

CableFAX Daily™

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What the Industry Reads First

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Ready or Not: Last Minute Doings Continue for DTV Switch

After years of preparation for Fri's national DTV transition, it seemed impossible that there would be any new news at Wed's FCC meeting on preparations. But yet there was, underscoring the complications of shutting down analog broadcast signals. The biggest revelation was that 35 full-power broadcast stations plan to cease operations June 12. 7 of the 30 are affiliates of a major network, and 18 of the 30 are owned by **Equity Media**, which has filed for bankruptcy. The Commission said it was trying to reduce the burden to consumers, saying some of the signals would be available on multicast streams of other digital stations. 18 of the 35 don't plan to make the switch because of financial reasons (with 17 of those being Equity stations), according to the FCC. 16 are having construction issues and 1 station has a construction permit pending that needs to be resolved, according to Media Bureau assoc bureau chief *Eloise Gore*. Wed's meeting also revealed that the FCC has officially requested \$10mln in DTV funds set aside from the stimulus bill to fully staff the DTV call center to handle a high volume of calls through June 22. The Sec of Commerce must approve the request in a matter of days per rules that require Congress to have 5 days notice of any such transaction. FCC CIO *Andrew Martin* said the Commission only has enough money currently to operate at full capacity (4K ops) for a few days after June 12. FCC Commissioner *Robert McDowell* urged Commerce to act immediately, while a Commerce official said she expects the request will be viewed favorably. The cable industry had helped fund the call center but turned over all operations to the govt Apr 20. At the meeting, meanwhile, **Consumers Union's** *Joel Kelsey* accused cable of using the transition to upsell consumers on pricey video packages. "We urge cable companies to stop using this mandated transition as an advertising opportunity," he said. But **NCTA** pres/CEO *Kyle McSarrow* noted that cable had spent \$250mln on PSAs that focused on the converter boxes and the coupon program, and paid millions to help with DTV call centers that used a completely neutral script. "I feel like we've stepped up far beyond the call of duty," he said. Commish *Jonathan Adelstein* patted cable on the back, and asked Kelsey whether the incidents were widespread or isolated. The CU analyst said the key concerns are ads in "particular markets," and that the group would encourage cable to mention all 3 options for digital preparation. He cited a specific low-cost broadcast basic offer by **Cablevision** but said that when CU called they were offered a \$53/month service, and it took some prodding to get the \$17/month broadcast basic offer. CVC didn't return calls for comment. McSarrow said CEOs he has spoken with issued clear directives on offering low-cost broadcast basic, and that he would help resolve any specific problems if there are specific examples. NCTA will convene its "war room" next week, creating a "one-stop shop" for any transition related problems, McSarrow said. The FCC will allow stations to transition at times of their choosing on June 12, which **MSTV** *David Donovan* said would help involved industries address problems on a rolling basis, instead of all at once.

TiVo's Flight: TiVo stock skyrocketed 53% (+\$3.72) Wed, the 1st full day of trading after its major legal win over **DISH**. DISH, whose shares plunged almost 10%, was found to be in contempt of court for having failed to comply with an '08 order, with the judge ruling that DISH's modified software continues to infringe on TiVo's patents. "Faced

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with the immediate disablement of DVRs for as many as a quarter of its subscribers, DISH would now appear to have little choice but to settle," said **Sanford Bernstein's Craig Moffett**. DISH, however, believes it has "strong grounds" for an appeal, and said late Wed said that the Federal Appeals Court in DC temporarily stayed the district court ruling. "Our engineers spent close to a year designing-around TiVo's patent and removed the very features that TiVo said infringed at trial," DISH said in a statement. "Existing DISH Network customers with DVRs are not immediately impacted by these recent developments." **Collins Stewart** sent out a note to clients Wed calculating the impact should 1mln DISH subs churn due to DVR deactivation, estimating that it could hurt the company by \$1.11-\$1.84/share depending on the EBITDA multiple used. The court ordered DISH to pay TiVo an additional \$103mln (DISH shelled out \$105mln to TiVo after a previous ruling that it infringed on the "Time Warp" patent).

Carey To News: It's official. **DirecTV** pres/CEO **Chase Carey** will resign, effective Jul 1, and assume at **News Corp** the posts of deputy chmn, pres and COO. **Larry Hunter** will serve as the DBS op's acting CEO while a cmte of directors searches for a new pres/CEO. "The past six years have been a phenomenal experience, and I am extremely proud of the business we have built," said Carey. "The credit goes to an extraordinary senior management and overall employee base that has combined passion, energy and unique abilities to establish DIRECTV as the premier television service."

At the Portals: Pres **Obama** announced that he intends to renominate Republican **FCC** commish **Robert McDowell** to the Commission. "Since becoming Acting Chairman several months ago, I appreciate more than ever Rob's collegiality, his openness, his creative intellect, and the deep sense of purpose he brings to his work," said **Michael Copps**.

Carriage: **Cablevision** launched **Eurocinema**, a VOD service offering intl films for \$5 each. Initially, 5 titles are available.

Research: Virtually all multichannel ops added a healthy number of broadband subs in 1Q, and **Strategy Analytics** expects the trend to continue throughout the year. US service providers will add 5mln new broadband subs in '09, according to the firm, a number that would represent 7% YOY growth. Other forecasts: FTTH broadband offering will account for 13% of all broadband connections in '13, and US broadband penetration will exceed 80% in the next 5 years.

VOD: **TVN Ent** and **BlackArrow** have partnered to offer an integrated solution enabling customized metadata for advertising assets and the rapid transfer of metadata between TVN's ad distribution system and BlackArrow's dynamic VOD ad platform. The solution is fully compliant with **SCTE 130** specs and leverages **CableLabs' ADI 1.1** standard.

Mobile: **MobiTV** has eclipsed the 7mln sub mark for its managed network of mobile TV and radio that's available to more than 350 handsets across 20 carriers. The service, which passed the 5mln mark in Dec, features content from partners including **CNBC**, **Fox News**, **USA**, **Weather Channel** and **Animal Planet**.

Ratings: **YES' Yankees** Apr/May telecasts averaged a 4.5 HH rating, the highest-rated start for a baseball team on NY RSN. -- **E!**, **Style** and **G4** posted their most-watched May ever with respective total viewers averages of 354K, 108K and 88K.

Programming: **Disney Channel** greenlit a 4th season of "Hannah Montana," with filming slated to begin next year.

Public Affairs: **The Foundation of American Women in Radio & TV** will honor **Lifetime Nets' Every Woman Counts** initiative with a **Gracie Award** Wed night, Lifetime's 2nd consecutive victory in the "Outstanding Public Service Announcement-Campaign" category. Also, the company is set to launch a public affairs campaign in support of original

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series "Army Wives," which returns Sun to Lifetime. It includes partnerships with non-profit orgs including **The American Red Cross**, the **USO**, and **Operation Homefront**, and aims to address the needs of the armed forces, veterans and their families.

On the Circuit: The submission period is open at **Namic.com** through Jul 31 for NAMIC's **Excellence in Multicultural Marketing Awards**, to be presented during the org's annual conference, Oct 26-28 in Denver.

People: **NCTA** hired Sen *Claire McCaskill's* (D-MO) legislative assistant *Sonya Wendell*. Wendell, who is the Senator's principal adviser for **Sen Commerce**, joins the trade group Mon as vp, govt relations.

Business/Finance: **Hearst** agreed to purchase for \$4.50 each approx 13.8mln shares of **Hearst-Argyle TV Series A Common Stock**. Following the transaction, Hearst will own approx 96% of Hearst-Argyle TV's outstanding shares, plus H-A will become a wholly-owned subsidiary of Hearst and change its name to **Hearst TV**. The remaining publicly-owned shares will be cancelled and, subject to the shareholders' rights to exercise statutory appraisal rights, converted into the right to receive \$4.50/share in cash. -- **OpenTV's** board rejected an unsolicited proposal by **Kudelski** to acquire all outstanding shares of OpenTV Class A stock not owned by Kudelski or its affils for \$1.35/share. OpenTV shares closed Wed at \$1.72.

CableFAX Daily Stockwatch

| Company | 06/03 Close | 1-Day Ch | Company | 06/03 Close | 1-Day Ch |
|------------------------------|----------------|-------------|-----------------------|----------------|-------------|
| BROADCASTERS/DBS/MMDS | | | | | |
| BROADCASTERS/DBS/ | | | AMPHENOL: | 33.36 | (1.66) |
| BRITISH SKY: | 29.52 | 0.02 | APPLE: | 140.95 | 1.46 |
| DIRECTV: | 22.69 | (0.4) | ARRIS GROUP: | 11.98 | (0.19) |
| DISH: | 15.56 | (1.68) | AVID TECH: | 15.04 | (0.16) |
| DISNEY: | 25.08 | (0.05) | BIGBAND: | 5.42 | 0.15 |
| GE: | 13.50 | (0.3) | BLNDER TONGUE: | 1.55 | (0.05) |
| HEARST-ARGYLE: | 4.48 | (0.01) | BROADCOM: | 25.54 | (0.71) |
| NEWS CORP: | 11.60 | (0.47) | CISCO: | 19.36 | (0.25) |
| MSOS | | | | | |
| CABLEVISION: | 19.13 | (0.43) | CLEARWIRE: | 4.25 | (0.3) |
| COMCAST: | 14.19 | (0.27) | COMMSCOPE: | 25.05 | (1.45) |
| COMCAST SPCL: | 13.41 | (0.38) | CONCURRENT: | 5.25 | 0.00 |
| GCI: | 7.63 | 0.31 | CONVERGYS: | 9.38 | (0.12) |
| KNOLOGY: | 8.06 | (0.22) | CSG SYSTEMS: | 14.20 | (0.26) |
| LIBERTY CAPITAL: | 14.43 | (0.69) | ECHOSTAR: | 16.12 | (0.25) |
| LIBERTY ENT: | 24.10 | (0.66) | GOOGLE: | 431.65 | 3.25 |
| LIBERTY GLOBAL: | 13.68 | (0.62) | HARMONIC: | 5.90 | (0.01) |
| LIBERTY INT: | 6.07 | (0.31) | INTEL: | 15.94 | (0.25) |
| MEDIACOM: | 6.26 | (0.25) | JDSU: | 5.74 | 0.08 |
| SHAW COMM: | 16.95 | (0.24) | LEVEL 3: | 1.11 | 0.01 |
| TIME WARNER CABLE: | 30.99 | (0.06) | MICROSOFT: | 21.73 | 0.33 |
| VIRGIN MEDIA: | 8.44 | (0.51) | MOTOROLA: | 6.20 | (0.21) |
| WASH POST: | 345.64 | (5.56) | OPENTV: | 1.72 | (0.02) |
| PROGRAMMING | | | | | |
| CBS: | 8.77 | 0.12 | PHILIPS: | 19.81 | (0.49) |
| CROWN: | 1.94 | (0.06) | RENTRAK: | 10.37 | (0.12) |
| DISCOVERY: | 22.50 | 0.07 | SEACHANGE: | 7.73 | (0.02) |
| EW SCRIPPS: | 2.04 | 0.04 | SONY: | 27.37 | (0.63) |
| GRUPO TELEVISA: | 16.96 | (1.03) | SPRINT NEXTEL: | 4.85 | (0.21) |
| HSN: | 11.60 | (0.17) | THOMAS & BETTS: | 31.13 | (0.75) |
| INTERACTIVE CORP: | 15.97 | (0.41) | TIVO: | 10.70 | 3.72 |
| LIBERTY: | 27.52 | (0.88) | TOLLGRADE: | 5.41 | (0.21) |
| LODGENET: | 5.64 | (0.05) | UNIVERSAL ELEC: | 20.40 | (0.03) |
| NEW FRONTIER: | 2.17 | (0.02) | VONAGE: | 0.47 | (0.02) |
| OUTDOOR: | 6.83 | (0.16) | YAHOO: | 16.30 | (0.32) |
| PLAYBOY: | 2.90 | (0.04) | TELCOS | | |
| RHI: | 3.11 | (0.04) | AT&T: | 24.46 | (0.38) |
| SCRIPPS INT: | 28.99 | (0.51) | QWEST: | 4.40 | (0.07) |
| TIME WARNER: | 24.00 | (0.6) | VERIZON: | 29.59 | 0.02 |
| VALUEVISION: | 0.80 | 0.00 | MARKET INDICES | | |
| VIACOM: | 24.15 | (0.74) | DOW: | 8675.24 | (65.63) |
| WWE: | 13.07 | 0.04 | NASDAQ: | 1825.92 | (10.88) |
| TECHNOLOGY | | | | | |
| 3COM: | 4.87 | (0.02) | | | |
| ADC: | 7.41 | (0.18) | | | |
| ADVANTAGE: | 1.78 | (0.13) | | | |
| ALCATEL LUCENT: | 2.60 | (0.02) | | | |
| AMDOCS: | 21.54 | (0.4) | | | |

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