

CableFAX Daily™

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What the Industry Reads First

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Food for Thought: NCTA Board Weighs in on Cable Groups' Values

Cable's industry groups recently got a bit of a report card from NCTA's board, with a committee releasing a memo last month ranking the groups' perceived value by some members. **SCTE, WICT, NAMIC** and HR org **CTHRA** ranked the highest in the survey, of which 21 of 31 NCTA member companies responded (10 ops, 8 programmers and 3 others). **Kaitz, Emma Bowen** and **CTAM** fell in the middle of the pack. The **Cable TV Ad Bureau, Cable Center** and **Assoc of Cable Communicators (ACC)** were perceived "not to provide much value," though the survey noted that the low ratings could be skewed for CAB because of the large share of cable ops in the survey and that ACC's rating may reflect a lower likelihood of interaction with CEOs and sr mgmt team members of NCTA. But no one should take these results to mean there is a target on any group's back or that the committee is even telling them to do anything, said **Comcast's David Cohen** and **Bright House** chmn **Bob Miron**, the co-chairs of the NCTA board's Cable Industry Organization Review Committee. "The purpose of the survey was simply to provide additional data points to the NCTA board and, more importantly, to the organizations themselves on how they are perceived, at least at the CEO level, in terms of delivering value..." said Cohen. The survey was 1 of a series of recommendations that came out of a report the committee made to the NCTA board last fall. Another recommendation included re-establishing a Diversity Week in NYC. "There was no intention whatsoever to say that on the basis of this survey, which is hardly scientific, that you should get rid of the lower value programs or the lower valued organizations should consider closing their doors," Cohen said. What sort of feedback did the survey provide? It confirmed a low tolerance for multiple events and programs that require travel, and suggested that additional efforts be made to pare them down. The committee was formed after the creation of the Cable Connection Spring and Fall weeks, consolidating the industry's list of events into 2 weeks. Any restructuring is beyond the committee's scope, but it did suggest CTAM consider restructuring given its "high overhead costs" and large number of programs. "We made suggestions, but I think there's a big difference between telling a group what to do and making suggestions," Miron said, adding that the groups aren't beholden to the board or committee. "There's no penalty for doing what they want to do." The committee's analysis suggested a CTAM restructuring would presumably include continued sponsorship of the annual Summit, CTAMU, the Cable Movers Program, some research and a small subset of existing activities. Programs such as, the Business Services Council and Retail Com-

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mittee, didn't rank as high. "CTAM regularly surveys members and stakeholders for their input on how CTAM can serve the industry to the fullest extent in support of our mission to optimize cable marketing," said CTAM chief *Char Beales*. "This particular survey provides us with additional direction and our Board of Directors will consider the thinking in planning for 2011 and beyond." While ACC and Cable Center ranked low, the committee did not make any specific recommendations, saying the Cable Center does not solicit funds from the industry and ACC is a low-dollar organization. "We are taking the feedback very seriously as we continue to focus on evolving our core programs and delivering meaningful value by raising the level of communications work across the cable industry," said ACC pres/Cablevision vp media relations *Jim Maiella*, who said the group just completed a successful Cable Communications Institute in NYC that featured **Insight** CEO *Michael Willner* and **Edelman** pres/CEO *Richard Edelman*. **Cable Center** pres/CEO *Larry Satkowiak* said the survey provided feedback for the constant discussions his organization holds. Its Distance Learning Class with **C-SPAN** program got its most positive rating in the survey. Feedback and adjustments from these committee meetings have been ongoing, he said, noting that the Cable Center is self-sufficient financially. NAMIC's Exec Leadership Development Program, annual conference and L Patrick Mellon Leadership program scored well, with the committee suggesting it consider eliminating some of the programs that didn't score as high, such as regional mentorship. The committee said the survey suggested WICT should focus on its core programs, such as the Betsy Magness Leadership Institute, the Rising Leaders Program and the WICT Leadership Conference, and consider eliminating programs such as the Tech It Out initiative and Business Management Symposium. Saying it's struck by the lack of popularity and acceptance of WICT's PAR Initiative, the committee also suggested WICT reassess the structure and usefulness of PAR, its annual survey ranking participating companies in pay equity, advancement opportunities and resources for work/life support. Survey participation is voluntary, and varies widely by company. Cohen warned against elevating the survey's importance beyond where it really belongs, which is "additional data points" for these groups. There is nothing on the calendar at this point as a follow-up to the survey and no plans for additional surveys.

ACA Notebook: Is Wall St warming to small cable? **Atlantic Broadband** CEO *Ed Halloran* on Mon said the multiples **Bresnan** got in its recent sale to **Cablevision** were "a good start after the market had been shut down for the last three years... Wall Street is turning more bullish for cable. The cost of capital is down, and we hope to refinance to take advantage of that." **New Wave** CEO *Larry Eby*, also a panelist at the opening session of the NCTC and ACA's Independent Show, said "access to capital has changed our mindset on spending." Even so, CEOs agreed that while owning the best platform offers advantages, hurdles such as the bad economy, potential Hill and **FCC** action, and retrans initiatives—or the lack of them—instill fear that "people will finally get fed up with the rising costs of cable services." Also worrisome are ongoing negotiations with programmers on license fees, coupled with fallout

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surrounding the pending **Comcast/NBCU** merger. So how to grow the business in a bad economy? "Value begets value," said *Bill Beaty*, CEO of **Comporium Communications**. "We need to come up with more bundling solutions." One potential driver: commercial business services, including more voice and data, security solutions, storage and managed services. "In small-town America, this is great," said Eby.

Competition: **FiOS TV** integrated **Clearleap's** cloud-based content management, delivery and ad platform to initially help streamline prod for **FiOS 1** and later to help roll out the local net on VOD across markets. -- **DISH** announced the 2nd season of "CMT Front Row Only on DISH Network," offering 4 eps of the net's monthly series "Invitation Only" to all its subs during an exclusive premiere window. -- As expected, **AT&T** launched **U-verse** services in Chattanooga, TN. -- The enhanced version of **NFL Mobile** from **Verizon Wireless** includes live streams of **NFL Net** and its Thurs night games, **NFL RedZone** and **NBC's** "Sunday Night Football."

Bluster Continues: After routinely questioning certain practices of **Lionsgate's** board following his initial \$7/share tender offer, *Carl Icahn* filed in **NY Supreme Court** Mon a lawsuit against the board and other parties seeking compensatory and punitive damages for financial moves made following last week's renewal of that offer at \$6.50/share. Icahn claims the co's recently finished deleveraging transaction, in which it converted approx \$100mln of its sr subordinated notes into common shares at an effective conversion price of \$6.20/share, "significantly diluted" all LGF shareholders as dir/significant LGF shareholder *Mark Rachesky's* fund wrongly benefited from the transaction. "I find this scheme especially reprehensible in light of the fact that the board recently advised shareholders that the shares were worth \$8.85 per share," said Icahn, who also wants a preliminary and permanent injunction rescinding the note exchange and the issuance of shares to Rachesky's fund. If the transaction stands, Rachesky's LGF ownership jumps to 28.9% from 19.9%, compared to Icahn's 37.9%.

5Qs with ACA's Matt Polka and NCTC's Jeff Abbas: *With the Independent Show in full swing this week, we recently chatted up ACA pres/CEO Matt Polka and NCTC chief Jeff Abbas separately about the issues on their respective plates.*
Retrans is always the big topic at the show. But do you think Comcast-NBCU will trump it this year? Polka: It's probably like A1 and A2. They're both priorities, and they're both linked. NBC has 10 O&Os, and there will be the ability and incentive for Comcast to combine that with its 9 RSNs as well as 20 marque networks from NBC. The incentive for mischief there in terms of impact on cost to consumers is great... Retransmission consent this year is at a different level, I think, because industry and public interest has finally come together collectively to say, 'This is a problem that must be solved.'
Everyone's watching the Time Warner Cable-Disney negotiations. Where is NCTC's deal? Abbas: We're fairly pleased that we have several years left on that agreement. We've had our share of brawls over programming negotiations recently, so we're happy to let someone else have one.
Do you have any big deals coming up? Abbas: Our biggest deal is with **Comcast**. Most of our Comcast agreements are up at the end of this year. Timing is good for that dialogue.
ACA has some specific and separate concerns over broadband classification, right? Polka: The general concern we have is that regulation by the FCC or legislation by Congress has a disproportionate impact on smaller companies [that's why ACA is calling for the agency to comply with the Administrative Procedures Act and Regulatory Flexibility Act]. As we contemplate not only the administrative costs of potential broadband classification but the impact on our ability to manage our networks, it's significant... It could literally cause the reverse effect on the ability of our members to deploy broadband in rural areas, which is exactly what the FCC and Congress want us to do.
ACA recently added some new members, all overbuilders. How much does it increase your membership, and does it change things for you? Polka: We're very pleased to have companies recognize our work and work together with us. Frankly, as things change in the market all the independent operators share common concerns, whether they're in smaller, rural markets or in direct competitive situations with Comcast and others. And that is that our size leads to discrimination in programming pricing that we have to pay.



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BUSINESS & FINANCE

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Technology: Beyond Broadband Technology, which developed an open standard downloadable security system aimed at smaller ops, will take over manufacturing of boxes with the solution from **R.L. Drake**. BBT will create a new company to expedite the boxes. The initial set-top box design by Drake has now gone through security testing by **Telcordia** and is ready for full production, BBT said. Now that the initial technical development phase is complete, it makes more sense for Drake to focus on headend design and development, the companies said. BBT is also working with **Avail-TVN** to incorporate a conditional access stream compatible with the BBT Solution downloadable security design.

Business/Finance: Relativity Media agreed to assume the marketing and distribution operations of **Starz Overture Films** from **Liberty Media**, with the parties to release Overture's remaining 3 titles through a distribution services deal. Relativity is hiring approx 43 Overture employees, including marketing chief *Peter Adee* and distribution exec *Kyle Davies*. Earlier this month, Relativity inked an accord to provide **Netflix** subs with online access to as many as 30 films. -- The world's largest set-top manufacturer, **Pace** agreed to buy broadband tech firm **2Wire** for \$475mln in an effort to penetrate the Internet TV market.

CableFAX Daily Stockwatch

Company	07/26 Close	1-Day Ch	Company	07/26 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	37.50	0.36	ARRIS GROUP:	12.08	0.30
DISH:	20.18	0.37	AVID TECH:	13.47	0.18
DISNEY:	34.40	0.27	BIGBAND:	3.22	0.02
GE:	16.14	0.43	BROADCOM:	38.21	0.45
NEWS CORP:	15.15	0.14	CISCO:	23.61	0.26
MSOS					
CABLEVISION:	26.47	0.46	CLEARWIRE:	6.94	0.19
COMCAST:	19.47	0.15	COMMSCOPE:	27.20	0.55
COMCAST SPCL:	18.38	0.15	CONCURRENT:	4.95	0.05
GCI:	8.82	0.27	CONVERGYS:	10.87	0.18
KNOLOGY:	12.05	0.11	CSG SYSTEMS:	19.56	0.24
LIBERTY CAPITAL:	47.27	0.70	ECHOSTAR:	19.78	0.28
LIBERTY GLOBAL:	28.84	0.20	GOOGLE:	488.97	(1.09)
LIBERTY INT:	11.95	0.23	HARMONIC:	6.44	0.24
MEDIACOM:	7.38	0.12	INTEL:	21.71	0.02
RCN:	14.92	(0.02)	JDSU:	11.20	0.25
SHAW COMM:	19.80	(0.04)	LEVEL 3:	1.20	0.10
TIME WARNER CABLE:	57.10	0.04	MICROSOFT:	26.10	0.29
VIRGIN MEDIA:	19.60	(0.13)	MOTOROLA:	7.86	0.11
WASH POST:	431.72	6.31	RENTRAK:	26.29	0.64
PROGRAMMING					
CBS:	15.00	0.38	SEACHANGE:	9.48	0.67
CROWN:	1.90	0.01	SONY:	28.85	(0.09)
DISCOVERY:	38.29	1.32	SPRINT NEXTEL:	5.05	0.36
GRUPO TELEVISA:	19.03	0.30	THOMAS & BETTS:	40.70	0.90
HSN:	29.86	0.78	TIVO:	9.18	0.56
INTERACTIVE CORP:	24.19	0.20	TOLLGRADE:	6.31	0.00
LIBERTY:	37.13	(0.04)	UNIVERSAL ELEC:	18.67	0.56
LIBERTY STARZ:	55.62	1.82	VONAGE:	2.42	0.06
LIONSGATE:	6.90	0.12	YAHOO:	14.15	0.16
LODGENET:	4.24	0.09	TELCOs		
NEW FRONTIER:	1.54	(0.04)	AT&T:	25.96	0.42
OUTDOOR:	5.67	0.30	QWEST:	5.66	0.02
PLAYBOY:	5.44	0.02	VERIZON:	28.28	0.26
SCRIPPS INT:	42.96	1.96	MARKET INDICES		
TIME WARNER:	31.76	0.39	DOW:	10525.43	100.81
VALUEVISION:	1.74	(0.16)	NASDAQ:	2296.43	26.96
VIACOM:	37.76	0.16			
WWE:	16.36	0.07			
TECHNOLOGY					
ADC:	12.65	0.09			
ADDVANTAGE:	2.75	-0.00			
ALCATEL LUCENT:	2.78	0.06			
AMDOCS:	27.60	0.49			
AMPHENOL:	45.84	0.74			
AOL:	20.80	(0.22)			
APPLE:	259.28	(0.66)			

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