

CableFAX Daily™

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What the Industry Reads First

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By a Hair: USA Finishes 2006 as Top Prime Net

For the 1st time in 6 years, **USA** has claimed the primetime crown for an entire calendar year, squeezing past non-ad-supported **Disney** by a mere 57K HHs (the nets tied in HH rating, both scoring a 2.2). "It's great bragging rights, but more than that, it helps ad sales, helps affiliate deals and is a fabulous team motivator," USA chief *Bonnie Hammer* told **Cfax**. Her team has been breaking out the champagne to celebrate ratings wins throughout the year. Not only did USA finish #1 in HHs, but it also led the pack in prime for total viewers (2.6mln), 18-34s (500K), 18-49s (1.2mln) and 25-54s (1.2mln). USA's big winner is "WWE Monday Night Raw," which was the #1 weekly cable series for 18-49s in its 1st full year back on USA. Also lending support was "Pirates of the Caribbean: The Curse of the Black Pearl," the most-watched movie of the year among 18-49s and 25-54s, new series "Psych" and returning favorite "Monk." While original series, such as "The 4400" and "Dead Zone," continued to do well, their numbers were off a little from previous years (Last year' prime champ **TNT** had the highest-rated original series of the year, "The Closer"). Hammer said serialized shows have a harder time maintaining their numbers but noted that both are strong and will be returning this summer. Also new this summer will be limited series "Starter Wife" and 1 other new original series (either "To Love and Die" or "Burn Notice"—both working titles). So does Hammer think USA can take the year again in 2007? "Of course, you set that as a goal," she said. "You always want to maintain a crown; it's a very hard thing to give up, but you're also realistic." Hammer says she's a self-confessed "ratings pig" and convinced she can return ratings champ WWE to where it was in its late-'90s heyday. USA will definitely have competition as runner-up Disney grasps for the crown (it had 3 of the year's top 5 original movies) and TNT competes for it as well. -- **Nick** once again claimed the total day title and closed the year in 1st place among all kids' demos and total viewers. As Nickelodeon begins '07 holding an 11-yr winning streak, is any other net ready to depose the king? Evp/gm *Tom Ascheim* thinks not. "While Disney had a good year, we have a strong ratings hold among kids," he said. "We lead the competition by 40% with kids 2-11 and... new series and launches in 2007 will be great in solidifying our lead even further." -- USA narrowly edged Disney (2.2/1.93mln) for the '06 prime ratings title, followed by TNT (2.0/1.82mln), **ESPN** (1.8/1.66mln) and **Lifetime** (1.4/1.25mln). -- Disney (1.3/1.16mln) was a distant 2nd to Nickelodeon in '06 total day ratings.

Mediacom's Problem: *Pali's Rich Greenfield* sees **Mediacom** and **Sinclair's** retrans dispute as "very problematic" for the MSO and downgraded the stock to "sell" on Wed. About 700K subs risk losing Sinclair stations at if a new deal or extension is not reached by Fri. "We expect the Sinclair situation to end badly for MCCC, with MCCC forced to pay significantly more than management was budgeting in 2007 (or risk losing subscribers to its multichannel video competitors)," Greenfield wrote in a research note. "We also worry about the potential precedent this could set for MCCC and its future renegotiations with other broadcasters." Greenfield believes the deal is far less important to Sinclair, estimating



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that less than 5% of the broadcaster's revenues are exposed to MCCC subs. He also points to aggressive promotions (including a \$59.95 triple play offer for 6 months for new subs and a digital voice for 1 cent offer for existing customers for 6 months) that could create challenges converting them to paying subs mid-year. Those promos have been discontinued, but Greenfield muses that they could restart if Sinclair yanks its stations. **ACA** on Wed piped in on the dispute, noting that Sinclair CEO *David Smith* has said the financial impact of turning off signals to MCCC subs is negligible to the broadcaster. "But the bigger questions are what is the impact on Mediacom's customers—taxpayers all—and why should they be forced to pay twice, through their tax dollars and again through retransmission consent fees, to receive free over-the-air television?," asked **ACA** CEO *Matt Polka*. -- Meanwhile, Sinclair struck a retrans deal with overbuilder **McLeod USA** in Cedar Rapids, IA. The deal covers **CBS** affil **KGAN** through the end of '09. Sinclair estimates McLeod could provide service to approx 20K MCCC-passed homes that are not already McLeod customers.

In the Courts: Judge *Robert Gerber* approved **Adelphia's** bankruptcy plan Wed, finally ending the 54-month saga. In a 267-pg ruling, Gerber said that 84% of the claims were satisfied by the plan, and that most of the objections were baseless. -- **Time Warner Cable San Antonio** countersued **AT&T** Wed, less than 4 weeks after the telco claimed the MSO's techs deliberately damaged its network. "AT&T has engaged in conduct indistinguishable from that of which it accuses Time Warner Cable," the counterclaim said. The MSO also complains that the 2 had negotiated a process by which they could resolve claims amicably but that AT&T filed its suit without warning while those negotiations were in progress. TW also wants AT&T's complaint to be dismissed. The MSO claims AT&T failed to properly cap cable drops in 83% of installations and interfered with Network Interface Devices in 73%. It also alleges that AT&T connected its wires to TW's own outside wiring, breaking accepted business practices and creating a potential threat to public safety.

Competition: An agreement with **LIN TV** gives **Verizon's** FiOS TV retrans consent for LIN's broadcast stations in 18 US/Puerto Rico markets. The deal grants VZ the right to LIN's locally-produced content for VOD and to carry both the analog and HDTV signals of all LIN stations in overlapping markets. Norfolk, VA, will be the 1st market. -- **AT&T** inked a U-verse carriage agreement with **YES** for 3 CT markets, and customers in the telco's other 8 U-verse markets can receive the sports net through "The Sports Package." -- Following the **AT&T/BellSouth** merger, **Standard & Poor's Ratings Services** affirmed its ratings on **AT&T** (A/Negative/A-1), **BellSouth** (A/Negative/A-1), and **Cingular** (A/Negative/-). S&P also removed the ratings of all 3 entities from CreditWatch but cited the telco's accumulated debt in explaining its negative outlook. -- As the official wireless service provider of the **NHL**, **Verizon Wireless** received the US mktg rights to events such as the Stanley Cup Playoffs and the NHL All-Star Game. VW will also have a media presence on **NBC** and **Versus**, and will provide its "V Cast" customers with video game highlights. -- **Verizon** launched its FiOS TV service in Redlands and Redondo Beach, CA.

Mobile: **Sprint** launched **The N Mobile** on 2 of its networks, offering video clips and other content from The N series such as "Degraasi: The Next Generation" and "South of Nowhere."

Brag Book: **A&E** delivered 579K avg viewers for the year in the 25-54 demo, a 10% increase over '05 and the best annual avg in 6 years. The net's 18-49 delivery (569K) was up 19%, and its 18-34 delivery (254K) was up 32%, breaking last year's record delivery in both demos. -- **Court TV's** "R.E.D." programming block was cited as the driver of a stellar



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'06 for the net, as the year became the most watched ever among the following categories: 18-34; 18-49; 25-54; total viewers; and viewing HHs. -- **SOAPNet** generated last year its largest prime total viewer audience (311K) of all time, and also set records in the women 18-49 demo (150K) and women 25054 (172K). -- According to **Nielsen**, **MSNBC** may trail behind the ratings of **Fox News** and **CNN**, but it found something to crow about. The net says it's the only news net to post an increase in total viewers (+8%, 263K). Viewership for 25-54s was up 12% (111K). CNN (-7%), Fox News (-14%) and Headline News (-7%) all saw total viewership dips, MSNBC said. -- **Bravo** avg prime ratings grew 25% Y-over-Y in the 18-49 demo to 304K, 22% in total HHs to 426K, and 21% in total viewers to 546K.

Obit: **EarthLink** CEO Garry Betty died Tues following complications from cancer. He was 49. Betty had been on a medical leave of absence since Nov, with *Mike Lunsford* serving as interim CEO. Lunsford will continue to serve in that capacity.

Cable360 Fun: Wanna see **CableFAX's** exec editor get humiliated by professional gamer *Lost Cause* during a bout of "Quake 4"? Check out www.cable360.net's newest video segment and learn about gaming's growing role in the broadband universe.

People: **Cedar Point** appointed *Chris Zanyk* managing dir, Latin America.

CableFAX Daily Stockwatch

Company	01/03 Close	1-Day Ch	Company	01/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	41.60	0.40	AVID TECH:	37.07	(0.19)
DIRECTV:	25.00	0.06	BLNDER TONGUE:	1.71	0.01
DISNEY:	34.20	(0.07)	BROADCOM:	32.47	0.16
ECHOSTAR:	38.37	0.34	C-COR:	11.45	0.31
GE:	37.97	0.76	CISCO:	27.73	0.40
HEARST-ARGYLE:	25.58	0.15	COMMScope:	28.98	(1.5)
ION MEDIA:	0.54	0.04	CONCURRENT:	1.81	0.00
NEWS CORP:	22.25	(0.01)	CONVERGYS:	24.54	0.76
TRIBUNE:	31.00	0.22	CSG SYSTEMS:	26.06	(0.67)
MSOS					
CABLEVISION:	28.64	0.16	GEMSTAR TVG:	3.97	(0.04)
CHARTER:	3.05	(0.01)	GOOGLE:	467.59	7.11
COMCAST:	42.66	0.33	HARMONIC:	7.28	0.01
COMCAST SPCL:	42.25	0.37	JDSU:	17.20	0.54
GCI:	16.10	0.37	LEVEL 3:	5.65	0.05
KNOLOGY:	10.47	(0.17)	LUCENT:	2.55	(0.02)
LIBERTY CAPITAL:	97.49	(0.49)	MICROSOFT:	29.86	0.00
LIBERTY GLOBAL:	29.35	0.20	MOTOROLA:	20.57	0.01
LIBERTY INTERACTIVE:	21.24	(0.33)	NDS:	47.15	(1.1)
MEDIACOM:	7.85	(0.19)	NORTEL:	25.55	(1.18)
NTL:	24.85	(0.39)	OPENTV:	2.47	0.15
ROGERS COMM:	60.53	0.93	PHILIPS:	37.64	0.06
SHAW COMM:	32.45	0.74	RENTRAK:	15.65	0.15
TIME WARNER:	22.03	0.25	SEACHANGE:	10.56	0.34
WASH POST:	749.50	3.90	SONY:	42.91	0.08
PROGRAMMING					
CBS:	31.60	0.42	SPRINT NEXTEL:	19.04	0.15
CROWN:	3.81	0.18	THOMAS & BETTS:	47.42	0.14
DISCOVERY:	16.49	0.40	TIVO:	5.08	(0.04)
EW SCRIPPS:	49.89	(0.05)	TOLLGRADE:	10.50	(0.07)
GRUPO TELEvisa:	27.44	0.43	UNIVERSAL ELEC:	21.38	0.36
INTERACTIVE CORP:	37.55	0.39	VONAGE:	6.70	(0.24)
LODGENET:	25.29	0.26	VYYO:	4.30	(0.23)
NEW FRONTIER:	9.77	0.16	WEBB SYS:	0.03	(0.01)
OUTDOOR:	13.07	0.24	WORLDGATE:	1.29	(0.05)
PLAYBOY:	11.61	0.15	YAHOO:	25.61	0.07
UNIVISION:	35.56	0.14	TELCOS		
VALUEVISION:	12.92	(0.22)	AT&T:	34.95	(0.8)
VIACOM:	41.57	0.56	BELLSOUTH:	47.11	0.00
WWE:	16.18	(0.12)	QWEST:	8.41	0.04
TECHNOLOGY					
3COM:	4.12	0.01	VERIZON:	37.82	0.58
ADC:	14.78	0.25	MARKET INDICES		
ADDVANTAGE:	2.71	(0.08)	DOW:	12474.52	11.37
AMDOCS:	38.12	(0.63)	NASDAQ:	2423.16	7.87
AMPHENOL:	63.75	1.67			
ARRIS GROUP:	12.70	0.19			

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My Wish List

We're starting a new year, and I can't really say there's excitement about what's coming for the cable industry in Washington. In fact, there's a great deal of trepidation as we look into the future and see that most regulators and legislators still think we are in the past. So here are some of the things I wish would happen this coming year—some having to do with policy and some just plain old desires of a long-time television fan.



Steve Effros

On the policy side, I wish folks would finally understand that the thing once called "cable television" has morphed into lots of different things in the digital age. Trying to regulate or legislate based on that old system of "pigeon holes" simply doesn't work any more. And by the way, different cable systems and companies have different ideas as to what they want to do,

what services they want to offer, and what they think the future will bring. Don't just say "cable" and think it is one monolithic thing. It's not. Don't try to make it one, either.

Cable started out as "community antenna television." The first regulations imposed prohibited selling television sets in local markets, and we couldn't be owned by broadcasters either. That should tell you something. We were perceived as new competition for both... for the delivery of television. We were never a "monopoly" on the delivery of television; we were the "new" guy competing with the folks who delivered television! And if there is one thing that's for sure, we were never "unregulated," ever! So let's stop using those old chestnuts like cable is an "unregulated monopoly," and let's stop thinking that today's cable is anything like what we were years ago.

If cable is to compete in the new digital world it is go-

ing to differentiate itself with programming, service and technology. Any regulations that try to restrict market forces in any of those areas will be counterproductive. My wish is that we all acknowledge we don't really know from year to year where all this is heading. We are simply trying to stay relevant in a telecommunications marketplace that moves so rapidly that regulators can't assume they "know" what the business is, or should be, and try to force it in that direction. Look at the Internet as a model. When you stand back and let it go, some pretty remarkable things happen. Some work, some don't, and the marketplace punishes those who misbehave. We don't need the government in loco parentis.

I also wish the folks in Washington could display a little more intellectual honesty. You simply can't demand a la carte programming on one hand and then try to force multichannel must carry or packaged carriage of local sports networks on the other. That's being political, not honest.

Now, a few other wishes: I know we won't get rid of all the ID "bugs" that now populate our television screens. I've given up on that. But could the programmers and networks be a little more conscious of what they are showing and fade them out when the visuals are the point of the program? And speaking of fading out, how about shutting up the announcers who think we are watching a football game or a tennis match to listen to them! The level of blather and constant promo stunts has gotten absurd.

And I have to remind myself, as well as all the regulators and legislators that all televisions have an "off" button... computers too! Use it.

Steve

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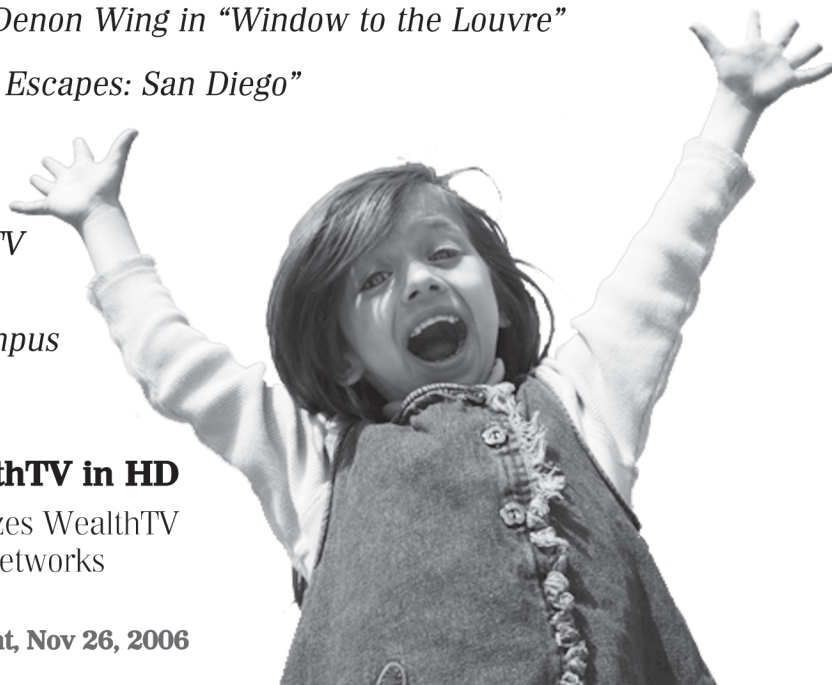
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5. Mega Yachts - Wealth on the Water, Fort Lauderdale International Boat Show
6. Greek sculpture displayed in the Denon Wing in “Window to the Louvre”
7. Petco Park, featured in “Vicarious Escapes: San Diego”
8. Pebble Beach Concourse
D'Elegance, Wealth on Wheels
9. Steve Wyland Art Work - WealthTV Profiles
10. What to Wear - New York's Olympus Fashion Week

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Source: Chicago Tribune article by Kevin Hunt, Nov 26, 2006



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