

CableFAX Daily™

Monday — November 27, 2006

What the Industry Reads First

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DCT Redux: Moto Moving Forward With Industry's Set-Top Transition

Motorola is taking orders for the DCT-700 in the US after Nov 15—there's just no guarantee operators will be able to get them (*Cfax*, 11/21). The vendor is preparing for an **FCC** deadline of July 1 that will prevent US operators from deploying the 700 and other boxes that don't contain a CableCARD or some sort of separate security. Motorola informed all US MSOs in a letter last month that orders received after Nov 15 "will place continued pressure on supply capabilities and will not allow us to guarantee product availability." *Larry Robinson*, Moto's sr dir, digital video solutions product mgmt, says not to take the date as D-Day for the cost effective, low-end DCT-700 in the US. "We've been working with our customers for several months to make sure they're ready to go" for the July 1 deadline, he said. "That's one piece of an ongoing dialogue. ... We're definitely in the position to support the industry." **NCTC** confirmed that Moto has been open in communicating these issues, with the 2 working together to promote Webinars and live seminars on the separable security issue. The Nov 15 date serves as a reminder that the FCC has still not acted on a growing list of set-top waiver requests, several of which are many months old, forcing the industry to continue forward with transition plans to costlier boxes. (Motorola has supported the industry's request to have certain low-end boxes exempted from the July 1 embedded security deadline) What would happen if the FCC suddenly decided to grant the waivers at this late date? "A late change would create challenges for the industry because it's a quick shift back," Robinson said. "But that said, I think we're in a position to go whatever direction the FCC drives us [and] ultimately what direction our customers need us to go." Meanwhile, Moto will continue manufacturing the box for customers outside the US.

Commercial Ratings: **Nielsen's** commercial ratings plan may benefit measurement firm **Rentrak**. That's the conclusion of **Oppenheimer's Tom Eagan**, who has initiated Rentrak with a "Buy" rating and a \$18 price target. "With access into 32mln set-top boxes across the US, we believe Rentrak is well positioned to benefit from both the emergence of VOD as an advertising vehicle as well as the current discontent among broadcast and cable networks with the Nielsen's approach of measuring commercial ratings," Eagan wrote in a note to clients. Meanwhile, **Magna Global** evp, audience analysis **Steve Sternberg** issued a report on Nielsen's plans to measure the average commercial minute, calling it "a step in the right direction." However, he (like everyone else in the industry) has a list of suggestions for Nielsen: remove VCR recording from any avg commercial minute reports and use live + same day as the only data stream for the reports.

Online: **HBO** may soon ramp up its Web presence, as CEO **Chris Albrecht** told the *Financial Times* Tues that the net is considering a broadband channel launch, one that offers downloads of net content. Any such initiative will only come to fruition with the blessing and/or help of cable ops, said Albrecht, and could possibly be available only to HBO subs.

At the Portals: The **FCC** Media Bureau said Wed that it would launch 10 studies on media ownership, drawing criticism



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from the 2 Democratic commissioners. "Today's unilateral release of this public notice on the eve of the Thanksgiving holiday ultimately undermines the public's confidence by raising more questions than it answers," commish *Jonathan Adelstein* said. Adelstein and fellow Dem *Michael Copps* complained that the studies' descriptions were scant and lacked detail as to how contractors were selected and funded. The studies are to be conducted primarily by staff and professors, with 1 ("How People Get News and Information") being carried out by **Nielsen**.

Cable Subs Starving? ACA pres/CEO *Matt Polka* stopped short of calling **NFL Net's Steve Bornstein** a turkey, but he did carve up the football net's cable carriage demands a day before its Thanksgiving debut of regular season NFL games. "I write to request that the NFL Network change this discriminatory and anti-consumer policy," Polka wrote in a letter to Bornstein, referencing the net's refusal to allow small ops to carry it on tiers while **Comcast** and **Cox** have it on various tiers/packages. The letter was copied to the **FCC** and several members of Congress, including *Sen Arlen Specter* (R-PA), who questioned the NFL's tactics during a recent Senate Judiciary hearing (*Cfax*, 11/15). Polka used NFL as a further reason for the govt to investigate discriminatory wholesale programming practices, suggesting there could be implications under NFL's antitrust exemption. NFL's overall comment on holdout operators on Thanksgiving Eve: "While the NFL Network games will be carried by a large number of cable companies, we unfortunately are involved in a commercial dispute with specific cable operators who are acting in their own self-interests—not in the interests of our NFL fans. We will continue to discuss the matter with those cable operators in the hope that the problem can be resolved."

Bah Humbug: There will be no lavish **NCTA** holiday party for the 2nd year in a row. Instead, the association decided to nix the bash and host an extravagant open house at its new HQ on Nov 16 (yes, that fabulous sushi was back). "We got a head start on the holiday party season by hosting a big shindig last week to officially open NCTA's new 'cableINNOVATES' exhibit," a spokesman said. "It was a tremendous success that set a new standard for pre-Thanksgiving parties that will be tough to follow." FCC commish *Deborah Taylor Tate* and Rep *Albert Wynn* (D-MD) were among the revelers.

Research: Just over half (54%) of all US digital cable HHs watch VOD programming, according to a survey by **Claritas**, an improvement over the 41% usage rate reported last year. Movie-specific numbers were nearly identical, as 53% of the 35K respondents say they watch on demand films, vs 40% last year. More than 1 out of 10 VOD HHs are ordering an on demand movie at least once a week, and nearly 30% are ordering them once a month or more. 39% are renting from video stores less than once a month, and another 30% said they never rent movies from a video store, a slight increase over the 28% that responded similarly in '05.

Funeral Service: A funeral mass for the late *B&C* business editor *John Higgins* was scheduled for Sat (11/25), noon at Saints Peter and Paul Catholic Church, 404 Hudson St, Hoboken, NJ. Donations should be sent to the Hoboken Homeless Shelter, 300 Bloomfield St, Hoboken, NJ, 07030 or to the church.

Stork Visit: It's trite to say *John Higgins* would be smiling, but he would have. Higgins was as close to **Lifetime's** NY staff as he was to any group, so he would have been happy to hear of the birth of PR queen *Katherine Urbon* and hubby *Joe's* twins: *Josephine Angele* (5lbs, 11oz) and *Walter Alan* (7lbs, 4oz), at 8:33pm Tues, just one day after his untimely passing.

Business/Finance: **DirectTV** will be added to the **S&P 500** on a date to be determined, replacing **Freescale Semiconductor**.

2006 NEW VIDEO



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Get ready to be enveloped in ice as we cross 5,000 miles of freezing, death-defying Antarctic with two rival expeditions racing to get to the South Pole first. It was 1911, and this was the last great terrestrial journey left to man.

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CableFAX Week in Review

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	40.90	2.50%	24.30%
DIRECTV:	DTV	22.65	4.90%	60.40%
DISNEY:	DIS	32.99	0.90%	37.60%
ECHOSTAR:	DISH	36.46	(0.4%)	34.10%
GE:	GE	35.99	0.60%	10.50%
HEARST-ARGYLE:	HTV	25.38	(0.7%)	12.00%
ION MEDIA:	ION	0.71	(7.8%)	(22.8%)
NEWS CORP:	NWS	21.85	(1.6%)	33.10%
TRIBUNE:	TRB	32.25	0.50%	11.30%

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	27.73	(0.2%)	18.20%
CHARTER:	CHTR	2.76	4.90%	126.20%
COMCAST:	CMCSA	39.65	(1.5%)	53.00%
COMCAST SPCL:	CMCSK	39.43	(1.3%)	53.50%
GCI:	GNCMA	14.85	1.40%	43.80%
KNOLOGY:	KNOL	10.00	(0.2%)	160.40%
LIBERTY CAPITAL:	LCAPA	89.91	0.00%	13.50%
LIBERTY GLOBAL:	LBTYA	26.97	(2%)	19.90%
LIBERTY INTERACTIVE:	LINTA	22.97	1.00%	19.30%
MEDIACOM:	MCCC	8.28	(0.2%)	50.80%
NTL:	NTLI	24.14	(1.7%)	1.70%
ROGERS COMM:	RG	60.59	3.80%	44.10%
SHAW COMM:	SJR	31.22	1.70%	54.20%
TIME WARNER:	TWX	20.76	3.90%	21.80%
WASH POST:	WPO	728.95	0.40%	(1.7%)

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	30.56	3.10%	20.50%
CROWN:	CRWN	3.53	(1.7%)	(61.5%)
DISCOVERY:	DISCA	15.48	0.20%	5.80%
EW SCRIPPS:	SSP	48.77	(1.9%)	3.70%
GRUPO TELEVISIA:	TV	25.01	(0.1%)	24.30%
INTERACTIVE CORP:	IACI	35.43	5.30%	25.20%
LODGENET:	LNET	24.03	1.30%	72.40%
NEW FRONTIER:	NOOF	8.83	(3.7%)	35.20%
OUTDOOR:	OUTD	12.60	(2.2%)	(6.7%)
PLAYBOY:	PLA	11.97	(3.1%)	(13.8%)
UNIVISION:	UVN	35.44	0.40%	20.60%
VALUEVISION:	VVTV	13.70	1.10%	8.70%
VIACOM:	VIA	38.83	0.90%	(10%)
WWE:	WWE	15.93	(1.4%)	23.20%

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.84	(4.3%)	34.40%
ADC:	ADCT	14.38	4.30%	(12.2%)
ADVANTAGE:	AEY	3.96	1.50%	(35.6%)
AMDOCS:	DOX	38.86	0.30%	15.60%
AMPHENOL:	APH	68.97	0.00%	56.50%
ARRIS GROUP:	ARRS	12.42	2.20%	31.20%
AVID TECH:	AVID	38.79	(2.3%)	5.20%
BLNDER TONGUE:	BDR	1.81	23.10%	(7.2%)
BROADCOM:	BRCM	36.42	5.70%	15.90%
C-COR:	CCBL	10.23	2.40%	110.50%
CISCO:	CSCO	26.91	1.20%	57.20%
COMMSCOPE:	CTV	31.98	(1.4%)	58.90%
CONCURRENT:	CCUR	1.94	7.80%	2.60%
CONVERGYS:	CVG	24.44	3.70%	54.20%

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
CSG SYSTEMS:	CSGS	27.68	(1.1%)	24.00%
GEMSTAR TVG:	GMST	3.30	0.90%	26.40%
GOOGLE:	GOOG	508.01	3.30%	15.30%
HARMONIC:	HLIT	8.17	(2.7%)	68.50%
JDSU:	JDSU	19.37	9.50%	(13.3%)
LEVEL 3:	LVL3	5.21	(4.2%)	81.50%
LUCENT:	LU	2.59	1.20%	(2.6%)
MICROSOFT:	MSFT	29.92	2.70%	20.10%
MOTOROLA:	MOT	22.35	0.40%	0.90%
NDS:	NNDS	47.97	(3.6%)	16.60%
NORTEL:	NT	2.14	5.40%	(30.1%)
OPENTV:	OPTV	2.49	(6%)	11.20%
PHILIPS:	PHG	37.94	1.10%	25.50%
RENTRAK:	RENT	14.59	7.50%	36.40%
SEACHANGE:	SEAC	8.94	(1.2%)	31.20%
SONY:	SNE	40.01	(0.2%)	(0.9%)
SPRINT NEXTEL:	S	20.06	0.70%	(6.1%)
THOMAS & BETTS:	TNB	52.83	0.10%	24.30%
TIVO:	TIVO	6.32	(1.1%)	23.40%
TOLLGRADE:	TLGD	8.63	0.50%	(21%)
UNIVERSAL ELEC:	UEIC	20.90	(3%)	17.70%
VONAGE:	VG	6.67	(0.9%)	(44.4%)
VYVO:	VYVO	3.60	12.10%	(32.8%)
WEBB SYS:	WEBB	0.04	(20%)	(50%)
WORLDGATE:	WGAT	1.29	(7.2%)	(37.4%)
YAHOO:	YHOO	28.49	4.90%	(13.7%)

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	32.67	0.60%	47.00%
BELLSOUTH:	BLS	42.67	0.70%	70.30%
QWEST:	Q	7.65	(5.1%)	35.40%
VERIZON:	VZ	34.75	(3.7%)	27.60%

Index	Value	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	12326.95	0.60%	15.00%
NASDAQ:	COMPX	2465.98	1.00%	11.80%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.81	23.10%
2. VYVO:	3.60	12.10%
3. JDSU:	19.37	9.50%
4. CONCURRENT:	1.94	7.80%
5. RENTRAK:	14.59	7.50%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.04	(20%)
2. ION MEDIA:	0.71	(7.8%)
3. WORLDGATE:	1.29	(7.2%)
4. OPENTV:	2.49	(6%)
5. QWEST:	7.65	(5.1%)

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MaxFAX...

Digital Date Certain?

Ah, maybe we shouldn't bet on February 17, 2009?

A column by our sometime friend *Bob Scherman* in his fax (*Satellite Business News' FaxUPDATE*) last week made an obvious connection I overlooked (even if I had been in DC



Paul S. Maxwell

all week before last): If the impending shutoff of illegal distant network signals by **DISH** could generate that, albeit futile, bill introduced by a raft of Senators

a couple of weeks ago ... well, what do you think will happen when that analog deadline approaches?

Might it become a real political football in the Presidential and Congressional elections on November 4th, 2008? And if that happens?

Well, more than a couple hundred thousand or so DISH customers might become bereft of network signals ... just how many television households might be affected—whether primary or secondary signals is moot—is a matter of conjecture.

And, given the success America has had cleaning up Iraq, Afghanistan and/or New Orleans not to mention the health care system ... well, do you really think some government program will solve this transition

problem “with,” as Bob asks, “boxes delivered and installed by the Tooth Fairy.” (Good line.)

The relatively few—albeit potentially very noisy—who will lose those distant network signals have already had a minor political impact. (Think of it as a sort of hollow bipartisan cooperation.)

Our own Senators here in Colorado (Republican *Wayne Allard* and Democrat *Ken Salazar* helping out a constituent) were joined by *Daniel Inouye* (D-HI), *Pat Roberts* (R-KS), *Olympia Snowe* (R-ME), *Mark Pryor* (D-MN), *John Ensign* (R-NV), *Hilary Clinton* (D-NY), *Patrick Leahy* (D-VT), *Robert Byrd* (D-WV) and *Jay Rockefeller* (D-WV) in offering a bill that would allow their viewing constituents to keep the signals while giving DISH a slap in the wallet. (Where was *John McCain*? An old *Charles Ergen* buddy.) While it doesn't condone the illegal behavior, it doesn't present much of a deterrent either.

And it probably won't happen. And certainly not before December 1st. And the House hasn't been heard from (yet). But it might be ...

And the real question: what will happen in an election season when lots and lots of people start getting worked up and worried?

Stay tuned. (Maybe we should create a 527 anti-any-incumbent ad that accuses whomever of not paying attention to television-lovers and promote a solution that allows for

a subsidized cable connection?)

Random Notes:

• **A Belated Happy Thanksgiving:** It was, I discovered, last Thursday. So, in the interests of not being late again: Merry Christmas, Happy Hanukah & Happy New Year!

• **Category: “One-Ups-Man-Ship” ... Answer: 105:** And the question is, “If the **MPAA** theater has 101 seats and the best way to make rows of white leather theater seats (complete with surround sound, Hi-Def resolution and a Butt-kicker) more compelling in status-conscious DC, how many seats should the **NCTA** theater have?”

• **NAMIC Holiday Gala:** Is this Thursday at the poster child for lousy elevator technology, otherwise known as the New York Marriott Marquis. Take the escalators to this fun bash (wish I could be there; but **CableFAX Daily** and **CableWorld** will be in attendance).

• **Kudos:** To *Rupert Murdoch* for doing the right thing. (Note to Ted: he ain't entirely incorrigible.) But you've got to wonder how something like the “if I did it” even got as far as it did ... and it hit the absolute bottom.

Paul Maxwell

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