

CableFAX Daily™

Wednesday — February 4, 2009

What the Industry Reads First

Volume 20 / No. 021

Deepening Roots: Discovery Sticking to Chief's Plan Amid Economic Turmoil

Discovery Comm pres/CEO *David Zaslav's* overflow audience Tues at the **Realscreen Summit** may prove the company's undisputed leadership in the non-fiction cable space. It would be fictional, however, to assume the company is immune to the economic undertow, which Zaslav characterized as once-in-a-generation. In response, he's staying the course he set for Discovery when he arrived in '07: strengthening his basket of brands through consistent channel missions and gaining a better understanding of viewers. Difficulty with "monetizing our content is a short-term problem," said Zaslav. "Our goal to grow market share, and viewership will pay off over time." Some dividends have already come in, including in late '08 when flagship nets **Discovery Channel** and **TLC** were righted after months of brand reinforcement. Key now is **Animal Planet**, which Zaslav said is "in about the second inning" of its own turnaround plan, enacted because for years "the brand was great, but viewers never showed up." Now, viewers are responding positively to the net's flurry of new shows, he said, and its molting of a content slate that was virtually all G-rated. Also important to Zaslav are **Planet Green** and **OWN**. Launched last summer, the former net hasn't bloomed to expectations, he said, largely because former chief *Eileen O'Neill* left last year to spearhead TLC's improvement. "We will be doubling down on Planet Green over the next few years," said Zaslav, who expects to announce a new chief for the net within the next month. OWN, meanwhile, is slated to launch over the next year with programming designed to help "live your best life, tools for your life," he said. *Oprah Winfrey* and newly-named CEO *Christina Norman* met Mon to discuss OWN's future, said Zaslav, who remains excited about that future and the recent traffic increases at **Oprah.com**, of which Discovery owns half. "This message is resonating," he said of OWN. "I can feel it... out to dinner and at soccer games." As are most cable nets, Discovery benefits from the inherent benefits of cable and TV viewership amid an economic downturn, but its solid foothold overseas also adds value. But Zaslav said the company's overall programming strategy remains critical. "Copying [other hits] almost never works... we need to be authentic," he said. "A flop is better than the 15th dance contest."

DTV Doings: The **House Rules Committee** was set to take up the DTV Delay bill at 5pm ET Tues. The **House** is slated to vote Thurs on the bill, which would move the DTV transition to June 12. -- **NTIA** announced the appointment of *Anna Gomez* as deputy asst sec for Communications and Information and deputy NTIA admin. That means she'll help facilitate the DTV transition, whenever it happens. She most recently served as vp, state and federal regulatory, govt affairs for **Sprint Nextel**. She also spent time at the **FCC**, serving as sr legal adviser to former FCC chmn *Bill Kennard*. -- Most stations could cut off their analog signals before the proposed new DTV transition date of June 12, acting **FCC** chmn *Michael Copps* said in a letter to Reps *Joe Barton* (R-TX) and *Cliff Stearns* (R-FL). He said the Commission believes that 61% of the 1800 stations could transfer without interfering

WE HAVE WHAT AFFILIATES WANT

RETIREMENT LIVING TV RANKS 2ND AMONG EMERGING NETS OPERATORS WANT.

Reach America's most powerful demographic. Log onto WWW.RLTV today.

RLTV RETIREMENT
LIVING TV

Beta Research Cable Operator Study, 12/2008, among System Operators with 200,000+ subscribers

JUMP START your 2009 Advertising Revenue

Increase market share from top clients at Fortune 500 companies
with CableFAX at the annual Association of National Advertisers
“ANA” TV and Everything Video Forum, February 12, 2009.

Advertise with *CableFAX Daily* Mid-Day Special Report

Publication Date: February 12, 2009

Issue Close Date: February 5, 2009

Rates (net):

4C strip AD: \$3,500

4C superstrip AD: \$4,250

FP-4C: \$5,000

Back Cover: \$6,500

4 Page Buy Out: \$14,500

Reach out to the industry's top global media managers
and buyers who control the flow of advertising dollars
in the fast evolving media landscape.

The Mid-Day Special Report will be included in the convention binders of more than 500
decision-makers...Plus bonus distribution reaching 15,000+ cable and other media executives
via email delivery.

**Position your company as a leading integrated media brand and stake your claim to
future television advertising spend.**



For all of your advertisement and sponsorship opportunities contact:

Debbie Vodenos, Publisher
301-354-1695; dvodenos@accessintel.com

Erica Gottlieb, Account Manager
212-621-4612; egottlieb@accessintel.com

www.cablefax.com

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, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301/354-1695, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Patrick Benko, 301/354-1789, pbenko@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist ● Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs: Carol Bray, 301/354-1763, cbray@accessintel.com

with other stations. The 2 congressmen, who are opposed to moving the date, asked Copps Mon whether it would be virtually impossible for stations to transition early because of interference concerns. We expect the 2 to continue to argue against moving the date from Feb 17 ahead of Thurs' vote on the issue. One possible argument they may use is that if 61% of stations actually were to go ahead and transition, viewers who wait until June to prepare could be confused. Copps said that most of the remaining 39% of stations may also be able to terminate analog signals without causing harmful interference. He added that the FCC has already granted requests or received notice from 143 stations that have already terminated analog, and that another 60 plan to do so before Feb 17. 276 have said they plan to terminate analog operations on Feb 17, but that may change if the date is extended, he said. Copps closed by saying that he believes a short delay would allow the FCC to "significantly" improve the outcome for consumers.

Carriage: **Mexicanal** has launched in Chicago as part of **Comcast's** CableLatino package. Comcast is the 1st cable op to carry the Spanish-language channel. -- **Cox** and **Fox Cable** reached a new multi-year deal to increase distribution of **Fuel** in VA Beach, N Va, Tulsa, Oklahoma City and Gainesville, FL. As part of the deal, Cox will also begin to roll out **FX HD** and **Speed HD**. The additional carriage boosts Fuel to 26mln homes. -- **Fox Business** has picked up distribution through **DISH**, adding 4mln homes and bringing its overall total to 50mln. Also, DISH has renewed its carriage pact with **Fox News**, and **Time Warner Cable** has agreed to launch **Fox Business HD** and **Fox News HD** in NYC.

Board Room: Former **Comcast** Eastern div pres **Michael Doyle** and **CarterBaldwin's** **Maggie Bellville** have joined the board for **RCH Cable**, an industry exclusive acquisition and retention company that focuses on door-to-door efforts. "There has never been a time in the cable industry when direct door-to-door retention has been as important as it is today," Doyle told **Cfax**. "I think cable in general over the last 5 years has increased the amount of money that the industry is spending on acquisitions, but I don't believe that the industry has focused the attention it needs to on the retention of a customer." Competition and the economy are the driving factors, with cable uniquely positioned, he said. "If you can get 2-3 products in the home, churn is dramatically reduced."

Earnings: **Disney** posted FY1Q decreases in rev (-8%) and net income (-32%), leading to a marked after-hours sell-off of its shares. The company's cable nets delivered 2% rev growth while op income fell 12%, hurt domestically in part by lower ad costs and higher programming and admin costs at **ESPN**. **Disney Channel** suffered from lower DVD sales. The broadcasting segment saw rev plummet fall by 14 % and op income plummet 60% due primarily to lower ad rev at **ABC**. -- While **Motorola** reported Mon a \$3.6mln 4Q loss, predicted worse-than-expected 1Q results and suspended its dividend, the company's **Home and Networks Mobility** segment fared far better. The segment's 4Q sales slipped 5% to \$2.6bln while op earnings increased 34% to \$257mln, and recorded 4.7mln digital ent devices, up from 3.4mln a year ago due to continued strong demand for HD, HD/DVR and IPTV services.

5Qs with FEARnet pres Diane Robina: It has been just over 2 years since you launched. Where are you distribution-wise? We are over 30mln homes right now. We just concluded a deal in Jan with **AT&T** and **Buckeye**. We have all the major operators, **Comcast**, **Time Warner Cable**, **Cox**, **AT&T** and **Verizon**. And then a bunch of really strong, good partners on the smaller end. The holdouts at the moment are **Charter** and **Cablevision**. Do you ever see **FEARnet** moving from a VOD network to a linear net? This network was built multiplatform for the new

The New FCC: The Genachowski Era: What Will It Mean for Cable?

Thursday February 5, 2009
1:30-3:00 PM EST
A CableFAX Daily Webinar

HEAR FROM FCC INSIDERS: Stephen R. Effros, W. Kenneth Feree, and Howard J. Symons will analyze what we can expect from the new FCC Chairman in the coming months and years ahead. Join CableFAX on February 5th.

Visit: www.cablefax.com/webinars

Call: 301-354-1789

Email: pbenko@accessintel.com

Millennial audience. They're 18-29, and are really consuming all of their media on demand... I think the concept of on demand/VOD on the television set really resonates very well with this audience, which really doesn't watch TV in a linear fashion any more. Most of time when watching linear, they are DVRing it... With that said, this is a mainstream niche. It's one of the biggest genres out there. So we are exploring and looking at the concept of whether we'd want to take this as a linear channel to supplement on-demand and reach more people. That said, I think it's structured really in a strong way for that audience. **FEARnet recently moved from Philly to L.A. to become part of Ted Harbert's Comcast Entertainment Group. What does this mean for you and the channel?** For the business, I think it makes a tremendous amount of sense. We're an entertainment brand, and we can really tap into the best and the brightest people out in L.A. It's great to be using Ted's organization in support... But also, we are this vibrant live business, and we need to be in touch with the creative community [there]. For me personally, I love L.A. It's the middle of a school year, so at this very second, it's a little difficult. **You have just launched "Stream," a 6-part original series starring Whoopi Goldberg. How did this come about?** We get a lot of films from Sony and Lionsgate, but I also believe it's important to the brand and consumer to be a living and breathing brand and to feel fresh. So, I do believe it's important to create original content. Since we've launched, we've been doing original content for the Web. We've done 3-to-date with **Ghost House Productions**... Whoopi has just been great to work with. I think she just pitched us again on "The View." **Can you talk about ratings?** On the Web, we use **ComScore**. We average about 1mln to 800K uniques. We are the No. 1 horror Website, with more uniques than any other... On VOD, we're probably averaging about 13mln-14mln views/month at the moment. On Comcast, we're the No. 1 free VOD movie channel. And we're top 5 VOD overall.

Ratings: Although the return of **TNT's** "The Closer" (4.7/4.63mln) led all cable telecasts last week in prime, **USA** easily closed out its net competitors in the time period with a 2.4/2.36mln. Aiding the weekly winner were 8 of the remaining top 10 programs, led by originals "Burn Notice" (3.9/3.86mln) and "Monk" (3.8/3.72mln), plus 2 hours of **WWE** content that averaged a 3.7/3.58mln. Then came 4 eps of "NCIS," the syndie that's become a very potent weapon for USA; last week the show appeared to be appointment TV for net viewers, as the 4 eps aired in the same time slot (7-8pm) Mon-Thurs and averaged a 3.3/3.24mln. An ep of **Fox News'** "The O'Reilly Factor" (3.3/3.12mln) nabbed the final top 10 spot, helping the net notch 2nd position among its peers with a 1.9/1.84mln. **TNT** (1.6/1.59mln) and **Disney** (1.6/1.54mln) followed in a tie for 3rd, and **TBS** (1.3/1.29mln) and **Nick at Nite** (1.3/1.25mln) battled to a dead heat in 5th.

Deals: The **FTC** has signed off on **Lionsgate's** \$255mln acquisition of **TV Guide Network** and TV Guide Online (1/7).

Programming: **Lifetime** picked up a 2nd season of reality series "DietTribe," about a group of friends who have committed to lose weight together. Since its Jan 5 premiere, the show has cumed more than 13mln viewers. The new season, bowing this summer, will follow a new group of friends. -- **E!** is working on a half-hour reality series starring **Kendra** from "Girls Next Door" (fall debut). She's going to have to say goodbye to the luxuries of the Playboy Mansion and live on her own for the first time. Considering that she's engaged to **Eagles** wide receiver **Hank Baskett**, we're sure she'll adjust just fine. -- In what amounts to a home run, **MLB Net** has become the exclusive cable home of **Bob Costas**, who will serve as the lead play-by-play commentator for certain live games on the net and host special original programming such as "MLB Network Studio 42 with Bob Costas" (Thurs, 8pm ET). -- A 3-yr deal taps **Fuse** as the official TV partner of the **Bonnaroo Music & Arts Festival**, this year (Jun 11-14) slated to feature **Bruce Springsteen**, **The Beastie Boys**, **Phish** and **Snoop Dogg**. -- **Lifetime** greenlit a 2nd season of "DietTribe."



Sales Executive of the Year Awards

saluting cable sales leadership

Honoring sales excellence at cable programming networks, MSOs and cable operators, and ad agencies.

Now Accepting Entries

Entry Deadline: March 6, 2009

Sales forces across cable work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace growing and business moving forward. Please join your peers and enter the CableFAX Sales Executive of the Year Awards and allow us to tip our hats to you and your initiatives in the 2009 first annual awards program.

www.CableFAXSalesAwards.com

15171

BUSINESS & FINANCE

On the Circuit: WICT Atlanta

was named as the '08 Chapter of the year. 15 other chapters were given the Inspiration Award: Atlanta, Carolinas, Greater Chicago, Greater Florida, Greater Texas, New England, New Mexico-Arizona, New York, Pacific Northwest, Greater Philadelphia, Rocky Mountain, South Florida, Southern California, Virginia and DC/Baltimore

People: Former **Charter** West div pres **Eric Brown** has joined **WealthTV** as evp. **WealthTV** currently has a carriage complaint pending against **Bright House**, **Cox**, **Comcast** and **Time Warner Cable**; the **FCC** has sent the complaint to an administrative law judge for resolution. -- **CNBC** svp, business news **Jonathan Wald** is leaving the net. He'll stay on through the end of the Q. -- Ex-**DISH** vp, programming **Ken Tolle** and former **Discovery** special counsel **Robert Roper** have formed **Launch Pad Media Advisers**, a Denver-based law firm that concentrates on content creation and distribution. Both previously worked at **Moye/White** law firm. -- **Sundance Channel** tapped **Nicole De Fusco** as vp, original programming and development. -- **Versus** appointed **Andrew Meyer** vp, original programming.

Editor's Note: **CableFAX's** Webinar on the new **FCC** is set for Thurs, 1:30-3pm ET. More details at www.cablefax.com/cfp/webinars/.

CableFAX Daily Stockwatch

Company	02/03 Close	1-Day Ch	Company	02/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	28.25	0.78	AMDOCS:	17.48	0.42
DIRECTV:	22.55	0.48	AMPHENOL:	26.57	0.66
DISH:	12.67	(0.3)	APPL++E:	92.98	1.47
DISNEY:	20.62	0.42	ARRIS GROUP:	6.35	(0.4)
GE:	11.37	(0.25)	AVID TECH:	10.63	0.24
HEARST-ARGYLE:	4.25	0.42	BIGBAND:	6.10	0.33
NEWS CORP:	7.53	0.17	BLNDR TONGUE:	0.82	(0.05)
MSOS			BROADCOM:	16.77	0.36
CABLEVISION:	15.36	(0.25)	CISCO:	15.62	0.31
CHARTER:	0.08	0.01	CLEARWIRE:	3.84	(0.11)
COMCAST:	14.68	(0.02)	COMMSCOPE:	14.09	(0.11)
COMCAST SPCL:	13.84	(0.11)	CONCURRENT:	3.60	(0.2)
GCI:	6.37	(0.44)	CONVERGYS:	7.68	(0.13)
KNOLOGY:	5.08	(0.21)	CSG SYSTEMS:	15.31	0.53
LIBERTY CAPITAL:	5.10	(0.1)	ECHOSTAR:	15.81	0.53
LIBERTY ENT:	19.20	0.71	GOOGLE:	340.45	(0.12)
LIBERTY GLOBAL:	14.71	0.05	HARMONIC:	5.02	(0.22)
LIBERTY INT:	3.25	0.16	INTEL:	13.73	0.10
MEDIACOM:	5.42	(0.51)	JDSU:	3.85	(0.14)
SHAW COMM:	16.44	0.24	LEVEL 3:	1.00	0.02
TIME WARNER CABLE:	18.35	(0.14)	MICROSOFT:	18.50	0.67
VIRGIN MEDIA:	4.46	(0.13)	MOTOROLA:	4.04	(0.5)
WASH POST:	423.67	30.07	NDS:	62.01	0.36
PROGRAMMING			OPENTV:	1.35	0.13
CBS:	5.85	0.05	PHILIPS:	19.66	1.08
CROWN:	1.69	0.13	RENTRAK:	12.23	(0.25)
DISCOVERY:	14.64	0.09	SEACHANGE:	5.77	(0.21)
EW SCRIPPS:	1.72	0.16	SONY:	19.89	0.43
GRUPO TELEVISIA:	14.07	(0.11)	SPRINT NEXTEL:	2.53	0.12
HSN:	5.23	0.63	THOMAS & BETTS:	20.71	(0.74)
INTERACTIVE CORP:	14.73	(0.18)	TIVO:	7.65	0.30
LIBERTY:	23.39	0.23	TOLLGRADE:	5.70	(0.05)
LODGENET:	0.62	(0.18)	UNIVERSAL ELEC:	11.01	(0.41)
NEW FRONTIER:	1.52	0.00	VONAGE:	0.60	0.05
OUTDOOR:	6.27	(0.28)	YAHOO:	12.68	0.53
PLAYBOY:	1.70	0.00	TELCOS		
RHI:	4.52	(0.11)	AT&T:	25.37	0.21
SCRIPPS INT:	22.04	0.66	QWEST:	3.44	0.14
TIME WARNER:	9.78	0.35	VERIZON:	31.56	0.97
VALUEVISION:	0.26	0.02	MARKET INDICES		
VIACOM:	17.62	1.53	DOW:	8078.36	141.53
WWE:	9.81	0.11	NASDAQ:	1516.30	21.87
TECHNOLOGY					
3COM:	2.37	0.01			
ADC:	3.56	0.31			
ADDVANTAGE:	1.65	(0.29)			
ALCATEL LUCENT:	1.88	(0.06)			

From The CableFAX 100: Greatest Hits of 2008

the best business advice Jerry Kent has received...

"In choosing your business partners, be as careful as you are in choosing a spouse."

Jerry Kent
CEO
Suddenlink

★ Best Advice Series

15109

To order your copy of the December 2008 issue of CableFAX: The Magazine — Top 100 issue, please contact clientservices@accessintel.com or 800-777-5006.

www.cablefax.com

UNPRECEDENTED ACCESS

Get In Front of All the Right People

GLENN BRITT

TIME WARNER CABLE

GREG BROWN

MOTOROLA, INC.

ROBERT IGER

THE WALT DISNEY COMPANY

JERRY KENT

SUDDENLINK COMMUNICATIONS

CRAIG MCCAWE

CLEARWIRE CORPORATION

RUPERT MURDOCH

NEWS CORPORATION

BRIAN ROBERTS

COMCAST CORPORATION

The Cable Show '09 is the only industry event to unite visionary leaders from the cable, content and online media sectors in exclusive appearances that deliver the information and insight you need to compete.

Don't miss your opportunity for unprecedented access to some of the most influential executives in the media business. Hear how they're positioning their companies in a challenging economy. It's insight delivered in real time. And it's only at The Cable Show '09.

Get Ahead, Register Today:

www.thecableshow.com/cfd

SAVE \$100!

Save When You Sign Up
Now. Plus, a Chance to
Win a GPS!



**CABLE TAKES
ME THERE**

april 1-3 '09
washington convention center
washington, dc

