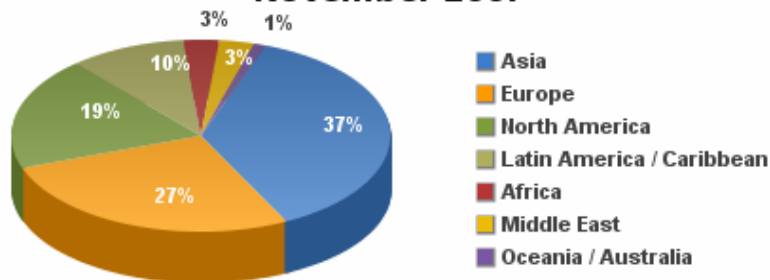


Welcome to the New Media economy and the rush for financial footholds on the mountain of divergent content distribution.

While New Media, despite the name, is hardly 'New', it continues to give rise to new business models and erode many traditional bases of media profit. New Media is a collective term that is constantly evolving to capture a concept of any content that is not delivered through the 'old' media of print or broadcast television. In common terms, New Media is used to describe content presented and delivered through websites, personal media players, mobile phones, and a myriad of other mobile and semi-mobile devices and displays now or soon to be in use.

New Media Consulting is built on recognizing New Media trends and creating business models that help the market deliver content to target users through New Media methods. The changes that we have seen in the web arena alone have led to one of the greatest economic speculations (the 'Internet Bubble') of our time, but have also led to the creation of solid business models based on delivery of content to computer and mobile devices. In North America alone there are more than 237,168,545 Internet users (apx. 70% of population), and more than 1.2 billion Internet users world-wide.

World Internet Users November 2007



Source: www.internetworldstats.com
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Further empowering Internet users is the penetration of broadband data transmission. In the US, a country that ranks 24th in terms of broadband penetration, 82% of active Internet users view content through a broadband connection as of May 2007.

Web Connection Speed Trends - Home Users (US)

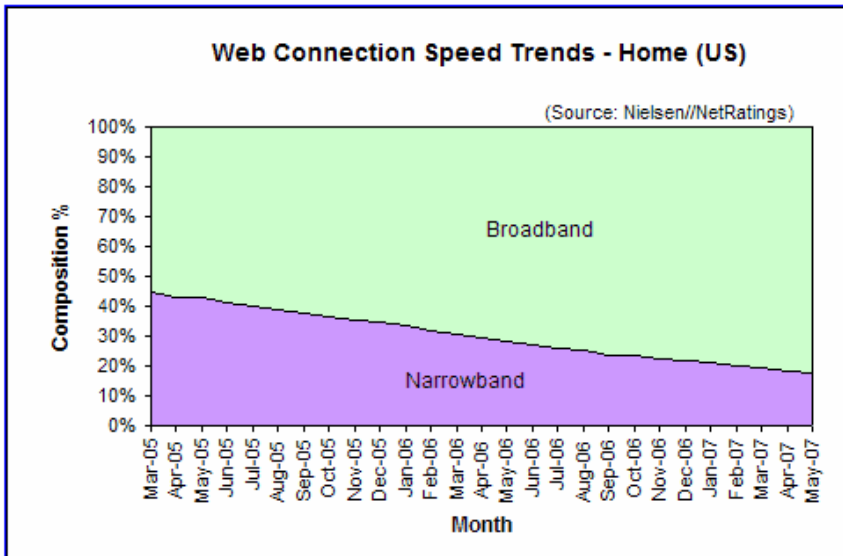


Figure 1: Web Connection Speed Trends - Home Users (US)
Source: [Nielsen//NetRatings](#)

In the workplace the penetration of broadband is even more prevalent with less than 7% of businesses operating on a Narrowband connection:

Web Connection Speed Trends - Work Users (US)

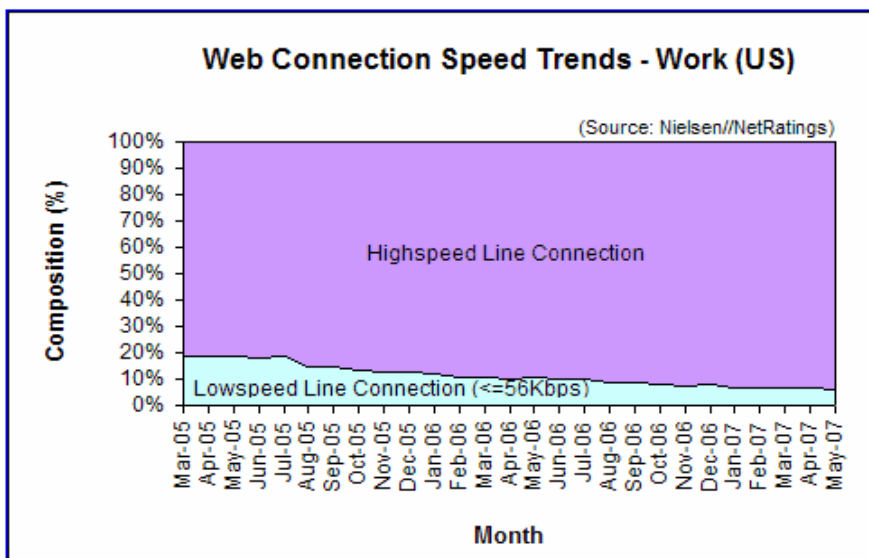
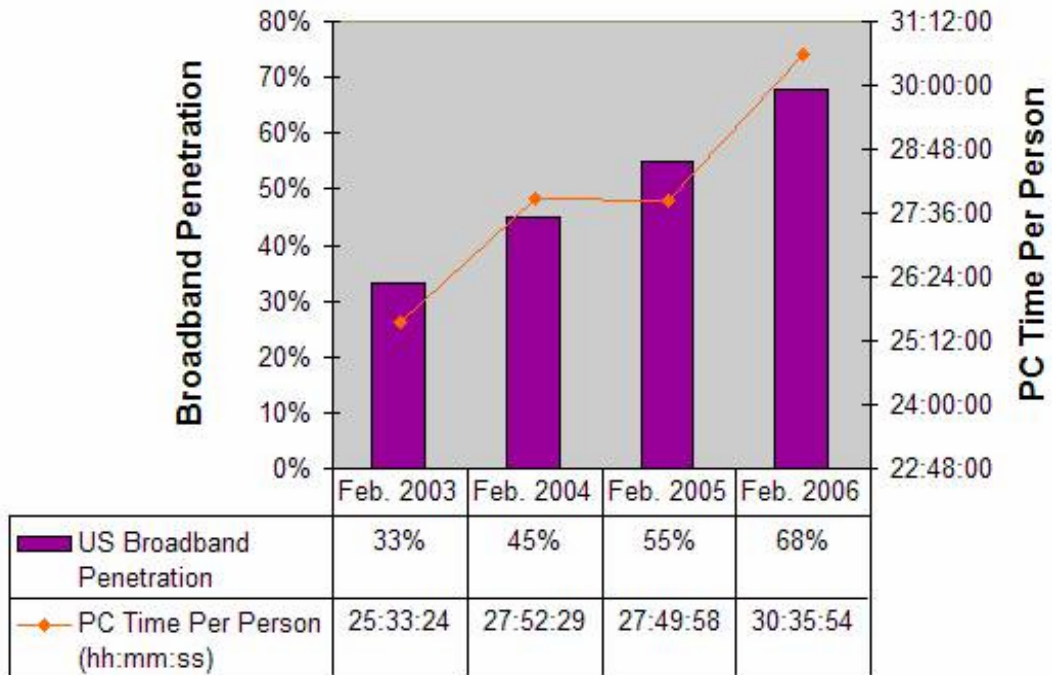


Figure 3: Web Connection Speed Trends - Work Users (US)
Source: [Nielsen//NetRatings](#)

What broadband penetration means to the market is that more users may view content more quickly, and we may access content that was traditionally only available from traditional broadcast. The result is that streaming media, the Internet/Online viewing of traditional broadcast content, is a reality and users are spending more time on the Internet as the ease of viewing and content offerings are becoming more appealing.

Growth in Broadband Penetration and PC Time among Active Internet Universe (US Homes)



(Source: Nielsen//NetRatings / WebSiteOptimization.com)

While broadband penetration and usage has opened up a wide array of business applications and services, it is now a viable source of streaming media entertainment and revenue. In ComScore's July report, just under 75% of Internet users viewed an average of 3 hours of streaming media per month. While the content is far more variable than traditional network delivery, we can see that the dominant media companies are clearly in the top tier in terms of streaming media destinations:

| Top U.S. Online Video Properties* by Unique Video Viewers | | |
|--|-----------------------------|----------------------------|
| July 2007 | | |
| Source: comScore Video Metrix | | |
| Property | Unique Viewers (000) | U.S. Internet Reach |
| Total Internet | 133,646 | 74.2% |
| Google Sites | 67,782 | 37.6% |
| Fox Interactive Media | 35,834 | 19.9% |
| Yahoo! Sites | 35,325 | 19.6% |
| Time Warner Network | 26,571 | 14.8% |
| Viacom Digital | 22,652 | 12.6% |
| Microsoft Sites | 18,847 | 10.5% |
| Disney Online | 13,907 | 7.7% |
| ESPN | 7,733 | 4.3% |
| MLB.com | 7,671 | 4.3% |
| Photobucket.com LLC | 6,684 | 3.7% |

**Rankings based on video content sites; excludes video server networks. Online video includes both streaming and progressive download video.*

We are clearly seeing a shift in the way users view media. With the penetration of broadband and better presentation of content, we will continue to see the rise of on-demand streaming media. In fact, most of the world's largest media companies and their subsidiaries are planning on New Media distribution as a substantial source of future revenue. For further evidence of this trend please view some of the public comments from members of The Alliance of Motion Picture & Television Producers (AMPTP):

- "Content is going to be more and more and more important. We all have PDAs, we all have cell phones with screens, we've all experienced the screen in the back of the taxi cab, the screens in the elevator, and we are one of the best companies in the world at feeding those screens." --**Ben Silverman, NBC Entertainment Chairman.**
- "Perhaps CSI will be on the network and it will also be on broadband. At some point instead of 27 million people watching it 20 million will watch it and 5 million will watch it on the Internet. But we will get paid for it regardless... We as the network, as the studio, as the producers and production companies, we will get paid no matter where you get it from." --**Les Moonves, President & CEO, CBS.**
- "Viacom will double its revenue this year from digital." --**Sumner Redstone, Chairman, Viacom.**

A January report by the ABI and reported by the Internet Advertising Bureau notes Video downloads will grow from 215 million in 2008 to more than 2.4 billion in 2012, with rentals accounting for about half of these, according to new research published January 10, 2008.

While the growing trend toward media content being delivered through New Media methods and devices is clear, what is not clear is why there has been so much backlash, lack of negotiation, and creation of the financially devastating WGA strike due to the fact that the AMPTP has not been willing to compensate the creators of this content if it is delivered in a New Media format versus traditional broadcast. Because the method of delivery has and is changing, and there are new revenue streams, does not mean that the content is created out of thin air! The Writers Guild strike is an inconvenience for most of the users who want to see the content, but it is critical that the users of this content support the writers who create it.

This from the Writers Guild of America (wga.org):

The major studios and networks made \$95 billion in revenues last year alone. And they expect that number to increase with the advent of the Internet and digital broadcasting. When it comes to some new media distribution, the conglomerates are proposing to pay writers nothing. On permanent downloads or "electronic sell-through" they're offering less than 1/3 of a penny for every dollar they make. –This offer is based on the same compensation for DVD's.

As this report shows, and the WGA well understands, this is a growing issue and must be addressed before the basis of compensation for the creators of content is destroyed. Consider that in the next 2-5 years most American televisions will be connected to the Internet and the shows and movies you watch will be transmitted via an Internet connection. Corporate revenue from video downloading is estimated to be \$1 billion for the next three years; proceeds from video streaming will be \$3 billion during the next two years.

Writers are asking for Guild coverage of writing for the Internet, basic residuals for Internet content reuse, and the tools to enforce this agreement. These residuals are not a bonus for writers; they are a critical part of compensation. The media conglomerates are refusing to grant the Writers Guild jurisdiction over original writing for the Internet, though nearly ALL writing will likely be transmitted this way in the future.

For more information please visit the sources listed or contact New Media Consulting

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