STATE OF THE MEDIA

THE CROSS-PLATFORM REPORT

QUARTER 1, 2012 — US

IT'S CHOICE!

US Consumer Appetite for Video Continues to Grow

There is no doubt that consumer choice in how they watch video continues to grow. The shifts in the distribution of time spent across screens and devices demonstrate that more and more of us are taking advantage of the increased ability to determine what we watch, how we watch, and where we watch.

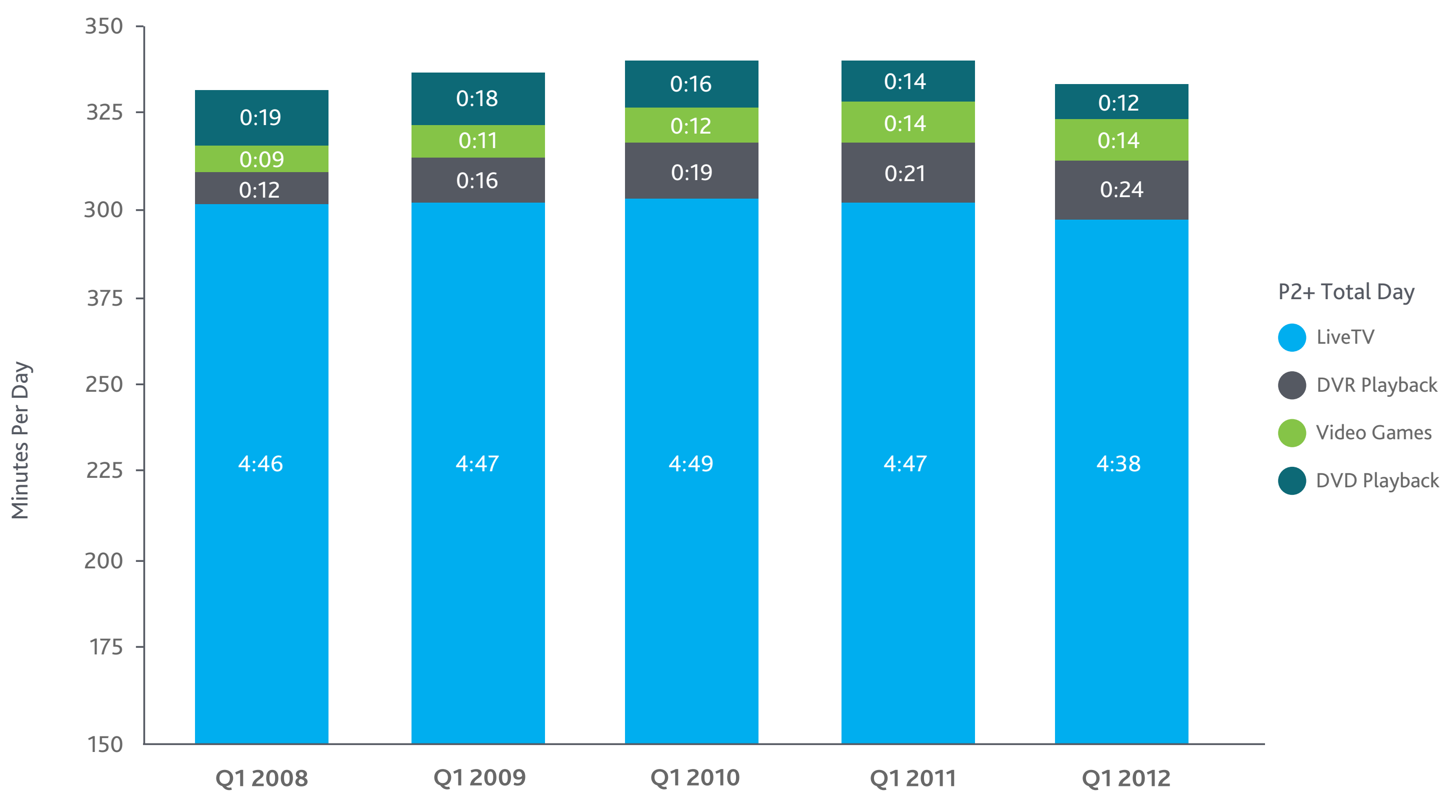
Even so, consumer video use and interaction by screen and device varies greatly by life-stage and lifestyle, by age, gender, and by ethnicity. No longer does one size fit all, and trends continue to emerge. Yet, the US consumer's attention continues to lie in the quest to seek TV and TV-like professionally produced content. Consider Netflix which earlier this year expanded their offering not just by increasing their partnerships to re-air programming but also jumped into the game of producing and delivering original content.

VIDEO BY THE NUMBERS

In Q1 2012, Americans spent nearly 35 hours per week watching video across screens and close to another 5 hours using the Internet on a computer. We spend 1 hour 38 minutes on gaming devices and among owners of gaming devices that have the ability to stream video content (also referred to as "7th generation consoles") the average time spent is 2 hours and 48 minutes with distinct differential viewing by demographic group. We also spend close to an hour and a half per week using DVD players.

Even though the average TV viewer is watching 6 fewer minutes per day of traditional television, viewing is growing. Some viewing is shifting to other devices, including to tablets. Currently more than 15 percent of US TV homes own one or more of this fast growing device category. Smartphones, with a penetration greater than that of DVRs, and gaming consoles are increasingly being used as vehicles for content delivery. Today, nearly 36 million mobile phone owners in the U.S. watch video on their phones.

Average time spend per person per day



Footnote : based on P2+ in US TV HH

A PLETHORA OF CHOICES

If platform fragmentation has multiplied by type and device, video usage is also being redefined by the sheer volume of entertainment content available. The number of places you can access it and the means by which you choose to have it delivered to you continues to grow.

Related and interestingly, traditional TV Household penetration at 95.8 percent slowly continues to decline. Yet among those homes that are not considered traditional TV homes, 75 percent own a TV set. Whether connected to a gaming device, over-the-top device, DVD player or the Internet directly, the television set itself continues to be a centerpiece of the viewing experience delivering the video content that the US consumer seeks day in and day out.

A SPOTLIGHT ON GAME CONSOLES

One emerging category to watch remains the traditional gaming console manufacturers, who are claiming a stake in this evolving ecosystem. Not only have they strategically aligned themselves to provide video content and gaming interactivity through their consoles, they are capitalizing on an established footprint. These evolving entertainment hubs are enabling a new set of opportunities for entertainment consumption through media applications.

NOT JUST FOR GAMERS

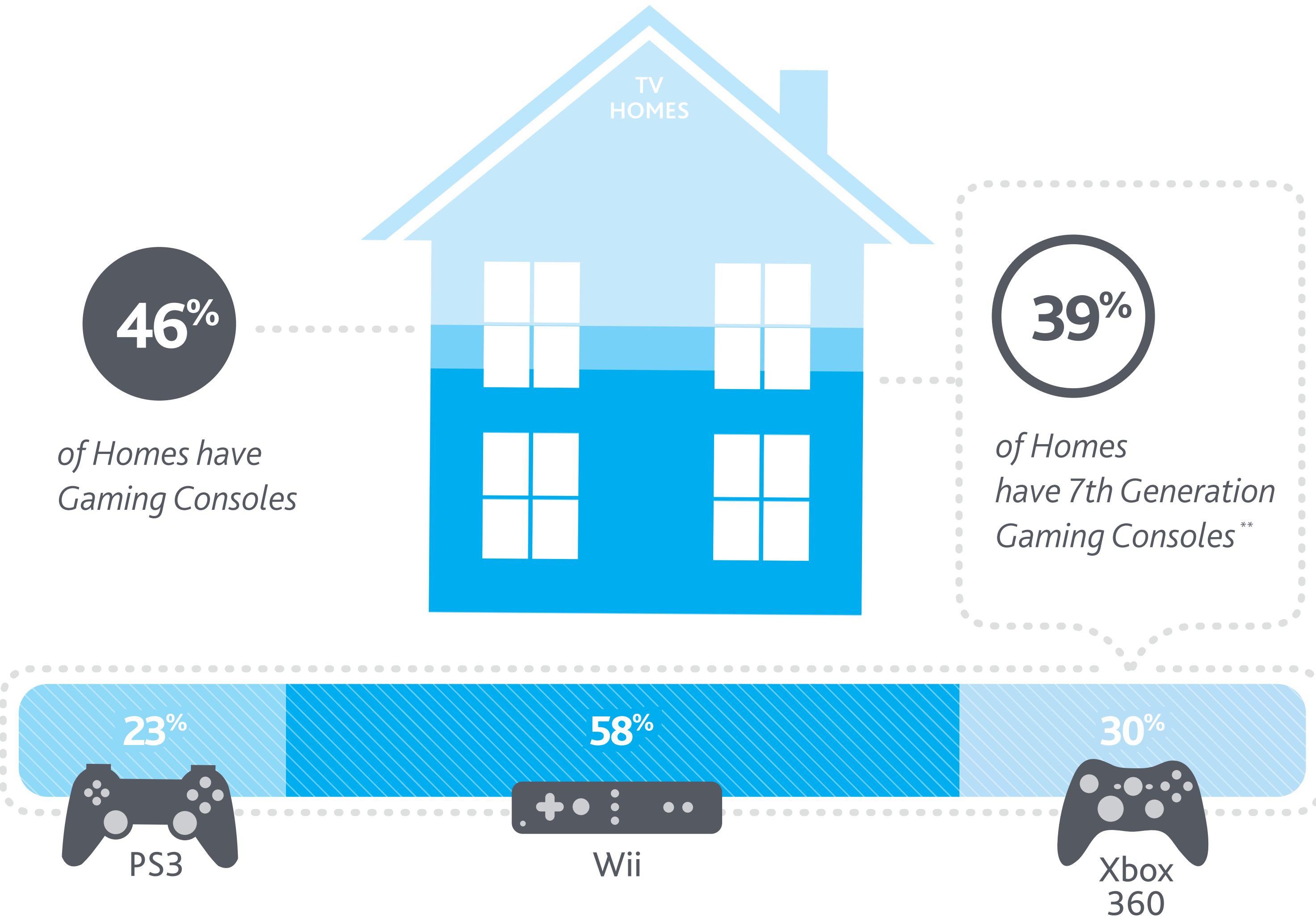
Though the average American consumer in TV households spends 14 minutes a day using gaming consoles, users of 7th generation consoles spend considerably more time. In fact, PS3 users are spending 36 minutes daily, Wii users 17 minutes, and Xbox360 users 32 minutes engaging with these devices. These consoles each have the unique ability to act as gaming vehicles and video content purveyors. They enable social gaming as well as DVD play and streaming through apps. They will continue to provide an increasing number of video options and have established themselves as legitimate players in the space of content delivery directly to the consumer.

Dounia Turrill
Cross-Platform Practice Lead

a snapshot of modern

ENTERTAINMENT CONSUMPTION

Gaming consoles are providing the American consumer an ever growing opportunity to expand their media consumption. Whether to watch shows they haven't seen, catch up on favorite shows they missed or revisit shows from their past, consumers are finding ways to use new generation gaming devices as gateways to media content in addition to traditional or social gaming.



Quick Facts

Households with 7th Generation gaming consoles are open to new devices, subscribe to pay networks, and have access to broadband internet

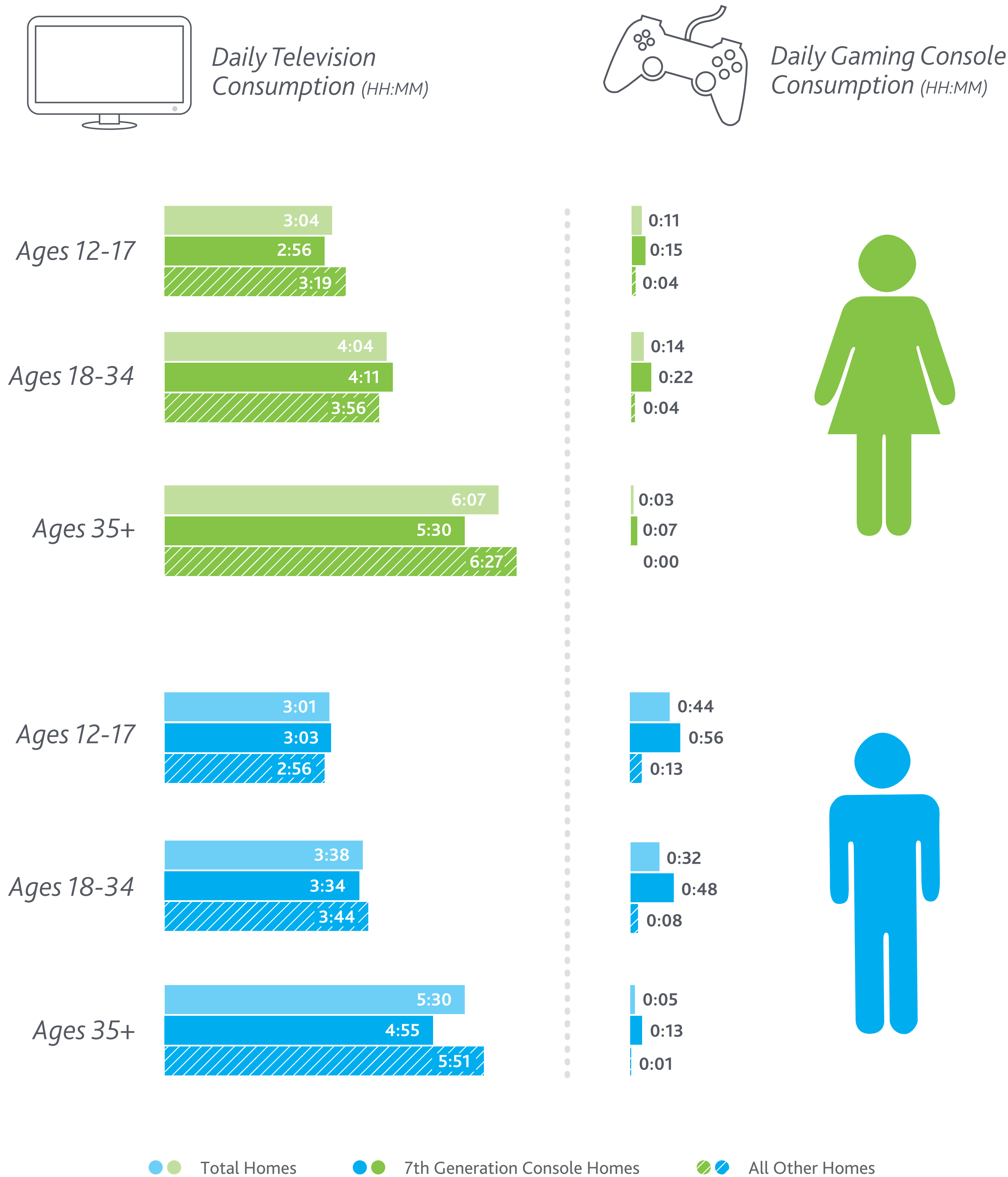
PS3 and Xbox 360 more popular with ethnic groups

Wii households have higher income and education

Kids more likely to own a Wii while teens more likely to own an Xbox 360

All data based on NPM Sample.

Young men outpace women in usage of 7^{th} generation consoles by more than double.



All data based on NPM Sample.

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°	24:23	22:14	24:44	29:46	35:08	43:13	47:59	34:07	28:55	46:18
Watching Timeshifted TV° (all TV homes)	1:59	1:35	1:37	3:20	3:32	3:17	1:54	2:40	1:39	2:02
Watching Timeshifted TV° (only in homes with DVRs)	3:57	3:25	3:53	6:43	6:55	7:09	5:40	5:47	4:58	4:48
Using the Internet on a Computer*+	0:30	1:18	4:33	6:54	7:08	6:25	3:08	4:44	3:03	4:28
Watching Video on Internet*	0:08	0:19	1:06	1:07	0:56	0:40	0:15	0:40	0:36	0:47
Mobile Subscribers Watching Video on a Mobile Phone^ ^^	NA	0:22	0:26	0:19	0:09	0:03	<0:01	0:10	0:15	0:13

Source: Nielsen. Table 1 is uniquely based on the Total Population in the US—all 298 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

	Q1 12	Q4 11	Q1 11	% Diff Yr to Yr
On Traditional TV°	283,302	284,455	288,500	-1.8%
Watching Timeshifted TV°= (all TV homes)	145,553	143,881	133,657	8.9%
Watching Timeshifted TV°= (only in homes with DVRs)	115,207	113,453	107,065	7.6%
Using the Internet on a Computer*+	211,633	212,659	190,913	- - -
Watching Video on Internet*	162,523	165,712	142,437	- - -
Using a Mobile Phone^	233,875	232,663	231,000	1.2%
Mobile Subscribers Watching Video on a Mobile Phone^	35,957	33,526	28,538	25.9%

Source: Nielsen.
Note: Due to a change in methodology (to hybrid panel), year over year comparisons cannot be made for either Internet metric. See "*" footnote on page 12 for further detail. With less seasonality issues on internet usage, quarter over quarter comparisons can however be made for directional purposes.

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

	Q1 12	Q4 11	Q1 11	% Diff Yr to Yr	Hrs:Min Diff Yr to Yr
On Traditional TV°	155:46	153:19	158:47	-1.9%	-3:01
Watching Timeshifted TV° (all TV homes)	12:09	11:44	10:46	12.8%	1:23
Watching Timeshifted TV° (only in homes with DVRs)	26:24	26:10	26:14	0.6%	0:10
Using the Internet on a Computer*+	30:05	28:55	25:33	- - -	- - -
Watching Video on Internet*	5:24	5:15	4:33	- - -	- - -
Mobile Subscribers Watching Video on a Mobile Phone^	5:01	4:54	4:50	3.8%	0:11

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.
Note: Due to a change in methodology (to hybrid panel), year over year comparisons cannot be made for either Internet metric. See "*" footnote on page 12 for further detail. With less seasonality issues on internet usage, quarter over quarter comparisons can however be made for directional purposes.

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°	110:23	101:06	117:44	136:28	159:03	195:08	220:22	155:46
Watching Timeshifted TV° (all TV homes)	8:57	7:14	7:44	15:18	15:58	14:48	8:42	12:09
Watching Timeshifted TV° (only in homes with DVRs)	17:53	15:32	18:27	30:46	31:19	32:16	25:59	26:24
Using the Internet on a Computer*+	5:21	10:21	31:31	37:07	36:08	34:41	25:08	30:05
Watching Video on Internet*	2:07	3:30	9:38	7:09	5:49	4:39	2:41	5:24
Mobile Subscribers Watching Video on a Mobile Phone^ ^^	NA	7:47	7:35	4:53	4:41	4:27	3:28	5:01

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 (290 million). DVR Playback based on persons in DVR Households (130 million).

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

	A 18-34	A 18-49	A 25-54	A 18+	A 21+	A 55+
On Traditional TV°	128:44	143:12	156:27	170:04	173:14	211:04
Watching Timeshifted TV° (all TV homes)	12:11	13:59	15:38	13:16	13:36	11:30
Watching Timeshifted TV° (only in homes with DVRs)	26:15	28:48	31:13	29:20	30:06	29:40
Using the Internet on a Computer*+	35:05	35:36	36:41	34:03	34:24	29:33
Watching Video on Internet*	8:02	6:55	6:09	5:48	5:40	3:34
Mobile Subscribers Watching Video on a Mobile Phone^	5:11	5:01	4:48	4:55	4:51	3:55

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 (290 million). DVR Playback based on persons in DVR Households (130 million).

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

	M2-17	F2-17	M 18-49	F 18-49	M 50+	F 50+	M2+	F2+
On Traditional TV°	106:06	107:54	137:39	148:42	193:37	215:26	147:55	163:17
On the Internet*	2:58	2:32	7:42	6:14	4:27	3:42	5:58	4:54
On Mobile Phones^ ^^	NA	NA	5:11	4:59	3:46	5:21	4:44	5:21

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°	152:57	210:07	131:19	100:00
Watching Timeshifted TV° (all TV homes)	13:29	9:14	7:30	8:43
Watching Timeshifted TV° (only in homes with DVRs)	27:49	21:46	22:36	21:45
Watching Video on Internet*	4:47	7:05	6:22	9:58
Mobile Subscribers Watching Video on a Mobile Phone^	4:51	5:09	5:17	5:12

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 Traditional TV°	10%	5%	7%	12%	21%	25%	19%
On the Internet*	7%	6%	9%	17%	27%	23%	10%
On Mobile Phones^ ^^	N/A	12%	23%	30%	24%	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 18+	A 21+	A 55+
On Traditional TV°	19%	40%	42%	84%	81%	35%
On the Internet*	26%	53%	53%	87%	83%	24%
On Mobile Phones^	53%	76%	58%	88%	80%	7%

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

AFRICAN AMERICANS
SPEND THE MOST TIME
CONSUMING VIDEO
ACROSS SCREENS

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	28,387	20.4	62.7	253.3
Stream 2	28,410	2.7	38.4	271.5
Stream 3	28,399	0.9	25.7	283.1
Stream 4	28,395	0.3	17.6	290.3
Stream 5	28,394	0.0	9.9	287.3
Non Streamers	95,458	0.0	1.5	257.9
All	237,442	2.9	19.1	269.4

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	35,569	12.1	87.0	329.5
Internet 2	35,566	4.6	25.7	277.0
Internet 3	35,574	1.8	10.1	280.2
Internet 4	35,583	0.6	3.1	254.6
Internet 5	35,556	0.1	0.4	246.4
Non Internet Users	59,595	0.1	0.0	244.2
All	237,442	2.9	19.1	269.4

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	47,112	2.4	27.6	639.4
Television 2	47,118	2.4	21.2	336.2
Television 3	47,110	2.4	16.9	214.6
Television 4	47,119	3.0	16.5	124.3
Television 5	47,113	4.4	13.7	38.8
Non Television Viewers	1,871	4.8	11.4	0.0
All	237,442	2.9	19.1	269.4

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

DEVICE AND DELIVERY PENETRATION

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

Market Break	Q1 12	Q4 11	Q1 11
Broadcast Only	11,067	11,043	11,193
Wired Cable	59,807	60,473	62,651
Telco	8,890	8,452	7,654
Satellite	34,567	34,553	34,297

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)

	Q1 12	Q4 11	Q1 11
Broadcast Only and Broadband	5,147	5,122	4,665
Broadcast Only and No Internet/Narrowband	5,960	5,911	6,089
Cable Plus and Broadband	78,574	79,238	79,216
Cable Plus and No Internet/ Narrowband	22,399	22,381	24,625

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. Source Distribution

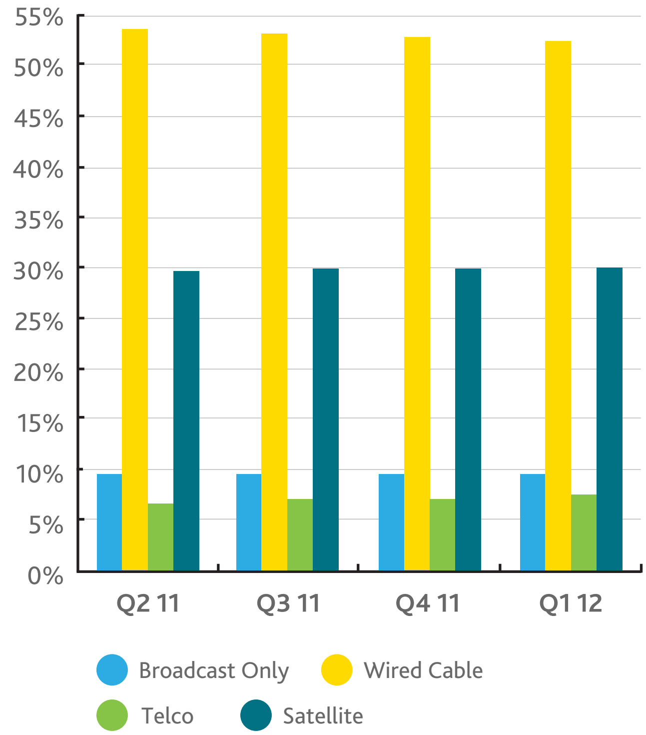
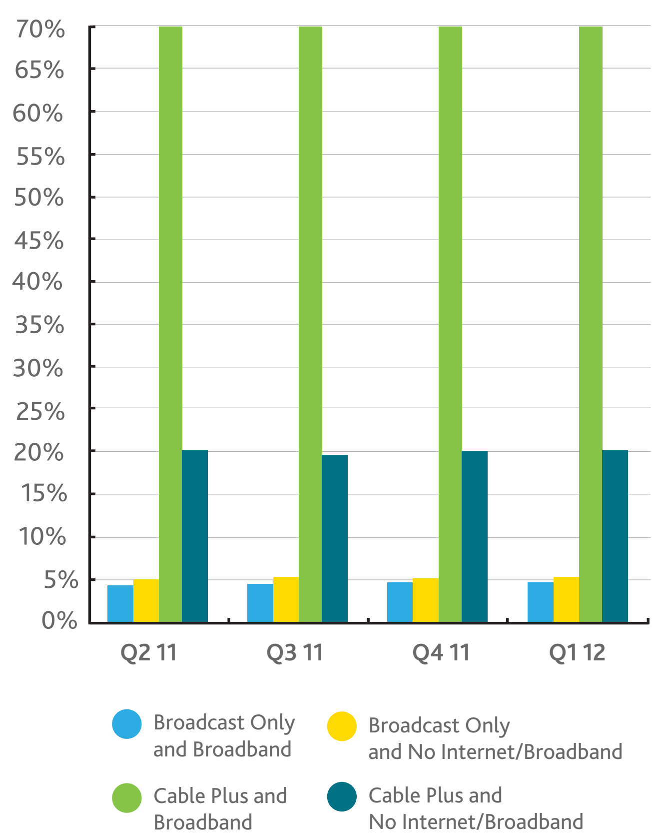


CHART 2. Cable/Satellite with Internet Status Tracking



TWO-THIRDS OF ASIAN-AMERICANS NOW OWN A **SMARTPHONE**

TABLE 11. Television Distribution Sources - Number of Households

Market Break	White	African-American	Hispanic	Asian
Broadcast Only	9%	12%	16%	11%
Wired Cable	53%	54%	45%	51%
Telco	8%	8%	7%	15%
Satellite	31%	26%	34%	25%

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

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

	Q1 12	Q4 11	Q1 11
Any DVD/BluRay Player	97,292	97,922	99,898
Any DVR	47,947	46,954	43,661
Any High Definition TV	83,378	80,223	75,535
Any Video Game Console	51,081	51,255	49,687

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

TABLE 13. Mobile Device Penetration by Ethnicity

	White	African-American	Hispanic	Asian
Smartphone	45%	55%	56%	66%
Feature phone	55%	45%	44%	34%

Source: Nielsen.

FOOTNOTES FOR TABLES IN THIS REPORT:

° On Traditional TV 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.

On Traditional TV reach includes those viewing at least one minute within the measurement period. This includes Live viewing plus any playback within the measurement period. First Quarter 2012 Television data is based on the following measurement interval: 12/26/11-3/25/12. As of February 2011, DVR Playback has been incorporated into the Persons Using Television (PUT) Statistic.

° ° In response to client requests for the ability to recreate these quintiles of time spent, from Q2 2011 forward the production of the underlying data has been fully 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.

Beginning in Q3 2011 report, average daily minutes statistics are calculated by averaging the total minutes from all persons in the quintile including non-users. Q1 and Q2 2011 reports averaged the total minutes from users only.

* In July 2011 an improved hybrid methodology was introduced in Nielsen's NetView and VideoCensus product. This methodology combines a census-level accounting of page views and video streams where Nielsen measurement tags have been deployed in order to project audience and behavior to the full universe of all Internet users. For VideoCensus, the portion of the total video streams calibrated by census data, previously allocated to Home/Work computers, are now allocated to other devices and locations such as smartphones and viewing outside of home and work. This change affects both "Watching Video on the Internet" and "Using the Internet" figures. Beginning here in Q1 2012, Cross-Platform metrics are derived from new hybrid panel. Year over year trends will be available beginning in Q3 2012. Until then, data is not trendable.

Hours:minutes for Internet and video use are based on the universe of persons who used the Internet/watched online video. All internet figures are weekly or monthly averages over the course of the quarter. All "Using the Internet on a Computer" metrics are derived from Nielsen NetView product, while all "Watching Video on the Internet" metrics are derived from Nielsen VideoCensus product.

** 7th gen console penetration figures in this report represent consoles measured within the Nielsen National People Meter (NPM) sample homes.

^ Mobile video user projection, time spent and composition data are 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).

Beginning in Q1 2012, data reflect enhanced methodology for calculating the Total Minutes spent watching video on a mobile phone. Historically, distributions of key variables (# sessions and # minutes per session) were skewed warranting the use of the median as the measure of central tendency, Total Minutes= (median # sessions) * (median # minutes). Current analyses of the distributions indicate that the variable # minutes per session fits a more normal distribution and justifies the use of the mean as the measure of central tendency. The current calculation reflects a truer metric of average time spent watching video on a mobile phone, Total Minutes = (median#sessions)*(mean#minutes). All previous quarter/year metrics have been recalculated with new methodology. Data is trendable within this version of the report, but not to previous quarters published editions.

^^ 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 WATCHING TIMESHIFTED VIEWING REACH (TABLE 2 ONLY):

= In previous editions, Watching Timeshifted TV was inadvertently labeled "all TV homes" when data was actually for "only in homes with DVRs." For your convenience, we now provide both data points. Therefore data from "Watching Timeshifted TV (all TV homes)" in previous reports should now be trended to "Watching Timeshifted TV (only in homes with DVRs)."

A SPECIAL NOTE ON INTERNET AUDIENCES:

+ 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 2011 forward reporting. This affects the "Using the Internet on a Computer" and "Internet" time spent figures provided in this report for previous quarter (Q4 2011) reporting.

GLOSSARY:

TV Household: A home with at least one TV capable of tuning to at least one channel. For example, television sets that are not updated for digitally transmitted content would not count under the current guidelines.

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

Watching Timeshifted TV (only in homes with DVRs): A home where a physical DVR box is located and connected to the television.

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 distributed 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).

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

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 equipments such as dvd players, video game consoles, web-enabled televisions, etc.

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