

# CableFAX Daily™

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What the Industry Reads First

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## Albrecht Gone: HBO Chief Steps Down After Vegas Incident

Well, he's out. And it's for good this time. Ironically, the whole thing felt like an episode of HBO's "The Sopranos," complete with violence, alcohol and mea culpas. After police arrested HBO chmn/CEO *Chris Albrecht* on suspicion of assaulting his girlfriend in Las Vegas early Sun morning, he quickly agreed to temporary exile as he worked on his self-described battle with alcohol. But in the end, the furor just grew and grew, culminating with reports Wed alleging that HBO had quietly settled a similar 1991 incident involving Albrecht. It was only a matter of hours before the head of the Time Warner family concluded that the HBO chief—despite being one of the most respected creative minds in the TV universe—just had to go. "[Pres/CEO] Jeff Bewkes and I believe that this is the right decision for the company," said **Time Warner** chmn/CEO *Richard Parsons*. "We thank Chris for all of his contributions to Home Box Office over the years." Said Albrecht: "With great regret, at the request of Time Warner, I have agreed to step down as chairman and CEO of Home Box Office. I take this step for the benefit of my Home Box Office colleagues, recognizing that I cannot allow my personal circumstances to distract them from the business. I'm very proud of what we have achieved together at Home Box Office, and I wish everybody there many more successes in the future." Time Warner said HBO COO Bill Nelson will temporarily assume Albrecht's duties until the appointment of a new CEO.

**Ad It Up:** As advertisers wring their hands over digital platforms, targeted ads and audience tracking online, **Oxygen** pres/CEO *Lisa Gersh* said linear TV still works and urged a collective, uh... breath of oxygen when it comes to the online platform. "The fact that that's measurable doesn't make it a better platform for advertisers," she said. "I know people want to measure... but we know the viewers are engaged because they're coming back every week." **Discovery** pres/CEO *David Zaslav* said Nielsen's ratings system "clearly needs to evolve" to take into account new platforms and consumer behavior. But he said programmers also need to evolve their approach to advertisers, noting that Discovery's recent PlanetGreen and iPremieres initiative stemmed directly from meetings it held with advertisers before its Upfront last month. "You can't just go in there and preach," he said. "You have to visit them before." Meanwhile, **Time Warner Cable** COO *Landel Hobbs* said targeted advertising is "where we see tremendous opportunity." But Gersh urged cable operators to quickly adopt dynamic VOD advertising before consumers get too used to free VOD with no ads, and then rebel when ads start showing up. Said Hobbs: "We agree with you. There's a window here. And we've got to get moving."

**Your Company's Computer Guy:** The NCTA's CIO tract drew good crowds in its sophomore outing at the '07 Cable Show, perhaps signifying IT's increasing importance as cable integrates across platforms and sells new services. At one panel, **Time Warner Cable** CIO *Frank Boncimino* said the cable industry's triple-play push has forced IT to shift its focus to "being mobile in the marketplace and launching new products." *Cliff Hagan*, svp, enterprise IT at **Cablevision**, said decentralizing the IT processes while not causing disruptions has been key. "If you don't have controls, you very

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quickly get into a quagmire," he said, noting that CVC averages a major IT implementation every week. **Rob Reynolds**, **Comcast's** vp, software dev and systems engineering, said the push to merge systems comes from a desire to be nimble in rapidly changing markets. "The time to market is very important and has never been as critical." Meanwhile, **Vince Roberts**, evp, worldwide technology and operations, at **Disney-ABC Television Group**, said repurposing media several times creates major IT challenges—especially because resources don't increase in tandem with market demands to release content on multiple platforms. "That is no small task."

**Closing Session:** We often lament that **NCTA** doesn't use trade reporters to moderate the general sessions, and Wed's finale offered more evidence that it might be time to go for steak, not sizzle. The moderator, **CNN** senior business reporter **Ali Velshi** rambled at a rapid clip without a question in sight. Things got so bad after one of Velshi's alleged queries that **ESPN-ABC Sports** chief **George Bodenheimer** received solid applause when he asked Velshi: "What was the question?" It seemed a wasted opportunity to question Bodenheimer, **Time Warner** pres **Jeff Bewkes**, **Cox's Pat Esser**, **Liberty's Michael Fries** and **J.P. Morgan's Jennifer Nason**.

**Competition:** Rural broadband provider **WildBlue** expanded its agreement with **AT&T** to provide "AT&T Yahoo! Broadband" service throughout the telco's 22-state footprint via its new satellite. -- **Verizon** added **BBC World News** to its FiOS TV channel lineup.

**In the States:** **Fox Cable Nets** inked a deal with **Comcast** that allows the MSO to add **Fuel TV** to its digital tier.

**Earnings:** **DirecTV's** 1Q results were decent enough, including an 11% rev increase to \$3.5bln, net subs additions of 235K (-8%) and the lowest monthly churn rate in 3 years (1.44%). But most Wall Street estimates were missed and investors grumbled, sending the stock down 2.58%, to \$23.75. Pres/CEO **Chase Carey** was nonetheless pleased with the performance of the DBS ops' primary competitive weapon against cable. "The increased sales of HD and digital video recorders are driving favorable results for most of our key operating metrics," he said. ARPU grew 5% to \$73.40. -- **News Corp's** cable nets delivered a 19% jump in FY3Q rev to \$998mln and a 34% surge in operating income to \$282mln, and also earned the segment's highest quarterly profit in history, said chmn/CEO **Rupert Murdoch**. Affil rev increases helped **Fox News** report 49% growth in operating income, and operating profit at other nets, including RSNs, **FX**, **Fox Intl** and **Speed**, increased 30%. **FX** helped with more subs and ratings strength. -- **Discovery's** US nets reported a 10% increase in 1Q rev to \$486mln, powered by growth in distribution (+7%) and ad (+10%) rev across the portfolio.

**Party Circuit:** **Lifetime** introduced its new pres/CEO **Andrea Wong** at its 8-course dinner event Tues night at Fleur de Lys at the Mandalay Bay. Wong worked the room nicely. And you know it's a classy event when there's an intermission sorbet. -- **Cisco's Scientific-Atlanta** hosted a soiree at Beatles Revolution nightclub in the Mirage—complete with music from the Fab Four and plenty of scantily clad dancers. It's all about the network(ing).

**PPV:** Sat night's epic bout between **Oscar De La Hoya** and **Floyd Mayweather** delivered a split-decision victory for Mayweather, but it scored a knock out for **HBO Sports**. The fight delivered platform records in PPV buys (2.15mln) and PPV rev (\$120mln), with cable systems contributing 1.23mln purchases. HBO will re-air the bout Sat (10pm).

**Broadband:** **Disney** bowed an improved version of broadband entertainment destination "Disney Connection," which now offers exclusive games and channel targeted to different demos. For select affils, the new version will

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include access to a pair of premium Disney subscription products.

**Noteworthy Deal: USA and Yahoo! Music** are partnering to discover and promote new music and emerging artists, and then integrate certain discoveries into certain USA programming and promotional content. Yahoo! Music will track customer feedback on "LAUNCHcast" and recommend artists and music to USA based on the research, and the net will in turn sign mutually agreed-upon artists and integrate them for an incubation period.

**Programming: C-SPAN** will air 3 general sessions from **The Cable Show**: the opening session with **FCC** chmn *Kevin Martin* (Sat, 10am ET), a session with **NCTA** boss *Kyle McSarrow* and **Comcast** chief *Brian Roberts* (May 19, 10am ET), and the closing session (May 26, 10am ET).

**Honors: The History Channel's** "Save Our History" campaign received an '07 "Preserve America Presidential Award" for achievement in historic preservation. **AETN** pres/CEO *Abbe Raven* and The History Channel evp *Nancy Dubuc* accepted the honor from First Lady *Laura Bush* during a ceremony in the White House rose garden.

**Business/Finance: Liberty Media** plans to initiate within 5 business days a Dutch self auction self-tender offer to buy up to \$500mln million of its **Liberty Interactive** Series A common stock at a range of \$23.75-\$25.75.

## CableFAX Daily Stockwatch

Company	05/09 Close	1-Day Ch	Company	05/09 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/			AMPHENOL:	35.79	0.13
BRITISH SKY:	49.82	(0.15)	APPLE:	106.88	1.82
DIRECTV:	23.75	(0.63)	ARRIS GROUP:	15.51	0.18
DISNEY:	36.12	(0.43)	AVID TECH:	33.88	0.10
ECHOSTAR:	48.17	(0.34)	BLNDER TONGUE:	1.85	0.00
GE:	37.26	0.18	BROADCOM:	33.50	0.10
HEARST-ARGYLE:	25.95	0.15	C-COR:	13.37	0.22
ION MEDIA:	1.41	(0.01)	CISCO:	26.51	(1.85)
NEWS CORP:	23.26	(0.39)	COMMSCOPE:	51.74	0.32
TRIBUNE:	32.91	0.05	CONCURRENT:	1.40	(0.07)
<b>MSOS</b>					
CABLEVISION:	35.41	(0.07)	CONVERGYS:	25.32	0.29
CHARTER:	3.61	0.03	CSG SYSTEMS:	27.56	0.00
COMCAST:	26.28	(0.17)	GEMSTAR TVG:	4.45	(0.1)
COMCAST SPCL:	26.07	(0.15)	GOOGLE:	469.25	2.44
GCI:	14.65	(0.2)	HARMONIC:	9.07	0.16
KNOLOGY:	18.40	(0.21)	JDSU:	13.99	0.33
LIBERTY CAPITAL:	116.59	(0.08)	LEVEL 3:	5.66	0.01
LIBERTY GLOBAL:	36.87	(0.74)	MICROSOFT:	30.78	0.03
LIBERTY INTERACTIVE:	24.95	1.14	MOTOROLA:	17.90	0.20
MEDIACOM:	8.55	(0.06)	NDS:	51.63	0.10
NTL:	28.22	0.00	NORTEL:	24.97	(0.06)
ROGERS COMM:	39.64	0.26	OPENTV:	2.37	(0.04)
SHAW COMM:	37.94	(0.94)	PHILIPS:	41.05	0.25
TIME WARNER CABLE:	36.98	(0.37)	RENTRAK:	14.53	(0.32)
WASH POST:	763.27	(2.77)	SEACHANGE:	8.87	0.00
<b>PROGRAMMING</b>					
CBS:	31.86	(0.02)	SONY:	55.63	1.17
CROWN:	6.05	0.06	SPRINT NEXTEL:	20.50	(0.05)
DISCOVERY:	22.40	(0.57)	THOMAS & BETTS:	55.42	1.26
EW SCRIPPS:	42.54	(0.48)	TIVO:	6.43	(0.04)
GRUPO TELEVISA:	29.11	0.41	TOLLGRADE:	12.58	(0.01)
INTERACTIVE CORP:	35.27	(0.16)	UNIVERSAL ELEC:	34.36	0.62
LODGENET:	33.81	0.52	VONAGE:	3.05	0.00
NEW FRONTIER:	9.00	(0.04)	VYYO:	6.90	(0.18)
OUTDOOR:	10.65	(0.13)	WEBB SYS:	0.05	0.01
PLAYBOY:	10.74	(0.32)	WORLDGATE:	0.66	0.01
TIME WARNER:	21.70	(0.21)	YAHOO:	30.22	(0.19)
UNIVISION:	36.23	0.00	<b>TELCOS</b>		
VALUEVISION:	10.85	(0.13)	AT&T:	39.47	0.20
VIACOM:	42.05	0.48	QWEST:	9.66	0.06
WWE:	18.38	0.48	VERIZON:	41.16	0.54
<b>TECHNOLOGY</b>					
3COM:	4.67	0.08	<b>MARKET INDICES</b>		
ADC:	18.14	0.04	DOW:	13362.87	53.80
ADVANTAGE:	4.27	0.04	NASDAQ:	2576.34	4.59
ALCATEL LUCENT:	13.28	0.02			
AMDOCS:	36.49	0.12			

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## Think about that for a minute...

### Catbird Seat

Out here at the National Show in Las Vegas there is one question that I keep getting asked: what do you think the “mood” is of the industry this year? The same words pop into my head each time: catbird seat.

I wasn't really sure where that term came from, but I sure knew what I meant by it. The industry seems to me to be in a very confident, commanding position even though there are some things—like the atmosphere in Washington—that are not what we would like.



Steve Effros

“Catbird seat” was popularized by *James Thurber* in the early 1940's, apparently after hearing *Red Barber* use it while announcing a Yankees baseball games.

But it wasn't referring to where Barber was sitting, all the way up at the top of the stadium; it was referring to the catbird... a real bird, which tends to take

to the highest point in the yard to oversee the landscape before singing its songs.

The catbird is a cousin of the mockingbird, and apparently is very good at using its flexible voice to sound like many different things (including a cat).

Well, it fits. The cable industry at this year's show feels like it is in the “catbird seat” for good reason.

When you survey the landscape, you realize that the money we have spent, the infrastructure we have built, and just as important, the new advances in technology we are taking advantage of, are all combining to create an incredibly flexible capability to provide numerous different services.

Not only are we providing them, we are doing it as well or better than the competitors in those discrete markets, and that in turn has resulted in cable industry leaders announcing some of the best first quarter results anyone could have

expected. What's more, there is no end in sight.

So yes, we are sitting in the catbird seat, and it is a very nice place to be. Video customer counts are starting to go up again, primarily because we have met the competition of “digital” delivery (digital penetration is now close to 50%) and the “triple play” is inducing customers to come back. Broadband data customers are increasingly deciding that the cable offering is not only faster but more reliable than the competition, so our numbers there are also beating all expectations.

And the telephone service we are rolling out is finding very little resistance from customers who find that the quality, reliability and service are equal to anyone's, and the price is usually better.

Add to all that the fact that we have built a very robust infrastructure that can deliver just about anything our customers currently want. That word “currently” is an important one. The new technology being shown at the Show, from switched digital, which increases capacity, to wideband cable modems, which allow staggering internet capability, elicits a sense that there are no future limits to what we can do.

Of course, that's not true. There is still the cloud of Washington hanging over us. Regulation has never worked as well as competition, and we have plenty of competition in every aspect of our business. But there are some who still prefer to tell the market what it wants, and what it should do. Will that stop the catbird from singing? I don't think so. Our customers appreciate the song we are singing, with lower prices and more service. It may not have been easy, but I think we are now confident of our position at the top of the tree.

Steve

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