

CableFAX Daily™

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What the Industry Reads First

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St. Louis News: At our deadline, in a bold and decidedly shrewd maneuver that may surprise many in the industry, **Charter Comm** announced *Tom Rutledge* will take over for *Mike Lovett* as pres/CEO effective Feb 13. Rutledge, after his announced departure from **Cablevision** made waves last week, will also join Charter's board. "Tom is a highly accomplished executive with a long track record of success. He has the rare combination of operational expertise and strategic vision to lead Charter through its promising next phase of growth," said Charter chmn *Eric Zinterhofer* in a release. "I am honored to have been chosen for this role and look forward to working with the Charter team to provide superior products and services to our customers, create an exciting work environment for our employees and build continued value for our shareholders," said Rutledge, who joined Zinterhofer in tipping his cap to the recent work of Lovett and his team. Lovett endorsed the board's choice for Charter's corner office, saying he's "confident that I will be leaving Charter in excellent hands, poised for great success in the future." While many analysts lament Cablevision's lack of significant growth opportunities and downgraded the MSO due to Rutledge's departure, expect Charter shares to receive a boost on the company's landing of a top industry talent.

Go Time: TWC and Cablevision Ready to Launch HBO on the Road

The **HBO Go** holdouts finally signed on the dotted line, with **Cablevision** announcing a deal Mon just 3 days after **Time Warner Cable** wrapped up its own. It sounds like TWC HBO and/or **Cinemax** subs will get the service 1st, with the MSO planning a brief beta trial before a launch to all customers who subscribe to the premium services in the next month. Cablevision said it expects to offer the services in the next few months. With HBO Go and MAX Go, customers who subscribe to the premium nets get free, unlimited access to the corresponding online services at any time on any computer with a high-speed connection, as well as on iPad, iPhone, iPod touch and select Android devices. HBO Go offers more than 1400 titles online, while MAX Go has more than 400. The free part is noteworthy for CVC customers, who currently must pay \$5 month each for HBO VOD and Cinemax VOD. Subscribers to the nets can view live streams of HBO through CVC's iPad app for free, however. "Given the success and popularity of our own Optimum App, we know our customers want the flexibility to watch the programming they receive as part of their cable television service in new ways, on a variety of devices, so we are very pleased to have reached agreement to offer HBO GO and MAX

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GO to our digital cable customers,” said *John Trierweiler*, Cablevision evp, product mgmt. One analyst views TWC’s HBO Go deal as a positive for **Starz**, with **Collins Stewart’s Thomas Eagan** saying he expects the MSO to now focus on a renewal for Starz with HBO Go at last out of the way. (Seriously, how many times have we heard HBO Go coming soon to TWC over the past few months?). “To us, a TWC renewal is important because it would help to reinvigorate Starz subscriber growth which ebbed in 3Q11,” Eagan wrote in a note to clients.

Hanging Up: Ding dong, the **AT&T-T-Mobile** deal is officially dead. In a move that surprised no one, AT&T Mon withdrew its \$39bln bid for T-Mobile. The deal, announced in Mar, faced a lawsuit by the **DOJ** and an uphill battle at the **FCC**. AT&T will take a pre-tax charge of \$4bln for the break-up. Additionally, AT&T will enter a roaming agreement with Deutsche Telekom.

Saltiness: MSG’s endured a couple of big losses in recent weeks, including an appellate court’s denial of **Cablevision’s** attempt to prevent carriage of **MSG/MSG+** on **FIOS TV** and **U-verse TV** (*Cfax*, 12/15) and the erasure of 16 **NY Knicks** games. Now, **Time Warner Cable** and MSG Nets are engaged in carriage brinkmanship ahead of a Dec 31 deadline. Claiming the MSO “is not interested in conducting productive negotiations on behalf of its customers” and refuses to pay reasonable rates, MSG is suggesting customers switch providers so as not to miss games for the Knicks, **NY Rangers**, **New Jersey Devils** and **Buffalo Sabres**. TWC counters that it agreed to pay MSG Nets original asking price but was subsequently hit with an unacceptable 53% rate hike demand. Still, the MSO has pledged to keep MSG/MSG+ on the air throughout the negotiations. “While we continue to work through this issue, we are offering to continue carrying MSG/MSG+ at a 6.5% increase through the end of the 2011-2012 NBA and NHL seasons,” said TWC svp, content acquisition *Mike Angus*. “That ball is in MSG’s court, so these channels will come off only if MSG pulls the plug.” **Fuse**, however, is no longer available on TWC as of Fri because MSG is demanding carriage of the net as part of the larger deal, said the MSO, adding that just 4K customers watch the net out of 7.4mln that have access. **Needham & Company**, meanwhile, initiated coverage of MSG with a ‘buy’ rating and \$37 price, believing the Knicks and Rangers are growing at 10-12% annually and that any downward pressure on the shares due to the TWC contretemps presents a buying opportunity.

It’s All About the Spectrum: **Verizon Wireless** and **SpectrumCo** officially submitted the **FCC** paperwork for the wireless provider to buy **Comcast**, **Time Warner Cable** and **Bright House’s** spectrum venture for \$3.6bln. While groups like **Public Knowledge** are asking the FCC to closely examine associated marketing agreements with cable, Verizon said the arrangement isn’t subject to govt review. -- In other spectrum news, voluntary spectrum auctions weren’t part of the 2-month payroll tax cut extender bill passed by the Senate Sat. **Stifel Nicolaus’** take: “spectrum legislation is caught up in the vagaries of bigger political fights, but our best guess is it’ll pass early next year after some House-Senate compromises on specifics.”

Up to Speed: Beginning Jan 1, **Fox Sports Media Group** evp/exec prod *Scott Ackerson* will serve as interim pres of **Speed**. Current pres *Hunter Nickell* is leaving the net at year’s end while continuing to explore opportunities within Fox Sports Media Group. Emmy-winning Ackerson oversees all Fox Sports’ studio prod and led Fox’s **NFL** pregame show for 17 years.

Advertising/Marketing: Underscoring the recent ad softness noted by several cable execs, **Kantar Media** said ad spending on cable nets increased 6.5% from July-Sept, marking a downturn from the 9.9% gain for the year’s first 3 quarters combined in part due to curtailed spending in the auto and restaurant sectors. Spanish-language TV sizzled with +18% while national syndication posted a 14.8% rise, and broadcast managed a modest 0.2% uptick, compared to -5.7% overall from Jan-Sept. Spot TV spending fell 5.7%. Internet media fell 2.9% in 3Q, dragged down by a 14.4% decline in search spending. **AT&T**, **Comcast**, **Verizon**, **Time Warner** and **News Corp** all ranked in the top 10 for 3Q ad spending, yet they also decelerated spending during the period. Overall US ad spending rose 1.5% in 3Q. -- **Hallmark Channel** will adopt **44Doors’** mobile marketing platform to allow viewers of original movie “Christmas Comes Home to Canaan” (Sat) to scan a QR code and download a free music video from *Billy Ray Cyrus*, who stars in the movie. -- **Concurrent** was awarded a US Patent for tech enabling insertion of ad segments in network DVR, VOD and time-shifted TV content through trick files. The ad content will be presented to consumers as they control the playback of their interactive video content, such as when they are fast forwarding through a commercial break while watching time-shifted TV programming.

BUSINESS & FINANCE

Carriage: Cox is set to launch 62 new HD channels Tues in Hampton Roads, VA, including **BBC America, Investigation Discovery** and **Tennis Channel**. The market will then have access to 103 high-def channels.

In the States: Optimum Lightpath connected the 5,000th building to its all-fiber network that spans more than 4,700 route miles.

Programming: FX ordered drama pilot "The Americans," spotlighting the marriage of 2 KGB spies posing as Americans in suburban D.C. in the early 80's. -- Need some inspiration for those New Year's resolutions?

Halogen will air the first 10 eps of Season 1 of "The Biggest Loser" Jan 1, starting at 10am ET. -- **TV Guide Network** specials "Hollywood Moms Night" and "Wilson Phillips: Still Holding On" have been picked up as series set to premiere in Mar and Apr, respectively.

People: Rob McCall joined **Scripps Nets Interactive** from **MTVN** as vp, ad sales, Midwest region for **HGTV** and **DIY**. -- The **FCC** tapped *Hennig Schulzrinne* of Columbia and FCC Engineering Fellow since '10 as its new CTO. -- *Sean Lev* of the **Dept of Energy** was appointed **FCC** deputy gen counsel and special adviser to chmn *Julius Genachowski* on the policy implications of the transition to IP networks. -- **Pac-12 Nets** tapped *Leon Schweir* as svp, prod and ops.

CableFAX Daily Stockwatch

Company	12/19 Close	1-Day Ch	Company	12/19 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			CLEARWIRE:.....	2.03	(0.06)
DIRECTV:.....	41.68	(0.42)	CONCURRENT:.....	3.42	UNCH
DISH:.....	25.14	(0.64)	CONVERGYS:.....	12.00	(0.41)
DISNEY:.....	34.75	(0.57)	CSG SYSTEMS:.....	14.17	(0.3)
GE:.....	16.86	(0.15)	ECHOSTAR:.....	20.46	(0.26)
NEWS CORP:.....	17.33	(0.29)	GOOGLE:.....	621.83	(4.13)
MSOS			HARMONIC:.....	4.87	(0.16)
CABLEVISION:.....	13.00	0.25	INTEL:.....	23.09	(0.14)
CHARTER:.....	52.74	(1.78)	JDSU:.....	9.27	(0.26)
COMCAST:.....	22.86	(0.47)	LEVEL 3:.....	17.12	(0.49)
COMCAST SPCL:.....	22.71	(0.44)	MICROSOFT:.....	25.53	(0.47)
GCI:.....	10.17	(0.39)	MOTOROLA MOBILITY:.....	38.69	(0.01)
KNOLOGY:.....	13.80	(0.31)	RENTRAK:.....	13.23	(0.24)
LIBERTY GLOBAL:.....	38.86	(0.72)	SEACHANGE:.....	6.92	(0.26)
LIBERTY INT:.....	15.25	(0.18)	SONY:.....	16.71	(0.6)
SHAW COMM:.....	18.91	(0.12)	SPRINT NEXTEL:.....	2.16	(0.09)
TIME WARNER CABLE:.....	60.91	(1.3)	THOMAS & BETTS:.....	51.50	(1.37)
VIRGIN MEDIA:.....	20.66	(0.29)	TIVO:.....	8.83	(0.07)
WASH POST:.....	350.53	(3.26)	UNIVERSAL ELEC:.....	15.64	(0.89)
PROGRAMMING			VONAGE:.....	2.28	(0.08)
AMC NETWORKS:.....	37.00	0.51	YAHOO:.....	14.62	(0.34)
CBS:.....	24.63	(0.21)	TELCOS		
CROWN:.....	1.14	(0.03)	AT&T:.....	28.74	(0.11)
DISCOVERY:.....	39.40	(0.77)	VERIZON:.....	38.63	(0.15)
GRUPO TELEVISIA:.....	19.52	(0.55)	MARKET INDICES		
HSN:.....	35.20	(1.08)	DOW:.....	11766.26	(100.13)
INTERACTIVE CORP:.....	41.02	(0.51)	NASDAQ:.....	2523.14	(32.19)
LIONSGATE:.....	8.29	(0.1)	S&P 500:.....	1205.35	(14.31)
LODGENET:.....	2.37	(0.02)			
NEW FRONTIER:.....	1.07	(0.03)			
OUTDOOR:.....	7.01	(0.21)			
SCRIPPS INT:.....	41.19	(0.6)			
TIME WARNER:.....	33.54	(1.05)			
VALUEVISION:.....	1.80	(0.02)			
VIACOM:.....	46.13	(1.23)			
WWE:.....	9.35	(0.2)			
TECHNOLOGY					
ADDVANTAGE:.....	2.05	(0.04)			
ALCATEL LUCENT:.....	1.39	(0.09)			
AMDOCS:.....	27.35	(0.13)			
AMPHENOL:.....	41.09	(0.53)			
AOL:.....	14.04	(0.01)			
APPLE:.....	382.21	1.19			
ARRIS GROUP:.....	10.10	(0.13)			
AVID TECH:.....	8.04	0.23			
BLNDER TONGUE:.....	1.24	0.04			
BROADCOM:.....	27.74	(0.98)			
CISCO:.....	17.69	(0.25)			

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EYE ON INNOVATION

Can't We All Just Get Along?

Cable operators have always enjoyed collegial relationships with one another because their footprints don't typically overlap, so they're not direct competitors. Now, some operators are taking those friendly relationships to the next level and actually connecting their networks together for the purpose of offering bigger footprints to enterprises. The motivation is more big bucks from business services.

According to *Terry Canning*, svp, **Rogers Business Solutions**, enterprises want to work with one vendor for their telecommunications needs. "Unfortunately, businesses didn't build around the cable MSO boundaries," said Canning. "The key is to reach through to other companies' networks, especially cable companies not in our native footprint."

Rogers has 39 network-to-network interfaces (NNIs) in place today, mostly with other Canadian cablecos, but 3 or 4 are with US MSOs. "Most (Canadian) customers originate in the US," said Canning. "It allows our network operation centers to work directly with other cable companies' NOCS."

The idea of connecting fiber networks to deliver Ethernet services to businesses was actually the genesis of Ethernet exchanges such as CENX, Equinix and Telx. Ethernet exchanges broker partnerships between carriers so that members can offer Metro E services over bigger footprints. But the downside is that they're a middleman between the service provider and customer. If an enterprise has a problem, it doesn't want the Ethernet exchange and the service provider pointing fingers at each other. "Businesses want to make sure somebody is taking ownership," said Canning.

However, Ethernet exchanges will still play a role for smaller operators who need help connecting networks together.

For business services, **Comcast**, **Cox** and **Time Warner Cable** all have passed \$1 billion/year in biz services rev and are well on their way to the next billion. Historically, the desirable and low-churn business services market has been owned by the telcos. But when a cable company pro-

vides a fiber last-mile connection to a skyscraper or office campus, that opens the door to provide IP-based Ethernet voice and data to all the businesses at that location.

"It's the all boats rise scenario," said Canning. "And it's an easy sale. Everybody gets paid for the connection. It's where the next growth is. We have to interconnect to serve all."

CDN Federations



The concept of interconnection isn't just for Ethernet, it's also being explored for content delivery networks (CDNs). Cisco is running a CDN federation pilot with several global service providers.

Scott Puopolo, vp at **Cisco's** Internet Business Solutions Group, defines a CDN federation as a multi-footprint, open CDN built from resources

owned and operated by autonomous members. CDN federations will allow service providers to provide Internet-wide CDN services rather than being limited to the reach of their own networks.

Although companies such as **Akamai** and **Limelight Networks** have been providing CDN services for years to deliver web pages, video content owners and service providers are exploring CDN federations in response to the complexity of transporting video and applications. Cisco has helped complete the first CDN interconnect, cross-linking **KDDI** in Japan to **Telecom Italia**.

In the US, Comcast has built its own specialized CDN to deliver VOD content to all its systems nationwide. But company execs have been adamant, at least so far, that they're not interested in selling use of their CDN to third parties.

Nevertheless, there have been some unlikely alliances of late. TWC chief *Glenn Britt* recently told a **Communications Technology/CableFAX** audience that the MSO struck a good deal to sell its AWS spectrum to **Verizon Wireless**, even though TWC and **FIOS** are considered staunch competitors. "That's business," said Britt. "This idea that somebody is a blood enemy doesn't really work."

- Linda Hardesty

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