

## Movies and Entertainment

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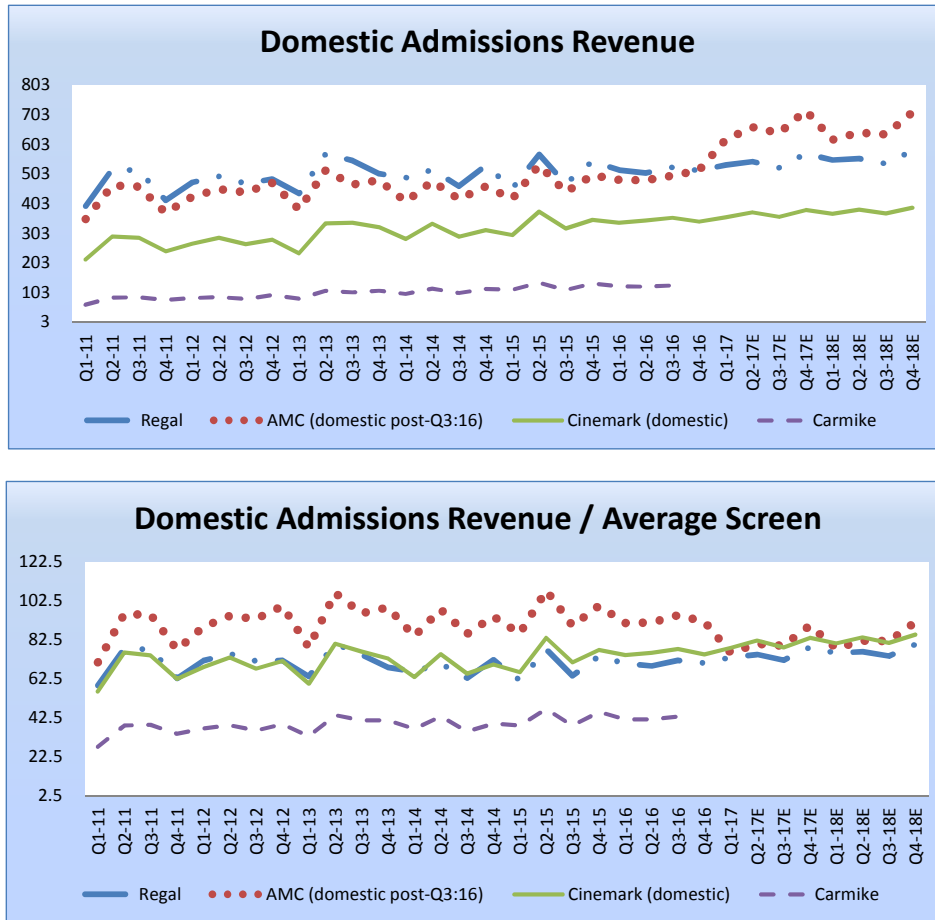
### Biweekly Review -- A Look Ahead from Mid-May and Our Take on Current Events in Film Exhibition and Video-On-Demand

- Q2 weekly box office is tracking down 3.1% quarter-to-date through the weekend ended May 14.** April ended up 3.3% led by *Fate of the Furious*. While the latest *Furious* film compared unfavorably to last year's top April film, *The Jungle Book*, there were more high-performing April titles this year than last year. Through week 18, *Guardians of the Galaxy* drove quarter-to-date box office up 9.3%, but as anticipated *Guardians* compared unfavorably to last year's *Captain America: Civil War*, both early May releases, dragging down Q2 quarter-to-date box office through the weekend. We expect *Guardians* to top the Q2 charts, despite falling short of *Captain America* in Q2 last year. We expect the Q2:17 slate to be stronger outside of the top ten than last year, and to end higher than Q2:16. Additionally, we think the lower concentration will drive lower film rents.
- We expect higher overall domestic admissions revenue for our covered exhibitors in 2017 and 2018.** We think there are multiple catalysts that will drive higher overall admissions revenue in 2017 and 2018. First, we think that what we previously called "shoulder periods" are becoming more viable slots for tent pole films and are driving higher Q1 and Q3 attendance. We expect a smoothing of the annual release slate and anticipate fewer fluctuations quarter-to-quarter (see Figure 2 on page 3). Second, we anticipate a strong release slate compared to prior years. Q1:17 ended well above our estimates and consensus, and while Q2 is slightly more challenged than we anticipated quarter-to-date, we think the year will end higher than 2016 driven particularly by a strong Q4 release slate. We would remind investors that *Star Wars: The Last Jedi* will play for three weekends in Q4:17 compared to *Star Wars: The Force Awakens* having played for only two weekends in Q4:15. Third, we think that AMC can and will improve the metrics of the Carmike circuit throughout 2017, with its rebranding, theater upgrades, and more robust marketing strategies.
- Despite difficult premium ticket comparisons, we expect average ticket growth for the exhibitors for the balance of the year.** The remaining release slate has strength outside of the top ten films, another difficult comparison in Q3, and an easy comparison and strong premium release slate in Q4. In Figure 3 on page 4, we compare the top ten films in each quarter to the prior year's quarter, denoting which was or will be available in IMAX or IMAX 3D. Notwithstanding difficult comparisons in Q1 for premium films, Q1:17 ended far better than we initially expected. The comparison for Q3 is also difficult, and we expect Q3:17 to be down relative to Q3:16. In contrast, we expect industry box office growth in both Q2 and Q4 this year. Our model currently forecasts the top 10 films in Q2 to be up only 1%, but we anticipate solid overall growth during the quarter driven largely by a deeper release slate with strong performance outside of the top ten films. We expect Q4 to have meaningfully higher average ticket compared to Q4:16 given the strong premium releases within our projected top ten. Not only does IMAX have an opportunity to grow its DMR revenue in 2017 over 2016, but we expect all three exhibitors to show growth from their proprietary PLF screens during the year, driving box office.
- The Chinese Weekend Box Office is tracking up 47.1% and four of the five weekends were led by IMAX titles.** *Fate of the Furious* has been the clear outperformer in Q2, with its opening weekend up nearly 300% over the prior year. It led the second weekend of its release, and that weekend also grew 25% over the prior year. *Shock Wave*, a non-IMAX title, led the fourth weekend and drove a 68% gain over the prior year. *Guardians of the Galaxy*, another IMAX title, led week five but was down year-over-year compared to *Finding Mr. Right 2* released in the fifth weekend of Q2:16. With easing comparisons through the balance of the quarter and through the end of the year, we think IMAX will post positive growth in China in 2017.
- In our view, Netflix is more proficient at television production than films compared to Amazon.** However, Netflix's Q2 mix includes six new original series and another ten new original movies; the company appears to believe that it can win the streaming content race on volume over quality, with its movie slate receiving consistently low Metacritic scores. In Q2, Netflix is also releasing new seasons of *Sense8*, *Master of None*, *The Unbreakable Kimmy Schmidt*, *House of Cards*, and *Orange is the New Black*, which should keep domestic subscribers engaged through the end of the quarter. Amazon Studios has released better reviewed films overall, albeit fewer in number. Its four most recently rated releases received Metacritic scores between 83 and 96, and two received Academy Awards. In Q2 Amazon is releasing two new original series, an original movie, and it recently released a fourth season of its hit show, *Catastrophe*. While we expect Amazon to increase its spending on content throughout 2017, Amazon is not yet competing with Netflix on volume. We continue to view Amazon content as having higher average quality, but it must increase the quantity of its offering in order to compete favorably with Netflix.

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We expect higher overall domestic admissions revenue for our covered exhibitors in 2017 and 2018. We think there are multiple catalysts at play that will drive higher overall admissions revenue in 2017 and 2018. First, we think that what we previously called “shoulder periods” are becoming more viable slots for tent pole films and are driving higher Q1 and Q3 attendance. We expect a smoothing of the annual release slate and anticipate fewer fluctuations quarter-to-quarter (see Figure 2 on page 3). Second, we anticipate a strong release slate compared to prior years. Q1:17 ended well above our estimates and consensus, and while Q2 is slightly more challenged than we anticipated quarter-to-date, we think the year will end higher than 2016 driven particularly by a strong Q4 release slate. We would remind investors that *Star Wars: The Last Jedi* will play for three weekends in Q4:17 compared to *Star Wars: The Force Awakens* having played for only two weekends in Q4:15. Third, we think that AMC can and will improve the metrics of the Carmike circuit throughout 2017, with its rebranding, theater upgrades, and more robust marketing strategies.

Figure 1: Domestic Admissions Revenue (in \$ millions)

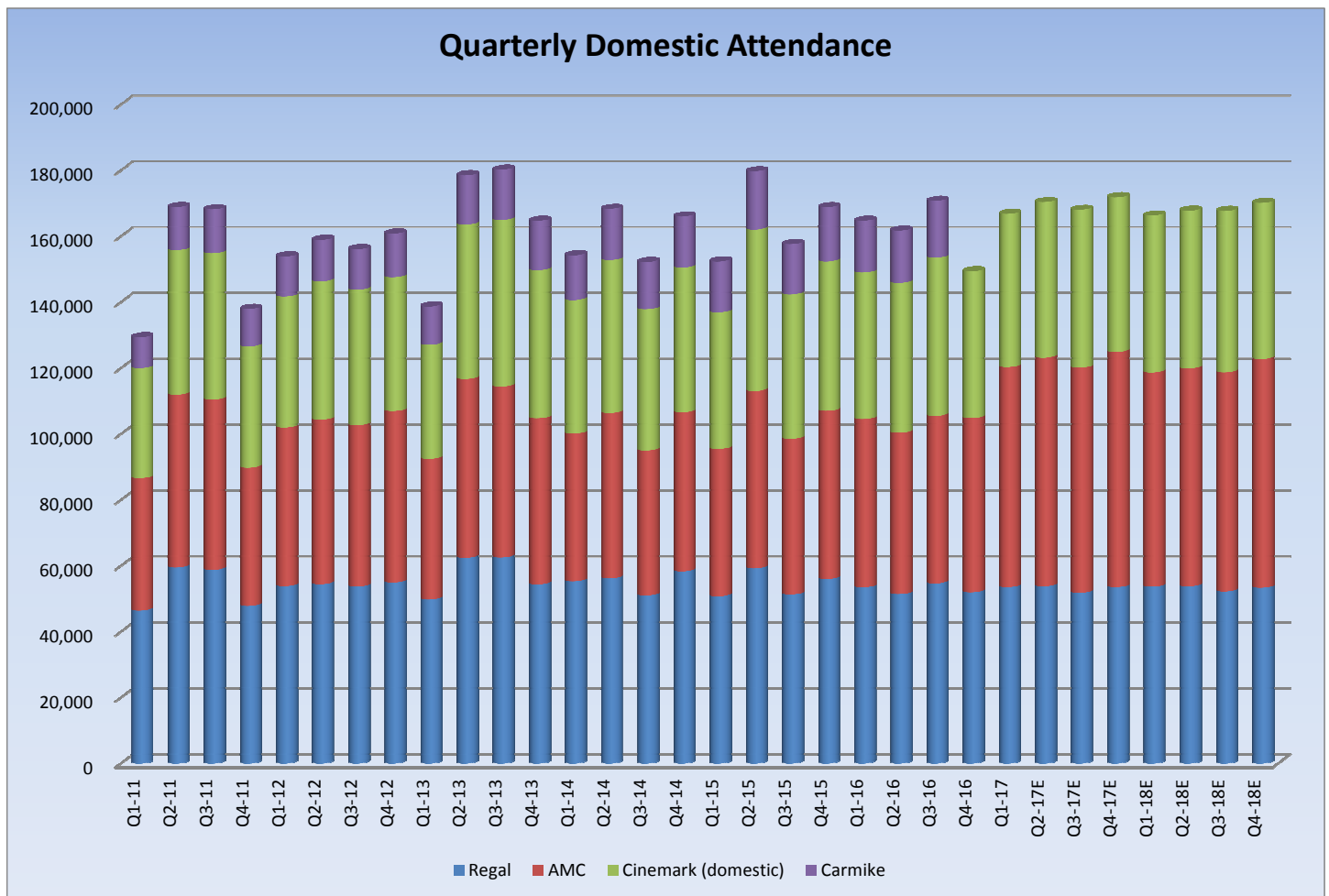


\*AMC: domestic data only after Q3:16

Source: Company data, Wedbush Securities, Inc.

While we expect it to improve over time, we do anticipate AMC’s domestic admissions revenue per average screen to remain depressed through 2018 after taking on Carmike. Carmike’s attendance and average ticket per screen reflect its more rural footprint compared to AMC’s more urban and suburban footprint, reflected in Figure 1 – Domestic Admissions Revenue / Average Screen above. Prior to AMC’s acquisition of Carmike, it had industry-leading admissions revenue per average screen, although with its now more geographically and demographically diverse footprint, its admissions revenue per average screen is in line with its competitors, Regal and Cinemark. We anticipate that by Q4:18 or 2019 AMC will be back in an industry-leading position for domestic admissions revenue per average screen as it capitalizes on theater upgrades and a more widespread adoption of its loyalty program by that time.

**Figure 2: Domestic Top 4/3 Exhibitor Attendance (in 000's)**



\*AMC: domestic data only after Q3:16

Source: Company data, Wedbush Securities, Inc.

**Despite difficult premium ticket comparisons, we expect average ticket growth for the exhibitors for the balance of the year.** The remaining release slate has strength outside of the top ten films, another difficult comparison in Q3, and an easy comparison and strong premium release slate in Q4. In Figure 3 below, we compare the top ten films in each quarter to the prior year's quarter, denoting which was or will be available in IMAX or IMAX 3D. Notwithstanding difficult comparisons in Q1 for premium films, Q1:17 ended far better than we initially expected. The comparison for Q3 is also difficult, and we expect Q3:17 to be down relative to Q3:16. In contrast, we expect industry box office growth in both Q2 and Q4 this year. Our model currently forecasts the top 10 films in Q2 to be up 1%, but we anticipate solid overall growth during the quarter driven largely by a deeper release slate with strong performance outside of the top ten films. We expect Q4 to have meaningfully higher average ticket compared to Q4:16 given the strong premium releases within our projected top ten. Not only does IMAX have an opportunity to grow its DMR revenue in 2017 over 2016, but we expect all three exhibitors to show growth from their proprietary PLF screens during the year, driving box office.

**Figure 3: Top Ten Films by Quarter, Last Four Quarters vs. Estimates for Upcoming Four Quarters**

Q2 2016A					Q2 2017E				
Rank	Title	Gross in Qtr	Total Gross	Opening	Rank	Title	Est Gross in Qtr	Opening	
1	Captain America: Civil War	\$405	\$407	5/6/16	1	Guardians of the Galaxy Vol. 2	\$364	5/5/17	
2	The Jungle Book	\$359	\$362	4/15/16	2	Wonder Woman	\$238	6/2/17	
3	Finding Dory	\$330	\$471	6/17/16	3	The Fate of the Furious	\$221	4/14/17	
4	X-Men: Apocalypse	\$153	\$155	5/27/16	4	Pirates of the Caribbean: Dead Men Tell No Tales	\$221	5/26/17	
5	Batman v Superman: Dawn of Justice	\$121	\$330	3/25/16	5	The Boss Baby	\$147	3/31/17	
6	Angry Birds	\$105	\$107	5/20/16	6	Beauty and the Beast	\$139	3/17/17	
7	The Conjuring 2	\$91	\$102	6/10/16	7	Cars 3	\$137	6/16/17	
8	Zootopia*	\$85	\$341	3/4/16	8	The Mummy	\$125	6/9/17	
9	Central Intelligence	\$79	\$126	6/17/16	9	Baywatch	\$122	5/25/17	
10	Teenage Mutant Ninja Turtles: Out of the Shadows	\$78	\$81	6/3/16	10	Alien: Covenant	\$103	5/19/17	
<b>Top Ten Total</b>		<b>\$1,805</b>			<b>Top Ten Total</b>		<b>\$1,817</b>		<b>1%</b>
<b>IMAX Total (within top 10)</b>		<b>\$1,445</b>			<b>IMAX Total (within top 10)</b>		<b>\$1,408</b>		<b>(3%)</b>

Q3 2016A					Q3 2017E				
Rank	Title	Gross in Qtr	Total Gross	Opening	Rank	Title	Est Gross in Qtr	Opening	
1	The Secret Life of Pets	\$364	\$366	7/8/16	1	Spider-Man: Homecoming	\$273	7/7/17	
2	Suicide Squad	\$319	\$324	8/5/16	2	Despicable Me 3*	\$233	6/30/17	
3	Jason Bourne	\$161	\$162	7/29/16	3	Dunkirk*	\$160	7/21/17	
4	Star Trek Beyond	\$158	\$159	7/22/16	4	Transformers: The Last Knight	\$144	6/21/17	
5	Finding Dory*	\$154	\$154	6/17/16	5	War for the Planet of the Apes	\$142	7/14/17	
6	Ghostbusters	\$127	\$128	7/15/16	6	The Dark Tower	\$114	8/4/17	
7	The Legend of Tarzan	\$127	\$127	7/1/16	7	It	\$106	9/8/17	
8	Sully	\$114	\$122	9/9/16	8	Kingsman: The Golden Circle	\$102	9/22/17	
9	Bad Moms	\$112	\$113	7/29/16	9	The LEGO Ninjago Movie	\$90	9/22/17	
10	Sausage Party	\$97	\$98	8/12/16	10	The Emoji Movie	\$83	7/28/17	
<b>Top Ten Total</b>		<b>\$1,742</b>			<b>Top Ten Total</b>		<b>\$1,446</b>		<b>(17%)</b>
<b>IMAX Total (within top 10)</b>		<b>\$1,371</b>			<b>IMAX Total (within top 10)</b>		<b>\$1,113</b>		<b>(19%)</b>

Q4 2016A					Q4 2017E				
Rank	Title	Gross in Qtr	Total Gross	Opening	Rank	Title	Est Gross in Qtr	Opening	
1	Rogue One: A Star Wars Story	\$409	\$532	12/16/16	1	Star Wars Episode VIII: The Last Jedi*	\$661	12/15/17	
2	Doctor Strange	\$230	\$233	11/4/16	2	Justice League*	\$350	11/17/17	
3	Fantastic Beasts and Where To Find Them	\$223	\$234	11/18/16	3	Thor: Ragnarok	\$218	11/3/17	
4	Moana	\$206	\$249	11/23/16	4	Coco	\$137	11/22/17	
5	Sing	\$153	\$270	12/21/16	5	Daddy's Home 2	\$97	11/10/17	
6	Trolls	\$150	\$154	11/4/16	6	Blade Runner 2049	\$91	10/6/17	
7	Arrival	\$92	\$101	11/11/16	7	A Bad Moms Christmas	\$89	11/3/17	
8	The Accountant	\$86	\$86	10/14/16	8	Murder on the Orient Express*	\$85	11/10/17	
9	The Girl on the Train	\$75	\$75	10/7/16	9	Pitch Perfect 3	\$72	12/22/17	
10	Boo! A Madea Halloween	\$73	\$73	10/21/16	10	Jumanji: Welcome to the Jungle	\$80	12/20/17	
<b>Top Ten Total</b>		<b>\$1,696</b>			<b>Top Ten Total</b>		<b>\$1,880</b>		<b>11%</b>
<b>IMAX Total (within top 10)</b>		<b>\$861</b>			<b>IMAX Total (within top 10)</b>		<b>\$1,537</b>		<b>79%</b>

Q1 2017A					Q1 2018E				
Rank	Title	Gross in Qtr	Total Gross	Opening	Rank	Title	Est Gross in Qtr	Opening	
1	Beauty and the Beast*	\$361	\$489	3/17/17	1	Black Panther	\$196	2/16/18	
2	Logan	\$207	\$225	3/3/17	2	Star Wars Episode VIII: The Last Jedi	\$165	12/15/17	
3	The LEGO Batman Movie	\$172	\$175	2/10/17	3	A Wrinkle in Time	\$144	3/9/18	
4	Hidden Figures*	\$166	\$169	1/6/17	4	Fifty Shades Freed	\$108	2/9/18	
5	Get Out	\$153	\$174	2/24/17	5	Pacific Rim: Uprising	\$102	2/23/18	
6	Kong: Skull Island	\$141	\$166	3/10/17	6	Robin Hood: Origins	\$80	3/23/18	
7	Split	\$137	\$138	1/20/17	7	Red Sparrow	\$74	3/2/18	
8	Rogue One: A Star Wars Story*	\$123	\$532	12/16/16	8	Tomb Raider	\$68	3/16/18	
9	La La Land*	\$119	\$151	12/25/16	9	Peter Rabbit	\$66	2/9/18	
10	Sing*	\$117	\$270	12/21/16	10	White Boy Rick	\$60	1/12/18	
<b>Top Ten Total</b>		<b>\$1,697</b>			<b>Top Ten Total</b>		<b>\$1,063</b>		<b>(37%)</b>
<b>IMAX Total (within top 10)</b>		<b>\$1,005</b>			<b>IMAX Total (within top 10)</b>		<b>\$505</b>		<b>(50%)</b>

\* Indicates title with portion of BO earned over multiple quarters  
Color-code indicates expected IMAX title  
Color-code indicates expected IMAX 3D title

Source: Boxofficemojo.com, HSX.com, Wedbush Securities, Inc. estimates

Figure 4: Concentration of Domestic Premium Large Format (“PLF”) Screens Across Exhibitors

	Avg Screens*	# of Proprietary PLF Screens	% of Avg Screens	# of IMAX Screens	% of Avg Screens	% of Total PLF
<b>AMC (domestic)</b>	8,163	68	0.8%	179	2.2%	3.0%
<b>Cinemark (domestic)</b>	4,550	137	3.0%	14	0.3%	3.3%
<b>Regal</b>	7,265	95	1.3%	89	1.2%	2.5%

\*As of the end of Q1:17

Source: Company data, Wedbush Securities, Inc.

**AMC’s new proprietary PLF screens, Prime at AMC, can drive higher average ticket and with higher contribution margin than alternative large formats.** These auditoriums are designed as a mid-tier offering with better seats, larger screens, and enhanced picture and sound over traditional formats, but with less expensive ticket prices and 25 – 50% lower upfront installation costs compared to IMAX or Dolby screens. AMC plans to deploy these screens throughout its circuit and across the newly tiered brands, which will allow the company to capture higher average ticket prices while retaining a greater portion of the revenues. Currently IMAX screens command a ticket price premium of 70% over standard tickets, and management has spoken to a 20 – 30% premium for Prime at AMC tickets, while the economics will be much more attractive for AMC given the double-digit take rates that are typical for IMAX or Dolby, which, following film rent splits, can limit that sizeable premium from passing through to the bottom line. With Prime at AMC, the company will not only be able to drive average ticket by bringing affordable PLF experiences to more locations, but should also see a greater contribution margin. Prime at AMC auditoriums have been in development since mid-2016, and the first Prime at AMC auditorium opened in late February in Walton, New Jersey.

**Cinemark is focused on continuing its XD rollout internationally.** We expect the company will continue to focus on expanding its XD footprint, its private label PLF screens. For Cinemark, the profitability and flexibility of showing films on its XD screens compares favorably to IMAX films. At the end of Q1:17, Cinemark had 14 IMAX screens in its domestic circuit and one IMAX screen in LatAm, as well as 226 XD (137 domestic, 89 international) screens worldwide. In Q1:17, Cinemark’s XD screens generated over 7.6% of its worldwide admissions revenue, while only constituting 3.8% of its screens. We view large-format screens as important drivers of revenue growth given the ticket price premiums that these formats command (\$3 premium for 2D and \$5 premium for 3D), and the flexibility to display the top movie each week on the XD screens, which often complements the fare available on IMAX in each theater (or can substitute the need for an IMAX theater). Additionally, we believe this gives Cinemark a competitive advantage, affording it more flexibility to exhibit whichever film is resonating with audiences as opposed to what IMAX locks in with studio contracts.

**We expect Regal to continue investing in its Premium Large Format screens.** Regal plans to continue investing in both IMAX and its proprietary PLF brand, RPX, and considers PLF screens return’s meaningful, low-risk investments. The company will continue to roll-out its PLF screens over the next several years, with its major markets now covered. Regal currently has 89 IMAX screens and recently signed a new agreement with IMAX extending several leases and committing to further growth with the IMAX brand. Regal also has 95 RPX screens, with plans to expand further. Each PLF brand represents roughly 1% of its total circuit.

At CinemaCon 2017 we heard each of the big three exhibitors discuss general plans for expanding PLF screens, including both proprietary and those in partnership with either IMAX or Dolby. We expect this to continue driving incremental growth in average ticket price over the coming years.

In Figure 5 below we take a look at weekend box office results in China quarter-to-date in Q2. We think there are a few points worth making:

1. After seeing precipitous year-over-year box office declines in Q4:16, we saw moderate growth in Q1:17. With easier comparisons in Q2, we are seeing substantial year-over-year growth quarter-to-date.
2. There has been a substantial increase in film volume over the past several quarters, primarily driven by the higher volume of Chinese films coming to market, which have benefitted from Chinese tax incentives and subsidized production.
3. IMAX titles have led four of the five weekends so far in Q2:17 compared to two in Q2:16, and four in Q2:15.
4. China PSAs have been substantially higher than the rest of IMAX's circuit for quite some time now, which has partially offset the lower DMR take rates from the region. With China PSAs trending lower, we think IMAX will shift its focus to other regions going forward. In particular, we expect IMAX to focus on its European expansion with AMC now in the region. We note IMAX's recent deal with AMC to open 25 theaters throughout Odeon & UCI footprint.

**Figure 5: Weekend Box Office Receipts in China, in local currency**

<u>Q2:17</u>	Top 10 Total	Currency	YoY Change	Week over Week Change	# Movies	#1 Movie	Week	Imax Title
May 5-7	585,343,705	RMB	(9.4%)	(16.2%)	29	Guardians of the Galaxy Vol. 2	18	Yes
April 28-30	698,533,155	RMB	67.5%	22.1%	45	Shock Wave	17	
April 21-23	572,330,709	RMB	24.9%	(58.6%)	26	The Fate of the Furious	16	Yes
April 14-16	1,383,047,962	RMB	289.0%	293.3%	32	The Fate of the Furious	15	Yes
April 7-9	351,676,413	RMB	(37.7%)	(47.9%)	30	Ghost in the Shell	14	Yes
<b>Totals / Averages:</b>	<b>3,590,931,944</b>		<b>47.1%</b>		<b>32</b>			

<u>Q2:16</u>	Top 10 Total	Currency	YoY Change	Week over Week Change	# Movies	#1 Movie	Week	Imax Title
April 29-May 1	646,188,652	RMB	(30.8%)	55.0%	22	Finding Mr. Right 2	18	
April 22-24	416,928,642	RMB	(52.1%)	(9.0%)	22	The Jungle Book	17	Yes
April 15-17	458,223,781	RMB	(64.4%)	28.9%	24	The Jungle Book	16	Yes
April 8-10	355,502,733	RMB	(60.4%)	(37.0%)	17	London Has Fallen	15	
April 1-3	564,141,286	RMB	(8.6%)	4.7%	18	My Beloved Bodyguard	14	
<b>Totals / Averages:</b>	<b>2,440,985,094</b>		<b>(47.0%)</b>		<b>21</b>			

Source: *Boxofficemojo.com, Wedbush Securities, Inc.*

In Q2:17 quarter-to-date, which is five weekends in, the Chinese Weekend Box Office is up 47.1% and four of the five weekends were led by IMAX titles. *Fate of the Furious* has been the clear outperformer in Q2, with its opening weekend up nearly 300% over the prior year. It led the second weekend of its release, and that weekend also grew 25% over the prior year. *Shock Wave*, a non-IMAX title, led the fourth weekend and driving a 68% gain over the prior year, while *Guardians of the Galaxy*, another IMAX title, led week five but was down year over year compared to *Finding Mr. Right 2*, a non-IMAX title released in the fifth weekend of Q2:16. With easing comparisons through the balance of the quarter, as well as through the end of the year, we think IMAX will post positive growth in China in 2017.

Figure 6: Current Netflix Original Series Programming (cont. on next page)

Title	Premiere	Original Premiere Q	Avg Metacritic Score Across Seasons	Genre	Content Type	Production Company	Language	Est Total Content Mins
House of Cards	1-Feb-13	1Q:13	77	Drama	Original Series	Media Rights Capital, Panic Pictures (II), Trigger Street Productions	English	2,704
Hemlock Grove	19-Apr-13	2Q:13	37	Horror	Original Series	Gaumont International Television, ShineBox SMC, United Bongo Drum, Inc.	English	1,700
Orange Is the New Black	11-Jul-13	3Q:13	85	Comedy	Original Series	Tilted Productions, Lionsgate Television	English	3,718
Russell Peters vs. the World	3-Oct-13	4Q:13		Docuseries	Original Series	Netflix	English	110
BoJack Horseman	22-Aug-14	3Q:14	79	Comedy	Original Series	Tornante Company, ShadowMachine	English	918
Marco Polo	12-Dec-14	4Q:14	48	Drama	Original Series	Electus, The Weinstein Company	English	1,130
Unbreakable Kimmy Schmidt	6-Mar-15	1Q:15	80	Comedy	Original Series	Universal Television, 3 Arts Entertainment	English	767
Bloodline	20-Mar-15	1Q:15	68	Drama	Original Series	Sony Pictures Television, KZK Productions	English	1,357
Marvel's Daredevil	10-Apr-15	2Q:15	72	Action	Original Series	The Walt Disney Company, Marvel Entertainment, ABC Studios	English	1,391
Chef's Table	26-Apr-15	2Q:15		Docuseries	Original Series	Boardwalk Pictures, City Room Creative, FINCH	English	855
Grace and Frankie	8-May-15	2Q:15	60	Comedy	Original Series	Skydance Productions	English	1,170
Sense8	5-Jun-15	2Q:15	63	Science fiction	Original Series	Motion Picture Capital, Javelin Productions	English	684
Wet Hot American Summer: First Day of Camp	31-Jul-15	3Q:15	74	Comedy	Original Series	Abominable Pictures, Netflix	English	228
Club de Cuervos	7-Aug-15	3Q:15		Comedy	Original Series	Alazraki Films	Spanish	533
Narcos	28-Aug-15	3Q:15	77	Drama	Original Series	Dynamo, Gaumont International Television, Netflix	Spanish, English	1,000
Master of None	6-Nov-15	4Q:15	91	Comedy	Original Series	Universal Television, 3 Arts Entertainment	English	615
W/ Bob & David	13-Nov-15	4Q:15	76	Comedy	Original Series	Odenkirk Provisiero Entertainment, Brillstein Entertainment Partners, Abso Lutely Productions, Netflix	English	150
Marvel's Jessica Jones	20-Nov-15	4Q:15	81	Action	Original Series	ABC Studios, Marvel Studios	English	657
F Is for Family	18-Dec-15	4Q:15	75	Comedy	Original Series	Gaumont International Television, Wild West Television, Big Jump Productions	English	159
Making a Murderer	18-Dec-15	4Q:15	84	Docuseries	Original Series	Synthesis Films, Netflix	English	565
Chelsea Does	23-Jan-16	1Q:16	62	Docuseries	Original Series		English	272
Cooked	19-Feb-16	1Q:16	69	Docuseries	Original Series	Jigsaw Productions, Netflix	English	216
Love	19-Feb-16	1Q:16	72	Comedy	Original Series	Apatow Productions, Legendary Television	English	695
Fuller House	26-Feb-16	1Q:16	35	Comedy	Original Series	Warner Horizon Television	English	793
Flaked	11-Mar-16	1Q:16	43	Comedy	Original Series	The Hurwitz Company	English	256
Netflix Presents: The Characters	11-Mar-16	1Q:16		Comedy	Original Series	Jax Media	English	260
The Ranch	1-Apr-16	2Q:16	56	Sitcom	Original Series	Ranch Hand Productions, Netflix	English	1,230
Marseille	5-May-16	2Q:16		Drama	Original Series	Federation Entertainment	French	316
Chelsea	11-May-16	2Q:16	50	Comedy	Original Series	Netflix	English	2,178
Lady Dynamite	20-May-16	2Q:16	85	Comedy	Original Series	The Hurwitz Company, Wounded Poodle	English	366
Hibana (Spark)	2-Jun-16	2Q:16		Drama	Original Series	Netflix	Japanese	530
Stranger Things	15-Jul-16	3Q:16	76	Science fiction	Original Series	21 Laps Entertainment, Monkey Massacre, Netflix	English	328
Last Chance U	29-Jul-16	3Q:16	79	Sports	Original Series	Conde Nast Entertainment, Endgame Pictures	English	324
The Get Down	12-Aug-16	3Q:16	69	Drama	Original Series	Sony Pictures Television, Bazmark Films	English	438
Fearless	19-Aug-16	3Q:16		Sports	Original Series	25/7 Productions, Brazil Production Services	English	324
Chef's Table: France	2-Sep-16	3Q:16		Docuseries	Original Series	FINCH, City Room Creative, Boardwalk Pictures	English	190
Easy	22-Sep-16	3Q:16	72	Comedy	Original Series	Sparrow Grass	English	224
Marvel's Luke Cage	30-Sep-16	3Q:16	79	Action	Original Series	The Walt Disney Company, Marvel Entertainment, ABC Studios	English	722
Haters Back Off	14-Oct-16	4Q:16	54	Comedy	Original Series	Brightlight Pictures, The Firm	English	232
Midnight Diner: Tokyo Stories	21-Oct-16	4Q:16		Drama	Original Series	Shogakukan, Kinoshita Komuten, Toei Company	Japanese	235
Trailer Park Boys: Out of the Park: Europe	28-Oct-16	4Q:16		Comedy	Original Series	TPB OTP Productions	English	208
The Crown	4-Nov-16	4Q:16	81	Drama	Original Series	Left Bank Pictures, Sony Pictures Television	English	580
Roman Empire: Reign of Blood	11-Nov-16	4Q:16		Drama	Original Series	Production UK	English	288
0.03	25-Nov-16	4Q:16		Science fiction	Original Series	Stephen David Entertainment	Portuguese	392
White Rabbit Project	9-Dec-16	4Q:16		Reality	Original Series	Boutique Filmes	English	470
The OA	16-Dec-16	4Q:16	61	Drama	Original Series	Beyond Productions	English	480
Chasing Cameron	27-Dec-16	4Q:16		Reality	Original Series	Plan B Entertainment, Anonymous Content	English	300

Title	Premiere	Original Premiere Q	Avg Metacritic Score Across Seasons	Genre	Content Type	Production Company	Language	Est Total Content Mins
One Day at a Time	6-Jan-17	1Q:17	78	Comedy	Original Series	Act III Productions, Snowpants Productions, Small Fish Studios, in association with Sony TV	English	390
A Series of Unfortunate Events	13-Jan-17	1Q:17	81	Drama	Original Series	Netflix, Paramount Television	English	390
Santa Clarita Diet	3-Feb-17	1Q:17	66	Comedy	Original Series	Flower Films (II), Kapital Entertainment	English	358
Abstract: The Art of Design	10-Feb-17	1Q:17		Docuseries	Original Series	Radical Media, Tremolo Productions	English	349
I Don't Feel at Home in This World Anymore	24-Feb-17	1Q:17	75	Thriller	Original Series	Film Science, XYZ Films	English	93
Ultimate Beastmaster	24-Feb-17	1Q:17		Reality TV	Original Series	25/7 Productions	English	519
Marvel's Iron Fist	17-Mar-17	1Q:17	37	Action	Original Series	ABC Television Studio, Marvel Entertainment, The Walt Disney Company	English	718
Samurai Gourmet	17-Mar-17	1Q:17		Drama	Original Series	Netflix	Japanese	247
Ingobernable	24-Mar-17	1Q:17		Drama	Original Series	Argos Comunicación	Spanish	584
13 Reasons Why	31-Mar-17	1Q:17	75	Drama	Original Series	Kicked to the Curb Productions, Anonymous Content, July Moon Productions	English	716
Five Came Back	31-Mar-17	1Q:17	81	Docuseries	Original Series	Amblin Television, Netflix, Passion Pictures, Rock Paper Scissors Entertainment	English	195
Bill Nye Saves The World	21-Apr-17	2Q:17	63	Talk Show	Original Series	Bunim-Murray Productions (BMP)	English	390
Girlboss	21-Apr-17	2Q:17	53	Comedy	Original Series	Netflix	English	338
Hot Girls Wanted: Turned On	21-Apr-17	2Q:17		Docuseries	Original Series	Herzog & Company	English	276
Dear White People	28-Apr-17	2Q:17	79	Drama	Original Series	Lionsgate	English	300
Cable Girls	28-Apr-17	2Q:17		Drama	Original Series	Bambú Productions	Spanish	400
The Mars Generation	5-May-17	2Q:17		Docuseries	Original Series	SuperFilms!, Time	English	97

\*Excludes movies, documentaries, continuations, specials, partnerships, reality TV, and children's programming.

Grey shading indicates Netflix listed as a producer on [imdb.com](http://imdb.com)

Source: [IMDB.com](http://IMDB.com), [Deadline.com](http://Deadline.com), [Variety.com](http://Variety.com), [HollywoodReporter.com](http://HollywoodReporter.com), [Netflix.com](http://Netflix.com), [Metacritic.com](http://Metacritic.com), [Company Data](http://Company Data), and [Wedbush Securities, Inc.](http://Wedbush Securities, Inc)



Figure 7: Current Amazon Original Series Programming

Title	Amazon Premiere	Original Premiere Q	Seasons	Episodes	Avg Metacritic Score	Genre	Content Type	Production Company	Language	Estimated Total Content Mins
Betas	19-Apr-13	2Q:13	1	11	69	Comedy	Original Series	Groundswell Productions, Alan & Alan Productions, Picrow, Amazon Studios	English	297
Alpha House	19-Apr-13	2Q:13	2	21	68	Comedy	Original Series	Sid Kibbitz Productions, Picrow, Amazon Studios	English	525
Annedroids	19-Apr-13	2Q:13	3	40		Children's	Original Series	Amazon Studios, Sinking Ship Entertainment	English	960
Creative Galaxy	19-Apr-13	2Q:13	2	26		Children's	Original Series	9 Story Media Group, Amazon Studios	English	741
Tumble Leaf	19-Apr-13	2Q:13	2	26		Children's	Original Series	Amazon Studios	English	598
Mozart in the Jungle	6-Feb-14	1Q:14	3	30	76	Comedy	Original Series	Amazon Studios, American Zoetrope, Coconut Pictures	English	870
Gortimer Gibbon's Life on Normal Street	6-Feb-14	1Q:14	2	39	76	Children's	Original Series	Picrow, Amazon Studios	English	1,053
Wishenpoof!	6-Feb-14	1Q:14	1	13		Children's	Original Series	Amazon Studios	English	286
Transparent	26-Sep-14	3Q:14	3	30	92	Comedy	Original Series	Amazon Studios, Picrow	English	900
Bosch	13-Feb-15	1Q:15	2	20	73.5	Drama	Original Series	Amazon Studios, Fabrik Entertainment	English	1,020
Catastrophe	19-Jun-15	2Q:15	3	18	88.7	Comedy	Original Series	Avalon Television	English	540
Hand of God	4-Sep-15	3Q:15	1	10	44	Drama	Original Series	Amazon Studios, LINK Entertainment, Picrow	English	600
Red Oaks	10-Oct-15	4Q:15	1	10	70	Comedy	Original Series	Amazon Studios, Picrow	English	300
The Man in the High Castle	20-Nov-15	4Q:15	2	20	68.5	Drama	Original Series	Amazon Studios, Big Light Productions, Electric Shepherd Productions	English	1,200
Just Add Magic	15-Jan-16	1Q:16	1	13		Children's	Original Series	Amazon Studios, Picrow	English	319
Mad Dogs	22-Jan-16	1Q:16	1	10	64	Drama	Original Series	Amazon Studios, Left Bank Pictures, Mesquite Productions	English	560
The New Yorker Presents	16-Feb-16	1Q:16	1	11	63	Docuseries	Original Series	Amazon Studios, Jigsaw Productions	English	330
All or Nothing: A Season with the Arizona Cardinals	1-Jul-16	3Q:16	1	8		Docuseries	Original Series	Amazon Studios, NFL Films	English	400
Prime Japan	20-Jul-16	3Q:16	1	8		Docuseries	Original Series	TBS Vision Inc	English, Japanese	472
The Kicks	26-Aug-16	3Q:16	1	10		Children's	Original Series	Amazon Studios, Full Fathom Five, Picrow	English	240
Eat the World with Emeril Lagasse	1-Sep-16	3Q:16	1	6		Docuseries	Original Series	Amazon Studios	English	162
The Collection	2-Sep-16	3Q:16	1	8	56	Drama	Original Series	Amazon Prime Instant Video, BBC Worldwide, Federation Entertainment	English	480
The Stinky & Dirty Show	2-Sep-16	3Q:16	1	10		Children's	Original Series	Amazon Studios, Brown Bag Films	English	220
One Mississippi	9-Sep-16	3Q:16	1	6	77	Comedy	Original Series	Amazon Studios, FX Studios	English	156
Crisis in Six Scenes	30-Sep-16	3Q:16	1	6	44	Comedy	Original Series	Amazon Studios	English	138
Goliath	14-Oct-16	4Q:16	1	8	64	Drama	Original Series	Amazon Studios, Picrow	English	480
Good Girls Revolt	28-Oct-16	4Q:16	1	10	63	Drama	Original Series	Amazon Studios, Sony Pictures Television, TriStar Television	English	550
The Grand Tour	18-Nov-16	4Q:16	1	12		Motoring	Original Series	Amazon Studios	English	720
Sneaky Pete	13-Jan-17	1Q:17	1	10	78	Drama	Original Series	Amazon Studios	English	600
Z: The Beginning of Everything	26-Jan-17	1Q:17	1	10	61	Drama	Original Series	Amazon Studios, Killer Films, Picrow	English	300
Ronja The Robber's Daughter	26-Jan-17	1Q:17	1	26		Children's	Original Series	Studio Ghibli, Dwango, NHK Enterprises, Polygon Pictures	English	650
Patriot	24-Feb-17	1Q:17	1	10	68	Drama	Original Series	Amazon Studios, Picrow, Reunion Pictures	English	600
You are Wanted	17-Mar-17	1Q:17	1	6		Thriller	Original Series	Amazon Studios, Pantaleon Films, Warner Bros. International Television Production, Warner Bros.	German	554
American Playboy: The Hugh Hefner Story	7-Apr-17	2Q:17	1	10	43	Docuseries	Original Series	Alta Loma Entertainment, Stephen David Entertainment	English	376
I Love Dick	12-May-17	2Q:17	1	8		Dramatic Comedy	Original Series	Amazon Studios, Topple Productions	English	203

\*Excludes movies, documentaries, specials, continuations, partnerships, and children's programming.

Grey shading indicates Amazon listed as a producer on imdb.com

Amazon Pilots			
Title	Premier Date	Genre	Pilot Season
Oasis	17-Mar-17	Science fiction	Spring 2017
Budding Prospects	17-Mar-17	Comedy-drama	Spring 2017
The Legend of Master Legend	17-Mar-17	Comedy	Spring 2017
The New V.I.P.'s	17-Mar-17	Comedy	Spring 2017
The Marvelous Mrs. Maisel	17-Mar-17	Comedy-drama	Spring 2017

Source: IMDB.com, Deadline.com, Variety.com, HollywoodReporter.com, Amazon.com, Metacritic.com, Company Data, and Wedbush Securities, Inc.

SVOD competition for exclusives and originals has become fierce. Netflix was the first mover in subscription-based online streaming and has delivered compelling original content. In addition to the list of originals in Figure 6 on pages 7 – 8, Netflix has many original specials (including a growing list of stand-up comedy specials), miniseries, children’s programming, and exclusive series continuations not included in this list. Amazon is increasingly releasing new original series of its own (see Figure 7 on page 9), and although historically Amazon has produced content at a slower release pace than Netflix, we believe Amazon’s approach demonstrates a more calculated and balanced strategy. Amazon is capitalizing on its strong user engagement (its users are used to rating products on its site) by allowing users to rate pilot episodes before greenlighting shows to full seasons. We believe this significantly reduces Amazon’s risk with original content. The latest of Amazon’s successful pilot-to-full season shows are *Sneaky Pete*, which has a Metacritic rating of 78 and was greenlighted for a second season, *Z: The Beginning of Everything*, which has a Metacritic of only 61 but has a 4.5 star rating on Amazon, *Patriot*, with a Metacritic score of 68, and *I love Dick*, not yet rated. Amazon’s Spring 2017 Pilots are listed above in Figure 7, and its upcoming full season series and films are listed in Figure 13 on page 16. Netflix’s release pattern is generally less predictable, in our view, but the sheer volume of Netflix’s original content and several top-rated shows led to a total of 54 Emmy nominations in 2016, compared to Amazon’s 16 nominations (see Figure 10 on page 11 in [a previous report](#) for a comparison of this year’s Emmy nominations and results), and we anticipate a similar result in 2017 given the pace and volume of releases from each of Netflix and Amazon over the past year. Amazon fared far better at the 2017 GOLDEN GLOBE awards as well as the 2017 Academy Awards (see Figures 14 – 15 on page 17 for Golden Globe nominations and wins, and Figure 16 on page 18 for Oscar nominations and wins in [a previous report](#)). In Q1:17, Netflix released 40 titles, including 15 original series and 10 original movies. Of the 15 new original series, seven were scored by Metacritic at below 70 and five scored 70 or above, while the rest were not rated. The two highest scoring original series released in Q1 were *A Series of Unfortunate Events* and *Five Came Back*, both with Metacritic scores of 81 and both produced by Netflix in conjunction with other production companies. Of the 10 original movies, however, only four were scored by Metacritic and all of them scored below 70. Netflix appears more proficient at television production, but skews its Q2 mix with six new original series and another **ten** new original movies; the company appears to believe that it can win the streaming content race on volume over quality, with its movie slate receiving consistently low Metacritic scores. In Q2, Netflix is releasing new seasons of *Sense8*, *Master of None*, *The Unbreakable Kimmy Schmidt*, *House of Cards* and *Orange is the New Black*, which should keep domestic subscribers engaged through the end of the quarter. Amazon Studios has released better reviewed films overall, albeit fewer in number. Its four most recently rated releases received Metacritic scores between 83 and 96, and two of the four received Academy Awards. In Q2 Amazon is releasing two new original series, an original movie, and it recently released a fourth season of its hit show, *Catastrophe*. While we expect Amazon to increase its spending on content throughout 2017, Amazon is not yet competing with Netflix on volume. We continue to view Amazon content as having higher average quality, but it must increase the quantity of its offering in order to compete favorably with Netflix.

Figure 8: Netflix Original Movies

Title	Premiere	Original Premiere Q	Avg Metacritic Score Across Seasons	Genre	Content Type	Production Company	Language	Est Total Content Mins
Beasts of No Nation	16-Oct-15	4Q:15	79	Drama	Original Movie	Red Crown Productions, Participant Media, Come What May Productions	Twi, English	136
A Very Murray Christmas	4-Dec-15	4Q:15	68	Comedy	Original Movie	Jax Media, Departed Productions	English	56
The Ridiculous 6	11-Dec-15	4Q:15	18	Comedy	Original Movie	Happy Madison Productions	English	119
Crouching Tiger, Hidden Dragon: Sword of Destiny	26-Feb-16	1Q:16	47	Action	Original Movie	China Film Group, Netflix, The Weinstein Company	English	103
Pee-wee's Big Holiday	18-Mar-16	1Q:16	63	Comedy	Original Movie	Apatow Productions, Pee Wee Pictures	English	89
Special Correspondents	29-Apr-16	2Q:16		Comedy	Original Movie	Bron Studios, Unanimous Entertainment	English	101
The Do-Over	27-May-16	2Q:16	22	Comedy	Original Movie	Happy Madison Productions	English	108
The Fundamentals of Caring	24-Jun-16	2Q:16	55	Drama	Original Movie	Worldwide Pants	English	97
Brahman Naman	7-Jul-16	3Q:16	58	Comedy	Original Movie	Riley Productions	English	95
Rebirth	15-Jul-16	3Q:16		Drama	Original Movie	Campfire	English	100
Tallulah	29-Jul-16	3Q:16	63	Comedy	Original Movie	Maiden Voyage	English	111
XOXO	28-Aug-16	3Q:16		Drama	Original Movie	Netflix	English	92
ARQ	16-Sep-16	3Q:16		Science fiction	Original Movie	MXN Entertainment, XYZ Films, Lost City	English	88
The Siege of Jadotville	7-Oct-16	4Q:16		Action	Original Movie	Parallel Films	English	108
Mascots	13-Oct-16	4Q:16	57	Comedy	Original Movie		English	95
7 Años	28-Oct-16	4Q:16		Drama	Original Movie	Cactus Flower Producciones, Metronome Musica de Peliculas	Spanish	77
I Am the Pretty Thing That Lives in the House	28-Oct-16	4Q:16	68	Horror	Original Movie	Paris Film, Zed Filmworks, Go Insane Films	English	87
True Memoirs Of An International Assassin	11-Nov-16	4Q:16	37	Action	Original Movie	PalmStar Media, Global Film Group	English	98
Mercy	22-Nov-16	4Q:16		Thriller	Original Movie	Uncorked Productions, XYZ Films	English	84
Blue Jay	6-Dec-16	4Q:16	69	Drama	Original Movie	Duplass Brothers Productions, Netflix, The Orchard	English	80
Spectral	9-Dec-16	4Q:16		Science fiction	Original Movie	Legendary Entertainment, Mid Atlantic Films, Netflix	English	107
Barry	16-Dec-16	4Q:16	72	Drama	Original Movie	Black Bear Pictures, Cinetic Media	English	104
Coin Heist	6-Jan-17	1Q:17		Drama	Original Movie	Adaptive Studios	English	97
Clinical	13-Jan-17	1Q:17		Thriller	Original Movie	Campfire, Netflix	English	104
Take the 10	20-Jan-17	1Q:17		Comedy	Original Movie	Blue Creek Pictures, Silver lining Entertainment (II)	English	70
iBoy	27-Jan-17	1Q:17	50	Drama	Original Movie	Wigwam Films, Pretty Pictures, Netflix, XYZ Films	English	90
Imperial Dreams	3-Feb-17	1Q:17	67	Drama	Original Movie	Super Crispy Entertainment	English	87
Girlfriend's Day	14-Feb-17	1Q:17		Comedy	Original Movie	Netflix, Odenkirk Provissiero Entertainment	English	70
Burning Sands	10-Mar-17	1Q:17	63	Drama	Original Movie	Freedom Pictures, Homegrown Productions, Hudlin Entertainment, Mandalay Pictures, Netflix	English	102
Deidra & Laney Rob a Train	17-Mar-17	1Q:17	66	Drama	Original Movie		English	100
Most Hated Woman in America	24-Mar-17	1Q:17	41	Drama	Original Movie	Brownstone Productions (III)	English	92
The Discovery	31-Mar-17	1Q:17	56	Drama	Original Movie	Endgame Entertainment, Protagonist Pictures	English	102
The Lighthouse of the Orcas	7-Apr-17	2Q:17		Drama	Original Movie	Wanda Vision S.A., Historias Cinematograficas Cinemania, Pampa Films, Instituto de la	Spanish	110
Win It All	7-Apr-17	2Q:17	78	Drama	Original Movie	Garrett Doubles Down	English	62
Sandy Wexler	14-Apr-17	2Q:17	40	Comedy	Original Movie	Happy Madison Productions	English	130
Sand Castle	21-Apr-17	2Q:17	45	Drama	Original Movie	The Mark Gordon Company, Treehouse Pictures, International Traders	English	113
Tramps	21-Apr-17	2Q:17	77	Drama	Original Movie	Animal Kingdom, Rooks Nest Entertainment	English	82
Small Crimes	28-Apr-17	2Q:17	60	Drama	Original Movie	Rooks Nest Entertainment, FAIRMOUNT FILMS,	English	90
Handsome: A Netflix Mystery Movie	5-May-17	2Q:17		Comedy	Original Movie	JZM Films	English	81
Mindhorn	12-May-17	2Q:17		Comedy	Original Movie	BBC Films, Baby Cow Films, Isle of Man Films,	English	89

Grey shading indicates Netflix listed as a producer on imdb.com

Source: IMDB.com, Deadline.com, Variety.com, HollywoodReporter.com, Netflix.com, Metacritic.com, Company Data, and Wedbush Securities, Inc.

Since Netflix released its first exclusive feature film, *Beasts of No Nation*, which received very strong reviews, for the following year most of its feature films received lackluster to very poor reviews. More recently Netflix's films have received generally better reviews, but nothing noteworthy aside from a 72 for *Barry* and a 78 from *Win It All*, both original (licensed) films. Amazon Studios, on the other hand, has released fewer but better reviewed films overall. Its four most recently rated releases received Metacritic scores between 83 and 96, and two of the four received Academy Awards. We detail the full list of films distributed by Netflix in Figure 8 above, and by Amazon in Figure 9 below, with upcoming originals for Netflix and Amazon listed in Figures 12 – 13 on pages 15 – 16, respectively.

Generally, we expect the theater releases corresponding to Netflix's original films to earn minimal revenue, as the prominent domestic exhibitor group has refused to participate in simultaneous VOD – theatrical releases, and Netflix seems content with limited theatrical

runs of its films for Academy Award consideration. Amazon, on the other hand, has released its films for a full theater run prior to an exclusive VOD release. Unsurprisingly, at Amazon's presentation at CinemaCon 2017, a huge crowd of film industry executives and personnel gave a resounding round of applause at Amazon's commitment to continue releasing its films for full theater runs. This was a clear and obvious statement by Amazon Studios that it is working with and not against the exhibition industry. We think it is important to note that roughly 50% of revenue from films is earned during the theatrical window, so this is and will continue to be important to the studios to preserve in order to avoid cannibalizing such a large portion of the content pie. Furthermore, a film's success in its theatrical window directly impacts negotiations for international rights, so impinging on the theatrical window could hurt the content providers more than they could gain from partnerships with SVOD providers like Netflix, or from releasing in a PVOD window, in our view. We think Netflix is forgoing an important piece of the content revenue potential by releasing all of its films day-and-date. However, with many other independent, smaller budget films vying for distribution and more certain repayment, we expect both Amazon and Netflix to become more common distributors for smaller, independent films. It appears that there is a place in the independent film world for both at this time, though we would expect Amazon to continue attracting more quality films. Netflix and Amazon were very active bidders at the 2016 and 2017 Sundance festivals, discussed on page 13.

Figure 9: Original Movies, and Films Distributed by Amazon

Title	Amazon Premiere	Original Premiere Q	Seasons	Episodes	Avg Metacritic Score	Genre	Content Type	Production Company	Language	Estimated Total Content Mins
Chi-Raq	4-Feb-16	1Q:16	1	1	77	Drama	Original Movie	40 Acres & A Mule Filmworks, Amazon Studios	English	127
Elvis & Nixon	25-Aug-16	3Q:16	1	1	59	Comedy	Original Movie	Amazon Studios	English	86

Title	Theatrical Wide Release	Theatrical Release Quarter	Amazon Prime Premiere	Prime Release Quarter	Metacritic Score	Genre	Content Type	Production Company	Language	Estimated Total Content Mins
Chi-Raq	4-Dec-15	4Q:15	4-Feb-16	1Q:16	77	Drama	Film	40 Acres & A Mule Filmworks, Amazon Studios	English	127
Love & Friendship	13-May-16	2Q:16	20-Oct-16	4Q:16	87	Comedy	Film	Westerly Films, Blinder Films, Centre National de la Cinématographie et de l'Image Animée, Chic Films, Protagonist Pictures, Revolver Amsterdam	English	93
Wiener-Dog	24-Jun-16	2Q:16	1-Sep-16	3Q:16	66	Drama	Film	Annapurna Pictures, Killer Films	English	88
The Neon Demon	24-Jun-16	2Q:16	3-Nov-16	4Q:16	51	Thriller	Film	Space Rocket Nation, Vendian Entertainment, Bold Films	English	118
Café Society	1-Jul-16	3Q:16	22-Dec-16	4Q:16	64	Drama	Film	FilmNation Entertainment, Gravier Productions, Perdido Productions	English	96
Complete Unknown	26-Aug-16	3Q:16	27-Oct-16	4Q:16	58	Drama	Film	Parts and Labor, Heron Television, Great Point Media	English	92
Author: The JT LeRoy Story	9-Sep-16	3Q:16	16-Feb-17	1Q:17	72	Documentary	Film	A&E IndieFilms, Fancy Film Post Services, RatPac Documentary Films, Vice Films	English	110
The Dressmaker	23-Sep-16	3Q:16	2-Mar-17	1Q:17	47	Drama	Film	Screen Australia, Ingenious Senior Film Fund, Film Art Media	English	119
The Handmaiden	21-Oct-16	4Q:16	13-Apr-17	2Q:17	84	Drama	Film	Moho Film, Yong Film	Korean, Japanese	144
Gimme Danger	28-Oct-16	4Q:16	23-Mar-17	1Q:17	72	Documentary	Film	Low Mind Films, New Element Media	English	108
Manchester by the Sea	18-Nov-16	4Q:16	5-May-17	2Q:17	96	Drama	Film	The Affleck/Middleton Project, B Story, Big Indie Pictures, CMP, K Period Media, Pearl Street Films	English	137
Paterson	6-Jan-17	1Q:17			90	Drama	Film	Amazon Studios, Animal Kingdom, Inkjet Productions	English	118
The Salesman	27-Jan-17	1Q:17			84	Drama	Film	Arte France Cinéma, Doha Film Institute, Farhadi Film Production, Memento Films Production	Persian	125
The Lost City of Z	21-Apr-17	2Q:17			83	Drama	Film	Keep Your Head, MICA Entertainment, MadRiver Pictures, Plan B Entertainment, Sierra / Affinity	English	140
The Wall	12-May-17	2Q:17				Drama	Film	Amazon Studios, Big Indie Pictures, Picrow	English	81

Grey shading indicates Amazon listed as a producer on imdb.com

Source: IMDB.com, Deadline.com, Variety.com, HollywoodReporter.com, Amazon.com, Metacritic.com, Company Data, and Wedbush Securities, Inc.

**Figure 10: Netflix Sundance 2017 Purchases**

Reported Deal Price (in millions)	Film Title	Cast / Director / Producer	Genre	Announced	Notes
\$12.5	<i>Mudbound</i>	Directed by Dee Rees, starring Carey Mulligan, Mary J. Blige, and Jason Clarke	Drama	1/29/2017	Deal includes limited theatrical push for awards season
\$8.0	<i>To The Bone</i>	Starring Keanu Reeves, Lily Collins	Drama	1/24/2017	
\$5.0	<i>Icarus</i>	Directed by Byran Fogel	Documentary	1/24/2017	About the Russian doping scandal
Not disclosed	<i>The Incredible Jessica James</i>	Starring Jessica Williams, Chris O'Dowd	Comedy	1/23/2017	To be branded as an Original, launching this year
\$2.0	<i>Nobody Speak: Hulk Hogan, Gawker and Trials of Free Press</i>	Directed by Brian Knappenberger	Documentary	1/23/2017	Premiered on Tuesday, but shown to buyers early
Not disclosed	<i>Joshua: Teenager vs. Superpower</i>	Directed by Joe Piscatella	Documentary	1/23/2017	"In an era where we are witnessing heightened civic participation and freedom of expression, we are pleased to offer a global platform for audiences to engage on these issues." -Lisa Nishimura, Netflix VP of Original Documentaries
Not disclosed	<i>Chasing Coral</i>	Directed by Jeff Orlowski	Documentary	1/21/2017	Set for release later in 2017
\$5 million total paid across multiple deals for various rights	<i>Fun Mom Dinner</i>	Starring Toni Collette, Bridget Everett, Molly Shannon, Adam Scott	Comedic Drama		Netflix obtained multi-territory SVOD rights
Low- to mid- seven figures	<i>Berlin Syndrome</i>	Starring Teresa Palmer and Max Riemelt	Thriller	1/13/2017	Netflix obtained all rights including streaming following theatrical release (theatrical distribution rights obtained by Vertical)
Not disclosed	<i>Castling JoneBenet</i>	Produced by James Schamus	Documentary	1/4/2017	Launching on Netflix and in limited theatrical release in April 2017

Source: Wedbush Securities, Inc, Deadline, Variety, IndieWire.

Amazon and Netflix were again active bidders at Sundance 2017, with several Netflix purchases (see Figure 8 above) and a few major purchases by Amazon (see Figure 9 below). Netflix's big purchase was *Mudbound*, a drama starring Carey Mulligan and Mary J. Blige set for a limited theatrical release as the film is slated for possible awards nominations. Netflix reportedly paid \$12.5 million for this film, while Amazon reportedly paid \$12 million for its big purchase, *The Big Sick*, a Judd Apatow dramatic comedy. We note that Amazon purchased *Manchester by the Sea* for \$10 million in 2016. Prices have continued to escalate since Amazon and Netflix joined the bidding war in 2016, Amazon's success with *Manchester by the Sea* seems to justify this although we do not think prices at this level are sustainable long term. Before Sundance 2017 even got started Amazon announced a new program via Amazon Video Direct ("AVD") in which Sundance Film Festival 2017 entries could opt in to an AVD program that will give Amazon exclusive SVOD rights in exchange for the following: 1) U.S. Dramatic or Premieres will receive \$100,000; 2) U.S. Documentaries and Documentary Premieres will receive \$75,000; or 3) World Dramatic, World Documentaries, Next, Spotlight, Kids, Midnight and New Frontier films will receive \$25,000; Additionally, any films that opt in to AVD's program will receive \$0.30 per hour viewed domestically and \$0.12 per hour viewed outside of the U.S. Obviously, this applied to the smaller films for which the larger studios did not bid, and as expected Amazon Studios was still an active participant in the bidding war for potential Oscar-contenders.

**Figure 11: Amazon Sundance 2017 Purchases**

Reported Deal Price (in millions)	Film Title	Cast / Director / Producer	Genre	Announced	Notes
>\$2.0	<i>Crown Heights</i>	Directed and written by Matt Ruskin	Drama	1/27/2017	
>\$2.0	<i>City of Ghosts</i>	From <i>Cartel Land</i> 's Director Matthew Heineman	Documentary	1/26/2017	
\$3.0	<i>Landline</i>	Starring Jenny Slate, Jay Duplass, John Turturro, Edie Falco	Dramatic Comedy	1/24/2017	
\$12.0	<i>The Big Sick</i>	Produced by Judd Apatow, starring Kumail Nanjiani	Dramatic Comedy	1/21/2017	
>\$6.0	<i>Long Strange Trip</i>	Produced by Martin Scorsese, directed by Amir Bar-Lev	Documentary	1/19/2017	Includes a limited theatrical window; film will be cut into 6 parts for television

Source: Wedbush Securities, Inc., Deadline

On December 14, Amazon announced that it is adding on to its existing services in the U.S., its territories, the U.K., Austria, and Germany by expanding Prime Video for free to Amazon Prime members in Belgium, Canada, France, India, Italy, and Spain, as well as by adding Prime Video as a paid, standalone service to new territories throughout the rest of the world. The standalone service will be offered as a free seven-day trial, then offered at either \$2.99 or €2.99, depending on the country/territory, for the first six months and then at \$5.99/€5.99 thereafter. This compares to Netflix's \$9.99 global monthly pricing. We think that Amazon's existing AWS global infrastructure has allowed it to defray the costs of expanding its Prime Video offering, thereby allowing it to offer its product globally at a reduced price relative to Netflix. We think that Amazon's spending on originals will continue to push content costs higher, negatively impacting Netflix.

While we do not expect existing international Netflix customers to defect in favor of Amazon's Prime Video offering, we do think that future subscribers are up for grabs and we think as many as 20 – 40% of future SVOD consumers will choose Prime Video over Netflix given the more compelling price point. Netflix will likely draw the majority of new subscribers for now given that it has *thousands* of programs, including many originals and exclusives, as well as non-exclusives, compared to Amazon's *hundreds* of programs. We believe that the near-term result will be that Netflix's international growth will slow by roughly 2 million in 2017, and our current Netflix model supports this, assuming 2017 international subscriber additions of 12 million compared to over 14 million in 2016. Of course, many will simply purchase both Netflix and Amazon subscriptions. Longer term, we think the impact will be intensified competition as Amazon expands its content offerings and Netflix is forced to either spend incrementally more on content (requiring even more debt funding), or to sacrifice international subscriber additions.

In September of 2016, Amazon began offering its domestic customers a standalone video subscription (separate from Prime) on a pay-as-you-go basis for \$8.99 monthly, for a total annual cost of \$107.88 compared to its annual subscription cost of \$99; customers are also offered Prime on a monthly basis for \$10.99 (\$131.88), which is a horrible deal unless the customer wishes to join for only a brief period of time. Amazon's international expansion should cut into Netflix's potential market share considerably over time. Amazon is now using a select offering of comedies, documentaries, children's shows, and other content to lure non-members into full Prime subscriptions by offering the first episode for free with advertisements. We estimate that Amazon spent as much as \$3.5 billion on content in 2016, while Netflix spent nearly double that in 2016 as it delivered content to 200 countries compared to Amazon's five countries for most of the year. We expect Amazon will grow its spending on video content by \$500 million or more annually for the next several years overall, with most of the increase for original content.

Figure 12: Upcoming Netflix Original Programming

Title	Expected Premiere	Expected Premiere Q	Genre	Content Type	Production Company	Language
The Keepers	19-May-17	2Q:17	Docuseries	Original Series		English
Blame!	20-May-17	2Q:17	Anime	Original Movie	King Records, The Kockworx, Kôdansha, Netflix, Polygon Pictures	Japanese
War Machine	26-May-17	2Q:17	Comedy	Original Movie	Netflix, Plan B Entertainment	English
Gypsy	30-Jun-17	2Q:17	Thriller	Original Series	Universal Television, Working Title Television	English
G.L.O.W.	23-Jun-17	2Q:17	Drama	Original Series	Netflix	English
Okja	28-Jun-17	2Q:17	Science fiction	Original Movie	Kate Street Picture Company, Lewis Pictures, Plan B Entertainment	English, Korean
Marvel's The Defenders	18-Aug-17	3Q:17	Action	Original Series	ABC Studios, Marvel Studios, Marvel Television, Netflix, Walt Disney Television	English
El Camino Christmas	1-Dec-17	4Q:17	Drama	Original Movie	Brother, Goldenlight Films	English
A Futile And Stupid Gesture	2017	TBA	Comedy	Original Movie	Principato-Young Entertainment, Abominable Pictures	English
Atypical	2017	TBA	Comedy	Original Series		English
Big Mouth	2017	TBA	Comedy	Original Series		English
Bright	2017	TBA	Science fiction	Original Movie		English
Castlevania	2017	TBA	Anime	Original Series	Frederator Networks, Netflix	English
Dark	2017	TBA	Science fiction	Original Series	Weidemann & Berg Television	German
Death Note	2017	TBA	Horror	Original Movie	Lin Pictures, Vertigo Entertainment	English
Disjointed	2017	TBA	Comedy	Original Series	Chucke Lorre Productions, Warner Bros. Television	English
Divines	2017	TBA	Drama	Original Movie	Easy Tiger, France 2 Cinéma, France Télévisions	French
Edha	2017	TBA	Drama	Original Series		Spanish
Friends From College	2017	TBA	Comedy	Original Series	Netflix	English
Godless	2017	TBA	Drama	Original Series	Netflix	English
Greenhouse Academy	2017	TBA	Science fiction	Original Series	Nutz Productions	English
IO	2017	TBA	Science fiction	Original Movie	Mandalay Pictures, Sunset Junction Entertainment, Untitled Entertainment	English
Journey to Greenland	2017	TBA	Comedy	Original Movie	Bobbi Lux, Envie de Tempête Productions	English
Little Evil	2017	TBA	Comedy	Original Movie	Bluegrass Films, Mandalay Pictures	English
Mindhunter	2017	TBA	Drama	Original Series	Netflix	English
Mute	2017	TBA	Science fiction	Original Movie	Liberty Films UK, Studio Babelsberg	English
Naked	2017	TBA	Comedy	Original Movie	Wayans Alvarez Productions	English
Our Souls at Night	2017	TBA	Drama	Original Movie	Netflix	English
Ozark	2017	TBA	Drama	Original Series	Zero Gravity Management, Media Rights Capital	English
Suburra	2017	TBA	Drama	Original Series	Cattleya, Rai Cinema	Italian
The Meyerowitz Stories	2017	TBA	Drama	Original Movie	Gilded Halfwing	English
Wheelman	2017	TBA	Action	Original Movie	Solution Entertainment Group	English

\*Excludes documentaries, specials, continuations, partnerships, and children's programming.

Grey shading indicates Netflix listed as a producer on [imdb.com](http://imdb.com)

Source: [IMDB.com](http://IMDB.com), [Deadline.com](http://Deadline.com), [Variety.com](http://Variety.com), [HollywoodReporter.com](http://HollywoodReporter.com), [Netflix.com](http://Netflix.com), [Metacritic.com](http://Metacritic.com), [Company Data](http://Company Data), and [Wedbush Securities, Inc.](http://Wedbush Securities, Inc)

Figure 13: Upcoming Amazon Original Programming

Title	Expected Amazon Premiere	Expected Premiere Q	Genre	Content Type	Production Company	Language
Landline	21-Jul-17	3Q:17	Dramatic Comedy	Original Movie	OddLot Entertainment, Route One Entertainment	English
The Tick	25-Aug-17	TBA	Comedy	Original Series	Amazon Studios, Sony Pictures Television	English
Britannia	2017	TBA	Drama	Original Series	Backup Films, Vertigo Films, Neal Street Productions	English
Crown Heights	2017	TBA	Drama	Original Movie	Iam21 Entertainment, Washington Square Films, Black Maple Films	English
Jean-Claude Van Johnson	2017	TBA	Comedy	Original Series	Amazon Studios, Scott Free Productions	English
The Idolmaster KR	2017	TBA	Drama	Original Series		English
Wonderstruck	2017	TBA	Drama	Original Movie	Amazon Studios, Cinetic Media, FilmNation Entertainment, Killer Films, Picrow	English

Title	Theatrical Wide Release	Theatrical Release Quarter	Amazon Prime Premiere	Prime Release Quarter	Metacritic Score	Genre	Content Type	Production Company	Language	Estimated Total Content Mins
The Big Sick	14-Jul-17	3Q:17				Dramatic Comedy	Film	Apatow Productions, FilmNation Entertainment, Story Ink	English	119
City of Ghosts	24-Jul-17	3Q:17				Documentary	Film	Our Time Projects	English	90
The Only Living Boy in New York	11-Aug-17	3Q:17				Drama	Film	Big Indie Pictures, Amazon Studios, Bona Fide Productions	English	
Wonder Wheel	2017	9-Sep-17				Drama	Film	Amazon Studios, Gravier Productions	English	

Source: Deadline.com, Variety.com, HollywoodReporter.com, Amazon.com, Metacritic.com, Company Data, and Wedbush Securities, Inc.



On December 8, 2015, Amazon announced that it partnered with various content owners to offer users a variety of subscription streaming offerings. In effect, the user can pick and choose which curated group(s) of content he or she prefers, and the user can also cancel any subscription at any time. The monthly subscription prices vary from \$2.99 to \$9.95 per month following a free trial period lasting between seven and thirty days. Within the original lineup, the content bundles most likely to be purchased – Showtime and STARZ – were priced at \$8.99 per month following a seven-day trial period. More recently, Amazon added many more channels, including HBO for \$14.99 per month following a 30-day trial period and Cinemax for \$9.99 following a 30-day trial period. We compiled a list of the various subscription bundles and included a description of each, along with the trial period and monthly price (see Figures 14 and 15 below).

There is no base cost for the service, and since users have the flexibility to add and remove subscriptions at any time, we think that this presents an interesting value alternative to cable users who are not avid sports fans. We think Amazon is benefiting from both sides; Amazon hosts the content and processes payments for the content owners, presumably earning a fee from the content owners, and we think that the content availability via subscription service is driving additional Prime user engagement. This service does not appear to be cannibalizing Amazon content, as the service is directed toward existing Amazon Prime users with “special Prime member pricing”. Amazon is clearly trying to capture incremental share of the streaming market, and that can only serve to limit Netflix’s addressable market in the U.S.

**Figure 14: Amazon Subscriptions (continued on next page)**

	Service	Description	Free Trial (days)	Monthly Price
<b>Featured Content</b>	HBO	HBO content	30	\$14.99
	Cinemax	Cinemax content	30	\$9.99
	Showtime	Showtime content	7	\$8.99
	STARZ	STARZ content	7	\$8.99
	Acorn TV	British TV	7	\$4.99
	History - Vault	Curated historical videos	7	\$4.99
	PBS Kids	Children's content	7	\$4.99
	Lifetime Movie Club	New and classic Lifetime movies	7	\$3.99
	SEESO	Comedy series, stand-up specials, and films	7	\$3.99
<b>Entertainment</b>	British Pathé: Secrets of Cinema	Behind the scenes	7	\$4.99
	Comic Con HQ	Movies and documentaries from geek culture	7	\$4.99
	CONtv	Movies, TV shows, coverage from Comic Con	7	\$4.99
	FilmBox Live	Indies and arthouse films	7	\$4.99
	FlixFling Cinefest	Films for the movie buff	7	\$4.99
	Tribeca Shortlist	Tribeca's gems - indies, foreign, classics	7	\$4.99
	UMC	Urban Movie Channel content	7	\$4.99
	Drama Fever	Korean TV	7	\$3.99
	Fandor	Indies, classics, documentary, foreign	7	\$3.99
	FlixFling Warriors & Gangsters	Action, adventure films	7	\$2.99
	Hi-YAH!	Martial arts	7	\$2.99
	Indie Club	Star-powered indies	7	\$2.99
	IndieFlix Shorts	Indie short films	7	\$2.99
	Shout! Factory TV	Cult and classic films	7	\$2.99
	Machinima	Original series, video game name news	7	\$1.99
	Ownzones Best TV Ever	Classic TV	7	\$0.99

Source: Company data, Wedbush Securities, Inc.

Figure 15: Amazon Subscriptions (continued)

	Service	Description	Free Trial (days)	Monthly Price
Learn & Discover	The Great Courses	Video learning	7	\$7.99
	Sundance Now	Award-winning films, documentaries, series	7	\$6.99
	Curiosity Stream	Documentaries	7	\$5.99
	Docurama	Documentaries	7	\$4.99
	Paula Deen Network	Paula Deen cooking and lifestyle shows	7	\$4.99
	Tastemade	Millennial food and travel content	7	\$4.99
	Xive TV	History, science, and civilization docs	7	\$4.99
	Destination Unknown	Paranormal series	7	\$3.99
	DocCom TV	Documentaries and biographies	7	\$3.99
	Smithsonian Earth	Nature and wildlife documentaries	7	\$3.99
	True Crime Files	Mystery and suspense series	7	\$3.99
	Daring Docs	Social issues and topical documentaries	7	\$2.99
	FlixFlng DOX	Award-winning documentaries	7	\$2.99
	Panna	Video recipes	7	\$1.99
Health & Wellness	Daily Burn	Fitness videos	7	\$14.95
	Gaia	Yoga and spirituality	7	\$9.95
	YogaAnytime	Yoga and meditation	7	\$8.99
	AcaciaTV	Fitness videos	7	\$6.99
	Be Fit	Fitness videos	7	\$6.99
	Grokker	Yoga and fitness videos	7	\$6.99
	FitFusion TV	Fitness videos	7	\$4.99
Kids & Family	Hoopla Kidz Plus	Children's content	7	\$5.99
	Dove Channel	Trusted family entertainment	7	\$4.99
	UP faith & family	Family movies and TV	7	\$4.99
	Ameba	Children's content	7	\$3.99
	Nursery Rhymes Club	Educational songs	7	\$2.99
	All Babies Channel	Songs, lullabies, and phonics	7	\$1.99
Great Performances	Qello Concerts	Full-length concerts and music docs	7	\$7.99
	Comedy Central Stand-Up Plus	Stand-up specials	7	\$3.99
	Comedy Dynamics	Stand-up specials and documentaries	7	\$3.99
	Baeble Music	Up and coming music	7	\$0.99
Horror	Shudder	Horror films	7	\$4.99
	Screambox	Horror films	7	\$4.99
	FullMoon	Horror, fantasy, Sci-fi, bizarre genre films	7	\$6.99
	FlixFlng Monsters and Nightmares	Contemporary horror	7	\$2.99
	Fear Factory	Horror films	7	\$2.99
Sports & Outdoors	Xterra TV	Endurance sports and adventure	7	\$2.99
	Gone	Hunting and fishing	7	\$3.99
	Powerslam Wrestling Network	Pro wrestling from around the world	7	\$5.99
	The Ring TV	Boxing	7	\$2.99
	Secret Golf	International golf	7	\$7.95
	Undisputed Champion Network	Boxing movies and TV	7	\$3.99
More to Explore	Here TV	LGBT	7	\$7.99
	MHz	International mysteries, dramas, comedies	7	\$7.99
	Cross Counter	Fighting video games	7	\$5.99
	All Warrior Network	Military	7	\$4.99
	Motor Trend OnDemand	Racing and automotive	7	\$4.99
	Motorland	Racing and automotive	7	\$4.99
	Screen Junkies Plus	Talk on all things film and tv	7	\$4.99
	Best of British TV	UK comedy, drama, reality, chat TV	7	\$3.99
	CinePride	LGBT	7	\$3.99
	Nature Vision TV	The world's most beautiful places	7	\$2.99
	SpaceRip	Space and astronomy	7	\$2.99

Source: Company data, Wedbush Securities, Inc.

Figure 16: Netflix Historical Content Signings (continued on next page)

Date	Company	Exclusive/Non-Exclusive?	Movies		TV		Details provided on deal
			New	Old	New	Old	
05/2008	MTV Networks	Non-Exclusive		X		X	Catalog movies and catalog TV (all from Logo network)
10/2008	Starz	Non-Exclusive	X	X	X	X	Newish movies (90 days after premium cable window), new TV content (sneak preview of series premiere of Crash, with future episodes available day-and-date), catalog movies, and catalog TV through Starz Play broadband subscription movie service; content from Disney, Sony, Overture Films, Yari Film Group, and Warren Miller Films
01/2009	Showtime	Non-Exclusive				X	New TV (10-day pre-debut of series premiere of United States of Tara; day-and-date season premieres for Secret Diary of a Call Girl and The L Word, three week pre-debut of Californication)
04/2009	MTV Networks	Non-Exclusive				X	Catalog TV (Comedy Central and Nickelodeon)
07/2010	Relativity Media	Non-Exclusive	X				New movies (12 to 15 per year, up to 30 annually) available during pay TV window
07/2010	Warner Bros. TV	Non-Exclusive				X	Catalog TV
07/2010	Warner Bros. Studios	Non-Exclusive			X		Catalog movies
08/2010	EPIX	Non-Exclusive	X	X			Newish movies (90 days after premium pay TV and subscription-on-demand debuts) and catalog movies; 3,000 movies total
09/2010	Nu Image / Millennium Films	Non-Exclusive	X				Long-term agreement for new movies (5 to 10 per year) during pay TV window
09/2010	NBC Universal (replaced by new agreement in 07/2011)	Non-Exclusive				X	Catalog movies and catalog TV; day-after broadcasts of Saturday Night Live
09/2010	Universal Studios (replaced by new agreement in 07/2011)	Non-Exclusive		X			
10/2010	Sony	Non-Exclusive		X			Catalog movies
12/2010	FilmDistrict	Non-Exclusive	X				New movies (first-run, theatrically released films in the pay TV window)
12/2010	CBC, FremantleMedia, New Video, Maple, Sony	Non-Exclusive		X		X	Catalog movies and catalog TV for streaming service in Canada
12/2010	Disney-ABC Television Group (replaced by new agreement in 10/2011)	Non-Exclusive				X	Mainly catalog TV; new TV (programming will be available no earlier than 15 days after initial broadcast); \$50,000 - \$150,000 per episode; Disney holds an option to extend the deal; content from ABC, Disney Channel, and ABC Family
12/2010	Disney Studios (replaced by new agreement in 12/2012)	Non-Exclusive		X			Catalog movies
02/2011	CBS	Non-Exclusive				X	Catalog TV; CBS holds option to extend the agreement by two years
03/2011	Media Rights Capital	Exclusive				X	House of Cards to debut exclusively on Netflix in late 2012; Netflix has committed to a minimum of 26 episodes
03/2011	Paramount	Non-Exclusive		X			Catalog movies (over 350 titles) for streaming service in Canada
04/2011	Fox TV	Non-Exclusive				X	First season of Glee and first two seasons of Sons of Anarchy
04/2011	Twentieth Century Fox Studios	Non-Exclusive		X			Catalog movies (after premium pay TV license periods expire)
04/2011	Lionsgate TV	Non-Exclusive				X	Catalog TV; first four seasons of Mad Men with additional three seasons available after airing on AMC Network; Netflix paying close to \$1 million per episode
05/2011	Miramax	Non-Exclusive		X			US only; catalog movies (several hundred movies with dozens of titles added on a rotating basis)
06/2011	Open Road Films	Non-Exclusive	X				Movies distributed theatrically to be available during pay TV window
07/2011	NBC Universal	Non-Exclusive		X		X	Multi-year renewal; expands selection of non-exclusive catalog movies and TV; certain series to be available on a one season delay basis
07/2011	CBS	Non-Exclusive				X	Canada and Latin America; non-exclusive; includes CBS, CW, and Showtime content
09/2011	Discovery Communications	Non-Exclusive				X	Non-exclusive renewal; prior-season series and specials from Animal Planet, Discovery Channel, Investigation Discovery, Military Channel, Science Channel, TLC
09/2011	DreamWorks Animation	Exclusive	X	X		X	Multi-year premium pay TV window agreement; makes Netflix the exclusive subs TV service for first-run feature films (beginning with 2013 films) and select TV specials
10/2011	AMC Networks	Non-Exclusive				X	US and Canada; prior seasons of The Walking Dead; licensed non-exclusive rights in the US to programming from AMC, IFC, Sundance Channel, and WE TV
10/2011	CBS, Warner Bros. (for The CW)	Non-Exclusive				X	US only; licensed rights to stream over 700 hours of previous-season episodes of The CW's dramas and future programs
10/2011	Disney-ABC Television Group	Non-Exclusive		X	X	X	US only; extension of existing licensing agreement; content from ABC Studios, ABC Family, and Disney Channel; episodes from new seasons will be available 30 days after the last episode of each season airs
11/2011	MGM	Exclusive	X	X			UK and Ireland; movies available during pay TV window; makes Netflix the exclusive subs streaming service in UK and Ireland for most first-run feature films; catalog titles as well
11/2011	Lionsgate UK	Exclusive	X	X			UK and Ireland; movies available during pay TV window; makes Netflix the exclusive subs streaming service in UK and Ireland for first-run feature films; catalog titles as well
11/2011	Miramax	Non-Exclusive		X			UK and Ireland; new digital licensing agreement for a broad range of Miramax films
11/2011	Twentieth Century Fox Television, Imagine Television	Exclusive				X	Arrested Development; US only; all new episodes available exclusively on Netflix; premiering in the first half of 2013
12/2011	BBC Worldwide	Non-Exclusive				X	UK and Ireland; begins in early 2012
02/2012	The Weinstein Company	Non-Exclusive	X	X			US only; multi-year agreement; foreign language, documentary, certain other movies exclusively available; "The Artist" to make pay TV debut on Netflix; slate of specialty films to appear on Netflix within 1 year of theatrical release
04/2012	Hasbro Studios	Non-Exclusive				X	Multi-year agreement for ten TV franchises; five franchises available now, with remainder available later in 2012
05/2012	Twentieth Century Fox Television Distribution	Non-Exclusive		X	X	X	Latin America and Brazil; multi-year agreement; past seasons of multiple shows and current seasons of a few shows available July 15; certain films available July 1; additional films and TV series to be added going forward
06/2012	Warner Bros. Domestic Television Distribution	Non-Exclusive				X	US only; multi-year agreement; previous seasons of ABC Family's Pretty Little Liars and The Lying Game
08/2012	RADIUS-TWC	Non-Exclusive	X				US only; multi-year agreement with new distribution label from The Weinstein Company; starts in early 2013
11/2012	CBS	Non-Exclusive				X	Canada, Latin America, UK, and Ireland; extension of international licensing agreements

Source: Company data, Wedbush Securities, Inc.

Figure 17: Netflix Historical Content Signings (continued)

Date	Company	Exclusive/Non-Exclusive?	Movies		TV		Details provided on deal
			New	Old	New	Old	
12/2012	The Walt Disney Studios	Exclusive	X				US only; multi-year agreement; makes Netflix exclusive US subscription TV service for first-run live-action and animated feature films; Beginning with 2016 theatrically released feature films, new titles to be available in pay TV window; direct-to-video new releases available starting in 2013
12/2012	The Walt Disney Studios	Non-Exclusive		X			US only; multi-year agreement; catalog films
01/2013	Warner Bros. Television Group	Exclusive				X	US only; Netflix becomes exclusive online home for several full seasons of serialized dramas produced by Warner Bros.; covers a slate of eight shows as well as potential future shows
01/2013	Warner Bros. Television Group	Non-Exclusive				X	US only; multi-year agreement; previous seasons of animated and live-action programming from Cartoon Network, Warner Bros. Animation, Adult Swim; cartoon content available March 30, 2013; serialized drama Dallas available January 2014
02/2013	Flavor Unit Entertainment	Exclusive	X	X			US Only; Exclusive multi-year agreement to pick movies for Netflix shortly after theatrical release; beginning Spring 2013 House of Bodies and Percentage will be available on Netflix
02/2013	DreamWorks Animation	Exclusive				X	Netflix Original; Turbo: F.A.S.T in December 2013 based of summer kids movie
03/2013	Fox Television Studios	Non-Exclusive				X	The Killing; Offered in All Territories Season 1 & 2 and offer Season 3 after finale airs in 2013
03/2013	Georgeville Television	Exclusive				X	Netflix Original; Ten episodes of SENSE8
04/2013	Hasbro Studios	Exclusive				X	US & Canada; Multi-year exclusive agreement for kids programming for five shows available one month after finale airs
05/2013	Disney/ABC Television Group	Non-Exclusive				X	US Only; Multi-year agreement for five Disney Junior & Disney XD shows beginning May 2013
05/2013	Derek Productions	Non-Exclusive				X	All Territories (except for UK); first season of Derek available September 2013
06/2013	DreamWorks Animation	Exclusive				X	US, Canada, Latin America and Europe; Netflix multi-year exclusive deal for over 300 hours of original kids programming from DreamWorks library including The Croods and Mr. Peabody and Sherman
06/2013	Gaumont International Television	Exclusive				X	Netflix Original; Hemlock Grove Second Season (10 episodes) available 2014
06/2013	Lionsgate Television Group	Exclusive				X	Netflix Original; Orange is the New Black Second Season available 2014
06/2013	ZDF Enterprises	Exclusive				X	All Territories; Mako Mermaids Netflix exclusive. First 13 episodes available July 26, second half available in September
07/2013	Twentieth Century Fox	Exclusive				X	US Only; Exclusive multi-year agreement for first season of New Girl available July 1, with subsequent seasons to come
07/2013	PBS	Non-Exclusive				X	US and Canada; Expanded multiyear agreement to include children catalog TV exclusive to Netflix and other catalog TV; The Bletchley Circle available Fall 2013 and Super Why! available starting in 2014
07/2013	CBS	Non-Exclusive				X	US Only; Extension of multiyear agreement; ensure continued availability of TV catalog offered and extend to other catalog TV
08/2013	The Weinstein Company	Exclusive	X				Becomes exclusive U.S. subscription TV service for first-run films in 2016; starts with 2016 theatrically released feature films from TWC and Dimension Films... Netflix is already the pay TV home for TWC documentaries and foreign films
10/2013	Sony Pictures Television	Exclusive				X	New thriller series from creators of Damages called Bloodline; 13-episode first season premieres exclusively in all territories
10/2013	CBS	Non-Exclusive				X	All 8 seasons of Dexter become available in the U.S. on October 31
12/2013	Sony Pictures Television	Exclusive				X	Better Call Saul available exclusively in Europe and Latin America shortly after airing in the U.S.; first season available in the U.S. and Canada after the season finale
05/2014	Starz	Non-Exclusive	X				Multi-year deal to bring Sony Pictures Animation feature films in first pay TV window to members in the U.S. starting in 2014 with Cloudy with a Chance of Meatballs 2 and The Smurfs 2
08/2014	Sony Pictures Television	Non-Exclusive				X	Acquired rights to The Blacklist for \$2 million per episode; seasons will be available following linear broadcasts
09/2014	Warner Bros. Worldwide Television Distribution	Exclusive				X	Exclusive subscription VoD home of Gotham in each of Netflix's current territories and select other territories; each season will be available following the linear broadcast
10/2014	Scripps Networks Interactive	Non-Exclusive				X	Allows customers to stream past seasons of shows like the Food Network's Cutthroat Kitchen and Travel Channel's Man v. Food; deal is limited in scope and duration
11/2014	Warner Horizon Television	Exclusive				X	Fourth season of Longmire; 10 new episodes will premiere exclusively in the U.S., Canada, Australia, and New Zealand
11/2014	Universal Television	Exclusive				X	Ordered two seasons of The Unbreakable Kimmy Schmidt; Netflix will be the exclusive home
04/2015	Silverback Films / WWF	Non-Exclusive				X	Our Planet will premiere across all Netflix territories in 2019; 8-part natural history series from the creators of Planet Earth
09/2015	CBS	Exclusive				X	One season after original release of Zoo and Jane the Virgin will be available exclusively on Netflix in the U.S. (immediately and on Oct 12, respectively) and over 50 countries worldwide (in the coming months); First season will be available on Netflix as 2nd season airs on TV.
09/2015	Legendary Television/Universal Cable Productions	Exclusive				X	One season after original release of COLONY will be available on Netflix in the US, Canada, and other territories; First season will be available on Netflix as 2nd season airs on TV.
01/2016	DreamWorks Animation	Exclusive		X	X		Deal extends original series for domestic viewing and expands to international viewing, and includes new original series - Voltron and Trollhunters. Deal also includes a variety of film library content from Dreamworks.
7/5/2016	The CW Network	Exclusive				X	The new relationship spans all current CW series, as well as all future programs, beginning with the 2015-2016 broadcast season. Starting in the 2016-2017 season, full seasons for each program will be available 8 days after each show's season finale.
7/25/2016	20th Century Fox Television	Exclusive				X	First global SVOD licensing agreement, allowing Netflix to be the exclusive global streaming home for FX's hit American Crime Story in 2017. Seasons will become available after their broadcast windows. Available globally except in Canada.

Source: Company data, Wedbush Securities, Inc.

Figure 18: Amazon Historical Content Signings

Date	Company	Exclusive/Non-Exclusive?	Movies		TV		Details provided on deal
			New	Old	New	Old	
7/19/2011	CBS	Non-Exclusive		X		X	Terms not disclosed. Deal adds 2,000 videos to Prime. (8,000 Prime tv/movies)
9/26/2011	FOX	Non-Exclusive		X		X	Terms not disclosed. Deal adds 3,000 videos to Prime. (11,000)
10/19/2011	PBS	Non-Exclusive			X	X	Terms not disclosed. Deal adds 1,000 videos to Prime. (12,000)
10/31/2011	Disney-ABC	Non-Exclusive				X	Terms not disclosed. Deal adds >800 videos to Prime. (~13,000)
2/8/2012	Viacom	Non-Exclusive				X	Terms not disclosed. Deal adds 2,000 videos to Prime. (15,000)
3/14/2012	Discovery	Non-Exclusive			X	X	Terms not disclosed. Deal adds 2,000 videos to Prime. (17,000)
5/23/2012	Paramount	Non-Exclusive	X				Three year deal. Deal adds 100s of videos to Prime. (>17,000)
6/13/2012	MGM	Non-Exclusive		X		X	Terms not disclosed. Deal adds 100s of videos to Prime. (18,000)
7/20/2012	Warner Bros TV	Some Exclusive			X	X	Terms not disclosed. Deal adds more videos to Prime. (>18,000)
8/24/2012	NBCUniversal Cable/New Media	Non-Exclusive			X	X	Terms not disclosed. Deal adds 100s of videos to Prime. (22,000)
9/4/2012	EPIX	Non-Exclusive	X	X			Multi-year deal. Deal adds 1,000s of videos to Prime. (25,000)
12/17/2012	Turner/Warner Bros TV	Exclusive			X	X	Turner-TNT's <i>Falling Skies</i> (new/catalog), Warner Bros - TNT's <i>The Closer</i> (7 seasons). (30,000)
1/4/2013	A+E Networks	Non-Exclusive				X	Terms not disclosed. Deal adds 1,000s of videos to Prime. (33,000)
2/1/2013	PBS	Exclusive			X	X	<i>Downton Abbey</i> to be exclusive for seasons 3-5 beginning 6/18/13; later in 2013 all seasons. (36,000)
2/11/2013	CBS	Exclusive			X		<i>Under the Dome</i> to be exclusive on Prime for online subscription viewing (6/24/13 premier). (36,000)
2/13/2013	CBS	Non-Exclusive			X	X	Terms not disclosed. Expanded licensing agreement. (36,000)
2/26/2013	Sony Pictures TV	Exclusive			X	X	FX Network TV series <i>Justified</i> to be exclusive, plus adding TV series <i>The Shield</i> . (37,000)
5/16/2013	NBCUniversal Cable/New Media	Some Exclusive				X	Terms not disclosed. Deal adds catalog plus exclusive shows: <i>Grimm</i> , <i>Suits</i> , <i>Hannibal</i> , <i>Defiance</i> . (40,000)
6/4/2013	Viacom	Some Exclusive			X	X	Multi-year, multi-nation deal. Deal adds 1,000s of videos to Prime, some kids shows exclusive. (41,000)
6/26/2013	PBS	Non-Exclusive				X	Terms not disclosed. Deal adds 100s of videos to Prime. (41,000)
10/22/2013	MGM	Non-Exclusive		X		X	Terms not disclosed. Expanded licensing agreement for tv series <i>Vikings</i> plus some film titles.
11/20/2013	PBS	Exclusive				X	TV series <i>Mr. Selfridge</i> to be exclusive on Prime for online subscription viewing.
11/21/2013	A24	Exclusive	X	X			Multi-year deal for select A24 films on Prime for exclusive online subscription viewing.
1/8/2014	CBS	Exclusive				X	TV series <i>Extant</i> to be exclusive on Prime for online subscription viewing, four days after airing on CBS (begins July 2014).
1/9/2014	Warner Bros TV	Exclusive				X	TV series <i>Veronica Mars</i> to be exclusive on Prime for online subscription viewing (ahead of theatrical release).
2/6/2014	Fox TV	Exclusive				X	TV series <i>The Americans</i> to be exclusive on Prime for online subscription viewing.
2/18/2014	MGM	Exclusive				X	TV series <i>Teen Wolf</i> to be exclusive on Prime for online subscription viewing, plus some non-exclusive film titles.
2/20/2014	Tribeca Film	Some Exclusive	X	X			Film <i>The Broken Circle Breakdown</i> to be exclusive for online-only, plus other documentaries and films.
3/7/2014	BBC Worldwide North America	Exclusive			X	X	TV series <i>Orphan Black</i> to be exclusive on Prime for online subscription viewing.
4/1/2014	Fox TV	Exclusive				X	TV series <i>24</i> to be exclusive on Prime for online subscription viewing (8 seasons + TV movie ahead of new release on FOX)
4/23/2014	HBO	Exclusive				X	Multi-year deal for select HBO tv series to be exclusively available online via Prime, mostly three years after initial airing.
5/21/2014	HBO	Exclusive				X	First wave of HBO content available: <i>The Sopranos</i> , <i>The Wire</i> , <i>Deadwood</i> , <i>Rome</i> , <i>Six Feet Under</i> , <i>Eastbound &amp; Down</i> , <i>True Blood</i> , + more
6/19/2014	Aardman Animations	Exclusive			X	X	TV & short film series <i>Wallace &amp; Gromit</i> , <i>Shaun the Sheep</i> , <i>Timmy Time</i> , and <i>Rex the Runt</i> to be exclusive on Prime. *New episodes not exclusive.
6/26/2014	Cinedigm - DraftHouse Films	Exclusive		X			Exclusive deal for select film content from indie film distributor DraftHouse Films
1/28/2015	Starz Digital Media	Exclusive				X	TV series <i>The White Queen</i> to be exclusive on Prime for online subscription viewing.
3/31/2015	Bleecker Street	Exclusive	X				Multi-year exclusive deal for select film content from Bleecker Street.
9/16/2015	HBO	Non-Exclusive				X	All <i>Sex and the City</i> episodes now available on Prime.
9/25/2015	NBCUniversal Cable/New Media	Exclusive				X	<i>Mr. Robot</i> season 1 online exclusive in US as of Spring 2016
10/1/2015	CBS	Exclusive				X	TV series <i>BrainDead</i> to be exclusive on Prime for online subscription viewing, four days after airing on CBS (begins Summer 2016). The deal also includes an exclusive summer release for 2017 and 2018, each also to be released four days after airing on CBS.
10/1/2015	CBS	Non-Exclusive		X		X	Along with the exclusive deal above, CBS extended and expanded its CBS and SHOWTIME TV and film titles available on Prime.
1/14/2016	PBS	Non-Exclusive				X	New PBS series <i>Mercy Street</i> will become available on Prime 7 days after airing on PBS.
2/1/2016	Mattel, Inc.	Exclusive Original Series				X	Signed a multimillion dollar production deal with American Girl (a premium toy brand for girls, and subsidiary of Mattel) to produce four live-action original specials. Will premier on Amazon Prime Video in the US, UK, Germany, and Austria.
7/1/2016	PBS	Exclusive				X	Signed a multi-year agreement with PBSKIDS to be the exclusive VOD home for several PBSKIDS programs available in the U.S.
3/3/2017	Lionsgate	Exclusive	X	X			Signed a long-term deal granting Prime Video India exclusive streaming rights for Lionsgate content.
3/17/2017	A24	Exclusive	X	X			Extension of previous multi-year agreement originally signed in November 2013, including 2017 Academy Award Best Picture, <i>Moonlight</i> .

Source: Company data, Wedbush Securities, Inc.

**Covered Public Companies Mentioned in this Report (priced as of close 5/12/17)**

COMPANY	TICKER	RATING	PRICE	PRICE TARGET
AMC	AMC	OUTPERFORM	\$26.90	\$40
AMAZON	AMZN	OUTPERFORM	\$961.35	\$1,250
CINEMARK	CNK	NEUTRAL	\$43.53	\$45
IMAX	IMAX	OUTPERFORM	\$29.10	\$39
NETFLIX	NFLX	UNDERPERFORM	\$160.81	\$73
REGAL	RGC	OUTPERFORM	\$21.30	\$26

**Analyst Certification**

I, Michael Pachter, Alicia Reese, Nick McKay, Matthew Breda, certify that the views expressed in this report accurately reflect my personal opinion and that I have not and will not, directly or indirectly, receive compensation or other payments in connection with my specific recommendations or views contained in this report.

Disclosure information regarding historical ratings and price targets is available at <http://www.wedbush.com/ResearchDisclosure/DisclosureQ117.pdf>

**Investment Rating System:**

**Outperform:** Expect the total return of the stock to outperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

**Neutral:** Expect the total return of the stock to perform in-line with the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

**Underperform:** Expect the total return of the stock to underperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

The Investment Ratings are based on the expected performance of a stock (based on anticipated total return to price target) relative to the other stocks in the analyst's coverage universe (or the analyst's team coverage).\*

Rating Distribution (as of March 31, 2017)	Investment Banking Relationships (as of March 31, 2017)
Outperform: 53%	Outperform: 14%
Neutral: 43%	Neutral: 0%
Underperform: 3%	Underperform: 0%

The Distribution of Ratings is required by FINRA rules; however, WS' stock ratings of Outperform, Neutral, and Underperform most closely conform to Buy, Hold, and Sell, respectively. Please note, however, the definitions are not the same as WS' stock ratings are on a relative basis.

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**Wedbush Equity Research Disclosures as of May 15, 2017**

Company	Disclosure
AMC Entertainment	1,3,5,7
Amazon.com	1
Cinemark Holdings	1
IMAX	1
Netflix	1
Regal Entertainment	1

**Research Disclosure Legend**

1. WS makes a market in the securities of the subject company.
2. WS managed a public offering of securities within the last 12 months.
3. WS co-managed a public offering of securities within the last 12 months.
4. WS has received compensation for investment banking services within the last 12 months.
5. WS provided investment banking services within the last 12 months.
6. WS is acting as financial advisor.
7. WS expects to receive compensation for investment banking services within the next 3 months.
8. WS provided non-investment banking securities-related services within the past 12 months.
9. WS has received compensation for products and services other than investment banking services within the past 12 months.

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12. The analyst maintains Contingent Value Rights that enables him/her to receive payments of cash upon the company's meeting certain clinical and regulatory milestones.

**Price Charts**

Wedbush disclosure price charts are updated within the first fifteen days of each new calendar quarter per FINRA regulations. Price charts for companies initiated upon in the current quarter, and rating and target price changes occurring in the current quarter, will not be displayed until the following quarter. Additional information on recommended securities is available on request.

\* WS changed its rating system from (Strong Buy/Buy/Hold/Sell) to (Outperform/ Neutral/Underperform) on July 14, 2009.

Please access the attached hyperlink for WS' Coverage Universe: <http://www.wedbush.com/services/cmg/equities-division/research/equity-research> Applicable disclosure information is also available upon request by contacting James Kim in the Research Department at (213) 688-4380, by email to [James.Kim@wedbush.com](mailto:James.Kim@wedbush.com), or the Business Conduct Department at (213) 688-8090. You may also submit a written request to the following: Business Conduct Department, 1000 Wilshire Blvd., Los Angeles, CA 90017.

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