THINK LOCALLY:

Understanding Cable TV For The Local Marketplace

1Q '18 REPORT

VIDEO ADVERTISING BUREAU

Program Guide

Summary

Consumer choice for video has never been higher and with over $225 billion invested in programming over the last five years, multiplatform TV brands are well-positioned as the primary resource to deliver a continuous stream of premium content.

The collective scale of MVPDs and high reach of TV provides both an audience and advertising advantage for cable TV that is unmatched. Among other genres, cable TV is the definitive source for breaking news and impassioned conversation within America's endless news cycle as well as being the home to countless breathtaking moments in sports that unfold every night.

No longer just a passive viewing experience, the passion that surrounds TV content extends online and drives social conversation virtually every night of the year. In fact, some of the most "talked" about topics on social media revolve around TV programs and characters that people, from Gen Z to Boomers, are watching in real-time and completely immersed by.

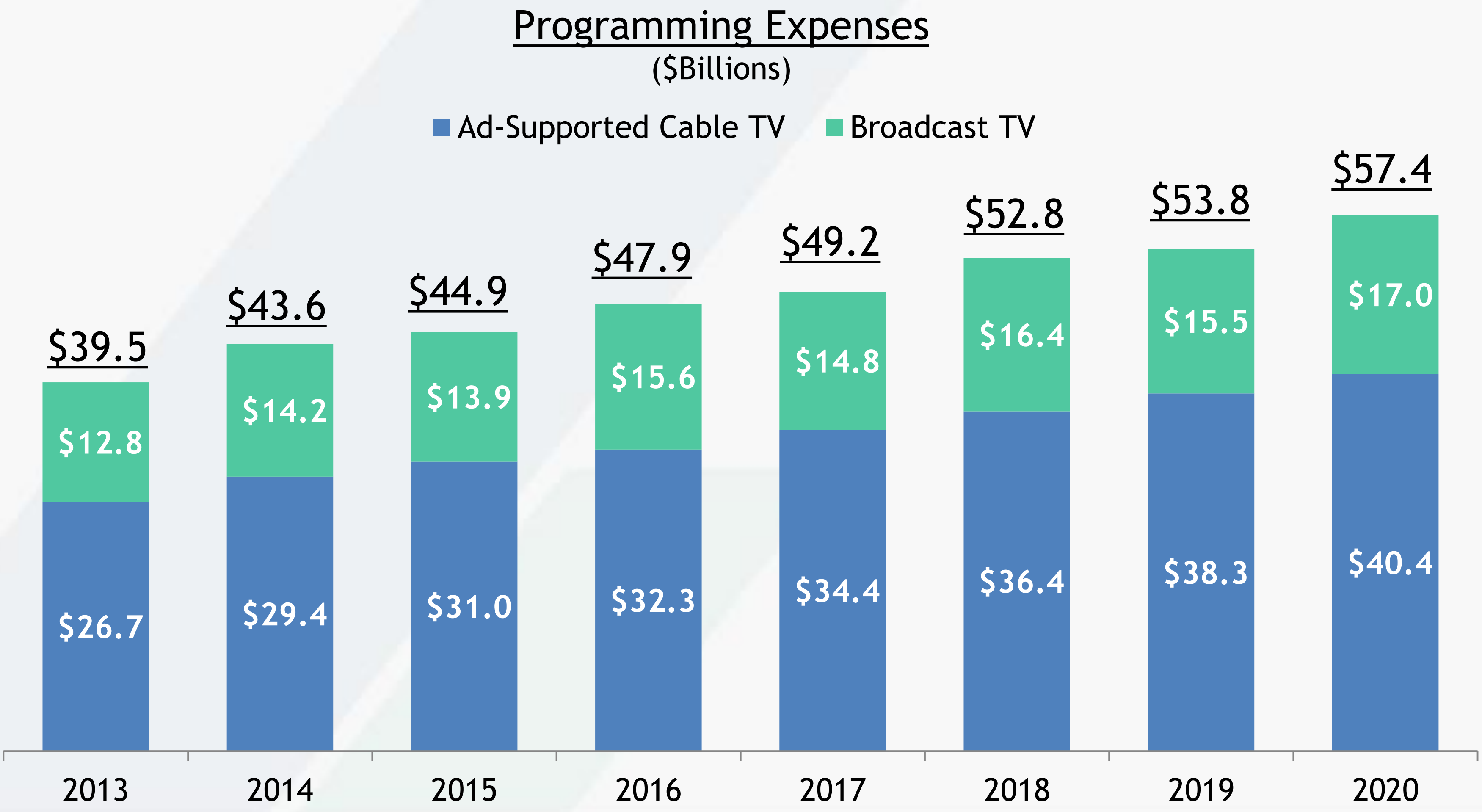
Further cable TV capabilities include MVPD Video-On-Demand which offers the ultimate platform for consumer choice with libraries that easily dwarf those of the most popular SVOD services, while addressability provides advanced targeting options that align with matchable subscriber data at the set-top box level.

Most importantly, TV (and cable TV specifically) drives business outcomes. Through several VAB-conducted analyses we've seen significant upticks in website traffic, search and social curiosity nearly immediately after an advertiser launches a TV campaign. Of course, the powerful branding and "call-to-action" aspects of television also has the ability to drive brand sales and increase revenues.

Continue reading to learn more about cable TV for local market planning…

TV's Programming Investment

Ad-Supported TV Has Invested $225 Billion In Premium Content Over The Last 5 Years With Cable Leading The Charge



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Source: SNL Kagan 2017

$225 Billion Has Fueled A Wealth of New Content –

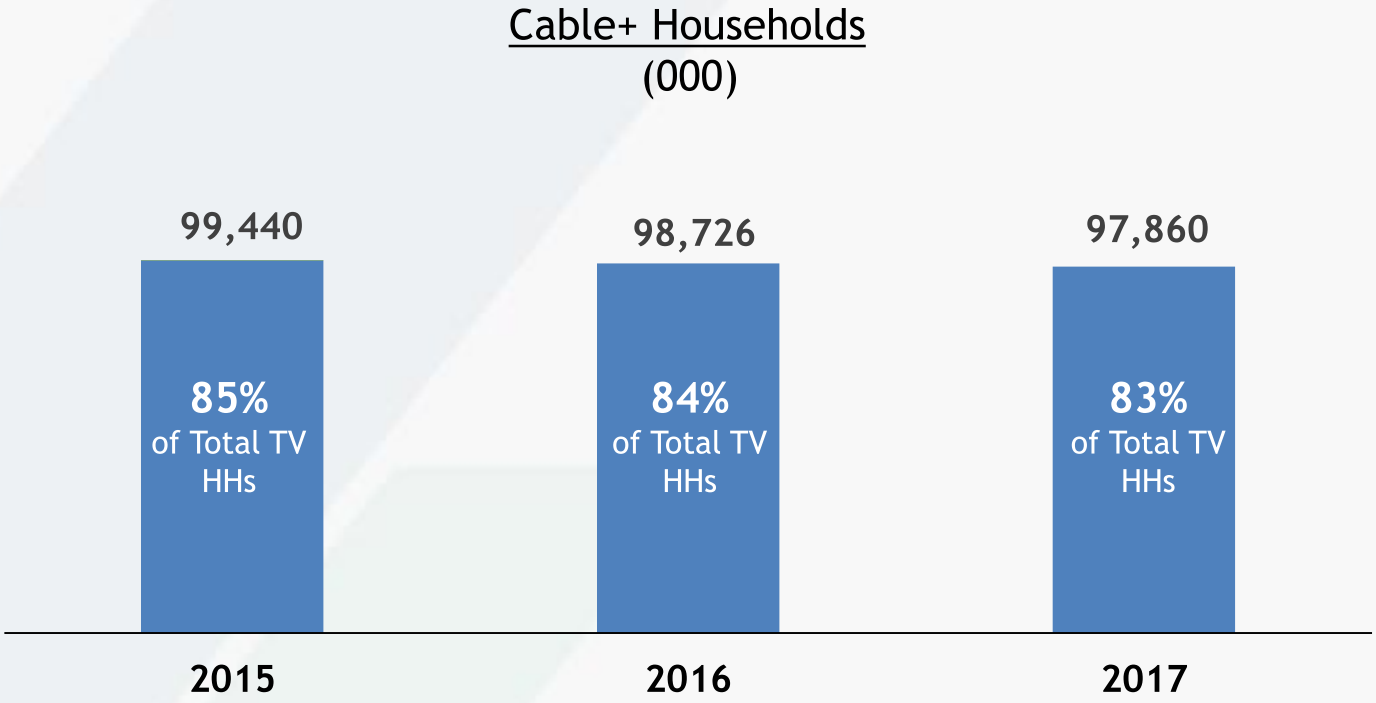
Original Cable Programming Has Increased ***68%*** Across Major Genres

Genre	# Originals/Jan'08	# Originals/Jan'18
Drama	57	230
Children	141	179
Comedy	51	157
General Documentary	488	938
Instruction/ Advice	373	298
Sports	339	629

Source: Nielsen NPOWER program level Live; Ad-Supported Cable, Total Day, January '08 vs. January '18

The Real Scale of MVPDs

The Vast Majority of US Households, Nearly 100 Million, Subscribe To A Cable, Satellite, Or Telco Service

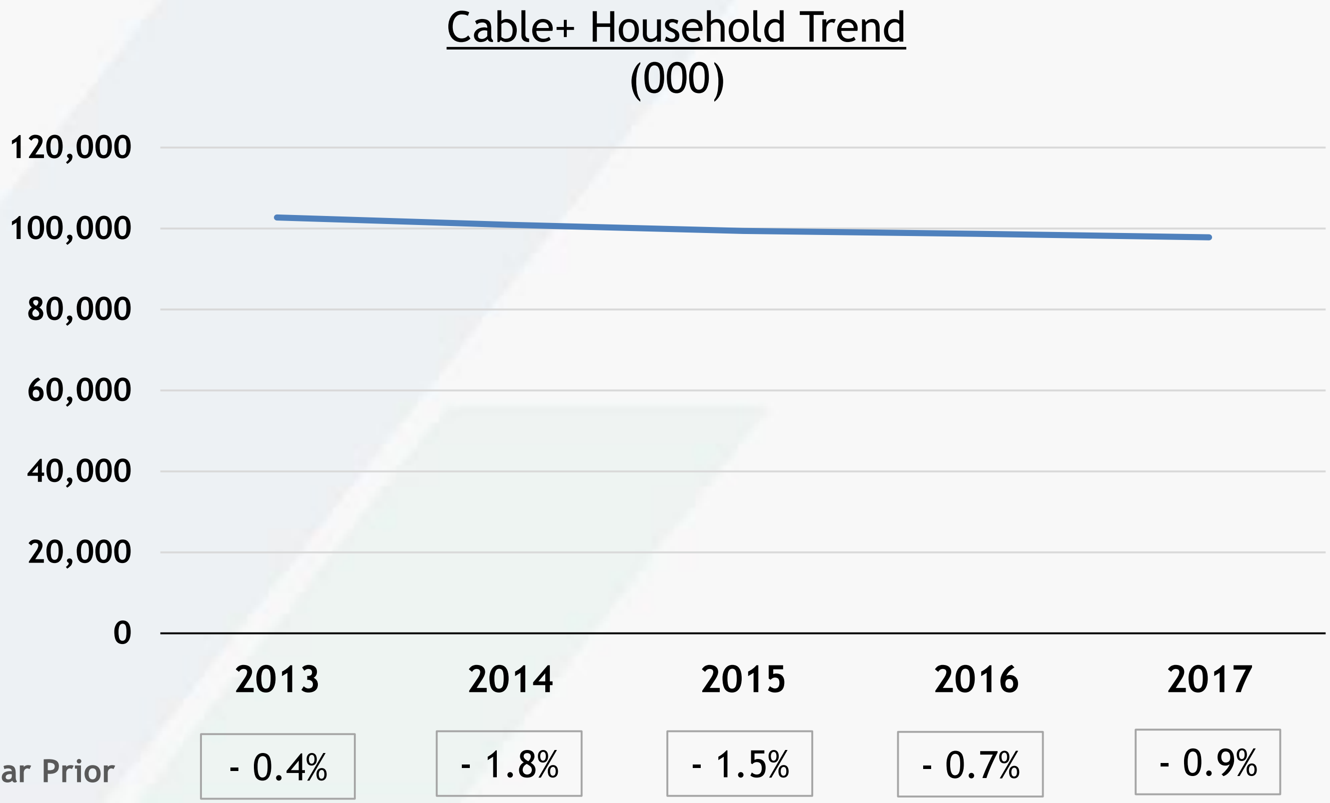


Cable+: A household that subscribes to Wired cable, Telco or Satellite service

Source: Nielsen Total Audience Report, Q2 ’17, Q4 ‘16, Q4 ’15. In Q2 ‘17, Nielsen changed its terminology for this analysis from “cable+” to “Total Multichannel.”

Over the Past 5 Years, Cable+ Has Remained Largely Unchanged

Contrary to the hype, last year Cable+ households declined by less than 1%


Cable+ Household Trend
(000)

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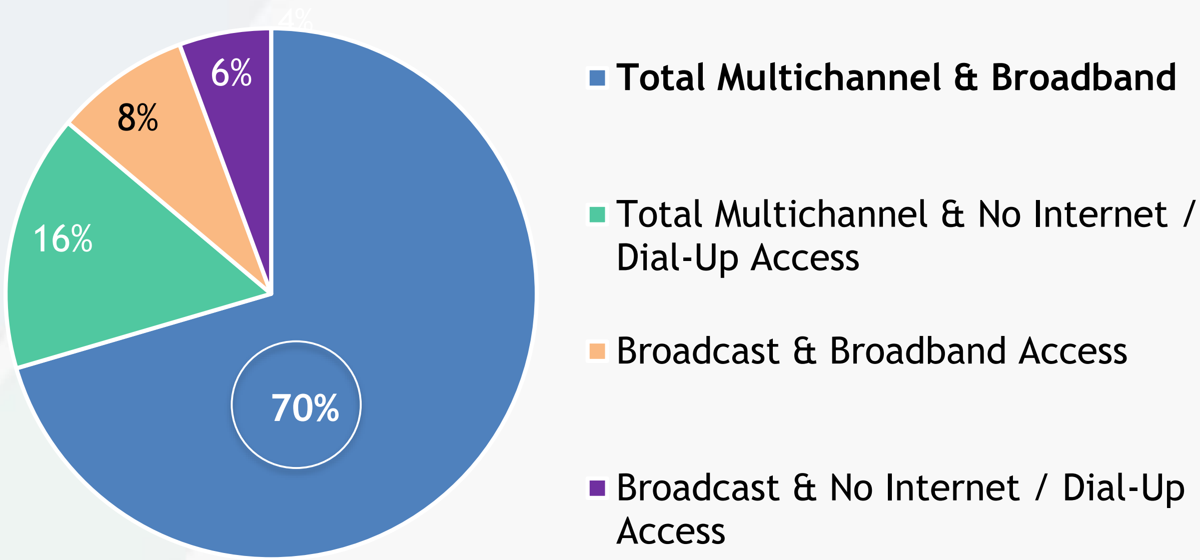
Source: Nielsen Total Audience Report, Q2 ‘17, Q4 ‘16, Q4 ‘15, Q4 ‘14, Q4 ’13; Cable+ = Wired Cable, Telco, Satellite. In Q2 ‘17, Nielsen changed its terminology for this analysis from “cable+” to “Total Multichannel.”

The Majority Of Homes With Broadband Access Subscribe to A Cable, Satellite or Telco Provider

Most homes subscribe to triple-play bundles offering deals on phone, internet, and cable

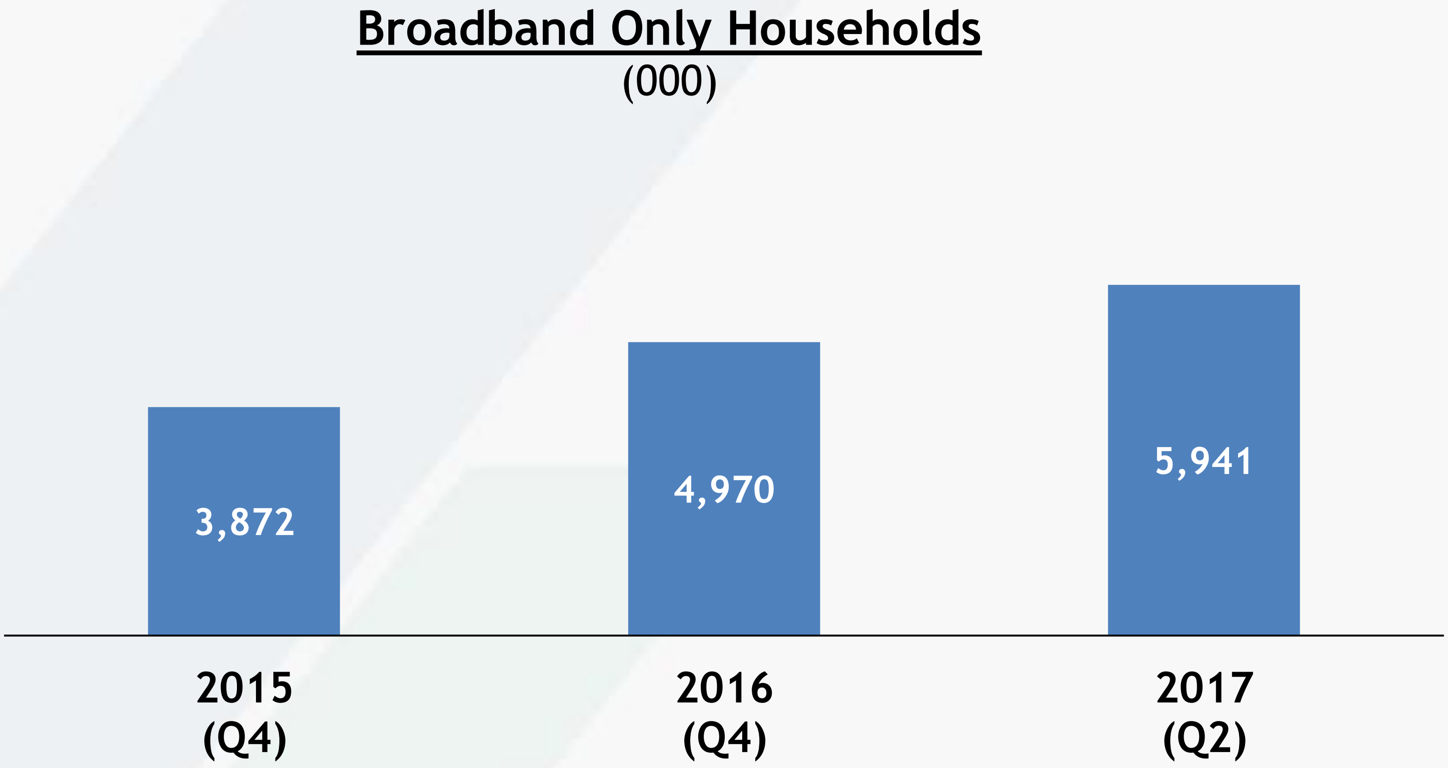
Provider Type With Internet Access, Q2 2017

Households (%)



Source: Nielsen Total Audience Report, Q2 '17, Total Multichannel includes wired cable, telco, satellite and virtual providers.
Broadband Only: A HH with at least one operable TV/monitor that receives video exclusively through a broadband internet connection instead of a traditional means (over the air, wired cable, telco, satellite). Broadcast Only: A mode of television content delivery that does not involve satellite transmission or cables (i.e. a paid service). Also commonly referred to as "over the air"

Although The Number Has Risen, Broadband Only Represents 4.8% Of All U.S. Households



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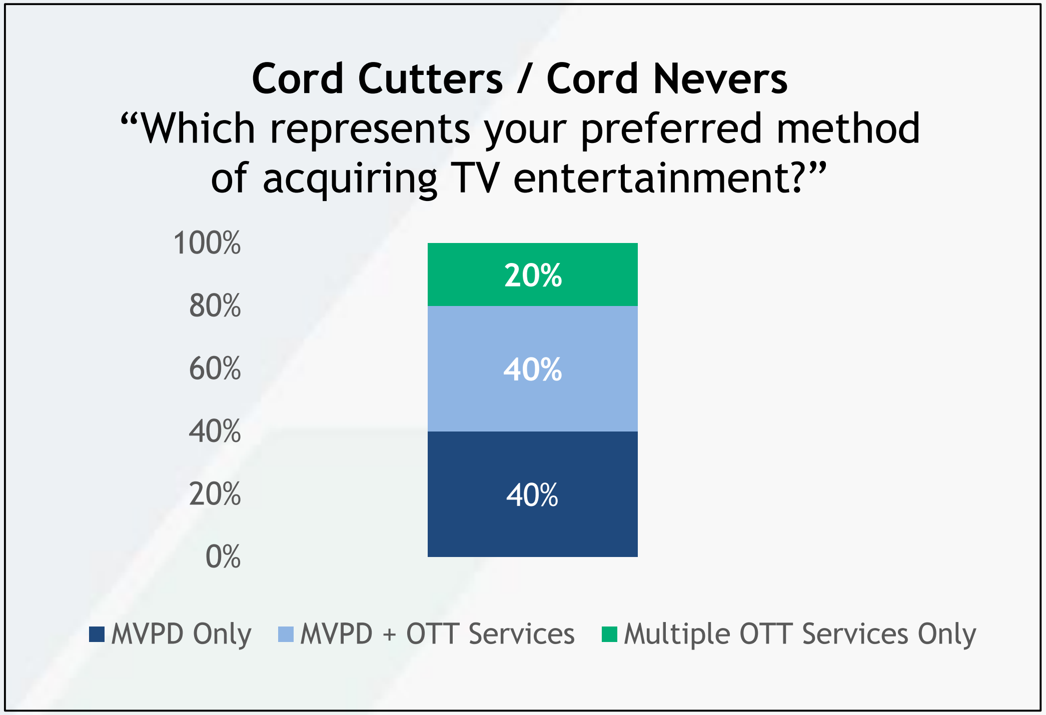
Source: Nielsen Total Audience Report, Q4 ’14, Q4 ‘15, Q4 ’16, Q1 ‘17

If They Had Their Choice (If Cost Weren't A Factor), 80% Of Cord Cutters/Nevers Would Prefer An MVPD Subscription

Indicates their preference for both the content they want and how it's delivered

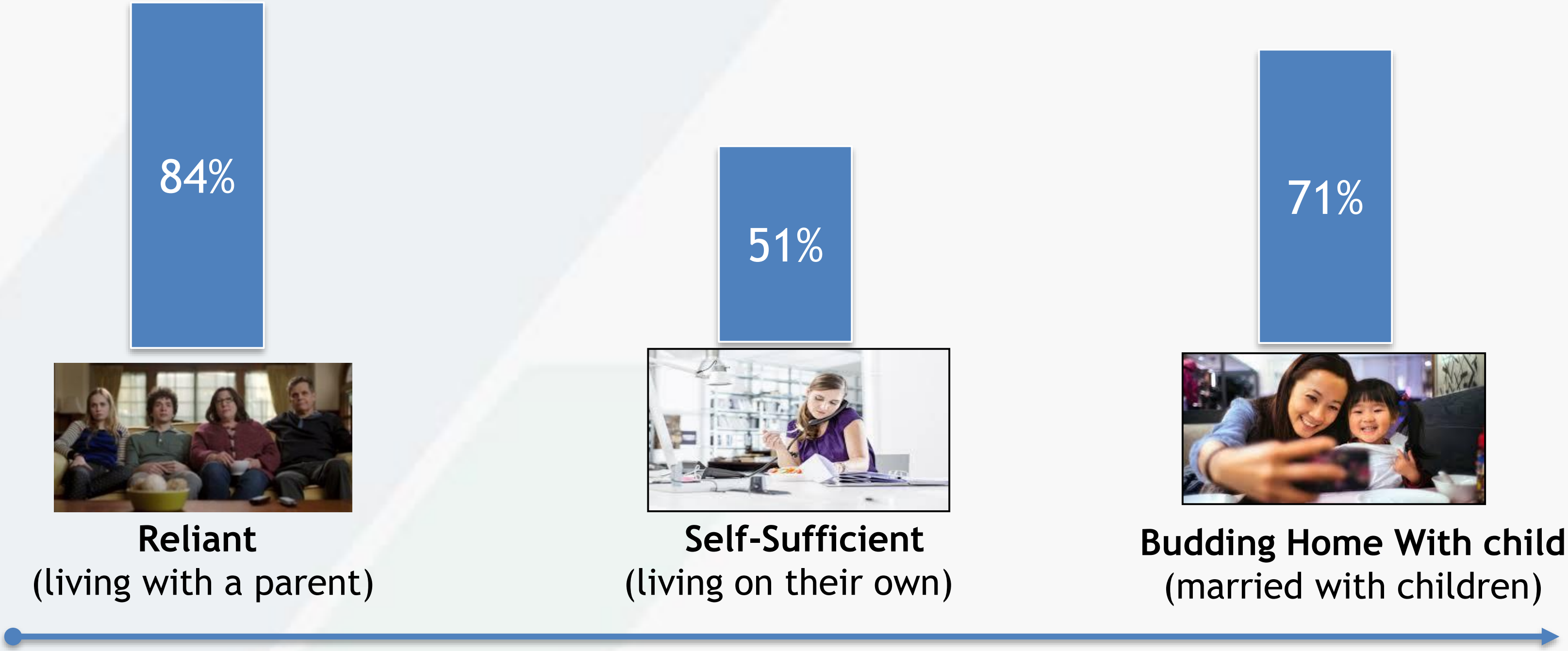


Almost one-quarter (22%) of Cord Nevers intend to subscribe to a traditional TV service in the next 6 months, reflective of Millennials aging out of income constraints

Source: SNL Kagan, 2015 S&P Global Market Intelligence; GFK MRI "Cord Evolution" 4/24/17

Although Millennials Have The Highest Likelihood To Be "Cord Nevers," Most Plug Into Cable As Their Age And Income Increase

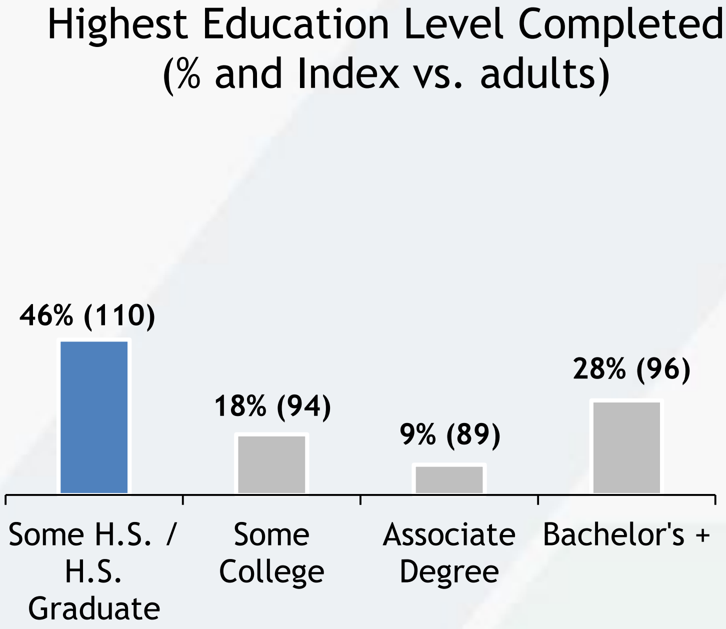
Cable Penetration by Millennial Life Stage

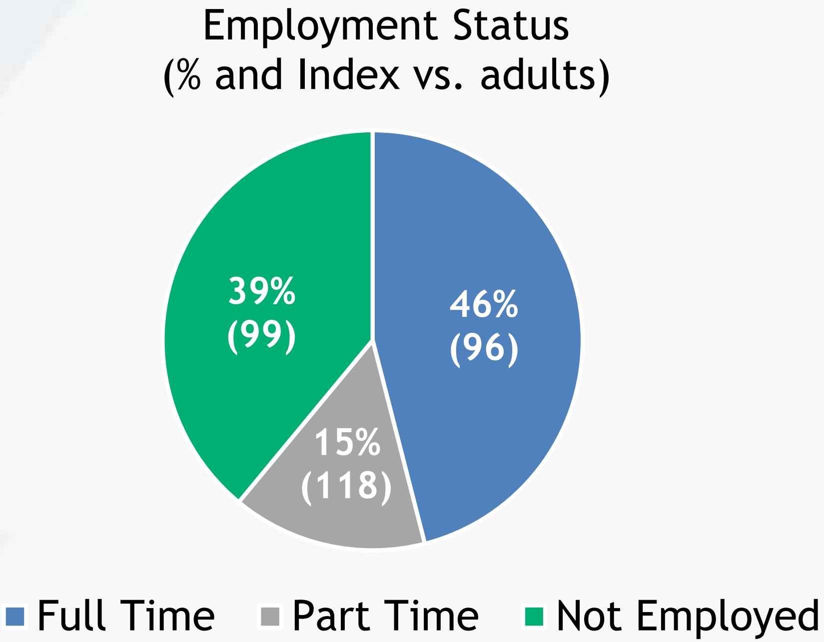


"A quarter (27%) of Millennial Cord Nevers say they intend to subscribe to a traditional TV service in the next 6 months – once they are better able to afford it and for the ability to channel surf"*

Source: MRI Doublebase 2017, cable= defined as cable tv service watched past week; reliant = respondent A18-34 lives with one or more parent; self-sufficient A18-34 lives in one person HH; Budding home= A18-34, married with kids at home; * GFK, MRI Cord Evolution 2017

Cord Cutters & Nevers Tend to Be Less Educated and More Likely To Work Part-Time





Cutters/Nevers tend to cluster at the lowest end of the educational levels. Nearly half have only a high school education or less

They are more likely to be employed part time, largely reflective of school-age Gen Z/ Millennials and retired Boomers

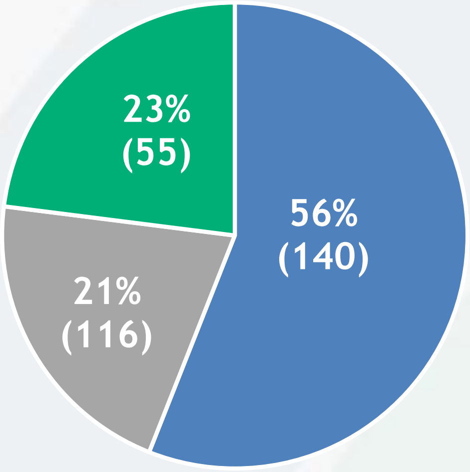
Source: 2016 MRI Gfk Doublebase; Target group defined as Household that does not subscribe to Cable, Satellite or Fiber Optic TV; Index is vs. Base of Adults A18+

Cord Cutters & Nevers Also Sit Lower On The Income Scale

Cord Cutters

Average Household Income - **$52k**

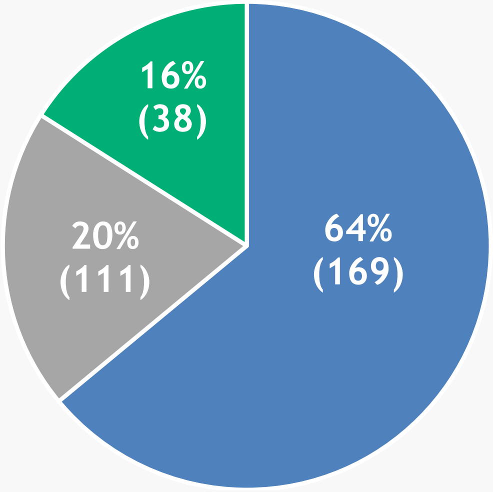
(% & Index vs. HHs)*



Cord Nevers

Average Household Income - **$41k**

(% & Index vs. HHs)*

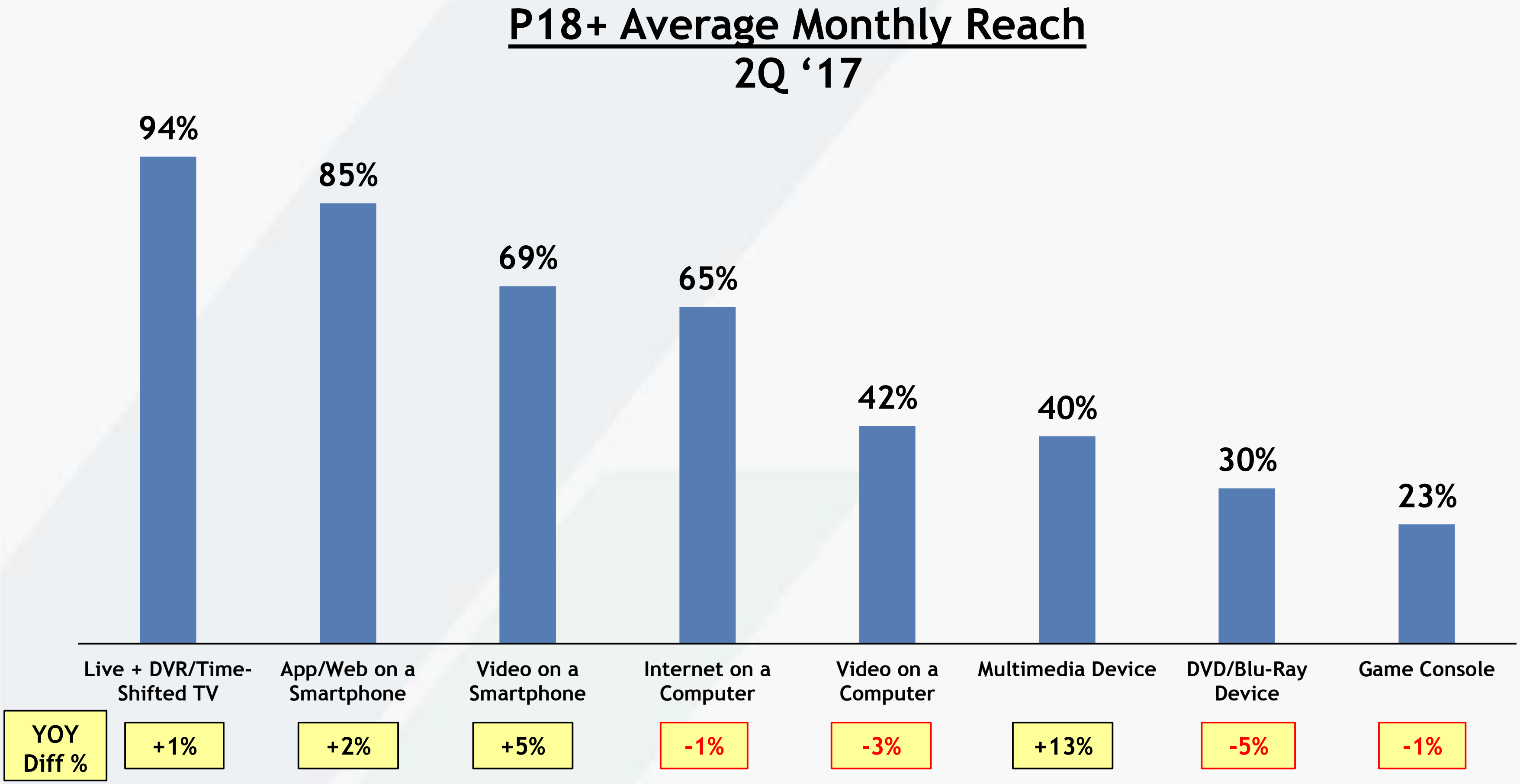


🟦 Less than $50k ⬜ $50k-$75k 🟩 $75k+

Source: SNL Kagan, 2017 S&P Global Market Intelligence, 2017 cord cutter and cord never updates, May 2017; Gfk MRI “Cord Evolution”, 4/24/17; *Index is vs. total % of US HH in that HHI bracket

Cable TV’s Audience Advantage

Among The Adult Population, TV Continues To Have The Highest Reach Across All Devices



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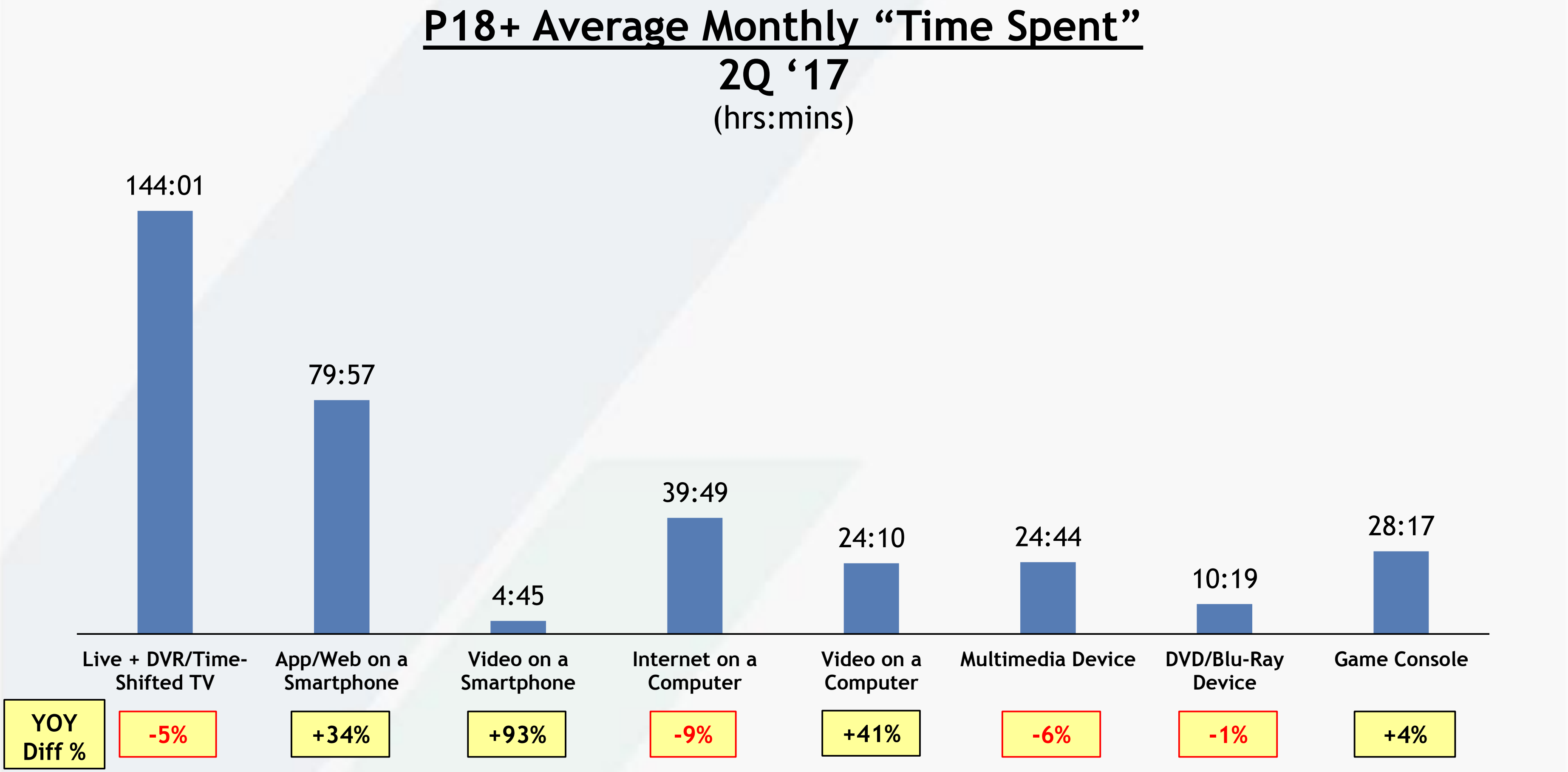
Source: VAB analysis of Nielsen Total Audience Report 2Q 2017, percentage of users among U.S. population, P18+. "YOY Diff %" reflects the YOY percentage point difference, i.e., Live + DVR/Time-Shifted TV increased one percentage point from 93% to 94%.

TV Also Has A Clear Cut "Time Spent" Advantage Even With The Double Digit Increases In Video Usage On Mobile Devices



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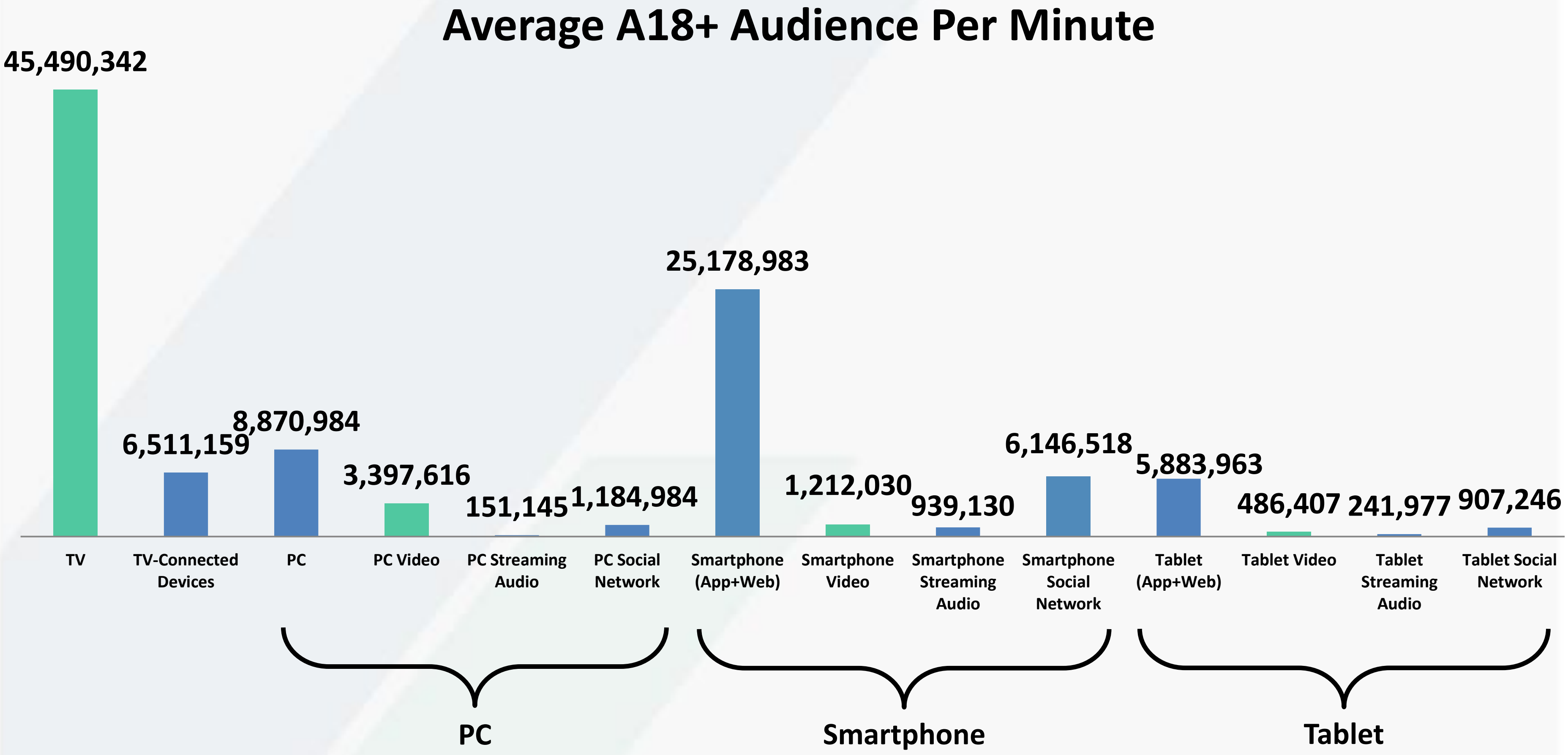
Source: VAB analysis of Nielsen Total Audience Report 2Q 2017, minutes among users, P18+.

In *Any Given Minute*, Television's Audience Far Surpasses That Of Any Other Device For Any Activity



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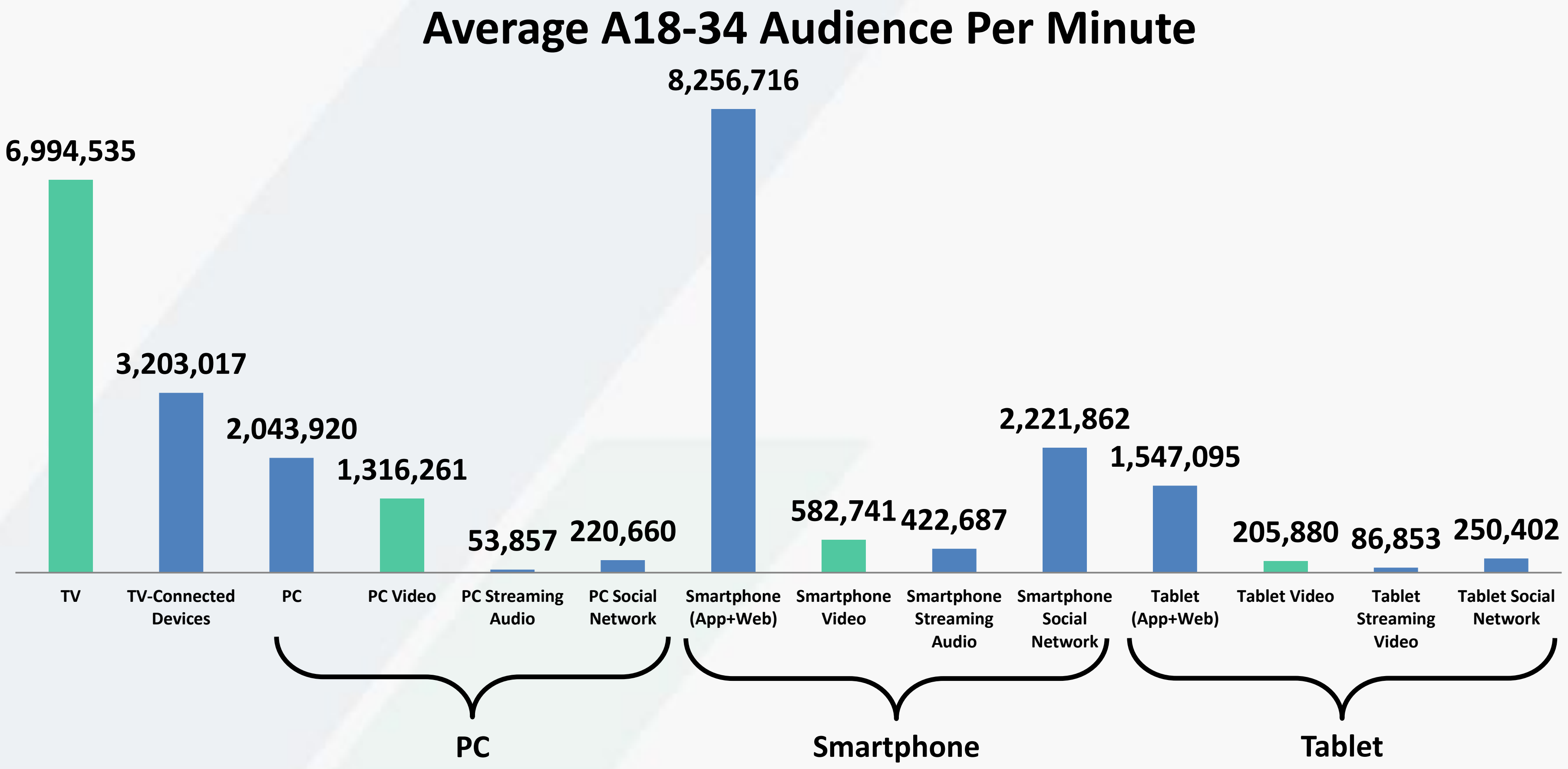
Source: Nielsen Comparable Metrics Report Q2 2017; Data based on average week between March 27, 2017 – June 25, 2017. A18+ UE = 245,740,000.
Video, Streaming Audio & Social Network is a subset of each device's (App+Web)

TV's Average Audience Among Millennials Surpasses Any Other Device For *Video* Consumption



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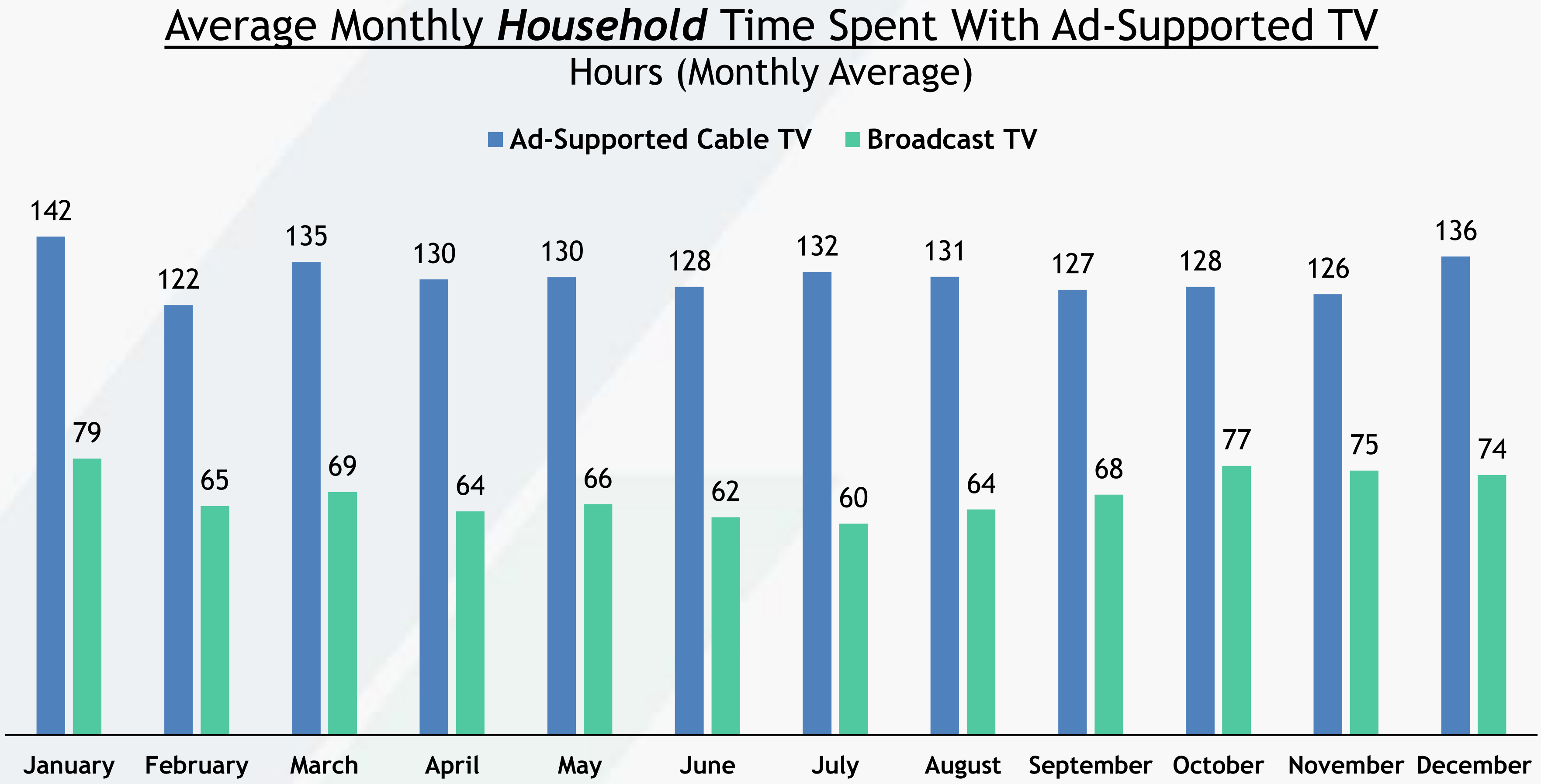
Source: Nielsen Comparable Metrics Report Q2 2017; Data based on average week between March 27, 2017 – June 25, 2017. A18-34 UE = 73,460,000.
Video, Streaming Audio & Social Network is a subset of each device's (App+Web)

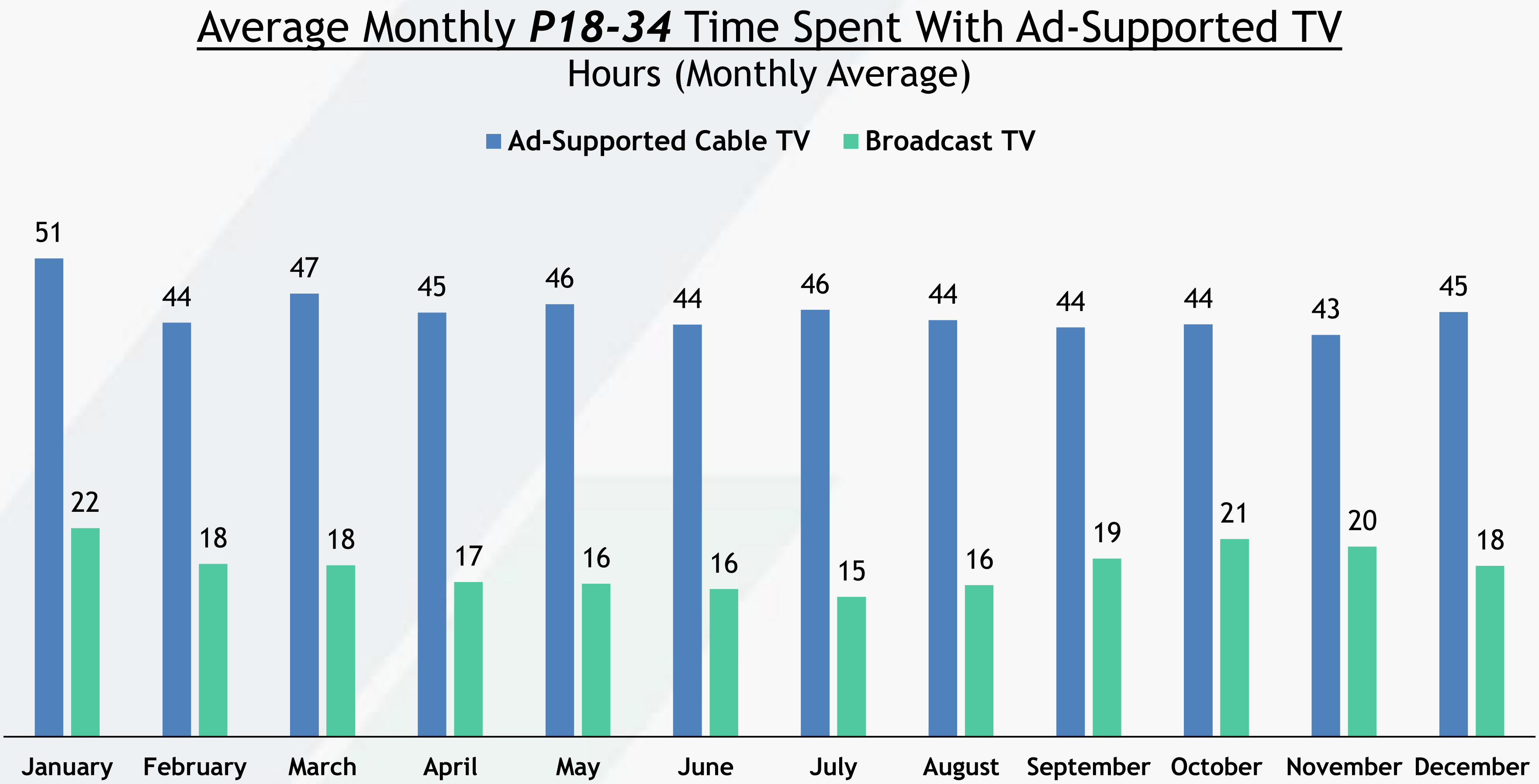
Overall, Households Spend More Time With Ad-Supported Cable TV Than Broadcast TV Throughout The Year



	Ad-Supported Cable TV	Broadcast TV
January	142	79
February	122	65
March	135	69
April	130	64
May	130	66
June	128	62
July	132	60
August	131	64
September	127	68
October	128	77
November	126	75
December	136	74

Source: VAB analysis of Nielsen Npower PowerPlay Report, Household, Total Day, Live. The figures in the above chart are rounded off to the nearest hour.

Within The Household, P18-34 Spend More Than Twice The Amount Of Time With Ad-Supported Cable TV Than Broadcast TV



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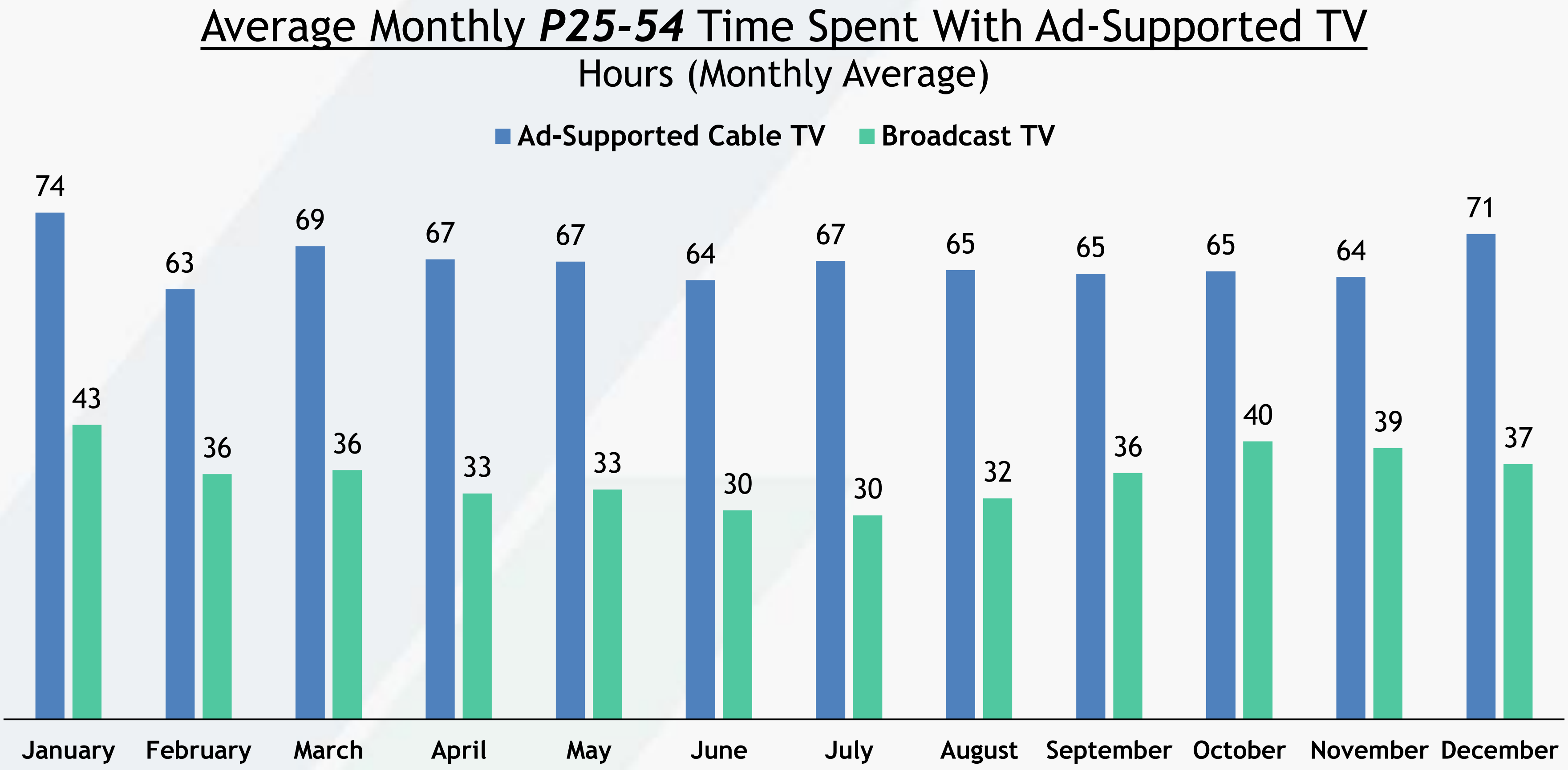
Source: VAB analysis of Nielsen Npower PowerPlay Report, P18-34, Total Day, Live. The figures in the above chart are rounded off to the nearest hour.

Over The Year, P25-54 Also Spend More Than Double The Time With Ad-Supported Cable TV As They Do With Broadcast TV



	January	February	March	April	May	June	July	August	September	October	November	December
Ad-Supported Cable TV	74	63	69	67	67	64	67	65	65	65	64	71
Broadcast TV	43	36	36	33	33	30	30	32	36	40	39	37

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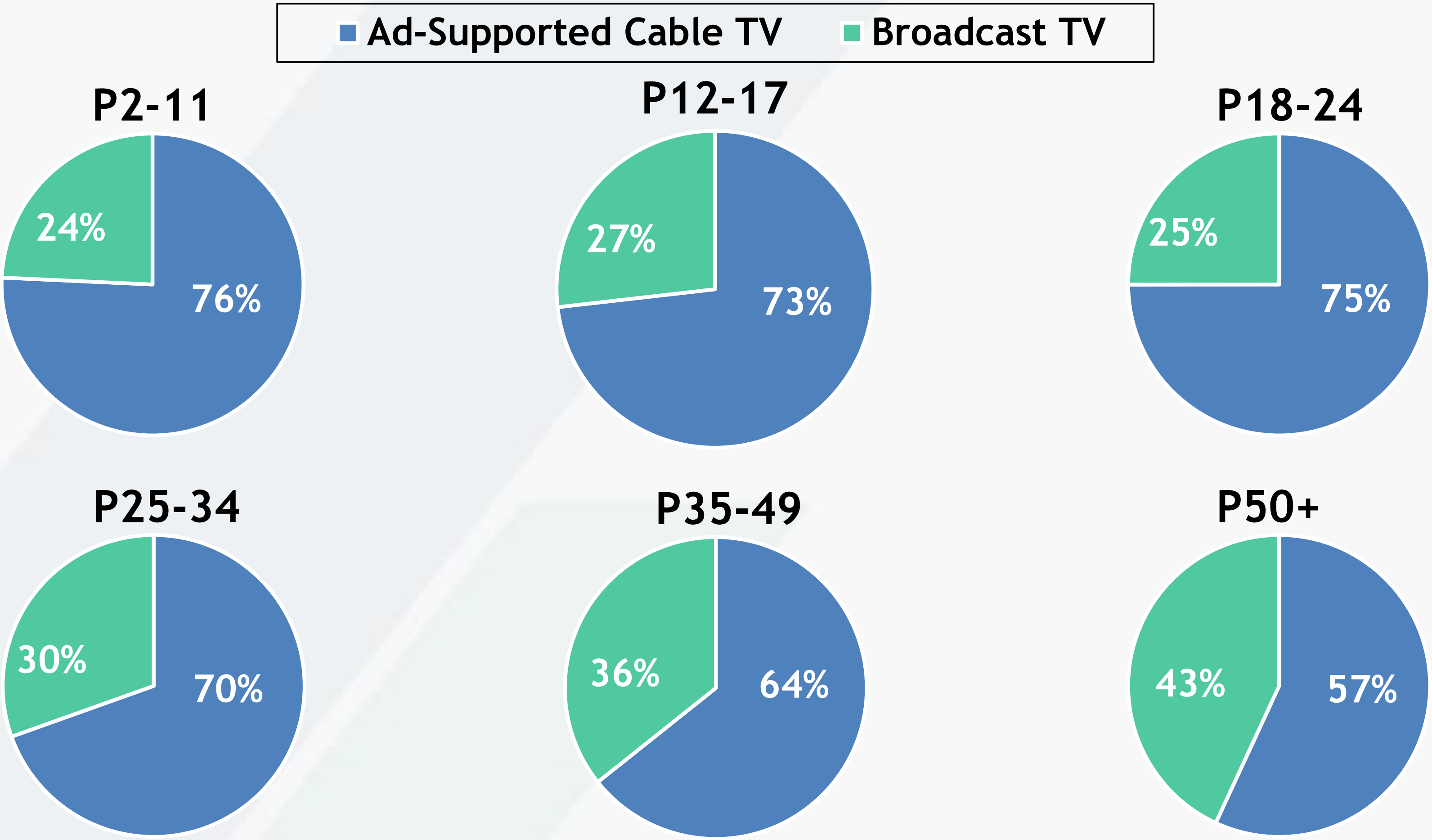
Source: VAB analysis of Nielsen Npower PowerPlay Report, P25-54, Total Day, Live. The figures in the above chart are rounded off to the nearest hour.

In *Any Given Minute*, Ad-Supported Cable TV's Average Audience Is Greater Than Broadcast TV In Each Key Demographic



How to read: in any given minute, 76% of the average P18-24 audience that's watching ad-supported TV is watching cable TV
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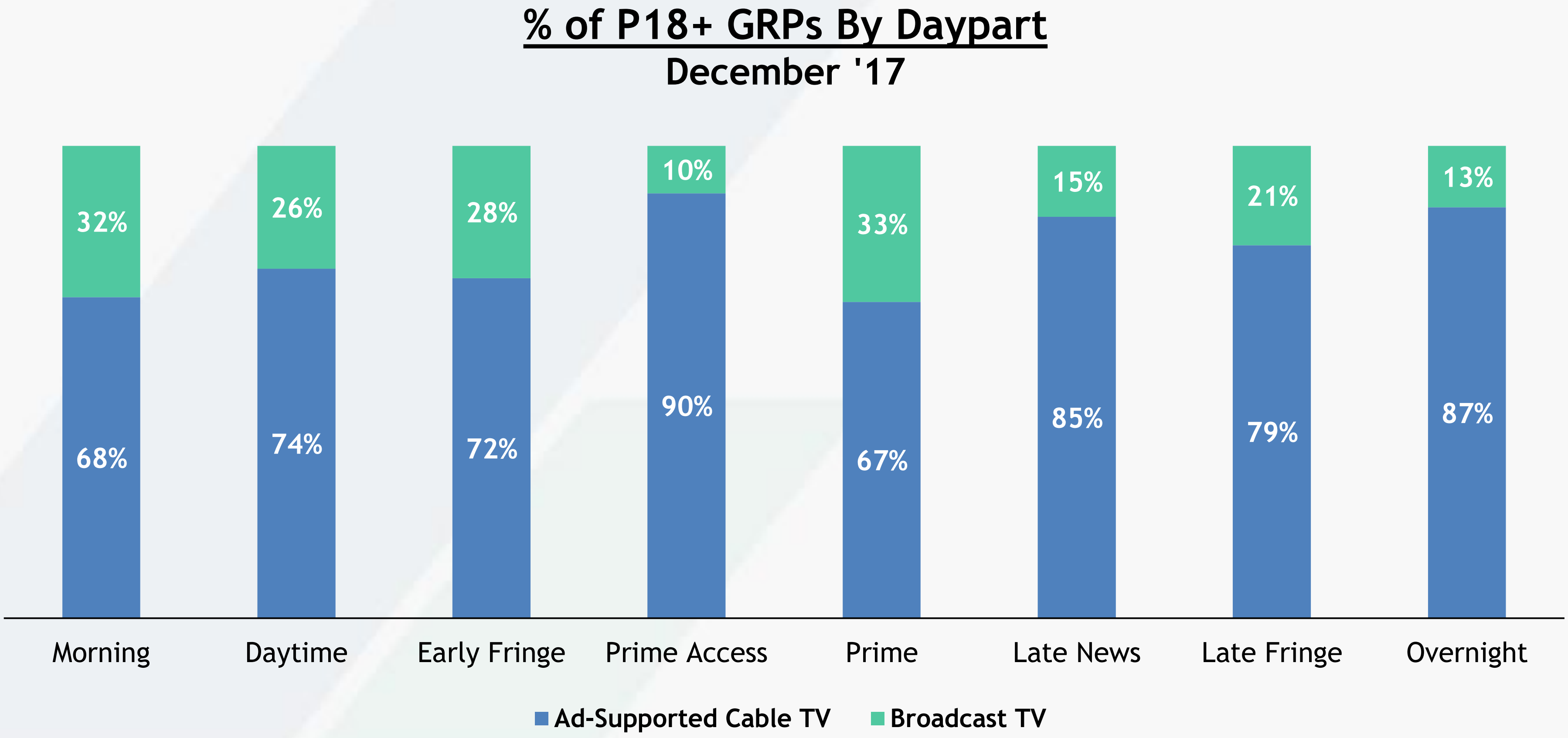
Source: VAB analysis of Nielsen Npower R&F Time Period Report, December 2017, Live+7

Cable TV’s Advertising Advantage

Ad-Supported Cable TV Owns A Majority Of The Commercial TV Inventory

On average, 74% of P18+ commercial GRPs reside on ad-supported cable TV across total day



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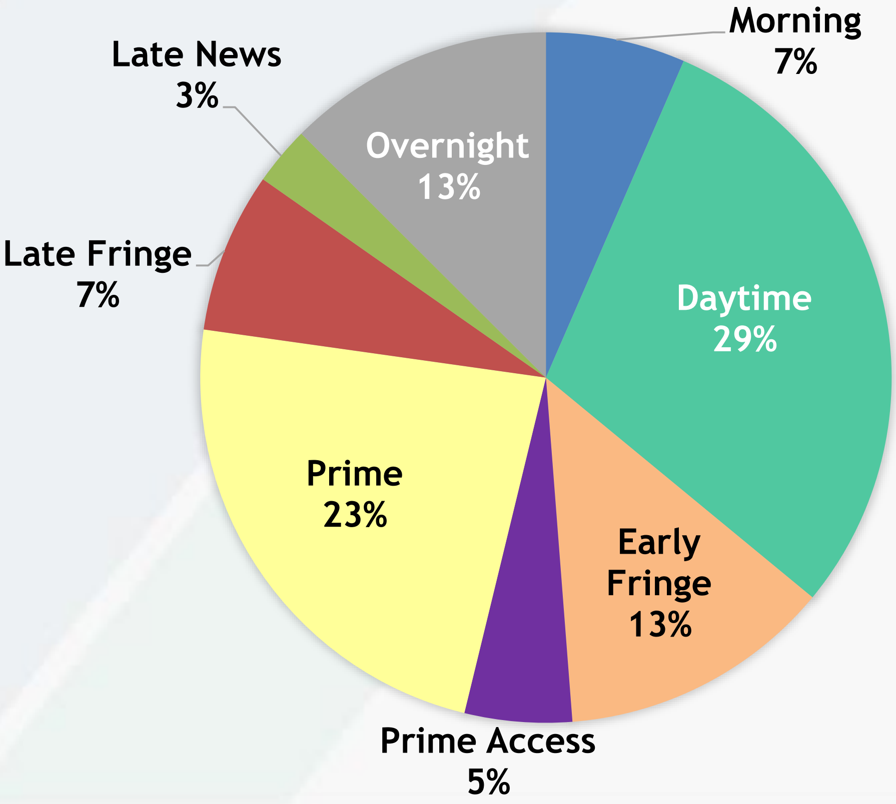
Source: VAB Analysis of Nielsen Ad Intel data, reflects calendar month of December 2017 (1-31). P18+, C3 stream, GRPs are equivalized, "national" market. GRPs include direct response and local avails activity. Daypart definitions: Morning (M-Su 6a-9a), Daytime (M-Su 9a-4:30p), Early Fringe (M-Su 4:30p-7p), Prime Access (M-Sa 7p-8p), Prime (M-Sa 8p-11p; Su 7p-11p), Late News (M-Su 11p-11:30p), Late Fringe (M-Su 11:30-1a), Overnight (M-Su 1a-6a).

Ad-Supported Cable TV Advertising Inventory Is Prevalent Throughout The Day, Not Just Primetime

% Share of Total Ad-Supported Cable TV P18+ GRPs By Daypart

December '17



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Over The Last 10 Years, Ad-Supported Cable TV Has Seen An Increase In Eyeballs Against Advertisers’ Commercial Messaging

Ad-Supported Cable TV Average: A18+ GRPs

Month of December

Daypart	2007	2017	‘07 vs ‘17	
			Change	% Change
Total Day	**216,201**	**231,699**	**+15,497**	**+7%**
Morning	11,364	15,128	+3,764	+33%
Daytime	62,587	68,245	+5,658	+9%
Early Fringe	27,692	29,640	+1,948	+7%
Prime Access	11,357	11,625	+268	+2%
Prime	53,015	54,294	+1,280	+2%
Late News	6,426	6,368	-58	-1%
Late Fringe	17,597	17,404	-193	-1%
Overnight	26,163	28,993	+2,830	+11%

THINK LOCALLY

Source: VAB Analysis of Nielsen Ad Intel data, reflects calendar month of December (1-31). P18+, C3 stream, GRPs are equivalized, “national” market. GRPs include direct response and local avails activity. Daypart definitions: Morning (M-Su 6a-9a), Daytime (M-Su 9a-4:30p), Early Fringe (M-Su 4:30p-7p), Prime Access (M-Sa 7p-8p), Prime (M-Sa 8p-11p; Su 7p-11p), Late News (M-Su 11p-11:30p), Late Fringe (M-Su 11:30-1a), Overnight (M-Su 1a-6a)

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In Contrast, Local Broadcast TV Dayparts Have Suffered Double-Digit Decreases Over The Same Time Period

“All Measured DMAs” Average: Local Broadcast A18+ GRPs

Month of December

			‘07 vs ‘17	
Daypart	**2007**	**2017**	**Change**	**% Change**
Total Day	**59,306**	**51,668**	**-7,639**	**-13%**
Morning	8,593	8,705	+112	+1%
Daytime	13,097	11,545	-1,552	-12%
Early Fringe	13,020	10,771	-2,249	-17%
Prime Access	7,431	6,288	-1,143	-15%
Prime	8,325	6,979	-1,345	-16%
Late News	4,071	2,971	-1,100	-27%
Late Fringe	3,171	2,675	-497	-16%
Overnight	1,598	1,734	+135	+8%

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Source: VAB Analysis of Nielsen Ad Intel data, reflects calendar month of December (1-31). GRPs are equivilized. Local Broadcast Station Affiliates: ABC, CBS, NBC, FOX. Daypart definitions: Morning (M-Su 6a-9a), Daytime (M-Su 9a-4:30p), Early Fringe (M-Su 4:30p-7p), Prime Access (M-Sa 7p-8p), Prime (M-Sa 8p-11p; Su 7p-11p), Late News (M-Su 11p-11:30p), Late Fringe (M-Su 11:30-1a), Overnight (M-Su 1a-6a)

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These Decreases Are Slightly More Pronounced Across Local Dayparts Within The Top 20 DMAs As Well

Top 20 Market Average: Local Broadcast A18+ GRPs

Month of December

			‘07 vs ‘17	
Daypart	2007	2017	Change	% Change
Total Day	**77,398**	**65,505**	**-11,893**	**-15%**
Morning	11,283	9,626	-1,657	-15%
Daytime	18,212	15,332	-2,880	-16%
Early Fringe	15,555	12,565	-2,990	-19%
Prime Access	7,342	6,390	-952	-13%
Prime	11,868	10,821	-1,047	-9%
Late News	4,938	3,633	-1,305	-26%
Late Fringe	5,065	4,274	-792	-16%
Overnight	3,135	2,864	-271	-9%

Source: VAB Analysis of Nielsen Ad Intel data, reflects calendar month of December (1-31). GRPs are equivilized. Local Broadcast Station Affiliates: ABC, CBS, NBC, FOX. DMAs include: Atlanta, Boston, Chicago, Cleveland-Akron, Dallas-Ft. Worth, Denver, Detroit, Houston, Los Angeles, Miami-Ft. Lauderdale, Minneapolis-St. Paul, New York, Orlando, Philadelphia, Phoenix, Sacramento, San Francisco, Seattle-Tacoma, Tampa, Washington, DC. Daypart definitions: Morning (M-Su 6a-9a), Daytime (M-Su 9a-4:30p), Early Fringe (M-Su 4:30p-7p), Prime Access (M-Sa 7p-8p), Prime (M-Sa 8p-11p; Su 7p-11p), Late News (M-Su 11p-11:30p), Late Fringe (M-Su 11:30-1a), Overnight (M-Su 1a-6a)

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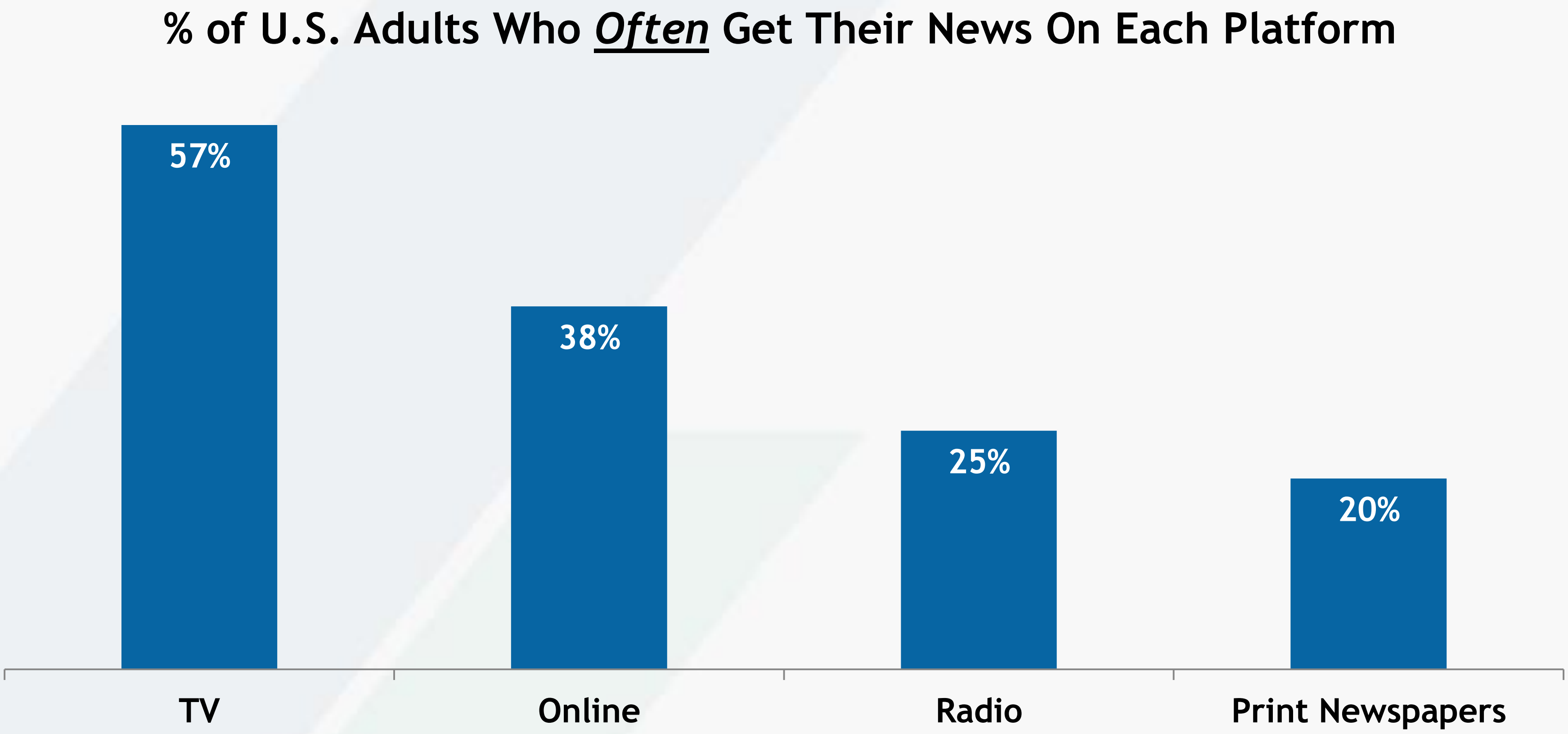
Igniting Today’s Headlines:

Cable News Continues To Spark Ratings

TV Continues To Be The Most Widely Used Platform For Adults To Get Their News



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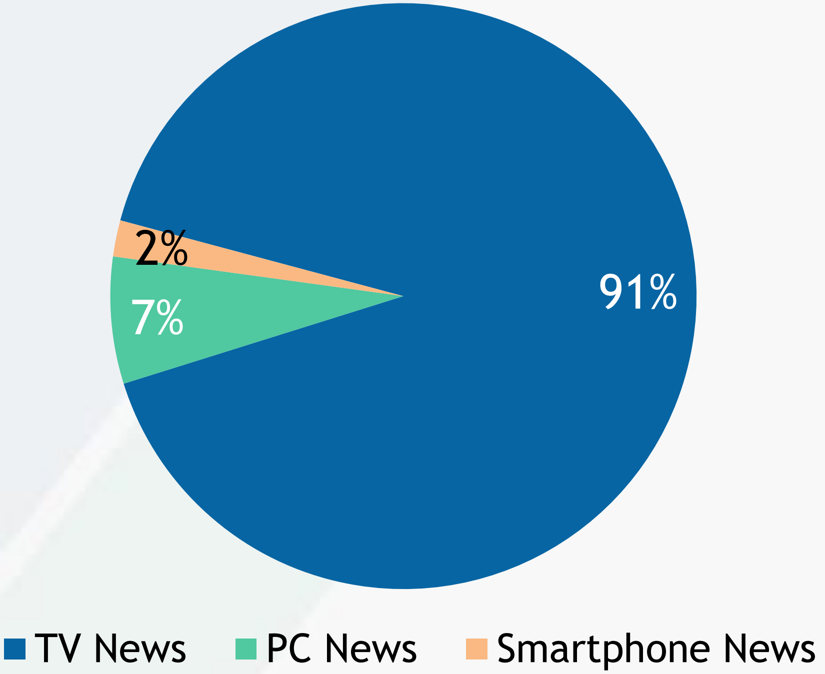
Source: Pew Research Center "The Modern News Consumer," released 7/7/16 with survey conducted Jan 12 – Feb 8, 2016 among 4,654 US adults 18+.
"TV" includes cable, local, nightly network while "Online" includes social media, websites/apps.

TV Accounts For **91%** Of The Total Time Spent Consuming News On Video-Enabled Devices

% of Total Weekly Hours Spent With News Content By Device
(“all in” consumption, not just video)



TV includes National Broadcast TV News, Local Broadcast TV News & National Cable TV News

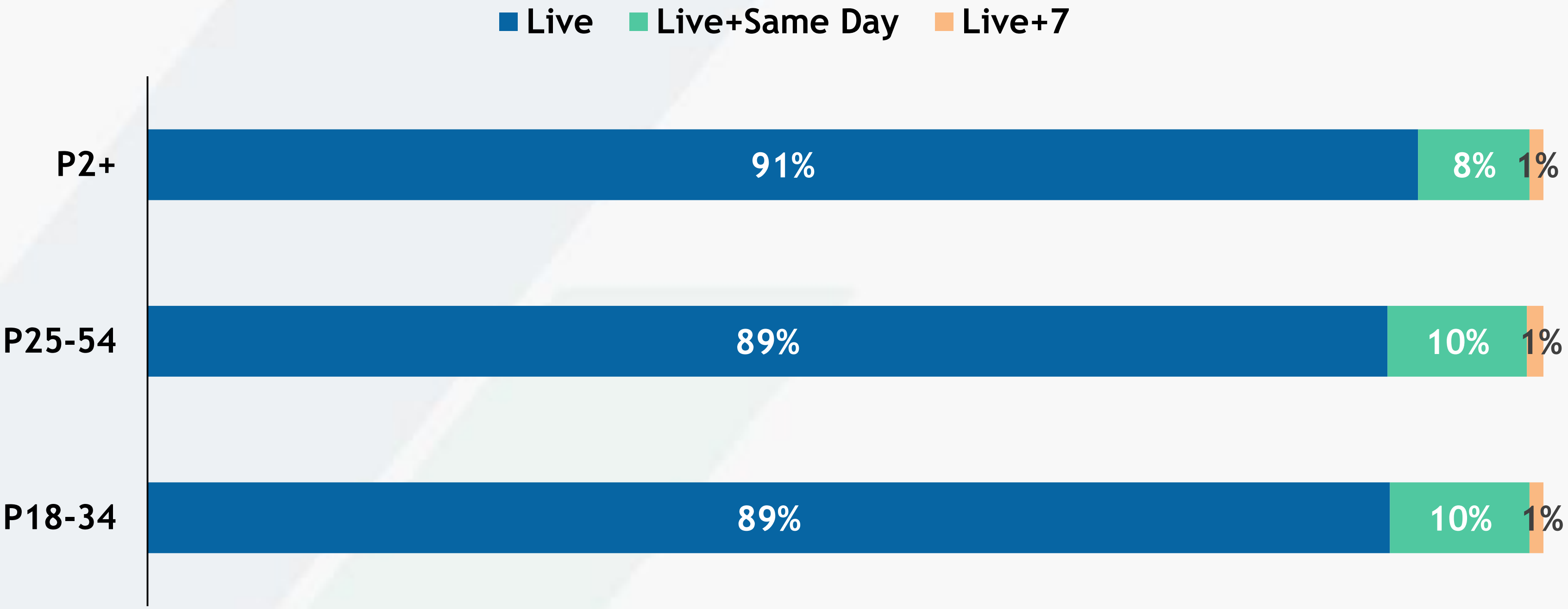
Source: Nielsen Total Audience Report Q4 2016 – Adults 18+. National TV News (Nielsen National Television Panel, News summary type code, Broadcast – ABC, CBS, FOX, NBC, TEL, UNI; Cable – CNBC, CNN, FOXNC, MSNBC); Local TV News (Nielsen 25 LPM Markets, Local news genre, Broadcast – ABC, CBS, FOX, NBC, TEL, UNI); PC News (Netview, Current Events & Global News subcategory): Smartphone News (EMM, Current Events & Global News subcategory). Local Cable TV News data is not available within the report.

With Everchanging Updates To Current Events, News Remains Almost Exclusively A "Live" Or "Near Live" Viewing Experience

93% of total viewing of news programming was live

National TV News Programming: Viewership By Stream

% of Total Viewing Hours in Q4 2017



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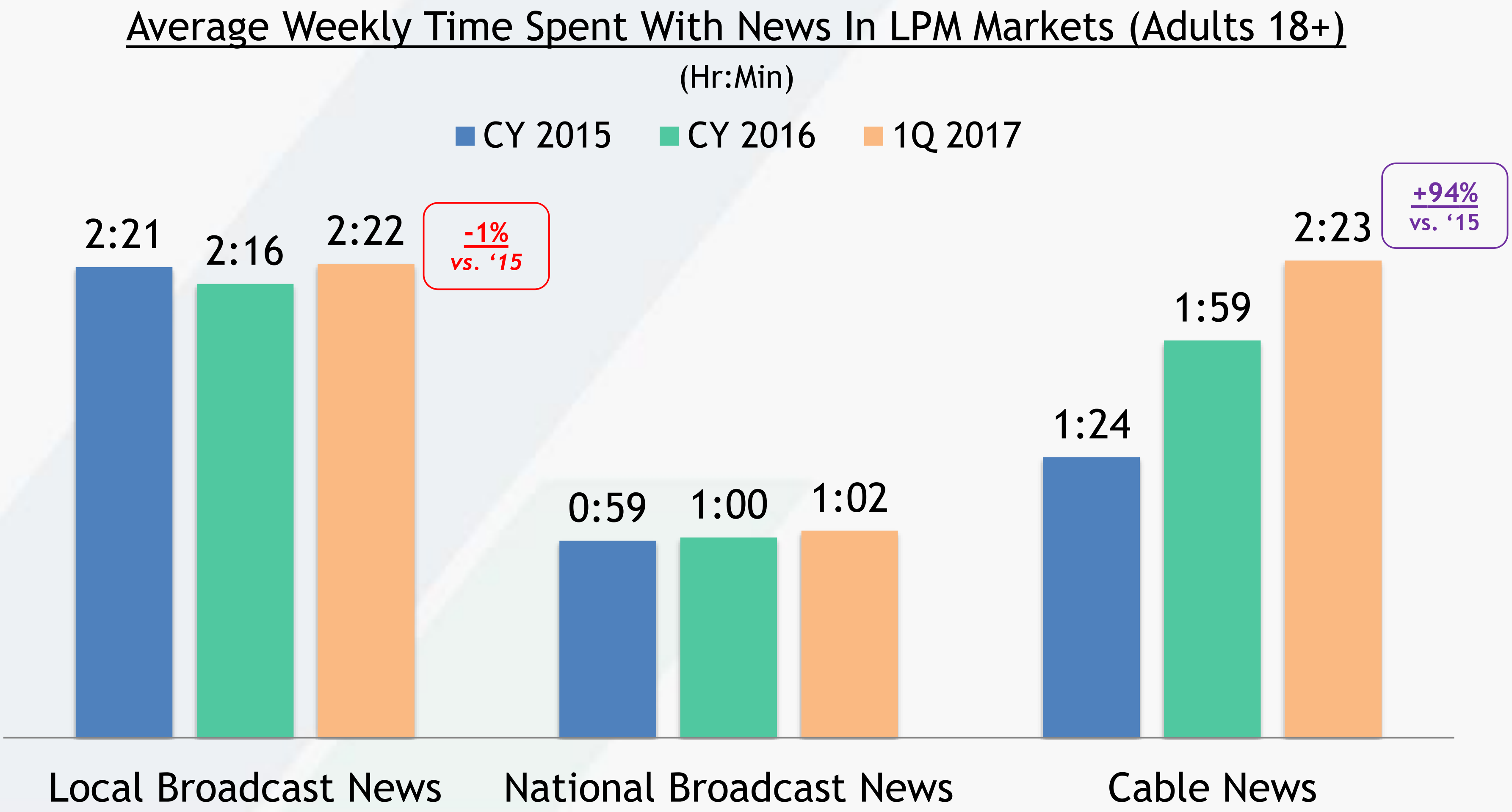
Source: Nielsen NPower R&F Program Report, Total Day, Live+7; P2+, P25-54 & P18-34; ad-supported cable TV + broadcast TV, based on Q4 2017 and reflects news category genre.

The Largest Growth In TV News Is With Cable Which Now Commands More Viewer Time Than Local Broadcast News



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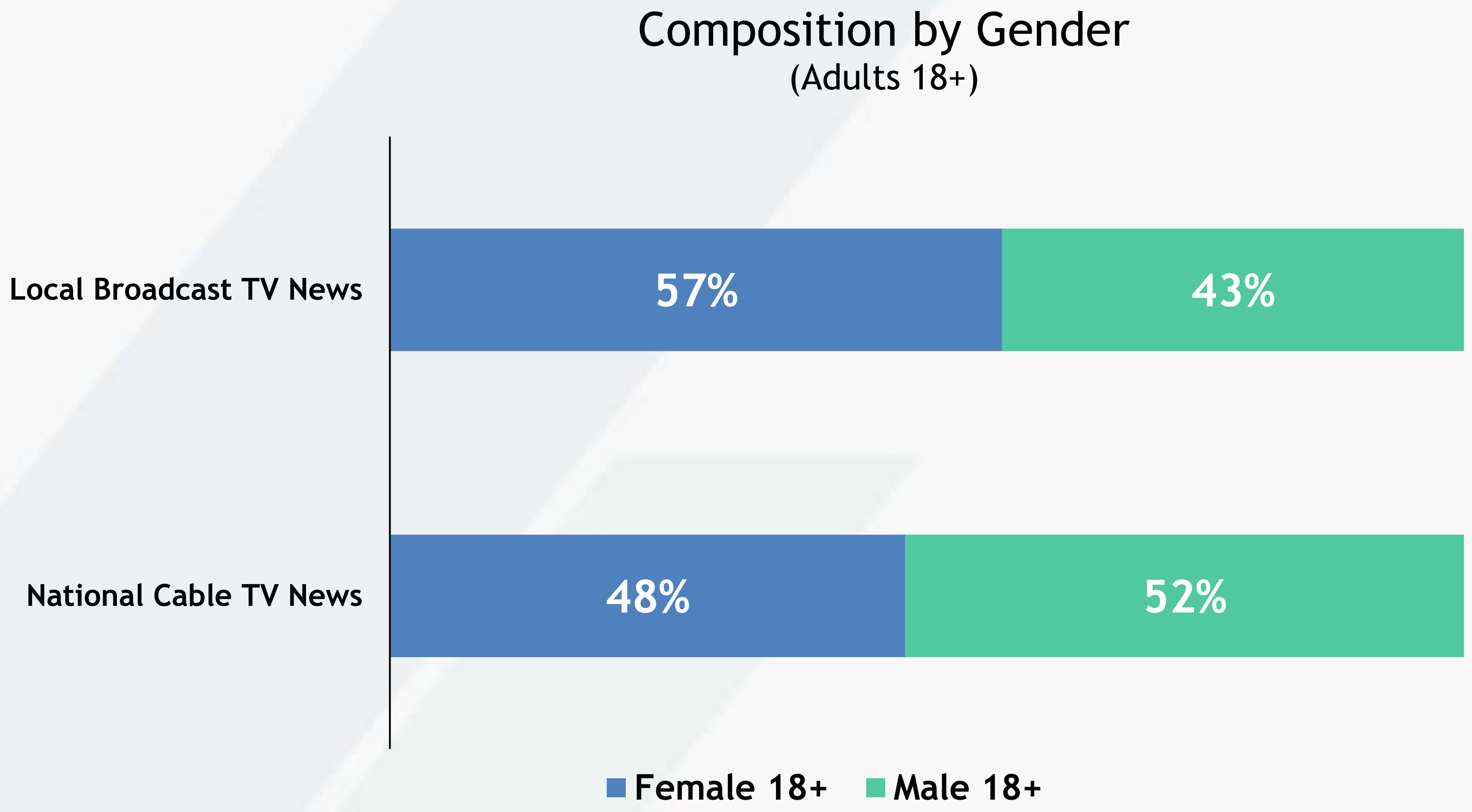
Source: Nielsen Local TV View, 2015 – Q1 2017. Time Spent based on population across Local People Meter markets. LPM = Local People Meter

Cable TV News Has A More Dual Audience Than The Female-Skewing Local Broadcast News



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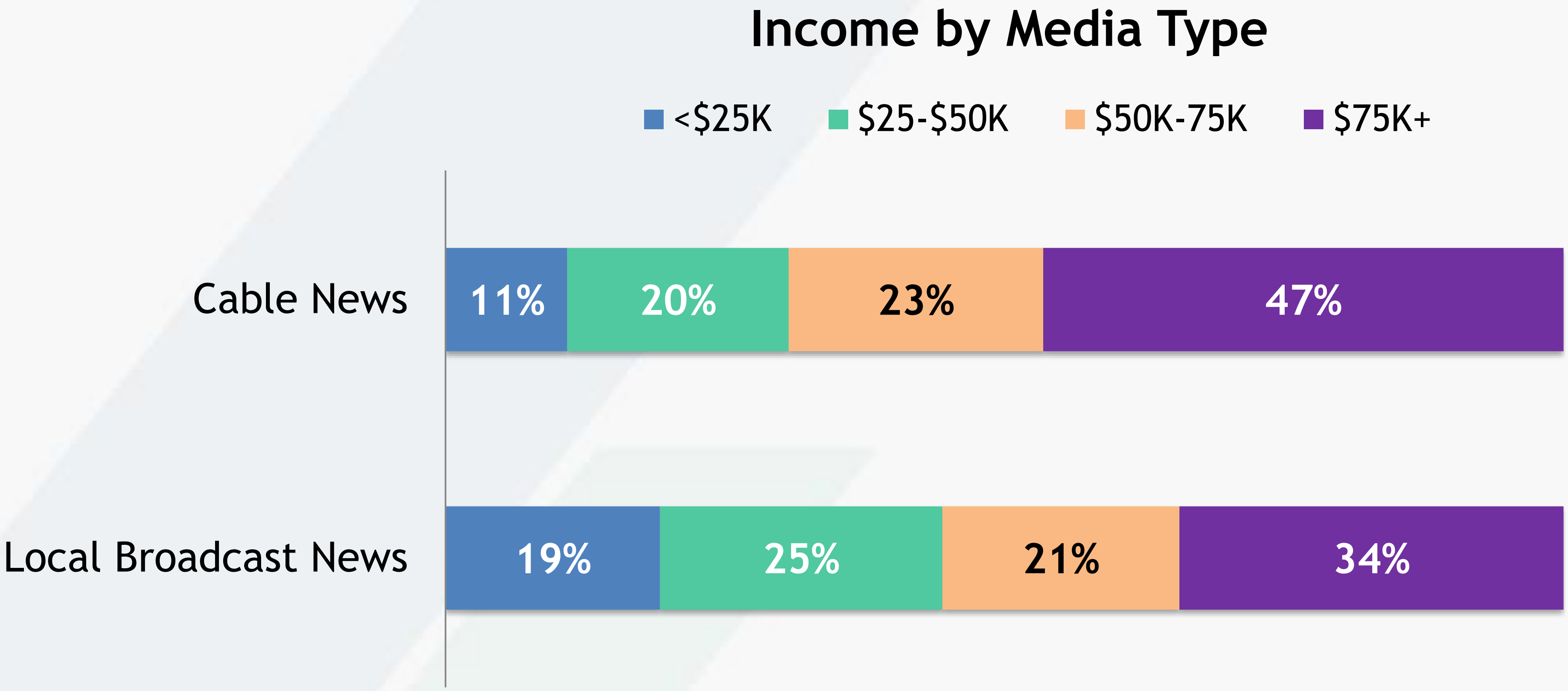
Source: Nielsen Local TV View Q1 2017, data based on population across Local People Meter Markets, P18+. Local Cable TV News data is not available within the report.

Cable News Viewers Have Higher Incomes Than Other News Viewers



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Source: Nielsen Local TV View Q1 2017, data based on population across Local People Meter Markets, P18+. Local Cable TV News data is not available within the report. Sums may not equal 100% due to rounding.

The Top 20 Markets Have Lost Almost ***20%*** Of Their Local Broadcast GRPs Within “News-Focused” Dayparts Over The Last 10 Years

Top 20 Market Average: Local Broadcast A18+ GRPs

Month of December

			‘07 vs ‘17	
Daypart	**2007**	**2017**	**Change**	**% Change**
“News-Focused” Dayparts Total	**31,776**	**25,824**	**-5,952**	**-19%**
Morning	11,283	9,626	-1,657	-15%
Early Fringe	15,555	12,565	-2,990	-19%
Late News	4,938	3,633	-1,305	-26%

Source: VAB Analysis of Nielsen Ad Intel data, reflects calendar month of December (1-31). GRPs are equivilized. Local Broadcast Station Affiliates: ABC, CBS, NBC, FOX. DMAs include: Atlanta, Boston, Chicago, Cleveland-Akron, Dallas-Ft. Worth, Denver, Detroit, Houston, Los Angeles, Miami-Ft. Lauderdale, Minneapolis-St. Paul, New York, Orlando, Philadelphia, Phoenix, Sacramento, San Francisco, Seattle-Tacoma, Tampa, Washington, DC. Daypart definitions: Morning (M-Su 6a-9a), Daytime (M-Su 9a-4:30p), Early Fringe (M-Su 4:30p-7p), Prime Access (M-Sa 7p-8p), Prime (M-Sa 8p-11p; Su 7p-11p), Late News (M-Su 11p-11:30p), Late Fringe (M-Su 11:30-1a), Overnight (M-Su 1a-6a)

No Days Off:

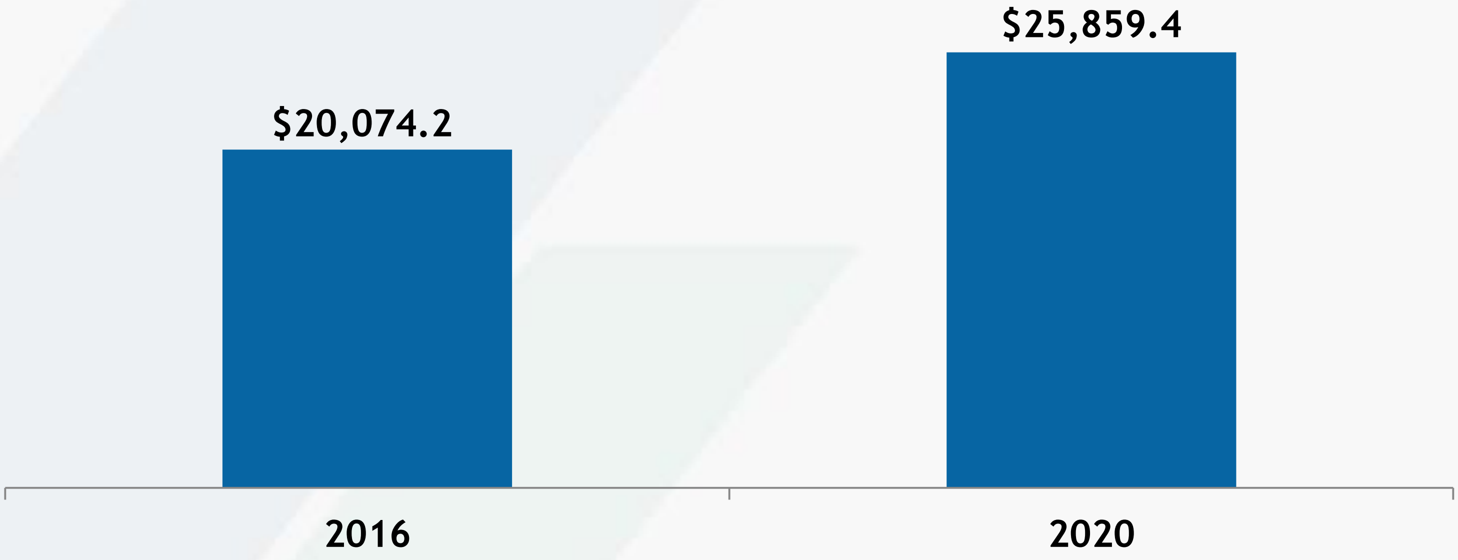
Live Sports Airing Everyday

TV Networks Are Projected To Spend Over $25 Billion Annually On Sports Programming By 2020; A 29% Increase From 2016

Collectively, Regional Sports Networks are projected to spend almost ***$1 billion*** more annually in sports programming by 2020

Sports Programming Costs Trend

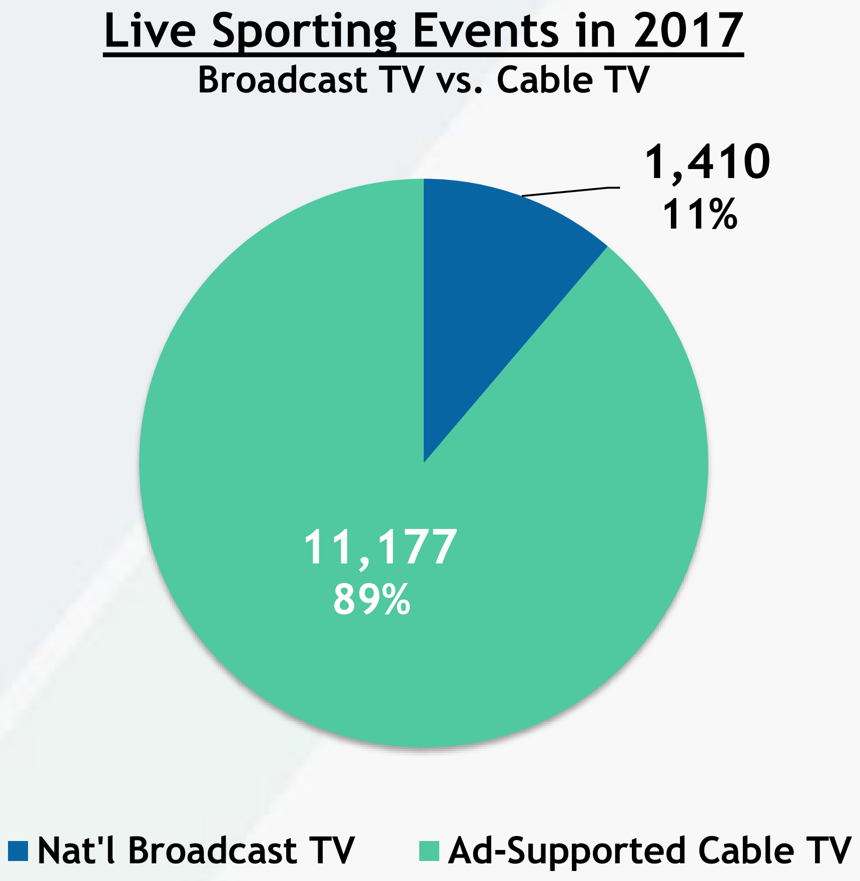
(millions)



	2016	2020
RSN Sports Costs	*$3,942.0*	*$4,921.3*

Source: SNL Kagan, 2017: programming cost estimates reflect ad-supported cable TV, broadcast TV & RSNs

Over 12,000 Live Sporting Events Are Shown On Ad-Supported TV Annually, With 89% Of Them Airing On Cable TV



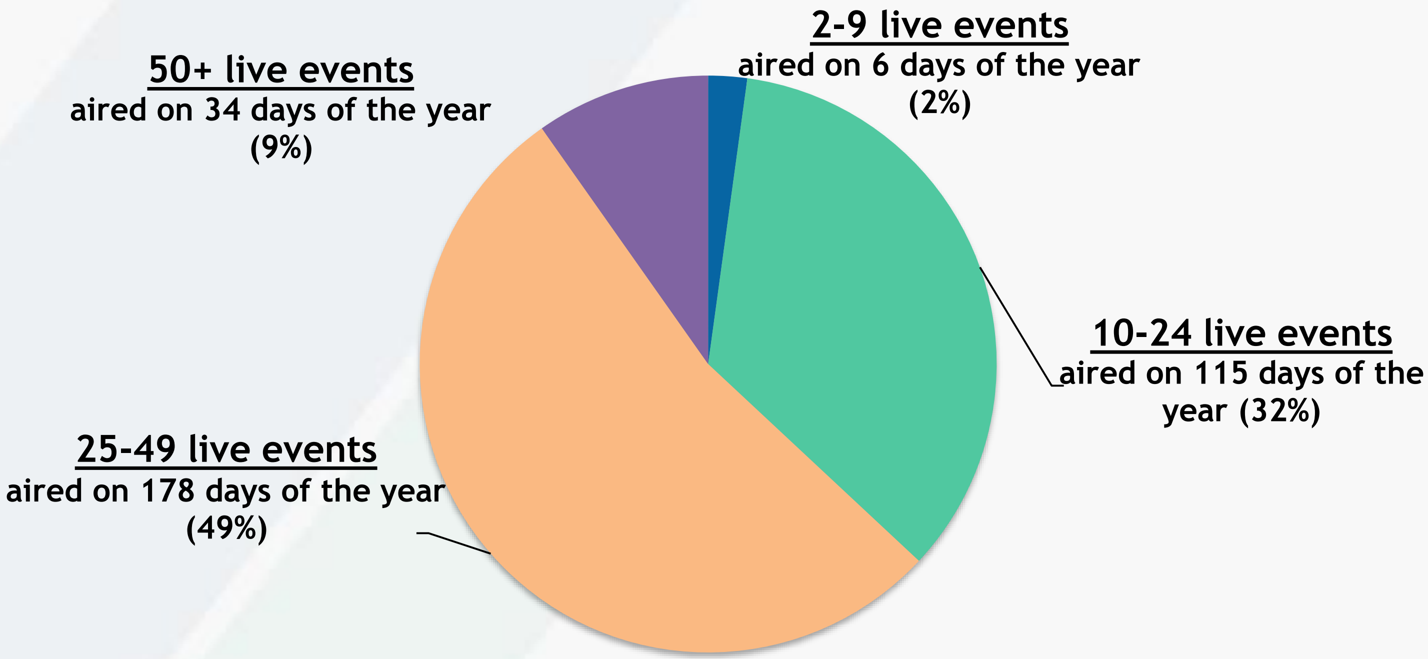
THINK LOCALLY

Source: Nielsen NPower, Total Day, live originals only, January 1, 2017 – December 31, 2017; excludes Regional Sports Networks, local broadcast airings and digital airings of sports through MVPD / network TV apps.

There Are At Least Two Live Sporting Events Airing Every Single Day Of The Year On Ad-Supported Cable TV

A live sporting event aired on ad-supported cable TV every day (365 days) in 2017.

of "Live" Cable TV Sporting Events Aired Daily

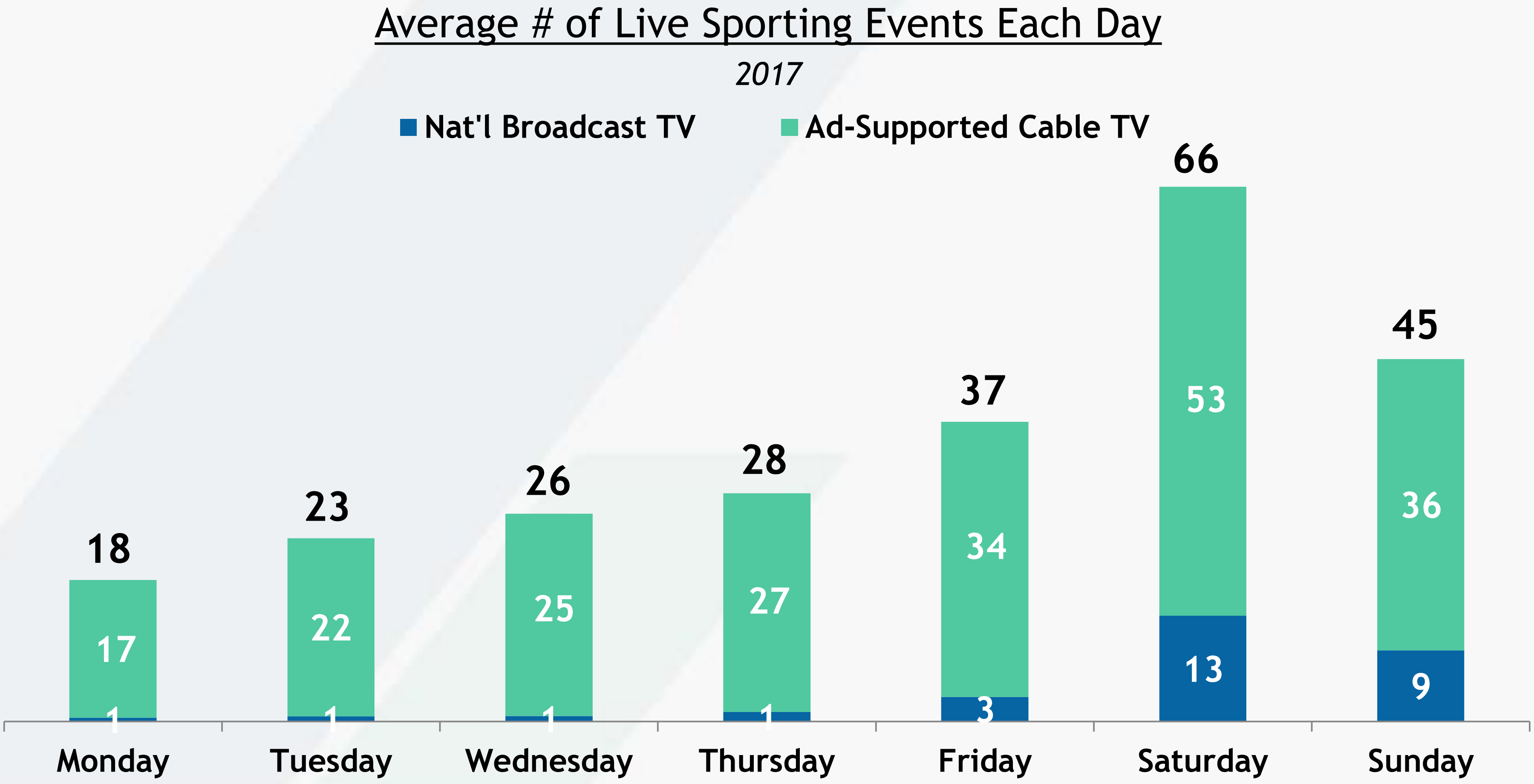


How to read: In 2017, 6 days featured between 2-9 live sporting events airing on ad-supported cable TV.

THINK LOCALLY

Source: Nielsen NPower, Total Day, live originals only, January 1, 2017 – December 31, 2017; excludes Regional Sports Networks, local broadcast airings and digital airings of sports through MVPD / network TV apps.

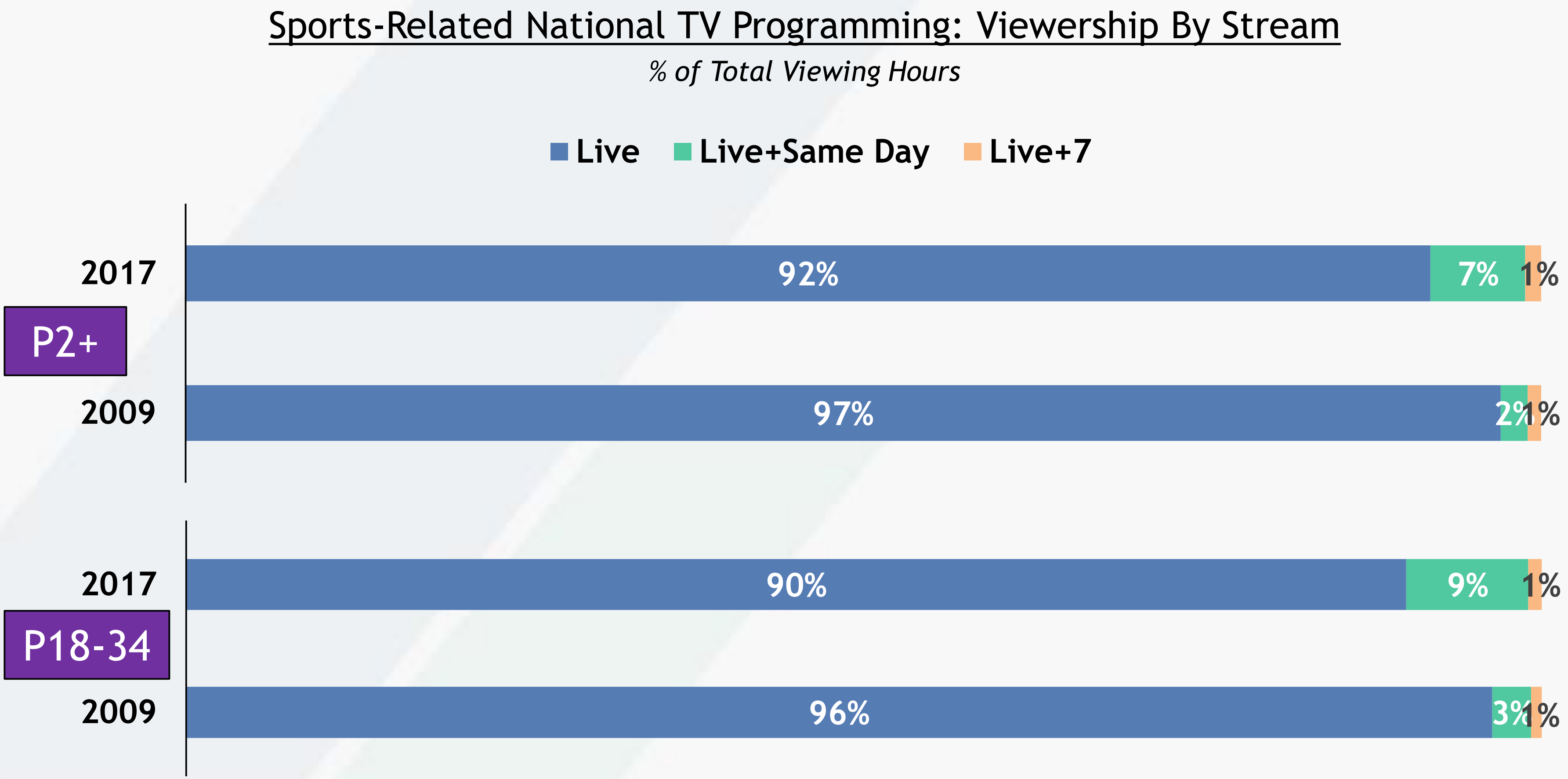
In Fact, On Average There Are At Least *Seventeen* Live Sporting Events Airing On Cable TV Each Day Throughout The Year



THINK LOCALLY

Source: Nielsen NPower, Total Day, live originals only, January 1, 2017 – December 31, 2017; excludes Regional Sports Networks, local broadcast airings and digital airings of sports through MVPD / network TV apps.

Even With The Increase In DVR Penetration, Sports Remains Almost Exclusively A “Live” Or “Near Live” Viewing Experience



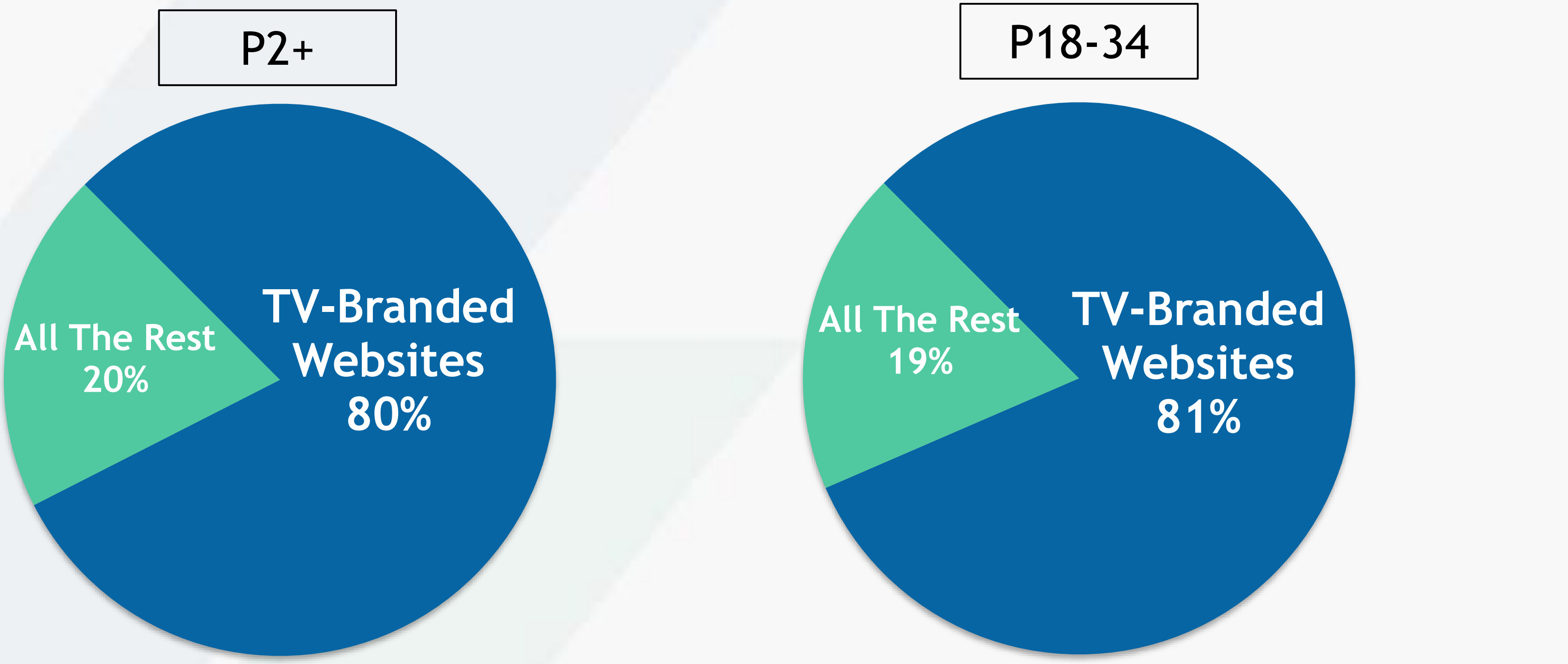
THINK LOCALLY

Source: Nielsen NPower R&F Program Report, Total Day, P2+ & P18-34, ad-supported cable TV + broadcast TV, based on calendar year; excludes Regional Sports Networks and local broadcast airings. Sports-related programming includes live sports, sports news, sports commentary, etc.

Within The Digital Realm, A Vast Majority Of Time Spent Online With Sports Content Is Through TV-Branded Platforms

Sports Category: % of Total Minutes Viewed Online

2017



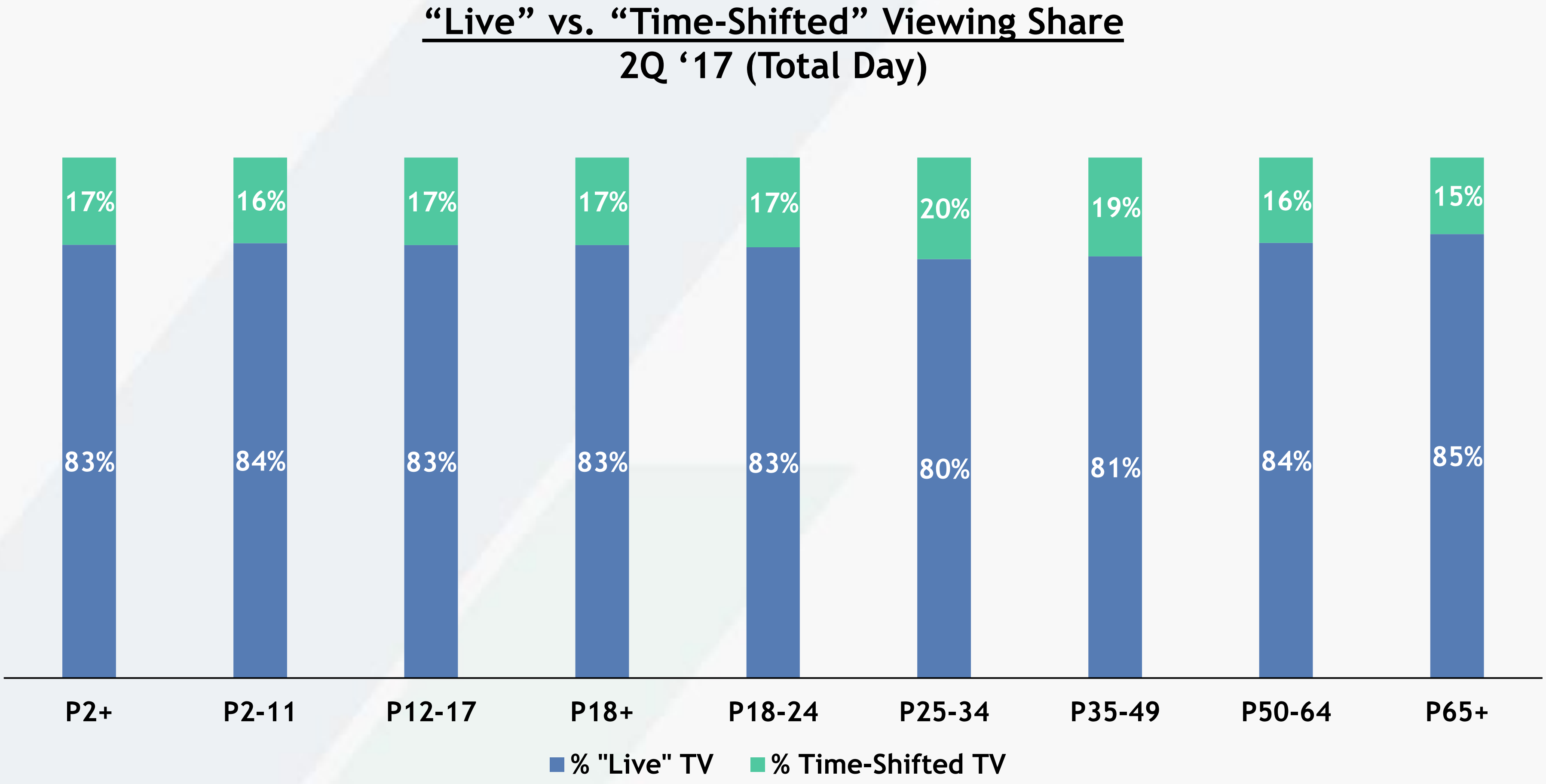
Note: "All The Rest" reflects non-premium TV-related websites like USA Today Sports, SB Nation, Scout.com, Reddit Sports, Deadspin.com, Big Lead Sports, etc

THINK LOCALLY

Source: comScore MediaMetrix, multiplatform media trend data, January-December 2017; comScore-defined sports category vs. custom created Sports TV Branded Website subcategory which includes digital platforms such as ESPN.com, Fox Sports, CBS Sports & NBC Sports.

“Live TV” Viewing Drives Online Social Conversations

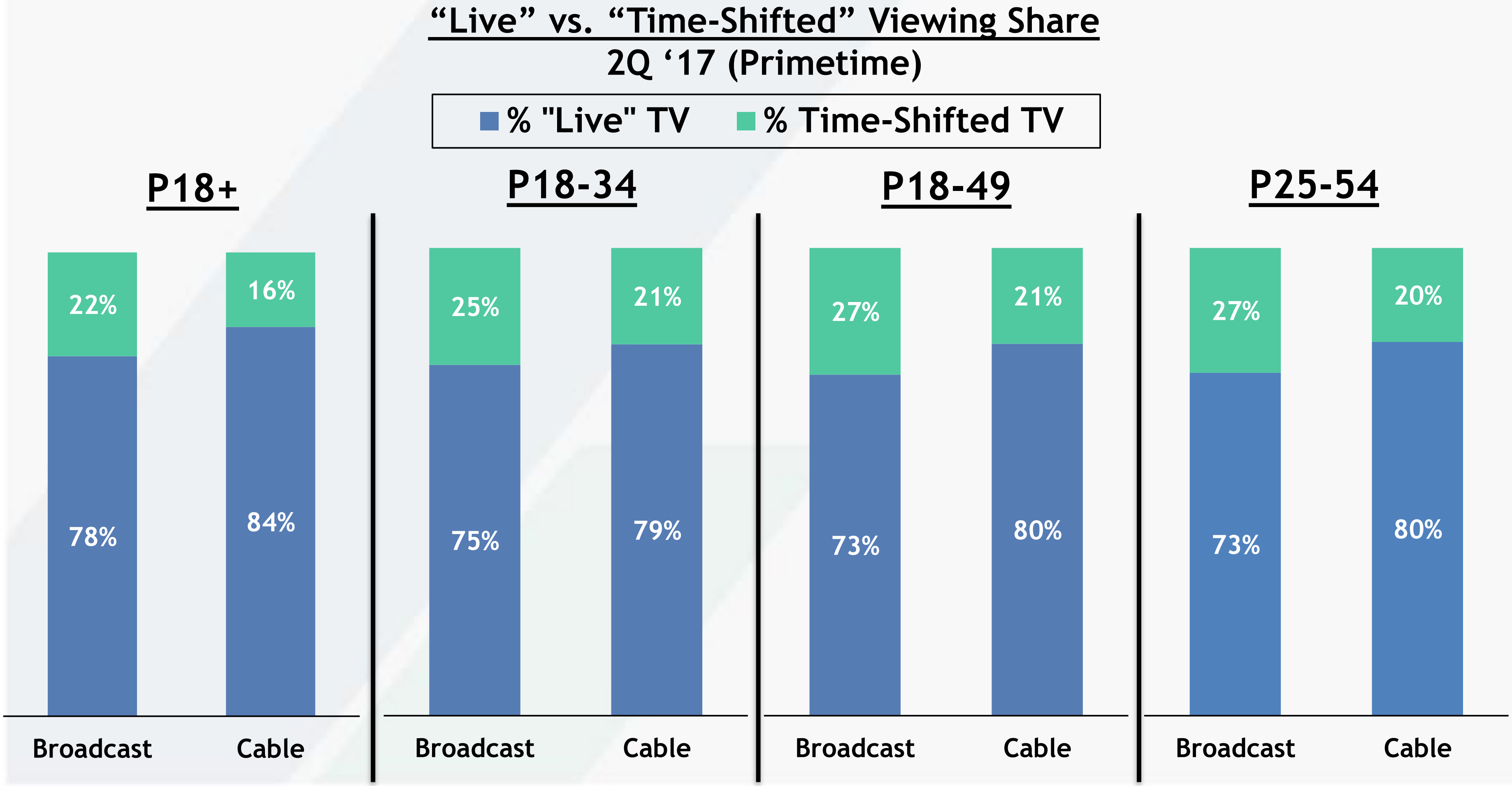
The Vast Majority Of TV Viewing Across All Major Demos Is Done "Live"



THINK LOCALLY

Source: VAB analysis of Nielsen Total Audience Report 2Q 2017, Total Day, based on average quarterly time spent.

Cable Has A Higher Share Of Live Viewing As A Percent Of Overall Time Spent During Primetime



THINK LOCALLY

Source: VAB analysis of Nielsen NPower Time Period Report, 2Q 2017, Primetime, based on average quarterly time spent, Live vs. Live+7.

Ad-Supported TV Accounts For Nearly ***8 Of The Top 10*** Trending Twitter Topics At Night In The Fall Between October & November

79%

Overall Total % of TV-topics In Top 10 During Primetime

Even though this analysis was done during the lead-up to the 2016 election, a time of heavy political discussion across the U.S., ad-supported TV dominated the top conversations on Twitter

8:15p
Total % of TV-topics In Top 10: **64%**

9:15p
Total % of TV-topics In Top 10: **79%**

10:15p
Total % of TV-topics In Top 10: **85%**

11:15p
Total % of TV-topics In Top 10: **88%**

Source: VAB custom analysis of Top 10 trending Twitter Topics each night (8:15p, 9:15p, 10:15p, 11:15p) aggregated during 4-week time period (10/10-2016 – 11/6/2016).
Results include both "direct" and "related" TV topics.

Ad-Supported TV Accounted For Nearly ***7 Of The Top 10*** Trending Twitter Topics At Night In The Summer Between May & June

67%

Overall Total % of TV-topics in Top 10 During Primetime

Although this analysis was conducted as the summer season was getting underway between May-June, ad-supported TV continued to dominate the top social conversations on Twitter

8:30p
Total % of TV-topics In Top 10: **50%**

9:30p
Total % of TV-topics In Top 10: **70%**

10:30p
Total % of TV-topics In Top 10: **76%**

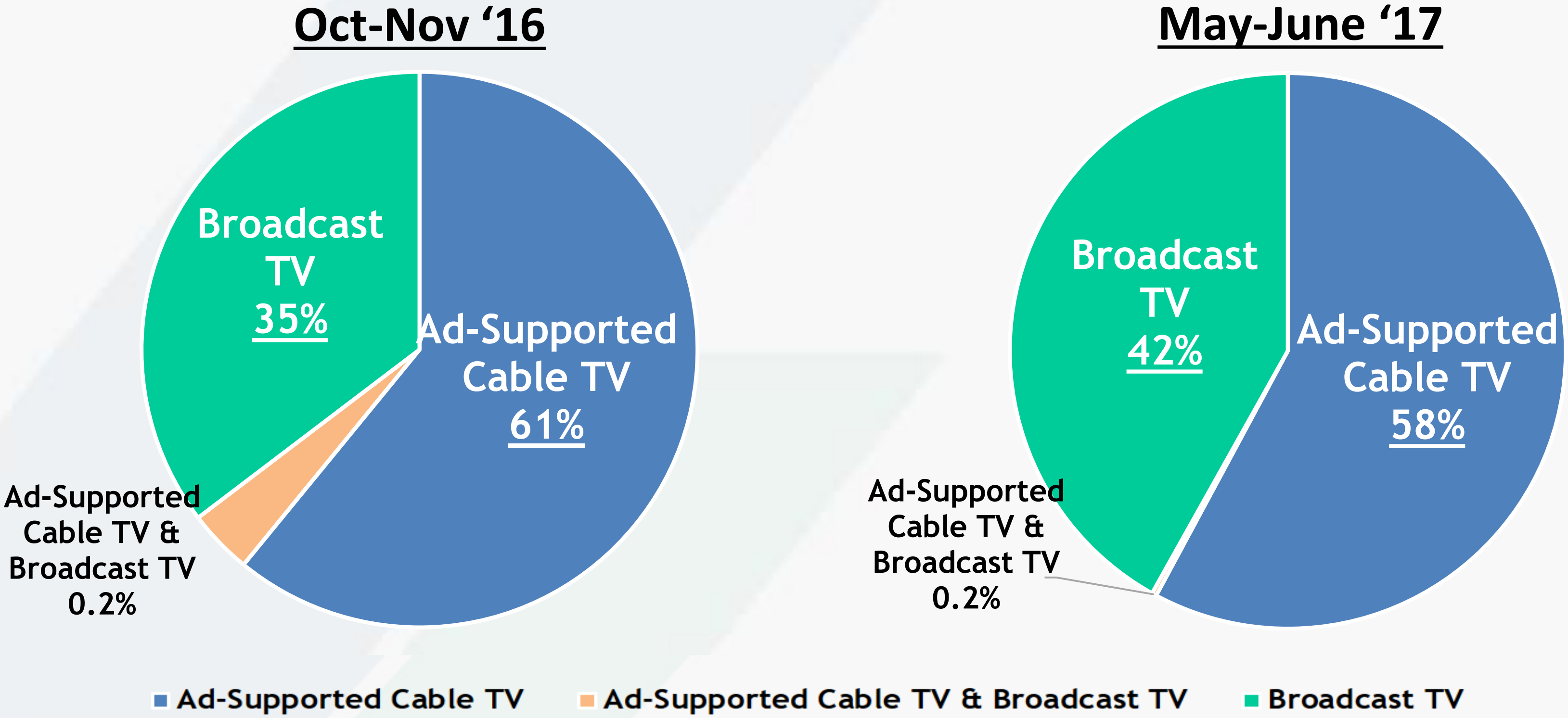
11:30p
Total % of TV-topics In Top 10: **72%**

Source: VAB custom analysis of Top 10 trending Twitter Topics each night (8:30p, 9:30p, 10:30p, 11:30p) aggregated during 4-week time period (5/15/2017 – 6/11/2017). Results include both "direct" and "related" TV topics.

Typically, The Majority Of The Top 10 Trending Twitter TV Topics Involve Programming On Ad-Supported Cable TV

Four-Week Time Periods

% Breakout of Ad-Supported TV Topics By Medium



*Ad-Supported Cable TV & Broadcast TV includes programs or topics that aired, or were discussed, on multiple networks such as popular news or sports events.

Source: VAB custom analysis of Top 10 trending Twitter Topics each night (8:15p, 9:15p, 10:15p, 11:15p) aggregated during 4-week time period (10/10-2016 – 11/6/2016) & each night (8:30p, 9:30p, 10:30p, 11:30p) aggregated during 4-week time period (5/15/2017 – 6/11/2017) . Results include both "direct" and "related" TV topics.

Over <u>125</u> TV Programs Trended In The Top 10 During The Four Week Time Period Over The Summer

Entertainment (83)

Sports (31+)

News (12+)

Various News Programming

THINK LOCALLY

Source: VAB custom analysis of Top 10 trending Twitter Topics each night (8:30p, 9:30p, 10:30p, 11:30p) during 4-week time period (5/15/2017 – 6/11/2017). Results include both "direct" and "related" TV topics.

Ad-Supported TV Even Dominate Twitter's Top 10 Trending Topics On Key Holidays During The 4th Quarter

75% of the aggregated top 10 trending topics across the five monitored holiday time periods were ad-supported TV-related topics

Thanksgiving Day (11:45a-11:45p)	**Christmas Eve** (8:45p-11:45p)	**Christmas Day** (11:45a-11:45p)	**New Year's Eve** (8:45p-11:45p)	**New Year's Day** (8:45p-11:45p)
75%	**75%**	**73%**	**78%**	**75%**

% of Overall Top 10 Trending Topics on Twitter that were ad-supported TV-related during each measurement time period

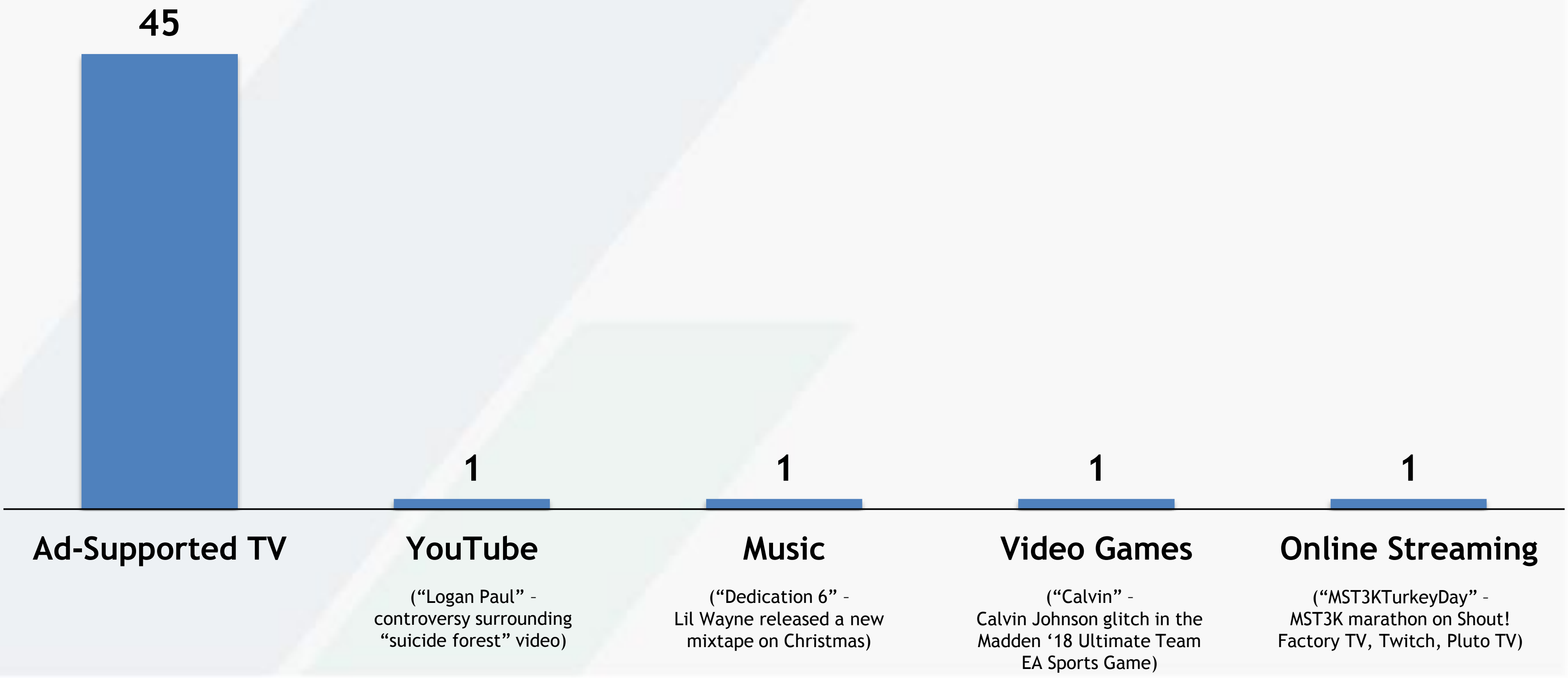
THINK LOCALLY

Source: VAB custom analysis of Top 10 trending Twitter Topics (United States) each night on the :45's aggregated over each hour between 11a – 11p (11:45a-11:45p) during 11/23/2017, 12/25/17, 1/1/18 and on the :45's of each primetime hour between 8p-11p (8:45p-11:45p) during 12/24/17 & 12/31/17.

During The Holidays, Just Like The Rest Of The Year, Nothing Else Gets People Talking Online Like Ad-Supported TV Programs

Five-Holiday Monitored Time Period

of Top 10 Trending Programs / Content By Platform



THINK LOCALLY

Source: VAB custom analysis of Top 10 trending Twitter Topics (United States) each night on the :45’s of each hour between 11a – 11p (11:45a-11:45p) during 11/23/2017, 12/25/17, 1/1/18 and on the :45’s of each primetime hour between 8p-11p (8:45p-11:45p) during 12/24/17 & 12/31/17.

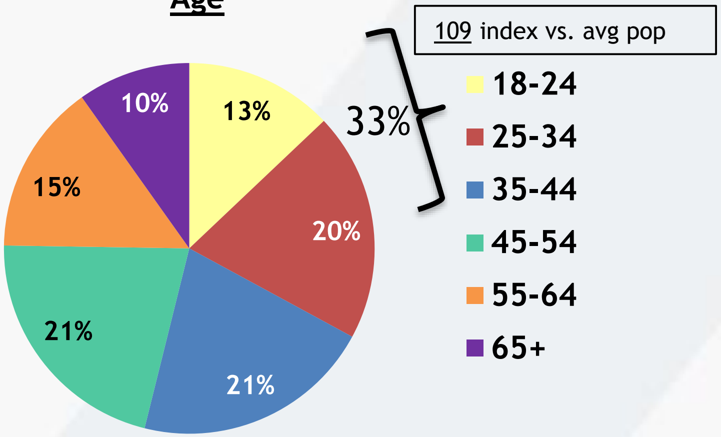
Video On Demand:

The Ultimate Platform For Consumer Choice

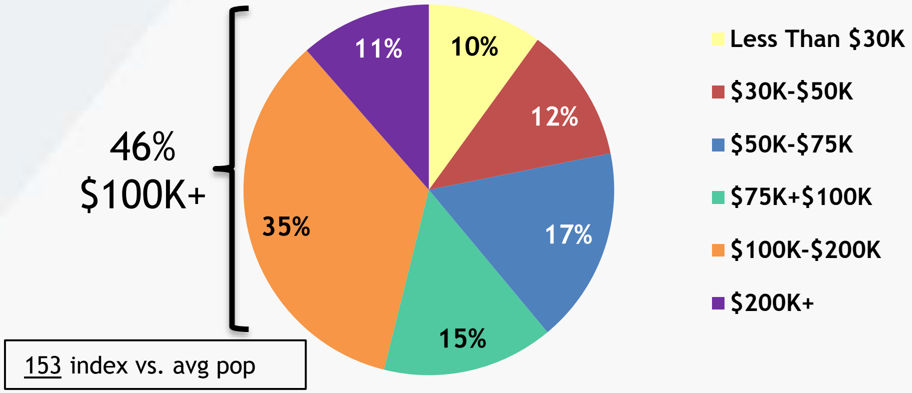
MVPD VOD Users Tend To Be Younger, More Educated And Affluent

Watched Movies or TV Shows on VOD

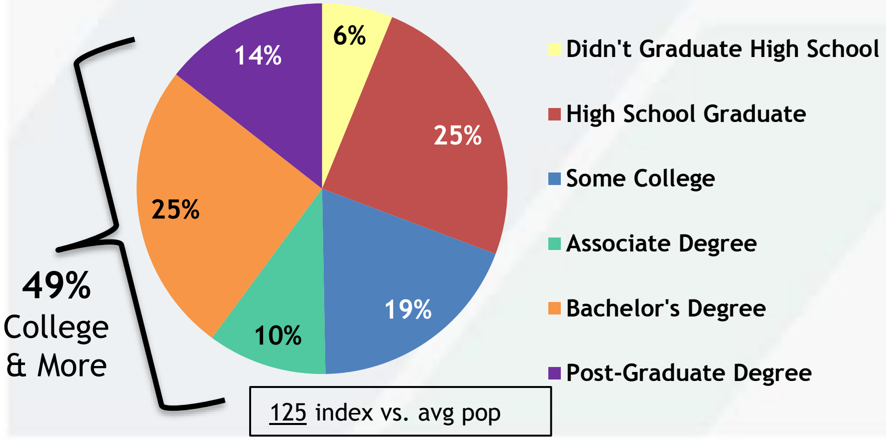
Age



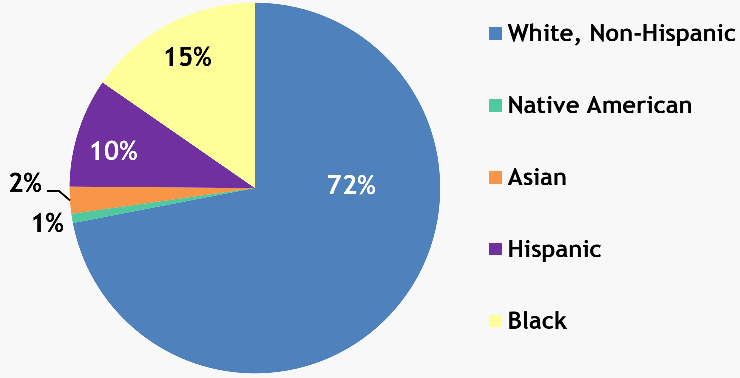
HHI



Education



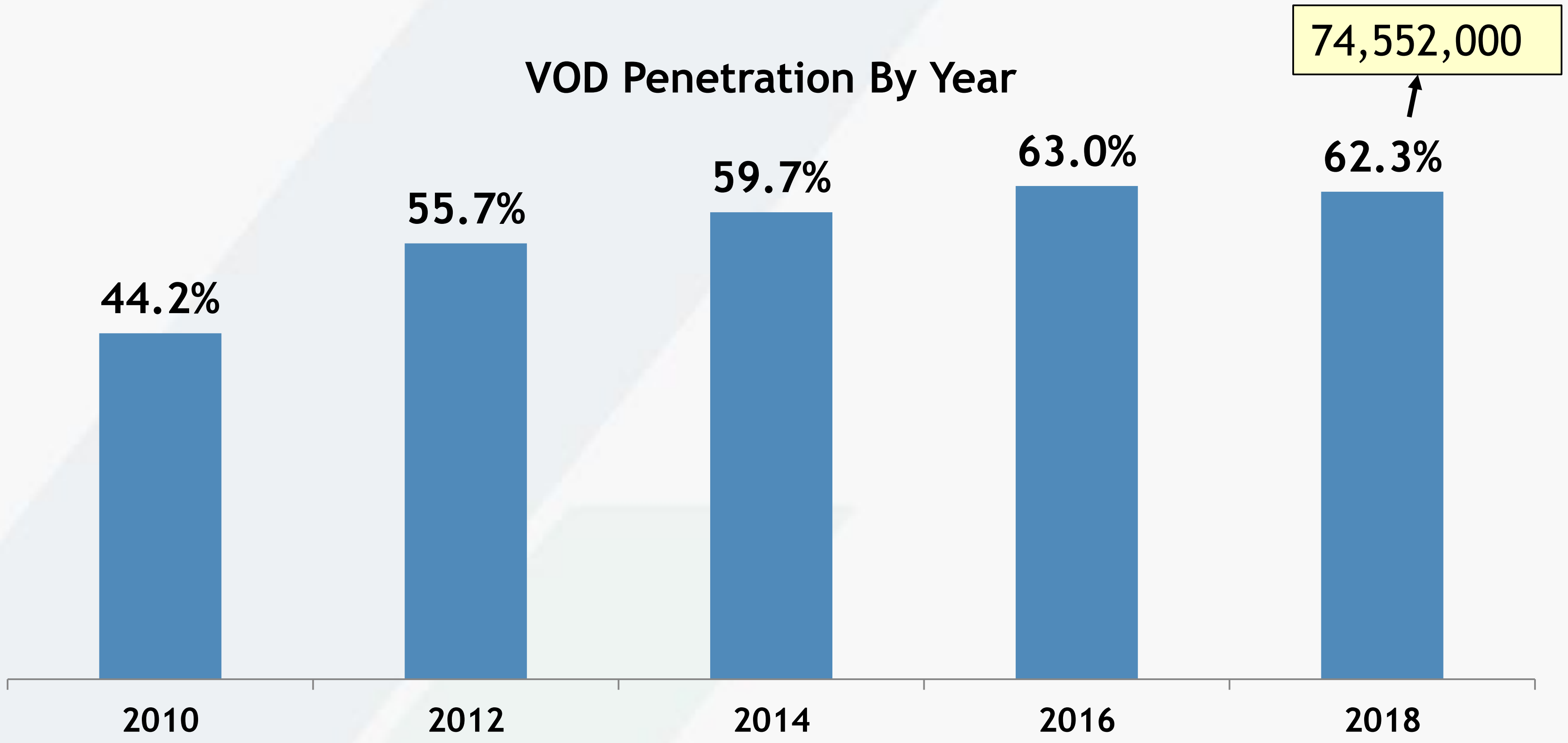
Ethnicity



THINK LOCALLY

Source: 2017 GfK MRI Doublebase, "Video-On-Demand # of Times Watched Past 30 days-TV/Shows/Movies (Any)." Base= A18+

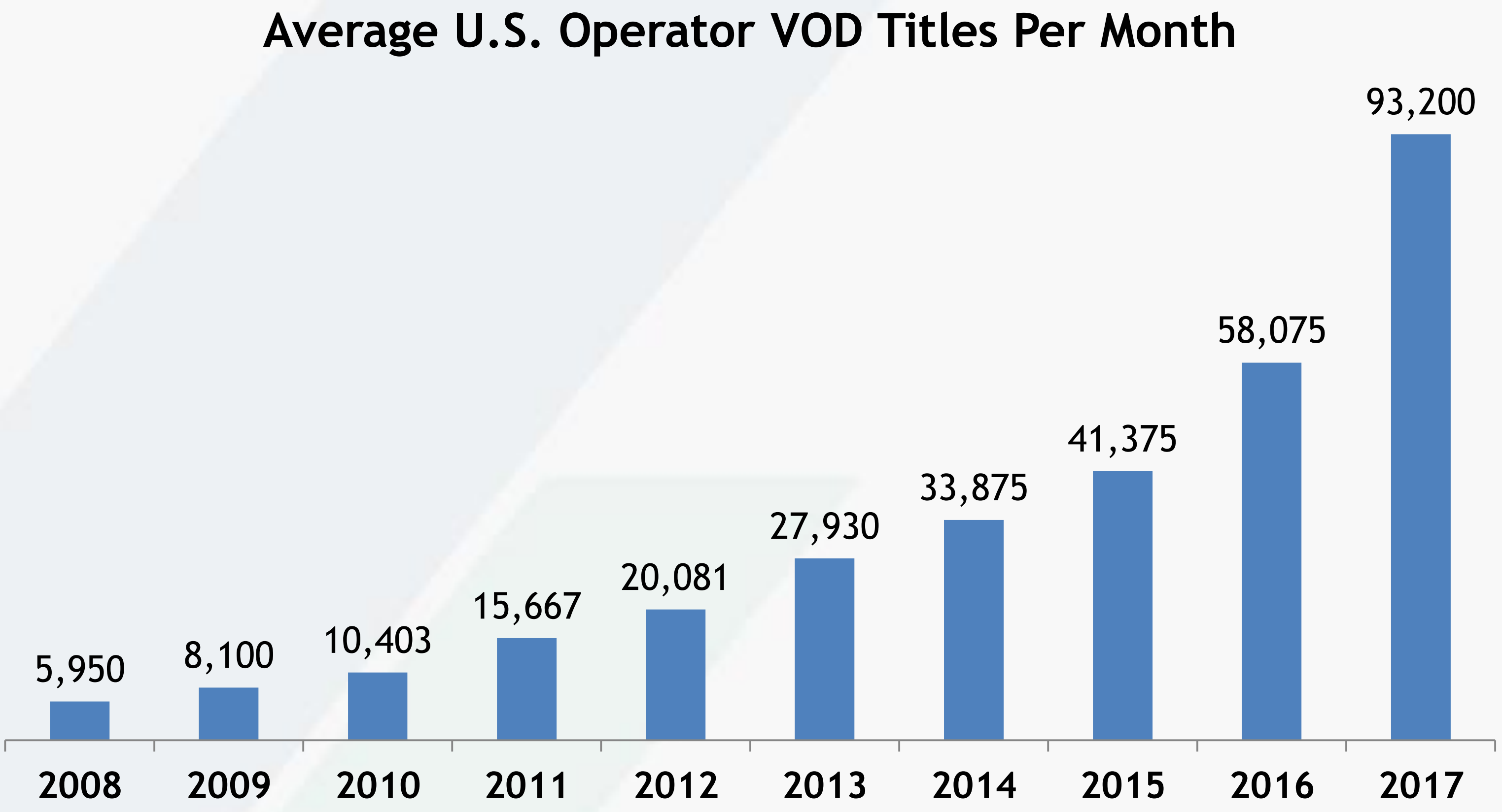
Almost 75 Million Consumers Have Access To MVPD VOD



THINK LOCALLY

Source: Nielsen VOD penetration; January of each year, MVPD VOD.

MVPD VOD Libraries Have Been Rapidly Expanding To Meet The Desires Of Consumers Searching For Content At Any Time

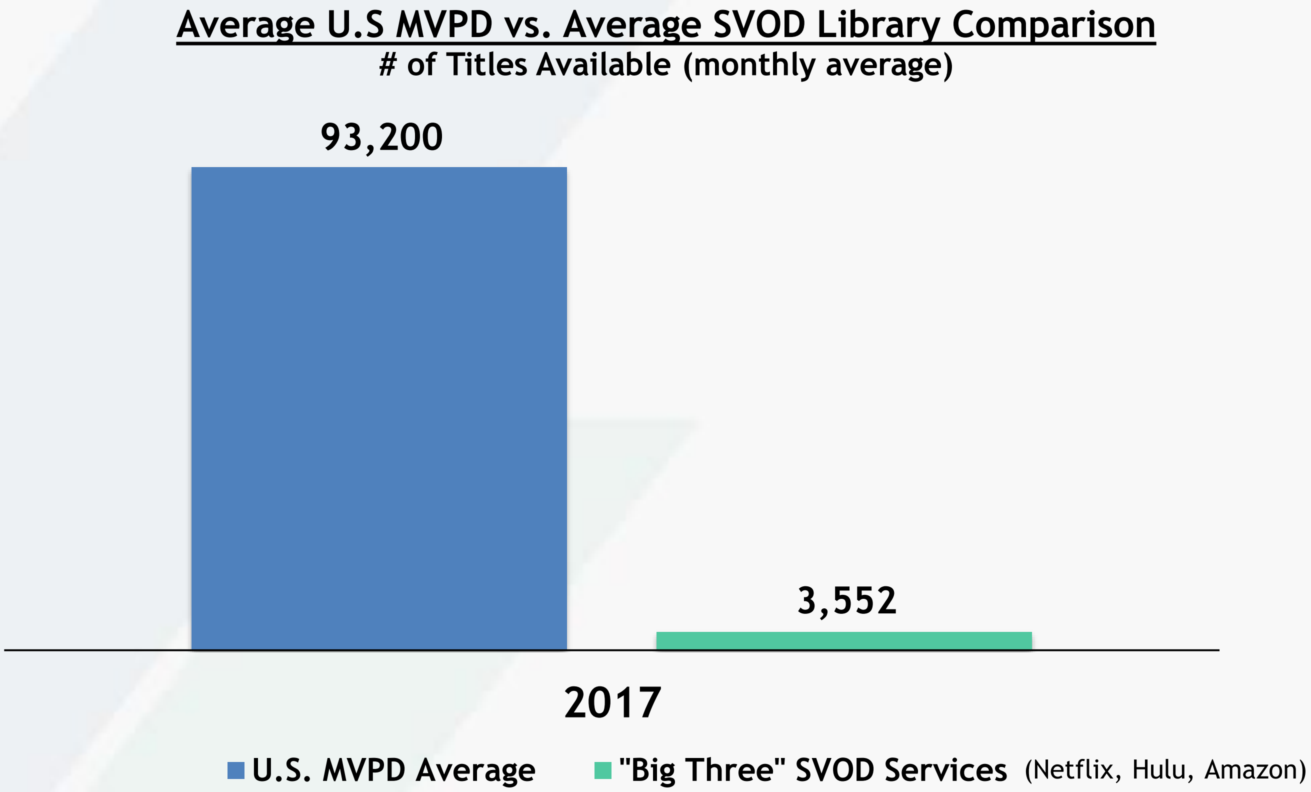


THINK LOCALLY

Source: SNL Kagan Multichannel Market Trends; Count represents avg monthly selection, reflecting turnover and refreshed content and are not comparable to average titles available simultaneously. 2/17

In Fact, MVPD VOD Catalogues Easily Dwarf The Limited Libraries Of The Three Major SVOD Services

With something available on-demand for everyone, MVPD's content variety truly is unmatched and only continues to grow



Source: VAB analysis of SNL Kagan February 2018 data estimates (MVPD catalogs reflect cable and telco MVPDs, excludes satellite MVPDs) for end of year 2017, title counts represent reported average monthly selections at year end unless noted as an estimate, counts reflect turnover and refreshed content and are not comparable to average titles available simultaneously. SVOD data represents the latest month with available data in 2017: Netflix (May), Hulu (September) & Amazon (November). 2018 S&P Global Market Intelligence.

Saying “Yes” To Addressability:

Capitalizing On Cable TV’s Advanced Targeting Capabilities

Addressable TV's Precision Targeting Delivers Unrivaled Relevancy For Advertisers

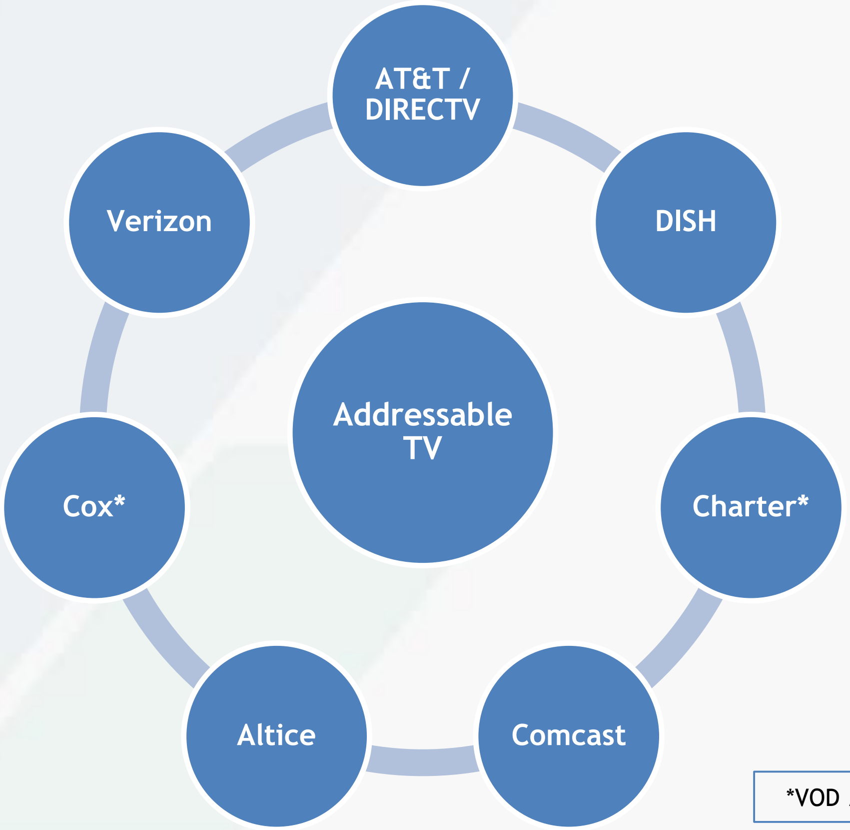
What Is Addressable TV?

The ability of an advertiser to deliver household-level TV advertising via the set-top box based on a defined audience-target developed through first-, second-, and/or third-party data. Under this method, the advertiser buys the audience and not specific networks or programs.

Addressable TV is a means of delivering the right ad to the right person by combining the unmatched reach of Television with the targeting precision and measurement capabilities of "one-to-one" marketing.

Approximately 64 Million U.S. Households Have Addressable TV Capabilities

- As of early 2018, there are 64MM addressable TV HHs across the U.S., representing more than 54% of TV HHs

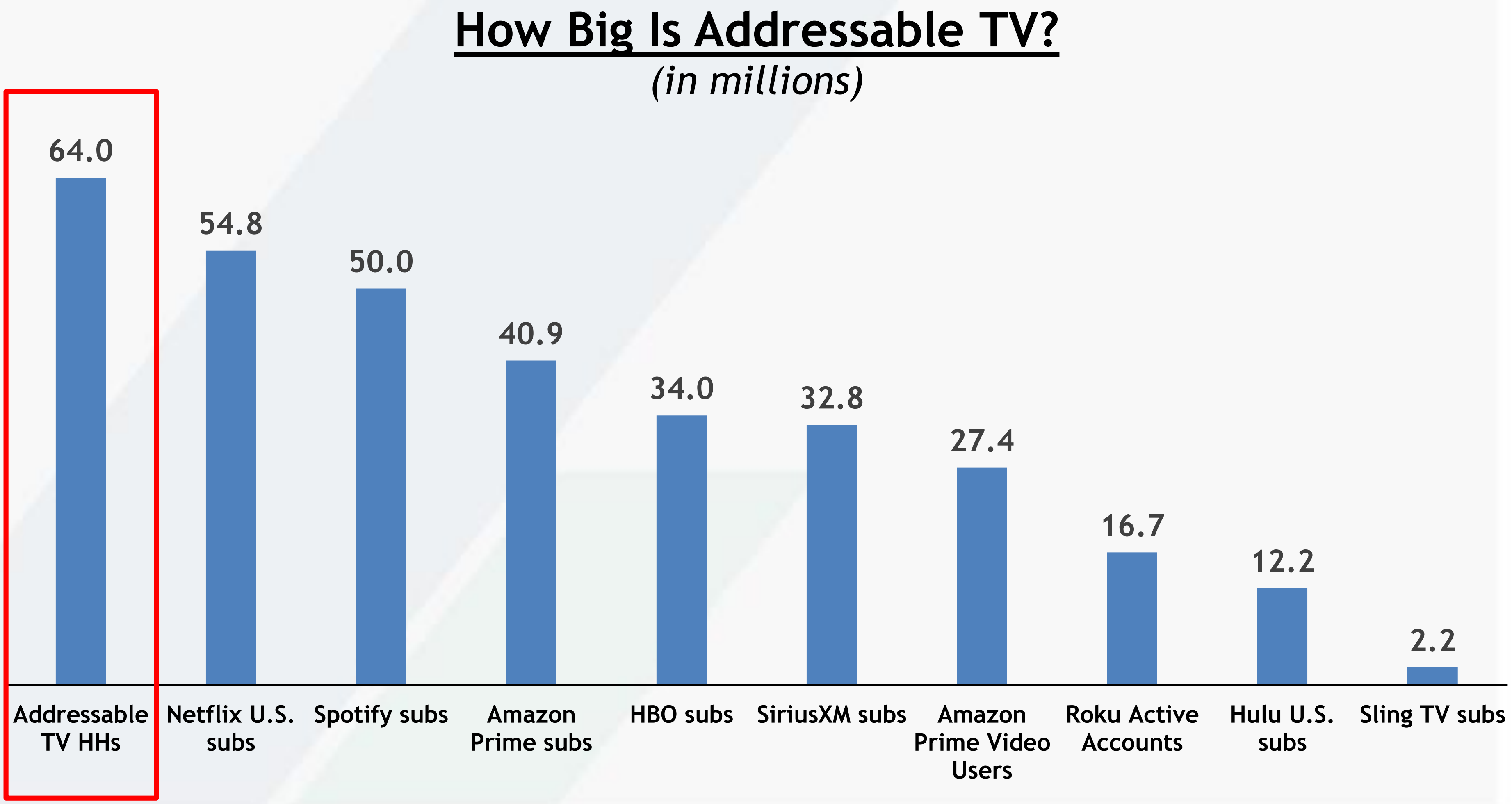


*VOD / TV Everywhere app only

THINK LOCALLY

Source: IAB Advanced TV Targeting Primer based on TV provider shared data updated as of February 2018.

At 64MM HHs, Addressable TV Has A Larger Footprint Than Netflix & Other Popular Subscription Platforms



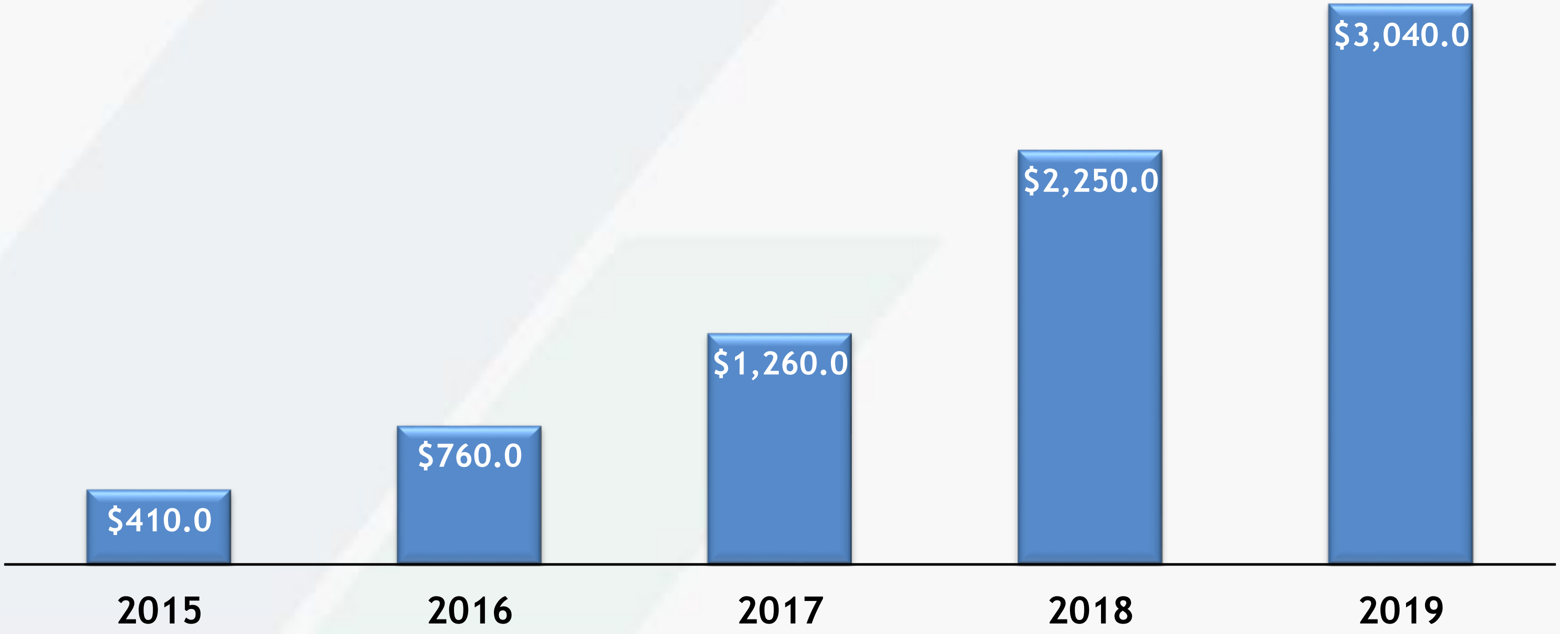
Source: Addressable TV HHs - IAB Advanced TV Targeting Primer based on TV provider shared data updated as of February 2018. Netflix – company financial reports for Dec '17. Spotify – March '17 data from SNL Kagan. Amazon Prime – Q4 '16 data from SNL Kagan published March '17; Amazon Prime Video users estimated based on SNL Kagan's Feb '16 online consumer survey (72% of Prime subscribers use Prime video). HBO – Q2 '17 data from SNL Kagan (includes cable, DBS, Telco & OTT). SiriusXM – estimated based on SNL Kagan Dec '16 data. Roku – Nov '17 data from SNL Kagan (Roku defines active accounts as the number of distinct user accounts that have streamed content on the platform in the last 30 days). Hulu – paid subscribers only, Q1 '17 data from SNL Kagan published June '17. Sling TV – Q4 '17 data published by TechCrunch 2/20/18.

By The End of 2019, Addressable Is Expected To Grow To A $3 Billion Segment Of TV Advertising

Addressable TV is projected to *grow 642%* over a three year period

U.S. Addressable TV Ad Spending Projections

2015 - 2019 *(in millions)*



THINK LOCALLY

Source: eMarketer, July 2017. Note: targeted TV ads delivered on a home-by-home basis via cable and satellite boxes; includes VOD; excludes connected TV, smart TV and OTT

Right Ads Reaching The Right People: The Benefits of Addressable TV

Major benefits of Addressable TV:

Precision

- Goes beyond the traditional Nielsen demographics of age and sex to develop more precise targets based on granular demographics, geography, transactional / consumption & behavioral activities

Customized Creative / Tracking

- Ability to develop creative for different target segments then learn which HHs respond to which message in order to craft future messages in a more personal & relevant way

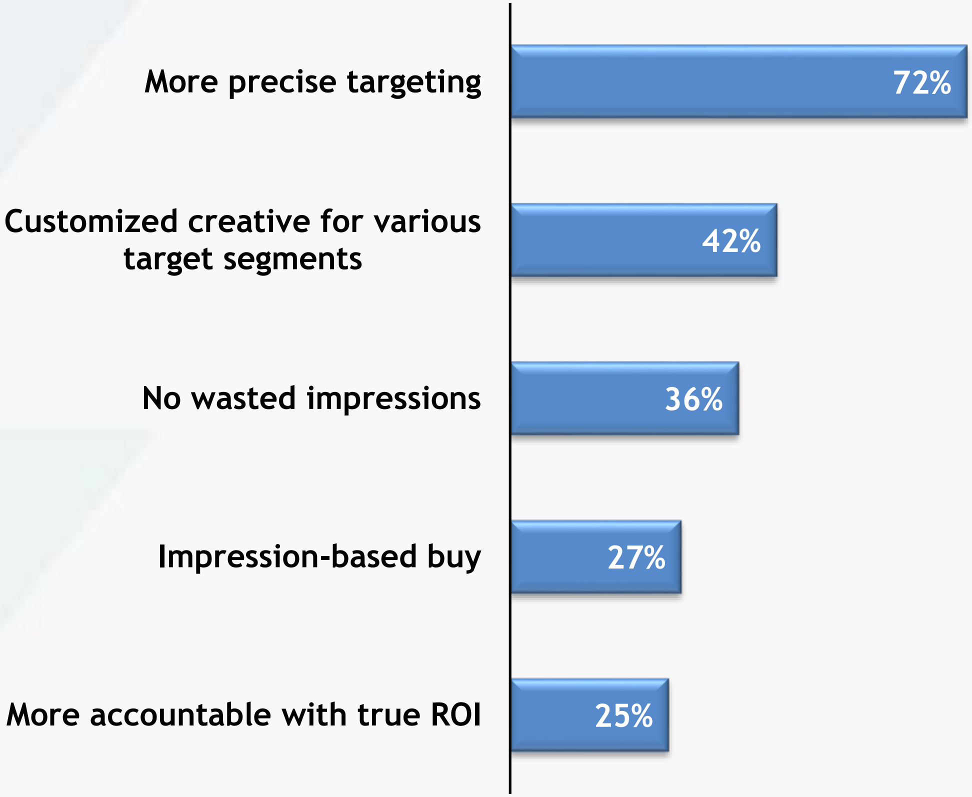
Relevancy

- Reduction of non-targeted ad impressions by eliminating ads seen by viewers who are unlikely to take action on an advertiser's product or service while also allowing advertisers to frequency cap to avoid message wear-out

ROI Measurement & Testing

- In-depth post-campaign reporting with attribution tracking through media partners and third-party data providers

Marketer's Perceived Benefits of Addressable TV

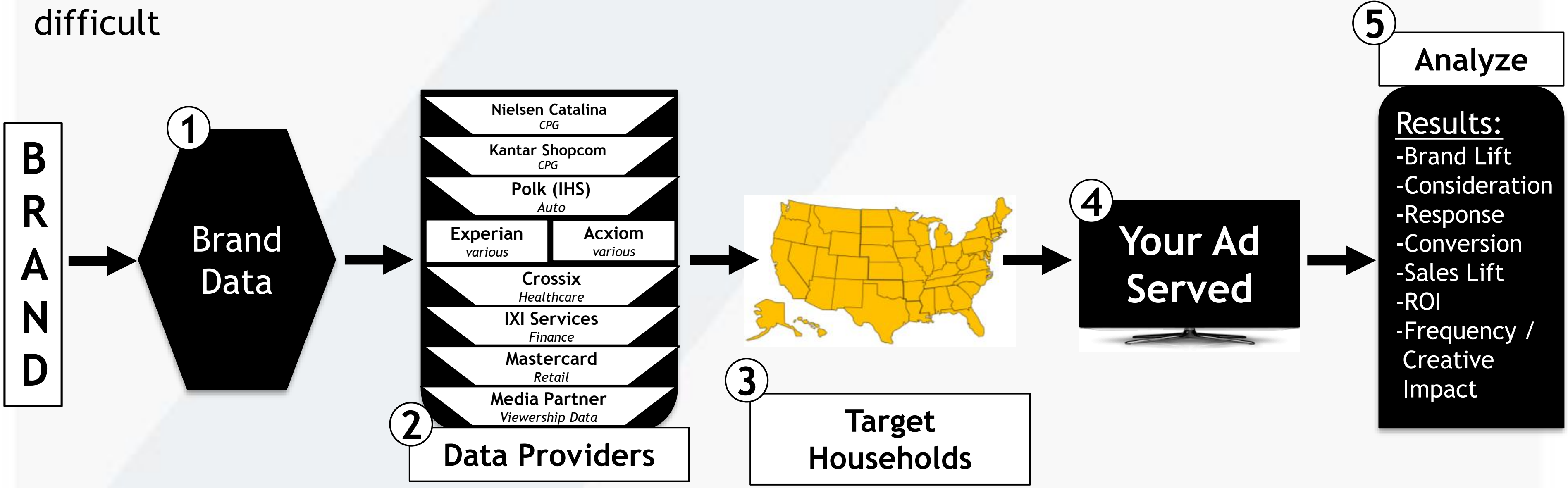


THINK LOCALLY

Source: Based on a survey of media buyers and product marketers conducted by Adweek Brandshare on behalf of AT&T AdWorks. All 158 respondents had oversight of or involvement in purchasing advertising or media or were involved in marketing a specific product or service. All respondents were located in the U.S.

How Addressable TV Works

Addressable TV is not as complex as you might think; sophistication doesn't have to mean difficult



BRAND

1 Brand Data

Nielsen Catalina
CPG

Kantar Shopcom
CPG

Polk (IHS)
Auto

Experian
various

Acxiom
various

Crossix
Healthcare

IXI Services
Finance

Mastercard
Retail

Media Partner
Viewership Data

2 **Data Providers**

3 **Target Households**

4 **Your Ad Served**

5 **Analyze**

Results:
- Brand Lift
- Consideration
- Response
- Conversion
- Sales Lift
- ROI
- Frequency / Creative Impact

---

1 **Brand works with media partner on the objectives of campaign and provides relevant first-party data if available.**

2 **The brand information is matched with the relevant third-party data provider who offer anonymized in-depth, vertical-specific knowledge in a privacy compliant manner.**

3 **Based on the matching data, the data provider / media partner finds the specific households the brand wants to reach. Then they pinpoint and identify those households within the addressable TV footprint.**

4 **The brand's ad is delivered only to the households in the target segment with zero waste.**

5 **After the addressable campaign is complete, the media partner / data provider analyzes the results of the campaign and provides the brand with post-buy media details and insights such as impact on brand awareness, purchase consideration and even sales conversion.**

Source: AT&T "Addressable Television Best Practices"; Experian Addressable TV Whitepaper

An Addressable Advertiser Can Mine Data From Different Sources To Determine Their Target Audience

A precise, desired audience can be developed through first-, second- or third party data

First Party Data

- Advertiser's data about its own customers, prospects and website users
- Potentially made up of purchase history, registered profiles, email subscribers
- Can be completed and enriched by third party data

Second Party Data

- Data elements from partners or affiliates that a brand works with
- Advertiser may share a customer who they would like to co-market to
- Example: credit card company wants to target individuals who frequently travel on a specific airline

Third Party Data

- Data an advertiser acquires from other companies such as Experian or Axciom
- Important to vet that third party data has both scale and accuracy
- Can be used on its own, or with first and second party data to enrich targeting and segmentation

Third-party data is particularly useful for prospecting campaigns and can help "fill in the holes" of a marketer's own customer database to build meaningful scale

Source: internal VAB information and Experian Addressable TV Whitepaper

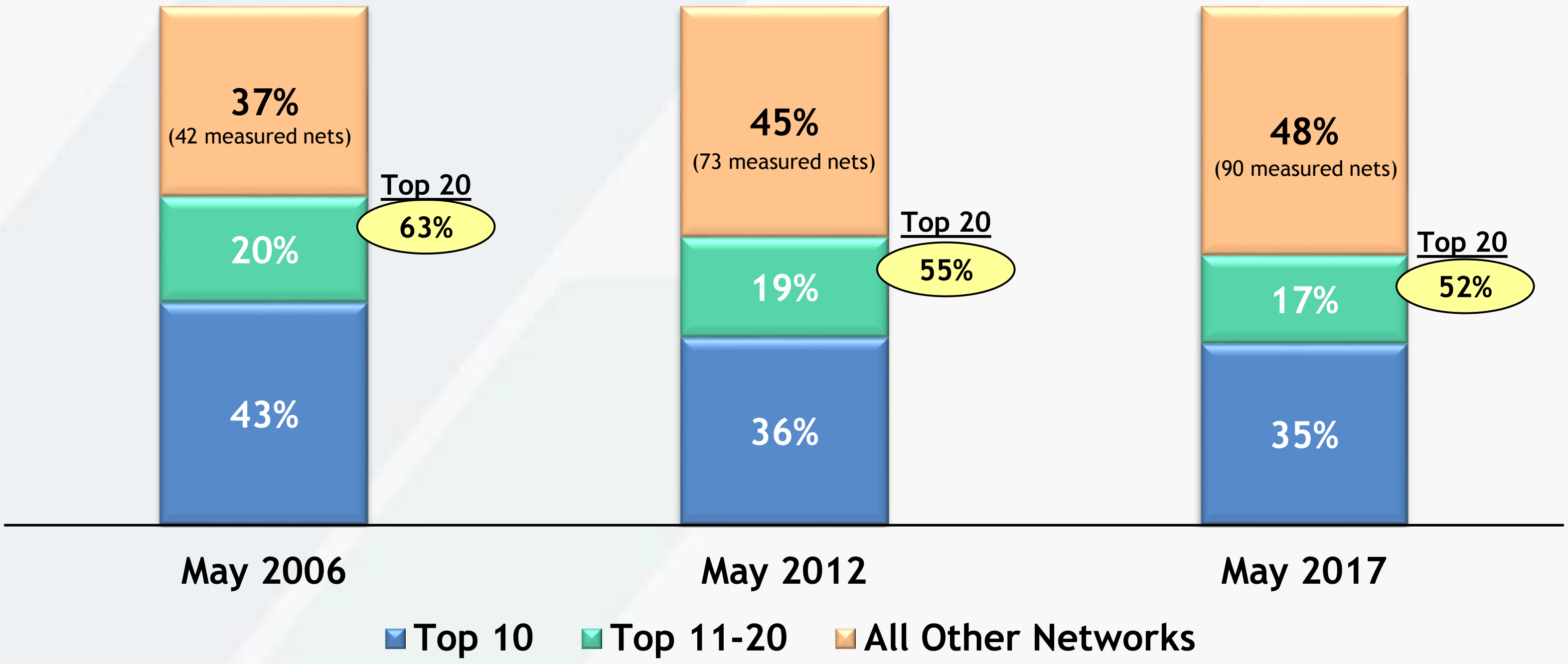
When Implementing Addressable, Buying Audiences Across A Wider Range of Networks Would Further Increase Reach

Almost 50% of total time spent with ad-supported cable TV now happens outside of the top 20 nets as new networks have launched and program viewing further fragments

- With this “one-to-one” targeting, value can be found in any program on any network

“Total Minutes Viewed” Breakout By Cable TV Network

Networks ranked by total minutes viewed



THINK LOCALLY

Source: Nielsen NPower Reach & Frequency Program Report. Live, P18+, Total Day, Ad-supported cable TV networks only.

Addressability Provides Much Sought After Accountability Without The Digital Ad-Tech Problems

Addressable TV offers precise targeting capabilities and data collection without the problems most closely associated with digital ad-tech platforms

Addressable TV	*Issue*	Digital Ad-Tech
No issue Addressable Ads only run when the TV is on	*Bots / Fraud*	Estimated ***22%*** of desktop video spend is fraudulent
No issue Always an opportunity to see as the ad covers 100% of the screen	*Viewability*	Only ***58%*** of desktop video ads are viewable based on MRC standard (video: 50% of pixels in view for 2 seconds)
No issue Always an opportunity to see as ads can't be blocked on screen	*Ad-Blocking*	***28%*** of internet users have an ad-blocker installed

Source: bot / fraud data based on the ANA /White Ops 2016-2017 Bot Baseline "Fraud in Digital Advertising" report, May 2017; viewability stats from U.S. Media Quality Report, H1 2017, Integral Ad Science; internet ad-blocking figure based on eMarketer, Feb 2017 (desktop/laptop users), internet users of any age who access the internet at least once per month via desktop/laptop with an ad block enabled.

How TV Fuels Business Outcomes

TV Expenditures Drive Website Traffic Across Categories

9 Reports in Total → 20 Categories → 400+ Brands

“The Market Changer’s Playbook”

(Various Disruptors)

35 Brands

90%

“Shifting Gears”

(Automotive)

20 Brands

75%

“What’s Appn’ing”

(Mobile Apps)

60 Brands

77%**

“Ignition Point”

(Call-To-Action Categories*)

125 Brands

82%

“What’s Driving Digital”

(“Pure Play” Digital Brands)

75 Brands

85%

← *TV Spend Vs. Website Traffic Correlation* →

THINK LOCALLY

*Ignition Point – “Call-To-Action” categories include restaurants, retail, travel, telco, financial & insurance. **What’s Appn’ing – 86% correlation for <u>gaming</u> app subcategory. % reflect that percentage of brands that saw a correlation between their TV spend & website traffic

Digital-Native “Disruptor” Brands See Their Website Traffic Skyrocket As Soon As They Launch A TV Campaign

Each company below saw an immediate double-digit lift in website visits once their TV campaign launched

Monthly Website Unique Visitors Comparison

Based Within A Three-Year Time Period (Mar ‘14 – Feb ‘17)

Company	Month Prior To TV Launch	Monthly Average: TV Launch - Feb ‘17	% Difference
23andMe	421	968	+130%
Airbnb	1,442	5,872	+307%
Birchbox	1,122	2,221	+98%
Blue Apron	159	1,872	+1,075%
Casper	131	512	+292%
Fitbit	4,598	14,247	+210%
Letgo	N/A	10,201	↑
Lyft	7,920	13,048	+65%
Nest	N/A	1,576	↑
Simplisafe	145	557	+284%
Sling	2,143	3,842	+79%
SoFi	248	593	+139%
Uber	N/A	30,955	↑
Yelp	77,900	86,755	+11%

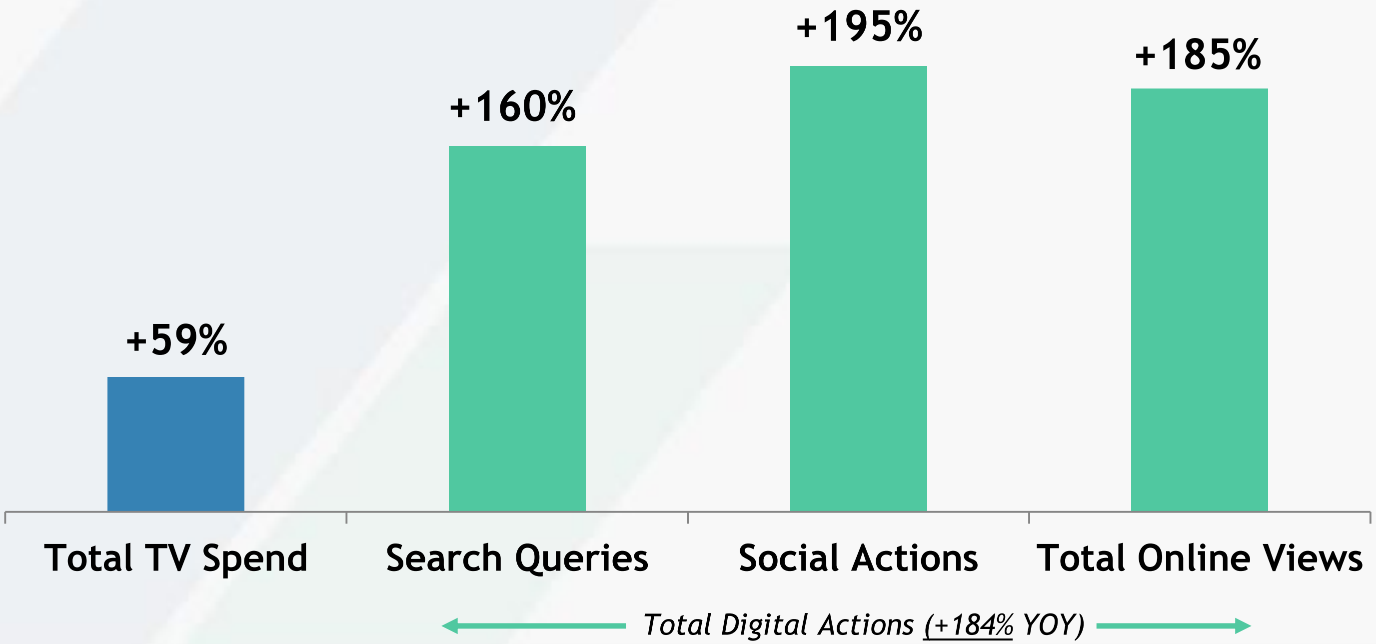
Source: comScore mediametrix multiplatform media trend; Total audience (P2+), March ‘14 – February ‘17. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March ‘14 – February ‘17. N/A = not enough traffic for comScore to measure.

TV Is The Catalyst That Jumpstarts Greater Conversation, Exploration & Online Video Viewing Of "Breakout" Brands

TV leads to increased searches, social actions and non-paid online video views of a brand's TV ad. In fact, these digital actions far outpace the collective increase in TV spend across the 14 "disruptors" measured.

14 "Brand Building" Disruptors*: TV Spend vs. "Digital Actions" YOY % Increase

2015 vs. 2016



**Brands include: 23andMe, Airbnb, Birchbox, Blue Apron, Casper, Fitbit, Letgo, Lyft, Nest, Simplisafe, Sling, SoFi, Uber, Yelp*

Source: TV spending based on Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2015-2016. Digital actions based on iSpot.tv and reflects TV commercial-related searches (Google, Bing, Yahoo!), social actions (posts, likes, shares and comments related to TV ads on Facebook, Twitter, YouTube, iSpot.tv) and earned, not promoted, online video views of TV ads (YouTube, iSpot.tv). Digital actions are correlated to TV ad airing data.

Digital-Native "Disruptor" Brands Often See Their Revenues Take Off When They Launch A TV Campaign

Company			Year Prior to TV Launch	1st Year with TV	2016
Zillow *Founded in 2005*	(5 Year TV Advertiser)	TV Spend (000):	---	$1,608	$37,749
		Revenue (000):	$66,053	$116,850 +77%	$846,589 13x
vistaprint *Founded in 1999*	(7 Year TV Advertiser)	TV Spend (000):	---	$5,712	$245,439
		Revenue (000):	$313,621	$370,137 +18%	$781,335 2.5x
DOLLAR SHAVE CLUB *Founded in 2011*	(4 Year TV Advertiser)	TV Spend (000):	---	$11,551	$70,446
		Revenue (000):	$4,000	$19,000 +375%	$200,000 50x
grubHub seamless *Founded in 1999*	(5 Year TV Advertiser)	TV Spend (000):	---	$526	$1,963
		Revenue (000):	$60,611	$82,299 +36%	$493,331 8x

% =revenue increase between 1st year on TV and year prior

x =revenue increase between 2016 and year prior to TV launch

Source: Revenues reflect U.S. only and are based on company filings (10-K, etc) via SEC.gov (except for Dollar Shave Club which is based on market analyst projections and company guidance). Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2010-CY 2016. All brands reflected had to have a continuous annual TV investment from Year 1 of TV through 2016.

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Revenues Also Spike When "Growing" Brands Heavy-Up Their TV Investment As Well

Company		Year Prior to TV Heavy-Up	TV Heavy-Up Year	2016
wayfair (TV Heavy-Up in 2013) *Founded in 2002*	TV Spend (000):	$1,961	$44,314	$177,955
	Revenue (000):	$542,736	$857,001 +58%	$3,110,497 5.7x
DULUTH TRADING CO (TV Heavy-Up in 2014) *Founded in 1989*	TV Spend (000):	$8,261	$15,354	$26,446
	Revenue (000):	$163,089	$231,867 +42%	$376,116 2.3x
Care.com (TV Heavy-Up in 2012) *Founded in 2007*	TV Spend (000):	$6,888	$14,647	$24,824
	Revenue (000):	$22,000	$45,514 +106%	$147,830 8x
Panera BREAD (TV Heavy-Up in 2011) *Founded in 1987*	TV Spend (000):	$7,685	$12,444	$53,545
	Revenue (000):	$1,542,489	$1,822,032 +18%	$2,795,365 1.8x

% =revenue increase between 1st year on TV and year prior

x =revenue increase between 2016 and year prior to TV Heavy-Up

Source: Revenues reflect U.S. only and are based on company filings (10-K, etc) via SEC.gov. Nielsen Ad Intel, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), CY 2010-CY 2016. All brands reflected had to have a continuous annual TV investment from Year 1 of TV through 2016.

Separately, We Also Found A Definitive Correlation Between TV Spend & Website Traffic Within The Automotive Category

15 of the 20 Automotive Manufacturers (75%) Analyzed Exhibited a Direct Correlation Between TV Spend & Website Traffic

15 Brands

11 Brands Were ↑ In Both TV Spend & Monthly Unique Visitors

4 Brands Were ↓ In Both TV Spend & Monthly Unique Visitors

RAM
GMC
DODGE
Ford
TOYOTA
Cadillac
HONDA
LINCOLN
GM
mazda
LEXUS
Mercedes-Benz
HYUNDAI
Jeep

5 Brands

Lack of correlation between TV Spend & Monthly Unique Visitors

KIA
CHEVROLET
SUBARU
NISSAN
BUICK

Source: Nielsen Ad Intel. Total TV includes cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, syndication TV, spot TV; comScore, mediametrix multiplatform, unique visitors Total Audience (P2+). Monthly TV Spend & monthly unique visitors based on Aug ‘14-Jul ’16 calendar months.

Automotive Category: TV Spend Impact On Manufacturers With A Definitive Correlation

Shifts in automotive brands’ TV spending aid in accelerating, or decelerating, their website traffic

15 Automotive Manufacturers: TV Spend vs. Unique Visitors
“Year Over Year” Comparison (Aug ’14 - Jul ‘15 vs Aug ’15 - Jul ‘16)

TV Spend Up /
Uniques Up

TV Spend Down /
Uniques Down

11 Advertisers
On average:
***+16% more** TV Spend*
***+37% more** Unique Visitors*

4 Advertisers
On average:
***-10% less** TV Spend*
***-12% less** Unique Visitors*

Source: Nielsen Ad Intel. Total TV includes cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, syndication TV, spot TV; comScore, mediametrix multiplatform, unique visitors Total Audience (P2+). Monthly TV Spend & monthly unique visitors based on Aug ‘14-Jul ’16 calendar months.

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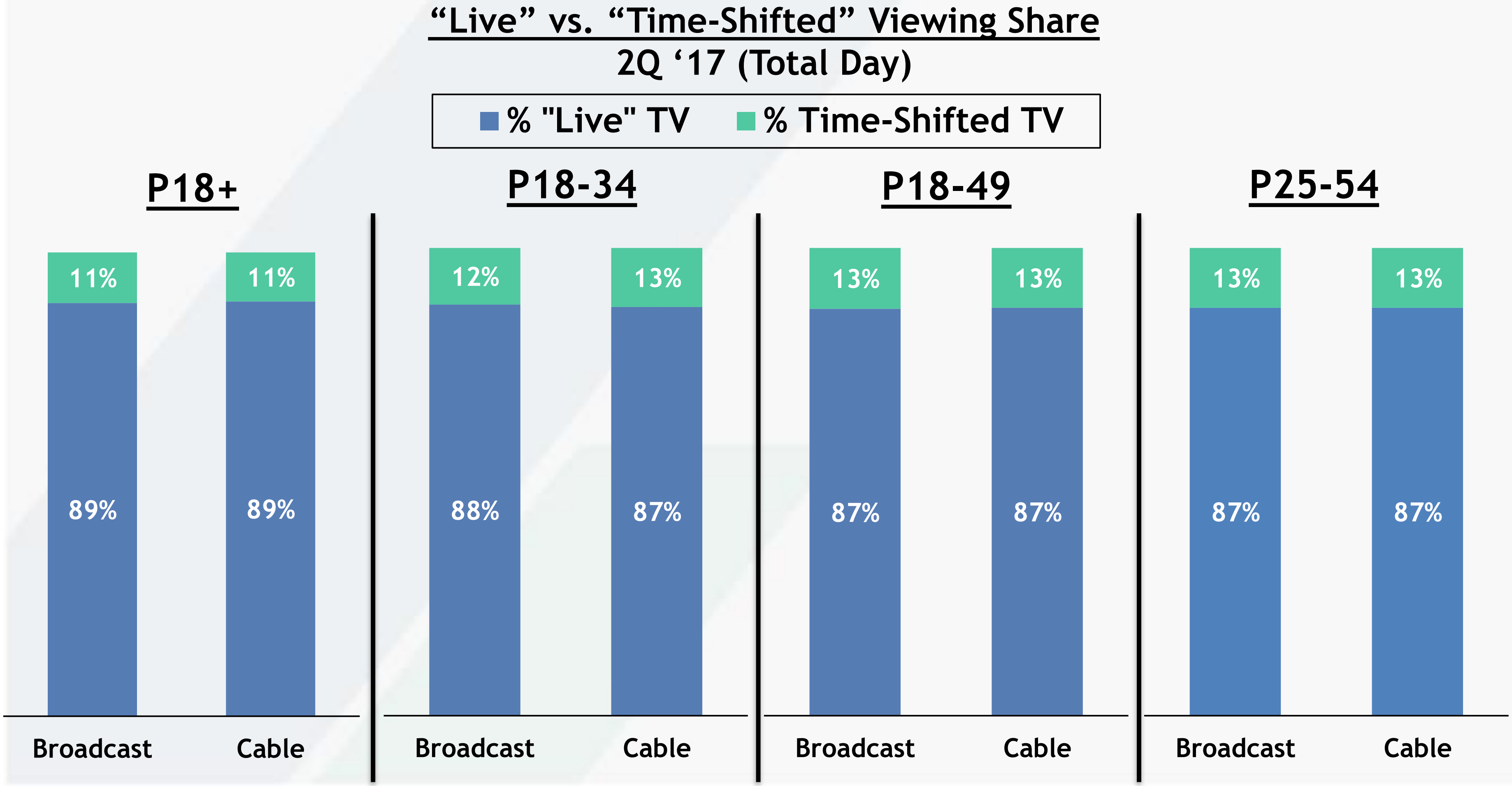
Additional Member Slides

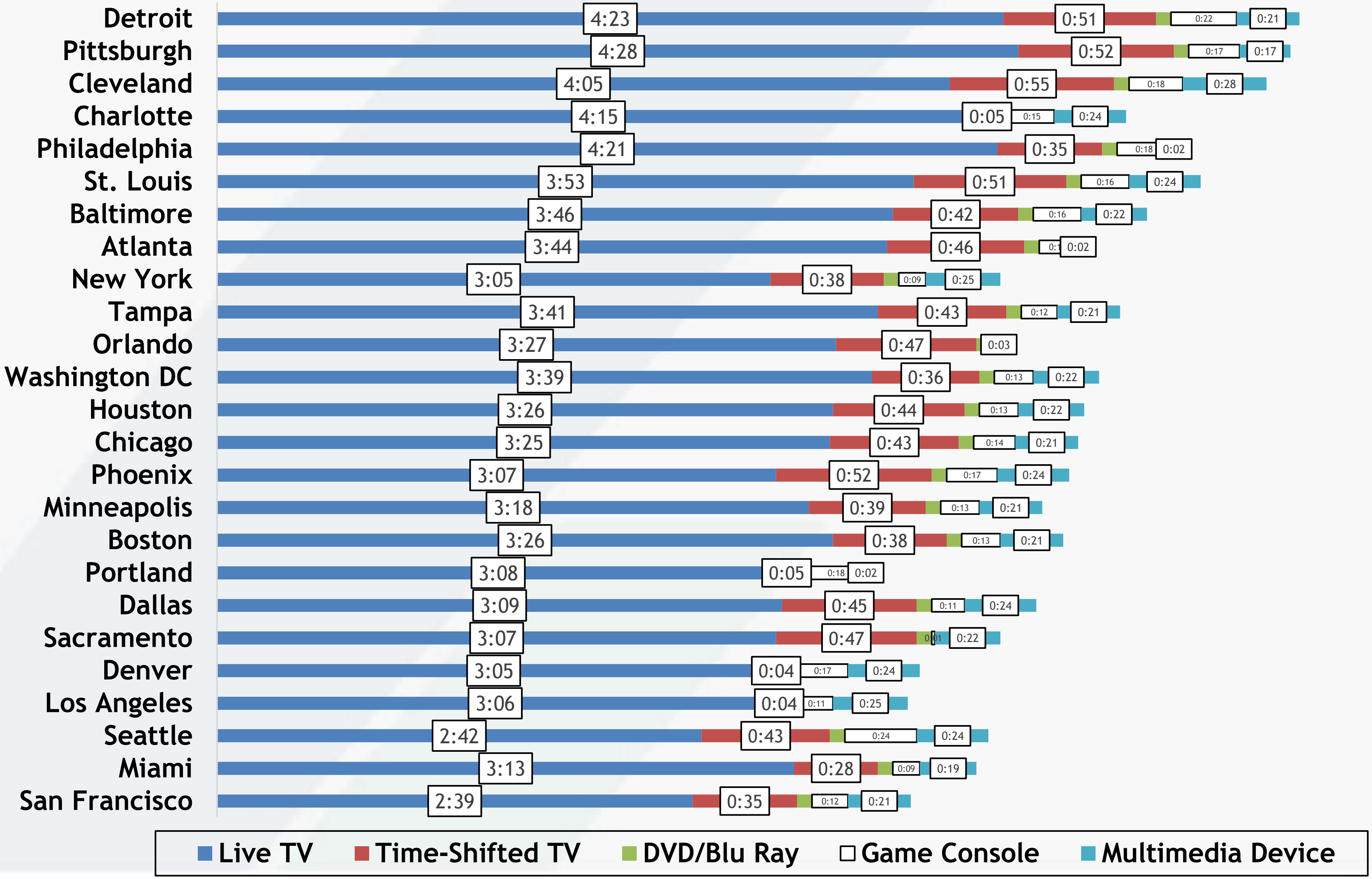
From A Total Day Perspective, The Split Between Live & Time-Shifted Is Similar Between Broadcast & Cable TV



THINK LOCALLY

Source: VAB analysis of Nielsen NPower Time Period Report, 2Q 2017, Total Day, based on average quarterly time spent, Live vs Live+7.

Regardless of Market, Majority of TV Viewing is Live



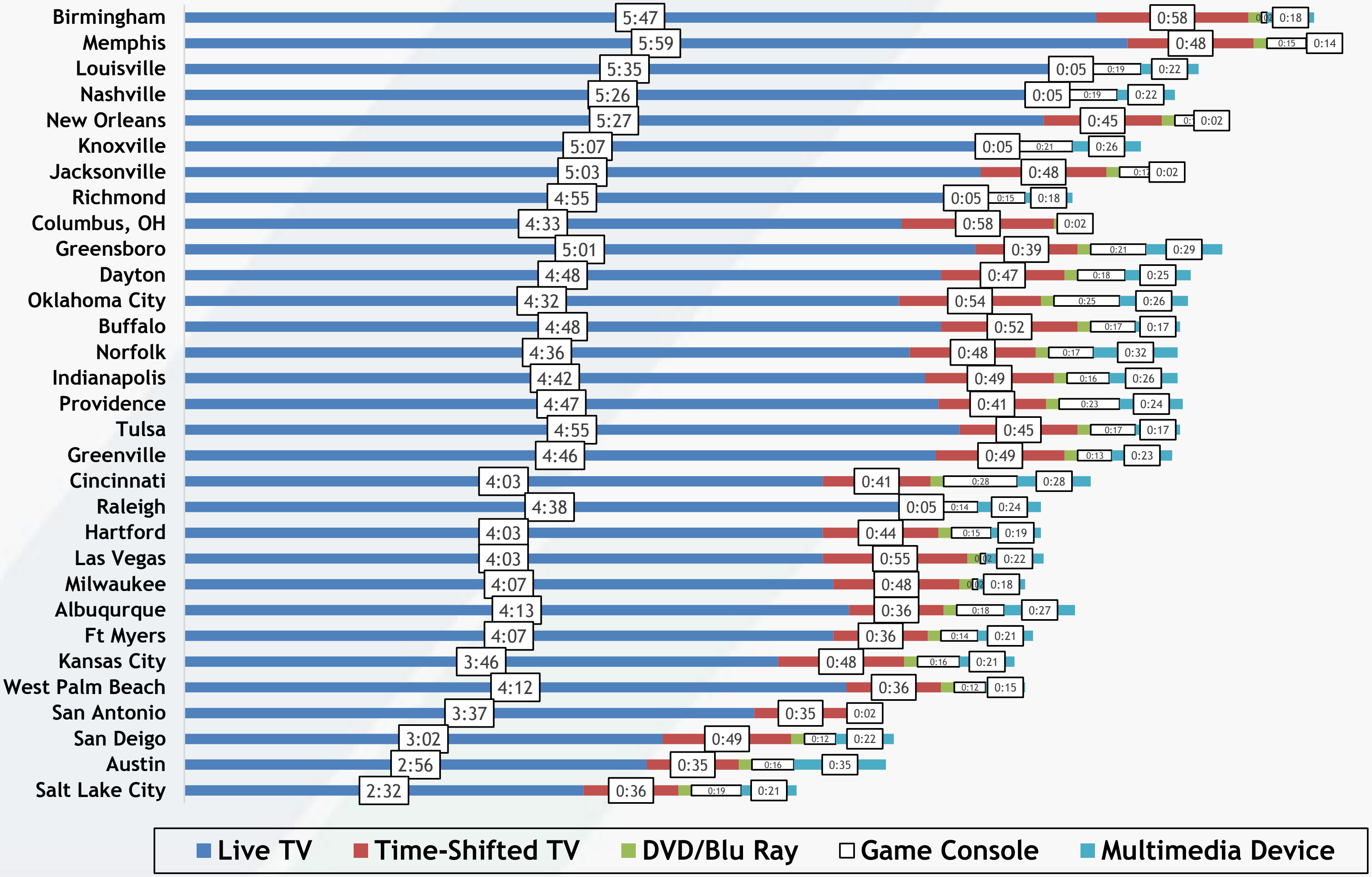
Average Daily Time Spent (HH.MM) Per Adult 25-54

THINK LOCALLY

Source: Nielsen Local TV View, Live Data Stream, February 2017, P25-54, based on Total Population

Looking At Set Meter Markets, ‘Live TV’ Also Dominates

Average Daily Time Spent (HH.MM) Per Adult 25-54



THINK LOCALLY

Source: Nielsen Local TV View, Live Data Stream, February 2017, P25-54, based on Total Population

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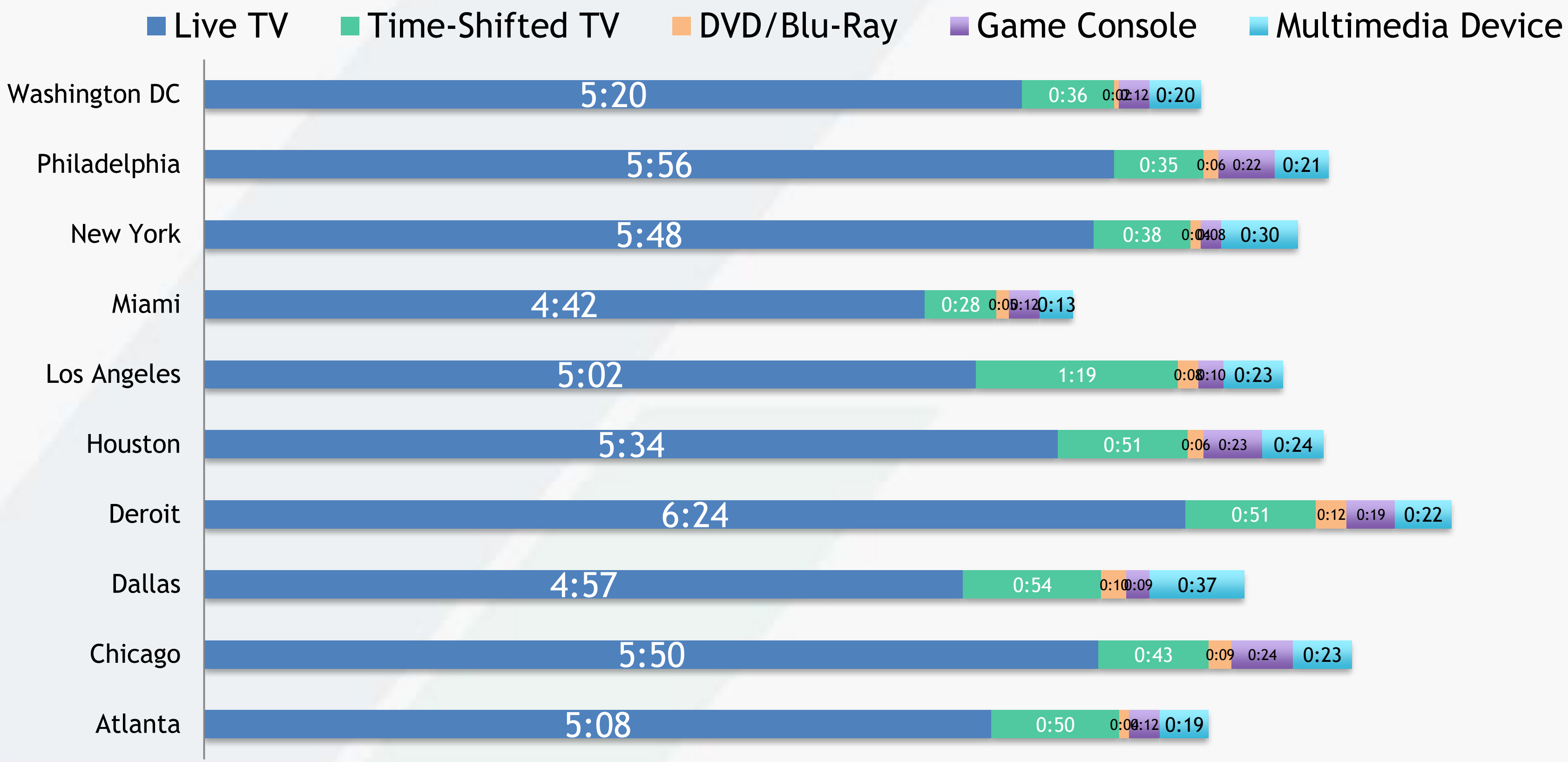
“Live TV” Also Dominates Among Hispanics…

Weekly Time Spent In LPM Markets

(HH:MM)



THINK LOCALLY

Source: Nielsen Local TV View, February 2017, Persons 25-54, Total Day M-Su 3a-3a

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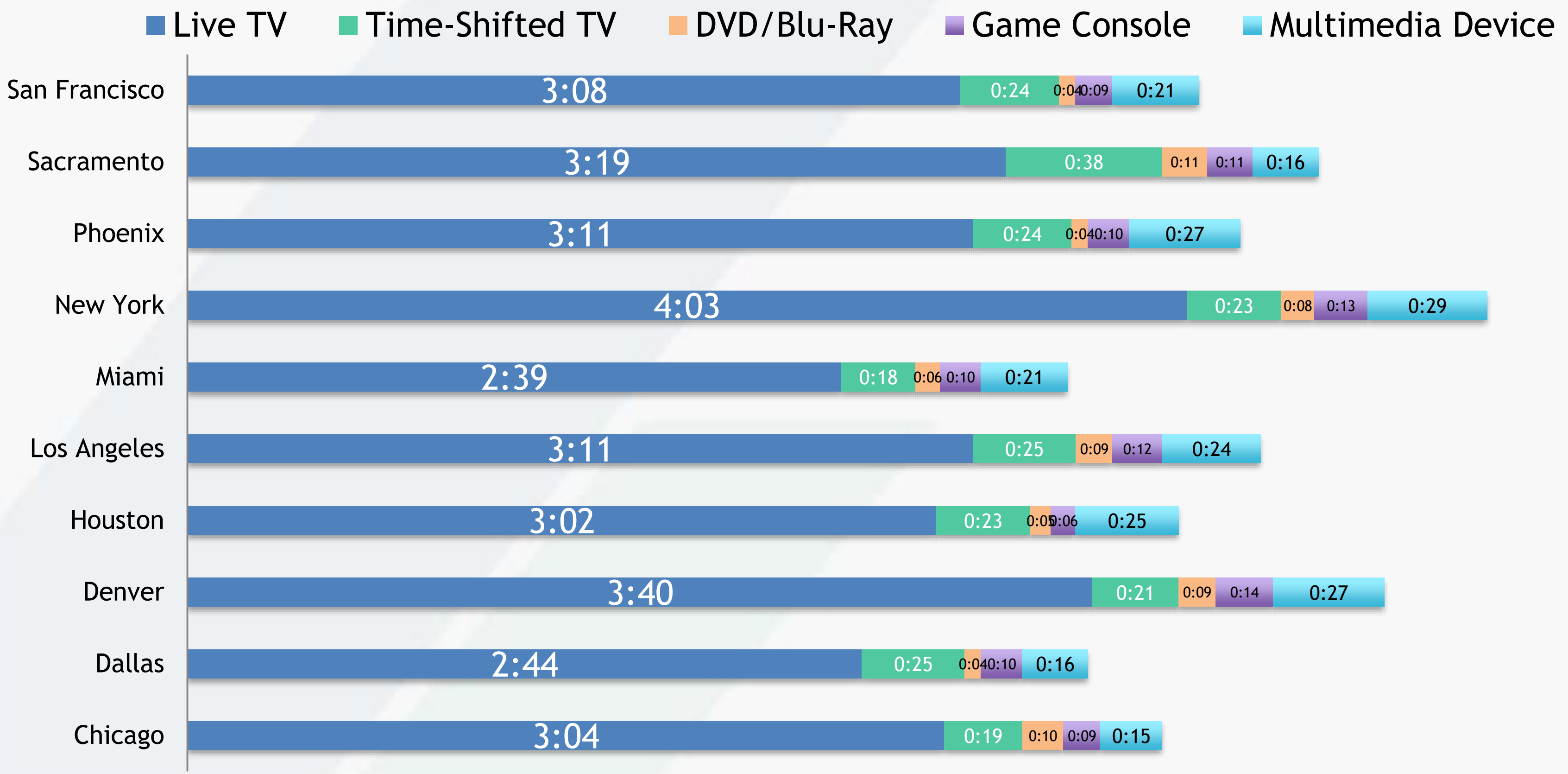
“Live TV” Also Dominates Among The Black Demographic



Weekly Time Spent In LPM Markets

(HH:MM)

Source: Nielsen Local TV View, February 2017, Persons 25-54, Total Day M-Su 3a-3a