Good morning Chairman Walden, Ranking Member Eshoo and members of the Sub-Committee.

My name is David Bank and I am a Managing Director and the Equity Research Analyst responsible for covering the Media sector for RBC Capital Markets, where I primarily advise institutional clients, such as pension fund and mutual fund managers, with respect to broader themes and specific company fundamentals in the Media Industry. RBC Capital Markets is the corporate and investment banking arm of Royal Bank of Canada, Canada's largest bank and the 12th largest bank in the world, based on market capitalization. With over 7,100 employees, RBC Capital Markets operates in 75 offices in 15 countries worldwide and is consistently ranked among the top global investment banks.

I help advise investors with respect to how they should be positioned in the media space given current and future Industry dynamics. I have covered the Media space for approximately the last 15 years during which a tremendous amount of change has occurred in the broad media landscape, especially with respect to:

a) how consumers apportion their time consuming different media,

b) the new media outlets that have become available to them, and

c) the business models available to those operators within those media spaces.

Much is made of the fact that the current regulatory framework for media ownership dates back to 1975 for the newspaper cross ownership and basically to the late 20th Century for much of the framework for TV and Radio Broadcast with respect to both cross ownership and single media ownership concentration across single markets as

well as the US in totality. The financial markets are keenly aware that this regulatory framework was created before the dynamically changing nature of the media ecosystem that has over taken us at light speed over the past few years had developed. The financial markets are even more keenly aware *consumer behaviour* itself has changed massively as a result of the evolving ecosystem. Specifically, the current regulatory framework was constructed in a media ecosystem that basically didn't include the Internet. While it may have contemplated a broad PC based Internet consumption environment, it certainly didn't contemplate a Mobile application based ecosystem. For an illustration of this point, please see Exhibit 1:

As you can see, ~45% of consumers "media time" is now spent on either the Internet on PC or some sort of Mobile application. We think this a reasonable starting point to view the framework through which we might want to evaluate the relevance of current rules to the existing ecosystem.

In terms of *traditional* Media, there is probably no surprise that consumers *still* spend more of their time with Television than any other medium, as they have for decades, including the time period in which the current regulatory framework was constructed. However, consumption within the TV paradigm has shifted greatly in a way not necessarily reflected in a *regulatory* paradigm shift. The primary shift has been the consumption of TV moving meaningfully from a world dominated by broadcast content to an increasingly fragmented one where the American viewer now consumes the majority of TV content from dual stream advertiser and subscription fee supported cable channels. Exhibit 2 illustrates that even 10 years ago, the majority of Adult 18-49 Primetime Audience was not on the Big 4 Broadcast Networks, but rather, skewed

slightly toward non-broadcast cable. Today, that shift is even more pronounced, with Broadcast controlling only about 1/3rd of the Primetime Audience. As a result, it's clear to us that Broadcast TV regulation should probably consider a framework in which pay-TV in total as an ecosystem is a competitor to Broadcasting. This is the case in small and big markets alike.

Further, TV isn't the only the only medium that has seen an increased fragmentation in audience over the past 15 years. The radio ecosystem has clearly undergone an evolution beyond simply a broadcast transmitter since the time when the regulatory framework was constructed. Broadcast radio has probably been less impacted by the advent of "traditional" subscription services, such as Sirius Satellite Radio, than the television ecosystem has despite the fact that Sirius does have ~26mm paying subscribers today with millions more of trials and inactive radios currently on the road, the latter just waiting to be activated. This has eaten into traditional radio's share of the audience on some level.

Radio has been more directly impacted by the advent of the Internet with services such as Pandora, Spotify or download and podcast services such as ITunes especially on a non subscription basis.

Simply considering digital radio services offers a framework for which the world has dramatically changed. Digital's audience skews younger, but the trend of total population penetration is irrefutable, as illustrated in Exhibit 3.

Digital radio listeners are now at mass-market proportions, representing just more than half of the population and over two-thirds of internet users. Clearly, the game has

changed in radio with respect to consumer behaviour. This has also put some pressure on the typical radio business model.

The Newspaper business model is not a major a focus in our coverage universe, but it's quite clear that the Industry has undergone a great deal of tumult in no small part due to changes in consumer behaviour and alternatives as well. Most specifically, consumers simply have more choices with respect to how to consume news, particularly in a world where real time information is available 24 hours per day from numerous outlets, including the cable TV ecosystem as well as the online ecosystem.

In 1975, when Newspaper/TV cross ownership rules were essentially constructed, consumers had no digital or cable news choices. By 2003, over 10 years ago, consumers were getting 20% of their news from online sources. Today that figure is ~40%, as illustrated in Exhibit 4. That is an astounding change in consumer behaviour that has had a material impact on the broader media ecosystem.

The bottom line regarding these shifts in the ecosystem is that they seem to call into relief what some of the existing regulatory framework doesn't – that digital media has now created, at least on the macro level, a powerful competitor to the media ecosystem that existed in isolation in the prior century. The markets are keenly aware of this and it plays a significant role in the way they fund growth in the choices consumers have for media consumption.

That said, there have been some movements, more recently, on the part of the FCC to re-regulate some elements of media ownership and ownership concentration issues in the TV landscape in particular.

The merits of these rule changes specifically aren't what we would focus on in this venue today. Rather, we would put the focus on the isolated nature of the rule changes without consideration to adjacent issues. For instance, the UHF discount itself is probably something increasingly obsolete in an evolved ecosystem where most people under the age of 40 couldn't tell you what the difference between a UHF or VHF station was – there is no "separate dial" on a cable box. But rather, the choice to address such changes on a piecemeal basis adds limited visibility to the financial market place. The financial markets would probably have found it more constructive to view the UHF discount rule considered in a broader framework related to overall ownership cap re-regulation. The financial markets do sometimes struggle with how to interpret broader ramifications for such changes.

That concludes my prepared remarks. I would like to thank Chairman Walden, ranking member Eshoo and the sub committee members for giving me the opportunity to speak to today.

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