

# CableFAX Daily™

Tuesday — January 6, 2009

What the Industry Reads First

Volume 20 / No. 001

## FCC Makeover: Portals' Past Reflects on Commission's Future

With President Elect *Barack Obama* expected to name a new FCC chmn any day, it was fun to listen to what a couple of former Democratic heads of the Commission would like to see. Appearing Mon at **Public Knowledge's** half-day conference on reforming the FCC, former chmn *Bill Kennard* urged the agency to focus on forging a new industry market structure rather than simply imposing conditions on mergers. Remarking on the merger wave during his tenure, he said that "in retrospect, [the conditions] were the wrong thing to do." He noted that many were axed down the road as new administrations took over. Former chmn *Reed Hundt*—whose ex-lead counsel, *Julius Genachowski*, is reportedly a frontrunner for the chairmanship—said the FCC must urge investment in non-residential, fixed assets—something that was still occurring when the dot-com bubble burst in the last recession. He noted that Fortune 500 companies have \$500bln-\$650bln on their balance sheets to invest—shy of the \$700bln bailout just given to the financial sector. Kennard credited Hundt, who was chmn from '93-'97, for focusing after the '91 recession on how the FCC could be an engine to create jobs. Neither man mentioned current chmn *Kevin Martin*, who House Democrats recently criticized in a staff report. However, Kennard said the FCC needs to rebuild its professional staff. "It pains me to see the talent that has walked out of those doors the past few years," he said, specifically mentioning long-time media staffer *Bill Johnson* and former Enforcement Bureau deputy chief *Mary Beth Richards*. Saying there is staff "demoralization," he praised previous FCC chmn, Republican *Michael Powell*, for focusing on staff with his FCC University program, as well as Hundt for attracting those with MBAs into the Commission. The conference included ideas such as making the FCC more data driven, more transparent and doing away with Sunshine rules that prevent Commissioners from meeting privately. Former **NTIA** administrator *Henry Geller*, who worked at the FCC at several intervals from '49-'73, said before Sunshine, Commissioners and Bureaus would really duke it out with one another and discuss ideas. "Commission meetings got really raw...," he said. "Now you have kabuki theater [at Open Meetings]." Former Republican Commissioner *Kathleen Abernathy* agreed, saying the current set up leads to "compromises that never would have been made pre-Sunshine" and a greater likelihood for issues to break down by party lines.

**Reorg: Broadstripe** and its affils have filed for Chapter 11 bankruptcy in a DE court and plans to undergo a financial restructuring through terms agreed upon by the MSO and the majorities of its senior unsecured lenders and 2nd line secured lenders. Existing lenders have agreed to provide Broadstripe with up to \$15mln in debtor-in-possession financing to continue operations. "We expect that the restructuring will take a period of months and that it will be completed in 2009," read a posting from pres/CEO *Gustavo Prilick* at Broadstripe.com. "Broadstripe will emerge a stronger, more competitive company." The MSO serves customers in MD, MI, WA and OR.

**Competition: Verizon** is now offering to new **FiOS TV** subs through Feb 21 the choice of free use for 6 months of either a HD DVR or a HD Home Media DVR. -- The **ABC Owned Television Stations Group** has inked with **Cox Cross Media**,

The TNT and Headline News Logos have been updated.

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a strategic marketing alliance covering 10 local Websites in cities including NY, L.A., Chicago and Philadelphia. The deal aims to expand sales opportunities available at the sites and to create a single access point to the digital marketplace.

**Retrans:** The latest retrans impasse amid a season of spats involves **DirecTV** and **KJZZ**, a Salt Lake City station featuring **Utah Jazz** games. It went dark on DirecTV last week. "KJZZ's economic demands have been outrageous," said the DBS op in a Fri statement. **KJZZ.com** stresses to DirecTV subs the loss of Jazz games, even highlighting a notable Wed match up. Also at odds currently are **BendBroadband** and **Fox** affil **KFXO** in Bend, OR. which the MSO dropped Dec 31. BendBroadband.com features video of CEO *Amy Tykeson* explaining the disagreement while noting that the station is demanding cash for the 1st time. -- **Charter** reached a deal Fri with **Fisher Comm** covering stations in Portland, Seattle, Eugene, OR, and Yakima, WA. Also last week, Fisher inked a retrans deal with **Comcast** for the Seattle, Portland and Eugene stations.

**From the Street:** During **CableFAX's** holiday hiatus, **Viacom** and **Time Warner Cable** slugged it out and then made nice, with the MSO reaching a new carriage deal for nets, including **Nick**, **Comedy Central** and **MTV**. **Collins Stewart's Thomas Eagan** dubbed the New Year's deal a win for Viacom and a slight negative for TWC, estimating the financial impact to the MSO's cash flow margin as marginal (0.6% assuming Viacom was able to get the full 25 cents/sub/month it was reportedly seeking and that TWC doesn't pass on any of the cost to customers). "We feel like this was the correct decision for TWC, as the potential impact from negative headlines could have hurt the stock and the black-out might have resulted in slower subscriber growth or even higher churn," Eagan wrote in a note to client. "This is an important network for the young and child demographic and it appears that this network was paid lower than its high ratings would demand. While some may view this as a slippery slope opening the door up for other cable networks to seek higher fees, we don't believe that many other high profile/powerful networks can make that same claim."

**Technology:** **LG Electronics** plans to bow this spring LCD and plasma HDTVs embedded with **Netflix** streaming software, allowing Netflix customers to watch content directly on the TV with Ethernet connectivity. -- Beginning early this year, **Amazon.com** will let customers buy or rent movies and TV series through **Roku's** digital video player.

**Obit:** We're sad to report *Pam Keefe*, **Atlantic Broadband** CEO *Dave Keefe's* wife, lost her valiant battle with cancer just prior to New Year's. To say Pam was nearly as much a part of cable as Dave would be a huge understatement. She moved 30 times during her 37-year marriage to accommodate Dave's global career. That she raised a wonderful family in the process is nothing short of remarkable. Send donations to: **Pamela Jean Keefe Center for Creative Achievement**, Camp Hayward, Sandwich, Mass, 02563.

**People:** **The Cable Center** promoted *Diane Christman* to svp, marketing and development. -- **YES** promoted *Eric Handler* to vp, communications.

**Business/Finance:** Expecting a dramatic '09 slowdown in wireless and a continued ramping of access line losses, **Sanford Bernstein** analyst *Craig Moffett* cut his target price and rating for both **Verizon** and **AT&T**. Moffett lowered his price target on VZ shares to \$27 from \$32 and dropped the related rating to "underperform" from "market perform." AT&T's price target is now \$27, down from \$35, and the rating was lowered to "market perform" from "outperform." VZ shares closed Mon down 6.2%, while AT&T shares slipped 3.4%.

## The CableFAXIES awards

**Now Accepting Entries**

[www.CableFaxiesAwards.com](http://www.CableFaxiesAwards.com)

Entry Deadline: January 16, 2009

## Saluting Cable's Top Marketing & PR Programs and People

Your hard work is done — now it's time for you and your team to get recognized for it! CableFAX will salute the winners of the CableFAXIES Awards on March 30, 2009 at the National Press Club in Washington, DC.

We look forward to seeing your entry and saluting cable's best PR & marketing efforts of the year.

## CableFAX Week in Review

Company	Ticker	01/05 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	28.48	3.80%	0.30%
DIRECTV:	DTV	23.17	9.60%	1.10%
DISNEY:	DIS	23.50	11.10%	5.10%
ECHOSTAR:	DISH	11.49	9.90%	3.60%
GE:	GE	16.63	6.20%	2.70%
HEARST-ARGYLE:	HTV	6.26	6.80%	3.30%
<b>MSOS</b>				
CABLEVISION:	CVC	16.68	8.70%	(1%)
CHARTER:	CHTR	0.10	11.10%	25.00%
COMCAST:	CMCSA	17.03	9.70%	0.90%
COMCAST SPCL:	CMCSK	16.52	12.40%	2.30%
GCI:	GNCMA	8.25	5.10%	2.00%
KNOLGY:	KNOL	5.56	11.00%	7.80%
LIBERTY CAPITAL:	LCAPA	5.26	22.90%	11.70%
LIBERTY ENT:	LMDIA	18.63	16.50%	6.60%
LIBERTY GLOBAL:	LBTYA	16.66	13.40%	4.60%
LIBERTY INT:	LINTA	3.47	20.90%	11.20%
MEDIACOM:	MCCC	4.23	20.90%	(1.6%)
SHAW COMM:	SJR	18.78	10.50%	6.60%
TIME WARNER CABLE:	TWC	21.94	8.60%	2.30%
VIRGIN MEDIA:	VMED	5.03	13.90%	1.60%
WASH POST:	WPO	414.00	12.90%	6.10%

Company	Ticker	01/05 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	8.70	15.10%	6.20%
CROWN:	CRWN	2.75	10.90%	(3.5%)
DISCOVERY:	DISCA	14.80	9.10%	4.50%
EW SCRIPPS:	SSP	2.10	21.70%	(4.8%)
GRUPO TELEVISIA:	TV	16.19	11.70%	8.40%
HSN:	HSNI	7.10	10.40%	(2.3%)
INTERACTIVE CORP:	IACI	16.11	5.50%	2.30%
LIBERTY:	L	29.81	13.30%	5.50%
LODGENET:	LNET	1.03	80.70%	47.10%
NEW FRONTIER:	NOOF	2.01	21.80%	18.20%
OUTDOOR:	OUTD	7.50	6.10%	0.10%
PLAYBOY:	PLA	2.43	20.30%	12.50%
RHI:	RHIE	8.95	34.00%	10.20%
SCRIPPS INT:	SNI	24.03	14.90%	9.20%
TIME WARNER:	TWX	10.50	8.80%	4.40%
VALUEVISION:	VVTV	0.41	41.40%	24.20%
VIACOM:	VIA	21.64	16.50%	7.60%
WWE:	WWE	11.39	10.40%	6.00%

Company	Ticker	01/05 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	2.46	16.00%	7.90%
ADC:	ADCT	5.64	15.80%	3.20%
ADVANTAGE:	AEY	2.27	13.50%	27.50%
ALCATEL LUCENT:	ALU	2.29	7.50%	6.50%
AMDOCS:	DOX	20.55	12.40%	12.40%
AMPHENOL:	APH	25.12	10.20%	4.80%
APPLE:	AAPL	94.58	9.20%	10.80%
ARRIS GROUP:	ARRS	7.57	5.30%	(4.8%)
AVID TECH:	AVID	11.89	16.70%	9.00%
BIGBAND:	BBND	6.12	5.20%	10.90%
BROADCOM:	BRCM	17.58	8.00%	3.60%
CISCO:	CSCO	17.11	6.90%	5.00%

Company	Ticker	01/05 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	16.48	14.80%	6.00%
CONCURRENT:	CCUR	3.31	3.10%	(2.9%)
CONVERGYS:	CVG	7.06	17.90%	10.10%
CSG SYSTEMS:	CSGS	16.77	1.30%	(4%)
ECHOSTAR HOLDING:	SATS	13.92	5.50%	(6.4%)
GOOGLE:	GOOG	328.05	10.30%	6.60%
HARMONIC:	HLIT	6.14	18.50%	9.40%
JDSU:	JDSU	4.53	32.60%	23.90%
LEVEL 3:	LVL3	0.83	27.70%	18.60%
MICROSOFT:	MSFT	20.52	8.20%	5.60%
MOTOROLA:	MOT	4.48	11.90%	2.30%
NDS:	NNDS	57.90	5.80%	1.00%
NORTEL:	NT	0.28	20.00%	20.00%
OPENTV:	OPTV	1.22	5.20%	(0.8%)
PHILIPS:	PHG	20.48	5.30%	3.10%
RENTRAK:	RENT	11.46	2.90%	(2.8%)
SEACHANGE:	SEAC	6.87	6.50%	(4.7%)
SONY:	SNE	21.43	2.20%	(2%)
SPRINT NEXTEL:	S	2.12	21.10%	15.80%
THOMAS & BETTS:	TNB	25.16	15.30%	4.70%
TIVO:	TIVO	7.26	11.20%	1.40%
TOLLGRADE:	TLGD	4.75	(4.2%)	(0.6%)
UNIVERSAL ELEC:	UEIC	16.53	14.00%	1.90%
VONAGE:	VG	0.65	(5.8%)	(1.5%)
YAHOO:	YHOO	12.86	8.20%	5.40%

Company	Ticker	01/05 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	28.43	2.10%	(0.2%)
QWEST:	Q	3.48	3.00%	(4.4%)
VERIZON:	VZ	32.48	(2%)	(4.2%)

Index	Value	% Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	INDU	8952.89	5.50%	2.00%
NASDAQ:	COMPX	1628.03	7.80%	3.20%

### WINNERS & LOSERS

#### THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LODGENET:	1.03	80.70%
2. VALUEVISION:	0.41	41.40%
3. RHI:	8.95	34.00%
4. JDSU:	4.53	32.60%
5. LEVEL 3:	0.83	27.70%

#### THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.03	(6.4%)
2. VONAGE:	0.65	(5.8%)
3. TOLLGRADE:	4.75	(4.2%)
4. NEWS CORP:	9.08	(2.5%)
5. VERIZON:	32.48	(2%)



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# EYE ON DIGITAL

## Election Season a Plus, but Web Traffic Takes a Turkey Nap

There was little jockeying into new positions among the top cable TV branded sites in Nov aside from predictable seasonal shifts. The home stretch of election coverage no doubt helped **CNN** and **MSNBC** take top honors in the field, although the former increased its audience 5% compared to the latter's 1%. In this last quarter of the Presidential race, CNN grew its online audience from 33.8mln to 37.8mln, while MSNBC only budged the needle from 34.2mln to 34.9mln. And when it came down to the wire, apparently these older news brands proved their mettle over newcomer **FoxNews.com**, which actually lost 8% of its online audience in Nov.

Holidays almost always take a toll on Web traffic, as office use declines and eyeballs turn to e-tailing sites. Off of the top ten list, **QVC.com** went from 4.9mln visitors to 5.9mln in Nov, while **HSN.com** went from 3.3mln to 4.1mln. The aftermath of the Oct market meltdown reduced the **CNBC.com** surge, which went from 2.1mln served for 242mln minutes to 1.7mln on site for only 179mln minutes. Despite uneven audience numbers among the top performing sites, people were spending less

time overall at most destinations. Football (**NFL.com**) and holiday recipe hunting (**FoodNetwork.com**) were notable exceptions. For instance, the time spent metric declined across the board.

Almost all of the major players in our list are also part of larger Web eco-systems of traffic that help feed eyeballs across properties. According to **comScore's** overall numbers for Nov, for instance, **Turner**, which includes not only **CNN** but **TBS**, **TNT**, **GameTap** and **Cartoon Network** properties, accounts for a massive 51.6mln unique visitors, while **Fox Interactive Media**, which includes the news properties and **MySpace**, among others, has an audience of 89mln.

Even **Comcast** corrals 32mln

people into its ISP hub, **the Fear.net** and **Fancast** properties. While most Web traffic analysts agree that online audiences are tending to fragment into longer tail content at smaller sites, the power of these big media remains in their unique ability to aggregate traffic and cross-promote content. On any given day at MySpace Video, second only to **YouTube** in videos streamed each month, teen social networkers will find featured links to **Fox's** "Family Guy," "Terminator" and "Nip/Tuck" properties. Synergy has its privileges.

*(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).*



## comScore Web Box Scores

	Total Unique Unique Vistors (000)	Total Unique Unique Vistors (000)	Total Unique Vistors (000)	Total Minutes (MM)	Total Minutes (MM)	Total Minutes (MM)
	Oct-2008	Nov-2008	% Change	Oct-2008	Nov-2008	% Change
<b>Total Internet : Total Audience</b>	190,616	190,775	0	336,005	318,847	-5
<b>CNN</b>	36,210	37,875	5	1,563	1,434	-8
<b>MSNBC</b>	34,677	34,991	1	962	925	-4
<b>Weather Channel, The</b>	34,717	32,385	-7	361	278	-23
<b>ESPN</b>	21,941	21,678	-1	1,336	1,217	-9
<b>Discovery Digital Media Sites</b>	14,344	13,008	-9	138	112	-18
<b>Disney Channel TV Network</b>	12,015	12,286	2	433	494	14
<b>NFL.COM</b>	10,542	10,898	3	574	583	1
<b>FOODNETWORK.COM</b>	8,093	10,689	32	125	182	46
<b>FOXNEWS.COM</b>	11,307	10,362	-8	1,177	792	-33

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# MaxFAX...

## 2009—From A to Z...

"A" is for "ahhhhh"—the New Year is here! And for advertising, may it resume—like now!

"B" is for broadband—and tiers to come.

"C" is for customer—pay close attention; pay very, very close attention. And for cell—don't dial and drive.



Paul S. Maxwell

"D" is for the Dow Jones Index—may it rebound. And data; using it right. And debt; same goes. And Digital—

as in Transition—hold your breath!

"E" is for excess... may we all get smarter. And the Euro—makes **Liberty's** cable systems look good.

"F" is for finance... and focus. And the **FCC** and the **FTC**... may they make sense in '09. And the so-called Fairness Doctrine, which isn't; so don't bring it back.

"G" is for global—the world isn't flat... it just is. And it is more interdependent every day. And we all have to cope. So let's all pray for no protectionism... anywhere.

"H" is for Heaven... may we all get there. With hands-free mobile devices.

"I" is for "team" because it isn't in there.

"J" is for justice... may it return for

another new morning in America.

"K" is for kibbutz. Hey! It gives me something to do besides ski.

"L" is for listings. Someday, cable might get them right.

"M" is for media metamorphosing... as we watch, try to guess right and pray.

"N" is for the **NCTA** and its board: may they fight—successfully—for the **RIGHT** regulations. And the "Net"—neutered?

"O" is for oil... may we find a better way.

"P" is for partnerships... may **Canoe** work better than **K-Prime**.

"Q" is for quality. So it's a cliché... so what?

"R" is for regulation—here it comes, like it or not. And, you've got to admit, lack of it has hurt the economy—a little bit. And, like it or not, cable has faced a peculiarly (alien?) managed bit of regulatory threats from the Federal Confusion Commission for years... so, cable knows how to fight.

"S" is for subscriptions—see "C" and "Y."

"T" is for tempestuous—the times we find ourselves in today.

"U" is for unicycle—feel like you're trying to peddle one and going nowhere? This new year will change that. You'll get somewhere.

"V" is for voice recognition... may it come to all mobile devices—and

maybe even remotes. And video—don't overlook the one that brung ya'll to the dance. And VOD—so put The **Ski Channel** into all your resorts—quick—looked cool on **DirectTV** on Christmas.

"W" is for work—got lots to do.

"X" is for you'll know it when you see it.

"Y" is for yep—and customer—goes together—whatever it takes to stay ahead of the curve and keep those customers.

"Z" is for zealotry—may it disappear.

"2008" is for gone, and good riddance.

"2009" is for hope—NOT fear.

"2010" is for normalcy—whatever that is.

## Random Notes:

• **CES:** Ah, once again... with trepidation this year. At least it will be a bit easier to navigate the floor displays. Skipped last year—after 26 years in a row. Interesting to return.

• **NATPE:** Bummer, Vegas twice in one month. Launching there, in a booth, will be Hannover Fair's latest entrance into media show markets with the upcoming Multiplatform Matrix '09 set for the Universal City (CA) Hilton, July 6-7.

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20th Anniversary of CableFAX Daily ★★

## SAVE THE DATE!

**Best of the Web Breakfast Awards Event**

February 24, 2009 – NYC

**CableFAXIES Awards Luncheon**

March 30, 2009 – DC

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June 11, 2009 – NYC

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