

CableFAX Daily™

Monday — June 2, 2008

What the Industry Reads First

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Straight Talk: Bewkes Begins Cable Drill Down

We never tire of multichannel execs holding forth on industry competition, and **Time Warner Cable** pres/CEO *Glenn Britt* obliged Fri during the **Sanford Bernstein** conference. But **Time Warner** pres/CEO *Jeff Bewkes*' candor surrounding the company's cable nets was particularly refreshing, and owing to the forthcoming TW/TWC split will fortunately become the norm going forward. In short, Bewkes is bullish on Time Warner's basket of cable channels, particularly **HBO**, **TNT** and **TBS**, and enamored of the purchasing and distribution synergies offered by the company's entire content collection (**AOL**, **Warner Bros**, etc). Using the nets' strengths in combination "leads to the kind of earnings growth that you have at Turner [and] to a platform into which you essentially have fertile ground to put more and more original programming," said Bewkes, who rates originals as key growth drivers. And thanks to "cable networks' reach coming up equal to the broadcasters," he said, the economics of original content are increasingly manageable. Furthermore, the plan to air original content nightly from Mon-Wed on TNT and TBS will serve "to drive advertising [and] close the gap with broadcast CPMs," he said. Of the 2 nets, Bewkes said "really solid returns" aren't guaranteed but "close." While numerous media outlets have recently lambasted HBO for a perceived dearth of breakout shows, Bewkes has nothing but confidence in the premium net. It failed to grow double digits just 1 year over the last 15 ('07), he said, and that slowdown was expected due to a few syndication and film rights anomalies. "The HBO earnings juggernaut will continue," said Bewkes. Also, advertising across the aforementioned nets plus **CNN** and **Cartoon Net** is solid, he said, with the scatter market rebounding nicely following a slight recent dip. Meanwhile, Britt said the MSO's switched digital roll out will prevent any additional dip in HD business vis-à-vis **DirecTV**. This year, "we're going to be at parity or better than them with HD," said Britt. "It won't be anything they can brag about going forward." In NYC, where TWC has chosen to go all-digital, customers will be able to receive "almost every available HD signal... over the next three months," he said. This will aid in the impending local fight with **Verizon**, he said, as will **DOCSIS 3.0**, which will remedy the only real market advantage (broadband speeds) that Verizon currently owns.

In the Courts: The **DISH/TiVo** spat continues. **DISH** and **EchoStar** filed a suit against the DVR maker Fri asking a DE court to find that their new DVR software does not infringe on TiVo's 389 patent. "The lawsuit is in response to TiVo's continued public statements that our new DVR software infringes," **DISH** and **EchoStar** said. TiVo's *Tom Rogers* said during a Wed earnings call that it has told the court that it believes **DISH**'s modified software does not avoid infringement.

HD: Weather Channel launches its first 2 daily programs in an HD simulcast Mon, "Your Weather Today" and "Evening Edition." More programs will transition to the new HD studio as summer progresses, including "Abrams & Bettes-Beyond the Forecast" (June 16), until all studio programming originates from the 5000 sq-ft studio. An online virtual walkthrough of the studio is available thanks to a partnership with **Cisco**, and can be viewed starting Mon at



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weather.com/studio. The HD version is available to viewers with the **Weather Channel HD** from their cable or DBS provider. **Charter, Comcast, Cox, DISH, DirecTV** and **Time Warner Cable** are among those carrying the net.

At the Portals: The Natl Congress of Black Women, Hispanic Federation, Natl Council of Women's Organizations and others wrote the FCC's commissioners Thurs to speak out against wholesale a la carte. FCC chmn *Kevin Martin* has indicated support for the idea. They argue that wholesale a la carte is no better than retail a la carte. "Whether one calls it 'unbundling' or 'wholesale' or 'retail', a la carte is harmful to consumers and diversity of programming. We urge you to continue opposing this and other versions of an idea that has virtually no support among civic groups or lawmakers," they wrote. -- Give small ops a break when it comes to regulatory fees and reporting requirements, **ACA** says. The trade group wants the FCC to reduce compliance obligations for operators serving fewer than 5K subs. It wants the Commission to send fee assessment letters via surface mail to the smallest cable operators, continue to email notification of regulatory fees and to base regulatory fees on cable operators' aggregate year-end subscriber counts. "ACA's members are 100% committed to complying with federal regulations, and with support of the FCC our members can significantly reduce the cost of compliance in hours and dollars and cents spent," ACA pres/CEO *Matt Polka* said.

DTV Doings: With Wilmington, NC, gets ready for its Sept 8 DTV transition, several area retailers were planning in-store demos on digital broadcasting Sat as well as the opportunity to ask **FCC** experts about the switch to digital.

In the States: Millennium Digital officially changes its name to **Broadstripe** in MD on Mon. -- **Crawford Satellite Services** has launched 3 additional nets: Caribbean music and culture net **Tempo**, German net **ProSiebenSat** and outdoor net **The Pursuit Channel**. -- *Wired* has an interview with the alleged Comcast hackers, who claim they tried to warn the MSO about the security flaw (<http://blog.wired.com/27bstroke6/2008/05/comcast-hijack.html>).

Ratings: **Bravo's** "Top Chef: Chicago" was the No 2 cable ent telecast Wed for 18-49s. The series is enjoying its highest-rated season to date through 12 eps, averaging 2.1mln 18-49s and 2.9mln total viewers. 927K viewers tuned into "Work Out" Tues, and a special "lost footage" ep of "The Real Housewives of NYC" delivered more than a million viewers Tues night. -- Wed's **ESPN** telecast of NBA Eastern Conference Finals Game 5 between Boston and Detroit averaged nearly 5mln HHs, up 63% over last year's Utah-San Antonio Game 5. The 5.1 rating is up 59% over last year's 3.2.

Programming: **AMC's** must be enjoying the love "Mad Men" is getting in next week's *Entertainment Weekly*. The June 6 edition has *Christina Hendricks* and Golden Globe/**CableFAX 100** winner *Jon Hamm* on the cover, as the mag puts the series #1 on its must-see summer TV list. Inside MM gets 6 pages. EW's "10 Shows You Should Be Watching" includes 6 from cable: **AMC's** "Breaking Bad," **HBO's** "Flight of the Conchords" and "In Treatment," **ABC Family's** "Greek," **MTV's** "The Paper" and **Showtime's** "Brotherhood."

Oops: **Discovery's Planet Green** is replacing **Discovery Home** and not **Discovery Health**, which will convert next year to **The Oprah Winfrey Network**. The 1Q ratings numbers cited in Fri's issue were for Discovery Health, not Home.

Editor's Note: The June 9 cut-off date for nominations for **CableFAX: The Magazine's** Top 10 Places to Work in Cable is fast approaching. Interestingly, one cable operator has received a multitude of nominations, while some other operators and many prominent programmers have not gotten a single nom. You can either balance out that trend, or add to it, by completing a nomination form at <http://www.cable360.net/cablefaxmag/top10workplaces.html>.

#1 ORIGINAL CABLE MOVIE/MINISERIES IN 2008

10.7 MILLION VIEWERS INFECTED

RIDLEY SCOTT AND TONY SCOTT PRESENT

THE ANDROMEDA STRAIN

Source: #1 Claim: Nielsen Media Research data in Star Trak, 12/31/07 - 5/27/08, P1849 & P2554 Live + SD (000) original movie telecasts, Mon-Sun 8p-11p, Subject to Qualifications. Infected Viewers Claim: Nielsen Media Research data in NPOWER, Andromeda Strain Parts 1 & 2, 5/26/08 & 5/27/08, P2+ Reach (000), 6 min qualifier, Subject to Qualifications.

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CableFAX Week in Review

Company	Ticker	5/30 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	42.84	2.00%	(8.9%)
DIRECTV:	DTV	28.10	2.60%	21.50%
DISNEY:	DIS	33.60	1.10%	4.10%
ECHOSTAR:	DISH	35.11	2.20%	3.40%
GE:	GE	30.72	1.00%	(12.1%)
HEARST-ARGYLE:	HTV	21.27	2.00%	(2.5%)
ION MEDIA:	ION	1.45		12.40%
NEWS CORP:	NWS	18.60	(2.7%)	(11.6%)
MSOS				
CABLEVISION:	CVC	27.11	5.00%	10.70%
CHARTER:	CHTR	1.59	28.20%	35.90%
COMCAST:	CMCSA	22.50	4.10%	23.90%
COMCAST SPCL:	CMCSK	22.29	4.20%	23.70%
GCI:	GNCMA	7.36	11.50%	(15.9%)
KNOLOGY:	KNOL	14.83	4.60%	16.00%
LIBERTY CAPITAL:	LCAPA	14.82	0.50%	(36.4%)
LIBERTY ENT:	LMEDIA	27.00	0.40%	11.70%
LIBERTY GLOBAL:	LBTYA	35.85	1.20%	(8.5%)
LIBERTY INTERACTIVE:	LINTA	16.99	5.10%	(11%)
MEDIACOM:	MCCC	6.21	13.50%	35.30%
SHAW COMM:	SJR	20.72	(4.5%)	(9%)
TIME WARNER CABLE:	TWC	29.90	(1.4%)	8.30%
VIRGIN MEDIA:	VMED	15.69	4.40%	(4.2%)
WASH POST:	WPO	628.42	0.90%	(19%)

Company	Ticker	5/30 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	21.58	(4.9%)	(18.1%)
CROWN:	CRWN	5.02	(0.6%)	(22.8%)
DISCOVERY:	DISCA	26.19	3.10%	4.20%
EW SCRIPPS:	SSP	47.10	(2.9%)	5.60%
GRUPO TELEvisa:	TV	26.20	0.00%	10.20%
INTERACTIVE CORP:	IACI	22.55	(1.7%)	(16.2%)
LODGENET:	LNET	6.51	(0.2%)	(62.7%)
NEW FRONTIER:	NOOF	5.09	2.80%	6.70%
OUTDOOR:	OUTD	7.91	0.90%	14.60%
PLAYBOY:	PLA	5.80	(1.5%)	(36.4%)
TIME WARNER:	TWX	15.88	(0.2%)	(2.7%)
VALUEVISION:	VVTV	4.41	6.50%	(29.9%)
VIACOM:	VIA	36.07	(6.1%)	(18%)
WWE:	WWE	16.68	1.40%	21.10%

Company	Ticker	5/30 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.52	3.30%	(44.2%)
ADC:	ADCT	15.74	4.90%	1.40%
ADVANTAGE:	AEY	3.68	(1.3%)	(40.4%)
ALCATEL LUCENT:	ALU	7.51	6.20%	2.60%
AMDOCS:	DOX	32.31	3.90%	(6.3%)
AMPHENOL:	APH	46.63	1.90%	0.80%
APPLE:	AAPL	188.75	4.20%	(4.7%)
ARRIS GROUP:	ARRS	9.36	12.80%	(6.2%)
AVID TECH:	AVID	21.46	(0.9%)	(24.3%)
BIGBAND:	BBND	5.30	(10.2%)	3.10%
BROADCOM:	BRCM	28.69	9.10%	9.80%
C-COR:	CCBL	11.00		
CISCO:	CSCO	26.72	6.50%	(1.3%)
COMMSCOPE:	CTV	54.85	6.10%	11.50%

Company	Ticker	5/30 Close	1-Week % Chg	YTD %Chg
CONCURRENT:	CCUR	0.69	4.50%	(16.9%)
CONVERGYS:	CVG	16.13	2.40%	(2%)
CSG SYSTEMS:	CSGS	13.28	3.60%	(9.8%)
ECHOSTAR HOLDING:	SATS	37.34	(1.7%)	13.50%
GOOGLE:	GOOG	585.80	7.60%	(15.3%)
HARMONIC:	HLIT	9.62	7.20%	(8.2%)
JDSU:	JDSU	12.37	6.20%	(6.6%)
LEVEL 3:	LVL	3.43		12.80%
MICROSOFT:	MSFT	28.32	1.00%	(19.5%)
MOTOROLA:	MOT	9.33	2.50%	(40%)
NDS:	NNDS	52.27	(5.4%)	(11.8%)
NORTEL:	NT	8.24	2.50%	(45.4%)
OPENTV:	OPTV	1.47	1.40%	11.40%
PHILIPS:	PHG	38.43	0.50%	(2.9%)
RENTRAK:	RENT	13.95	1.50%	(3.3%)
SEACHANGE:	SEAC	7.86	12.30%	8.70%
SONY:	SNE	50.39	4.90%	(7.2%)
SPRINT NEXTEL:	S	9.36	7.80%	(28.7%)
THOMAS & BETTS:	TNB	42.40	1.70%	(13.5%)
TIVO:	TIVO	8.41	(0.6%)	0.80%
TOLLGRADE:	TLGD	5.32	15.90%	(33.7%)
UNIVERSAL ELEC:	UEIC	25.42	6.90%	(24%)
VONAGE:	VG	2.00	13.00%	(13%)
WORLDGATE:	WGAT	0.30		
YAHOO:	YHOO	26.76	(3.5%)	15.00%

Company	Ticker	5/30 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	39.90	3.50%	1.80%
QWEST:	Q	4.85	9.20%	(25.1%)
VERIZON:	VZ	38.47	3.80%	(6.6%)

Index	Value	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	12638.32	1.30%	(4.7%)
NASDAQ:	COMPX	2522.66	3.20%	(4.9%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. CHARTER:	1.59	28.20%
2. TOLLGRADE:	5.32	15.90%
3. MEDIACOM:	6.21	13.50%
4. VONAGE:	2.00	13.00%
5. ARRIS GROUP:	9.36	12.80%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. BIGBAND:	5.30	(10.2%)
2. VIACOM:	36.07	(6.1%)
3. NDS:	52.27	(5.4%)
4. CBS:	21.58	(4.9%)
5. SHAW COMM:	20.72	(4.5%)

Winners will be honored at the 22ND Annual NAMIC Conference.

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NATIONAL ASSOCIATION FOR MULTI-ETHNICITY IN COMMUNICATIONS

ENTRY DEADLINE: JULY 11

MaxFAX...

Shades of John Carter?

Way back in 1959, Texas-based two-way radio dealer *John Carter* released his Carterfone... a device that connected two-way radios to **AT&T** (then monopoly and all-caps)



Paul S. Maxwell

landlines allowing for easy communications among workers in the field and anybody with a telephone (dials, back then).

AT&T didn't like it and sued claiming adverse impact

on the sacrosanct network... a not totally unreasonable line of thinking.

But the courts threw the complaint to the Federal Communication Commission in 1966, saying the **FCC** had jurisdiction.

In a surprise decision in 1968 (who ever thought the FCC was ever quick to act?), the FCC said, whoa! That's OK... so long as the device meets technical standards. In 1975, the Commission then added Part 68 to its arcane body of rules and made the decision sort of universal... any device meeting technical standards could be attached to the network. After all, when the decision was made, that one common carrier more or less dominated the communications world.

You know what happened then.

Cheap telephones, among other things, proliferated. But so did all kinds of new devices.

Now, I knew John Carter pretty well because, way back then, I was covering him closely. John was a true Texan, a great raconteur and drinking friend. He drove a Cadillac convertible with fins and horns from a longhorn on the hood. I doubt that's *Howard Stringer's* ride. And Stringer doesn't look much like John did, either.

But Stringer's **Sony** has just cut a deal (with, among others, **Comcast**, **Time Warner Cable**, **Cox**, **Charter**, **Cablevision** and **Bright House**) that many believe is the end of the era of the set-top box.

I think that gets a little ahead of the story, though. What it really means is tru2way is (1) for real and (2) the cable industry has decided that wall around the garden is crumbling like the Berlin Wall did.

It doesn't mean the end of the set-top box, though... inertia is a most powerful force.

It does mean that the proliferation of other boxes (such as **SlingBox** and computers of all sorts) will begin to explode. The Gummy is just a small example of the other kinds of "boxes" and devices that will appear. Many, such as **akimbo**, won't survive. Many more will appear as features in TV sets, computers and game consoles.

It also means that cable is well on its

way to countering the natural advantage of the DTH platforms' national coverage with a plan to be able to compete—with some services and packages—nationally. It also means that cable is getting its collective act together faster and in a smarter way than ever before.

The announcement came from Sony and the **NCTA**.

Gonna be fun to watch.

Random Notes:

• **Had an Old Dog:**... and his name was Balto. Our late, as of last Friday morning, Siberian Husky was born on the 4th of July 15 years ago. Smart dog. At a kennel in Colorado, he freed all of the other boarders—about 40 dogs—and led them out to the play yard where the staff found them the next morning. He once escaped his stockaded yard (8-foot fence, concrete two feet down and still found a way out!) with his littermate (sister Katya, still going strong), and late that night we picked them up at a sheriff's substation two counties over. The pair was playing with a gaggle of smiling deputies on the floor. Long time, good family friend. Bummer, he's gone.

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