

CableFAX Daily™

Friday — February 8, 2008

What the Industry Reads First

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Lights, Camera, Action: DTV Leaders Ready for Transition Close-up

Thurs seemed to mark the official kickoff of the DTV transition, with govt and industry officials smiling in front of a stack of digital converters for a bevy of TV cameras and newspaper photographers. "We're all working together in this unprecedented public-private partnership," FCC chmn *Kevin Martin* said as the cameras flashed during the press event at a DC **Best Buy**. The main news of the day was that digital-to-analog converter boxes will be available this month at **Best Buy**, **Radio Shack** and **Wal-Mart**. While more retailers will eventually carry the boxes, "I wanted to recognize these companies for being ready at the start of the program," said Commerce Sec *Carlos Gutierrez*. **NTIA** won't begin mailing out the \$40 converter box coupons until after Feb 17 because it wants to make sure boxes are available at retail first. **NAB** chief *David Rehr* said his group will distribute new PSAs later this month that focus on the converter box program. "I believe [the spots] will dramatically accelerate converter box requests," he said. More than 2mln have already applied for some 4.4mln coupons to date. But the biggest news of Thurs' event was simply that it was news—with camera crews jostling one another to show a demo of how a converter box improved the picture quality on an analog set to another camera crew setting up a dramatization of someone buying a converter box with the NTIA-issued \$40 debit card. While industry and govt are working together on education, as **NCTA** pres/CEO *Kyle McSarrow* said, "ultimately, it's going to be the media that gets the word out." **CEA** was on hand to back up an earlier NAB study, releasing data that found consumer awareness of the transition is at more than 75%. That's an increase of 80% since '06. Consumers are learning about the transition from TV (72%), friends/family (39%) and the Internet (26%), CEA said. With awareness high, the next step is making sure consumers are prepared, those gathered said. Best Buy has actually begun selling converter boxes in some stores, including the site of Thurs' news event. It's stocking the Insignia-branded analog-to-digital converter box exclusively, which retails for \$59.99. The retailer also is launching a toll-free number (877-BBY-DTV9) to answer consumer DTV questions. Later this spring, consumers will be able to redeem their coupons and order boxes through the hotline.

Oh, Kevin... Must You?!: Gotta hand it to *Teddy Ballgame*, who reported late Thurs that FCC chmn *Kevin Martin* is looking to force cable ops to carry low-power TV stations, most of which haven't been covered under the must-carry rules before. **NCTA** is none too pleased: "How low power stations are viewed over-the-air after the digital transition is easily addressed by communicating the availability of converter boxes that will 'pass through' the analog signal," said an NCTA rep told *Cfax*, calling it "irrelevant to burden cable operators with unconstitutional must carry obligations that will not even help over-the-air viewers... It would be especially unfortunate now to inject needless uncertainty and litigation, which would only serve to undermine the goal of a smooth digital transition." Let the games begin. Yet again.

New Tune: Word broke late Thurs that **MTV** pres *Christina Norman* will leave at month's end after 17 years with the company. **MTVN Music & Group** pres *Van Toffler* will assume her duties. Norman wants to explore something



THE WAY
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new, according to an internal announcement. She has led MTV since May '05. She spent the year-and-a-half prior to that as pres of VH1, where she was heralded for reviving its ratings and brand.

In the Courts: The 5th Circuit Court of Appeals reversed a lower court ruling Thurs, allowing the **TX Cable Assoc** to pursue its federal lawsuit against the state for the franchising bill it passed in '05. "We firmly believe in the merits of the case," a TCA spokesperson said. "The bottom line is [the bill] unfairly gives new providers entering the market an advantage over existing cable operators because the new entrants are not held to the same regulations."

Dual Must Carry: **NAB** pres/CEO *David Rehr* said he appreciates **NCTA** chief *Kyle McStarrow* and his members agreeing to a 3-year dual carriage plan for must-carry broadcasters. "Smart cable operators and programmers will find no benefit in not providing programming to customers who don't have digital," he told **Cfax**, adding that he expects the 6 cable programmers who challenged the **FCC's** dual carriage order to lose. Rehr's response to small cable ops who say carrying both digital and analog signals will be too burdensome: "Hundreds of small TV stations have been immensely burdened by the transition." FCC chmn *Kevin Martin* was asked Thurs whether he agreed with Rehr that the lawsuit could "derail" the DTV transition. Martin called the order a "critical component of the transition" because it ensures that consumers would be able to continue to watch broadcast TV. As for calls that NAB members submit to govt mandated DTV education efforts, Rehr still pushes a "safe harbor" for broadcasters who participate in NAB's DTV education plan. Such entities should be deemed compliant by the FCC, NAB says. When **Cfax** posed columnist *Steve Effros's* question about why broadcast didn't run DTV PSAs during Sun's Super Bowl (**Cfax**, 2/7), Rehr said he thought it was best to leave those decisions up to the "TV business," adding that a spot did air recently in prime during **Fox's** popular "American Idol."

VOD Preview: **Showtime** has decided to make the entire 1st season of "The Tudors" available on participating affiliates' free VOD offerings, meaning even non-Showtime subs will be able to sample the sexy Henry VIII drama. The promo begins Feb 21 and runs through Mar 5. Showtime expects to be in front of roughly 40mln digital and 30mln broadband homes, with **Time Warner Cable** among distributors participating. Season 2 of "The Tudors" debuts Mar 30.

Competition: **Verizon's FiOS1** local channel in DC is set to produce its 1st live broadcast, a Feb 20 college basketball game between George Mason and Delaware. Other sports content includes high school basketball and Wizards and Capitals tilts through **Comcast SportsNet Mid-Atlantic's CSN+** channel. -- Digital Spanish net **V-me** and **DirecTV's "Mas"** Spanish-language programming service are partnering for a PSA campaign to promote the DTV transition.

The Race Is On: As numerous cable ops began aggressive forays into commercial services last year, **Time Warner Cable** is leading the public MSO charge with 5% market share in business Ethernet services, according to an analysis by **Vertical Systems Group** based on port share as of Dec 31. **Cox** owns 10% of the market, which is led by **AT&T** (22%) and **Verizon** (17%). TWC realized \$660mln in commercial services rev in '07, vaulting into the top 7 and replacing **Yipes**—and additional upward mobility is expected. "We think we can grow our commercial services revenues at a rate at least twice that of our residential services," CEO *Glenn Britt* said Wed during the MSO's earnings call. Compared to Vertical results covering the 1st half of '07, AT&T gained 2.5 percentage points, Verizon 1.2, and Cox 1.1 while TWC emerged from the "other" category. **Qwest** lost 2.4 points to 6%.

Do You Rock?: And we mean *really* rock? If so, the **CableFAX/C-SPAN** band is looking to round out its sound at **NC-**

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BUSINESS & FINANCE

TA's big charity "Battle of the Bands" in New Orleans during **The Cable Show** this May. We still need a bass player and drummer. Go to www.mikegrebb.com for a sense of the musical style. Email **Cfax** exec editor *Michael Grebb* for consideration: mgrebb@accessintel.com.

Dollars For Deals: Outdoor Channel CEO *Roger Werner's* annual base salary rose \$50K on Feb 4 to \$450K and is set to increase by the same amount Oct 16, according to a Thurs SEC filing. Werner also will earn \$950K for renewing 7 major affil pacts "on commercially reasonable terms," and is eligible to earn millions for delivering incremental sub growth based on 3 tiers that start with \$300K for each 1mln adds up to 5mln total.

People: Discovery Comm named ex **AOL** exec *Kathleen Kayse* evp, digital media sales. -- **Ovation TV** upped *Gaynor Strachan Chun* to svp, marketing; *Rob Canter* to vp, production & creative services; *Debra Balamos* to vp, affil & ad sales marketing; and *Michelle Zajic* to vp, programming.

Business/Finance: Nielsen has invested in **NeuroFocus**, a company that applies brainwave, eye-tracking and skin conductance measurements to track the effectiveness of advertising, branding, packaging, pricing and product design. The pair will initially offer new science-based products, services and metrics to clients in consumer packaged goods, TV, film and emerging media.

CableFAX Daily Stockwatch

Company	02/07 Close	1-Day Ch	Company	02/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	43.58	(1.22)	AMPHENOL:	38.26	0.23
DIRECTV:	22.89	0.08	APPLE:	121.24	(0.76)
DISNEY:	31.72	0.22	ARRIS GROUP:	8.82	(0.09)
ECHOSTAR:	29.45	0.75	AVID TECH:	20.59	0.89
GE:	34.23	0.03	BIGBAND:	6.22	0.08
HEARST-ARGYLE:	22.10	(0.12)	BLNDER TONGUE:	1.75	0.10
ION MEDIA:	1.45	0.01	BROADCOM:	20.66	(0.04)
NEWS CORP:	20.56	0.30	CISCO:	23.38	0.30
MSOS					
CABLEVISION:	25.25	0.72	COMMSCOPE:	45.65	1.58
CHARTER:	1.08	(0.13)	CONCURRENT:	0.82	(0.02)
COMCAST:	17.38	(0.14)	CONVERGYS:	14.83	0.04
COMCAST SPCL:	17.16	(0.18)	CSG SYSTEMS:	12.30	(0.02)
GCI:	7.12	0.02	ECHOSTAR HOLDING:	30.92	(0.19)
KNOLOGY:	10.34	0.19	GEMSTAR TVG:	4.24	(0.01)
LIBERTY CAPITAL:	106.99	(0.72)	GOOGLE:	504.95	3.24
LIBERTY GLOBAL:	37.44	(0.52)	HARMONIC:	9.44	(0.14)
LIBERTY INTERACTIVE:	15.51	0.37	JDSU:	12.12	(0.68)
MEDIACOM:	4.90	0.03	LEVEL 3:	3.00	(0.14)
ROGERS COMM:	42.97	0.00	MICROSOFT:	28.12	(0.4)
SHAW COMM:	19.73	0.24	MOTOROLA:	11.42	(0.05)
TIME WARNER CABLE:	24.34	0.69	NDS:	52.06	0.16
VIRGIN MEDIA:	14.38	(0.78)	NORTEL:	10.99	(0.56)
WASH POST:	758.14	1.02	OPENTV:	1.07	(0.02)
PROGRAMMING					
CBS:	24.43	0.31	PHILIPS:	38.35	(0.06)
CROWN:	5.08	(0.1)	RENTRAK:	11.15	0.32
DISCOVERY:	22.53	0.28	SEACHANGE:	6.60	(0.01)
EW SCRIPPS:	41.91	0.16	SONY:	44.04	1.22
GRUPO TELEVISA:	21.07	(0.11)	SPRINT NEXTEL:	9.56	(0.06)
INTERACTIVE CORP:	22.97	0.13	THOMAS & BETTS:	42.69	(0.24)
LIBERTY:	1.00	0.00	TIVO:	8.43	(0.01)
LODGENET:	15.87	0.51	TOLLGRADE:	5.75	0.07
NEW FRONTIER:	4.62	0.07	UNIVERSAL ELEC:	22.82	(1.39)
OUTDOOR:	7.52	(0.13)	VONAGE:	2.07	0.12
PLAYBOY:	8.51	0.28	VYYO:	1.60	(0.02)
TIME WARNER:	15.54	(0.17)	WEBB SYS:	0.06	0.02
UNIVISION:	36.23	0.00	YAHOO:	29.04	0.47
VALUEVISION:	5.97	0.25	TELCOS		
VIACOM:	39.26	0.12	AT&T:	37.00	0.60
WWE:	15.30	0.21	QWEST:	5.28	(0.28)
TECHNOLOGY					
3COM:	4.00	0.10	VERIZON:	36.95	0.25
ADC:	13.66	(0.45)	MARKET INDICES		
ADVANTAGE:	5.80	(0.08)	DOW:	12247.00	46.90
ALCATEL LUCENT:	6.25	0.06	NASDAQ:	2293.03	14.28
AMDOCS:	31.63	0.24			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Grand Entrance

The door to the proverbial homosexual closet hasn't yet completely opened, but it has no doubt become increasingly ajar over the last decade. In fact, each year sees improvement, and in close to 3, **MTVN's Logo** has arguably done quite a bit to help. Launched in '05 as cable's 1st ad-supported TV brand for the LGBT audience, the net has grown distribution to 30mln homes (from 13mln) and its roster of advertisers to more than 130. Yes, the net has progressed greatly since **Paramount Pictures, Orbitz.com** and **Suburu** were its only ad partners, and *evp/GM Lisa Sherman* has enjoyed the ride. The ad success is a "testament to the strength of our audience, which is a really solid demo," said Sherman, noting that more than half of current partners didn't even target the LGBT segment before Logo's inception. The segment, she said, comprises approx 4% of the US population and is characterized by early adoption of just about everything, cultural influence, tech savvy, and brand loyalty. On the programming side, the group likes to see other gays and lesbians widely represented, and what results is a growing LGBT audience enjoying one another's company—in living rooms instead of closets. Notable content includes "The Big Gay Sketch Show," the 1st show of its kind, and former **Showtime** series "Queer as Folk," but Sherman said viewers will "find a little bit of everything" on the net. And true to MTVN protocol, the Logo brand "created a huge constellation of Websites that are really specific," said Sherman, who always strives to super-serve the net's audience. In Aug, 6 Democratic presidential candidates accepted an invitation to address gay issues on the net, further proof of that audience's burgeoning clout. No Republicans accepted a similar invitation, opting instead to close the LGBT door. It may not remain shut for long. *CH*

Highlights: "Bernard and Doris," Sat, 8pm, **HBO**. It takes superior acting and writing for a character study like "In Treatment" (M-F, HBO, 9pm) to succeed. Similarly, this film about charitable but volatile billionaire *Doris Duke* and her addicted manservant Lafferty is mainly talk between *Susan Sarandon* and *Ralph Fiennes*. Like *In Treatment*, we're dealing with outstanding performers. The story's plot—an adult version of "Driving Miss Daisy"—paints Lafferty as a dedicated friend to Duke. Many claim the real Lafferty manipulated the old lady into leaving her estate in his care. (Special kudos to noted thespian *Henry Schleiff* for a moving cameo and to director *Bob Balaban* for casting Henry in a non-speaking part.) *SA*

Worth a Look: "Whitest Kids U' Know," season II premiere, Sun, 11pm, **IFC**. Ep1 shows that the nutty (don't ask) young comedy troupe's strength remains its music video parodies. — "Six Degrees Could Change the World," Sun, 8pm, **Nat Geo**. It seems everyone's done a global warming film, so Nat Geo's late. Still, the approach is strong, noting how slight temperature rises could be disastrous. — "Escape to Chimp Eden," Fri, 9:30pm, **Animal Planet**. Well done new series about *Eugene Cussons*, a former businessman who lives to save chimps, an endangered species, and bring them to a sanctuary in South Africa he co-founded with *Jane Goodall*. *SA*

Basic Cable Rankings			
(1/28/08-2/03/08)			
Mon-Sun Prime			
1	USA	2.3	2235
2	DSNY	2	1935
3	CNN	1.8	1709
4	FOXN	1.6	1494
5	TNT	1.5	1487
6	TBSC	1.4	1388
6	HALL	1.4	1149
8	NAN	1.3	1290
9	A&E	1.1	1071
9	LIFE	1.1	1051
9	FX	1.1	1030
9	TRU	1.1	966
13	HIST	1	952
13	TOON	1	932
15	HGTV	0.9	901
15	SPK	0.9	868
15	AMC	0.9	804
18	DISC	0.8	814
18	ESPN	0.8	800
18	MTV	0.8	768
18	CMDY	0.8	762
18	TLC	0.8	749
18	SCIF	0.8	748
18	FAM	0.8	720
25	FOOD	0.7	660
25	TVLD	0.7	636
25	LMN	0.7	420
28	MSNB	0.6	558
28	VH1	0.6	554
30	BET	0.5	480
30	APL	0.5	477
30	EN	0.5	465
30	BRAV	0.5	463
34	ESP2	0.4	374
34	TTC	0.4	363
34	HLN	0.4	358
34	SOAP	0.4	284
34	NGC	0.4	266
34	DHLT	0.4	240
40	CMT	0.3	286
40	TWC	0.3	271
40	OXYG	0.3	250
40	NOGG	0.3	226
40	WGNC	0.3	222
40	GSN	0.3	204
40	TDSN	0.3	192

*Nielsen data supplied by ABC/Disney

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