

Exhibit 7

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A Sigh of Relief for Blockbuster: Few People Copy DVDs

By SAUL HANSELL

It turns out that not every new bit of technology is a nightmare for Hollywood. There are more than 50 programs available that people can use to defeat the copy protection on DVDs. So some fear that Blockbuster and Netflix are turning into giant free-movie banks as film fanatics rent once and burn for all their friends.

Not so, says the NPD Group, a research group that has monitored the behavior of 12,000 Americans with software on their computers. Only about 1.5 percent of those even have DVD ripping software. And 2/3 of them used it in the first quarter of this year.

By contrast, 12 percent of the people monitored burned their own music CDs. Since NPD doesn't ask questions of its research panel, it doesn't have direct evidence of why people don't copy many DVDs.

Russ Crupnick, NPD's senior entertainment industry analyst, speculates that making music CDs is much more engaging.

"With music, part of the appeal is sharing your own playlists and compilations with your friends," he said.

And of course the value of video is different. Burning a DVD may save you a \$4 rental, assuming you only want to watch a movie once, compared to \$15 for a CD.

And there may be the speed-bump effect. The simple act of needing special software to copy DVDs may be enough to give some people second thoughts. It's so easy to copy CDs it doesn't feel like doing anything wrong. (The doctrine of fair use, of course, means that some copying probably isn't illegal, but fine legal distinctions do not seem to influence most people's behavior.)

Interestingly, downloading video from file-sharing networks is much more popular than burning DVDs, with 6 percent of the users downloading large video files in the NPD sample. By contrast, 11 percent of the users downloaded music files from file-sharing networks, slightly less than the number of CD burners.

Downloading from file sharing networks has a different dynamic than burning disks. You download to get something yourself, while you often burn to share something you already have (legally or otherwise) with others. Moreover, Mr. Crupnick pointed out that about half of the downloaded movies are pornography.

“I’m not sure people share their porn the way they share their music,” he said.