

CableFAX Daily™

Monday — September 17, 2007

What the Industry Reads First

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Set-Top SOS: Sunflower Broadband Needs Boxes Fast

Sunflower Broadband's "Great Digital Set-top Box Giveaway" has left it asking the FCC for an emergency extension to continue deploying set-top boxes that don't have CableCARDS for a little while longer. The FCC denied Sunflower's request for a waiver for the July 1 set-top integration ban, but did give it and a few other operators until Sept 1 to stop deploying boxes with integrated security. To deplete its inventory of integrated Motorola DCT-700s, Sunflower launched a promo in late July offering customers free digital boxes through Aug 31 (*Cfax*, 8/14). If a box was deployed by Sept 1, it could be redeployed when a sub returned it because they were disconnecting, upgrading, etc. The promo was "more successful than anticipated," plus the operator saw an unprecedented digital take-rate among Univ of KS students in Aug. Sunflower told the FCC that it expected to deploy all the DCT-700s by Sept 1 but thought enough subs would return their boxes that it wouldn't need to order CableCARD boxes in the near-term. It thought wrong. On "extremely short notice," Sunflower said it placed an order for Pace's Butler CableCARD compliant box. A purchase order dated Aug 24 shows Sunflower ordering 1152 Pace boxes at \$149 each, but Sunflower said Pace won't be able to deliver them until between late Oct and late Dec. It needs to order about 1K-2K more DCT-700s in the interim to meet estimated demand—otherwise, it faces being short about 500 boxes a month until the Pace boxes come in. Sunflower wants an emergency extension of the Sept 1 deferral until its compliant set-tops arrive. "Absent the deferral, Sunflower will be forced to cease deploying its entry-level, all-digital simulcast services to new or upgrading subscribers," Sunflower wrote in its filing to the FCC. "Such a result is highly undesirable and directly contrary to the Commission's mandate to increase the availability of digital services to all Americans."

At the Portals: NATOA, the Natl League of Cities and other groups are worried the FCC may extend streamlined video franchise rules to cable, giving any company under an existing contract with a local govt the right to renegotiate better terms for itself. "Hundreds, if not thousands, of cable franchise agreements could be voided across the country as a result of the pending FCC order. This is not competition; this is chaos," Elizabeth Beaty, executive dir NATOA said. With no order released, it's unclear if the FCC will make cable companies wait until their franchise agreements expire or whether they'll be able to take advantage of the new rules immediately.

Diversity Week: NAMIC kicks off cable's busy week in NYC Sun with the start of its annual conference. New to the conference is a TV writer's workshop on Mon as well as digital and ad sales tracks. Attendance was tracking at 600+ earlier this month. NAMIC pres Kathy Johnson stressed that the content at the 21st annual confab is relevant to everyone. "It's not for some 'other' audience," as some execs seem to believe, she said. Said Turner vp, multicultural market development Sandra Murillo Weber, who is one of the conference's planning committee co-chairs: "All decision makers should be looking at the marketplace" to address the changing demographics. -- CTAM NY kicks

"deliciously skewed comedy"
- Associated Press

the
minor accomplishments of
JACKIE WOODMAN

The Business &

SEASON FINALES
THIS SUNDAY STARTING AT 11

IFC
series, uncut.

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off Wed morning with its annual breakfast. This year's event explores whether broadband video is cable's next big opportunity, and includes **Comcast's Matt Strauss** and **Cox's Dallas Clement**. -- At noon Wed, **WICT NY's** sold-out lunch looks at the digital disruption in the media landscape with a panel featuring **Scripps' Beth Higbee**, **Quantum Media's Erica Gruen**, **Visible World's Tara Walpert** and **Comcast Interactive Media's Elizabeth Schimel**. -- The week wraps up with the annual **Walter Kaitz Foundation** fundraising dinner Wed night. **ESPN** and Rep **Edolphus Towns** (D-NY) will be honored for their diversity efforts. Tennis star **Serena Williams** was confirmed Fri to present ESPN with the Diversity Champion award. **Martin Luther King III** will present the honor to Towns.

Competition: **DirectTV** is promoting its 100 channel HD commitment with an 1st Emmy party. A 16'x66' sign made out of flat screen TVs was to spell out "100 HD" at the Sun shindig. The party is sponsored by DirectTV's new HD channels, including **NBCU**, **Fox**, **Disney/ESPN**, **Turner**, **A&E Networks**, **Weather Channel**, **MTV Networks**, and **Showtime**, along with **Playboy**, **Intel** and **Philips** which are also sponsors. Emmy winners/nominees get free HDTV sets. **Alec Baldwin** and **Kyra Sedgwick** are among celebs slated to attend. **DirectTV.com**, meanwhile, has added a HD content info section.

Carriage: **The Pentagon Channel** will hit the Pentagon's hometown of Washington, DC. Starting Tues, **Comcast** in D.C. will carry the Dept of Defense's free 24/7 cable offering, placing it on channel 185 on the Digital Classic Tier.

Diversity: **NAACP** issued its diversity report card, rating companies on employment, marketing/communications, charitable giving and supplier diversity. The avg for the telecom industry was a grade of C, with **Alltel** leading the firms with a B. **AT&T** and **Comcast** were next, each getting a B-. **Cox** and **Verizon** received a C+; **Time Warner Cable** a C; **Charter** and **Sprint** each earned a C-. **Cablevision** and **T-Mobile** received an F for not responding.

Ratings: **YES'** Thurs night Yankees telecast earned a 7.2 HH rating, becoming the 3rd net game this season to generate a 7.0+ and eclipsing last year's mark of 2 contests.

Programming: **Nelly** and **Kanye West** are among the scheduled performers for **BET's** popular "Hip Hop Awards 2007" (Oct 17, 8pm), coming this year from Atlanta's Civic Center. -- **Disney Channel's** Hispanic Heritage Month programming, starting Sat, will include Spanish-language versions of songs from "High School Musical 2" performed by artists from Mexico and Spain.

Public Affairs: Kudos to **WWE**, which will be a sponsor of **George Martin's** "Journey for 9/11." The former NY Giant will walk from NYC-San Francisco to raise awareness and money for 9/11 rescue workers battling related health issues.

Denying Ion: A Trademark Trial and Appeal Board ruled against **Ion Media Nets'** application to use "iON" surrounding TV broadcasting and cable service distribution, an app opposed by social media firm **Positive Ion**. Ion Media's registration apps for "ionKIDS," "ionHEALTH," "ion MEDIA NETWORKS" and "ion NETWORKS" were also denied.

People: **NBCU** will create a new post to oversee cable ad sales efforts for **USA**, **Sci Fi**, **Bravo**, **Chiller**, **Sleuth** and **Uni HD**. It's part of a realignment of NBC's sales organization.

Business/Finance: Related to its expired modified Dutch auction self-tender offers. **Liberty Global** accepted for purchase 5.68mln shares of its Series A common stock and 9.51mln shares of its Series C common stock, representing a total purchase of approx \$625 million.



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CableFAX Week in Review

Company	Ticker	9/14 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	53.89	(0.9%)	33.30%
DIRECTV:	DTV	22.08	(4.5%)	(11.5%)
DISNEY:	DIS	33.56	(0.1%)	0.60%
ECHOSTAR:	DISH	41.18	(1.3%)	8.30%
GE:	GE	40.35	4.10%	13.70%
HEARST-ARGYLE:	HTV	25.86	1.10%	3.60%
ION MEDIA:	ION	1.34	3.90%	168.00%
NEWS CORP:	NWS	22.07	(1.3%)	(0.4%)
TRIBUNE:	TRB	27.44	1.90%	(9.7%)

Company	Ticker	9/14 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	34.70	2.20%	21.80%
CHARTER:	CHTR	2.57	(5.9%)	(16%)
COMCAST:	CMCSA	25.17	0.70%	(10.8%)
COMCAST SPCL:	CMCSK	24.80	(0.2%)	(11.2%)
GCI:	GNCMA	12.35	2.10%	(21.5%)
KNOLOGY:	KNOL	16.68	7.70%	56.80%
LIBERTY CAPITAL:	LCAPA	115.33	0.90%	17.70%
LIBERTY GLOBAL:	LBTYA	41.16	(0.4%)	41.20%
LIBERTY INTERACTIVE:	LINTA	18.78	(0.9%)	(12.9%)
MEDIACOM:	MCCC	7.28	(7.1%)	(9.5%)
NTL:	NTLI	28.22		(54.5%)
ROGERS COMM:	RG	42.97		45.10%
SHAW COMM:	SJR	24.15	7.70%	58.40%
TIME WARNER CABLE:	TWC	34.74	(1.8%)	(9.3%)
WASH POST:	WPO	771.51	(3%)	5.90%

Company	Ticker	9/14 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	30.65	(1%)	1.80%
CROWN:	CRWN	6.73	1.10%	85.40%
DISCOVERY:	DISCA	26.31	3.50%	63.50%
EW SCRIPPS:	SSP	42.37	2.00%	(13.8%)
GRUPO TELEVISIA:	TV	25.78	(0.7%)	2.80%
INTERACTIVE CORP:	IACI	27.92	1.20%	(24.9%)
LODGENET:	LNET	25.87	1.20%	3.40%
NEW FRONTIER:	NOOF	6.35	(6.5%)	(11.1%)
OUTDOOR:	OUTD	8.49	(7.9%)	(33.8%)
PLAYBOY:	PLA	10.56	(5%)	(7.9%)
TIME WARNER:	TWX	18.64	1.50%	(13.3%)
UNIVISION:	UVN	36.23		2.30%
VALUEVISION:	VVTV	7.89	(0.1%)	(40%)
VIACOM:	VIA	37.71	(2.8%)	(8%)
WWE:	WWE	14.21	(6.2%)	(1%)

Company	Ticker	9/14 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.60	(8.2%)	(12.4%)
ADC:	ADCT	20.41	1.70%	40.50%
ADVANTAGE:	AEY	7.18	(1.9%)	157.30%
ALCATEL LUCENT:	ALU	9.00	(12.5%)	(25.8%)
AMDOCS:	DOX	34.56	(2.3%)	(10.8%)
AMPHENOL:	APH	37.31	(0.7%)	20.60%
APPLE:	AAPL	138.81	5.30%	53.70%
ARRIS GROUP:	ARRS	14.26	1.10%	14.00%
AVID TECH:	AVID	27.04	(10.4%)	(27.4%)
BIGBAND:	BBND	9.02	(9.7%)	(15.5%)
BLNDER TONGUE:	BDR	1.25	(0.8%)	(26.5%)
BROADCOM:	BRCM	35.50	2.70%	9.90%

Company	Ticker	9/14 Close	1-Week % Chg	YTD %Chg
C-COR:	CCBL	9.82	(8.1%)	(11.8%)
CISCO:	CSCO	31.56	0.10%	15.50%
COMMSCOPE:	CTV	54.06	(4.6%)	77.40%
CONCURRENT:	CCUR	1.34	(0.7%)	(26%)
CONVERGYS:	CVG	16.52	2.40%	(30.5%)
CSG SYSTEMS:	CSGS	21.58	(2.2%)	(19.3%)
GEMSTAR TVG:	GMST	6.39	2.20%	59.40%
GOOGLE:	GOOG	528.75	1.80%	14.80%
HARMONIC:	HLIT	10.06	1.20%	38.40%
JDSU:	JDSU	13.93	(6.5%)	(16.3%)
LEVEL 3:	LVLTL	4.47	(6.7%)	(20.2%)
MICROSOFT:	MSFT	29.04	3.20%	0.30%
MOTOROLA:	MOT	16.97	(0.9%)	(15.5%)
NDS:	NNDS	48.48	(1.7%)	0.50%
NORTEL:	NT	17.09	0.90%	(36.1%)
OPENTV:	OPTV	1.60	23.10%	(31%)
PHILIPS:	PHG	42.61	8.90%	17.60%
RENTRAK:	RENT	11.88	1.10%	(23.4%)
SEACHANGE:	SEAC	6.56	(2.8%)	(35.8%)
SONY:	SNE	46.98	(0.7%)	10.20%
SPRINT NEXTEL:	S	17.38	(3.2%)	(7.2%)
THOMAS & BETTS:	TNB	56.66	2.50%	19.80%
TIVO:	TIVO	5.94	5.30%	16.00%
TOLLGRADE:	TLGD	10.35	1.20%	(2.1%)
UNIVERSAL ELEC:	UEIC	28.71	5.60%	36.60%
VONAGE:	VG	1.99	(2%)	(71.3%)
VYVO:	VYVO	5.56	(2.8%)	22.70%
WORLDGATE:	WGAT	0.39	(2.5%)	(70.9%)
YAHOO:	YHOO	24.73	4.10%	(3.2%)

Company	Ticker	9/14 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	40.44	4.40%	21.10%
QWEST:	Q	9.04	1.70%	8.00%
VERIZON:	VZ	42.52	2.90%	23.00%

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	13442.52	2.50%	7.90%
NASDAQ:	2602.18	1.40%	7.70%

WINNERS & LOSERS

Rank	Company	9/14 Close	1-Wk Chg
1.	OPENTV	1.60	23.10%
2.	PHILIPS	42.61	8.90%
3.	KNOLOGY	16.68	7.70%
4.	SHAW COMM	24.15	7.70%
5.	UNIVERSAL ELEC	28.71	5.60%

Rank	Company	9/14 Close	1-Wk Chg
1.	ALCATEL LUCENT	9.02	(12.5%)
2.	AVID TECH	27.04	(10.4%)
3.	BIGBAND	9.02	(9.7%)
4.	3COM	3.60	(8.2%)
5.	C-COR	9.82	(8.1%)

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Budget Season...

About now, every operator is being asked to project subscriber growth for the 2008 budgets. Don't be too quick to be too bullish. That sub-prime mess is going to impact you. Negatively.



Paul S. Maxwell

While cable has always had the reputation of surviving recessions with subscriber gains—after all, cable remains, despite the Federal Confusion Commission's best efforts, an entertainment bargain.

But not this recession. And there will be one. Nineteen out of fifty-two economists say so. Up from less than a dozen a few weeks ago.

That subprime mess hits right at household development and growth. Some neighborhoods are so foreclosed that up to 25% of homes are empty. And in this coming recession, there's a new dynamic... a mature direct broadcast satellite industry and growing telco competition.

Meanwhile, some five million adjustable rate mortgages are going to reset—higher, of course—in the next 18 months. Just last week, almost 60% of mortgage brokers were unable to refinance ARM holders. If job creation doesn't rebound fast, a recession

will happen closer than even the bears predict. A third of scheduled home closings were cancelled in Aug. So budget accordingly.

Random Notes:

- **Diversity Week:** New York. 24th Annual **Kaitz Foundation** dinner. 21st Annual **NAMIC** conference. Almost a quarter century of promoting diversity. Maybe we'll get it right some day. In the meantime, NAMIC has a stellar lineup today and tomorrow and Kaitz is bestowing a couple of deserving awards. Our good friend, **ESPN/ABC Sport's George Bodenheimer**, is accepting for his company's efforts (the efforts show, especially, but not only, on camera). *Martin Luther King III* is presenting the Diversity Advocate Award to 12-term Brooklyn Congressman *Edolphus Towns*. Towns, a member of the House telecom/Internet subcommittee, has sponsored a bill to create the Telecommunications Development Fund to help jump start minority telecom enterprises—good idea. I'm really looking forward to one of my favorite evenings: **A&E** at the Rainbow Room and a play Tuesday.

- **24th Dinner!** Wow. It was *Ray Joslin's* idea. After the **Kaitz Foundation** was created after Walter's funeral, a board was created and we needed to find a way to add to the money that *Bill Daniels*, *Amos Hostetter*, Ray and others had contributed. I was supposed to promote it and help coerce table buyers. Ray recruited *Ralph*

Baruch to chair the first dinner. About 300 of us helped Ray move around (he had made a mess of his legs with a backhoe) while *Tom Wheeler* exhorted the industry to pay attention to diversity. We've been trying... sometimes better than other times.

- **Quotes:** Got a release promoting the **NFL Net's** Gameday with quotes from the hosts... ain't got room to run 'em, but they are memorable... try asking for your copy from MasonD@NFL.com.

- **More Awards:** Be in New York two weeks running... **Discovery's David Zaslav** gets the 2007 Trustees Award from the National Academy of Television Arts & Sciences next Sun night. The Academy's Management Hall of Fame also welcomes the great *Roger Ogden*, *Bill Baker* and *Lawrence Pollock*.

- **Speaking of NAMIC:** *Tom Southwick* and I are going to be "lifeline" aids for the NAMIC team at the Cable Center's trivia contest during Hall of Fame week in Denver (Oct 10 for trivia; 11 for Hall). And, if we don't know the answers, we'll make 'em up. Don't know who's going to be helping the **WICT** and/or **CTAM** teams yet.

Paul Maxwell

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