

# CableFAX Daily™

Tuesday — October 17, 2006

What the Industry Reads First

Volume 17 / No. 201

## Charting the Atlas: Hendricks Talks HD Strategy, Discovery Succession

When you get the chance to bounce a few questions off one of the biggest cable programming pioneers of all time, you take it. Our own *Seth Arenstein* caught up with **Discovery** chmn *John Hendricks* to discuss the net's latest HD plans and how that search for a new CEO is going. **The \$65m HD Atlas series was your idea. What were your goals when you started it?** It was just like when I started Discovery. I thought, 'Gee, if we don't do this, someone else is going to.' It just seemed somebody would use high-definition television to chronicle the world. **In addition to the competitive threat, did you feel Atlas would give Discovery HD Theater a leadership role on HD?** Absolutely. We're hopeful in 2007 that Discovery HD Theater will become eligible for Nielsen metering. Our big push next year will be for 6 more Atlas specials that we'll present as a series; we'll probably present [those with the 4 we've shown this year]. My hope is next year when we air those, we'll be right at [Nielsen] metering so we can document the viewers. **You were the 1st basic cable net to launch an HD service (in '02). Has anything surprised you about HD?** Initially, given the expense, I thought people would buy 27-inch or 36-inch plasma sets. The pleasant surprise is that most people are going for the 42-inch screen or even the 60-inch screen. It seems that most people in upscale American homes have set aside a room as a home theater. What we're witnessing now is that most of those homes are converting to HD. So by this time next year, I'm really confident that we'll be at 15m to 20m HHs that will have high definition connected to a cable or satellite service. **Any other HD surprises?** Apparently with high-definition sets that are connected to a provider, you no longer surf 300-500 channels; you tend to concentrate your viewing on the high definition feeds. We're pretty confident that cable viewing is incredibly high if not leading the broadcast viewing in those homes. This is something we're very, very anxious to document for our advertisers. 2007 we see as the tipping point for us to get those homes metered and documented. **Everyone wants to know who will replace Judith McHale as CEO. The names include Billy Campbell, Tom Freston, Don Baer, Decker Anstrom and until recently Joe Torre [laughter]. Where are we on that?** I can't comment on names, but we have a number of great internal and external candidates. We still have a target of December for arriving at a decision. **Any chance John Hendricks becomes the permanent replacement?** You mean to coach the Yankees? [laughter] No, I'm very happy being a non-executive chairman, but it's been fun pinch-hitting, assisting Judith as she winds down her role. [Editor's Note: A full version of this interview can be found at [www.cable360.net](http://www.cable360.net).]

**Newsorthy Handshake:** The carriage negotiations between **Fox News** and **Cablevision** that began in small print (*Cfax*, 9/20) made headlines Mon, as the 2 reached a deal that will reportedly almost triple the net's license fee. FN has spoken often in recent weeks about demanding \$1 per sub from Cablevision, but sources peg the price at just over 75 cents. Neither side would disclose terms. Cablevision said it was "happy with our new agreement." Fox News svp *Tim Carry* noted a "good relationship" with the MSO and said he looked forward "to continuing our partnership."

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**Merger Mania:** AT&T and BellSouth filed with the FCC Fri a new version of its proposed merger conditions, on which public comment is due to the FCC by Oct 24. The commission is expected to vote on the merger Nov 3 or sooner following Fri's delay of a scheduled vote (*Cfax*, 10/16). One notable addition concerns net neutrality conditions, a topic that was omitted from the original proposal, the telcos said in a letter to the FCC. AT&T/BellSouth proposes that "effective on the merger closing date, and continuing for 30 months thereafter, AT&T/BellSouth will conduct business in a manner that comports with the principals set forth in the FCC's Policy Statement, issued September 23, 2005." The '05 statement outlined Internet antidiscrimination guidelines that ISPs are expected to follow. Other proposed conditions include: the provision of broadband Internet access to 100% of the residential living units in the "in-region territories" where AT&T or BellSouth operate as an ILEC by Dec '07; an assertion that AT&T/BellSouth will not unreasonably discriminate in favor of its affiliates in establishing the terms and conditions for grooming special access facilities; and an initiation of 10 new trials by the end of '07 of broadband Internet access service using certain wireless spectrum.

**DISH Preview:** UBS estimates a 14.9% jump in 3Q rev to \$2.45bln and a 6.4% increase in ARPU to \$61.57 for DISH, which will report its 3Q earnings the week of Nov 5. UBS expects gross sub adds of 933K (+3.6%), with a dip in organic adds and an offsetting increase in adds from the DBS op's partnership with AT&T. Q churn is estimated at 1.72%.

**Competition:** Verizon has partnered with CNET to distribute VOD content from CNET's new broadband destination at www.cnettv.com. Content including product reviews, help and how-to videos, and commentary on breaking news is now available on VZ's "FiOS TV." -- Verizon unveiled in TX "Verizon Complete Freedom," a service that includes home phones, wireless phones and airtime-free calling between the 2, and accounts for them on a single bill. -- Proctor & Gamble and The Media Group announced a TV ad campaign that offers DISH subs interactive features surrounding Tide to Go pens. Running through mid-Nov, the i-Ad offers product usage information, coupons, sweepstakes and the product's TV ads, including outtakes featuring Kelly Ripa.

**Broadband:** Comcast next month will start offering its 10mln HSD subs a free trial of Jump TV's video service, with 225 global channels. The MSO will offer the service free for 2 weeks, after which it will run \$10-\$25, depending on the programming package. -- TBS' GameTap announced the formation of "GameTap Original," a label that seeks to partner with independent developers and publishers for new video game titles. The broadband site also announced its availability in Canada. -- Yahoo! announced a video syndication agreement with 16 CBS-owned stations to provide local news video at yahoo.com. Beginning Tues, users can access 10-20 local news stories per day from each of the markets, including Los Angeles, NYC and Chicago. CBS and Yahoo will share revenue from advertising sold adjacent to CBS stations' content on the site. -- MSNBC.com delivered a site record 88mln video streams in Sept and on Sept 5 set an additional record for most daily streams with 9.6mln, according to data from Nielsen NetRatings.

**Programming:** VOOm's WorldSport HD announced a 3-year extension of its exclusive US HD carriage agreement with the Spanish Premier League. The deal includes live coverage of 38 soccer matches per season through '08-'09. - SOAPNet launched "SoapU," an online platform at www.soapu.com where college students are encouraged to submit up to 10 minutes of soap-related content for a chance to produce original broadband and linear programming content. Submissions will be accepted through Dec 31. -- What the f? On election day eve IFC will premiere a fictional doc called "The F Word" (Nov 6, 9pm) about free speech that's loosely based on Howard Stern's saga with the FCC. Problem is,



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# BUSINESS & FINANCE

about 2 weeks earlier, **BBC America** begins carrying foul-mouthed but talented chef *Gordon Ramsay's* series of the same name (Oct 22, 9pm). Thankfully, the Brits remove confusion by adding a hyphen to Ramsay's piece, so it's "The F-Word."

**On the Circuit:** This month's **BCFM** distance learning seminar will review liability issues currently affecting media companies, including collection and litigation strategies. Online registration for the Oct 24 (4pm ET) seminar is available at [www.bcfm.com/distance\\_learning/upcoming\\_seminar.asp](http://www.bcfm.com/distance_learning/upcoming_seminar.asp). -- **NAMIC Mid-Atlantic** holds its 2nd annual Diversity Lunch, Oct 20, 12-2pm at Discovery's Silver Spring, MD, HQ. Discovery's *Allen Navarrete*, **Comcast's Mauro Panzera** and **Fox's Rick Ramirez** will discuss "Marketing Your Multicultural Message." For more info, contact [namic\\_midatlantic@namic.com](mailto:namic_midatlantic@namic.com).

**People:** *Sal Patruzzi* was promoted to svp, public relations, **Turner Ad Sales** and **Turner Sports**. -- **HRTV** parent **Magna Ent** announced the retirement of COO *Don Amos*, effective Oct 6. *Jim Bromby* and *Brant Latta* were appointed svps, operations.

**Business/Finance:** **MTVN** announced its acquisition of **Quizilla.com**, a user-generated community where teens create and share quizzes, fiction, poetry and other creative content. The site will join the **MTVN Kids and Family** digital portfolio.

## CableFAX Daily Stockwatch

| Company                      | 10/16 Close | 1-Day Ch | Company               | 10/16 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| BRITISH SKY:                 | 41.39       | (0.01)   | AVID TECH:            | 39.80       | 1.05     |
| DIRECTV:                     | 21.35       | (0.26)   | BLNDER TONGUE:        | 1.35        | (0.01)   |
| DISNEY:                      | 31.02       | (0.09)   | BROADCOM:             | 30.82       | 1.10     |
| ECHOSTAR:                    | 34.19       | (0.73)   | C-COR:                | 9.90        | 0.16     |
| GE:                          | 35.56       | (0.42)   | CISCO:                | 24.59       | 0.06     |
| HEARST-ARGYLE:               | 23.82       | (0.02)   | COMMSCOPE:            | 35.54       | (0.07)   |
| ION MEDIA:                   | 0.80        | (0.01)   | CONCURRENT:           | 1.86        | (0.02)   |
| NEWS CORP:                   | 21.87       | 0.28     | CONVERGYS:            | 21.49       | 0.39     |
| TRIBUNE:                     | 33.27       | 0.32     | CSG SYSTEMS:          | 28.01       | 0.07     |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 27.20       | 0.26     | GEMSTAR TVG:          | 3.46        | 0.00     |
| CHARTER:                     | 1.68        | (0.04)   | GOOGLE:               | 421.75      | (5.55)   |
| COMCAST:                     | 38.21       | (0.33)   | HARMONIC:             | 7.51        | 0.09     |
| COMCAST SPCL:                | 38.11       | (0.33)   | JDSU:                 | 2.13        | 0.00     |
| GCI:                         | 12.97       | 0.07     | LEVEL 3:              | 5.32        | 0.07     |
| KNOLOGY:                     | 10.42       | (0.03)   | LUCENT:               | 2.36        | 0.03     |
| LIBERTY CAPITAL:             | 89.34       | 0.40     | MICROSOFT:            | 28.45       | 0.08     |
| LIBERTY GLOBAL:              | 26.19       | (0.13)   | MOTOROLA:             | 25.49       | (0.71)   |
| LIBERTY INTERACTIVE:         | 21.66       | 0.50     | NDS:                  | 44.88       | 0.32     |
| MEDIACOM:                    | 7.71        | 0.00     | NORTEL:               | 2.30        | 0.08     |
| NTL:                         | 26.44       | (0.09)   | OPENTV:               | 2.90        | 0.01     |
| ROGERS COMM:                 | 54.03       | 0.93     | PHILIPS:              | 34.71       | (0.31)   |
| SHAW COMM:                   | 29.01       | 0.16     | RENTRAK:              | 11.30       | (0.05)   |
| TIME WARNER:                 | 19.30       | 0.24     | SEACHANGE:            | 8.92        | 0.21     |
| WASH POST:                   | 758.50      | 6.27     | SONY:                 | 40.90       | 0.22     |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| CBS:                         | 28.12       | (0.03)   | SPRINT NEXTEL:        | 17.47       | (0.32)   |
| CROWN:                       | 4.50        | 0.12     | THOMAS & BETTS:       | 53.59       | 1.49     |
| DISCOVERY:                   | 14.88       | (0.01)   | TIVO:                 | 6.73        | 0.14     |
| EW SCRIPPS:                  | 49.11       | 0.16     | TOLLGRADE:            | 9.16        | 0.09     |
| GRUPO TELEVISA:              | 23.28       | 0.28     | UNIVERSAL ELEC:       | 21.61       | 0.33     |
| INTERACTIVE CORP:            | 29.60       | 0.10     | VONAGE:               | 7.63        | 0.36     |
| LODGENET:                    | 18.81       | (0.09)   | VYYO:                 | 4.21        | 0.02     |
| NEW FRONTIER:                | 8.71        | (0.13)   | WEBB SYS:             | 0.05        | 0.00     |
| OUTDOOR:                     | 12.10       | 0.00     | WORLDGATE:            | 1.30        | (0.06)   |
| PLAYBOY:                     | 10.43       | 0.13     | YAHOO:                | 24.18       | (0.24)   |
| UNIVISION:                   | 34.92       | (0.07)   | <b>TELCOS</b>         |             |          |
| VALUEVISION:                 | 11.96       | 0.02     | AT&T:                 | 32.99       | (0.61)   |
| VIACOM:                      | 38.73       | (0.14)   | BELLSOUTH:            | 43.40       | (0.73)   |
| WWE:                         | 16.95       | (0.16)   | QWEST:                | 8.17        | (0.11)   |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| 3COM:                        | 5.06        | 0.10     | VERIZON:              | 37.04       | (0.01)   |
| ADC:                         | 15.50       | (0.08)   | <b>MARKET INDICES</b> |             |          |
| ADDVANTAGE:                  | 4.41        | (0.05)   | DOW:                  | 11980.60    | 20.09    |
| AMDOCS:                      | 40.24       | 0.22     | NASDAQ:               | 2363.84     | 6.55     |
| AMPHENOL:                    | 65.89       | (0.11)   |                       |             |          |
| ARRIS GROUP:                 | 12.86       | 0.10     |                       |             |          |



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## Symonds Says...

Depending upon how high up the corporate food chain you are, you either cheered or cringed at what Jeffrey Johnson did recently. Johnson, in case you hadn't heard, is the former publisher of the Los Angeles Times who recently made some news of his



**Curtis Symonds**

own when he defied his bosses at the Tribune Company, the Times' parent company.

When told he would have to lay off 15% of the

people on the paper's editorial staff, Johnson said, in essence, "I don't think so."

Johnson told his bosses the level of cuts would severely impact the quality of the Times' content and make revenue projections unreasonable. He just refused to carry out the mandate.

Within days, of course, Johnson was gone; fired as he most certainly knew he would be.

In the newspaper industry, the publisher is generally someone who rises though the business side of the operation, as opposed to the editorial side. The kingpin of the content side is the editor-in-chief, and because of their often different backgrounds these two positions create a unique dynamic in the day-to-day management of a paper.

And the best publishers are those

who know when to defer to the desires and instincts of their editors. Think Katherine Graham and Ben Bradlee of the Washington Post as the Watergate story was unfolding.

So when I heard what Johnson, a publisher, did – especially in light of how newspapers all over this country continue to pare editorial content, then bemoan the erosion of readership – I was among those cheering.

And I cheered not just because I believe that newspapers represent journalism in its highest form and remain essential to our future as a democracy, but because for the first time in ages, I saw evidence of real courage in corporate America.

Falling on his sword like Johnson did took guts, and I admire the hell out of him for it.

I bring this up now because I was involved not too long ago in a situation that reminded me of just how far corporations have gone to institutionalize corporate cowardice. I was trying to help a former BET colleague get an interview with a certain network. She is an amazingly talented woman and the type of person you'd want on your side when the going got tough. And not only is she terrific, she looks great on paper.

But she couldn't even get an interview. Later, after making a call on her behalf, I was told she didn't have experience in the programming

niche the network served. C'mon. Like people from Discovery are scientists? Or ESPN staffers run the 40 in under 4.6?

It's the kind of pedestrian thinking that comes when corporations, in mortal fear of hiring the wrong person and being sued for wrongful termination, select not the best, most talented candidate, but the safest one. Slowly disappearing is any need for gut instinct, intuition and imagination on the part of our managers. It has been replaced by a paint-by-numbers approach to both hiring and day to day operations.

Do we run our companies, or do our lawyers and our HR people?

And need I remind you just how cable got here? We got here by being bold, by having the guts to take chances and by worrying more about conquering new worlds than protecting old ones.

What Jeffery Johnson did was something every CEO in this industry should ultimately want out of his or her people. Johnson acted not like an employee, but an owner. He made the health of his business paramount, and was willing to sacrifice himself in an attempt to protect it.

Symonds says, when our time comes, may we all show that kind of courage.

*Curtis Symonds can be reached at [curtissymonds@yahoo.com](mailto:curtissymonds@yahoo.com).*

# CableFAX

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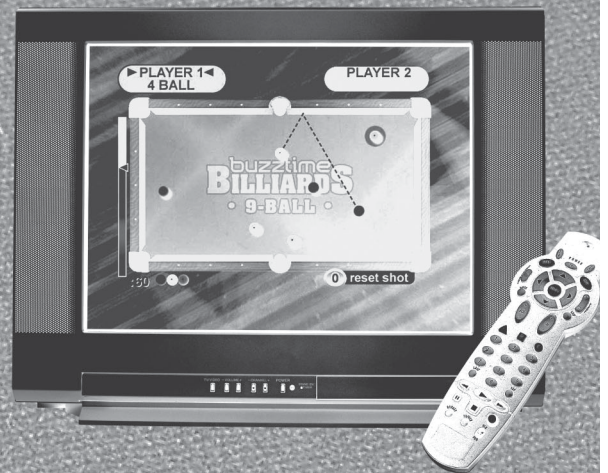
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# CableFAX Leaders Retreat

**4<sup>th</sup> Annual off-the-record gathering for cable's leaders!**

November 1–3, 2006  
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## Confirmed VIP Attendees as of October 11<sup>th</sup>:

Atlantic Broadband – CEO, President & COO  
Balfour Associates Inc. - Chairman  
Bend Cable Communications LLC - President & CEO  
Bresnan Communications, Inc - EVP Operations  
Buford Media Group, LLC – CEO, President & COO  
Cequel III -Suddenlink - President & CEO, SVP Programming  
Comcast Cable – EVP  
Effros Communications – President  
Fleischman & Walsh LLP – Partner  
Fox Cable Networks – SVP Affiliate Marketing, SVP Sales  
Harron Communications - Chairman /CEO & President /COO  
ION Media Networks - President, Cable Distribution  
IMA-Int'l Media Advisors – Principal  
Mediacom - SVP Programming & Human Resources  
Media Business Corp. - Sr. VP, Product Marketing  
Millennium Digital Media - SVP, Prog. & Product Dev.  
NCTC - President & CEO, SVP Programming  
NCTA - President & CEO  
New Frontier – President, VP New Business  
New Wave Communications – President  
NFL Network - SVP  
October Strategies, Inc. - Partner  
SCTE - President & CEO  
The Tennis Channel – SVP Distribution, VP Distribution  
Time Warner Cable - EVP of Programming  
Wave Broadband - CEO  
WindBreak Cable - President & CEO

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## Schedule of Events

### Wednesday, November 1<sup>st</sup>:

12:00pm – 3:00pm  
Registration

3:00pm – 5:00pm  
Industry Leaders Forum  
With Kyle McSlarrow

7:00pm – 10:00pm  
Dinner at Vizcaya

### Thursday, November 2<sup>nd</sup>:

8:00am – 11:30am  
Industry Leaders Forum  
Breakfast

12:00pm – 4:30pm  
Choice of Golf Tournament,  
Spa, Tennis or Everglades

7:00pm – 10:00pm  
Dinner

### Friday, November 3<sup>rd</sup>:

8:00am – 11:00am  
Industry Leaders Forum  
Breakfast

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