

CableFAX Daily™

Friday — October 20, 2006

What the Industry Reads First

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The Cable Challenge: WICT Examines Politics, Customers... Soda Wars

Whether the Democrats or the Republicans are victorious next month, cable's course could stay much the same. "Our lives get changed on the fringes" depending on the results, but "we have to be relatively bipartisan in what we do," *Maura O'Connell*, **News Corp's** svp, regulatory and govt affairs said during **WICT Baltimore-Washington's** "Powerbrokers Breakfast" in DC Thurs. **Viacom** evp, govt affairs *DeDe Lea* seconded her. "We are loved and hated on both sides of the aisle on different issues," she said. "Sometimes you'll have a very conservative Republican teaming with a liberal Democrat on some issues, particularly indecency, so you know you have to lobby both sides." O'Connell said indecency remains the #1 issue keeping her up at night, even though it has been more than 2 years since America got a peek at *Janet Jackson's* right breast. "One big event like that, and your life and business is turned upside down for a while," she said. **Cox's** new vp and regional manager for Northern VA *Janet Barnard* said she worries about (and also relishes) competition. During talks to employees, she waxes poetically about how **Pepsi** employees don't dine at **Coke** restaurants, suggesting Cox employees buy a car from **Cox Media** advertisers since they're helping feed their families. This type of thinking is an area where "our industry has a lot of work to do," she said. **Comcast** area vp *Christine Whitaker's* biggest concern: improving the customer experience. The recently acquired **Adelphia** systems adds to the challenge. Unlike Comcast, Adelphia's infrastructure isn't supported locally, she said. Day 1 of the transition saw 100% of Adelphia calls go to an outsourced vendor. Whitaker listened in to 4 sales calls—not a single one was closed. "I was calling everyone back, saying 'I'm the area vp, and I want your business,'" she said. "The integration is going to take some time."

Spat: After **Mediacom** filed suit claiming that **Sinclair's** tying of broadcast stations to other stations violated antitrust laws, the broadcaster offered to negotiate on a station-by-station basis. What was that offer? Monthly per subscriber fees that ranged from 9 cents to a whopping 38 cents per station, with 1 to 2 cent increases over the next 2 years, according to court filings. Mediacom says the "a la carte" offering is still an economic tie because the cost of buying the major nets under the offer's terms was \$1mln more than the cost of buying the package of all the Sinclair stations, according to a court filing. "The Eighth Circuit has held that this form of tying arrangement is illegal when the seller's primary policy makes the purchasing of the package the 'only viable economic option,'" Mediacom told the court. The most expensive of the 22 stations on Sinclair's offer sheet included Des Moines' **Fox** affil and Cedar Rapids **CBS** affil (38 cents in '06, 42 cents in '08).

NBCUndertow: **NBCU's** new initiative unveiled Thurs stresses streamlined operations and digital platforms, and will purportedly slash \$750mln in company expenses by the end of '08. But the plan's flashy branding as "NBCU 2.0" might ring a bit hollow for roughly 700 workers (5% of the workforce), who are expected to lose their jobs over the same period. The impact on cable properties remains unclear. Several NBCU departments were unavailable for comment by

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SOURCE: SIMMONS NATIONAL CONSUMER STUDY, FALL 2005, WOMEN 18+



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press time. The news dept will reportedly take a big hit, with more than 200 cuts at **NBC News** (NBCU officials continue to lament **MSNBC's** lagging performance against **Fox News** and **CNN**). NBCU will also relocate the net's offices from Seacaucus, NJ, to NYC and Englewood, NJ, even though it and sibling **CNBC** have shown measured improvement on many levels in the last 3 Q earnings reports. **MSNBC.com** (*Cfax*, 9/1), however, could be safe as its traffic numbers consistently beat **abcnews.com** and **nbctv.com**. Interestingly, several **Bravo** staffers on Thurs toasted the ratings success of several series with flutes of champagne. The heat from "NBCU 2.0" must be conflagrating elsewhere.

Deals: Dr John Malone is moving away from the interactive game, selling **Liberty's** voting stake in **OpenTV** to Swiss software company **Kudelski Group**. Kudelski will pay \$132m for 6.5m OpenTV shares (\$3.60/each—a 26% premium to Tues' stock price). As part of the transaction, Liberty will pay OpenTV up to \$19.7m. "While some may point to OpenTV's loss of Liberty as a global partner as a negative, we feel that a combination with Kudelski is strategically beneficial for both," said a research note from **Oppenheimer**. "The company has traded a passive financial owner for a more strategic one offering synergies in operations, development and sales." OpenTV CEO **Jim Chiddix** will be replaced by **Alan Guggenheim**, CEO of **NagraStar** (a jv between Kudelski and **EchoStar**); Chiddix will become vice chmn. Liberty went on an interactive shopping spree in '02, snatching up its controlling share in OpenTV as well as **ACTV** and **WINK**. Kudelski has partnered with OpenTV in the past but believes the closer alignment will help it capture more market share in the rapidly consolidating digital TV industry.

Beisbol Dominicana: Before we headed to the Dominican Republic, we'd heard citizens of this island nation were baseball fanatics. Indeed, before Wed night's Dominican League opener, **ESPN Deportes** commentator **Juan Marichal** told us the same thing. "This is a great business, bringing Dominican baseball in the winter to baseball-starved fans in the states," said the Hall of Fame pitcher. "We are crazy for the game." Still, on opening night, with a small stadium (15K seats) nearly empty just 20 minutes before game time, we wondered if it was hype to justify the considerable investment in money and human capital Bristol has made to carry 36 games beginning Nov 1. True, the local media had covered almost nothing but the opener pitting the Licey and Escogido teams, and Dominicans in the US have become considerable in some markets. That more than 40 Major Leaguers like **Pedro Martinez**, **Albert Pujols** and **Mariano Rivera** hail from this tropical country doesn't hurt ESPN's business case either. But after 2 innings the stadium was half full. By the third inning, it was packed and scalpers were asking 1 week's wages for tickets. At this point, the differences between Dominican baseball and the US game became apparent. The stadium noise is overwhelming—like baseball being played amid a soccer game. The throng from horns and drums continues unabated through the final out. That emotion spills onto the field, where every play is theater. Of course, bikini-topped cheerleaders prancing on the home team's dugout didn't dampen spirits, nor did shots of hard liquor sold at concession stands along with pizza, yucca and empanadas (hot dogs & peanuts were scarce). OK, Mr Marichal, you and Bristol have a point. SA [Editors Note: Check out Seth's blog about his Dominican adventure at www.cable360.net].

Verizon Watch: **Comcast** isn't the only one sending out press releases detailing how many new employees it's having to hire (4K nationwide). **Verizon** said Thurs that it's hiring about 320 more employees in 6 states because of growth in demand for **FiOS** services. The new hires are for Dallas, Hampton, VA; Oxnard, CA; Providence, RI; Syracuse, NY and Everett, WA. Meanwhile, Verizon began Thurs offering its "FiOS TV" service to residents of the Long Island village



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BUSINESS & FINANCE

of Mineola, NY, and also launched a Spanish-language Web site section touting its "FiOS TV" service at www.verizon.com/fiosespanol. -- **Verizon Wireless** introduced a daily subscription option for its "V Cast" service, which carries a \$15/month charge. Customers may now trial the service for \$3/day.

Programming: Style's unscripted series "Split Ends" (Nov 17, 9pm) follows 2 hairdressers who swap their respective CA and TX salons for 8 eps. -- **TV Land** unmasked the "Munster Mash Marathon," 24 straight hours (Oct 28, 6am-6pm) of "The Munsters" eps. -- **HDNet** will present live coverage of the MLS Cup play-offs, starting with Sat's soccer match between NY and DC (2pm ET).

Marketing: DZP Marketing will work again on **CTAM's** annual Summit and Mark Awards next year. It will be tasked with developing all marketing, positioning and the overall theme for the '07 Summit (DC, July 23-25).

People: Big Ten Network, scheduled to launch in Aug, named board members: **Big Ten Conference** commissioner *James Delany*; **FSN** COO *Randy Freer*; **FSN** pres *Bob Thompson*; **NY Mets** chmn/CEO *Fred Wilpon*; and former **PNC Bank** vice chmn *Edward Junker*. -- **Turner Sports** promoted *Jennifer Storms* to svp, marketing and programming. -- **TBS** svp, technology and production *Dan Darling* assumed the additional role of CIO.

CableFAX Daily Stockwatch

Company	10/19 Close	1-Day Ch	Company	10/19 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	41.76	0.28	AVID TECH:	39.98	1.01
DIRECTV:	21.74	(0.07)	BLNDER TONGUE:	1.31	0.01
DISNEY:	31.59	0.01	BROADCOM:	28.97	0.48
ECHOSTAR:	34.00	0.59	C-COR:	9.84	0.19
GE:	35.28	(0.28)	CISCO:	24.16	(0.02)
HEARST-ARGYLE:	23.54	(0.2)	COMMSCOPE:	35.13	0.33
ION MEDIA:	0.79	0.00	CONCURRENT:	1.83	0.08
NEWS CORP:	21.92	0.10	CONVERGYS:	21.24	0.01
TRIBUNE:	32.91	0.01	CSG SYSTEMS:	27.92	(0.14)
MSOS					
CABLEVISION:	26.91	(0.06)	GEMSTAR TVG:	3.35	(0.05)
CHARTER:	1.80	0.01	GOOGLE:	426.06	6.75
COMCAST:	38.01	(0.19)	HARMONIC:	7.63	0.02
COMCAST SPCL:	37.87	(0.16)	JDSU:	2.13	0.00
GCI:	13.03	0.23	LEVEL 3:	5.80	0.03
KNOLOGY:	10.75	0.26	LUCENT:	2.36	0.01
LIBERTY CAPITAL:	87.88	0.44	MICROSOFT:	28.29	(0.23)
LIBERTY GLOBAL:	26.07	0.00	MOTOROLA:	23.46	(0.18)
LIBERTY INTERACTIVE:	22.05	0.08	NDS:	44.50	0.36
MEDIACOM:	7.73	0.04	NORTEL:	2.21	0.01
NTL:	26.70	0.05	OPENTV:	2.91	0.06
ROGERS COMM:	54.22	0.34	PHILIPS:	34.75	0.63
SHAW COMM:	29.28	0.13	RENTRAK:	12.14	0.26
TIME WARNER:	19.70	0.11	SEACHANGE:	8.81	0.26
WASH POST:	750.00	1.00	SONY:	39.68	(0.59)
PROGRAMMING					
CBS:	28.19	0.00	SPRINT NEXTEL:	16.97	(0.28)
CROWN:	4.12	(0.03)	THOMAS & BETTS:	51.74	0.40
DISCOVERY:	14.65	0.02	TIVO:	6.67	0.02
EW SCRIPPS:	49.18	(0.01)	TOLLGRADE:	9.02	(0.25)
GRUPO TELEVISA:	23.27	0.23	UNIVERSAL ELEC:	21.06	(0.07)
INTERACTIVE CORP:	29.75	0.06	VONAGE:	7.69	0.04
LODGENET:	18.91	0.03	VYYO:	4.08	(0.01)
NEW FRONTIER:	8.88	0.13	WEBB SYS:	0.05	(0.01)
OUTDOOR:	13.03	0.62	WORLDGATE:	1.32	0.00
PLAYBOY:	10.41	0.03	YAHOO:	23.14	0.15
UNIVISION:	34.92	0.00	TELCOS		
VALUEVISION:	12.25	0.13	AT&T:	33.75	0.81
VIACOM:	38.84	(0.04)	BELLSOUTH:	44.39	1.04
WWE:	17.01	0.53	QWEST:	8.20	0.08
TECHNOLOGY					
3COM:	4.79	(0.03)	VERIZON:	37.21	0.62
ADC:	14.84	(0.15)	MARKET INDICES		
ADDVANTAGE:	4.49	(0.01)	DOW:	12011.73	19.05
AMDOCS:	39.98	(0.05)	NASDAQ:	2340.94	3.79
AMPHENOL:	69.25	1.14			
ARRIS GROUP:	12.69	0.17			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Catching Up

In a deal that reunites former sibling properties, the **Hallmark Channel** greenlit this week the production by **RHI Ent** of at least 12 original TV movies and 3 miniseries for '07 delivery. At the reunion's center is production house RHI, an entity that has vol-leyed over decades between current pres *Robert Halmi* and the Hallmark family. In 1994, Halmi sold RHI to **Hallmark Cards** and assumed the roles of pres/CEO of the segment, rechristened **Hallmark Ent**. Halmi and a private investment firm reacquired the business in Jan and gave it the original RHI name. Although the history is somewhat convoluted, HC programming evp *Dave Kenin* said the current pact exhibits no nebulousness. "Movies are the centerpiece of our network, and this is our best chance to grow their performance," he said. "We have committed to 12 [features] that are very brand friendly--all about relationships and family." Since '01, the RHI-HC duo has produced nearly 100 movies and miniseries. The contracted content will feature "adult drama skewed slightly toward women and will deliver the bulk of Hallmark Channel's prime ratings," said Halmi. 3 telefilms are currently under production. "Claire" stars *Valerie Bertinelli*, a widowed mother with psychic powers; "Love is a Four Letter Word" offers a comedic look at divorce lawyers; and "Spring Thaw" features an attorney trying to reconnect with her ailing father. Kenin hopes these and other future movies help HC connect with a younger demographic, a group to which RHI is attempting to further appeal with action/adventure thrillers. "They sell broader," said Halmi, whose movies cater almost exclusively to cable nets. He's intent on providing more content for current clients such as **Spike** and **Sci Fi** through films "with larger than life beasts that like to eat people." The relationship between HC and RHI is decidedly less dangerous. *CH*

Highlights: "Why I Wore Lipstick to My Mastectomy," Mon, 9pm, **Lifetime**. We're biased because we love *Geralyn Lucas*, the Lifetime exec whose battle with breast cancer is the film's genesis. Still, Lipstick captures the physical and emotional anguish of being very sick. – "Initiation of Sarah," Sun, 8pm, **ABC Family**. In a year of very good ABC F originals, this college-based horror film remake is the best so far. – "Atlas: Australia," Sun, 9pm, **Discovery**. Not sure which is better, Great Barrier Reef in HD or *Russell Crowe's* narration. SA

Worth a Look: "Bravo's Funny Girls: Joan Rivers," Tues, 10pm, **Bravo**. Good series kickoff, but Rivers' humor isn't timid. She hates getting old since everything falls: "Now I can get a mammogram and manicure at the same time." – "The F-Word," Sun, 9pm, **BBC Am**. At first it's difficult to understand talented but trashy mouthed chef *Gordon Ramsay's* newest series, which mixes cooking, contests and star gazing at Ramsay's breakneck pace. The show cooks when Ramsay remains in the kitchen. – "The Monastery," Sun, 10pm, **TLC**. Interesting premise in a beautiful setting: 5 lay lads spend 40 days in a NM monastery; in ep 1 tempers flare and we nearly get a felonious monk. – "Dog Whisperer," season 3 premiere, Mon, 9pm, **Nat Geo**. *Cesar Millan* attempts to tame an anti-social thoroughbred from CA named Kobe. Go figure. SA

Basic Cable Rankings (10/09/06-10/15/06)			
Mon-Sun Prime			
1	ESPN	2.6	2395
2	DSNY	2.4	2121
3	USA	2	1837
4	TNT	1.7	1552
5	TOON	1.5	1352
6	TBSC	1.3	1170
6	NAN	1.3	1146
8	FOXN	1.1	1035
8	LIFE	1.1	1035
8	A&E	1.1	1005
8	SPK	1.1	993
8	HALL	1.1	846
13	VH1	1	910
13	FX	1	879
15	HGTV	0.9	860
15	SCIF	0.9	808
15	MTV	0.9	775
18	HIST	0.8	740
18	CMDY	0.8	734
18	AMC	0.8	722
18	CORT	0.8	686
22	DISC	0.7	691
22	TLC	0.7	654
22	CNN	0.7	654
22	TVLD	0.7	645
22	BRAV	0.7	573
27	FAM	0.6	580
27	FOOD	0.6	579
27	BET	0.6	506
30	APL	0.5	466
30	SOAP	0.5	286
30	LMN	0.5	275
33	EN	0.4	398
33	MSNB	0.4	363
33	TTC	0.4	311
33	WGNC	0.4	265
37	ESP2	0.3	307
37	HLN	0.3	304
37	CMT	0.3	246
37	TWC	0.3	239
37	TVGC	0.3	233
37	NGC	0.3	205
37	GSN	0.3	194
37	OXYG	0.3	185
37	DHLT	0.3	185
37	NOGG	0.3	138

*Nielsen data supplied by ABC/Disney

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CableFAX

Leaders Retreat



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November 1–3, 2006 - Ritz-Carlton South Beach, Miami

Confirmed Attendees (as of 10/18/06):

Atlantic Broadband – CEO, President & COO
Audible Magic – Business Development
Balfour Associates Inc. – Chairman
Bend Cable Communications LLC - President & CEO
Bresnan Communications, Inc – EVP Operations
Buford Media Group, LLC – CEO, President & COO
C-SPAN – VP Affiliate Relations
Cequel III -Suddenlink – President & CEO, SVP Programming
Comcast Cable – EVP
Effros Communications – President
Fleischman & Walsh LLP – Partner
Fox Cable Networks – SVP Affiliate Marketing, SVP Sales
Harron Communications – Chairman /CEO & President /COO
HSN/IAC – EVP Affiliate Relations
ION Media Networks – President, Cable Distribution
Insight – CEO, VP Programming
IMA-Int'l Media Advisors – Principal
Mediacom – SVP Programming & Human Resources
Media Business Corp. – Sr. VP, Product Marketing
Millennium Digital Media – SVP, Programming & Product Development
NCTC – President & CEO, SVP Programming
NCTA – President & CEO
NBC Universal Cable – SVP Marketing
New Frontier Media – President, VP New Business
New Wave Communications – President
NFL Network – SVP
October Strategies, Inc. – Partner
SCTE – President & CEO
The Tennis Channel – SVP Distribution, VP Distribution
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 with
Kyle McSarrow
7:00pm – 10:00pm - Dinner at Vizcaya

Thursday, November 2nd

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

Friday, November 3rd

8:00am – 11:00am - Industry Leaders Forum
Breakfast With Michael Willner – CEO, Insight

Sponsorship and Attendance Information

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