

CableFAX Daily™

Wednesday — December 21, 2011

What the Industry Reads First

Volume 22 / No. 245

Cloud 9: Charter's New CEO Brings New Spirit to St Louis

It may be bumpy at **Cablevision** right now, but **Charter** was riding high Tues following the announcement that *Tom Rutledge* would be joining the company (*Cfax*, 12/20). After all, we understand this isn't the 1st time Charter has tried to woo the respected cable exec, with an insider telling us the company pursued him in '05 shortly after *Carl Vogel* resigned to head **DISH** (this was before the MSO hired *Neal Smit*, now at **Comcast**). Rutledge starts part-time at Charter immediately and becomes full-time CEO in mid-Feb, with outgoing chief *Mike Lovett* helping in the transition. "A homerun for Charter," is how **UBS** titled its note to clients outlining the hire. Charter shares rose, closing up for the day 5%. **Citigroup** kept its "buy" rating on Charter and reiterated its \$71 price target. "Not only does it remove the uncertainty associated with the vacant CEO post, but Charter has probably secured one of the best cable executives in the business," said a note from *Jason Bazinet*. Under his 4-year contract, Rutledge will receive a \$2mln annual base salary with targeted bonuses of 175% of his base each calendar year (prorated for '12). He also gets equity awards for a total of 1,258,500 shares of common stock. The news for Cablevision was grayer Tues, with **BTIG** joining the chorus of downgrades. BTIG's *Rich Greenfield* lowered CVC to "neutral," saying the firm had messed up sticking to its "buy" rating. "We believe something really bad transpired between *Jim Dolan* and Tom Rutledge in recent weeks," read a BTIG blog post. "We want to know what happened..." Buzz in the industry days before Rutledge's departure was that he was unhappy and that Dolan was taking on more of an active role. The idea of Dolan taking on a meaningfully larger operational role has Greenfield uncomfortable, with the analyst citing Dolan's outside interests (**AMC Nets**, **MSG** and his band, *JD and the Straight Shots*). "We also do not really know Jim Dolan, as the company has completely shielded our access to him for years," read BTIG's blog post. "We would very much like to sit down with *Chuck* and Jim Dolan before year-end 2011, to understand what happened with Rutledge and what their plans are for Cablevision's operations in 2012." Not everyone is as freaked. Citigroup has said it thinks the market's reaction is "a touch extreme" and said there is compelling value in Cablevision's shares at these levels. On Tues, shares were virtually flat, closing up 0.08%.

Comcast-Tennis: FCC administrative law judge *Richard Sippel* ruled in **Tennis Channel's** favor in the program complaint against **Comcast**, marking the 1st time a cable op has been found to violate the rules since they were put in place

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- Advertising Campaign for a Single Program
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- Corporate Social Responsibility/ Green Campaign
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- Direct Response Marketing
- NEW:** Faith-Based Marketing
- Integrated Marketing Campaign
- Marketing Campaign
- Marketing of a New Series or Show

- Marketing of a Continuing Series
- Marketing of a Special or Documentary/Documentary Series
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- Media Relations Campaign
- Mobile Marketing Campaign
- Multicultural Marketing
- Press Kit
- Programming Stunt
- PR Stunt
- Public Affairs Campaign

- NEW:** Social Media During a Program
- Social Media Marketing
- NEW:** Sweepstakes and Games Marketing
- NEW:** Technology Vendor Marketing (Consumer)
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- Trade Show Marketing/PR
- Tchotchkey
- Video: use of video or moving image

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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 818.945.5309, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Contributor: Seth Arenstein ● Publisher: Debbie Vodenos, 301.354.1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Barbara Bauer, 301.354.1796, bbauer@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Barbara Bauer, 301.354.1796, bbauer@accessintel.com

by the Commission in '93. The ALJ found that Tennis satisfied its burden of proving that Comcast discriminated against it and unreasonably restrained its ability to compete fairly. Sippel ordered Comcast to pay a \$375K forfeiture and said it should provide the same treatment to Tennis as it does its own **Golf** and **Versus**, which are carried more broadly. "This is a long-awaited day for Tennis Channel, and a watershed moment for independent programming networks and viewers who benefit from a true diversity of voices in the American media marketplace," said Tennis chmn/CEO *Ken Solomon*. Comcast disagreed with the decision, saying it has the contractual right to distribute Tennis as it does currently (primarily on a sports tier). "This decision purports to supersede an existing contract between 2 private parties, which is unprecedented in the program carriage context," the MSO said, noting the decision is subject to review by the full Commission and then, if needed, the US Court of Appeals. Sippel's ruling explained that Comcast could opt to carry all 3 nets on broadly penetrated tiers, carry them all on sports tiers, or even drop all 3. "This mandate of non-discriminatory treatment only requires that Comcast Cable stop discriminating against Tennis Channel while favoring Golf Channel and Versus (soon to be renamed **NBC Sports**) in terms and conditions of carriage," the decision said. In July, the FCC's Enforcement Bureau recommended the ALJ find that Comcast had discriminated against Tennis and mandate carriage across broadly distributed tiers. Tennis filed the complaint in Jan '10, with Sippel holding a hearing in May. Separately, the FCC revamped program carriage rules in Aug, with an order that creates a standstill requirement and attempts to speed up the process.

In the Courts: **Sprint** sued **Time Warner Cable**, **Comcast**, **Cox** and **Cable One** for alleged infringement of 12 VoIP-related patents, the same ones Sprint asserted against **Vonage** in '07. From that dispute, Sprint netted approx \$80mln in license fees from Vonage. The MSO's "have realized the great value in this technology and have misappropriated it without Sprint's permission," said Sprint in separate complaints. The MSOs declined comment.

Retrans: Another Dec day brings more retrans blackout threats. **Allbritton** is threatening to pull stations, including DC's **WJLA ABC7**, from **Cox** Jan 1. (WJLA's Website initially said "Despite our continued negotiations with Cox, effective Jan 1, 2012, ABC7 will not be available on Cox," but was later changed to "may not be available.") Allbritton is also warning **RCN** subs they could lose stations. Meanwhile, cable continues to pin its hopes to retrans reform legislation introduced last Fri by Sen *Jim DeMint* (R-SC) and Rep *Steve Scalise* (R-LA). "We are hopeful that this bill will be a catalyst for a long-overdue dialogue on Capitol Hill about reforming outdated laws and regulations governing video programming that no longer serve the best interests of consumers, and urge the committees of jurisdiction to convene hearings to tackle this issue early next year," said **Time Warner Cable** evp, chief govt relations officer *Gail MacKinnon*.

Critical Review: The **DOJ** is investigating **Verizon's** spectrum purchase and marketing partnerships with **Comcast**, **Time Warner Cable**, **Bright House** and **Cox**, according to *Bloomberg*, which said the deals may be challenged as a restraint of trade. While the news isn't a surprise, **Stifel Nicolaus** said "it's possible the DOJ will focus more on the cross-marketing deals and the FCC will focus more on the spectrum issues, but we expect some issue overlap and agency coordination." The pair, said Stifel, could seek to restrict the VZ-cable cross-marketing plays in VZ's wireline region to promote continued competition in that space. A few weeks back, TWC chmn/pres/CEO *Glenn Britt* said cable will still view FiOS very competitively.

Still Going: **Time Warner Cable** has rejected every offer for carriage of **MSG** over the past 2 years (*Cfax*, 12/20), said MSG Media pres *Mike Bair*, adding the MSO "has grossly mischaracterized our negotiations." MSG remains willing to try and hammer out a deal, he said. TWC and MSG's contract expires Dec 31.

The Digitized Big Game: **NBC** affils appear to have lost their ace in the hole where potential early '12 retrans impass-es are concerned, with NBC and the **NFL** announcing the Super Bowl will be streamed live for the 1st time at **NBCSports.com** and **NFL.com** and through **Verizon's** NFL Mobile service. The platforms will also feature streams of NBC's coverage of a Wild Card round doubleheader (also a 1st) and the '12 Pro Bowl, all with additional camera angles, in-game highlights and live stats. NBC has been streaming its Sunday Night Football regular season games since '08.

Wireless: No longer in immediate danger of becoming the decided laggard in a 3-horse wireless race, **Sprint** is reaping near-term benefits from **AT&T/Deutsche Telekom's** decision to scuttle the **T-Mobile** deal. Shares jumped 9.26% Tues, and rumors are circulating that a Sprint-T-Mobile jv may be in the offing. Maintaining its 'buy' rating on S stock, **S&P** believes "Sprint will benefit from future potential wholesale deals as we believe T-Mobile is spectrum constrained, particularly

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for a move to LTE.” The wireless industry is in constant flux, of course, with major moves expected from a wealth of parties including AT&T and DISH to keep up with Verizon. Although it missed out on a tie-up with AT&T, T-Mobile received an enviable golden parachute. Not only does it receive a handsome \$3bln cash break-up fee, but also earns a package of AWS spectrum in 128 markets, including 12 of the top 20, plus a 7-year roaming agreement that expands its network coverage to 280mln potential customers from 230mln.

Ratings: NESN achieved a 7.7 HH rating for Mon night’s Bruins-Canadiens contest, marking the 2nd-highest rated regular season Bruins game in its history. -- The season finale of Showtime’s “Homeland” drew 1.1mln viewers for the premiere and more than 2mln for the night to establish a viewership record for a freshman showtime series. The show has averaged approx 4.2mln viewers/ep across all airings and platforms.

People: Time Warner Cable makes some people news official: Mike Angus joined the company from News Corp as svp, content acquisition. Andrew Rosenberg was upped to svp, content acquisition. Long-time cable exec Barry Rosenblum has been named svp, news and local programming at TWC. All 3 report to Melinda Witmer. -- nuvoTV hired former Warner Bros TV exec Karen Barcheski as vp, research.

CableFAX Daily Stockwatch

Company	12/20 Close	1-Day Ch	Company	12/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			CONCURRENT:3.33.....(0.09)		
DIRECTV:	43.09	1.42	CONVERGYS:	12.82	0.82
DISH:	27.46	2.32	CSG SYSTEMS:	14.77	0.60
DISNEY:	36.17	1.42	ECHOSTAR:	20.87	0.41
GE:	17.28	0.42	GOOGLE:	630.37	8.54
NEWS CORP:	17.83	0.50	HARMONIC:	5.16	0.29
MSOS			INTEL:	23.84	0.74
CABLEVISION:	13.36	0.36	JDSU:	9.90	0.64
CHARTER:	55.42	2.68	LEVEL 3:	17.60	0.48
COMCAST:	23.39	0.53	MICROSOFT:	26.02	0.49
COMCAST SPCL:	23.25	0.54	MOTOROLA MOBILITY:	38.70	0.01
GCI:	10.56	0.39	RENTRAK:	14.16	0.93
KNOLOGY:	14.03	0.23	SEACHANGE:	7.13	0.21
LIBERTY GLOBAL:	40.27	1.41	SONY:	17.31	0.60
LIBERTY INT:	15.99	0.74	SPRINT NEXTEL:	2.36	0.20
SHAW COMM:	19.20	0.29	THOMAS & BETTS:	53.50	2.00
TIME WARNER CABLE:	62.40	1.49	TIVO:	9.06	0.23
VIRGIN MEDIA:	21.10	0.44	UNIVERSAL ELEC:	16.98	1.34
WASH POST:	361.26	10.73	VONAGE:	2.31	0.03
PROGRAMMING			YAHOO:	15.11	0.49
AMC NETWORKS:	37.13	0.13	TELCOS		
CBS:	25.84	1.21	AT&T:	29.12	0.38
CROWN:	1.22	0.08	VERIZON:	39.21	0.58
DISCOVERY:	40.54	1.14	MARKET INDICES		
GRUPO TELEVISA:	20.14	0.62	DOW:	12103.58	337.32
HSN:	37.23	2.03	NASDAQ:	2603.73	80.59
INTERACTIVE CORP:	41.89	0.87	S&P 500:	1241.30	35.95
LIONSGATE:	8.18	(0.11)			
LODGENET:	2.42	0.05			
NEW FRONTIER:	1.05	(0.02)			
OUTDOOR:	7.25	0.24			
SCRIPPS INT:	42.60	1.41			
TIME WARNER:	34.72	1.18			
VALUEVISION:	1.87	0.07			
VIACOM:	49.50	3.37			
WWE:	9.74	0.39			
TECHNOLOGY					
ADVANTAGE:	2.07	0.02			
ALCATEL LUCENT:	1.58	0.19			
AMDOCS:	27.76	0.41			
AMPHENOL:	43.67	2.58			
AOL:	14.81	0.77			
APPLE:	395.95	13.74			
ARRIS GROUP:	10.56	0.46			
AVID TECH:	8.44	0.40			
BROADCOM:	29.05	1.31			
CISCO:	18.41	0.71			
CLEARWIRE:	1.88	(0.15)			

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