

CableFAX Daily™

Friday — September 3, 2010

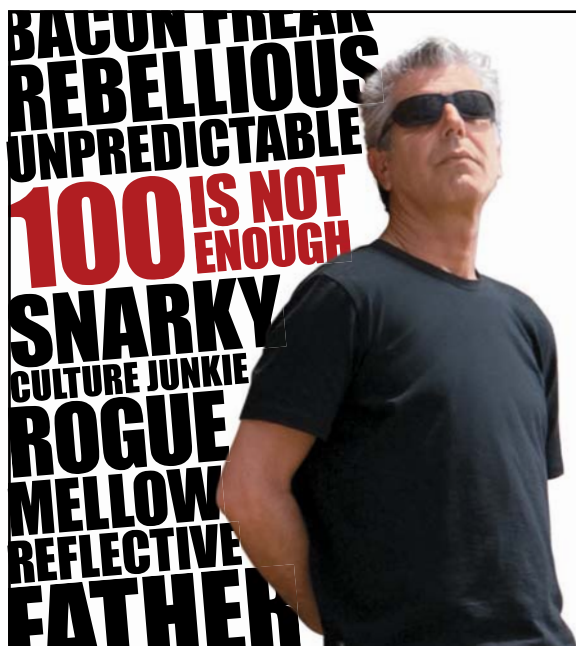
What the Industry Reads First

Volume 21 / No. 171

Deal is Done: TWC to Carry ESPN3, Launch New Net on Sports Tier

At our deadline, **Disney** and **Time Warner Cable** announced their new long-term agreement, and it included a lot of details. The MSO will indeed launch **ESPN3.com**, but it doesn't sound like the price is based on every TWC sub, as it will only be available to all TWC (and **Bright House**) subs who get **ESPN**. In other words, broadcast basic folks are out of luck. Also interesting is a net that sounds a lot like an **NFL Redzone** for college football. **ESPN Goal Line**, a new service developed with TWC, will launch as early as Sat to sports tier subs, providing a once-a-week live look-in to NCAA games. A similar service, **ESPN Buzzer Beater**, is planned for college basketball. The deal also includes access to a new authenticated service that will give TWC and Bright House subs the ability to watch linear networks **ESPN**, **ESPN2** and **ESPNU** through their broadband services as well as mobile Internet devices, like an iPad (launch details to come). As expected, the MSOs will carry Pre-K net **Disney Junior** when it launches in '12. Both sides said they were pleased with the deal, which is the 1st big renegotiation since **Disney Channel** and **ABC Family** have really taken off in popularity. The agreement includes expanded VOD services (more content and more markets), with one new component being a transactional VOD service for select content from **Disney/ABC TV** group. The 2 described VOD and online content access as "unprecedented." Other elements include the launch of **ESPN Deportes HD** to TWC's larger footprint, the launch of **ESPN 3D** to TWC and Bright House, a TWC/ESPN Deportes co-branded, Spanish-language sports Website in L.A. and a "plethora" of ESPN-branded content that will be made available to TWC and Bright House's sports tiers. No word on financials, of course. The agreement was reached without any networks going dark, and the 2 negotiating past the midnight Thurs contract expiration. Also included in the deal were ABC/Disney O&Os.

Day After: **Discovery** opened its Silver Spring, MD, HQ from 10am-1pm ET Thurs, with employees given the option to stay home following Wed's hostage standoff. Many, we're told, made the trek in with the day starting with greetings from *John Hendricks*, *David Zaslav*, *Peter Liguori* and sr evp, HR *Adria Alpert Romm* and an all-employee meeting (There's a nice photo of employees Thurs at corporate.discovery.com/blog/). There were reports of lots of hugs, handholding and some clapping as tales of heroism were recounted. Two **TLC** employees



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and 1 security staffer were taken hostage during the 4-hour standoff, but were unharmed. The suspect, who never made it past the building's glass-enclosed lobby, was shot and killed by police. One of the hostages, employee *Jim McNulty*, posted a brief message on Discovery's blog thanking **Montgomery County Police**, Discovery family, friends and coworkers for their response and support. Grief counselors were on hand and would return to the office on Tues. Discovery, which had planned on being open for a half day on Fri because of the Labor Day weekend, will close all day. "Employees in Silver Spring demonstrated courage, compassion and cooperation throughout the situation, which aided law enforcement efforts—for which we are thankful and proud," Discovery evp, comm *David Leavy* said in a statement.

At the Portals: The tentative agenda for the **FCC's** Sept 23 meeting includes a 2nd Memorandum Opinion and Order on TV white spaces that finalizes provision for unlicensed wireless devices to operate in unused parts of TV spectrum. Both cable and broadcast have fretted that opening the spectrum up could create interference. Specifically, cable is concerned about headends that import distant broadcast signals encountering potential interference. As Wed's request for additional comments on net neutrality indicated (*Cfax*, 9/2), there is nothing on the agenda about broadband reclassification, which is likely on hold until after the Nov elections. -- The **FCC** granted **DISH** certification as a qualified carrier pursuant to STELA, meaning it's a little closer to being able to offer distant signals again. It still needs to receive its distant signal license back from the courts.

Broadband Bullets: Out of 71mln fixed Internet connections, only 44% met or exceeded the speed tier closest to the National Broadband Plan's target of 4Mbps downstream/1Mbps upstream. That's according to the **FCC's** newly released report on Internet access as of June '09. Other findings: the number of mobile subs with data plans for full Internet access increased 40% over the first 6 months of '09 to 35mln; cable modem connections increased 3% to 41mln during that period, while DSL increased 1% to 31mln. The largest increase in fixed-location technologies went to fiber connections (23% to 4mln).

Carriage: NFL Net continues to reap benefits from its recent carriage deal with **NCTC** (*Cfax*, 8/23), announcing distribution deals with **Cable One** for both NFL Net and **NFL RedZone** and with **Knology** for RedZone to complement existing NFL Net carriage. Knology added RedZone to its SportsPak.

FCC Dissecting: Stay the course. That was the message from **Sen Communications** subcmte chmn *John Kerry* (D-MA) on the **FCC's** request for additional comment on its open Internet proceeding. While he understands concerns, he believes progress is being made and that the constructive process should continue. "I remain open to

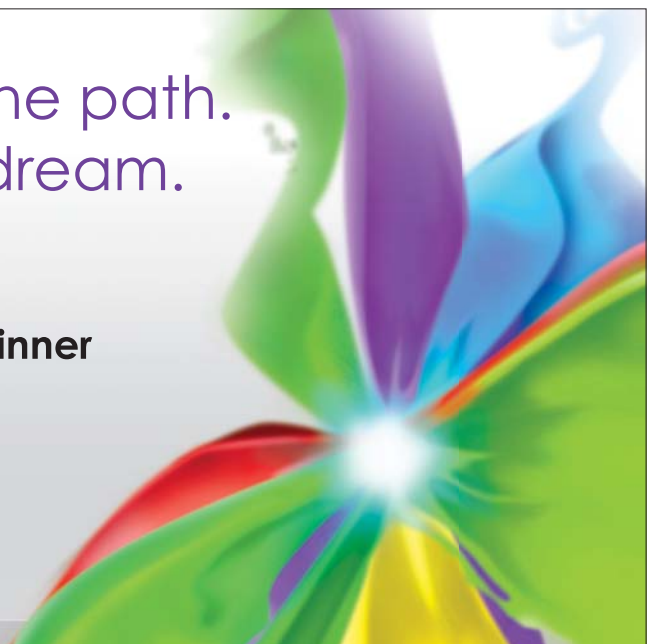
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and am actively working on a legislative solution to ensure that law reflects the growing consensus that the Open Internet must be preserved and promoted, but I also believe that the FCC has the authority, ability, and responsibility to use its regulatory authority under existing law to preserve internet freedom with or without a new law," he said. "In short, let's stay at it, because this vigorous debate strengthens the ultimate outcome." Rep *Ed Markey* (D-MA), who is co-author of net neutrality legislation, said he hopes the FCC will move quickly to complete its "Third Way" proceeding if Congress fails to legislate clarifications this month to the FCC's authority. The issues on which the FCC wants additional comments—managed services and mobile broadband—are vital, he said, adding that the recent **Google-Verizon** proposal could have widened the digital divide because of its exclusion of mobile broadband from an open Net framework.

In the States: **Cablevision** expanded the coverage of its **Optimum WiFi Network** to include hundreds of indoor business locations across Long Island, including the **Long Beach Boardwalk** and Huntington's **Hecksher Park**.

-- **ESPN** and **CEA** are collaborating for "National 3D Demo Days," which will provide customers with intensive 3DTV demos at nationwide retail outlets including **Best Buy** and **Sears** from Sept 10-12. Also, **ESPN 3D** will broadcast continuous content throughout the weekend, including live coverage of the Sept 11 Miami-Ohio St game. -- **Comcast** launched its 100Mbps broadband service for businesses in its Southern NJ systems. 1st available in the Twin Cities, the commercial service runs \$370/month for **Comcast Business Class** customers and is part of a business solution that includes **Microsoft Comm Services** and **Norton Business Suite** software. -- **Cox AZ** bowed a **Facebook** app encouraging fans to upload their own photos into a series of illustrated summer vacation scenes with *Digi*, the MSO's mini robot mascot. By interacting with the app, fans can qualify to win a year of free cable, Internet and phone, as well as one of 5 staycations at Loews Ventana Canyon in Tucson, \$5K in "Digi Dollars" or 1 of 500 Digi plush dolls.

Competition: **U-verse TV** added 19 new channels to its Spanish-language lineup that now features a total of 56. Including **Cine Mexicano** and **TV Chile**, the nets will be added to the service's 2 related packages for free, and new video subs that order the **Paquete Espanol** package will receive \$25/month in savings for 6 months.

Advertising/Marketing: **TBS** and *Kid Rock* are teaming to create a full-length video featuring the artist's soon-to-be released "Born Free," which will debut Sept 3 in **National CineMedia** theaters nationwide and be used throughout the net's marketing campaign for its **MLB Postseason** coverage. -- **Outdoor Channel** and **Comcast** are partnering for the "Fields & Reels Outdoor Night" expo, which prior to the Sept 10 Atlanta Braves game at **Turner Field** will offer at a co-branded booth activities and prizes while featuring net host *Willie Robertson* and former Brave *Ryan Klesko*.

Online: **Novebox's** using **Tvinci's** video platform to create a subscription/VOD service for Spanish-language **MSN** portals that will feature content from Latin American series and films, including prime eps that will stream online before airing linearly. The service will roll out across the US Hispanic market over the next 5 months.

Technology: **Widevine** earned from the **US Patent and Trademark Office** a patent covering the transcoding of broadcast content for Internet delivery, including to Web-connected CE and mobile devices.

Programming: **ESPN** inked an 8-year deal to broadcast **BYU** home football games. The school announced this week its departure from the **Mountain West Conference**, which features **The Mtn.** channel. -- **Nickelodeon** acquired the US TV rights and Pay-TV rights for Latin America, the UK and other countries for "Winx Club," featuring 6 magical fairies that mainly appeal to young girls. -- **ABC Family** picked up the domestic rights to animated clas-

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BUSINESS & FINANCE

sic “Puff the Magic Dragon,” and will air the program as part of its annual 25 Days of Christmas event.

On the Circuit: General session presenters at ACC’s Forum (Sept 15-16, NYC) include NCTA pres/ CEO Kyle McStarrow, Sanford Bernstein’s Craig Moffett and Giles Comm pres Peter Giles.

Honors: Sunflower Broadband is sister pub Communications Technology’s “System of the Year” winner, which will be presented Oct 20 during the SCTE Award lunch. Last month, overbuilder Knology announced that it’s purchasing the KS-based operator for \$165mln in cash. The deal is expected to close in 4Q.

Business/Finance: Fitch removed Mediacom’s credit ratings from Ratings Watch Negative on chief Rocco Commisso’s withdrawal of his share purchase offer, and noted the MSO’s relatively stable operating profile amid competition and housing/job woes, plus its strong liquidity position and favorable schedule maturity profile.

Editor’s Note: Time is running out. Fri, Sept 3 is the final deadline to nominate your favorite, extremely powerful and important executives for inclusion in our coveted CableFAX 100 list. You can even nominate yourself. More info is available at <http://www.cablefax.com/cfp/2010cablefax100.html>.

CableFAX Daily Stockwatch

Company	09/02 Close	1-Day Ch	Company	09/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	38.54	0.44	AVID TECH:	11.49	0.00
DISH:	18.43	0.08	BIGBAND:	2.85	0.06
DISNEY:	33.91	0.40	BLNDER TONGUE:	1.89	0.01
GE:	15.15	0.14	BROADCOM:	32.71	1.63
NEWS CORP:	14.90	0.21	CISCO:	20.52	0.26
MSOS					
CABLEVISION:	26.57	0.46	CLEARWIRE:	6.81	0.16
COMCAST:	18.08	0.14	COMMSCOPE:	20.55	0.55
COMCAST SPCL:	16.97	0.08	CONCURRENT:	6.45	0.63
GCI:	9.45	(0.12)	CONVERGYS:	10.52	0.16
KNOLOGY:	12.19	0.01	CSG SYSTEMS:	19.04	0.22
LIBERTY CAPITAL:	47.91	0.89	ECHOSTAR:	19.57	0.12
LIBERTY GLOBAL:	28.57	0.35	GOOGLE:	463.18	2.85
LIBERTY INT:	11.49	0.21	HARMONIC:	6.11	0.00
MEDIACOM:	6.02	(0.01)	INTEL:	18.28	0.14
SHAW COMM:	21.23	0.30	JDSU:	9.91	0.30
TIME WARNER CABLE:	54.70	0.72	LEVEL 3:	1.10	0.02
VIRGIN MEDIA:	21.76	(0.15)	MICROSOFT:	23.94	0.04
WASH POST:	386.14	9.90	MOTOROLA:	7.86	0.13
PROGRAMMING					
CBS:	14.95	0.36	RENTRAK:	22.74	0.24
CROWN:	2.27	0.01	SEACHANGE:	8.54	0.13
DISCOVERY:	39.44	0.50	SONY:	29.06	0.14
GRUPO TELEVISA:	18.97	(0.1)	SPRINT NEXTEL:	4.34	0.20
HSN:	28.68	0.72	THOMAS & BETTS:	39.65	1.13
INTERACTIVE CORP:	25.66	0.44	TIVO:	8.39	0.36
LIBERTY:	36.25	0.06	TOLLGRADE:	8.10	0.26
LIBERTY STARZ:	60.85	0.46	UNIVERSAL ELEC:	20.19	0.24
LIONSGATE:	7.22	0.01	VONAGE:	2.28	0.12
LODGENET:	2.93	0.18	YAHOO:	13.51	0.14
NEW FRONTIER:	1.81	(0.02)	TELCOS		
OUTDOOR:	5.32	(0.19)	AT&T:	27.40	0.05
PLAYBOY:	5.09	(0.05)	QWEST:	5.82	0.02
SCRIPPS INT:	42.33	0.52	VERIZON:	30.11	(0.15)
TIME WARNER:	31.40	0.64	MARKET INDICES		
VALUEVISION:	2.04	0.04	DOW:	10320.10	50.63
VIACOM:	36.96	0.86	NASDAQ:	2200.01	23.17
WWE:	14.12	(0.15)			
TECHNOLOGY					
ADC:	12.72	0.04			
ADVANTAGE:	2.94	0.04			
ALCATEL LUCENT:	2.74	0.06			
AMDOCS:	26.99	0.13			
AMPHENOL:	44.66	0.76			
AOL:	23.05	0.15			
APPLE:	252.17	1.84			
ARRIS GROUP:	8.47	(0.02)			



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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Soaring Shore and Solid Siblings Sizzle

History's magnificent summer featured eye-popping YOY gains (per **Turner**) among total viewers (34%), 18-49s (30%), 18-34s (47%) and 25-54s (30%), numbers clearly worthy of the seasonal net title. Yet History failed to claim the overall summer championship, for that honor must be given to **Viacom**. Pooh poohers may logically argue that the YOY viewership gains achieved by many Viacom nets are skewed by their truly execrable performances from last summer, and that assertion indeed holds water. To me, though, the impressive comeback is deserving of accolades. Heck, with **MTV** as the "wanted" poster child, Viacom's cable nets were left for dead 12 months ago. Now, most of them are impressively oxygenated, including and most importantly **MTV**. Paced by "Jersey Shore," the net posted its best summer ratings in 3 years, gaining 16% YOY. In prime, it gained 21% in total viewers, 23% among 18-49s, 29% among 18-34s and 23% among 25-54s (!!). **TV Land**, meanwhile, earned respective prime surges of 62%, 38%, 22% and 51%, led by freshman comedy "Hot in Cleveland." Want more? Try **Comedy Central**: +11%, 21%, 33%, 15%. Or **Nicktoons**: +63%, 84%, 95%, 61%. Sure, nets such as **Nick at Nite**, **BET**, **Spike** and **VH1** endured tough summers, but Viacom undoubtedly polished its gold in July and Aug (per **Nielsen**). Among small cable nets (500K total viewers or less) in July prime, **Teen Nick** (+75%) and **Nicktoons** (+74%) ranked 2nd and 3rd in YOY increase, while among big nets (500K+), **TV Land** (+69%) and **Nick Jr** (+28%) notched 1st and 4th. Among smalls in Aug, **Teen Nick** (+80%) and **Nick Toons** (+53%) ranked 1st and 4th, and among bigs in the month **MTV** (+55%) led all as **Comedy Central** (+16%) took 5th. And when combining all 4 categories and the top 5 nets in each, Viacom earned 8 spots. The next closest was **Discovery** with 4 (**ID** 2, **Science** 2). Well done Mr. Dauman, well done. That's hot in Cleveland, NJ or NY. *CH*

Highlights: "Terriers," pilot, Wed, 10p, **FX**. Just when we thought we'd seen our fill of police shows comes this FX series about 2 small-time, unkempt, unlicensed private eyes (played beautifully by *Donal Logue* and *Michael Raymond-James*). Their home-spun investigatory tactics, dry humor and a bulldog (not a terrier) could make this a hit. — "America's Game: '09 Saints," Wed, 9p, **NFL Net**. The Emmy-winning series takes on the champion Saints, weaving in Katrina, the franchise's former foibles and the addition of *Payton*, *Vilma* and *Brees*. Piling on an already terrific story is **NFL Films'** always fabulous footage, especially the hard hits and the mic-ed coaches ranting. And there's pretty good narration by *Brad Pitt*. -- "My Trip to Al-Qaeda," Tues, 9p, **HBO**. Part doc, part performance piece, HBO films the one-man play about journalist *Lawrence Wright's* struggles as he researched his bestseller "The Looming Tower: al-Qaeda and the Road to 9/11." The play is augmented effectively with backstage clips and interviews. *SA*

Notable: Last week we noted milestones for **WWE** and **Comedy**. **Travel** celebrates on Labor Day as *Anthony Bourdain* reaches ep #100 of his "No Reservations" series. Festivities begin at 9a with a marathon; #100 (in France) starts at 10p, preceded by a special about the series at 9p. *SA*

Basic Cable Rankings (7/26/10-8/29/10) Mon-Sun Prime			
1	USA	2.6	2556
2	DSNY	2.1	2044
3	TNT	2	1994
4	FOXN	1.5	1433
5	HIST	1.3	1256
5	ESPN	1.3	1247
7	NAN	1.2	1228
8	TBSC	1.1	1134
8	A&E	1.1	1125
8	LIFE	1.1	1106
8	HGTV	1.1	1067
12	TOON	1	1006
12	SYFY	1	999
12	DISC	1	956
12	FAM	1	951
16	MTV	0.9	926
16	FOOD	0.9	909
16	FX	0.9	887
16	TRU	0.9	881
16	AMC	0.9	843
21	TLC	0.8	831
21	CMDY	0.8	820
21	BRAV	0.8	785
21	TVLD	0.8	755
21	NKJR	0.8	600
26	SPK	0.7	645
26	HALL	0.7	637
28	EN	0.6	585
28	MSNB	0.6	565
28	BET	0.6	544
28	LMN	0.6	479
32	APL	0.5	458
32	OXYG	0.5	370
32	ID	0.5	301
32	NKTN	0.5	266
36	ESP2	0.4	417
36	CNN	0.4	405
36	TRAV	0.4	405
36	HLN	0.4	350
36	NGC	0.4	286
36	GSN	0.4	278
36	WGNA	0.4	259
36	NFLN	0.4	222
44	VH1	0.3	317
44	CMT	0.3	255
44	SOAP	0.3	244

*Nielsen data supplied by ABC/Disney

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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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