

# Analysis of Changes in Basic Cable TV Programming Costs

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It is important to note that all of this information is specific to MCTV. Our costs are unique to the extent that we offer our customers a set of networks and channels that differs from others. We also may have different costs for program content due to different outcomes of negotiations.

However, I am confident you will find that the facts presented are an accurate representation of the current costs of Basic Cable TV programming, the increase in costs expected in 2014 and the rest of this decade for any independent cable TV company in the US. I believe any other cable TV company will report similar increases in cost, contract terms and conditions, and expectations for the future.

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## **Executive Summary**

### **Expect Large Increases**

Wholesale costs for the lowest level of TV service will increase by 11.5% in 2014; expected to increase 400% by 2020. Wholesale costs for Basic TV will increase by 11.7% in 2014 and double by 2020. Anticipated 2020 out-of-pocket Basic Cable program cost will exceed \$80/month, more than \$100 retail with no equipment, premium services, Internet or phone service.

### **There Are No “Local” TV Stations in NE Ohio**

The 1992 Cable Act was designed to create a negotiation between “equals,” a local TV station and a local cable company. The major network affiliates in NE Ohio are all owned by national station owner groups much larger than most small- and mid-sized cable operators. TV stations have the ability to withhold their signal in Ohio while continuing to operate elsewhere, a significant advantage in a dispute.

### **Seven Major Media Companies Control US TV**

The actions of owned-and-operated<sup>1</sup> TV stations, broadcast affiliates and non-broadcast TV networks are similar because they are owned or controlled by a few large media companies either through direct ownership or affiliation agreements. The seven largest media companies own or control programming that accounts for 95% of US TV viewing. Their control includes:

- All 4 major broadcast TV networks
- 75% of all commercial US TV stations
  - 50 owned & operated broadcast TV stations
  - 975 affiliated broadcast TV stations
- 130 ad-supported non-broadcast TV networks

### **Contracts Are Becoming More Restrictive**

Major media companies already require restrictive definitions of service that limit consumer choice, increase price and result in the large Basic Cable bundle. Recent contract negotiations with four of the largest media companies show striking similarities, including:

- Large rate resets
- Compound Annual Growth Rates in excess of 10%
- New network launch requirements
- Forced downward migration of currently optional networks
- Unlimited sports surcharges

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<sup>1</sup> Called O&Os, these are broadcast TV stations directly owned by the broadcast TV networks. Non-O&Os are owned by station owner groups that operate multiple stations that typically are a mixture of network affiliates and independent TV stations (unaffiliated with a “Big 4” network).

## **Negotiations Have Become More Difficult**

Major media companies attempt to preclude small- and mid-sized cable companies from participating in the benefits of cooperative purchasing by arbitrarily prohibiting their participation in buying groups that negotiate for lower costs.

## **Analysis**

### **Lifeline**

We have a level of service we call Lifeline.<sup>2</sup> FCC rules require that every cable TV subscriber<sup>3</sup> must receive this service.<sup>4</sup> It includes all of the over-the-air TV stations (including all of the multicasts) plus a program guide, public, education and government (PEG) access channels, local origination channels, home shopping and religious networks. For us, this is 63 channels; 50 SD and 13 HD.<sup>5</sup>

While the content of this level of service is largely over-the-air broadcast TV stations, the definition of what is allowed on this broadcast TV level of service is largely set by the non-broadcast networks. The large media companies define this level of service in their agreements. We can't carry their networks unless we agree with this definition. This definition limits consumer choice by dictating which networks are available on our lowest level of service. The definition is intentionally strict and eliminates all of the popular, non-broadcast services. All of the non-broadcast networks require parity of carriage, so if we violate this definition by moving even one popular, non-broadcast network to Lifeline, the agreements require we move all. Basically, all of the non-broadcast networks would "pile on."

The out-of-pocket cost of Lifeline is largely the over-the-air TV stations' retransmission consent fees. There are five TV stations in the Cleveland market that require cash payments in exchange for retransmission consent. They account for about 88% of the cost. Other networks on Lifeline do have a charge. They include Music Choice (45 streams of digital music), WGN (an out-of-market TV station from Chicago), C-SPAN and a program guide.

### **2014 Cost Increase**

Currently, I pay the broadcast TV stations a total of \$3.95/sub/month; (about \$1.95 million per year). In 2014, that will increase to \$4.45 (almost \$2.2 million per year). That's a 12.7% annual increase for broadcast TV stations. The cost of all the other

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<sup>2</sup> The FCC calls this level of service "Basic." There is no rule about the name.

<sup>3</sup> Satellite customers are not required to purchase "Basic."

<sup>4</sup> Rep. Eshoo's Video CHOICE legislation would split this into two levels of service. The lowest would be our current Lifeline service minus any TV station that requires payment. TV stations requiring retransmission consent payments would become a new, optional level of service.

<sup>5</sup> All HD channels are duplicates of an SD feed. So there are 50 unduplicated channels. HDTV sets automatically receive the HD feed. Set-top boxes can choose either SD or HD.

Lifeline services will increase by only \$0.02, from \$.57/sub/mo. to \$0.59; an increase of 3.5%.

Thus, the overall increase in Lifeline content cost will be \$0.52, an 11.5% increase (from \$4.52 to \$5.04). We will raise our rate for Lifeline service by \$0.50,<sup>6</sup> a couple pennies less than the increase in out-of-pocket costs.

### Future Cost Increases

I must reach new agreements with all of the broadcast TV stations before the end of 2014. If all of them follow CBS' lead, I expect the 2015 cost will be about \$9/sub/month (about \$4.4 million a year); pretty much double the 2014 cost. Then, I expect 10% to 12% annual increases. So, by 2020, I estimate the cost of these five TV stations will be close to \$14.50/sub/mo (about \$7.8 million). If I am correct, that will be a compound annual growth rate of more than 20%.

### Station Ownership, Network Affiliation and Control

The 1992 Cable Act created retransmission consent as a way for local TV stations to create a second revenue stream. It was believed that the negotiations for these fees would be between "equals;" a local TV station and a local cable company. But, none of the Cleveland-area stations are owned by a local company. Instead, all are owned by an out-of-state TV station owner group. Exhibit I provides a brief description of each station owner group. I think it is pretty easy to see that these are not "local" TV stations. Instead, they are part of large, media conglomerates with tremendous staying power when it comes to a dispute.

Even though they don't own all of the TV stations, the commercial broadcast TV industry is squarely dominated by the "Big 4" networks of ABC, CBS, Fox and NBC. Each of the networks owns and operates its own broadcast TV stations, called O&Os. In addition, each network maintains agreements with a series of broadcast TV stations owned by other entities, called affiliates.

The agreements that govern the network/affiliate relationship have changed over the years. Affiliates used to receive compensation from the networks to carry the network programs, appropriately called network compensation. And, the affiliates could keep 100% of the revenue generated from selling ads in the network programs. Affiliates also produced and/or purchased other programs and kept 100% of the advertising revenue from those programs. That has changed to a new regime that requires the affiliates to pay the network. In fact, they typically pay in two ways:

- Reverse compensation – The affiliate pays the network a sum of money for the privilege of transmitting the network programs in the local market. The affiliate still receives some of the advertising time to sell, but the network sells and keeps 100% of the revenue from the majority of the advertising sold.

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<sup>6</sup> The increase customers will see on their invoices will be different depending on their total package of services and the discounts they may achieve with multiple services.

- Retransmission consent -- Network/affiliate contracts also reportedly<sup>7</sup> establish requirements by which the affiliates must collect cash retransmission consent fees and remit a specified portion to the network.

Network/affiliate agreements also include requirements that govern affiliate behavior, such as refusing to grant retransmission consent to cable companies in distant markets; thus guaranteeing an exclusive market to each affiliate.

The following table lists the number of stations owned and affiliated with each network.

| Network | O&O | Affiliates<br>(approximate) | Total |
|---------|-----|-----------------------------|-------|
| ABC     | 8   | 200                         | 208   |
| CBS     | 10  | 200                         | 210   |
| Fox     | 25  | 175                         | 200   |
| NBC     | 16  | 200                         | 216   |
| Total   | 59  | 775                         | 834   |

Thus, of the 1,382 full-power commercial TV stations in the US,<sup>8</sup> the Big 4 control about 834 (60%). They are, as you might imagine, found in all of the largest TV markets.

The CW Network is the next largest broadcast TV network. CW is jointly owned by CBS (the “C” in CW) and Warner Bros. Entertainment (the “W” in CW) and has about 200 affiliates. CBS and Time Warner are two of seven media companies that collectively control the networks at account for 95% of US TV viewing. When CW is included, the total number of commercial broadcast TV stations controlled by the Big 4 is 1,035, or 75% of all US broadcast TV stations.

## **Basic Cable TV**

The level of service above Lifeline is called Basic.<sup>9</sup> All of the channels are national networks delivered by satellite. This includes 110 channels; 64 SD and 46 HD.<sup>10</sup> Of the 64 unduplicated TV channels on Basic, 51 are owned by the seven largest media companies in the US; about 80% of the Basic channels. Only 13 are owned by other entities.

<sup>7</sup> Network/affiliate agreements are confidential, but news reports clearly indicate they include requirements for minimum retransmission consent compensation from the affiliate to the network.

<sup>8</sup> According to the FCC, as of March 31, 2011, there are 1,022 UHF commercial television stations, 360 VHF commercial television stations, 285 UHF educational television stations and 107 VHF educational television stations.

<sup>9</sup> The FCC calls this the Cable Program Service Tier (CPST).

<sup>10</sup> All HD channels are duplicates of an SD feed. So there are 66 unduplicated channels. HDTV sets cannot receive the HD signals without a set-top box. Set-top boxes can choose either SD or HD.

The seven largest media companies control about 95% of US TV viewing. All of them allow distribution of their networks only through bundled contracts; meaning all the networks are included in a single agreement.<sup>11</sup>

Two recent incidents highlight the requirements for bundling by large media companies. Both of these incidents revolve around the same issue: a cable company trying to reduce consumer costs by eliminating networks perceived to be either unpopular, expensive or both.

- Cablevision, a Long-Island based cable company, filed a lawsuit against Viacom claiming Viacom violated antitrust rules with their bundling practices. Cablevision claims they only wanted a handful of networks but Viacom insisted they take all 22 networks Viacom offered.
- Cable One, a cable company with 730,000 customers in 19 states, recently sought to carry only three of Turner's 9-channel bundle as part of a general contract renewal. Turner, in response, shut off the remaining networks.

The program bundles are governed by multi-year agreements. They are very complex documents with hundreds of pages and intricate, inter-related carriage requirements. In addition to large rate "resets" at renewal and 10%+ annual increases, these multi-year agreements often require:

- New networks be added mid-term and
- Existing networks be moved to more widely distributed levels of service (forced downward migration) and
- Unrestricted surcharges for new sports content.

Network distribution agreements typically include requirements for distribution to a minimum percentage of TV households. For example, 100% of subscribers above the Lifeline level and 90% of all TV customers must receive the networks. The penalties that may result if the distribution requirement is not met can include increased prices, specific performance (move the networks to a more widely distributed level of service) or termination. This limits consumer choice because it eliminates any incentive for a distributor to promote, and be successful with, a lower-priced, limited-channel offering. They face penalties if the limited tier is successful.

It may be unrelated to minimum distribution requirements, but Comcast recently announced it has stopped selling MyTV Choice, an ESPN-free tier for \$24.95 a month.<sup>12</sup>

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<sup>11</sup> You may read testimony that networks are available to distributors on an individual basis. This is largely fiction. While each network may have a separate cost, the networks terms are such that it is more expensive to carry a single network than it is to carry multiple networks. Thus, dropping a channel from the lineup results in an increase in per-customer cost rather than a decrease. Distributors have asked networks for individual network costs, but the networks have never provided those rates.

<sup>12</sup> "Comcast Stops Selling 'MyTV Choice' To New Subs" Multichannel News 9/27/2013



## 2014 Cost increase

The out-of-pocket cost of Basic service is the total cost of the various networks. Currently, my 2013 cost is \$33.27/sub/month; (\$16.0 million per year). In 2014, that will increase by \$3.99, to \$37.15 (\$17.8 million per year); a \$3.88 increase or 11.3%. We will raise our rate for Basic service by \$3.90, a couple pennies more than the increase in out-of-pocket costs.<sup>13</sup>

The seven largest media companies account for \$3.82 (98.5%) of the increase. The other 13 networks split only a \$0.06 increase. Following is a chart of these seven companies. It shows how the rates will increase, by company, in the next year.

Four media conglomerates (A&E, Fox, NBC, Turner) negotiated new terms in 2013, each with large increases. Similar, large rate resets can be expected when the others negotiate new terms in 2014 (Q1 – Viacom, Q2 – Disney/ESPN, Q3 – Discovery).

| Company     | # of Networks | YOY % Increase** |
|-------------|---------------|------------------|
| A&E*        | 4             | 5%-10%           |
| Discovery   | 4             | 5%-10%           |
| Disney/ESPN | 8             | 5%-10%           |
| Fox*        | 8             | 10%-15%          |
| NBC*        | 10            | 5% -10%          |
| Turner*     | 9             | 15%-25%          |
| Viacom      | 8             | 5%-10%           |
| TOTAL       | 51            | 11.36%           |

\* New terms negotiated in 2013.

\*\*While I would be happy to share specifics, programmers prohibit cable operators like MCTV, from disclosing specific deal points, including individual network economics, from all third parties including subscribers. Attempts have been made to ask the Federal Communications Commission to track the huge disparities in the pricing charged to large cable operators versus small cable operators but, to date, the FCC has not agreed.

Keep in mind that this does not take into consideration the effects of required channel launches and downward migration in later contract years. Forced downward migration is particularly expensive. For example, a channel that now exists on an optional tier may have 25% penetration and a monthly fee of \$0.25. When it moves to a lower level of service, the fee may become lower (say \$0.20). The content companies refer to this as “better value,” meaning the per customer cost is lower. However, the change in penetration leads to less consumer choice, an overall increase in cost to consumers and massive increases in revenue to the content company. Applying this to our system:

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<sup>13</sup> The increase customers will see on their invoices will be different depending on their total package of services and the discounts they may achieve with multiple services.

- Optional tier - \$0.25/sub/mo cost x 25% penetration = \$30,000/year.
- Basic tier - \$0.20/sub/mo cost x 100% penetration = \$96,000/year.

The bundled nature of the agreements makes this virtually impossible to escape. For example, if a cable company wants to offer FX, it must agree to move Fox Soccer from an optional tier to the Basic tier and pay a new (perhaps even higher) fee. Otherwise, there can be no carriage of anything. I am not picking on Fox; all of the media companies have similar requirements to migrate content.

Of course, there are other networks with other fees, but these seven content companies represent 80% of the channels, 95% of the program cost of Basic cable and 98.5% of the 2014 increase.

### Future Cost Increases

If you read the recent comments of Steve Burke (Comcast), you know where he thinks these costs will go; up sharply. Burke recently stated he wanted distributors to pay 20% to 25% more. Similar statements have been made by CEOs of other large media conglomerates.

A more accurate reflection of the coming increases is to examine the impact of the recently completed agreements through their term. Considering the rate increases, new network launches and the impact of required downward migration, the four recently completed agreements with A&E, Fox, NBC and Turner will create huge increases ranging from a stunning 36.5% to a staggering 72.2%.<sup>14</sup> I cannot predict the extent to which these prices will increase even further as a result of sports surcharges.<sup>15</sup>

These four major media companies have already negotiated annual increases in the 10% to 12% range in addition to additional “resets” coming as a result of the contract’s expiration. Imagine what ESPN and MTV are considering given the strength of their brands and the success of these negotiations. A 10% compound annual growth rate will cause these costs to double in the next seven years. So, by 2020, I expect my costs to purchase the TV networks found on Basic Cable to at least double, to about \$80/customer/month.

This is a long way around the barn to show you that the costs of TV will rise rapidly in the coming years, but it is the only way to provide accurate information.

### Network Ownership and Control

Exhibit II provides basic information about the seven largest media companies. Of great importance is the fact that seven large media companies own or control all Big 4

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<sup>14</sup> Most of these agreements include unspecified surcharges for professional sports so the costs could be significantly higher.

<sup>15</sup> Media companies all want to offer sports content, especially professional sports leagues. Toward this goal, they require distributors to agree to pay a surcharge if the network is able to acquire rights to professional league games. In essence, this gives the network the ability to bid for sports rights using the distributors’ credit cards.

broadcast TV networks and 50 O&O TV stations and 975 broadcast TV affiliates and more than 130 non-broadcast TV networks (plus about 30 premium movie channels). The combination of owning the broadcast TV networks and the non-broadcast TV networks and controlling the entire, nationwide affiliate broadcast TV network creates enormous power that is freely exerted over small, mid-sized and large cable TV companies.

## **Group Buying Efforts**

In an effort to gain some measure of negotiating parity, MCTV belongs to a buying cooperative called the National Cable Television Cooperative, Inc. (NCTC). NCTC represents virtually all cable companies outside the Top 8 largest MSOs. NCTC is a not-for-profit corporation started in 1984 by 12 Member companies. It has grown to 934 Member companies (cable, telco and municipal entities) in all 50 states, Guam and Puerto Rico serving almost 25 million consumers. NCTC provides member cable companies access to programming networks and industry leading technology companies and products.

Major media companies increasingly refuse to fully recognize the aggregated size of the NCTC. In recent years, some major media companies have tried to arbitrarily exclude companies of any significant size (including relatively small companies like MCTV) from participating in NCTC negotiated agreements. For example, at the start of recent negotiations, one of the seven largest media companies sought to restrict the NCTC to representing only those companies with fewer than 20,000 customers. Programmers regularly insist on provisions that allow them the sole right to exclude members from an agreement and often the rights of exclusion are used against cable operators with only a few hundred subscribers. Arbitrarily identifying certain NCTC members and banning them from an agreement or prohibiting even the smallest members from participating are just two of the ways programmers divide cable operators for the purposes of increasing already high prices.

## **Other Service Levels**

We offer two other levels of non-broadcast, ad-supported TV services:

### **Basic Plus**

Basic Plus is a 64-channel service (50 SD, 14 HD). About half of the channels are programming from the seven largest media companies, plus channels from national sports leagues (NFL, Tennis, MLB) and a smattering of independent networks. Most of the content from the seven largest media companies is “multi-plex” programming; primarily the same programming seen on Basic cable, but repackaged into genre-based channels. The smaller number of channels owned by the seven largest companies is a demonstration of their strength. They have used forced migration to move their networks from Basic Plus to Basic Cable; from 25% of customers choosing their networks to 100% of customers being required to pay for their networks.

| Company     | # of Basic Plus Networks |
|-------------|--------------------------|
| A&E         | 5                        |
| Discovery   | 4                        |
| Disney/ESPN | 2                        |
| Fox         | 3                        |
| NBC         | 3                        |
| Turner      | 0                        |
| Viacom      | 12                       |
| TOTAL       | 29                       |

The 2013 program cost for Basic Plus is \$7.94. The 2014 program cost will be \$8.29, a \$0.35 (4.4%) increase. No increase in the subscription rate is planned for 2014.

## HD Essentials

HD Essentials is an eight channel service (all HD) of networks for which there is no SD equivalent. Only two of the channels are owned by one of the seven large media companies. The 2013 program cost is \$4.49. The 2014 program cost will be \$4.52; an increase of less than 1%. No increase in the subscription rate is planned for 2014.

## **Exhibit I - "Local" TV Station Information**

- WKYC, Cleveland Channel 3/NBC – Gannett
  - Gannett stats
    - Annual Revenue - \$5.5 billion
    - Net Income - \$588 million
    - 12 newspapers, including USA Today
    - 19 TV stations
    - 12 digital media companies, including 50.8% of CareerBuilder.com
- WOIO, Cleveland Channel 19/CBS - Raycom
  - Raycom stats
    - No financial data – Private company
    - 4,200 employees
    - 52 TV stations - Owned or controlled (through shared services agreements)
    - Raycom Sports – syndicator of sports television programs
- WUAB, Cleveland Channel 43/CW – Raycom
- WEWS, Cleveland Channel 5/ABC - Scripps Howard
  - Scripps Howard stats
    - Annual Revenue \$1.1 billion
    - 13 newspapers
    - 19 TV stations
    - 11 radio stations
    - Scripps Networks Interactive
      - 5 US TV networks (HGTV, Food, DIY, Cooking, Travel)
        - International versions (Europe, Asia, South America)
      - No financial data - Private company
      - 2,000 employees
- WJW, Cleveland Channel 8/Fox – Local TV (sale pending to Tribune Broadcasting)
  - Local TV stats
    - No financial data – Private company
      - 20 TV stations
  - Tribune Broadcasting stats
    - Subsidiary of Tribune Company
      - \$3.2 billion in revenue
    - 23 TV stations, including WGN Chicago Superstation
      - 43 TV stations following Local TV acquisition
    - 1 Radio station
      - Parent is Tribune Company - Assets include
        - Tribune Publishing (17 newspapers, including LA Times, Chicago Tribune, Baltimore Sun)
        - Tribune Media Services (a syndicate providing news, comic strips, TV listings, electronic program guides and information services)

## **Exhibit II – Major Media Company Information**

### **Seven Major Non-Broadcast Network Owners**

- A&E Networks
- Discovery Communications
- Disney/ESPN
- Fox Entertainment Group
- NBC
- Turner Broadcasting System
- Viacom

All of the “Big 4” broadcast TV networks are associated with one of these seven large media companies:

- ABC TV and Disney/ESPN are both subsidiaries of The Walt Disney Company.
- CBS TV and Viacom are both subsidiaries of National Amusements.
- Fox Broadcasting Company and the Fox Entertainment Group are both part of 21<sup>st</sup> Century Fox.
- NBC TV and the NBCUniversal Television Group are divisions of Comcast.

## **A&E Networks**

Owner – Disney (50%)/Hearst (50%)

- Disney - \$43 billion in annual revenue. Includes Walt Disney (WD) Parks & Resorts, WD Pictures, WD Animation Studios, WD Theatrical, WD India Ltd, Pixar, Marvel, LucasFilm, Muppets Studio, ABC Broadcasting, ESPN (80%), Radio Disney, Hulu (27%).
- Hearst – \$9 billion in annual revenue. Also owns 29 TV stations, 2 radio stations, 15 daily newspapers, 38 weekly newspapers, 20 national magazines, 20% of ESPN, partner with NBC for Esquire Network

Channels include:

- Bio
- Crime & Investigation Network
- History
- H2
- History en Español
- Lifetime
- LMN
- Lifetime Real Women
- Military History

Divisions

- A+E Networks International
- A+E Networks Consumer Products
- A+E Networks Home Entertainment

## **Discovery Communications**

Owner – Public company - \$4.2 billion annual revenue. Includes divisions in US, Asia,- Pacific, Europe, Middle East, Africa, Latin America, UK/Ireland and Canada; more than 100 channel feeds in 39 different languages.

Channels include:

- 3net
- Animal Planet
- Destination America
- Discovery Channel
- Discovery En Espanol
- Discovery Familia
- Discovery Fit & Health
- Hub Network
- Investigation Discovery
- Military Channel
- OWN
- Revision3
- Science
- TLC
- Velocity



## **Disney/ESPN**

Owner – Public company - \$43 billion in annual revenue. Includes Walt Disney (WD) Parks & Resorts, WD Pictures, WD Animation Studios, WD Theatrical, WD India Ltd, Pixar, Marvel, LucasFilm, Muppets Studio, ABC Broadcasting, ESPN (80%), Radio Disney, Hulu (27%).

Holdings include:

- Disney ABC Television Group channels include:
  - The Disney Channel
  - Disney Junior
  - Disney XD
  - Soapnet
- Disney/ABC Television Group Digital Media
  - Walt Disney Television
  - Disney-ABC Domestic Television - formerly Buena Vista Television
  - Disney-ABC International Television - formerly Buena Vista International Television
  - ABC Television Network
  - ABC News
  - A+E Television Networks (50%)
- ABC Entertainment Group
  - ABC Entertainment
  - ABC Studios - formerly Touchstone Television & ABC Television Studios
  - Times Square Studios (division)
- ABC Family
  - ABC Spark - with Corus Entertainment
- ABC Owned Television Stations Group
  - 8 TV stations
  - Live Well Network
  - ABC National Television Sales
  - ABC Regional Sports and Entertainment Sales[43]
- Disney Channel Worldwide
  - Disney Cinemagic
  - Disney Junior
  - Disney XD
  - Hungama
  - Radio Disney
  - Disney Television Animation
- Hyperion Books
  - ABC Daytime Press
  - ESPN Books
  - VOICE
- ESPN Inc. (80%)
  - ESPN
  - ESPN2

- ESPN3
- ESPN Films
- ESPNNews
- ESPNU
- ESPN Brasil
- ESPN Classic
- ESPN Deportes
- ESPN Plus
- ESPN on ABC
- Longhorn Network
- SEC Network
- CTV Specialty Television (owns 16% through Disney's co-ownership of ESPN; shared joint venture with Bell Media, which owns 80%)

## **Fox Entertainment Group**

Owner – Private company –\$13.3 billion in annual revenue; focus is film and broadcasting. Fox is wholly owned by 21<sup>st</sup> Century Fox, which also owns News Corporation (newspapers and publishing). News Corporation revenues are \$33.7 billion (2012) with assets including 7 US and International publishing companies.

Fox Entertainment Group assets include:

- Television broadcast network
- 18 TV stations
  - Fox Broadcasting Company
  - Movies!
- 34 Cable networks
- 20 Fox Regional Sports Networks
- Big Ten Network (51%)
  - Fox Business Network
  - Fox College Sports
  - Fox News Channel
  - Fox Soccer Plus
  - Fox Sports 1
  - Fox Sports 2
  - FX
  - FXX
  - FX Movie Channel
  - National Geographic Channel
  - Nat Geo Mundo
  - Nat Geo Wild
  - Fox on Demand
- Motion picture
  - 20th Century Fox Film Corporation
  - Fox Studios Australia
  - Fox Baja Studios
  - Fox 2000 Pictures
  - Fox Searchlight Pictures
  - Fox Faith
  - 20th Century Fox Español
  - 20th Century Fox International
  - 20th Century Fox Home Entertainment
  - Fox Atomic
  - 20th Century Fox Animation
  - Blue Sky Studios
  - Fox Star Studios
- Television production and distribution
  - 20th Century Fox Television
  - Fox Television Studios (television studio unit)
  - Fox 21 (reality television unit)

- 20th Television (syndication unit) (20th Century Fox International Television, global distribution unit)
  - FX Productions
- Broadcast syndication service
  - MyNetworkTV
  - Fox Latin America
  - Fox
  - FX
  - Utilisima
  - Fox Sports
  - Fox Life
  - National Geographic Channel
- International
  - television channels in Europe, Africa, Asia and Latin America national

## **NBC**

Owner – NBCUniversal –\$21.1 billion in annual revenue; focus is mass media. Wholly owned by Comcast (\$62.6 billion in annual revenue); largest cable TV (24 million customers), largest residential Internet (20 million customers) and third largest telephone provider (9 million customers) in the US.

NBCUniversal divisions include:

- NBCUniversal Television Group
- NBC News
- NBC Sports Group

Subsidiaries include:

- NBC
- Universal Pictures
- Universal Parks & Resorts
- Focus Features
- Hulu (32%)

TV assets include:

- 10 TV stations, including NY, Chicago, Los Angeles, Washington DC, Miami, Dallas, Philadelphia (NBC TV)
- 12 regional sports networks (Comcast SportsNet)
- Telemundo Television Studios,
- PictureBox Movies,
- NBCNews.com
- NBC.com, iVillage

Cable Channels include:

- Telemundo
- USA Network
- Syfy
- Chiller
- E!
- G4
- CNBC
- MSNBC
- Bravo
- Style
- The Weather Channel
- Golf

## **Turner Broadcasting System**

Owner – Private company – no financial data. Turner is wholly owned by Time Warner - \$21.1 billion in annual revenue; focus is mass media. Time Warner is the second largest media and entertainment company behind Walt Disney Company.

Time Warner subsidiaries include:

- New Line Cinema
- Time Inc.
- HBO
- Turner Broadcasting System
- The CW Television Network
- TheWB.com
- Warner Bros.
- Kids' WB
- DC Comics
- Warner Bros. Animation
- Cartoon Network Studios
- Hanna-Barbera
- Castle Rock Entertainment

Turner subsidiaries include:

- Turner Entertainment Co.
- Cartoon Network Studios
- Cartoon Network Development Studio Europe

Cable channels include:

- North America
  - CNN
  - CNN International
  - HLN
  - TNT
  - TCM
  - Cartoon Network
  - Bleacher Report
  - Boomerang
  - Adult Swim
  - TruTV
  - TBS
  - Turner Sports
    - Operates the interactive properties for NCAA.com, NASCAR.COM, NBA.com, PGATOUR.COM and PGA.com.
    - Also operates NBA TV on behalf of the league.
- International

- TBS Europe
- TBS Asia Pacific
- TBS Latin America

## VIACOM

Owner – public company - \$13.9 billion in annual revenue; focus is mass media. Viacom is the fourth largest media and entertainment conglomerate. Majority owner is National Amusements, a private company owned by Sumner Redstone. National Amusements operates more than 1,500 movie screens in the US, UK, Latin America and Russia.

National Amusements subsidiaries include:

- Viacom
- CBS Corporation
  - \$14.2 billion in revenue
  - Assets include:
    - CBS-Radio
      - CBS Radio Network
    - Internet
      - CBS Interactive
      - CBSSports.com
      - CNET
      - Last.fm
      - TVGuide.com
    - Publishing
      - The Free Press
      - Charles Scribner's Sons
      - Pocket Books
      - Simon & Schuster
    - Television
      - CBS
      - The CW Television Network (50/50 joint venture with Time Warner's Warner Bros. division)
        - 28 TV stations
      - Showtime Networks
        - Showtime
        - The Movie Channel
        - FLIX
        - SET Pay-Per-View (sporting and entertainment events)
      - CBS Sports Network
      - TV Guide Network (50% with Lionsgate)
    - Television production and distribution
      - CBS Studios
        - CBS Television Studios
        - CBS Television Distribution Group
        - Big Ticket Entertainment
        - Spelling Television, Inc. (In-name-only)



- Other assets
  - CBS Films
  - CBS Games
  - CBS Operations
  - CBS Outernet
  - Westinghouse Electric Corporation: Formed in 1998, the company owns the Westinghouse trademark and licenses the brand.

Viacom divisions include:

- Viacom Media Networks

Cable channels include:

- MTV Networks Music & Logo Group
  - MTV
  - MTV2
  - MTV Jams
  - MTV Hits
  - mtvU
  - Tr3s
  - VH1
  - VH1 Classic
  - VH1 Soul
  - CMT
  - CMT Pure Country
  - Logo TV
  - Palladia
- MTV Networks Kids & Family Group
  - Nickelodeon
  - Nick 2
  - Nick at Nite
  - Nick Jr.
  - TeenNick
  - Nicktoons
- MTV Networks Entertainment Group
  - Comedy Central
  - TV Land
  - Spike
  - Epix
  - Blink
- BET Networks
  - BET (1980)
  - Centric (1996)

- BET Gospel (2002)
- BET Hip-Hop (2002)
- BET International
- Paramount Pictures Corporation
  - \$1.2 billion film production studio