

# CableFAX Daily™

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What the Industry Reads First

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## Spirit of Competition: Olympic Sports Content Field Receives 2nd Entrant

After 3 years of planning and negotiations, the **US Olympic Committee** finally lit its own TV flame, forging with **Comcast** a jv for a cable net dedicated to the **Olympic** and **Paralympic Games**. The US Olympic Net, or **USON**, is set to launch in late '10 and will feature live events, archival footage from past Games, films/docs and instructional programming. "For fans of the Olympics, this network will be a dream come true," said USOC acting CEO *Stephanie Streeter*. Former USOC chmn *Peter Ueberroth*, meanwhile, characterized Comcast as a dreamy partner. Following discussions with "most everybody in the business," said Ueberroth, it was determined that Comcast is undoubtedly "the company that can lead us... it's going to be a very successful operation." No financial details were disclosed. USON will be placed among **Versus** and **Golf** under the **Comcast Programming Group** umbrella, headed by *Jeff Shell*. Sources said plans call for initial carriage on the MSO's Digital Classic tier, currently available in approx 11mln homes. Discussions with other potential distributors are ongoing. USON will compete directly with **Universal Sports**, the Olympic sports-themed jv from **NBCU** and **WCSN** that launched last summer. Requests for comment from both Universal and **NBC Sports** went unanswered, but any competitive reply from Universal may not be required until later, perhaps after the '12 Games in London. NBC holds the TV rights to that event and the '10 Vancouver Games, plus to the **US Olympic Trials** through '12—after which USON plans to drape its own flag across the Trials. The net has no plans to feature the Games themselves, however, and Ueberroth lauded NBC for taking Olympics coverage "to a new height." Of Universal specifically, USOC COO *Norman Bellingham* said, "we can see ourselves very much coexisting with them." Still, Ueberroth added that the net isn't "afraid of competition" and will become the "dominant" player in Olympic sports programming. Featuring more than 7000 hours of annual original event content across 25 sports, Universal is currently available in more than 45mln homes through a mix of cable, satellite, and telco partners, plus digital multicast carriage on NBC-affiliated TV stations in at least 19 markets including Houston, Miami and Denver. **Comcast** carries the net digitally in 17 states. Advising USON is **Allen & Co**, which wrote the business plan for **MLB Net** and drove the net's Jan 1 launch in more than 50mln homes.

**Spat:** After months of complaining that **Cablevision** won't make **MSG's** HD feeds available, **Verizon** has filed a program access complaint at the **FCC** (Welcome, chmn *Genachowski!*). CVC's refusal to offer the HD version of the net "has

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**CableFAX Daily™**

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significantly hindered or prevented Verizon from providing its competing programming service... to the many customers for whom this regional sports programming is 'must have,'" VZ said in its filing. MSG, which has rights to Knicks, Rangers, Islanders, Devils and Sabres games, says it's doing nothing wrong. "MSG complies fully with federal regulations, which do not require us to license our local HD programming to anyone," a statement read. "MSG is glad to have Verizon as a customer of our satellite-delivered programming, which has provided them with the access to every single game on MSG and **MSG Plus**." Cablevision chimed in with a biting statement: "Cablevision functions in the most competitive environment in the country and the idea that a phone company more than 10 times our size needs a regulatory bailout is absurd. The phone company's problems are due to things like copycat products, poor customer service, confusing bills and long-term contracts filled with fees and excessive termination penalties." Verizon, which has asked the FCC to rule in 5 months, claims that CVC only agreed to sell its standard-def versions of MSG and MSG Plus to **FIOS** after the telco filed a similar program access complaint. The 2 worked out a deal before the FCC ever acted on the complaint (**Cfax**, 11/17/06).

**Online Safety:** When children are online, technology and info should be available that can define and control their online activities. That's one recommendation from a coalition of cable companies, tech groups, child advocacy organizations, educators and health researchers. The *PointSmart.ClickSafe* report, which includes input from **Comcast, Cox, Verizon, Google** and **AOL**, was presented in DC Wed. Other suggestions include designation of a lead federal agency that would work collaboratively with all major stakeholders and coordinate activities under diverse federal programs. The report is the outgrowth of a summit convened by **iKeepSafe, Common Sense Media, Cable in the Classroom** and **NCTA** in June to discuss best practices for keeping kids safe. More info at Pointsmartclicksafe.org.

**MJ Ratings:** *Michael Jackson's* memorial service had a combined HH rating of 20.6 across 18 networks (broadcast and cable). Live coverage from about 1-4pm ET averaged an audience of about 31mln, according to **Nielsen**. **E!**'s live coverage notched a .51 HH rating, averaging 265K HHs across metered markets, while its rebroadcast at 7:30 scored a 1.3HH rating and 671K homes. **TV Guide's** 1st hour of its 8pm re-airing delivered a 0.4 HH coverage rating, a 85% increase over the net's year-to-date avg HH coverage rating for day and time period. Nets also saw online traffic spikes. **MSNBC.com** logged nearly 19mln total streams from its coverage, surpassing the previous milestone set during Obama's inauguration. Consumers spent an average of 12.1 mins per visit viewing MJ-related video. **E! Online** saw 939K unique visitors Tues, up 45% vs the prior day and 35% the prior week 4 average. Other nets didn't have numbers available by press time.

**Ratings:** Despite **USA's** dominant 2Q, **TNT** delivered a net best 2.1/2.07mln by riding "The Closer" (4.7/4.62mln), **NA-SCAR** racing (3.6/3.57mln) and its post-race coverage (3.8/3.76mln). Of note, TNT's new original "Hawthorne" garnered a 2.6/2.60mln in its 3rd week, and despite losing viewers since its premiere ep (3.0/2.90mln) remains safely off life support after "Trust Me" failed. **Disney** (1.9/1.87mln) notched 2nd through "Hannah Montana" (5.0/4.90mln) and "Sonny with a Chance" (3.8/3.74mln), and was followed by **USA** (1.8/1.79mln), which was hurt by reruns of its popular original series. Completing the top 5 were **Fox News** (1.5/1.46mln) and **Nick at Nite** (1.3/1.27mln). -- **Brag Book:** Mon's "Dance Your Ass Off" marked the 2nd most-watched ep of a 1st season original on **Oxygen** among all key demos. It drew 906K total viewers and 270K women 18-49. At 1.3mln total viewers, last week's premiere was the net's best series premiere ever.

**In the States:** **Cablevision** is offering small and medium business customers the option to purchase a toll-free number with its Optimum Voice digital phone service. The price is \$9.95 for every bucket of 250 mins per monthly billing cycle.

**Competition:** **Sanford Bernstein** lowered '09 EPS estimates for **AT&T** to \$1.97 from \$2 and for **Verizon** to \$2.37 from \$2.41, reflecting expected erosion in the enterprise segment. Access lines losses are also expected to remain elevated.

**Advertising:** **Concurrent** and **Clearleap** are offering a Web-based management interface that aggregates and processes rich data. It's designed to allow for more effective monetization of addressable advertising.

**Programming:** **Comedy Central** acquired the off-network rights to **NBC** comedy "30 Rock," and will launch the series with 5 seasons in fall '11. -- **Robin Williams** returns to **HBO** in Dec for his 1st solo special on the net in 7 years. -- **GoITV** picked up the exclusive North American rights to the '09 **Peace Cup Andalucia** in Spain (Jul 24-Aug 2). -- **MSG** will televise all 5 NY Knicks NBS Summer League games live from Las Vegas, starting Tues at 6pm. The games are presented by **Volvo**. -- **Discovery** will air "Pitchman: A Tribute to Billy Mays," Thurs, 9pm. The 1-hr doc features interviews with immediate family and colleagues in the infomercial world. Season 1 of "Pitchmen," the 12-part series featuring Mays and

# BUSINESS & FINANCE

business partner *Anthony Sullivan*, wrapped on Discovery July 1. No decision yet on a 2nd season. The net said it's focused on supporting Mays' family and friends during their time of loss.

-- **Lionsgate** and unscripted programming developer **Lost Marbles** have formed a jv to produce and distribute reality programming.

**Honors:** Nick's "Nick News with *Linda Ellerbee*: Coming Home: When Parents Return from War," won an *Edward R. Murrow Award* for network news documentary. It's the 1st-ever kids TV program to receive the award.

**Intl:** Newbie net **Jewish Life TV** launches this month on **Hot Bird**, a family of satellites that will make the net available in 43 countries in Europe, the Middle East and North Africa.

**People:** **ION Media Nets** tapped former **Lifetime** exec *Kristine Hunsinger* as svp, planning, scheduling and acquisitions.

**Business/Finance:** **S&P** upgraded **Cisco** to "buy" from "hold," saying it believes the company is well positioned for growth when industry demand begins to rebound. It kept a \$21 12-month price target on shares. -- **AT&T** expects to close on its \$944mln purchase of **Centennial Comm** in 3Q, assuming "timely satisfaction or waiver of all remaining closing conditions." The companies entered into the deal in Nov, with Centennial stockholders approving it in Feb. AT&T had initially hoped it would close by 2Q.

## CableFAX Daily Stockwatch

Company	07/08 Close	1-Day Ch	Company	07/08 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	29.90	(0.16)	AMPHENOL:	30.95	(0.34)
DIRECTV:	23.19	0.27	APPLE:	137.22	1.82
DISH:	14.50	(0.13)	ARRIS GROUP:	11.16	(0.27)
DISNEY:	22.24	(0.29)	AVID TECH:	11.55	(0.29)
GE:	10.71	(0.3)	BIGBAND:	4.50	(0.28)
HEARST-ARGYLE:	4.50	0.00	BLNDER TONGUE:	1.40	(0.09)
NEWS CORP:	9.57	0.10	BROADCOM:	23.35	(0.24)
<b>MSOS</b>					
CABLEVISION:	17.62	0.00	CISCO:	18.13	(0.11)
COMCAST:	13.50	0.20	CLEARWIRE:	5.27	(0.01)
COMCAST SPCL:	13.24	0.18	COMMSCOPE:	23.00	(1.02)
GCI:	6.64	0.03	CONCURRENT:	5.20	(0.18)
KNOLOGY:	7.65	(0.03)	CONVERGYS:	8.40	(0.06)
LIBERTY CAPITAL:	11.25	(0.54)	CSG SYSTEMS:	13.84	(0.04)
LIBERTY ENT:	25.14	0.32	ECHOSTAR:	15.55	0.10
LIBERTY GLOBAL:	14.64	(0.26)	GOOGLE:	402.49	5.86
LIBERTY INT:	4.82	0.12	HARMONIC:	5.37	(0.12)
MEDIACOM:	4.24	(0.1)	INTEL:	15.94	(0.31)
SHAW COMM:	15.49	(0.17)	JDSU:	4.85	(0.14)
TIME WARNER CABLE:	29.62	(0.08)	LEVEL 3:	1.43	0.05
VIRGIN MEDIA:	9.20	0.01	MICROSOFT:	22.56	0.03
WASH POST:	354.00	3.16	MOTOROLA:	6.09	(0.06)
<b>PROGRAMMING</b>					
CBS:	5.78	(0.02)	OPENTV:	1.24	(0.02)
CROWN:	1.50	0.00	PHILIPS:	17.52	(0.25)
DISCOVERY:	21.85	0.03	RENTRAK:	16.25	(0.65)
EW SCRIPPS:	2.09	0.04	SEACHANGE:	7.86	0.07
GRUPO TELEVISA:	16.46	0.16	SONY:	24.40	0.06
HSN:	8.94	(0.03)	SPRINT NEXTEL:	4.29	(0.11)
INTERACTIVE CORP:	15.69	(0.11)	THOMAS & BETTS:	25.95	(0.43)
LIBERTY:	25.67	(0.28)	TIVO:	8.60	(0.13)
LODGENET:	3.37	(0.03)	TOLLGRADE:	4.98	(0.27)
NEW FRONTIER:	2.25	(0.04)	UNIVERSAL ELEC:	19.41	0.04
OUTDOOR:	5.90	(0.09)	VONAGE:	0.34	(0.01)
PLAYBOY:	2.42	0.05	YAHOO:	14.38	(0.06)
RHI:	2.68	(0.12)	<b>TELCOS</b>		
SCRIPPS INT:	27.22	0.15	AT&T:	23.54	(0.38)
TIME WARNER:	23.50	0.08	QWEST:	3.68	(0.14)
VALUEVISION:	1.74	0.09	VERIZON:	28.65	(0.53)
VIACOM:	21.79	(0.21)	<b>MARKET INDICES</b>		
WWE:	12.32	0.37	DOW:	8178.41	14.81
<b>TECHNOLOGY</b>					
3COM:	4.70	0.11	NASDAQ:	1747.17	1.00
ADC:	6.60	(0.27)			
ADVANTAGE:	1.85	0.04			
ALCATEL LUCENT:	2.05	(0.05)			
AMDOCS:	20.44	0.50			

I'm starving, who was weakest in Q1 again?

I don't know. I told you to ask MediaBiz.

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## Think about that for a minute...

### Balance

There was an interesting article in the newspaper the other day about a sudden burst in research and development surrounding incandescent light bulbs. Apparently there have been almost no technological improvements in those bulbs in decades, and now, suddenly, month by month there are new announcements about efficiency improvements of 20, 50 and even more than 100%! Why? Because the government has imposed efficiency standards for light bulbs starting in 2012.



Steve Effros

This is one of those instances where a government mandate worked when competition in the marketplace did not. There was simply no incentive for the various light-bulb manufacturers to create a more efficient incandescent light so long as they could make the same old bulb and compete on price and marketing. Now of course there is, as

usual, a trade-off. Light bulbs, whether they are incandescent, compact fluorescent or LED will be more expensive. Consumers will pay more. But a public policy decision was made that energy efficiency was more important, in the long run, and the result has been technological advance rather than stagnation.

That's not always the case. I think it's generally true that if the government gets too involved in technology, and actually sets the technical specifications rather than sets a policy objective, as was the case here, then the danger of technical stagnation is very high. Setting the "spec" freezes the spec. No more innovation happens. But setting a technical objective, for instance an efficiency mandate, without specifically saying how it must be done, encourages innovation. So long as those innovative efforts are allowed to flourish, the regulations make sense. As soon as they have the effect of locking in old, quickly obsolete technology, they don't.

Naturally, the marketplace is also in most instances

a hotbed of innovation. This is particularly true in the telecommunications marketplace, where things move so fast that consumers are starting to tire of the constant changes, even if they are improvements, in technology. Who isn't tired of having to get a new computer every few years because they have gotten so much better, faster, etc.? Of course those faster processors let us do new, neat things, but still, after a while, I don't think consumers would be too upset if things slowed down a little.

The challenge here is balance. There needs to be balance in the open marketplace between competition that spurs innovation and competition that simply creates "new" stuff just for the sake of selling something "new." There also needs to be balance in government regulation recognizing the likely danger of establishing any type of standard that freezes innovation, but at the same time creating reasonable broad policy goals that do not constrain, but rather spur innovation.

And there also has to be balance in the way consumers and industry react to both. At the moment that balance is lacking. There seem to be "immutable truths" maintained by all sides: government is big, bad and always less efficient and more limiting than the marketplace, say too many in industry. The big companies are vile, unscrupulous and totally profit oriented at the expense of consumer safety and rationality, say the "public interest" lobbyists.

Neither has a lock on the truth. Both corrupt the debate and circumvent useful dialog by starting from such ideological encampments. It's time we all took a step back and recognized that in some instances, the government does a good job, and policy objectives can lead to healthy advances. It's also time to recognize that businesses often do, indeed, know and reflect market reality. It's time for balance.

Steve

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