

CableFAX Daily™

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What the Industry Reads First

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Hook 'Em Horns: Longhorn Net May Hit Field Without Major Teammates

Set to launch Fri and feature its initial **University of Texas** football game Sept 3, **Longhorn Network** is facing what figures to be a lengthy building process. The **ESPN** property has already endured heated backlash over its intent to carry TX high school football—unfair recruiting edge!—and the **NCAA** nixed game telecasts pending further discussions. But more importantly, it will carry just 2 UT football games this season, a decidedly au-ster schedule that depletes the net's leverage as it angles for basic tier carriage and 40 cents/sub. So far, cable and DBS ops don't appear to be big fans of LHN. No deals have been announced and a source said the net's "not even close" to scoring with **Time Warner Cable**, the state's largest cable provider. **Charter's** had discussions with LHN, yet a spokesperson said "at this time, no agreement has been reached, and we really do not have a timetable either." Ops including **Comcast**, **DirectTV** and **DISH** failed to respond to inquiries. Given how **Big Ten Net** encountered a formidable defense at first and LHN is far more niche, it's no surprise that programming vp *Dave Brown* isn't worried. "We're in great shape," he said, adding that active distribution discussions should bear fruit imminently. The high school game ban doesn't heavily impact LHN's schedule, he said, as plans had called for only 2 games/week. Plus, the lion's share of UT pigskin contests air on **ABC** or **ESPN**, meaning LHN may re-air them following its standard 2-hour post-game show. Longhorns fans' jones will be further slaked by pre-game programming, 3 weekly coaches shows and "Texas All Access," a weekly inside look at the uber popular football program. Word out of Austin is UT practices have been closed to everyone save for LHN. "If you're a Longhorns fan, this is absolutely the place to be," said Brown. Other school sports including men's basketball and women's volleyball are also on tap. Brown is pleased with the "incredibly good" response the net has received from advertisers, and added that a channel slated to have ample distribution throughout TX (and perhaps beyond) is a compelling proposition. Though the offense is at work, LHN still has a lot of carriage partners to hook.

Changing Stripes: More than 2 years after filing for bankruptcy, **Broadstripe's** saga is drawing to a close with **WOW!** and **Wave Broadband** announcing a deal to purchase substantially all of the operator's assets. Wave agreed to a \$32mln base price for Broadstripe's WA and OR properties, which reach more than 103K homes, according to court filings. WOW! will add 92K HHs from Broadstripe's MI systems for \$55mln. Broadstripe filed for Chapter 11 protection in Jan '09. As for the operator's MD system in Anne Arundel County, it will be acquired for \$8mln by newly formed entity Anne Arundel Broadband. Broadstripe's current evp, regional ops *John Bjorn* will be among the execs operating the MD system. The proposed purchases come to \$95mln, just over half the amount of secured debt owed. The majority of creditors have provided conditional approval of the sale, subject to higher and better offers, according to court docs. **DH Capital** provided advisory services to Broadstripe on the deals. The sale must be approved by the bankruptcy court, and is expected to take up to 4 months after approval to be completed.



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Sling Fling: Is Time Warner Cable's Slingbox promotion an example of an MSO thumbing its nose at the TV Everywhere model? That's probably an overstatement. With the Wideband 50Mbps promo limited to the NYC market, it seems to be more of a warning to programmers who it feels are getting too picky about distribution rights. Time will tell. The promo, which offers a \$300 rebate for the Sling device to new Wideband customers (\$99/month), is set to launch in late Sept. The MSO said it was open to existing Wideband subs applying for the deal. TWC has yet to do a deal for **HBO2Go** and is currently in a standstill with **Viacom** over carrying the programmer's nets on its iPad app. A TWC spokesman said Wed that the MSO hadn't heard from any programmers about the deal for Slingbox, which allows users to sling their TV programming to anywhere, like a vacation home or tablet. Making this rebate offer all the more interesting, **Sling** is a subsidiary of **EchoStar** and offered to **DISH** subs. With DOCSIS 3.0 available to about 60% of TWC's footprint and a spokesman describing the NY promo as a test, it's possible the MSO might offer a similar rebate in other markets at some point.

USF Reform: NCTA and ACA filed comments Wed at the FCC further stressing their concerns over an ILEC reform proposal. Specifically, NCTA said it's concerned that many targets and budgets in the proposal are "merely aspirational" and that many proposals demonstrate a consistent bias in favor of ILECs. It also wants to make sure that legacy non-VoIP providers pay the rates established by the Commission under the same rules as VoIP providers. ACA pres/CEO *Matt Polka* put it bluntly in a written statement: "Without a doubt, the FCC will fall short of its mission if major phone companies insist on ballooning the size of the high-cost fund and demand on receiving USF money in markets where they face competition or where competitors can offer service more efficiently." ACA told the FCC the ILEC plan could be fixed if the FCC adopts proposals it recommended several months ago, including the adoption of a permanent cap on the \$4.5bn high-cost fund and elimination of current high-cost funding support for large phone companies within 2 years.

Retrans: Markets affected by LIN-Mediacom's retrans spat (*Cfax*, 8/24) are Norfolk-Portsmouth-Newport News; Mobile-Pensacola; Grand Rapids-Kalamazoo-Battle Creek; Green Bay-Appleton; Ft. Wayne; Lafayette; and Terra Haute. Stations include **ABC, CBS, FOX, NBC** and **CW** affiliates.

In the States: Grande Comm will launch the **TiVo Premiere** later this year as the exclusive DVR it promotes, part of a pact whereby Premier and TiVo's multi-room solution will become the foundation of its advanced TV offering.

Programming: TeenNick adds 2 more shows to its '90s programming block: "Rocko's Modern Life" and "Hey Arnold!" The shows will fill the 1am hour of the 12am-2am block. -- New **OWN** series "Confronting" documents the mediation process as victim and offender come face-to-face (Sept 17, 10pm). -- **CNN** will provide live coverage of

Ball's In Your Court.

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BUSINESS & FINANCE

the **Martin Luther King Jr. National Memorial's** dedication Sun (11am) as part of a special D.C.-based edition of "State of the Union." -- **3net's** new dedicated kids 3D programming block will feature more than 30 hours of exclusive content and kicks off Sept 25 with animated series "Bolts & Blip" and "Dream Defenders." -- "The Wiz" will serve as **Bounce TV's** inaugural telecast on Sept 26, when the diginet will also feature "A Raisin in the Sun" and "Do the Right Thing."

People: **Fuel TV** is adding *Melissa Forman* as svp, programming, development & current. Forman was a member of the original creative team that launched Fox Sports in '94. -- **NBCU** vet *Rob Spodek* will take over as svp/CFO, **Syfy** and **Chiller**.

Earnings: **TiVo** posted a better-than-expected 2Q net loss of \$19.6m vs \$15.3m a year ago. TiVo's rev was up 18% to \$49.6m and above company guidance of \$46-\$48m. The installed base of MSO/broadcasters' TiVo subscriptions was approx 763k vs 1m for the same period last year. TiVo-owned subscriptions dipped to 1.2m from 1.4m.

Business/Finance: With customers including **Showtime**, **Discovery Comm** and **A&E**, online video platform provider **Brightcove** filed with the **SEC** its hopes of launching an IPO of its common stock. **Morgan Stanley** and **Stifel Nicolaus** will act as joint book-running managers for the offering.

CableFAX Daily Stockwatch

Company	08/24 Close	1-Day Ch	Company	08/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	42.88	0.27	BLNDER TONGUE:	1.30	UNCH
DISH:	22.24	0.25	BROADCOM:	33.35	0.17
DISNEY:	32.51	0.40	CISCO:	15.46	0.02
GE:	15.72	0.18	CLEARWIRE:	3.05	(0.05)
NEWS CORP:	17.01	0.49	CONCURRENT:	5.99	0.10
MSOS					
CABLEVISION:	17.16	(0.16)	CONVERGYS:	9.86	0.18
CHARTER:	47.60	0.17	CSG SYSTEMS:	13.25	0.05
COMCAST:	20.57	0.51	ECHOSTAR:	23.06	0.33
COMCAST SPCL:	20.30	0.49	GOOGLE:	523.29	4.47
GCI:	8.19	0.07	HARMONIC:	4.90	(0.07)
KNOLGY:	13.39	(0.01)	INTEL:	19.80	0.09
LIBERTY CAPITAL:	65.57	1.53	JDSU:	10.85	0.02
LIBERTY GLOBAL:	35.41	0.36	LEVEL 3:	1.79	0.07
LIBERTY INT:	14.94	0.39	MICROSOFT:	24.90	0.18
SHAW COMM:	21.95	(0.21)	MOTOROLA MOBILITY:	37.94	(0.04)
TIME WARNER CABLE:	63.46	0.62	RENTRAK:	14.20	(0.08)
VIRGIN MEDIA:	24.18	0.20	SEACHANGE:	7.54	(0.04)
WASH POST:	345.10	6.45	SONY:	20.41	(0.59)
PROGRAMMING					
AMC NETWORKS:	33.72	0.66	SPRINT NEXTEL:	3.45	(0.14)
CBS:	23.21	(0.1)	THOMAS & BETTS:	40.54	1.09
CROWN:	1.36	0.11	TIVO:	8.12	(0.13)
DISCOVERY:	38.68	0.94	UNIVERSAL ELEC:	18.64	(0.13)
GRUPO TELEVISA:	20.42	(0.18)	VONAGE:	3.15	0.06
HSN:	31.85	0.54	YAHOO:	13.15	(0.2)
INTERACTIVE CORP:	36.73	0.10	TELCOS		
LIBERTY STARZ:	68.35	1.36	AT&T:	29.43	0.45
LIONSGATE:	7.39	0.03	VERIZON:	36.47	0.51
LODGENET:	1.85	(0.11)	MARKET INDICES		
NEW FRONTIER:	1.25	0.04	DOW:	11320.71	143.95
OUTDOOR:	6.41	(0.03)	NASDAQ:	2467.69	21.63
SCRIPPS INT:	40.30	0.30	S&P 500:	1177.60	15.25
TIME WARNER:	29.84	0.96			
VALUEVISION:	3.28	(0.02)			
VIACOM:	53.72	0.68			
WWE:	9.28	0.33			
TECHNOLOGY					
ADVANTAGE:	2.29	0.04			
ALCATEL LUCENT:	3.46	(0.06)			
AMDOCS:	26.81	0.35			
AMPHENOL:	44.13	(0.02)			
AOL:	12.81	0.16			
APPLE:	376.18	2.58			
ARRIS GROUP:	10.35	0.09			
AVID TECH:	9.73	(0.05)			
BIGBAND:	1.45	(0.05)			

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It's Academic

Commentary by Steve Effros

As one would expect, the development of broadband use and deployment has been heavily influenced by the academic community. After all, the first experiments with email and the like and the ultimate development of the World Wide Web would not have happened had it not been incubated in academia.

In part for that reason, the academic community has long appeared to believe it was the holder of unique knowledge about how broadband should develop, be designed, regulated and sold. Thus we have the ongoing debates over things like "net neutrality" with a segment of the academic chorus singing the praises of "open" systems (Android vs Apple) or the "copyright commons."



Not surprisingly, this academic chorus hits a lot of very strange notes so far as the business community is concerned, because almost inevitably the construct of the argument results in someone, like the broadband infrastructure supplier, having to build more capacity so that the academic theory of how broadband can be used is promoted, but at the same time the song seems to insist that the cost of this expansion is never paid for by the user!

Now this isn't really a full description, since it's true that not only the academics promote this approach. Folks who want to use the facilities without fully covering the costs they are imposing are right in there too, like Netflix.

The difficulty is that the technology does not lend itself to limitation. "Adaptive Bit Rate" usage essentially is designed to fill up whatever size vessel it's in. Thus, no matter how big the pipe, it will always be filled. And since the consumer electronics industry always wants to sell the "newest" device (Apple plans to launch the iPad3 with a significantly higher resolution screen, which, of

course, will require more data) the public will be encouraged to continually use more and more bandwidth.

Even in academia, there comes a point when the realization hits that this cannot go on indefinitely. That may, finally be starting to happen. Again.

I say "again" because it happened during the initial "Napster" craze, when college broadband systems got totally overloaded. It happened again with BitTorrent, or "P2P" applications, which totally filled up the pipes and made them less than useful for their intended academic purpose. The schools, by necessity, started limiting and blocking Napster and P2P. It's the only thing they could do. They simply couldn't afford to continually expand the campus infrastructure.

Well, now with the advent of Netflix and Vudu, Hulu and YouTube and college students not seeing any reason (they're right) to distinguish between a "television" screen and a "computer" screen in their dorm room, the school IT departments are once again getting a dose of reality. Their infrastructures are filling up and overflowing as fast as they can build them. The IT departments, at least, are beginning to appreciate what the business community has been trying to say. Hopefully they'll pass that wisdom along to their peers.

Beloit College, it's reported, nearly doubled the bandwidth capacity of its system in preparation for the opening of school this year because of serious congestion in the system last Fall. It worked. For three days. The system is now apparently experiencing the same challenges it had before. College IT officials have instituted limits on when, where and how much of the bandwidth can be used in residential and academic buildings. Others are instituting bandwidth caps and charges for extra use. I trust their policy recommending colleagues will begin to appreciate that reality too. It is, after all, academic.

Steve

T:202-630-2099
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