

# CableFAX Daily™

Monday — July 2, 2012

What the Industry Reads First

Volume 23 / No. 126

## Early Fireworks: Programmers and MVPDs Face Weekend Deadlines

The weekend marked the deadline for a number of programming contracts. It appeared to be a lock that **DISH** would lose **AMC**, **WE** and **IFC** at 11:59pm Sat, with the provider already announcing replacement programming. **HDnet Movies** will replace AMC. And **Style** and **HDNet** are slated to replace WE and IFC. Less clear was what would happen at AT&T U-Verse, which also faces an 11:59pm deadline with AMC. In that case, at least negotiations were still underway. So, could AMC Nets really be about to face double MVPD drops? It wouldn't be unprecedented. In the fall of '10, **Cablevision** lost **Fox O&Os**, **Nat Geo Wild**, **Fox Business** and other nets. During that same time, **DISH** subs were without **FX**, **Nat Geo** and the 19 **FSNs**. (Speaking of Cablevision and DISH, the MSO might take issue with the DBS company's news release on the **AMC** dispute. DISH svp, programming *Dave Shull* is quoted in it as saying, "DISH is the only pay-TV provider that did not raise its core package prices in 2012." Cablevision execs spoke multiple times during the company's 4Q earnings call about the decision not to institute a '12 rate increase as part of an overall strategy to exceed customer expectations). As is always the case, consumers are taking out their frustrations with both **AMC**, **DISH** and **AT&T** on social media. While the prevailing thought is that MVPDs bear the brunt of consumers' ire, judging by the number of "stop being greedy, AMC" comments on **Facebook**, distributors are continuing to do a better job of explaining their rationale for some of these show-downs. But then again, will that still resonate when "Breaking Bad" returns in a couple weeks and subs are shut out? Also expiring this weekend is **Time Warner Cable's** retransmission pact with **Hearst (Cfax, 6/20)**. Our Magic 8 Ball was fuzzy on this one. If a deal isn't signed, TWC would lose stations in Louisville, Cincinnati, Greensboro and other markets. Also affected is **Bright House** Orlando, where Hearst has an **NBC** affil (TWC handles Bright House programming negotiations). One cheery note: it doesn't look like there will be any fireworks over the weekend between **Northwest** and **DirecTV**. An extension seems to be in place, and a notice warning DirecTV subs they could lose Binghamton Fox affil **WICZ** was missing from the station's Website Fri afternoon. DirecTV also announced late Thurs that it had reached an agreement with **Diversified Comm**, ending the more than 3-week long blackout of stations in Bangor, ME, and Gainesville, FL. In announcing the deal, DirecTV complained that customers had to endure "needless frustration" when the broadcaster could have "simply left its channels on while we worked out a resolution."

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## OTT Musings: Stakeholders Debate Evolving Content Delivery at CES

With the **Comcast/Disney** distribution deal a harbinger for TV Everywhere and **Fox's** move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at U-verse," said **Jeff Weber**, **AT&T** VP, product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discernment is critical, panelists agreed. While AT&T has an approval process in place, **YouTube** abandoned its API-based partnership model two years ago "because we ended up with different apps on different TV, and performance differed," said **Francisco Valera**, dir/global head of platform and games partnerships. "Touting YouTube's deals with **Samsung**, **LG** and its new **XBox** partnership, "I can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent-day model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML 5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights. "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said **Lisa Pickelsimer**, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickelsimer said, noting the bigger role of metadata and the need for standards in referencing content. Social media is tricky, she noted. "Just because we are friends on Facebook doesn't mean we share content interests." Social TV is a top of mind at **Sony**, said **Shawn Laydon**, Sony Network Entertainment COO. A goal of the **Playstation** Network is to enable cameras and other interfaces to let users share a more dynamic real-time experience than just pausing to tweet a score," Laydon said. But AT&T's Weber sounded a more reluctant note. "It's not an experience our customers want... It seemed so forced on the TV," he said. "Part of what drove U-verse-enabled [device] thinking is now you have a device that knows what you're watching and it is a more natural social environment." — *Cathy Applefeld Olson*

**ABC Exec Session:** As with **Fox (Cfax, 1/10)**, ABC's TCA presentation offered further evidence to how the Big 4 are keeping an eye on cable. **Paul Lee** accentuated the positive Tues, praising ABC hits like "Revenge" and "Once Upon a Time" but also giving props to his cable sensibility Lee, who famously supercharged **ABC Family** before taking over as pres, **ABC Ent** in Aug '10, partially credited a cable-like push for **Once**. [ABC exp, planning and scheduling] **Jeff Bader** did a

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**Media Ownership:** The Supreme Court said “no” to big media companies in a ruling Fri that leaves the media ownership laws intact, opening the door for the **FCC** to continue its rule review. The Supreme Court’s decision not to hear the appeals of the FCC’s media ownership rules came after a ruling by the 3rd Circuit Court of Appeals last July, upholding the FCC’s ’08 decision not to loosen the TV duopoly, radio ownership or TV/radio cross-ownership rules. Several broadcast and newspaper groups appealed, including the **Tribune** (joined by **Fox, Sinclair, Clear Channel, Bonneville** and the **Newspaper Association of America**), **Media General** and **NAB**. NAB is disappointed, exec vp, comm, *Dennis Wharton* said, arguing the rules limit local broadcasters’ ability to compete with national and multinational pay programming competitors. NAB will continue to advocate for updating ownership rules that stem “from an era of ‘I Love Lucy.’” On the other side of the debate are groups like **Free Press**. The decision affirmed the FCC’s ability to limit media consolidation to promote competition and diversity, said senior policy counsel *Corie Wright*. The decision is more than just about media ownership rules. If the Supreme Court had taken the case, it would have opened the door to overturning the 3rd Circuit’s ruling, which in turn could have prodded the FCC to eliminate or scale back the regulations, **Stifel Nicolaus** analysts said. They added that if the broadcasters had won big, it could have made their businesses more attractive and given them more incentive to keep their spectrum rather than sell it off for auction. The FCC is looking to open rulemakings this fall on devising incentive spectrum auctions under which some broadcasters could offer to surrender their spectrum (for mobile broadband use) in exchange for proceeds.

**NCTA Doings:** More on **NCTA’s** public affairs restructuring. “Given the significant increase in the role that the department has played in the past year and that it will play for the foreseeable future, I have decided to establish two distinct offices under *Rob Stoddard* in the department,” NCTA chief *Michael Powell* said in an internal memo obtained by **CableFAX**. *Brian Dietz* will head the communications and digital strategy office, which will include social outreach, Web development and media relations. *David Pierce* will head public affairs, including public and industry relations. And we might be hearing more soon out of Cable in the Classroom. “This Department will be a significant part of our public face to the industry and to communities we engage with, and will give new emphasis and energy to our Cable in the Classroom efforts,” Powell wrote.

**Crypto-nite!** After some heated debate over the **FCC’s** proposed basic tier encryption rules, IP video software developer **Boxee** and **Comcast** agreed on a method for showing encrypted cable programming on the startup’s set-tops, according to an FCC filing. The 2 have worked out “an initial and long-term solution” that provides “a strong foundation” for an FCC order allowing encryption over the basic service tier, the filing said. Initial development involves an Ethernet-Digital Transport Adapter (E-DTA) to let 3rd-party device access basic tier channels directly through an Ethernet and to change channels remotely. Longer term would come a licensing process to integrate the E-DTA into devices that could access encrypted basic tier channels without a set-top box or DTA. In Oct, the Commission proposed letting cable ops encrypt basic cable services. Boxee opposed the rule, saying encryption could throttle the market for its devices, designed to easily bring Internet video content to TV. **NCTA** called Boxee’s opposition claims “simply wrong.” As Comcast and Boxee made nice, NCTA met with the FCC Wed to discuss potential technical solutions, according to an ex parte filing.

**Carriage:** **Hawaiian Telecom** expanded its TV lineup by striking a deal with the **Universal Sports Network**, enabling it to offer the net to video subs in Oahu. Starting Fri, the net will be available on Channel 90 and HD Channel 1090 for free until it becomes incorporated as part of the Advantage Plus package 2 months later.

**Advertising:** **OWN**, which just posted its 2nd consecutive Q with double-digit growth in primetime, renewed all 8 of its charter 2-year advertising clients. **GM, P&G, Nissan, Toyota, Wal-Mart, Target, Kellogg’s** and **Kohl’s**. For 2Q, the net was up 11% in total viewers for prime and 31% in persons 2+ for total day.

**Ratings:** **FX** said Thurs’ premiere of “Anger Management” was the #1 scripted primetime comedy series debut in cable history among adults 18-49 (2.65mln). It drew 5.5mln total viewers, making it the most-watched series premiere ever for FX.

**Programming:** **USA** gave “Graceland” the greenlight. The series, starring *Daniel Sunjata* and *Aaron Tveit*, is a law enforcement drama centered on agents from the **DEA, FBI** and **US Customs** who are forced to live together in an undercover beach house. It’s from “White Collar” creator *Jeff Eastin*. -- **TNT** is giving “Dallas” a sophomore season next year. The new series, currently airing Wed nights, is averaging 6.9mln viewers. -- “Rizzoli & Isles” was renewed for a 4th season on **TNT**, with 15 eps ordered for ’13. -- “7th Heaven” joins **GMC’s** lineup on July 7.

**CableFAX Week in Review**

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	48.82	2.82%	14.17%
DISH:	DISH	28.55	0.63%	0.25%
DISNEY:	DIS	48.50	2.17%	29.33%
GE:	GE	20.84	5.20%	16.36%
NEWS CORP:	NWS	22.52	9.48%	23.87%

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	13.29	7.09%	(6.54%)
CHARTER:	CHTR	70.87	4.36%	24.46%
COMCAST:	CMCSA	31.97	3.70%	34.84%
COMCAST SPCL:	CMCSK	31.40	3.05%	33.28%
GCI:	GNCMA	8.30	0.97%	(15.22%)
KNOLOGY:	KNOL	19.67	(0.15%)	38.52%
LIBERTY GLOBAL:	LBTYA	49.63	2.82%	20.96%
LIBERTY INT:	LINTA	17.77	8.58%	9.59%
SHAW COMM:	SJR	18.90	0.21%	(2.43%)
TIME WARNER CABLE:	TWC	82.10	5.45%	29.15%
VIRGIN MEDIA:	VMED	24.39	4.19%	14.08%
WASH POST:	WPO	373.82	1.24%	(0.79%)

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
AMC NETWORKS:	AMCX	35.55	(5.55%)	(5.4%)
CBS:	CBS	32.78	4.23%	20.78%
CROWN:	CRWN	1.75	15.89%	44.63%
DISCOVERY:	DISCA	54.00	1.89%	31.80%
GRUPO TELEVISIA:	TV	21.48	4.68%	1.99%
HSN:	HSNI	40.35	2.59%	11.28%
INTERACTIVE CORP:	IACI	45.60	0.22%	7.04%
LIONSGATE:	LGF	14.74	(1.07%)	77.16%
LODGENET:	LNET	1.31	(13.25%)	(45.19%)
NEW FRONTIER:	NOOF	1.64	(3.53%)	59.22%
OUTDOOR:	OUTD	7.31	4.43%	(2.01%)
SCRIPPS INT:	SNI	56.87	1.26%	34.06%
TIME WARNER:	TWX	38.50	2.69%	6.53%
VALUEVISION:	VVTV	2.08	2.97%	10.64%
VIACOM:	VIA	50.98	(2.58%)	(4.41%)
WWE:	WWE	7.82	3.58%	(16.09%)

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADVANTAGE:	AEY	2.15	4.36%	2.38%
ALCATEL LUCENT:	ALU	1.63	(1.81%)	4.49%
AMDOCS:	DOX	29.72	0.24%	4.17%
AMPHENOL:	APH	54.91	(0.36%)	20.97%
AOL:	AOL	28.08	3.39%	85.96%
APPLE:	AAPL	584.00	0.33%	44.20%
ARRIS GROUP:	ARRS	13.91	2.73%	28.56%
AVID TECH:	AVID	7.43	0.41%	(12.9%)
BLNDER TONGUE:	BDR	1.20	16.50%	(1.64%)
BROADCOM:	BRCM	33.76	(1.8%)	14.99%
CISCO:	CSCO	17.17	0.23%	(5.03%)
CLEARWIRE:	CLWR	1.12	(6.67%)	(42.27%)
CONCURRENT:	CCUR	4.21	5.25%	11.08%
CONVERGYS:	CVG	14.76	2.50%	15.58%
CSG SYSTEMS:	CSGS	17.28	1.47%	17.47%
ECHOSTAR:	SATS	26.42	(3.79%)	26.17%
GOOGLE:	GOOG	580.07	1.50%	(10.19%)
HARMONIC:	HLIT	4.26	1.91%	(15.48%)

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
INTEL:	INTC	26.65	(1.04%)	9.90%
JDSU:	JDSU	11.00	5.87%	5.36%
LEVEL 3:	LVLTL	22.15	4.04%	30.37%
MICROSOFT:	MSFT	30.59	(0.36%)	17.84%
RENTRAK:	RENT	20.65	8.40%	44.61%
SEACHANGE:	SEAC	8.23	1.86%	17.07%
SONY:	SNE	14.24	(0.49%)	(21.06%)
SPRINT NEXTEL:	S	3.26	(0.91%)	39.32%
TIVO:	TIVO	8.26	2.10%	(7.92%)
UNIVERSAL ELEC:	UEIC	13.17	11.89%	(21.93%)
VONAGE:	VG	2.01	6.91%	(17.96%)
YAHOO:	YHOO	15.83	1.15%	(1.86%)

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	35.66	1.39%	17.92%
VERIZON:	VZ	44.44	1.11%	10.77%

Company	Ticker	6/29 Close	1-Week % Chg	YTD %Chg
<b>MARKET INDICES</b>				
DOW:	DJI	12880.09	1.89%	5.42%
NASDAQ:	IXIC	2935.05	1.47%	12.66%
S&P 500:	GSPC	1362.16	2.03%	8.31%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	1.20	16.50%
2. CROWN:	1.75	15.89%
3. UNIVERSAL ELEC:	13.17	11.89%
4. NEWS CORP:	22.52	9.48%
5. LIBERTY INT:	17.77	8.58%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. LODGENET:	1.31	(13.25%)
2. CLEARWIRE:	1.12	(6.67%)
3. AMC NETWORKS:	35.55	(5.55%)
4. ECHOSTAR:	26.42	(3.79%)
5. NEW FRONTIER:	1.64	(3.53%)

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