

CableFAX Daily™

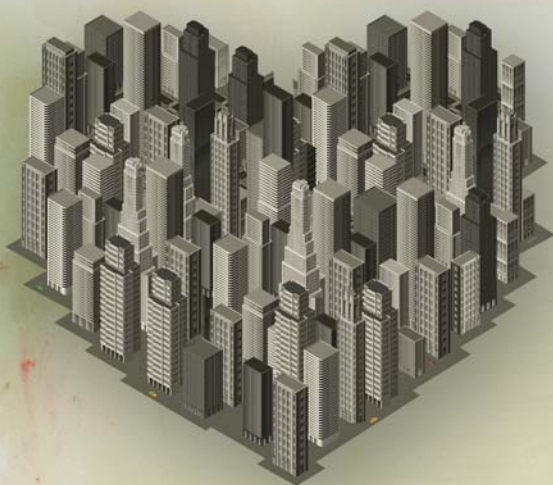
Tuesday — July 13, 2010

What the Industry Reads First

Volume 21 / No. 133

No WE in U? Rainbow, AT&T Latest in Long Line of Spats

The biggest surprise in the latest programmer spat is probably that it involves **AT&T U-Verse**, which has been relatively quiet in the often rocky world of programming negotiations. That changed late Fri when it was announced that its subs are in danger of losing **Rainbow's AMC, WE** and **IFC** at 12:01am Thurs. "We've negotiated hundreds of agreements with other content providers over the past 4 years, and it's never reached this point with another programmer," an AT&T spokesperson said. That's not to say AT&T is completely immune to showdowns. Late last month, it told **Cablevision** and **MSG** it would file a formal complaint with the **FCC** over its lack of access to **MSG HD** and **MSG Plus HD** (that complaint has presumably been filed, but a rep never got back to us on it). It also went after **Cox** at the FCC for its local, terrestrially delivered San Diego channel that carries Padres games (ahead of recent FCC rule changes, Cox decided to offer AT&T the net last month). This week's spat with Rainbow centers on a common theme—money, but AT&T threw out a couple of other complaints, saying that Rainbow is trying to force the renegotiation of a contract for 1 of their channels that is not yet expired (it's most likely trying to get **Sundance Channel** under an umbrella deal, as the U-Verse deal was done before it bought the channel) and to force carriage of a new channel (**Wedding Central**) that "wasn't even formally presented to us until after the recent July 1 contract extension." There was no new word Mon, with Rainbow saying both sides continue to talk. Fresh off last week's **Emmy** wins, Rainbow said, "It is troubling that AT&T is threatening to yank AMC, WE tv and IFC, and leave their customers without the hottest show on television, AMC's 'Mad Men,' just before the premiere of the new season." Along with launching **iwantmyTVchannels.com** (which was reminiscent of the site **Scripps** launched during its battle with **CVC** over **HGTV** and **Food**), Rainbow has a **Twitter** feed that had 42 followers by Mon afternoon and a **Facebook** page with 466 fans. The other surprise might be that this latest programming dust-up didn't involve **Time Warner Cable** and **Disney/ESPN**, the deal everyone is waiting for with bated breath. With TWC's huge deal up in about 2 months, everyone's waiting for someone to throw the 1st punch. Apparently, Verizon has decided to speed things along by running ads in markets such as L.A., Dallas and Tampa warning that TWC's contract expires on Sept 2. Including radio, print and TV, the campaign urges the MSO's customers to switch to **FIOS TV** so as not to risk losing local **ABC** affils. One ad offers a \$90 triple-play package with no term contract required.



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MARKETING SOLUTION NO. 342

COX COMMUNICATIONS AND CNBC 2010 OUTLOOK CHAMBER EVENT OCTOBER 14, 2009

CHALLENGE

Help Cox Communications secure a major female business expert to speak at the Fairfax County Chamber of Commerce Women's Business Council. The goal was to be big, broad, high profile, and feature an internationally acclaimed female expert in business.

SOLUTION

NBC Universal TV Networks Distribution and CNBC helped bring Maria Bartiromo in as the second signature event ever for the Council. Cox wanted to grow exposure for the Council with a big name in business and provide a glimpse of what the economy might look like coming out of the 2009 recession.

RESULT

A sellout event. Cox was clearly positioned as the key partner responsible for bringing in 500 attendees. Permanently changed the Chamber's views about the size and impact of events it might offer.

"IN ADDITION TO BEING FUN TO WORK WITH, THE NBCU TEAM WAS ATTENTIVE AND FLEXIBLE TO MEET OUR NEEDS IN THE LOCAL MARKET. BEST OF ALL, THEY DELIVERED RESULTS!"

JANET BARNARD
SVP AND GENERAL MANAGER
COX COMMUNICATIONS INC.



our networks work.

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Private Party: Shares of **Playboy** surged 41% to \$5.55 Mon on news that pajama-loving founder *Hugh Hefner* seeks to take the company private. Playboy's board said Hefner has proposed to acquire all of the outstanding Class A and Class B shares of Playboy he doesn't own for \$5.50 in cash. Hefner told the board he has talked with **Rizvi Traverse Mgmt** about partnering in the transaction, and noted that Rizvi, after contacting major lenders, sees no problem with the proposed financing. Reportedly \$123mln, Hefner's bid values the co at approx \$185-190mln. Several outlets note that **Penthouse** is also interested in acquiring Playboy and is mulling its own bid.

At the Portals: FCC chmn *Julius Genachowski* promised a new Commission and a new way of operating. He seems to have made progress with the FCC the "most improved" agency across the entire federal govt, according to the '10 **OPM Viewpoint Employee Satisfaction Survey** released by the **Office of Mgmt and Budget**. There were several gains at the agency. For example, 70.1% of those surveyed said their work gives them a feeling of personal accomplishment vs 59.8% in '08, when *Kevin Martin* led the agency. One big shift came in the percent who said they could disclose a suspected violation of any law, rule or regulation without fear of reprisal, which jumped to 66.8% from 44.6% during '08.

Competition: **DISH** launched **EchoStar XV**, a satellite it says will allow for the continued expansion of HD programming in the US when it goes live later this summer. The DBS op currently offers more than 200 national HD channel and HD locals in 156 markets. -- **Gray TV** tapped **Reentrak** for local media measurement of Wichita, KS, **ABC** affil **KAKE**.

In the States: **Sprint** intro'd 4G broadband services in 7 new markets including Syracuse, NY, Eugene, OR, and Yakima, WA, bringing to 43 the number of markets offering the services.

Comcast-NBCU: The **Independent Film & TV Alliance** reached a deal with **Comcast** and **NBCU** to provide "enhanced independent programming opportunities on NBCU's bcst and cable nets, as well as Comcast Cable's VOD and online platforms." The majority of NBCU commitments will be applicable for 4 years beginning Jun 1, pending closure of the Comcast and NBCU JV. The deal includes working with IFTA to schedule an annual development presentation for up to 200 indie producers; arrange meetings with creative execs and allocate funds for early development of new indie projects.

Marketing: **Fox** will rebrand Fox Sports En Espanol as **Fox Deportes** this fall. The company said the change will "complete the link" between the net and the **Fox Sports** brand as both nets carry premier events.

Online: **Turner Sports** inked a deal with sibling property *Sports Illustrated* to manage and operate **SI.com** and **Golf.com**, which join Turner's expanding digital portfolio that includes management of **NASCAR.com**, **PGA.com** and the **NBA's** digital destinations. Also, Turner and SI will collaborate on multiplatform sales across their collective properties and the prod of new mobile products and apps. -- Dubbed "Character Rewards," **USA's** new rewards system allows online fans to earn points for watching videos, chatting, playing games and reposting content to **Twitter** and **Facebook**, with the points redeemable for tangible and virtual goods such as show-branded merchandise and retail gift cards.

Diamond Notes: With the World Cup now over, perhaps baseball will step up to fill the void for sports fans. Cable's doing its part, with **ESPN** set to air the '10 **State Farm Home Run Derby** Mon night while no doubt hoping the telecast draws a crowd like it did last season (6.0/5.86mln). Following Tues night's **MLB All-Star Game**—**DirecTV** will feature the **Fox** broadcast in 3D on its **n3D** net—the league and **iN Demand** will offer a free preview (Jul 15-21) of **MLB Extra Innings**, which runs approx \$139 for the season's latter half. This past Sat and Sun, meanwhile, **YES** featured a pair of **Yankees** games in 3D through 8 affils including **Comcast**, **Cablevision**, **Cox** and **Time Warner Cable**. A net rep said the experimental telecasts went well. The net used 7 3D cameras to augment its 12 HD cameras -- Interestingly, a recent **Harris** poll found that 36% of American adults follow MLB, the lowest percentage of the past 7 years, and that 34-45s, African Americans and people with incomes of \$75K+ are particularly fond of pro baseball. The Yankees (**YES**) continue to be Americans' favorite team, followed by the Red Sox (**NESN**), Braves (**SportSouth**) and Phillies (**CSN Philadelphia**).

Ratings: Citing **Nielsen Fast Nationals** data, **A&E** said original drama "The Glades" debuted Sun night with 3.6mln total viewers to become its most-watched original drama series telecast in history. The ep also delivered a record 1.4mln 25-54s.

Programming: **Cooking Channel's** new series "Cook Like an Iron Chef" (Jul 22) features Iron Chef *Michael Symon*. -- **ESPN's** forthcoming coverage of **The Open Championship** (British Open) features a pair of firsts: the net will feature live coverage of all 4 rounds (Thurs-Sun) and prod will include high-def. -- **Oxygen** greenlit a 2nd season of dating series

BUSINESS & FINANCE

“Love Games: Bad Girls Need Love Too.” -- To celebrate its launch in high-def, **The Africa Channel** announced 2 original HD productions for feature beginning Aug 1. “Between the Lines” includes a look at African authors with host *Sarah Culberson*, and “Africa Laughs” is a comedic series hosted by Nigerian comedian *Seyi Brown*.

Honor: On Aug 6, the **Pro Football Hall of Fame** bestows **ESPN** anchor *Chris Berman* with its **Pete Rozelle Radio-TV Award**, recognizing “long-time exceptional contributions to radio and television in professional football.”

People: **Consumers Union’s** *Joel Kelsey* is moving over to **Free Press** as a political adviser. -- Corporate multi-cultural market development expert *Gilbert Dávila* has joined **SíTV’s** board.

Business/Finance: In a recent interview with the *WSJ*, *Dr. John Malone* revealed more bullishness on US cable ops than nets. **Liberty** will “undoubtedly” retain its position in **Time Warner Cable**, said Malone, noting cable broadband as a key advantage. But he intimated lower exposure to cable nets because they lack a notable upside—although he said the **FCC’s** vetting of the proposed **Comcast-NBCU** deal could lead to more flexibility for nets. Liberty continues to search for int’l cable deals, said Malone. -- Recent foes **Lionsgate** and *Carl Icahn* agreed to collaborate on certain undisclosed acquisitions for a period ending Jul 19. The co’s purported bid for **MGM** may be involved.

CableFAX Daily Stockwatch

Company	07/12 Close	1-Day Ch	Company	07/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	36.28	0.66	ARRIS GROUP:	10.65	0.02
DISH:	19.34	0.43	AVID TECH:	12.48	(0.22)
DISNEY:	33.77	0.02	BIGBAND:	3.11	(0.06)
GE:	14.93	(0.02)	BLNDER TONGUE:	1.22	0.00
NEWS CORP:	14.49	0.05	BROADCOM:	36.94	0.64
MSOS					
CABLEVISION:	25.53	0.19	CISCO:	22.86	0.16
COMCAST:	18.51	0.44	CLEARWIRE:	6.76	(0.24)
COMCAST SPCL:	17.45	0.41	COMMSCOPE:	24.52	(0.25)
GCI:	8.08	(0.29)	CONCURRENT:	4.86	(0.26)
KNOLOGY:	11.25	(0.07)	CONVERGYS:	10.43	0.29
LIBERTY CAPITAL:	44.92	0.58	CSG SYSTEMS:	18.46	(0.21)
LIBERTY GLOBAL:	27.79	0.05	ECHOSTAR:	19.37	(0.21)
LIBERTY INT:	11.08	0.12	GOOGLE:	475.83	8.34
MEDIACOM:	6.98	(0.03)	HARMONIC:	5.64	(0.09)
RCN:	14.87	(0.01)	INTEL:	20.57	0.33
SHAW COMM:	19.46	(0.13)	JDSU:	10.34	0.02
TIME WARNER CABLE:	55.20	(0.39)	LEVEL 3:	1.04	0.02
VIRGIN MEDIA:	17.94	0.14	MICROSOFT:	24.83	0.56
WASH POST:	426.88	(2.47)	MOTOROLA:	6.99	0.23
PROGRAMMING					
CBS:	14.09	0.05	RENTRAK:	25.66	(0.55)
CROWN:	1.75	(0.03)	SEACHANGE:	8.32	0.21
DISCOVERY:	35.94	(0.35)	SONY:	28.51	0.65
GRUPO TELEVISA:	18.83	(0.05)	SPRINT NEXTEL:	4.50	0.22
HSN:	26.76	(0.28)	THOMAS & BETTS:	35.59	(0.79)
INTERACTIVE CORP:	22.47	0.07	TIVO:	8.01	0.06
LIBERTY:	35.53	(0.17)	TOLLGRADE:	6.33	(0.05)
LIBERTY STARZ:	53.56	0.73	UNIVERSAL ELEC:	17.19	(0.15)
LIONSGATE:	6.70	(0.14)	VONAGE:	2.39	(0.03)
LODGENET:	3.65	(0.04)	YAHOO:	14.94	0.05
NEW FRONTIER:	1.72	0.14	TELCOS		
OUTDOOR:	5.03	0.11	AT&T:	24.84	0.01
PLAYBOY:	5.55	1.61	QWEST:	5.45	0.02
SCRIPPS INT:	41.43	(0.18)	VERIZON:	26.49	(0.16)
TIME WARNER:	30.10	(0.09)	MARKET INDICES		
VALUEVISION:	1.75	(0.04)	DOW:	10216.27	18.24
VIACOM:	37.44	(0.07)	NASDAQ:	2198.36	1.91
WWE:	15.86	(0.18)	TECHNOLOGY		
ADC:					
ADDVANTAGE:					
ALCATEL LUCENT:					
AMDOS:					
AMPHENOL:					
AOL:					
APPLE:					

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CORPORATE LICENSES

CableFAX Daily™

WHAT THE INDUSTRY READS FIRST.



EYE ON ADVERTISING

Cable All Aglow

Cable networks have unique needs when it comes to driving subscriber growth. Aiding that effort on the Internet has become a specialty at Glow Interactive. Glow counts among its clients **Discovery**, **A&E**, **Showtime**, and **USA Networks**, for which the agency's latest version of "White Collar" online game Chasing The Shadow launches this week with sponsorship from Ford Taurus. *Mike Molnar*, managing partner at Glow, illuminates contributor *Cathy Applefeld Olson* about how and why the Web works.

Glow won a CTAM award last year for your Showtime campaign. What can networks glean from that effort?

MM: Showtime asked us to help them establish a more powerful brand in their subscriber market. The Showtime site is very geared toward the [existing] Showtime fan, as it should be. But it can be overwhelming for someone who wants to learn more about the network before they make the purchase. We tried to get their subscriber group off their Web site by creating a microsite that took a softer approach and was more about engaging people.

Engaging them how?

MM: If you were someone who didn't have Showtime and came to the subscriber site, it would ask three to four questions about you and then match you with shows. Then the question is: how do we hold their hand and lead them to the things that will resonate most with them? And we track everything on the site. We know how many people viewed videos, how many episodes they viewed, how much time they spent on the site, how much call volume increased after they went to the site.

You have a lot of metrics. What specifically are the cable networks looking for from you?

MM: There are so many MSOs, and it's not an easy piece for these cable providers to push each of their

networks. Pay cable networks want subscribers. Period. Showtime, HBO, Starz—they're all trying to aggregate and cull information among all the MSOs, and it's almost an impossible situation for them. The subscriber groups don't have the budgets that the marketing groups do. They need to spend their money efficiently. You can do that on the Web and take a more targeted network approach, making their buy in that very vertical way. Marketing has a show—a certain subset of the audience they want to reach—but networks have the ability to reach a much wider set of people in a much more cost-effective way.



Are nets generally aware of how they want to spend their limited budget?

MM: The networks generally understand they need to address their consumers online, but they still have a long way to go. We're trying to reverse 60 years of thinking of people at the highest levels of television. The key to understand for any CMO at any network is it's not just about telling a story. It's about telling a story and inciting an action.

What's ahead for Internet marketing?

MM: I'm seeing a lot of networks switch to the reality gaming aspect of things, for both new and existing subscribers. USA is a good litmus test for how to do things right. We can quantify with site traffic to the lower third of advertising on-air. When we do new game on USA, like the second edition of Chasing The Shadows, they run a 15-second spot. That's the biggest thing that happens on the network side. Overall, the left hand has to know what the right hand is doing. If you have a Facebook campaign going on, how do you support that in your other areas of marketing? I don't know if anyone is doing that right, right now.

(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century)

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