

CableFAX Daily™

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What the Industry Reads First

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On Hold: Cable Industry to Delay Digital Migration

Major cable operators have agreed to temporarily stop migrating analog channels to digital tiers “to minimize consumer confusion during the DTV transition,” according to a letter sent Tues to Congressional leaders by **NCTA** pres/CEO *Kyle McSarrow*. Recent efforts by cable ops to move some analog channels to digital have sparked controversy. On Oct 30, the **FCC** ordered 13 MSOs to respond to Letters of Inquiry as part of an investigation into the impact of cable’s digital migration on consumers (**Cfax**, Nov 13). NCTA charged that the letters were an abuse of the FCC’s processes and violated the Paperwork Reduction Act. McSarrow’s letter Tues to House and Senate Commerce Committee leaders, however, proposes a “quiet period” that from Dec 31, '08, to Mar 1, '09 would stop the substitution of digital versions of existing analog channels (Exempted would be moves announced to subs in billing cycles preceding Dec 10). Also exempted under the NCTA’s proposal are digital moves enacted “to free up bandwidth to comply with the requirement to carry broadcast signals in both analog and digital formats or meet contractual carriage obligations.” Ops have also agreed to offer from Dec 31-Jun 30 a promo package of the broadcast basic tier to new subs. Meanwhile, during that same window, ops that migrate a PEG or other net from the analog tier will offer free digital-to-analog equipment upon request to analog cable households for at least a year. In addition, cable ops will offer “clear and conspicuous notice to affected subscribers and franchising authorities not less than 30 days in advance” when such migrations occur (Subs would then have 60 days to take part in the free equipment offer). Cable ops covered by the proposal are **Advance/Newhouse, Bresnan, Cablevision, Charter, Comcast, Cox, Eagle Comm, Insight, Mediacom, Midcontinent Comm, Sjoberg’s Inc, Suddenlink, Time Warner Cable** and **US Cable Corp**. “These proposals will not eliminate every instance of confusion,” wrote McSarrow. “But it is our hope that these steps will provide needed assistance by substantially reducing confusion before, during and after the broadcasters’ DTV transition.”

Eye on New Chmn: Sen *John Rockefeller* (D-WV) will assume Jan 6 the chairmanship of the Sen Commerce Cmte, and seems more interested in media issues than his predecessor, Sen *Daniel Inouye* (D-HI). Still, Rockefeller’s D.C. offices couldn’t delineate Tues any key issues on his radar, leaving cable to wonder if the senator will be a friend or foe. At least one recent act by Rockefeller was a boon to the industry, as he and Rep *Henry Waxman* (D-HI) urged the **FCC** to abandon all slated issues—including program access and possible unbundling of cable programming—and instead concentrate on the upcoming DTV transition at its Dec meeting, which was subsequently canceled (**Cfax**, 12/15). For his part, **ACA** pres/CEO *Matt Polka* is looking forward to Rockefeller’s cmte reign. “He fully understands what [our members] are up against as small providers trying to deploy broadband to the most rural parts of our country,” said Polka. “The Senator has also had a keen interest in programming issues and how those issues affect consumers, and we look forward to continuing that discussion too.” Notably, Rockefeller is a vocal proponent for universal access to high-speed broadband;

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- 72.2 MM HH
- 65% Original Programming in Primetime
- +46% W18-49 +38% W25-54
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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 (1/1/07-11/1/07). % 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.

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suggested a few years ago that Congress should rewrite the law to give the FCC authority to enforce indecency regulations on cable nets; and has introduced cable-ranking legislation in the past such as exempting RBOCs from negotiating individual video franchise agreements with LFAs where they already have access to local rights of way.

Competition: The **Council of the District of Columbia** approved Tues a 15-yr video franchise covering **FiOS TV**. The legislation, which still requires the mayor's signature, calls for **Verizon** to make the service available throughout the city over the next 9 years. -- It's official. **AT&T** has signed up its 1 millionth **U-verse TV** customer, a milestone that AT&T Operations *John Stankey* called imminent last week. The service, expected to pass 17mln homes by YE, is currently available in 79 markets across 16 states. -- **DirecTV** and **FiOS TV** have both agreed to launch **Fuel's** VOD service, which will showcase 10 original content hours each month.

Retrans: **Comm Corp of America** and **DISH** appear headed for a retrans standoff, as Websites for several of CCA's stations are alerting DISH customers of potential local channel losses. The stations, including those in Odessa, TX, and Shreveport, LA, are saying the DBS op "has refused to consider our offer... our station is requesting less than 2 cents per day from the 6 dollars you already pay DISH [per month for local stations]." DISH declined to comment. -- Meanwhile, **Time Warner Cable** inked with Comm Corp of America late Mon a retrans agreement covering several markets including a Fox affil in Waco, TX, and a NBC affil in Harlingen and El Paso, TX.

Carriage: Beginning Wed, **Charter** will begin adding **Fox Business** to its digital tier in Boston, Hartford, Minneapolis and Duluth Superior, MN, Springfield, MA, and Lincoln.

Employment: Cable/telecom exec search firm **Carlsen Resources** plans to launch in 1Q **Executives-On-Demand**, a new div allowing clients to collaborate with mid- to exec-level professionals on an interim basis and to plug temporary employment gaps. "These are uncertain economic times, to say the least," said Carlsen in a Tues release. The new div "promises to partner with our clients to navigate these uncertain waters while allowing them to look beyond the horizon and continue developing the kind of projects, product launches and strategic retooling that will ultimately lead to better days ahead." Earlier this month (**Cfax**, 12/2), Carlsen noted a more general than dire concern in cable about the economy but maintained that a media industry hiring freeze should last until President-elect Obama takes office.

Advertising: **Concurrent** has joined with **BIAP**, **Invidi** and **This Tech** in an effort to help cable and broadband providers deliver advanced advertising functions like targeted VOD ad insertion, bumping, telescoping and reporting. In '09, the group plans to stage interoperability demonstrations at some industry trade shows and summits. -- Overall TV advertising in the US will shrink 4.2% next year to \$67bln, according to **eMarketer**, while online advertising will achieve 8.9% growth in '09 to \$25.7bln. Search and video ads should lead the online charge through respective increases of 15% to \$12.29bln and 45% to \$850mln. "Increasingly cautious" advertisers "still need to reach online audiences and woo their shrinking wallets with messages that reach their hearts and minds—hence, more video," wrote the firm.

VOD: On-Demand movie service **Vudu** launched new apps and services for Vudu set top owners, including casual games; implementations of **Flickr**, **Picasa** and the complete **YouTube** library; and a TV area featuring more than 120 channels. **CNN's** "Anderson Cooper 360" and "MTV News" is among the available programming.



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BUSINESS & FINANCE

Online: ESPN has bowed at **Beta.Espn.go.com** a revamped Website that will run concurrent with the current ESPN.com through Dec before launching full-time Jan 5. New features include simpler navigation, improved video and enhanced advertising integration and flexibility.

Ratings: USA (2.3/2.26mln) assumed the prime ratings throne last week, aided by consistent **WWE** content, 2 hours of which averaged a 3.2/3.12mln, and syndicated drama series. Three "NCIS" eps, for example, hit the telecast top 30, led by a 3.0/2.94 on Mon night (7-8pm), while a Wed (8-9pm) "House" ep delivered a 2.9/2.81mln, good for 20th. **ESPN** (2.2/2.16mln) placed, paced as usual by "MNF" and last week's Bucs-Panthers game (8.7/8.49mln). **Disney** (1.9/1.86mln) and **Fox News** (1.9/1.84mln) followed in a tie for 3rd, with **Hallmark Channel** (1.6/1.35mln) completing the top 5.

People: Scripps Nets Intl has appointed former **Rainbow** and **Discovery** exec **Greg Moyer** pres, effective Jan 5. The new position is charged with leading Scripps global growth.

Business/Finance: Effective Dec 29, **News Corp** will switch its stock listing from the NYSE to the Nasdaq Global Select Market, citing a desire to benefit from updated trading tech. The company's nonvoting Class A stock will trade under the "NWSA" ticker, its Class B voting stock under the unchanged "NWS."

CableFAX Daily Stockwatch

Company	12/16 Close	1-Day Ch	Company	12/16 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
BRITISH SKY:	30.77	1.43	AMDOCS:	18.27	0.56
DIRECTV:	23.73	0.75	AMPHENOL:	22.93	1.38
DISNEY:	23.78	1.01	APPLE:	95.43	0.68
ECHOSTAR:	11.31	0.63	ARRIS GROUP:	7.14	0.44
GE:	17.92	0.97	AVID TECH:	11.27	0.65
HEARST-ARGYLE:	5.21	0.30	BIGBAND:	5.25	0.50
NEWS CORP:	8.92	0.61	BLNDER TONGUE:	0.90	0.06
MSOS					
CABLEVISION:	14.85	1.07	BROADCOM:	18.64	0.99
CHARTER:	0.12	0.00	CISCO:	17.42	0.58
COMCAST:	16.45	0.85	COMMSCOPE:	14.46	0.76
COMCAST SPCL:	15.71	0.80	CONCURRENT:	3.32	0.07
GCI:	8.18	0.95	CONVERGYS:	6.26	0.22
KNOLOGY:	5.75	0.28	CSG SYSTEMS:	16.65	0.79
LIBERTY CAPITAL:	3.57	0.56	ECHOSTAR HOLDING:	14.13	(0.28)
LIBERTY ENT:	17.69	1.59	GOOGLE:	325.28	14.61
LIBERTY GLOBAL:	12.78	0.55	HARMONIC:	5.81	0.43
LIBERTY INT:	2.91	0.38	JDSU:	3.97	0.27
MEDIACOM:	3.31	0.61	LEVEL 3:	0.73	(0.02)
SHAW COMM:	17.66	0.57	MICROSOFT:	20.11	1.07
TIME WARNER CABLE:	19.95	0.52	MOTOROLA:	4.41	0.24
VIRGIN MEDIA:	4.64	0.46	NDS:	49.25	(0.11)
WASH POST:	392.00	22.52	NORTEL:	0.31	(0.02)
PROGRAMMING					
CBS:	7.97	0.31	OPENTV:	1.25	0.02
CROWN:	1.94	0.09	PHILIPS:	19.62	0.93
DISCOVERY:	13.14	0.19	RENTRAK:	10.49	0.24
EW SCRIPPS:	1.74	0.06	SEACHANGE:	6.49	0.06
GRUPO TELEVISA:	15.91	0.32	SONY:	21.34	0.35
HSN:	3.22	0.84	SPRINT NEXTEL:	1.98	0.16
INTERACTIVE CORP:	16.72	0.38	THOMAS & BETTS:	23.00	1.36
LIBERTY:	29.12	2.34	TIVO:	6.79	0.28
LODGENET:	0.68	0.03	TOLLGRADE:	4.39	(0.11)
NEW FRONTIER:	1.66	0.02	UNIVERSAL ELEC:	14.95	0.52
OUTDOOR:	6.58	1.13	VONAGE:	1.00	0.00
PLAYBOY:	2.20	0.07	YAHOO:	13.36	0.63
RHI:	4.83	0.41	TELCOS		
SCRIPPS INT:	21.13	0.41	AT&T:	28.23	1.10
TIME WARNER:	10.52	0.71	QWEST:	3.05	0.28
VALUEVISION:	0.40	0.01	VERIZON:	33.50	1.20
VIACOM:	18.80	0.76	MARKET INDICES		
WWE:	11.87	0.30	DOW:	8924.14	359.61
TECHNOLOGY					
3COM:	2.18	0.05	NASDAQ:	1589.89	81.55
ADC:	5.00	0.15			
ADVANTAGE:	1.88	0.01			
ALCATEL LUCENT:	2.38	0.23			

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Happy Holidays!



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