

# CableFAX Daily™

Wednesday — October 12, 2011

What the Industry Reads First

Volume 22 / No. 197

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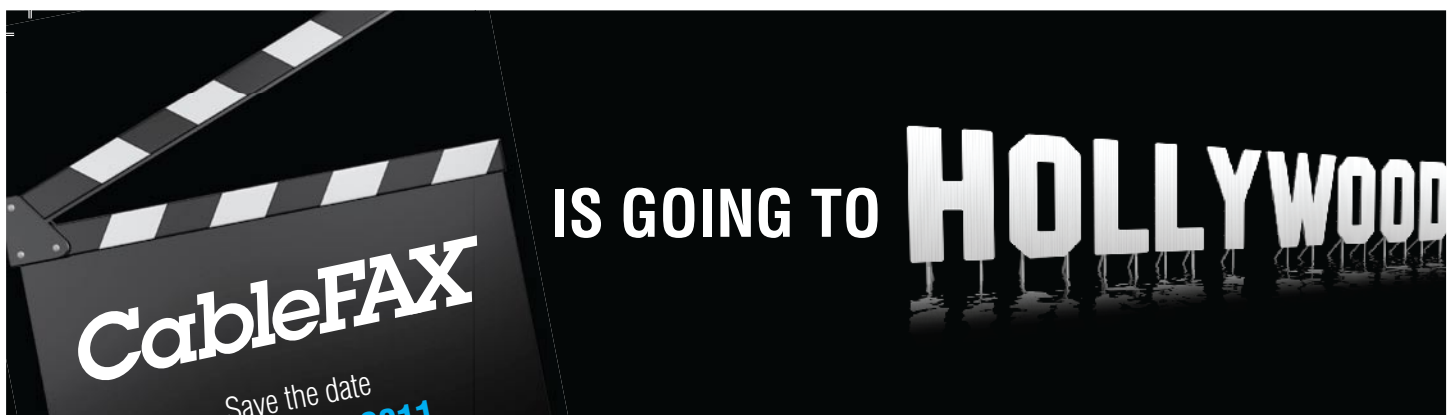
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## Cool and Dry: TV Partners Aren't Sweating NBA's Labor Woes Just Yet

The NBA's TV partners including ESPN, Turner, CSN and Fox Sports can fairly easily manage the league's cancellation of the first 2 weeks of its regular season due to labor strife. A near-term resolution to the impasse appears unlikely, however, and a protracted battle between owners and players could prove deleterious to the nets down the road. For now, many of them are maintaining diplomacy while solidifying plans for alternative programming. "We certainly have contingency plans for the initial 6 regular season TNT games that are impacted" so far, Turner Sports said in a statement. "As such, our schedule will consist of the network's regular primetime entertainment lineup." Although Turner's contract calls for \$438mln annual rights payments to the NBA, according to a note by Needham analyst *Laura Martin* earlier this year, last month Time Warner boss *Jeff Bewkes* said "we think we can cover" any meaningful season loss. A source at an RSN said the company doesn't have to pay rights fees when teams aren't playing, and that although NBA advertising contracts vary by party, "in the short-term it's not an issue." The source did say, however, that "as time goes on, the effects become more meaningful." There's not much recent precedent available with which to determine exactly when the water becomes deep. "Cable and satellite distributors and fans may start asking networks for rebates" if the NBA problem endures, said LHB Sports, Entertainment & Media pres/CEO *Lee Berke*. "Ultimately, if things end up as they did in 1998-99, with a 50 game regular season and a full set of playoff games, some relatively minor adjustments will be made and any economic damage to the networks will be minimal. Beyond that is uncharted territory." That season saw 32 regular season games cancelled. The league should be wary of generating ill will among fans, particularly as it has enjoyed a popularity renaissance in recent years. Last season, for example, TNT rode NBA postseason action to post 3.6mln total viewers and more than 1mln 18-34s in May prime—marking the biggest month in cable history in both demos. "The decisions made by the NBA and the Players Association are having a significant negative impact on many parties, including fans," said spokesman *Eric Handler* of YES Net, which features New Jersey Nets games. Still, amid labor disagreements like the one plaguing the NBA, "the usual approach would be for the league to extend current agreements by the number of lost games or provide some sort of make good so that [partner nets] are made whole," said Berke. As such, nets including ESPN, aren't sweating too much just yet. "We're confident in the contingency plan we have in place and the overall



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strength of the ESPN and ESPN2 programming lineup,” said the net.

**Charter Chief:** Charter pres/CEO *Mike Lovett* told the board he will step down on Apr 30 or earlier if a successor is appointed before that time. “Charter has made significant progress on our longer-term strategic initiatives and has become a stronger, better positioned company with solid results and extremely talented people. With Charter on strong footing, I believe this is the right time for me to move on to the next chapter of my career,” Lovett said. He joined Charter in '03 and was named pres/CEO in Apr '10. Prior to that, he was evp, COO. Once he leaves, Lovett will receive a lump sum payment equal to 18 times the monthly cost to extend his health, dental and vision benefits under COBRA and receive payments in an aggregate amount of \$2.6mIn (2 years of his base salary) over an 18-month period, provided he complies with post-termination obligations, according to an **SEC** filing. “Under Mike’s leadership, Charter has established a solid foundation for customer growth through executing on its long-term strategic initiatives and assembling a high quality management team around a much improved financial position,” said Charter board chmn *Eric Zinterhofer*.

**Deals:** **Arris** agreed to acquire **BigBand Networks** for \$2.24/share in cash, an approx 76% premium over Big-Band’s Mon closing price. **S&P** maintained its ‘buy’ opinion on ARRS shares on the news, saying the deal “offers ARRS some diversification into the telecom market, further embeds the equipment maker with key customer **Time Warner Cable**, and makes good use of a strong cash balance.”

**Throw Down:** Everyone’s interested in sports these days, and **Spike** is no exception. It’s created the new post of svp, sports and multiplatform programming, tapping *Jon Slusser* for the job. Slusser previously served as svp, **Spike Digital Entertainment**. After losing **UFC** to **Fox**, Spike said it’s increasing its commitment to distinctive, original series that it owns, such as “Auction Hunters.” But this appointment makes clear it still wants a role in sports, with Slusser tasked with finding sports and events that are a strategic fit. “Among these will be continuing the network’s position as the recognized television home of mixed martial arts,” Spike said, adding that plans for airing live MMA will be announced soon.

**Advertising:** **Magnaglobal** left unchanged its forecast of 1.6% growth for US media owners’ 11 ad rev, but did revise downward to 2.9% from 4.8% its '12 growth forecast due to persistent weakness in the US economy and continued disinflation. Helped by elections and the Summer Olympics, TV ad rev is expected to rise 7.1% next year, 2nd to online’s 11.6%.

**Beta:** No particular digital basic net emerged from a tightly-grouped basket of channels as the one with which digital subs are the most satisfied, according to **Beta**’s latest digital sub study. **Cooking Channel** and **Investigation Discovery** were the nominal winners, but nets including **PBS Kids Sprout**, **Nick Jr**, **History Intl**, **Nat Geo Wild** and **NFL Net** should all be considered equally satisfying. **Lifetime Movie Net** was named subs’ favorite digital basic net for at least a 2nd consecutive year, although **Science Channel** and History Intl were right there. NFL Net’s avg perceived value of \$1.66 was easily tops, followed by **TV One** (\$1.42), **GMC** (\$1.37) and Investigation Discovery (\$1.37).

**High-Cost Fund:** USF is the subject du jour at a **Sen Commerce** hearing Wed that will include testimony from **NCTA**’s *Michael Powell* and **Frontier**’s *Kathleen Abernathy*. It comes at the same time the **FCC** is preparing to vote Oct 27 on USF and Intercarrier Compensation changes. Although just what the draft order looks like isn’t clear, **ACA** has read enough of the tea leaves that it has serious concerns. Based on chmn *Julius Genachowski*’s speech, ACA chief *Matt Polka* is concerned the agency is headed down the path to a right of 1st refusal that would give ILECs the ROFR in any wire center where it provides broadband to at least 35% of HHs for a 10-year period. **NCTA** and **ACA** have pushed for that to be dropped to no more than 6 years and apply only to areas that fall below the 35% threshold. Municipal utility and ACA member **Frankfort Plant Board** believes there are about 1700 unserved homes in its KY footprint. “They are 10-14 miles from where our headend is, and we’re talking 9 houses or less per mile. It’s expensive to get there,” said FPB cable/telecom superintendent *John Higginbotham*. “The incumbent telco having the potential for right of first refusal puts us at a disadvantage.” ACA member and overbuilder **WOW!** is also eyeing the changes as it looks to expand beyond its historical urban and suburban footprint. “We’re trying to grow into more rural areas both through organic growth and acquisitions. That’s why it’s so important to us to have a competitive neutral playing field,” said WOW! gen counsel *Craig Martin*. In a letter to Sen Commerce leaders, ACA’s Polka said the FCC is ignoring competitive providers when it comes to the Connect America Fund.

**OTT:** **Roku** launched a \$49.99 streaming player and will add **HBO Go** to its content offerings later this month. Roku’s more than 300 channels also include **Netflix**, **Hulu Plus**, **Epix** and **Disney**.

# BUSINESS & FINANCE

**Online:** Comcast Sports Group partnered with multichannel retailer **Dreams, Inc** to create regional online fan shops at **Shop.Comcastsportsnet.com** offering sports memorabilia products associated with local teams.

**Ratings:** ESPN's MNF won the night in male and adult demos: the telecast averaged a 10.3 HH rating, with 16.4 total viewers.

**Programming:** AMC's 16-day movie marathon "AMC Fearfest" kicks off Sun with the Season 2 premiere of "The Walking Dead" and features the world TV premiere of "Survival of the Dead" and the net's 14-part mini-doc "American Haunters." -- **WealthTV** will feature its 1st boxing event Nov 5, a live telecast of World Boxing Association titleholder *Guillermo "El Felino" Jones* and WBA No. 14-ranked cruiserweight *Mike Marrone* at the Seminole Hard Rock Hotel & Casino in Hollywood, FL. Promoter *Don King* said this is the 1st of what he hopes will be a number of telecasts on Wealth.

**More Stats:** The numbers keep coming in from Diversity Week. **WICT's** Leadership Conference was up 30% over last year with 650 registrants and more than 850 attendees for the Touchstones Luncheon. The final tally is not in yet for **ACC's** Forum, but it looks like it was in the 150-160 range from 190 in '10. As with **WICT's** Touchstone event, **ACC's** Beacon luncheon actually had a larger turnout than expected, surpassing last year's total attendance.

## CableFAX Daily Stockwatch

Company	10/11 Close	1-Day Ch	Company	10/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCOM:	36.52	0.34	BROADCOM:	36.52	0.34
DIRECTV:	45.77	0.77	CISCO:	16.99	(0.1)
DISH:	27.58	0.02	CLEARWIRE:	1.28	0.01
DISNEY:	32.61	(0.39)	CONCURRENT:	4.41	0.02
GE:	16.14	UNCH	CONVERGYS:	9.80	0.32
NEWS CORP:	16.89	(0.08)	CSG SYSTEMS:	13.62	0.53
<b>MSOS</b>					
CABLEVISION:	17.20	(0.28)	ECHOSTAR:	23.83	0.38
CHARTER:	48.44	(0.21)	GOOGLE:	543.18	6.01
COMCAST:	22.98	(0.07)	HARMONIC:	4.64	(0.01)
COMCAST SPCL:	22.80	(0.01)	INTEL:	22.99	0.11
GCI:	8.58	0.44	JDSU:	10.80	0.24
KNOLGY:	13.45	0.03	LEVEL 3:	1.71	(0.01)
LIBERTY CAPITAL:	70.95	2.44	MICROSOFT:	27.00	0.06
LIBERTY GLOBAL:	38.20	0.70	MOTOROLA MOBILITY:	38.01	(0.07)
LIBERTY INT:	15.48	(0.03)	RENTRAK:	13.03	0.25
SHAW COMM:	20.76	(0.08)	SEACHANGE:	8.32	(0.08)
TIME WARNER CABLE:	68.37	(1.11)	SONY:	19.58	0.58
VIRGIN MEDIA:	25.58	(0.03)	SPRINT NEXTEL:	2.38	0.16
WASH POST:	339.36	(4.64)	THOMAS & BETTS:	44.12	(0.43)
<b>PROGRAMMING</b>					
AMC NETWORKS:	32.82	(0.29)	TIVO:	9.88	(0.03)
CBS:	23.09	0.18	UNIVERSAL ELEC:	18.28	0.15
CROWN:	1.40	0.05	VONAGE:	2.83	0.07
DISCOVERY:	40.07	0.94	YAHOO:	15.86	0.02
GRUPO TELEVISIA:	20.19	0.38	<b>TELCOS</b>		
HSN:	34.35	0.51	AT&T:	28.77	(0.4)
INTERACTIVE CORP:	40.51	0.54	VERIZON:	36.50	(0.4)
LIBERTY STARZ:	60.88	0.37	<b>MARKET INDICES</b>		
LIONSGATE:	7.18	(0.01)	DOW:	11416.30	(16.88)
LODGENET:	1.79	0.02	NASDAQ:	2583.03	16.98
NEW FRONTIER:	1.10	UNCH	S&P 500:	1195.54	0.65
OUTDOOR:	7.01	0.27			
SCRIPPS INT:	39.04	0.50			
TIME WARNER:	32.44	0.31			
VALUEVISION:	2.48	(0.15)			
VIACOM:	51.01	0.33			
WWE:	9.79	0.10			
<b>TECHNOLOGY</b>					
ALCATEL LUCENT:	2.69	(0.04)			
AMDOCS:	28.89	0.28			
AMPHENOL:	42.84	(1.16)			
AOL:	13.24	0.17			
APPLE:	400.29	11.48			
ARRIS GROUP:	11.45	(0.07)			
AVID TECH:	8.12	(0.12)			
BIGBAND:	2.22	0.95			
BLNDER TONGUE:	1.25	(0.09)			

**CableFAX Webinar:**

**October 12, 2011 | 1:30 – 3:00 pm ET**

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