

CableFAX Daily™

Thursday — October 2, 2008

What the Industry Reads First

Volume 19 / No. 191

Valuable Diamond: TBS Expects Baseball Success to Continue

The Brewers-Phillies on Wed afternoon threw out the **MLB** postseason's 1st pitch on **TBS**, and the net hopes that 4 divisional series and 1 league championship series will help it continue the clutch playoff hitting it displayed last year. With 4 games within cable's top 50 '07 telecasts (led by a 7.0/6.70mIn), plus notable gains versus '06 in 1st-round viewership across **ESPN**, **ESPN2** and **Fox**, that success has already paid dividends in '08. "I'm pretty excited... we've really built on that momentum," said **Turner Sports** pres *David Levy*, adding that related ad sales are tracking "way ahead of last year." Tues night's 1-game playoff game on TBS earned a 3.4 overnight rating even with a 1-0 score, he said, and served as "incredible promotion" for the net's postseason slate. Increased viewership this year, of course, will likely equate to improved '09 ad sales. Levy, while quick to note that numerous '07 series were truncated by sweeps, loves his appealing lineup that features 2 L.A. teams, 2 Chicago teams and the Red Sox. "We have great stories to tell with good brands," said Levy. And while the absence of the Yankees and Mets is conspicuous, Levy's narrative remains compelling when reflecting on cable's overall baseball chapter. ESPN's Home Run Derby coverage in Jul delivered a 6.5/6.22mIn, good for 10th on cable's 3Q telecast list, and **CSN's** White Sox coverage was up 69% YOY and its Phillies coverage grew 3% to complete 6 straight seasons of ratings growth. Also, **SNY** delivered the highest-rated regular season game ever in Mets history on a RSN (821K total viewers); **YES** enjoyed the highest-rated and most-watched Jul ever for baseball on a NY RSN and set ratings/viewership records for a Yankees pre-game show (558K total viewers); and ratings for **FSN FL's** Rays games were up approx 93%. Not all teams and/or nets achieved growth this season, of course, but Levy's not worried. "An advantage we have is the large reach across all of our entertainment nets" for cross-promotion, he said. Plus, this is the playoffs, and baseball's part of a dominating genre. "What's more dramatic than sports?," said Levy.

Retrans: Time Warner Cable still had no deal with **LIN TV** Wed afternoon and faces losing the broadcasters signals in multiple markets if a deal or extension isn't reached by 12:01am Fri. LIN has said it will yank the signals of 15 stations, which include the markets of Austin, Buffalo and Green Bay (*Cfax*, 9/16). **Bright House** also may lose a LIN station in Indianapolis. **Pali's Rich Greenfield** estimates LIN covers about 20% (2.7mIn) of TWC's subs. LIN stations are directing viewers to competitors, including **AT&T U-Verse**, **DISH** and overbuilders such as **Grande**. A rep for the MSO on Wed said talks continue and that it's hoping to reach an agreement. "The bottom line is broadcasters are demanding more money, and we're trying to manage the costs for customers," a spokeswoman said, noting the content is available OTA and online for free. LIN didn't return a phone call by deadline. "Assuming LIN only wants the \$0.01/sub/day that it mentions in some of its press material, that equates to about \$10 mm of annual cost to TWC," Greenfield wrote. "While that only equates to 20 bps of growth at TWC, we presume the larger issue for TWC is setting a precedent as it heads into larger retrans battles such as **Univision** later this year."

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Customer Service: Here's another **J.D. Power** survey on TV service favorable to cable's competitors. **AT&T's U-Verse** ranked 1st in customer satisfaction in 3 regions, while **Verizon's FiOS** ranked tops in one region, according to the survey of nearly 19K US HHs. The 2 telcos performed especially well in offerings and promotions, specifically with bundled pricing options. Here's a breakdown of the top 3 providers by region: North Central: AT&T U-Verse (score 730), **WOW!** (702) and **DirecTV** (660). East: FiOS (677), DirecTV (652), and **DISH** (636). West: U-Verse (697), FiOS (673), DirecTV (654). South: U-Verse (706), FiOS (688) and DirecTV (662). **Time Warner Cable**, **Comcast** and **Charter** were below the average for all 4 regions surveyed. **Insight**, **Cox**, **Cablevision** and **Bright House** had some of the best scores within cable.

Competition: **UBS** said it believes **AT&T's** reorganization into 4 divisions—consumer, business, infrastructure and diversified business—will result in new efforts to bundle wireline, video and data with wireless. Effective wireless bundling in the residential market would have the biggest impact on cable, UBS said in a note to clients Wed.

WiMAX: As **Motorola** and **Sprint** were busy offering trial runs of the latter's **Xohm** network in Chicago Tues, *Laptop Magazine* staffers were testing the network's services throughout Baltimore, where Xohm officially bowed Mon. According to the pub, Xohm delivered download speeds of 3.05Mbps and easily outperformed **Verizon's** EV-DO network, which delivered 1.43Mbps from identical locations. The service was accessible in moving cars as well, albeit at approx half the speed. -- **Fairpoint** has promised to deliver broadband services to all of its customers in VT communities served by 51 rural phone exchanges by the end of '10, and said some of the areas may be serviced through WiMAX deployment.

From the Chief: **NCTA** pres/CEO *Kyle McSarrow* said the current financial state is a "little bit of an unknown" for the cable industry but added the "fundamentals of the business are pretty good." McSarrow made the comments during **C-SPAN's** "Communicators," which debuts Sat at 6:30pm, Sat. The NCTA head also said he's not worried about Sen *John McCain* (R-AZ) trying to force a la carte on the industry if elected president. "Even though he'd like an a la carte world, he doesn't want it mandated," McSarrow said. "I'm not sure I'm against an a la carte world that's not mandated." While McSarrow, a former deputy sec for the Dept of Energy, has personally supported McCain, he downplayed the notion of working for McCain if he's elected. "I have no reason to believe it would be offered, and I'm quite happy representing what I believe is a great industry," he said. McSarrow predicted telecom issues will be a higher priority for the next Congress.

Online: **Disney.com** and **DisneyChannel.com** nabbed record online traffic following the premiere of **Disney Channel's** "The Suite Life on Deck" over the weekend. From Fri-Mon, nearly 800K videos were streamed at Disney.com, which had 3 days of record daily unique visitors. Disney.com features free, new eps for 7 days after their Disney Channel premiere. -- **Starz** now offers at **Netflix.com** approx 1K downloadable films through its "Starz Play" online subscription movie service. Access will be included with Netflix members' current monthly fee. -- Now offered at **Television.AOL.com** is free on demand series "Outside the Box," featuring TV show cast members interviewing one another using fan-submitted questions.

3Q Ratings: The 3Q (Jun 30-Sept 28) cable telecast ballots have been processed, and the winning program type is... original series, with 23 of the Q's top 53 telecasts. Political programming was next with 14, followed by sports' 13. **MTV's** "'08 VMAs," **Lifetime's** original movie "Coco" and **Disney Channel's** original movie "Cheetah Girls One World" completed the tally. **TNT** delivered 15 of the top 53 shows, helped greatly by 10 eps of "The Closer," which notched a high of 6.9/6.64mIn. **ESPN** followed with 12 telecasts including the Q's top 4, all "MNF" tilts led by the

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WEDNESDAYS 8/7c

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BUSINESS & FINANCE

record-setting Eagle-Cowboys game (13.3/12.95mln) last month. **USA** and **Fox News** tied with 9, and **CNN** delivered 5. -- As for cable nets in prime, USA took home the 3Q title with a 2.2/2.09mln. Ensuing were TNT (1.9/1.84mln) and Disney (1.9/1.84mln) in a deadlock, and Fox News (1.8/1.72mln) and ESPN (1.8/1.69mln) tied for 4th position.

Honors: Two **think.mtv.com** PSAs, "Holocaust Awareness: Living Room" and "Holocaust Awareness; Subway" are up for the Public and Community Service Emmy Awards. Also with a nom is "Get Tested," an effort in which **HBO** was involved.

On The Circuit: We remember a few years back when cable PR hand and Beacons awards producer *Portia Badham* told us she wanted to try some modeling. Well, if you caught the **Aetna** ad in *The Wall St Journal* Tues (p B11) you know she has done it. Don't worry. The industry hasn't lost her completely as she still represents cable clients.

People: Sen *Herb Kohl's* chief counsel **Jeff Miller** has joined **NFL** as vp, govt relations and public policy. Miller's big draw is that he's worked for the Sen Judiciary's Antitrust subcommittee since '01. -- *Peter Gaffney* was promoted to svp, programming strategy, scheduling and acquisitions for **History** and **History Intl.** -- **BET** upped *Keith Brown* to svp, BET News & Public Affairs. -- *Jon Peha* was named chief technologist of the **FCC**.

CableFAX Daily Stockwatch

Company	10/01 Close	1-Day Ch	Company	10/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	29.53	(0.17)	ALCATEL LUCENT:	4.00	0.16
DIRECTV:	25.82	(0.36)	AMDOCS:	27.34	(0.04)
DISNEY:	30.68	(0.01)	AMPHENOL:	38.99	(1.15)
ECHOSTAR:	20.69	(0.31)	APPLE:	109.12	(4.54)
GE:	24.50	(1)	ARRIS GROUP:	7.88	0.15
HEARST-ARGYLE:	21.80	(0.46)	AVID TECH:	24.26	0.20
ION MEDIA:	1.44	0.00	BIGBAND:	3.88	0.19
NEWS CORP:	12.08	(0.07)	BLNDER TONGUE:	1.02	(0.18)
MSOS					
CABLEVISION:	24.98	(0.18)	BROADCOM:	18.38	(0.25)
CHARTER:	0.69	(0.04)	C-COR:	11.00	0.00
COMCAST:	19.35	(0.28)	CISCO:	21.95	(0.61)
COMCAST SPCL:	19.34	(0.38)	COMMSCOPE:	34.56	(0.08)
GCI:	8.87	(0.39)	CONCURRENT:	5.77	(0.03)
KNOLOGY:	7.99	(0.08)	CONVERGYS:	14.75	(0.03)
LIBERTY CAPITAL:	13.35	(0.03)	CSG SYSTEMS:	16.61	(0.92)
LIBERTY ENT:	25.20	0.23	ECHOSTAR HOLDING:	23.67	(0.43)
LIBERTY GLOBAL:	29.69	(0.61)	GOOGLE:	411.72	11.20
LIBERTY INT:	12.87	(0.04)	HARMONIC:	8.70	0.25
MEDIACOM:	5.81	(0.11)	JDSU:	8.25	(0.22)
SHAW COMM:	19.99	(0.34)	LEVEL 3:	2.63	(0.07)
TIME WARNER CABLE:	23.84	(0.36)	MICROSOFT:	26.48	(0.21)
VIRGIN MEDIA:	7.92	0.02	MOTOROLA:	7.44	0.30
WASH POST:	540.78	(15.98)	NDS:	55.27	(0.62)
PROGRAMMING					
CBS:	14.43	(0.15)	NORTEL:	2.32	0.08
CROWN:	4.70	(0.33)	OPENTV:	1.36	(0.05)
EW SCRIPPS:	7.09	0.02	PHILIPS:	26.75	(0.5)
GRUPO TELEVISA:	22.19	0.32	RENTRAK:	14.00	0.17
HSN:	11.19	0.18	SEACHANGE:	9.49	(0.17)
INTERACTIVE CORP:	17.42	0.12	SONY:	30.50	(0.37)
LIBERTY:	38.45	(1.04)	SPRINT NEXTEL:	6.54	0.44
LODGENET:	2.29	0.26	THOMAS & BETTS:	38.01	(1.06)
NEW DISCOVERY:	14.53	0.28	TIVO:	6.96	(0.36)
NEW FRONTIER:	2.31	(0.07)	TOLLGRADE:	4.34	0.14
OUTDOOR:	8.79	(0.01)	UNIVERSAL ELEC:	26.06	1.08
PLAYBOY:	3.52	(0.42)	VONAGE:	0.95	(0.06)
RHI:	13.00	(1.9)	YAHOO:	16.96	(0.34)
SCRIPPS INT:	36.77	0.46	TELCOS		
TIME WARNER:	13.06	(0.05)	AT&T:	28.09	0.17
VALUEVISION:	1.80	(0.05)	QWEST:	3.36	0.13
VIACOM:	25.06	0.20	VERIZON:	31.41	(0.68)
WWE:	15.33	(0.13)	MARKET INDICES		
TECHNOLOGY					
3COM:	2.46	0.13	DOW:	10831.07	(19.59)
ADC:	8.14	(0.31)	NASDAQ:	2069.40	(22.48)
ADDVANTAGE:	2.65	(0.04)			



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Think about that for a minute...

October Surprise

Cable operators should have gotten a letter from every one of their local broadcasters by yesterday. In that letter, the broadcaster had to declare whether their signal would be considered a “must carry” signal for the next three years, or whether the operator has to negotiate “retransmission consent” to deliver that allegedly “free TV” signal to customers.

I’m starting to get calls from reporters around the country who are once again confused by the rumbling that some cable systems may not be allowed to deliver a local broadcast station unless they pay a “per subscriber” fee, or that the cable operator is planning to cut off “free TV.”



Steve Effros

I certainly understand the confusion. Consistent logic, as we’ve all seen lately, is not a strong point in Washington! On the one hand... as that old

lawyer joke starts out, Washington says that local “free” broadcast signals using the free public spectrum are essential for information distribution in communities, and therefore Washington can require that those television stations be carried on cable systems. Sort of like the Feds telling newspapers that a certain number of their pages have to be turned over to someone else to write. Those are the “must carry” rules.

On the other hand... If the broadcaster in the local community has “market power”—that is, usually for network stations, the notion that since they have had that free spectrum for a long, long time, and have established their audience, that audience expects to see that channel—then instead of “must carry,” the broadcaster can pick “retransmission consent” and negotiate any fee or anything else they think they can get before granting the cable operator the right to act as an antenna service for their “free, over-the-air” signal! Heads

I win, tails you lose.

So that’s the deal. The broadcasters get to pick “heads” or “tails” once every three years in most cases, and most have to make that choice by this October 1. If they don’t, they are automatically considered “must carry” signals for the next three years.

I’m spelling all this out so that you can give it to your local reporter if he or she is just totally surprised by the upcoming “negotiations” that will likely spill into the press in the next month or two. We will start seeing the headlines about battles between broadcasters and cable operators fighting over who is responsible for “cutting off” the signal. The drums will boom as we get closer to late December, when the deals have to be done or the signals get cut off... just before the Super Bowl, and right in the middle of the DTV transition.

The whole thing is absurd. If Congress thinks local broadcasting is so important that everyone should be able to see it, then allowing the broadcasters to block the delivery of their signals on cable makes no sense. If they think the opposite, that the “market” should rule, then cable should be allowed to negotiate with any broadcaster, from any market, not just the home town boy! I don’t care which way you go... but go only one way, not both! And now that cable is trying to help the broadcast industry with its transition to digital next February 17th, it makes even less sense to allow the broadcasters to threaten to shut off delivery of their signals just as the public is told how to make sure they can continue to see them!

No wonder reporters (and consumers) are confused by this “October surprise.” Tell them to call me. I’ll explain it.

Steve

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FX
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