

CableFAX Daily™

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What the Industry Reads First

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Block Vote: FCC Finds Comcast Violated Open Access Policy

Fri's 3-2 **FCC** vote finding that **Comcast** violated the Commission's Internet access policy wasn't a bombshell, with the outcome being predicted for more than a week. What may contain some surprises, however, is the actual order. According to commish *Robert McDowell*, he and fellow Republican *Deborah Taylor Tate* didn't receive the current version of the order until 7pm Thurs night "with about half of its content added or modified." The 2 cast the dissenting votes. "As a result, even after my office reviewed this new draft into the wee hours of the morning, I can only render a partial analysis," McDowell said of the late changes. It's not clear when the FCC will release the actual order, though FCC Wireline Competition Bureau chief *Dana Shaffer* said it would happen "soon." When pressed by a reporter on what soon means, she replied "soon means soon." There is no set time frame requiring an order's release. It took several months for the FCC's Sept 11 dual must carry order to be released, and the 70-70 order/video competition report Commissioners voted on in Nov still hasn't seen the light. When **Cfax** asked other MSOs how the decision would affect their network management, they declined comment until they saw the order. The FCC's ruling levies no fine against Comcast. It comes following a complaint filed by public interest groups that accused the MSO of impeding traffic on its network and blocking the upload of files. Comcast has said repeatedly that it doesn't block traffic but delays some files as part of its network management practices. The FCC concluded that Comcast's practices aren't minimally intrusive as it claims, but invasive, and have "significant effects." "In essence, Comcast opens its customers' mail because it wants to deliver mail not based on the address on the envelope but on the type of letter contained therein," the FCC said. Within 30 days of release of the order, Comcast must disclose details of its discriminatory network management practices; submit a compliance plan describing how it intends to stop such practices by year-end; and disclose to customers and the FCC the network mgmt practices that will replace current ones. Comcast announced back in Mar that it's working with **BitTorrent** to phase out its current practices and develop a protocol-agnostic approach this year. Comcast said it was disappointed in the decision and considering legal options. While **Stifel Nicolaus** told investors that a court challenge could raise serious issues about the FCC's authority in the area, "it could spur a future FCC to adopt rules that cable (and the telcos) would find far more troubling than today's order." Public interest groups like the **Open Internet Coalition** praised the FCC decision, while **NCTA** trashed it. "In second-guessing reasonable network management techniques (with no notice or guidelines in place) that benefit the overwhelming number of broadband subscribers in America, the FCC has inexplicably elevated the interests of a few bandwidth hogs over everyone else," said NCTA pres/CEO *Kyle McSarrow*.

Retrans: **DISH** says it was forced to remove 4 **Citadel** TV stations because the broadcaster is "demanding unreasonable contract terms and an excessive rate for continued carriage." The retrans spat means that Citadel has pulled **WOI**, an **ABC** affil for Des Moines, IA; **WHBF**, a **CBS** affil in Daveport, IA; **KCAU**, an ABC affil in Sioux City, IA; and **KLKN**, an



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ABC affil in Lincoln, NE. Citadel claims that its compensation request is "consistent" with carriage fees DISH pays other broadcast net-affiliated stations. Meanwhile, **Hearst-Argyle** said Fri that it inked a retrans deal with DISH during the Q. Its contract with **Comcast** runs through Nov, and the 2 are currently in "early stage negotiations," a Hearst exec said.

Online Privacy: Lawmakers are still raising concerns over data collection practices that tailor Web advertising based on a consumer's Web surfing activity. House Commerce leaders sent letters to several cable, phone and Internet companies Fri asking for more info on their practices. Cable ops getting letters include **Bresnan, Bright House, Cable One, Cablevision, Charter, Comcast, Cox, Insight, Knology, Mediacom, RCN, Suddenlink, Time Warner Cable** and **WOW!**. Letters also went out to **AT&T, Verizon, Google, Yahoo, Earthlink, Qwest** and others. Lawmakers want responses by Fri to several questions, including whether companies have tailored or facilitated the tailoring of ads based on Web surfing, how many users have been affected by such practices and how customers were notified.

Weather Forecast: No word yet on what **NBCU's** purchase of the **Weather Channel** means for NBC affiliates' multicast venture, **NBC Weather Plus**. Having met with NBCU execs last week, **Hearst-Argyle** pres/CEO **David Barrett** said during the broadcast group's earnings call Fri that "we don't know yet what they are going to advance to affiliates."

Carriage: **SureWest** has launched **WealthTV's** SD and HD feeds in Kansas City.

Earnings: **The Washington Post Co** reported a 2Q loss of \$2.7mln despite the continued success of powerhouse segments education and cable. **Cable One** delivered a 16% increase in rev to \$179mln and a 25% surge in operating income to \$40mln. As RGUs increased 9%, the MSO now counts 702K basic subs, 225K digital, 361K HSD and 86K phone. -- **Outdoor Channel Holdings** delivered 14% growth in total rev to \$13mln, including a 28% jump in ad rev to \$8.5mln. Net income of \$271K trumped the \$1.1mln net loss a year ago. Sub fees fell 5% to \$4.6mln.

In the States: A Wilmington, DE, man soliciting for **Verizon** found too much pleasure in his job this week, leading the telco to suspend door-to-door sales ops in the state. While working for an outsourced marketing firm, the man was caught masturbating while watching a woman work in her garden and charged with multiple offenses. "We have zero tolerance for violations of the law and hold our vendor responsible for the actions of its employees," Verizon said in a statement. -- The **Sprint/cable WiMAX** venture saw its competition decrease this week in CA, as the **Anaheim City Council** voted to end the franchise it had granted to **EarthLink** for the provision of Wi-Fi services throughout the city. In fact, EarthLink has decided to scrap all remaining Wi-Fi plans, chmn/CEO **Rolla Huff** said during a Tues conference call. EarthLink has removed Wi-Fi assets in New Orleans and transferred ownership of its Philadelphia network to another group.

Stork Visit: Congrats to **Tennis Channel** vp **Eric Turpin** and wife **Jerrie** on the July 22 arrival of **Mariana Lydia-Priscilla** (6lbs, 8oz). The proud papa says his first-born already is exhibiting the hand-eye coordination of a Wimbledon champ.

Business/Finance: **Cablevision's** impressive 2Q results and pres/CEO **Jim Dolan's** desire to increase shareholder value continued the MSO's **Wall St** party Fri, as CVC shares closed the day with a 4.5% gain and a 19% jump over the last 2. Contributing Fri were a pair of upgrades—**Citi** raised its rating on the stock to 'buy' from 'sell,' raising the target price to \$29 from \$23, and **Pali** removed its 'neutral' tag in favor of 'buy.'

Oops: **Rainbow Media's** 2Q ad rev grew 22%, not 2%.

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WIDE APPEAL.



CableFAX Week in Review

Company	Ticker	8/01 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	34.93	(3.5%)	(25.1%)
DIRECTV:	DTV	26.92	0.60%	16.40%
DISNEY:	DIS	30.08	(3.3%)	(6.8%)
ECHOSTAR:	DISH	28.96	2.10%	(14.7%)
GE:	GE	28.21	(1.7%)	(17.2%)
HEARST-ARGYLE:	HTV	19.82	(0.6%)	(8.8%)
ION MEDIA:	ION	1.44		11.60%
NEWS CORP:	NWS	14.43	(3.3%)	(31.2%)
MSOS				
CABLEVISION:	CVC	25.36	18.00%	3.50%
CHARTER:	CHTR	1.14		(2.6%)
COMCAST:	CMCSA	20.35	4.30%	12.80%
COMCAST SPCL:	CMCSK	20.29	4.70%	13.30%
GCI:	GNCMA	9.39	4.60%	7.30%
KNOLOGY:	KNOL	10.18	(8.5%)	(20.3%)
LIBERTY CAPITAL:	LCAPA	15.35	(0.8%)	(34.1%)
LIBERTY ENT:	LMEDIA	24.41	2.10%	1.00%
LIBERTY GLOBAL:	LBTYA	28.83	(0.1%)	(26.4%)
LIBERTY INTERACTIVE:	LINTA	13.59	(0.7%)	(28.8%)
MEDIACOM:	MCCC	5.77	(0.9%)	25.70%
SHAW COMM:	SJR	20.99	(3.4%)	(6.8%)
TIME WARNER CABLE:	TWC	28.85	9.50%	4.50%
VIRGIN MEDIA:	VMED	11.10	(0.1%)	(31.6%)
WASH POST:	WPO	598.75	(0.5%)	(22.7%)

Company	Ticker	8/01 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	15.98	(6.2%)	(36.6%)
CROWN:	CRWN	4.29	(1.4%)	(34%)
DISCOVERY:	DISCA	19.05	(9.9%)	(24.2%)
EW SCRIPPS:	SSP	6.59	(11.7%)	(93.6%)
GRUPO TELEVISA:	TV	22.63		(1.8%)
INTERACTIVE CORP:	IACI	17.25	(2.9%)	(35.9%)
LIBERTY:	L	44.37	5.80%	(11.9%)
LODGENET:	LNET	4.13	5.10%	(76.3%)
NEW FRONTIER:	NOOF	3.58	11.90%	(20.7%)
OUTDOOR:	OUTD	7.21	6.00%	4.50%
PLAYBOY:	PLA	4.72	(10.1%)	(48.2%)
RHI:	RHIE	12.71	1.30%	0.60%
SCRIPPS INT:	SNI	40.10	(1.3%)	(1.7%)
TIME WARNER:	TWX	14.23	(2.6%)	(12%)
VALUEVISION:	VVTV	2.96	(3.9%)	(52.9%)
VIACOM:	VIA	28.02	(8.4%)	(36.3%)
WWE:	WWE	16.56	(0.5%)	25.20%

Company	Ticker	8/01 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	1.87	(6%)	(58.6%)
ADC:	ADCT	9.51	(8.4%)	(38.7%)
ADVANTAGE:	AEY	2.62	(4.7%)	(57.5%)
ALCATEL LUCENT:	ALU	6.00	(2.8%)	(18%)
AMDOCS:	DOX	29.85	(0.5%)	(13.4%)
AMPHENOL:	APH	46.94	(2.8%)	1.50%
APPLE:	AAPL	156.66	(3.4%)	(20.9%)
ARRIS GROUP:	ARRS	9.93	9.50%	(0.5%)
AVID TECH:	AVID	22.71	6.20%	(19.9%)
BIGBAND:	BBND	4.40	4.50%	(14.4%)
BLNDER TONGUE:	BDR	1.20	7.10%	(27.7%)

Company	Ticker	8/01 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	23.99	2.70%	(8.2%)
C-COR:	CCBL	11.00		
CISCO:	CSCO	21.99	(2%)	(18.8%)
COMMSCOPE:	CTV	45.62	(9.8%)	(7.3%)
CONVERGYS:	CVG	12.85	8.00%	(21.9%)
CSG SYSTEMS:	CSGS	18.79	6.20%	27.60%
ECHOSTAR HOLDING:	SATS	32.00	(1.3%)	(2.7%)
GOOGLE:	GOOG	467.86	(4.9%)	(32.3%)
HARMONIC:	HLIT	7.81	(19.3%)	(25.5%)
JDSU:	JDSU	10.96		(17.5%)
LEVEL 3:	LVLTL	3.23	3.50%	6.30%
MICROSOFT:	MSFT	25.44	(2.8%)	(27%)
MOTOROLA:	MOT	8.81	21.50%	(42.6%)
NDS:	NNDS	57.40	(0.2%)	(3.1%)
NORTEL:	NT	6.52	(9.7%)	(57%)
OPENTV:	OPTV	1.84	(3.2%)	39.40%
PHILIPS:	PHG	32.51	(4%)	(16.8%)
RENTRAK:	RENT	14.46	1.00%	
SEACHANGE:	SEAC	7.57	(1.8%)	4.70%
SONY:	SNE	37.83	(7.3%)	(30.3%)
SPRINT NEXTEL:	S	8.09	(7.4%)	(38.4%)
THOMAS & BETTS:	TNB	41.19	0.80%	(16%)
TIVO:	TIVO	7.62	(0.7%)	(8.6%)
TOLLGRADE:	TLGD	5.20	9.00%	(35.2%)
UNIVERSAL ELEC:	UEIC	22.96	(2.3%)	(31.3%)
VONAGE:	VG	1.39	(7.3%)	(39.6%)
WORLDGATE:	WGAT	0.30		
YAHOO:	YHOO	19.80	(6.3%)	(14.9%)

Company	Ticker	8/01 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	30.44	(3.1%)	(21%)
QWEST:	Q	3.72	4.80%	(41.2%)
VERIZON:	VZ	34.00	(1.3%)	(16.8%)

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	11326.32	(0.4%)	(14.6%)
NASDAQ:	2310.96	0.00%	(12.9%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. MOTOROLA:	8.81	21.50%
2. CABLEVISION:	25.36	18.00%
3. NEW FRONTIER:	3.58	11.90%
4. ARRIS GROUP:	9.93	9.50%
5. TIME WARNER CABLE:	28.85	9.50%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. HARMONIC:	7.81	(19.3%)
2. EW SCRIPPS:	6.59	(11.7%)
3. PLAYBOY:	4.72	(10.1%)
4. DISCOVERY:	19.05	(9.9%)
5. COMMSCOPE:	45.62	(9.8%)

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Dirty Old Town...

...built all along the River Liffey. (Note: "dirty old town" is from some affectionate lyrics in a song by *Shane McGowan & the Pogues*. No disrespect intended. Dublin dates from 841 and a Viking settlement; some of those old stones are fairly dirty).



Paul S. Maxwell

Busy. Crowded. Lots and lots and lots of tourists. Languages and accents are from all over the world. Taxi drivers and bartenders from Eastern Europe. Rock and

roll and/or traditional music leaks from every other window and/or door.

VERY expensive. Temple Bar is... let's see, 40 bars and counting! Haven't tried them all... yet. Because... well, the dollar is no longer "almighty." Certainly not in Eire.

The sunshine (no kidding) here seems a long, long way from the Federal Confusion Commission. Still, hard to escape the ironies left behind in Washington, D.C.

Let's see: the two ideological Democrats side with the vindictive Chairman Kevin Martian to "punish" **Comcast** for violating rules that haven't been written. So, no dollar "fine"—just a little formal slap on the wrist for... for... for what exactly?

Managing a network built and paid for by private capital consistent with the language of the user contracts? Wow. Another "Catch 43!"

While *Joseph Heller* famously coined Catch 22, we've humbly named the latest irrational government "gotcha" after our 43rd President. You know about the "22"—if you think war is crazy, that makes you sane and you can't get out of the Army for being crazy.

Makes more sense than the **FCC**, anyway.

Which, meanwhile, OK'd the long, painfully drawn out ruminations within the Portals about how exactly to exact the right kinds of concessions (?) from the two DARS radio companies that wanted (needed desperately!) to merge in order to have a chance at surviving another year or so... 3 to 2. Those 2 ideological Democrats included one that voted "no" in a snit because... well, because he couldn't exact enough tribute. Meanwhile, the recalcitrant 3rd Republican got a little pound of... well about \$20mln. Big deal.

The Martian had long since bought into the deal.

There is a place for regulation today... just witness the subprime mess. But this kind of regulation ain't good for anybody. The 5 Confusion Commissioners should all step back and take a look in a well-lit mirror.

Random Notes:

• **Chinese Plastic?** On your way to Beijing for the Olympics? If so, take plenty of cash—easy to exchange, hard to use plastic, though. The *International Herald Tribune's Donald Morrison* reports, "... when visiting China, it's important to know how to get your hands on large amounts of cash." It seems that many restaurants and businesses are "allergic to plastic of any color" and about half the reported establishments that "take plastic" only take the Chinese-issued kind. There are a few ATMs—"The trick is to find one that works."

• **Catch 43 – Part II:** So, why would the FCC single out Comcast for "punishment" for doing what they should be doing? Easy, so that the FCC can add to the confusion by regulating that which they have no right to regulate in the first place. Sort of like musical chairs... when it stops, the winner is sitting in the chair. In this case, let's hope that Comcast and the **NCTA** file a suit over this action that is trying to set a precedent without the right to do so. (Though that might not make a difference to this Supreme Court).

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THE MAGAZINE

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Who are cable's most powerful women executives? Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November issue of CableFAX: The Magazine. Nominations are open to all cable operators, programmers, vendors and trade associations.

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Diversity Issue

Coming September 2008

Who will be selected as the Top 50 Minorities in Cable?

This much-anticipated issue of CableFAX Magazine ranks the top cable executives who prove cable's definitely not diversity weak!

The annual issue profiles the Top 50 Minorities in Cable and will reach approximately 60,000+ industry executives through print and e-media, including CableFAX Daily and CableFAX Magazine subscribers. The issue will be released during Diversity Week in NYC and will be featured on Cable360.net for an entire year. Your message and brand will be promoted during the festivities of Diversity week and to the thousands of readers who read and reference this issue year-round.

Being a part of this unique magazine gives you the opportunity to communicate your leadership position to the top decision-makers who matter the most to your business – cable operators and key technology and programming executives. Contact us today to be apart of this special issue.

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- **November** - Most Influential Women in Cable (distribution at WICT Gala)
- **December** - The CableFAX 100 Issue (distribution at CableFAX 100 Luncheon)

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