cartoon	49.9	57.4	72.1	90.1	97.3	107.1	114.0	118.6	125.7	133.2	11.5
Golf Channel	41.0	49.4	51.6	42.1	69.1	90.5	101.4	114.0	125.4	136.7	14.3
BET	41.9	44.4	50.0	63.8	62.0	66.4	86.3	103.6	119.1	137.0	14.1
E!	63.0	65.8	70.8	78.5	78.0	84.6	91.0	98.5	105.4	112.8	6.7
Oxygen	-	55.0	60.5	65.5	70.4	80.3	82.7	85.1	87.7	93.0	-
TV Land	27.2	35.0	41.0	49.3	60.7	66.4	74.4	82.2	89.6	96.8	15.2
Discovery Health	6.6	8.9	18.0	58.0	66.7	74.0	75.5	79.3	83.3	87.4	33.3
Travel Channel	75.0	15.1	17.6	38.5	56.0	60.8	71.4	77.1	82.9	87.9	1.8
Natl. Geographic	-	8.0	20.0	30.0	38.3	51.2	62.7	73.7	82.9	91.2	-
ESPN Classic	22.0	27.5	33.3	37.9	43.6	48.4	53.2	58.3	63.5	69.2	13.6
WE tv	28.2	26.0	29.1	37.4	42.9	45.9	47.0	57.1	65.7	73.9	11.3
CMT	35.5	39.4	16.0	18.7	30.5	39.3	46.8	55.7	64.1	73.7	8.4
Lifetime Movie	0.2	0.7	3.2	10.7	31.5	39.0	48.8	54.6	60.1	66.1	-
Animal Planet	57.4	27.6	34.1	40.3	48.3	50.7	51.7	54.5	65.4	71.9	2.5
NBA TV	24.5	27.0	29.6	32.6	35.9	39.5	44.4	51.0	58.7	66.0	11.6
SOAPnet	-	5.0	7.5	11.5	18.4	29.4	47.1	49.5	51.9	54.5	-
GSN	10.1	13.0	16.3	24.0	35.1	40.4	42.2	46.6	51.1	55.4	20.8
TCM	19.3	22.1	25.5	30.6	33.6	37.0	40.7	46.4	51.6	56.7	12.8
G4 videogame tv	-	-	-	19.5	23.2	35.2	38.7	45.5	52.3	60.2	-
Bloomberg	19.5	27.5	33.0	36.3	39.0	41.0	43.0	45.2	47.4	49.8	11.0
Toon Disney	9.0	12.0	19.0	24.2	29.0	35.6	40.0	44.2	48.6	53.5	21.9
CSTV: Coll. Sports	-	-	-	-	15.0	25.0	35.0	43.8	52.5	60.4	-
Independent Film	9.8	14.8	24.2	31.8	30.8	37.7	39.6	43.6	50.1	55.2	21.2
Fox Soccer Net	13.0	14.9	17.1	19.7	22.7	26.0	33.2	41.8	48.1	55.3	17.5
ESPNews	19.7	24.6	28.4	31.3	34.4	37.8	39.7	41.5	43.6	46.2	9.9

(CONTINUED ON NEXT PAGE)

## Programming Expenses By Network, 1999-2008 (CONTINUED FROM P. 11)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR
BBC America	\$ 22.0	\$ 24.2	\$ 26.6	\$ 28.6	\$ 30.5	\$ 32.7	\$ 37.6	\$ 41.3	\$ 47.6	\$ 54.7	10.6%
style.	5.0	8.8	12.5	18.0	24.3	30.4	35.7	41.0	45.7	50.2	29.2
FitTV	8.5	10.8	22.5	29.0	33.4	35.9	38.5	40.9	43.3	45.9	20.6
Fox Movie Channel	12.7	14.6	17.6	22.8	28.6	34.3	36.0	38.0	39.9	41.8	14.1
Discovery Times	1.0	1.9	1.4	22.0	24.2	25.0	28.8	33.1	39.7	47.7	53.6
Science Channel	1.5	1.9	1.4	11.0	16.0	28.6	30.1	32.3	38.8	44.6	45.8
Noggin	-	5.0	10.0	15.0	19.1	21.3	24.5	31.9	44.7	60.3	-
DIY	1.7	5.4	13.3	15.4	20.7	26.0	27.3	30.3	34.1	39.2	41.7
ReelzChannel	-	-	-	-	-	-	-	30.0	33.0	36.3	-
Fuse	6.0	8.0	10.0	12.0	16.8	24.5	29.1	29.9	35.9	42.2	24.2
Sundance	13.1	15.1	17.3	19.9	21.9	24.5	27.6	29.8	40.0	43.2	14.2
TV Guide	5.5	6.1	15.0	16.5	17.1	19.6	24.5	29.5	35.4	42.4	25.4
ESPN	-	-	-	-	-	-	22.2	28.9	36.1	40.6	-
Nick Toons	-	-	-	1.3	10.0	16.9	24.1	27.8	33.4	40.1	-
C-SPAN	17.0	19.8	20.6	22.0	23.5	26.3	29.3	26.2	28.6	32.0	7.3
Tennis Channel	-	-	-	-	16.0	18.8	22.6	25.9	29.8	34.3	-
Discovery Kids	5.0	7.5	4.7	6.2	12.0	15.2	19.8	24.8	32.2	40.3	26.1
Current	9.5	9.8	10.4	10.9	12.0	13.2	18.2	22.7	28.4	34.0	15.2
CNN International	-	7.8	9.4	11.2	13.5	16.2	19.2	22.6	26.0	29.9	-
Biography	4.0	6.0	14.4	16.0	16.0	17.1	19.8	22.3	24.5	27.0	23.6
Fox Reality	-	-	-	-	-	-	17.5	22.0	27.5	34.3	-
Military Channel	1.0	1.9	1.4	3.1	9.5	14.8	17.5	21.9	28.4	35.5	48.7
Discovery Home	1.0	1.9	1.4	3.1	7.5	11.5	14.4	20.8	27.1	42.1	51.5
Fine Living	-	-	1.0	17.1	22.6	26.6	16.5	20.2	24.3	28.5	-
LOGO	-	-	-	-	-	-	16.5	20.1	22.1	24.4	-
TV One	-	-	-	-	-	16.1	13.0	20.0	31.0	34.1	-
Black Family Ch.	1.0	7.5	10.0	12.5	15.1	16.6	18.3	19.4	20.6	21.8	40.8
History Intl.	3.0	5.0	13.0	15.5	16.0	16.3	17.4	19.1	21.0	23.1	25.5
MTV2	15.3	17.4	3.0	4.0	9.1	12.3	16.3	18.8	22.6	27.1	6.5
Boomerang	-	-	7.5	9.2	11.0	13.0	14.8	16.3	18.0	19.8	-
Fuel	-	-	-	-	5.1	6.1	8.5	15.8	26.9	40.3	-
BET J	5.1	6.6	5.0	6.0	7.7	8.9	10.2	14.8	17.0	19.5	16.2
Gol TV	-	-	-	-	12.5	13.1	13.8	14.7	15.5	18.6	-
Lime	5.0	6.3	7.9	9.8	12.3	15.3	13.8	14.5	1.3	-	-100.0
Blackbelt TV	-	-	-	-	5.0	8.5	11.1	13.8	15.9	17.5	-
PBS Kids Sprout	-	-	-	-	-	-	12.5	13.8	15.1	16.6	-
Grt. Amer. Ctry.	4.1	4.5	5.0	7.5	7.7	8.5	10.8	12.4	14.3	16.4	16.7
AmericanLife TV	13.5	12.3	12.4	11.2	11.5	11.8	12.0	12.2	12.5	12.9	-0.5
Wealth TV	-	-	-	-	-	8.5	10.0	12.2	14.6	17.6	-
Nick GAS	1.0	1.3	1.5	1.5	3.9	6.5	8.1	10.8	16.1	20.2	39.6
Military History	-	-	-	-	-	-	9.0	10.7	12.4	14.0	-
ESPN Deportes	-	-	-	-	-	3.0	3.7	10.5	11.3	12.1	-
B-Mania	-	5.0	7.5	8.0	8.6	9.2	9.8	10.4	11.0	11.8	-
Disc. Kids en Esp.	-	-	-	-	-	-	8.1	10.3	12.4	14.3	-
Galavision	6.4	6.7	7.0	7.4	7.7	8.1	8.6	9.9	11.4	13.1	8.3
mun2	-	-	5.0	5.5	6.2	7.1	8.5	9.4	10.3	11.4	-
Fox Sports Esp.	4.1	4.3	4.5	4.7	4.9	5.5	6.4	9.1	11.3	13.1	13.9
Africa Channel	-	-	-	-	-	-	-	9.0	11.3	13.5	-
Tempo	-	-	-	-	-	-	3.0	9.0	12.5	14.4	-
BET Gospel	3.5	4.5	6.0	6.9	7.6	8.0	8.5	9.0	9.4	9.9	12.2
AZN	8.2	8.4	8.6	8.9	9.2	9.4	11.8	8.9	10.6	12.8	5.1
Discovery en Esp.	-	1.0	0.7	3.0	6.5	7.2	7.9	8.6	9.5	10.4	-
Hallmark Movie Ch.	-	-	-	-	-	5.5	6.6	8.6	10.7	13.4	-
Crime & Investig.	-	-	-	-	-	-	6.0	8.5	10.6	12.8	-
VH1 Classic	0.2	0.2	0.3	1.0	3.5	5.3	6.7	8.3	10.4	13.0	58.8
Disc. Travel Esp.	-	-	-	-	-	-	6.5	8.2	9.8	11.3	-
Sportsman Channel	-	-	-	-	1.0	1.5	4.8	7.4	10.3	13.9	-
Sleuth	-	-	-	-	-	-	-	7.1	17.8	23.1	-
Anime Network	-	-	-	3.0	5.0	5.6	6.2	6.8	7.5	8.2	-
Outdoor Channel	1.4	1.5	1.6	1.8	1.1	2.5	5.6	6.7	10.0	12.0	27.0

(CONTINUED ON NEXT PAGE)

## Programming Expenses By Network, 1999-2008 (CONTINUED FROM P. 12)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR
Si TV	—	—	—	—	—	\$ 5.0	\$ 5.6	\$ 6.5	\$ 7.4	\$ 9.3	—
Life. Real Women	—	—	—	\$ 0.1	\$ 2.6	5.7	5.1	6.4	8.0	10.4	—
I-Life TV	\$ 6.9	\$ 2.9	\$ 2.8	4.7	4.9	5.2	5.7	6.3	6.9	7.6	1.1%
History en Esp.	—	—	—	—	—	4.2	5.1	6.2	7.1	7.8	—
CNN en Esp.	2.8	3.2	3.6	3.9	4.2	4.4	4.7	4.9	5.2	5.4	7.8
Water Channel	—	—	—	—	—	—	3.5	4.7	5.6	6.5	—
VH Uno	1.5	1.8	2.2	2.6	3.1	3.7	4.2	4.6	5.1	5.6	15.7
The Men's Ch.	—	—	0.0	0.4	1.0	1.5	2.0	4.5	6.3	8.2	—
VH1 Country	0.1	0.1	0.1	0.3	1.2	3.0	3.5	4.2	5.1	6.1	—
MTV Tr3s	0.1	0.1	0.2	0.2	0.7	0.8	0.8	4.2	6.0	6.3	58.0
VH1 Soul	0.1	0.1	0.1	0.3	1.2	3.0	3.4	4.1	5.0	6.0	—
Gospel Music Ch.	—	—	—	—	—	1.5	3.0	3.8	4.1	4.5	—
TVE Internacl.	1.4	1.6	1.9	2.1	2.4	2.8	3.2	3.7	4.3	4.9	15.0
Nick Too	0.7	0.8	0.8	0.9	1.0	1.1	2.4	3.6	4.9	6.9	29.3
MTV Hits	0.1	0.1	0.2	0.2	0.5	1.0	2.0	3.3	5.0	7.4	—
MTV Jams	0.1	0.1	0.2	0.2	0.6	1.0	1.8	3.0	4.5	6.7	59.1
TYC Sports	—	—	—	—	2.5	2.6	2.8	2.9	3.0	3.2	—
La Familia	—	—	—	2.2	2.3	2.4	2.5	2.6	2.8	2.9	—
Ovation	5.8	3.5	1.0	1.0	0.9	2.0	2.4	2.6	7.5	10.5	6.8
Sur Mex	—	—	—	—	—	—	2.5	2.6	2.8	2.9	—
Sur Peru	—	—	—	—	—	—	2.4	2.5	2.6	2.8	—
Beauty & Fashion	—	—	0.3	0.5	0.7	1.3	1.8	2.5	4.4	7.5	—
TV Chile	1.6	1.6	1.7	1.8	2.0	2.1	2.2	2.3	2.5	2.6	6.0
Healthy Living	—	—	0.3	0.7	1.0	1.4	1.8	2.3	2.7	3.3	—
TV Columbia	—	—	—	—	1.5	1.6	1.7	1.8	1.9	2.0	—
TV Venezuela	—	—	—	—	—	—	1.5	1.7	2.0	2.3	—
CentroAmerica TV	—	—	—	—	—	0.6	1.2	1.6	2.2	3.1	—
Telehit	—	—	—	—	1.3	1.4	1.4	1.5	1.6	1.7	—
Men's Odr. & Rec.	—	—	—	—	—	0.4	1.1	1.5	3.5	5.3	—
WAPA-America	—	—	—	—	—	0.2	0.5	1.5	1.7	2.0	—
Caracol TV	—	—	—	—	1.3	1.3	1.4	1.4	1.5	1.6	—
MEXICANAL	—	—	—	—	—	—	1.3	1.4	1.4	1.5	—
HTV musica	0.7	0.8	0.8	0.8	0.9	1.0	1.0	1.4	1.8	2.7	15.5
Canal Sur	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.5	5.0
¡Sorpresa!	—	—	—	—	1.0	1.1	1.2	1.3	1.4	1.5	—
America's Prev.	—	—	—	—	—	—	0.5	1.3	1.8	2.5	—
LATINOAMERICA	—	—	—	—	—	1.1	1.2	1.2	1.3	1.4	—
Antena 3	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.4	5.1
Telefe Intl.	—	—	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1	—
iDRIVE	—	—	—	—	—	—	0.1	1.0	4.0	5.8	—
Resort & Resid.	—	—	—	—	—	—	0.1	0.6	0.8	1.2	—
CNBC World	—	0.2	0.2	0.2	0.2	0.2	0.2	0.5	1.5	3.0	—
BBC World News	—	—	—	—	—	—	—	0.3	0.5	0.8	—
Big Ten	—	—	—	—	—	—	—	—	75.0	145.0	—
Chiller	—	—	—	—	—	—	—	—	4.0	9.5	—
Chronicle DTV	—	—	—	—	0.021	1.0	—	—	—	—	—
CNNfn	30.1	32.1	34.0	38.0	41.0	44.3	—	—	—	—	(100.0)
CNN SI	16.1	16.9	17.7	8.0	—	—	—	—	—	—	(100.0)
Fox Business	—	—	—	—	—	—	—	—	45.0	75.0	—
Football Net.	—	—	—	—	5.4	6.1	1.2	—	—	—	—
NUE-TV	—	5.0	7.5	8.0	—	—	—	—	—	—	—
Recovery Net.	3.8	7.0	—	—	—	—	—	—	—	—	(100.0)
techtv	25.0	27.5	26.0	27.7	31.0	—	—	—	—	—	(100.0)
Trio	—	7.6	10.1	14.9	16.1	17.4	17.9	—	—	—	—
VH1 Mega Hits	—	—	—	0.3	1.2	3.0	3.5	—	—	—	—
Total	\$6,497.6	\$7,297.9	\$7,996.6	\$9,174.2	\$10,489.9	\$11,950.3	\$13,426.2	\$15,570.6	\$17,604.5	\$19,541.8	13.0%
Change	19.0%	12.3%	9.6%	14.7%	14.3%	13.9%	12.4%	16.0%	13.1%	11.0%	(5.9)
Average	\$63.7	\$65.2	\$67.8	\$74.0	\$77.1	\$81.3	\$82.9	\$95.5	\$106.1	\$118.4	7.1
Change	8.5%	2.3%	4.0%	9.2%	4.3%	5.4%	1.9%	15.3%	11.0%	11.7%	3.6

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**EXHIBIT NOT ADMITTED**



TO: Michelle Connolly, Ph.D.  
Chief Economist, Federal Communications Commission

FROM: John B. Horrigan, Ph.D.  
Associate Director for Research, Pew Internet & American Life Project

RE: **Peer Review of Nielsen's "How People Get News and Information" Survey Pursuant to FCC rulemaking MB Docket No. 06-121**

DATE: August 31, 2007

The following comments on the Nielsen Media Research survey focus on the response rate in the Nielsen sample, the composition of the Nielsen sample, and design of the survey questionnaire. I am employed by the Pew Internet & American Life Project ([www.pewinternet.org](http://www.pewinternet.org)), which is a project of the Pew Research Center ([www.pewresearch.org](http://www.pewresearch.org)).

### **I. Response Rate**

The Nielsen survey, on page 16, states that 2.2% of the total sample completed the survey. On its face, that is a very low rate of completes from the sample. However, the way Nielsen presents its sample disposition makes it difficult to compare the survey's response rate to industry standards. As reflected by practices established by the American Association of Public Opinion Researcher (AAPOR), response rates are based on contact rate, cooperation rate, and completion rate. For surveys commissioned by the Pew Internet & American Life Project, which are carried out by Princeton Survey Research Associates International (PSRAI), response rates typically vary from 25% to 30%. Exhibit I in these comments presents the sample disposition for the Pew Internet Project's February 2007 survey; it shows a 29% response rate. Holbrook, Krosnick, and Pfent (2007) analyzed response rates in 114 surveys conducted by a variety of organizations, including the Pew Research Center, and found an average response rate of 30%.<sup>1</sup>

Even though the way in which Nielsen reports its sample disposition makes it hard to develop a conventional response rate, one way to think about Nielsen's response rate is to calculate completed interviews (3,101) as a share of the sum of completed interviews and non-completed interviews (3,101 plus 22,566). Calculating a response rate in that fashion yields a figure of 12.1%.<sup>2</sup> That, however, is an upper-end estimate of Nielsen's response rate, since arguably numbers dialed that received no answer or were busy should be included in the denominator of that calculation. This would drive down the response rate. Nielsen reports that 51,643 phone numbers were either busy or had no answer. Including all or some sizable portion of those phone numbers would reduce the response rate to the single digits in terms of percentage points.

The upshot is Nielsen's sample has, by standards of the survey research industry, a low response rate. In itself, this is not a debilitating criticism of the study, but the low response rate is likely to attract notice and, moreover, may decrease the demographic representativeness of the sample.<sup>3</sup>

### **II. The Nielsen Sample & Substantive Impacts**

Exhibit II in these comments presents a side-by-side comparison of the Nielsen sample and two recent surveys commissioned by the Pew Internet & American Life Project and conducted by

<sup>1</sup> Holbrook, Allyson L., Jon A. Krosnick, Alison Pfent (2007). "The Causes and Consequences of Response Rate in Surveys by the News Media and Government Contractor Survey Research Firms," in *Advances in Telephone Survey Methodology*, edited by James M. Lepkowski, Clyde Tucker, J. Michael Brick, Edith de Leeuw, Lilli Japiec, Paul J. Lavrakas, Michael W. Link, and Roberta L. Sangster.

<sup>2</sup> The calculation is:  $3101/(3101+22566) = 12.1\%$ .

<sup>3</sup> Holbrook, et.al. find that "lower response rates do decrease demographic representativeness within the range we examined, though not by much."

PSRAI. The comparison shows that the Nielsen sample contains, relative to Pew Internet samples, a higher number of well-educated and higher-income individuals.

There are two likely reasons for the sample differences. First, like nearly all survey research organizations, Nielsen weights the raw data from its interviews to address well known non-response bias in telephone surveys. As the Nielsen study notes on page 13, Nielsen weights its data by gender and age; that is, Nielsen's weighting results in a sample that approximates the known percentages of males and females and distribution of age in the U.S. adult population. The weighting scheme used by PSRAI in Pew Internet samples includes education level and race, as well as gender and age; this results in a weighted sample that generally reflects the distribution of age, gender, racial composition, and educational attainment of the U.S. adult population. Neither weighting approach uses income as a weighting factor, but the strong correlation between education and income yields, in the Nielsen sample, a higher-than-normal share of upper income respondents.

Second, as noted above, the beginning portion of the Nielsen questionnaire may result in a high share of refusals. Remaining respondents may be highly interested and heavy users of media – which are positively correlated with well-educated and upper-income individuals.

The result is a Nielsen sample with a higher share of well-educated respondents; some 40% of the weighted Nielsen sample has either a bachelor's degree or higher, compared to 27% in the weighted samples from recent Pew Internet surveys. The Census Bureau's Current Population Survey (CPS) shows that 24% of adult Americans have a bachelor's degree or higher. Regarding income, the CPS finds that 30.5% of adult Americans live in households with incomes over \$75,000 annually. As Exhibit II shows, Pew Internet samples find that roughly 22% of respondent fall in the over \$75,000 annual household income category. The Nielsen sample, which categorized income at a slightly higher \$80,000 per year cutoff, has 35% of respondents living in households with an income over \$80,000 annually.

Substantively, the Nielsen sample has findings for internet and home broadband penetration that differ from results from Pew Internet Project surveys. The Nielsen study reports that 80% of adult Americans are internet users, with 75% of adult Americans having online access at home. According to the Pew Internet & American Life Project's February 2007 survey, 71% of adult Americans are internet users, with 67% having online access at home. With respect to home broadband connections, Nielsen finds that 77% of home internet users have broadband at home; Pew Internet's February 2007 survey finds that 70% of home internet users connect with broadband. This translates into 58% of adult Americans having broadband access at home according to the Nielsen survey versus a 47% figure from the Pew Internet February 2007 survey.<sup>4</sup> It is not surprising that the relatively more affluent and well-educated Nielsen sample registers higher rates of home internet and home broadband adoption than Pew Internet surveys.

Finally, high levels of income and education are positively correlated with interest in the news and use of multiple news sources.<sup>5</sup> Thus, questions on that topic directed to a sample with a

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<sup>4</sup> See the Pew Internet Project's July 2007 report "Home Broadband Adoption 2007," available online at: [http://www.pewinternet.org/PPF/r/217/report\\_display.asp](http://www.pewinternet.org/PPF/r/217/report_display.asp)

<sup>5</sup> See the Pew Internet Project's March 2006 report "Online News: For many home broadband users, the internet is a primary news source," available online at: [http://www.pewinternet.org/PPF/r/178/report\\_display.asp](http://www.pewinternet.org/PPF/r/178/report_display.asp).



relatively high share of high income/education respondents could yield results that do not reliably project to the general population.

### **III. Questionnaire Design**

Several aspects of the Nielsen questionnaire invite comment:

- The beginning of the questionnaire where respondents are read two paragraphs describing the survey;
- Nielsen's strategy of asking respondents to estimate the amount of time in an average week they spend on various media activities, and;
- Consistency of questions across media categories.

#### **a. Beginning of questionnaire**

The first page of the questionnaire represents a standard way to generate a random sample of respondents. However, on page 2 respondents are read two paragraphs that describe in detail the nature of the survey, the specific items to be queried, and definitions of key terms. It is possible that this lengthy recitation by the interviewer caused some respondents to terminate participation in the survey. From the Nielsen sample disposition, it appears that the Nielsen sample has a high ratio of "Household Members Refused" (18,177) to completed interview (3,101), or a ratio of roughly 6 to 1. Analogous figures for the Pew Internet Project's February 2007 survey are 2,707 initial and second refusals and 2,200 completed interviews, or a ratio of 1.25 to 1.

One might also wonder if those who remain in the survey, after having listened to two lengthy paragraphs describing a survey on news consumption, might be sources of response bias. Those who choose to complete the survey may be unusually heavy users of media and very interested in news and current affairs. If that is the case, the survey findings may not fully represent the general population of U.S. adults.

#### **b. Estimating time use**

Nielsen asked respondents to estimate the amount of time they spend in an average week with seven different types of media outlets: broadcast television, cable or satellite television, the internet, daily local papers, weekly local papers, daily national newspapers, and broadcast radio. To be sure, measuring respondents' media use is a significant challenge for any research organization, the projects of the Pew Research Center included. Asking people to estimate time use is an approach subject to the criticism that people's memories may be inaccurate. In the Pew Research Center's surveys on media use, respondents are usually asked to estimate the amount of time spent "yesterday" on a specific activity. The hope is that respondents can accurately remember what they did yesterday, but this approach cannot guard completely against a respondent's faulty memory.

Rather than focus on what respondents did yesterday, the Nielsen survey asks respondents to estimate the amount of time they spend on various media activities in the average week. In the course of a telephone interview of approximately 20 minutes, it is perhaps difficult for respondents to generate estimates of time use for an average week across seven types of media use activities. It is worth reiterating that survey questions on time use for media are inherently challenging and any approach (including the Pew technique of asking people to remember

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See also the Pew Research Center for the People and the Press's July 2006 report: "Online Papers Modestly Boost Newspaper Readership," available online at: <http://people-press.org/reports/display.php3?ReportID=282>.

yesterday) is open to question. Asking people to estimate media time use for the average week requires respondents to engage in a difficult “on the fly” calculation in a telephone interview.

Because of the challenges endemic to asking people to estimate time use, some researchers will ask people to fill out “time use” diaries by which they record the time spent on daily activities (including media). Others employ metering devices that record media use directly, rather than relying on self-reporting. Finally, it is worth pointing out that the growth of media multi-tasking presents challenges to measuring media use. Some people – the young especially – may be doing *multiple* tasks online (including perhaps getting news) while also paying some attention to a nearby TV or radio.

### **c. Consistency of questions by type of media**

Nielsen’s question on use of the internet for news and current affairs information (Q13) asks respondents to name the specific website which they use most often. This yields information on the most popular websites for news. However, the Nielsen survey does not ask respondents to name the broadcast or cable/satellite channel they watch most often for news, nor does the survey ask respondents to name the national daily newspaper or magazine they read most often for news. Having such questions on specific news brands consulted by media type for television and newspapers would permit analysis of important dimensions of people’s media habits.

An analyst could examine, for instance, whether or not heavy users of “traditional media” (e.g., those who often watch news from one of the four broadcast networks) use the internet to consult different kinds of news sources (e.g. internet-only “new media” sources such as blogs) or the website of the “traditional media” outlets. A researcher could also, if the survey contained data on specific media brands consulted by all media types, see whether use of websites of broadcast news outlets are complements or substitutes for watching news on television (the same analysis could be performed for national newspapers). In a limited way, the survey’s questions on types of news (e.g., sports or weather) for each media type could address whether the internet is a substitute or complement to traditional media. However, those questions do not allow analysis of use of specific news brands across news *or* media type; both may be relevant for the Media Ownership proceeding.

### **Conclusion**

The task of measuring people’s media use habits, including time spent on various media sources, is a challenging undertaking for survey researchers who seek to understand Americans’ use of mass media. There is no single solution to the challenges, and the Nielsen study represents a credible effort to address them. However, the Nielsen study raises two significant issues worthy of note.

- 1) The low response rate, in conjunction with survey design concerns raised above, may generate a sample that is more reflective of the behaviors and attitudes of well-educated and higher-income Americans. Because high levels of income and education are positively correlated with interest in news and current affairs, this may have substantive consequences on the survey’s result. That, in turn, could have consequences when projecting the Nielsen results to the public at large.
- 2) The inclusion in the questionnaire of specific media brands consulted for internet news, but not other media types (e.g., specific TV sources such as FOX or NBC or newspaper sources such as the Wall Street Journal), constrains the analysis of relevant aspects of people’s media use. This survey design decision does not, for instance, allow analysts to explore whether or not consumers of news from “traditional media” sources use the internet for news from other kinds of “new media” outlets.

## EXHIBIT I

Following is the full disposition of all sampled telephone numbers for the Pew Internet & American Life Project's February 2007 survey:

	<u>Final</u>
Total Numbers dialed	19,200
Business	1,377
Computer/Fax	1,175
Cell phone	16
Other Not-Working	6,762
Additional projected NW	1,213
Working numbers	8,657
<b>Working Rate</b>	<b>45.1%</b>
No Answer	339
Busy	61
Answering Machine	1,312
Callbacks	186
Other Non-Contacts	155
Contacted numbers	6,605
<b>Contact Rate</b>	<b>76.3%</b>
Initial Refusals	2,610
Second Refusals	1,288
Cooperating numbers	2,707
<b>Cooperation Rate</b>	<b>41.0%</b>
No Adult in HH	26
Language Barrier	335
Eligible numbers	2,346
<b>Eligibility Rate</b>	<b>86.7%</b>
Interrupted	146
Completes	2,200
<b>Completion Rate</b>	<b>93.8%</b>
<b>Response Rate</b>	<b>29.3%</b>

PSRAI calculates a response rate as the product of three individual rates: the contact rate, the cooperation rate, and the completion rate. Of the residential numbers in the sample, 76 percent were contacted by an interviewer and 41 percent agreed to participate in the survey. Eighty-seven percent were found eligible for the interview. Furthermore, 94 percent of eligible respondents completed the interview. Therefore, the final response rate is 29 percent.

**EXHIBIT II**

**Demographic comparisons of Nielsen sample for FCC and Pew Internet & American Life (PIAL) Project surveys. The PIAL figures in the table represented weighted results from Pew Internet samples; the Nielsen figures reported in its May 2007 study appear to be weighted results.**

	<b>Nielsen (May 2007)</b>	<b>PIAL (Mar. 2006)</b>	<b>PIAL (Feb. 2007)</b>
<b>Number of cases</b>	<b>3,101</b>	<b>4,006</b>	<b>2,200</b>
<b>Education</b>			
Grammar school or less	1.6	2.8	3.2
Some High School	3.6	10.1	10.4
HS Grad or equivalent (GED)	23.6	33.5	31.8
Technical, trade, or vocational school after HS	--	3.2	3.8
Some college, no degree	18.1	22.8^	22.8^
Associate degree or equivalent	12.5	--	--
Bachelor's degree	25.3	17.0	16.3
Higher degree (master's, professional, doctorate)	14.8	10.1	10.7
Don't know/refuse	0.8	0.7	1.0
<b>Race</b>			
White	79.2	77.5	76.0
African American or Black	7.1	12.1	12.4
American Indian, Eskimo, or Aleut	1.1	1.8	1.5
Asian or Pacific Islander	2.0	2.4	3.3
Other	8.7	3.8*	3.5*
Don't know/refuse	1.9	2.4	3.2
<b>Age</b>			
18-24	13.0	11.9	11.3
25-34	17.5	17.8	16.8
35-49	28.5	29.0	29.0
50-54	10.1	10.5	11.0
55-64	14.4	13.8	14.8
65+	16.5	17.0	17.1
<b>Gender</b>			
Male	48.1	48.4	47.8
Female	51.9	51.6	52.2
* includes those who say they are "mixed race"			
^ includes people with "associate degrees"			

Nielsen categories	Nielsen	PIAL Categories	PIAL (March 2006)	PIAL (Feb. 2007)
<b>Income</b>				
Under \$20K	8.4%	Less than \$10K	6.9%	7.4%
\$20K to less than \$40K	14.6	\$10K to less than \$20K	8.2	8.0
\$40K to less than \$60K	17.6	\$20K to less than \$30K	8.7	9.7
\$60K to less than \$80K	13.7	\$30K to less than \$40K	10.4	8.1
\$80K to less than \$100K	12.0	\$40K to less than \$50K	9.7	7.9
\$100K to less than \$150K	12.8	\$50K to less than \$75K	13.9	13.2
\$150K to less than \$250K	6.0	\$75K to less than \$100K	10.2	10.4
\$250K or more	4.0	\$100K or more	12.0	11.0
Don't know/refuse	11.0	Don't know/refuse	20.2	24.3

	Nielsen	PIAL (March 2006)	PIAL (Feb. 2007)
<b>Income</b>			
Under \$40K	23%	34.2%	33.2%
\$100K or more	22.8	12	11
Don't know/refuse	11	20.2	24.3



**EXHIBIT NOT ADMITTED**