

CableFAX Daily™

Thursday — February 11, 2010

What the Industry Reads First

Volume 21 / No. 028

Down, Not Out: Scripps, Discovery See Continued Success Ahead

Much like many portions of the Eastern US were hit by snow, **Scripps Nets** (-7.3%) and **Discovery Comm** (-4.8%) got slammed on Wall St Wed—even as they both disclosed 4Q operational data that most programmers wouldn't mind shoveling months for to achieve. To keep it simple, Scripps and Discovery achieved in 4Q comparative US increases in affil rev of 16% and 8%, respectively, ad rev growth of 6.8% and 2%, plus impressive '09 ratings jumps across major nets such as **HGTV**, **Food Net**, **Discovery Channel** and **Animal Planet** (all this after weathering '09's economic storm with aplomb). The reason for the share price hits, posited a few outlets including the *Wall St Journal*, is that investors wonder how the pair can continue to achieve growth after their stellar recent performances. For Scripps, answers include continued affil fee bumps, the planned Memorial Day weekend launch of **Cooking Channel**, integration of **Travel Channel** and int'l expansion; Discovery's retorts include **OWN: The Oprah Winfrey Net**, **The Hub** and **3D**. And both foresee steady improvement in the ad market going forward. Scripps forecasts an approx 35% jump in affil fee rev at its media nets this year (excluding Travel), owing mainly to recent carriage renewals for Food Net and HGTV. "We're very, very pleased with how those renewals came out... they actually exceeded our expectations," said CFO *Joe NeCastro*, noting that big jumps will be realized this year for Food Net, with single-digit percentage increases built in for years. HGTV's growth rates were lower because it wasn't involved in as many deals, he said, but related escalators still mean "real money going forward" for both nets. Evp *John Lansing*, meanwhile, said "demand is lining up behind" Cooking Channel from distributors and advertisers, with "real headroom to improve the affiliate fees for Travel Channel" when renewals hit at year-end and from '12-'14. Travel is expected to bear \$100mln in affil fee rev this year for Scripps. The co's foray into int'l markets including Europe and India is just beginning, but NeCastro said "our view of international is it should easily hit 10-15% of our revenue a few years out." At Discovery, "our expectation [for OWN] is that over time the channel will grow, it will grow significantly, and over time we'll be able to get some meaningful fees for high quality content," said COO *Peter Liguori*, noting that the net may be available in 80mln homes when it launches early next year. As for the co's 3D net in partnership with **Sony** and **IMAX**, Liguori said: "Our content looks great in HD and as people move to that 'closer to real' in terms of the way that they view content... they'll continue to view us as the

Value-Added Benefits

for CableFAX Daily Subscribers Only

As part of your CableFAX Daily subscription, did you know that you can view the latest industry Datapoints from our partners including Nielsen, Rentrak, comScore and MediaBiz?

Plus as a subscriber, you also have access to an archive of CableFAX Daily stories and articles most relevant to your business needs. Browse articles by topic, keyword search, or download recent issues.

 Log onto www.cablefaxdaily.com

CableFAX Daily™

15860

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 ● Marketing Director: 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

place to go to see content that looks great,” he said. CEO **David Zaslav**, meanwhile, cited “substantial progress at our joint venture with **Hasbro**,” The Hub, and touted Discovery’s ’10 ad outlook. “It’s apparent that the economic downturn hampered our ability to fully monetize our growing audiences and our dynamic brands, which is why I’m so optimistic about domestic advertising in 2010,” he said. Discovery forecasts low- to mid-single digit US ad growth this year.

GoogleBand: The **Google** geeks are at it again, announcing Wed a self-described “experiment” to offer ultra-fast Internet access at a few trial locations around the U.S. (Speeds could reach 1Gbps). The footprint will be small—only about 50K homes passed initially. But Google said Wed in its official blog that the service could potentially reach up to 500K homes. Envisioned services include medical imaging and university lectures streamed over the Web in 3D, HD movie downloads in under 5 minutes and a next-gen apps exploiting the turbo pipe. Oh, and Google said the network will be “open access,” meaning that 3rd party ISPs can rent bandwidth and resell to customers (sound familiar?). Google put out an RFI on Wed seeking interested test communities. **NCTA** pres/CEO **Kyle McSarrow** reacted with some curiosity. “We look forward to learning more about Google’s broadband experiment in the handful of trial locations they are planning,” he said in a statement, noting that cable has already invested \$161bln in broadband buildouts. **FCC** chmn **Julius Genachowski**, meanwhile, called the trial “significant” as “an American testbed for the next generation of innovative, high-speed Internet apps, devices, and services.” He added that the FCC’s National Broadband Plan “will build upon such private-sector initiatives.”

Competition: **AT&T** selected **Alcatel-Lucent** and **Ericsson** as equipment suppliers for the deployment of its LTE mobile broadband network, field trials of which will begin later this year.

In the States: **Music Choice** bowed 24/7 interactive music video net **SWRV**, which features 10 different interactive programs and allows viewers to submit UG content, vote for and rate videos, and take over an entire programming block. Cox now carries the net linearly in New England and VA, and its nationwide broadband subs can stream the net live at SWRV.com. The MSO will continue rollouts across markets, and SWRV expects to launch through other ops later this year. -- Part of its approx \$350mln capital investment plan through ’12, **Suddenlink** has nearly doubled, as of Dec 31, its penetration rate of DOCSIS 3.0 services to approx 23% of basic subs, compared to 12% in Jun. New markets include Humboldt County, CA, Abilene, TX, and Charleston, WV, where broadband speeds of 20Mbps are available, as well as Lubock and Midland, TX, where speeds reach 36Mbps. Suddenlink’s plan calls for 90% DOCSIS 3.0 penetration by ’12, plus HD penetration to 97% (from 86% in Jun), VOD to 90% (from 48%) and phone to 90% (from 84%). The MSO said the plan also will enable moving to all-digital and offering up to 200 HD channels in most areas.

Online: **ESPN** welcomes in Apr The Trey, or **ESPN3.com**, the new moniker planned for broadband net ESPN360.com. “We have approached this as a network for years, and as users have become more accustomed to engaging with content across various screens, it made sense to make adjustments that reflect both the product’s and the industry’s evolution,” said evp, sales and marketing **Sean Bratches** in a release. New features and functionality for the net, which features in 50mln homes more than 3,500 live events annually, will be announced in the coming weeks.

Advertising: In-game ads help to maximize sports marketing dollars, according to a recent **ESPN** Sports Poll conducted by **TNS**, with activation of sponsorships key as three-fourths of sports fans say in-game advertising plays a part in reinforcing a company’s real-world sponsorship of that sport. Approx half of US homes own a gaming console, data show, and 50% of the sports fans in those homes own at least 1 sports video game. The profile of the “sports gamer” reveals that 75% are male, more than half are 18-34s, most are single with disposable income, and the group is more physically active than general sports fans.

Programming: **TLC** said Thurs’ ep of “American Chopper” will be the show’s last. -- **Golf Channel** tapped **Sports-MEDIA Tech** to provide virtual graphic solutions for its PGA and LPGA Tour telecasts. -- **A&E**’s “Gene Simmons Family Jewels” returns Mar 21st for a 5th season that will include the series’ 100th ep. -- **E!**’s “the SPINdustry” (Feb 21) offers an inside look at pr firm **Command PR**.

Honors: As it does with virtually every TV-related award type, **HBO** led all cable and broadcast nets by receiving 8 noms for the ’10 NAMIC Vision Awards, this year inclusive of 15 categories. The premium net’s “The No.1 Ladies’ Detective Agency” garnered 2 nods, for best drama and best drama performance, while **CNN** (5), **BET** (5) and **Nickelodeon** (4) trailed in overall nods, which easily favored cable over broadcast. **Nick** dominated the children’s category.

BUSINESS & FINANCE

ry with 3 of 4 noms, and **Discovery en Espanol** and CNN did the same in foreign language and new/info, respectively. **ESPN** (3) and **ESPN en Espanol** swept the sports noms. Other nets with multiple win chances include **ABC Family**, **Discovery en Espanol**, **Lifetime**, **MTV** and **NBC** with 3 each, and **Ebru TV**, **TNT** and **TV One** with 2 per.

On the Circuit: **ACA** activated at ACASummit.com the portal dedicated to its 17th annual confab, to be held this year near Washington, DC, from Apr 19-21. The theme is "It's Your Move," meant to encourage members to stay ahead of key policy issues including the proposed merger between **Comcast** and **NBCU**, retrans consent reform, broadband deployment and efforts to reform the USF.

Obit: Fishing boat captain *Phil Harris*, a star of **Discovery's** "Deadliest Catch," died Tues night after suffering from what his family described as a massive stroke late last month.

Business/Finance: Official trading of **MSG** shares began Wed after the unit's Tues spin off from **Cablevision**. **MSG** was down 4% on the day. A leaner **CVC** saw its shares rise by 2.6%. -- **MTVN** and **RealNetworks** agreed to restructure their digital music service jv **Rhapsody America** into a standalone corp. As part of the transaction, which is expected to close later this Q, **RealNetworks** will contribute operating capital.

CableFAX Daily Stockwatch

Company	02/10 Close	1-Day Ch	Company	02/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	32.99	(0.34)	AMPHENOL:	39.55	(0.07)
DIRECTV:	30.93	(0.21)	AOL:	23.92	(0.17)
DISH:	17.99	(0.08)	APPLE:	195.12	(1.07)
DISNEY:	30.03	0.19	ARRIS GROUP:	9.69	(0.01)
GE:	15.69	0.09	AVID TECH:	12.77	0.05
NEWS CORP:	14.82	(0.34)	BIGBAND:	2.95	0.01
			BLNDER TONGUE:	1.06	0.00
MSOS					
CABLEVISION:	22.10	0.55	BROADCOM:	29.99	0.45
COMCAST:	15.31	(0.08)	CISCO:	23.76	(0.13)
COMCAST SPCL:	14.48	(0.14)	CLEARWIRE:	6.30	0.00
GCI:	5.33	(0.07)	COMMScope:	26.25	(0.08)
KNOLOGY:	10.96	(0.19)	CONCURRENT:	4.42	(0.13)
LIBERTY CAPITAL:	26.86	(0.12)	CONVERGYS:	10.87	(0.01)
LIBERTY GLOBAL:	24.31	(0.37)	CSG SYSTEMS:	19.81	(0.36)
LIBERTY INT:	10.54	(0.1)	ECHOSTAR:	18.86	0.16
MEDIACOM:	4.08	(0.1)	GOOGLE:	534.45	(2)
RCN:	10.12	0.12	HARMONIC:	6.10	0.02
SHAW COMM:	18.68	0.07	INTEL:	19.69	0.04
TIME WARNER CABLE:	45.13	0.10	JDSU:	8.26	0.11
VIRGIN MEDIA:	14.37	(0.16)	LEVEL 3:	1.27	(0.11)
WASH POST:	412.37	(2.99)	MICROSOFT:	27.99	(0.02)
			MOTOROLA:	6.63	0.09
PROGRAMMING					
CBS:	12.67	(0.36)	OPENTV:	1.53	0.01
CROWN:	1.56	0.04	PHILIPS:	28.99	(0.4)
DISCOVERY:	27.88	(1.39)	RENTRAK:	17.65	0.37
GRUPO TELEvisa:	18.64	(0.17)	SEACHANGE:	6.75	0.01
HSN:	18.49	(0.57)	SONY:	33.81	0.04
INTERACTIVE CORP:	21.40	0.05	SPRINT NEXTEL:	3.36	(0.29)
LIBERTY:	35.03	(0.19)	THOMAS & BETTS:	33.95	(0.27)
LIBERTY STARZ:	46.58	(0.12)	TIVO:	8.84	(0.12)
LIONSGATE:	5.08	(0.11)	TOLLGRADE:	6.25	0.05
LODGENET:	5.42	0.09	UNIVERSAL ELEC:	22.80	(0.4)
NEW FRONTIER:	1.90	(0.05)	VONAGE:	1.46	0.00
OUTDOOR:	5.08	(0.07)	YAHOO:	14.80	(0.27)
PLAYBOY:	3.26	0.00			
RHI:	0.33	(0.01)	TELCOS		
SCRIPPS INT:	40.58	(3.18)	AT&T:	25.12	(0.14)
TIME WARNER:	27.38	(0.03)	QWEST:	4.27	0.00
VALUEVISION:	3.92	(0.08)	VERIZON:	28.87	0.12
VIACOM:	30.26	(0.23)			
WWE:	16.26	0.21	MARKET INDICES		
			DOW:	10038.38	(20.26)
TECHNOLOGY					
3COM:	7.49	0.01	NASDAQ:	2147.87	(3)
ADC:	6.55	0.02			
ADVANTAGE:	2.08	(0.12)			
ALCATEL LUCENT:	3.18	(0.08)			
AMDOCS:	28.70	(0.13)			

NEED TO KNOW WHAT CONTENT IS DRIVING VIEWERS TO AND FROM YOUR PROGRAMMING?

WANT THE ANSWER? JUST ASK NIELSEN.™

Nielsen aligns minute-by-minute shifts in viewership to actual program content, so you can implement better programming strategies based on what or who is driving ratings. Understand the impact people, subjects and storylines have on your programming so you can improve its quality and ultimately its market value.

Copyright © 2010 The Nielsen Company. 10/944

For more
info, visit
[www.nielsen.com/
media](http://www.nielsen.com/media)

Just ask
nielsen

Think about that for a minute...

The Best They Can

Washington is buried in snow. Close to three feet of the stuff has fallen in the last few days. It's really amazing. By the time it's all over we'll have had more snow this winter than in the last five winters combined. As I write this we are in "blizzard" conditions with gusts hitting 50Mph, and "white-out" conditions prevail in a lot of places. In some areas the utility crews and snow plows have been told to stay in place because it's too dangerous to move. But it will be over soon.



Steve Effros

Before it is, I want to give a big "shout out" congratulating and thanking all the crews that worked on electricity, telephone, cable, road, and other infrastructures to keep us going. I lost power at my house for 25 hours. I'm still amazed that they managed to get us back on. With the snow blowing, and walking through it

up to your hips almost impossible, these folks trekked through the woods from one downed tree to the next to get the wires back up. It was 10 degrees out... not counting the wind chill.

And yet, if you listened to the radio or watched the TV newscasters, a lot of what you saw or heard was folks complaining that they were without power and they hated the utility company because the telephones were automated and they didn't have someone to yell at.

One of the power company guys explained that if they hired lots of people to answer the phones, they would have fewer people out trying to fix the wires. He also pointed out that an automated system can respond to ten times the number of calls an individual can, and it all then gets immediately translated into computerized maps of where the trouble is.

Sounded very sensible to me, but it didn't mollify some folks who seem to think that maintaining and fixing an

infrastructure in the middle of a storm like this is simple if you just complain loudly enough.

Well, maybe now they will get a little better understanding of what it takes, how hard it is, and what an incredible job some of these folks do in the worst of conditions.

And maybe, just maybe, the next time someone calls for an "investigation" of the customer service provided by the wireline infrastructure companies, they will remember what it really takes to provide that service and maintain those lines.

But I doubt it.

So while we have the chance, and everyone is witnessing the reality of what it means to provide customer service... even in those instances where someone is without power or cable for longer than anyone would want them to be, we should all remember to say thank you to the various providers who have done, and continue to do an incredible job in unbelievable conditions. They are doing the best they can.

I wasn't planning to write about this today. There are lots of very important things going on in Washington right now that will have a major impact on the telecommunications business for a long time to come.

But most of official Washington is closed down for the fourth straight day, waiting for the guys on the poles and in the trucks to fix things for them.

Hopefully, the "powers that be" will have learned at least one thing from this experience: that it's neither easy, nor cheap, nor quick to build and maintain an infrastructure like ours, and it takes a lot of great people to do it.

Steve

T:703-631-2099
steve@effros.com

CableFAX

Sales Executive of the Year Awards

saluting cable sales leadership

Questions: Rebecca Stortstrom at
301-354-1610; rebecca@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 on June 9, 2010 in NYC.

Call for Entries: March 5, 2010

Visit: www.cablefaxsalesawards.com