



Consumer Electronics Show

Keynote Speech

Leslie Moonves, President and CEO, CBS Corporation

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GARY SHAPIRO:

One year ago the CBS Corporation made its debut as an independent company after splitting off from Viacom Inc.

In its first year of existence, the company embarked upon an aggressive expansion into the world of new media — forming partnerships with the likes of Google, Yahoo, Microsoft, Apple, Comcast, Verizon, YouTube and many others.

At the same time, CBS began distributing content through its own digital properties. Its out-of-market coverage of the 2006 March Madness games — available on CBSsportsline.com — was a record-breaking success. And by the end of the year, the company made 12 primetime shows and a lot of other content available on innertube, its broadband channel.

Plus, over 100 CBS radio stations are now streaming online, and the company's Outdoor and Publishing businesses are also making extensive use of the digital opportunity through LED digital displays, eBooks and much more.

Well, here we are one year later and CBS's freshman year report card is in.

The company's stock price rose close to 25%. This was in addition to the 43% increase in its dividend, and solid performances at its core businesses.

Our next speaker, who oversaw all of these developments, was on the CES stage last year as part of the Google presentation.

Following his arrival at CBS in the late nineties, primetime hits like CSI: Crime Scene Investigation and the return of the NFL helped to propel the network from last to first place in the ratings, where it continues to reign as America's most watched network.

And he's back today for his own show.

Here to tell us what to expect from CBS in 2007 and beyond, it's my pleasure to welcome the President and CEO of the CBS Corporation, Leslie Moonves.



LESLIE MOONVES:

Thank you, Gary, and thank you, everyone, and good afternoon. It's great to be here among all you wikis and mash-ups and avatars.

Today, I'm going to do something a little bit different than you might expect from a big, traditional media company. You might expect us to bring a bunch of huge stars out here on the stage. We're going to do that for sure, but not the kind of stars you might expect. No, today I'm going to share the stage with the Brad Pitts and the Angelina Jolies of the digital world, the creators, the inventors, the entrepreneurs. Each one will add some perspective to what we are doing as we will the exploding demand for high quality interactive content.

Recently, the Census Bureau made a stunning prediction: In 2007 the average American will spend the equivalent of 146 days with media, watching TV, going online, listening to the radio. That's over 3,500 hours during this one year, people consuming media.

And now thanks to the new platforms being created, we can go out and find them wherever they are, no matter who they're with, no matter what time it is on whatever screen they're watching it. That's a huge opportunity for us.

At CBS we're filling that order in many different ways. Helping us to do that is our new head of CBS Interactive, Quincy Smith. Many of you may know him from his days at Netscape, or most recently at Allen & Company. And for those of you who know Quincy, know him as a force of nature. He's both a visionary and a businessman. His job is to set our strategy, to build partnerships, to bring us investments, and to help us extend our world class media assets to the interactive space.

In some cases we're developing our ideas entirely in house, and in other cases we're forming partnerships to bring ideas to life. We're also investing in a few promising startup companies.

So, for a while today, I'm going to share the stage with a few of CBS's most visionary entrepreneurs and talent, and then I'm going to introduce you to some of our partners and our friends. Those who come from within CBS represent all kinds of perspectives, with expertise that ranges from dead bodies to hot bodies, from hoops to hips, and a whole lot more. And our outside partners will cover virtual worlds, avatars, viral video, and some innovative ways that professional content is playing in the interactive space.

So, today, I will sort of be a master of ceremonies for some of the exciting people and things going on at CBS right here at CES.

We have a variety of presentations. Each one is designed to show you how we're using technology to connect with our audience, to learn from them, and to form deeper, more



interactive communities around our content. In the end, I hope you'll leave here with some of the excitement and the sense of promise that we feel at CBS when we think about our future, and what kind of role we can play in it.

This is a really good time to think about these things. Since September broadband has reached critical mass, enabling those who create video content to connect with audiences in ways that are revolutionizing the business. That's as good for the guys who produce the big stuff as it is for the person at home with the digital handcam or video cell phone.

But while the technology is new and ever changing, the demand for content is not. It's always been there. Since the beginning of time, human beings have joined together to be entertained and to see what's happening in the world. Some of you out there today may think that American Idol is the first example of an audience voting on the outcome of an important event, but, as you're about to see, it's as old as the wave of the thumb in ancient Rome where the stakes were even higher than American Idol.

Today, we all stand on the edge of that long history, looking out over the horizon, a part of the same audience nation.

(Video segment.)

Anything is possible.

Okay, we don't write messages on walls like cavemen anymore, unless you're posting on Facebook, and you don't gather together to watch displays of cruelty and brutality, except maybe to see Scott McNealy going head to head with Bill Gates, but these days as we join together to watch the effect of Mentos on Diet Coke, and the Numa Numa dance, the bridge between community and content is strong and developing faster than at any time in history.

The research supports this as well. Just last week, we released a new report that showed the more the public becomes connected to digital media, the more engaged they become with the content and with each other. In fact, 53 percent of the fans who watch a TV show online turned around and watched it on the network. And as the explosion of broadband continues around the world, and the mandatory transition to digital TV takes hold, this symbiotic relationship will only tighten.

So, what's a big media company like us to do when faced with all these opportunities and challenges?

Well, at CBS we're embracing it big-time. We're doing just about everything we can to see what's going to work now and in the future. For us that means teaming up with those who understand how to showcase our content in new ways tomorrow.

For example, just two days ago here at CES we, along with other media companies, announced a partnership with Verizon and MediaFlow to launch a new 24 hour CBS channel on cell phones. This relationship will allow us to give to and learn from our fans



on a whole new media platform. And we'll get that interaction and insight through the fastest growing device on the planet.

Through this deal and all the others our goal is clear, to evolve from being a one-way content distribution and content company into being a sort of new thing, an audience company. To be part of this new world we'll need to be big and small at the same time. But we're used to that, because we've always been both global and local. Every day we reach people next door with our local television and radio stations and outdoor signs, and also creating huge national and international communities with big events like the Super Bowl and the Grammys, both on CBS within the next four weeks. Think about it: Two big tickets, two huge communities that will spread out from the event itself on television to radio to podcasts to message boards, you name it; new media, old media, traditional media. The bottom line is this: There is no such thing anymore as old or new media; we're just media.

Whether programming means *CSI* or C++, we're all playing on the same big digital field. And if we're going to keep on doing well in this game, we have to listen very hard to what all these communities are talking about, and to use every killer app to do just that.

The music business suffered a lot from not initially listening. You know, I recently passed by a closed-down Tower Record store; very weird. There used to be acres of music in there. But the music business, they too learned, and it's coming back big-time now, but it's coming back digitally. In fact, digital revenues at Warner Bros Music grew almost 100 percent last year. The lesson is those who don't get in front of the parade end up marching behind it. There's no place to be like that, particularly if there are 800-pound gorillas like Microsoft and Google carrying the baton. No, the place for any media company serious about the future is right upfront, ripping, burning, and mashing up the new beat we're all marching to.

We've got a million thoughts to where this parade may be going, but no matter where it leads, we know that media, technology, and audiences, we're all in it together.

It begins where it always has, with content. Content -- content that is ready, willing and able to extend itself to multiple platforms and allow for audience interaction.

There's no content today that better represents this powerful idea than the number one drama in the United States, and the number one television franchise in the world, *CSI*.

But let me tell you a true story. This is about a guy who knows all about transformation. At one point in time, he was a talented, aspiring writer, living right here in Las Vegas. He had a wife and two kids to support. So you know what he did while he was writing? He drove a tram that goes between the Mirage and Treasure Island. I'm not making this up. Come to think of it, he may have driven some of you to CES a few years back. But he himself was driven by an idea and a passion.

Ladies and gentlemen, the man who created *CSI* and continues to keep it strong, Mr. Anthony Zuiker.



ANTHONY ZUIKER:

Thank you very much, sir, thank you very much.

Hello, family! It's great to be back here in Las Vegas, my hometown.

Yes, it is true, it is true, 10 years ago I was a tram driver at the Mirage Hotel, and now, thanks to Leslie Moonves, I am the creator of the biggest television franchise in history, *CSI*, *CSI Miami*, and *CSI New York*. It is a phenomenon that reaches over 67 million people every single week here in the U.S., and that's just on television. And you know what, we're just getting started.

Not only do we find ourselves in the golden age of television, but we truly are in the wild, wild West of multi-platform with TV, Internet, mobile, and videogaming. Our mission is to uniquely entwine these four elements around a primary source of our content in ways that feed each of those media, and build on the most important part of what we do, and that, my friends, is bring people together.

It all started with an idea and a network gutsy enough to roll the dice. CBS brought *CSI* to the world, and now the world is bringing it right back to us. Community, in terms of the *CSI* franchise, has literally exploded, engaging viewers in ways never before dreamed. It began with the success of *CSI* on the network television platform. This content quickly expanded into syndication, and in living rooms in almost every country around the world, every country but six to be exact. And I've got to tell you, that Kim Jong-il in North Korea, he doesn't know what he's missing.

Then we found new levels of engagement with eye-watering HD, DVD boxed sets, computer games by Ubisoft and Xbox, online streams, iPod downloads, and cell phone clips on Vcast. These online things have completely caught fire. Log on to any of the fanatical *CSI* Web sites such as CSIFiles.com, there you'll find breakdowns of all three shows, commentary, extensive reviews, spoilers, and sensitive information like Anthony E. Zuiker to speak at the Consumer Electronics Show. I've got to tell you, these sites are so in the know, they knew I was going to be here before I did.

And it doesn't stop there. We're even creating original game play for the cell phone to bring even more people together, *CSIQ*, a simple mobile game where the viewer is asked to identify the criminal, the science, or the intent during a real time episode. And if they get it right, they get a chance to win 10,000 bucks. We tried it for five weeks and reached a half a million subscribers.

We're now melting cell phones here at *CSI*; content on the go on all platforms, whether it's William Peterson dissecting a bug in HD, Gary Sinise being downloaded on your video iPod, or David Caruso sliding off his cool sunglasses on your mobile phone. It all adds up to one giant, worldwide, multimedia *CSI* community.

And we listen to those voices in that community very, very carefully. One fan in particular wanted Gary Sinise's character, Mac Taylor, on *CSI New York*, to loosen the tie and get a girlfriend. By season three we yanked the tie off of Sinise and hired Clair



Forlani, the lead actress from *Meet Joe Black*. Yes, because a diehard fan had an idea and blogged us her thoughts, Mac Taylor was transformed into a stud.

Thank you, (Marcia Lamkin ?) from Scottsdale, Arizona. And guess what, the ratings are up, way up. Now, that's real collaboration. We programmed, they participated, we listened, we programmed again, and the audience responded. That's my boy!

All this is tied to the power of content, the power that ignites a cultural and visceral response from an audience that extends beyond television. One idea created this successful franchise, which in turn built a huge community for multiple levels of engagement. And with 67 million *CSI* viewers per week wanting a deeper experience provided by what you guys do every day, the future for all of us has never been brighter.

Mr. Moonves, wouldn't you agree, the power of one idea changed everything?

LESLIE MOONVES:

It did, it did. Thank you, Anthony.

It's a shame he doesn't have energy. And I do agree with what he says. When it comes to viewer feedback, Anthony has hit on an exciting new trend in content creation. Technology is allowing Marcia from Scottsdale and thousands like her a voice in the process. The most successful producers like Anthony Zuiker are using new technologies to make their products better.

Like *CSI* and all of our entertainment programming, CBS Sports content has a massive reach, but it also has a tremendous power to bring people together and rouse the most passionate audience feeling.

We broadcast some of the biggest events there are. One of the most dedicated and maniacal communities is built around college sports. That's why early last year we acquired College Sports Television, CSTV, a leading online and cable programming company with a network of nearly 250 collegiate athletic sites and broadband services covering more than 10,000 events annually.

When we acquired CSTV, we not only got the asset but we got a world class entrepreneur as well. He was a cofounder of the classic Sports Network, which was sold to ESPN, and he was on the core team that founded MTV.

Here to tell you about technology and how it is refining the fan experience, the CSTV founder and president, Brian Bedol.



BRIAN BEDOL:

Thank you, Leslie.

Last year, CSTV and CBS Sportsline collaborated to turn March Madness into the most trafficked live streaming event in the history of the Internet. And March Madness is exactly the kind of event that we use to showcase the power of our new interactive sports community platform. We call it Fans Only.

Fans Only allows friends to create their own viewing group, and fans to watch with other fans. It will be their own personal skybox. It's the ultimate intersection of a passionate community, content, and technology.

To demo it, I've invited a few friends who are the actual players from UConn and Duke to join my skybox and watch a game: (Ben Gordon, Chris Duhan, Josh Boon, Omek Okifer and JJ Reddick ?).

(Video segment.)

Although the platform is optimized for a live experience, it works great with a classic from our library, too. No big surprise when (Omek ?) chose a UConn-Duke Final Four game. Let's watch it.

(Video segment.)

Sorry, new technology can't change the outcome yet, but using this platform you can call up stats, other games, track your brackets, even listen in to the opinions of the experts, like CSTV's Greg Amsinger and Brian Curtis.

(Video segment.)

And whenever you want, just click back to your skybox. Hey, remember this play?

(Video segment.)

And any time you want to see a replay, you get to play director, just call up the shots and angles on-demand, check it out.

(Video segment.)

Here's another angle.

(Video segment.)

And when you want to end the argument, you can just *CSI* it.

(Video segment.)



Okay, maybe this is version 3.0. What do you say now, J.J.? Looks like a foul.

(Video segment.)

What a cool way to watch a game!

The demo you've seen here is just a small piece of the power of the Fans Only platform, but a great example of the kind of work we're doing to develop innovative ways for the fans to become even more immersed in our content.

Thank you, and thank you, Leslie.

LESLIE MOONVES:

Thank you, Brian.

As you can see, what we're building here is essentially a virtual sports bar for college fans. The community and interaction inside will only grow as the technology improves, and you don't have to be worried about being carded.

Speaking of interaction, what do you think of when you think of interactivity? Television and Web video, Internet message boards, meta tagging. Sure, but when you think about high tech interactive media, who ever thinks about radio?

Let's go back a few decades, and you had all kinds of people calling up stations to request songs and make dedications, and share their comments over the air. In fact, the radio interface may be the first truly interactive programming to really work.

Think radio is outdated? Wrong. The truth is radio is an absolute monster when it comes to building community.

Let me show you a little about how Opie & Anthony show, our two main men in the morning, are bringing a new level of interactivity to CBS Radio.

(Video segment.)

And now to tell you more about interactivity on the radio, here is Opie and Anthony. Come on out.

OPIE:

Hi, everyone. Early on in our careers, Anthony and I realized the importance of interacting with our audience, the importance of building a community, an O&A community, using the technology of the day, and when we first started it was as simple as Anthony building one of the first radio show Web sites.



ANTHONY:

He makes it sound a little romantic. It was pretty much me with a digital camera the size of my head, a little HTML code book, eight hours later one picture would be uploaded and it would cost me about \$2,000 in bandwidth charges. But the audience got to see a little bit behind the scenes of what was going on at the radio show.

Through Paltalk now years later it's amazing, multiple cameras, video, live action, and sound delivered to the listener. And they get to see everything that we're doing that day, the show, during commercial breaks, bathroom breaks, meetings that we have. They're really integrated into the program.

And a byproduct of this -- we just wanted them to see the show -- was they started turning their cameras on. So now we're seeing them at home watching us, which is a little odd until you realize some guy from Wisconsin is sitting naked eating his Cheerios, he's now a virtual guest of the show. We can talk about him, describe him to the listeners, pod up his mike, and the listeners can then hear it. It really brings this interactive community a limitless supply of virtual guest to the program.

OPIE:

And we prepared a little videotape today to show you how far we've come in our careers. It all starts with the Opie & Anthony Web site, and we're going to go to the screens now. Opie&Anthony.com is where the interaction begins, everything from video clips of things that we have done on our show, also the instant feedback, something where the listeners, as we're doing our talk show, they could give us a quick comment and be a part of the show, like a member of the Opie & Anthony show, and we'll read their stuff and give them credit. And, of course --

ANTHONY:

It used to be a rolled up fax that fell on the floor.

OPIE:

Yeah, that fell on the floor.

And now the reason we're here today, of course, is the Paltalk Webcam, which has just brought our O&A experience to a whole new level.

ANTHONY:

Yeah, as you'll see here, some of our listeners, they can see us, we can watch them, again an interactive community around the program. They're listening to the show, watching us. Here's a tech fest flies by; if we say something they didn't find funny, believe me, they'll let us know.

OPIE:

They'll let us know.



ANTHONY:

If they have a funny line, we'll steal it and give them no credit whatsoever.

Here's the lineup of cameras, just hundreds upon hundreds of people.

OPIE:

From all over the world, we should mention.

ANTHONY:

Yeah, worldwide, it's a worldwide community. And like I said, it runs the gamut from beautiful girls, which for some reason that always seems to happen on my screen.

OPIE:

There you go, girls getting ready for work.

ANTHONY:

Yeah, girls getting ready for work, guys just checking in. I don't know why I had him on.

OPIE:

You might notice we have a lot of girl Webcams up for this.

ANTHONY:

And there are other people -- see a girl getting ready for work -- that are meant for the Web. There's a girl in her kitchen. Maybe she should be on the treadmill. All right. And, of course, the true virtual guest, the guy you really don't want in studio, machine gun guy. Best kept on video.

OPIE:

Funny story about him. He ended up firing that rifle, what, three times.

ANTHONY:

Three times through is floor, and then he called us later and said his basement was full of water. He hit a pipe or something.

But again it opens up the entire world to our radio show, and they can see us, we can see them. They no longer have to fly in to be a guest on our program. We can pop them up, we can see what they're doing, and talk to our audience about it.

OPIE:

And one last thing about this, which is very interesting, the O&A experience continues well after we're off the air. We end our show about 11:00 every day, and these people continue interacting with each other in the chat rooms, they've got all their Webcams on. And at this point it's a 24-hour a day experience. Right now as we're on this stage they're talking about our show and communicating with each other.



ANTHONY:

Yeah, I've got a Vegas cam out the window. Later on I might log on and there will be hundreds of listeners there that I can tell them how much money I lost at the poker table. Love that this is in Vegas.

OPIE:

Speaking of which, we've got to get back to the hold 'em table. Thanks for having us. Les, thank you.

ANTHONY:

Absolutely. Les, thank you.

LESLIE MOONVES:

Thank you, guys. Thanks for behaving. They've always been way ahead of the curve.

By the way, CBS is also investing in companies and Web sites that foster community, as in the case of the latest product from our next presenters. Two nights ago, the show, *The L Word*, premiered its fourth season on our premium cable network, Showtime. For those of you who haven't seen the show, it's about a very close-knit group of women. Here's a quick look at what you can expect to see in the new season.

(Video segment.)

Well, that should melt some TiVos.

We have just launched a new Web site, born right out of this show, called OurChart.com. This is one of the first examples of a media company taking its traditional assets and building an application around it for its online audience.

Here to describe what I mean are the creator and the star of *The L Word*, Ilene Chaiken, and Jennifer Beals.

ILENE CHAIKEN:

Leslie is talking about community, which is the explicit and motivating premise for our project.

JENNIFER BEALS:

Which is called Our Chart. It's a social networking site for gay women and their friends, inspired by a storyline on *The L Word*, but also, by the way, in which our show's viewers from the moment we debuted on Showtime swiftly and passionately anointed *The L Word* as the focal point for their community, claiming it as their own and congregating around it all over the country and all over the world, in clubs and house parties, and, of course, on the Internet.

(Video segment.)



ILENE CHAIKEN:

And those social networking sites are all the rage these days, everybody wants one, but as it happens, we're not just jumping on a bandwagon. This idea of community and interconnectivity has been our central thematic motif from the very beginning when in our pilot Alice demonstrated her theory of relationship connectivity.

JENNIFER BEALS:

Which she later evolved into a radio show on KCRW, LA's popular independent radio station, and eventually into an online site, much like the one we're about to show you.

(Video segment.)

ILENE CHAIKEN:

A classic case of life imitates art.

(Video segment.)

We looked at this story, and we went to our friends at Showtime and CBS and said, we really should do this, don't you think? It didn't take much convincing. Not only is the spending power of the gay market currently estimated at up to \$641 million, gay consumers are more likely to use their credit cards for online purchases.

JENNIFER BEALS:

More importantly, our viewers want to tell us what they think about our show. They want to process with us, talk about their own relationships, talk to each other, and let us know how better we can reflect their community back to them, and model it for the rest of the world.

And they want to tell Ilene how craven she is for breaking up my character, Bette's relationship with her girlfriend Tina. Ilene says she's going to listen when they talk to her on Our Chart.

ILENE CHAIKEN:

I'm going to put my ego aside, and with the help of Our Chart, I'm going to totally let the fans weigh in on the direction our *L Word* stories are taking.

In any event, the Internet is an ecosystem in which we all benefit from shared resources, shared enthusiasm and shared interests. The unique opportunity behind which CBS and Showtime are supporting us is in creating a new kind of social networking site, one that marries the rich, beautiful content of an established media venture with innovative, interactive user-generated content in what we think will be the ultimate online destination for this vibrant and engaged community.

JENNIFER BEALS:

This is the OurChart.com homepage.



ILENE CHAIKEN:

If you're a registered user, you log in. If not, you have the option to join and create a profile. I'm already logged in.

This control panel is like a portable console that lets you connect with your friends, no matter where you are. Say I'm reading a blog post or watching a video, all I have to do is drop down my control panel and I can message anyone on my friend's list or even add friends without even leaving the page I'm on.

JENNIFER BEALS:

The L Word Insider offers our fans unprecedented access, podcasts from *The L Words* writers' room, behind the scenes exclusives, special deleted scenes.

ILENE CHAIKEN:

And most excitingly, original material from Jennifer, and our two other partners in this venture, Leisha Hailey and Katherine Moennig, like these beautiful black and white photographs Jennifer has been taking on and off set, from the very beginning of our show.

JENNIFER BEALS:

Here is our main blog called the Hookup, and our featured invitational guest bloggers, we call them Guestbians, because our site, just like our show, is not exclusive to lesbians. Everyone, gay, straight, or other, is invited to join in on our conversations, including all of you.

ILENE CHAIKEN:

Exactly. Our Chart members are the main thing. On our homepage we feature three items, Who's Who, Who's New, and an editor's selection of interesting items and discussions from personal pages called Off the Charts.

And, of course, there's the Chart itself. Right now we're looking at My Chat, a visual representation of all my friends. We'll navigate to Leisha's chart from here, which moves her to the center and shows all of her connections.

We could actually navigate through the entire chart moving from friend to friend, provided everyone was actually connected, which I think is ultimately true.

We can also use the chart to display info from my full profile. This is my actual profile page where I manage all of my personal information, friends, photos, videos. I wish we could show you more, but like in television production, there's never enough time to say everything you want to say.

JENNIFER BEALS:



The Our Chart social network is a logical extension of Alice's chart from *The L Word*, created expressly for the real life L world out there, so that, as Alice says on the show, we all can reach out from the alienation of modern life in order to make connections and form lasting relationships. We hope Our Chart fulfills that purpose for a large and growing community. Thank you.

LESLIE MOONVES:

Thanks, Jennifer and Ilene. It's truly exciting to think about the possibilities that our content opens up.

A word on Our Chart. It just launched, so go easy on it. It's in beta. I think media needs to get used to putting up content that is not quite complete, letting the audience fill it in.

Well, you've now seen a few people from inside the CBS family here at CES today, and some of the exciting things that we are doing internally. We also get the opportunity to meet and team up with a host of growing outside companies, companies that enable so much of what we're talking about. These guys, a few who I'm going to introduce you to in a moment, are helping us extend our digital and interactive reach, and to build deeper connections with our audiences.

And as we know, the world is not only inhabited by real people these days, some of my best friends, in fact, are virtual people talking, shopping, acquiring real estate in an incredible new world.

Here to show a little of what CBS has brewing in the virtual space is the head of one of the hottest online communities out there, Second Life, Mr. Philip Rosedale.

PHILIP ROSEDALE:

Thank you.

Imagine logging in to an online world, something that looks like maybe a videogame or a computer generated movie, but then after being there for a little while, realizing that this world has an unbelievable property that everything in it is created by you, that everything from your jewelry to the walls of your house to the car that you drive is something that you can actually build yourself and that everyone working together collaborating with their friends as businesses playfully can build with their own hands. That's what the technology of Second Life enables, people to create their own world, their own new identities for themselves.

There's a powerful programming language that lets you build things like that airplane, cars, meet new people. You can do just about anything in Second Life.

There are about 100,000 people there a day now, and the ones that are choosing to buy and sell things from each other are generating about a \$10 million U.S. a month economy in goods and services.



So it's quite remarkable. It's a lot like the Web that came before it, a place that like the Internet is open and free and collaborative and controlled by you, but, of course, a place that is filled with people and is three-dimensional in a way that the Internet never was.

So taking a look at everything that's going on in Second Life, and how people are using it, and what they're doing makes us think often of media and how media is consumed in Second Life as a different type of an experience.

One of the thoughts that I have always had as I've worked on and thought about media and technology is that technology seems for a long time to have kind of made media consumption more solitary. We've gone from this experience of watching a movie in a theatre to the technology of sitting at home with a family and watching television or a movie, and now I guess even to the point where we can watch movies on our iPods and sit completely alone. The Internet in a similar sense has kind of made us alone.

But media consumption in Second Life is actually something that you always do with other people. You literally sit down in your living room in Second Life and you watch it on TV.

So, imagine for a moment if, for example, CBS decided to allow people in Second Life to take something like the whole history of Star Trek and play with it, watch it, watch it at their homes, mix it up, do whatever they want with it.

So, the Electric Sheep Company, who builds content in Second Life, turned loose a couple, two especially aggressive Star Trek fans on what they would do in Second Life together with Star Trek if they could do anything they wanted, and so let's take a look at the results of that.

(Video segment.)

I hadn't seen the physics of Second Life being used to stimulate Tribbles before, but when people see Second Life, a lot of times people who haven't really seen it before, they often ask me, like, were you surprised, are you surprised by anything that's happened in Second Life, and, of course, the answer is we're surprised by everything that happens in Second Life, and when I saw that video for the first time, I thought that was definitely another one of those moments.

So, thank you very much.

LESLIE MOONVES:

Thank you, Philip. In fact, eSheep is currently building out a very own Starship Enterprise to allow the Second Life community to mash-up a slough of Star Trek episodes. It's a great way to give back to the fans who make the show as successful as it is. Who knows, maybe some day we can even broadcast one of their virtual works on one of our television networks.



So, so far we've seen how technology can help build communities, reach new viewers and listeners, and stay in touch with those we already have. That capability sometimes comes from the most unexpected places, from services that in the past might have been seen as disruptors instead of enablers. Take the Slingbox. A lot of people thought, whoa, this is bad for television. Well, our thinking has been maybe, maybe not. Let's take a look.

This is a cool new device that is catching the attention of a lot of people. Part of our job as a major media company is to educate ourselves as to what the audience is capable of. So, to talk about Slingbox, here's my friend, the founder of Slingbox, Blake Krikorian.

BLAKE KRIKORIAN:

Thanks, Leslie.

I'm incredibly excited to be here today. We're about to unveil some really cool stuff, and it's going to show how you can bring powerful new interactivity to programming.

But first, what I would like to do is for those of you not familiar with Sling Media and the Slingbox, let me run you through some of the basics.

This is a Slingbox. It literally has transformed the way we're able to watch television. It turns any Internet connected PC, Mac, or even mobile phone into your television screen. What this means is you can watch your living room TV virtually anywhere in the world, whether you're at home, whether you're at the office watching a little baseball when the boss isn't looking, or even on the go.

Now let me just show you the Sling Player and the Slingbox in action.

So, what I'm going to do here is I'm going to connect to my Slingbox back in my home in San Mateo. And I'm watching a little live television from my home. And sorry, I'm watching a little CSPAN. It's the only thing that puts me to sleep in Vegas, except, of course, when, Mr. Shapiro, you're on this very interesting show.

But let me go ahead and check out my favorite television station, of course, CBS. And we've got *Two and a Half Men*. I love this. Let's go ahead for a second and check out this clip.

(Video segment.)

Let me go ahead and pause that for a second. That's just hilarious. Thanks a lot for letting us show that.

And now it's about to get even cooler, guys. I can't tell you how many times I've been watching a funny TV show like that, or seen a great play, and I've wanted to share it with my friends. Basically we all want to be in that water cooler conversation as fast as we can. And whether you call that community or social networking, content is a great catalyst for connection. And content made for television plays a very large role.



But before today, even if I wanted to take a clip from my TV and share it, it's not so easy. I'd have to buy a video card, install it on my computer, find the video, grab the video, transcode, transrate the video, save it, upload it; pain in the rear, as you know.

Well, things are about to change here. We are about to tell you about a killer thing that you can do with that TV content that makes it hassle free and opens up the options to everyone and anyone.

Let me introduce to you Clip and Sling. Now, with our new Clip and Sling functionality I can capture video from my favorite television programming, upload it, and send it to a friend in under 60 seconds. Let's check this out.

So basically what I'm going to do is you see a little scissors icon up there. I'm going to go ahead and just click on that icon, and what's going to pop up here is a very simple little video editing window. Now, I'm going to go ahead and just choose the start time of the clip that I want to send, okay, and then I'm going to go ahead and just hit the end point for the video, and I just click Next.

Now, what I can do is I can go ahead and add a few comments myself, but we have some unique technology that also auto-populates a lot of this, so tagging becomes incredibly simple.

So let me not waste your time and just move next, and I'm going to go ahead and send this to one of my friends, Les Moonves. Les, you're probably going to have to change your e-mail address after this. Sorry. And I'm going to go ahead and add a little comment so Les knows what's going on here. Now, I just click "Sling it".

And what's happening right now is that content is being uploaded to a central site, and at the same time Les is receiving an e-mail, a notification that that clip has been Slung to him.

So let's go ahead and go over to Les's computer here. Les, if you can pull up that guy, that's great, hit send and receive and pull down your e-mail. Hopefully it will work. There you go. So you have an e-mail from me. I guess you have some private mail there, too. No, perfect, sorry about that as well. Just go ahead and click on that link.

Perfect. You can pause it there for a sec.

So, here you have our new video destination where anyone and everyone can watch that video as many times as they want, they can comment on it, share it with their friends, even see more clips of that favorite show of theirs. That was pretty darn easy, I would say, wouldn't you?

So, Les, why don't we go ahead and have you send it on over to one of your buddies?



LESLIE MOONVES:

Terrific. I know just who to send it to, and he loves getting messages from me.

BLAKE KRIKORIAN:

Perfect. Just go ahead and fill in the e-mail there. Excellent. Great. And just go ahead and send now, just one more button. Perfect.

PARTICIPANT:

Great. Another funny video clip from Les Moonves. I got six already today. Doesn't that guy have a job or something? Just kidding, Les. I'm so screwed.

BLAKE KRIKORIAN:

That's really awesome. So, we're extremely excited about Clip and Sling, and it's been great working with CBS to empower the audience, move this space, and create some great new experiences. The collaboration is proof that a big media company doesn't have to fear new technology, and I think we all agree that that's great for business.

Les, thanks for embracing this. It's been a pleasure. It will be a great year. Thank you very much.

LESLIE MOONVES:

Thank you, Blake.

With Sling, local becomes mobile, and your living room expands to wherever you are. I think that could have great possibilities if it's done like they're doing it, with great consideration for the content owners.

Obviously the world of user-generated content is exploding. In this world YouTube rules. How many wasted hours have we all spent watching that skateboarding bulldog? You guys know our story with them. We started offering content on YouTube in November. Today, over 75 million viewings later, clearly with a very positive effect on our television programming, we're one of the most trafficked parts of the YouTube community. I think it's safe to say YouTube has enabled us to be the most widely distributed professional content on the Internet.

One of the great things about YouTube is how the user community can give us a new and sometimes edgier view of their content. What I'm about to show you is a real video that someone actually took the time to put together. It's from StuMurry47 from the UK and it's a mash-up of actual *CSI Miami* clips that he calls "Endless Caruso one-liners". Take a look.

(Video segment.)

I get a real kick out of that, and that, believe it or not, is only half of the actual video that this guys has, and we can go on for days.



It's kind of interesting to be in the space that way to see what happens when talented people who are passionate about our content get a place to express themselves. This is a new frontier and we're watching it very carefully. And we'll see just how much it benefits the exposure and promotion of the content owner.

By the way, sometimes these mash-ups can hit very, very close to home. My wife happens to be the host of the well-known CBS show, *Big Brother*. Check out what someone posted using clips of that show from *Big Brother*.

(Video segment.)

They call her the Chen-bot, and there's a whole Web site devoted to selling Chen-bot mugs and t-shirts, and I'm not getting a cut of it.

So, this is actually a community that is developed within my own family. I may even have to make it a ring tone.

But first, I'd like to welcome one last guest. I met Chad Hurley last summer before he was Googled. Needless to say, I, along with a lot of people, was pretty impressed. He's an entrepreneur who had a great idea and moved the world with it. And here to talk about how CBS fits into the YouTube community, it's my great pleasure to introduce Mr. Chad Hurley.

CHAD HURLEY:

Thanks, Leslie. I'm very excited to be here today.

It's been a little more than a year since we launched YouTube as a way to make it easier for people to watch and share videos online. And seeing our community grow in that short amount of time, and now seeing YouTube evolve into a centerpiece of CBS's entertainment platform makes me incredibly proud.

CBS has done a phenomenal job of embracing the YouTube community, and as a result, expanding their network audience.

Just one month after launching their brand channel on YouTube, CBS's news, sports, and entertainment clips have become some of the most widely viewed content on our site. And after three months, their brand channel has over 40,000 subscribers, and their videos have generated over 75 million views.

CBS has been profoundly successful at bringing professional content into the world of user-generated videos. From the very beginning of our partnership, CBS has taken the time and effort to work with our team to create compelling, entertaining, and engaging the YouTube community in the process.



As you're about to see, CBS has taken this a step further. One of their latest concepts, 15 Seconds, shows that CBS not only gets it, but they embrace the YouTube community in a whole new way. Let's take a look.

(Video segment.)

So in just one week this video received nearly 1 million views, and we've gotten incredible response from our users. So, let's check out a few of the video responses from our community.

(Video segment.)

So, I don't know about that last video.

People often ask me if the growth of YouTube signals the end of network TV. I think quite the opposite. This 15 Second promotion is a great example of how YouTube and CBS are working together to change the very nature of viewing television. They use an on-air personality to introduce the concept. It solicited feedback from the community, both on YouTube and CBS.com. And we'll then bring viewers back to their network on Super Bowl Sunday to watch the winning video. So that's pretty cool.

We're proud to be leading the charge with America's number one broadcast network, and we look forward to building on this relationship in the weeks and months to come.

Thank you.

LESLIE MOONVES:

Thank you, Chad. We cherish the partnership as well.

Like I said, anything is possible. Audiences know that our creative people are the best, and thankfully so do all of you. Getting content to our audience used to be simple, but now we have an entire galaxy of partners to work with. These are the people we're in business with today: Google, YouTube, Apple, Verizon, and so many, many more. All of these relationships have been formed within one year. You have to be Han Solo to navigate it. But by focusing on our shared audiences and the help of the Force, I know that we will chart the right course and defeat the Death Star.

Well, I hope you got a good sense of the energy and excitement driving us forward at CBS. All of these developments are example of how we're making the consumer experience more meaningful, more connected, and more interactive than ever before. We look to all of you to be our partners in that quest. And in the weeks and months to come we'll have a lot more news on how we'll be working with the interactive community in ways both big and small. Together with our content and your innovation, anything is possible.

Thank you for listening, everybody.

END