

CableFAX Daily™

Wednesday — August 22, 2007

What the Industry Reads First

Volume 18 / No. 163

Teammates: Willner Joins Fans in Challenging Big Ten Network

Insight vice chmn/CEO *Michael Willner* is reaching out to customers through another forthright customer campaign, this time explaining the MSO's carriage impasse with **Big Ten Net**. In the video message, running at **WhatistheBigTendeal.com**, a casual Willner stresses the net's refusal of sports tier carriage alongside **NFL Net**, **CSTV** and **ES-PNU**—and even rips a page from the net's playbook. Carriage will come "as soon as the Big Ten Network is willing to give you a choice," says Willner, who asks subs to send pro-tiering messages to the net via the site. A link on the site's homepage leads to more interesting information, including an Insight claim that BTN has rebuffed an offer to receive a "substantial payment for each digital customer who would receive the network... We are guessing that our offer simply isn't enough to satisfy their greed." The net failed to respond by deadline. Once again, Willner spoke on behalf of the MSO amid a charged climate, a move that echoes last year's recorded apologies to subs for widespread service disruptions and the explanations on message boards of data rate hikes. And with cable lagging DBS and telcos in recent customer satisfaction measurements (*Cfax*, Aug 17), those concerned about Big Ten's fate may come to appreciate Insight's open approach. On the site, the MSO even buttresses empathizing text with a video message from an employee who is, appropriately enough, an Ohio St football fan. Clad in an OSU jersey, *R.J. Walker* paraphrases Willner's message and reiterates the chief's call to action. -- Another portal, **PuttingFansFirst.com**, seeks to "address the soaring costs of sports programming," and uses Big Ten Network as a prime example. The site says it's a "new coalition of sports superfans and concerned consumers" that receives corporate support from **Comcast**.

New Tune: Looking to take a bite out of **Apple**, **MTV Networks** is folding its **Microsoft**-backed **Urge** music service and teaming with **RealNetworks** to create **Rhapsody America**. The service will let consumers access digital music via their PCs and portable music devices, and will be available on mobile phones exclusively through **Verizon Wireless'** V-Cast service. The Verizon partnership is partly an answer to the iPhone, which is only compatible with **AT&T**. RealNetworks will hand over its existing Rhapsody subs, certain employees, marketing materials and an undisclosed amount of cash, while MTV will pony up some cash, a 5-year, \$230mln note and its Urge sub base, according to an **SEC** filing. Real will hold a 51% interest; MTVN will have a 49% interest. Rhapsody America must purchase \$230mln in advertising on MTV Nets, the filing said. Real expects the new entity to generate incremental revenue of approx \$0.5mln for 3Q07 and \$2-\$3mln for the remainder of '07. URGE customers can immediately log into Rhapsody with their existing usernames/passwords. In the months ahead, Verizon Wireless will send duplicate copies of songs purchased over V-Cast to a customer's Rhapsody account. Urge chief *Michael Bloom* will head Rhapsody America. -- Separately, **Wal-Mart** announced Tues that it will begin selling digital music that doesn't have the customary copy protections restricting where a consumer plays the songs. Wal-Mart is charging 94 cents a track/\$9.22 per album—less than Apple's DRM-free service iTunes

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Plus (\$1.29/track). DRM-free music can be played on any digital music player and copied unlimited times.

At the Portals: The FCC is finalizing plans to extend streamlined video franchising rules to cable, said commish *Robert McDowell*. "We'll see what the draft says, but I understand the chairman is going to make good on his promise to get a draft circulated soon," he said, according to *Dow Jones*, at the **Progress & Freedom Foundation's** Aspen conference.

In the Courts: The US Court of Appeals for the Federal District has set Oct 4 for arguments in **TiVo** and **EchoStar's** long-running patent dispute. Last year, a TX judge barred EchoStar from deploying its DVRs and ordered it to pay TiVo \$89.6mln. The order was stayed during appeal. -- Carlsbad, CA, sued **Time Warner Cable** for operating without a valid franchise agreement since Nov. The city wants the MSO's gross revenue for the period in question. Time Warner notes it may not need a franchise because of the new state franchising law enacted in Jan, reports the *North County Times*.

ESPN Changes: Evp, production *Norby Williamson's* department reorg at **ESPN** includes a new enterprise unit charged with developing long-form, investigative features for multiple platforms. Also of note: *Craig Lazarus*, vp, studio prod will head the new unit; *Jodi Markey* becomes svp, operations; *Tim Scanlan* tackles added duties as VP, event prod; *Bob Toms* steps in as vp, production enhancements; and *Charita Johnson* jumps to vp, prod performance and development.

Competition: Given the success of **Disney Channel's** "High School Musical 2" on cable, **DirecTV** is likely excited about Fri when the satcaster's channel **The 101** will feature the movie's high-def premiere (6pm) along with 2 subsequent airings (9pm and midnight). Also, DirecTV will launch **Disney Channel HD**, a simulcast of the SD net, early next year.

Hosting Bee: **TV Guide Network** has signed **NBC's** "Singing Bee" host *Joey Fatone* to co-host its Red Carpet programming through '08 with *Lisa Rinna*. They replace long-time carpet chatters *Joan* and *Melissa Rivers*, and host their 1st stig at next month's Emmy Awards. TV Guide sold its best year ever for Red Carpet ad packages, said pres *Ryan O'Hara*.

Deals: **Tribune** shareholders approved *Sam Zell's* \$8.2bln proposed buyout. The deal now needs regulatory approval. As part of the deal, Tribune plans to sell its 25% stake in **Comcast SportsNet Chicago** and the **Chicago Cubs**.

Ratings: Unless napping for the last 5 days, you likely know that **Disney Channel's** "High School Musical 2" set an all-time cable telecast record Fri night, garnering 17.2mln total viewers and delivering a 10.2/9.43mln. But unknown until Tues was just how high a boost the net would receive from the anticipated sequel, and just how low the blue notes emanating from those vanquished by *The Mouse* in prime. Aided by lead-ins and subsequent features to the big show, Disney notched 9 out of the top 10 weekly prime telecast spots, deposed **TNT's** "The Closer" from its usual throne and recorded an impressive 4.2/3.88mln to lead all nets. **USA** (2.2/2.08mln) distantly placed, **TNT** (1.8/1.70mln) showed, and **ESPN** (1.6/1.51mln) and **TBS** (1.4/1.34mln) earned 4th and 5th, respectively. -- Hurricane Dean boosted **Weather Channel's** Sat ratings to a 0.3 total day rating. Sun's rating hit 0.6.—the highest-rated day for Weather year-to-date.

People: *Andrea Wong* made her 1st big hire since becoming pres/CEO of **Lifetime Nets** in Apr, tapping *Lew Goldstein* and *Bob Bibb* as co-chief marketing officers. They fill the evp, marketing post vacated by *Martha Pease* in Mar. The duo helped launch **Fox Television Network** and has been consulting at Lifetime, helping with the debut of hit drama series "Army Wives." -- **Virgin Media** CEO *Steve Burch* resigned Tues, citing family and personal reasons. The former **Comcaster's** resignation comes less than a month after Virgin, the UK's biggest cable provider, delayed plans to sell

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BUSINESS & FINANCE

the company. -- **Nat Geo** tapped **Greg Larvenz** as chief engineer, operations. -- **Starz Ent** appointed **Michelle Parker** vp, business and legal affairs, programming.

Business/Finance: **Fitch** assigned a 'BBB+' rating to **Comcast's** proposed \$3bln offering of unsecured notes, expected to be offered in 2 tranches with 10-year and 30-year maturities. **Fitch** believes the MSO is "well-positioned to generate solid operating metrics and sustainable EBITDA and free cash flow growth." -- **UBS** analyst **Benjamin Reitzes** said **Apple** may sell more than 800K iPhones this Q. That would beat **Apple's** goal of 720K and no doubt please service partner **AT&T**. -- **ION Media Nets** expects to complete a deregulation and delisting of its Class A common shares in the coming months, pending **FCC** approval of **Citadel Investment Group's** acquisition of **ION's** super-voting Class B common stock. **Citadel** also has purchased this year the approx 87% of the company's stock it didn't previously own. Additionally, **ION** said it has substantially completed the previously announced recapitalization of its balance sheet, including a \$187mln reduction in obligations as of Jun 30 and a \$115mln cash infusion from **Citadel**. -- Video sharing site **Metacafe** raised \$30mln in Series C financing, with new investors **Highland Capital** and **DAG Ventures** leading the round.

CableFAX Daily Stockwatch

Company	08/21 Close	1-Day Ch	Company	08/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	52.13	0.24	AMPHENOL:	33.90	(0.05)
DIRECTV:	21.80	0.07	APPLE:	127.57	5.35
DISNEY:	33.29	0.38	ARRIS GROUP:	14.75	(0.17)
ECHOSTAR:	38.38	(0.32)	AVID TECH:	30.51	(0.06)
GE:	38.35	0.13	BIGBAND:	9.07	(0.08)
HEARST-ARGYLE:	20.01	(0.36)	BROADCOM:	33.38	(0.51)
ION MEDIA:	1.32	0.02	C-COR:	13.52	0.05
NEWS CORP:	21.77	0.00	CISCO:	30.10	0.34
TRIBUNE:	27.98	0.96	COMMSCOPE:	52.70	0.47
MSOS					
CABLEVISION:	33.10	0.74	CONCURRENT:	1.41	0.01
CHARTER:	2.61	0.11	CONVERGYS:	17.14	0.08
COMCAST:	24.52	(0.11)	CSG SYSTEMS:	23.25	0.15
COMCAST SPCL:	24.42	(0.04)	GEMSTAR TVG:	5.85	0.16
GCI:	13.03	(0.24)	GOOGLE:	506.61	8.69
KNOLOGY:	14.10	(0.57)	HARMONIC:	8.60	0.01
LIBERTY CAPITAL:	109.05	(0.71)	JDSU:	13.75	(0.04)
LIBERTY GLOBAL:	39.72	0.03	LEVEL 3:	4.97	0.06
LIBERTY INTERACTIVE:	18.53	0.63	MICROSOFT:	28.07	(0.19)
MEDIACOM:	8.32	0.03	MOTOROLA:	16.44	0.12
NTL:	28.22	0.00	NDS:	49.27	0.60
ROGERS COMM:	42.97	0.00	NORTEL:	18.32	0.10
SHAW COMM:	22.45	0.10	OPENTV:	1.46	(0.02)
TIME WARNER CABLE:	33.00	(0.64)	PHILIPS:	37.25	(0.36)
WASH POST:	801.31	10.41	RENTRAK:	11.21	0.08
PROGRAMMING					
CBS:	30.82	0.37	SEACHANGE:	6.80	(0.03)
CROWN:	6.95	(0.1)	SONY:	46.33	0.54
DISCOVERY:	23.70	0.06	SPRINT NEXTEL:	18.54	0.28
EW SCRIPPS:	38.25	(0.07)	THOMAS & BETTS:	54.29	0.42
GRUPO TELEVISA:	23.88	(0.19)	TIVO:	6.04	(0.04)
INTERACTIVE CORP:	27.60	0.10	TOLLGRADE:	10.00	(0.25)
LODGENET:	26.93	(0.17)	UNIVERSAL ELEC:	29.07	0.61
NEW FRONTIER:	6.35	0.35	VONAGE:	2.14	0.05
OUTDOOR:	9.24	0.14	VYYO:	6.05	0.38
PLAYBOY:	10.60	(0.03)	WEBB SYS:	0.09	0.00
TIME WARNER:	18.64	0.22	WORLDGATE:	0.41	0.03
UNIVISION:	36.23	0.00	YAHOO:	23.04	(0.3)
VALUEVISION:	8.33	0.09	TELCOS		
VIACOM:	37.69	0.20	AT&T:	38.75	0.10
WWE:	14.56	0.01	QWEST:	8.82	(0.04)
TECHNOLOGY					
3COM:	3.71	(0.03)	VERIZON:	41.71	0.60
ADC:	16.73	0.11	MARKET INDICES		
ADVANTAGE:	5.78	0.06	DOW:	13090.86	(30.49)
ALCATEL LUCENT:	10.62	(0.06)	NASDAQ:	2521.30	12.71
AMDOCS:	35.00	1.21			

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The screenshot shows the Mobi-lize website layout. At the top, there's a navigation bar with 'Brewed Fresh Every Morning CABLE360AM' and a search bar. Below that, the 'Mobi-lize' logo is followed by navigation links: PROGRAMMING, MARKETING, TOOLS, HANDSETS, TECHNOLOGY, BUSINESS, DISTRIBUTION. The main content area is divided into several columns: 'Latest Stories' with articles like 'Mobile Bootcamp at National Cable Confab', 'Q&A with Mark Raudonis, VP of Post Production, Bunim/Murray Productions', 'Beyond the Pre-Roll: Making Video Advertising Fit with Mobile (Part 1)', 'Broadcasters Take Aim at the Burgeoning Mobile Market', and 'Handset Guru'. 'Recent Comments' includes 'Mobile Bootcamp at National Cable Confab (1)', 'Handset Guru (1)', 'Q&A with Mark Raudonis, VP of Post Production, Bunim/Murray Productions (1)', 'Handset Electronic Story #1', and 'Handset Guru (1)'. 'FEATURED VIDEO' highlights 'DEV: Advertising 2.0: Driver TV' with a 'PLAY VIDEO' button. A 'VIDEO GUIDE' lists 'DEV: Advertising 2.0: Driver TV', 'DEV: Rogus Story #4', 'DEV: Rogus Story #3', 'DEV: Rogus Story #1', and 'DEV: Rogus Story #2'. A sidebar on the right features 'get ten' with images of mobile phones, 'It's a Multi-Format World', and 'Enjoying it?'. At the bottom, there are logos for 'Cable Rises Up with Carrier Ethernet', 'ciena', and 'THE STATE OF DIGITAL MEDIA'. A footer contains 'CONTACT US | ABOUT US | SUBSCRIBE | PRIVACY & TERMS | ADVERTISE | SIGNUP | RSS'.

You'll find a lively mix of video reporting, columns, Q&A, and analysis.

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