

CableFAX Daily™

Friday — September 22, 2006

What the Industry Reads First

Volume 17 / No. 184

Battle Brewing? Comcast's Roberts Calls for 'Dialogue' on Sports Costs

Cable has reached a "tipping point" when it comes to expensive sports content and needs to work with sports nets to figure out how to absorb carriage costs, **Comcast** pres/CEO *Brian Roberts* said Thurs in Washington. His comments came days after sources said the MSO plans to try to move **NFL Net** to a sports tier next year (*Cfax*, 9/19). "I think it's time to call for a serious dialogue on this issue," he told attendees of the **Progress & Freedom Foundation's** CEO luncheon event. At issue is whether all cable subs, or just sports fans who watch those nets, should pay for them. Case in point: Comcast just last month hiked all D.C.-area bills by \$2 per month to pay for carriage of regional sports net **MASN**, even though many subs will never watch it (*Cfax*, 8/14). Roberts—always the diplomat—avoided any outright suggestion that only sports fans should pay for those channels, saying "there's no right or wrong... I don't think there's a perfect solution." But while the sports-tier debate has raged for years, Roberts said cable bills pushing \$100 per month and beyond creates a "sea change" that all sides must address. -- **Other Comcastic Wisdom**: Roberts said the **FCC** should delay its planned July '07 deadline for cable ops to strip out security components from cable set-tops, arguing that cable and CE camps need more time to work out a downloadable security platform; he called that "cheaper and much more secure" than the CableCARD route. He also urged better interconnection rules that keep incumbent telcos from gaming the system (such as taking nearly a week to port over a telephone number) and repeated the mantra that net-neutrality rules would be "a solution searching for a problem." He insisted such regs would chill investment. -- Kudos to Roberts for sticking around after the speech to take questions from analysts *Aryeh Bourkoff* (**UBS**), *Blair Levin* (**Stifel Nicolaus**) and *Craig Moffett* (**Sanford C. Bernstein**). But then again, having 2 blowout quarters under your belt probably makes such Q&As considerably less grueling.

Stevens Holding Firm: With telecom legislation floundering, net-neutrality proponents may have hoped that Senate Commerce Committee chmn *Ted Stevens* (R-AK) would soften his anti-net neutrality stance. Uh, think again. "The bill will stay as it is," he told reporters who mobbed him after his short introduction of **Comcast** chmn *Brian Roberts* at the **Progress & Freedom Foundation** CEO luncheon in DC on Thurs. "This bill's going to be considered on its merits." He rejected talk of splitting off statewide franchising and urged a vote on the whole bill to get it into conference (He also claimed "increased support" for the bill over the last 2 weeks). "Nobody can tell me what net neutrality is, other than it's something that a few companies want," he said. "It's a fetish. It's really something that doesn't exist... This one issue is destroying this bill." He suggested that bill blockers are, in effect, also blocking provisions to lower phone rates for troops overseas and provide \$1bln for emergency communications equipment for first responders. -- House Commerce chmn *Joe Barton* (R-TX) praised Stevens for his comments on the Senate floor Thurs supporting the bill and urged a vote. "I hope the Democrats in the Senate will soon see the light and help pass this important bill," he said in a statement.

MORE GRAND TO OUR SLAM

The **FRENCH OPEN** comes to The Tennis Channel ... Spring 2007.



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Restatement: Cablevision filed its delayed 2Q results Thurs and restated its financials following an internal investigation into stock-option grants. The filings came well ahead of deadlines that, if missed, could have put the company in default of some loans. The MSO reported that 2Q net income fell to \$14.6mln from \$213.8mln a year ago (last year there was an extraordinary gain from discontinued operations), above analyst estimates. Loss from continuing operations was \$26.1mln down from \$27mln. The restatement resulted in a cumulative net loss adjustment of \$89.2mln for '97 through 1Q05. Not surprisingly, the MSO said it has received a grand jury subpoena from the US Attorney's office for the Eastern District of NY seeking documents related to the stock options issue. The SEC is also requesting docs for its informal investigation. Cablevision said it intends to fully cooperate. Two board members—Richard Hochman and Victor Oristano—resigned from Cablevision's audit committee (Hochman also resigned from the compensation committee). The 2 said that in light of the restatement and numerous shareholder lawsuits that name them, among others, as defendants, it was in the best interest of the company to step down. Shares closed down 2 cents.

In the States: Comcast's Philly HQ, home to several companies, closed Thurs after an underground electrical transformer caught fire nearby. No one was injured, according to reports, but the incident forced hundreds to evacuate offices and stalled traffic. -- Charter will launch a 10Mbps downstream/1Mbps upstream high-speed service to customers across the country along with an upgraded security suite. The rollout will be complete this fall. Customers who take another Charter service will pay \$69.99; it's \$79.99 as a standalone offering. Charter also offers 3Mbps and 5Mbps tiers.

The Great Node Hunt: A recent post on BroadbandReports.com's message boards caught our eye. The message claims Time Warner Cable is offering employees in Houston \$50 for every one of AT&T VRADs located—VRADs are those ugly cabinets on the street that let AT&T deliver fiber and copper to the home. Unfortunately, we don't know if it's true. "For competitive reasons, we can't comment," a TW Houston rep said. But the notion of such a campaign is so intriguing, we had to write about it. It reminded us of Cox's "ID-A-DISH" program in N VA, where employees received \$2 for every satellite home they turned in that didn't subscribe to any cable services and that the MSO had not previously identified. -- Speaking of AT&T, we are keeping an eye on the uverseusers.com blog. At last check, the admin reported being without U-verse service for 3 days (in the middle of broadcast premiere week!).

Thinking Outside the Comcast Box: Remember how we told you to keep an eye on Comcast Interactive, the unit created last year to grow the MSO's Internet business? (Cfax, 8/28). Comcast COO Steve Burke's comments this week have us even more convinced something's brewing. He told Goldman Sachs' investor conference Wed that Comcast will go beyond its footprint to offer new Internet apps and Websites. "To really be competitive in the Website world, you can't be in [only] 35% of the country," he said, adding the Websites would be mostly ad-supported. Burke pointed to "TV Planner," Comcast's recently launched online programming guide, with a "very robust" broadband presence for its upcoming VOD horror channel, he said. The MSO recently obtained trademarks for video broadcasting over the Web.

Fashionista: You might think TV Guide Channel's "The Fashion Team" (premieres Oct 10, 8pm) is yet another cable fashion show. Pres Ryan O'Hara assures us it's not. "We're not competing with WE, Style or anyone else. We're being true to our brand" by commenting on Hollywood fashions, he says. The series will examine fashion trends of film and TV stars and TV shows. A recurring segment will eye the (largely scant) costumes of "Dancing With the Stars." To keep things light, comedienne Daphne Brogdon will co-host with fashionista David Evangelista,



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BUSINESS & FINANCE

and some segments will focus on helping viewers dress like the stars—but at bargain prices. Will the show shine a light on the sartorial habits of other TVG shows, perhaps blasting the quotidian duds of TV trade reporters *Brian Lowery* and *Andy Wallenstein* of “SquareOff”? O’Hara laughs, “we’ll see.”

Stork Visits: NFL Net spokesman *Seth Palansky* and wife *Kim* welcomed 7lb, 7.5-oz *Ava Lauren* into the huddle Thurs morning. Our suggestion: Kill 2 birds with one stone; make nice with **Time Warner** by appending *Frederica* to the tyke’s middle name (to appease Mr *Dressler*), and then the kid’s first and middle names have the football historic initials AFL.

People: A&E appointed former **Court TV** exec *Doug Jacobs* svp and general counsel.

Business/Finance: GE Commercial Finance announced the provision of \$5mln in growth capital financing to **Brightcove**, a firm that provides IPTV services to affiliates and content providers. The funding is slated to enable accelerated development of solutions to distribute and monetize broadband video content. It could also boost the technology (and demand for it) and the company, which counts **AOL** and **Hearst** among its investors. Management includes former execs of **Comcast**, **Discovery** and **MTVN**.

CableFAX Daily Stockwatch

Company	09/21 Close	1-Day Ch	Company	09/21 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	41.84	0.21	AVID TECH:	42.00	(0.64)
DIRECTV:	18.91	(0.43)	BLNDER TONGUE:	1.18	(0.02)
DISNEY:	30.71	(0.32)	BROADCOM:	27.65	(0.56)
ECHOSTAR:	31.61	(0.22)	C-COR:	8.70	(0.08)
GE:	34.44	(0.33)	CISCO:	23.01	(0.26)
HEARST-ARGYLE:	23.06	(0.2)	COMMSCOPE:	31.59	(0.56)
ION MEDIA:	0.87	0.01	CONCURRENT:	1.54	0.00
NEWS CORP:	19.88	(0.02)	CONVERGYS:	20.65	(0.12)
TRIBUNE:	32.05	1.36	CSG SYSTEMS:	26.23	0.04
MSOS					
CABLEVISION:	22.99	(0.02)	GEMSTAR TVG:	3.34	(0.06)
CHARTER:	1.50	(0.05)	GOOGLE:	406.85	9.85
COMCAST:	35.20	0.15	HARMONIC:	7.29	0.14
COMCAST SPCL:	35.12	0.06	JDSU:	2.15	(0.03)
GCI:	12.72	(0.08)	LEVEL 3:	5.17	(0.19)
KNOLOGY:	10.00	(0.05)	LUCENT:	2.30	0.02
LIBERTY CAPITAL:	82.33	0.28	MICROSOFT:	26.90	(0.28)
LIBERTY GLOBAL:	25.50	(0.16)	MOTOROLA:	25.13	(0.12)
LIBERTY INTERACTIVE:	19.76	0.08	NDS:	42.45	(0.05)
MEDIACOM:	7.09	(0.15)	NORTEL:	2.35	0.03
NTL:	25.01	(0.23)	OPENTV:	3.01	0.02
ROGERS COMM:	52.55	(0.08)	PATH 1:	0.63	0.00
SHAW COMM:	29.44	(0.04)	PHILIPS:	34.88	0.22
TIME WARNER:	17.49	(0.12)	RENTRAK:	11.26	(0.09)
WASH POST:	728.00	(10)	SEACHANGE:	8.85	0.13
PROGRAMMING					
CBS:	28.25	(0.31)	SONY:	41.46	(0.08)
CROWN:	4.42	0.05	SPRINT NEXTEL:	17.14	(0.34)
DISCOVERY:	14.00	0.03	THOMAS & BETTS:	45.84	0.14
EW SCRIPPS:	46.69	0.01	TIVO:	7.71	(0.04)
GRUPO TELEVISA:	20.71	(0.8)	TOLLGRADE:	9.05	0.40
INTERACTIVE CORP:	28.17	(0.18)	UNIVERSAL ELEC:	19.10	(0.29)
LODGENET:	18.74	(0.26)	VONAGE:	7.07	(0.07)
NEW FRONTIER:	8.54	(0.02)	VYYO:	4.58	(0.08)
OUTDOOR:	10.83	(0.17)	WEBB SYS:	0.07	0.00
PLAYBOY:	9.64	(0.15)	WORLDGATE:	1.76	(0.03)
UNIVISION:	34.37	(0.06)	YAHOO:	25.35	(0.29)
VALUEVISION:	11.76	0.01	TELCOS		
VIACOM:	37.07	(0.18)	AT&T:	32.28	0.22
WWE:	16.60	(0.24)	BELLSOUTH:	42.43	0.36
TECHNOLOGY					
3COM:	4.57	0.16	QWEST:	8.98	0.18
ADC:	14.60	0.15	VERIZON:	36.90	0.23
ADDVANTAGE:	4.07	0.12	MARKET INDICES		
AMDOCS:	39.40	0.55	DOW:	11533.23	(79.96)
AMPHENOL:	61.86	0.69	NASDAQ:	2237.75	(15.14)
ARRIS GROUP:	11.38	(0.42)			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Society Wired Shut

Leading off with full frontal male nudity and ending with one schoolgirl slashing another's face, the 40th ep of **HBO's** "The Wire" (Sept 24, 10pm) offers the shocking and graphic realism endemic to many of the network's series. But this cop show, which spotlights the politics, drug trade and kids' trials in the city of Baltimore, is atypical in myriad ways. Its chief thrust is unapologetic, acerbic social commentary, driven home with accurate portrayals of inner-city life. "In this modern world, we have constructed a triumph of capitalism in which people are worthless, and there is no interest in reintegrating the forgotten back into society," said the show's exec prod/writer *David Simon* at a Wed ep screening in D.C. "We are trying [with this show] to be subversive and make a political statement with TV drama." Simon's background as a journalist and co-prod *Ed Burns'* experience in law enforcement and education add legitimacy. "We have impaled ourselves on a cross of pleasure, and we just don't care about the people around us," said Burns, who espoused this season's focus on Baltimore's decaying educational system. The series' structure is also different, characterized by Simon as "a novel in a video sense," a character-driven feature with compounding plotlines. As such, he said, it has enlisted a healthy following from readers. But even with honorable intent, compelling characters and fabulous writing, "The Wire" also delivers less-than-stellar ratings. Last season, it averaged 1.5mln viewers/ep, and the 1st 2 eps of this season have averaged 1.65mln. Even so, Simon remains undaunted, as does HBO, which recently greenlit a 5th season. "If we were concerned about maximizing viewership, we wouldn't have a cast that is 70% African American," said Simon. "This show was not conceived for what people want." What many desire is real life on TV, not outside their window.

Highlights: "On The Run," Tues, 11pm, **Court TV**. One of the best short series we've seen from Court. In each ep, the criminals have escaped prison, but they're so clever even the police admire them, albeit begrudgingly. – "Wait 'til Next Year: The Saga of The Chicago Cubs," Tues, 10pm, **HBO**. This short film about the hapless cubbies is as close to perfect sports filmmaking as we've seen (despite our Mets taking a beating here). One question while we watched: Why did the filmmakers nearly ignore Wrigley's 7th inning stretch festivities? The answer, and a huge payoff, is found at the film's end. SA

Worth a Look: "American Misfits," Sun, 9pm, **FUEL TV**. The skateboarding sketch comedy series gets a boost when *Kiefer Sutherland* shows for the season finale. Ain't corporate synergy great. – "Kraken: Tentacles of the Deep," tomorrow, 9pm, **Sci Fi**. These horror films on SciFi serve a purpose, but we're not sure what that is. This time the culprit is a giant squid with an appetite for human victims. The quartet hunting the big fish contains two young, bikini-clad but brainy co-eds. Our question: How can those hunting the beast enjoy lunching on calamari? SA

Basic Cable Rankings			
(9/11/06-9/17/06)			
Mon-Sun Prime			
1	ESPN	3	2724
2	USA	2	1847
2	TNT	2	1839
4	DSNY	1.8	1637
5	LIFE	1.5	1385
6	TOON	1.4	1247
7	FOXN	1.3	1140
8	NAN	1.2	1082
8	HALL	1.2	891
10	A&E	1.1	1022
10	TBSC	1.1	987
12	FX	1	944
12	HGTV	1	927
12	DISC	1	887
12	SCIF	1	859
16	HIST	0.9	828
16	MTV	0.9	776
18	SPK	0.8	767
18	VH1	0.8	762
18	AMC	0.8	758
18	TVLD	0.8	742
18	CORT	0.8	728
18	CMDY	0.8	684
24	TLC	0.7	657
24	FAM	0.7	657
24	BRAV	0.7	611
24	FOOD	0.7	600
28	APL	0.6	580
28	CNN	0.6	566
28	BET	0.6	498
28	SOAP	0.6	309
32	ESP2	0.5	497
32	LMN	0.5	281
34	MSNB	0.4	371
34	EN	0.4	365
34	TTC	0.4	352
34	HLN	0.4	344
34	WGNC	0.4	292
34	NGC	0.4	257
34	GSN	0.4	225
41	CMT	0.3	242
41	OXYG	0.3	230
41	TVGC	0.3	225
41	DHLT	0.3	171
41	TDSN	0.3	161
41	BIO	0.3	132

*Nielsen data supplied by ABC/Disney

Troubleshooting Digitally Modulated Signals with a QAM Analyzer

[hosted web event]

Title: Trilithic and Communications Technology are presenting a free Webcast on troubleshooting digitally modulated signals with a QAM analyzer featuring Cisco System's Ron Hranac and Trilithic's Steve Windle.

Date: Wednesday, September 27

Time: 8 a.m. PST, 11 a.m. EDT, 4 p.m. GMT

To register for the event, please log on at www.ct-magazine.com for more details and information.

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Who Are Cable's Most Influential Women?

Help us decide by nominating the executives you think should be on our list.

We will rank the Top 50 in the Nov. 16 issue of *CableWorld*. Nominations are open to all cable operators, programmers, vendors and trade associations.

Deadline to submit a nomination is
Friday, September 29.

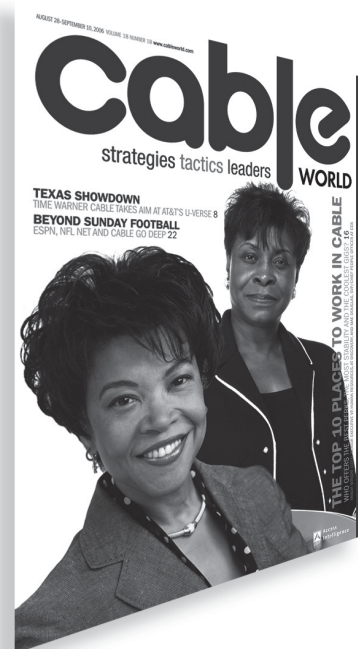
Submit nominations to:

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Nomination form can be found at www.cableworld.com/cableworld