
The Digital Transition: Before & After

Note To Our Members:

- **The following slides were developed to help you understand the short term effects of the Digital Transition**
- **This document explores short-term trends however keep in mind that it is too early to detect long-term shifts in viewing / ratings**

The Digital Transition: Before & After

- Who was effected by the digital transition?
- Where did these viewers go?
- How has this effected television viewing so far?

What was the Digital Transition and how many people were effected?

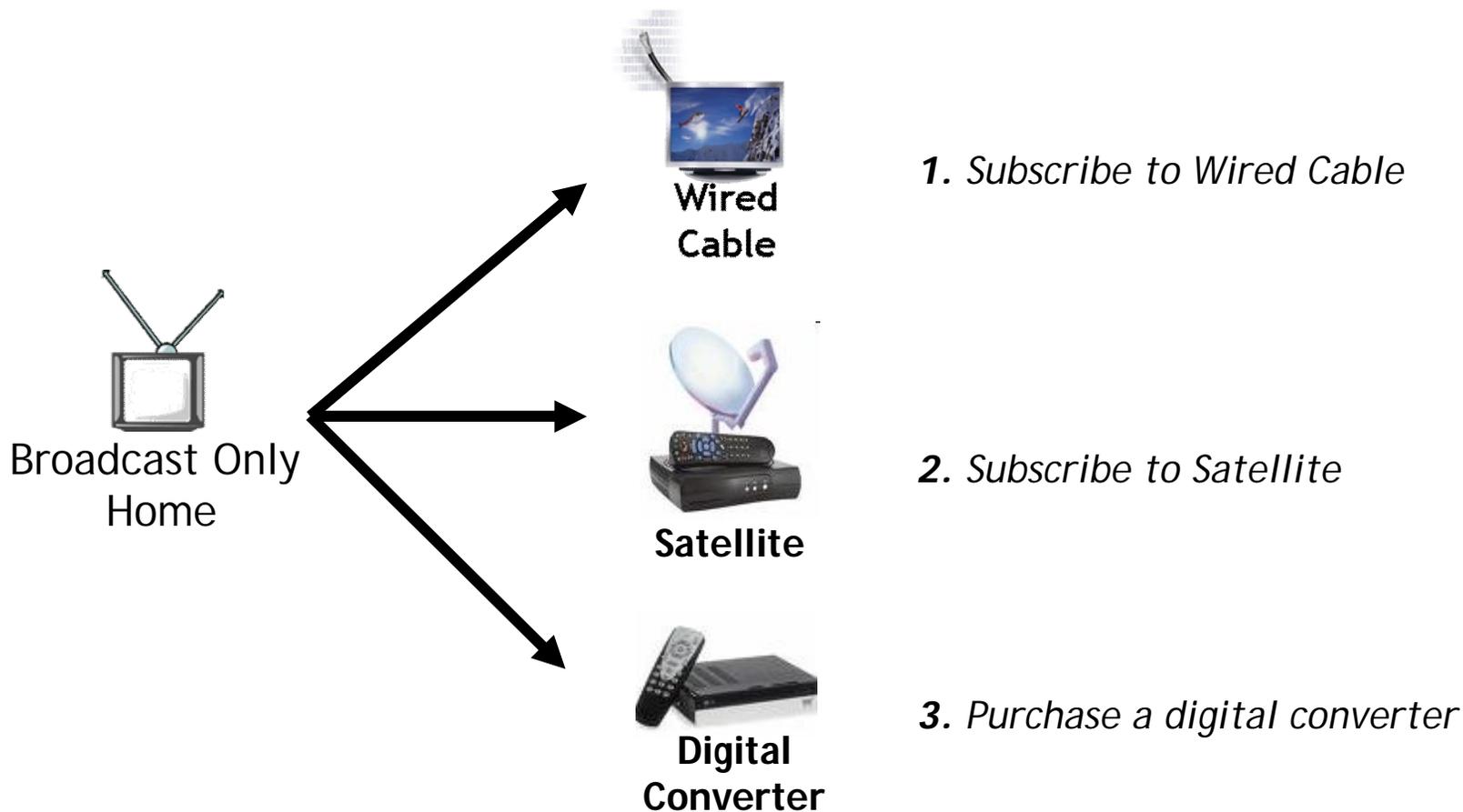
What was the Digital Transition?

The government mandated that by June 12, 2009 all television signals must be digital

As a result, any television set that did not have a digital receiver would lose reception after that deadline

Since the majority of broadcast-only homes had TV sets that could only receive an analog signal they had to make a choice...

Broadcast-Only Homes Had Three Choices



Over 10 Million Homes Made This Choice

Households With Completely Unready Sets Nielsen People Meter Sample

	<u>% of TV Homes</u>	<u># of TV Homes</u>
January '08	10.5%	11.9 Million
January '09	5.7%	6.4 Million
July '09	1.3%	1.5 Million

What About the Million Homes Who Still Aren't Ready?

Households With Completely Unready Sets Nielsen People Meter Sample

	<u>% of TV Homes</u>	<u># of TV Homes</u>
January '08	10.5%	11.9 Million
January '09	5.7%	6.4 Million
July '09	1.3%	1.5 Million

What About the Million Homes Who Still Aren't Ready?

Low power and translator stations were not required to transition on June 12th

Therefore, a small section of homes in rural areas can receive a few channels through an analog signal from these stations

- 60% of completely unready homes as of June 28, 2009 receive at least one low power station

At this time, it is uncertain when these stations will officially transition

***Where Did the Homes that Made the Switch
to Digital Go?***

Although the Majority Acquired a Digital Tuner, Wired Cable Picked Up Over 20% of Homes

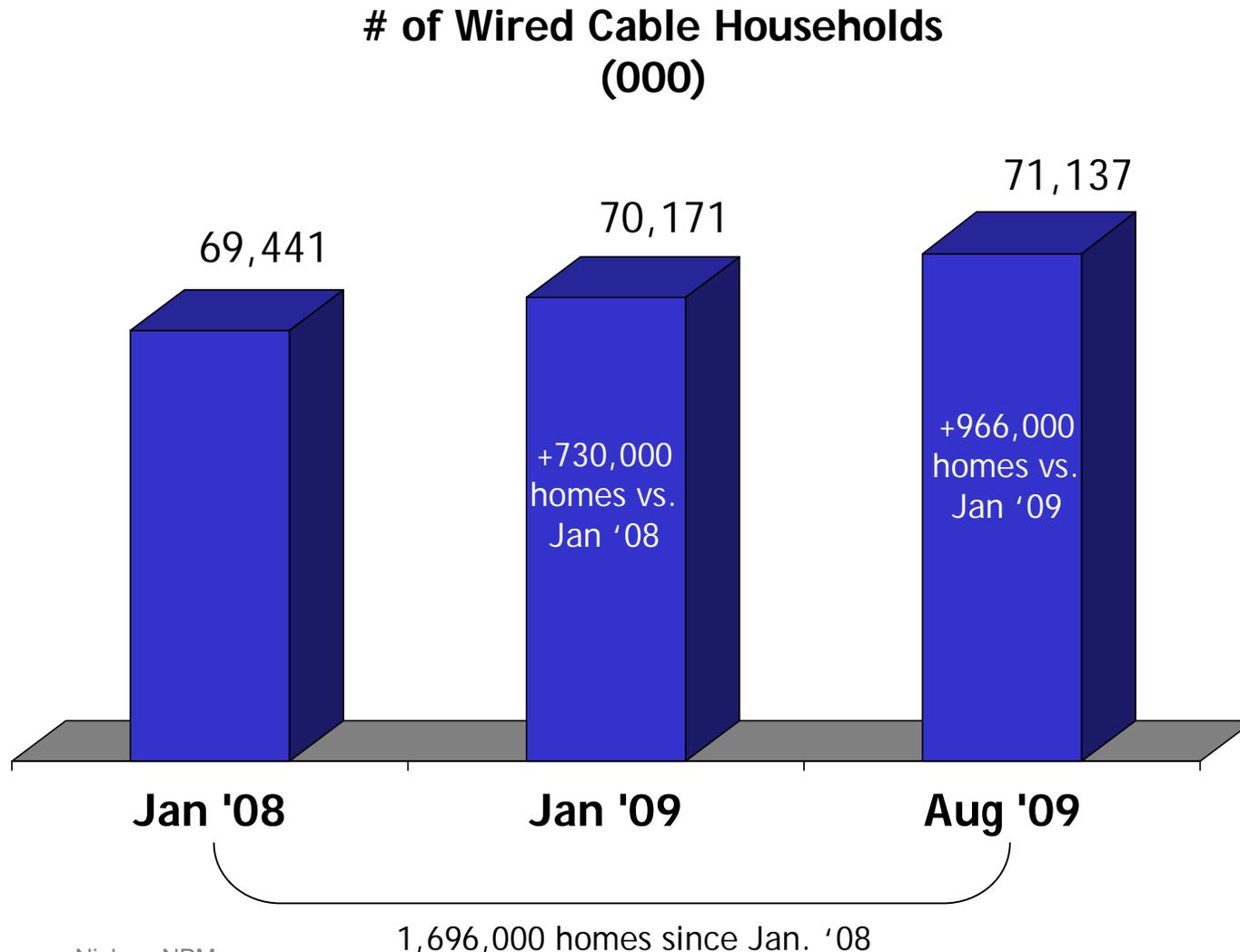
Conversions as of June 2009

(# of Homes Estimated from Nielsen People Meter Sample)

% of Converted TV Homes

Acquired a Digital Converter	65.7%
Acquired Hard-Wired Cable	23.3%
Acquired Satellite (DBS)	10.8%
Acquired other ADS (SMATV)	0.2%

Since January '08 Wired Cable Has Picked Up Over One and One-Half Million Homes



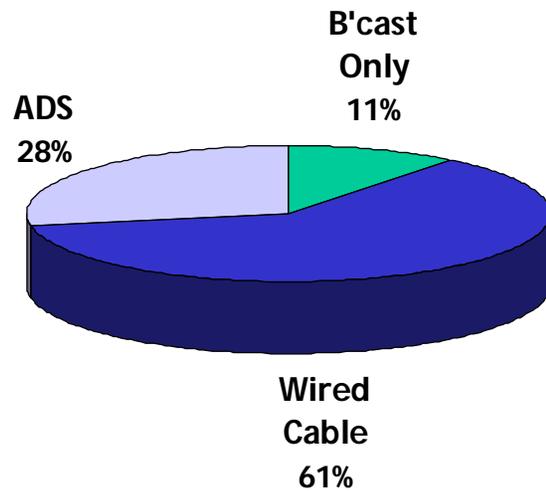
Wired Cable Added 365,000 More Homes Than Satellite

	# of Households (000)		
	<u>January 2008</u>	<u>August 2009</u>	<u>Difference</u>
Wired Cable	69,441	71,137	+1,696
ADS	31,495	32,826	+1,331
Broadcast Only	<u>11,864</u>	<u>10,537</u>	-1,327
Total Homes:	112,800	114,500	

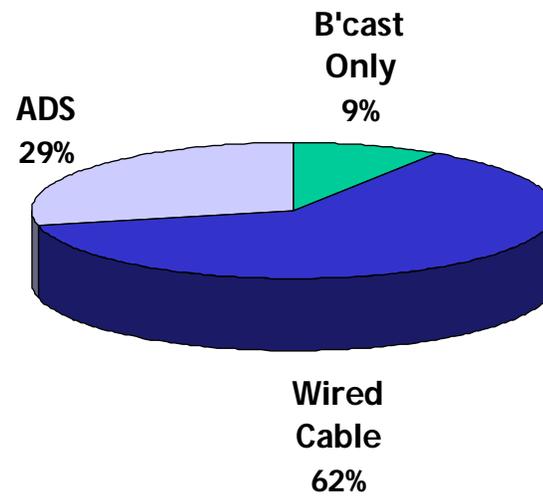
Wired Cable Currently Accounts for 62% of All Homes

% of Households

January 2008



August 2009



How Will TV Viewing Be Effected by the Influx of New Homes to Cable?

...It's too early to know for certain but short term indications are positive...

Broadcast-Only Homes Had Limited Viewing Options Before...

Before the transition, 100% of viewing went to Broadcast stations...

Among consumers who chose Wired Cable (only local ad insertion option)...



Route to Readiness	Period	Broadcast Programming <small>(Avg. 17 channels including Hispanic)</small>	Cable Programming <small>(Avg. 114 channels)</small>
Broadcast Only to Wired Cable	Before Transition	100%	0%

Share of viewing before and after transition on television sets that were Unready during the entire week of May 19th through May 25th, 2008 and Ready during the entire week of April 20th through April 26th, 2009 (based on Unified NPM Total U.S. sample during those two weeks)

What Happens When You Give Them More Choice?

They flip the channel from Broadcast to Cable...
Over 70% of their viewing moved to Cable!

Among consumers who chose Wired Cable (only local ad insertion option)...

Route to Readiness	Period	Broadcast Programming (Avg. 17 channels including Hispanic)	Cable Programming (Avg. 114 channels)
Broadcast Only to Wired Cable	Before Transition	100%	0%
	After Transition	28%	72%



Share of viewing before and after transition on television sets that were Unready during the entire week of May 19th through May 25th, 2008 and Ready during the entire week of April 20th through April 26th, 2009 (based on Unified NPM Total U.S. sample during those two weeks)

Final Thoughts

- Broadcast network performance showed a decline in weeks after the transition...time will tell how much is due to changed viewing behavior
- The Nielsen Universe Estimates will be updated on a rolling basis therefore in the upcoming periods the Wired Cable UE is expected to increase