

CableFAX Daily™

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What the Industry Reads First

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WWW.SPAT.COM: Mediacom, Sinclair Continue Telling Their Stories

If you've got a dispute, chances are good that in this day and age you have a Website. The latest soapbox we've found is "BeFairSinclair.com," **Mediacom's** attempt to tell its side of the retrans fight with the broadcaster. One of the more useful sections is "Don't Be Fooled," which runs through the fine print on Sinclair-DirectTV's \$150 cash-back offer aimed at Mediacom subs (\$10 credits for 15 months). The MSO notes that disconnecting early will cost customers \$12.50/month, with HD/DVR service requiring a 2-year commitment and the \$150 rebate offer requiring a 1-year commitment. Meanwhile, Sinclair was spreading its retrans message Tues at a **Merrill Lynch** conference. Sinclair's retrans rev stream went from \$3.5mln in 2004 to \$19.2mln in 2005, according to a slide presentation at the conference. It expects to top \$25mln this year. Sinclair said that it expects no material impact if the stations are dropped from Mediacom markets on Dec 1. It noted that close to half of the 800K impacted subs are in Des Moines (FOX market) and Cedar Rapids, MI (CBS). Over at the **FCC**, **ACA** delivered a letter Wed morning supporting Mediacom, saying its members have reported similar conduct by Sinclair in other markets. "As alleged by Mediacom, Sinclair seeks to combine its market power over rural and small market cable systems with bad faith bargaining tactics to extract compensation far in excess of any measure of market value," ACA wrote.

HD Venture: Comcast will launch a new 24-hour HD channel in Jan that features programming from **Versus** and the **Golf Channel**. **Versus HD/Golf Channel HD** will be segmented by dayparts, with Golf to simulcast its programming on the net from noon-7pm, and Versus slated to fill the remaining 17 hours with content including **NHL** hockey, boxing, **PBR** bull riding, and hunting/fishing fare. Distributors who currently carry both Versus and Golf will have free access to the new channel, which will be carried on an undisclosed number of Comcast systems and **DirectTV**. Comcast refused further comment, and DirectTV could not be reached by deadline.

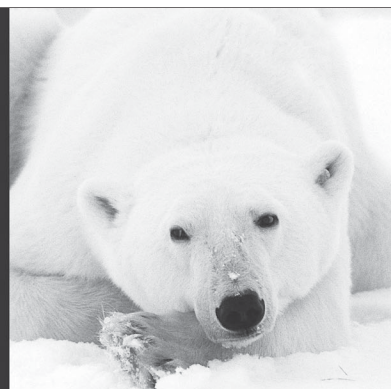
Hockey Skates to YouTube: The **NHL** will starting this month provide short-form video content to **YouTube** for the '06-'07 season, the 1st such deal between the popular online community and a professional US sports league. The pact enables users to access video highlights from NHL regular season games within 24 hours of the original broadcast and gives the league its own branded channel at youtube.com/NHL. It also features a content identification architecture and reporting system that allows the NHL to identify and protect its copyrighted content, capabilities very similar to those afforded **CBS** through a similar content and advertising deal with YouTube (*Cfax*, 10/10). The new hockey exposure to YouTube's vast audience was touted by NHL evp, media *Doug Perlman* in a Wed release, but it may be the audience's makeup of primarily young people that provides the greatest benefit to the league. After its '04-'05 player lockout was followed last season by melting viewership, the league instituted more uniform camera angles and created a film library of player features to improve and modernize the game on TV.



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The important younger demo has responded to the changes so far this season: through 12 games on **Versus**, HH impressions among men 18-34 have jumped 25% to 52K, even though HH ratings have remained at .2.

At the Portals: Public Knowledge—which has sided with the **CEA** on issues like the broadcast flag—is supporting the assoc's quest to keep the July 1 set-top integration ban in place. The cable industry is seeking waivers to postpone the ban or exempt lower-end boxes. Also among the groups backing CEA are **The Consumers Union**, **Free Press** and **US Public Interest Research Group**. The groups say consumers deserve more set-top box choice. **NCTA's** response: "The waivers cable is seeking do not prevent consumer choice; they will prevent a \$600 million per year consumer tax," referring to the cost to re-engineer set-tops. "That is why dozens of consumer and minority groups have supported cable's efforts to delay the ban until a new downloadable security system is deployed," a spokesman said. -- **RCN** is opposing **Citizens** \$1.16bn purchase of **Commonwealth Telephone**, a deal that will create the 7th largest US phone company. RCN said it expects other companies to oppose the merger as well, noting that **Sprint**, **Blue Ridge Cable** and the **PA Broadband Association** have opposed the merger before the PA PUC. RCN claims Commonwealth is currently blocking or limiting the scope of competition in its markets, a situation it expects to get worse when Citizens takes over.

Deals: LodgeNet announced an agreement to acquire HSD access solutions provider **StayOnline** for \$15mln in cash. Once the deal closes, expected in 1Q07, LodgeNet will provide Internet access to more than 175K US hotel rooms, up from 35K. **Daniels & Associates** represented StayOnline in the transaction.

On the Hill: Outgoing House Speaker *Dennis Hastert* (R-IL) is expected to be named to the House Commerce Committee, *Congress Daily* reports citing unnamed sources. He was on the panel before becoming speaker in '98.

Growing Pains: Time Warner Cable is taking heat for its integration of former **Adelphia** and **Comcast** systems in L.A. The complaints—ranging from lost HSD connections to moving some analog channels to digital (including **TCM** and **Hallmark**)—have become so loud that the *L.A. Times* ran a story about the problems on its front page this week. In response, the MSO will take a few more weeks to complete some of the changes and will offer free 1-cent VOD movies as thank-you gifts over the 4-day Thanksgiving weekend. A spokeswoman described the transition as a monumental undertaking with short-term changes that will benefit customers in the long term. For example, TW is standardizing the area's channel lineup (there are over 100 lineups in Southern CA).

VOD: Time Warner Cable subs in Dallas, San Antonio, Austin, Cleveland and Milwaukee have access beginning Wed to a preview of "The Architect," a feature film from **HD Net Films/Magnolia Pictures** to be released Dec 1. A 24-hour viewing window for the film runs \$24.95, and subs will also receive a DVD of the movie at no additional cost. -- **Time Warner Cable** launched **Eurocinema** on VOD in the NY area.

Broadband: HBO and **AOL** announced a planned 1Q launch of "This Just In," a broadband site to feature a humorous look at current events from arenas such as pop culture and politics. The site will include video content and blogging capabilities, and will be used by HBO to incubate new programming from other net platforms. **AOL Media Nets** will represent the site to marketers.

Programming: Versus' Thurs (9pm ET) "Fight Night" boxing telecast will include periodic postings of viewers' own scoring of each bout, as tallied from submissions at versus.com. -- **Showtime** announced 2 movies in recognition of World



#1

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But don't just take our word for it:
CTAM DVR and On Demand A&U Study, 2005

BUSINESS & FINANCE

AIDS Day (Dec 1). "Beat the Drum" chronicles an African boy who attains an understanding of AIDS through a journey to South Africa, and "3 Needles" depicts 3 people living in China, Canada and S Africa who are affected by the disease. -- **SES Global** will launch Dec 8 AMERICOM-18, a satellite to deliver cable programming to US cable HHs, including HD channels.

People: Comcast snagged FCC staffer *Mary McManus* as sr dir, FCC and regulatory policy in DC. -- **Communications Equity Associates** hired *Dustin Hebrank* as senior assoc. -- *Ken LaCorte* was upped to vp, sr exec producer of **Foxnews.com**. -- **BigBand Networks** appointed *Jeff Lindhom* svp, worldwide field operations. -- **E!** promoted *Lisa Berger* evp, original programming and series development. -- **OpVista** named *Dale Lindy* svp/CFO, responsible for finance, admin and IT.

On the Circuit: The **BCFM** and **BCCA** launched a job bank at jobbank.bcfm.com.

Business/Finance: Fitch assigned a 'BBB+' rating to **Comcast's** recent \$1.5bln offering of sr unsecured notes (\$900mln due '18 and \$600mln due '37). The MSO may use a portion of the proceeds to purchase the remaining 39.5% of **E!** it doesn't already own, Fitch posited.

CableFAX Daily Stockwatch

Company	11/15 Close	1-Day Ch	Company	11/15 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	40.90	(0.16)	AVID TECH:	39.72	(0.18)
DIRECTV:	21.59	0.03	BLNDER TONGUE:	1.47	(0.07)
DISNEY:	32.69	0.16	BROADCOM:	34.46	0.41
ECHOSTAR:	36.60	0.32	C-COR:	9.99	(0.41)
GE:	35.79	0.20	CISCO:	26.60	(0.04)
HEARST-ARGYLE:	25.55	(0.17)	COMMSCOPE:	32.44	0.07
ION MEDIA:	0.77	0.01	CONCURRENT:	1.80	(0.05)
NEWS CORP:	22.20	(0.13)	CONVERGYS:	23.56	0.19
TRIBUNE:	32.10	0.04	CSG SYSTEMS:	28.00	0.03
MSOS					
CABLEVISION:	27.79	0.09	GEMSTAR TVG:	3.27	0.03
CHARTER:	2.63	0.05	GOOGLE:	491.93	2.63
COMCAST:	40.27	(0.29)	HARMONIC:	8.40	(0.16)
COMCAST SPCL:	39.93	(0.23)	JDSU:	17.71	1.07
GCI:	14.65	(0.19)	LEVEL 3:	5.44	(0.03)
KNOLOGY:	10.02	0.02	LUCENT:	2.56	0.03
LIBERTY CAPITAL:	89.92	0.27	MICROSOFT:	29.12	(0.11)
LIBERTY GLOBAL:	27.51	0.19	MOTOROLA:	22.26	0.58
LIBERTY INTERACTIVE:	22.75	(0.05)	NDS:	49.77	0.78
MEDIACOM:	8.30	0.00	NORTEL:	2.03	(0.08)
NTL:	24.56	(0.83)	OPENTV:	2.65	(0.04)
ROGERS COMM:	58.40	(0.07)	PHILIPS:	37.53	0.81
SHAW COMM:	30.70	0.29	RENTRAK:	13.57	0.64
TIME WARNER:	19.98	0.10	SEACHANGE:	9.05	0.05
WASH POST:	729.90	0.92	SONY:	40.10	(0.34)
PROGRAMMING					
CBS:	29.64	0.06	SPRINT NEXTEL:	19.93	(0.51)
CROWN:	3.59	0.02	THOMAS & BETTS:	52.76	0.48
DISCOVERY:	15.45	0.13	TIVO:	6.39	0.05
EW SCRIPPS:	49.73	0.11	TOLLGRADE:	8.59	(0.25)
GRUPO TELEVISA:	25.03	(0.11)	UNIVERSAL ELEC:	21.54	0.17
INTERACTIVE CORP:	33.66	0.32	VONAGE:	6.73	0.17
LODGENET:	23.72	0.57	VYYO:	3.21	0.00
NEW FRONTIER:	9.17	0.00	WEBB SYS:	0.05	0.00
OUTDOOR:	12.89	(0.31)	WORLDGATE:	1.39	0.03
PLAYBOY:	12.35	(0.18)	YAHOO:	27.15	(0.09)
UNIVISION:	35.31	(0.08)	TELCOS		
VALUEVISION:	13.55	(0.3)	AT&T:	32.46	(0.5)
VIACOM:	38.50	(0.23)	BELLSOUTH:	42.36	(0.56)
WWE:	16.15	0.05	QWEST:	8.06	(0.09)
TECHNOLOGY					
3COM:	5.06	(0.12)	VERIZON:	36.09	(0.3)
ADC:	13.80	0.05	MARKET INDICES		
ADDVANTAGE:	3.90	(0.12)	DOW:	12251.71	33.70
AMDOCS:	38.73	0.27	NASDAQ:	2442.75	12.09
AMPHENOL:	69.00	(0.13)			
ARRIS GROUP:	12.15	(0.08)			

WANT SOME PERSPECTIVE?



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It Seems Plain

That's what FCC Commissioner Michael Copps wrote in an Op Ed piece in the Washington Post last week. He said "...it seems plain enough that our present policies aren't working." He was referring to an alleged "crisis" in broadband distribution in the United States, suggesting that the FCC should adopt new policies on prices, technology and competition. Sure. That's what we need. Let's get the government involved in the marketplace again and see what happens!



While it's clearly in the interest of the Silicon Valley folks to keep yelling about a "crisis" in broadband development in the United States, it's not quite as plain why a very intelligent FCC Commissioner would so easily succumb to bogus comparisons and "sky is falling" rhetoric. Yes, once again regulators are comparing the

percentages and adoption rates of places like Finland and Hong Kong with the United States and implying that there is any relevance to those comparisons. As I have written in depth before, especially as it relates to South Korea and Japan, those comparisons are simply rhetorical pap.

Let's look at some real numbers and comparisons rather than those skewed by government subsidies, very high density population areas and pricing structures that cannot be properly compared. Note, for instance, that one of the fastest "speed" offerings of broadband, one of the things the Commissioner laments "we" are "behind" regarding, is in Hong Kong. But what he doesn't mention, and may not even know, is that the fastest system in Hong Kong is not really a traditional "broadband" system as we know it at all, but rather is a massive "Ethernet" system strung between all the extremely dense high-income high rises in Hong Kong. We are supposed to create rational policy changes based on that?

Here are some facts: broadband has the second fastest adoption rate of a CE product in US history. There are more Americans using broadband connections than citizens of any other country in the world. We should expect the Chinese to overtake us at some point, purely because of population size, but they haven't yet.

Around 80 percent of American homes have computers, and 70 percent are on line. Of those, 60 percent use broadband, and those numbers are climbing consistently and rapidly, with millions of additions each quarter. If you want to identify a problem, it's not with broadband adoption, but the fact that of the 20% of homes that don't even have a computer, 50 percent have an annual household income of under \$30,000. That's a far more significant statistic regarding the future of the Internet than any offered by Mr. Copps, and it's something the government might legitimately do something about.

To suggest that there isn't competition offering broadband in the United States is to either be in denial or simply unaware of what is going on around you. There is fierce competition. Broadband is being offered in many schools and libraries for free. Access to cable broadband is nearly 95% of homes passed (98% for the Top Ten operators).

Aside from the rhetoric, Commissioner Copps does have some good suggestions. If he wants to encourage more competition, fine. But do it within the regulatory scope of the FCC. Deal with the spectrum more efficiently, allow unlicensed "smart radio" communications, allocate more frequencies for WiFi, WiMax and the like. And then stay out of the way. The notion of the government micromanaging the offerings, prices, distribution or technology of broadband is guaranteed to slow down a process that has been remarkably successful.

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CableFAX databriefs



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