

CableFAX Daily™

Monday — September 10, 2007

What the Industry Reads First

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Dual Carriage: Small Ops Look For Special Relief

Cable operators big and small continue making last-minute attempts to get the **FCC** to drop or modify a proposed order that would require dual carriage of must-carry broadcast stations—and possible triple carriage if a station has an HD signal as well. **ACA** met with FCC officials on Thurs to present a plan for small operators. It's asking the FCC to exempt systems that are 552Mhz or less and/or have 15K subs or fewer from dual carriage requirements. Those systems would pass through a must-carry station's primary digital signal to all subs in either analog or digital. The cable op would decide which format. Smaller systems that are above 552Mhz/15K subs could apply for hardship waiver relief. If a retrans broadcaster elects carriage of its digital, analog and HD signal, ACA argues that triple carriage should be sufficient consideration for retrans purposes. In other words, that broadcaster shouldn't be able to seek anything more—money, tying of nets, etc—because of the cost involved in carrying those 3 signals. As previously reported, **NCTA** has been floating a compromise that would have operators voluntarily carry the signals for a set time as opposed to until a system is all digital (*Cfax*, 9/6). A source confirmed that 3 years of dual carriage is currently on the table but said talks are fluid. It seems possible that cable could agree to an even longer period, as the industry was OK with an '05 House proposal that would have required cable to offer dual carriage for 5 years. It's important to note that NCTA is proposing voluntary carriage—similar to the deal it has for public TV stations' digital signals—because a voluntary agreement doesn't raise constitutional questions. NCTA has said it will mount a legal challenge if it's forced to offer dual carriage. "We, too, don't believe [the FCC] has the constitutional authority, but if you are going to do this, we feel very strongly that the order has to contain relief for smaller companies now rather than in a further rulemaking," ACA CEO *Matt Polka* said. -- Meanwhile, NCTA responded to **NAB's** claim that the assoc's DTV transition PSAs are inconsistent with the industry's opposition to dual carriage. "It is sadly ironic that cable is voluntarily educating consumers about the broadcast digital TV transition, yet the National Association of Broadcasters is spending their time trying to force mandates on cable systems that the FCC has already rejected twice as unconstitutional," NCTA said. "Rather than imposing unnecessary regulatory mandates on others, perhaps their time could be better spent preparing themselves and their customers for the digital transition."

At the Portals: The **FCC** pulled from Tues' meeting agenda an item that would have extended streamlined video franchising rules to cable operators. The item was intended to provide to cable the same relaxed rules that telcos got earlier this year—although the new rules wouldn't have taken effect until operators' current franchises expired.

Got Game: **RCN**, one of few dozen or so **NFL Net** affiliates who opted not to pay the surcharge last year to carry the net's live, regular season games, will feature all 8 match-ups this year. Other former holdouts carrying the games this year will be **Wave Broadband** and **Grande**. An NFL Net rep said he expects all but 2 or 3 existing affils (including **WOW** and **Armstrong**) to pay for the games. NFL's 1st game is on Thanksgiving (Nov 22) when Atlanta hosts Indianapolis.

"deliciously skewed comedy" - *Associated Press*



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BTN Dishes Content: It's unlikely **Big Ten Net** pres *Mark Silverman* has yet recovered from Michigan's opening day loss (he attended grad school there), but the net's carriage deal with **DISH** is surely welcome relief. The pact significantly boosts the net's distribution to approx 28mln nationally and 6mln within the 8-state conference footprint. DISH will offer the net nationwide within its AT100 programming package (\$30/month) until early '08, when it will move to the AT100+ package (\$40) within the conference footprint. Meanwhile, cable's largest MSOs continue to be left on the sidelines, unable to agree on carriage terms.

Warner Whirlwind: **Warner Bros** has been busy, announcing a pair of content distribution deals and the planned spring launch of **T-Works**, an online world designed to give customers access to the company's animated characters in a fully customizable environment. In residence will be *Snagglepuss*, *Bugs Bunny* and *Batman*, among others, with the latter slated for an exclusive short-form series. A dedicated video channel will be featured, as will a games channel with more than 125 games. On the distribution side, WB licensed a 35-title movie package to TV stations in 133 markets, including some owned by **Cox**, **CBS** and **Hearst-Argyle**. 2 *Harry Potter* films are packaged, as are "Million Dollar Baby" and "The Last Samurai." And the company inked a deal with **Disney-ABC TV** for the digital distribution of 4 TV series, which ABC may stream online. Related ad revenue at **ABC.com** is retained by ABC.

Political Ads: **The Public Campaign Action Fund**, a nonpartisan group that says its working to advance public financing of elections, took **Insight** to task over its decision not to air its commercial criticizing Sen *Mitch McConnell* (R-KY) Thurs night. In a news release, PACF said that execs at the company have given the senator \$17K in campaign contributions and claimed the MSO's action "reeks of censorship." Not so, says Insight. The **Natl Republican Senatorial Committee** objected shortly after the MSO's advertising arm got the spot. Because of that objection, Insight said it began a careful review of the ad with outside counsel. The review was completed within 24 hours, and Insight notified the ad agency that it will accept the spot for future airing. "There is no merit to the baseless claim made by a political issue group that our actions were the consequence of any political pressure. It was simply a prudent business judgment," Insight said.

Mass HSD: Word of cable ops pulling the plug on excessive bandwidth users has been batted about for years, but the *Washington Post* called out **Comcast** exclusively Fri, citing a few customers who have allegedly had their HSD service terminated by the MSO for egregious download frequency. Comcast's acceptable use policy expressly prohibits customers from exceeding consumption limitations. A spokesperson said any of the following monthly activity thresholds would result in service termination: 30K song downloads, 250K photo downloads, or sending 13mln emails. These amounts require a business account, said the MSO.

In the Courts: **C-SPAN** was denied camera access by the Third Circuit Federal Appeals Court to next week's oral argument in **CBS v. FCC**, the case stemming from *Janet Jackson's* "wardrobe malfunction" during the '04 Super Bowl halftime show. The Philly-based court will only permit an audio recording of the hearing, which the net plans to air.

People: **Millennium Digital** chmn/chief strategic officer *Kelvin Holbrook* tendered his resignation, effective Oct 5. -- **G4** promoted *Robert Juster* to vp, new media and interactive.

Clarification: **DirecTV** is the only *national* multichannel op committed to airing in HD both **TBS'** (**TBS HD**) and **Fox's** MLB playoff games.



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CableFAX Week in Review

Company	Ticker	9/07 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	54.40	(0.9%)	34.60%
DIRECTV:	DTV	23.12	(0.9%)	(7.3%)
DISNEY:	DIS	33.59	0.00%	0.70%
ECHOSTAR:	DISH	41.73	(1.4%)	9.70%
GE:	GE	38.75	(0.3%)	9.40%
HEARST-ARGYLE:	HTV	25.57		2.50%
ION MEDIA:	ION	1.32	(0.8%)	164.00%
NEWS CORP:	NWS	22.35	2.80%	0.90%
TRIBUNE:	TRB	26.92	(2.3%)	(11.4%)

Company	Ticker	9/07 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	33.95	1.20%	19.20%
CHARTER:	CHTR	2.73	(1.8%)	(10.8%)
COMCAST:	CMCSA	25.00	(4.2%)	(11.4%)
COMCAST SPCL:	CMCSK	24.84	(3.9%)	(11%)
GCI:	GNCMA	12.10	(4.3%)	(23.1%)
KNOLOGY:	KNOL	15.49	(2%)	45.60%
LIBERTY CAPITAL:	LCAPA	114.28	4.90%	16.60%
LIBERTY GLOBAL:	LBTYA	41.34	0.90%	41.80%
LIBERTY INTERACTIVE:	LINTA	18.95	(0.1%)	(12.1%)
MEDIACOM:	MCCC	7.84	(8.3%)	(2.5%)
NTL:	NTLI	28.22		(54.5%)
ROGERS COMM:	RG	42.97		45.10%
SHAW COMM:	SJR	22.42	(3%)	47.50%
TIME WARNER CABLE:	TWC	35.37	(3.6%)	(7.7%)
WASH POST:	WPO	795.00	3.80%	9.10%

Company	Ticker	9/07 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	30.95	(1.8%)	2.80%
CROWN:	CRWN	6.66	(1%)	83.50%
DISCOVERY:	DISCA	25.41	1.20%	57.90%
EW SCRIPPS:	SSP	41.52	1.00%	(15.5%)
GRUPO TELEVISIA:	TV	25.96	(0.4%)	3.50%
INTERACTIVE CORP:	IACI	27.60	(0.7%)	(25.7%)
LODGENET:	LNET	25.56	(2.4%)	2.10%
NEW FRONTIER:	NOOF	6.79	(0.4%)	(6.6%)
OUTDOOR:	OUTD	9.22	2.40%	(28.1%)
PLAYBOY:	PLA	11.12	0.60%	(3%)
TIME WARNER:	TWX	18.37	(3.2%)	(14.6%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	7.90	(6.3%)	(39.9%)
VIACOM:	VIA	38.74	(1.8%)	(5.5%)
WWE:	WWE	15.15		4.70%

Company	Ticker	9/07 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.92	4.50%	(4.6%)
ADC:	ADCT	20.04	9.60%	38.10%
ADDVANTAGE:	AEY	7.33	(7.3%)	162.70%
ALCATEL LUCENT:	ALU	10.28	(6.1%)	(16%)
AMDOCS:	DOX	35.39	0.30%	(8.7%)
AMPHENOL:	APH	37.57	4.00%	21.40%
APPLE:	AAPL	131.77	(4.8%)	45.90%
ARRIS GROUP:	ARRS	14.11	(7%)	12.80%
AVID TECH:	AVID	30.17	(2.1%)	(19%)
BIGBAND:	BBND	9.99	(1.1%)	(6.5%)
BLNDER TONGUE:	BDR	1.26	(6%)	(25.9%)
BROADCOM:	BRCM	34.55	0.20%	6.90%

Company	Ticker	9/07 Close	1-Week % Chg	YTD %Chg
C-COR:	CCBL	10.69	(7.1%)	(4%)
CISCO:	CSCO	31.52	(1.3%)	15.30%
COMMSCOPE:	CTV	56.66	0.10%	85.90%
CONCURRENT:	CCUR	1.35	(0.7%)	(25.4%)
CONVERGYS:	CVG	16.13	(3.7%)	(32.2%)
CSG SYSTEMS:	CSGS	22.06	(4.6%)	(17.5%)
GEMSTAR TVG:	GMST	6.25	2.50%	55.90%
GOOGLE:	GOOG	519.35	0.80%	12.80%
HARMONIC:	HLIT	9.94	(0.3%)	36.70%
JDSU:	JDSU	14.84	2.20%	(10.6%)
LEVEL 3:	LVL	4.79	(8.4%)	(14.5%)
MICROSOFT:	MSFT	28.44	(1%)	(2.7%)
MOTOROLA:	MOT	17.13	1.10%	(14.7%)
NDS:	NNDS	49.34	0.20%	2.30%
NORTEL:	NT	16.94	(2.9%)	(36.6%)
OPENTV:	OPTV	1.30	(0.8%)	(44%)
PHILIPS:	PHG	39.13	(1.1%)	8.30%
RENTRAK:	RENT	11.75	(4.9%)	(24.2%)
SEACHANGE:	SEAC	6.75	(7.3%)	(34%)
SONY:	SNE	47.31	(1%)	11.00%
SPRINT NEXTEL:	S	17.96	(5.1%)	(4.1%)
THOMAS & BETTS:	TNB	55.28	(0.2%)	16.90%
TIVO:	TIVO	5.64	0.20%	10.20%
TOLLGRADE:	TLGD	10.23	0.50%	(3.2%)
UNIVERSAL ELEC:	UEIC	27.19	(6.2%)	29.40%
VONAGE:	VG	2.03	(3.8%)	(70.7%)
VYYO:	VYYO	5.75	(1%)	26.90%
WORLDGATE:	WGAT	0.42	(8.7%)	(68.7%)
YAHOO:	YHOO	23.76	4.50%	(7%)

Company	Ticker	9/07 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	38.73	(2.8%)	16.40%
QWEST:	Q	8.89	(0.7%)	6.20%
VERIZON:	VZ	41.34	(1.3%)	19.80%

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	INDU	13113.38	(1.8%) 5.20%
NASDAQ:	COMPX	2565.70	(1.2%) 6.20%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. ADC:	20.04	9.60%
2. LIBERTY CAPITAL:	114.28	4.90%
3. 3COM:	3.92	4.50%
4. YAHOO:	23.76	4.50%
5. AMPHENOL:	37.57	4.00%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. WORLDGATE:	0.42	(8.7%)
2. LEVEL 3:	4.79	(8.4%)
3. MEDIACOM:	7.84	(8.3%)
4. ADDVANTAGE:	7.33	(7.3%)
5. SEACHANGE:	6.75	(7.3%)



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MaxFAX...

Remembering 9/11

Six years after... And another Tuesday. Another bright, sunny morning. Easy to remember where you were? What you were doing? Tell us... Very easy for me... but not a bit dangerous.

Six years ago today, I'd gone to the opening game at Invesco Field to watch the Denver Broncos beat somebody (as they should) along with my friend *John Goddard* as a guest of **ESPN** and **ABC**... great



Paul S. Maxwell

game, great conversations with *George Bodenheimer*, *Steve Bornstein*, *Steve Raymond* and *Carl Vogel* and family and lots of others. On my way to Hell Week (that year it wasn't just Diversity Week), early that Tuesday, I was in the Red Carpet Club at DIA booting up my computer to check email when the image on the TV caught my attention...

Thought it was a movie for a moment.

The "Oh, My God!" from the announcer changed my mind quickly. A plane crashing into the World Trade Center?

Bad plot line. Bad morning. Too many died. Too many suffered. Too many got that rare opportunity to be a real hero. (Too many took credit, too).

Too many cable folks were already in Manhattan... watched it up close and

personal. And waited out the week...

Normality took a long holiday. Tears, worry and uncertainties took its place. Empty skies. No contrails. Watching that carnage on TV was surreal. So I walked up to the re-booking desk and cancelled everything.

Called my wife and told her to turn on the TV. Called my daughter just to be sure (safe at boarding school). Called my parents. Went out and got a cab...

And told the Pakistani cab driver he was wrong to say America should shut its borders and arrest anyone who didn't fit in. Amazing. Even more amazing: America's long-term reactions. Now we've bought Iraq; after all, we broke it. So, why don't we fix it? Maybe we can sell it then? Or, at least, all that oil.

Random Notes:

• **More Terror?** Of course. Someday, somewhere. Just like the anarchists at the turn of the last century.

• **Meanwhile, Regulatory Terror!** The Federal Confusion Commission meets tomorrow to, most likely, inflict more unconscionable terror on the cable industry. Odd, because the commissioners have yet to actually present rational explanations for the latest **Comcast** set-top box waiver denials. Nevertheless, the Commission is set to, among other punitive steps, look to enact stealth a la carte, triple must carry and more. Stay tuned for coverage in **CableFAX Daily**.

• **But, Cable Acts!** We probably shouldn't, but the industry is stepping up to help with the digital transition... maybe we can shame the Commission into paying attention?

• **Nah:** They'd just, like *Michael Vick*, get religion.

• **On the Bright Side!** Take a look at this (and laugh at the commercial juxtaposition): <http://www.myfoxny.com/myfox/pages/InsideFox/Detail?contentId=4279452&version=1&locale=EN-US&layoutCode=VSTY&pa geld=5.2.1>. FYI: his well-connected Dad denies any direct involvement. No kidding, this is worth a look; cool kid. (Don't tell Michael I told you about Matt).

• **NY Tourist:** Was in the Big Apple for the taxi "strike." When I couldn't find a cab, took a Pedi cab all the way from mid-town to Ground Zero. Expensive, but fun. Also rode the oven known as a subway car on the "7" train out to and back from to the National Tennis Center. Yep, appreciated that **NBC Universal** schedule *Venus v. Jelena* and *Roger v. Andy* just for me for the evening I was in the City. Almost as good as watching the US Open on **USA**.

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