

CableFAX Daily™

Wednesday — March 25, 2009

What the Industry Reads First

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Guidance Ahead: TV Guide Net's Retooling Strategy and Negotiations

Mediacom has begun notifying subscribers of its intention to drop **TV Guide Net** from its programming lineup, a move that could cost the net approx 1.3mln subs and triggers a pressing question: under new ownership and dominated by an arguably outdated channel scroll, what's next for the net, currently in approx 82mln homes? "The reality is [TV Guide Net's] an analog channel and we want to negotiate for the future of TV, which is digital," said Mediacom vp, legal and public affairs *Tom Larsen*, adding that the MSO and net continue to talk carriage possibilities despite having no distribution contract in place. In a recent article in the *Telegraph-Herald* out of Dubuque, IA, local spokesperson *Phyllis Peters* was more candid. "A scrolling guide is going away like rotary-dial telephones," said Peters. "The technology aspect is that there are other tools that consumers use that are more friendly than a scroll." The bottom line, said Larsen, is that services such as HD channels and **DOCSIS 3.0** are taking precedence at a time when bandwidth is at a premium. TV Guide Net pres *Ryan O'Hara* remains excited about the net's possibilities after its acquisition by Lionsgate in a deal that closed earlier this month and includes TVGuide.com. The studio's content library joins with the net's healthy distribution to form a "really solid combination," said O'Hara, adding that the pair's "fast and furiously crafting a plan...to create a great network." A marketing push began this week and some plans may be introduced during next week's Cable Show, he said, but there's no timetable yet for concrete initiatives. Lionsgate has said it would like to launch more original programming on the net. Currently performing well is "Idol Tonight," which returned to TV Guide Net Mar 11 for a 4th season and delivered 325K HHs, a 26% increase over the '08 season premiere. In Feb, the net's live pre-Academy Awards show delivered 529K HHs and 26% viewership growth among 18-34s and women 18-49. Lionsgate currently produces approx 19 TV series, including **AMC's** "Mad Men" and **Showtime's** "Weeds."

Expensive Ticket: **DirecTV** has extended its exclusive agreement with the **NFL** for the league's NFL "Sunday Ticket" package, and cable sources said there wasn't even a bidding process—yet the deal may end up benefiting the industry and its outside vantage. First, the package looks to be costing the DBS op approx \$1bln/year from '11-'14, or approx \$1.95mln per regular season game over the contract's course. That's a 43% price hike over the previous deal, and **Bernstein** analyst *Craig Moffett* believes DirecTV will have a difficult time turning a profit. Assuming increases in package pricing and ARPU, "DirecTV would need to acquire (or retain) about 400-450K incremental subscribers by 2012 who are solely attributable to the NFL Sunday Ticket package in order to break even on the contract," wrote Moffett. "We believe these incremental subs will prove increasingly difficult" to achieve. Second, the new deal grants DirecTV the right to offer the package via broadband to customers without satellite access beginning no later than '12, a wrinkle that **Collins Stewart** analyst *Tom Eagan* said may lead to the DBS op "cannibalizing new subscribers." Plus, the offering

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Source: Nielsen Media Research, Live Same Day Data, ME's "The Locator" season 1 premiere (Sat 3/21/09 9p-10p, PZ-4A/00). Subj to qualifications upon request.

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- A surprising run at the *World Baseball Classic™* title by this nation's team surprised all of baseball, especially their two victories over the powerhouse team from the Dominican Republic.
 Japan The Netherlands
 USA Mexico
- The Sunday night game on March 8th between USA and this country achieved a 2.0 rating, the highest in the history of *World Baseball Classic™*, ranking it as the most watched sports event on basic cable that week.
 Canada Panama
 Cuba Venezuela
- ESPN Deportes and Time Warner Cable are partnering on an exclusive promotion in support of the Todo Lo Mejor bundle package in this major Hispanic market.
 Hartford Los Angeles
 Boston San Diego
- Of the 39 World Baseball Classic games, how many will air on ESPN Deportes - the exclusive home of the *World Baseball Classic™* in Spanish?
 15 38
 39 25

Please fax this page by April 3 to 301-560-5918 or email your responses to pbenko@accessintel.com. The winner will be announced in the April 14th issue of CableFAX. No purchase necessary and no cost to enter. See official rules at <http://www.cablefax.com/cfp/contestrules>

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may dilute the content's exclusivity to DirecTV, as cable ops and telcos currently control the lion's share of broadband subs. Even so, technology tends to change in an instant, much less 3 years, and plans covering the broadband-only option must still be determined. Also forthcoming by '12 is cable, telco and Internet access to the package's Red Zone Channel, featuring live action cut-ins for all Sun afternoon games. DirecTV also extended its carriage agreement with **NFL Net**, which will continue to be offered in the DBS op's Choice package.

No Ticket Parade: Some of cable's reaction to NFL's "Sunday Ticket" deal with **DirectTV** couldn't be separated from ongoing carriage battles over the league's **NFL Net**. "The issue is the inherent hypocrisy of the NFL...having been granted an antitrust exemption so they could pool multiple teams' rights to negotiate with broadcasters, to... grant something like an exclusive Sunday Ticket arrangement, while simultaneously going to the **FCC** and insisting in that circumstance where they don't get what they want at the bargaining table...to invite the govt in to force carriage on a highly penetrated tier," **NCTA** chief *Kyle McSparrow* told **Cfax** Tues. He's specifically referring to NFL Net's pending FCC carriage complaint against **Comcast**, although the net also has taken its carriage disputes to state legislatures. An NFL Net spokesman said that the channel is just asking to be treated the same way cable treats its own networks. Part of NFL Net's complaint against Comcast is that the MSO grants better carriage to its own nets, like **Golf Channel** and **Versus**. "We've always said that carriage of NFL Network should be resolved at the bargaining table. It has been cable that has been unwilling to negotiate fairly," the spokesperson said. He also noted that the new Sunday Ticket agreement includes new features to make NFL football available to more fans across more media platforms. "As Sen [Kay Bailey] Hutchison [R-TX] says, we are providing our fans even more options," NFL said. Hutchison has praised NFL and DirecTV for reaching a deal and offering similar content over broadband. If you're wondering if McSparrow is choosing sides between 2 NCTA member companies, don't. NFL Net is no longer a member of the trade group.

DTV Doings: The wait is over. **NTIA** says it has cleared the waiting list for govt issued DTV converter box coupons thanks to funding from the stimulus bill. It also announced that it's now accepting coupon requests from eligible HHs whose coupons expired without being redeemed.

At the Portals: The **FCC** has given the public until Apr 13 to weigh in on the broadband provisions in the stimulus bill. Specifically, it's seeking input on the definitions of broadband, underserved areas and unserved areas. It also wants feedback on the non-discrimination obligations that will be contractual conditions of broadband grants, and on the network interconnection obligations that will also be conditions. Additionally, FCC staffers will make themselves available for ex parte meetings Mar 30-Apr 3 (which should work out nicely for folks at the **Cable Show** in DC that week).

Competition: **AT&T** union workers have authorized leaders to call for a strike if talks fail over contracts that expire Apr 4, the **Communications Workers of America** said.

Consumer Views: While 71% of US HHs think the economy is in a recession or headed toward a depression, nearly all cable modem HHs (95%) said they plan to keep their service, according to the latest **CTAM** "Pulse" research. Only 2% said they were somewhat or very likely to cancel in the next 6 months. Cable TV service showed similar trends, with 81% of total cable HHs and 81% of digital cable homes reporting that they are not likely to cancel their video

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Source: Mediabase Research & Intelligence, Doublebase 2008 study, Base of Adults 18+, Index = % of Hallmark Movie Channel Enthusiasts (digital/cable subscribers who watch Hallmark Channel, or who watch, buy or rent family movies) compared to Total U.S.

service. That compares to 71% and 77%, respectively, in Nov. While most reported that they are doing less shopping (53%), eating out (52%) and vacationing (51%), 35% said they are spending more time at home watching TV. -- Consumer confidence in the overall economy increased in Mar to its highest level in more than a year, according to figures from **CEA** and **CNET**. However, the report also showed that technology spending continues to fall, dropping for the 4th straight month. Until consumers are more confident in an economic recovery, CEA expects spending to remain muted.

Cable Show: Cable execs won't be the only ones walking the DC convention floor next week. **NCTA** says that key members of Congress, representatives of the *Obama* Administration, as well as DC Mayor *Adrian Fenty* have confirmed their attendance at the Cable Show (Apr 1-3). Policymakers slated to attend include interim **FCC** chmn *Michael Copps*, **House Communications** subcmte chmn *Rick Boucher* (D-VA) and ranking **Sen Commerce** member *Kay Bailey Hutchison* (R-TX).

Technology: **ActiveVideo Networks** will demo during the **Cable Show** (Apr 1-3) what it says is the TV industry's 1st example of the ability of consumers to launch Web-based interactive content from EBIF prompts.

Ratings: The finale of "Big Love" on **HBO** Sun drew 2.7mln viewers, the largest audience of Season 3. It represented 135% growth over the Season 3 premiere. The season is currently averaging 6mln+ viewers per in gross audience (replays, DVR and HBO On Demand). -- **WE's** Season 2 premiere of "The Locator" (Sat) notched a 1.2 HH rating, up from its 1.0 premiere last Sept.

Programming: **TBS** is getting into the late night talk show biz, tapping the well-known *George Lopez* to headline the program. The net promises that its talker will bring excitement back to late night with an "outdoor street-party atmosphere." The show, not yet named, will air Mondays-Thursdays at 11pm ET, beginning in Nov. -- **Comcast Ent Group** reached a new multi-year deal with comedienne *Chelsea Handler*. She'll continue to serve as host and exec producer of "Chelsea Lately" through '12, and will develop and produce shows across the company's nets via her new production company, **Borderline Amazing Productions**. -- **MSNBC** bought the rights to **Atlas Media's** theatrical doc "Robert Blecker Wants Me Dead," which documents the pro-death penalty campaigner's friendship with death row inmate *Daryl Holton*. -- **Spike** debuts **HBO's** critically acclaimed mini, "Band of Brothers," in 3Q. -- **MSG** acquired **ESPN's** miniseries "The Bronx is Burning," premiering it Apr 5, 9pm. Each of the 8 eps will be followed by MSG's original "Summer of '77" programming, featuring interviews with athletes, celebs and elected officials who lived through that summer. -- **Gospel Music Channel** renewed singing competition series "Gospel Dream" for a 4th season (June 27 premiere). It also launches "Revealed," an original series about artists, Sat, 8pm.

Upfronts: **Hallmark** talked up how **Nielsen Fusion Metrics** show that the channel's cross-platform sponsorship opportunities reach 65.5% of all US homes, with these HHs accounting for \$280bln in annual spending in the consumer packaged goods category. That equates to 66.5% of total consumer spending in the category. Over the holidays, **Nestle Toll House** sponsored a cross-platform campaign that accounted for \$441mln spent on the brand, virtually half of total spending for Toll House, Hallmark said. It also boasted that Hallmark Channel has maintained its position as the #2 net among prime HHs for C3 audience retention with 95.1% retention for 4Q. Other announcements included **Hallmark Movie Channel's** new partnership with the Maurice Kanbar Institute of Film & TV of NYU's Tisch school of the Arts to showcase short films from students and alumni filmmakers. The films will begin airing in Oct under the banner "Film Positive."

On The Circuit: **HBO** took advantage of a flurry of lobbying on Capitol Hill surrounding Alzheimer's disease this week to tout its 4-part, multi-platform series, "The Alzheimer's Project" (May 10-11). Exec prod *Maria Shriver* joined HBO doc-

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Luncheon: September 16, 2009
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BUSINESS & FINANCE

umentary chief *Sheila Nevins* to brief the DC press and show extended clips of the 4 films, which range from scientific discoveries surrounding the disease to Shriver's film, which helps children deal with relatives who have the disease. "We want to have a discussion with America about this disease," Nevins said, "and the key word [about these films] is hope." Nevins and others said that with enough federal dollars for research, a cure for Alzheimer's could be in sight. HBO partner **The Alzheimer's Association** will send 5K DVDs of the movies to schools, libraries and civic clubs for screenings, and HBO will "open its signal" on May 10-11 for cable and satellite subs to see the programs, Nevins said.

People: EWTN pres *Michael Warsaw* added the additional role of CEO to his title. He succeeds *Deacon Warsaw*, who will remain chmn of the board. Additionally, *Douglas Keck* was promoted to the newly created post of evp, COO. -- **The Sportsman Channel** named *Willy Burkhardt* pres, effectively immediately, with net co-founder *Michael Cooley* to become chmn.

Business/Finance: Goldman Sachs downgraded **Disney** to "neutral" from "buy" Tues and cut the corresponding 6-month price target to \$20 from \$26, saying it expects the gap to narrow between the valuation of Disney shares and its ent peers, currently pegged at 25%.

CableFAX Daily Stockwatch

Company	03/24 Close	1-Day Ch	Company	03/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	26.73	(0.32)	AMDOCS:	17.38	(0.48)
DIRECTV:	22.83	(0.62)	AMPHENOL:	29.09	(0.51)
DISH:	11.41	0.09	APPLE:	106.83	(0.83)
DISNEY:	18.29	(0.63)	ARRIS GROUP:	7.36	(0.3)
GE:	10.41	(0.02)	AVID TECH:	9.52	(0.3)
HEARST-ARGYLE:	2.09	(0.17)	BIGBAND:	6.68	(0.11)
NEWS CORP:	7.68	0.00	BLNDER TONGUE:	0.86	0.00
MSOS					
CABLEVISION:	13.67	(0.24)	BROADCOM:	20.64	(0.85)
CHARTER:	0.03	(0.01)	CISCO:	16.58	(0.4)
COMCAST:	14.04	(0.04)	CLEARWIRE:	4.28	(0.04)
COMCAST SPCL:	13.22	0.05	COMMSCOPE:	9.80	(0.11)
GCI:	6.08	(1.46)	CONCURRENT:	3.24	0.03
KNOLOGY:	3.89	(0.06)	CONVERGYS:	7.66	(0.09)
LIBERTY CAPITAL:	6.47	(0.08)	CSG SYSTEMS:	13.25	(0.7)
LIBERTY ENT:	19.93	(0.39)	ECHOSTAR:	15.59	(0.16)
LIBERTY GLOBAL:	14.40	0.35	GOOGLE:	347.32	(1.28)
LIBERTY INT:	3.38	(0.04)	HARMONIC:	6.31	(0.2)
MEDIACOM:	4.27	(0.64)	INTEL:	15.06	(0.46)
SHAW COMM:	16.18	(0.22)	JDSU:	3.93	0.29
TIME WARNER CABLE:	26.91	(0.41)	LEVEL 3:	0.72	(0.02)
VIRGIN MEDIA:	5.26	(0.23)	MICROSOFT:	17.87	(0.46)
WASH POST:	373.64	4.64	MOTOROLA:	4.23	(0.08)
PROGRAMMING					
CBS:	4.47	0.05	OPENTV:	1.41	(0.04)
CROWN:	1.99	(0.01)	PHILIPS:	16.34	(0.27)
DISCOVERY:	16.13	(0.47)	RENTRAK:	9.05	0.12
EW SCRIPPS:	1.76	(0.06)	SEACHANGE:	5.80	(0.52)
GRUPO TELEVISIA:	13.55	(0.34)	SONY:	21.40	(0.29)
HSN:	4.65	0.00	SPRINT NEXTEL:	3.69	(0.01)
INTERACTIVE CORP:	14.65	(0.25)	THOMAS & BETTS:	23.98	(0.47)
LIBERTY:	22.50	(1.01)	TIVO:	6.99	(0.27)
LODGENET:	1.15	(0.01)	TOLLGRADE:	6.00	0.01
NEW FRONTIER:	1.42	(0.02)	UNIVERSAL ELEC:	17.79	(0.53)
OUTDOOR:	6.53	(0.11)	VONAGE:	0.38	(0.05)
PLAYBOY:	1.98	(0.11)	YAHOO:	13.63	(0.46)
RHI:	1.36	(0.12)	TELCOS		
SCRIPPS INT:	21.88	(0.44)	AT&T:	26.33	(0.59)
TIME WARNER:	8.52	(0.1)	QWEST:	3.77	0.08
VALUEVISION:	0.43	0.00	VERIZON:	30.51	(0.56)
VIACOM:	19.44	(0.06)	MARKET INDICES		
WWE:	11.25	(0.51)	DOW:	7660.21	(115.65)
TECHNOLOGY					
3COM:	2.86	0.06	NASDAQ:	1516.52	(39.25)
ADC:	3.33	(0.19)			
ADDVANTAGE:	1.50	0.02			
ALCATEL LUCENT:	1.88	0.14			

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