

# CableFAX Daily™

Thursday — April 5, 2007

What the Industry Reads First

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## TWC Catches A Mouse: MSO, Disney Ink Multi-Layered Deal

As part of a sweeping deal between TV heavyweights, **Time Warner Cable** and **Disney** struck a retrans pact for **ABC**-owned broadcast stations and agreed on carriage for a broad array of Disney cable nets, including **ESPN**, **ESPN HD**, **ABC Family**, **Disney Channel** and **SOAPnet**. The scope of the pact seems even more comprehensive than the deal Disney inked with Comcast late last year (*Cfax*, 11/06). HD channels are a large part the TWC accord, as the MSO has committed to launch **ESPN2 HD** later this year, and **ABC Family HD**, **Disney Channel HD** and **ESPNEWS HD** in '08 when they become available. **Leichtman Research Group's Bruce Leichtman** said TWC's specific mention of those channels not being available until '08 was "interestingly worded" and seemed "a comment to **DirecTV** in some way." (Cable has tussled with DirecTV over its HD claims in recent TV commercials). Currently ESPN HD is available in 88mln homes, ESPN2 HD in 53mln. TWC subs will also receive later this year **ESPNU**, a property that has stacked a slew of carriage deals recently and was expected prior to this deal to reach 10mln+ homes by Aug. While TWC will also add Disney Channel's SVOD service to its on demand lineup, the MSO said it's most pleased about the inclusion of Disney and ESPN content to its Start Over and Quick Clips services. Start Over is currently running in 5 TWC markets and offers 91 nets in SC, where two-thirds of digital subs use the service at least monthly. Half of the MSO's divisions will offer the service by year's end. Interestingly, the deal even came off without much public squabbling. "Resolving something like this without any public animosity—in this day and age, that's probably good for the industry," said Leichtman.

**Page on the Links: Comcast** has tapped its own svp/gm, video services **Page Thompson** to become the new president of **The Golf Channel**, effective May 7. Golf has been looking to fill the gig since the fall, when CEO **David Manougian** announced plans to step back from day-to-day operations. Thompson, who has been the frontrunner for the position (*Cfax*, 4/2), said he plans to bring his 20-plus years marketing and brand-building experience to the table, noting his excitement over the recent addition of PGA coverage. "I'm just delighted to have the PGA tour," he told *Cfax*. "It's really a huge step up for the channel." Manougian said his new media expertise "will serve the network tremendously as it moves into the new multi-platform digital world." Comcast Programming Group pres **Jeff Shell** noted Thompson's ability to forge "new cross-platform programming opportunities," citing his success creating and managing Comcast's VOD platform that has grown to more than 9000 programs per month and more than 4bln views since it launched in '04.

**Competition: DirecTV** added local HD programming in Albuquerque, Buffalo, New Orleans, and Tulsa, OK, bringing to 57 the number of national markets that receive such programming. -- **Starz Ent** will offer on **DirecTV** a free preview weekend (Apr 19-22) of Starz Super Pack, encompassing 12 channels including **Starz** and **Encore**. DirecTV subs who sign up for the pack between Apr 8 and May 31 are eligible to receive a \$25 credit on their bill. -- **AT&T** is using HD pro-



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programming to lure prospective subs, offering new U-verse TV customers free 1-year access to 25 HD channels. The promotion is also available to those who purchase **DirectTV** or **AT&T/DISH** services through the telco, each of which offer up to 31 HD channels. -- Following a market rollout in early Mar, **AT&T** said more than 200K households in the Dallas/Fort Worth area now have access to U-verse TV services. -- **DirectTV** put a quarter in "Havoc on the 101," an interactive video jukebox on its channel featuring music videos and action sports clips. -- **Verizon** will carry on platforms including wireless, HSI and FiOS TV "Prom Queen," a scripted serialized mystery from *Michael Eisner's* new media studio **Vuguru**.

**Charter Remains Caddy:** **Charter** and **Comcast** nets **The Golf Channel** and **Versus** resolved their differences Tues, agreeing on the figurative 18th hole to continue with current carriage specs. Ahead of a Wed deadline—imposed due to Charter's intention to move the nets to a digital tier—both nets' basic positioning will continue going forward, although an official contract has yet to be inked. Dotted Is and crossed Ts are expected later this week.

**Programming:** **Lifetime** is partnering with French distributor **TF1 Intl** to produce and globally distribute 3 original TV movies, with the 1st title, "Miracle Mountain," slated for release later this year. -- "Mr. Smith Goes to Washington" and "20,000 Leagues Under the Sea" are among films to be featured in **TCM's** programming stunt "Funday Night at the Movies," offering Sun night (8pm) films from Jun-Aug. -- **TV Land's** "Friday Night Movies" programming block kicks off Fri with "White Men Can't Jump," and will later include "Beetlejuice" and "Fletch." -- **E!** in July will launch "Chelsea Lately," a series featuring comedienne/author *Chelsea Handler*, who will comment on pop culture and entertainment. -- **Bravo** is developing "Money Shot," a reality series in which aspiring paparazzi compete for prizes including a People feature. -- **FX** greenlit 13 eps of "Damages" (summer), a legal series starring *Glenn Close* and *Ted Danson*.

**Calling All Exhibitors:** **Cfax** is putting together our annual pre-show dailies for the '07 Cable Show, and we're looking for the "Best of the Booths." If you've got some hot talent, new product, or other compelling reason to visit your booth, drop a quick pitch to *M.C. Antil* at [m.c.antil@att.net](mailto:m.c.antil@att.net).

**In the States:** **Mediacom** added **MASN** to its channel lineup in DE and MD, and will launch the TV partner of both the Baltimore Orioles and Washington Nationals Jul 1 in eastern NC.

**Awards:** Cable took home 10 **Peabody Awards** Wed, led by **HBO's** 5 wins, including 1 each for doc "Baghdad ER" and "When the Levees Broke: A Requiem in Four Acts," *Spike Lee's* examination of Hurricane Katrina's devastation. **Showtime**, **Cartoon Net**, **BBC America**, **IFC** and **mun2** rounded out cable's haul. -- **Time Warner Cable** regional dir, engineering, Los Angeles *Carolyn Terry* won this year's "Women in Technology Award" for significant contributions to the cable and telecommunications industry. **WICT**, **SCTE** and *Communications Technology* jointly bestow the honor.

**On The Circuit:** **WICT VA** has an all-star panel at its Tech Summit Apr 12, noon-2pm, The Tower Club, Vienna, VA. On hand: **Comcast** svp *Cathy Avgiris*, **Advance Newhouse** evp *Nomi Bergman* and **Alcatel** CIO *Elizabeth Hackenson*.

**People:** **ESPN** appointed *Thomas Evans* to vp, digital and cross media measurement, a new position responsible for digital media research strategy to promote ad sales and brand and content management across digital platforms. -- Newly elected members of **SCTE's** board include: *Bob Weaver* and *Ken Williams*, **Cox**; *Gregory Allshouse* and *Patrick O'Hare*, **Comcast**; *Alex Balander* and *Thomas Gorman*, **Charter**; and *Frank Eichenlaub*, **S-A**. -- **UBS** senior analyst *Aryeh Bourkoff* is shedding his research role to become vice chmn of UBS' Technology, Media and Telecoms Invest-

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# BUSINESS & FINANCE

ment Banking arm, effective May 1. He'll report to *Jeff Sine*, global head of TMT Investment Banking.

**Business/Finance:** Following the Mon dissolution of **Comcast** and **Insight's** Midwest partnership, **Fitch Ratings** placed several ratings assigned to Insight and certain subsidiaries on 'Rating Watch Negative.' Insight "will emerge as a much smaller cable MSO lacking the size and scale that Fitch believes is necessary to sustain longer term revenue, margin and free cash flow growth," said Fitch, adding that the MSO's "operating margins will be pressured somewhat as the company will no longer benefit from the access to Comcast's programming rates, equipment pricing and other cost synergies." -- More than 99% of **News Corp** shareholders approved Tues to swap the conglomerate's 38% **DirectTV** stake with **Liberty Media** for \$550mln in cash and Liberty's approx \$1 bln stake in News Corp. The transaction still must gain **FCC** approval. -- **Level 3's** operating subsidiary bought from **AT&T** several assets ordered divested when the telco merged with **SBC**. They include infeasible rights of use for dark fiber connections to over 200 buildings and more than 1600 metro fiber route miles in 6 of the 11 markets where AT&T was required to divest certain assets, including Detroit, Hartford, Kansas City, Milwaukee, San Francisco and St. Louis.

## CableFAX Daily Stockwatch

Company	04/04 Close	1-Day Ch	Company	04/04 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	44.88	(0.04)	AMPHENOL:	34.14	0.52
DIRECTV:	23.11	0.09	ARRIS GROUP:	14.50	0.33
DISNEY:	34.64	(0.28)	AVID TECH:	35.60	(0.35)
ECHOSTAR:	44.77	0.73	BLNDER TONGUE:	1.85	0.00
GE:	35.11	(0.21)	BROADCOM:	32.85	(0.05)
HEARST-ARGYLE:	27.43	0.01	C-COR:	14.11	(0.13)
ION MEDIA:	1.31	0.01	CISCO:	26.10	0.25
NEWS CORP:	24.87	(0.19)	COMMSCOPE:	43.05	(0.28)
TRIBUNE:	32.76	0.08	CONCURRENT:	1.46	(0.02)
<b>MSOS</b>					
CABLEVISION:	30.62	0.22	CONVERGYS:	26.03	0.06
CHARTER:	2.74	0.04	CSG SYSTEMS:	25.02	(0.07)
COMCAST:	26.36	0.12	GEMSTAR TVG:	4.27	(0.04)
COMCAST SPCL:	25.80	0.15	GOOGLE:	471.02	(1.58)
GCI:	13.99	(0.09)	HARMONIC:	10.33	0.03
KNOLOGY:	16.34	0.28	JDSU:	15.21	0.04
LIBERTY CAPITAL:	110.41	0.49	LEVEL 3:	6.07	0.07
LIBERTY GLOBAL:	34.33	0.13	MICROSOFT:	28.50	0.63
LIBERTY INTERACTIVE:	24.14	(0.21)	MOTOROLA:	17.72	0.05
MEDIACOM:	8.47	0.10	NDS:	49.90	(0.14)
NTL:	28.22	0.00	NORTEL:	24.49	0.26
ROGERS COMM:	33.70	0.28	OPENTV:	2.58	(0.03)
SHAW COMM:	37.54	(0.23)	PHILIPS:	38.65	0.50
TIME WARNER CABLE:	37.10	(0.12)	RENTRAK:	16.00	0.18
WASH POST:	747.00	(8.35)	SEACHANGE:	8.13	(0.07)
<b>PROGRAMMING</b>					
CBS:	31.24	0.14	SONY:	51.78	0.69
CROWN:	5.23	0.20	SPRINT NEXTEL:	19.64	0.24
DISCOVERY:	20.08	0.33	THOMAS & BETTS:	48.97	0.27
EW SCRIPPS:	44.35	(0.6)	TIVO:	6.37	(0.08)
GRUPO TELEVISA:	30.90	0.11	TOLLGRADE:	12.43	0.03
INTERACTIVE CORP:	37.72	0.16	UNIVERSAL ELEC:	28.54	0.05
LODGENET:	31.04	(0.06)	VONAGE:	3.62	(0.05)
NEW FRONTIER:	8.98	0.17	VYYO:	7.10	(0.8)
OUTDOOR:	10.23	(0.09)	WEBB SYS:	0.05	0.00
PLAYBOY:	10.15	(0.02)	WORLDGATE:	0.67	(0.02)
TIME WARNER:	20.61	0.09	YAHOO:	31.62	(0.1)
UNIVISION:	36.23	0.00	<b>TELCOS</b>		
VALUEVISION:	12.38	(0.11)	AT&T:	39.23	(0.51)
VIACOM:	41.15	(0.3)	QWEST:	8.98	0.02
WWE:	16.18	(0.19)	VERIZON:	38.02	(0.1)
<b>TECHNOLOGY</b>					
3COM:	3.91	(0.02)	<b>MARKET INDICES</b>		
ADC:	17.16	0.07	DOW:	12530.05	19.75
ADVANTAGE:	3.65	0.06	NASDAQ:	2458.69	8.36
ALCATEL LUCENT:	12.42	0.25			
AMDOCS:	36.50	0.24			



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## Think about that for a minute...

### What's the Issue?

I know it sounds cynical, but the answer to the above question is always a variation of the same thing: control, the split, the money. It's trite to say it, but that shopworn advice "...follow the money" is as true as ever.

Last week, I suggested that it was past time to wade back into the swamp of copyright legislation to see if there was some new way to deal with the growing mess of multiple distribution mechanisms streaming the same copyrighted content.



**Steve Effros**

We have to think "outside the box" because the current way we do things simply won't work any more. The technology has changed so dramatically that even our notion of what a "copy" is of a work, or whose right it is to do what with something that has already been purchased, has to be re-examined.

A few examples suffice. Of course, the Cablevision "network DVR" case I mentioned last week has to be at the top of the list. But this week, EMI made an announcement with Apple that "most" of their enormous play list of music (EMI is one of the four largest copyright holders of popular music) will be distributed without digital rights management restrictions and at twice the current quality of Internet music downloads. That's what got the headlines. What seems to have been buried in all the hoopla is that the non-DRM, higher-quality downloads will cost more. In other words, this is a price increase for music downloads. Yes, they are going to be "better quality." Yes, they will be able to be used in more ways because the artificial DRM restrictions will be removed. But bottom line: we just saw music downloads jump from \$.99 to \$1.29.

Clearly what has happened here is that some distributors have decided that they can make more money by

giving a better, less restrictive copy of music to the buying public for a higher price than trying (and failing) to impose DRM restrictions and intentionally degrade the product to discourage copying. Is their calculation right? Other music distributors question it, but we'll see. The point here is that EMI and Apple have decided that there is more than one "product" they are selling, although both derive from the same copyrighted work. So maybe we shouldn't be looking at the issue of "copyright" at all but rather at marketing. Apple, by the way, will still sell the \$.99 version of the music as well.

Look at the issues surrounding the new NBCU/News Corp venture to respond to YouTube, and the Viacom case against that company as well as the network DVR issue, and Hollywood's fixation on "security" to prevent "indiscriminate, widespread" copying of movies on the internet and the like. The more you do, the more you appreciate that the issue is less about who owns a copyrighted work than it is about how to maximize the revenue derived from selling that work. Now there is the associated question of what, exactly, that "work" is. Are those two different songs iTunes will be selling, or are they the same song intentionally degraded in terms of what the consumer can do with it?

It's all about the money. I don't say that's bad, I just think we should acknowledge the new marketing possibilities and risks that digitization has created. We should start thinking in terms of reasonable "market" solutions rather than trying to alter basic concepts of copyright, or "fair use" for that matter.

That won't work. The challenge is to re-think the marketing and tracking mechanisms. More to come.

*Steve*

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