

# CableFAX Daily™

Friday — September 24, 2010

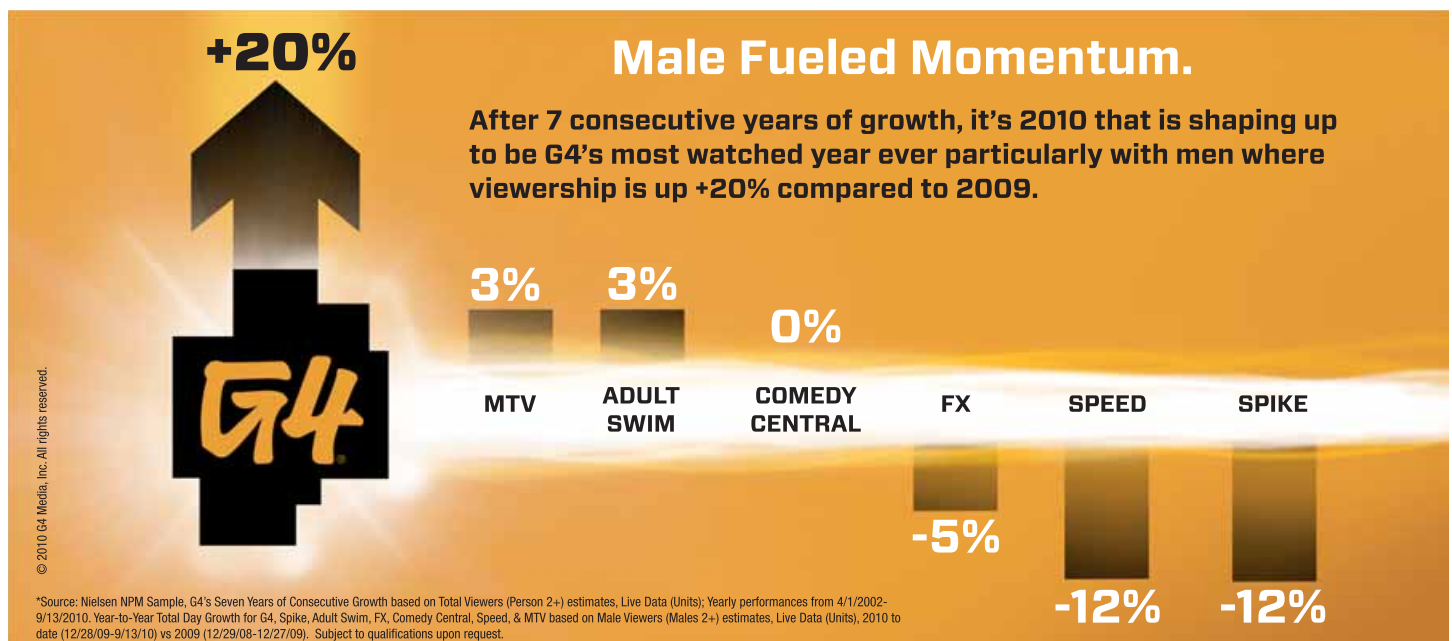
What the Industry Reads First

Volume 21 / No. 185

## Sour Apple: Viacom Says No to Apple TV, But Maybe to Hulu

**Apple TV's** 99 cent/ep price point doesn't work for **Viacom**. "We value our content a lot," Viacom CEO *Philippe Dauman* said at the **Goldman Sachs Communacopia** Conference Thurs. "We spend a lot of money producing content... We are happy to distribute to consumer wherever they want it through channels that will reflect the value of our content and we don't think Apple has it quite right yet." On the other hand, Dauman was crowing over Viacom's **Epix-Netflix** deal, saying it compares financially very favorably to traditional sources and doesn't cannibalize its existing revenue stream. At a different investor conference last week, **Time Warner Cable** CFO *Rob Marcus* said he didn't understand the logic of the deal, as it put the same content on the cable channel available for streaming 3 months after its linear premiere. As for Hulu, Dauman called interesting its subscription idea and said his company will follow it. Viacom is testing TV Everywhere with cable, DBS and telco partners. "Ultimately for this to work, **Nielsen** or others have to be able to measure the viewing so we can get the currency credit from an ad sales standpoint," Dauman said. Speaking of ad sales, **MTV** is seeing ad sales ratchet up to keep pace with its ratings revival. Overall, 3Q will show additional sequential ad sales growth, and 4Q will likely show further sequential domestic ad sales growth, the CEO said. While **MTV**, **Nick** and **BET** are star performers among the domestic cable nets, Dauman acknowledged some room for improvement among other nets. As Viacom changed **VH1** to be a little more "wholesome" and "advertiser friendly," ratings fell off more than expected, he said. "We're working on that." **CMT** also has seen some recent ratings softness, but it's coming back and is important because it gets Viacom into new demos, according to Dauman. As for distribution deals, Viacom has renegotiated the majority of its distribution over the last couple years. Those long-term agreements will play out over 9 years, with Dauman saying he felt pretty secure in predicting that Viacom will have affiliate fee growth in the high single to low double digits going ahead.

**Communacopia Notebook:** Having lived through landline cord cutting, **Verizon** CEO *Ivan Seidenberg* has a different view on the phenomenon than his MSO counterparts. "The first you do is deny it," Seidenberg said at the **Goldman Sachs** conference Thurs. "Young people are pretty smart. They are not going to pay for something you don't have to pay for... Over the top is going to be a pretty big issue for cable." And while **Time Warner Cable** CEO *Glenn Britt* blamed sub losses on the economy the day before, the Verizon chief argued that housing starts will never pick up enough to offset the



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losses. "I think cable has some life in its model... but it is going to get disintermediated over the next several years." His take is that at a newcomer with a smaller footprint and less bundle reliance, FiOS won't be hit as badly. "I've seen the movie. If you remain static too long, the technology is going to nibble at you on the edges, and you have to be prepared for it," Seidenberg said, adding that his company is looking at alternatives to make sure it monetizes over-the-top across various platforms. -- **DirectTV** CEO *Michael White* said his company's Free HD for Life promo has brought in higher quality subs than initially expected, with the DBS provider trending toward 50% new HD subs taking HD DVRs. Sub growth is stronger than his cable peers, but he said that involuntary churn (bad debt customers) is actually higher now than during the recession. He also reminded us that DirectTV's new NFL contract begins next year (look for more color on this later this year). White also said DirectTV is looking at bundle opportunities, and would even consider partnering with a cable company if it made sense. Also on the table a possible wireless partnership, with White mentioning **Clearwire** and **Harbinger**.

**Launch Pad:** **Sony Pictures Ent's Sony Movie Channel** is gearing up for an Oct 1 launch, with a distribution deal already locked up with **DISH**. It'll be carried on DISH's HD Platinum package (additionally \$10/mo), which includes **HD Theater** and **HDNet Movies**. It's talking to other distributors, with similar carriage expected. The 24/7 channel will feature a VOD and online offering. The linear net will be commercial free, but will have interstitials between movies featuring film trailers, Sony music videos, trivia and footage. Movies slated for its Oct debut include "The Graduate" and "Little Nikita."

**In the Courts:** **DISH's** board approved the settlement of a retailer class action suit, releasing it from the claims and including payment by DISH of up to \$60mln, according to an SEC filing. The settlement allows certain class members to reinstate certain monthly incentive payments, which the parties agreed have an aggregate value of \$23mln. The agreement is conditioned upon approval by the court. The lawsuits were filed by retailers in CO state and federal court in '00, with the plaintiffs requesting the Courts declare certain provisions of alleged agreements between DISH and the retailers invalid and unenforceable, and to award damages for lost incentives and payments, charge backs, and other compensation

**On the Hill:** Think most Hill hearings are boring. Well, Fri's House Judiciary hearing on immigration might be a little bit more exciting considering that **Comedy Central** start *Stephen Colbert* is slated to testify. We're unsure of the "truthiness" of reports that he'll testify in character. Colbert's invite comes because he worked on a farm in NY state, highlighting the United Farm Workers' "Take Our Jobs" campaign. -- The Senate passed the 21st Century Communications and Video Accessibility Act Wed night, with the House expected to pass it shortly. The bill is aimed at improving communications access for people with disabilities, and includes closed captioning for online video.

**At the Portals:** As expected, the **FCC** Thurs approved a white spaces order opening up unused broadband spectrum to fixed and mobile unlicensed devices. The Commission said it's taking steps to ensure that incumbent services are protected from interference from the use of white spaces in various ways—concerns that have been raised by broadcast and cable. In particular, the order reserves 2 vacant UHF channels for wireless microphones and other low power auxiliary service devices in all areas of the country. **NAB** said it looks forward to reviewing the details of the ruling. -- The tentative schedule for the **FCC's** Oct 14 meeting includes a 3rd Report and Order and Order on Reconsideration that will make changes to the FCC's CableCARD rules to "improve the consumer experience with the video navigation devices used with cable services and promote the development of a competitive market for such devices."

**Open Net:** **SavetheInternet.com** Coalition members greeted **FCC** staffers Thurs morn before the Commission's open meeting with waffles and the message, "Don't Waffle on Net Neutrality." "The public can't afford to wait much longer for the FCC to stop waffling and move forward on enacting real Net Neutrality rules to ensure that the Internet remains open for everyone," said **Free Press** managing dir *Craig Aaron*. Meanwhile, anti-regulation group **Broadband for America** released a survey that found more than 75% respondents agreeing that the Internet is working well and 57% saying the federal govt should not regulate the Internet at all. "This poll demonstrates once again what most everyone involved with the net neutrality issue already knows—that despite the fear-mongering of a few fringe groups, the American people overwhelmingly reject the idea of government regulation in the Internet space," **AT&T** said on its policy blog.

**Show Biz:** **CTAM** is hoping for 1900 attendees at its Summit in New Orleans, Oct 18-20. That's on par with the 1983 that attended the conference in Denver last year, when **NAMIC**, **Kaitz** and **ACC** Forum were held in the same week. Those events migrated to NY this year, and were held earlier this month. "We're heartened to see our colleague organiza-

# BUSINESS & FINANCE

tion do so well [with attendance] last week. We're optimistic," said CTAM chief *Char Beales*. The event has 40 companies as sponsors so far. One interesting panel: "iTV Idol," in which attendees will vote for their favorite iTV app. The winner gets the 1st-ever CTAM Summit Interactive award. This year's Summit co-chairs are **Cablevision** evp, marketing and advertising *Jon Hargis*, and **BET Nets** evp, chief marketing officer *Janet Rollé*.

**Competition:** AT&T added a new click-to-record feature for its U-Verse DVR at [att.net/uverseonline](http://att.net/uverseonline).

**People:** Former **Hachette Filipacchi Media** exec *Tom Donohue* joins **Cablevision** Mon as svp, technology for its local media group, which includes the **News 12** nets, **MSG Varsity** and **Newsday Media Group**. -- **AMC** named **ABC Studios'** *Jason Fisher* as svp, production.

**Honors:** **WICT Chicago** is presenting **Comcast** regional svp *LeAnn Talbot* with the "Breaking the Mold" award. **Time Warner Cable** WI's *Heather Hipke* gets the chapter's Emerging Leader honor. -- **Discovery** was recognized at the Annual Meeting of the Clinton Global initiative, with pres *Bill Clinton* honoring pres/CEO *David Zaslav* for Discovery's "Be The Future" education initiative. Discovery said **Science Channel** will continue airing "Head Rush," its 1-hour commercial-free block of programming; **Discovery Education** will add "Head Rush" content to their in-school streaming server.

## CableFAX Daily Stockwatch

Company	09/23 Close	1-Day Ch	Company	09/23 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	41.75	0.01	ARRIS GROUP:	9.67	0.08
DISH:	18.72	(0.17)	AVID TECH:	12.22	(0.41)
DISNEY:	33.12	(0.87)	BIGBAND:	2.80	0.06
GE:	16.14	(0.36)	BLNDER TONGUE:	2.35	(0.1)
NEWS CORP:	15.32	(0.05)	BROADCOM:	32.35	(0.06)
<b>MSOS</b>					
CABLEVISION:	25.29	(0.12)	CISCO:	21.53	(0.14)
CHARTER:	33.30	(0.2)	CLEARWIRE:	7.40	0.10
COMCAST:	17.92	(0.03)	COMMSCOPE:	22.78	0.02
COMCAST SPCL:	16.87	0.02	CONCURRENT:	6.55	0.05
GCI:	9.79	(0.12)	CONVERGYS:	10.25	(0.02)
KNOWLOGY:	13.01	(0.08)	CSG SYSTEMS:	20.97	(0.04)
LIBERTY CAPITAL:	50.90	(0.6)	ECHOSTAR:	18.55	(0.3)
LIBERTY GLOBAL:	29.93	(0.14)	GOOGLE:	513.48	(2.52)
LIBERTY INT:	12.77	0.08	HARMONIC:	6.48	(0.1)
MEDIACOM:	6.21	0.17	INTEL:	18.98	(0.03)
SHAW COMM:	21.42	(0.14)	JDSU:	12.16	(0.05)
TIME WARNER CABLE:	51.65	0.54	LEVEL 3:	0.93	(0.04)
VIRGIN MEDIA:	22.17	0.25	MICROSOFT:	24.43	(0.18)
WASH POST:	375.75	15.53	MOTOROLA:	8.38	0.09
<b>PROGRAMMING</b>					
CBS:	15.41	0.16	RENTRAK:	24.63	0.11
CROWN:	2.22	0.01	SEACHANGE:	7.40	0.16
DISCOVERY:	42.51	0.00	SONY:	30.06	(0.22)
GRUPO TELEVISIA:	18.83	(0.07)	SPRINT NEXTEL:	4.36	(0.01)
HSN:	28.60	(0.4)	THOMAS & BETTS:	40.22	(0.84)
INTERACTIVE CORP:	26.38	0.18	TIVO:	9.04	(0.61)
LIBERTY:	36.87	(0.62)	TOLLGRADE:	7.38	0.12
LIBERTY STARZ:	65.12	0.52	UNIVERSAL ELEC:	20.14	(0.32)
LIONSGATE:	7.19	(0.15)	VONAGE:	2.38	(0.07)
LODGENET:	3.34	0.23	YAHOO:	14.17	0.13
NEW FRONTIER:	1.82	(0.01)	<b>TELCOS</b>		
OUTDOOR:	5.25	(0.17)	AT&T:	28.51	(0.08)
PLAYBOY:	5.02	(0.06)	QWEST:	6.14	(0.13)
SCRIPPS INT:	45.35	(0.38)	VERIZON:	32.17	(0.22)
TIME WARNER:	30.76	(0.49)	<b>MARKET INDICES</b>		
VALUEVISION:	1.90	0.05	NASDAQ:	2327.08	(7.47)
VIACOM:	38.35	(0.8)			
WWE:	13.77	0.08			
<b>TECHNOLOGY</b>					
ADC:	12.68	0.04			
ADDVANTAGE:	3.15	0.07			
ALCATEL LUCENT:	3.06	(0.03)			
AMDOCS:	27.40	0.20			
AMPHENOL:	46.84	0.10			
AOL:	23.63	(0.55)			
APPLE:	288.92	1.17			

## CableFAX's Top Case Studies in Cable Marketing & PR Guidebook

**THIS ONE OF A KIND BOOK**, from the publisher of CableFAX, exemplifies how cable programmers, operators and vendors cut through the clutter to mount PR and Marketing efforts that worked, gained revenue, ratings points and industry buzz. Each study demonstrates some facet of ingenuity, innovation or integrated thinking, illuminating communications as a function that has matured with poise and established its indispensability to business practices.



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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**For Real Because of Real-Life Strangeness**

**Investigation Discovery** has a long way to go before it's considered a major cable net, but pres/gm *Henry Schleiff* has definitely chosen the right path. **Discovery Comm** pres/CEO *David Zaslav* can't stop raving about I.D.'s ratings momentum—the net leads all cable nets in prime growth among 25-54s YTD, and delivered double-digit YOY delivery gains among all key demos in both July and Aug—and its eclectic programming slate includes “Who the (Bleep) Did I Marry?,” which recently featured the top series premiere in net history. At a Mon event at the **Library of Congress**, Schleiff said distribution will soon jump to 80mln from 70mln homes, with the net's content focus in a growing sweet spot. Centered on investigations of life's mysteries, I.D.'s content plays particularly well in a TV world inclusive of myriad crime/mystery procedurals, said Schleiff, noting how that glut proves viewers' predilection to the genre, factual or fictional. Enter “Hardcover Mysteries” (Oct 9), a series in which popular mystery/thriller authors discuss the real-life cases that helped create certain novels, and which was highlighted Mon as popular authors *Sandra Brown*, *David Baldacci* and *Kathy Reichs* discussed some of the cases and their craft. The trio was witty, articulate and colorful, making for a very enjoyable evening and underscoring, at least in my eyes, the shrewdness with which Discovery touts its brands. Tying I.D. to both the authors and the Sept 25 **National Book Festival** squarely hits adherents of the mystery genre and embeds the I.D. moniker in additional germane heads. And fortunately for Discovery and I.D., Sandra Brown says she's a beneficiary as well. “I love being associated with the Discovery brand, it means quality,” said Brown before the event. On stage, she joined Baldacci and Reichs in underscoring the old saw that truth is stranger than fiction, perhaps a key reason that I.D. has proven increasingly popular. *CH*

**Highlights:** “What the Pope Knew,” Sat, 8p, **CNN**, **CNN Intl**. This hard-hitting but balanced doc opens by opining Archbishop/Cardinal Ratzinger/now *Pope Benedict* is neither totally a hero nor villain in the church's child sexual abuse crisis. It then painstakingly proves its case in interviews with victims and Vatican documents. – “Faces of a Vanishing World,” Mon, 10p, **Ovation**. 19-year-old celebrity photographer *Joey Lawrence* chronicles his trips to Ethiopia's Omo Valley to capture images of tribal life. The doc's sensitivity reflects Lawrence's attitude toward tribal people. – “Dexter,” season V premiere, Sun, 9p, **Showtime**. How will serial killer Dex react to his wife's murder? *SA*

**Worth a Look:** “Rachael Ray's Week in a Day,” Sat, 3p ET, **Cooking**. Ray is back for her 1st food-only series in 9 years. The concept is great—she claims busy people can cook one day and have it last Mon-Fri. It's an un-fancy 1-camera show. Oh, but the food. Again, not fancy, but delicious-looking, easily prepared and clearly explained. *SA*

**Notable:** Hoping to inspire kids to exercise, **Nickelodeon** nets and sites go dark Sat, noon-3p, to celebrate Worldwide Day of Play. – Well-respected politico *Lawrence O'Donnell* asks VP *Joe Biden* about *Bob Woodward*'s new book, among other things, during the debut of “The Last Word” Mon, 10p ET, **MSNBC**. *SA*

Basic Cable Rankings (9/13/10-9/19/10)			
Mon-Sun Prime			
1	ESPN	1.6	4108
2	USA	1.2	2996
3	DSNY	1.0	2441
4	TNT	0.9	2339
5	FOXN	0.8	1914
6	NAN	0.7	1918
6	HIST	0.7	1898
8	A&E	0.6	1460
8	AMC	0.6	1411
10	TBSC	0.5	1411
10	HGTV	0.5	1371
10	TOON	0.5	1365
10	LIFE	0.5	1256
10	FX	0.5	1248
10	TLC	0.5	1205
10	MTV	0.5	1196
10	TRU	0.5	1099
18	FOOD	0.4	1096
18	SYFY	0.4	1050
18	FAM	0.4	1044
18	NKJR	0.4	815
22	DISC	0.3	886
22	CMDY	0.3	872
22	SPK	0.3	822
22	TVLD	0.3	818
22	ESP2	0.3	784
22	MSNB	0.3	735
22	EN	0.3	704
22	BRAV	0.3	704
22	LMN	0.3	614
22	BET	0.3	604
22	OXYG	0.3	601
33	HALL	0.2	557
33	CNN	0.2	513
33	TRAV	0.2	502
33	APL	0.2	493
33	VH1	0.2	444
33	CMT	0.2	381
33	ID	0.2	379
33	NGC	0.2	374
33	SOAP	0.2	348
33	GSN	0.2	321
33	NKTN	0.2	292
33	TV1	0.2	206
33	RFD	0.2	157
46	HLN	0.1	371

\*Nielsen data supplied by ABC/Disney



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