

CableFAX Daily™

Wednesday — May 7, 2008

What the Industry Reads First

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Common Ground: House Internet Bill Framed As Compromise

While **NCTA** chief *Kyle McSarrow* continued cable's fight against any net neutrality legislation before the House Telecom Subcmte Tues, chmn *Ed Markey* (D-MA) described his proposed "Internet Freedom Preservation Act of 2008" as an ideal middle ground where the issue's partisanship can be muted. "This bill is not radical," said Markey. "It establishes overarching principles, rather than regulations, to guide [Internet] policy." Markey said the bill aims to develop guidelines covering germane network management issues such as file blocking; ensure that the FCC may police the online space; and protect for continued online innovation by thwarting anti-competitive actions. Tersely: to get the US Internet industry on a road devoid of potential problems and oversight ambiguity. After all, "we are not seeing many [current] problems, to be honest" said bill co-author Rep *Chip Pickering* (R-MS). Save, perhaps, for the furor over **Comcast's** highly publicized network management practices. McSarrow defended cable's network management practices as "reasonable" because they're "really about customers having a superior experience." But in a statement, Energy and Commerce Cmte chmn *John Dingell* (D-MI) said: "I want to make certain that such 'network management' activities are transparent to the user and implemented in a manner that does not work to the detriment of consumers and independent content providers." The Freedom legislation also requires the FCC to convene several broadband summits to collect suggestions on Internet oversight, and to report back to Congress with results and recommendations—a requirement McSarrow deemed an "imminently sensible approach." Still, McSarrow said "the Wild Wild West" lives on the other side of customer portals, demanding tough responses from ISPs. 1 MSO defeats 1bln pieces of spam every 2 days, he said, while P2P file sharers regularly deal in pirated content.

Retrans Ruckus: Small cable ops are raising alarm about the DTV transition coinciding with retransmission consent negotiations. "With the digital transition scheduled for the same time that many small cable operators will be negotiating with broadcasters for the right to retransmit their signals, the **ACA** is concerned that broadcasters will continue to force cable operators to drop their broadcast signals as a means of pressuring small operators into accepting unfair deals with no regard to the confusion lost signals would cause consumers in the months before and after the transition," *Ed Pardini*, svp, ops for **Mediacom's** N Central div, says in prepared testimony for Wed's House Subcmte on the Contracting and Technology hearing. The subcmte hearing is on the role of small business in the upcoming DTV transition. Mediacom and several other independent cable ops have asked the FCC to adopt a retrans consent "quiet period" to ensure that private commercial disputes in the months before the Feb 17 transition do not trigger consumer confusion or service disruptions. Several retrans deals are set to expire in the 2nd half of '08 under typical 3-year retrans deals. "Recent history has proven that broadcasters are willing to use consumers as pawns, and disrupt service when it suits their goals," Pardini testifies, noting that Sinclair pulled 22 broadcast stations from 700K HHs in 12 states served by Mediacom last year.



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In the Courts: A NY Supreme Court judge declined Mon to grant a preliminary injunction that would prevent **DISH Network** from moving **VOOM's** channels to its "HD Ultimate" tier, which costs an extra \$10/month. According to DISH's Website, the channels have now been moved to the tier. DISH Network had threatened to drop the Voom nets entirely. Voom filed a lawsuit against DISH earlier this year that also seeks a permanent injunction and declaratory judgment against the DBS provider (**Cfax**, 2/27). "This litigation is ongoing, and it would be inappropriate to comment at this time," said a spokesperson for Rainbow, which operates the Voom nets. DISH had no comment.

Earnings: **Disney's** media nets delivered a 5% increase in 2Q rev to \$3.61bln and segment income of \$1.32bln (+14%), led by 14% rev growth at its cable nets. **ESPN** delivered higher affil rev due to rate increases and subscriber growth, plus increased ad rev from higher rates. Growth from the Mouse's cable equity investments was mainly due to enhanced affil and ad rev at **Lifetime** and **A&E**. Disney repurchased 30mln shares in the Q for nearly \$1bln. -- **Qwest** continued to bleed home phone customers in 1Q, reporting a 195K loss after losing 783K such subs in '07. The telco blamed the results on mass defections to mobile devices, and struck a 5-year resale deal with **Verizon Wireless** to help staunch the flow. The pact covers consumer, business and govt customers, who beginning this summer may buy Verizon Wireless products and services via call centers, retail stores and kiosks and online at **Qwest.com**. Meanwhile, Qwest reported 9% growth in data, Internet and video services rev to \$1.3bln; 90K (+17%) broadband adds; and 50K net **DirectTV** subs, which now total 700K. -- **WWE's** stellar 1Q results included the following numbers: rev of \$163mln (+52% Y-over-Y), operating income of \$27mln (+29%) and net income of \$20mln (+33%). The company's live and televised ent segment helped with 58% growth in rev to \$100mln, including a whopping 156% rise in PPV rev to \$41mln and a 9% increase in TV rights fees rev to \$24mln. **WWE.com** realized 61% growth in rev to \$4.5mln. -- **Playboy's** domestic TV rev continues to slide, dropping 16% in 1Q to \$16.5mln. Monthly sub rev for **Playboy TV** did increase but couldn't overcome lower PPV rev "reflecting continued consumer migration" from linear networks to on demand platforms. The company's online rev dipped 3% to \$15.2mln as lower pay site rev trumped gains in e-commerce, advertising and mobile revs.

Competition: **Verizon's FiOS TV** march continues in the Hampton Roads, VA, area, where the telco will begin network upgrades this year to offer the service in Hampton, Poquoson, Portsmouth and York County. Upgrade work is ongoing in Chesapeake, Newport News and VA Beach. Also, the telco received video franchise approvals in Manassas, VA, and Lakeville, MA.

Game On: After serving **Comcast** with a 10-day notice of its intentions on Apr 18, **NFL Net** has filed with the **FCC** a complaint against the MSO's "anti-consumer and anti-competitive" carriage practices. The net wants the commission to order Comcast to carry NFL Network on a basis that does not impair its ability to compete fairly (read: not on a sports tier). But Comcast charged NFL Net with running to the govt "to try to force changes in the deal it freely accepted in negotiations with Comcast. The agreement we have to carry the NFL Network is pro-consumer. It allows us to place this expensive channel on a tier of service for those who wish to pay for it, not on a tier where everyone must pay for it."

Technology: **Samsung** is the 1st to agree on a new **tru2way** license from **CableLabs** that provides CE manufacturers a streamlined mode to interface their devices with 2-way interactive cable nets. The license also provides formal rights of participation by CE manufacturers in CableLabs' processes, approval of new digital outputs via a 4-Studio approach, and a tru2way trademark license.



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BUSINESS & FINANCE

Programming: HDNet will begin Mon (7pm ET) encore presentations of the 1st 2 seasons of **BBC America's** sci-fi series "Torchwood." -- **Nick at Nite's** "First Annual Worldwide Fido Awards" (Jul 27 & 28) will be truly interactive, allowing viewers to upload videos at **WorldwideFido.com** to compete in 6 categories and vote for their top picks, with the winners to be feted during the 2-night TV event. -- **Fox Reality** greenlit "Reality Binge" (Jul), offering a humorous weekly look at outrageous reality TV moments. -- **Sundance Channel** scooped up the TV rights to "Crazy Love," and will debut the award-winning doc in Jan as part of its programming around the '09 **Sundance Film Festival**.

People: **Cable One** has created 3 new exec positions, reorganizing most executive functions under the 3 new svps. *Steve Fox* was upped to svp, CTO; *Jerry McKenna* was promoted to svp, chief sales and marketing officer; and *Julie Laulis* was named svp, COO. They are the 1st svps in Cable One history and will report to pres/CEO *Tom Might*.

Business/Finance: In a Tues letter to shareholders, **Clearly Canadian Brands** CEO *Bobby Genovese* said **MOJO's** show "Bobby G Adventure Capitalist" has given the company "a high level of visibility and created many opportunities." Free drinks for **iN Demand** stakeholders?

CableFAX Daily Stockwatch

Company	05/06 Close	1-Day Ch	Company	05/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	32.33	0.59
BRITISH SKY:	42.78	(0.39)	AMPHENOL:	47.84	0.89
DIRECTV:	25.80	0.25	APPLE:	186.66	1.93
DISNEY:	33.73	0.44	ARRIS GROUP:	8.66	0.19
ECHOSTAR:	30.60	0.50	AVID TECH:	20.86	0.01
GE:	33.00	(0.18)	BIGBAND:	6.40	0.04
HEARST-ARGYLE:	20.45	(0.29)	BROADCOM:	26.61	0.33
ION MEDIA:	1.45	0.00	CISCO:	26.33	0.05
NEWS CORP:	19.45	0.12	COMMSCOPE:	49.47	0.62
MSOS					
CABLEVISION:	23.69	0.12	CONCURRENT:	0.66	0.00
CHARTER:	1.31	0.07	CONVERGYS:	15.76	0.04
COMCAST:	21.85	0.22	CSG SYSTEMS:	12.74	0.08
COMCAST SPCL:	21.38	0.13	ECHOSTAR HOLDING:	31.77	0.68
GCI:	6.25	0.11	GOOGLE:	586.36	(8.54)
KNOLGY:	14.03	0.74	HARMONIC:	7.71	(0.05)
LIBERTY CAPITAL:	15.80	0.32	JDSU:	11.50	0.27
LIBERTY ENTERTAINMENT:	26.55	(0.23)	LEVEL 3:	3.23	0.09
LIBERTY GLOBAL:	36.12	0.38	MICROSOFT:	29.70	0.62
LIBERTY INTERACTIVE:	15.72	0.43	MOTOROLA:	10.26	0.36
MEDIACOM:	4.56	0.20	NDS:	51.24	0.74
ROGERS COMM:	42.97	0.00	NORTEL:	8.44	0.14
SHAW COMM:	20.51	(0.05)	OPENTV:	1.29	0.00
TIME WARNER CABLE:	29.41	0.26	PHILIPS:	38.92	0.82
VIRGIN MEDIA:	13.83	(0.09)	RENTRAK:	14.16	(0.09)
WASH POST:	659.20	3.53	SEACHANGE:	7.59	0.08
PROGRAMMING					
CBS:	24.67	0.65	SONY:	47.30	0.49
CROWN:	4.59	0.04	SPRINT NEXTEL:	9.19	0.47
DISCOVERY:	23.88	0.41	THOMAS & BETTS:	36.57	0.02
EW SCRIPPS:	46.21	0.76	TIVO:	8.39	0.13
GRUPO TELEVISA:	25.59	0.27	TOLLGRADE:	4.37	(0.06)
INTERACTIVE CORP:	21.45	(0.03)	UNIVERSAL ELEC:	25.08	(0.52)
LIBERTY:	1.00	0.00	VONAGE:	1.88	0.06
LODGENET:	6.07	(0.39)	WEBB SYS:	0.05	0.00
NEW FRONTIER:	5.23	0.03	YAHOO:	25.72	1.35
OUTDOOR:	7.26	0.16	TELCOS		
PLAYBOY:	7.49	(0.77)	AT&T:	39.56	(0.29)
TIME WARNER:	16.31	0.16	QWEST:	5.04	(0.32)
UNIVISION:	36.23	0.00	VERIZON:	38.89	(0.01)
VALUEVISION:	5.11	0.09	MARKET INDICES		
VIACOM:	38.78	0.34	DOW:	13020.83	51.29
WWE:	16.92	(1.45)	NASDAQ:	2483.31	19.19
TECHNOLOGY					
3COM:	2.61	0.08			
ADC:	14.78	0.45			
ADVANTAGE:	4.15	0.04			
ALCATEL LUCENT:	6.99	0.17			

Television is a way to escape.
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CableFAXIES COVERAGE

Congratulations to all the **CableFAXIES** winners and nominees who were honored Tues during a lunch at the National Press Club in DC. It was the inaugural event for the PR and marketing awards, and included a guest appearance by **HDNet's Dan Rather**. The seasoned journalist—he's interviewed every US president since *Dwight D Eisenhower*—offered up advice on PR and marketing. He's found that the best in this field are intimately involved in community service work, full of honesty and integrity and are passionate. Rather's other bit advice comes from his newshound expertise. Journalists are only as good as their sources, and the same applies to PR professionals. "Call it networking if you want... but there is no substitute for constantly updating your contacts," Rather said. Asked about working for *Mark Cuban*, he offered this preface: "I'm at an age and stage where I don't have to kiss up to anyone any more." So Cuban should be particularly thrilled that Rather went on to say he considers him "terrific."

Of course, no **CableFAX** event would be complete without a bit of humor and irreverence. Rather's **CBS** replacement *Katie Couric* "was going to do this, but couldn't find the audience," quipped guest comedian/**NCTA** svp law & regulatory policy svp *Dan Brenner*. The day's chicken lunch was a last-minute substitution by Chef *Kevin Martin*, Brenner said, setting up the obligatory a la carte joke. "He originally wanted to serve macaroni or cheese. Peas or carrots," he said. "Make that pea or carrot—he's not a fan of bundling." Ba-da-bum.

Other noteworthy moments: **Cox New Orleans' Brad Grundmeyer** reminded everyone to volunteer during the **Cable Show**, even if it's only as a "volunteer tourist," spending money to help New Orleans. PR Exec of the Year winner *Ellen Kroner* of **Rainbow** informed us that if her life was a TV show it would be "Sex and the City, without the Sex." Co-Marketer of the Year winner *Barbara Hedges* of **Charter** reminded us of how smart she is with talk of binomial equations. And *Misty Skedgell*, who made numerous trips to the podium for **Turner**, proved she's fast with a joke, apologizing for not making a wardrobe change.

CableFAX Faxies Winners

Marketers of the Year: *Barbara Hedges (Charter) and Jeff Gregor (Turner)*

PR Executive of the Year: *Ellen Kroner (Rainbow)*

Public Affairs Executive of the Year: *Dr. Libby Haight O'Connell (AETN)*

Advertising Campaign for a Single Program or Series: *USA Network for The Starter Wife*

Advertising Campaign for a Network or Cable Operator (tie): *Pico Adworks & Cablevision Mexico for "And With Your Dish, Do Whatever You Like"; MK Advertising for Showtime's 2007 NCTA Campaign*

Direct Response Marketing: *Univision Communications for "Connect With Univision Networks"*

Integrated Marketing Campaign (tie): *DIY Network for Blog Cabin; YES Network for Yankees HD*

Marketing Campaign: *Comcast SportsNet Philadelphia for Comcast SportsNet's 10th Anniversary*

Marketing of a New Series or Show: *BBC America for Robin Hood*

Marketing of a Continuing Series: *TNT for The Closer, Season 3*

Marketing of a Special or Documentary/Documentary Series: *DIY Network for Celebrity Rides – Burt Builds a Bandit*

Best Tchotchke: *World Wrestling Entertainment for WWE HD Launch—HD Refrigerator*

Multicultural Marketing: *TBS for Tyler Perry's House of Payne*

Trade Show Marketing and PR: *NBC Universal's CES Booth*

Use of Video or Moving Image: *Tennis Channel, French Open Sizzle*

Viral Marketing Campaign: *A&E for FreakYourMind.com*

Annual Report: *Cox Arizona's Community Involvement Report*

Corporate Social Responsibility/Green Campaign (tie): *Cartoon Network for Rescuing Recess; NBC Universal for Green is Universal*

Community Relations (tie): *Cox New Orleans for Volunteer New Orleans; NBC Universal for NBC Universal on the Set*

Media Event: *E! for the EMAIE! Golden Green Party*

Media Relations Campaign: *TNT for The Closer*

Press Kit: *National Geographic Channel for Inside the Living Body/Incredible Human Machine*

Programming Stunt: *TV One for Roots' 30th Anniversary*

PR Stunt: *A&E Television for Criss Angel Mindfreak Cement Block Demonstration*

Public Affairs Campaign: *MTV Networks for Channel the Change: Darfur*

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FAXIES LUNCHEON PIX



CableFAX's Michael Grebb and Seth Arenstein interview HDNet's Dan Rather.



NBCU's Nora Grudman took the podium to accept several Faxie awards.



Rainbow Media's Ellen Kroner poses with Dan Rather after accepting the Faxie for PR Executive of the Year.



Brad Grundmeyer of Cox New Orleans accepts the MSO's Faxie.



AETN's Dr. Libby O'Connell is our Public Affairs Executive of the Year.



NatGeo's Russell Howard accepts the Faxie for Best Press Kit.

Call For Entries

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Entry Questions: Contact awards coordinator Saun Sayamongkhun at (301) 354-1610, ssayamongkhun@accessintel.com.