

# CableFAX Daily™

Monday — June 16, 2008

What the Industry Reads First

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## Street Views: Investors Happy to Ignore Washington for Now

Wall Street investors aren't spending much time these days worrying about what DC is possibly planning for the telecom/broadband industry. "It's hard to get investors interested in public policy right now," and that's a good thing with the sector in sort of a public policy "nirvana" at the moment, said *Mike McCormack*, **JP Morgan**, exec dir, US telecom research, during **Pike & Fischer's Broadband Policy Summit** Fri. Instead of possible regulation, the Street is focused on new investments in capacity, investment in new networks and opportunities to increase revenue, said **Stifel Nicolaus'** *Blair Levin*. While spending on networks is up, Wall St expects that and understands it, he said. From an investor perspective, Levin said, things are pretty good, with broadband "about as competitive as it ever is going to be, and with mergers, it's going to be less competitive." **Clearwire's** national WiMax plan is the only national broadband new entrant on the horizon. "BPL is dead. Muni Wi-Fi dead. Overbuilders dead. Satellite, not really dead, but not likely to be a full-scaled competitor," Levin said. His prediction is that fixed broadband will continue to get faster, consumers will clamor for it as advanced applications are released, and wireless will be a complementary service versus a competitive offering. **Precursor** CEO *Scott Cleland* agreed that there's not much going on in DC now to interest investors (they only care "when Washington does something that screws up one of their investments..."), but he expects there to be more interest as the presidential election heats up. Investors will be looking at who is poised to win and which industry is on that candidate's radar. So wait until 4Q, when there will be "a flurry of people trying to categorize who's up, who's down, who's in favor or not," said Cleland.

**Adelstein Chatter:** Democratic FCC commissioner *Jonathan Adelstein* is suggesting a soft, national analog TV cut off before the DTV transition. During an interview for **C-SPAN's** "The Communicators" series, Adelstein recommended stations cut off their analog signal for a few minutes a month or so before the Feb 17 transition date. Also, he suggested that during the cut off period the analog signal not go completely dark, but offer info about why affected consumers aren't seeing the digital signal. Individual markets, including Orlando, have already started running such tests. Adelstein also repeated his complaint that children are "swimming in a sea of material that we consider inappropriate." He wants easy-to-use parental controls that can be used across platforms—TV, video games, Internet, etc. "Why can't we do for parental controls what **Apple** did for the wireless phone?" Adelstein asked. "Let's make it as simple and intuitive as the iPhone." The ep will air Sat at 6:30pm ET, and repeats on **C-SPAN 2** Mon at 8am and 8pm.

**And the Winner Is:** **Time Warner** has withdrawn its bid for **The Weather Channel**, according to numerous reports Fri, when new bids for the **Landmark Comm** property were due. The news likely means victory for the partnership involving **NBCU** and private equity firms the **Blackstone Group** and **Bain Capital**, which reportedly submitted late last month a bid of \$3-\$4bln for the net and related online assets.

**New Direction:** *Carl Icahn* can't be pleased. Ending a highly-publicized courtship, **Yahoo!**'s board, which the major

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Yahoo! shareholder is seeking to replace, eschewed **Microsoft's** latest overture to purchase only a portion of the company and instead opted to ink an online advertising deal with **Google**—a decision that has sent Yahoo! shares down 11% over 2 days. The controversial deal calls for Google to provide Yahoo! with ads through its AdSense for Search and AdSense for Content services for display on Yahoo!-affiliated Websites, and to pay Yahoo! for consumption of those ads. **Senate Antitrust Subcmte** chmn *Herb Kohl* (D-WI) has vowed to scrutinize the agreement. “The consequences for advertisers and consumers could be far-reaching and warrant careful review, and we plan to investigate the competitive and privacy implications of this deal further,” said Kohl in a release. The deal, which Yahoo! contends could considerably boost its revenue in just the 1st year, includes a termination fee of up to \$250mln, payable to Google if Yahoo! is purchased by another firm. Google shares closed Fri up 3.4%. Microsoft closed up 3%.

**Competition:** **Verizon** will bow next week a 2-play bundling option offering Verizon Wireless customers discounts for combining the service with either broadband or **FiOS TV**. -- Through an agreement with **HDNet** and **Magnolia Pictures**, **DISH** now offers a sneak preview of feature film “Finding Amanda” 2 weeks prior to its release via DISH PPV and DISH On Demand. DISH subs may order the film for prices ranging from \$10-\$12 depending on platform and picture definition.

**In the States:** At no cost to residential customers, **Comcast** said it will nearly triple the upload speed to 1Mbps of its Performance broadband tier and more than double to 2Mbps the corresponding speed of its Performance Plus tier. -- Satellite broadband player **WildBlue** forged partnerships with 3 call center providers to better serve its growing customer base.

**Advertising:** **Lifetime** said it expected to complete its upfront Fri, with business characterized by “9-10 percent CPM increases and double-digit volume growth.”

**Retrans:** **Comcast** and **LIN TV** have reached a retrans agreement covering the HD and SD signals of stations in 15 markets, including Indianapolis, Albuquerque and Hartford-New Haven.

**Programming:** Former presidential hopeful *Mike Huckabee* has signed on to serve as a political commentator for **Fox News**.

**Public Affairs:** **Outdoor Channel** has launched “This Land is Your Land,” a corporate responsibility campaign promoting conservation to partners and employees through on-air, online, guerilla and local grassroots tactics. Later this year, the net will target viewers, affils, sponsors and advertisers through programs targeted directly at each audience. -- **MTV's Staying Alive Foundation**, **Spinvox** and **Causes on Facebook** have launched “Stand By What You Say,” an initiative aimed at increasing HIV/AIDS awareness by encouraging young people to speak openly about sex and sexual health.

**Obit:** Sad to report that former **Comcast** gen counsel *Stanley Wang*, 67, was killed in a bicycle accident Thurs. Wang, who joined Comcast in 1981, was set to finally retire on June 30 after working part time on special projects for the MSO. Comcast CEO *Brian Roberts* told the *Philadelphia Inquirer* that his death “leaves a hole in the company's heart.”

**Business/Finance:** **Macrovision's** purchase of certain Website and tech assets from **ThoughtWorthy Media** allows **TVGuide.com** viewers to identify, research, and purchase online the music, products and advertising they view on TV.

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# WIDE APPEAL.



**CableFAX Week in Review**

Company	Ticker	6/13 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	40.52	(1.8%)	(13.7%)
DIRECTV:	DTV	27.92	0.80%	20.80%
DISNEY:	DIS	33.93	2.80%	5.10%
ECHOSTAR:	DISH	33.91	(3.5%)	(0.1%)
GE:	GE	29.15	(2.9%)	(16.3%)
HEARST-ARGYLE:	HTV	21.71	1.90%	(0.5%)
ION MEDIA:	ION	1.45		12.40%
NEWS CORP:	NWS	18.43	2.60%	(12.4%)
<b>MSOS</b>				
CABLEVISION:	CVC	25.13	(6.7%)	2.60%
CHARTER:	CHTR	1.46	1.40%	24.80%
COMCAST:	CMCSA	21.74	(0.9%)	19.70%
COMCAST SPCL:	CMCSK	21.48	(1%)	19.20%
GCI:	GNCMA	8.28	3.90%	(5.4%)
KNOLOGY:	KNOL	14.15	(2.9%)	10.70%
LIBERTY CAPITAL:	LCAPA	15.21		(34.7%)
LIBERTY ENT:	LMDIA	26.73	1.00%	10.50%
LIBERTY GLOBAL:	LBTYA	33.96	(4.2%)	(13.3%)
LIBERTY INTERACTIVE:	LINTA	16.82	(1.2%)	(11.8%)
MEDIACOM:	MCCC	5.94	(5.9%)	29.40%
SHAW COMM:	SJR	19.60	(3.8%)	(13.4%)
TIME WARNER CABLE:	TWC	29.54	1.60%	7.00%
VIRGIN MEDIA:	VMED	15.86	(1.4%)	(3.2%)
WASH POST:	WPO	589.95	(1.1%)	(23.8%)

Company	Ticker	6/13 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	20.68	(3.2%)	(21.4%)
CROWN:	CRWN	4.40	(7.9%)	(32.3%)
DISCOVERY:	DISCA	25.33	(1.2%)	0.80%
EW SCRIPPS:	SSP	46.49	0.60%	4.20%
GRUPO TELEvisa:	TV	25.01	(3.2%)	5.20%
INTERACTIVE CORP:	IACI	21.34	0.50%	(20.7%)
LODGENET:	LNFT	6.95	1.60%	(60.1%)
NEW FRONTIER:	NOOF	4.11	5.40%	(11.1%)
OUTDOOR:	OUTD	7.77	(1.8%)	12.60%
PLAYBOY:	PLA	5.78	0.70%	(36.6%)
TIME WARNER:	TWX	15.43	1.00%	(5.5%)
VALUEVISION:	VVTV	4.04	3.60%	(35.8%)
VIACOM:	VIA	33.87	(1.6%)	(23%)
WWE:	WWE	15.17	(6.5%)	10.90%

Company	Ticker	6/13 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	2.45	(2.8%)	(45.8%)
ADC:	ADCT	17.10	(1.2%)	10.10%
ADDVANTAGE:	AEY	3.12	(9%)	(49.4%)
ALCATEL LUCENT:	ALU	6.62	(6.8%)	(9.6%)
AMDOCS:	DOX	31.90	(2.4%)	(7.5%)
AMPHENOL:	APH	48.75	2.90%	5.30%
APPLE:	AAPL	172.37	(7.1%)	(13%)
ARRIS GROUP:	ARRS	9.58	(5.4%)	(4%)
AVID TECH:	AVID	19.06	(5.2%)	(32.7%)
BIGBAND:	BBND	5.33	(0.6%)	3.70%
BLNDR TONGUE:	BDR	1.25	4.20%	(24.7%)
BROADCOM:	BRCM	25.79	(5.8%)	(1.3%)
C-COR:	CCBL	11.00		
CISCO:	CSCO	26.37	(0.6%)	(2.6%)

Company	Ticker	6/13 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	55.40	1.70%	12.60%
CONCURRENT:	CCUR	0.65	(1.5%)	(21.7%)
CONVERGYS:	CVG	15.53	0.60%	(5.7%)
CSG SYSTEMS:	CSGS	12.01	(2.5%)	(18.4%)
ECHOSTAR HOLDING:	SATS	35.62	(0.7%)	8.30%
GOOGLE:	GOOG	571.51	0.80%	(17.3%)
HARMONIC:	HLIT	9.91	(0.9%)	(5.4%)
JDSU:	JDSU	12.31		(7.2%)
LEVEL 3:	LVLT	3.81	(8.2%)	25.30%
MICROSOFT:	MSFT	29.07	6.10%	(17.1%)
MOTOROLA:	MOT	9.13	2.20%	(41.2%)
NDS:	NNDS	50.21	(3.9%)	(15.2%)
NORTEL:	NT	10.05	31.40%	(33.4%)
OPENTV:	OPTV	1.33	(8.9%)	0.80%
PHILIPS:	PHG	36.51	(1.7%)	(7.4%)
RENTRAK:	RENT	14.15	0.90%	(1.9%)
SEACHANGE:	SEAC	8.01	1.10%	10.80%
SONY:	SNE	48.66	(3.3%)	(10.4%)
SPRINT NEXTEL:	S	8.19	(9.4%)	(37.6%)
THOMAS & BETTS:	TNB	38.00	(5%)	(22.5%)
TIVO:	TIVO	7.26	(1.5%)	(12.9%)
TOLLGRADE:	TLGD	5.41	(2.2%)	(32.5%)
UNIVERSAL ELEC:	UEIC	25.70	3.00%	(23.1%)
VONAGE:	VG	1.86	(1.1%)	(19.1%)
WEBB SYS:	WEBB	0.05		25.00%
WORLDGATE:	WGAT	0.30		
YAHOO:	YHOO	23.47	(11.2%)	0.90%

Company	Ticker	6/13 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	36.68	(4%)	(6%)
QWEST:	Q	4.22	(10.2%)	(34.1%)
VERIZON:	VZ	37.33	(2.4%)	(9.2%)

Company	Ticker	6/13 Close	1-Week % Chg	YTD %Chg
<b>MARKET INDICES</b>				
DOW:	INDU	12307.35	0.80%	(7.2%)
NASDAQ:	COMPX	2454.50	(0.8%)	(7.5%)

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. NORTEL:	10.05	31.40%
2. MICROSOFT:	29.07	6.10%
3. NEW FRONTIER:	4.11	5.40%
4. BLNDR TONGUE:	1.25	4.20%
5. GCI:	8.28	3.90%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. YAHOO:	23.47	(11.2%)
2. QWEST:	4.22	(10.2%)
3. SPRINT NEXTEL:	8.19	(9.4%)
4. ADDVANTAGE:	3.12	(9%)
5. OPENTV:	1.33	(8.9%)

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**ENTRY DEADLINE: JULY 11**

## MaxFAX...

### Cable-Tec Expo!

The **SCTE** show (where the technology stuff promised at the **NCTA** sees the light of day if at all feasible) is in Philadelphia next week. *John Clark & Co* run a great meeting with serious techie floor activity.



Paul S. Maxwell

As has been our habit, we'll be at the opening session Wednesday morning moderating the panel featuring **Comcast's Steve Burke** (who doesn't have to travel far), **Charter's Neil Smit** (who won't be carrying *Paul Allen's* guitar), **Showtime's Matthew Blank** (no samples from "Weeds," though) and **Nortel's Mike Zafirovsky** (who is leading one heck of a corporate turnaround). We'll be concentrating on the competitive landscape plus what's next and all from about 30,000 feet. As usual, we'll be followed by *Leslie Ellis* and the guys who make the stuff work on the CTO panel. After all of us, Pennsylvania Governor *Ed Rendell* will keynote the annual awards banquet ... and maybe best of all, that evening will feature the Chairman's Reception at Ralph's Café!

So let's have a plethora of engineers from MSOs buy lots and lots and lots of stuff and bring on cable's next generations.

### Random Notes:

• **Martian Politics:** Last week, *The Wall Street Journal's* editorial page noted that it had been, as of last Wednesday, some 451 days and counting for the **Federal Confusion Commission** to make a decision on the pending XM – Sirius merger. The day before, Kansas Senator *Sam Brownback* sent a letter demanding more details (specifically about radio set interoperability promises not met yet) that was prompted by one of those front lobbying groups purported to actually represent consumers (can you say "N" "A" "B"?). The Chairman has repeatedly asserted that he wants the Commission to make a decision ... someday along some slipping calendar of nebulous promises. As the Journal noted, he's really looking for "political cover." Now, unless you know a little bit about business, regulation, the ephemeral concept of a "level playing field" and Washington, DC, you might wonder how a plan to save satellite radio (I doubt both of the two competing companies will survive without a merger) would become a political question. Ah, the answer, of course, is "follow the money."

• **Go Google!** Most of the time when I hear of a senior executive at a big, bit company talk about "moral imperatives" I figure he's justifying some ridiculously large salary. So it was nice to listen to *Eric Schmidt* talk about newspapers at a **Syracuse**

**U. Newhouse School of Communications** event in California the other day. Schmidt said, "It's a huge moral imperative to help here" and the Double-Click acquisition can help. The root problem, as a terrific piece by **Bernstein's Craig Moffett** outlined back in early May, is that no one has re-invented the economic model to pay for the gathering, reporting and editing of news. Classified advertising once drove the biggest margins in the model while the glamour (so to speak) was in so-called run of book or paper. Now the model is broken ... there isn't enough financial advertising (*The Wall Street Journal* mainstay), movie theater advertising (*The New York Times*) or general interest advertising (*USA Today* or local FSI) to subsidize other major metropolitan papers anymore. There isn't even enough trade advertising to go around anymore (watch for a couple of other titles you sometimes glance at to drop before the year ends). So, you go Google!

• **Happy Summer?** In the past week, it has snowed as much as 2" four times. And New York sweltered. And tornadoes and floods rocked the Midwest.

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