

CableFAX Daily™

Monday — March 2, 2009

What the Industry Reads First

Volume 20 / No. 038

Web Play: Why Cable's Not Running From Online Video

Comcast's ballyhooed OnDemand Online service, which will offer Comcast subs online access to cable network programming as soon as this year, seems to suggest that Web content doesn't cannibalize its linear counterpart. And as plenty of industry players and data corroborate this assertion, TV viewing continues to rise in tandem with Internet video viewing—yet another reason for cable ops to join the Internet party before all the cake is gone. “Clearly people are viewing more video on the Internet, but the fact of the matter is, every year—including last year, including last quarter—more people are paying for multichannel video” said Comcast COO *Steve Burke* during the company's recent earnings call. He noted that Web video “clearly seems complementary to us.” **Insight** vice chmn/CEO *Michael Willner* agrees. “We've increased video customers over five percent in the each of the last two years, so it's clear to us that people are still opting for more programming via conventional cable,” wrote Willner at his blog, *MichaelsInsight.com*. “Why? Because it's still the easiest way to watch TV.” Perhaps it's that ease that helped lead the avg American to view more than 151 hours/month of TV in 4Q, according to **Nielsen**, an all-time high that translates to approx 5 hours/day and represents a 7% increase over 3Q. Yes, Nielsen data shows that corresponding Internet video viewing increased 14% over the same period, but that doesn't necessarily mean that TV risks obsolescence. “Web video isn't killing the cable star yet,” **Sanford Bernstein** analyst *Craig Moffett* wrote. “Video cord cutting... remains the province of urban myth.” Of course, as is the case with most viewership measures, the rate of migration to Web-only video watching appears to vary by age group. According to **Leichtman Research Group**, 75% of adults who watch online video strongly disagree that they now watch TV less often. By contrast, just 61% of teens strongly disagreed. Even so, among all online adults, said LRG, only 3% strongly agree that they would consider disconnecting TV to only watch video online—down from 4% last year. All this notwithstanding, “broadband video has the possibility of becoming to cable companies what the online distribution of news did to newspapers,” wrote Willner.

5Qs with Dan Brenner: *Dan Brenner, who is resigning as NCTA's svp, law & public policy to become a partner in Hogan & Hartson's telecom, media and ent practice, gave Cfax an exit interview Fri to discuss his 16 years in industry. How did your former life as a stand-up comedian prepare for your life in cable?* It turns out that it's been very helpful both in making the industry's case at the **FCC** and in speaking to state associations and other groups over the years. Some-

Food Network - Sizzling Hot!

2008 - Our highest
rated year ever!



Passionate viewers live here.

Highest Ever, Most-Watched Primetime Among HH, A18-49 & A25-54 demographics

Source: Nielsen Media Research, Standard Prime Time 8P-11P Mon-Sun, based on Nielsen calendar years, 1996-2008

Scrippsnetworks



CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301/354-1695, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Patrick Benko, 301/354-1789, pbenko@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist ● Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs: Carol Bray, 301/354-1763, cbray@accessintel.com

times when I report on the FCC's doings the last couple of years, I end it by saying, 'Just kidding—NOT!' **Biggest victory/biggest defeat at NCTA?** The biggest victory probably was a la carte—the work we did on making the case and explaining the shortcomings. It's a very appealing idea, but I think we convinced policy makers that it would be bad govt policy. You never like to admit any defeats, but I guess not being able to overturn must carry, which we lost by 1 wobbly vote, 5-to-4 at the Supreme Court. **You're a champion for Cable Positive and a board member. Will you stay involved in that organization?** I'll try to. I'd like to. I think it's important though to rotate people from different companies through the board. I'm hoping we'll get a new general counsel for Cable Positive who is with one of these companies. In the meantime, I'll stay involved. **Why was now the right time to move on?** There's never a right time when you're as engaged as I've been, but I think given how long I've been at NCTA, if I was going to make a move to do something else with my career this seemed like a good time to do it. The opportunity with the firm was very appealing. **Fill in the blank. Cable needs to _____.** Keep thinking 2-steps ahead. Ever since I've been here, cable's been one of the most forward looking group of business people I've ever known. When I came, it was a 1-way video service with 52 channels and today it's 500 channels, the nation's leading broadband provider and the nation's leading telephone alternative. I think the next big thing will be broadband; services and pricing arrangements that will help change that business.

In the Courts: DirecTV filed a lawsuit Wed against Mesa, AZ-based **Eagle West Comm** and several other individuals alleging that they fraudulently redistributed DirecTV programming to thousands of customers over cable systems they owned in AZ and NV. The **FBI** conducted a raid on offices and transmission locations, and customers of the cable systems have lost service. DirecTV's complaint contends that the defendants set up as many as 12 fraudulent Satellite Master Antenna Television (SMATV) accounts through **Hotel Movie Network** with the intention of reselling and retransmitting DirecTV's programming through 2 cable systems—Eagle West and **Indeideo**.

Deals: Swiss software company **Kudelski** has offered to acquire the **OpenTV** Class A shares it doesn't already own for \$1.35/share. OpenTV's board will meet to consider the offer. The takeover bid comes days after OpenTV reported a strong 4Q, achieving profitability for the 1st time in its history. In '06, Kudelski assumed voting control from **Liberty Media**. The proposed purchase price is a 35% premium to OpenTV's closing price Thurs. Shares closed up 18% to \$1.18 on Fri.

In the States: Another day, more reports of layoffs. **Univision** let go of 300 employees Fri (6% of its workforce). "Given the continued economic challenges facing the country and downward pressure this has caused on advertising-related businesses, Univision has been working aggressively to bring its cost structure in line with the current environment," the company said. "While it is extremely difficult to lose valued employees, we are confident that the steps we are taking will make us more efficient in the short-term and better positioned for growth in the long-term." -- **NBCU** signed on to use **Rentrak's** newly launched "Digital Download Essentials," which collects, processes, audits and reports on TV content purchased by consumers and downloaded on the Net. The programmer had been trialing the service.

Ratings: **Tiger Woods'** highly anticipated return to the PGA Tour helped **Golf Channel** yield a 1.8 TV HH rating for both Wed and Thurs coverage of the 2008 Accenture Match Play tourney. Wed's event attracted Golf's most watched round 1 ever and the most-watched Wed in Accenture Match Play history (1.7mln HHs). -- **YES'** Thurs telecast of the Rays-Yankees spring training game earned a 1.19 avg TV HH rating (88K HHs), making it the net's highest-rated weekday daytime spring telecast. All of YES' spring training games this year are being telecast in HD.

CableFAX's 2009 Spring Connection Week Extravaganza — Be the First on the Scene

March 30, 2009 — Benchmarking Excellence in Cable

3 Celebrations to Kick-Off the Week!!

- **The CableFAXIES**
Ttop Marketing & PR programs and people
- **PLUS: The Players:**
Leading Women in Cable
- **PLUS: Hats off to Us! CableFAX's**
20th Anniversary Celebration

Many Ways to Celebrate!!

- Secure your advertisement in the March 30th & April 1st issues of *CableFAX: The Magazine*
- Place your ad in WICT 30th Anniversary Special Section.
- Event Sponsorship Packages Available,
Publication Dates: 3/30/09, 4/1/09 • Space Close Dates: 3/2/09
Distribution: Publication Bins, CableFAX Panels, WICT Event

Contact:

Debbie Vodenos, Publisher,
301-354-1695;
dvodenos@accessintel.com

Erica Gottlieb, Account
Manager, 212-621-4612;
egottlieb@accessintel.com

CableFAX Week in Review

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	26.64	3.00%	(6.2%)
DIRECTV:	DTV	19.94	(7.2%)	(13%)
DISH:	DISH	11.25	0.80%	1.50%
DISNEY:	DIS	16.77	(4.3%)	(24.6%)
GE:	GE	8.51	(9.3%)	(45.6%)
HEARST-ARGYLE:	HTV	1.71	(7.6%)	(70.6%)
ION MEDIA:	ION	1.44		
NEWS CORP:	NWS	6.26	(6.3%)	(34.7%)

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	12.99	7.20%	(22.9%)
CHARTER:	CHTR	0.02	(33.3%)	(75%)
COMCAST:	CMCSA	13.06	1.70%	(22.3%)
COMCAST SPCL:	CMCSK	12.15	(0.5%)	(24.4%)
GCI:	GNCMA	5.39	(3.6%)	(33.4%)
KNOLOGY:	KNOL	3.98	(10.4%)	(22.9%)
LIBERTY CAPITAL:	LCAPA	5.14	(10.1%)	9.10%
LIBERTY ENT:	LMDIA	17.32	(0.6%)	(0.9%)
LIBERTY GLOBAL:	LBTYA	12.27	9.20%	(22.9%)
LIBERTY INT:	LINTA	3.24	0.60%	3.80%
MEDIACOM:	MCCC	3.90	6.80%	(9.3%)
ROGERS COMM:	RG	42.97		
SHAW COMM:	SJR	14.72	(0.2%)	(16%)
TELEWEST:	TLWT	24.20		
TIME WARNER CABLE:	TWC	18.23	3.50%	(15%)
VIRGIN MEDIA:	VMED	4.78	8.90%	(3.4%)
WASH POST:	WPO	360.49	(7.6%)	(6.5%)

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	4.27	(12.7%)	(47.9%)
CROWN:	CRWN	1.64	0.60%	(42.5%)
DISCOVERY:	DISCA	15.51	22.30%	9.50%
EW SCRIPPS:	SSP	1.14	(18.3%)	(48.3%)
GRUPO TELEVISIA:	TV	12.17	0.80%	(18.5%)
HSN:	HSNI	4.27	0.20%	(41.3%)
INTERACTIVE CORP:	IACI	14.93	(0.8%)	(5.1%)
LIBERTY:	L	19.85	(1.5%)	(29.7%)
LODGENET:	LNET	0.65	3.20%	(7.1%)
NEW FRONTIER:	NOOF	1.43	(4.7%)	(15.9%)
OUTDOOR:	OUTD	4.06	2.50%	(45.8%)
PLAYBOY:	PLA	1.41	(7.8%)	(34.7%)
RHI:	RHIE	2.72	(29.4%)	(66.5%)
SCRIPPS INT:	SNI	19.91	(2.3%)	(9.1%)
TIME WARNER:	TWX	7.63	3.80%	(24.2%)
UNIVISION:	UVN	36.23		
VALUEVISION:	VVTV	0.26	44.40%	(21.2%)
VIACOM:	VIA	16.82	2.70%	(16.4%)
WWE:	WWE	9.70	1.70%	(9.2%)

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.22	0.90%	(2.6%)
ADC:	ADCT	2.84	(3.6%)	(48.1%)
ADVANTAGE:	AEY	1.55	(10.9%)	(12.9%)
ALCATEL LUCENT:	ALU	1.31	(12.7%)	(39.1%)
AMDOCS:	DOX	16.75	(6%)	(8.4%)
AMPHENOL:	APH	25.42	(1.5%)	6.10%
APPLE:	AAPL	89.31	(2.1%)	4.60%
ARRIS GROUP:	ARRS	6.12	(5.1%)	(23%)
AVID TECH:	AVID	9.96	(0.5%)	(8.7%)

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
BIGBAND:	BBND	5.44	2.80%	(1.4%)
BLNDER TONGUE:	BDR	0.98	42.00%	(3%)
BROADCOM:	BRCM	16.45		(3.1%)
C-COR:	CCBL	11.00		
CISCO:	CSCO	14.57	(3.4%)	(10.6%)
CLEARWIRE:	CLWR	3.22	5.60%	(18.9%)
COMMSCOPE:	CTV	8.93	(34.2%)	(42.5%)
CONCURRENT:	CCUR	2.89	(12.1%)	(14.7%)
CONVERGYS:	CVG	6.45	(2%)	0.60%
CSG SYSTEMS:	CSGS	13.52	(2.5%)	(22.6%)
ECHOSTAR:	SATS	16.38	2.30%	10.20%
GOOGLE:	GOOG	337.99	(2.4%)	9.90%
HARMONIC:	HLIT	5.44		(3%)
INTEL:	INTC	12.74	1.90%	(5.1%)
JDSU:	JDSU	2.76	(2.8%)	(23.9%)
LEVEL 3:	LVL3	0.80	9.60%	14.30%
MICROSOFT:	MSFT	16.15	(10.3%)	(16.9%)
MOTOROLA:	MOT	3.52	(2.5%)	(19.4%)
NORTEL:	NT	0.32		20.00%
OPENTV:	OPTV	1.18	13.50%	(4.1%)
PHILIPS:	PHG	15.99	(5%)	(19.5%)
RENTRAK:	RENT	10.32	(7.8%)	(12.5%)
SEACHANGE:	SEAC	4.87	(9%)	(32.5%)
SONY:	SNE	16.56	(0.2%)	(24.3%)
SPRINT NEXTEL:	S	3.29	2.20%	79.80%
THOMAS & BETTS:	TNB	22.91	(2.3%)	(4.6%)
TIVO:	TIVO	7.09	(1.5%)	(1%)
TOLLGRADE:	TLGD	5.60	2.00%	17.20%
UNIVERSAL ELEC:	UEIC	15.57	4.40%	(4%)
VONAGE:	VG	0.35	(5.4%)	(47%)
YAHOO:	YHOO	13.23	9.00%	8.40%

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	23.77	0.80%	(15.2%)
QWEST:	Q	3.39	(3.1%)	(6.9%)
VERIZON:	VZ	28.53	(1%)	(14.5%)

Company	Ticker	2/27 Close	1-Week % Chg	YTD %Chg
MARKET INDICES				
DOW:	INDU	7062.93	(4.1%)	(19.5%)
NASDAQ:	COMPX	1377.84	(4.4%)	(12.6%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VALUEVISION:	0.26	44.40%
2. BLNDER TONGUE:	0.98	42.00%
3. DISCOVERY:	15.51	22.30%
4. OPENTV:	1.18	13.50%
5. LEVEL 3:	0.80	9.60%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. COMMSCOPE:	8.93	(34.2%)
2. CHARTER:	0.02	(33.3%)
3. RHI:	2.72	(29.4%)
4. EW SCRIPPS:	1.14	(18.3%)
5. ALCATEL LUCENT:	1.31	(12.7%)

From The CableFAX 100: Greatest Hits of 2008

the best business advice Ed Carroll has received...

"Show up."

Ed Carroll
President
Rainbow Entertainment



★ Best Advice Series

To order your copy of the December 2008 issue of CableFAX: The Magazine — Top 100 issue, please contact clientservices@accessintel.com or 800-777-5006.

www.cablefax.com

MaxFAX...

Over the Top?

Or metered on the “wire”?

One thing this severe, unprecedented, global economic downturn makes clear: there just ain't no free lunch.

So the best news from last week came as—the public—got to read that some “cable” networks are cooperatively meeting and discussing with cable operators some way to make certain the long-established business model of subscriber fees to



Paul S. Maxwell

programmers for cable linear carriage doesn't go up in smoke any time soon.

You gotta get paid for good (and, yep, some bad) stuff. And there has to be reason to be paid.

Over the top was eroding both sides of that equation...

How it works out is still a bit up in the air... but good for trying to solve a growing conundrum...

Random Notes:

• **Good Idea:** Got a note from our great friend *Les Read* of the **Cable TV Pioneers** with the suggestion that members of Congress wear **NASCAR**-like uniforms “so we could see their corporate sponsors” more easily. In the meantime—since that

won't happen—don't you forget the **Pioneers' Dinner at NCTA** this year... invitations/reservations in the mail... sign up by the 20th! Come meet the new class of inductees.

• **Cable Apprentice—CTAM Rocky Version:** Don't miss the **Cable Apprentice** competition Friday, March 6th at 8 am or so at the **Comcast Digital Center**... details at http://www.ctamm.com/event_CableApprentice2009.htm. Big reason to come: hell of a judging team... *Char Beales, Scott Binder, Tom Feige* and *Steve Raymond*. Besides, this is a cool exercise in finding some great employment candidates.

• **86 that “Wish for a Speaker” Idea:** The Multiplatform Media Expo '09 has been cancelled. Got some great suggestions, though... will revive that idea sometime in the future... if, of course, the “stimulus” works.

• **Customers!** What a pain, huh? They want and want and want. Can't live without 'em! What's an operator to do? Well, one thing is pay attention to what the **Cable Center** is doing: The Customer Care Center at the Cable Center! Necessary programs for competitive times... so pay attention and get involved. With satellite and telco video growing and cable an incumbent, it is sure time to figure out how to keep customers. Simple migration tracking isn't quite enough of an answer (though a good start). Figuring out who needs what to stay

content will be worth the effort. It was the Cable Center, working with and for **Cox** and using the Daniels School of Business at the University of Denver, that developed the base courses... and, when we were first tracking satellite penetration against cable, we could always tell at a glance at a penetration map which systems Cox ran.

• **Gloom:** Even the prognosticators have grown gloomier. **Veronis Suhler Stevenson**, which has been issuing annual projections for a couple of decades, has weighed into gloom with a “mid-term” report suggesting their previous prediction of a 4.9% growth rate for media was, at best, wildly optimistic. Revised forecast: down 0.4%. With the advertising segment tanking a solid 7.4%... making '08 and '09 the first back to back declines in 75 years. Scary out there.

• **Kudos:** To co-chairs *Michael Willner* and *Johnathan Rodgers*... this next cable show (the new, new Hell Weeks!) are shaping up to be among the best ever... quite the list of speakers and panelists. Name a CEO, that person is there! Just don't miss the **Kaitz Foundation** diversity supplier bit, either.

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com



Sales Executive
of the Year Awards

saluting cable sales leadership

Honoring sales excellence at cable programming networks, MSOs and cable operators, and ad agencies.

Now Accepting Entries

Entry Deadline: March 6, 2009

Sales forces across cable work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace growing and business moving forward. Please join your peers and enter the CableFAX Sales Executive of the Year Awards and allow us to tip our hats to you and your initiatives in the 2009 first annual awards program.

www.CableFAXSalesAwards.com

2009 WEST COAST CREATIVE SUMMIT AND NAMIC VISION AWARDS

BUSINESS NOT AS USUAL... IT'S TIME TO GET CREATIVE!



FRIDAY, APRIL 17, 2009
THE BEVERLY HILTON HOTEL, BEVERLY HILLS, CALIFORNIA

REGISTER ONLINE
AT:
www.namic.com

- A day-long educational forum focused on creating, delivering and marketing content across multiple platforms for the multi-ethnic consumer
- Get the inside track on careers on the content development side of the business
- Target audience: current and aspiring professionals in the broadcast, cable, digital, entertainment and film industries

WEST COAST CREATIVE SUMMIT

- Rich educational agenda: opening general session, panel discussions and networking opportunities
- Opportunity for attendees to hone their craft, learn insider tips about the business and meet industry colleagues and peers
- Attended by professionals of all levels, as well as those aspiring to enter the business
- Direct access to top executives within the entertainment arena

VISION AWARDS LUNCHEON CEREMONY

- Hosted by *Access Hollywood's* Emmy award-winning journalist and author, Shaun Robinson
- 15th annual presentation of the only competition recognizing outstanding achievements in original, multi-ethnic programming



Shaun Robinson

NAMIC WRITERS' WORKSHOP

- A 2-day workshop focused on writing for multiple platforms: digital, screen and television

"With today's economic downturn, the NAMIC Creative Summit is a place that will still generate ideas and unique opportunities and entertainment professionals SHOULD NOT MISS IT."

"I was able to meet power players that I would not usually access from other networks and organizations."

"The breakout sessions were robust and relevant. I would encourage any savvy professional to add this to their list of must-attend events in 2009!"

PRESENTING SPONSOR:



IMPORTANT INFORMATION

- Visit www.namic.com for updates
- Interested in sponsorship opportunities?
CONTACT Danny McGlone at 212-594-5985 or danny.mcglone@namic.com
- Have questions about registration or interested in purchasing a table or tickets to the Vision Awards Luncheon?
CONTACT Sandra Girado at 212-594-5985 or sandra.girado@namic.com

NAMIC 2009 MEDIA PARTNERS:



CableFAX Daily
"What the Industry Reads First"

Multichannel SHOW



NATIONAL ASSOCIATION FOR MULTI-ETHNICITY IN COMMUNICATIONS
NAMIC's mission is to educate, advocate and empower for multi-ethnic diversity in the communications industry.