

CableFAX Daily™

Monday — June 23, 2008

What the Industry Reads First

Volume 19 / No. 120

Blog Wars: NCTA Chief Blasts Verizon Regarding Retention Marketing

The head of cable's lead trade association is suggesting that someone at the **FCC** leaked an anti-**Verizon** decision in a way that allowed the telco to put its spin on the issue in the press. The brouhaha started Thurs night when a few members of the consumer press, including *USA Today*, reported that the FCC commissioners are poised to grant cable's complaint that Verizon is breaking the law by launching retention marketing efforts after the telco is notified that a customer intends to switch service and needs his phone number ported. Last month, the FCC enforcement bureau recommended the complaint be dismissed, with which FCC chmn *Kevin Martin* reportedly agrees. It's unclear at press time where *Deborah Taylor Tate* falls, but sources say commissioners *Robert McDowell*, *Michael Copps* and *Jonathan Adelstein* believe the telecom law supports cable. By 9:30 Fri morning, Verizon's top lobbyist *Tom Tauke* had posted on the company's blog (policyblog.verizon.com/policyblog/) an entry titled "Will Cable and the FCC Thwart Consumer Choice?" accusing the FCC of deciding against transparency and working against the best interest of consumers. **NCTA** pres/CEO *Kyle McSarrow* fired back Fri afternoon in his own blog posting (www.cabletechtalk.com), arguing that the issue is about Verizon trying to thwart competition as its incumbent position in the phone market is being challenged by cable. Then he suggested the leaking of the FCC decision was no accident, playing off of *Tauke's* post asserting that the issue is "intriguing." The FCC proceeding is "restricted," which means no one is supposed to speak to anyone at the FCC about the proceeding unless all parties are present. A House Commerce subcommittee is investigating the Commission's management practices, including leaks. "It's 'intriguing' that someone in the FCC apparently leaked a decision that apparently goes against Verizon. And it is 'intriguing' that the leak was apparently choreographed in a way that gives Verizon a shot at debating this in the press and the blogs," *McSarrow* wrote. So, with all the back and forth, we're left wondering who will stop the blog posting first? *Tauke* responded to *McSarrow's* posting with a comment on the site Fri afternoon, noting a "certain admiration for the chutzpah demonstrated by cable's effort to expand this advantage through the closed complaint process at the FCC." We're waiting to see if cable keeps the Web ping pong match going. Meanwhile initial reports were that the FCC was expected to vote Fri on the Verizon complaint, but it was uncertain at deadline when the vote would occur. Who knows? Maybe there is no FCC vote, and this was all just a ploy by cable and Verizon to drive traffic to their blogs. (It worked).

Deals: Is **ESPN** talking to **NFL Net** about forming a partnership, possibly in the form of **ESPN Classic** and **NFL Net** combining? The *WSJ* reported late Fri that **NFL Net** CEO *Steve Bornstein* has been talking to high-level **Disney** execs in recent week, according to unnamed sources. **Disney** CEO *Bob Iger* and **NFL** commish *Roger Goodell* have reportedly been involved. "We have a long-term and extensive relationship with the **NFL** and to that end we are always in discussions with them about mutual projects," **ESPN** said. The **ESPN Classic-NFL** combo was one possibility, the paper noted. While **Classic's** ratings are relatively low, unlike **NFL**, it has wide distribution.



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DTV Doings: The Senate voted late Thurs to approve an amendment to the Deficit Reduction Act aimed at expanding funding for DTV transition assistance. The legislation, introduced by Sen Commerce chmn *Daniel Inouye* (D-HI), ensures low-power broadcasters can receive money for upgrading to digital before '10 and allows **NTIA** to use any leftover converter box funds to help seniors, rural residents and minorities prepare for that transition. -- It probably would have made more sense for the **FCC** to hold DTV transition tests in several markets, not just Wilmington, NC, Rep *Rick Boucher* (D-VA) said in an interview for **C-SPAN's** "The Communicators" series. Wilmington has "limitations," including its flat terrain, he said. "This is not a rural area where there are mountains that could cause interference problems," Boucher said. Still, he doesn't favor postponing the Feb 17 transition deadline. The congressman also lamented that the gov't's subsidy program doesn't include any dollar to assist with replacement of outdoor antennas. The C-SPAN program airs Sat at 6:30pm ET and repeats on **C-SPAN 2** at 8am and 8pm Mon.

At the Portals: CO-based **Evolution Broadband** is seeking a 3-year waiver from the **FCC's** integrated security ban for its digital-to-analog cable converter boxes. Not surprisingly, the **CEA** opposes the move as it has with every other waiver request. Evolution's request is noteworthy because it's a manufacturer, not an operator, and because its boxes, priced at \$45-\$55, are aimed at helping operators transition to all digital. **Massillon Cable**, which was granted a waiver because it's moving to digital, is already deploying some of Evolution's boxes. Instead of separable security, Evolution's boxes using conditional access security from **Conax**.

In the States: **RCN Metro Optical Networks** has expanded its business services footprint to include downtown Chicago. The segment also serves Philadelphia, DC, Boston and NYC. -- **NBC** affil **WJAR** in Providence is the 3rd New England station to begin testing **Backchannelmedia's** TV-to-Internet click through tech allowing viewers interactivity through their TV remote control when prompted by an on-screen icon during programming and ads.

Programming: **ESPN** "SportsCenter" anchors *Steve Berthiaume*, *Linda Cohn*, *Josh Elliott*, *Robert Flores* and *Chris McKendry* will join *Hannah Storm* as anchors for the live daytime "SportsCenter," which bows Aug 11. -- The **Pentagon Channel** got 2 Capital Region Emmy Awards, appropriately enough on Flag Day, June 14. -- Lost in the hullabaloo about *Tiger Woods'* medical condition is that **Golf Channel** broke the story early Wed about Woods choosing season-ending knee surgery. ESPN News quoted Golf, but the citation was lost when most other outlets mentioned the story.

Online: **OutdoorChannel.com** has relaunched with enhanced video, blogs from net hosts and a social networking community. -- **Sony Pictures Ent's** online video network **Crackle.com** has joined a media coalition that adheres to collaborative principles enabling the growth and development of online U-G content online while respecting the intellectual property of content owners. Other members include **NBCU**, **CBS**, **Viacom**, **Veoh** and **Disney**.

Carriage: **TVMAX** has agreed to launch **ION Media's** **ION TV**, **qubo** and **ION Life** in the Houston area.

People: **History** added *Julian Hobbs*, *Russ McCarroll* and *Paul Cabana* as exec producers. -- Former **DirectTV** CEO *Eddy Hartenstein* and **Pacific Gas & Electric's** *William Morrow* have joined **Broadcom's** board.

Cfax the Mag: Time's running out to nominate executives for **CableFAX: The Magazine's** 2008 Most Influential Minorities in Cable. Go to www.cable360.net/cablefaxmag/2008topminorities.html for the online nomination form. Deadline for nominations: July 3.

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WIDE APPEAL.



CableFAX Week in Review

Company	Ticker	6/20 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDs				
BRITISH SKY:	BSY	38.67	(4.6%)	(17.5%)
DIRECTV:	DTV	27.32	(2.1%)	18.20%
DISNEY:	DIS	31.94	(5.9%)	(1%)
ECHOSTAR:	DISH	30.02	(11.5%)	(11.6%)
GE:	GE	27.38	(6.1%)	(21.1%)
HEARST-ARGYLE:	HTV	19.72	(9.2%)	(9.5%)
ION MEDIA:	ION	1.45		12.40%
NEWS CORP:	NWS	16.66	(9.6%)	(20.8%)

MSOS				
CABLEVISION:	CVC	24.00	(4.5%)	(2%)
CHARTER:	CHTR	1.31	10.10%	12.00%
COMCAST:	CMCSA	19.70	(9.4%)	8.50%
COMCAST SPCL:	CMCSK	19.52	(9.1%)	8.40%
GCI:	GNCMA	7.90	(4.6%)	(9.7%)
KNOLGY:	KNOL	13.23	(6.5%)	3.50%
LIBERTY CAPITAL:	LCAPA	15.07	(0.9%)	(35.3%)
LIBERTY ENTERTAINMENT:	LMDIA	26.75		0.10%
10.60%				
LIBERTY GLOBAL:	LBTYA	31.91	(6%)	(18.6%)
LIBERTY INTERACTIVE:	LINTA	16.52	(1.8%)	(13.4%)
MEDIACOM:	MCCC	5.73	(3.5%)	24.80%
ROGERS COMM:	RG	42.97		
SHAW COMM:	SJR	19.05	(2.8%)	(15.5%)
TELEWEST:	TLWT	24.20		
TIME WARNER CABLE:	TWC	26.64	(9.8%)	(3.5%)
VIRGIN MEDIA:	VMED	14.43	(9%)	(11.8%)
WASH POST:	WPO	559.00	(5.2%)	(27.7%)

PROGRAMMING				
CBS:	CBS	20.00	(3.3%)	(23.9%)
CROWN:	CRWN	4.41	0.20%	(32.2%)
DISCOVERY:	DISCA	24.48	(3.4%)	(2.6%)
EW SCRIPPS:	SSP	44.24	(4.2%)	(0.2%)
GRUPO TELEVISIA:	TV	23.09	(7.7%)	(2.9%)
INTERACTIVE CORP:	IACI	20.59	(3.5%)	(23.5%)
LIBERTY:	L	8.32		
LODGENET:	LNET	5.95	10.40%	(65.9%)
NEW FRONTIER:	NOOF	3.83	(6.8%)	(16.2%)
OUTDOOR:	OUTD	7.83	0.80%	13.50%
PLAYBOY:	PLA	5.22	(9.7%)	(42.8%)
TIME WARNER:	TWX	14.60	(4.6%)	(9.8%)
UNIVISION:	UVN	36.23		
VALUEVISION:	VVTV	4.09	1.20%	(35%)
VIACOM:	VIA	31.66	(6.5%)	(28%)
WWE:	WWE	15.77	4.00%	15.00%

TECHNOLOGY				
3COM:	COMS	2.41	(1.6%)	(46.7%)
ADC:	ADCT	16.96	(0.8%)	9.20%
ADVANTAGE:	AEY	3.07	(1.6%)	(50.2%)
ALCATEL LUCENT:	ALU	6.29	(5%)	(14.1%)
AMDOCS:	DOX	30.47	(4.5%)	(11.6%)
AMPHENOL:	APH	47.87	(1.8%)	3.40%
APPLE:	AAPL	175.27	1.70%	(11.5%)
ARRIS GROUP:	ARRS	9.36	(2.3%)	(6.2%)
AVID TECH:	AVID	18.54	(2.7%)	(34.6%)

Company	Ticker	6/20 Close	1-Week % Chg	YTD %Chg
BIGBAND:	BBND	5.61	5.30%	9.10%
BLNDER TONGUE:	BDR	1.23	(2.4%)	(25.9%)
BROADCOM:	BRCM	26.89	4.30%	2.90%
C-COR:	CCBL	11.00		
CISCO:	CSCO	24.64	(6.6%)	(9%)
COMMSCOPE:	CTV	55.25	(0.3%)	12.30%
CONCURRENT:	CCUR	0.62	(4.6%)	(25.3%)
CONVERGYS:	CVG	15.39	(0.9%)	(6.5%)
CSG SYSTEMS:	CSGS	11.55	(3.8%)	(21.5%)
ECHOSTAR HOLDING:	SATS	34.50	(3.1%)	4.90%
GOOGLE:	GOOG	546.43	(4.4%)	(21%)
HARMONIC:	HLIT	10.12	28.10%	(3.4%)
JDSU:	JDSU	11.90	(3.2%)	(10.2%)
LEVEL 3:	LVLTL	3.40	(10.8%)	11.80%
MICROSOFT:	MSFT	28.23	(2.9%)	(19.2%)
MOTOROLA:	MOT	7.94	(13%)	(48.6%)
NDS:	NNDS	51.50	2.60%	(13.1%)
NORTEL:	NT	9.33	(7%)	(38.1%)
OPENTV:	OPTV	1.36	2.30%	3.00%
PHILIPS:	PHG	35.24	(3.5%)	(10.4%)
RENTTRAK:	RENT	14.02	1.40%	(2.8%)
SEACHANGE:	SEAC	7.55	(5.7%)	4.40%
SONY:	SNE	46.19	(5.1%)	(14.9%)
SPRINT NEXTEL:	S	7.91	(3.4%)	(39.8%)
THOMAS & BETTS:	TNB	38.69	1.80%	(21.1%)
TIVO:	TIVO	6.84	(5.8%)	(18%)
TOLLGRADE:	TLGD	5.55	2.60%	(30.8%)
UNIVERSAL ELEC:	UEIC	24.87	(3.2%)	(25.6%)
VONAGE:	VG	1.80	(3.2%)	(21.7%)
WEBB SYS:	WEBB	0.05		25.00%
WORLDGATE:	WGAT	0.30		
YAHOO:	YHOO	21.99	(6.3%)	(5.5%)

TELCOS				
AT&T:	T	34.43	(6.1%)	(11.4%)
QWEST:	Q	3.90	(7.6%)	(38.7%)
VERIZON:	VZ	35.38	(5.2%)	(14.1%)

MARKET INDICES				
DOW:	INDU	11842.69	(3.8%)	(10.7%)
NASDAQ:	COMPX	2406.09	(2%)	(9.3%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. HARMONIC:	10.12	28.10%
2. LODGENET:	5.95	10.40%
3. CHARTER:	1.31	10.10%
4. BIGBAND:	5.61	5.30%
5. BROADCOM:	26.89	4.30%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. MOTOROLA:	7.94	(13%)
2. ECHOSTAR:	30.02	(11.5%)
3. LEVEL 3:	3.40	(10.8%)
4. TIME WARNER CABLE:	26.64	(9.8%)
5. PLAYBOY:	5.22	(9.7%)

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MaxFAX...

Satellite Radio Monopoly?

Looks that way.

Albeit with a few conditions.

Like a la carte programming “choices” for consumers.



Paul S. Maxwell

I like DARS. I've had both. We have one now (couldn't find a good fit in the aging C4 Cab). Anyone who drives a lot would quickly prefer satellite radio over terrestrial broadcasts (except for a few excep-

tions; the Kable Kid likes KBCO from Boulder, CO). I'm sure I'll upgrade to a both band receiver in my next car and get a package or two of programming.

The a la carte pricing might turn out to be interesting (I really don't believe the “proposed pricing” models, do you?).

So what might that mean for cable?

Could, would, the satellite video guys try to merge? And be a satellite video monopoly? With a la carte?

Let's hope.

A sports tier for \$120/month? Box fees. And more.

Besides, look what a la carte pricing is doing for the airlines! \$15 for the 1st bag; \$25 for the 2nd. I think I'll walk. Might be just as fast.

(Sometimes you just can't think of anything sensible to write about. This ain't gonna happen. Video, that is. Radio will. Although, you never know, **DISH** and **DirectTV** might try to merge... look what happened last time... one was tied up in knots while the other wasn't. Depends on the lessons learned).

Random Notes:

- **800 Strong!** That's how many volunteers (says the **NCTA**) turned out for Cable Cares in New Orleans. Not bad... almost 6% of show attendees (we should do a little better than that, I think—but a great start). And we (especially the corporate sponsors) left about \$900K in student benefits behind... not to mention some shoes and socks that had turned into Mississippi mud. Of some 17K books, I shipped (and my wife thanks me) a couple hundred hardback history and political (ranging the gamut of opinion) books... all I kept were the original copies of all of *Teddy White's* “Making of the President” volumes. Methinks it might be remarkable PR (not to mention heartwarming) project to do something similar (sans mud?) for each of the cities the NCTA and the industry visits. Seems a shame to leave all the money only for the bars, hotels and cab drivers. What do you think?

- **Rank Speculation:** One of the fun things in these businesses is to imagine and discuss, preferably with a drink in hand, “what's next?”

With industry consolidation (sort of what happened instead of convergence, huh?), it is always fun to speculate. So, let's try this one on: **Time Warner** jettisoned the “C” (cable, in case you haven't been paying attention) and is now more than ever a programming conglomerate. In the meantime, analysts are beginning to stir to create an unpleasant environment for **GE** and will begin, in a crescendo, as the Olympics arrive (to great viewing, sampling and downloading success across platforms) to lobby loudly for **GE** to sell off (while a hot hand) **NBCU**. Guess the logical buyer? Or could there be a bidding war? Besides, what's going to keep *Michael Bloomberg* busy when his term ends (he's term limited, you know)?

- **Great Things:** *Bruce Springsteen* from Cologne singing Thunder Road at services for *Tim Russert*... whose son, Luke, got 2 Senators to sit together (yep, *McCain* and *Obama*).

- **Cable-Tec Expo:** The 25th Anniversary... see ya'll in Philadelphia Wednesday morning... and don't miss *Ralph's Wall* (if you were invited).

Paul Maxwell

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- Opening General Sessions (*includes unveiling of NAMIC's 2008 employment research findings*)
- Luncheon celebrating the 15th Anniversary of the L. Patrick Mellon Mentorship Program
- Presentation of the Mickey Leland Humanitarian Achievement Award
- Educational Tracks: Ad Sales, Corporate Diversity & Inclusion, Digital Media and Leadership Development
- Presentation of the Excellence in Multi-cultural Marketing Awards (EMMAs)
- Diversity in Communications Career Expo

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