

CableFAX Daily™

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What the Industry Reads First

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Tribulations: DirecTV Takes Tribune Complaint to FCC

DirecTV felt pretty good late last week about its chances of wrapping up a retrans deal with **Tribune** before a midnight Mar 31 (Sat) deadline. But then everything changed. In a complaint filed with the **FCC** Mon, the DBS provider claims that it had reached an agreement in principle with Tribune Thurs. "The following day, however, Tribune reneged on that agreement," DirecTV told the FCC. "Tribune later confirmed that its management had been overruled by the hedge fund and investment bank creditors that hold the company's debt, including **Oaktree Partners, Angelo Gordon, JP Morgan Chase, Bank of America** and **Citibank**." Tribune sees things differently, saying it never reached agreement with DirecTV on all the terms of the contract—"not in principle, not by handshake and not on paper." "Over the course of any negotiation, parties may agree in principle on some terms and disagree on others, but it takes closure on all terms by both parties to reach an agreement," read a Tribune statement. On its Website (telldirectv.com), Tribune said DirecTV has a history of these sort of disputes, pointing to last Oct's spat with **Fox** (a deal struck at the last minute avoided drops of **FX, Speed** and other channels) and Jan's brief blackout of **Sunbeam** stations. DirecTV complained to the FCC that it had been negotiating for months with Tribune, only to learn on the eve of contract expiration that it had never been dealing with anyone who had the authority required under the FCC's good faith rules. Additionally, it complains that Tribune has not yet obtained permission to transfer control of its broadcast licenses to creditors, but has essentially granted them control of at least retrans consent negotiations. Tribune said "any intimation that our broadcast licenses have been prematurely transferred is simply false and misleading" and called the "bad faith" claims a negotiating tactic. Early Sun, some 5mln DirecTV customers in 19 cities lost 23 local stations (many Fox affils), and all of its customers lost natl cable net **WGN America**. Just because a complaint has been filed doesn't mean the FCC will respond quickly. Cordillera stations, including Corpus Christi NBC affil KRIS-TV, have been off **Time Warner Cable** since Dec 13. The broadcaster filed a petition for finding bad faith in retrans consent negotiations back in Jan, but the Commission hasn't weighed in yet. And Tribune isn't the only broadcaster DirecTV has trouble with right now. Over the weekend, **Pappas Telecasting** stations went dark in Lincoln and Omaha, NE (Fox, **ABC** and **Azteca** affils) as well as Des Moines (CW) and Yuma, AZ (CBS). DirecTV claims the broadcaster wants a deal that would more than double its annual licensing fees, with it demanding they be paid at least a year's worth of those fees in advance. Pappas said it pays **ESPN** as much as "5 times the minimum we're willing to accept" (so... that sounds like it's asking for about a buck/sub). Interesting note on KFXL's Website Mon... gm **Vincent Barresi** told viewers he understood their frustration since "I, like you, watch our stations through DirecTV." Wonder if he'll switch providers? Another interesting note comes from **Sanford Bernstein's Craig Moffett**. He pointed out Mon that Tribune is headed by former DirecTV pres **Eddy Hartenstein**. "DirecTV therefore has the great bad fortune of having to negotiate with not just one, but two of its former leaders (the other is Fox's **Chase Carey**), each of whom intricately understands DirecTV's vulnerabilities in a dispute of this kind," he said. "And the fact that the *LA Times* happens to be DirecTV's

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hometown newspaper only makes the whole thing even more fascinating.”

At Our Deadline: Cablevision and The Madison Square Garden Company said Mon that they are “actively pursuing their remedial options” against the *NY Daily News*. What prompted a fiery 350-word statement from the 2? An article titled “NY Knicks hold off on *Jeremy Lin* injury announcement until after NBA playoff ticket deadline passes.” MSG called the story completely inaccurate and a “malicious attack.” CVC said it was 1 in a long list of articles designed to provoke the companies, claiming Daily News publisher *Mortimer Zuckerman* has “engaged in a campaign of intimidation and extortion to effect a merger between [CVC-owned] *Newsday* and the Daily News.” Cablevision alleges that Zuckerman made another merger proposal at a Four Seasons lunch meeting Mar 6, saying (according to CVC and MSG) that “the bad press would end if we became joint owners.” “Shortly thereafter, the Daily News ran a full front page with [*Jim*] Dolan’s picture as a centerpiece for a skull and crossbones graphic that included the word ‘Toxic’ in bold print,” CVC said. Dolan is pres/CEO of Cablevision and exec chmn of MSG Company. “I understand that there will always be those who are critical of anyone who owns a controlling interest in three New York sports franchises. But, Mr. Zuckerman’s attempts to parlay this into a favorable arrangement for himself could not be more misguided,” Dolan said. No word from Zuckerman & Co at our deadline, but we’ll bet it’s coming.

Carriage: OWN distribution deal with **Comcast** lifts the net to 17mln Comcast homes, up from about 14mln. But the OWN news everyone was talking about Mon was *Oprah Winfrey*’s “CBS This Morning” interview in which she said, “Had I known that it was this difficult, I might have done something else.” Specifically, she said it was a mistake to launch the channel in Jan ’11—saying it wasn’t ready yet, and she wasn’t even done with her syndicated talk show at the time. As for the Comcast deal, the *WSJ* reported that Comcast would begin paying sub fees for OWN. **Discovery** said it does not discuss the nature of its agreements with distributors, but added it’s “pleased by OWN’s momentum in the marketplace and appreciate the support from our affiliate and advertiser partners who recognize the brand strength we are building in OWN.” A Discovery spokesperson pointed to double-digit 1Q ratings gains and accelerating cash flow through a restructuring that resulted in 30 people being laid off, and work with affiliate and advertising partners. -- **Disney Junior** has signed a distribution deal with **NCTC**, with individual systems set to launch the preschool channel over the next 90 days. Disney also has deals in place with **Comcast**, **Cox**, **Time Warner Cable**, **Cablevision**, **Bright House** and **Verizon**. -- **Universal Sports Net** inked multi-year deals with **BendBroadband** and **Wave Broadband**. In addition, subscribers of **Local Tel** in Spokane, WA, will also gain access to the network under a new agreement with the distributor.

Retrans: Turner’s independent Atlanta broadcasting station **Peachtree TV** has been off DISH since Jan 25. The dispute gets a renewed focus this week with **MLB**’s Opening Day upon us. **DISH** said it’s continuing to negotiate with the channel, whose Atlanta Braves coverage begins Apr 13. “We have met Peachtree’s demands on increased prices over multiple years, and we remain hopeful that we will complete the contract soon. The next step is up to Peachtree,” DISH said, urging customers to call the station.

Inside the Beltway: Advocacy group **Public Knowledge** (which sounded the alarm over **Comcast**’s Xbox Xfinity TV service) released a policy paper calling for changes in the video marketplace. It suggests the FCC rule that MVPDs can’t engage in “unfair methods of competition or deceptive acts and practices” with regards to online video distributors, and that the Commission begin a proceeding to determine which regs should apply to VODs that choose to operate as MVPDs

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themselves. Other recommendations: allow more flexibility when it comes to carrying broadcast signals (repeal distant signal and network non-duplication rules and allow MVPDs to offer broadcast-free subscriptions) and open up device competition (go the AllVid spec route).

Ratings: New series "Wicked Tuna" reeled in **Nat Geo's** highest-rated Sun night telecast since New Year's Day, averaging a 0.6 ratings among 25-54s. That's nearly double the Sun 10pm avg for the past 6 weeks.

People: **WE** appointed *Lauren Gellert*, formerly of **ION**, to svp, original prod & dev. -- **Cox** named *Ken Kraft* as vp, Cox Business marketing—a new position for the company. Kraft most recently served as exec director of channel marketing for the mid-markets business division at **AT&T**.

On the Circuit: *Dan Murphy*, svp, engineering and ops for **Comcast's** Central div, will deliver opening remarks at **SCTE** and the Georgia Tech College of Mgmt's "Management Development Program," May 7-11 in Atlanta.

Honors: **MSG** was the big winner at Sun night's NY Emmy Awards, walking away with 14 awards. **MSG Varsity** took home 5 statues, as did **YES Net**. **MSG Plus** had 2 wins, so did **SNY**. **Epix** and **NY1** each had 1 win. **News 12 Long Island** and **NJ** each had 4 wins, while **News 12 CT** took home 7 trophies and **News 12 Westchester** had 2 wins.

CableFAX Daily Stockwatch

Company	04/02 Close	1-Day Ch	Company	04/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	49.94	0.60	CLEARWIRE:	2.25	(0.04)
DISH:	33.58	0.65	CONCURRENT:	3.79	0.15
DISNEY:	43.84	0.06	CONVERGYS:	13.50	0.15
GE:	20.02	(0.05)	CSG SYSTEMS:	15.37	0.23
NEWS CORP:	20.20	0.23	ECHOSTAR:	28.14	UNCH
MSOS					
CABLEVISION:	14.63	(0.05)	GOOGLE:	646.92	5.68
CHARTER:	64.37	0.92	HARMONIC:	5.41	(0.06)
COMCAST:	30.05	0.20	INTEL:	28.38	0.27
COMCAST SPCL:	29.61	0.26	JDSU:	14.59	0.10
GCI:	8.60	(0.12)	LEVEL 3:	25.92	0.19
KNOWLOGY:	18.51	0.31	MICROSOFT:	32.29	0.04
LIBERTY GLOBAL:	50.80	0.72	MOTOROLA MOBILITY:	39.23	(0.01)
LIBERTY INT:	19.16	0.07	RENTRAK:	22.05	(0.65)
SHAW COMM:	21.59	0.44	SEACHANGE:	8.00	0.22
TIME WARNER CABLE:	81.87	0.37	SONY:	20.81	0.04
VIRGIN MEDIA:	25.48	0.50	SPRINT NEXTEL:	2.86	0.01
WASH POST:	374.15	0.58	THOMAS & BETTS:	71.90	(0.01)
PROGRAMMING					
AMC NETWORKS:	44.07	(0.56)	TIVO:	11.93	(0.06)
CBS:	33.74	(0.17)	UNIVERSAL ELEC:	20.17	0.19
CROWN:	1.60	0.01	VONAGE:	2.25	0.04
DISCOVERY:	50.99	0.39	YAHOO:	15.46	0.23
GRUPO TELEVISA:	21.73	0.65	TELCOS		
HSN:	38.22	0.19	AT&T:	31.45	0.22
INTERACTIVE CORP:	49.47	0.38	VERIZON:	38.52	0.29
LIONSGATE:	13.30	(0.62)	MARKET INDICES		
LODGENET:	3.58	0.08	DOW:	13264.49	52.45
NEW FRONTIER:	1.56	0.01	NASDAQ:	3119.70	28.13
OUTDOOR:	7.44	0.13	S&P 500:	1419.04	10.57
SCRIPPS INT:	49.42	0.73			
TIME WARNER:	37.59	(0.16)			
VALUEVISION:	2.08	0.01			
VIACOM:	51.67	(0.3)			
WWE:	8.88	0.01			
TECHNOLOGY					
ADVANTAGE:	2.45	0.06			
ALCATEL LUCENT:	2.32	0.05			
AMDOCS:	31.84	0.26			
AMPHENOL:	61.33	1.56			
AOL:	18.71	(0.26)			
APPLE:	618.63	19.08			
ARRIS GROUP:	11.27	(0.03)			
AVID TECH:	11.03	0.03			
BLNDER TONGUE:	1.35	0.13			
BROADCOM:	38.89	(0.41)			
CISCO:	21.19	0.04			

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