

CableFAX Daily™

Tuesday — March 27, 2012

What the Industry Reads First

Volume 23 / No. 058

X Spot: Comcast Raises Net Neutrality Specter

Reports Mon that **Comcast's** Xfinity On Demand offering on **Xbox 360** won't count against a customer's bandwidth cap might have been welcomed news to game console owners, but not everyone's applauding. "This type of arrangement is exactly the type of situation the FCC's rules on the Open Internet were designed to prevent—that an Internet Service Provider juggles the rules to give itself an advantage over a competitor," **Public Knowledge** CEO *Gigi Sohn* said. "The Xbox 360 provides a number of video services to compete for customer dollars, yet only one service is not counted against the data cap—the one provided by Comcast." PK has been calling on the **FCC** to investigate data caps in general, including those by wireless providers. Comcast said on its Website that the Xfinity On Demand content via Xbox doesn't count against a customer's bandwidth cap because it's being delivered over a private IP network and not the public Internet. On the other hand, XfinityTV.com and the Xfinity TV app, which stream over the public Internet, do count toward a customer's bandwidth cap. Comcast issued a statement Mon, saying it's committed to an open Internet and has pledged to abide by the FCC's Open Internet rules. "The Xfinity On Demand content that we will deliver to Xbox 360 will not travel over the public Internet and is delivered in much the same way as we deliver your video service to your set top box," the MSO said. "Your Xbox 360 essentially acts as an additional cable box for your existing cable service via the Xbox 360. As a result, our data caps do not apply." **Time Warner Cable's** live streaming iPad app is positioned similarly. The MSO has introduced an optional usage-based broadband package in South TX (with plans to roll it out in additional markets). A spokesman said the app would not count against the bandwidth limit since content delivery occurs over the cable system and not the public Internet. What happens if a user exceeds Comcast's 250GB/month data limit? They may be contacted by the MSO and asked to curb their usage, according to Comcast's Terms of Service. "The small minority of customers who, despite our efforts to inform and help them, exceed the threshold for a third time in a six-month interval, may have their service suspended for a year," reads a Comcast FAQ.

Retrans: **Tribune** began notifying **DirectTV** subs in 16 markets that they may lose local stations as well as national cable net **WGN America** if a deal can't be reached by midnight Mar 31. "Despite our best efforts, DirectTV is refusing to offer a fair deal and we remain far apart in negotiations," said Tribune Broadcasting pres *Nils Larsen*. "As a result of DirectTV's

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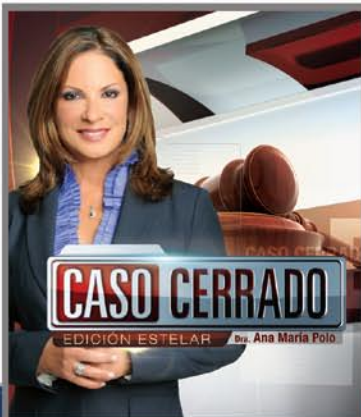


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NBCUniversal
TV Networks Distribution
nbcunetworks.com

Source: Fastest Growing: Nielsen, NPM, L+SD, P2+ and P18-49, Impressions (12/28/2009-12/26/2010 vs 12/27/2010-12/25/2011), Span Language broadcast prime (M-Su 7-11pm) vs. Engl Language broadcast prime (M-Sa 8-11pm; Sun 7-11pm). Subject to qualifications upon request. * VOD: Rentrak OnDemand Essentials 1/1/11-12/31/11 Rentrak Network Category Hispanic. A Division of NBCUniversal

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 818.945.5309, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Contributor: Seth Arenstein ● Publisher: Debbie Vodenos, 301.354.1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Barbara Bauer, 301.354.1796, bbauer@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

inflexibility, there's a strong likelihood that service interruptions will occur." Tribune said DirecTV has never compensated it for the rebroadcast of its stations. DirecTV said it has "always compensated Tribune fairly and [has] no problem continuing to do so." "We anticipate that Tribune will honor its 165-year history of serving the public interest and allow the stations to remain on as we continue to negotiate. We believe Tribune's local news and other programming is important to the public..." said DirecTV's statement. "We have absolutely no intention of denying anyone access to these stations, unless Tribune specifically demands it." Consumers can get the respective takes on the dust-up at Tribune's www.telldirectv.com and DirecTV's www.directvpromise.com. Tribune has the local ABC affil in New Orleans as well as Fox affils in Grand Rapids, San Diego, Indianapolis and other markets. In New York, DirecTV subscribers will lose access to Mets baseball broadcast via **WPIX-TV** if the dispute isn't resolved. In Chicago, Cubs and White Sox baseball games will be lost to subscribers. In Philadelphia, DirecTV subscribers will lose access to Phillies baseball on **WPHL-TV**. Plus, there are HD broadcasts of Cubs and White Sox games that will be unavailable to DirecTV subs across the country.

Inside the Beltway: The **FTC's** long-awaited privacy report was released Mon, with it strengthening the call for legislation. The FTC recommends greater transparency on data collection and built in privacy protections at every stage of design. But it also recommends that Congress consider enacting general privacy legislation, data security and breach notification legislation, and data broker legislation. Sen Commerce Communications subcmte chmn *John Kerry* (D-MA) reiterated his call for the Consumer Privacy Bill of Rights that he introduced with Sen *John McCain* (R-AZ). The FTC doesn't back any one privacy bill but instead calls for general legislation. Less thrilled with the FTC report is **The Information Technology and Innovation Foundation**, which said the recommendations would stifle the mobile market and restrict online advertising. -- The *Obama Admin* said it opposes House passage of the **FCC Reform Act**, which could come up for a vote on the floor Tues. It's expected to pass in the GOP-controlled House but will most likely die in the Senate. The Office of Management and Budget said the bill would effectively create a separate Administrative Procedure Act for the FCC, limit the agency's ability to impose conditions or accept commitments in merges and license transfers.

In the Courts: That **Microsoft** case may have been settled, but **TiVo's** not through with patent claims. On Mon, it filed its first case against a cable operator, alleging counterclaims against **Motorola Mobility** and its customer **Time Warner Cable**. Last March, Motorola filed suit against TiVo for alleged infringement of DVR-related patents, including TiVo's "time warp" patent, which Moto claims uses tech that rests on patents it purchased from **Imedia** in '95. The case in the Eastern District of TX had been stayed until earlier this year. TWC declined to comment. Motorola Mobility said it doesn't comment on pending litigation, but "we are confident in our position and believe we will prevail." TiVo's counterclaims center on 3 patents. A TiVo rep said the co will "diligently enforce our intellectual property rights." TiVo recently settled a patent suit with **AT&T** but still has a case pending against **Verizon**. It was victorious in its lengthy legal dispute with **DISH**.

ARF Notebook: The viability of cross-platform advertising was front and center at **ARF's** annual conference in NYC Mon. Using **NASCAR's** Daytona 500 as an example, a **Fox Sports/Innerscope** partnership found more emotional engagement with the double box (i.e. split screen) commercial format than with traditional ads. "A lot of our most valued partners have embraced the format," said *Michael Mulvihill*, svp, research & programming, **Fox Television**. A **Google/Nielsen** study, meanwhile, found that exposure across many screens upped brand recall: 74% vs 50% recall for TV-only campaigns. A 3rd case study examined cross-platform availability during last year's March Madness tourney, the 1st time the games aired on 4 different nets. "I lived in mortal terror that we were going to have C3 indices that showed people were turning channels in droves, and no one was watching the commercials," said **Turner** vp, marketing research *Jay Leon*: But C3 indices were better or comparable, suggesting viewers mostly found a game and stayed on that channel.

Ratings: Don Draper is so back. "Mad Men's" Season 5 premiere on **AMC** was the most-watched ep ever for the series, scoring a 2.5 HH rating and delivering 3.5mln viewers. Among the core demo of adults 25-54, "Mad Men" delivered 1.7mln marking an increase of +17% versus the Season 4 premiere.

Programming: We're guessing **ABC Family** shelled out major coin to **Lionsgate** for basic cable rights to "The Hunger Games," which debuted as the 3rd highest-grossing opening of all time this past weekend. Of course, the net's not talking figures for the deal, which also includes upcoming sequel "Catching Fire." The films will begin airing on ABC Fam in '14.

People: *Arne Rees* is back at **ESPN Intl**, serving as vp, intl digital media. Most recently Rees was vp, assistant to the pres

register today.

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cocktail reception/
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ceremony
7:00 p.m.

after party
9:30 p.m.

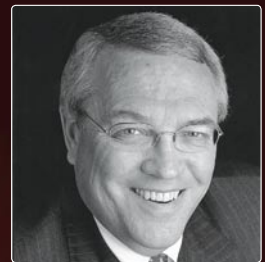
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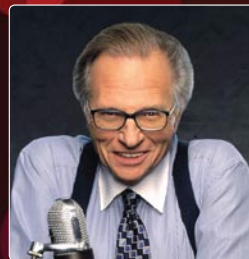
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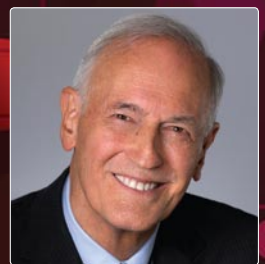
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BUSINESS & FINANCE

working directly with *George Bodenheimer*, ESPN exec chmn and former president of ESPN and **ABC Sports**.

-- Former **Discovery** COO *Peter Liguori* joins Yahoo's board along with fellow independent dirs. *John Hayes* of **American Express** and *Thomas McInerney*, outgoing CFO of **IAC**.

-- **Discovery Channel** named *Andrew Jackson* evp, production and dev, landmark series and specials, effective June 1. -- After 31 years at **Showtime**, *Matthew Duda* is retiring as evp, program acquisitions, planning and distribution. Duda is widely credited with innovative deal structures and managed output arrangements with major studios. He also was instrumental in the launch of **Sundance Channel**.

Editor's Note: Join CableFAX Wed for a Webinar on monetizing social TV. Speakers include: **Arktan** CEO *Rahul Aggarwal*, **Oxygen Media's** *Jennifer Kavanagh*, **AT&T's** *Jeff Weber* and **Discovery's** *Gayle Weiswasser*. Register at: www.cablefax.com/cfp/webinars/2012_Mar28/

Business/Finance: Adult programmer **New Frontier** confirmed that **Manwin**, which manages **Playboy's** digital assets, made an unsolicited bid last week (*Cfax*, 3/23). The board's special committee, which already is reviewing a proposal from **Longkloof**, will review Manwin's offer. The cmte is being assisted in its consideration of these acquisition proposals by its legal adviser, **Blank Rome**, and is in the process of selecting a financial advisor.

CableFAX Daily Stockwatch

Company	03/26 Close	1-Day Ch	Company	03/26 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	48.64	0.57	CLEARWIRE:	2.33	(0.07)
DISH:	33.03	0.23	CONCURRENT:	3.60	UNCH
DISNEY:	44.38	0.73	CONVERGYS:	13.73	0.10
GE:	20.05	0.27	CSG SYSTEMS:	15.75	0.15
NEWS CORP:	20.42	0.38	ECHOSTAR:	28.85	0.20
MSOS					
CABLEVISION:	15.08	0.38	GOOGLE:	649.33	6.74
CHARTER:	64.37	(0.54)	HARMONIC:	5.66	0.22
COMCAST:	30.35	0.36	INTEL:	28.19	0.32
COMCAST SPCL:	29.91	0.34	JDSU:	14.32	0.44
GCI:	9.89	0.17	LEVEL 3:	27.13	0.52
KNOWLOGY:	18.24	0.14	MICROSOFT:	32.59	0.58
LIBERTY GLOBAL:	50.85	0.58	MOTOROLA MOBILITY:	39.30	0.04
LIBERTY INT:	19.64	0.49	RENTRAK:	22.57	0.48
SHAW COMM:	21.33	0.16	SEACHANGE:	8.18	(0.01)
TIME WARNER CABLE:	81.44	0.58	SONY:	20.60	0.28
VIRGIN MEDIA:	24.25	0.27	SPRINT NEXTEL:	2.86	0.12
WASH POST:	393.51	8.27	THOMAS & BETTS:	71.65	UNCH
PROGRAMMING					
AMC NETWORKS:	44.32	(0.34)	TIVO:	12.17	0.08
CBS:	32.42	0.58	UNIVERSAL ELEC:	20.09	0.10
CROWN:	1.59	0.03	VONAGE:	2.21	(0.01)
DISCOVERY:	48.81	0.41	YAHOO:	15.54	0.15
GRUPO TELEVISA:	21.58	0.43	TELCOS		
HSN:	38.29	0.34	AT&T:	31.79	0.27
INTERACTIVE CORP:	50.67	1.27	VERIZON:	39.33	(0.09)
LIONSGATE:	15.18	0.65	MARKET INDICES		
LODGENET:	3.64	0.02	DOW:	13241.63	160.90
NEW FRONTIER:	1.47	0.04	NASDAQ:	3122.57	54.65
OUTDOOR:	7.88	0.03	S&P 500:	1416.51	19.40
SCRIPPS INT:	49.20	0.39	TECHNOLOGY		
TIME WARNER:	37.18	0.10	ADDVANTAGE:	2.37	(0.09)
VALUEVISION:	2.30	(0.06)	ALCATEL LUCENT:	2.43	0.12
VIACOM:	52.18	0.24	AMDOCS:	31.32	0.26
WWE:	8.99	0.20	AMPHENOL:	57.93	1.13
TECHNOLOGY					
ADDVANTAGE:	2.37	(0.09)	AOL:	19.30	0.81
ALCATEL LUCENT:	2.43	0.12	APPLE:	606.98	10.93
AMDOCS:	31.32	0.26	ARRIS GROUP:	11.15	0.21
AMPHENOL:	57.93	1.13	AVID TECH:	11.62	0.57
AOL:	19.30	0.81	BLNDER TONGUE:	1.29	0.08
APPLE:	606.98	10.93	BROADCOM:	38.93	0.46
ARRIS GROUP:	11.15	0.21	CISCO:	20.84	0.31
AVID TECH:	11.62	0.57			
BLNDER TONGUE:	1.29	0.08			
BROADCOM:	38.93	0.46			
CISCO:	20.84	0.31			



CableFAX Webinar

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1:30 - 3:00 p.m. ET

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EYE ON ADVERTISING

Casting a Digital Net...

How important is digital video to companies that want to link their messaging to a television program? Essential, according to Steve Farella, CEO of media shop TargetCast. Farella tells Cathy Applefeld Olson why the dynamics of programming delivered via the Internet are about to change the face of advertising, and why cable should rethink its business model in order to fully benefit from the emerging pile of ad dollars.

How does TV suit your clients these days?

SF: The television environment has constantly been both robust and changing. The strengths we have seen in cable continue even, as we'll call it, "areas of weakness" on the broadcast side are evident. Both cable and broadcast will soon take great advantage of the emerging digital video platform.

[TargetCast SVP] Gary Carr recently said TargetCast is ratcheting down some broadcast investments for more cable. Does cable deliver stronger results today?

SF: Cable continues to do what it has done so well for such a long time: the cost-efficient delivery of targeted audiences and, of course these days, with more original programming than any other national television platform.

You mentioned digital video. How do you see digital content fitting into the television advertising mix?

SF: We see digital video as an emerging complement to a traditional television campaign. We're not talking about consumer-generated properties on the Web but professionally produced video, mostly coming from the media and most of that coming from cable and broadcast... We don't see a commensurate pulling away of viewership on television. We see the additional viewership of digital video as just that—a net addition to somebody's programming intake.

Any particular campaign you can cite as an example?

SF: There's not one client in particular, but for multiple clients, including hotels and Expedia, we have diverted

some of their traditional television spending to digital video properties and networks in an effort to better target, reduce costs and increase the reach of an ad campaign.

How are you tying in digital with more traditional television campaigns?

SF: When we talk about buying digital video on the Web, that's a different in language. There are multiple ways we do this... some are direct buys on network sites and some are on features sites like Hulu or aggregators like Tremor... The broadcast networks are doing a better job with digital video than the cable networks. I believe it is business organizational reasons that are preventing the cable networks from putting full episodes of television shows up [on the Internet]. The cable business needs to figure out a way out of that if they are looking for the barrage of digital video money that's hitting the market. It's not just about MSO authentication.

So you see 2012 a pivotal year for advertising in digital versions of shows?

SF: Yes. Every smart advertiser is going into this year's Upfronts with a digital holdback.

Speaking of the Upfronts, what do you want to see more of, or perhaps less of, this year?

SF: It's been a really difficult 10 years, not for the media but for the marketers. I'm not looking for something from the media; I'm looking for something from the country, for the economy to stabilize so our clients' budgets will stabilize.

[On March 20, MDC Partners bought a majority interest in TargetCast and created the Maxxcom Global Media group.] I would be remiss not to ask how the MDC deal will affect TargetCast's ability to make deals in the cable realm?

SF: TargetCast as an added media agency in the MDC portfolio will allow MDC and its agencies to capture more of their clients' media responsibilities... What makes it successful is that each of the agencies run independently.



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