

CableFAX Daily™

Wednesday — November 14, 2007

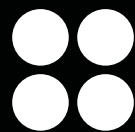
What the Industry Reads First

Volume 18 / No. 222

Martin's Math: Cable's 'Just Over' 70% Penetration

FCC chmn *Kevin Martin* said Tues that the Commission's annual video competition report determines that cable has "just over 70%" penetration in cable homes passed. That's significant because the chmn is reportedly planning to use the so-called 70/70 test to re-regulate the cable industry (the FCC can promulgate additional rules to "provide diversity of information sources" when cable's available to 70% of homes and has penetration in 70% of those homes). While there's no question cable's available to more than 70% of homes, there's a lot of doubt surrounding whether 70% of those homes actually have cable. That determination is "based upon one of the outside resources and data services that the Commission relies on, not just our finding," Martin told reporters on a conference call Tues. He didn't identify the outside source. **NCTA** told the FCC in a letter Tues that virtually all the available data confirm that cable penetration remains below the 70% mark. In last year's video competition report, **Nielsen** pegged cable penetration at 61.1%, **SNL Kagan** put it at 58.1%, and **Warren Comm** at 67.8% (a figure that NCTA says is overstated because Warren understated the number of homes passed at 93mln; Warren told **Cfax** its numbers are based on the figures cable systems give it—if a system fails to provide numbers, then it doesn't have those). NCTA pointed out that last year's FCC video competition report was based on the FCC's cable price survey data that found cable was at 56% market penetration. "The only change since [that] report is that the cable industry has actually lost a small number of basic video subscribers," pres/CEO *Kyle McS-larrow* wrote, noting that through Sept 30, 7 of the top 10 ops lost nearly 200K subs Y-over-Y while DBS gained 1.8mln. The letter was full of jabs, including a remark about "the dubious practice of policymaking by press leaks of supposedly confidential FCC documents" (see Sat' *NY Times* story) and a quip about "manipulating data." Even if cable was to reach the 70/70 test, McS-larrow said the FCC's rulemaking authority would only relate to leased access—not cable ownership, program access, a la carte, or any other area Martin has reportedly targeted. Martin told reporters Tues that the video competition report only makes a finding that the 70/70 test has been met and that he hasn't proposed anything on a la carte. "I have and continue to encourage the cable industry to offer a la carte voluntarily," he said, adding that he also has encouraged Congress to give consumers more choice in the light of rising cable rates.

At Home At Last? Could the **At Home** saga finally be nearing an end for the cable industry? At Home bondholders agreed in principal last month to settle litigation in Delaware Court of Chancery in exchange for a payment of \$40mln each from **Comcast** and **Cox**, according to an **SEC** filing. The settlement is subject to approval of the At Home bankruptcy court. It would resolve over 5 years of litigation between the parties, Cox said. To refresh your memory: At Home was a provider of high-speed service that filed for bankruptcy in '01. Cox and Comcast were among those who invested in and had a distribution relationship with At Home. Certain bondholders brought suit against Comcast, Cox and others alleging breaches of fiduciary duty and seeking recovery of alleged short-swing profits. The short-swing profits claim was



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dismissed by the courts, but the plaintiffs recommenced the breach of fiduciary duty claim in the DE Court of Chancery.

On the Hill: Rep Ed Markey's (D-MA) broadband mapping bill received House approval Tues. It calls for a national, searchable broadband availability map allowing consumers to find out which service providers are available in their areas, and authorizes grants to local planning entities to increase broadband deployment and usage.

DTV Doings: Local broadcast affils representing **NBC, FOX, ABC, CBS, CW, My Network TV, Univision** and **Tel-emundo** joined together to produce and air ads to prepare consumers for the Feb 17, '09 digital transition deadline. Stations with news telecasts will all air the ads during their Wed 5am, Thurs 5pm and Fri 6am newscasts. **My Network TV** and **CW** will show them at noon and 6pm. A similar schedule is planned for next week.

Writers' Strike: So far, most cablers plan to take part in Jan's **TCA** tour, despite the ongoing Writers' Strike, according to **CTAM's Sharon Radziewski**. A tentative 4-day cable schedule is drafted for Jan 8-11 but could be reduced to 3 days should some decide they can no longer participate, she said. Programmers have to confirm their intentions by late Nov.

In the States: **RCN** inked a multi-year deal with **Educational Housing Services** to provide cable TV, phone and internet services to the New Yorker Hotel, which houses more than 500 area college students. -- **Charter** launched **The Africa Channel** in 12 Southern CA communities including Riverside and San Bernardino. The net has also gone live in Trinidad. -- **YES** inked a 1-year extension with **WWOR-TV/My9** in NY, which remains the Yankees' broadcast home and plans to air 21 games next season in high-def. -- **Gas Station TV**, which pumps **ESPN** content at service stations in 300 US cities, is moving the content indoors with a pilot at select **Sunoco** locations. -- **NFL Net** is partnering with the league to launch Fan Appreciation Day this weekend at all 16 home stadiums. The goal is to thank the net's fan base through banners, scoreboard ads and emails from franchises. TV, radio and print ads will support the initiative.

Affil Relations: 40 cable affils participated in **The History Channel's** "Take a Veteran to School Day" educational initiative, through which vets shared their stories at more than 300 schools nationwide. The net is also providing the schools with curriculum-based educational materials.

Ratings: Kids kontent killed on kable last week as three-quarters of the top 75 telecasts were geared toward the under-18 set, led by 32 **Nickelodeon** shows and 25 from **Disney**. "Hannah Montana" continues to drive the Mouse, with Sat night's ep (3.7/3.54mln) ranking 3rd behind **MNF** and **WWF** content. For Nickelodeon, "SpongeBob SquarePants" continues to soak up viewers by the boatload, with 13 eps in the top 30. As such, it's no surprise that Disney consistently ranks at or near the top in weekly prime ratings, and with Nick dominates the total day ratings virtually every week. True, it was a slow sports week, but Disney and Nick still notched 37% of the top 70 Oct telecasts and 31% of the top 71 in 3Q. -- **ESPN** (2.3/2.26mln) took home prime gold last week, followed by Disney (2.2/2.10mln) and **USA** (2.0/1.93mln). **TBS** (1.6/1.56mln) took 4th and **TNT** (1.5/1.46mln) completed the top 5.

Programming: **FX** greenlit 2 additional seasons of "Damages," starring *Glenn Close* and *Ted Danson*. -- **FSN's** "Operation: Field Rescue" (Nov 22) spotlights a sports project that helped an economically-challenged neighborhood in Philadelphia. -- **Ovation TV** launches "Framed," an 8-day long event celebrating photography. It kicks off Sun at 8pm with original special "Close Up: Photographers at Work." Other specials include the 6-part series "The Genius of Photography."

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BUSINESS & FINANCE

On the Circuit: AETN pres/CEO *Abbe Raven* and USA/Sci Fi pres *Bonnie Hammer* join *Martha Stewart* and *Rosie O'Donnell* as 4 of the 50 honorees for "She Made It: Women Creating Television and Radio," the **Paley Center for Media's** initiative citing the achievements of media industry women. This year's celebratory event is set for Dec 6 in NYC. -- On Fri in Washington D.C., **CSTV** will honor Hall of Fame broadcaster *Leslie Visser* and Washington Mystics pres *Sheila Johnson* (**BET** founder *Bob Johnson's* ex-wife) with its "Women In Sports Trailblazers" award.

People: **C-COR** chmn/CEO *David Woodle* has been approved as an **Arris** board member, pending Arris' acquisition of C-COR. -- **Ensequence** named ex-MTVN/BETN exec *Peter Low* as pres/coo. -- **Comedy Central** promoted *Lauren Corrao* to pres, original programming and development.

Business/Finance: **RCN** closed its \$255mln acquisition of **NEON Comm Group** and combined the company with its RCN Business Solutions segment to form **RCN Metro Optical Networks** serving Boston, NY, Chicago, Philadelphia and Washington, D.C. -- **HSW Intl's** board approved certain amendments needed to finish the merger between **HowStuffWorks** and **Discovery Comm.** Under revised terms, HowStuffWorks can't sell any of its HSW Intl shares until Oct '08, 2/3 of its shares until April '09, and 1/3 of its shares until Oct '09.

CableFAX Daily Stockwatch

Company	11/13 Close	1-Day Ch	Company	11/13 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	52.36	3.41	AMPHENOL:	42.03	1.62
DIRECTV:	24.58	(0.43)	APPLE:	169.96	16.20
DISNEY:	33.01	0.99	ARRIS GROUP:	10.04	0.29
ECHOSTAR:	41.25	0.42	AVID TECH:	28.73	1.84
GE:	39.21	0.96	BIGBAND:	6.15	0.24
HEARST-ARGYLE:	21.35	0.27	BLNDER TONGUE:	1.36	0.21
ION MEDIA:	1.36	(0.02)	BROADCOM:	30.00	0.29
NEWS CORP:	22.25	0.91	C-COR:	11.73	0.63
TRIBUNE:	28.53	0.62	CISCO:	30.14	1.03
MSOS					
CABLEVISION:	26.17	0.83	COMMSCOPE:	42.44	1.73
CHARTER:	1.26	0.10	CONCURRENT:	1.00	0.04
COMCAST:	19.92	0.98	CONVERGYS:	17.70	0.25
COMCAST SPCL:	19.64	0.91	CSG SYSTEMS:	18.68	(0.13)
GCI:	9.55	0.55	GEMSTAR TVG:	6.09	0.30
KNOLOGY:	14.36	0.62	GOOGLE:	660.55	28.48
LIBERTY CAPITAL:	117.61	0.83	HARMONIC:	11.25	0.37
LIBERTY GLOBAL:	36.34	1.43	JDSU:	13.75	0.66
LIBERTY INTERACTIVE:	20.24	0.29	LEVEL 3:	3.05	0.16
MEDIACOM:	4.62	(0.13)	MICROSOFT:	34.46	1.19
NTL:	28.22	0.00	MOTOROLA:	16.89	0.50
ROGERS COMM:	42.97	0.00	NDS:	56.98	(0.02)
SHAW COMM:	26.41	0.52	NORTEL:	18.73	0.36
TIME WARNER CABLE:	25.56	0.94	OPENTV:	1.10	(0.01)
WASH POST:	834.50	16.70	PHILIPS:	42.69	0.85
PROGRAMMING					
CBS:	27.89	0.95	RENTRAK:	15.04	0.18
CROWN:	6.98	0.05	SEACHANGE:	5.32	0.04
DISCOVERY:	23.85	0.37	SONY:	48.92	2.21
EW SCRIPPS:	44.54	1.10	SPRINT NEXTEL:	15.98	0.18
GRUPO TELEVISA:	23.39	1.35	THOMAS & BETTS:	52.93	1.72
INTERACTIVE CORP:	29.77	0.32	TIVO:	6.91	0.14
LODGENET:	19.50	0.50	TOLLGRADE:	8.06	(0.5)
NEW FRONTIER:	5.15	0.00	UNIVERSAL ELEC:	35.35	2.28
OUTDOOR:	7.41	0.10	VONAGE:	2.29	0.19
PLAYBOY:	10.17	(0.05)	VYYO:	4.33	(0.42)
TIME WARNER:	17.73	0.60	WEBB SYS:	0.07	0.00
UNIVISION:	36.23	0.00	YAHOO:	26.10	1.32
VALUEVISION:	5.21	0.53	TELCOS		
VIACOM:	40.82	1.25	AT&T:	39.85	1.20
WWE:	15.34	0.10	QWEST:	6.67	0.22
TECHNOLOGY					
3COM:	4.80	0.04	VERIZON:	43.58	0.78
ADC:	17.37	0.35	MARKET INDICES		
ADVANTAGE:	5.64	(0.35)	DOW:	13307.09	319.54
ALCATEL LUCENT:	8.34	0.31	NASDAQ:	2673.65	89.52
AMDOCS:	32.75	0.08			

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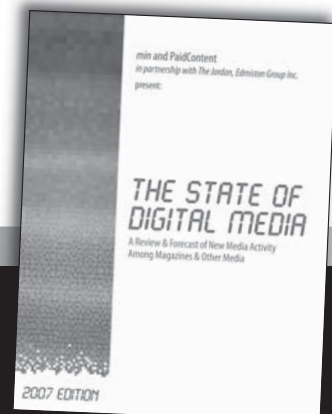
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