

CableFAX Daily™

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What the Industry Reads First

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Something Cooking? MASN, Comcast Talking Settlement

MASN is looking to “advance the prospect of productive settlement negotiations” with **Comcast** over carriage of the RSN in Harrisburg, PA, and Roanoke/Lynchburg, VA. That’s according to a motion MASN filed with the **FCC** Mon requesting that the Enforcement Bureau’s recommendations involving its program access complaint be filed on Aug 7 instead of Fri, July 31. Comcast and MASN have agreed to meet Aug 4 to discuss a possible resolution to the complaint, which an FCC administrative law judge heard in May. But it doesn’t look like this is over yet. In its own FCC filing, Comcast warned that it’s not clear that the parties are close to settlement. The Enforcement Bureau does not object to the extension, according to MASN, but Comcast does. “Because the views of the Enforcement Bureau may add weight to the arguments of MASN or Comcast, they may hamper (and even undermine) those negotiations,” MASN said in its request. Comcast disagreed, saying there’s no reason to believe deferring the comments would aid settlement efforts. “To the contrary, the Bureau’s comments may prove helpful to settlement, if a settlement is possible, by providing both Comcast and MASN with additional information that will better inform their respective settlement positions,” Comcast wrote. ALJ *Richard Sippel* is hearing the case, which is over whether the MSO should be carrying the net in those VA and PA markets—systems that do carry **Comcast SportsNet**. He is the same admin law judge who heard **NFL Net’s** complaint against Comcast in Apr. That complaint was withdrawn after the 2 brokered a deal moving the net from a sports tier to digital classic. Sippel also heard **WealthTV’s** program access complaint against **Bright House, Comcast, Cox** and **Time Warner Cable** in Apr. The FCC Enforcement Bureau said the net failed to show the MSOs discriminated against it, but Sippel has not filed his decision yet. Whatever he decides, the FCC commissioners get to vote on it.

Key Deal: The **Paramount/Lionsgate/MGM** jv movie channel **Epix** inked its 1st distribution deal, with **Verizon**, after months of fruitless negotiations and pervasive negativity from within the cable industry. **FIOS TV** will feature the premium net upon its Oct launch as part of a flexible deal that **Viacom** pres/CEO *Philippe Dauman* believes will help consummate additional pacts in the near term. VZ has “the ability to offer it on an a la carte basis [and] will be able to include it in bundled product offerings to help drive [customer] acquisitions and upgrades,” said Dauman. Plus, he said, VZ and the net will work toward launching a mobile Epix product for the telco’s **V Cast** mobile service, which currently counts approx 4mln subs, and VZ plans to promote **EpixHD.com** to its broadband subs before the net’s launch. “We really don’t have all that high a hurdle,” said Dauman of Epix’s potential for success. “It won’t take us that long to get to break even.” Joining flexible distribution in breeding execs’ optimism about the venture are a multi-platform thrust and a favorable cost structure. “To the extent that others have coined a phrase like TV Everywhere, we’re actually doing it,” said Dauman. “So many distributors as they learn more have become more and more interested in the Epix product.” Programming costs dominate the net’s required spending, with execs saying operating costs represent a relatively small fraction of its budget. The net’s “costs are much more modest than any other of the pay ventures that are out there,” said CFO *Tom Dooley*.

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Indie Notebook: Possibly derailing a panel set for Wed at **The Independent Show** about how to apply and receive a portion of the \$7.2bln in federal stimulus funds for broadband, Wall St analysts Tues counseled indie ops at the Show against having much optimism about the money. "We just don't know all the strings that will be attached" to the funds, said **Miller Tabak** analyst *David Joyce*. While conceding the package could be helpful to some companies, he added, "[the stimulus funds are] still an unknown." **Media Metrics'** *Laura Martin* concurred. "If you think you know what the final deal terms" will be for the money, you are wrong, she said. The risk of taking stimulus funds from the government is "very high." -- On other topics the two agreed there won't be big media M&As in the near future because of clogged credit markets and for policy reasons. This administration won't allow big media to acquire much, Martin said. -- Regarding free cable content on the Internet, Martin blasted the 27-year-old Internet content "guys who've run amok...Hulu bodes poorly" for the TV pricing chain. Consumers are now being trained to want free content and avoid paying their cable bills, she said. Wall St looks kindly on **Disney's** Windowing and TV Everywhere efforts, Martin said. In a later panel, **One Touch Intelligence** analyst *Matt Stump* said cable has a "window of opportunity" of 12-18 months to come up with an authentication regime to protect its content "before everything falls apart." **Motorola** VP *David Grubb* agreed, noting cable can "flourish" as "the retailer of choice" if it leverages technology to aggregate content and makes it easily available to consumers, in contrast to VOD, which still suffers from navigation problems.

Viacom Earnings: **Viacom's** media nets posted a 2nd straight quarterly rev decline of 8%, although domestic ad rev slipped just 3% in 2Q, a sequential improvement of 6 percentage points. The segment's upfront is nearly complete, and "given current conditions, we are very pleased with the results from both a volume and pricing standpoint," said pres/CEO *Philippe Dauman*, noting US ad market improvement in 2Q's latter portion. Most upfront cancellations from last year returned in the scatter market as the Q came to a close, he said, although 3Q visibility remains occluded. "I think the feeling on the part of advertisers that perhaps they could extract dramatic reductions in pricing because the economy was going to hell in a hand basket...has dissipated," said Dauman. Ratings improvements have helped, particularly at **BET** and **VHI**, which respectively achieved in 2Q a historical best ratings Q (+35%) and a best ever ratings 2Q (+18%). Remaining the "top priority of MTVN" is **MTV**, said Dauman, which has seen ratings dip 5% so far in Jul after shedding 14% in 2Q, the lift owing mainly to genre diversification and a broader gender reach. Domestic affil rev grew 12%.

Wireless: **Comcast High-Speed 2go** bowed in Atlanta, the 2nd market after Portland to offer the branded version of **Clearwire's** 4G wireless broadband service. The MSO plans to launch the service in Chicago, Philly and other locales later this year. -- **Sprint** agreed to acquire **Virgin Mobile USA** for approx \$483mln in a deal that includes Sprint's current 13% ownership interest in the segment. **Stifel Nicolaus** believes the **DOJ** will approve deal, which **Sanford Bernstein** analyst *Craig Moffett* said provides more positives than negatives to Sprint, although "it does nothing to address the key issue that Sprint faces, namely the continuing meltdown of its much higher value post-paid business." Last month, Virgin launched a **Broadband2Go** service that operates on Sprint's network.

Competition: **Verizon** said it's easier to install **FIOS** in apartment buildings with the new smaller optical network terminals it has begun to deploy. The ONTs, about the size of a basic home router, link VZ's network to the wiring inside a home and convert light pulses into electromagnetic signals. By the way, Tues marked the 1-year anniversary since FIOS

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began rolling out to parts of NYC. -- A pact extends **Viamedia's** role as the ad sales rep for **FIOS TV** in select markets including NYC and L.A. Also, the pair is making 20 additional nets available to local/regional advertisers, 10 of which are RSNs or natl sports nets. -- **Barnes & Noble** will provide complimentary in-store **AT&T WiFi** service at all stores.

In the States: **Comcast** completed its wideband rollout in the San Fran Bay Area by doubling speeds for most existing subs at no extra cost and bowing a pair of faster tier options, including its Extreme 50 tier offering download speeds of up to 50Mbps. -- **Pulse Broadband**, headed by cable vet **Bill Shreffler**, completed its acquisition of **Pangrac Consulting**. Pangrac's **Dave Pangrac** will join Pulse as Chief Strategic Officer and **Don Gall** will come onboard as CTO. -- **Comcast's** partnering with **Thomson** to market an **Advanced Cable Gateways** platform allowing subs to use enhanced cordless handsets to view email, manage voice mail, read news, weather, and sports, and click-to-call from a universal address book. Initial deployment is expected in 3Q.

Advertising: A collaboration between **Google TV Ads** and **Visible World** allows the former's ad partners including **Priceline** and **Lenovo** to customize and target their ads through World's automated end-to-end system.

CableFAX Daily Stockwatch

Company	07/28 Close	1-Day Ch	Company	07/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	34.39	(0.17)	APPLE:	160.00	(0.1)
DIRECTV:	26.05	(0.01)	ARRIS GROUP:	13.38	(0.09)
DISH:	17.08	0.04	AVID TECH:	12.45	0.06
DISNEY:	26.37	(0.08)	BIGBAND:	5.69	0.17
GE:	12.52	0.20	BLNDER TONGUE:	1.68	0.08
NEWS CORP:	11.92	0.12	BROADCOM:	28.04	0.35
MSOS					
CABLEVISION:	19.22	0.02	CISCO:	21.93	0.09
COMCAST:	14.89	0.00	CLEARWIRE:	8.13	0.12
COMCAST SPCL:	14.02	0.02	COMMSCOPE:	26.27	(1.06)
GCI:	6.96	0.03	CONCURRENT:	5.30	(0.15)
KNOLLOGY:	8.41	(0.25)	CONVERGYS:	10.39	(0.11)
LIBERTY CAPITAL:	14.24	(0.63)	CSG SYSTEMS:	14.40	0.06
LIBERTY ENT:	27.90	0.05	ECHOSTAR:	14.90	(0.08)
LIBERTY GLOBAL:	20.82	(0.32)	GOOGLE:	439.85	(4.95)
LIBERTY INT:	6.20	(0.04)	HARMONIC:	6.06	(0.05)
MEDIACOM:	4.73	0.02	INTEL:	19.37	(0.1)
SHAW COMM:	17.31	(0.24)	JDSU:	5.80	0.00
TIME WARNER CABLE:	33.89	(0.53)	LEVEL 3:	1.63	(0.08)
VIRGIN MEDIA:	11.00	(0.17)	MICROSOFT:	23.47	0.36
WASH POST:	415.30	4.89	MOTOROLA:	6.82	0.08
PROGRAMMING					
CBS:	7.99	(0.06)	OPENTV:	1.31	0.00
CROWN:	2.05	0.05	PHILIPS:	21.32	(0.23)
DISCOVERY:	24.40	0.34	RENTRAK:	19.12	0.05
EW SCRIPPS:	3.76	0.05	SEACHANGE:	9.08	0.08
GRUPO TELEvisa:	17.71	0.18	SONY:	24.55	(0.23)
HSN:	10.47	0.01	SPRINT NEXTEL:	4.59	0.04
INTERACTIVE CORP:	17.91	(0.14)	THOMAS & BETTS:	26.34	0.07
LIBERTY:	29.34	(0.39)	TIVO:	10.30	(0.12)
LODGENET:	4.52	0.25	TOLLGRADE:	5.39	(0.21)
NEW FRONTIER:	2.21	0.01	UNIVERSAL ELEC:	20.35	(0.3)
OUTDOOR:	7.41	0.01	VONAGE:	0.44	0.03
PLAYBOY:	2.35	(0.06)	YAHOO:	17.22	0.22
RHI:	3.01	0.10	TELCOS		
SCRIPPS INT:	31.73	0.26	AT&T:	25.52	(0.21)
TIME WARNER:	27.01	(0.59)	QWEST:	4.06	0.06
VALUEVISION:	2.99	0.01	VERIZON:	31.40	0.40
VIACOM:	25.15	(0.45)	MARKET INDICES		
WWE:	13.21	0.08	DOW:	9096.72	(11.79)
TECHNOLOGY					
3COM:	3.75	0.02	NASDAQ:	1975.51	7.62
ADC:	7.92	(0.11)			
ADDVANTAGE:	1.85	0.01			
ALCATEL LUCENT:	2.47	(0.02)			
AMDOCS:	23.93	0.15			
AMPHENOL:	34.13	(0.24)			

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WHAT THE INDUSTRY READS FIRST.

EYE ON ADVERTISING

Game... Set... Cable Match

When British banking company **HSBC** decided to take the plunge and sponsor its first US-based program, it turned to cable not broadcast. **CableFAX** editor Amy Maclean spoke to Johanna Breman, HSBC svp and head of brand and advertising, about the decision to sponsor **Tennis Channel's** "Wimbledon Primetime" and what cable offers the investment bank.

This was HSBC's first US buy connected to the tournament. Can you talk a little about why you did it?

Our media planning partners at MindShare and MindShare Performance first brought us the Wimbledon content sponsorship, and they knew that this was the second year we were affiliating with Wimbledon and looking at unique ways to bring it to New York. We wanted to do bigger, better than last year, and we decided this would be an exciting way to expand the program. In fact, this is the first time we've sponsored a TV show of any type in the country.

You could have chosen NBC. Why did you go with a cable outlet?

It was really for the everyday reach that we get through cable. Some other opportunities might have only allowed us to have just weekend coverage; this was allowing us every day of the two week Wimbledon period. Maximum coverage for the maximum number of people. We also as a bank are looking to serve a very particular set—globally minded, a bit more of a niche audience.

Are you looking at sponsoring any other programs in the US beyond Wimbledon?

We're always looking for opportunities, but I don't have anything tangible to speak about at this point.

How could cable better serve your needs? What's your wish list?

My wish list would be more on the end of [making sure]



we're maximizing reach, talking to the right people. And TV—more than perhaps any other medium—is the hardest one to really measure that. Where the digital space nowadays is allowing a lens into who is coming, what their engagement is and the return on investment, television and cable, given its more niche coverage, I would think it's poised to be able to look at new ways to provide the media buyers and advertisers some more info... so we could both enhance content and just know what's effective or less so. It's a challenging medium, television overall vs the newer competitors in the media space. It certainly continues to have great, great reach, but there's also a challenge on the backend to understand who at the end of the day is really watching.

How have you had to shift your marketing strategy in this economy?

We have not shifted our marketing strategy. We look very much at the type of advertising we're doing, but we stay very consistent on the type of customer who we're going to. We're always looking to enhance, as opposed to shift, what we're doing. We did Wimbledon as we did last year, but how do we make it better, more relevant and a great reach. One thing we did... was sponsor a lot of family friendly activities throughout the week. We had our singles grass court that allowed the public to play at no charge. So, we're looking at the nature of the investment itself and how we bring marketing activity to people in this economy.

That was a Rockefeller Plaza event, which included Jim Courier and Jennifer Capriati playing select fans. What sort of response did you get?

All the complimentary appointments for the grass court were taken in the first couple days. We had extremely strong participation and viewership. In the first 24 hours, it generated 27 television segments, including "The Today Show," and print placements in the *NY Times* and *NY Post*.

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