

# CableFAX Daily™

Thursday — January 31, 2008

What the Industry Reads First

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## Digital Delight: Could Digitization Help Cable in Retrans Negotiations?

Widespread content digitization could increase retrans negotiation leverage for content distributors such as cable ops, said **Sanford Bernstein** analyst *Craig Moffett*. With broadcast content all over the Web, and with additional proliferation expected, Moffett on Wed told NATPE attendees in Vegas that **CBS** et al could soon face problems trying to extract large sums of money from cable ops because so much of that content is free online. "It will be fascinating to see how those conversations play out," he said. Panelists said this issue is a hot topic on Wall Street too, as online content is "teaching people to devalue content that costs millions of dollars to produce," said **Bear Stearns** analyst *Spencer Wang*. Panelists also noted how short-term driven Wall St is—a fact certainly not lost on cable these days. In another panel, *Michael Eisner*, founder of media/entertainment investment firm **The Tornante Co** (and former **Disney** chief), argued that online video "will be the primary source of funded scripted TV" at some point. But he said production costs and salaries will be lower, so execs should find "new people who aren't spoiled" by the traditional media biz. -- **NATPE Notebook**: Intuitive use is the imperative of today's electronic sell-through plays, panelists said, irrespective of platform or business model. "If you make media truly easy... users will respond," said **Hulu** CEO *Jason Kilar*. And as content libraries expand, simplicity in navigation becomes even more critical. Consider: half of customers with linear VOD access don't use the service, largely because they view it as cumbersome, said **Starz Ent** pres/COO *Bill Myers*. As a result, the platform is quickly "coming down to personalization," said **Comcast Cable** svp, new media *Matthew Strauss*. The offering of free content is an effective way to spur customers' acclimation to on demand content, panelists said. Then monetization methods can be added depending on the business model in use. -- **The Ski Channel** chmn/CEO *Steve Bellamy* is using a projected ad to target a very disparate pair of convention groups in Vegas this week: the hat-loving, carefree enthusiasts at the snowsports show and the pinstripe suit-clad TV content crowd. Both ads tout the net's planned launch this year on cable/satellite and streaming video of net content, and hit both groups as they enter their respective events. For Bellamy, the pair's proximity couldn't be more perfect: he has been searching for a host for the net's film fest among the ski/snowboard crowd, all while promoting the net to the NATPE audience. Ski Channel's carriage deals with **Time Warner Cable**, **Bright House** and **Cox** already cover approx 13mln subs.

**DTV Doings**: It was the tale of 2 surveys Wed. The same day the **Consumers Union** released a survey showing consumers have many misconception about the DTV transition, **NAB** touted a survey it commissioned that found consumer awareness of the transition is at 79%—up from 38% a year ago. **FCC** chmn *Kevin Martin* was diplomatic, complimenting both polls. "As the NAB notes, the fact that more Americans are aware of the upcoming transition is a big step in the right direction. It is equally important, however as highlighted by Consumers Union, that consumers understand how to be prepared," he said. More than half of TV owners aware of the transition erroneously believe that every TV will

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need a converter box, according to the CU survey of more than 1K adults. 24% believe their analog TVs will need to be thrown out. Meanwhile, NAB reported even greater transition awareness among homes that rely exclusively on over-the-air TV, with 83% of respondents reporting that they'd seen, read or heard about the Feb transition.

**Now Playing:** A few years ago, **Showtime** broke new ground in **Emmy** campaigning by sending the nearly 14K Academy members entire seasons of its series. Now, it's making history again by becoming the 1st network to make entire seasons available to members via the Internet. The net will be among the 1st to beta test **Brightcove's** new "Brightcove Show," an application that delivers instant viewing of broadcast quality video through standard Web browsers, according to Brightcove chmn/CEO *Jeremy Allaire*. Showtime evp, corp comm *Richard Licata* said the shift to the Web will save the net tens of thousands of dollars, and also be eco-friendly and more convenient for Academy members. Showtime will still send members 3 DVDs of programming, but that's down significantly from the 20 DVDs sent last year. Academy members will be given a unique passcode to view eps at sho.com/foryourconsideration. Pretty impressive considering nets were still sending out VHS tapes just a couple years ago.

**Competition:** **DirectTV** outlined to the **FCC** this week its plans to help customers in markets where it doesn't offer local broadcast signals receive digital terrestrial signals. The satcaster has begun production of an ATSC unit that it expects to begin making available to customers in Mar. A wide rollout to all affected DMAs is planned by Sept/Oct. The units will cost \$50. DirecTV currently offers local channels in 147 DMAs.

**Carriage:** **Big Ten Net** will launch on **Massillon Cable's** expanded basic service Feb 6. The operator serves Wooster, OH. -- **Shalom TV** launches on **Comcast's** national free VOD lineup Fri. **Time Warner Cable** NY and NJ also adds the service to its free VOD offerings on Fri.

**New Point Man:** **Cedar Point** pres/CEO *Andy Paff* has left the VoIP switching supplier. Board member *Curt Hockemeier* was named interim CEO. An exec search firm will be retained to find a permanent replacement.

**At the Portals:** The **FCC's** spectrum auction topped \$10bln Wed, satisfying the agency's reserve price. Each block of spectrum, however, also must reach a reserve price.

**Technology:** **Gemstar** signed a multi-year patent license deal with **SnapStream Media** that includes SnapStream support of IPGs deployed on personal computers. SnapStream makes the "Beyond TV" PC DVR. -- **NEXT.TV** said it has launched a private beta of its Internet TV service with more than 100 channels, including **CBS**, **Showtime**, **HSN** and **Endemol**. The NEXT.TV service is currently shipping on HP notebook computers. The private beta portal opens to the public in Mar.

**Ratings:** More cable viewers tuned into **Fox News** for Mon's "State of the Union" address than any other cable news net. Fox had 4.48mln total viewers vs 2.69mln for **CNN** and 1.18mln for **MSNBC**, according to **Nielsen**.

-- **Brag Book:** **History** set a record for best-month ever with 25-54s (557K) and 18-49s (624K). **Lifetime** posted double-digit gain among women 18-34 for the 5th straight month (+14%). **TV Land** scored its most-watched month ever, notching a 0.4/382K among 25-54s.

**Programming:** **GSN** debuts new 40-ep series "Bingo America" Mar 31 at 7pm. Hosted by *Patrick Duffy*, the show lets

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# BUSINESS & FINANCE

viewers win prizes with downloadable bingo cards at GSN.com.

**HDTV:** Who will look better in HD—**Patriots QB Tom Brady** or the **NY Giants' Eli Manning**? 27% of respondents in a **Comcast** survey said Brady. However, among women, Manning edged out Brady 24% to 23%. -- **ESPN** is launching **ESPN HD Australia**, its 1st ESPN-branded HD service outside the US.

**In the States:** **Comcast** was fined more than \$12K in **Cfax's** home of Montgomery County, MD, for violating customer service standards in its franchise agreement. The county has assessed Comcast more than \$74K in liquidated damages since last Jan.

**Public Affairs:** **Lifetime** is teaming with Capitol Hill newspaper **POLITICO** to spotlight women in the presidential election. The 2 will report on the reactions of female focus groups in CA to the Jan 30 and Jan 31 debates.

**People:** **GSN's Christopher Raleigh** has moved over to **Weather Channel**, where he'll serve as svp, gen sales manager of **Weather Channel Media Solutions**. He previously served as svp, ad sales for GSN. -- **G4** hired **GoTV Networks' Erika Lewis** as vp, production. -- **Laura Lipson** was promoted to vp, marketing & promotion at **TV One**. -- **Anand Kini** has joined **Comcast Cable** from **Activision** as svp, financial planning and analysis.

**Business/Finance:** **Pali** upgraded **Disney** to "buy" from "neutral."

## CableFAX Daily Stockwatch

Company	01/30 Close	1-Day Ch	Company	01/30 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BIGBAND:	5.20	(0.03)	BLNDER TONGUE:	1.50	0.00
BRITISH SKY:	42.60	(1.1)	BROADCOM:	22.40	0.14
DIRECTV:	22.33	(0.53)	C-COR:	11.00	0.00
DISNEY:	29.41	0.61	CISCO:	24.36	0.30
ECHOSTAR:	28.39	(0.55)	COMMSCOPE:	43.61	(0.33)
GE:	34.94	0.18	CONCURRENT:	0.78	0.02
HEARST-ARGYLE:	21.30	0.07	CONVERGYS:	14.99	(0.23)
ION MEDIA:	1.40	0.00	CSG SYSTEMS:	12.65	(0.78)
NEWS CORP:	19.28	(0.53)	ECHOSTAR HOLDING:	28.34	0.07
<b>MSOS</b>					
GEMSTAR TVG:	4.31	(0.07)	GOOGLE:	548.27	(2.25)
CABLEVISION:	23.23	(0.3)	HARMONIC:	10.82	1.25
CHARTER:	1.14	(0.04)	JDSU:	10.61	0.11
COMCAST:	17.65	(0.31)	LEVEL 3:	3.24	(0.13)
COMCAST SPCL:	17.53	(0.31)	MICROSOFT:	32.20	(0.4)
GCI:	7.32	(0.44)	MOTOROLA:	11.29	(0.02)
KNOLGY:	11.38	0.40	NDS:	54.05	(0.94)
LIBERTY CAPITAL:	107.54	0.00	NORTEL:	12.60	(0.12)
LIBERTY GLOBAL:	39.03	(0.47)	OPENTV:	1.19	0.00
LIBERTY INTERACTIVE:	15.60	(0.07)	PHILIPS:	39.09	(0.17)
MEDIACOM:	4.92	0.03	RENTRAK:	10.93	0.03
SHAW COMM:	19.53	(0.13)	SEACHANGE:	6.94	0.08
TIME WARNER CABLE:	24.70	(0.33)	SONY:	47.50	(0.78)
WASH POST:	733.75	(12.85)	SPRINT NEXTEL:	10.36	(0.44)
<b>PROGRAMMING</b>					
THOMAS & BETTS:	44.31	(0.08)	TIVO:	6.80	(0.13)
CBS:	24.87	(0.16)	TOLLGRADE:	6.46	(0.08)
CROWN:	5.78	(0.06)	UNIVERSAL ELEC:	24.01	0.35
DISCOVERY:	23.38	(0.58)	VONAGE:	1.96	(0.03)
EW SCRIPPS:	41.00	0.28	VYYO:	2.50	0.08
GRUPO TELEVISA:	22.10	(0.05)	WEBB SYS:	0.04	(0.04)
INTERACTIVE CORP:	25.44	(0.21)	WORLDGATE:	0.30	0.00
LODGENET:	15.04	(0.17)	YAHOO:	19.05	(1.76)
NEW FRONTIER:	4.63	(0.05)	<b>TELCOS</b>		
OUTDOOR:	7.26	0.10	AT&T:	37.35	(0.54)
PLAYBOY:	8.14	(0.39)	QWEST:	5.76	(0.08)
TIME WARNER:	15.39	0.16	VERIZON:	38.24	(0.47)
VALUEVISION:	6.26	0.15	<b>MARKET INDICES</b>		
VIACOM:	38.21	(0.01)	DOW:	12442.83	(37.47)
WWE:	14.70	(0.05)	NASDAQ:	2349.00	(9.06)
<b>TECHNOLOGY</b>					
3COM:	4.08	(0.12)			
ADC:	14.36	0.14			
ADVANTAGE:	5.32	0.37			
ALCATEL LUCENT:	6.34	(0.2)			
AMDOCS:	32.97	0.04			
AMPHENOL:	38.96	(0.06)			
APPLE:	132.18	0.64			
ARRIS GROUP:	8.38	0.05			
AVID TECH:	26.18	(0.72)			

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## CATEGORIES:

**CAMPAIGN:** (Where applicable, separate awards are given for National and Regional programs and for Programmer, Operator and Vendor)

Advertising Campaign for a Single Program	Media Event
Advertising Campaign for a Network	Media Relations Campaign
Annual Report	Mobile Marketing Campaign
Corporate Social Responsibility/ Green Campaign	Multicultural Marketing
Community Relations	Press Kit
Crisis Management	Programming Stunt
Direct Response Marketing	PR Stunt
Integrated Marketing Campaign	Public Affairs Campaign
Marketing Campaign	Trade Show Booth
Marketing of a New Series or Show	Trade Show Event or Stunt
Marketing of a Continuing Series	Tchotchkey
Marketing of a Special or Documentary/ Documentary Series	Video: use of video or moving image
	Viral Marketing Campaign

**PEOPLE:** (Awards given at 5 levels: Programmer, National; Programmer, Regional/Local; Operator, MSO; Operator, Local System; and Vendor)

Marketer of the Year, VP Level and above  
PR Executive of the Year, VP Level and above  
Public Affairs Executive of the Year  
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13199

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