

CableFAX Daily™

Friday — March 12, 2010

What the Industry Reads First

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Retrans Waves: FCC Ready to Stick Toe in Water

It sounds like the **FCC** may consider examining retransmission consent rules, with chmn *Julius Genachowski* citing an increasing number of arguments that “the framework that is in place may have lost pace with the changes in the marketplace.” His comments on retrans—prompted by questions from Sen *John Kerry* (D-MA)—were probably the most exciting part of Thurs’ **Sen Commerce** hearing on the **Comcast-NBCU** proposed jv. Much of the hearing was devoted to covering well-worn ground, with it being the 4th such Hill hearing, Genachowski said the FCC is “reviewing whether there are changes to the process that make sense.” Just 2 days after Time Warner Cable and 13 others filed a petition asking the FCC to overhaul it, the FCC chmn said one big concern is consumers being surprised when a station goes dark and not having enough time to seek an alternative provider. Earlier this month, **Cablevision** subs found out Mon night they could lose **WABC** in NY on Sun (and they did for several hours). **Stifel Nicolaus** called the FCC’s interest good news for the distributors that petitioned the FCC. “We don’t believe Congress is ready to legislate on retransmission consent, and we doubt the FCC is going to rush to complete a rulemaking, but we do believe that broadcasters are facing increased scrutiny from policymakers, complicating their position,” the firm said. “In the short term, we believe this will raise the political risks for broadcasters if they pull their signals in disputes.” As for Comcast-NBCU, Genachowski and **DOJ** asst atty gen for antitrust *Christine Varney* were careful not to say anything specific as both agencies are amid the review process. A public notice seeking comment at the FCC is expected within days, with the agency having just started its review Fri. Comcast-NBCU filed an initial application and public interest statement Jan 28, but at the companies’ request, the FCC held off on the transaction-review process until a supplemental economic report was filed Fri. Varney promised a thorough review, reminding senators of past DOJ actions (like unbundling conditions on **Ticketmaster-LiveNation**). No big, *Al Franken*-style fireworks at the 3-hour hearing. Sen *Maria Cantwell* (D-WA) was one of the hearing’s most vocal opponents, saying she can’t support the merger at this point and suggesting the transaction should re-open the discussion over a la carte.

Film Deals: In separate agreements represented by **Disney**, **Showtime** inked an output deal under which up to 35 **DreamWorks** films released from ’10-’15 will air on the network, while **Starz** extended through ’15 its TV output deal covering Disney Studios’ theatrical releases. Amid a changing premium net landscape that features a concerted push toward

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DREAMWORKS | PREMIERES MARCH 14 AT 9PM/8C | FOLLOWING SUNDAYS AT 9PM/8C | HBO | PLAY@TONE

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multiplatform plays and a new entrant in **Epix**, which like **HBO** enjoys an internal tie to a major film studio, the pacts are important to both Showtime and Starz. "This is an ideal match for us," said Showtime Nets chmn/CEO *Matt Blank*. The pact is "high-profile because it's DreamWorks, and it ensures we will up the ante" in our film slate. The deal allows Showtime to feature Dream movies on any future platform or device through which subs can access the net, which also counts output deals with Summit Ent and **The Weinstein Co.** Starz, meanwhile, maintains the multiplatform rights its had for Disney films, including for **Starz Play** and **Netflix**. Starz Ent COO *Bill Myers* said the deal provides "the right volume" of movies to Starz and therefore negated a need to go after DreamWorks titles as well. Plus, like Blank, Myers said a focus on original series fills an increasing amount of premium nets' slate. Starz also owns an output deal with **Sony Pictures** through '16.

Broadband: Consumers can test their broadband service quality for speed and latency through a new digital tool launched by the **FCC**. The Consumer Broadband Test (available at broadband.gov) will report info to consumers and the FCC. A mobile version—the FCC's 1st mobile app—is at the Apple and Android app stores. More testing apps are coming. The FCC also launched the Broadband Dead Zone Report, letting Americans submit street addresses lacking broadband.

Not Freezing: None of the 9 cable and satellite providers surveyed by **CTHRA** in Nov implemented salary freezes last year or planned them for 2010. Recent stats show 30% of US employers froze salaries in '09. Among programmers, only 11% of the 19 cable and broadcast programmers reported frozen merit increase budgets for '09 (down from 18% in a July CTHRA study) and 14% projected salary freezes for '10. The year-end survey is an adjunct to CTHRA's annual compensation survey completed in July. CTHRA's survey found that industry employers planning merit increases budgeted approximately 3% for '10, which is better than the general-industry projection of 2.7%.

Competition: **Windstream's** new lifetime price guarantees cover phone/HSI bundles starting at \$60/month (3Mbps and unlimited nationwide calling) and 3-play bundles starting at \$100/month (the previous plus America's top 120 from DISH). -- **DirecTV** is touting its **NCAA Mega March Madness** package this year with the help of UK basketball coach *John Calipari*, who's touting the package's interactive apps to his 1.5mln **Twitter** followers. For \$69, Madness features access to all tourney games (most in HD) and an interactive mix channel featuring scores, stats and a bracket overlay. Separately, the DBS op said feature film "Pirate Radio" is now available for purchase by subs, 1 month ahead of its DVD release. -- **LIN TV** reported a 44% jump in 4Q digital rev, inclusive of Internet ad and retrans rev, to \$13.4mln. In '09, digital rev increased 48% to \$43.0mln. -- **U-verse TV** tips off Mon a **Yahoo! Sports** app allowing viewers to track personalized March Madness brackets and view tourney results on-screen.

Happy 79th: *Rupert Murdoch* spent part of his birthday being interviewed by **Fox Business Net's** *David Asman* (slated to air at 7pm ET, Thurs). He chatted about the business potential in the Middle East and paid content. "People when they pay their cable bills, some of it comes to **Fox**. Cable television is paid television," he said, according to a transcript. "But search on the Internet—whether it be **Bing** or **Google**, whatever—it's free and they simply take all our expensive and we think very good content such as *WSJ*... And they are technologically brilliant, they are a long way ahead but they do not have the right to do it if we want to stop them."

Upfronts: **Nickelodeon's** upfront Thurs showed it will continue to push its sweet spot—tween programming and animated series. In an apparent move to grow into multiplatform popularity like "High School Musical," Nick will premiere "Vic-

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torious” Mar 27, following the “Kids’ Choice Awards.” The musical series revolves around a new student at a performing arts school. Nick will team with established properties and hit-makers on animated series: “Kung Fu Panda: The Series” (in collaboration with **DreamWorks Studios**); “Jimmy Neutron” spin-off “Planet Sheen”; “T.U.F.F. Puppy”; and “Bubble Guppies,” a 3D interactive show aimed at preschoolers created by *Robert Scull* and *Jonny Belt* (“The Backyardigans”).

People: **Discovery Nets Intl** named *Luis Silberwasser* intl head, content. -- **Cartoon Net** promoted *Josh Feldman* to svp, ad sales.

Business/Finance: As previously reported, **Time Warner Cable** is winding down its VoIP deal with **Sprint** over the next few years (*Cfax*, 1/29). The story got new attention this week after **Sanford Bernstein** suggested that the move could cost Sprint as much as 25% of wireline EBITDA (or \$250mln) over the next few years. -- The **Shareholders Foundation** said it filed in DE court a lawsuit on behalf of current **RCN** investors who allege the co breached its fiduciary duties by selling itself too cheaply to **ABRY Partners** (*Cfax*, 3/6). -- **Citi-group** analyst *Jason Bazinet* omitted **Comcast** from his Top Picks Live list, citing the narrowing gap between the MSO’s share price and his \$19 target. He maintained his ‘buy’ rating based on forecasted FCF growth and the **NBCU** deal’s financial attractiveness.

CableFAX Daily Stockwatch

| Company | 03/11 Close | 1-Day Ch | Company | 03/11 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| BRITISH SKY: | 34.35 | 0.52 | AMPHENOL: | 44.33 | (0.81) |
| DIRECTV: | 34.91 | (0.14) | AOL: | 25.59 | 0.29 |
| DISH: | 21.79 | (0.01) | APPLE: | 225.50 | 0.66 |
| DISNEY: | 33.81 | 0.48 | ARRIS GROUP: | 12.40 | 0.23 |
| GE: | 16.48 | (0.03) | AVID TECH: | 14.51 | (0.26) |
| NEWS CORP: | 16.69 | (0.04) | BIGBAND: | 3.30 | 0.11 |
| MSOS | | | | | |
| CABLEVISION: | 23.75 | (0.25) | BLNDER TONGUE: | 1.10 | 0.02 |
| COMCAST: | 17.57 | 0.04 | BROADCOM: | 33.06 | 0.23 |
| COMCAST SPCL: | 16.77 | 0.02 | CISCO: | 25.97 | 0.10 |
| GCI: | 6.04 | 0.07 | CLEARWIRE: | 8.07 | (0.19) |
| KNOWLOGY: | 13.84 | 0.30 | COMMSCOPE: | 29.00 | 0.66 |
| LIBERTY CAPITAL: | 33.12 | 0.07 | CONCURRENT: | 5.25 | 0.12 |
| LIBERTY GLOBAL: | 28.50 | 0.06 | CONVERGYS: | 12.74 | (0.07) |
| LIBERTY INT: | 13.60 | (0.21) | CSG SYSTEMS: | 20.99 | (0.03) |
| MEDIACOM: | 5.85 | 0.06 | ECHOSTAR: | 20.67 | (0.04) |
| RCN: | 15.35 | 0.00 | GOOGLE: | 581.14 | 4.69 |
| SHAW COMM: | 19.84 | 0.11 | HARMONIC: | 6.65 | (0.01) |
| TIME WARNER CABLE: | 48.89 | (0.09) | INTEL: | 21.25 | 0.06 |
| VIRGIN MEDIA: | 17.24 | 0.09 | JDSU: | 11.56 | 0.09 |
| WASH POST: | 451.55 | (1.94) | LEVEL 3: | 1.63 | 0.05 |
| PROGRAMMING | | | | | |
| CBS: | 14.80 | 0.05 | MICROSOFT: | 29.18 | 0.21 |
| CROWN: | 1.85 | 0.03 | MOTOROLA: | 7.03 | (0.08) |
| DISCOVERY: | 32.29 | 0.40 | OPENTV: | 1.54 | 0.00 |
| GRUPO TELEVISA: | 20.16 | 0.14 | PHILIPS: | 32.77 | 0.15 |
| HSN: | 29.21 | 0.37 | RENTRAK: | 18.88 | 0.21 |
| INTERACTIVE CORP: | 23.90 | (0.02) | SEACHANGE: | 7.66 | 0.12 |
| LIBERTY: | 37.70 | 0.17 | SONY: | 38.17 | 0.52 |
| LIBERTY STARZ: | 52.00 | (0.88) | SPRINT NEXTEL: | 3.70 | 0.05 |
| LIONSGATE: | 5.67 | (0.11) | THOMAS & BETTS: | 38.34 | (0.54) |
| LODGENET: | 6.97 | 0.10 | TIVO: | 16.49 | (0.18) |
| NEW FRONTIER: | 2.20 | 0.03 | TOLLGRADE: | 6.55 | (0.07) |
| OUTDOOR: | 6.32 | 0.02 | UNIVERSAL ELEC: | 22.84 | (0.19) |
| PLAYBOY: | 3.58 | (0.02) | VONAGE: | 1.44 | (0.06) |
| RHI: | 0.32 | (0.02) | YAHOO: | 16.53 | (0.26) |
| SCRIPPS INT: | 41.36 | 0.26 | TELCOS | | |
| TIME WARNER: | 30.66 | 0.13 | AT&T: | 25.60 | 0.08 |
| VALUEVISION: | 4.17 | (0.07) | QWEST: | 4.80 | 0.03 |
| VIACOM: | 33.21 | 0.12 | VERIZON: | 29.84 | 0.09 |
| WWE: | 17.78 | 0.10 | MARKET INDICES | | |
| TECHNOLOGY | | | | | |
| 3COM: | 7.74 | 0.00 | DOW: | 10611.84 | 44.51 |
| ADC: | 7.34 | 0.12 | NASDAQ: | 2368.46 | 9.51 |
| ADVANTAGE: | 2.19 | (0.02) | | | |
| ALCATEL LUCENT: | 3.45 | 0.01 | | | |
| AMDOCS: | 30.52 | 0.02 | | | |

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

1,500-day Journey to the Screen

Beginning Mar 21, **Discovery Channel** will perpetuate a '10 TV trend consistent with international programming and a 4-yr term, joining the **Winter Olympics** and **World Cup** soccer with a slight twist. While those quadrennial events are recurring, it took Discovery 4 years to complete "Life," an 11-part series covering all 7 continents. It represents "our best work," said **Discovery Comm** pres/CEO *David Zaslav* at a special screening in D.C. that featured musical accompaniment by the Baltimore Symphony Orchestra and attendance by foreign ambassadors, including one from Madagascar. "Life's ambition, scope and scale are huge," added Discovery Channel pres/gm *Clark Bunting*, who noted the series required 3,200 total days in the field by 70 cameramen to score the footage, some of it never-before-seen. The result is breathtaking, and not just regarding the myriad indelible images. With survival of species a key focus, the series elicits a gamut of emotions, including fear, empathy, sadness and contentment. And the presence of narrator *Oprah*, who Zaslav said was so inspired by Life that she insisted on voicing the entire series, is additive if rightly overshadowed by the animal stars. All of Life's delectable ingredients should combine with Discovery's impressive intl thrust to produce a wild success. As the co's tying the series to its partnership with the UN to promote biodiversity—a gambit that will surely provide additional exposure—Life's non-fiction thrust and inclusion of virtually every global habitat will likely see it play well in the 180 countries Discovery reaches. If ecological non-fiction content is arguably the easiest genre to monetize across borders, then 1 of the genre's most ambitious projects should deliver green that's longer than a cheetah's top-speed stride. That a troika of enterprising cheetahs conspires to take down an overmatched ostrich in Life may just serve as a salient metaphor. *CH*

Highlights: "Justified," pilot, Tues, 10p, **FX**. After fine work as Sheriff Bullock in **HBO's** "Deadwood," it's easy to see *Timothy Olyphant* as unconventional deputy marshal Raylan Givens. Other bonuses: *Graham Yost's* stories, particularly his villains, like militant (and Givens' boyhood chum) Boyd Crowder, played wonderfully by *Walton Goggins* ("The Shield"). -- "The Pacific," premiere, Sun, 9p, **HBO**. *Hanks* and *Spielberg* were inundated with requests after "Band of Brothers" to do this 10-part epic (priced at \$200mln-\$250mln). While it's tough to keep the characters straight (and harder during night sequences), its message is indisputable: War is hell; the Pacific was worse; and the dead weren't its only victims. -- "Miller vs Knicks," Sun, 9p, **ESPN**. Pure fun and hilarious look at the rivalry. *SA*

Worth a Look: "Who is Clark Rockefeller?" Sat, 9p, **Lifetime**. In a crowded 2 week-ends of fine cable, this original deserves notice, especially if *Clark Rockefeller's* name doesn't register. It's a true story of deception perpetrated on a wife by her husband. *Eric McCormack* is terrific here. -- "Sizing Up Sperm," Sun, 9p, **Nat Geo**. An attempt to get into sperm's, er, head, with credit to *Woody Allen*. *SA*

Notable: **Fuse** again carries the Rock & Roll Hall of Fame induction live (Mon, 8:30p ET). **ABBA**, **Genesis** others to be inducted.

| Basic Cable Rankings | | | |
|----------------------|------|-----|------|
| (3/01/09-3/07/09) | | | |
| Mon-Sun Prime | | | |
| 1 | USA | 2.2 | 2207 |
| 2 | FOXN | 1.7 | 1699 |
| 2 | DSNY | 1.7 | 1671 |
| 4 | TNT | 1.4 | 1375 |
| 4 | NAN | 1.4 | 1359 |
| 6 | HIST | 1.3 | 1307 |
| 6 | TBSC | 1.3 | 1271 |
| 8 | ESPN | 1.2 | 1151 |
| 9 | A&E | 1.1 | 1115 |
| 10 | FAM | 1 | 1021 |
| 10 | HGTV | 1 | 1001 |
| 12 | TOON | 0.9 | 887 |
| 12 | FX | 0.9 | 839 |
| 12 | TRU | 0.9 | 809 |
| 15 | LIFE | 0.8 | 804 |
| 15 | DISC | 0.8 | 801 |
| 15 | SYFY | 0.8 | 801 |
| 15 | FOOD | 0.8 | 750 |
| 15 | AMC | 0.8 | 737 |
| 15 | HALL | 0.8 | 684 |
| 15 | NKJR | 0.8 | 552 |
| 22 | TLC | 0.7 | 704 |
| 22 | CMDY | 0.7 | 682 |
| 22 | SPK | 0.7 | 671 |
| 22 | MTV | 0.7 | 657 |
| 22 | BRAV | 0.7 | 617 |
| 22 | LMN | 0.7 | 510 |
| 28 | MSNB | 0.6 | 596 |
| 28 | TVLD | 0.6 | 544 |
| 28 | BET | 0.6 | 504 |
| 31 | OXYG | 0.5 | 353 |
| 31 | ID | 0.5 | 256 |
| 33 | CNN | 0.4 | 440 |
| 33 | EN | 0.4 | 418 |
| 33 | APL | 0.4 | 405 |
| 33 | VH1 | 0.4 | 387 |
| 33 | HLN | 0.4 | 375 |
| 33 | TRAV | 0.4 | 357 |
| 33 | CMT | 0.4 | 326 |
| 33 | NGC | 0.4 | 307 |
| 33 | WGNA | 0.4 | 281 |
| 33 | SOAP | 0.4 | 263 |
| 43 | ESP2 | 0.3 | 344 |
| 43 | DXD | 0.3 | 221 |
| 43 | GSN | 0.3 | 214 |
| 43 | TNNK | 0.3 | 191 |

*Nielsen data supplied by ABC/Disney



Cable Connection | Spring 2010 LOS ANGELES, CA

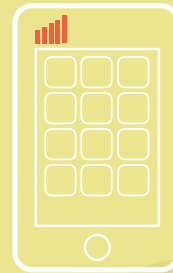
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