

CableFAX Daily™

Monday — January 29, 2007

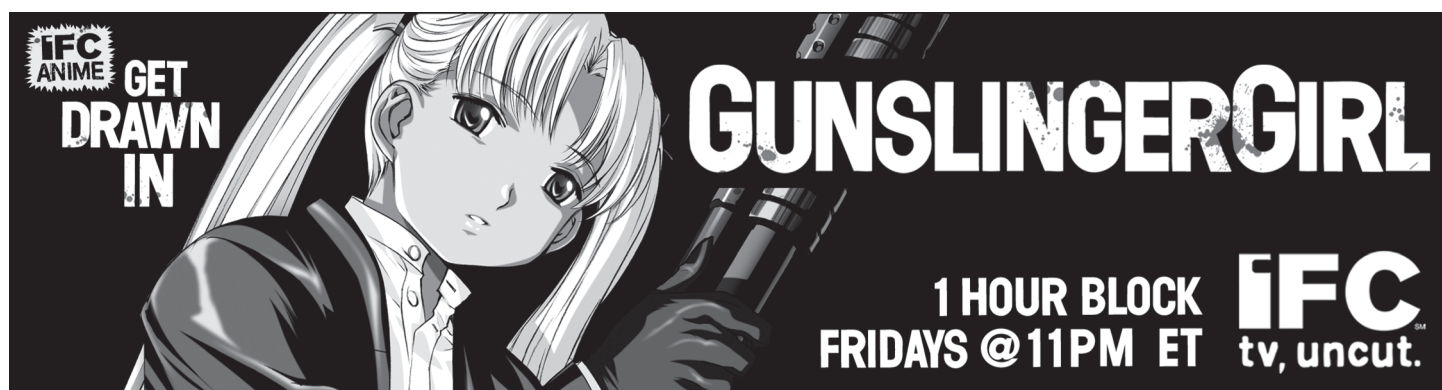
What the Industry Reads First

Volume 18 / No. 19

A Winning Combo? DirecTV Using Sports, HD To Battle Cable

The likely content deal between **MLB** and **DirecTV** (*Cfax*, 1/22) would certainly pay dividends, said DirecTV evp, entertainment *Eric Shanks*, even if not through the traditional bottom line metric. "Exclusive sports programming does move the needle. Maybe not on a break-even basis, but it's analogous to what networks do in using sports to promote primetime lineups," he said, while declining to comment further on the MLB deal. "Don't underestimate the power of sports to retain customers." MLB would step into a DirecTV batter's box that already houses exclusive **NFL** and **NCAA** basketball tourney content, underscoring the DBS op's focus on sports programming as a differentiator to cable. Industry reaction to the reported \$700mln deal and DirecTV's overall sports strategy is mixed. "I won't call the [MLB] deal brilliant, but it is prudent gambling," said **The Carmel Group** chmn/sr analyst *Jimmy Schaeffler*. DirecTV will make very little money, if any, from the deal but should eventually grow ARPU while bringing more people into the DBS fold, he said. One network exec agreed that DirecTV will reap certain rewards, although the "expense will outweigh the ultimate benefit." A 20% wresting of current cable package subs is possible, said the exec, but DirecTV likely holds a large portion of sports fanatics already. "I applaud DirecTV for trying to create this sports strategy, and playing the best hand they can. They have not been dealt a good hand of poker," said the exec. Cable operators are reluctant to comment, but the industry seems willing to grow through VoIP, VOD and broadband expansion versus sports content acquisition. It's a plan that has worked splendidly of late, but DirecTV may usurp some market share when it aligns sports content with HD channel capacity that exceeds cable's. "It's a theoretical advantage today, but it would make a huge difference," *Bruce Leichtman* of **Leichtman Research Group** said of DirecTV's plan to meld the interrelated offerings. HD sports content is "very important" among early HDTV adopters, he said. Data shows that sports fans currently enjoy HDTV viewing more than non-sports fans and are more likely to seek HD programming. "If you talk to anybody they will say they notice the difference in HD sports. The two go hand in hand," said Shanks. DirecTV already has deals for 70 national HD channels, he said, and plans to offer 100 by the end of the year.

HD Demand: With Super Bowl Sunday around the corner, consumers are upping demand for HD DVRs. Local news outlets in Syracuse report that **Time Warner Cable** doesn't expect HD DVR boxes to arrive for a couple weeks, though non-DVR HD boxes are available. In NC, the MSO is working 'round the clock to install HD boxes to customers on a waiting list before the big game. Since Dec 1, the MSO's Raleigh div fielded 11K orders for HD service, nearly 3 times the number received in Dec and Jan a year ago, the *News & Observer* (Charlotte, NC) reported. "Our techs are working very long hours to make sure that our customers with new HD sets will be able to view the Super Bowl in HD. We fully expect to eliminate any high-def backlog in the areas where prior news stories have run," a TW spokeswoman said. **S-A** said it's working closely to "fulfill the increasing demand" for HD DVRs. "We are thrilled to see requests for HD DVR set-tops are



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on the rise, as it shows an increase in consumer awareness about the proper equipment needed to view HD programming and the value the DVR provides,” said a S-A rep. **Motorola** has not had trouble filling demand, a spokesman said.

Competition: **Verizon** extended its FiOS TV service to Mount Kisco, NY—yet another community within **Cablevision**’s former stronghold. -- **ESPN** launched Thurs on **DISH** an interactive platform centered on the Winter X Games. Co-sponsored by **Jeep** and **Totino’s Pizza Rolls**, the platform allows monitoring of 6 camera angles on 1 screen, and provides past contest highlights as well as ESPN and **ABC**’s standard coverage.

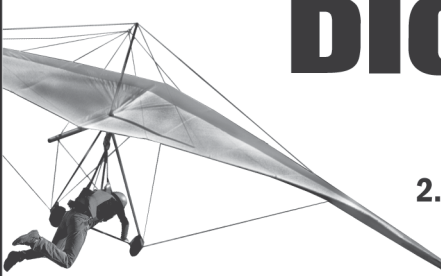
Tiara Telecast: **CMT** is wrapping around its Mon airing of the “2007 Miss America Pageant” several multi-platform initiatives, hoping to build on the pageant’s success in ’06 when it became the most-watched telecast in net history (3.1mln total viewers). Viewers can access ringtones of the pageant’s theme song at missamerica.cmt.com, where contestant photos, videos, and bios are also available, as well as a prediction contest with \$1mln up for grabs. **CMT** Mobile subs will be able to text message votes to determine the winner of the “Miss Congeniality Award.”

Sharpening Skates: **Versus**’ Wed coverage of the **NHL** All-Star Game earned a middling .7 HH rating/474K HH delivery, even after it was moved from its planned weekend slot to avert a choking from other sports telecasts (of course, it still had to battle “American Idol”). The results underscore the league’s slow TV recovery from its lockout-plagued ’05-’06 season and large-scale jump to cable, yet there are a few indications that some of the melted linear ice is beginning to congeal. Even as **NHL** regular season games on **Versus** are averaging a .2 through 32 tilts, identical to last year’s 58-game avg, HH delivery (+25%) and total viewership (+18%) are showing signs of life. The net and league’s renewed focus on younger fans through new camera angles and improved studio show features has also yielded heartening results, as viewership among the male 18-34 (+23%), 18-49 (+18%) and 25-54 (+8%) demos are all rising. Meanwhile the league’s new branded **YouTube** channel owns more subs and page views than those of **G4**, **GSN** and **Spike**.

Programming: **HBO Films**’ “Life Support,” which stars *Queen Latifah* and examines the African-American community’s HIV crisis, debuts Feb 26 on **HBO On Demand**. It highlights the net’s new “Life Lives Here” branding initiative, which will launch during Black History Month (Feb) to call attention to programs with particular appeal to urban audiences, and will continue throughout ’07. -- Miami’s Surfcomber Hotel will host **FSN**’s 5th annual “Best Damn Super Bowl Roadshow Period,” providing pre Super Bowl coverage Mon-Fri. Guests will include *Joe Montana* and *John Elway*. Sponsorships are sold out. -- **Fox News** and the **NH Republican Party** announced joint presentations of 2 ’08 presidential debates (Sept 6, Jan 22), which will also air on **Fox News Radio**. -- No surprise that **MTV** has picked up “Rob and Big” for a 2nd season since the show helped **MTV2** to its highest-rated day in channel history earlier this month. 8 new eps will appear on **MTV** and **MTV2** beginning in 2Q.

Deals: **Nintendo** was set for a Jan 27 launch of the “News Channel,” an **AP**-powered news service available through its Wii gaming console. A user interface will allow Wii owners to scroll stories listed under headings such as business, sports and technology.

On the Circuit: **NCTC** snagged a record 450 attendees for its **Winter Educational Conference** (Mon-Tues) at the Green Valley Resort in Henderson, NV. Themed “Roadmap to Change: Digital Demands,” separable security, FTTH and CALEA are all on the conference’s agenda.




DIGGING FOR THE TRUTH™

VIEWERS DUG IT

2.07 million viewers — best ever series or season premiere, adults 18-49 and 25-54.

Nielsen Media Research: Persons 2+ (000), 1/22/07, 9pm-11pm; P18-49 & 25-54 (000), 1/22/07, 9pm-11pm. Qualifications available upon request.



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CableFAX Week in Review

Company	Ticker	1/26 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	42.60	(2.5%)	3.40%
DIRECTV:	DTV	24.09	0.40%	(3.4%)
DISNEY:	DIS	34.55	(2.7%)	2.60%
ECHOSTAR:	DISH	39.41	(1.6%)	3.60%
GE:	GE	36.07	(2.4%)	(2.3%)
HEARST-ARGYLE:	HTV	26.17	0.20%	2.90%
ION MEDIA:	ION	1.22	(2.4%)	144.00%
NEWS CORP:	NWS	24.00	(0.5%)	7.80%
TRIBUNE:	TRB	30.15	(1.2%)	(2%)

Company	Ticker	1/26 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	30.40	(0.8%)	6.70%
CHARTER:	CHTR	3.27	(0.3%)	6.90%
COMCAST:	CMCSA	43.30	(2.9%)	2.30%
COMCAST SPCL:	CMCSK	42.52	(3.1%)	1.50%
GCI:	GNCMA	15.49	(1.5%)	(1.5%)
KNOLOGY:	KNOL	12.43	8.40%	16.80%
LIBERTY CAPITAL:	LCAPA	100.15	(1.8%)	2.20%
LIBERTY GLOBAL:	LBTYA	29.74	(2.7%)	2.00%
LIBERTY INTERACTIVE:	LINTA	24.29	0.20%	12.60%
MEDIACOM:	MCCC	7.75	(2.9%)	(3.6%)
NTL:	NTLI	26.76	1.40%	6.00%
ROGERS COMM:	RG	32.29	1.90%	8.60%
SHAW COMM:	SJR	36.56	(1.8%)	15.70%
TIME WARNER:	TWX	21.82	(3.5%)	0.20%
WASH POST:	WPO	760.75	0.70%	2.00%

Company	Ticker	1/26 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	30.62	(2.8%)	(1.8%)
CROWN:	CRWN	4.14	(3.3%)	14.00%
DISCOVERY:	DISCA	16.43	(4.3%)	2.10%
EW SCRIPPS:	SSP	52.38	(0.7%)	4.90%
GRUPO TELEVISIA:	TV	29.18	3.40%	8.00%
INTERACTIVE CORP:	IACI	37.74	(3.4%)	1.60%
LODGENET:	LNET	26.96	7.10%	7.70%
NEW FRONTIER:	NOOF	9.50	(6.1%)	(1.1%)
OUTDOOR:	OUTD	13.04	3.00%	1.60%
PLAYBOY:	PLA	11.26	0.20%	(1.7%)
UNIVISION:	UVN	35.94	0.30%	1.50%
VALUEVISION:	VVTV	12.04	(4.4%)	(8.4%)
VIACOM:	VIA	39.79	(4.7%)	(3%)
WWE:	WWE	15.93	(2.8%)	0.70%

Company	Ticker	1/26 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.94	(2.5%)	(4.1%)
ADC:	ADCT	16.32	2.40%	12.30%
ADVANTAGE:	AEY	3.04	(0.3%)	9.00%
AMDOCS:	DOX	35.00	4.20%	(9.7%)
AMPHENOL:	APH	66.81	4.10%	7.70%
ARRIS GROUP:	ARRS	13.44	(1%)	7.40%
AVID TECH:	AVID	36.73	1.50%	(1.4%)
BLNDER TONGUE:	BDR	1.92	(2.5%)	12.90%
BROADCOM:	BRCM	31.42	4.10%	(2.8%)
C-COR:	CCBL	13.36	9.70%	19.90%
CISCO:	CSCO	26.35	(1.3%)	(3.6%)
COMMSCOPE:	CTV	32.49	2.80%	6.60%
CONCURRENT:	CCUR	1.51	(9%)	(16.6%)

Company	Ticker	1/26 Close	1-Week % Chg	YTD %Chg
CONVERGYS:	CVG	25.47	(3%)	7.10%
CSG SYSTEMS:	CSGS	24.80	(4%)	(7.2%)
GEMSTAR TVG:	GMST	3.90	3.40%	(2.7%)
GOOGLE:	GOOG	495.84	1.20%	7.70%
HARMONIC:	HLIT	8.87	8.40%	22.00%
JDSU:	JDSU	17.41	0.50%	4.80%
LEVEL 3:	LVL3	6.32	4.60%	12.90%
LUCENT:	LU	2.55		
MICROSOFT:	MSFT	30.60	(1.6%)	2.50%
MOTOROLA:	MOT	18.38	(4.6%)	(10.1%)
NDS:	NNDS	48.48	6.50%	0.50%
NORTEL:	NT	26.98	(0.7%)	0.90%
OPENTV:	OPTV	2.36	(4.1%)	1.70%
PHILIPS:	PHG	38.75	2.20%	3.10%
RENTRAK:	RENT	16.28	6.70%	5.00%
SEACHANGE:	SEAC	10.56	3.10%	3.30%
SONY:	SNE	47.83	1.60%	11.70%
SPRINT NEXTEL:	S	17.49	1.50%	(7.4%)
THOMAS & BETTS:	TNB	47.74	4.60%	1.00%
TIVO:	TIVO	5.41	(1.1%)	5.70%
TOLLGRADE:	TLGD	9.78	0.80%	(7.5%)
UNIVERSAL ELEC:	UEIC	20.32	0.70%	(3.3%)
VONAGE:	VG	6.01	(0.8%)	(13.4%)
VYYO:	VYYO	4.15	(0.5%)	(8.4%)
WEBB SYS:	WEBB	0.04		
WORLDGATE:	WGAT	1.26	(4.5%)	(6%)
YAHOO:	YHOO	28.04	1.40%	9.80%

Company	Ticker	1/26 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	36.40	3.80%	1.80%
QWEST:	Q	8.35	(0.8%)	(0.2%)
VERIZON:	VZ	37.83	1.60%	1.60%

Index	Value	1-Week % Chg	YTD %Chg
MARKET INDICES			
DOW:	INDU	12487.02	(0.6%) 0.20%
NASDAQ:	COMPX	2435.49	(0.6%) 0.80%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. C-COR:	13.36	9.70%
2. HARMONIC:	8.87	8.40%
3. KNOLOGY:	12.43	8.40%
4. LODGENET:	26.96	7.10%
5. RENTRAK:	16.28	6.70%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CONCURRENT:	1.51	(9%)
2. NEW FRONTIER:	9.50	(6.1%)
3. VIACOM:	39.79	(4.7%)
4. MOTOROLA:	18.38	(4.6%)
5. WORLDGATE:	1.26	(4.5%)

CableFAX
databriefs



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MaxFAX...

You're Hired!

Maybe that's not as dramatic as hearing "You're Fired!" from that guy with orange hair, but it's a terrific way to run a **CTAM** chapter event.

Comcast Colorado VP-Marketing *Bill Mosher* got to say those words



Paul S. Maxwell

to the winning trio of Team: Triple Play from the University of Denver Daniels School of Business. The winners, who share a \$1,500 check and paying internships, are: *Aubrey Eggertsen*

— studying for an MBA, Integrated Marketing Communications; *Megan McCourt* — ditto; and *Akash Vijay* — studying for an MBA in Finance.

The judges were Bill, **Starz'** *Kelly Bumann*, **Charter's** *Maria Rothschild* and **Time Warner** (National) **Cable's** *Tom Feige*... marketing experts all.

The winners won by answering, of the three teams, best these questions:

- 1) What should Bill count on in 2007?
- 2) What is he most vulnerable to?
- 3) What are the competitive advantages he can leverage in the upcoming year?
- 4) What should his focus be to retain and grow market share in Denver?

Good questions... and the teams, who had been given a case study of

Bill's '06 and been coached by some real cable folks (including the ever-marketing *Jerry Maglio*), actually answered some of the questions.

Team One: great organization and preparation... came up with an overarching marketing theme ("Life on Demand") but failed to think it through fully. They did, though, use "On-Demand" as their team name. Also, clever use of the Comcast screen prompts from Comcast On Demand for their powerpoint. The team: *Jason Short*, *Kadambari "Kads" Bennurkar* and *Xiaoting "Christing" Zhang*.

Team Two: good tactical ideas; no overall strategy. But the 3 guys—all very good presenters —brought something that sounded like it had been developed at a bar the week before. One good idea: the Colorado state flag with COMCAST on it. Best team name: The Nihilists. Worst gaffe: thinking Time Warner might overbuild Comcast. Second worst gaffe: cutting off the questioner when asked about how they could do one idea (showing free movies in parks) during the winter. The team: *Ben Turner*, "Ellis" *Dodds* and *Julian Lewis*.

Team Three (Winners): most nervous presenting; best overall preparation; most recent information included and driven by actual research. They even showed a **DirectTV** screen shot during the Bears/Saints game... no snow on the set, the dish was covered... screen was just gray.

All were quite impressive.

This was a terrific way for the CTAM of the Rockies to reach out to local schools and get some new involvement in the industry. Driven by **Sand Cherry's** *Duane Dick*, the take-off on "The Apprentice" turned out to be fun, enlightening and a model.

It could be something every CTAM chapter should do... with a face-off of the best at CTAM each year! And what did Team Three suggest? Well, to solve the upcoming problem with bandwidth as the digital transition hits home while DirecTV adds a 100 HD channels... drop the least viewed channels and shift them to VOD.

Random Notes:

• **Marquee Events:** Sometimes I think we all forget how the programmers cable created do some great word-of-mouth marketing for cable system subscribers. I mean events like the Sundance Film Festival (**Sundance Channel**) and the X-Games (**ESPN**)... stuff happening, and making news, last week and this week.

• **Comcastic v. Comcastuck?** Dueling ad-words. The latter is from **Qwest**.

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com

Free Webcast

Migrating Your Network Performance to DOCSIS 3.0

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