



By Robert Deutsch, USA TODAY

New in town: Anchor Jenna Lee on the FBN set. News Corp. CEO Rupert Murdoch has said, "CNBC is a financial channel for Wall Street. We're for Main Street."

Fox Business Network blazes new trail

Personal finance steps into spotlight in channel's debut

By David Lieberman
USA TODAY

NEW YORK — Fans of TV business news anticipating a heavyweight bout between CNBC and the new Fox Business Network should put away their fight cards.

At least for now.

FBN, a Fox News Channel spinoff, launched today and is available initially on cable and satellite systems serving more than 30 million subscribers. DirecTV customers get an HD version.

But Fox News Executive Vice President Kevin Magee, who's in charge of FBN's day-to-day operations, says it doesn't want to trade blows with CNBC, or even Bloomberg TV, the current channels of choice for financial market watchers. "If we take half of CNBC's audience and leave

Room for three?

Fox Business Network should grow quickly, SNL Kagan estimates, but will need years to approach CNBC's homes reached and profitability. Projections:

| Homes (millions) | 2008 | 2011 |
|----------------------|------|-------|
| Bloomberg TV | 47.5 | 56.9 |
| Fox Business Network | 44.0 | 72.4 |
| CNBC | 95.5 | 102.2 |

Revenue (millions)

| | | |
|----------------------|---------|---------|
| Bloomberg TV | \$76.4 | \$109.4 |
| Fox Business Network | \$71.7 | \$185.6 |
| CNBC | \$617.9 | \$711.0 |

Cash flow (millions)

| | | |
|----------------------|---------|---------|
| Bloomberg TV | \$9.0 | \$32.0 |
| Fox Business Network | -\$45.3 | \$16.4 |
| CNBC | \$348.8 | \$375.4 |

Source: SNL Kagan

them with half, we'll both starve."

Instead, his new business channel aims to draw viewers "from soap operas, game shows — any place we can."

FBN executives hope to do that with personality-driven programs heavy on personal finance and with stories offering business insights into general interest news. There is some traditional market news, along with an on-screen crawl showing the latest stock prices.

As News Corp. CEO Rupert Murdoch put it last month: "CNBC is a financial channel for Wall Street. We're for Main Street."

FBN also is creating an Internet destination featuring videos, blogs, news and the kinds of investment tools common to financial sites.

"We're going to be relevant. We're going to be passionate. We're going to be different," says Neil Cavuto, FBN's chief anchor and Fox's managing editor of business news.

The strategy makes sense for a service trying to get a

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story**

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Strategy is lively stories with news you can use

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toehold in the market, even at the risk of siphoning some viewers from Fox News.

But it may surprise those who expected Murdoch to make FBN the centerpiece of a global business news empire — a service that also can play on his satellite TV systems in Europe and Asia and mesh with the Dow Jones properties he's about to acquire. The \$5 billion Dow Jones deal will give him some of the top news outlets for the financial elite, including *The Wall Street Journal*, *Barron's*, *SmartMoney* and *MarketWatch.com*.

"If FBN is all about news-you-can-use, then it's not going to be a global platform and it's not going to tie in to *The Journal*," says Bernstein Research analyst Michael Nathanson.

Traditional TV business news is attractive for its appeal to affluent viewers. Advertisers pay top dollar to reach them, which is why CNBC is highly profitable even though it has a relatively small audience.

Murdoch also has just the guy to duke it out with CNBC for that privileged market: Fox News CEO Roger Ailes ran CNBC from 1993 to 1996.

FBN spin zone?

Will FBN really start off trying to peacefully coexist with CNBC? Or is the sister network to the home of the "no spin zone" just saying that to dissuade the No. 1 business network from engaging in a potentially ruinous war?

It's hard to say. While most new services crave attention for their programming, FBN treats its plans as top secret.

"I can't give you programming, because then I'd have to kill you," Cavuto jokes.

In part, however, it's because FBN is a work in progress that, its executives say, could change rapidly.

Some plans are known: FBN says it won't carry business shows that now air on other Fox networks. The network says that Southwest Airlines, United Airlines, Bristol-Myers Squibb, MasterCard, Nasdaq and Scottrade are among initial ad buyers and that FBN spots were not sold in package deals with Fox News.

It won't say how it will continue to fill slow business news periods, including weekends, but infomercials of the kind that CNBC airs on weekends may be out. Cable operators "figured out they had given away the store with CNBC, and they limited us more" in how much infomercial time they'd allow, Ailes told trade magazine *TVWeek* in February.

In prime time — one of CNBC's weakest time slots — FBN will have a show with nationally syndicated radio host David Ramsey, author of *The Total Money Makeover*. Late afternoon will feature a discussion show based at a bar, called *Happy Hour*.

Other show anchors include Jenna Lee and David Asman. Former Hewlett-Packard CEO Carly Fiorina also will contribute from time to time.

FBN has its work cut out on weekdays, though, when traders often turn to CNBC and Bloomberg for market news.

Alexis Glick, who's FBN's vice president of business news, says that subject will be just part of a three-hour morning show she'll anchor.

She describes it as "the *Today* show meets *Squawk Box*," a reference to the lifestyle-heavy NBC and market-driven CNBC shows where she previously worked as a correspondent.

"We're going to have to break news as corporate earnings come out, as deals are announced. That's our job. We're a news organization," says Glick, who was a trader at Morgan Stanley before she made the jump to TV.

But she hopes to lighten that potentially dense news mix with front page and human interest stories. For example, she says that she'd handle the recent sexual-harassment case against New York Knicks coach Isiah Thomas by talking about the implications for team owner Cablevision and about whether sports tolerates more harassment than other industries.

"We believe there's an audience of people out there who want to get business news in a way that is friendly, interesting, fun, and that's going to help you achieve the things that matter most to you," she says. "And part of that is success, money and happiness. It's the American dream."

Her positive view complements Murdoch's comment in February that CNBC reporters, "leap into every scandal. There's an atmosphere to (CNBC) that's negative."

Still, there'll be room for investigative reporting — especially about government, Cavuto says. "We will focus a lot more on policy and policymaking and following people's tax dollars and how they're spent. These are going to be superseding issues for this network."



Faces: David Asman and Jenna Lee on the FBN set. The network seeks viewers "from soap operas, game shows — any place we can," says Fox News' Kevin Magee.

Dow Jones connection

It's unclear how much help he'll get from *The Wall Street Journal*. CNBC has a deal that gives it first dibs to the paper's business news reporters until 2012.

"We've had 10 years with the highest quality of work from them, and we expect it to continue for the next five years," CNBC President Mark Hoffman says.

Glick says, however, that FBN lawyers are "reviewing all of the fine details of the contract" and that, in any case, "we will actively use" the other Dow Jones properties.

In a sign of the times, a single FBN news desk will handle TV and Web operations.

Still to be worked out is how FBN's more than 300 employees will interact with Fox News on stories that interest both networks.

Just recruiting those employees was the hardest part of the start-up process.

"If you told me I had to start a weather channel, I know where I can find 50,000 weather people — every city in America has five of them," Magee says. "How many cities have business news people? That's more difficult."

Magee adds, "We made a concerted effort not to steal too many people from CNBC because we didn't want to look like we were imitating them."

There's also a sound strategic reason to avoid unnecessary confrontation. CNBC, which is owned by General Electric's NBC Universal, could retaliate by copying FBN's most popular programs and offering extravagant salaries to steal its top on-air personalities.

"Cable networks have been pretty good at not allowing entry to (rivals who would) upset the competitive apple cart," says Columbia Business School professor Bruce Greenwald, co-author of *Competition Demystified*.

The business channels have had some minor skirmishes. For example, CNBC's *Fast Money* recently added a segment, based in a bar, that just happens to be called "Happy Hour."

Fox says that's a blatant attempt to steal the thunder of FBN's show with the same name. CNBC denies a connection.

CNBC has valuable turf to defend and is definitely the Goliath. It will reach 95.5 million U.S. households in 2008 and generate \$348.8 million in cash flow on \$617.9 in revenue that year, media researcher SNL Kagan estimates.

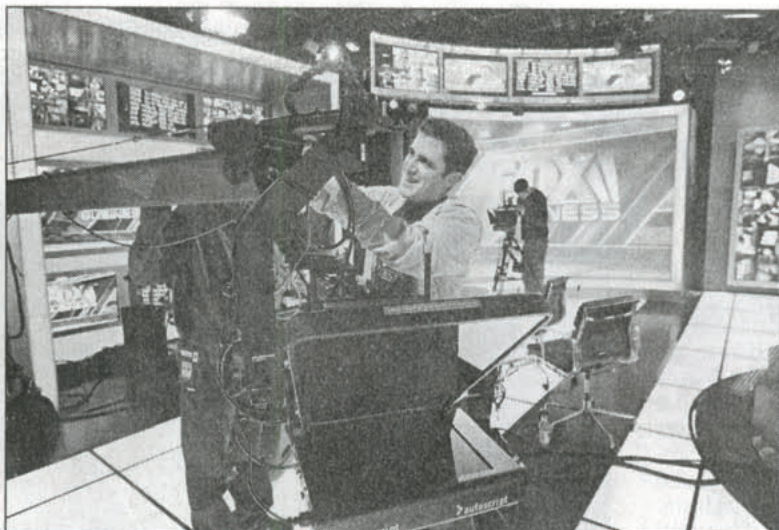
By contrast, FBN is projected to reach 44 million homes by the end of 2008 and lose \$45.3 million on \$71.7 million in revenue.

"I know the Herculean odds we're up against," Cavuto says. "That's why it's not about CNBC, and it's not about Bloomberg. It's about the world."

News Corp. President Peter Chernin told analysts in August that the company plans to make "a reasonably modest investment" of as much as \$200 million in the new business channel, with the expectation that FBN it will break even "in a couple of years."

Watching their pennies

To meet Chernin's goal, FBN will have to keep expenses low, particularly in light of compromises Fox made to get the business channel started. Although Murdoch said in 2004 that he wanted it to launch in mid-2005, he decided to wait until it was sure that FBN would reach at least 30 million homes. The 16.3 mil-



View: Camera operator Drew Ludeke works with a jib camera on one of the sets.

lion subscribers to Murdoch-controlled DirecTV weren't sufficient.

Cable operators, though, were cool to carrying a third financial news channel. Time Warner shuttered CNNfn in 2004 after it failed to reach more than 30 million homes in nine years. Although Fox was "originally shooting (to charge operators) 20 cents per subscriber per month, they're coming in closer to 11 cents," says SNL Kagan's Derek Baine. With CNBC charging about 27 cents, he adds, "Cable operators saw this as an opportunity to have some price leverage

employment trends, retirement issues, college and home costs."

While they test that proposition, executives at News Corp., a media giant famous for being pugnacious, ask for patience and even sympathy.

"My biggest fear is that people will forget that start-ups are rough — that they will think of the Fox News Channel as always being No. 1, which it wasn't," Magee says. "I'm just hoping that they give us a chance to come out of the blocks, make a few mistakes, let us correct them, and see where we are later."

when CNBC contracts come up for renewal." The breakthrough was last November when Comcast said it would offer FBN to most of its 10 million customers who pay extra for digital service. Time Warner followed with a similar deal and sweetened it by agreeing to offer FBN to all its 1.4 million cable customers in Manhattan. Since then, some other cable operators have agreed to carry FBN; EchoStar's Dish Network has not.

Patience and sympathy?

Now that FBN is on, it has a shot at working as a service for Main Street, says Myron Kandel, CNN's founding financial editor: "There's definitely an audience out there for business news that's relevant to the desire of individual Americans to be informed about investments, interest rates,



Glick: Will anchor a morning show.

Dear Grownups :

By the time we're old enough to do something about our schools, we'll be too old to go to them. That's why we need you!

Sincerely,
Lizzie and Anita

