

CableFAX Daily™

Monday — April 23, 2007

What the Industry Reads First

Volume 18 / No. 078

Go Fish: RCN Says CableCARD Shortage Due to Moto Delay

RCN is blaming its inability late last month to offer CableCARDS to a customer on **Motorola**. The problem, RCN told the **FCC** last week, was a shortage in cards following the vendor's switch over from single-stream CableCARDS (S-Cards) to new multi-directional cards (M-Cards). "Unfortunately, after the S-Card had been discontinued there was a delay in Motorola's production and delivery of the new M-Cards, causing our existing inventory of S-Cards to be seriously depleted," RCN wrote in a letter to the affected customer. The letter was part of RCN's public FCC filing because the customer, *David Yoffie*, had brought the incident to the FCC's attention, saying it was reason for the Commission not to grant RCN's request for a waiver to the July 1 set-top integration ban. Motorola did not respond to requests for comment by deadline. RCN said its 1st shipment of M-Cards came Apr 9 and it was able to "ameliorate to some extent the backlog of orders." As of Apr 16, it had received a 2nd shipment and was expecting another later that week. The overbuilder said it has also placed an additional order because of heavier than expected demand for the cards, partially due to the release of the **TiVo** Series 3 DVR that requires 2 cards for its 2 tuners.

Let's Get Pivotal: The cable and **Sprint** wireless jv officially begins rolling out the Pivot branding for their wireless phone service on Mon. "Until now, we've been actively selling the product under the generic brand name 'Local Access.' That was an intentional testing of the waters leading up to the unveiling of the Pivot product brand," said **Cox** dir of wireless marketing *Keith Davis*. New **Comcast**, **Time Warner** and **Cox** phone subs signing up from the service going forward will receive phones with screens that feature the Pivot name (Fellow jv member **Bright House** still hasn't rolled out its 1st wireless market yet). MSOs are also rolling out marketing materials for Pivot. Print ads, direct mail, TV spots could be in the mix, but Cox is starting off slow, using the name on in-bound sales channels, Website marketing, etc. In other Pivot news, Time Warner will launch in 2 additional markets in the next few weeks, so stay tuned.

Outdoor's Game: **Outdoor Channel**, which has been hard at work on a rebranding campaign, is slated to roll out its first broadband offering early next month. "You will go to it to watch 1 of your favorite shows, and get short video clips of it," said COO *Tom Hornish*. The net's also planning an overall upgrade to outdoorchannel.com, but that's expected to be completed later. Meanwhile, Outdoor's engaged in serious contract renewal negotiations, as distribution agreements with 6 major providers (about 59% of its 29.7mln sub base) are set to end on May 1, according to an **SEC** filing. "We're in hot and heavy negotiations with everyone, even people we're not going out of contract with," said Hornish, who added that as contracts terminate they are rolling over into month-to-month deals as the parties continue to talk. With new CEO *Roger Werner* charged with getting distribution up, Outdoor's even slashing sub fees as much as 50% depending on the level of penetration the net gets.

Singing Its Praises: **Gospel Music Channel** has scored a "hunting license" with **Time Warner Cable**, allowing it to

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negotiate carriage on individual TW systems. The net's sub based dipped to about 10mln homes after **DirectTV** removed GMC from its local broadcast package earlier this year, but GMC vice chmn *Brad Siegel* expects to be in 20mln homes by the end of this year thanks to TW and other launches. As for DirecTV, GMC says talks are positive. The net's new slate of '07/'08 programming features more than 50% of original programming, with all originals being shown in HD and a new studio being built in Atlanta. New series include weekly, scripted dramatic sketch series "Robert Townsend's Gospel Musical Theatre" (4Q premiere) and "Total Axxess," a reality series following today's Gospel/Christian artists.

At the Portals: NCTA continues to criticize the FCC's Dec order that lessened video franchise requirements for rival telcos but not for incumbent cable operators. In a FCC filing Fri, the trade group maintained that many of the changes in franchise rules were interpretations of existing law and therefore applicable to all cable operators immediately. NCTA was responding to the Commission's tentative conclusion that limits on what franchise authorities can impose in new franchises should apply to existing operators after they negotiate franchise renewals. "We leave for another forum and another day the question of whether the Commission had adequate record and legal authority to take the actions it did in the Report and Order, particularly with respect to imposing a deadline ('shot clock') on franchise negotiations and restrictions on build-out requirements," the filing said.

Competition: Washington County, OR, approved a video franchise proposal from **Verizon**, covering 156K homes.

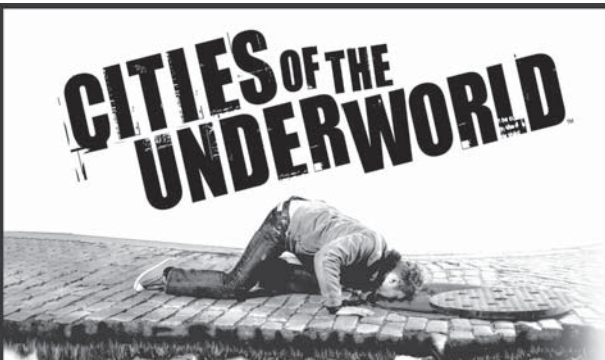
In the States: Comcast added **Discovery Channel's** popular series "Planet Earth" to its nationwide VOD lineup, part of an Earth Day initiative also featuring VOD **Travel Channel** content such as "Grand Canyon" and "Wild National Parks."

In the Courts: A federal CO jury found former **Qwest** CEO *Joseph Nacchio* guilty of 19 counts of insider trading, with each count carrying a maximum sentence of 10 years imprisonment and a \$1mln fine. Sentencing is July 27.

Programming: **The History Channel** and the **US Postal Service** joined forces to promote "The States," a 10-part weekly net series (Apr 21-Jun 23) chronicling the histories of each US state. Each state profile will be introduced using 1 of the USPS' "Greetings from America" stamps it introduced in '02. -- Philly talk show host *Michael Smerconish* will replace the deposed *Don Imus* in **MSNBC's** lineup next week, at least temporarily. The net said Smerconish's show will be simulcast through Wed.

People: **Vyvo** continues to bolster its brass ranks, this time appointing **Morgan Stanley** analyst *Richard Bilotti* a board member. Bilotti joins vice chmn *Jim Chiddix* and CEO *Wayne Davis* as recent appointees. -- **MTV** promoted *Robin Reinhardt-Locke* to svp, studio relations and celebrity talent.


Business/Finance: **Liberty Global's** recent modified Dutch auction self-tender offers to purchase Series A and Series C common stock expired Thurs, with approx 8.02mln Series A validly tendered at \$35/share and approx 724K Series C shares validly tendered at \$32.65/share. -- **Clear Channel Comm** entered into a definitive agreement to sell its TV Group—comprised of 56 stations (including 18 digital multicast) located in 24 US markets—to **Providence Equity Partners** for approx \$1.2bln. **Fulbright & Jaworski** served as lead counsel to Clear Channel in the deal, which also includes associated Web sites and **Inergize Digital Media**, which manages the group's online and wireless initiatives. **Wiley Rein** served as **FCC** counsel on the transaction, and **Weil Gotshal** represented Providence. -- **Credit Suisse** initiated coverage of **Time Warner Cable** with a 'neutral' rating and \$41 target price.



CITIES OF THE UNDERWORLD

Descend deep beneath the sidewalks of famous cities all over the world. Below, it's city upon city, with all their ghostly clues. How did people live then? And how is it that the layers of cities stay propped up without collapsing?

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THE HISTORY CHANNEL

Premieres April 23 at 9/8C

CableFAX Week in Review

Company	Ticker	4/20 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	46.27	1.90%	13.60%
DIRECTV:	DTV	24.10	0.20%	(3.4%)
DISNEY:	DIS	35.28	1.60%	5.70%
ECHOSTAR:	DISH	46.87	0.90%	23.20%
GE:	GE	35.13	(0.7%)	(1.8%)
HEARST-ARGYLE:	HTV	27.58	(0.5%)	9.00%
ION MEDIA:	ION	1.27	(2.3%)	154.00%
NEWS CORP:	NWS	24.90	(0.9%)	12.10%
TRIBUNE:	TRB	32.25	(1.6%)	5.90%

Company	Ticker	4/20 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	32.69	3.50%	14.80%
CHARTER:	CHTR	3.31	(1.8%)	8.20%
COMCAST:	CMCSA	27.91	(0.9%)	(1.1%)
COMCAST SPCL:	CMCSK	27.36	(1.2%)	(2%)
GCI:	GNCMA	14.99	2.30%	(4.7%)
KNOLOGY:	KNOL	17.28		62.40%
LIBERTY CAPITAL:	LCAPA	118.18	1.60%	20.60%
LIBERTY GLOBAL:	LBTYA	35.00		20.10%
LIBERTY INTERACTIVE:	LINTA	24.16	(0.2%)	12.00%
MEDIACOM:	MCCC	9.00	(0.2%)	11.90%
NTL:	NTLI	28.22		(54.5%)
ROGERS COMM:	RG	37.41	5.70%	26.00%
SHAW COMM:	SJR	39.40	0.30%	26.50%
TIME WARNER CABLE:	TWC	38.55	(2%)	0.70%
WASH POST:	WPO	754.40	0.80%	2.00%

Company	Ticker	4/20 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	31.71	0.80%	2.40%
CROWN:	CRWN	6.26	4.30%	72.50%
DISCOVERY:	DISCA	21.17	1.30%	44.70%
EW SCRIPPS:	SSP	45.43	1.30%	(8.6%)
GRUPO TELEVISIA:	TV	29.99	(3.2%)	11.00%
INTERACTIVE CORP:	IACI	38.48	0.60%	3.60%
LODGENET:	LNET	33.49	(0.8%)	33.80%
NEW FRONTIER:	NOOF	8.91	(0.6%)	11.40%
OUTDOOR:	OUTD	10.09	(4.2%)	(21.4%)
PLAYBOY:	PLA	9.92	(0.8%)	(13.4%)
TIME WARNER:	TWX	20.72	(2.3%)	(4.6%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	12.09	(1.2%)	(8%)
VIACOM:	VIA	41.89	4.40%	(2.9%)
WWE:	WWE	16.87	1.60%	9.40%

Company	Ticker	4/20 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.23	4.70%	2.90%
ADC:	ADCT	18.17	4.60%	10.90%
ADVANTAGE:	AEY	4.04	0.50%	44.80%
ALCATEL LUCENT:	ALU	12.65	1.90%	(2.8%)
AMDOCS:	DOX	37.91	3.90%	(2.2%)
AMPHENOL:	APH	36.17	7.00%	16.70%
APPLE:	AAPL	90.97	0.70%	0.70%
ARRIS GROUP:	ARRS	15.14	0.30%	21.00%
AVID TECH:	AVID	37.03	3.10%	(0.6%)
BLNDER TONGUE:	BDR	1.91	1.10%	12.40%
BROADCOM:	BRCM	33.22	1.50%	2.80%
C-COR:	CCBL	13.70	(2.6%)	23.00%

Company	Ticker	4/20 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	26.99	1.20%	(1.2%)
COMMSCOPE:	CTV	44.62	3.70%	46.40%
CONCURRENT:	CCUR	1.47	(3.3%)	(18.8%)
CONVERGYS:	CVG	26.96	3.10%	13.40%
CSG SYSTEMS:	CSGS	26.01	3.60%	(2.7%)
GEMSTAR TVG:	GMST	4.60	7.00%	14.70%
GOOGLE:	GOOG	482.48	3.50%	4.80%
HARMONIC:	HLIT	10.34	(3.4%)	42.20%
JDSU:	JDSU	15.80	2.10%	(4.8%)
LEVEL 3:	LVLTL	6.12	0.30%	9.30%
MICROSOFT:	MSFT	29.02	1.40%	(1.8%)
MOTOROLA:	MOT	18.20	2.60%	(10.5%)
NDS:	NNDS	52.39	3.40%	8.60%
NORTEL:	NT	23.82	(2.5%)	(11%)
OPENTV:	OPTV	2.48	1.20%	6.90%
PHILIPS:	PHG	42.37	6.50%	12.70%
RENTRAK:	RENT	14.80	(1.1%)	(4.5%)
SEACHANGE:	SEAC	9.01	4.40%	(11.8%)
SONY:	SNE	54.67	(0.3%)	27.90%
SPRINT NEXTEL:	S	20.44	2.60%	8.40%
THOMAS & BETTS:	TNB	53.35	5.50%	12.80%
TIVO:	TIVO	6.55	2.50%	27.90%
TOLLGRADE:	TLGD	11.77	(3.4%)	11.40%
UNIVERSAL ELEC:	UEIC	28.33	2.70%	34.80%
VONAGE:	VG	2.99	(11.8%)	(56.9%)
VYYO:	VYYO	7.85	3.30%	73.30%
WEBB SYS:	WEBB	0.09	50.00%	125.00%
WORLDGATE:	WGAT	0.72	(5.3%)	(46.3%)
YAHOO:	YHOO	27.46	(12.6%)	7.50%

Company	Ticker	4/20 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	39.87	2.60%	14.50%
QWEST:	Q	8.88	(0.7%)	6.10%
VERIZON:	VZ	37.91	1.40%	5.10%

Index	Value	% Chg	YTD %Chg
DOW:	12961.98	2.80%	4.00%
NASDAQ:	2526.39	1.40%	4.60%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.09	50.00%
2. AMPHENOL:	36.17	7.00%
3. GEMSTAR TVG:	4.60	7.00%
4. PHILIPS:	42.37	6.50%
5. ROGERS COMM:	37.41	5.70%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. YAHOO:	27.46	(12.6%)
2. VONAGE:	2.99	(11.8%)
3. WORLDGATE:	0.72	(5.3%)
4. OUTDOOR:	10.09	(4.2%)
5. HARMONIC:	10.34	(3.4%)

**THE TOP 10 NETWORK WITH
23 CONSECUTIVE QUARTERS
OF GROWTH**

www.insidehallmarkchannel.com

Source: Nielsen Galaxy Explorer (1/1 - 4/1/07), Live+SD HH coverage area Prime time rating (M-Su 8-11p), ranked among all measured ad-supported cable networks. Q3 '01 - Q1 '07 Total Day and Prime Time HH delivery year-to-year. Further qualifications available upon request.



MaxFAX...

Elect Martin(et)!

OK, ya'll... here's how the cable industry can co-opt the peculiarly anti-cable (is it something someone at Comcast did or didn't do?) chairman of the Federal Confusion Commission. Pay attention closely, work together and we can get it done...



Paul S. Maxwell

In North Carolina.

Hickory, to be precise.

Not too awfully far (well, for North Carolina) from where Kevin Martin(et) calls home.

There's some great land there that just might be available to develop (sort of, pay close attention). The land, at **CommScope's** cable extrusion plant, is a nice semi-rural setting near the nice town of Hickory. Which has a lot of cable history (1st cable leveraged/MBO buyout).

Here's what we'll do:

- 1) Create a REIT-LLC.
- 2) "Develop" a planned community.
- 3) Get a postal ZIP+4.
- 4) "Build" a few million "condos" (really, 1x1 post office boxes and a photo of a planned unit).
- 5) Register everyone in the cable business as a local voter.
- 6) Hold a precinct meeting and

nominate Martin for *Elizabeth Dole's* Senate seat.

- 7) Win the primary.
 - 8) Elect him.
 - 9) Have a very nice Bon Voyage Party for him in Hickory.
- Easy, huh?

Random Notes:

• **Patently Risky?** Let's hope not. But if I were a betting guy, I'd bet lawyers on retainer to **Verizon** are locked away in a room in NY trying to pick out their cable target to hit with a **Vonage**-like patent challenge. The question? Big guy (slow down **Comcast**) or little guy (easier target... better leverage a la **Sinclair v. Mediacom**)? You can bet that the proper steps are being taken to assess the risk to cable's VoIP business. Meanwhile, will **Sprint/Nextel** absorb Vonage?

• **Correspondent President?** Did anyone else notice that, for the first time a cable "news" guy, heads the **White House Correspondents' Association**? At the 4/21 dinner, **C-SPAN's Steve Scully**—who got a little heat for booking *Rich Little* (but he's funny anyway, if not too controversial)—was set to host... and he was to have the **Cable Center's Larry Satkowiak** in tow (seems the White House blackballed me).

• **More from Martin(et):** A cable cap. No telco cap? 10 v three? 3 big landline companies. 10 pretty

big cable companies. Do you see a disconnect here? Let's got on that voter idea now!

• **A la carte again?** See the earlier admonition. There's a real gap between the way this regulator looks at reality and how it really is. But maybe in the Senate, Martin(et) could solve the Iraqi mess.

• **And about a la carte:** Is it a good idea? Maybe (as a way to control programming costs for distributors), in that mythical best of all possible worlds. To get there would take a re-definition of the concept of "contract." While that is happening; it isn't likely to go this far.

• **Lobbyist?** It might not be a bad word (can you spell *Abramoff*?), but calling C-SPAN's *Brian Lamb* an "ex-lobbyist" seems a peculiar appellation for someone who's done so much for the cable industry. Former journalist (he was Washington correspondent for *CableVision* back in the day)? Nah, another nasty appellation. Former Senate aide? Again. Guess he should just have a black eye. Shame on *McNews*, though. ("ex-lobbyist" is what it called Brian on Wed last).

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com

CableFAX databriefs



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The CABLE Show '07

Technical Breakfast Event

Wednesday, May 9th

7:30am – 9:00am

Mandalay Bay Ballroom H

Mandalay Bay Convention Center, Las Vegas

 **TEXAS
INSTRUMENTS**

**Communications
TECHNOLOGY**

DOCSIS 3.0: Offense or Defense?

Is DOCSIS 3.0 enough to compete against deep fiber?

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Join *Communications Technology* and sponsor Texas Instruments for breakfast and a panel discussion covering a technical overview of DOCSIS 3.0 and several roadmaps and business plans on how to implement it.

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