

CableFAX Daily™

Tuesday — December 30, 2008

What the Industry Reads First

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Carriage Complaints: Media Bureau Gives MSOs Lumps of Coal

Some cable execs hoping for visions of sugar plums to dance in their heads Christmas Eve may have ended up with nightmares instead. Last Wed, the **FCC's** Media Bureau released a decision saying it would step in to resolve program carriage disputes involving **Wealth TV** and **MASN** because an Administrative Law Judge set a hearing date beyond the FCC-imposed 60-day deadline for issuing decisions. ALJ hearings in the cases MASN brought against **Comcast** and that Wealth brought against Comcast, **Cox**, **Bright House** and **Time Warner Cable** were slated to start Mar 17. The 2 programmers had asked that their complaints be heard by the full Commission or Media Bureau in light of an ALJ order throwing out a 60-day deadline for decisions and the ALJ requiring "re-litigation of disputes in the case and review all evidence de novo." "We are gratified by this decision, which is consistent with the bureau's responsibility to act swiftly to root out discrimination by powerful vertically-integrated cable monopolies," a MASN spokesman said. The Media Bureau's decision to grant their requests does not mention **NFL Net**, which has a complaint against Comcast pending with the ALJ. On Mon, the NFL asked for clarification of the status of its discrimination claim, originally filed in May. Since the order says the ALJ's authority to issue a recommended decision expired Dec 9, NFL wants to confirm that the Bureau will resolve its case as well. A Time Warner Cable spokesperson called the decision "disappointing," while Cox declined to comment. A Comcast rep said the company is "reviewing this very unusual Media Bureau order, which seeks to disrupt the reasoned adjudicative process the same Media Bureau started only two months ago, and evaluating our legal options." Comcast spokeswoman *Sena Fitzmaurice* said that the MSO remains confident that a fair review of its programming decisions will confirm the propriety of Comcast's judgments. "The Media Bureau's action is especially puzzling in light of recent admonitions from Congressional leaders that the FCC—and the Media Bureau in particular—should be focusing solely on effectuating a successful broadcast digital transition," she said. The Media Bureau's decisions can be appealed to the full Commission.

Retrans: Owing to a tentative carriage agreement, **Belo** won't yank numerous stations from **Charter's** channel line-up on New Year's Day as the broadcaster had threatened. The agreement covers the analog, SD and HD signals of stations in 10 markets including Dallas-Ft Worth, St. Louis and New Orleans. The MSO said it reached a deal "that is in the best interests of all involved." -- **Gray TV** said it has reached tentative retrans pacts with additional cable ops, deals that bring to date a total of 27 agreements in principle involving approximately 3.3mln in-market cable subs. The broadcaster foresees approx \$3mln in retrans rev in '08.

At the Portals: The **FCC** has taken steps to develop and implement a program by Jan 15 that would allow continued analog service after Feb 17, where feasible, for public safety and DTV transition info. The FCC drew up a "conservative" list of stations that it believes can continue to broadcast after the transition within the technical and inter-

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ference constraints set forth in the statute. The list covers stations located in 46 states, plus DC, Puerto Rico and the Virgin Islands, but includes no potential stations in 74 of the 210 DMAs. The FCC is encouraging stations not listed to evaluate whether they may be able to provide the so-called nighttime service. On Tues, the 5 commissioners will hold an open meeting via conference call at 11am. The Commission is required to hold a monthly meeting. No agenda has been released, so no major business is expected to come from the meeting.

Competition: AT&T U-Verse customers report that they've started receiving notice of some rate hikes. Beginning Feb 1, additional AT&T U-Verse non-DVR receivers will go from \$5/month to \$7/month; the Movie Package jumps to \$20/month from \$15 and Paquete Espanol increases to \$15 from \$10/month, reports *Engadget*.

In the States: Indianapolis is losing its **Univision** affiliate on Thurs. **LIN-TV**, which operates **WIIH**, has opted not to renew its contract with the Spanish-language broadcaster. **WIIH** will instead carry programming from sister station **WISH**. **Comcast** is negotiating a separate contract with Univision that would cover the area, while **Bright House** has decided not to pursue a contract because of low ratings, reports the *Indianapolis Star*. -- According to reports, the **New York Times Co** is seeking buyers for its 17.5% stake in **New England Sports Ventures**, a holding company that owns the Boston Red Sox, Fenway Park and 80% of **NESN**.

DTV Doings: If requests for govt-issued converter box coupons continue at the rate seen in Dec (more than 1.5mln/week), **NTIA** believes it would need an additional \$330mln to administer the program. The revelation came in response to questions posed by House Telecom Subcmte chmn *Ed Markey*. "I will carefully review these responses but it is becoming increasingly clear that at minimum Congress may need to quickly pass additional funding for the converter box program in early January to prevent any delay in coupon availability or issuance," Markey said.

Carriage: Cablevision has added Brazilian channel **TV Globo Internacional** to its intl programming lineup that now features 12 services from across the globe. -- **MCV Broadband** has launched **AmericanLife TV** in Guam.

Research: In '08, the Internet became the 2nd-most popular source for news, overtaking newspapers for the 1st time ever with a healthy boost from 18-29s, according to **The Pew Research Center**. TV remains the leading news source, although the percentage of people (70%) that go 1st to the medium for news declined for the 1st time since '04-'05. 23% of people said they get most of their TV news from **CNN**, the most for any net, while 17% named Fox News. As for 18-29s, the demo looks to TV and the Web equally for news, with TV declining 11 percentage points YOY and the Web increasing 25 percentage points.

VOD: In Demand said Dec and Jan will be the biggest 2-month period ever for its on demand movie category, with recent and impending additions to the queue collectively reflecting more than \$2.5bln in domestic box office rev. Slated to join "The Dark Knight" are "Hancock" (Tues), WALL-E (Fri) and others. More info at www.InDemand.com/movies.

Business/Finance: Charter's massive debt load suggests a 75% chance of financial distress for the MSO over the next 12 months, wrote **Citi** analyst *David Hamburger*, who downgraded Charter to 'sell' from 'buy' and dropped the price target to 5 cents from \$1. "In the current credit environment, planned negotiations with a diffuse set of bondholders with varied interests might not be successful given the company's significant liquidity needs and need to refinance 2010 maturities," wrote Hamburger. Charter shares fell 22% Mon to close at 9 cents.

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CableFAX Week in Review

Company	Ticker	12/29 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	27.43	(0.9%)	(37.5%)
DIRECTV:	DTV	21.15	0.80%	(8.5%)
DISNEY:	DIS	21.47	(2.1%)	(33.5%)
ECHOSTAR:	DISH	10.45	(5.5%)	(69.2%)
GE:	GE	15.66	(2.6%)	(50.2%)
HEARST-ARGYLE:	HTV	5.86	0.70%	(71.3%)
MSOS				
CABLEVISION:	CVC	15.34	6.70%	(36.2%)
CHARTER:	CHTR	0.09	(30.8%)	(92.3%)
COMCAST:	CMCSA	15.53	(1%)	(13%)
COMCAST SPCL:	CMCSK	14.70	(2.6%)	(16.9%)
GCI:	GNCMA	7.85	2.60%	(10.3%)
KNOLGY:	KNOL	5.01	(10.1%)	(60.8%)
LIBERTY CAPITAL:	LCAPA	4.28	28.50%	(81.6%)
LIBERTY ENT:	LMDIA	15.99	(3.6%)	(33.9%)
LIBERTY GLOBAL:	LBTYA	14.69	10.70%	(62.5%)
LIBERTY INT:	LINTA	2.87	(3.7%)	(85%)
MEDIACOM:	MCCC	3.50	3.20%	(23.7%)
SHAW COMM:	SJR	17.05	(4.4%)	(21.6%)
TIME WARNER CABLE:	TWC	20.20	1.50%	(26.8%)
VIRGIN MEDIA:	VMED	4.45	0.20%	(71.5%)
WASH POST:	WPO	366.72	(4.5%)	(51.2%)

Company	Ticker	12/29 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	7.56	1.30%	(65.5%)
CROWN:	CRWN	2.48	(6.1%)	(61.8%)
DISCOVERY:	DISCA	13.56	(0.7%)	(40.5%)
EW SCRIPPS:	SSP	1.73	(8%)	(60.2%)
GRUPO TELEVISIA:	TV	14.50	0.10%	(36%)
HSN:	HSNI	6.43	11.60%	(56.8%)
INTERACTIVE CORP:	IACI	15.26	(5.2%)	(35%)
LIBERTY:	L	26.31	(1.5%)	(47.5%)
LODGENET:	LNET	0.57	(16.2%)	(96.7%)
NEW FRONTIER:	NOOF	1.65	(2.9%)	(55.8%)
OUTDOOR:	OUTD	7.07	8.90%	2.50%
PLAYBOY:	PLA	2.02	(2.9%)	(77.9%)
RHI:	RHIE	6.68	(0.4%)	(47.1%)
SCRIPPS INT:	SNI	20.92	1.60%	(48.1%)
TIME WARNER:	TWX	9.65	1.70%	(38.6%)
VALUEVISION:	VVTV	0.29	(12.1%)	(95.4%)
VIACOM:	VIA	18.57	1.20%	(57.8%)
WWE:	WWE	10.64	1.20%	(12.5%)

Company	Ticker	12/29 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.12	(7%)	(53.1%)
ADC:	ADCT	4.86	(0.7%)	(68.7%)
ADVANTAGE:	AEY	2.00	(9.1%)	(67.6%)
ALCATEL LUCENT:	ALU	2.13	2.90%	(70.9%)
AMDOCS:	DOX	18.28	(2%)	(47%)
AMPHENOL:	APH	22.79	(0.2%)	(50.5%)
APPLE:	AAPL	86.61	1.00%	(56.3%)
ARRIS GROUP:	ARRS	7.19	(0.3%)	(28%)
AVID TECH:	AVID	10.19	0.60%	(64%)
BIGBAND:	BBND	5.82	5.10%	13.20%
BLNDER TONGUE:	BDR	1.10	11.10%	(35.3%)
BROADCOM:	BRCM	16.27	(6.2%)	(37.7%)

Company	Ticker	12/29 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	16.01	(2.2%)	(40.9%)
COMMSCOPE:	CTV	14.35	5.60%	(70.8%)
CONCURRENT:	CCUR	3.20	(3%)	(86.5%)
CONVERGYS:	CVG	5.99	(6.3%)	(63.6%)
CSG SYSTEMS:	CSGS	16.55	(2.4%)	12.40%
ECHOSTAR HOLDING:	SATS	13.19	(4.1%)	(59.9%)
GOOGLE:	GOOG	297.42	0.10%	(57%)
HARMONIC:	HLIT	5.18	(9%)	(50.6%)
JDSU:	JDSU	3.41	(4.4%)	(74.1%)
LEVEL 3:	LVLTL	0.65	(7.1%)	(78.6%)
MICROSOFT:	MSFT	18.96	(1.1%)	(43.8%)
MOTOROLA:	MOT	4.05	(1.5%)	(71.9%)
NDS:	NNDS	54.75	9.20%	(7.6%)
NORTEL:	NT	0.26		(98.3%)
OPENTV:	OPTV	1.16		(12.1%)
PHILIPS:	PHG	19.44	3.40%	(47.4%)
RENTRAK:	RENT	11.14	(0.5%)	(23%)
SEACHANGE:	SEAC	6.45	0.50%	(10.8%)
SONY:	SNE	20.96	4.30%	(60.4%)
SPRINT NEXTEL:	S	1.75	6.10%	(86.7%)
THOMAS & BETTS:	TNB	21.82	(2.2%)	(55.5%)
TIVO:	TIVO	6.53	1.10%	(21.7%)
TOLLGRADE:	TLGD	4.96	2.30%	(38.2%)
UNIVERSAL ELEC:	UEIC	14.50	(4.4%)	(56.6%)
VONAGE:	VG	0.69	(11.5%)	(70%)
YAHOO:	YHOO	11.88	(3.8%)	(48.9%)

Company	Ticker	12/29 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	27.86	(1%)	(22.4%)
QWEST:	Q	3.38	7.00%	(42.7%)
VERIZON:	VZ	33.14	(0.8%)	(14.1%)

Index	12/29 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	8483.93	(0.4%)	(36%)
NASDAQ:	COMPX	1510.32	(1.4%)	(43.1%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LIBERTY CAPITAL:	4.28	28.50%
2. HSN:	6.43	11.60%
3. BLNDER TONGUE:	1.10	11.10%
4. LIBERTY GLOBAL:	14.69	10.70%
5. NDS:	54.75	9.20%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CHARTER:	0.09	(30.8%)
2. LODGENET:	0.57	(16.2%)
3. VALUEVISION:	0.29	(12.1%)
4. VONAGE:	0.69	(11.5%)
5. KNOLGY:	5.01	(10.1%)

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CABLEVISION	LIFETIME	SUNDANCE CHANNEL	Cable Labs
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CHILLER	MLB	TENNIS CHANNEL	CTPAA
CISCO	MOTOROLA	TRAVEL CHANNEL	NAMIC
CNBC	MSNBC	TRIBUNE	NATPE
COMCAST NETWORKS	NBC UNIVERSAL	truTV	NCTA
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Sincerely,


 Dina Schwartz, Debbie Vodenor, Seth Aronstein, Mike, Amy Maclean, Anthony, Chad Heiges, Joann M. Gato, Erica Gottlieb, Dan, Dan, Steve

MaxFAX...

Prognostications ...

As former Secretary of Defense—and former CEO of **General Instruments**—*Donald Rumsfeld* said, “Stuff happens.” In that spirit, here are a few predictions of things to happen in 2009 ... beyond, that is, simply celebrating the fact that 2008 will soon be



Paul S. Maxwell

gone. (Cue a chorus of Hallelujah!) And on January 20, the whole world will be different.

- Here's hoping that new govt will be as pragmatic as the President-Elect's personnel choices would suggest. Fingers crossed.

- Subscription-based video and broadband service providers will do just OK. But ... **Nortel** will be in bankruptcy before the **Spring Cable Week**.

- **Motorola** will, finally, split in two ... and the cell side (pun intended) will also file for bankruptcy, while the better side will change its name to—guess what?—**General Instruments**, of course ... then, it'll merge into **Tyco**, split into three parts called “General Set-Tops,” “General Remotes” and “General Infrastructure.” Meanwhile, **Cisco** will just be Cisco.

- I won't forget, especially whenever **Showtime** and/or **Starz** figure in, to mention **HBO**, when appropriate, again—as a favor to *Bob Zitter*.

- The so-called “bailout” packages will total, by Sept, about 2 trillion dollars—and, that'll be just barely enough.

- The Republican Party will re-name itself (**Whigs? Tories?**) as it discovers that dissent is good for the soul. Only problem, it'll be an all Southern soul.

- Spring Cable Week will be somewhat sparsely attended—but be, more or less, a success. As the economy improves in the fall, the 2nd Cable Week will grow about 20% over the spring ... mostly because it'll be in Denver and include the **Cable Center's** Hall of Fame (OK, I'm biased).

- **The Digital Transition** will be an “almost” success and will generate a staggering amount of irrelevant coverage before, during and after. And whatever lessons might be learned, won't be.

- The **Federal Confusion Commission** will continue to be confused until I can think of a nickname for *Julius Genachowski*. Though the Martian will be gone (we can pray, right?), there's never been a better nickname—nor one more descriptive—than “Heedless.”

- Mobile video will grow—but it won't really take off until **Wi-Max**—fully integrated and a part of your broadband cable bill—is widely deployed.

- I'm echoing *Will Richmond's* prediction that **Microsoft** will acquire **Netflix**. It makes eminent sense. The Redmond giant needs to do something.

- **Retransmission Consent** will permanently go away ... or broadcasters will have to pay for carriage.

- The “cable” network dual revenue stream model will come under increasing pressure.

- The economy will begin sharply turning positive as we enter the 4th quarter of 2009 ... a result of the high spending on infrastructure. Which will have the long-term benefit of reviving the middle class and renewed middle class shopping. But this coming year will also see some caps on bonuses and pay packages for the senior executives of the really big companies.

- And that means an all-around healthier America.

Random Resolutions:

- I hereby resolve: To be as good an operator, manager and all around definition of “decent” as **Insight's Michael Willner**, **Cablevision's Tom Rutledge** and **Bresnan's Bill Bresnan**.

- I hereby resolve: To try and do as good a job of raising my Kid as *Bob* and *Diane Miron* have done with theirs.

- I hereby resolve: To ski at every opportunity ... and even more often!

Paul Maxwell

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