

CableFAX Daily™

Monday — May 14, 2007

What the Industry Reads First

Volume 18 / No. 093

Our Take: Cable Show A Positive Affair Despite Distractions

The '07 Cable Show was nothing if not a bed of contradictions. On one hand, execs trumpeted cable's triple-play execution in the last year, with **Comcast** chmn/CEO *Brian Roberts* so giddy that he got down in the trenches and did a broadband demo for the crowd. But then again, cable stock prices flatlined all week despite the hype, which—while always bountiful at the annual confab—was actually backed up by stellar Q1 numbers this time. Wall Street remains hard to please, even on cable's best day. And let's just face it: The *Chris Albrecht* situation at **HBO** was an unfortunate distraction for everyone, including those of us who felt obliged to cover it. When it came to Albrecht and **Time Warner**, what happened in Vegas just refused to stay there, growing into a national scandal and filling news holes that might otherwise have featured more convention coverage. It also dominated cocktail-hour chatter that could have been better spent talking about, uh... the cable business, maybe? As if being in Vegas wasn't distraction enough. Albrecht, by the way, pleaded "no contest" on Fri, and agreed to a 6-month suspended sentence and \$1K fine. That aside, the Cable Show offered several big takeaways: 1) Cable is no longer a "mature" industry doomed to single-digit growth; the triple-play, commercial, wireless, you name it... all of these new lines mean cable is officially a growth business. So even if **Verizon** and **AT&T** succeed in stealing lots of customers, cable can make much of it up with increased ARPU. Who'd a thunk it a decade ago? 2) The **Cox-ABC** plan to test VOD with the fast-forward feature disabled so people can't skip ads is a big deal, even though it got overshadowed by other show coverage. If consumers react positively, it could ease advertisers' minds and help bolster the industry's pursuit of the network DVR. 3) CIOs are finally getting the respect they deserve after years of playing 2nd fiddle to the CTO crowd. The triple-play requires back-office integration, and these folks are on the front lines. The **NCTA's** '06 addition of the CIO tract is looking more and more like a smart move. 4) Advertising holds the key. **CAB's** stepped up involvement in the show was an important development, as harnessing new ad dollars from the Web and VOD could fuel growth for years to come. 5) The long arm of Washington remains. While regulators no longer obsess over rising cable rates, **FCC** chmn *Kevin Martin* made clear in his speech that he won't back down on mandatory a-la-carte or multicast. Good thing cable's making lots of money. It will need it to pay all those D.C. lobbyists.

In the Courts: **NFL Net** on Fri appealed a NY Supreme Court ruling that lets **Comcast** carry the net on a digital sports tier. The MSO plans to begin notifying subs next week that it will move the channel to a \$5/month sports tier (*Cfax*, 5/11).

Adult Swim Redux: The MA Attorney General will not proceed with criminal charges against the 2 men charged with putting the **Adult Swim** light boxes around Boston that caused a bomb scare in Jan. The AG's office made the announcement Fri, dropping the case in light of their public apologies and community service. "After learning all of the facts, we wanted to make an effort to fashion a parallel resolution for these young men as we did for **Turner Broadcasting**," Attorney General *Martha Coakley* said. "Based upon the defendants' apologies and acceptance of responsibility for their

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actions in January and the attendant consequences, as well as the positive and substantial efforts at restorative justice made by both men through their community service, we believe that this was the most appropriate resolution to this case.” Turner shelled out \$2mln to settle the action, and the GM of **Cartoon/Adult Swim**, *Jim Samples*, resigned.


In the States: Cook County, IL, prosecutors will seek the death penalty in the case of a cable subcontractor charged with the rape and murder of 2 Chicago-area women last year. The 2 women were found dead after service calls from *Anthony Triplett*, 26, who did work for **Comcast** as an employee of **Premier Cable**. -- **Cox N VA** hired **Secure Signals Intl** to finger people who steal basic cable or use illegal devices to steal digital cable. It's offering a 30-day grace period in which consumers can turn in their illegal equipment.

5Qs with Janice Arouh, Hallmark Channel's svp, Network Distribution & Service: Where are you in the renewal process? I'm thrilled to say that we've completed our hat trick—**Mediacom**, **EchoStar** and **NCTC**. We are very pleased with these renewals because they emphasize a fair price for our service. [Still to come are] **Comcast**, **Time Warner**, **DirecTV** and **Cablevision**—all of which we are engaged in. We're having favorable discussions. **You've hit the 80mln mark and are getting, according to estimates, approx 4 cents/sub. There are nets with lower ratings that you in getting 10-20 cents. How do you convince cable and DBS to boost licensing fees?** We literally have increased our viewers for every single month for the last 60 months plus. We deliver family friendly programming, which there is a scarcity of. We are the poster child not only on Capitol Hill but in their local communities and front yards to help them with indecency and the unintended consequences of retransmission consent. **Does analog vs digital carriage still matter to you?** We're a family friendly network—a home for every viewer in America, and it's necessary for us to be on expanded basic. Genre services that appear to the smaller constituencies. Those are the nets they should be migrating. **How has your job changed since Henry Schleiff came on board?** Henry ushered in an infectious enthusiasm for the Hallmark Channel. He has wild expectations. He raised the bar, and because of that we're taking the channel to the next level. Henry gets it. He could've radically changed the programming, but he got the brand... and realized there is no need to reformat. **What were your takeaways from the Cable Show?** Distributors are drafting on the Feb '09 digital mandate, pushing out the metal to subscribers, and ultimately the transition will be challenging for programmers and subscribers. It's imperative to provide customers “additive” opportunities to watch their favorite shows when and where they want to watch them, including Webcasts, DVRs, podcasts, mobisodes and VOD. There's also a ferocious appetite for HD content. Brand preferences and connecting with viewers are increasingly more important.

Programming: **HBO** is departing from its 'Sun night is for originals' stance, scheduling “Big Love” for Mondays, starting June 11. It's not the 1st time **HBO** has tried Mon night scheduling, putting “Six Feet Under” in the slot 2 years ago. -- “West Wing's” *Janel Moloney* will appear in 4 eps of **Showtime's** “Brotherhood” when new eps return this fall. -- **Style** launches new docu-series “Propose,” June 12, during the net's 12-day Wedding Party programming stunt.

Tony Bush?: Don't get your hopes up, *Michael Moore*. For a few seconds early Fri morning, **CNN Intl's** screenshot of British PM *Tony Blair* included the words “Bush Resigns.” Alas, the headline snafu only lasted about 12 seconds. “We have apologized to the White House for this unfortunate error,” a CNN spokesperson said.


People: *Steve Hattrup* was named vp, finance and accounting for **Time Warner Cable** National div.



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CableFAX Week in Review

Company	Ticker	5/11 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	49.90	(1.1%)	23.60%
DIRECTV:	DTV	23.82	(1.4%)	(4.5%)
DISNEY:	DIS	36.07	0.60%	8.00%
ECHOSTAR:	DISH	49.13	0.50%	29.20%
GE:	GE	36.97	(0.5%)	3.10%
HEARST-ARGYLE:	HTV	25.68	(0.6%)	2.10%
ION MEDIA:	ION	1.41	0.70%	182.00%
NEWS CORP:	NWS	23.30	(1.2%)	5.10%
TRIBUNE:	TRB	32.94	0.30%	8.20%

Company	Ticker	5/11 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	35.45	(0.4%)	24.50%
CHARTER:	CHTR	3.68	1.40%	20.30%
COMCAST:	CMCSA	26.41	(1.8%)	(37.6%)
COMCAST SPCL:	CMCSK	26.09	(1.7%)	(37.7%)
GCI:	GNCMA	13.16	(13.4%)	(16.3%)
KNOLOGY:	KNOL	18.64	(5.5%)	75.20%
LIBERTY CAPITAL:	LCAPA	116.77	(0.8%)	19.20%
LIBERTY GLOBAL:	LBTYA	37.66	2.30%	29.20%
LIBERTY INTERACTIVE:	LINTA	25.09	(2.3%)	16.30%
MEDIACOM:	MCCC	8.72	3.70%	8.50%
NTL:	NTLI	28.22		11.80%
ROGERS COMM:	RG	39.16	(1.5%)	31.90%
SHAW COMM:	SJR	38.57	(1.1%)	24.50%
TELEWEST:	TLWT	24.20		
TIME WARNER CABLE:	TWC	37.07	(1.9%)	(3.2%)
WASH POST:	WPO	760.73	(0.8%)	2.90%

Company	Ticker	5/11 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	31.78	(0.7%)	3.30%
CROWN:	CRWN	6.51	13.20%	79.30%
DISCOVERY:	DISCA	22.44	26.80%	42.70%
EW SCRIPPS:	SSP	42.51	(1.5%)	(14.4%)
GRUPO TELEVISIA:	TV	29.09	0.10%	7.70%
INTERACTIVE CORP:	IACI	34.85	(2.9%)	(6.2%)
LIBERTY:	L	8.63		
LODGENET:	LNET	33.50	(0.5%)	33.80%
NEW FRONTIER:	NOOF	8.74	(1.4%)	9.70%
OUTDOOR:	OUTD	10.44	(1.5%)	(18.6%)
PLAYBOY:	PLA	10.54	1.30%	(8%)
TIME WARNER:	TWX	21.40	0.50%	(1.5%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	10.51	(4.6%)	(20%)
VIACOM:	VIA	42.04	0.60%	7.00%
WWE:	WWE	18.18	(0.2%)	18.90%

Company	Ticker	5/11 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.67	11.50%	13.60%
ADC:	ADCT	18.04	9.10%	32.40%
ADVANTAGE:	AEY	4.25	2.40%	52.30%
ALCATEL LUCENT:	ALU	13.57	0.90%	4.20%
AMDOCS:	DOX	36.66	(1.6%)	(5.4%)
AMPHENOL:	APH	35.31	(2.8%)	(43%)
APPLE:	AAPL	108.74	20.40%	20.40%
ARRIS GROUP:	ARRS	15.56	0.10%	24.40%
AVID TECH:	AVID	33.80	(0.6%)	(9.3%)
BLNDER TONGUE:	BDR	1.70	(2.9%)	

Company	Ticker	5/11 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	33.20	0.20%	2.70%
C-COR:	CCBL	13.18	0.80%	18.30%
CISCO:	CSCO	26.63	(4.6%)	(2.6%)
COMMSCOPE:	CTV	51.11	1.50%	67.70%
CONCURRENT:	CCUR	1.32	(13.2%)	(27.1%)
CONVERGYS:	CVG	25.07	(2.1%)	5.40%
CSG SYSTEMS:	CSGS	27.51	(1.6%)	2.90%
GEMSTAR TVG:	GMST	4.47	(4.3%)	11.50%
GOOGLE:	GOOG	466.74	(0.9%)	1.40%
HARMONIC:	HLIT	8.68	(2.1%)	19.40%
JDSU:	JDSU	13.82	(1.1%)	(16.8%)
LEVEL 3:	LVL	5.54	(1.1%)	(1.1%)
MICROSOFT:	MSFT	30.89	1.10%	4.50%
MOTOROLA:	MOT	18.32	1.30%	(9.7%)
NDS:	NNDS	51.50	0.00%	6.70%
NORTEL:	NT	24.18	(4.9%)	(9.5%)
OPENTV:	OPTV	2.35	(3.7%)	1.30%
PATH 1:	PNO	1.34		
PHILIPS:	PHG	40.65	(0.9%)	12.40%
RENTRAK:	RENT	15.10	1.00%	(2.6%)
SEACHANGE:	SEAC	8.85	(1%)	(13.4%)
SONY:	SNE	54.06	0.20%	26.70%
SPRINT NEXTEL:	S	20.71	0.00%	10.00%
THOMAS & BETTS:	TNB	55.38	0.30%	17.10%
TIVO:	TIVO	6.29	(1.1%)	22.90%
TOLLGRADE:	TLGD	12.50	0.50%	18.30%
UNIVERSAL ELEC:	UEIC	33.40	(1.8%)	58.90%
VONAGE:	VG	3.46	10.90%	(50.1%)
VYVO:	VYVO	6.94	(4.5%)	53.20%
WEBB SYS:	WEBB	0.05	(16.7%)	25.00%
WORLDGATE:	WGAT	0.70	(1.4%)	(47.8%)
YAHOO:	YHOO	30.05	(3%)	17.70%

Company	Ticker	5/11 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	39.59	0.30%	15.80%
QWEST:	Q	9.77	3.70%	16.70%
VERIZON:	VZ	41.35	1.70%	16.50%

Index	Value	% Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	13326.22	0.50%	6.90%
NASDAQ:	COMPX	2562.22	(0.4%)	6.10%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. DISCOVERY:	22.44	26.80%
2. APPLE:	108.74	20.40%
3. CROWN:	6.51	13.20%
4. 3COM:	4.67	11.50%
5. VONAGE:	3.46	10.90%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.05	(16.7%)
2. GCI:	13.16	(13.4%)
3. CONCURRENT:	1.32	(13.2%)
4. KNOLOGY:	18.64	(5.5%)
5. NORTEL:	24.18	(4.9%)



is for highly successful



The Top 10 network that now reaches over 80 million HH.

Source: Nielsen Galaxy Explorer, 1q'07 (1/1-4/1/07) Prime Time (M-Su 8-11p) Live+50 coverage area HH ratings among all ad-supported cable networks; Nielsen People Meter Sample May'07; Hallmark Channel UE+82.1MM Further qualifications upon request.

MaxFAX...

Bombs and Battery...

Quite a show in Las Vegas last week.

Two bombs.

One in the Luxor parking garage.
Killed a guy.

One on stage at the Mandalay Bay as Federal Confusion Commission chmn



Paul S. Maxwell

Kevin Martin(et) stumbled through a badly written speech with lame one-liners, weirdly tortured logic and fumbled applause lines. Trying to

kill an industry he professes to admire.

One (alleged) battery charge caused big change at **HBO**. As it should have. But about that 2nd bomber.

The **NCTA's** *Kyle McStarrow* dissected the tortured logic turning *Martin(et)*'s "you can't have it both ways" line back on the chairman.

That doesn't take away the threat of a la carte... which is, of course, the answer to all the world's ills.

Martin(et) said his philosophy of regulation was to tilt the playing field in favor of the innovators.

Too bad his actions don't match his words. Copycats aren't innovators. But he tilts in favor of the biggest and loudest... not the innovators.

Random Notes:

• **Pioneers:** We inducted a terrific class this year... and, just to make it harder on them, we are ordering (as much as anyone can order anyone in this business) to elect one member of this 2007 class to join the **Cable TV Pioneers Board of Directors** for a two-year term. From now on, each class will do the same. This new board member will be joining a motley group consisting of *Art Dwyer*, *Jim Faircloth* (our new chairman), *Rex Porter* (our VC), *Susan Bitter Smith*, *Frank Drendel*, *Bill Bresnan*, *Mike Pandzik*, *Ben Hooks* (newest member) and me all listening to whatever our executive director *Les Read* says.

• **Planning Ahead:** I know, the show is just over... you haven't had time to absorb all the new stuff you saw in Vegas... on the show floor or elsewhere... like in parking lots. But stuff keeps happening... so get ready:

• **SoCal CTAM:** The evening of May 23rd at the Marriott Marina del Rey will find me leading (sort of) a lively conversation for the Southern California Chapter of **CTAM**... featuring: **Charter's** (cover girl) *Cathy Fogler*, **Time Warner Cable's** (new La La Land prez) *Steve Pagano*, **Fox Networks'** (new evp and new subscriber to *The Wall Street Journal*) *Mike Hopkins*, **Here! Networks'** *Paul Colichman* and **Gemstar/TV Guide's** *Rich Battista*. Info at [\[socal.com/main/events.html\]\(http://www.ctam-socal.com/main/events.html\). We'll be discussing the continuing dynamics of an industry set to, once again, explode! So, be there.](http://www.ctam-</p>
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• **More Techie?** Starting June 19th (a favorite day of mine as a kid; June-teenth and the Emancipation Proclamation got to Texas), all of that leading edge stuff that was in Las Vegas last week will be (really) working in Orlando at **Cable-Tec Expo**... and I've got—as usual—a fantastic CEO panel to start off the show. Info at <http://expo.scte.org/content/registration/index.cfm>. This is a don't miss show as cable begins the slow movement to include IPTV and more into the realm of everyday. The mantra probably shouldn't be "convergence"... more like a fusion of interoperability.

• **Canny?** Well, Cannes anyway and speaking of IPTV. June 27-29 on the French coast brings an international flavor and close looks from a variety of points of view as **C-COR** hosts its 3rd Annual Global IP Summit. Info at http://www.c-cor.com/about/PR/news_releases.cfm?action=view&ID=494. And, of course, I'll be there, too. Wouldn't miss it. A real—instead of fake—beach at this conference.

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CableFAX databriefs



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- LMN** This is the "gotta have" entertainment destination for women who need to satisfy their craving for movies, movies and even more movies!
- Lifetime Real Women** With a fresh take on true-to-life programming, this is the only 24-hour reality network that showcases personal stories about women for women.
- Lifetime On Demand** We give our viewers the power to watch many of their favorite Lifetime shows whenever and however they choose!
- LMN Español On Demand** We offer top-rated titles on demand in Spanish, attracting our key demographic of Hispanic viewers.
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