STATE OF THE MEDIA

THE CROSS-PLATFORM REPORT

QUARTER 3, 2011 — US

nielsen

FINDING THE RIGHT ENTERTAINMENT FIT FOR YOUR FAMILY

Americans spend more than 33 hours per week watching video across the screens. But how they're consuming video—traditional TV and otherwise—is ever-changing thanks to availability and advancements, ease-of-use and economics. Whether streaming or satellite, over-the-air or over-the-top, understanding how consumers are tuning in is more important than ever.

TUNING IN

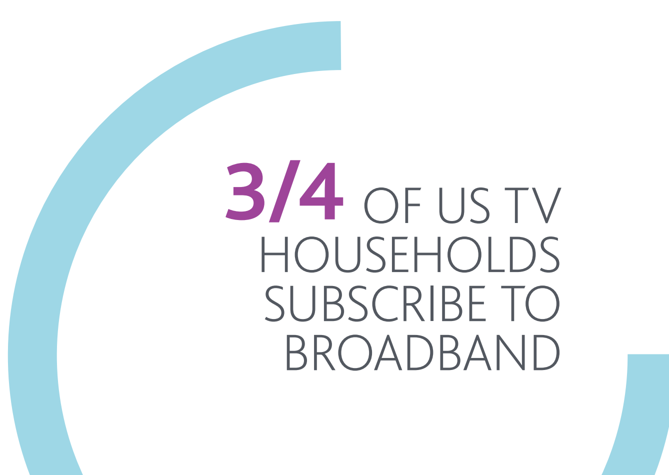
Consumers are staying connected. The vast majority (90.4%) of U.S. TV households pay for a TV subscription (cable, telephone company or satellite), while roughly three-quarters (75.3%) opt for broadband Internet. That's a lot, and the percentage of homes has remained stable despite a poor economy and a multitude of entertainment options available to consumers. In fact, since last year, the number of homes paying for both a TV subscription and broadband has increased 5.5 percent.

Changes are afoot, however, as consumers seek out the subscription service that makes the most sense for them. The number of homes subscribing to wired cable has decreased 4.1 percent in the past year at the same time that telephone company-provided (telco) and satellite TV have seen increases of 21.1 percent and 2.1 percent, respectively.

LOGGING ON

Nearly a million more homes are subscribing to broadband while skipping a traditional paid TV subscription. There are 5.1 million broadcast-only/broadband homes, compared to 80.8 million cable-plus/broadband homes and 22.3 million homes that subscribe to cable-plus and no broadband. Though broadcast only/broadband homes comprise the smallest subscriber group, the number of these homes has increased by 22.8 percent since Q3 2010.

The increase in broadcast-only/broadband homes is the most significant of any category, though it is not necessarily an indication of downgrading services. Rather, this could reflect broadcast-only homes upgrading to broadband as their needs change. Further underscoring the importance placed on broadband Internet, the number of homes subscribing to cable-plus and no broadband decreased 17.1 percent since last year.



OPTING IN

The proportion of ethnic households opting for specific TV distribution sources—cable, telco and satellite—has also shifted. Wired cable is still the top subscription choice for White, African-American, Hispanic and Asian households, but it now represents a smaller share of paid-TV subscriptions than it did in just Q1 of 2011. Those subscribing to satellite has remained relatively stable, as have broadcast-only households of all ethnicities.

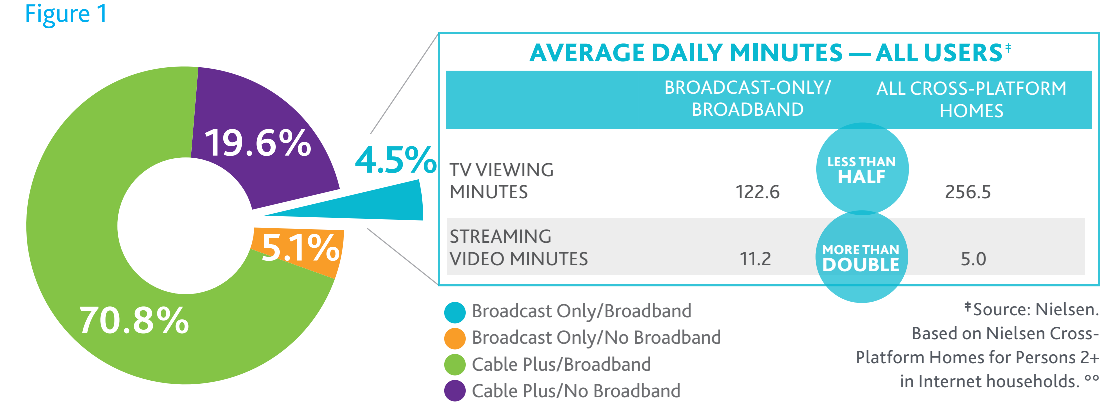
Interestingly, the biggest shift between subscription types has been among Asians. While nearly two-thirds of Asians subscribed to wired cable in Q1 2011, that number is now just half (at 51%). And, 12 percent of Asians now opt for telco delivery, up from nine percent in 2010. Hispanic homes are more likely to be broadcast-only (15%) or pay for satellite (34%) than any other ethnicity.

STAY TUNED... DEVELOPMENTS TO WATCH

Cord-Swapping Continues—As noted, nine-tenths of all TV households pay for content—either cable, from a telephone company or via satellite—and that number has remained relatively flat year-over-year. However, some consumers continue to explore the best fit within these provider types.

Broadcast-Only/Broadband Homes in Focus—Though less than 5 percent of the television households, there are interesting behaviors being observed in these homes. U.S. consumers in homes with broadband Internet and free, broadcast TV stream video twice as much as the general cross-platform population‡. They also watch half as much TV.

Figure 1



Source: Table 10

Whether they're cord-cutters or former broadcast-only homes that upgraded to Internet service, these homes represent a very small but growing group of U.S. consumers. Interestingly, roughly the same percentage of consumers in broadcast-only/broadband homes watch traditional TV, stream or use the Internet as in all cross-platform homes; the difference between these groups falls to time spent on these activities. Even broadcast-only/broadband homes spend the majority of their video time watching traditional TV: 122.6 minutes, compared to 11.2 for streaming on average each day.

DID YOU KNOW?

The Cross-Platform Report originally launched in Quarter 3, 2008 as the Three Screen Report.

Since its launch, the number of users and time spent viewing video across TV, Online and Mobile has continued to grow. Here is a snapshot of that growth in behavior.

from Q3 2008 to Q3 2011

WATCHING VIDEO ON THE INTERNET

+21.7% in Users

+79.5% in Time Spent Among Users

WATCHING TIMESHIFTED TV

+65.9% in Users

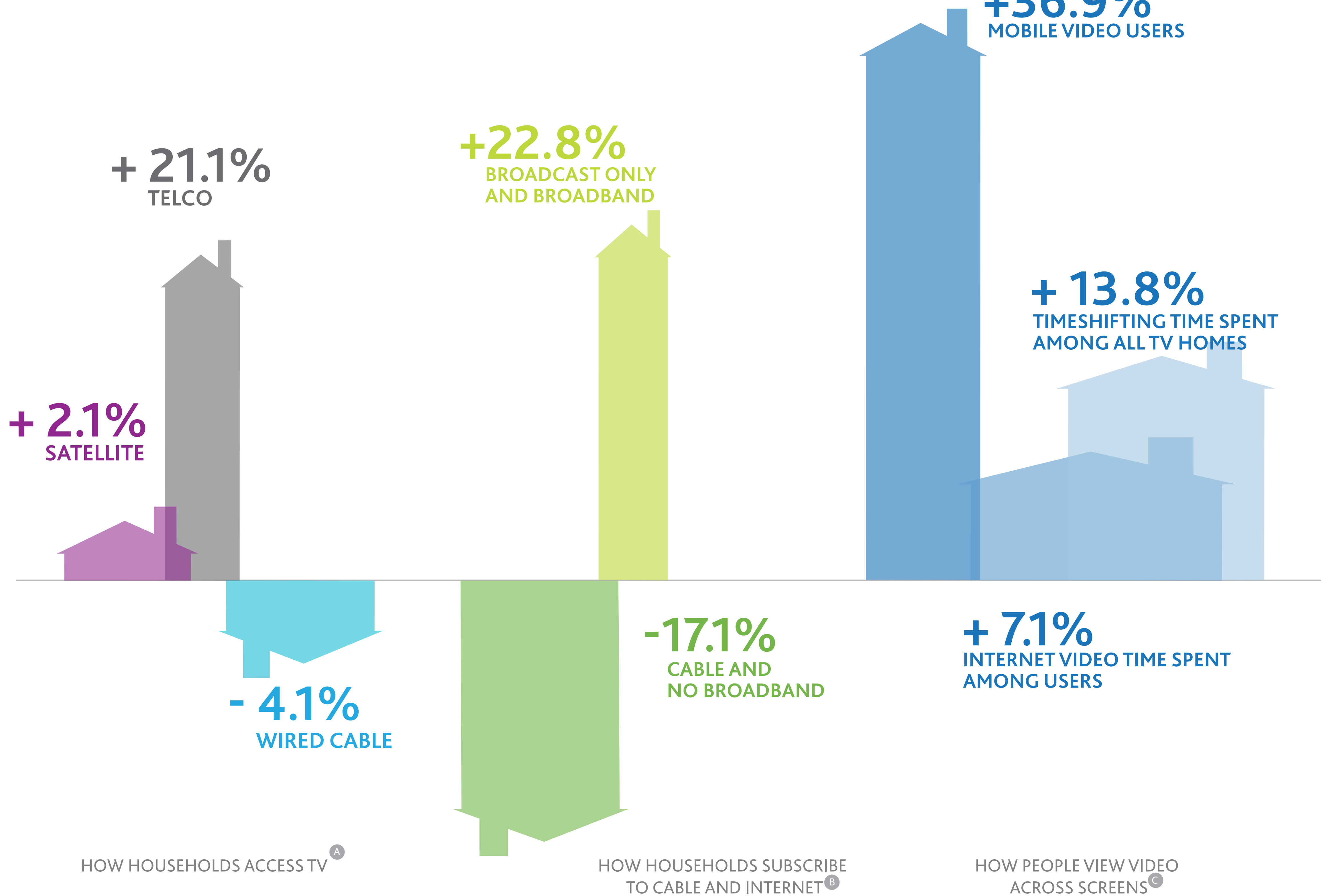
+66.1% in Time Spent Among Users

WATCHING VIDEO ON A MOBILE PHONE

+205.7% in Users

+19.8% in Time Spent Among Users

VIEWING SHIFTS IN AMERICA'S LIVING ROOM:
A YEAR-OVER-YEAR COMPARISON OF VIEWER BEHAVIOR



Source Nielsen, Q3 2010 vs. Q3 2011

Note: Arrow width is illustrative of the percentage of larger data set. For specific context: A See Table 9; B See Figure 1 on page 3 & Table 10; C See Tables 2 & 3.

HOW PEOPLE WATCH

TABLE 1. A Week in the – Life Weekly Time Spent in Hours: Minutes – By Age Demographic for Entire US Population

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+	P 2+	Hispanic 2+	African-American 2+
On Traditional TV*	26:03	24:11	23:57	27:46	32:07	40:07	45:23	32:33	28:06	45:55
Watching Timeshifted TV*	2:03	1:39	1:39	2:59	3:02	2:44	1:43	2:24	1:31	1:52
Using the Internet on a Computer***	0:33	1:35	3:54	6:00	6:08	5:16	2:50	4:07	3:10	3:49
Watching Video on Internet**	0:08	0:25	0:46	0:53	0:38	0:25	0:13	0:29	0:34	0:34
Mobile Subscribers Watching Video on a Mobile Phone^	N/A	0:17^^	0:16	0:15	0:06	0:02	<0:01	0:07	0:04	0:04

Source: Nielsen. Table 1 is uniquely based on the Total Population in the US—all 297 million Americans over age 2—whether or not they have the technology.

TABLE 2. Overall Usage – Number of Users 2+ (in 000's) – Monthly Reach

	Q3 11	Q2 11	Q3 10	% Diff Yr to Yr
Watching TV in the Home°	285,858	288,256	286,326	-0.2%
Watching Timeshifted TV° (all TV homes)	112,271	110,547	101,126	11.0%
Using the Internet on a Computer***	194,716	192,395	189,387	2.8%
Watching Video on Internet**=	146,873	143,002	140,065	4.9%
Using a Mobile Phone^	232,455	231,355	227,823	2.0%
Mobile Subscribers Watching Video on a Mobile Phone^	31,364	29,916	22,912	36.9%

Source: Nielsen

TABLE 3. Monthly Time Spent in Hours:Minutes – Per User 2+ of Each Medium

	Q3 11	Q2 11	Q3 10	% Diff Yr to Yr	Hrs:Min Diff Yr to Yr
Watching TV in the Home*	146:45	146:20	145:28	0.9%	1:17
Watching Timeshifted TV* (all TV homes)	10:51	10:30	9:32	13.8%	1:19
DVR Playback (only in homes with DVRs)	24:27	24:29	23:58	2.0%	0:29
Using the Internet on a Computer***	24:59	24:25	27:00	-7.5%	-2:01
Watching Video on Internet**=	4:31	4:26	4:13	7.1%	0:18
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	4:20	0%	0:00

Source: Nielsen. Unlike Table 1, this table is based on total users of **each** medium. Additional Note: TV viewing patterns in the US tend to be seasonal, with usage patterns different in winter months than summer months—sometimes leading to declines/increases in quarter to quarter usage.

TABLE 4a. Monthly Time Spent in Hours: Minutes Age Demographic

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+	P 2+
On Traditional TV*	116:46	109:15	113:46	125:55	143:22	178:29	203:50	146:45
Watching Timeshifted TV (all TV homes)	9:11	7:30	7:54	13:33	13:32	12:12	7:46	10:51
DVR Playback (only in homes with DVRs)	19:08	16:39	18:52	28:17	27:09	28:02	24:51	24:27
Using the Internet on a computer***	5:41	11:26	24:31	31:01	30:08	28:03	22:25	24:59
Watching Video on Internet**	2:24	4:25	7:33	6:30	4:35	3:22	2:35	4:31
Mobile Subscribers Watching Video on a Mobile Phone^	N/A	6:30	5:25	4:20	3:19	2:53	1:48	4:20

Source: Nielsen. Unlike Table 1, this table is based on total users of **each** medium. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (293 million). DVR Playback based on persons in DVR Households (127 million).

TABLE 4b. Monthly Time Spent in Hours: Minutes Age Demographic – Additional Demos

	A 18-34	A 18-49	A 25-54	A 55+
On Traditional TV*	120:56	131:47	141:53	195:10
Watching Timeshifted TV (all TV homes)	11:14	12:21	13:19	9:51
DVR Playback (only in homes with DVRs)	24:55	26:04	27:33	26:53
Using the Internet on a Computer***	28:37	29:24	30:27	24:45
Watching Video on Internet**	6:52	5:43	5:07	2:46
Mobile Subscribers Watching Video on a Mobile Phone^	4:20	4:20	3:37	2:10

Source: Nielsen. Unlike Table 1, this table is based on total users of **each** medium. Traditional TV and Timeshifted viewing estimates are based on persons in TV Households (293 million). DVR Playback based on persons in DVR Households (127 million).

TABLE 5. Video Audience Composition – Monthly Time Spent By Gender

	M2-17	F2-17	M18-49	F18-49	M 50+	F 50+	M2+	F2+
On TV*	113:08	114:54	126:37	136:52	176:25	199:20	139:10	153:59
On the Internet***	3:40	3: 04	6:30	5:02	3:46	2:36	5:12	3:57
On Mobile Phones^^	N/A	N/A	4:20	3:37	2:10	2:53	4:20	4:20

Source: Nielsen. (Based on Total Users of **each** medium)

TABLE 6. Video Audience Composition – Monthly Time Spent in Hours:Minutes Ethnicity & Race

	White	African-American	Hispanic	Asian
On Traditional TV*	142:05	205:56	125:48	95:55
Watching Timeshifted TV (all TV homes)	11:52	8:25	6:50	8:14
DVR Playback (only in homes with DVRs)	25:16	21:36	22:01	21:24
Watching Video on Internet**	3:52	6:11	6:29	9:28
Mobile Subscribers Watching Video on a Mobile Phone^	3:37	5:30	4:20	5:47

Source: Nielsen. (Based on Total Users of **each** medium for Persons 2+)

TABLE 7a. Video Audience Composition – Age Demographic

	K 2-11	T 12-17	A 18-24	A 25-34	A 35-49	A 50-64	A 65+
On TV*	11%	6%	7%	12%	21%	24%	19%
On the Internet***	8%	7%	9%	17%	27%	22%	10%
On Mobile Phones^	N/A	12%	23%	28%	25%	10%	2%

Source: Nielsen. (Based on Total Users of **each** medium)

TABLE 7b. Video Audience Composition – Age Demographic – Additional Demos

	A 18-34	A 18-49	A 25-54	A 55+
On TV*	19%	40%	41%	34%
On the Internet***	26%	53%	52%	24%
On Mobile Phones^	51%	76%	58%	7%

Source: Nielsen. (Based on Total Users of **each** medium)

ASIANS SPEND NEARLY **2.5x** MORE TIME WATCHING VIDEO ON THE INTERNET THAN DO WHITES

TABLE 8a. Cross-Platform Homes – Ranked by In-Home Streaming Behavior

Stream Quintile	# of Persons (in 000's)	Average Daily Minutes Stream	Internet+	TV
Stream 1	29,518	21.1	60.9	222.7
Stream 2	29,503	2.8	37.7	258.5
Stream 3	29,528	0.9	26.3	262.4
Stream 4	29,498	0.3	18.1	273.0
Stream 5	29,524	0.0	10.1	265.8
Non Streamers	95,520	0.0	1.5	247.7
All	243,091	3.1	19.3	253.1

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households. °°

TABLE 8b. Cross-Platform Homes – Ranked by In-Home Internet Behavior

Internet Quintile	# of Persons (in 000's)	Average Daily Minutes Stream	Internet+	TV
Internet 1	37,289	12.4	83.6	295.0
Internet 2	37,288	4.8	26.2	261.4
Internet 3	37,273	1.9	10.6	254.6
Internet 4	37,296	0.6	3.4	245.1
Internet 5	37,283	0.1	0.5	232.6
Non Internet Users	56,661	0.0	0.0	236.9
All	243,091	3.1	19.3	253.1

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households. °°

TABLE 8c. Cross-Platform Homes – Ranked by In-Home Television Viewing Behavior

TV Quintile	# of Persons (in 000's)	Average Daily Minutes Stream	Internet+	TV
Television 1	48,290	2.4	25.7	611.7
Television 2	48,281	2.5	20.8	309.2
Television 3	48,290	2.4	17.5	197.2
Television 4	48,293	3.2	16.8	117.1
Television 5	48,281	4.9	15.7	34.9
Non Television Viewers	1,655	3.2	11.4	0.0
All	243,091	3.1	19.3	253.1

Source: Nielsen. Based on Nielsen Cross-Platform Homes for Persons 2+ in Internet households. °°

DEVICE AND DELIVERY PENETRATION

GAME CONSOLES GREW **4.1%** YEAR-OVER-YEAR

TABLE 9. Television Distribution Sources - Number of Households (in 000's)

Market Break	Q3 11	Q2 11	Q3 10
Broadcast Only	11,050	11,140	10,980
Wired Cable	61,192	62,042	63,817
Telco	8,284	8,028	6,840
Satellite	34,653	34,480	33,940

Source: Nielsen. Based on the Universe Estimates for the 15th of each month within the quarter.

TABLE 10. Cable/Satellite with Internet Status - Number of Households (in 000's)

	Q3 11	Q2 11	Q3 10
Broadcast Only and Broadband	5,104	4,949	4,156
Broadcast Only and No Internet/Narrowband	5,869	5,813	6,254
Cable Plus and Broadband	80,824	80,994	76,613
Cable Plus and No Internet/ Narrowband	22,329	22,849	26,925

Source: Nielsen. Based on the Universe Estimates for the 15th of each month within the quarter.
Please see "Glossary" definitions in footnotes on last page.

CHART 1. Television Distribution Sources

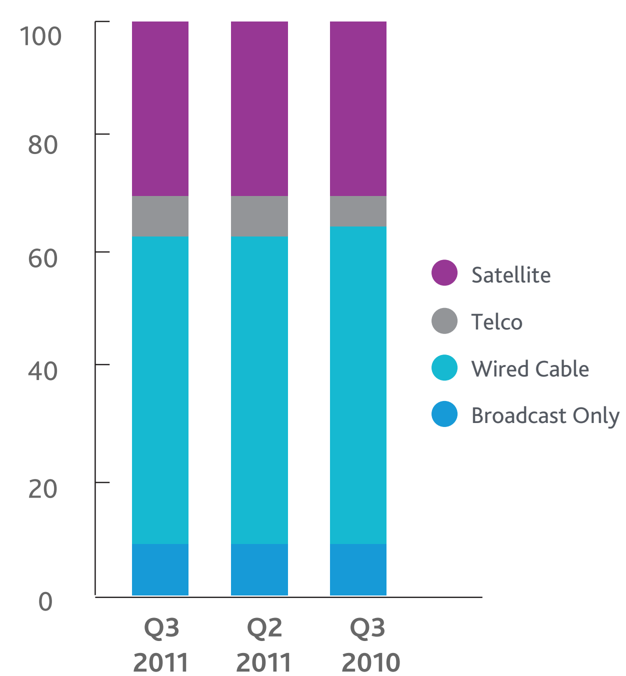


CHART 2. Cable/Satellite with Internet Status

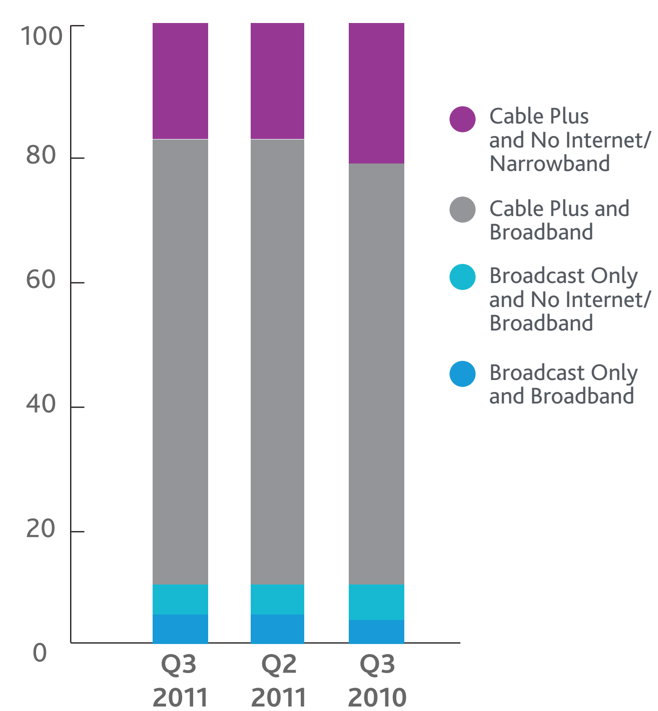


TABLE 11. Television Distribution Sources - By Ethnicity

Market Break	White	African-American	Hispanic	Asian
Broadcast Only	9%	11%	15%	11%
Wired Cable	54%	55%	45%	51%
Telco	7%	8%	6%	12%
Satellite	31%	26%	34%	28%

Source: Nielsen. Based on Universe Estimates for the entire quarter.

TABLE 12. TV Households with Devices (in 000's)

	Q3 11	Q2 11	Q3 10
Any DVD Player◆	99,103	99,747	100,201
Any DVR	46,652	45,297	41,640
Any High Definition TV	79,980	79,043	69,012
Any Video Game	52,084	50,992	50,042

◆BluRay included in count.
Source: Nielsen.

TABLE 13. Mobile Device Penetration by Ethnicity

	White	African-American	Hispanic	Asian
Smartphone	38%	48%	50%	60%
Feature phone	62%	52%	50%	40%

Source: Nielsen. Based on scaled installed counts for the entire quarter.

FOOTNOTES FOR CHARTS:

° Watching TV in the home includes those viewing at least one minute (reach) within the measurement period. This includes Live viewing plus any playback within the measurement period. Third Quarter 2011 Television data is based on the following measurement interval: 6/27/2011 – 9/25/2011. As of February 2011, DVR Playback has been incorporated into the Persons Television Usage (PUT) Statistic.

° ° In response to client requests for the ability to recreate these quintiles of time spent, for Q2 2011 forward the production of the underlying data has beenfully migrated to the NPOWER system. In addition to allowing clients that subscribe to the Nielsen Cross-Platform Service to generate these and associated reports, it also incorporates production sample weighting (detailed in Chapter 3 of the National Reference Supplement) and universe projections.

Average daily minutes statistics calculated by averaging the total minutes from all persons in the quintile including non-users. Previous reports averaged the total minutes from users only.

* TV in the home includes Live usage plus any playback viewing within the measurement period. Timeshifted TV is playback primarily on a DVR but includes playback from VOD, DVD recorders, server based DVR's and services like Start Over.

** Internet figures are from home and work. Hours:minutes for Internet and video use are based on the universe of persons who used the Internet/watched online video via their computers. All internet figures are weekly or monthly averages over the course of the quarter. Data for Q3 2010 (Tables 2 &3) have been corrected to include restated data. Data for NetView were restated from February 2010 through October 2010 and VideoCensus were restated from March 2010 through November 2010 due to technological issues which understated time spent metrics. All data were computed via custom analyses reports using Nielsen NetView and Nielsen Video Census data.

^ Video user projection, time spent and composition data based on survey analysis of past 30 day use during the period. The mobile video audience figures in this report include mobile phone users (aged 13+) who access mobile video through any means (including mobile Web, subscription-based, downloads and applications).

^^ Nielsen's mobile survey reports mobile video usage for those users 13 and older. Thus, 12-17 is T13-17 for all mobile data.

A SPECIAL NOTE ON INTERNET AUDIENCES:

+ Due to a change in the type of call used behind Facebook's AJAX interface, Nielsen NetView data for Facebook page views and duration were underreported for June and July 2011. This was corrected with August-forward reporting. This affects the "Using the Internet on a Computer" and "Internet" time spent figures provided in this report.

Yahoo! Mail and Yahoo! page view and duration data shows an artificial decrease for May - November 2011 and do not reflect the actual activity on these sites. This was corrected with December-forward reporting. This affects the "Using the Internet on a Computer" and "Internet" time spent figures provided in this report.

= Due to a change in the format of Netflix stream URLs, streaming for the Netflix brand was not reported in the April and May 2011 VideoCensus reports. This was corrected with June-forward reporting. This affects the Q2 2011 "Watching Video on the Internet" and "Stream" figures for the report.

GLOSSARY:

Traditional TV: Watching live or timeshifted content on a television set delivered by a broadcast signal or a paid TV subscription.

TV subscription: Paying for TV content through wired cable, telco or a satellite provider. Also referred to as cable-plus in this report.

Wired cable: Traditional cable delivered through wires to your home.

Telco: A paid TV subscription delivered fiber-optically via a traditional telephony provider.

Satellite: A paid TV subscription where the signal is transmitted to an orbiting satellite. The amplified signal is then re-transmitted to the home and received via a dish. (Sometimes also referred to as "*dish*").

Broadband: A paid, high-speed Internet access delivered via DSL, Cable Internet through cable provider, Fiber-Optic Service, U-Verse, Satellite Internet, Data Card (aircard that connects to a cellular phone network) or PC tethered to cell phone (cellular phone network).

Narrowband: A household that accesses the internet via a telephone line (often referred to as dial up).

Over-the-air: A mode of television content delivery that does not involve satellite transmission or cables (ie—a paid service). Also referred to as "Broadcast Only" in this report.

Over-the-top: Devices that piggyback on normal distribution channels (cable, satellite, etc) to pull content directly from the Internet and deliver it to the television set. Can be equipment such as dvd players, video game consoles, web-enabled televisions, etc.

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