

CableFAX Daily™

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What the Industry Reads First

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Biggest Loser: Cablevision-Disney Spat Over, But Retrans Issue Goes On

Did anybody really win in the **Disney-Cablevision** spat? Most called it a draw. **Moody's** did dub Cablevision the likely victor, suggesting that Disney (like **News Corp** with **Time Warner Cable**) presumably ceded more ground than it would have liked (ie, such as doing a 1-year vs a 3-year deal) because CVC doesn't seem afraid of stations going dark. Still, the firm believes rivals (especially **FIOS**) benefited and that major broadcasters will prevail in their collective bid to build an incremental affiliate-fee revenue stream. Maybe nobody wins. "There are no winners, only losers," **Sanford Bernstein's Craig Moffett** told **Cfax**. "And chief among the losers are the customers. At the end of the day, something's got to give. The average American family doesn't have the money to fund this escalation. If the broadcasters aren't careful, the end game will be a la carte. That might work out OK for **CBS**, but the rest of the broadcasters have sibling cable channels that wouldn't be too pleased." The consumer also was top of mind at **Moody's**, with the firm declaring them ultimately the biggest losers as the pay TV companies raise prices for existing programming packages to offset the fees. The Hill has taken notice, with **Sen Commerce** subcommittee chairman **John Kerry** saying that "we must assess the roots of these broadcast disputes and ensure that the rules of the road promote resolution rather than public conflict that strips consumers of the services they rely on." The FCC was in contact with both companies during the fight, with Media Bureau chief **Bill Lake** declaring: "Consumers should not suffer due to the inability of these 2 companies to successfully negotiate a deal." Right now, Washington's interest seems to be focused on consumers losing channels. It will be up to retrans reform advocates to make the cost case. Coming up is **Time Warner Cable**, which sent an email to NY-area subs over the weekend headlined "ABC: Not at risk... yet." While it assured subs they weren't about to lose **ABC7**, it said "this Cablevision versus ABC dispute is another example of what we have to deal with every day." The missive promised to fight programmers "who request excessive price increases," but neglected to mention that TWC's contract with all things Disney—that means **ESPN**, **ABC7**, **Disney Channel**, etc—is up at the end of Aug (just in time for the start of college football). Also coming up is **Comcast-CBS** negotiations, with **Les Moonves** not shy about articulating his retrans fee wants. At last check, Cablevision and Disney O&O **ABC7** had an "agreement in principle" that the broadcast station's pres/gm said "recognizes the fair value" of the station. Cablevision said it was "pleased to welcome ABC back" after it was off the air from 12:01am ET Sun until about 8:45pm ET and said the deal is "fair to our customers and in line with our other programming agreements." There were some reports on **Twitter** that some other broadcast stations, including **NBC**, went dark briefly when **ABC7** was pulled. No word from CVC on that. The MSO did offer its entire VOD movie library free to subs Sun as an alternative to **ABC** and potentially the Oscars. The station made it back on air before the 1st award was given out, with the telecast scoring its highest rating since '05 (41.3mln viewers). Talk Mon centered on how much CVC is paying, with consensus being that it's well under \$1 (likely somewhere between 25-55 cents/sub) and the jury was out on whether the deal was finagled to include other Disney properties beyond the O&O.

More Analyst Musings: **JP Morgan** elevated **Disney** shares to 'neutral' from 'underweight' and boosted the target price by

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- **190 million people** watched the Olympics on the networks of NBC Universal, the 2nd highest reach only to Lillehammer in 1994
- **74+ million viewers** tuned in to the cable coverage on USA, CNBC and msnbc
- **#1 rated Winter Olympics** on the cable networks of NBC Universal
- **24+ million average viewers** to NBC primetime, 21% more than Torino
- **27+ million viewers** tuned in to NBC for the most-watched hockey game in 30 years—USA vs. Canada gold medal hockey game
- **8+ million viewers** tuned in to watch the USA vs. Canada hockey game on msnbc, nearly matching the best average viewership for a program on msnbc
- **1st time *American Idol* has been defeated** among households since April 15, 2004
- **835+ hours of coverage** presented during NBC Universal's record 12th Olympics broadcast
- **710 million page views** delivered to NBCOlympics.com
- 1st Winter Games presented **entirely in high definition**



Sources: Bullets 1 & 2: The Nielsen Company, NTI, P2+ %, Olympic Winter Games, 6 minute qualifier, 100% unification. Bullet 3: The Nielsen Company, NTI, P2+ %, Olympic Winter Games, 6 minute qualifier, 100% unification. Bullet 3: The Nielsen Company, NTI, L+SD, HH AA%, Prime Averages, Vancouver 2/12/10-02/28/10 vs Torino: 2/10-2/26/06 and Salt Lake City 2/8-2/24/02. Bullet 4: The Nielsen Company, NTI, L+SD, P2+(000), Prime Averages, Vancouver 2/12/10-02/28/10 vs Torino: 2/10-2/26/06. Bullet 5: The Nielsen Company, 2/28/10 3:20-6:13p, P2+(000) vs. all hockey games in the past 30 years. Bullet 6: The Nielsen Company, NH, P2+ (000), MSNBC Hockey: 2/21/10, 7:45-10p vs. all MSNBC telecasts since 2001. Bullet 7: The Nielsen Company, NTI, L+SD, HH AA %. Excludes Repeats, Best of Worst and Recap shows. Bullet 9: Data provided by Omniture

NBCOlympics.com

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2\$ to \$30. **Merrill Lynch** analyst *Jessica Reif Cohen* added the Mouse to her "US 1 High-Conviction List," citing among her reasons an ad market recovery, growth in cable distribution and broadcast retrans deals.

Credit Suisse Notebook: **Verizon** said its **LTE** trials in Boston and Seattle have demonstrated peak wireless download speeds of 40-50Mbps and avg data rates of 5-12Mbps. "We think we're in the early, early innings of what's going to happen in data," said CFO *John Killian*. "LTE represents a huge opportunity for us." Verizon continues to foresee a LTE rollout encompassing 25-30 markets and coverage of 100mln POPs by year-end. The '10 focus for wireline includes **FiOS TV** expansion and a jump start of the enterprise market as the economy recovers, he said.

Online: **Comcast SportsNet Chicago** will launch Mar 19 a free trial of live online streams of Bulls games in HD for the remainder of the season (6 games), plus any team playoff tilts. To be eligible, viewers must receive the net from a TV provider that has agreed to participate in its authentication process. A similar though fee-based service launched in Philadelphia earlier this year covering Sixers games on **CSN Philly (Cfax, 1/22)**. Initial market adoption there has been "light," said a spokesperson, yet in-line with expectations as CSN's goal this season is to intro streaming services to fans before ramping offerings next season and beyond. -- Broadband net ESPN360.com enlisted **MLBAM** to provide tech infrastructure and ops support when it becomes **ESPN3.com** early next month. New features include customizable widgets with scores, chats and schedules, more HD streaming of live events and more viewing options via picture-in-picture and split screens.

Earnings: **Insight's** full-year '09 results include a 13% rise in rev to \$981mln, 10% increase in adjusted OIBDA to \$311mln and an addition of 161K RGUs. Net adds for the year tallied 9K basic subs, 70K digital, 43K HSD and 39K phone. All service categories achieved rev YOY rev growth, although ad rev fell 13% to \$38mln. As of Dec 31, the MSO counted 716K basic customers, 509K digital, 502K HSD and 315K phone.

In the States: **CTAM** said cable's nationwide toll-free system for movers, which through (877)-9TVMove and **CableMoversHotline.com** allows subs to order new service and set-up installation, is now powered by **TARGUSinfo**, which links billions of consumer and business attributes in real time.

Complaint Dept: Of the approx 950K complaints lodged with the **Better Business Bureau** last year, more than 32K were related to pay TV (cable, satellite etc), an industry beaten in complaints only by cell phone service/equipment (36K). And while pay TV complaints repped just 3.3% of the overall total, the trend is worsening. In '08, 18K (2%) of BBB's 862K complaints regarded pay TV, ranking it 5th among industries, and in '05 pay TV ranked 16th with 8K (1%) of 756K complaints.

Intl: Set to become **Cooking Channel** in May here in the States, **Scripps Net's FLN** will launch Apr 1 across more than 60 countries in Europe, the Middle East and Africa. The net will initially gain 2.6mln homes by stepping into the distribution footprint of **Chello Zone's** women's lifestyle and ent net **Zone Club**.

Ratings: **E!'s** "Live from the Red Carpet: The 2010 Academy Awards" (6-8pm ET) garnered more than 3.5mln total viewers, up 5% YOY, while "Countdown to the Red Carpet: The 2010 Academy Awards" (2-6pm ET) attracted approximately 725K total viewers (+12%). The latter special also posted YOY gains among 18-34s (+43%) and 18-49s (+33%).

Programming: **ABC Family** scored the rights to *Tim Burton's* feature film "Alice in Wonderland" for a '12 premiere. -- **A&E's** docu-series "Fugitive Chronicles" (Apr 1) looks at recent manhunts through reconstructions, archival footage, fugitive narrative recreated from real testimony and exclusive taped interviews with law enforcement officials. -- In addition to its flagship net, **Discovery Comm's** natural history series "Life" will debut simultaneously on Mar 21 across **TLC, Animal Planet, Science Channel, Investigation Discovery, Planet Green** and **Discovery Health**.

Public Affairs: Later this month, **Charter** and global non-profit **One Economy** partner with community agencies on a pilot program to provide up to 1K St. Louis-area low-income homes with free Internet service, training and affordable tech. The MSO will provide approx \$700K in HSD service, modems and digital literacy training over a 24-month period. Similarly, **NCTA's** A+ program seeks to bring broadband to low-income middle schoolers and their families.

On the Circuit: Formerly known as American Women in Radio and TV, the newly-minted **Alliance for Women in Media** announced its '10 board slate. Included is **Discovery Channel** CFO *Kristen Welch* as treasurer-elect, and as directors-at-large **NCTA** sr dir, Web strategy *Christina Anderson* and **CNN** awards manager *Carolyn Stidham*. -- **CHTRA** is accepting nominations until Mar 31 for its Excellence in Human Resources Awards. Details at <http://www.cthra.com/awards.php>.

BUSINESS & FINANCE

WICT Calendar: WICT is updating its event format and adding new programs, emphasizing results from its PAR Initiative Executive Report while working to impact change prior to the 2011 survey on pay equity, advancement and resources. Ex-**AWRT** head *Maria Brennan* took over as WICT pres/CEO in Oct. Events on tap: "The WICT Signature Luncheon," honoring the 2009 best PAR companies for women in cable during the Cable Connection Spring week (May 11, L.A.). WICT's Leadership Conference is set for Sept 13-14 during the newly reinstated Diversity Week (Sept 13-16, NYC). During Cable Connection Fall (Oct 18-22, New Orleans), WICT will hold its "Tech It Out" breakfast panel.

People: The Weather Channel Cos tapped *Sylvia Taylor* as evp, human resources. -- **Univision Comm** named *Alina Falcon* pres, news. The ex-Univision Net evp/operating mgr will oversee news across Univision Nets, Univision TV Group and Univision Interactive Media. *Luis Fernandez* was named pres, ent, Univision Net. -- **MSG** named *Felix Ciampa* svp, government affairs. -- **Ovation** chmn and *Tennis Channel* CEO/chmn *Ken Solomon* joins the president's Committee on the Arts and the Humanities.

Business/Finance: DirecTV Holdings plans to offer, subject to market and other conditions, a benchmark size issuance of sr notes to "qualified institutional buyers" under Rule 144A of the Securities Act of '33.

CableFAX Daily Stockwatch

Company	03/08 Close	1-Day Ch	Company	03/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	33.91	(0.15)	AMPHENOL:	43.76	(0.15)
DIRECTV:	34.78	(0.17)	AOL:	25.59	(0.15)
DISH:	21.37	0.19	APPLE:	219.08	0.13
DISNEY:	33.19	(0.03)	ARRIS GROUP:	11.42	(0.01)
GE:	16.27	(0.08)	AVID TECH:	14.64	0.12
NEWS CORP:	16.71	(0.03)	BIGBAND:	3.12	0.14
MSOS					
CABLEVISION:	24.00	(0.28)	BLNDER TONGUE:	1.01	(0.04)
COMCAST:	17.56	0.13	BROADCOM:	31.46	0.31
COMCAST SPCL:	16.81	0.13	CISCO:	26.13	0.92
GCI:	5.99	0.00	CLEARWIRE:	7.69	0.92
KNOLGY:	13.12	0.31	COMMSCOPE:	27.51	0.24
LIBERTY CAPITAL:	33.00	(0.19)	CONCURRENT:	4.88	0.10
LIBERTY GLOBAL:	28.29	0.02	CONVERGYS:	12.87	(0.18)
LIBERTY INT:	13.23	(0.24)	CSG SYSTEMS:	20.72	0.02
MEDIACOM:	5.47	0.37	ECHOSTAR:	20.57	0.06
RCN:	15.13	(0.02)	GOOGLE:	562.48	(1.73)
SHAW COMM:	19.95	(0.19)	HARMONIC:	6.81	(0.01)
TIME WARNER CABLE:	49.00	0.71	INTEL:	20.77	(0.02)
VIRGIN MEDIA:	16.79	(0.19)	JDSU:	11.34	(0.08)
WASH POST:	450.53	2.10	LEVEL 3:	1.56	0.00
PROGRAMMING					
CBS:	14.71	0.06	MICROSOFT:	28.63	0.04
CROWN:	1.81	0.00	MOTOROLA:	6.91	(0.04)
DISCOVERY:	31.68	0.13	OPENTV:	1.54	(0.01)
GRUPO TELEVISA:	19.37	0.07	PHILIPS:	31.59	(0.22)
HSN:	28.59	0.69	RENTRAK:	18.48	(0.52)
INTERACTIVE CORP:	23.98	0.28	SEACHANGE:	7.66	0.03
LIBERTY:	37.54	0.04	SONY:	36.75	0.41
LIBERTY STARZ:	53.64	0.19	SPRINT NEXTEL:	3.40	0.12
LIONSGATE:	5.67	0.13	THOMAS & BETTS:	38.46	0.20
LODGENET:	6.60	(0.3)	TIVO:	17.08	(0.42)
NEW FRONTIER:	1.90	0.04	TOLLGRADE:	6.66	(0.08)
OUTDOOR:	6.30	0.10	UNIVERSAL ELEC:	22.98	(0.17)
PLAYBOY:	3.56	0.12	VONAGE:	1.47	(0.03)
RHI:	0.34	0.01	YAHOO:	16.52	0.46
SCRIPPS INT:	40.94	0.12	TELCOS		
TIME WARNER:	30.64	0.10	AT&T:	25.28	0.29
VALUEVISION:	4.35	(0.23)	QWEST:	4.70	0.04
VIACOM:	32.30	0.07	VERIZON:	29.63	0.40
WWE:	17.84	(0.11)	MARKET INDICES		
TECHNOLOGY					
3COM:	7.72	-0.00	DOW:	10552.52	(13.68)
ADC:	7.03	0.03	NASDAQ:	2332.21	5.86
ADVANTAGE:	2.24	0.01			
ALCATEL LUCENT:	3.39	(0.01)			
AMDOCS:	29.58	(0.02)			

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EYE ON ADVERTISING

A Seat At The Table

*Integrated advertising partnerships aren't just good for a one-off campaign. They can open all sorts of doors. Karen Soots, **Outback** director of media services, talks Cathy Applefeld Olson through the three-course meeting of minds that foresaw **Lifetime**'s two new deeply customized "Live Adventurous, Love Adventurous" movies—and explains why Lifetime is now on the restaurant chain's short list. And Debbie Richman, Lifetime EVP, ad sales, explains why this first-for-the-network already has become a model to help woo other clients.*

Outback has advertised on Lifetime before. Why this level of customization now?

KS: You can leave a lot of money on the table when you don't push the networks to make the added value you need. Just having a "Brought to you by Outback Steakhouse" logo gets me brand recognition, but we already have 98% recognition. We want a message that will cause people to change their perception of Outback if that perception isn't good, and get people into our restaurant because we're advertising something they need.

How did the partnership come about?

KS: We went to New York in December 2008 and met with about 30 cable networks [at buying agency Carat]. We brought up a chef, fed them from our new menu and told them we had two things we wanted to concentrate on: 15 items under \$15 on our new menu, and the new tagline, Live Adventurous. We said, 'Come back and see us with your ideas.' Each network got an hour, and this was all done well before the upfronts so when the team was ready to buy, we already knew what we wanted.

How did Lifetime break through the competition?

KS: We narrowed it down to 15 very good executions. There were some \$5 million ideas, some \$1 million ideas... Lifetime hit the nail on the head with both points we wanted to make. They named the series in a way that works for our slogan, and works for them with the "Love Adventurous" part.



What other networks' concepts appealed to you?

KS: We typically do a "Dinner And A Movie" night with TBS, and we're going to kick that up a notch and feature a chef on air. We also have a big broadcast partnership coming up. I can't say which one, but I will say it's coming up in April after their March Madness break—where our food is featured front and center in an episode of a weekly show.

What did you learn doing this level of integration?

DR: The customization aspect of our business has been growing year to year, and this was a great marriage. It's also a great selling tool for other clients. We've already started shooting a four-part series with another client [in the retail category; slated to air in late spring].

KS: Did it put 10 extra butts on seats in our restaurant? I can't tell you that. But they were easy to work with and the time lines were far enough out that no one was pressured to make a decision last-minute. And the ideas they brought to us were spot on. This year, we're only going to issue the brand briefing to the networks with ideas we know we can work with. And Lifetime will have a seat at the table. If you're the advertiser, you have to clearly say what you want and need, and take the time to project that to the networks. Then they can bring back an idea that's on target. The lines of communication among us, Lifetime and the agency were totally open.

What other integrations is Lifetime looking at?

DR: It's less about integrating into a particular show and more about creating the content around the client brand. Whether it's through vignette series like our 'know how' vignettes—which we're bringing back under a different name—it's using the client's brand and teaching about the attributes of that brand. Many of our clients are not just coming to the show but want to be identified with one of the actual stars of the network.

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