

# CableFAX Daily™

Wednesday — January 17, 2007

*What the Industry Reads First*

Volume 18 / No. 11

## **Wireless Watch: Cox Ready to Rollout in San Diego, Phoenix**

Cox has continuously declined to say where its first 2 wireless market launches will be, but the cat is finally out of the bag. The MSO has been quietly testing the service in San Diego and Phoenix with friendlies and plans to commercially launch the service this Q. "Technologically, everything is working great," a Cox rep said. "We haven't started really marketing it to our customers yet, but we plan to do that very soon." **Comcast** and **Time Warner Cable** have already commercially launched their wireless service through the **Sprint** jv in Portland, Boston, Raleigh, NC, and Austin, TX. Time Warner has said it plans to offer the service in every division by year-end. Cox is more vague, pledging to roll wireless out to additional markets in '07 but not saying where or how many. Fellow jv member **Bright House** still hasn't detailed plans for its 1 announced market (guesses are it is Tampa Bay).

**Retrans Round-up:** Another week, another game of tit for tat between **Mediacom** and **Sinclair**. **Time Warner Cable**, on the other hand, continues to breathe easy, having been granted a 2nd extension with Sinclair late Fri. The 2 can continue negotiations through Fri and are expected to wrap up a deal with no fireworks. But things are darker in Des Moines and other Mediacom markets. The MSO continues to try to get Sinclair to enter into binding arbitration, putting forth a new proposal on Mon that would have it accepting arbitration before the FCC Media Bureau as opposed to an unspecified 3rd party (most likely a member of the **American Arbitration Association**). Considering that the Bureau has ruled against Mediacom on various instances (most recently Fri when it declined to grant Mediacom interim carriage of the 22 stations Sinclair stations pulled Jan 6), it's possible Sinclair may change its mind and agree this time. Then again, it may not... Meanwhile, the 2 are engaged in verbal warfare before Congress. First, Mediacom CEO *Rocco Commisso* sent a letter to members of Congress claiming that the broadcaster has singled Mediacom and its customers out for discriminatory treatment and urging Congress to pressure the **FCC** to intervene. Sinclair fired back Tues, claiming that the letter contained "baseless and outrageous allegations" and asking that members advise Mediacom that the matter does not require Congressional action.

**Measuring Ads:** The commercial ratings train continues full-steam ahead, with **Nielsen** announcing Tues that it will make 6 streams of viewing data available in May. In addition to live viewing, live viewing plus DVR playback on the same day and live viewing plus DVR playback in 7 days, Nielsen will measure live plus 1 day DVR viewing, live plus 2 days and live plus 3 days. Nielsen will label May-Aug data as "evaluation" available to clients for free. Cable nets have mostly said they won't participate in the commercial measurement until Nielsen fixes some problems with the system.

**Technology:** Cox has deployed **Ciena's** "CoreDirector Multiservice Optical Switches" in the super headend of its San Diego network to interconnect 2 metro rings, each transporting multiple 10 Gbps circuits over DWDM. Cox is the 1st cable op to deploy CoreDirector.

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**Traveling Show:** Not going to be in NYC for **Time Warner's** "Home to the Future" grand opening Wed (1/17)? Then be patient. **Time Warner Cable** plans to take the showcase of initiatives on the road to some of its markets later this year. Plans are still being finalized. In the meantime, the 4-story showcase housed in the Time Warner Center at Columbus Circle is expected to attract nearly 1mln visitors. Check out [www.hometothefuture.com](http://www.hometothefuture.com).

**Competition:** **Verizon** will establish a separate entity for its local exchange and related assets in ME, NH and VT, then spin it off to VZ stockholders and merge it into **FairPoint Comm**. The transaction is expected to be completed within 1 year. VZ was advised by **Merrill Lynch**, FairPoint by **Lehman Bros**, **Deutsche Bank Securities** and **Morgan Stanley**.

**FSN Flexes Muscles:** **FSN** inked a multi-faceted media pact with the **Intl Fight League**, a team-based MMA league. The deal gives FSN the rights to air 22 late-night event programs beginning in 2Q, and the right to produce ancillary programming such as PPV events and VOD content. FSN and the IFL will also establish a jv to manage and distribute IFL-related digital media rights across online, broadband and mobile platforms.

**VOD:** New kids broadband and VOD network **Kabillion** is launching on **Comcast** systems nationwide. The ad-supported service was developed by **Taffy Ent** and **Remix Ent Ventures**. The service features all original series; future plans include offering mobile, gaming and wireless platforms.

**WSJ Retort:** **Cox** pres *Pat Esser* had a few choice words for the *Wall Street Journal* in a Tues letter to the editor disputing the paper's assertions about cable in its Jan 2 editorial titled "Franchise Freedom." In that editorial, WSJ lobbed several anti-cable barbs in lending support to the **FCC's** Dec franchise ruling, which is generally opposed by the cable industry and (*Cfax*, Dec 21). "Allowing Bell companies preferred entry into the video market will not magically lower prices for consumers, but creating an unfair advantage for these large companies does hold the potential to unjustly damage existing competitors," Esser wrote. "It's disappointing that a leading business newspaper would demonstrate so little insight into the economics of this business by overlooking the effect of wholesale costs (programming) on retail costs."

**Programming:** **The Weather Channel** is partnering with *BusinessWeek* for a program segment that starting Tues will provide viewers with business-related weather news. "The BusinessWeek Business Barometer" will air several times/week during the net's "First Outlook," providing insight on various weather topics.

**Online:** Content from **A&E**, **Starz Digital** and **IFC** will be part of a new **Netflix** feature allowing people to immediately watch movies and TV series on their PCs. Following a 1-min browser applet installation, most content (over 1K hours) will begin playing in browsers in as little as 10 to 15 secs. The service will roll out to subs in phases over the next 6 months and will be included in monthly membership plans at no extra cost.

**Cable Wins Gold:** **HBO's** "Elizabeth I" (3) and **BBC's** "Gideon's Daughter" (2) helped cable defeat the broads, 6-5, in TV-related victories at Mon's **Golden Globe Awards**. *Kyra Sedgwick's* best actress win in a drama for **TNT's** "The Closer" made the difference. **HBO** and **ABC** tied for the most statuettes. -- **E!'s** "Live from the Red Carpet: The 2007 Golden Globe Awards" (6-8pm) earned a 2.07, and its metered mkt avg of 1.98 increased 5% over '06. -- **TV Guide's** "Joan and Melissa Rivers Live at the Golden Globes" (6-8pm) earned a .7 HH rating in metered markets, up 17% over last year.

**TCA on Cable360:** If you were cool enough, you read *Seth Arenstein's* blogs about **TCA** over the last few days. Now

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# BUSINESS & FINANCE

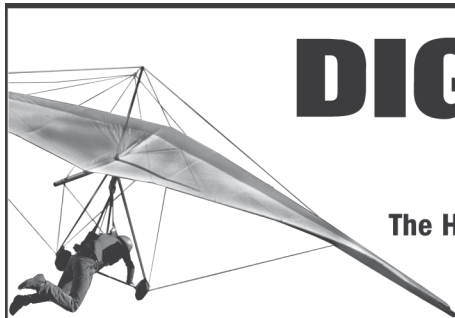
TCA newbie and **CableFAX's** executive editor *Michael Grebb* weighs in on TCA at [www.cable360.net](http://www.cable360.net). Marvel as he analyzes celebs, Hollywood power brokers and the strange nightmares he experienced each night.

**People:** Comcast named ex-**Adelphia** exec *Mary McLaughlin* area vp, NH and ME. -- **HBO Video** appointed *Andrew Reimer* svp, acquisitions and production. -- *James Kelso* was named vp, video engineering for **Cox**.

**Business/Finance:** Arris Group announced a \$1.2bln agreement to buy **Tandberg TV**, with the deal expected to close in 2Q. Both firms help comm companies transmit data over networks to TVs, computers and phones. **FBR** views the pact as "nothing short of a strategic home run" for Arris, sees "almost no product overlap and expect (s) significant new opportunities" for the merger. FBR rates Arris as 'outperform' with a \$17 price target. -- **Cablevision** subsidiary **CSC Holdings** extended until Feb 20 its offer to exchange up to \$500mln aggregate principal amount of its 6-3/4% Senior Notes due '12, which were initially issued and sold in a private placement in April 2004, for an equal aggregate amount of its registered 6-3/4% Series B Senior Notes due '12. -- **EchoStar** elected to redeem all of its outstanding 5.75% Convertible Subordinated Notes due '08, with the \$1bln principal amount of notes to be redeemed effective Feb 15 at a price of 101.643% of the principal amount, or \$1.016bln.

## CableFAX Daily Stockwatch

Company	01/16 Close	1-Day Ch	Company	01/16 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
AVID TECH:	37.47	0.39	BLNDER TONGUE:	1.80	0.05
BRITISH SKY:	43.90	0.04	BROADCOM:	31.81	(0.61)
DIRECTV:	24.17	(0.03)	C-COR:	12.52	(0.3)
DISNEY:	35.03	(0.18)	CISCO:	28.04	(0.88)
ECHOSTAR:	40.91	0.43	COMMSCOPE:	31.27	(0.4)
GE:	38.11	0.22	CONCURRENT:	1.65	(0.07)
HEARST-ARGYLE:	26.27	0.31	CONVERGYS:	25.83	0.17
ION MEDIA:	0.57	(0.01)	CSG SYSTEMS:	26.76	0.22
NEWS CORP:	23.83	0.17	GEMSTAR TVG:	3.78	0.05
TRIBUNE:	30.52	(0.08)	GOOGLE:	504.28	(0.72)
<b>MSOS</b>					
CABLEVISION:	28.49	0.10	HARMONIC:	8.31	(0.04)
CHARTER:	3.43	(0.09)	JDSU:	16.47	0.19
COMCAST:	44.47	0.38	LEVEL 3:	6.61	0.01
COMCAST SPCL:	43.63	0.31	LUCENT:	2.55	(0.02)
GCI:	15.53	(0.4)	MICROSOFT:	31.16	(0.05)
KNOLOGY:	11.36	0.06	MOTOROLA:	18.15	0.14
LIBERTY CAPITAL:	102.00	0.63	NDS:	45.02	(1.06)
LIBERTY GLOBAL:	30.69	(0.07)	NORTEL:	27.30	0.92
LIBERTY INTERACTIVE:	23.47	0.14	OPENTV:	2.55	0.09
MEDIACOM:	8.06	0.02	PHILIPS:	37.83	0.26
NTL:	25.71	0.53	RENTRAK:	14.90	(0.15)
ROGERS COMM:	32.37	(0.63)	SEACHANGE:	10.41	(0.09)
SHAW COMM:	37.12	(0.36)	SONY:	47.00	(0.68)
TIME WARNER:	22.81	0.08	SPRINT NEXTEL:	17.15	(0.1)
WASH POST:	769.00	2.53	THOMAS & BETTS:	46.00	0.02
<b>PROGRAMMING</b>					
CBS:	31.48	(0.14)	TIVO:	5.79	(0.02)
CROWN:	3.75	(0.11)	TOLLGRADE:	10.30	(0.01)
DISCOVERY:	17.34	0.44	UNIVERSAL ELEC:	20.28	0.51
EW SCRIPPS:	52.46	0.51	VONAGE:	6.30	(0.17)
GRUPO TELEVISA:	28.35	0.30	VYYO:	4.30	(0.15)
INTERACTIVE CORP:	38.00	0.16	WEBB SYS:	0.05	0.01
LODGENET:	25.74	0.52	WORLDGATE:	1.32	(0.02)
NEW FRONTIER:	10.11	(0.03)	YAHOO:	29.29	(0.16)
OUTDOOR:	12.79	0.47	<b>TELCOS</b>		
PLAYBOY:	11.32	(0.14)	AT&T:	34.63	(0.1)
UNIVISION:	35.79	(0.03)	BELLSOUTH:	47.11	0.00
VALUEVISION:	12.72	(0.1)	QWEST:	8.48	0.03
VIACOM:	41.87	0.07	VERIZON:	37.16	(0.17)
WWE:	16.33	(0.12)	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	4.14	0.05	DOW:	12582.59	26.51
ADC:	15.05	(0.05)	NASDAQ:	2497.78	(5.04)
ADDVANTAGE:	3.05	0.01			
AMDOCS:	35.05	(0.67)			
AMPHENOL:	64.44	0.95			
ARRIS GROUP:	13.12	0.02			



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## M.C. Antil's CableFolks

### Rochester Goes To the Mat for Marketing

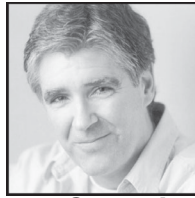
To some of us, Geof Rochester has always been a second-generation cable marketer. When he was hired from the lodging industry, I recall the buzz: this classically trained marketer and Georgetown alum was going to bring an outsider's perspective and fresh insights to the tired old discipline of cable marketing. He spoke differently than the industry's marketers of that age and could regale a roomful of marketing colleagues with war stories of what it was like to conduct business in a truly open marketplace.

But then something dramatic happened. The industry he joined turned day into night and night into day. Analog was replaced by digital, a handful of video options became a panoply of consumer choices, and the level of competition went from silly to downright savage. The cable marketplace had become a true battleground; one whose stakes and whose roadside casualties made Rochester's old industry look like a softball game at a company picnic.

And now, as I write this, I have a hard time getting my arms around the fact that was over ten years ago. Geof Rochester is no longer the new kid on the block. In fact, he's now a seasoned cable marketer, his resume trumpeting time with both a major MSO (Comcast) and a major programmer (Showtime). So last week when I heard Geof was moving to, perhaps, the most marketing-centric company in this industry (WWE), I figured it was time to give him a call and catch up.

He told me right off the bat he's a kid in a candy store. "This place is amazing," Geof said. "At some times it looks like a television program; at times it looks like a network and at times it looks like a start up." At all times, however, he said the WWE is "nimble."

"This brand reinvents itself everyday," he told me, adding that although it is not the size of say, a Viacom or a Time



M.C. Antil

Warner, the issues and the passion are the same. Geof told me he spent his first week dealing with marketing issues in Indonesia, Germany, China and the former Soviet Union.

He gives WWE head Vince McMahon credit for not just recognizing market trends and capitalizing on them, but being quick to make decisions and empowering those around him to do their jobs without a lot of interference. "In fact," he said, "this place should be a Harvard case study."

As for the MSOs, whose marketing efforts used to be the butt of jokes, Geof's respect as a marketer is second to none. He told me he considers it amazing that every time cable gets counted out a "Brian Roberts or a Steve Burke rises up" to lead a new revolution of products and services which subsequently leave cable's competitors scrambling to play catch up.

And speaking of competition, Rochester calls the first wave of telephone company showdowns "Telco I," which he admits was more about flash than substance. But, because of that, he urges cable operators not to confuse the telcos' addled video offerings of ten years ago with their most recent foray. The telephone companies and their partners have deep pockets, Geof says, and for that reason he predicts that, from a competitive standpoint, "Telco II will be big, hairy and scary."

We talked about a number of things before we hung up, including Big East basketball – Geof was a basketball manager under John Thompson at Georgetown and roomed with former Hoya man-child Ed Spriggs. But then he left me with one last thought about cable. "If there's one word that sums up this industry, it's complexity. Cable is a brave new world, and it hasn't gotten easier. In fact, it's exponentially more complicated than most people could ever imagine. But that's exactly what makes it so much fun."

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AssuredAccess comes in two flavors – Value AssuredAccess and Quality AssuredAccess – to provide cable operators flexibility regarding optimizing cost and quality. Value AssuredAccess allows cable operators to reach selected competitive sellers from Arbinet markets with a 15-day rate lock. Quality AssuredAccess allows cable operators to reach the highest-performing sellers from Arbinet markets with a 30-day rate lock. Caller line identification (CLI) as well as fax and roaming termination is provided, where applicable.

AssuredAccess service helps Cable Operators maximize revenue from each customer call attempt. Since high quality is crucial, Cable Operators are assured that they are terminating traffic on high-performance routes. Customers talk longer on these high quality connections, thereby generating higher margins. These connections also now include members of Arbinet's global peering community that encourage direct routing of calls to their customer numbers.

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Voice peering aims to eliminate the cost and quality problems introduced by multiple intermediary wholesale carriers by enabling an originating Cable Operator to find and directly interconnect with a destination service provider. Cable Operators and destination providers can negotiate their own termination rate and settle directly, avoiding intermediate payments.

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Arbinet queries all calls against a transaction server and then routes any matching calls directly to the terminating Cable Operator. A Cable Operator receives calls to its own customers from Arbinet with a settlement payment. Additionally, the Cable Operator has no external cost to terminate calls to its customers, creating an "all-margin" model.

Cable Operators in the midst of a migration of their customers from PSTN to VoIP interfaces have many challenges to meet the demands for enhanced features, avoid potential declines in the revenue per user as competition from other VoIP providers accelerates, and minimize the write-off of expensive switching equipment. For many Cable Operators, the prospect of managing peering relationships and handling interconnects with other service providers is too burdensome and is prioritized behind more pressing needs.

Arbinet's solution for a Cable Operator in this situation is to provide all the benefits of peering supported through either a VoIP or TDM interface. A Cable Operator can start out with a TDM interconnection to Arbinet and have incoming calls from its voice peering partners converted to VoIP. Incoming TDM calls route natively to the Cable Operator's customers. As the TDM to VoIP migration progresses, a growing percentage of calls will be routed VoIP from end to end.

From the beginning, the Cable Operator is fully immersed in a VoIP peering community, and can establish any direct peering relationships it desires. This ability to handle all traffic streams obviously greatly increases the traffic that is actually peered, while minimizing the complexities a Cable Operator faces in handling its own migration plans.

As the migration to VoIP intensifies, the benefits of using PeeringSolutions will grow with the accelerating global adoption of the voice peering business model.

For more information on how Cable Operators can leverage Arbinet's solutions, please contact Cliff Radziewicz at +1 732 509 9152, [cradziewicz@arbinet.com](mailto:cradziewicz@arbinet.com) or visit our website at [www.arbinet.com](http://www.arbinet.com)

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