

# CableFAX Daily™

Thursday — January 29, 2009

What the Industry Reads First

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## Stay Tuned: Time Running Out for DTV Delay

Staying tuned appears to be the only option for consumers and industry stakeholders when it comes to the **DTV** transition. The **House's** failure Wed to pass a bill that would move the Feb 17 transition to June 12 has everyone in a state of limbo. The House vote was 258-168—short of the two-thirds approval needed to fast track the bill. Word late Wed was that the Senate would vote on the House version that failed today (the bill was slightly different from what the Senate passed Mon night). If it clears the Senate again, the House will have another shot of passing the bill Tues or Wed. While no one is publicly referring to a do-or-die date for the legislation, the consensus is that if it doesn't happen by the end of next week, the Feb 17 date will stick. Broadcasters have said they will need time to prepare for the analog cut-off. Govt agencies and the cable industry have to set up call centers for the transition. As of Wed, the waiting list for converter coupons had grown to 3.2mln from 2.57mln last week. Rep *Joe Barton* (R-TX) is leading the charge in the House for keeping the Feb 17 date. After the bill failed, Barton and Rep *Cliff Stearns* (R-FL) urged Speaker *Nancy Pelosi* (D-CA) to consider Barton's bill to authorize \$250mln more for converter box coupons. They blamed the *Obama* transition team's intervention in derailing a similar bill that they feel had the potential to be bipartisan. "We don't have much time left to pick up the pieces, but that's what we need to do, and your direct involvement and support right now can make all the difference," the Republicans wrote.

**NAB** declined comment on Wed's action, but earlier this week the broadcast group said it supported the legislation passed unanimously by the full Senate Mon night. The Senate bill, introduced by Sen Commerce chmn *Jay Rockefeller* (D-WV), was a compromise that addressed Senate Republican concerns, such as allowing consumers with expired converter box coupons to reapply for them, while moving the date. Rockefeller said he was deeply disappointed with Republicans for blocking the bill, saying they have "made certain that far too many consumers" will wake up Feb 18 with dark TV sets.

**Fast Lane:** **Charter** has rolled out in St Louis a broadband service offering speeds up to 60Mbps, and plans to add additional markets. Also, the MSO plans to soon boost the speed of its Internet Max tier nationwide to 20Mbps from 16Mbps.

**Let's Ride:** It may not be the OK Corral, but MSOs operating in the Southeast should take heed: **AT&T** is very close to toting a double-barrel video pistol into the region, intent on picking off competitors and acquiring customers. The telco's

## FSE scores with 1.5 million viewers!

FSE's exclusive broadcast of the Chivas vs. América InterLiga™ match on January 3rd, 2009 peaked at 1.5 million viewers, the highest gross audience in network history!



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Source: The Nielsen Company - Fox Sports En Espanol 1/3/09 10:35PM; NHIH Npower MxM P2+; Highest rated program in network history 9/22/03 - present. Subject to qualifications upon request.

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planning “much more [U-verse] build out and turn up in the Southeast as we go forward over the next year or two,” said CFO *Rick Lindner* Wed. “We will benefit from having a strong video product to bundle in our offers.” Or, a pair of video offerings, as AT&T’s marketing and resale agreement with **DirecTV** kicks off Sun—and both are viewed as important weapons. “We’re going to be very aggressive with the DirecTV product,” said chmn/CEO *Randall Stephenson*, noting that a planned overall slowing of the U-verse roll out will leave “a lot of our footprint uncovered” by video. The slowdown pushes some of the U-verse build out into ’11, a year later than originally planned, and has been enacted to increase operational efficiency, said Lindner. “Between the homes we’ve already passed and what we will build in the next year or so, we are hitting the markets that are the highest priority for us,” he said. Currently passing 17mln homes and slated for 30mln by ’11, U-verse TV added 264K net subs in 4Q, a 14% sequential increase that brings the service’s sub ledger to 1.05mln. AT&T’s net broadband adds totaled 357K net, a number that now includes mobile broadband card purchases. Access line losses remain problematic, but U-verse adoption has been helping to stem the tide with an impressive 90% broadband attach rate in 4Q. Video penetration is reaching the mid-teens within 18 months of launch. “There’s every reason to expect U-verse to become a multi-billion dollar revenue stream for us over the next few years,” said Lindner. **S&P** maintained its “strong buy” rating on AT&T shares, saying that it’s “pleased U-verse gained traction.”

**Deals:** The **NY Times Co** has retained **Goldman Sachs** as a financial advisor to explore a possible sale of its 18% ownership interest in **New England Sports Ventures**, parent of the **Boston Red Sox**, **Fenway Park** and approx 80% of **NESN**. -- **Macrovision** has sold **TVG** to British e-gaming firm **Betfair Group** for \$50mln in cash consideration. The deal follows Macro’s divestiture of **TV Guide Net** and **TV Guide Online** earlier this month to **Lionsgate** for \$255mln.

**Net Neutrality:** **Cox** will test a new method of managing traffic on its network next month in KS and AR. The MSO said it may momentarily delay less time-sensitive traffic, such as file uploads, **P2P** and **Usenet** newsgroups, when the local network is congested. Technology automatically will ensure that time-sensitive Internet traffic—such as Web pages, voice calls, streaming videos and gaming—moves without delay. According to letters sent to customers Wed, the trials will begin on or after Feb 9. “Consistent with other high-speed Internet enhancements we’ve launched, we believe this solution is in the best interest of our customers and will lead to a better Internet experience,” Cox said Wed. “We look forward to hearing feedback from our customers and others about this trial and plan to build that insight into our long-term plan.” Net neutrality advocates expressed concerns, saying customers will want to know more about how Cox is managing traffic.

**On the Hill:** The **Senate** has made changes to the economic stimulus bill, including upping the amount of money for broadband grants to \$9bln from \$6bln. The changes were made when it made its way through the powerful **Sen Finance** and **Sen Appropriations** committees. The bill also now includes broadband tax incentives, establishing a 10% tax credit for investments in current-generation broadband infrastructure in rural and underserved areas. There is a 20% credit for areas that no access at all now and a 20% credit for next-generation broadband infrastructure (ie, higher speeds).

**NATPE Notebook:** **TiVo** chief *Tom Rogers* again issued an urgent wakeup call Wed, telling TV execs gathered at **NATPE** in Las Vegas to adapt to ad-skipping or face a crisis worse than the current financial meltdown. “The most powerful and impactful medium is not going to be the most powerful, impactful or even useful if you let that happen,” he said, adding that TV execs aren’t as worried as they should be. Of course, Rogers took the opportunity to tout TiVo audience measurement tools, arguing that if nets “act urgently, the media sector can get ahead of this...” -- **FEARnet** pres *Diane*

## The New FCC: The Genachowski Era: What Will It Mean for Cable?

Thursday February 5, 2009  
1:30-3:00 PM EST  
A CableFAX Daily Webinar

**HEAR FROM FCC INSIDERS:** Stephen R. Effros, W. Kenneth Feree, and Howard J. Symons will analyze what we can expect from the new FCC Chairman in the coming months and years ahead. Join CableFAX on February 5th.

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# BUSINESS & FINANCE

Robina called the DVR “my favorite apparatus,” but said advertisers and nets need to figure out a way to reach eyeballs that are otherwise skipping ads. “You’re going to start to have to be creative about how you get your product there, because we do need to make money,” she said. She also said the current turmoil is great for up-and-coming content producers with radical new ideas on how to reach and engage with viewers. -- As TV marketers look for new ways to create show buzz, several panelists suggested more consumer engagement through platforms like social networking. *Bill Gray*, co-CEO of **Ogilvy North America**, said “digital influence PR” in which fans provide feedback and even shape campaigns “is a business that is growing, growing and growing.” *Larry Gelfand*, svp, media sales at the **NHL**, said engagement through **Twitter** has paid dividends to the league. “It’s like they’re brand ambassadors,” he said.

**Competition:** AT&T’s results could signal gains for **DISH**, one analyst says. Shares of DISH jumped nearly 11% Wed. AT&T reported that it added 8K satellite subs in 4Q vs a loss of 53K in 3Q. **Collins Stewart’s Thomas Eagan** estimates that this will translate to DISH adding more than 50K subs when it reports 4Q results. Most analysts, however, believe DISH will continue to lose subs in 4Q. Eagan still expects DISH to lose subs for the year, and has a “hold” on the stock.

## CableFAX Daily Stockwatch

Company	01/28 Close	1-Day Ch	Company	01/28 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
AMDOCS:	17.46	(0.19)	AMPHENOL:	27.70	1.63
BRITISH SKY:	27.90	3.35	APPLE:	94.20	3.47
DIRECTV:	22.79	1.25	ARRIS GROUP:	7.84	0.25
DISH:	13.22	1.29	AVID TECH:	11.13	0.16
DISNEY:	22.28	1.03	BIGBAND:	5.75	0.15
GE:	13.50	0.44	BLNDER TONGUE:	0.93	(0.02)
HEARST-ARGYLE:	4.26	0.20	BROADCOM:	18.31	0.67
NEWS CORP:	8.23	0.76	CISCO:	16.88	0.15
<b>MSOS</b>					
CABLEVISION:	17.35	0.98	CLEARWIRE:	4.04	(0.05)
CHARTER:	0.08	0.00	COMMSCOPE:	15.62	0.73
COMCAST:	15.96	1.04	CONCURRENT:	3.95	0.36
COMCAST SPCL:	15.14	0.83	CONVERGYS:	8.32	(0.07)
GCI:	7.13	0.10	CSG SYSTEMS:	14.73	0.31
KNOLOGY:	5.07	0.15	ECHOSTAR:	14.80	0.63
LIBERTY CAPITAL:	5.62	0.59	GOOGLE:	348.67	17.19
LIBERTY ENT:	19.10	1.31	HARMONIC:	5.25	0.04
LIBERTY GLOBAL:	16.09	1.00	INTEL:	14.01	0.20
LIBERTY INT:	3.58	0.47	JDSU:	4.07	0.35
MEDIACOM:	5.98	0.38	LEVEL 3:	1.16	0.04
SHAW COMM:	16.86	0.26	MICROSOFT:	18.04	0.38
TIME WARNER CABLE:	19.53	0.86	MOTOROLA:	4.93	0.22
VIRGIN MEDIA:	4.95	0.39	NDS:	61.00	0.53
WASH POST:	420.99	8.99	OPENTV:	1.25	0.05
<b>PROGRAMMING</b>					
CBS:	6.51	0.38	PHILIPS:	20.15	1.45
CROWN:	1.77	(0.08)	RENTRAK:	12.53	0.53
DISCOVERY:	14.96	0.09	SEACHANGE:	6.26	(0.1)
EW SCRIPPS:	1.80	0.00	SONY:	20.93	0.35
GRUPO TELEVISA:	14.98	0.07	SPRINT NEXTEL:	2.68	0.24
HSN:	5.25	(0.05)	THOMAS & BETTS:	23.53	0.96
INTERACTIVE CORP:	15.10	0.08	TIVO:	7.57	0.24
LIBERTY:	26.22	1.20	TOLLGRADE:	6.55	0.86
LODGENET:	0.98	(0.01)	UNIVERSAL ELEC:	12.66	(0.02)
NEW FRONTIER:	1.68	0.04	VONAGE:	0.59	0.03
OUTDOOR:	6.37	0.08	YAHOO:	12.24	0.90
PLAYBOY:	2.07	0.10	<b>TELCOS</b>		
RHI:	5.27	0.29	AT&T:	25.91	(0.02)
SCRIPPS INT:	23.80	0.95	QWEST:	3.55	(0.12)
TIME WARNER:	10.02	0.19	VERIZON:	30.92	0.96
VALUEVISION:	0.29	0.00	<b>MARKET INDICES</b>		
VIACOM:	17.36	0.69	DOW:	8375.45	200.72
WWE:	10.20	(0.03)	NASDAQ:	1558.34	53.44
<b>TECHNOLOGY</b>					
3COM:	2.41	0.02			
ADC:	5.30	0.28			
ADVANTAGE:	2.07	0.02			
ALCATEL LUCENT:	2.11	0.02			

2009

## ANA TV & Everything Video Forum

February 12, 2009 • New York City, NY

The ANA TV & Everything Video Forum is a must-attend event for the television and media industry. Conference highlights:

**UPS:** Brown’s campaign centered on television, video, and online media and was a Gold Effie Award winner.

**Unilever:** Called by *Creativity* magazine as “... the ad industry’s unlikely creative powerhouse and media trailblazer.”

**AT&T:** An obsession with new media technologies keeps AT&T at the forefront of emerging communications.

**Obama Campaign:** A case study for the ages on the use of innovative television, digital video, and social media.



**Andy Azula**  
SVP / Creative Director  
The Martin Agency, Inc.

Register and view the full agenda at [www.ana.net/tv2009](http://www.ana.net/tv2009).

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