

# CableFAX Daily™

Monday — February 28, 2011

What the Industry Reads First

Volume 22 / No. 038

## Negotiating the Negotiations: Move Toward Retrans Reforms On Tap

The retrans issue has cropped up time and again during this earnings season, from late Jan when **Time Warner Cable** pres/CEO *Glenn Britt* said the MSO will continue to press for reform, to this week when **DirectTV** chief *Mike White* called it “a really challenging problem.” In between, **Cablevision** blamed its high-profile standoff with **Fox** for 4Q basic sub losses while **News Corp** said it took a \$17mln hit from the impasse. So leading up to the **FCC**’s consideration Thurs of a Notice of Proposed Rulemaking seeking comment on changes to rules governing or affecting retrans negotiations, the Commission has not surprisingly been flooded with myriad comments on the controversial issue. In general, MVPDs aren’t begrudging broadcasters’ need for a dual rev stream. Most just want an arbitration mechanism or other dispute-resolution process for negotiations, plus transparency to better assess market rates and a requirement of interim carriage during disputes. Requests for comments on various other issues have been bandied too, including TWC’s recent suggestion that the FCC seek comment on measures permitting MVPDs to carry broadcast stations on an optional tier or a la carte basis. **Mediacom** and **Suddenlink** proposed a “cooling off” period during talks featuring stays of certain rules to allow for carriage of substitute local programming, and extension of the “no drops during sweeps” period to cover marquee programming airing outside the period. **ACA**’s particularly concerned about carriage fee increases resulting from joint negotiations involving the Big 4 and potential price discrimination against smaller MVPDs. CVC specifically seeks a definition of good faith negotiations and prohibition of the bundling of broadcast stations with the carriage of other programming in retrans pacts. Comprised of nearly 40 MSOs, telcos, associations and nets including all the companies cited herein but News, lobbying group the **American TV Alliance** suggests the Commission look into measurement of the harms and costs to consumers due to retrans battles. It also points out that “broadcasters are increasingly making shows available online for free while demanding hefty retransmission fees from distributors for the same programming.” At this point, virtually all parties involved in retrans disputes bear some costs, albeit to varying degrees. News Corp’s \$17mln hit from the CVC impasse, for example, amounts to a small slap compared to the company’s overall rev. Besides News/Fox, broadcasters haven’t been particularly vocal on the issue in recent months save for highlights of retrans fee growth or future goals for such income. As such, get comfy with a process that will likely drag on for months and perhaps even years. Thurs marks only the beginning.

**MCCC: Mediacom** reported preliminary, unaudited financial and operating highlights Fri covering 4Q and ’10, but come Mar 4 the data may be the sole concern of chmn *Rocco Commisso* and his partners. As shareholders will vote that day on Commisso’s privatization bid, the MSO said 4Q rev increased 1.9% to \$378.9mln and op income fell 4.4% to \$73.8mln. RGUs rose by 23K in the quarter, including -10K net basic subs, 14K digital, 11 HSD and 8K phone. Expected full-yr RGU tallies feature -45K basic, 53K digital, 60K HSD and 45K phone. **Miller Tabak**’s *David Joyce* said basic was the only sub metric that beat his 4Q estimates, while it and phone improved sequentially.

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**On the Hill:** With online privacy a burgeoning issue in Washington, Reps *Ed Markey* (D-MA) and *Joe Barton* (R-TX) were displeased with recent reports that **Google** collected the social security numbers of children who participated in its Doodle 4 Google contest. "It is particularly important that stringent privacy protections are applied so that children do not have their personal information collected or disclosed," said the pair in a statement. "We plan to convene a Caucus hearing to discuss industry practices as they relate to online privacy, including protection of information about children." -- In a Fri op-ed piece in the *Washington Post*, **Sen Commerce Cmte** chmn *Jay Rockefeller* (D-WV) asks the **NFL** to open its financial books to the **NFLPA** so that a potential '11 lockout might be averted. A league work stoppage would heavily impact numerous industry players including **ESPN**, **Comcast** through **NBC**, **NFL Net**, **News Corp** through **Fox** and **DirectTV**. "I had hoped that the competitive environment and obvious high stakes could bring the two sides together," wrote Rockefeller. "Reluctantly, I have come to the conclusion that the only way to sort out this stalemate is for the owners and the league to answer the biggest sticking point: money."

**Competition:** **DirectTV's** forthcoming **iPad** app will offer remote control functionality including fast-forward and re-wind, recording of content to DVRs and programming search.

**Programming:** **Hallmark Channel** welcomes "Frasier" to its lineup Apr 4. -- **OWN** picked up a 2nd season of "Our America with Lisa Ling." -- **VH1's** "La La's Full Court Life" (wt, Aug) will include the recent move of *La La Vazquez* and her husband *Carmelo Anthony* to NY following the NBAer's trade to the Knicks.

**Honors:** Cable earned a number of **Gracie Awards**, bestowed annually by the **Alliance for Women in Media** to encourage the realistic and faceted portrayal of women in ent. **ESPN** picked up a trio, for outstanding soft news feature (E:60), prod-news/non-fiction (*Hannah Storm*) and sports program ("Outside the Lines"). Other cable winners include **HBO** (2), **TNT** (2), **CNN** (2), **Discovery Comm**, **TV Land**, **E!**, **ABC Family**, **RLTV**, **MTVN**, **USA**, **Nickelodeon**, **Lifetime**, **Style** and **MSNBC**.

**Editor's Note:** Just a reminder that **CableFAX** launches Top Ops Kick-Off Nomination Week from Feb 28 to March 4, during which **ACA** and **NCTC** members can access **CableFAX Daily** from the ACA and NCTC Websites. For info on how to nominate for CableFAX's Top Operators Awards, go to [www.cablefax.com/awards](http://www.cablefax.com/awards).

**People:** **iN Demand** elevated *Emilio Nunez* to svp, movies & original programming. -- **Disney Junior Worldwide** svp, original programming *Nancy Kanter* assumed the additional role of gm.

**Business/Finance:** **Collins Stewart's** *Thomas Eagan* and **Wells Fargo Securities' Marci Ryvicker** still have respective 'buy' and 'outperform' ratings on **DISH** shares despite the DBS op's disappointing 4Q sub results. Both analysts see notable potential in the company's recent **DBSD** spectrum play through mobile data and/or video, with Eagan saying that "DISH may see higher return investing in a new business model than in... SAC." Ryvicker said "we think Charlie [Ergen] is positioning DISH to benefit from alternative distribution methods longer term." DISH shares rebounded Fri to gain 3.67%. -- **Miller Tabak's** *David Joyce* upped his estimates and long-term target on **Disney** shares to \$53 on strong ad prospects at the company's media nets and an improving parks div. Joyce reiterated his 'buy' rating and \$48 short-term price target. -- **Ascent Media** shareholders approved the proposal to sell the company's content distribution business to **Encompass Digital Media**.

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**CableFAX Week in Review**

Company	Ticker	2/25 Close	1-Week % Chg	YTD %Chg
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**BROADCASTERS/DBS/MMDS**

DIRECTV:	DTV	46.03	3.91%	38.02%
DISH:	DISH	23.45	(0.21%)	12.90%
DISNEY:	DIS	42.95	(1.4%)	33.18%
GE:	GE	20.82	(2.89%)	37.61%
NEWS CORP:	NWS	18.34	(2.24%)	15.20%

**MSOS**

CABLEVISION:	CVC	36.98	(1.7%)	43.22%
CHARTER:	CHTR	45.50	(2.02%)	0.00%
COMCAST:	CMCSA	25.26	(1.6%)	49.82%
COMCAST SPCL:	CMCSK	23.94	(0.99%)	49.53%
GCI:	GNCMA	11.95	(0.99%)	87.30%
KNOLOGY:	KNOL	14.33	(10.38%)	31.23%
LIBERTY CAPITAL:	LCAPA	68.89	(4.16%)	188.48%
LIBERTY GLOBAL:	LBTYA	42.75	1.33%	95.29%
LIBERTY INT:	LINTA	16.83	(3.33%)	55.26%
MEDIAIACOM:	MCCC	8.81	0.34%	97.09%
SHAW COMM:	SJR	21.20	(0.56%)	3.06%
TIME WARNER CABLE:	TWC	71.29	(0.83%)	72.24%
VIRGIN MEDIA:	VMED	26.99	(4.53%)	60.37%
WASH POST:	WPO	429.31	(4.85%)	(2.34%)

**PROGRAMMING**

CBS:	CBS	23.54	2.75%	67.54%
CROWN:	CRWN	2.39	(0.42%)	64.83%
DISCOVERY:	DISCA	42.91	(2.28%)	39.91%
GRUPO TELEVISIA:	TV	23.66	(4.21%)	13.97%
HSN:	HSNI	32.26	4.10%	59.78%
INTERACTIVE CORP:	IACI	31.36	(1.79%)	53.13%
LIBERTY:	L	42.91	(0.65%)	18.05%
LIBERTY STARZ:	LSTZA	68.87	(4.21%)	49.23%
LIONSGATE:	LGF	5.96	(2.61%)	2.58%
LODGENET:	LNET	3.55	4.41%	(35.8%)
NEW FRONTIER:	NOOF	2.07	(1.43%)	9.52%
OUTDOOR:	OUTD	7.95	(1.36%)	37.07%
PLAYBOY:	PLA	6.12	0.00%	91.25%
SCRIPPS INT:	SNI	51.95	(2.64%)	25.18%
TIME WARNER:	TWX	37.90	(0.73%)	30.06%
VALUEVISION:	VVTV	6.78	(5.17%)	41.25%
VIACOM:	VIA	50.95	(1.92%)	61.75%
WWE:	WWE	12.70	3.00%	(17.16%)

**TECHNOLOGY**

ADDVANTAGE:	AEY	3.15	16.67%	59.90%
ALCATEL LUCENT:	ALU	4.85	(3%)	46.08%
AMDOCS:	DOX	29.41	0.24%	3.08%
AMPHENOL:	APH	56.85	(0.94%)	23.11%
AOL:	AOL	21.02	(4.41%)	(9.71%)
APPLE:	AAPL	348.16	(0.68%)	65.22%
ARRIS GROUP:	ARRS	13.17	(3.37%)	15.22%
AVID TECH:	AVID	21.94	(2.4%)	71.94%
BIGBAND:	BBND	2.65	1.15%	(22.97%)
BLNDER TONGUE:	BDR	2.06	(6.36%)	80.71%
BROADCOM:	BRCM	42.11	0.05%	33.81%
CISCO:	CSCO	18.64	(1.11%)	(22.14%)
CLEARWIRE:	CLWR	5.08	(9.93%)	(24.85%)
CONCURRENT:	CCUR	5.96	(0.67%)	50.51%

Company	Ticker	2/25 Close	1-Week % Chg	YTD %Chg
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CONVERGYS:	CVG	14.07	(4.35%)	30.88%
CSG SYSTEMS:	CSGS	19.81	0.05%	3.77%
ECHOSTAR:	SATS	35.97	7.69%	78.60%
GOOGLE:	GOOG	610.04	(3.18%)	(1.6%)
HARMONIC:	HLIT	9.60	0.52%	51.90%
INTEL:	INTC	21.86	(1.26%)	7.16%
JDSU:	JDSU	24.80	(1.59%)	200.61%
LEVEL 3:	LVL	1.41	(3.42%)	(7.84%)
MICROSOFT:	MSFT	26.55	(1.88%)	(12.89%)
RENTRAK:	RENT	26.25	(6.48%)	48.56%
SEACHANGE:	SEAC	9.38	(2.19%)	42.99%
SONY:	SNE	36.48	0.19%	25.79%
SPRINT NEXTEL:	S	4.31	(4.22%)	17.76%
THOMAS & BETTS:	TNB	55.17	(2.37%)	54.15%
TIVO:	TIVO	10.40	(0.1%)	2.16%
TOLLGRADE:	TLGD	9.99	(0.89%)	63.50%
UNIVERSAL ELEC:	UEIC	28.42	7.12%	22.39%
VONAGE:	VG	4.29	0.70%	206.43%
YAHOO:	YHOO	16.50	(6.57%)	(1.67%)

**TELCOS**

AT&T:	T	28.13	(1.19%)	0.36%
QWEST:	Q	6.66	(10.24%)	58.19%
VERIZON:	VZ	35.97	(1.77%)	8.57%

**MARKET INDICES**

DOW:	DJI	12130.45	(2.1%)	16.33%
NASDAQ:	IXIC	2781.05	(1.87%)	22.56%
S&P 500:	GSPC	1319.88	(1.72%)	15.30%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. ADDVANTAGE:	3.15	16.67%
2. ECHOSTAR:	35.97	7.69%
3. UNIVERSAL ELEC:	28.42	7.12%
4. LODGENET:	3.55	4.41%
5. HSN:	32.26	4.10%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. KNOLOGY:	14.33	(10.38%)
2. QWEST:	6.66	(10.24%)
3. CLEARWIRE:	5.08	(9.93%)
4. YAHOO:	16.50	(6.57%)
5. RENTRAK:	26.25	(6.48%)

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### Independent Operator Awards\*

- Independent Operator of the Year
- Independent Marketer of the Year
- Independent System Executive of the Year
- Independent Community Service Award
- Independent Customer Care Award
- Independent Technology Award
- Independent Project Launch of the Year
- Independent Financial Exec of the Year
- Independent Lifetime Achievement Award

\* In Conjunction with NCTC and ACA

### MSO Awards Categories

- MSO of the Year
- Sales Team of the Year
- Community Service Award MSO-wide
- Community Service Award System-level
- Technology Award
- Financial Exec of the Year
- Regional Executive of the Year
- Customer Care
- Project Launch of the Year
- Leadership Award
- Lifetime Achievement Award

Fill out Form or Enter Online at: [www.cablefax.com/awards](http://www.cablefax.com/awards)

Category of Award: \_\_\_\_\_

Name of Award Candidate: \_\_\_\_\_

Title of Person or Campaign: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Name of Nominator: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

In 400 words or fewer, why does this person/campaign deserve to win an award? (Please be specific and include as much detail as possible.)

Please support the candidacy with any additional material (testimonials, press clippings etc) that you see fit.

## CableFAX Top Ops AWARDS

### Send Entry to:

Mfrench@accessintel.com or  
Mary Lou French  
CableFAX Top Ops  
4 Choke Cherry Rd, 2nd Floor  
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Our Top Ops list will be honored in CableFAX: The Magazine's July issue and during an awards luncheon in September coinciding with CableFAX's annual Program Awards.



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