

CableFAX Daily™

Monday — January 22, 2007

What the Industry Reads First

Volume 18 / No. 14

Done Deal? DirecTV-MLB Pact Said to be Nearly Finished

DirecTV and **MLB** appear to be putting the final touches on a multi-year deal that will bring the out-of-market "MLB Extra Innings" package exclusively to the DBS provider, according to the industry grapevine. The 2 sides met over the last few days to hammer out the final details, with digital rights management one of the biggest question marks, sources said. DirecTV offered no comment. Scuttle is that the DBS provider won't get streaming rights for the games, providing a ray of light for cable. "Cable would obviously like [the package] not to go exclusively to the competition. But considering the high cost of retaining it and the fact that broadband availability would somewhat mitigate the loss, life without it still goes on," one MSO programming exec said. The popularity of the League's **MLB.tv**, a broadband subscription service showing out-of-market games, has steadily grown since its introduction in '03. A subscription to the service last season cost \$79.95. Cable operators don't get a cut of MLB.tv money, but the service can help with HSD penetration. *Sports Business Journal* first reported last month that DirecTV and MLB were in advanced talks. The deal would give DirecTV exclusive rights to both baseball and football's out-of-market packages and could possibly draw the attention of Congress (last year Sen Arlen Specter (R-PA) raised concerns over the **NFL's** exclusive "Sunday Ticket" deal with DirecTV).

Back to Basic? AMC Launches MN Ads After Move to Digital

Operators shuffling basic cable nets to digital have once again struck a chord. **AMC** has launched a campaign in Minneapolis to get **Comcast** to put the net back on expanded basic after it was moved earlier this month. "Don't let AMC be marooned," said an ad in the *Minneapolis Star Tribune* urging customers to call 1-888-AMC-4712. An operator connects callers with the MSO to voice complaints. Reps for AMC and Comcast said there's no nationwide plan to move the channel to digital [it has moved to digital in a few other Comcast markets, including N Virginia (*Cfax*, 9/8)]. Local markets review lineup changes on an ongoing basis, and the Minneapolis change is "the beginning of an effort to standardize the digital cable lineup in that area," a Comcast spokeswoman said. AMC is still available on analog in St Paul, but given the plans for a standardized lineup, it sounds like that may change. The 2 are said to still be negotiating. A much noisier dust-up happened last year when **Outdoor Channel** spent hundreds of thousands of dollars on an ad campaign in 6 markets where **Time Warner Cable** was trying to drop it or move it to a digital sports tier. Outdoor's 3-month campaign, which included a Website, paid off as the 2 reached a deal preserving the bulk of Outdoor's carriage.

In Play: Fox is in discussions with the **Arena Football League** for a local rights package that would stretch across its stable of 18 RSNs, said *Randy Freer*, pres, **Fox Regional Cable Sports Networks**. It will likely resemble a deal in place the past 2 seasons, which included nearly 100 telecasts, or 5 regional games per team, he said. Freer said **ESPN's** involvement in the league (*Cfax*, 12/20) will be a boon to the sport's growth. Over the next year, Freer hopes to enhance localism within the RSN group by spinning from larger nets more-specific pieces, such as creat-

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ing an entity like FSN Houston out of FSN SW. Individual nets focused on TN and the Carolinas are also likely, stemming from FSN South. NFL Net said it also talked to the league but declined to acquire any rights.

Retrans: At deadline, **Sinclair** and **Time Warner Cable** were still negotiating over a retrans extension set to expire at 12:01am Sat. TWC doesn't expect Sinclair to pull signals from some 1mln ex-**Adelphia** subs in affected markets.

Competition: A beefed up **AT&T** unveiled a new unlimited calling plan it hopes will quell cable's VoIP growth. The "AT&T Unity" plan begins Sun offering subs free domestic calls to/from any AT&T wireless and wireline phone numbers. The telco dubs it "a calling community of more than 100mln." Residential and business subs would qualify for the plan, which will run at least \$110/month, if they order a bundling of AT&T wireless service and unlimited local and long distance wireline services. The plan represents the 1st major move by AT&T toward the sharp wireless focus mentioned earlier this month by chmn CEO **Edward Whitacre** (**Cfax**, 1/3). -- **DirectTV** added **Azteca America's** WBWT-38 to its local broadcast channel lineup in Milwaukee.

Mixed Moto: CEO **Edward Zander** called **Motorola's** 4Q earnings performance "not acceptable" and announced plans to trim 3.5K jobs following a 48% Y-over-Y plunge in net earnings to \$624mln. Zander said cuts will save the co \$400mln over 2 years and will be completed by mid-'07. One silver lining: a 17% rise in overall sales to \$11.8bln, a 47% jump in cell phone shipments to a record 66mln and continued strength in its cable-related Connected Home Solutions segment. It saw sales grow 39% to \$980mln for 4Q, and 16% for all of '06. Wall St cheered Zander's earnings response, sending Moto shares up 3% Fri to close at \$19.28.

Deals: **Discovery Films** got rights to **Passion Films'** doc "In the Shadow of the Moon," a Sundance Film Festival entry focused on Apollo space missions. Discovery gets an equity interest in the doc's North American theatrical distribution and branding rights, and exclusive continental TV rights. -- **Tangerine Global** will offer **NFL Net's** HD programming to its worldwide luxury hotel clients. The content is already in Miami's Mandarin Oriental Hotel, with continued roll out expected prior to the '07-'08 NFL season. -- **Starz Ent** will be the exclusive cable partner of natl film competition **FYI – Film Your Issue**, and will air this summer the contest's winning films on several Starz outlets. -- Expanding on its current deal, **Hustler TV** may now offer adult titles from **Red Light District** in Europe as part of the net's PPV and VOD services.

Research: The number of US HHs subscribing to BPL services will surge from 400K this year to 2.5mln by '11, according to **Parks Associates**, representing a growth rate that will outpace both DSL and cable modem services.

In the States: **Comcast's Versus/Golf HD** channel (**Cfax**, 11/16) is debuting this month and next. The shared HD channel is already on in Philly and starting to roll out to other Comcast markets.

Ratings: **Bill O'Reilly** and **Stephen Colbert's** Thurs stunt helped **Comedy Central** and **Fox News'** ratings (the 2 traded off sitting in the other's guest chair). "The O'Reilly Factor" had 2.96mln viewers—up 46% over 4Q '06, while "The Colbert Report" got 1.64mln viewers (up 50% over its 4Q average). Colbert drew more 25-54s, 929K vs 746K.

Programming: **VERSUS** has entered the popular combat programming ring, inking a deal with **World Extreme Cage-fighting** to televise this summer 3 live fights and 6 highlight shows of the MMA league. -- Funnyman **Jon Stewart** will play reporter Brunk Stinegrouber on the Feb 2 (noon) ep of **Noggin's** "Jack's Big Music Show," which will simulcast on

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Nick Jr. -- **MTV** and **Spike** will begin next week shouting out to fans of the **Hip-Hop Gaming League**, an online video game heading into its 2nd season led by *Snoop Dogg*. MTV will promote the league through continuous coverage at games.mtv.com, and Spike's weekly series "Game Head" will cover the action and run special on-air and online segments leading up to the HHGL Finals (Feb 16). -- A follow-up special to **Animal Planet's** "The Little Zoo That Could," a series that chronicled The Alabama Gulf Zoo's rebuilding following hurricanes Ivan, Dennis and Katrina, will air Feb 1 (9pm). -- *Emiril Lagasse* and *Rachael Ray* will present at the inaugural "**Food Network Awards**," scheduled to air Apr 15 (9pm) after taping next month during the Food Network South Beach Wine & Food Festival in Miami. Some viewers' choice awards include "best ball park eats" and "favorite comfort food combo."

High College Marks: College football on **ESPN2** delivered its highest-rated and most watched season ever, while **ESPN** saw its most watched season since '94 and highest-rated since '99. **ESPN.com** college football content accessed via PCs and wireless devices drove an avg of more than 38mln page views on Saturdays throughout the past regular season, an increase of nearly 100% over '05, the net said. Online subs of **ESPN GamePlan** grew nearly 30% last year.

Technology: **Zodiac Interactive's** "TVLocalSearch," an app allowing consumers to search for local businesses via TV without interrupting their viewing, is now generally available. It plugs directly into ops' existing infrastructures through Zodiac's "PowerUp" and "INSTA" platforms, which allow iTV ops to offer media center-type experiences monetized through paid search. -- Cable overbuilder **WOW** deployed **BigBand's** broadband Internet and VoIP service product.

Eye On Growth: In an effort to drive topline growth, **ION Media** has executed a rev strategy focused on the following 5 areas: general network spot advertising, direct response, net long form, local long form and content rev sharing relationships. *Lee Warpach* was promoted to vp, West Coast net sales; *Robert Mons* was named svp, net sales, health and wellness programming; and *Carol Holzhauer* was promoted to svp, local long form sales.

Milestone: **Music Choice On Demand** has eclipsed the 600mln order plateau.

Sponsorship: Pharmaceutical research firm **AstraZeneca** resigned as a sponsor for **CNN's** "Fit Nation," a year-long news series examining the US obesity epidemic. The pair will also launch in Mar "Challenge America," an initiative challenging Americans to collectively complete 500K hours of exercise. -- **Comcast Spotlight** and **Akimbo** signed on as sponsors of the **Fylmz Festival**, the culminating live event (Feb 8-10) of an online film contest offering a \$100K top prize. -- **Lexus** and **Smith Barney** will act as co-sponsors of **Sundance Channel's** "The Green" (Apr), a weekly prime programming block that will feature original content focusing on environmental topics. -- **The Clorox Co**, **Hyundai** and **State Farm** have signed on as sponsors of **The Weather Channel's** "WeatherREADY," a multi-platform weather safety and preparedness initiative. Content will include seasonal safety and lifestyle vignettes.

Honors: **YES** ended '06 as the most watched RSN in the country for the 4th straight year, the net said, citing data from **Nielsen Media Research**. YES averaged 31K HHs in total day delivery and 80K in prime. -- 4 MO educators earned '06 "Teaching with Cable Awards" from the **MCTA** for excellence in integrating cable TV and Internet resources into classroom learning. **Cable in the Classroom** was a presenter at the Mon ceremony. -- **CTPAA** will honor **Comcast** evp *David Cohen* and **A&E Nets** pres/CEO *Abbe Raven* with its '07 President's Award Mar 13, DC, during **Forum**. The recipients were chosen by this year's pres, **Time Warner Cable** svp, comm *Mark Harrad*.

People: The **SCTE** appointed former **Verizon** vet *Debra Swann* vp, mktg and business development.

Business/Finance: The tender offer from **NBCU** and **Citadel Ltd Partnership** to acquire *Lowell Paxson's* outstanding Class A common shares of **ION** helped the media firm's share price rocket 60% since Thurs, closing Fri at \$1.25.

POSITION:

SIAMESE TWINS

The yin achieves eternal glory by casting its yang into everlasting shame.



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ARE YOU IN POSITION?

CableFAX Week in Review

Company	Ticker	1/19 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	43.56	(0.7%)	5.70%
DIRECTV:	DTV	23.99	(0.9%)	(3.8%)
DISNEY:	DIS	35.50	0.80%	5.40%
ECHOSTAR:	DISH	40.05	(1.1%)	5.30%
GE:	GE	36.95	(1.7%)	0.10%
HEARST-ARGYLE:	HTV	26.18	0.80%	2.70%
ION MEDIA:	ION	1.25	115.50%	150.00%
NEWS CORP:	NWS	24.13	2.00%	8.40%
TRIBUNE:	TRB	30.52	(0.3%)	(0.8%)

MSOS

CABLEVISION:	CVC	30.66	8.00%	7.70%
CHARTER:	CHTR	3.28	(6.8%)	7.20%
COMCAST:	CMCSA	44.61	1.20%	5.40%
COMCAST SPCL:	CMCSK	43.88	1.30%	4.80%
GCI:	GNCMA	15.72	(1.3%)	(0.1%)
KNOLOGY:	KNOL	11.47	1.50%	7.80%
LIBERTY CAPITAL:	LCAPA	102.01	0.60%	4.10%
LIBERTY GLOBAL:	LBTYA	30.56	(0.7%)	4.80%
LIBERTY INTERACTIVE:	LINTA	24.25	3.90%	12.40%
MEDIACOM:	MCCC	7.98	(0.7%)	(0.7%)
NTL:	NTLI	26.40	4.80%	4.60%
ROGERS COMM:	RG	31.67	(4%)	6.50%
SHAW COMM:	SJR	37.23	(0.7%)	17.80%
TIME WARNER:	TWX	22.62	(0.5%)	3.90%
WASH POST:	WPO	755.63	(1.4%)	1.30%

PROGRAMMING

CBS:	CBS	31.51	(0.3%)	1.10%
CROWN:	CRWN	4.28	10.90%	17.90%
DISCOVERY:	DISCA	17.17	1.60%	6.70%
EW SCRIPPS:	SSP	52.75	1.50%	5.60%
GRUPO TELEVISIA:	TV	28.23	0.60%	4.50%
INTERACTIVE CORP:	IACI	39.07	3.30%	5.20%
LODGENET:	LNET	25.17	(0.2%)	0.60%
NEW FRONTIER:	NOOF	10.12	(0.2%)	5.30%
OUTDOOR:	OUTD	12.66	2.80%	(1.3%)
PLAYBOY:	PLA	11.24	(1.9%)	(1.9%)
UNIVISION:	UVN	35.83	0.00%	1.20%
VALUEVISION:	VVTV	12.60	(1.7%)	(4.1%)
VIACOM:	VIA	41.74	(0.1%)	1.80%
WWE:	WWE	16.39	(0.4%)	3.50%

TECHNOLOGY

3COM:	COMS	4.04	(1.2%)	(1.7%)
ADC:	ADCT	15.93	5.60%	9.60%
ADVANTAGE:	AEY	3.05	0.30%	9.30%
AMDOCS:	DOX	33.60	(5.9%)	(13.3%)
AMPHENOL:	APH	64.18	1.10%	3.50%
ARRIS GROUP:	ARRS	13.58	3.70%	8.60%
AVID TECH:	AVID	36.17	(2.5%)	(2.9%)
BLNDER TONGUE:	BDR	1.97	12.60%	15.90%
BROADCOM:	BRM	30.18	(6.9%)	(6.6%)
C-COR:	CCBL	12.18	(5%)	9.30%
CISCO:	CSCO	26.70	(7.7%)	(2.3%)
COMMSCOPE:	CTV	31.62	(0.2%)	3.70%
CONCURRENT:	CCUR	1.66	(3.5%)	(8.3%)

Company	Ticker	1/19 Close	1-Week % Chg	YTD %Chg
CONVERGYS:	CVG	26.27	2.40%	10.50%
CSG SYSTEMS:	CSGS	25.82	(2.7%)	(3.4%)
GEMSTAR TVG:	GMST	3.77	1.10%	(6%)
GOOGLE:	GOOG	489.75	(3%)	6.40%
HARMONIC:	HLIT	8.18	(2%)	12.50%
JDSU:	JDSU	17.32	6.40%	4.30%
LEVEL 3:	LVL	6.04	(8.5%)	7.90%
LUCENT:	LU	2.55		
MICROSOFT:	MSFT	31.11	(0.3%)	4.20%
MOTOROLA:	MOT	19.27	7.00%	(5.8%)
NDS:	NNDS	45.53	(1.2%)	(5.6%)
NORTEL:	NT	27.19	3.00%	1.70%
OPENTV:	OPTV	2.46		6.00%
PHILIPS:	PHG	37.92	0.90%	0.90%
RENTRAK:	RENT	15.26	1.40%	(1.5%)
SEACHANGE:	SEAC	10.24	(2.5%)	0.20%
SONY:	SNE	47.06	(1.3%)	9.90%
SPRINT NEXTEL:	S	17.23	(0.1%)	(8.8%)
THOMAS & BETTS:	TNB	45.65	(0.7%)	(3.4%)
TIVO:	TIVO	5.47	(5.9%)	6.80%
TOLLGRADE:	TLGD	9.70	(5.9%)	(8.2%)
UNIVERSAL ELEC:	UEIC	20.18	2.10%	(4%)
VONAGE:	VG	6.06	(6.3%)	(12.7%)
VYYO:	VYYO	4.17	(6.3%)	(7.9%)
WEBB SYS:	WEBB	0.04	33.30%	
WORLDGATE:	WGAT	1.32	(1.5%)	(1.5%)
YAHOO:	YHOO	27.64	(6.1%)	8.20%

TELCOS

AT&T:	T	35.07	1.00%	(1.9%)
QWEST:	Q	8.42	(0.4%)	0.60%
VERIZON:	VZ	37.25	(0.2%)	0.00%

MARKET INDICES

DOW:	INDU	12565.53	0.10%	0.80%
NASDAQ:	COMPX	2451.31	(2.1%)	1.50%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. ION MEDIA:	1.25	115.50%
2. WEBB SYS:	0.04	33.30%
3. BLNDER TONGUE:	1.97	12.60%
4. CROWN:	4.28	10.90%
5. CABLEVISION:	30.66	8.00%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	6.04	(8.5%)
2. CISCO:	26.70	(7.7%)
3. BROADCOM:	30.18	(6.9%)
4. CHARTER:	3.28	(6.8%)
5. VONAGE:	6.06	(6.3%)



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MaxFAX...

Collusion?

My dictionary defines collusion as: a "secret agreement or cooperation for an illegal or deceitful purpose."

Could that describe broadcaster activities related to retransmission consent negotiations? Do you suppose folks

within the **National Association of Broadcasters** talk?

Methinks perhaps.

Do you suppose there was any discussion among various group broadcasters look-

ing for a situation where their leverage could be used to run a cable operator out of business unless that cable operator caved to onerous charges for otherwise free over-the-air signals?

Suppose we took a look around today for just such a situation.

Voila!

Sinclair v Mediacom!

Suppose Mediacom's passionate head *Rocco Commisso* would eventually agree to extortion?

Sure.

Even via binding arbitration?

Sure. Even that.

Even more than once trying to be semi-reasonable?

Sure, but...

Suppose the Smiths of Sinclair would be reasonable?

Naw. Not a chance.

Not with their ally in the Chairman's seat at the now painfully obvious Federal Anti-Cable Commission.

Not after their successful Swift-boating experiences.

Not with places where Republicans are still in charge. Not when they can bring a Democrat to his knees.

This mess is just plain wrong... and our government ain't playing fair, either.

So, what should be done?

First, Congress should hold hearings. And the **ACA** should keep on pressuring for them.

Second, the playing fields should be level... and **Insight's Michael Willner** has the right answer: a local station tier that passes along what owners of free airwaves want to charge for their signals... another tax on television consumers. [NOTE: although **DirecTV** is moving away from the practice by including local HD signals in the HD extra-charge package].

Random Notes:

• **Pioneer?** Want to nominate someone to be a Cable TV Pioneer? If so, email me (cablemax@mac.com) or *Les Read* (cabletvpioneers@earthlink.net) for nomination forms and instructions. The deadline is

March 1st, so please send a request soon! The cover letter explains all of the hoops you have jump through... and, you must be a Pioneer. Induction is at the annual Pioneers' Dinner at the National Show in Las Vegas this year.

• **Blue Denver:** No, not talking about the snow we've gotten (mostly in the wrong places), but the August 25-28, 2008 Democratic National Convention that's coming to town. This is a terrific opportunity for the **Comcast Media Center**, **HDNet**, **C-SPAN**, the **University of Denver** and the **Cable Center**. If you're a cable news network, might be a good time to lock in some facilities and talent here... lots of it, too. Like *Steve Feld* (disclaimer: helped him do "Raid on the Reactor" about Israel's taking out of the first Iraqi nuclear threat).

Emerging? Technologies...

SCTE's look ahead opens in Houston tomorrow. Not to mention *Paul Kagan's* gig today. This meeting always sort of tells cable operators how much of the noise from CES and MacWorld might be real... and soon to be on cable's plate. Info at <http://et.scte.org>.



Paul Maxwell

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