

CableFAX Daily™

Wednesday — October 4, 2006

What the Industry Reads First

Volume 17 / No. 192

Three Lobbying Wizards: CableCARDS, HD, Net Neutrality... Oh My!

Put the top cable, broadcast and consumer electronics lobbyists on stage together, and there's always the chance that someone will get hurt. But while a meeting of the lobbying minds at **MSTV's** annual conference in D.C. on Tues didn't exactly end in fisticuffs, peace on a host of issues remained elusive. "The prospects are much better in the Mideast, actually," said **CEA** pres/CEO *Gary Shapiro* in reference to efforts by CE makers and the cable industry to strike a deal on 2-way CableCARDS. "It's probably the most frustrating thing in my career that I've worked on." Shapiro accused cable of purposely working against a CableCARD deal in order to ensure the survival of "ugly, expensive boxes." But **NCTA** pres/CEO *Kyle McSarrow* said hardware-based security "is the clunkiest 1980s solution you could ever come up with" and advised pursuing downloadable software security instead. Meanwhile, McSarrow and **NAB** pres/CEO *David Rehr* sparred about down-conversion of HD broadcast signals on cable, with Rehr vowing to continue the push for an "anti-discrimination policy" in which MSOs carrying cable nets' HD signals would have to do the same for local TV stations. He said blocking cable ops from "ripping those bits out" of broadcasters' HD streams is a top NAB priority. Net-neutrality also reared its hydra-like head. Shapiro called the debate "out of hand... the sides haven't gotten together in any meaningful way at all." McSarrow urged the feds to "step back with some humility" and let the marketplace work, quipping that he has testified several times about net neutrality, "and I'm still confused by the issue."

Sinclair Precedent?: **Sinclair's** recent ballyhooed retrans fight with small op **Suddenlink (Cfax, 8/8)** may have spurred a similar battle between industry heavyweights **Cox** and **Hearst-Argyle**. Hearst pulled its HD digital signal off Cox cable systems in 6 markets because of unsuccessful retrans negotiations. Affected as of Sept 30 at midnight are the **NBC** or **ABC** affiliates in Omaha, NE; Oklahoma City; Gainesville, FL; northwest AR; and New Orleans and Baton Rouge, LA. "Essentially they are holding our customers hostage," said a Cox rep. "The bottom line is they got the spectrum for free from the government, and the exorbitant fee they are demanding would definitely impact the prices [paid by subs]." Hearst-Argyle was unavailable by press time, but in industry reports the company alleges that Cox levies a surcharge for the signal yet refuses to give Hearst its due. Cox said a deal is not imminent, as discussions have "been at better stages." The stations' primary analog signals are not affected.

Competition: **Verizon** on Wed will present its case for a video franchise to RI regulators. The state's **Division of Public Utilities and Carriers** is considering granting VZ a franchise for an area that includes 80K HHs in the towns of Warwick, West Warwick, East Greenwich, West Greenwich, Exeter, North Kingstown and Coventry. -- Featuring live footage from Christian events, conferences and music festivals, UK broadcaster **GOD TV** received its 1st US carriage deal from **DirectTV**. -- **Verizon** expanded the availability of its "FiOS TV" service to more than 15K additional HHs in Pasco, Sarasota, and Manatee Counties, FL. -- **BellSouth** announced an agreement to resell **Avaya** IP telephony solutions to businesses.

She did what?

Bold original shows and blockbuster premieres drove **Oxygen's** highest-rated quarter ever in primetime for households and key female demos.

Source: Nielsen Media Research. Live. 3/31/03-9/24/06, Monday-Sunday 8P-11P, HH, F18-34 and F18-49. Subject to qualifications available upon request.

oxygen

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In the States: Time Warner Cable announced a series of product and customer service improvements to the Los Angeles-area systems it acquired from **Adelphia** and **Comcast**. Debuting next month are a standardized digital channel lineup, new genre-based programming blocks, additional high-definition channels and ethnic-language networks, new HSD packages, and an initial launch of digital phone services. TWC also launched TV, radio, outdoor and print advertising to spread the word.

In the Courts: A US Court of Appeals for the Federal Circuit in CA granted **EchoStar's** request to stay the permanent injunction imposed by a US District Court in TX to prevent the DBS op from making, using, or selling in the US certain DVR products disputed by **TiVo**. TiVo sued EchoStar in '04, alleging that it and certain subsidiaries violated a key TiVo patent; In April, a TX jury found that EchoStar had willfully infringed TiVo's "Time Warp" patent.

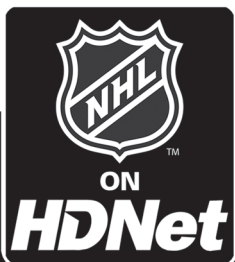
Rookie Initiative: DirecTV's "NFL Sunday Ticket" brand extension initiative with **Kangaroo TV (Cfax, 9/28)** needs practice. While the concept remains smart and functional, it failed to impress us at Sun's Redskins-Jaguars game. Our primary beefs are the limited features and the steep pricing. DTV's wildly popular NFL content is brilliantly displayed on Kangaroo's 2"x3" screen (itself within a "beerproof" device), but it'll cost you \$40/game for crisp viewing of any NFL tilt. Some stats such as receiving numbers were inactive, and box scores – like a drug to fantasy football enthusiasts – were unattainable. "Real-time data and scores will be available in the coming weeks, and we will tweak the price points and content," said DTV's vp, entertainment **Steven Roberts** of the season-long device/service test. "The purpose is to really give football fans access to all the information they want." Testing is also underway at the Miami Dolphins' venue, with further testing at additional stadia expected this fall, Roberts said. Full deployment will occur next year.

Online: Next Generation Broadband added a free-trial feature to its "Auto Install" automated subscriber activation system, enabling ops to give customers a trial of HSD service for any specified period of time. **Cox** plans to deploy the system throughout its footprint later this year.

Broadband: **VH1** will offer pre-show features, including red carpet and backstage interviews, related to the "VH1 Hip Hop Honors" (Oct 17) telecast exclusively on its **VSpot** broadband channel. Additional show-related content is available this month through **VH1 Mobile**. -- **The History Channel** will present at **history.com** a live Webcast of "40 Years of Star Trek: The Collection," an official auction of items from the 5 Star Trek TV shows and 10 feature films. The Webcast will run Thurs-Sat (10am-1pm and 2-6pm) from Christie's NY auction house.

Programming: **Beck** will be the headline performer for mtvU's 3rd annual "Woodie Awards," airing simultaneously Oct 25 on-air and online. -- **NASCAR** Busch Series coverage will again gas up on **TNT**, beginning Oct 13 (8pm ET) from Lowe's Motor Speedway in Charlotte, NC. More races will air Nov 4 and 18. -- **FSN** unveiled 2 series on college football's Bowl Championship Series. "BCS Breakdown" (Fri) will preview games likely to impact the 5 BCS contests, and "The Official BCS Ratings Show" (Oct 15) will dissect the new BCS rankings upon their release each week.

Ratings: **ESPN** (2.8 HH rating/2.62mln HH delivery) won last week's prime ratings championship, due chiefly to pro football's return to New Orleans following Hurricane Katrina. The net's "MNF" telecast (11.8/10.85mln) was the week's highest-rated, drubbing the competition and runner-up "Halloweentown" (3.7/3.30mln) from **Disney**. ESPN's dominating win didn't spook **USA** (2.1/1.92mln), which finished 2nd, followed by **Disney** (2.1/1.84mln) and **TNT** (1.6/1.43mln).



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BUSINESS & FINANCE

Cartoon Net (1.3/1.18mln) rounded out the top 5 nets.

On the Circuit: 1st lady of Rwanda *Jeanette Kagame* and Afghanistan activist *Sarah Chaves* are among a group of women to be honored at **CNN's** "Inspire Summit" for their political, social and humanitarian efforts. The Oct 10 event will occur at NY's Time Warner Center and include discussions and musical performances.

Dangerous Living: 25% of the 1K adult respondents to a survey sponsored by the Life and Health Insurance Foundation for Education believe **HBO** character *Tony Soprano*, if real, would require more life insurance than 5 other fictitious fathers, including *Homer Simpson* (17%) and *Cliff Huxtable* (12%). Conducted to induce thoughts of life insurance needs, the survey estimated *Soprano's* annual book salary at \$87K.

Honors: Among the cable-related winners of '06 "WebAwards" from the **Web Marketing Association** are: **Oxygen; USA; Nat Geo; Comedy Central; Disney, ESPN; HGTV;** and **TBS' GameTap.** -- **Discovery Comm, Motorola, TBS and Verizon** were named to *Working Mother* magazine's list of the 100 best companies for – what else? – working mothers. The list looked at flexible schedules, child care options, leave policies and offerings for healthy lifestyles.

CableFAX Daily Stockwatch

Company	10/03 Close	1-Day Ch	Company	10/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	41.67	0.51	AVID TECH:	36.10	0.00
DIRECTV:	19.83	0.15	BLNDER TONGUE:	1.22	0.00
DISNEY:	31.00	0.47	BROADCOM:	29.91	(0.94)
ECHOSTAR:	32.07	(0.02)	C-COR:	9.01	(0.03)
GE:	35.71	0.21	CISCO:	23.41	0.43
HEARST-ARGYLE:	23.06	0.20	COMMSCOPE:	31.97	(0.71)
ION MEDIA:	0.81	0.01	CONCURRENT:	1.63	(0.1)
NEWS CORP:	20.38	0.08	CONVERGYS:	20.71	0.24
TRIBUNE:	32.90	0.19	CSG SYSTEMS:	26.42	(0.25)
MSOS					
CABLEVISION:	22.98	0.33	GEMSTAR TVG:	3.30	0.01
CHARTER:	1.52	0.05	GOOGLE:	404.04	2.60
COMCAST:	37.03	0.74	HARMONIC:	7.20	(0.16)
COMCAST SPCL:	36.94	0.69	JDSU:	2.19	(0.03)
GCI:	12.20	(0.15)	LEVEL 3:	5.00	(0.17)
KNOLOGY:	9.82	(0.23)	LUCENT:	2.31	(0.02)
LIBERTY CAPITAL:	85.00	1.31	MICROSOFT:	27.37	0.01
LIBERTY GLOBAL:	25.88	0.11	MOTOROLA:	25.12	0.12
LIBERTY INTERACTIVE:	20.46	0.27	NDS:	42.33	(0.81)
MEDIACOM:	7.07	0.07	NORTEL:	2.19	(0.09)
NTL:	25.88	(0.05)	OPENTV:	2.77	0.01
ROGERS COMM:	53.58	(1.11)	PHILIPS:	34.90	0.07
SHAW COMM:	29.42	(0.57)	RENTRAK:	11.35	(0.03)
TIME WARNER:	18.34	0.20	SEACHANGE:	8.38	0.05
WASH POST:	742.49	9.74	SONY:	39.10	(0.63)
PROGRAMMING					
CBS:	28.42	0.09	SPRINT NEXTEL:	16.97	0.10
CROWN:	4.27	(0.03)	THOMAS & BETTS:	46.20	(0.65)
DISCOVERY:	14.47	0.02	TIVO:	7.52	(0.01)
EW SCRIPPS:	47.87	0.07	TOLLGRADE:	9.18	0.23
GRUPO TELEVISA:	21.30	0.17	UNIVERSAL ELEC:	18.95	0.39
INTERACTIVE CORP:	28.83	0.29	VONAGE:	7.11	0.09
LODGENET:	17.93	0.30	VYYO:	4.46	(0.11)
NEW FRONTIER:	7.95	(0.22)	WEBB SYS:	0.06	0.00
OUTDOOR:	10.84	(0.16)	WORLDGATE:	1.45	0.03
PLAYBOY:	9.24	0.06	YAHOO:	24.84	(0.04)
UNIVISION:	34.46	0.20	TELCOS		
VALUEVISION:	11.18	(0.23)	AT&T:	32.55	0.32
VIACOM:	38.10	1.04	BELLSOUTH:	42.77	0.48
WWE:	16.37	(0.04)	QWEST:	8.54	0.02
TECHNOLOGY					
3COM:	4.34	0.03	VERIZON:	37.47	0.33
ADC:	15.09	0.11	MARKET INDICES		
ADDVANTAGE:	4.10	(0.14)	DOW:	11727.34	56.99
AMDOCS:	40.35	0.55	NASDAQ:	2243.65	6.05
AMPHENOL:	62.30	(0.23)			
ARRIS GROUP:	10.99	(0.34)			

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Ritz-Carlton South Beach, Miami

Confirmed VIP Attendees as of October 3rd:

Atlantic Broadband – CEO, President & COO
Balfour Associates Inc. - Chairman
Bend Cable Communications LLC - President & CEO
Bresnan Communications, Inc - EVP Operations
Buford Media Group, LLC – CEO, President & COO
Cequel III -Suddenlink - President & CEO, SVP Programming
Cole, Raywid & Braverman, LLP - Partner
Comcast Cable - EVP
Fleischman & Walsh LLP - Partner
IMA-Int'l Media Advisors - Principal
Millennium Digital Media - SVP, Prog. & Product Dev.
NCTC - President & CEO, SVP Programming
NCTA - President & CEO
New Wave Communications - President
October Strategies, Inc. - Partner
SCTE - President & CEO
Time Warner Cable - EVP of Programming
Wave Broadband - CEO
WindBreak Cable - President & CEO

Schedule of Events

Wednesday, November 1st:

12:00pm – 3:00pm
Registration
3:00pm – 5:00pm
Industry Leaders Forum
7:00pm – 10:00pm
Dinner at Vizcaya

Thursday, November 2nd:

8:00am – 11:30am
Industry Leaders Forum
Breakfast
12:00pm – 4:30pm
Choice of Golf Tournament,
Spa, Tennis or Everglades
7:00pm – 10:00pm
Dinner

Friday, November 3rd:

8:00am – 11:00am
Industry Leaders Forum
Breakfast

Sponsored by:



Sponsorships Still Available

For attendance or
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