

# CableFAX Daily™

Wednesday — April 25, 2012

What the Industry Reads First

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## No Saturation: Bright Future Seen for Multiplatform Sports Engagement

A variation of the phrase “there’s room for all of us,” was oft repeated by execs at the *Cynopsis* Sports Business Summit in NYC Tues as experts see room for even more sports content—and sports nets—without the threat of cannibalization. “There’s a reason these networks are getting created,” said *Jon Miller*, pres, programming, **NBC Sports & NBC Sports Network**. *Bill Wanger*, **Fox Sports** evp, programming & research, noted online activities and apps that suggest “people are more engaged in their sport, and that’s good for the industry.” Of course, “we’re not all doing it the same way,” said *David Berson*, evp, CBS Sports & pres, CBS Sports Network, or even covering the same leagues. CBS Sports is looking at professional bull riding and lacrosse; NBC Sports has the NHL, rugby and MLS. MLS may be young but has good leadership and sound marketing, said Miller, meaning an “opportunity for a new rising cable sports net.” One challenge, however, is engaging younger audiences, who want more interactivity than older fans, said Berson. “No one’s found the magic formula on television to satisfy those 2 experiences,” he said. “It’s a fine line to walk. We’re all experimenting and trying things.” CBS and **Turner** have reached younger audiences through their March Madness On Demand partnership, said *Lenny Daniels*, evp, coo, Turner Sports, adding that younger demos want more engaging storylines. And that includes finding the right sportscasters—including fresh faces and younger talent to attract millennials. “The issue is we all have is this great level of content,” said Daniels. “But where do we get this younger talent?” Another obstacle to overcome: driving awareness of TV Everywhere, which is “the correct way to move forward on these platforms,” he said. But *John Kosner*, evp, ESPN Digital & Print Media, noted that only a fraction of the 8mln downloads of watchESPN have been authenticated. “Today it’s still confusing for fans how they do it,” he said. NBC Sports vp/gm, digital media *Rick Cordella*, concurred: “They look at it as, ‘I have to log in, they’re going to want money from me.’... In Vancouver [at the Olympics], authentication was really tough on us. But for the summer games, you’re going to see some cool stuff from MVPDs. They are really starting to respond.”

**Retrans:** Before Tues’ Sen Commerce hearing on online video got underway, Sen *Jim DeMint* (R-SC) made a plug for his legislation that would repeal retransmission consent and the compulsory copyright license. He said he knew that wasn’t the focus of the hearing, but he looked forward to discussing it at a future hearing. Word is that he’s been promised a hearing on retrans this year. On Mon, **Natl Religious Broadcasters** head *Frank Wright* sent a letter to DeMint

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and bill co-sponsor Rep **Steve Scalise** (R-LA) objecting to the bill's effort to eliminate must carry. "This legislation could be fatal to many Christian TV stations and may harm the ability of millions of American to continue accessing the religious programming on which they rely," Wright wrote. Meanwhile, did you catch the op-ed in Tues' **Politico** by **Time Warner Cable's Glenn Britt** and **DirectTV CEO Mike White**? They use the space to call for retrans reform, complaining that the rules are 20 years old. "With many American families struggling to make ends meet in a tough economy, and staying home to watch sports and other shows instead of going out, this reform is long overdue," they wrote.

**Solid A&T:** AT&T hit 4mln **U-Verse TV** subs in 4Q, with 1Q net video adds of 200K, in line with Street expectations. U-Verse HSI delivered a net gain of 718K in the Q, to help offset the losses of DSL. Broadband net additions totaled 103K when you factor in the 615K DSL connections that were lost. "We're seeing a quick migration [to U-Verse HSI from DSL], which gives us confidence that we can compete with all broadband providers on speed and price and quality of service," said AT&T CFO **John Stephens**. Shares closed up 3.6% for the day, with the company posting a profit of \$3.6bln, up from \$3.4bln a year ago. Revenue rose 1.8% to \$31.8bln. AT&T reported iPhone activations of 4.3mln. "The lower than expected number of iPhone activations appears to be driven by a lower than expected upgrade rate of 7% vs our estimate of 9%..." wrote **BTIG's Walter Piecyk**, who had estimated 4.5mln activations. In Feb, AT&T increased the upgrade eligibility period to 20 months from 1 year. Slower upgrades cut the costs of phone subsidies to device makers, thus helping margins. "From here, the bull case for AT&T is a story of wireless pricing power," read a **Sanford Bernstein** research note. "To be sure, subscriber growth is flagging. But usage is not, and with higher usage comes greater and greater congestion. AT&T's solid Q1 results give reason for optimism about better data pricing trends... and, perhaps, ever more encouragingly, give reason for hope that the industry can really show some discipline in smartphone subsidies."

**Complaint Dept Redux:** Comcast fired back at **Bloomberg's** latest claims in the ongoing neighborhooding saga, telling the **FCC** that they are flat-out wrong. Bloomberg told the FCC that Comcast had created at least 2 additional news neighborhoods that would violate the Comcast-**NBCU** neighborhooding condition and that it has moved **MSNBC** into existing neighborhoods to improve its channel position, while not moving Bloomberg (**Cfax**, 4/11). "The alleged channel relocations never took place," Comcast said, noting that Bloomberg made the claims in response to Comcast's compliance report, not in the complaint proceeding itself. "Bloomberg's latest submission does not cite any data or other evidence. Bloomberg instead relies upon ipse dixit representations of counsel. After careful research, Comcast is unable to determine whether Bloomberg's assertions are based upon flawed (or misinterpreted) third-party data or some other error." Comcast goes on to say that Bloomberg's claims are also flawed because they rest on an implausible definition of a news neighborhood. Not only did MSNBC not move in the alleged markets, but there were no changes or news neighborhoods created in Claxton, GA, Comcast said. In fact, the only change was an expansion of Bloomberg TV to Digital Starter from Digital Preferred, Comcast said. Similarly, it disputes Bloomberg's claims of channel changes in Crescent City, FL, including moving **CNBC** closer to **CNN** and **HLN**. Comcast said it doesn't even carry CNBC in the market. It sounds like Bloomberg based its claims on **Tribune Media Services** data. In a statement Bloomberg govt affairs head **Greg Babyak** continued to knock Comcast, this time for "ignoring the obligation to submit truthful information about channel lineups to the industry-standard reporting service Tribune Media Services, which is relied on by advertisers, courts and regulators."

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**On the Hill:** Calling for the “levellest playing field that can be legislated,” IAC chmn *Barry Diller* said online video distributors should take on the same rules and obligations as broadcasters and traditional MVPDs. But he added that these should be relatively light-touch regulations. Those were his comments at Tues’ Sen Commerce hearing on online video. Diller also said it was time to rewrite the ’96 Communications Act. While there was a lot of noise when the legislation was drafted, “I think this time around it’s easier... because the Internet and its ubiquity and adoption has changed so many things.” He wasn’t alone in his belief that the ’96 Act is outdated. “We were really behind the curve within 6 months of the ’96 bill being signed because we didn’t think very hard about data transmission,” said Sen *John Kerry* (D-MA). Diller was the star of Tues’ show, making several comments that got big replay on Twitter. Among them: “We do not have a 1st-rate broadband infrastructure in this country.” Similarly, he feels strongly that net neutrality is just as important as the need for a national broadband plan. Without it, distributors will put “tin cans and anchors” around anyone delivering programming that they don’t own. There was a back-and-forth between Diller and Sen *Jim DeMint* (R-SC) over **Aereo TV**, with the lawmaker questioning whether it’s redistributing content that it’s not paying for (broadcasters have sued over it). Diller said Aereo is not a distributor or a reseller and to call it one would be similar to declaring **Radio Shack** a distributor because it sells antennas. Aereo provides tiny HD antennas and a cloud-based DVR. Sen Commerce chmn *Jay Rockefeller* (D-WV) kicked off the hearing by suggesting that online video might potentially drive the price of traditional video down. He lamented that he probably only watches about 10 of the 500 channels he receives. Diller said repeatedly that he views online video as a complement rather than a substitute to traditional video, but he does believe it can help provide some a la carte offerings.

**At the Portals:** The Media Bureau extended the deadline for filing comments and reply comments in its proceeding on the definition of an MVPD and channel to May 14. Replies are due June 13. **NAB** asked for more time given that the many concerned parties were at the NAB Show in Apr. Rather than the extra 30 days sought, the Bureau granted an additional 14 days for comments. -- Citing technical difficulties that outside counsel have had with review of documents filed in the **Verizon Wireless**-cable spectrum deal, **CWA**, **DirectTV** and other groups are asking the **FCC** to stop its informal 180-day shot clock for reviewing the transaction. Additionally, some public interest groups and smaller companies that don’t have the software being used report that they have been deterred from reviewing the docs by the charges the applicants are imposing for paper copies and electronic media (\$2124.39 to date). They say they are having to rely on discussions with others who have studied the docs, which adds time to the process.

**Same Ballpark?:** Reports out of San Diego have **Fox Sports** saying it hasn’t heard a peep out of **Time Warner Cable** in recent weeks regarding its latest proposal for Fox Sports San Diego. “The silence is deafening,” Fox said in a statement to the *San Diego Union-Tribune*. Fox Sports San Diego’s Padres telecasts are offered by **DirectTV** and **Cox**, but not TWC, **DISH** or **AT&T**. Fox said that TWC is not negotiating, which TWC disputed. The MSO said many emails, phone calls and other exchanges have occurred and that it is working on a response to a proposal it received from Fox Tues. “We will continue to talk as often as possible, offer proposals and negotiate with Fox in good faith,” TWC said. “It is our hope that Fox will accurately represent the nature of these negotiations. False statements and inaccuracies only serve to make an agreement more difficult to reach and hurt the sports fans we are both trying to serve.”

**Deals:** First **Participant Media** announces it is going into the TV biz, hiring *Evan Shapiro* away from **AMC Nets**. Now it has made an equity investment in intl media company **Cineflix**. Cineflix will partner with Participant in the conception, development and production of original TV programming that will follow Participant’s model of commercial and socially relevant entertainment. Also upcoming: **TakePart TV**, an impact-oriented channel debuting on **YouTube** in July.

**Ratings:** **Bravo** earned its best Sun in history, ranking as the #1 cable net among adults 18-49 as it welcomed back “The Real Housewives of NJ” for a 4th season. The show earned the most-watched season premiere ever for the net with 3mln viewers. It followed part 3 of “RH of Atlanta” reunion, which had 3.2mln total viewers. -- “Veep” debuted on **HBO** Sun night with 1.7mln viewers (1.4mln for the first showing—up 34% compared to “Eastbound & Down’s” season avg). -- **MSG**’s Mon night telecast of Game 6 of the Rangers-Senators series scored a 4.27 Nielsen HH rating, making it the highest-rated Rangers game on the net since ’97. -- Part 1 of **The Hub**’s wedding themed “My Little Pony” Sat was its best-ever telecast with kids 6-11 (218K), 2-11 (336K) and HHs (363K). The 2nd ep was the 2nd-best telecast in Hub history with kids 6-11 and HHs.

**Programming:** **ABC Family** picked up a sophomore season of “The Lying Game,” which will debut in the winter. **HBO** renewed “Real Time with Bill Maher” for its 11th and 12th seasons, meaning it will run through ’14. -- **TBS**’ “Conan” will broadcast from Chicago June 11-14 to kick off the “TBS Just for Laughs Chicago Comedy Festival.” Online lottery for seats at [teamcoco.com/Chicago](http://teamcoco.com/Chicago). -- **Nat Geo** will premiere half-hour special “James Cameron:



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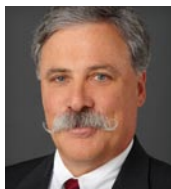
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Voyage to the Bottom of the Earth," chronicling his historic 1-man dive last month to the Mariana Trench's Challenger Deep, the ocean's deepest Point, Sun 9pm and 9:30pm. --

**Music Choice** debuted a new look for its 46 music channels. The new onscreen design informs viewers about videos available on VOD by the artist playing along with original shows. New features, including artist integration and specialty programming, will launch this summer.

**Upfronts:** **nuvoTV** announced what it calls its most ambitious original programming slate to-date. On tap: "Mario Lopez 1-on-1," Lopez chats with Latino celebs; "Curvy Girls," follows a clique of plus-size models; and "Low-Ballers," flipping cheap, busted down cars into major coin. Nuvo also will continue to acquire shows, including Latino-focused films and eps of "Miami Ink" and "LA Ink."

**People:** **USA** upped **Bill McGoldrick** to evp, original scripted programming.

**Honors:** Winners were announced for the 18th annual **NAMIC** Vision Awards, presented by **NAMIC Southern CA. BET Nets, ESPN, HBO, Nick, OWN** and **TNT** each garnered 2 awards to lead the field of winners. Single category winners include **A&E, Discovery En Español, mun2, Scripps Nets Interactive, Universal TV** and **USA**. A complete list of winners is available at [namic.com](http://namic.com).

## CableFAX Daily Stockwatch

Company	04/24 Close	1-Day Ch	Company	04/24 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	47.60	0.30	CLEARWIRE:	1.40	(0.15)
DISH:	30.97	(0.15)	CONCURRENT:	3.62	(0.01)
DISNEY:	42.18	0.17	CONVERGYS:	13.08	0.01
GE:	19.54	0.47	CSG SYSTEMS:	14.26	(0.13)
NEWS CORP:	19.55	0.27	ECHOSTAR:	27.38	(0.03)
<b>MSOS</b>			GOOGLE:	601.27	3.67
CABLEVISION:	13.78	0.15	HARMONIC:	4.58	0.12
CHARTER:	60.17	(0.03)	INTEL:	27.31	(0.14)
COMCAST:	29.35	0.31	JDSU:	12.27	(0.01)
COMCAST SPCL:	28.93	0.17	LEVEL 3:	22.41	(0.31)
GCI:	7.58	0.02	MICROSOFT:	31.92	(0.2)
KNOLOGY:	19.49	0.06	MOTOROLA MOBILITY:	38.14	(0.29)
LIBERTY GLOBAL:	48.55	(0.29)	RENTRAK:	18.84	(0.23)
LIBERTY INT:	18.46	0.08	SEACHANGE:	8.25	(0.07)
SHAW COMM:	19.88	0.19	SONY:	16.62	0.11
TIME WARNER CABLE:	80.94	(0.09)	SPRINT NEXTEL:	2.47	0.13
VIRGIN MEDIA:	23.84	0.14	THOMAS & BETTS:	71.88	0.03
WASH POST:	373.65	0.07	TIVO:	10.84	(0.01)
<b>PROGRAMMING</b>			UNIVERSAL ELEC:	16.02	(0.11)
AMC NETWORKS:	42.54	(0.31)	VONAGE:	2.07	0.02
CBS:	32.55	(0.12)	YAHOO:	15.43	0.10
CROWN:	1.50	UNCH	<b>TELCOS</b>		
DISCOVERY:	51.49	(0.05)	AT&T:	31.72	1.11
GRUPO TELEVISIA:	20.26	UNCH	VERIZON:	39.50	0.93
HSN:	36.74	(0.27)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	45.53	(0.58)	DOW:	13001.56	74.39
LIONSGATE:	11.52	(0.38)	NASDAQ:	2961.60	(8.85)
LODGENET:	4.38	0.42	S&P 500:	1371.97	5.03
NEW FRONTIER:	1.55	(0.05)			
OUTDOOR:	6.70	0.03			
SCRIPPS INT:	48.14	(0.29)			
TIME WARNER:	36.42	0.15			
VALUEVISION:	1.74	0.04			
VIACOM:	50.69	0.14			
WWE:	7.88	(0.03)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.47	0.04			
ALCATEL LUCENT:	1.88	0.10			
AMDOCS:	31.47	0.02			
AMPHENOL:	56.52	(0.24)			
AOL:	24.61	(0.14)			
APPLE:	560.28	(11.42)			
ARRIS GROUP:	11.31	0.02			
AVID TECH:	8.31	0.12			
BLNDER TONGUE:	1.15	(0.03)			
BROADCOM:	34.42	(0.35)			
CISCO:	19.42	(0.26)			



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