

# CableFAX Daily™

Wednesday — February 8, 2012

What the Industry Reads First

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## Progress Report: Comcast Keeps PEGging Along

While there have been plenty of headlines over the 1-year anniversary of the **Comcast-NBCU** deal, another milestone also passed late last month. Per the **FCC**, the combined company had to file its 2nd report detailing steps it has taken to satisfy certain obligations under the FCC's Comcast-NBCU order. One of those obligations involves Comcast's pilot program to host PEG (public, educational and govt) content on VOD and on demand online—a voluntary commitment it made while the deal was under review. Given the heat cable has received over the years from lawmakers for migrating PEG channels to digital (Dingellgram, anyone?), it's worth paying attention to how it goes. The FCC said Comcast's program would be "beneficial to the continued viability of PEG programming." As of Jan, a total of about 12 hours of PEG programming has been hosted by the local VOD server in the 6 pilot communities. The first content was placed on VOD in late Oct. "This value will continue to grow as the communities refresh the content placed in their designated folders," Comcast told the FCC (communities have editorial control, not Comcast). The participating pilot communities are Fresno, CA; Hialeah, FL; Houston, TX; Philly; Petersborough, NH; and Medford, MA. In recent weeks, Comcast initiated placement of community-designated PEG content on a new, custom-designed online platform (the FCC had given it 1 year since the closing of the transaction to do so). Communities led the design of the branding, theme, etc of the sites, which include [www.gottalovefresno.com](http://www.gottalovefresno.com), [www.madeinmedford.com](http://www.madeinmedford.com) and [www.yosoyhialeah.com](http://www.yosoyhialeah.com). In a soft launch now, Comcast said increased promotional and marketing support, including press and launch events, are planned in the near future. At launch, the sites featured nearly 400 videos of PEG and other local content. With so much more capacity available online, we wonder if down the road some franchises might be willing to migrate PEG channels completely online. Comcast has said it will not migrate PEG channels to digital on any Comcast system until the system has converted to all-digital distribution (unless a community otherwise agrees to move to digital). The FCC adopted that commitment as a condition, and added that Comcast is required to maintain PEG channels on its digital starter tier.

**Retrans: Knology** is the latest MVPD to fan the retrans reform flames, launching [www.reducefeesplease.com](http://www.reducefeesplease.com) which seeks to inform customers "how TV broadcasters get rich off you." The site has a petition of opposition and a pre-written letter that visitors can send to broadcasters and govt officials. Some **ACA** members have been distributing a similar pre-written letter, which people are signing and sending to the **FCC**. In a news release, Knology blamed its recent monthly increase on broadcasters charging higher rates for retrans. "Consumers should understand how big networks make millions of dollars off their pennies, nickels and dimes," said *Royce Ard*, Knology vp sales and marketing. "And we at Knology are committed to fighting unreasonably high network fees that are passed along to our customers." Knology is using bill messaging and cross-channel advertising to inform customers about retrans consent fees and direct them to the Website.

**At the Portals:** Public interest groups continue to push for details on cable and **Verizon Wireless'** marketing agreements.



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In a letter to the **FCC** Tues, **Free Press**, **Media Access Project**, **Public Knowledge** and the **Greenling Institute** asked that Verizon, **SpectrumCo** (a jv of **Comcast**, **Bright House** and **Time Warner Cable**) and **Cox** make unredacted versions of their joint operating and mktg agreements in their spectrum deals available to parties in the proceeding (the pacts would still be subject to strict confidentiality provisions). The groups said that while the parties characterized the redactions as small and relating to pricing, compensation and related provisions, they believe the parties seriously understated the scope and significance of the redactions made. "By withholding all information about pricing and compensation—in several cases, blacking out more than 10 pages at a time—the parties have denied the Commission and interested parties the opportunity to assess the economic incentives created by these agreements and their potential effects on competition in the relevant markets," the groups said. Cable and Verizon have called the deals neither anticompetitive nor relevant to the proceeding.

**Super Sunday Redux: Super Bowl XLVI** earned a record 166.8mln total viewers, but far fewer viewers turned to cable for related programming last week. ESPN's post-game "NFL Primetime" (10:14-11:16 ET) led cable's Sun S.B. coverage with 2.66mln total viewers, and the net's "NFL Countdown" (10am-2pm) ranked 2nd with 1.85mln. **NFL Net's** post-game feature (9:53-11pm) earned 723K, and its extensive "NFL Gameday Morning" (9am-5:30pm) notched 528K. **NBC Sports Net's** "Costas Tonight: Live from the Super Bowl" delivered just 139K for its Thurs premiere (8-10pm) and 142K for a Sat night re-air. Cable's top-rated telecast during the big game was **Disney Channel's** feature of "High School Musical 3," which garnered 2.43mln from 7:30-9:30. -- Yesterday we noted that **Time Warner Cable's** S.B. ad didn't make any top commercial lists, which of course, as a reader reminded us, it wouldn't since it's a regional spot. One Super Bowl ad getting positive feedback is **History's** commercial for "Swamp People." According to **Rentrak's** Ad Retention Index, the spot earned a 109%, just slightly behind the 110% received by the game's most-watched commercial, **NBC's** promo of "Awake." **Hulu's** spot scored a 99%, although it aired during the 2nd quarter versus the 4th quarter positioning of History's ad. Also according to **Rentrak**, **Disney Channel** was the most-watched cable channel during the game's 1st half based on people who watched **Madonna's** halftime show, ranking ahead of **Starz**, **Nickelodeon/Nick at Nite** and **History** but behind leaders **NBC** (of course), **ABC** and **CBS**. -- Driven by its live Super Bowl stream, **NBCSports.com** saw an exponential jump in streaming traffic Sun vs previous Sundays, according to **Sandvine**, which said the game stream was 6.2% of downstream traffic at 9pm—"territory usually reserved for the Internet's biggest websites." At the greatest deviation, Sun's Internet traffic was 20% lower than the avg Sun, said **Sandvine**, adding **Netflix** experienced a 40% drop in usage. According to the firm, "it is clear that live streaming is only going to get more popular, and if streaming is being provided for one of the most watched events of all-time, then users will soon start expecting it to be offered for everything they watch."

**Earnings: Disney's** media nets segment posted growth in rev (+3%) and operating income (+12%) owing to cable



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\*2011 Beta Research Cable Operator Carriage Study. Percent of total cable operators with 100k+ subs very/fairly interested in carrying channel by the end of 2012. Tied for 1st.

# BUSINESS & FINANCE

nets' respective increases of 8% and 25%. Broadcast rev and op income fell 7% and 23%. **ESPN** notched higher affil rev, but its ad rev was flat "as higher rates and units sold were offset by decreased ratings and a shift in the timing of the Rose Bowl, Fiesta Bowl and certain NBA games relative to our fiscal period end." **Disney Channels** delivered growth in op income, ad rev and affil rev. Lower political rev and higher marketing costs hurt broadcast, with **ABC's** ad rev also flat due to decreased ratings and units sold. The company's overall rev increase of 1% missed estimates, leading to an after-hours decline of DIS shares. EPS rose 18%. -- Hurt by tough political ad comps, **Belo** reported a 13% dip in 4Q rev and 25% drop in net EPS. Excluding political, the company delivered a 3% rise in total spot rev (+6% local, -3% national), and it grew Internet ad/retrans rev by double digits for both the quarter and full year.

**People:** **Discovery** pres/CEO *David Zaslav* and **Group Televisa's** pres of TV and content *José Bastón Patiño* were elected to **Univision's** board. -- **RTL Group** CEO *Gerhard Zeiler* was named pres, **Turner Intl.** -- *Cristina Schwarz* was named vp, programming and prod for **Univision Cable Nets.** -- **Travel Channel** tapped *Marietta Hurwitz* as svp/GM, digital. -- **CNBC** upped *Robert Foot-horap* to svp, TV network ad sales.

## CableFAX Daily Stockwatch

Company	02/07 Close	1-Day Ch	Company	02/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	45.20	(0.24)	CLEARWIRE:	1.90	0.09
DISH:	28.53	(0.05)	CONCURRENT:	3.79	0.19
DISNEY:	40.98	0.52	CONVERGYS:	13.32	(0.17)
GE:	19.18	0.13	CSG SYSTEMS:	17.34	0.31
NEWS CORP:	20.19	(0.01)	ECHOSTAR:	30.88	1.46
<b>MSOS</b>					
CABLEVISION:	14.73	(0.18)	GOOGLE:	606.77	(2.32)
CHARTER:	57.84	(0.47)	HARMONIC:	6.62	0.28
COMCAST:	27.09	UNCH	INTEL:	26.64	(0.08)
COMCAST SPCL:	25.85	(0.06)	JDSU:	13.25	0.59
GCI:	11.05	(0.15)	LEVEL 3:	19.59	(0.21)
KNOLGY:	15.89	(0.09)	MICROSOFT:	30.35	0.15
LIBERTY GLOBAL:	47.88	(0.09)	MOTOROLA MOBILITY:	38.88	0.05
LIBERTY INT:	18.28	0.11	RENTRAK:	19.51	0.35
SHAW COMM:	19.79	UNCH	SEACHANGE:	7.20	0.08
TIME WARNER CABLE:	75.22	0.20	SONY:	19.68	0.24
VIRGIN MEDIA:	24.28	(0.21)	SPRINT NEXTEL:	2.45	(0.01)
WASH POST:	383.30	(0.7)	THOMAS & BETTS:	71.93	(0.11)
<b>PROGRAMMING</b>					
AMC NETWORKS:	42.38	0.24	TIVO:	11.77	0.23
CBS:	29.90	0.27	UNIVERSAL ELEC:	19.98	(0.25)
CROWN:	1.21	(0.02)	VONAGE:	2.60	0.02
DISCOVERY:	45.28	0.66	YAHOO:	15.83	0.01
GRUPO TELEVISA:	19.88	UNCH	<b>TELCOS</b>		
HSN:	35.72	(0.06)	AT&T:	30.04	0.07
INTERACTIVE CORP:	45.62	0.25	VERIZON:	37.92	(0.22)
LIONSGATE:	10.91	(0.07)	<b>MARKET INDICES</b>		
LODGENET:	3.51	0.11	DOW:	12878.20	33.07
NEW FRONTIER:	1.14	0.03	NASDAQ:	2904.08	2.09
OUTDOOR:	7.39	UNCH	S&P 500:	1347.05	2.72
SCRIPPS INT:	44.15	0.42			
TIME WARNER:	38.10	0.13			
VALUEVISION:	1.80	0.19			
VIACOM:	54.28	0.12			
WWE:	9.68	(0.1)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.22	0.01			
ALCATEL LUCENT:	1.91	(0.02)			
AMDOCS:	30.15	0.16			
AMPHENOL:	54.87	0.02			
AOL:	17.80	(0.01)			
APPLE:	468.83	4.86			
ARRIS GROUP:	12.12	0.09			
AVID TECH:	9.98	(0.73)			
BLNDER TONGUE:	1.48	0.03			
BROADCOM:	37.17	0.03			
CISCO:	20.20	0.01			

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