

CableFAX Daily™

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What the Industry Reads First

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Broadband Dollars: Sifting Through the Thousands of Applications

With nearly 2200 applicants seeking almost \$28bln in the 1st round of broadband stimulus funds, it's not easy to wade through who is asking for what. One thing's certain—a lot those requests will be denied with **NTIA** and **RUS** only having about \$7.2bln to dole out between the 2 of them. The picture should be a little clearer in the coming weeks, when the agencies post executive summaries and maps detailing proposals. They'll seek comments on those applications as well. Right now, a searchable database at www.broadbandusa.gov provides short blurbs about applications—emphasis on short. Cable ops trying to find out if a company has applied for funds in their footprint would be better off looking for a needle in a haystack at this point, with very few details available on the locations of proposed projects. A couple notable applications from our perusal of the database: **Bresnan** requested more than \$70mln, in partnership with Montana and 7 reservations for an 1800-mile middle mile fiber network linking all 7 reservations and all of the community anchor institutions (law enforcement, libraries, hospitals, etc) thereon. **EchoBlue Rural Broadband**, a jv between **WildBlue** and **EchoStar**, is seeking \$530mln in broadband stimulus funding for a satellite broadband project (\$130mln in grants, \$400mln in loans). Interesting given that EchoStar is a sister company to **DISH** and that *John Malone* has controlling interests in Wildblue and **DirecTV**. None of the largest MSOs applied for funds, but more than 2 dozen smaller ops made requests. For example, **Bend Cable** requested \$4.1mln in grants for wireless broadband for rural Oregon. "Wireless broadband over licensed spectrum is the most economical way to reach underserved, low density areas for access to education, healthcare and employment opportunities in rural Central Oregon," reads Bend's description. **NPG Cable** is seeking some \$3.8mln in grants to extend hybrid coax to underserved rural areas, including communities in AZ and MO. **WaveDivision** filed requests for projects totaling more than \$10mln, including extending existing distribution facilities to unserved parts of Clackamas and Marion Counties, OR so that it can offer 5 levels of residential and business broadband.

Competition: **AT&T** bowed free **U-verse TV** enhancements including Multiview, which allows viewers to watch 4 genre-specific channels simultaneously and record programs within the app; an app offering customers a list of all shows nominated for a **Prime Emmy**, **Teen Choice Award** or **TCA Award**, and replete with voting functionality, bios of nominated players and previews of forthcoming series; and Media Share, allowing customers to stream personal photos and music files located on home computers to any U-verse connected TV in the home.

Carriage: **Outdoor Channel** picked up additional homes through Digital Preferred tier placement on various **Comcast** systems in WA and OR, in which the net remains available on the MSO's Sports and Ent tier. An HD version of the net is also available via the systems.

VMAs: *Kanye West's* bad behavior helped **MTV** average just under 9mln total viewers for the VMAs Sun night—the largest audience since '04 and a 6% increase over last year. The bigger question is how Kanye's *Taylor Swift* swipe will help



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**REPORTED BY
SOLEDAD O'BRIEN
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the premiere of *Jay Leno's* 10pm **NBC** show Mon night (West is a guest). The awards show, which included a *Michael Jackson* tribute, averaged a 7.5 coverage rating among the net's key 12-34 demo. Factor in **MTV**, **MTV2** and **VH1**, and the VMAs averaged more than 11mln total viewers (26.9mln when factoring in **MTV**, **MTV2** and **VH1**). Sun marked **MTV.com's** best VMA premiere day ever, with 2.7mln uniques—20% over last year's VMA day and a 220% increase vs last Sun.

Programming: Move over "Real Housewives." Next year, **Showtime** will bow "The Real L Word: Los Angeles," a reality series about high profile lesbians as they go about their daily lives. -- **Logo** will go dark from 11am-3pm ET Oct 11 in support of Equality Across America's "National Equality March 2009" in DC. The march is described as a call to action for a new generation of activists, gay and straight, to join the movement for LGBT equality. -- **Nick's** TV nets and Websites will go dark from 12-3pm on Sept 26 for its annual Worldwide Day of Play, aimed at inspiring kids to be active. -- "Everybody Loves Raymond" star *Ray Romano* signed on as *Hank Haney's* next celebrity golf student for the series' 2nd season (spring '10). **NBA** Hall-of-Famer *Charles Barkley* was the featured celeb in the 1st season of **Golf Channel's** "The Haney Project." -- **TBS** greenlit a 4th season of "My Boys" ('10). -- **Science Channel's** "Dive to the Bottom of the World" (Oct 7) features HD footage from deep within the Earth's oceans and a look at the underwater vehicle charged with retrieving the content. -- Starting Fri, **Comcast Hometown Net** in CA will carry **MSNBC's** "Morning Joe" every weekday from 6-9am.

Marketing: WE will hype season 2 of wedding makeover series "My Fair Wedding with David Tutera" with a 1st-of-its-kind homepage redesign of celebrity gossip blog PerezHilton.com to coincide with the Sept 27 premiere (10pm). -- **Weather Channel** teamed with **Sony Pictures Animation** to promote upcoming theatrical release "Cloudy with a Chance of Meatballs" (Sept 18). The partnership includes lead-ins on the net by the film's talent and specialized food-centric forecasts segments. It marks the 1st time Weather has ventured into the land of ice cream snow and spaghetti tornadoes.

Online: Now live is **ESPNBoston.com**, a locally-focused sports site featuring local personalities and programming from multiple ESPN platforms. **ESPNChicago.com** launched in Apr. -- **Travel Channel** tapped **thePlatform** to manage and publish its broadband video across the Web and mobile destinations.

Ratings: **Lifetime's** "Army Wives" garnered a season-best 2.5 rating among women 18-49 for Sun's ep. -- **Viacom's** "Get Schooled: You Have the Right" doc aired simultaneously Tues across all its cable nets, garnering 12.7mln viewers including 4.3mln on **Nickelodeon**.

Honors: **HBO** led the pack by winning 16 **Creative Arts Emmys** Sat night, followed by other cable nets **Showtime** (5), **History** (3), **AMC** (2) and with 1 each **A&E**, **Bravo**, **Comedy Central**, **Discovery Channel**, **Disney Channel**, **Fox Movie Channel**, **FX**, **MTV**, **Nickelodeon**, **Spike**, **Syfy** and **Travel Channel**. Notable honors: **A&E's** "Intervention"



Sons of Anarchy's Second Season Premiere Fuels FX

4.3 million Total Viewers – up +70% over Season 1 premiere.

Most-watched cable telecast of the night in all key adult demos.

Most-watched cable drama in 2009 in Persons 18-49.

Combined with its strong movie lead-in (the broadcast premiere of *Ghost Rider*), FX ranked as the #1 cable network of the night.

BUSINESS & FINANCE

for Outstanding Reality Program, *Michael J. Fox* for Outstanding Guest Actor in a drama (FX's "Rescue Me"), and HBO Doc Films pres *Sheila Nevins'* Governors Award for commitment to important social causes.

-- The full slate of finalists for the **Assoc of Cable Communicator's '09 Beacon Awards** is available at **CableCommunicators.org**, with winners to be announced Oct 26. -- For best new show and guiltiest pleasure show, HBO's "True Blood" earned a pair of **Tubey Awards**, tallied annually with viewer votes at **Bravo's TelevisionWithoutPity.com**.

Business/Finance: Major M&A speculation continues. According to a weekend *Barron's* report, **Cablevision's** planned spinoff of **MSG** should help unlock the MSO's true value and would make the company a compelling takeover target for **Comcast** or **Time Warner Cable**. The pub cites **Miller Tabak's** valuation of CVC shares at \$44.55 each (based on multiples of net operating cash flow), a sharp premium to the current price of \$24.60 (up 1.2% Mon). Following comments from **Citigroup** analyst *Jason Bazinet* last week that Comcast should buy Time Warner Cable, the report was joined Mon by speculation from the UK's *Telegraph* that **Deutsche Telekom** has sought banking advisory on a possible bid for **Sprint**. The telco's shares surged Mon on the news, gaining 10.1%.

CableFAX Daily Stockwatch

Company	09/14 Close	1-Day Ch	Company	09/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.75	(0.17)	AMPHENOL:	38.39	0.00
DIRECTV:	26.10	0.56	APPLE:	173.72	1.56
DISH:	18.13	0.57	ARRIS GROUP:	13.07	(0.07)
DISNEY:	28.08	(0.34)	AVID TECH:	13.81	0.21
GE:	15.35	0.68	BIGBAND:	3.92	0.00
NEWS CORP:	13.81	0.10	BLNDER TONGUE:	1.17	(0.03)
MSOS					
CABLEVISION:	24.60	0.28	BROADCOM:	30.01	(0.18)
COMCAST:	17.44	0.23	CISCO:	22.79	(0.3)
COMCAST SPCL:	16.67	0.15	CLEARWIRE:	8.50	0.18
GCI:	6.86	0.04	COMMSCOPE:	29.42	(0.26)
KNOWLOGY:	7.88	0.13	CONCURRENT:	4.51	0.00
LIBERTY CAPITAL:	21.94	0.23	CONVERGYS:	10.95	(0.06)
LIBERTY ENT:	29.64	0.39	CSG SYSTEMS:	14.85	(0.19)
LIBERTY GLOBAL:	24.84	0.61	ECHOSTAR:	18.68	0.49
LIBERTY INT:	10.68	0.33	GOOGLE:	475.12	2.98
MEDIACOM:	5.79	0.20	HARMONIC:	6.89	0.00
RCN:	9.45	(0.08)	INTEL:	19.36	(0.15)
SHAW COMM:	17.72	0.18	JDSU:	7.47	0.01
TIME WARNER CABLE:	41.17	0.42	LEVEL 3:	1.39	0.07
VIRGIN MEDIA:	12.46	0.04	MICROSOFT:	25.00	0.14
WASH POST:	460.77	1.96	MOTOROLA:	8.79	0.11
PROGRAMMING					
CBS:	11.86	0.10	OPENTV:	1.33	0.00
CROWN:	1.80	0.06	PHILIPS:	24.49	(0.13)
DISCOVERY:	28.35	0.01	RENTRAK:	15.95	0.06
EW SCRIPPS:	7.56	(0.07)	SEACHANGE:	7.79	0.11
GRUPO TELEVISA:	17.98	(0.05)	SONY:	27.01	(0.26)
HSN:	12.93	0.35	SPRINT NEXTEL:	4.15	0.38
INTERACTIVE CORP:	19.40	0.13	THOMAS & BETTS:	28.77	(0.13)
LIBERTY:	34.17	0.39	TIVO:	10.92	0.12
LODGENET:	6.93	0.00	TOLLGRADE:	5.48	(0.14)
NEW FRONTIER:	2.20	0.00	UNIVERSAL ELEC:	20.61	0.38
OUTDOOR:	7.18	0.15	VONAGE:	1.55	(0.07)
PLAYBOY:	3.04	(0.07)	YAHOO:	15.57	(0.02)
RHI:	3.28	(0.02)	TELCOS		
SCRIPPS INT:	35.85	0.33	AT&T:	26.53	(0.13)
TIME WARNER:	29.15	(0.15)	QWEST:	3.60	(0.12)
VALUEVISION:	3.19	(0.01)	VERIZON:	31.07	(0.19)
VIACOM:	28.13	0.54	MARKET INDICES		
WWE:	14.20	0.03	DOW:	9626.80	21.39
TECHNOLOGY					
3COM:	4.69	0.01	NASDAQ:	2091.78	10.88
ADC:	8.65	0.05			
ADVANTAGE:	2.23	0.03			
ALCATEL LUCENT:	4.00	(0.07)			
AMDOCS:	25.88	(0.23)			

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- Creative Branding
- Plus see examples of ITV & 3DTV and understand the business and marketing opportunities

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EYE ON DIGITAL

Online Perspective

Considering the competition in recent years, the cable industry has been amazingly resilient. **Verizon** and **AT&T** are spending billions to put a serious dent in its core video business. The DBS players are holding strong and pumping out HD content (Both may eventually get snatched up by telcos, assuming Bellhead lawyers can use the Jedi Mind Trick on federal antitrust authorities). Everything is changing faster than many C-level execs or their minions can shift strategy—and yet cable remains strong and steady. Basic sub losses at major MSOs, while painful, haven't broken any banks and have even beat expectations. And cable nets are powering forward as well. According to **SNL Kagan**, cable nets' 2009 ad revenue will grow by 4.4%. That's incredible in this sorry economy. And it's all good news when it comes to the traditional cable businesses near term. But what about the long-term future, which increasingly seems live on the Internet? Does cable have the right perspective?

The industry's recent embrace of authentication—making large amounts of cable content available to paying subscribers online—suggests that high-level execs see the writing on the wall. Online video and its tendency to be free in many cases (ex: **Hulu**) is a threat. Yes, authentication allows cable to mine new revenue sources and cement customer loyalty. But until the availability of multi-megabit broadband speeds made high-quality video on the PC screen a commodity, the cable industry was happy to ignore the phenomenon as it polished its Golden Goose: Linear TV. But that goose loses its luster when compared to the infinite bandwidth and server space of the Internet. And cable must re-examine its role—in effect... change its perspective.

Terms like “online video” and “linear video” are already outdated. It's just video. The screen doesn't matter to this new generation of consumers. It only matters to media execs trying to figure out business deals. It's



interesting to note that while cable fends off competition from DBS and telcos, a far worse long-term threat may in fact be those sly capitalists and engineers scheming from their Silicon Valley campuses. **Apple**, for example, is on a tear, turning its exclusive iPhone relationship with AT&T into a license to print money and capture loyal mindshare from millions of smartphone-happy consumers. Those consumers are young, relatively well off and engaged. Sounds like a nice advertising demo, eh? They are consuming so much video on their phones that AT&T's wireless network is at the breaking point. Meanwhile, Apple is adding DVD-style extras to video selections on ever-more user friendly versions of iTunes, all while cable operators struggle to offer a competitive EPG for their own VOD product on clunky rented set-top boxes. And let's not even bring up those sleek, VOD-capable gaming consoles.

A couple of miles down the street from Apple's hq, **Google**'s plotters keep dreaming up innovative new products and offering them for free, including all that video on **YouTube**. Google has this luxury because it uses those free apps and services to collect data on users, which it then feeds into the belly of its enormously profitable core search/advertising business. At the same time, Google's software focus means no incremental distribution cost (That's all paid by cable's broadband pipes... So nice of you and your subs to help out!). Everything is digital. From Google's perspective, you just build it once, and it's infinitely copy-able and scaleable. With storage costs plummeting every year, Google knows its capital costs will keep going down even as its user base goes up. Not a bad way to live.

One could argue that companies like Apple and Google are bigger threats to cable's core business (as well as the media business in general) than the telcos and DBS providers. Sound nutty? It's not. You just have to change your perspective.

-Michael Grebb

CableFAX: The Magazine's Most Influential Minorities in Cable issue

Publication Date: October 27

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