

CableFAX Daily™

Tuesday — February 19, 2008

What the Industry Reads First

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T-minus 365 Days: Countdown to DTV Transition Begins

The NTIA is set to begin mailing TV converter box coupons nationwide the week of Feb 18, Commerce Sec *Carlos Gutierrez* said, one year ahead of the DTV transition date. Since NTIA's coupon program kicked off Jan 1, more than 2.6mln HHs have requested a total of nearly 5mln coupons, and more than 615 retailers representing more than 16K outlets have been certified for participation. Good news for a mandate that has become a topic of great concern on the Hill, particularly as it relates to uninformed Americans. As House Commerce chmn *John Dingell* (D-MI) continues to bemoan as "woefully inadequate" the \$20mln the FCC has requested for consumer DTV education, data from Nielsen and others show the information is sorely needed. More than 13mln HHs with analog-only TVs are unprepared for the transition, according to Nielsen, and an additional 6mln HHs own at least 1 TV that won't work come Feb '09. Nielsen also found 10% of all HHs would lack access to TV signals if the transition occurred today. Meanwhile, *Sanford Bernstein* estimates 30mln HHs will lose reception next year in one or more rooms, namely those that aren't currently connected by a pay-TV provider. As for demos, Nielsen found adults 55+ are better prepared than younger persons; Whites and Asians are more ready than African Americans; and Hispanics rely on analog more than any ethnic group. With just 3.5% "unready" TVs, NY is the best prepared market, Nielsen said, while Portland, OR (22.4%), is the worst. Some good news from this trying transition, for multichannel ops at least, said Sanford Bernstein. Cable MSOs, telcos and satcasters will enjoy the entry of some 1.4mln HHs into the pay-TV market during '08 and '09.

The Price Is Wrong: In a letter Fri to House Telecom chmn *Ed Markey* (D-MA) and ranking member *Cliff Stearns* (R-FL), NCTA pres/CEO *Kyle McSarrow* blasts cable pricing data cited by FCC chmn *Kevin Martin* during a Hill hearing Wed. The cable foe justified imposing "burdensome regulation" on the industry by "claiming cable prices have risen by nearly 100% over the last 10 years," the letter says. Martin's "continued use of this data paints a picture that is both deceptive and false," McSarrow adds. The NCTA boss notes: the data fail to include comparative changes in pricing by satellite and phone companies; it does not account for stark changes in the value of the video package since '95; that the FCC's methodology for data collection is outdated and flawed; and that it was used by Martin in "ways that depart from ordinary FCC practices to support pre-determined conclusions." Yes, video prices have escalated during the past decade, McSarrow writes, "but I believe the evidence strongly suggests that the value to consumers of all cable's offerings has risen even more."

Only in NY: It's taken a while for some subs to notice, but **Time Warner Cable** has hiked VOD fees in its New York/New Jersey division by 25%. Newly released films cost \$4.99, up from \$3.95. Adult titles go for \$11.99, up from \$10.95. The new fees went into effect in Oct, says **TW Cable NY** exec *Suzanne Giuliani*. The NY system is

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charging more for VOD than other Time Warner systems nationwide. New releases still cost \$3.99 in HI, L.A. and northeast OH. Time Warner Cable's *Maureen Huff* said fees vary from division to division, from \$1.95 to \$4.95 per title. NYC also is getting into edgier content than other systems, having launched a "Too Much for TV" VOD channel in Jan. For \$14.95 monthly, subs get titles such as "Girls Gone Wild," "The Naked News" and uncensored versions of "Jerry Springer," "Cheaters" and other reality shows updated weekly. **Havoc TV** supplies rap videos featuring nudity for the channel. NYC was also one of the unnamed operators to launch **Penthouse** VOD titles (\$11.99) in Dec; they are supplied by **New Frontier**.

Competition: Filmmaker *Michael Bay* appears in a new spot touting the speedy tech of **Verizon's FiOS TV** and Internet services. The campaign launches Feb 17. The speed "blows cable away," Bay's ad claims. Watch the "Awesome!" ad at: **Verizon.wieck.com**. -- **DirectTV** added local HD programming in Omaha, and local SD programming in Dothan, AL.

In the States: IPTV provider **Sky Angel** is taking orders for its family-friendly IPTV service featuring 70 nets, including **Hallmark Channel**, **Fox Business Net**, **NFL Net** and **Discovery Channel**.

Programming: A renewed and expanded deal will bring news footage, specially-produced inserts, and exclusive senior-focused presidential election coverage from **NBC News** to **Retirement Living TV** viewers. -- **Discovery Channel's** 4-part special "Human Body: Pushing the Limits" (Mar 2 premiere) uses graphics and animation to examine the feats of the planet's most amazing machine. -- **VOOM** net **Gallery HD's** "Forger's Master Class" (Mar 3) spotlights notorious art forger *John Myatt* instructing aspiring artists how to create a masterpiece that perfectly replicates the technique and style of one world-renowned artist. -- **CNN** will cover America by expanding its "Uncovering America" programming push, the multiplatform effort to report on questions of diversity. In this election year, CNN will report how race and gender issues are influencing the presidential election.

On the Circuit: **ACC** offers a workshop on "Building Integrated Social Media Campaigns: How to Leverage New Media in Existing Communication Plans" during its annual conference (Mar 30-Apr 2) in D.C. -- **NY1** and **Cable Positive's** PSA campaign "25 Stories for 25 Years" was nominated for a **NY Emmy**. -- Props to **TV One** evp *Rose Catherine Pinkney* and **ESPN** sr dir *Juliet Nicole Gilliam*, who were named to *Network Journal* mag's "25 Influential Black Woman in Business" list. -- **The Sportsman Channel** is polling its Web visitors to choose the presidential candidate who'd do most for hunters and fishers. So far *McCain* and *Huckabee* each have some 40% of the vote.

Stork Visit: Our best to **Rainbow** PR hand *Lisa Rogen* on her and hubby *Dan's* first, *Brendan Aaron* (4lbs, 11oz). No truth to reports that Brendan's first words were "golden globe."

Business/Finance: After terminating a deal in Nov for collaborative WiMax deployment, **Sprint** and **Clearwire** have resumed talks and are close to announcing a joint venture, says **TheStreet.com**. The new venture will include a \$2bln investment from Intel, the site says. -- **DirectTV's** board approved an '08 base salary of \$2.3mln and a \$4.2mln '07 cash bonus for pres/CEO *Chase Carey*; evp, ops *Michael Palkovic* gets \$800K and \$625K, respectively; for evp/genl counsel *Larry Hunter* \$779K, \$625K; and for svp/CFO *Patrick Doyle* \$500K, \$325K. -- **SureWest Comm** closed on its \$173mln purchase of **Everest Broadband**. The combined entity will count more than 200K RGUs in Sacramento, CA, Kansas City and Johnson County, KS.

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TurnerResources.com
 Source: Nielsen Media Research, live + same day data among cable competition CNN, HLN, MSNBC, FNC; #1 Super Tuesday in cable history 7p-1a AA(000s) for 2/5/08, 3/2/04, 3/7/00, 3/12/96; most-watched primary debates GRPs from 1996 through 1/31/08. © and © 2008 Cable News Network, A Time Warner Company. All Rights Reserved.

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Sam Brown keeping the beat in San Jose, Costa Rica

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CableFAX Week in Review

Company	Ticker	x/xx Close	1-Week % Chg	YTD %Chg	Company	Ticker	x/xx Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS					BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	45.56	6.30%	(6.9%)	CISCO:	CSCO	23.30	(1%)	(13.9%)
DIRECTV:	DTV	25.49	10.20%	10.30%	COMMSCOPE:	CTV	39.74	(12.6%)	(19.2%)
DISNEY:	DIS	32.52	1.30%	0.80%	CONCURRENT:	CCUR	0.85		2.40%
ECHOSTAR:	DISH	30.44	4.30%	(10.3%)	CONVERGYS:	CVG	14.92	1.90%	(9.4%)
GE:	GE	34.35	1.50%	(4.8%)	CSG SYSTEMS:	CSGS	12.18	0.50%	(17.3%)
HEARST-ARGYLE:	HTV	21.89	(0.6%)	(0.4%)	ECHOSTAR HOLDING:	SATS	40.15	25.20%	22.00%
ION MEDIA:	ION	1.43	(2.1%)	10.90%	GEMSTAR TVG:	GMST	4.71	8.50%	(1.1%)
NEWS CORP:	NWS	20.00	(1.5%)	(5.9%)	GOOGLE:	GOOG	529.64	2.50%	(23.4%)
MSOS					MSOS				
CABLEVISION:	CVC	27.72	10.60%	13.10%	HARMONIC:	HLIT	8.86	(6%)	(15.5%)
CHARTER:	CHTR	1.04	4.00%	(11.1%)	JDSU:	JDSU	12.86	8.10%	(3%)
COMCAST:	CMCSA	20.19	18.40%	10.60%	LEVEL 3:	LVL3	2.48	(17.3%)	(18.4%)
COMCAST SPCL:	CMCSK	19.97	18.50%	10.20%	MICROSOFT:	MSFT	28.42	(0.5%)	(20.2%)
GCI:	GNCMA	6.21	(11.3%)	(29%)	MOTOROLA:	MOT	11.28	0.20%	(28.7%)
KNOLOGY:	KNOL	11.57	10.60%	(9.5%)	NDS:	NNDS	51.08	(0.7%)	(13.8%)
LIBERTY CAPITAL:	LCAPA	114.99	5.50%	4.70%	NORTEL:	NT	11.15	0.90%	(26.2%)
LIBERTY GLOBAL:	LBTYA	38.96	4.10%	(0.6%)	OPENTV:	OPTV	1.04		(21.2%)
LIBERTY INTERACTIVE:	LINTA	15.48	0.70%	(18.9%)	PHILIPS:	PHG	37.95	0.10%	(11.2%)
MEDIACOM:	MCCC	4.99	7.30%	8.70%	RENTRAK:	RENT	11.68	1.50%	(19.1%)
ROGERS COMM:	RG	42.97			SEACHANGE:	SEAC	5.96	(6.3%)	(17.6%)
SHAW COMM:	SJR	20.98	4.50%	(9.6%)	SONY:	SNE	44.82	4.30%	(17.5%)
TIME WARNER CABLE:	TWC	26.83	11.30%	(2.8%)	SPRINT NEXTEL:	S	9.57	1.40%	(27.1%)
VIRGIN MEDIA:	VMED	14.30	(2.3%)	(13.1%)	THOMAS & BETTS:	TNB	40.27	(5.1%)	(17.9%)
WASH POST:	WPO	736.59	0.60%	(6.9%)	TIVO:	TIVO	8.62	1.70%	3.40%
PROGRAMMING					PROGRAMMING				
CBS:	CBS	25.38	3.30%	(6.9%)	TOLLGRADE:	TLGD	5.61	(4.1%)	(30%)
CROWN:	CRWN	5.66	11.40%	(12.9%)	UNIVERSAL ELEC:	UEIC	20.12	(12.1%)	(39.8%)
DISCOVERY:	DISCA	22.75	3.00%	(9.5%)	VONAGE:	VG	2.08	4.50%	(9.6%)
EW SCRIPPS:	SSP	42.71	1.50%	(5.1%)	VYYO:	VYYO	1.40	(4.8%)	(55.4%)
GRUPO TELEVISIA:	TV	22.79	6.80%	(4.1%)	YAHOO:	YHOO	29.66	1.60%	27.50%
INTERACTIVE CORP:	IACI	21.88	(1.1%)	(18.7%)	TELCOS				
LIBERTY:	L	1.00		(90.6%)	AT&T:	T	37.88	4.20%	(5%)
LODGENET:	LNET	16.29	0.60%	(6.6%)	QWEST:	Q	5.44	6.00%	(22.4%)
NEW FRONTIER:	NOOF	4.81	0.60%	(5.5%)	VERIZON:	VZ	37.83	3.90%	(9.5%)
OUTDOOR:	OUTD	7.90	3.50%	14.50%	MARKET INDICES				
PLAYBOY:	PLA	8.16	(5.1%)	(10.5%)	DOW:	INDU	12348.21	1.40%	(6.9%)
TIME WARNER:	TWX	16.71	7.20%	1.20%	NASDAQ:	COMPX	2321.80	0.70%	(12.5%)
UNIVISION:	UVN	36.23			WINNERS & LOSERS				
VALUEVISION:	VVTV	6.00	(0.5%)	(4.6%)	THIS WEEK'S STOCK PRICE WINNERS				
VIACOM:	VIA	40.65	2.80%	(7.6%)	COMPANY	CLOSE	1-WK CH		
WWE:	WWE	16.86	10.10%	17.50%	1. ECHOSTAR HOLDING:	40.15	25.20%		
TECHNOLOGY					2. COMCAST SPCL:	19.97	18.50%		
3COM:	COMS	3.99		(11.7%)	3. COMCAST:	20.19	18.40%		
ADC:	ADCT	13.68	(1%)	(11.9%)	4. CROWN:	5.66	11.40%		
ADVANTAGE:	AEY	4.42	(26.2%)	(28.4%)	5. TIME WARNER CABLE:	26.83	11.30%		
ALCATEL LUCENT:	ALU	6.12	2.00%	(16.4%)	THIS WEEK'S STOCK PRICE LOSERS				
AMDOCS:	DOX	31.79	1.10%	(7.8%)	COMPANY	CLOSE	1-WK CH		
AMPHENOL:	APH	38.35	2.30%	(17.2%)	1. ARRIS GROUP:	5.50	(35.5%)		
APPLE:	AAPL	124.63	(0.7%)	(37.1%)	2. ADVANTAGE:	4.42	(26.2%)		
ARRIS GROUP:	ARRS	5.50	(35.5%)	(44.9%)	3. LEVEL 3:	2.48	(17.3%)		
AVID TECH:	AVID	22.06	6.70%	(22.2%)	4. COMMSCOPE:	39.74	(12.6%)		
BIGBAND:	BBND	6.08	4.60%	18.30%	5. UNIVERSAL ELEC:	20.12	(12.1%)		
BLNDER TONGUE:	BDR	1.70	(5.6%)	2.40%					
BROADCOM:	BRCM	20.00	(6.8%)	(23.5%)					

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MaxFAX...

Why This Election Matters

Got a slew of email last week decrying any talk about politics ...and four that mattered. As our friend and colleague *Steve Effros* (and three others) quickly noted, Republican candidate *John McCain* has said he's in favor of a la carte.



Paul S. Maxwell

Which raises, in the word of one former **NCTA** chmn, the specter of cable's worst nightmare: McCain Wins ... re-nominates *Kevin Martin* as **FCC** chair!

OK, not likely.

(McCain may be more likely to fire anyone who actually ever reported to the current president.)

But pretty scary nonetheless.

And cable has enough problems without that happening. For example, the chimera of net neutrality is bound to become a major issue when the next Congress convenes. Not that it already isn't an issue as Rep. *Ed Markey* (D-MA) has introduced a bill to prevent "unreasonable" tampering with Internet traffic... whatever that means. (Sad fact: he wants this Federal Confusion Commission to "study" the matter!) Meanwhile, both leading candidates favor the concept—if not the reality—of net neutrality. And, you can be certain more than a handful of

congressional candidates will sing the mantra and turn it into a major issue ...on which no amount of simple reasoning (like "gotta maintain the infrastructure!") will sway opinions. It "sounds" too reasonable. But then, so does a la carte. Hey, I don't always read the sports section and all those wedding announcements in *The Sunday NY Times*. Who's got time for that? But they charge me for all that wasted paper! No matter really...and snide (if funny) comments in filings trashing a columnist who predicted the failure of cable modems (and, for the record, the computer mouse as well)...we all need to pay some close attention to this election cycle and find some reasonable aides working for the likely winners. Contributions alone won't do it.

Truth is, no one, not **Comcast** or **Time Warner Cable** or any other smart cable operator is going to go about willy-nilly blocking traffic...but regulating reasonable flow and charging for excessive use is simply right. Now, go sell that concept...or pull a *Theodore Vail* with bigger upsides.

Random Notes:

• VoIP Patents: Don't say we didn't warn ya'll...when **Verizon** sued **Vonage** and again when the court ruled ...we said: watch out, get ready and make certain there's a lot of work-around paper trail around.

• Ironman as Politically Correct? Who, me? Got a funny note from a New England operator bemoaning the state of the industry's leaders. Not to take anything away from *Scott Binder*, but my friend wondered about staging some better events...perhaps even around the **NCTA** show in May. Like we used to do. (At least at one Texas and one California show I vaguely remember.) So, how about: (1) Best Street Fighter; (2) Best Martini Drinker; (3) Best Ability To Fight the ARVN or VC (comments from *Chris Derrick*, *Gene Musselman* or *Bill Roedy* welcomed); (4) Best Drunk Driver (that one, I know, but I won't tell); (5) Best Man To Chase Secretaries Around the Warehouse During the Company's Annual Christmas Party That Spouses Were Not Invited To (RIP, Bill); (6) Wittiest Retorts To Those in Charge (aka *Malone to Hundt*, drop dead); (7) Best Golfer; (8) Most Helicopter Crashes Survived (I get this one; answer is one). Got nominations for any of these?

• Kudos: To *Brian Roberts* and **Comcast** for backing off paying *Ralph Roberts* for five years after his death ... was unseemly.

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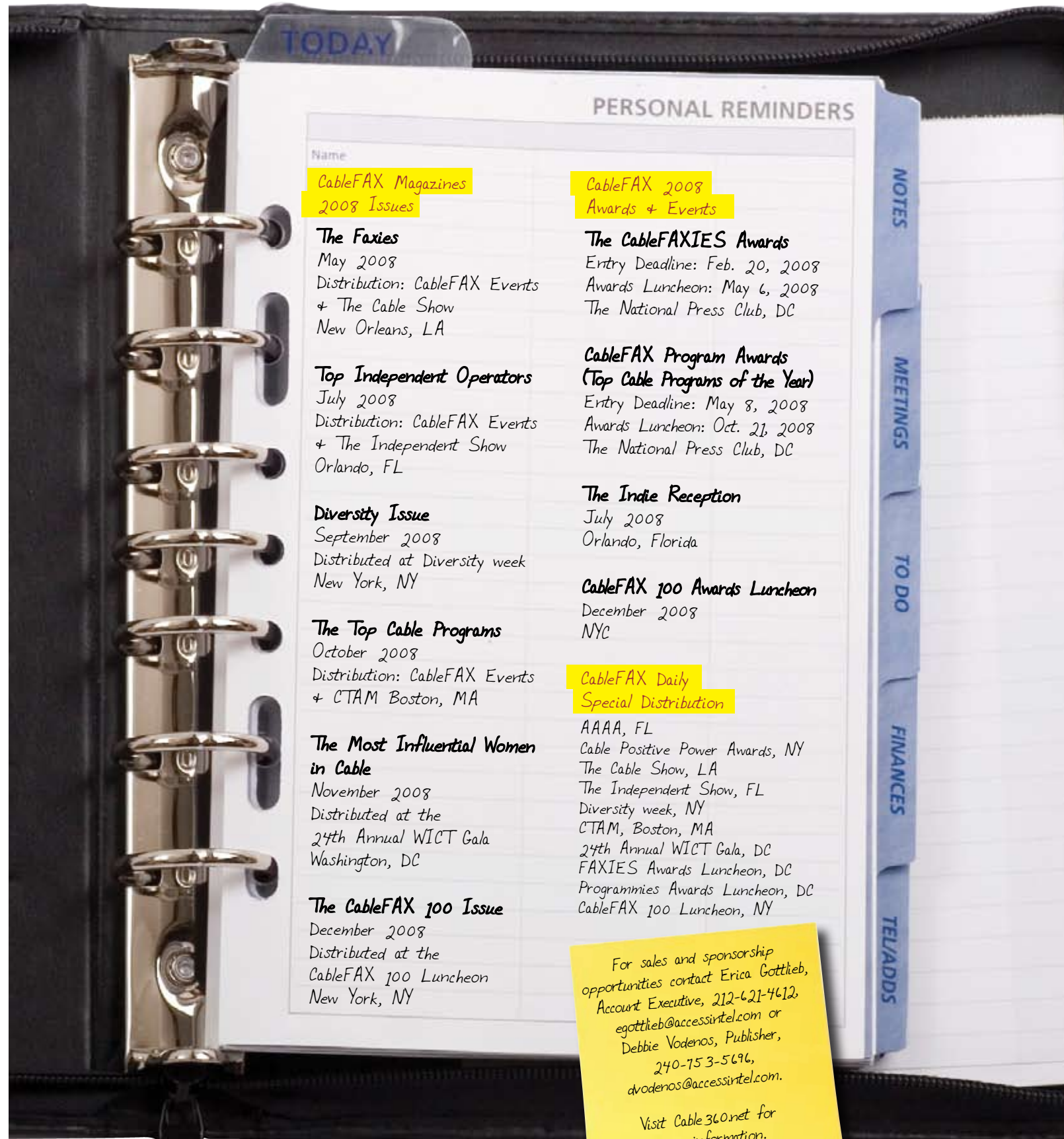
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