

CableFAX Daily™

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What the Industry Reads First

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Howl at the Moon: Disney, TWC Off their Leashes

Things are heating up between **Disney/ESPN** and **Time Warner Cable**, but don't look for it to get really hot until the dog days of August. That's when the quiet little yips between the 2 should ratchet up to full fledged barks. Reacting to Time Warner Cable's relaunch of its Get Tough or Roll Over campaign this week, **ESPN/ABC** launched **IHaveChoices.com** Fri. Radio and TV spots also ran in some markets, including ABC O&Os like NY and L.A. The ESPN site informs TWC subs that contracts for ESPN nets and ABC O&Os expire Sept 2. It tells viewers that "these agreements are not something that should be your problem" while at the same time highlighting alternative options through **DirectTV**, **Verizon FIOS** and **AT&T U-Verse**. Noticeably missing from the list is **DISH**, which recently dropped the HD versions of several Disney nets and is in ongoing litigation over the price of those services. TWC has said that Disney Cable Nets, including **Disney Channel** and **ABC Family**, also expire Sept 2. "We intend to negotiate our deal in the board room, not the living room," an ESPN/ABC spokesperson said. "All viewers really want is straight information about their programs and their options." Both sides said talks are ongoing. Asked whether TWC would update its Roll Over website to specifically mention Disney/ESPN, a rep said, "We have a long way to go. Six weeks are an eternity." He added that the MSO's call centers have been "quiet." Washington is once again keeping an eye on how this plays out. This week, Reps **Steve Israel** (D-NY) and **Peter King** (R-NY) circulated a "Dear Colleague" letter asking members to sign a letter pushing the FCC to issue an NPRM on retrans following a petition from Time Warner Cable and others. "We have serious concerns with the harm these disputes are having on our constituents, who either lose access to broadcast programming or bear the increased costs of such programming in the form of more expensive bills from their pay-TV provider," the letter says.

Deals: **Rainbow** and **AT&T U-Verse's** spat didn't last long, with the 2 announcing a carriage agreement for **AMC**, **WE tv** and **IFC** Thurs night. The deal also now includes **Sundance**, which had been under a separate contract. Not included in the deal is newbie net **Wedding Central**. No word on details. Rainbow said the deal "truly recognizes the value of our networks," while AT&T characterized it as "the fair deal we wanted for our customers."

So Long & Thanks for the Tweets: **Comcast** is losing online customer guru and sr dir of customer ops **Frank Elia-**

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son. He is returning to the banking industry in a social media role at **Citi**. Eliason has become a sort of poster child for cable and other industries using social media to connect with customers. To give you an idea of the impact of Eliason, who used the handle ComcastCares on **Twitter**, there were numerous retweets of his announcement Fri. "He totally changed my opinion about the company," tweeted *Michael Hyatt*, CEO of **Thomas Nelson Publishers**.

NBCU: The **GE** unit reported a 5% uptick in 2Q rev to \$3.75bln, a 13% rise in profit to \$670mln and many of its components exhibited upward trends, leading **Wells Fargo Securities** analyst *Marci Ryvicker* to find greater attraction in the proposed **NBCU-Comcast** merger. And as GE execs said they "will work like crazy" to get the deal done by Dec 31, it appears broadcast is becoming increasingly important to the venture. NBCU's broadcast div delivered 1% rev growth to \$1.4bln and 6% profit growth, with local stations' 25% overall increase leading the way. 2Q local scatter pricing jumped more than 20% and broadcast earned an 18% rise in upfront business due equally to higher sell out and better pricing. "The local stations market continued to be very strong," said GE CFO *Keith Sherin*, who did note ratings softness across the broadcast landscape. Of course, cable again paced the segment—cable rev was up 7%, profit 10%—but broadcast seems back from the depths of recent years. **Magna** recently projected 8.3% YOY growth in local broadcast in '10, ahead of its estimate for natl cable (+7.5%), and Gannett on Fri said its station rev grew 19.6% in 2Q and that 3Q is pacing in the mid-20s. As a result, Ryvicker said she's "more comfortable" with her firm's outlook of 25%+ station growth for **CBS** in 2Q.

In the States: **Cablevision** said Fri afternoon that it had resolved a disruption to the MSO's email services. The problem began midday Thurs. CVC said a "minority" of customers were affected. "We believe that this was an extremely rare, one-time problem after more than a decade of uninterrupted email service and that no customer email was lost. We apologize to our customers and thank them for their patience," CVC said. Customer Internet access was not affected.

Hands Off: Everyone knows there will be a legal challenge if the **FCC** reclassifies broadband services under Title II, but **NCTA's** filing late Thurs crystallizes it further. "Not only would reversing this long-standing policy be legally unsupportable, it would also thwart rather than promote investment in broadband facilities and undermine the serious reliance interests of broadband providers and others in the existing regulatory regime," the trade group said. **ACA's** comments center on what it says is a legal requirement for the FCC to delay implementation of any broadband reclassification until completing rulemakings to quantify the burdens on small cable ops. The FCC chmn's so-called "Third Way" would forbear most Title II regulations. Meanwhile, meetings continue at the FCC with players about possible legislative solutions.

Soccer Performance: The **ESPN XP** research initiative parsed the co's expansive **World Cup** play and noted 10 important learnings, perhaps key among them that 160.5mln persons aged 2+ consumed Cup content across ESPN platforms—or 55% of all Americans. The sports giant entered the tourney with a key goal to satisfy fans across platforms, and data show achievement in the space. 26% of persons who used ESPN's Cup content were multiplatform consumers, yet that cohort represented nearly half of the overall usage of Cup content on the avg day. Moreover, the multiplatform user spent an avg of approx 210min consuming coverage, including 144 TV minutes versus 84min for the TV-only viewer. Compared to the 26% of daily persons who were multiplatform consumers and 10% who were non-TV consumers, males were more likely to be multiplatform users (30%) and non-TV users (11%).

Advertising/Marketing: **Discovery Comm** again triggered the notion that not even land-locked Marylanders are safe from sharks. "Chompie" the 446-ft inflatable shark returned to the co's MD HQ ahead of **Discovery Channel's** annual "Shark Week" stunt (Aug 1). Appearing to swim through the building, Chompie required 6.65 miles of fabric to make and 6,400 man hours to complete. -- **Current TV** tapped **Invision** software to manage its ad sales operations across traditional and new media channels. -- Under a new local ad partnership, **Gannett** will sell **Yahoo!** inventory through 7 of its broadcast stations' Websites and all 81 of its local publishing orgs.

Programming: **FX's** fall schedule includes the returns of "Sons of Anarchy" (Sept 7) and "It's Always Sunny in Philadelphia" (Sept 16), plus new dramedy "Terriers" (Sept 8), chronicling 2 friends' start of an unlicensed PI firm. -- This week's "Communicators" on **C-SPAN** features attorneys for both sides of the **FCC** indecency policy, which was vacated Tues by the US 2nd Circuit Court of Appeals (Sat, 6:30pm).

Business/Finance: **Kaufman Bros** initiated **Time Warner Cable** with a 'buy' and \$66 price target, citing cheapness in the shares relative to potential financial returns. The firm said it's cautious on the Cable and Satellite sector as a whole.

CableFAX Week in Review

| Company | Ticker | 7/16 Close | 1-Week % Chg | YTD %Chg |
|---------|--------|------------|--------------|----------|
|---------|--------|------------|--------------|----------|

BROADCASTERS/DBS/MMDS

| | | | | |
|------------|------|-------|---------|----------|
| DIRECTV: | DTV | 34.97 | (1.82%) | 4.86% |
| DISH: | DISH | 18.68 | (1.22%) | (10.06%) |
| DISNEY: | DIS | 33.03 | (2.13%) | 2.42% |
| GE: | GE | 14.55 | (2.68%) | (3.83%) |
| NEWS CORP: | NWS | 14.14 | (2.08%) | (11.18%) |

MSOS

| | | | | |
|--------------------|-------|--------|---------|---------|
| CABLEVISION: | CVC | 25.48 | 0.55% | (1.32%) |
| COMCAST: | CMCSA | 18.54 | 2.60% | 9.96% |
| COMCAST SPCL: | CMCSK | 17.52 | 2.82% | 9.43% |
| GCI: | GNCMA | 7.80 | (6.81%) | 22.26% |
| KNOLOGY: | KNOL | 11.23 | (0.71%) | 2.84% |
| LIBERTY CAPITAL: | LCAPA | 43.95 | (0.9%) | 84.05% |
| LIBERTY GLOBAL: | LBTYA | 27.34 | (1.48%) | 24.90% |
| LIBERTY INT: | LINTA | 11.04 | 0.73% | 1.85% |
| MEDIACOM: | MCCC | 6.73 | (3.99%) | 50.56% |
| RCN: | RCNI | 14.87 | 0.00% | 37.05% |
| SHAW COMM: | SJR | 19.13 | 3.85% | (7%) |
| TIME WARNER CABLE: | TWC | 54.10 | (2.68%) | 30.71% |
| VIRGIN MEDIA: | VMED | 17.68 | (0.62%) | 5.05% |
| WASH POST: | WPO | 425.90 | (0.8%) | (3.12%) |

PROGRAMMING

| | | | | |
|-------------------|-------|-------|----------|----------|
| CBS: | CBS | 13.53 | (3.63%) | (3.7%) |
| CROWN: | CRWN | 1.75 | (1.69%) | 20.69% |
| DISCOVERY: | DISCA | 34.99 | (3.56%) | 14.09% |
| GRUPO TELEVISIA: | TV | 18.36 | (2.75%) | (11.56%) |
| HSN: | HSNI | 27.49 | 1.66% | 36.16% |
| INTERACTIVE CORP: | IACI | 22.50 | 0.45% | 9.86% |
| LIBERTY: | L | 35.56 | (0.39%) | (2.17%) |
| LIBERTY STARZ: | LSTZA | 52.20 | (1.19%) | 13.11% |
| LIONSGATE: | LGF | 6.09 | (10.96%) | 4.82% |
| LODGENET: | LNET | 3.39 | (8.13%) | (38.7%) |
| NEW FRONTIER: | NOOF | 1.65 | 9.27% | (12.7%) |
| OUTDOOR: | OUTD | 4.84 | (1.63%) | (16.55%) |
| PLAYBOY: | PLA | 5.37 | 29.71% | 67.81% |
| SCRIPPS INT: | SNI | 40.41 | (2.88%) | (2.63%) |
| TIME WARNER: | TWX | 29.53 | (2.19%) | 1.34% |
| VALUEVISION: | VVTV | 1.70 | (3.95%) | (64.58%) |
| VIACOM: | VIA | 36.22 | (3.44%) | 14.98% |
| WWE: | WWE | 15.72 | (2%) | 2.54% |

TECHNOLOGY

| | | | | |
|-----------------|------|--------|---------|----------|
| ADC: | ADCT | 12.52 | 41.79% | 101.61% |
| ADVANTAGE: | AEY | 2.65 | (1.49%) | 34.52% |
| ALCATEL LUCENT: | ALU | 2.67 | (1.84%) | (19.58%) |
| AMDOCS: | DOX | 28.29 | 0.64% | (0.84%) |
| AMPHENOL: | APH | 41.15 | 1.25% | (10.89%) |
| AOL: | AOL | 20.75 | 2.32% | (10.87%) |
| APPLE: | AAPL | 249.90 | (3.77%) | 18.59% |
| ARRIS GROUP: | ARRS | 11.29 | 6.31% | (1.22%) |
| AVID TECH: | AVID | 12.01 | (5.43%) | (5.88%) |
| BIGBAND: | BBND | 3.05 | (3.79%) | (11.34%) |
| BLINDER TONGUE: | BDR | 1.26 | 3.35% | 10.61% |
| BROADCOM: | BRCM | 35.99 | (0.85%) | 14.36% |
| CISCO: | CSCO | 22.75 | 0.22% | (4.97%) |
| CLEARWIRE: | CLWR | 6.51 | (7%) | (3.7%) |

| Company | Ticker | 7/16 Close | 1-Week % Chg | YTD %Chg |
|---------|--------|------------|--------------|----------|
|---------|--------|------------|--------------|----------|

| | | | | |
|-----------------|-------|--------|---------|----------|
| COMMSCOPE: | CTV | 24.75 | (0.08%) | (6.71%) |
| CONCURRENT: | CCUR | 5.06 | (1.17%) | 27.78% |
| CONVERGYS: | CVG | 10.20 | 0.59% | (5.12%) |
| CSG SYSTEMS: | CSGS | 18.03 | (3.48%) | (5.55%) |
| ECHOSTAR: | SATS | 19.38 | (1.07%) | (3.77%) |
| GOOGLE: | GOOG | 459.61 | (1.69%) | (25.87%) |
| HARMONIC: | HLIT | 5.77 | (2.86%) | (8.7%) |
| INTEL: | INTC | 21.02 | 3.85% | 3.04% |
| JDSU: | JDSU | 10.15 | (1.65%) | 23.03% |
| LEVEL 3: | LVLTL | 1.05 | 2.94% | (31.37%) |
| MICROSOFT: | MSFT | 24.89 | 2.55% | (18.34%) |
| MOTOROLA: | MOT | 7.50 | 15.74% | (3.35%) |
| RENTRAK: | RENT | 25.30 | (3.21%) | 43.18% |
| SEACHANGE: | SEAC | 8.90 | 9.74% | 35.67% |
| SONY: | SNE | 26.87 | (3.55%) | (7.34%) |
| SPRINT NEXTEL: | S | 4.56 | 6.54% | 24.59% |
| THOMAS & BETTS: | TNB | 35.26 | (3.08%) | (1.48%) |
| TIVO: | TIVO | 7.93 | (2.94%) | (22.1%) |
| TOLLGRADE: | TLGD | 6.30 | 0.16% | 3.11% |
| UNIVERSAL ELEC: | UEIC | 16.67 | (3.86%) | (28.21%) |
| VONAGE: | VG | 2.28 | (5.79%) | 62.86% |
| YAHOO: | YHOO | 14.90 | 0.07% | (11.2%) |

TELCOS

| | | | | |
|----------|----|-------|---------|----------|
| AT&T: | T | 24.69 | (0.56%) | (11.92%) |
| QWEST: | Q | 5.44 | 0.18% | 29.22% |
| VERIZON: | VZ | 26.69 | 0.15% | (19.44%) |

MARKET INDICES

| | | | | |
|---------|------|----------|---------|---------|
| DOW: | DJI | 10097.90 | (0.98%) | (3.17%) |
| NASDAQ: | IXIC | 2179.05 | (0.79%) | (3.97%) |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|------------------|-------|---------|
| 1. ADC: | 12.52 | 41.79% |
| 2. PLAYBOY: | 5.37 | 29.71% |
| 3. MOTOROLA: | 7.50 | 15.74% |
| 4. SEACHANGE: | 8.90 | 9.74% |
| 5. NEW FRONTIER: | 1.65 | 9.27% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|---------------|-------|----------|
| 1. LIONSGATE: | 6.09 | (10.96%) |
| 2. LODGENET: | 3.39 | (8.13%) |
| 3. CLEARWIRE: | 6.51 | (7%) |
| 4. GCI: | 7.80 | (6.81%) |
| 5. VONAGE: | 2.28 | (5.79%) |

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CORPORATE LICENSES

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