

July 27, 2009



An interview with:

**BIG TEN NETWORK
PRESIDENT MARK
SILVERMAN**

MARK SILVERMAN: Good afternoon, everyone. It's good to be speaking to all of you again. I'd first like to start off by showing you a quick clip about the network, and then I'll talk a little bit on some overall points and then finally just mention some of the new programs we have on for the fall.

(Video shown.)

So the Big Ten Network is now about to enter its third year, and on a personal level I'd just like to say that launching and managing this network has been a great rewarding experience. Just two years ago here, the network had not yet been launched. We had one distribution deal and a handful of employees, and we've grown tremendously over the last couple of years.

Today the network is available to over 70 percent of the homes in the U.S., and we're available in 19 of the top 20 TV markets in the country. The network is also distributed to millions of homes in Canada, and is distributed internationally via Fox International and Armed Forces Television. The network has enjoyed tremendous success and national recognition in our short tenure on the air.

Most notably we were nominated last year for the Best in Sports Television Award by the Sports Business Journal, and we've won multiple cable industry awards for our marketing in our cable coaches spots that you've seen and the flood relief efforts we did in Iowa.

The network has also been able to significantly increase our advertising revenue from year one to year two, and we're looking at significant increases in year three despite a very difficult economy, as you all know. Among the key

advertisers are going to be State Farm Insurance, U.S. Marines and Buffalo Wild Wings.

We're looking at advancement of technology and the convergence of new and traditional media. There are more opportunities now than ever before for content production and distribution. For example, the network will once again this year offer extra channels during football season so fans can watch any game they want that the Big Ten Network is televising. Our first week of football season we'll be airing seven games that opening weekend.

In addition, all fans that live outside of the U.S. and Canada, for the first time they'll be able to watch football games streamed online at BigTenNetwork.com. So any ex-pats that live in Europe and Asia will be able to watch their games.

The network also produces all of our events in HD. We offer over 350 events each year, many of which had been previously televised before. The network has also made a significant development to build out our streaming program, and we're going to stream an additional 250 events domestically, doubling what we streamed last year. The network has also produced hundreds and hundreds of hours of video on demand content. We have programs available on iTunes and Hulu. We have game highlights available on iPhones. We have video clips on YouTube. We regularly utilize Facebook and Twitter.

We're actually much more than just a television network. We're well on our way to becoming a global media company, which creates uniquely branded content. We manage multi-platform revenue streams. We've launched numerous new media initiatives, and we leverage a worldwide distribution network. Having personally spent 15 years earlier in my career at the Walt Disney Company, I can tell you I've never before seen such rapid growth of an emerging media company in such a short time.

Perhaps the best part of the network is that the universities share in our success. Programming rights fees are just one component the conference receives by having the network.



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The conference also receives a profit share by owning the network. The schools have a significantly increased presence of their athletic programs. Perhaps most importantly, the conference owns a significant equity stake in a very lucrative network that's only going to grow in value as our profitability continues to increase.

Moving to programming, as the millions of fans who watch the network know, the Big Ten Network is about more than just games. The network is programmed 24 hours a day, 365 days a year, and our focus is on delivering high-quality Big Ten content. The network enables the Big Ten to enhance and grow its brand by airing hundreds of classic football games, weekly coaches' shows, and an increasing amount of studio programming as we continue to grow.

Our programming lineup as we're looking forward to this next year is going to feature some new programs, as well. But beginning August 11th, we'll be starting our Big Ten football tour. Our reporting team will visit each Big Ten campus to televise a football practice that will air that night.

Our guys will be visiting 11 campuses in 14 days to help build the anticipation of the upcoming football season. This type of coverage is unparalleled anywhere intercollegiate athletics.

The network will be launching four new football-themed shows airing Tuesdays through Fridays at 10 p.m. Eastern. We call these shows our Football Four Pack. The first show airing on Tuesdays will be called the Big Ten Breakdown where a team will review the previous day's games and what it means to all the fans in the Big Ten.

On Wednesdays we'll have a show called Sights and Sounds that will bring fans the behind-the-scenes action in locker rooms, on practice fields, and recap the week's press conferences.

Thursdays we're going to do a show called Behind the Schemes featuring Dave Revsine, Gerry DiNardo, and Glen Mason, and the ex-Big Ten coaches will work against each other devising game plans for the Big Ten's top games coming up that weekend.

On Friday we're going to do a show called Big Ten Football and Beyond where we're going to look beyond the Big Ten across the national football scene and see how that impacts the Big Ten.

In addition to these four shows, returning shows are going to include our Friday Night Tailgate show, new episodes of The Quad starring Eddie George, and of course Big Ten Tonight. I

hope you all get a chance to sample our programs this fall.

Just to conclude, I'd like to congratulate the conference for having the vision, collaboration, and confidence to launch this ground-breaking network, which is only going to grow and continue to provide additional value to our universities for generations and generations to come.

Q. As you know, the SEC has entered this arrangement with ESPN. I'm sure it's a little bit apples and oranges, but can you kind of talk about that deal, how it compares with yours, how confident you guys are as the Big Ten Network that the SEC with ESPN and that kind of presence, that that's not going to take the SEC to a level beyond the Big Ten or any other league can deal with?

MARK SILVERMAN: From my limited knowledge of that deal, I guess I'll just turn it back to you. I believe that deal is a game a week during football season for -- I think it's a three-and-a-half-hour time period that's on -- I'm not sure what percentage of the country, but comparing that to a 24-hour a day network that's global and producing all this content, I don't know, it's hard for me to answer that question.

Q. \$17 million per --

MARK SILVERMAN: From what I understand the financial elements seem pretty even from what I understand, although all those estimates I don't think factor in the profit share the conference receives from the network and the value of owning an asset that looks like it's going to be worth a heck of a lot of money.

Q. Do you plan to televise every Big Ten game with every opponent, nonconference, as well? And if you get into a situation where there's seven games you're televising in the first week, will they be regionalized? How do people get these extra networks that you talked about?

MARK SILVERMAN: Answering the first part of that question, every Big Ten home game is televised either by ABC, ESPN, ESPN 2, or the Big Ten Network, and there's a selection process that's involved. I know I've talked to many of you in years past about how that works. Every game will be televised, conference or nonconference, and every Big Ten game will be nationally televised via



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one of their television partners.

Regarding the second part of the question, we have arrangements with satellite and cable providers to take as many feeds as they possibly can of our network. Our intent is to offer every game that we produce to every single subscriber of the Big Ten Network. Sometimes that can be achieved depending on the cable system. They may only be able to receive a couple, two, three, four of the games going on at once, but some of them do offer all of our games.

Q. You're starting the season with a Thursday night game to open the season. Is that something you'd like to do more of and have a Thursday night game every week going forward? Or is this just a one-time deal?

MARK SILVERMAN: We like having this Thursday night game to open the season. I think it gives the Big Ten an interesting position to kick off uniquely from others, and we can really get behind that kind of a launch. We're really not looking forward to airing Thursday night games on a regular basis.

Kicking off the football season, though, on a Thursday is something that I think has some merit going forward.

Q. Down the road five, ten years, do you see the Big Ten Network taking ownership of basically all the major marquee football games in this league, or do you think it will always be a shared situation with another network?

MARK SILVERMAN: Answering that question today, it's hard to imagine the network being able to take all of the games itself. I think potentially the network would be in a position to take on more, but it's hard to imagine taking on all.

I think just given the amount of games that are on in the conference, there's about 80 home games a year, I would envision there being some type of partnership going forward.

Q. I meant a marquee game like Ohio State-Michigan.

MARK SILVERMAN: Really the selection process of games is dictated in our agreement and in the agreement the conference has with ABC and ESPN. The commissioner will be up shortly. I'm not sure of the exact duration of that deal, but nothing can change until the next deal.

And going forward, if there would be an opportunity for the network to get better games, we'd obviously be interested.

Q. It seems every year we talk about expansion and a 12th team and a championship game. How does the network factor into that equation at all, the chance to maybe have a championship game on the Big Ten Network? Is that something that you as the Big Ten Network would really be interested in, and does that factor into the possibility of that ever happening? Is it more likely that now there's a network that could really use that game?

MARK SILVERMAN: I think as it relates to expansion, there's a different set of -- there's a different set of guidelines now that there is a network. I think it's a factor. It's one of many factors that I would envision the conference and its university presidents evaluate when they're evaluating a 12th team and a championship game. But I don't think it changes the key dynamic of finding the right fit for the conference.

I think it's just one other added element. I guess to answer your initial question, we would obviously love to have a championship game on our network. I think there would be many parties that are partners with the conference that would have a similar view, and I would envision it would work out in some way that would create the maximum value for the conference.

Q. With the perception that so many teams in the Big Ten play a mediocre or watered-down schedule, does that hurt the network, having so many watered down or mediocre games?

MARK SILVERMAN: You know, the better the game, the higher the ratings and the more valuable what you're airing, absolutely. But what we've found is our audiences are so loyal to their schools, it's really almost on the margins.

The fans of the Michigan States or Michigans, for example, they want to watch their team play. And whoever they're playing, they're most interested. In terms of more of a national appeal, absolutely, there's a much heightened national appeal for a better game.

From our standpoint we would love to see better games when they make sense for the conference, but we think the people setting the

schedules at these schools, they know what they're doing. I think having some sort of a mix of games makes sense for them, and therefore makes sense for us, as well.

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