

CableFAX Daily™

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What the Industry Reads First

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Martin's Take: FCC Chmn Blasts Commissioners, Puts White Space Item on Agenda

FCC chmn *Kevin Martin* got his turn to complain about fellow Commissioners Wed. After the 4 revolted against his proposal to allow Class A stations to apply for full-power status, and thus receive cable must-carry obligations, the item was pulled from the FCC's Open Meeting agenda. Martin skipped Wed's meeting in Nashville, which ended up focusing on childhood obesity, but he did hold a press conference in DC. The main purpose of the news conference was to announce the items proposed for the Nov 4 meeting, which include the complicated matters of intercarrier compensation and white space, but he also addressed the LPTV item. "I was hopeful that the Commission would at least open the Notice of Proposed Rulemaking—that it would at least allow for the potential of this change," Martin told reporters in DC. "I am disappointed that after months of it sitting here at the Commission and after having been notified of it several weeks ago, Mon night 4 of the Commissioners said they did not want to vote on that NPRM and would not support it." He accused colleagues who had spoken about the importance of increasing diverse voices of being "unwilling to do so because the major media companies, the cable operators and broadcasters are opposed in this instance." According to sources, the 4 Commissioners did support and were ready to vote for several items in the NPRM, including establishing 2012 as a hard date for the DTV transition for low-powers and provisions to make that transition easier, but the commissioners wanted anything pertaining to how LPTVs are carried—ie, must carry and access to PEG channels—put into a separate NOI. Edits were made to the item last week, with 3 votes on board for a separate NPRM and NOI by Mon afternoon, and later all 4, the source said. Martin said Commissioners who said in Nashville that they were willing to move forward on a LPTV item were "not being straight-forward." "Several Commissioners said they would support a Notice of Inquiry, but they also wanted to remove the opportunity for low-power to have must carry from the item," Martin said, saying that would make the item useless. Sources contradicted that, saying the 4 Commissioners proposed full discussion of giving the stations must carry status in the NOI. Next up is the FCC's last meeting before a new president is chosen. Martin wants to put several items on the agenda, including white spaces, intercarrier compensation and approving **Sprint** and **Clearwire's** wireless jv and **Verizon Wireless'** purchase of **Alltel**. It's an ambitious agenda, especially considering that it falls on Election Day. The white space item proposes allowing unlicensed mobile devices to operate in the white spaces between DTV channels up to 100 milliwatts, but only 40 milliwatts if the devices are operating in channels adjacent to TV channels. The FCC was to release its white spaces report Wed, which Martin said concludes that devices can be operated in white spaces without broadcast interference, but it had not been released at press time.

DTV Doings: Hawaii's full power TV stations will make the DTV transition approximately 1 month before the nationwide switch on Feb 17. Only digital signals will be broadcast to viewers in Hawai'i County, Maui County and the City and County of Honolulu. Kaua'i County is served by low-power translators and will not make the transition to DTV on that

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date. It will give the **FCC** another market besides Wilmington to observe before the nationwide transition. -- More than 9mln homes are not ready for the DTV transition, and another 12.5mln HHs have a least 1 TV that won't work with the transition occurs, says a Nielsen research paper. That means that nearly 1 in 5 HHs are either partially or completely unprepared for the transition. Totally unprepared homes fell 1.4% from May 1 to Sept 1 to 8.4%, Nielsen said. Nielsen broke out the totally unprepared: 13% of Hispanic HHs aren't ready, 12.5% of African American homes and HHs with income under \$25K are 5 times more likely to be unprepared than those earning \$75K+. -- **NAB** says its board adopted a resolution supporting a bill by Rep *Lois Capps* (D-CA) and *Jay Rockefeller* (D-WV) that would let broadcasters provide DTV educational info on their analog signal in the days following the Feb 17 transition to digital.

In the States: **Cablevision** has deployed its **Optimum WiFi** wireless Internet service in commercial and high-traffic locations across Long Island, CT, and Westchester/Dutchess, NY, including certain commuter rail platforms, station parking lots and metro stations. The MSO has more than doubled Optimum WiFi's service area since early Sept, and plans to complete roll out of the free service in early '10.

Competition: Returning Tues to **DirectTV's The 101 Network** are "Rock & A Hard Place" and "Supreme Court of Comedy." Hosted by *Meat Loaf*, Rock features rock stars competing for charity, and Supreme offers small claims litigants the chance to have their cases heard by comedians such as *Tom Arnold* and *Jon Lovitz*. -- **RadioShack** now sells **AT&T's** HSI service at stores in 9 southeastern states, and in the telco's entire 22-state region is offering special offers such as \$75 store gift card for new customers of the service.

Carriage: A new distribution agreement grants **NRTC** members access to content from **HBO** and **Cinemax**.

Appointment TV: **FX's** "Sons of Anarchy" and **IFC's** "The IT Crowd" tied for 2nd position on **Matacritic's** list of top-rated TV shows that debuted this fall, a ranking of 10 compiled by using weighted scores from US TV critics and pubs. **ABC's** "Life On Mars" was top-ranked by a large margin and led 5 additional broadcast series. **HBO's** "True Blood" and "Little Britian" also made the list. -- **Evite.com** has partnered with **AMC** and **Bravo** to tout TV viewing parties, a trend the site said increased notably in Sept. Evite is offering a custom "Project Runway" party invitation that's integrated into the show's Website, and has launched invitation templates for "Mad Men."

Ratings: Helped by series records for "Jon & Kate Plus 8," **TLC** delivered this week its highest Mon night delivery since Sept '03 among total viewers (2.3mln), HHs (1.8mln), women 25-54 (919K) and women 18-49 (977K). The series notched historical delivery highs among the same 4 demos, including a respective 3.2mln, 2.5mln, 1.3mln and 1.4mln.

Programming: **CNN** will roll out Sat (10pm) "D.L. Hughley Breaks The News," a tentatively titled alternative news program featuring the comedian doing stand-up, interviewing newsmakers and reporters, and staging skits. -- **Comcast** said it now offers more than 1K HD programming choices, including more than 200 movies and 300 TV eps. -- **Travel Channel** and **Outside** have partnered for mystery/adventure series "Gone Missing," with the pilot (Nov 1) to document the real-life disappearance of *Michael Rockefeller* in '61.

Technology: **Panasonic** and **Comcast** have declared the tru2way platform active in Chicago and Denver, where customers can purchase Panasonic tru2way-enabled VIERA Plasma HDTVs at area Circuit City stores beginning later this month. The sets will also be available at Abt Electronics outlets in Chicago and at Ultimate Electronics in

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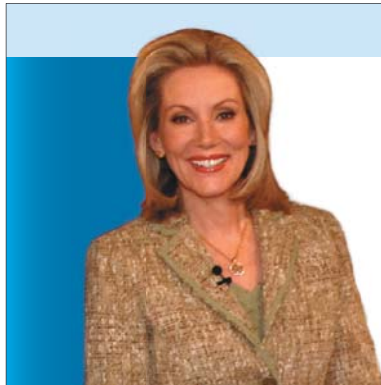
Denver. The tru2way digital cable service is expected to go live in additional cities in the coming months.

People: Former NCTA vp and legislative council *Cinnamon Rogers* has joined **Time Warner Inc** as vp, global public policy. She is working with former NCTA'er *Steve Vest*, who leads the TW team. -- *Juan Morrison* has rejoined **Communications Equity Assoc** as a managing director, where he'll focus on M&A and corporate finance transactions.

Business and Finance: Owing a great deal to investors' recession fears and **Sanford Bernstein's** target price revisions, shares of **Comcast** (-14.8%), **Cablevision** (-12.5%) and **Time Warner Cable** (-10.8%) all fell sharply Wed. The price cuts—Comcast to \$24 from \$30, CVC to \$31 from \$45 and Time Warner to \$33 from \$42—stem from analyst *Craig Moffett's* concern over the marketwide credit crunch and rising borrowing costs. Moffett said he expects heavily-levered CVC will successfully meet its debt maturities in '09. And while cable and even satellite are in a better near-term situation than telcos, wrote Moffett, "local advertising is already in a recession" and the economic impact on customers could lead to slower cable services growth. -- Faith & Values Media changed its name to **Odyssey Networks** and is now concentrating on online content distribution, although it will continue to program 2hrs/ week on **Hallmark Channel** through '09.

CableFAX Daily Stockwatch

Company	10/15 Close	1-Day Ch	Company	10/15 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ALCATEL LUCENT:	2.41	(0.39)	AMDOCS:	23.52	(1.48)
BRITISH SKY:	25.92	(2)	AMPHENOL:	27.00	(4.16)
DIRECTV:	19.55	(2.58)	APPLE:	98.00	(6.08)
DISNEY:	23.37	(2.31)	ARRIS GROUP:	5.99	(0.92)
ECHOSTAR:	14.45	(1.45)	AVID TECH:	18.59	(1.97)
GE:	19.25	(1.6)	BIGBAND:	3.31	(0.05)
HEARST-ARGYLE:	16.04	0.34	BLNDER TONGUE:	0.80	(0.05)
ION MEDIA:	1.44	0.00	BROADCOM:	13.73	(1.37)
NEWS CORP:	8.81	(1.23)	C-COR:	11.00	0.00
MSOS					
CABLEVISION:	16.41	(2.35)	CISCO:	16.57	(1.97)
CHARTER:	0.31	(0.08)	COMMSCOPE:	23.12	(2.75)
COMCAST:	14.23	(2.41)	CONCURRENT:	3.74	(0.41)
COMCAST SPCL:	13.98	(2.45)	CONVERGYS:	11.21	(0.55)
GCI:	6.02	(0.77)	CSG SYSTEMS:	14.01	(1.01)
KNOLGY:	4.99	(0.48)	ECHOSTAR HOLDING:	20.50	(0.47)
LIBERTY CAPITAL:	7.00	(0.87)	GOOGLE:	339.17	(23.54)
LIBERTY ENT:	16.02	(2.07)	HARMONIC:	7.73	(0.45)
LIBERTY GLOBAL:	17.52	(2.32)	JDSU:	6.25	(0.23)
LIBERTY INT:	6.51	(0.97)	LEVEL 3:	1.41	(0.15)
MEDIACOM:	3.74	(0.78)	MICROSOFT:	22.66	(1.44)
SHAW COMM:	16.66	(0.96)	MOTOROLA:	5.19	(0.3)
TIME WARNER CABLE:	19.72	(2.38)	NDS:	52.96	1.91
VIRGIN MEDIA:	5.83	(1.27)	NORTEL:	1.62	(0.14)
WASH POST:	371.40	(43.6)	OPENTV:	1.07	(0.17)
PROGRAMMING					
PHILIPS:	16.95	(3.2)	RENTRAK:	11.91	(0.01)
CBS:	8.62	(0.91)	SEACHANGE:	6.89	(0.53)
CROWN:	3.24	(0.79)	SONY:	23.43	(2.77)
EW SCRIPPS:	4.95	0.03	SPRINT NEXTEL:	3.33	(0.71)
GRUPO TELEVISIA:	16.30	(1.6)	THOMAS & BETTS:	23.82	(3.01)
HSN:	5.94	(0.9)	TIVO:	5.62	(0.73)
INTERACTIVE CORP:	14.51	(0.68)	TOLLGRADE:	3.03	0.03
LIBERTY:	30.30	(3.57)	UNIVERSAL ELEC:	18.23	(1.93)
LODGENET:	1.09	(0.42)	VONAGE:	0.86	0.01
NEW DISCOVERY:	12.29	(1.41)	YAHOO:	11.75	(0.9)
NEW FRONTIER:	1.68	(0.11)	TELCOS		
OUTDOOR:	7.40	(0.72)	AT&T:	24.62	(2.06)
PLAYBOY:	2.10	(0.3)	QWEST:	2.77	(0.15)
RHI:	12.37	(0.32)	VERIZON:	26.64	(2.31)
SCRIPPS INT:	28.59	(1.78)	MARKET INDICES		
TIME WARNER:	9.38	(1.11)	DOW:	8577.91	(733.08)
VALUEVISION:	1.04	0.03	NASDAQ:	1628.33	(150.68)
VIACOM:	18.95	(1.35)			
WWE:	14.42	(0.82)			
TECHNOLOGY					
3COM:	2.12	(0.23)			
ADC:	5.12	(0.55)			
ADDVANTAGE:	1.75	0.19			



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Recalibrating

Yes, I know. Everything's a mess. Don't even look at your portfolio right now, and ignore all the finger-pointing about who is to blame... there's plenty of blame to go around. But this melt-down on Wall Street may be a once-in-a-lifetime or, indeed, industry lifetime opportunity for the cable industry if we are willing to think a little bit "outside the box."

I'm focusing here not on the overall financial crisis, the liquidity issues, the bank seizure of credit. I'm relatively confident that massive, coordinated international action by governments will steady that ship. Instead, what I want to explore is our industry, how it has been run, what it can do now, and how it can potentially change the overall perception of what we do and why for many years to come.



Steve Effros

We are perceived, like it or not, as rapacious. We are perceived, whether we are or not, as a "monopoly." We started out by doing the unthinkable: we charged for "free TV." Even in the middle of an absurd economic crisis, some politicians and regulators do not pass up the opportunity to decry cable rates.

Why? Because we're doing something that's central to the lives of most people in this country. We deliver television. Especially in these times, when belts are inevitably going to be tightened, we're still going to be seen as a "necessity." For good reason. No matter what our price, we're without question offering the best entertainment dollar around. When a movie for a family of four runs over \$50 for a two-hour respite... when going to a professional sporting match can cost three or four times that much for a one-day outing... cable, delivering hundreds of channels of programming 24 hours a day, is a great deal.

We should make it even greater. Now. This is a unique

time. Cable stocks have taken an even more severe hit than the overall market. The perception is that because we are a capital intensive business (any infrastructure is), the credit crunch will hurt us more. But that's not totally accurate. We've already completed most of our rebuilds. We already have the asset in place. As a matter of fact, if anything, this crunch assures that our asset will likely be the predominant, most advanced video delivery infrastructure for some time to come!

The opportunity now is to improve our perceived position with our customers and assure that we maintain and cement the position of the preferred deliverer of voice, video and data. How? Give our customers the ability to lower their bills during this crisis of confidence.

The "bundles" offered to new customers should be opened up to everyone. The deals should be across the board. The ability to order more discreet packages (yes, the programmers will have to join this effort... but "targeted" advertising dollars is the way of the future anyway. Just look at the Internet and get on board) should be part of the engineering of our systems and our offers.

If we do all these things now, when our customers are understandably fearful of their budgets—and we help them control that budget, even cut it back a little in exchange for a long-term commitment—we all win. Cable can now be an enabler rather than perceived as a problem. We don't have to worry about Wall Street for the moment... it has already irrationally discounted us. The opportunity to create a happy, long-term customer base is a unique one, and we should seize it. It could potentially change, and significantly recalibrate the perception and reality of cable.

Steve

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- Mobile Application
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- Podcast or Videocast
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- Supplemental Web Content
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- Web Editor
- Video Editor/Producer
- Web Designer
- Other (please enter an executive) who is successfully leading your organization's digital initiatives

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- Technology and other Vendors
- Cable Associations



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