

# CableFAX Daily™

Friday — October 10, 2008

What the Industry Reads First

Volume 19 / No. 197

## Hall of Fame: Willner Reflects on Past, Present and Future

With next Thurs being the **Cable Center** Hall of Fame celebration dinner, we continue our interviews with some of this year's inductees. A few weeks ago, before the markets plummeted, we chatted with **Insight** CEO and honoree *Michael Willner*. Here's a little of what he had to say. **As you look back on your career in cable, what moment or event stands out?** As I was ending my term as the **NCTA** chmn, I left the board meeting to go to the bathroom and came back to find out that I'd been re-elected for a 2nd term when people weren't re-elected at the time. I realized I should never go to the bathroom during a meeting again. **Was there a moment you realized cable had arrived?** There was, and it was very clear to me... I was in Glasgow in Scotland, in a hotel room, and I was watching **CNN** on the night the US began to bomb Baghdad in the first Gulf War. And *Bernard Shaw* was the only one reporting live from Baghdad at the time, cooped up in that hotel room. That in itself was a moment where I realized the cable industry was in the major leagues. When I called home to see how my family was doing, I could hear the same broadcast... Not only had we arrived as an industry, but we'd arrived as an intl industry, since we were a quarter of a world apart. **You've been very active in DC over the years. What scares you most on the regulatory front?** I couldn't get any more scared than I've already been. The problem that I have today is that you look at some of the things floated around Washington about this industry and you kind of scratch your head and wonder, 'Where did this come from? On what basis of reality is this point of view being put forth?' It's the irrationality that scares me the most. **You're chmn of the Cable Show '09 for the inaugural Cable Connection week. How do you think this event consolidation will work out?** It has to work out. The industry is a different industry than it was when all these things got started. There are fewer companies that serve many subscribers. There just needed to be a rationalization of all this travel that was taking place. We looked for ways to do it that will not detract from the contributions these various organizations are making to the industry. **Are you looking to grow? Are there deals you're eyeing?** We're growing internally. We grew at 5.5% last year in basic customers. We continue to add basic customers at a very rapid clip this year. So, we're very pleased with our own internal performance. It's no secret that we sought some alternatives last summer, including possibly getting out of the business. But capital markets were what they were at the time, and we have withdrawn any consideration of doing that at this point. And frankly, growing the company again makes a lot of sense if the right deals are out there. That said, we're not going to go and buy a bunch of subscribers just for the sake of growth. We're going to have to find the right ones. *[For the full interview, check out **Cable360.net**].*

**DTV Doings:** **NTIA** has seen an increase in converter box coupon requests in some of the markets that lost **LIN TV** broadcast stations because of the retrans spat with **Time Warner Cable**, **ACA** said Thurs, pointing to Austin, Ft Wayne, IN, and Springfield—3 of the 11 markets impacted by the impasse. **NTIA** confirmed an "uptick." **ACA** pres/CEO *Matt Polka* suggested these requests are coming from customers who don't need converters. "LIN TV's decision to pull its

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signals is not only causing confusion, but it's also eating up limited resources for the DTV coupon program," he said. "A program, which, according to **FCC** chmn *Kevin Martin*, now runs the risk of running out of money. These disruptions of service around the time of the DTV transition might be needlessly costing taxpayers money and could be eliminating a limited supply of converter boxes from store shelves that are intended for consumers who really need them." **ACA**, **NCTA** and **DISH Network** are among those pushing for a retrans quiet period that would start by year-end and would prevent broadcasters from pulling their signals around the DTV transition. Broadcasters support a quiet period, but only think it should last for 4 weeks (2 weeks before and after Feb 17). **ACA** said Thurs that the issue should no longer be whether the period should begin Feb 4, Jan 15 or Dec 15, but whether it should be implemented immediately. -- Meanwhile, we hear that Time Warner Cable systems had given out more than 50K rabbit ears as of Mon, with most of those going to Packers and Bills fans in Green Bay and Buffalo. One positive: no Bills game this weekend.

**Competition:** **Qwest** has launched in CO a Web-based home phone management system called **qHome**. The system integrates subs' phone and HSI service through Microsoft Windows Live, allowing for management of voicemail, email and call logs, and caller ID and call placement functionality. -- **Verizon** has bowed new service plans offering 24/7 tech support covering computer software and hardware and repair/replacement coverage for computers, TVs and phone equipment. Plans range from \$5-\$250/month.

**In the Courts:** **TiVo** said it received \$105mln from **EchoStar** Wed, an amount inclusive of the initial \$74mln in damages awarded by a US District Court for patent infringement and supplemental damages covering the period through Sept '06 plus interest. "We remain confident that the District Court will enforce the injunction and award further damages from EchoStar's continued infringement of our Time Warp patent," said TiVo.

**Carriage:** **ReelzChannel** has launched on **Charter** in Ft. Worth, TX, and Slidell, LA; on **RCN** in NYC, Philadelphia and D.C.; and on **FiOS TV** in NY, NJ, OR, RI, PA, MA, MD and VA.

**Technology:** **SureWest Kansas City** deployed an EBIF platform and applications from **BIAP**. It's one of the 1st cable ops to launch an EBIF platform at the headend and to deploy to its entire digital sub base applications in the EBIF standard. **Verizon** and **Ensequence** in Aug said they launched the 1st major EBIF trial to FiOS TV subs in Portland (**Cfax**, 8/15). That app revolved around the Summer Olympics. BIAP apps available to SureWest subs include Yellow Pages on TV, eBay on TV, Fantasy Football and My TVi, a local news and information service that allows the viewer to personalize certain content. -- **Microsoft** will launch Nov 19 the **New Xbox Experience**, which will enable virtual interaction on TVs, offer on demand content from partners including **Disney** and **NBCU**, and feature a gaming community of thousands of

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# BUSINESS & FINANCE

titles. -- Now available through retail outlets is Sling Media's **SlingCatcher**, a set top allowing customers to watch online video through their TV [More details at [www.cablefaxcontent-business.com](http://www.cablefaxcontent-business.com)].

**Advertising:** If the **Dow** isn't scary enough for you, here are some more chilling stats, courtesy of **Nielsen**. TV ad spending by credit card companies, which were up throughout the year, dropped by nearly 24% for the first 3 weeks of Sept. Mortgage services TV advertising is down 50% and mutual funds are down 29% during the same period, however both sectors posted declines of 54% and 37% in July-Aug, respectively. -- **Turner** has bowed **TVinContext**, an ad program that pairs commercials with related programming content on **TNT** and **TBS** and counts **OnStar**, **DirecTV** and **Cadillac** as initial clients. Here's how the program works: during a TNT telecast of "The Bourne Supremacy," for example, the net might insert a spot about OnStar's automatic crash response service during 1 of the film's car-crash scenes.

**People:** **Asheesh Saksena** becomes deputy chief strategy officer and svp, corporate strategy for **Time Warner Cable**. He joins from **Accenture**, where he was sr exec and partner, comm and high tech strategy. This is a new post that reports to chief strategy officer **Peter Stern**. -- **Sean Cocchia** was upped to svp, biz planning & dev for **Disney Channels Worldwide**.

## CableFAX Daily Stockwatch

Company	10/09 Close	1-Day Ch	Company	10/09 Close	1-Day Ch			
<b>BROADCASTERS/DBS/MMDS</b>								
ALCATEL LUCENT:	2.54	(0.25)	AMDOCS:	25.02	(0.3)			
BRITISH SKY:	26.04	(1.2)	AMPHENOL:	30.06	(2.27)			
DIRECTV:	20.09	(2.19)	APPLE:	88.74	(1.05)			
DISNEY:	23.80	(1.88)	ARRIS GROUP:	5.96	(0.48)			
ECHOSTAR:	16.09	(2.1)	AVID TECH:	18.76	(1.01)			
GE:	19.01	(1.64)	BIGBAND:	2.61	(0.29)			
HEARST-ARGYLE:	16.01	(2.01)	BLNDER TONGUE:	0.95	(0.01)			
ION MEDIA:	1.44	0.00	BROADCOM:	14.80	(0.05)			
NEWS CORP:	9.21	(0.85)	C-COR:	11.00	0.00			
<b>MSOS</b>								
CISCO:	17.19	(1.15)	CABLEVISION:	16.88	(0.48)			
COMMSCOPE:	24.59	(1.6)	CHARTER:	0.42	(0.1)			
CONCURRENT:	4.45	(0.05)	COMCAST:	16.31	(0.68)			
CONVERGYS:	11.76	(1.01)	COMCAST SPCL:	16.21	(0.64)			
CSG SYSTEMS:	13.72	(0.62)	GCI:	6.16	(0.65)			
ECHOSTAR HOLDING:	20.66	(1.61)	KNOLGY:	4.92	(0.6)			
GOOGLE:	328.98	(9.13)	LIBERTY CAPITAL:	9.64	(0.72)			
HARMONIC:	7.39	(0.37)	LIBERTY ENT:	17.04	(1.99)			
JDSU:	6.36	0.02	LIBERTY GLOBAL:	21.40	(1.2)			
LEVEL 3:	1.47	(0.32)	LIBERTY INT:	8.45	(0.56)			
MICROSOFT:	22.30	(0.71)	MEDIACOM:	3.52	(1.03)			
MOTOROLA:	4.56	(0.66)	SHAW COMM:	16.88	(1.12)			
NDS:	48.22	(0.31)	TIME WARNER CABLE:	20.90	(0.37)			
NORTEL:	1.69	0.12	VIRGIN MEDIA:	4.68	(0.7)			
OPENTV:	1.06	(0.06)	WASH POST:	406.70	(58)			
PHILIPS:	21.45	(1.11)	<b>PROGRAMMING</b>					
RENTRAK:	11.00	(0.44)	CBS:	10.14	(1.28)			
SEACHANGE:	6.60	(0.39)	CROWN:	3.27	(0.44)			
SONY:	23.51	(0.39)	EW SCRIPPS:	4.89	(0.85)			
SPRINT NEXTEL:	3.76	(0.68)	GRUPO TELEVISA:	16.23	(0.7)			
THOMAS & BETTS:	24.40	(1.36)	HSN:	8.33	(1.93)			
TIVO:	5.30	(0.49)	INTERACTIVE CORP:	14.93	0.15			
TOLLGRADE:	3.36	(0.33)	LIBERTY:	26.57	(0.7)			
UNIVERSAL ELEC:	18.00	(1.59)	LODGENET:	0.86	(0.21)			
VONAGE:	0.65	(0.04)	NEW DISCOVERY:	11.53	(0.16)			
YAHOO:	12.65	(1.11)	NEW FRONTIER:	1.81	0.04			
<b>TELCOS</b>								
AT&T:	23.00	(1.73)	OUTDOOR:	7.74	(0.57)			
QWEST:	2.28	(0.15)	PLAYBOY:	2.50	(0.32)			
VERIZON:	25.93	(1.8)	RHI:	12.18	(0.65)			
<b>MARKET INDICES</b>								
DOW:	8579.19	(678.91)	SCRIPPS INT:	28.70	(3.52)			
NASDAQ:	1645.12	(95.21)	TIME WARNER:	10.09	(0.69)			
<b>TECHNOLOGY</b>								
3COM:	2.17	(0.17)	VALUEVISION:	1.34	(0.03)			
ADC:	5.20	(0.65)	VIACOM:	20.68	(0.88)			
ADVANTAGE:	2.00	(0.03)	WWE:	13.00	(0.64)			

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For more info contact:

Debbie Vodenos, Publisher, at (301) 354-1695 or [dvodenos@accessintel.com](mailto:dvodenos@accessintel.com)

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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Fuzzy Programming Picture**

With the **Dow** shedding one-quarter of its value over the last 3 weeks, it appears that no safe haven currently exists on Wall St—except possibly makers of tissues and distillers of spirits. Of course, Americans watching their investment balances sink like **CBS'** summer ratings are probably too busy crying and self-medicating to recognize a silver lining. Many people reasonably believe cable ops will assume a silvery hue over the next few Qs as the US population borrows at home, intent on saving dollars by watching TV/movies and surfing the Web. A logical argument to be sure, and 1 with which I agree. But are cable programmers poised to capitalize on this likely trend as well? Will cable nets' niche content like 24/7 news—bountifully rewarded with viewership during this presidential race—continue its attraction of cash-strapped advertisers? This much we know: advertising outlooks vary, and related stocks have joined the recent financial eddy. **Discovery** shares are down 37% since Sept 18, **Scripps Nets** stock has dived 25% since Jul 1, and following the Thurs trading day shares of **Viacom**, **Disney** and **Time Warner** all sat at fresh 52-wk lows. Inventive ad initiatives like **Turner's TVinContext** should help going forward, but trouble may brew through to the spring or summer. In the near term, however, programmer stocks may provide some solace. **GE** kicks off the cable-related 3Q earnings season Fri, and **NBCU** will likely deliver solid 3Q ad/ratings growth, owing largely to the **Beijing Olympics**. Others should follow suit, with cable results poised to buoy and/or bolster the reports of pure-play securities and conglomerates alike. Moderate increases on Wall St boards may follow. Smiles may emerge. Unfortunately, what the next 2-3 Qs have in store is anybody's guess. I like to think a marketwide bottom is nigh. But I won't dispose of my Kleenex and cheap rum just yet. *CH*

**Highlights:** "Koppel on Discovery: The Last Lynching," Mon, 10pm, **Discovery**. Koppel succeeds by including contemporary voices in a brief history of lynching, up through the 1981 lynching of *Michael Donald* in AL. Should parents determine this show is suitable for teens (it wisely opens with a warning), all will get a useful introduction to a crucial chapter in U.S. history. -- "Return of the War Room," Mon, 9pm, **Sundance**. Interesting update about Clinton's advisors, plus strong bits from Republican *Mary Matalin* and *Perot* aide *Frank Luntz*. SA

**Worth a Look:** "Secrets of Body Language," Mon, 9pm, **History**. Your subs must concede that 93% of communication is non-verbal. If so, they'll enjoy this fascinating special where "experts" analyze past and present world leaders' non-verbal gestures, including *McCain's* and *Obama's*. -- "The Starter Wife," season II premiere, Fri, 9pm, **USA**. Last season's mini becomes a full-blown series with nearly all the principals returning, certainly the most important, *Debra Messing*, who plays single-mother Molly, trying to regain her bearings after her smarmy Hollywood hubbie drops her. Starter gained acclaim and ratings last season through good writing and audience-favorite *Messing*. That formula returns, as does the excellent *Judy Davis* as Molly's strong-headed and wealthy pal. While flashbacks to "Will & Grace" are inevitable, *Messing* and *Davis* keep Starter humming. SA

Basic Cable Rankings (9/29/08-10/05/08)			
Mon-Sun Prime			
1	TBSC	3.5	3407
2	FOXN	3	2864
3	ESPN	2.3	2235
4	USA	2	1995
4	DSNY	2	1913
6	CNN	1.7	1697
7	TOON	1.4	1369
7	NAN	1.4	1345
9	TNT	1.3	1241
9	MSNB	1.3	1186
11	LIFE	1.1	1104
11	SCIF	1.1	1077
11	A&E	1.1	1049
14	FX	1	933
14	HALL	1	847
16	CMDY	0.9	835
17	DISC	0.8	822
17	HGTV	0.8	792
17	SPK	0.8	786
17	FAM	0.8	777
17	HIST	0.8	771
17	TRU	0.8	733
23	BRAV	0.7	613
23	LMN	0.7	445
25	TLC	0.6	615
25	MTV	0.6	614
25	VH1	0.6	609
25	AMC	0.6	605
25	FOOD	0.6	604
30	HLN	0.5	531
30	TVLD	0.5	502
30	EN	0.5	449
30	NOGG	0.5	341
34	APL	0.4	392
34	ESP2	0.4	363
34	BET	0.4	352
34	NGC	0.4	290
34	SOAP	0.4	284
34	OXYG	0.4	269
34	GSN	0.4	253
41	TTC	0.3	289
41	CMT	0.3	277
41	CNBC	0.3	262
41	WE	0.3	217
41	DHLT	0.3	210
41	WGNA	0.3	194

\*Nielsen data supplied by ABC/Disney



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The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brands CableFAX: The Magazine and Content Business. The winners and honorable mentions will be honored at an awards event on February 26, 2009 at the Grand Hyatt, NYC.

### Awards Timeline

**Entry Deadline:** December 3, 2008

**Late Entry Deadline:** December 10, 2008

**Award Event:** February 26, 2009

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#### Best Overall Websites:

- Independent Operator
- Cable System (MSO)
- Cable Network
- Regional/Local Programmers
- Technology and other Vendors
- Cable Associations



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#### Contact Information

Please contact Awards Coordinator, Rachel Smar at 301-354-1613; [rsmar@accessintel.com](mailto:rsmar@accessintel.com).