

CableFAX Daily™

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What the Industry Reads First

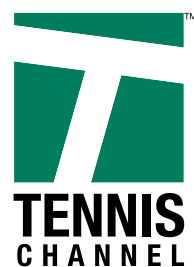
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LPTV Wait: NCTA Chief Calls on Govt to Use Bully Pulpit

At press time, the FCC still had not released its agenda for next Tues' meeting, but it was expected to include something on low-power TV stations. Just what was unclear, though some cable circles hope FCC chmn *Kevin Martin's* original proposal would not make the cut. Martin has suggested allowing low-power TV stations to apply for full-power status, which would give them must-carry rights (*Cfax*, 2/11). At a Tues lunch, FCC Media Bureau chief *Monica Desai* identified the LPTV issue as the DTV transition problem at the "forefront" right now but offered no hint on what her bureau plans to do about it. LPTV stations aren't required to go digital in '09, but not all digital converter boxes pass through their analog signals, meaning some consumers could lose access to them. NCTA pres/CEO *Kyle McSparrow*, also speaking at Tues' **Federal Communications Bar Assoc** lunch, said these sort of "oops" are going to pop up from time-to-time as the country heads towards the Feb 17, '09 transition. The govt shouldn't propose new regulations that could hinder the transition but instead use the "bully pulpit" to educate consumers, he said. "I think all of us can work together to make sure that those people who want to see those low-power signals know that there is a solution, and we can help educate them," he said. CEA pres/CEO *Gary Shapiro* offered a more dramatic solution. "I'd like to see the FCC roll back that gift" of giving the LPTV stations until 2012 to transition to digital, he said, suggesting that the NTIA has enough DTV-pegged money in its coffers to help fund the stations' move to digital. Meanwhile, although the wait is on for Tues' FCC agenda, the biggest excitement for next week looks like Mon's FCC net neutrality hearing in Rep *Ed Markey's* (D-MA) Boston backyard.

Dishheads: DISH Net's *Charlie Ergen* is making the rounds on the Hill as the FCC's agenda for Tues is expected to include a proposal for digital HD must-carry obligations for DBS operators. Last week, Rep *John Salazar* (D-CO) wrote FCC chmn *Kevin Martin* expressing concern that such rules would force DISH and DirecTV to drop programming, including Spanish-language and other niche offerings. "The FCC should closely examine an approach that does no mandate 100% HD must carry all at once in 2009, but rather establishes a later date-certain by which such carriage should be implemented," the Congressman wrote. If the FCC does impose a carry-one local HD signal, carry all, DirecTV and DISH suggest applying the rule to 15% of each of their markets 1 year after the transition; 30% of their markets 2 years post transition, 60% after 3 years and 100% 4 years after the transition. Under current law, DBS ops must carry all TV stations in markets where they carry at least 1. The FCC may extend that obligation to HD signals post transition.

At the Portals: While NCTA has agreed to go along with the FCC's order requiring analog and digital carriage of must carry broadcasters' signals for 3 years after the DTV transition, it still wants an outright exemption for a limited number of small cable systems. NCTA, ACA and others seek a blanket exemption for operators with channel capacity of 552 MHz or less or with 5K or fewer customers. In letters to the 5 FCC commissioners Tues, NCTA pres/CEO *Kyle McSparrow* pressed the agency to act quickly to prevent such a burden on small ops. In Sept, the Commission voted to allow ops to



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apply for exemptions but sought further comment on potential relief for small cable systems. Comments are due Mar 17.

On the Hill: NCTA voiced support Tues for a VoIP bill aimed at ensuring providers can access the components necessary to provide 911 and e911 services on the same terms as other voice providers. "When consumers dial 911 for emergency service, they should do so with confidence that their calls for help will be answered without regard to who provides their phone service or what technology they employ," NCTA pres/CEO *Kyle McSparrow* wrote in a letter to Sen leaders.

Personal Attention: NBCU pres/CEO *Jeff Zucker* alluded to a shake up of the company's traditional upfront protocol during NATPE last month, and on Tues he unveiled a new "client-centric" approach. NBC will release a full, 52-week prime programming schedule in early Apr, after which NBC Ent/Universal Media Studios co-chairs *Ben Silverman* and *Marc Graboff* plan to meet personally with select advertisers and agency partners in NYC to discuss broadcast opportunities. Sales teams will also launch a series of meetings in NYC, L.A. and Chicago to detail ad opps across NBCU's entire portfolio, including the cable nets. Then on May 12 comes a "spotlight" event offering ad clients an overview of NBCU offerings, followed by a party. Telemundo plans a similar approach through a series of development meetings across major US Hispanic markets in Mar.

5Qs with Matthew Strauss, svp, new media, Comcast Cable: VOD seems like old cable news, but you obviously feel the platform has legs and should continue to modernize. Why? We're just scratching the surface with the potential of this platform. Our goal with **Project Infinity** is to, over time, make every movie, TV show and video available on demand. No genre is too niche. **What genres are most popular on the platform?** Traditionally movies, music and kids programming tend to be popular genres on VOD. We've also had real success with our **Select On Demand** package of original content that we developed. Last year, Select programming generated over 225 million on demand views. **How are advertisers embracing the VOD space?** Advertisers are recognizing the opportunities that this relatively uncluttered environment provides. Several major sponsors have already started placing a wide range of ads, including traditional pre/post rolls, as well as graphic overlays and original content with product placement. Our **Spotlight** ad sales division has also been successful in deploying **Searchlight**, which includes local on demand classifieds and real estate listings. As we test and deploy dynamic ad insertion, the opportunities for targeted ads and metrics will only grow. **How is Comcast engendering VOD interactivity?** We are trialing various interactive applications, including voting, polling, playlists. As we continue to integrate our video, voice and data products, our goal is to have all the platforms work together in a cohesive and seamless way that truly enhances the viewing experience. For example, a customer should be able to watch their favorite show on a linear channel, then trigger a menu to choose last week's episode from VOD, or pull trivia clips or cast information from their favorite network's Website. **How is Comcast preparing for increasing online video usage?** Fancast [is] the first online destination where users can view an expanding library of free full episodes and clips from top networks and movie partners, find the content they are looking for across multiple platforms and create a personalized entertainment experience. Fancast will evolve to become the portal for a Comcast subscriber to control their cross-platform viewing and search experience. From linear, VOD, DVR to portable devices and online content—if you're a Comcast customer, we're going to give you what you want to watch, when and where you want to watch it.

Pull Up A Chair: Discovery's negotiators are bracing for a busy '08, as discussions for new distribution agreements covering a "substantial portion" of the company's US subs are set to commence this year, according to an

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Sam Brown keeping the beat in San Jose, Costa Rica

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SEC filing. Distribution revenues comprise 44% of the overall collective rev of the company's US nets, including **TLC** and **Animal Planet**. **Pali** analyst *Richard Greenfield* believes the talks' timing is a boon to Discovery. Net "sub fees are relatively low, with current rebranding/repositioning efforts likely to give Discovery increased leverage," wrote Greenfield. **Discovery Home** becomes **Planet Green** in Jun, and **Discovery Health** is slated to become the **Oprah Winfrey Network** in late '09.

Competition: **AT&T** has increased the availability of **U-verse TV** and Internet services to more than 135K living units around Cleveland and Akron.

In the States: **RCN** has received local franchise approval for Slatington Borough, the 5th Lehigh Valley, PA, community to sign on with the MSO since Apr.

Mobile: Only time will tell if **Advance/Newhouse**, **Cablevision** or **Cox** has tendered an acceptable bid in the **FCC's** spectrum auction, but right now the wireless industry is shocked by new service plans from **Verizon** and **Sprint** that include unlimited calling. A merciless price war may develop as a result, making cable's decision to wade, not dive, into the volatile market appear awfully shrewd. Verizon's plans start at \$100/month and includes unlimited anytime minutes to anyone in the US, even to another network or landline. For \$120/month, Sprint subs may also receive unlimited use of nationwide texting, Web use, and email.

VOD: On the heels of similar on demand deals with major cable ops, **Showtime** will provide sneak previews of the forthcoming "The Tudors" season (Mar 30) to more than 50K **Sheraton** hotel rooms beginning Mar 16. The hotel chain will also host the world premiere of the show's 2nd season on Mar 19 in NYC.

Online: **WOW!** has enhanced its customer Web portal with tech from **Synacor**, which will continue to provide the overbuilder with 3 premium online packages, including access to content from **AmericanGreetings.com** and **Encyclopedia Britannica**.

Research: 31% of online adults now view Web video at least weekly, including 10% who view such content daily, according to **Leichtman Research**. The weekly percentage compares to 25% last year. Males 18-34 account for 40% of the daily viewing while comprising just 17% of online subs. Other findings: more than half of online video users typically spend 10min or less when viewing at home, and 9% of all Web browsers watched a recent TV show ep in the past week. -- Although satellite-based broadband services are projected to serve 1.3mln US HHs by '12, that number represents roughly 11% of rural HHs, says **Pike & Fischer**. Service providers likely will be hampered by the high cost of satellite launches, making competitive pricing difficult, and possibly by lower-than-expected demand, it said.

Ratings: **TNT's** 3 nights of **NBA All-Star** coverage averaged 3.27mln homes, and 3.2mln surfers went online to view exclusive content at broadband channel **TNT NBA Overtime**, downloading more than 1.7mln streams. The game itself delivered the top viewership marks since '05 among adults 18-34 (2.28mln, +18%) and men 18-34 (1.48mln, +20%). -- **Speed's** Thurs coverage of the **Gatorade Duel at Daytona** earned a 2.1, compared to last year's 1.87, and became the net's 2nd most-watched program ever.

Programming: **ReelzChannel** has acquired the post-syndication cable rights to "At the Movies with Ebert & Roper," which joins the net for weekly runs starting Feb 26. -- **ION TV** goes to court this fall, when "Boston Legal" begins airing on the net. -- **Martha Stewart Living Omnimedia's** \$50mln purchase of certain **Emeril Lagasse**-related assets includes syndicated eps of **Food Net's** "Emeril Live." The net ceased production of the series Dec 11. -- **TV Guide Net** plans to belt out the 3rd season of "Idol Tonight" Mar 12 (8pm). The show is the net's highest rated original series.

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BUSINESS & FINANCE

On the Circuit: More than 75 boxes of **Oxygen Media** artifacts will comprise a new collection for **The Cable Center's Barco Library**. Included will be records from the net's initial development to recent marketing strategies. -- Wed (2/20) at 10am MT, **CTAM Rocky Mountain** hosts a DTV transition seminar with **Time Warner Cable's Sam Howe** and **Cox's Joe Rooney** among the speakers. Visit www.ctamm.com for more info.

Milestones: **Suddenlink** now serves more than 100K digital phone subs, up from nearly 30K in early '07. -- More than 100mln **OpenTV**-enabled digital set tops have now been deployed worldwide.

People: **NBCU** promoted **Jennifer Boudreaux** and **Michael Schreiber** to vps, sales business development, and **Chip Canter** to vp, wireless platform development, digital distribution div. -- **LodgeNet** appointed **Derek White** pres, **The Hotel Networks**. -- **Sony Pictures TV Intl** appointed **Spencer Hunt** vp, game production and digital product development.

Business/Finance: **SeaChange** has authorized the repurchase of up to \$20mln of its common stock. -- **WWE** plans to increase its regular quarterly cash dividend of Class A common stock to 36 cents/share, pending a favorable **IRS** tax ruling. -- **Arris Group** has authorized the repurchase of up to \$100mln of its common stock.

CableFAX Daily Stockwatch

Company	02/19 Close	1-Day Ch	Company	02/19 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	45.81	0.53	AMPHENOL:	37.60	(0.75)
DIRECTV:	25.45	(0.04)	APPLE:	122.18	(2.45)
DISNEY:	32.19	(0.3)	ARRIS GROUP:	5.70	0.20
ECHOSTAR:	30.33	(0.11)	AVID TECH:	21.74	(0.32)
GE:	34.28	(0.09)	BIGBAND:	6.12	0.04
HEARST-ARGYLE:	21.87	0.01	BLNDER TONGUE:	1.60	(0.1)
ION MEDIA:	1.45	0.00	BROADCOM:	18.96	(1.04)
NEWS CORP:	19.97	(0.08)	CISCO:	22.88	(0.42)
MSOS					
CABLEVISION:	27.62	(0.1)	COMMSCOPE:	39.90	0.04
CHARTER:	1.03	(0.01)	CONCURRENT:	0.87	0.02
COMCAST:	20.47	0.28	CONVERGYS:	14.88	(0.04)
COMCAST SPCL:	20.23	0.26	CSG SYSTEMS:	12.10	(0.08)
GCI:	6.27	0.06	ECHOSTAR HOLDING:	38.01	(2.14)
KNOLGY:	11.50	(0.07)	GEMSTAR TVG:	4.68	(0.03)
LIBERTY CAPITAL:	115.81	0.82	GOOGLE:	508.95	(20.69)
LIBERTY GLOBAL:	37.89	(1.07)	HARMONIC:	9.00	0.14
LIBERTY INTERACTIVE:	15.74	0.26	JDSU:	12.83	(0.03)
MEDIACOM:	4.85	(0.14)	LEVEL 3:	2.43	(0.05)
ROGERS COMM:	42.97	0.00	MICROSOFT:	28.17	(0.14)
SHAW COMM:	20.81	(0.14)	MOTOROLA:	11.29	0.01
TIME WARNER CABLE:	26.57	(0.3)	NDS:	52.11	1.03
VIRGIN MEDIA:	14.02	(0.28)	NORTEL:	11.59	0.44
WASH POST:	736.00	(2.9)	OPENTV:	1.06	0.02
PROGRAMMING					
CBS:	25.14	(0.24)	PHILIPS:	38.80	0.90
CROWN:	5.57	(0.09)	RENTRAK:	11.15	(0.53)
DISCOVERY:	22.79	0.04	SEACHANGE:	6.49	0.53
EW SCRIPPS:	42.68	(0.03)	SONY:	46.96	2.18
GRUPO TELEVISIA:	22.90	0.14	SPRINT NEXTEL:	9.23	(0.34)
INTERACTIVE CORP:	21.67	(0.21)	THOMAS & BETTS:	40.19	(0.07)
LIBERTY:	1.00	0.00	TIVO:	8.59	(0.03)
LODGENET:	16.56	0.27	TOLLGRADE:	5.68	0.07
NEW FRONTIER:	4.86	0.05	UNIVERSAL ELEC:	18.86	(1.26)
OUTDOOR:	7.98	0.08	VONAGE:	2.05	(0.02)
PLAYBOY:	8.00	(0.16)	VYYO:	1.31	(0.09)
TIME WARNER:	16.64	(0.06)	WEBB SYS:	0.06	0.02
UNIVISION:	36.23	0.00	YAHOO:	28.88	(0.78)
VALUEVISION:	5.79	(0.21)	TELCOS		
VIACOM:	40.61	(0.04)	AT&T:	35.89	(1.99)
WWE:	17.20	0.36	QWEST:	5.38	(0.07)
TECHNOLOGY					
3COM:	3.73	(0.26)	VERIZON:	35.32	(2.51)
ADC:	13.58	(0.1)	MARKET INDICES		
ADDVANTAGE:	4.40	(0.02)	DOW:	12337.22	(10.99)
ALCATEL LUCENT:	6.00	(0.13)	NASDAQ:	2306.20	(15.6)
AMDOCS:	31.84	(0.01)			

GUEST COLUMNIST

Presidential Campaigns Offer Lessons on Diversity

Election 2008 has all the makings of a hit reality show—a beloved ex-President who abandoned an elder statesman's role to go on the attack, a woman front-runner for the presidency, a black candidate who draws stadium-size crowds and is said to have stirred up a youth movement, and voters in record numbers.

Granted, something remarkable—perhaps transcendent—is occurring in American politics. Barack Obama and Hillary Clinton's candidacies seem triumphal. But race and gender are hard to miss, at least on the Democratic side of this nominating process. Diversity, after all, is front and center in this campaign. Arguably, it has never figured so prominently in public life, and it's being reported with glee on the prime-time news. We may be making headway.

Yes, the electorate remains divided. Obama needs more Hispanics, Asian-Americans and white working class women in his corner. Clinton needs more African-Americans, and both need more votes from white males over the age of 40. But there's an aura of inevitability about their campaigns, and their battle has convinced legions of voters to join the march of destiny. It is not inconceivable that either a woman or a man of Kenyan-Kansan ancestry will stand on the steps of the U.S. Capitol next January to deliver an inaugural address.

Why should any of this matter to cable? What lessons can we take away from this year's presidential contest?

Diversity is on the upswing and it is no longer a foregone conclusion as to the gender and ethnicity of the person who will hold America's top job. The opinions of women, minorities and youth matter more than ever, and it is a sobering reality. Notwithstanding the economic benefits of courting these groups, perhaps the most important message for our industry is change—the

underlying message of many of the candidates, and one that is striking a chord with 75% of American voters.

When it comes to diversity, this message must not be lost on the cable industry. Why should it be more difficult to swell the ranks of women and people of color in cable executive suites than it is to potentially put a woman or an African-American in the White House?

Clearly, the public responds to the concept of change.

Witness young voters. They "get" change.

For example, the Facebook generation has formed Obama's army, and they're forcing candidates to listen up. Their impact has even been described as a "youthquake" and goes well beyond their numbers.

Because this crowd can help drive your business, or the competition's, it's best to be on the winning side—the hiring side—by build-

ing a multi-ethnic pipeline and causing a sort of "cablequake" among youth. Over the next six years, 8.4 million Hispanic-Americans, 5.9 million African-Americans and 2.7 million Asian-Americans are projected to graduate from college, according to the National Association of Colleges and Employers. Here you will find a corp of recruits who can help position your company for change.

Can cable operators and programmers become agents of change? Why not? All too often diversity is sidelined by other pressing business matters. NAMIC and other collegial organizations push diversity messages year-round and are viewed as "owners" of the diversity arena. Until the industry as a whole takes an ownership stake in diversity, little can be accomplished.

As the election reality show reshapes the political landscape, it just might be the right time to act upon the demographic changes impacting our own industry—starting with a renewed sense of urgency among cable veterans.

Kathy Johnson is president of the National Association for Multi-ethnicity in Communications (NAMIC).



Kathy Johnson

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