

CableFAX Daily™

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What the Industry Reads First

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A Step Back: Smithsonian Network Brass Tries to Quell Controversy

Officials on Mon assured skeptical content producers that the new cable net planned by the **Smithsonian Institution** and **Showtime Networks** (*Cfax*, 3/9) won't result in more restrictive access. "The vast majority of people who have worked with us will continue to work with us," said **Gary Beer**, CEO of **Smithsonian Business Ventures**, which spearheaded the controversial deal to start Smithsonian Networks with Showtime. Beer, speaking on a panel at the Realscreen Summit in Washington, said that of 134 projects pitched to Smithsonian officials since the Showtime venture was announced, 61 have been accepted and that only 2 of the remaining rejected projects got a pass for competitive reasons. He noted that the Smithsonian has always restricted access. "The institution has been denying access since its inception," he said. Beer also addressed fears by some filmmakers that the net venture could steal their ideas when they pitch projects, noting that a "firewall" separates the net from the institution. "The network never sees the proposal," he said. "There isn't any way that the venture folks would know." Said Smithsonian Networks gm **Thomas Hayden** about the 134 recently pitched shows: "I don't know a thing about any of them." Hayden also rejected media reports suggesting that the net gets broad rights of first refusal for pitched projects, noting that those rights only apply to projects initiated by the Smithsonian itself. "It was never intended and doesn't extend to independent third-party filmmakers," he said. -- Other interesting tidbits: One audience member asked Beer why he didn't partner with **PBS**, which seems a more natural ally than Showtime. "PBS wasn't interested," Beer said. "It's really that simple." Meanwhile, Beer said the Smithsonian hopes for a big financial pay-off. "We expect that we will make hundreds of millions of dollars if this works," he said, noting that Showtime is putting up all the money.

At the Portals: News Corp filed a petition Mon with the **FCC** to transfer its 38.4% stake in **DirecTV** to **Liberty Media**. Liberty will abide by the conditions imposed on News Corp when the FCC approved its purchase of the DBS provider from Hughes in '04, the petition said. Those conditions include program access conditions for the RSNs. -- Internet streaming service **VDC** says it has filed another program access complaint at the **FCC**—problem is, it doesn't know who it filed the complaints against. VDC claims that 2 unknown cable operators—"John Doe 1" and "John Doe 2"—have signed illegal exclusivity agreements that prevent at least 1 programmer from entering into a deal with it or another 3rd party who distributes the service online without their consent. VDC provided the programmer's name to the FCC but not the public. It wants the Commission to ascertain the cable operators' identities through an adjudicative proceeding. "The FCC holds authority to investigate illegalities pursuant to our claims," said VDC vp, programming acquisitions **Jeff Rothschild**. Earlier this month, VDC filed a program access complaint against **Turner** (*Cfax*, 1/19). It has not been proven yet whether the program access rules apply to VDC as it distributes linear cable programming on the Internet and on Window Media-enabled devices.

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Verizon Earnings: Verizon exceeded its goal for video subs, ending '06 with 207K FiOS TV subs (89K news subs in 4Q). One of the areas the telco is looking to improve is install times, deploying time-saving technologies like MOCA and new software. The number of homes FiOS TV is available to grew from 110K as the start of the year to about 2.4mln at the end of Dec, with an increase of 1.2mln in 4Q alone (almost half of those came in the last 2 weeks of Dec). Verizon added 165K FiOS Internet subs in 4Q, with execs reporting that 6 out of every 10 FiOS TV orders also request FiOS Internet to be installed at the same time.

Ad Spat: Cablevision won and lost a challenge to NFL Net advertising. The ad industry's self regulatory forum declared that the net's print ad campaign was truthful. The ads told consumers they will "miss live NFL Games," but contained necessary language about broadcasts within the local area that cued subs to the availability of home team games, the National Advertising Div of the Council of Better Business Bureaus said in rebuffing Cablevision's claim. NAD did take issue with NFL door hangers, banner ads and mailers that did not have that additional language, recommending NFL discontinue those. NFL stopped using them in Sept and said it would take the recommendations under consideration. "We are pleased the NAD agreed with us and found the key NFL Network advertisements that caused us to file this action were misleading and objectionable, and that the offending NFL Network ads will not appear again," CVC said.

Squeezed Lime: Healthy lifestyle brand Lime will phase out its Lime TV linear channel over the next few months, and instead will focus on getting more juice from VOD content and its newly-launched broadband channel at lime.com/tv. Lime TV is currently delivered to roughly 7mln cable/DBS HHs. Toyota, Silk and Garnier have signed on as sponsors of the ad-supported broadband channel, said Lime, which has forged online video pacts with Yahoo! and Joost. Lime currently offers free VOD content through Mediacom, Insight and others.

Cable Sags: Showing that noms (Cfax, 1/5) really only serve to stoke anticipation, broadcasters earned 6 SAG Award triumphs Sun night vs cable's pair. Although HBO's "Elizabeth I" took home both cable wins, for best male and female actor in a TV movie or miniseries, each category was unopposed by a broadcast program. Broadcasters won all 6 categories that were jointly contested.

Ratings: Following a 3-year pilot program whose sponsors included Turner, MTVN and ESPN, Nielsen began Mon including the TV viewing of college students in its "National People Meter" ratings. Viewing by students in their dorm rooms or off-campus apartments will now be treated as coming from an additional TV within sampled HHs, and will include students attending traditional colleges/universities as well as trade schools and culinary institutes.

Milestones: Animal Planet, AMC and Disney have all eclipsed the 90mln HH delivery plateau, according to Nielsen universe estimates. NFL Net topped 40mln HHs.

5 Questions with AMC gm Charlie Collier: Congratulations on hitting the 90mln sub mark. What's been the secret sauce? It shows the impact that movies still have with the viewers. In a way, hitting the 90mln mark isn't just a victory for AMC, but I think it's a nod to everyone who loves movies on television. What comes after 90mln? I think 90mln is a magic number that can only be created by focusing on our basic cable commitments... We're going to make sure we focus on everybody to make sure we maintain that leadership position. Is it harder to get basic carriage in this day and age? Comcast has moved AMC to digital in a couple of markets. Because they have agreed we are a consis-

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tent home for movies on basic cable, they do value it. For us, 90mln really is that magic number and we couldn't be there without their commitment to us on basic cable. **You've been on the job 4 months now. What's taken up the most of your time?** I've been focused on the way the market place is changing. Really the bottom line now is that for basic cable, there are so few networks dedicated to movies that I want us to celebrate it. And now the good news is that 90mln subs are going to celebrate with us. **What about HD or VOD plans?** We've been active participants on multiple platforms. Our affiliate team has worked incredibly hard to make sure that our commitment to our viewer is appropriate on every platform. We've done VOD... We are in continuous conversations about what's important to our viewer, affiliates and advertisers. We had great success with "Broken Trail" and our originals, which will live on the HD platform. There will be announcements coming on how we're moving into that area.

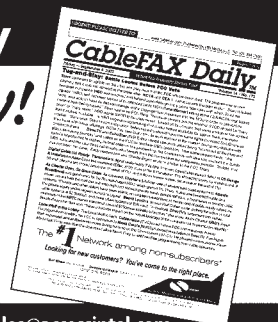
Business/Finance: News Corp struck with IPTV tech provider **ROO Group** an investment agreement under which News will receive up to a 5% interest of the current fully diluted shares in ROO. News will receive an additional 5% interest upon achievement of certain revenue-based milestones, or as a direct investment through an exercise of warrants.

CableFAX Daily Stockwatch

Company	01/29 Close	1-Day Ch	Company	01/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	42.95	0.35	AVID TECH:	36.79	0.06
DIRECTV:	24.19	0.10	BLNDER TONGUE:	1.90	(0.02)
DISNEY:	34.68	0.13	BROADCOM:	31.65	0.23
ECHOSTAR:	39.44	0.03	C-COR:	13.80	0.44
GE:	36.19	0.12	CISCO:	26.21	(0.14)
HEARST-ARGYLE:	26.09	(0.08)	COMMSCOPE:	32.20	(0.29)
ION MEDIA:	1.20	(0.02)	CONCURRENT:	1.54	0.03
NEWS CORP:	23.95	(0.05)	CONVERGYS:	25.58	0.11
TRIBUNE:	30.39	0.24	CSG SYSTEMS:	24.76	(0.04)
MSOS					
CABLEVISION:	30.28	(0.12)	GEMSTAR TVG:	4.00	0.10
CHARTER:	3.22	(0.05)	GOOGLE:	492.47	(3.37)
COMCAST:	43.83	0.53	HARMONIC:	8.99	0.12
COMCAST SPCL:	43.13	0.61	JDSU:	17.30	(0.11)
GCI:	15.50	0.01	LEVEL 3:	6.14	(0.18)
KNOLLOGY:	12.74	0.31	LUCENT:	2.55	(0.02)
LIBERTY CAPITAL:	101.67	1.52	MICROSOFT:	30.53	(0.07)
LIBERTY GLOBAL:	29.72	(0.02)	MOTOROLA:	18.31	(0.07)
LIBERTY INTERACTIVE:	24.06	(0.23)	NDS:	48.00	(0.48)
MEDIACOM:	7.86	0.11	NORTEL:	27.04	0.06
NTL:	26.99	0.23	OPENTV:	2.33	(0.03)
ROGERS COMM:	31.43	(0.86)	PHILIPS:	38.48	(0.27)
SHAW COMM:	36.06	(0.5)	RENTRAK:	16.35	0.07
TIME WARNER:	21.78	(0.04)	SEACHANGE:	10.30	(0.26)
WASH POST:	759.00	0.30	SONY:	47.00	(0.83)
PROGRAMMING					
CBS:	30.80	0.18	SPRINT NEXTEL:	17.47	(0.02)
CROWN:	4.12	(0.02)	THOMAS & BETTS:	48.02	0.28
DISCOVERY:	16.73	0.30	TIVO:	5.49	0.08
EW SCRIPPS:	52.16	(0.22)	TOLLGRADE:	10.08	0.30
GRUPO TELEVISIA:	29.15	(0.03)	UNIVERSAL ELEC:	20.25	(0.07)
INTERACTIVE CORP:	38.02	0.28	VONAGE:	5.97	(0.04)
LODGENET:	27.23	0.27	VYYO:	4.15	0.00
NEW FRONTIER:	9.42	(0.08)	WEBB SYS:	0.06	0.01
OUTDOOR:	13.26	0.22	WORLDGATE:	1.27	0.01
PLAYBOY:	11.16	(0.1)	YAHOO:	27.87	(0.17)
UNIVISION:	35.87	(0.07)	TELCOS		
VALUEVISION:	12.03	(0.01)	AT&T:	36.51	0.11
VIACOM:	40.36	0.57	QWEST:	8.14	(0.21)
WWE:	15.98	0.05	VERIZON:	38.03	0.20
TECHNOLOGY					
3COM:	3.91	(0.03)	MARKET INDICES		
ADC:	16.13	(0.19)	DOW:	12490.78	3.76
ADVANTAGE:	3.03	(0.01)	NASDAQ:	2441.09	5.60
AMDOCS:	34.90	(0.1)			
AMPHENOL:	66.50	(0.31)			
ARRIS GROUP:	13.54	0.10			

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M.C. Antil's CableFolks

Verma Hopes Tag Becomes Cable's New "It" Net

In the interest of full disclosure, I admit I'm not a video game guy. I guess that's because as a youngster I cut my teeth on three-dimensional fare like table hockey, bumper pool and pinball. So when prehistoric video games like Pong and Asteroids first crawled out of the puddle, they seemed almost otherworldly to me.

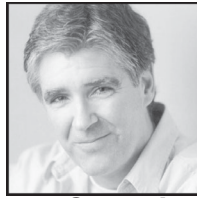
On the other hand, as an aging boomer weaned on television and someone who still knows the words to the "My Mother the Car" theme song, I consider myself something of a savant when it comes to video content. I have a 52" HD set with all the bells and whistles and there is little in the way of TV fare that I've not at least sampled over the past five decades.

Another bit of background: I coach little league, and every few weeks some kids on my team stop by to see me. And whenever they do—and most of them are 10 or 11 years old—rarely do they turn on my TV, at least not right away. Instead they make a bee line for my laptop where they swarm around it and start playing video games and downloading music.

Even when there's a big sporting event on TV, it ends up serving as little more than white noise as they snowboard through a chute, slay a hydra or pop a couple of caps into some street corner gangsta.

And this is important because while I may represent the current state of the home entertainment marketplace, those kids are the shape and the face of its future. And just as I developed lifelong habits as an adolescent, so have they.

And this realization recently led me to seek out and to pick the brain of Sangita Verma, the founder of a company formerly known as TV Head. Sangita, who spent her formative years in the parallel universe known as the gaming industry, has recently renamed her network



M.C. Antil

Tag—as in "Tag. You're it"—and is now chin-deep in the process of pitching her TV-based, on demand game service to MSOs.

Despite having my very own focus group telling me otherwise, I expressed skepticism about cable operators ever embracing video games the way they have, say, high speed. After all, I reminded Sangita, as far back as PlayCable, the shoulders of cable's highway have been littered with video game roadkill.

Verma told me that past ventures on cable failed for one very basic reason: "The set top boxes that were deployed in the past were never really designed to play games, or frankly to do anything interactive."

Because of that, and because the current generation of set stop boxes is not yet fully interactive, Verma told me Tag was developed to deploy a segment of cable's network that is state-of-the-art: its VOD infrastructure. She explained that, just like any other piece of on-demand video, Tag's games are accessible and playable using only the set top remote.

Her biggest hurdle so far? "To be honest, it's mind share," Verma said. "Operators are so focused on launching the triple play and getting their phone service out there, it's been hard getting them to take the time to look at us."

And as Sangita was citing all these data supporting America's on-going and growing fascination with video games—which was like preaching to the choir—she said something that struck me: "Cable has a chance to be the next great gaming platform. Operators have something Sony, Microsoft, EA and AOL can only dream about—they own the casual gamer; already have an existing relationship. And while those gamers are watching TV every day, they're also the ones actively leaving the television every time they want to go play a game."

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WANT SOME PERSPECTIVE?

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