

CableFAX Daily™

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What the Industry Reads First

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Waive Bye: FCC Denies Industry Wide Waiver, ACA Gets Mad

In what's becoming an all too familiar scene at the **FCC**, the Commission's Media Bureau waited until the 11th hour Fri to announce the fate of dozens of waiver requests to its set-top integration ban, which went into effect Sun. The news was mostly bad for cable, while telco competitor **Verizon** picked up a much needed waiver (and highly expected, seeing as it had no alternative set-tops on the horizon). The FCC, which has been plagued for months by late meetings and last-minute wrangling over agenda items, also granted waivers to **Qwest**, **CenturyTel** and more than 100 other smaller phone and cable companies that are rolling out all digital systems by Feb 17, '09. Under the rules, which took effect Sun (July 1), operators are prevented from deploying new set-tops with integrated security. **NCTA's** request to have the July 1 ban delayed industry wide until downloadable security is ready or until 2010 (whichever comes first) was rejected, with the Bureau saying it didn't see how the ban would delay the move to all-digital. "There's nothing in these decisions to stave off a \$600mln set-top box tax likely to affect the great majority of cable customers while providing no benefit to consumers," an NCTA spokesman said. "In addition, customers are being treated differently based on the provider to which they subscribe, the unfortunate outcome of a flawed process." 10 operators, including **Armstrong**, **Bresnan** and **Suddenlink**, were denied waivers (however, 9 of them were told that the FCC would delay enforcement until Sept 1). **ACA** pres/CEO **Matt Polka** called for Congress to increase its oversight over the FCC. "Unfortunately, under the FCC Media Bureau's decisions, once again big companies like Verizon are the winners, and smaller market cable companies and their consumers are the losers," Polka said. Small operators do have some wiggle room, with the Media Bureau indicating it would defer the July 1 enforcement ban for smaller ops that can show they have placed orders for compliant set-tops, but that the orders haven't been fulfilled in time to meet the deadline. **Massillon**, for example, said it had more than 3200 integrated set-tops valued at \$474K in its inventory as of June 1, and it doesn't expect its compliant set-top boxes (it's ordered 300/month) to start arriving until the end of July at the earliest, or the end of Sept at the latest. The Bureau said Massillon could amend its waiver request to seek a deferral of the rules. The FCC still has some outstanding petitions it hasn't acted on, including **Jet Broadband's**. Jet is seeking a waiver because the **Drake** set-tops featuring **Beyond Broadband Technology's** downloadable security solution aren't expected to be ready until at least 4Q. The full Commission has not acted on **Comcast's** appeal of a Media Bureau decision denying it a waiver, though reports have surfaced that it will be rejected.

Deals: **Rainbow** on Sat completed its sale to **Comcast** of its 60% interest in FSN Bay Area and a 50% stake in FSN New England for approx \$581mln, according to an **SEC** filing. -- **Bright House** closed on its acquisition of **Suddenlink's** Bakersfield, CA, system (17K basic subs). Terms weren't disclosed. Bright House will roll out new services such as VOD and phone. It expects to complete the transitioning of customers by late summer. -

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- **AT&T** plans to acquire for \$2.8bln in cash rural wireless carrier **Dobson Comm**, which markets services under the **Cellular One** brand in 17 states, and counts 1.7mln subs. The telco pegged the net present value of potential synergies between the 2 at roughly \$2.5bln. -- **Carlyle Group** is reportedly in discussions with **Virgin Media** over a potential takeover bid, estimated at around \$11bln. The UK cable and communications group was formed by the merger of **NTL** and **Telewest**.

Political Advertising: It's early for national cable ad buys for presidential candidates, but it is happening. Republican hopeful **Mitt Romney** leads the pack, having placed 297 ads on national cable, according to **Nielsen Monitor-Plus**. Romney leads the candidates in TV ad buys at 4549, with most of those on local broadcast TV. Democrat **Chris Dodd** is the only other candidate to have purchased national cable ads through June 10. He bought 4. The Web is playing an interesting role in the race. Republican **John McCain** leads candidates in overall online paid advertising, but only placed 4th in unique visitors (212K)/page views (766) to his Website in Apr, Nielsen said. Dem **Barack Obama** dominated unique users (647K) and page views (3.8mln), despite having no online ads.

CVC Proxy a Trove: Of important information, that is, at least according to analysts at **Pali Research** and **Sanford Bernstein**. First, CVC projects in its Jun 28 proxy filing that capital spending will fall below 8% of revenues in its cable division within 3 years, and will drop at a consolidated level below 6% of revenues for the 1st time ever, according to Sanford's **Craig Moffett**. "We believe capital spending declines - and free cash flow acceleration - already in evidence at Cablevision will follow within three years for the rest of CVC's cable peers," wrote Moffett. Second, CVC investors should no longer fret over concerns that competition from **Verizon** is causing the **Dolans** to have 2nd thoughts about their privatization bid, or that rising interest rates are making their bid more difficult to finance, said Pali. In fact, "we are even more confident that the Dolan Family offer of \$36.26 is too low," said Pali, which maintains a \$50 price target on CVC shares. Pali also believes that investors continue to undervalue CVC's **Rainbow** assets.

Competition: **AT&T** now offers customers with higher-speed broadband pans free access to its nationwide Wi-Fi network, which includes nearly 10K hotspots in venues such as airports and **McDonald's**.

VOD: **Cox** added HD movies to its on demand library in San Diego, with northern VA and OK City to receive the service next.

Cue the Band: The **Big Ten Network** will go live Aug 30, but the net still only has 75 carriage agreements with minor cable ops, covering roughly 500K subs. Pacts with **AT&T** and **DirectTV** add approx 3mln more, but all-important deals with major cable MSOs, such as **Comcast** and **Time Warner Cable**, have yet to hit the chalkboard. A \$1.10 sub fee within the **Big Ten Conference's** 8-state footprint and a desire for expanded basic carriage remain key sticking points, acknowledged net pres **Mark Silverman**. "It's not that we're unwilling to budge [on these issues]. No one is demanding," he said. "We're looking for fees appropriate to what many RSNs go for." Other key issues on Silverman's plate include hiring approx 50 additional employees, for a total of 90; improving and streamlining programming and production; and addressing myriad new media platforms. For instance, the net's agreement with the conference allows for live streaming of the football games it carries.

Let the Games Begin: **Nielsen** and **Sony** are developing a measurement system for game network advertising,

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part of an agreement under which Sony will share with Nielsen network traffic and other data from its Playstation 3 systems and Playstation Network. Nielsen will analyze and benchmark the data – while combining its own game usage data collected from more than 12K HHs – to create new measurements for calculating the reach, frequency and effectiveness of game network ads. Nielsen will begin this fall reporting and ranking audience statistics and user activity from across the Playstation Network as part of its syndicated GamePlay Metrics measurement product, scheduled to launch later this month.

People: *Frank Ciancio* was promoted to svp, **Comcast Network Ad Sales'** emerging networks group, and will focus on the MSO's VOD nets such as **FEARnet** and **exercisetv**. -- **Discovery Comm** promoted *Eric Phillips* to evp, domestic distribution. -- **Bright House** appointed former **Charter** exec *Karen Broach*, pres, Birmingham division. -- *Kathy Mandato* was appointed svp, HR, **Comcast Ent Group**.

Business/Finance: **C-COR** completed the sale of its outside plant and installation services business to **Source Broadband Services**, a GA-based provider of fulfillment and technical services to cable ops. -- **Motorola** completed its acquisition of **Modulus Video**, a maker of MPEG-4 advanced coding compression systems.

CableFAX Daily Stockwatch

Company	07/02 Close	1-Day Ch	Company	07/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	51.61	0.03	AMPHENOL:	36.01	0.36
DIRECTV:	23.16	0.05	APPLE:	121.26	(0.78)
DISNEY:	34.52	0.38	ARRIS GROUP:	17.50	(0.09)
ECHOSTAR:	43.94	0.57	AVID TECH:	34.85	(0.5)
GE:	38.26	(0.02)	BLNDER TONGUE:	1.69	0.08
HEARST-ARGYLE:	24.03	0.00	BROADCOM:	29.77	0.52
ION MEDIA:	1.44	0.00	C-COR:	14.40	0.34
NEWS CORP:	23.02	0.08	CISCO:	27.89	0.04
TRIBUNE:	29.91	0.51	COMMSCOPE:	59.07	0.72
MSOS					
CABLEVISION:	36.23	0.04	CONCURRENT:	1.78	(0.01)
CHARTER:	4.17	0.12	CONVERGYS:	24.33	0.09
COMCAST:	28.44	0.32	CSG SYSTEMS:	26.58	0.07
COMCAST SPCL:	28.24	0.28	GEMSTAR TVG:	4.96	0.04
GCI:	12.78	(0.03)	GOOGLE:	530.38	7.68
KNOLOGY:	17.41	0.04	HARMONIC:	8.92	0.05
LIBERTY CAPITAL:	118.69	1.01	JDSU:	13.55	0.12
LIBERTY GLOBAL:	41.74	0.70	LEVEL 3:	5.82	(0.03)
LIBERTY INTERACTIVE:	22.72	0.39	MICROSOFT:	29.74	0.27
MEDIACOM:	9.83	0.14	MOTOROLA:	17.84	0.14
NTL:	28.22	0.00	NDS:	47.12	0.17
ROGERS COMM:	42.97	0.00	NORTEL:	24.06	0.01
SHAW COMM:	42.42	0.38	OPENTV:	2.21	0.09
TIME WARNER CABLE:	39.75	0.58	PHILIPS:	43.30	0.98
WASH POST:	777.68	1.59	RENTRAK:	15.00	0.19
PROGRAMMING					
CBS:	34.23	0.91	SEACHANGE:	7.87	0.11
CROWN:	6.93	(0.28)	SONY:	51.57	0.20
DISCOVERY:	23.05	0.06	SPRINT NEXTEL:	21.58	0.87
EW SCRIPPS:	45.88	0.19	THOMAS & BETTS:	59.06	1.06
GRUPO TELEVISIA:	27.75	0.14	TIVO:	5.76	(0.03)
INTERACTIVE CORP:	34.44	(0.17)	TOLLGRADE:	10.30	(0.25)
LODGENET:	32.56	0.50	UNIVERSAL ELEC:	36.13	(0.19)
NEW FRONTIER:	8.71	(0.01)	VONAGE:	3.15	0.04
OUTDOOR:	11.47	0.20	VYYO:	7.05	0.39
PLAYBOY:	11.24	(0.09)	WEBB SYS:	0.15	0.05
TIME WARNER:	21.51	0.47	WORLDGATE:	0.42	(0.08)
UNIVISION:	36.23	0.00	YAHOO:	26.86	(0.27)
VALUEVISION:	11.57	0.25	TELCOS		
VIACOM:	42.19	0.59	AT&T:	41.85	0.35
WWE:	16.11	0.12	QWEST:	9.65	(0.05)
TECHNOLOGY					
3COM:	4.15	0.02	VERIZON:	41.58	0.41
ADC:	18.44	0.11	MARKET INDICES		
ADVANTAGE:	5.60	0.34	DOW:	13535.43	126.81
ALCATEL LUCENT:	14.24	0.24	NASDAQ:	2632.30	29.07
AMDOCS:	39.87	0.05			

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M.C. Antil's CableFolks

Retirement's Erickson Aims High

John Erickson knew just enough about cable to be dangerous. As a guy who had spent a quarter of a century developing massive retirement communities from his home base in Baltimore, he knew that the ranks of this country's retirees were swelling with each passing year. He also knew these people were horribly underserved as television consumers.

So he decided to do what any number of entrepreneurs secretly dream about doing; he launched a network. After an extended period of due diligence, including meetings with former MSO heads Glenn Jones and Leo Hindery, he decided his was the perfect idea for a cable network.

Yeah, I know; stop me if you've heard this one before.

But Erickson was not just some ordinary knucklehead with a half-baked idea. He was a man with deep pockets and a deeper understanding of a massive and getting-bigger-by-the-day audience.

So when he set out to pitch his new network, he picked up a list of the top MSOs and figured he'd start at the top. That meant Comcast. Yeah, yeah, I know.

But Erickson was nobody's fool. He had a colleague who was an old friend of Steve Burke's, and actually got Erickson a meeting; one that started out with Burke telling the still-wet-behind-the-ears programmer that if he wanted to talk analog distribution it was going to be a short meeting.

Erickson laughed and told him, "It's funny you should mention analog because that's exactly what I'm going to talk to you about." Out of deference to their mutual friend, the Comcast COO heard him out. Thirty days later Retirement TV got the cable equivalent of a winning lottery ticket: daytime distribution in 9 million Comcast homes. So what was Erickson's secret?

He detailed it for me when we spoke last week: "I told



M.C. Antil

Steve Burke that daytime television doesn't really make people much money. It's just something to do until 6 pm when 100 million television sets go on, and that's what the industry focuses on. I also told him that 50% of the daytime viewers—35 million people—were retirees." He added: "I then asked him, what other audience do you have that is going to grow from 35 million to 80 million?"

As for the analog vs. digital thing, Erickson said: "I told him that my audience lagged five years behind the rest of the population in the adoption of technology, and that 60% of them didn't have a digital box yet."

That Comcast launch, coupled with a high-profile session at this year's Cable Show that included NCTA president Kyle McSlarrow and a bunch of very vocal retirees, has kick started Retirement TV's sojourn into cableland. And while it is clear that Erickson has a sense of who this market is, and the power that they represent as consumers, the jury is still out as to whether or not he can offer them compelling programming on a consistent basis. After all, an appreciation for opera and being able to sing it are two very different things.

What is clear, however, is that while John Erickson's knowledge of cable is still only knee deep and his ability to speak it paper thin, he nevertheless possesses a deep understanding of seniors and a great passion for them as individuals.

He told me, "Today in America there are two significant vices of ageism; one is our fixation on youth culture and against wrinkles—everyone is supposed to stay eternally young—and the other is our definition of self worth. The measure of how important you are is based on what you do and what you earn. So when you retire, cap your earnings and give up your title, society's attitude is, you can't be worth anything. That's crazy."

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Call for Nominations

CableWorld's 2007 Most Influential Minorities in Cable

Who are cable's most influential minority executives? Help us decide by nominating the executives you think should be on our list of the **Top 50 Most Influential Minorities in Cable**. We will rank the top 50 in the Sept. 10, 2007, issue of **CableWorld**. Nominations are open to all cable operators, programmers, vendors and trade associations.

**Deadline for nominations:
July 13, 2007**

Nomination form can be found at:

www.cable360.net/nominate.html

