

CableFAX Daily™

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What the Industry Reads First

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Future of Media: FCC Report SPANs Leased Access, PEGs, Retrans

While much attention in the FCC's media landscape report went to print journalism, the impact of online media and broadcast TV/cable wasn't ignored. The report, released Thurs, concludes that leased access, which requires cable ops to set aside up to 15% of their capacity for indie content, has not worked as Congress intended because few have chosen to lease time. On average, cable systems carry less than 1% of capacity (0.7 leased access channels). Cable has routinely complained that most leased access programming consists of infomercials and religious programs. The report said the FCC has limited info about leased access content or how unused capacity is being used. A major obstacle, the report said, is that prospective programmers seeking a national audience must reach agreements with thousands of separate cable ops. It cited a programmer as estimating that he would have to pay \$1bn a year to reach 50mln customers. Because a cable operator can use the channels for whatever they wish if no one has successfully applied for leased access, the report suggests that cable ops may have a disincentive to make the leased access system work well. The report's working group suggested that the FCC may want to streamline its access rules for programmers and revise the structure to make leasing more affordable (the Commission has leased access rules under review in a pending proceeding). While a lot of ink was devoted to this 478-page report, it's worth noting it's just a report and makes no formal proposals for rules. It's up to the FCC what happens next. Another observation in the working group's paper is that state public affairs networks (**C-SPANs** on state levels) get insufficient help. In 23 states, cable ops provide carriage for SPANs but provide financial support in only 4. Satellite providers offer state SPAN in only 1 state, AK. The report deemed these nets especially helpful given the cutback of statehouse reporters. The paper suggested that SPANs might qualify as PEG channels. "If SPANs qualified as legitimate forms of PEG programming, they might also then be eligible for fees from local franchising authorities," the working group concluded. Retrans and must-carry were tackled in the report, but only to spell out broadcasters and cable operators well-known positions. **The American TV Alliance**, made up mainly of MVPDs seeking retrans reform, jumped on the report's conclusion that local broadcasters "do little or no local programming," saying it blows holes in broadcasters' argument that more retrans money supports local programming. However, the report also noted that most cable ops don't carry or finance local cable news operations. While it praised **Time Warner Cable** and

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the glee project
Six New Competition Series

the world according to paris
xo xo

HAIRBATTLE SPECTACULAR

tori & dean
WITH HOLLYWOOD

oxygen Live Out Loud

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*Source: The Nielsen Company, 2011YTD (12/27/10-5/29/11), MC, COV AAX, Time Period, M-Su 8p-11p, W18-34, vs. All Ad-supported entertainment networks.

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- > **First Cable Network to Win a Primetime Emmy®** in the Outstanding Reality-Competition Category for *Top Chef*
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BREAKTHROUGH YEAR

- > **5th Consecutive Year of Growth**
- > **#11 Cable Entertainment Network** Among Adults 18-49



Engaged - Nielsen IAG, 2010, P18-49. Includes measured networks. Primetime only. Non-Sports. Affluent - The Nielsen Company, 12/28/09-12/26/10, L7, VPVH, A18-49, HHI \$125K+, M-Su 8p-11p vs. ALL ad supported cable networks in 50 million+ homes. Subject to qualifications upon request. #1 Food Show - The Nielsen Company, Top Chef (12/1/10-3/30/11) vs. Next Food Network Star (6/6/10-8/15/10), L7, A18-49, M-Su 8pm-11pm, premiere telecast trackage averages. Subject to qualifications upon request. #1 Real Estate Show - The Nielsen Company, 12/28/09-11/28/10, L7, A18-49, premiere telecast trackage averages. Subject to qualifications upon request. #1 Dating Show - The Nielsen Company, 12/28/09-1/11/11, L7, A18-49, M-Su 6a-6a, vs. most recent season premiere trackage average, vs. dating programs on GSN, Vh1, MTV, Oxygen. Subject to qualifications available upon request. 5th consecutive year of growth Source: The Nielsen Company 12/28/09-12/26/10 vs. prior four years, L7, A18-49, M-Su 8p-11p. Subject to qualifications upon request. 3rd Fastest Growing Network Rank Source: The Nielsen Company 12/28/09-5/16/10 vs. 12/27/10-5/15/11, L7 through 5/1/11 blended with LS through 5/15/11, P2+ YOY Growth vs. Top 20 Networks 12/27/10-5/15/11, M-Su 8p-11p. Including only cable entertainment networks airing in more than 50% of the daypart. Subject to qualifications upon request. #11 rank Source: The Nielsen Company 12/28/09-5/16/10 vs. 12/27/10-5/15/11, L7 through 5/1/11 blended with LS through 5/15/11, A18-49, M-Su 8p-11p. Subject to qualifications upon request.

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Cablevision's all-news local channels, it estimated that only about 25-30% of the population can watch a local or regional cable news show. Broadcasters' argument that local news would die without retrans might weaken if cable became more aggressive in local news, the report said. For its part, **NCTA** said it would review the report and explore the issues with the FCC and interested stakeholders. "The cable industry has a long and proud history of providing the American people with a vast array of local, regional and national news and information—including the founding of C-SPAN," said NCTA's *Michael Powell*. "Local cable news channels can be found in communities such as New England, NY, FL, OH and cable provides support and distribution for channels that provide extensive coverage of state and local government affairs in MI, PA, CA and elsewhere. Our industry's leadership role in deploying high-speed broadband services and on-demand programming also reflect cable's continuing commitment to expanding sources of news and information for consumers."

Deals: Midcontinent Comm agreed to acquire **US Cable's** MN and WI cable systems that together serve approx 33K subs and pass approx 86K homes. 90% of the involved customers are served by a fiber network fed from a single head-end. "The US Cable fiber network is within 100 miles of our fiber network and we plan to connect the two networks, thereby expanding our reach eastward and getting us into the main network operator interconnect location in Minneapolis," said Midcontinent pres/CEO *Pat McAdaragh*. The deal, terms of which weren't disclosed, is expected to close in late Sept. **Waller Capital** acted as the exclusive financial advisor to US Cable, **RBC Daniels** to Midcontinent.

Fighting Chance: In response to a *WSJ* article alleging the **UFC** is negotiating with **Comcast** for majority ownership of **G4**, the net said a deal isn't in place but refused to comment further. Such a move would appear to make sense for Comcast, not only because new siblings G4 and **Spike** both target younger males (the latter is trying to engage older men, too) but also because the UFC may be able to increase G4's relevance and resonance given its proven popularity among the teeming testosterone set. After **DirectTV** dropped G4 in Nov and subsequently claimed it isn't missed, the net averaged 124K prime total viewers in 1Q and 114K (-34%) in May. On Tues, however, G4 used coverage of the **E3** gaming confab to post its highest-rated day ever among men 18-34 and men 18-49, plus its most-watched in history among the 2 demos in impressions. G4's currently featured in approx 60min homes. Comcast's **NBCU** is no stranger to combat content, with Spike having aired UFC's "The Ultimate Fighter" since '05 (the current contract ends in Dec) and **USA** continuing to enjoy a remarkably steady and healthy audience for **WWE** programming. As for WWE, the company kicked off a rebranding campaign in Apr and retains plans to launch its own cable net before the end of '12. But will UFC beat it to the punch and strike a blow in doing so? WWE said the channel's still in the planning stages, thus the company will have no exposure on the floor of next week's Cable Show. Shares of WWE set a new 52-week low Thurs before ending down 0.72%.

FL Cable Forum Notebook: The early days of TV Everywhere (TVE) are yielding important information, with much consumer frustration stemming from getting credentials, *Christen Harris*, senior dir digital video distribution, **Disney & ESPN**, said during a FL Cable Forum panel Thurs. ESPN's customer support team receives many calls from consumers wondering how to get credentials for TVE programming, she said. A related issue is that in many cases, subs must log in each time they move to a new site, **Cox's** product mgmt dir *Mark Gathen* said. A future improvement would allow subs to move between sites with a single sign-in. Similarly Cox is testing traveling bookmarks, allowing subs to begin a TVE movie on one platform, pause, and continue it on another platform. A more fundamental issue is the name. "It's definitely not TV everywhere... it's only where it's available," Gathen said. Accordingly, **CTAM's** Advanced Cable Solutions Consortium Multi-Platform Committee hopes to have agreed on a name for the product by year's end, said Gathen, a co-chair of the group. **A&E Networks** distribution manager *Elizabeth Braiman* noted rights challenges remain. "Much of our content is cleared (for TVE), much of it isn't," she said, adding there are issues for rights to commercials and music in ads. Shown live during the panel, ESPN's authenticated product lacks commercials for those reasons, Harris said. The consensus of the panel was ubiquity for TVE will take quite a few years. -- **The Weather Channel** has crafted a deal with **Twitter** that will carve a space on weather.com for tweets, Weather's evp for distribution *Jennifer Dangar* said in a lunch session. The deal will give weather.com visitors a 2-way experience, she said. In beta testing, Weather is working on ways to delete foul language from tweets, she said. Echoing recent comments of a few MSO CEOs, she said cable's video model is approaching "being broken" and she sees a "major shift" in the next 5 years as cable operators will need to make tough choices on video. A major opportunity will be syncing multiple screens (linear, mobile, iPad, etc). "Advertisers will be willing to pay for that," she said. Dangar sounded a bit doubtful on 3D catching on as well as HD has, but she admitted Weather

BUSINESS & FINANCE

has discussed shooting tornados in 3D. "They're tough, because you have to get so close to the tornado," but she said Weather can show hurricanes in 3D, although it's not preparing for a 3D rollout.

CVC Moves: Cablevision evp Gregg Seibert has assumed the additional role of CFO following Michael Huseby's resignation as evp/CFO. Huseby will remain with the company through July 1. Over the past 2 years, Seibert, who will report to pres/CEO Jim Dolan, has overseen CVC's treasury, investor relations and business dev activities while driving overall corporate strategy.

Carriage: GSN HD is now available in 25mln homes, with launches planned in several new systems including Comcast Chicago and Philly, Time Warner Cable NE Ohio and New England and WOW! Cleveland and Columbus, OH.

People: WE appointed Stacy Kreisberg to the newly created position of svp, biz affairs. -- Discovery Channel elevated Amy Savitsky to vp, development.

Business/Finance: EchoStar completed its acquisition of Hughes, each share of which was remunerated with \$60.70 in cash and cancelled. -- Sprint reduced to below 50% its voting rights in Clearwire, ostensibly to reduce its risk exposure, but kept its ownership stake at 54%.

CableFAX Daily Stockwatch

Company	06/09 Close	1-Day Ch	Company	06/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
DIRECTV:	47.77	0.26	BLNDER TONGUE:	1.64	0.02
DISH:	28.94	0.24	BROADCOM:	33.92	0.02
DISNEY:	39.37	0.14	CISCO:	15.31	0.01
GE:	18.58	0.07	CLEARWIRE:	4.05	UNCH
NEWS CORP:	17.42	0.16	CONCURRENT:	5.59	(0.14)
MSOS					
CABLEVISION:	35.42	0.16	CONVERGYS:	12.51	0.06
CHARTER:	57.77	(0.17)	CSG SYSTEMS:	18.55	0.16
COMCAST:	24.31	0.19	ECHOSTAR:	32.69	0.36
COMCAST SPCL:	22.94	0.17	GOOGLE:	516.73	(2.44)
GCI:	11.24	(0.28)	HARMONIC:	6.91	(0.04)
KNOLGY:	14.13	(0.19)	INTEL:	21.76	(0.06)
LIBERTY CAPITAL:	83.94	0.87	JDSU:	17.35	(0.05)
LIBERTY GLOBAL:	42.99	(0.06)	LEVEL 3:	2.22	0.07
LIBERTY INT:	17.20	(0.1)	MICROSOFT:	23.96	0.02
SHAW COMM:	21.21	0.02	MOTOROLA MOBILITY:	23.36	(0.66)
TIME WARNER CABLE:	75.61	0.71	RENTRAK:	22.44	0.24
VIRGIN MEDIA:	32.03	0.29	SEACHANGE:	10.10	0.09
WASH POST:	424.72	4.42	SONY:	25.61	0.36
PROGRAMMING					
CBS:	26.71	0.32	SPRINT NEXTEL:	5.41	0.07
CROWN:	1.83	UNCH	THOMAS & BETTS:	50.34	(0.08)
DISCOVERY:	40.96	0.31	TIVO:	10.24	0.18
GRUPO TELEVISA:	22.75	0.25	UNIVERSAL ELEC:	24.95	0.07
HSN:	32.84	0.58	VONAGE:	4.39	0.11
INTERACTIVE CORP:	35.30	(0.32)	YAHOO:	15.22	0.12
LIBERTY:	41.17	0.35	TELCOs		
LIBERTY STARZ:	77.18	(0.45)	AT&T:	30.33	(0.01)
LIONSGATE:	6.36	0.23	VERIZON:	35.67	(0.23)
LODGENET:	3.32	0.08	MARKET INDICES		
NEW FRONTIER:	1.46	0.07	DOW:	12124.36	75.42
OUTDOOR:	5.99	0.06	NASDAQ:	2684.87	9.49
SCRIPPS INT:	46.45	0.74	S&P 500:	1289.00	9.44
TIME WARNER:	35.22	0.38			
VALUEVISION:	6.84	0.09			
VIACOM:	57.45	0.87			
WWE:	9.63	(0.07)			
TECHNOLOGY					
ADVANTAGE:	2.50	UNCH			
ALCATEL LUCENT:	5.36	0.10			
AMDOCS:	28.99	(0.24)			
AMPHENOL:	51.37	0.42			
AOL:	19.41	0.17			
APPLE:	331.49	(0.75)			
ARRIS GROUP:	10.64	UNCH			
AVID TECH:	16.73	0.19			
BIGBAND:	2.09	0.02			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Long, High or Winning Jumps?

Comcast certainly isn't sitting on its hands after taking control of **NBCU**, and this week proved it's willing to swing for the fences as well as hit for average. As programming synergies are increasingly being exploited across the company's expanded net stable including **NBC**, be it through content or talent, Comcast has invited criticism with its hefty purchase of the US rights for the '14-'20 **Olympics** and stoked speculation that it may welcome the **UFC** as majority owner of **G4**. The latter maneuver would be borderline genius because, let's be honest, G4 really has nowhere to go but up and the **UFC** brand smacks the net's target audience square in the kisser. And, like **GE** was shrewd to maintain a stake in **NBCU**, Comcast appears ready to keep part of **G4**... Why not lick the icing and get some pieces of cake, too? The Olympics deal is far more difficult to parse. Sure, Comcast paid an obscene amount to the IOC and a great deal more than either **ESPN** or **Fox** was willing to pony up but, like Comcast execs said this week, a lot can and will happen over the next decade. Perhaps 90% of Americans and all sports fans will have smartphones by '16 and demand instant access to content—which will be heavily ad-supported, of course. Already, "the one-to-one or one-to-few model is good for sports fans," contends **NBC Sports Group** chmn *Mark Lazarus*. Perhaps the IOC ensures the '20 Games are staged in the Americas, making event scheduling easier for **NBC**. Perhaps *Steve Burke* will be successful in revitalizing the broadcast net, even to the point that advertisers believe it's "must-monetize TV." Perhaps **MMA** becomes an Olympic sport before '20 and majority **G4** owner **UFC** is bigger than both the **NFL** and overseas soccer. Perhaps **Madagascar** will rival the US in Olympic medal wins? OK, so that's nuts. Far more so than believing Comcast can turn a profit on the Games. *CH*

Highlights: "McEnroe/Borg: Fire & Ice," Sat, 10p, **HBO**. *McEnroe* was the big mouth, *Borg* the gentleman, right? Not at the start, per this excellently assembled piece of nostalgia from *Ross Greenburg*. Teenaged *Borg* was bounced from his local tennis club for bad behavior, and immediately vowed never to utter another word on court. Rarely taciturn, *McEnroe* was "a son of anarchy," journalist *Mike Lupica* says, who was so shy with the press as an 18-year-old whiz "he couldn't look you in the eye," *Bud Collins* says. There's so much here, rather hair. *McEnroe* envied *Borg's* locks and looks. In the end the pair, who arguably staged the classic *Wimbeldon* final ('80), are long-time friends. *SA*

Worth a Look: "Love Handles," Tues, 10p, **Lifetime**. This docu-series ostensibly is about couples trying to shed pounds. It's much more, though. "Handles" dares to examine the complexity of obese people, in the gym and therapist's office. -- "The Glee Project," premiere, Sun, 9p, **Oxygen**. A terrific idea—a dozen college-age performers compete for a 7-ep arc on "Glee." The series shines when it shows how demanding and sometimes arbitrary show biz can be. *SA*

Notable: **TLC** returns kiddie beauty pageant doc series "Toddlers & Tiaras" (Wed, 10p) for season IV; season III averaged 1.4mln P2+. *SA*

Basic Cable Rankings (5/30/11-6/05/11) Mon-Sun Prime			
1	USA	2.3	2296
2	DSNY	1.8	1763
3	HIST	1.7	1648
4	TNT	1.4	1416
5	FOXN	1.3	1267
6	FX	1.2	1146
7	AMC	1.1	1057
8	A&E	1	1012
8	DISC	1	999
8	HGTV	1	984
8	NAN	1	960
8	ADSM	1	959
8	TLC	1	949
14	MTV	0.9	942
14	TBSC	0.9	898
14	NKJR	0.9	628
17	FOOD	0.8	843
17	FAM	0.8	823
17	LIFE	0.8	808
17	ESPN	0.8	806
17	SYFY	0.8	798
17	BRAV	0.8	770
17	TRU	0.8	750
24	SPK	0.7	745
24	HLN	0.7	742
24	TVLD	0.7	723
24	CMDY	0.7	722
28	BET	0.6	583
28	MSNB	0.6	539
28	LMN	0.6	467
28	ID	0.6	426
32	APL	0.5	530
32	EN	0.5	506
32	VH1	0.5	473
32	HALL	0.5	462
32	NGC	0.5	330
37	CNN	0.4	437
37	ESP2	0.4	416
37	NKTN	0.4	236
40	TRAV	0.3	335
40	CMT	0.3	284
40	DXD	0.3	265
40	OXYG	0.3	259
40	SOAP	0.3	231
40	OWN	0.3	220
40	WE	0.3	215

*Nielsen data supplied by ABC/Disney

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