

# CableFAX Daily™

Thursday — July 17, 2008

What the Industry Reads First

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## Content Culture: Gaming Industry Now Defined By More Than Just Games

Both **Microsoft** and **Sony** upped the content download ante this week at the **E3 Media and Business Summit**, adding further fragmentation to a media market offering an increasing number of consumption options other than cable. Sony debuted Tues a download service for its **PS3** gaming console offering SD and HD movies from studios including **MGM** and **Disney**, plus TV eps from **Discovery Channel**, **FX** and others. The news followed a Mon announcement that **Netflix** subs will starting this fall be able to stream movies and TV eps from the Netflix site to their TVs through **Microsoft's Xbox 360** console, which has offered downloads since '05 and just added **NBCU** as a new content partner. Xbox's service now counts 12mln members and has distributed 500mln content downloads since '05, said Microsoft svp, interactive ent business *Don Matrick* at E3. "Games are now the leading driver of all entertainment spending," he said, claiming that the Xbox service offers a larger collection of HD programming than do all cable and satellite providers. *Michael Cai*, **Parks Associates'** dir for broadband and gaming research, views the console platform as "even more important" for content owners than direct-from-PC models—and a real threat to cable ops. Gaming systems' internet connectivity and powerful video processing capabilities are key reasons that going forward they "might even cannibalize MSOs," said Cai. Plus, he said, gaming is a very effective way to penetrate HHs, a point well known to many within the media industry. **MTVN**, for example, is investing \$500mln over the next few years to build its global gaming business; **Yahoo! Games** plans to offer by year-end more than 400 ad-supported downloadable games from casual game publishers; and **GE/NBCU's Peacock Equity Fund** and **GMT Comm Partners** agreed last month on a majority buyout of **Bigpoint**, a developer of multiplayer online games.

**Competition:** **Verizon's** video franchise agreement with NYC has received **NY PSC** confirmation, paving the way for citywide FiOS TV in the coming weeks. -- **NBCU** and **AT&T** are partnering to make the **Olympic Games** a 3-screen event. The telco's mobile subs may watch NBCU's coverage beginning Aug 8, the same day on demand NBCU content rolls out on **Att.net**, and **U-verse TV** will offer VOD content including 10-15 events/day and athlete features. -- **ESPN** and **MediaFLO** are offering subs of **AT&T Mobile TV** and **Verizon's V CAST Mobile TV** access to **EXPN**, a mobile channel dedicated to the sports giant's **X Games** competition (Jul 31-Aug 3). Rolling out Wed, the channel will run 24/7. -- **Verizon** is partnering with **Disney** to offer TV previews and online multiplayer games to Verizon's FiOS TV and broadband customers. In 5 half-hour telecasts, "Disney Channel Games" will feature relay races, obstacle courses and other challenges followed by concerts from various Disney-affiliated artists. The 1st VOD episode is July 20; linear premiere is July 27. FiOS broadband subs can also play online games via the Disney Connection network.

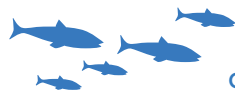
**In the States:** **Time Warner Cable** launched 292 HD channels nationwide last week, 45% of which were in the L.A. area, according to **WhereIsHD.com**. **ABC Family**, **Planet Green** and **Travel Channel** were the leading nets,

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and educational programming dominated overall channel launches. -- **Time Warner Cable's** NYC customers gain access to **WAPA America** beginning Jul 23. -- **Sun Sports** and the **University of FL** have inked a deal granting the RSN marketing rights to the school's entire athletics program, including **GatorZone.com**, arena signage, corporate sponsorship, etc. Beginning in '09, the deal is reported to be worth more than \$82mln over 10 years. -- System upgrades have allowed **WildBlue** to increase its total network capacity by more than 150K additional satellite Internet since Jan. The company now counts more than 640K subs.

**Online:** MTV launched Wed **Soundtrack.MTV.com**, an interactive music guide showcasing everything about the music and artists being played on the net at any given time. The site also encourages fan communities, allows bands to create profile pages to stream music and videos, and will soon be integrated with **MTV.com** and the **Rhapsody** music download service. -- **Nickelodeon/MTVN Kids and Family Group's** portfolio of digital sites scored its best month ever in Jun, garnering 28.6mln uniques. -- **ABC Family** on July 30 will premiere a 12-webisode online series "Meet Me in California" documenting behind-the-scenes moments of the band "Plain White T's" recording its 2nd record. Each 5-min ep features the band working together in a Malibu beach house.

**Ratings:** MLB players brought the bats and **ESPN** used them Mon night to hit a viewership home run with its '08 **State Farm Home Run Derby** coverage, which scored a 6.4/6.18mln to become the most-viewed derby ever among HHS and ad-supported cable's highest-rated and most-viewed program this year. -- The premiere of **A&E's** "The Cleaner," the net's 1st scripted series in more than 6 years, earned 2.6mln total viewers and doubled the net's YTD prime avg.

**Programming:** **FX** greenlit comedy series "Testees" (Oct), featuring 2 friends working as test subjects for a product testing facility. -- **TLC's** "Take Home Nanny" (Mon) challenges *Emma Jenner* to whip unruly kids into behavioral shape using teaching tools and disciplinary actions. -- **HBO's** "Blockbuster Summer Movie Day" (Mon) features 9 films including "Ocean's Thirteen" and "The Simpsons Movie."

**Advertising:** Part of **Red Roof's** new campaign targeting country music fans is a series of 30-sec promos to air on **GAC** featuring genre stars *Phil Vassar* and *Little Big Town*.

**Broadband:** The **FCC** and **USDA** said registration is still open for the 2 remaining regional educational workshops on rural broadband in Austin (Sept 18) and Phoenix (Nov 20). The workshops are designed by the pair to provide communities, orgs, and businesses in rural America seeking to launch broadband to their communities with an opportunity to learn about pertinent resources, programs, and policies.

**Internet safety:** **PSCSSummit.com** now offers a 10-min highlights package of cable's **Point.ClickSafe. Summit**, held last month in D.C. to examine child online safety issues. -- **Cartoon Net** has partnered with **Crisp Thinking** to integrate an online child protection system into the net's 1st MMOG, **Cartoon Network Universe: FusionFall**. The suite of safety features is geared toward kids 8-14.

**On the Hill:** **NCTA's** preliminary take on a Universal Service reform bill introduced by Reps *Joe Barton* (R-TX) and *Cliff Stearns* (R-FL) is that it sounds pretty good. The cable group likes that it recognizes competitive and technological neutrality as a guiding principal for universal service. It also welcomed the bill's directive to the FCC to consider alternatives to its current universal service contribution mechanism and to prohibit assessments on broadband transmission or

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# BUSINESS & FINANCE

Internet access services.

**Public Affairs:** Hey, doesn't that ice cream truck look a lot like a **Time Warner Cable** truck? Sure does. It's part of a charity drive on Staten Island. For the next 8 weeks, the MSO's truck will tour block parties and events, serving up ice cream for \$1. All proceeds going to an area food pantry.

**People:** **MSNBC** named as its pres *Phil Griffin*, who has held exec oversight of the net since '06. -- **NFL Net** appointed *Bob Papa* the new play-by-play announcer for its live games, replacing *Bryant Gumbel*. -- **Disney-ABC-ESPN TV** named *Murray Barnett* vp, sports channel and syndication, Europe, the Middle East and Africa. -- **Concurrent** has appointed *James Brickmeier* vp, product line management. -- **ReelzChannel** has appointed *Keith Till* vp, direct response.

**Business/Finance:** The successful launch of a **DISH** satellite early Wed (ET) will boost the DBS op's HD programming capacity, and it did the same to DISH shares Wed. Amid a broad market rally, the shares rose 3.1% to close at \$28. -- **Optimum Lightpath** has inked an agreement to acquire **4Connections**, a broadband tech enabler of advanced voice, data and video apps that provides first and last mile fiber capabilities to businesses. -- **Sprint** and **SK Telecom** are engaged in preliminary talks about forming a strategic partnership to develop new handsets and services, according to *WSJ*.

## CableFAX Daily Stockwatch

Company	07/16 Close	1-Day Ch	Company	07/16 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/			AMDOCS:	29.35	0.63
BRITISH SKY:	34.88	1.20	AMPHENOL:	44.84	0.25
DIRECTV:	26.52	0.60	APPLE:	172.81	3.17
DISNEY:	30.43	1.00	ARRIS GROUP:	8.26	0.37
ECHOSTAR:	28.00	0.85	AVID TECH:	18.93	0.71
GE:	27.68	1.03	BIGBAND:	4.18	0.15
HEARST-ARGYLE:	19.00	0.08	BLNDER TONGUE:	1.14	0.04
ION MEDIA:	1.44	0.00	BROADCOM:	29.74	0.80
NEWS CORP:	14.51	0.07	C-COR:	11.00	0.00
<b>MSOS</b>					
CABLEVISION:	20.34	0.67	CISCO:	21.10	0.06
CHARTER:	1.01	0.00	COMMSCOPE:	50.31	1.01
COMCAST:	19.03	0.62	CONVERGYS:	13.92	(0.08)
COMCAST SPCL:	18.91	0.64	CSG SYSTEMS:	14.72	(0.72)
GCI:	8.22	0.34	ECHOSTAR HOLDING:	30.52	(0.35)
KNOLOGY:	10.64	0.37	GOOGLE:	535.60	19.51
LIBERTY CAPITAL:	15.02	(0.07)	HARMONIC:	9.63	0.24
LIBERTY ENTERTAINMENT:	24.16	0.55	JDSU:	10.84	0.23
LIBERTY GLOBAL:	30.22	0.90	LEVEL 3:	2.85	0.08
LIBERTY INTERACTIVE:	13.62	0.63	MICROSOFT:	27.26	1.11
MEDIACOM:	5.17	0.26	MOTOROLA:	7.02	0.26
SHAW COMM:	21.69	0.47	NDS:	57.52	0.17
TIME WARNER CABLE:	27.18	1.10	NORTEL:	6.71	0.28
VIRGIN MEDIA:	11.38	0.28	OPENTV:	1.59	0.08
WASH POST:	578.50	2.94	PHILIPS:	33.16	0.54
<b>PROGRAMMING</b>					
CBS:	16.91	(0.18)	RENTRAK:	14.05	0.26
CROWN:	3.92	0.08	SEACHANGE:	6.76	0.15
DISCOVERY:	21.45	0.27	SONY:	41.55	1.17
EW SCRIPPS:	9.31	(0.29)	SPRINT NEXTEL:	8.69	(0.35)
GRUPO TELEVISA:	22.40	0.10	THOMAS & BETTS:	35.26	1.61
INTERACTIVE CORP:	17.82	0.48	TIVO:	7.49	0.31
LIBERTY:	43.35	(0.42)	TOLLGRADE:	4.63	0.06
LODGENET:	2.87	(0.03)	UNIVERSAL ELEC:	20.87	1.13
NEW FRONTIER:	3.38	(0.46)	VONAGE:	1.57	0.06
OUTDOOR:	6.84	0.08	WORLDGATE:	0.30	0.00
PLAYBOY:	4.54	0.02	YAHOO:	22.48	0.94
RHI:	12.56	(0.01)	<b>TELCOS</b>		
SCRIPPS INTERACTIVE:	40.21	(0.19)	AT&T:	31.92	(0.03)
TIME WARNER:	14.65	0.73	QWEST:	3.59	0.05
VALUEVISION:	3.07	0.13	VERIZON:	35.38	0.34
VIACOM:	29.05	0.90	<b>MARKET INDICES</b>		
WWE:	16.17	0.95	DOW:	11239.28	276.74
<b>TECHNOLOGY</b>					
3COM:	1.94	0.08	NASDAQ:	2284.85	69.14
ADC:	13.21	(0.07)			
ADVANTAGE:	2.67	(0.13)			
ALCATEL LUCENT:	5.62	0.28			



## Medical Marijuana, Ageism in Hollywood, Aging Behind Bars

Viewpoint with Lea Thompson

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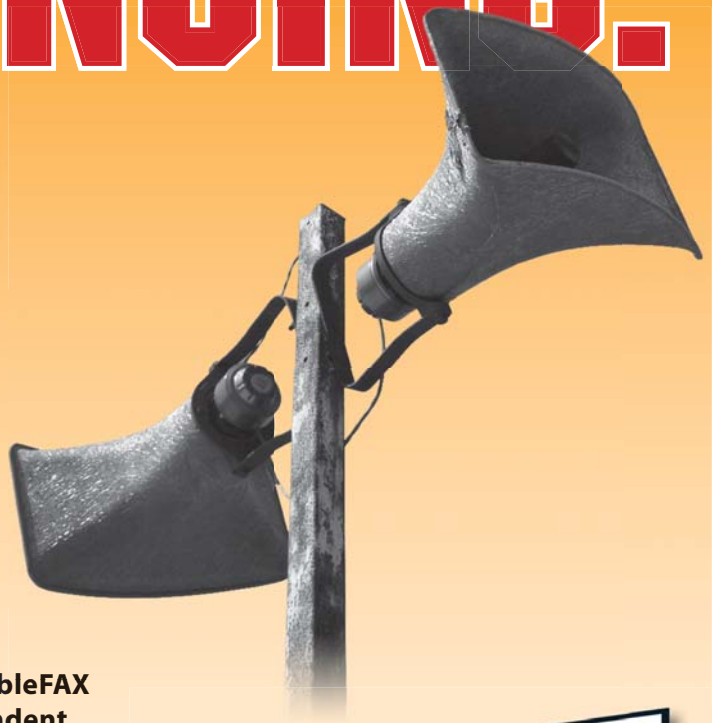
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