

# CableFAX Daily™

Monday — July 16, 2007

What the Industry Reads First

Volume 18 / No. 136

## Make It Stop: Indecency, Violence Remain on D.C. Radar Screen

As broadcasters struggle to offer shows as “edgy” as those on cable nets, the Senate keeps trying to put up roadblocks. A bill introduced late Thurs by Sens *John Rockefeller* (D-WV) and *Mark Pryor* (D-AR) seeks to prevent the utterance of even 1 expletive on broadcast TV, and a pair well known to cable has stepped up to endorse the proposed legislation. Senate commerce cmte chmn *Daniel Inouye* (D-HI) and cmte vice chmn *Ted Stevens* (R-AK) have co-sponsored the Protecting Children from Indecent Programming Act, which calls for the **FCC** “to maintain a policy that a single word or image may constitute indecent programming.” The move comes after a federal appeals court overturned several FCC actions against broadcasters for airing “fleeting expletives.” It also comes as Rockefeller prepares to introduce a separate TV violence bill that would grant the FCC authority to regulate not only broadcast violence but cable and satellite violence as well. As for the indecency bill introduced Thurs, contextual guidelines would have to be established by the commission, which could levy fines against offenders. “It is my hope the Commerce Committee will swiftly approve this bill and that we can work with the House to do the same,” said Stevens. “It is important for the FCC to be able to continue to protect the American public from indecency on the radio and broadcast television.” Stevens isn’t kidding about the swift remark, as the cmte will markup the bill Thurs (2:30pm ET). According to a recent **Harris Interactive** poll, more than half (52%) of adults say the FCC should be granted authority to police and fine whoever airs a single expletive or “four-letter word.” 69% of women who work and have children in the home agreed the FCC should have that power.

**Open Season on Access:** House Telecom subcmte chmn *Ed Markey* (D-MA) and Rep *Chip Pickering* (R-MS) may endorse the **FCC**’s proposals for open access rules in the upcoming 700MHz spectrum auction, but **Pali Capital**’s *Walter Pieczyk* thinks open access provisions “are absurd and are unlikely to make it into the final rules for the auction.” Pieczyk said those pushing hardest for open access—including **Google** and **Yahoo!**—are “more motivated by intent to increase negotiating power with the wireless operators” than a desire to bid in the auction. **Stifel Nicolaus**, meanwhile, said it expects proposal alterations and that Martin may need “to provide for some sort of mandatory wholesale/resale condition, and to make the device and application neutrality provisions both more precise and more enforceable.”

**In the States:** CT Gov *M. Jodi Rell* signed Thurs a statewide franchising bill granting the state’s Dept of Public Utility Control oversight of the video app process. It hikes the gross earnings tax for cable/satellite subs in the state by 0.5%.

**The Rupert Effect:** **CNBC** and the **Financial Times Group** are discussing sharing resources to boost their online operations, Fri reports said. *WSJ* said 1 avenue has **CNBC** using *FT* articles on its Website for reciprocal use of video clips.

**Earnings:** **NBCU** posted 2Q segment profit of \$904mln (+2%), aided largely by cable, film and digital. Posted 2Q revenue was \$3.63bln (-6%), but **GE** svp/CFO *Keith Sherin* said rev was really flat, as the numbers were adjusted for the impact of ’06 station sales. The cable business delivered a 20% increase in operating profit, said

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Sherin, and achieved gains in '07 upfront CPMs in the high single-digits. NBCU's 3Q outlook includes rev growth of 0-5% and profit of 5-10%.

**Valley Voices:** Even though **Time Warner** chmn/CEO *Richard Parsons* downplayed the goings on among the media heavyweights gathered this week in Sun Valley, ID, we'd still like full access to the meeting venues and golf courses. Sure, Parsons told reporters the execs "are dealing in a lot bigger issues than we used to—flat earth, terrorism, war—than just deals," but how many other soirees find **Google** boss *Eric Schmidt* holding court with reporters at a hotel bar, railing against **Viacom** (the media concern has sued Google's **YouTube** for copyright infringement). Also at the summit, **Liberty Media** CEO *Greg Maffei* apprised *Reuters* of the benefits he sees in acquiring all if **DirectTV**. The DBS op offers "a good business and having access to those cashflows, being able to have it operate synergistically with our content businesses can be attractive under the right conditions," said Maffei. Meanwhile **Charter** chmn *Paul Allen* apparently expects more M&A among US cable ops, who are experiencing intense acquisition pressure due to widespread expansion into broadband and phone services. "There are undeniable economies of scale that you get with programming and other parts of your business," Allen told reporters.

**TCA Notebook:** In his first TCA, new **Discovery Networks** chief *David Zaslav* dropped a big one, announcing that **Planet Green**'s centerpiece will be "Eco Town," a series about the rebuilding of a town in KS decimated totally on May 4. The state has said it wants to rebuild the town of Greensberg and wants to do it green. Planet Green's partner in this effort is *Leonardo DiCaprio*. "This is not about a TV show," Zaslav said. "It's not just about entertainment. We also want to make a difference." Discovery also announced that Planet Green officially launches in Q1 '08; it will replace **Discovery Home**. Other Zaslav tidbits at our deadline: "We're going to spend a lot more money on the **Science Channel**," he said, adding that its ratings have grown 100% in the last year. "I think it could be one of the top 10 channels in America and could go overseas, too." -- Some of the less-celeb-driven panels from **MTV Networks** were interesting. Pre-school TV doesn't get much ink at TCA, but the Chinese-themed "Ni Hao, Kai-Lan" (Oct 22 premiere) from **Nick Jr** follows the now-worn path of "Dora The Explorer" of teaching 2-5 year olds foreign cultures, words and languages. -- **Nick's** "iCarly" (Sept premiere) is a show within a show about a tween who starts an Internet show. The hook? Audience members can submit videos to the show, with the best being incorporated into the series. -- It took just minutes for critics to ask *Steve Van Zandt* about the ending of "The Sopranos" (nobody dared ask Thurs, despite the appearance of *James Gandolfini* for his **HBO** doc about soldiers returning from Iraq). Van Zandt was well spoken about an upcoming **VH1 Classic** co-prod with **BBC** called "Seven Ages of Rock," a doc about the history of rock. (By the way, he thought the ending was "brilliant... *David Chase* refused to play the Hollywood game of "fraudulent closure.") -- Also entertaining in a different way were **CMT's** cheers and steers sessions: "Dallas Cowboys Cheerleaders: Making the Team" (2nd season, Sept 14) and "Celebrity Bullfighting" (Aug 10). -- **BBC America's** TCA sessions usually feature a slew of extraordinarily open and friendly actors (perhaps bottles of champagne circulating among its talent contributes to the mood). Fri's panels were no different, with several discussions about the use of the f word on Brit TV—you can use it all you want after 10pm there, new BBC America chief *Garth Ancier* said. BBC presented a modern version of Jekyll and Hyde called "Jekyll"; a sci-fi branch of the new "Dr Who" called "Torchwood" and a light drama with loads of guest stars based in a hotel called "Hotel Babylon."



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**CableFAX Week in Review**

Company	Ticker	7/13 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	58.24	8.10%	43.90%
DIRECTV:	DTV	24.94	4.20%	
DISNEY:	DIS	34.37	(0.3%)	3.00%
ECHOSTAR:	DISH	44.06	(1.1%)	15.90%
GE:	GE	39.50	2.70%	9.90%
HEARST-ARGYLE:	HTV	23.82	0.30%	(5.2%)
ION MEDIA:	ION	1.39	(2.8%)	178.00%
NEWS CORP:	NWS	23.63	1.60%	6.60%
TRIBUNE:	TRB	30.58	(0.5%)	0.50%

Company	Ticker	7/13 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	38.23	(0.2%)	34.20%
CHARTER:	CHTR	4.46	2.10%	45.80%
COMCAST:	CMCSA	27.97	(2.1%)	(0.9%)
COMCAST SPCL:	CMCSK	27.71	(2.5%)	(0.7%)
GCI:	GNCMA	12.74	(0.5%)	(19%)
KNOLOGY:	KNOL	16.90	(4%)	58.80%
LIBERTY CAPITAL:	LCAPA	125.13	5.20%	27.70%
LIBERTY GLOBAL:	LBTYA	44.50	4.20%	52.70%
LIBERTY INTERACTIVE:	LINTA	22.87	1.50%	6.00%
MEDIACOM:	MCCC	10.07	1.60%	25.20%
NTL:	NTLI	28.22		(54.5%)
ROGERS COMM:	RG	42.97	0.30%	45.10%
SHAW COMM:	SJR	45.65	5.70%	48.40%
TIME WARNER CABLE:	TWC	40.13	(0.3%)	4.80%
WASH POST:	WPO	800.00	2.60%	8.90%

Company	Ticker	7/13 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	34.55	(0.4%)	14.30%
CROWN:	CRWN	7.09	(3.3%)	95.30%
DISCOVERY:	DISCA	23.95	3.00%	63.70%
EW SCRIPPS:	SSP	46.95	0.60%	(4.7%)
GRUPO TELEVISIVA:	TV	28.72	3.20%	13.70%
INTERACTIVE CORP:	IACI	33.53	(2%)	(9.7%)
LODGENET:	LNET	32.18	5.20%	28.60%
NEW FRONTIER:	NOOF	8.55	(1.7%)	11.80%
OUTDOOR:	OUTD	11.47	(2.7%)	(10.6%)
PLAYBOY:	PLA	11.65	1.70%	1.70%
TIME WARNER:	TWX	20.86	(0.8%)	(3.1%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	11.65	(0.8%)	(11.3%)
VIACOM:	VIA	41.88	(2.6%)	(2.9%)
WWE:	WWE	16.47	(0.3%)	12.80%

Company	Ticker	7/13 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	4.28	1.70%	4.10%
ADC:	ADCT	19.98	6.10%	22.00%
ADVANTAGE:	AEY	5.90	5.40%	111.50%
ALCATEL LUCENT:	ALU	14.06	(2%)	13.10%
AMDOCS:	DOX	39.84	2.20%	2.80%
AMPHENOL:	APH	37.30	4.70%	20.60%
APPLE:	AAPL	137.73	4.10%	52.50%
ARRIS GROUP:	ARRS	17.72	3.10%	41.60%
AVID TECH:	AVID	37.39	3.80%	0.30%
BLNDER TONGUE:	BDR	1.70	(5%)	
BROADCOM:	BRCM	32.40	5.80%	0.30%
C-COR:	CCBL	15.46	6.30%	38.80%

Company	Ticker	7/13 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	29.89	5.00%	9.40%
COMMSCOPE:	CTV	62.17	5.90%	104.00%
CONCURRENT:	CCUR	1.84	(0.5%)	1.70%
CONVERGYS:	CVG	24.53	2.50%	3.20%
CSG SYSTEMS:	CSGS	26.83	0.60%	0.40%
GEMSTAR TVG:	GMST	6.45	26.50%	60.80%
GOOGLE:	GOOG	552.16	2.40%	19.90%
HARMONIC:	HLIT	9.30	3.90%	27.90%
JDSU:	JDSU	15.52	9.60%	(6.7%)
LEVEL 3:	LVLTL	6.20	0.80%	10.70%
MICROSOFT:	MSFT	29.82	(0.5%)	1.90%
MOTOROLA:	MOT	17.90	0.30%	(11%)
NDS:	NNDS	47.27	0.70%	(2%)
NORTEL:	NT	23.50	0.40%	(12.1%)
OPENTV:	OPTV	2.11	(3.2%)	(9.1%)
PHILIPS:	PHG	44.55	0.30%	22.70%
RENTRAK:	RENT	14.50	(3.4%)	(6.5%)
SEACHANGE:	SEAC	8.09	1.60%	(20.8%)
SONY:	SNE	52.75	(0.7%)	23.70%
SPRINT NEXTEL:	S	21.70	(0.8%)	15.70%
THOMAS & BETTS:	TNB	61.90	0.60%	30.90%
TIVO:	TIVO	5.86	0.30%	14.50%
TOLLGRADE:	TLGD	10.63	2.70%	0.60%
UNIVERSAL ELEC:	UEIC	38.51	4.70%	83.20%
VONAGE:	VG	3.00	(2%)	(56.8%)
VYYO:	VYYO	6.91	(3.5%)	52.50%
WEBB SYS:	WEBB	0.12	9.10%	200.00%
WORLDGATE:	WGAT	0.52	23.80%	(61.2%)
YAHOO:	YHOO	26.58	(1.9%)	4.10%

Company	Ticker	7/13 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	40.40	(0.6%)	18.00%
QWEST:	Q	9.64	(2%)	15.20%
VERIZON:	VZ	41.76	0.50%	17.60%

Index	Value	% Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	INDU	13907.25	2.20%	11.60%
NASDAQ:	COMPX	2707.00	1.50%	12.10%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. GEMSTAR TVG:	6.45	26.50%
2. WORLDGATE:	0.52	23.80%
3. JDSU:	15.52	9.60%
4. WEBB SYS:	0.12	9.10%
5. BRITISH SKY:	58.24	8.10%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.70	(5%)
2. KNOLOGY:	16.90	(4%)
3. VYYO:	6.91	(3.5%)
4. RENTRAK:	14.50	(3.4%)
5. CROWN:	7.09	(3.3%)

WANT SOME PERSPECTIVE?



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# MaxFAX...

## It's Swamp Time!

Ah, wonderful. Washington DC in July. Next week. Power to the People? Or Showers for the People?

(An aside: kudos to the Independent Show's **NCTC** and **ACA** for their site the following week!)



Paul S. Maxwell

However, never mind the next week site (85° and sunny last week, I was told), as usual, kudos to *Char Beales* and her **CTAM** crew (especially the volunteer planning committee headed

by **TWC's** Sam Howe and **TWC's Wonya Lucas\*\*\***) for putting together another good show... especially the tradition of bringing in speakers from other industries and disciplines. Cable—as other industries often do—gets a bit myopic at times.

Speakers from the Harvard Business Journal, Harrah's Entertainment, Streative Brands, DeGrippes Gobe' Group and, to keep it relevant, **Time Warner's** always intriguing (and often funny) *Jeff Bewkes* (he misses cable, you know).

Truly relevant session tracks this year on brand marketing (note below, though), digital products (the proliferation, I presume, and what to do with or for them), next generation trends (do you know what devices your kids

are using?) and relationship marketing (same questions?). It gets more and more interesting out there... law school students at the U of Denver are enamored with **Discovery's** "Man v. Wild"... not that I've seen many lawyers in those situations!

## Random Notes:

• **Change Agent!** Credit where it is due: the Federal Confusion Commission Chairman *Kevin Martin* certainly came to town with an agenda... re-make America's business models! First cable (well, linear video distribution by operators, never mind the rest); next wireless! Then, the world!

• **Campaign Stop?** The mayor (make that "THE" mayor of New York's five boroughs) was in Sun Valley last week... one ex-mogul, a few dozen real moguls and a dozen plus gawking reporters angling for a snippet of semi-real information all crowding the walkways and roads and lurking on park benches and behind bushes. Rumors, too. The right acquirer for **Facebook**? Easy, **Discovery**. The right acquirer for **SlingBox**? Easy... a revived **General Instruments** (Frank? Ed? Anybody listening?) For **LinkedIn**? Easy... **Oracle** or **SAP**. Meanwhile, *Rupert Murdoch* picked the ides of October while he stews over the wishy-washy Bancroft dithering. Why does everyone in the room always bow slightly to *Nancy Peretsman*? (If you have to ask ...)

• **Independent?** Kind of. We're all hostage to something. Like the fish that'll be swimming in the Monterey Bay Aquarium Mon the 30th (great venue; used to have **California Cable TV Association** board dinners there).

• **Great Lady:** *Lady Bird Johnson* was special. Very special. Very classy. Even planted some bluebonnets and paint brushes last week. (Hope they grow up here).

• **RALLY!** There will be an organized anti-broadcaster demonstration at the end of CTAM's Summit... It will be held at the intersection of Connecticut NW and M St NW... free drinks (limit to 17 apiece not counting doubles). Placards reading "Go Dark Now!" and "Digital Dummies" and "Give Me Back My Spectrum Now" will be passed out. There is no charge. The rally will begin promptly at 3 am on Friday, July 27th. You must have a real job and be over 21.

• **\*\*\*:** That first TWC = Time Warner Cable; the second TWC = **The Weather Channel**. Going to be a part of that brand marketing session group on how to differentiate while having the same acronyms.

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