

CableFAX Daily™

Thursday — January 10, 2008

What the Industry Reads First

Volume 19 / No. 006

HD Emphasis: Comcast CFO Discusses Marketing, Recession

While cable was busy touting the triple-play, more single-product focused DBS—specifically **DirectTV**—zeroed in on HD. DBS being better for high-def or video is “more perception than reality,” **Comcast CFO Michael Angelakis** said during a **Citigroup** conference Wed. “We’ve got to correct that message,” he said, noting that the MSO will have new marketing in ‘08. “We are really intent on improving our HD message.” One area that’s more cloudy is wireless. “We don’t feel the immediate pressure of needing a wireless product,” Angelakis said. Comcast opted against participating in the upcoming 700Mhz spectrum auction. Instead, Comcast is trying to figure out what a wireless broadband product might look like and how it may be integrated with the company’s existing product line, he said. As for **Sprint**, the **Pivot** wireless jv “did not really evolve into the kind of product everyone was anticipating,” Angelakis said. Comcast continues to have a good relationship with Sprint and is hopeful the 2 will put together some mutually beneficial partnerships. With **Goldman Sachs** predicting Wed a light recession for the US, Angelakis touched on how recession-proof Comcast’s offerings are. He feels pretty good about voice, saying “people with financial stress in the HH should actually migrate to that product.” For HSD, he pointed to a recently introduced lower-priced, slower tier of service. Video offers several different price points, though there was some admitted softness in 3Q and 4Q. “Even in some pretty tough markets where we’re seeing a lot of foreclosures...we’ve clearly seen an impact on the business, but the business is still growing,” Angelakis said. “We’re pretty comfortable with our position that we’ll be able to grow in ‘08.”

Conference Notes: **Liberty Media** still doesn’t know when it will receive govt approval to acquire **News Corp’s** controlling stake in **DirectTV**. “It feels like it’s within the next few weeks, but I may have told you that in December as well,” CEO **Greg Maffei** told the **Citigroup** crowd Wed. “I’m afraid to stick my neck out any further than it’s already been sliced.” Despite the “glacial pace” of the transaction, Maffei said it was almost impossible to imagine that the deal doesn’t get done. He identified John Malone’s stake in **Liberty Global**, which owns a cable system in Puerto Rico that overlaps with about 70K DirectTV subs, as the **DOJ’s** one hang-up. Liberty has proposed limiting the information exchange between Malone and others involved in decision making regarding Puerto Rico. At the **FCC**, there’s been some noise over local-into-local offerings, but Maffei said he doesn’t think it’s an issue. -- Don’t look for a nationwide rollout of **TiVo** on **Comcast** any time soon. “We’re still a little bit in the early stages in New England,” Comcast CFO **Michael Angelakis** said, adding that the MSO thinks the product is good. TiVo chief **Tom Rogers** followed him at the conference, saying the DVR company looks forward to mass distribution over time. TiVo could possibly help improve MSOs’ attrition because of its easy navigation, he said. It’ll be TiVo’s advertising business that will get “an enormous jolt” from a mass cable rollout, not ARPU. TiVo’s ARPU with former partner DirectTV was in the \$1 range, while standalone TiVo units can bring \$8-\$16, Rogers said. But more attractive audience reach

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should drive advertising, he added. -- Helped by its disparate collection of assets and limited exposure to the US ad market, **News Corp's** operations are healthy despite the US economy's undertow, pres/CEO *Peter Chernin* said. "Our business is very, very strong across all sectors," said Chernin. News Corp shares rose after his comments, closing at \$19.80 (+2%).

CES Notebook: **Comcast** will face significant data transport challenges as it plans to offer 100Mbps broadband and increase on-demand content choices, said **Aspera** pres *Michelle Munson* at one CES panel. "You can't afford to duplicate the storage of that around every edge of the network," she said. "It's just too costly." She said other transport solutions will be needed to meet consumer expectations. *Tracy Geist*, **OpenTV** svp, market development, said Comcast and other large distributors also need to prioritize how they will allocate all of that bandwidth. "We've got to get a little more coordinated on that," she said. -- IPTV could become the best platform for HD content as operators perfect ways to scale the technology, said *Hemang Mehta*, **Microsoft TV's** director of product management. "The possibility of making available 1,000 HD channels is not that far away," he said at another session.

Deals: **Gemstar-TV Guide** has renewed an agreement allowing **Sony USA** to integrate its IPG into TV products. The pact covers the 1st hybrid integration whereby the IPG is built directly into Sony's custom user interface and is immediately available to customers. -- **MTVN Intl** has extended with Canada's **Corus Ent** a broadcast partnership for **Nickelodeon**. The deal covers all digital rights for the net and related brands, plus broadband, mobile, VOD, PPV and gaming. Corus will also represent Nick.com for Canadian ad sales.

Technology: **Arris** unveiled its DOCSIS 3.0 modems and EMTAs, which provide converged voice and data at speeds up to 160Mbps. The equipment hasn't yet received **CableLabs'** certification.

End of the Line: **Frontline** has closed up shop after failing to secure funding to bid in the upcoming 700Mhz spectrum auction. This is the start-up co-founded by former **FCC** chmn *Reed Hundt* that was planning on building a high-speed wireless network for public safety's 1st responders. The **WSJ** reports that Frontline tried to get **Comcast** and **Time Warner Cable** on board as backers.

Manhattan Cheer: Certainly not the Bronx variety for **YES**, which completed '07 as the country's most-watched RSN in total day delivery for the 5th straight year. The net averaged 33K households, up 6.5% over '06, and an average of 86K households in prime, up 7.5%. Yankees game telecasts averaged 346K homes, also a national best and nearly 20% more than 2nd-place **NESN's** Red Sox telecasts (289K).

Online: **Raycom Sports** and **Turner Sports**-powered **ACCSelect.com** have teamed up to offer video streaming of 34 conference basketball games at the site beginning Sat. Tilts will be available live within the ACC's 11-state footprint (and D.C.) and 1 hour following completion elsewhere. Single games run \$5, a monthly plan \$10 and an annual pass \$70. -- An agreement with **Yahoo! News** designates 13 **Belo** TV stations as the exclusive provider of local news to the site in respective markets including Houston, New Orleans and St. Louis.

Research: **ESPN** is the top-ranked basic cable net among advertisers, according to **Beta**, as 43% of those surveyed are planning to increase ad spending on the net over the next year. **TBS** and **TNT** tied for 2nd position with 39%, followed by **Discovery Channel** (38%) and **USA** (37%). Compared to '06, ad spending intentions increased

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BUSINESS & FINANCE

for the 2 Turner nets, Discovery and HGTV (33%). -- Of the top 10 triple-play providers' Websites, Verizon's offers by far the most efficient services for customers, according to a study by **The Customer Respect Group**. Cablevision and Comcast followed. Cablevision was the only cable MSO to crack the top 5 in online account management services and functionality, and joined Comcast and Cox on a list similarly ranking self-help ease and options.

DTV Doings: Sen Commerce vice chmn **Ted Stevens** (R-AK) announced that he's making DTV converter coupon applications available at all his offices and through his Website. **NAB's** DTVanswers.com has also placed a conspicuous link to the application on its home page (*Cfax*, 1/3).

Programming: The 4th iteration of **Animal Planet's** "Puppy Bowl" (Feb 3), which annually airs in the hours prior to the Super Bowl, will be broadcast for the 1st time in HD. -- **NESN** commences production next week on "NESN's Comedy All-Stars" (summer), a stand-up comedy series featuring sports-only topics.

People: **Disney-ABC TV Group** promoted **Ann Lewis Roberts** to head, **Buena Vista Prod** and alternative programming and development, **SOAPnet**. Also, the company promoted **Adam Rockmore** to svp, marketing, **ABC Daytime** and **SOAPnet**.

CableFAX Daily Stockwatch

Company	01/09 Close	1-Day Ch	Company	01/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	43.57	(1.11)	AMPHENOL:	40.37	(0.98)
DIRECTV:	21.84	0.02	APPLE:	179.40	8.15
DISNEY:	30.16	(0.38)	ARRIS GROUP:	7.75	(0.11)
ECHOSTAR:	30.30	(1)	AVID TECH:	25.05	(0.34)
GE:	35.80	0.40	BIGBAND:	4.36	(0.01)
HEARST-ARGYLE:	19.91	0.05	BLNDER TONGUE:	1.69	0.09
ION MEDIA:	1.33	(0.01)	BROADCOM:	24.43	0.26
NEWS CORP:	19.85	0.43	CISCO:	26.24	0.81
TRIBUNE:	33.98	0.00	COMMSCOPE:	42.37	0.23
MSOS					
CABLEVISION:	23.38	(0.43)	CONCURRENT:	0.72	(0.02)
CHARTER:	1.08	0.11	CONVERGYS:	15.04	0.23
COMCAST:	17.06	0.44	CSG SYSTEMS:	13.20	0.01
COMCAST SPCL:	16.93	0.39	ECHOSTAR HOLDING:	32.20	0.20
GCI:	7.95	(0.06)	GEMSTAR TVG:	4.70	(0.01)
KNOLOGY:	10.89	(0.52)	GOOGLE:	653.20	21.52
LIBERTY CAPITAL:	110.26	(1.64)	HARMONIC:	9.54	(0.24)
LIBERTY GLOBAL:	36.90	0.70	JDSU:	11.49	(0.25)
LIBERTY INTERACTIVE:	16.26	(0.94)	LEVEL 3:	2.93	(0.02)
MEDIACOM:	4.31	(0.31)	MICROSOFT:	34.44	0.99
NTL:	28.22	0.00	MOTOROLA:	14.79	(0.06)
ROGERS COMM:	42.97	0.00	NDS:	53.61	(2.57)
SHAW COMM:	22.40	(0.5)	NORTEL:	12.73	(0.57)
TIME WARNER CABLE:	24.19	(0.1)	OPENTV:	1.23	0.04
WASH POST:	791.71	(1.79)	PHILIPS:	40.10	0.33
PROGRAMMING					
CBS:	24.00	(0.38)	RENTRAK:	12.37	(0.13)
CROWN:	5.23	(0.32)	SEACHANGE:	6.79	0.21
DISCOVERY:	24.04	(0.15)	SONY:	57.19	3.03
EW SCRIPPS:	42.05	(0.13)	SPRINT NEXTEL:	12.34	(0.21)
GRUPO TELEVISA:	22.51	(0.05)	THOMAS & BETTS:	46.96	0.81
INTERACTIVE CORP:	24.32	(0.26)	TIVO:	6.88	(0.04)
LODGENET:	15.72	(0.35)	TOLLGRADE:	7.66	0.09
NEW FRONTIER:	5.12	(0.15)	UNIVERSAL ELEC:	24.53	(4.63)
OUTDOOR:	6.16	0.07	VONAGE:	1.96	0.15
PLAYBOY:	8.37	(0.01)	VYYO:	2.43	(0.52)
TIME WARNER:	15.93	0.21	WEBB SYS:	0.05	0.00
UNIVISION:	36.23	0.00	YAHOO:	22.56	(0.05)
VALUEVISION:	5.21	0.10	TELCOS		
VIACOM:	40.35	(0.81)	AT&T:	39.00	(0.16)
WWE:	14.06	(0.23)	QWEST:	5.92	(0.2)
TECHNOLOGY					
3COM:	4.27	0.15	VERIZON:	42.47	0.48
ADC:	13.11	(0.32)	MARKET INDICES		
ADVANTAGE:	5.42	(0.1)	DOW:	12735.31	146.24
ALCATEL LUCENT:	6.61	(0.04)	NASDAQ:	2474.55	34.04
AMDOCS:	30.49	(0.49)			



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Ironically, we just saw a major brouhaha over a football game that was an excellent differentiator. The NFL Network, which plans to show only 8 live games each



Steve Effros

season as I understand it, and the rest of the time endless reruns of games of the past, tried to pressure its way onto the basic tier of major cable systems by touting the prospect of the New England Patriots winning their final game of the season and having a "perfect" year.

The folks at NFL decided this was a perfect pressure point to convince cable operators that they should charge all of their customers to pay for this network for the entire year because there was one very interesting game that they might miss. The lobbying was fierce. The advertising negative. The pressure from politicians intense. But the cable guys didn't budge. They protected their customers. Ultimately, the NFL very successfully put that one game on broadcast networks, where it should have been all along. It was a huge rating success. Good. It proves there is differentiation between cable and over-the-air broadcasters, who are supposed to be serving ALL television viewers with a product that is free. In this case they did it, and everyone benefited.

I am still not sure why broadcasters are allowed to in any way restrict the right of any consumer to get their free, over-the-air, publicly owned broadcast spectrum programs by invoking things like "retransmission consent." But that's a column for another day.

The point here is that "free" television is where that Patriot's game should have been. Just as the candidates debates during this Presidential election run-up, and I believe the advertising time as well, should be free, on the public's spectrum. That's what differentiates over-the-air television.

Cable, on the other hand, is a subscription service. We have an obligation to make sure that our customers get what they want, at a price they are willing to pay. That's sometimes a very dicey calculation, but that's what we do. We also provide things some of our other competitors in the video delivery business don't: customer service, for instance. Yes, I know, we have long been criticized for the quality of that service. But make no mistake about it, we differentiate ourselves not only from other cable suppliers (like the telcos) but also from broadcast and DBS by our customer service.

DBS does not offer the service we do. They don't have technical staff ready to fix lines, replace boxes, install new equipment in almost every home in America. The broadcasters don't even have someone you can call about service! Do we have to do a better job? Always. But it needs to be noted that we are pretty much the only ones doing the job at all!

VOD is another differentiator, as is our delivery of ever-increasing capacity broadband (soon to be called "wideband".) So give others their due; the broadcasters are perfect for the "big" "global" events, and for the "public" services they have promised in return for the spectrum. And those things should always be "free"... even to cable viewers. But for the rest, we provide things others don't, and we should let everyone know that.

Steve

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