

CableFAX Daily™

Monday — January 14, 2008

What the Industry Reads First

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State of FCC: Cable's Past Year at the Commission

Next Thurs, the **FCC** will hold its traditional 1st meeting of the year in which each bureau gives a status report. The so-called State of the FCC meeting takes on additional significance as the **House Commerce Committee** has launched an investigation into the agency's policies and procedures, brought on in part by allegations from commissioners that the FCC suppressed data (**Cfax**, 12/4). Sadly, **Cfax** wasn't invited to give its recap of the past year at the meeting, so we've put together a few of our own headlines from '07 to remind you of the year that was. **January**: Waive Bye: FCC Denies Comcast's Integration Ban Request; FCC's Martin: Commission Has Been "Sympathetic" to Cable -- **March**: It's Baaaack: Martin Proposing 30% Ownership Cap -- **April**: Here We Go Again: Dual Carriage Makes FCC Agenda -- **May**: Tomato Carte: Martin Lauds Cable But Stands Firm on A La Carte, Multicast -- **July**: Summer Grilling: Dingell to Question FCC on Set-Top Waivers -- **September**: Oh, Kevin: FCC Chmn Appears Unable to Wrestle Up Votes -- **October**: MDUs & Minorities: Martin Floats Order to Ban Exclusive Deals; No Exemptions: Martin Speaks Out Against Small Op Dual Carriage Exemption -- **November**: That 70s Show: Martin's Plan Has Many Scratching Their Heads; Revolution Continues: Martin Forced to Back Down (Again) -- **December**: Tip of the Cap: Cable Ownership Locked Up For Now; FCC Facelift: Senators Want Transparency, New Structure at Commission

Globeless: Tinseltown was quieter than usual on Fri. After all, "The 65th Annual Golden Globe Awards Press Conference" (Sun, 9pm ET, **NBC**) just doesn't carry the same panache. But NBC's late Fri decision to allow all TV media to cover the event (rather than NBC exclusively) was certainly welcome news for the cable celebrazzi. **TV Guide Network** and **E!** had already been making plans to cover Sun's newser from afar—and at presstime both were still assessing how NBC's last-minute decision would affect coverage. TV Guide had been planning a 2-hour pre-show and 1-hour post show. "It's the 11th hour, and no one truly knows exactly how it will all play out," TV Guide Net pres *Ryan O'Hara* said Fri before NBC's decision. **E!** planned live cut-ins with *Ryan Seacrest*, who will keep viewers informed on award winners as they are announced. The net also was to run a "Stay Home Sunday" programming late, featuring marathons of "Keeping Up With the Kardashians" and "Snoop Dogg's Father Hood" as well as a new ep of "Girls Next Door." Meanwhile, **BAFTA's** annual tea party was still a go for Sat. While the number of intl stars attending the event was down, a healthy number of Globe nominees and other celebs had RSVP'd, including *Evan Handler* of **Showtime's** "Californication," *Eddie Izzard* of **FX's** "The Riches" and *Lucy Davis* of **HBO's** "Extras."

Online Voters: As **MSNBC** prepares to telecast Tues' (9-11pm ET) Democratic presidential debate from Las Vegas, the fierce competition between cable news nets for political dominance may be hotter and more strongly contested than the race for the White House. And **The Pew Research Center** says the fight is increasingly being waged online. The proportion of Americans that regularly learn about presidential elections from the Internet has

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more than doubled since '00, from 9% to 24%, according to Pew's quadrennial study. Meanwhile, the corresponding proportion that uses cable news nets has grown just 4 percentage points over the same period, to 38%, and has remained static since '04. **MSNBC.com** is taking advantage of this online trend, as 26% of surfers prefer the site to any other for campaign news, according to Pew. **CNN.com** is a close 2nd at 23%, while **FOX News** attracts 9% and **CNBC.com** doesn't even rate. **Yahoo News** (22%) and **Google News** (9%) are the most popular non-cable sites. The linear numbers narrate a different story: CNN's televised debates surrounding the '08 election have so far outperformed those on the other 3 nets (**Cfax**, 12/3), even setting historical cable records along the way. Fox News places in TV, followed by MSNBC and CNBC, which has aired just 1 debate. Fox News' Thurs night debate garnered 3.65mln total viewers, becoming the net's highest rated debate this election cycle.

CES Wrap: Another CES is over, and cable's increasing presence was well on display among the estimated 130,000 in attendance (approx 10,000 fewer than expected but still a traffic-snarling crowd). **Comcast's Brian Roberts** became the first cable CEO to keynote the show since the consumer electronics confab debuted 41 years ago, and we also spotted **Time Warner Cable's Glenn Britt**, **Cox's Pat Esser** and a gaggle of **Cablevision** brass roaming around Vegas. Also in tow was **NCTA** pres/CEO **Kyle McSarrow**. **NBCU** transmitted live newscasts from its exhibit booth while others took a less serious tact: **G4's** "Attack of the Show," for example, interviewed Booth Babes about whether the size of a guy's TV really matters. Most audacious act goes to **Gizmodo**, the popular gadget-review site whose staff thought it would be fun to run around with a "TV-B-Gone" (a trick remote that can turn off just about any TV set) sabotaging show-floor presentations. The prank affected **Motorola**, **Intel** and several other vendors, who must have been thrilled when Gizmodo later posted video of its antics on the Web. CEA said it was reviewing the situation internally. Check out the "Meanest Thing Gizmodo Did at CES": <http://gizmodo.com/343348/confessions-the-meanest-thing-gizmodo-did-at-ces>

In the States: **Comcast** is shuttering Detroit-area RSN **Comcast Local** Feb 28. The 24-hour net launched in '04, is available to approx 1.3mln MI subs, and features content from the **Big Ten** and **MAC** conferences, the **Arena Football League** and local high schools. The MSO is working with partners to potentially transfer some of the content to other nets, said a spokesman. Sources say the net could also emerge later this year under a new name. -- A former **Cox** employee was sentenced for hacking the MSO's computer and telecom system and shutting down services in TX, Las Vegas, New Orleans and Baton Rouge. Cox restored service within hours, according to the US States Atty for GA's Northern District. **William Bryant**, 38, of Norcross, GA, was sentenced to 5 months in prison and 5 months of confinement, 200 hours of community service and \$15, 470 in restitution by US District Judge **Thomas Thrash**. Bryant pleaded guilty to the charges in Sept.

People: **EchoStar Holding** appointed **Dan Olmstead** pres, satellite services.

Business/Finance: Although the triple-play is recession-resistant, access lines, basic cable and DSL are all likely to struggle in '08, according to **Morgan Keegan**. And as competition from **AT&T** and **Verizon** continues to accelerate, cable may want to change tactics this year. "We wonder if MSOs will shift to playing more offense than defense," wrote the firm, suggesting that better marketing and promotions and packaging—especially in the most competitive markets—will pay dividends.

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CableFAX Week in Review

Company	Ticker	1/11 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	42.25	(6.7%)	(13.6%)
DIRECTV:	DTV	21.72	0.60%	(6.1%)
DISNEY:	DIS	30.32	(2.6%)	(6.1%)
ECHOSTAR:	DISH	30.40	(9.2%)	(10.5%)
GE:	GE	35.15	(2.5%)	(5.2%)
HEARST-ARGYLE:	HTV	19.90	(1.5%)	(10%)
ION MEDIA:	ION	1.34	2.30%	3.90%
NEWS CORP:	NWS	19.73	(1.9%)	(7.2%)
MSOS				
CABLEVISION:	CVC	23.61	0.20%	(3.6%)
CHARTER:	CHTR	1.10	3.80%	(6%)
COMCAST:	CMCSA	17.12	1.70%	(6.2%)
COMCAST SPCL:	CMCSK	17.00	1.50%	(6.2%)
GCI:	GNCMA	7.79	(1.6%)	(11%)
KNOLOGY:	KNOL	10.59	(6.8%)	(17.1%)
LIBERTY CAPITAL:	LCAPA	109.69	(3.1%)	(0.1%)
LIBERTY GLOBAL:	LBTYA	38.21	2.20%	(2.5%)
LIBERTY INTERACTIVE:	LINTA	15.63	(10.6%)	(18.1%)
MEDIACOM:	MCCC	4.91	3.80%	7.00%
NTL:	NTLI	28.22		
ROGERS COMM:	RG	42.97		
SHAW COMM:	SJR	21.58	(9.2%)	(8.1%)
TIME WARNER CABLE:	TWC	24.16	(3.6%)	(12.5%)
WASH POST:	WPO	794.02	0.30%	0.30%

Company	Ticker	1/11 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	24.10	(3.6%)	(11.6%)
CROWN:	CRWN	5.33	(6.5%)	(18%)
DISCOVERY:	DISCA	24.02	(1.7%)	(4.5%)
EW SCRIPPS:	SSP	41.45	(3.4%)	(7.9%)
GRUPO TELEVISIA:	TV	22.62	(0.4%)	(4.8%)
INTERACTIVE CORP:	IACI	23.59	(6.7%)	(12.3%)
LODGENET:	LNET	14.97	(7.7%)	(14.2%)
NEW FRONTIER:	NOOF	4.98	(0.6%)	(2.4%)
OUTDOOR:	OUTD	6.47	10.20%	(6.2%)
PLAYBOY:	PLA	8.25	(0.4%)	(9.5%)
TIME WARNER:	TWX	16.01	0.60%	(3%)
UNIVISION:	UVN	36.23		
VALUEVISION:	VVTV	4.96	(11.1%)	(21.1%)
VIACOM:	VIA	40.22	(3.9%)	(8.5%)
WWE:	WWE	13.92	(2.3%)	(2.4%)

Company	Ticker	1/11 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.20	(0.2%)	(7.1%)
ADC:	ADCT	12.89	(10.9%)	(17.1%)
ADDVANTAGE:	AEY	5.12	(12.5%)	(17%)
ALCATEL LUCENT:	ALU	6.66	(4.6%)	(9%)
AMDOCS:	DOX	33.04	1.70%	(4.1%)
AMPHENOL:	APH	39.12	(8.9%)	(15.5%)
APPLE:	AAPL	172.69	(4.1%)	(12.8%)
ARRIS GROUP:	ARRS	8.20	(4.1%)	(17.8%)
AVID TECH:	AVID	24.36	(6.1%)	(14%)
BIGBAND:	BBND	4.40		(14.4%)
BLNDER TONGUE:	BDR	1.69	2.40%	1.80%
BROADCOM:	BRCM	22.97	(7.4%)	(12.1%)
CISCO:	CSCO	25.87	(1%)	(4.4%)

Company	Ticker	1/11 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	43.55	(2.4%)	(11.5%)
CONCURRENT:	CCUR	0.73	(12%)	(12%)
CONVERGYS:	CVG	14.97	(2.5%)	(9.1%)
CSG SYSTEMS:	CSGS	12.90	(1.7%)	(12.4%)
ECHOSTAR HOLDING:	SATS	31.40	(10.9%)	(4.6%)
GEMSTAR TVG:	GMST	4.66	3.60%	(2.1%)
GOOGLE:	GOOG	638.25	(2.9%)	(7.7%)
HARMONIC:	HLIT	9.22	(7.3%)	(12%)
JDSU:	JDSU	11.41	(8.9%)	(13.9%)
LEVEL 3:	LVLTL	2.91	(3.3%)	(4.3%)
MICROSOFT:	MSFT	33.91	(1.4%)	(4.7%)
MOTOROLA:	MOT	14.64	(2.9%)	(7.8%)
NDS:	NNDS	51.98	(9%)	(12.3%)
NORTEL:	NT	12.39	(13.6%)	(17.9%)
OPENTV:	OPTV	1.26	11.50%	(4.5%)
PHILIPS:	PHG	40.05	(1.8%)	(6.3%)
RENTRAK:	RENT	12.18	(7%)	(15.6%)
SEACHANGE:	SEAC	6.86	(1%)	(5.1%)
SONY:	SNE	55.30	5.50%	1.80%
SPRINT NEXTEL:	S	12.25	(4.5%)	(6.7%)
THOMAS & BETTS:	TNB	46.00	(1.9%)	(6.2%)
TOLLGRADE:	TLGD	7.51	(2.1%)	(6.4%)
UNIVERSAL ELEC:	UEIC	24.01	(26.4%)	(28.2%)
VONAGE:	VG	1.97		(14.3%)
VYYO:	VYYO	2.71	(12.6%)	(13.7%)
WEBB SYS:	WEBB	0.06	20.00%	50.00%
YAHOO:	YHOO	23.36	0.90%	0.40%

Company	Ticker	1/11 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	38.20	(6.6%)	(8.1%)
QWEST:	Q	5.74	(12%)	(18.1%)
VERIZON:	VZ	42.50	(0.2%)	(2.7%)

Index	1/11 Close	1-Week % Chg	YTD %Chg
MARKET INDICES			
DOW:	INDU	12606.30	(1.5%) (5%)
NASDAQ:	COMPX	2439.94	(2.6%) (8%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.06	20.00%
2. OPENTV:	1.26	11.50%
3. OUTDOOR:	6.47	10.20%
4. SONY:	55.30	5.50%
5. CHARTER:	1.10	3.80%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. UNIVERSAL ELEC:	24.01	(26.4%)
2. NORTEL:	12.39	(13.6%)
3. VYYO:	2.71	(12.6%)
4. ADDVANTAGE:	5.12	(12.5%)
5. CONCURRENT:	0.73	(12%)

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MaxFAX...

Old Dream – New Reality?

Is the future of CapEx only within the network? No more set-top boxes on the balance sheet? Don't hold your breath, but the trend is here.

It might have taken a name change, but OpenCable actually will be (open, that is)... only re-named (probably by a committee or three) tru2way.



Paul S. Maxwell

It's a bit as if the Carterphone Decision (finally) came to cable. Wonder if

it will ever come to telco video, DBS and DARS, too? (For the record: not very soon, if ever.)

So cable gets out in front (again).

Meanwhile, it does look as if it might come to cellular, WiFi and WiMAX, though. So, what is "it"?

"It" is really open systems... like electricity and landline telephony... almost anything can attach to the network.

Google's "android" initiative is helping to drive "it" to wireless. And, just perhaps, that's had some nudging effect on cable. To me, the most significant aspect of the tru2way bit is the cooperation amongst the major MSOs... it isn't limited to **Comcast**.

(And, for the record, love the jump on the **CEA**... beating them to the

punch. Loved *Gary Shapiro* begging *Kevin Martin*(et) to "investigate" looking for surprises that Shapiro might not like. And, our "I'm-really-not-anti-cable" Chairman readily agreed... and even mentioned a la carte!

Random Notes:

• **Trump?** Finally, the first ever decent reason to watch *Donald Trump* for longer than it takes to punch the remote: *Vincent Pastore* from "The Sopranos" is competing on "Celebrity Apprentice" for his favorite charity (and one of ours because he was such an interesting and smart guy)...
The Marc Lustgarten Foundation.

• **Investigations-1:** Great. The Congress (well, *Dingell*) is beginning an investigation of the Federal Confusion Commission. And Dingell's committee has warned the **FCC** not to destroy any documents or emails or much of anything and to remind the Chairman of whistle-blower laws. Wow. What a trusting relationship!

• **Investigations-2:** Meanwhile, the FCC will investigate how Comcast manages its network.

• **Investigations-3:** And, given the predilections of the Chairman, the Commission will likely investigate tru2way, too. Have at it! Good news all around... and a very likely result of blessing how Comcast does manage that network... coupled, of course, with a slap on the wrist about making that "how" more trans-

parent to the customer (as if that wasn't already being done).

• **Prediction:** Remember PDAs? They've been consumed by cell phones. The next "consumption" in this never-ending rush to make us all Borg will be GPS devices morphing into PDAs + Cell phones (complete with VoIP) and will implant behind the ear with a retinal projection whenever the user "thinks" of something. It'll show up at CES in 2009.

• **A La Carte:** With a gazillion VOD choices, who needs it? And which cable op will offer a subscription package marrying VOD with Wideband to separate it from linear programming?

• **Regulation?** Who needs it? There is so much going on in media delivery and media content creation that no matter what any commission or regulatory body might or might not do shall become irrelevant about a month before the proclamation is issued!

• **Still "Heedless" After All These Years:** Too bad. **Frontline Wireless** with real political connections—including the former FCC chairman—missed a 700MHz payment deadline and is "Closed for Business."

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