

CableFAX Daily™

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What the Industry Reads First

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Change in Weather: Kelly Tapped as TWCC CEO

Michael Kelly has plenty of online experience as the former pres, **AOL Media Networks**, but don't think his appointment as pres/CEO **The Weather Channel Companies** signals a major shift in Weather's already considerable digital presence. "I can see where you might have the impression because my last job was so digitally intense, but the fact is, I view myself more as a media executive... who has spent lots of time with lots of different platforms," he said (Kelly was part of *Entertainment Weekly's* launch team, rising to publisher, and he once headed global marketing at **Time Warner**, working with all its properties). "Where the interactive folks have gone already at Weather Channel Companies is unbelievable and of course, we'll always want to maintain our leadership role in that regard. But just because I came from AOL doesn't mean I specifically have plans there." Kelly, who will be based in Atlanta, will be responsible for the strategic direction and operations of TWCC, which includes The Weather Channel (99mln HHs), The Weather Channel Interactive and weather.com, and The Weather Channel Mobile. **NBCU** pres, strategic initiatives *Lisa Gersh* was serving as interim CEO during the search. Weather Channel pres/CEO *Debora Wilson* left the post in Feb. There were reports earlier in the year that former **CNBC** chmn/CEO *Bill Bolster* might get the gig. NBCU and private equity firms **Bain Capital** and **Blackstone Group** bought Weather last year for a reported \$3.5bln. Kelly, who most recently served as an adviser to private equity fund **Veronis Suhler Stevenson**, didn't indicate any major, immediate changes. "Programming... really is about being great at the weather, and that's what we'll continue to be," he said Mon, after visiting Weather's Atlanta HQ and addressing employees. He officially starts the job in Aug.

Kid Biz: **Hasbro** said its jv with **Discovery** for a kids cable net won't cost as much as it originally thought. During its 2Q earnings report Mon, Hasbro said it expects the deal to cost 15-20 cents/share in '09 and 25-30 cents/share in '10, down from earlier estimates of 25-30 cents and 30-35 cents, respectively. Why the change? Some of it is because not all of the assets in the jv are amortizable; there is some goodwill, according to execs from the toymaker. "The interest in the network [from content producers] is incredible... we are working on a head for Hasbro Studios and making a lot of progress across the board," said Hasbro pres/CEO *Brian Goldner*. He declined to say whether Hasbro licensees Marvel and Lucas are talking about producing content. "We're not out to create 24 hours of programming off of Hasbro properties," Goldner said. "I would say it's safe to say at launch we're at perhaps 6-8 Hasbro shows some during the first 6 months of the launch period." Other revelations include that not every toy tied to programming has to be part of Hasbro. "We'd be happy to look at any programming that we believe would add to the successful prospects of the network. If the toy rights were with another toy company, that's fine," Goldner said. The net, which is slated to debut in fall '10, already announced plans to show New Zealand kids program "The WotWots."

NYC Shuffle: Several cable nets are boasting about higher channel placement on some **Time Warner Cable NYC**

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CNN PRESENTS

BLACK IN AMERICA 2



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SOLEDAD O'BRIEN

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TODAY'S PIONEERS

WEDNESDAY
JULY 22 8 PM
ET/PT

TOMORROW'S LEADERS

THURSDAY
JULY 23 8 PM
ET/PT

CNN HD
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systems around Aug 19. **FX** will move from 37 to 10; **Oxygen** from 61 to 12; **Discovery Kids** from 110 to 22; **Investigation Discovery** from 113 to 23; and **Mun2** from 126 to 42. TWC didn't release any specifics on why the nets were moving. Some other nets are dropping in placement, with **CNN** moving from channel 10 to 78; **Lifetime** dropping to 62 from 12, **Cartoon** moving to 61 from 22 and **TruTV** to 70 from 23. New channel launches planned include **PBS** services **World** and **Create**, as well as **Outdoor Channel HD** and **Big Ten HD On Demand**.

Competition: Qwest introduced a 40Mbps downstream/20Mbps upstream high-speed Internet service using VDSL2 tech. It has started to roll out the service on a limited basis in certain locations, including Denver, Tucson, Salt Lake City and Minneapolis/St Paul. In the coming months, it plans to introduce the service to select areas within 23 markets, including NM, OR, UT and WA. The 40/20 service starts at \$109.99/month for the first 12 months when combined with a qualifying home phone package. A 40/5 service bundle starts at \$99.99/mo. Customers with 7Mbps, 12Mbps or 20Mbps tiers and who upgrade to a 5Mbps upstream speed can get an introductory rate of \$5 more per month. -- **AT&T** added **ShortsHD**, a short movie channel, to its **U-Verse TV** lineup. It marks the net's US debut. The telco also added Arabic channel **Arabic Radio & Television** and Italian channel **RAITALIA** to its intl offerings.

Research: The average American home has 2.86 TV sets, up 18% from the 2.43 sets per home in '00 and 43% higher than the 2 set average in '90, **Nielsen** said. The stat also means that TVs per home outnumber the number of people, as the avg US home in '09 had only 2.5 people. This year about 54% of homes in the US had 3 or more TV sets, 28% had 2 sets and only 18% had 1 television set, Nielsen said.

Jules Tour: FCC chmn *Julius Genachowski* is making the press rounds, identifying broadband and retooling the Commission as his biggest priorities. He pointed to the planned 20 broadband hearings and the launch of Broadband.gov. "The Commission has never before pursued a process like that, open and participatory workshops and I'm excited about that and it has the potential to be a model for how the FCC conducts a lot of business in the future," Genachowski told the *WSJ*. He told the *Washington Post* that "edge" Internet and software companies can play a big role in boosting the economy and broadband deployment. "What is interesting to me is to find ways to work with early-stage innovators to build from the edge and work on tomorrow's ideas," the new chmn said.

Online: ESPN will launch of 3 more city-specific sport sites. ESPNDallas.com debuts in the fall, followed by ESPNNewYork.com and ESPNLosAngeles.com in the 1st half of '10. Like ESPNChicago.com, which rolled out in Apr, each site will have a short-form "SportsCenter," and online radio and podcasts from local ESPN Radio flagship stations.

In the States: We stumbled across journalist/author *Jeff Jarvis'* **Cablevision** rant Mon morning (<http://www.buzzmachine>).

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HDNET MOVIES
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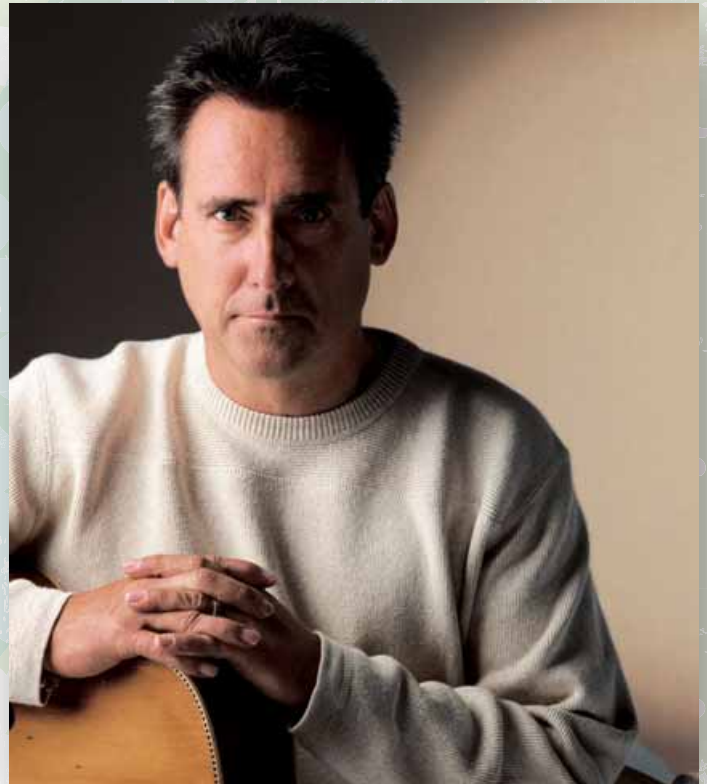
Monday, July 27

7:00 - 8:15 am

Concert begins at

7:15 am - Arrive early

Gaylord Texan



Dallas Holm appears courtesy of Buford Media Group

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Christians in Communications is an organization designed to provide Christians affiliated with the communications industry an opportunity for fellowship with other Christians.

BUSINESS & FINANCE

com/2009/07/19/cablevision-sucks-2/#comment-398220), and wondered whether his Internet connection was back up. No update on his blog, but according to the MSO it is. "We received a call from our customer Sunday night and his Internet service, which had been disrupted by a lightning strike, was restored Monday morning," a rep said.

People: Ex-Scripps Network Interactive svp, interactive media *Tim Peterman* was named COO of **Synacor**.

Deadline alert: July 23 is the deadline to nominate executives for **CableFAX's 2009 Most Powerful Women in Cable**. Nominate online at: <http://www.cable360.net/cablefaxmag/2009topwomen.html>

On the Circuit: Comcast and Turner will be honored as Diversity Champions at the annual **Walter Kaitz** fund-raising dinner, Oct 28, Denver. **AETN** pres/CEO *Abbe Raven* and **Cablevision** COO *Tom Rutledge* will co-chair the event. Info: www.walterkaitz.org.

Honors: House Communications subcmte chmn *Rick Boucher* (D-VA) and **CEA** chief *Gary Shapiro* will receive the **Media Institute's** Freedom of Speech Award and American Horizon Award, respectively, as the group's Oct 15 Friends & Benefactors Awards banquet in DC. -- **CNN** chief medical correspondent *Dr Sanjay Gupta* will receive **NAMIC's** *Mickey Leland* Humanitarian award at a luncheon during its annual conference, Oct 28, Denver.

CableFAX Daily Stockwatch

Company	07/20 Close	1-Day Ch	Company	07/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	33.46	0.96	ADC:	7.79	0.06
DIRECTV:	24.83	0.16	ADVANTAGE:	1.84	0.19
DISH:	16.82	0.68	ALCATEL LUCENT:	2.51	0.00
DISNEY:	25.37	0.86	AMDOCS:	23.52	0.40
GE:	11.67	0.02	AMPHENOL:	33.11	0.12
HEARST-ARGYLE:	4.50	0.00	APPLE:	152.91	1.16
ION MEDIA:	1.44	0.00	ARRIS GROUP:	12.57	0.02
NEWS CORP:	11.32	0.51	AVID TECH:	12.79	0.43
MSOS					
CABLEVISION:	18.99	0.30	BIGBAND:	5.04	0.12
COMCAST:	14.50	0.35	BLNDER TONGUE:	1.40	0.00
COMCAST SPCL:	13.83	0.23	BROADCOM:	28.03	0.56
GCI:	7.14	0.10	C-COR:	11.00	0.00
KNOLOGY:	8.63	0.23	CISCO:	21.15	0.64
LIBERTY CAPITAL:	13.66	0.28	CLEARWIRE:	6.97	0.55
LIBERTY ENT:	26.57	0.18	COMMScope:	26.76	0.65
LIBERTY GLOBAL:	18.51	0.62	CONCURRENT:	5.08	(0.24)
LIBERTY INT:	6.11	0.17	CONVERGYS:	9.66	0.38
MEDIACOM:	4.71	0.09	CSG SYSTEMS:	13.80	0.06
ROGERS COMM:	42.97	0.00	ECHOSTAR:	15.31	(0.22)
SHAW COMM:	17.11	0.29	GOOGLE:	430.17	(0.08)
TELEWEST:	24.20	0.00	HARMONIC:	6.08	0.13
TIME WARNER CABLE:	30.97	0.36	INTEL:	18.90	0.11
VIRGIN MEDIA:	10.69	0.00	JDSU:	5.74	0.11
WASH POST:	384.80	9.80	LEVEL 3:	1.61	0.02
PROGRAMMING					
CBS:	7.43	0.68	MICROSOFT:	24.53	0.24
CROWN:	1.93	0.35	MOTOROLA:	6.34	0.04
DISCOVERY:	23.98	0.63	NDS:	62.93	0.00
EW SCRIPPS:	2.43	(0.12)	OPENTV:	1.28	(0.02)
GRUPO TELEvisa:	18.19	0.67	PHILIPS:	20.98	0.53
HSN:	10.18	0.15	RENTRAK:	18.43	0.62
INTERACTIVE CORP:	17.27	0.45	SEACHANGE:	8.21	0.05
LIBERTY:	27.80	0.41	SONY:	24.63	0.29
LODGENET:	3.96	0.16	SPRINT NEXTEL:	4.75	0.16
NEW FRONTIER:	2.25	0.05	THOMAS & BETTS:	28.63	0.35
OUTDOOR:	6.45	0.19	TIVO:	9.89	(0.08)
PLAYBOY:	2.48	0.11	TOLLGRADE:	5.05	(0.24)
RHI:	2.54	(0.02)	UNIVERSAL ELEC:	19.91	0.41
SCRIPPS INT:	30.94	1.11	VONAGE:	0.35	0.01
TIME WARNER:	27.45	1.30	YAHOO:	17.01	0.17
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	2.59	0.60	AT&T:	24.42	0.44
VIACOM:	24.06	0.10	QWEST:	4.06	0.07
WWE:	13.46	0.09	VERIZON:	29.77	0.18
TECHNOLOGY					
3COM:	3.93	(0.09)	MARKET INDICES		
			DOW:	8848.15	104.21
			NASDAQ:	1909.29	22.68

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WHAT THE INDUSTRY READS FIRST.

EYE ON DIGITAL

Is YouTube Fading?

Over the last decade, certain Web properties have achieved icon status. **EBay**. **Yahoo!**. **AOL**. The list goes on. Like those brand giants, **Google's YouTube** has become the online video icon, with 95.4mln unique views (6bln total streams) in May compared to 10.1mln uniques (382K total streams) for number-2 video site **Hulu**, according to **Nielsen**. YouTube still dominates online video traffic. But is it just a matter of time before it loses its "place you gotta be" status the same way that other one-time market cornerers each became just another option? YouTube sits at the precipice of such a fate, hounded not only by fast growing plays like Hulu but also the inevitable rise of TV Everywhere and associated sites that provide premium content that most consumers want. They won't necessarily be communities like YouTube. User-generated content isn't a focus. But these younger rivals may very well drive more online video traffic (and attract considerably more ad dollars) in the future as people gravitate toward premium content and away from voyeuristic UG fare.

More importantly, alternatives to YouTube are thinking more about monetization than traffic. And those who follow Google wonder whether the search giant will ever figure out a way to turn its traffic dominance into a viable business model. The conundrum is that more traffic and UG video uploads require more expensive servers and storage space—all while advertisers balk at the idea of attaching their brands to unpredictable UG content. Sure, YouTube has sponsored channels. But UG fare is its cultural bread and butter. Change that, and it's no longer YouTube. It's Hulu-Tube. So what to do? How can YouTube survive long term? Last week, **Piper Jaffray** analyst **Gene Munster** suggested that Google charge a "nominal fee" to people to upload videos that aren't conducive to advertising. Great idea. The only problem is that many people would simply stop uploading, and YouTube's hard-earned street cred would immediately plummet, as would

much of its traffic. It's also unclear whether Google could culturally stomach such a 180-degree turn in its core "free information" philosophy. Why not charge nominal fees for obscure search engine requests that can't be well monetized? Where does it end? And at what point does YouTube's relevance and power take a hit as rivals move in to fill the void and win over the Internet masses?

All of this is relatively good news for cable, of course. While YouTube now relies primarily on its "partner" sponsored videos to generate ad income, many of those partners are the same big content owners that would bolt in a second if they could get a better deal elsewhere.

Of course, YouTube isn't taking any of this sitting down. One intriguing development is the relatively recent migration of YouTube content to the television screen—an obvious point of interest to cable operators and programmers. Already, YouTube is available through multiple Internet-enabled gaming consoles, **Apple TV** and other devices. And just last week, reports surfaced that newly renamed **Rovi** (formerly **Macrovision**) will integrate YouTube into a unified program guide, including a search function and social media elements. This isn't the same as simply grabbing YouTube videos through an awkward set-top Internet browser and clunky onscreen keyboard; this idea involves putting it directly into the guide—right along side traditional TV content. So what will those "partners" do when big swaths of their own content competes with their own linear content... right there within the same navigation system? Without content partners that can lure brands, YouTube faces the same dilemma on TV as on the PC: Lotsa videos with no advertising interest.

Cable content owners and operators could be in the early throes of a great opportunity here—if they work cautiously, meticulously and smartly toward their goals. YouTube may just take care of itself. But not any time soon.

- Michael Grebb



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