

CableFAX Daily™

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What the Industry Reads First

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The Kingmaker: Sweeney Tells Ad Execs Content Still Reigns Supreme

Could it be that content is still really king? As ad agencies gathered in Orlando for AAAA to test the notion that “digital changes everything,” ABC-Disney Media Networks co-chair Anne Sweeney told attendees Thurs morning that “I beg to differ.” In fact, she suggested content’s reign never ended despite the multiplatform revolution and viewers’ unprecedented control over how they consume media. “Great content draws great audiences,” she said, noting 140mln views on ABC.com’s media player in ’07—an audience that skews young, upscale and to people who “pay attention” to product messages. Online video viewing usually corresponds to TV viewing, she said, with the most popular TV shows gaining the highest traffic. “We have to work together to reach consumers and maximize the power of TV on any platform,” she said. Citing research that some 50% of BitTorrent users are trading TV series content, she said content owners must create “a better option...so superior to the pirated version that there’s no contest.” But Sweeney said Disney won’t rely solely on repurposing TV content into “mobisodes” and other digital fare, citing the launch of comedy series “Squeegees” and 20 other projects in development at Disney’s new Stage 9 Digital Media, which seeks to create original content for digital distribution. Sweeney’s bottom line for content makers and advertisers: “Evolve or perish.” -- Other highlights: Marc Goldstein, CEO of GroupM North America, warned that addressable set-top boxes with potentially “limitless” tracking capabilities raise privacy issues. “There are times I’m frankly not sure I want Big Brother watching me,” he said. “This is something I believe we’re all going to have to think long and hard about...so be prepared.” If advertisers and content owners don’t use new measurement tools responsibly, he said, “the government could take that decision away from us.”

Recession Proof? Morgan Stanley, Caller ID on TV Offer Positives for Cable

As the word recession continues to be bandied around, at least one analyst isn’t too worried about cable in down economic times. The average home uses the TV or ‘Net 9 hours a day—“that’s not a discretionary item,” Morgan Stanley exec dir Benjamin Swinburne told WICT’s Leadership Conference in NY Thurs. “Things are going to have to get really bad before people start cutting their bill. This is a very stable business in a down economy.” While cable stocks have taken a beating, Swinburne offered up nuggets of hope. “I have a feeling at some point the investor base in Verizon will say, ‘We’re spending \$5K to pass a home...we’re spending \$25K to net customers that maybe give \$150/month revenue,’” he said. “I’m not sure that adds up. Usually bad businesses eventually get caught and fall apart.” His questions for cable: how does an industry that is a growth industry change now that growth is slowing, and why doesn’t cable offer an integrated PC-to-TV product? One recent positive for cable, according to Swinburne, was Comcast’s recent institution of an annual dividend. Another plus is that despite the introduction of telco video, rates continue to climb. Cox vp, strategy Mimi Thigpen predicted there will be “pricing scuffles,” not “pricing wars.” With cable covering 75% of HHs with a triple-play offering, “it’s our time to lose if we don’t play the game



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right," she said. **Integra5** CEO *Meredith Flynn-Ripley* said cable can win big with convergence. She cited a recent study of 3500 people, 45% of which had Caller ID on TV. The study found that 25% said Caller ID on TV was the main reason they stay with their provider. "They rank it as high as DVRs and HD," she said, adding that those with caller ID were 35% more likely to rate their provider as great vs good, and that 40% were willing to pay for it.

At the Portals: How strained are things at the **FCC**? An FCC source confirmed that Dem commish *Jonathan Adelstein* has asked that FCC chmn *Kevin Martin* commit to Sen Majority leader *Harry Reid* (D-NV) to resign if a Democrat is elected president. Martin has refused to set a deadline for his departure, nor does he necessarily expect to leave. After all, imagine the fun he and a la carte fan *John McCain* could have together...Adelstein's FCC term ends this year, and he hasn't yet been renominated. Martin is currently in year 2 of his 4-year term.

DTV Doings: Pres *Bush* nominated *Neil Patel* to head the **NTIA**, which is overseeing the DTV transition's converter box coupon program. Patel has been working under VP *Dick Cheney*. **FCC** chmn *Kevin Martin* lauded the appointment.

Career Development: Do men and women do it differently? Yep, at least when it comes to negotiating for themselves and other personal business tactics. "Women are notoriously bad negotiators on their own behalf," said *Carlsen Resources' Ann Carlsen* at **WICT** Leadership's closing session Wed. "Maybe \$20K, \$30, \$40K is left on the table. They don't think to ask for all the other perks. They're not so great at asking for promotions." **WE** gm *Kim Martin* agreed, saying women tend to focus more on people skills and less on skill sets like negotiating for themselves. Carlsen's advice was to make sure your manager is aware of what you're accomplishing on an ongoing basis, not just at performance review time.

Competition: **AT&T** has expanded availability of **U-verse TV** in Sacramento, where more than 160K homes now have access to the video service.

In the States: Statewide franchising foe **NATOA** released a study that—surprise!—says early results of the new laws don't offer evidence of competitive benefits. The study looked at 14 of the states that have adopted state video legislation, with 139 LFAs participating. Rates haven't decreased, according to 98% of those surveyed. In fact, basic rates have increased \$1.12/month, while digital is up \$1.51 on avg. One-third of incumbents have abandoned local franchises for a state franchise, while 27% participants report 1 new entrant (6% more than 1). 35% of LFAs report the new entrant hasn't built anything; 48% say the entrant has built out to part of the community; while 18% say the entrant is building out to the entire community.

Retrans: **Nexstar** reported \$17.2mln in '07 retrans consent rev, a 25% increase, and expects additional growth this year.

Public Affairs: Bands featuring employees from companies such as **Time Warner Cable**, **Scripps** and **Cox**—even our very own *Mike Grebb* and *Seth Arenstein*—will participate in the "Battle of the Bands" at **The Cable Show '08**. Proceeds from the event will benefit New Orleans schools, libraries, and other orgs in the post-Katrina rebuilding effort. -- As part of its Every Woman Counts election campaign, **Lifetime Nets** welcomes House Speaker *Nancy Pelosi* (D-CA) to a special Fri lunch in NYC where she will discuss her agenda and experiences as the highest-ranking woman in US govt history.

People: Lots of PR changes at the top MSOs. **Cox's** *Anthony Surratt* is joining his old boss *Ellen East* at **Time Warner**

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BUSINESS & FINANCE

Cable, taking the role of vp, corp comm. Meanwhile, Cox has settled on a former **BellSouth** exec *Necole Merrit* to head its pubic affairs group. - **YES** tapped **Time Warner Cable** vet *Howard Levinson* as svp, ad sales. -- **Bright House** promoted *Kashif Haq* to strategic execution officer.

Business/Finance: **TiVo** beat street estimates with many of its Q4 metrics and has added a service relationship with **Cox** for New England, both promising developments. But the company underperformed in Q4 regarding important sub numbers, gaining just 33K net stand-alone subs and losing more than 100K subs from outside providers such as **DirectTV**. Plus, it has had just 1 earnings-positive Q in 3 years. Investors sent down Thurs the price of TiVo shares, which **SMH Capital** analyst *David Miller* believes already prices in "20% penetration of the Comcast-owned digital sub base for the TiVo/Comcast bundle, which we feel is very aggressive." The firm has a 'sell' rating on TiVo shares. -- **Vyyo** has received from **Nasdaq** notification of a failure to comply with the market's share value requirements, and its stock is therefore subject to delisting. Vyyo is requesting a hearing before the Nasdaq Listing Qualifications Panel to review the matter. -- **Credit Suisse** analyst *Bryan Kraft* has upgraded **DISH** shares to 'neutral' from 'underperform,' and lowered the price target to \$35 from \$42.

CableFAX Daily Stockwatch

Company	03/06 Close	1-Day Ch	Company	03/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	43.92	(0.88)	AMPHENOL:	36.45	(0.71)
DIRECTV:	25.29	(0.5)	APPLE:	120.93	(3.56)
DISNEY:	31.25	(0.39)	ARRIS GROUP:	5.48	(0.41)
ECHOSTAR:	29.07	(0.15)	AVID TECH:	24.79	0.29
GE:	32.86	(0.81)	BIGBAND:	5.60	(0.18)
HEARST-ARGYLE:	21.47	(0.17)	BLNDER TONGUE:	1.55	0.00
ION MEDIA:	1.45	0.00	BROADCOM:	18.59	(0.77)
NEWS CORP:	19.03	(0.29)	CISCO:	23.94	(0.33)
MSOS					
CABLEVISION:	23.65	(0.6)	COMMSCOPE:	39.64	(1.68)
CHARTER:	0.97	(0.02)	CONCURRENT:	0.72	(0.03)
COMCAST:	19.71	(0.17)	CONVERGYS:	13.88	(0.44)
COMCAST SPCL:	19.40	(0.18)	CSG SYSTEMS:	11.01	0.20
GCI:	5.35	(0.45)	ECHOSTAR HOLDING:	38.37	(0.29)
KNOLOGY:	12.05	(0.3)	GEMSTAR TVG:	4.65	(0.14)
LIBERTY CAPITAL:	17.00	(0.48)	GOOGLE:	432.70	(15)
LIBERTY GLOBAL:	36.35	(0.66)	HARMONIC:	8.11	(0.14)
LIBERTY INTERACTIVE:	14.96	(0.22)	JDSU:	12.45	(0.57)
MEDIACOM:	3.97	(0.16)	LEVEL 3:	2.22	(0.05)
ROGERS COMM:	42.97	0.00	MICROSOFT:	27.57	(0.55)
SHAW COMM:	18.48	(0.03)	MOTOROLA:	9.94	(0.08)
TIME WARNER CABLE:	27.43	(0.34)	NDS:	49.38	(0.64)
VIRGIN MEDIA:	14.40	(0.74)	NORTEL:	7.28	(0.39)
WASH POST:	708.47	(18.61)	OPENTV:	1.16	(0.13)
PROGRAMMING					
CBS:	22.10	(0.54)	PHILIPS:	39.03	(0.74)
CROWN:	5.03	(0.04)	RENTRAK:	11.01	(0.14)
DISCOVERY:	21.38	(0.78)	SEACHANGE:	5.50	(0.38)
EW SCRIPPS:	41.83	(1.17)	SONY:	45.68	(1.1)
GRUPO TELEVISA:	21.22	(0.99)	SPRINT NEXTEL:	6.80	(0.2)
INTERACTIVE CORP:	19.51	(0.3)	THOMAS & BETTS:	38.55	(1.36)
LIBERTY:	1.00	0.00	TIVO:	7.96	(0.18)
LODGENET:	8.48	(0.52)	TOLLGRADE:	5.52	0.07
NEW FRONTIER:	4.92	(0.09)	UNIVERSAL ELEC:	22.15	(0.43)
OUTDOOR:	7.02	(0.28)	VONAGE:	1.86	(0.09)
PLAYBOY:	7.77	(0.15)	VYYO:	1.35	(0.02)
TIME WARNER:	14.93	(0.37)	WEBB SYS:	0.06	0.01
UNIVISION:	36.23	0.00	YAHOO:	28.70	0.03
VALUEVISION:	4.57	(0.4)	TELCOS		
VIACOM:	39.57	(0.87)	AT&T:	35.02	(0.43)
WWE:	17.33	(0.44)	QWEST:	5.12	(0.2)
TECHNOLOGY					
3COM:	3.07	(0.17)	VERIZON:	35.28	(0.67)
ADC:	14.12	0.40	MARKET INDICES		
ADVANTAGE:	4.19	(0.09)	DOW:	12040.39	(214.6)
ALCATEL LUCENT:	5.41	(0.28)	NASDAQ:	2220.50	(52.31)
AMDOCS:	28.33	(0.66)			

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Topics include:

- What's Next? The Top Digital Media Trends Impacting the Television Industry
- A View From the Top: The Outlook for the Television Industry & Digital Media
- Reality Programming 2.0: What's Next for TV's Popular Genre of Programming?
- Global TV & the Emergence of Worldwide Content Distribution Networks
- New Television Technologies You Need to Know
- The Future of Television Advertising
- User-Generated Content: Show Me the Money!
- Mobile TV: Hit or Miss?
- Direct to Internet: Producing Content Specifically for the Web & Mobile
- Digital Television (DTV) is Coming!
- Who's Watching (and are they buying anything)?
- The Evolution of Metrics and Analytics for Television 2.0
- Innovations that are Shaping the Future of Television

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<p>CableFAX Magazines 2008 Issues</p> <p>The Faxies May 2008 Distribution: CableFAX Events & The Cable Show New Orleans, LA</p> <p>Top Independent Operators July 2008 Distribution: CableFAX Events & The Independent Show Orlando, FL</p> <p>Diversity Issue September 2008 Distributed at Diversity week New York, NY</p> <p>The Top Cable Programs October 2008 Distribution: CableFAX Events & CTAM Boston, MA</p> <p>The Most Influential Women in Cable November 2008 Distributed at the 24th Annual WICT Gala Washington, DC</p> <p>The CableFAX 100 Issue December 2008 Distributed at the CableFAX 100 Luncheon New York, NY</p>	<p>CableFAX 2008 Awards & Events</p> <p>The CableFAXIES Awards Entry Deadline: Feb. 20, 2008 Awards Luncheon: May 6, 2008 The National Press Club, DC</p> <p>CableFAX Program Awards (Top Cable Programs of the Year) Entry Deadline: May 8, 2008 Awards Luncheon: Oct. 21, 2008 The National Press Club, DC</p> <p>The Indie Reception July 2008 Orlando, Florida</p> <p>CableFAX 100 Awards Luncheon December 2008 NYC</p> <p>CableFAX Daily Special Distribution AAAA, FL Cable Positive Power Awards, NY The Cable Show, LA The Independent Show, FL Diversity week, NY CTAM, Boston, MA 24th Annual WICT Gala, DC FAXIES Awards Luncheon, DC Programmies Awards Luncheon, DC CableFAX 100 Luncheon, NY</p>
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NOTES

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