

CableFAX Daily™

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What the Industry Reads First

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Enduring Love Affair: Suddenlink Pact Extends Broad List of '10 Cable Deals

A lot of rhetoric from media and Wall St in recent months has positioned the cable industry within a maelstrom of doubt due to basic sub losses, escalating programming costs and OTT alternatives. Yet judging by the flurry of deal activity in '10 alone, cable appears to represent for many suitors important calm amid an economic storm. "Cable has been a really, really strong, stable business and that promises to continue," said sr banker *Jeff Brandon* of **Waller Capital**, which has been involved in numerous cable deals this year. "The value proposition that cable providers deliver is only getting better." The latest evidence of cable's attractiveness came Mon when **Suddenlink** announced an agreement to acquire **NPG Cable** and its subsidiaries from **News-Press & Gazette** for approx \$350mln. NPG's cable systems serve approx 83K customers and count approx 210K RGUs through operations in St Joseph, MO, Mammoth Lakes, CA, and several AZ communities including Flagstaff and Sedona, Lake Havasu and Kingman. Suddenlink cited opportunities to interconnect the former markets with its current operations in Maryville, MO and Bishop, CA, while the latter represent the co's 1st foray into AZ. NPG was **CableFAX: The Magazine's** '09 Independent Operator of the Year. Suddenlink declined specific comment on the deal, as did **RBC Daniels**, which financially advised NPG. RBC, like Waller, has been at the forefront of several recent cable deals. The firm advised **Charter** on its sale of 36 headends in 7 states to **The Gores Group** subsidiary **Cobridge Comm** and advised **Sunflower Broadband** on its sale to **Knology**. Waller acted as advisor to **Shenendoah Telecom** in its purchase of Suddenlink's cable systems serving Salem, WV, and Oakland, MD; to **Jet Broadband** in the sale of its cable operations to Shenendoah; and to **Galaxy Cable** in its sale to **Zito Media** of cable operations in KY, IL, NE, KA and TX. And in a deal that perhaps best underscores the widespread bullishness on cable, Waller financially advised **RCN** during its purchase and privatization by PE firm **ABRY Partners** for approx \$1.2bln. "We have been able to generate a substantial amount of demand and interest from a variety of sources," said Brandon of '10 cable deals. "The demand for smaller markets continues to grow as investors increasingly recognize the value of less competitive markets." Brandon also expects a significant number of additional deals to consummate in the months ahead. The prospective slate would follow a busy '10 that has also included **Cablevision's** \$1.365bln purchase of **Bresnan**, **Mediacom** chmn/CEO *Rocco Com-misso's* bid to take the MSO private for \$8.75 in cash for each Class A share he doesn't own, and the acquisition from **The**

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There are a million ways to describe **Andrew Zimmern on Bizarre Foods**. But there's only one place to find him sharing weird and wonderful delights from cultures near and far.

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Carlyle Group of a significant equity position in **Insight** by a group led by **Crestview Partners** and **MidOcean Partners**.

Neutrality & Comcast: Modem maker **Zoom Telephonics** filed a complaint against **Comcast** at the **FCC** Mon, claiming the MSO is violating Commission rules by instituting a new Physical & Environmental testing regime this year that modems sold at retail must pass before being attached to the Comcast network. The claims of Comcast threatening the open Internet continued. After market close Mon, **Level 3**, which announced earlier this month that it had inked a deal to be **Netflix's** primary digital content-delivery network, said Comcast has recently demanded a recurring fee from it to transmit Internet online movies and other content to Comcast subs requesting such content. "By taking this action, Comcast is effectively putting up a toll booth at the borders of its broadband Internet access network, enabling it to unilaterally decide how much to charge for content which competes with its own cable TV and Xfinity delivered content," said Level 3 legal officer **Thomas Stortz**. "This action by Comcast threatens the open Internet and is a clear abuse of the dominant control that Comcast exerts in broadband access markets as the nation's largest cable provider." Level 3 said it's open and willing to work with Comcast on these issues, but it's also approaching regulators and policy makers and asking them to take quick action. Comcast didn't immediately offer comment. As for Zoom, it claims Comcast's test requires a "host of unreasonable, irrelevant, time-consuming, and costly requirements that curtail the availability of cable modems at retail outlets and thereby encourage subscribers to lease or rent cable modems directly from Comcast." It also alleged that Comcast has arbitrarily refused to test a new wireless modem that Zoom wants to introduce. Comcast said it has not asked Zoom to submit to testing that is any different than what it asks of any other cable modem manufacturer it works with. "We even offered to let Zoom do the safety testing at their own Chinese manufacturing plants, but they refused this offer. As Zoom decided not to take advantage of the courtesy we offered to simplify testing, we will be more than glad to explain to the FCC as we have already explained to Zoom how their refusal to permit any performance or safety testing of its device will harm consumers," Comcast said. Public interest groups **Public Knowledge**, **Free Press** and **MAP** jumped on the complaint, saying it shows that Comcast is "continuing its pattern of anti-competitive behavior that it showed in throttling the **BitTorrent** protocol." The groups used it to once again call for net neutrality policies. Comcast noted that the complaint was filed by **Patton Boggs** attorneys **Kevin Martin** (yes, THAT Martin) and **Matthew Berry** and supported by groups that have been working closely with the attorneys on opposing the **Comcast-NBCU** deal. All of this comes as FCC chmn **Julius Genachowski** is believed to be considering a net neutrality order for the Commission's Dec Open Meeting.

Merger Mania: On the **Comcast-NBCU** front, more than 40 **ACA** members in 18 states sent a letter to the FCC Mon pushing for merger conditions. Also, public interest group **NetCoalition** said it was joining merger opponent **Coalition for Competition in Media** over concern the merger will create a vertically and horizontally integrated media behemoth that will smother competition, reduce broadband investment and raise prices for consumers. "It's been almost a full year since the transaction was announced, and today one coalition funded by a small set of merger opponents is joining another lobbying coalition funded and run by those same merger opponents," Comcast said of the NetCoalition announcement.

Still Dark: **CSN CA** was still off DISH Mon. The DBS operator dropped it shortly after losing in **FCC** baseball-style arbitration last Tues. DISH said it will appeal, saying it believes the decision was made on "significant legal and factual errors." CSN says that DISH is in breach of contract and believes it should re-launch the net immediately. Comcast has asked for an FCC Media Bureau meeting to discuss an immediate suspension of DISH's pending arbitrations for **CSN Chicago**, **Bay Area** and **Mid-Atlantic**, claiming DISH isn't acting in good faith (**Cfax**, 11/29). On the consumer side, CSN launched **IWantDSN.com** and a toll-free number, while DISH has **fairdealforyou.com**.

5 Qs with Comedy Central's Michele Ganeless: *As part of our series featuring members of the 2010 CableFAX 100 and Most Powerful Women, we grabbed a few minutes with a member of both lists, Comedy Central pres Michele Ganeless. Below she gives her take on late-night TV, social media and of course those troublemakers over at South Park. Our women's breakfast is sold out, but we still have a few seats for our CableFAX 100 luncheon on Dec. 9. Register at http://www.cablefax.com/cfp/2010cablefax100_luncheon.html. With the success of "The Daily Show" and "The Colbert Report," how do you think Conan at TBS will shake up the late-night scene considering it hits CC's target youth demo more squarely than Leno or Letterman?* The youth of today increasingly do not differentiate between broadcast and cable the way viewers of the past did. To them, it's the quality and content of a show that's most important, and we know that in **The Daily Show** and **The Colbert Report** we have two unique shows whose relevance

and impact on pop culture are unparalleled. They are two of the best and funniest shows on television, and because of their distinctness and consistent quality, their unprecedented run as the most-buzzed about shows in late night will continue well into the future. **What's your take on social media? Is it important for Comedy Central to "fan the flames" or is it better left to fans to do it themselves without much guidance from the network?** Our strategy is to provide our audience with the tools they need to become evangelists for the shows and talent they love. If we give them the right tools and materials, social media allows them to spread the word on their own, with a voice of authenticity that can only come from the fans. **How do you see programming on Comedy Central continuing to evolve over the next year?** We are always looking for our next big hit, while continuing to nurture our current hits like *The Daily Show*, *The Colbert Report*, "South Park," and our newest hit, "Tosh.0." Right now, we're focused on launching Tosh on its new night in January, Tuesdays, and on the launch of its Tuesday companion, "Onion SportsDome," our new weekly series from the folks behind *The Onion*. **Speaking of Tosh.0, why do you think it has resonated so much with your target viewers?** Daniel [Tosh] is literally in the heart of our demo. He speaks their language, and he's just completely outrageous and laugh-out-loud funny. There is an endless amount of material for him to pull from online, and our fans seem to have an insatiable appetite for his comedy. **The hilarious South Park constantly pushes boundaries and has obviously been the subject of several controversies. As an exec, to what degree do you stay up at night worrying about what Matt Stone and Trey Parker will turn in next?** One of the greatest strengths of South Park is the willingness of Trey and Matt to address issues that others are too restrained or too afraid to tackle. Trey and Matt's social commentary is something that their fans look forward to. Much to the contrary, rather than staying awake at night worrying about how they'll attack the next episode, I eagerly anticipate finding out how they will be adding to their legacy.

Competition: AT&T U-verse TV subs who subscribe to HBO and Cinemax gained unlimited access to HBOGo.com and MAXGo.com, which offer more than 1,200 collective hours of programming online and via mobile devices. Receipt of 1 net earns access to the corresponding Website. Verizon and Comcast currently feature the offerings. Separately, U-verse services rolled out in the Gulf Coast region of MS, including in parts of Biloxi, D'Iberville, Gulfport, Long Beach, Moss Point and Ocean Springs.

In the States: Clearwire intro'd 4G mobile broadband services in L.A., Miami, Cincinnati, Cleveland and Columbus, and said a commercial service will be available in the San Francisco Bay area on Dec 28. The Clear network now serves 68 markets and covers 103mln Americans -- Sprint launched 4G services in the same 5 markets plus Washington, D.C.

Technology: Microsoft has been talking with media firms about licensing TV nets for a new online subscription service that would be available through devices including the Xbox gaming console, according to Reuters, which said Microsoft may also create content silos to sell more individual channels directly. The co already offers downloads of certain TV eps through Xbox consoles. -- WE tv and Wedding Central partnered with Ensequence to deliver EBIF-enabled iTV experiences such as voting/polling, a live Twitter feed and viewing suggestions with a record/remind feature during several shows.

Advertising: Mercury Media now offers a pay-for-performance model to TV advertisers. The direct response media agency combines historic performance data with the findings from an initial media test to determine what combination of ad creative, audience targets, networks and dayparts will generate maximum consumer response, and then guarantees achievement of agreed upon performance targets.

Conan the Installer: In case you missed Thanksgiving night's ep of "Conan" on TBS, here's a link to a funny clip featuring Conan O'Brien training as an installer for Time Warner Cable: <http://www.facebook.com/timewarnercable?v=wall>. O'Brien made the trip to TWC's Van Nuys facility, where trainer Don Tiney showed him the ropes (and pole). "Conan" ranked as the #1 talk show during its 2nd week (Nov 11-15) among 18-34s (822K) and 18-49 (1.292mln) based on Live

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+ Same Day late-night data. Week 2 averaged 1.72mln viewers overall.

Ratings: The series premiere of "Bridalplasty" on E! notched a .71 HH rating and nearly 900K total viewers, a 16% and 20% uptick, respectively, over E!'s prior 4-week norm. -- **NFL Net** continues to score with "Thursday Night Football," which averaged 7.1mln viewers on Thanksgiving Day for the Jets-Bengals to set a record for the day. Through 3 live games the net's averaging 5.9mln viewers, up 37% YOY and on pace for a historical high.

Programming: Retirement Living debuts new doc series "Sunset Daze," Dec 8, following the lives of a group of seniors who are "more likely to get a tattoo than an Early Bird Special." -- **G4** will continue as the official broadcaster of video game and tech trade show E3 through '13. -- A show featuring *Dr. Drew Pinsky* will join **HLN's** prime programming slate in the spring.

People: Former **Discovery Channel** pres/gm *John Ford* joined **ION Media Nets** as pres, programming. Ford, who will oversee all aspects of **ION TV's** content activities, including acquisitions and creative strategy, left Discovery late last year during a widespread reorg. -- *Patrick Butler*, former svp of the **Washington Post Co**, was named pres, CEO of the **Assoc of Public TV Stations**, effective Jan 1.

CableFAX Daily Stockwatch

Company	11/29 Close	1-Day Ch	Company	11/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	41.53	(0.34)	ARRIS GROUP:	10.25	(0.03)
DISH:	18.47	(0.2)	AVID TECH:	15.79	(0.16)
DISNEY:	36.42	(0.28)	BIGBAND:	3.00	0.01
GE:	15.97	0.17	BLNDER TONGUE:	2.15	UNCH
NEWS CORP:	15.54	(0.11)	BROADCOM:	45.07	0.12
MSOS					
CABLEVISION:	31.43	0.11	CISCO:	19.44	(0.05)
CHARTER:	34.09	(0.81)	CLEARWIRE:	6.94	0.07
COMCAST:	20.21	(0.01)	COMMSCOPE:	31.66	0.01
COMCAST SPCL:	19.10	(0.03)	CONCURRENT:	4.87	(0.15)
GCI:	11.75	0.72	CONVERGYS:	13.01	0.26
KNOLGY:	14.90	0.07	CSG SYSTEMS:	19.12	0.02
LIBERTY CAPITAL:	58.14	(0.22)	ECHOSTAR:	20.21	(0.57)
LIBERTY GLOBAL:	36.32	(0.34)	GOOGLE:	582.11	(7.89)
LIBERTY INT:	15.76	0.14	HARMONIC:	6.76	0.03
MEDIACOM:	8.47	0.02	INTEL:	21.33	(0.01)
SHAW COMM:	20.37	0.10	JDSU:	12.08	(0.26)
TIME WARNER CABLE:	61.57	0.28	LEVEL 3:	1.00	0.02
VIRGIN MEDIA:	25.73	0.13	MICROSOFT:	25.31	0.06
WASH POST:	382.03	1.40	MOTOROLA:	7.77	(0.05)
PROGRAMMING					
CBS:	16.40	(0.05)	RENTRAK:	26.72	0.59
CROWN:	2.88	0.07	SEACHANGE:	8.24	(0.03)
DISCOVERY:	41.44	(0.69)	SONY:	35.00	0.42
GRUPO TELEVISA:	23.07	(0.11)	SPRINT NEXTEL:	3.92	(0.01)
HSN:	28.28	0.09	THOMAS & BETTS:	44.70	(0.11)
INTERACTIVE CORP:	28.39	0.31	TIVO:	8.37	0.01
LIBERTY:	37.66	0.12	TOLLGRADE:	8.48	0.02
LIBERTY STARZ:	62.34	0.05	UNIVERSAL ELEC:	27.80	(0.12)
LIONSGATE:	7.44	UNCH	VONAGE:	2.44	(0.06)
LODGENET:	3.23	0.01	YAHOO:	16.38	0.16
NEW FRONTIER:	1.95	UNCH	TELCOS		
OUTDOOR:	6.60	0.39	AT&T:	27.70	(0.23)
PLAYBOY:	4.94	(0.01)	QWEST:	6.97	0.02
SCRIPPS INT:	51.54	(0.95)	VERIZON:	31.90	(0.31)
TIME WARNER:	29.90	(0.41)	MARKET INDICES		
VALUEVISION:	3.47	0.04	DOW:	11052.49	(39.51)
VIACOM:	43.30	(0.69)	NASDAQ:	2525.22	(9.34)
WWE:	14.02	UNCH	S&P 500:	1187.76	(1.64)
TECHNOLOGY					
ADC:	12.71	UNCH			
ADVANTAGE:	3.34	-0.00			
ALCATEL LUCENT:	2.77	(0.07)			
AMDOCS:	26.13	(0.17)			
AMPHENOL:	50.61	(0.03)			
AOL:	24.19	(0.48)			
APPLE:	316.87	1.87			

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EYE ON ADVERTISING

Honey Bunches of Bits

Fresh after last week's news that they'll collaborate to create a comedy series to be available via Bitbop, **Fox Mobile Group's** burgeoning mobile TV service, **Post Foods LLC** and FMG executives discuss the details of the partnership with contributor *Cathy Applefeld Olson*. "Honey and Joy," based on the ad campaign for Post's Honey Bunches of Oats that features company employees, is slated to debut next April. Post director of media *Jennifer Mennes* and FMG VP of marketing *Reid Genauer*, explain what they hope to get out of the collaboration and how they'll measure its success.

Post conducted a Web series for Shredded Wheat not too long ago. What did you learn from that experience?

JM: You need to find the audience who is living in that space, and find that right hook that brings it back to the brand. Don't be funny for the sake of funny. With Honey Bunches of Oats, we have a very iconic advertising campaign that includes our actual employees, and we wanted to bring those stories to life to get them to become brand advocates on our behalf, to share it with their friends and pass on the positivity.

Similarly, Fox Mobile created the "Brainstorm" series with Altoids. What do you seek in the Post Foods deal?

RG: You see a lot of content created for the web that is pretty ho-hum, or conversely is so outrageous it's clear they're just going on a wing and a prayer that it'll get noticed and go viral. But there is someplace in the middle, which is what we are striving for, where there is implicitly good content, branded content, with a built-in distribution mechanism.

Did this new partnership grow from other existing advertising relationships between Fox/News Corp and Post?

JM: This is not part of a larger program we are doing with Fox. It's definitely its own thing. We're basically help-

ing them launch their Bitbop service via our packaging—they'll be noted on 10 million [cereal] boxes—and they are helping us with the development of the series.

RG: Those larger relationships can help facilitate a deal, or they can also at times complicate matters. In this case, it was the Post marketing team talking directly to the Fox Mobile business development and creative teams. It was clean—both sides are here to make it happen. Where things get muddy is when you try to mix metaphors and make an ad sale into a partnership or vice versa. My experience has been that business development deals are best served as genuine partnerships, and the exchange of media and ad dollars are best left as a separate silo. There are lots of examples that as part of an ad package you get some sort of interactive media as an ad-on, but at its core that's still an ad sale. And at the core of this deal, it's a partnership.

How will you judge the success of the collaboration?

JM: Once the program launches on mobile devices, after a certain time we can use those assets within our Facebook page and within our Website, and we'll be able to identify how many people have been forwarded from the series, all those viral metrics, and also how many people have downloaded the series or are requesting more information about it within Bitbop.

RG: The first metric of success is that the partner is happy with the outcome—that they feel good about the content, that it resonates with consumers and is distributed broadly enough. Second is the distribution of and awareness for our Bitbop application. We are helping create high-quality content, and we'll help you distribute it, and in return we are getting awareness with the consumer. The third thing would be our ability to refine our process both creatively and technologically in order to make these things happen on an ongoing basis.

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



CableFAX

100
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December 9, 2010
Luncheon
12:00 – 2:30pm
Grand Hyatt, NYC

Join us for the CableFAX 100 Luncheon, as we salute the cable leaders, pioneers, influencers, out of the box thinkers and rainmakers. This must-attend industry event showcases the "who's who" of the cable business and will honor the CableFAX 100 and The Regional Top Players.

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