

CableFAX Daily™

Monday — February 12, 2007

What the Industry Reads First

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It's Back? Multicast Must-Carry Getting Attention Once Again

Scuttle in DC is that FCC chmn *Kevin Martin* may be trying to revisit multicast must-carry. Details are slim, but some rumblings include a proposal applying only to minority and religious broadcasters or a provision that would extend multicast must carry to broadcasters that have real content to fill the bandwidth (ie, not a bunch of infomercials). Under one scenario, broadcasters could even lease out their multicast streams to third-party content providers. Martin's attempt to push through multicast must-carry last year failed because he couldn't get fellow Republican *Robert McDowell* on his side. Multicast must-carry would require cable operators to pass through the multicast streams of every must-carry station, which could mean that cable operators would be carrying 6 signals per station. The FCC's Dems might possibly be swayed if an order included public interest obligations, something broadcasters have resisted. Late last month, the **CBS Stations Affil Group** met with Commissioners *Jonathan Adelstein*, *Deborah Taylor Tate* and *McDowell* to push the need for multicast must carry, arguing that relying on voluntary carriage by cable ops is insufficient for multicast programming to survive. **Viacom** went to the FCC last week. Now that it's split from **CBS**, the company was free to speak out against multicast must-carry, arguing that such a mandate would harm program diversity and disturb the competitive market. Despite the renewed multicast buzz, many continue to believe it's a dead horse that won't be revived. Another seemingly dead horse getting increasing attention is a la carte. Concerned that Martin would use this month's Sen Commerce meeting as another forum to push a la carte, programmers sent a letter to cmte members reiterating their opposition to mandated per channel offerings. "Organizations ranging from the **NAACP** to the **Old Time Gospel Hour** to the **National Organization for Women** to scores of local elected officials representing minority constituencies spoke with a shared voice to express their concern that a la carte pricing regulations would threaten the viability of niche programmers and fledgling networks," said the letter, signed by **Oxygen**, **TV One**, **Inspiration Nets** and **Si TV**. A similar letter is expected to be sent before Thurs' House Telecom hearing on FCC oversight.

Boston Fallout: In light of **Turner's** marketing fiasco, **Cartoon Net** gm *Jim Samples* resigned Fri. "It's my hope that my decision allows us to put this chapter behind us and get back to our mission of delivering unrivaled original animated entertainment for consumers of all ages," Samples wrote in a letter to colleagues. No other employees appear to be leaving. News of his resignation was met with surprise by some in the industry, who questioned why Samples was taking the fall. A poll posted on MSN.com shortly after the news broke showed that 80% of the nearly 5000 respondents thought he should not have resigned. Samples' departure comes days before Cartoon's Wed upfront presentation in NYC to ad buyers. The presentation is always hosted by ad sales execs, but Samples was set to play a small role, a spokeswoman said. **Turner Ent** group pres *Mark Lazarus* will fill in for him. Turner will pay \$2mln after a marketing stunt for **Adult Swim's** "Aqua Teen Hunger Force" set off a bomb scare in Boston that



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shutdown highways, waterways and ignited a media uproar. Marketing firm **Interference Inc** placed blinking light boxes—mistaken for bombs—throughout Boston (and several other major cities) to promote the show. In an email to employees, Lazarus praised Samples leadership, saying he “grew Adult Swim from a programming block to a network success story and inspired cause-marketing initiatives that have made a difference in countless kids’ lives.” Until a new head is announced, the net’s sr team members will report to Lazarus.

Court Back In Session: Turner and DISH reached a carriage agreement for **Court TV**, ending a standoff that lasted more than a month (*Cfax*, 1/3). The spat started when DISH wanted to move Court from its Top 60 (now the Top 100) package to the Top 120 (now the 200), prompting a fight over how much Court should be paid for carriage on the lesser distributed tier. DISH succeeded in moving Court to the Top 200 package, but a joint news release says “both parties are pleased with the financial terms of the agreement”—indicating that there may have been compromise on both sides.

DTV Doings: The DC Circuit heard oral arguments Fri on a challenge to last year’s budget bill that contained the provision setting Feb 17, 2009 as the date broadcasters must switch to digital. The challenge was brought by public interest firm **Public Citizen**, which claims the House and Senate passed different versions of the bill, thus violating a clause in the Constitution. **Stifel Nicolaus** analysts said they don’t believe the court will invalidate the legislation based on the arguments, briefs and various other factors.


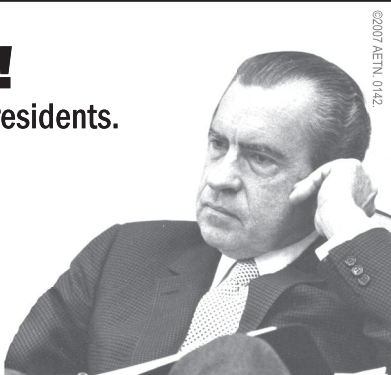
Choppy Numbers: Charter’s preliminary 4Q06 results are largely a mixed bag, evidenced by its expected 10% growth in rev to \$1.41bln and 8% increase in EBITDA to \$503mln, but a net decline in basic subs (43K) for the 3rd straight Q. The MSO added 162K (+18%) RGUs, including net gains in digital (41K), HSD (59K) and VoIP (106K) subs. ARPU grew 13% to \$86.32. Although the results included weaker-than-expected basic net loss and digital net adds, **UBS** believes both metrics will improve “as Charter gains traction on the triple-play with improving VoIP penetration in 2007.” The investment firm remains bullish on Charter, maintaining its “Buy 2” rating and \$4.50 price target.

Online: HBO and AOL launched Tues broadband site **Thisjustin.com** (*Cfax*, 11/16).


Public Affairs: The **Military Channel** is extending its reach to US troops by allowing service personnel to submit footage from the frontlines for broadcast. Beginning Thurs, raw footage and content from around the world will be featured in “Voices from the Front” segments that will air hourly on the net. Also in the works is a social network launch for the military community and a Valentine’s Day tribute to the troops featuring 24 hours of commercial-free messages from troops.

People: WWE promoted *Michael Sileck* to COO. -- **Blonder Tongue** promoted *Emily Nikoo* to svp, ops, and consolidated its manufacturing, operational services, intl and engineering functions under her leadership. *Peter Daly* was promoted to svp, mktg and sales.

Business/Finance: Charter has charged **J.P. Morgan**, **Banc of America** and **Citigroup Global Markets** to arrange and syndicate a refinancing and expansion of the existing \$6.85bln senior secured credit facilities of its **Charter Comm Operating** subsidiary. The MSO expects to use some of the transaction’s additional proceeds to redeem up to \$550mln floating rate notes due ’10 issued by **CCO Holdings** and up to \$187mln 8.625% senior notes due ’09 issued by **Charter Comm Holdings**. -- In the face of disappointing 4Q numbers, **Alcatel-Lucent** raised the number of jobs it plans to ax to 12.5K, up from a previously announced 9K.

Know Your Presidents!
Join us as we shed light on two of our most interesting presidents.


 THE HISTORY CHANNEL.

Nixon: A Presidency Revealed Feb. 15 at 8/7C
The Search for George Washington Feb. 17 at 10/9C

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CableFAX Week in Review

| Company | Ticker | 2/09 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|------------|--------------|----------|
| BROADCASTERS/DBS/MMDS | | | | |
| BRITISH SKY: | BSY | 43.93 | (1.6%) | 6.60% |
| DIRECTV: | DTV | 24.82 | 3.50% | (0.5%) |
| DISNEY: | DIS | 34.36 | (2.3%) | 3.00% |
| ECHOSTAR: | DISH | 41.58 | 3.00% | 9.30% |
| GE: | GE | 35.53 | (2%) | (2.3%) |
| HEARST-ARGYLE: | HTV | 26.06 | 0.10% | 3.00% |
| ION MEDIA: | ION | 1.19 | (4%) | 138.00% |
| NEWS CORP: | NWS | 24.98 | 2.20% | 12.20% |
| TRIBUNE: | TRB | 30.49 | (0.4%) | (0.9%) |

| Company | Ticker | 2/09 Close | 1-Week % Chg | YTD %Chg |
|----------------------|--------|------------|--------------|----------|
| MSOS | | | | |
| CABLEVISION: | CVC | 29.18 | (1.4%) | 2.50% |
| CHARTER: | CHTR | 3.35 | (0.3%) | 9.50% |
| COMCAST: | CMCSA | 40.82 | (5.2%) | (3.6%) |
| COMCAST SPCL: | CMCSK | 40.42 | (4.5%) | (3.5%) |
| GCI: | GNCMA | 15.29 | (1.4%) | (2.8%) |
| KNOLOGY: | KNOL | 13.70 | 4.60% | 28.80% |
| LIBERTY CAPITAL: | LCAPA | 106.94 | 2.40% | 9.10% |
| LIBERTY GLOBAL: | LBTYA | 29.55 | (1%) | 1.40% |
| LIBERTY INTERACTIVE: | LINTA | 23.47 | (3.8%) | 8.80% |
| MEDIACOM: | MCCC | 7.82 | (2.7%) | (2.7%) |
| NTL: | NTLI | 28.22 | 4.60% | 11.80% |
| ROGERS COMM: | RG | 31.16 | 1.60% | 4.90% |
| SHAW COMM: | SJR | 35.43 | (1.5%) | 13.10% |
| TIME WARNER: | TWX | 21.28 | (2.2%) | (2.3%) |
| WASH POST: | WPO | 771.30 | 2.80% | 3.40% |

| Company | Ticker | 2/09 Close | 1-Week % Chg | YTD %Chg |
|--------------------|--------|------------|--------------|----------|
| PROGRAMMING | | | | |
| CBS: | CBS | 31.68 | 1.10% | 1.60% |
| CROWN: | CRWN | 3.92 | (6.7%) | 8.00% |
| DISCOVERY: | DISCA | 16.05 | (3.2%) | (0.2%) |
| EW SCRIPPS: | SSP | 48.80 | (0.6%) | (2.3%) |
| GRUPO TELEVISIA: | TV | 28.19 | (4%) | 4.40% |
| INTERACTIVE CORP: | IACI | 39.62 | 2.50% | 6.60% |
| LODGENET: | LNET | 26.59 | (5.2%) | 6.20% |
| NEW FRONTIER: | NOOF | 9.25 | (1.7%) | 15.00% |
| OUTDOOR: | OUTD | 12.71 | (7.8%) | (0.9%) |
| PLAYBOY: | PLA | 10.63 | (3.1%) | (7.2%) |
| UNIVISION: | UVN | 35.82 | (0.2%) | 1.10% |
| VALUEVISION: | VVTV | 12.24 | (1.4%) | (6.8%) |
| VIACOM: | VIA | 40.38 | (1.7%) | (1.5%) |
| WWE: | WWE | 16.14 | (0.3%) | 3.40% |

| Company | Ticker | 2/09 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| TECHNOLOGY | | | | |
| 3COM: | COMS | 3.96 | 1.30% | (3.6%) |
| ADC: | ADCT | 16.80 | 0.80% | 15.70% |
| ADVANTAGE: | AEY | 3.11 | 4.00% | 11.50% |
| ALCATEL LUCENT: | ALU | 13.30 | 2.20% | 2.20% |
| AMDOCS: | DOX | 34.07 | (2.1%) | (12.1%) |
| AMPHENOL: | APH | 67.52 | (0.3%) | 8.90% |
| ARRIS GROUP: | ARRS | 14.63 | 2.00% | 16.90% |
| AVID TECH: | AVID | 32.27 | (7.8%) | (13.4%) |
| BLNDER TONGUE: | BDR | 1.83 | (5.2%) | 7.60% |
| BROADCOM: | BRCM | 34.22 | 5.80% | 5.90% |
| C-COR: | CCBL | 13.92 | 5.20% | 25.00% |
| CISCO: | CSCO | 27.71 | 2.10% | 1.40% |
| COMMSCOPE: | CTV | 33.51 | 2.90% | 9.90% |

| Company | Ticker | 2/09 Close | 1-Week % Chg | YTD %Chg |
|-----------------|--------|------------|--------------|----------|
| CONCURRENT: | CCUR | 1.42 | (0.7%) | (21.5%) |
| CONVERGYS: | CVG | 26.19 | (0.2%) | 10.10% |
| CSG SYSTEMS: | CSGS | 24.72 | (1.7%) | (7.5%) |
| GEMSTAR TVG: | GMST | 4.14 | (1.4%) | 3.20% |
| GOOGLE: | GOOG | 461.89 | (4.1%) | 0.30% |
| HARMONIC: | HLIT | 9.11 | (0.8%) | 25.30% |
| JDSU: | JDSU | 16.17 | (1.9%) | (2.9%) |
| LEVEL 3: | LVL | 6.18 | 1.50% | 10.40% |
| MICROSOFT: | MSFT | 28.98 | (4%) | (2.9%) |
| MOTOROLA: | MOT | 19.57 | (1.4%) | (4.1%) |
| NDS: | NNDS | 48.52 | 3.50% | 0.60% |
| NORTEL: | NT | 28.96 | 7.20% | 8.20% |
| OPENTV: | OPTV | 2.65 | 4.70% | 14.20% |
| PHILIPS: | PHG | 38.43 | (1%) | 2.30% |
| RENTRAK: | RENT | 15.02 | (7.8%) | (3.1%) |
| SEACHANGE: | SEAC | 10.80 | 3.80% | 5.70% |
| SONY: | SNE | 49.10 | 3.10% | 14.60% |
| SPRINT NEXTEL: | S | 18.00 | 1.60% | (4.7%) |
| THOMAS & BETTS: | TNB | 49.79 | 1.30% | 5.30% |
| TIVO: | TIVO | 5.77 | 1.60% | 12.70% |
| TOLLGRADE: | TLGD | 12.01 | 2.70% | 13.60% |
| UNIVERSAL ELEC: | UEIC | 20.95 | (0.2%) | (0.3%) |
| VONAGE: | VG | 5.91 | 9.90% | (14.8%) |
| VYYO: | VYYO | 4.29 | (0.9%) | (5.3%) |
| WEBB SYS: | WEBB | 0.04 | | |
| WORLDGATE: | WGAT | 1.24 | (1.6%) | (7.5%) |
| YAHOO: | YHOO | 29.74 | 3.40% | 16.40% |

| Company | Ticker | 2/09 Close | 1-Week % Chg | YTD %Chg |
|---------------|--------|------------|--------------|----------|
| TELCOS | | | | |
| AT&T: | T | 36.90 | (3.2%) | 6.20% |
| QWEST: | Q | 8.20 | 0.20% | (2%) |
| VERIZON: | VZ | 37.70 | (1.2%) | 4.50% |

| Index | Value | % Chg | YTD %Chg |
|-----------------------|-------|----------|--------------|
| MARKET INDICES | | | |
| DOW: | INDU | 12580.83 | (0.6%) 0.90% |
| NASDAQ: | COMPX | 2459.82 | (0.6%) 1.80% |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|--------------|-------|---------|
| 1. VONAGE: | 5.91 | 9.90% |
| 2. NORTEL: | 28.96 | 7.20% |
| 3. BROADCOM: | 34.22 | 5.80% |
| 4. C-COR: | 13.92 | 5.20% |
| 5. OPENTV: | 2.65 | 4.70% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|-------------------|-------|---------|
| 1. AVID TECH: | 32.27 | (7.8%) |
| 2. OUTDOOR: | 12.71 | (7.8%) |
| 3. RENTRAK: | 15.02 | (7.8%) |
| 4. CROWN: | 3.92 | (6.7%) |
| 5. BLNDER TONGUE: | 1.83 | (5.2%) |

Free Webcast

Maintaining QoS Throughout an IP Network

In this Webcast, Time Warner Cable's Thomas Staniec and JDSU's Kevin Oliver will explore these next-generation, standards-based, distributed network architectures that utilize packet transport mechanisms and explain why these new networks must deliver world-class support for voice, video and data in order to maintain a high level of QoS.

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And it will cost you.



Paul S. Maxwell

Before you can pass it all along to your subscribers.

Sinclair's **Barry Faber** pulled of the Swift-boating of **Rocco Commisso**.

All the while he and his cohorts

were thanking the Congress for setting up cable customers for the fall...

After all, it is all of those faithful viewers of Sinclair stations that will eventually pay. Sub fees for over-the-air television. Who woulda thunk it?

And, by the way, didn't Congress want to keep the Super Bowl away from pay TV? Well, talk about unintended consequences!

We've taught them too much.

So maybe MSOs could ask their subscribers to send a Valentine's note to their Representatives and Senators:

Dear Congressperson:

Why do you want me to pay for my FREE TV?

Even my Valentine isn't that greedy!

Yes, I subscribe to my local cable television system... and I do so because it delivers a better picture than the over-the-air signal that fades away. My question to you is, why do you want me to send more money to my cable system so they can send it along to the television station?

Pleas ... no more taxes that go into private hands! Why should I have to pay the station to get a better picture?

I'll be watching what you do when it comes time to vote! I really don't think I should have to pay for the chance to watch all those ads on the Super Bowl (let's hope they're better next year).

*Sincerely,
A TV Viewer via Cable*

Random Notes:

• **CTAM Research:** I went to some of the conference. But since **CTAM** doesn't allow press... I can't report (something on which many agree). Of course, I went as a research person, not a columnist. I researched. So did a lot of other folks. But I won't tell you where or when or what. So there!

• **Argo? I Go?** Yep, the **Argo Systems** User Conference is in Napa Valley this week (I'm there; visiting wineries, of course). Interesting industry segment... Argo provides affiliate management software to almost half the cable nets. Taking along some friends to discuss the industry with the conference attendees... along for the

ride are **Lee Clayton Roper**, **Robert St. John Roper**, **Jim Chiddix**, **Pinna Gallant** and **Evie Haskell**.

• **Positively Time To Plan:** Coming sooner than you think... cable's very positive spring fling of sorts featuring some great stuff. (1) Jokes (we hope) and noise at **BB King's Club** on Monday evening the 5th; (2) **Glenn Britt** in the hot seat at **Positively Time** Tuesday night at the **Marriott Marquis**; (3) the next week in DC for the **CTPAA** annual meeting (getting more important every year as competition continues to heat up). So be there! **Steve Villano** will be watching for you!

• **Wal-Mart:** Day and date broadband download of DVD releases... at the same price. OK. Why not the same idea stretched just a bit for VOD?

How about day and date with theater at the DVD price? Better quality. Better home experience via Hi-Def. Better bang for the marketing buck with day and date release to VOD and the theater (heck, just for those guys, kick back the price of a big bag of popcorn for every download to each screen... about all they really net anyway... gee, maybe even make the kickback a bonus and kick a large soda).

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