

# CableFAX Daily™

Monday — June 13, 2011

What the Industry Reads First

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## Talking Terrestrially: Cablevision Loses Appeal of FCC Rules, But Wins One Point

Cablevision's challenge of an FCC ruling that closes the so-called terrestrial "loophole" wasn't a total loss. As expected, a 3-judge panel of the DC Appeals Court unanimously ruled that the FCC was within its rights in Jan '10 when it ordered that cable's competitors can file complaints at the Commission when they are denied terrestrially delivered sports programming. But Cablevision is pleased with a 2nd part of the ruling that vacates a portion of the order that declares exclusive terrestrial programming contracts as categorically unfair and remands it to the FCC for further proceedings. The FCC "failed to justify its assumption that just because Congress treated certain acts involving satellite programming as unfair, the same acts are necessarily unfair in the context of terrestrial programming," the court said. In other words, instead of assuming the act of withholding programming is unfair, the FCC will have to show case-by-case that the denial of programming is unfair. **Stifel Nicolaus** doesn't believe it will be a "high bar for the agency to clear" but added that it does give cable another point to argue in such complaints. Cablevision's take is that the Court reinforced that such terrestrial programming exclusives, given the local and regional nature, "can be highly pro-competitive, particularly in markets like NY with as many as 5 video providers" ... "**Verizon** and **AT&T**, the nation's two largest phone companies, should be required to compete based on the quality of their products and not by manipulating federal law," Cablevision said in a statement after Fri's opinion was released. The telcos, who have FCC complaints pending against Cablevision over access to **MSG HD**, were thrilled with the ruling. "Today's decision clears the way for the FCC to promptly resolve pending program-access disputes and to ensure that the programming that is important to sports fans is available to them," said Verizon svp, deputy gen counsel *Michael Glover*. An FCC spokesperson said the Commission is pleased its action has been affirmed. "By closing a loophole in the cable television program access rules, consumers retain choice in their video service providers without giving up the ability to watch their favorite sports team on regional sports networks," the spokesperson said. Cablevision could opt to appeal to the full DC Circuit or US Supreme Court. The bigger question now seems to be whether the decision will result in FCC action on AT&T and Verizon's rather old complaints against Cablevision.

**Advertising:** Led by resurgences in the financial services and automotive categories, TV ad expenditures exceeded \$18bln in 1Q, according to **Nielsen**, marking nearly 9% YOY growth. Regarding audience engagement, broadcast shows

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Source: Nielsen Company using StarTrak; Jan - May 2011 vs. Same Period 2010; Time Period Live+SD CVG  
AA%; Mon-Sun 6a-6a, Prime: Mon-Sun 7p-12a; Program PGA Tour; Subject to Qualifications



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# USA NETWORK IS #1 (ONCE AGAIN)



## #1 FOR 5 CONSECUTIVE YEARS

- **USA is home to half of cable's top 10 scripted original series in all key demos.**
  - Royal Pains, Burn Notice, Covert Affairs, White Collar & Psych
- **USA outperforms the CW by double-digit margins across the board.**

characters welcome. 

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swept the “most engaging overall” and engagement among women categories, although TNT’s “Men of a Certain Age” and USA’s “Royal Pains” took the top 2 spots among men. -- Online ad spending in the US will jump 20.2% YOY in '11 to \$31.3bln and continue to climb to nearly \$50bln in '15, according to eMarketer, though the annual growth rate is expected to decrease every year from '12-'15. The key growth driver? Video ads. **[For more info go to Cablefaxdaily.com]**.

**Wireless:** Marking the first expansion news since Cox unveiled plans to rely solely on Sprint’s network to provide wireless services (Cfax, 5/25), the MSO will launch next week its “Unbelievably Fair” wireless ad campaign in Roanoke and Northern VA. Cox Wireless is in Hampton Roads, VA, and other markets including Omaha, Orange County, Cleveland and RI.

**At the Portals:** The FCC set Nov 9, 2pm EST for the 1st nationwide test of the Emergency Alert System. While EAS participants participate in monthly state tests and weekly local test, there has never been a nationwide test of the system.

**Inside the Beltway:** A rural MVPD group made up of ACA, OPASTCO, the Natl Telecom Coop Assoc and others is arguing that the US Copyright Office should maintain the status quo by retaining the compulsory license and not adopting some marketplace alternative. An NOI by the office contains proposed alternatives that represent possible major increases in costs and service disruption for smaller MVPDs, broadcasters and consumers, ACA vp, govt affairs Ross Lieberman testified Fri at a Copyright hearing on the subject.

**No Change Yet:** While evaluating strategic options and reportedly in talks to be acquired by Arris, SeaChange reported a 4.6% dip in F1Q rev to \$52.1mln and a net loss of \$400K, compared to net income of \$20.3mln a year ago. Perhaps because SeaChange upped its full-yr non-GAAP EPS guidance, the company’s shares gained 3.66% Fri to provide momentum heading into The Cable Show. SeaChange will intro in Chicago its Nitro multi-screen user interface software, which enables video ops to give subs a consistent look as they navigate and manage linear and VOD content across mobile, PC, tablet and TV screens. Nitro will launch through a major MSO later this year. -- Arris will display in Chicago its new C4 CMTS 24U CAM that doubles the previously offered upstream density, allowing cable ops to deploy faster service such as DOCSIS 3.0 channel bonding using less capex. The company will also spotlight other cable-related products including its whole home solution and 3-screen video delivery platform.

**Business/Finance:** Miller Tabak’s David Joyce reiterated his “buy” on Comcast shares while commenting on the company’s recent and potential financial maneuverings. Joyce said Comcast could score a nearly 10% ROIC from its recent Olympics rights deal. Assumptions include a 10% rise in NBC advertising for the Games, an incremental 5% increase in reverse comp to NBC and a 3% incremental increase at the relevant cable nets that could feature Olympics content.

**Oops:** In the June 10 issue, Viacom-owned Spike was incorrectly identified as a Comcast network.

Thanks to the Cable Television Industry

# C-SPAN2 MARKS 25 Years of the Senate on Television

A quarter century ago, the Senate opened its floor proceedings to ongoing live TV coverage for the first time, marking as well the first day of C-SPAN2. This continued the cable television industry’s commitment to public affairs TV, which began in March 1979 with the launch of C-SPAN.

On launch day, C-SPAN2 was available in 6.7 million homes. Today, C-SPAN2 can be seen in over 89 million households.

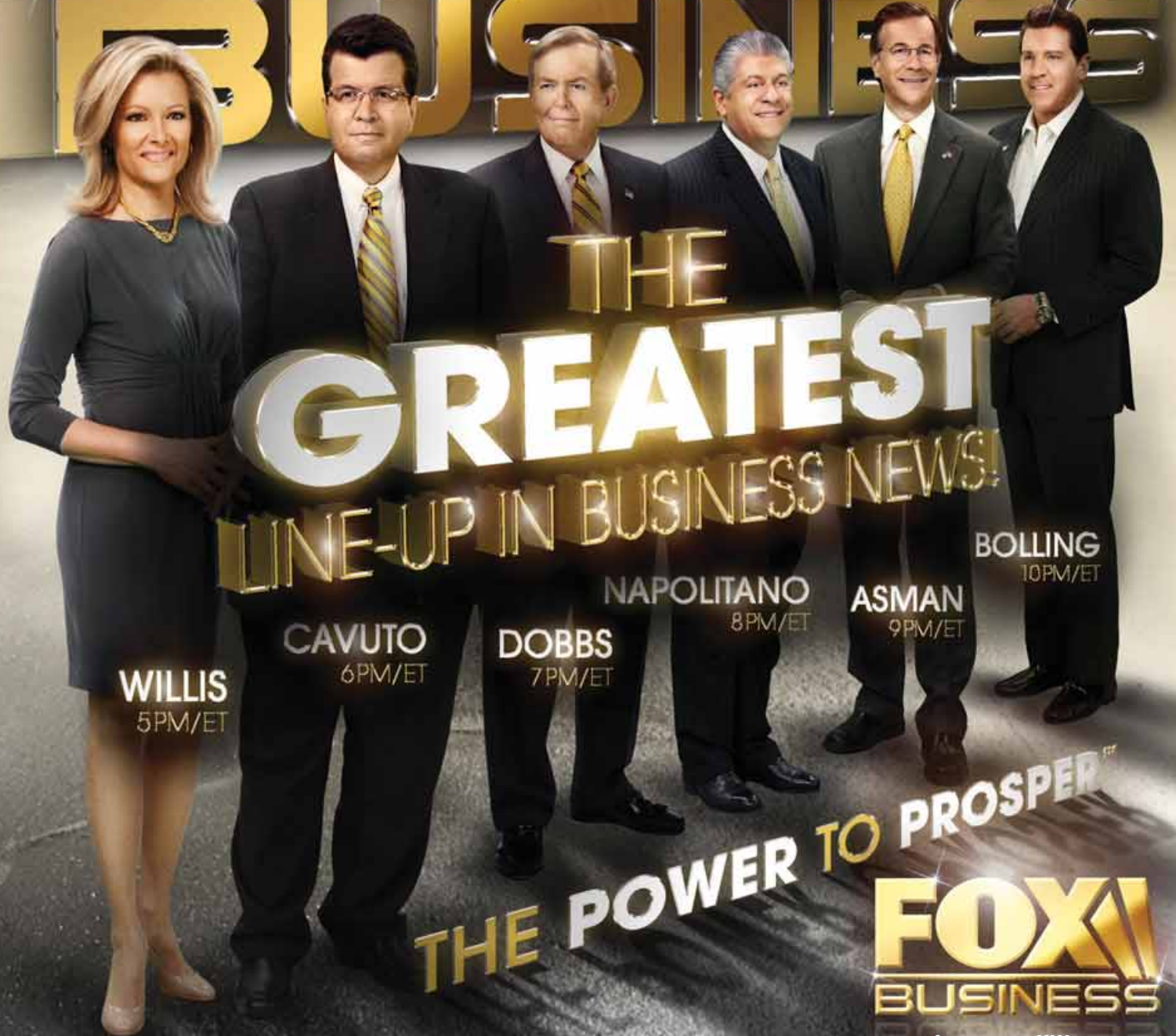
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### CableFAX Week in Review

Company	Ticker	6/10 Close	1-Week % Chg	YTD %Chg
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**BROADCASTERS/DBS/MMDS**

DIRECTV:	DTV	46.72	(4.5%)	40.09%
DISH:	DISH	28.05	(3.38%)	35.05%
DISNEY:	DIS	38.50	(2.23%)	19.38%
GE:	GE	18.32	(5.76%)	21.08%
NEWS CORP:	NWS	17.06	(4.16%)	7.16%

**MSOS**

CABLEVISION:	CVC	35.26	2.20%	36.56%
CHARTER:	CHTR	57.50	(0.48%)	0.00%
COMCAST:	CMCSA	23.89	(1.4%)	41.70%
COMCAST SPCL:	CMCSK	22.61	(1.01%)	41.22%
GCI:	GNCMA	11.20	(8.05%)	75.55%
KNOLGY:	KNOL	13.94	(9.83%)	27.66%
LIBERTY CAPITAL:	LCAPA	81.98	(7.39%)	243.30%
LIBERTY GLOBAL:	LBTYA	41.76	(5%)	90.77%
LIBERTY INT:	LINTA	16.87	(4.8%)	55.63%
SHAW COMM:	SJR	20.91	0.00%	1.65%
TIME WARNER CABLE:	TWC	73.81	(2.63%)	78.33%
VIRGIN MEDIA:	VMED	31.17	(3.11%)	85.20%
WASH POST:	WPO	416.14	0.30%	(5.34%)

**PROGRAMMING**

CBS:	CBS	26.20	(3.68%)	86.48%
CROWN:	CRWN	1.74	(13%)	20.00%
DISCOVERY:	DISCA	39.97	(4.74%)	30.32%
GRUPO TELEVISIA:	TV	22.25	(3.34%)	7.18%
HSN:	HSNI	31.93	(4.97%)	58.15%
INTERACTIVE CORP:	IACI	34.83	(3.62%)	70.07%
LIBERTY:	L	40.70	(1.48%)	11.97%
LIBERTY STARZ:	LSTZA	75.34	(6.92%)	63.25%
LIONSGATE:	LGF	6.31	4.99%	8.61%
LODGENET:	LNET	3.25	(7.14%)	(41.23%)
NEW FRONTIER:	NOOF	1.43	(8.33%)	(24.34%)
OUTDOOR:	OUTD	5.98	0.34%	3.10%
SCRIPPS INT:	SNI	45.98	(2.21%)	10.80%
TIME WARNER:	TWX	34.63	(1.54%)	18.84%
VALUEVISION:	VVTV	7.09	2.90%	47.71%
VIACOM:	VIA	56.32	(3.78%)	78.79%
WWE:	WWE	9.39	(7.58%)	(38.75%)

**TECHNOLOGY**

ADVANTAGE:	AEY	2.44	(0.41%)	23.86%
ALCATEL LUCENT:	ALU	5.22	(7.61%)	57.23%
AMDOCS:	DOX	28.93	(1.57%)	1.40%
AMPHENOL:	APH	51.36	(2.19%)	11.22%
AOL:	AOL	19.43	(7.21%)	(16.54%)
APPLE:	AAPL	325.90	(5.11%)	54.65%
ARRIS GROUP:	ARRS	10.49	(2.46%)	(8.18%)
AVID TECH:	AVID	16.50	(3%)	29.31%
BIGBAND:	BBND	2.06	2.03%	(40.09%)
BLINDER TONGUE:	BDR	1.65	(2.37%)	44.74%
BROADCOM:	BRCM	33.10	(9.36%)	5.18%
CISCO:	CSCO	15.12	(5.56%)	(36.84%)
CLEARWIRE:	CLWR	3.99	(1.24%)	(40.98%)
CONCURRENT:	CCUR	5.97	(0.33%)	50.76%
CONVERGYS:	CVG	12.53	(2.79%)	16.56%
CSG SYSTEMS:	CSGS	18.04	(3.5%)	(5.53%)

Company	Ticker	6/10 Close	1-Week % Chg	YTD %Chg
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ECHOSTAR:	SATS	32.27	(2.21%)	60.23%
GOOGLE:	GOOG	509.50	(2.6%)	(17.82%)
HARMONIC:	HLIT	6.71	(7.83%)	6.17%
INTEL:	INTC	21.38	(1.61%)	4.80%
JDSU:	JDSU	16.86	(9.06%)	104.36%
LEVEL 3:	LVLTL	2.20	(1.35%)	43.79%
MICROSOFT:	MSFT	23.70	(0.86%)	(22.23%)
MOTOROLA MOBILITY:	MMI	23.64	0.00%	0.00%
RENTRAK:	RENT	19.65	2.40%	11.21%
SEACHANGE:	SEAC	10.47	(0.38%)	59.60%
SONY:	SNE	25.01	(5.19%)	(13.76%)
SPRINT NEXTEL:	S	5.22	(7.94%)	42.62%
THOMAS & BETTS:	TNB	49.41	(4.54%)	38.06%
TIVO:	TIVO	10.15	(1.93%)	(0.29%)
UNIVERSAL ELEC:	UEIC	24.68	1.36%	6.29%
VONAGE:	VG	4.27	(11.04%)	205.00%
YAHOO:	YHOO	15.20	(3.06%)	(9.42%)

**TELCOS**

AT&T:	T	30.34	(3.04%)	8.24%
VERIZON:	VZ	35.19	(4.04%)	6.22%

**MARKET INDICES**

DOW:	DJI	11951.91	(1.64%)	14.61%
NASDAQ:	IXIC	2643.73	(3.26%)	16.51%
S&P 500:	GSPC	1270.98	(2.24%)	11.03%

### WINNERS & LOSERS

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. LIONSGATE:	6.31	4.99%
2. VALUEVISION:	7.09	2.90%
3. RENTRAK:	19.65	2.40%
4. CABLEVISION:	35.26	2.20%
5. BIGBAND:	2.06	2.03%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. CROWN:	1.74	(13%)
2. VONAGE:	4.27	(11.04%)
3. KNOLGY:	13.94	(9.83%)
4. BROADCOM:	33.10	(9.36%)
5. JDSU:	16.86	(9.06%)

## CableFAX THE MAGAZINE Most Influential Minorities in Cable 2011

Nomination Deadline: June 24, 2011 Enter at: [www.cablefax.com/diversity](http://www.cablefax.com/diversity)

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### Who are cable's most influential minority executives?

Help us decide by nominating the executives you think should be included in our annual list of the Most Influential Minorities in Cable.

We will rank the top 50 minorities, and run a list of the second 50, in the October issue of *CableFAX: The Magazine*.

*CableFAX: The Magazine* distribution includes: NAMIC/CableFAX Breakfast, Diversity Week.

Questions: Contact Mike Grebb at [mgrebb@accessintel.com](mailto:mgrebb@accessintel.com)

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