

CableFAX Daily™

Monday — January 12, 2009

What the Industry Reads First

Volume 20 / No. 005

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SUNDAY JAN 18, 10PM^{ET} PT

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Next Generation Home: Where Does Cable Fit In?

Cable operators' ability to seamlessly deliver to the television content from the Internet and other sources will be put to the test this year, according to panelists discussing the next-generation home experience Fri at the **Consumer Electronics Show**. The pressure is on for MSOs to innovate quickly or get left behind the initial push. **Digeo's** announcement at CES that it will sell its Moxi HD DVR exclusively through **Amazon**, for one, represents the first time the *Paul Allen*-backed company is bypassing cable on a new product launch. "We're going into retail because we have more flexibility in bringing features to consumers than in an operator environment, at least initially," Digeo pres/CEO *Greg Gudorf* said. "Innovation for the most part happens at retail, and when innovation is proven, operators will begin to roll out and supplement or augment their current service offerings with nontraditional types of video," noted *Nick Chakalos*, **Motorola** sr dir, strategy and business dev. Services MSOs are likely to debut in 2009 include bundling high-speed data and video content for the TV, he said. Bringing enriched content to the television is a "chicken and egg" scenario for cable, Gudorf noted. "We want open standards because they are easy to write to, but the reality is the operator model might not really want to support that," he said. "We may not be able to do this within the context of an operator-based business at first," Gudorf added, pointing to the way TiVo first launched its DVR at retail. "Then satellite picked up on it and drove it, and only then did the big cable operator side of the business come on board." *JT Taylor*, dir of product marketing at **Cisco's** service provider video technology group, noted that competition may force cable operators to innovate more swiftly. "There are more service providers out there now offering video to consumers and that's a level of competition traditional cable operators have not operated in historically. As the **Verizons** and **AT&Ts** and satellite companies become more relevant to the consumer, that competition may help to drive [cable operators] to innovate quicker." Cisco this week unveiled its Device Connections Program, which is based on **Pure Networks'** home networks administration protocol and seeks to help consumers more easily put devices on home networks. Motorola's Chakalos reminded that MSOs face challenges beyond the technological. "There are business model challenges and challenges with licensing rights to content," he said. "We help operators, pretty much on a case-by-case basis, work through license deals as they come up for renewal." — *Cathy Applefeld Olson*

DTV Doings: Two former **FCC** commissioners—one a Republican, the other a Democrat—are backing Obama's request to delay the planned Feb 17 DTV transition. An op-ed in Fri's *NY Times* by *Michael Powell* and *Bill Kennard* said it's clear that the country's headed toward a "train wreck" the way things stand. "By delaying the switch to digital by just a few months, and spending more money on the program—which the Obama transition team hinted on Thurs that it might favor—we could provide enough coupons and establish a stronger call center," they wrote. "There would be time for manufacturers to put more converter boxes in the pipeline. And we'd have enough time to work with community groups to provide technical assistance and support to the people who need it." Meanwhile, Rep Ed

From The CableFAX 100: Greatest Hits of 2008

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Markey (D-MA) is circulating a draft bill to free up coupons by waiving the Anti-Deficiency Act. The bill does not address changing the date. It would require that coupons be sent via 1st class mail until Feb 17, the current date of the transition, and beyond if deemed necessary.

Pink Slips: WWE plans to reduce its staff by 10% across all areas of its global ops, a move the company said is consistent with its commitment to implement stronger cost controls, increase earnings and margins, and reduce its cost base by \$20mln in '09. WWE said the reduction will produce approx \$8mln in annual savings, and that it will incur a 1-time restructuring charge of \$3mln in 1Q. The wrestling empire's share price fell 5% Fri.

Retrans: CBS affil KXJB in Fargo, ND, officially ordered DirectTV to remove its signal after a retrans agreement couldn't be reached Thurs evening. The DBS op had been willing to continue carriage of the station during negotiations, in which it said KXJB officials "have adopted an extremely intransigent and unreasonable position." Station gm and DirecTV customer Charley Johnson disputes this characterization at the station's Website, where a report says 25K DirecTV subs are affected by the impasse.

CES Notebook: Disney/ABC's Anne Sweeney threw her support behind Intel's new Widget Channel television software framework during a speech at CES. The technology "reflects the new reality" of collaboration between content developers and the consumer electronics community, she said. Until now, users have used various widgets to pull content onto Internet sites. Intel announced earlier at CES that its Widget Channel will perform the same function for television viewers, allowing the experience of pulling continuously updated content to the TV screen without having to go through a browser. Intel is developing a similar chip for advertisers called, you guessed it, an Adget. Sweeney said Disney-ABC will use the Intel technology to enhance the season finale of ABC's "Lost" and various segments of the network's "Good Morning America." She did not say which cable properties were in line for the technology enhancement. "In this economy, consumers are turning to brands and devices that are useful," she said. "Where it used to be about making the experience more fun, today it's about making it more functional." -- You heard it here first. Kelly Egan, Swarmcast vp, biz dev, said during a CES panel that user-generated content has had its day. "I see a shift away from UGC as the primary form of video entertainment," he said. Egan said this year the pendulum will swing toward live content (concerts, sports), which—advertisers rejoice!—he reminded, "is still appointment television." — Cathy Applefeld Olson

TCA Notebook: Nick brought out Dreamworks mogul Jeffrey Katzenberg to talk about animated series "Penguins of Madagascar" (premieres Mar 31), which plays off the successful movie franchise. "It's just been one of the best partnerships we've ever had," gushed Katzenberg, noting it's the 1st time he has heard of a net buying a 2nd season before the first one premiered. Better be good. -- Spike brought out daredevil and pseudo death-wisher Jesse James (yes, his real name), whose new show "Jesse James is a Dead Man" (premieres May 31) puts him on nitro bikes, minefields and...even sets him on fire. "Life is only a one-lap race, so I want to do everything on that one lap," he said. We hope he makes it. -- Comedian Demetri Martin entertained critics with a hilarious routine involving a large notebook and a pointer stick (don't ask) before announcing that his new Comedy Central show "Important Things with Demetri Martin" (premieres Feb 25) will push the boundaries of "alternative comedy." John Stewart introduced him by tape but apparently won't do a cameo on the show. "I think he's funny, but he's just not right for the show," Martin said. Uh, we think he was kidding. -- SNL alum Chris Kattan was surprisingly serious as he talked about new IFC mini-series "Bol-

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lywood Hero" (premieres summer '09), a comedic romp in which he plays himself trying to make it as a leading man in India. Kattan said he feels "protected" at IFC where execs have supported the show's original vision. Will any SNL colleagues make cameos? More casting announcements soon, said producer *Belisa Malaban*. -- **AMC** showed a critics a creepy trailer for its new series "The Prisoner" (premieres '09), a re-imagining of the 1968 British cult classic about a man with no memory trapped in a mysterious village, and let star Sir Ian McKellen charm critics. It may look like "Lost" in the desert, but director *Nick Hurran* promises surprises and a modern examination of "freedom of choice." Sign us up. -- "T.I.'s Road to Redemption" (Feb 10, 9pm) looks interesting. The series from **MTV** will chronicle Grammy winner T.I. as he does 1K hours of community service in 1 year counseling troubled teens before he's sentenced in March on weapons charges. The rapper seemed contrite with critics. "I made terrible choices...I did the wrong thing," he said. Clips showed T.I. applying tough love with teens, but also reassessing himself and his choices. Producer *Michael Hirschorn* said the series will film right through the day T.I. is sentenced. The court is expected to take T.I.'s community service into account when he's sentenced. -- Another serious entry from **MTV** is "How's Your News?" (Feb 8, 10:30pm), where reporters with disabilities, including Down syndrome and blindness, interview celebrities and people on the street. The reporters were chronicled in a film by "South Park" creators *Trey Parker* and *Matt Stone*, who are producing this series. -- MTV joined the nets doing special inauguration shows, announcing "Be The Change: Live From The Inaugural," which will run live globally Jan 20 and feature young people doing social projects.

Swayze: Early Fri morning cancer-stricken *Patrick Swayze* checked himself into a hospital for pneumonia. He was scheduled to meet critics during **A&E's TCA** panel. AETN chief *Abbe Raven* somberly told a room filled with critics of the news. Swayze wanted the panel to go on despite his absence, Raven said. Critics were shown clips of Swayze in his lead role in "The Beast," which premieres Jan 15, 10pm, in which he plays a hard-edged FBI agent. Filming of season 1 has been completed, A&E said. Producers and actors from the show said they were inspired by Swayze daily and that his cancer brought cast and crew together. Others were worn out on the set well before Swayze, one said.

Getting Serious at TCA: It was a pity more critics didn't attend **Nat Geo's** panel, Thurs' finale (tough time slot). The network secured rights from the Pentagon to film inside the controversial military prison at Guantanamo Bay, Cuba, for 3 weeks last summer (April premiere). In return, the Pentagon was permitted to censor footage for security reasons. While it did, director *Jon Else* said the resulting film provides a record of daily life inside the controversial prison, which houses alleged terrorists. Nat Geo's panel exploded into argument as former detainee *Moazzam Begg* (via satellite from London, he's not allowed in the US) said there's no evidence fundamentalist Islam seeks global domination, while former Reagan official *Frank Gaffney* said the detainees are committed to destroying anyone who doesn't share their ideology. Other panelists deftly debated the gray areas involved, suggesting no easy answer for the new Administration, which has promised to close the prison. Early Fri, Nat Geo told critics a soundboard issue prevented Begg from responding toward the end of the panel, and that it had asked Begg to draft a written response.

Ratings: YES said it completed '08 as the most-watched RSN in the country in total day viewership for the 6th straight year. The net averaged 29K HHs for the year. -- The New Year's Day ep of **A&E's** "The First 48" garnered 1.3mln 25-54s, 1.4mln 18-49s and 2.3mln total viewers to become the most-watched season premiere in series history.

Programming: **Investigation Discovery** inked with ex-CNN anchor *Paula Zahn* a deal to develop a weekly news mag.

Business/Finance: Rural wireless broadband provider **Open Range Comm** secured an investment of \$100mln from **One Equity** partners. Last Mar, the firm was approved for a \$267mln RUS loan from the USDA, with the prerequisite that private financing also be secured. This investment satisfies that condition, with Open Range anticipating a 4Q launch. **RBC Daniels** served as financial adviser.



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CableFAX Week in Review

Company	Ticker	1/09 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	27.32	(3.8%)	(3.8%)
DIRECTV:	DTV	22.08	(8.7%)	(3.6%)
DISNEY:	DIS	22.31	(5.3%)	(0.2%)
ECHOSTAR:	DISH	13.05	11.20%	17.70%
GE:	GE	16.00	(6.3%)	(1.2%)
HEARST-ARGYLE:	HTV	6.20	(4.6%)	2.30%
MSOS				
CABLEVISION:	CVC	18.28	5.20%	8.60%
CHARTER:	CHTR	0.18	63.60%	125.00%
COMCAST:	CMCSA	16.33	(9.2%)	(3.2%)
COMCAST SPCL:	CMCSK	15.62	(9.7%)	(3.3%)
GCI:	GNCMA	7.71	(6.4%)	(4.7%)
KNOLGY:	KNOL	5.16	(4.6%)	
LIBERTY CAPITAL:	LCAPA	6.06	17.40%	28.70%
LIBERTY ENT:	LMDIA	18.14	(3.8%)	3.80%
LIBERTY GLOBAL:	LBTYA	19.00	10.00%	19.30%
LIBERTY INT:	LINTA	3.57	5.30%	14.40%
MEDIACOM:	MCCC	4.51	(4.2%)	4.90%
SHAW COMM:	SJR	17.51	(3.6%)	(0.6%)
TIME WARNER CABLE:	TWC	20.56	(7.5%)	(4.1%)
VIRGIN MEDIA:	VMED	4.99	(2.3%)	0.80%
WASH POST:	WPO	418.65	1.30%	7.30%

Company	Ticker	1/09 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	8.40	(5.7%)	2.60%
CROWN:	CRWN	2.02	(28.4%)	(29.1%)
DISCOVERY:	DISCA	14.76	0.70%	4.20%
EW SCRIPPS:	SSP	2.04	(12.8%)	(7.5%)
GRUPO TELEVISIA:	TV	14.94	(4.7%)	
HSN:	HSNI	5.73	(23.9%)	(21.2%)
INTERACTIVE CORP:	IACI	14.98	(6.9%)	(4.8%)
LIBERTY:	L	27.50	(7.6%)	(2.7%)
LODGENET:	LNET	1.02	45.70%	45.70%
NEW FRONTIER:	NOOF	2.20	11.70%	29.40%
OUTDOOR:	OUTD	7.04	(5.6%)	(6%)
PLAYBOY:	PLA	2.13	(7%)	(1.4%)
RHI:	RHIE	6.63	(30.2%)	(18.3%)
SCRIPPS INT:	SNI	23.25	(2.1%)	5.70%
TIME WARNER:	TWX	10.08	(5.2%)	0.20%
VALUEVISION:	VVTV	0.50	38.90%	51.50%
VIACOM:	VIA	20.02	(5.3%)	(0.5%)
WWE:	WWE	10.51	(3.5%)	(1.9%)

Company	Ticker	1/09 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.46	3.40%	7.90%
ADC:	ADCT	5.61	(1.8%)	2.60%
ADVANTAGE:	AEY	2.16		21.30%
ALCATEL LUCENT:	ALU	2.24	(0.4%)	4.20%
AMDOCS:	DOX	20.37	3.80%	11.40%
AMPHENOL:	APH	26.05	2.30%	8.70%
APPLE:	AAPL	90.58	(0.2%)	6.10%
ARRIS GROUP:	ARRS	8.01	0.80%	0.80%
AVID TECH:	AVID	11.54	(0.8%)	5.80%
BIGBAND:	BBND	5.85	1.40%	6.00%
BLNDER TONGUE:	BDR	1.15	11.70%	13.90%
BROADCOM:	BRCM	16.94	(3.6%)	(0.2%)

Company	Ticker	1/09 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	16.70	(1.5%)	2.50%
COMMSCOPE:	CTV	16.73	2.30%	7.70%
CONCURRENT:	CCUR	3.43		
CONVERGYS:	CVG	7.34	7.00%	14.50%
CSG SYSTEMS:	CSGS	15.82	(10.9%)	(9.4%)
ECHOSTAR HOLDING:	SATS	14.57	0.80%	(2%)
GOOGLE:	GOOG	315.07	(1.9%)	2.40%
HARMONIC:	HLIT	6.09	(4.2%)	8.60%
JDSU:	JDSU	4.62	11.50%	26.10%
LEVEL 3:	LVLTL	1.49	106.90%	112.90%
MICROSOFT:	MSFT	19.52	(4%)	0.40%
MOTOROLA:	MOT	4.46	(3.4%)	1.80%
NDS:	NNDS	57.75	(0.9%)	0.70%
NORTEL:	NT	0.39	33.30%	60.00%
OPENTV:	OPTV	1.15	(7.3%)	(6.5%)
PHILIPS:	PHG	19.76	(4.7%)	(0.6%)
RENTRAK:	RENT	11.72	(0.7%)	(0.6%)
SEACHANGE:	SEAC	6.79	(6%)	(5.8%)
SONY:	SNE	23.55	7.50%	7.70%
SPRINT NEXTEL:	S	2.59	32.80%	41.50%
THOMAS & BETTS:	TNB	24.37	1.90%	1.50%
TIVO:	TIVO	6.98	(3.5%)	(2.5%)
TOLLGRADE:	TLGD	5.00	0.20%	4.60%
UNIVERSAL ELEC:	UEIC	15.31	(9.8%)	(5.6%)
VONAGE:	VG	0.62	(6.1%)	(6.1%)
YAHOO:	YHOO	13.13	2.20%	7.60%

Company	Ticker	1/09 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	26.68	(9.3%)	(6.4%)
QWEST:	Q	3.75	1.60%	3.00%
VERIZON:	VZ	32.16	(7.2%)	(5.1%)

Index	1/09 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	8599.18	(4.8%)	(2%)
NASDAQ:	COMPX	1571.59	(3.7%)	(0.3%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	1.49	106.90%
2. CHARTER:	0.18	63.60%
3. LODGENET:	1.02	45.70%
4. VALUEVISION:	0.50	38.90%
5. NORTEL:	0.39	33.30%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. RHI:	6.63	(30.2%)
2. CROWN:	2.02	(28.4%)
3. HSN:	5.73	(23.9%)
4. EW SCRIPPS:	2.04	(12.8%)
5. CSG SYSTEMS:	15.82	(10.9%)

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Meanwhile, I'm thrilled to be on a waiting list for my digital converter ... and only about a month away from losing my analog signals! Or not, depending on whether Congress decides to grant Obama's wish and delay the date.



Paul S. Maxwell

Wonder who will get the blame when signals die? You, of course.

Not *Kevin Martian*. Not the **Federal Confusion Commission**. Not the **NTIA** (whatever that is). Not Congress (but don't worry, they'll get blamed for everything else). Not Obama (unless *Sasha* and *Malia* do when they can't get "their" shows). Not the broadcasters (after all, nothing is their fault).

You.

So get ready ...

Random Notes:

• **Interesting Reading:** <http://www.portfolio.com/executives/features/2009/01/07/Sumner-Redstone-and-Viacom-Losses> ... sad. Lots of egos to read about this season ... from "Call Me Ted" to "The Man Who

Owns the News."

• **How Was Your Trip to Vegas for CES?** It snowed at my house, so at the last minute, I canceled (there are no friends on powder days). Like a lot of people, I grabbed at the first excuse to call it off. What will this year's trade shows look like? For the record, as **Cable Center's Larry Satkowiak** noted in his round-up for planning cable show attendance this year, the industry was "prescient" in consolidating shows. But this consolidation was not, I hasten to add, the reason for America's and the world's economic system collapse. Or was it?

• **Transitions:** The change from analog to digital TV broadcasting isn't the only major transition happening in media. There's more. Like the dying media support groups known as auto manufacturers, the overall advertising and marketing businesses are undergoing transitional "moments." Or, more specifically, the lack thereof. The real impact is anybody's guess, but I wonder how long so-called non-premium "cable" nets can depend upon traditional dual revenue streams. And it isn't just cable. By the end of the next decade I'll bet that at least 7 of the top 25 markets are without their own major daily newspaper. At the same time as traditional news gathering and reporting is suffering from the changing dynamics of support (**Craigslist** instead of classifieds, Internet instead of newspaper ads, **YouTube!** instead

of the "news at 11," etc.), the "noise" on the Web is increasing. The so-called knowledge industries are metamorphosing into blather and hysteria instead of accurate reporting and analysis. Times change. And in the case of this trend, I'll bet it reverses in a few years ... which means opportunity. Meanwhile, the research and reporting companies that can deliver real value will thrive, but kind of under the radar—or what used to pass for radar.

• **Facebook vs. Linked-In:** Interesting that I get many more hits/requests/comments/disses from the former than the latter. Of course, that's because, for some reason, Linked-In doesn't like me. It won't let me register, re-register, retrieve a wayward password or do anything ... except sometimes send me emails telling me someone wants something ... but I cannot log-in. Not even calling them works ... they hung up on me.

• **CTAM Rockies Cable Apprentice:** Returns Mar 6 in Denver. One of the better local chapter gigs (since duplicated in Southern CA) that doesn't involve skiing, will take place again ... it is good enough (even though I moderate it) to be televised!

Paul Maxwell

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