

CableFAX Daily™

Thursday — October 1, 2009

What the Industry Reads First

Volume 20 / No. 188


At the Wire: No DirecTV-Versus Deal on Eve of NHL's Opening Face-off

When **Versus** disappeared from **DirecTV's** lineup one month ago, there was speculation that it might return in time for hockey season. But with an NHL double header kicking off Thurs night on the net, the prospects are doubtful. Versus pres *Jamie Davis* jumped on an game analyst conference call with reporters Wed to say that DirecTV is "still unwilling to budge on re-tiering the net," which he said would remove Versus from 6mln subs. DirecTV said it's in "active discussions" and Davis said he and his team are willing to work through the night on a deal. But with both sides digging their heels in on what package the net belongs in, we're not holding our breath. The latest development in the ongoing feud is DirecTV saying that it would be willing to televise the games while negotiations continued. "It's not about that. I want us to get a long-term solution, and if we don't get a long-term solution, this isn't going to achieve anything. DirecTV has not even made a formal offer to us... They have never come to us and even offered this," Davis told **Cfax** late Wed. During the conference call, he said Versus has received more than 100K calls and emails from upset fans. "It is only due to the massive outcry of Versus fans, including the huge outcry we're getting now from NHL fans, that they realized they've made a mistake," he said. A DirecTV spokesman said the DBS operator has received calls, but the "vast majority of customers interested in Versus program understand why we're standing firm." The DirecTV rep said that Versus' NHL coverage represents only about 4% of regular season games, adding that subs can get the other 96% through DirecTV and NHL Center Ice. Despite strong statements from both sides, the 2 each expressed hope that a deal will be reached before the Boston Bruins host the Washington Capitals at 7pm ET Thurs.

At the Portals: Time Warner Cable entered into a consent decree with the **FCC** over allegations that its **Oceanic** division failed to provide the Hawaii LFA with at least 30 days written notice before deploying switched digital video technology. Under the decree, TWC will make a voluntary contribution of \$25K to the US Treasury. The MSO does not admit or deny noncompliance, violation or liability, and the FCC is terminating its investigation. TWC has developed internal compliance measures to ensure it notifies affected subs and LFAs at least 30 days in advance of a SDV launch, and it will file a compliance report with the FCC on Oct 1, '10.

Research: Commissioned by **Digitalsmiths**, a survey of 1,300 regular viewers of digital video showed that 25% of those users would be willing to pay \$10-15/month for **TV Everywhere**-type services that can be viewed on PCs and mobile devices. Two-thirds are willing to pay studios a direct rental fee of \$2-3 to view a movie or TV series on those same devices.

Charter's Numbers: As **Charter's** battle against creditors dissatisfied with its reorg plan continues past the date originally set for a NY Bankruptcy Court ruling on the plan (Wed), the MSO issued its financial data covering the month of Aug. Rev tallied \$564mln, operating income \$85mln and a net loss of \$48mln. Charter counts total current assets of \$1.34bln and total current liabilities of \$13.19bln.



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Inside the Beltway: Former **FCC** chmn **Kevin Martin** is joining **Patton Boggs'** DC office this month. He'll oversee the firm's tech and communications practice with **Jennifer Richter**. -- **Sen Commerce's Communications** subcmte will hold a hearing on reauthorization of the Satellite Home Viewer Extension and Reauthorization Act Wed, 10am. -- Challenges to broadband infrastructure applications received under **NTIA** and **RUS'** broadband stimulus grant/loan programs are due Oct 28. Check out the mapping tool page for info on areas covered by applications: <http://broadbandsearch.sc.egov.usda.gov/DefaultARRA.aspx?program=ARRA>.

In the States: **Oceanic Time Warner Cable** in HI will launch its own eco-conscious TV net called **The Green Channel**, Oct 23. The locally produced channel will explore eco-friendly initiatives aimed at preserving the Aloha State, reports the *Honolulu Advertiser*. "Our goal is to nurture this project to the point where it can work on a national scale," Oceanic pres **Nate Smith** told the paper. Down the road, the net plans to include a running scoreboard to show how effectively businesses and residents are using key energy components such as gas and electricity.

Competition: **Verizon** inked a deal to provide free WiFi in **Borders** stores nationwide. Separately, the telco ceased selling its Hub home phone, a VoIP device that had instant messaging capabilities. -- **AT&T's** core wireline employees voted to ratify a 3-yr agreement with the **Intl Brotherhood of Electrical Workers** that covers approx 8,900 employees.

Carriage: **WFN: World Fishing Network** hooked an agreement with **Comcast** for distribution in standard and HD. The arrangement gives WFN a hunting—er, fishing—license for carriage in Comcast markets. -- **Retirement Living TV's** now available on **Comcast** in AZ, CA, CO, NM, OR, UT and WA.

Sports Peeks: **iN Demand Nets** is offering digital subs a free preview of out-of-market games package **NHL Center Ice** from Oct 1-24, the longest freeview ever for the service. Customers who order by Oct 31 will receive an early bird price of \$164, payable in 4 installments. -- **DISH** joined **NFL RedZone** affils **Comcast** and **Verizon** in offering a free preview of the net on Sun (1-4:15pm ET). DISH offers the net within its \$6/month Multi-Sports Package or for \$50/season.

Advanced Advertising: **Project Canoe's** likely facing some technical issues as part of its planned rollout of targeted ads, but privacy concerns may prove the more important deployment issue going forward. With Congress no doubt keeping close tabs on the latter, a study from **UPenn's Annenberg School for Comm** shows that two-thirds of adult Americans, concerned about online/TV privacy, don't want marketers to tailor ads to their interests. Most study respondents, though, said behavioral targeting would be more palatable if marketers and policymakers worked together for increased transparency in how personal info is being collected and used.

Technology: Designed for Web content initiatives such as cable's **TV Everywhere**, **Akamai's** new HD Network delivers high-def video online to viewers using **Adobe Flash** tech, **Microsoft Silverlight**, and to the **iPhone**. Akamai claims it's the only solution that supports live and on demand HD streaming with a highly-personalized and interactive online experience that matches and complements HDTV.

More Ratings: Mon night's Cowboys-Panthers tilt on **ESPN** delivered cable's largest audience of '09 with an 11.5/11.35mln and 15.71mln total viewers. This marks the 3rd straight week **MNF** has established the record, and expect a 4th straight next week when **Brett Favre** faces the Packers. -- Many of **Discovery's** emerging nets continue to advance, as **Investigation Discovery** posted its best 3Q ever among HHs (178K), total viewers (212K), 25-54s (106K), women 25-54 (66K)

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and women 18-49 (51K); **Science Channel** established 3Q records among total viewers (167K) and HHs (129K); and **Military Channel** notched its best 3Q ever among total viewers (133K), HHs (111K), 25-54s (55K), men 25-54 (43K) and 18-49s (45K). -- **HGTV** delivered viewership records for the Q, Sept and season, highlighted by a 3Q avg of 1.2m total viewers in prime. -- **History** enjoyed a record-breaking 3Q with records among P2+(1.2m), 25-54s (610K), 18-49s (564K), men 25-54 (418K) and men 18-49 (388K). -- **E!**'s 3Q avg of 381K total viewers in total day marks an all-time Q record for the net.

Programming: Showtime greenlit 6 eps of "Episodes," in which *Matt LeBlanc* plays himself as an actor in a dumbed-down US sitcom version of a UK comedy show. -- **ESPN** inked with the **NBA** a deal to add nearly 100 live games to ESPN in the UK and Ireland. -- **Reelzchannel** has a trio of series premieres slated for Mon, including daily news show "Hollywood Dailies" (Mon-Fri, 7pm) and "Hollywood & Dine," a look at foods movie stars love and what's cooking in their careers (Mons, 5pm ET).

People: **Crown** promoted *Edward Geoger* to evp, ad sales and *Cindy Kelly* to svp, natl ad sales, spots that fill a void left by *Bill Abbott* when he assumed the pres/CEO mantle in May. Also, *Stephanie Versichelli* joined the company from **MTVN** as svp, Eastern sales.

CableFAX Daily Stockwatch

Company	09/28 Close	1-Day Ch	Company	09/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.53	(0.05)	AMPHENOL:	37.68	0.23
DIRECTV:	27.58	0.10	APPLE:	185.35	(0.03)
DISH:	19.26	(0.03)	ARRIS GROUP:	13.01	0.43
DISNEY:	27.46	(0.48)	AVID TECH:	14.09	0.17
GE:	16.42	(0.29)	BIGBAND:	4.01	(0.06)
NEWS CORP:	13.99	0.01	BLNDER TONGUE:	1.22	0.05
MSOS					
CABLEVISION:	23.75	(0.21)	BROADCOM:	30.69	0.96
COMCAST:	16.88	(0.5)	CISCO:	23.54	0.24
COMCAST SPCL:	16.08	(0.45)	CLEARWIRE:	8.13	(0.2)
GCI:	6.86	(0.1)	COMMSCOPE:	29.93	(0.58)
KNOLGY:	9.75	0.85	CONCURRENT:	4.57	(0.01)
LIBERTY CAPITAL:	20.92	(0.61)	CONVERGYS:	9.94	(0.49)
LIBERTY ENT:	31.11	0.20	CSG SYSTEMS:	16.01	0.01
LIBERTY GLOBAL:	22.57	(0.57)	EHOSTAR:	18.46	(0.26)
LIBERTY INT:	10.97	(0.07)	GOOGLE:	495.85	(2.68)
MEDIACOM:	5.76	(0.05)	HARMONIC:	6.68	(0.06)
RCN:	9.30	(0.55)	INTEL:	19.57	0.09
SHAW COMM:	18.01	0.19	JDSU:	7.11	0.22
TIME WARNER CABLE:	43.09	(0.66)	LEVEL 3:	1.39	(0.01)
VIRGIN MEDIA:	13.92	0.59	MICROSOFT:	25.72	(0.03)
WASH POST:	468.08	(3.24)	MOTOROLA:	8.59	0.18
PROGRAMMING					
CBS:	12.05	(0.36)	OPENTV:	1.38	(0.03)
CROWN:	1.56	(0.34)	PHILIPS:	24.36	(0.24)
DISCOVERY:	28.89	0.51	RENTRAK:	17.86	(0.21)
EW SCRIPPS:	7.50	(0.42)	SEACHANGE:	7.50	(0.1)
GRUPO TELEVISA:	18.59	(0.12)	SONY:	29.20	(0.19)
HSN:	16.28	0.16	SPRINT NEXTEL:	3.95	(0.09)
INTERACTIVE CORP:	20.19	0.00	THOMAS & BETTS:	30.08	(0.11)
LIBERTY:	34.25	(0.19)	TIVO:	10.36	(0.07)
LODGENET:	7.55	(0.12)	TOLLGRADE:	6.48	0.19
NEW FRONTIER:	2.15	0.00	UNIVERSAL ELEC:	20.42	(0.48)
OUTDOOR:	6.54	(0.32)	VONAGE:	1.39	(0.03)
PLAYBOY:	3.02	0.05	YAHOO:	17.81	0.36
RHI:	3.12	0.01	TELCOS		
SCRIPPS INT:	36.95	(0.25)	AT&T:	27.01	(0.19)
TIME WARNER:	28.78	(0.45)	QWEST:	3.81	0.07
VALUEVISION:	3.31	(0.13)	VERIZON:	30.27	0.11
VIACOM:	29.45	(0.28)	MARKET INDICES		
WWE:	14.01	(0.02)	DOW:	9712.28	(29.92)
TECHNOLOGY					
3COM:	5.23	0.02	NASDAQ:	2122.42	(1.62)
ADC:	8.34	0.21			
ADVANTAGE:	2.30	0.10			
ALCATEL LUCENT:	4.49	(0.01)			
AMDOCS:	26.88	0.14			

CableFAX: The Magazine's Most Influential Minorities in Cable issue

Publication Date: October 27

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Think about that for a minute...

'Consumers'

One of my best friends is a reading addict. He's amazing; always got the hardcover of the latest high-profile book and read it immediately (he reads very fast). That was good for me, since I could occasionally borrow that book and read it sooner than usual. Me, I wait for paperbacks.

That's all changed now. He got a Kindle. He loves it. Now he can download a reasonably priced copy of the latest tome (he had the new Dan Brown book within



Steve Effros

minutes on the day of its official release) and read most of it before the bookstores open. That means I can't borrow his "used" copy of the book and save the increasingly absurd price of a paperback a year from now. No book. Just an electronic file that only he can use.

There are a lot of good reasons why this may be the way books are sold in the future. With the cost of a hardcover book now upwards of \$30, and even paperbacks going for more than \$10, it's clear that the economics of the book business has gotten out of hand. Of course cable folks know all about that. Both the cost of technology and the cost of intellectual product keeps on going up, and the last person to set the price for the ultimate consumer is the one who always takes the blame.

In the case of the new "e-books," the distribution mode creates several economies. First, the buyer/reader also pays for a significant part of the technology... the Kindle, or equivalent. The distribution is instant and nationwide, indeed, worldwide, so eventually there will be little need for a middleman, like Amazon, although that may take a while, and the intellectual property, the "book" is only read by one buyer and cannot be "recycled" thus making sure the copyright holder gets

paid for each "use."

This all sounds good and fair. Of course things aren't that simple, and that's why we are joined in a complex policy battle over consumer's assumed "rights" to do whatever they want with intellectual property once they have "bought" it. This is the whole issue of copyright, copying, Internet distribution and the like. We're going to be dealing with this a lot in the next year.

Start with this premise on my part; it's true that in the past, once we "bought" a book, record, CD etc., we were able to make copies, change formats (for, say, our iPod) give it to a friend and the like. All true. Does that mean it always has to be that way? Some would argue yes, but I don't think so. If the economic models are breaking down because of increasing expenses and changed technology, can't there be legitimate changes to the "consumer" expectation that are not met with outrage and demands for legislation and regulation? I would hope so, because if not, Intellectual Property distributors are going to be on very shaky ground, and creators are going to be forced to go back to waiting tables.

There can be new IP sale models, like "e-books," but terms have to be very transparent so consumers know what they are buying; something for consumption, not for ownership. The price you pay is for you to read the story, not to also then be able to redistribute it. (By the way, my friend said the Brown book wasn't worth redistributing, anyway!) We're going to have to go that way with video and the Internet as well, but only if we make things very clear, transparent, and fair to the consumer.

Steve

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