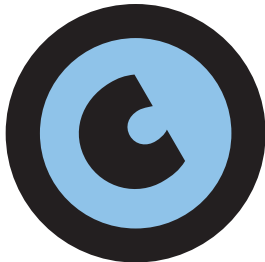


ChoiceStream 2007 Survey of Viewer Trends in TV and Online Video



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The ChoiceStream 2007 Survey of Viewer Trends in TV and Online Video provides insight into consumers' changing video viewing habits as well as how consumers find video content to watch both online and on traditional TV sets.

This research brief presents the findings of the survey.

Survey Overview and Respondent Profile

The survey was completed by 824 respondents who were invited to participate via email by MarketTools, an online survey services provider. Respondents were:

- Adult Internet users, 90% of whom have made at least one online purchase within the past 6 months
- U.S. residents
- Distributed across 4 age categories (18-24, 25-34, 35-49, 50+)
- 52% female; 48% male

The margin of error is +/- 3.3% with a 95% confidence level.

Key Findings

Key findings of the 2007 survey are listed below.

Large Numbers of Connected Consumers Are Viewing Video on Devices Other Than Their TV Sets; Traditional TV Programming Beats User-Generated Content in Popularity

- Overall, **more than half of connected consumers who watch TV (55%) watch some type of video on devices other than their TV sets**, including their computers, mobile phones and digital media players (e.g., iPod). Not surprisingly, video-watching on these alternative devices is more popular among younger consumers (66%) than older ones (36%).
- In terms of what consumers watch on these devices, **65% watch professionally-produced TV programming**, including network- and cable-produced shows, news and sports. **This exceeds the 39% of consumers watching user-generated video by 67%.**

- **The computer is by far the most popular alternative device for watching TV programs, with 36% of consumers using it** to watch TV programming. The computer is more popular among younger consumers than older ones, with 43% of 18-24 year olds using it to watch TV programming and just 21% of 50+ year olds using it.
- **Consumers who watch TV programs on alternative devices watch a surprisingly large amount.** Of those consumers who watch TV programs on their computers, 33% report watching at least four hours per week.
- **And, those numbers are expected to increase, with 20% of consumers expecting to watch *more* TV programs on alternative devices over the next six months.** For more than half of those consumers (55%), the increase will come at the expense of watching TV programming on their sets.

Whether Watching Video on Traditional TV Sets or Other Devices, Consumers Are Frustrated by the ‘Time to Discovery’

- When searching for video content to watch on a computer, mobile device or media player, **62% of consumers indicate that it takes *at least a few minutes* to find something interesting to watch.** Overall, 34% of consumers are frustrated with the time it takes to discover video online and on mobile devices.
- Browsing Web sites is the most popular method for finding video to watch on a computer, mobile device or media player.
- Consumers are also frustrated with how long it takes to find programming of interest on their TV sets. **72% indicate that it takes *at least a few minutes* to find something to watch on their sets and 34% believe that is too long.**
- By far, consumers find the on-screen guide the most useful tool for finding programming to watch on their TV sets. And, **more than half of consumers (53%) express interest in having a personalized on-screen guide** that’s tailored to their particular tastes and interests to help them find programming.

Personalized VOD and PPV Recommendations Could Impact Revenue

- Improving the guide could have a significant impact on video-on-demand (VOD) and pay-per-view (PPV) revenue by making it easier for consumers to find content of interest. **43% of consumers claim that they would watch more VOD and PPV if they could find more that they liked, up 19% from 2006.**

Consumers Do Watch TV Ads – Even During Recorded Shows

- The survey finds **a surprisingly large number of consumers (23%) watch TV commercials when they watch recorded programs.**
- The most popular reasons cited for why consumers watch commercials are that **they are educational (36%) and entertaining (34%).**
- Many consumers (42%) claim to be willing to watch more commercials in exchange for a lower subscription fee.

Detailed information concerning these and other findings is located in the following sections of this document.

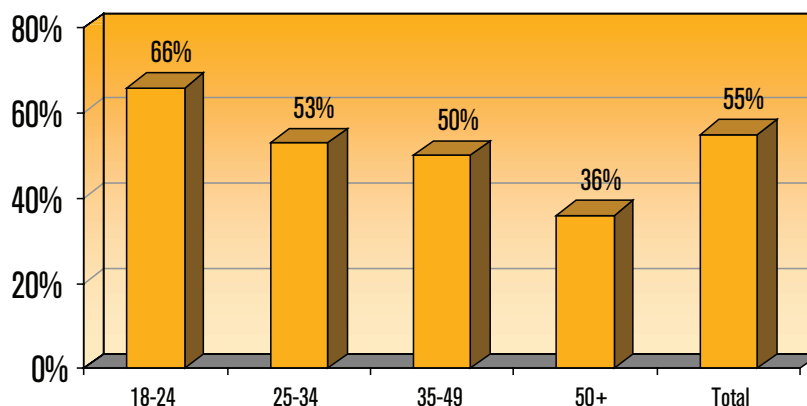
Watching Video Online

Consumers are watching video online in large numbers, and much of it is traditional TV programming.

One of the key questions explored in the survey is how common is it for consumers to watch video on computers, mobile devices and digital media players. The findings were surprising.

Overall, 55% of connected consumers who watch TV watch some type of video on devices other than their TV sets. Not surprisingly, video-watching on alternative devices is more popular among younger consumers (66%) than older ones (36%). Of consumers who watch TV on these devices, *two thirds watch at least one hour per week.*

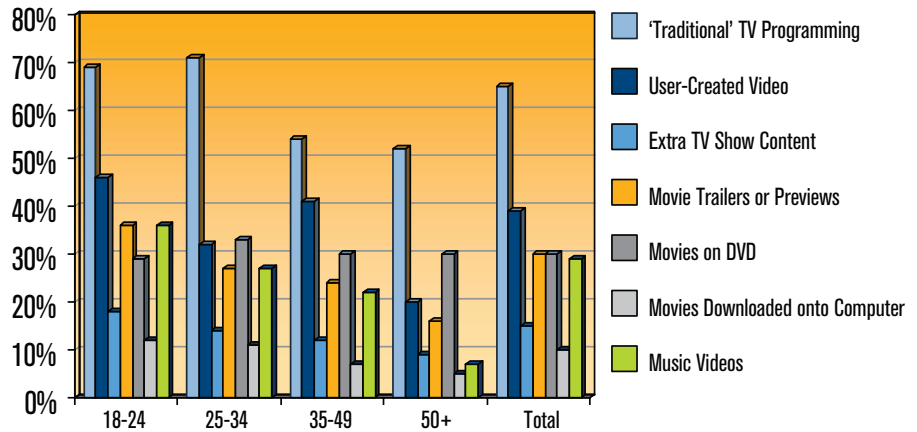
Percent of Consumers Who Watch Video on Their Computer, Mobile Device or Digital Media Player (e.g., iPod) in a Typical Week



In terms of the types of video content consumers watch on these devices, the data tells an interesting story concerning the amount of 'traditional' TV programming content being watched. (In this context, traditional TV programming includes network- and cable-produced shows, news, sports)

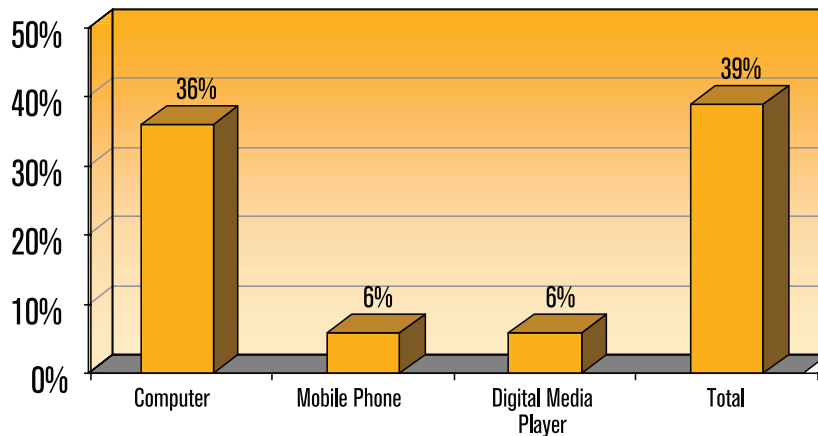
Of consumers who watch video on their computer, mobile phone or digital media player, 65% report watching traditional TV programming. Among younger consumers, that number climbs to an average of 70%. This exceeds the amounts of user-generated content being watched by a large margin. Overall, only 39% of consumers report watching user-generated content; among 18-24 year olds, the number is higher, but still only 46%.

Types of Video Consumers Who Watch on Devices other than TV Sets by Age Group



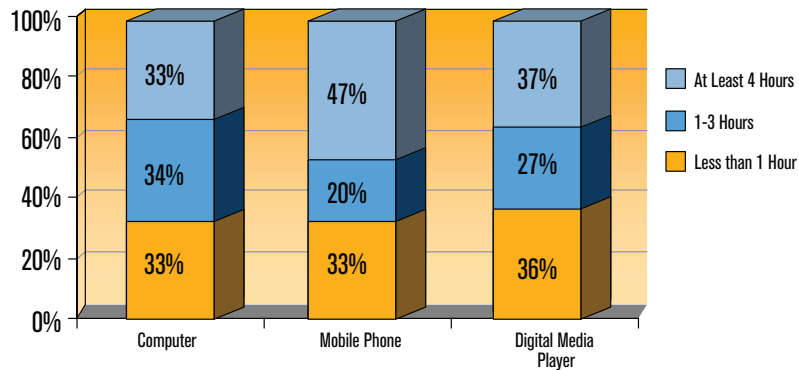
The computer is by far the most popular alternative device for watching TV programs, with 36% of consumers using it to watch TV programming.

Percent of Consumers Who Watch Some TV Programs on a Device Other Than Their TV in a Typical Week



Consumers who watch TV programs on alternative devices watch a surprisingly large amount. Of those consumers who watch TV programming on their computers, 33% report watching at least four hours per week.

Amount of Time Spent Watching TV Programs on Other Devices in a Typical Week



And, those numbers are expected to increase. 20% of consumers plan to watch *more* TV programs on alternative devices over the next six months than they did in the past six months. For more than half of those consumers (55%), that increase will come at the expense of watching TV programming on their TV sets.

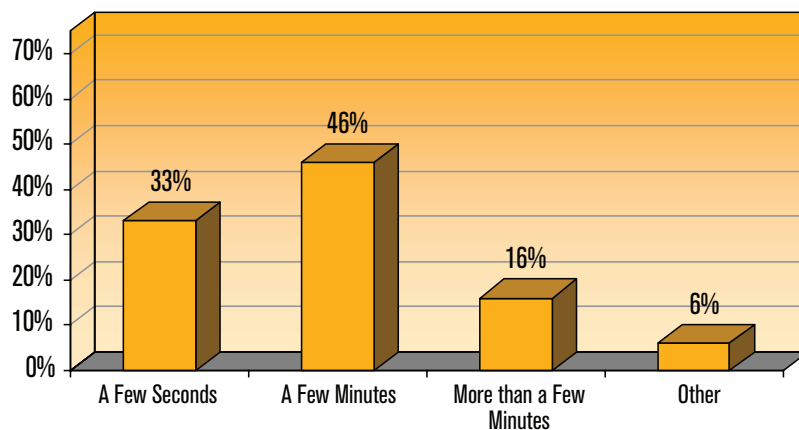
Consumers Frustrated Searching for Content

Consumers find it takes too long to find interesting video content to watch on their TV sets as well as on alternative devices.

The second major thrust of the survey focused on the ‘time to discovery’ for consumers, or how long it takes consumers to find video content that interests them. The survey finds that regardless of whether consumers are watching video on TV or on another device, consumers are frustrated with how long it takes to find interesting content.

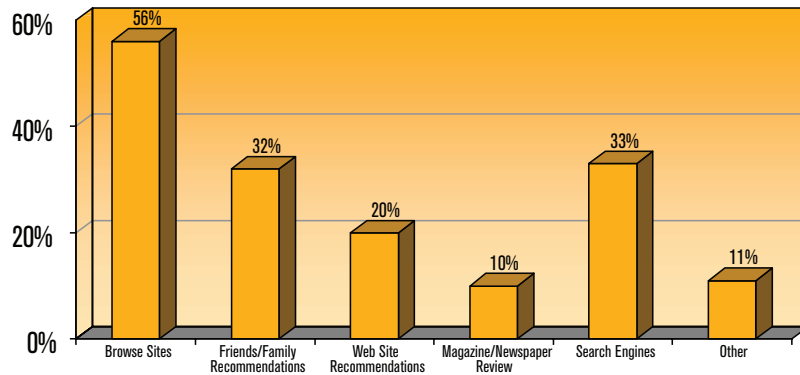
When searching for video content to watch on a computer, mobile device or media player, 62% of consumers indicate that it takes *at least a few minutes* to find something interesting to watch. *Overall, 34% of consumers are frustrated with the time it takes to discover video on alternative devices.*

How Much Time Consumers Spend Searching for Something Interesting to Watch on Computer, Mobile Device or Media Player



Consumers use a variety of different tools and methods to help them find video to watch, including browsing Web sites, getting recommendations from friends and family, using search engines, etc. The most popular method for finding video is browsing Web sites, with 56% of consumers doing it.

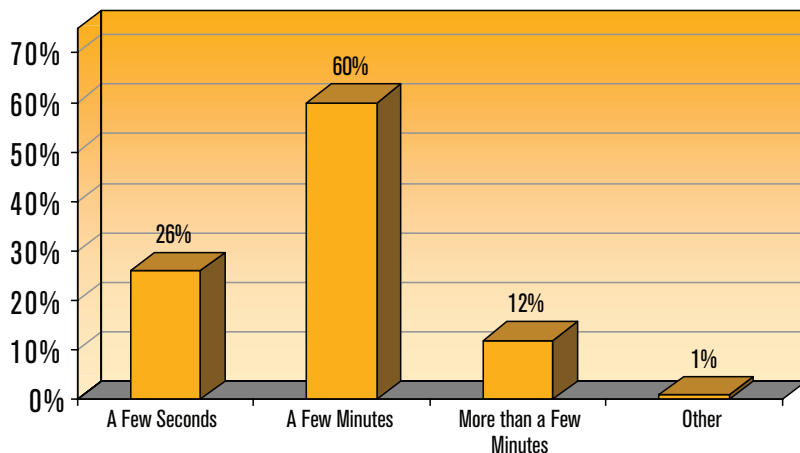
How Consumers Find Video to Watch on Their Computers, Mobile Devices or Media Players



It is interesting to note that younger consumers are more interested in browsing for content than older consumers. 61% of 18-34 year olds browse Web sites when looking for video content to watch, while only 42% of consumers 35-50+ rely on that method.

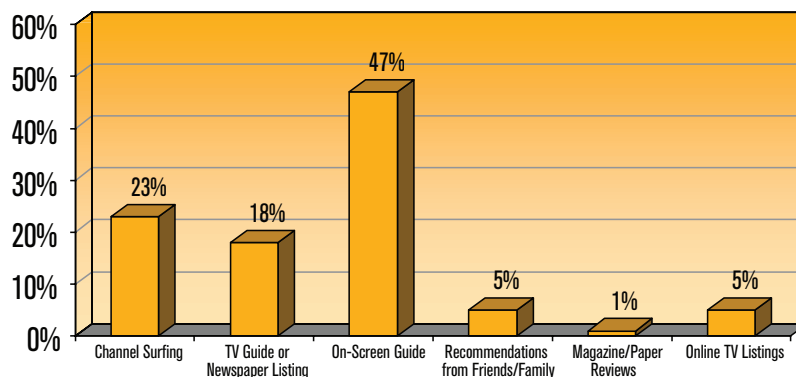
When searching for programming to watch on their *TV sets*, consumers are similarly frustrated. 72% indicate that it takes at least a few minutes to find something to watch on their sets. Overall, 34% of consumers believe that is too long.

How Much Time Consumers Spend Searching for Something Interesting to Watch on TV



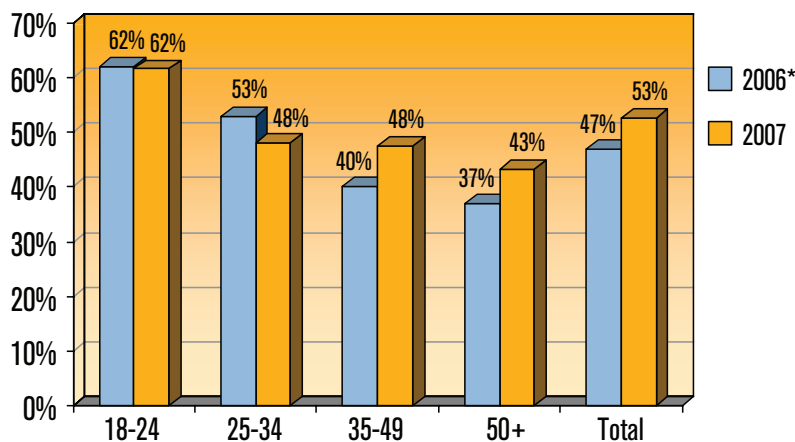
By far, the most useful tool to consumers for finding programming to watch on their TV sets is the on-screen guide.

What Consumers Find Most Helpful to Them in Finding Programs or Movies to Watch on TV



But, consumers see room for improvement in the guide. Specifically, more than half of consumers (53%) want a *personalized on-screen guide* that's tailored to their particular tastes and interests to help them find programming. Younger consumers are more interested in a personalized guide than older consumers.

Percent of Consumers Who Want a Personalized On-Screen Program Guide

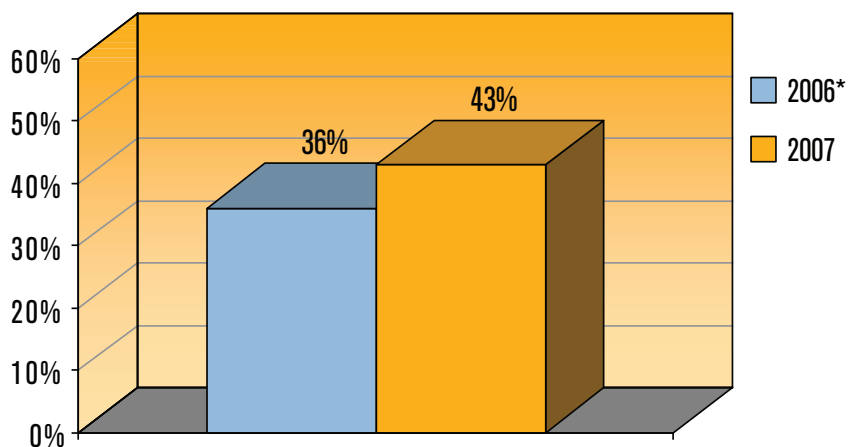


* 2006 data provided by the 2006 ChoiceStream Personalization Survey

Personalized VOD and PPV recommendations could have a positive impact on revenue.

Improving the on-screen guide might not only make consumers more satisfied, it might also have a significant impact on revenue by making it easier for consumers to find video-on-demand (VOD) and pay-per-view (PPV). *43% of consumers claim that they would watch more VOD and PPV if they could find more that they liked, up 19% from 2006.*

Percent of Consumers Who Would Watch More VOD/PPV if They Had Found More that They Liked



* 2006 data provided by the 2006 ChoiceStream Personalization Survey

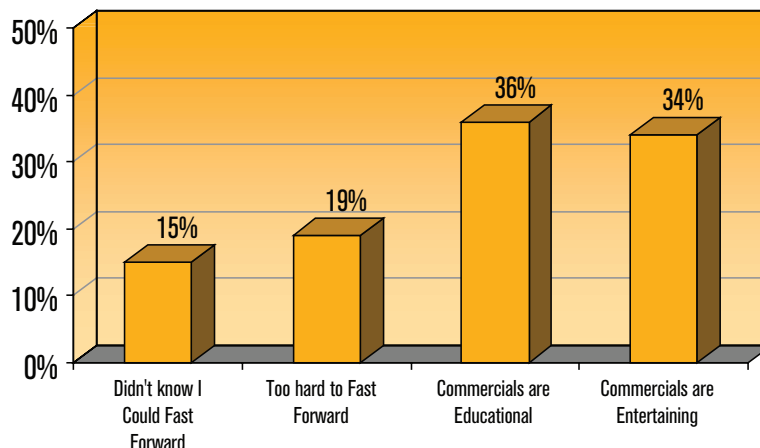
Consumers Are Watching Ads

Consumers report that they do watch TV ads—even when watching pre-recorded shows.

The survey finds that a large majority of consumers do not use a DVR to record shows to watch at a later time; and of the consumers who do record shows, almost a quarter (23%) actually watch the commercials instead of fast-forwarding through them.

The most popular reasons why consumers watch commercials—even when they don't have to—are that they find them educational (36%) and/or entertaining (34%). In fact, many consumers (42%) would be willing to watch even *more* commercials in exchange for a lower subscription fee.

Why Consumers Watch Commercials During Recorded Shows



The fact that many consumers are still watching traditional TV commercials bodes well for advertisers. It also bodes well for TV service providers including cable and satellite services that rely on advertising revenue to stay in business.

About ChoiceStream, Inc.

ChoiceStream is the premier personalization solution provider for the world's largest entertainment, e-retail, TV and mobile brands, including Comcast, AOL, Blockbuster, Overstock.com, AT&T, and Yahoo!. In today's marketplace of superabundance, ChoiceStream's RealRelevanceSM platform restores control to consumers by delivering personally relevant choices when and where they want them. ChoiceStream's RealRelevance platform accurately presents consumers with their favorite video, music, movies, news, sports, and products, effectively simplifying the discovery process wherever they are: online, using a mobile device, or watching television. For consumers, ChoiceStream's technology delivers on the promise of instant gratification. For retailers, ChoiceStream produces measurable business results and a powerful approach to building lifetime customer loyalty.

For more information, please visit our Web site at www.choicestream.com.