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VOD AND DVR MAKE AN ATTRACTIVE COMBINATION

Nearly Two-Thirds of Digital Cable Subscribers Have Used VOD

Durham, NH – February 21, 2006 – New consumer research from Leichtman Research Group, Inc. (LRG) finds that digital cable subscribers are recognizing the benefits of having both Video-on-Demand (VOD) and a Digital Video Recorder (DVR). Nearly three-quarters of VOD users who have a DVR from their cable company strongly agree that their cable service is better because they have both services. In addition, just 15% feel that, because they have on-demand service, they don't really need a DVR, and 19% feel that, because they have a DVR, they don't need on-demand service.

Nearly two-thirds of these key high-end subscribers are very satisfied with their cable operator, and few report that they are likely to switch providers. While over 14% of cable subscribers in the markets studied say that they are likely to switch from their current cable provider in the next six months, fewer than 6% of digital cable subscribers who have used VOD and have a DVR say that they are likely to switch.

These findings are based on a survey of 1,400 total households representing four markets in the United States where VOD is available, and are part of a new LRG study, *Consumer Opinions in Four On-Demand Markets*. This is LRG's fourth annual study of this type.

Other key findings in the four markets include:

- Among VOD users who have a DVR:
 - Mean spending on cable TV service is \$76.65 per month (43% above average)
 - 78% also get high-speed Internet from cable
 - Mean annual household income is 42% above average

- 65% of current digital cable subscribers have used VOD
 - There are few differences in overall satisfaction and likelihood to switch between digital cable VOD users and non-users
 - However, just 7% of Premium-on-Demand users say that they are likely to switch – compared to 15% of all other digital cable subscribers
- Just 16% of current VOD users report that they would be very likely to pay \$0.99 to get a primetime program on-demand

“Usage of VOD services continues to grow, with between 55%-83% of digital cable subscribers having used VOD in the four markets that were studied. DVR households are also rapidly expanding where cable operators deliver the service,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “For consumers (as well as providers), however, it does not come down to an either/or decision for DVR and VOD, but rather how the combination of the two creates the most compelling on-demand offering.”

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines on-going surveys and analysis with years of hands-on industry experience to provide companies with a richer understanding of the potential impact and adoption of new products and services. For more information about LRG, please call (603) 397-5400 or visit www.LeichtmanResearch.com.

Consumer Opinions in Four On-Demand Markets is based on a telephone survey of 1,400 adults age 18+ in four markets in the US where on-demand services have been available for over two years. The survey was conducted in December, 2005. The overall sample has a statistical margin of error of +/- 2.6%, the sample for each market has a statistical margin of error of +/- 5.2.

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