

CableFAX Daily™

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What the Industry Reads First

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Lock Box: Time Warner Cable to Guarantee Prices

Time Warner Cable will roll out a "Price Lock Guarantee" feature this summer across its various regions, Time Warner Cable COO *Landel Hobbs* told a **Deutsche Bank** conference Mon. The program—already available in Kansas City—gives customers a 2-year offer locked in at a specific price. And while price hikes could occur during the period, they would be built into the plan and disclosed upfront to customers who participate. Unlike many DBS offers, the Price Lock is "not a contract" and would therefore appear to allow customers leave without being penalized. A TW spokesman declined to provide further details, but Hobbs described the marketing package as a way to go after DBS subs. "What they want is the certainty," he said, noting that cable may be moving away from the model of raising rates for video subs on a specific day of the year. "I think that rate increases of old in cable are going the way of the dinosaur," Hobbs said. He predicted increases will come on anniversary dates of triple-play bundles and similar offers. TW Cable, meanwhile, is "lessening our reliance on rate increases" and will also vary the bundle depending on a market's competitive set, he said. When digital phone initially launched, it featured unlimited long distance. The MSO later launched unlimited in-state calling to better compete with the Bells. Later this summer, TW will launch a local-only VoIP offering, he said. Hobbs also said TW plans to launch commercial services across its entire legacy footprint this year, as well as push interactive/advanced advertising. TW's looking to expand its Start Over service window to possibly allow customers to restart a program over a 24-hour period. As for satellite's boastful HD claims, he asserted that switched digital will allow unlimited HD. "There's no competitive advantage on their part," he said. "If anything, there may be a little bit of time-to-market because we're rolling out switching everywhere—roughly to half our divisions this year, the rest in '08."

DB Notebook: Viacom expects to exceed its goal of \$500m in digital revenue this year as it continues to increase its Web presence, CEO *Philippe Dauman* told a **Deutsche Bank** conference Mon. Dauman was also upbeat on VOD advertising, saying that cable operators are adding functionality that will allow the effective monetization of VOD. "From the cable operators I've talked to, they expect to have that in the next year or so," he said. In addition, he said Viacom's separation from **CBS** has benefited cable relations now that the retrans issue no longer looms over everything: "That source of tension has totally disappeared."

Pick Me!: **DISH** will likely be chosen as the exclusive DBS provider to **AT&T** before year's end, according to **Sanford Bernstein**, although **DirectTV**'s stronger brand and success with its legacy **BellSouth** bundle could turn the tables. Either way, "the loser will begin posting negative subscriber growth within a year," the firm said, "and the difference between winning and losing would be a swing of as many as 3.6m subscribers by 2010." Telco satellite TV net additions over the last year equaled more than 60% of all DBS net additions, and AT&T's contribution matched 30% of all industry growth over the period, Sanford said.

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Competition: AT&T's U-verse TV surfaced in Cox-dominated San Diego, the 6th CA market and 21st nationwide to receive the service. -- DISH unveiled a new HD receiver that powers 2 rooms, 1 in HD and the other in all-digital standard-def. -- DirecTV in Sept will debut East Coast feeds of Starz Comedy HD, Starz Edge HD and Starz Kids & Family HD.

Deals: The NBA is close to inking an 8-year media deal with ABC/ESPN and Turner that would be the NBA's longest TV contract ever and include various digital rights, *Sports Business Journal* reports. The current 6-year deal expires at the end of next season. A new deal is expected by the end of NBA finals (June 21, if the series goes 7 games).

Yes to HD: Si TV next year will launch Si TV-HD, a 24/7 channel that Verizon has agreed to add to its FiOS TV lineup. Falling HD equipment and transmission costs, and the rising affluence of young bilingual and English-dominant Latinos in the U.S. make the timing ideal for the initiative, said Si TV CEO Michael Schwimmer. "This market has become much more fertile... people recognize that it's an important market for business," he said. The net cited data from an '06 Simmons NCS/NHCS study showing 35% of English-dominant Latino TV viewers aged 18-34 have HDTV. Si TV has shot much of its programming in HD over the last 3 years and will augment new HD content on the net next year, said Schwimmer. Carriage negotiations are ongoing with cable and satellite ops, he said.

Here's Jonny: Steve Bellamy's The Ski Channel forged a broad partnership with Olympic gold medalist Jonny Moseley, who made an undisclosed investment in the channel. Moseley becomes a spokesman, on-air talent, analyst, instructor, advisory staff member for the net, with a show called "Air It Out with Jonny Moseley" in the works. The net launches early next year with a long-term deal with Time Warner Cable including New York City, Los Angeles and Dallas.

In the Courts: The L.A. City Council, which includes ex-Adelphia exec Bill Rosendahl, voted Fri to file suit over the FCC's loosening of video franchise rules for telcos, saying it could make it harder for the city to protect residents. -- A federal court on Mon rejected the FCC's profanity rulings against Fox, calling the FCC's policy "arbitrary and capricious." Senate Commerce cmte chmn Daniel Inouye (D-HI) said he hopes the FCC will appeal to the Supreme Court.

On the Hill: The Sen Commerce committee will hold a hearing on the FCC's upcoming 700 MHz auction, June 14 at 10am. SavetheInternet.com Coalition, whose members include Free Press and MoveOn.org, have flooded the FCC with more than 250K comments urging it to dedicate a part of the public airwaves to "more open, affordable and accessible" Internet access. The Coalition wants at least half of available spectrum set aside for open/nondiscriminatory access.

On the Circuit: Cable in the Classroom, Time Warner Cable and Weather Channel hosts a roundtable discussion Tues with Time Warner and CIC educator winners on leadership challenges facing education, NCTA HQ, noon.

Ratings: USA's Thurs premiere of "The Starter Wife" was its best prime bow ever in the 18-49 demo (2.9mln viewers) and the 25-54 demo (2.8mln). -- YES' Fri Yankees-Red Sox game hit a season-high 6.3 rating and 568K total viewers.

Programming: Ovation TV on Jun 20 will bow a new look and redesigned program schedule, including a prime schedule featuring "genre nights" dedicated to performance, people, art, music and film. In celebration of the changes, the net will stage "American Revolutionaries," a 15-day event starting Jul 1 and spotlighting Marlon Brando and other innovative artists. -- The cast of Oxygen's "Husband For Hire" (4Q) includes Mark Consuelos, Mario Lopez and Erik Estrada. - HBO's "Hard Knocks" puts on the pads at KC Chiefs training camp Aug 8 (10pm), with weekly eps to run through Sept



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BUSINESS & FINANCE

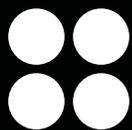
5. -- **Discovery Times Channel's** "Conspiracy Test: The RFK Assassination" (Wed, 9pm ET) includes a never-before-broadcast audio recording that provides new evidence supporting the second gunman theory.
 -- **Style Network's** hair-themed reality series "Split Ends" returns for a 2nd season Jun 23.

People: Interactive video firm **Ensequence** appointed *Rick Howe* vp, business development. -- **Discovery Comm** promoted *Amy Girdwood* to evp, human resources.

Business/Finance: *Leo Hindery's InterMedia Outdoors Holdings* acquired **The Sportsman Channel** for an undisclosed amount. The deal will integrate several sales and marketing functions across the 2 entities and involve the production by InterMedia of new original shows for the net. The Sportsman Channel founder *C. Michael Cooley* will continue to serve as pres/CEO.
 -- **Credit Suisse** upgraded the entire cable industry Mon, and upgraded both **Charter** and **Mediacom** to 'outperform' from 'neutral' while maintaining an 'outperform' rating on **Comcast**. Meanwhile **Pali Capital** raised its price target on Charter to \$5.25 from \$4.50, citing confidence in the MSO's execution. "We believe the groundwork laid by a new (and simplified) management team is just beginning to bear fruit, with growth set to accelerate notably over the coming 12-24 months."

CableFAX Daily Stockwatch

Company	06/04 Close	1-Day Ch	Company	06/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	52.86	0.47	AMPHENOL:	36.10	(0.22)
DIRECTV:	23.29	(0.34)	APPLE:	121.33	2.93
DISNEY:	35.70	0.46	ARRIS GROUP:	16.28	(0.05)
ECHOSTAR:	47.09	0.44	AVID TECH:	33.54	(0.17)
GE:	37.81	0.36	BLNDER TONGUE:	1.57	(0.08)
HEARST-ARGYLE:	26.52	(0.02)	BROADCOM:	30.64	0.02
ION MEDIA:	1.46	0.01	C-COR:	14.68	(0.07)
NEWS CORP:	24.10	(0.12)	CISCO:	27.01	0.15
TRIBUNE:	32.24	0.08	COMMSCOPE:	53.80	0.10
MSOS					
CABLEVISION:	36.32	(0.03)	CONCURRENT:	1.74	(0.16)
CHARTER:	3.92	0.01	CONVERGYS:	25.78	(0.18)
COMCAST:	27.04	(0.31)	CSG SYSTEMS:	27.83	(0.39)
COMCAST SPCL:	26.86	(0.32)	GEMSTAR TVG:	4.68	0.00
GCI:	13.28	(0.06)	GOOGLE:	507.07	6.67
KNOLOGY:	18.82	0.21	HARMONIC:	8.80	(0.12)
LIBERTY CAPITAL:	113.65	(0.09)	JDSU:	13.08	(0.02)
LIBERTY GLOBAL:	39.32	0.33	LEVEL 3:	5.87	(0.04)
LIBERTY INTERACTIVE:	24.40	(0.02)	MICROSOFT:	30.72	0.13
MEDIACOM:	10.03	0.55	MOTOROLA:	18.30	(0.06)
NTL:	28.22	0.00	NDS:	50.95	(0.95)
ROGERS COMM:	41.60	(0.03)	NORTEL:	26.30	(0.08)
SHAW COMM:	43.29	0.06	OPENTV:	2.30	0.00
TIME WARNER CABLE:	38.45	(0.23)	PHILIPS:	42.30	0.20
WASH POST:	774.52	2.78	RENTRAK:	15.91	(0.07)
PROGRAMMING					
CBS:	33.66	0.18	SEACHANGE:	9.19	0.15
CROWN:	7.80	0.05	SONY:	56.70	(0.39)
DISCOVERY:	23.82	0.26	SPRINT NEXTEL:	23.40	0.52
EW SCRIPPS:	46.83	0.32	THOMAS & BETTS:	58.68	(0.22)
GRUPO TELEVISA:	28.73	(0.14)	TIVO:	6.26	0.10
INTERACTIVE CORP:	34.80	0.00	TOLLGRADE:	11.88	0.91
LODGENET:	34.20	(1.26)	UNIVERSAL ELEC:	33.47	0.10
NEW FRONTIER:	9.23	0.20	VONAGE:	3.09	0.03
OUTDOOR:	10.17	(0.03)	VYYO:	6.18	0.22
PLAYBOY:	11.24	0.25	WEBB SYS:	0.05	0.00
TIME WARNER:	21.23	(0.08)	WORLDGATE:	0.50	0.01
UNIVISION:	36.23	0.00	YAHOO:	28.59	(0.19)
VALUEVISION:	11.23	(0.16)	TELCOS		
VIACOM:	44.03	0.14	AT&T:	40.90	0.37
WWE:	18.04	0.35	QWEST:	10.28	(0.04)
TECHNOLOGY					
3COM:	4.70	0.01	VERIZON:	42.95	(0.06)
ADC:	17.01	0.23	MARKET INDICES		
ADVANTAGE:	5.03	0.08	DOW:	13676.32	8.21
ALCATEL LUCENT:	13.61	(0.07)	NASDAQ:	2618.29	4.37
AMDOCS:	39.11	0.08			



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M.C. Antil's CableFolks

A New Golden Age Dawning

Filling out my Cable Show survey for NCTA this past week, I couldn't help but reflect back on Las Vegas. And while the show won't be ranked among the all-time greats, there was something about it that got me very excited about this industry and our future. And let's be honest, isn't that any trade show's ultimate goal?

Anyway, it occurred to me as I reflected back that cable is entering into a golden age of consumer technology, meaning we're about to unleash a slew of products that will filter their way deep into the cycle of human behavior. And I'm not just talking about VOD and DVRs here. I'm talking dozens of curious and unassuming little devices that will make the content we deliver incrementally easier to access, manage, and transport to other locations. And unlike the past ten years of digital evolution, these are not merely backroom developments.

I saw demos of products that went far beyond back office support; far beyond the sausage-making portion of network management. These technologies weren't simply middleware designed to make headends hum instead of purr, or to make an MSO networks smarter, or faster or less expensive. No, they were, in a very fundamental way, technologies that consumers will be able to touch and feel; ones that have the ability to make even the most non-technical of our users sit back at some point, smile and say, "Cool." These products are digital, but not in some abstract, binary fashion. They are real, they are functioning, and they have immediate value to consumers.

One allows them to troubleshoot computer and modem problems without having to call their local operator for support. This product, by Peak8 Solutions, is designed to eliminate up to 50% of Tier 1 service calls. But more than that, it's designed to cut 50% of the frustration customers feel when their service is out, make their downtime 50% more palatable, and improve their relationship with their local operator by, I don't know... say 50%.



M.C. Antil

Another product lets customers install certain services themselves, without any technician or CSR support, nor any additional software or installation CDs. This one, by Next Generation Broadband, has current application with both high-speed service and, as of the Cable Show, VoIP as well.

Both products were idiot-proof (as evidence by my ability to not merely grasp the concept on which they were designed but to actually use them myself) and both were developed, not by mad scientist techno-geeks, but by people with years of experience on the MSO side. Among those on Peak8's advisory board are former Charter CTO Wayne Davis. NGB's management team also includes an array of former Road Runner and Continental stalwarts.

What I witnessed—and what I sense lies ahead for this industry—reminds me of cable's first programming renaissance nearly 30 years ago. I was working at an MSO then and remember the early pitches for networks like MTV and BET. I remember John Hendricks walking down the hall to the conference room, briefcase in hand.

I remember the networks that took off and those that tanked. For every Discovery Channel, there were a dozen Satellite News Channels. But what was thrilling about that era was that it was driven by the simple belief that, for programming entrepreneurs, there was no such thing as a crazy idea. That's where we are right now with digital technology. This is an exciting new age and a great time to be in cable—or for that matter, to be a cable customer.

Years ago, when people like John Sie, Jim Chiddix and Wendell Bailey were saying this digital stuff would set the world on its ear, I never really heard them. I never got it; not really. But thanks to this year's Cable Show, I do now.

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WANT SOME PERSPECTIVE?

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