

# CableFAX Daily™

Tuesday — January 22, 2008

What the Industry Reads First

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## Rocking the Canoe: Advanced Advertising on 1Q Agenda

Project Canoe, the industry's effort to standardize interactive technology in cable systems throughout the country, is paddling along. The project is set to be unveiled in 1Q, according to a slide presentation **CAB** pres/CEO *Sean Cunningham* gave at **Bear Stearns'** "Virtual Advertising Summit" Fri. Key elements of the MSOs' combined national footprint will include dynamic VOD advertising, addressable linear ads and regional customization. The *WSJ* reported on the project in Sept, saying elements could be used for political campaigns and the Beijing Summer Olympics. "CAB thinks that a uniform national VOD footprint or architecture would be hard for advertisers to overlook when thinking about non-linear video advertising," a CAB spokesman said. The Bear Stearns' summit is an annual Webinar for clients featuring representatives from broadcast and other industries discussing their ad outlooks. No surprise that Cunningham painted a rosy picture, noting that even with the ongoing writer's strike, cable is growing. 18-49 primetime ratings are up 6.8% for the 1st 14 weeks of the broadcast season (with writers on strike for 8 of those weeks), while broadcast is down 2.7%, he said. Cable's seen even bigger gains among 18-34s, with prime up 12.4% and broadcast down 4% during that time, according to CAB's analysis of **Nielsen Galaxy Live+ 7** data. Cunningham, according to a slide presentation obtained by **Cfax**, predicted that the strike may bring double-digit declines in Feb Sweeps for broadcasters, especially with marquee event programming like the Oscars (Feb 24) at risk. Although cancellation of the Academy Awards would be bad news for nets like **E!** and **TV Guide Net**. For '07, national cable ad sales grew about 5.5% to \$17.5bln vs the prior year, while local cable was flat year-over-year at \$6.3bln, Cunningham said. The national cable upfront grew by \$500mln to \$7bln, he estimated, using CAB, **Universal McCann**, **Kagan** and **PricewaterhouseCoopers** data.

**Earnings: GE** chmn/CEO *Jeff Immelt* lauded **NBCU's** momentum Fri, saying the segment "is going to be a tremendously solid business for us in 2008." NBCU delivered in 4Q its 5th straight Q of positive earnings growth, rev of \$4.55bln (+8%) and segment profit of \$923mln (+10%), its 1st double-digit profit growth in more than 2 years. Full-year profit was \$3.11bln (+6%), and 1Q08 guidance portents 10% rev growth and a 5-10% rise in profit. Cable nets played a key role in the results, posting 14% rev growth and a 23% surge in operating profit. On the network side, vice chmn/CFO *Keith Sherin* said **NBC** saw "no noticeable impact" from the writer's strike in the Q as production costs fell and new reality shows performed well. "Our TV content revenue... more than made up for the ratings pressure," said Sherin.

**Mobile Malaise?:** Beleaguered **Sprint Nextel** hemorrhaged mobile customers in 4Q, losing 683K post-paid subs and 202K pre-paid, and the losses will extend to the company's labor force as plans call for 4K job cuts. Sprint will also shutter 125 stores and eliminate more than 4K sales outlets within other retailers. The news sent shares tumbling to close at \$8.54 (-26.19%), their lowest level since '02. **Sanford Bernstein** analyst *Craig Moffett* called the results "disastrously weak," and wonders if others will join Sprint in its disappointment. "Is the weakness a sign

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of (further) competitive deterioration, or is it the tip of the iceberg for an industry-wide wireless deceleration,” questioned Moffett in a research note. In agreeing with Moffett that the layoffs won't help much, **Pali** actually upgraded Sprint to 'neutral' from 'sell.' “At the current price, we believe Sprint could attract strategic buyers, and buy-out firms will be taking a look at the company,” wrote the firm.

**Sunny Skies:** No doubt improving its attractiveness to prospective buyers (**Cfax**, 01/04), **The Weather Channel Interactive** in '07 set annual records across all platforms. Branded Websites averaged 36.9mln uniques/month, according to **Nielsen**, and Weather's mobile site averaged 6.3mln uniques/month for the 12 month period ending Nov 30. Desktop was the company's fastest growing weather app last year, with users increasing 9.3% to nearly 6mln and impressions growing 33%.

**Carriage:** **Hood Canal Comm** added to its digital lineup both the SD and HD version of **WealthTV**.

**Programming:** **Fox Soccer Channel** will offer 31 regular-season MLS telecasts this year, plus three playoff games, starting Mar 29 with the net's 1st-ever double-header. -- **Mojo HD's** “Bobby G: Adventure Capitalist” (Thurs, 9:30pm) follows **BG Capital Group** founder/owner **Bobby Genovese**, and joins the net's “Money Night” programming block.

**On the Circuit:** **NAMIC Mid-Atlantic** hosts a leadership discussion about the challenges encountered by employees of color as they negotiate the pathways to sr level jobs. “Leadership Development—The Only One in the Room” features **Comcast's** **Barbara Gee**, **ESPN's** **Kenneth Gordon**, **TNT's** **Billy Hall**, **Starz's** **Emilio Mata** and **Nick's** **Rahda Subramanyam**, Feb 4, 6-9pm, DC. Contact [namic\\_midatlantic@namic.com](mailto:namic_midatlantic@namic.com). -- **Cable Positive** is calling for entries for its '08 Positively Outstanding Programming (POP) Awards, honoring notable HIV/AIDS-related cable content. Entries are due Mar 7 for 14 honors, including “Net of the Year.”

**Public Affairs:** **Outdoor Channel's** 4th annual Offshore Classic fishing tourney raised \$15 for the **Paralyzed Veterans of America Heritage Fund**. 67 anglers aboard 19 charter boats participated in the event, pursuing sailfish in Islamorada, FL. -- **Discovery's** **Planet Green** environmental initiative has partnered with 10 non-profits for grassroots community outreach, public affairs and content creation. Partners include the **Natl Wildlife Federation**, **The Nature Conservancy** and the **Earthwatch Institute**.

**Business/Finance:** **Chieftain Capital Management** may have a future in copywriting—the owner of 60.5mln **Comcast** shares described the MSO's management and board supervision as a “Comcastrophe”— but the cable giant continues to believe that its outlook remains bright. “Comcast continues to perform well, consistently delivering superior revenue and cash flow growth and significant free cash flow, despite a challenging economy and an increasingly competitive environment,” said the MSO in response to Chieftain's call for CEO **Brian Roberts'** ouster. Comcast shares slid 2.18% Fri to close at \$17.03. -- **Grande Comm** has engaged **Waller Capital** to assist in exploring strategic alternatives to enhance shareholder value, including a possible sale. -- **Standard & Poor's** has removed **EchoStar Comm** from its CreditWatch following its recent split into 2 entities. S&P maintained EchoStar's “BB-” corporate credit rating with a stable outlook.

**Clarification:** **Turner** will not be involved in any distribution discussions between the **NBA** and cable ops, although it will promote initiatives that involve multiple platforms.

# EXCLUSIVE MOVIES

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# HDNET MOVIES

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### CableFAX Week in Review

Company	Ticker	1/18 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	41.11	(2.8%)	(16%)
DIRECTV:	DTV	19.67	(9.4%)	(14.9%)
DISNEY:	DIS	28.51	(5.9%)	(11.7%)
ECHOSTAR:	DISH	27.95	(8.1%)	(17.7%)
GE:	GE	34.31	0.20%	(4.9%)
HEARST-ARGYLE:	HTV	19.93	0.20%	(9.9%)
ION MEDIA:	ION	1.34	(1.5%)	3.90%
NEWS CORP:	NWS	19.35	(1.9%)	(8.9%)
<b>MSOS</b>				
CABLEVISION:	CVC	22.97	(2.7%)	(6.2%)
CHARTER:	CHTR	1.09	(0.9%)	(6.8%)
COMCAST:	CMCSA	17.03	(0.5%)	(6.7%)
COMCAST SPCL:	CMCSK	16.90	(0.6%)	(6.7%)
GCI:	GNCMA	7.29	(6.4%)	(16.7%)
KNOLOGY:	KNOL	9.44	(10.9%)	(26.1%)
LIBERTY CAPITAL:	LCAPA	103.04	(6.1%)	(6.2%)
LIBERTY GLOBAL:	LBTYA	38.78	1.50%	(1%)
LIBERTY INTERACTIVE:	LINTA	14.14	(9.5%)	(25.9%)
MEDIACOM:	MCCC	4.68	(4.7%)	2.00%
NTL:	NTLI	28.22		
ROGERS COMM:	RG	42.97		
SHAW COMM:	SJR	19.20	(11%)	(18.2%)
TIME WARNER CABLE:	TWC	25.30	4.70%	(8.3%)
WASH POST:	WPO	773.70	(2.6%)	(2.2%)

Company	Ticker	1/18 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	23.09	(4.2%)	(15.3%)
CROWN:	CRWN	5.57	4.50%	(14.3%)
DISCOVERY:	DISCA	23.36	(2.7%)	(7.1%)
EW SCRIPPS:	SSP	39.62	(4.4%)	(12%)
GRUPO TELEvisa:	TV	21.33	(5.7%)	(10.3%)
INTERACTIVE CORP:	IACI	24.12	2.20%	(10.4%)
LODGENET:	LNET	13.86	(7.4%)	(20.5%)
NEW FRONTIER:	NOOF	4.77	(4.2%)	(6.2%)
OUTDOOR:	OUTD	6.65	2.60%	(3.6%)
PLAYBOY:	PLA	8.15	(1.2%)	(10.6%)
TIME WARNER:	TWX	15.54	(2.9%)	(5.9%)
UNIVISION:	UVN	36.23		
VALUEVISION:	VVTV	5.40	8.90%	(14.1%)
VIACOM:	VIA	38.62	(4%)	(12.2%)
WWE:	WWE	13.93	0.10%	(2.4%)

Company	Ticker	1/18 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	4.11	(2.1%)	(9.1%)
ADC:	ADCT	13.64	6.00%	(12.2%)
ADVANTAGE:	AEY	5.01	(2.1%)	(18.8%)
ALCATEL LUCENT:	ALU	6.90	3.60%	(5.7%)
AMDOCS:	DOX	31.68	(4.1%)	(8.1%)
AMPHENOL:	APH	38.75	(0.9%)	(16.3%)
APPLE:	AAPL	161.36	(6.6%)	(18.5%)
ARRIS GROUP:	ARRS	7.71	(6%)	(22.7%)
AVID TECH:	AVID	24.80	1.80%	(12.5%)
BIGBAND:	BBND	4.28	(2.7%)	(16.7%)
BLNDER TONGUE:	BDR	1.63	(4.1%)	(1.8%)
BROADCOM:	BRCM	23.50	2.30%	(10.1%)
CISCO:	CSCO	24.30	(6.1%)	(10.2%)

Company	Ticker	1/18 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	41.03	(5.8%)	(16.6%)
CONCURRENT:	CCUR	0.68	(6.8%)	(18.1%)
CONVERGYS:	CVG	14.41	(3.7%)	(12.5%)
CSG SYSTEMS:	CSGS	13.00	0.80%	(11.7%)
ECHOSTAR HOLDING:	SATS	28.76	(8.4%)	(12.6%)
GEMSTAR TVG:	GMST	4.61	(1.1%)	(3.2%)
GOOGLE:	GOOG	600.25	(6%)	(13.2%)
HARMONIC:	HLIT	8.80	(4.6%)	(16%)
JDSU:	JDSU	10.63	(7%)	(19.9%)
LEVEL 3:	LVLTL	2.84	(2.4%)	(6.6%)
MICROSOFT:	MSFT	33.01	(2.7%)	(7.3%)
MOTOROLA:	MOT	13.33	(8.9%)	(16%)
NDS:	NNDS	50.09	(3.6%)	(15.4%)
NORTEL:	NT	12.74	2.80%	(15.6%)
OPENTV:	OPTV	1.13	(10.3%)	(14.4%)
PHILIPS:	PHG	35.64	(11%)	(16.6%)
RENTRAK:	RENT	11.52	(5.4%)	(20.2%)
SEACHANGE:	SEAC	6.78	(1.2%)	(6.2%)
SONY:	SNE	51.44	(7%)	(5.3%)
SPRINT NEXTEL:	S	8.70	(29%)	(33.7%)
THOMAS & BETTS:	TNB	40.54	(11.9%)	(17.3%)
TIVO:	TIVO	6.90	(3.6%)	(17.3%)
TOLLGRADE:	TLGD	7.06	(6%)	(12%)
UNIVERSAL ELEC:	UEIC	23.24	(3.2%)	(30.5%)
VONAGE:	VG	2.05	4.10%	(10.9%)
VYYO:	VYYO	2.64	(3.3%)	(15.9%)
WEBB SYS:	WEBB	0.08	33.30%	100.00%
YAHOO:	YHOO	20.78	(11%)	(10.7%)

Company	Ticker	1/18 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	36.11	(5.5%)	(13.1%)
QWEST:	Q	5.41	(5.7%)	(22.8%)
VERIZON:	VZ	39.09	(8%)	(10.5%)

Index	Value	% Chg	YTD %Chg
<b>MARKET INDICES</b>			
DOW:	12099.30	(4%)	(8.8%)
NASDAQ:	2340.02	(4.1%)	(11.8%)

### WINNERS & LOSERS

#### THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.08	33.30%
2. VALUEVISION:	5.40	8.90%
3. ADC:	13.64	6.00%
4. TIME WARNER CABLE:	25.30	4.70%
5. CROWN:	5.57	4.50%

#### THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. SPRINT NEXTEL:	8.70	(29%)
2. THOMAS & BETTS:	40.54	(11.9%)
3. PHILIPS:	35.64	(11%)
4. SHAW COMM:	19.20	(11%)
5. YAHOO:	20.78	(11%)

# THE LEGACY

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## MaxFAX...

### Unintended Consequences...

So the Federal Confusion Commission has 214 qualified bidders for 700 MHz spectrum... good. But not one for the special, influence-driven plan developed by "Still-Heedless-After-All-These-Years" Hundt... bad.



Paul S. Maxwell

Kind of shows you what has become of America's regulatory and governmental agencies these past 7-plus years. The FCC... right up there with

**FEMA.** We should all be proud. When politics trumps policy... well, we've all got the government we deserve.

That cool idea of paying just for channels you want? A la carte... I don't want the comics in my local papers anymore. From where did all of these channel choices come, anyway?

Does anyone at the Commission have any sense of history? Any perspective about how all these channels cablecasting proliferated in the first place? Anybody there remember when there was true scarcity?

Anyone remember that, quite often, it was local newspaper companies that put TV stations on the air? Anybody remember when there were at best four local TV stations?

Anybody remember that a group (well,

an odd collection) of entrepreneurs built Community Antenna Television Systems to deliver TV to homes out of the Grade B contours of stations?

Anybody there remember that cable system owners and operators invested in local origination? Anybody in DC remember that other entrepreneurs put independent TV stations on the air? (Maybe *Preston Padden* should give the Commissioners and staffers a history lesson, too?) Anybody there remember *Bill Rasmussen*, *Stu Evy*, **Getty Oil** and *Bill Daniels*? (I do, **ESPN** initially paid for carriage; not the other way around).

Anybody there remember *Ted Turner*, *Irving Kahn* and *Bill Daniels* and June 1, 1980? (I do. I was sitting next to Irving when Ted launched **CNN** and noted that it wouldn't go off the cable until the end of the world). Anybody there notice the proliferation of channels and services turned into a flood of diverse offerings? Anybody there notice **WHY** that happened?

Because cable backed those opportunities, that's why. Operators backed programmers with carriage fees (often, of course, in exchange for equity in a grand American tradition).

### Random Notes:

• **Stealth Acquisitions:** Is it true that **Liberty's** Dr *John Malone* is studiously examining the **CNET** stealth stock example as a way to grab back his **News Corp** influence? Maybe

(probably not; I'm kidding). But very cute technique... sort of like the old *Ivan Boesky* stock parking bit... the law says a stock accumulator must register when certain "voting" rights benchmarks are hit... but says nothing about the "economic" control... so, friendly banks can help a buyer disguise intentions. Another case of "tell me the rules and I'll follow them"?

• **Cable ACE Awards?** Hey, given the quarter of the expected audience to watch cable win the bulk of the Golden Globes, maybe it is time to resurrect that once critical event!

• **700 Preacher Wants Landmark Paper?** So *Pat Robertson* wants *The Virginian-Pilot*... some negotiations those might be! Damned if you do; damned if you don't.

• **Discovery's OWN!** Zaslav is certainly on a roll.

• **Critical Mass?** When will the bypass (meaning bypassing the linear video and VOD offerings of multi-platform providers) by the **Apple TVs**, **Netflix** downloads, **Vudu**, **Hulu** and other non-traditional distributors of content hit critical mass? And how much does tru2way help that?

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