

# CableFAX Daily™

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What the Industry Reads First

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## Scab Stations: TWC Owns Stout Football Defense in Sinclair Talks

**Time Warner Cable** and **Sinclair** extended their retrans negotiations again, by 1 day through midnight Jan 15, but no matter what happens we won't hear retrans reform proponent *Sen John Kerry* (D-MA) complaining about New Englanders missing the Patriots Jan 16 playoff game or Midwesterners lamenting a blackout of the Bears that same day. In fact, no playoff games will be affected by the spat. TWC has replacement **Fox**, **ABC** and **CBS** stations standing by in affected markets and can call on them until late Feb should either side decide to yank Sinclair's signals. Such a gambit has been deployed before by MSOs—just never on such a large scale. So the real fallout from this spat may come down the road from the **FCC**, which is planning a Notice of Proposed Rulemaking on retrans reform this year that now seems certain to address "network non-duplication" protections. Under current law, MSOs have 60 days to comply with a broadcaster's invocation of those protections, meaning Time Warner Cable can't import alternate ABC and CBS signals in the Sinclair markets after the Feb deadline (Sinclair invoked in late Dec). But there's a rub here: the MSO secured from Fox last year the rights to a so-called insurance feed that guarantees a Fox signal is available in affected markets during retrans spats (*Cfax*, 12/7) for up to 1 year. It does not have similar arrangements with ABC or CBS. Sinclair evp, gen counsel *Barry Faber* doesn't believe the issue is necessarily black and white. "We believe Time Warner's right to receive a Fox network feed... only exists if a station has refused to grant Time Warner consent to retransmit the station's signal," said Faber in a statement. "Given that Sinclair has granted Time Warner the right to continue to carry the signals of the stations, if Time Warner voluntarily chooses not to do so, we do not believe it will have a right to receive the feed from the Fox network." Faber failed to respond Fri to inquiries for additional comment. Perhaps the current spat won't require a thorough parsing of rights. "Negotiations are ongoing with Sinclair, and we're still working hard to reach an agreement," said Time Warner Cable in a statement. "We believe we can agree to the principle terms of the deal in the next 24 hours." In an email to subs, the MSO cautions consumers against switching providers because of the dispute because "every TV service provider—cable, satellite or phone company—is at risk for blackouts, so switching is not a solution." The FCC, no doubt, is seeking to prevent blackouts with its forthcoming Notice. But as **BTIG** analyst *Richard Greenfield* said recently, TWC is in a "far better negotiating position (leverage wise)" than Sinclair because Fox programming is protected and NFL playoff

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games are delivered via national feeds, not local ones. So look for the Commission to try and prevent advantages for either opposing side during retrans impasses. Meantime, enjoy the football games.

**Social TV:** The programming “check-in” has caught on lately as a way to court socially connected TV viewers. Similar to location-based services like **Foursquare** and **Gowalla**, which let people announce their location to friends online by checking in to physical venues, TV check-in services let people share what they’re watching right now through mobile apps. Through platforms like **GetGlue**, **Philo**, and **Miso**, networks can encourage live viewing with badges, stickers, DVD giveaways, etc.—and as “smart TVs” proliferate, viewers will be able to check-in directly through their TVs rather than on secondary devices like a laptop or mobile device. “We have plans to be integrated directly into viewing experiences, but not for standalone apps like **Pandora** and **Netflix**. We are excited about this direction and are working with several high profile partners to launch integrations in 2011,” said *Cathy Nevins* of GetGlue, a check-in service which has already inked partnerships with **Showtime**, **MTV**, **HBO**, **Fox**, **Comedy Central**, **AMC**, **Discovery**, **PBS**, **HGTV**, **ESPN**, **Travel Channel**, **Food Network**, **MSNBC** and **USA**. *Claire Alexander*, vp, digital strategy, development and social media, **Discovery Comm**, has expanded Discovery’s robust social media footprint to include TV check-ins. “Our goals across social TV platforms are to encourage premiere tune-ins, to develop community among fans, to reward superfans and to amplify social buzz around our brands and shows,” she said. Discovery’s 100 check-in enabled shows have seen over 70K check-ins, helping drive promotion across its social media sites. “We kicked things off with Discovery Channel’s **MythBusters**, as this audience is one of our most socially savvy. To date, there have been over 40,000 check-ins to **MythBusters**, and thousands of stickers unlocked through regular viewership and check-ins during Wednesday night premieres.”

**In the States:** After kicking off its “11 Days of Optimum Value to Kick Off 2011” promo campaign by launching new service iO Photos, **Cablevision** is celebrating day 8 by featuring iTV shopping service Optimum Autos and Optimum Homes and Optimum SelectSM at no additional cost to iO TV and Optimum Online subs. Autos and Homes provides local sales listings, and Select, through an on-screen bar, lets viewers interact with commercials while still watching programming.

**Ratings:** “Beyond Scared Straight” set an **A&E** mark for most-watched original series launch ever by notching 3.7mln total viewers, 2.2mln 18-49s and 2.1mln 25-54s. -- **Discovery en Espanol** achieved its best-ever year in '10 among 18-49s (56K, +22% YOY), men 18-49 (38K, +36%) and women 18-49 (18K, +6%), and also delivered 23% growth in HHs to 54K. -- 31mln Americans watched *President Obama's* Wed address at the memorial service for victims of the mass shooting in Tucson, across **ABC**, **CBS**, **Fox**, **NBC**, **CNN**, **Fox News** and **MSNBC**, according to **Nielsen**.

**Comcast-NBCU:** The **National Coalition for African American Owned Media** denounced the **FCC** for going forward with its **Comcast-NBCU** review before filing its '09 Triennial Report on how to identify and eliminate market entry barriers for entrepreneurs and small businesses. **NCAAOM** pres/CEO *Stanley Washington* called the situation “utterly appalling.”

**Programming:** **History's** 2-hour special “Reagan” (Feb 9) spotlights the former president’s ascent from an impoverished childhood to the Oval Office. --Comedian *Bill Engvall* signed on to host **GSN's** mystery-word game show “Lingo” (June).

**People:** **Cox** svp, operations *Jill Campbell* expanded her role to include oversight of the MSO’s entire field system.

**Business/Finance:** The **Carlyle Group** completed its cash acquisitions of **CommScope** for \$31.50/share and **Syniverse** for \$31.00/share.



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**CableFAX Week in Review**

Company	Ticker	01/14 Close	1-Week % Chg	YTD %Chg
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**BROADCASTERS/DBS/MMDS**

DIRECTV:	DTV	42.51	1.55%	27.47%
DISH:	DISH	21.41	1.28%	3.08%
DISNEY:	DIS	39.29	(0.41%)	21.83%
GE:	GE	18.82	2.10%	24.37%
NEWS CORP:	NWS	15.94	(3.04%)	0.13%

**MSOS**

CABLEVISION:	CVC	33.85	(2.28%)	31.10%
CHARTER:	CHTR	40.93	4.47%	0.00%
COMCAST:	CMCSA	22.72	0.09%	34.76%
COMCAST SPCL:	CMCSK	21.34	(0.33%)	33.29%
GCI:	GNCMA	13.17	1.31%	106.43%
KNOLOGY:	KNOL	15.15	0.66%	38.74%
LIBERTY CAPITAL:	LCAPA	64.25	0.42%	169.05%
LIBERTY GLOBAL:	LBTYA	37.53	0.85%	71.44%
LIBERTY INT:	LINTA	16.14	1.89%	48.89%
MEDIACOM:	MCCC	8.61	0.12%	92.62%
SHAW COMM:	SJR	21.02	1.79%	2.19%
TIME WARNER CABLE:	TWC	65.61	(1.71%)	58.52%
VIRGIN MEDIA:	VMED	25.20	(2.96%)	49.73%
WASH POST:	WPO	423.77	(4.25%)	(3.6%)

**PROGRAMMING**

CBS:	CBS	19.94	3.58%	41.92%
CROWN:	CRWN	2.52	(3.82%)	73.79%
DISCOVERY:	DISCA	38.56	(4.37%)	25.73%
GRUPO TELEVISIA:	TV	26.00	2.20%	25.24%
HSN:	HSNI	27.97	(4.93%)	38.53%
INTERACTIVE CORP:	IACI	29.38	(0.47%)	43.46%
LIBERTY:	L	40.35	0.93%	11.00%
LIBERTY STARZ:	LSTZA	66.37	(4.12%)	43.81%
LIONSGATE:	LGF	6.70	1.06%	15.32%
LODGENET:	LNET	4.36	(2.46%)	(21.16%)
NEW FRONTIER:	NOOF	1.77	(0.7%)	(6.48%)
OUTDOOR:	OUTD	7.54	(0.13%)	30.00%
PLAYBOY:	PLA	6.10	21.03%	90.63%
SCRIPPS INT:	SNI	47.75	(1.36%)	15.06%
TIME WARNER:	TWX	33.13	(0.51%)	13.69%
VALUEVISION:	VVTV	7.21	23.04%	50.21%
VIACOM:	VIA	47.85	2.46%	51.90%
WWE:	WWE	14.03	(1.27%)	(8.48%)

**TECHNOLOGY**

ADVANTAGE:	AEY	3.16	0.32%	60.41%
ALCATEL LUCENT:	ALU	3.32	10.67%	0.00%
AMDOCS:	DOX	28.84	6.46%	1.09%
AMPHENOL:	APH	52.26	0.81%	13.17%
AOL:	AOL	24.43	3.56%	4.94%
APPLE:	AAPL	348.48	3.68%	65.37%
ARRIS GROUP:	ARRS	12.50	14.89%	9.36%
AVID TECH:	AVID	18.00	3.99%	41.07%
BIGBAND:	BBND	2.81	4.46%	(18.31%)
BLNDER TONGUE:	BDR	2.50	7.76%	119.30%
BROADCOM:	BRCM	47.34	5.46%	50.43%
CISCO:	CSCO	21.21	1.14%	(11.4%)
CLEARWIRE:	CLWR	5.69	1.43%	(15.83%)
CONCURRENT:	CCUR	4.94	2.92%	24.75%

Company	Ticker	01/14 Close	1-Week % Chg	YTD %Chg
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CONVERGYS:	CVG	13.62	(0.95%)	26.70%
CSG SYSTEMS:	CSGS	19.45	1.57%	1.89%
ECHOSTAR:	SATS	26.83	5.34%	33.22%
GOOGLE:	GOOG	624.18	1.26%	0.68%
HARMONIC:	HLIT	8.41	(1.06%)	33.07%
INTEL:	INTC	21.08	2.03%	3.33%
JDSU:	JDSU	17.77	9.42%	115.39%
LEVEL 3:	LVL	1.27	35.11%	(16.99%)
MICROSOFT:	MSFT	28.30	(1.05%)	(7.15%)
RENTRAK:	RENT	28.45	1.50%	61.01%
SEACHANGE:	SEAC	8.94	(1.11%)	36.28%
SONY:	SNE	35.88	(0.44%)	23.72%
SPRINT NEXTEL:	S	4.45	(4.91%)	21.58%
THOMAS & BETTS:	TNB	48.64	2.18%	35.90%
TIVO:	TIVO	9.77	(2.1%)	(4.03%)
TOLLGRADE:	TLGD	9.39	(0.11%)	53.68%
UNIVERSAL ELEC:	UEIC	26.07	(3.94%)	12.27%
VONAGE:	VG	3.19	14.75%	127.86%
YAHOO:	YHOO	16.81	(0.53%)	0.18%

**TELCOS**

AT&T:	T	28.43	(1.46%)	1.43%
QWEST:	Q	7.28	(1.49%)	72.92%
VERIZON:	VZ	35.46	(1.31%)	7.03%

**MARKET INDICES**

DOW:	DJI	11787.38	0.96%	13.04%
NASDAQ:	IXIC	2755.30	1.93%	21.42%
S&P 500:	GSPC	1293.24	1.71%	12.97%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	1.27	35.11%
2. VALUEVISION:	7.21	23.04%
3. PLAYBOY:	6.10	21.03%
4. ARRIS GROUP:	12.50	14.89%
5. VONAGE:	3.19	14.75%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. HSN:	27.97	(4.93%)
2. SPRINT NEXTEL:	4.45	(4.91%)
3. DISCOVERY:	38.56	(4.37%)
4. WASH POST:	423.77	(4.25%)
5. LIBERTY STARZ:	66.37	(4.12%)

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# EYE ON INNOVATION

## Vroom Vroom

Speed tests are staged in the desert all the time. They just typically involve cars or planes, not scintillating innovation such as **Clearwire's** test-phase delivery of wireless download rates up to 90Mbps in Phoenix. The resulting wireless whoosh, however, was overlooked in recent days by the crush of smartphones, tablets and connected TVs on display at **CES**. But **BTIG** analyst *Walter Pienyk* believes showgoers missed out on the most compelling tech around as a result.

"The rush to deliver high-speed data connectivity by wireless operators will be a key theme for 2011, and the 20x20 **LTE** network that Clearwire is testing in Phoenix is the fastest we have seen yet," wrote Pienyk. "It was clear during our visit that, while we have been the first investors to visit the trial, a few of the spectrum starved wireless operators had already been there as part of their examination of whether they wanted to purchase some of Clearwire's spectrum."

Ahh, the spectrum. As the **FCC's** been busy lamenting a dearth of US spectrum with which to drive wireless innovation, Clearwire's flush with it, claiming to control 160MHz in the top US markets. That wealth enabled the company to break 1st from the gate with **4G** wireless services, and helped **Comcast** and **Time Warner Cable** roll out branded mobile broadband offerings in the process. Now, it's enabling roaring speeds in the desert that may become an important oasis for cable and anyone else attempting to keep up with the major telcos' **LTE** initiatives.

"These early results are very promising and clearly show the type of performance deep spectrum resources can offer a 4G network," says the narrator of a Clearwire promo video available at [youtube.com/watch?v=pkieK-mRBik](http://youtube.com/watch?v=pkieK-mRBik). "With our much larger spectrum position than any other US carrier, we can plan to

deploy these larger channels."

Trouble is, where Clearwire is rich in spectrum, it's relatively poor in capital. The company recently issued debt securities for approx \$2bln in funding to continue its network buildout and, as Pienyk alluded to above, is in negotiations to sell some of its spectrum—no doubt to the pleasure of FCC chmn *Julius Genachowski*. But to augment its existing **WiMAX** network with **LTE** tech and take full advantage of the Phoenix speeds, additional capital is mandatory.



"Clearwire must prioritize its cash to filling in the initial POPs, continue its expansion and get to free cash flow," said Pienyk. "This will prevent the company from a wide scale deployment of [the new] technology which could leap frog the speeds recently launched by industry leader **Verizon**."

Fortunately, there is a bright side. Pienyk said Clearwire's cost to deploy **LTE** on top of **WiMAX** will be far less than its initial deployment. Plus, he said, there just isn't a negative inherent to launching the 20x20 network and its 90Mbps whoosh. During **BTIG's** testing of the network, peak speeds actually exceeded 90Mbps while avg speeds rarely dropped below 20Mbps. And that was while running 3 video streams simultaneously, including **Netflix HD** and **Hulu**.

As 54% owner of Clearwire, **Sprint** may be the 1st to deploy the faster tech. It has the capital to accelerate the deployment, said Pienyk, and is moving toward a network architecture that can more easily integrate 20x20.

But the issue of timing that now dogs **WiMAX**, what with **Verizon's** foot firmly on the **LTE** pedal, is gaining importance in just about anything Clearwire is contemplating. The game of tech leap frog is at full tilt, and Clearwire needs to again jump to the lead.

-Chad Heiges

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