

CableFAX Daily™

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What the Industry Reads First

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Exclusive Club: Cablevision Pleads Its Program Sharing Case at FCC

Cablevision, a long-time advocate of loosening program access rules, is once again calling on the **FCC** to lift the program access exclusivity ban in markets where robust competition already exists (like, ahem, NY). In a 16-page filing to the FCC, the MSO outlines all of its arguments over the years on why the ban should be relaxed. **Verizon** and other competitors want the govt to broaden the rules so that terrestrially delivered networks—such as CVC's **MSG HD** or **Comcast SportsNet Philly**—would no longer be exempt from the exclusivity rules. They say that cable ops are withholding must-have programming. Cable counters that Verizon is no stranger to exclusivity itself—recently announcing the launch of its own exclusive regional channels, FiOS 1 Long Island and FiOS 1 NJ. Last month, Verizon launched exclusive New England Patriots VOD programming to subs in MA and RI. “A company facing vigorous competition has no incentive to invest in untested and expensive services if it has to share those services with competitors,” CVC told the Commission, pointing to its recently launched MSG Varsity service dedicated to area high school sports and activities. “Already the venture employs hundreds of people and has engaged scores of local schools in training... This venture is a costly and risky undertaking intended to create more value exclusively for Cablevision’s customers. But for the fact that the program sharing rules do not apply to terrestrially delivered programming like MSG Varsity, this kind of investment and innovation simply would not take place.” In Sept, the US Court of Appeals for the DC Circuit heard oral arguments in Cablevision’s challenge to an FCC decision extending the program access rules in '07 through '12. A ruling could come late this year or early next year, but based on comments by the 3-judge panel it seemed likely the court would uphold the FCC’s existing rules. One of Cablevision’s arguments hinges on possible telephone company relief from asset-sharing obligations in markets where sufficient facilities-based competition exists. The same should be true when it comes to asset-sharing obligation applicable to cable, CVC told the FCC, noting that consumers have up to 5 MVPDs to choose from in the NY metropolitan area. “In this environment, Cablevision survives—and thrives—through innovation, including the kind of content innovation that only occurs in the absence of the program sharing requirements of the program access rules,” the MSO said.

Still Rumbling: **WWE** inked with **USA** a new deal that keeps “WWE Monday Night Raw” on the net through fall '14. The show currently averages 5.5mln total viewers, 3.7mln HHs and 2.7mln 18-49s. WWE said it’s still planning to launch its own

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cable channel within 2 years. "I couldn't be happier about continuing one of the most successful collaborations in television history," said *Bonnie Hammer*, pres, NBCU Cable Ent and Universal Cable Productions. WWE has called cable home for more than 16 years. Raw, which launched on USA in '93, was on **Spike** from '00 to late '05, when it moved back to USA.

Carriage: This month **History** launches **History International HD**, with **Time Warner Cable's** NYC and L.A. systems, **Bright House's** Tampa and Orlando markets, and **Cox's** KS and AR among initial affiliates. -- **Insight** launched Mon **Fox Sports South in HD** to it Louisville, Lexington and Northern KY markets.

Competition: **Verizon** added additional incentives to promos offering a \$150 **Visa** card to new **FIOS** 3- or quad-play customers who sign up by Jan 16. Now, new subs of certain bundles will receive a \$10/month discount for the 1st year and customers in the Northeast and Mid-Atlantic markets who add new FIOS TV or Internet with a **Verizon Wireless** calling plan will receive \$15/month discount for the first 6 months. Customers adding video will receive an advanced DVR at no additional charge for 3 months. Also, the telco is offering free DSL service for 6 months for those ordering up to 7.1Mbps as part of a 1-yr agreement, with the deal to bundles featuring phone and **DirectTV**.

In the States: **Cablevision** launched iO Search, a free digital cable enhancement that lets subs use a virtual keypad to enter in search terms based on a program's title, genre, performers, network or other attributes. Searches can be "saved" for future use; customers can also launch an on demand title or even set their DVR to record the show. -- **Sprint** officially intro'd 4G mobile broadband services in Austin and San Antonio. -- **Sezmi** launched a L.A. trial of its personalized TV system featuring OTA receipt of programming from partners including **Bravo** and **TBS** and a DVR that stores and aggregates broadband content. Hardware costs approx \$300, and service fees run \$5/month for only broadcast and \$25/month including cable channels. Also, Sezmi picked up \$25m in additional funding from new and existing investors.

Research: **Rentrak's** "Stickiness" Index measuring viewer engagement was led from Nov 2-8 by **Lifetime Movie Net's** "Ann Rule's Too Late to Say Goodbye," which joined **Nickelodeon's** "SpongeBob SquarePants" in the top 5. **ABC's** "Dancing with the Stars" (#2) was the highest-ranking broadcast show. -- **In-Stat** expects a 2% decline this year in US business spending on wireline data services, which would represent the first decline in more than 10 years. Spending is expected to stabilize in '10 before returning to growth by '12. Also, In-Stat said small business (5-99 employees) spending on IP VPN services will grow from approx \$100m in '08 to more than \$250m in '12. -- As of Aug, 81% of US homes subscribed to a pay TV service, 76% paid for Internet service and 14% subscribed to an online gaming service, according to **The NPD Group**. 9% receive a mobile data service, versus 6% last year, and 14% (up 2 percentage points) subscribe to a home video service like **Netflix**. Overall monthly per-capita entertainment-content subscription spending rose to \$115 this year, up 7%.

Technology: A new end-to-end WiFi broadband access system from **Ruckus Wireless** aims to let service providers offer customers HSD services for less cost than with **WiMAX**. -- **Brightcove** enhanced its online video platform to support native iPhone video app development, increase live streaming capabilities, expand advanced analytics and offer customized video apps. The co also bowed an edition of the platform edition starting at \$99/month with no annual contract.

People: **FCC** commish *Michael Copps* announced that *Joshua Cinelli*, most recently the news web editor at *The NY Daily News*, will join his office as adviser on media issues. -- After 11 years, **News Corp** evp, global

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CableFAX's Best of the Web Awards is the industry's top honor in the digital space, recognizing outstanding websites and digital initiatives among cable programmers, operators, vendors and associations.

The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine. The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine. The winners and honorable mentions will be saluted during an awards event in April 2010 in New York City.

Deadline: December 4, 2009

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BUSINESS & FINANCE

marketing and corp affairs Gary Ginsberg will leave at year-end, but will remain a consultant to chmn/CEO Rupert Murdoch. -- **Move Networks** tapped **DirectTV** vet **Steven Cox** as evp, strategy and business affairs.

Business/Finance: **Vivendi's** window for deciding whether to sell its 20% **NBCU** stake opened Sun and lasts until Dec 10. -- **Time Warner** earmarked Dec 9 as the day it will spin-off **AOL**, and said **TWX** shareholders as of Nov 27 will receive 1 share of **AOL** common stock for every 11 shares owned on **TWX**. **AOL** will begin trading on a "when-issued" basis on the NYSE under the ticker "AOL WI" beginning Nov 24. -- **Motorola** agreed to acquire **BitBand**, which specializes in VOD for IPTV. -- **MGM** has begun exploring strategic business options including a potential sale. The co's lenders have absolved it from interest payments on approx \$4bln in debt until Jan 31. **Comcast** owns 20% of **MGM**. -- **Cisco** raised its bid for video conferencing equipment maker **Tandberg** by 10% and said it has the support of more than 40% of **Tandberg** shareholders. -- **Outdoor Channel** extended the expiration of its previously authorized stock buyback program to Mar 31, '10 from Dec 31. The plan authorizes the repurchase of up to an aggregate of \$10mln in issued and outstanding common shares.

CableFAX Daily Stockwatch

Company	11/16 Close	1-Day Ch	Company	11/16 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
BRITISH SKY:	36.46	0.28	APPLE:	206.63	2.18			
DIRECTV:	30.31	0.49	ARRIS GROUP:	11.06	0.25			
DISH:	21.71	0.70	AVID TECH:	12.92	0.83			
DISNEY:	30.70	0.26	BIGBAND:	3.81	0.11			
GE:	16.00	0.34	BLNDER TONGUE:	0.97	(0.03)			
NEWS CORP:	15.09	0.28	BROADCOM:	30.00	1.11			
MSOS								
CABLEVISION:	26.17	1.07	CISCO:	23.87	0.16			
COMCAST:	15.85	0.42	CLEARWIRE:	6.42	0.35			
COMCAST SPCL:	15.11	0.23	COMMSCOPE:	29.31	0.56			
GCI:	6.35	0.20	CONCURRENT:	3.69	0.09			
KNOLGY:	10.20	(0.03)	CONVERGYS:	11.92	0.30			
LIBERTY CAPITAL:	24.81	0.63	CSG SYSTEMS:	17.41	0.42			
LIBERTY ENT:	34.92	0.57	ECHOSTAR:	20.55	0.06			
LIBERTY GLOBAL:	21.80	0.54	GOOGLE:	576.28	4.23			
LIBERTY INT:	10.90	0.13	HARMONIC:	5.45	0.22			
MEDIACOM:	4.70	0.32	INTEL:	20.23	0.41			
RCN:	8.88	0.63	JDSU:	7.83	0.20			
TIME WARNER CABLE:	43.07	0.89	LEVEL 3:	1.24	0.03			
VIRGIN MEDIA:	16.65	0.37	MICROSOFT:	29.54	(0.09)			
WASH POST:	433.84	9.33	MOTOROLA:	8.70	(0.08)			
PROGRAMMING								
CBS:	13.74	0.73	OPENTV:	1.55	0.01			
CROWN:	1.59	0.03	PHILIPS:	28.02	0.72			
DISCOVERY:	31.57	1.01	RENTRAK:	16.40	0.76			
EW SCRIPPS:	6.96	0.32	SEACHANGE:	5.97	(0.37)			
GRUPO TELEVISIA:	22.13	1.08	SONY:	28.63	0.28			
HSN:	18.29	0.93	SPRINT NEXTEL:	3.50	0.40			
INTERACTIVE CORP:	19.93	0.31	THOMAS & BETTS:	38.35	0.76			
LIBERTY:	36.20	0.72	TIVO:	11.21	0.25			
LODGENET:	5.50	0.33	TOLLGRADE:	6.15	0.02			
NEW FRONTIER:	1.91	(0.03)	UNIVERSAL ELEC:	23.18	0.13			
OUTDOOR:	6.25	(0.17)	VONAGE:	1.31	0.00			
PLAYBOY:	4.78	0.23	YAHOO:	16.07	0.14			
RHI:	0.82	0.05	TELCOS					
SCRIPPS INT:	41.01	0.36	AT&T:	26.29	0.04			
TIME WARNER:	32.35	0.40	QWEST:	3.77	(0.04)			
VALUEVISION:	3.60	0.04	VERIZON:	30.33	0.20			
VIACOM:	33.01	0.46	MARKET INDICES					
WWE:	15.99	0.50	DOW:	10406.96	136.49			
TECHNOLOGY								
3COM:	7.50	(0.01)	NASDAQ:	2197.85	29.97			
ADC:	6.97	0.20						
ADDVANTAGE:	2.39	(0.07)						
ALCATEL LUCENT:	3.94	0.14						
AMDOCS:	27.04	0.40						
AMPHENOL:	43.19	0.92						

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EYE ON ADVERTISING

Ad Savior or Tough Road Ahead?

The imminent **Comcast-NBCU** deal gets so much press that it's easy to forget it hasn't even happened yet. At least not at press time. And even when these media titans sit down to gleefully sign on the dotted line, this reportedly \$30bln play for global media dominance will face a regulatory review that—according to recent reports—will be grueling and almost certainly involve concessions to the Obama Administration.

What will the final approved deal will look like? What pieces of NBCU will the feds ultimately deny to Comcast? And what artificial restrictions will they force upon the MSO to keep *Brian Roberts* and *Steve Burke* from taking over the world? No one knows.

But one thing is certain: This deal, which by most estimates would make Comcast the biggest, baddest media company on the planet, increasingly seems to hinge on the evolving advertising market. The punditry of the moment tells us this is so, and it of course points out the cable industry's historical crusade to deploy interactive advertising systems that can target individual households and even individual boxes on a national scale.

As we all know, this quest has been part of cable lore for well over a decade. **Canoe Ventures** is working hard to make it happen in a very real way—with or without the Comcast-NBCU deal. And yet, there's something about the idea of Comcast controlling a major broadcaster as well as big cable nets like **USA** and **Bravo** that creates optimism about a speedier transition to interactive and targeted ads. It just seems to make sense. After all, Comcast would finally control a vast slice of the ad-supported TV universe. *AdAge* reported last week that its DataCenter analysis found that 52% of NBCU's 2008 revenue came from advertising—a whopping \$6.8bln compared to Comcast's \$2.1bln in ad revenue the same year.

With advertisers insisting on more cost-effective solu-

tions even after the economy recovers, it's a relatively safe bet that Comcast-NBCU would have tremendous pull with Madison Ave. In fact, some argue it would trump other media companies because of its unique mix of mega-distribution and top-of-the-line content.

In addition, Comcast has an extra arrow in its quiver: Broadband pipes. And Comcast controls those pipes just as it's about to launch an authentication system that will allow its paying subscribers to access their TV content online (The MSO still plans to launch its On-Demand Online authentication initiative before year-end). An NBCU deal would let it integrate comprehensive advertising packages online where advertisers already love the medium's targeting and measurement capabilities. How all of this affects **Hulu** is anyone's guess, but it seems certain that Hulu partners News Corp and

Disney will have their own take on how to go forward in light of Comcast's new involvement in the venture through NBCU. And there are larger issues surrounding authentication: Who owns the ads? Who controls them? Is there a revenue split? Comcast's control of NBCU means there's one less content giant potentially standing in the way of it getting a piece of the online advertising pie.

But here's the thing: At the end of the day, all the optimistic punditry about how the Comcast-NBCU merger will supercharge advertising is just that: Talk. Execution will inevitably be far more difficult and complex than the synergy experts and third-party analysts can imagine today. The X factor, as always, is the federal government, whose antitrust authorities could throw a monkey wrench in the whole deal either by blocking it or, perhaps more likely, hobbling it with a laundry list of restrictions. Those restrictions may include a net neutrality component—and that could change the online dynamic considerably. Meanwhile, Canoe is out there paddling away, trying to solidify its strategy while a megadeal flaps in the wind for the next 12-18 months. This won't be easy. Nothing ever is.

-Michael Grebb



The CableFAXIES awards

DEADLINE: FEBRUARY 5, 2010

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The CableFaxies Awards salute the year's most outstanding communications initiatives and programs in the highly competitive and dynamic Cable arena. The coveted awards set the industry benchmark for excellence across all areas of PR and marketing.

The Winners of the CableFAXIES Awards are from networks, operators, PR firms, vendors, corporations, agencies and other entertainment companies who took chances, made tremendous strides and understand the power of PR and marketing in the cable industry. The winners and honorable mentions will be saluted during an awards event in April 2010 in New York City.