

CableFAX Daily™

Tuesday — May 27, 2008

What the Industry Reads First

Volume 19 / No. 101

Martin Speaks: Chmn Addresses Leased Access, Time Warner Cable Separation

Remember the old days, when we would go months—years even—before FCC chmn *Kevin Martin* held a formal news conference. All that changed once Congress started probing the FCC's management. Now, not only does the Commission make topics selected for open meetings public 3 weeks prior to its monthly meeting, but reporters can count on a powwow with Martin regularly. While the June 12 meeting doesn't have much on the agenda of cable interest, Fri's briefing with Martin touched on some topics of note. **The FCC's annual Video Competition Report:** The FCC approved it in Nov, but where is it? "We're still waiting on... finalizing it," Martin said. **Time Warner/Time Warner Cable Split:** Asked whether **Time Warner Cable** separating from **Time Warner** would alleviate concerns regarding program tying and cable vertical integration, Martin proceeded to go off (once again) on "increasing cable rates... I don't know whether this will help address that or not, but to the extent that it does, I would certainly be supportive and think that would end up being a good thing." **Leased Access Stay:** On Thurs, the 6th Circuit granted **NCTA's** request to prevent the FCC from enforcing new leased access rules until the court reviews the trade group's challenge of the rules. "The Commission obviously responds to any court action. Our rules have been stayed. I think they said they focused more on the potential for harm than the likelihood of success, but our rules are going to be stayed until the final litigation." **XM-Sirius Merger:** "I still think the Commission could act by the end of 2Q." **Sprint-Clearwire Venture:** "I think the Commission would be interested in trying to have an additional broadband competitor on a national perspective and to be an additional platform to compete with the cable platform and telephone companies." Martin said he couldn't comment on the details of the **Clearwire** venture until something is in front of the FCC. As for reports that **Google** invested \$500mln to be the default Internet search engine for the venture and how that squares with its pro-net neutrality stance: "We'll obviously consider any issues anyone raises in that proceeding."

Cloudy Details: **Time Warner** and an **NBCU/Blackstone Group** partnership are the front-runners in the process to acquire **The Weather Channel** from **Landmark Comm**, according to the *WSJ*. Numerous other reports Fri, when bids were due, said NBCU has the inside track at this point, with the bid range expected to be from \$3-\$4bln. The estimate falls short of the \$5bln the net was initially expected to fetch, and remains well within reach for **Time Warner**, which is due later this year more than \$9bln from **Time Warner Cable** before the pair's split. When the possible sale of **The Weather Channel** was announced in Jan **Comcast**, **Liberty Media** and **News Corp** were said to be interested in the net, but reports said bids from the trio are unlikely. The winning bidder will also net **The Weather Channel Interactive**, which set annual records for average monthly uniques last year across branded Web sites (36.9mln) and the net's mobile site (6.3mln).

Research: It's critical for multichannel ops to understand the media consumption habits of Millenials (ages 16-27), ac-

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According to a **Motorola** study, as 85% of the group have a cable or satellite TV service; 71% hold influence over parental decisions about cable, HSD or satellite services; and 62% hold influence over the purchases of HDTVs and related service packages. More than three-quarters of the group expressed interest in on-demand TV shows and movies, 86% would like the ability to pause a TV program in 1 room and resume play in another, and 83% desire the ability to download TV content from a DVR for use on mobile players.

In the States: A man was arrested Wed night in the Pittsburgh area with a little help from **Comcast**, according to the city's **KDKA**. The perp, wanted since last year on charges including burglary and possession of a controlled substance, was featured on the MSO's on-demand fugitive files. He was recognized by a viewer, who sent a tip leading to the arrest. Local officials said the VOD program's success will lead to an expansion. -- **CN8** fired anchor **Barry Nolan** for protesting the Boston Emmy chapter honoring **Fox News' Bill O'Reilly**, reports the *Boston Herald*. Nolan wrote industry colleagues encouraging them to tell the Emmy governors that O'Reilly "is an appalling choice for an honor," the paper said.

Ratings: Although not quite complete, May is set to establish prime records for **Oxygen**, the net said. Monthly prime viewership averages include 170K women 18-49 (+60%), 93K women 18-34 (+69%) and a 0.4 (+33%) coverage rating.

Programming: **USA** greenlit another season of "Law & Order: Criminal Intent" (Jun 8). -- Former NFLer **Tim Brown** leads the charge in **Versus'** "Legends Challenge" (Sept), a reality show in which Brown will school 16 aspiring grid-iron stars. -- **ESPN's** unprecedented use of "SkyCam" tech within its coverage of the NCAA Div 1 Men's Lacrosse National Semifinals and Championship kicks off Sat across **ESPN2** and **ESPN360.com**.

Marketing: **TBS** is joining with **Def Jam Recordings** and singer **Chrisette Michele** to promote "Tyler Perry's House of Payne," which returns to the net Jun 4. Michele's new original song "I Gotta Love Jones for House of Payne" will be featured in on-air spots and other promotional elements. -- **Planet Green** personalities will offer spectators at this Sun's **Indy 500** tips on simple green living techniques. **Emeril Lagasse**, **Tom Bergeron** and **Tommy Lee** are participating.

Intl: **AOL** has launched video portals in Canada, India and Taiwan, and plans to do the same in the UK, France and Germany in the fall. -- A deal with Canadian HD broadcaster **High Fidelity** will bring **Smithsonian Channel** content to 3 high-def channels up north.

Public Affairs: Former Saints QB **Archie Manning** joined **Motorola** and **Cox New Orleans** in launching a project to rebuild and upgrade the tech infrastructure at Chalmette High in St. Bernard Parish, LA.

People: **ReelzChannel** appointed **Mary Pat Ryan** a member of its exec management board.

Business/Finance: **Fitch** has affirmed its negative outlook on **Sprint**, citing positive momentum by **Verizon** and **AT&T** and the ongoing litigation involving **iPCS**—which may end up hampering Sprint's WiMax plans with **Clearwire**, big cable and others. The small wireless carrier sells Sprint service via its network and earlier this month sought a court order to halt the WiMax venture, claiming it would compete unfairly. This and previous moves by iPCS could require Sprint to cease much of its operations in iPCS territory, which includes portions of IL, MI, PA, IN, IA, OH and TN. -- **Lehman Bros** analyst **Craig Huber** has raised to 'overweight' from 'underweight' the firm's rating on **Scripps**. Huber valued **Scripps Nets Interactive**, which will house the company's cable nets when it spins off Jul 1, at \$52/share.

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CableFAX Week in Review

| Company | Ticker | 5/23 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|------------|--------------|----------|
| BROADCASTERS/DBS/MMDS | | | | |
| BRITISH SKY: | BSY | 42.04 | 1.40% | (10.6%) |
| DIRECTV: | DTV | 27.39 | (0.7%) | 18.50% |
| DISNEY: | DIS | 33.23 | (4.8%) | 2.90% |
| ECHOSTAR: | DISH | 34.35 | 1.80% | 1.20% |
| GE: | GE | 30.39 | (5.4%) | (13%) |
| HEARST-ARGYLE: | HTV | 20.85 | (1.3%) | (4.4%) |
| ION MEDIA: | ION | 1.45 | | 12.40% |
| NEWS CORP: | NWS | 19.14 | (4.3%) | (9.1%) |
| MSOS | | | | |
| CABLEVISION: | CVC | 25.83 | 3.40% | 5.40% |
| CHARTER: | CHTR | 1.24 | | 6.00% |
| COMCAST: | CMCSA | 21.62 | (2.1%) | 19.10% |
| COMCAST SPCL: | CMCSK | 21.40 | (1.4%) | 18.80% |
| GCI: | GNCMA | 6.60 | (4.3%) | (24.6%) |
| KNOLOGY: | KNOL | 14.18 | (7%) | 11.00% |
| LIBERTY CAPITAL: | LCAPA | 14.74 | (3.6%) | (36.7%) |
| LIBERTY ENT: | LMEDIA | 26.89 | 0.50% | 11.20% |
| LIBERTY GLOBAL: | LBTYA | 35.42 | 0.10% | (9.6%) |
| LIBERTY INTERACTIVE: | LINTA | 16.17 | (3.3%) | (15.3%) |
| MEDIACOM: | MCCC | 5.47 | (2%) | 19.20% |
| SHAW COMM: | SJR | 21.67 | (1.1%) | (4.9%) |
| TIME WARNER CABLE: | TWC | 30.24 | (0.9%) | 9.60% |
| VIRGIN MEDIA: | VMED | 15.03 | 0.10% | (8.2%) |
| WASH POST: | WPO | 623.00 | (6.2%) | (19.7%) |

| Company | Ticker | 5/23 Close | 1-Week % Chg | YTD %Chg |
|--------------------|--------|------------|--------------|----------|
| PROGRAMMING | | | | |
| CBS: | CBS | 22.70 | (3.1%) | (13.9%) |
| CROWN: | CRWN | 5.05 | 0.20% | (22.3%) |
| DISCOVERY: | DISCA | 25.41 | (2.3%) | 1.10% |
| EW SCRIPPS: | SSP | 48.54 | 2.40% | 8.80% |
| GRUPO TELEvisa: | TV | 26.19 | (3.4%) | 10.20% |
| INTERACTIVE CORP: | IACI | 22.96 | (3.7%) | (14.7%) |
| LODGENET: | LNET | 6.52 | 2.80% | (62.6%) |
| NEW FRONTIER: | NOOF | 4.95 | 0.60% | 4.20% |
| OUTDOOR: | OUTD | 7.85 | 0.10% | 13.80% |
| PLAYBOY: | PLA | 5.87 | (1.8%) | (35.6%) |
| TIME WARNER: | TWX | 15.90 | (3.5%) | (2.6%) |
| VALUEVISION: | VVTV | 4.14 | (5.7%) | (34.2%) |
| VIACOM: | VIA | 38.34 | (3.5%) | (12.8%) |
| WWE: | WWE | 16.43 | 0.40% | 19.40% |

| Company | Ticker | 5/23 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| TECHNOLOGY | | | | |
| 3COM: | COMS | 2.44 | (4.7%) | (46%) |
| ADC: | ADCT | 15.01 | (2.1%) | (3.4%) |
| ADDVANTAGE: | AEY | 3.73 | 3.00% | (39.5%) |
| ALCATEL LUCENT: | ALU | 7.07 | (6.9%) | (3.4%) |
| AMDOCS: | DOX | 31.09 | (2.1%) | (9.8%) |
| AMPHENOL: | APH | 45.77 | (3.4%) | (1.1%) |
| APPLE: | AAPL | 181.17 | (3.4%) | (8.5%) |
| ARRIS GROUP: | ARRS | 8.30 | 1.10% | (16.8%) |
| AVID TECH: | AVID | 21.65 | (4.5%) | (23.6%) |
| BIGBAND: | BBND | 5.90 | (7.1%) | 14.80% |
| BLNDER TONGUE: | BDR | 1.18 | (5.6%) | (28.9%) |
| BROADCOM: | BRCM | 26.29 | (8.6%) | 0.60% |
| C-COR: | CCBL | 11.00 | | |
| CISCO: | CSCO | 25.10 | (5.3%) | (7.3%) |

| Company | Ticker | 5/23 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| COMMSCOPE: | CTV | 51.73 | (1.7%) | 5.10% |
| CONCURRENT: | CCUR | 0.66 | | (20.5%) |
| CONVERGYS: | CVG | 15.75 | (2.2%) | (4.3%) |
| CSG SYSTEMS: | CSGS | 12.82 | 0.10% | (12.9%) |
| ECHOSTAR HOLDING: | SATS | 38.00 | 12.60% | 15.50% |
| GOOGLE: | GOOG | 544.62 | (6.1%) | (21.2%) |
| HARMONIC: | HLIT | 8.97 | 5.00% | (14.4%) |
| JDSU: | JDSU | 11.64 | (1.4%) | (12%) |
| LEVEL 3: | LVL | 3.49 | (1.7%) | 14.80% |
| MICROSOFT: | MSFT | 28.05 | (6.5%) | (20.3%) |
| MOTOROLA: | MOT | 9.12 | (9.4%) | (41.3%) |
| NDS: | NNDS | 55.24 | 2.00% | (6.8%) |
| NORTEL: | NT | 8.07 | (1.8%) | (46.7%) |
| OPENTV: | OPTV | 1.45 | (4%) | 9.80% |
| PHILIPS: | PHG | 38.23 | (1.6%) | (3.4%) |
| RENTRAK: | RENT | 13.75 | | (4.7%) |
| SEACHANGE: | SEAC | 7.00 | (5.3%) | (3.2%) |
| SONY: | SNE | 48.05 | (2.9%) | (11.5%) |
| SPRINT NEXTEL: | S | 8.68 | (5.3%) | (33.9%) |
| THOMAS & BETTS: | TNB | 41.71 | (0.4%) | (14.9%) |
| TIVO: | TIVO | 8.46 | (4%) | 1.40% |
| TOLLGRADE: | TLGD | 4.59 | 0.70% | (42.8%) |
| UNIVERSAL ELEC: | UEIC | 23.79 | (0.8%) | (28.9%) |
| VONAGE: | VG | 1.77 | (3.3%) | (23%) |
| WORLDGATE: | WGAT | 0.30 | | |
| YAHOO: | YHOO | 27.72 | 0.20% | 19.20% |

| Company | Ticker | 5/23 Close | 1-Week % Chg | YTD %Chg |
|---------------|--------|------------|--------------|----------|
| TELCOS | | | | |
| AT&T: | T | 38.55 | (3.8%) | (1.5%) |
| QWEST: | Q | 4.59 | (3.6%) | (31.1%) |
| VERIZON: | VZ | 37.08 | (4.4%) | (9.8%) |

| Index | Value | 1-Week % Chg | YTD %Chg |
|-----------------------|-------|--------------|---------------|
| MARKET INDICES | | | |
| DOW: | INDU | 12479.63 | (3.9%) (5.9%) |
| NASDAQ: | COMPX | 2444.67 | (3.3%) (7.8%) |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|----------------------|-------|---------|
| 1. ECHOSTAR HOLDING: | 38.00 | 12.60% |
| 2. HARMONIC: | 8.97 | 5.00% |
| 3. CABLEVISION: | 25.83 | 3.40% |
| 4. ADDVANTAGE: | 3.73 | 3.00% |
| 5. LODGENET: | 6.52 | 2.80% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|--------------------|-------|---------|
| 1. MOTOROLA: | 9.12 | (9.4%) |
| 2. BROADCOM: | 26.29 | (8.6%) |
| 3. BIGBAND: | 5.90 | (7.1%) |
| 4. KNOLOGY: | 14.18 | (7%) |
| 5. ALCATEL LUCENT: | 7.07 | (6.9%) |



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Post-Show Blues?

It's over. It was "big." So what did it mean? Let's look at the ways:

1) **Public Policy Issues:** Well, it means that—if we elect a Democrat president and that Democrat (he or she) picks Federal Confusion Commissioner *Michael J. Copps* as Chairman—American households will get a new entitlement: a computer in every home (sounds better than a chicken in every pot?). A computer (what kind? how big?) plus a



Paul S. Maxwell

guaranteed broadband connection to go with it? Maybe even a subsidized one like telephone universal service? The *Bush* Administration, in charge still for a few more months, has had its own FCC agenda in the person of Chairman Kevin Martian. That agenda can be crystallized in just one word: indecency. Cable didn't clean up... so, well, you know, he played dirty.

2) **Public Policy Personalities:** FCC folks were all over the place... and the contrast between yesterday's commissioners (*Michael Powell* and *William Kennard*) and today's could not have been any starker. You are free to draw your own conclusions. We comment, you decide.

3) **Paddling:** "Canoe" is coming...

someday.

4) **Stocks:** A slight show bump... but here comes a set-free (sort of, that is, with debt) Time Warner Cable.

5) **New Orleans:** Appreciated. Both ways. Scary, though. Housing costs skyrocketing while wages stagnate. Lots of areas still looking like war zones. Not everyone smiles like *Ray Nagin*, either. Hotels and restaurants busy on the higher grounds. Big river keeps right on rolling. And Cable Cares... really. Legions of volunteers actually doing things. Pretty good corporate participation. I got to help build a playground over real Mississippi River mud... and, like a number of others like **CTAM's Seth Morrison**, tossed the sneakers and socks at the end of a glorious, sweaty day.

6) **Show Floor:** Pretty busy. Pretty noisy. Fun. Best tchotchkes: at the **ION** booth... emergency cell charger and airplane friendly liquid carrier.

7) **Attendance:** Good. Lots of important and semi-important folks. But the category that seems to be lacking are the folks who actually run the systems. Shouldn't decentralization mean they go to the show, too?

8) **Shorter Show?** Hah. If you mean from Fri night thru Wed morning, this shorter show stuff is a crock. It'll be interesting next Spring as we try out the new formats... Apr 2-7 in DC? By the way, Apr 1 of 2009 is the 20th anniversary of **CableFAX**.

Random Notes:

• **Barco Library:** Is one of those unique things about the **Cable Center**. So, here's a plea: "Dedicated to chronicling cable's varied and colorful history, The Barco Library houses the largest collection of cable telecommunications equipment, photographs, and marketing and promotional materials in the industry, and they would like to build their materials from the 1990s-2000s. The Cable Center accepts donations of single items up to entire collections from companies, networks, programmers and vendors, as well as individuals. Contact *Lisa Backman*, Barco Library Manager, at lbackman@cablecenter.org or 303-871-4679 for more information or to make a donation." Here's a special plea for stuff from defunct networks and/or companies. I think we should mount a special exhibit of just that!

• **Up Next:** The next gathering of the clans will be in Philadelphia for Cable-Tec Expo, June 25 – 27. Looking forward to this (got a CEO panel with *Matt Blank*, *Neil Smit*, *Mike Zafirovsky* and *Steve Burke*) with the highlight the Chairman's Reception at Ralph's Café... can't wait to see it.

Paul Maxwell

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* Source: Simmons National Consumer Study Fall 2005 vs. Fall 2007. Read: "The number of Adults 55+ who have a cable modem at home has grown +45% in the last 2 years, while Adults 18-54 show only 24% growth in this area."