

CableFAX Daily™

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What the Industry Reads First

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Bell Advertising: Verizon Promos' Picks and Pans

Verizon's marketing grabbed our attention Monday—first, for an aggressive \$69.99/month triple-play offer, and second, for advertising in **Cablevision** markets in ways that has drawn criticism. The \$69.99 promo, running through July 19, is only available to new customers for the first 6 months of a 2-year contract. The remaining 18 months are \$99.99 each.

UBS analyst *John Hodulik* believes the deal will put additional competitive pressure on the pay TV market and won't have the same "heavy" upfront costs associated with Verizon's old free HDTV set offer. "We believe this plan may be particularly well-suited for the current economic environment when households are looking to save a few bucks on their monthly bills," he wrote in a note to clients, saying the Bells have the resources and incentives to take market share. He called the move an incremental negative for cable, especially **Cablevision** with its high **FIOS** overlap. The competition between CVC and Verizon is evidenced in an ongoing advertising dispute at the **Better Business Bureau's National Advertising Division**. Late last year, Cablevision challenged Verizon ads that it felt implied FiOS Internet service is more widely available than it is. NAD found that FiOS was not available to the majority of homes in the NY DMA and recommended that Verizon modify its advertising clearly to convey that it isn't available to the broad market. The telco said it didn't believe the challenged ads conveyed that message but that it would take NAD's recommendations under consideration. Several months later, CVC returned to NAD and complained that Verizon's new ads don't follow the self-regulatory counsel's recommendations. NAD acknowledged Verizon had modified the ads with disclosures and made a "good faith effort" to follow the recommendations but said it "strongly believes that the modified advertising does not clearly and conspicuously communicate [the] message." According to the case, which was just released on NAD's Website, Verizon plans to further change the ads to address NAD's concerns. A Verizon rep said NAD's recommendation only asks for a "slight modification" to its TV ads and that the telco has "made the disclaimer even more clear and conspicuous in our television advertising."

Changing of the Guard: After 10 years at the helm of **SCTE**, *John Clark* is departing as pres/CEO. "With John leaving, we have the opportunity to go look for a fresh approach," said *Tom Gorman*, SCTE board chmn/**Charter** vp, field operations. He praised Clark's leadership over the years. There's no deadline in place, but Gorman said SCTE would like to name a new chief by year-end. In the meantime, SCTE vp, professional dev *Marv Nelson* will serve as interim pres/CEO. A search committee, headed by board member *Frank Eichenlaub* of **Cisco** will begin looking for a successor immediately. Marketing and engineering experience will be important, Gorman said, adding that it's key the SCTE brand "remain valuable and vital to members." Under the new Cable Connection plan, Expo moves to the fall, giving SCTE a 16-month break before its largest trade show. Expo wrapped up in Philly last week, with some 11K in attendance.

Competition: **DirectTV's** VOD service is out of beta and available to nationwide customers who use certain DVRs. The service offers more than 4K SD and HD titles, downloadable to DVRs through a broadband connection. PPV content is

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also available. -- **DISH** has added HD local channels in Grand Rapids, MI, and Memphis, bringing to 61 the number of markets that receive such programming. The satcaster is planning rollouts in 22 additional markets this summer/fall. -- **DirectTV** has opened in Huntington, WV, its 6th nationwide customer support center, with more than 550 CSRs and supervisory staff. -- **DISH** is carrying **World Fishing Network** in HD.

Advertising: Big brands, such as **SC Johnson**, **GM** and **Yum Brands (KFC, Pizza Hut and Taco Bell)** have diverted millions from broadcast to cable this upfront season, *MediaWeek* reports, citing unnamed sources. SC Johnson is believed by some estimates to have moved \$20mln to cable; Yum as much as \$25mln, the pub says.

Digital Music: **MTVN/RealNetworks** jv **Rhapsody** has launched an initiative integrating digital music directly with **Verizon Wireless** handsets and allowing customers to stream full-length songs, and purchase MP3s at several music and social networking sites. Announced last summer, Rhapsody's partnership with Verizon Wireless kicked off Mon and allows certain telco subs to download an unlimited amount of Rhapsody music for \$15/month. Rhapsody's MP3 catalogue will soon include more than 5mln songs and be accessible through sites including **MTV.com** and **VH1.com**.

Carriage: **Gospel Music Channel** launched on 7 systems last month: **Comcast's** Tucson, AZ; Comcast Huntsville, AL; **Knology** Montgomery, AL; **Surewest** McClellan, CA. **VTX** Raymondville, TX; **Hargray** Beaufort, SC; and **Benton County Cablevision** in TN. GMC says it recently passed the 40mln HH mark. -- **GoITV** launches Tues on **OneLink Comm**, Puerto Rico's largest cable op. It will be part of digital basic.

At the Portals: **ACA** told the **FCC** Fri that small ops need a break from a proposed DTV education mandate for cable operators. It wants the Commission to take note of operators whose systems don't have ad insertion capability and exempt them from any requirement to provide on-air DTV education.

Research: TV sets aren't going out of style, according to **Nielsen** research for **CTAM** showing that 94% of cable/satellite subs prefer to watch TV content on the traditional screen. Still, 35% of adult broadband users have watched at least 1 TV program via the Internet. 82% of those same users go online find a specific program that they had missed when it first aired, and 40% surf the Web for info covering actors and upcoming eps. The most popular online content remains short-form, and includes movie trailers, U-G content, music videos and general news segments. Other findings: respondents reported watching TV via desktop computers (14%), laptops (9%), video-enabled mobile phones (6%), or other portable video players (5%), and only 7% of mobile phone owners subscribe to a video downloading service.

Ratings: **YES'** Fri night Yankees-Mets telecast garnered a 5.7 HH rating and 533K total viewers, compared to the 5.2/494K received by **CW11's** head-to-head broadcast. Also, the telecast became the second-highest-rated and second-most-watched regular season Subway Series game ever on a NY RSN.

Programming: **Cablevision's News 12 the Bronx** is celebrating 10 years as the 1st 24-hours news channel dedicated to covering the Bronx. -- **Spike** greenlit the 1st season of unscripted series "Real Vice Cops Uncut" (Aug 6), featuring ride-along access with local police agencies in Memphis and Orlando. -- Actors *Ian McKellan* and *Jim Caviezel* have signed on to star in AMC's reinterpretation of the '60's cult classic "The Prisoner." The 6-part mini-series will debut next year.

People: **CMT** tapped *Claire McCabe* as vp, original programming/series dev. -- **Turner** promoted *Jill Shields* to svp,

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BUSINESS & FINANCE

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-- **Gospel Music Channel's Barbara Bekkedahl** joins **Bravo** as vp, Bravo sales. -- **NBCU** promoted **Vivi Zigler** to pres, NBCU digital entertainment. -- **Nickelodeon/MTVN Kids and Family Group** appointed **Paul Ward** evp, primetime acquisitions and strategy.

-- Following the resignation of exec **Rose Catherine Pinkney**, **TV One** has tapped svp, programming strategy and acquisitions **Jeff Meier** as acting head, programming and production.

Public Affairs: Mediacom has led a cable industry initiative to raise \$100K for IA families and communities devastated by recent floods. Most of the funds will be directed to the **American Red Cross** chapter based in Cedar Rapids. -- As part of its "Play-A-Part" initiative, **E!** has teamed with **Sean Combs** and **Ciroc Vodka** on a multi-platform public action campaign promoting responsible drinking. The campaign includes on-air spots and easy online and wireless access to taxi services across the country.

Business/Finance: News Corp subsidiary **NDS Group** shares soared 19% Mon after News and 2 entities formed by funds advised by **Permira Advisers** proposed taking NDS private for \$60 per share. **JP Morgan** and **Morgan Stanley** will provide the deal's debt. -- **Citi** has added **Time Warner** to its "Top Picks Live" list while maintaining its 'buy' rating and \$25 price target on TWX shares.

CableFAX Daily Stockwatch

Company	06/30 Close	1-Day Ch	Company	06/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	37.39	0.73	APPLE:	167.44	(2.65)
DIRECTV:	25.91	0.33	ARRIS GROUP:	8.45	0.08
DISNEY:	31.20	(0.37)	AVID TECH:	16.99	(0.76)
ECHOSTAR:	29.28	0.02	BIGBAND:	4.73	(0.17)
GE:	26.69	0.43	BROADCOM:	27.29	(0.15)
HEARST-ARGYLE:	19.20	(0.05)	C-COR:	11.00	0.00
ION MEDIA:	1.45	0.00	CISCO:	23.26	(0.35)
NEWS CORP:	15.35	(0.38)	COMMSCOPE:	52.77	0.23
MSOS					
CABLEVISION:	22.60	0.00	CONCURRENT:	0.68	0.08
CHARTER:	1.05	(0.01)	CONVERGYS:	14.86	(0.09)
COMCAST:	18.97	0.34	CSG SYSTEMS:	11.02	(0.11)
COMCAST SPCL:	18.76	0.33	ECHOSTAR HOLDING:	31.22	(0.32)
GCI:	6.87	(0.24)	GOOGLE:	526.42	(1.65)
KNOLGY:	10.99	0.09	HARMONIC:	9.51	(0.13)
LIBERTY CAPITAL:	14.40	(0.14)	JDSU:	11.36	(0.21)
LIBERTY ENTERTAINMENT:	24.23	(0.14)	LEVEL 3:	2.95	(0.17)
LIBERTY GLOBAL:	31.43	(0.03)	MICROSOFT:	27.51	(0.12)
LIBERTY INTERACTIVE:	14.76	(0.19)	MOTOROLA:	7.36	0.01
MEDIACOM:	5.34	(0.17)	NDS:	59.20	9.50
SHAW COMM:	20.39	0.81	NORTEL:	8.22	(0.12)
TIME WARNER CABLE:	26.48	0.30	OPENTV:	1.31	(0.06)
VIRGIN MEDIA:	13.61	0.01	PHILIPS:	33.76	(0.54)
WASH POST:	586.54	2.08	RENTRAK:	14.08	0.19
PROGRAMMING					
CBS:	19.49	(0.27)	SEACHANGE:	7.16	(0.31)
CROWN:	4.74	0.26	SONY:	43.74	(0.17)
DISCOVERY:	21.96	(0.41)	SPRINT NEXTEL:	9.50	0.59
EW SCRIPPS:	41.54	(0.36)	THOMAS & BETTS:	37.80	0.05
GRUPO TELEVISA:	23.62	(0.11)	TIVO:	6.17	(0.1)
INTERACTIVE CORP:	19.28	0.34	TOLLGRADE:	4.49	(0.29)
LIBERTY:	46.90	(0.62)	UNIVERSAL ELEC:	20.90	(0.54)
LODGENET:	4.91	(0.19)	VONAGE:	1.66	(0.12)
NEW FRONTIER:	3.91	(0.01)	WEBB SYS:	0.05	0.00
OUTDOOR:	6.98	(0.02)	WORLDGATE:	0.30	0.00
PLAYBOY:	4.94	0.06	YAHOO:	20.66	(0.67)
TIME WARNER:	14.80	0.38	TELCOS		
VALUEVISION:	3.57	(0.39)	AT&T:	33.69	0.93
VIACOM:	30.61	0.00	QWEST:	3.93	0.12
WWE:	15.47	0.11	VERIZON:	35.40	1.12
TECHNOLOGY					
3COM:	2.12	(0.03)	MARKET INDICES		
ADC:	14.77	(0.35)	DOW:	11350.01	3.50
ADDVANTAGE:	3.05	(0.01)	NASDAQ:	2292.98	(22.65)
ALCATEL LUCENT:	6.04	0.14			
AMDOCS:	29.42	0.01			
AMPHENOL:	44.88	(0.4)			

Emeril has a new home.

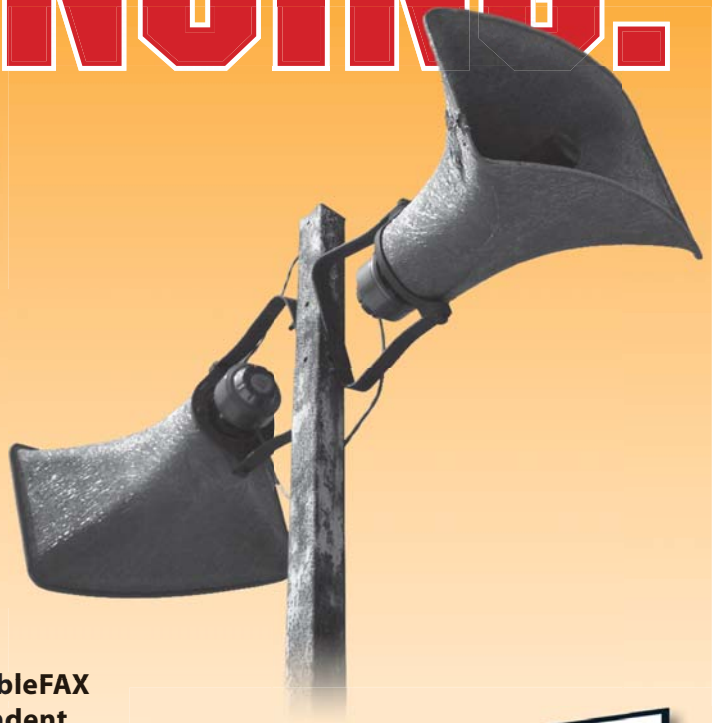
Fine Living Network welcomes **Emeril Live!**
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From the industry's most trusted source, CableFAX Daily, comes Content Business: An independent source for analysis of ratings, programming trends and opportunities in the burgeoning cable content business.

Some of the many features will include:

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- Analysis of linear TV, VOD, online, mobile and other new distribution methods.
- Research, charts and databases on cable TV ratings, trends and ad spend.
- Digital Boxscores providing statistics on unique visitors and page views on cable network web sites.
- Campaign Tracker to keep tabs on program-related PR and marketing campaigns.
- Cable TV Show Database that provides a convenient one-stop-shop resource.
- Free copy of CableFAX Content Business: Trends & Forecasts Report, published twice-yearly, for subscribers only (\$2495 value)



CableFAX Content Business will help you increase viewers, ratings & advertising revenue.

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'Top Ops' Issue

The Stand-out Indie Operators and MSOs

Coming July 2008

Who are the Top Cable Operators of the Year?

'Tops Ops' is a yearly issue recognizing top cable operators who have distinguished themselves by achieving excellence in technology, operations and involvement in the community. The issue will reach approximately 60,000 industry executives through print and e-media, including CableFAX Daily and CableFAX: The Magazine subscribers. Read the 2007 Independent Operator of the Year.

The issue will be released at the Independent Show and will be featured on Cable360.net. Your message and brand will be seen by the thousands who read and reference this issue year-round. The 2008 Issue will include the following winners:

TOP Independent Operators

- Independent Operator of the Year
(In partnership with the American Cable Association and NCTC)
- Independent Marketer of the Year
- Independent System Exec of the Year
- Independent Strategic Thinker of the Year
- Independent Best Community Service
- Independent Lifetime Achievement

TOP MSOs

- MSO of the Year
- MSO Sales Team of the Year
- MSO Comeback Exec of the Year
- MSO Tech Innovation
- MSO Best Community Service (System)
- MSO Lifetime Achievement

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THE MAGAZINE
Innovation > Leadership > The Cable Community

In addition to the Top Ops of 2008, the upcoming issue, edited by award-winning journalist and CableFAX: The Magazine Editorial Director Seth Arenstein, will also include the following features:

- Best Places to Work in Cable
- A Look Ahead: Trends in Cable Advertising

Being a part of this unique magazine gives you the opportunity to communicate your leadership position to the top decision-makers who matter the most to your business – cable operators and key technology and programming executives.

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