

CableFAX Daily™

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What the Industry Reads First

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Original Recipe: Cable Nets Investing More in Original Content

As cable ratings continue to climb, so does the percentage of original programming on the nets. The average percentage of originals on ad-supported cable has climbed to 67% in Apr '08 vs 59% in Apr '03, according to a new analysis by **CAB**. The total number of original shows in any given week has jumped to nearly 2100 from 1258. "With the ongoing audience migrations and ratings successes... I think it's important to look under the hood and see what the underpinnings are, what's driving this," CAB pres *Sean Cunningham* told *Cfax* Mon. And while CAB concluded that cable's \$19bln investment in original programming has led to higher ratings, Cunningham said: "We refer to those as 'proven favorites.' We're looking at, 'have we achieved the ideal balance with original vs acquired programming?' As we see ad-supported cable mature, we're intrigued on what that balance is." He said it varies by network. Every genre has seen an increase in original programs, with original dramas jumping to 79 for Feb '08 vs 18 in Feb '03. Documentaries were up to 527 from 83, while sports climbed to 500 from 294. CAB will share the study's results with advertisers. In talking to media buyers and other clients in the past few weeks, few estimated cable's percentage of original programming at the 2/3 mark, Cunningham said. CAB's also finishing tallying cable's results from the upfront and expects to release concrete numbers in the coming weeks. One thing's clear: the upfront was strong. The verdict's still out on the scatter market, with **Hallmark Channel's** *Henry Schleiff* saying last week that the net's ad sales team has seen a softening in the scatter. "We're waiting on returns on that," Cunningham said. "Every quarter is a little bit different. None of it's predictable, per say."

Online Advertising: **Cable One** initiated last year a "small-scale test" of tailored online ads based on "anonymized network traffic grouped into certain categories of subscriber interests." The operator described the test in response to a House Commerce inquiry online advertising practices, saying it decided not to deploy the technology commercially. It noted that no identifiable customer info was collected in the test, which ran in Anniston, AL (about 14K modem subs). The Committee sent letters to several cable, phone and Internet companies this month asking whether they had tailored or facilitated the tailoring of ads based on Web surfing. Several operators, including **Cablevision**, **Comcast**, **Cox**, and **Time Warner Cable**, said they do not engage in the practice. **Charter** had planned to run such a pilot with ad firm **NebuAd** but pulled the plug following concerns from customers and members of Congress. Overbuilder **Knology** said it recently underwent a trial with NebuAd and felt assured that customers' privacy was protected. Nonetheless, the overbuilder discontinued the trial last month in order to study issues raised by the Commerce Committee.

Competition: **Verizon** has reached with 2 unions a tentative employment agreement covering 65K telecom workers and that includes 11% in wage increases. Unionized employees at **Qwest**, meanwhile, have voted in favor of a strike if a deal can't be reached by Sat between the telco and the **Comm Workers of America**, and the **Intl Brotherhood of Electrical Workers**. -- **AT&T** has launched its suite of U-verse services in Wichita, KS. -- **DirectTV's** overall penetration of rural HHS

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is 26.6% and DISH's is 25%, according to **MediaBiz Competitive Intelligence**, representing approx 34% and two-fifths of the DBS ops' total respective sub base. -- **Verizon's FiOS TV** will begin Sept 1 phasing out analog channels in CA.

Carriage: **Time Warner Cable** will launch **GoITV** this week in NYC and L.A., with both markets to receive the net in both Spanish and English. The MSO also plans to add the net to lineups in Dallas, Austin and Waco, TX. -- **Cablevision** has bowed **Newsday TV**, an interactive subscription channel allowing digital customers on Long Island to order the pub using an onscreen order form. The net also features promotions of pub content and related long-form content.

Earnings: Excluding **Travel Channel**, **Discovery's** US nets posted an 11% increase in total rev to \$549mln, led by 14% growth in distribution rev due to higher rates across nets and sub growth for emerging nets. Ad rev swelled 9% thanks to higher sellouts and pricing, but was partly offset by lower ratings at **TLC**. -- **Liberty Interactive's QVC** grew rev 4% to \$1.76bln, although US rev dipped slightly to \$1.18bln. **QVC.com** sales as a percentage of domestic sales grew to 25% from 23%. **Liberty Ent**, which houses **Starz Ent** and an approx 49% stake in **DirecTV**, saw rev jump 32%, powered in part by 8% rev growth for Starz to \$275mln. Starz and **Encore** had avg sub increases of 6% and 11%, respectively.

VOD: In just the first 2 weeks of **Charter's** gradual rollout of a new "**Disney Family Movies**" SVOD service, 3500 customers have already signed up. Disney Family Movies features dozens of Disney movies and animated shorts and retails for \$4.99/month. Titles remain in rotation for about a month, with new ones added weekly. Charter developed the service with **Disney-ABC Domestic TV** and serves as the SVOD's product 1st distributor. -- **TVN** inked an on demand distribution agreement covering all news releases from **Starz'** theatrical unit **Overture Films**.

At the Portals: **EchoStar** and **Intelsat** are bickering over the timing of their **FCC** applications for a coveted C-band slot. Intelsat is claiming EchoStar's application should be dismissed because it was filed 10 minutes too early, with the app hitting the FCC at 10:50am on May 23. **PanAmSat**, which Intelsat acquired, has applied the same satellite slot. EchoStar argues that there is no rule requiring the filing to come in at 11am.

Online: **NBCOlympics.com** set a traffic record for the Opening Ceremonies with 70mln page views, 10 times more than the 7mln page views the Athens Games garnered. -- **G4's** weekly gaming series "X-Play" is now available for download through **Microsoft's Xbox Live** store. -- **Gorilla Nation** will now represent the online ad inventory for **Hallmark.com**, which counts 53mln page views/month and 63% female user base.

Mobile: **MTVN** has tapped **Thumbplay** to enhance and manage personalized content sales for **MTV Mobile**. Offerings such as ringtones and games related to 5 MTV properties are available a la carte or via subscription-based credits to more than 2K mobile devices. **[More details at www.cablefaxcontentbusiness.com]**. -- **ICO Global** will provide content from **Cartoon Net** and **Adult Swim** in alpha trials of its interactive mobile service **ICO mim**.

Technology: An agreement with **CableLabs** now allows **EchoStar** to implement OCAP middleware and the Cable-CARD interface on devices using **tru2way** tech.

Programming: **IFC** becomes the exclusive TV partner for **Pitchfork.tv's** catalog of live performances, interviews, doc segments, music videos. The net will air both on-air and at **IFC.com** 10 interstitial shows/wk from several site series.

[More details at www.cablefaxcontentbusiness.com]

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BUSINESS & FINANCE

On the Circuit: The Cable Center will present an introductory class on customer care and customer experience management during its Cable Days, which will be held Oct 15-17 in conjunction with the Cable Hall of Fame dinner. -- **CTAM Midwest** hosts a breakfast panel on wide-band Sept 4, 8:30am at the Chicago Cultural Center. Panelists include **Comcast's Dave Puckett** and **Fuse/MSG Media's Brad Samuels**.

People: Cameron Blanchard was elevated to svp, comm for **Bravo** and **Oxygen**. -- **Discovery Comm** appointed **Walt Cheruk** svp, client solutions, digital ad sales and **Karen Schmeichel Johnson** vp, digital ad sales, Midwest and Western regions; and promoted **Allison Rand** to vp, digital media, **Discovery Emerging Nets**.

Business/Finance: **Lionsgate** said it has invested (as of Jun 30) \$8.6mln in its premium channel jv with **Viacom** and **MGM** as part of a mandatory overall commitment of \$31.4mln that may increase to \$42.9mln if certain performance targets are achieved. -- **IAC's** plan to reorganize into 5 separate entities will be completed Aug 21, and "when issued" **NASDAQ** trading of companies including **HSN** begins Tues. -- **Conexant** has completed the sale to **NXP Semiconductors** of its broadband media processing unit, which includes products for cable, satellite and IPTV set tops.

CableFAX Daily Stockwatch

Company	08/11 Close	1-Day Ch	Company	08/11 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	37.45	0.20	AMDOCS:	30.55	(0.35)
DIRECTV:	28.38	0.10	AMPHENOL:	50.71	0.17
DISNEY:	32.80	0.77	APPLE:	173.56	4.01
ECHOSTAR:	30.54	(0.37)	ARRIS GROUP:	9.75	0.28
GE:	29.95	0.31	AVID TECH:	24.86	1.22
HEARST-ARGYLE:	19.96	0.38	BIGBAND:	4.96	0.18
ION MEDIA:	1.44	0.00	BLNDER TONGUE:	1.24	(0.09)
NEWS CORP:	14.25	(0.13)	BROADCOM:	26.98	0.97
MSOS					
CABLEVISION:	29.99	1.19	C-COR:	11.00	0.00
CHARTER:	1.13	0.03	CISCO:	24.62	0.37
COMCAST:	21.82	0.10	COMMSCOPE:	46.80	0.87
COMCAST SPCL:	21.68	0.11	CONCURRENT:	7.94	0.12
GCI:	10.58	0.23	CONVERGYS:	14.28	0.34
KNOLOGY:	10.04	(0.79)	CSG SYSTEMS:	19.67	0.40
LIBERTY CAPITAL:	16.02	0.13	ECHOSTAR HOLDING:	33.56	0.37
LIBERTY ENTERTAINMENT:	26.27	0.42	GOOGLE:	500.84	5.83
LIBERTY GLOBAL:	32.90	1.15	HARMONIC:	8.55	0.14
LIBERTY INTERACTIVE:	14.40	0.13	JDSU:	11.28	0.31
MEDIACOM:	7.22	0.12	LEVEL 3:	3.27	0.12
SHAW COMM:	20.88	0.04	MICROSOFT:	27.90	(0.23)
TIME WARNER CABLE:	28.45	0.11	MOTOROLA:	10.05	0.42
VIRGIN MEDIA:	10.61	(0.14)	NDS:	60.50	(0.25)
WASH POST:	656.00	0.95	NORTEL:	6.09	0.09
PROGRAMMING					
CBS:	17.67	0.92	OPENTV:	2.09	0.25
CROWN:	4.76	0.27	PHILIPS:	34.55	0.38
DISCOVERY:	19.52	1.14	RENTRAK:	14.45	0.05
EW SCRIPPS:	6.89	0.01	SEACHANGE:	7.82	0.23
GRUPO TELEVISA:	24.55	0.37	SONY:	39.87	0.59
INTERACTIVE CORP:	19.00	0.43	SPRINT NEXTEL:	8.80	0.08
LIBERTY:	43.23	(0.27)	THOMAS & BETTS:	47.05	1.62
LODGENET:	4.22	0.00	TIVO:	7.86	0.08
NEW FRONTIER:	3.67	0.03	TOLLGRADE:	6.22	0.13
OUTDOOR:	7.80	0.32	UNIVERSAL ELEC:	25.76	2.34
PLAYBOY:	4.33	0.09	VONAGE:	1.35	(0.08)
RHI:	14.19	0.44	WEBB SYS:	0.04	(0.01)
SCRIPPS INTERACTIVE:	41.57	0.29	WORLDGATE:	0.30	0.00
TIME WARNER:	15.88	0.28	YAHOO:	20.26	0.36
VALUEVISION:	3.00	(0.02)	TELCOS		
VIACOM:	29.96	0.32	AT&T:	31.84	0.87
WWE:	15.60	0.00	QWEST:	4.01	0.20
TECHNOLOGY					
3COM:	2.18	0.02	MARKET INDICES		
ADC:	10.16	0.15	DOW:	11782.35	48.03
ADVANTAGE:	3.00	0.35	NASDAQ:	2439.95	25.85
ALCATEL LUCENT:	6.30	0.06			



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Diversity Issue

Coming September 2008

Who will be selected as the Top 50 Minorities in Cable?

This much-anticipated issue of CableFAX Magazine ranks the top cable executives who prove cable's definitely not diversity weak!

The annual issue profiles the Top 50 Minorities in Cable and will reach approximately 60,000+ industry executives through print and e-media, including CableFAX Daily and CableFAX Magazine subscribers. The issue will be released during Diversity Week in NYC and will be featured on Cable360.net for an entire year. Your message and brand will be promoted during the festivities of Diversity week and to the thousands of readers who read and reference this issue year-round.

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. Contact us today to be apart of this special issue.

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Upcoming 2008 issues of CableFAX: The Magazine

- **September** - Diversity Issue (distribution at Kaitz)
- **October** - Top Cable Programs (distribution at CTAM)
- **November** - Most Influential Women in Cable (distribution at WICT Gala)
- **December** - The CableFAX 100 Issue (distribution at CableFAX 100 Luncheon)

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