

CableFAX Daily™

Monday — April 9, 2007

What the Industry Reads First

Volume 18 / No. 068

Poor Vonage: Court Ruling Could Bode Well for Cable

In a decision that could spur more growth in the cable VoIP segment, a federal judge barred **Vonage** Fri from adding any new customers unless it deploys a service work-around preventing infringement on 3 **Verizon** patents that last month the court determined were being violated. The stay of customer additions also stands during the appeals process that Vonage is expected to pursue. Cable ops are far less vulnerable to similar lawsuits, said **Stifel Nicolaus**, because “they are likely to have developed deep patent portfolios which they can use defensively to deter an infringement suit.” As of 4Q06, Vonage held the largest US VoIP marketshare with approx 24% (**TWC** and **Comcast** owned approx 20%), but cable ops now face, at least temporarily, a static target. The industry may also receive help from Vonage customer defections, which **Charter** is attempting to induce through a special offer to current Vonage customers for free same-day or next-day installation of its digital phone service. It’s too early to evaluate the efficacy of the offer, which Charter said resulted from Vonage subs’ inquiries about possible service loss. In any event, the VoIP market’s balance of power has shifted to cable, according to **Sanford Bernstein’s Craig Moffett**, who expects the market to count more than 10mln subs when 1Q numbers are reported, representing a 500% increase over 2 years. At the end of '06, cable counted approx 6.6mln phone subs. Comcast’s footprint is now “the greatest source of growth for the US VoIP market,” and the MSO will likely become the country’s largest digital phone provider by 2Q, wrote Moffett. For cable overall, “we continue to believe that VoIP-led growth will exceed consensus expectations.”

Working for a Waiver: **Charter’s** strategy in seeking a waiver from the integration ban for low-cost set tops includes tapping the **FCC’s** desire to increase broadband deployment to rural areas. A waiver “is critical to the success of the digital transition and broadband deployment in the small-town and rural America communities served by Charter,” wrote pres/CEO **Neil Smit** in a Wed letter to FCC chmn **Kevin Martin**. Smit argues in the letter that 75% of the MSO’s systems meet the FCC’s definition of a small system, and claims that most of Charter’s systems pass an avg of 55 homes/mile, or “a low density that is more characteristic of a rural system.”

Competition: **EchoStar** boss **Charlie Ergen** earned \$550K in base salary last year, and total compensation of \$2.8mln, according to an SEC filing. Pres **Carl Vogel** matched his boss’s total compensation while pulling down \$383k in salary. -- **AT&T** hopes to drive gamer traffic to **Attblueroom.com** by offering a free 2-week trial of “World of Warcraft,” a popular MMOG from Blizzard Ent.

In the States: **Cox** bowed in northern VA “GoScout Homes,” offering potential home buyers 24-hour VOD access to local property listings that are updated weekly.

Technology: **Comcast** subsidiary **thePlatform**, a broadband video service app provider to clients such as **CSTV**, **Court TV** and **A&E**, introduced software enabling content cos quick video player creation and the ability to create

WANTED FOR FREE EXPRESSION

THE HENRY ROLLINS SHOW

BACK FOR A 2ND SEASON

“THE COOLEST TALK SHOW ON THE PLANET”

IFC tv, uncut.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Associate Publisher: Amy Abbey, 301/354-1783, aabbey@accessintel.com ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, cdaily@accessintel.com ● Scott Gentry/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columnist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

branded desktop software allowing consumers to download and manage music, videos and other digital media files.

Deals: **MCG Capital Corp** acquired **Orbitel Comm LLC**, a digital provider (10,500 HHs passed in Maricopa, AZ). RBC Daniels represented the seller. It also co-advised **Liberty** on its sale of **On Command** to **LodgeNet** earlier last week.

-- **SNL Financial** has acquired cable research pioneer **Kagan Research**, a Monterey, CA, firm widely regarded as the first to track cable stocks and break out EBIDTA numbers (now a standard way Wall Street measures cable performance). SNL pres *Mike Chinn* said the newly merged entity will combine Kagan's proprietary financial data and analysis with its own database capabilities. "We want to be the first, last and only resource industry professionals need for all financial data related to the sector—and this combination positions us to achieve that goal," he said.

Research: A ramping up this year of digital addressable advertising through cable TV will power growth in the ad segment, as equipment, software, systems and services will likely exceed \$540mln by '12, according to **In-Stat**. VOD, HDTV and switched digital video will help spur the segment expansion, and In-Stat believes that 4K cable headends worldwide will have two-way, digital capabilities by the end of '11.

Marketing: Actor *Jeremy Piven* from **HBO's** "Entourage" is the primary feature of **TNT's** multimedia campaign promoting its NBA postseason coverage, beginning Apr 22. TV spots showing Piven amid *LeBron James* and *Kobe Bryant* began airing this week on **Turner** nets and others. -- *Ken Gelman*, a former **NHL** and **WWE** marketer, launched full-service agency **G-Funk Sports & Entertainment**, and counts **Rainbow Media** and the **Arena Football League** as initial clients. Gelman is charged with strategic marketing and programming initiatives for Rainbow's "SKOOL VOD" franchise.

Morbid Memento: Hopefully the winning bidder at a Thurs **Profiles in History** auction is a die-hard fan of **HBO's** "The Sopranos" and not a morbid blood lover; he took home for \$5.75K a "bloody" shirt worn by *James Gandolfini* in the show's season 6 finale. Other purchased items include *Christopher Reeve's* costume from "Superman" for \$115K and *Leonard Nimoy's* tunic from the 1st season of "Star Trek" for \$35K.

Ratings: It certainly is good to be the king, as **Showtime's** "The Tudors" pulled 1.3mln viewers in its 10pm & 11pm premieres Apr 1, besting debut nights of "Weeds" (+49%) and "Dexter" (+23%). In addition, Showtime estimates more than 1mln people sampled eps 1 & 2 online or on demand, prior to the linear premiere.

Programming: **GSN** will deal content beginning in '08 from the **World Poker Tour**, the 6th season of which will air within the net's Mon night casino lineup. -- **Comedy Central** acquired the US rights to "Artie Lange's Beer League" and will premier the film starring *Howard Stern's* sidekick this fall. -- **CSTV** is helping hoops fans relive March Madness with a 24-hour (Sun, 7pm ET) tourney marathon that includes re-broadcasts of 10 games and the championship tilt.

Public Affairs: *Nicole Kidman* and *Christina Aguilera* tackle domestic violence with **Lifetime**. Its "End Violence Against Women" campaign has PSAs, multi-platform content and a partnership with the **UN Development Fund for Women**.

Clarification: The Peabody Award that went to "Galapagos" was shared by **National Geographic Channel** and **BBC**.

People: **Symetricom** appointed *Jim Chiddix* a board member.

Business/Finance: **ExtendMedia**, a provider of digital content service delivery platforms, with clients including **Cablevision** and **Showtime**, received \$12mln in Series B venture capital funding in a round led by **TVM Capital**.



IN DOG WE TRUST

DOG THE BOUNTY HUNTER®
SEASON 4 PREMIERE TUESDAY APRIL 10, 9PM/8C



CableFAX Week in Review

Company	Ticker	4/06 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	44.71	(0.2%)	8.50%
DIRECTV:	DTV	23.51	1.90%	(5.7%)
DISNEY:	DIS	34.91	1.40%	4.60%
ECHOSTAR:	DISH	44.71	2.90%	17.60%
GE:	GE	35.02	(1%)	(2.1%)
HEARST-ARGYLE:	HTV	27.73	2.00%	9.60%
ION MEDIA:	ION	1.31	(1.5%)	162.00%
NEWS CORP:	NWS	24.89	1.90%	12.00%
TRIBUNE:	TRB	32.83	2.20%	7.80%

Company	Ticker	4/06 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	30.96	1.70%	8.70%
CHARTER:	CHTR	2.71	(2.9%)	(11.4%)
COMCAST:	CMCSA	26.61	2.50%	(5.7%)
COMCAST SPCL:	CMCSK	26.02	2.10%	(6.8%)
GCI:	GNCMA	14.17	1.20%	(9.9%)
KNOLOGY:	KNOL	16.52	4.40%	55.30%
LIBERTY CAPITAL:	LCAPA	111.46	0.80%	13.80%
LIBERTY GLOBAL:	LBTYA	34.83	5.80%	19.50%
LIBERTY INTERACTIVE:	LINTA	24.80	4.10%	15.00%
MEDIACOM:	MCCC	8.59	5.50%	6.80%
NTL:	NTLI	28.22		(54.5%)
ROGERS COMM:	RG	34.10	4.10%	14.70%
SHAW COMM:	SJR	38.02	3.00%	21.90%
TIME WARNER CABLE:	TWC	37.00	(1.3%)	(3.4%)
WASH POST:	WPO	751.76	(1.5%)	1.70%

Company	Ticker	4/06 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	31.02	1.40%	0.20%
CROWN:	CRWN	5.23	(1.9%)	44.10%
DISCOVERY:	DISCA	19.99	4.50%	36.60%
EW SCRIPPS:	SSP	44.40	(0.6%)	(10.6%)
GRUPO TELEVISIA:	TV	30.83	3.50%	14.10%
INTERACTIVE CORP:	IACI	37.82	0.30%	1.80%
LODGENET:	LNET	31.38	2.10%	25.40%
NEW FRONTIER:	NOOF	8.90	(1.1%)	11.30%
OUTDOOR:	OUTD	10.58	3.50%	(17.5%)
PLAYBOY:	PLA	10.19	(1%)	(11.1%)
TIME WARNER:	TWX	21.04	6.70%	(3.1%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	12.23	(1.1%)	(6.9%)
VIACOM:	VIA	40.69	(0.9%)	(5.7%)
WWE:	WWE	16.08	(1.3%)	3.10%

Company	Ticker	4/06 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.90	(0.3%)	(5.1%)
ADC:	ADCT	17.49	4.60%	6.80%
ADDVANTAGE:	AEY	3.85	12.60%	38.00%
ALCATEL LUCENT:	ALU	12.39	4.80%	(4.8%)
AMDOCS:	DOX	36.64	0.40%	(5.4%)
AMPHENOL:	APH	33.94	5.20%	9.50%
ARRIS GROUP:	ARRS	14.51	3.10%	16.00%
AVID TECH:	AVID	35.80	2.60%	(3.9%)
BLNDR TONGUE:	BDR	1.76	(9.7%)	3.50%
BROADCOM:	BRCM	32.98	2.80%	2.10%
C-COR:	CCBL	14.03	1.20%	25.90%
CISCO:	CSCO	26.06	2.10%	(4.6%)

Company	Ticker	4/06 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	43.77	2.00%	43.60%
CONCURRENT:	CCUR	1.50	(4.5%)	(17.1%)
CONVERGYS:	CVG	25.96	2.20%	9.20%
CSG SYSTEMS:	CSGS	25.02		(6.4%)
GEMSTAR TVG:	GMST	4.28	2.10%	6.70%
GOOGLE:	GOOG	471.51	2.90%	2.40%
HARMONIC:	HLIT	10.75	9.50%	47.90%
JDSU:	JDSU	15.29	0.50%	(8.2%)
LEVEL 3:	LVLTL	6.13	0.50%	9.50%
MICROSOFT:	MSFT	28.55	2.40%	(3.4%)
MOTOROLA:	MOT	17.59	(0.5%)	(13.7%)
NDS:	NNDS	50.60	1.30%	4.90%
NORTEL:	NT	24.47	1.70%	(8.6%)
OPENTV:	OPTV	2.56	4.50%	10.30%
PHILIPS:	PHG	39.15	2.80%	4.20%
RENTRAK:	RENT	15.69	0.40%	1.20%
SEACHANGE:	SEAC	8.25	1.40%	(19.3%)
SONY:	SNE	52.12	3.20%	21.70%
SPRINT NEXTEL:	S	19.60	3.40%	3.90%
THOMAS & BETTS:	TNB	49.26	0.90%	4.20%
TIVO:	TIVO	6.41	0.90%	25.20%
TOLLGRADE:	TLGD	12.34	(1.8%)	16.70%
UNIVERSAL ELEC:	UEIC	28.51	2.30%	35.60%
VONAGE:	VG	3.37	(2.3%)	(51.4%)
VYVO:	VYVO	7.00	(14.7%)	54.50%
WEBB SYS:	WEBB	0.05	25.00%	25.00%
WORLDGATE:	WGAT	0.67	(4.3%)	(50%)
YAHOO:	YHOO	31.96	2.10%	25.10%

Company	Ticker	4/06 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	39.27	(0.4%)	12.80%
QWEST:	Q	9.11	1.30%	8.80%
VERIZON:	VZ	38.00	0.20%	5.30%

Index	Value	1-Week % Chg	YTD %Chg
MARKET INDICES			
DOW:	12560.20	1.70%	0.80%
NASDAQ:	2471.34	2.10%	2.30%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.05	25.00%
2. ADDVANTAGE:	3.85	12.60%
3. HARMONIC:	10.75	9.50%
4. TIME WARNER:	21.04	6.70%
5. LIBERTY GLOBAL:	34.83	5.80%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. VYVO:	7.00	(14.7%)
2. BLNDR TONGUE:	1.76	(9.7%)
3. CONCURRENT:	1.50	(4.5%)
4. WORLDGATE:	0.67	(4.3%)
5. CHARTER:	2.71	(2.9%)

**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...

Time To Steal?

Absolutely.

At least when the theft is by the newly enfranchised majority Democrats running the committees and subcommittees that oversee the regulatory agencies still governed by Republi-



Paul S. Maxwell

cans... and the theft seems to match the Republican philosophical approach to government enshrined in the words of Grover Norquist, who famously wanted to "drag government into a bathtub and strangle it."

So I'm suggesting that perhaps the famously crusty Rep *John Dingell* might want to do just that to the Federal Confusion Commission. Congress, of course, cannot make the **FCC** jump when it hiccups. But it sure could play with the funding...

And, I do think, after the five commissioners appeared before the House committee for the first time in lo, these many years (well, 3), the commissioners, including the Chairman, went back to the Portals and, guess what? They started attacking the ludicrous backlog.

Maybe Rep *Ed Markey* should make the proposal... and how could any good tax-cutting Republican not vote

to strangle the FCC?

Random Notes:

• **Godspeed:** To *Lindsay Gardner*... much success.

• **Women in Tech?** Sure... and you can listen to, watch and learn from 3 terrific examples on April 12th at the Virginia WICT Chapter event... with **Alcatel's Elizabeth Hackenson**, **BrightHouse's Nomi Bergman** and **Comcast's Catherine Avgiris** answering questions from **NCTA's Rob Stoddard**. For info: (804) 697-6304.

• **Speaking of WICT** – Rocky Mountain Version: Missed their get-together with CO Gov *Bill Ritter* the other day (work, bummer). But I won't miss their May 2nd annual Gala Walk of Fame... this year's designated mentor (who will become a Cable TV Pioneer the next week in Las Vegas) is Comcast's *Brad Dusto*. Women of the Year are *Judi Allen* and *Cathy Fogler*, Partner of the Industry *Cindy Bennett*, Tech Maven *Leslie Ellis*, and Women to Watch *Brenda Price*, *Corrina Rutkar* and *Vernise York*. A couple of the ladies will be toasted by their fellow raucous book club members. For details: admin@wictm.org.

• **Futbol!** On **ESPN/ABC** yesterday (Saturday the 7th) the Colorado Rapids hosted DC United at Dick's Sporting Goods Park in the aptly named Commerce City. Quite a facility for an American pro soccer team... 18,000-seat stadium, 24 practice fields and

more. My daughter is a rabid soccer fan so we all got dragged along for the season's launch. ESPN, which generated pretty good ratings for the World Cup's last iteration, is doing its part to help soccer grow with the new MLS Primetime Thursday package and doing all the games in Hi-Def... including the All-Star game in Denver on July 19th (Note to *Steve Raymond*: good time for a party and game function).

• **Leverage in Action!** So **MLB** knows how to play... even if it had to be prodded a bit from inside the Beltway. And now **DirectTV** and **In Demand** are equity participants in the planned MLB channel. Wow. Might be some board meetings to remind some of **K-Prime Partners'** lively meetings.

• **The Race!** How could *Barack Obama* raise almost as much money as *Hillary Rodham Clinton*? How could each of them do better than the almost always money-laden Republicans? Did the kiss that *John McCain* bestowed on *George Bush* come back to haunt him, yet? It is going to be a long campaign... and all that money has to go to ads somewhere... so get out there and get selling!

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com

THE CABLE SHOW



CONVERGENCE HAPPENS MAY 7-9.

Are You Registered?

www.thecableshow.com

CABLE: NO LIMITS

May 7-9, 2007
Mandalay Bay Convention Center
Las Vegas, Nevada