

CableFAX Daily™

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What the Industry Reads First

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Retrans Reform: TWC, DirecTV, Others to Ask FCC to Change Rules

For months, the writing had been on the wall that a big retrans reform push was coming. So late Tues, **Time Warner Cable** and several other distributors filed a petition asking the **FCC** to consider arbitration and forcing continuation of a broadcasters' signal during a retrans consent dispute. TWC is leading the charge, but **Cablevision**, **DirecTV**, **Mediacom** and **Public Knowledge** are also part of the petition. "We have been working with a broad cross-section of stakeholders, including other cable operators, satellite providers, and telephone companies, as well as public interest organizations, on a petition asking the FCC to address skyrocketing consumer costs by establishing a new framework for resolving retransmission consent disputes and ensuring that consumers are not caught in the middle," a TWC spokesperson said. Cablevision urged the FCC to reform a "clearly broken" system, "as illustrated most recently by **ABC Disney** pulling the plug on 3 million Cablevision households this past weekend." **ACA** is also joining the petition—although it doesn't appear to address one of the organization's key concerns: price discrimination for smaller cable ops. "Once the FCC puts this petition out for public comment, ACA will add this issue to the list of problems with the current retransmission consent rules, particularly for smaller operators, and strongly advocate for the problems to be solved," ACA pres/CEO *Matt Polka* said. **Comcast** is not part of the petition, which is not surprising considering its proposed deal with **NBCU**. "Everyone knows that retransmission consent needs to work better, and most importantly, consumers shouldn't be held hostage in these disputes," a Comcast rep said. "As we've said many times, as a company that will be in both the cable and broadcasting businesses, looking at the issue from both sides, we hope we can play a constructive role in working toward a resolution of these issues." **NCTA**, which has been more vocal in calling for retrans reform in recent years, is not expected to be part of the petition. But a spokesperson said: "We support reform of the retransmission consent process and will participate in any proceeding that explores ways to fix it." The assn is unusual in that its members are comprised of both MSOs and some of the very same programmers distributors often spat with—like Disney, which pulled O&O **WABC** from Cablevision's 3mln subs on Sun. **Cox** said it also was not a part of the petition and declined further comment. This will be cable's 1st close encounter with new **NAB** chief *Gordon Smith*, with the former Republican senator joining the group in Nov. On Tues, a NAB spokesperson sent reporters a list of "7 unassailable facts" regarding retrans, saying cable profit increased

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5 times the amount of their programming expenses over a 3-year period, according to a study from economic consulting firm **Empiris** (that NAB supported). In a separate statement, the rep said “modest” retrans fees help stations fund news, community service and “life-saving weather information... To see billion dollar pay TV companies asking for government intervention to protect their exorbitant profits is just plain wrong.” Bottom line: big players are in on this petition, big blow-ups have gotten the attention of the Hill and big reverberations should be expected.

More Retrans Ruckus: The Hill is also hearing from operators on retrans, with **Time Warner Cable**, **DISH**, **ACA** and others sending a letter to the majority and minority leadership of the House and Sen Commerce Committees Tues. “Unfortunately, as recent events confirm, the balance of power that existed in 1992 has shifted and it is consumers who are caught in the crosshairs,” the letter said. “It is time to consider how to restore balance to the unique retransmission consent process and take steps to protect consumers against either seeing access to broadcast signals priced out of their reach or having that access denied to them.” Also signing were: Bright House, Cablevision, Charter, DirecTV, Insight, Mediacom, Suddenlink and the Organization for the Promotion and Advancement of Small Telecommunications Companies.

Credit Suisse Notebook: **Time Warner** chief **Jeff Bewkes** on Tues talked up TV Everywhere-like initiatives to programmers. “If you take consumer enhancements [and] offer them to loyal consumers of a media brand... you have an economic engine that can grow,” said Bewkes. In short, on demand content offerings promote stronger viewership and a greater connection for advertisers, he said. Bewkes ascended to his soapbox in part due to **Viacom**’s recent pulling of eps of “The Daily Show with Jon Stewart” and “The Colbert Report” from **Hulu** and media scrutiny of online business models that ensued. Of Viacom’s move, pres/CEO **Philippe Dauman** later in the day said “there’s just not much in it with us and [Hulu’s] business model,” stressing that the relationship was always meant as a test. He added that Viacom is starting to ramp online and mobile rev. Viacom content could return to Hulu, he said, provided a better content monetization model emerges. Meanwhile, Bewkes said he supports broadcasters’ retrans push as **Warner Bros** supplies the big 4 with shows, a relationship that in turn benefits **TNT** and **TBS** regarding acquisitions.

Carriage: **CBS College Sports** earned carriage in SD and HD on **Cablevision**, bringing its HH distribution to approx 38mln. Also, 18 affil partners including **DISH**, **FiOS** and **Insight** have signed on to feature the net’s free preview running through Apr 5, opening up College to 18mln additional homes during that period.

Broadband Planning: The **FCC**’s National Broadband Plan dog and pony show continued Tues, with one of the recommendations revealed being to consider using spectrum for a free or very low cost wireless broadband service. Want more details? So do we, but the Commission didn’t provide them at its Digital Inclusion Summit Tues co-hosted with the **Knight Foundation**. Other digital inclusion recommendations include private and non-profit partnerships in national outreach and awareness campaigns and targeted support for seniors. Several members of Congress in addition to FCC members were at the event, including Rep **Ed Markey** (D-MA). The event included a panel of citizens discussion how broadband had impacted their lives. One of those speakers was **Irvin Aviles**, a Time Warner Cable tech who we first met in ’04 during a ride-along for a **Cfax** story. He spoke Tues about how training he received at non-profit social venture **Per Scholas** helped him learn about broadband technology that ultimately gave him a new career.

On the Hill: Thurs’ Sen Commerce **Comcast-NBCU** hearing is **Zucker-less**, with **Brian Roberts** flying solo as the

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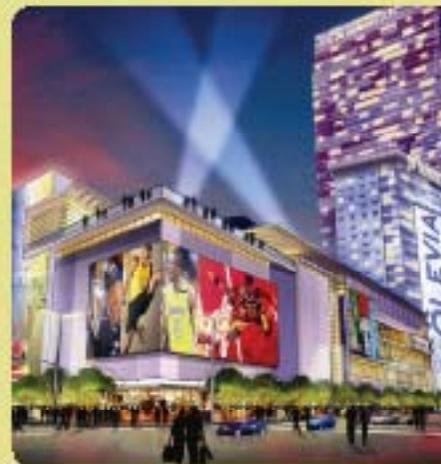
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iv rep. Other witnesses: **FCC** chmn *Julius Genachowski*, **DOJ** asst atty gen for antitrust *Christine Varney* and **WOW!** CEO *Colleen Abdoulah*.

Earnings: **TiVo** reported a 4Q loss of \$10.2mln vs a \$3.6mln loss a year ago, which was a smaller loss than analysts estimated. Revenue of \$68.5mln (+16%) also beat estimates, while total subscriptions fell 22% to 2.61mln from the year ago period. For 1Q, TiVo expects a net loss in the \$19-\$21mln range, citing increased litigation expense and other factors.

Technology: **Cisco** intro'd a new Internet carrier routing system that triples the capacity of its predecessor to up to 322 Terabits/sec—speeds enabling the entire printed collection of the Library of Congress to be downloaded in just over 1sec or every motion picture ever created to be streamed in less than 4 min. Using the system, **AT&T** recently completed the 1st successful field trial of 100-Gigabit backbone network tech on its live network between New Orleans and Miami. **S&P** reiterated its 'buy' opinion on Cisco shares, saying the system is "well positioned over the long-term to help service providers... [and] support increased virtualization and video networking services."

People: **Cablevision** promoted *Lisa Rosenblum* to evp, government and public affairs. -- **Rainbow Ad Sales** upped *Kim Norris* to evp, advanced ad strategy and ops. -- **MTV** hired *Randy Sosin* of **Gang of Fore** as svp, talent development and programming.

CableFAX Daily Stockwatch

Company	03/09 Close	1-Day Ch	Company	03/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
BRITISH SKY:	33.33	(0.58)	AMPHENOL:	44.29	0.53
DIRECTV:	34.78	0.00	AOL:	25.64	0.05
DISH:	21.54	0.17	APPLE:	223.02	3.94
DISNEY:	33.31	0.12	ARRIS GROUP:	12.05	0.63
GE:	16.49	0.22	AVID TECH:	14.68	0.04
NEWS CORP:	16.72	0.01	BIGBAND:	3.16	0.04
MSOS					
CABLEVISION:	24.08	0.08	BLNDER TONGUE:	1.09	0.01
COMCAST:	17.51	(0.05)	BROADCOM:	31.63	0.17
COMCAST SPCL:	16.78	(0.03)	CISCO:	26.13	0.00
GCI:	5.95	(0.04)	CLEARWIRE:	8.04	0.34
KNOWLOGY:	13.12	0.00	COMMSCOPE:	27.45	(0.06)
LIBERTY CAPITAL:	32.71	(0.29)	CONCURRENT:	4.95	0.07
LIBERTY GLOBAL:	28.29	(0.01)	CONVERGYS:	12.71	(0.16)
LIBERTY INT:	13.46	0.23	CSG SYSTEMS:	20.96	0.24
MEDIACOM:	5.85	0.38	ECHOSTAR:	20.65	0.08
RCN:	15.22	0.09	GOOGLE:	560.19	(2.29)
SHAW COMM:	19.86	(0.09)	HARMONIC:	6.71	(0.1)
TIME WARNER CABLE:	49.10	0.10	INTEL:	20.94	0.17
VIRGIN MEDIA:	16.87	0.08	JDSU:	11.60	0.26
WASH POST:	450.17	(0.36)	LEVEL 3:	1.59	0.03
PROGRAMMING					
CBS:	14.44	(0.22)	MICROSOFT:	28.80	0.17
CROWN:	1.81	0.00	MOTOROLA:	6.97	0.06
DISCOVERY:	31.91	0.23	OPENTV:	1.55	0.01
GRUPO TELEVISIA:	19.53	0.16	PHILIPS:	31.60	0.01
HSN:	28.09	(0.5)	RENTRAK:	18.59	0.11
INTERACTIVE CORP:	23.97	(0.01)	SEACHANGE:	7.66	0.00
LIBERTY:	37.44	(0.1)	SONY:	37.15	0.40
LIBERTY STARZ:	53.60	(0.04)	SPRINT NEXTEL:	3.62	0.22
LIONSGATE:	5.67	0.00	THOMAS & BETTS:	38.55	0.09
LODGENET:	6.70	0.10	TIVO:	16.70	(0.38)
NEW FRONTIER:	2.07	0.17	TOLLGRADE:	6.60	(0.06)
OUTDOOR:	6.35	0.05	UNIVERSAL ELEC:	22.93	(0.05)
PLAYBOY:	3.51	(0.05)	VONAGE:	1.52	0.05
RHI:	0.33	(0.01)	YAHOO:	16.53	0.01
SCRIPPS INT:	40.53	(0.41)	TELCOS		
TIME WARNER:	30.60	(0.04)	AT&T:	25.56	0.28
VALUEVISION:	4.17	(0.18)	QWEST:	4.76	0.06
VIACOM:	32.68	0.38	VERIZON:	29.91	0.28
WWE:	17.86	0.02	MARKET INDICES		
TECHNOLOGY					
3COM:	7.73	0.01	DOW:	10564.38	11.86
ADC:	7.08	0.05	NASDAQ:	2340.68	8.47
ADVANTAGE:	2.22	(0.02)			
ALCATEL LUCENT:	3.37	(0.02)			
AMDOCS:	30.15	0.57			



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