Evolution of the Video Marketplace and the Future of Television

FCC Workshop on the State of the Video Marketplace

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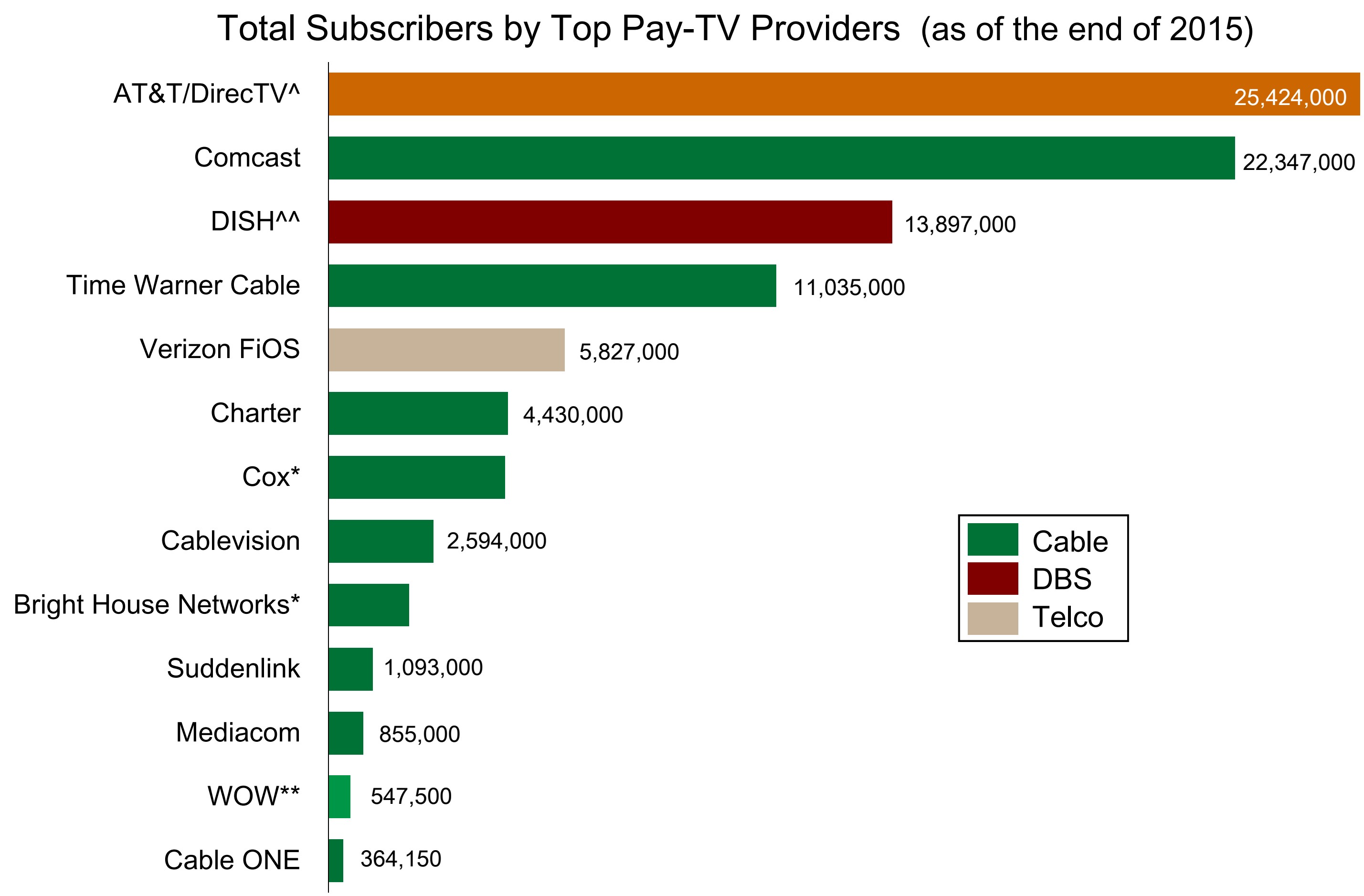
Top 13 Companies Account for 94.8 Million Pay-TV Subs



- These top providers account for about 95% of pay-TV subscribers in the US

^ Includes 19,784,000 DirecTV subscribers and 5,640,000 U-verse subscribers
^^ DISH includes Internet-delivered Sling TV subscribers – LRG estimates 535,000 Sling TV subscribers at the end of 2015
* LRG estimate ** WOW (WideOpenWest) is a cable overbuilder
Subscriber counts do not solely represent residential households
Note that LRG consumer research finds that about 1% of households subscribe to both cable and DBS

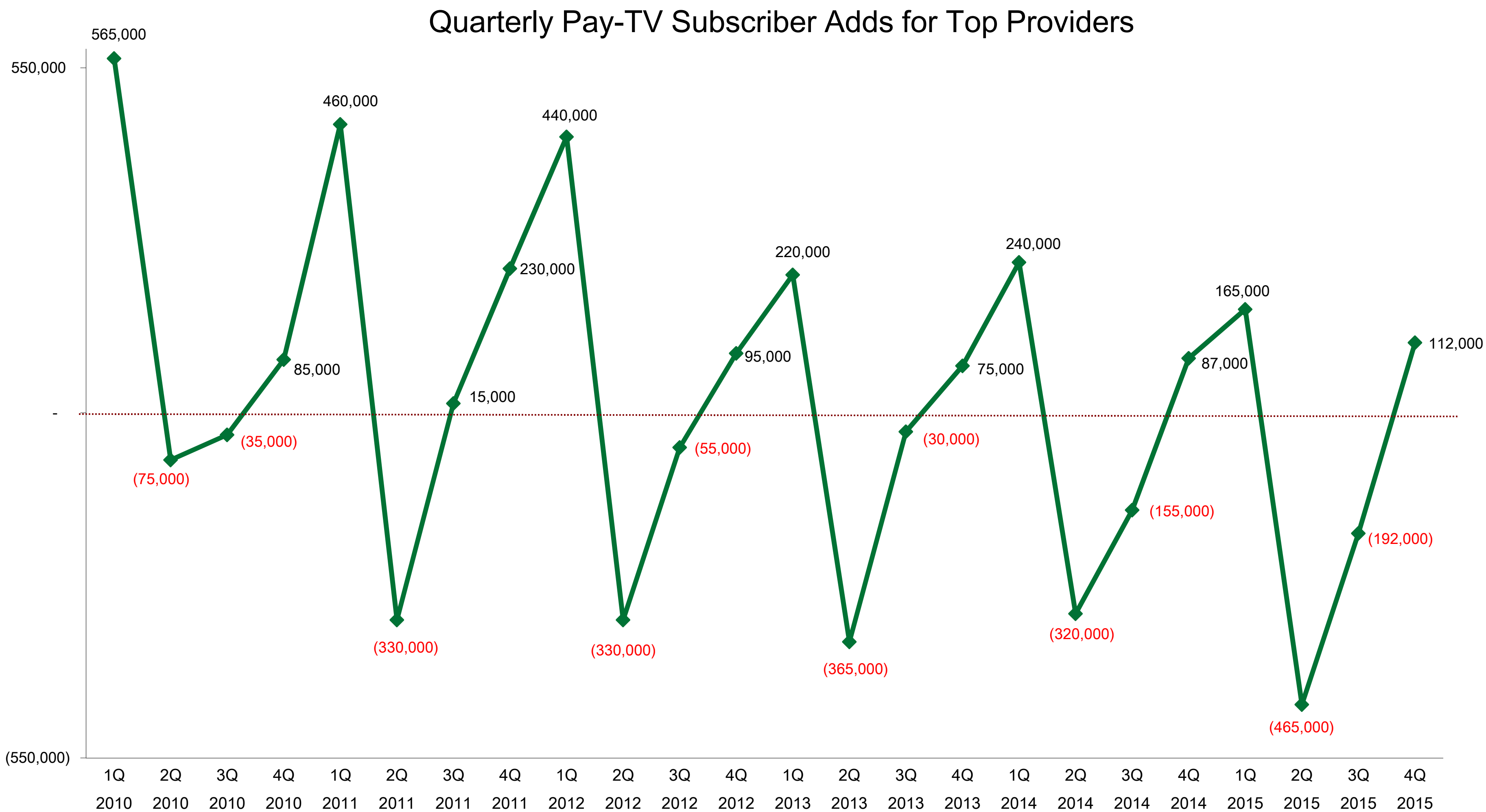
Top Pay-TV Providers Lost About 380,000 Subs in 2015

Pay-TV Providers	Subscribers at end of 2015	Net Adds in 2015	Net Adds in 2014
Cable Companies			
Comcast	22,347,000	(36,000)	(194,000)
Time Warner Cable	11,035,000	43,000	(401,000)
Charter	4,430,000	11,000	(78,000)
Cablevision	2,594,000	(87,000)	(132,000)
Suddenlink	1,093,000	(45,400)	(49,100)
Mediacom	855,000	(35,000)	(55,000)
Cable ONE	364,150	(87,067)	(82,783)
Other major private companies*	6,345,000	(105,000)	(225,000)
Total Top Cable	**49,063,150**	**(341,467)**	**(1,216,883)**
Satellite Companies (DBS)			
DirecTV	19,784,000	167,000	99,000
DISH^	13,897,000	(81,000)	(79,000)
Total DBS	**33,681,000**	**86,000**	**20,000**
Telephone Companies			
AT&T U-verse	5,640,000	(303,000)	660,000
Verizon FiOS	5,827,000	178,000	387,000
Total Top Phone	**11,467,000**	**(125,000)**	**1,047,000**
Total Top Providers	**94,211,150**	**(380,467)**	**(149,883)**

* Includes LRG estimates for Cox and Bright House Network
^ DISH totals and net adds for 2015 include Sling TV
Net additions reflect pro forma results from sales and acquisitions, and reporting adjustments
Top pay-TV providers represent approximately 95% of all subscribers
Top cable providers do not including overbuilder WOW (the ninth largest cable provider)
Company subscriber counts may not solely represent residential households
LRG consumer research finds that about 1% of households subscribe to both cable and DBS

- The top cable providers lost about 340,000 video subscribers in 2015 – compared to a loss of about 1,215,000 in 2014
  - Top cable provider losses were the fewest in any year since 2006
- DBS providers added 86,000 subscribers in 2015 (including gains from DISH’s Sling TV) – compared to a gain of 20,000 in 2014
  - Not including gains from Sling TV, DBS providers lost about 450,000 subscribers in 2015
- The top Telcos lost 125,000 video subscribers in 2015 – compared to a gain of about 1,050,000 in 2014
  - AT&T U-verse had 960,000 fewer net adds in 2015 than in 2014
- Not including Sling TV, the top “traditional” pay-TV providers lost about 915,000 subscribers in 2015

Pay-TV Net Adds Follow Seasonal Trends



- The first quarter of each year has the most net pay-TV gains – while the second quarter has the most losses

Based on reported results from the top thirteen pay-TV providers, representing about 95% of the overall market (includes DISH's Sling TV as of 1Q 2015)
Approximate totals reflect pro forma results from system sales and acquisitions and changes in reporting methodology, and include LRG estimates

Pay-TV Net Adds Lag Growth in Occupied Housing

Pay-TV Growth* vs. US Occupied Housing Growth^
Over the Past Seven Years

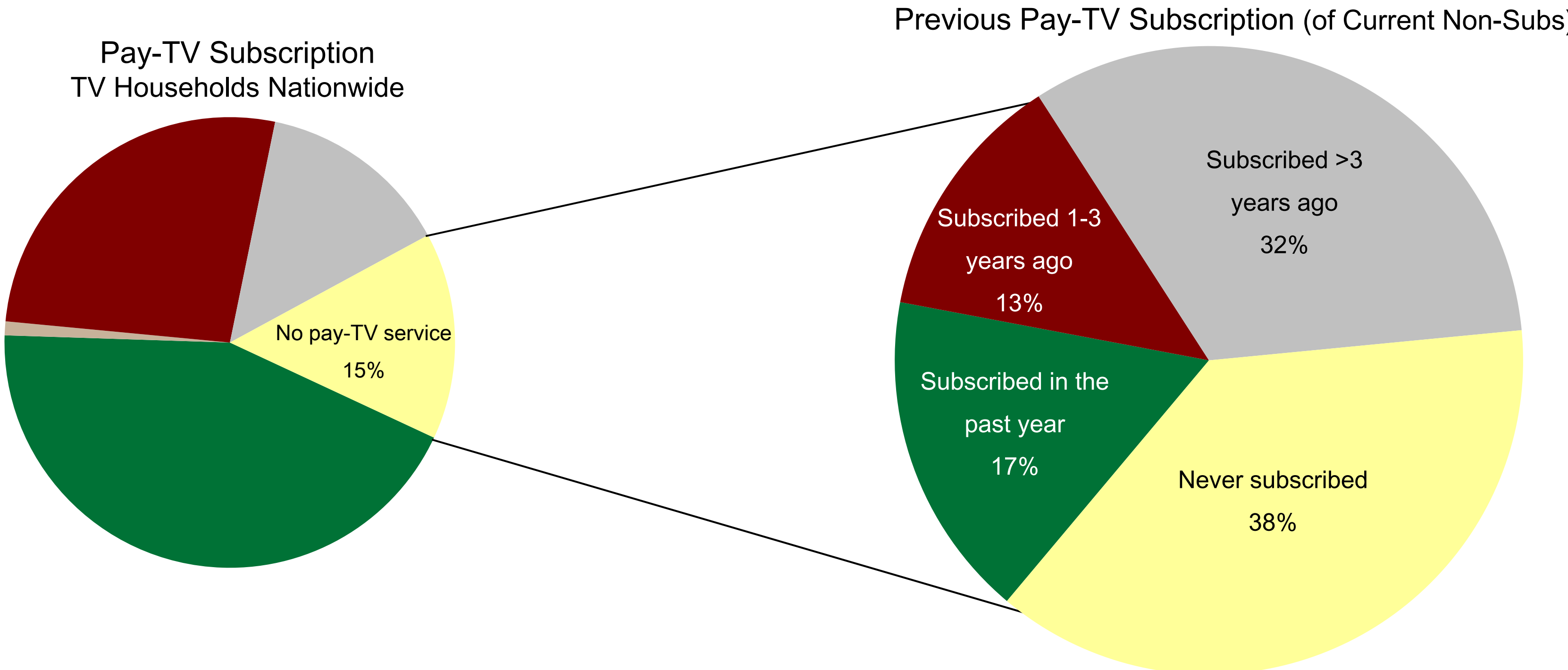
	2009	2010	2011	2012	2013	2014	2015
Pay-TV net additons*	1,940,000	540,000	375,000	150,000	-100,000	-150,000	-380,000
Occupied housing total additions^	662,000	900,000	564,000	939,000	520,000	1,905,000	462,000
Owner occupied	72,000	-159,000	-153,000	-110,000	116,000	-199,000	162,000
Renter occupied	590,000	1,060,000	717,000	1,046,000	407,000	2,103,000	300,000

- Over the past three years, major pay-TV providers* lost about 630,000 subscribers – while occupied housing in the US grew by about 2,890,000 units
  - Over the past three years, renter occupied housing grew by about 2,810,000 units – while owner occupied housing added about 80,000 units
  - Owner occupied totals are at about the same level as at the end of 2004
- Pay-TV subscribers for the top providers are down by less than 1 million from the peak in 1Q 2012

* Based on LRG tracking of reporting from the top pay-TV providers (including DISH's Sling TV) representing about 95% of the market – industry reported subscriber totals do not solely represent residential households)

^ Based off of data from the U.S. Department of Commerce – U.S Census Bureau (due to rounding, owner and renter occupied may not add up to total additions)

All Pay-TV Non-Subscribers are Not "Cord-Cutters"



- Overall, about 2.5% of TV households paid to subscribe to a service in the past year, but currently do not – compared to 3% in 2014, 1.5% in 2010, and 2.3% in 2005
  - Overall, about 2% of TV households last subscribed to a pay-TV service 1-3 years ago
  - Overall, about 5% of TV households last subscribed to a pay-TV service 3 years ago
  - Overall, about 5.5% of TV households never subscribed to a pay-TV service
- 12% of current non-subscribers don't subscribe because they can watch all that they want on the Internet, or because of Netflix – this group represents less than 2% of all TV households

From LRG study *Cable, DBS & Telcos: Competing for Customers 2015*

12% of Home Owners and 23% of Renters are Non-Subs

Non-Subscribers by Homeownership (of TV Households)

Year	Home owners	Renter
2015	12%	23%
2014	15%	21%
2013	13%	18%
2012	10%	19%
2011	12%	17%
2010	10%	20%
2009	12%	22%
2008	12%	19%
2007	13%	20%
2006	11%	25%
2005	15%	27%
2004	16%	29%

- Renters are more likely to be non-subscribers than in any year since 2006
- 21% of movers are non-subscribers – compared to 15% in 2013, and 12% in 2010

From LRG study *Cable, DBS & Telcos: Competing for Customers 2015*

35% Using 1 TV are Non-Subs – Compared 10% Using 2+

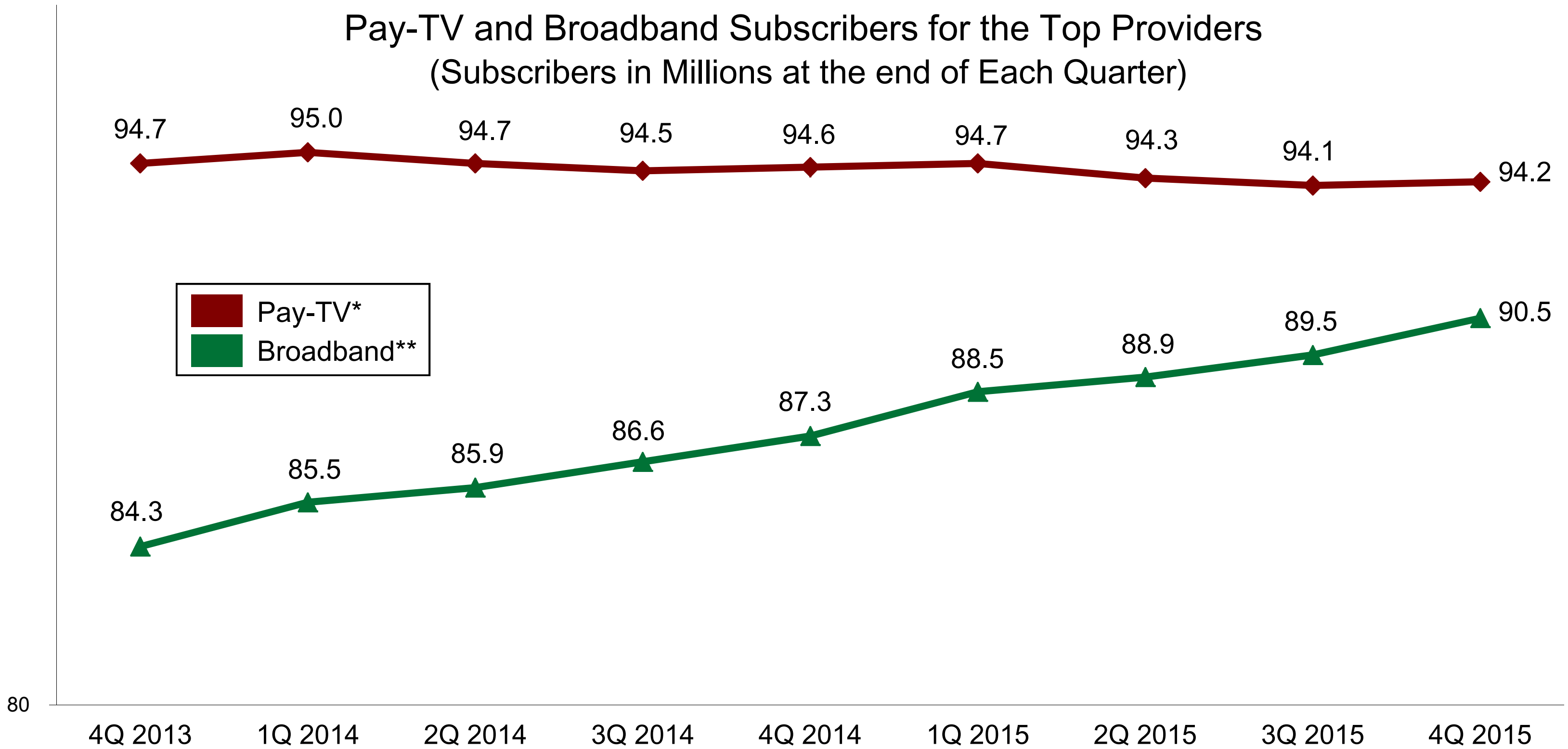
Non-Subscribers by TV Sets in the Household

Year	1 TV set	2 TV sets	3+ TV sets
2015	**35%**	**13%**	**7%**
2014	37%	15%	7%
2013	31%	15%	6%
2012	33%	13%	7%
2011	41%	15%	6%
2010	30%	15%	6%
2009	29%	15%	9%
2008	29%	14%	9%
2007	31%	15%	9%
2006	31%	15%	8%
2005	38%	18%	11%
2004	33%	21%	13%

- 19% of TV households use one TV set, 31% use two sets, and 50% use three or more TVs
- 25% with one person at home are non-subscribers – compared to 13% with two+ people in the home

From LRG study *Cable, DBS & Telcos: Competing for Customers 2015*

6 Million Broadband Subs Were Added in the Past 2 Years

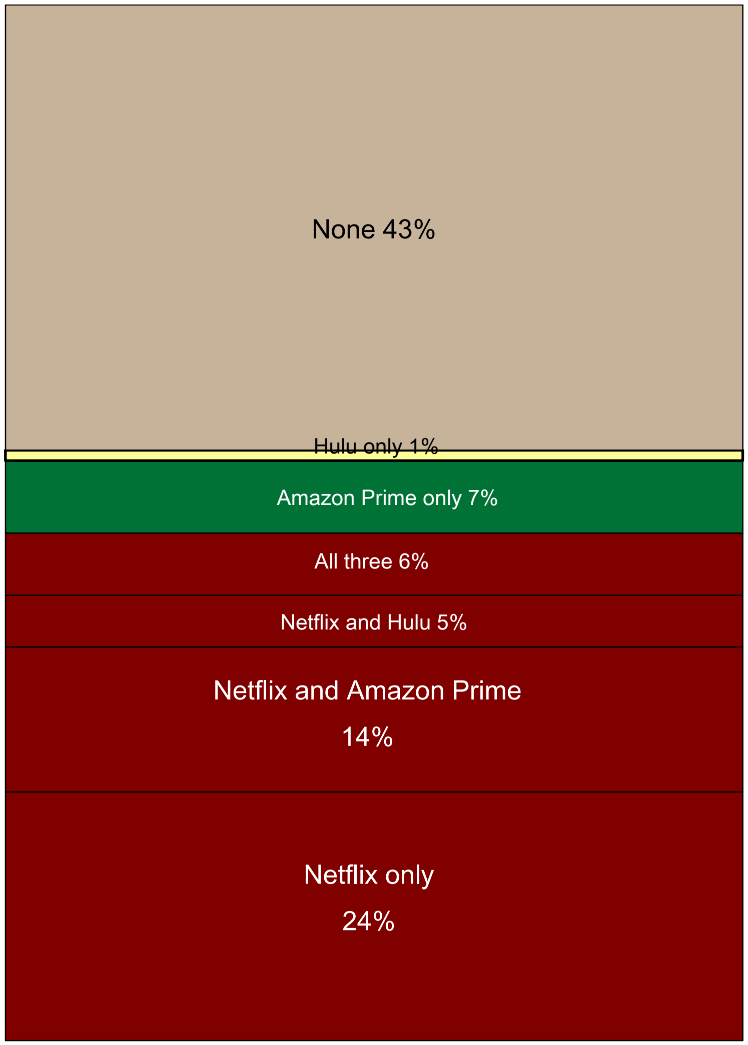


- In 2015, broadband providers had about 3,120,000 net adds – the most net adds in any year since 2010
- 13% of households get broadband at home but do not subscribe to a pay-TV service – while 13% get a pay-TV service but do not get broadband^
- 35% online at home watch video online daily – compared to 22% in 2013, 14% in 2010, and 5% in 2006^

* Top thirteen pay-TV providers representing about 95% of all subscribers (does not include cable overbuilder WOW)
** Top seventeen broadband providers representing about 94% of all subscribers
^ LRG *Broadband Internet Access & Service in the Home 2015* – 4Q 2015
Totals reflect pro forma results from system sales and acquisitions and changes in reporting methodology, and include LRG estimates

57% of Households Get Netflix, Amazon Prime, and/or Hulu

Combinations of SVOD Services



- 54% of pay-TV subscribers get any of these three subscription video on-Demand (SVOD) services – compared to 69% of pay-TV non-subscribers
- Overall, 48% stream any of these SVOD services monthly
  - 46% of pay-TV subscribers stream SVOD monthly – compared to 62% of non-subscribers
  - 69% of all ages 18-34 stream SVOD monthly – compared to 54% of ages 35-54, and 23% of ages 55+
- 83% of those who stream Netflix watch it on a TV set
- Over 60% of all households have at least one connected TV device – up from about 25% in 2010
  - About 70% of those with a connected TV device agree (8-10) that streaming services like Netflix are easy to access via connected TV devices^

From LRG study *On-Demand TV XIV*

^ From the upcoming LRG study *HD and Connected TVs XIII*

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