

# CableFAX Daily™

Wednesday — September 10, 2008

What the Industry Reads First

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## Atop the Crest: Cable Nearing 3 Important Revenue Waves

With video growth stagnant and HSD growth slowing, much of big cable hopes to tap new roaring revenue streams through interactive ad venture **Project Canoe**, the WiMAX jv with **Sprint/Clearwire** and DOCSIS 3.0. **Time Warner Cable** COO *Landel Hobbs* and **Comcast** COO *Steve Burke* provided some outlook for the critical triumvirate Mon at the **Merrill Lynch** media conference—with Canoe perhaps the most fiscally promising. Cable's "advertising pie could double or triple" because of the venture, said Burke, noting that Canoe CEO *David Verklin* has hired about a dozen people to date. The venture's Elections '08 On Demand VOD channel seeks to demonstrate effective MSO collaboration to the advertisers and cable nets with which Canoe has begun discussions, he said. Early feedback: cable nets and broadcasters are "more excited than we are," said Burke. But to succeed with Canoe, said Hobbs, MSOs must figure out how to "standardize that [viewing] data coming in" from set tops. Hobbs expects TWC and others to roll out the 1st Canoe-related products in early '09. This year, meanwhile, should see the closing of cable's stake in the Sprint/Clearwire jv, for which TWC is "already working on [product set] road maps," said Hobbs. Market testing is expected next year, he said. Comcast is most excited about adding wireless data plans to existing service bundles, said Burke. WiMAX "offers us the chance to have wireless data speeds" that telcos can't match, he said. Cable hopes the same holds true for DOCSIS 3.0, or wide-band, which Comcast plans to deploy in 20% of its footprint by YE. While providing no timetable, Hobbs said TWC will use the tech as a super premium service and "surgically" roll it out where needed. Other notes: Comcast is planning to offer free video service to over-the-air converts who order non-video services leading up to the DTV transition, said Burke.

**LA's Law:** **Lifetime** decided to geographically restructure itself Tues, with the end result being a move to L.A. by the entire public affairs and corp comm operation from NY. The move will be effective Jan 1, according to a memo from Lifetime chief *Andrea Wong*. Some NY positions in business, legal affairs and much of the research unit are being relocated, too, it said. Longtime public affairs/corp comm chief *Meredith Wagner* and research head *Mike Greco* have agreed to make the move, the memo said. By an unofficial count, 20 jobs will move to Century City, with or without their current inhabitants. Lifetime has about 400 employees. The Wong memo noted along with the move West "would inevitably come some restructuring... my sincere hope [is] that as many people as possible among the affected departments will consider relocation, if appropriate." Lifetime's public affairs unit arguably has been one of cable's best, raising awareness and making a difference on countless issues, including breast cancer, violence against women and human trafficking. Lifetime's HR and department heads will "be available to employees 24/7 to address questions and concerns," the memo said.

**A la Carte:** While **FCC** chmn *Kevin Martin* continues to tell reporters that no one is working on a wholesale a la carte order, the number of filings coming in on the issue has FCC watchers convinced otherwise. Case in point is Mon's filing from **ACA**, saying that there's no truth in the notion that wholesale unbundling would have a significant negative impact

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on the amount of minority-interest programming available. The group says that programmers by and large do not use their market power to ensure carriage of minority-focused channels. For example, **Viacom** doesn't bundle its marquee nets with any of its minority channels, such as **BET** and **Logo**, in deals with small ops, nor has **NBCU** bundled any of its recently acquired **Telemundo** nets, ACA said. Only **Disney** can claim minority bundling to some extent, but ACA adds that "Disney's deal—which requires carriage of **ESPN Deportes** when **ESPN** is carried—only applies to small cable operators who already offer a Spanish language tier, a subset of providers who would be interested in carrying this programming whether bundled or not." Meanwhile, Sen Commerce leaders sent their own letter to Martin Mon telling him to focus on the DTV transition, not wholesale unbundling. "Pursuing contentious policy objectives, such as the unbundling of wholesale subscription television channels, would divert the attention of the Bureau at this critical time," said the letter signed by Sens **Daniel Inouye** (D-HI), **Ted Stevens** (R-AK) and **Kay Bailey Hutchinson** (R-TX). Martin briefly touched on wholesale bundling during a call with reporters Fri. After complaining once again about rising cable rates, he noted that "a significant number of cable operators have said that the bundling of channels is leading to the increase in consumer prices."

**Wilmington Watch:** After 1 day of no analog broadcasts, Wilmington's participating 5 TV stations report receiving 226 calls about the switch. Of those, only 1 was from a viewer who reported being unaware of the transition, **NAB** said. Most of the calls were from viewers who had installed their converter boxes incorrectly, had problems receiving digital channels or needed help adjusting their antennas. Other issues included viewers still awaiting the arrival of their \$40 converter box coupons. "By and large, the consumer education campaign run by Wilmington stations and the FCC got the job done," said **Andy Combs**, gm of **WWAY**. "Virtually everyone in Wilmington knew the switch was coming, although it appears a number of people waited until the last minute and had reception and technical issues that could have been resolved before the switch." Still no word from the **FCC** on call volume to its hotline. Wilmington made the switch to digital at 12pm ET Mon, 5 months ahead of the rest of the country (**Cfax**, 9/9).

**Online:** **Apple** and **NBCU** have apparently settled their pricing/flexibility dispute from last fall (**Cfax**, 9/4/07), as content from **NBC**, **USA**, **Sci Fi** and **Bravo** is again available on **iTunes**. SD eps are \$1.99 each, HD eps \$2.99 per, and customers may purchase entire seasons at a discounted price. Also, **NBCU** is offering 1 free ep of certain shows for the next 2 weeks, as well as eps of new broadcast series such as "Knight Rider" 1 week prior to their premieres.

**Carriage:** **Gospel Music Channel** said it has added more than 250K subs through recent launches, which include **Comcast N VA** and **MD**, as well as launches on **Knology**, **Hargray** and **MetroCast** systems. **GMC** said it has grown to 40mln HHs from 9mln homes in 16 months. -- **Outdoor Channel** has launched on **Sky Angel's** IPTV channel lineup. It initially launched in standard def, but the distributor plans to add the net's HD and VOD offerings. -- **Bright House** launched **Go!TV** and **Sorpresa** on its Hispanic tier in Tampa.

**Competition:** **Verizon** launched **FIOS TV** in Washington, making it available to more than 80K HHs in the state. Customers who sign up by Oct 4 can get either a free year of HD DVR or HD Home Media DVR. -- Following recent customer claims of a CA roll out, **AT&T** made official Tues the free Bay Area launch of its **U-verse** Total Home DVR, which is slated for launch in all systems by YE. The device allows subs to manipulate any recorded SD or HD program on up to 7 additional U-verse-connected TVs. -- **FIOS TV** added **Shalom TV** to its VOD lineup. -- **DirectTV** rolled out Mexican classic film channel **Cine Nostalgia** on its Mas programming lineup.



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Source: Nielsen Media Research, Cable Network Coverage Area HH Universe Estimates, September 2008. Subject to qualifications upon request.

# BUSINESS & FINANCE

**Advertising:** A multi-year partnership between **NBCU** and **Google** will see the pair develop more effective advertising metrics, and includes a national offering from NBCU of ad time from **Sci Fi**, **Oxygen**, **MSNBC** and **CNBC** to the Google TV Ads platform. While sharing in all ad rev, the pair will work on adapting the Google TV Ads platform for local market use and on a series of custom marketing and research projects. -- **NDS** and **TNS** are partnering globally to create an end-to-end set top audience measurement solution for digital TV ops.

**Online:** **ESPN.com** will make short-form online video content accessible through **Bebo's** open media platform. It's at [www.bebo.com/ESPNVideoSC](http://www.bebo.com/ESPNVideoSC).

**People:** **Disney** tapped **Yahoo!'s Karin Timpone** as svp, product strategy and marketing for its digital media senior management team. Also new to the group is **Lauren DeVillier**, who serves as vp, digital media, **Disney Channel** and **Beth Johnson**, vp, digital media, **ABC Daytime & SOAPnet**. -- **Ascent Media** appointed **Bridget Allen** vp, global strategic sales, US, and **Jason Jones** vp, global strategic sales, EMEA. -- **Turner Sports** promoted **Howard Zalkowitz** to vp, production.

**Oops:** **Fuse** is part of **Cablevision's MSG** subsidiary, not its **Rainbow** unit. -- The late **Joel Cohen** was named a Cable Pioneer, but the honor is not bestowed by **The Cable Center**.

## CableFAX Daily Stockwatch

Company	09/09 Close	1-Day Ch	Company	09/09 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
BRITISH SKY:	31.98	(0.31)	AMDOCS:	28.69	(0.72)			
DIRECTV:	27.06	0.10	AMPHENOL:	44.70	(0.3)			
DISNEY:	32.43	(0.49)	APPLE:	151.68	(6.24)			
ECHOSTAR:	27.19	(0.69)	ARRIS GROUP:	8.83	(0.09)			
GE:	28.12	(0.97)	AVID TECH:	26.18	0.46			
HEARST-ARGYLE:	20.91	(0.18)	BIGBAND:	2.84	(0.24)			
ION MEDIA:	1.44	0.00	BLNDER TONGUE:	1.39	0.08			
NEWS CORP:	14.14	(0.31)	BROADCOM:	21.07	(0.73)			
<b>MSOS</b>								
CABLEVISION:	29.47	(1.4)	C-COR:	11.00	0.00			
CHARTER:	1.03	(0.02)	CISCO:	22.97	(0.4)			
COMCAST:	20.71	(0.61)	COMMSCOPE:	42.11	(2.54)			
COMCAST SPCL:	20.62	(0.58)	CONCURRENT:	6.97	0.22			
GCI:	10.22	(0.41)	CONVERGYS:	16.44	0.06			
KNOLGY:	9.96	(0.18)	CSG SYSTEMS:	17.85	(0.99)			
LIBERTY CAPITAL:	15.64	(0.16)	ECHOSTAR HOLDING:	30.14	(1.36)			
LIBERTY ENTERTAINMENT:	26.72	(0.27)	GOOGLE:	418.66	(1.29)			
LIBERTY GLOBAL:	32.49	(1.16)	HARMONIC:	8.26	(0.21)			
LIBERTY INTERACTIVE:	13.57	(0.29)	JDSU:	9.54	(0.33)			
MEDIACOM:	7.40	(0.45)	LEVEL 3:	3.00	(0.33)			
SHAW COMM:	21.72	0.05	MICROSOFT:	26.10	(0.02)			
TIME WARNER CABLE:	27.42	(0.33)	MOTOROLA:	8.74	(0.57)			
VIRGIN MEDIA:	11.06	(0.49)	NDS:	60.34	(0.23)			
WASH POST:	605.02	(12.28)	NORTEL:	5.22	(0.38)			
<b>PROGRAMMING</b>								
CBS:	16.60	(0.49)	OPENTV:	1.48	(0.16)			
CROWN:	4.83	(0.12)	PHILIPS:	30.70	(0.84)			
DISCOVERY:	19.10	(0.6)	RENTRAK:	14.60	0.29			
EW SCRIPPS:	7.36	0.13	SEACHANGE:	7.80	(0.33)			
GRUPO TELEVISA:	23.40	(0.49)	SONY:	35.42	(1.56)			
HSN:	14.70	0.02	SPRINT NEXTEL:	7.79	(0.15)			
LIBERTY:	41.33	(2.06)	THOMAS & BETTS:	42.02	(2.17)			
LODGENET:	3.92	(0.19)	TIVO:	7.69	(0.14)			
NEW FRONTIER:	3.49	(0.31)	TOLLGRADE:	6.13	(0.18)			
OUTDOOR:	7.89	0.09	UNIVERSAL ELEC:	26.04	(0.93)			
PLAYBOY:	3.90	(0.19)	VONAGE:	1.23	0.02			
RHI:	13.73	0.06	WEBB SYS:	0.05	0.01			
SCRIPPS INTERACTIVE:	39.48	(0.9)	WORLDGATE:	0.30	0.00			
TIME WARNER:	15.18	(0.54)	YAHOO:	17.58	(0.68)			
VALUEVISION:	2.25	0.01	<b>TELCOS</b>					
VIACOM:	27.60	(1.57)	AT&T:	32.55	0.00			
WWE:	16.23	(0.3)	QWEST:	3.85	(0.05)			
<b>TECHNOLOGY</b>								
3COM:	2.20	0.00	VERIZON:	35.23	0.11			
ADC:	10.22	0.03	<b>MARKET INDICES</b>					
ADVANTAGE:	3.25	0.02	DOW:	11230.73	(280.01)			
ALCATEL LUCENT:	5.08	(0.2)	NASDAQ:	2209.81	(59.95)			

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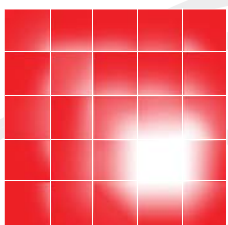
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