

# CableFAX Daily™

Tuesday — January 20, 2009

What the Industry Reads First

Volume 20 / No. 010

## DTV Delayings: Date Certain Remain Uncertain

With the DTV transition a month away, we still don't know what's going to happen. But bets are on Feb 17 not being the magic transition date. On Wed, the House Commerce Committee will meet to mark up legislation to postpone the date to June 12. On Fri, Sen Republicans blocked a similar bill, but House Commerce chmn *Jay Rockefeller* (D-WV) vowed to bring it back this week, *AP* reported. Sen *John McCain* (R-AZ), said last week that he wouldn't oppose a "very short" delay if 1st responders access to spectrum isn't delayed. Meanwhile, **NCTA** revealed that the cable industry is prepared to lend a hand in fielding calls from consumers. The trade group, working with **NAB**, broadcasters, the DBS industry and the presidential transition team, crafted a plan that contemplates the use of up to 7K live operators during a period leading up to and for several weeks after the digital transition on Feb 17. The plan requires about \$20mln in out-of-pocket costs, most expended by the cable industry, **NCTA** pres/CEO *Kyle McSarrow* said in a letter to transition team member *Tom Wheeler*. Over the past week, the parties have worked in enough flexibility that if the date is extended, they can adjust accordingly, *McSarrow* said. Cable's expenditures for the plan, including outsourcing, may help buy the industry some goodwill as the transition is actually a broadcast transition. On Fri, **FCC** Commissioners *Michael Copps* and *Jonathan Adelstein* (one is expected to be named interim FCC chmn) outlined areas they believe a delayed date could improve, including coordination between the FCC and **NTIA**, consumer education and support, and key issues such as reception and closed captioning. "In raising the above concerns, we do not in any way mean to diminish the tireless and dedicated efforts of Commission staff," the 2 wrote in a letter to leaders of the House and Sen Commerce committees. "They have done a truly amazing job under exceedingly difficult circumstances. But they cannot do the impossible—and too often that is what has been asked of them." Meanwhile, reports were slow out of Hawaii, which switched at noon local time Thurs. No surprises were reported.

**Time Warner(s):** **Time Warner** shareholders voted Fri to allow the company's board to authorize either a 1:2 or 1:3 reverse stock split when **Time Warner Cable** gets officially spun off—expected to occur this Q following **FCC** approval. The Time Warner board, however, could still cancel the separation plans based on prevailing market conditions or even introduce other transaction components, said CEO *Jeff Bewkes* Fri, but "at the present [is] leaning toward doing a spin-off." The separation plans were initially announced in May. The reverse stock splits are under consideration, he said, because TWX shares, which closed Fri at \$9.61, are expected to drop further under \$10/share following the separation, to levels that would prevent some mutual funds from investing. *Bewkes* said TWC currently represents approx 40% of Time Warner's overall value. The chief exec was non-committal when asked what TWX plans to do with the expected \$9.3bln dividend payout from TWC following the spin-off, reiterating that increased dividends, stock buybacks and asset purchases are all possibilities. **Pali**, which said earlier this week that TWX acquisitions of certain **Cablevision** properties are possible following the latter's hire of M&A vet *Gregg Seibert*, expressed concern Fri that such transactions may take place

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at all. The firm expressed “little faith in [TWX’s] senior management team” and said the board “has accepted underperformance for far too long with an incredibly insular approach to management.” TWX shares closed up 2%, TWC’s down 3%.

**In the Courts:** More info has surfaced in the **NFL Net/DISH** case (*Cfax*, 1/15) thanks to the unsealing of Tues’ court order. In short, the pair will return to court in Jun for arguments to determine whether DISH must return the net to a more-distributed tier. Here’s why the litigation continues: the court did agree with NFL Net that the ’07 simulcast of a net game on **NBC** and **Fox** failed to trigger a provision in the net’s contract with DISH to allow the DBS op to move the net to a less-distributed tier; however, the court also denied the net’s summary judgment request “to the extent that it seeks a declaration that the [game] simulcast... was not a material breach of the parties agreement.” As a result, DISH was not instructed to return the net to the initial more-distributed tier because the original contract may have been breached.

**Deals: Retirement Living TV** scored a big win, with **Comcast** agreeing to launch it on digital basic. Tucson, AZ; Sarasota, FL; Albuquerque, NM; and West Palm Beach, FL, are among the markets that have already agreed to launch the net aimed at the 50+ crowd. More launches are expected in the coming weeks. Neither company would address specifics of the deal, but a source says it is a fee-generated arrangement for the channel. RLTV, whose 2nd largest deal is with **Verizon FiOS**, plans to roll out a new show every month in ’09, including the return of “The Florence Henderson Show” in Feb.

**Hudson Miracle:** Yes, that was former **Discovery Nets** US chief *Billy Campbell* on Fri’s “Today Show” talking about his experience as a passenger on the **US Airways** flight that landed in the Hudson River Thurs. Campbell, who was sitting in the back of the plane, described how water was rushing in the window seams as those onboard tried unsuccessfully to get the back exit open. A flight attendant ordered them to exit at the wings—perhaps saving lives because opening that back exit might have flooded the plane. A **Time Warner Cable** employee also was on the flight, which made an emergency landing in the icy cold river possibly after a bird strike.

**At the Portals:** One of *Kevin Martin*’s last acts as **FCC** chmn was to release a report Fri highlighting the Commission’s “success over the past 4 years in protecting consumers and promoting competition.” The list includes items such as the set-top integration ban, the cable ownership cap and the infamous ’06 a la carte report—all items cable argues drive up prices or hurt competition. Check out the report, complete with the customary chart on rising cable prices, at [www.fcc.gov](http://www.fcc.gov).

**Programming:** **Lifetime** picked up “Drop Dead Diva” (summer), a comedic drama chronicling a shallow model-in-training who suddenly dies only to find her soul resurfacing in the body of a plus-size attorney. The humorous, 1-hour series is a little different for a net that built its name on dramas. “There is dramatic storytelling, so it’s not a total departure, but it does have a lightness and a sense of real escape and fun,” evp *JoAnn Alfano* told *Cfax*. “Not everything has to be super dramatic.” Another plus for the show is its plus-sized lead, *Brooke Elliott*, who she said speaks to more viewers. -- **TV Land** landed exclusive rights to **AFI**’s Lifetime Achievement Award. A Jul 19 telecast features *Michael Douglas*’ accepting the honor.

**People:** Well known cable marketer *Marty Youngman* has joined **In Demand** as dir, affil marketing. Youngman spent 31 years at **Cox** San Diego and is a member of the **CTAM** Hall of Fame.

**Business/Finance:** **Outdoor Channel** paid \$5.75mln for Winnercom, an independent producer of sports programming, and assumed certain liabilities, according to an **SEC** filing. Separately, Outdoor has also acquired **DownRange.tv**, a firearms and shooting sports portal featuring original video and audio podcasts.

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Weekend Prime Time programming in 2009**

**Hallmark  
CHANNEL**

Nielsen Galaxy Explorer (12/29/08-1/1/09), Live+SD coverage area HH rating 5a-5u 8-11p, ranked among all ad-supported cable networks (excludes networks airing less than 50% of days/pt). Subject to qualifications upon request.



## CableFAX Week in Review

Company	Ticker	1/16 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	24.16	(11.6%)	(14.9%)
DIRECTV:	DTV	21.98	(0.5%)	(4.1%)
DISH:	DISH	12.34	(5.5%)	11.30%
DISNEY:	DIS	21.46	(3.8%)	(3.9%)
GE:	GE	13.96	(10.8%)	(11.9%)
HEARST-ARGYLE:	HTV	4.75	(23.4%)	(21.6%)
NEWS CORP:	NWS	8.63	(8.9%)	(9.8%)

Company	Ticker	1/16 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	17.81	(2.6%)	5.80%
CHARTER:	CHTR	0.12	(33.3%)	50.00%
COMCAST:	CMCSA	15.33	(6.1%)	(9.2%)
COMCAST SPCL:	CMCSK	14.79	(5.3%)	(8.4%)
GCI:	GNCMA	6.66	(13.6%)	(17.7%)
KNOLOGY:	KNOL	4.97	(3.7%)	(3.7%)
LIBERTY CAPITAL:	LCAPA	5.48	(9.6%)	16.30%
LIBERTY ENT:	LMDIA	17.76	(2.1%)	1.60%
LIBERTY GLOBAL:	LBTYA	17.95	(5.5%)	12.80%
LIBERTY INT:	LINTA	3.15	(11.8%)	1.00%
MEDIACOM:	MCCC	4.91	8.90%	14.20%
SHAW COMM:	SJR	17.27	(1.4%)	(2%)
TIME WARNER CABLE:	TWC	18.77	(8.7%)	(12.5%)
VIRGIN MEDIA:	VMED	4.54	(9%)	(8.2%)
WASH POST:	WPO	408.24	(2.5%)	4.60%

Company	Ticker	1/16 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	7.20	(14.3%)	(12.1%)
CROWN:	CRWN	1.94	(4%)	(31.9%)
DISCOVERY:	DISCA	14.76		4.20%
EW SCRIPPS:	SSP	2.01	(1.5%)	(8.8%)
GRUPO TELEVISIA:	TV	14.85	(0.6%)	(0.6%)
HSN:	HSNI	5.16	(9.9%)	(29%)
INTERACTIVE CORP:	IACI	15.14	1.10%	(3.8%)
LIBERTY:	L	25.09	(8.8%)	(11.2%)
LODGENET:	LNET	0.98	(3.9%)	40.00%
NEW FRONTIER:	NOOF	1.98	(10%)	16.50%
OUTDOOR:	OUTD	6.23	(11.5%)	(16.8%)
PLAYBOY:	PLA	1.80	(15.5%)	(16.7%)
RHI:	RHIE	4.95	(25.3%)	(39%)
SCRIPPS INT:	SNI	22.54	(3.1%)	2.50%
TIME WARNER:	TWX	9.61	(4.7%)	(4.5%)
VALUEVISION:	VVTV	0.47	(6%)	42.40%
VIACOM:	VIA	17.68	(11.7%)	(12.1%)
WWE:	WWE	10.33	(1.7%)	(3.5%)

Company	Ticker	1/16 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	2.33	(5.3%)	2.20%
ADC:	ADCT	4.67	(16.9%)	(14.7%)
ADDVANTAGE:	AEY	1.62	(25%)	(9%)
ALCATEL LUCENT:	ALU	2.04	(8.9%)	(5.1%)
AMDOCS:	DOX	19.22	(5.6%)	5.10%
AMPHENOL:	APH	25.53	(2%)	6.50%
APPLE:	AAPL	82.33	(9.1%)	(3.5%)
ARRIS GROUP:	ARRS	7.40	(7.6%)	(6.9%)
AVID TECH:	AVID	10.73	(7%)	(1.6%)
BIGBAND:	BBND	5.98	2.20%	8.30%
BLNDER TONGUE:	BDR	0.93	(19.1%)	(7.9%)

Company	Ticker	1/16 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	17.13	1.10%	0.90%
CISCO:	CSCO	15.82	(5.3%)	(2.9%)
CLEARWIRE:	CLWR	4.06	2.30%	2.30%
COMMSCOPE:	CTV	13.49	(19.4%)	(13.2%)
CONCURRENT:	CCUR	3.20	(5.9%)	(5.9%)
CONVERGYS:	CVG	7.24	(1.4%)	12.90%
CSG SYSTEMS:	CSGS	15.01	(5.1%)	(14.1%)
EHOSTAR:	SATS	14.84	1.90%	(0.2%)
GOOGLE:	GOOG	299.67	(4.9%)	(2.6%)
HARMONIC:	HLIT	5.51	(9.5%)	(1.8%)
INTEL:	INTC	13.74	0.10%	0.10%
JDSU:	JDSU	3.79	(19%)	2.20%
LEVEL 3:	LVLTL	1.18	(20.8%)	68.60%
MICROSOFT:	MSFT	19.57	0.30%	0.70%
MOTOROLA:	MOT	4.54	1.80%	3.60%
NDS:	NNDS	57.35	(0.7%)	0.00%
OPENTV:	OPTV	1.15		(6.5%)
PHILIPS:	PHG	18.17	(8%)	(8.6%)
RENTRAK:	RENT	12.22	4.30%	3.60%
SEACHANGE:	SEAC	6.43	(5.3%)	(10.8%)
SONY:	SNE	22.83	(3.1%)	4.40%
SPRINT NEXTEL:	S	2.21	(14.7%)	20.80%
THOMAS & BETTS:	TNB	22.76	(6.6%)	(5.2%)
TIVO:	TIVO	7.39	5.90%	3.20%
TOLLGRADE:	TLGD	5.57	11.40%	16.50%
UNIVERSAL ELEC:	JEIC	14.69	(4%)	(9.4%)
VONAGE:	VG	0.60	(3.2%)	(9.1%)
YAHOO:	YHOO	11.59	(11.7%)	(5%)

Company	Ticker	1/16 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	25.23	(5.4%)	(11.5%)
QWEST:	Q	3.61	(3.7%)	(0.8%)
VERIZON:	VZ	29.96	(6.8%)	(11.6%)

Index	1/16 Close	1-Week % Chg	YTD %Chg
<b>MARKET INDICES</b>			
DOW:	8281.22	(3.7%)	(5.6%)
NASDAQ:	1529.33	(2.7%)	(3%)

### WINNERS & LOSERS

#### THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. TOLLGRADE:	5.57	11.40%
2. MEDIACOM:	4.91	8.90%
3. TIVO:	7.39	5.90%
4. RENTRAK:	12.22	4.30%
5. CLEARWIRE:	4.06	2.30%

#### THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CHARTER:	0.12	(33.3%)
2. RHI:	4.95	(25.3%)
3. ADDVANTAGE:	1.62	(25%)
4. NORTEL:	0.32	(25%)
5. HEARST-ARGYLE:	4.75	(23.4%)

*From The CableFAX 100: Greatest Hits of 2008*

the best business advice Dave Cassaro has received...

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**Dave Cassaro**  
President  
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## EYE ON DIGITAL

### Web Video... a la Carte, Please!

An undeniable trend at **CES** earlier this month was the integration of online content with a wider range of devices... and certainly with TVs.

The importance of content to technology was never more important than it is now. Technology is distribution, and some of the CES announcements reflected that. **Yahoo** unveiled a Widget Channel of content feeds for TVs from **Samsung, Toshiba** and **LG**.

**Blip.tv** will work with **ActiveChannel** to bring its short-form Web video programs to set top boxes.

**Amazon's** Video On Demand, as well as the now-ubiquitous **YouTube** (already on iPhones and Android phones), will course through **Sony's** fledgling Bravia Internet Video Link.

Even Blu-ray players are posed to suck down Internet content—**Bloomberg** to **Netflix**.

In terms of raw tonnage, if not ad revenues, the Web video properties come into 2009 with new market credibility and very impressive numbers.

**Next New Networks**, founded by several **Nickelodeon** veterans, claims to have increased viewership 200% last year, with over 300mln videos served.

**MyDamnChannel**, which combines branded entertainment and Webisodes, says it is close to breaking even on its model.

But what kind of Web experience does the lean-back living room audience themselves really crave?

When **Strategy Analytics** asked consumers to rank TV Web browser features in importance, few people had much of a taste for widgets (sorry Yahoo).

Instead, users saw connected TV portals onto the Web

content they had already discovered online. In order of importance, respondents said they wanted:

1. Access to Video on Demand without a PC.
2. Searching the home network for video content.
3. Access user-generated content such as YouTube.
4. Play media from a USB drive.
5. Share television experiences using messaging services.
6. Make video conference or video calls via the TV.
7. Download widgets.
8. Skin the TV with different color schemes.



Keep in mind that consumers have not yet been exposed to any of these technologies, so our mileage may vary as users actually get the power to access Web content on the TV.

And “access” is the key word here. Older dreams of turning the TV into a desktop are thwarted by consumer common sense.

*David Mercer*, Strategy Analytics' vp, Digital Consumer Practice, says too many Web services providers are focused on cool Web tools like messaging and widgets when consumers clearly prefer getting a wider range of what they already love about TV: video.

The company found that 91% of respondents wanted TV-based browsers to access any Web video content, and 74% preferred that the sites themselves re-format and adapt themselves to TV interfaces.

This suggests that consumers want to tap the Web and their own content, not necessarily tap one another. Viewers want Web video, not the Web itself.

*(Steve Smith is a lapsed academic turned media critic and consultant. He is the Digital Media Editor for Min, conference programmer for Mediapost, and longtime columnist for eContent Magazine).*



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# MaxFAX...

## Push It Back! Waaaay Back?

OK, I've changed my mind...

Last week I wrote in another regular place that, for the first time, I actually agreed with the Martian that—as of Tuesday—will no longer run the



Paul S. Maxwell

Federal Confusion Commission... don't, I thought (after, I presume, some alien influence), push back the digital transition. Postponing confusion doesn't, I thought, eliminate

it. And, I thought, most of the confused folks weren't all that likely to get "un-confused." So, I got a raft of notes laughing at me for (1) having predicted months ago that no delay would happen and (2) for actually agreeing with the worst **FCC** commissioner and chairman in history!

OK, I was wrong.

I did, though, in another muse: "...why didn't Congress just subsidize cable, satellite or telco video basic packages? That could have even included a "basic" broadband connection for every household in America." I now believe that postponing the transition is a great idea... but not because I think the **NTIA** ("Negligent Tracking in Action"?) program of converter coupons will ever work. Nope, I think it should be

postponed until the start of exhibition games for the next NFL season.

In the meantime, we'll get a new FCC Chairman (and another commissioner with the Martian gone), a new Administration (one seemingly focused on pragmatism plus practicality plus broadband-growth centricity) and a really, really big stimulus program. So let's give this new Chairman—Obama friend and basketball buddy (according to *The Wall Street Journal*)—a chance to settle in so that I can dream up a good nickname for Julius Genachowski and he can figure out how to re-jiggle the \$7bln phone-subsidy program into a universal broadband subsidy build-out for non-subscribers everywhere. Universal cable!

"Basic" broadband access subsidized by the Feds plus "free" very "basic" cable from the cable company... on the side of angels, cable companies will offer FREE lifeline service of once-free-over-the-air broadcast signals bundled with \$25/month broadband access provided by the government to poverty-level TVHHs. That would mean universal hook-ups (and access to all of those extra homes creating universal contact capacities in any market) plus no more retransmission consent! Just must carry in order to provide what over-the-broadcasters won't. Cable could even provide lifeline VoIP – you know, like wireless providers allow for emergency, but not regular, calls when you're in the wrong

roaming shadow.

Hey, we can dream!

And that doesn't even take cable to the common carrier conundrum.

## Random Notes:

- **Genachowski:** The bad news: he worked for Heedless Hundt. The good news: he worked for *Barry Diller* (and, near as I can tell, Barry never threw anything at him, physically, that is). Nicknames: Orange Julius? Julius Caesar? Nah. More good news: there's a vacancy in the Chairman's office this week!

- **Hints:** Here's a link to the *Obama/Biden's* campaign plan that was—mostly—written by the FCC Chair nominee: [http://change.gov/agenda/technology\\_agenda/](http://change.gov/agenda/technology_agenda/). So, you can see for yourself what he says he'll do.

- **Pioneers!** Nominations for the class of '09 are due Jan 31st... and **MUST FOLLOW INSTRUCTIONS!** Email me for copies of instructions and forms ASAP. And, if you're having trouble finding a second nominator, check out <http://www.cablecenter.org/pioneers/index.cfm> for a list of Pioneers—and both the 1st and 2nd proponent must be from the class of 2005 or earlier.

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