

# CableFAX Daily™

Tuesday — November 2, 2010

What the Industry Reads First

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## Repairman: Kerry Pushing For Retrans Reform, But How Hard?

While **DISH** called the resolution to its carriage impasse with **Fox** a “fair deal,” **Cablevision** is clearly displeased with its own agreement forged with Fox on Sat night, just 2 minutes before the start of Game 3 of the World Series. “In the absence of any meaningful action from the FCC, Cablevision has agreed to pay Fox an unfair price for multiple channels of its programming including many in which our customers have little or no interest,” said the MSO in a release. “It is clear the retransmission consent system is badly broken and needs to be fixed.” Fox wasn’t about to let that one go, arguing in its own statement that: “From day one Cablevision has been complaining about the fair market price. These comments should not surprise anyone, and they further confirm that this entire dispute was solely about Cablevision’s misguided efforts to effect regulatory change to their benefit.” To be sure, Cablevision and ostensibly all cable MSOs appear to have an ally in Sen *John Kerry* (D-MA). “What I know is that this system is broken, and I think we’re all better off if we have a dialogue about systemic reform and modernizing the law rather than just jumping into the fray and getting involved in each conflict in isolation. The goal should be a more rational system, and I look forward to working with stakeholders, colleagues and the FCC toward that end.” Also a potential positive for cable: in a letter to Kerry late last week, **FCC** chmn *Julius Genachowski* agreed that it’s “time for Congress to revisit the current retransmission law” (*Cfax*, 11/1). Firms including **Stifel Nicolaus**, however, believe any real near-term progress on the issue will hinge on future disputes. “We believe some lawmakers... will continue to pursue changes to the broadcaster retransmission-consent framework, but we believe it will likely take further viewer disruptions and/or some sort of broad legislative driver to give such proposals a serious chance of enactment,” wrote *Rebecca Arbogast* and *David Kaut*, noting that more laissez-faire Republicans are poised to gain additional Congressional seats this week. **Collins Stewart’s** *Thomas Eagan* agrees, saying “the near-term likelihood of FCC intervention in the process is low.” Carrying the consumer flag, **Public Knowledge** expressed concern about the FCC’s inaction during a contentious Oct. “The FCC’s duty is to safeguard the public interest, and the agency’s lack of involvement in this dispute is disappointing. There will be more of these disagreements, and consumers will again be hurt in the process,” said pres *Gigi Sohn*. Up for debate is how the Fox-CVC/DISH disagreements might affect regulatory approval of the **Comcast-NBCU** deal, and both sides of the

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fence appear occupied. While Stifel Nicolaus said there could be “some political fallout from the viewing disruptions,” **Wells Fargo Securities’ Marci Ryvicker** said the new Cablevision and DISH deals “should alleviate investor concern that these retrans disputes would factor into the CMCSA-NBCU regulatory process, thus delaying the close past year-end.” Yet there is general consensus that both CVC and DISH will be at least moderately impacted due to higher programming costs, although Ryvicker and **Sanford Bernstein’s Craig Moffett** believe CVC endured minimal customer defections during the impasse. Moffett estimates a loss of 8K subs for CVC. However: “There was never any ambiguity about who had all the financial leverage in the negotiation,” said Moffett. “Fox is too large, Cablevision is too small, and Fox’s sports programming is too indispensable.” More broadly, Eagan said the Fox spat inflicted pay TV with the deepest wound. “These disputes, and especially those involving lost broadcast channels, only facilitate [migration to OTT plays] as most broadcast programming is available free 24 hours after live exhibition,” he said. Investors responded positively to the new deals Mon, elevating shares of **News Corp** (+0.6%), Cablevision (+1.68%) and DISH (+2.21%).

**Election Night:** Political junkies will have plenty of cable options to get their midterm election fix Tues. **CNN** is hyping “a live and interactive environment” dubbed the CNN Election Matrix. *John King* will use it to visually whip through data from the most competitive House and Senate seats. And remember the hologram and “Data Wall” in ’08? Yup, they’ll be back. Also in place is the free **CNN Election Center** app allowing users to follow real-time results on their mobile phones. Over at **Fox News**, *Bret Baier* and *Megyn Kelly* will anchor coverage that includes the “Giant Touch Screen” and weigh-ins from *Bill O’Reilly*, *Sean Hannity* and *Greta Van Susteren* (*Shep Smith* will anchor **Fox** Broadcast’s coverage). Additionally, there will be analysis throughout the night on “The Strategy Room,” a live webcast available on Foxnews.com. Live programming begins on **C-SPAN** nets at 7pm ET. Along with results, C-SPAN coverage will feature up to 15 candidate speeches from the top races. There will be a special “BBC World News America” on **BBC World News**, which will include analysis from *Ted Koppel* and reactions from around the globe. **Fox Business** also will provide coverage, with economists, CEOs, financials experts and politicians featured. FBN election coverage culminates with a special edition of “Imus in the Morning” at 5am Wed. **Bloomberg TV’s** coverage will be anchored by **Peter Cook** and **Charlie Rose** in DC and NY, with interviews planned with *Glenn Hubbard* and former vice chmn of **Lehman Bros** **Peter Solomon**.

**In the States:** **Clearwire** lit up the NY area with 4G mobile broadband coverage, including the 5 boroughs of NYC and 6 Northern NJ counties. It’s also live in Trenton and New Brunswick, NJ, Hartford and New Haven, CT, and Tampa. Sprint launched 4G coverage in the same NY areas. -- **Cox** renewed its billing and customer care contract with **Convergys**, and separately upgraded its Business Internet email platform to provide more services such as access from a mobile device.

**G4/DTV:** **DirectTV** deep sixed **G4** Mon morning, removing the net from its Choice Extra lineup after a new distribution deal could not be reached. The net said it offered DirectTV the same basic deal the pair has had for the past 3 years. “We are no longer negotiating and we have no plans to put G4 back up at this time,” said DirectTV.

**Carriage:** Myriad **ESPN** content is now available through gaming console platform **Xbox Live**, whose Gold members receive free access to on demand clips and highlights from **ESPN.com** and, if on an affiliated service provider, access to **ESPN3.com**. Xbox gamers can also pull up real-time score info from across sports without leaving the game they’re watching and follow their favorite leagues. ESPN3.com is available to approx 65mln U.S. homes. -- **Bright House** launched **NESN National** on its sports tier in the MI communities of Farmington, Farmington Hills, Livonia, Novi and Redford.

**Finger Pointing:** *Jon Stewart* regularly pokes fun at cable news nets during his nightly **Comedy Central** program, but his railing against the group assumed a more serious tone this past weekend. During a Sat D.C. rally he hosted with *Stephen Colbert*, Stewart said “the country’s 24-hour politico, pundit, perpetual panic conflictinator did not cause our problems but its existence makes solving them that much harder.” Americans accomplish many things every day, said Stewart, except “here [in D.C.] or on cable TV.” Comedy Central’s 3 hours of live event coverage scored 2mln total viewers and a 1.0 rating among 18-49s, quadruple the net’s avg in the demo. Live streams totaled 570K.

**Marketing:** A **WWE-THQ** marketing pact features integration of THQ-developed, WWE-branded video games into domestic and intl events, PPV and TV sponsorships and **WWE.com**. THQ will also host gaming kiosks at 40 WWE live events.

**Ratings:** **AMC’s** premiere of “The Walking Dead” delivered a 3.7 rating and more than 5.3mln total viewers to become the net’s largest original series audience ever and cable’s most-watched cable series premiere in ’10 among 18-49s (3.6mln).

# BUSINESS & FINANCE

**Editor's Note:** Nielsen linear TV ratings data for the 18-49 demo is updated weekly at [CableFAXDaily.com](http://www.cablefax.com/cfax/datapoints/linear/). Check it out at <http://www.cablefax.com/cfax/datapoints/linear/>.

**Programming:** Lots of news from **OWN**, including plans for '11 series "The Judds," with country music stars *Naomi and Wynonna Judd*, *Carson Kressley* fashion/design show "Carson Nation" and "Ryan and Tatum: The O'Neals." The net's opening weekend (Jan 1-2) includes "Oprah Presents OWN," "The Road to Your OWN Show" and sneak peeks of new series. --

**Lionsgate** inked a deal to become the exclusive US home ent distributor (digital, VOD, DVD) for **Wrekin Hill Ent's** theatrical releases. -- **Syfy's** 43-hour *James Bond* Thanksgiving feast kicks off Nov 24 with inclusion of films featuring every Bond leading man, and will be chased down on Nov 27 by *Dino Night*, or "Jurassic Park" followed by the premiere of original movie "Triassic Attack."

**People:** **Verizon** named *Bob Toohey* pres, global enterprise. -- **NFL Net** tapped *Mark Quenzel* as svp, programming and prod.

**Business/Finance:** **MGM's** secured lenders approved the studio's proposed reorg plan to eliminate approx \$4bln in debt in exchange for equity and place the studio under the management of **Spyglass Ent** execs *Gary Barber* and *Roger Birnbaum*. The approval scuttles **Lionsgate's** bid for **MGM**.

## CableFAX Daily Stockwatch

Company	11/01 Close	1-Day Ch	Company	11/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	43.77	0.32	ARRIS GROUP:	9.10	(0.21)
DISH:	20.31	0.44	AVID TECH:	12.28	(0.34)
DISNEY:	36.03	(0.1)	BIGBAND:	2.98	0.01
GE:	15.95	(0.07)	BLNDER TONGUE:	2.39	0.06
NEWS CORP:	16.19	0.10	BROADCOM:	40.80	(0.03)
<b>MSOS</b>					
CABLEVISION:	27.19	0.45	CISCO:	22.92	0.06
CHARTER:	32.55	0.07	CLEARWIRE:	7.06	(0.03)
COMCAST:	20.50	(0.13)	COMMSCOPE:	31.44	(0.22)
COMCAST SPCL:	19.27	(0.09)	CONCURRENT:	6.90	0.56
GCI:	10.00	(0.45)	CONVERGYS:	11.34	UNCH
KNOWLOGY:	14.37	(0.18)	CSG SYSTEMS:	19.07	(0.38)
LIBERTY CAPITAL:	58.90	1.36	ECHOSTAR:	21.55	0.35
LIBERTY GLOBAL:	37.65	(0.12)	GOOGLE:	615.00	1.30
LIBERTY INT:	14.43	(0.33)	HARMONIC:	6.38	(0.6)
MEDIACOM:	6.98	0.08	INTEL:	20.57	0.52
SHAW COMM:	21.48	0.10	JDSU:	10.37	(0.13)
TIME WARNER CABLE:	57.62	(0.25)	LEVEL 3:	0.93	(0.04)
VIRGIN MEDIA:	25.67	0.24	MICROSOFT:	26.95	0.28
WASH POST:	390.60	(11.55)	MOTOROLA:	8.02	(0.14)
<b>PROGRAMMING</b>					
CBS:	17.06	0.13	RENTRAK:	26.13	(1.02)
CROWN:	2.86	(0.06)	SEACHANGE:	8.28	0.24
DISCOVERY:	44.40	(0.27)	SONY:	32.70	(1.14)
GRUPO TELEVISA:	22.88	0.43	SPRINT NEXTEL:	4.14	0.01
HSN:	29.18	(0.76)	THOMAS & BETTS:	44.29	0.74
INTERACTIVE CORP:	27.76	(0.14)	TIVO:	11.00	(0.15)
LIBERTY:	39.52	0.03	TOLLGRADE:	8.06	0.11
LIBERTY STARZ:	64.84	(0.76)	UNIVERSAL ELEC:	21.07	0.01
LIONSGATE:	7.22	(0.01)	VONAGE:	2.50	(0.05)
LODGENET:	2.56	0.01	YAHOO:	16.15	(0.34)
NEW FRONTIER:	1.80	0.07	<b>TELCOS</b>		
OUTDOOR:	5.25	(0.03)	AT&T:	28.72	0.20
PLAYBOY:	4.82	(0.03)	QWEST:	6.61	UNCH
SCRIPPS INT:	50.97	0.08	VERIZON:	32.40	(0.08)
TIME WARNER:	32.33	(0.18)	<b>MARKET INDICES</b>		
VALUEVISION:	2.27	(0.07)	NASDAQ:	2504.84	(2.57)
VIACOM:	42.90	0.12	S&P 500:	1184.38	1.12
WWE:	13.84	UNCH	S&P 500:	11120.30	6.13
<b>TECHNOLOGY</b>					
ADC:	12.69	UNCH			
ADVANTAGE:	3.21	0.01			
ALCATEL LUCENT:	3.43	(0.05)			
AMDOCS:	30.52	(0.16)			
AMPHENOL:	49.98	(0.15)			
AOL:	25.52	(1.16)			
APPLE:	304.18	3.20			

## CableFAX Workshop

### Taking Social Media to the Next Level

December 8, 2010 8:45am-4:00pm NYC

CableFAX's one-day workshop will focus on how to leverage the newest and most promising social media platforms for your cable promotions. The goal is to get you up to speed on many of the exciting new platforms that are below the radar now - but not for long. They will help you promote your program, your content, your brand and your business.

Questions: Elizabeth Brown at [ebrown@accessintel.com](mailto:ebrown@accessintel.com) or 301-354-1610.

Register Today! [www.cablefax.com/dec8](http://www.cablefax.com/dec8)



# EYE ON ADVERTISING

## Can Google TV Take a Bite Out of Cable Advertising?

So **Google** thinks **YouTube** can play in the big league, on the small screen, via its new Internet service primed for Web-connected sets. And it's hoping to attract bigger, TV-like ad buys for its content along the way. The prospect has the big broadcast networks scoffing, but David Hallerman, a principal analyst at **eMarketer**, tells contributor Cathy Applefeld Olson why cable networks may not want to change the channel quite so fast. While Google claims it doesn't need big Hollywood content to drive YouTube to the television, the nascent venture may hold some promise for cable nets which could benefit from its ad-sharing model.

### What are the prospects of Google's vision coming to fruition?

DH: It's going to have to be an integral part of the whole Google TV venture because of the amount of traffic that goes there. But just how much of that traffic can be monetized through advertising by delivering to TV sets more than to computers is one piece of the puzzle.

**Right now, online advertising isn't much of a piece. eMarketer stats show the online video ad market grew 48% to \$1.5 billion this year over 2009, but that compares to the \$60 billion-\$70 billion spent annually on TV advertising.**

DH: Growth is strong, but still tiny. The larger share of dollars is going to Hulu because advertisers are spending the most for video advertising online that's tied to traditional brands on TV as they know it. It's been interesting over the past few years while online video is growing—with YouTube and Hulu—the percentage of time spent watching on the computer is minuscule compared to the television.

**Google's foray is enough to turn heads among broadcast TV brass. ABC, NBC and CBS reportedly just**

**blocked online versions of some full-length content from Google TV.**

DH: It's really a question of the deals Google offers. If Google offers enough shares and other financial incentives, they will likely take it. They are pulling back now because they feel threatened financially. It may not be a wise move for them, but it's a logical one.

### Where do you see the threats and possible benefits to cable, vis a vis advertising?



DH: Google tends to give a relatively fair portion of ad revenues through its AdSense program. And if the venture can attract advertisers like you'd see on TV, they might give a very fair share. But it's really a dual financial platform for both the cable providers and the advertisers for those networks. The incentive from something like Google

TV is going to have to be more, especially because the cable operators, who are the major ISPs, are threatened by over-the-top video. That's a potential sticking point.

### What advice would you give cable networks, particularly smaller networks, about Google TV?

DH: It might be a good opportunity for them to get an additional audience if your basic assumption is that Google TV will get a wide enough buy-in from consumers to give it mass reach. I'd tell them to test it out, not with all a network's offerings, but choose one, two or three key shows and see how that bodes. See what kind of revenue it draws in, and if there's a way to have some long-term data to track audience viewership on television that would be very helpful. Google could very well in the near-term do loss-leader deals where they are not making that much money in order to get more TV content. If they do that, there would be some value in networks jumping in early.

*(Longtime entertainment industry reporter Cathy Applefeld Olson is delighted to be documenting media's wild ride into the 21st century)*



Deadline: November 5, 2010

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