



















































mtv networks. channel our strength.

AT MTV NETWORKS WE BELIEVE THAT OUR BUSINESSES WILL GROW AND THRIVE AS WE EMBRACE THE DIVERSITY OF OUR AUDIENCE AND REFLECT THEIR INTERESTS, PASSIONS, HEROES AND IDEAS IN EVERYTHING WE DO.

WE ARE TOTALLY COMMITTED TO DIVERSITY. IT'S STRATE-GICALLY CRUCIAL IN CONNECTING TO OUR VIEWERS WORLDWIDE, BUT MORE IMPORTANT, IT'S THE MOST CREATIVE AND VIBRANT WAY TO RUN A BUSINESS. CABLE AFFILIATES ALSO KNOW THE VALUE OF DIVERSITY AND ARE MAKING MULTICULTURAL MARKETING A PRIORITY, BUILDING MORE LOYAL AUDIENCES AND MAKING A DEEPER CONNECTION WITH THE COMMUNITIES THEY SERVE.

IN THAT SPIRIT, WE THOUGHT THIS WOULD BE A GOOD TIME—DIVERSITY WEEK—TO HIGHLIGHT A FEW OF THE THINGS WE'RE WORKING ON THAT YOU, OUR AFFILIATE PARTNERS, CAN USE TO EXTEND YOUR OWN MULTI-

CULTURAL MARKETING CAMPAIGNS. IN THE FOLLOW-ING PAGES YOU'LL SEE EXAMPLES OF SOME NEW AND EXCITING SERIES AND SPECIALS, PRO-SOCIAL INITIATIVES, AND OTHER EFFORTS TO INTIMATELY CONNECT TO A MORE DIVERSE GENERATION OF VIEWERS.

WE LIKE WHAT WE'VE DONE SO FAR, AND LOOK FORWARD TO PARTNERING WITH ALL OF YOU ON THIS IMPORTANT WORK IN THE FUTURE.

JUDY MCGRATH
CHAIRMAN & CEO
MTV NETWORKS

MTVNETWORKS: TARGETINGTHE MULTICULTURALCUSTOMER

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REACHINGOUT

AS THE AUDIENCE DIVERSIFIES, MTV NETWORKS SCORES POINTS AT CONNECTING WITH ITS MANY SEGMENTS

MULTICULTURAL MARKETING. CABLE OPER-ATORS HAVE HEARD ABOUT IT FOR DECADES BUT IT'S ONLY IN THE LAST COUPLE OF YEARS THAT MOST HAVE REALIZED IT HOLDS THE KEY TO A BIG PART OF THEIR FUTURE SUBSCRIBER GROWTH.

As the U.S. population continues towards a much more diverse mix of racial, ethnic and social backgrounds, cable companies must work harder than ever to reach out to important segments of their audience. Most know the first step in accomplishing that goal: offer programming that grabs viewers and connects with them each time they tune in.

All of this adds up to growing demand for shows that can pull off that vital connection, and that's a trend that bodes well for MTV Networks.

Known since its early days as a company that stays tuned to its viewers' every whim, MTVN has been honing its skills at serving the needs of increasingly diverse audience segments.

Hence, the growing viewership at VH1 includes a sizable complement of African Americans, who didn't used to consider the network an entertainment option, but now routinely do. Ditto MTV2, where a hip approach to hip hop fans has helped produce the highest ratings in the network's history.



MTVN's multicultural roots go way back. At the flagship network, pioneering shows like Real World have included racially diverse casts since their creation two decades ago, while Nickelodeon's first original series, Clarissa Explains It All, smashed the long-held axiom that boys wouldn't watch a show built around a female main character.

"[MTV NETWORKS HAS] A GREAT STORY TO TELL, NOT JUST ON AIR, BUT ALSO OFF-AIR WITHIN THEIR RANKS AND WITHIN THEIR CORPORATE OFFICES, I THINK THEY REPRESENT DIVERSITY AT **EVERY LEVEL."**

—Jenny Alonzo, president, National Association for Multi-Ethnicity in Communications

Today, the diversification continues and the audience has taken notice. A recent Horowitz Urban Market study singled out MTV as the top brand among Hispanic young people, while a Beta Research survey found the same group of viewers ranks MTV Español and VH Uno first and second among their favorite Spanish language digital networks.

VH1 Soul, another digital channel, has cultivated a unique audience of upscale, high income African Americans, while MTV Jams puts a 24-hour-a-day spotlight on one of the most influential contemporary music genres: hip hop.

At Nickelodeon, groundbreaking bilingual series Dora the Explorer entertains while teaching little kids Spanish words. Its digital spinoff, Nicktoons, will add a Spanish language feed next month while



CAST OF THE REAL WORLD PHILADELPHIA

another digital sibling, The N, has wrapped production on Miracle's Boys, a five-part drama about a young man who gives up a scholarship to MIT to come home to Harlem and raise his two brothers after the death of their mother.

Executives at MTV Networks have long attributed their ability to stay steeped in popular currents to their constant trolling for different points of view and a workforce that mirrors the audience at large. Company chairman Judy McGrath, in an interview earlier this year, described her approach this way: "It's not about getting advice from the most powerful people. It's about finding the person with the next idea for The Apprentice or The Osbournes and making sure that person has my phone number."

MTVN's penchant for diverse casts, evident in shows ranging from Nickelodeon's Keenan and Kel to MTV's Pimp My Ride, MTV2's Sucker Free Sundays, and VH1's Hip Hop Honors, make its portfolio of networks an attractive option for cable operators segmenting their marketing to different sectors of an increasingly multiethnic audience.

It's an approach that hasn't gone unnoticed.

Jenny Alonzo, president of the National Association for Multi-Ethnicity in Communications, singled out the company as an industry leader last year during an interview with Multichannel News. "MTV [Networks] is very forward thinking and they have been for many years," Alonzo said. "They have a great story to tell, not just on air, but also off-air within their ranks and within their corporate offices. I think they represent diversity at every level—not just color diversity—but gender, sexual orientation, etc. They really do understand the value of having a team that represents our people."

TRACKINGTHE KIDS'MARKET

A NICKELODEON STUDY UNCOVERS DIFFERENCES AMONG KIDS IN VARIOUS U.S. ETHNIC GROUPS

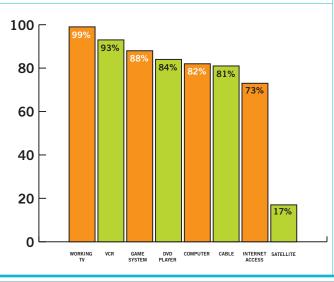
TODAY'S GENERATION OF KIDS—THE MOST ETHNICALLY DIVERSE IN THE HISTORY OF THIS COUNTRY—ARE ON THE FRONTLINE OF THE CHANGING FACE OF AMERICA TODAY.

The United States' overall population itself is more diverse than ever, with 40% of U.S. children identified as non-white, compared with 30% ten years ago. Despite this diversity however, kids tend to experience other races more often from the media than in their schools and neighborhoods. Such were the findings of the Nickelodeon and Cultural Access Group's Multicultural Kids Study, which, remarkably, was the first study of its kind ever conducted. Released this past June, the study examined differences in attitude and circumstances among U.S. White, African American, Hispanic and Asian American children, aged six to 14, and their parents.

According to the study, a family's ethnicity and socio-economic status define how, or how much, children experience diversity in their day-to-day lives. Overall, White kids are the most segregated ethnic segment, with more than three-quarters surveyed saying they live in neighborhoods and attend schools that are all or predominately White.

As income levels rise among White and Asian American families, their children tend to segregate into homogeneous enclaves, with little contact outside of school environments with members of other ethnic groups. For African American and Hispanic children, however, they are more likely

INCIDENCE OF TECHNOLOGY IN THE HOME AMONG TOTAL U.S. KIDS



to live in more racially integrated environments as family income increases.

As children have become recognized as an important consumer segment, there are significant differences among the varying ethnic groups that affect how each uses media and technology. The Nickelodeon/CAG study has identified some of these differences, and for cable, the messages could influence the way companies promote services to families. The study underscored, for example, how pervasive the media are in children's lives. "Because of their incredible usage of TV in particular but also video games, DVDs and the Internet, they are a powerful consumer group," said Laura E. Wendt, Nickelodeon's senior vice president of research.

"BECAUSE OF THEIR INCREDIBLE USAGE OF TV IN PARTICULAR BUT ALSO VIDEO GAMES, DVDS AND THE INTERNET, KIDS ARE A POWERFUL CONSUMER GROUP."

—Laura Wendt, Senior VP of research, Nickelodeon

Of particular interest to cable operators: A sizable percentage of Asian American children have computers and Internet access in their bedrooms. "For cable operators trying to drive broadband, there's no question that this is an important market," Wendt said.

"The differences we saw among the Asian American population are really dramatic," Wendt said. "When it comes to media, Asian American children represent a small market relative to other ethnic markets, but it's one that should not be ignored."

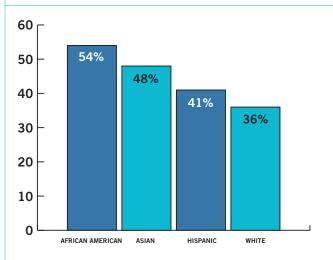
The study also found significant attitudinal differences among ethnic groups that influence how companies should market to them. Hispanic families, for example, have great pride in their identity and ethnicity. "There's a sense that things like an emphasis on language, food and music interests are unique for Hispanics," Wendt said. "These are important, defining characteristics that

need to be kept in mind when considering them as potential customers."

African American kids were reported as having an overwhelmingly positive sense of identity. "There's a very strong sense of self among African American kids," Wendt said. "They particularly see themselves as trendsetters and as able to make other people laugh. For kids, this is an important quality, because in their lives, if you can make people laugh, you will be popular in your peer group."

The study also found that African American families tend to exercise more control over their children's independence. African American families reported being particularly concerned about their boys, saying it's not appropriate for their sons to go to the movies without adult supervision until they are 18 years old (compared to 14 for girls) or to stay out until midnight until they are 22 (compared to 17.5 for girls).

TELEVISIONS WITH CABLE/SATELLITE CONNECTION IN BEDROOM



In comparison, parents of Asian kids prefer their kids to be (on average) 15.3 years of age before going to the movies on their own, with Hispanic parents setting the threshold at 13.5 years of age and parents of White kids, at 13.3.

The 2004 U.S. Multicultural Kids Study, conducted by Nickelodeon and Los Angeles based research firm Cultural Access Group conducted one-on-one interviews with 1500 children and 1500 parents in 16 markets. The syndicated study weighted data for each ethnic group to reflect national representation based on household income and region.

It also used home-based videotaped interviews with parents and their children in friendship groups and observed and talked with kids in after school settings.



AMODEL FOR SUCCESS

MULTICULTURALISM HAS HELPED NICKELODEON TO A VERY LONG RUN AT THE TOP OF CABLE'S RATINGS HEAP

EVER SINCE THE DAYS, MORE THAN A DECADE AGO, WHEN HE WAS DEVELOPING PROGRAMMING AT NICKELODEON, HERB SCANNELL HAS CHAMPIONED DIVERSITY. HE PLAYED A KEY ROLE IN VIOLATING TV'S UNWRITTEN RULES BY PUTTING A GIRL IN THE LEAD ROLE OF THE NETWORK'S FIRST ORIGINAL SHOW, CLARISSA EXPLAINS IT ALL AND LATER PUSHED FOR MORE UNCONVENTIONAL MOVES WITH MANY OTHER SHOWS.

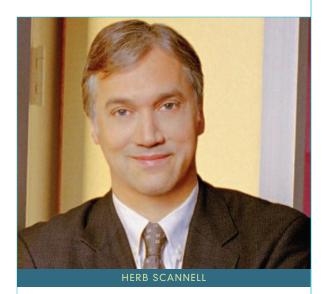
TODAY, AS MTV NETWORKS, GROUP PRESIDENT, NICK-ELODEON, NICK AT NITE, NOGGIN, THE N, TV LAND AND SPIKE TV, HE CONTINUES TO MAINTAIN THAT DIVERSITY LEADS NOT ONLY TO GOOD PROGRAMMING, BUT A SOLID BOTTOM LINE AS WELL.

IN THIS INTERVIEW, WHICH HAS BEEN EDITED FOR BREVITY'S SAKE, SCANNELL TALKS ABOUT PROGRAMMING TO A MULTICULTURAL MARKETPLACE AND HOW IT HAS REAPED HUGE REWARDS FOR THE COMPANY.



QUESTION: You've called Nickelodeon a business case for diversity. Can you elaborate on that?

SCANNELL: During its first 25 years, Nickelodeon changed the face of children's television. Before Nickelodeon, you didn't see many kids on TV and when you did, they were usually appendages to parents or relegated to lesser roles, and they were always cute and precocious. Then Nickelodeon comes on the scene and it's papered wall to wall with kids and its promotions are full of kids. When we started to develop shows, we took seriously the idea that we were a network for all kids. There had been a lot of shows that had boys as the leading characters, so we put girls in leading roles. Then we continued on that path, and looked at diversity in both gender and race as something special, something that would make our programming different. Nickelodeon is as diverse as the country as a whole. You see African Americans, Latinos, Asian Americans and what does it come back to? It is the number-one network for



nine years running in cable. Year in and year out it is also number-one with African American kids and

Hispanic kids. And Nick at Nite is now the number one network with African Americans in total day. So the fact that it has embraced diversity has something to do with being number one. That's what I believe in my heart and I'm very proud of it.

QUESTION: How does Nickelodeon approach diversity when it is creating programs? Does it have guidelines for producers?

SCANNELL: They often think about whether they are reflecting the world of kids on the screen. Are they telling stories that we've seen before? The Secret World of Alex Mack, which aired in the mid-1990s, was originally supposed to have a boy as its lead character, but we've seen boys that have super powers, so we put a girl in the lead. We looked at another show called *The Mystery Files of Shelby* Wink. It was a junior version of Murder She Wrote, but we've seen characters like Nancy Drew before, so we put out a bigger casting net, thinking that there weren't many Asian kids on TV, and the show became The Mystery Files of Shelby Woo. And then most recently, around 1999, we thought about the fact that there weren't many Hispanics either behind or in front of the camera at Nickelodeon. So we went out to try to identify talent that might have stories to tell. We ended up picking up three shows, and one of them, Dora the Explorer, has probably moved into the category of Sesame Street and Blues Clues. It's the top-rated show on Nick Jr., a million dollar licensing business, and is now spinning off a show about her cousin, Diego.

QUESTION: So it's a matter of thinking about the audience?

SCANNELL: I remember reading during that period in the 1990s when the NAACP and other groups were challenging broadcasters about their lack of representation on the screen and the response from [executives] was that they didn't know where the talent was, or that there wasn't enough of it. I always thought that was an excuse. It's not a hardship, just throw out a bigger net. Go look in the obvious places and unobvious places and think about what comes out of that process. It's often interesting stories from talent we might not have seen before. That's where we've had a

NOGGIN

lot of success and in all honesty, that's why Nickelodeon is a good case for diversity. It's our business. It's probably one of the most profitable networks in television, period.

QUESTION: Has

Nickelodeon's diversity had an impact on children's thinking?

SCANNELL: I don't know if we have hard research on it. We track kids' attitudes. There was

an article written back when there was a lot of noise in Hollywood about diversity. The L.A. Times did a three-part series on diversity in the media, which was fascinating, and they did a sidebar on Nickelodeon. In the sidebar, the reporter's point of view was that diversity was not an obstacle for Nickelodeon and that if a generation grows up watching Nickelodeon, that's going to make that generation more comfortable with diversity. I'd like to believe that's going to be true.



QUESTION: You've said that in order to capture the Latino audience companies should treat it not as an alternative, but as part of a mainstream target. Can you give an example of how to do that?

SCANNELL: In the case of Dora, Nickelodeon reached out to the Latin Press and local communities, instead of considering them an afterthought. In California, 50% of all school age kids are Latino and nationally, 20% are. That's a major audience, so we treat them like they are part of the general market.

QUESTION: Nickelodeon conducted a study of kids in the U.S. and found that white kids still live largely in racially segregated enclaves. What effect has this

> research had on program development at Nickelodeon and the other children's networks at MTVN?

SCANNELL: There are a couple of things about the study. Number one, there is a little bit of disconnect because kids are experiencing diversity in their lives more but they're going home to the lives their parents have created for them and those are more segregated. I think there is a promise, by the way, in that when they get a chance

to rule the world, they may have a different point of view about that. That's part of what this generation is coming to terms with. You see on both MTV and Nickelodeon that multiculturalism and diversity are more engrained in the lives of kids than in the lives of their parents. There was also a disconnect in the study between parents' perception of diversity, and what their reality was. I think they feel a little guilty about the fact that they live in segregated lives.

QUESTION: So as far as programming is concerned?

SCANNELL: The key to what we do is authenticity. You want to tell authentic stories from a kid's point of view. Then you get down to the creators and the stories they want to tell. What are the worlds they want to create and how do they want to depict them? We don't come to a situation in which we force A, B, C or D into a storyline. Romeo is a hit show on Nickelodeon featuring an African American family, but at its core, it's about an American family.

QUESTION: So the study found that kids have more diversity in school, but not at home and in their neighborhoods?

SCANNELL: Yes. And it found that parents perceive more diversity in their lives than their kids did. I do think there is more fluidity in the lives of kids. We did an earlier study in which 90% of the kids said they were friendly with kids of different races



and religions. So there is something about diversity in their lives. Their parents' lives are different.

QUESTION: So it sounds like the multicultural kids study hasn't changed the way you approach programming.

SCANNELL: It makes us more aware of things that are going on within the lives of kids in their own subgroups. It was the first time we broke down Asian Americans as a group so we could understand the dynamics of Asian American families versus African American families versus Hispanic families. And what we learned becomes interesting when the network is developing kid characters. We can bring more authenticity in. That's where that stuff really has some relevance. When I was at Nickelodeon I once stopped in on a development meeting and there were consultants and cultural experts in the room. The Dora pilot had just come in so I played it for the group. One of the consultants was a Latina with a background in music and she raised her hand and said the music we'd picked for the show was really great but it was more from the British Black Caribbean influence than a Hispanic Caribbean style. She said 'We don't use steel drums in our culture.' That was a really good point, so we changed the music.

QUESTION: What advice do you have for cable operators trying to market to people of different ethnic and racial backgrounds?

SCANNELL: First of all, know your audiences. Know what's coming and what's different and understand what you can about what is motivating them. The Latino audience in America is such a big audience. There's such cultural pride in that audience, and the more you understand it, the better off you will be.

AFAMILYAFFAIR

FROM THE N AND NOGGIN TO NICK AT NITE AND TV LAND, DIVERSITY IS A RUNNING THEME

TEEN NETWORK THE N WILL STEP OUT EARLY NEXT YEAR WITH ITS FIRST HIGH-PROFILE ORIGINAL SPECIAL, MIRACLE'S BOYS. EXECUTIVE PRODUCED BY A STAR-STUDDED GROUP OF FILMMAKERS AND FEATURING CAMEO APPEARANCES BY CELEBRITY ATHLETES, THE SIX-PART MINISERIES WILL DO MORE THAN TAKE ITS NETWORK TO A NEW LEVEL IN TERMS OF PRIMETIME ENTERTAINMENT.

It also makes a strong statement about diversity, with its African American cast and storyline, and a setting in Harlem.

Based on an award-winning novel, *Miracle's Boys* tells the story of three brothers, each half African American and half Puerto Rican, who are trying to hold their family together after the death of their mother. Her name, Milagros, is the Spanish word for miracle.



Ty'ree, who is 20, has given up a scholarship to MIT to care for his siblings, 16-year-old Charlie, who is just returning from a year in a juvenile detention center, and Lafayette, who adores his older brothers but is particularly intrigued with Charlie's flirtation with crime.

"The dramatic arc centers on Lafayette and whose example he will choose to follow," said Tom

Ascheim, executive vice president of Nickelodeon Digital Television. The network was drawn to the story because "it's about the fundamental journey of a teenager, which is to try and figure out how to be an adult while still being a child," he said. In addition, it's an unusual story.

"It's a dramatic story about real kids but it's an unusual family, the kind we don't often see depicted on TV," Ascheim said, "and because it is shot in Harlem, it also has authenticity."

Spike Lee directed the first episode, while the rest came under the helm of other well-known directors, including LeVar Burton.

Two celebrity athletes, Jorge Posada and Tiki Barber, make appearances in the series, playing the role of coaches or other role models. Posada is a catcher for the New York Yankees and Barber is a running back for the New York Giants.

TO PROMOTE MIRACLE'S BOYS,
THE N WILL HOST SEVERAL
EVENTS FOR COMMUNITY
ORGANIZATIONS IN HARLEM
AND SEND EDUCATIONAL CD
ROMS AND DISCUSSION GUIDES
TO SCHOOLS ACROSS THE U.S.

To raise awareness of the special, The N will host two events in Harlem for local community organizations that provide after school education and childcare. It is also raising funds for the two groups. Set to be telecast during Black History month, *Miracle's Boys* offers special opportunities

for cable operators who want to highlight their programming to the African American audience, Ascheim said. To support operators, The N will create customized spots and PSAs and will distribute CD Roms and discussion guides to schools around the U.S.

Miracle's Boys is The N's second special with a multicultural theme. Last year, the network aired *I* Sit Where I Want, a special

that offered teenaged perspectives on the Supreme Court's historic Brown versus Board of Ed decision to desegregate schools in the U.S. The network has also delved into racial differences in its award winning series, *A Walk in Your Shoes*.

While The N, which airs in the evening, programs to teens and tweens, its sister network, Noggin, targets preschoolers and even they get messages from time to time about diversity.

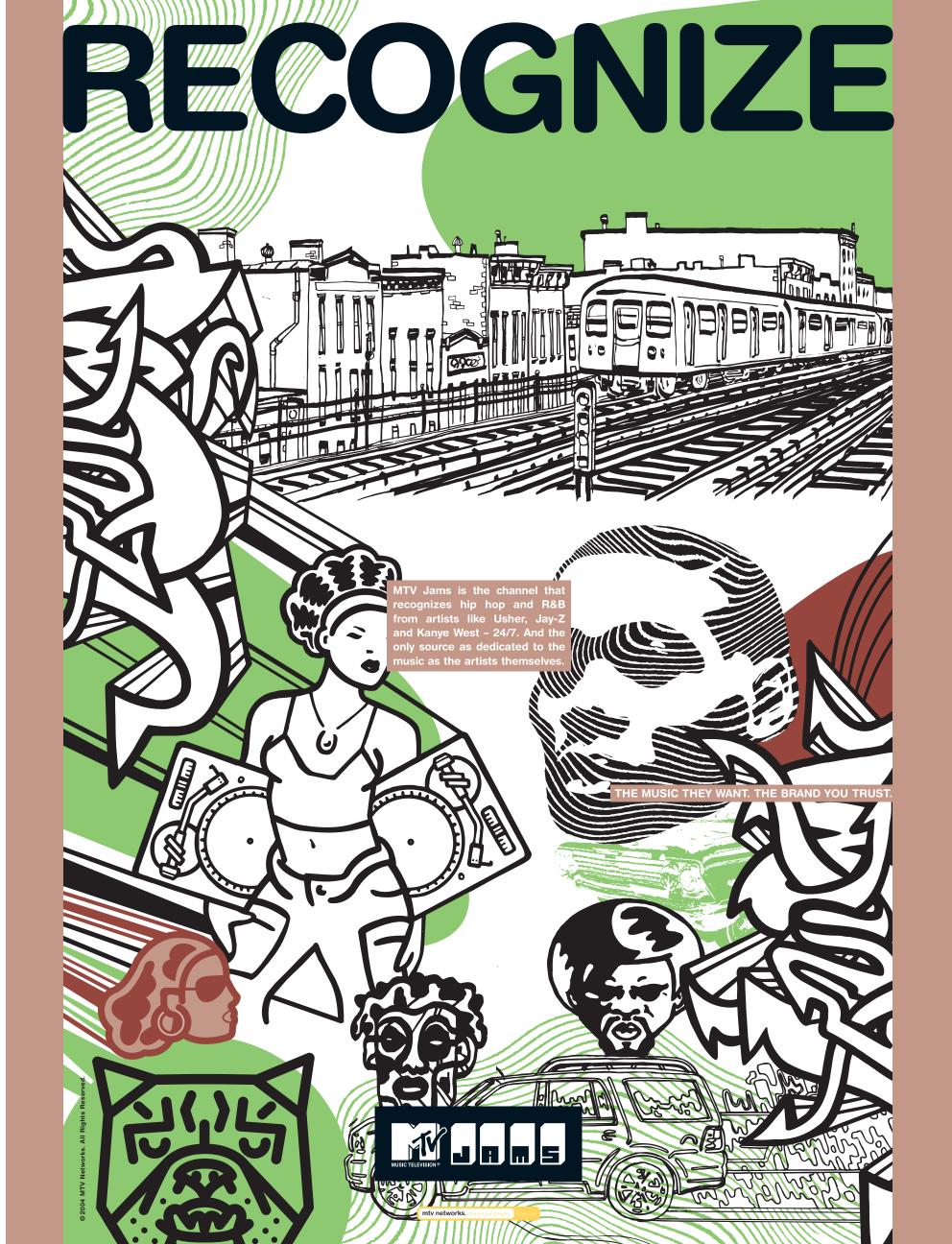
Oobi, the network's Parents Choice Award winning bare hand puppet series, featured an episode last season in which Oobi meets a puppet who is a foot. The two have a soccer ball, but discover they can't play because Oobi can catch while Frieda the foot can only kick. Eventually they invent a game, kick-catch, that lets them play together.

"On Noggin, we have to keep things really simple, and this was a way to communicate the idea that difference is good," Ascheim said. The network revisits the theme this season, when Oobi meets another foot, only this time, it's black.

Shows like this and *Miracle's Boys* provide a way to "start conversations," Ascheim said. "The business case for diversity is clear to everyone, but you need ways to get there. By providing people with kits and discussion guides, we offer them the tools to begin conversations."

Efforts to diversify audiences at The N and Noggin come along with those underway at Nick at Nite and TV Land. The latter introduced its first original series, *Fatherhood*, an animated show developed by Bill Cosby and starring African American characters, this year. At Nick at Nite, the longtime NBC hit series, *The Cosby Show*, has taken ratings at the network to a new high, according to Herb Scannell, Group President, Nickelodeon, Nick at Nite, Noggin, The N, TV Land, and Spike TV.





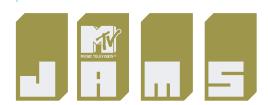
SERVINGPASSIONATEFANS

VH1 SOUL AND MTV JAMS CATER TO VIEWERS WHO INVEST BIG IN MUSIC AND ENTERTAINMENT

Some music networks tap into the popularity of urban music. Others devote themselves to it 24 hours a day. Such is the case with VH1 Soul and MTV Jams, a pair of digital networks that next year, will expand their original programming lineups significantly.

VH1 Soul has already carved out a unique identity and audience, said Eric Sherman, senior vice president of VH1 Classic and VH1 Digital TV.

"Among all the channels out there that target the African American audience and use music as a basis for their programming, we're the only one going after the upscale African American audience," he said. Programming a mix of soul, R&B, and neo-soul, VH1 Soul reaches an audience rich in high-income households, home-owners and people with high discretionary income, Sherman said.



This is hardly an audience to ignore, given abundant research showing African Americans investing more in music and entertainment than their general market counterparts do. "It's an audience that's extremely valuable to cable operators," Sherman said.

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The network, which has what Sherman calls "a lot of programming in development for 2005, has begun to edge away from its wall-to-wall videos



format with entries like *Listening Party*, a show that showcases new CDs by airing them in their entirety with accompanying graphics or photos. A recent episode focused on new soul artist Jill Scott.

"VH1 Soul is such a perfect brand for us," commented Christina Norman, president of VH1. "There's great music and artists who are really willing to do things for us. We've been looking for ways to expand this network."

At MTV Jams, hip hop and R&B rule the playlist and a similar infusion of original programming is in the works. "Next year, we'd like to step up our game and create more high-production-value programming and marketing initiatives to make it more valuable to cable operators," said David Cohn, general manager of MTV2.

Not all of the programming will have music as its exact focus.

"We're going to make sure we're representing the culture around hip hop," Cohn said. "There's more to the world of hip hop than music. It's an exciting culture and we wouldn't be serving our viewers if we didn't look at all of it."

WINNINGTHE LATINO YOUTHMARKET

MTV ESPAÑOL AND VH UNO: IT'S NOT A ONE SIZE FITS ALL

Teen and young adult Hispanics in the U.S. have a variety of musical outlets to choose from on TV, but they've already decided on their favorite brand: MTV.

"If you look at any research that touches on the U.S. Latin youth market, you'll find that their favorite TV brand is MTV," said Eric Sherman, who as senior vice president and general manager of VH1 Classic and VH1 digital TV, overseas MTV Español and VH Uno.

The popularity of MTV's and VH1's brand has had big implications for both Spanish language digital networks.



MTV Español and VH Uno ranked first and second, respectively, among Hispanic-targeted networks of interest to U.S. Latino young people in a June Beta Research survey of emerging



and mid-sized networks, Sherman said.

As the networks have grown more popular, MTVN has been investing in new original programming, which Sherman predicts will increase significantly next year.

Both networks have already carved out distinct identities among music fans. As is true of their much larger general market counterparts, MTV and VH1, Español and Uno serve different segments of the U.S. Latino audience with the latter serving a slightly older 25-34 core demographic.

The two also concentrate on different music styles. "The U.S. Latino market is a collection of people from more than 30 countries," Sherman said. "You can't have just one channel serving all the musical tastes, but if you look at the biggest U.S. population centers, there are Mexican Americans and Caribbean Americans." MTV Español features musical styles

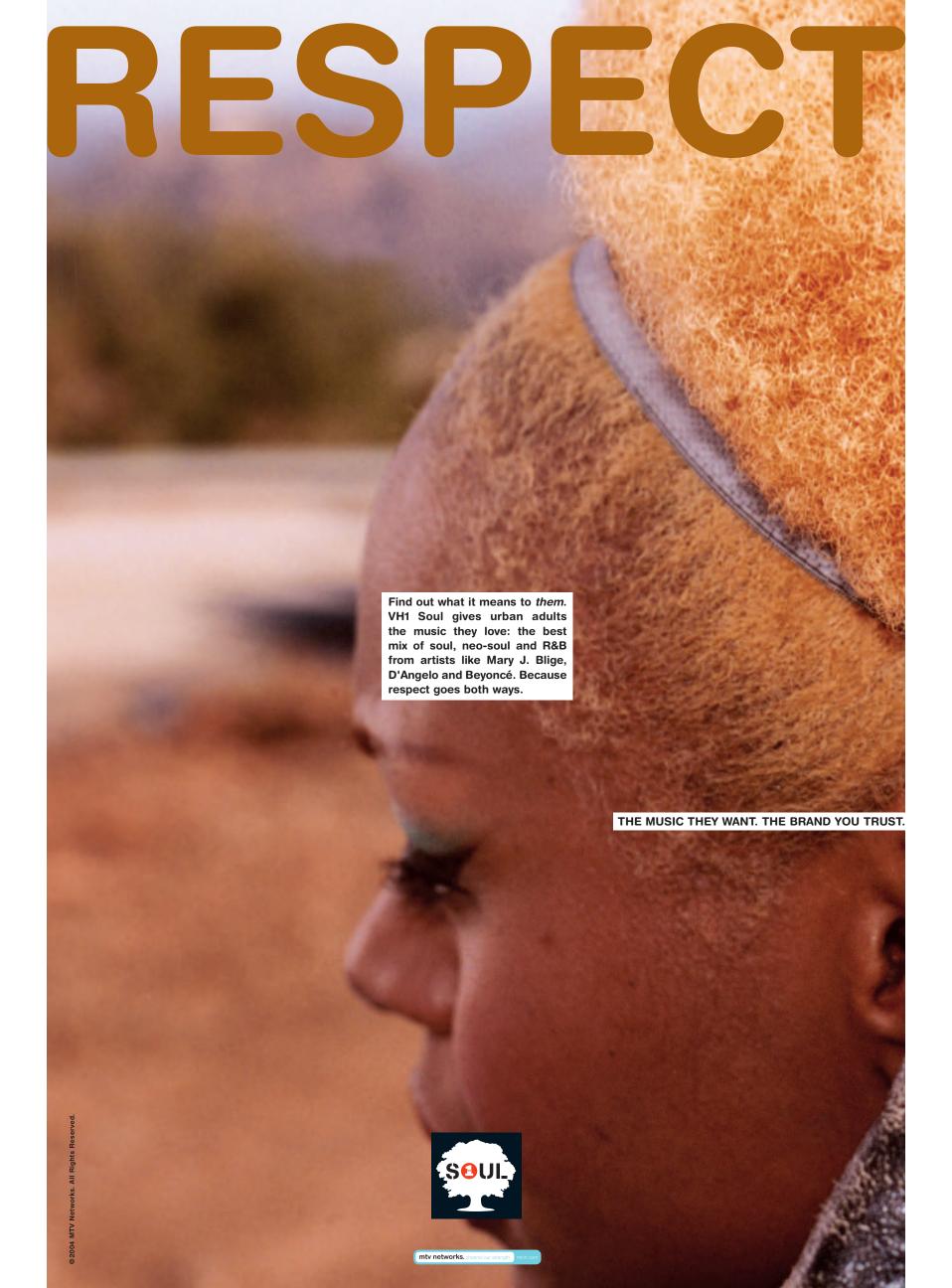
popular in Mexico, he adds, while VH Uno airs those with Caribbean roots.

MTV Español shares a lot of programming with MTV Latin America and so it already has a sizable base of original programming, Sherman said. "The most appropriate programming from MTV Latin America airs on MTV Español—everything from *Unplugged* specials to the *Latin America Video Music Awards*."

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VH Uno will benefit soon from similar programming partnerships, thanks to the launch this year of VH1 Latin America. "This will give us an opportunity to bring long form programming to VH Uno," Sherman said.



DIVERSIFYINGANAUDIENCE

MTV2 EXTENDS ITS URBAN INFLUENCE WITH TARGETED PROGRAMMING BLOCKS AND EVENTS

MTV2 HAS ALWAYS AIRED A WIDE RANGE OF MUSICAL STYLES, BUT WHEN IT CARVED OUT A SPECIAL, WEEKEND DESTINATION FOR HIP-HOP FANS, RATINGS HIT A NEW RECORD.

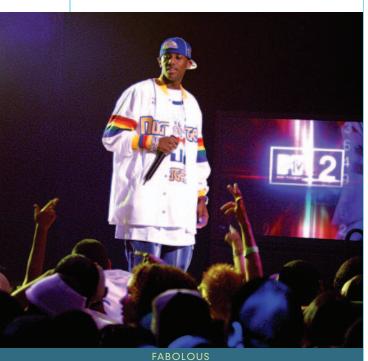


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It's just one of the ways that the network, which now reaches 55 million households, has been capitalizing on the popularity of urban music forms.

Although MTV2 airs several blocks of hip-hop during the week, its Sucker Free Sundays, launched in the spring of 2003, has broken out of the pack. It generates the highest ratings of any block on the network, said David Cohn, general manager, and it isn't only because African Americans are showing up in droves to watch.

"First and foremost, it's an acknowledgement of hiphop and R&B and their dominant position in pop music," he said. "These can't be classified as purely African American musical genres."



An eight-hour block that tunes up each Sunday at noon Eastern/9 a.m. Pacific, Sucker Free Sundays features new videos, a hip-hop countdown, interviews, behind-the-scenes looks at the making of new videos, a look at up-and-coming stars and other features. Each week, a different hip-hop star hosts the block, and the list of those who have stepped into this role includes some of the genre's biggest names, including 50 Cent, Busta Rhymes, Ludacris and Eminem.

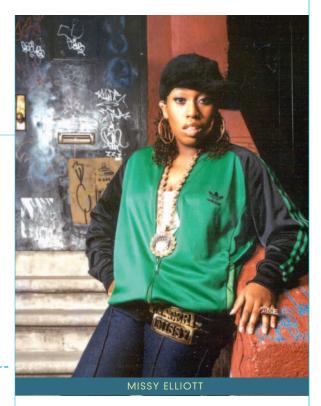
"Every major hip-hop star has hosted it during the last year and a half," Cohn said.

"THE DIVERSITY OF MUSIC
CULTURE LEADS TO DIVERSITY
ON OUR STAFF, WHICH LEADS
TO DIVERSITY IN OUR PROGRAMMING AND THAT LEADS
TO DIVERSITY IN OUR AUDIENCE. IT'S ALL A CONTINUUM."

—David Cohn, general manager, MTV2

The block has covered what Cohn says is "the incredible diversity within the hip-hop genre," featuring segments ranging from R&B and pop-leaning styles to the "aggressive street stuff," and Reggae and dance-influenced songs. "We covered the Puerto Rican day parade here in New York and showed the influence of Latin music on hip-hop," Cohn said.

In another move to diversify its programming and its outlook, MTV2 co-sponsored and covered this year's Urbanworld Film Festival, a showcase for urban, ethnic and multicultural cinema held in August in New York. MTV2 telecast several shows from the festival, aired film shorts and featured an interview with Jamie Foxx and Tom Cruise, stars of the movie, Collateral, which held an opening



party and screening at Urbanworld.

To take advantage of its relationship with Urbanworld, MTV2 presented a panel discussion by filmmakers to members of the National Association of Multi-ethnicity in Communications. The standing-room-only crowd of NAMIC members got to hear the filmmakers talk about the challenges they face trying to break into the entertainment industry. A separate panel for MTVN staffers aimed to cultivate diverse points of view at the company, Cohn said.



"The diversity of our audience—and of the music culture—had led to diversity on our staff, and that leads to diversity in our programming. It's all a continuum." We wouldn't be doing our job as programmers if we didn't look at this, both on the channel and off."

EXPANDINGTHEFOCUS

VH1'S WIDER VIEW OF MUSIC AND POP CULTURE OFFERS NEW SEGMENTED MARKETING OPPORTUNITIES FOR AFFILIATES

VH1'S AUDIENCE HAS BEEN EXPANDING IN RECENT MONTHS, AND NOT JUST BECAUSE IT HAS STRUCK A CHORD WITH POP CULTURE HITS LIKE I LOVE THE 90S. THE NETWORK HAS ALSO DIVERSIFIED ITS MUSICAL FOCUS, EMBRACING HIP HOP, R&B AND OTHER STYLES POPULAR WITH ITS TARGET AUDI-ENCE OF ADULTS.

The move has given VH1's audience a more multicultural flavor. "We did some focus groups last summer with African Americans and heard them talking about coming to VH1 in a way that they hadn't before," said Christina Norman, the network's president. "They didn't think of us as a place where they would see programming they would like. Now they say wow, this is different and it appeals to me."

Other audiences are also tuning in in bigger numbers, Norman said, thanks to pop culture shows like In Search of the Partridge Family and Bands Reunited. "A rising tide lifts all boats. We couldn't have done it with one audience segment alone. This has a lot to do with the fresher more relevant programming we put on that has attracted a broader audience of men, women and white and nonwhite viewers.'

Diversifying VH1's musical range made sense, given the huge popularity of hip hop and its influence on other music styles, Norman said. "We're a broadbased channel and we have to be able to respond to what's happening in music. For us to be able to give an artist like Alicia Keyes a prominent place on VH1 makes sense. She's a great artist and everyone's listening to her."

Next month, the network will highlight its expanded focus with a show Norman is certain will turn into an important franchise for VH1 and its affiliate partners. The first annual Hip Hop Honors, a tribute to the rappers who helped shape and advance today's most influential music movement, will air Oct. 12 at 9 p.m.

Hip Hop Honors is a great opportunity to reach back with a certain kind of music that our audience grew up on," Norman said. The special will honor artists like DJ Kool Herc, DJ Hollywood, Run DMC, Sugar Hill Gang and, posthumously, Tupac Shakur and will feature performances by Nas, The Beastie Boys, Public Enemy, Sugar Hill Gang and Chic.

Another October special, And You Don't Stop: 30 Years of Hip Hop, is a five hour history of the musical and pop culture movement, which has influenced everything from fashion and art to politics and slang.

The network decided to create Hip Hop Honors after scoring significant success with other pop culture programming that took a multicultural approach. TV's Illest Minority Moments, a February special, poked fun at how people of color have been and are portrayed on TV, digging up historical gaffes like Marlo Thomas' portrayal of an Asian girl on an episode of Bonanza and exploring such present day questions as why Asian guys are always portrayed as martial arts experts who can kick butt but can't score at romance.

VH1's embrace of a wider music and pop culture focus has worked because it has been done in the style in which the network has always approached its programming, Norman said.

"It's not about us playing hip hop videos, but for us to do a *Driven* on someone like Usher. He's everywhere this year, and our audience wants to know who is this guy?"

The success VH1 has had with the approach can also work for operators as they work to win new subscribers and retain existing ones, Norman said.

"WE'RE HERE TO ATTRACT NEW PEOPLE TO OUR SERVICES BY MAKING SURE THAT WE REFLECT THEIR WORLD, AND TO MAKE **SURE THAT AFFILIATES RETAIN** THOSE NEW CUSTOMERS ONCE THEY ATTRACT THEM."

—Christina Norman, president, VH1

"This is clearly the right thing for us to do as a business," she said. "It's what we're here for and what our affiliates are here for: to attract new people to our services by making sure that we reflect their world, and to make sure that affiliates retain those new customers once they attract them."

VH1's role in all this is to "offer programming that is distinctive and speaks to audiences," Norman said. "It helps to retain subscribers because people will look at shows like the Hip Hop Honors and say, 'That's interesting, I need to make sure I'm a customer so I can see that."



AMULTICULTURALHERITAGE

MTV'S LONGTIME MULTICULTURAL PERSPECTIVE INCLUDES VIEWS FROM COMMUNITIES HERE AND AROUND THE WORLD

No report on multiculturalism at MTV Networks would be complete without a nod to the flagship, where diversity has been a central programming philosophy—and a key to success—for decades.

From its pioneering Yo! MTV Raps, which caught the emergence of hip hop starting in 1984, to last month's Latin-flavored telecast of the 2004 Video Music Awards, originated in Miami, MTV has reflected the diversity of its audience since its early days.

The network's multicultural look and feel stems from a constant quest to stay tuned to its viewers, according to Van Toffler, president of MTV, MTV2 and MTV Films. "Young people live in a much more diverse, multicultural environment than prior generations did, and we reflect that on our air and expose them to it through our veejays, music and longform programming," he said.

In its very first season on the air, groundbreaking reality show The Real World featured a couple of participants who got into a heated discussion about race, and the series to this day sports a diverse cast of participants. On another front, MTV News correspondent

SuChin Pak produced a special, My Life (Translated), about her personal story, integrating a Korean upbringing with contemporary American values.

"YOUNG PEOPLE LIVE IN A MUCH MORE DIVERSE, MULTICULTURAL ENVIRONMENT THAN PRIOR GENERATIONS DID, AND WE REFLECT THAT ON OUR AIR AND EXPOSE THEM TO IT THROUGH OUR VEEJAYS AND LONGFORM PROGRAMMING."—

—Van Toffler, president, MTV, MTV2 and MTV Films

Diversity of outlook at MTV also means reflecting views from outside the U.S. "We're the biggest global network," Toffler said. "We listen to our colleagues



around the world and we reflect that in our prosocial campaigns."

The network's new sister channel, college-student targeted mtvU, has just launched its first public affairs campaign, highlighting the genocide in southern Sudan with spots featuring a young Sudanese who had been enslaved for a decade. "No one else is touching on that," Toffler said. "We feel it is incumbent on us to do so."

MTV pro-social campaigns, most notably "Choose or Lose" and "Fight For Your Rights," take a strongly multicultural stance. MTV has partnered this year with P. Diddy's Citizen Change get-out-the-vote campaign, helped the National Council of La Raza to develop an issue guide, and Mi Familia Vota in their effort to register 50,000 new voters in Florida.

The network brings cable operators into its pro-social efforts by hosting local events and screenings, Toffler said, and distributing materials so systems can partner in the campaigns.

RAMPINGUP

COMEDY CENTRAL, SPIKE TV, CONTINUE TO DIVERSIFY THEIR LINEUPS

With multiculturalism a critically important theme at MTV Networks, virtually all of the company's channels reflect visible evidence of it. Comedy Central, brought into the MTVN fold after Time Warner sold its 50% share to Viacom this year,



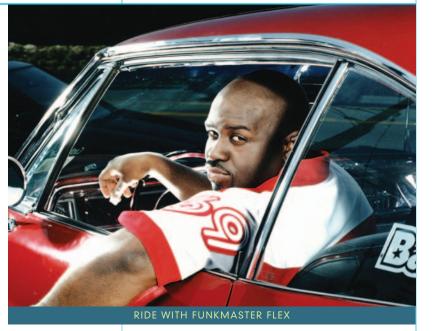
WANDA DOES IT

arrived with an alreadydiverse schedule that includes many comedians of color in its Premium Blend and Comedy Central Presents standup showcases. The network actively sought to further diversify its lineup last year, when it introduced comedian Dave Chappelle in his own, now hugely popular program. This fall, another African American comedian, Wanda Sykes, premieres in Wanda Does It, a comedy reality series.

At Spike TV, the first network for men, *Ride With* Funkmaster Flex premiered

last year to strong ratings. This fall, *I Hate My Job*, hosted by Rev. Al Sharpton—Spike TV's Donald Trump—debuts.

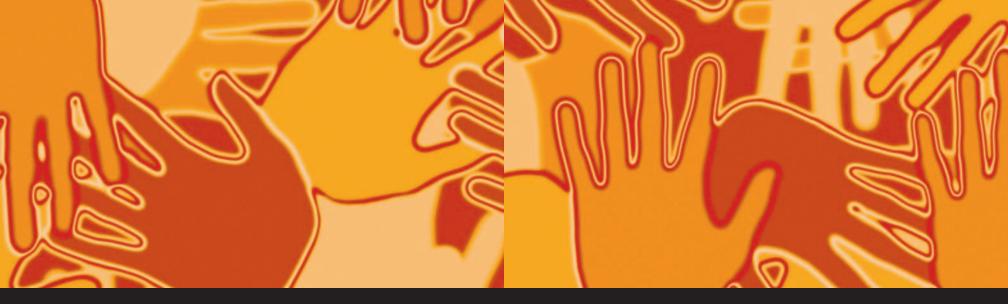
Spike TV recently launched a pro-social campaign, "Check Up or Check Out." According to the National Men's Health Foundation, 7 million men have not visited a doctor in ten years. Spike TV has established a website, Spiketv.com, that provides access to information including a personal health profile, doctor referral services and for those men who lack health insurance, information about free clinics. The website offers added incentives such as a sweepstakes to win a



Kawasaki Vulcan 750 motorcyle.

Check Up or Check Out offers some great opportunities for community outreach or sponsorships from healthcare companies. Spike TV partnered in August with Charter Communications in St. Louis at the Missouri Black Expo. In addition, the network held free screenings at Harlem Week, co-sponsored by Upper Manhattan Auto Show and the NYC Health Fair & Expo. Spike TV also created its own free health screenings at New York City's Grand Central Station and at Washington D.C.'s Union Station, with the Washington Redskins' Clinton Portis.





MTVNETWORKS:

Northeast: 212.846.3120

Southeast: 404.814.7800

Central: 312.755.0310

Western: 310.752.8000

Market Development: 212.846.7584

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