

CableFAX Daily™


Thursday — February 10, 2011

What the Industry Reads First

Volume 22 / No. 027

Gamesmanship: Cable Sports Continues to Drive Viewers, Ads

Viewers and advertisers can't seem to get enough exposure to cable sports. Operational data from **ESPN**, **News Corp** and **Turner** show advertisers are clamoring to play with cable sports—and importantly helping defray the escalating costs of the genre in the process. On Wed evening, **Disney** said ESPN's ad rev swelled 34% last quarter on notable demand for NFL programming. And even backing out the newly-acquired Rose and Fiesta Bowls, the increase was 27%, compared to 19% during the prior Q. "It's safe to assume that the sports advertising marketplace is extremely robust... and ESPN's seeing strength from multiple sectors," said Disney chief *Bob Iger* during a conference call, noting scatter pricing for the net is up double digits. "They're just having a gang-buster advertising revenue quarter right now, and we believe that's going to continue." Turner likes what it sees when looking both forward and backward as well. **Time Warner's** domestic nets alone delivered 4Q organic ad rev growth in the high teens aided by **TNT's** NBA coverage, which is scoring with viewers and advertisers alike. Through 34 games, TNT is averaging a 1.5 HH rating (+25% YOY), 2.36mln total viewers (+33%) and 1.76mln HHs (+30%), and ad sales are tracking more than 30% ahead of last season. Time Warner CFO *John Martin* expects Turner's 1st-year coverage of March Madness to net a similar slam dunk. "We expect to see a significant boost in ad revenue" this quarter due to the tourney, he said during the company's recent earnings call. "Our investment in [March Madness] is a clear example of how we're investing to drive growth." Then there's News Corp, which is highly levered to sports through **Fox** and its RSNs. The company's cable nets delivered a 17% jump in ad sales last quarter on particular strength at the RSNs, and Fox enjoyed solid results owing partly to higher NFL ratings. "The power of the local sports continues to drive momentum at our regional sports networks," said News Corp deputy chmn *Chase Carey* during a conference call. He said MLB ratings rose 9% during the latest season, Big 12 college football's 13% and early basketball ratings are up 13% compared to a yr ago. Ahh, yes, the viewership of sports. "Demand for sports programming appears insatiable," wrote **Needham** analyst *Laura Martin* in a research note. More than 40K hours of sports programming aired on TV in '10, up from approx 10K in '00, she said, and the most-watched programming on cable last year was sports. Indeed, 23 of the top 30 cable telecasts



**Hallmark Movie Channel's
"Goodnight For Justice" is the
Highest Rated Telecast in Network History!**

The first original movie of 2011,
directed by **Jason Priestley** and starring **Luke Perry**,
earned a 1.5 HH premiere.

Hallmark Movie Channel - quality, original, family-friendly movies.
Call 212.445.6650 to launch.

Hallmark
MOVIE CHANNEL

The Nielsen Company, 1/29/11 Live+SD coverage area HH rating compared to all HMC telecasts since Apr'10. Subject to qualifications. © Crown Media United States LLC. All Rights Reserved

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 ● Senior Online 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 ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

in '10 in total viewership featured sports, including the NFL on ESPN and **NFL Net** (which combined to take the initial 13 spots), MLB on **TBS** and college football on ESPN. In Jan, ESPN dominated the top 12 with college football. Need more evidence of the power of sports? **Viacom** CFO *Tom Dooley* noted the great benefit of sports enjoyed by Turner and News Corp during a conference call, this while Viacom's media nets—including surging **MTV**, a reborn **TV Land** and stalwart **Nickelodeon**—posted domestic ad rev growth of 10%. That's certainly solid, but lackluster when compared to programmers with sports content.

In the Courts: A US District Court in TX lifted its stay of **DISH's** patent infringement suit against **TiVo** that originally included 4 patents but is down to 1 related to a "multimedia direct access storage device and formatting method." The DBS op said it's looking forward to the trial, adding that "the patent in this case withstood two re-exam petitions by TiVo to invalidate it." TiVo noted how its patent infringement case against DISH remains alive. That case's latest development occurred in Nov when a US Appeals Court heard arguments about a previous finding of DISH as contempt because it has failed to disable millions of DVRs that were found to infringe on TiVo's "Time Warp" patent. DISH shares advanced 2.5% on the news, TiVo's shed 3.6%.

On the Hill: **NCTA** filed with the **FCC** Tues a letter in opposition to requests of the Commission by **Sony**, **Google** and **CEA**. The troika seeks adoption of technical standards that would enable any device to combine the content from MVPD services, non-MVPD services, and home network content, plus rules requiring MVPDs to disassemble their services' programming, data and program guide metadata so CE manufacturers can remake them into with their own designs. "In a nutshell, Sony/Google are asking the Commission to ignore copyright, patent, trademark, contract privity, licensing, and other legal rights and limitations that have been thoroughly documented in [the AllVid] proceeding," said NCTA, adding that access to MVPD offerings via retail devices "is already well underway." As for the programming disassembly rules, said the org, "such a mandate would not only violate the affiliation agreements and intellectual property licenses under which multichannel programming is obtained and retailed, but it would also stunt the innovations that are taking place to provide consumers flexible access to content that programmers are incented to offer."

Carriage: **Cablevision** added Brazilian general ent net **TV Record Internacional** to its iO Intl programming service.

Advertising: A **National Advertising Review Board** panel recommended that **Time Warner Cable** discontinue advertising claims that its telecom services are provided on a fiber or fiber optic network. Challenged by **Verizon**, the ads conveyed unsupported messages that TWC uses fiber optics for transmission throughout its entire network and/or that TWC's network represents the highest level of tech currently used by consumer telecom services providers, said the panel. In short, TWC doesn't use fiber to connect neighborhood nodes and individual homes. TWC disagreed with the decision but agreed to modify or discontinue the ads.

Wireless: **Cox** selected products from **mPortal** to create a Cox-branded, user-configurable home screen and widget platform to run Cox Widgets for its wireless subs. -- **Time Warner Cable** tapped **Greenpacket** for solutions to both enhance the connectivity experiences of end-users as they move across its wireless broadband networks and enable it to more efficiently manage and monitor access to those networks.

Earnings: **Lionsgate's** 24% rev growth to \$422.9mIn was aided by strength in its home ent segment, which delivered a 63% surge in rev across TV and film. TV rev included in motion picture rev slipped 9% to \$49.7mIn. TV prod rev rose 5% to \$96.2mIn as domestic series licensing from **Debmar-Mercury** jumped 52% due to deliveries of series including **TBS'** "Tyler Perry's House of Payne" and "Are We There Yet?" Domestic series licensing from Lionsgate TV fell 32% due to timing of series including **Spike's** "Blue Mountain State." LGF's net loss totaled \$6mIn. -- **Sinclair** reported net broadcast rev from continuing operations of \$189.9mIn (+23.5%) and op income of \$81.3mIn, compared to a net loss of \$66.1mIn a yr ago. Local net broadcast rev, which includes retrans and local time sales, increased 18.9%, and national rev rose 12.1% excluding political. Political rev totaled \$26.8mIn.

Programming: **TLC** picked up 8 eps of "Pawn Queens," about 2 women that run a Chicago-area pawn shop catering to women. -- **TV Land** signed a group of actors to star in 3 forthcoming sitcom pilots, including *Fran Drescher*

BUSINESS & FINANCE

and Rita Moreno for “Happily Divorced,” a show based on Drescher’s real life and centering on her dating life after finding out her husband is gay. -- **Comedy Central** greenlit “Sports Show with *Norm Macdonald*” (Apr), offering a comedic take on sports.

On the Circuit: FCC commish *Mignon Clyburn* will deliver the keynote address at this year’s **ACA Summit**, Apr 11-13 in D.C. -- **Comcast** evp/CTO *Tony Werner* will deliver keynote remarks at **SCTE Canadian Summit ’11**, Mar 8-9 in Toronto. -- The **CTAM Educational Foundation** is accepting Diversity Fellowship apps through Mar 10 to attend The Cable Executive Management at Harvard Business School, Jun 5-10. Email *Ilana Lampell* at liana@ctam.com for info.

People: **Disney/ABC TV Group** appointed *Adam Sanderson* to the new post of svp, franchise management. -- **truTV** upped *Robyn Hutt* to svp, original programming and *Anthony Horn* to svp, current series and specials. -- **Insight** welcomed *Mitch Weinraub* as vp, product dev and *Keely Bostock* as vp, programming and video services.

Business/Finance: **Miller Tabak’s** *David Joyce* reiterated his ‘buy’ rating on **Disney** shares and raised his price target to \$48 from \$43, saying the company’s earning results beat on almost all metrics.

CableFAX Daily Stockwatch

Company	02/09 Close	1-Day Ch	Company	02/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	43.44	0.33	AVID TECH:	22.43	0.48
DISH:	22.18	0.54	BIGBAND:	2.71	(0.01)
DISNEY:	43.36	2.18	BLNDER TONGUE:	2.52	0.15
GE:	21.31	0.03	BROADCOM:	43.81	(0.7)
NEWS CORP:	18.32	0.01	CISCO:	22.04	0.05
MSOS					
CABLEVISION:	37.14	0.98	CLEARWIRE:	5.51	(0.05)
CHARTER:	45.31	1.43	CONCURRENT:	5.41	0.01
COMCAST:	23.53	(0.13)	CONVERGYS:	14.31	0.33
COMCAST SPCL:	22.16	(0.09)	CSG SYSTEMS:	20.26	(0.49)
GCI:	12.25	(0.2)	ECHOSTAR:	29.48	(0.06)
KNOLGY:	14.83	(0.02)	GOOGLE:	616.50	(1.88)
LIBERTY CAPITAL:	71.52	0.64	HARMONIC:	9.48	0.03
LIBERTY GLOBAL:	41.88	0.81	INTEL:	21.46	(0.17)
LIBERTY INT:	16.64	0.19	JDSU:	24.42	1.58
MEDIACOM:	8.83	(0.01)	LEVEL 3:	1.25	0.01
SHAW COMM:	21.91	(0.06)	MICROSOFT:	27.97	(0.31)
TIME WARNER CABLE:	69.50	(0.09)	RENTRAK:	26.91	(1.97)
VIRGIN MEDIA:	25.47	0.07	SEACHANGE:	9.23	(0.16)
WASH POST:	429.25	(0.89)	SONY:	35.05	(0.19)
PROGRAMMING					
CBS:	21.54	0.46	SPRINT NEXTEL:	4.35	0.04
CROWN:	2.37	(0.02)	THOMAS & BETTS:	54.74	0.73
DISCOVERY:	42.88	0.33	TIVO:	10.44	(0.39)
GRUPO TELEVISA:	23.82	(0.29)	TOLLGRADE:	9.55	(0.01)
HSN:	29.72	0.22	UNIVERSAL ELEC:	26.24	(0.27)
INTERACTIVE CORP:	31.22	UNCH	VONAGE:	3.75	(0.07)
LIBERTY:	43.00	(0.03)	YAHOO:	16.43	(0.17)
LIBERTY STARZ:	69.65	0.60	TELCOS		
LIONSGATE:	6.34	0.07	AT&T:	27.97	0.06
LODGENET:	3.47	(0.13)	QWEST:	7.32	(0.02)
NEW FRONTIER:	2.13	0.03	VERIZON:	36.68	0.34
OUTDOOR:	8.13	0.10	MARKET INDICES		
PLAYBOY:	6.13	UNCH	DOW:	12239.89	6.74
SCRIPPS INT:	50.37	0.90	NASDAQ:	2789.07	(7.98)
TIME WARNER:	36.93	0.53	S&P 500:	1320.88	(3.69)
VALUEVISION:	7.41	(0.19)			
VIACOM:	51.41	0.74			
WWE:	12.42	(0.07)			
TECHNOLOGY					
ADVANTAGE:	2.80	0.04			
ALCATEL LUCENT:	3.56	(0.01)			
AMDOCS:	29.35	(0.06)			
AMPHENOL:	57.40	0.38			
AOL:	20.60	(0.29)			
APPLE:	358.16	2.96			
ARRIS GROUP:	13.19	0.01			

Sales Executive of the Year Awards
saluting cable sales leadership

Questions: Mary Lou French at 301-354-1851; mfrench@accessintel.com
To Sponsor: Debbie Vodenos at 301-354-1695; dvodenos@accessintel.com

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

The CableFAX Sales Executive of the Year Awards recognizes sales forces across cable who work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace growing and business moving forward.

The winners and honorable mentions will be saluted during an awards event in May 2011 in NYC.

Call for Entries: February 18, 2011
Visit: www.cablefaxsalesawards.com

Think about that for a minute...

A Bad Joke

By Steve Effros

I was at a conference a few days ago where FCC Commissioner Robert McDowell was questioned about the new “net neutrality” rules. McDowell responded by saying that of course the rules would be enforced by the FCC until, in his view, they were ultimately thrown out by the Courts as being beyond the Commission’s jurisdiction. Actually, I think he referred to them as “toast” when all was said and done.



Commissioner McDowell is both a smart and a funny guy. He doesn’t mince words when it comes to what the Commission has done and has written some very scholarly legal analysis on both the decision itself, in his dissent, and in other materials that are well worth reading, such as the one

explaining that Internet delivery has never been designated as a “Title II” common-carrier type service. That’s in direct contradiction to all those who love to say that the Commission made some “error” in “moving” broadband regulation “out” of Title II. Didn’t happen. Check McDowell’s page on FCC.gov.

Anyway, I went up to him after his answer to the reporter and jokingly complained that he hadn’t really answered the issue, that the real question was what the Commission would do with the rules if they weren’t ever published in the Federal Register? That’s the legal “trigger date” for folks who want to appeal the rules, get them “stayed,” get them overturned, etc. I was being facetious. There’s currently a skirmish going on between Verizon and the Commission over when an appeal can be properly filed. Verizon’s already filed one based on the impact on licenses that the new rules contained. But the Commission has said the only proper time anyone can appeal their new rules is after they appear formally in the Federal Register, and they haven’t.

McDowell, looked at me with a bit of puzzlement and responded with all seriousness that the “rules,” of course, couldn’t be enforced if they weren’t really rules! And they aren’t until published.

Well, the joke’s on me, or maybe both of us. The Commission voted on these “new rules” December 21st. It’s now February 10th, but they haven’t been published yet. It may not matter. Now we learn that there are still approvals that have to take place regarding new paperwork requirements. They require publication notices, time for comments, and a decision by the OMB. Bottom line, according to the lawyers; the “net neutrality rules” that have been blared all over the media and have already attracted filings and complaints based on them might not be something an Appeals Court would consider, whether “published” or not, before May!

Ever hear of the “speedy trial laws?” I know they don’t apply here. That’s for criminal cases. But I think this is criminal. All of the adverse effects that go along with these new rules—the drag on markets, the wet blanket thrown on capital investments, the uncertainties of how the new laws will be implemented—are now going to fester for months. Appeals may be filed, or not, depending on when the FCC “publishes” the rules summary, but no Court is going to consider that appeal before the rules, themselves, are “final.” Hence, another long delay in determining the basic question of whether the Commission had the legal power to impose this miasma on us in the first place.

Hopefully Verizon will go back and point this out as another good reason why the Court should immediately take this case. Delaying swift access to legal review is a bad joke.

Steve

T:202-630-2099
steve@effros.com

18475

CableFAX Webinars

Thursday, February 17
1:30-3:00pm ET

Profiting from Transactional TV

VOD • SVOD • ITV

Content creators and distributors are starting to grasp the power of transactional TV (aka, “T-Commerce”), which melds advertising and sales into a single feature that lives on the TV set. This Webinar will explore this burgeoning field and share the best ways that cable operators, programmers, agencies and brands can capitalize on transactional TV now and as the market evolves.

Register at www.cablefax.com/webinars

