

CableFAX Daily™

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What the Industry Reads First

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It Ain't Over: Sinclair, Mediacom's 1-Year Deal Just the Beginning

Mediacom and **Sinclair** may have announced a retrans agreement Thurs, but it sounds like a Band-Aid given that the deal expires Dec 31 of this year. That means the 2 will most likely start negotiations for 2011 and beyond within a few months. **Time Warner Cable** is in the same boat, announcing last month that it had reached a 1-year extension with the broadcaster. "We think the market is really resetting itself right now," said Sinclair vp, gen counsel *Barry Faber*, pointing to networks seeking payment for O&Os and a share of their affiliates' retrans fees. "A portion of that programming comes from the network, so we don't disagree that a sharing of proceeds with the network at some point makes sense. We just think it has to happen as this market resets and gets to more appropriate pricing. That's really why we're doing these 1-year deals right now." Last month, Time Warner Cable told the **FCC** that **Fox** broadcast has "brazenly sought to hijack" the retrans consent process by threatening to veto any station's negotiation of a retrans deal that doesn't extract a "satisfactory kickback" for the network. Other networks, including **ABC/Disney** and **CBS**, have made noise about receiving a cut of retrans fees. Time Warner Cable told the FCC it agreed to a 1-year extension with Sinclair because the broadcaster wouldn't agree to a longer term deal without either Fox's express prior consent (which meant "radically" increasing the price) or the right to terminate the deal at will. Further evidence that this is only the beginning came in a letter Mediacom CEO *Rocco Commisso* sent Thurs to Sen Commerce Communications subcmte chmn *John Kerry* (D-MA) pushing for retrans reform. "As the recent Sinclair/Fox experiences demonstrate, the system is broken," Commisso wrote, claiming that broadcasters are engaging in "economic blackmail." **NCTA** is backing Commisso, saying that even though disaster may have been averted in the short-term, Congress still needs to look at the issue. Kerry has previously said he will reach out to industries, the FCC and consumer advocates to assess what, if any, changes to law are necessary. Faber maintains the law is working just fine, saying that as soon as it became evident the FCC would not intercede, Mediacom became engaged in talks. Terms of the deal weren't disclosed, but Faber claims Sinclair really didn't change what it was asking for in regards to consideration for retrans consent. While Commisso and many of his MVPD brethren are hoping for regulatory change, investment firm **Stifel/Nicolaus** is doubtful. "We believe the fact that both Sinclair and Fox, in its dispute with Time Warner Cable, were able to reach agreements without programming disruptions will help preserve the current policy



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framework, which gives broadcasters the ultimate leverage to pull their signals from cable,” the firm said, adding that it believes it’s easier for broadcasters to recover viewers on multichannel systems than it is for cable companies to recover paid subscribers once they’ve switched to competitors.

At the Portals: You didn’t really think the National Broadband Plan would be ready for Congress by Feb 17, did you? We already knew that date was cursed when it was used as the initial deadline for the DTV transition. While that analog cut-off was delayed for 4 months, the **FCC** is asking Congress for just 4 more weeks to complete its plan. Sounds like most everybody is OK with the Commission taking some extra time, with key Dems, including Sen *Jay Rockefeller* (D-WV) and Rep *Rick Boucher* (D-VA) on board. -- The **FCC** launched Reboot.FCC.gov, dedicated to soliciting public input on ways to improve citizen interaction with the Commission.

3Diesel: The 3D engine continues to rumble at CES, with **Sony** announcing its official sponsorship of **ESPN 3D** and several events slated for feature on the net, including the ’11 BCS National Championship game and Summer X Games. Sony also bowed a line of 3D Full HD 1080p high frame rate Bravia TVs, and plans to install approx 3K 3D-capable prod systems in the US over the next few years—all while partnering with **Discovery Comm** and **IMAX** for a 24/7 3D channel set for launch in ’11. Meanwhile, **DirectTV** ended speculation about its own 3D plans, announcing the availability of 3 dedicated 3D channels to subs beginning in Jun. **Panasonic** will exclusively present the nets—1 PPV, 1 VOD and 1 offering free demos—which will feature movies, sports and ent. DirecTV said it’s working with partners such as **Turner**, **NBCU**, **HDNet**, **MTV** and **FSN** to develop 3D programming for debut in ’10-’11. The DBS op is also developing HD 3D movies and TV programming with **RealD**, whose format is compatible with its on demand systems and existing HD set-tops.

Citi Notebook: Half of the subs ordering mobile broadband services from cable ops—including **Comcast** and **Time Warner Cable**—are new customers to the MSOs, said **Clearwire** CEO *Bill Morrow*, noting that the cable/Clear partnership is working “much better than we expected... we’re more than pleased.” Morrow acknowledged, however, that competition from **LTE** will ramp significantly this year but said WiMAX will count approx 800mln global POPs by the end of ’10 while LTE’s tally will be approx 200-250mln. “From a scale point of view, the favor leans toward WiMAX,” he said. LTE penetration may overtake WiMAX in ’12, said Morrow, and if it proves to be a better and/or more sought after tech, Clearwire’s spectrum architecture could support a change to LTE. A VoIP service is planned for Clear once network coverage is sufficient, he said, but until that time Clear will use its roaming agreement with **Sprint** to service certain smart phones.

Merger Mania: With the **DOJ** assigned antitrust review of the proposed **Comcast-NBCU** deal, groups are coming forward to describe “grave” concerns. More than 2 dozen groups, including **ACA**, **Media Access Project** and **Parents Television Council**, wrote to Pres *Obama* and members of Congress about their fears—calling yet again for those undefined “meaningful conditions.” Always good for a snappy quote, ACA’s **Matt Polka** didn’t disappoint, releasing a statement that read: “In its ads, Comcast and NBCU ask people to ‘Dream Big’ but small cable operators know this deal will be a nightmare for its millions of customers without appropriate conditions.”

In the States: **Gospel Music Channel** added nearly 500K subs in Dec and early Jan to push past the 46mln mark.

CES Notebook: **Rovi** announced that nearly 20 content providers have signed on to provide premium content through its TotalGuide—a new digital media guide for next-gen connected TVs and other devices. New content providers include **Showtime**. Rovi unveiled the early version of TotalGuide, demo-ing its capability to bring broadcast, Internet video and home network media content to consumers through a single user interface, while adding search, recommendation and social media capabilities to the experience. Other features include the ability to purchase or rent movies from **Blockbuster** directly through the guide. -- The CE industry will generate more than \$165mln in US shipment revenues this year, a slight increase from ’09, according to **CEA’s** semi-annual industry forecast. Total industry shipment rev fell an estimated 7.8% last year. Smartphones will be a primary revenue driver in 2010. TV unit sales will climb to more than 37mln in ’10, but price drops will cause display revenue to decline slightly to \$22bln. CEA projects sales of more than 4mln 3D television sets this year. This year’s CES boasts a record number of new exhibitors—more than 330. -- **Netflix** announced 5 CE manufacturers that will intro Netflix-ready TVs or Blu-ray disc players this year, including **Sharp**, **Toshiba** and **Panasonic**. -- IPTV platform **Microsoft Mediaroom 2.0**, which TV ops can begin testing next month, will allow ops to deliver video services including VOD, interactive apps and Internet content to TVs, Web browsers, Xbox consoles and compatible

BUSINESS & FINANCE

smart phones. -- Selected as a CES Innovations 2010 Design and Engineering Awards Honoree, the **Motrola Mover** is a set-top accessory enabling consumers to securely place recorded subscription video content on mobile devices.

Honors: HBO and Nat Geo took home 1 **People's Choice Award** each, respectively for "True Blood" as Favorite TV Obsession and "Dog Whisperer" for Favorite Animal Show.

Business/Finance: Time Warner Cable entered into a new employment agreement with COO *Landel Hobbs* that includes a minimum annual base salary of \$1mln, an annual discretionary cash bonus with a target of \$2.1mln and annual long-term incentive compensation with a target value of \$3.65mln. The agreement expires Jan 31, 2011—the expiration date of his previous agreement with the company. TWC also entered into a new deal with CFO *Rob Marcus* that includes a base salary of \$900K, an annual target bonus of \$1.5mln and annual long-term incentive compensation with a target value of \$3.1mln. Marcus' previous contract expired in Aug '08 and had continued on a month-to-month basis. His new deal expires Dec 31, '12. -- **SeaChange** inked a binding agreement to acquire for \$12mln all the outstanding shares of **Vivid-Logic**, a private provider of software and services to cable TV ops, set-top manufacturers and CE suppliers.

CableFAX Daily Stockwatch

Company	01/07 Close	1-Day Ch	Company	01/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.30	(0.2)	AMPHENOL:	44.85	(0.3)
DIRECTV:	33.87	0.45	AOL:	24.62	(0.24)
DISH:	20.79	0.09	APPLE:	210.58	(0.39)
DISNEY:	31.83	0.01	ARRIS GROUP:	10.79	(0.21)
GE:	16.25	0.80	AVID TECH:	12.75	0.02
NEWS CORP:	16.35	(0.13)	BIGBAND:	3.59	0.03
MSOS					
CABLEVISION:	26.48	0.25	BLNDER TONGUE:	1.15	0.01
COMCAST:	16.97	0.35	BROADCOM:	31.00	(0.48)
COMCAST SPCL:	16.21	0.36	CISCO:	24.53	0.11
GCI:	6.34	(0.11)	CLEARWIRE:	7.71	0.31
KNOLGY:	11.40	0.37	COMMSCOPE:	27.51	0.58
LIBERTY CAPITAL:	24.92	(0.42)	CONCURRENT:	4.04	(0.1)
LIBERTY GLOBAL:	23.26	0.00	CONVERGYS:	11.02	(0.04)
LIBERTY INT:	11.47	0.03	CSG SYSTEMS:	18.60	(0.09)
MEDIACOM:	4.95	0.13	ECHOSTAR:	19.95	(0.07)
RCN:	10.51	0.23	GOOGLE:	594.10	(14.16)
SHAW COMM:	20.11	0.27	HARMONIC:	6.40	(0.04)
TIME WARNER CABLE:	41.88	0.55	INTEL:	20.60	(0.2)
VIRGIN MEDIA:	17.00	(0.38)	JDSU:	8.97	0.05
WASH POST:	454.04	10.09	LEVEL 3:	1.61	0.01
PROGRAMMING					
CBS:	14.00	0.27	MICROSOFT:	30.45	(0.32)
CROWN:	1.51	0.01	MOTOROLA:	8.13	0.16
DISCOVERY:	32.68	(0.02)	OPENTV:	1.39	0.00
GRUPO TELEVISA:	21.12	0.23	PHILIPS:	30.16	(0.17)
HSN:	20.40	0.39	RENTRAK:	18.17	0.14
INTERACTIVE CORP:	20.89	0.10	SEACHANGE:	6.69	0.15
LIBERTY:	37.92	0.28	SONY:	29.80	(0.05)
LIBERTY STARZ:	49.14	0.82	SPRINT NEXTEL:	3.97	(0.12)
LIONSGATE:	5.92	0.04	THOMAS & BETTS:	36.52	(0.04)
LODGENET:	5.49	0.19	TIVO:	10.86	(0.14)
NEW FRONTIER:	1.90	0.10	TOLLGRADE:	6.28	0.01
OUTDOOR:	5.52	0.01	UNIVERSAL ELEC:	23.53	(0.01)
PLAYBOY:	3.56	0.17	VONAGE:	1.61	0.06
RHI:	0.37	(0.04)	YAHOO:	16.70	(0.47)
SCRIPPS INT:	43.91	(0.35)	TELCOS		
TIME WARNER:	28.72	(0.3)	AT&T:	27.30	(0.31)
VALUEVISION:	4.97	(0.03)	QWEST:	4.68	0.17
VIACOM:	32.02	0.42	VERIZON:	31.73	(0.19)
WWE:	16.28	0.23	MARKET INDICES		
TECHNOLOGY					
3COM:	7.56	0.03	DOW:	10606.86	33.18
ADC:	6.64	0.03	NASDAQ:	2300.05	(1.04)
ADVANTAGE:	2.00	0.00			
ALCATEL LUCENT:	3.78	0.12			
AMDOCS:	28.08	(0.43)			

From The CableFAX 100



the best business advice from David Zaslav...

"Winning in business is great because when companies win, people thrive and grow." – Jack Welch

David Zaslav
President/CEO
Discovery Communications

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Foresight Required for 3D

PCs, panned. Cell phones, cackled at before being cackled through. HDTVs, howled as a ludicrous luxury. Groundbreaking tech always receives skepticism in abundance; it wouldn't be groundbreaking otherwise. The receipt of 3DTV channels followed a similar pattern this week, but give the new dimension several years and few will be snickering. When **ESPN** and **Discovery** announced their separate 3D net plans (*Cfax*, 1/6), I first thought about the penetration of HD nets, which still has ample running room. I believed it more prudent to focus on customer adoption of that tech before touting 3D as, well... the next HD. Upon further reflection, though, it makes sense to unwrap a new tech if it's ready, and then to push it with collaborative might as programmers and CE manufacturers are preparing to do. But how do people view 3D TV currently? Depends largely on whom you ask, I suspect, but *David Wertheimer*, CEO/exec dir, **Entertainment Tech Center at USC** weighed in at **CES** this week. In follow-up research to the Center's/CEA's consumer attitudes study on 3D in the home, Wertheimer said that 43% of US online adults who have seen a 3D movie or event in the last 12 months would prefer to watch movies and TV shows in 3D over 2D, 53% would like to watch 3DTV content in their home, and one-third would like to watch all TV content in 3D. One-quarter plan to purchase a 3DTV within the next 3 years. According to CEA, close to 2.2mln 3DTVs will be sold this year, and more than 25% of all sets sold by '13 will be 3DTVs. I wonder how many dimensions of dismay I'll enter when I see the initial price points. But make no mistake: ESPN and Discovery are onto something big. Small now, yes, but just wait a few years. *CH*

Highlights: "Brace for Impact," Sun, 9p, **TLC**. It's been nearly 1 year since *Chesley "Sully" Sullenberger* guided USAir 1549 into the Hudson River, saving 154 people. TLC's retelling is compact, but well done, with minimal hero worship. Sully recreates 1549 in a plane over NY as he describes his thought process. Interviews with air traffic controllers and others augment Sully's account well. Chats with passengers add drama. -- "Big Love," season IV premiere, Sun, 9p, **HBO**. Old Roman is gone, but not forgotten as Bill and his wifely trio open a casino and mull speaking publicly about polygamy. *SA*

Worth a Look: "Operation Wild," premiere, Fri, 9p, **Planet Green**. Variety is the best part about this series that follows FL's Fish & Wildlife Conservation officers. The officers grab alligators and overzealous lobster trappers, save drowning boaters and more. -- "Carnie Wilson: Unstapled," premiere, Thurs, 8p, **GSN**. More than you need to know about Carnie, but it's entertaining as she juggles career, weight, motherhood and marriage. *SA*

Notable: "Full Color Football: The History of the AFL" was terrific when **Showtime** debuted the 5-parter. **NFL Net** re-runs it, adding *John Madden* intros (Fri, 8p). -- Clever for **HBO** to re-run "Band of Brothers" (Sun, 8p). The Europe-based series is a fine lead-in for *Hanks-Spielberg's* "The Pacific" (Mar 14). *SA*

Basic Cable Rankings (12/28/09-1/03/09) Mon-Sun Prime			
1	ESPN	4.5	4443
2	USA	2.5	2437
3	DSNY	1.9	1892
4	TNT	1.7	1707
5	A&E	1.4	1387
6	NAN	1.3	1248
7	HGTV	1.2	1159
8	TBSC	1.1	1103
8	FOXN	1.1	1065
8	FX	1.1	1026
11	FOOD	1	1037
11	FAM	1	1007
11	HIST	1	984
11	TOON	1	958
11	TRU	1	923
11	HALL	1	848
11	LMN	1	762
18	LIFE	0.9	931
18	SYFY	0.9	893
18	AMC	0.9	819
21	DISC	0.8	811
21	SPK	0.8	782
21	TLC	0.8	772
21	NKJR	0.8	579
25	EN	0.7	695
25	BET	0.7	615
27	MTV	0.6	590
27	BRAV	0.6	574
27	TVLD	0.6	542
27	CMDY	0.6	542
27	OXYG	0.6	426
32	CNN	0.5	522
32	VH1	0.5	512
32	ESP2	0.5	482
32	NGC	0.5	355
36	MSNB	0.4	408
36	APL	0.4	396
36	TRAV	0.4	395
36	HLN	0.4	380
36	CMT	0.4	359
36	GSN	0.4	316
36	WGNA	0.4	307
36	WE	0.4	268
36	ID	0.4	238
36	TV1	0.4	177
46	DHLT	0.3	231

*Nielsen data supplied by ABC/Disney



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