

CableFAX Daily™

Tuesday — September 18, 2007

What the Industry Reads First

Volume 18 / No. 181

Challenges Ahead: Top MSO Execs Work to Overcome Obstacles

Speaking separately Mon at a **Merrill Lynch** conference, **Comcast** CEO *Brian Roberts* and **Time Warner Cable** COO *Landel Hobbs* both admitted some maturation in the HSD sector—and even acknowledged some business leaks that require plugging. While confident that Comcast can sustain its double-digit growth model amid competition and a flagging economy, Roberts said the MSO's ad sales are experiencing the "worst year, maybe ever," leading to cash flow retardation. Accordingly, Comcast is "deeply involved" in creating interactive advertising standards for the cable industry, a "major priority for me," said Roberts. Hobbs also eyes this industry ad initiative "as a significant opportunity [for] '09 and beyond," citing promising potential on the VOD platform. But he also said the company's HSD adds continue to suffer from seasonality in 3Q, although sequential growth versus 2Q is expected. **Pali's Rich Greenfield** now foresees Time Warner's 3Q RGU, HSD and video adds all missing Wall St estimates. "The only conclusion we can really draw is that TWC is having a more difficult time integrating Adelphia/Comcast systems than it envisioned," he wrote. Hobbs said that undertaking has cost the MSO \$30mln in incremental quarterly investment in L.A. and Dallas alone. Dallas requires a nearly total system rebuild and upgrade, now 75% completed. "We have to methodically correct these systems," he said, noting the complexity in hiring and training new employees within acquired systems. The L.A. market just introduced a triple-play bundle Aug 1. Meanwhile, cable's top 2 MSOs are pursuing low speed tier customers, hoping to advance them to higher tiers later. Roberts sees growth in '08 from the industry rollout of DOCSIS 3.0 specs. -- Time Warner Cable notes: "Start Over" has a 93% satisfaction rate among customers, who apparently don't mind viewing the inherent ads in exchange for the convenience; commercial phone was launched Aug 31 in 11 cities, including Austin, Milwaukee and Syracuse; double- and triple-play subs in NYC, Austin and San Antonio may now avail themselves of a 3Kmin calling plan covering landline calls to more than 100 countries for \$20/month. -- Comcast notes: the MSO seeks to offer more HD shows than channels, a strategy that Roberts says counters satcasters' channel claims.

Leadership 2.0: Panel Kicks Around Diversity and Management

Differing viewpoints emerged when **NAMIC** opening session moderator *Monica Bertran*, host of **Bloomberg TV's** "Market Pulse," asked if part of the problem with creating diversity today is that people are still uncomfortable with one another. While **A&E** evp, gm **Bob DeBitto** said he found it hard to believe that could be true in places like NY, **IFC** evp, gm *Evan Shapiro* quickly jumped in to point out that the Upper East Side isn't that diverse. Sun night's **Emmy** ceremony, which seated all the actors of a show together in a round set, was further proof that "we have a long, long way to go" when it comes to diversity, Shapiro said. **BET** pres/COO *Scott Mills* offered up the example of **NASCAR**. It's a predominately white sport and cash cow, but CEO *Brian France* has made it clear that its future is dependent on expanding the audience. NASCAR is going after the delicate balance of reaching out to newcomers while continuing to serve its core

Court TV is Cable's Fastest-Growing Top-20 Network!

▶ Most-watched year ever

▶ Up 25% in delivery of A18-49

COURT TV... TRULY VALUABLE TO YOUR BUSINESS

courtTV™
■■■■■■■■■■

Source: Nielsen, M—Su 8–11p, 1/1/07–8/26/07, 12/26/05–8/27/06, A18–49 (000), ad-supported cable nets, most current data. Year to date.

TurnerResources.com

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Associate Publisher: Amy Abbey, 301/354-1783, aabbey@accessintel.com ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columnist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

fans, Mills said. **MTV** pres *Christina Norman* said stressed diversity of thought as well as diversity of race, noting the evolution of MTV's 1-year-old bilingual Hispanic net **MTV Tr3s** from a network that thought it was Latino by adding a "bunch of o's" to the ends of words. The result of MTV's work on Tr3s has been a "Latinization throughout all out networks," she said. MTV is considered a diversity leader, but Norman told the crowd it still has a long way to go. "We're rounding 2nd," she said. Everyone on the panel agreed that the traditional leadership model of decisions coming from the top down has gone the way of VHS. "No one is smarter than everyone, and that's the basic key for top-down," Shapiro said.

DTV Doings: NAB on Mon told the **FCC** it will roll out the first of its DTV consumer education PSAs this week, in both English and Spanish. The agency has asked whether it should take more steps to drive consumer awareness of the transition in response to a letter from Reps *John Dingell* (D-MI) and *Ed Markey* (D-MA). Both NAB and **NCTA**, which has launched a \$200mln PSA/education campaign, argue against govt intervention. NCTA said there's "no reason to add a layer of bureaucracy," but **The Benton Foundation**, an advocate for public interest obligations for broadcasters, wants the FCC to use its rulemaking abilities to make sure no viewer is left behind.

Albrecht's New Home: More than 4 months after his expulsion from **HBO** as chmn/CEO, *Chris Albrecht* has landed at **IMG** as head of global media business. He also becomes a special limited partner in IMG owner **Forstmann Little & Co**, where he and *Ted Forstmann* strive to raise a \$250mln fund for media/entertainment investments.

NAMIC Notebook: When it comes to diversity in the workplace, the cable industry these days may be less preoccupied with skin color than the color of money. "From a sales position, they see green," said **Comcast** vp, strategic sales alliances *Barbara Gee*. In other words, cable operators and programmers are starting to understand that "if they want to see green, they better see brown," said *Emilio Mata*, svp, creative services at **Starz**. Panelists said that being "the only one in the room"—while sometimes frustrating—can also be an advantage: "You have to be aggressive," said *Kenneth Gordon*, legal counsel at **ESPN**. "You have to go in there and take it. Sometimes people underestimate you." Still, panelists spoke of subtle annoyances. Gordon said he has endured insensitive comments while on the phone with people who didn't know he was African-American. **TNT** vp, programming *Billy Hall* noted that in a previous job he started wearing a tie because clients kept assuming he was someone's assistant when he didn't. *Rahda Subramanyam*, **Nickelodeon's** vp, Nick Digital Networks, lauded her own company's diversity efforts but said non-white employees everywhere face the same reality. "You have to be better at your job than everybody else," she said. -- **NAMIC's** 21st annual conference drew a record 700+ attendees. Honorary co-chair/**Comcast** evp *David Cohen* noted that America will have a minority majority in the coming years, and that it's critical for companies to diversify their workforce.

In the States: **Time Warner Cable** will add **ESPN Deportes** to its digital basic lineup in NY/NJ Oct 15, upping the net's distribution to approx 5mln homes (3.7mln Hispanic). Until then, the net is available through a free preview.

Carriage: Launches on **Bright House** in Orlando, **Cox** in Omaha and **RCN** in Chicago has put **TV One** past the 40mln HH sub plateau. -- **Cox New England** launched **CSTV**; Charter rolled out the net in New Orleans and Lafayette, LA.

Advertising: **ION Media Nets** said 40 new advertisers have inked commitments since the net's rebranding, including **Colgate**, **Campbell's** and **Macy's**. -- **Big Ten Net** forged an exclusive ad agreement with **WorldLink**, which will represent the net in all short-form direct response ad sales.

We're Number One. Twice!

For the 2nd year in a row, Gospel Music Channel is the #1 Network for Overall Emotional Connection with Viewers.

Source: Myers Emotional Connections Study, July 2007; Base A18-49 among 103 emerging and mid-sized networks. Myers Emotional Connections Study, December 2005; Base A18-49 among 50 emerging and mid-sized networks. Emotional Connection Index measured by five attributes in 2007; four were included in the seven that make up the 2005 Index. Details available upon request.



gospel music channel™
Rock. Pop. Country. Soul.

BUSINESS & FINANCE

On the Circuit: BETN chmn/CEO Debra Lee and Mediacom chmn/CEO Rocco Commisso will co-chair NCTA's "The Cable Show '08," which returns to New Orleans on May 18-20.

Emmys: HBO's "The Sopranos" and AMC's miniseries "Broken Trail" got 3 golden statuettes each Sun night, but cable was soundly beaten at the event by broadcasters, 17 awards to 12. HBO (6) led cable, also represented by **Comedy Central** (1), **USA** (1) and **CurrentTV.com** (1). **NBC** notched 7 honors, followed by **ABC** (6) and **PBS** (3). *Jeremy Piven* earned his 2nd consecutive supporting actor in a comedy series nod for his role on HBO's "Entourage." Combined with the Creative Arts Emmys, bestowed Sept 8, HBO led all prime award recipients with 21, followed by NBC (19), ABC (10) and CBS (10). **Cartoon Net** snagged 8, while AMC, **Discovery Channel** and **Showtime** collected 4 apiece.

People: *David Arroyo* was promoted to vp, legal affairs, **Scripps Nets**. -- **Qwest** appointed *Rahn Porter* svp, investor relations.

Business/Finance: **Comcast** extended its credit facility with the United Bank of Philadelphia, the city's leading African-American controlled commercial bank, with a \$32.35m agreement. The financing is a 364-day revolving credit facility that the bank has syndicated with 19 additional minority-owned banks across the nation.

CableFAX Daily Stockwatch

Company	09/17 Close	1-Day Ch	Company	09/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	53.14	(0.86)	APPLE:	138.41	(0.4)
DIRECTV:	22.35	0.27	ARRIS GROUP:	13.59	(0.67)
DISNEY:	33.38	(0.18)	AVID TECH:	26.86	(0.18)
ECHOSTAR:	40.96	(0.22)	BIGBAND:	8.61	(0.41)
GE:	40.18	(0.17)	BLNDER TONGUE:	1.21	(0.04)
HEARST-ARGYLE:	26.00	0.14	BROADCOM:	34.85	(0.65)
ION MEDIA:	1.30	(0.04)	C-COR:	9.59	(0.23)
NEWS CORP:	22.02	(0.05)	CISCO:	31.50	(0.06)
TRIBUNE:	27.27	(0.17)	COMMSCOPE:	53.81	(0.25)
MSOS					
CABLEVISION:	34.37	(0.33)	CONCURRENT:	1.32	(0.02)
CHARTER:	2.59	0.02	CONVERGYS:	16.25	(0.27)
COMCAST:	24.89	(0.28)	CSG SYSTEMS:	21.50	(0.08)
COMCAST SPCL:	24.51	(0.29)	GEMSTAR TVG:	6.26	(0.13)
GCI:	12.00	(0.35)	GOOGLE:	525.30	(3.45)
KNOLOGY:	16.24	(0.44)	HARMONIC:	10.20	0.14
LIBERTY GLOBAL:	41.14	(0.02)	JDSU:	13.58	(0.35)
LIBERTY INTERACTIVE:	18.84	0.06	LEVEL 3:	4.46	(0.01)
MEDIACOM:	7.26	(0.02)	MICROSOFT:	28.73	(0.31)
NTL:	28.22	0.00	MOTOROLA:	16.83	(0.14)
ROGERS COMM:	42.97	0.00	NDS:	48.07	(0.41)
SHAW COMM:	24.18	0.03	NORTEL:	16.91	(0.18)
TIME WARNER CABLE:	34.12	(0.62)	OPENTV:	1.50	(0.1)
WASH POST:	762.75	(8.76)	PHILIPS:	41.96	(0.65)
PROGRAMMING					
CBS:	30.79	0.14	RENTRAK:	11.77	(0.11)
CROWN:	6.75	0.02	SEACHANGE:	6.41	(0.15)
DISCOVERY:	25.81	(0.5)	SONY:	46.70	(0.28)
EW SCRIPPS:	42.87	0.50	SPRINT NEXTEL:	17.65	0.27
GRUPO TELEVISA:	24.92	(0.86)	THOMAS & BETTS:	55.22	(1.44)
INTERACTIVE CORP:	27.12	(0.8)	TIVO:	5.95	0.01
LODGENET:	25.19	(0.68)	TOLLGRADE:	9.94	(0.41)
NEW FRONTIER:	6.29	(0.06)	UNIVERSAL ELEC:	27.47	(1.24)
OUTDOOR:	8.46	(0.03)	VONAGE:	1.94	(0.05)
PLAYBOY:	10.53	(0.03)	VYYO:	5.46	(0.1)
TIME WARNER:	18.24	(0.4)	WEBB SYS:	0.07	0.01
UNIVISION:	36.23	0.00	WORLDGATE:	0.41	0.02
VALUEVISION:	7.81	(0.08)	YAHOO:	24.95	0.22
VIACOM:	37.12	(0.6)	TELCOS		
WWE:	14.09	(0.12)	AT&T:	40.21	(0.23)
TECHNOLOGY					
3COM:	3.46	(0.14)	QWEST:	9.07	0.03
ADC:	20.36	(0.05)	VERIZON:	42.59	0.07
ADDVANTAGE:	7.06	(0.12)	MARKET INDICES		
ALCATEL LUCENT:	8.61	(0.39)	DOW:	13403.42	(39.1)
AMDOCS:	34.50	(0.06)	NASDAQ:	2581.66	(20.52)
AMPHENOL:	37.21	(0.1)			

81% OF LATINOS ONLINE SURF IN ENGLISH.

Want to reach them? Sitv already does – on air and online, with six uniquely targeted websites. We'll connect you... so you can connect with them. Call Lisa Delligatti 202-237-0625.

Sitv
Speak English. Live Latin.

Source: AOL Labs 2006 Hispanic Personality

Visit Sitv.com, entertainment.sitv.com, community.sitv.com, lucarmen.com. Coming Soon trends.sitv.com, jammin.sitv.com

M.C. Antil's CableFolks

Outdoor Channel's Werner: Still a Great Sport

Given that Outdoor Channel CEO Roger Werner has seemingly been around since man first ran wire down a mountain, you somehow think he'd be older than 57. After all, back when ESPN was still reporting on football games during time-outs from the far corners of end zones, Roger was a wet-behind-the-ears consultant, brought in to help chart the network's future.

His employer at the time, McKinsey & Company, had been retained by Getty Oil to make some sense of a new investment, an amorphous mass of yet-unharnessed sports passion tucked away in the hills of rural Connecticut. And given that it had no real media practice at the time, McKinsey assigned the gig to the next best thing: Werner, a bright young kid with some package goods marketing chops, as well as some first-hand experience buying media and producing TV spots.

Roger told me that those early years at ESPN were as much about business as sports, if not more so. He said a great deal of his time back then was spent modeling, testing price points and projecting what sort of basic cable growth was possible, given the dominance of the broadcast networks and America's generations-old addiction to over-the-air TV. "We had to model the industry first, before we could even think about modeling our network," he said.

He then laughed and recalled: "We were the butt of hundreds of jokes. From 1980, right up through about 1985, there were regular articles in newspapers deriding the notion that an all-sports channel could be a business."

After Roger and I reminisced about our respective days with ESPN, we started talking about how many of the niche networks upon which this industry was built have altered their programming to reach a wider audience. I likened it to a presidential campaign, saying that early in the process a candidate can speak freely. It's only as the



M.C. Antil

chances of winning increase that a politician must move to the middle of the road.

This struck a chord with Roger, who proceeded to wax eloquent on something cable has lost. "As the industry has matured, the operators' margins have been squeezed and the money available for fee increases has gone down, so more and more networks have become reliant on ad sales for their growth. And to grow that ad sales number, you have to grow the ratings number."

The process, he says, has resulted in erstwhile niche networks pursuing "audience tonnage... What you end up with at the end of the day is a lot of guys doing the same thing." He cited reality and crime shows which, because of their broad appeal, now seem to end up on networks across the board, regardless of what the original programming mission may have been. "That's a shame," he said, adding: "I think that negates the original premise—and the original promise—of cable TV."

I then asked Roger, given his track record as a programmer—and understand his rags-to-riches stories include ESPN, SPEED, OLN and a number of regional sports nets—why would he want to play wet nurse to yet another net near the bottom of the food chain? "Because I love this business and I'm too young to retire—or at least I tried that once and it didn't work."

So what does Roger Werner, the man who helped pour the foundation upon which the powerful ESPN brand was built, think his legacy will be? "I look back and I take great pride in the number of jobs we created. I think of the number of kids who can now make a living at competing in sports like snowboarding, and surfing, and yacht racing, and motor racing and aerobatic flying—not just baseball, basketball and football. That's what I'm most proud of. What we've done in the past 27 years is create tremendous economic opportunity."

M.C. Antil can be reached at m.c.antil@att.net.

WWW.OUTDOORCHANNEL.COM



OUTDOOR CHANNEL

dockdogs

BRYANT PARK

New York **September 18**

11 AM - 4 PM

UNLEASHED

FOR MORE INFORMATION CONTACT AFFILIATE SALES AT 1-800-770-5750

GUEST COLUMNIST

Through the Prisms Of Black and White

To begin to fathom the breadth and depth of the cultural and racial divide in America, one need look no further than four major news events involving athletes; three of them recent and one that dominated the headlines just over a decade ago.

The 1995 murder trial of O.J. Simpson; last year's Duke Lacrosse team members accused of sexual assault; Atlanta Falcons quarterback Michael Vick's guilty plea to dogfighting conspiracy charges; and San Francisco Giants outfielder Barry Bonds breaking Hank Aaron's home run record amidst allegations of steroid use all tell us that we are, in many ways, a divided nation when it comes to how we view and perceive certain occurrences. Despite facts that have proven to be incontrovertible, blacks and whites viewed each of these events differently and hold vastly dissimilar opinions about the relative guilt and innocence of the individuals involved.

Given this reality, as the cable industry gathers this week to celebrate diversity and explore diversity-related issues, we must ask ourselves this question: Is it possible that our companies' policies are being viewed differently by different groups within our overall employee base, and if so, could these policies be deemed as racist and/or sexist by one or more of these groups?

Consider that over the past few years there have been dozens of class action suits alleging corporate and institutional racism brought against American companies, and settlements in these cases have totaled hundreds of millions of dollars. Nike, Sodexo, Microsoft and Walgreens are just a few of the major corporations involved in noteworthy court cases. In these particular instances, the companies completely denied any wrongdoing, and in most cases issued statements defending their hir-

ing and advancement practices, while at the same time reiterating their belief in diversity as a social good.



Ann Carlsen

There's little doubt that the African Americans who brought suit felt horribly wronged by their respective employers. But there's also little doubt that employers felt that they had done nothing wrong and firmly believe their policies rank among the more enlightened in corporate America. Why the disconnect?

Whether these differences are ultimately a product of race or class, or a combination of both, in America, whites and blacks view the world

through the prism of personal and cultural experience. Each group processes information very differently and forms opinions accordingly. With this in mind, consider your own company's policies: are they truly as fair as you believe them to be?

Thoroughly review your HR policies and practices often. Solicit feedback from your employees at all levels and continuously communicate with them. Read what's going on at other companies, talk to peers and keep up with workforce issues and trends. And walk the talk on diversity. Let your employees know you're serious about this issue, and demonstrate that you are continuously exploring how to improve.

With Diversity Week in full swing, now's the time to ask yourself if perception is reality regarding your working environment. But before you do, make sure you know what the perceptions actually are. There are no quick fixes or easy answers. Just the willingness and the resolve to look in the mirror and take the necessary action.

Ann Carlsen is founder and CEO of Carlsen Resources, Inc, an executive search firm specializing in media and telecommunications. This is an excerpt of a thought piece, entitled "A Study in Black and White: Do Your Employees Consider Your Corporate Policies Racist?" To receive a free copy, call the company at 970-242-9462.

Source: Nielsen Media Research, GAC Cable Coverage Area Universe Estimate, Sept '07

We've **CRANKED** it UP
to **50** **MILLION!**



INPUT



VOLUME

THANKS to you!

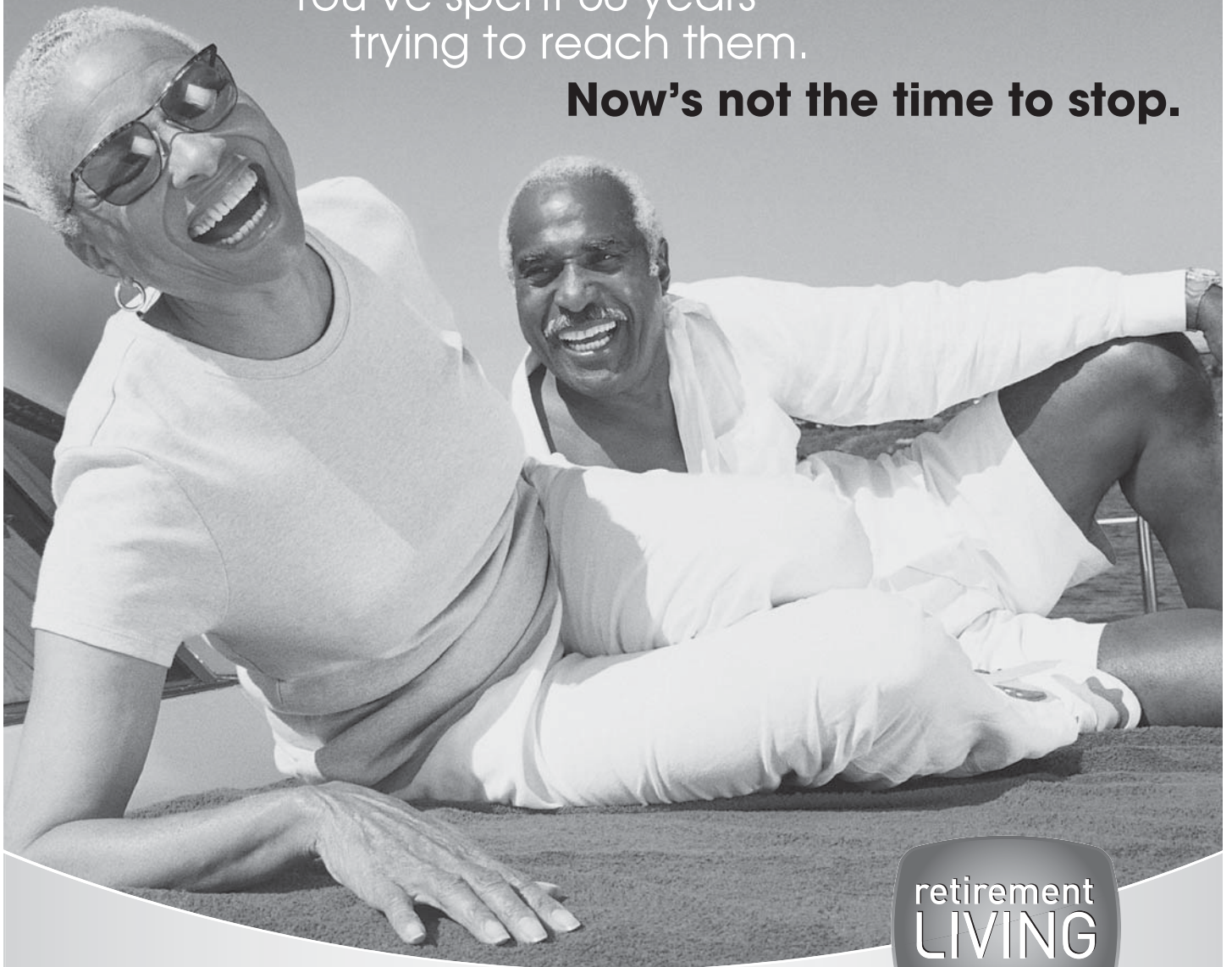
GAC

GREAT AMERICAN COUNTRY

SCRIPPS
NETWORKS

You've spent 50 years
trying to reach them.

Now's not the time to stop.



Retirement Living TV (RLTV) is the first television network dedicated to the 55+ market. This fast growing demographic makes up the largest share of television viewers.

Inspiring your freedom years

WWW.RL.TV

Don't miss out on this opportunity to connect with a whole generation largely ignored by subscriber acquisition campaigns. The payoff is here!

Launch Retirement Living TV today.
Contact Betsy Brightman
BBrightman@RL.TV