

# CableFAX Daily™

Thursday — December 29, 2011

What the Industry Reads First

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## In the Books: Busy 2011 Wraps This Week

Landmark industry deals and moves by the **FCC** (not to mention myriad complaints and countermeasures) come to define nearly every calendar year, and '11 was no different. For its transformational aspects, clearance of the **Comcast-NBCU** transaction ranks as our story of the year. Yes, it happened way back in Jan, but evidence of the deal's headiness can be witnessed in its inclusion among our stories of the year for '09 and '10 as well. Comcast is now larger than ever and armed with more clout than ever, with a bursting portfolio of cable nets and **NBC**—whose ongoing struggles would make for an interesting secondary chapter. Indeed, NBCU CEO *Steve Burke's* hands remain full with that turnaround narrative, although Comcast's addition of nets including **USA**, **Bravo**, **Telemundo** and **CNBC** to go along with a lucrative RSN family make for a fairy-tale asset basket. Comcast's operations are already showing marked improvement. **Time Warner Cable's** agreement to pay \$3bln in cash to acquire **Insight Comm** also ranks as a particularly notable '11 occurrence, as does **Mediacom's** Mar privatization. Both deals joined with Comcast-NBCU to offer a compelling MSO show over the past 12 months. Cable ops also played a starring role in recent pacts that will no doubt have an enduring impact on the wireless industry. The proposed \$3.6bln sale by Comcast, TWC and **Bright House** of **SpectrumCo's** 122 AWS licenses to **Verizon** both solidified the telco's leadership position in the wireless world and presented the MSOs with a positive and manageable entree into the arena after numerous trials rife with lamentable errors. **Cox's** cessation of its own wireless plans and subsequent forging of a similar deal with Verizon underscores how cable looks to have finally found the right wireless formula. The included co-marketing agreements and receipt of wholesale options down the road have big cable sitting in an enviable position. **AT&T's** withdrawal of its bid for **T-Mobile** further roiled the wireless arena, which will no doubt make annual headlines for years to come as smartphones, tablets and other mobile devices become increasingly mainstream. Charged with protecting and nurturing cable's interests as it advances headlong onto new platforms and grapples with pressing issues is *Michael Powell*, who took over as pres/CEO of **NCTA** in 1Q. The former FCC chmn is well versed in the machinations endemic to Capitol Hill and has hit the ground running in his pro-cable efforts while extolling the



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industry to take more risks amid an ever-changing operational landscape. Powell, of course, had little choice but to begin his reign apace, what with the wealth of controversial issues championed this year by the FCC and the resulting opposition. A small sampling: the Commission's open Internet rules, which took effect in Nov but remain under fire by Republicans; its **USF** and intercarrier compensation reform order that includes major USF reform steps; its divisive spectrum auction proposal; and legislative efforts to improve the FCC's operations/transparency. Comcast also created waves by hiring away commish *Meredith Atwell-Baker* from the FCC. Some of these issues and others will spill over into '12 and perhaps beyond. Cable's '11 also received definition from *Tom Rutledge's* move to **Charter** from **Cablevision** and the dissolution of **CTAM's** state chapters. And on the programming front, just last week 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 by the Commission in '93. With everything '11 brought to bear, observers of the cable industry had little choice but to act like a cat watching a tennis match.

**In the Courts:** **Viacom** filed suit in the DE Court of Chancery Tues seeking to compel the resolution accountants in its private dispute resolution process with former shareholders of **Harmonix Music Systems** "to consider arguments and evidence that were improperly excluded and to vacate the determination of the resolution accountants on the grounds of manifest error." Last week, the accountants determined the former shareholders of the **Rock Band** franchise developer are entitled to an additional \$383mln from Viacom pursuant to the company's acquisition of Harmonix in '06. Pending the outcome of the suit, VIA said the effect of the determination will be reflected in discontinued operations for the 1st fiscal quarter of '12.

**Retrans:** **Charter** reached a retrans deal with **Grant Broadcasting** for carriage beyond Dec 31 of **Fox** affils WLAX in La Crosse, WI, WEUX in Eau Claire, WI, and WZDX in Huntsville, AL. The deal also includes WAMY-MyTV in Huntsville. -- **Media General** is warning **FIOS TV** subs of Dec 31 retrans deal expirations covering **NBC** affils WFLA in Tampa and WJAR in Cranston, RI.

**Top TV:** Premium and basic nets helped cable dominate **AFI's** list of the top 10 TV programs of '11. **HBO** was recognized for "Boardwalk Empire," "Game of Thrones" and "Curb Your Enthusiasm," **FX** for "Justified" and "Louie," **Showtime** for "Homeland" and **AMC** for "Breaking Bad." Completing the list: **CBS'** "The Good Wife," **ABC's** "Modern Family" and **NBC's** "Parks and Recreation."

**Technology:** **Elemental Technologies** announced it has secured more than 100 enterprise customers since the '10 launch of its line of video solutions for multiscreen content delivery, including **Comcast**, **ESPN** and **HBO**. Elemental tripled its rev this year versus last.

**Ratings:** **ESPN** sewed up the top spot in 4Q cable prime with a 2.5/2.43mln behind the high-octane offense of **MNF**. **USA** placed 2nd with a 2.3/2.26mln, ahead of **Disney Channel** (1.9/1.89mln), **TBS** (1.7/1.69mln) and **Fox News** (1.5/1.48mln). The Dec prime results were very similar, with ESPN, USA and Disney Channel ranked in the same order while Fox News and TBS swapped placements. **Nickelodeon** managed to win the day total in 4Q, earning a 1.4/1.35mln to Disney's 1.3/1.29mln, but Disney turned the tables from 6am-11pm by scoring 2K more avg homes during the time period. USA was a close 3rd. -- Perhaps **Univision** should change its name to Macrovision after the net bested all broadcast nets Mon night among every key demo—a result that is no longer shocking, albeit not yet commonplace. Driving the win was the 2-hour conclusion of novela "La Fuerza del Destino," which delivered an avg audience of 6.2mln total viewers, 3.4mln 18-49s, 1.9mln women 18-49 and 2mln 18-34s. Following the finale and solidifying Univision's nightly victory was a special ep of "Don Francisco Presenta" that attracted more than 3.6mln P2+. -- See tomorrow's **Cfax** for a '11 ratings roundup.

**Programming:** Featuring 6 original songs, **Disney Channel's** special "Jake and the Never Land Pirates: Peter Pan Returns" (Feb 13) presents the enduring character to kids 2-7. -- **Outdoor Channel** has 9 new shows on tap for 1Q, including "Gridiron Outdoors" (Fri), featuring current and former NFLers tackling the outdoors, and "American Bird Hunter" (Sun). The slate will buttress new eps of 65 existing Outdoor series.

**Good Medicine:** "The Power of Laughter," a study conducted under the aegis of **TV Land** and preventative care

# BUSINESS & FINANCE

specialist *Dr. Lee Berk*, shows a direct correlation between guffaws and chortles and positive effects on the body and mind. TV Land went as far to say that watching sitcoms on the net can improve overall health. Key findings: people who laugh often are more likely to exercise vigorously and eat healthier, and more than 70% of people agree that laughter, as a personality trait, can create opportunities in the workplace.

**Public Affairs:** Comcast teamed with **NBC Connecticut** for a “Joy of Giving” Charity Facebook Drive that will donate \$1 to the **CT Alliance of the Boys & Girls Clubs** for every new “like” on the NBC CT Facebook page. The campaign runs through Jan 10 and will provide up to \$20K in donations.

**Obit:** *E. Stratford Smith*, who served as exec dir of **NCTA** and the org’s 1st general counsel, died Sun at age 95. In ’73, Smith was honored with the Larry Boggs Award for his contributions to the cable industry, and in ’99 was inducted into **The Cable Center’s** Hall of Fame.

**Business/Finance:** The **NY Times Company** agreed to sell its Regional Media Group to **Halifax Media Holdings** for \$143mln in cash, subject to certain adjustments. The group consists of 16 regional newspapers including the Sarasota Herald-Tribune and Star News in Wilmington, NC. The deal is expected to close in the next few weeks.

## CableFAX Daily Stockwatch

Company	12/28 Close	1-Day Ch	Company	12/28 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	42.63	(0.45)	CLEARWIRE:	1.93	(0.09)
DISH:	27.92	(0.69)	CONCURRENT:	3.35	(0.01)
DISNEY:	37.23	(0.38)	CONVERGYS:	12.48	(0.41)
GE:	17.82	(0.19)	CSG SYSTEMS:	14.25	(0.53)
NEWS CORP:	17.84	(0.39)	ECHOSTAR:	20.96	(0.44)
<b>MSOS</b>					
CABLEVISION:	14.10	(0.34)	GOOGLE:	639.39	(0.86)
CHARTER:	55.98	(0.16)	HARMONIC:	5.04	(0.14)
COMCAST:	23.46	(0.34)	INTEL:	24.23	(0.33)
COMCAST SPCL:	23.29	(0.32)	JDSU:	10.43	(0.2)
GCI:	9.41	(0.18)	LEVEL 3:	16.77	(0.46)
KNOWLOGY:	13.82	(0.28)	MICROSOFT:	25.81	(0.23)
LIBERTY GLOBAL:	40.71	(0.92)	MOTOROLA MOBILITY:	38.76	0.04
LIBERTY INT:	16.15	(0.23)	RENTRAK:	13.50	(0.33)
SHAW COMM:	19.41	(0.22)	SEACHANGE:	6.97	(0.13)
TIME WARNER CABLE:	62.17	(1.61)	SONY:	17.09	(0.69)
VIRGIN MEDIA:	20.91	(0.39)	SPRINT NEXTEL:	2.25	(0.07)
WASH POST:	373.27	(7.03)	THOMAS & BETTS:	54.08	(1.22)
<b>PROGRAMMING</b>					
AMC NETWORKS:	37.20	0.11	TIVO:	8.80	(0.36)
CBS:	26.88	(0.17)	UNIVERSAL ELEC:	16.19	(0.8)
CROWN:	1.15	(0.01)	VONAGE:	2.47	(0.06)
DISCOVERY:	40.62	0.19	YAHOO:	15.77	(0.32)
GRUPO TELEVISIA:	20.51	0.14	<b>TELCOS</b>		
HSN:	37.10	(0.49)	AT&T:	29.97	(0.07)
INTERACTIVE CORP:	42.49	(0.39)	VERIZON:	39.76	(0.23)
LIONSGATE:	8.00	(0.2)	<b>MARKET INDICES</b>		
LODGENET:	2.39	(0.14)	DOW:	12151.41	(139.94)
NEW FRONTIER:	1.03	0.01	NASDAQ:	2589.98	(35.22)
OUTDOOR:	7.20	(0.32)	S&P 500:	1249.64	(15.79)
SCRIPPS INT:	42.45	(0.46)			
TIME WARNER:	35.89	(0.09)			
VALUEVISION:	1.89	(0.08)			
VIACOM:	52.14	0.84			
WWE:	9.22	(0.12)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.00	(0.02)			
ALCATEL LUCENT:	1.52	(0.05)			
AMDOCS:	28.26	(0.4)			
AMPHENOL:	45.23	(0.6)			
AOL:	14.97	(0.49)			
APPLE:	402.82	(3.71)			
ARRIS GROUP:	10.61	0.01			
AVID TECH:	8.58	(0.39)			
BLNDER TONGUE:	1.15	(0.14)			
BROADCOM:	29.40	(0.26)			
CISCO:	18.14	(0.44)			

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## Think about that for a minute...

### Navigating the New Year

Commentary by Steve Effros

OK, so it's just the two of us. You and me. The only ones actually trying to still think about all things cable during the last few days of the year when everyone else is very sensibly ignoring the entire subject.

Last week I listed some of the questions that I knew would be explored when everyone else gets back in the groove. I invited anyone to add to the list, and I certainly heard a few anguished suggestions. Interestingly, most of them came from the engineering community which seems to be getting more and more frustrated by the idea that the policy community is creating ideas, goals, requirements and the like, which are increasingly divorced from the economic reality of the technologies they apply to.



One great example; the entire struggle going on about wireless spectrum. It is a loud, long fight and it ensnares the broadcasters, the politicians (who want to make some money by auctioning off public spectrum so they can claim they haven't raised taxes but have raised necessary revenue); the cellular folks, who rightly say that there is a severe shortage of spectrum that Congress should address but doesn't go the next step and admit that regardless of virtually anything Congress does regarding spectrum, it will still result in a shortage; and the marketers, who can always figure out something else to do with infrastructures that they don't have to pay for.

The bottom line on that one: the more the marketers push new ideas and new devices to use the spectrum, the more we will find that wireless spectrum, by itself, will not be able to sufficiently meet the ever-increasing demands. Now from a cable infrastructure standpoint, we should simply be smiling about all this. At the end of

the day customers are going to find that the "system"—whatever they think it is—that they use for their iPads, iPhones, Androids and the like will ultimately have to link into our broadband pipes. That's the whole thing about WiFi that I mentioned last week. One way or another, we are going to wind up being the "backhaul" for the network because wireless spectrum, by itself, will not be able to handle the load.

Here's another one: navigation. It's an issue I have been yelling about in this column for years. But now it's going to become a major policy issue. Start with the rumblings about Google's "search" being accused of favoring Google's own products (Google Maps, etc). This is totally understandable for a company that makes its money from advertising appended to its products. Is it, or should it be regulated? Well, you're really talking about "navigation" of the Internet. And one aspect of that navigation is going to be video. So is there going to be a brouhaha about search and navigation of television programs? Sure there will be.

Think about it. There are some folks who want the federal government to create rules for an "AllVid" platform that everyone will use with a standardized consumer device. Forget for a moment how silly that notion is, given how fast consumer devices are morphing these days. Let's just assume they actually try to do that "uniform" approach. Will it have navigation standards built in? Will it include the ability to use voice commands, or gestures? Both are likely to be competitive offerings in the next year. Will the government get in the middle of all that?

Oh, the fun we will have! Have a great New Year!

*Steve*

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