

CableFAX Daily™

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What the Industry Reads First

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Net Neutrality: Stearns Joins Republican Chorus Questioning FCC Action

As broadcast last month, the **FCC** plans to put a net neutrality NPRM on the agenda for its Oct 22 open meeting. In fact, it's the only issue on the tentative agenda. It seems a given that the NPRM will pass, but what happens after that is the big question. Republican members of Congress are trying hard to quash regulation. On Mon, House Communications ranking member *Cliff Stearns* (R-FL) and GOP colleagues wrote a letter to FCC chmn *Julius Genachowski* urging a thorough examination on the need and impact of net neutrality regulation. "The FCC bears the responsibility to prove a market failure, especially since its 2002, 2005, 2006, and 2007 decisions on cable modem service, digital subscriber line service, broadband over power line service, and wireless broadband service were predicated on the notion that the broadband market nationwide is competitive and that regulation is unwarranted," Stearns wrote. He concluded that if the FCC does find intervention necessary, it should be the "minimum required to prevent the practices you have identified as appropriate targets of regulation." Stearns' missive comes after a similar letter Fri from House Minority Leader *John Boehner* (R-OH) and Whip *Eric Cantor* (R-VA) to President *Barack Obama*. But countered **Public Knowledge's Gigi Sohn**: "The latest House Republican letter asking for the FCC to slow action on preserving an open, non-discriminatory Internet is simply another attempt at a delaying tactic by those who favor big telecom and cable companies over competition and innovation," Count on a ton of rhetoric from both sides before the meeting and after, when comments are due. **NCTA**, which has expressed reservations over net neutrality, has praised Genachowski's statement that the process will be transparent and fact-driven.

Competition: Verizon launched **FiOS TV** in 8 additional central NY communities including East Syracuse, and hopes to extend the service's availability to 12K more homes by the end of Oct. Separately, the telco announced the interactive **WeatherBug Widget**, which allows FiOS subs to customize weather reports by any ZIP code and pull up hourly or 7-day forecasts and radar weather imagery to see how local conditions are developing. Also, **Verizon Wireless** created the **4G Venture Forum**, an initiative bringing together financial investment, product incubation and market validation for products and services that will harness (4G) wireless networks, and opened an **LTE Innovation Center** to spur collaborative innovation surrounding the tech. -- **AT&T U-verse Voice** bowed in parts of Nashville and Middle TN. -- **DirrecTV** agreed to carry free VOD network **Mag Rack**. Separately, the DBS op extended its 5 free months of the premier package with the purchase of **NFL Sunday Ticket** to Oct 12 from Sept 30.

Don't Waive: Not everyone's pleased with the **FCC's** decision to award separate security waivers for low-end set-tops from **Evolution, Motorola, Cisco** and others. Last week, **EchoStar** reps visited with FCC staffers to discuss its efforts to be a new entrant in the cable set-top box market and the need for greater certainty with respect to the rules for limited functionality boxes. "EchoStar invested in 1-way, standard-definition cable set-top boxes that complied with the separate security rules. That investment was effectively lost when [the] FCC granted a series of waivers start-

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ing with Evolution to permit embedded security,” the device maker said in a presentation that was filed with the FCC. EchoStar’s beef is that uncertainty on the FCC’s separate security rules limits its ability to attract new customers and develop boxes for the cable industry. Evolution, Motorola, Cisco, **Thomson**, **Pace** and most recently **Nagravision** have received 3-year waivers allowing them to deploy digital terminal adapters with integrated security. Consumer groups, including **Free Press**, have alleged the waivers lock consumers into low-end boxes and harm the retail set-top market.

In the States: Following the launches of **Clear 4G** mobile broadband in the noted areas, **Comcast** launched its **High-Speed 2go** services in Salem, OR, where **Sprint** also bowed 4G mobile broadband, as well as in 8 TX cities including Waco and Corpus Christi, and in Milledgeville, GA. -- **DISH**, **DirecTV**, **Verizon** and **Mediacom** are offering a free national preview of **CBS College Sports** centered around the net’s “Armed Forces Appreciation Week” that culminates in an a Sat Armed Forces football triple-header.

Carriage: **Outdoor Channel** has moved in parts of MI to **Comcast**’s more broadly distributed Digital Preferred tier, resulting in an incremental increase of approx 370K subs. -- **Fox News** renewed its carriage agreement with **RCN** in a deal covering approx 500K subs. -- Due mainly to its repositioning to digital expanded basic in markets such as Chicago, Boston and Atlanta, **Lifetime Movie Net** reached the 72.8mln sub plateau this month. -- **Comcast** added Indian channel **Zee TV** to its digital lineup in Chicago and environs.

Charter Reorg: Last week, the parties involved in **Charter**’s restructuring agreements entered into a 2nd amendment stipulating that the agreements are subject to termination if the effective date of the MSO’s reorg plan does not occur on or before Oct 14 (specifically, if consents, approvals or waivers required to be obtained from governmental authorities with respect to franchises, licenses and permits covering areas serving at least 80% of Charter’s basic subs have not been obtained by that date). A decision on the plan by a NY Bankruptcy Court was expected late last month, closing statement were extended past that date.

At the Portals: In developing a National Broadband Plan, the **FCC** wants comment on whether the govt or a non-govt entity should create a broadband clearinghouse for easy access to broadband best practices. Comments are due Nov 16.

Advertising/Marketing: **Scripps Nets** inked with **5min** an ad and content partnership whereby Scripps will syndicate video content through the 5min network and allow its advertisers to sell into 5min’s home and food categories. Also, 5min will provide contextually relevant videos from its library to the Scripps online properties. -- According to *AdWeek*, media agency **MediaVest** is set to spend millions of dollars for ads on **Hulu**, part of a shift away from spending on broadcast TV and other Websites. -- **Hallmark Channel**’s cross-platform programming/marketing cam-

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BUSINESS & FINANCE

paign “Hallmark Channel Holiday Countdown” will cover Halloween and Thanksgiving before culminating in a Christmas marketing blitz. It will be implemented The ambitious campaigns for each featured holiday will be implemented through on-air, online, ad sponsor packages and a retail promotion with more than 3,200 participating Hallmark Gold Crown stores nationwide. -- **Harlequin** will publish 4 teen tie-in titles for **ABC Family** series, “Greek.”

People: EMI’s Howard Handler was named evp, marketing and sales for **MSG Ent.**

Business/Finance: Collins Stewart increased **Time Warner Cable**’s price target to \$47 from \$38, saying it expects many shareholders may rotate out of **Comcast** into TWC given the former’s potential \$12-\$14bln investment (in cash and content assets) in an **NBCU** jv. The firm also said TWC offers a higher ’10 FCF yield (12.1% vs 11.4% for CMCSA). -- **CNBC**’s David Faber said Mon that even if Comcast’s pursuit of control over **NBCU** fails to bear fruit, the unit will not be part of **GE** over the long term. **Time Warner** has said it’s not interested in the property. -- **Kudelski Group** has offered to acquire all outstanding Class A shares of **OpenTV** that it doesn’t own for \$1.55/shr in cash. The offer follows a \$1.35/shr bid in Jun that OpenTV’s board rejected.

CableFAX Daily Stockwatch

Company	10/05 Close	1-Day Ch	Company	10/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.21	0.44	AMPHENOL:	36.00	0.53
DIRECTV:	27.04	(0.06)	APPLE:	186.02	1.12
DISH:	19.31	0.07	ARRIS GROUP:	12.67	0.24
DISNEY:	27.67	0.46	AVID TECH:	13.73	0.08
GE:	15.83	0.47	BIGBAND:	4.06	0.12
NEWS CORP:	13.47	0.23	BLNDER TONGUE:	1.18	(0.02)
MSOS					
CABLEVISION:	23.22	0.58	BROADCOM:	29.07	0.44
COMCAST:	15.34	0.10	CISCO:	22.94	0.27
COMCAST SPCL:	14.48	0.15	CLEARWIRE:	7.66	0.06
GCI:	6.72	0.09	COMMSCOPE:	27.63	0.64
KNOLGY:	10.59	0.78	CONCURRENT:	4.49	0.03
LIBERTY CAPITAL:	21.20	0.62	CONVERGYS:	10.38	0.86
LIBERTY ENT:	30.56	(0.28)	CSG SYSTEMS:	16.04	0.14
LIBERTY GLOBAL:	21.54	0.70	ECHOSTAR:	18.51	0.66
LIBERTY INT:	11.18	0.29	GOOGLE:	488.52	3.94
MEDIACOM:	5.44	0.16	HARMONIC:	6.18	0.01
RCN:	9.20	0.24	INTEL:	19.10	0.13
SHAW COMM:	18.11	0.46	JDSU:	6.85	0.19
TIME WARNER CABLE:	42.44	2.23	LEVEL 3:	1.27	(0.04)
VIRGIN MEDIA:	13.48	0.58	MICROSOFT:	24.64	(0.32)
WASH POST:	459.00	14.04	MOTOROLA:	8.21	0.22
PROGRAMMING					
CBS:	11.82	0.33	OPENTV:	1.54	0.21
CROWN:	1.65	0.02	PHILIPS:	23.49	0.60
DISCOVERY:	29.44	0.42	RENTRAK:	17.66	0.25
EW SCRIPPS:	7.30	0.69	SEACHANGE:	8.20	0.13
GRUPO TELEVISA:	18.02	0.28	SONY:	27.17	0.01
HSN:	16.90	0.87	SPRINT NEXTEL:	3.81	(0.1)
INTERACTIVE CORP:	19.25	0.07	THOMAS & BETTS:	29.13	0.31
LIBERTY:	34.09	0.57	TIVO:	10.03	0.19
LODGENET:	7.13	0.06	TOLLGRADE:	5.66	0.04
NEW FRONTIER:	2.03	0.03	UNIVERSAL ELEC:	20.53	0.38
OUTDOOR:	6.34	0.14	VONAGE:	1.49	0.17
PLAYBOY:	2.88	(0.04)	YAHOO:	16.80	(0.04)
RHI:	2.84	0.05	TELCOS		
SCRIPPS INT:	36.77	0.41	AT&T:	26.76	0.24
TIME WARNER:	30.07	0.44	QWEST:	3.71	0.14
VALUEVISION:	3.26	0.17	VERIZON:	29.96	0.07
VIACOM:	29.40	0.31	MARKET INDICES		
WWE:	13.78	0.22	DOW:	9599.75	112.08
TECHNOLOGY					
3COM:	5.17	0.22	NASDAQ:	2068.15	20.04
ADC:	7.71	0.29			
ADVANTAGE:	2.17	(0.04)			
ALCATEL LUCENT:	4.26	0.07			
AMDOCS:	25.89	0.46			



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Sponsorship Opportunities: Debbie Vodenos at 301-354-1695; dvodenos@accessintel.com
Entry Questions: Saun Sayamongkhun at 301-354-1610; ssayamongkhun@accessintel.com

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EYE ON ADVERTISING

Interactive Canvas

This month, **Cablevision** launches interactive ad service Optimum Select across its footprint. It allows viewers to interact with marketing via remote control, initially to request more info about a product, such as samples. With **Benjamin Moore** on board as one of the initial advertisers, **CableFAX** editor **Amy Maclean** chatted with **Dan Calkins**, NY general manager for the brand, about the company's plans in the space.

How will you use this interactive service?

We want to reach consumers who are looking for help with painting and such, and we thought this was the technology that would let us target those types of consumers versus a more traditional approach where you throw it out there and see who's interested. People who are going to be clicking into this RFI system are truly engaged in the category, and having a conversation for them or having a premium for them—we really do believe is a great way to begin our relationship with our brand. For right now, it's a premium offer for a free color sample that we'll mail to their home. We're talking about going a step further and having an infomercial talking about our products and our retailer network. This is just the first step.

What are your specific goals?

In the 3-week window that we're going to be running this, we're hoping to have between 10K-20K contacts or engagements where people are actually clicking in and requesting the information. We have a little bit of history, and believe that's doable.

How do you feel about the pace of development for interactive advertising?

It's somewhat of a new area for Benjamin Moore. We've used the traditional media approach for 125 years. This past year-and-a-half or so, we've moved more of our dollars to a more interactive, digital approach, and tried to leverage new technology, like we did with a new iPhone application



that we created that just won a Moby Award. We're trying to leverage what's out there. We believe being more targeted in our efforts with technology gives us a better chance of winning, so to speak. I'm not sure that answers your question directly, but until recently, we hadn't even looked to this type of technology.

What are you learning by delving into new media?

It has been effective. Internally, we had to put on a different pair of glasses so to speak... This was a new way of looking at things. I think the writing is on the wall—that things are going to move more and more in this direction. The traditional media will still have a very important place for Benjamin Moore, but we're seeing that more and more consumers and even contractors are in these places that we're looking to go digitally, interactively and that

type of thing.

How does cable compare to broadcast as a platform?


We've been using traditional cable much more than broadcast just due to the channel distribution we have as a company. We find it to be farther reaching and more cost effective to go through cable than broadcast. We haven't done a lot of broadcast television in the last 5-7 years.

Are there any areas cable could improve on?

I don't know if it's to improve on, but I think one thing we're working towards is really looking at the customers. Cable allows us to segment better... that's an area we work really hard at. What is the right fit—women consumer target, male contractor target, the average homeowner, who just wants to improve the look of their home but isn't necessarily decorator savvy so they're not spending all their time on **HGTV**. How do you really figure out where the right place is to target your advertising with cable? Because it's slight in so many ways because of the different options and channels that are out there. It's not that they aren't doing a good job, but it's trying to find a good match for our brand and our product.



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Advertise your message as a Diversity Champion! CableFAX: The Magazine's 2009 Most Influential Minorities in Cable issue will be released at the NAMIC / CableFAX Breakfast. Now accepting full page and spread units. Ad close: October 7. Please contact Debbie Vodenos at 301-354-1695, or email dvodenos@accessintel.com.