

CableFAX Daily™

Monday — October 20, 2008

What the Industry Reads First

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Up Ahead: Consumers Will Pay Once For Content

While media companies want to charge for using individual platforms, eventually consumers will pay once for video content and access it on various devices in and out of the home and the country, execs said Fri at a Key Issues session at **The Cable Center**. "We'll only be able to charge once for content," **Time Warner Cable** evp/chief strategy officer *Peter Stern* said, seconding a thought from **EchoStar Technology** pres *Mark Jackson*. The critical issue is whether cable will have "the discipline" to preserve the 2-stream (subs and ads) revenue model, he added. He fears cable lacking discipline by putting shows online for free as it pointlessly pursues "the elusive 24-year-old male." The panel disagreed over whether a digital rights management (DRM) regime could be deployed to allow Jackson and Stern's single-pay scenario to become reality. DRMs just won't work like that, **Buzzwire** CEO *Andrew McFarlane* said. "There are no answers yet for the mobile side." **Foundry Group** managing dir *Ryan McIntyre* said such a DRM would not be "consumer friendly... DRM will always be too difficult to have a seamless solution." He envisions an a la carte world, where people downloading only what they want, and paying separately for it. Stern countered that Time Warner Cable has begun working on such regimes, pointing to a test in WI with **HBO** of a system called "Entitlement," where HBO subs can access HBO content without additional cost. Stern said such a system will be built in other systems throughout the country and eventually be used on mobile phones. "Consumers want to watch content on the biggest screen they have with them at the time," he added. At home, that usually means the TV screen, but on a long line at the DMV, it's the mobile phone. -- An earlier panel concluded that *Ted Turner's* observation that he couldn't start **TBS** today has much validity. "There's so much competition today... it's much harder," to be a start-up than it was, **NBCU** distribution chief *Bridget Baker* said. **AETN** evp *David Zagin* agreed but noted the relatively recent starts of **History Channel** ('95) and **Biography Channel** ('98), although he noted distribution was aided by partners like **Hearst**, **NBC** and **Disney**. "There's no business without distribution," he said. Could AETN launch History today? We often wonder about that, Zagin said. Looking ahead, **Scalar Media Partners'** *Frank Hawkins* said, "I don't think college students are watching TV today... It'll be interesting to see what [today's college graduates] do in five years... I think they'll be watching TV, but it will be different than [traditional TV viewing]. Zagin and Baker agreed that keeping Millennials watching TV is an "hourly discussion" at their companies.

New Game Plan: **CBS College Sports** will lay off approx 30 employees, or 1/4 of its staff, as part of a plan to move away from studio shows in favor of live game and high-def coverage, said **CBS Sports** svp, comm *LeslieAnne Wade*. Twice-nightly news program "College Sports Now" and other shows will be eliminated in Dec, but will maintain a presence during major events such as March Madness. Full HD coverage of more than 300 live events/yr is the long-term goal, said Wade, a directional shift stemming from feedback from advertisers and multichannel ops. Currently in approx 25mln homes, the net will add 5mln new subs over the next few weeks, she said.

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At the Portals: ACA continues to urge the FCC to overhaul the retrans process, filing comments in support of **Trust Cable** and **Baja Broadband**—2 members concerned they will lose stations by the end of the year (**Cfax**, 9/26). ACA wants cable ops to be able to carry a broadcast station during a pending retrans complaint, and the FCC to rule that a broadcaster can expressly assent to retrans consent through silence. -- A day after the FCC Enforcement Bureau released plans to fine **Cox** \$20K for moving some channels in N VA to switched digital, thus making them impossible to view on 1-way devices, the MSO says it will fight the proposed ruling (**Cfax**, 10/17). "Our deployment of switched-digital to maximize the power of our broadband network has greatly benefited our Northern Virginia customers, where we've introduced more than 50 new channels—including 24 high-definition offerings—enabled by this technology," a spokesman said.

Hall of Fame: Thurs night's **Cable Center** Hall of Fame induction went off without a hitch, despite its new location, at The Colorado Convention Center. One change, a video preceded each inductee. Previously, each inductee was introduced to the Hall by a speaker. The change streamlined inductions and allowed for slightly longer videos, which provided useful histories. The videos and comments from **Food's Marc Summers** made the night educating and entertaining, illustrating how the inductees had changed what Americans watch and how they do so. There were also laughs. **TelePrompter** inventor **Hub Schlafly's** video included a clip of **Charles Barkley** reading from a teleprompter where the words, "I'm a dumb ass," had been inserted. Barkley automatically read them. True to form, **Michael Willner's** video was hilarious, featuring clips of **Insight** ads with the customer-friendly CEO promising to do "anything" for subs. Of course, Willner then was shown washing dogs, dressing up as a college mascot, etc. We liked the initial words inductee/**ESPN** chief **George Bodenheimer** uttered on stage: "Tampa 5, Boston 0, top of the 7th inning... our job is to serve the sports fan." **CableLabs'** only CEO **Dick Green** was characteristically humble, thanking the Labs' founding board for taking a chance on "a very shaky CEO" 20 years ago. Former **Hearst** exec **Ray Joslin's** video noted how neighbor and now cable legend **Amos Hostetter** urged him to leave the safety of steel and enter the uncertain cable sector. "My mother was my worst critic [on that move]," Joslin said. **Scripps'** **Susan Packard** recounted how she and her team had launched **HGTV** from "nothing... we just had an idea." And we enjoyed hearing **Bill Bresnan** note that tonight was the first time the 89-year-old Schlafly had used a teleprompter.

Carriage: Comcast SportsNet NW inked distribution agreements with **Country Cablevision** and **Monroe Telephone** in OR. -- Delivering 55 ethnic channels to more than 500K US homes via **SES Americom**, **Home2US** has added **Setanta Sports** to its lineup. -- **Bend Broadband** has launched **The Africa Channel** on a variety tier in Central OR.

5Qs with Lisa Hsia, svp, digital and new media for Bravo: How do you make money in new media? Our new media and digital properties are profitable. That's one of the reason's why we do it. Luckily, Bravo has this amazingly engaged passionate audience of people who are familiar with technology and want to participate... and because of that, we have metrics we can show advertisers that show a high level of engagement. **What's been most successful for you in the ITV space?** Two-and-a-half years ago, we decided to ask people who they thought should win "Project Runway." We had them vote online and with their cell phones. Because of the thousands of responses... we now have interactivity during the show. [Based on feedback], I realized they were looking for a dialogue back and forth, so now with the Bravo Mobile Fan Club we ask our users their opinions—is there a question they want to ask a contestant... Now, it's evolved into what we call the Bravo Info Frame. During the re-airings of [shows] once a week, we have a fully interactive TV program, in

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which both the program and commercials are interactive. Live questions will be tallied, fun facts, etc. And they can also send in their own chat comments. **Are we close to wide-scale, 1-screen interactivity through the TV?** It's a complicated issue that a lot of people are looking to crack. I hope it has high potential. **What are you excited about?** Bravo is really interested in anything that's going to engage our users. I think social networking is going to be important, not so much in the **Facebook** and **MySpace** way, but using digital content to share amongst their peers. One of the initiatives we just launched is the Bravo Influentials, a panel of users who become kind of brand ambassadors by word of mouth. We're asking their opinions. We believe the success of Bravo is understanding our viewers and what they're looking for, so this is one way of doing that. I'm really excited about that kind of feedback. **Is it hard to find a diverse talent pool in the digital space—is it dominated by young, white males working in basements on the next Google?** I always look for a diverse talent pool. I wouldn't really say it's difficult... 3 years ago, every panel I booked on was mostly guys. However, when you look at the Bravo Digital staff, I'm the svp and my 2 vps of online strategy and emerging media are both women.

Competition: Qwest said it has rolled out Ethernet services in 759 new cities this year, bringing to 1.1K the number of US cities covered by the services. Separately, the telco has bowed 11 new interactive kiosks in shopping centers in CO, IA, ND, WA and AZ. 31 additional locations are planned for the kiosks, which allow for interaction with Qwest services.

In the States: Time Warner Cable has deployed in 10 divisions **Virtual Hold Tech** software that offers contact center callers the choice to remain on hold or receive a callback when an agent is available. Other features of the software, slated for rollout at every TWC call centers, include scheduled callbacks and Website integration.

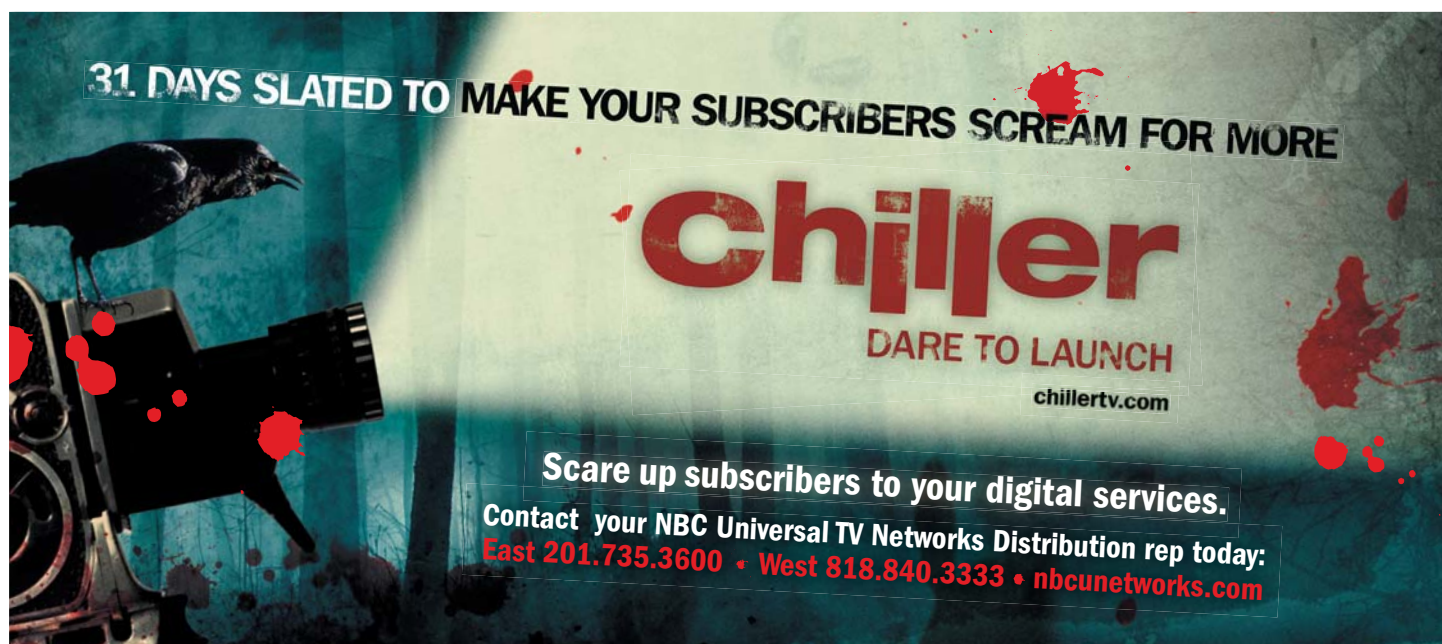
Intl: Discovery Comm will launch early next year a yet-to-be-named channel UK digital terrestrial TV platform **Freeview**.

Ratings: Bravo's season (and possible network) finale of "Project Runway" Wed brought in viewers, despite being up against the final presidential debate. The 9pm telecast scored 4.8mln viewers. Factor in the 11pm and 12am repeats and 7.2mln tuned in total. Season 5 averaged 2.4mln 18-49s and 3.6mln total viewers, making it the series' highest-rated season ever. The show was supposed to move to **Lifetime** this fall for Season 6, but the NY Supreme Court granted an injunction temporarily preventing the move as the case proceeds (**Cfax**, 9/30).

Programming: CNN host *Glenn Beck* has agreed to join **Fox News** beginning this spring. Beck will host the net's 5pm ET weekday program and a weekend show. -- **Hallmark** greenlit sequels to popular original movies "The Good Witch" and "The Note." *Catherine Bell* will return in "The Good Witch 2" ('09), and *Genie Francis* and *Ted McGinley* will reprise their roles in "Taking a Chance on Love" (Jan).

People: *Ed Russo*, formerly of **Lifetime**, was named vp, network ops for **Fuse**.

Business/Finance: At a meeting Nov 20 in WA, **Clearwire** shareholders will vote on the proposed merger with **Sprint** that calls for a combination of their wireless broadband businesses and major investments from a group including **Comcast**, **Time Warner Cable** and **Bright House**. Expected to close in 4Q, the deal would include an issue of up to 166mln shares of **New Clearwire** Class A stock. Clearwire shareholders will receive 1 share for each share held prior to the deal's close.



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CableFAX Week in Review

Company	Ticker	10/17 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	25.35	(3.4%)	(44.7%)
DIRECTV:	DTV	20.87	6.50%	(9.7%)
DISNEY:	DIS	24.75	7.40%	(23.3%)
ECHOSTAR:	DISH	15.40	12.30%	(54.7%)
GE:	GE	19.63	(7.3%)	(39.5%)
HEARST-ARGYLE:	HTV	16.16	8.50%	(25.3%)
ION MEDIA:	ION	1.44		11.60%
NEWS CORP:	NWS	9.27	9.60%	(55%)

MSOS				
CABLEVISION:	CVC	18.00	15.90%	(26.1%)
CHARTER:	CHTR	0.41		(65%)
COMCAST:	CMCSA	15.23	(0.8%)	(15.3%)
COMCAST SPCL:	CMCSK	14.94	(1.8%)	(16.2%)
GCI:	GNCMA	6.84	15.20%	(21.8%)
KNOLOGY:	KNOL	5.00	(7.1%)	(60.9%)
LIBERTY CAPITAL:	LCAPA	7.33	10.40%	(68.5%)
LIBERTY ENT:	LMDIA	18.58	16.40%	(23.2%)
LIBERTY GLOBAL:	LBTYA	18.07	(3.4%)	(53.9%)
LIBERTY INT:	LINTA	6.60	(12.5%)	(65.4%)
MEDIACOM:	MCCC	4.22	14.70%	(8.1%)
SHAW COMM:	SJR	17.67	5.40%	(20%)
TIME WARNER CABLE:	TWC	19.81	1.20%	(28.2%)
VIRGIN MEDIA:	VMED	6.19	20.00%	(60.9%)
WASH POST:	WPO	349.00	(12.8%)	(53.7%)

PROGRAMMING				
CBS:	CBS	9.41	16.20%	(58.8%)
CROWN:	CRWN	3.69	(12.4%)	(43.2%)
EW SCRIPPS:	SSP	4.86	0.60%	(94.6%)
GRUPO TELEVISIA:	TV	16.74	8.40%	(26.5%)
HSN:	HSNI	5.56	(40.1%)	(62.6%)
INTERACTIVE CORP:	IACI	15.28	0.20%	(43.2%)
LIBERTY:	L	31.41	20.30%	(37.4%)
LODGENET:	LNET	1.32	32.00%	(92.4%)
NEW FRONTIER:	NOOF	1.62	(4.1%)	(56.4%)
OUTDOOR:	OUTD	7.89	0.80%	14.30%
PLAYBOY:	PLA	1.75	(26.2%)	(80.8%)
RHI:	RHIE	12.23	(9.2%)	(3.2%)
SCRIPPS INT:	SNI	28.65	5.90%	(29.4%)
TIME WARNER:	TWX	9.91	7.80%	(37.4%)
VALUEVISION:	VVTV	0.86	(27.7%)	(86.3%)
VIACOM:	VIA	18.85	10.20%	(57.1%)
WWE:	WWE	14.36	7.60%	12.70%

TECHNOLOGY				
3COM:	COMS	2.18	(3.1%)	(51.8%)
ADC:	ADCT	5.55	3.90%	(64.2%)
ADVANTAGE:	AEY	1.68	(13.8%)	(72.8%)
ALCATEL LUCENT:	ALU	2.54	9.00%	(65.3%)
AMDOCS:	DOX	24.14	(1.2%)	(30%)
AMPHENOL:	APH	26.55	(7.1%)	(42.4%)
APPLE:	AAPL	97.40	0.60%	(50.8%)
ARRIS GROUP:	ARRS	6.13	(0.3%)	(38.6%)
AVID TECH:	AVID	19.25	(8.3%)	(32.1%)
BIGBAND:	BBND	3.38	12.30%	(34.2%)
BLNDER TONGUE:	BDR	0.75	(16.7%)	(54.8%)

Company	Ticker	10/17 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	14.06	(5.4%)	(46.2%)
C-COR:	CCBL	11.00		
CISCO:	CSCO	17.91	3.90%	(33.8%)
COMMSCOPE:	CTV	22.90	2.70%	(53.5%)
CONCURRENT:	CCUR	4.02	(7%)	(51.8%)
CONVERGYS:	CVG	11.40	2.60%	(30.7%)
CSG SYSTEMS:	CSGS	14.05	0.40%	(4.6%)
ECHOSTAR HOLDING:	SATS	21.67	12.20%	(34.1%)
GOOGLE:	GOOG	372.54	12.20%	(46.1%)
HARMONIC:	HLIT	8.12	12.30%	(22.5%)
JDSU:	JDSU	6.20	(7.1%)	(53%)
LEVEL 3:	LVL	1.37	(6.2%)	(54.9%)
MICROSOFT:	MSFT	23.93	11.30%	(30.6%)
MOTOROLA:	MOT	5.62	20.10%	(62.2%)
NDS:	NNDS	53.00	18.40%	(10.5%)
NORTEL:	NT	1.58	(3%)	(89.4%)
OPENTV:	OPTV	1.15	3.60%	(12.9%)
PHILIPS:	PHG	18.70	(13.3%)	(49.1%)
RENTTRAK:	RENT	11.94	7.60%	(17.4%)
SEACHANGE:	SEAC	7.78	20.40%	7.60%
SONY:	SNE	23.91	13.70%	(56%)
SPRINT NEXTEL:	S	3.06	(14.3%)	(76.7%)
THOMAS & BETTS:	TNB	24.09	(2.8%)	(50.9%)
TIVO:	TIVO	6.39	17.20%	(23.4%)
TOLLGRADE:	TLGD	3.29	7.90%	(59%)
UNIVERSAL ELEC:	UEIC	18.13	(6.4%)	(45.8%)
VONAGE:	VG	0.82	34.40%	(64.3%)
YAHOO:	YHOO	12.90	5.00%	(44.5%)

TELCOS				
AT&T:	T	25.29	12.80%	(30.5%)
QWEST:	Q	2.78	27.50%	(53.5%)
VERIZON:	VZ	27.19	1.60%	(29.5%)

MARKET INDICES				
DOW:	INDU	8852.22	4.70%	(33.3%)
NASDAQ:	COMPX	1711.29	3.70%	(35.5%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VONAGE:	0.82	34.40%
2. LODGENET:	1.32	32.00%
3. QWEST:	2.78	27.50%
4. SEACHANGE:	7.78	20.40%
5. LIBERTY:	31.41	20.30%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. HSN:	5.56	(40.1%)
2. VALUEVISION:	0.86	(27.7%)
3. PLAYBOY:	1.75	(26.2%)
4. BLNDER TONGUE:	0.75	(16.7%)
5. SPRINT NEXTEL:	3.06	(14.3%)

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"A Modest Proposal"

R.I.P. laissez faire capitalism? Temporarily, "they" say. OK, I'll buy that.

In the meantime, I've got a suggestion: Nationalize the cable industry!

With, of course, a guaranteed rate of return of, oh, let's say 33%?



Paul S. Maxwell

(OK, I know that's kind of down from the heyday, but, hey! That doesn't sound so bad today).

In exchange for being nationalized (while, of course, remaining public

companies like all those banks—the Fed just gets preferred stock with a 5% coupon), the influx of billions will allow cable companies to build fiber to the front (and back) doors of every home and office in the entire US (and Canada, and while we're at it, why don't we just annex the place?).

Why not?

Universal broadband. Universal C-SPAN! Cable could make "voice" service "free," and broadband access would be subsidized in order to save the world and the American way of life.

Why not?

Why not get something for building a giant, job-creating and now competitive industry without a dollar of public money?

And without cable, that aim of government policy rhetoric to create ubiquitous broadband wouldn't even be possible... Universal dial-up?

Give me a break.

Random Notes:

• Best New S.W.A.G. That Will Be @ CTAM:

In the category of "stuff-we-all-get" to be found at CTAM in Boston next month will be yo-yos with stock symbols of operators and programmers... almost as useful as a T-shirt. When the yo-yo goes up, a light blinks green; when it goes down, a light blinks red. Problem is, given the markets lately; the yo-yos might have to be motorized. Meanwhile, you will be able to tell times are tough by the lack of T-shirts as giveaways.

• This "Economy": Isn't just one... there's the stock market for one; there's the government for two (or three); and then there's the real world... which, it seems, ain't so hot either. Just hang in there... be prudent. Now is the kind of time great fortunes are made.

• Speaking of Government – Don't You "Love" the FCC? Yep the Federal Confusion Commission and its leader Kevin Martian have been at it again. Once again, Martian failed to rally his fellow commissioners to his way of thinking. Must carry for low power TV... all in the (for him, false) name of diversity. Well, to my way of thinking, thank God for small favors.

Bad news is that he's loose on Election Day—apparently, he isn't giving FCC staffers time to vote on the November 4th considering the agenda he's published. Too many Democratic staffers? The ballot isn't in a la carte? And now NASCAR car sponsorship? With a sunroof that emits DTV transmission waves aimed at being embedded in viewers? Nice way to spend taxpayer dollars? Or is this just another end run for a la CAR?

• A Scotsman-Economist Does It Again:

Set the parameters, that is. Just like Adam Smith, David Hume, James Mill, John Law and now Gordon Brown is defining capitalism that works. Maybe. Fingers crossed. Eyes crossed.

• Ski! There's always good news somewhere if you look hard enough. Last Wednesday morning, both Loveland and Arapahoe Basin welcomed their first skiers of the year.

• Act! Don't dither. If you haven't yet taken Steve Effros' advice and moved to make the bundle ubiquitous to old, recent and new subs... well, go back and read his Thursday column again... and this time, as the ads say, just do it!

Paul Maxwell

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