

# CableFAX Daily™

Wednesday — February 18, 2009

What the Industry Reads First

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## Calm Before the Storm? DTV Doings, Media Coverage Topic du Jour

Feb 17. The date has been ingrained in the country's mind for a year now, but with the digital transition hard date moved until June 12, things were relatively calm Tues. A **Media Institute** lunch in DC Tues was well attended, including a few **FCC** staffers. If the lunch was Wed—which is when the ramifications of 421 stations shutting off their signals at midnight will be felt—the crowd would likely have been much thinner and busier. An industry call center effort, for which cable is primarily footing the bill, has a couple thousand operators in place to help field calls related to those stations switching early. The call center is integrated with the FCC's call center, featuring 5K advisers for the peak period. The FCC is providing 2500 of those agents, with the industry supplying the other 2500. The FCC expects to release details about call volume Wed morning. NCTA said tens of thousands of calls came in Tues, with volume expected to ramp up Wed when unprepared people turn on their TVs and find stations off air. One person not worried was the luncheon's keynote speaker, **CEA** chief *Gary Shapiro*. "A year from today, no one is going to raise the issue of the DTV transition," he said, predicting it will be a small blip in the grand scheme of things. He said it was ironic that his trade group was one of the few to vocally oppose delaying the transition when it's "probably the only industry" that will benefit from the postponement because it will give manufacturers more time to sell digital converter boxes. CEA has warned of box shortages, but Shapiro said Tues he's unsure whether one will materialize. Boxes are "gathering dust in retail stores [now]. You're asking retailers to make another bet [on June 12]," he said. Veering off of the DTV transition, Shapiro also slammed the media and the economic stimulus package. Complaining that even content providers sometimes fail to honor the 1st Amendment (the Media Institute's bailiwick), he claimed the press has failed the country recently by being mostly reactive, favoring the politics and battles over the big issues—particularly regarding the stimulus and govt bailout. "Has the media been so decimated by the economy and new media that thoughtful analysis of these immense proposals is off the table? And where was the outcry over this shift from immediate stimulus and job creation to massive government employment and industrial policy?," he asked. CEA has criticized "Buy America" provisions, which he likened to "Smoot-Hawley type of efforts that led to the Great Depression." Shapiro said the DTV transition explains why central govt planning doesn't work. "I've never seen so much fear about speaking up as I have in the past couple months from my colleagues in the business world," he told the crowd.

**Competition:** According to several reports, **Verizon** is considering a \$5/month voice plan offer that would allow customers to receive unlimited calls but only dial 911 and the telco's customer service line. The move would be a way to combat those cutting landline service for wireless. -- **AT&T** plans to trial its version of **LTE**-based wireless services next year, rolling out the WiMAX rival tech in '11, said svp, architecture and planning *Kris Rinne* at the **Mobile World Conference** in Barcelona. -- **Young Broadcasting** has voluntarily filed for Chapter 11 bankruptcy in an effort to restructure its balance sheet and ensure its long-term financial health. Young plans to continue operating its TV stations without interruption.



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**In the States:** To avoid DTV transition-related confusion, **ION TV** has delayed until Mar 16 the roll out of its HD service, originally slated for this week in 20 markets. ION's remaining 40 stations will bow in high-def later in the year, as will dignets **Qubo** and **ION Life**. -- **Muzzammil Hassan**, founder/CEO of Muslim American net **Bridges TV**, has been arrested and charged with killing his wife and beheading her. "Bridges TV is deeply shocked and saddened by the murder of **Aasiya [Zubair] Hassan** and subsequent arrest of Muzzammil Hassan. Our deepest condolences and prayers go out to the families of the victim. We request that their right to privacy be respected," reads a statement on the cable net's Website. Aasiya Hassan had filed for divorce earlier this month. Her body was found in the net's Orchard Park offices last week. -- **Universal Sports**, the **NBCU/WCSN** jv delivering Olympic sports content, has increased its distribution by 15mln HHs to 45mln total through digital multicast carriage on NBC-affiliated TV stations in 19 markets including Houston, Miami and Denver. In exchange for carriage, the affils will receive local ad time on the net.

**Charter Changes:** **Paul Allen's** 51% equity stake in **Charter** will be erased when the MSO enters bankruptcy, but a new restructuring agreement between the pair calls for Allen or his affils to be issued an amount of Charter Class B Common Stock carrying an aggregate voting power equal to 35% of the total voting power of all new Charter common stock issued after the MSO's emergence from bankruptcy, according to an **SEC** filing. Also, Allen will receive warrants to buy new Class A Common Shares, \$175mln in cash, and retain a 3% equity stake in **Charter Comm Holdings**.

**Deals:** **Liberty Media** has invested \$530mln in **Sirius XM** as part of a 2-phase loan deal that will ultimately net Liberty 12.5mln shares of Sirius preferred stock convertible into 40% of the company's common stock. Comprising the 1st phase is a \$280mln loan Sirius will use partly to repay debt; the 2nd phase provides a \$150mln loan to Sirius subsidiary **XM Satellite Radio** and features a Liberty offer to purchase from lenders up to \$100mln of the loans outstanding under XM Satellite Radio's existing credit facilities. **John Malone** and Liberty Media CEO **Greg Maffei** are expected to join the Sirius board.

**Carriage:** **MavTV** has inked an affil agreement with **Comcast**. -- **RCN** has added to its intl programming lineup **ITV**, which features multi-language content aimed at South Asians, including Indians and Pakistanis.

**No Match:** **Tennis Channel** won't televise the **Barclays Dubai Tennis Championships** this weekend after United Arab Emirates' refused to grant an entry visa to Israeli player **Shahar Peer**. "Tennis Channel recognizes that this exclusion has been made by state authorities and neither the tour nor tournament directors themselves," the net said. "However we also honor the role and proud tradition that tennis has always played as a driving force for inclusion both on and off the courts. Preventing an otherwise qualified athlete from competing on the basis of anything other than merit has no place in tennis or any other sport, and has the unfortunate result of undermining the credibility of the very nature of competition itself."

**Online:** To enhance interest in **AMC** original "Breaking Bad," which returns to the net Mar 8, it partnered with **Sony Pictures TV** to launch at **AMCTV.com** 5 show-related original minisodes and a viral message from series star **Bryan Cranston**. The site will launch eps from the show's 1st season Mar 6. -- **CBSSports.com's** **NCAA March Madness on Demand** service has added an HD-quality video player for this year's tourney coverage, which tips off Mar 19.

**Technology:** **Comcast Media Center** developed a planning tool to help cable ops evaluate ROI on reclaiming and repurposing bandwidth. -- **Ensequence** got a US patent for its tech enabling multiple interactive TV experiences from a single master template while retaining some elements of creative flexibility.



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# BUSINESS & FINANCE

**Ratings:** TNT's Sun night coverage of the '09 **NBA All-Star Game** earned a 4.1 HH rating (+6%) and 6.86mln total viewers (+8%) while also delivering growth among 4.67mln HHs (+8%), 2.52mln 18-34s (+10%), 4.03mln 18-49s (+6%) and 3.45mln 25-54s (+12%). -- "Aaron Stone," the 1st original series featured on **Disney XD**, drew 303K kids 6-14 to surpass in the demo all series premieres on the former **Toon Disney**. Through a simulcast the series delivered on **Disney Channel**, 1.6mln total viewers and 892K kids 6-14. -- Wed night's World Cup qualifying soccer match between the US and Mexico on **Univision** was seen in its entirety or in part by 10.7mln viewers—more than any other sporting even in the history of Spanish-language TV. The match averaged 5.9mln viewers. -- **Versus'** Tues night Sharks/Bruins telecast earned a 0.5 HH rating to become the net's most-watched regular season **NHL** game ever among HHs (378K).

**Programming:** **Hallmark Channel** got rights to mini-series "Comanche Moon" and 2 more "Stone Cold" movies through a deal with **Sony Pictures TV** that also includes 18 classic movie musicals for feature on **Hallmark Movie Channel**. -- **FSN** has agreed to televise the **World Poker Tour's** 7th season, with filming set to begin in mid-'09. -- **FX** picked up a 6th season of "Rescue Me." The series' 5th starts in Apr.

## CableFAX Daily Stockwatch

Company	02/17 Close	1-Day Ch	Company	02/17 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/			AMDOCS:	17.97	(0.91)
BRITISH SKY:	25.91	(0.47)	AMPHENOL:	26.44	(1.42)
DIRECTV:	22.04	(1.2)	APPLE:	94.53	(4.63)
DISH:	12.55	(1.03)	ARRIS GROUP:	6.80	(0.31)
DISNEY:	17.84	(0.68)	AVID TECH:	10.16	(0.15)
GE:	10.81	(0.63)	BIGBAND:	5.00	(0.58)
HEARST-ARGYLE:	3.05	(0.85)	BLNDER TONGUE:	0.83	0.00
NEWS CORP:	6.82	(0.41)	BROADCOM:	17.20	(0.9)
<b>MSOS</b>					
CABLEVISION:	13.00	(0.9)	CISCO:	15.29	(0.81)
CHARTER:	0.03	0.00	CLEARWIRE:	3.53	(0.07)
COMCAST:	12.89	(0.77)	COMMSCOPE:	13.46	(0.65)
COMCAST SPCL:	12.09	(0.73)	CONCURRENT:	3.56	(0.15)
GCI:	5.99	(0.37)	CONVERGYS:	6.88	(0.71)
KNOLOGY:	5.01	(0.43)	CSG SYSTEMS:	14.73	(0.3)
LIBERTY CAPITAL:	5.30	(0.19)	ECHOSTAR:	15.53	0.36
LIBERTY ENT:	17.91	(1.18)	GOOGLE:	342.66	(15.02)
LIBERTY GLOBAL:	12.60	(1.58)	HARMONIC:	5.64	(0.24)
LIBERTY INT:	3.08	(0.23)	INTEL:	13.21	(0.67)
MEDIACOM:	4.27	(0.65)	JDSU:	3.33	(0.23)
SHAW COMM:	15.63	(0.64)	LEVEL 3:	0.91	0.01
TIME WARNER CABLE:	17.62	(0.52)	MICROSOFT:	18.09	(0.87)
VIRGIN MEDIA:	4.60	(0.14)	MOTOROLA:	3.70	(0.17)
WASH POST:	400.30	(14.45)	OPENTV:	1.10	(0.02)
<b>PROGRAMMING</b>					
CBS:	5.25	(0.56)	PHILIPS:	17.73	(1.33)
CROWN:	1.76	(0.26)	RENTRAK:	11.25	0.00
DISCOVERY:	13.49	(0.49)	SEACHANGE:	6.14	(0.18)
EW SCRIPPS:	1.57	0.00	SONY:	17.36	(1.14)
GRUPO TELEVISA:	12.34	(0.75)	SPRINT NEXTEL:	2.76	(0.06)
HSN:	4.41	(0.19)	THOMAS & BETTS:	24.67	(1.32)
INTERACTIVE CORP:	14.78	(0.27)	TIVO:	7.02	(0.37)
LIBERTY:	21.16	(1.66)	TOLLGRADE:	5.76	0.04
LODGENET:	0.61	(0.01)	UNIVERSAL ELEC:	12.00	(0.37)
NEW FRONTIER:	1.64	0.05	VONAGE:	0.39	(0.02)
OUTDOOR:	4.16	(1.11)	YAHOO:	12.02	(0.82)
PLAYBOY:	1.50	(0.17)	<b>TELCOS</b>		
RHI:	3.75	(0.19)	AT&T:	23.22	(0.97)
SCRIPPS INT:	20.66	(0.82)	QWEST:	3.49	(0.1)
TIME WARNER:	7.97	(0.7)	VERIZON:	28.26	(1.3)
VALUEVISION:	0.19	0.00	<b>MARKET INDICES</b>		
VIACOM:	17.00	(0.97)	DOW:	7552.60	(297.81)
WWE:	9.26	0.02	NASDAQ:	1470.66	(63.7)
<b>TECHNOLOGY</b>					
3COM:	2.49	(0.1)			
ADC:	3.21	(0.4)			
ADVANTAGE:	1.72	(0.22)			
ALCATEL LUCENT:	1.60	(0.09)			

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Source: BETA 2008 Cable Operator Carriage Study, Ranked among all measured emerging and mid-sized cable networks among non-affiliates "very/fairly interested in carrying channel by end of 2009".

## EYE ON DIGITAL

### Half a Billion Mobile TVs Served by 2013?

With the mobile phone population worldwide at 4bln, it is easy for researchers to get carried away in their predictions of future market sizes. Almost everything in mobile tends to scale big when some nations have 80% or more penetration rates for the platform. One of the largest mobile video distributors on the planet is a company unknown to many inside the mobile industry: mywaves.com, which has 7 million monthly unique users of its video clips, podcasts, music videos and movie trailers. Because of the viral, youth-oriented nature of mobile media, many companies amass remarkable scale before they pop onto the industry radar.

Still, **ABI Research** raised some eyebrows last week when it projected mobile TV services attracting 500mln viewers by 2013. On the face of it, the number seems hard to fathom. Consumers have given mobile video a mixed response, and the taste for it varies widely region to region. In South Korea, where 3G networks are ubiquitous and TV tuners embedded in handsets are commonplace, usage runs quite high. In the U.S., the main distributor of mobile TV tuners and signals is **Qualcomm** and their **MediaFLO** product on select **Verizon** and **AT&T** phones. Qualcomm admits in recent statements that mobile TV pickup in the U.S. market has been slow and poorly merchandised. Only a handful of network and cable entities (among them **CNN**, **Fox News**, **MTV**, **Nickelodeon**, etc) have added custom channels into this grid of about a dozen choices.

Most mobile is streamed to handsets over a 3G network. In the U.S. market, the most recent survey of mobile users by **comScore M:Metrics** (quarter ending Aug 2008) shows that a mere 2.8% of mobile subscribers have viewed video in a given month. Drilling into these numbers reveals a fair amount about who merchandizes their content most effectively. Surprisingly,



Verizon, which has offered on-demand **VCast** video on many handsets for several years and **MediaFLO** mobile TV for the last year, trails other providers with only 2.4% of customers watching video. Nevertheless, the company has video carriage deals with the likes of **CBS**, **NBC** and **Viacom** broadcast and cable properties and had much longer in-market experience selling video than competitors. Compare that 2.4% rate at Verizon to 4.4% for AT&T, which ironically was last among the three Tier 1 providers to establish a 3G network capable of handling video. What does AT&T have that the other providers don't? One word; **Apple's iPhone**. Device usability, especially video quality and ease of discovery, are at least as important to the proliferation of mobile video viewing as embedded TV tuners and ubiquitous networks.

With a monthly user base of about 6.5mln U.S. mobile video watchers, how does ABI arrive at 500mln in five years? First they see the switchover to digital broadcast as an opportunity for a new generation of embedded mobile TV tuners that can pull over-air signals cheaply and easily onto devices from local towers. Senior analyst *Jeff Orr* says the problem thus far is that mobile TV has not been packaged and "validated as an independent product and service" as opposed to just another mobile feature. ABI also sees an emerging market for terrestrial broadcast into auto entertainment centers.

It has taken three years to convince less than 5% of the addressable U.S. market that mobile video is worth watching. With that track record behind it, it seems hard to believe that a digital switchover and repackaging are the forces that will budge the sluggish needle of mobile TV in this market.

*(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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