

CableFAX Daily™

Friday — December 10, 2010

What the Industry Reads First

Volume 21 / No. 238

Net Neutrality: Kerry Urges FCC Dems Support of Chmn's Proposal

Sen Communications subcmte chmn *John Kerry* (D-MA) is asking **FCC** Democratic commissioners to back the chmn's net neutrality plan, which is slated for a vote at the Dec 21 open meeting. It's clear the Republicans won't vote for the plan, and Commissioner *Michael Copps* has made some noise about working in the coming weeks to ensure "real network neutrality." But many fear that changes to the plan, which is similar to a compromise worked out earlier this year by outgoing House Commerce chmn *Henry Waxman* (D-CA), could scuttle the whole thing. "Some advocates for what we consider to be 'the perfect' are now urging you to fight and vote against the good," Kerry wrote in a letter to Copps and fellow Dem commish *Mignon Clyburn* Thurs. "I would argue that is short sighted. While an outright ban on the ability of network owners to act as gatekeepers in any way may be what we would prefer, if the proposed rule can empower the agency, advocates, engineers, and the media to police practices that could threaten innovation or speech at the edge of the network, then we should embrace it." Kerry admitted that if he were a commissioner, his support of chmn *Julius Genachowski* would be with "some reservations," but that he would ultimately vote in favor of the item. Under Genachowski's plan, broadband providers would have to ensure network transparency, not block lawful content or non-harmful devices and prevent unreasonable discrimination of lawful Internet traffic—all while allowing for reasonable network management. Unlike the Waxman draft, the item specifically opens the door for usage-based billing and contains no 2-year sunset provision. While cable would prefer no regs, Genachowski's plan is a pretty good scenario—especially considering it's far from an original plan that would have invoked Title II. But **NCTA** has warned that it reserves the right to challenge the rules if the plan changes significantly before this month's vote. NCTA chief *Kyle McSillarow* estimated he has spent hundreds of hours on working toward a solution since early June. He told us last week that he's unsure if the order will change much before the vote, but for NCTA's part—he doesn't see much wiggle room. "For us, we spent 6 months negotiating. Out of all those meetings and negotiations, a rough consensus emerged, which I think is embedded in this proposal. And we're kind of done," McSillarow said. "I don't think you can put another 6 or 10 or 20 people in a room and come up with another document that would have as much stakeholder support across the spectrum, and include parties that heretofore had been very much at odds. I think this is the best shot of having something that moves the ball forward..."



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Deals: Hallmark's promised multi-year renewal with **NCTC** is now a reality. Under the terms of the new deal, **Hallmark Channel** and **Hallmark Movie Channel** will continue to be available to NCTC's 1K member companies. In 3Q, sub fee revenue decreased 13% to \$14mln due to the lack of agreements with **AT&T** (which stopped carrying the nets Sept 1) and **NCTC** (which has continued carrying the nets, but wasn't in contract).

Carriage: **Ovation** recently gained 2.5mln subs via **Comcast** agreements in Seattle, Boston, Detroit, Minneapolis, St Paul, Pittsburgh and New England, bringing distribution up to 43mln (+20% from this time last year). **Ovation HD** launched this fall and is currently in 4mln homes, including **Time Warner Cable** NY and NJ.

Competition: **FiOS TV** added to its lineup Spanish-language nets **Ritmoson Latino** (music and lifestyle), **Ban-damax** (regional Mexican music) and **tyC Sports** (South America). The service now offers 31 Spanish-language nets available through 2 separate packages.

Pricing Patterns: **AT&T** felt a backlash when it intro'd usage-based pricing for its wireless data plans this past summer, but now UBP is becoming more commonplace and figures to become even more so as bandwidth consumption escalates. It may migrate to wired data too even if **Comcast Cable** pres Neil Smit said this week no such plans are imminent for the MSO because consumption "isn't a significant problem." Remember that **Time Warner Cable** had plans last year to trial consumption-based broadband pricing only to scuttle the plans after a public outcry. Comcast and **Suddenlink** now offer usage meters in certain markets allowing customers to track their usage (CMCSA caps usage at 250GB/month). Also this week, **Sanford Bernstein's** *Craig Moffet* said "the importance of the **FCC's** stance endorsing usage-based pricing, as articulated in their new Net Neutrality order, can't be overstated. Usage-based pricing will preserve, and even enhance, the economics of cable's infrastructure." While customers wait to see how cable plays with UBP, many wireless data providers are firmly for or against the practice—at least for now. AT&T has said customers don't mind UBP, and **Verizon** chmn/CEO *Ivan Seidenberg* said he's completely behind it after the telco's new LTE network offers no other pricing options. "We have to hold firm... until people can see the value" in UBP, said Seidenberg this week. "We need to lead on this issue." Chief *Dan Hesse*, meanwhile, said **Sprint** has no plans to ditch unlimited data plans, and **Clearwire** CFO *Erik Prusch* is touting the company's own unlimited and cheaper mobile broadband plans as key differentiators to VZ LTE. Commenting on the pricing issue from an investment perspective, **Citadel Securities** said "Verizon's pricing posture cannot really be interpreted as too aggressive, or necessarily negative," but added that "Clearwire is probably acting prudently as a first mover... we believe it's fair to say that they're on to something with their unlimited pricing tier." From a consumer perspective, as interaction with devices is driven by both behavioral conditioning and economic conditioning, said Citadel, "if something costs more based on use, we'll probably use it less. If it's based on flat pricing, we'll probably use it more." Future adoption rates



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On being named one of CableFAX's
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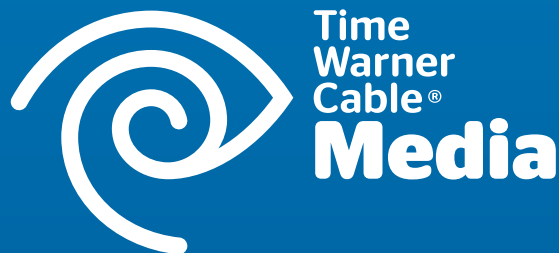
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of the services mentioned herein should inform on customers' attitudes toward various pricing models.

CableFAX 100 Lunch: Despite talk of cord-cutting and other challenges, **Bank of America Merrill Lynch's** Managing Director *Jessica Reif Cohen* said she's bullish on cable, telling attendees of the **CableFAX 100** lunch Thurs in NYC: "Everything we hear makes us feel increasingly good for 2011. If you look at a map of the world for paid TV penetration, the US is fully mature, but there are several companies ready to participate in global expansion." She said the industry's authentication efforts are key. **Canoe Ventures** CEO *David Verklin* said Madison Avenue wants better marketplace data, and that Canoe will deliver. He predicted a busy '11 as Canoe expands beyond its current RFI product and into polling/trivia and other areas. Leadership Award honoree *Tony Vinciguerra*, chmn/CEO of **Fox Networks Group**, recalled the teamwork he witnessed during all-night New Year's Eve retrans negotiations. Kudos to Vinciguerra and all of our CableFAX 100 honorees.

She's Gotta Have It: As women represented approx 30% of **ESPN's** overall prime viewership among 18-49s this fall, **espnW's** on a mission to better serve female sports fans and athletes. "Sports is second nature to women and girls, and we're tapping into that," said vp, espnW and **ESPN RISE** digital and publishing *Laura Gentile* of espnw.com, which launched Mon ahead of a more comprehensive spring rollout. "We're really serving a need to dig more deeply into sports." Using Olympics coverage as a template, the site aims to provide more context to the genre through back stories and info about the journey to success. Even armed with 2 years of research and fresh off an Oct retreat meant to gauge the interests in and desires for sports news of female sports enthusiasts, Gentile's "not sure there's one right mix for every woman." Through initial feedback, she has learned women already want forums to discuss daily issues, an international perspective, greater personalization and a movie beyond the site's current blog thrust. What she does know is females' profound interest in social media, and that it's "all about the conversation." With **Gatorade** and **Nike** as founding partners, espnW's looking to add mobile and iPad apps to further strike a chord with its target audience. "Mobile, you could argue, is their 1st screen," said Gentile of women. "It's paramount." The 5- to 10-year goal for espnW is to "really make a difference" in the lives of female sports fans.

Advertising/Marketing: **Harris Interactive's** 1st annual **Youth EquiTrend** study found that **Disney Channel** (5th) **Nickelodeon** (6th) and **Cartoon Net** (10th) ranked highly in brand equity among kids 8-12. No media companies ranked in the top 10 among 8-24s overall, 13-17's or 18-24s, groups respectively dominated by M&Ms, Reese's Peanut Butter Cups and **Google**. -- **Comcast Spotlight** and **Liquidus** inked a VOD advertising agreement with **Hotels.com** that will leverage telescoping tech to enable viewers to learn more about travel destinations. -- **MTVN Music Group** agreed to promote through brand strategy and creative **Dr Pepper Snapple Group's** national distribution of **Sun Drop** citrus soda. The campaign is the latest project of MTV's in-house creative team **MTV Scratch**.

Ratings: The season finale of **HBO's** "Boardwalk Empire" averaged 3.3mln viewers, and the series averaged a gross audience (linear plays, DVR and VOD) of 10.5mln viewers this season to become the net's largest series debut since '01. -- The season wrap of **AMC's** "The Walking Dead" delivered 6mln viewers/4mln 18-49s. With a season avg of 3.5mln 18-49s, it ranks as ad-supported cable's most-watched drama series ever in the demo. -- The premiere of **Discovery's** "Gold Rush: Alaska" earned 2.03mln viewers and a 1.54 HH rating, the net's highest-rated series bow since '05 in those metrics

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and several others.

Honors: Cable dominated drama and new series categories in nominations for the **Writers Guild Awards** to be presented Feb 5. **HBO** and **AMC** each earned 3 nods in the 2 categories while **Showtime**, **FX** and **TNT** earned 1 a piece of the 10 total. AMC's also up for 3 episodic drama awards, HBO and Showtime swept the long-form categories and **Comedy Central** received 5 total noms. -- **NY Women in Film & TV** honored **AETN** pres/CEO **Abbe Raven** with a **Muse Award** Thurs for outstanding vision and achievement in the film, TV and new media industries. -- Of the more than 400 reality shows that hit American TV in the past year, **A&E's** "Dog the Bounty Hunter" had the most loyal voters in **Reality Rocks Expo's** list of 75 most popular shows in the genre. Cable series represented approx 65% of the list.

People: **Showtime** svp, original prod **Danielle Gelber** is leaving the premium net, according to *The Hollywood Reporter*, which says the decision to leave was hers. -- Congrats to **Cox** vet **David Grabert** who is moving to NY to become **Canoe's** vp, marketing comm effective Jan 3. He replaces **Dana Runnells**, who left Canoe last month to carve out a new life for herself in Bermuda. Best of luck to Runnells, and we hope our paths will cross again. -- **Amy Lambrecht** was named assoc vp, resource dev for **WICT**. She had been chief dev exec for George Mason's College of Humanities & Social Sciences.

CableFAX Daily Stockwatch

Company	12/09 Close	1-Day Ch	Company	12/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	40.14	0.09	ARRIS GROUP:	10.60	0.04
DISH:	18.68	0.01	AVID TECH:	17.47	(0.11)
DISNEY:	36.74	0.17	BIGBAND:	2.90	UNCH
GE:	17.13	0.09	BLNDER TONGUE:	2.15	(0.02)
NEWS CORP:	16.07	(0.03)	BROADCOM:	45.91	(0.33)
MSOS					
CABLEVISION:	33.36	0.06	CISCO:	19.70	0.35
CHARTER:	35.68	(0.24)	CLEARWIRE:	6.13	(0.03)
COMCAST:	20.85	0.06	COMMSCOPE:	31.27	(0.03)
COMCAST SPCL:	19.71	0.04	CONCURRENT:	4.72	(0.01)
GCI:	12.24	0.17	CONVERGYS:	13.26	(0.17)
KNOLLOGY:	15.75	0.20	CSG SYSTEMS:	19.11	(0.18)
LIBERTY CAPITAL:	61.15	1.17	ECHOSTAR:	20.62	0.12
LIBERTY GLOBAL:	36.58	0.30	GOOGLE:	591.50	0.96
LIBERTY INT:	15.99	0.01	HARMONIC:	7.05	(0.04)
MEDIACOM:	8.50	UNCH	INTEL:	21.81	(0.01)
SHAW COMM:	20.24	(0.16)	JDSU:	13.47	0.47
TIME WARNER CABLE:	66.11	0.57	LEVEL 3:	0.98	0.01
VIRGIN MEDIA:	27.30	0.20	MICROSOFT:	27.08	(0.15)
WASH POST:	401.39	5.39	MOTOROLA:	8.34	0.10
PROGRAMMING					
CBS:	17.98	UNCH	RENTRAK:	28.55	1.36
CROWN:	2.58	(0.04)	SEACHANGE:	8.37	(0.07)
DISCOVERY:	42.43	(0.26)	SONY:	36.20	(0.16)
GRUPO TELEvisa:	24.56	0.26	SPRINT NEXTEL:	4.15	0.03
HSN:	30.63	(0.09)	THOMAS & BETTS:	48.47	0.30
INTERACTIVE CORP:	30.04	(0.14)	TIVO:	8.30	(0.2)
LIBERTY:	38.47	0.13	TOLLGRADE:	8.51	0.05
LIBERTY STARZ:	64.34	(0.76)	UNIVERSAL ELEC:	28.57	0.20
LIONSGATE:	7.36	0.05	VONAGE:	2.32	0.04
LODGENET:	3.95	0.01	YAHOO:	16.95	(0.07)
NEW FRONTIER:	1.81	0.07	TELCOS		
OUTDOOR:	7.16	0.16	AT&T:	28.82	0.19
PLAYBOY:	4.94	0.01	QWEST:	7.23	0.14
SCRIPPS INT:	52.36	(0.17)	VERIZON:	33.56	0.58
TIME WARNER:	31.39	(0.02)	MARKET INDICES		
VALUEVISION:	3.99	0.28	DOW:	11370.06	(2.42)
VIACOM:	45.77	0.03	NASDAQ:	2616.67	7.51
WWE:	14.36	0.11	S&P 500:	1233.00	4.72
TECHNOLOGY					
ADC:	12.74	UNCH			
ADDVANTAGE:	3.78	0.11			
ALCATEL LUCENT:	3.00	0.03			
AMDOCS:	27.27	(0.03)			
AMPHENOL:	53.18	0.60			
AOL:	25.43	0.23			
APPLE:	319.76	(1.25)			



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