

CableFAX Daily™

Thursday — September 2, 2010

What the Industry Reads First

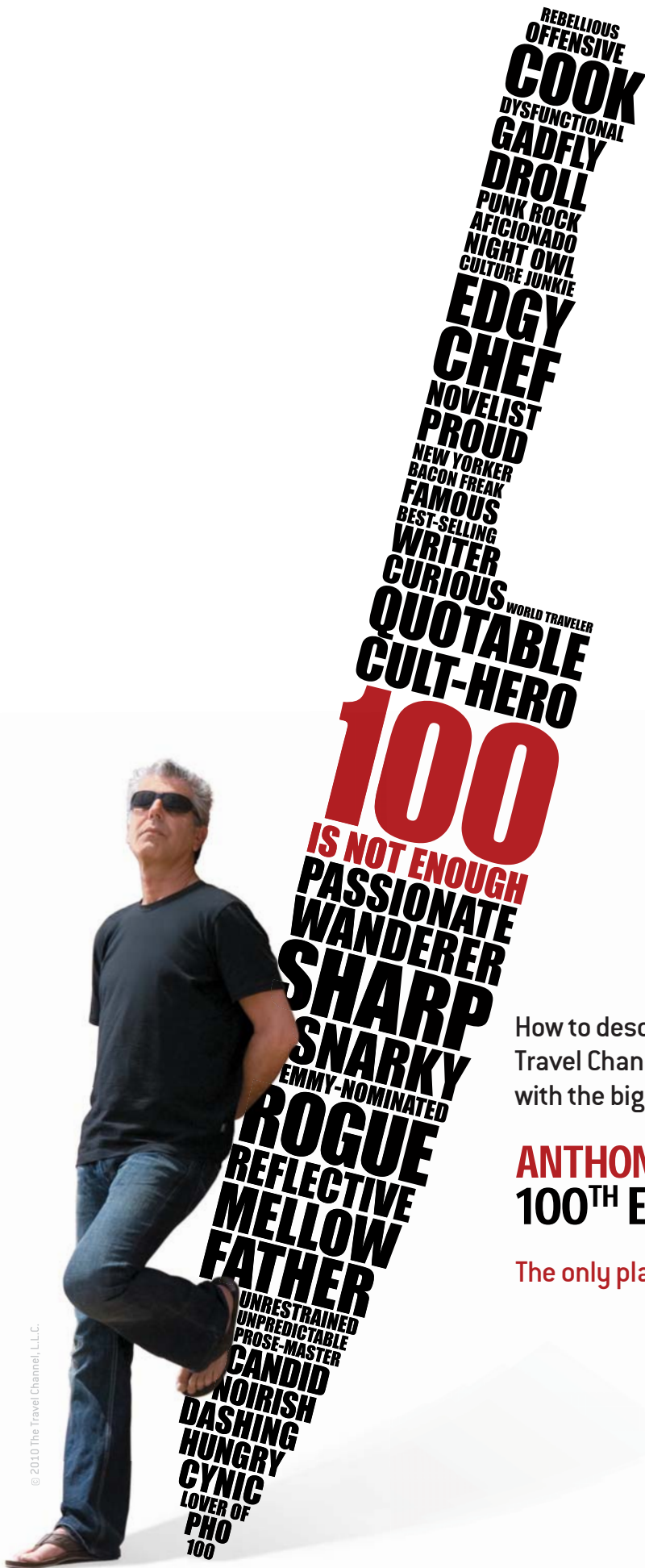
Volume 21 / No. 170

Discovery Nightmare: Hostages Safe and Out of Building, Suspect Dead

As many in the industry made their way back from lunch around 1pm ET Wed, they heard the news that a gunman was inside **Discovery's** Silver Spring HQ and had possible hostages. Just before 5pm, police said the suspect had been shot and that all 3 hostages (2 employees and 1 security staffer) were out and safe. It was later reported that the suspect was dead. Thanking authorities for their actions, Discovery evp *David Leavy* said at a news conference that Discovery security handled the situation "really brilliantly" and said the company's evacuation plan was "executed flawlessly." The employee's 1900 employees were evacuated, with Leavy saying that less than 10 employees on upper floors stayed in the building for a period to help police. "We hope and expect tomorrow morning to be open for business," Leavy said. At our deadline, authorities were still checking the building to make sure there were no explosive devices inside, with 2 boxes and backpacks being scrutinized. The suspect is believed to be James Jay Lee, who was arrested for disorderly conduct in '08 following a protest outside Discovery. A manifesto at *SavethePlanetProtest.com* was found on the Web and attached to Lee. It demanded that Discovery "broadcast to the world their commitment to save the planet." The rant said all programs on **Discovery Health** and **TLC** "must stop encouraging the birth of any more parasitic human infants..." and that focus must be given on how people can "live WITHOUT giving birth to more filthy human children since those new additions continue pollution and are pollution." Discovery has a daycare facility with about 100 kids. Police said all of the children were evacuated. Tweets, IMs and emails flew Wed, with it quickly becoming clear that most of Discovery's employees were evacuated from the building by about 2pm, with some reporting that they were at restaurants or headed to commuter trains (many were unable to get to cars parked in garages because of the lockdown). **TV One** evp, affil sales *Michelle Rice* was interviewed by local news earlier in the day. She was at a nearby restaurant for lunch when she heard what she said sounded like gunshots. TV One is located across the street from Discovery's HQ. Rice was unable to go back to the office because it was on lockdown.

Negotiations: AT&T U-Verse subs lost **Hallmark Channel** and **Hallmark Movie Channel** at midnight Wed after the 2 were unable to reach an agreement. Hallmark said it's willing to continue to negotiate, but AT&T has not responded to its last proposal. AT&T's view is that Hallmark has refused to provide AT&T and its customers with a "fair deal." As is often





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the case, money seems to be the problem. "We offered to extend the current deal while talks continued, and Hallmark rejected that offer," AT&T said. "Hallmark has forced us into a position where we no longer have the rights to carry the Hallmark channels as of 12:01 EDT." For its part, Hallmark Channels pres/CEO *Bill Abbott* said AT&T's claims of an unfair deal are not true. "Hallmark Channels presented a number of proposals in the course of the negotiations, which were fair and reasonable and, we felt, addressed AT&T's concerns," he said. "Unfortunately, AT&T dropped our signals, and we are at an impasse." U-Verse is offering a free preview of **Starz Kids & Family** and **TCM** on the Hallmark channels' slot. -- No word of a deal yet between **Disney** and **Time Warner Cable**, but on the plus side... no sign of fireworks either.

Net Neutrality: No FCC decision appears imminent on broadband classification, with the Commission issuing a public notice Wed seeking additional comments on providers offering premium managed services and on how and whether to apply net neutrality rules to wireless. "All options remain on the table," a sr FCC official said Wed afternoon. "The FCC staff is busy reviewing and analyzing an extensive record of more than 50,000 comments in the broadband framework proceeding, which only closed a few weeks ago. Securing a solid legal foundation for broadband policy is too important an issue to rush." The comment period will keep this alive for awhile, with comments due 30 days after publication in the Federal Register and replies due 55 days after publication. **Stifel Nicolaus** said that timeframe confirms its view that no classification decision made will come until later this year. **Free Press** complained that the Commission is prolonging the process. "It is time for the FCC to stop writing notices and start making clear rules of the road," said research dir *Derek Turner*. "The phone and cable companies have shown us what the Internet will look like if they are allowed to write their own rules and build a two-tiered Internet with fast and slow lanes and zero protections on mobile broadband. We don't need more questions from the FCC, we need more answers." **NCTA's Kyle McSlarrow** said the public notice raises important issues. "We remain strong in our belief that there is a reasonable path forward to establish a framework that preserves a free and open Internet, protects consumers, and encourages the investment and innovation needed to deploy next-generation broadband networks and new products and services on the Internet," he said.

Competition: If sports and 3D are involved, usually **DirecTV** is too. The DBS op announced live 3D coverage of the **US Open** tennis tourney on **n3D** beginning Sat.

Over-the-Top: **Apple** chief *Steve Jobs* made it official Wed, announcing the availability later this month of an improved **Apple TV** device featuring HD rentals (no purchases) of movies and TV eps from **ABC** and **Fox (Cfax, 8/26)**. TV shows will rent for 99 cents, with ABC's expected to be available 1 day after their linear premieres, and movies will cost \$4.99 on a day-and-date basis. "When we put our shows on iTunes five years ago, it was revolutionary," said *Anne Sweeney*, co-chair **Disney Media Nets** and pres, **Disney/ABC TV Group** in a statement. "Since then, we've continued to provide viewers with innovative new ways to access our programming, and today we're proud to team with Apple on a rental option for fans of our shows." The new \$99 Apple TV fits in a hand palm, and allows **Netflix** subs to stream the service's movies to the TV and anyone to stream Web content from **YouTube** and other sites. "Nothing's really hit in the living room yet," admitted Jobs of Apple TV and other co products, but he believes that will change after learning the desires of existing Apple TV customers. Not surprisingly, the base said it wants Hollywood films and TV shows when it wants them, and in HD, but it also expressed little interest in computer functionality on the TV screen. Jobs expects other content players to join the lineup in the future, with **NBCU** and **CBS** reportedly considering offering their own content. Of note: Netflix shares spiked when Jobs announced its inclusion in Apple TV, perhaps proving that some believe the device could gain better traction this time around. -- **Amazon.com** is looking to join the growing crowd in offering a subscription service for movies and TV shows, according to reports that say the Internet retailer has pitched the idea to **NBCU**, **Time Warner**, **News Corp** and **Viacom**. **YouTube**, meanwhile, is talking with major studios to launch a PPV movie service by Dec.

Mobile Broadband: The **Clear** 4G mobile broadband service launched Wed in Boston, Providence and Daytona Beach, upping its coverage to 52 markets and 60mln people. -- As **T-Mobile** continues to expand the availability of its mobile broadband network, adding 9 new cities this week including San Diego, Miami and Boston, the *WSJ* reported that **Sprint** is debating whether to allow the carrier to invest in **Clearwire**. Sprint currently owns approx 54% of Clearwire.

Technology: **CableLabs** published its 1st 3D content encoding spec, called **Content Encoding Profiles 3.0**, which details exact requirements for formatting or "panelizing" the 3D content into a frame-compatible format for use by cable TV systems and replaces the previous VOD-Content Encoding Profile 2.0 spec that was widely used within the industry.

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BUSINESS & FINANCE

Programming: Ever the jokester, Conan O'Brien blogged that he wanted to call his new TBS show "360 with Anderson Cooper featuring Conan O'Brien," but that no one agreed with him. Instead, the show will launch Nov 8 as simply "Conan." -- A crew in Greenland from HDNet "World Report" (Tues, 9p ET) sends word that a Coast Guard and contractor team believe they've located an amphibious plane that carried two crewmen who were attempting to rescue a downed B-17 bomber crew during WWII. The teams are racing against time to find the remains of the soldiers. The soldiers' remains might be lost as the glacier the Duck plane hit in '42 cleaves into the sea.

On the Circuit: CNN anchor Don Lemon will moderate "The New Original" general session panel at the 24th Annual NAMIC Conference (Sept 14-15 in NYC). Focused on TV programming diversity, the panel will feature BETN pres, original programming Loretha Jones, rapper/screenwriter Ice Cube and others.

Business/Finance: HSBC and The Royal Bank of Scotland agreed to partly fund Pace's \$475m purchase of tech firm 2Wire, through which Pace hopes to penetrate the Internet TV market. -- Digital measurement firm comScore acquired for approx \$37m Nedstat, a Dutch provider of Web analytics and video measurement solutions.

CableFAX Daily Stockwatch

Company	09/01 Close	1-Day Ch	Company	09/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	38.10	0.20	AVID TECH:	11.49	0.44
DISH:	18.35	0.41	BIGBAND:	2.79	0.09
DISNEY:	33.51	0.97	BLNDER TONGUE:	1.88	0.04
GE:	15.01	0.53	BROADCOM:	31.08	1.12
NEWS CORP:	14.69	0.60	CISCO:	20.26	0.28
MSOS					
CABLEVISION:	26.11	1.02	CLEARWIRE:	6.65	0.23
COMCAST:	17.94	0.84	COMMSCOPE:	20.00	1.25
COMCAST SPCL:	16.89	0.81	CONCURRENT:	5.82	0.63
GCI:	9.57	0.59	CONVERGYS:	10.36	0.23
KNOLOGY:	12.18	0.45	CSG SYSTEMS:	18.81	0.52
LIBERTY CAPITAL:	47.02	1.94	ECHOSTAR:	19.45	0.79
LIBERTY GLOBAL:	28.22	0.65	GOOGLE:	460.33	10.31
LIBERTY INT:	11.28	0.73	HARMONIC:	6.11	0.30
MEDIACOM:	6.03	0.23	INTEL:	18.14	0.47
SHAW COMM:	20.93	0.38	JDSU:	9.61	0.42
TIME WARNER CABLE:	53.98	2.41	LEVEL 3:	1.08	0.05
VIRGIN MEDIA:	21.91	1.11	MICROSOFT:	23.90	0.43
WASH POST:	376.24	16.01	MOTOROLA:	7.73	0.21
PROGRAMMING					
CBS:	14.59	0.77	RENTRAK:	22.50	0.44
CROWN:	2.26	0.16	SEACHANGE:	8.41	0.67
DISCOVERY:	38.94	1.19	SONY:	28.92	0.93
GRUPO TELEVISA:	19.07	0.58	SPRINT NEXTEL:	4.14	0.08
HSN:	27.96	1.67	THOMAS & BETTS:	38.52	1.57
INTERACTIVE CORP:	25.22	0.44	TIVO:	8.03	0.17
LIBERTY:	36.19	1.05	TOLLGRADE:	7.84	0.60
LIBERTY STARZ:	60.39	0.65	UNIVERSAL ELEC:	19.95	0.82
LIONSGATE:	7.21	0.07	VONAGE:	2.16	0.00
LODGENET:	2.75	0.21	YAHOO:	13.37	0.26
NEW FRONTIER:	1.83	(0.01)	TELCOS		
OUTDOOR:	5.51	0.20	AT&T:	27.35	0.32
PLAYBOY:	5.14	0.05	QWEST:	5.80	0.15
SCRIPPS INT:	41.81	1.63	VERIZON:	30.26	0.73
TIME WARNER:	30.76	0.78	MARKET INDICES		
VALUEVISION:	2.00	0.00	DOW:	10269.47	254.75
VIACOM:	36.10	0.50	NASDAQ:	2176.84	62.81
WWE:	14.27	0.25	TECHNOLOGY		
TECHNOLOGY					
ADC:	12.68	0.00	ADDVANTAGE:	2.90	(0.09)
ALCATEL LUCENT:	2.68	0.11	AMDOCS:	26.86	0.63
AMPHENOL:	43.90	3.18	AOL:	22.90	0.68
AOL:	22.90	0.68	APPLE:	250.33	7.23
APPLE:	250.33	7.23	ARRIS GROUP:	8.49	0.31
ARRIS GROUP:	8.49	0.31			



It's that time again!

Nominate your colleagues, your boss or even yourself for the CableFAX100—our annual cable industry power list—which will appear in the December edition of *CableFAX: The Magazine* and whose members will be celebrated during luncheon on **December 9 in New York**.

Nominate those who might not be headline makers but who are influential behind the scenes within their company and the industry. We also seek nominees who are influential at the regional/local/state level for our Regional list.

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Nominations Deadline: September 3, 2010
Nominate at: www.cablefax.com/cablefax100

Think about that for a minute...

Hungry Mungry

Do you remember Shel Silverstein's famous children's poem "Hungry Mungry"? It's about an insatiable little boy who eats everything—literally. By the time he's done eating the Universe (and himself, except for his teeth) "... Nothin' was nothin' was nothin' left to eat!"

"Hungry Mungry" jumped to mind the other day as I started seriously fooling around with the new, enhanced Google Voice. It's awesome. It works well. I suspect it will become a dominant player in the voice market very quickly, and it's free. That's quite a combination.



Steve Effros

Please note under my signature that there's a new contact telephone number for me. It's 202-630-2099. It reaches me wherever I happen to want it to ring; on my business phone, on my home phone, on my cell phone. Doesn't matter any more what those

other numbers are, just one number, which I was able to pick, does it all. And if I miss the call and you leave a voice message it automatically gets transcribed using voice recognition software (which has become remarkably accurate) and your message is forwarded to my email. It shows up in my pocket on my smartphone!

Oh, by the way, you can also link to the Google Voice capability through your cell phone, and since there are no charges for calling nationwide, or for texting, you can now cut your cell and "telephone" accounts down to the bare bones.

I tried that with my Verizon business phone number. I had been paying \$70 per month for that line. Kept it because so many folks have that number after years of use. It's also convenient because it's wired in around my house and linked to a two-line (home and business) wireless phone system. So if possible I wanted to keep the line, but I didn't want to pay that absurd rate any

more. Verizon, it turned out, didn't want to lose me as a customer, either. They are converting my business line to a "VOIP" account linked to my home number: \$9.95 per month plus taxes.

Now think about that for a minute, and you will appreciate the potential impact of something like Google Voice. The quality is fine, it can be used on any phone I happen to be near. I just plug in the number I am at, and the number I want to call on my "Home" page (or on my cell phone) and it first rings "my" phone, then connects me to the number I am calling. All free.

How can they do this, and why? Well, they say they hope to make up for the cost of the service by offering very low priced International calls. They are linking the voice contact information (the phone numbers I use) with my contact list for Gmail, (advertiser supported, but also free to me) so they are tying me more and more to the services they offer. And finally, I think they are doing it simply because they can! It's all incremental to their fundamental search/advertising business.

If I were a phone company I'd be concerned. I think Google does an excellent job, and I oppose the growing calls for their search algorithms to be regulated because they are becoming a "utility." That's just as wrong-headed as "net neutrality." But I can't argue with the notion that they are getting awfully big, awfully powerful and there might be some "unintended consequences" of their apparently insatiable appetite to aggregate both services and users.

Instead of those "Google eyes" maybe we should be concerned about the "Hungry Mungry" teeth.

Steve

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CableFAX's PROGRAM AWARDS & Top Ops AWARDS

Join us as we celebrate the 3rd annual CableFAX Program Awards and honor the Top Operators of the Year. This outstanding event will bring together those who create amazing content and those who excel in bringing it to the viewers. CableFAX will also be inducting eight honorees to CableFAX's Programming Hall of Fame.

Questions: Contact Elizabeth Brown at ebrown@accessintel.com; 301-354-1610

View Finalists and Register today at www.cablefax.com/program2010

October 4, 2010
12:00 – 2:00pm
Grand Hyatt, NYC

Special Issue: Program Award winners and honorees will be featured in CableFAX: The Magazine's October Programming Issue and distributed in print at the October 4th event, Cable Fall Connection and Telco TV.

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