

CableFAX Daily™

Monday — May 21, 2007

What the Industry Reads First

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Match Race: TVG and HRTV Spat About More Than Dollars and 'Sense'

As Kentucky Derby winner Street Sense prepares to battle several familiar foes in Sat's Preakness Stakes, rival horseracing nets **TVG** and **HRTV** are locked in a compelling duel of their own. And one cable industry source with intimate knowledge of both barns believes the fight may end in death. The latest salvo was issued Fri when TVG announced it has filed a patent infringement lawsuit against HRTV, net parent **Magna Ent**, and **XPressBet**, the wagering platform through which HRTV viewers may bet on horse races. TVG asserts in the complaint that the trio infringes on patents covering 2 features of interactive wagering systems—audio or video racing feeds and wagering on multiple tracks—and in turn seeks monetary damages and injunctive relief. "TVG has made numerous good faith efforts to engage Magna, HRTV and XpressBet in... licensing discussions, but to date, the defendants have been unwilling to license patents from us," said TVG general counsel *John Hindman* in a prepared statement. HRTV evp/GM *Jim Bates* and TVG svp/GM *David Nathanson* both declined to comment on the litigation, and calls to Magna were not returned. The aforementioned cable industry source said the filing is a defensive gambit by TVG to maintain relevancy amid its recent loss of broadcast/wagering rights to tracks operated by industry heavyweight Churchill Downs, including the Derby. "This is less about patents and more about the fact that TVG is in a fight for its very existence," said the source. TVG (approx 26mln HHs) is currently leading HRTV (approx 13mln) in the race for distribution, but Churchill's acquisition of a 50% stake in HRTV (*Cfax*, 3/6) sets TVG up for a stretch fade. Churchill and Magna have placed a bid with the **NY Racing Authority** for exclusive rights covering state racetracks, including Belmont Park, which hosts the 3rd leg of horse racing's Triple Crown. If successful, the bid would grant the pair, and indirectly HRTV, firm control of the popular 3-race tour, as Magna owns Pimlico, site of the Preakness. As it stands now, TVG will be able to take wagers on this year's Belmont Stakes after being shut out of the Derby and Preakness. Irrespective of future developments in this saga, the folks at TVG were likely rooting for Street Sense to win Sat in Baltimore. A victory could amplify interest in next month's Belmont to ear-shattering decibels and allow TVG to cash in on fans' fervor to see the first Triple Crown winner since '78.

Insight Shopping for Buyers? Private equity firm **The Carlyle Group** may be preparing to sell **Insight, TheDeal.com** reports, citing unnamed sources in the industry. An MSO spokeswoman confirmed that the company recently hired **Morgan Stanley** and **Waller Capital** as advisers but said that doesn't mean a sale is inevitable. They were tapped to advise the company on "various options as we move forward being a smaller MSO," she said. It's hardly surprising that Insight would retain advisers following its agreement last month to unwind its Midwest jv with Comcast. Some analysts have predicted that Insight will end up selling its systems, with **Time Warner Cable** emerging as the most likely suitor. Insight just came off what CEO *Michael Willner* called its best Q ever, with OIBDA up 15% and a 21K increase in basic subs. Carlyle acquired Insight in a management buyout in '05.

"hilarious, depraved and gory" -*The Hollywood Reporter*

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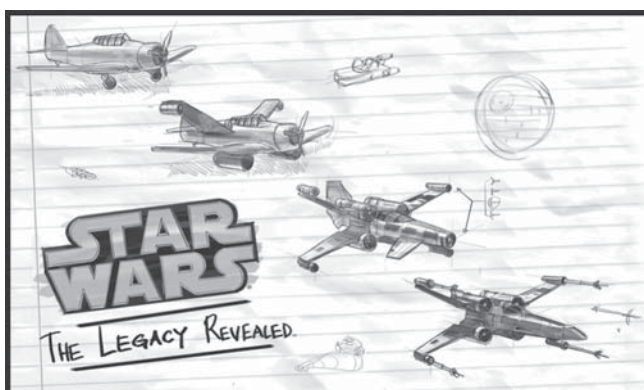
Online: Travel Channel's flagship Website has acquired online travel magazine **World Hum**. Visitors to TravelChannel.com will be able to access exclusive content from World Hum, which will continue to operate at www.worldhum.com.

5Qs with Travel Channel pres Pat Younge: It seems like everything's the same with Cox as Travel Channel's new owner, but some things have to be different, right? One thing that Cox brings to the table that **Discovery** doesn't have is platforms—cable, VOD, TV, radio, mobile. We now have content on platforms that we can merge and create value for consumers with. **What sort of synergy opportunities are planned?** VOD is clearly a massive growth area for us as a net and for them as a cable provider. We're now sitting down with them and working out what are the best things to do in VOD that have value for the consumer. We've been working on a number of products in the mobile GPS area. Now, we have through Cox their relationship with **Sprint**, so we're now talking to Sprint about GPS. Those are just 2 examples now. In 6 weeks time, there will be more. **You're leasing space from Discovery right now and using it for several services. What are the plans down the road—will the net move from Silver Spring, MD?** We don't want to move the network from Silver Spring because that's where the staff is. We just had our best 1Q ever; we don't want to break up the team. We've already started looking for our own space. Everybody on my core team with one exception came across. We're hiring sr execs now on the corporate side. **Do you think Discovery might at some point buy the channel back?** If we keep pushing our numbers and driving forward, I'm sure that there will be a whole range of people who will want to acquire us. My job is to make it a successful business. Cox has made it very clear that they have no plans to sell this business. **You're well-traveled. What's your favorite spot?** It depends on what for. I love San Francisco. I've enjoyed Memphis. I'm learning to love Atlanta [Cox's HQ]—traffic is a pain. I love Sydney and Australia and Singapore.

In the Courts: Comcast's claims that DBS subs believe cable's HD picture quality is better than satellite's has resulted in a legal challenge from **DirecTV**. The satellite provider filed suit in an IL federal court earlier this month, charging Comcast with false advertising and deceptive trade practices. Comcast's campaign, based on a **Frank N. Magid** survey, proclaims, "Satellite customers agree: HD looks better with Comcast." Said a Comcast spokesperson: "We're aware of the complaint, but have not been served yet, and we stand by the results of our survey." DirecTV argues that the Mar '07 Magid survey doesn't prove or sufficiently substantiate Comcast's positions. Meanwhile, DirecTV continues to defend itself in that false advertising suit **Time Warner Cable** filed over its HD ads.

Shareholders Stepping Up: Two shareholder proposals were passed at **Time Warner's** annual meeting Fri, permitting a simple majority vote on company matters and giving shareholders of 10-25% of common stock the power to call special shareholder meetings. -- **Verizon** said Fri that a nonbinding shareholder proposal seeking an advisory vote on executive pay was approved earlier this month. It passed with only 50.18% of the vote. Verizon's board isn't required to adopt the proposal.

DTV Doings: The **FCC** granted 145 broadcast stations more time to go digital. Extension lengths and reasons for them varied. As of Apr 2, 1702 stations (98.8% of all stations) have been granted DTV licenses. A total of 1603 stations are now broadcasting a digital signals, the FCC said. -- A Gary, IN, man pled guilty to voluntary manslaughter Thurs, saying he shot a man illegally installing cable for him because he was enraged when he realized his TV set was not cable-ready. Kind of makes you wonder what will happen when analog TV sets stop working in Feb '09...



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CableFAX Week in Review

Company	Ticker	5/18 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	51.98	4.20%	28.70%
DIRECTV:	DTV	23.76	(0.3%)	(4.7%)
DISNEY:	DIS	36.02	(0.1%)	7.80%
ECHOSTAR:	DISH	49.24	0.20%	29.50%
GE:	GE	36.96	0.00%	3.10%
HEARST-ARGYLE:	HTV	25.85	0.70%	2.70%
ION MEDIA:	ION	1.41		182.00%
NEWS CORP:	NWS	23.69	1.70%	6.90%
TRIBUNE:	TRB	33.05	0.30%	8.50%

Company	Ticker	5/18 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	35.38	(0.2%)	24.20%
CHARTER:	CHTR	3.60	(2.2%)	17.60%
COMCAST:	CMCSA	27.53	4.20%	(2.4%)
COMCAST SPCL:	CMCSK	27.11	3.90%	(2.9%)
GCI:	GNCMA	13.38	1.70%	(14.9%)
KNOLOGY:	KNOL	18.04	(3.2%)	69.50%
LIBERTY CAPITAL:	LCAPA	117.07	0.30%	19.50%
LIBERTY GLOBAL:	LBTYA	37.82	0.40%	29.70%
LIBERTY INTERACTIVE:	LINTA	24.50	(2.4%)	13.60%
MEDIACOM:	MCCC	8.96	2.80%	11.40%
NTL:	NTLI	28.22		(54.5%)
ROGERS COMM:	RG	40.58	3.60%	36.70%
SHAW COMM:	SJR	40.47	4.90%	30.50%
TIME WARNER CABLE:	TWC	37.90	2.20%	(1%)
WASH POST:	WPO	767.49	0.90%	3.80%

Company	Ticker	5/18 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	32.55	2.40%	5.80%
CROWN:	CRWN	6.41	(1.5%)	76.60%
DISCOVERY:	DISCA	22.95	4.40%	56.90%
EW SCRIPPS:	SSP	45.03	5.90%	(9.4%)
GRUPO TELEVISIA:	TV	29.87	2.70%	10.60%
INTERACTIVE CORP:	IACI	34.34	(1.5%)	(7.6%)
LODGENET:	LNET	35.15	4.90%	40.40%
NEW FRONTIER:	NOOF	8.85	1.30%	10.80%
OUTDOOR:	OUTD	10.30	(1.3%)	(19.7%)
PLAYBOY:	PLA	10.61	0.70%	(7.4%)
TIME WARNER:	TWX	21.54	0.70%	(0.8%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	10.26	(2.4%)	(21.9%)
VIACOM:	VIA	42.92	3.40%	(0.5%)
WWE:	WWE	18.09	(0.5%)	18.30%

Company	Ticker	5/18 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.64	(0.6%)	12.90%
ADC:	ADCT	18.12	2.80%	10.70%
ADDVANTAGE:	AEY	4.63	8.90%	65.90%
ALCATEL LUCENT:	ALU	13.58	0.10%	4.30%
AMDOCS:	DOX	35.65	(2.8%)	(8%)
AMPHENOL:	APH	35.05	(0.7%)	13.20%
APPLE:	AAPL	110.02	1.20%	21.80%
ARRIS GROUP:	ARRS	15.15	(2.6%)	21.10%
AVID TECH:	AVID	33.38	(1.2%)	(10.4%)
BLNDER TONGUE:	BDR	1.60	(5.9%)	(5.9%)
BROADCOM:	BRCM	30.74	(7.4%)	(4.9%)
C-COR:	CCBL	13.44	2.00%	20.60%

Company	Ticker	5/18 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	26.21	(1.6%)	(4.1%)
COMMSCOPE:	CTV	50.61	(1%)	66.00%
CONCURRENT:	CCUR	1.51	14.40%	(16.6%)
CONVERGYS:	CVG	25.59	2.10%	7.60%
CSG SYSTEMS:	CSGS	27.07	(1.6%)	1.30%
GEMSTAR TVG:	GMST	4.44	(0.7%)	10.70%
GOOGLE:	GOOG	470.32	0.80%	2.10%
HARMONIC:	HLIT	8.79	1.30%	20.90%
JDSU:	JDSU	13.00	(5.8%)	(21.6%)
LEVEL 3:	LVLTL	5.34	(3.6%)	(4.6%)
MICROSOFT:	MSFT	30.83	(0.2%)	4.30%
MOTOROLA:	MOT	18.79	2.60%	(7.4%)
NDS:	NNDS	51.45	(0.1%)	6.60%
NORTEL:	NT	24.31	0.40%	(9.2%)
OPENTV:	OPTV	2.13	(9.4%)	(8.2%)
PHILIPS:	PHG	41.47	2.00%	14.50%
RENTRAK:	RENT	15.66	3.70%	1.00%
SEACHANGE:	SEAC	8.83	(0.2%)	(13.6%)
SONY:	SNE	55.56	2.80%	30.20%
SPRINT NEXTEL:	S	20.79	0.40%	10.40%
THOMAS & BETTS:	TNB	56.39	1.80%	19.30%
TIVO:	TIVO	6.10	(3%)	19.10%
TOLLGRADE:	TLGD	11.56	(7.5%)	9.40%
UNIVERSAL ELEC:	UEIC	31.81	(4.8%)	51.30%
VONAGE:	VG	3.12	(9.8%)	(55%)
VYVO:	VYVO	6.08	(12.4%)	34.20%
WEBB SYS:	WEBB	0.05		25.00%
WORLDGATE:	WGAT	0.53	(24.3%)	(60.4%)
YAHOO:	YHOO	29.75	(1%)	16.50%

Company	Ticker	5/18 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	41.10	3.80%	20.00%
QWEST:	Q	9.84	0.70%	17.60%
VERIZON:	VZ	42.59	3.00%	19.90%

Index	Value	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	13556.53	1.70%	8.80%
NASDAQ:	COMPX	2558.45	(0.1%)	5.90%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS				
1.	COMPANY	TICKER	CLOSE	1-WK CH
1.	CONCURRENT:	CCUR	1.51	14.40%
2.	ADDVANTAGE:	AEY	4.63	8.90%
3.	EW SCRIPPS:	SSP	45.03	5.90%
4.	LODGENET:	LNET	35.15	4.90%
5.	SHAW COMM:	SJR	40.47	4.90%

THIS WEEK'S STOCK PRICE LOSERS				
1.	COMPANY	TICKER	CLOSE	1-WK CH
1.	AT&T:	T	41.10	(21.30%)
2.	VYVO:	VYVO	6.08	(12.4%)
3.	VONAGE:	VG	3.12	(9.8%)
4.	OPENTV:	OPTV	2.13	(9.4%)
5.	TOLLGRADE:	TLGD	11.56	(7.5%)

Free Webcast

Cable Revs Up with Carrier Ethernet

Ciena and Communications Technology are presenting a free Webcast on Carrier Ethernet services. This Webcast will focus on cable's use of Carrier Ethernet services, including the enabling of business services and the certification process by the Metro Ethernet Forum.

Panelists:

- Charles Bergren , Engineer Technology Development, CableLabs
- Benoit Legault, Product Marketing Director, Ciena
- Glen Calafati, Director of Business Products, Optimum Lightpath
- Louise Wasilewski, Co-Chair of Marketing, Metro Ethernet Forum

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MaxFAX...

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Are certainly changing, and changing faster and faster all of the time. Meanwhile, the Federal Confusion Commission is doing its job by making its regulatory fiats, proposals and floated



Paul S. Maxwell

punitive concepts ever more confusing... and, frankly, irrelevant.

That's why the speech by the NCTA's Kyle McSillarow last week was so important.

The carefully considered, comprehensive, logical and realistic suggestion (first offered by the **Progress & Freedom Foundation**) that Congress take a carefully considered, comprehensive, logical and realistic look at the entire concept of what a regulatory regime (in the British sense) should be for the entertainment, information and communications industries... makes eminent sense.

The current **FCC** has metamorphosed from its original purpose of regulating spectrum use to one of trying to prevent obesity in children. That makes no sense. Mandating a la carte makes no sense. Multicast must carry makes no sense... eminent domain of private spectrum?

Kyle suggested the **FTC** as an ex-

ample or model to emulate in that the FTC's regulatory approach is one of oversight and enforcement—keeping in mind the Constitution, the 1st and other Amendments. As *Steve Effros'* thoughtful column last Thurs pointed out, the change would be big and will take—as these things do—a long, long time to come to fruition. But this big idea is well worth the pain, the gamble and the consequences... all because the current regulatory regime has devolved into a very sick joke.

Random Notes:

- **The LA Market:** Ripe for further consolidation? That's one question I'll ask Wednesday evening at the Southern California **CTAM** Chapter Leadership Dinner at the Marina del Rey Marriott. Don't know if anyone has an answer yet, but I'll bet there will be a range of opinions in the audience.

- **Orlando:** Opening the Cable-Tec Expo this year is NCTA's Kyle McSillarow... and I get to follow him with the annual CEO panel. This year we've got a great wealth of experience: **Cox's Pat Esser**, **Discovery's David Zaslav** and **Motorola's Dan Moloney**.

- **VIP IP?** Yep, go to <http://www.c-cor.com/events/2007/global%5Fip%5Fsummit%5Fregister/> for a super list of attendees who will be hanging on every word (gaffe?) I say in Cannes next month.

- **When 100 Ain't Enough?** This weekend, the Encore Westerns chan-

nel will begin cablecasting a 100-hour marathon of *John Wayne* movies. I'd watch, but I've seen them all.

- **Bloomberg for ?** Would you vote for a guy who would spend \$1 bln of his own money to get elected President? Well, maybe. Especially if he'd pick Nebraska Senator *Chuck Hagel* to run with him. Looking at the field in both parties makes for interesting speculation... and something of a bit of a worry. From my own perspective, gridlock sure beats rule by one party.

- **Speaking of Billions:** Only \$3bln for 32 class action law suits against **Tyco**? What's *Ed Breen* saving his money for as Tyco Electronics comes into existence? Or, do you think he's got some stealth way back into cable?

- **McGuirk @ Liberty:** Good combo.

- **No Print?** Interesting repeat of a semi-annual analyst idea from a **Bear Stearns** guy as he posited **Time Warner** retreating to "Just Warner" by spinning off or selling **Time, Inc.** Likelihood? Not right now... but quite likely someday. Meanwhile, the news-driven publications do a lot less original reporting and lot more "punditing" (a new word, that).

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Nominations Due
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