

CableFAX Daily™

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What the Industry Reads First

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Broadband Vacancy: DirecTV Ends Year With No Solution

News Corp pres/COO *Peter Chernin* sounded quite willing Mon to cut **DirectTV** from News Corp's stable, saying the company wouldn't talk to **Liberty** about its 39% DirecTV stake unless there were clear benefits. "We do think that DirecTV needs some sort of broadband play... in order to remain competitive," Chernin said at **UBS'** media conference. He added that DirecTV pres/CEO *Chase Carey* and his team are working aggressively on a broadband plan but not to expect anything until all their questions are answered. UBS analyst *Aryeh Bourkoff* reminded him that the plan was supposed to be in place by the end of this year; Chernin said it won't happen that soon. Despite the frank talk, Chernin stressed that News isn't trying to get rid of the DBS provider—it's just exploring an opportunity. He praised its "great financial performance." As for those talks to swap the DirecTV stake in return for Liberty's 19% News Corp stake, Chernin said "we remain optimistic about the ability to get something done." He declined to attach a timeframe. "We would not be prepared to let this than drag on so long that we felt it was having an impact on the business," he noted, adding that News would either cut off discussion or get a deal done. Meanwhile, News is "religiously focused on growth," with some of that to come from cable channels, like the soon-to-launch **Big 10** network and launch hopeful **Fox Business Channel** (Chernin reiterated that News will commit to launch it when it has enough subs locked down; meanwhile, **Fox News** announced Mon a distribution pact with **Yahoo Finance** to launch "Fox Business Now," a co-branded online video platform). Don't look for US cable acquisitions to drive growth. "My guess is that there are probably no acquisitions in the US," Chernin said. "Sitting here today, I don't see any easy opportunities." Digital media will continue to be a growth driver, with the exec calling the **Google-YouTube** deal a positive as it marks the beginning of consolidation for the space. "I think bodes very well for content holders," he said.

Bark With Bite: Comcast evp/co-CFO *John Alchin* on Mon alluded to an imminent on demand trial in Pittsburgh and Denver with partners **Universal, Warner Bros, Paramount, Disney** and **Lions Gate**, during an address at the Credit Suisse 2006 Media and Telecom Conference in NYC. Although further information wasn't available by deadline, the deal could include free content with partners receiving ad proceeds, as Alchin cited a 10-20 fold increase in the number of hits on CBS on demand content when the 99-cent charge was axed. **Comcast** continues to espouse triple play bundles and VOD offerings as robust growth drivers and service differentiators, and Alchin offered some impressive metrics from the 2 segments. "All boats can rise with this tide," said Alchin of VOD. 70% of Comcast digital subs view on demand titles monthly, he said, and those same subs avg 27 views/month and 30min per viewing. He added that VOD produces a "much, much stickier relationship" with subs, as churn among VOD users is one-half that of digital subs that don't use the service. And even though Verizon offers VOD content through FiOS TV, Alchin said Comcast's 2-year lead leaves the MSO in a "great position to take advantage of and exploit." As for triple play bundles, it "changes

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everything about our business by adding value," he said. The sell in rate is now 35% for the triple play bundle, which has powered the year-to-date addition of 3.4mIn RGUs, he said, versus 2.6mIn adds in each of the last 3 years. Comcast added 1.2mIn digital subs in 3Q (+50%), 1.4mIn HSD subs (+8%) and 1mIn VoIP subs (versus 140K). Monthly ARPU for triple play subs is \$120-\$130.

At the Portals: FCC chmn *Kevin Martin* formally asked the agency's gen counsel to allow fellow Republican commissioner *Robert McDowell* to vote on the **AT&T-BellSouth** merger. The proposed merger is at a 2-2 partisan stalemate over net neutrality and a few other issues. McDowell has been acting as if he was recused from the vote because of his previous work for CLEC group **Comptel**, which has filed in opposition of the merger. **Stifel Nicolaus** told clients that McDowell's expected participation would make FCC conditional approval of the merger by year-end more likely, though approval could possibly slip to Jan. Not surprisingly, Democrat Ed Markey (D-MA) doesn't want McDowell to vote on the merger. "I believe that forcing a Commissioner to participate in a proceeding in which he or she would otherwise be recused is an extraordinary notion for an independent, impartial regulatory agency," Rep Markey said Mon. If the FCC's gen counsel compels the commissioner's participation, Markey wants him to announce an intention to vote to abstain.

More Changes: NBCU's recent winds of change received a fresh gust Mon, as widespread exec changes were announced on the heels of the "NBCU 2.0" restructuring plan (*Cfax*, 10/20) and the defections of *Randy Falco* and *David Zaslav* (*Cfax*, 11/17). *Jay Ireland*, pres, NBCU TV stations and network ops, got oversight of **Telemundo** and NBC Network affil relations and ops, divisions previously headed by Falco. West Coast TV pres *Marc Graboff* will now oversee domestic TV distribution, and *Michael Pilot*, formerly of **GE Commercial Finance**, was appointed pres, ad sales. *Edward Swindler* was promoted to the newly created position of COO, sales division, and will report to Pilot. *John Eck*, pres, **Media Works**, and CIO, NBCU, and *Bruce Campbell*, evp, business development now report to **GE** vice chmn *Bob Wright*, as will *Cory Shields*, evp, communications.

Competition: Verizon added **Versus** and **PBS Kids Sprout** to its FiOS TV lineup, and added **Comcast SportsNet Philadelphia** (SD and HD) to the service's "Premier" package in the PA, DE and southern NJ markets. On Monday, Verizon also said it will rollout FiOS to dozens of communities around Philadelphia—although not yet the Philly itself. -- Verizon announced Mon its planned hiring of 110 employees to deploy and install FiOS TV and FiOS Internet Service in northern VA.

In the Courts: 25 of the 30 classes voted last week to accept **Adelphia's** Plan of Reorganization. 4 rejected it and 1, the Century Bank class, will vote Dec 4. A US Bankruptcy Court in NY will consider the plan's confirmation on Thurs.

Programming: NBCU selected **One True Media** to handle viewer video creation and submission for "iVillage Live" (Mon-Fri, noon), an interactive talk show that on Mon started airing simultaneously at **ivillagelive.com**, and on **Bravo** and NBC-owned stations. -- **Starz Ent** acquired world premiere films "Neverwas" (Dec 13, 7:10pm), featuring *William Hurt* and *Nick Nolte*, and "Our Very Own" (Mon, 6:40pm) starring *Allison Janney*. -- Certain segments of **MSG's** new doc series "50 Greatest Moments at Madison Sq Garden" (tonight, 9pm) are worthy, particularly when producers have obtained good footage. Tonight there's a footage feast showing Rangers' goaltender *John Davidson* thwarting the '79 Islanders and clips from the '85 'Sweater Game.' Less compelling visually is the recap of "Wrestlemania" #1.

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BUSINESS & FINANCE

Doing Good: *JD and the Straight Shots* (that's *Jim Dolan's* band for you squares) will jam at the **Lustgarten Foundation's** annual holiday bash for pancreatic cancer research, Thurs at BB Kings in NYC. -- **The V Foundation for Cancer Research**, created by **ESPN** and the late *Jim Valvano*, announced Mon that effective Oct 1, 2006, 100% of all new direct cash donations and net proceeds of events contributed to the foundation will be used to fund cancer research and related programs. An endowment fund is now large enough for the foundation to cover all operating expenses for the foreseeable future with the investment income.

Obit: *Ronnie Lippin*, pres of intl entertainment marketing and PR firm **The Lippin Group**, passed away Mon from a rare form of breast cancer. She was 59. She is survived by husband, Lippin Group chmn/CEO *Dick Lippin* and daughter *Alexandra*, a sr account exec at the agency.

People: **Comedy Central** named **Lifetime** marketer *Catherine Moran* as vp, consumer and trade marketing. -- Former **C-SPANer** *Robin Scullin* linked up with Cable in the Classroom as dir, strategic initiatives. -- **Gemstar-TV Guide** promoted *Ian Birch* to the newly created position of evp/chief content officer. Birch will retain his role as editor-in-chief of *TV Guide*. -- *Allie Carsia* was appointed dir, marketing for **Hallmark Channel** and **Hallmark Movie Channel**.

CableFAX Daily Stockwatch

Company	12/04 Close	1-Day Ch	Company	12/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AVID TECH:	39.33	0.12	BROADCOM:	33.40	1.06
BRITISH SKY:	41.57	(0.33)	C-COR:	10.21	0.35
DIRECTV:	22.80	0.10	CISCO:	27.25	0.56
DISNEY:	33.44	0.35	COMMSCOPE:	31.65	1.39
ECHOSTAR:	36.99	0.40	CONCURRENT:	1.86	(0.04)
GE:	35.39	0.11	CONVERGYS:	24.10	0.13
HEARST-ARGYLE:	25.75	0.13	CSG SYSTEMS:	27.66	0.35
ION MEDIA:	0.60	(0.01)	GEMSTAR TVG:	3.25	0.15
NEWS CORP:	21.90	0.47	GOOGLE:	484.85	4.05
TRIBUNE:	32.25	0.44	HARMONIC:	7.76	0.06
MSOS					
CABLEVISION:	28.03	0.09	JDSU:	18.32	0.27
CHARTER:	2.78	(0.02)	LEVEL 3:	5.60	0.15
COMCAST:	40.83	0.22	LUCENT:	2.55	(0.02)
COMCAST SPCL:	40.66	0.12	MICROSOFT:	29.33	0.21
GCI:	15.37	0.22	MOTOROLA:	21.97	0.11
KNOLOGY:	9.99	0.00	NDS:	49.10	1.24
LIBERTY CAPITAL:	89.26	0.80	NORTEL:	20.88	(0.27)
LIBERTY GLOBAL:	27.69	0.39	OPENTV:	2.45	(0.04)
LIBERTY INTERACTIVE:	22.72	(0.12)	PHILIPS:	37.23	(0.19)
MEDIACOM:	8.19	0.19	RENTRAK:	14.20	(0.45)
NTL:	25.44	0.84	SEACHANGE:	8.35	0.00
ROGERS COMM:	61.09	1.28	SONY:	39.78	0.09
SHAW COMM:	30.91	0.20	SPRINT NEXTEL:	19.73	0.33
TIME WARNER:	20.47	0.24	THOMAS & BETTS:	52.74	0.68
WASH POST:	730.00	(6.45)	TIVO:	5.70	(0.07)
PROGRAMMING					
CBS:	30.20	0.45	TOLLGRADE:	8.65	0.08
CROWN:	3.13	(0.14)	UNIVERSAL ELEC:	21.09	(0.27)
DISCOVERY:	15.08	(0.06)	VONAGE:	6.84	0.33
EW SCRIPPS:	49.12	0.01	VVYO:	4.01	(0.05)
GRUPO TELEVISA:	27.15	0.50	WEBB SYS:	0.05	0.00
INTERACTIVE CORP:	36.65	0.71	WORLDGATE:	1.39	0.04
LODGENET:	23.00	0.60	YAHOO:	26.89	0.40
NEW FRONTIER:	9.13	0.23	TELCOS		
OUTDOOR:	13.01	0.25	AT&T:	34.24	0.24
PLAYBOY:	11.65	0.08	BELLSOUTH:	44.85	0.25
UNIVISION:	35.42	(0.03)	QWEST:	7.85	0.20
VALUEVISION:	13.26	0.11	VERIZON:	34.85	0.21
VIACOM:	38.55	0.47	MARKET INDICES		
WWE:	16.14	0.15	DOW:	12283.85	89.72
TECHNOLOGY					
3COM:	4.20	0.13	NASDAQ:	2448.39	35.18
ADC:	14.01	0.41			
ADDVANTAGE:	4.29	0.16			
AMDOCS:	38.92	0.37			
AMPHENOL:	68.03	(0.02)			
ARRIS GROUP:	11.90	0.31			

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M.C. Antil's CableFolks

Ong Swinging For the Fences

It's not every day a woman, much less an Asian American woman, earns a World Series ring—and not one that was ceremoniously awarded to her, mind you, but one she actually earned.

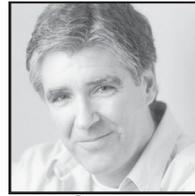
Now in fairness, it's not like NatGeo head Laureen Ong ever played shortstop for the 2005 Chicago White Sox or a pitched a couple of tough innings down the stretch. But she did own the team—still does as a matter of fact; or at least a piece of it—and has for a number of years. So when the underdog Sox went wire-to-wire to win the 2005 World Series, Ong won one of the most coveted pieces of jewelry in sports, a series ring given to her by her former boss, Jerry Reinsdorf.

Ong and Reinsdorf go back nearly 25 years when they started a regional sports network in Chicago; one designed to carry the games of the White Sox, which Reinsdorf purchased in 1980. Now, to understand just how insanely long the odds were against a subscription sports network succeeding in Chicago at the time you have to understand that in my city—yes, I live here now—free, over-the-air sports on TV is something of a birthright; right up there with blues clubs, hot dogs and the ability to vote early and often.

Also, the Sox were far from the most loved team in town. That would have been the Cubs.

And if that wasn't enough, Chicago was not even wired for cable in 1982.

But long odds have never bothered Ong. In fact, she has a long history of defying them, particularly during the sports phase of her career. After all, in addition to launching a cable network in a city without cable, she worked with such non-essential entities as the WFL, NASL soccer and Family Circle tennis. In addition, she was once program director for the CBS Sports Spectacular, a program dwarfed by the legendary ABC's Wide World of Sports.



M.C. Antil

"My situation now is not unlike the White Sox," she told me. "I guess I've always liked the underdog."

And that's why Ong's role as the head of the network formed by the unlikely marriage of News Corp and the National Geographic Society is so perfect. Because while NatGeo has the advantage of the Fox distribution machine, so many other circumstances are working against it—not the least of which is that in Discovery Communications, NatGeo's own home town of Washington, DC already boasts one media superpower that trades in science and nature.

Ong told me that balancing two such disparate corporate cultures isn't as difficult as you'd think. She said that Fox, while aggressive, is comfortable in its role as the underdog. Plus its people are smart enough to "know what they don't know," meaning they leave content decisions to NatGeo. Meanwhile, NatGeo's folks have an unwavering sense of what their brand means—an understanding they share with a large percentage of Americans.

As for her network's relatively late start and its attempt to gain both distribution and ratings, she said candidly, "I'm not going to deny it, it's tough out there."

But on the same token, she said Fox's distribution muscle and NatGeo's brand power have allowed the network to make great strides in its six years, a fact born out by its high rankings in the annual Beta study and its exponential ratings growth over the past two years.

"We're fortunate to have the parentage of National Geographic, which is such a powerful brand," said Ong, who called her network "the poster child for HD" before adding this perhaps not-so-minor point of clarification: "We're not just a cable channel, but an organic, living place—and everything we do goes back to the mission of the Society."

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