

CableFAX Daily™

Wednesday — December 19, 2012

What the Industry Reads First

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Distributors' Ax: Time Warner Cable Plans to Drop Ovation Dec 31

Less than 2 weeks after **Time Warner Cable** CEO *Glenn Britt* said at an investor conference that the MSO would drop what it claimed were underperforming cable nets when their contracts expire, **Ovation** became the 1st network to get the ax notice. The op informed Ovation that it plans to drop the arts network when the current contract expires at midnight on Dec 31. In a statement, the op said 3 of the factors it looks at are "unique content, cost and viewership." It claimed Ovation is "among the poorest performing networks," and is viewed by less than 1% of our customers on any given day. The MSO said it paid more than \$10mln in carriage fees to Ovation over the past few years. In terms of content, the MSO minced no words in questioning Ovation's arts designation. Specifically, "one 7-day period in November 2012 shows that 70% of their schedule was old movies that are repeated, numerous repeats of the **PBS** show *Antique Road Show*, Infomercials that are unrelated to the arts, and repeats of TV shows from broadcast networks," TWC said. "We regret that the economics of the pay television industry have come to this, but we can no longer burden our customers with costs for low-performing networks. Just as broadcast and cable networks make decisions to cancel or move shows that fail to perform, we are obliged to make the same decisions with networks," it said. Ovation countered that TWC's main rationale for dropping is economics and the growing cost of programming, said evp, content distribution *Brad Samuels* in an interview. However, the op is investing huge amounts in sports programming while limiting their subs' viewing options by cutting the only arts net in the lineup. Ovation's programming cost increase is "extremely moderate," and cost has never been a problem in contract negotiations, Samuels said. He noted that TWC serves important culturally active cities like NYC and LA. The network has funded arts advocacy programs since '07, and a substantial amount of the funding has benefitted TWC communities, the network said in a release, arguing that TWC's decision to remove Ovation will have an adverse impact on these programs. Meanwhile, Ovation has grown from 5 to 51mln homes in 6 years, CEO *Charles Segars* said in a statement. Thanks to the network's investment last year in original programming, it gained 55% more audience, making Ovation the 4th fastest-growing network, he said, citing Nielsen data. "Ultimately, we hope that Time Warner Cable will see the value our other affiliate partners see in Ovation and will reconsider their decision," Samuels said. Nonetheless, "we are prepared to move forward without their carriage," he said. The network is "in great shape" in terms of its relationship with

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- Regional/Local Programmers
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- Best Content Marketing/PR
- Best Portal Site (Distributor)
- Best Portal Site (Programmer)
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- Best TV Everywhere/Authentication App (Programmer)
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- Cable Network - Small and Mid-Size (Fewer than 50mln subs)
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distributors, he said. For other nets on TWC, here's the op's message: "If a channel's cost is too high relative to its popularity and viewer appeal, then we may discontinue carriage or move it to another tier."

HRTS Notebook: Digital content gurus gathered in L.A. for **HRTS'** monthly luncheon didn't necessarily break new ground Tues (More eyeballs will go online in the coming years. Check), but the warnings about disaggregation seem to be getting more dire. "Network ratings—whether broadcast or cable—will be shredded within 5 years," said former **Yahoo!** CEO **Ross Levinsohn**. He said advertisers will eventually be won over by a combination of global scale and micro-targeted audiences online. "They can't spend enough on digital video right now," he said. While that may sound ominous for traditional linear nets, fear not, said panelists, who predicted traditional TV players will simply acquire more online entities or start their own. **Machinima** chmn/CEO **Allen DeBevoise** said online outlets are even becoming development and promo platforms for traditional nets. Interestingly, the lunch began with a spoof video centered around people sharing passwords for **HBO Go**—the ultimate joke being that everyone's borrowing a single password owned by, you guessed it... Tony Soprano.

COPPA Complaint: Citing violation of online privacy rules, the **Center for Digital Democracy** filed a complaint at the **FTC** asking the agency to examine and take action against **Nick** and mobile game developer **PlayFirst** for "deceptive marketing" of the **SpongeBob Diner Dash** game. The companies claimed the app's data collection complies with COPPA when in fact it's not, CDD said. "We made aware of this complaint from press reports," and "we are currently investigating it," said a **Nick** spokesman. The companies pulled the app temporarily "while we investigate the complaint."

Nielsen Doings: **Nielsen** agreed to acquire international media and marketing research firm **Arbitron** for about \$1.26bln. The deal was approved by boards of both companies and is subject to regulatory review. With **Arbitron** assets, **Nielsen** intends to further expand its "Watch" segment's audience measurement across screens and forms of listening. "These integrated, innovative capabilities will enable broader measurement of consumer media behavior in more markets around the world," said **Steve Hasker**, pres, **Nielsen Global Media Products and Advertiser Solutions**.

On the Hill: The **FTC** will unveil its update to COPPA Wed during an event on Capitol Hill. Sen Commerce Committee chmn **Jay Rockefeller** (D-WV) will join with FTC chmn **John Leibowitz** to announce the new regulations.

At the Portals: The **FCC** late Mon issued its order allowing **DISH** to use 40 MHz of MSS/satellite frequencies for terrestrial purposes subject to stricter power/emissions restrictions to protect the H block from harmful interference, along with certain build-out conditions. As expected, the agency rejected **DISH's** proposals to ease the restrictions, and it proposed auctioning the H block in '13. The action is a "strategic victory for **DISH**, opening the door to entering mobile broadband or at least reaping spectrum benefit," **Stifel Nicolaus** analysts said.

TVE: **DirecTV** added more than 30 new nets to its TVE platform, allowing anytime, anywhere access to shows from nets like **A&E**, **Scripps Networks Interactive**, **Showtime** and **Viacom** nets. Subs can watch the shows from their iPad, iPhone, iPod Touch or Android devices for free. **DirecTV** expanded its live in-home streaming lineup to over 60 channels.

Launch Pad: **Cox** launched its personalized viewing recommendations for individual members of TV households, as part of its new Trio Program guide. The service is enabled by **ThinkAnalytics**. The updated Trio Program Guide debuted in select **Cox** markets in late Nov and will be deployed to **Cox's** entire footprint by the end of the month. The upgrade is free to existing **Cox Advanced TV Plus** customers. -- **XBox** added another 49 live **Verizon FiOS** TV channels to the lineup for a total of 75. The new lineup includes channels like **AMC HD**, **NFL Network**, **Disney HD** and **History Channel HD**.

Sports Deals: **ESPN** and the **NFL Players Association** reached a multi-year agreement for the **NFLPA Collegiate Bowl**, a college all-star game featuring top draft-eligible seniors. The '13 **NFLPA Collegiate Bowl** will be televised live on **ESPN2** and be available via **WatchESPN** on Jan 19.

Ratings: **Hallmark Channel's** "Countdown to Christmas" original holiday movies averaged a 2.6 HH rating and reached more than 21.1mln viewers. They elevated the net to average a 2.3 HH rating for weekend prime time, ranking #1 in HH rating and #1 in 25-43 from Nov 3 and Dec 16. During the holiday, 5 of the 12 original movies ranked as the #1 cable program of the day. Overall, the net's holiday programming this year drew 56.3mln viewers to-date. -- **Lifetime** is expected to increase 4% among total viewers in '12 vs. '11, its strongest growth in 7 years.

Programming: **The Weather Channel** greenlit new series "Hacking the Planet" which tracks the work of scientists

BUSINESS & FINANCE

developing ways to prevent, weaken or redirect threatening weather conditions and natural phenomena like tornadoes, hurricanes and earthquakes. The 6x30-min ep series will premiere Feb 28 at 9pm. – **Discovery Channel** series “Property Wars” will return Jan 10 at 10pm. – In light of the Connecticut elementary school shooting, **Current TV** will air *Michael Moore’s* documentary “Bowling for Columbine” Dec 21 at 6pm, followed by a special airing of documentary “Guns in America” at 8:30pm. – **Science Channel** will debut new genre-bending series “Stuff You Should Know” Jan 19 at 10pm.

Obituary: As the TV industry mourned the passing of Sen *Daniel Inouye* (D-HI), 88, **NAB’s Gordon Smith** echoed others in saying “there was no finer gentleman in politics.” Inouye was involved in myriad communications issues over the years, including the retrans consent provisions in the ’92 Cable Act.

People: **Halogen TV** founder/gm *Becky Henderson* will continue in her role as evp, marketing for Halogen parent **INSP. Participant Media** is combining the **Documentary Channel** and Halogen to launch a new network in ’13 (*Cfax*, 12/18). -- **Cable One** upped svp/chief operations officer *Julie Laulis* to chief operating officer.

Business & Finance: **Discovery Communications** will lead a new investment round in **Grockit**, a social learning firm.

CableFAX Daily Stockwatch

Company	12/18 Close	1-Day Ch	Company	12/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	51.84	1.28	CONVERGYS:	16.65	0.22
DISH:	35.79	(0.43)	CSG SYSTEMS:	18.89	0.58
DISNEY:	50.22	0.94	ECHOSTAR:	34.37	0.70
GE:	21.69	(0.24)	GOOGLE:	721.07	0.29
NEWS CORP:	26.14	0.39	HARMONIC:	4.98	0.06
MSOS					
CABLEVISION:	15.06	0.17	INTEL:	20.96	0.39
CHARTER:	74.14	3.36	JDSU:	13.19	0.57
COMCAST:	38.05	0.52	LEVEL 3:	22.99	1.28
COMCAST SPCL:	36.66	0.42	MICROSOFT:	27.56	0.47
GCI:	9.68	0.31	RENTRAK:	21.00	0.77
LIBERTY GLOBAL:	62.74	1.11	SEACHANGE:	9.71	(0.16)
LIBERTY INT:	19.66	0.32	SONY:	11.12	0.12
SHAW COMM:	22.92	0.20	SPRINT NEXTEL:	5.53	(0.03)
TIME WARNER CABLE:	96.27	0.34	TIVO:	12.75	UNCH
VIRGIN MEDIA:	36.48	0.28	UNIVERSAL ELEC:	18.58	0.47
WASH POST:	372.47	3.86	VONAGE:	2.40	UNCH
PROGRAMMING					
AMC NETWORKS:	50.60	(0.49)	YAHOO:	19.62	(0.07)
CBS:	36.40	0.67	TELCOS		
CROWN:	1.87	0.01	AT&T:	34.34	0.11
DISCOVERY:	63.61	1.40	VERIZON:	43.87	(0.25)
GRUPO TELEVISA:	26.08	0.50	MARKET INDICES		
HSN:	55.01	0.71	DOW:	13350.96	115.57
INTERACTIVE CORP:	46.70	0.72	NASDAQ:	3054.53	43.93
LIONSGATE:	15.85	0.17	S&P 500:	1446.79	16.43
LODGENET:	0.10	0.01			
OUTDOOR:	7.50	0.05			
SCRIPPS INT:	59.20	0.65			
TIME WARNER:	48.15	0.21			
VALUEVISION:	1.73	0.02			
VIACOM:	54.33	0.34			
WWE:	8.14	0.06			
TECHNOLOGY					
ADVANTAGE:	1.95	(0.07)			
ALCATEL LUCENT:	1.38	0.06			
AMDOCS:	34.94	0.54			
AMPHENOL:	64.69	0.93			
AOL:	30.87	(0.07)			
APPLE:	533.90	15.07			
ARRIS GROUP:	14.58	0.33			
AVID TECH:	7.45	0.15			
BLNDER TONGUE:	1.15	0.05			
BROADCOM:	33.47	0.97			
CISCO:	20.38	0.27			
CLEARWIRE:	2.87	(0.04)			
CONCURRENT:	5.95	(0.25)			

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