

CableFAX Daily™

Monday — May 3, 2010

What the Industry Reads First

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Sunny Skies: Discovery's Ad Results, Forecast Bode Well for Cable

Discovery Comm on Fri provided another sign pointing to a healthy upfront season for cable nets, joining **Viacom** in delivering both 1Q domestic ad rev growth and a positive outlook for the industry's ad market. Moreover, **Credit Suisse** this week posited 22% growth in this year's cable upfront, to \$8.2bln, and upped to 4.4% from 3% its full-yr cable ad rev forecast. "The market is quite strong right now... we should have a very good upfront," said Discovery pres/CEO *David Zaslav*. "There is no question [that] there is a much higher degree of optimism in the marketplace from clients across virtually all categories." Viacom CEO *Philippe Dauman* echoed those sentiments Thurs, noting how "the mood of our clients is increasingly optimistic and marketing budgets are beginning to open up." Discovery posted a solid 1Q featured 9% growth in domestic ad rev and 35% internationally (excluding foreign currency effects). CFO *Brad Singer* attributed most of the 1Q success to ratings improvements, the remainder to greater sell-through. Indeed, Discovery's US channel basket delivered a collective 11% improvement in ratings during the Q, helped largely by **Animal Planet** and **Investigation Discovery**. As each net has earned audience increases in each Q dating back more than 2 years, the former notched in 1Q its highest quarterly viewership ever and I.D. established a historical 1Q viewership record through 60% YOY growth. Meanwhile, Singer said scatter premiums average approx 17-19% above the '09 upfront, with full-yr domestic ad gains expected to total 5-9%. Overall domestic (+4%) and distribution (+4%) rev also increased during 1Q, and execs are bullish about the co's intl prospects. **S&P** upped to 'strong buy' from 'buy' its opinion on DISCA shares, bumping the price target to \$45 from \$40. "With U.S. operations margins well above content-play cable peers, and int'l nets already firing on all cylinders, low-capex model of non-fiction programmer (HD pioneer) bodes well for higher free cash," the firm noted. Amid a bad day on Wall St, investors sent DISCA shares up 3.3% to close at \$38.73. Interestingly, shares of **Scripps Nets**, which also performed relatively well in the ad market last yr, rose by 1.5%. Scripps reports next week, as do **Time Warner**, **News Corp** and others.

RS-DVR Watch: **Cablevision's Tom Rutledge** promised during 4Q earnings a limited rollout of its remote-storage DVR in Apr, with a "very limited" number of homes in NYC without standalone DVRs now have the ability to pause live TV when caller ID shows up on screen. Some homes in the city also now have "limited function" RS-DVR service, a spokesman confirmed. Maybe Rutledge will provide more details during CVC's 1Q earnings calls Thurs. He has said that by year-end



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Cablevision plans to stop buying DVRs and begin deploying its network-based DVR solution throughout the footprint.

Merger Talk: FCC commish *Michael Copps* has called for public FCC hearings on **Comcast-NBCU**. "This is not without precedent at the FCC," Copps told **C-SPAN's** "The Communicators" (Sat, 6:30pm ET). "Is this going to have an impact on consumer rights and on cable? Is it going to have an impact on access to the Internet? What's it going to do to programming and local news?... Yes, we could use a stronger NBC in some ways, but maybe not in others."

Competition: **AT&T** announced plans to launch **U-verse** services in parts of Chattanooga, TN, later this summer.

In the States: **LodgeNet** and **DirecTV** signed a new 10-year deal that expands the scope of the companies' joint efforts in serving hotels and hospitals. The deal continues LodgeNet's distribution relationship with DirecTV for basic and premium programming and includes the rights to HD and subscription-based programming, like **NFL** Sunday Ticket, through LodgeNet's PPV system. -- **Buckeye CableSystem** is launching a new HSD tier with speeds up to 30Mbps through DOCSIS 3.0. It's also increasing speeds by 50% for some customers. The new speeds will be available to 90% of its network with full DOCSIS 3.0 deployment to be complete by mid-summer.

Earnings: **Suddenlink's** preliminary quarterly results include rev of \$411mln (+6.8%) and op income of \$64mln (+28%), the increases due in part to the addition of 92K RGUs, which represents the co's highest quarterly RGU unit growth ever. Net subs gains included 4.8K basic video (-48%), 30.6K digital (+99%), 34.8K HSD (+11%) and 21.8K phone (-6%). As of Mar 31, respective total service customers tallied 1.24mln, 576K, 784K and 302K.

In the Courts: **DDB Technologies** filed in TX a lawsuit against **NBA Media Ventures** alleging infringement of patents covering proprietary techniques to broadcast simulations of live sporting events, including play-by-play text, graphics, and animation. A similar suit was filed against **ESPN** in mid-April, and **MLBAM** recently settled its litigation with DDB dating back to '04 while becoming a licensee of the tech.

Icy Hot: **Versus'** 1st-round coverage of the **NHL** playoffs averaged a 0.7 HH (+75% YOY) rating and 595K (+35%), making it the highest-rated and most-watched 1st round on cable since '01. The net's coverage combined with **NBC's** to avg 742K/telecast (+24%), the highest total since **ABC/ESPN/ESPN2** averaged 750K viewers in '00. Some RSNs are enjoying early postseason success too, as **CSN Mid-Atlantic's** telecast of game 7 of the Capitals-Canadiens series delivered an 8.1 avg HH rating (189K homes) in the D.C. market to become the highest-rated Caps game in net history. The 4 CSNs featuring playoff coverage averaged 636K HHs in the 1st round, up 30% YOY.

People: **Tribune Media Services** promoted *Jay Fehnel* to svp, COO, ent products and *John Zelenka* to svp, biz dev and news & features.

Public Affairs: **Cartoon Net** partnered with the **Natl Assoc for Sports and Phys Ed** for the **Move It Movement Tour**, a summer-long initiative aimed at getting kids 6-14 to lead active and healthy lifestyles. The tour will hit more than 30 markets and feature cable affils and pro sports leagues as partners.

Show News: **CTAM** revamped its Research Conference (May 12-14, L.A.), with more analysis of changing consumer trends and an emphasis on the collaboration, credibility and impact of consumer research. Speakers include **comScore** chmn and co-founder *Gian Fulgoni*, **Oxygen** gm *Jason Klarman* and **IFC and Sundance** pres *Evan Shapiro*.

TRAVEL CHANNEL'S ON THE MOVE...TO A NEW SATELLITE

Travel Channel is moving satellites and the deadline for completion is May 17. Get more information at **1-800-211-6671**.

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All net proceeds will benefit the scholarship fund set up for Will and Kristin's two young daughters, Sarah and Norah via the National Alliance for Healthy Communities (a 501 c3 organization).

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SPECIAL THANKS

AMERICAN CABLE ASSOCIATION, ARGO SYSTEMS, BROADCASTING & CABLE, CABLEFAX, CTAM SMARTBRIEF, CTI MEDIA, DAILY PLANET, ENSEQUENCE, MULTICHANNEL NEWS, PRINTUP GRAPHICS

CableFAX Week in Review

| Company | Ticker | 4/30 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|------------|--------------|----------|
| BROADCASTERS/DBS/MMDS | | | | |
| BRITISH SKY: | BSY | 37.42 | (4.03%) | 3.31% |
| DIRECTV: | DTV | 36.24 | (1.09%) | 8.67% |
| DISH: | DISH | 22.17 | (1.42%) | 6.74% |
| DISNEY: | DIS | 36.84 | 0.14% | 14.23% |
| GE: | GE | 18.86 | (1.1%) | 24.65% |
| NEWS CORP: | NWS | 17.79 | (3.84%) | 11.75% |

| Company | Ticker | 4/30 Close | 1-Week % Chg | YTD %Chg |
|--------------------|--------|------------|--------------|----------|
| MSOS | | | | |
| CABLEVISION: | CVC | 27.44 | 4.49% | 6.27% |
| COMCAST: | CMCSA | 19.77 | 4.27% | 17.26% |
| COMCAST SPCL: | CMCSK | 18.85 | 4.43% | 17.74% |
| GCI: | GNCMA | 6.15 | (0.16%) | (3.61%) |
| KNOLOGY: | KNOL | 13.13 | (0.83%) | 20.24% |
| LIBERTY CAPITAL: | LCAPA | 44.31 | 0.11% | 85.55% |
| LIBERTY GLOBAL: | LBTYA | 27.48 | (6.34%) | 25.54% |
| LIBERTY INT: | LINTA | 15.36 | (6.23%) | 41.70% |
| MEDIACOM: | MCCC | 6.62 | (0.45%) | 48.10% |
| RCN: | RCNI | 14.69 | (0.2%) | 35.39% |
| SHAW COMM: | SJR | 18.81 | (2.94%) | (8.56%) |
| TIME WARNER CABLE: | TWC | 56.25 | 3.74% | 35.90% |
| VIRGIN MEDIA: | VMED | 17.56 | (6.4%) | 4.34% |
| WASH POST: | WPO | 507.16 | (5.87%) | 15.37% |

| Company | Ticker | 4/30 Close | 1-Week % Chg | YTD %Chg |
|--------------------|--------|------------|--------------|----------|
| PROGRAMMING | | | | |
| CBS: | CBS | 16.21 | (1.64%) | 15.37% |
| CROWN: | CRWN | 1.81 | (6.7%) | 24.83% |
| DISCOVERY: | DISCA | 38.73 | 3.83% | 26.28% |
| GRUPO TELEVISIA: | TV | 20.78 | (1.8%) | 0.10% |
| HSN: | HSNI | 30.12 | (9.11%) | 49.18% |
| INTERACTIVE CORP: | IACI | 22.45 | (4.63%) | 9.62% |
| LIBERTY: | L | 37.24 | (2.95%) | 2.45% |
| LIBERTY STARZ: | LSTZA | 55.39 | 0.00% | 20.02% |
| LIONSGATE: | LGF | 6.92 | (3.62%) | 19.10% |
| LODGENET: | LNET | 6.60 | (4.07%) | 19.35% |
| NEW FRONTIER: | NOOF | 1.97 | (3.43%) | 4.23% |
| OUTDOOR: | OUTD | 6.91 | (2.12%) | 19.14% |
| PLAYBOY: | PLA | 4.18 | (6.28%) | 30.63% |
| RHI: | RHIE | 0.33 | (12.63%) | 7.10% |
| SCRIPPS INT: | SNI | 45.34 | 0.15% | 9.25% |
| TIME WARNER: | TWX | 33.08 | (0.18%) | 13.52% |
| VALUEVISION: | VTV | 3.08 | (9.14%) | (35.83%) |
| VIACOM: | VIA | 39.01 | (2.69%) | 23.84% |
| WWE: | WWE | 18.25 | (2.25%) | 19.05% |

| Company | Ticker | 4/30 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| TECHNOLOGY | | | | |
| ADC: | ADCT | 8.00 | (3.61%) | 28.82% |
| ADDVANTAGE: | AEY | 2.86 | 22.75% | 45.18% |
| ALCATEL LUCENT: | ALU | 3.17 | (7.31%) | (4.52%) |
| AMDOCS: | DOX | 31.94 | 1.33% | 11.95% |
| AMPHENOL: | APH | 46.21 | (1.62%) | 0.06% |
| AOL: | AOL | 23.41 | (17.72%) | 0.56% |
| APPLE: | AAPL | 261.09 | (3.6%) | 23.90% |
| ARRIS GROUP: | ARRS | 12.27 | (2.62%) | 7.35% |
| AVID TECH: | AVID | 14.60 | (6.53%) | 14.42% |
| BIGBAND: | BBND | 3.30 | (7.56%) | (4.07%) |
| BLNDER TONGUE: | BDR | 1.15 | 10.58% | 0.88% |
| BROADCOM: | BRCM | 34.50 | (3.17%) | 9.63% |

| Company | Ticker | 4/30 Close | 1-Week % Chg | YTD %Chg |
|-----------------|--------|------------|--------------|----------|
| CISCO: | CSCO | 26.93 | (1.97%) | 12.49% |
| CLEARWIRE: | CLWR | 7.72 | (1.66%) | 14.20% |
| COMMSCOPE: | CTV | 32.58 | 2.29% | 22.80% |
| CONCURRENT: | CCUR | 5.62 | (4.75%) | 41.92% |
| CONVERGYS: | CVG | 12.64 | (7.87%) | 17.58% |
| CSG SYSTEMS: | CSGS | 22.72 | (0.31%) | 19.02% |
| ECHOSTAR: | SATS | 19.21 | (2.59%) | (4.62%) |
| GOOGLE: | GOOG | 525.70 | (3.54%) | (15.21%) |
| HARMONIC: | HLIT | 6.84 | (4.6%) | 8.23% |
| INTEL: | INTC | 22.84 | (4.99%) | 11.96% |
| JDSU: | JDSU | 13.01 | (5.04%) | 57.70% |
| LEVEL 3: | LVL | 1.54 | (0.65%) | 0.65% |
| MICROSOFT: | MSFT | 30.54 | (1.37%) | 0.18% |
| MOTOROLA: | MOT | 7.07 | (0.28%) | (8.89%) |
| PHILIPS: | PHG | 33.34 | (5.85%) | 13.25% |
| RENTRAK: | RENT | 21.88 | (1.26%) | 23.83% |
| SEACHANGE: | SEAC | 8.33 | (3.03%) | 26.98% |
| SONY: | SNE | 34.22 | (2.17%) | 18.00% |
| SPRINT NEXTEL: | S | 4.25 | (1.68%) | 16.05% |
| THOMAS & BETTS: | TNB | 41.94 | (3.16%) | 17.18% |
| TIVO: | TIVO | 17.52 | (5.25%) | 72.10% |
| TOLLGRADE: | TLGD | 6.36 | (0.78%) | 4.09% |
| UNIVERSAL ELEC: | UEIC | 21.22 | (5.9%) | (8.61%) |
| VONAGE: | VG | 1.70 | 3.03% | 21.43% |
| YAHOO: | YHOO | 16.53 | (6.29%) | (1.49%) |

| Company | Ticker | 4/30 Close | 1-Week % Chg | YTD %Chg |
|---------------|--------|------------|--------------|----------|
| TELCOS | | | | |
| AT&T: | T | 26.06 | (0.72%) | (7.03%) |
| QWEST: | Q | 5.23 | (0.95%) | 24.23% |
| VERIZON: | VZ | 28.90 | (0.52%) | (12.77%) |

| Index | 4/30 Close | 1-Week % Chg | YTD %Chg | |
|-----------------------|------------|--------------|----------|-------|
| MARKET INDICES | | | | |
| DOW: | DJI | 11008.61 | (1.75%) | 5.57% |
| NASDAQ: | IXIC | 2461.19 | (2.73%) | 8.46% |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|-------------------|-------|---------|
| 1. ADDVANTAGE: | 2.86 | 22.75% |
| 2. BLNDER TONGUE: | 1.15 | 10.58% |
| 3. CABLEVISION: | 27.44 | 4.49% |
| 4. COMCAST SPCL: | 18.85 | 4.43% |
| 5. COMCAST: | 19.77 | 4.27% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|-----------------|-------|----------|
| 1. AOL: | 23.41 | (17.72%) |
| 2. RHI: | 0.33 | (12.63%) |
| 3. VALUEVISION: | 3.08 | (9.14%) |
| 4. HSN: | 30.12 | (9.11%) |
| 5. CONVERGYS: | 12.64 | (7.87%) |

CableFAX Daily™ MID-DAY REPORTS

April, May and June Mid-Day Report Schedule

National Distribution: PDF to 16,500+ subscribers plus Bonus Print Copies at the following Special Events:

| CableFAX Mid-Day Special Reports | Publication Date | Space Close | Artwork Close |
|---|------------------|-------------|---------------|
| Sweet 16: Champions of Cable Advertising Agency and Brand Executives | May 20, 2010 | 5/6 | 5/17 |
| Sales Executive of the Year Sales Hall of Fame, Affiliate and Ad Sales Executives | June 15, 2010 | 6/4 | 6/9 |

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