

CableFAX Daily™

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What the Industry Reads First

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Helping Hand: Small Ops Want Financial Aid for DTV Transition

Congress should consider helping fund small cable operators' conversion to digital TV, **Sunflower Broadband** gm/ACA chmn *Patrick Knorr* will say in House testimony Wed. In his testimony, Knorr points to the Deficit Reduction Act of '05, in which Congress set aside \$75mln to assist low-power and translator broadcast stations in upgrading their facilities to digital from analog. "The ACA believes that a similar program should be considered to help small cable operators, who represent an important link in the television chain in rural America," Knorr's prepared testimony says. The House Telecom subcommittee is holding its 3rd hearing on the status of the DTV transition Wed. Systems with a limited amount of subs can't afford to upgrade or buy digital boxes, and the cost can't be recouped in the current marketplace, Knorr says. "Those that cannot afford to upgrade will eventually bow to the competitive pressure of the 2 satellite providers and shut down their facilities," Knorr's testimony says. The ACA chmn also reiterates ACA's stance that the **FCC's** dual-carriage rules should exempt small cable operators from having to file requests for waivers—a process that it argues is costly and burdensome. Knorr asks Congress to pass legislation providing an outright dual-carriage exemption to small cable ops, or to weigh in at the FCC and urge more flexible rules for those operators. Under the rules passed by the FCC last month, cable systems that are not 100% digital need to carry stations that elect mandatory carriage in analog and digital formats for 3 years, starting Feb 17, '09. Also slated to testify at Wed's hearing are **Insight** CEO *Michael Willner*, **Hearst-Argyle** pres/CEO *David Barrett* and **Best Buy** svp, merchandising *Michael Vitelli*.

Script Change: **SOAPnet** GM *Deborah Blackwell* announced plans to leave **Disney-ABC TV Group** early next year, intimating a longing for the net's early, more entrepreneurial days. She will remain as a consultant until her contract expires. "It just seemed like the best time to move on," said Blackwell, noting that a talented creative team has the net pointed toward continued viability. *Brian Frons*, pres, daytime, Disney-ABC TV Group, said he will manage SOAPnet's operations in lieu of replacing Blackwell's position.

Verizon's Numbers: **Verizon's FiOS** video service is nearing the 1mln mark. The telco added 202K new subs in 3Q (+21% sequentially), giving the service 717K total subs or a penetration of more than 15%. "In virtually all of our regional markets, we have achieved double-digit penetration and in one region, our TV penetration exceeds 30%," said Verizon CFO *Doreen Toben*. Over the next 18-24 months, Verizon plans to launch the service to some urban markets, she added. "As the moment at least, we are about going as fast as we think we can" in terms of FiOS deployment, *Toben* said. Residential line losses continue, climbing sequentially to 664K—though that figure is 4.5% less than Verizon lost last year. The telco believes FiOS TV is helping stem line losses, pointing to RI, where it's seeing gains compared to line losses just 6 months ago in excess of 10% annually. Verizon added 229K new FiOS Internet customers, up 13% over 2Q, for 1.3mln total. Total broadband subs increased 21% Y-over-Y to 1.4mln. Net income totaled \$1.27bln

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vs \$1.92bln a year earlier and included some 1-time charges. Rev climbed 5.8% Y-over-Y to \$23.8bln.

TiVo + Comcast: Internet bloggers are reporting that **Comcast** is likely to price the **TiVo** service upgrade at \$2.95/month, based on a screen shot of a customer's live chat with the MSO (troyontivo.blogspot.com). TiVo and Comcast haven't revealed a price point for the service, which has begun rolling out in New England. If the price proves accurate, **Bear Stearns** views it as an amount that lower-end subs are likely to pay. The investment firm suggest Comcast might offer the TiVo service free to its highest-end video customers or perhaps for \$1 for those taking the triple-play. "In this environment, despite the modest rollout, we believe Comcast has even more incentive to be aggressive in offering TiVo service," Bear Stearns said.

Job Well Done: The White House is bestowing the nation's highest civil award on **C-SPAN** founder/CEO *Brian Lamb*. Lamb will receive the Presidential Medal of Freedom from Pres *Bush* at a White House ceremony Nov 5. "I am honored to receive this award on behalf of the cable television industry who created C-SPAN as a public service almost 30 years ago for the American people," Lamb said. Other recipients include author *Harper Lee*, former Rep *Henry Hyde* and civil rights leader *Benjamin Hooks*.

Competition: With the **FCC** set to ban exclusive MDU contracts at a Wed meeting, **DirectTV** inked a distribution agreement with **PDI-SAT** to better serve the competitive space. The deal calls for the delivery of DirecTV's HD content to North American MDUs. FCC chmn *Kevin Martin* talked up his plan in a *NY Times* piece Mon.

In the States: **Charter** will launch **NHL Net** next month in select markets.

Truthful Content: The first major step in **Court TV's** transition to **truTV** (Jan 1) comes Thurs, when the rebranding campaign kicks off in an effort to attract "real engagers" that skew slightly male and desire 1st person access to real-life programming. The campaign's tagline is "Not Reality. Actuality."—a mantra that will be played out in announced originals "Sky Racers" and "One False Move." The former spotlights helicopter news pilots in L.A. while the latter chronicles dangerous and potentially disastrous vocations such as rescue work.

Hulu Ado: The **NBCU/Fox** video Website **Hulu** launched in beta Mon with new content through licensing deals with **MGM** and **Sony Pictures TV**, including more than 40 Sony TV shows and both TV series and feature films from MGM. Also available for free download at **Hulu.com** is programming from **Bravo**, **E!**, **FX Networks**, **Sundance Channel** and **USA**. In all, approx 90 shows and 10 films will be available. As **CableFAX** awaits a password to peruse the site, myriad analysts, bloggers and media outlets already predicted its failure last week based on 3 key points: that the site is much too late to the digital party, that the content offerings will be unacceptably sparse vis a vis others in the space, and the unlikely partnership between 2 competing media giants. **CNET's** *Don Reisinger* said "there is no chance Hulu will ever become a success" because neither jv player "knows what Web 2.0 is all about." **Fool.com** columnist *Rick Aristotle Munnarriz* was particularly critical of NBCU's severing of content ties with **YouTube** and **iTunes** prior to Hulu's launch. "The quest for exclusivity has brought out some peculiar eccentricities in NBC's DNA. It's not very flattering," he said.

Online: Eps from the 1st season of **Hallmark Channel** series "Adoption" have found a home at **HallmarkChannel.com**. The initial 4 season eps will premiere during a 7-day period beginning Thurs, and 2/week will debut at the site throughout Nov.

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Sponsorship: LIFESKOOL expanded its sponsorship deal with Jeep to create a VOD campaign to promote the '08 Jeep Liberty.

Programming: Animal Planet has commenced production on "Petfinder," a new series based on its eponymous Website that matches families with adoptable pets. -- **Debmarmar-Mercury** picked up syndication rights to **Discovery's** "American Chopper" and "Deadliest Catch," and plans to make the series available to broadcast stations in fall '08 and fall '09, respectively.

On the Circuit: More than 200 have RSVP'd, including **FCC** Media Bureau chief **Monica Desai**, for **Hallmark Channel** and **The Creative Coalition's** Halloween-themed Tues screening of the net's original movie, "The Good Witch" (bows Jan 19), at the Kennedy Center in DC. Keeping with the net's family friendly theme, invites went out to Hill staffers and their kids.

Business/Finance: The **FTC** terminated early the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in connection with **Arris'** proposed acquisition of **C-COR**. A special meeting of C-COR shareholders will be held on Dec 14 to vote on the merger. -- Social media firm **Vitrue** closed a \$10mln Series B financing round led by **Dace Ventures**, with continued participation from **Comcast Interactive Capital** and **Turner**.

CableFAX Daily Stockwatch

Company	10/29 Close	1-Day Ch	Company	10/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	44.57	(0.3)
BRITISH SKY:	54.71	1.06	APPLE:	185.09	0.39
DIRECTV:	26.70	1.00	ARRIS GROUP:	11.75	(0.3)
DISNEY:	34.68	0.30	AVID TECH:	28.04	0.04
ECHOSTAR:	49.78	0.06	BIGBAND:	6.12	(0.01)
GE:	40.56	0.18	BLNDER TONGUE:	1.21	(0.01)
HEARST-ARGYLE:	23.07	0.33	BROADCOM:	33.13	(0.51)
ION MEDIA:	1.31	(0.02)	C-COR:	12.30	(0.16)
NEWS CORP:	23.00	0.00	CISCO:	32.41	0.51
TRIBUNE:	30.08	0.43	COMMSCOPE:	52.67	1.29
MSOS					
CABLEVISION:	30.00	0.42	CONCURRENT:	1.16	(0.07)
CHARTER:	2.11	0.03	CONVERGYS:	18.20	(0.61)
COMCAST:	20.92	(0.31)	CSG SYSTEMS:	20.55	(0.44)
COMCAST SPCL:	20.78	(0.3)	GEMSTAR TVG:	6.92	(0.23)
GCI:	11.61	(0.17)	GOOGLE:	679.23	4.63
KNOLOGY:	17.00	0.02	HARMONIC:	12.69	0.71
LIBERTY CAPITAL:	123.50	0.68	JDSU:	15.16	0.43
LIBERTY GLOBAL:	38.62	(0.04)	LEVEL 3:	3.15	0.04
LIBERTY INTERACTIVE:	20.48	0.06	MICROSOFT:	34.57	(0.46)
MEDIACOM:	5.72	(0.16)	MOTOROLA:	18.95	(0.29)
NTL:	28.22	0.00	NDS:	58.42	2.51
ROGERS COMM:	42.97	0.00	NORTEL:	17.36	1.06
SHAW COMM:	27.49	0.41	OPENTV:	1.45	0.00
TIME WARNER CABLE:	28.54	(0.98)	PHILIPS:	41.25	(0.06)
WASH POST:	818.60	17.09	RENTRAK:	15.88	(0.01)
PROGRAMMING					
CBS:	28.88	(0.12)	SEACHANGE:	6.25	(0.05)
CROWN:	7.85	0.19	SONY:	49.83	0.61
DISCOVERY:	28.28	(0.21)	SPRINT NEXTEL:	17.18	(0.2)
EW SCRIPPS:	43.80	(0.12)	THOMAS & BETTS:	54.65	(0.06)
GRUPO TELEVISA:	24.30	(0.3)	TIVO:	7.00	0.01
INTERACTIVE CORP:	27.85	0.78	TOLLGRADE:	8.01	0.08
LODGENET:	26.45	0.35	UNIVERSAL ELEC:	36.79	(0.02)
NEW FRONTIER:	6.04	(0.01)	VONAGE:	2.07	(0.06)
OUTDOOR:	8.86	0.06	VYYO:	5.71	(0.04)
PLAYBOY:	11.36	(0.08)	YAHOO:	31.79	(1.84)
TIME WARNER:	18.10	(0.25)	TELCOS		
UNIVISION:	36.23	0.00	AT&T:	41.74	0.28
VALUEVISION:	5.28	(0.07)	QWEST:	8.18	(0.08)
VIACOM:	40.51	1.12	VERIZON:	45.99	0.39
WWE:	14.99	(0.25)	MARKET INDICES		
TECHNOLOGY					
3COM:	4.88	0.00	DOW:	13870.26	63.56
ADC:	19.06	0.43	NASDAQ:	2817.44	13.25
ADVANTAGE:	8.76	0.64			
ALCATEL LUCENT:	9.60	0.19			
AMDOCS:	33.72	0.60			

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M.C. Antil's CableFolks

Matt Blank's Excellent Adventure

Based solely on his sense of humor, Matt Blank would merit a feature in this column. Throw in the fact that he's presiding over one of the most remarkable, unexpected, and largely unnoticed facelifts in cable history, and in retrospect my decision to finally give him some props on this page probably ought to get filed under D, as in "Duh."

In fairness, credit for this profile belongs to my friend, Chris, who I have known since third grade and who remains one of the great cultural omnivores you'll ever want to meet. A year ago, Chris told me his favorite show was "Weeds," and that it was a quirky drama about a suburban widow who makes ends meet by selling small bags of, well, weed.

A few months after that Chris called me again and told me forget "Weeds," he had a new favorite show. It was called "Dexter," and it was about a Miami cop who avenges murders by tracking down the killers and, well, killing them. Then this past week Chris called yet again. "Forget what I told you," he said. "Without question, the best show on television is 'Californication.'"

Of course, the constant here is that my friend's three most recent favorite shows are not products of the fertile, daring minds at HBO. They're not the pampered progeny of the programming departments at NBC, CBS, ABC or Fox. They're not even on old standbys, USA or A&E. All three shows—each, frankly, a shining example of what content can look like when it's developed, not by focus groups, but by artists—are on the little network that could, Showtime. You know Showtime, right—that "other" premium network? The one that, for as long as most of us can remember, has played Avis to HBO's Hertz?

When Matt and I spoke recently, before we got down to business, we spent a few minutes ruminating about the demise of shows we both agreed were probably too smart for their own good, among them Aaron Sorkin's "Studio 60 on



M.C. Antil

the Sunset Strip" and his network's own Emmy winner, "Huff."

When we turned our attention to Showtime, I was amazed to learn that Matt has been at the network for 19 years, the last 12 as CEO. Given the life expectancy of the typical network honcho, that's not unlike Cy Young's 511 career victories or Cal Ripken's 2,632 consecutive games; it doesn't just impress, it boggles the mind.

And what has been truly remarkable about Matt's transformation of Showtime is that, under his watch, the network went from simply making deals to making knock-your-socks-off originals. And while, sure, they've had some misfires, Blank's team is on fire now.

Matt credits Bob Greenblatt, the former "Six Feet Under" exec producer who came on board with the mandate to make great originals, with much of the turnaround.

He told me the challenge for Showtime has been two-fold. Not only is it hard to develop quality programs while operating in HBO's shadow, but given that most of their 15 million subs are multi-pay homes with HBO, it's often just as hard to promote their programs as it is to make them.

Matt does say, however, as evidenced by Showtime's recent run of great press in pubs like *Entertainment Weekly*, that slowly but surely seems to be changing.

He likes Showtime's chances of being able to sustain its roll. "Projects are coming to us now that wouldn't have come to us even two years ago," he said, citing the recently announced series collaboration with Steven Spielberg.

Right now, it is good to be Showtime. And it is good to be Matt Blank. As my friend Chris said, "Hey, Showtime didn't invent this stuff—give HBO credit for that—but at least for now, they're doing it better."

When I told Matt what Chris said, he laughed and replied, "You know what? I wouldn't mind if you led with that."

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