INDEX OF FIGURES

I. INTRODUCTION

The over-the-air television industry is subject to numerous regulations that limit the ownership of broadcast networks, stations, and certain non-broadcast media properties. Other regulations constrain the contractual relationships between television networks and the stations that carry their programming. These regulations include the national multiple ownership cap, various local- and cross-ownership rules, and the network-affiliate rules.[1] By limiting the networks' and local broadcasters' abilities to structure their operations in the ways that best serve their business objectives, these regulations reduce the incentives to invest in non-subscription broadcast television.

These regulations were adopted decades ago, at a time when the broadcast television industry was much more concentrated than it is today, and the rules were primarily seen as necessary to restrain the exercise of network market power and to promote diversity. Arguably, when the regulations were adopted, the inefficiencies they created were more than offset by the public interest benefits they produced. In the past, non-subscription broadcasting was the only (video) game in town, for viewers, advertisers, and the broadcasters themselves. Today, however, viewers, advertisers, stations, and networks have a large and increasing variety of options available to them.

The increases in options have several fundamental implications. The increase in viewer options means that broadcasters today face much greater competition for viewers than ever before. This increase in viewer options goes hand in hand with an increase in

[1] This white paper does not address the assortment of rules and policies addressing broadcast licensee obligations to serve the public interest, including affirmative content requirements as well as content prohibitions. As will become clear from the analysis below, the rules that are the subject of this white paper play no useful role in enforcing licensee obligations.

advertiser options. Again, the result is that broadcasters face greater competition than ever. Network dominance is a thing of the past. The implication for regulation is clear: the perpetuation of a comprehensive set of broadcast regulations to protect consumers and advertisers from the exercise of network market power is unnecessary. Market forces, coupled with antitrust enforcement, generally will be enough. Moreover, as demonstrated by the analysis below, at least some current regulations actually harm consumers and advertisers.

The increases in options for broadcast networks and stations also have important consequences. The increased options for networks and stations create alternative channels for investment and growth. Here too, the implications for regulation are clear. One, there is no longer a need for a comprehensive set of broadcast regulations to protect stations from the exercise of network market power; competition has eliminated any network dominance. Two, station and network owners have incentives to direct their creative and investment efforts elsewhere if their abilities to engage in non-subscription, over-the-air broadcasting are artificially constrained by regulation.

The tremendous economic changes that have taken place since the various rules were put in place alter the costs and benefits of regulations governing the ownership structure of—and various economic relationships within—the broadcast industry. Thus, any discussion of public policy toward broadcasting must be well grounded in the facts of the competitive environment. After briefly reviewing the regulatory environment, the first part of this paper documents the sweeping competitive changes that continue to take place in broadcasting.

The second part of this white paper demonstrates the importance of these changes to the formulation of appropriate public policies by examining the national multiple ownership rule, which limits the extent to which a single entity can own broadcast stations with broad aggregate coverage. A full analysis of any regulation must examine the rationale for the regulation, whether the regulation promotes policy makers' stated goals, and what other effects the regulation has on economic efficiency and consumer welfare. A review of industry developments demonstrates that the original rationale for the rule no longer is valid in today's competitive environment. Moreover, there is no evidence that the rule serves its stated goals of promoting competition, diversity, localism, and minority participation in media markets. Further, the rule imposes efficiency costs on the U.S. economy. Thus, there is a clear public interest in repealing the national multiple ownership rule.

It is clear that the national multiple ownership rule no longer serves the public interest. This analysis strongly suggests that other broadcast rules predicated on the lack of competition in broadcasting are in similar need of elimination or substantial revision to reflect the new economic realities. While there has been much talk over the past several decades of sweeping reform of broadcast regulations, the actual reforms have been limited and piecemeal. Comprehensive reform is needed. And, for the reasons discussed in the concluding section of this white paper, that reform is needed now.

II. A BRIEF HISTORY OF REGULATION

The rules governing broadcast ownership and network-affiliate relations are based on a regulatory framework adopted over 50 years ago. Figure 1 presents a summary timeline.

At least two points jump out from this summary time line. One is that the rules were put into place as the result of analyses conducted in the 1940s and 1950s. Indeed, many of the rules had been designed for radio and were applied to the nascent television industry with little analysis. At the time several of these rules were adopted, there were two broadcast television networks and most cities had few local stations. There were no cable systems. There was no such thing as a satellite, let alone direct-to-the-home satellite video. Video cassette recorders and video games did not yet exist.

Clearly, we live in a very different world today. The television industry is vastly more competitive than it was when the regulations were adopted. Sweeping changes have occurred both within the over-the-air terrestrial broadcasting industry and throughout the broader commercial environment in which this industry operates. Today, there are seven mainstream commercial broadcast networks as well as other, more narrowly targeted networks.[2] Most households live in television market served by 11 or more stations each. Over 90 percent of American homes are passed by cable, and over 65 percent subscribe. There are over 170 cable networks. Cable's combined subscription and advertising revenues exceed those of the networks. Satellite-delivered services offering hundreds of channels are offered to almost every corner of the U.S., and millions

2 ABC, CBS, Fox, NBC, Pax TV, UPN, and The WB. There are also specialized networks, such as Univision and Telemundo (which serve Spanish speaking viewers). In addition, there are regional broadcast networks, such as Raycom, which generally are devoted to sports programming.

FIGURE 1
A REGULATORY TIMELINE

1940s: Report on Chain Broadcasting[1] expresses concerns over radio network dominance. Rules originally adopted for radio and extended to television without an extensive analysis of their applicability.

1950s: Barrow Report[2] expresses concern over network dominance and Commission adopts additional rules in response.

1970s: Federal Communications Commission adopts cross-ownership restrictions.

1980s: Network Inquiry Report[3] finds that many rules hurt competition, but Commission does not act. Commission finds that national ownership cap serves little purpose and partially relaxes the rule.

1990s: Commission repeals Financial Interest and Syndication Rules and Prime Time Access Rule. It also suggests that national ownership rule is outdated and has little justification, but seeks further comment. Telecom Act of 1996 implements some reforms and calls for biennial review. Commission modifies local ownership rule.

1 *Report on Chain Broadcasting*, Docket No. 5060, (May 1941).

2 *Network Broadcasting, Report of the Network Study Staff to the Network Study Committee* (Oct. 1957) reprinted in Report of the House Committee on Interstate and Foreign Commerce, H.R. Rep. No. 1297, 85th Congress, 2nd Sess. (1958).

3 Network Inquiry Special Staff, *New Television Networks: Entry, Jurisdiction, Ownership and Regulation*, Final Report (October 1980).

of households subscribe to these services. VCRs and video games are ubiquitous. And the rise of the Internet is one of the biggest economic and social developments of the past 50 years. Figure 2 highlights some of the changes that have occurred.

The changes in television broadcasting's competitive environment lead to the second observation about Figure 1. For the last two decades, the staff and Commissioners of the Federal Communications Commission (the Commission) have expressed serious reservations about many of the rules. Yet, the Commission has been slow to reform these policies. Despite the tremendous increase in competition for viewers, advertising, station-network affiliations, and programming, a wide range of rules predicated on the absence of competition remain. Some of these rules are listed in Figure 3, which also indicates the last date at which the rules were subject to major revision.

In many ways it is surprising that broadcast television regulations have changed so little in comparison with the economic environment. In theory, one possibility is that the rules continue to serve the public interest. Thus, before examining current industry trends in detail, it is useful to review the policy concerns that have been raised as justifications for these regulations.

The overall concern motivating adoption of the rules was that television networks and multiple owners had too much economic power and that the exercise of this power led to ill effects along several different dimensions:

Competition. There is a public interest in competition, which is widely recognized as promoting lower prices, higher quality, and innovation that can raise quality and lower costs. Competition takes many forms, including competition for viewers, competition for advertisers, and competition to obtain programming.

FIGURE 2
COMPETITION: THEN AND NOW

THEN	NOW
▽ Three networks.	▽ Seven+ broadcast networks.
▽ Few broadcast stations per market.	▽ More than half of households live in markets with 11 or more stations.
▽ No cable.	▽ Over 65% of households subscribe to cable.
▽ No satellites.	▽ Satellites offer hundreds of channels to almost every household.
▽ No Internet.	▽ New media are driving the economy.

FIGURE 3
SOME OF THE RULES RESTRICTING THE OWNERSHIP AND OPERATION OF BROADCAST NETWORKS

1946: Right to Reject Rule: requires affiliation contracts to allow stations to reject network programming ostensibly to serve local viewer interests.

1946: Network Control of Station Advertising Rates Rule: prohibits agreements by which a network can influence or control the rates its affiliates set for the sale of their non-network advertising time.

1959: Network Advertising Representation Rule: prohibits broadcast television affiliates that are not owned by their networks from being represented by their networks for the sale of non-network advertising time.

1970: Cable/Television Cross-Ownership Rule: effectively prohibits common ownership of a broadcast television station and cable system in the same market.

1972: Daily Newspaper/Broadcast Cross-Ownership Rule: prohibits common ownership of a broadcast station and daily newspaper in the same locale.

1996: Dual Network Rule: does not allow an entity to maintain two or more broadcast networks if such dual or multiple networks are composed of (1) two or more of ABC, CBS, Fox, and NBC, or (2) any of the four major networks and one of The WB and UPN. Based on 1941 radio rules.

1996: National Television Ownership Rule: sets a 35 percent national audience reach cap on television station ownership. Is a relaxed version of policies adopted in the 1940s.

1999: Television Duopoly Rule: a party may not own, operate or control two or more broadcast television stations with overlapping Grade B signal contours within a single Nielsen Designated Market Area (DMA), except that an owner can acquire a second station if at least eight full-power independently owned television stations will remain after the merger.[1]

[1] There is also a requirement that at least one of the stations under common ownership not be among the top four-ranked stations in the market based on audience share at the time of the acquisition.

- **Diversity.** Historically, public policy makers have expressed the desire to have a diverse set of opinions and viewpoints reflected in public media. The concept of diversity can take many forms, including source diversity, outlet diversity, and viewpoint or content diversity.

- **Localism.** Policymakers have also expressed the view that there should be outlets for content that is of particular local interest.

- **Minority Ownership.** In recent years, many policy makers have expressed concern about the extent of minority ownership of firms in telecommunications industries in general and the television industry in particular. While minority ownership can be viewed as a type of diversity concern, it goes beyond the standard notion of diversity by focusing on a particular group, rather than being concerned solely with numerical diversity.

As will become evident from an analysis of industry structure and trends, the economic power of broadcast networks and local stations has greatly diminished over the past couple of decades. There is both greater competition within the broadcast industry and greater competition from other media. This indisputable increase in competition requires a fundamental reassessment of whether continued regulatory intervention is necessary to protect or promote competition, diversity, and localism.[3] The increase in competition also requires an assessment of whether current regulations harm the public interest by distorting the organization of, and investment in, non-subscription broadcast television.

III. THE BROADCASTING INDUSTRY TODAY

A. Overview

The broadcast television industry of today operates in a vastly different economic environment than did the one on which the bulk of current regulations were imposed. Major patterns and trends include the following:

- **Increased Competition for Viewers, Advertisers, and Programming:** Competition from a variety of media continues to increase at a rapid pace.
- **Increased Numbers of Broadcast Networks and Stations:** The numbers of networks and stations have increased dramatically. In terms of who owns stations, three facts stand out: (1) most stations are controlled by group owners; (2) significant numbers of independent stations remain; and (3) few stations are owned by minorities.
- **Skewed Industry Profitability:** Industry financial statistics indicate that local television stations have been and are more profitable than the broadcast networks.
- **Rise of Alternative Areas for Network Investment:** Cable programming services and the Internet offer broadcasters attractive alternative markets in which to make investments in content and marketing.

The next parts of this section look at each of these patterns and trends in more detail.

---

[3] The increase in competition also alters the role for public policy in promoting minority ownership, but here the nexus between competition and the public interest goal is more complex. This issue is addressed further below.

B. Television Broadcast Stations and Networks Face Strong Competition

The past two decades have witnessed a sharp increase in competition faced by television stations and networks for viewers, for advertisers, and for programming.

Competition for Viewers. The most striking trend of the last thirty years has been the steady and dramatic fall in the broadcast networks' ratings. Between the 1952-53 and 1990-91 seasons, the collective prime time ratings of ABC, CBS and NBC fell by half, from 75 to 37.5.[4] By the 1997-98 season, those three networks saw their prime time ratings fall to 28.3, a decline of another 25 percent.[5] Even if FOX is included in the total, the four networks ratings for the 1997-98 season were only 35.3, again well less than half what they were when many of the rules governing broadcasting were put in place.[6]

Figure 4 shows how the erosion of the television ratings has affected both network-affiliated and independent stations in recent years and has taken place across all parts of the day. Moreover, as shown by the figure, Veronis, Suhler & Associates, a leading industry analyst, projects that this decline will continue.

The principal reason for the decline in television viewing is clear. The terrestrial broadcasting industry faces ever increasing competition from other video rivals, particularly cable and satellite delivered television. Cable television and direct broadcast satellite television have grown tremendously in recent years. In fact, prime time and total-day ratings for basic cable exceeded the corresponding ratings for ABC, CBS, Fox, and NBC in the first week of August 1999.[7]

---

4 Paul Kagan Associates, *The Economics of TV Programming and Syndication*, 1999 at 21-22.

5 *Ibid.*

6 *Ibid.*

7 "Cable consistently is beating Big 4 networks," *Communications Daily*, August 11, 1999 at 8.

FIGURE 4
BROADCAST TOTAL-DAY HOUSEHOLD RATINGS
1984-2002

Year	Network-Affiliated TV Stations[1]	Independent TV Stations[2]	All TV Stations
1984	19.4	4.8	**24.2**
1985	19.4	4.6	**24.0**
1986	19.5	4.8	**24.3**
1987	18.0	4.8	**22.8**
1988	17.5	5.0	**22.5**
1989	16.6	4.7	**21.3**
1990	15.5	4.8	**20.3**
1991	16.1	4.4	**20.5**
1992	18.6	3.2	**21.8**
1993	18.7	3.3	**22.0**
1994	18.7	3.5	**22.2**
1995	17.0	3.7	**20.7**
1996	16.3	3.6	**19.9**
1997	15.2	3.6	**18.8**
1998[3]	14.3	3.6	**17.9**
1999[3]	13.6	3.5	**17.1**
2000[3]	13.0	3.4	**16.4**
2001[3]	12.5	3.3	**15.8**
2002[3]	12.0	3.2	**15.2**

Notes:

[1]Includes Fox affiliates beginning in the fourth quarter of 1991.

[2]Excludes superstations; includes UPN and WB affiliates in 1995-1997.

[3]Data are projections.

Source:

The Veronis, Suhler & Associates Communications Industry Forecast, October 1998, p. 188.

The growth of rivals to broadcast television can be measured in terms of availability, penetration, and ratings or shares of television viewing.

The *availability* of subscription services refers to the percentage of the American population who have the option of purchasing the services. The availability of cable television is typically measured in terms of homes passed. As the third column of Figure 5 shows, the availability of cable television has risen dramatically in the last two decades, to the point where today over 96 percent of U.S. homes with televisions are passed.[8] The signals of direct-to-the-home television satellites now cover almost the entire U.S.[9] Between cable and satellite, almost every household in the U.S. has the option of purchasing a multi-channel video programming service.

For subscription services, *penetration* refers to the percentage of households that actually purchase the service. As shown in Figure 5, cable and satellite video services have enjoyed tremendous increases in penetration. Over 66 percent of television households subscribed to basic cable in 1999. And over 13 percent of television households subscribed to some form of wireless multi-channel video service. The Federal Communications Commission found that approximately 78 percent of television households subscribed to some form of multi-channel video programming service as of June 1998.[10]

---

8 Because of the way homes passed is measured, this figure may slightly overstate the availability of cable. However, it remains clear that cable television is available to almost all television households.

9 Certain parts of Alaska are not covered.

10 *In the Matter of Annual Assessment of the Status of Competition in the Markets for the Delivery of Video Programming*, Fifth Annual Report (released December 23, 1998), Figure C-1 at C-1 and footnote (iii) at C-2.

FIGURE 5
GROWTH OF CABLE, DBS, AND OTHER MVPDs
1982-1999

Year	U.S. TV Homes (millions)	Cable Homes Passed (millions)	Subscribers (millions)					Penetration of TV Households				
			Basic Cable	DBS	C-Band Basic (legal)	SMATV	Wireless	Basic Cable	DBS	C-Band Basic (legal)	SMATV	Wireless
1982	81.9	49.5	27.5				0.6	33.6%				0.7%
1983	83.3	55.9	31.4				0.5	37.7%				0.6%
1984	84.9	60.5	34.2			0.4	0.4	40.3%			0.5%	0.5%
1985	86.5	64.7	36.7			0.5	0.3	42.4%			0.6%	0.3%
1986	87.7	69.4	39.7			0.6	0.3	45.3%			0.7%	0.3%
1987	89.2	73.1	42.6			0.7	0.2	47.8%			0.8%	0.2%
1988	90.9	77.2	45.7		0.4	0.7	0.2	50.3%		0.4%	0.8%	0.2%
1989	91.6	82.8	49.3		0.6	0.8	0.1	53.8%		0.7%	0.8%	0.2%
1990	91.1	86.0	51.7		0.7	0.8	0.2	56.8%		0.8%	0.9%	0.2%
1991	92.1	88.4	53.4		0.8	0.9	0.2	58.0%		0.8%	0.9%	0.2%
1992	93.1	89.7	55.2		1.0	0.9	0.3	59.3%		1.1%	1.0%	0.3%
1993	94.0	90.6	57.2		1.6	0.9	0.4	60.9%		1.7%	1.0%	0.4%
1994	94.9	91.6	59.7	0.6	2.2	0.9	0.6	62.9%	0.6%	2.3%	1.0%	0.6%
1995	95.9	92.7	62.1	2.2	2.4	1.0	0.9	64.7%	2.3%	2.5%	1.0%	0.9%
1996	97.0	93.7	63.5	4.3	2.3	1.1	1.0	65.5%	4.4%	2.4%	1.2%	1.0%
1997	98.0	94.6	64.8	6.4	2.1	1.3	1.1	66.1%	6.5%	2.2%	1.3%	1.1%
1998	99.0	95.6	65.9	8.6	1.8	1.4	1.3	66.6%	8.7%	1.8%	1.4%	1.3%
1999[1]	99.5	96.1	66.5	9.6	1.7	1.4	1.5	66.8%	9.6%	1.7%	1.4%	1.5%

Note:
[1] 1999 data are as of June 30th.

Sources:
Paul Kagan Associates, *The Kagan Media Index*, "Historical Data Base," January 31, 1994 and April 28, 1999.
Paul Kagan Associates, *The Kagan Media Index*, "Media Index Data Base," July 30, 1999.

Additional evidence of how the growth in cable and satellite represents competition for terrestrial broadcasting can be seen by examining trends in television viewing *ratings* and *shares*. Figure 6 illustrates recent trends in total-day ratings for terrestrial broadcasting and cable.

Figure 6 illustrates that the decline in broadcast television ratings is not due to households' choosing to watch television less. Indeed, as shown in the last column of Figure 6, total television viewing increased between 1984 and 1997. Rather, the decline in broadcast television ratings is due to the increase in cable viewing at the expense of broadcast viewing. The figure also shows that the growth of cable viewing relative to broadcast viewing is projected to continue.

This shift can be seen graphically as well. Figure 7 illustrates the trends in household viewing shares through most of the 1980s and 1990s. The picture is clear: the share of advertiser-supported broadcast television has steadily fallen, while the viewing share of cable services has steadily and significantly increased.[11] Figure 7 reports the trends for all television households. The move away from advertiser-supported broadcast television by cable households is even more pronounced. Figure 8 illustrates viewing trends for cable households. As the figure shows, cable households now view cable and pay services more than they view broadcast television. The difference between viewing in television households with and without cable gives a sense of the impact of cable

---

11 Broadcast television's loss of viewer share has hit both network and non-network programming. See Beutel, Kitt, and McLaughlin, "Broadcast Television Networks and Affiliates—1980 and Today," National Economic Research Associates (October 27, 1995) attachment to Comments of the Network Affiliated Stations Alliance, *In Re 1998 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, MM Docket 98-35 (July 21, 1998) at 8.

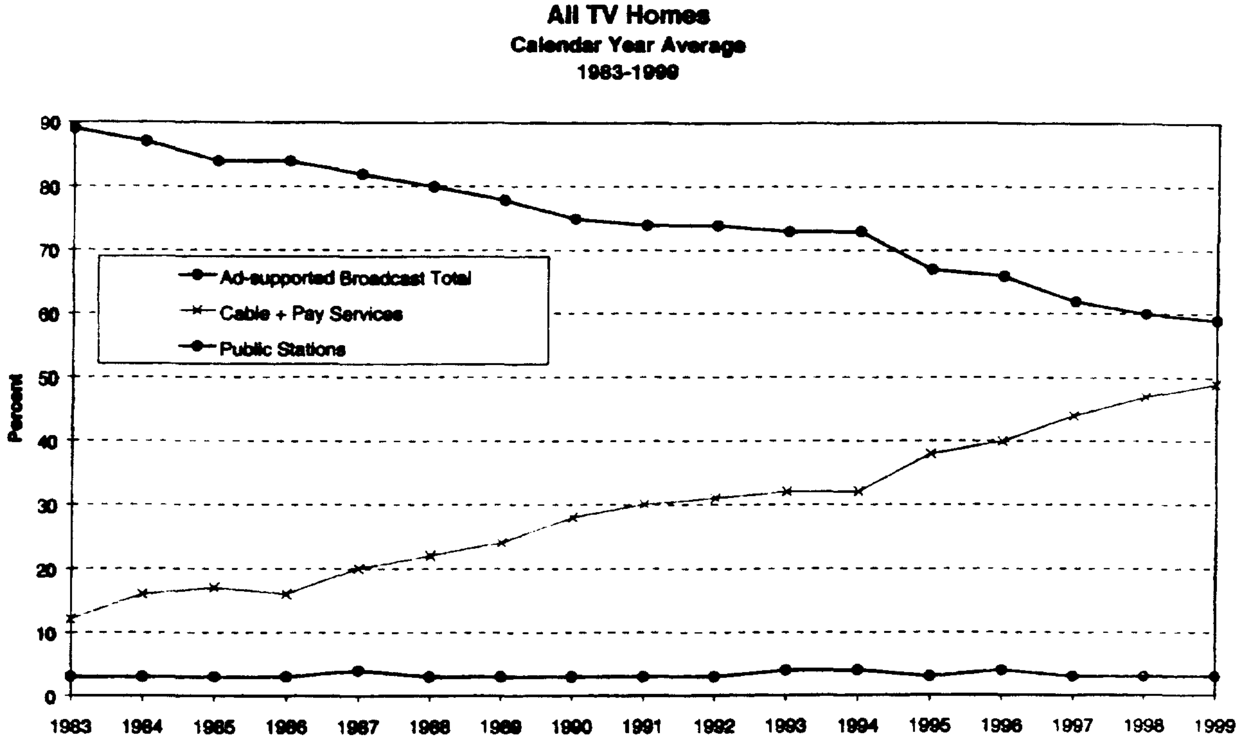
FIGURE 6
BROADCAST AND CABLE TOTAL-DAY HOUSEHOLD RATINGS
1984-2002

Year	All TV Stations	Basic Cable Programs[1]	Pay Cable Programs	All Cable	All TV
1984	**24.2**	2.0	1.8	**3.8**	**28.0**
1985	**24.0**	2.3	1.9	**4.2**	**28.2**
1986	**24.3**	2.5	1.5	**4.0**	**28.3**
1987	**22.8**	3.2	1.8	**5.0**	**27.8**
1988	**22.5**	3.7	2.0	**5.7**	**28.2**
1989	**21.3**	4.5	2.0	**6.5**	**27.8**
1990	**20.3**	5.2	2.0	**7.2**	**27.5**
1991	**20.5**	6.5	1.8	**8.3**	**28.8**
1992	**21.8**	7.3	1.6	**8.9**	**30.7**
1993	**22.0**	7.6	1.6	**9.2**	**31.2**
1994	**22.2**	7.9	1.7	**9.6**	**31.8**
1995	**20.7**	9.5	1.8	**11.3**	**32.0**
1996	**19.9**	10.1	1.8	**11.9**	**31.8**
1997	**18.8**	10.9	2.0	**12.9**	**31.7**
1998[2]	**17.9**	11.8	2.0	**13.8**	**31.7**
1999[2]	**17.1**	12.6	2.1	**14.7**	**31.8**
2000[2]	**16.4**	13.3	2.2	**15.5**	**31.9**
2001[2]	**15.8**	14.0	2.2	**16.2**	**32.0**
2002[2]	**15.2**	14.6	2.2	**16.8**	**32.0**

Notes:
[1]Includes TBS beginning in 1992.
[2]Data are projections.

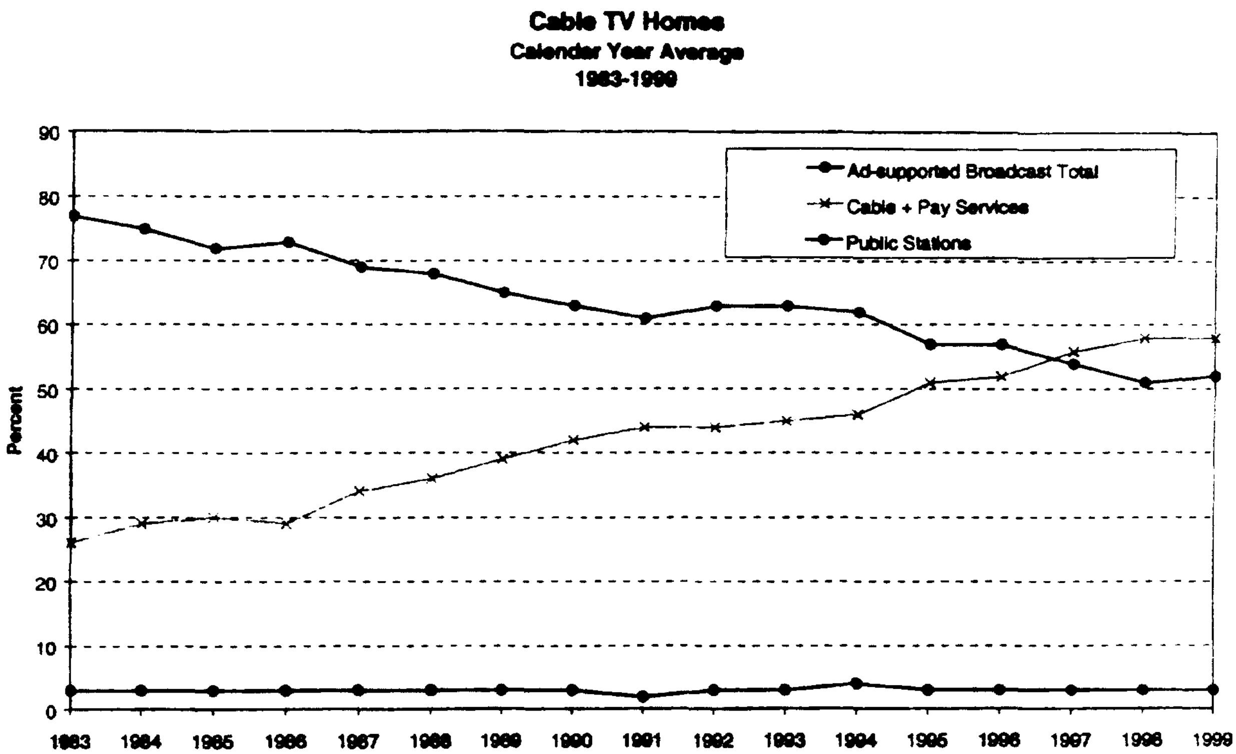
Source:
The Veronis, Suhler & Associates Communications Industry Forecast, October 1998, p. 188.

FIGURE 7
TELEVISION VIEWING SHARE TRENDS



Notes: Shares in some cases add to more than 100% due to viewing in multi-set homes.
Historical superstation shares are split equally between cable networks and independent stations.
1999 data are for the first quarter.
Sources: Paul Kagan Associates, *Cable TV Advertising*, February 28, 1999 and June 21, 1999.

FIGURE 8
TELEVISION VIEWING SHARE TRENDS



Notes: Shares in some cases add to more than 100% due to viewing in multi-set homes.
Historical superstation shares are split equally between cable networks and independent stations.
1999 data are for the first quarter.

Sources: Paul Kagan Associates, *Cable TV Advertising*, February 28, 1999 and June 21, 1999.

television on broadcast television viewing. As can clearly be seen from a comparison of Figures 7 and 8, this difference is substantial. This finding supports the conclusion that cable provides significant viewer competition for broadcast television.

Figure 8 also illustrates another important point. The figure shows viewing trends of households that subscribe to cable. Hence, the continuing decline in broadcast viewing over time and the corresponding increase in cable viewing in the figure are not due to the increasing penetration of cable. Rather, the rise of cable reflects the fact that cable programming has become an increasingly attractive option to broadcast programming. Since the second quarter of 1994, the average weekly amount of time per cable household spent watching basic cable has increased 43 percent, while broadcast television's collective viewing time has shrunk 15 percent.[12] As discussed below, this increased competition is not surprising given the dramatic increases in the number of cable channels per system and the tremendous growth in the number of national cable programming services over the past fifteen years.

As described earlier, many of the rules governing broadcasting today were put in place to prevent problems that were thought to stem from the economic power of the broadcast networks. Thus, it is instructive to examine what has happened to the viewing share of the three traditional networks, ABC, CBS, and NBC. Like all broadcasters, the traditional networks have been losing share to cable and satellite channels. They have also been losing share to other terrestrial broadcasters, including an increasing number of

12 "Weekly Hours Spent Watching Basic Cable now Exceeds all Broadcast TV in most U.S. Homes, Reports CAB," available at http://www.cabletvadbureau.com/news/072199news.htm, August 12, 1999.

rival networks.[13] Figure 9 illustrates the viewing shares of the three traditional networks in comparison with cable television. As the figure shows, cable's share has steadily increased, while the traditional networks' has steadily fallen—to the point that the shares crossed in 1997. This chart dramatically illustrates the fact that broadcast television networks do not dominate the video marketplace.

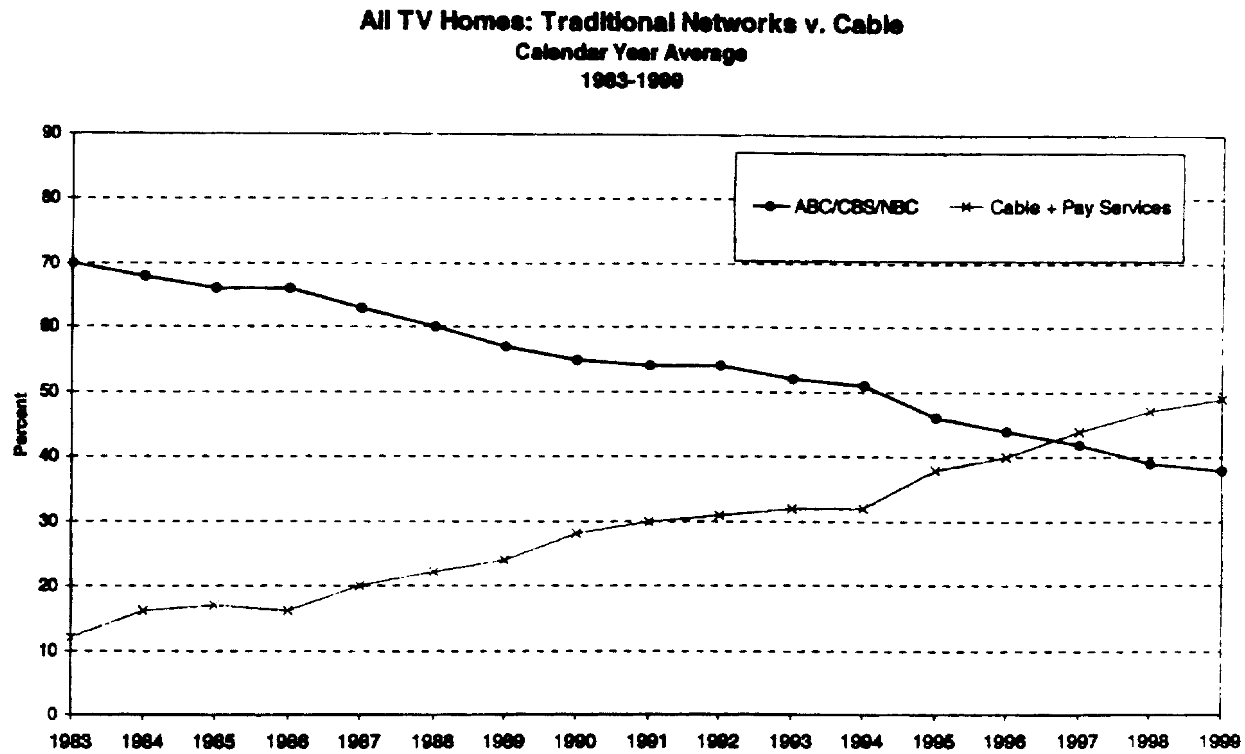
The conclusion that these networks lack dominance is, of course, even stronger than this graph indicates. These networks are not a monolith. The three traditional networks compete with each other for viewers, advertisers, programming, and affiliates. From the perspective of assessing market power, one should examine each network individually. Clearly, any one network has only a small part of the total audience or any other measure of size.

The increase in cable viewing is the natural outcome of several other trends. First, as shown in Figure 5 above, the availability of cable and satellite television has greatly increased, rising from 60 percent in 1982 to essentially 100 percent today. Second, as shown in Figure 10, the typical number of channels per cable system has increased substantially. Third, the overall number of cable services has steadily increased, as Figure 11 clearly illustrates. The average cable subscriber has access to over 54 channels of programming, and satellite services typically offer subscribers

---

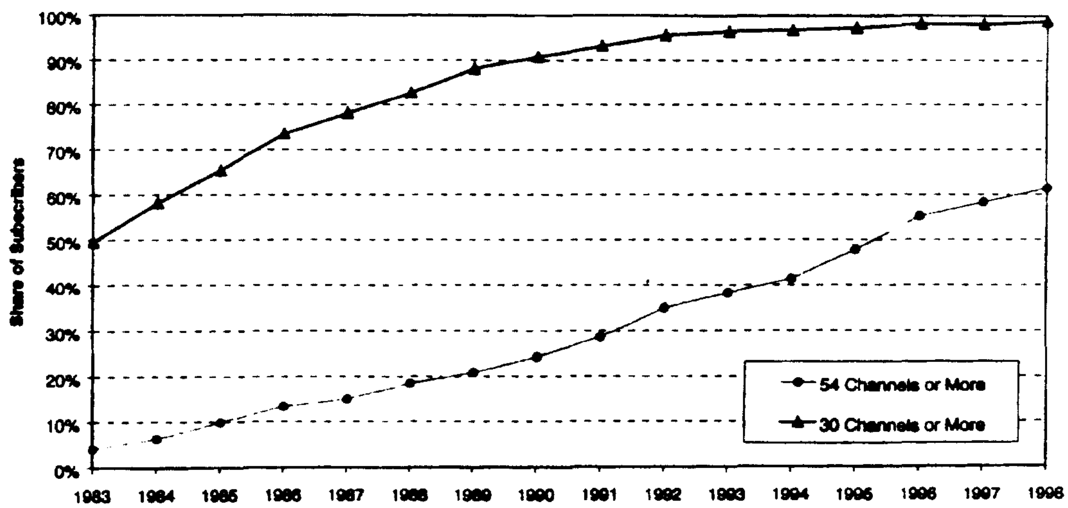
13 "The decline in [traditional] network share is attributable, in large part, to the emergence of other viewing options, including a new network, independent television stations, and cable television networks. Each of these alternatives represents not only a source of diversity for viewers, but an additional market opportunity for program producers." *Evaluation of the Syndication and Financial Interest Rules*, 8 FCC Rcd 3282 (1993) at ¶ 45.

FIGURE 9
TELEVISION VIEWING SHARE TRENDS



Notes: Shares in some cases add to more than 100% due to viewing in multi-set homes.
Historical superstation shares are split equally between cable networks and independent stations.
1999 data are for the first quarter.
Sources: Paul Kagan Associates, *Cable TV Advertising*, February 28, 1999 and June 21, 1999.

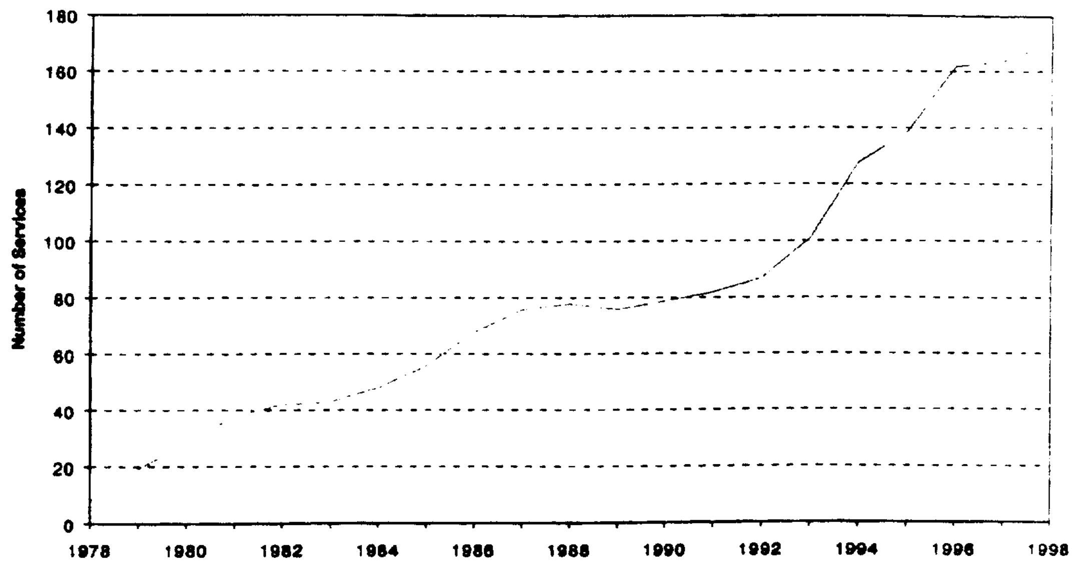
FIGURE 10
GROWTH IN THE NUMBER OF CABLE CHANNELS PER SYSTEM
1983-1998



Notes: Data are as of March 1 for 1983, April 1 for 1984 - 1991, November 1 for 1992 - 1993, and October 1 for 1994 - 1998. Data for 1997 and 1998 do not include wireless cable systems.

Sources: Warren Publishing, Inc., *Television & Cable Factbook*, Cable & Services Volume Nos. 51-61, Services Volume Nos. 62-64 and 66, Stations Volume No. 65, and Cable Volume No. 67, 1983-1999 Editions, "Channel Capacity of Existing Cable Systems."

FIGURE 11
GROWTH IN THE NUMBER OF CABLE SERVICES
1978-1998



Source: National Cable Television Association, *Cable Television Developments*, Spring 1998, p. 6.