

# CableFAX Daily™

Monday — October 2, 2006

What the Industry Reads First

Volume 17 / No. 190

## Silver Linings: ESPN's Mobile Stumble Could Bring Lessons, Benefits

As the industry pursues wireless initiatives of its own—most notably the cable/Sprint-Nextel consortium's recent \$2.4bln spectrum buy—what lessons can cable glean from the failure of **ESPN's** branded mobile initiative? Wireless analyst *Derek Kerton* of the **Kerton Group** called it a "cautionary tale" for others. "It turns out that a phone remains primarily a communication tool, and a narrow content brand just doesn't resonate with consumers when they choose their cellular carrier," he said. "In this context, even a fantastic brand like ESPN can be seen more as a limiting factor than a 'must-have'." Cable ops should not take a hasty approach to wireless, said **TMNG** CEO *Rich Nespola*, but develop a targeted and thoughtful pathway. "ESPN treated this market like a sprint, but it's a marathon," said Nespola. "To make it worse, carriers already had an extensive repertoire of sports content, and the Web offers numerous alternatives at either no or lower cost. ESPN's experience is confirmation that moving away from your core competency requires super diligence." But while ESPN Mobile's fate certainly snapped a trap on The Mouse's tail, many believe it will benefit the media family going forward. Much optimism stems from ESPN's plan to now license its mobile content to wireless carriers—a plan that **ESPN Mobile** svp/GM *Manish Jha* conceded Thurs the net should have pursued earlier this year. "The sports programming giant got too cocky," wrote *Rick Munarriz* Fri on **The Motley Fool's** Web site. "But in pulling the plug on its service by the end of the year, Disney is once again in a position to cash in on the golden ESPN brand by farming it out to a wider selection of carriers." **UBS** maintained its 'Neutral 1' rating on **Disney** shares, and **Merrill Lynch** reiterated its 'Buy' rating. ML even raised its price objective to \$35 and elevated its FY07 EPS estimate by 2 cents. "The increase [in EPS estimate] is a result of flowing through the majority of the upside from shutting down Mobile ESPN, which should enable ESPN to grow operating income in the mid-teens next year," read a ML research note. Disney shares closed down .06% Fri, at \$30.91.

**Ad Data on Demand?:** This year's \$60-billion television upfront ad sales bazaar ground to a halt when ad buyers complained (among other things) that **Nielsen** can't report whether viewers watch or, more likely, fast forward commercials. Buy while Nielsen will test commercial ratings next month, on-demand measurement firm **Rentrak** is already quietly working with a handful of operators and programmers to beta test a product that will capture census-level data for viewing ads in VOD. Dubbed "AdTracker," advertisers and agencies have seen demos but won't get real data until the product officially launches in the first half of next year. "What we really need is true verification of [VOD] ad delivery," said *Mike Bologna*, director of emerging communications for **mediaedge:cia**. "Right now we get 'program views' but if I run three ads per program I want to know did each of those ads play through?" Delivering VOD ad ratings with any granularity will be a complicated affair, said *Cathy Hetzel*, SVP of Rentrak's OnDemand Essentials. "Right now we can only tell on a universal basis if someone fast-forwarded, rewound or paused [an ad], but eventually we'll be able to tell

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where they fast-forwarded, rewound and paused,” she said. – *Shirley Brady*

**Standing Firm:** **Mediacom** evp/CFO **Mark Stephen** made clear Fri that the MSO will not cave to the retrans fee demands of **Sinclair** (**Cfax**, 9/29). “We are especially gratified that we were able to complete [the \$200mln] financing despite Sinclair’s apparent efforts to disrupt our transaction by trying to time its termination notice to arrive as the offering was in its final stages,” Stephen said. “Sinclair seems to believe it can achieve its goals through the use of strong-arm tactics. Naturally, Mediacom will defend itself and attempt to protect its customers by resisting Sinclair’s demands.”

**Interconnection Saga:** With 5 MSOs urging interconnection conditions on the **AT&T-BellSouth** merger (**Cfax**, 9/29), **ACA** apparently wants into the fight. ACA pres **Matt Polka** vows the group “will be raising our own members’ concerns with the Commission... It’s time for the Bells to know that their monopoly efforts aren’t going to work anymore.”

**Competition:** Attendees at Thurs’ quarterly meeting of **Carat Digital**’s Interactive Television Exchange got a sneak peek at **AT&T**’s cross-platform local advertising gameplan from **Karl Spangenberg**, the telco’s evp ad sales. Beyond offering TV (U-verse), broadband (HomeZone) and mobile advertising, AT&T plans a unique twist on out of home ads with the ability to ‘skin’ its buildings, trucks and even manhole covers. **Mitch Praver**, evp of biz dev at **Hillcrest Labs** (where former **Comcast**-er **Andy Addis** hangs his hat) demoed its donut-like remote control and IPG. Praver said the service, dubbed HoME, will launch in Jan at CES with charter content and CE deals already in place. (He wouldn’t say who, but **Showtime**, **Movielink** and **Music Choice** were branded on the IPG). The meeting wrapped with a presentation about **Visible World**’s addressable ad test this fall with **Cablevision**. Carat Digital evp **Mitch Oscar** says two additional advertisers are slated to join **Chase** in the ITV test by the new year. - *SB* -- Greenburgh, NY (\$80K median HH income), granted **Verizon** a video franchise Wed night, and Belmont, MA (\$80K), did so Thurs. VZ’s “FiOS TV” is now available or approved in 19 MA communities. Greenburgh is the 14th NY community to give the green light.

**In the States:** As expected, CA Gov **Arnold Schwarzenegger** signed into law Fri AB 2987, which allows statewide video franchises, effective Jan 1. -- RSN **Comcast/Charter Sports Southeast** has upped its sub base by 1mln to 5.5mln with expanded coverage in Jackson and Oxford, MS; Memphis, TN; West Palm Beach and Jacksonville, FL; Monroe and Shreveport, LA; Atlanta; and Huntington, WV. The net covers SEC and ACC sports, and high school football.

**Public Affairs:** **SCI FI** unveiled “Visions For Tomorrow,” a public affairs initiative aimed at solving the future’s most challenging problems (like energy and the environment). Components include PSAs and educational outreach.

**International:** VOD tech provider **Concurrent** has joined the “Anytime Technology Partner Program.” It’s a collaborative effort by Asia Pacific VOD channel **Anytime** and worldwide VOD vendors that aims to reduce the time to deploy VOD services in the region.

**On the Circuit:** **Lifetime** will help host the Latina Leaders Celebration during the **Congressional Hispanic Caucus Institute** in DC Mon. The list of honorees include **Univision** anchor **Maria Elena Salinas**.

**People:** **Michael Snyder** is leaving his 9-yr stint as a senior vp at **Comcast** to become senior vp, affil mktg, for **Discovery Networks U.S.** Snyder will head mktg solutions on all client-related campaigns and report to affil mktg/sales pres **Bill Goodwyn**.



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**CableFAX Week in Review**

| Company | Ticker | 9/29 Close | 1-Week % Chg | YTD %Chg |
|---------|--------|------------|--------------|----------|
|---------|--------|------------|--------------|----------|

**BROADCASTERS/DBS/MMDS**

|                |      |       |        |        |
|----------------|------|-------|--------|--------|
| BRITISH SKY:   | BSY  | 41.07 | (1.6%) | 21.80% |
| DIRECTV:       | DTV  | 19.68 | 3.60%  | 39.40% |
| DISNEY:        | DIS  | 30.91 | 2.80%  | 29.00% |
| ECHOSTAR:      | DISH | 32.72 | 3.40%  | 20.40% |
| GE:            | GE   | 35.30 | 2.60%  | 6.40%  |
| HEARST-ARGYLE: | HTV  | 22.95 | 0.80%  | 0.80%  |
| ION MEDIA:     | ION  | 0.81  | (5.8%) | (12%)  |
| NEWS CORP:     | NWS  | 20.64 | 4.90%  | 24.90% |
| TRIBUNE:       | TRB  | 32.72 | (2.1%) | 12.90% |

**MSOS**

|                      |       |        |        |         |
|----------------------|-------|--------|--------|---------|
| CABLEVISION:         | CVC   | 22.71  | 0.50%  | (3.2%)  |
| CHARTER:             | CHTR  | 1.52   | (1.9%) | 24.60%  |
| COMCAST:             | CMCSA | 36.90  | 5.10%  | 42.40%  |
| COMCAST SPCL:        | CMCSK | 36.84  | 5.10%  | 43.40%  |
| GCI:                 | GNCMA | 12.39  | (1.7%) | 19.90%  |
| KNOLOGY:             | KNOL  | 9.92   | (0.7%) | 158.30% |
| LIBERTY CAPITAL:     | LCAPA | 83.57  | 0.30%  | 5.50%   |
| LIBERTY GLOBAL:      | LBTYA | 25.74  | 0.60%  | 14.40%  |
| LIBERTY INTERACTIVE: | LINTA | 20.38  | 3.20%  | 5.90%   |
| MEDIACOM:            | MCCC  | 7.11   | 2.00%  | 29.50%  |
| NTL:                 | NTLI  | 25.43  | 1.80%  | 6.90%   |
| ROGERS COMM:         | RG    | 54.87  | 3.20%  | 30.50%  |
| SHAW COMM:           | SJR   | 30.02  | 0.90%  | 47.50%  |
| TIME WARNER:         | TWX   | 18.23  | 3.80%  | 7.30%   |
| WASH POST:           | WPO   | 737.00 | 3.70%  | (1.1%)  |

**PROGRAMMING**

|                   |       |       |         |         |
|-------------------|-------|-------|---------|---------|
| CBS:              | CBS   | 28.17 | 1.90%   | 11.50%  |
| CROWN:            | CRWN  | 4.49  | 3.70%   | (51%)   |
| DISCOVERY:        | DISCA | 14.44 | (1.3%)  | (1.3%)  |
| EW SCRIPPS:       | SSP   | 47.93 | 3.00%   | 2.00%   |
| GRUPO TELEVISIA:  | TV    | 21.26 | 3.80%   | 5.60%   |
| INTERACTIVE CORP: | IACI  | 28.76 | 2.90%   | 1.60%   |
| LODGENET:         | LNET  | 18.88 | 3.10%   | 35.40%  |
| NEW FRONTIER:     | NOOF  | 8.25  | (3.5%)  | 26.30%  |
| OUTDOOR:          | OUTD  | 10.89 | 2.30%   | (19.3%) |
| PLAYBOY:          | PLA   | 9.41  | (0.4%)  | (32.3%) |
| UNIVISION:        | UVN   | 34.34 | (0.1%)  | 16.80%  |
| VALUEVISION:      | VVTV  | 11.58 | (0.9%)  | (8.1%)  |
| VIACOM:           | VIA   | 37.30 | (13.5%) | (13.5%) |
| WWE:              | WWE   | 16.43 | (0.8%)  | 23.40%  |

**TECHNOLOGY**

|                |      |       |         |         |
|----------------|------|-------|---------|---------|
| 3COM:          | COMS | 4.41  | (1.8%)  | 22.50%  |
| ADC:           | ADCT | 15.01 | (8.3%)  | (8.3%)  |
| ADVANTAGE:     | AEY  | 4.20  | 4.70%   | (31.7%) |
| AMDOCS:        | DOX  | 39.60 | 1.30%   | 17.80%  |
| AMPHENOL:      | APH  | 61.93 | 1.40%   | 40.40%  |
| ARRIS GROUP:   | ARRS | 11.45 | (0.5%)  | 20.90%  |
| AVID TECH:     | AVID | 36.42 | (12.1%) | (1.2%)  |
| BLNDER TONGUE: | BDR  | 1.22  | 3.40%   | (37.4%) |
| BROADCOM:      | BRCM | 30.34 | 8.90%   | (3.5%)  |
| C-COR:         | CCBL | 8.58  | (0.3%)  | 76.50%  |
| CISCO:         | CSCO | 22.98 | 0.40%   | 34.20%  |
| COMMSCOPE:     | CTV  | 32.86 | 4.50%   | 63.20%  |
| CONCURRENT:    | CCUR | 1.76  | 15.80%  | (6.9%)  |

| Company | Ticker | 9/29 Close | 1-Week % Chg | YTD %Chg |
|---------|--------|------------|--------------|----------|
|---------|--------|------------|--------------|----------|

|                 |      |        |         |         |
|-----------------|------|--------|---------|---------|
| CONVERGYS:      | CVG  | 20.65  | 0.20%   | 30.30%  |
| CSG SYSTEMS:    | CSGS | 26.42  | 1.60%   | 18.40%  |
| GEMSTAR TVG:    | GMST | 3.32   | (1.8%)  | 27.20%  |
| GOOGLE:         | GOOG | 401.90 | (0.5%)  | (8.8%)  |
| HARMONIC:       | HLIT | 7.36   | 2.10%   | 51.80%  |
| JDSU:           | JDSU | 2.19   | 0.90%   | (21.5%) |
| LEVEL 3:        | LVL  | 5.39   | 4.50%   | 87.80%  |
| LUCENT:         | LU   | 2.34   | 2.20%   | (12%)   |
| MICROSOFT:      | MSFT | 27.35  | 2.60%   | 10.00%  |
| MOTOROLA:       | MOT  | 25.00  | 0.80%   | 12.00%  |
| NDS:            | NNDS | 43.98  | 4.60%   | 6.90%   |
| NORTEL:         | NT   | 2.30   | (0.4%)  | (24.8%) |
| OPENTV:         | OPTV | 2.82   | (6.9%)  | 25.90%  |
| PHILIPS:        | PHG  | 35.01  | (0.2%)  | 16.00%  |
| RENTRAK:        | RENT | 11.42  | 1.50%   | 6.70%   |
| SEACHANGE:      | SEAC | 8.89   |         | 12.50%  |
| SONY:           | SNE  | 40.36  | (1.2%)  | (0.6%)  |
| SPRINT NEXTEL:  | S    | 17.15  | 0.60%   | (17.1%) |
| THOMAS & BETTS: | TNB  | 47.71  | 4.80%   | 12.30%  |
| TIVO:           | TIVO | 7.59   | (1.7%)  | 48.20%  |
| TOLLGRADE:      | TLGD | 8.95   | (4.7%)  | (18.1%) |
| UNIVERSAL ELEC: | UEIC | 19.00  | (0.5%)  | 7.00%   |
| VONAGE:         | VG   | 6.88   | (3.6%)  | (42.6%) |
| VYYO:           | VYYO | 4.77   | 4.10%   | (11%)   |
| WEBB SYS:       | WEBB | 0.06   | (14.3%) | (25%)   |
| WORLDGATE:      | WGAT | 1.47   | (12.5%) | (28.6%) |
| YAHOO:          | YHOO | 25.28  | (0.9%)  | (23.4%) |

**TELCOS**

|            |     |       |        |        |
|------------|-----|-------|--------|--------|
| AT&T:      | T   | 32.56 | (1%)   | 43.80% |
| BELLSOUTH: | BLS | 42.75 | (1.1%) | 68.50% |
| QWEST:     | Q   | 8.72  | (1.8%) | 54.30% |
| VERIZON:   | VZ  | 37.13 | 0.10%  | 32.80% |

**MARKET INDICES**

|         |       |          |       |       |
|---------|-------|----------|-------|-------|
| DOW:    | INDU  | 11679.07 | 1.50% | 9.00% |
| NASDAQ: | COMPX | 2258.43  | 1.80% | 2.40% |

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

| COMPANY          | CLOSE | 1-WK CH |
|------------------|-------|---------|
| 1. CONCURRENT:   | 1.76  | 15.80%  |
| 2. BROADCOM:     | 30.34 | 8.90%   |
| 3. COMCAST:      | 36.90 | 5.10%   |
| 4. COMCAST SPCL: | 36.84 | 5.10%   |
| 5. NEWS CORP:    | 20.64 | 4.90%   |

**THIS WEEK'S STOCK PRICE LOSERS**

| COMPANY       | CLOSE | 1-WK CH |
|---------------|-------|---------|
| 1. WEBB SYS:  | 0.06  | (14.3%) |
| 2. VIACOM:    | 37.30 | (13.5%) |
| 3. WORLDGATE: | 1.47  | (12.5%) |
| 4. AVID TECH: | 36.42 | (12.1%) |
| 5. ADC:       | 15.01 | (8.3%)  |

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THE FAXIES

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# MaxFAX...

## Cell Phones ...

Please don't dial and drive!

At an intersection near Cherry Creek in Denver last week, I counted 17 cars and 16 drivers on cell phones ... not the hands-free variety, either. Later, a dusty black Dodge Ram diesel



Paul S. Maxwell

(complete with jerry-rigged wooden ladder brace and crookedly-mounted Comcast contractor signs on the doors) nearly ran over me (I've got a very small, rather low to the ground car ... I'm

sure he didn't see me) as it changed lanes without signaling ... and, yep, driver was on a cell phone, eating a burrito and reaching for a Big Gulp.

Later, a Mazda 6 – with the lady on a cell – started a little too quickly as the light changed and bumped into the Highlander. Saw, on the NY Turnpike the other week, a driver in a Lexus reading a newspaper on top of the steering wheel, drinking from a Dunkin' Donuts cup and on a cell.

On the other hand, at 42nd and Broadway during Diversity Week, a black Escalade almost ran the red light moving downtown on Broadway and backed up over the crosswalk to get out of the 42nd street lane ... and two policewomen sauntered over to

ticket the guy ... who was on a cell phone ... and, interestingly, most of the pedestrians yelled at the driver and applauded the policewomen!

So, would the many state legislatures please just outlaw the damn things while people are driving? My new favorite bumper sticker: Take That Cell Phone Out of Your Ear and Shove It ... well, somewhere.

## Random Notes:

- **Hall of Fame:** Be there on the 11th. Good class this year.
- **CTHRA** on the 18th in Philly: A couple of days earlier, Comcast's *Steve Burke* will be at the CTHRA Achieving Excellence Symposium.
- **La La Land on the 19th for LEA Awards:** The Southern Cal **WICT** fete is at the Beverly Hills Hotel honoring **Hallmark's Stacia Armstrong**, **Time Warner Cable's Maureen Lane**, TWC's *Patti Rockenwagner*, TWC's (did they stuff the ballot box?) *Carolyn Terry* and Cox's *Shelly Cotellesse*. Cool group.
- **Sweet "Sports Media" Lou:** The *Louis A. Borrelli Jr.* Media Summit at SUNY/Oswego (that's in New York) will be Oct 20th. Oswego alum and NEP prez Lou got **ESPN's George Bodenheimer**, NCAA's *Dr. Myles Brand*, Atlantic 10 Commissioner *Linda Bruno*, *The New York Times'* reporter/columnist *Richard Sandomer*, SUNY New Paltz soccer coach *Stuart Robinson* and SportsCenter

anchor *Linda Cohn*. Subject is "The Impact of Media on U. S. Sports." Wonder if Comcast's *Brian Roberts* might show to start that dialogue he talks about? Amazing *Bodenheimer* ... at the Broncos for MNF on the 9th, then **MIPCOM** in Cannes for a keynote before showing up for Lou!

- **The "They-Won't-Go-Away" Department:** The 10/2 edition of *Newsweek* features a cover story about *Steve Case* and his Exclusive Resorts business ... it doesn't mention some of the innovative stuff *CJ Kettler* is doing for him via **Lime** et al.
- **Partisan?** Got some emails last week after last week's "anti-partisan" crack. Condemned for not supporting "our President." Condemned for not being anti-"our-President." I wish I was still registered to vote where I grew up (in Texas) ... I'd sure be voting for *Kinky Friedman* for Gov. And, for the record, my 91-yr-old father, 87-yr-old mother, 58-yr-old professor sister, 48-yr-old brother and his 40-yr-old wife are voting for Kinky. If you live in Texas, I hope you'll vote for him, too. After all, as Kinky says, "How hard can it be to be Governor?"

Paul Maxwell

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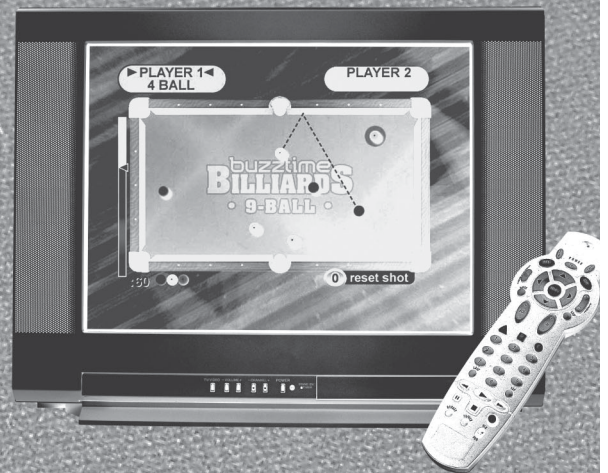
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