

CableFAX Daily™

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What the Industry Reads First

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Spring Breakdown: Discovery's Long Expected Layoffs Finally Hit

Silver Spring is waiting for the other shoe to drop after having returned from Easter weekend to learn that **Discovery** is eliminating about 200 jobs. Sources at **Discovery** said Mon's development represents only the 2nd phase of CEO *David Zaslav's* efforts to cut costs and will likely be followed by another restructuring that affects other units, including the international division and the commerce group, which includes the **Discovery Stores**. Mon's layoffs impacted **Discovery Nets US**, **Discovery Education** and other groups not attached to specific business units, including corporate communications. Discovery Education, which cut 84 jobs in Dec, was hit especially hard by the cuts. Sources said some of the US nets, including **Discovery Channel** and **Animal Planet**, also suffered hits. The layoffs come after Zaslav announced a reorg in Feb aimed at helping Discovery become a "lean and aggressive" organization. The 1st phase of those streamlining efforts included showing the door to Discovery Nets US pres *Billy Campbell*, Discovery Nets Intl pres *Dawn McCall* and a few other senior execs (*Cfax*, 2/06). Discovery is also parting with **Travel Channel**, museum audio tour business **Antenna Audio** and \$1.27bln in a deal to buy **Cox's** 25% stake that's expected to close next month (*Cfax*, 3/30). The layoffs come just as the core nets Discovery and **TLC** have posted strong ratings gains. Meanwhile, Discovery Comm has committed to spending \$50mln on its new "PlanetGreen" initiative designed to rebrand **Discovery Home Channel** as a still-unnamed, green lifestyle net and create green-focused original content across multiple nets (*Cfax*, 4/6).

More Layoffs: The dust that got stirred up with *Ted Harbert's* promotion in November to head of the new **Comcast Entertainment Group** is settling down, with **G4** slated to move its offices from West L.A. to **E!'s** Wilshire Blvd L.A. offices next week. As expected, the consolidation has resulted in the elimination of some jobs. About 90 employees—less than 6% of employees—were notified in Feb that their jobs would be eliminated. News of the layoffs was slow to leak out as many of the employees were given several months notice and continued working. Some have found jobs within or outside the company. The layoffs impacted **E!**, **Style** and **G4**, but sources say the bulk of them are at **G4** and include svp, gen counsel *Alan Duke*; vp, finance *Gil Breakman*; and vp, HR *Soheila Ataei*. Comcast Ent declined to comment on specifics. "We spent several months analyzing the best way to consolidate **E!**, **G4** and **Style** and key decisions were made regarding the staffing and location of **CEG**," a spokeswoman said. "The vast majority of employees are staying with the new organization. However, in a small number of instances where job functions were duplicative, we have needed to eliminate positions." **G4** COO *Dale Hopkins* won't be part of the West Coast programming group but will join Comcast Programming Group pres *Jeff Shell's* team. Details on her new title and responsibilities weren't known at press time.

Throwing in the Towel: **NFL Net's** *Adam Shaw* is no longer with the channel. The former svp, distribution is pursuing other opportunities. "Adam made important contributions to **NFL Network's** record growth over the past three years and will be missed," a spokesman said. COO *Kim Williams* will lead the affil sales group in the interim.

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Competition: **DirectTV** boss *Chase Carey* intends to resign from **News Corp's** board once the media conglomerate and **Liberty Media** complete their \$11bn asset swap, which the **FCC** must still approve.

Sunny Skies Ahead?: Owners of cable MSO equities may take solace in **UBS'** positive outlook for cable HSD growth in '07, which—coupled with high expectations by analysts for continued VoIP expansion—could swing the stocks back upward following a disappointing 1Q. “In cable, we believe ramping VoIP rollouts for operators like **Comcast, Charter** and **Time Warner Cable**, coupled with new management of the former **Adelphia** systems, will likely support cable modem growth,” read a note from the firm. Given Wall Street's fickle nature, advancement in both segments doesn't guarantee a redux of last year's huge surge in cable stocks, but it can't hurt. Comcast (-9%), TWC (-8%) and Charter (-9%) stocks all slid in 1Q, while **Cablevision** (+6%) and **Mediacom** (+4%) achieved modest growth. Meanwhile **AT&T** (+14%) and **Verizon** (+1%) are both up this year.

In the Courts: **Charter** filed in CA court a \$150mln malpractice suit against state law firm of **Irell & Manella**, alleging the firm made a series of “critical errors” while representing the MSO in connection with a '99 acquisition of cable systems. Charter said the errors were concealed for many months, spawning substantial financial loss.

In the States: **RCN** announced its official corporate sponsorship of **MLS'** D.C. United, which allows for the incorporation of the team name and logo into all advertising, promotions, broadcast, and print materials. -- **Time Warner Cable** launched in north TX an “on demand video store,” offering up to 250 feature films priced from \$1-\$3.

VOD: **Comcast** and **Cox** are among cable ops who signed on to carry **NFL Net's** on demand NFL Draft content from Fri-May 14, offering “Couch Scouts” Senior Bowl footage and 5-min profiles of top 100 draft prospects. - **Akimbo's** on demand movie download service will be available next week in beta release for Windows XP and Vista-based PCs. The service also inked a deal to offer **NHL** playoff games for download on a TV or PC 48 hours after each contest concludes.

Mobile: **BET's** digital media group launched the “106 & Park Mobile Fan Club,” offering fans of the linear music program unique content, a subscription to newly created mobile mag “106 & Park Off-The-Couch” and VIP access to BET events and select artist appearances.

2 Team Advantage: What a difference a year has made for **MASN**, as **DISH** agreed to carry the Mid-Atlantic RSN within its “America's Top 100 Plus” package. MASN, which added this season Baltimore Orioles' telecasts to its programming lineup that already included Washington Nationals' games, also inked carriage deals with Verizon and Mediacom during the last 2 weeks. This after **Comcast** agreed last fall, in part because of FCC pressure, to carry MASN, which finagled the Orioles from its own RSN, **Comcast SportsNet**.

Long Live the King: **GlaxoSmithKline** and **ING Direct** stepped up as sponsors of **CNN's** week-long (Mon-Sun) tribute to *Larry King*. Both cos will have packages that include tagged tune-ins, tagged print ads, commercials and on-air billboards, with the latter pair to run during “Larry King Live: King-Sized Week” (Mon-Sun, 9pm) and doc “CNN Presents: Larry King, 50 Years of Pop Culture” (Apr 18, 9pm). Also planned for the tribute is “Larry King Live: The Greatest Interviews,” a 3-disc DVD collection from **Warner Home Video** featuring King's most compelling interviews.



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Programming: Even MTV's "Pimp My Ride" is going green, featuring during its Earth Day ep (Apr 22, 1pm) an ecologically friendly alteration to a '65 Chevy Impala and a visit from CA Gov *Arnold Schwarzenegger*. -- **GSN's** doc "National Vocabulary Championship" will debut Sun (8pm ET), following 50 student finalists competing for a \$40K grand prize.

Broadband: Turner and United Soccer Leagues jointly launched **USLive.com**, a broadband channel offering online streaming of the org's First Division matches through 3 subscription options. The 1st live match hits the site Fri (8pm ET). -- **Endemol USA** and **Break.com** forged a first-look programming partnership that includes "Record Breakers," Endemol's initial original series.

Sponsorship: Stride rite has signed on as a co-sponsor of Nickelodeon's "SpongeBob SquarePants Friend or Foe" (Fri, 8pm) event, and launched an ad campaign for their SuperBall Shoe on-air and online in support of the event.

People: Hunter Nickell, who joined Speed in '05 as evp/GM, was promoted to pres of the net. -- **ESPN** promoted *Marcia Keegan* to vp, content synergy and strategic planning, production. -- **BBC Worldwide America** appointed *Michael Ross* to the new role of evp, business affairs and operations.

CableFAX Daily Stockwatch

Company	04/09 Close	1-Day Ch	Company	04/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	44.43	(0.28)	AMPHENOL:	33.57	(0.37)
DIRECTV:	23.58	0.07	ARRIS GROUP:	14.64	0.13
DISNEY:	34.91	0.00	AVID TECH:	35.60	(0.2)
ECHOSTAR:	45.14	0.43	BLNDER TONGUE:	2.01	0.25
GE:	34.78	(0.24)	BROADCOM:	32.41	(0.57)
HEARST-ARGYLE:	27.46	(0.27)	C-COR:	13.90	(0.13)
ION MEDIA:	1.30	(0.01)	CISCO:	26.20	0.14
NEWS CORP:	25.02	0.13	COMMSCOPE:	43.38	(0.39)
TRIBUNE:	32.75	(0.08)	CONCURRENT:	1.49	(0.01)
MSOS					
CABLEVISION:	30.70	(0.26)	CONVERGYS:	25.97	0.01
CHARTER:	2.76	0.05	CSG SYSTEMS:	24.84	(0.18)
COMCAST:	26.46	(0.15)	GEMSTAR TVG:	4.27	(0.01)
COMCAST SPCL:	25.98	(0.04)	GOOGLE:	468.21	(3.3)
GCI:	14.35	0.18	HARMONIC:	10.52	(0.23)
KNOLOGY:	16.26	(0.26)	JDSU:	15.14	(0.15)
LIBERTY CAPITAL:	112.70	1.24	LEVEL 3:	6.26	0.13
LIBERTY GLOBAL:	34.91	0.08	MICROSOFT:	28.57	0.02
LIBERTY INTERACTIVE:	24.02	(0.78)	MOTOROLA:	17.65	0.06
MEDIACOM:	8.50	(0.09)	NDS:	50.64	0.04
NTL:	28.22	0.00	NORTEL:	24.15	(0.32)
ROGERS COMM:	34.17	0.07	OPENTV:	2.49	(0.07)
SHAW COMM:	38.37	0.35	PHILIPS:	38.92	(0.23)
TIME WARNER CABLE:	36.95	(0.05)	RENTRAK:	15.00	(0.69)
WASH POST:	747.50	(4.26)	SEACHANGE:	8.29	0.04
PROGRAMMING					
CBS:	31.20	0.18	SONY:	53.25	1.13
CROWN:	5.20	(0.03)	SPRINT NEXTEL:	19.27	(0.33)
DISCOVERY:	20.17	0.18	THOMAS & BETTS:	50.02	0.76
EW SCRIPPS:	43.78	(0.62)	TIVO:	6.17	(0.24)
GRUPO TELEVISA:	31.04	0.21	TOLLGRADE:	12.35	0.01
INTERACTIVE CORP:	38.20	0.38	UNIVERSAL ELEC:	27.99	(0.52)
LODGENET:	31.75	0.37	VONAGE:	3.03	(0.34)
NEW FRONTIER:	8.98	0.08	VYYO:	6.90	(0.1)
OUTDOOR:	10.30	(0.28)	WEBB SYS:	0.05	0.00
PLAYBOY:	10.10	(0.09)	WORLDGATE:	0.67	0.00
TIME WARNER:	21.01	(0.03)	YAHOO:	31.64	(0.32)
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	12.08	(0.15)	AT&T:	39.33	0.06
VIACOM:	41.00	0.31	QWEST:	8.95	(0.16)
WWE:	16.08	0.00	VERIZON:	38.00	0.00
TECHNOLOGY					
3COM:	3.94	0.04	MARKET INDICES		
ADC:	17.37	(0.12)	DOW:	12569.14	8.94
ADVANTAGE:	3.97	0.12	NASDAQ:	2469.18	(2.16)
ALCATEL LUCENT:	12.35	(0.04)			
AMDOCS:	36.75	0.11			

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WHAT THE INDUSTRY READS FIRST.

M.C. Antil's CableFolks

Mr. Knorr Goes to Washington

I first talked to Patrick Knorr four years ago when, after having been blown away by both the concept and the execution of Best Buy's Geek Squad, I found myself even more blown away to learn that someone in the cable business had already been doing the Geek Squad thing, and doing it for some time. That someone was the innovative and techno-savvy Knorr, who now runs Sunflower Broadband.

So when I read that Patrick, who just started a two-year term as ACA chairman, was heading to Washington for that remarkable organization's annual march up Capitol Hill to preach the gospel of America's small independent operator, I decided to give him a call to see what was in the hearts and on the minds of the people most responsible for keeping cable's spirit of rugged individualism alive and kicking.

(And for what it's worth, you might get a kick out of the ebullient and tireless Matt Polka and his barbershop quartet promoting the ACA Summit by going to www.acasummit.org).

Patrick, polite and articulate as always, would eventually speak to me about retransmission consent and other issues that remain front and center for the small operator. But before that, he chose to talk to me about his independent brethren. When I mentioned to him that Sunflower remained an anomaly—a small company which, despite limited economies of scale and other financial and technical hurdles, has been willing to invest in technology roll out a stable of new digital products—he gently corrected me.

"We might have been at the forefront among small operators," he said, talking about digital deployment, "but we are no longer unique. There are a lot of ACA member companies now offering digital products and services."



M.C. Antil

Patrick told me that when the ACA membership meets in Washington April 17 and 18 for its baseball-themed Summit, the one issue that leads all others is one that has been on the front burner for a while. It's an issue that is growing in importance with the MSO superpowers: namely retrans.

But another issue Knorr hopes to address with lawmakers is the FCC's ban on digital boxes that feature integrated security, a ban that kicks in this July. He said he and his fellow small and mid-size operators have been seeking a waiver for low-cost boxes, claiming that without such a waiver they might not be able to move to all-digital networks.

One of the problems, Knorr explained, is that at least one of the major manufacturers of cable cards and boxes is telling the industry it won't have them available to ship until June. "That certainly doesn't give us much time to meet a July deadline," said Knorr.

According to the ACA, they're seeking an unconditional waiver on the integration ban until Dec 2009, or until downloadable security becomes available.

Knorr also told me that, because of that tight deadline, he hoped to talk to the FCC about caps on the penalties that it might impose on companies unable to get those new boxes deployed within the mandated timeframe.

Before I let him go, I asked Patrick what was the one thought he would like to instill in the minds of the lawmakers he will meet on Capitol Hill next week? He said, "I'd like them to know, we're not Comcast. We're not Cox or Time Warner. We're small companies who are doing a great job, and the people who are competing against us don't need your help. They're big and powerful, and they're trying to run us out of business. And if they do that, no one wins—least of all your constituents."

M.C. Antil can be reached at m.c.antil@att.net.

Free Webcast

Switched Digital Video: Lessons from System-Wide Production Deployments

BigBand Networks and *Communications Technology* are presenting a free Webcast on switched digital video. This Webcast will focus on the maturation of switched digital video including tips that cable operator employees have learned from the field.

Panelists:

Paul Brooks, Senior Network Architect, Time Warner Cable

Biren Sood, Vice President and Manager of Cable Video Americas, BigBand Networks

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