

# CableFAX Daily™

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What the Industry Reads First

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## Essay Portion: Roberts Responds to Senators' Questions over Comcast-NBCU

Comcast CEO *Brian Roberts* thinks Comcast and NBCU's pledge to voluntarily extend program access rules to the negotiations for retrans of **NBC** and **Telemundo** O&Os is "more than sufficient" to address any specific retrans concerns related to the proposed jv. He made the comments in a written response to **Sen Judiciary Antitrust** subcommittee chair *Herb Kohl* (D-WI), who had asked if Comcast would be willing to commit to **News Corp-DirecTV** conditions (such as an arbitration process and a continued carriage obligation). "There will continue to be pressure to change the way retransmission consent works, especially as the model is changing, but we think that is an industry-wide issue and should be addressed, if at all, in industry-wide proceedings," Roberts said. **Time Warner Cable, DirecTV, Cablevision** and others are hoping the **FCC** does just that—petition the agency this month to overhaul the retrans process. Roberts' responses to senators from last month's hearing touches on things like cable prices. Kohl and others wanted to know if the deal would hold prices down. Roberts said the transaction won't impact prices for good or bad. "Separate and apart from the proposed transaction, it is unfortunate that programming costs have risen," Roberts wrote, adding that competitors have increased prices by as much as Comcast or more. The Comcast chief also dismissed a la carte and brushed aside suggestions of offering smaller programming packages, by pointing to the current offering of basic cable, family tier and various digital packages. Roberts defended volume discounts and said that small ops can aggregate their buying power through consortia, such as **NCTC**. He also reiterated that the deal would not change NBCU's participation in **Hulu**. That doesn't mean that all NBCU shows (or anyone else's) will be available on the Internet. "Economic models for online video are still in an early stage of evolution," Roberts wrote, referring to **Viacom's** decision to pull "The Daily Show" and "The Colbert Report" from Hulu. NBCU's *Jeff Zucker* did say that NBCU has no plans to remove the kind of shows currently offered over the Internet on an ad-supported basis. *Sen Al Franken* (D-MN) had pressed Roberts to guarantee that the merged company wouldn't provide its shows online only to the company's cable subs. He would not. "While I can make no predictions as to the future, I can tell you that our goal is to maximize the distribution of content on multiple platforms. I don't see that changing," he said. Roberts rejected the idea of expanding program access rules to Internet content, net neutrality



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conditions or offering an Internet-only TV Everywhere subscription (at least at present) that would let subs bypass video subscriptions. Comcast continues to state that the deal won't affect indie nets' ability to gain carriage (despite program carriage complaints filed by **Tennis Channel** and **NFL Net**), and it included letters from **Outdoor Channel**, **Ovation** and **Reelzchannel** expressing their faith in Comcast pre- and post-merger. "The issues facing independent programmers like Ovation relative to large distributors can be summarized in 2 words, carriage and rates," Ovation CEO *Charles Segars* wrote. "In our experience, Comcast has been a fair partner in both of these areas."

**Spectrum, Gateways & CableCARDS:** The expected cheering broke out over the official unveiling of the FCC's National Broadband Plan Tues, but there were also some questions—and they didn't all come from Republicans. Democratic FCC commish *Mignon Clyburn* expressed concern that the plan doesn't examine the effect a spectrum sell-off would have on women and minority-owned broadcast stations. "It is certainly possible, if not likely, that the stations most amenable to accept the buyout would be those few owners," she said of the plan's goal of moving 120Mhz from broadcasting to wireless Internet. While broadcasters are worried about their spectrum, cable is probably most concerned about the plan's recommendation that the FCC initiate a proceeding to ensure that all MVPDs (not just cable) install a gateway device in all new subscriber homes and in all homes requiring replacement set-tops starting on or before Dec 31. The sole purpose of this open device would be to bridge the proprietary or unique element of the MVPD network (ie, conditional access) to widely used and accessible open networking and communications standards so that CE makers could develop their own products independent of MVPDs. "Technological mandates by the government almost never result in robust innovation. In fact, history shows that such mandates are more often than not counterproductive," warned Republican commish *Robert McDowell*. If the FCC acts in this area, he said he hopes it starts with a notice of inquiry to explore whether any further action is required. While **NCTA** has said it supports a solution that works across MVPDs, it doesn't believe there's a need to mandate specific technology solutions. "While we are committed to working constructively with the FCC on this and related issues, we still firmly believe that technology mandates should be a last resort," NCTA's *Kyle McSarrow* blogged Tues. "And to meet different consumer demands and needs, it is important that innovation be encouraged by both MVPDs and third party manufacturers." The plan also recommends the FCC adopt rules by the fall for cable ops to fix certain CableCARD issues—a notion that doesn't sit well with cable because it doesn't believe cable-centric CableCARDS are the solution. Those new rules would ensure equal access to linear channels for retail and operator-leased CableCARD devices in systems with switched digital video by allowing retail devices to receive and transmit out-of-band communications with the cable headend over IP; establish transparent pricing for CableCARDS and operator-leased set-tops; standardize installation policies for retail and operator-leased CableCARD devices; and streamline and accelerate the certification process for retail CableCARD devices.

**RSN Pact:** The **Versus** carriage deal forged between **Comcast** and **DirectTV** after a months-long impasse rightly made headlines, but it also appears to have completed a complex game of sports carriage chess played out by the pair. According to a source familiar with the negotiations, the agreement effectively included an end to the disagreements/arbitration covering the DBS op's distribution of **CSN CA**, **Bay Area** and **Chicago**, while also settling financial unrest related to Comcast's carriage of **FSN NW**, **Pittsburgh** and **Rocky Mountain**. All the RSNs remained on-air

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during negotiations. Meanwhile, Comcast and DirecTV, who both declined to comment, still haven't reached a deal for **CSN NW** or **Philadelphia**.

**Boxee & NBCU:** NBCU's *Jeff Zucker* got to expound some on the decision to block **Hulu** content to Web video service **Boxee**, an issue raised during Hill hearings last month. Responding to follow-up questions from **Sen Judiciary Antitrust** subcommittee chairman *Herb Kohl* (D-WI), Zucker said Hulu owners, like NBCU, are not empowered to take any action with respect to Boxee under Hulu's governance structure. "That being said, NBCU has from time to time advocated that Hulu take appropriate and lawful actions to protect its carefully crafted site design and its chosen distribution and advertising model from being undermined by unauthorized free-riders who might seek to cherry-pick the valuable content provided by Hulu and pull it without permission into their own proprietary digital environments to build their own businesses," he wrote, calling Boxee's attempt to portray itself as an Internet browser as "disingenuous and misleading."

**In the States:** Like **Time Warner Cable**, **Mediacom** is preparing to transition away from **Sprint** as its VoIP services provider and bring those operations in-house. The MSO declined to note the timing involved but said the move will reduce its overall phone expenses. -- **Clearwire** is spotlighting its **Clear** mobile broadband service this week in Austin, where the annual **SXSW** festival is underway. Mobile showrooms are outfitted as studios and will feature live musical performances, webcasting and gaming—all powered by Clear—with a live feed of the action available at [Clear-edge.mediascape.com](http://Clear-edge.mediascape.com) starting Wed. -- **Time Warner Cable** apologized Tues to the customers in NC who found a **Playboy** preview instead of the appropriate content on 2 kids-focused VOD nets during a 2-hr window Tues morning. In parts of 4 cities, equipment failure led to the programming swap, while in some areas the nets simply went dark. The MSO said it's making the necessary fixes immediately to prevent a recurrence. -- **Time Warner Cable** launched residential DOCSIS 3.0 services in parts of North TX.

**Carriage:** As the 1st cable op to feature Hispanic nets **Pasiones** and **Centroamerica TV**, **RCN** added the pair plus **Television Dominicana** to all 3 of its Hispanic packages, which range from \$12-35/month.

**Earnings:** **ShopNBC** reported 4Q rev of \$155.3mln (+7.4%) and a net loss of \$8.8mln, compared to a \$43.8mln loss a yr ago. For the full yr, net sales tallied \$528mln (-7%) and the operating loss \$42mln, compared to \$98mln. Shop noted several positive 4Q trends, including YOY improvements in new (+38%) and active (+32%) customers, net shipped units (+54%) and gross profit margin (+350 basis points).

**Technology:** **BigBand Networks'** enhancement of its broadcast video platform allows customers to deploy up to 150% more HD advertising and process up to 140% more individual high-def program streams.

**Ratings:** The 2nd season finale of **E!**'s "Giuliana and Bill" became the net's most-watched telecast ever among women 18-49 (304K). -- **HBO's** Sun night premiere of "The Pacific" garnered 3.1mln total viewers, a 22% increase over its last mini-series "John Adams." -- The latest ep of **Starz'** "Spartacus: Blood and Sand" earned a 2.1 HH rating, and the series' combined weekend draw of 1.66mln viewers set a season record. -- **TNT's** "Men of a Certain Age" completed its inaugural season with averages of 4.2mln total viewers, 1.8mln 18-49s and 2.3mln 25-54s.

**Programming:** **MTV** greenlit "MTV Hired" (May), a docu-series providing a look into the hiring process surrounding several vocations. -- **Hallmark Channel** exclusively acquired the domestic TV rights to lifestyle programming from the library of **Martha Stewart Living Omnimedia**, and beginning Mar 29 will feature the content in a new 7-hr daytime block (11am-6pm, M-F). Included are "From Martha's Kitchen" and "From Martha's Home." -- **Syfy** ordered a pilot of "Three Inches," featuring a main character who gets struck by lightning and develops a "super power" whereby he can move objects with his mind, but only by the title distance. -- **C-SPAN** has made its entire video archives available for free online ([c-spanvideo.org](http://c-spanvideo.org)). -- **USA** greenlit original "Facing Kate," starring *Sarah Shahi* as a top litigator who, disenchanted with the bureaucracy and injustice she's witnessed on a daily basis, decides to become a mediator. The net's pickup follows one for "Covert Affairs," a spy drama starring another woman, *Piper Perabo*. -- **Animal Planet's** "Taking on Tyson" ('11) uses former heavyweight boxing champ *Mike Tyson's* passion for birds to spotlight the competitive world of pigeon racing.

**Upfronts:** **Bravo** is adding a 5th night of original programming and increasing its original programming hours by 20% in '10. It has 2 scripted series in development—"I'm Not Myself These Days," a 1-hour musical drama about a straight, married power broker who leads a double life as a drag queen by night, and "Room Service," a 1-hour scripted comedy/drama set in a high-end hotel that offers clients the exclusive services of a dream team of male escorts. Also in development are a cooking competition series that will have budding chefs compete in tests around the globe and an elimination competi-



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# BUSINESS & FINANCE

tion series featuring undiscovered singer-songwriters. New reality series include "Real Housewives of Beverly Hills" and "Pregnant in Heels," which follows *Rosie Pope*, owner of an ultra high-end maternity brand.

**Public Affairs:** In conjunction with forthcoming 12-hr feature "America the Story of Us" (Apr 25), **History** is launching its largest education outreach ever. The net will offer a free DVD of the entire series to every school in America, including all accredited colleges, and will connect the schools with curriculum materials developed to provide teachers with exciting ways to engage students in American history. Also included are a student video challenge and library contest with *President Obama's Cmte on the Arts and the Humanities and The Institute of Museum and Library Services*.

-- **MTV** introduced "Over the Line?," an online app to help young people understand the difference between digital use and digital abuse. It's part of the net's "A Thin Line" campaign, and includes a \$10K prize for innovative digital solutions to stop digital abuse.

**People:** **E!** hired veteran news producer *Bruce Perlmutter* as svp, news and online. -- **Versus** tapped *Tripp Dixon* as vp, creative services and promoted *Meier Raivich* to vp, comm. -- **AT&T** vp, media innovation *Jordan Berman* has joined **MTV** as svp, integrated marketing.

## CableFAX Daily Stockwatch

Company	03/16 Close	1-Day Ch	Company	03/16 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	35.70	0.56	AMPHENOL:	44.38	0.49
DIRECTV:	34.68	(0.05)	AOL:	25.48	0.25
DISH:	21.55	(0.11)	APPLE:	224.45	0.61
DISNEY:	33.75	0.03	ARRIS GROUP:	12.24	0.09
GE:	18.07	0.78	AVID TECH:	14.26	(0.21)
NEWS CORP:	16.57	0.17	BIGBAND:	3.32	0.04
<b>MSOS</b>					
CABLEVISION:	23.76	(0.24)	BLNDER TONGUE:	1.07	(0.03)
COMCAST:	17.49	(0.04)	BROADCOM:	33.52	0.91
COMCAST SPCL:	16.68	0.01	CISCO:	26.15	0.07
GCI:	5.67	(0.05)	CLEARWIRE:	8.16	(0.02)
KNOWLOGY:	13.80	(0.07)	COMMSCOPE:	29.36	0.64
LIBERTY CAPITAL:	34.25	0.67	CONCURRENT:	5.27	0.12
LIBERTY GLOBAL:	28.21	0.12	CONVERGYS:	12.76	(0.15)
LIBERTY INT:	14.15	(0.12)	CSG SYSTEMS:	21.79	0.12
MEDIACOM:	5.95	(0.03)	ECHOSTAR:	20.23	0.21
RCN:	15.25	0.00	GOOGLE:	565.20	2.02
SHAW COMM:	20.28	0.09	HARMONIC:	6.49	(0.02)
TIME WARNER CABLE:	48.52	0.13	INTEL:	22.01	0.84
VIRGIN MEDIA:	17.38	0.18	JDSU:	11.37	0.05
WASH POST:	446.85	1.02	LEVEL 3:	1.60	0.03
<b>PROGRAMMING</b>					
CBS:	14.78	0.34	MICROSOFT:	29.37	0.08
CROWN:	1.88	0.07	MOTOROLA:	7.38	0.35
DISCOVERY:	32.44	0.05	OPENTV:	1.54	0.00
GRUPO TELEVISIA:	20.53	0.16	PHILIPS:	33.07	0.48
HSN:	29.15	(0.25)	RENTRAK:	21.44	1.28
INTERACTIVE CORP:	23.89	0.24	SEACHANGE:	7.30	0.15
LIBERTY:	37.62	0.22	SONY:	37.57	(0.04)
LIBERTY STARZ:	52.09	(0.28)	SPRINT NEXTEL:	3.45	(0.14)
LIONSGATE:	6.16	0.20	THOMAS & BETTS:	38.49	0.55
LODGENET:	6.59	(0.14)	TIVO:	16.14	(0.38)
NEW FRONTIER:	2.29	0.12	TOLLGRADE:	6.50	(0.2)
OUTDOOR:	6.56	0.15	UNIVERSAL ELEC:	22.95	0.12
PLAYBOY:	3.59	0.06	VONAGE:	1.42	(0.01)
RHI:	0.30	(0.01)	YAHOO:	16.36	(0.1)
SCRIPPS INT:	41.75	0.18	<b>TELCOS</b>		
TIME WARNER:	31.06	0.60	AT&T:	25.85	0.07
VALUEVISION:	3.49	(0.48)	QWEST:	4.86	(0.01)
VIACOM:	33.38	0.39	VERIZON:	29.93	0.07
WWE:	17.24	(0.11)	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	7.70	(0.02)	DOW:	10685.98	43.83
ADC:	7.28	0.00	NASDAQ:	2378.01	15.80
ADVANTAGE:	2.20	-0.00			
ALCATEL LUCENT:	3.45	(0.01)			
AMDOCS:	30.65	(0.17)			

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