

CableFAX Daily™

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What the Industry Reads First

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Retrans-a-rama: Sinclair Running Crawls in Time Warner Cable Markets

With **Sinclair's** 1-year extensions with **Time Warner Cable** and **Mediacom** set to expire Dec 31, many have been keeping an eye out for signs of friction. They came Wed morning when Sinclair began running a crawl on a number of its stations in Time Warner markets informing viewers that there is a "substantial risk" that carriage is going to end. Sinclair has 33 stations in 21 Time Warner and **Bright House** markets, including San Antonio (**Fox** affil), Columbus (**ABC**) and Milwaukee (**NBC**). "Frankly, both we and our customers are growing tired of this routine," a Time Warner Cable spokesperson said. "This morning Sinclair not only tried to put our customers in the middle of the negotiations, but they also notified us that they're going backwards on their proposal. Nevertheless, we'll continue to negotiate on behalf of our customers." Sinclair's crawl begins: "Effective January 1, 2011, this station may no longer be carried by Time Warner Cable. We repeat, Time Warner may be dropping carriage of this station. To make sure you don't miss your favorite shows, you should make plans to change the way you receive this television station." It goes on to say that the signal will be available on **DirectTV**, **DISH** and for free over-the-air. There has been no similar action in Mediacom markets (at least not yet), with sources saying negotiations between the 2 continue. Asked why Sinclair started running the crawl more than 30 days away from the deadline, evp, gen counsel *Barry Faber* emailed, "We believe that when we conclude that a deal is very unlikely to get done, it is in the public interest to provide as much notice as possible so that the public has adequate time to make alternative arrangements to receive our television stations if they choose to do so." Sinclair also has launched a FAQ at <http://www.sbgi.net/template/time-warner/>, where it declares, "Although some might try and characterize this as a dispute, in the end it represents nothing more than the failure of two companies to reach a business agreement, something that happens in the business world thousands of times a day." Late last year, when Time Warner Cable was embroiled in negotiations with **Fox**, it complained to the **FCC** that Fox was hijacking Sinclair's retrans negotiations by exercising veto power over deals that didn't provide a "satisfactory kickback." TWC said that was the reason its deal with Sinclair last year was only for a 1-year extension. Mediacom ended up signing its own 1-year extension with Sinclair after TWC. Both MVPDs are among a group of distributors petitioning Washington for retrans reform. **Dial Carefully**: Sinclair's Columbus, OH, affiliate **WTTE** had initially included the main number for TWC Mid OH in its scroll. While the station said its scroll listed



RETIREMENT LIVING TV



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the correct number, we heard some callers were dialing 800 instead of the 614 area code. That resulted in a recorded message from a woman cooing, "Up for some exciting talk?" and directing them to another number with a more explicit recorded message and the promise of hot talk for 99 cents/min. The scroll number was later changed to 800-617-4311, with a TWC recorded message telling viewers its in negotiations with Sinclair and directing them to RollOverorGetTough.com.

Digital Hollywood NY: Big surprise, but cable still isn't sure how this whole VOD/over-the-top/TV Everywhere world is going to shake out—or whether recent predictions of doom over cord cutting are justified. "We continue to do shorter deals because we don't know how the world is going to change," noted *Pam Schechter*, vp, business affairs, digital and cable entertainment at **NBCU**. To be sure, strategies debated and outlined at the annual NYC confab Wed remain diverse, with execs moving cautiously. "We're not that cutting edge," said **Golf Channel** svp/gm *Shannon O'Neill*. "We try to be practical." **BET**, meanwhile, is "looking into a number of acquisitions" in the social gaming and virtual goods space based on the recent explosion of such games within social networking sites, said *Martez Moore*, BET evp, operations, digital media. When it comes to iTV, **Epix** CTO *Mark Goldberg* said it's hard to do on one screen "without annoying other people in that living room" and said it's more likely to evolve as a 2-screen phenomenon (ie, the interactivity occurring in real time through a third-party device like the iPad). *Tim Connolly*, **Disney/ABC** vp, mobile and TV Everywhere programs, agreed that "companion devices" will largely drive iTV apps. "I think there's going to be a huge amount of growth in that area," he said. But most speakers said cord cutting and over-the-top worries appear overblown. *Mark Garner*, **AETN** svp, digital distribution, marketing and business development, argued that "the fragmentation that [OTT] causes does not bring about the economics required to pay for high-quality content." *Bruce Eisen*, **DISH** vp, online content development and strategy, said most consumers prefer subscription. "For most people, the pay TV model is a very cost-effective model," he said.

On the Hill: Pop the popcorn for next Wed's **Sen Communications** subcmte hearing. The witness list hasn't been released, but we're hearing it'll likely include **News Corp's** *Chase Carey*, **Cablevision's** *Tom Rutledge*, **Time Warner Cable's** *Glenn Britt* as well as reps from pro-retrans reform net **Ovation** and anti-retrans reformer **Univision**. The fireworks start at 2:30pm ET. It sounded Wed like the **FCC** will not present at the hearing.

Competition: **FiOS TV** intro'd **Flex View**, allowing subs to rent or purchase movies at home on their TV, on laptops and PCs, and on select mobile devices including cell phones, tablets and media players. The service will soon offer TV shows in addition to the more than 1,400 movies. -- **DISH's** **Google TV** solution is now available to its subs, combining search functionality and myriad Web content with the DBS op's onscreen programming data, DVR and VOD content. The required set-top is available for a special \$179 price and the DVR integration service runs \$4/month.

Earnings: **TV Guide Net's** full-screen version will cover more than half of the net's homes by Jan, an important ongoing transition as **Lionsgate** co-chmn/CEO *Jon Feltheimer* said ratings growth is "significantly higher" on the expanded version, featured in distribution deal renewals. Execs said ad sales are decent and will only improve with the net's digitization. Lionsgate's overall home ent rev fell 5% to \$132.1mIn while the included \$78.3mIn of TV rev primarily from pay-TV rose 15%. **EPIX** suffered a \$47.35mIn net loss in the Q, \$14.75mIn of which is attributable to Lionsgate, but execs are expecting a turnaround beginning early next as the net's deal with **Netflix** kicks in. TV prod rev totaled \$115.3mIn, up 30%, and Lionsgate has 1 show in pre-prod for **TNT** and 2 for **Comedy Central**.

Ratings: On its 2nd night **TBS'** "Conan" saw total viewers dip 32% to 2.82mIn—still solid for a late-night program—while 18-49s fell 35% and 18-34s 42%. The median age remained approx 30.

Game On: Those free, interactive games promised on **Cablevision's** 3Q last week are a reality, with the MSO rolling out 17 of **ActiveVideo's** **TAG Games** to all customers this week. Games such as *Bejeweled 2*, *Bob the Builder* and *Diner Dash* are available for free, unlimited play. Subs can play live against other games across the street or across the state. One new game will be added each month to the service, which will ultimately feature advertising.

Advertising/Marketing: **Parks Associates** offers some food for thought as targeted ads become more ubiquitous—perhaps most importantly that 54% of pay-TV subs are unwilling to provide personal data in exchange for better targeting. Yet mobile users are far more averse to a similar swap, while online users are more inclined to perpetuate targeted ads. Among age groups, two-thirds of adults 55+ don't want to be targeted, a notable difference when compared to 25-54s (51%) and 18-34s (65%). The lion's share of US broadband homes with TV service are anti-target-

BUSINESS & FINANCE

ing. [Go to CableFAXDaily.com for more subscriber-exclusive info].

Online: AOL tapped *Michael Eisner's Vuguru* to dev and prod at least 6 original scripted series for digital distribution. Each project will be produced as a continuous story of approx 90min with cliff-hangers or natural breaks so that they can be segmented as individual eps. -- **NHL GameCenter Live** out-of-market streaming is now available through **PlayStation 3, Roku** and **Boxee**.

Programming: As **TV Guide Net's** 1st original docu-soap, "The Nail Files" spotlights *Katie Cazorla's* celebrity-filled nail salon and comes from *Sally Ann Salsano* and **495 Prod**, the team behind **MTV's** "Jersey Shore." -- **Fox Business Net** inked former **CNN** anchor *Lou Dobbs* to dev and host a daily program set for premiere in 1Q. -- **Cox** will offer customers in its CA areas of Orange County, Santa Barbara, and Palos Verdes a 3D telecast of Sat's Cal-Oregon football matchup.

People: *Michael Ouweleen* was named svp, group creative dir for **Cartoon's** newly reorganized creative group. -- **FCC** chmn *Julius Genachowski's* sr adviser on broadband will leave the agency next month. *Phoebe Yang* will join the sr mgmt team and lead acquisitions strategies at **The Advisory Board**, a provider of performance improvement services to healthcare and education sectors. Yang previously did time at **Discovery** and **AOL Time Warner**.

CableFAX Daily Stockwatch

Company	11/10 Close	1-Day Ch	Company	11/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	42.76	0.26	ARRIS GROUP:	10.13	0.01
DISH:	20.07	0.16	AVID TECH:	13.54	0.28
DISNEY:	36.99	0.13	BIGBAND:	3.16	0.09
GE:	16.55	(0.07)	BLNDER TONGUE:	2.20	0.03
NEWS CORP:	16.16	0.08	BROADCOM:	42.38	0.32
MSOS					
CABLEVISION:	30.03	0.82	CISCO:	24.49	0.14
CHARTER:	35.90	0.10	CLEARWIRE:	6.02	(0.28)
COMCAST:	20.73	(0.04)	COMMSCOPE:	32.10	0.03
COMCAST SPCL:	19.48	(0.1)	CONCURRENT:	4.73	0.03
GCI:	10.37	(0.12)	CONVERGYS:	12.73	0.08
KNOLGY:	14.74	0.48	CSG SYSTEMS:	20.15	0.15
LIBERTY CAPITAL:	59.10	(0.27)	ECHOSTAR:	21.45	(0.21)
LIBERTY GLOBAL:	38.60	0.27	GOOGLE:	622.88	(1.94)
LIBERTY INT:	15.50	0.16	HARMONIC:	6.79	0.11
MEDIACOM:	6.99	0.10	INTEL:	21.04	(0.12)
SHAW COMM:	21.57	0.26	JDSU:	11.77	0.17
TIME WARNER CABLE:	62.26	0.35	LEVEL 3:	1.03	(0.02)
VIRGIN MEDIA:	26.45	0.45	MICROSOFT:	26.94	(0.01)
WASH POST:	383.46	(7.11)	MOTOROLA:	8.20	(0.01)
PROGRAMMING					
CBS:	16.82	0.46	RENTRAK:	27.31	(0.08)
CROWN:	2.89	0.21	SEACHANGE:	8.26	0.17
DISCOVERY:	41.16	0.63	SONY:	33.56	0.25
GRUPO TELEVISA:	23.55	0.42	SPRINT NEXTEL:	3.94	(0.09)
HSN:	27.44	0.52	THOMAS & BETTS:	45.00	0.17
INTERACTIVE CORP:	28.13	(0.17)	TIVO:	9.53	(0.07)
LIBERTY:	39.68	0.41	TOLLGRADE:	8.22	0.02
LIBERTY STARZ:	64.02	1.14	UNIVERSAL ELEC:	27.01	1.13
LIONSGATE:	7.37	0.14	VONAGE:	2.48	0.02
LODGENET:	2.87	0.03	YAHOO:	16.94	(0.03)
NEW FRONTIER:	1.92	0.02	TELCOS		
OUTDOOR:	6.08	0.05	AT&T:	29.05	(0.13)
PLAYBOY:	5.04	0.01	QWEST:	6.93	0.14
SCRIPPS INT:	52.28	0.35	VERIZON:	32.85	(0.16)
TIME WARNER:	31.92	0.10	MARKET INDICES		
VALUEVISION:	2.91	0.37	DOW:	11357.04	10.29
VIACOM:	43.24	(0.01)	NASDAQ:	2578.78	15.80
WWE:	13.95	0.16	S&P 500:	1218.71	5.31
TECHNOLOGY					
ADC:	12.69	0.01			
ADVANTAGE:	3.25	0.03			
ALCATEL LUCENT:	3.14	0.05			
AMDOCS:	26.60	(0.09)			
AMPHENOL:	52.52	0.35			
AOL:	27.16	0.87			
APPLE:	318.03	1.95			

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Think about that for a minute...

Relationships

I spent an extraordinary evening in Williamsburg, VA the other night. It was the annual awards banquet of the Virginia Cable Telecommunications Association, the VCTA, and they were inducting two new members into the VCTA "Hall of Fame."

Now I'm a proud member of that "Hall," and I've been going to the VCTA events for years. But Monday night was different. The two new Hall of Famers being honored by the VCTA were Mike Ortman and Gary McCollum. Many of us in the industry know both of these guys well, and have for a long time. But I don't think any of us were aware of how eloquent they could be in accepting the recognition they justly deserved.



Mike, of course, is a 30-year veteran of cable. He's now Vice President of Programming for Comcast's Eastern

Division. A long time ago he was also on the programming side of the street during the start-up days of Home Team Sports (now Comcast SportsNet). He knows the business inside and out.

Gary joined Cox in 1989 after a stint in the U.S. Army Rangers. He's currently a major in the U.S. Army Reserves as well as being Senior Vice President and General Manager of Cox Communications, Virginia. He's now got more than 3000 employees under his command, and when I first met him as Cox took over the massive cable system right outside Washington, DC, in Fairfax County, VA, Gary quickly proved that he was up to the task both operationally and politically. It's not easy keeping the DC denizens happy, but he did it better than most!

What made the night extraordinary, however, was not the professional achievements of these two guys, or the well-deserved accolades both received for being two of the nicest guys in the industry. What made it unique was

the message both brought to the gathering in explaining why they were as successful as they were. And so far as I know, they didn't compare notes before-hand, but they both delivered the same message: relationships.

Creating, achieving, supporting and nurturing relationships, in the community, in the business, in the family. That, they both said, is what it's all about. And they both personify that message. Mike with his six kids, three of them adopted, and being a board member of the Arthritis Foundation as well as lots of other local and national causes he involves himself in, and Gary as a board member of the Boys and Girls Clubs of the Va. Peninsula, the recipient of the 2010 Community Service Award of the NAACP, and a tireless messenger of what he has proved with his life; that you really can do anything you set your sights on.

These guys both stood as eloquent evidence of their message, that if you establish good relationships, honor your commitments, provide inspiring leadership and, not coincidentally, stick to your guns when you know you are right, then good things are going to happen. It certainly has happened to them, and for the companies they work for. Both Pat Esser of Cox and Comcast's Steve Burke taped congratulatory messages attesting to that.

As important, both Gary and Mike made it clear that while family comes first, what they do in the community, and how they represent their companies, and how those companies establish relationships with their customers is very much a part of the equation in both their, and cable's success where they operate. It really shows, and it's a message that I wish everyone could have heard directly from them, because it really was special.

Steve

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