

# The Hollywood Reporter **east**

an edition of **THE REPORTER**

a Nielsen Business Media publication

Wednesday, September 12, 2007



## Mediaset TV: billion air *Italian player inks with 2 studios*

By Eric J. Lyman

ROME — Hollywood is quietly raising a big “salute!” to Italian broadcast giant Mediaset as both Warner Bros. and Universal recently signed rich programming deals jointly worth more than \$1 billion over the next four years — about \$160 million a year to Warners and \$110 million



annually to Universal.

The two deals suggest that Italy may be stepping up its outlays for American product, having in recent years fallen noticeably behind upticks seen in other key European territories.

Spokesmen for Warner Bros. and NBC Universal’s international TV arms confirmed the deals with the broadcaster after Mediaset referenced the Hollywood purchases in a statement Tuesday that outlined the company’s financial results. Net profits for the quarter increased to €341 million (\$471 million) from €333 million a year ago.

Although Mediaset did not  
*See MEDIASET on page 2*



NBC Universal’s “Bionic Woman,” above, is bound for Italian TV screens along with Warners’ “The Sarah Connor Chronicles,” left.

## Abu Dhabi answers fest call

By Jolanta Chudy

ABU DHABI, United Arab Emirates — Detailed plans for the inaugural Middle East International Film Festival will be unveiled today at a news conference in the United Arab Emirates capital.



Fitzgerald

The conference follows the finalizing of plans for the festival by Abu Dhabi’s Authority for Culture and Heritage and the fest’s executive team. It will be held Oct. 14-19 at Abu Dhabi’s Emirates Palace.

More than 50 regional and international films will be screened, fest director Jon Fitzgerald said in advance of the conference, from an initial selection of more than 700 entries. Final selections for the competition will be firmed up in a few days.

“We’re focusing a great deal of attention on supporting emerging  
*See ABU DHABI on page 2*

## ‘Dead’ sale reanimates Toronto market

By Gregg Goldstein and Borys Kit

TORONTO — After a modest day, the relatively dead Toronto market rose to life late Tuesday as North American rights, including Mexico, for “George A. Romero’s Diary of the Dead” went to the Weinstein Co. for \$2 million-\$2.5 million.

Earlier in the day, North American rights for Tom McCarthy’s “The Visitor” went to Overture Films, and Alan Ball’s “Nothing Is Private” went to Warner Independent Pictures and Netflix’s Red Envelope Entertainment for more than \$1 million each.

And Sidney Kimmel Entertainment completed a three-picture distribution deal with Canada’s Equinox Films that encompassed the warmly received Toronto premiere “Lars and the Real Girl,” starring Ryan Gosling.

WIP and REE jointly acquired Ball’s adaptation of Alicia Erian’s novel “Towelhead,” the most con-

troversial film of the fest, for \$1 million-\$1.5 million. WIP, which also took an Eastern European territory, is eyeing a mid-2008 domestic release.

The story of a 13-year-old Arab-American girl’s adolescent awakening, “Nothing” stars Aaron Eckhart, Toni Collette, Maria Bello and newcomer Summer Bishil and also features graphic scenes involving menstruation, rape, racist lan-

guage and an all too May-December romance. It received many good reviews, but provoked equally passionate positive and negative reactions from buyers and audiences, making it a brave choice for its distributors.

“Nothing” already has received an R rating, but according to a source close to the deal, will be cut solely for length from its current

*See TORONTO on page 2*



“Lust, Caution”

## For China, less ‘Lust’ from Lee

By Richard Trombly

SHANGHAI — “Lust, Caution,” the Venice Film Festival’s Golden Lion winner for best picture, will be cut by 30 minutes for audiences on the Chinese mainland.

Ang Lee’s thriller, set in the 1930s, portrays a sexually explicit relationship between a young female spy, played by

Tang Wei, and a powerful political figure (Tony Leung) set against the backdrop of turbulent Japanese-occupied Shanghai during World War II.

Lee said that while the short version remains “reasonable,” Chinese mainland audiences might not feel “so uneasy” and “shocked” about the film.

*See “LUST” on page 2*

## Toronto

*Continued from page 1—*

134-minute running time.

"Alan's film is provocative, warm-hearted and is sure to create a lot of discussion as his past work on 'American Beauty' and 'Six Feet Under' has," WIP head Polly Cohen said.

In one of the fest's most lingering and anticipated sales, new indie distributor Overture picked up all North American rights to writer-director McCarthy's quiet character portrait and immigration drama "Visitor" early Tuesday morning for more than \$1 million, plus box-office and ancillary bonuses for the filmmakers. The Groundswell Prods./Participant Prods. feature is the first film financed, produced and sold under Michael London's Groundswell banner.

Early word was that the sale ran late Monday because new buyers entered the picture after positive reviews. But a production source claimed Tuesday morning that another reason was to work out a large marketing/distribution commitment and hefty share of theatrical and home video for Groundswell and Participant.

"It puts a human face on the issue of immigration and illuminates it in a really beautiful and compelling way," said Participant president Ricky Strauss, who had already been talking to Overture

about doing projects and said Overture was the most aggressive and passionate suitor circling the film. An Oscar-qualifying run is one option under consideration.

The latest sequel to Romero's 1968 horror classic "Night of the Living Dead" closed Tuesday night after several offers were considered, including some for video-only distribution. The Weinstein Co. deal includes a theatrical commitment. Several sales were up in the air late Tuesday: Stuart Townsend's "Battle in Seattle" — both First Look Studios and ThinkFilm are said to be interested — could possibly close a deal today. Bernie Goldmann and Melisa Wallack's "Bill," from stalwart GreenStreet Films, also is in play.

Genre-friendly distributors such as the Weinstein Co. and Magnolia, sporting its new Magnet label, are eyeing Dario Argento's "Mother of Tears." The all-star documentary "Trumbo" could go by Wednesday, and Stuart Gordon's horror film "Stuck" has emerged as a dark horse candidate.

Meanwhile, Julie Taymor's "Across the Universe" had its gala presentation Monday night, and despite the reported battles the production encountered in the editing suites, the movie surprised many. "If you like the Beatles, you'll like it," said one exec.

*Read an extended version of this story at [hollywoodreporter.com](http://hollywoodreporter.com).*

## Abu Dhabi

*Continued from page 1—*

talent," Fitzgerald said. "We are going to award prizes in three categories, for documentary, narrative and for short film. The winning finalists will receive production grants and the overall winner will receive the prestigious Black Pearl Award."

The Black Pearl Award will be bestowed during the official competition, which focuses on international cinema with an emphasis on new artists. Recipients will be awarded production grants toward their next project. Grand jury prizes will be given out in the narrative and documentary categories, as well as in the short film competition.

Other sections in the fest include premieres, a collection of high-profile films premiering in the Middle East, and Bollywood Spotlight, a tie-in designed to coincide with the 60th anniversary of India's independence. The Middle East Showcase will spotlight films of varying lengths and genres celebrating the cultures, traditions and people of

the region.

Women of Arab Cinema will take a retrospective look at the cinematic achievements of Arab women, while the cutting-edge Hayah Film Competition has been developed for iPod movies less than five minutes in length.

The event's leadership team comprises internationally respected festival veterans.

Ranked as the 20th most powerful Arab businesswoman by Forbes, Nashwa Al-Ruwaini brings two decades of experience in media leadership to her role as executive director. Fest director Fitzgerald co-founded Slamdance and the Santa Barbara fest and has more than 15 years experience in the studio, independent and film festival communities.

Managing director Claudia Durnat has strong experience of international festival directing and producing and conference director Adrienne Briggs holds more than a decade of experience as a producer for entertainment events.

*Read an extended version of this story at [hollywoodreporter.com](http://hollywoodreporter.com).*

## Mediaset

*Continued from page 1—*

outline details of its latest deals, insiders suggested that they involve exclusive four-year rights to broadcast new films and TV shows produced by the two studios as well as selected content from each studio's archives, adding thousands of hours of programming and exclusive access to many top films.

Local media in Italy reported the overall deals to be worth \$1.1 billion, while Corriere della Sera specified that they were for a four-year period.

Spokesmen for both studios would only confirm that the deals existed but declined comment on the reported dollar figure.

Upcoming Warners-produced and -distributed series such as "The Sarah Connor Chronicles," "Pushing Daisies" and "Gossip Girl" are understood to be included; NBC Uni's supply will include the new "Bionic Woman," "Life" and "Lipstick Jungle."

The media giant owned by opposition leader and former Italian Prime Minister Silvio Berlusconi will get all TV rights under the deal, including pay rights to new studio product and some library

stock. Piersilvio Berlusconi, Silvio Berlusconi's son, who runs the company, has indicated that he hopes to increase revenue from content because of a decline in the advertising market.

The company's financial results, released after market close Tuesday, were in line with expectations, showing first-half net revenue of €2.1 billion (\$2.9 billion), up 4% compared with the same period last year, with profits up almost 8% year-on-year to €700 million (\$959 million). The company's shares surged in the morning but ended the day up just a tick, 0.15% at €7.58 (\$10.38).

One area in which expenses were virtually unchanged compared with 2006 was funding for acquisitions. That clearly will not be the case in the second half, when Mediaset's recent acquisition of content producer Endemol and the costs associated with the Warner Bros. and Universal deals will appear.

At least one of the local Italian reports said that Mediaset could elect to on-sell some of the rights for platforms where it does not have a significant presence, such as the pay TV arena dominated by News Corp. unit Sky Italia. ■

## 'Lust'

*Continued from page 1—*

In addition to cutting the sex scenes, some violent scenes also are to be removed, news agency Xinhua said.

Lee said he is going to respect the official advice and that he has edited the film himself from its original 156-minute length to protect its integrity, a rep for Hong Kong-based co-producer Edko Films said.

While the original version has received an NC-17 rating in the U.S., the edited version has received the approval of China's Film Bureau, a bureau spokesperson said.

Lee said he "took pains to cut it" because he "attached much importance to the Chinese market," Xinhua said. The film will open in China on Oct. 26, more than a month after the scheduled Sept. 23 release date for Hong Kong, Taiwan and the rest of the world.

Lee's "Brokeback Mountain," which won the director his first Academy Award in 2006, was banned in China for its overt homosexual themes.

Despite much discussion in

China, the State Administration of Radio, Film and Television has never introduced a ratings system, so films must be made appropriate for all potential audiences.



Lee

"It is a pity that China has no ratings system," said Jimmy Wu, chairman of Beijing-based producer China Vision. "It is unsatisfying when a film is censored, like getting an apple that already has a bite taken out of it."

A ratings system would protect young people from seeing adult movies as well as allowing adults to view movies with more mature themes, Wu noted. He added that the delayed theatrical release date and censorship could lead to increased piracy of the film and reduced boxoffice returns.

"Censors are not film editors," Wu said. "People want the version the director put his heart into, not a cut version, and we should respect the director's work." ■



Natalie, left, Nicole Garza are focus of a new scripted comedy.

## Lifetime eyes twin bill with Garza sisters

By Kimberly Nordyke

Lifetime has inked a deal with Natalie and Nicole Garza to develop a scripted comedy project around the identical twin sisters.

The Garzas most recently appeared in National Lampoon's "Transylmania" and co-starred on Oxygen's "Campus Ladies."

Together, they have guest-starred on CBS' "How I Met Your Mother" and WB Network/the CW's "Gilmore Girls" and recurred on Nickelodeon's "The Brothers Garcia." Their joint film credits include "The List" and "Bickford Schmeckler's Cool Ideas."

In 2004, the duo had a talent holding deal with Viacom.

## Higher rankings for Nielsen trio

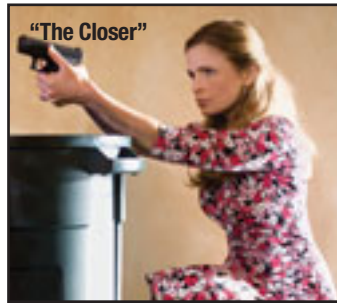
By Paul J. Gough

The Nielsen Co. announced Tuesday a reshuffling of its television ratings unit that will give three executives new responsibilities.

Catherine Herkovic has been promoted to senior vp and managing director of national television client services, with responsibilities for client services and sales in connection with national TV ratings. She had a similar job with the local TV ratings service.

She'll be replaced on the local TV side by Kevin Svenningsen, who has been named senior vp and managing director of Nielsen's Local Television Client Services.

Leading Nielsen Sports will be Tom Ziangas, as senior vp. ■



## 'Closer' tops itself again: 9.2 mil

*TNT drama's season finale breaks basic-cable record*

By Kimberly Nordyke and Nellie Andreeva

Capping a strong summer for basic cable, TNT's "The Closer" broke another ratings record Monday when 9.2 million viewers tuned in to watch the cop drama's third-season finale — the most ever for an ad-supported cable series.

In contrast, HBO's new series "Tell Me You Love Me" debuted to underwhelming ratings Sunday night, averaging 910,000 total viewers.

"Closer" broke its own record of 8.8 million viewers set by its third-season opener in June, which in turn broke the previous benchmark of 8.3 million set by its second-season premiere.

With its viewership of 9.2 million (and 6.8 million households),



the Season 3 closer of the Kyrä Sedgwick starrer ranked second in the 9-10 p.m. hour overall behind only CBS.

"Tell Me," the racy drama that aired at 9 p.m., was off significantly compared with the series debut of HBO's now-canceled "John From Cincinnati," which averaged 3.4 million on June 10, according to Nielsen Media Research.

"Tell Me" also didn't help its lead-out, the sixth-season premiere of "Curb Your Enthusiasm," which averaged 1.2 million viewers at 10 p.m. That marks the comedy series' poorest showing for a season opener. The Season 5 premiere, which aired Sept. 25, drew 1.6 million viewers.

Elsewhere, the "UFC 75" telecast that aired at 9 p.m. Saturday on Spike TV averaged 4.7 million



viewers, making it the most-watched UFC event ever, according to Spike research.

At HGTV, the penultimate episode of the reality competition series "HGTV Design Star 2" averaged 3.3 million viewers at 9 p.m. Its lead-out, a sneak peek of Vern Yip's new show "Deserving Design," drew 2.7 million viewers at 10 p.m.

The season finale of "Design Star" — during which Todd Davis or Kim Myles will be revealed as the winner of his or her own show on HGTV — airs at 9 p.m. Sunday. ■

## 'TMZ' leads syndie parade

By Kimberly Nordyke

"TMZ" and "The Steve Wilkos Show" fared the best among the five new first-run syndicated shows that debuted Monday.

"TMZ" had the highest debut with a weighted average of a 2.0 household rating/4 share in 55 metered markets, according to Nielsen Media Research.

However, the half-hour entertainment newsmagazine was down 17% from its lead-in average (2.4/5) and off 9% from the September 2006 time period average (2.2/4). "TMZ" airs in primarily access, early fringe and late-fringe time periods.

Hourlong talker "Steve Wilkos," which airs in daytime slots, averaged a 1.1/4 in 48 metered markets. That's a 22% increase over its lead-in average (0.9/3) and even with its year-ago time period average. "Wilkos" was the only one of the new strips to grow over its lead-in average. (It



Levin



Wilkos

also should be noted that the talker was pre-empted in Chicago, where the show originates, because of a Chicago Cubs game telecast.)

Elsewhere, "Merv Griffin's Crosswords" averaged a 1.0/3 in 52 metered markets, off 17% from its lead-in average (1.2/3) and down 23% from September 2006 (1.3/4). The half-hour game show mostly is cleared in afternoon slots.

Court show "Judge David Young," which airs mostly in daytime, drew a 0.9/3 in 51 markets, flat with its lead-in average and down 10% from a year ago (1.0/3). ■

## Magnolia can't resist the pull of genre label

By Gregg Goldstein

TORONTO — Todd Wagner and Mark Cuban's Magnolia Pictures is stepping up its game with a new genre label, Magnet.

Magnet's first film out of the gate will be Jeremy Saulnier's comic slasher film "Murder Party," set for a brief theatrical release before an October DVD bow. Among those ready for a 2008 release include Hitoshi Matsumoto's Toronto International Film Festival Midnight Madness selection "Big Man in Japan"; Tony Smith's Viking actioner "Severed Ways"; Ringo Lam, Johnny To and Tsui Hark's Hong Kong action omnibus "Triangle"; Mark Hartley's Australian genre film docu "Not Quite Hollywood"; and Olivier Assayas' thriller "Boarding Gate," starring Asia Argento and Michael Madsen.

## clips

**Emmy dishonors**

Comic Kathy Griffin's "offensive" remarks about Jesus at the Creative Arts Emmy Awards will be cut from a pretaped telecast, the Academy of Television Arts & Sciences said Tuesday. Griffin made the comments Saturday night as she collected an Emmy. "I want you to know that no one had less to do with this award than Jesus," she said. "Suck it, Jesus. This award is my god now."

**Sydney stakes**

The 2008 edition of the Sydney Film Festival will add an international film competition in a bid to raise the global profile of the 55-year-old fest and make it an Australian filmmaker destination on par with Sundance, Cannes and Toronto. The new initiative is backed by AU\$1.8 million (\$1.4 million) in funding from the New South Wales state government.

**Toronto's green**

Toronto's film production industry on Tuesday unveiled plans to go green, a move that will range from serving food in biodegradable containers to transporting stars in hybrid cars. The voluntary Green-Screen initiative is spearheaded by studio operators, unions and guilds.

**50 cents worth**

It looks like 50 Cent is headed for retirement. He had said that he would quit the rap game if his new G-Unit/Interscope album, "Curtis," was outsold by Kanye West's Def Jam set "Graduation," both of which were released Tuesday. Billboard reported that key label executives estimated that first-week sales for "Graduation" could come in at the 575,000-700,000 range, while "Curtis" is being projected in the 500,000-600,000 range.

**No love sounds**

A doctor ordered several days of vocal rest for Justin Timberlake, forcing the singer to postpone two shows in Northern California. Timberlake's strained voice is the result of his performance Sunday at MTV's Video Music Awards and months of touring, Jive Records said Tuesday.

# 'Blood' ties: Ratner, NBC partner for police work

## *Helmer will also produce drama*

By Nellie Andreeva

NBC is getting in business with Brett Ratner.

The network has given the green light to "Blue Blood," a cop drama pilot written by Neil Tolkin, which Ratner will direct and executive produce.

The project, based on Edward Conlon's memoir of the same name, is an ensemble show about NYPD rookie cops assigned to street patrol that centers on one of them, a Harvard graduate.

"Blood," produced by 20th Century Fox TV and studio-based Little Engine and Rat TV, originally was set up at Fox with a put pilot commitment last year (HR 7/21/06). The project has since



Ratner

Tolkin

been tweaked by Tolkin and Ratner.

"Blood" is being executive produced by Tolkin, Ratner and Little Engine's Gina Matthews and Grant Scharbo. Production is slated for the fall in New York.

Ratner is repped by CAA.

Tolkin is repped by Endeavor and attorney Stuart Rosenthal. ■

## Filmcatcher bows for indies

By Alex Woodson

Writer-director Alan Hruska, producer Alan Klingenstein and marketing executive Pete Taylor have launched independent film Web site Filmcatcher.com.

The site will feature forums, indie film news and a digital storefront to purchase movies. The destination is launching this week with coverage of the Toronto International Film Festival.

Taylor, CEO of the new site, was formerly vp services at Donnelley Marketing and chief technical officer at Princeton Review. Hruska wrote and directed indie films "Nola" and "The Warrior Class," and Klingenstein is the founder of

Filbert Steps Prods., for which he produced the films "Forever Fabulous" and "Two Family House."

The site's acquisitions, sales, distribution and operations will be headed by indie film veterans Marie-Therese Guirgis, Al Cattabiani, Andrew Herwitz and Cristina Garza.

Cattabiani was CEO of Wellspring Media and is the president and founder of film and TV distribution company 409 Entertainment. Guirgis, who will be an acquisitions consultant at Filmcatcher, was formerly senior vp acquisitions and distribution at Wellspring.

Hervitz is the president of the Film Sales Co. ■

## N.Y. Film Forum sets 'Wray' day

By Leslie Simmons

Filmmaker Rick McKay will give audiences a sneak peek of his new documentary about Fay Wray at a 100th birthday celebration of the "King Kong" actress Tuesday at New York City's Film Forum.

"Fay Wray: A Life" follows the life and travels of Wray and her friendship with McKay, whom she met in the early 1990s. Wray appeared in McKay's 2003 film, "Broadway: The Golden Age."

The new docu features Wray sharing stories of early Hollywood, including her purported affairs

with Howard Hughes and Clifford Odets and meeting with Peter Jackson and Naomi Watts before filming the 2005 remake of "King Kong."

Postproduction on "Fay Wray" is scheduled for March at Jackson's New Zealand studio, with a summer/fall 2008 release planned.

The Film Forum also will show Erich von Stroheim's 1928 silent film "The Wedding March," starring Wray.

McKay, film historian Foster Hirsch, the forum's Bruce Stein and Wray's daughter Susan Riskin are scheduled to appear. ■



Lucas

Brody

## A matter of 'Death' for Yakin cast

By Borys Kit

TORONTO — Josh Lucas and Adam Brody have boarded "Death in Love," a drama Boaz Yakin is directing from his own script. Yakin also is producing with Joseph Zolfo.

Jacqueline Bisset and Lukas Haas already have been cast.

"Death" follows a pair of story lines that revolve around two brothers (Lucas and Haas). While Haas' character must deal with his mother (Bisset), his brother is lost in life until he is befriended by a scam artist (Brody).

Shooting is under way in New York.

The CAA-repped Yakin directed "Remember the Titans" and was a producer on "Hostel." ■

### the rep sheet

#### Ramsay stirs pot at Endeavor

Gordon Ramsay, star of Fox's hit summer series

"Hell's Kitchen" and its upcoming show "Kitchen Nightmares," has signed with Endeavor.

"Nightmares," which features the British chef and author hitting the road to help restaurants in crisis, debuts at 9 p.m. Sept. 19, while the reality competition series "Hell's" returns for its fourth season in the summer. (Kimberly Nordyke)



Ramsay

## digital reporter

Mark Halper



## Lines get crossed, and Nokia likes it that way

**B**lackBerrys are a big part of the cellular world, but last week, a Raspberry took center stage in a way that will boost the entire digital entertainment industry, not just mobile.

We're talking about the raspberry that the world's biggest cell phone maker, Nokia, blew at its longtime customers — mobile carriers including Verizon Wireless, Vodafone and T-Mobile.

The Finnish handset king jumped into the music downloading business when CEO Olli-Pekka Kallasvuo said in London that the Nokia Music Store will go live this year. He says it will have millions of songs available to phone and PC users who can fetch tunes over airwaves or through broadband lines. It's part of a larger new Web site from Nokia called Ovi (the word means "door" in Finnish) that carries games and should eventually offer video, TV and even films.

The thing is, in the traditional mobile world, selling songs and services is supposed to be the domain of the carriers. That's how the mobile industry works: Nokia provides the phones, Vodafone gets the end-user.

Not anymore.

"This world does not work the way the old world worked," Kallasvuo says. He doesn't mean it as a snub. On the surface, he is saying that Nokia has to tap into what he calls "one of the most opportunity-rich markets the world has ever seen" — the Internet.

At least one operator is grumbling; a memo leaked from France Telecom's pan-European carrier Orange expressed concern that a Nokia shop on the same street as an Orange music store could confuse users.

Nokia has long known that moving into services could alienate carriers. About six years ago, it watered down a service called Club Nokia when carriers objected. "They kind of capitulated then, but things have moved on under the stewardship of a new CEO," says Ben Wood, a director with London telecom consultancy CCS Insight.

The digital entertainment industry should thank Nokia. In the mobile arena, despite all the noise about the phone becoming the fourth screen and the portable music player of choice, the singing and dancing has been slow to take off. That's largely because mobile carriers have priced "content" either through the roof or confusingly. End-users often find operators' entertainment services difficult to use. And ask anyone in film, TV, or music, and one hears a collective groan about stinginess and controlling habits.

OK, so Hollywood has a few of those traits too. The bigger picture is that Nokia's daring move loosens operators' grip on the mobile media game by providing a legitimate alternative outlet. With a million of its phones flying off retail shelves a day, Nokia has clout.

We don't know yet whether the service will be any good. We played with a demo both on a phone and on a PC. It wasn't exactly downloading for dummies, but it wasn't bad. It seems to have enough tunes; Nokia says it has millions from the four major labels and from regionals around the world. I searched for Dexter Gordon — not the most popular choice for the typical target audience of these things, yet Nokia offered a selection of 27 albums from the late tenor saxophonist.

And don't underestimate the marketing power of one of the world's best-known brands whose flagship product, the phone, resides in the hands of about a billion people. Nokia phone users can fetch songs straight from the Nokia site, or they can "sideload" songs to the phone after downloading to PCs from Nokia or other shops. Nokia's songs will run on other mobiles too. One day, Nokia will do the same with video.

Mark Halper can be reached at mhalper@aol.com.

## Euro d-cinema supporters try to stem continental drift

### Language barrier among hurdles

By Carolyn Giardina

AMSTERDAM — Europe-based stakeholders Tuesday exhorted the industry to get the digital cinema transition rolling on the continent, where the switchover is lagging behind that of the U.S.

"There is a great appetite to start digital cinema deployment in Europe," David Monk, CEO of the European Digital Cinema Forum, said during the final day of the International Broadcasting Convention here. "But because it's more complex (than in the U.S.), the ability to set up a deal has been thwarted. It's unbelievably difficult."

There are an estimated 5,000 digital cinema screens deployed worldwide, about 4,000 of which are in the U.S.

"Europe wants an understandable and simple way to engage a virtual print fee model," Monk said. "What made the U.S. market take off is the availability of the VPF model. But in Europe, this is more complex. It's more divided; it's complicated by languages and more complicated relationships."

"Let's get something together that may not be commercially optimal but gets the market started,"

he added.

Monk identified additional concerns about the rollout in Europe. "The European market is more fragmented. It has the largest population of smaller and remote cinemas," he said, adding that the needs of this market must be examined because some feel that the full Digital Cinema Initiatives specifications are "excessive" for those theaters.

He also said it was important to protect the continued life of smaller theaters used for specialty markets. "A lot of independent films play in these special venues," he said, adding that government intervention might be needed.

Meanwhile, the digital forum announced completion of a study that found the average cinema screen in Europe to be slightly more than 26 feet wide or less, with seating for 180.

"EDCF members represent both large and small operators with an inventory of both large and small cinemas," said EDCF technical support group director Peter Wilson, who is director of U.K. consulting firm High Definition and Digital Cinema.

The aim of the report is to assist manufacturers in their product planning, Wilson said. ■

## NL primps 'Hairspray' in hi-def

By Thomas K. Arnold

New Line Home Entertainment is the latest studio to jump into the high-definition DVD waters, saying Monday that its first next-generation release will be this year's musical version of "Hairspray."

The film, which has grossed to date \$107.3 million in theaters, will be released Nov. 20 on standard DVD and Blu-ray Disc. An HD DVD edition will follow, though no firm release date has been set.

The fact that New Line is supporting both next-generation formats isn't surprising, given that the label is distributed by Warner Home Video. Paramount's recent defection from the Blu-ray camp left Warner as the only major studio to support both Blu-ray Disc and HD DVD.

"Clearly, there isn't a format

winner at this point, so we're going to adopt the strategy from Warner, our sister company, and mirror what they are doing," said Matt Lasorsa, New Line's executive vp marketing. "And by supporting both formats, we are giving consumers the ultimate choice."

Lasorsa said the HD DVD version of "Hairspray" likely will be released in the first half of next year. He attributes the delay to region coding issues; Blu-ray has region coding, but HD DVD does not. "And since we sell to independent international distributors," Lasorsa said, "we have to be more sensitive to their release dates than a major studio."

After "Hairspray," most New Line titles will be released the same day on standard DVD and Blu-ray Disc, with a lag for the HD DVD version. ■

## digest

**Five set for Kennedy Center Honors**

Director Martin Scorsese, pianist Leon Fleisher, actor-writer Steve Martin, singer Diana Ross and songwriter Brian Wilson have been selected as recipients of the 30th annual Kennedy Center Honors, recognizing their lifetime contributions to American culture. They will be honored Dec. 2 at a special performance at Washington's Kennedy Center Opera House. The event, produced and co-written by George Stevens Jr., will be broadcast Dec. 26 on CBS.



Scorsese

**Advertising dollars remain on wane**

Overall ad spending in the first half of 2007 was slightly down compared with the same period a year ago, according to a report released Tuesday by TNS Media Intelligence. It's the second consecutive quarter that ad spending has declined, the first time that's happened since 2001. Overall ad expenditures dropped 0.3% to \$72.6 billion. TV, which makes up one-third of all advertising spending, was down 2% overall to \$31.6 billion. Network TV dropped 4% compared with first-half 2006 despite evidence that the networks were selling more ad time with flat unit pricing. Cable TV was up 3%; syndication dropped 5%; and spot TV, hardest hit by a drop in automotive, was down 5%.

**Keith, Knight promoted at Laika**

Animation studio Laika on Tuesday named Alan Keith the studio's new CFO/vp business operations and promoted head of animation Travis Knight to vp animation. Keith, a former Lucasfilm and Hanna-Barbera executive with more than 20 years of finance experience in the movie studio setting, will head the studio's business operations as it expands its roster of animated feature and short films, TV production and music videos. CEO Dale Wahl said Keith's diverse skill set is critical to the company during its expansion.

**NBC Uni ups pair to national exec roles**

NBC Universal has named two executives to its national leadership ranks. Phyllis Schwartz will become executive vp news, promotion and original content at NBC Universal Television Stations, while Steve Schwaid has been promoted to senior vp strategic growth initiatives at NBC Universal.

**Emmys to laud PBS shows' points of view**

This month's News and Documentary Emmy Awards will give special recognition to the longtime PBS documentary series "Frontline" and "P.O.V./American Documentary." Both will receive a special award for excellence in television documentary filmmaking from the National Academy of Television Arts & Sciences at the 28th annual awards, set for Sept. 24 at the Sheraton New York Hotel & Towers.

**DC Comics powers up publicist Hyde**

DC Comics has promoted David Hyde to vp publicity. Hyde joined DC Comics in November 2003 as director of publicity. In his new position, he will continue to represent DC in coordinated publicity with Warner Bros. in TV, film, home video, interactive entertainment and licensed publishing.



For expanded digest items and more news, turn to [hollywoodreporter.com](http://hollywoodreporter.com)

**FCC, CBS argue indecency**  
*Commission defends fine against net*

By Brooks Boliek

WASHINGTON — The FCC defended its decision to fine CBS \$550,000 for Janet Jackson's "wardrobe malfunction," arguing Tuesday in federal court that the network ignored signs that the provocative performance was about to go too far.

FCC lawyer Eric Miller told a three-judge appeals panel in Philadelphia that CBS was indifferent to the risk that "a highly sexualized performance" might cross the line.

During Jackson's performance with Justin Timberlake at the 2004 SuperBowl, Timberlake sang the lyrics, "Gonna have you naked by the end of this song," and that's exactly what happened, Miller said.

The commission also noted that Jackson's choreographer was quoted three days earlier as saying the performance would include "some shocking moments."

But CBS lawyer Robert Corn-Revere told the court that the network did not ignore its responsibilities as it took many precautions, including choosing Jackson and Timberlake over more provocative performers; reviewing the script; voicing concerns about ad-libbed remarks; and applying a 5-second audio delay.

"I think the precautions CBS took even satisfied the FCC's standards," Corn-Revere said.

Tuesday's arguments took

nearly 90 minutes as the judges questioned the attorneys about the incident. According to one industry executive who attended the hearings, Corn-Revere pointed out the commission's inconsistency enforcing indecency regulations, noting that a CBS documentary on 9/11 that included language the commission has found indecent in other incidents was cleared by the FCC.

"Win, lose or draw, we put our case directly in front of them," the executive said.

CBS officials refused to say whether they were prepared to take the case to the U.S. Supreme Court if the appellate court ruled in favor of the government. The court may not make a direct ruling on the First Amendment issues, or it could send the case back to the FCC, ordering the agency to rework its decision. That decision could take months.

The network said it was pleased to get the issue before the court.

"That incident, although inappropriate and regrettable, was not and could not have been anticipated by CBS and does not justify the penalty imposed by the FCC," CBS said. "We are hopeful the court will agree, since what occurred surprised CBS as much as our audience. Whatever the court decides, CBS has taken extraordinary steps to help prevent anything like this incident in the future."

*The Associated Press contributed to this report.*

**FCC to rule on Sirius-XM by Dec.**

By Brooks Boliek

WASHINGTON — FCC chairman Kevin Martin said Tuesday that he plans to have the commission wrap its review of Sirius Satellite Radio's proposed buyout of XM by the end of the year.

Martin told reporters that the agency's 180-day merger "shot clock" would run out about that time. "That's the target," he said.

If approved, the combined value of the company would be about \$13 billion, which includes net debt of about \$1.6 billion. The combined company would have about 14 million subscribers.

The deal has generated thousands of filings at the commission

as proponents and opponents of the deal have attempted to influence the decision.

The FCC and the Justice Department must approve the deal. While Justice looks at whether the deal will be anti-competitive, the FCC has to decide if it's in the public interest.

Broadcasters argue that allowing the nation's two satellite radio companies to become one will put terrestrial radio at an unfair advantage.



Martin

# Less in Wall Street's cable box

## Telecom competition slows subscriber momentum, raises flag

Second of two parts.

By Georg Szalai

With summer rapidly coming to a close, Wall Street has gotten back to business. In the case of cable stocks, some are wondering if they should be going back to the drawing board.

After all, second-quarter cable earnings reports this summer have raised investor concerns in recent weeks that high-speed Internet subscriber growth has peaked and video service subscriber momentum might be slowing again — after recent quarters of gains — amid competition from telecom firms.

Sure, the second quarter traditionally is cable's weakest because college students disconnect their service when they move home for the summer, and "snowbirds" — people who live in warm regions during winter — move North for the summer.

But observers are arguing that more fundamental trends were at work in the latest set of cable results, and slower user momentum is here to stay, which has affected already-sluggish cable stocks.

"One of the key factors driving cable's recent underperformance (down 13.4% since July 25) versus the S&P 500 (down 4.5%) was the industry's disappointing second-quarter broad-

band net additions (trend)," Bear Stearns analyst Spencer Wang recently said in a report.

In another recent report, he argued that second-quarter video subscriber net additions for cable and even for satellite TV "were generally disappointing" as well.

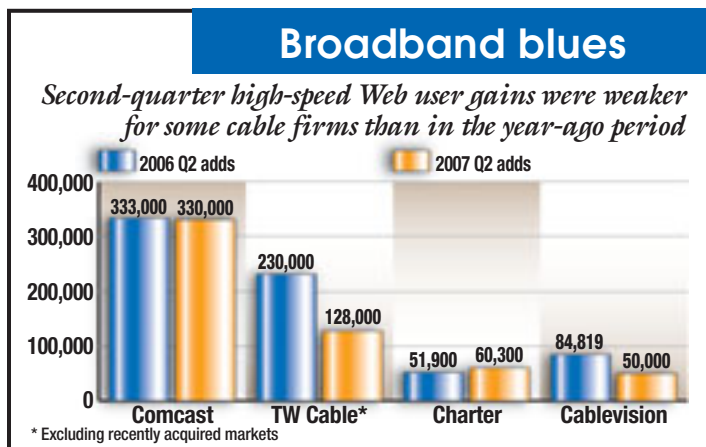
"Growth for telco video exaggerated what is traditionally a seasonally weak quarter," Wang wrote.

As a result, Cablevision Systems, for one, reined in its forecast for basic video user growth this year.

However, Wang shrugged off suggestions that the weak U.S. housing market is hurting cable. After all, housing sales have declined for the past year, and video subscriber gains "did not show a meaningful acceleration during the 2003-2005 time frame when the housing market was booming."

He also warned against overstating the situation, highlighting that Verizon and AT&T's video offers still represent less than 1% of multichannel video households.

Plus, Wang said that "astute" investors and analysts should have foreseen the slowing momentum. But given that at many investment banks, cable and telecom firms are covered by different analysts who don't always coordinate estimates, some on the Street might have



SOURCE: COMPANY REPORTS

been shocked, he said.

Meanwhile, sluggish second-quarter broadband user gains led a slew of observers to raise red flags.

Leichtman Research Group president Bruce Leichtman said that the major cable operators added 793,468 high-speed Web customers in the latest quarter, down from 918,427 a year ago, 866,100 in second-quarter 2005 and even below the 829,000 adds in 2004.

He said phone companies also signed up fewer broadband users. Overall, he suggested that there is no need to panic yet. "While net broadband additions may be beginning to wane slightly, tens of millions of consumers will add high-speed Internet over the next few years," he said.

Leichtman's strategy suggestion: "In a somewhat tighter market, broadband providers will need to be increasingly prudent in the subscribers that they acquire in order to help minimize churn."

Credit Suisse analyst Bryan Kraft took a more bearish position, predicting that broadband gains will continue to drop off during the second half and in each of the next three years.

"While disappointing second-quarter broadband results across the industry were certainly impacted by seasonality, there were other factors at work," his analysis concluded.

In the current third quarter, Kraft believes two trends will converge to push down high-speed customer adds: Neither incremental online penetration nor migration from narrowband to broadband usage will be enough to support growth anymore.

Telephone companies lauded in Part 1 of this report. Find it online at [hollywoodreporter.com/business](http://hollywoodreporter.com/business).

### digest

#### Mixed day for Take-Two

Shares of Take-Two Interactive Software Inc. rose 5.2% on Tuesday to \$16.57, a day after the company reported a smaller-than-expected loss and better sales than analysts anticipated. The company also forecast adjusted profit of \$1.30-\$1.50 per share for the fiscal year ending in October 2008, while analysts expected Take-Two to earn just 83 cents per share for the year. Pacific Crest analyst Evan Wilson, however, reiterated a "sector perform" rating on the stock, saying that the company is too optimistic in its prediction that its sports video game business will turn a profit in fiscal 2008. BMO Capital Markets analyst Edward Williams also maintained a "market perform" rat-

ing, saying investors should not buy the stock because of previous mistakes concerning "Manhunt 2" and the delayed launch of "Grand Theft Auto IV."

#### Report: U.S. ad spending slow

U.S. advertising spending is viewed as being "challenged" for the rest of the year after slipping 0.3% in the first half to \$72.6 billion, according to a Tuesday report from TNS Media Intelligence. It was the first time U.S. advertising spending has fallen for two consecutive quarters since 2001, the report indicated, and reflected an overall weakness across economic sectors. Television ad spending fell 2.4% to \$31.6 billion and newspaper ad spending fell 5% to \$12.9 billion. Radio ad spending fell 2.7% to \$5.1 billion. The declines offset gains from Internet display ad spending, which rose 17.7% to \$5.5 billion. Magazine ad spending rose 4% and outdoor spending rose 3% to \$1.9 billion.

**THE REPORTER Showbiz 50**

<b>Advancer</b>	Closing price	Change for day
Company: Movie Gallery	68 cents	▲11.49%

**Tuesday close: \$1,202.56**  
Change for day: +\$9.31 (+0.78%)

<b>Decliner</b>	Closing price	Change for day
Company: Avid Technology	\$28.55	▼4.74%

[hollywoodreporter.com/business](http://hollywoodreporter.com/business)