

CableFAX Daily™

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What the Industry Reads First

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Ads In: Upfront Season Serving Cable Nets Well

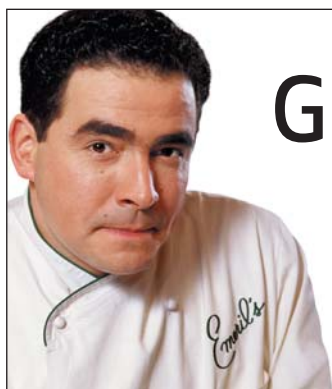
Judging by comments this week from various industry sources, it appears cable has been able to shrug off potential upfront sales threats such as the listless economy and the profusion of online ad dollars. Hard data will have to wait until nets wrap up their negotiations—many will do so this week and next—but early indicators point to bulging pockets. Even big broadcasters' ad sales have fared well this year, certainly a positive sign for cable. "The market is much stronger than people thought initially," said **Hallmark Channel** evp, ad sales *Bill Abbott*. "We're doing very well." Approx half of the net's deals are completed, he said, and so far CPM increases have been "very healthy." Ditto for **Lifetime**. "We are actively writing business with CPM increases in the high single digits along with healthy volume gains," said a net spokesman. Another programmer, who requested anonymity, said it is seeing similar 9%-10% CPM growth amid "very strong [upfront] business." At conferences earlier in the week, **Viacom** pres/CEO *Philippe Dauman* said the company's cable stable is enjoying "good growth on volume and pricing," while **ESPN/Disney Media Networks** co-chief *George Bodenheimer* remains "bullish on our advertising." Given how the ease of audience segmentation on the Internet has become beguiling to many advertisers, such a positive outlook may still be surprising to some. Indeed, online ad sales are skyrocketing, just not yet to the great detriment of TV. "At the end of the day, television is still the best proposition," said Abbott.

Retrans: Following **LIN TV's** contrary prognostications last week (*Cfax*, 6/10), **Charter** has reached with LIN TV a retrans agreement in principle covering the HD and analog signals of stations in 11 markets, including Providence and Green Bay. The pair is working to complete the deal as soon as possible.

Deals: **HBO** will make a financial investment in **Funny or Die**, the hot Web property founded by *Will Ferrell*, *Adam McKay* and *Chris Henchy*, and commissioned 10 half-hours of programming from the company. "80% of what I watch is on HBO and the other 20% is basketball and *Keith Olbermann*. The **NBA** and Keith said no, so this worked out great," read funnyman McKay's statement.

Research: Here are some stats cable can be proud of: the industry accounts for 1.5mln jobs in the US, representing almost \$62bln in personal income and gross economic output of nearly \$227bln. The study was completed by **Bortz Media and Sports** and released by **NCTA**. Between '02-'07, the study found that direct and indirect employment attributable to cable increased by almost 367K jobs, which amounts to nearly 5% of all net new jobs created by the US economy during that 5-year period. More at NCTA.com.

Tru2way: **CableLabs** doesn't ever like to chat about specific testing results, but it did put out a statement Wed after a blog suggested **Panasonic's** tru2way TVs might not be available this year because of failed tests. "While we cannot address speculation made in the media about specific tests results, it is important to understand that it is common for devices to require multiple test runs before achieving CableLabs Certification," CableLabs said. "Manufac-



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turers generally account for such timing in their product plans. CableLabs conducts multiple test waves throughout the year in order to accommodate additional testing. Panasonic has entered an upcoming certification wave, which provides ample time for products to reach the marketplace to meet the company's rollout schedule. Other tru2way products, including products from **Samsung** and **ADB**, have already been certified by CableLabs." The statement came after **IP Democracy** blogger *Cynthia Brumfield* wrote that observers reported "dozens and dozens" of bugs during Panasonic testing and some questioned whether sets would be ready by Christmas.

Competition: **DISH** begins Thurs presenting **ESPN's US Open** coverage through its multi-screen iTV mosaic, and will feature in addition to live coverage a feed highlighting *Tiger Woods* and *Phil Mickelson* and highlights from previous tourneys. Also, the DBS op will launch **WGN America HD** this week.

Carriage: **Cablevision** will add **CBS College Sports Net** to its iO Sports Pak this month, adding to approx 13 channels including **Versus**, **NHL Net** and **Outdoor Channel**. -- **Sunflower Broadband** has launched **BlueHighways TV's** linear service and VOD services in Lawrence, KS. -- **Time Warner Cable's** NYC Region added **HD Movies on Demand**, **Planet Green HD**, **Jewish Channel On Demand** (\$6.95/month) and Russian-American net **NTV America** (\$9.95/month).

Inside the Beltway: **FCC** commish *Jonathan Adelstein* renewed his call Wed for cable and broadcasters to work with the Commission on safety measures to protect children from violent and inappropriate content on TV. Speaking at a **Media Institute** lunch in DC, Adelstein repeatedly stated that the V-chip is not effective, mainly because many parents do not know how to use it. The V-chip must be updated to be compatible with new technology, and parents should be educated on how it works, he said. Adelstein also discussed the rating system, saying that TV ratings should be simple and uniform among the nets. He even suggested that commercials should be rated, or at least be appropriately tied to the programming (ie, no racy spots during family viewing time). The commissioner proposed a media literacy program that would be part of a public school curriculum, used to educate children and make them aware of media content and its effects.

Internet Safety: While **Time Warner Cable**, **Verizon** and **Sprint** grabbed headlines and accolades this week for agreeing to block access to child porn Newsgroups and shut down child-porn Web servers hosted on their networks, **NCTA**, **Cable in the Classroom** and family media groups convened the PointSmart.ClickSafe online safety summit in DC Tues. Speakers included **Comcast's** *Torie Clarke*, reps from **PTA**, **Disney**, **Cox**, **Verizon** and **Symantec** as well as law enforcement. The summiteers discussed best practices for keeping children safe online. More info, and video from the event, can be found at www.summit.pointsmartclicksafe.org.

Spot Growth: Cable TV ad spending increased 4.1% Y-over-Y in 1Q, according to **TNS Media**, trailing national syndication (11.2%) and Spanish-language TV (4.4%) but well ahead of broadcast TV (0.8%). As spending in the TV category rose 1.7% overall, the Internet posted 8.5% growth. **Verizon** (+10.4%), **AT&T** (-14.6%), **Time Warner** (-6.8%), **News Corp** (+22.5%) and **Disney** (-7.9%) were among 1Q's top 10 advertisers.

Programming: **Lifetime** has expanded its original slate by ordering 13 eps of "Rita Rocks" (fall), in which a married working mother regains her identity by recreating her glory days as a musician in a garage band. -- **Bravo** plays to a younger crowd, announcing development plans for "Top Chef Junior" (working title). Teens will compete in the spinoff of Bravo's hit cooking series, which currently ranks in the top 15 among kids 2-17 during its Wed 10-11pm timeslot among

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Justin Guarini &
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Idol Tonight

Chris Harrison &
Madison Michele
Hollywood 411

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BUSINESS & FINANCE

ad-supported cable nets. The net also announced an 8-ep pickup of a docu-series following chef *Jean-Christophe Novelli* as he opens a cooking school.

Honors: **Univision** was named POP Network of the Year at the **Cable Positive POP Awards** (Positively Outstanding Programming) Tues night. **Motorola's Dan Moloney** took home the *TelevisionWeek* HIV/AIDS Education Advocate of the Year Award. Other winners included **BET, Sundance Channel, Showtime, Telefutera, CNN, MTVU, HBO** and **Suddenlink**.

People: **Discovery Comm** appointed *Brad Singer* sr evp/CFO, effective Jul 15. -- **Comcast Ent Group** promoted *John Najarian* to evp, digital media and business development. -- **ReelzChannel** promoted *Juli Biondi* to vp, broadcast/localization and *Chris Pulis* to vp, production operations. -- Named to **SCTE's** board were **Cox's Chris Bowick, Time Warner Cable's Mike LaJoie, CommScope's Jim Hughes** and **Ken Wright of Arris**. -- **Cablevision** promoted *Robert Doodian* to svp, corporate employee relations and staffing.

Obit: Longtime TX cable leader *Jake Landrum* passed away last week-end. A mass will be held Fri, 10am in Hungerford, TX.

Business/Finance: **TerreStar** has purchased **EchoStar's** 1.4GHz spectrum in exchange for the issuance of 30mln shares of its common stock.

CableFAX Daily Stockwatch

Company	06/11 Close	1-Day Ch	Company	06/11 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ARRIS GROUP:	9.19	(0.78)	ARRIS GROUP:	9.19	(0.78)
BRITISH SKY:	40.05	(0.7)	AVID TECH:	19.63	(0.61)
DIRECTV:	27.59	(0.36)	BIGBAND:	5.38	(0.16)
DISNEY:	33.29	(0.54)	BLNDER TONGUE:	1.25	0.00
ECHOSTAR:	33.85	(0.86)	BROADCOM:	25.59	(0.94)
GE:	29.82	(0.51)	C-COR:	11.00	0.00
HEARST-ARGYLE:	21.32	(0.28)	CISCO:	25.65	(0.71)
ION MEDIA:	1.45	0.00	COMMSCOPE:	52.23	(0.81)
NEWS CORP:	17.84	(0.06)	CONCURRENT:	0.60	(0.04)
MSOS					
CABLEVISION:	25.34	(0.87)	CONVERGYS:	15.20	(0.1)
CHARTER:	1.41	(0.18)	CSG SYSTEMS:	11.84	(0.42)
COMCAST:	21.50	(0.24)	ECHOSTAR HOLDING:	35.59	0.33
COMCAST SPCL:	21.30	(0.24)	GOOGLE:	545.20	(8.97)
GCI:	7.80	0.01	HARMONIC:	9.50	(0.32)
KNOLGY:	13.82	(0.51)	JDSU:	11.93	(0.12)
LIBERTY CAPITAL:	15.15	0.05	LEVEL 3:	3.70	(0.23)
LIBERTY ENTERTAINMENT:	26.23	(0.27)	MICROSOFT:	27.12	(0.77)
LIBERTY GLOBAL:	33.58	(0.55)	MOTOROLA:	8.90	(0.11)
LIBERTY INTERACTIVE:	16.37	(0.3)	NDS:	48.77	(1.24)
MEDIACOM:	5.75	(0.1)	NORTEL:	9.20	1.09
SHAW COMM:	19.75	(0.67)	OPENTV:	1.34	(0.03)
TIME WARNER CABLE:	28.98	0.04	PHILIPS:	36.06	(0.46)
VIRGIN MEDIA:	15.00	(0.12)	RENTRAK:	13.86	(0.13)
WASH POST:	581.12	(18.88)	SEACHANGE:	7.85	(0.42)
PROGRAMMING					
CBS:	20.64	(0.44)	SONY:	47.93	(1.04)
CROWN:	4.42	(0.19)	SPRINT NEXTEL:	8.44	(0.15)
DISCOVERY:	24.63	(0.31)	THOMAS & BETTS:	37.92	(1.17)
EW SCRIPPS:	45.91	(1.07)	TIVO:	7.07	(0.34)
GRUPO TELEvisa:	24.35	(0.66)	TOLLGRADE:	5.38	(0.34)
INTERACTIVE CORP:	20.45	(0.81)	UNIVERSAL ELEC:	24.49	(0.42)
LODGENET:	6.65	(0.35)	VONAGE:	1.79	0.02
NEW FRONTIER:	3.82	0.04	WEBB SYS:	0.02	(0.01)
OUTDOOR:	7.65	0.00	WORLDGATE:	0.30	0.00
PLAYBOY:	5.68	(0.11)	YAHOO:	26.15	(0.25)
TIME WARNER:	15.03	(0.1)	TELCOS		
VALUEVISION:	3.51	(0.25)	AT&T:	36.15	(1.07)
VIACOM:	33.28	(0.68)	QWEST:	4.27	(0.18)
WWE:	15.64	(0.26)	VERIZON:	36.65	(0.87)
TECHNOLOGY					
3COM:	2.42	(0.12)	MARKET INDICES		
ADC:	16.37	(0.26)	DOW:	12083.77	(205.99)
ADVANTAGE:	3.12	0.02	NASDAQ:	2394.01	(54.93)
ALCATEL LUCENT:	6.57	(0.22)			
AMDOCS:	31.37	(0.09)			
AMPHENOL:	47.12	(0.64)			
APPLE:	180.81	(4.83)			

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Think about that for a minute...

PATIENCE

I know, it's something none of us have a lot of anymore. Patience. The understanding that things don't happen instantly, that it takes time to do things right, that sometimes it's better to let things develop naturally than to force them to happen quickly.

Patience, or even an understanding that it's not only necessary, but that developmental time frames are inevitable and unavoidable is particularly lacking when it comes to new technology.



Steve Effros

The announcement is made, the invention is heralded, the stock prices of the companies involved react, the consumer press swoons, customers are primed with new expectations, and then..... nothing happens.

Well, actually lots of things are likely to be happening, but instant gratification and instant national rollout of the technology is not one of them, and that's all that matters to the folks who have only been told what the wonderful end result will be, not all the time, money, difficulties, set-backs, etc., that are involved in getting there.

Think of just about any new technological development. Cable was going to sweep away broadcast television because of the multiplicity of channels and clear pictures. Well, the channels and pictures are now here, and there's very robust competition for eyeballs, but only after a long, hard struggle.

Satellite delivery of video was going to revolutionize everything, but most folks seem to forget that the DBS licenses were announced with great fanfare and prognostications 10 years before the service "got off the ground" so to speak.

Cell phones were magic. They were also these huge devices that did not really fit in a briefcase very well. They have come a long way, but it has taken a lot of years, and we're still hoping we don't "lose signal" in the middle of a

conversation.

Now there are all sorts of new announcements. One that is of direct importance to us is that the consumer electronics industry and the cable industry have finally reached an accord on "tru2way" technology. This will usher in an era of competitive CE products connecting directly to cable systems and operating with full two-way functionality for services such as program guides, interactive offerings, VOD and the like.

But wait. Remember what I said above about patience. It's a very important step that the industries have taken, and it will lead to lots of neat stuff in the future. However everyone has to understand that a rollout of technology like this, in every cable system headend across the country, and with new equipment purchased by consumers in every home, will take a while to actually have measurable impact. Things like this just don't happen quickly. They can't.

The transition of television viewers to high definition took years to really start happening. I have to admit, I am surprised at the speed with which it is now finally ramping up, but that has a lot to do with the fact that most television set manufacturers are basically no longer making larger sets with anything other than HD capability. That will not be the case with tru2way, or Blu-ray, (is there a conspiracy to get rid of the letter "e"?) or lots of other neat new consumer electronics technology.

It takes time, both on the engineering and business side and for consumers to accept and adopt these new technologies. The good news is that they are now here. The bad news is that soon we will start hearing complaints that "we" are moving too slowly in making sure that everyone enjoys the latest "new" thing. Patience and technology expectations don't mix.

Steve

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