

CableFAX Daily™

Tuesday — May 6, 2008

What the Industry Reads First

Volume 19 / No. 087

Complaint Dept: All Eyes on FCC's Program Access Dealings

In Nov, the **FCC** scuttled plans to vote on strengthening its program access rules. While **Hallmark Channel**—a programmer who had supported the FCC revamp—has completed deals in the wake of the FCC not taking up program access, another—**WealthTV**—has opted to file program access complaints against 4 major cable operators. Another supporter of FCC changes, **NFL Net**, has given **Comcast** notice that it plans to file a complaint against it any day now. Critics argue that the FCC's program access process is broken, with only 2 cases actually making through the entire process (the most recent was **MASN**). Last week, the **National Alliance for Media Arts and Culture** informed the FCC that it's been more than 120 days since WealthTV filed its complaint against **Time Warner Cable**, and nothing has been done. When the FCC didn't change the process, it gave everyone a chance to "see if the system works," said **Media Access Project's Harold Feld**, who is representing NAMAC. "If the notion is that this is supposed to provide quick relief, we're now at a point where we can say that the current relief [isn't working]." NAMAC, an advocate for independent film, video, audio and digital arts organizations, believes that the FCC has the authority without implementing a rulemaking to impose certain internal procedural reforms, such as a voluntary "shot clock." Such a clock is in place for mergers, with the FCC striving to act on mergers within 180 days, but often going over the internal goal (remember **Adelphia?**). NAMAC also supports the FCC eliminating a provision that requires those filing to complaints to prove their case isn't frivolous before it goes to an administrative law judge, saying the burden of proof is very high. Instead, let the judge determine if the complaint is frivolous and fine programmers who file such complaints, Feld said. Cable argues that doing away with the provision would be too costly for distributors and could result in a fishing expedition, where complainants could delve into existing sensitive contracts. The cable industry maintains that there's no reason to expand the program access rules when video competition is growing, and **Cablevision's** even suggested eliminating the rules in markets where a cable op can prove it faces substantial competition. So, why is program access getting attention again? It's probably because Martin's days as chmn are somewhat limited. FCC watchers expect he'll push to get most big reform done by July or Aug, with a bit of quiet period ensuing as everyone waits to see who wins the presidential race. So, expect to hear more on it in the coming months, especially once NFL Net's complaint is filed.

Carriage: **Time Warner Cable** is the first MSO to roll out **Hallmark Movie Channel** in HD, launching it to parts of Manhattan, Queens, Brooklyn, Hudson Valley and Staten Island last week. Plans are in place to launch the HD signal to other TW systems over the coming months. Similar renewal deals with **Cox**, **DirectTV**, **EchoStar** and **Cablevision** give the distributors the opportunity to launch the HD feed, but so far TW is the 1st to opt to do so. -- **ION** inked a deal with the **Natl Rural Telecom Coop** for the rights to carry ION's channel suite, including **qubo** and **ION Life**. NRTC's members serve a market of more than 10mln homes.

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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 ● Publisher: Debbie Vodenos, 240/753-5696, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● 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 ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist.Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

Deals: Cablevision shares closed up 1.86% as reports emerged that it's the highest bidder for *Newsday* at \$650mln. **Sanford Bernstein's Craig Moffett** raised the alarm Mon over the possible transaction. "Our recommendation of Cablevision shares rests on the prodigious free cash flow generation prospects of the Cablevision business, and—explicitly—on the return of that cash to shareholders. It does not presume diversification into a failing industry," he said in a note to clients. Moffett also suggested the deal would attract **FCC** and Congressional scrutiny. "As the primary distributor of television content on Long Island via its dominant position as a cable operator, and as the sole 'publisher; of TV news on Long Island through its ownership of **News Channel 12**, a Cablevision bid would be just as problematic as a News Corp deal," which has received more regulatory attention, Moffett wrote.

On the Hill: Tues' House Telecom subcmte hearing on net neutrality will be live on www.C-SPAN.org.

In the States: Comcast's Houston region celebrated the MSO passing the 5mln digital voice mark nationally by offering up free calls to Mexico on Cinco de Mayo. The MSO joined with the Spring Branch Family Development Center, inviting local residents to make free calls to Mexico between 2pm and 7pm Mon.

Programming: NBCU inked a 1st-look deal with **Magical Elves**, which produces **Bravo's** "Top Chef," "Project Runway."

Advertising: AdGorilla created a new operating division—AdGorillai—that will house the company's new push2call technology. Cable vet *Kim Gilmartin* was named pres of the new division. AdGorilla will unveil the div's 1st product, "iCapture" push2call, at the Cable Show this month.

DTV Doings: PR firm **Bob Gold & Assoc** and direct response/branding agency **D4 Creative** launched a new practice dedicated to providing cable ops with customized and turnkey packages to communicate to customers and non-customers about the impact of the upcoming broadcast DTV transition. The campaign will be available this month.

Show News: Get your DTV transition questions ready. Sec of Commerce *Carlos Gutierrez* will keynote the **Cable Show** on Mon, 4:30pm CT. Sun's public policy lunch will feature former **FCC** chmn *Bill Kennard*, former FCC chmn *Michael Powell* and former FCC commish *Susan Ness* offering their opinions on the 3 major Presidential candidates. Mon's lunch features: FCC commissioners *Jonathan Adelstein*, *Michael Copps* and *Robert McDowell*, along with **NTIA's Meredith Baker** and **FTC** commish *Jon Leibowitz*. Tues' lunch includes **NAB's David Rehr**, **Time Warner Cable's Glenn Britt** and **Advance/Newhouse's Bob Miron**. -- **The CTAM Agency Council** will bestow its inaugural "Good Citizen Award," honoring the cable ops and programmers who use their resources to initiate communications that effectively support the needs and issues of the communities they serve, May 18, 11:30, Cable Show Press Room.

Deals Or No Deals: The last few days has been rife with deal news and speculation, led by **Microsoft's** weekend decision to rescind its offer to acquire **Yahoo!** After Yahoo! resisted an increased offer of \$33/share last week, Microsoft CEO *Steve Ballmer* ended negotiations through a letter to Yahoo! CEO *Jerry Yang*. While Microsoft shares fell slightly Mon, Yahoo! shares were pummeled, sliding 15%. Meanwhile, **Sprint** stock surged 11% on speculation that **Deutsche Telekom** is pondering a bid for the struggling mobile services provider. **Stifel Nicolaus** believes such a deal is unlikely, although the increasing US wireless dominance by **Verizon** and **AT&T** suggests a **Sprint/T-Mobile** merger may make sense. Joining Sprint's 19% US wireless share with T-Mobile's 12% would eclipse AT&T's 27%, but the new entity would possess "a less competitive cost structure given... network incompatibility issues," said **Sanford Bernstein** analyst *Craig*



EXCLUSIVE NEWS

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BUSINESS & FINANCE

Moffett. Switching to satellite, **Citi** analyst **Jason Bazinet** predicted Fri a **Liberty Media** tender for **DirectTV** in an all-stock offer while initiating coverage of Liberty shares with a 'buy' rating and \$33 price target.

"Dr. Malone wants a larger piece of the DBS apple," Bazinet said. "Any share purchased today—at market prices—is a share that doesn't have to be purchased at a premium down the road." And don't forget about **Comcast** and the \$2bln it recently raised through a bond sale, a part of which many speculate the MSO will use as seed money for a potential WiMax partnership with **Sprint**, **Clearwire**, **Intel**, **Time Warner Cable** and others.

In the States: **Atlantic Broadband** has launched **BlueHighways TV's** linear and VOD services in Cumberland, MD, where the pair will promote the launch during music festival DelFest '08 (May 23-25).

-- **Blue Ridge** now offers **InGrid's** home security offering to its HSD and triple-play subs across PA.

People: In Demand appointed **Terri Hyacinth** regional vp, affil relations. -- **Sergei Kuharsky** has been named GM, **Scripps Nets Enterprises**, charged with expanding the company's branding initiatives in licensing, merchandising and publishing.

Business/Finance: **Credit Suisse** analyst **Bryan Kraft** has raised **Time Warner Cable's** target price to \$32 from \$29 while maintaining a 'neutral' rating on the MSO's shares.

CableFAX Daily Stockwatch

Company	05/05 Close	1-Day Ch	Company	05/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	43.17	0.03	AMDOCS:	31.74	(0.12)
DIRECTV:	25.55	(0.28)	AMPHENOL:	46.95	(0.73)
DISNEY:	33.29	(0.2)	APPLE:	184.73	3.79
ECHOSTAR:	30.10	(0.24)	ARRIS GROUP:	8.47	0.24
GE:	33.18	(0.16)	AVID TECH:	20.85	(0.01)
HEARST-ARGYLE:	20.74	(0.28)	BIGBAND:	6.36	(0.69)
ION MEDIA:	1.45	0.00	BLNDER TONGUE:	1.40	0.00
NEWS CORP:	19.33	(0.08)	BROADCOM:	26.28	(0.21)
MSOS					
CABLEVISION:	23.57	0.43	CISCO:	26.28	(0.47)
CHARTER:	1.24	0.03	COMMSCOPE:	48.85	0.59
COMCAST:	21.63	(0.34)	CONCURRENT:	0.66	0.00
COMCAST SPCL:	21.25	(0.3)	CONVERGYS:	15.72	(0.07)
GCI:	6.14	(0.08)	CSG SYSTEMS:	12.66	0.09
KNOLOGY:	13.29	0.03	ECHOSTAR HOLDING:	31.09	(0.67)
LIBERTY CAPITAL:	15.48	0.02	GOOGLE:	594.90	13.61
LIBERTY ENTERTAINMENT:	26.78	0.12	HARMONIC:	7.76	(0.1)
LIBERTY GLOBAL:	35.74	(1.01)	JDSU:	11.23	(0.56)
LIBERTY INTERACTIVE:	15.29	(0.11)	LEVEL 3:	3.14	(0.06)
MEDIACOM:	4.36	(0.23)	MICROSOFT:	29.08	(0.16)
ROGERS COMM:	42.97	0.00	MOTOROLA:	9.90	(0.13)
SHAW COMM:	20.56	(0.87)	NDS:	50.50	(0.49)
TIME WARNER CABLE:	29.15	(0.29)	NORTEL:	8.30	(0.19)
VIRGIN MEDIA:	13.92	(0.18)	OPENTV:	1.29	0.01
WASH POST:	655.67	2.84	PHILIPS:	38.10	0.10
PROGRAMMING					
CBS:	24.02	(0.31)	RENTRAK:	14.25	(0.05)
CROWN:	4.55	(0.02)	SEACHANGE:	7.51	0.11
DISCOVERY:	23.47	(0.88)	SONY:	46.81	(0.78)
EW SCRIPPS:	45.45	(0.42)	SPRINT NEXTEL:	8.72	0.83
GRUPO TELEVISA:	25.32	(0.17)	THOMAS & BETTS:	36.55	(0.51)
INTERACTIVE CORP:	21.48	(0.01)	TIVO:	8.26	(0.1)
LIBERTY:	1.00	0.00	TOLLGRADE:	4.43	(0.18)
LODGENET:	6.46	(0.06)	UNIVERSAL ELEC:	25.60	(0.46)
NEW FRONTIER:	5.20	0.09	VONAGE:	1.82	(0.14)
OUTDOOR:	7.10	(0.36)	WEBB SYS:	0.05	0.01
PLAYBOY:	8.26	(0.07)	YAHOO:	24.37	(4.3)
TIME WARNER:	16.15	0.38	TELCOS		
UNIVISION:	36.23	0.00	AT&T:	39.85	(0.28)
VALUEVISION:	5.02	(0.47)	QWEST:	5.36	(0.05)
VIACOM:	38.44	(1.04)	VERIZON:	38.90	(0.69)
WWE:	18.37	0.29	MARKET INDICES		
TECHNOLOGY					
3COM:	2.53	0.07	DOW:	12969.54	(88.66)
ADC:	14.33	(0.03)	NASDAQ:	2464.12	(12.87)
ADVANTAGE:	4.11	(0.03)			
ALCATEL LUCENT:	6.82	(0.11)			

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food network

* Source: 2008 Beta Research Brand Identity Study, Women 18+

GUEST COLUMNIST

Going Back and Giving Back to the Big Easy

The cable industry returns to New Orleans this month for The Cable Show '08, the show's first visit to the city since Hurricane Katrina. While we have gathered in New Orleans eight times for previous annual conventions, this year will be different.

In planning the Show, NCTA's Board of Directors and Convention Committee decided that we needed to give something back to a city that has meant so much to our industry over the years. The result of that thinking—the CableCares initiative—is focusing on areas in which we can have an impact: the recovery of the city's schools, and assistance to people still in need.

CableCares is a way for everyone, at every level, to help. Many cable industry companies already have contributed to the effort, providing volunteers, staging their own projects under the CableCares umbrella, and making significant in-kind and financial contributions.

However, all of us can still lend a hand and make a difference, even those not attending the Show.

One easy way to participate is through the book drive portion of the program. Many schools in New Orleans lost their libraries during Katrina, so the book drive will help replenish library shelves. If you're attending the Show, bring a copy of an elementary school-level book to the convention and drop it off at the CableCares Booth on the exhibit floor. If you can't make the Show, or haven't obtained books to contribute, money can be donated online for books via the Cable Hope Fund (www.cablehopefund.org). For every \$250, CableCares will outfit an entire class with a set of 30 classroom books for use in English classes.



Kyle McSllarrow

On the evening of Tuesday, May 20, the "Battle of the Bands" officially closes the Show at the Morial Convention Center in the name of CableCares. Bands featuring cable colleagues will entertain the crowd and compete for best band.

Money raised will go to New Orleans schools, libraries and a variety of organizations helping the city to rebuild. Can't be in New Orleans for the event?

You can watch the show—and donate to the cause—online.

If however you'll be watching the bands in person, look for the silent auction taking place throughout the evening, featuring autographed guitars from music legends such as Eric Clapton and B.B. King.

Other auction items include signed drumheads, packages for 2009 New Orleans

JazzFest, and vintage wine. And all proceeds go directly to the cause.

I'm proud of how our industry has come together in the spirit of goodwill under CableCares. To the many companies and people who already have contributed to this effort—thank you.

In 2005, we watched as the devastation of the storm played out on our TV screens across the country. Now we see a city that has picked itself up and returned to a place where the good times can roll again.

But the work isn't yet complete. So let's lend a big hand to the Big Easy.

To see the full slate of CableCares activities—and for information on how to contribute or volunteer for one of the many CableCares projects—visit www.thecableshow.com/cablecares.

(Kyle McSllarrow is president and CEO of the National Cable & Telecommunications Association).

Technical Breakfast at The Cable Show

Any Stream to Any Screen

Delivering a Riveting Consumer Experience across Multiple Devices

Consumers are demanding access to any content, on any device, at any time. Through technology, siloes between services and devices are being ripped to the ground, enabling a whole new consumer experience and a new level of consumer engagement. This panel will look at the technologies and business models that are making "Any Stream to Any Screen" a reality.

**Monday, May 19th
7:15am — New Orleans**

For more information and to register now, visit
www.cable360.net/ct/techbreakfast08

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