

# CableFAX Daily™

Monday — October 16, 2006

What the Industry Reads First


Volume 17 / No. 200

## Not Quite Yet: FCC Delays AT&T-BellSouth Merger Vote... Again

The meeting room was ready. Webcams were rolling. Random staffers mulled about. But in the end, last-minute jockeying by various opponents of the **AT&T-BellSouth** merger scuttled Fri's planned **FCC** vote to approve the deal. Democratic commissioners *Michael Copps* and *Jonathan Adelstein* fired off a letter Fri morning to FCC chmn *Kevin Martin* requesting a delay to allow time for public comment on concessions proposed by AT&T late Thurs (A vote originally scheduled for Thurs had already been delayed). By early afternoon Fri, Martin wrote back agreeing to a 10-day comment period, suggesting a vote could occur at the Nov 3 open meeting if not before. Martin's response letter, while outwardly cordial, also suggested lost patience. "To the extent that you have additional concerns, I trust that you will extend us the courtesy of raising them as soon as possible to avoid any further delay in our consideration of this transaction," Martin wrote. Adding to the pressure, 2 Bell competitors, **NuVox Communications** and **XO Communications**, filed an emergency motion Fri urging disclosure of AT&T's "middle-of-the-night effort to force approval of its pending merger with BellSouth" and arguing that FCC rules require public disclosure of AT&T's "back-room advocacy." The hubbub began when the **Justice Dept** approved the merger Wed with no conditions, angering Copps and Adelstein (*Cfax*, 10/12). Republican commish *Robert McDowell* has recused himself from the merger vote, giving the 2 Dems unusual sway. Martin, however, could still try to draw McDowell into a vote to tip the balance. Investment firm **Stifel Nicolaus** on Fri estimated McDowell would need at least 2 weeks to get up to speed. **Public Knowledge's** *Gigi Sohn* lauded the delay, arguing the merger's "certainly too important to the country to have it decided on the basis of last-minute proposals from AT&T that the public couldn't see, much less comment upon." As might be expected, House Commerce chmn *Joe Barton* (R-TX) and Senate Commerce chmn *Ted Stevens* (R-AK) disagreed, saying in a joint statement that they're "concerned by the Commission's failure to act... We certainly hope that the delays requested by members of the commission are substantive in nature, although the commission has had ample time to debate the merits of AT&T's acquisition of Bellsouth."

**Patent Spat:** **Gemstar-TV Guide** filed a patent infringement case in a CA Federal Court alleging that **Digeo's** "Moxi" interactive program guide infringes some of its own patents for similar guides. The GTVG complaint asserts that Digeo has willfully infringed its patents and also names Charter a liable party for deploying allegedly unlicensed Digeo guides. GTVG filed the lawsuit after fruitless licensing talks with Digeo and after Digeo filed antitrust litigation against GTVG.

**Harbert-Shell Game:** **G4** stands to gain the most from its consolidation with **E!** and **Style** under the newly formed **Comcast** Ent Group umbrella, said Comcast Programming Group pres *Jeff Shell* and CEG pres/CEO *Ted Harbert*. "What they do at G4 is just outstanding, and it's not a network that is broken. I just want to help them do more," said Harbert, who had been E! Networks pres/CEO. Goals include alleviating some of the net's financial burden and continu-



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ing to bolster the brand. E! and Style effectively use their brands to garner viewership, said Harbert, "and G4 is, and can be more of, that same thing." Said Shell: "Ted will bring a unique sense to G4 as well. We've had a lot of success with G4, and Ted has had a lot of success at E! and brings a lot to the table."

**Big Plans for Big 10:** Kickoff isn't until Aug, but the newly-christened **Big Ten Network** is scripting its carriage playbook. **Fox Cable** pres, affiliate sales & mktg **Lindsay Gardner** said the **Big Ten Conference/Fox Cable** has forged "several deals with smaller cable operators" and up to 5 pacts with national carriers and/or large MSOs, although he wouldn't name specific carriers. The net already carries sibling **DirectTV**, and 1 of the undisclosed partners is likely AT&T. Future expectations include national exposure beyond the 11 conference locales. "This net will sell itself. It's the most exciting thing here [at Fox Cable]," Gardner said. "We fully expect carriage on every cable, satellite and telco platform." He said the recent cable backlash against rising costs for sports programming won't affect negotiations, noting that programming slated for the net goes beyond football and basketball games. "The Big Ten Network is going to be the least passive linear channel that we operate," Gardner said. "It has blood coursing through it, the blood of the fans of these 11 schools."

**In the Courts:** **Comcast** has filed a complaint against the **MO Public Utilities Commission** in US District Court in Kansas City to prevent the state from regulating its VoIP services, the *Kansas City Business Journal* reported. Filed Tues, the complaint responds to the MO PUC staff's Sept allegation that Comcast was marketing local and long distance phone service in the Kansas City area without proper state approvals. The MSO's complaint cites ongoing **FCC** review of the issue, and an earlier FCC decision that preempted the **MN PUC** from imposing similar authority over **Vonage**. The MO PUC believes cable ops' VoIP service is dissimilar to Vonage, and should be regulated like incumbent telcos.

**Affiliate Relations:** **CSTV** will hand off to its affiliates a free sneak peek weekend (Nov 10-12) highlighted by the Notre Dame-Air Force football game (Nov 11, 4pm ET). Cable systems that now carry the net will be able to move it to their digital or expanded basic tier, and affiliates who participate in the program will be automatically entered in a sweepstakes to win an all-expense-paid trip to an upcoming Notre Dame game.

**Obit:** **Morris Tarshis** died Monday at 87. Tarshis, a famously gruff, disheveled cigar-chewer, was director of New York City's Bureau of Franchises from 1965 until 1986. He was a great mediator (he settled many a strike) and a tough negotiator operating out of a dingy office. -- *PSM*

**Business/Finance:** **NBCU** posted a 10% decline in 3Q profits to \$542mln, but its cable segments remain hot, helping drive a 20% surge in rev to \$3.63bln. Entertainment cable rev jumped 17% as **Bravo** notched its most-watched Q ever, said **GE** svp/CFO **Keith Sherin** in a Fri conference call. **MSNBC** and **CNBC** continue to improve, with the pair's op profit up 30% YTD. On the broadcast end, **NFL** ratings for **NBC's** new Sun night slot are ahead of last year's numbers for Mon night, Sherin said. -- **Insight** subsidiary **Insight Midwest** filed with the **SEC** Fri clarification of financial arrangements announced Oct 6 with creditors including **Wachovia** and **Morgan Stanley**. The announced \$2.45bln total borrowing capacity consists of a \$385mln A Term Loan facility (to terminate '13), a \$1.8bln B Term Loan facility ('14) and a \$260mln revolving credit facility ('12). On Oct 6, IM borrowed \$1.35bln under the B facility and \$81mln under the revolving credit facility to repay outstanding principal amounts and accrued interest under its old credit facilities and to pay related transaction costs. The company now expects to draw the entire A amount and the undrawn balance of the B amount.



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## CableFAX Week in Review

Company	Ticker	10/13 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	41.40	(0.4%)	22.80%
DIRECTV:	DTV	21.61	8.90%	53.00%
DISNEY:	DIS	31.11	(0.7%)	29.80%
ECHOSTAR:	DISH	34.92	4.60%	28.50%
GE:	GE	35.98	(0.4%)	8.40%
HEARST-ARGYLE:	HTV	23.84	3.60%	4.70%
ION MEDIA:	ION	0.81	1.30%	(12%)
NEWS CORP:	NWS	21.59	4.10%	31.50%
TRIBUNE:	TRB	32.95	0.20%	13.60%

**MSOS**

CABLEVISION:	CVC	26.94	12.60%	14.80%
CHARTER:	CHTR	1.72	(0.6%)	41.00%
COMCAST:	CMCSA	38.53	3.80%	48.60%
COMCAST SPCL:	CMCSK	38.44	3.80%	49.60%
GCI:	GNCMA	12.90	3.40%	24.90%
KNOLOGY:	KNOL	10.45	6.30%	172.10%
LIBERTY CAPITAL:	LCAPA	88.94	3.20%	12.20%
LIBERTY GLOBAL:	LBTYA	26.32	0.50%	17.00%
LIBERTY INTERACTIVE:	LINTA	21.16	1.70%	9.90%
MEDIACOM:	MCCC	7.71	4.50%	40.40%
NTL:	NTLI	26.53	3.10%	11.80%
ROGERS COMM:	RG	53.10	(2%)	26.40%
SHAW COMM:	SJR	28.85	(1.1%)	42.60%
TIME WARNER:	TWX	19.06	1.50%	12.00%
WASH POST:	WPO	752.23	0.10%	0.90%

**PROGRAMMING**

CBS:	CBS	28.15	(1.1%)	11.50%
CROWN:	CRWN	4.38	(3.7%)	(52.2%)
DISCOVERY:	DISCA	14.91	1.20%	1.90%
EW SCRIPPS:	SSP	48.95	0.40%	4.10%
GRUPO TELEVISIA:	TV	23.00	1.80%	14.30%
INTERACTIVE CORP:	IACI	29.50	(0.5%)	4.20%
LODGENET:	LNET	18.90	(0.6%)	35.60%
NEW FRONTIER:	NOOF	8.84	6.50%	35.40%
OUTDOOR:	OUTD	12.10	(3.4%)	(10.4%)
PLAYBOY:	PLA	10.30	2.40%	(25.8%)
UNIVISION:	UVN	34.99	0.60%	19.10%
VALUEVISION:	VVTV	11.94	1.90%	(5.2%)
VIACOM:	VIA	38.87	1.50%	(9.9%)
WWE:	WWE	17.11	2.80%	28.00%

**TECHNOLOGY**

3COM:	COMS	4.96	2.50%	37.80%
ADC:	ADCT	15.58	3.70%	(4.9%)
ADVANTAGE:	AEY	4.46	8.30%	(27.5%)
AMDOCS:	DOX	40.02	(0.6%)	19.10%
AMPHENOL:	APH	66.00	3.10%	49.80%
ARRIS GROUP:	ARRS	12.76	12.20%	34.70%
AVID TECH:	AVID	38.75	4.20%	5.10%
BLNDER TONGUE:	BDR	1.36	11.50%	(30.3%)
BROADCOM:	BRM	29.72	1.20%	(5.5%)
C-COR:	CCBL	9.74	8.50%	100.40%
CISCO:	CSCO	24.53	1.80%	43.30%
COMMScope:	CTV	35.61	9.80%	76.90%
CONCURRENT:	CCUR	1.88	11.90%	(0.5%)
CONVERGYS:	CVG	21.10	3.80%	33.10%

Company	Ticker	10/13 Close	1-Week % Chg	YTD %Chg
CSG SYSTEMS:	CSGS	27.94	2.90%	25.20%
GEMSTAR TVG:	GMST	3.46	2.10%	32.60%
GOOGLE:	GOOG	427.30	1.60%	(3%)
HARMONIC:	HLIT	7.42	0.70%	53.00%
JDSU:	JDSU	2.14	(0.5%)	(23.3%)
LEVEL 3:	LVL	5.25	1.90%	82.90%
LUCENT:	LU	2.33	2.20%	(12.4%)
MICROSOFT:	MSFT	28.37	1.80%	14.00%
MOTOROLA:	MOT	26.20	2.20%	17.80%
NDS:	NNDS	44.56	2.50%	8.30%
NORTEL:	NT	2.22	4.20%	(27.5%)
OPENTV:	OPTV	2.89	1.40%	29.00%
PHILIPS:	PHG	35.02	0.50%	16.10%
RENTAK:	RENT	11.35	2.20%	6.10%
SEACHANGE:	SEAC	8.73	1.30%	10.50%
SONY:	SNE	40.68	7.70%	0.20%
SPRINT NEXTEL:	S	17.79	(3.7%)	(14.7%)
THOMAS & BETTS:	TNB	52.10	5.80%	22.60%
TIVO:	TIVO	6.59	(4.4%)	28.70%
TOLLGRADE:	TLGD	9.07	(1.1%)	(17%)
UNIVERSAL ELEC:	UEIC	21.28	6.30%	19.90%
VONAGE:	VG	7.27	3.90%	(39.4%)
VYVO:	VYVO	4.19	(2.6%)	(21.8%)
WEBB SYS:	WEBB	0.05	(16.7%)	(37.5%)
WORLDGATE:	WGAT	1.36	(12.3%)	(34%)
YAHOO:	YHOO	24.42	(4.1%)	(26%)

**TELCOS**

AT&T:	T	33.60	5.70%	48.10%
BELLSOUTH:	BLS	44.13	5.20%	73.50%
QWEST:	Q	8.28	(2.2%)	46.50%
VERIZON:	VZ	37.05	0.70%	32.50%

**MARKET INDICES**

DOW:	INDU	11960.51	0.90%	11.60%
NASDAQ:	COMPX	2357.29	2.50%	6.90%

## WINNERS &amp; LOSERS

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. CABLEVISION:	26.94	12.60%
2. ARRIS GROUP:	12.76	12.20%
3. CONCURRENT:	1.88	11.90%
4. BLNDER TONGUE:	1.36	11.50%
5. COMMScope:	35.61	9.80%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.05	(16.7%)
2. WORLDGATE:	1.36	(12.3%)
3. TIVO:	6.59	(4.4%)
4. YAHOO:	24.42	(4.1%)
5. CROWN:	4.38	(3.7%)

## Digital Advertising Defined: What it is and What is Next

C-COR and Communications Technology are presenting a free Webcast on digital advertising. The Webinar will survey today's advanced advertising technology landscape: Digital Simulcast and Digital Program Insertion; Enhanced TV and prospective standards; and Client-side, Switched Digital Video and VOD addressability.

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# MaxFAX...

## And in This Corner ...

Once again, I got to substitute ... the ever affable and talented *Jim Lam-pley* had a hip problem that put him in the hospital (we wish him a speedy recovery). Nice to be the default second choice... nice evening... another good Cable Hall of Fame crowd. No

snow.

Touching, too. Who got what is old news now, but among the more touching aspects I watched from the stage occurred when *Brian Roberts* talked about



**Paul S. Maxwell**

his wife *Aileen's* and *Amy Banse's* successful fights with breast cancer. The personal always makes the scary more real. I'm pretty certain every woman in the crowd has done a self-examination by this evening.

And the personal stories of success against all odds (not Brian's) ... *Ralph Baruch's* life would make a great book... and, indeed, it has. You can order your copy from Amazon (over your cable broadband line) in April.

But even more important than the Hall of Fame was the **Cable Center** board meeting last Wed morning. Real progress. Real success meeting stringent milestones. Real fiscal discipline.

And real programs making a real dif-

ference.

Like the **C-SPAN** project... real plans to scale it to more colleges and universities with coordinated and scripted board actions... after all, a lot of Cable Center board members serve on a number of college/university Boards of Trustees.

Also, real progress on nagging governance issues. The Cable Center (and, yeah, I'm biased) is really getting its act together and becoming a more important cable resource.

## Random Notes:

• **Ethics:** *Bill Daniels'* legacy Foundation was featured in a "Giving Back" column by *Sally Beatty* in *The Wall Street Journal* (11/06). In light of recent controversies over "donor intent," the Daniels Fund, with assets of about \$1.06bln, is investing a little in digitizing some of Bill's business and personal correspondence, videotaped speeches and other memorabilia (including, I hope, some of the stuff I wrote about and for him over the years) and making them available on kiosks and via the Internet. As Fund chairman *John Saeman* says, "What Bill left us in the articles and bylaws were words. What we have through the kiosks and digitization of his works are Bill's ideas and positions." And, what Bill said, and his ideas about cable and business and ethics, are critically important. [Of note on the campus at DU: the

Magness Arena in the Ritchie Center, the Williams Carillon, the Barton Lacrosse Field, the Myhren Gallery and the Daniels School of Business.]

• **Autism:** Between an episode of *House* and a lunch with cable-vet *Dave Clark's* 7th grade crush (a rather energetic *Betty Lehman*, who is head of Autism Society of Colorado), I now know enough about autism to believe enough people don't care enough. Here's one way to help... or even get some information (they've got a great brochure that tells you what to look for in very young kids... warning signs that can help parents understand, cope and do something... and, yes, you can do something): [betty@autismcolorado.org](mailto:betty@autismcolorado.org).

• **Discover What?** OK, the important aspect of Discovery Atlas (especially in HD) is how good the programming is... I've seen China and Italy (so far). But, does anyone at **Discovery** know about **TiVo**? DVRs? Does anyone there try to program for a season pass? Easier to program if the networks think ahead! And, why no season pass availability via Discovery HD? Just the East feed on my TiVo (and, I live in the West!).

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## CableFAX databriefs



**CableFAX databriefs** is a weekly html newsletter delivered every Monday via email to qualified subscribers. Published by the well-respected **CableFAX Daily** editorial team, **CableFAX databriefs** is an extension of its sister publication and spotlights vital industry metrics for broadband operators.

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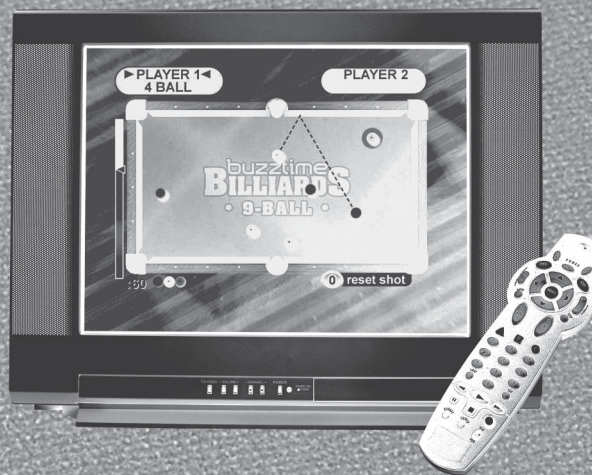
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NAMIC has a limited room block at the New York Marriott Marquis for \$419 per night. Make your reservation by November 8th to take advantage of this price by contacting the Marriott directly at 800-843-4898 or 212-398-1900.

6:00pm Welcome Reception & Silent Auction  
7:00pm Dinner & Program  
9:30pm Closing Reception

#### About the NAMIC Foundation

The NAMIC Foundation advances multi-ethnic diversity in the cable industry by providing education, research and information to support workforce recruitment goals, programming innovation, career growth, and technology access. The NAMIC Foundation raises funds to support the initiatives of NAMIC, Inc. and provides grants, by invitation only, through its Digital Bridge Alliance (DBA) Project to community-based organizations to fund projects specifically designed to bridge the digital divide in underserved communities of color.