

CableFAX Daily™

Monday — September 25, 2006

What the Industry Reads First

Volume 17 / No. 185

Bandwidth Crisis? Cable Cap Ex Spending Weighing on Some Minds

Questions over whether cable will soon have to increase capital spending to improve bandwidth continue to linger. A **Merriman Curhan Ford** report issued days ago warns of an "impending bandwidth 'crisis' driven by current HFC network capacity limitations" relative to the telcos' "unlimited fiber deployments." The issue also came up at a recent **Goldman Sachs'** investor conference. "Cox has always invested and continues to invest in our network in order to make the most efficient use of this resource," Cox CTO *Chris Bowick* told **Cfax**. "Numerous technologies and tactics discussed in the [Merriman] report are involved in this effort, and we have a plan for meeting customers' near- and long-term demands." Bowick downplayed the telco threat. "With the RBOCs purportedly investing as much as \$8K per home to deliver services we are already delivering today, we are very comfortable in continuing our sensible and timely approach to network investment," he said. Merriman expects HFC access network infrastructure spending to start rising in the 2nd half of this year and continue into '07 after several years of declines. It notes that MSOs have multiple technologies to enhance bandwidth, including switched broadcast and new compression technologies. The report, titled "I Want My MTV in HD! Cable's Looming Bandwidth Crisis—A Shift From 'Success-based' to 'Survival-based' Spending," identified several companies that may benefit from the spending boost: **Vyyo, Harmonic, Commscope, C-Cor, BigBand Networks, Modulus Video, Aurora Networks, OpVista, Narad** and **RGB Networks**. At Goldman Sach's Communacopia, **Comcast's Steve Burke** addressed last month's *WSJ* piece suggesting cable might need billions in upgrades. "We don't think there's any need anywhere on the horizon ... to rebuild the infrastructure," Burke said, explaining bandwidth recapturing measures. Gone is "the old concern that used to haunt the cable industry, because it was true until 5 years ago, that we're constantly needing more capital and another rebuild," he said.

Ma Bell Merger: **AT&T** and **BellSouth** shares closed up almost 2% after word leaked that **FCC** chmn *Kevin Martin* sent out a proposal late Thurs to approve their merger with no conditions. Don't count on the Bells getting by without any stipulations, though. Newest FCC commish *Robert McDowell* will likely be recused from the vote because of his past telecom ties. That leaves 2 Republicans and 2 Dems voting, with the Democrats likely to force conditions similar to those placed on the **AT&T-SBC** merger. The Oct 12 FCC meeting could include a vote on the AT&T-Bell-South merger, which still has not received approval from the **DOJ** as it deals with challenges to past telecom mergers (AT&T-SBC and **Verizon-MCI**). Fri marked Day 155 of the FCC's review of the deal. By contrast, **Time Warner** and **Comcast's** purchase of **Adelphia** was at the Commission for more than 400 days.

Schleiff to Hallmark? The rumor has been around for a while, but chatter that **Court TV** chmn *Henry Schleiff* is mulling a move to Hallmark Channel has intensified in recent days. Word is that an offer is now on the table. Hallmark had no comment. Attempts to reach Schleiff were unsuccessful Fri.

IFC ORIGINAL DOCUMENTARY

**8 SECONDS.
ONE CHAMPION.**



RANK

**PREMIERES MONDAY
OCTOBER 9 AT 9:00PM**

Inside the dangerous world of professional bull riding.

IFC
tv, uncut.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Dave Dekker, 301/354-1750, ddekker@accessintel.com ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, cdaily@accessintel.com ● Scott Gentry/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columnist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs: Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

The Living Dead: "Don't let options discrepancy distract." That was the title of a **UBS** research report Fri that said stock option woes at **Cablevision** shouldn't overshadow its strong 2Q results. Other positive signs: **S&P** and **Fitch** both affirmed their ratings on Cablevision after placing it on Creditwatch because of a default risk due to the late filing of financials. But a dead guy getting stock options is a little too "Weekend at Bernie's" for some. Shares closed down nearly 2% as headlines such as "Dead Men Have No Options" and "Dead Money at Cablevision" proliferated. Cablevision's **SEC** filing revealed that options were backdated to a former exec to before his death (the *WSJ* id'd the exec as vice chmn *Marc Lustgarten* who died in '99). The revelation in the 119-page filing was overlooked until late Thurs; the media circus began in earnest Fri morning after the *WSJ*'s front-page story appeared. CVC also said it awarded stock options to a consultant but accounted for them as if he were an employee. The award was canceled in '03.

Adelphia Doings: Mecklenburg County, NC, is considering a bid for Adelphia's cable system in the county, according to the *Charlotte Business Journal*. It says the county and towns are considering spending \$80mln to enter the biz. Mecklenburg's franchise agreement gives it the right to buy the operation (16K subs). **Time Warner Cable** would assume ownership if local jurisdictions decide not to purchase the systems. -- The court approved Adelphia's request to pay CEO *Bill Schleyer* as much as \$16.6mln in bonuses, *Bloomberg* reports.

Verizon Watch: The NY PSC confirmed Wed **Verizon's** video franchises in the villages of Lynbrook and Mineola on Long Island, and in Clarkstown. The commission has approved all 12 franchises that have been awarded to VZ. Meanwhile, Boxborough, MA, (2K HHs) granted **Verizon** a video franchise earlier in the week. Verizon is celebrating the 1st anniversary of its "FiOS TV" service, which launched in Keller, TX, on Sept 22.

Versus Nation: OLN sheds Mon its acronymic title in favor of **Versus** (VS.), the crescendo of a 2-year mission to propel the net forward with a unifying, reflective brand. The net recently eclipsed the 70mln HH plateau, and pres *Gavin Harvey* believes an emphasis on sporting battles will lead to even greater heights. "As we lift the outdoor filter and highlight competition, we can open up to a larger audience for growth," said Harvey. "The more we aggregate and cohere around the Versus brand, the more we hope to see a spark." Much of the net's aggressive marketing and branding push will center on the **NHL**, its flagship property, said svp, mktg and promotion **Bill Bergofin**. The media mix will include TV ads across the broadcast and cable sports category; print ads in *USA Today*, *Sports Illustrated* and *Maxim*; radio spots; and even street paintings in NY and elsewhere. "This is part revolution and part evolution," said Bergofin. "Versus will create a home on TV that protects pure competition, and you will see that tonality throughout the ads." Reaction to the change from stakeholders has been positive, Harvey said, adding that sports programmers are "really excited." **Cox** spokesman *David Grabert* said the MSO is "keenly interested" in the net's rebranding and its future. Said Harvey: "We've always been an emerging net, a challenger brand, but I think we have now arrived." And so has bull riding, boxing, yachting, Iditarod racing, and other competitive pursuits.

Interactive: **YES Network** and **MLB Advanced Media** will launch this week a trial of interactive "Player of the Game" fan voting. During the 8th inning of YES' Tues-Thurs telecasts, an on-screen list of 4 "POG" candidates will appear, along with a 5-digit number for use by mobile customers. Dialers can press a number for their corresponding choice, with the winner announced after the game. **Chevyoffers.com** will sponsor a text messaging version. The initiative extends YES' interactive strategy that began this summer (*Cfax*, 7/26), pitching Yankees stats and league standings.

AVAILABLE
NOW!

SHARPEN UP YOUR HD LINEUP

A&E HD

The best entertainment in HD is here, with hit shows like **CSI:Miami** and **The Sopranos**.® Call your AETN rep today!

VOD: TVN and Warner Bros have expanded their VOD agreement, adding distribution of WB feature films to smaller TVN affiliates such as IPTV and telco partners.

Copy This: In response to a petition for rulemaking filed by MPAA and major sports leagues, the US Copyright Office is seeking comment on copyright issues associated with the secondary transmission of digital TV broadcast signals by cable operators. The petition states that "copyright owners are concerned that cable operators are not reporting and calculating their Section 111 royalties properly." Comments to the Copyright Office are due Nov 6; replies are due Dec 4.

Programming: The Weather Channel's new prime series "Abrams & Bettes: Beyond the Forecast" premieres Mon (8pm ET), and will highlight football's return to New Orleans following the ravages of Hurricane Katrina. Co-host Mike Bettes will examine the city's recovery through live, on-site interviews with LA gov Kathleen Blanco and former NFLer Danny Wuerffel. -- Hallmark Channel's version of October Fest is a month-long diet of its original films, Mon-Sat, 9pm, starting this Mon with "Though None Go With Me." On Oct 14, it premieres "Final Days of Planet Earth" with Daryl Hannah (8pm). -- Fox Sports en Espanol acquired the broadcast rights to "A mi manera," a 5-part series chronicling the life of Chicago White Sox mgr Ozzie Guillen. The 1st 2 eps debut Mon (11pm ET).

Ratings: Cable, highly critical of Nielsen's current system for measuring commercial data, has scored one victory. Nielsen will label the data from its first commercial minutes ratings in Nov as experimental. Cable has raised serious concerns over how Nielsen will measure ads, including its definition of a commercial minute.

Editor's Note: Check it out! We're pulling all of our great cable content (CableFAX, CableWorld and Communications Technology) into one ubersite portal called Cable360 (www.cable360.net). Cool features include video segments, a job board and other useful resources (with more to come!). We're still making tweaks to the newly 360-ized www.cablefax.com site, so send your suggestions, critiques and thoughts to exec editor Michael Grebb at mgrebb@accessintel.com. For www.cableworld.com, contact Seth Arenstein (sarenstein@accessintel.com), and for www.ct-magazine.com, contact Jonathan Tombes (jtombes@accessintel.com). Uber Web maven Shirley Brady is the point of contact for the main cable360.net portal: sbrady@accessintel.com.

Send Them the Bill: Just how much do customers shell out for Pay TV? Judging by Forbes' list of the 400 wealthiest Americans, the answer is plenty. Nipping at Charter investor Paul Allen's (\$16bln, #5) heels are Cox Ent matriarchs Barbara Cox Anthony and Anne Cox Chambers, who are each worth a cool \$12.6bln and rank 17th on the estimable list. Then there's Rupert Murdoch (\$7.7bln, #32), Charlie Ergen (\$7.6bln, #34), Bright House's Donald Newhouse (\$7.3bln, #38) and Sumner Redstone (\$7.5bln, #35), who with his deep pockets may hire and fire whomever he damn well pleases. Chuck Dolan's (\$2.3bln, #133) lucre underscores the posh exec life, and largest Comcast shareholder Amos Barr Hostetter (\$2.6bln, #107) proves that cable is a good bet. Other notables include: Mark Cuban (\$2.3bln, #133), Ted Turner (\$1.9bln, #189), John Malone (\$1.7bln, #204), and Bob Johnson (\$1bln, #374).

Broadband: A sneak preview of the premiere ep of E!'s "House of Carters" will be available Mon-Oct 2 at eonline.com, Comcast.net and through Google Video. It airs in linear form on Oct 2 (9pm).

Mobile: NBCU and mobile entertainment company I-play announced an on demand mobile video offering of the NBC series "The Office." Clips of the show will be available later this year.

People: Time Warner Cable named Ron McMillan TX regional vp, gov't affairs.

Business/Finance: MTVN has agreed to buy video game developer Harmonix Music Systems for \$175mln in cash. MTV will oversee the asset in order to extend the net's multi-platform strategy.

YOU LOST US
96% of young Latino adults watch TV in English.
AT "HOLA."

Sitv
Speak English.
Live Latin.

Contact Rori Peters, Senior Vice President, Affiliate Relations (323) 543-2877

Source: Made in America: Communicating with Young Latinos, New American Dimensions, Oct. 2005. TV viewing among Hispanics 14-29 born in the U.S. or arrived to the U.S. prior to five years old.

CableFAX Week in Review

Company	Ticker	9/22 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	41.75	(1.9%)	23.80%
DIRECTV:	DTV	18.99	1.40%	34.50%
DISNEY:	DIS	30.08	(0.8%)	25.50%
ECHOSTAR:	DISH	31.64	(2.2%)	16.40%
GE:	GE	34.40	(1.3%)	3.90%
HEARST-ARGYLE:	HTV	22.77	(4.4%)	
ION MEDIA:	ION	0.86	(4.4%)	(6.5%)
NEWS CORP:	NWS	19.67	(2.3%)	19.00%
TRIBUNE:	TRB	33.99	9.80%	15.30%

MSOS

CABLEVISION:	CVC	22.59	(6.8%)	(3.7%)
CHARTER:	CHTR	1.55	2.60%	27.00%
COMCAST:	CMCSA	35.12	1.90%	35.50%
COMCAST SPCL:	CMCSK	35.05	1.90%	36.40%
GCI:	GNCMA	12.61	(1.9%)	22.10%
KNOLOGY:	KNOL	9.99	(0.9%)	160.20%
LIBERTY CAPITAL:	LCAPA	83.31	0.40%	5.10%
LIBERTY GLOBAL:	LBTYA	25.58	0.20%	13.70%
LIBERTY INTERACTIVE:	LINTA	19.75	(0.8%)	2.60%
MEDIACOM:	MCCC	6.97	(3.9%)	27.00%
NTL:	NTLI	24.98	(1.4%)	5.00%
ROGERS COMM:	RG	53.19	2.90%	26.60%
SHAW COMM:	SJR	29.75	1.60%	46.30%
TIME WARNER:	TWX	17.73	4.20%	3.40%
WASH POST:	WPO	710.65	(4.7%)	(4.6%)

PROGRAMMING

CBS:	CBS	28.23	(1.2%)	9.50%
CROWN:	CRWN	4.33		(52.8%)
DISCOVERY:	DISCA	13.95	0.40%	(4.6%)
EW SCRIPPS:	SSP	46.53	0.40%	(1.2%)
GRUPO TELEVISIA:	TV	20.49	(1.9%)	1.80%
INTERACTIVE CORP:	IACI	27.95	(2.9%)	(1.3%)
LODGENET:	LNET	18.34	(3.2%)	31.60%
NEW FRONTIER:	NOOF	8.55		30.90%
OUTDOOR:	OUTD	10.65	(0.8%)	(21.1%)
PLAYBOY:	PLA	9.45	1.00%	(32%)
UNIVISION:	UVN	34.36	(1.5%)	16.90%
VALUEVISION:	VVTV	11.69	1.50%	(7.2%)
VIACOM:	VIA	37.05	1.10%	(14.1%)
WWE:	WWE	16.57	(2.5%)	24.30%

TECHNOLOGY

3COM:	COMS	4.49	3.70%	24.70%
ADC:	ADCT	14.69	1.90%	(10.3%)
ADDVANTAGE:	AEY	4.01	6.90%	(34.8%)
AMDOCS:	DOX	39.10	0.10%	16.30%
AMPHENOL:	APH	61.05	0.50%	38.40%
ARRIS GROUP:	ARRS	11.51		21.50%
AVID TECH:	AVID	41.42	(2.1%)	12.30%
BLNDER TONGUE:	BDR	1.18	(16.9%)	(39.5%)
BROADCOM:	BRM	27.85	(1.8%)	(11.4%)
C-COR:	CCBL	8.61	2.70%	77.20%
CISCO:	CSCO	22.88	0.70%	33.60%
COMMSCOPE:	CTV	31.44	3.50%	56.20%
CONCURRENT:	CCUR	1.52	1.30%	(19.6%)

Company	Ticker	9/22 Close	1-Week % Chg	YTD %Chg
CONVERGYS:	CVG	20.60	(0.2%)	30.00%
CSG SYSTEMS:	CSGS	26.01	(3.8%)	16.50%
GEMSTAR TVG:	GMST	3.38		29.50%
GOOGLE:	GOOG	403.76	(1.5%)	(8.3%)
HARMONIC:	HLIT	7.21	(1.1%)	48.70%
JDSU:	JDSU	2.16	(0.5%)	(22.6%)
LEVEL 3:	LVL	5.16	1.20%	79.80%
LUCENT:	LU	2.29		(13.9%)
MICROSOFT:	MSFT	26.66	(0.7%)	7.30%
MOTOROLA:	MOT	24.80	(0.2%)	11.10%
NDS:	NNDS	42.05	(3.2%)	2.20%
NORTEL:	NT	2.31	(1.7%)	(24.5%)
OPENTV:	OPTV	3.03	0.70%	35.30%
PATH 1:	PNO	0.63		(68.8%)
PHILIPS:	PHG	35.09	1.40%	16.30%
RENTRAK:	RENT	11.25	(1.1%)	5.10%
SEACHANGE:	SEAC	8.89	2.40%	12.50%
SONY:	SNE	40.86	(3.1%)	0.70%
SPRINT NEXTEL:	S	17.14	(1.3%)	(17.5%)
THOMAS & BETTS:	TNB	45.53	3.50%	7.20%
TIVO:	TIVO	7.72	(2.9%)	50.80%
TOLLGRADE:	TLGD	9.39	12.90%	(14.1%)
UNIVERSAL ELEC:	UEIC	19.07	(2.6%)	7.40%
VONAGE:	VG	7.14	(2.2%)	(40.5%)
VYYO:	VYYO	4.58	(1.1%)	(14.6%)
WEBB SYS:	WEBB	0.07	16.70%	(12.5%)
WORLDGATE:	WGAT	1.68	8.40%	(18.4%)
YAHOO:	YHOO	25.52	(13%)	(22.7%)

TELCOS

AT&T:	T	32.90	3.30%	45.20%
BELLSOUTH:	BLS	43.23	3.20%	70.20%
QWEST:	Q	8.88	2.10%	57.20%
VERIZON:	VZ	37.10	3.60%	32.70%

MARKET INDICES

DOW:	INDU	11508.10	(0.5%)	7.40%
NASDAQ:	COMPX	2218.93	(0.7%)	0.60%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.07	16.70%
2. TOLLGRADE:	9.39	12.90%
3. TRIBUNE:	33.99	9.80%
4. WORLDGATE:	1.68	8.40%
5. ADDVANTAGE:	4.01	6.90%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.18	(16.9%)
2. YAHOO:	25.52	(13%)
3. CABLEVISION:	22.59	(6.8%)
4. WASH POST:	710.65	(4.7%)
5. HEARST-ARGYLE:	22.77	(4.4%)

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.

Sponsored by



**Communications
TECHNOLOGY**

MaxFAX...

The Confucian Curse

Yep, times are interesting.

Only 43 days until the November elections (first Tuesday after the first Monday in November ... set by Congress in 1845 ... same year Texas became a state ... not that there's

anything wrong with that).

Because of this election, things are going to get even more interesting in these next seven weeks.

Personally, I'm voting for gridlock.

Six years of single party control of every branch of government seems like six years too long.

That's not a partisan statement.

It's an *anti-partisan* statement.

Random Notes:

• Big Jim of the Big Apple to the

Big Easy Concert: Yo, way cool. *Jim Dolan* jamming with *Jim(my) Buffett*. He even got "good enemies" *Paul Simon* and *Art Garfunkel* to sing together. Nothing like doing something good and doing it big. The "From the Big Apple to the Big Easy Concerts for the Gulf Coast" not only drew big names (*Bill Clinton*, *John Fogerty*, *Cyndi Lauper*, *Allen Toussaint*, *Ed* – doesn't he play with *Jimmy Buffet* sometimes? – *Bradley*, *Bette Midler*,

the Neville Brothers, *Elvis Costello*, *Diana Krall*, *Dave Matthews*, *Paul & Artie*, *The Dirty Dozen Brass Band* and *Elton John*), it's a great concert DVD. Go buy it. Net proceeds to Gulf Coast recovery. Nice move for **Cablevision** and **MSG**.

• **Niche Man:** *Bill Ziff* passed away the other week. He – more than most – truly understood niche publishing. Met him a couple of times heli-skiing at the Bugaboos in British Columbia. Hell of a guy. Made me pay very close attention when talking with him ... he knew as much about religious history as anyone I've ever met (including *Gerry Levin*). And, *Bill's* one-time broadcaster, *Marty Pompadur*, got into the leveraged cable business and became the guy responsible for *Al Gore's* pro-satellite/anti-cable stances. It was all about quick rate increases to flip a system. *Bill* thought that was "amusing." *Marty*, for his part, was much chagrined. The rest of us got a little steamed at both *Marty* and *Al*.

• **Positively Cable:** Yep, we're gonna do it again at the Cable Center on November 8th; meanwhile, Cable Positive has enlisted *Liev Schreiber* and *Rosie Perez* to Join the Fight and direct PSAs ... so, use 'em!

• **Cable Hall of Fame:** Coming soon ... good class this year. The ceremony is Wednesday, October 11th at, of course, the **Cable Center** on the University of Denver campus. Last year, I wrote a long piece in *Cable World*

about the struggles the Center had been facing ... and skipped the board meeting to journey through Kenya (tsk, tsk). This year, you can read an update in the October 9th edition ... and I'll be at the board meeting and ceremony. I just finished interviewing 3 of the inductees for that issue: *Ralph Baruch*, *Carolyn Chambers* and *Bob Zitter* (only the 4th "techie" of sorts; the others were *Milt Shapp*, *Frank Drendel* and *Sid Topol*). Nice conversations. Meant to be verbatim. But in *Ralph's* office, the Olympus voice recorder started flashing – so I changed the batteries. It smoked and kept flashing. Lost all the good conversation! Which, of course, is why I take notes. Among this year's milestones: the first father/son combo (the *Roberts*, of course). And a great line-up of presenters (thanks again, *Bill Bresnan*): *Julian Brodsky* for *Brian Roberts*; *Scott Chambers* for *Carolyn Chambers*; *Dick Green* for *Bob Zitter*; *Brian Lamb* for *Ralph Baruch*; *Gerry Laybourne* for *Judith McGrath* (and may she survive longer than *Tom Freston* post-induction); *Bob Miron* for *Decker Anstrom*; and *Gail Sermersheim* for *Jim Robbins* (does it seem like he's still everywhere?).



Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com

amdocs

EVOLVING YOUR MULTI-PLAY STRATEGY WITHOUT SACRIFICING BUSINESS PERFORMANCE

AMDOCS > INTEGRATED CUSTOMER MANAGEMENT

www.amdocs.com/cable

IT'S ON IN 70,000,000 HOMES

It's on in the stadium. In the wild. By ice, by land or by sea. VERSUS delivers competition in its rawest and most pure form. With zero hype. This is the network millions of men turn to for the **NHL, America's Cup, Field Sports, Professional Bull Riders (PBR), Dakar Rally, Iditarod, College Football, College Basketball, Boxing, Survivor and more.** No other network offers this much competitive action.

Visit VersusAffiliates.com or call 215.667.2500 East Coast Office or 310.979.5000 West Coast Office and get in the game.

©2006 VERSUS



VERSUS.COM