

# CableFAX Daily™

Friday — November 10, 2006

What the Industry Reads First

Volume 17 / No. 219

## Broadband Boomers: MTVN Launching Older-Skewing Multiplatform Nets

Remember *John Sykes*' Baby Boomers project? It appears to finally have gotten the go-ahead, with newly installed **Viacom** pres/CEO *Phillipe Dauman* revealing during Thurs' earnings call that **MTV Networks** will announce the launch of multiplatform networks targeted at "specific adult demos" in the next few weeks. "One of our most creative executives has been working on that notion and has created several very compelling ideas for digital networks, with very interesting concepts that are not really out there yet," Dauman said, providing few other details. MTVN declined further comment, but the offerings are rumored to include 6 or so channels focused on lifestyle, health, etc. Buzz earlier this year was that Sykes would launch a new linear network or networks. That died down in July when *Judy McGrath* said Sykes would announce his broadband-heavy project in "a few weeks" (**Cfax**, 7/19). Instead, the coming months brought news of *Tom Freston's* ouster as CEO of Viacom. Dauman also poured water on the linear net notion, saying "we think there is a better opportunity to reach people through these multi-platform networks at a very modest cost on both the programming side and overhead." A recent **Pew Internet & American Life Project** study found 38% of 50- to 64-year-olds' homes have broadband, a 41% increase from '05. 50% of 30-49s' homes have broadband, an increase of 39%. **Viacom's Numbers**: Cable had a strong showing, with revenue up 10% and operating income rising 14% to \$777mln. Dauman announced that CFO *Mike Dolan* will step down at year-end, with *Tom Dooley* taking his place.

**News Corp's 1Q**: When it comes to a **Liberty** deal for **News Corp's** 39% stake in **DirecTV**, "we have been having very constructive talks," News' *Peter Chernin* said during the company's 1Q call, later saying a deal could be completed this year. News execs said talks have advanced from where they were 2-3 months ago. The quarter saw a strong showing by the cable nets, whose operating profit rose 26% to \$249mln. Chernin said cable's soft upfront didn't extend to the cable nets, with CPMs up at all the channels while achieving double-digit volume growth. Scatter was in the high single-digit range for the Q, he said. Chernin didn't get into specifics but called **Fox News'** recently completed deals with **Cablevision** and DirecTV perhaps the cable group's most important development. "We expect to ramp up our affiliate fees with our other MSO partners in the years to come," he said. Chernin stressed that **Fox Business Channel** negotiations are separate from Fox News renewals. "I think our view was that we wanted to use the strength we had with Fox News to maximize our affiliate rate on Fox News alone and not try and spill some of that over into trying to achieve something else," he said.

**Competition**: **DirecTV** chose **ChoiceStream** to provision "My TV Planner," a new service allowing subs to manage available content. Customers can sort programs, create personalized TV schedules and receive recommendations on new DirecTV content. -- **AT&T** launched a gaming portal at [www.attblueroom.com/gaming](http://www.attblueroom.com/gaming). It provides gam-

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ers with interviews with gaming insiders, reviews and commentary, tips and tricks, and downloads. -- Thanks to a partnership between **DISH** and **The Weather Channel**, DISH subs can now access local weather information and receive zip code-based weather information.

**Research:** More than 78% of homes with DVRs that watch recorded broadcast primetime shows play them back within 2 days and 84% play them back within 3 days. That's according to a **Nielsen** analysis of DVR playback for the week of Sept 25. Among 18-49s, 76% watch recorded broadcast prime shows within 48 hours and 84% watch primetime shows they recorded off ad-supported cable. The percentage of primetime programming viewed in DVR homes within 7 days breaks down as follows: 41.1% broadcast, 17.9% ad-supported cable and 14.1% syndication.

**Online:** MTVN has partnered with international video game publisher **Nexon** to create a premium user experience for MTVN's online youth community "Neopets." Also included is MTVN's marketing of Nexon's launch of casual MMOG game titles in North America via its portfolio of television and online brands. -- **Comcast** unveiled Thurs an overhauled Web site at Comcast.com. New features include a fresh interface with 3 specific channels (Learn, Customers, Shop), and visitors may now interact with the MSO's products and services through virtual demonstrations.

**Programming:** **Discovery**, **NASA** and **NHK** have teamed up for a Wed (11:30am ET) HD downlink on **Discovery Channel** from the **International Space Station**. Included will be shots of Earth from the station and an address from Commander *Michael Lopez-Alegria*. -- **Spike** contracted **RHI Ent** to produce 12 action films for delivery beginning next Oct. -- **FSN** announced plans to double its schedule of HD telecasts over the next year. The net and its family of regional RSNs will purvey nearly 1K events in HD, including NBA, MLB, NHL and NCAA action. -- **Nat Geo's** "Lockdown: Gang War" (Dec 3, 9pm) will highlight the violence and unspoken rules that dominate life inside CA's Salinas Valley State Prison. -- **The N** has begun production on 13 eps of "The Best Years," a real-life drama about college life.

**In the States:** **Comcast** will add nearly 200 jobs at a Detroit area call center, reportedly related to digital phone demand.

**Earnings:** **Walt Disney's** cable nets saw 4Q operating income grow 22% Y-over-Y to \$854mln, primarily due to higher affiliate and ad revenues at ESPN. Revenue for the nets climbed 16% to \$2.2bln. Operating income for the broadcasting biz decreased \$19mln to \$29mln thanks to increased costs associated with the rollout of Disney-branded mobile phone services and an **FCC** licenses impairment charge. Overall, Disney's 4Q net income doubled to \$782mln, while revenue climbed 14% to \$8.8bln. -- Although **Crown Media's** overall 3Q net rev decreased 7% to \$47.3mln, its sub fee rev jumped 32% to \$6.02mln. **Hallmark Channel** achieved an 8% increase in subs to 74.7mln, and the net also saw its highest Q ever in terms of ratings for both total day (.8) and prime (1.3). During the Q, the company sold to **RHI** for \$160mln the domestic rights to its film library, an important contribution to CM's current debt reduction goal, said new pres/CEO *Henry Schleiff* during a Thurs conference call. Crown shares closed Thurs at \$3.79 (+6%). -- **Outdoor Channel Holdings** saw 3Q rev rise 16% to \$13.2mln, and sub fees grow 13% to \$4.3mln. Powered primarily by ad sales at **The Outdoor Channel**, ad rev jumped 21% to \$6.8mln. OCH's issued a truncated earnings release due to an announced need to re-evaluate certain intangible assets.

**Honors:** Congrats to **History** and **A&E** founder *Nick Davatzes*, who received the National Humanities Medal at the White House Thurs for contributions to the humanities. "We in the cable industry have known for many years that

# WANT SOME PERSPECTIVE?

CABLE  NET

# BUSINESS & FINANCE

Nick Davatzes is a national treasure, so it's great to see Nick honored by the President for his immense contribution to the diversity and texture of cable programming," **NCTA** pres/CEO *Kyle McSarrow* said.

**People:** **Crown Media** promoted *Brian Stewart* to evp/CFO. The 6-year company vet succeeds *Paul FitzPatrick*, who resigned Oct 31. -- *Jennifer Bergman* was named vp, finance and business ops for **Cox KS/AR**, effective Dec 1. -- **ReelzChannel** appointed former **TV Guide** exec *Fred Poston* vp, operations. -- **CartierBaldwin** partner *Maggie Bellville* joined **Vyyo's** board.

**Business/Finance:** Growth in video and data services helped **RCN** post a 14% increase in 3Q rev to \$158mln. Video rev inched up 4% to \$65mln, and data rev grew 19% to \$33mln, although rev from voice services slid 7% to \$33mln. Total RGUs increased 3% to 909K, 67% of which subscribe to bundled services. 3Q ARPU was \$108. -- **Time Warner** announced Thurs pricing of a \$5bln underwritten public offering of debt securities, plans for which were disclosed Tues. Included is \$2bln principal amount of floating rate notes due '09, \$1bln principal amount of 5.50% notes due '11, \$1bln principal amount of 5.875% notes due '16 and \$1bln principal amount of 6.50% debentures due '36. The sale of the debt securities is expected to close Mon.

## CableFAX Daily Stockwatch

Company	11/09 Close	1-Day Ch	Company	11/09 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
AVID TECH:	36.27	(0.42)	BLNDER TONGUE:	1.46	0.04
BRITISH SKY:	42.39	(0.11)	BROADCOM:	31.92	0.03
DIRECTV:	22.32	(0.65)	C-COR:	10.08	0.09
DISNEY:	33.58	0.48	CISCO:	26.71	1.61
ECHOSTAR:	36.45	(0.23)	COMMSCOPE:	30.92	(0.42)
GE:	35.29	(0.29)	CONCURRENT:	2.03	0.03
HEARST-ARGYLE:	25.54	(0.16)	CONVERGYS:	22.51	0.42
ION MEDIA:	0.78	0.00	CSG SYSTEMS:	27.41	(0.52)
NEWS CORP:	22.04	0.18	GEMSTAR TVG:	3.28	(0.02)
TRIBUNE:	32.21	(0.27)	GOOGLE:	472.63	(2.37)
<b>MSOS</b>					
CABLEVISION:	27.99	0.08	HARMONIC:	8.19	(0.06)
CHARTER:	2.60	(0.13)	JDSU:	15.06	(0.69)
COMCAST:	40.67	(0.18)	LEVEL 3:	5.56	0.02
COMCAST SPCL:	40.36	(0.1)	LUCENT:	2.52	(0.01)
GCI:	13.94	(0.56)	MICROSOFT:	29.18	0.20
KNOLOGY:	10.17	(0.32)	MOTOROLA:	21.24	(0.23)
LIBERTY CAPITAL:	89.93	(0.05)	NDS:	49.18	0.21
LIBERTY GLOBAL:	27.16	0.31	NORTEL:	1.97	0.01
LIBERTY INTERACTIVE:	22.21	(0.28)	OPENTV:	2.70	0.02
MEDIACOM:	8.13	(0.09)	PHILIPS:	36.08	0.00
NTL:	26.85	(0.42)	RENTRAK:	12.96	0.20
ROGERS COMM:	59.66	0.49	SEACHANGE:	8.69	0.02
SHAW COMM:	31.36	0.03	SONY:	39.88	(1.07)
TIME WARNER:	19.81	0.17	SPRINT NEXTEL:	19.98	0.09
WASH POST:	734.01	(1.69)	THOMAS & BETTS:	50.78	(0.27)
<b>PROGRAMMING</b>					
CBS:	29.79	0.19	TIVO:	5.82	(0.18)
CROWN:	3.79	0.20	TOLLGRADE:	8.06	(0.17)
DISCOVERY:	14.92	(0.16)	UNIVERSAL ELEC:	21.42	(0.18)
EW SCRIPPS:	50.14	(0.07)	VONAGE:	6.71	(0.02)
GRUPO TELEVISIA:	25.14	0.14	VYYO:	3.35	(0.05)
INTERACTIVE CORP:	33.34	0.09	WEBB SYS:	0.07	0.00
LODGENET:	22.57	(0.69)	WORLDGATE:	1.42	(0.08)
NEW FRONTIER:	9.14	(0.27)	YAHOO:	27.45	0.55
OUTDOOR:	13.60	(0.07)	<b>TELCOS</b>		
PLAYBOY:	12.00	(0.15)	AT&T:	33.42	(0.95)
UNIVISION:	35.15	0.02	BELLSOUTH:	43.60	(0.97)
VALUEVISION:	13.16	(0.06)	QWEST:	8.49	(0.1)
VIACOM:	38.43	(1.24)	VERIZON:	36.11	(0.75)
WWE:	16.07	(0.38)	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	4.80	(0.08)	DOW:	12103.30	(73.24)
ADC:	13.64	(0.11)	NASDAQ:	2376.01	(8.93)
ADDVANTAGE:	4.00	0.00			
AMDOCS:	38.75	0.28			
AMPHENOL:	67.40	0.18			
ARRIS GROUP:	12.09	0.14			

Free Webcast

## Time-Shifted TV: A Case Study on Time Warner Cable's Start Over Service

This Webcast will define Time-Shifted TV, outline the requirements and review lessons from Time Warner Cable's Start Over deployment. It will answer the following questions:

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- What are the unique requirements of deploying Time-Shifted TV?
- How did Time Warner Cable prepare its network for Start Over?
- What are the results and benefits of the Start Over deployment?

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# PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

## Cable Seeks High Scores

Content providers including **MTVN** and **TBS** are making a big play for gamers, although it may prove to be a gambit requiring a hit of the restart button. Beginning Nov 22, eps of shows such as **Comedy Central's** "South Park" and **TBS' "Aqua Teen Hunger Force"** will be available for purchase/ rental through **Microsoft's** Xbox Live broadband suite, an adjunct service to the Xbox 360 gaming console. Roughly 3mln gamers will have access to the content, but no one knows whether the fickle segment will treat it like a holiday favorite or a lump of coal. "Certainly the audience [male 18-34 demo] match up is very strong, but we want to see how video programming fits in the gaming environment" said TBS vp, business development *Bill Stratton*. "We want to learn and experience what viewers' expectations and consumption patterns are like in this space." Do gamers even care about other media outside of their games? Will they pony up money for content? Will they abide the download time and the limited viewing window? "It's a brilliant plan on paper," wrote *Rick Munarriz* of **The Motley Fool**, and "the content selection is also pure genius. I just hope that Microsoft isn't overestimating the appetite for readily available content from an audience that prefers to roll its own." Meanwhile, **Speed** targets Xbox users differently. It will collaborate with Microsoft on "Forza Motorsport Showdown," a 4-ep competition series based on Xbox's eponymous franchise. It will air on Speed early next year and also be available through Xbox Live. "This is a great opportunity for the net, as the show makes us a little bit younger and cooler," said Speed vp, programming *Robert Ecker*. Yet even Ecker said unknowns remain. "We know the gaming community is not necessarily watching TV," he said. "There needs to be a fusion of both [video gaming and programming]." Let the games begin. *CH*

**Highlights:** "Thin," Tues, 9pm, **HBO**. Talk about reality TV, it doesn't get more real than this unflinching look at the daily struggles of women with eating disorders. – "Home Front," tomorrow, 7:30pm, **Showtime**. Props to Showtime for exposing us to a hero. Army Ranger *Jeremy Feldbusch*, blinded in Iraq, but unbowed, doggedly helps fellow vets. – "Everest," Tues, 10pm, **Discovery**. Proof that Discovery is back, as it chronicles the Everest's '06 climbing season. – "City of Men," season III premiere, Tues, 9pm, **Sundance**. Gritty Rio-based teen drama sizzles.

**Worth a Look:** "Positive Voices: Matthew Cusick," tomorrow, 6:15pm, **Sundance**. A Cable Positive co-production about a Cirque du Soleil acrobat who was wrongly dismissed because he's HIV positive. – "Murder by the Book," Mon, 10pm, Court TV. "L.A. Confidential" author *James Ellroy* describes his mother's brutal murder (fine) and his sexual fascination with her (not so good). – "SpongeBob SquarePants: Best Day Ever," tonight, 8, **Nick**. Teamed with release of the CD; catchy tunes.—"Greg The Bunny," season II premiere, tomorrow, 9ETpm, **IFC**. Greg whacks **Fox**.

**Not Reviewed:** "Britney & Kevin: E! True Hollywood Story" tonight, 9, **E!** OK, but we were expecting a special "E! True Hollywood Story: Don Rumsfeld."

### Basic Cable Rankings (10/30/06-11/05/06)

Mon-Sun Prime			
1	ESPN	3	2771
2	DSNY	2.2	2007
3	USA	2.1	1886
4	TNT	1.7	1562
5	FOXN	1.3	1188
5	TOON	1.3	1141
7	TBSC	1.2	1107
7	LIFE	1.2	1094
7	NAN	1.2	1094
10	HALL	1.1	817
11	A&E	1	947
11	FX	1	944
11	HGTV	1	889
11	SCIF	1	873
15	CMDY	0.9	857
15	HIST	0.9	840
15	AMC	0.9	840
15	FAM	0.9	816
15	SPK	0.9	809
15	CORT	0.9	804
21	MTV	0.8	686
22	DISC	0.7	691
22	ESP2	0.7	677
22	CNN	0.7	635
22	TVLD	0.7	631
22	TLC	0.7	613
27	FOOD	0.6	564
27	VH1	0.6	537
29	APL	0.5	462
29	BET	0.5	427
29	BRAV	0.5	425
29	EN	0.5	422
29	MSNB	0.5	399
29	SOAP	0.5	291
29	LMN	0.5	274
36	TTC	0.4	306
36	WGNC	0.4	284
36	NGC	0.4	277
36	GSN	0.4	218
40	HLN	0.3	269
40	CMT	0.3	227
40	TVGC	0.3	226
40	SC	0.3	210
40	OXYG	0.3	207
40	VS	0.3	188
40	DHLT	0.3	186

\*Nielsen data supplied by ABC/Disney

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Given the monumental challenges and improvements being made by cable MSO's and DTH satellite distributors, it will probably feel like New Year's Day is just around the corner. I see Christmas decorations in stores earlier and earlier each year.

We have a custom to make resolutions for the following year on New Year's Day. Of course, speaking strictly from my own failed intentions, the most popular resolutions are to lose weight and get back in shape. Let me suggest, though, that notwithstanding the engineering and technological work under way, MSO's and DTH providers might do well to apply those two resolutions to the networks they carry.

Certainly since 1990, but probably much earlier, there has existed in the industry the absolute assumption that once a cable network is on a system, it is always going to be on that system and the only real future conversations between distributors and networks are rate increase negotiations. But networks, like any other business, want to make hay with their product in any way possible. Since a network is on with all but perpetual carriage, the network's next and most obvious way to expand the value of their product and brand is to go after higher and higher amounts of advertising sale revenue. Unfortunately, the occasional network will virtually abandon their mission and start programming for the highest ratings with material which is truly inconsistent with that stated mission. In addition, there are a few networks who are not truly doing their job of being high-value, dependable destinations for customers.

On the other hand, there are some pretty good start-ups out there. The best of these would be resonant with a significant segment of customers. They are being built by people who are impassioned, have something to say which has not been on television before and could certainly improve a line-up if given the chance.

So here in a nutshell is my suggested resolution. **Look at your line-up critically. Ask if there is any fat that should be lost and look around for some things which just might make your line-up stronger and in better shape.**

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Learn more about Mr. Palmer and see his full comments at: [www.wealthtv.net/palmer.html](http://www.wealthtv.net/palmer.html)

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DIAL COLOR	Carbon Fiber
STRAP	Crocodile Strap
WATER RES.	30
CRYSTAL	Sapphire
CASE DIAMETER	43
PRICE RANGE	\$30,000 - 50,000



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