

CableFAX Daily™

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What the Industry Reads First

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Planning Stage: Hearings, Net Neutrality, Definitions Covered in Broadband Comments

Judging by the dozens of comments that were still pouring in at press time, just about everyone has an idea for how Obama's national broadband plan should work. The **Minority Media and Telecommunications Council** suggested that the **FCC** hold 15 field hearings this summer and fall. It added that having the hearings in low-income urban and rural areas as well as tribal lands where broadband is unavailable (or not widely adopted) would be beneficial. **Comcast** also called for open meetings to solicit input from the public, and asked that a draft be released for comment before it's submitted to Congress. The Commission is assembling recommendations for Congress to consider for the broadband plan, which is due in Feb '10. The MSO also suggested some broadband definitions for the FCC as it assesses the marketplace. "Basic" would be provisioned speeds of at least 256 Kbps downstream/upstream, under Comcast's recommendations. "Current Generation" would be at least 600 Kbps down/500 up. "Next Generation" would be speeds of at least 12Mbps down/2Mbps up; "Next Generation Advanced" would be 50Mbps down/10 up; and "Next Generation Commercial" would be speeds of at least 100Mbps. Comcast recommended that Basic be available to 100% of HHs in all cities by '10 and rural/unserved areas by '11, with Current Generation available in those areas the year after Basic. It recommended that Next Generation Advanced be available to 100% of public facilities (schools, hospitals, etc) by '12. The **Progress & Freedom Foundation**, headed by former FCC media bureau chief *Ken Ferree*, called for a light touch regulatory approach. "There is no need to codify the FCC's existing Internet Policy Statement as part of a national broadband strategy, which would result in unwelcome intervention in the already thriving market," PFF said. "The level of openness and network intermediary functionality available on any network is best determined by consumers and service providers rather than regulators." Not surprisingly, **Free Press** presented the opposite view in its 300+-page filing. Its list of recommendations included a rulemaking on net neutrality, expanding and codifying the Internet Policy Statement into a permanent net neutrality rules. "Congress should concurrently pass a law to place these nondiscrimination protections in the Communications Act," Free Press said. **Verizon's** 10-point proposal included reforming the universal service fund to encourage broadband, encouraging IP-based services and facilitating wireless broadband. **NCTA** was expected to file its 2 cents late Mon afternoon.

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Travel Time? Unsolicited inquiries over **Travel Channel** prompted **Cox** to engage **Goldman, Sachs & Co** to evaluate long-term strategic alternatives for the net. Cox acquired **Travel Channel Media**, which includes the 94mln-home net and travelchannel.com, along with \$1.27bln in May '07 as part of **Discovery's** purchase of the MSO's 25% shareholder stake. Rumors have persisted since then that Cox would unload Travel, its only national programming asset. But Mon's announcement was described as "exploratory" only, with the company emphasizing that no decision has been made as to whether it will undertake any transaction. There's no word on interested parties, but logical suitors could include lifestyle-oriented **Scripps Nets** and former parent Discovery. Cox said it's exploring "options ranging from maintaining the current business structure to joint ventures and other potential structures." A spokesman declined to say whether an outright sell of the asset was a possibility. Travel "has made significant contributions to our business," said Cox pres **Pat Esser**. "Travel Channel has continued to evolve as a successful and high-value business, delivering record ratings growth, broader audience reach and increased brand awareness in the marketplace."

Advertising: Cable ad spending fell 2.7% in 1Q vs 1Q08, but the dip isn't as bad as that reported by some other media categories, **Nielsen** said. Broadcast TV was down 4.8%, syndication TV dropped 18.8%, spot TV for the top 100 DMAs dropped 15.6% and spot TV for 101-210 DMAs declined 28.9%. No media showed positive growth. Spanish-language TV (-1.1%) was the only category to show less negative growth than cable. Not surprisingly, automotive spending across all media fell by 27.7% (\$723mln). Local auto dealerships cut back by 24.1%, with some 3K ceasing advertising all together, Nielsen said. Fast food actually increased spending 7.7% to \$1.09bln. Direct response products climbed 14% to \$666mln.

YES to the Net: **YES** will begin later this season streaming Yankees games online to **Cablevision's** TV and broadband subs that receive YES linearly, according to **SBJ**. **Yankees.com**, **YESNetwork.com**, and the MSO's **OptimumOnline.com** will feature the games, access to which will be policed by an authentication system. The net and MSO declined to comment. The deal marks the 1st in-market streaming deal for an **MLB** franchise, as the league for years has blacked out local contests received by customers through out-of-market games packages such as **MLB.TV**. Perhaps a tipping point, the deal comes amid plans by both **Turner** and **Comcast** to stream cable programming with the use of an authentication system to verify pay TV subs, and the **NBA** is looking to cede some VOD and broadband services to RSNs and may allow local game streams next season.

Competition: **Qwest** took its long distance network off the market Mon after completing a strategic review of the asset, which the telco said "holds far more value to Qwest shareholders and is more strategically important to Qwest and its customers than is the alternative of pursuing a transaction." Recent reports have said bidders failed to submit an acceptable offer. The telco was seeking at least \$2bln. Also, Qwest reaffirmed its '09 guidance, including FCF of \$1.4-\$1.5bln, adjusted

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Source: Nielsen Media Research, 4/27/09-5/31/09, Live +SD, (000), A25-54, Sales Prime (M-SU 7PM-2AM), Prime (M-F 8PM-11PM). Subject to qualifications available upon request.

BUSINESS & FINANCE

EBITDA of \$4.2-\$4.4bln and capex of \$1.8bln or less. -- **Verizon** expanded the availability of its up-to-7.1Mbps DSL service to nearly 90K additional HHs in 5 MD cities, including parts of Baltimore.

Ratings: **Versus** received a cherry for the top of its '08-'09 **NHL** ratings sundae, as game 4 of the **Stanley Cup Final** garnered a 2.8 national HH rating Thurs and averaged 3.45mln viewers to become the highest-rated and most-watched finals game on cable since '02. It's also the net's highest-rated/most-watched telecast ever, erasing from the record books Tues' game 3. -- The 3rd season premiere of **Lifetime's** "Army Wives" delivered a 2.4 rating among women 18-49 Sun and attracted 3.48mln total viewers.

-- The series premiere of **E!'s** "Kendra" garnered a 2.13 HH rating and averaged 2.6mln viewers to become the net's 2nd-highest series debut ever behind "The Anna Nicole Show" in '02.

Programming: Beginning Jul 5, **Nick-at-Nite's** programming block will commence at 8pm instead of 9pm. Celebrating the change will be the net's premiere of "Malcolm in the Middle," of which it acquired all 151 eps.

People: **Canoe** named **Kathy Timko** COO. She most recently served as COO of carrier services at **IDT**. --

Time Warner promoted **Mark D'Arcy** to pres/chief creative officer, **Time Warner Global Media Group**. He replaces **John Partilla**, who left to head **Clear Channel** sales. -- **TV One**

CableFAX Daily Stockwatch

Company	06/08 Close	1-Day Ch	Company	06/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	29.72	0.97	AMPHENOL:	32.29	(1.11)
DIRECTV:	22.75	0.94	APPLE:	143.85	(0.82)
DISH:	16.10	0.14	ARRIS GROUP:	12.39	0.03
DISNEY:	25.33	0.38	AVID TECH:	14.80	(0.42)
GE:	13.56	0.02	BIGBAND:	5.64	0.03
HEARST-ARGYLE:	4.50	0.00	BLNDER TONGUE:	1.60	0.03
NEWS CORP:	11.72	0.17	BROADCOM:	25.82	0.36
MSOS					
CABLEVISION:	18.74	0.01	CISCO:	19.87	0.00
COMCAST:	14.35	0.24	CLEARWIRE:	4.46	(0.14)
COMCAST SPCL:	13.68	0.36	COMMSCOPE:	24.96	(0.42)
GCI:	7.50	(0.22)	CONCURRENT:	5.25	0.05
KNOLOGY:	8.24	0.19	CONVERGYS:	9.67	(0.05)
LIBERTY CAPITAL:	14.54	(0.06)	CSG SYSTEMS:	14.69	0.17
LIBERTY ENT:	24.29	0.60	EHOSTAR:	16.75	(0.26)
LIBERTY GLOBAL:	13.54	(0.02)	GOOGLE:	438.77	(5.55)
LIBERTY INT:	5.77	(0.12)	HARMONIC:	5.91	(0.09)
MEDIACOM:	5.99	(0.3)	INTEL:	15.92	0.00
SHAW COMM:	16.80	(0.14)	JDSU:	6.04	(0.06)
TIME WARNER CABLE:	32.25	0.25	LEVEL 3:	1.14	(0.02)
VIRGIN MEDIA:	8.64	(0.24)	MICROSOFT:	22.05	(0.09)
WASH POST:	353.62	(4.28)	MOTOROLA:	6.44	0.20
PROGRAMMING					
CBS:	8.68	(0.05)	OPENTV:	1.31	(0.06)
CROWN:	1.90	(0.04)	PHILIPS:	19.24	(0.39)
DISCOVERY:	23.25	0.23	RENTRAK:	12.60	1.83
EW SCRIPPS:	2.37	0.13	SEACHANGE:	7.48	(0.29)
GRUPO TELEVISA:	17.69	0.36	SONY:	27.55	(0.28)
HSN:	11.67	(0.1)	SPRINT NEXTEL:	4.96	(0.15)
INTERACTIVE CORP:	16.21	(0.1)	THOMAS & BETTS:	32.16	(0.6)
LIBERTY:	27.92	0.23	TIVO:	10.77	0.12
LODGENET:	5.56	(0.33)	TOLLGRADE:	5.64	0.02
NEW FRONTIER:	2.39	0.17	UNIVERSAL ELEC:	21.00	(0.21)
OUTDOOR:	6.33	(0.42)	VONAGE:	0.44	(0.02)
PLAYBOY:	2.77	0.01	YAHOO:	16.19	(0.45)
RHI:	3.15	0.00	TELCOS		
SCRIPPS INT:	28.65	0.15	AT&T:	24.40	(0.16)
TIME WARNER:	25.91	0.61	QWEST:	3.93	(0.24)
VALUEVISION:	0.80	0.02	VERIZON:	29.28	0.03
VIACOM:	24.34	0.32	MARKET INDICES		
WWE:	14.02	0.13	DOW:	8764.49	1.36
TECHNOLOGY					
3COM:	5.02	0.03	NASDAQ:	1842.40	(7.02)
ADC:	7.84	0.25			
ADVANTAGE:	1.81	(0.02)			
ALCATEL LUCENT:	2.69	(0.05)			
AMDOCS:	21.75	(0.37)			

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Source: Mediarmk Research & Intelligence, Doublebase 2008 study, Base of Adults 18+, Index = % of Hallmark Movie Channel Enthusiasts (digitalcable subscribers who watch Hallmark Channel, or who watch, buy or rent family movies) compared to Total U.S.

GUEST COLUMNISTS

Thinking: It's a Human Resource

In her soulful voice, Aretha Franklin challenges us to “think (think, think), let your mind go, let yourself be free.” And Darby urges her Super Sleuth pals Tigger and Pooh to “Think! Think! Think!”

Yet in an ordinary day at work, we're bombarded with an ever-growing to-do list, interruptions, technical difficulties and more.

Who has time for “thinking time” when there is so much work to be done?

This nugget of truth struck a chord at the Cable and Telecommunications Human Resources Association (CTHRA), and 18 months ago the association quietly launched an ambitious think tank initiative to serve as a catalyst for visionary leadership. Today, 17 companies participate in CTHRA's Think Tank, each represented by its most senior HR executive.

Together we've been working to create a unique, industry-specific body of knowledge for HR issues that significantly impact business success, such as human capital metrics, performance management, retention and compensation.

We gather two to three times a year, convene regularly via conference calls, and chat offline to examine key HR initiatives, forecast trends and identify the next generation of best practices. We analyze other industries' HR success stories and failures to identify practices that we may want to embrace or avoid. We also invite innovative thinkers from the cable and television community and beyond to help us in our efforts.

One especially enlightening speaker was Dr. John Boudreau, who is recognized worldwide for breakthrough research on the bridge between superior human capital talent and sustainable competitive advantage.



Tenia Davis

Tom Matthews

Dr. Boudreau provided insight on how to create a competitive advantage, and the power of a company's pivotal talent. He opened our eyes to realize that the positions that make or break a company are not necessarily the ones with executive in the title; they could be the street sweepers in the Disney theme park or an MSO's installation techs.

All in all, Dr. Boudreau opened our eyes to a new way of looking at our talent management strategies.

By meshing the expertise of guest speakers with our diverse corporate cultures and unique personal experiences (some participants grew up in the industry while others draw upon a history involving different sectors), CTHRA's Think Tank is able to produce a forward-thinking body of knowledge uniquely relevant to our industry.

It's important to note that the purpose of CTHRA's Think Tank is practical, not theoretical.

Participants regularly use touchstones from our deliberations to fuel discussions within their organizations. And more than one participating company has been compelled to evaluate its existing strategies and identify evolutionary as well as revolutionary changes needed to be ahead of the curve in an ever-changing competitive marketplace.

Hats off to CTHRA for providing us with a forum to collaboratively engage in avant-garde thinking that is enriching us as professionals and providing our companies with data points critical for strategic business planning!

For more info about CTHRA's Think Tank, contact Pamela Williams, CAE, CTHRA's Executive Director, at 630-416-1166.

(Tenia Davis is VP of HR for Harpo; Tom Matthews is EVP of HR for Time Warner Cable).

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