

CableFAX Daily™

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What the Industry Reads First

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Retrans Tutorial: Session Arms Operators for Battle

Attorney *Chris Cinnamon* opted to rename the Independent Show's "Retransmission Consent 101" panel "Retransmission Consent 505," saying that years of retrans negotiations qualified attendees for an advanced level course. Instead of operators relaying their personal retrans horror stories, Tues' session focused on what constitutes "good faith" negotiations. Since the **FCC** promulgated its good faith rules in '00, there have only been a handful of retrans complaints, with most being withdrawn. As a result, uncertainty abounds. The FCC has never addressed some issues, including how a retrans cash demand could force an operator to raise rates and in turn hinder the operator competitively, Cinnamon said. It might be hard for an operator with 70% penetration in a market to show competitive harm, but it would be easier with a smaller system or overbuilder with 50% or less of a market, he said. "We haven't seen those cases yet, but the basis for them [from FCC] language is certainly there," Cinnamon said. Without giving an opinion on whether to file complaints, he also urged ops to "think about the rights you have in individual negotiations." One deterrent to bringing retrans complaints: the broadcaster can pull its signal. Cinnamon suggested that ops file a stay request to keep the station on when it files a complaint. He also said specific fine print language could be troublesome in new agreements. Here's a quick rundown.

Digital carriage terms: A broadcaster's digital carriage terms likely do not align with how an op is offering or plans to offer the station after Feb 17. Often, the broadcaster just needs some education on the operator's plans. **Most-favored Nations clauses:** Cinnamon urged operators to "draw the line" and eliminate MFNs when a per-sub fee is involved. **Content/termination rights:** Contracts are for specific content. So, if a station loses its affiliation (ie, it's no longer an **NBC** affil), ops should have the right to terminate the contract. **Assignments:** Language often says that if a new broadcast group acquires a station, it may take on the previous contract. The problem, according to Cinnamon, is the word "may." It should be changed to "shall" so a 3-year contract doesn't become void if a new owner takes control. **Nondisclosure:** Sometimes it's the operator, sometimes it's the broadcaster that requires a nondisclosure clause. But if an operator pays for a broadcast station and wants to break that out as a line item on bills for consumers, it should negotiate for that right. "Operators that are willing to work with us in taking a public stance can help not only your circumstances, but others," said **ACA** pres/CEO *Matt Polka*. "Let us know your experiences. If we don't know, we can't help you."

HD Marketing: Cable needs to more skillfully promote its HD offerings and expose what DBS' 100 channels-plus HD claims really mean, said a speaker at **ACA** and **NCTC's** Independent Show in Orlando. **DirectTV** and **DISH** have so many HD channels partly because many are premium channel multiplexes or multiple RSNs, said **One Touch Intelligence** analyst *Matt Stump*. He said cable should remind people that it carries the local RSN in a market and offers premium channels on HD VOD, so they don't have to find the West Coast start time for **Showtime's** "Weeds" or a premium channel movie. Cable's message, according to Stump, should be: "We don't carry the periphery, but we carry the core." The analyst

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also reminded attendees that DISH Network soon will start offering several HD-only tiers of service. Beginning Aug 1, DISH subs can get the TurboHD Bronze package for \$24.99/month or \$29.99/month with local channels.

DTV Transition Talk: A DTV consensus emerged from an Independent Show panel of cable marketers: keep the message simple, and tout cable as the best alternative to a converter box. While some 90% of the public is "aware" of the transition, it's not clear citizens know much about it, said **Armstrong** vp, cable marketing *David Wittman*. Some analog cable subs think they'll get digital cable for free, an ongoing **CTAM** study shows, said *Scott Terrill*, a marketing vp at, Sudenlink's parent. That confusion is why Wittman advocates running educational seminars with customers, particularly the elderly, having operators give speeches to local groups and reaching out to local press. Cable might also find an opportunity via supply and demand. **ATMC** vp *Pat Olsen* noted retailers in her NC footprint have slim stocks of converter boxes. And **Sunflower Broadband** manager *Andrea Pritchard* had advice gleaned from the experience of her system's all-digital transition June 2: start your communications effort as early as possible and make use of your Web site for FAQs.

Indy Show Notebook: **RBC Daniels'** *Pat Thompson* and **Wave Broadband's** *Steve Weed* received the '08 Eagle Award from **ACA** at its members' meeting Mon in Orlando. The 2 were honored for their service, dedication and contributions to the organization and industry. *Jim Gleason* of **New Wave** and **Harron Communications/Metrocast Cable** got the "Lyn Simpson Grassroots Spirit Award" for excellence in ACA grassroots activity. The award was named for ACA founder *Lyn Simpson* of **Sun Country Cable**. **Patrick Knorr** of **Sunflower Broadband** received the ACA Chairman's Award for leadership in ACA and service to ACA as chair from 2006-2008. *Steve Friedman*, COO of Wave Broadband, was elected chairman of ACA through 2010. **Cable One** received the ACA PAC Leadership award for its contributions to ACA PAC and its leadership within the independent cable sector. -- Tues' lunch speaker, comedian *Greg Schwem*, pondered how analog-only homes with only rabbit ears will figure out hooking up a digital-to-analog converter. "You might as well just send an Amish guy in to buy a power strip." -- **Comcast Media Center** and **Motorola** upgraded equipment to support digital-to-analog devices for CMC's HITS Quantum affils. Testing is underway. -- **Northland Cable** announced that **SinglePipe** will serve as its managed voice service provider for residential and business phone customers in select markets.

Competition: **Eurocinema** will launch Aug 1 on **DirecTV's** VOD platform, which offers more than 4K titles.

Carriage: **Time Warner Cable** launched **Outdoor Channel HD** in Kansas City, San Antonio, Rochester and Portland, ME. -- **The Sportsman Channel** picked up distribution on **Comcast** in Charleston, Nashville and parts of VT and CT; on **Mediacom** in Morris and Minneapolis-St. Paul, MN; and on **NCTC** and **NRTC** systems in various states.

Cox Data: While providing no hard numbers, **Cox** reported in 2Q approx 50% YOY growth in HD subs, a company record, and a 1% rise in total residential customer relationships. Total bundled customers increased approx 7%, and triple-play subs surged 17%. **Cox Business** currently provides nearly 570K (+23%) phone lines to businesses, helping the segment grow total rev by approx 18% through approx 250K customers. The MSO anticipates \$1bln in commercial rev in '10.

VOD: **Rentrak** reported a 43% increase in VOD orders last year and a 29% gain in unique set tops. FOD accounted for 70% of non-adult orders, SVOD 27% and transaction VOD 3%, and TV ent the fastest-growing category with a 120% surge in orders and 68% jump in unique set tops.

Ratings: Originals helped **USA** rule prime cable in July with a 2.3/2.18mln, and **ESPN's** coverage of **MLB's** Home Run

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Source: Nielsen Media Research, Live Data, Prime M-Su 8p-11p, delivery percent change for W18-34, W18-49 and W25-54 from 2007 (4/2/07-6/24/07) to 2008 (3/31/08-6/22/08) among ad supported cable networks with universes of 65 million or more households and excluding sports networks, subject to qualification upon request.

BUSINESS & FINANCE

Derby took home the month's telecast title with a 6.4/6.18mIn. TNT (1.9/1.86mIn) was propelled by a pair of "The Closer" eps (5.9/5.62mIn avg) to a 2nd place tie with Disney (1.9/1.83mIn). TBS (1.3/1.31mIn), Nick at Nite (1.3/1.26mIn) and Fox News (1.3/1.18mIn) were bunched together in 4th, with Nick's "Avatar: Sozins Comet" (3.7/3.53mIn) earning the trio's highest-rated telecast. -- **Brag Book:**

The 2nd-season premiere of AMC's acclaimed "Mad Men" garnered a 1.7/1.56mIn, a 21% viewership increase over the '07 series premiere. The ep's 2.1mIn total viewers is a 129% leap over last season's avg.

Obit: A real loss, Clay T. "Tom" Whitehead died of prostate cancer on Tues. As head of the Office of Telecommunications Policy (which he virtually created), he destroyed the state-owned European satellite model (of which Comsat was a clone). Among the folks who worked for Tom was Brian Lamb, who went on to create C-SPAN. An intellectual from MIT, Tom was a real-world guy who became the founding president of the satellite subsidiary of Hughes Aircraft. Without Tom, there wouldn't be the cable and satellite businesses we now know. - PSM

Business/Finance: Viacom's media nets div delivered an 11% YOY increase in rev to \$2.14bIn and 4% in operating income to \$765mIn, with respective gains of 35% and 291% for the filmed ent div. Viacom's overall domestic ad rev increased 1%.

CableFAX Daily Stockwatch

Company	07/29 Close	1-Day Ch	Company	07/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AMDOCS:	30.36	0.49	AMPHENOL:	49.15	1.35
BRITISH SKY:	35.63	0.67	APPLE:	157.08	2.68
DIRECTV:	26.80	0.82	ARRIS GROUP:	8.89	0.06
DISNEY:	30.92	0.42	AVID TECH:	22.52	(0.13)
ECHOSTAR:	28.50	0.60	BIGBAND:	4.10	0.23
GE:	28.40	0.71	BLNDER TONGUE:	1.10	0.00
HEARST-ARGYLE:	20.50	0.60	BROADCOM:	24.31	1.19
ION MEDIA:	1.44	0.00	C-COR:	11.00	0.00
NEWS CORP:	14.48	0.30	CISCO:	22.42	0.44
MSOS					
CABLEVISION:	20.66	0.01	COMMSCOPE:	50.80	1.63
CHARTER:	1.15	0.14	CONVERGYS:	12.56	0.11
COMCAST:	19.18	0.28	CSG SYSTEMS:	17.68	0.25
COMCAST SPCL:	18.96	0.15	ECHOSTAR HOLDING:	32.16	0.10
GCI:	9.04	0.07	GOOGLE:	483.11	5.99
KNOLOGY:	10.47	0.26	HARMONIC:	7.81	(1.83)
LIBERTY CAPITAL:	15.52	0.26	JDSU:	11.14	0.34
LIBERTY ENTERTAINMENT:	23.99	0.34	LEVEL 3:	3.53	0.27
LIBERTY GLOBAL:	28.67	1.05	MICROSOFT:	26.11	0.61
LIBERTY INTERACTIVE:	13.91	0.61	MOTOROLA:	7.51	0.43
MEDIACOM:	5.71	0.13	NDS:	58.02	0.58
SHAW COMM:	21.15	(0.29)	NORTEL:	7.18	0.18
TIME WARNER CABLE:	26.55	1.01	OPENTV:	1.91	0.10
VIRGIN MEDIA:	11.09	0.66	PHILIPS:	33.59	0.61
WASH POST:	602.24	12.24	RENTRAK:	14.13	(0.03)
PROGRAMMING					
CBS:	17.15	0.58	SEACHANGE:	7.15	(0.03)
CROWN:	4.28	0.29	SONY:	37.68	(2.25)
DISCOVERY:	21.07	0.66	SPRINT NEXTEL:	8.49	0.03
EW SCRIPPS:	7.00	(0.34)	THOMAS & BETTS:	42.11	1.18
GRUPO TELEVISA:	23.12	0.58	TIVO:	7.61	0.07
INTERACTIVE CORP:	17.95	0.69	TOLLGRADE:	5.14	0.25
LIBERTY:	44.45	1.90	UNIVERSAL ELEC:	23.50	1.40
LODGENET:	4.00	0.52	VONAGE:	1.42	(0.04)
NEW FRONTIER:	3.26	0.01	WORLDGATE:	0.30	0.00
OUTDOOR:	6.99	0.22	YAHOO:	20.15	0.03
PLAYBOY:	4.99	0.09	TELCOS		
RHI:	12.55	0.05	AT&T:	30.70	0.07
SCRIPPS INTERACTIVE:	40.70	0.66	QWEST:	3.54	0.02
TIME WARNER:	14.57	0.41	VERIZON:	34.13	0.53
VALUEVISION:	3.12	0.01	MARKET INDICES		
VIACOM:	29.83	(0.17)	DOW:	11397.56	266.48
WWE:	16.88	0.18	NASDAQ:	2319.62	55.40
TECHNOLOGY					
3COM:	1.90	0.06			
ADC:	9.93	0.14			
ADDVANTAGE:	2.77	0.01			
ALCATEL LUCENT:	6.10	0.34			

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- Luncheon celebrating the 15th Anniversary of the L. Patrick Mellon Mentorship Program
- Presentation of the Mickey Leland Humanitarian Achievement Award
- Educational Tracks: Ad Sales, Corporate Diversity & Inclusion, Digital Media and Leadership Development
- Presentation of the Excellence in Multicultural Marketing Awards (EMMAs)
- Diversity in Communications Career Expo

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