

CableFAX Daily™

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What the Industry Reads First

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Through the Grapevine: Independent Show Rides Again

When hundreds of independent cable ops gather in Grapevine, TX, this week to discuss business, it may not be perennial favorite retrans that gets the most attention. That's because there are \$7.2bln of govt grants on the table to stimulate broadband, and the 1st round application deadline is just weeks away. "Any time the federal govt thinks it's a good idea to hand the telecommunications sector billions of dollars, our guys are going to line up," said **NCTC** pres/CEO *Jeff Abbas*. Attendees can learn more at the NCTC and **ACA Independent Show** panel titled "Obama's Billions: How to apply for and receive \$7.2bln for broadband in less than 18 months." ACA chief *Matt Polka* said his group is working not just to help those members with an interest in applying, but also to help get recognition for the members that are providing broadband and that shouldn't have to face govt-funded competition where broadband coverage is sufficient. But retrans will come up, right? "Retrans is not really a big part of the conversation here; even with the ACA's agenda. We're all exhausted for at least 1 year," Abbas said. "I do think there will be a lot of conversations about how we take the subscriber base of the NCTC—we now represent almost 24mln subscribers—and translate that into better deals for our members." Some of those conversations will take place behind the scenes in member and board meetings. NCTC's director candidates include **Cox** programming head *Bob Wilson* and **Charter** programming chief *Greg Rigdon*. If elected, it would be the 1st time either of those MSO's were represented on the board. Up for re-election for the 5 open seats are **Cable One's** *Jerry McKenna*, **GCI's** *Bob Ormberg* and **Wave's** *Wayne Schattenkerk*. Programming also will take center stage during a panel with **Hallmark's** *Janice Arouh*, **Fox Nets'** *Michael Biard*, **Showtime's** *Tom Christie* and **Disney & ESPN's** *David Preschlack*. Disney/ESPN's presence is especially notable given that ACA has been grumbling loudly in recent weeks over broadband service **ESPN360**, saying Disney should develop relationships with individual broadband consumers instead of seek wholesale programming rates from distributors. Preschlack has said repeatedly that no distributor is forced to carry any of Disney's products, and that ESPN360.com is a business that wouldn't exist except for with this model. And if you really want some retrans talk, it sounds like you will get some. While the most recent cycle is over, the issue's "not dormant," Polka warned, adding that broadcasters are "holding on to retransmission consent as a lifesaver, and that means to us, they're going to be seeking even more to help float their boats, which are taking on water pretty fast."

Confirmation Party: The **FCC** will soon be back to 5 commissioners with the Senate confirming by unanimous consent Republican nominee *Meredith Attwell Baker* and Democrat *Mignon Clyburn* Fri. The Commission has operated with 3 commissioners since former FCC chmn *Kevin Martin* left the agency in Jan. Baker is the former acting head of **NTIA**. She takes over Martin's term, which runs through June 30, '11. Clyburn, daughter of House Majority Whip *James Clyburn* (D-SC), is a SC PSC commissioner. She has a 5-year term, filling the seat vacated by *Deborah Taylor Tate* when her term expired in Jan. "With the full slate of Commissioners on board, I look forward to working with

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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"

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all of my colleagues on policies that advance innovation, investment, competition, and consumers,” said FCC chmn *Julius Genachowski*, who joined the Commission at the end of June. Former FCC commish *Jonathan Adelstein* also was confirmed Fri to head up the **RUS**, which will oversee distribution of \$2.5bln in broadband stimulus grants.

TCA: Cable's portion of the **Television Critics Assoc** tour kicks off Tues and runs through Fri. 31 cable nets are participating, on par with the 32 from last year. Just which networks present always varies by tour. Regulars **Hallmark** and **A&E** won't present this year (sister net **History** will be there). Semi-regular TCA'ers **GSN** and **HDNet**, which participated last year, also will sit out this TCA. 194 writers have RSVP'd. Writers are notorious procrastinators, so TCA should meet or exceed the 211 writers who attended in '08. But it's worth noting that organizers cited a greater percentage of L.A.-based writers attending vs. the out-of-town writers, who tend to be the daily writers. So, it sounds like there may be more free-lance types at the networks' presentations. One of the more creative TCA pitches we've seen is *Zak George* (host of upcoming **Animal Planet** show "Super Fetch") posting videos of his road trip with dog Venus from Atlanta to L.A. for the tour. Check it out at youtube.com/zakgeorge, or follow him on Twitter @ZakGeorge. As usual, a lot of big name talent is slated to be there, including *Robin Williams* who will return to **HBO** in Dec for his first solo stand-up comedy special in 7 years.

Show Biz: **NCTC** and **ACA** are projecting about 900 attendees total at this year's **Independent Show** in Grapevine, TX. Member attendance is actually expected to be up from last year, but (not surprisingly) family attendance will be down from '08 when the event was held at **Disney World**. We hear a mechanical bull will be in operation at the welcome party and are looking forward to incriminating photos. Other special events include lunch with **Food Net** star *Duff Goldman* ("Ace of Cakes") and the Cable Baron's Ball, in which **CableFAX: The Magazine** will present the Independent Operator of the Year award to **NPG Cable**.

At the Portals: High-speed lines (200kbps+ in at least 1 direction) increased by 10% during the 1st half of '08 from 121.2mln to 132.8mln, according to the **FCC**. The HSD report released Fri will be the last to feature data collected under the old Form 477 requirements, which the FCC and others have said are not precise enough for policy-making. A chief complaint of the old standard is that filers only needed 1 HSD connection in a zip code for it to be considered served. According to the June '08 data, no zip codes exist without at least 1 such connection. Of the 132.8mln lines reported as of June '08, 46.7% represented cable modem service.

Brag Book: **USA** reported a record 6.8mln viewers for "Burn Notice" at its 9pm ET slot. It delivered more P25-54 (3.05mln) and P18-49 (2.48mln) than any other cable telecast and beat all bcst shows among key male demos. -- **MTV's** "16 & Pregnant: Life After Labor" delivered a 2.1 P12-34 rating and total audience of 2.45mln viewers, making it #1 in overall cable telecast for the day in F12-34.

Online: **GolfChannel.com** reported record traffic of more than 2mln unique users last month. The site has ranked as the #1 golf site for 4 of the past months, beating out **PGATOUR.com** and **Golf.com**.

Marketing: **TCM** exclusively designed movie posters for the 31 films in its "Summer Under the Stars" at tcm.com/summer. An embeddable widget allows fans to share the posters as well as video on social networking sites, such as **Facebook**. The site is in teaser mode until Aug 1.

Public Affairs: **Golf Channel** and **Comcast** have created a program to introduce youth to the story of African American pioneers in the world of Golf. The MSO will host screenings of Golf doc "Uneven Fairways" at schools and youth organizations in Atlanta, Baltimore and Boston this fall. Each child attending will receive a copy of the DVD and *Pete McDaniel's* book, "Uneven Lies: The Heroic Story of African-Americans in Golf."

On the Circuit: **SCTE** will debut at this year's **Expo** (Oct 28-30, Denver) the "SCTE Green Pavilion." Green exhibitors will focus on at least 1 of 3 areas: powering improvements for facilities and plant; fleet enhancements involving smart routing and other fleet management options; and operational upgrades and improvements to enable additional efficiencies. **Cfax** columnist *Paul Maxwell* will moderate a session Oct 30 about various energy-efficiency initiatives being undertaken or studied by cable operators.

Editor's Note: *Paul Maxwell's* column "MaxFax" will appear in our Tues issue of **CableFAX**. Check out today's guest column from **ACA's** *Matt Polka* on p.4.

CableFAX Week in Review

Company	Ticker	7/24 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	34.29	5.50%	23.80%
DIRECTV:	DTV	25.59	3.70%	11.70%
DISH:	DISH	16.83	4.20%	51.70%
DISNEY:	DIS	26.58	8.40%	18.70%
GE:	GE	12.03	3.30%	(18.8%)
NEWS CORP:	NWS	11.55	6.80%	21.80%

MSOS

CABLEVISION:	CVC	19.15	2.50%	16.10%
COMCAST:	CMCSA	14.50	2.40%	(13%)
COMCAST SPCL:	CMCSK	13.63	0.20%	(14.4%)
GCI:	GNCMA	7.00	(0.6%)	(13.5%)
KNOLOGY:	KNOL	8.60	2.40%	66.70%
LIBERTY CAPITAL:	LCAPA	14.32	7.00%	204.00%
LIBERTY ENT:	LMDIA	27.49	4.20%	57.30%
LIBERTY GLOBAL:	LBTYA	20.27	13.30%	27.30%
LIBERTY INT:	LINTA	6.20	4.40%	98.70%
MEDIACOM:	MCCC	4.78	3.50%	11.20%
SHAW COMM:	SJR	17.39	3.40%	3.00%
TIME WARNER CABLE:	TWC	33.42		
VIRGIN MEDIA:	VMED	11.12	4.00%	126.90%
WASH POST:	WPO	407.88	8.80%	6.70%

PROGRAMMING

CBS:	CBS	7.83	16.00%	(2%)
CROWN:	CRWN	1.93	22.20%	(32.3%)
DISCOVERY:	DISCA	23.99	2.70%	69.40%
EW SCRIPPS:	SSP	3.46	35.90%	57.10%
GRUPO TELEvisa:	TV	18.03	2.90%	29.40%
HSN:	HSNI	10.64	6.10%	46.40%
INTERACTIVE CORP:	IACI	17.91	6.50%	13.80%
LIBERTY:	L	29.34	7.10%	4.50%
LODGENET:	LNET	4.03	6.10%	475.70%
NEW FRONTIER:	NOOF	2.20		29.40%
OUTDOOR:	OUTD	7.50	19.80%	0.10%
PLAYBOY:	PLA	2.37		9.70%
RHI:	RHIE	2.83	10.50%	(65.1%)
SCRIPPS INT:	SNI	31.52	5.70%	44.40%
TIME WARNER:	TWX	27.58	5.40%	178.90%
VALUEVISION:	VVTV	2.98	49.70%	803.00%
VIACOM:	VIA	25.46	6.30%	26.50%
WWE:	WWE	13.23	(1%)	35.60%

TECHNOLOGY

3COM:	COMS	3.66	(9%)	60.50%
ADC:	ADCT	8.26	6.80%	51.30%
ADDVANTAGE:	AEY	1.84	11.50%	3.40%
ALCATEL LUCENT:	ALU	2.54	1.20%	18.10%
AMDOCS:	DOX	23.84	3.10%	30.30%
AMPHENOL:	APH	34.69	5.20%	45.00%
APPLE:	AAPL	159.99	5.40%	87.50%
ARRIS GROUP:	ARRS	13.54	7.90%	70.30%
AVID TECH:	AVID	12.52	1.30%	14.80%
BIGBAND:	BBND	5.41	10.00%	(2%)
BLNDER TONGUE:	BDR	1.58	12.90%	56.40%
BROADCOM:	BRCM	27.20	(1%)	60.30%
CISCO:	CSCO	21.88	6.70%	34.20%
CLEARWIRE:	CLWR	7.91	23.20%	99.20%

Company	Ticker	7/24 Close	1-Week % Chg	YTD %Chg
COMMScope:	CTV	28.53	9.30%	83.60%
CONCURRENT:	CCUR	5.27		55.90%
CONVERGYS:	CVG	10.39	12.00%	62.10%
CSG SYSTEMS:	CSGS	14.04	2.20%	(19.6%)
ECHOSTAR:	SATS	15.00	(3.4%)	0.90%
GOOGLE:	GOOG	446.72	3.80%	45.20%
HARMONIC:	HLIT	6.14	3.20%	9.40%
INTEL:	INTC	19.36	3.00%	45.20%
JDSU:	JDSU	5.75	2.90%	56.50%
LEVEL 3:	LVL	1.70	6.90%	142.90%
MICROSOFT:	MSFT	23.45	(3.5%)	23.30%
MOTOROLA:	MOT	6.58	4.40%	49.70%
OPENTV:	OPTV	1.32	1.50%	7.30%
PHILIPS:	PHG	21.92	7.20%	19.60%
RENTRAK:	RENT	19.06	7.00%	61.70%
SEACHANGE:	SEAC	9.01	10.40%	25.00%
SONY:	SNE	25.38	4.30%	16.00%
SPRINT NEXTEL:	S	4.52	(1.5%)	147.00%
THOMAS & BETTS:	TNB	26.39	(6.7%)	9.90%
TIVO:	TIVO	10.37	4.00%	44.80%
TOLLGRADE:	TLGD	5.35	1.10%	11.90%
UNIVERSAL ELEC:	UEIC	21.07	8.10%	29.90%
VONAGE:	VG	0.41	20.60%	(37.9%)
YAHOO:	YHOO	17.48	3.80%	43.30%

TELCOS

AT&T:	T	25.45	6.10%	(6.4%)
QWEST:	Q	3.99		18.40%
VERIZON:	VZ	31.50	6.50%	(3%)

MARKET INDICES

DOW:	INDU	9093.24	4.00%	3.60%
NASDAQ:	COMPX	1965.96	4.20%	24.70%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VALUEVISION:	2.98	49.70%
2. EW SCRIPPS:	3.46	35.90%
3. CLEARWIRE:	7.91	23.20%
4. CROWN:	1.93	22.20%
5. VONAGE:	0.41	20.60%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. 3COM:	3.66	(9%)
2. THOMAS & BETTS:	26.39	(6.7%)
3. MICROSOFT:	23.45	(3.5%)
4. ECHOSTAR:	15.00	(3.4%)
5. SPRINT NEXTEL:	4.52	(1.5%)

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GUEST COLUMNIST

Capitol Challenges

This week the industry gathers “Deep in the Heart of Cable” for the 4th Annual Independent Show in Dallas, Texas. Independent cable operators from across the U.S. will celebrate achievements in deploying video, phone and broadband services in smaller markets and rural areas, while planning for the many challenges ahead—challenges that mostly come from our nation’s capital.

Par for the course, really. Independent ops know too well that the only place success comes before work is in the dictionary. But despite those challenges, particularly on the policy front, I’m pleased to report that Washington, DC has taken seriously the unique needs of small cable providers.

This year, Washington has taken a number of steps that in the short run should help independent cable deploy more broadband and advanced services in smaller and rural markets that need them. The Federal Communications Commission, for example, has finally concluded—at ACA’s and our members’ prompting—that expensive set-top box design mandates are counterproductive and do not serve the public interest.

More recently, the Rural Utilities Service agreed to set aside \$800 million in loans and loan/grant combinations for middle-mile projects in carrying out its responsibilities under the American Recovery and Reinvestment Act of 2009. ACA highlighted middle-mile funding as a crucial step in dramatically increasing download speeds to subscribers served by rural cable broadband providers.

ACA was also thrilled to hear incoming RUS Administrator Jonathan Adelstein promise to distribute \$2.5 billion in broadband stimulus funding to the best projects on a tech-neutral basis to applicants who won’t have to hire Washington consultants to succeed.

The money is there. Prepare your applications and please apply.



Matt Polka

Keep in mind that the first deadline is Aug. 14.

We’re keeping a close eye on Universal Service Fund reform, too. USF reform is likely to involve the movement of billions of dollars and the creation of winners and losers by government fiat.

The FCC is likely to use USF money to subsidize broadband for the first time. We’re watching to see if the FCC wants to tax cable broadband revenue for USF expansion and if cable broadband providers in rural areas will qualify to receive USF support.

Expect a strong response from us if small cable is forced to contribute to USF, but the lion’s share of broadband funding flows to entities that compete against ACA members.

The FCC is under pressure from consumer advocates to subject cable broadband to a host of open network requirements.

Testing whether a regulated cable broadband platform will benefit consumers more than it does today is a huge gamble. It would bring private investment to a screaming halt because FCC intervention and years of judicial review would introduce massive uncertainty. There can be no worse outcome for an Obama Administration determined to make U.S. broadband performance better, not worse.

And ACA is just as committed to the reform of retransmission consent and programming unbundling, whether on cable or on the Internet, for services like ESPN 360, which is the Walt Disney Co’s effort to squeeze wholesale programming fees out of ACA members rather than build a direct relationship with broadband consumers.

So while the industry and independent cable celebrate in Texas this week, make no mistake that ACA and its members are committed to the task and challenges we face when we leave the Lone Star State.

(Matt Polka is pres/CEO of ACA).

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