

CableFAX Daily™

Monday — May 16, 2011

What the Industry Reads First

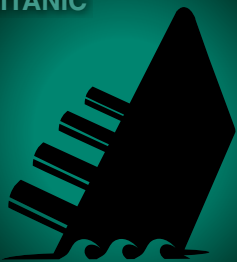
Volume 22 / No. 093

Ch-Ch-Changes: House Subcmte Hearing Examines FCC Reform

The remaining 4 **FCC** commissioners agree on one thing: the need for reform to Sunshine laws that prevent more than 2 commissioners from conferencing outside an open meeting. But they disagree on who should have control of the agency's agenda. During Fri's **House Communications** subcmte hearing on FCC reform, chmn *Greg Walden* (R-OR) suggested that 3 commissioners be able to vote together to call up items for a vote. Dem *Michael Copps* and Republican *Robert McDowell* like that idea, but FCC chmn *Julius Genachowski* and fellow Dem *Mignon Clyburn* don't. "95% of what we do is unanimous... Historically, it's not a problem except for from what I can tell is one anomaly," Genachowski said. That anomaly, according to McDowell, was in the fall of '08 when the majority was prepared to agree on intercarrier compensation changes but then-chmn *Kevin Martin* would not put an item on the agenda. *Meredith Attwell Baker* is technically still an FCC commissioner, but she's recused herself from everything—including Fri's House hearing—as she prepares to join **Comcast**. Other reform suggestions that came up at the hearing included instituting a shot clock on some decisions. All were supportive of the idea, though the Dems were more vocal that there be flexibility with such deadlines. Walden put forth the idea of publishing a final draft of an item before a meeting, but Genachowski called it an illogical process because input constantly changes a draft. "People should know generally [what's in the final version], but you can't keep doing this time and time again," Copps said. McDowell disagreed, saying that "more often than not, it's a good idea." McDowell was the only commissioner in support of restricting merger conditions to transaction-specific items. Rep *Ed Markey* (D-MA) used the hearing to blast the proposed **AT&T** and **T-Mobile** merger, saying he thought it would be a "historic mistake for the FCC to approve" it. His comments resulted in a warning from Walden about treading carefully so as not to do anything that could influence commissioners on a deal under review (a reference to the Pillsbury Doctrine). That was the only time the cordial hearing got a little choppy, with some back and forth between Markey and Walden over whether members can express their opinions. Walden said it was just a caution, not a criticism.

Baker Responds: Outgoing **FCC** commish *Meredith Attwell Baker* responded to criticism about her move to **Comcast** Fri, saying that she had planned to seek renomination for a 2nd term until late this spring. "That was true all through the winter during consideration of the Comcast/NBCUniversal transaction and in the months after it was completed," she said. "Not once in my entire tenure as a Commissioner had anyone at Comcast or NBCUniversal approached me about potential employment." When the opportunity became available in mid-Apr, Baker said she decided she wanted to consider it. She sought counsel from the FCC's gen counsel and recused herself from any matters involving Comcast or NBCU on Apr 18. The Republican said she took things a step further than the law and has not participated or voted on any item, not just those related to Comcast and NBCU, since entering into discussions about a possible job offer. Baker plans to depart the Commission in the coming weeks for a job as svp, NBCU. She had said June 3 would be her departure date, but Fri's statement indicated it might come sooner. "I intend to depart the Commission as soon as I am able to ensure an orderly wind-down of

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my office," she said. No members of the House Communications subcmte raised any concerns about her new job during Fri's hearing on FCC reform. That angered Comcast's biggest fan, **Free Press**, which says it has collected thousands of letters calling on **House Oversight and Govt Reform** cmte chmn **Darrell Issa** (R-CA) to investigate Baker's move to Comcast.

Broadband \$: NCTA wants the **RUS** not to award any new broadband loans until meaningful reform is made to the program. Fri was the deadline for comments on interim rules RUS put in place to improve the program. The problem with the interim rules, NCTA says, is that the perpetuate many of the same problems that have plagued the Broadband Loan Program for the last decade. Specifically, the cable group wants RUS to narrow the scope of the program by providing funding only for areas that are 100% unserved or have more than 75% of HHs unserved.

Retrans: The **American TV Alliance** (a coalition of retrans consent reformers that includes **Time Warner Cable**, **DISH** and **Discovery Channel**) complained Fri that **Fox** is "bullying their affiliates by withholding programming" if the affil doesn't pay up more of their retrans revenue, citing its recent dump of Fox affil **Nexstar** in Evansville, IN. Fox signed a new affiliation agreement with **Communications Corp of America's** WEVV. Fox also replaced **Block Comm**-owned affil in Boise, ID, with a **Journal Broadcast** station. The move by Fox will likely mean even tougher retrans negotiations going forward.

On the Hill: **DirecTV** and **DISH** are applauding the introduction of the State Video Tax Fairness Act, which would prevent "discriminatory taxes" on satellite TV and other services. The bill was introduced this week by Reps **Jim Sensenbrenner** (R-WI). **DISH** and **DirecTV** reject the argument that the taxes are needed to achieve parity with the franchise fees cable companies pay to local govt because their tech doesn't use the public rights of way. -- Reps **Ed Markey** (D-MA) and **Joe Barton** (R-TX) on Fri officially introduced their comprehensive children's online privacy bill (**Cfax**, May 9). The "Do Not Track Kids Act of 2011" would require parental consent before collection of personal info from kids, as well as require other safeguards.

DVR Alert: NCTA's new chief **Michael Powell** will join with **HBO's Bill Maher** to discuss education on **MSNBC's** "Hardball with Chris Matthews" Tues, 5pm and 7pm ET. It's part of **NBC News'** "Education Nation On-the-Road" tour, which makes a pit stop in L.A. next week. Powell is a board member of **America's Promise Alliance** (founded by his parents) and the leader of its Grad Nation initiative to end the high school dropout crisis.

Social Circle: Attention Washington Wonks! There is a new **C-SPAN foursquare** badge that can be unlocked by checking in at 5 of several pre-designated DC locations where C-SPAN typically has cameras. Checking in at key political sites across the country, such as locations in IA and NH, also will count toward the badge.

Programming: **WE** picked up "Braxton Family Values" for a 2nd season and announced 3 new original series: "Amsale Girls" (features popular NYC bridal salon, debut June 12), "Texas Multi Mamas" (inner workings of modern families with multiple children, Oct 25) and "The Willis Clan," (a family grooming their 12 kids into extraordinary savants, '12).

On the Circuit: Count **Rahm Emanuel**, Chicago's mayor, as one of the speakers at this year's Cable Show, June 14-16, Chicago. Fun fact: his brother **Ari Emanuel**, CEO **William Morris Endeavor Ent**, spoke at last year's show.

People: Our best to **Starz** PR hand **Steve Belgard** who left the programmer Fri after 12 years.

Oops: **WICT's** Reality/Lifestyle Series **Accolade** goes to **WE's** "Downsized" and **Style's** "Ruby."

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4 Special Issues PRE-SHOW: JUNE 6 PLUS 3 DAYS: JUNE 14, 15, 16

CABLE PRE-SHOW GUIDE AND INNOVATION ISSUE
Publication Date: June 6, Mid-Day with Bonus Distribution

CABLEFAX DAILY: THE CABLE SHOW DAILY ISSUES
Publication Dates: June 14, 15 & 16

DISTRIBUTION: The Cable Show Pub Bins
and Room Drops; CTAM Insights Conference;
SCTE; WICT Signature Luncheon

18860



CableFAX Roundtable

For our 1st special Roundtable, **CableFAX** invited members of The Cable Hall of Fame Honorary Committee to discuss cable's biggest opportunities and hurdles, its future and other issues. Comprised of 15 respected cable leaders, Honorary Committee members serve as ambassadors for **The Cable Center** and the Cable Hall of Fame event during The Cable Show. Our panelists are: Ann Carlsen, founder/CEO, **Carlsen Resources**; Nick Davatzes, CEO Emeritus, **AETN**; Josh Sapan, Pres/CEO, **Rainbow Media Holdings**; and Peter Stern, evp, chief strategy officer, **Time Warner Cable**.



Ann Carlsen



Nick Davatzes



Josh Sapan



Peter Stern

CableFAX: With so many changes hitting the industry (OTT, authentication, multiplatform, etc), what's the biggest hurdle for cable today?

Peter Stern: The biggest hurdle is innovating on technology and business models while keeping our wits about us. When we try new things, it's tempting to try to charge customers twice, or at the other extreme not at all. Once is usually the right answer.

Nick Davatzes: I think cable must understand the new integration of technology and how that's impacting the industry and the nation. This integration will influence social mores and therefore all its institutions, including the business sector.

Josh Sapan: Building on that, I'd say a major challenge is keeping the cable value-system intact, maintaining the integrity of it while realizing consumers have a constant appetite for using new technologies. The current system has allowed programmers and operators to thrive—programmers have been provided with enough revenue to create quality programming while operators have been able to grow by innovating. That system is delicate, however. To preserve it we need to attend to it, particularly what we do with content.

Ann Carlsen: There's a labor vacuum just over the horizon as baby boomers retire in unprecedented numbers, with many fewer young, well-educated workers entering the workforce to take their places. Our challenge is to re-structure our organizations to take advantage of all the technological upheaval.

CFAX: What's the biggest immediate opportunity for cable? What big opportunity is being ignored?

Sapan: The abundance of content offered by cable is underappreciated and represents a great opportunity with 25,000+ titles of VOD content alone. The industry provides consumers with more viewing options than any other platform, yet it's not recognized for that. Tablets, and the functionality they provide, create the path for cable to be seen as the undisputed leader in rich content.

Stern: Business services (B2B) is the biggest immediate opportunity for cable operators—it's roughly the same size as residential, yet our penetration is a mere fraction.

Carlsen: Cable will benefit tremendously from its expansion into wireless technology—we need to be wherever customers want us to be. But many companies are missing the critical opportunity to capture the institutional knowledge and specialized skills of retiring workers. They should take steps to address the brain drain that's already underway in their organizations.

CableFAX: What's the future of linear TV? What will it look like in 5 or 10 years? Will it even exist?

Sapan: As this next generation comes of age, linear TV will be different. There'll always be a strong appetite for viewing live events, news and sports, and therefore linear TV will continue to exist. Recorded TV is likely to remain a part of linear TV, though appoint-

ment viewing will be focused on true fans.

Stern: Right. Linear TV will continue to play an important role in our lives for a very long time, as a convenient form of immersive and timely entertainment, as a means for discovering new shows, and as a branded gateway to related time-shifted programming.

Davatzes: People watch and interact emotionally with programs. The delivery system is whatever is at their disposal. Therefore watching each program is a linear experience, independent of the delivery system. I don't believe anyone can accurately predict what TV will look like in the ten-year horizon. What I know is that people will watch programs in a linear fashion.

Carlsen: Beats me! I agree that linear television is not going away, no more than radio went away. It's just that devices will get smarter to accommodate the highest-level and most-engaged users. Certainly, what we now know is TV will be completely different in the future, but I've learned not to bet on media death pools.

CableFAX: What's the main value of having a Cable Hall of Fame and what can the cable industry do to increase public awareness of it, if that's the goal?

AC: Cable has always been so focused on the future, we don't take enough time to look back and thank the visionaries who built a powerful industry, virtually out of tin cans and baling wire. The Cable Hall of Fame is our chance once a year to pay tribute to where we've been and recognize that it shapes where we're headed. I also find it to be one of the most rare and unique networking opportunities of the year because of the representation of cable's history and future all in one room.

Davatzes: Agreed. The cable industry helped change the world of communications domestically and internationally. The Cable Hall of Fame gives us the opportunity to recognize those individuals who helped enable the change. The industry could help increase public awareness of The Cable Center through a series of PSAs focused on the Hall, its Cable Mavericks program, Customer Care Central initiatives and its archival projects.

Stern: As an industry, we have a remarkable history and, yes, we continue to change the world. The Cable Hall of Fame preserves and celebrates our enduring contributions to society. In addition to attending the dinner, I encourage people to visit the Hall of Fame when they're in Denver and the Website to learn about past inductees.

CableFAX: What are some of the qualities that make a great cable executive in 2011? How are they different from 20 years ago?

Sapan: A cable executive needs to manage more variables today than there were 20 years ago. Two decades ago, the cable industry offered a simple proposition: television programming through the cable. Now, voice, Internet, wireless, VOD, and developments like the tablet have made the business more complex. Additionally, there's increased competition on all fronts. Perhaps most important is the dramatic increase in competition cable executives have to manage.

Carlsen: Great cable executives today are smart team-builders who understand that people are truly their most critical resource. They know their organizational needs and have a disciplined and well-defined interviewing process that enables them to expertly hire to achieve their goals and objectives. Compared to the executive of 20 years ago, who was driven by stock price, the smart leaders of today and tomorrow focus primarily on customer and employee satisfaction tied to clear, measurable goals.

Davatzes: The qualities for a great executive yesterday and today are the same. One must have a strategic perspective, excellent people skills, an ethical frame of reference, a commitment to achieving goals and a focus on customer service. I also believe it's critical that the executive have an understanding of current and potential technology and its implications for the industry and the nation.

Stern: I haven't been in cable for 20 years, but the greats from that era whom I've met are truly passionate about and committed to our business. I'm also impressed with their ability to understand our challenges from multiple perspectives, since so many of them have worked in more than one capacity as operators, programmers and technology suppliers. I think those qualities and experiences are needed by cable executives just as much today.

An elephant is shown from the chest up, holding a soccer ball with its trunk. The background is a clear blue sky.

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CableFAX Week in Review

Company	Ticker	5/13 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	49.73	2.39%	49.12%
DISH:	DISH	28.81	(1.37%)	38.71%
DISNEY:	DIS	41.52	(3.58%)	28.74%
GE:	GE	19.89	(0.6%)	31.46%
NEWS CORP:	NWS	18.10	(4.23%)	13.69%
MSOS				
CABLEVISION:	CVC	34.90	1.51%	35.17%
CHARTER:	CHTR	57.86	(0.24%)	0.00%
COMCAST:	CMCSA	25.13	(1.22%)	49.05%
COMCAST SPCL:	CMCSK	23.66	(1.21%)	47.78%
GCI:	GNCMA	11.61	4.97%	81.97%
KNOLOGY:	KNOL	15.11	1.04%	38.32%
LIBERTY CAPITAL:	LCAPA	85.73	(1.41%)	259.00%
LIBERTY GLOBAL:	LBTYA	45.52	(0.83%)	107.95%
LIBERTY INT:	LINTA	17.93	(2.24%)	65.41%
SHAW COMM:	SJR	20.65	(2.41%)	0.39%
TIME WARNER CABLE:	TWC	77.26	0.72%	86.66%
VIRGIN MEDIA:	VMED	31.81	(0.66%)	89.01%
WASH POST:	WPO	416.52	1.04%	(5.25%)

Company	Ticker	5/13 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	25.94	(2.37%)	84.63%
CROWN:	CRWN	2.16	0.00%	48.97%
DISCOVERY:	DISCA	44.27	(0.87%)	44.34%
GRUPO TELEVISIA:	TV	22.91	(3.41%)	10.36%
HSN:	HSNI	33.08	(1.96%)	63.84%
INTERACTIVE CORP:	IACI	34.62	(2.31%)	69.04%
LIBERTY:	L	41.65	(0.17%)	14.58%
LIBERTY STARZ:	LSTZA	76.25	(1.6%)	65.22%
LIONSGATE:	LGF	6.13	(3.31%)	5.51%
LODGENET:	LNET	3.39	(4.24%)	(38.7%)
NEW FRONTIER:	NOOF	1.67	(1.18%)	(11.64%)
OUTDOOR:	OUTD	6.67	0.45%	15.00%
SCRIPPS INT:	SNI	50.77	0.18%	22.34%
TIME WARNER:	TWX	35.99	(0.72%)	23.51%
VALUEVISION:	VVTV	6.45	3.70%	34.38%
VIACOM:	VIA	58.51	0.27%	85.75%
WWE:	WWE	10.30	(3.92%)	(32.81%)

Company	Ticker	5/13 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADVANTAGE:	AEY	2.64	(12.58%)	34.01%
ALCATEL LUCENT:	ALU	6.10	0.49%	83.73%
AMDOCS:	DOX	29.70	(0.07%)	4.10%
AMPHENOL:	APH	55.04	(1.08%)	19.19%
AOL:	AOL	19.21	(1.89%)	(17.48%)
APPLE:	AAPL	340.50	(1.78%)	61.58%
ARRIS GROUP:	ARRS	10.96	(2.49%)	(4.11%)
AVID TECH:	AVID	17.31	(6.84%)	35.66%
BIGBAND:	BBND	2.31	(2.73%)	(32.7%)
BLNDER TONGUE:	BDR	1.91	(9.91%)	67.54%
BROADCOM:	BRCM	34.45	0.91%	9.47%
CISCO:	CSCO	16.88	(3.87%)	(29.49%)
CLEARWIRE:	CLWR	4.00	(17.7%)	(40.83%)
CONCURRENT:	CCUR	6.04	(1.47%)	52.53%
CONVERGYS:	CVG	13.52	(0.66%)	25.77%
CSG SYSTEMS:	CSGS	19.58	(7.77%)	2.57%

Company	Ticker	5/13 Close	1-Week % Chg	YTD %Chg
ECHOSTAR:	SATS	33.40	(0.24%)	65.84%
GOOGLE:	GOOG	529.55	(1.07%)	(14.59%)
HARMONIC:	HLIT	7.69	(1.28%)	21.68%
INTEL:	INTC	23.41	0.69%	14.75%
JDSU:	JDSU	21.16	(1.81%)	156.48%
LEVEL 3:	LVL3	1.89	14.55%	23.53%
MICROSOFT:	MSFT	25.03	(3.25%)	(17.88%)
RENTRAK:	RENT	21.26	(3.28%)	20.32%
SEACHANGE:	SEAC	10.28	0.29%	56.71%
SONY:	SNE	27.58	(1.71%)	(4.9%)
SPRINT NEXTEL:	S	5.10	(1.92%)	39.34%
THOMAS & BETTS:	TNB	57.31	1.31%	60.13%
TIVO:	TIVO	9.41	(1.67%)	(7.56%)
UNIVERSAL ELEC:	UEIC	26.32	1.23%	13.35%
VONAGE:	VG	4.66	(2.51%)	232.86%
YAHOO:	YHOO	16.55	(11.26%)	(1.37%)

Company	Ticker	5/13 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	31.41	0.48%	12.06%
VERIZON:	VZ	37.26	(0.05%)	12.47%

Company	Ticker	5/13 Close	1-Week % Chg	YTD %Chg
MARKET INDICES				
DOW:	DJI	12595.75	(0.34%)	20.79%
NASDAQ:	IXIC	2828.47	0.03%	24.65%
S&P 500:	GSPC	1337.77	(0.18%)	16.86%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	1.89	14.55%
2. GCI:	11.61	4.97%
3. VALUEVISION:	6.45	3.70%
4. DIRECTV:	49.73	2.39%
5. CABLEVISION:	34.90	1.51%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CLEARWIRE:	4.00	(17.7%)
2. ADVANTAGE:	2.64	(12.58%)
3. YAHOO:	16.55	(11.26%)
4. BLNDER TONGUE:	1.91	(9.91%)
5. CSG SYSTEMS:	19.58	(7.77%)

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