

# CableFAX Daily™

Wednesday — May 11, 2011

What the Industry Reads First

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## Terrestrial Talk: Cablevision Says NOI Supports Program Access Challenge

There is no word yet from the DC Appeals Court on **Cablevision's** challenge of the **FCC's** authority to close the so-called terrestrial "loophole," but the MSO is continuing to make arguments against the Commission's program access rules. Cablevision recently directed the court's attention to the FCC's recent Notice of Inquiry for its video competition report (**Cfax**, 4/22), arguing that it supports its case. Cablevision said the NOI recognizes the competitive significance of online video programming (it's the 1st time online video distributors will be included in the report) and that it confirms cable operators account for barely 60% of MVPD subs nationally. CVC says both facts support its argument that in the current hyper-competitive market environment, any obligation to share video programming with competitors violates the 1st Amendment. Cablevision also jumped on the NOI seeking comment on whether the FCC should count an SD and an HD version of a net as one or more nets for purposes of measuring vertical integration. This is key because the FCC's Jan '10 order said the FCC will treat HD and SD as separate services for complaints. **Verizon** has complained for years that it can't get Cablevision's **MSG** in HD. "The NOI's suggestion that SD and HD services may be interchangeable undermines the determination in the order under review that an MVPD is entitled to a presumption of harm from the absence of an HD programming service even if it has access to the same programming in SD," Cablevision said in its Apr 29 filing. It's challenging an FCC order that allows cable competitors to file complaints at the Commission when they are denied terrestrially delivered sports programming. **AT&T**, **DirecTV** and Verizon responded to Cablevision's latest arguments last week, calling it "little more than an attempt to confuse the issue and delay the Court's resolution of the case." Cablevision's rivals said the NOI is merely soliciting data—nothing more. As to how to treat HD and SD, the 3 said the FCC's questions are based solely on assessing the level of vertical integration in the industry. "That issue has no bearing on whether, as the Commission determined in the order under review here, viewers strongly prefer the HD versions of must-have regional sports programming to the lower-grade SD versions," AT&T, DirecTV and Verizon said in their May 3 letter.

**Rate Card:** Sen Communications subcmte chmn *John Kerry* (D-MA) is jumping into the fray over cable rate increases in MA, asking the **FCC** for a detailed report on rate changes in Boston and other MA towns over the past 10 years. On Mon, Boston mayor *Thomas Menino* filed a petition at the FCC seeking authority to regulate the cost of basic cable in the city (**Cfax**, 5/10). "I hope to ascertain whether rate hikes are specific to Boston or systemic, if the hikes are justified, and what the factors are that can effectively check those rate hikes," Kerry wrote, saying that the "skyrocketing" basic cable rates in recent years put more pressure on family budgets. **Comcast** has said that its basic service in Boston is nearly half the cost of any other provider's entry level service (and that no other provider offers a comparable service with more than 35 channels).

**At the Portals:** The top 4 wireless carriers and **FCC** chmn *Julius Genachowski* were in NY Tues to announce a free, public safety system that will enable mobile devices to receive geographically-targeted text-like messages alerting them to imminent

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safety threats in their area. The service, called Personal Localized Alerting Network, will be available in NYC by year-end, at least 2 quarters before the rest of the country. **NAB**, which disagrees with the wireless industry over whether there is an impending spectrum crisis, argued that cell carriers promised Congress 5 years ago to implement an emergency alert messaging system. Protective over broadcasters' spectrum, a NAB spokesman said, "When a cellular network goes down, customers will still be unable to access these 90-character warnings. As was evidenced in Alabama and other parts of the South just two weeks ago, there is no communications system that matches the life-saving immediacy of a local broadcast signal."

**Web TV:** Cox has entered the TV Everywhere fray with **TV Online**, available for free to all subs anywhere they have broadband access through [cox.com/tv](http://cox.com/tv). Content includes series from **ABC**, **NBC** and **Fox** via **Hulu** and **Turner** nets including **TNT** and **TBS**, plus movies from channels such as **HBO** and **Epix**. Many of the TV eps will be featured the day after their premiere. The MSO tapped thePlatform to provide back-end video management for the service, which augments other Cox online offerings including **ESPN3.com** for HSD customers.

**Competition:** U-verse TV teamed with **WGN America** and **WGN-TV** for the nationwide launch of **Chicago Cubs Multiview**, offering subs simultaneous access to up to 4 camera angles during the team's home games and choices among WGN America's game broadcast and 6 alternate angles.

**In the States:** Comcast continues wallpapering **Xfinity** all over its properties, renaming its SmartZone communications and email center Xfinity Connect.

**OTT:** YouTube now offers rental streams of thousands of full-length feature films including "The King's Speech" (\$3.99) and "The Dark Knight" (\$2.99), plus hundreds of free films. Some older TV series are featured too, at the site and on **Google TV**, **Android** tablets and most Android phones. -- **HBO** co-pres *Eric Kessler* told the **Streaming Media East '11** crowd Tues morning that the **HBO Go** mobile app was downloaded more than 1mln times during its launch week, and "we are seeing continued enthusiasm and activity each day."

**Advertising/Marketing:** On **CNBC** Tues morning, **WPP** CEO *Sir Martin Sorrell* predicted some modest headwinds for broadcasters during this year's upfront. "Our agencies are able to shift money into cable and other forms of video and get the same reach and frequency at cheaper prices," said Sorrell. "So there's going to be a tussle between the networks and the agencies and the clients about inflation in CPMs." -- **SNY** is launching a new series of ads under the banner "More Sports. More Testosterone," which aims at the net's predominately male audience with depictions of the positive impact watching sports has on a man's testosterone levels. See examples at [youtube.com/watch?v=Y97aRUjeruk](http://youtube.com/watch?v=Y97aRUjeruk).



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Source: Nielsen Company via StarTrak, 1Q11 vs. 1Q10, Live +7 (000), P2+, Mon-Sun 6a-6a, Subject to qualifications available on request.

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# BUSINESS & FINANCE

**Technology:** Charter has deployed more than 1mln EBIF-enabled digital set-tops in nearly all of its communities using Cisco boxes. The MSO worked with **Concurrent** and **FourthWall Media** in the interactivity rollout, the former providing overall program management and back-end reporting tech, the latter its standards-based EBIF platform and user agent.

**Earnings:** Disney's cable nets segment delivered 17% rev growth and a 15% increase in op income on growth at **ABC Family**, **Disney Channels** and **ESPN**, which earned higher ad and affil rev on enhanced pricing/sold inventory and contractual rate hikes, respectively. The broadcast segment saw rev increase 4% and op income jump 26% due to enhanced ad sales at **ABC** and O&Os, higher affil fees and lower programming and prod costs at ABC. Disney's overall profit fell short of expectations, prompting an after-hours dip in its share price. -- **E.W. Scripps'** TV div reported a 3.2% rise in rev to \$69mln on growth in local ad (+3.5%) and retrans rev (+47%). National ad rev fell 1%, political ads approx 50%. Digital rev increased 29%.

**Oops:** **DISH** became the 1st national pay-TV service to launch **GSN HD**, not the 1st overall, as **Time Warner Cable** and **Bright House** are among the ops that carry the net in certain markets.

## CableFAX Daily Stockwatch

| Company                      | 05/10 Close | 1-Day Ch | Company               | 05/10 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| DIRECTV:                     | 49.74       | 0.70     | BLNDER TONGUE:        | 2.00        | (0.01)   |
| DISH:                        | 29.63       | 0.58     | BROADCOM:             | 33.89       | 0.03     |
| DISNEY:                      | 43.91       | 0.81     | CISCO:                | 17.79       | 0.19     |
| GE:                          | 20.30       | 0.23     | CLEARWIRE:            | 4.74        | (0.16)   |
| NEWS CORP:                   | 18.65       | 0.26     | CONCURRENT:           | 6.02        | (0.05)   |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 35.08       | 0.97     | CONVERGYS:            | 13.72       | 0.14     |
| CHARTER:                     | 58.33       | 0.48     | CSG SYSTEMS:          | 19.68       | 0.46     |
| COMCAST:                     | 25.82       | 0.54     | ECHOSTAR:             | 34.08       | (0.15)   |
| COMCAST SPCL:                | 24.26       | 0.49     | GOOGLE:               | 542.66      | 4.98     |
| GCI:                         | 11.41       | 0.35     | HARMONIC:             | 7.92        | 0.11     |
| KNOLGY:                      | 15.42       | (0.01)   | INTEL:                | 23.03       | 0.27     |
| LIBERTY CAPITAL:             | 88.83       | 2.35     | JDSU:                 | 22.06       | 0.61     |
| LIBERTY GLOBAL:              | 46.86       | 1.11     | LEVEL 3:              | 1.78        | 0.10     |
| LIBERTY INT:                 | 18.50       | 0.10     | MICROSOFT:            | 25.67       | (0.16)   |
| SHAW COMM:                   | 20.95       | 0.14     | RENTRAK:              | 22.05       | (0.01)   |
| TIME WARNER CABLE:           | 78.46       | 1.47     | SEACHANGE:            | 10.57       | 0.20     |
| VIRGIN MEDIA:                | 32.11       | 0.46     | SONY:                 | 28.99       | 0.31     |
| WASH POST:                   | 420.95      | 5.22     | SPRINT NEXTEL:        | 5.30        | 0.01     |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| CBS:                         | 27.51       | 0.90     | THOMAS & BETTS:       | 57.68       | 0.71     |
| CROWN:                       | 2.12        | (0.01)   | TIVO:                 | 9.84        | 0.30     |
| DISCOVERY:                   | 44.71       | 0.47     | TOLLGRADE:            | 10.08       | UNCH     |
| GRUPO TELEVISA:              | 23.62       | 0.67     | UNIVERSAL ELEC:       | 26.86       | 0.82     |
| HSN:                         | 34.75       | 0.98     | VONAGE:               | 4.82        | 0.14     |
| INTERACTIVE CORP:            | 35.90       | 0.65     | YAHOO:                | 18.55       | (0.01)   |
| LIBERTY:                     | 42.17       | 0.36     | <b>TELCOS</b>         |             |          |
| LIBERTY STARZ:               | 77.95       | 0.14     | AT&T:                 | 31.69       | 0.34     |
| LIONSGATE:                   | 6.36        | 0.06     | VERIZON:              | 37.57       | 0.33     |
| LODGENET:                    | 3.54        | 0.02     | <b>MARKET INDICES</b> |             |          |
| NEW FRONTIER:                | 1.70        | UNCH     | DOW:                  | 12760.36    | 75.68    |
| OUTDOOR:                     | 7.06        | 0.34     | NASDAQ:               | 2871.89     | 28.64    |
| SCRIPPS INT:                 | 51.76       | 0.72     | S&P 500:              | 1357.16     | 10.87    |
| TIME WARNER:                 | 36.35       | 0.26     |                       |             |          |
| VALUEVISION:                 | 6.53        | 0.10     |                       |             |          |
| VIACOM:                      | 59.85       | 0.96     |                       |             |          |
| WWE:                         | 10.51       | 0.03     |                       |             |          |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| ADDVANTAGE:                  | 2.70        | (0.43)   |                       |             |          |
| ALCATEL LUCENT:              | 6.32        | (0.03)   |                       |             |          |
| AMDOCS:                      | 29.88       | 0.33     |                       |             |          |
| AMPHENOL:                    | 56.97       | 1.08     |                       |             |          |
| AOL:                         | 19.14       | (0.21)   |                       |             |          |
| APPLE:                       | 349.45      | 1.85     |                       |             |          |
| ARRIS GROUP:                 | 11.28       | 0.15     |                       |             |          |
| AVID TECH:                   | 17.95       | 0.19     |                       |             |          |
| BIGBAND:                     | 2.34        | (0.01)   |                       |             |          |

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