

CableFAX Daily™

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What the Industry Reads First

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Leaders Among Us: WICT Event Offers Frank Talk, Much Advice

Oh, the irony. When Turner svp, corporate communications Shirley Powell learned from Adult Swim that last month's bomb scare in Boston was her company's fault, she was watching CNN's coverage of the panic in her office. "What you quickly learn is that you are much better off with a strong leader than a strong plan," she said, referring to chmn/CEO Phil Kent. Her remarks came during a frank panel with mouthpieces for some of cable's biggest companies during WICT's Leadership Conference in NY. Also on the hot seat was Jeanine Liburd, who heads corporate communications at Viacom. Liburd talked about having to separate her personal feelings from what's right for the company, referring to MTVN's layoffs of 250 employees. "I think, unfortunately in this instance, the business reasons were clear," she said of the move. "Our company is in an evolution." As for Adult Swim's marketing stunt that ended up costing Turner \$2mIn, Powell said the company's own CNN was the most aggressive with its coverage. "CNN was obsessed with this story," she said. WICT's first-ever Leadership Conference looks like a hit, with Wed morning's general session drawing a standing room-only crowd at the NY Hilton. Some 555 attendees had registered as of Tues. Highlights from the morning's leadership panel included Comcast Voice svp Cathy Avgiris' call for more diversity. "It's a very small, almost incestuous, industry," said Avgiris, who actually came to cable from forklift manufacturing. USA/Sci Fi pres Bonnie Hammer's leadership advice included pushing the credit down to employees and having their back when they make mistakes. WideOpenWest's Colleen Abdoulah went so far as to celebrate some of her staffer's mistakes. The over-builder has offered a "Take a Chance" award for the past 5 years, twice rewarding risks that succeeded. The other 3 times it celebrated something that didn't work out but from which the company learned. A&E TV Nets pres/CEO Abbe Raven's nugget: recognize that you have to surround yourself with the right players—sometimes it may mean bidding good-bye to someone who doesn't have that passion. -- Nice of Lifetime to help secure White House Project founder Marie Wilson for the inspiring opening keynote that drew a standing ovation.

On the Hill: YouTube C-SPAN all you want. The net on Wed announced a liberalized copyright policy for current, future and past coverage of any official events sponsored by Congress and any federal agency that allows non-commercial copying, sharing and Internet posting of video, as long as there is attribution. C-SPAN also plans to build out its capitolhearings.org Website as a 1-stop shop for Congressionally-produced Webcasts of House and Sen committee hearings. "The C-SPAN board sees this as helping us carry out C-SPAN's public service mission," said Bresnan CEO/C-SPAN Exec Cmte chmn Bill Bresnan.

Bear Stearns: Executives from Time Warner Cable, Charter and Cablevision faced the same question Wed at the Bear Stearns media conference: after a banner '06 for cable, where's the future growth? CVC COO Tom Rutledge said that in addition to commercial services, advertising has much potential. "What is the mass media form in New

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York? It's Cablevision," he said. "We think there is opportunity to create new [ad] inventory and new commerce engines on the video screen." But Rutledge still believes an upside exists in traditional services, even with digital penetration at 78%. CVC's 4.6mln homes passed represent \$10bln in rev potential, of which only \$4bln has been mined to date, he said. "The opportunity to convert the DSL universe is still in front of us," he said. Time Warner Cable CFO John Martin stuck to the MSO's focus on expansion and upgrades in acquired systems (Cfax, 3/1) while also citing VoIP growth and customer care marketing as key initiatives. On the commercial voice side, TWC expects to complete deployment throughout its legacy footprint by the end of the year and aggressively suit customers in '08, said Martin. He said the big growth driver for residential phone services will be differentiation and segmentation in the legacy markets while an '07 roll out completion in acquired markets will yield 2mln phone additions in these areas. Charter's eye is largely trained on residential VoIP expansion, too, even if its 7% phone penetration is higher than both Comcast's and TWC's, said COO Michael Lovett. "We don't see penetration levels and pass rates waning as the market matures," he said. Meanwhile, Charter CEO Neil Smit said commercial market expansion is possible despite the \$300mln in segment rev Charter pulled down last year.

At the Portals: The FCC's Enforcement Bureau admonished Time Warner Cable for failing to provide prompt access to its public inspection files in Sept 2005. The order, released Wed, did not include a fine because the 1-year statute of limitations had run out. The Bureau said it would have initiated forfeiture in the case if rules permitted it. Citing a previous violation, the Bureau said "we caution Time Warner that we will not hesitate to subject it to sanctions commensurate with further violations of the cable public file rule."

Cable Positive: Nice shindig in NY Tues night honoring Glenn Britt and Time Warner Cable's role in the fight against AIDS (Was that our own Dave Decker getting a shout-out from Michael Willner?). The Cable Positive dinner hit a new fundraising record, with a personal \$50K donation from Mark Cuban among contributions helping the organization break the \$1.5mln mark (money is still being counted). Britt, Joel A. Berger Memorial Award honoree, shared the spotlight with other Time Warner Cable execs, including Harriet Novet of TW Cable NY. Novet was a stand-in for a flu-suffering Suzanne Giuliani, who as co-chair of the NY Cable Positive chapter helped raise \$60K last year. Cable Positive pres/CEO Steve Villano made an impassioned plea for cable to work harder at delivering more HIV/AIDS content. -- Did you happen to notice Court TV's ad in the program? Looks like they didn't have enough license fees to buy a vowel. Oh, that Henry Schleiff.

In the States: The Weather Channel is finalizing plans for a new HD studio, and plans to launch an HD net this fall. DirecTV has already committed to carrying the net. -- Comcast added Bloomberg TV to its South Florida channel lineup.

In the Courts: Time Warner and OH reached a \$144mln settlement reached a settlement on behalf of 6 state funds that's claimed they were defrauded by the company's 2001 merger with AOL. The Ohio Bureau of Workers Compensation and five state pension funds claimed the company misrepresented sales and subscriber figures before the merger, leading to their \$400mln loss.

Deals: TiVo and Amazon.com unleashed "Amazon Unbox on TiVo," offering TV downloads of movies and TV shows to more than 1.5mln broadband TiVo subs. Content providers include Sony Pictures, CBS, Fox and Lionsgate. People

THE SHOW BEFORE THE SHOW

Before you watch Idol, join former Idols Kimberly Caldwell, Justin Guarini and reality pop-star, Rosanna Tavarez for the ultimate pre-show with never-before-seen moments and exclusive interviews.

IDOL TONIGHT

Premieres Wednesday March 14 8/7c

TV GUIDE CHANNEL

BUSINESS & FINANCE

who sign up before Apr 30 will receive \$15 in free downloads.

A Star Is Born: Court TV hired Star Jones Reynolds as exec editor and host of a live daily talk show expected to premiere later this year. The show will highlight crime and justice stories from the news and pop culture arenas.

Programming: CNN will air a doc looking at last week's tragic bus accident in Atlanta that took the lives of 4 college baseball players, the bus driver and the driver's wife, Mar 10, 8pm ET. -- NBCU's VOD and PPV premieres of "Hollywoodland" (Thurs) and "The Return" (Mar 29) mark the co's 1st HD film offerings. Free on demand content will accompany each release.

People: The Cable Center promoted Jana Henthorn to svp, programs and education. -- DirecTV promoted Derek Chang to evp, content strategy and development, and Dan Hartman to svp, programming acquisition. -- Fox Ent appointed former DirecTV exec Dan Fawcett pres, digital media.

Business/Finance: Tandberg TV's board unanimously recommended that shareholders accept Ericsson's \$1.4bln unsolicited bid, which topped Arris' offer for the company. Tandberg has notified Arris that it has withdrawn its recommendation for its offer and will pay Arris an \$18mln breakup fee.

CableFAX Daily Stockwatch

Company	03/07 Close	1-Day Ch	Company	03/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	43.54	0.58	ALCATEL LUCENT:	11.86	(0.19)
DIRECTV:	22.71	0.05	AMDOCS:	33.94	(0.16)
DISNEY:	34.43	0.06	AMPHENOL:	62.72	(0.45)
ECHOSTAR:	43.94	0.89	ARRIS GROUP:	13.05	(0.33)
GE:	34.33	(0.39)	AVID TECH:	33.25	(0.54)
HEARST-ARGYLE:	25.67	(0.45)	BLNDER TONGUE:	1.83	0.02
ION MEDIA:	1.29	(0.01)	BROADCOM:	33.12	(0.12)
NEWS CORP:	23.42	0.04	C-COR:	12.85	0.07
TRIBUNE:	30.07	(0.14)	CISCO:	25.87	(0.09)
MSOS					
CABLEVISION:	29.78	0.33	COMMSCOPE:	38.24	(0.47)
CHARTER:	2.84	(0.04)	CONCURRENT:	1.56	0.01
COMCAST:	25.78	(0.1)	CONVERGYS:	25.51	(0.08)
COMCAST SPCL:	25.58	(0.15)	CSG SYSTEMS:	24.38	(0.3)
GCI:	14.62	0.11	GEMSTAR TVG:	4.03	(0.07)
KNOLOGY:	14.29	(0.07)	GOOGLE:	455.64	(1.91)
LIBERTY CAPITAL:	108.10	1.18	HARMONIC:	9.86	0.42
LIBERTY GLOBAL:	30.43	0.35	JDSU:	15.23	(0.1)
LIBERTY INTERACTIVE:	22.21	(0.3)	LEVEL 3:	6.22	(0.02)
MEDIACOM:	7.87	(0.01)	MICROSOFT:	27.61	(0.22)
NTL:	28.22	0.00	MOTOROLA:	19.01	0.17
ROGERS COMM:	31.86	(0.02)	NDS:	48.01	1.00
SHAW COMM:	34.49	(0.24)	NORTEL:	27.61	(0.62)
TELEWEST:	24.20	0.00	OPENTV:	2.61	(0.02)
TIME WARNER CABLE:	36.90	0.51	PHILIPS:	36.11	(0.32)
WASH POST:	750.94	(4.56)	RENTRAK:	14.90	(0.07)
PROGRAMMING					
CBS:	30.58	(0.36)	SEACHANGE:	9.87	(0.05)
CROWN:	4.36	0.01	SONY:	50.10	(0.55)
DISCOVERY:	17.01	0.22	SPRINT NEXTEL:	19.81	0.14
EW SCRIPPS:	44.17	(0.33)	THOMAS & BETTS:	50.15	0.73
GRUPO TELEVISIA:	27.09	(0.14)	TIVO:	6.14	0.20
INTERACTIVE CORP:	37.53	(0.14)	TOLLGRADE:	12.35	0.26
LIBERTY:	8.32	0.06	UNIVERSAL ELEC:	26.30	(0.47)
LODGENET:	24.44	(0.57)	VONAGE:	5.05	(0.17)
NEW FRONTIER:	8.87	(0.13)	VYYO:	4.27	(0.01)
OUTDOOR:	9.96	(0.12)	WEBB SYS:	0.04	0.00
PLAYBOY:	10.07	0.00	WORLDGATE:	0.90	(0.02)
TIME WARNER:	19.86	(0.12)	YAHOO:	30.39	(0.41)
UNIVISION:	35.90	(0.06)	TELCOS		
VALUEVISION:	11.76	(0.24)	AT&T:	35.43	(0.57)
VIACOM:	38.66	(0.57)	QWEST:	8.50	0.13
WWE:	16.05	0.04	VERIZON:	35.68	(0.8)
TECHNOLOGY					
3COM:	3.70	(0.02)	MARKET INDICES		
ADC:	16.29	0.19	DOW:	12192.45	(15.14)
ADVANTAGE:	3.40	(0.1)	NASDAQ:	2374.64	(10.5)

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Think about that for a minute...

The Cost of Diversity

There's an interesting new "take" going on at the FCC regarding multichannel must carry, and I do mean "take." It goes like this: diversity is important, and access by new groups and owners to mass media outlets is a good thing, so let's encourage it. The only problem with that laudatory objective is that the folks proposing it, particularly Chairman Kevin Martin and now Commissioner Deborah Taylor Tate, propose using someone else's assets to accomplish their goal. Guess whose?



Steve Effros

Here's the general scenario: allow the broadcasters to lease some of their digital spectrum to the new, approved "diverse" groups. It's not clear whether these groups would have to get a "stamp of approval" by the government before they could partake of this little scheme. But if that were the case, the First Amendment hurdle

would probably be too high to clear. So let's assume the favored groups would be very generic, like "minorities" or "women." I still suspect the First Amendment problems would be huge, but let's ignore that for now.

OK, so we now have these special folks to whom the broadcasters can lease spectrum. They don't have to, mind you... after all, it's just public spectrum broadcasters are using for free... wouldn't want to put them under too much of a public interest obligation! But if they lease these "multichannels"—this extra spectrum that they are clearly not using to transmit their "primary" offering to the public—then, bingo! Cable MUST carry whatever it is the favored groups want to put on the channel! Neat, huh? The broadcaster gets to charge for the use of "the public's" free spectrum. The government, by law, gets a percentage of the lease fee. And then the government requires the one group in all this that actually paid to build its own infrastructure to give it away for free, and to

favor one programmer over another.

As I said, we won't get into the First Amendment issues, but that's only because I'd like to remind everyone that there are Fifth Amendment issues related to "must carry" as well! We argued them all the way back in the first cases on "must carry." They never got decided by the Supreme Court, however, because cable won the lower court rulings on a First Amendment argument. So the other arguments got shelved and have yet to be fully tested. I am pretty sure this "new" FCC idea would clearly fail just about any Fifth Amendment test. The government simply cannot "take" private property... even for a "good" purpose... without paying for it! How can they possibly be forgetting that very clear "eminent domain" rule that the Supreme Court has reinforced just recently?

Would this be a "taking?" Of course. It would be a required, exclusive use of our property for a government-ordered purpose. It would not be the carriage of the "primary" programming of the broadcaster. The broadcaster and the government would both have a financial interest and make money on the use. How could it not be a "taking?" I'm just amazed that this talk is going on without even a mention (well, until now...) of this issue. If some members of the Commission didn't think they had jurisdiction to require multichannel must carry before, wait 'till they start seriously looking at the legal implications of this idea! There already is a law on the books saying the FCC cannot incur new costs for the U.S. Treasury without specific authorization from Congress. None exists here. The cost of diversity cannot simply be assigned to the cable industry.

Steve

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