



November 2, 2007

TO: All Legislators

FROM: John D. Wiley  
Chancellor

RE: Big Ten Network

Nothing generates more discussion in Wisconsin than a feeling that something is being taken away. The current concerns over the availability of Badger football games on the Big Ten Network are very understandable. I am disappointed that this discussion overshadows the great things the network does for the university.

More than three years in the making, the Big Ten Network is a first-of-its-kind partnership between the member institutions of the Big Ten Conference and a major television provider. The network, launched in August, features a programming lineup of major events unparalleled within college sports TV today – more than 350 live events – including football and men's basketball, as well as more Olympic sports and women's sports programs than have ever been aired before. Additionally, the network will feature hundreds of hours of campus specific, non-athletic programming. With the current and potential viewer reach of the network, our university will gain exposure like we have never seen before.

This agreement that the conference has made to increase its exposure was created as a way to ensure that television revenue each university receives continues. Prior to forming the network, existing contracts with ESPN, ABC and other outlets were expiring, and the new agreements being offered included a significant retreat in exposure and revenue for all schools in the conference. Steady revenue through media agreements is key to ensuring student-athletes in all sports have the opportunity to compete at the highest level.

The formation of the Big Ten Network provided conference member schools a 20-year solution to the revenue and exposure issues. In fact, the agreement, which includes all 11 conference schools, ensures that the revenue generated and returned to schools is used for academic and athletic purposes. At the University of Wisconsin-Madison, the specific non-athletics areas funded include need-based scholarships, libraries and strategic academic collaborations.

Within 30 days of launch, the network was in nearly 30 million homes nationwide – the most successful launch of its kind in cable television history. It is being carried on Direct TV, Dish

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Network, AT&T and approximately 157 cable systems, including 15 in the state of Wisconsin – all are offering the Big Ten Network on their expanded basic lineup, and none is charging an extra fee to subscribers.

Even as negotiations continue with cable operators to carry the network, it is still very frustrating that agreements have not been struck with Time-Warner and Charter, the largest cable providers in Wisconsin. If cable systems in communities like Mt. Horeb, Richland Center and Westby can come to agreement, I can't understand why Time-Warner and Charter have chosen to leave Badger fans in the dark. I understand that Badger fans simply want the games on television and are not much interested in the details of the struggle to negotiate these deals. No one is more frustrated than I am.

The current legislation being discussed to bring the two sides together is clearly born out of frustration. It is this type of public discussion that must continue in order to give Badger fans what they want. Any idea to help facilitate this discussion is welcome. If compromise can be reached on a state budget between two sides with very diverging views, the Big Ten Network issue should be a slam dunk.

Unfortunately, there does not appear to be an immediate solution that would air the upcoming Wisconsin-Ohio State game in Time-Warner and Charter territories, however, it is my hope that this is temporary. It is unacceptable that Badger fans in these two cable territories are being held hostage by decisions Time-Warner and Charter have made to deny the widest distribution of Big Ten Network programming possible on an expanded basic tier of service.

This is an important issue for the university and the entire state. Please feel free to contact me on this issue if you have further questions.

Attachment

cc: Governor Jim Doyle  
UW System President Kevin Reilly

## Big Ten Network: Myth vs. Fact

**MYTH:** The Big Ten Network wants to charge Charter, Time Warner Cable and Comcast \$1.10 per subscriber per month.

**FACT:** Neither Charter, Time Warner nor Comcast have ever been presented with a proposal to pay that rate; Big Ten Network's latest proposals to them suggest a rate under \$1 for subscribers inside the eight states and about a dime everywhere else in the country, for a proposed average cost nationally of about 30 cents. Additionally, Big Ten Network is offering cable companies three revenue streams to offset their costs: local advertising time, HD packages and video-on-demand. The Big Ten Network has been flexible enough to be able to reach agreement on our price with 150 other cable operators.

**MYTH:** The Big Ten Network has leftover games.

**FACT:** Big Ten Network has the games Big Ten fans want to see, and more conference games than any other network. If you are a Badger fan and Wisconsin is playing Indiana on Homecoming, you want to see the game. Remember Michigan-Appalachian State? Penn State at Illinois? Northwestern's near upset of Michigan? The Michigan-Appalachian State game on Sept. 2 drew 11.3 percent of the viewers in Detroit who had access to the network. A huge 36.6 percent of Columbus residents with the network watched the Ohio State-Akron game on Sept. 8 - and that was the third highest-rated program in September of the more than 3,000 programs on basic cable. During men's basketball season, the Big Ten Network will televise 140 games, including 64 of the 99 in-conference match-ups and up to 20 games per university. There will be dozens of great basketball games on the Big Ten Network this season, and is the destination for more Big Ten coverage than any other network.

**MYTH:** Big Ten Network is demanding cable companies charge consumers to receive the network.

**FACT:** Cable companies determine the cost of your bill, not programmers like the Big Ten Network. While cable companies like to blame programming costs, those costs account for less than one-third the revenue they receive from subscribers. Comcast customers in Chicago, for example, are experiencing increases of between \$30 and \$138 per year, depending on their package, despite not receiving any new channels and in fact having channels removed.

**MYTH:** The Big Ten Network is taking away games that used to be free.

**FACT:** Last year, eight Big Ten football games and a whopping 85 men's basketball games were not televised at all. During the last two years, 57 football games that viewers would have seen through syndication packages on ESPN-Plus appeared on ESPNU and ESPN360, which are not widely available. The trend away from local

syndication would have continued with or without the Big Ten Network. With the Big Ten Network, every home Big Ten football and men's basketball game will now be produced for a national audience. We believe that fans within the Big Ten's eight-state footprint should be able to see these games at no additional charge on their existing expanded basic cable package.

**MYTH:** Charter, Comcast and other large cable operators are trying to "protect" consumers by refusing to put Big Ten Network on expanded basic.

**FACT:** Charter, Time Warner and Comcast want to put Big Ten Network on a sports tier because of the significant additional revenue a sports tier would generate for them. Comcast, for example, would receive an estimated \$280 per year if a customer is not already a digital subscriber and an estimated \$138 per year if they already pay for digital service, which is required to get a sports tier. DIRECTV, DISH Network, Insight, WOW and RCN, and about 150 other cable companies including 15 here in Wisconsin already added the network to their expanded basic level of service without a simultaneous price increase to consumers.

**MYTH:** If I don't like sports I shouldn't have to pay for the network.

**FACT:** First, it is the cable operators' decision whether to pass any fees they pay to the Big Ten Network on to their customers. Second, every month people pay their cable provider for channels they don't watch. Elderly citizens pay for MTV and VH1. Single people pay for the Disney Channel and ABC Family. Men pay for Lifetime and Oxygen. Women pay for Spike TV. No channel on cable appeals to "most people." However, in 2006, more than half of the top 100 highest-rated programs on cable television were sporting events. Sports programming generates audiences like no other single programming genre. Past history shows that Big Ten football and basketball games are among the highest rated programs on cable TV. For example, the Big Ten Network telecast of the Michigan-Appalachian State game on September 2 was viewed by 11.3 percent of people in Detroit who receive the Big Ten Network. The highest-rated cable programs are typically viewed by 5 percent of the population, and the average program is viewed by significantly less than 1 percent.

**MYTH:** Big Ten Network is the second most expensive network behind ESPN.

**FACT:** The license fee the Big Ten is charging cable operators ranks 30th out of 39 sports networks tracked by Kagan Research, a well-respected industry source. Regional sports networks such as Comcast SportsNet Northwest, Philadelphia, Mid-Atlantic and Chicago cost double the Big Ten Network's fees in the region. Outside the Big Ten's eight-state footprint, Kagan ranks the network's cost of about a dime at 84th out of 159 national networks. Kagan estimates that the average monthly license fee per subscriber for larger operators such as Comcast, Time Warner and Charter - which have subscribers both inside and outside the eight states - is 27 cents.