

CableFAX Daily™

Monday — April 20, 2009

What the Industry Reads First

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All About Price: Comcast Ties Wider Distribution for NFL Net to Lower Fee

If NFL drops its license fee to 25 cents sub from about 70 cents, **Comcast** will give it broader distribution, Comcast CEO *Brian Roberts* indicated Fri during a hearing on NFL's carriage complaint over the MSO moving **NFL Net** to a sports tier. That would put the League's net and its 8-game package at a price comparable to **Versus** and **Golf**, according to court testimony. NFL's attorney argued that this price is too low because Comcast would have raised the price of **Versus** (which Roberts suggested was in the teens at the time) to pay for the 8-game package had Comcast been awarded the rights instead of NFL Net. NFL has noted that **Versus** and **Golf** are primarily on expanded basic, which is more widely distributed than the digital carriage Comcast is offering. Comcast had offered about \$2.25bln, a figure that includes a stake in **Versus** (then **OLN**) and \$200-\$300mln in launch support fees for NFL Net, for the live games. Roberts agreed that Comcast would have sought to raise **Versus**' license fee, but added the caveat that it would also have tried to procure more content beyond the games. Roberts testified that he believes the games' value has gone down because a number of distributors, such as **Time Warner Cable** and **Cablevision**, haven't carried that channel for years and have maintained businesses that seem "very viable." Roberts said Comcast did remind the NFL that the MSO had the right to tier the channel during negotiations for the 8-game package, saying Comcast thought maybe NFL owners hadn't been briefed on that or NFL officials had forgotten. He said no one from NFL protested when tiering was mentioned. With Comcast's contract set to expire Apr 30, there is no agreement in place currently to extend carriage. NFL Net has been running a crawl on Comcast systems warning subs that they may lose the channel at the end of the month. Comcast evp, content acquisitions *Matt Bond* said on the stand that the MSO "believes that the crawl violates their contract." The **FCC** would have to approve any decision made by the administrative law judge in the Comcast-NFL dispute.

Cable Pleases: **GE's** 1Q financials displayed yet another solid Q for **NBCU's** cable properties, perhaps portending favorable earnings and upfront seasons for industry programmers. Cable rev rose 7% while operating profit jumped 19%, and the segment enjoyed increases in sub fees and importantly ad sales, said GE vice chmn/CFO *Keith Sherin*, who lauded a "great performance out of cable." Operating profit growth across individual nets was corroborative: **Bravo** +41%, **USA** +15%, **Oxygen** +100%, **MSNBC** +28% and **CNBC** +20%. Sherin expects cable results for the remainder of '09 to be similar, noting likely full-year growth in subs fees and double-digit growth overall. Also, Sherin's "very excited about the progress" at **Hulu**. **NBC**, meanwhile, didn't fare nearly as well, dogged chiefly by higher programming costs and soft advertising, said Sherin. As the broadcaster dragged NBCU down to rev of \$3.52bln (-2%) and segment profit of \$391mln (-45%), Sherin said local markets are showing no improvement.

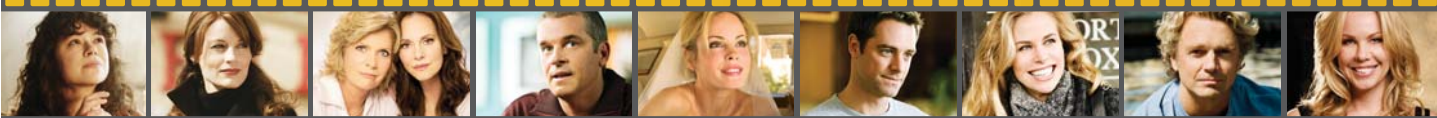
Kids + TV: **NCTA**, **NAB** and the **MPPA** joined hands to tell the **FCC** that govt intervention in the form of a mandatory ratings system or technology mandates to protect children from TV content would likely deter innovation in new solutions.

The Network Your Subscribers Know and Trust

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Hallmark
CHANNEL

The Nielsen Company, Galaxy Explorer, June '08 - Mar '09 (5/29/08 - 3/29/09), Monthly Prime Time (M-F 8-11p) average, Live+SD coverage area (H1 ratings among ad-supported cable networks, includes networks airing less than 50% of daypart).



CableFAX Week in Review

Company	Ticker	4/17 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	26.60	8.30%	(4.8%)
DIRECTV:	DTV	24.94	2.80%	8.90%
DISH:	DISH	14.21	3.90%	28.10%
DISNEY:	DIS	20.38	2.50%	(8.7%)
GE:	GE	12.39	9.40%	(17.8%)
HEARST-ARGYLE:	HTV	4.77	11.40%	(20.1%)
NEWS CORP:	NWS	9.37	7.30%	(1.6%)

Company	Ticker	4/17 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	17.52	5.70%	4.60%
COMCAST:	CMCSA	14.48	(1%)	(13.9%)
COMCAST SPCL:	CMCSK	13.55	(1.9%)	(15.7%)
GCI:	GNCMA	7.41	(0.8%)	(8.4%)
KNOLGY:	KNOL	5.60	8.90%	8.50%
LIBERTY CAPITAL:	LCAPA	11.00	14.50%	133.50%
LIBERTY ENT:	LMDIA	22.98	3.90%	31.50%
LIBERTY GLOBAL:	LBTYA	18.01	4.20%	13.10%
LIBERTY INT:	LINTA	5.54	48.10%	77.60%
MEDIACOM:	MCCC	5.08	3.00%	18.10%
SHAW COMM:	SJR	15.26	(1.1%)	(11.8%)
TIME WARNER CABLE:	TWC	28.92		
VIRGIN MEDIA:	VMED	7.39	13.90%	49.70%
WASH POST:	WPO	427.79	10.00%	10.70%

Company	Ticker	4/17 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	6.70	25.00%	(17.6%)
CROWN:	CRWN	2.50	13.60%	(12.3%)
DISCOVERY:	DISCA	18.25	1.70%	28.90%
EW SCRIPPS:	SSP	1.93	(7.2%)	(12.2%)
GRUPO TELEVISIA:	TV	16.54	2.00%	10.70%
HSN:	HSNI	6.31	10.10%	(13.2%)
INTERACTIVE CORP:	IACI	16.69	1.10%	6.00%
LIBERTY:	L	25.18	2.60%	(10.6%)
LODGENET:	LNET	1.70	9.70%	142.90%
NEW FRONTIER:	NOOF	1.82	4.00%	7.10%
OUTDOOR:	OUTD	7.26	1.30%	(3.1%)
PLAYBOY:	PLA	2.07		(4.2%)
RHI:	RHIE	2.92	0.30%	(64%)
SCRIPPS INT:	SNI	27.26	5.20%	24.30%
TIME WARNER:	TWX	23.22	4.40%	4.70%
VALUEVISION:	VVTV	0.74	(6.3%)	124.20%
VIACOM:	VIA	20.82	2.20%	3.50%
WWE:	WWE	10.99	(6.1%)	5.70%

Company	Ticker	4/17 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.78	1.90%	65.80%
ADC:	ADCT	5.96	18.90%	9.00%
ADVANTAGE:	AEY	1.63	3.20%	(8.4%)
ALCATEL LUCENT:	ALU	2.43	16.80%	13.00%
AMDOCS:	DOX	19.45	(2.7%)	6.30%
AMPHENOL:	APH	30.50	0.60%	27.30%
APPLE:	AAPL	123.42	3.20%	44.60%
ARRIS GROUP:	ARRS	9.55	6.70%	20.10%
AVID TECH:	AVID	11.00	6.90%	0.80%
BIGBAND:	BBND	6.17	5.10%	11.80%
BLNDER TONGUE:	BDR	0.85	(5.6%)	(15.8%)
BROADCOM:	BRCM	22.93	(1%)	35.10%

Company	Ticker	4/17 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	17.99	1.00%	10.40%
CLEARWIRE:	CLWR	5.58	(0.2%)	40.60%
COMMSCOPE:	CTV	19.36	7.40%	24.60%
CONCURRENT:	CCUR	4.18	10.50%	23.50%
CONVERGYS:	CVG	9.73	1.50%	51.80%
CSG SYSTEMS:	CSGS	14.95	(0.9%)	(14.4%)
ECHOSTAR:	SATS	16.47	3.10%	10.80%
GOOGLE:	GOOG	392.24	5.30%	27.50%
HARMONIC:	HLIT	6.67	(6.3%)	18.90%
INTEL:	INTC	15.60	(2.4%)	15.70%
JDSU:	JDSU	4.78	11.10%	30.40%
LEVEL 3:	LVLTL	1.24	19.20%	77.10%
MICROSOFT:	MSFT	19.20	(2.4%)	0.10%
MOTOROLA:	MOT	5.56	13.50%	26.60%
NDS:	NNDS	62.93		9.70%
OPENTV:	OPTV	1.58	(4.2%)	28.50%
PHILIPS:	PHG	17.06	4.90%	(14.1%)
RENTTRAK:	RENT	10.01	(0.9%)	(15.1%)
SEACHANGE:	SEAC	6.76	8.90%	(6.2%)
SONY:	SNE	26.37	1.50%	20.60%
SPRINT NEXTEL:	S	4.11	(4.2%)	124.60%
THOMAS & BETTS:	TNB	29.89	3.70%	24.40%
TIVO:	TIVO	7.50	0.10%	4.70%
TOLLGRADE:	TLGD	5.91	6.50%	23.60%
UNIVERSAL ELEC:	UEIC	18.98	(0.6%)	17.00%
VONAGE:	VG	0.38	(5%)	(42.4%)
YAHOO:	YHOO	14.39	6.80%	18.00%

Company	Ticker	4/17 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	25.95	(0.6%)	(7.5%)
QWEST:	Q	3.54	(7.6%)	1.60%
VERIZON:	VZ	31.78	(1%)	(4.9%)

Index	4/17 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	8131.33	0.60%	(7.3%)
NASDAQ:	COMPX	1673.07	1.20%	6.10%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LIBERTY INT:	5.54	48.10%
2. CBS:	6.70	25.00%
3. LEVEL 3:	1.24	19.20%
4. ADC:	5.96	18.90%
5. ALCATEL LUCENT:	2.43	16.80%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. QWEST:	3.54	(7.6%)
2. EW SCRIPPS:	1.93	(7.2%)
3. HARMONIC:	6.67	(6.3%)
4. VALUEVISION:	0.74	(6.3%)
5. WWE:	10.99	(6.1%)

To Summ-it Up, CableFAX Daily Takes You There

Announcing: Bonus distribution of CableFAX Daily at the 16th Annual American Cable Association Summit

Event Date: April 28
Location: Gaylord National Hotel, Washington, DC.
www.americancable.org

CableFAX Daily Issue Date: April 28
Ad Close Date: April 22
Artwork Deadline: April 23, noon

Make sure your new or existing ad is placed in the April 28 issue. For assistance contact Debbie Vodenos; 301-354-1695; dvodenos@accessintel.com or Erica Gottlieb; 212-621-4612; egottlieb@accessintel.com

MaxFAX...

“Journalism” Online?

Our old compatriot *Leo Hindery* has a pretty good idea...

He, along with the semi-notorious *Steve Brill* and former *Wall Street Journal* publisher *Gordon Crovitz* have formed something called **Jour-**



Paul S. Maxwell

nalism Online, LLC. The idea is to develop a suite of ecommerce products for journalistic enterprises... one is due this fall that would allow a simple way for consumers to actually pay for what

they want.

The group would also work with individual publishers or groups to help co-develop a variety of answers to how to build a new business model for news generators.

There is certainly a growing need for those new models... the old ways don't work so well. Aggregators (you can “google” that) take content from those who generate original news/opinions and, under a not-so-“fair-use” doctrine, don't share the revenues they generate.

Like *Sam Zell's* “mistake,” the virus is accelerating... even in our cable trade field. It pains me to see the once-major trade “newspaper” that I started in 1980 turn into a weekly, slick

magazine. Remember? *Multichannel News* was once a robust news vehicle on real newsprint. I'm not blaming **Reed**... it isn't their fault (and now they're laying off more folks; bummer). The classic advertising market has simply pretty much disappeared. It might never return. The trade books in the publication bins at the recent Cable Connection Spring sure proved the point. Every newspaper in the country is cutting something as you read this... sections, pages, ads, reporters, salespeople, anything! And magazine ad pages were down 26% in the first quarter. Mega-bummer. (Anybody notice that one of the four major IPOs unfolding now is driven by its ubiquitous advertising? **Rosetta Stone** shows up everywhere—is there a lesson in that for success?)

It's an interesting group that is attempting this. Leo knows cable (that's recently **Gospel**, just for starters); knows news (he once worked for the *San Francisco Chronicle's* parent when it was healthy company); and knows money and business models. Crovitz' former company is the only one that really has made online revenues a dual stream. And Brill knows cable news (at least in court); stumbled at publishing (learning the hard way at **Primedia** where he tried something like this with **inside.com**—which once included, sort of, *CableWorld*); and developed my favorite of his creations: Clear cards at airports.

So, good luck, guys.

Random Notes:

• **Customer Service?** Or the lack thereof... lots of response to last week's report of a long-time cable “person” going over to the “enemy.” The only response that wasn't a lament, a diatribe, a “told-you-so” or a call to action was a reminder that the **Cable Center** board meets in New York this week at *Michael Willner's* office. A main topics will be how the Cable Center's “Customer Experience Management” initiative is forcefully addressing the problem. If your company isn't one of the participants, well—you sure as should be.

• **Secede!** I'll be in Texas instead of New York this week (family). As a (renegade) Texan, I enjoyed Gov. *Rick Perry's* reminder that Texas could (and has) seceded. So, I've got an appointment with the Gov to lobby him on splitting Texas into 4 new states... N-E-S-W Texas (Texas negotiated the right to do that—unless that secession stuff nullified it). I want him to carve out North Texas with the same borders that existed when Texas was just a territory. Seems that included Breckenridge.

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Entry Deadline: May 1, 2009

Late Entry Deadline: May 8, 2009

Luncheon: September 16, 2009

Location: Grand Hyatt New York, NY



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