

CableFAX Daily™

Monday — March 26, 2007

What the Industry Reads First

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Lincoln Navigator: Bumpy First Drive For TW Platform

Lincoln, NE, the first division to receive **Time Warner Cable's** "Navigator," hasn't been exactly gaga over the new digital platform and IPG that was rolled out from Aug-Dec. A city advisory board has scheduled a hearing for Tues after receiving complaints about the guide. The MSO downplayed the ruckus in Nebraska, chalking up some of the attention as political play with a city primary set for Apr 3. Calls to city officials weren't returned by deadline. Time Warner received about 5K Navigator-related calls in Jan, with about half of those involving customer education issues (confusion over how to use the new guide, record shows, etc), said spokeswoman *Ann Shrewsbury*. The bulk of complaints came in Jan when the MSO launched an upgrade code that caused some boxes to need a reboot, an issue that has largely been resolved, she said. **DirectTV** and **DISH** have taken advantage of the problems and accompanying local newspaper stories to run full-page ads this month, encouraging TW subs to switch providers. However, Shrewsbury reported no appreciable churn during the period. "Most of the calls we're getting now are people who have questions," she said, adding that "we've been very liberal in our credit policies." The NE div president also sent out a 2-page letter after the Jan problems. Some NE complaints have been minor, but TW is taking feedback under consideration. For example, it will change the guide's font to a higher resolution next month after getting complaints that it's hard to read the guide. No similar problems have occurred in the limited number of Kansas City and Milwaukee homes that have started receiving Navigator, spokesman *Mark Harrad* said. About 200K set-tops across Lincoln, Milwaukee and Kansas City currently have Navigator.

Liberty-DirectTV Merger: **ACA** wants the **FCC** to slap strict conditions on the proposed **Liberty-DirectTV** merger, stating in comments filed Fri that "the anticompetitive potential of the proposed combination and the immense disparity in economic power between Liberty/DirectTV and ACA members place small and medium-sized cable companies and the consumers they serve at serious risk." ACA specifically asked the FCC to ensure that program-access rules and nondiscrimination provisions cover **Discovery Holdings Co**, as well as to require collective bargaining for Liberty-DirectTV owned RSNs, prevent "noncost-based discrimination," and expand the scope of small- and mid-sized conditions to cover all ACA members and last 10 years. ACA also wants extended arbitration notice periods. "With these adjustments, backed by firm Commission oversight enforcement, the conditions may better protect against the substantial public interest harms threatened by the Liberty/DirectTV combination," ACA wrote.

Downloadable Security: **Motorola** and **S-A** have created interim downloadable security solutions that could help the industry comply with a ban on deploying set-top boxes with integrated security after July 1 of this year. One caveat—those solutions won't be ready until 2008. They are a temporary fix until the cable industry's OpenCable-based downloadable security spec, known as DCAS or Downloadable Conditional Access System, is ready—which is not expected until 2009. Motorola told the FCC last week that it accelerated work on the low-cost "Download-

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able MediaCipher" to help with integration ban compliance after the FCC said in Jan that downloadable security is an acceptable way to comply with the rules. Under those FCC rules, cable operators can only deploy set-tops with separable or downloadable security after July 1, which has many scrambling for waivers that will let them continue to deploy low-cost boxes such as the Motorola DCT-700. **S-A** said its downloadable "PowerKEY" solution will be available to cable operators by early 2008. It will be deployed with DCAS compatible hardware and will be forward compatible with DCAS. Motorola says that its Downloadable MediaCipher is fully compatible with existing MediaCipher networks and systems, including CableCARDs, and requires no replacement of headend equipment for systems using MediaCipher. It will also be made available to CE makers. Another company formed by 3 cable vets, **Beyond Broadband Technology**, announced in Dec that it had developed an open standards downloadable solution for conditional access that's ready to go (*Cfax*, 12/22). **R.L. Drake** signed on as the 1st manufacturer, with some manufactured product expected to be ready by year-end. Beta test boxes is expected to begin testing next Q.

DVR Dousing: Cablevision's loss of its network DVR case didn't surprise one industry technology vet who has been there, done that. *Jim Chiddix*, who worked on the scrapped **Mystro** network DVR project during his tenure at **Time Warner Cable** a few years ago, told us that "we were convinced that you have to deal with the copyright issues." Time Warner never launched **Mystro**, but parts of it are being used for its Navigator guide and Start Over service. Late Thurs afternoon, a federal court ruled that Cablevision's planned network DVR service would have violated content providers' copyrights. "I don't think any copyright attorneys were surprised by it," said Chiddix. CVC has said the network DVR is no different than a standalone DVR, with consumers doing the copying. But countered the judge: "the remote-storage DVR may have the look and feel of a set-top storage DVR, but 'under the hood' the 2 types of DVRs are vastly different." He said the network DVR is more akin to VOD than other time-shifting devices. The VOD comparison is significant because Cablevision must obtain licenses for the content it provides on demand, and the studios have argued that the same is true for its remote storage DVR. The MSO said it is reviewing its options, including a possible appeal. Cablevision put off a launch of the service last year after lawsuits were filed by **Fox**, **Disney**, **Cartoon Net** and other studios and networks.

Competition: Verizon Fri began offering FiOS to 129K homes in 12 Southern CA cities, including Long Beach and Huntington Beach. It plans to offer the video service to a half million homes in the region by year-end.

In the Courts: A federal judge has barred **Vonage** from using certain patents owned by **Verizon**. Vonage requested a stay of the injunction and plans to appeal.

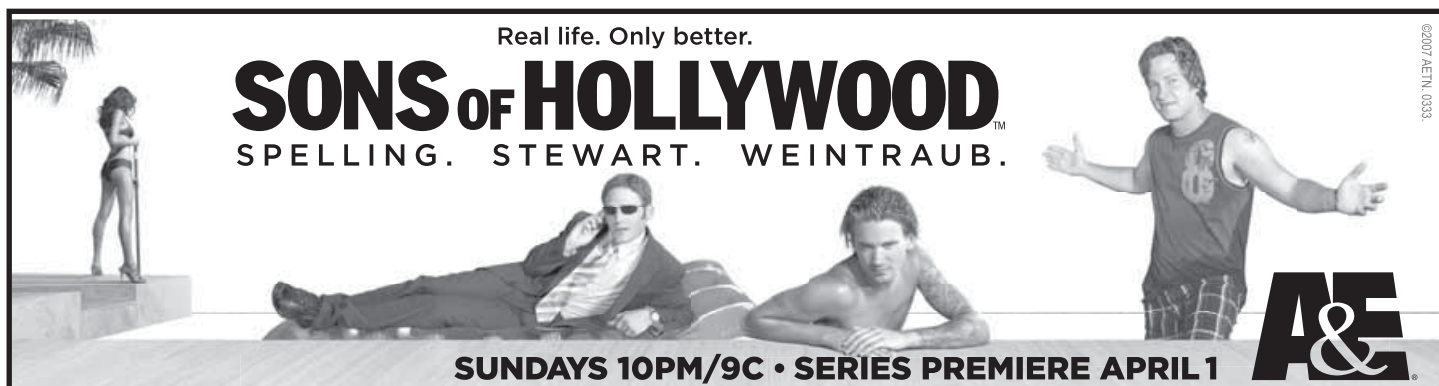
In the States: MO gov *Matt Blunt* signed statewide video franchising legislation into law Thurs. Video providers, including cable operators, can apply to the MO PSC to offer service.

Upfronts: *Bill Clinton* showed up at **TV Land's** upfront Fri. Scattered among programming announcements was "Cause Change," the net's pro-social campaign for Baby Boomers to give back to society through philanthropy, volunteerism and citizenship. Among TV Land's acquired series is **NBC** comedy "Scrubs" (debuts Oct 08) and "Just Shoot Me" (1Q08).

People: ICTV tapped **Sony Pictures Digital's** *Nizar Allibhoy* to head its new ActiveMedia Group for Web-to-TV video. -- Former **RealNetworks** COO *Thomas Frank* was named pres, CEO of **Akimbo**.

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CableFAX Week in Review

Company	Ticker	3/23 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	45.04	3.30%	9.30%
DIRECTV:	DTV	22.72	3.10%	(8.9%)
DISNEY:	DIS	34.99	4.10%	4.80%
ECHOSTAR:	DISH	43.36	1.50%	14.00%
GE:	GE	35.82	5.90%	0.00%
HEARST-ARGYLE:	HTV	26.77	3.90%	5.80%
ION MEDIA:	ION	1.30	(3%)	160.00%
NEWS CORP:	NWS	24.56	3.30%	10.30%
TRIBUNE:	TRB	30.53	6.30%	0.40%

Company	Ticker	3/23 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	30.25	0.80%	6.20%
CHARTER:	CHTR	2.86	(0.7%)	(6.5%)
COMCAST:	CMCSA	26.51	4.20%	(6%)
COMCAST SPCL:	CMCSK	26.16	3.80%	(6.3%)
GCI:	GNCMA	14.17	(2.3%)	(9.9%)
KNOLOGY:	KNOL	14.73	1.60%	38.40%
LIBERTY CAPITAL:	LCAPA	109.66	2.20%	11.90%
LIBERTY GLOBAL:	LBTYA	32.22	4.60%	10.50%
LIBERTY INTERACTIVE:	LINTA	23.39	8.10%	8.40%
MEDIACOM:	MCCC	7.97	3.50%	(0.9%)
NTL:	NTLI	28.22		11.80%
ROGERS COMM:	RG	32.83	1.30%	10.50%
SHAW COMM:	SJR	37.01	5.80%	18.70%
TELEWEST:	TLWT	24.20		
TIME WARNER CABLE:	TWC	38.20	1.50%	(0.3%)
WASH POST:	WPO	767.00	0.90%	3.70%

Company	Ticker	3/23 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	30.46	0.80%	(2.3%)
CROWN:	CRWN	5.31	6.40%	46.30%
DISCOVERY:	DISCA	18.35	7.20%	14.00%
EW SCRIPPS:	SSP	44.58	2.30%	(10.3%)
GRUPO TELEVISIA:	TV	29.82	7.40%	10.40%
INTERACTIVE CORP:	IACI	38.21	4.40%	2.90%
LIBERTY:	L	8.32		
LODGENET:	LNET	28.11	3.30%	12.30%
NEW FRONTIER:	NOOF	9.14	4.20%	13.80%
OUTDOOR:	OUTD	10.40	4.50%	(18.9%)
PLAYBOY:	PLA	10.30	0.20%	(10.1%)
TIME WARNER:	TWX	19.80	2.00%	(8.8%)
UNIVISION:	UVN	36.15	0.30%	2.10%
VALUEVISION:	VVTV	12.11	3.80%	(7.8%)
VIACOM:	VIA	41.40	3.40%	4.90%
WWE:	WWE	15.69	0.60%	0.70%

Company	Ticker	3/23 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.87	(0.5%)	(5.8%)
ADC:	ADCT	16.85	3.00%	17.90%
ADDVANTAGE:	AEY	3.54	8.30%	26.90%
ALCATEL LUCENT:	ALU	11.53	(3.6%)	(11.4%)
AMDOCS:	DOX	36.00	2.80%	(7.1%)
AMPHENOL:	APH	66.23	3.30%	6.80%
ARRIS GROUP:	ARRS	13.45	2.40%	7.50%
AVID TECH:	AVID	34.93	6.20%	(6.3%)
BLNDER TONGUE:	BDR	1.79	(0.6%)	5.30%
BROADCOM:	BRCM	32.32	(5.3%)	0.00%
C-COR:	CCBL	13.60	9.40%	22.10%

Company	Ticker	3/23 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	26.19	0.80%	(4.2%)
COMMSCOPE:	CTV	43.23	2.70%	41.80%
CONCURRENT:	CCUR	1.47	5.00%	(18.8%)
CONVERGYS:	CVG	25.73	3.00%	8.20%
CSG SYSTEMS:	CSGS	24.93	1.40%	(6.7%)
GEMSTAR TVG:	GMST	4.30	4.90%	7.20%
GOOGLE:	GOOG	461.83	4.80%	0.30%
HARMONIC:	HLIT	10.39	0.70%	42.90%
JDSU:	JDSU	15.47	1.60%	(7.2%)
LEVEL 3:	LVL	6.18		10.40%
MICROSOFT:	MSFT	28.02	2.50%	(5.2%)
MOTOROLA:	MOT	17.75	(2.4%)	(12.9%)
NDS:	NNDS	50.14	4.30%	3.90%
NORTEL:	NT	24.07	(11.1%)	(10.1%)
OPENTV:	OPTV	2.57		10.80%
PHILIPS:	PHG	38.91	4.60%	3.50%
RENTRAK:	RENT	15.64	4.30%	0.90%
SEACHANGE:	SEAC	8.19	3.00%	(19.9%)
SONY:	SNE	53.09	3.50%	24.00%
SPRINT NEXTEL:	S	19.22	0.90%	1.70%
THOMAS & BETTS:	TNB	48.92	(1.4%)	3.50%
TIVO:	TIVO	6.21	3.30%	21.30%
TOLLGRADE:	TLGD	12.01	3.20%	13.60%
UNIVERSAL ELEC:	UEIC	28.71	4.90%	36.60%
VONAGE:	VG	3.00	(25%)	(56.8%)
VYYO:	VYYO	7.16	61.30%	58.10%
WEBB SYS:	WEBB	0.05		25.00%
WORLDGATE:	WGAT	0.83	9.20%	(38.1%)
YAHOO:	YHOO	31.36	5.00%	22.80%

Company	Ticker	3/23 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	38.88	5.10%	11.80%
QWEST:	Q	8.92	3.70%	6.60%
VERIZON:	VZ	38.12	5.00%	5.70%

Index	Value	1-Week % Chg	YTD %Chg
MARKET INDICES			
DOW:	12481.01	3.10%	0.10%
NASDAQ:	2448.93	3.20%	1.40%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VYYO:	7.16	61.30%
2. C-COR:	13.60	9.40%
3. WORLDGATE:	0.83	9.20%
4. ADDVANTAGE:	3.54	8.30%
5. LIBERTY INTERACTIVE:	23.39	8.10%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. VONAGE:	3.00	(25%)
2. NORTEL:	24.07	(11.1%)
3. BROADCOM:	32.32	(5.3%)
4. ALCATEL LUCENT:	11.53	(3.6%)
5. ION MEDIA:	1.30	(3%)

**THE TOP 10 NETWORK
RANKED #1 FOR HIGH-QUALITY,
FAMILY-FRIENDLY PROGRAMMING**



Source: Nielsen Galaxy Explorer (1/29-2/25/07), Live+SD HH coverage area Prime Time rating (M-Su 8-11p), ranked among all measured ad-supported cable networks. Yankelovich Viewing Habits Study, January 2007. Ranking among major general entertainment cable networks. Further qualifications available upon request.

MaxFAX...

Retransmission Logic?

Admit it, there isn't any.

And you really need to wonder about the whole "regime scheme" (to use the British construction).

The National Association of Bullies wants us to compare carrying free TV with paying for **ESPN** et al. Oranges and apples, and maybe even a kiwi. We already pay copyright for those "free" TV signals. But, if we're



Paul S. Maxwell

paying the stations to carry those free TV signals, shouldn't they pay the copyright fees now? The **NAB** wants cable to pay and pay... but ask them about paying for radio copyrights? Or paying for much of anything. Certainly not for spectrum!

So, once again, thanks, Congress, for the leverage you've provided to allow me to pay for the Super Bowl...

Sorry to keep beating on this poor horse... but I do believe this is one (of a dozen or so) truly critical issues that needs a rational solution.

At a bare minimum, there should be a level playing field with DBS platforms. No must-buy basic to get all of those shows and channels that the **NAB** thinks nobody watches. (Nice to see

all the trade press follow-up to the set-top box/antenna semi-solution we wrote about a few weeks ago. Might at least help a little bit).

While the **NTIA** will parcel out some \$990mln in coupons for \$40 off digital to analog converters (and maybe add another \$510mln), I wonder if cable couldn't charge a special fee to local broadcasters to make certain those who don't get covered can still get the broadcasters' digital signals?

Random Notes:

• **Ski-TAM Bonus?** Seems that Vail will have a number of celebrities xintown along with the **Ski-TAM**'ers this week. The Vail Film Festival runs concurrently with our industry's aid to the disabled ski team plus giant cable get-together. Look around the village for director *Harold Ramis* (the Gold Summit Award will have some hilarious film clips from "Animal House," "Stripes" and "Groundhog Day," among others), actress *Sophia Bush* (Rising Star Award – she was in "The Hitcher" and "One Tree Hill," it says—things I didn't know) and for the "Save the cheerleader, save the world!" fans, *Hayden Panettiere* (Breakthrough Actor of the Year). She'll be joining our heroes on the slopes in Vail, maybe. And, maybe *Rob Stuehrk* will get a picture of her with you! Maybe. Keep your eyes peeled! Cable could use that other breakthrough "Heroes" actor... what if Hiro could stop time, travel back a bit

and prevent *Kevin Martin*(et)'s confirmation? See you there... at least for part of it. Bring plenty of sun screen... going to be pretty warm this year (I write that in hopes we get a foot or two every day... been too warm up here this year... not that the globe is warming or anything like that... too much political hot air).

• **Bumper?** Sticker that is. At the recent **DirecTV** dealer event in Dallas, the take-away included a bumper sticker reading: "FRIENDS DON'T LET FRIENDS WATCH CABLE." Sure. Right. Want one for your car?

• **Kudos:** Great lineup for the **NCTA's** Vanguard Awards this year. Always nice to see folks such as *Amy Tykesson* (cool lady; cool Dad, too), *John Bickham* (who makes *Rutledge* look good), *Chris Bowick* (whose son can write songs) and *Libby O'Connell* (always academic!) be recognized. They will be, along with *Alicin Reidy-Williamson*, *Phil Kent*, *Patricia Gotesman* and the ever-bubbly *Cathy Wilson* at the **NCTA** in May. And one more, oh yeah! *Brian Roberts* gets one, too. We heard he's ordering a new display case... one that's bigger than his Dad's.

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