

CableFAX Daily™

Tuesday — August 3, 2010

What the Industry Reads First

Volume 21 / No. 148

More for Les: Comcast Joins the Party of Top MSOs Doing CBS Deals

While **CBS'** *Les Moonves* has been notorious over the years for making bold retrans claims, his company isn't having the trouble **Disney** and **Fox** have had over deals. **Comcast** announced Mon it struck a 10-year pact with CBS—more than a year before the deal was set to expire. **Time Warner Cable** kicked off '09 by signing a multi-year pact with CBS 2 years before its deal was up. **Cablevision**, which briefly lost **Disney** O&O **ABC7** this year, also signed on with CBS sans fire-works last fall. As with CVC, Comcast's deal includes **Showtime**, **CBS College Sports** and the **Smithsonian Channel**. No one is talking financials, but the Time Warner Cable deal was reported by the *WSJ* to hinge on a cash increase that went to premium net Showtime. Comcast said the deal means greatly expanded on demand access to Showtime and CBS content via VOD and online. "Les Moonves has been a real leader as the media industry experiments and moves toward delivering content to customers whenever and wherever they want to watch it," Comcast chmn/CEO *Brian Roberts* said in a statement. "In this time of rapidly changing technology and viewership interest, we were able to structure a deal that gives customers the content they want without any threat of disrupting their service." Don't take the lack of firefights to mean Moonves isn't focused on retrans though. During CBS' 1Q earnings call in May, he said CBS is on pace for north of \$100m in retrans rev this year, with multiples of that number expected going forward. While everything may be hunky dory now on the CBS front, comments continue to come into the **FCC** on a potential petition to overhaul retrans. **Gannett's** CEO and pres made a stop at the Commission last week, arguing that retrans is working fine and that the revenue it brings in is needed for help underwrite its investment in local journalism and programming generally. Meanwhile, Disney and Time Warner Cable, which face a Sept 2 contract expiration, continue to play ping pong at the FCC over analyses prepared on each others' behalf. Bottom line from TWC counsel's latest filing: "The governing construct is entirely a creature of the Commission's rules, and the Commission therefore should not hesitate to take corrective action."

Comcast-NBCU: House Communications subcmte chmn *Rick Boucher* (D-VA) has asked the **FCC** and **DOJ** to approve the **Comcast-NBCU** combination by Dec 1, and wants the agencies to ensure that consumers receive no less content after the transaction than is available to them today. Specifically, he wants to make sure that NBC programming that is available after airing for free on the nbc.com Website remain that way and not migrate to a TV Everywhere

CableFAX
THE MAGAZINE

Most Influential Minorities in Cable

Celebrate Diversity Week! This issue profiles CableFAX's most influential minorities in cable and the winners of NAMIC's EMMA Awards (Excellence in Multicultural Marketing Awards) and the Top 10 Places to Work in Cable.

Distribution: NAMIC and CableFAX Breakfast Honoring the 2010 Most Influential Minorities in Cable; Kaitz Dinner; WICT Conference.

Save the Date: September 14, Hilton New York
NAMIC and CableFAX Breakfast Honoring the 2010 Most Influential Minorities in Cable. See details and registration information at www.namic.com

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Gain new Hispanic customers while building loyalty and brand recognition.

SOLUTION

A mun2-themed custom CSR incentive program was created to build excitement and drive sales. NBCU's brands also supported other tactics in Time Warner Cable's campaign, helping to generate interest among approximately 500K non-subscribers.

RESULT

NBCU was the leader among Hispanic programmers collaborating on the launch, helping Time Warner Cable add 4K new subscribers during the campaign window.

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TO GET IN THERE AND DO WHATEVER
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MELISSA ROBLEDO

VP MARKETING AND COMMUNICATIONS
TIME WARNER CABLE - TEXAS REGION



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platform. He also said the combined company should not be able to enter into exclusive contracts that restrict programming to TV Everywhere or any online platform when the company has attributable interest in that content. Online companies, like **Boxee**, shouldn't be prohibited from displaying online programming services in which the company has a stake in, provided there's no compromise in functionality, IP rights, etc, Boucher wrote. He is against a separate net neutrality condition, saying that there's talk on the Hill about legislation that would address Internet openness.

Batter Up: On a day when **Collins Stewart** analyst *Thomas Eagan* urged investors to take a swing with **News Corp** stock, media teemed with reports that the co is considering a bid for **MLB's Texas Rangers** during a Wed auction for the bankrupt ball club. As **Fox Sports SW** is looking to extend its rights deal with the club no matter who becomes the ultimate buyer, according to reports, Fox Sports/News Corp may just go ahead and place a bid for the franchise once co-owned by *George W. Bush*. **HDNet** boss and **Dallas Mavericks** owner *Mark Cuban* is also said to be mulling a play for the Rangers. The bidding will reportedly start at \$307mln, a long way from Collins Stewart's \$18 price target on NWS shares. The firm initiated coverage with a 'buy' rating, citing among other things improving fundamentals at News Corp's cable nets and broadcast div. The co is renegotiating affil rates for nearly 23% of **Fox News'** sub base, said Eagan, who said a reasonable rate increase would raise the net's affil rev by 7% and overall rev by 10%.

The Paul Lee Show: Former **ABC Family** pres *Paul Lee* walked out onto the **TCA** stage Sun, calmly removed his jacket, slung it on the back of a solitary chair and told critics anxious to hear about his plans for **ABC Ent** that, well... he's only been on the job for 36 hours. And technically, he has been on vacation. "I apologize in advance if I don't have all the answers to all the questions," he said. "I'm looking forward to rolling my sleeves up and getting those answers over the next few weeks." Of course, everyone wanted to know whether he'll transfer the tween girl success of ABC Family to the much broader ABC broadcast net. Lee gave an unqualified maybe, telling critics that ABC's 18-49 demo obviously targets more than just the Millennials favored by ABC Family—"But there are similarities in that particular demographic." He said 51% of the 18-49 demo are Millennials, so certain aspects of the 2 nets "intersect... But realistically, they're very, very different networks." Lee also pointed out that there has always been close interaction between ABC and ABC Family within the Disney universe, noting that ABC Family's first hit "Kyle XY" was developed at what became **ABC Studios** and "critical at upstarting the ABC Family brand." He said he'll continue to use a mix of audience research and his gut to pick shows.

In the States: **Clearwire** intro'd 4G mobile broadband services in Jacksonville, Wilmington, DE, Stockton and Modesto, CA, and Grand Rapids, MI. As a result, the co's 4G network now serves 49 markets and covers 51mln people. Also, **Sprint** bowed its branded 4G services in the same markets.

Programming: Sorry **PTC**. **MTV** greenit "The Hard Times of RJ Berger" for a 2nd season, part of its plan to nurture scripted series to balance its reality fare. -- **Headline News'** *Richard Lui* has been named **MSNBC** anchor. He'll start anchoring dayside on Aug 30. -- Popular NY radio show "Boomer & Carton" on **WGAN** will be simulcast on **MSG** starting Sept 14, 6-10am. -- Several **Baltimore Ravens** shows are in need of a home due to the dissolution of the team's contract with **MASN**, and the team is reportedly also working to secure telecasts of its preseason games in MASN-served areas including DC and Harrisburg, PA. A MASN spokesperson said the 5-yr deal's end was amiable, and that the net "remains a strong supporter of the Ravens organization."

TCA Notebook: The critics threw some love over to cable at the 26th Annual **TCA** Awards but reserved its biggest nods to **Fox's** runaway hit "Glee." The Sat night event awarded wins to **Discovery's** "Life" for "Outstanding Achievement in News and Information," **Nick Jr's** "Yo Gabba Gabba" for "Outstanding Achievement in Youth Programming," **AMC's** "Breaking Bad" for "Outstanding Achievement in Drama" (tied with **ABC's** "Lost") and **HBO's** "The Pacific" for "Outstanding Achievement in Movies, Miniseries and Specials." The Pacific exec producer *Tom Hanks* poked a bit of fun at critics but eventually got serious during his speech, noting the parallels between the mental scars of WWII veterans and those of modern-day veterans of Iraq and Afghanistan. -- Just a general note: Several producers of broadcast shows told critics they admire the more nuanced characters on cable, noting that they have stopped writing characters so black and white because cable-trained audiences have demanded more ambiguity. For example, *Kyle Killen*, creator of **Fox's** "Lone Star," praised shows like AMC's "Breaking Bad" and said his new "Dallas"-esque series will try to examine more "gray areas" among characters when it starts airing this fall.

BUSINESS & FINANCE

Technology: All broadband techs and installers that have been on **Suddenlink's** roster for at least 90 days have attained at least 1 professional certificate from **SCTE**. More than 1,500 engineers and other field personnel have earned more than 3,000 SCTE certs since '08.

People: *Dan Moloney* is returning to **Motorola** as pres of mobility, the cell phone unit it plans to spin off early next year. He was pres of Moto's Home and Networks Mobility until 4 months ago when he joined **Technitrol** as pres/CEO. -- **Charter** tapped *Gregory Rigdon* as evp, corp dev and strategy. -- **Cox Business** named *Larry Steelman* vp, sales channels and programs. -- *William McGrath* joined **ShopNBC** as svp/CFO.

Business/Finance: Looking ahead to **Discovery Comm's** Tues 2Q earnings report, **BTIG** analyst *Rich Greenfield* noted 3 important areas that could meaningfully impact the co's growth prospects: **TLC's** global expansion, an increase in programming breadth at the net, and the potential of **Oprah.com**. "While Discovery's digital strategy has not been terribly exciting to-date, we believe Oprah.com represents a very large opportunity for Discovery," wrote Greenfield. Investors and analysts will also look to Discovery's ad performance ahead of a busy week for cable net financials. **Time Warner** (Wed), **News Corp** (Wed), **Viacom** (Thurs) and **Disney** (Thurs) are on deck.

CableFAX Daily Stockwatch

| Company | 08/02 Close | 1-Day Ch | Company | 08/02 Close | 1-Day Ch |
|------------------------------|----------------|-------------|-----------------------|----------------|-------------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 37.62 | 0.46 | AVID TECH: | 12.90 | (0.03) |
| DISH: | 20.71 | 0.63 | BIGBAND: | 3.17 | 0.05 |
| DISNEY: | 34.48 | 0.79 | BLNDER TONGUE: | 1.32 | 0.12 |
| GE: | 16.41 | 0.29 | BROADCOM: | 36.56 | 0.53 |
| NEWS CORP: | 15.37 | 0.58 | CISCO: | 23.80 | 0.73 |
| MSOS | | | CLEARWIRE: | 6.96 | (0.02) |
| CABLEVISION: | 27.92 | 0.51 | COMMSCOPE: | 21.26 | 0.92 |
| COMCAST: | 19.48 | 0.01 | CONCURRENT: | 4.99 | 0.04 |
| COMCAST SPCL: | 18.35 | (0.11) | CONVERGYS: | 11.05 | (0.12) |
| GCI: | 8.65 | 0.17 | CSG SYSTEMS: | 19.03 | 0.17 |
| KNOLOGY: | 11.53 | 0.23 | ECHOSTAR: | 19.72 | 0.62 |
| LIBERTY CAPITAL: | 47.06 | 0.42 | GOOGLE: | 490.41 | 5.56 |
| LIBERTY GLOBAL: | 29.80 | 0.55 | HARMONIC: | 7.07 | 0.10 |
| LIBERTY INT: | 11.40 | 0.08 | INTEL: | 21.15 | 0.55 |
| MEDIACOM: | 7.38 | 0.04 | JDSU: | 11.01 | 0.16 |
| RCN: | 14.93 | (0.01) | LEVEL 3: | 1.15 | 0.02 |
| SHAW COMM: | 19.92 | 0.33 | MICROSOFT: | 26.33 | 0.52 |
| TIME WARNER CABLE: | 59.07 | 1.90 | MOTOROLA: | 7.62 | 0.13 |
| VIRGIN MEDIA: | 22.15 | 0.62 | RENTRAK: | 26.09 | 0.20 |
| WASH POST: | 433.89 | 13.40 | SEACHANGE: | 9.15 | 0.19 |
| PROGRAMMING | | | SONY: | 32.13 | 0.91 |
| CBS: | 15.30 | 0.52 | SPRINT NEXTEL: | 4.68 | 0.11 |
| CROWN: | 2.09 | 0.05 | THOMAS & BETTS: | 40.38 | 0.74 |
| DISCOVERY: | 39.36 | 0.75 | TIVO: | 8.83 | 0.25 |
| GRUPO TELEvisa: | 19.44 | 0.44 | TOLLGRADE: | 6.61 | (0.04) |
| HSN: | 29.57 | 0.17 | UNIVERSAL ELEC: | 17.58 | 0.02 |
| INTERACTIVE CORP: | 25.04 | 0.04 | VONAGE: | 2.40 | (0.05) |
| LIBERTY: | 37.58 | 0.43 | YAHOO: | 14.00 | 0.12 |
| LIBERTY STARZ: | 55.98 | 1.09 | TELCOS | | |
| LIONSGATE: | 6.72 | 0.12 | AT&T: | 26.59 | 0.65 |
| LODGENET: | 3.16 | (0.44) | QWEST: | 5.66 | 0.00 |
| NEW FRONTIER: | 1.58 | (0.03) | VERIZON: | 29.56 | 0.50 |
| OUTDOOR: | 5.68 | 0.00 | MARKET INDICES | | |
| PLAYBOY: | 5.35 | (0.06) | DOW: | 10674.38 | 208.44 |
| SCRIPPS INT: | 43.76 | 1.13 | NASDAQ: | 2295.36 | 40.66 |
| TIME WARNER: | 32.53 | 1.07 | | | |
| VIACOM: | 38.47 | 1.08 | | | |
| WWE: | 16.24 | 0.20 | | | |
| TECHNOLOGY | | | | | |
| ADC: | 12.72 | (0.01) | | | |
| ADDVANTAGE: | 2.78 | 0.00 | | | |
| ALCATEL LUCENT: | 2.99 | 0.01 | | | |
| AMDOCS: | 27.88 | 0.55 | | | |
| AMPHENOL: | 45.71 | 0.91 | | | |
| AOL: | 21.21 | 0.29 | | | |
| APPLE: | 261.85 | 4.60 | | | |
| ARRIS GROUP: | 9.26 | (0.06) | | | |

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EYE ON INNOVATION

4G Forces

Clearwire continues to deliver on its mobile broadband network build out plans, launching 5 additional 4G markets Mon to ramp **Clear**'s overall coverage to 49 markets and 51mln people. And when the company reports its 2Q results Wed, chances are high that its mobile broadband sub numbers will again show sequential improvement, perhaps even notable gains. For quick reference, Clearwire added 283K net new customers in 1Q, including 111K from wholesale partners such as **Comcast** and **Time Warner Cable**. But even as the trends in customer adoption are certainly good news for Clearwire and big cable, it remains unclear just how much success the MSOs have enjoyed with their branded mobile broadband networks. Also, an important question remains: have the Clearwire-associated parties established a sufficient first-mover advantage to help abate the imminent competition from **Verizon** and **AT&T** as they prepare to infiltrate the 4G space?



That question may require years for a definitive answer, but where cable's concerned, it appears that the telcos and **LTE** tech will become fierce challengers in mobile broadband. As Verizon's set to launch LTE services by year's end and perhaps in as many as 30 cities, telcos already own in smartphone users a captive audience for mobile broadband. At VZ, for example, wireless data rev jumped 24% in 2Q and 40% of its direct device sales were smartphones. Not surprisingly, bullishness on mobile broadband has followed.

"Looking ahead, particularly with the commercial launch of LTE later this year, we believe that our network advantage will become even more evident and differentiate us more than ever before" said VZ evp/CFO *John Killian* during a recent conference call, adding that the telco's '10 LTE plans are on track. "We think that is going to open up a whole new set of opportunities."

AT&T's lagging a bit in 4G, bent on trialing LTE within the next few months and deploying related services next year. Still, the telco is also benefitting from an explosion in mobile

data demand, continues to double its 3G speeds and has started establishing WiFi hot zones in heavily-trafficked areas such as Times Square and San Francisco—further proof that mobile broadband is a critical wave of the future.

Meanwhile, Comcast (**High-speed 2go**) and Time Warner Cable (**Road Runner Mobile**) are indeed making inroads into the space. As of Jun 30, Comcast offers mobile broadband services in 7 markets and to approx 17mln homes, and TWC features services in markets such as TX, NC and Kansas City. The latter also joined with **Sierra Wireless** to launch **Intelligo**, a mobile hotspot providing 4G and/or 3G network access to up to 5 WiFi enabled devices simultaneously through Road Runner Mobile. Trouble is, info regarding sub numbers and characteristics remains more translucent than transparent. What is known is

Comcast's focus on tying High-speed 2go with home broadband service, a bundle it says appeals to business travelers and other people on the go.

Devoid of smartphone offerings but dominating the broadband market of late, cable may just find the greatest mobile broadband upside in the business market. After all, Comcast and Time Warner Cable have high hopes for the commercial segment and **Atlantic-ACM** asserts that cable ops are not only gaining traction in the business segment but capturing share and important pieces appear in place. Related is the commuter segment, and CMCSA and TWC telegraphed some the opportunities therein by offering their NY-area HSD subs access to **Cablevision**'s WiFi network, which alone has achieved solid adoption/usage rates among railway commuters.

There are other positives for cable. During Clearwire's 1Q call, CFO *Erik Prusch* said "the growth that we've seen in the wholesale market has been very, very solid. And we expect it to continue to go." And, of course, mobile data demand exhibits no signs of cooling. Now, look to Clearwire Wed for additional color... and perhaps transparency.

-Chad Heiges

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- How can you tap into the growing ethnic market for transactional TV?

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