

CableFAX Daily™

Tuesday — December 23, 2008

What the Industry Reads First

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Tis the Season: Get Ready for Retrans Re-Gifting

Like fruitcake that keeps getting passed around each year, so are end-of-year retrans flares. **Charter** is the latest to receive a retrans consent fruitcake, courtesy of **Belo**. The broadcaster is threatening to pull its signals at 12:01am Jan 1 if a deal isn't reached, with St Louis (**KMOV-CBS**) and Dallas-Ft Worth (**WFAA-ABC**) serving as Charter's largest Belo markets. Chances are good—as they are most years—that other operators will get some fruitcake of their own before the ball drops in Times Square. But in the spirit of peace and goodwill this season, broadcasters and cable ops we spoke with Mon expressed optimism. "While we are facing some year-end deadlines, we are optimistic that deals will be concluded before year-end and/or that extensions will be granted," a **Cox** spokesperson said. Similar hopefulness was expressed by a rep for **Gray TV**. "We're pretty optimistic right now. I'm sure we'll have some loose ends, but we're pretty well complete," said *Stephen Opler*, who is handling negotiations for the broadcaster. **DISH** has made the most news recently, dropping **Fisher Comm** stations last week and Seattle **Univision** affil **KUNS**. **Meredith's KPHO**, a CBS affil out of Phoenix, looks like it may pull its signal from **Cable One** Jan 1. About 60K subs would be impacted in the area, which includes Prescott, AZ. A spokesperson for the MSO said the station is seeking "much more" than other broadcasters in the area. As for Charter and Belo, Charter St Louis vp/gm *Steve Trippe* said the MSO has been actively negotiating with Belo despite claims on KMOV's Website that Charter has not responded to offers. Calls to Belo were not returned by press time. "For more than two years KMOV has been trying to reach an agreement with Charter Cable to have KMOV's signal available to Charter cable customers," said a message on the Belo station's Website. The stations say they are asking for about a penny/sub per day, according to reports. "At issue is that Belo is demanding a significant amount of money for continued carriage of KMOV," Trippe said. "We feel the corporation's demands are unfair and unreasonable and would place a financial burden on our customers, since additional programming fees make up a significant portion of the cost for service."

Tennis Changes: Heading into its 1st year of coverage of all 4 Grand Slam tourneys, **Tennis Channel** announced a restructuring of its programming and network strategy div. *Victoria Quoss*, evp, programming and networking strategy since '07, will now focus on large-scale net initiatives such as multi-platform development and intl distribution while continuing to report to net chmn/CEO *Ken Solomon*. Quoss' direct reports *Laura Hockridge* and *David Scott*, meanwhile, have been respectively promoted to vp, original programming and vp, programming.

At the Portals: For those keeping score at home, **Cablevision, Charter, Comcast, Cox** and **Time Warner Cable** have deployed just over 363K CableCARDS for use in one-way, digital cable ready products. Add in the next 5 largest operators, and the number hits 392K. As of Dec 22, CE makers had 596 such devices certified or verified for

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use with CableCARDS. Those same 10 cable ops have deployed more than 9.7mln operator-supplied set-tops with CableCARDS since the integration ban went into effect on July 1, '07.

Competition: Now counting more than 1mln subs, AT&T **U-verse TV** has launched in Columbia, SC, Birmingham and part of Middle TN such as Nashville. Also, the telco has bowed **U-verse Voice** in Toledo.

In the States: Charter added **AmericanLife TV** in St. Louis. -- **QVC** has bowed a solar electric power farm at the net's Rocky Mount, NC, distribution center. The farm spans nearly 5 acres, and is expected to offset 20% of the center's annual energy costs.

Research: Of 14 included tech brands, consumers had the most negative perception of **Sprint, Cox** and **Comcast**, according to an **ABI Research** study. In assessing their perceptions of the brands using 10 attributes (5 positive, 5 negative), consumers deemed Cox as the most boring and Comcast as the most overpriced. Cox did, however, rank 3rd in customer service behind **AT&T** and **Verizon**, and Comcast was viewed as a trusted brand, if overpriced. **Sony** led the group in positive perception.

Technology: Roku's digital video player now features streaming of HD content, and signed **Netflix** as the 1st provider of such programming. Additional providers are expected in 1Q.

Sexy Cable Pinups: When we stumbled upon a free calendar giveaway from **Time Warner Cable** featuring employees, our first thought was that it was an innocuous, cheery gift showing appreciation for customers as we enter the New Year. Then we took a closer look at the photo accompanying the form for the freebie: 3 women on a sofa ogling a muscular cable installer with torn shirt sleeves. We'll take 3! Actually, it's pretty benign and even features some of the Ladies of TW. But it's nice to see cable employees in the news for something besides customer service complaints. Check out each month at: http://www.nydailynews.com/lifestyle/galleries/time_warner_calendar_babes/time_warner_calendar_babes.html#ph0

Online: Nick is extending on the cache its built with events like the Kids' Choice Awards and Kids Pick the President and launching an online site (UPickDaily.com) for kids to vote, poll and post about what interests them.

Programming: MTV's developing a slate of 8 new reality shows for '09, including "Run's House" spinoff "Daddy's Girls" and "The College Humor Show," chronicling the twenty-something run Website **CollegeHumor.com**. -- **FSN** will deal to viewers the 7th season of the **World Poker Tour** Jan 4th as part of its sun night sports block. All 26 eps are sponsored by **FullTiltPoker.net**. -- Nicely inverting the TV norm, **TNT's** "The Closer" will begin a weekend syndication run on **Fox** stations in late '10. -- **WWE** has inked with **WGN America** a deal to create "WWE Superstars," a weekly prime series to debut on the net in Apr. -- **Spike** has ordered "Blue Mountain State," a scripted comedy chronicling a Midwestern college football program. -- **NBCU** will again serve as the official broadcast partner of **CES** (Jan 8-11), and plans to create live programming from its booth, showcase multi-platform entertainment options for consumers and host bloggers.

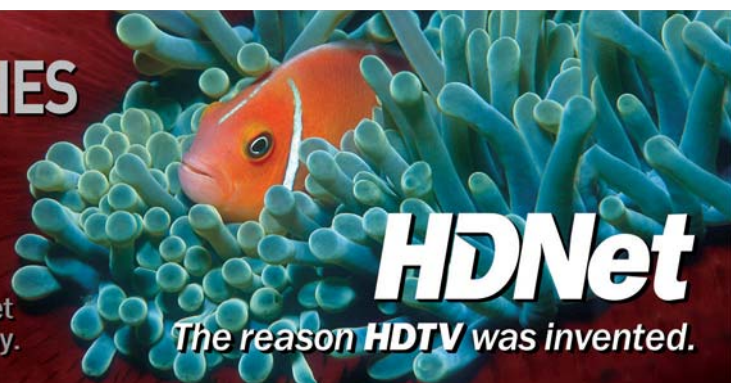
People: Cablevision promoted *Donna Alda* svp, telemarketing and *John Machalski* to svp, residential direct sales. -- **Comcast Sports Group** promoted *April Carty-Sipp* to svp, creative services.

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BUSINESS & FINANCE

Public Affairs: Comcast has launched "Troop Greetings On Demand," a service allowing the families and friends of overseas military personnel to view taped holiday greetings from service members through Jan in the local section of the MSO's VOD service. Also, online greetings at **Comcast.com/TroopGreetings** will be available Tues. To launch the services, videotapes from **Army/Air Force Hometown News Service** were secured and edited into short video greetings.

On the Circuit: WICT Rocky Mountain and **Communications Technology Professionals** will host "Tech It Out," which will include a keynote from Comcast CTO *Tony Werner*, tech demos and educational sessions, Jan 27, 10:30am-6:30pm, **Cable Center**, Denver. The event is \$80 for members, \$100 for non-members.

Honors: Discovery Nets Asia Pacific won 6 categories if the 13th Annual Asian TV Award '08, including the award for cable and satellite net of the year.

Editor's Note: Your next issue of **Cfax** will be dated Tues, Dec 30. Happy holidays!

Business/Finance: Adelphia has completed subsequent distributions of \$60mIn in cash and 514K Class A shares of **Time Warner Cable** to viable claimants under Adelphia's chap 11 reorg.

CableFAX Daily Stockwatch

Company	12/22 Close	1-Day Ch	Company	12/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	27.69	(0.82)	APPLE:	85.74	(4.26)
DIRECTV:	20.99	(0.92)	ARRIS GROUP:	7.21	(0.17)
ECHOSTAR:	11.05	(0.68)	AVID TECH:	10.13	(0.64)
HEARST-ARGYLE:	5.82	(0.06)	BIGBAND:	5.54	0.10
NEWS CORP:	8.83	(0.36)	BLNDER TONGUE:	0.99	0.02
MSOS					
CABLEVISION:	14.38	(0.37)	BROADCOM:	17.35	(0.24)
CHARTER:	0.13	(0.02)	CISCO:	16.37	(0.27)
COMCAST:	15.69	(0.07)	COMMSCOPE:	13.59	(0.72)
COMCAST SPCL:	15.09	0.05	CONCURRENT:	3.29	(0.23)
GCI:	7.65	0.00	CONVERGYS:	6.39	(0.15)
KNOLGY:	5.57	(0.08)	CSG SYSTEMS:	16.96	(0.31)
LIBERTY CAPITAL:	3.33	(0.07)	ECHOSTAR HOLDING:	13.75	(0.26)
LIBERTY ENT:	16.58	(1.29)	GOOGLE:	297.11	(13.06)
LIBERTY GLOBAL:	13.27	(0.72)	HARMONIC:	5.69	(0.17)
LIBERTY INT:	2.98	(0.12)	JDSU:	3.58	(0.41)
MEDIACOM:	3.39	(0.12)	LEVEL 3:	0.70	0.06
SHAW COMM:	17.74	0.41	MICROSOFT:	19.18	0.06
TIME WARNER CABLE:	19.51	(0.4)	MOTOROLA:	4.08	(0.37)
VIRGIN MEDIA:	4.44	(0.27)	NDS:	50.13	1.77
WASH POST:	384.18	(9.82)	NORTEL:	0.21	(0.01)
PROGRAMMING					
CBS:	7.46	(0.25)	OPENTV:	1.16	(0.07)
CROWN:	2.64	0.76	PHILIPS:	18.47	(0.35)
DISCOVERY:	13.66	(0.4)	RENTRAK:	11.20	0.23
EW SCRIPPS:	1.97	(0.3)	SEACHANGE:	6.42	(0.14)
GRUPO TELEVISIA:	14.10	(0.96)	SONY:	19.85	(0.24)
HSN:	5.76	0.19	SPRINT NEXTEL:	1.64	(0.3)
INTERACTIVE CORP:	16.11	(0.24)	THOMAS & BETTS:	21.86	(1.99)
LIBERTY:	26.71	(1.27)	TIVO:	6.46	(0.24)
LODGENET:	0.68	0.06	TOLLGRADE:	4.85	(0.2)
NEW FRONTIER:	1.70	(0.18)	UNIVERSAL ELEC:	15.17	(0.41)
OUTDOOR:	6.49	(0.69)	VONAGE:	0.73	0.11
PLAYBOY:	2.08	(0.11)	YAHOO:	12.35	(0.68)
RHI:	6.71	0.50	TELCOS		
SCRIPPS INT:	20.19	(0.88)	AT&T:	27.63	(0.49)
TIME WARNER:	9.27	(0.76)	QWEST:	3.04	(0.41)
VALUEVISION:	0.33	(0.02)	VERIZON:	32.79	(0.4)
VIACOM:	17.99	(1.32)	MARKET INDICES		
WWE:	10.22	(1.66)	DOW:	8519.69	(59.42)
TECHNOLOGY					
3COM:	2.28	(0.03)	NASDAQ:	1532.35	(31.97)
ADC:	4.89	(0.22)			
ADDVANTAGE:	2.20	0.00			
ALCATEL LUCENT:	2.07	0.01			
AMDOCS:	18.66	0.01			
AMPHENOL:	22.83	(0.75)			

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EYE ON ADVERTISING

Ad Opportunity

Budgets are shrinking and media buyers are dodging bullets right and left. While many cable networks are playing defense, veteran ad man Tom Attea, currently president of consulting firm **Heavy Creative Inc.**, sees the shifting tide as an opportunity for cable. In his new book "The Secrets of Successful Creative Advertising," the man who created the slogan that launched **Lifetime** tells Cathy Applefeld Olson how networks can successfully draw advertisers, and how the same principles can be applied to program development.

How does the change in the way consumers view television — DVRs, Internet surfing — affect TV advertising?

TA: Advertisers have to be more arresting, give viewers a reason to keep from surfing away when the commercial comes on. Don't end with some witty conclusion. Open up with a dramatic statement or a problem you know your target audience can relate to. By following the fundamentals of what I call the creative exploratory—figuring out the most appropriate visual and verbal magnification of the selling process—the audience should be in the edge of their seats. And if a network can deliver the audience, the advertising will follow.

You say the same creative exploratory fundamentals can be used to develop programming.

TA: Programmers and buyers are largely all random ideation today, reacting to people who traipse in and out of their office all day with different ideas that they just shuffle around. I knew a programming developer at ABC who had a drawer full of ideas people had brought him he would just take out. He was in a total reactive mode. The idea that he could organize his programming culture in an orderly way, start to imagine possible shows and actually give out assignments to people who develop programs, was foreign to him. But cable could revolutionize the relevance and excitement of programming with these simple proactive steps.



So the key to generating more advertising is putting the focus back on programming?

TA: Yes.

How would you rate cable's success rate in providing the kind of programming advertisers can sink their teeth into?

TA: Broadcast network programming is particularly bland today. Cable's strength is its niche capacity, and the ability to be more relevant to its niche gives cable a valuable advantage over broadcast. The way to create television shows that arrest the nation is to stage an unspoken subtext of the time. To the extent that cable approaches programming by looking at the unspoken subtext of their audience, the network will succeed.

Which networks stand out as doing it right?

TA: The key is the irresistible relevancy to the internal life of the viewer. **HBO** has done some strong work in programming that's topical or relevant or strong, or all three. They seem to know in their own preferential way how to be relevant to their audience. **Fox News** is another network that delivers what they know their audience wants. **CNN** does somewhat, and **Lifetime** to a degree, to name a few.

What's your advice for those networks that need some help?

TA: What you do in a tough situation is leverage your strengths, and cable has a strength in terms of being able to reach an audience a particular advertiser is interested in and deliver that audience in a cost-effective manner. Executives need to think, 'What is it about our network—about our targeting, our slicing and dicing, our regionality—that allows us to let advertisers reach a specific audience in a low-cost manner?'

(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century)

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REALITY BASED HELP

It's two days before Christmas, hence the plea in this column will probably have to be repeated several times before it will be read by everyone who I am hoping to enlist in the cause. It's never too early to start.

We have a new administration coming to Washington. There's a loud, exciting buzz. With the critical need for an economic "stimulus," there's also likely to be a lot of money available for favored projects. Needless to say, folks are already lining up to get that money, and one area of particular interest is broadband.



Steve Effros

But here's the problem: there's very little understanding on Capitol Hill or in the offices of the Obama Transition team or anywhere else about what's really going on out in the field. That's our fault. Reality has not in any way caught up with the rhetoric.

An example of changing attitudes once reality sets in should give you the idea. The "consumer" lobby just switched its tune on the idea of "enhanced services" for broadband. You remember, the idea of "enhanced services" offerings for faster delivery on the Internet was derided by these same groups a few years ago at the start of the "net neutrality" debate when they said that would allow the big, rich companies to benefit and the startups would be left out on the "dirt road." I wrote lots of columns pointing out that our concept of "enhanced services" was much like "priority mail" and did not create unfair discrimination. We were pilloried.

Now Google wants to collocate its servers at the ISP's location to speed delivery of its service. This is very similar to the enhanced service companies like Akamai offer, and it's exactly what some ISPs were proposing to offer as well back then. Now, suddenly, the reality of how the Internet really works has sunk in, and the con-

sumer groups are backing what they originally declared war over! That change is good, of course, and comes from learning the reality of how these services actually develop.

So what do I want you to do? Provide the reality on what we are already doing in delivering broadband! We're constantly hearing, for instance, about the "need" to get Internet connections into the schools. Well, cable, through Cable in the Classroom, has been doing that, free, for years! We should be shouting it from the rooftops. Want faster speeds? Help us improve the services already there, you don't need to build a whole new infrastructure, we're already doing it!

What else are we doing? We need to know, NOW, so we, in Washington, and you, can get the word to the policy makers! What have you been doing in your community with the schools, with local businesses, with local governments that tells the story of what your broadband service is already providing in your community? I want to hear about it. Please. Send me an email, tell me what's going on out there. I have talked with some of you about all this and some of the best and most creative stories are coming from the smallest communities... but no one in Washington hears about it. You need to tell your story, and I'll help if you just let me know!

For instance, the "last mile" is less of the problem than linking the smaller, rural communities to the Internet in the first place (the "T-1" line cost). That's where the telcos soak cable operators and rural communities! We can change that if we get the story out. Let me know!

Happy Holidays!

Steve

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