

Comparison of DISH Network's *America's Top 120* to DirecTV's *Choice Packages*, and of DISH Network's *America's Top 200* to DirecTV's *Choice Xtra Packages*

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Researched, analyzed and written by:

The Carmel Group
P.O. Box 4225
Carmel-By-The-Sea, CA 93921
Tel: (831) 622-1111
Fax: (831) 622-1115
Website: www.carmelgroup.com

Primary Contact and Author/Analyst:
Jimmy Schaeffler, Senior Analyst, Chairman & CSO
E-mail: jimmy@carmelgroup.com



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CARMEL
GROUP**

Comparison of DISH Network’s *America’s Top 120* to DirecTV’s *Choice* Packages, and of DISH Network’s *America’s Top 200* to DirecTV’s *Choice Xtra* Packages

By The Carmel Group’s Jimmy Schaeffler ¹

For purposes of transparency,
The Carmel Group points out that it was retained by DISH Network to review and compare the two satellite companies’ basic-level pay TV packages, and the two satellite pay TV companies’ mid-level packages, based upon our company’s lengthy history of providing independent and objective analysis of global telecommunications issues.

When ascertaining the value of its contents, The Carmel Group encourages critics to concentrate on the analysis and supporting data within the following report.

The Carmel Group was asked to measure and compare the content and pricing of the two basic-level pay TV packages, and the two mid-level packages, offered as of mid-February 2010, by DISH Network and DirecTV. These basic-level packages are *America’s Top 120* from DISH Network, and *Choice* from DirecTV. These mid-level packages are DISH Network’s *America’s Top 200*, and DirecTV’s *Choice Xtra*. The accompanying nine figures, and endnotes, further illustrate and support the conclusions reached below.

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I. EXECUTIVE SUMMARY

- 1) **Project Goal** The Carmel Group was tasked to compare DISH Network’s *America’s Top 120* pay TV package to that of DirecTV’s *Choice* package, as well as DISH Network’s *America’s Top 200* pay TV package to that of DirecTV’s *Choice Xtra* package.
- 2) **Basic Rationale** For consumers, the value of a pay TV package is in the *video channels they actually watch*, and in the *relative pricing* of those channels.

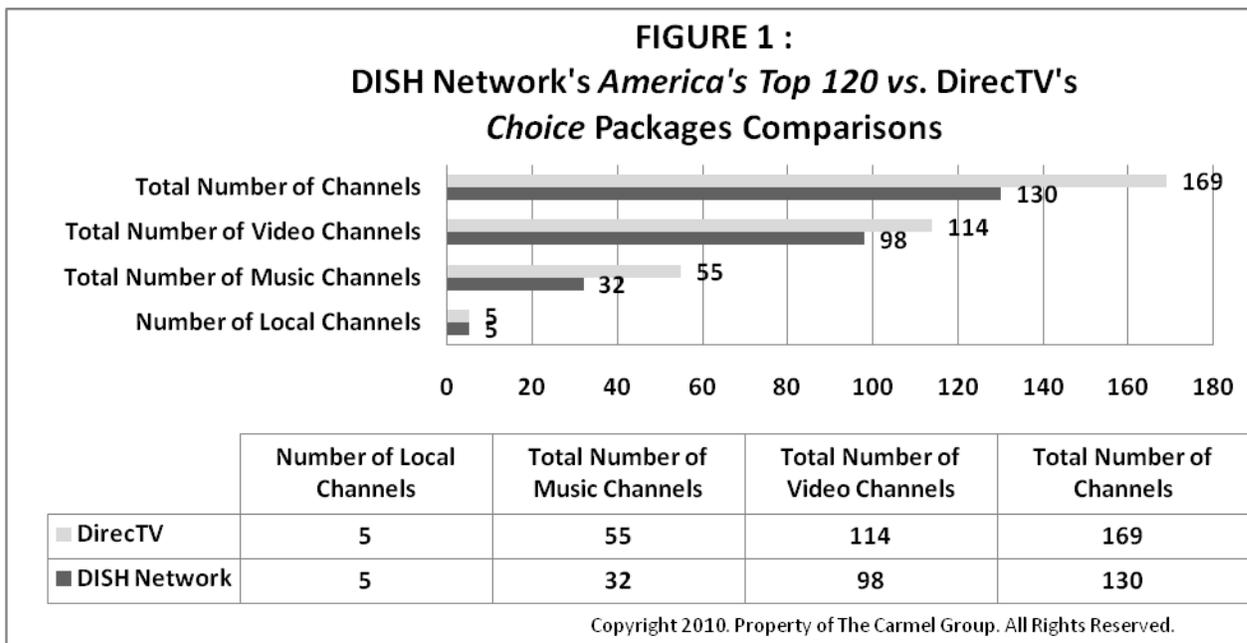
- 3) **Channel Ratings** In order to accomplish this task, The Carmel Group chose to compare the packages based on relative **ratings** for the channels included in each package.
- 4) **Price Points** As an additional measure, The Carmel Group chose to use a common sense second measure that any reasonable consumer would use, i.e., relative **package pricing**.
- 5) **Packages Comparable** Based upon this research and the data points determined, The Carmel Group concludes that DISH Network's *America's Top 120* and DirecTV's *Choice* packages, on the one hand, and DISH Network's *America's Top 200* and DirecTV's *Choice Xtra* packages, on the other hand, are quite comparable.
- 6) **Pricing Advantage** Yet, based upon the package pricing, for both sets of packages compared by The Carmel Group in this study, DISH Network's *America's Top 120* is a better consumer value than DirecTV's *Choice*, and the *America's Top 200* package is a better consumer value than the *Choice Xtra* package.

II. INTRODUCTION

- 7) **Inexact** It is a given within today's U.S. pay TV industry that no two packages could ever be exactly the same. This is due to various technical, legal, regulatory, marketing, and other standard business practices and influences.
- 8) **New Methodology** Furthermore, unlike other industries that have been in existence and subject to measurement for decades, e.g., the automobile industry, there is no current dominant or accepted methodology for measuring and comparing pay TV packages.²
- 9) **Prices, Channels** Thus, The Carmel Group has chosen to measure, as of mid-February 2010, the two basic packages of DISH Network and DirecTV, i.e., *America's Top 120* and *Choice*, as well as the two mid-level packages of DISH Network *America's Top 200* and DirecTV's *Choice Xtra*, based upon a careful review and analysis of the **prices** and the **core video channels** (as defined below), that are part of each package.
- 10) **Channels Analysis** First, turning to the all-important channels analysis, in its basic-level *Choice* package, DirecTV offers a total of 114 video channels, and 55 music channels,³ for a grand total of 169 channels of video and music. By comparison, DISH Network offers 98 video channels and 32 music channels, as part of its *America's Top 120* package, for a grand total of 130 video and music channels.^{4,5} Yet, while the difference of 39 total channels might seem significant, *when viewing the true measure of a pay TV package, i.e., video channels*, DirecTV actually offers only 16% more video channels (or a total of 16 more video channels in the entire package).⁶ In other words, the vast majority of channels DirecTV offers that

DISH Network does not are music channels. For the reasons cited below, we conclude that the relatively small percentage difference in both the total and the **particular video channels offered** by DirecTV does not have a significant effect – negative or positive – when comparing the *America’s Top 120* and *Choice* packages.

Second, in its mid-level *Choice Xtra* package, DirecTV offers a total of 151 video channels and 78 music channels, for a grand total of 229 channels of video and music. By comparison, DISH Network offers 139 video channels and 96 music channels, as part of its *America’s Top 200* package, for a grand total of 235 video and music channels. Again, *when viewing the true measure of a pay TV package, i.e., video channels*, DirecTV actually offers only a total of 12 more video channels in its *Choice Xtra* package, which accounts for a total of only 9% more video channels than DISH Network *America’s Top 200*. For the reasons discussed below, we conclude that the relatively small percentage and number difference in both the total and the particular **lower-rated video channels offered** by DirecTV vs. DISH Network also does not have a significant effect – negative or positive – when comparing the *America’s Top 200* and *Choice Xtra* two packages.⁷ See Figure 1, below.



11) Core Channels There are a grouping of video channels within each of these four packages that we deem “core channels.” This determination is based upon the Nielsen Media ratings of the channels in each package measured during any average day during any average time,⁸

from which The Carmel Group has extrapolated an average number of U.S. TV Households (U.S.TVHHs)⁹ viewing those channels. ***Looking at the true substance behind any pay TV package, these most-watched video channels are the set of channels that make any two sets of packages comparable.***

12) Underlying Data For the U.S. TV industry today, a standard and generally accepted measurement of the ratings of the video channels in the two sets of packages covered by this study is produced by New York, NY-headquartered Nielsen Media.¹⁰ Specifically, Nielsen Media regularly produces ratings data and metrics that specifically measure a percentage of the number of U.S.TVHHs that are viewing these channels during any average day at any average time. Following decades of observance, it is the opinion of The Carmel Group that this Nielsen Media data is currently the most generally reliable and generally accepted data available for the purpose of measuring the U.S.TVHHs watching the video channels within each package, and thus the packages themselves.

In that vein, in the next twelve numbered paragraphs, i.e., paragraphs 13-24, the ratings of the ten video channels offered by DirecTV as part of its *Choice* package (yet not offered by DISH Network as part of its *America's Top 120* package) among the top # 1-50¹¹ most highly-rated channels, are examined using this Nielsen Media data. Further, the Nielsen Media ratings of the dozen video channels offered by DirecTV in its *Choice Xtra* package (yet not offered by DISH Network as part of its *America's Top 200* package) among # 50-101 of the most watched channels, is also examined in paragraphs 25-29.

Again, to be clear, this Nielsen Media data shows the ratings, during any `average day at any average time; it also shows the same measurement for the five groupings of video channels described below; and for both sets of comparative packages, this data helps to show comparisons of composite total ratings and USTVHHs for groupings of missing video channels.

13) Small Number First, our conclusion below notes that for the comparison of *America's Top 120* package to the *Choice* package, a) among the top # 1-20 most highly rated video channels, each package offers the same channels to every subscriber; and b) among the next thirty most highly-rated Nielsen video channels, i.e., the channels rated # 21-50 in Nielsen-measured ratings, a relatively small percentage of viewers have chosen to watch the ten channels missing from the DISH Network package.

Second, our conclusion below notes that for the comparison of the *America's Top 200* package to the *Choice Xtra* package, a) among the top # 1-50 most highly-rated Nielsen video channels, each package offers the same channels to every subscriber; and b) among the

next 101 among the Nielsen-rated, again, a relatively small percentage of subscribers have chosen to watch the dozen channels missing from the DISH Network package.

Based upon this ratings quotient, The Carmel Group concludes the DISH Network *America's Top 120* and the DirecTV *Choice* packages, as well as the DISH Network *America's Top 200* and the DirecTV *Choice Xtra* packages, are equivalent and thus relatively comparable.

III. MEASUREMENT # 1: CHANNEL RATINGS

A. Comparing the Ratings of The *America's Top 120* vs. *Choice* Packages

- 14) **# 1-20 Exactly Equivalent** Focusing first on the specifics representing the groupings of video channels based upon those that are rated, each of these two pay TV packages being compared contains each and every one of the same top 20 most highly-rated by Nielsen Media. Specifically, this set of top # 1-20 video channels with the highest Nielsen Media ratings, accounts for an aggregate Nielsen TV rating of 20.64% on any average day at any average time. This means that during any average day at any average time, almost one fourth of the audience of U.S.TVHHs, or, according to The Carmel Group's extrapolation, 23.6 million U.S.TVHHs, would only be watching only one of these channels rated # 1-20 by Nielsen Media. Again, both networks offer all 20, or 100%, of these top # 1-20 most highly-rated video channels. This fact makes the two packages exactly equivalent to the bulk of subscribers and would-be subscribers -- and thus comparable -- based upon the Nielsen Media ratings of those viewing each packages' top # 1-20 channels.
- 15) **Core Audience** Focusing in on the relative Nielsen Media ratings of these top # 1-20 most highly-rated video channels offered, we conclude that the two packages compared here, DISH Network's *America's Top 120* and DirecTV's *Choice*, will be judged to be equivalent by the bulk of U.S.TVHHs that watch TV. *We say this because almost a quarter of the U.S.TVHHs audience watches one or more of channels # 1-20 at any time, and therefore this core audience would not miss the absence of a handful of channels rated # 21-50 by Nielsen Media.* It would be reasonable to conclude that given the low ratings of these few missing channels, their absence would not have a material impact upon the typical viewer.
- 16) **# 21-30 Similar** Again, based only on this comparison of the video channels rated # 1-20 by Nielsen Media, one could easily argue that the content of DISH Network's *America's Top 120* package is the equivalent of that offered in DirecTV's *Choice* package. Yet, further analysis of the next set of 30 most highly-rated video channels further confirms this point, focusing on the relative *ratings* of the channels offered by each provider in each package. **The accompanying Figure 5 further elucidates the measurements and comparisons**

stated in this study’s paragraphs 13-24 and 25-29. Continuing this analysis, the next of the most highly-rated video channels according to Nielsen Media, i.e., channels rated # 21-30, find only 1.45% of U.S.TVHHs watching these channels, which equates to approximately one and two thirds million U.S.TVHHs. Among these top 21 to 30 most highly-rated channels, DirecTV offers all ten in its *Choice* package, while DISH Network offers seven of these ten in its *America’s Top 120* package. The three video channels omitted by DISH Network are, in order, a) truTV, b) FX, and c) Hallmark.

17) **# 21-30 Rated** Of these three video channels omitted by DISH Network among the list of the top channels rated # 21-30 in the Nielsen Media ratings, their exact viewing rank and Nielsen rating amount to a) a ranking of # 22 for truTV , @ a 0.51% rating; and b) a ranking of # 23 for FX, @ a 0.49% rating and c) a ranking of # 30 for Hallmark, @ a 0.45 rating. The total Nielsen rating for the three channels is 1.45%. That 1.45% equates to *approximately one and two thirds million U.S. TVHHs*.

FIGURE 2			
DISH Network’s Missing Channels Among The # 21- 30 Top Channels			
Channel Name	Rank	Rating (%)	Equivalent U.S.TVHHs (mil.)
truTV	22	0.512	0.58
FX	23	0.494	0.56
Hallmark	30	0.446	0.51
TOTAL		1.45%	1.66
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18) **# 31-40 Similar** Continuing this analysis, the next of the top most highly-rated video channels according to Nielsen Media, i.e., channels rated # 31-40, find a cumulative total of 1.04% of U.S.TVHHs watching at any given time during the day. The Carmel Group equates that 1.04% rating to approximately 1.2 million U.S.TVHHs. Among these top 31 to 40 most highly-rated video channels, DirecTV offers all ten in its *Choice* package, while DISH Network offers seven in its *America’s Top 120* package. These three omitted video channels are, in order, a) AMC, b) Nick Jr., and c) Lifetime Movie Network.

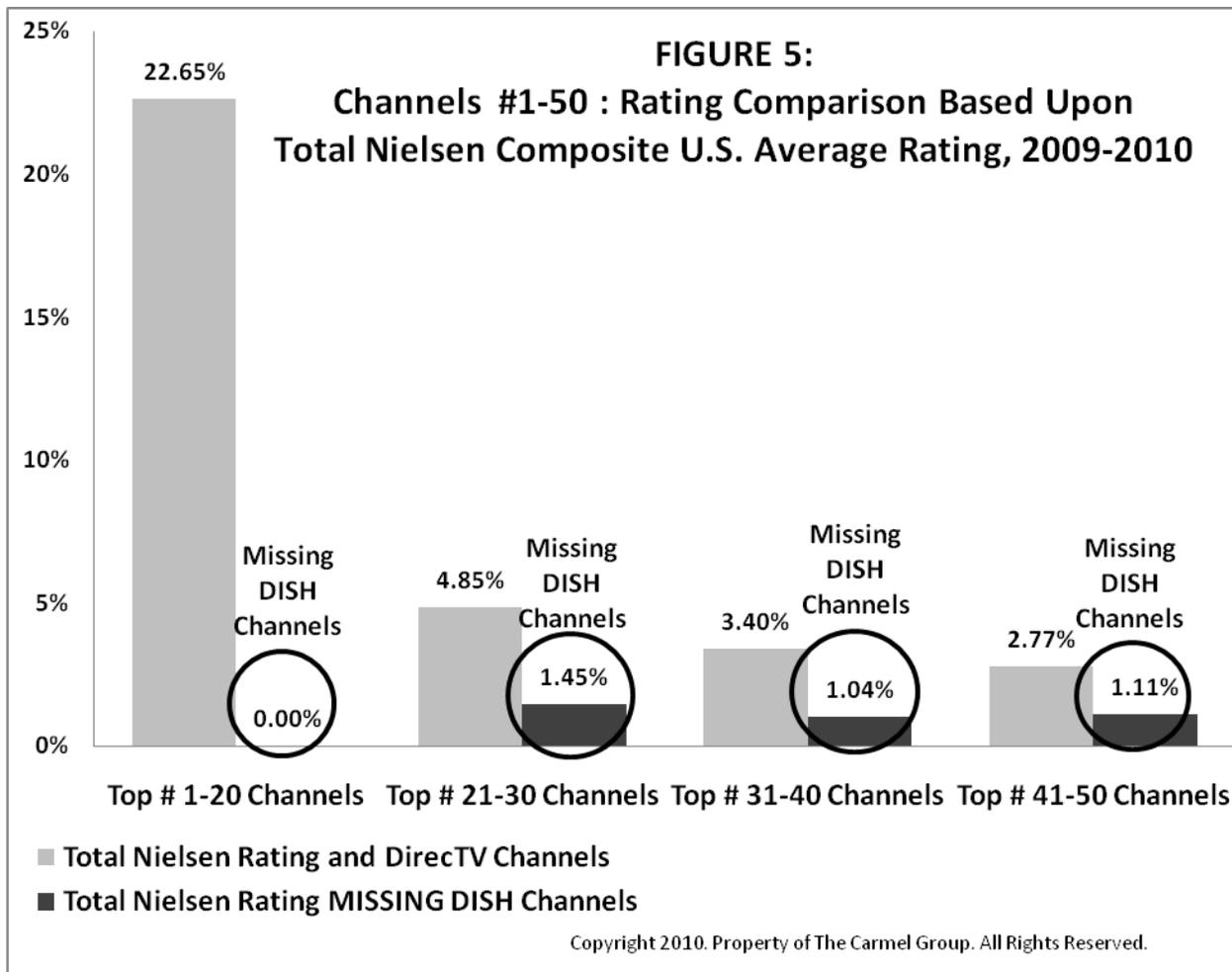
FIGURE 3			
DISH Network's Missing Channels Among The # 31- 40 Top Channels			
Channel Name	Rank	Rating (%)	Equivalent U.S.TVHHs (mil.)
AMC	32	0.408	0.47
Nick Jr. (f/k/a Noggin)	38	0.326	0.37
Lifetime Movie Network	39	0.307	0.35
TOTAL		1.04%	1.19
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19) # 31-40 Rated Of the three omitted by DISH Network among the list of the video channels rated # 31-40, their Nielsen Media rank and rating amount to a) a ranking of # 32 for AMC, @ a rating of 0.41; b) a ranking of # 38 for Nick Jr., @ a 0.33% rating; and c) a ranking of # 39 for Lifetime Movie Network, @ a 0.31%. The total Nielsen rating is 1.04% for all three. That 1.04% equates to *approximately 1.2 million U.S.TVHHs*.

20) # 41-50 Similar Continuing this analysis, the next of the video channels rated by Nielsen Media, i.e., channels rated # 41-50, find a cumulative total rating of 1.11%, which equates to approximately 1.3 million U.S.TVHHs. Among these top 41 to 50 rated video channels, DirecTV offers all ten in its *Choice* package, while DISH Network offers six in its *America's Top 120* package. The four omitted video channels are, in order, a) msnbc, b) BET, c) Bravo, and d) Animal Planet.

FIGURE 4			
DISH Network's Missing Channels Among The # 41- 50 Top Channels			
Channel Name	Rank	Rating (%)	Equivalent U.S.TVHHs (mil.)
Msnbc	40	0.293	0.33
BET	42	0.288	0.33
Bravo	44	0.283	0.32
Animal Planet	45	0.247	0.28
TOTAL		1.11%	1.27
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- 21) **# 41-50 Rated** Of the four omitted by DISH Network among the list of video channels rated # 41-50, their viewership ranking and Nielsen ratings amount to a) a ranking of # 40 for msnbc, @ a 0.29% rating; b) a ranking of # 42 for BET, @ a 0.29% rating; c) a ranking of # 44 for Bravo, @ a 0.28% rating; and d) a ranking of # 45 for Animal Planet, @ a 0.25% rating. The total Nielsen rating is 1.1% for all four. This 1.1% equates to *approximately 1.3 million U.S.TVHHs*.
- 22) **4% Impacted** The important point here is that **approximately 96% of U.S.TVHHs are not impacted by these ten missing video channels in the DISH Network *America's Top 120* package, because these 96% of U.S.TVHHs are not included among U.S.TVHHs that watch these ten channels. Put another way, The Carmel Group extrapolates and estimates that the total number of U.S.TVHHs that actually watch those ten video channels during any average day at any average time numbers an estimated and relatively insignificant 4.8 million (or approximately 4.2%) of U.S.TVHHs. Therefore, because a minimum of 96% (or 109 mil.) of USTVHHs are capable of receiving the same video content from both sets of DISH Network and DirecTV packages, the two sets of comparable packages are, indeed, substantially comparable.**
- 23) **Value of 11** Summing up, for all ten of the video channels among the top 50 rated that are not offered by DISH Network as part of its *America's Top 120* package, their collective value to the typical TV viewing customer is measured in terms of how much of those channels viewers typically watch. *In short, to most people, the packages appear to be the same when it comes to ratings (and number of USTVHHs impacted), which is undoubtedly what pay TV packages are purchased for and how they are valued by consumers.*
- 24) **Content Comparable** Further summing up, among the ten video channels left out of the DISH Network package and yet included in the DirecTV package, their relatively small ratings among viewers negates their importance in this common sense comparison. In short, The Carmel Group concludes that these ten channels are not of great impact to roughly 109.3 million U.S.TVHHs -- which is also the vast majority of the 114.1 million U.S.TVHHs that are not watching them -- and the fact that *they are "missing"* from the *America's Top 120* package thus loses real significance, therefore making the packages of *America's Top 120* from DISH Network and *Choice* from DirecTV substantially equivalent and comparable. *The clear point here is that when comparing pay TV packages, one does not base that comparison upon the viewing habits of such an extremely small number of viewers, nor does one base that comparison upon those viewing such an extremely small number of sparsely-viewed channels; instead, as was done here, comparison must be based upon the similarities experienced by an estimated 96% of U.S.TVHHs. Based on those similarities, DISH Network's America's Top 120 package is comparable to DirecTV's Choice package.*



B. Comparing the Ratings of The America’s Top 200 vs. Choice Xtra Packages

25) # 1-50 Exactly Equivalent Focusing in on the specifics representing the groupings of video channels based upon how much they are watched, the Nielsen Media data shows that each of DISH Network’s *America’s Top 200* and DirecTV’s *Choice Xtra* packages being compared contains each and every one of the same top # 1-50 most highly-rated channels.¹²

26) Specifically, the set of top # 1-50 most highly-rated video channels accounts for an aggregate Nielsen TV rating of 33.7%. This means that during any average day at any average time, more than one third of the audience of U.S.TVHHs, or what The Carmel Group estimates at 38.4 million U.S.TVHHs, would be watching these video channels rated # 1-50. Again, both pay TV providers offer all #1-50, or 100% of these top # 1-50 most highly-rated channels. This fact makes the two packages exactly equivalent to the majority of subscribers and

would-be subscribers -- and thus comparable -- based upon the ratings of each packages' top fifty channels.

27) Core Audience Focusing in on the relative viewing audience of these top # 1-50 most watched video channels offered, we conclude that the two packages compared here, DISH Network's *America's Top 200* and DirecTV's *Choice Xtra*, will be judged to be equivalent by just about every subscriber. We say this because we estimate that more than a third of the U.S.TVHHs audience would be watching one or more of channels rated # 1-50 at any time

28) Channels # 51+ Again, based only on this comparison of video channels rated # 1-50, one could argue that the content of the DISH Network *America's Top 200* package is the equivalent of that offered in DirecTV's *Choice Xtra* package. Yet, further analysis of the next set of 101 channels further confirms this point, focusing on the relative *ratings* by Nielsen Media of the video channels offered by each provider in each package. Continuing this analysis, the total of the top-rated video channels according to Nielsen Media, i.e., channels rated # 51-151 in DirecTV's *Choice Xtra* package, finds only about 1-2% U.S.TVHHs watching every one of these video channels, which equates to approximately 1.4 million-2.8 million U.S.TVHHs at most that have watched these channels on any average day at any average time in the past.

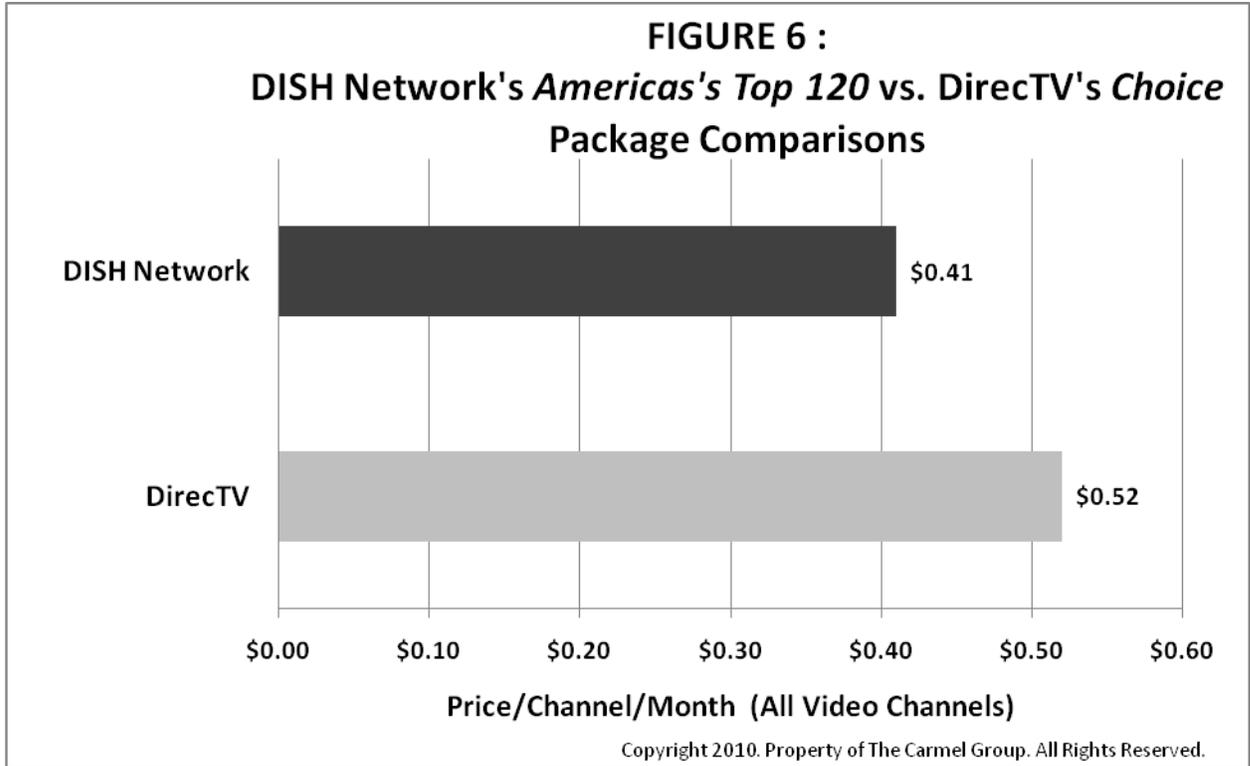
29) Content Comparable Further summing up, among the 12 video channels ¹³ left out of the DISH Network *America's Top 200* package and yet included in the DirecTV *Choice Xtra* package, their ratings among viewers negate their importance in this common sense comparison. In short, The Carmel Group concludes that these 12 channels are not of great viewing significance to roughly 98%-99%, or an estimated 112 million U.S.TVHHs -- which is also the vast majority of the 114+ million U.S.TVHHs that are not watching them -- and the fact that they are "missing" from the *America's Top 200* package loses significance, thus making the packages of *America's Top 200* from DISH Network and *Choice Xtra* from DirecTV significantly equivalent and comparable. ***The clear point here is that when comparing pay TV packages, one does not base that comparison upon the viewing habits of such an extremely small number of viewers, nor does one base that comparison upon those viewing such an extremely small number of sparsely-viewed channels; instead, as was done here, comparison must be based upon the similarities experienced by what The Carmel Group estimates is 98% or more of U.S.TVHHs. Based on those similarities, DISH Network's America's Top 200 package is comparable to DirecTV's Choice Xtra package. To reiterate, because a minimum of 98% (or nearly 112 mil.) of USTVHHs are capable of receiving the same video content from both sets of DISH Network and DirecTV packages, the two sets of comparable packages are, indeed, substantially comparable.***

IV. MEASUREMENT # 2: PACKAGES PRICING

A. Comparing The Pricing of *America's Top 120* vs. *Choice* Packages

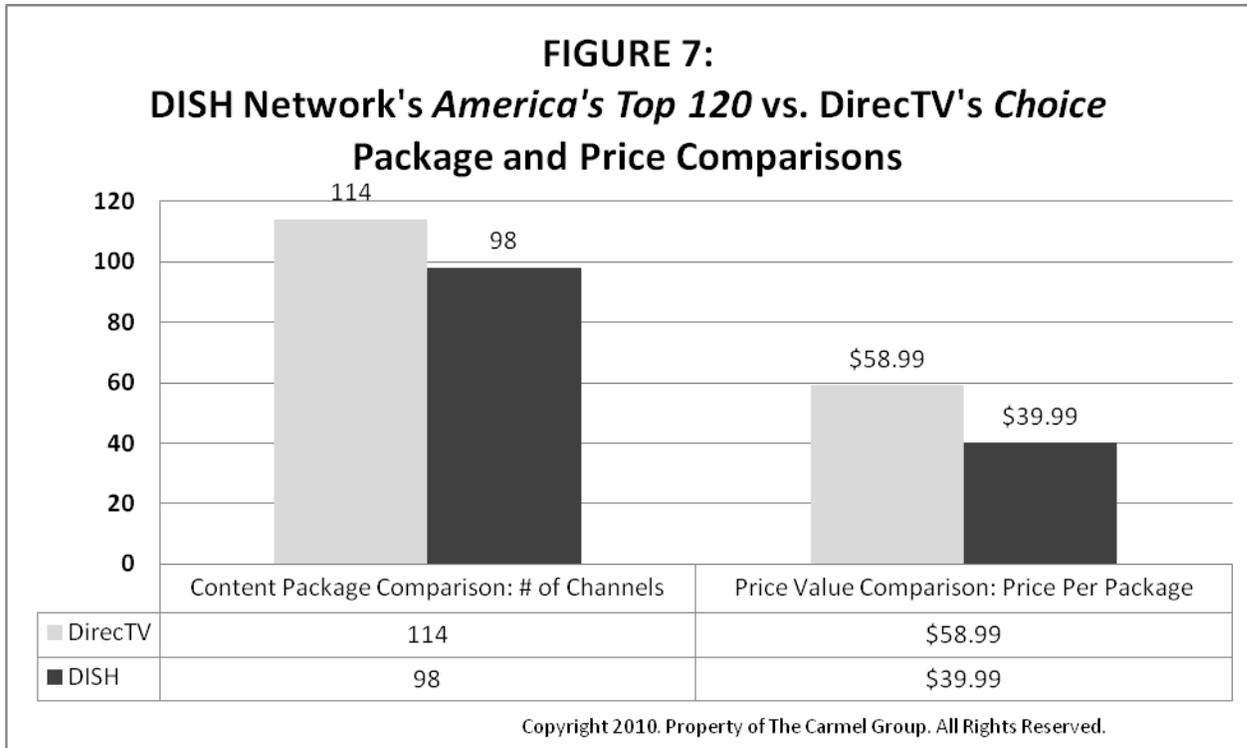
- 30) **Price Comparison** A second major measurement criterion involves collecting and analyzing these two sets of packages' *price* points. In every one of these possible analyses, the DISH Network package price significantly bests that of the comparable DirecTV package. The four figures below further clarify these pricing differences.
- 31) **All Channels** The standard price per month for DISH Network's *America's Top 120* package is \$39.99; the equivalent price for DirecTV's *Choice* package is \$58.99.¹⁴ As for price point differences, The Carmel Group found that for the typical customer of either package, the differences are significant. Thus, using these pricings per month just noted, the cost per channel per month for all channels of the DISH Network *America's Top 120* package is \$0.31; whereas the cost per channel per month for all channels of the DirecTV *Choice* package is \$0.35. Thus, the DirecTV *Choice* package, based upon regular price channel comparisons, is 13% more expensive per month (and annually) than the DISH Network *America's Top 120* package.¹⁵
- 32) **Video Channels** Further, measuring only the **video** channels offered in each package, and when dividing the package prices stated above in paragraph 31 by the total number of video channels, the customer cost/price value again resides with DISH Network's *America's Top 120* package, at \$0.41 cost per channel per month; whereas via the same calculation, the customer cost/price value per channel per month for the DirecTV *Choice* package comes to \$0.52. This equates to a 27% channel price difference per month (and annually) favoring the customer of DISH Network's *America's Top 120* package. Put another way, based upon published prices, the comparable package of video channels costs the average DirecTV *Choice* subscriber \$228 more annually than it does the average DISH Network subscriber for the *America's Top 120* package. See Figure 6.

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33) Value Proposition #1 Taking the pricing and the package content analysis one final step further (and together), The Carmel Group concludes that **for 48% more cost per package per month and annually, the typical basic package customer gets only 16 more (or 16%¹⁶ more) video channels from DirecTV. Most of those additional channels, however, are not frequently viewed by consumers, per data obtained from Nielsen Media, and not highly relevant to a comparison of pay TV packages.** See Figure 7.

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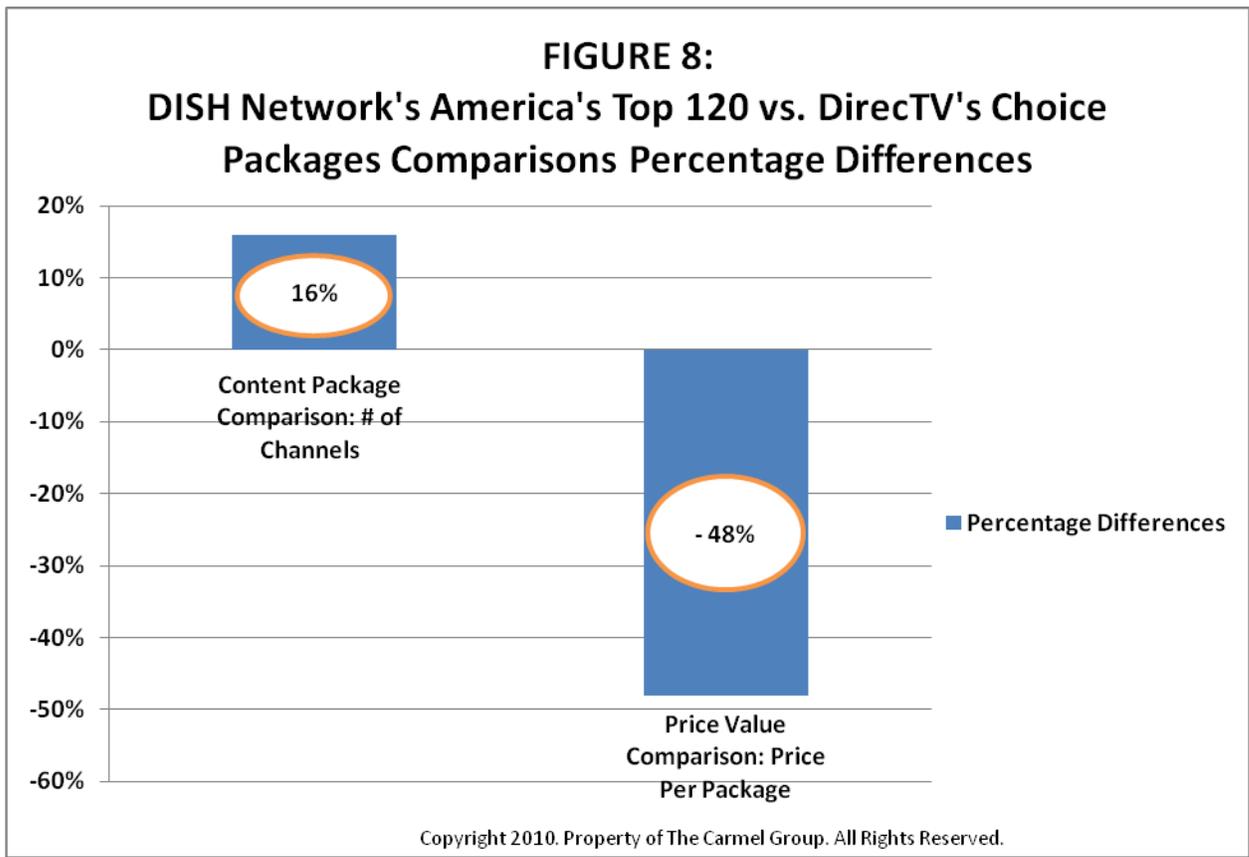
B. Comparing the Pricings of *America's Top 200* vs. *Choice Xtra* Packages

34) Video Channels Further, measuring only the video channels offered in each package, and when dividing the package price by the total number of video channels, the customer cost/price value again resides with DISH Network's *America's Top 200* package, at \$0.38 cost per channel per month; whereas via the same calculation, the customer cost/price value per channel per month for the DirecTV *Choice Xtra* package comes to \$0.42. This equates to an 11% video channel price difference per month (and annually) favoring the customer of DISH Network's *America's Top 200* package. In a year's sum of consumer payments, this means the DirecTV *Choice Xtra* customer will pay 21% more, or a minimum of \$132.00 more annually, than the DISH Network *America's Top 200* customer, in order to receive an additional twelve low-rated video channels.¹⁷

35) Value Proposition # 2 Taking the pricing and the package content analysis one final step further (and together), The Carmel Group concludes that for 21% more cost per package per month (and annually), the typical mid-level pay TV package customer gets only twelve more video channels from DirecTV. Further, **either as it applies to *America's Top 200* or to the *Choice Xtra* packages, most of those additional channels are not frequently viewed by consumers, per data obtained from Nielsen Media, and not highly relevant to a comparison of pay TV packages.**

V. CONCLUSIONS

36) **Packages Comparable** In conclusion, The Carmel Group’s comparison of DISH Network’s *America’s Top 120* pay TV package to DirecTV’s *Choice* package concludes that they are relatively equivalent -- and thus comparable -- in channel content. Yet these two base level packages are certainly far from equivalent in pricing. In fact, DISH Network’s *America’s Top 120* is clearly a better consumer value, given that DirecTV’s *Choice* package provides only 16% more of the lower-rated video channels, but costs every *Choice* package consumer 48% more per month (and annually). See Figure 8.



37) **Pricing Not Comparable** Furthermore, the closest comparison of DISH Network’s *America’s Top 200* pay TV package to DirecTV’s *Choice Xtra* package concludes that they are remarkably equivalent -- and thus comparable -- in channel content. Yet these two mid-level packages are certainly far from equivalent in pricing, with the same relative number of video and music channels costing every *Choice Xtra* package

consumer 21% more per month (and annually) than the costs of the comparable DISH Network *America's Top 200* pay TV package.

38) Value Index Another way to compare the two pay TV services is to look to the value index of each of the packages. The value index is the value that the subscriber will obtain from a package that is valued in terms of the dollar spent. In this instance, as an example, we use the Nielsen Media ratings as a package value for the DISH Network *America's Top 120* and DirecTV *Choice* package.

The *America's Top 120* pay TV package has 30 basis points, according to its cumulative Nielsen Ratings, and is offered for \$39.99. Comparatively, DirecTV's *Choice* Package has 34 basis points, and is sold for \$58.99.

The table below compares the two packages' value index:

FIGURE: 9				
Comparison of DISH Network <i>America's Top 120</i> to DirecTV <i>Choice</i> Package Value Index				
	Total Nielsen Rating (basic points)	Price (Dollars)	Monthly Value Per Dollar Spent	Percentage Difference
Dish Network	30.07	39.99	0.75	31.70%
DirecTV	33.68	58.99	0.57	
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The DISH Network monthly value is 0.75 basis points per month for every dollar spent. On the other hand, the DirecTV monthly value comes to 0.57 basis points per month for every dollar spent. Via this rating-to-price quotient, the DISH Network *America's Top 120* value index is almost 31% higher than that of DirecTV's *Choice* package.

39) Customer Value In sum, both of the *America's Top 120* and *America's Top 200* DISH Network packages compared here are also deemed superior consumer values over their DirecTV equivalent packages, i.e., *Choice* and *Choice Xtra*, respectively, based upon their substantially comparative channel offerings and substantially lower pricing.

VI. APPENDIX

Biography of Jimmy Schaeffler (As of February 2010)

Jimmy Schaeffler¹⁸ is The Carmel Group's founder and its Chairman and Chief Service Officer for the past 15 years. He is also a 38-year veteran of the telecom industry, beginning in Munich at the 1972 Summer Olympics, working closely alongside the late Roone Arledge, Jim McKay, and Peter Jennings. Building on that foundation, he has worked as a producer, executive, attorney, general counsel and/or analyst, with ABC Sports, working at the Innsbruck, Montreal, and Lake Placid Olympic Games, and through the 1984 Games in Sarajevo; and with the Colorado Springs, CO-based U.S. Olympic Committee; Aspen, CO-based Adventure World Productions; and the Carmel, CA-based Paul Kagan & Associates. He is also an author of several TV-related books, which include *Digital Signage – Software, Networks, Advertising, and Displays: A Primer For Understanding The Business* (See, http://www.elsevier.com/wps/find/bookdescription.cws_home/714285/description#description); and the second, entitled, *Digital Video Recorders: DVRs Changing TV and Advertising Forever* (See, http://www.elsevier.com/wps/find/bookdescription.cws_home/717706/description#description).

Mr. Schaeffler's expertise/specialties are:

- Consulting and Company Introductions
- Telecommunications (Focused on Broadcast, Satellite, Cable, Telco, Broadband/Internet, Mobile, Fixed Wireless)
- Digital Satellite Radio
- Satellite Telephony
- Digital Signage
- Interactive TV (Digital Video Recorders, Video On-Demand, Advertising, etc.)
- Speeches and Presentations
- Fundraising
- Litigation Support
- Piracy Analysis and Recommendations

ENDNOTES

¹ See, biography above, **APPENDIX 1**.

² Because there is no current dominant or accepted methodology for measuring and comparing pay TV packages, a handful of estimates, assumptions, generalizations, and approximations have been used in certain instances to work toward various results and conclusions. These have been duly noted in most instances.

³ As noted further in this paragraph, the number of music channels is deemed relatively unimportant when comparing packages, because packages are typically purchased by consumers based upon pricing and the number of video – not audio or music – channels.

⁴ Because of the use of different orbital locations by the two U.S. satellite pay TV operators, i.e., DISH Network and DirecTV, certain customers in Alaska, Hawaii, and Puerto Rico may be unable to receive one or more channels within certain packages. Accordingly, we have not included Alaska, Hawaii, and Puerto Rico in this set of comparisons.

⁵ This study has not included premium channels, i.e., Starz, HBO, Cinemax, and Showtime, as a comparative measure nor as an automatic part of these basic-level and mid-level packages, because these channels require a customer to opt-in and specifically select and pay separately for that channel as part of a long-term subscription.

⁶ For our channel comparisons, The Carmel Group concentrated on the number of video channels that both DirecTV and DISH Network carry to an audience in the continental U.S., and on five (5) local video channels offered to the majority of viewers in the continental U.S., i.e., ABC, CBS, NBC, Fox, and PBS.

⁷ Worth pointing out is the fact that actually DirecTV includes 48 video channels in its *Choice Xtra* package that are not included in DISH Network's *America's Top 200* package; conversely, DISH Network includes 36 video channels in its *America's Top 200* package that are not included in DirecTV's *Choice Xtra* package. Nonetheless, at the end of the day, when measuring the total number of video channels offered by each, DirecTV offers customers of its *Choice Xtra* package 12 more video channels. Worth also noting is that every one of these channels offered by DISH Network and DirecTV is not particularly well-rated by Nielsen Media, indeed, most have ratings of less than 0.01%.

⁸ The Carmel Group uses the Nielsen Media ratings as an approximation of viewership for each of the channels in each of the packages and, based upon an estimation of the total number of USTVHHs, typically calculates a number of estimated USTVHHs. Thus, whenever this report utilizes Nielsen Media data, that is a reference to ratings, and ratings only; whereas, when the study uses USTVHHs, that is an extrapolation of the Nielsen data done by The Carmel Group to achieve an estimated number of USTVHHs.

⁹ The Carmel Group estimates that the current number of total U.S.TVHHs is slightly more than 114 million, of which approximately 95 million are pay TVHHs. Viewers of DirecTV are measured relative to a current estimated subscriber count of 18.4 million (which is the equivalent of 16.1% U.S.TVHHs); and 14.1 million for DISH Network (which is the equivalent of 12.4% of U.S.TVHHs).

¹⁰ Nielsen Media data comes from the company's "Nielsen Ratings: Based on Total Composite (MTWTFSS 6am-6am) – USAA%," for January 19, 2009-January 24, 2010. This data measures the percentage of U.S.TVHHs watching a certain channel on any average day at any average time.

¹¹ Indeed, going one step further in this analysis of the top # 1-50 most viewed channels, **excepting the National Geographic Channel (ranking # 51, with a rating of 0.18, representing 206,000 U.S.TVHHs), every one of the most watched video channels # 1-60 in both DISH Network's *America's Top 200* package and DirecTV's *Choice Xtra* package is exactly the same. This further cements the conclusion of comparability between both sets of DISH vs. DirecTV packages.** Nonetheless, to retain consistency, the core of this analysis is based upon the comparison of the most watched # 1-50 video channels, followed by a review of the remaining channels in each channel comparison set.

¹² Again, as noted in endnote # 11, all of the most watched video channels # 1-60 in both *America's Top 200* and DirecTV's *Choice Xtra* are exactly the same.

¹³ The twelve video channels offered as part of DirecTV's *Choice Xtra* package, that are not offered as part of DISH Network's *America's Top 200* package are a) National Geographic, b) Nicktoons Network, c) Science Channel, d) Style e) Versus, f) TV One, g) History International, h) Biography, i) Military Channel, j) DIY Network, k) Great American Country, and l) Fox Reality.

¹⁴ But see, footnote # 15 below.

¹⁵ A true comparison of monthly charges requires taking into account what consumers are actually required to pay to receive their content during any time frame. In that regard, The Carmel Group observes that DirecTV automatically charges \$5.00/month extra for customers seeking installation and use of a second set-top box (STB), whereas the first STB is installed for free. Because the average U.S. TV household (U.S.TVHH) contains 2.8+ TVs, The Carmel Group has also calculated the monthly charge for the DirecTV *Choice* package – adding a one STB/month fee of \$5.00 -- at \$63.99/month, rather than the \$58.99/month listed on the DirecTV website. This is based upon the assumption that the average U.S.TVHH has two STBs installed by DirecTV.

Assuming only one STB is installed, the DISH Network *America's Top 120* package costs 48% less than the \$58.99/month *Choice* package offered by DirecTV. Worth also noting, DISH Network does not charge for the installation and monthly use of a second STB. Thus the \$39.99/month charged for the *America's Top 120* package

by DISH Network represents a firm fee. In short, adding in the \$5/month fee for the STB charged by DirecTV for its *Choice* package, the DISH Network *America's Top 120* package measures as an even greater consumer value.

Further emphasizing this point, note that the calculations in the main paragraphs of this study are based upon a DirecTV *Choice* package price per month of \$58.99. Adding in the additional \$5.00/month charged by DirecTV for a second STB receiver, however, the consumer cost for the DirecTV *Choice* package rises to \$63.99, and the cost per channel for all channels rises to \$0.38, which is 23% more expensive per month than the DISH Network *America's Top 120* package. Correspondingly, the cost per channel for all DirecTV *Choice* **video** channels rises to \$0.56, which is 37% more expensive per month than the DISH Network *America's Top 120* package.

Further emphasizing this point, note that the calculations in paragraphs numbered 34-35 are based upon a DirecTV *Choice Xtra* package price per month of \$63.99. Adding in the additional \$5.00/month charged by DirecTV for a second STB receiver, however, the consumer cost for the DirecTV *Choice Xtra* package rises to \$68.99, and the cost per channel for all channels rises to \$0.30, which is 34% more expensive per month than the comparable DISH Network *America's Top 200* package. Correspondingly, the cost per channel for all DirecTV *Choice Xtra* **video** channels rises to \$0.46, which is 20% more expensive per month than the DISH Network *America's Top 200* package.

¹⁶ If the local channels are not included, this number adjusts to 17%; 16% is the number of additional channels offered by DirecTV in its *Choice* package when local channels are included.

¹⁷ Again, note that if the monthly fee of \$68.99 is calculated (factoring in the extra \$5/month set-top box fee charged by DirecTV), this monthly and annual fee differential comes to 30% more that DirecTV *Choice Xtra* subscribers pay than DISH Network *America's Top 200* subscribers pay, which means a typical customer pays an extra \$192.00 more annually.

¹⁸ Mr. Schaeffler can be reached at (831) 622 1111, and via email at jimmy@carmelgroup.com. A more complete version of this biography can be accessed at http://www.carmelgroup.com/bios/personal/jimmy_schaeffler/