

# CableFAX Daily™

Friday — July 16, 2010

What the Industry Reads First

Volume 21 / No. 136

## Fight Handicapping: Who Has the Edge in Carriage/Retrans Battles?

As the **AT&T U-verse-Rainbow** carriage skirmish continues and the media industry girds itself for a potentially seismic carriage/retrans showdown between **Time Warner Cable** and **Disney** in late Aug, a pair of firms weighed in on various players' probability for success. **Collins Stewart** analyst *Thomas Eagan* advised clients to place their bets on **Cablevision** in its disagreement with AT&T, which rages on despite ongoing negotiations Thurs and as Rainbow nets **AMC**, **WE tv** and **IFC** remain on U-verse systems. "We would buy CVC on any pullback as we believe CVC's Rainbow has more negotiating leverage than does AT&T," wrote Collins. "Not only do we see AMC et al as having less to lose if the channels lose Uverse affiliate fees for several months (compared to Uverse which could lose subscribers forever)... we believe CVC mgmt would be willing to sacrifice Rainbow's channels being pulled (in the short term) as it would impair Uverse PayTV channel offering." Investors apparently heeded Eagan's advice Thurs, sending CVC shares up 1.24% following the stock's 1.8% Wed slide. AT&T shares gained 0.16%. Of the forthcoming contract talks between Disney and TWC, meanwhile, **RBC Capital Markets** recently noted a belief that "the leverage remains with Disney, especially heading into football season." Note resurgent **ESPN's** heft as a bargaining chip too. However, RBC said the balance of power may shift to TWC and other MSOs as TV Everywhere initiatives proliferate. "As the specter of over-the-top competition looms large at a time when retransmission consent is becoming a more powerful economic force... the MSOs could have their bargaining chip in the form of TV Everywhere," said RBC. "We believe that the content providers would likely be better off by participating in [ops' Everywhere plays] rather than alienating the MSOs, especially as the independent over-the-top opportunity just doesn't have much to offer currently." Disney's imminent feature in major carriage/retrans talks further informs on the topic, as ABC along with other broadcasters have been relatively liberal in providing content to online plays while Disney chief *Bob Iger* has so far kept the co's cable nets close to his digital vest. "Of potentially major consequence for the industry is whether or not Time Warner Cable is able to secure a commitment for Disney's participation in TV Everywhere as part of [their] discussions," said RBC, which believes that possibility is "still something of a long shot."

**More Retrans:** In a Wed letter, a group of NY-area broadcast execs expressed concern over the New York City Council's planned Thurs discussion of 2 resolutions asking the Council to support changes to the current federal retrans policy. "This fair, transparent and market-based system is working," wrote execs from local **NBC**, **ABC** and **Fox** affils and **Univision**, underscoring a belief that programming costs aren't leading to higher cable bills. Citing an analysis, the execs said the percentage of **Time Warner Cable's** programming costs relative to operating costs has declined over the past 4 years.

**At the Portals:** The **FCC** should proceed cautiously in its efforts to find a CableCARD successor as small ops "want to avoid retrofitting their systems with expensive new software and capital equipment," said **ACA** pres/CEO *Matt Polka* in highlighting ACA's comments this week in the FCC's CableCARD proceeding. ACA took no official position on the

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## RE-TUNE DEADLINE JULY 21

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FCC's proposed adaptor-focused "AllVid" concept, but the group noted that small ops can't spread out costs across millions of subs like big MSOs and warned that any new costs placed on small ops could detract from rural broadband investment. -- **Free Press** filed comments with the **FCC** Thurs urging swift implementation of chmn *Julius Genachowski's* proposal to re-establish a legal framework allowing the commission to set broadband policy. By not doing so, said Free Press, "broadband service providers will be free to censor websites, stifle competition, and continue to ignore underserved communities." Thurs was the deadline for comments on Title II broadband regulation.

**On the Hill:** Senate Commerce on Thurs approved the Equal Access to the 21st Century Communications Act, which aims to ensure that those with disabilities have full access to broadband and better video programming devices. In a statement, **NCTA** pres/CEO *Kyle McStarow* lent his support and said cable will "work constructively" with Congress as the legislation moves forward. The House Communications subcmte approved its version of the bill last month, but the full Commerce Committee has yet to mark it up.

**In the States:** **NASA TV** announced the planned Mon takeoff of a 24/7 high-def version that will be delivered in MPEG-2 format. -- **Big River Telephone** is now delivering wholesale comm services to service providers using **Cedar Point** tech.

**Customer Service:** Among the major providers of voice services to home-based businesses, **Verizon** edged **Time Warner Cable** in customer service satisfaction, according to **J.D. Power's** US Major Provider Business Telecom Study, which found that a single point of contact goes a long way in pleasing business customers. While **Comcast** was the laggard in the home-based segment, **Cablevision's** Optimum Business led the SMB segment with a score that ranked 2nd among all 3 categories, including large enterprise. **AT&T** paced that group.

**Deals:** **Warner Bros** and **Netflix** expanded their existing streaming content agreement by adding availability of a slate of Warners catalog TV shows to Netflix subs. For a period of 4 years, Netflix gains access to series including "Nip/Tuck," "Veronica Mars" and "Pushing Daisies."

**Ratings:** **CSN Philadelphia** is averaging a 7.2 HH rating for its Phillies telecasts through 50 games, a 16% YOY increase marking a 1st-half record for the net. -- The Tues ep of **Discovery Channel's** "Deadliest Catch," which marked the final feature of the late Captain *Phil Harris*, garnered 8.5mIn total viewers and 5.2mIn 18-49s.

**Programming:** **Epix** inked with **Worldwide Biggies** a first-look deal covering multiple projects, including "My: Moment," which will hit the net in Jan offering an inside look at Olympic skier *Lindsay Vonn*. -- Following its Jun airing, **Spike's** "Guys Choice" awards show has been picked up in 170 global territories. -- **Logo** picked up the off-cable syndication rights to "Nip/Tuck" (Oct).

**Honors:** **HBO** led cable in News and Documentary Emmy nominations with 20, narrowly surpassing **Nat Geo's** impressive 19 noms. Other cable nom tallies include **CNN** (6), **History** (6), **CNBC** (4), **Animal Planet** (3), **HDNet** (3), **BBC America** (2), **Discovery Channel** (2), **Planet Green** (2), **Sundance** (2), **VH1** (2), **Current TV** (1) and **MSNBC** (1) and **Travel** (1). **PBS** led all nets with 37 noms while **ABC**, **NBC** and **CBS** combined for 57, compared to cable's 74.

**Public Affairs:** **Time Warner Cable** partnered with the **League of United Latin American Citizens** and com-

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# BUSINESS & FINANCE

mitted to a 3-year, \$200mIn grant to help support tech centers that provide training, techy and support services in Latino communities.

**Editor's Note:** Don't miss out! Get the low-down on iTV and advanced advertising by signing up for **CableFAX's** Jul 21 Webinar. Speakers from **Canoe Ventures, Comcast, ActiveVideo** and **Ensequence** will walk you through it all. More info at [http://www.cablefax.com/cfp/webinars/going\\_interactive\\_july21.html](http://www.cablefax.com/cfp/webinars/going_interactive_july21.html).

**People:** **OWN** named **Maurizio Vitale** svp, marketing. -- **Time Warner Cable Media Sales** tapped **Tom Valasek** as vp, business dev. Valasek will focus most of his time on the automotive category. -- **Joe Bosch** joined **DirectTV** as evp/ chief human resources officer.

**Business/Finance:** As expected, **Penthouse Magazine** parent **FriendFinder Networks** submitted an acquisition bid to **Playboy's** board. The \$210mIn offer exceeds the \$185mIn bid of Playboy founder **Hugh Hefner** announced this week. Shares ended up 0.18%. -- **Morgan Stanley** raised its estimates through '11 and target price (\$31) for **Cablevision**, citing expected earnings growth from the MSO's purchase of **Bresnan**. -- **Oppeheimer** managing dir **Timothy Horan** named **Comcast** his top large-cap stock pick based in part on the speed and quality of the MSO's local broadband network.

## CableFAX Daily Stockwatch

Company	07/15 Close	1-Day Ch	Company	07/15 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	35.78	(0.08)	ARRIS GROUP:	11.63	0.06
DISH:	19.40	0.15	AVID TECH:	12.51	(0.5)
DISNEY:	34.05	(0.19)	BIGBAND:	3.10	(0.09)
GE:	15.25	0.05	BLNDER TONGUE:	1.20	(0.03)
NEWS CORP:	14.76	(0.07)	BROADCOM:	37.09	(0.08)
<b>MSOS</b>					
CABLEVISION:	26.13	0.32	CISCO:	23.92	0.18
COMCAST:	19.31	0.33	CLEARWIRE:	6.77	(0.14)
COMCAST SPCL:	18.22	0.20	COMMSCOPE:	26.03	0.04
GCI:	8.18	(0.08)	CONCURRENT:	4.91	(0.06)
KNOLOGY:	11.88	0.17	CONVERGYS:	10.71	0.02
LIBERTY CAPITAL:	45.62	(0.57)	CSG SYSTEMS:	18.95	(0.51)
LIBERTY GLOBAL:	27.90	(0.06)	ECHOSTAR:	20.02	(0.31)
LIBERTY INT:	11.23	(0.11)	GOOGLE:	494.02	2.68
MEDIACOM:	6.84	(0.16)	HARMONIC:	5.90	(0.14)
RCN:	14.87	-0.00	INTEL:	21.51	0.15
SHAW COMM:	19.41	0.02	JDSU:	10.54	(0.07)
TIME WARNER CABLE:	56.07	(0.12)	LEVEL 3:	1.10	(0.04)
VIRGIN MEDIA:	18.19	0.15	MICROSOFT:	25.51	0.07
WASH POST:	441.43	4.05	MOTOROLA:	7.72	0.26
<b>PROGRAMMING</b>					
CBS:	14.39	0.07	RENTRAK:	25.80	(0.24)
CROWN:	1.75	0.00	SEACHANGE:	9.03	0.09
DISCOVERY:	36.29	(0.34)	SONY:	28.68	(0.4)
GRUPO TELEVISA:	18.95	0.05	SPRINT NEXTEL:	4.70	0.09
HSN:	28.67	0.29	THOMAS & BETTS:	36.75	(0.18)
INTERACTIVE CORP:	23.09	0.00	TIVO:	8.30	(0.05)
LIBERTY:	36.44	0.26	TOLLGRADE:	6.37	0.03
LIBERTY STARZ:	53.70	(0.27)	UNIVERSAL ELEC:	17.99	(0.22)
LIONSGATE:	6.36	(0.25)	VONAGE:	2.42	(0.03)
LODGENET:	3.67	(0.25)	YAHOO:	15.37	0.00
NEW FRONTIER:	1.66	(0.06)	<b>TELCOS</b>		
OUTDOOR:	5.22	(0.21)	AT&T:	25.00	0.04
PLAYBOY:	5.52	0.01	QWEST:	5.51	(0.03)
SCRIPPS INT:	41.50	(0.4)	VERIZON:	26.80	(0.04)
TIME WARNER:	30.60	0.16	<b>MARKET INDICES</b>		
VALUEVISION:	1.88	0.01	DOW:	10359.31	(7.41)
VIACOM:	37.52	(0.26)	NASDAQ:	2249.08	(0.76)
WWE:	16.08	(0.2)	<b>TECHNOLOGY</b>		
<b>TECHNOLOGY</b>					
ADC:	12.50	(0.01)			
ADDVANTAGE:	2.71	0.04			
ALCATEL LUCENT:	2.81	0.01			
AMDOS:	29.19	0.13			
AMPHENOL:	42.60	0.26			
AOL:	21.50	0.43			
APPLE:	251.45	(1.28)			

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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Roping Rogers' Steed**

At a NYC auction Wed, RFD-TV agreed to pay approx \$267K for Roy Rogers' taxidermal horse *Trigger*, who will forever stay in a rearing pose. But as RFD-TV pres *Patrick Gottsch* was waiting Thurs to bid on Rogers' stuffed dog *Bullet*, he explained the purchase and outlined *Trigger's* important movement to a new outpost. The steed "matches what RFD is and has stood for over its 10 years," said Gottsch. "It helps to bring back the good memories of TV like it used to be." *Trigger* will move to Omaha and grace the net's new HQ when the current construction is completed. Before that, though, Gottsch hopes his new prize helps lure new viewers and further satisfies existing ones as part of a clever marketing ploy: come Nov, RFD-TV will begin airing some 35 of Rogers' old movies. "We're hoping people rediscover Roy Rogers on RFD-TV," said Gottsch, adding that Rogers is already featured every day on the net in "Happy Trails." Don't feel badly if you've never heard of *Trigger* or couldn't pick Rogers out of a lineup for \$100; he's certainly old school. But he plays just fine with RFD-TV's viewership, the majority of which is 50+. That makeup, said Gottsch, couples with the net's content thrust to interest many ops. "People are really searching for family-friendly programming," he said, noting that RFD recently eclipsed the 40mln HH plateau through launches in OK and NE on **Cox** and in CO on **Comcast**. A 5-year deal with **DISH** is also fresh, and the net owns a signed agreement with every cable op, said Gottsch. An avg of 12.5mln homes tune in to RFD weekly, and with any aid from *Trigger*, that number could rise. Maybe not like a *Bullet*, but RFD-TV's auction win certainly won't hurt. "We hope Roy Rogers will be the symbol of RFD-TV for our next 10 years," said Gottsch. And *Trigger* too. *CH*

**Worth a Look:** "Come Dine with Me," Wed, 9p, **BBC America**. 4 strangers host dinners at their homes; later the cooking is rated by the guests. Being reality TV, some of the strangers are indeed strange. But the kicker is *Dave Lamb*, whose snarky narration produces multiple belly laughs. Lamb, not the lamb, easily is the best part of this enjoyable series. We hope Lamb is on the menu when BBC A produces a US version for '11. -- "Confessions: Animal Hoarding," pilot, Wed, 9p, **Animal Planet**. Yes, it's the new, edgy AP. In the powerful pilot, we meet 2 pet hoarders who clearly are suffering (as are their animals). Like **A&E's** "Intervention," family/friends attempt to help, but it's tough. -- "Amazing," Fri, 7p, **Nat Geo**. The title is a calculated risk, yet it works, including tonight's juggler and rats treading water for 3 days. -- "Cook Like an Iron Chef," pilot, Thurs, 10p, **Cooking**. "Flavor, texture" is just 1 tip *Michael Symon* presents in a direct but relaxed atmosphere. SA

**Notable:** **ESPN, ESPN HD** et al cover **The British Open** live Fri at 4a ET through 3p; sleep in, as coverage begins at 7a Sat and 6a Sun. Of course, subs could choose sanity and catch **Golf Channel's** live recap nightly at 7p ET. SA

Basic Cable Rankings (7/05/10-7/11/10) Mon-Sun Prime			
1	USA	2.1	2130
2	DSNY	2	1966
3	TNT	1.8	1827
4	FOXN	1.4	1378
4	HIST	1.4	1339
6	NAN	1.3	1325
6	ESPN	1.3	1309
6	FAM	1.3	1290
9	A&E	1.2	1144
10	SYFY	1.1	1060
11	HGTV	1	1027
11	TBSC	1	1000
11	FX	1	989
11	DISC	1	982
11	FOOD	1	974
16	LIFE	0.9	920
16	TRU	0.9	835
18	TOON	0.8	808
18	AMC	0.8	791
18	CMDY	0.8	781
18	TLC	0.8	781
18	TVLD	0.8	747
23	BET	0.7	655
23	BRAV	0.7	611
23	NKJR	0.7	515
23	LMN	0.7	513
27	SPK	0.6	625
27	EN	0.6	570
27	MTV	0.6	545
27	HALL	0.6	523
31	MSNB	0.5	504
31	VH1	0.5	449
31	NGC	0.5	343
31	NKTN	0.5	279
35	CNN	0.4	447
35	HLN	0.4	423
35	APL	0.4	411
35	TRAV	0.4	372
35	OXYG	0.4	323
35	WGNA	0.4	271
35	GSN	0.4	267
35	ID	0.4	263
43	CMT	0.3	260
43	SOAP	0.3	231
43	DXD	0.3	226
43	DHLT	0.3	196

\*Nielsen data supplied by ABC/Disney

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