

CableFAX Daily™

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What the Industry Reads First

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More Retrans Fun: Mediacom Asks FCC to Force Sinclair Negotiations

Mediacom filed an emergency retrans complaint at the FCC late Tues, hoping to force Sinclair to “immediately commence negotiations in good faith.” The MSO’s laundry list of complaints includes claims that Sinclair backed out of a deal to allow it to review other MSO’s retrans deals and that the timing of the retrans flare up was meant to interfere with Mediacom’s latest debt offering. About 50% of Mediacom’s total cable system subs are in areas potentially affected by its dispute with Sinclair. If the spat continues, the subs will most likely lose the broadcasters’ stations on Dec 1. The MSO has filed an antitrust lawsuit against Sinclair, claiming it’s breaking the law by tying stations to one another. Mediacom told the FCC that Sinclair only made a “sham” offer for stations separately after the lawsuit was filed. Mediacom repeated claims that Sinclair has a bounty program in place with a DBS operator in which it receives money for MCCC subs who switch to the DBS provider and for advertising losses. It asked the FCC void and prohibit such agreements.

Keep Calling: Charter’s Triple Play Doing the Trick

Charter is behind other operators in rolling out phone, but early returns have it feeling pretty optimistic. Case in point: while the MSO reported Tues a 3Q analog net loss of 9K, its central division gained about 6K analog customers during the Q. Charter thinks the area bucked the trend because phone has launched in each of its 8 markets. “We’re aggressively rolling out phone, and we’re confident this is right for our business,” CEO Neil Smit said during Tues’ earnings call. Further promising stats: 70% of phone subs take the triple-play, with average ARPU between \$125-\$130; Charter beat analyst estimates by adding 82K phone subs in the Q for 340K total, more than triple its customer base a year ago; phone will be available to nearly 60% of its footprint by year-end vs 25% at the end of ‘05. Another thing working in Charter’s favor is its improved geographic footprint and capital structure following the 3Q close of system sales representing 390K analog customers. Including the impact of a pending sale of systems serving 33K, Charter will reduce the number of headends compared to year-end ‘05 45% to 398. That equates to 14K served customers per headend—a nearly 70% improvement. The deals will put approx 98% of Charter’s subs in 21 states. **By the Numbers:** Charter’s robust 3Q results included revenue growth of nearly 11% to \$1.4bl, while adjusted EBITDA climbed \$30mln Y-over-Y to \$463mln. Data adds totaled 88K, while digital video additions rose about 7% to 49K.

Scary Proposition: As the industry waits for the FCC to rule on the so-called set-top integration ban, NCTA pres/CEO Kyle McSillarow sent off a Halloween letter to the Dept of Commerce and FCC warning that maintaining the ban could put the country’s long-awaited DTV transition at risk. NCTA has asked the FCC to defer the ban until cable ops deploy a new downloadable security system, or until 2010, if they haven’t deployed the tech by then. Under the integration ban, cable operators can’t deploy non-CableCARD enabled set-tops after July 1. While the NTIA grapples with how to implement a digital-to-analog converter voucher program, “the FCC is about to decide whether to continue a policy that will

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tax all cable customers and discourage the migration of analog television owners into the digital age," McSlarrow wrote.

Fitzpatrick Forfeits Crown: Only weeks after ex-Court TV chief Henry Schleiff took over as pres/CEO of Crown Media Holdings, the company announced late Tues that COO/evp Paul FitzPatrick has resigned. FitzPatrick, who started at Crown in 2000, had been COO since 2001. In a release, Schleiff praised Fitzpatrick's "tremendous contributions" in taking Hallmark Channel from 16mln to 75mln subs. The release didn't include a comment from Fitzpatrick, which is a bit out of character considering his often vocal presence on matters such as must-carry and a-la-carte. We have a feeling he'll pop back up somewhere. It would be the industry's loss if he didn't.

Crew Injured: National Geographic said 2 members of a DC-area based camera crew embedded with a U.S. Army Special Forces unit in Afghanistan suffered non-life threatening injuries on Sat when a vehicle in their convoy struck a landmine. Exec producer Steven Hoggard was airlifted to Germany. The name of the injured cameraman wasn't given.

Competition: Qwest has added nearly 100K DirecTV bundled subs in 3Q, bringing the total to 311K. It added more than 175K high-speed Internet lines during the Q, a 10% increase sequentially and a 47% increase Y-over-Y in total subs. Qwest reached the 2mln sub milestone this month. This month, the telco decided to expand its "Price for Life" promo to new DSL premium subs (3-5Mbps). New customers signing a 20-year deal are guaranteed a fixed price for life unless they terminate service. When the promo initially launched in July, it was only for 1.5Mbps subs.

In the Courts: Cablevision and content providers were in court Tues presenting their cases for and against the MSO's proposed network DVR. On Fri, Cablevision petitioned the court unsuccessfully to close Tues' hearing to the public because it would be presenting "highly confidential" technical details of the remote storage DVR. The content companies, including CNN and Fox, sued Cablevision over the tech, saying the MSO didn't work out deals with them to offer their content in this form. -- Comcast agreed in principal this month to pay about \$44mln to settle TCI shareholder lawsuits, according to an SEC filing. The settlement still needs court approval. The suits claim shareholders' interests were not adequately represented when AT&T acquired TCI in '99. Comcast later acquired the systems from AT&T.

Change of Teams: Remember a few years back when Al Sharpton's National Action Network would send out threatening press releases in the hopes of forcing MSOs to carry The Word Network? He's back... But this time, he's taking the side of operators. In a Tues NY Daily News editorial, Sharpton lent his support to Time Warner Cable and Cablevision's decision not to carry NFL Network unless it can be part of a sports package. If the NFL "gets away with bamboozling consumers, then every sport will be emboldened to do the same, littering our cable bills with additional increases," Sharpton wrote. When contacted about the piece, NFL Net responded with its own list of talking points. Among them: "The NFL is the only sport in NY that offers all its home team games on free over-the-air TV."

From the Street: With Comcast shares up more than 50% over the past 9 months, can the stock go any higher? Sanford Bernstein thinks so, raising its price target to \$48 from \$44 (19% upside potential from Mon's close), while noting that a case could even be made for \$50/share. However, this trend may not continue forever. Noting that expectations are higher, Bernstein takes a "more sober—and modest—view of the amount of remaining upside for the stock."

Programming: "The Daily Show with Jon Stewart" and "The Colbert Report" will team for a 1-hour, live election night special on Comedy Central, Nov 7, 11pm ET. -- No surprise here. WE renewed hit series "Bridezillas" for a 4th season

**DAN RATHER
REPORTS**

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BUSINESS & FINANCE

to premiere in June. -- **Travel Channel's** newest series gets "YouTube" by applying user-generated content to the world of travel. "Not Your Average Travel Guide" (Nov 20, 8pm) features a different "guide" who researches, films, edits and hosts each ep.

Ratings: **ESPN** won Oct's prime ratings race, averaging a 2.9 HH rating/2.66mln HH delivery. "MNF" ranked as the month's 5 highest-rated programs, with last week's Giants-Cowboys game leading the pack (12.8). **Disney** took 2nd place (2.4/2.14mln), helped by its "Halloweentown" movie franchise. **USA** (2.0/1.86mln), **TNT** (1.7/1.54mln) and **Cartoon** (1.3/1.2mln) round out the top 5.

Honors: **CNBC** got the most Emmy nominations of cable nets for financial/business reporting, racking up 4 nods. **CNN** had 3, while **Biography Channel** and **Discovery Times** each took 1. Winners will be named next month.

On the Circuit: One of our favorite awards programs is now accepting applications. Nominate local leaders for **Cable in the Classroom's** "Cable's Leaders in Learning Awards" at www.leadersinlearningawards.org by Dec 15.

People: **SupportSoft** snagged **Time Warner Cable's David Tem-lak** for its svp, customer service role. -- **WICT** hired **Walter Sisson** as vp, finance and admin and promoted **Tom Quash** to vp, marketing and communications.

CableFAX Daily Stockwatch

Company	10/31 Close	1-Day Ch	Company	10/31 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	41.71	0.55	AMPHENOL:	67.90	(0.36)
DIRECTV:	22.28	0.28	ARRIS GROUP:	13.40	(0.18)
DISNEY:	31.46	(0.4)	AVID TECH:	36.12	(0.12)
ECHOSTAR:	35.52	0.36	BLNDER TONGUE:	1.31	0.01
GE:	35.11	(0.09)	BROADCOM:	30.27	0.33
HEARST-ARGYLE:	25.20	(0.23)	C-COR:	9.99	0.27
ION MEDIA:	0.79	0.00	CISCO:	24.13	0.23
NEWS CORP:	21.74	(0.12)	COMMSCOPE:	31.91	0.24
TRIBUNE:	33.33	(0.12)	CONCURRENT:	1.64	(0.08)
MSOS					
CABLEVISION:	27.79	0.08	CONVERGYS:	21.21	(0.02)
CHARTER:	2.30	0.00	CSG SYSTEMS:	26.98	(0.08)
COMCAST:	40.67	0.38	GEMSTAR TVG:	3.48	0.01
COMCAST SPCL:	40.48	0.28	GOOGLE:	476.21	(0.36)
GCI:	13.11	(0.05)	HARMONIC:	8.11	(0.09)
KNOLOGY:	10.28	(0.2)	JDSU:	2.18	0.10
LIBERTY CAPITAL:	89.06	0.59	LEVEL 3:	5.29	(0.09)
LIBERTY GLOBAL:	26.21	0.39	LUCENT:	2.43	(0.01)
LIBERTY INTERACTIVE:	22.11	0.20	MICROSOFT:	28.70	0.17
MEDIACOM:	8.35	0.07	MOTOROLA:	23.06	(0.05)
NTL:	27.12	0.05	NDS:	47.84	1.10
ROGERS COMM:	59.82	2.76	NORTEL:	2.23	0.07
SHAW COMM:	32.79	1.46	OPENTV:	2.98	0.11
TELEWEST:	24.20	0.00	PATH 1:	1.34	0.00
TIME WARNER:	20.01	0.07	PHILIPS:	34.83	(0.33)
WASH POST:	753.10	2.10	RENTRAK:	12.99	(0.01)
PROGRAMMING					
CBS:	28.94	(0.06)	SEACHANGE:	8.37	(0.17)
CROWN:	3.99	0.02	SONY:	40.98	(0.57)
DISCOVERY:	14.84	(0.08)	SPRINT NEXTEL:	18.69	(0.2)
EW SCRIPPS:	49.46	0.27	THOMAS & BETTS:	51.53	(0.78)
GRUPO TELEVISA:	24.68	0.16	TIVO:	6.39	(0.05)
INTERACTIVE CORP:	30.98	1.16	TOLLGRADE:	8.21	(0.16)
LIBERTY:	8.63	(0.07)	UNIVERSAL ELEC:	21.63	0.11
LODGENET:	23.00	0.37	VONAGE:	6.88	(0.57)
NEW FRONTIER:	8.82	(0.17)	VYYO:	4.03	0.22
OUTDOOR:	13.98	(0.1)	WEBB SYS:	0.05	0.00
PLAYBOY:	10.61	(0.18)	WORLDGATE:	1.20	(0.02)
UNIVISION:	35.06	(0.07)	YAHOO:	26.34	0.39
VALUEVISION:	12.91	0.01	TELCOS		
VIACOM:	38.91	(0.53)	AT&T:	34.25	0.33
WWE:	16.67	(0.28)	BELLSOUTH:	45.10	0.51
TECHNOLOGY					
3COM:	4.86	(0.09)	QWEST:	8.63	(0.38)
ADC:	14.31	0.12	VERIZON:	37.00	(0.65)
ADVANTAGE:	4.09	0.03	MARKET INDICES		
AMDOCS:	38.76	(0.77)	DOW:	12080.73	(5.77)
			NASDAQ:	2366.71	2.94

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