

CableFAX Daily™

Wednesday — December 31, 2008

What the Industry Reads First

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Dear Mr. President: Cable's Letters to the White House

In years past, we've asked cable execs to weigh in with predictions for the coming year. But given how gloomy the end of '08 has been, we thought we'd switch things up some. This year Cfax asked the industry to send us their letters to President-elect Barack Obama. Some were serious, some were humorous, but all should give our new president something to think about since he probably won't be all that busy when he takes office Jan 20...

Dear Mr. President,

We wish you all the best as you embark upon what will certainly be a tremendous challenge starting this January 20th. Particularly in these times of economic uncertainty, I hope for the women of this country that you will remember to consider their needs—as they struggle to balance the pressures of work and family. Health care, day care, schools, equal pay and jobs—these are the issues that resound throughout Lifetime's Every Women Counts campaign. These are issues that concern women...day in...day out. Please keep these issues at the top of your agenda. **Andrea Wong, President, CEO Lifetime**

Dear Mr. President,

I'd like you to go one-on-one in hoops with *Stuart Scott*—this time for real. **ESPN** will host it on pay-per-view, with all the proceeds going to fund the program of the president's choice—and I get to select the referee.

Sean Bratches, EVP, ESPN Sales and Marketing

Dear Mr. President:

ACA and its independent cable members need changes to federal rules that prevent them from upgrading their systems to offer more HD programming, competitive phone, and broadband speeds that reach 100 Mbps in their communities. Without the following changes, many consumers in small markets and rural areas will be without these services in the coming year:

- Fair Market for Small Operators – Small operators need changes to existing retransmission consent rules (and pole attachment regulations too) that give their “business partners” monopoly-like power they use to extract exorbitant and discriminatory fees that eat away at independent operators' budgets for going all-digital and deploying advanced services.
- Low-Cost Set-Top Boxes (STBs) – Small operators also need to regain their right to purchase inexpensive digital STBs. With the FCC's integrated STB ban, independent operators cannot afford to buy all the digital STBs that are needed to transition to all-digital systems. To offer advanced services, small operators must shed their analog services, which is currently stymied by the FCC's integrated STB ban.

And one more thing – For the **FCC** now and in the future, Peace and Good Will toward all.

Matt Polka, President/CEO, American Cable Association

THEIR NAILS ARE EVEN SHARPER IN HD.

FIND OUT WHO GOES DOWN, AND WHO GETS THE CROWN



SERIES PREMIERE JANUARY 2
FRIDAYS IN JANUARY 10/9c



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Dear President-Elect Obama,

You said these are your favorite TV shows, but a few observations...“M*A*S*H?” That series ended in 1983. “The Dick Van Dyke Show?” That’s even older. “The Wire?” Solid, but canceled. “SpongeBob SquarePants?” Let me absorb that. OK, good family fun. “SportsCenter?” Now you’re talking!

Ryan O’Hara, President, TV Guide Network and Broadband

Dear President-Elect Obama:

The effectiveness and breadth of your online campaign bespeaks an understanding of the online universe far beyond any public figure we have ever known. I share your conviction that any divide between broadband “haves” and “have-nots” should be prominent in the public discourse. The Cable industry has done more to enthusiastically further the dissemination of broadband than any other industry and has done so with the use of no public funding... a claim we alone can make.

We at Bresnan stand ready to put our collective shoulders to the wheel along side you and any other industry that wishes to join this cause but would ask only that we do so in a fair and technology-agnostic manner; so that no one market player could benefit from a taxpayer underwritten leg up to the detriment of all others or to the public whom we hope to serve.

Steve Brookstein, EVP, operations, Bresnan

Dear President Elect Obama,

Please remember that “nucular” weapons pose no threat, because they don’t exist, whereas one nuclear weapon can ruin our whole day...

John Landgraf, President/gm, FX

At Deadline: Late Tues, **Comcast** filed an emergency stay at the **FCC** to prevent any further action from the Media Bureau on its decision to take over program carriage complaints that were pending before an administrative law judge. Comcast’s filing is also on behalf of **Bright House, Cox** and **Time Warner Cable**. Comcast also filed an emergency application for review of the matter before the full Commission. The move comes following a Christmas Eve Media Bureau order that said the Bureau would step in to resolve the program carriage disputes involving **Wealth TV** and **MASN** because an ALJ set a hearing date beyond the FCC-imposed 60-day deadline for issuing decisions. “Supreme Court precedent and the Commission’s own practice make clear that the 60-day time frame was aspirational, not jurisdictional,” Comcast wrote. “Thus, there is no legal basis upon which the Media Bureau may interfere with an ALJ’s plenary authority by terminating a hearing and repossessing the case.”

Last Meeting: *Kevin Martin* ended 2008 with a conference call announcing the Jan 15 agenda—his last meeting as chmn of the **FCC**. In addition to the annual presentations on the state of affairs from each bureau, the Commission will vote on the Analog Nightlight item, which allows stations to broadcast public safety and DTV info on analog for a short period after the Feb 17 DTV transition. Martin—whose term doesn’t expire until 2011, though he will lose the chairmanship when *Obama* takes office—was mum about his plans. “I don’t have any announcement about what I’m going to be doing,” he said. While he announced no other items for the agenda, he expressed hope that his fellow commission-



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TV GUIDE NETWORK

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ers might vote on some of the items on circulation. Among those are proposed fines for companies (presumably cable ops) for failing to meet DTV education requirements. Martin said some companies had discussed possible settlements, but “not all companies have even engaged in talks yet,” nor do all the commissioners appear comfortable with the item. -- Tues marked the last **FCC** meeting of 2008. It was primarily a send-off for Republican commissioner *Deborah Taylor Tate*, who leaves the Commission when Congress adjourns since her term wasn’t extended. FCC chmn *Kevin Martin* described her as a “tireless advocate” for children who has brought insight to many complicated issues at the Commission. Fellow Republican *Robert McDowell* called her the “rose among the 4 thorns.” “She is due a tremendous amount of credit for helping the Commission find the middle ground on any number of complicated issues,” he said. The Commissioners also discussed the DTV transition, saying they hoped everyone had seen the recently released coverage maps aimed at helping identify areas that may lose signals. Dem *Jonathan Adelstein* expressed concern about the number of people unprepared. “I’m afraid the DTV transition isn’t ready for primetime yet. People can’t afford to wait any longer,” he said, noting that it might take about 6 weeks—the amount of time left before the transition—for people to apply for and receive govt converter box coupons and then find the box they want.

First Pitch: Charter and Cablevision have both agreed to carry **MLB Net** on a digital tier when the net bows New Year’s Day in more than 50mln homes, leaving **DISH** as the only major multichannel provider still on the bench. **DirectTV** and cable ops **Comcast**, **Cox**, **Time Warner Cable** and **Bright House** have been on board since early ’07, with the DBS op and 4 MSOs collectively through **In Demand** each owning approx 17% of the net. Conversations are ongoing with **DISH**, said net pres/CEO *Tony Petitti*, although an agreement isn’t imminent. **MLB Net’s** poised to establish a cable distribution record for a new channel when it launches Thurs with off-season show “Hot Stove” followed by the original broadcast of Don Larsen’s perfect game in the ‘56 World Series, yet still faces a difficult ad market. Even so, said Petitti, the net will be helped by a mission to grow over time and **MLB’s** existing corporate sponsors, which “have been incredibly receptive and you’ll see them on our air from the first day.” The symbiotic relationship that’s developed between the net and **MLB.com** will also help, said Petitti, through cross-promotion, content sharing and multi-platform ad sales. The net’s goal is to “complement the way people watch their local teams,” said Petitti. “If we’re second choice to baseball fans, that’s pretty good.” He’s not worried about baseball’s arguably stagnant popularity, and believes the net’s archival content plus 1.4K hours/year of live coverage will successfully serve the sport’s existing fan base. “Baseball history matters to people,” said Petitti. “That’s a huge advantage when you’re talking about programming a 24/7 network.”

Retrans: Retrans consent battles have become a real thorn in cable’s side, an appropriate analogy for the current impasse between **Time Warner Cable** and **McKinnon Broadcasting** station **KBMT** in Beaumont, TX. If a deal can’t be reached by Wed at midnight, the **ABC** affil’s signal will be yanked, preventing the MSO’s area subs from watching the Rose Bowl without an antenna. “Negotiations are ongoing and we’re trying to reach a deal that makes sense for our customers,” said a Time Warner Cable spokesperson. Also, the broadcaster will reportedly begin Thurs broadcasting **NBC** content in the market as well. -- Meanwhile, **Nexstar** said more than a dozen regional cable ops may be forced to remove Thurs the signals of a local **NBC** and **CBS** affil serving PA areas near Wilkes-Barre, citing retrans disagreements. -- **Cable One** reached an agreement with **Meredith**-owned **KPHO**, a **CBS** affil out of Phoenix that was threatening to pull its signal Thurs.

At the Portals: Cable voiced its objections at the **FCC** Tues to a plan by **BET** founder *Bob Johnson* and **ION** to launch a new network called **Urban Television** by using **ION** spectrum that they want granted must carry status. **NCTA** called **ION** and **Urban’s** **FCC** proposal incomplete, but also said the sole purpose appears to be to gain a Media Bureau conclusion that multicast streams on **ION** stations are subject to must carry—a notion the Commission has

CableFAX Daily™

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<p>CBS COLLEGE SPORTS</p>	<p>MLB</p>	<p>TENNIS CHANNEL</p>		
<p>CHILLER</p>	<p>MOTOROLA</p>	<p>TRAVEL CHANNEL</p>		
<p>CISCO</p>	<p>MSNBC</p>	<p>TRIBUNE</p>		
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Here's to a successful 2009 for all our Friends of the CableFAX Family

Sincerely,

BUSINESS & FINANCE

rejected multiple times. ION has proposed contributing the spectrum from 42 stations to Johnson's Urban TV, while retaining a 49% minority interest. NCTA called on the FCC to deny or dismiss the proposal.

Programming: ESPN will air the NFL's post-'09 season Pro Bowl on Jan 31, 2010, marking the 1st time the game will be played prior to the Super Bowl. -- **Outdoor Channel** kicks off 1Q with 10 new series, including self-defense instructional series "The Best Defense" (Wednesdays, 7:30pm ET).

People: Cox Enterprises has promoted Jimmy Hayes to CEO, effective Thurs. Hayes will oversee Cox Comm, Manheim Auctions, Cox Media and Cox Auto Trader. James Kennedy will remain the company's chmn and chmn of the board's exec cmte.

Editor's Note: Your next issue of CableFAX will be Tues, Jan 6. We'll see you in 2009!

Business/Finance: HSN's board adopted a stockholder rights plan aimed at protecting shareholders during any unsolicited takeover proposal. The plans calls for distribution of 1 preferred stock purchase right for each common share held as of Jan 5, with the purchase rights exercisable only if a person/group acquires beneficial ownership of 15% or more of HSN's common stock. The plan provides certain exceptions for Liberty Media.

CableFAX Daily Stockwatch

Company	12/30 Close	1-Day Ch	Company	12/31 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	27.92	0.49	AMPHENOL:	23.63	0.84
DIRECTV:	22.41	1.26	APPLE:	86.29	(0.32)
DISNEY:	22.48	1.01	ARRIS GROUP:	7.73	0.54
ECHOSTAR:	11.11	0.66	AVID TECH:	10.46	0.27
GE:	15.82	0.16	BIGBAND:	5.61	(0.21)
HEARST-ARGYLE:	6.24	0.38	BROADCOM:	17.15	0.88
MSOS					
CABLEVISION:	16.25	0.91	CISCO:	16.23	0.22
CHARTER:	0.09	0.00	COMMSCOPE:	14.95	0.60
COMCAST:	16.46	0.93	CONCURRENT:	3.03	(0.17)
COMCAST SPCL:	15.79	1.09	CONVERGYS:	6.25	0.26
GCI:	7.89	0.04	CSG SYSTEMS:	17.06	0.51
KNOLOGY:	5.00	(0.01)	ECHOSTAR HOLDING:	14.08	0.89
LIBERTY CAPITAL:	4.42	0.14	GOOGLE:	303.11	5.69
LIBERTY ENT:	16.94	0.95	HARMONIC:	5.31	0.13
LIBERTY GLOBAL:	15.41	0.72	JDSU:	3.58	0.17
LIBERTY INT:	3.04	0.17	LEVEL 3:	0.63	(0.02)
MEDIACOM:	4.01	0.51	MICROSOFT:	19.34	0.38
SHAW COMM:	17.70	0.65	MOTOROLA:	4.16	0.11
TIME WARNER CABLE:	21.76	1.56	NDS:	56.15	1.40
VIRGIN MEDIA:	4.48	0.03	NORTEL:	0.27	0.01
WASH POST:	383.70	16.98	OPENTV:	1.15	(0.01)
PROGRAMMING					
CBS:	7.97	0.41	PHILIPS:	19.79	0.35
CROWN:	2.52	0.04	RENTRAK:	11.19	0.05
DISCOVERY:	13.83	0.27	SEACHANGE:	6.76	0.31
EW SCRIPPS:	2.03	0.30	SONY:	21.55	0.59
GRUPO TELEVISA:	14.65	0.15	SPRINT NEXTEL:	1.91	0.16
HSN:	6.86	0.43	THOMAS & BETTS:	23.00	1.18
INTERACTIVE CORP:	15.77	0.51	TIVO:	6.83	0.30
LIBERTY:	27.77	1.46	TOLLGRADE:	4.78	(0.18)
LODGENET:	0.59	0.02	UNIVERSAL ELEC:	15.92	1.42
NEW FRONTIER:	1.73	0.08	VONAGE:	0.66	(0.03)
OUTDOOR:	7.22	0.15	YAHOO:	11.97	0.09
PLAYBOY:	2.10	0.08	TELCOS		
RHI:	7.32	0.64	AT&T:	28.23	0.37
SCRIPPS INT:	22.06	1.14	QWEST:	3.49	0.11
TIME WARNER:	10.07	0.42	VERIZON:	33.23	0.09
VALUEVISION:	0.30	0.01	MARKET INDICES		
VIACOM:	19.26	0.69	DOW:	8668.39	184.46
WWE:	10.77	0.13	NASDAQ:	1550.70	40.38
TECHNOLOGY					
3COM:	2.25	0.13			
ADC:	5.02	0.16			
ADVANTAGE:	1.89	(0.11)			
ALCATEL LUCENT:	2.16	0.03			
AMDOCS:	18.30	0.02			

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