

# CableFAX Daily™

Wednesday — November 19, 2008

What the Industry Reads First

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## Grading Papers: Martin Unhappy with Some Cable Op's Answers

FCC chmn *Kevin Martin* is putting cable in his crosshairs yet again, complaining Tues that some cable operators failed to provide complete answers to an Enforcement Bureau query into moving channels from analog to digital. Companies deemed to have not provided sufficient answers could be subject to fines or other actions, he noted. 13 video providers received letters late last month requesting information on such changes since Nov '06 and were given 14 calendar days to respond. Martin specifically cited **Comcast** during a **Phoenix Center** presentation, claiming the MSO didn't address specific questions, such as what markets has it moved programming from expanded basic to digital basic. A Comcast spokesperson said the MSO submitted a substantive response, but to gather all of the 2 years worth of data would have taken more than 1500 man-hours. Comcast has been working steadily to drive digital subscriptions, which has included migrating channels to digital in many markets. Comcast's digital penetration hit 68% at the end of 3Q. The FCC Enforcement Bureau probe comes after **Consumers Union** complaints that cable may be migrating channels to digital to sneak in deceptive price increases. Cable has denied the charges, noting that the FCC has actually encouraged its move to digital. **NCTA** pres/CEO *Kyle McSlarrow* spoke at a broadband panel by **BroadbandCensus.com** Tues morning, describing how migrating from analog would free up channel space for wideband technology that could theoretically allow cable to offer speeds of up to 160Mbps downstream/120Mbps upstream. The potential is huge, given that about 450Mhz of a 750Mhz plant is devoted just to analog video, while one 6Mhz channel is all that's typically being devoted to HSD, he said. "When you think about that pipe, how little of it we use for what most people think of as broadband today, how easy it is for us to use more of that capacity... we should be figuring out the policies to get us there," he said. Instead, there's an investigation into cable's move to digital and the idea of using inexpensive set-tops to further digital migration was thwarted by the FCC's set-top integration ban, McSlarrow said. Then there is a pole attachment proposal currently in front of the FCC that would raise attachment costs for broadband service by hundreds of millions of dollars, he said.

**BCS on ESPN:** The official announcement of **ESPN's** rights deal (reportedly worth \$125mIn annually) covering 15 **BCS** bowl games and 3 national title contests from '11-'14 is obviously great news for cable, but 2 camps will likely view the news negatively. First, there are those who will question the games' movement from broadcast to cable, thus reducing their national distribution. With ESPN currently in 98mIn homes, both ESPN pres *George Bodenheimer* and BCS coordinator *John Swofford* defended the change by positing further dissipation going forward of the gap between broadcast and pay-TV households. Swofford also cited the recent moves to cable made by other sports properties, such as "MNF" and the British Open, which have deals with ESPN as well. Second, critics of the current BCS format including President-elect *Obama* will no doubt be riled by Swofford's anticipation that the current system will remain in place through '14. Of course, if changes do occur, ESPN is primed to capitalize. The deal also includes a raft of multi-



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platform rights for the sports giant, which earned the right to simulcast games through **ESPN360.com** and **ESPN Mobile TV**. ESPN also picked up the marketing rights to the games, will distribute and televise the matchups globally through **ESPN Intl**, and will operate **BCSfootball.org**.

**Pink Slips:** Add **TiVo** to the list of companies instituting layoffs. On Tues, it commenced a plan to reduce operation expenses, primarily through a headcount reduction, as “we manage through the challenges presented by a difficult economic climate and rapidly evolving retail consumer market,” an **SEC** filing said. TiVo expects to incur pre-tax charges of about \$1mln, primarily for employee-related severance benefits and out-placement costs. It expects to record the charges in 4Q09, which ends Jan 31.

**Competition:** **DirectTV** touted its Mas programming service and comparative “Look Up Miami” ad campaign to dealers and media in Miami Tues. Mas offers 45 Spanish-language channels, 230 English channels and 130 HD nets.

**In the States:** Columbia, MO, will settle its lawsuit against **Mediacom** for underpaid franchise fees for \$200K, well below the \$1.34mln the city originally asked for, the *Missourian* reports. Columbia’s city manager said Charter also owes money, with officials expecting a “much smaller” settlement in the future, the paper said. -- An IL circuit court has ordered **iPCS** to withdraw its motion for a temporary restraining order on the **Sprint/Clearwire/cable WiMAX** JV, although iPCS reserves its right to refile. As Sprint’s largest independent wireless affil, iPCS alleges the deal will produce unfair competition.

**DTV Doings:** **NTIA** awarded \$2.7mln to the Natl Assoc of Area Agencies on Aging to help seniors transition to digital via the TV converter box program. This reminds us of our favorite **You Tube** clip of the moment: <http://www.youtube.com/watch?v=AH37RiYfHT8>. -- The FCC launched [www.dtv.gov/Hawaii](http://www.dtv.gov/Hawaii), a site dedicated to helping Hawaiians move to digital Jan 15, a month before the rest of the country. -- 23 cable nets have produced cross-channel spots to educate consumers about the DTV transition, and have made them available to cable companies at no cost. **Comcast Media Center’s** AD Distribution Network has launched a comprehensive portal offering access to the spots. Nets from **MTVN, Scripps, Comcast** and **Turner** are among those participating.

**The Media Mess:** Kudos to **IFC** for hosting a refreshingly lively panel Tues dissecting the modern news media and all of its foibles. The NYC event, held at the unofficial media biz hq of Michael’s restaurant in midtown, pitted the likes of blogger **Arianna Huffington**, author **Christopher Buckley** (son of **William H.**), **Weekly Standard** editor and pundit **William Kristol**, legendary journalist **Pete Hamill** and Gideon Yago, the host of the “IFC Media Project” docu-series premiering Tues (8pm ET). Much debate centered on the supposedly dysfunctional news media and whether it can be saved. “Doesn’t there have to be some sort of systematic reboot?” asked Yago. But Kristol argued that “the good old days weren’t really that good” with fewer voices, no Internet and only 3 TV networks. “Things are much better now than they used to be,” he said. Huffington and others, however, said the media wasn’t skeptical enough in the buildup to the Iraq war, leading to a heated exchange in which Hamill argued that the media was kept from showing corpses and battlefield realities. Kristol said it’s “nonsense” to think news net decisions not to show gore as “a matter of taste” somehow helped influence the public to support the war. Meanwhile, panelists mostly lamented efforts by some cable news nets to cater to either conservatives or liberals. “Ideology is not thinking,” said Hamill. “It’s a substitute for thought.” Yago said IFC’s 6-part series will work to expose “where the news is failing” but also highlight good journalism.

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Nielsen Media Research, Live Data. Prime M-Su 8p-11p. WE tv 2008 YTD (12/31/07-11/9/08) vs. prior full yrs for W18-49 & W25-54 (000s). 2008 YTD (12/31/07-11/9/08) vs. 2007 YTD (1/1/07-11/11/07), % growth for W2+ (000) & P2+ (000) - all cable networks, excl. nets in under 65 million HHs and news networks. W18-49 & W25-54 (000) % growth 2008 YTD vs. 2007 YTD. Nov08 Cov Area HH Universe Estimate. Subj to qualifications upon req't.

# BUSINESS & FINANCE

**Advertising:** 15 companies including **Motorola, BIAP, OpenTV, Tandberg** and **Concurrent** participated last week in **CableLabs' Addressable Advertising Interfaces** interoperability event, part of CableLabs' effort to enable new forms of advertising on cable nets. Vendors' products included ad campaign managers, ad decision servers, and information systems that support subscribers, organize content, and define ad placement opportunities.

**Ratings:** With the election over, several entertainment telecasts rebounded to join football in the upper echelon of prime cable viewership. Not surprisingly, **ESPN's "MNF"** (8.9/8.68mln) and **NFL Net's Jets-Patriots game** (7.5/3.14mln) led the week, but **Comedy Central's "Jeff Dunham's Very Special Christmas Special"** (4.2/4.04mln) stepped up to help fill the void left by the end of election coverage. Also helping were **Nickelodeon's** original move "iCarly Movie: Go to Japan" (3.5/3.45mln), **Disney's "Hannah Montana"** (3.5/3.38mln), an ep of "NCIS" on **USA** (3.3/3.25mln) and **Lifetime** movie "The Two Mister Kissels" (3.3/3.24mln). -- College football joined with the pro variety to thrust ESPN into the prime catbird seat with a 2.6/2.54mln, while **USA** (2.0/1.97mln) and **Fox News** (2.0/1.93mln) tied for 2nd. Disney was 4th (1.7/1.63mln), and was followed by **TBS** (1.4/1.41mln) and **TNT** (1.4/1.34mln).

## CableFAX Daily Stockwatch

Company	11/18 Close	1-Day Ch	Company	11/18 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	22.38	(0.31)	AMDOCS:	18.43	0.18
DIRECTV:	20.37	(0.07)	AMPHENOL:	21.83	0.58
DISNEY:	20.67	0.93	APPLE:	89.91	1.77
ECHOSTAR:	10.53	(0.38)	ARRIS GROUP:	6.42	0.01
GE:	16.06	(0.05)	AVID TECH:	13.13	(0.33)
HEARST-ARGYLE:	10.46	(0.12)	BIGBAND:	3.80	(0.24)
NEWS CORP:	6.88	(0.19)	BLNDER TONGUE:	0.85	0.10
<b>MSOS</b>					
CABLEVISION:	13.59	0.18	BROADCOM:	14.38	(0.34)
CHARTER:	0.29	(0.05)	CISCO:	16.45	0.24
COMCAST:	15.42	0.23	COMMSCOPE:	10.02	(0.49)
COMCAST SPCL:	14.62	(0.06)	CONCURRENT:	3.30	0.13
GCI:	6.57	0.40	CONVERGYS:	4.92	(0.13)
KNOLOGY:	5.15	0.07	CSG SYSTEMS:	14.64	0.30
LIBERTY CAPITAL:	3.16	(0.05)	ECHOSTAR HOLDING:	14.89	0.20
LIBERTY ENT:	13.51	0.36	GOOGLE:	297.42	(2.7)
LIBERTY GLOBAL:	13.11	(0.23)	HARMONIC:	4.48	(0.14)
LIBERTY INT:	3.13	0.19	JDSU:	2.91	(0.04)
MEDIACOM:	3.29	(0.27)	LEVEL 3:	0.90	0.00
SHAW COMM:	17.48	(0.27)	MICROSOFT:	19.62	0.43
TIME WARNER CABLE:	19.49	0.12	MOTOROLA:	3.90	(0.08)
VIRGIN MEDIA:	4.69	(0.02)	NDS:	44.81	(0.28)
WASH POST:	393.75	4.75	NORTELV:	0.58	(0.08)
<b>PROGRAMMING</b>					
CBS:	6.07	(0.04)	OPENTV:	1.06	0.06
CROWN:	2.33	0.20	PHILIPS:	17.07	0.11
DISCOVERY:	12.49	(0.92)	RENTRAK:	10.02	(0.09)
EW SCRIPPS:	3.37	0.29	SEACHANGE:	7.84	0.34
GRUPO TELEVISIA:	14.22	0.37	SONY:	20.61	(0.31)
HSN:	3.94	(0.38)	SPRINT NEXTEL:	2.15	(0.03)
INTERACTIVE CORP:	15.39	(0.02)	THOMAS & BETTS:	20.62	(0.44)
LIBERTY:	26.18	0.20	TIVO:	6.07	0.06
LODGENET:	0.76	0.01	TOLLGRADE:	5.56	0.70
NEW FRONTIER:	1.64	(0.07)	UNIVERSAL ELEC:	14.45	(0.43)
OUTDOOR:	5.38	(0.13)	VONAGE:	0.91	0.04
PLAYBOY:	1.50	(0.12)	YAHOO:	11.55	0.92
RHI:	3.63	(1.25)	<b>TELCOS</b>		
SCRIPPS INT:	23.88	0.04	AT&T:	26.57	(0.2)
TIME WARNER:	8.40	(0.28)	QWEST:	2.88	(0.01)
VALUEVISION:	0.54	0.10	VERIZON:	28.50	(0.74)
VIACOM:	16.46	(0.64)	<b>MARKET INDICES</b>		
WWE:	11.73	(0.41)	DOW:	8424.75	151.17
<b>TECHNOLOGY</b>					
3COM:	1.81	0.04	NASDAQ:	1483.27	1.22
ADC:	6.00	0.22			
ADDVANTAGE:	1.60	(0.12)			
ALCATEL LUCENT:	2.33	0.08			

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