

CableFAX Daily™

Thursday — April 15, 2010

What the Industry Reads First

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Retrans Peace? Broadcasters, Cable Ops Preparing to Break Bread

We don't know about peace, but there is an effort underway for broadcast and cable to at least sit down and talk. The CEOs from various cable operators and broadcast groups plan a retrans consent powwow later this month, following some initial conversations between **NCTA's Kyle McSarrow** and **NAB's Gordon Smith**. There have been similar discussions over the years between NAB and NCTA, and nothing has come of it. But perhaps the pending retrans probe at the FCC will result in a different outcome. We hear there is some receptivity among **FCC** commissioners on cable and broadcast presenting some sort of voluntary agreement on retrans. And it could ease fears about potential unnecessary consequences from asking the govt to get involved. Still, it's way too early to predict what, if anything, might happen. The Commission is soliciting comments on a petition by **Time Warner Cable** and others to change the retrans consent process. Specifically, petitioners want the FCC to consider arbitration and forcing continuation of a broadcasters' signal during a retrans consent dispute. The issue gained more attention after public showdowns between **Cablevision** and **Disney-ABC** as well as **Time Warner Cable** and **Fox**. **Sanford Bernstein's Craig Moffett** on Wed predicted the broadcast stations' O&Os can achieve avg affiliate fees of 70 cents/sub over the next 3- 5 years. But unlike others, he's more skeptical that station owners sharing retrans rev will be a meaningful contributor to conglomerates over that time period. That's partly because many deals appear to be at least 4-6 years away, but he also believes many station owners are "undersized" to extract "conglomerate-like" pricing deals. Moffett also suggested that any upside to retrans revenues might be given back for rights to the **NFL, NBA, NCAA, MLB** and Olympics, as he sees the price being bid up for live sporting events.

Broadband Plan: Saying the **FCC's** Natl Broadband Plan is "long on vision but short on tactics," **Sen Commerce** chmn **Jay Rockefeller** (D-WV) challenged the FCC Wed to "make the hard choices" that will bring broadband to the entire country. "Putting ideas on paper is not enough," he said, counting 139 "Congress should's" in the doc. "Just seeking comment on a slew of issues is not enough." FCC chmn **Julius Genachowski**, the sole witness at the Commerce hearing, said actions already have been taken, such as expanding the E-rate program, with more actions are scheduled (like next week's gateway and CableCARD items). As expected, the recent **Comcast-FCC** ruling took center stage with Republicans en-



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BEST PERFORMANCE – DRAMA	NEWS/INFORMATIONAL
CHILDREN'S	ORIGINAL MOVIE OR SPECIAL
COMEDY	REALITY
DIGITAL MEDIA – SHORT FORM	SPORTS
DOCUMENTARY	VARIETY/TALK SHOW
DRAMA	

THURSDAY, APRIL 22, 2010

THE BEVERLY HILTON HOTEL BEVERLY HILLS, CALIFORNIA 11:30 AM – 2:00 PM	TABLES/TICKETS ARE NOW AVAILABLE FOR REGISTRATION INFORMATION, VISIT: WWW.NAMIC.COM
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couraging a light regulatory touch and Dems advocating more regulation. "In the long-term, if there is a need to rewrite the law to provide consumers, the FCC, and industry with a new framework, I will take that task on," Rockefeller said. Calling on the FCC (not Congress) to respond aggressively to the Comcast ruling, which calls into question the FCC's authority over broadband, Sen *Byron Dorgan* (D-ND) said "we need a referee with a striped shirt and whistle to call the fouls." Genachowski said no decision yet on how the FCC will proceed following the Comcast ruling. Ranking Member *Kay Bailey Hutchison* (R-TX) warned against the FCC overstepping its authority, saying that if the FCC were to reclassify broadband under Title II without a directive from Congress "the legitimacy of the agency would be seriously compromised."

In the Court: DirecTV and DISH have agreed to drop their lawsuits and counterclaims over DISH's "Why Pay More" TV spots, according to court docs. No further details were included. DirecTV filed suit in NY in Feb seeking to stop DISH from engaging in "blatantly false and misleading advertising," with DISH firing back with counterclaims.

Competition: Verizon and Motorola have teamed to create and trial 2 new set top models that are up to 30% more energy efficient than current models. 1 of the models also offers double the amount of storage capacity for digital video recordings. Select FiOS TV markets will stage the trials later this year.

Carriage: Mediacom is set to launch Epix and Epix HD next week in IL and IN, with no current plans to expand it further.

VOD: Comcast will soon bow in more than 70 markets **Homes TV On Demand**, featuring local real estate listings. **Comcast Spotlight** will help the channel generate rev through ads and lead generation and customer referrals for interested licensed realtors. -- **FiOS TV's** on demand platform is offering through May 10 "Spin the Bottle," an interactive music show available within **Interactivation's Concert.TV** VOD net that allows viewers to use their remote to select musical performances and roam through various rooms of an exclusive music party as a virtual guest.

Charter News: Compared to pro forma data from a yr ago, Charter's approximated 1Q results include rev of \$1.74bln (+4.5%) and operating costs and expenses of \$1.10bln (+5.1%). The MSO said customer growth in digital video, HSD, phone and commercial spurred the rev increase, and noted the following sub adds: -23.4K basic (flat YOY), 95.8K digital (compared to 25.6K), 103.7K HSD (71.9K) and 66.9K residential phone (70.4K). Capex totaled \$310mln in 1Q, compared to \$269 a yr ago, and full-yr capex is expected to run \$1.2bln as Dec targets include SDV rollout to 60% of its footprint and DOCSIS 3.0 to half. As of Mar 31, cash tallied \$254mln, debt \$12.8bln. On the financial front, Charter and subsidiary **CCO Holdings** launched cash tender offers for sr notes due '13 and '14, respectively (and totaling approx \$1.6bln), and CCO plans to offer for sale an aggregate of \$1.6bln in 2 tranches of sr notes due '18 and '20. **Moody's** assigned a B2 rating to the new notes issuance and an SGL-1 speculative grade liquidity rating to Charter's indirect intermediate holding company, **CCH II**, reflecting an expectation "that Charter will maintain a robust liquidity profile over the next twelve months." Moody's pegs the MSO's '10 cash flow at approx \$500mln and growing.

Mobile: With plans surrounding Cox's mobile play (services, rollout timing, pricing, etc) expected shortly, **Cox Media Group** announced plans to form with 11 other broadcast groups including **Belo**, **Hearst TV**, **Fox** and **ION TV** a standalone jv to develop a national mobile content service using existing broadcast spectrum. The entity will allow members to provide to mobile devices content such as live and on demand sports/ent programming.

Online: **TimeWarnerCable.com/Espanol's** redesign features clips and highlights of Spanish-language shows on top US



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April 28, 2010
Awards Luncheon
12:00 – 2:00 pm
Grand Hyatt Hotel in NYC

Special Issue: Award winners and honorees will be featured in a CableFAX Daily Mid Day Issue: April 28, 2010 and distributed in print at the event and as a special release to CableFAX.com audience.

Space Deadline: 4/16

Artwork: 4/21

BUSINESS & FINANCE

Hispanic nets and vignettes providing info on how to use the MSO's services, and in CA, TX and NYC a payment option and, starting next month, a click-to-chat in Spanish option. To promote the site, the MSO has partnered with **Olympusat's Latele Novela Net** for an online promotion offering Mother's Day makeovers to 3 viewers.

Programming: Si TV with Twentieth TV will air ex-Fox series "Prison Break" starting Mon. According to **Nielsen** data, during its run the series ranked at or near the top of English-language prime programs in Hispanic TV homes. -- **Comedy Central** greenlit "The Onion Sports Network" (1Q11), a show from satirical pub *The Onion* that began as an online series. -- **GMC** will televise the Dove Awards, honoring gospel music, Apr 25, 8pm.

Honors: WE and *Ladies' Home Journal* have created the "WE do Good Awards" to honor women who volunteer their time to help others in need.

Business/Finance: Hudson Square Research said higher programming costs and slowing sub growth will keep squeezing cable/satellite valuations, and downgraded **Time Warner Cable** and **DirecTV** to 'hold' from 'buy' and **Cablevision** and **Mediacom** to 'sell' from 'hold.' The firm kept its 'buy' rating on **DISH** shares based on the DBS op's improving sub metrics. -- Private equity firm **TA Associates** acquired a minority stake in optical transport solution provider **Aurora Networks**.

CableFAX Daily Stockwatch

Company	04/14 Close	1-Day Ch	Company	04/14 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AOL:	28.27	(0.24)	APPLE:	245.69	3.26
BRITISH SKY:	38.70	0.71	ARRIS GROUP:	12.78	0.37
DIRECTV:	36.29	0.89	AVID TECH:	17.44	0.49
DISH:	21.73	(0.04)	BIGBAND:	3.51	(0.01)
DISNEY:	36.20	0.36	BLNDER TONGUE:	1.08	0.01
GE:	19.35	0.40	BROADCOM:	35.70	1.19
NEWS CORP:	18.35	0.35	CISCO:	26.88	0.44
MSOS					
CABLEVISION:	26.14	0.10	CLEARWIRE:	7.41	0.35
COMCAST:	18.93	0.26	COMMSCOPE:	32.08	0.71
COMCAST SPCL:	18.06	0.31	CONCURRENT:	5.87	0.19
GCI:	6.08	0.09	CONVERGYS:	13.20	0.36
KNOLLOGY:	13.50	0.47	CSG SYSTEMS:	21.59	0.31
LIBERTY CAPITAL:	42.15	2.06	ECHOSTAR:	19.59	(0.04)
LIBERTY GLOBAL:	29.60	0.40	GOOGLE:	589.00	2.23
LIBERTY INT:	16.71	0.33	HARMONIC:	7.20	0.26
MEDIACOM:	6.34	0.19	INTEL:	23.52	0.75
RCN:	14.87	(0.01)	JDSU:	13.82	0.36
SHAW COMM:	19.71	0.02	LEVEL 3:	1.73	0.04
TIME WARNER CABLE:	52.77	(0.11)	MICROSOFT:	30.82	0.37
VIRGIN MEDIA:	17.88	0.53	MOTOROLA:	7.67	0.26
WASH POST:	529.97	16.96	PHILIPS:	33.93	0.49
PROGRAMMING					
CBS:	15.59	0.09	RENTRAK:	20.70	0.22
CROWN:	1.90	(0.02)	SEACHANGE:	8.61	0.55
DISCOVERY:	35.33	0.37	SONY:	37.00	0.40
GRUPO TELEVISA:	21.55	(0.03)	SPRINT NEXTEL:	4.15	0.00
HSN:	33.11	1.75	THOMAS & BETTS:	41.81	0.10
INTERACTIVE CORP:	23.76	0.30	TIVO:	17.79	0.20
LIBERTY:	38.93	0.43	TOLLGRADE:	6.79	0.21
LIBERTY STARZ:	56.53	1.19	UNIVERSAL ELEC:	22.91	0.08
LIONSGATE:	6.40	0.16	VONAGE:	1.54	0.11
LODGENET:	6.88	0.11	YAHOO:	18.38	0.20
NEW FRONTIER:	2.05	0.01	TELCOS		
OUTDOOR:	7.09	0.18	AT&T:	26.24	0.04
PLAYBOY:	4.41	0.22	QWEST:	5.39	(0.01)
RHI:	0.40	0.22	VERIZON:	29.85	(0.22)
SCRIPPS INT:	44.12	0.52	MARKET INDICES		
TIME WARNER:	32.87	0.10	DOW:	11123.11	103.69
VALUEVISION:	3.29	(0.03)	NASDAQ:	2504.86	38.87
VIACOM:	39.49	0.43			
WWE:	17.56	0.08			
TECHNOLOGY					
ADC:	8.48	0.27			
ADDVANTAGE:	2.30	(0.01)			
ALCATEL LUCENT:	3.41	0.14			
AMDOCS:	31.32	0.37			
AMPHENOL:	44.70	1.17			

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Charter Communications, Inc. | Time Warner Cable
Insight Communications

Think about that for a minute...

If I Were King

What would you do if you could just change things around in the cable industry? I don't mean the "big" battles, like "net neutrality" and common carrier, I mean the day to day stuff that you run into all the time both as a representative of the cable industry and as a customer?

I know some of the things I would do if I were King;

For instance, as I've mentioned here on numerous occasions, and gotten a lot of agreeing emails in return,



Steve Effros

I don't think there's anyone who watches television—with the possible exception of the ad sales folks—who likes those damn logo "bugs" at the bottom of every screen. OK, I understand, they were put there because ratings depend on viewers knowing what channel they are watching. But do they have to be

animated? Do they have to now flash and intentionally vie for the attention of the viewer's eye in the middle of a program? Is it really necessary to convert them into incessant promos during the show I am trying to enjoy?

I don't enjoy it any more. As a matter of fact, it gets me really angry—especially when it's particularly insensitive to what's on the screen. The best (or worst, as the case may be) example I can think of recently is the program that I just lauded in this column a few weeks ago; Discovery's "Life".

C'mon, folks! You spent millions of dollars and years of effort with some of the newest and finest photographic gear in existence to get some of the most remarkable nature footage there is. You spent more millions promoting how incredible the photography was. Then you defile it with an animated logo constantly turning in the lower right corner (on the shark's

fin as it comes out of the darkness) of the screen? This is just absurd. Give the viewer a break. Of all the companies that I would have thought would be sensitive to this defacing of truly artistic work, Discovery would be it. Really disappointing. Don't you think we will remember it's the Discovery Channel that's showing "Life"? OK, put the logo out there for a minute or so after each break (notice that the advertisers don't have it on during the ads!) But the rest of the time, let us enjoy the wonder of what you've done, rather than wonder why you're doing it! It ruins the experience. What a shame.

OK, I feel better after that rant, so now let's go to the next thing; what to do about VOD, which is getting easier to use with all the search functions on the new program guides. Not there yet, but getting there. So why is Netflix and "broadband" distribution of movies to the television set getting all the buzz? It's in part because with Netflix you pay one fee and can watch from a library of movies each month, and with VOD you pay one at a time.

I admit, I haven't done the economic study. I'm sure if the Netflix-type model wasn't around you could make more for each movie, but it is, and it's gaining momentum. So here's the deal; offer me a "subscription package" of movies on VOD. The new ones, the "A" list can still be sold individually until they get into the package window, just like Netflix, but why let them take the business away from us when our technology can do it better?

Just a few things I would do if I were King.

Steve

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CableFAX PROGRAM AWARDS

From the most outstanding cable programs to the best surprise ending, the annual CableFAX Program Awards to honor the best in cable programming content and people. This unique awards program from the industry's most trusted brand, CableFAX, raises the bar on what's good on and about cable. Now's your chance to win a CableFAX Program Award and get recognized for bringing value to your viewers.

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Sponsorship Opportunities: Debbie Vodenos at 301.354.1695 or dvodenos@accessintel.com

Entry Questions: Rebecca Stortstrom at 301.354.1610 or rebecca@accessintel.com

