

# CableFAX Daily™

Tuesday — June 23, 2009

What the Industry Reads First

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## Retrans Roundup: Hearst-TWC on Deck

**Hearst Television's** retrans deal with the 2nd largest MSO in its 26-station footprint is nearing its expiration. During Hearst-Argyle's (now Hearst Television) 3Q call in Oct, pres/CEO *David Barrett* said the TWC/**Bright House** deal was set to expire June 30 and that the broadcaster would be "addressing that end of 1st quarter, 2nd quarter '09." Hearst declined comment Mon, while a TWC rep said the MSO is hopeful a deal will get done. Time Warner Cable routinely publishes notices to customers informing them of contracts with broadcasters and cable nets that are about to expire—most of which continue to be carried as talks proceed. The most recent listings include several Hearst stations, such as Cincinnati **NBC** affil **WLWT** and Kansas City **ABC** affil **KMBC**. During '08, Hearst-Argyle concluded retrans consent agreements with the majority of cable systems in its sub base, according to an **SEC** filing. Among those was an agreement with **Comcast**. Hearst told the **SEC** in Oct that an Apr 2 agreement with Comcast for Lifetime and the broadcaster's TV stations was amended to extend the permitted term of retrans consent. The Comcast deal was slated to expire at the end of '08, "so we got this done in a very orderly fashion," Barrett said during the 3Q call. While the TWC deal didn't get done as fast as that, there are no signs thus far of acrimony (like station alerts to viewers). TWC did fight a public showdown last fall with **LINTV**, which resulted in 12 stations being pulled for about 3 weeks in Oct. Hearst TV controlling shareholder **Hearst** is a player in the pending cable combination of **AETN** and **Lifetime** (Hearst and **Disney** own 50% stakes in Lifetime; each has a 37.5% interest in AETN, with **NBCU** holding the remaining 25%). Hearst-Argyle has used Lifetime as its agent in retrans negotiations in the past, but in recent years has taken on those negotiations itself—so, it seems unlikely that the AETN-Lifetime combo, encompassing 10 TV brands, would be much of a boon for its retrans negotiations.

**VZ Doings:** Verizon's Mon launch of local news/sports channels **FIOS1** on Long Island and in 9 counties in northern NJ didn't result in any public hand-wringing by **Cablevision**, which has operated News 12 Long Island—the 1st 24-hour local news channel—for 23 years. "We don't believe a phone company news channel will be in any way comparable to the authoritative information available from News 12 and News 12 Traffic & Weather, and think the most interesting thing about today's phone company announcement is that it includes a significant entry level price increase for new FIOS customers," a Cablevision spokesman said. The price increases CVC referenced are in relation to the telco's news that it's raising its entry-level FiOS Internet speed to 15/5 Mbps from 10/2 Mbps and its flagship offering to 25/15 from 20/5 (In the NYC area, VZ is raising the entry-level speed to 25/15 and has a new mid-tier offer of 35/20, available only in bundles). Verizon said it hasn't raised prices but introduced new services with higher speeds—and thus, different price points. Existing customers don't get automatic upgrades to the new speeds but can opt to pay what in some cases is \$5-\$10 more per month to get the higher speeds. Under the new plan, Verizon's "Good" and "Better" bundles jump \$10/month in price, while its "Best" bundle (which includes Showtime) drops \$10/month to \$129.99. The old speeds will not be available to new subs. Part of Mon's slew of FiOS news included that VZ is offering new subs who take qualifying FiOS bundles a free Compaq



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Mini netbook or Flip Ultra camcorder. Verizon and Cablevision are fierce competitors, further evidenced by the price of VZ's "Good" bundle. It's \$109/mo nationally, but \$99/mo in the NY area. The FiOS1 launches are the 1st since Verizon rolled out a local FiOS net in DC some 2 years ago. It's working with the **Regional News Network** on the channels, which will include high school sports and won't be available to cable. In addition to CVC's News 12 (which has 7 nets), **Time Warner Cable** operates NY1. The telco believes its local channels with Verizon technology can be "a little more fresh and a little more accurate than our competitors," *Terry Denson*, Verizon's vp, content strategy and acquisition, said Mon.

**TiVo Leverage:** Emboldened by its court victories over **DISH** concerning its DVR patent, **TiVo** is ready to use that patent as a key negotiating tactic to either strike additional partnerships with pay TV ops or to collect licensing fees based on ops' use of the patent, according to *Bloomberg*. TiVo failed to respond to inquiries by deadline. The company continues to enhance its partnership with **Comcast (Cfax, 5/28)**, is engaged in talks with **Time Warner Cable** for a similar relationship, and plans to release a HD DVR with **DirectTV** early next year.

**At the Portals:** The FCC Media Bureau extended **RCN's** set-top integration ban waiver through the end of the year. The overbuilder's initial waiver was for financial hardships and expired Jan 31, '09. RCN told the Commission that a further extension of the waiver was warranted based on its financial situation, and the Bureau agreed. "The initial waivers granted by the FCC were critical to our ability to complete an all-digital roll-out to 5 of our 6 markets," said *Richard Ramlall*, RCN svp, strategic external affairs. "Our customers in those markets are now enjoying the additional HD and other expanded channel offerings that all-digital service provides, and this extension will enable us to move forward in the remaining market so that 100% of our subscribers will be able to share these benefits."

**VOD:** **CBS College Sports Net's** partnering with 17 ops including **Time Warner Cable**, **DirectTV** and **FiOS TV** to offer free VOD content surrounding **The Alt Games: College Action Sports Championships**, beginning Jul 8 and lasting through Sept. -- **RCN** added **Shalom TV** to its free VOD lineup. -- VOD channel **Anime Net** now offers more than 300 hours (40 hours free) of content through its new online video player at **TheAnimeNetwork.com**.

**Programming:** **ESPN** won the rights to broadcast in the UK 46 live **English Premier League** matches for '09-'10 after Setanta relinquished them Fri. It also picked up the rights for 23 league matches/yr from '10-11 to '12-'13. Additionally, **ESPN** scored from **GoITV** the US rights to certain live games of La Liga, Spain's top soccer league. Terms call for more than 95 live games on **ESPN Deportes**, 114 streamed matches through **ESPN360** and select games on **ESPN2** and **ESPN Mobile TV**. GoITV picked up in Mar the league's TV rights for the US and Canada through '12. -- **TLC's** hyped life-changing announcement on Mon's "Jon & Kate Plus 8" may have been scooped. *People Magazine* reported Mon after-

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- Richard Corliss, Time



# BUSINESS & FINANCE

noon that documents to initiate a legal split were filed in Bucks County, PA, Mon. -- **Outdoor Channel's** 3Q lineup has 11 new series, including hunting-focused "Deer City USA" and doc series "Field & Stream Outdoor Icons."

**Affil Relations:** **Sci Fi's** new affil marketing promo supports the net's Jul 7 rebrand to **SyFy**, new series "Warehouse 13" (Jul 7) and the return of "Eureka" (Jul 10), offering a San Fran trip and day trips as prizes. The enrollment period runs through Jul 3 at [NBCUNetworks.com](http://NBCUNetworks.com).

**Honors:** The following were nominated for induction into the '09 **CTAM Hall of Fame: Comedy Central's** marketing of "South Park," **Fox News' "We Report. You Decide"** campaign; **Time Warner Cable's** marketing of **Road Runner**; **Turner's** brand marketing for **TNT and TBS**; and **WWE's** PPV events marketing. The winner will be revealed at **The CTAM Summit** in Oct.

**Business/Finance:** **Collins Stewart** initiated coverage of **Scripps Nets** with a 'buy' rating and \$34 price target.

**Editor's Note:** To send us your nominees for the **CableFAX 100** by the July 7 deadline, go to <http://www.cable360.net/cablefaxmag/2009cablefax100.html>. You have until July 23 to nominate the **Most Powerful Women in Cable** at <http://www.cable360.net/cablefaxmag/2009topwomen.html>. Noms are free for these 2 awards.

## CableFAX Daily Stockwatch

| Company                      | 06/22 Close | 1-Day Ch | Company               | 06/22 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| BRITISH SKY:                 | 28.08       | (1.08)   | AMPHENOL:             | 30.81       | (0.84)   |
| DIRECTV:                     | 23.57       | (0.11)   | APPLE:                | 137.37      | (2.11)   |
| DISH:                        | 14.52       | (0.66)   | ARRIS GROUP:          | 11.36       | (0.46)   |
| DISNEY:                      | 22.66       | (0.87)   | AVID TECH:            | 12.71       | (0.23)   |
| GE:                          | 11.52       | (0.58)   | BIGBAND:              | 4.70        | (0.5)    |
| HEARST-ARGYLE:               | 4.50        | 0.00     | BLNDER TONGUE:        | 1.40        | (0.09)   |
| NEWS CORP:                   | 10.11       | (0.55)   | BROADCOM:             | 24.63       | (0.86)   |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 17.83       | (0.82)   | CISCO:                | 18.41       | (0.51)   |
| COMCAST:                     | 13.62       | (0.25)   | CLEARWIRE:            | 5.00        | 0.37     |
| COMCAST SPCL:                | 12.86       | (0.28)   | COMMSCOPE:            | 23.04       | (1.75)   |
| GCI:                         | 6.60        | (0.35)   | CONCURRENT:           | 5.92        | (0.03)   |
| KNOLOGY:                     | 7.85        | (0.69)   | CONVERGYS:            | 8.62        | (0.24)   |
| LIBERTY CAPITAL:             | 12.51       | (1.46)   | CSG SYSTEMS:          | 13.23       | (0.29)   |
| LIBERTY ENT:                 | 25.68       | (0.17)   | EHOSTAR:              | 15.06       | (0.51)   |
| LIBERTY GLOBAL:              | 14.77       | (0.29)   | GOOGLE:               | 407.35      | (12.74)  |
| LIBERTY INT:                 | 5.04        | (0.27)   | HARMONIC:             | 6.05        | (0.31)   |
| MEDIACOM:                    | 4.87        | (0.88)   | INTEL:                | 15.68       | (0.33)   |
| SHAW COMM:                   | 16.53       | (0.54)   | JDSU:                 | 5.48        | (0.39)   |
| TIME WARNER CABLE:           | 30.25       | (0.07)   | LEVEL 3:              | 1.39        | 0.19     |
| VIRGIN MEDIA:                | 8.57        | (0.37)   | MICROSOFT:            | 23.28       | (0.79)   |
| WASH POST:                   | 340.00      | (2.33)   | MOTOROLA:             | 6.03        | (0.08)   |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| CBS:                         | 6.84        | (0.5)    | OPENTV:               | 1.25        | (0.05)   |
| CROWN:                       | 1.69        | (0.14)   | PHILIPS:              | 17.61       | (0.65)   |
| DISCOVERY:                   | 20.30       | (0.6)    | RENTRAK:              | 15.25       | 0.70     |
| EW SCRIPPS:                  | 1.99        | 0.05     | SEACHANGE:            | 7.75        | 0.23     |
| GRUPO TELEVISIA:             | 16.22       | (0.63)   | SONY:                 | 25.32       | (0.91)   |
| HSN:                         | 10.24       | (0.33)   | SPRINT NEXTEL:        | 4.83        | (0.13)   |
| INTERACTIVE CORP:            | 15.96       | (0.49)   | THOMAS & BETTS:       | 27.72       | (1.46)   |
| LIBERTY:                     | 26.54       | (0.89)   | TIVO:                 | 10.50       | (0.55)   |
| LODGENET:                    | 3.55        | (0.99)   | TOLLGRADE:            | 5.30        | 0.19     |
| NEW FRONTIER:                | 2.36        | (0.07)   | UNIVERSAL ELEC:       | 18.74       | (1.01)   |
| OUTDOOR:                     | 5.65        | (0.31)   | VONAGE:               | 0.41        | (0.04)   |
| PLAYBOY:                     | 2.52        | (0.21)   | YAHOO:                | 14.71       | (1.09)   |
| RHI:                         | 3.26        | (0.3)    | <b>TELCOS</b>         |             |          |
| SCRIPPS INT:                 | 27.61       | (0.25)   | AT&T:                 | 24.15       | 0.11     |
| TIME WARNER:                 | 24.22       | (0.93)   | QWEST:                | 4.00        | 0.02     |
| VALUEVISION:                 | 1.64        | (0.05)   | VERIZON:              | 30.02       | 0.36     |
| VIACOM:                      | 23.22       | (1.31)   | <b>MARKET INDICES</b> |             |          |
| WWE:                         | 12.24       | (0.18)   | DOW:                  | 8339.01     | (200.72) |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| 3COM:                        | 4.39        | (0.1)    | NASDAQ:               | 1766.19     | (61.28)  |
| ADC:                         | 7.22        | (0.49)   |                       |             |          |
| ADVANTAGE:                   | 1.80        | (0.13)   |                       |             |          |
| ALCATEL LUCENT:              | 2.47        | (0.27)   |                       |             |          |
| AMDOCS:                      | 20.31       | (0.32)   |                       |             |          |

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## EYE ON DIGITAL

### TV Still Rules But...

A backlash of sorts has developed in recent months against the notion that online video is the horseman of TV's apocalypse. Several recent studies suggest that TV viewing still trumps online video usage by a large margin, implying that all of the warnings about traditional content owners and distributors ending up as dinosaurs is, well... a bit overblown. That's probably true. After all, no one can deny that even "the kids" are watching more TV than ever (albeit while texting, twittering, **Facebooking**, **YouTube-ing** and emailing all at the same time). Beyond the tweens and teens, though, the adults who actually have money to buy stuff advertisers are selling watch even more TV—and that seems to bode well for the TV biz in general despite the hubub over **Hulu**, YouTube and other online video venues.

But has the pendulum swung too far? Do cable programmers and operators run the risk of getting a bit too confident—especially as they contemplate new ways to protect their turf such as authentication schemes and other eyeball retention strategies? A **Nielsen** study released this month, for example, seems to suggest that online video remains a potential "threat" (if we could even call it that) judging from the massive growth that just keeps on coming despite the fact that people are still primarily watching TV to get their video fix.

Consider this: According to Nielsen, online video usage in May grew 12.8% year-over-year and 14.7% month over month as nearly 133.8mln unique online video viewers crowded the Internet to watch everything from premium content to the dog-on-skateboards stuff. Total streams were slightly more than 10bln for the month—and that's a whopping 35% more streams than in May '08. Streams per viewer increased nearly 20% over the same month last year, suggesting that people are becoming habitual in their use of online video. What used

to be a novelty has increasingly become a big way that some people consume video content.

But perhaps most interesting was Nielsen's revelation that time spent viewing online video increased an incredible 49% in May compared with the same month in '08. That's not exactly surprising considering the deluge of long-form premium video content that flooded the Internet in the last year. Hulu just started hitting its stride last Spring, so it makes perfect sense that time spent has increased significantly since then. And let's not forget the simultaneous explosion of full episodic content on other sites like **Fancast** and a number of individual cable network sites (In some cases, these aren't full episodes but tend to be longer form than the mini-clips most were posting last year). An almost 50% increase in time spent with online video in one year is pretty amazing.

Still, one thing remains true: Streams still greatly outpace unique views, and that's important to note.

According to Nielsen's May data, YouTube's 95.4mln uniques watched just over 6bln streams. Do the math, and that's about 63 streams per person per month, or about 2 per day in May. In the case of Hulu, 10.1mln uniques watched 383.3mln streams, or about 38 per person per month. When you think about the preponderance of short-form video on YouTube vs the mostly long-form video on Hulu, it's pretty interesting that Hulu users watched more than one video per day. If you think about it, they are likely spending a lot more time with that one video than most YouTubers spend with those roughly 2 they watch each day.

Yes, the TV screen still rules overall. But online video's growth—especially when it comes to time spent—remains foreboding for those that cling to old media and take solace in the continued dominance of linear TV viewing. That dominance may not last—at least in its current form.

- Michael Grebb



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