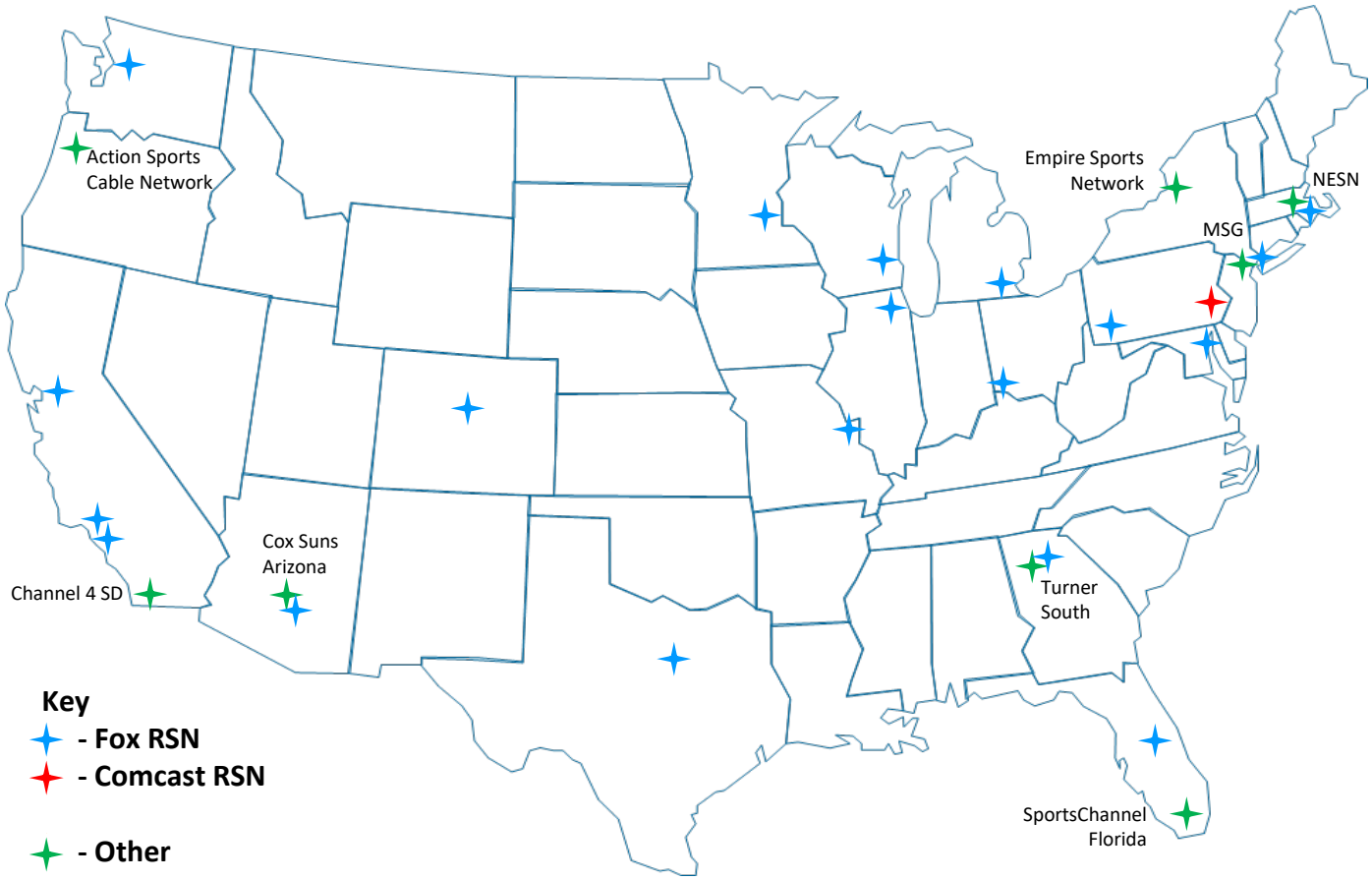
The State of the RSN Market – Rights and Opportunities

June 27, 2017

Private & Confidential

2000: Professional Sports RSN's by Location and Ownership

28 RSNs with ***90M*** subscribers generate over ***$1.2B*** in revenue and ***$195M*** in cash flow in 2000



RSN Financial Snapshot[1]

Fox
# of Networks- 19
# of Subscribers- 68M
2000 Revenue- $830M
2000 Cash Flow- $123M
2000 Operating Margin- 15%

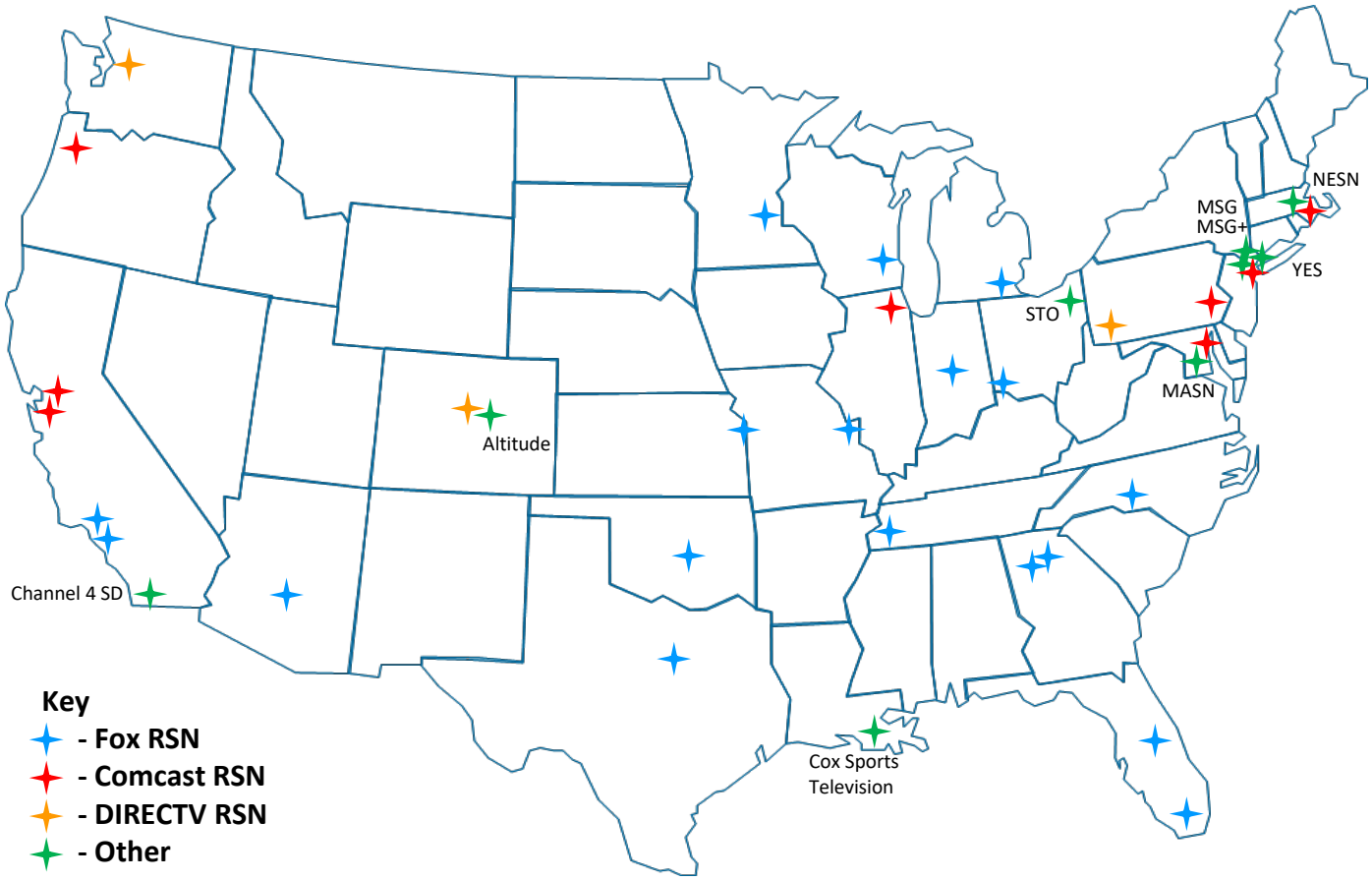
Comcast
# of Networks- 1
# of Subscribers- 3M
2000 Revenue- $44M
2000 Cash Flow- $5M
2000 Operating Margin- 11%

Other
# of Networks- 8
# of Subscribers- 20M
2000 Revenue- $373M
2000 Cash Flow- $69M
2000 Operating Margin- 18%

(1) Excludes college only networks (i.e., BTN, Pac-12 Networks, Longhorn, etc.).
Source: SNL Kagan, BHV Research.

2010: Professional Sports RSN's by Location and Ownership

38 RSNs with ***163M*** subscribers generate over ***$4.2B*** in revenue and ***$1.5B*** in cash flow in 2010



RSN Financial Snapshot(1)

Fox
# of Networks- 18
# of Subscribers- 74M
2010 Revenue- $1,741M
2010 Cash Flow- $546M
2010 Operating Margin- 31%

Comcast
# of Networks- 8
# of Subscribers- 35M
2010 Revenue- $847M
2010 Cash Flow- $290M
2010 Operating Margin- 34%

DIRECTV
# of Networks- 3
# of Subscribers- 10M
2010 Revenue- $256M
2010 Cash Flow- $86M
2010 Operating Margin- 34%

Other
# of Networks- 9
# of Subscribers- 44M
2010 Revenue- $1,409M
2010 Cash Flow- $619M
2010 Operating Margin- 44%

(1) Excludes college only networks (i.e., BTN, Pac-12 Networks, Longhorn, etc.).
Source: SNL Kagan, BHV Research.

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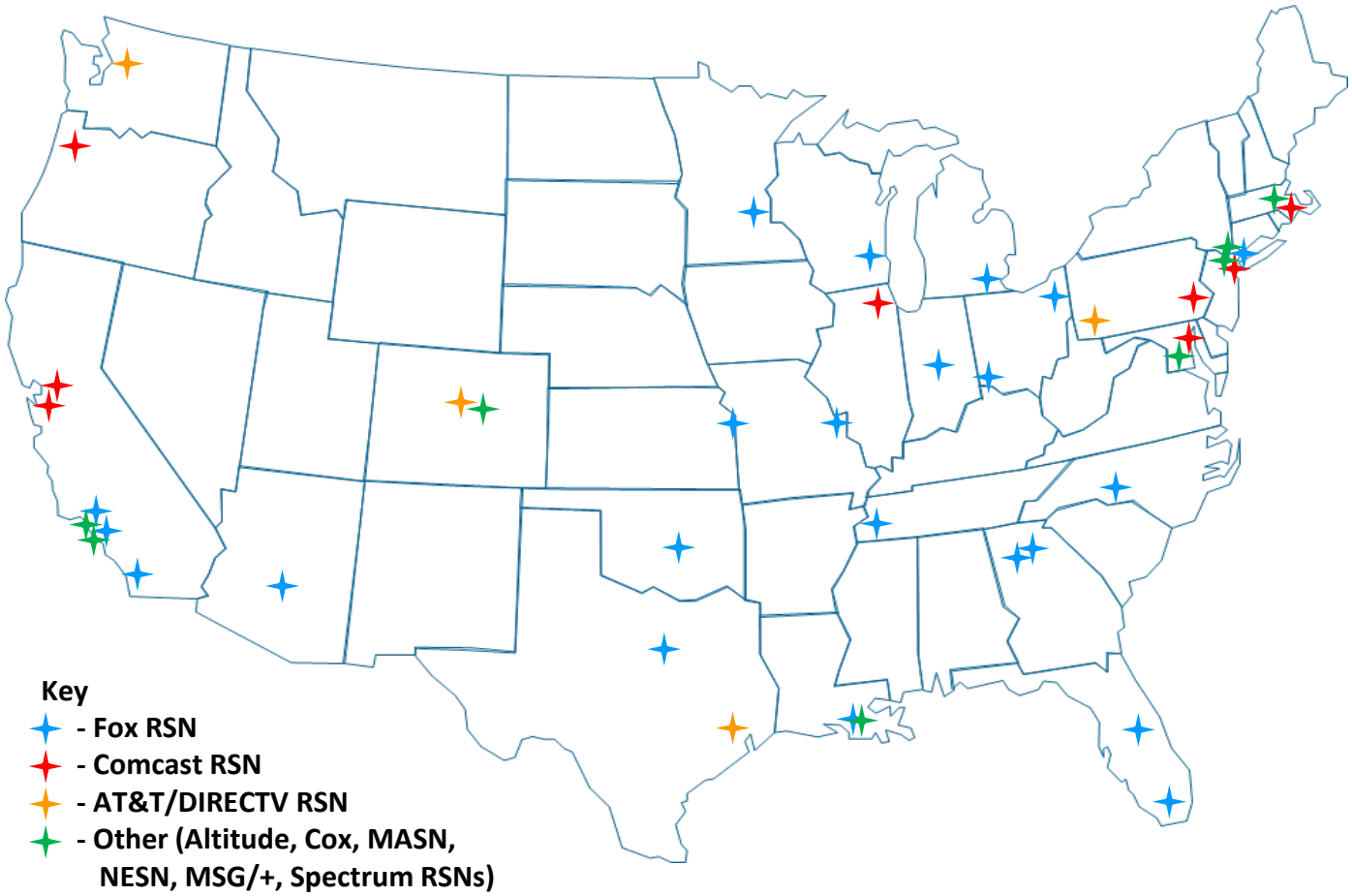
2017: Professional Sports RSN's by Location and Ownership

42 RSNs with ***166M*** subscribers projected to generate over ***$7B*** in revenue and ***$2.4B*** in cash flow in 2017



RSN Financial Snapshot[1]

Fox
# of Networks- 22
# of Subscribers- 85M
2017 Revenue- $3,320M
2017 Cash Flow- $1,258M
2017 Operating Margin- 38%

Comcast
# of Networks- 8
# of Subscribers- 32M
2017 Revenue- $1,377M
2017 Cash Flow- $481M
2017 Operating Margin- 35%

AT&T/DIRECTV
# of Networks- 4
# of Subscribers- 14M
2017 Revenue- $543M
2017 Cash Flow- $133M
2017 Operating Margin- 24%

Other
# of Networks- 8
# of Subscribers- 35M
2017 Revenue- $1,810M
2017 Cash Flow- $559M
2017 Operating Margin- 31%

(1) Excludes college only networks (i.e., BTN, Pac-12 Networks, Longhorn, etc.).
Source: SNL Kagan, BHV Research.

Accelerating *Disruption* in Media Ecosystem

Business Model Disruption	Skinny bundles and cord-cutting	Consumer exerting control
Consolidation Accelerating	Charter, altice, at&t DIRECTV, TimeWarner, verizon Aol. YAHOO!, Disney, mlbam, VICE, SBG, Tribune Media	More to come? CBS viacom, COMCAST, T-Mobile, Disney NETFLIX, NETFLIX
Mobility Driving OTT and vMVPD Alternatives	NETFLIX, hulu, amazon instant video, chromecast, tv, HBO NOW, SHOWTIME, amazon fireTV, Roku, CBS ALL ACCESS	sling, DIRECTV NOW, PlayStation Vue, amazon NFL, hulu, YouTube TV, facebook, mlbam, twitter, LIVE, twitch
Emergence of Dominant New Ad Platforms		MAKER, VOX MEDIA, FULLSCREEN, AWESOMENESS TV, VICE, BuzzFeed
Political and Regulatory Environment	Net Neutrality, Title II, spectrum auctions, merger reviews, "Ditch the Box"	Zero rating, Set-Top Box reform, 5G rollout, "Ditch the Box" – NOT!

Next several years will be a ***highly uncertain*** environment and will ***not be "business as usual"***

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OTT – A Complicated World for the Consumer

SELECTED OTT PLATFORMS

SUBSCRIPTION PLATFORMS

LIVE / VMVPDS

	Number of Channels / Sports Content	U.S. Subscribers	Cost / Month	Comments
sling	30 (Orange)/ESPN nets or 40+ (Blue)/FS1, NBCSN, Fox & Comcast RSNs (in select markets)	~1.3M	$20(Orange) or $25 (Blue)	Single stream (Orange) or multi-stream (Blue)
PlayStation Vue	~45-90+/ ESPN nets, FOX nets & RSNs, NBC nets & RSNs, CBS, TNT, TBS, NFLN, NBATV, MLBN	~400k	$30-$65	Dropped beIN Sports June 2017
DIRECTV NOW	60-120+ channels/ESPN nets, FOX nets & RSNs, NBC nets & RSNs, TNT, TBS, NBATV, MLBN, NHLN, Univision	~400K	$35-$70	Launched November 30, 2016
hulu	50+ channels/ESPN nets, FOX nets & RSNs, NBC nets & RSNs, CBS, CBSSN TNT, TBS	TBD	$40	Launched May 3, 2017
YouTube TV	40+ channels/ESPN nets, FOX nets & RSNs, NBC nets & RSNs, CBS, CBSSN	TBD	$35	Launched in select markets April 5, 2017
fubo TV	64 channels/ FOX nets & RSNs, NBC nets & RSNs, NBATV, beIN Sports, Univision, UniMas, One World Sports, GolTV	~70K	$35	Focused on international soccer
BAMTech / ESPN	TBD	TBD	TBD	Projected to launch in 2017

ON-DEMAND

	Content Available	U.S. Subscribers	Cost / Month	Comments
HBO NOW	HBO original programming (movies and TV series)	~2M	$15	Offers companion authenticated service, HBO Go
NETFLIX	Movies, TV Series and original programming	~51M	$8-$12	Pricing based on the number of screens available to watch simultaneously
amazon instant video	Movies, TV Series and original programming	~80M	$99 (Annually) $9-$11 (Monthly)	Available through Amazon Prime or standalone monthly subscription, additional titles available for rent/purchase
hulu	Current and past episodes from broadcast networks, original programming	~12M	$8-$12	Subscription plan with limited advertisements and without advertisements

HARDWARE PLATFORMS

GAMING CONSOLES

	Content Available[1]	Global Units Sold[2]	Retail Price	Comments
XBOX ONE / XBOX 360	Sling, ESPN, Leagues and Netflix/Hulu/Amazon/HBO	~26m/~84M	$349/$150	Not all applications available on Xbox 360
PS4 / PS3	Sling, Vue, Leagues and Netflix/Hulu/Amazon/HBO	~60M/~84M	$399/$219	Not all applications available on PS3
Wii U	Netflix, Hulu and Amazon	~13.6M	$300	Additional game related content available

STREAMING DEVICES

Roku	Sling, Vue, fuboTV, ESPN, NBC, Leagues, and Netflix/Hulu/Amazon/HBO	~10m+	$30-$140	Roku offers a variety of streaming stick and boxes with additional features
chromecast	Sling, Vue, DirecTV Now, fuboTV, and Netflix/Hulu/HBO	~17m	$30-$60	Offers content from thousands of compatible apps ready to stream
amazon fireTV	Sling, Vue, DirecTV Now, fuboTV ESPN, FOX, Leagues, and Netflix/Hulu/Amazon/HBO	Undisclosed	$40-$90	Offers Amazon Fire TV Stick as well as the Fire TV Box
tv	Sling, Vue, DirecTV Now, fuboTV, WatchESPN, Leagues, Netflix/Hulu/Amazon/HBO	~25m	$150-$200	Updated Apple TV planned to release in 2017

(1) Requires subscription from an affiliated cable TV provider or a-la-carte directly from content provider
(2) Represents estimated total units sold to date since product launch

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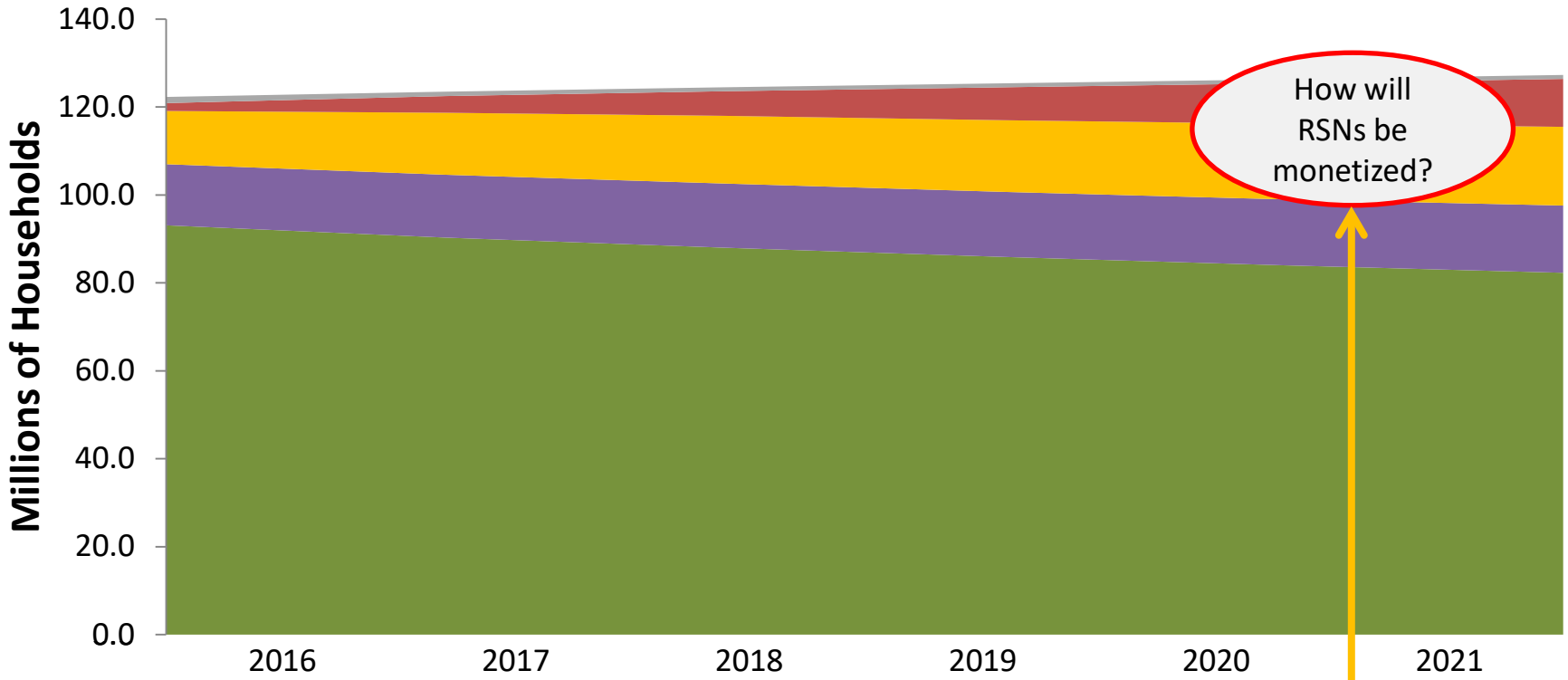
RSN Carriage on Leading OTT Platforms

		FOX SPORTS	CSN	ROOT SPORTS	MSG	NESN	SPECTRUM SPORTSNET LA	SPECTRUM SPORTSNET	mash	Altitude sports
sling TELEVISION	Orange	-	-	-	-	-	-	-	-	-
	Blue	✓	✓	-	-	-	-	-	-	-
PlayStation Vue	Access	-	-	-	-	-	-	-	-	-
	Core	✓	✓	-	-	✓	-	-	-	-
	Elite	✓	✓	-	-	✓	-	-	-	-
	Ultra	✓	✓	-	-	✓	-	-	-	-
DIRECTV NOW	Live A Little	-	-	-	-	-	-	-	-	-
	Just Right	✓	✓	-	-	-	-	-	-	-
	Go Big	✓	✓	-	-	-	-	-	-	-
	Gotta Have It	✓	✓	-	-	-	-	-	-	-
hulu	Live TV	✓	✓	-	-	-	-	-	-	-
YouTube TV	YouTube TV	✓	✓	-	-	-	-	-	-	-
fubo TV	FuboTV	✓	✓	-	-	-	-	-	-	-

While OTT subscribers help to offset linear subscriber losses, they are subject to greater risk of seasonality and churn

Source: BHV Research.
Note: Networks only available in select markets.

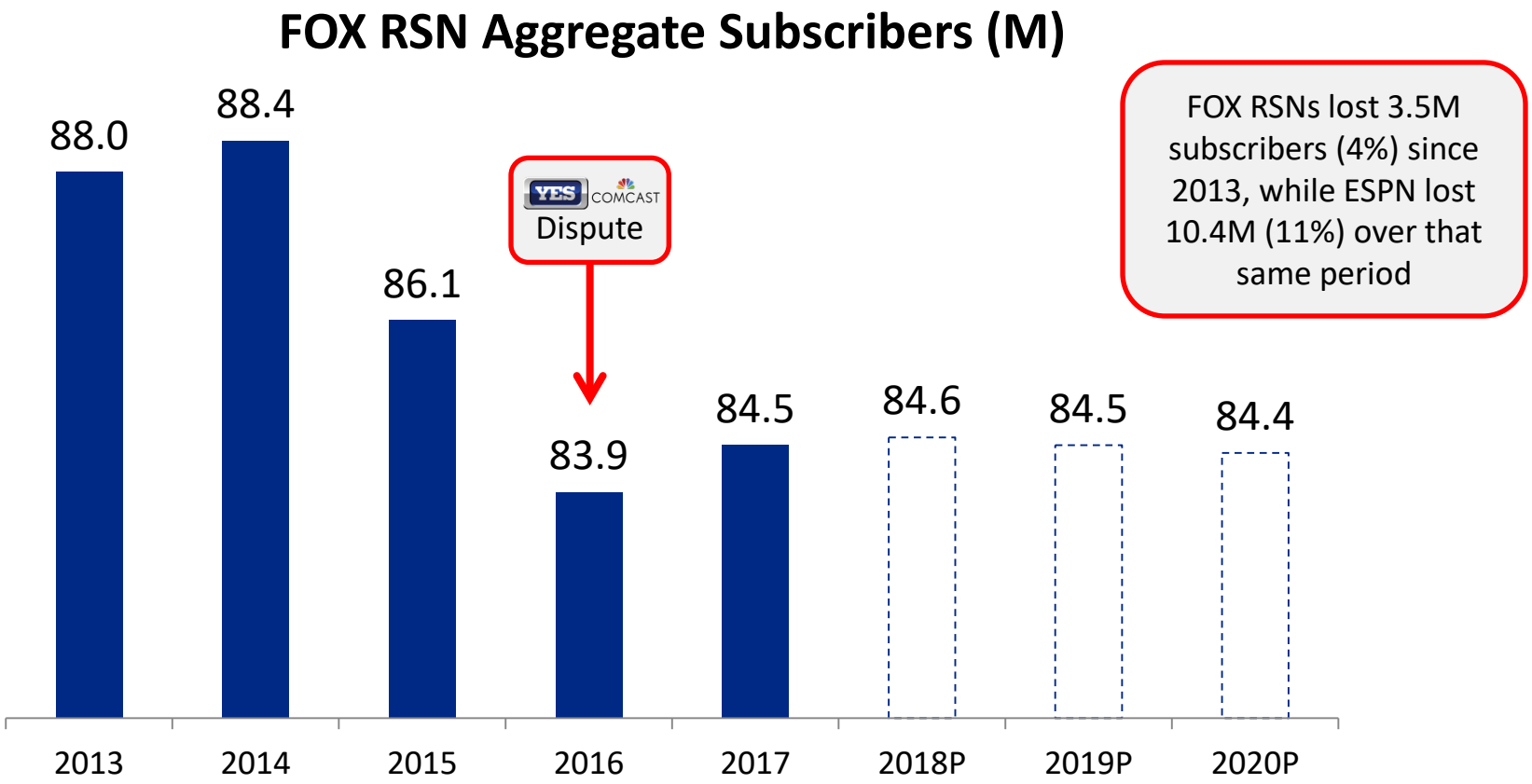
Projected US Household Segmentation



	2016	2017	2018	2019	2020	2021
Other	1.4	1.0	0.9	0.9	0.9	0.9
vMVPD	1.8	3.8	5.6	7.5	9.2	10.9
OTT-only	12.1	14.1	15.4	16.3	17.2	17.9
OTA	13.9	14.3	14.6	14.8	15.0	15.3
Multichannel	93.1	90.3	88.0	85.9	84.0	82.3

Source: SNL Kagan.

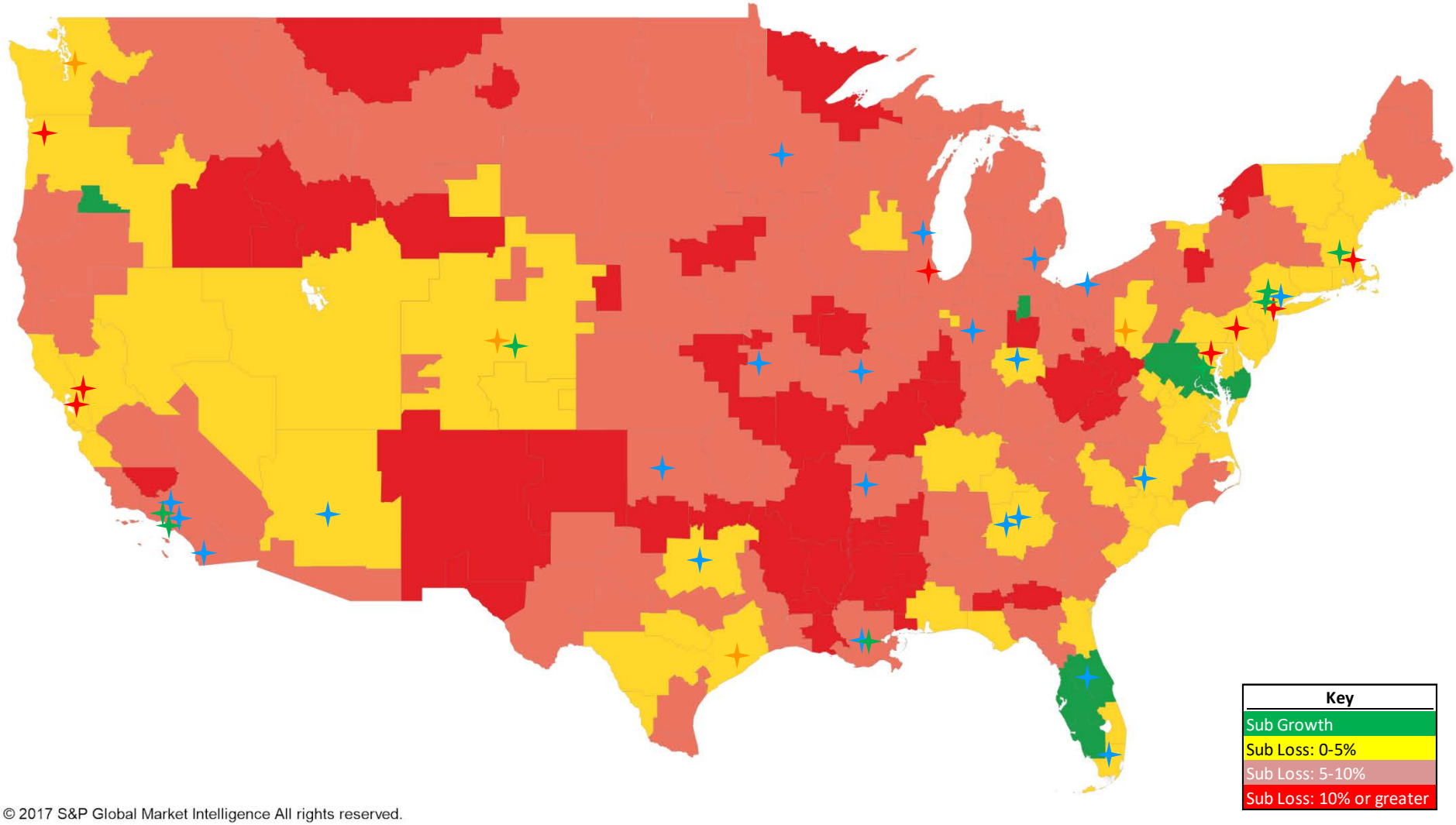
Linear Subscriber Losses: FOX RSNs



Linear subscription losses expected to continue, but it remains unclear to what extent this might be impacted by OTT subscriptions and churn

Source: SNL Kagan.

Pay-TV Subscriber Losses by DMA: 2013 to 2017



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Source: MediaCensus.

Pay-TV Subscriber Losses by DMA: 2013 to 2017

Rank	Name
30	Hartford & New Haven, CT
37	Greenville-Spartanburg, SC-Asheville, NC-Anderson, SC
38	West Palm Beach-Ft. Pierce, FL
39	Austin, TX
40	Las Vegas, NV
42	Norfolk-Portsmouth-Newport News, VA
43	Harrisburg-Lancaster-Lebanon-York, PA
44	Grand Rapids-Kalamazoo-Battle Creek, MI
45	Birmingham (Anniston and Tuscaloosa), AL
46	Greensboro-High Point-Winston Salem, NC
47	Jacksonville, FL
48	Albuquerque-Santa Fe, NM
49	Louisville, KY
52	Providence, RI-New Bedford, MA
54	Fresno-Visalia, CA
55	Richmond-Petersburg, VA
56	Wilkes Barre-Scranton-Hazleton, PA
57	Little Rock-Pine Bluff, AR
58	Tulsa, OK
59	Albany-Schenectady-Troy, NY
60	Mobile, AL-Pensacola (Ft. Walton Beach), FL
61	Ft. Myers-Naples, FL
62	Knoxville, TN
63	Lexington, KY
64	Dayton, OH
65	Honolulu, HI
66	Wichita-Hutchinson, KS Plus
67	Roanoke-Lynchburg, VA
68	Green Bay-Appleton, WI
69	Des Moines-Ames, IA
70	Charleston-Huntington, WV
71	Tucson (Sierra Vista), AZ
72	Flint-Saginaw-Bay City, MI
73	Spokane, WA
74	Omaha, NE
75	Springfield, MO
76	Rochester, NY
77	Columbia, SC
78	Toledo, OH
79	Huntsville-Decatur (Florence), AL
80	Madison, WI
81	Portland-Auburn, ME
82	Shreveport, LA
83	Paducah, KY-Cape Girardeau, MO-Harrisburg, IL
84	Harlingen-Weslaco-Brownsville-McAllen, TX
85	Syracuse, NY
86	Champaign & Springfield-Decatur, IL
87	Waco-Temple-Bryan, TX
88	Colorado Springs-Pueblo, CO
89	Chattanooga, TN
90	Cedar Rapids-Waterloo-Iowa City & Dubuque, IA
91	Savannah, GA
92	El Paso, TX (Las Cruces, NM)
93	Baton Rouge, LA
94	Charleston, SC
95	Jackson, MS
96	South Bend-Elkhart, IN
97	Burlington, VT-Plattsburgh, NY
98	Tri-Cities, TN-VA
99	Ft. Smith-Fayetteville-Springdale-Rogers, AR
100	Greenville-New Bern-Washington, NC
101	Davenport, IA-Rock Island-Moline, IL
102	Myrtle Beach-Florence, SC
103	Evansville, IN
104	Johnstown-Altoona-State College, PA
105	Lincoln & Hastings-Kearney, NE
106	Boise, ID
107	Tallahassee, FL-Thomasville, GA
108	Tyler-Longview(Lufkin & Nacogdoches), TX
109	Sioux Falls(Mitchell), SD
110	Ft. Wayne, IN
111	Augusta, GA-Aiken, SC
112	Reno, NV
113	Lansing, MI
114	Springfield-Holyoke, MA
115	Youngstown, OH
116	Fargo-Valley City, ND
117	Eugene, OR
118	Peoria-Bloomington, IL
119	Traverse City-Cadillac, MI
120	Lafayette, LA
121	Macon, GA
122	Yakima-Pasco-Richland-Kennewick, WA
123	Montgomery-Selma, AL
124	Santa Barbara-Santa Maria-San Luis Obispo, CA
125	Monterey-Salinas, CA
126	Bakersfield, CA
127	Columbus, GA (Opelika, AL)
128	Corpus Christi, TX
129	La Crosse-Eau Claire, WI
130	Wilmington, NC
131	Amarillo, TX
132	Chico-Redding, CA
133	Columbus-Tupelo-West Point-Houston, MS
134	Wausau-Rhinelander, WI
135	Topeka, KS
136	Columbia-Jefferson City, MO
137	Monroe, LA-El Dorado, AR
138	Rockford, IL
139	Medford-Klamath Falls, OR
140	Minot-Bismarck-Dickinson (Williston), ND
141	Beaumont-Port Arthur, TX
142	Duluth, MN-Superior, WI
143	Odessa-Midland, TX
144	Salisbury, MD
145	Lubbock, TX
146	Palm Springs, CA
147	Anchorage, AK
148	Wichita Falls, TX & Lawton, OK
149	Sioux City, IA
150	Erie, PA
151	Joplin, MO-Pittsburg, KS
152	Albany, GA
153	Rochester, MN-Mason City, IA-Austin, MN
154	Panama City, FL
155	Terre Haute, IN
156	Bangor, ME
157	Biloxi-Gulfport, MS
158	Wheeling, WV-Steubenville, OH
159	Bluefield-Beckley-Oak Hill, WV
160	Binghamton, NY
161	Gainesville, FL
162	Sherman, TX-Ada, OK
163	Idaho Falls-Pocatello, ID (Jackson, WY)
164	Missoula, MT
165	Abilene-Sweetwater, TX
166	Billings, MT
167	Yuma, AZ-El Centro, CA
168	Hattiesburg-Laurel, MS
169	Clarksburg-Weston, WV
170	Quincy, IL-Hannibal, MO-Keokuk, IA
171	Utica, NY
172	Rapid City, SD
173	Dothan, AL
174	Lake Charles, LA
175	Elmira (Corning), NY
176	Jackson, TN
177	Harrisonburg, VA
178	Watertown, NY
179	Alexandria, LA
180	Marquette, MI
181	Bowling Green, KY
182	Jonesboro, AR
183	Charlottesville, VA
184	Laredo, TX
185	Butte-Bozeman, MT
186	Grand Junction-Montrose, CO
187	Lafayette, IN
188	Bend, OR
189	Lima, OH
190	Meridian, MS
191	Twin Falls, ID
192	Great Falls, MT
193	Greenwood-Greenville, MS
194	Parkersburg, WV
195	Eureka, CA
196	San Angelo, TX
197	Casper-Riverton, WY
198	Cheyenne, WY-Scottsbluff, NE
199	Mankato, MN
200	Ottumwa, IA-Kirksville, MO
201	St. Joseph, MO
202	Fairbanks, AK
203	Victoria, TX
204	Zanesville, OH
205	Helena, MT
206	Presque Isle, ME
207	Juneau, AK
208	Alpena, MI
209	North Platte, NE
210	Glendive, MT
213	Non DMA Area

RSN inner markets relatively shielded in larger DMAs
National networks face greater exposure to small DMAs

Key
Sub Growth
Sub Loss: 0-5%
Sub Loss: 5-10%
Sub Loss: 10% or greater

Source: MediaCensus.
Note: DMA Ranks reflect Nielsen's 2017 figures.

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Key Domestic Media Rights Deal Expirations with Current AAVs

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026+
Thursday Night Football $450M	UFC	Several key omnibus affiliate / distribution deals will be reset in this period		Monday Night Football $1.9B	NFL $3.1B				College Football Playoff '26 $615M
NFL Mobile $250M				Major League Baseball $1.6B	Sunday Ticket $1.5B		NASCAR $820M	NBA $2.6B	NCAA March Madness '32 $1.1B
Formula 1	WWE			NHL $188M	MLS $90M	B1G $440M	Pac-12 $250M	Big 12 $217M	SEC '35 $255M+
				PGA Tour $500M	Premier League $167M				ACC '36 $280M+

TVE / MVPD / Bundle

tve (tv everywhere), FOX Sports GO, NBC Sports

vMVPD / OTT / Skinnier Bundle

sling TV, DIRECTV NOW, hulu, PlayStation Vue, YouTube TV, fubo TV

DTC / A La Carte

CBS All Access, NFL Sunday Ticket, MLB Extra Innings, WWE Network, NBA League Pass, NHL Center Ice

Term and platform rights are key considerations for the 2021-2022 timeframe

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RSNs: Opportunities and Challenges

Business Model Disruption	Skinny bundles and cord-cutting	Consumer exerting control	A la carte downside poses serious threat
Consolidation Accelerating	Increased pressure on independent RSNs	NESN, Altitude Sports, MSG, Spectrum SportsNet, Spectrum SportsNet, mash	Term and platform rights critical
Mobility Driving OTT and vMVPD Alternatives	Business model uncertainty prompting exploration of new distribution technologies	FOX Sports GO, amazon NFL, twitter NFL, AFC, NHL, NBA	RSNs must live in both worlds
Emergence of Dominant New Ad Platforms	Ad buyers have alternative, targeted means of reaching sports fans	facebook MLS, MLB, mlbam MLB, NHL, WWE, Rio2016, NFL	Social critical to driving increased engagement
New Deal Structures	Increasing diversity in deal structures reflect varying risk appetites and future expectations	FOX Sports Prime Ticket, CSN Mid-Atlantic, CSN Northwest, Clippers, Wizards, Capitals, Portland	Preservation of flexibility vs. long term certainty

Future RSN model will be defined by risk tolerance of media companies/rights holders vs. consumer accessibility and continued appeal

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Q&A