

CableFAX Daily™

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What the Industry Reads First

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Broadband Beat: Reclassification, United Forces and Culberson for the Block

It seems like it's all broadband, all the time inside the Beltway these days, and a **House Appropriations** subcommittee hearing Wed morning was no exception. Many of the questions directed to **FCC** chmn *Julius Genachowski* during the committee's review of the FCC's FY2011 budget focused on his plans to classify broadband under a scaled back Title II. Rep *John Culberson* (R-TX) said he planned to introduce an amendment to the appropriations bill that would block Genachowski's so-called "Third Way" approach and several Republicans questioned the FCC's authority. Some Dems and the chmn defended the plan, with Genachowski characterizing it as "light touch" regulation and a way to maintain the status quo. Other big broadband news was the formation of a voluntary **Broadband Internet Technical Advisory Group** to develop a consensus on network mgmt practices and related technical issues. It's made up of broadband and tech companies, including **Comcast, AT&T, Google, DISH** and **Time Warner Cable**, and is chaired by Univ of Co adjunct prof *Dale Hatfield*. There has been talk of such an industry effort for some time, but nothing ever developed before now. TAG's mission can also include attempting to address specific technical matters in an effort to minimize related policy disputes—an important aspect given the net neutrality push. Net neutrality backers were willing to welcome the group Wed, but stressed that it is not a substitute for govt rules. "There must be a separate FCC rulemaking process, which can take the recommendations of this or any other voluntary advisory group into account, but rubber-stamping those recommendations would ignore the agency's mandate to create public policy in the public interest," said **Free Press** counsel *M. Chris Riley*. **Public Knowledge's** *Gigi Sohn* said she's cautiously optimistic the group may do some good but similarly stressed that it's not a substitute for FCC rules and enforcement procedures. **NCTA** was congratulatory, saying the group creates the foundation for an inter-industry forum to allow technical and engineering experts to discuss technical issues and best practices.

Merger Mania: **NBC** affiliates told the **FCC** this week that they're "likely" to support the **Comcast-NBCU** transaction as long as the FCC imposes a few conditions, including preventing the bypass of local affils via a direct feed from the network to Comcast systems. They also want assurance that retrans consent and affiliation agreement negotiations will remain separate, and that highly valued sporting events remain available on broadcast by preventing their migration to Com-



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cast cable channels. Recall that NBC's affiliated stations have expressed concerns over the deal, with testimony at a Hill hearing in Feb that the group was "cautiously optimistic" that something could be worked out, but that its discussions with Comcast had just begun. Its letter to the FCC this week sounded more upbeat. The affil group said it was "optimistic" about Comcast's intentions with respect to over-the-air broadcasting and network-affiliate relations after talks with the company.

Bresnan Bidding: It sounds like 6-10 bidders may make it through to the 2nd round in the **Bresnan** bidding process, with the field split between cable ops and private equity. Some well-known cable vets are said to be in the mix. A **Miller Tabak** report that focused on **Cablevision** being in the running got a lot of attention Wed. The firm said the MSO was oversold on market chatter that it could be a final bidder, with shares closing down 5.6% Wed. CVC said it has a longstanding policy not to comment on rumors in the media. Tabak said there would be some positives if such a deal came to fruition, such as no **FiOS** or **U-Verse** competition and lower rates for programming since Comcast owns a 30% chunk of Bresnan.

Inside the Beltway: Remember the **FCC's** request last week for 10K volunteers for its home broadband study (**Cfax**, 6/2)? Well, 20K have already signed up. But the FCC wants more who represent "a wide swath of ISPs, access technologies, service plans and regions of the country," according to an FCC blog post. Sign up is at www.testmysip.com. -- **Sen Commerce** Wed favorably reported out the CALM Act, which would limit the volume of TV commercials.

Competition: **DirectTV's World Cup** offerings include the delivery of all 64 matches in HD across the US and Latin America, plus the US availability of matches in 7 different languages through **ESPN**.

In the States: **Charter** is using **Motorola** SDV equipment and services to expand its HD offerings. The MSO plans to have 60% of its footprint covered by SDV by Dec. -- Organizers of **Digital Capital Week**, a 10 day festival in D.C. focused on tech and innovation, are praising **Clear** as an event saver. Seems the \$30K tab to power Internet connections at event venues was prohibitive—until Clear stepped in to provide the services gratis. The mobile broadband provider launched services in the area Jun 1, and is offering promos featuring plans starting at \$15/month and \$50 service credits for the 1st 2 months.

Carriage: **U-verse TV** became the 3rd op to strike a distribution deal for **ESPN 3D**, joining **Comcast** and **DirectTV** and pushing the net's HH count to more than 40mln. The service added the net to its \$10/month 3D Tech Package, and is also joining with **ESPN** to offer a World Cup app that includes the ability to watch up to 4 **ESPN** channels simultaneously.

Ratings: The 3rd-season premiere of **ABC Family's** "The Secret Life of the American Teenager" became cable's top original series return/premiere in viewership this summer among women 18-49 (1.3mln), women 18-34 (949K), 12-34s (2.3mln), females 12-34 (1.8mln) and teens (1mln). -- Preliminary overnights show that **Stephen Strasburg's** MLB debut with the Nationals set a new record high for **MASN** Tues, with a 7.1 HH rating and more than 165K HHs in the region tuning in. **MLB Net** said the game was its highest rated since becoming Nielsen rated, with an average .84 HH rating.

Advertising: The **Natl Advertising Div** of the **Council of Better Business Bureaus** sided with **Verizon** in an ad dispute with **Time Warner Cable**, which claimed a **FiOS TV** campaign falsely implied that the telco runs fiber optics all the way to a sub's TV or computer and offered something new called "fiber optic" TV, picture and sound. In its decision, NAD noted that VZ advanced a meaningful innovation by extending fiber optics to consumers' homes. "...this ruling is great news for current and future consumers who stand to be misled by Time Warner's false and willfully misleading claims, and their attempt to block Verizon from honestly differentiating our product," said VZ in a statement. TWC failed to provide com-

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BUSINESS & FINANCE

ment by deadline. -- **MagnaGlobal** expects a 6.4% rise in worldwide TV advertising this year to \$150.7bln, and said TV ad rev should grow by a 5.4% avg each year through '15. The firm believes neither online video, Web-connected TV nor advanced ads will be major factors in TV advertising through the foreseeable future, and that advanced ads that are passive hold the most promise.

Online: As reports that **Hulu** will switch to a subscription model persist, data from an **Interpret** report suggests the site diversify content to include newer movies, sports programming and premium cable nets. It said Hulu's current reliance on TV eps—93% of its users watch TV shows, 60% movies—implies the model change could prove difficult as Hulu users are prone to visit net sites to view eps and may search for content elsewhere if forced to pay.

People: **Oxygen Media** upped *Jason Klarman* to pres after he delivered double-digit growth at Oxygen since taking over as gm in early '08.

Business/Finance: **Viacom's** board approved a regular quarterly cash dividend beginning with 15 cents per each Class A and B share (an approx 1.6% yield) payable Jul 1 to shareholders of record as of COB Jun 21. The board also agreed to resume the co's stock purchase program and upped the funds available to purchase Class B common stock to \$4bln. VIA shares gained 1.64% Wed.

CableFAX Daily Stockwatch

Company	06/09 Close	1-Day Ch	Company	06/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	37.70	0.09	ARRIS GROUP:	10.31	(0.02)
DISH:	20.20	0.23	AVID TECH:	12.41	0.06
DISNEY:	32.94	(0.21)	BIGBAND:	2.88	(0.06)
GE:	15.32	(0.16)	BLNDER TONGUE:	1.29	(0.01)
NEWS CORP:	14.82	0.13	BROADCOM:	32.06	(0.14)
MSOS					
CABLEVISION:	22.15	(1.32)	CISCO:	22.78	(0.17)
COMCAST:	17.41	(0.01)	CLEARWIRE:	7.52	(0.15)
COMCAST SPCL:	16.50	0.01	COMMSCOPE:	24.88	(0.09)
GCI:	5.98	(0.01)	CONCURRENT:	4.89	(0.12)
KNOLOGY:	10.62	(0.33)	CONVERGYS:	9.80	(0.14)
LIBERTY CAPITAL:	39.56	0.20	CSG SYSTEMS:	18.87	0.07
LIBERTY GLOBAL:	24.21	(0.17)	ECHOSTAR:	20.05	(0.45)
LIBERTY INT:	12.25	(0.01)	GOOGLE:	474.02	(10.76)
MEDIACOM:	6.43	0.19	HARMONIC:	5.37	(0.08)
RCN:	14.67	0.08	INTEL:	19.93	(0.25)
SHAW COMM:	18.99	0.25	JDSU:	10.29	0.06
TIME WARNER CABLE:	51.60	(0.59)	LEVEL 3:	1.13	(0.03)
VIRGIN MEDIA:	16.03	0.34	MICROSOFT:	24.79	(0.32)
WASH POST:	439.46	0.92	MOTOROLA:	6.68	0.02
PROGRAMMING					
CBS:	13.65	0.34	PHILIPS:	28.73	0.23
CROWN:	1.77	(0.01)	RENTRAK:	21.27	0.19
DISCOVERY:	35.84	(0.03)	SEACHANGE:	7.52	0.00
GRUPO TELEVISIA:	17.89	0.31	SONY:	28.20	(0.42)
HSN:	23.59	0.01	SPRINT NEXTEL:	4.61	0.02
INTERACTIVE CORP:	22.26	(0.21)	THOMAS & BETTS:	36.77	(0.17)
LIBERTY:	31.12	(0.18)	TIVO:	7.22	(0.48)
LIBERTY STARZ:	50.50	(0.19)	TOLLGRADE:	6.50	0.00
LIONSGATE:	7.05	0.05	UNIVERSAL ELEC:	17.90	(0.18)
LODGENET:	4.13	(0.12)	VONAGE:	1.90	0.00
NEW FRONTIER:	1.77	(0.01)	YAHOO:	14.69	(0.1)
OUTDOOR:	5.15	0.01	TELCOS		
PLAYBOY:	3.57	0.41	AT&T:	24.90	(0.07)
SCRIPPS INT:	43.63	0.79	QWEST:	5.24	(0.01)
TIME WARNER:	30.25	0.05	VERIZON:	27.78	0.10
VALUEVISION:	1.63	(0.07)	MARKET INDICES		
VIACOM:	36.52	0.59	DOW:	9899.25	(40.73)
WWE:	16.19	0.15	NASDAQ:	2158.85	(11.72)
TECHNOLOGY					
ADC:	7.42	0.14			
ADDVANTAGE:	2.81	0.06			
ALCATEL LUCENT:	2.44	(0.01)			
AMDOCS:	26.84	0.03			
AMPHENOL:	39.39	0.23			
AOL:	20.21	(0.13)			
APPLE:	243.20	(6.13)			

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Form Factor

I bought an iPad. I'm hooked. I didn't expect it to be this way. I thought the principal thing I was going to use it for was as an "eReader," to buy and read books and maybe a couple of magazines and newspapers without having to go to the bookstore, or have all that paper around to recycle.

Well, now that I have it, I have yet to read a book on it, but I use it all the time despite the fact that there is a laptop computer sitting in the next room. I'm finding that the lessons learned from using this thing are directly applicable to what we are trying to do in the cable business, and that I suspect the iPad, and the new iPhone 4, which was introduced this week, are very strong indicators of where we are going in the broadband business.



Steve Effros

We had better take heed.

Even though I've had an iPhone for a while now (and I'm not just hawking Apple products, here; I understand the new "Droid Incredible" is just that as well), I've been somewhat of a doubter about "mobile computing."

I use my iPhone for keeping up to the minute with email, and the headlines, but it's not the best for long bouts of reading. Well, that problem just disappeared with the iPad form factor. The user interface is totally intuitive, the screen resolution is excellent, and the size is perfect for just sitting down, anywhere, any time and essentially doing everything, with the exception of typing long pieces, that I normally do at my computer sitting at a desk.

Why mention all this?

Because it teaches several lessons that we'd better learn quickly. I think that the developmental pace is moving at a speed we need to be able to react to.

As Apple has now proved more than once, elegance in design has tremendous value, and both design and user ease can make all the difference in the world.

The iPad is not the first "tablet" computer. It's just the first one I'm aware of that does so much, so effortlessly, and so well. I have been harping on this notion for years with regard to user interfaces for cable. We call it "navigation" and "remote controls" but the idea is the same. We have to make them better, smarter and easier for the consumer to use.

None of this, of course, is easy. Had it been, we would've done it years ago.

The demonstration by Brian Roberts at the Cable Show of the iPad being used as a very cool remote control was really neat, but let's face it; while the iPad may be great, it isn't cheap!

We're not about to be able to put \$300 to \$700 devices in consumers' homes. But that's not an answer.

Try the iPad. Find out that you get addicted as soon as you learn that you have a WiFi connection to the web that turns on instantly. I didn't know the "boot up" delay of a computer was getting in my way until I had something that didn't have one!

The same is going to be true of "watching television" as soon as someone designs "...a better mouse trap." And make no mistake, one way or another, it's coming.

The notion of "convergence" is finally coming true. The distinction between a television and a computer screen is going away, and the form factor is going to decide whose business flourishes.

Steve

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