

# CableFAX Daily™

Friday — May 6, 2011

What the Industry Reads First

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## Move Over Bresnan: Cablevision Rebrand Coming, Mixed 1Q

**Bresnan** systems will make the switch to **Cablevision's** Optimum brand next Thurs. Field and sales forces have been restructured in a manner consistent with the core Cablevision operation and by year-end a transport ring should be complete that will link 85% of Western subs, according to execs. "We will run these geographic separate locations as one large cable system," **Cablevision** COO *Tom Rutledge* said during Thurs' 1Q earnings call. As far as future M&A, Rutledge said the company will continue to look at acquisition opportunities but stressed that he'll seek "a balanced strategy for creating shareholder value." He said that the company has looked at other opportunities since the Bresnan deal but hasn't found the same sort of value in them. Cablevision shares closed down nearly 4% Thurs after it reported results that some analysts called mixed. Basic video lost 8K subs (Bresnan gained 1K) vs the Street's prediction of a 5K loss. HSD net adds were at 32K, ahead of analyst expectations of 28K. The 40K voice adds handily outpaced the Street's prediction, but some of that probably had to do with a change in reporting that now has Lightpath subs in the total. Consolidated rev totaled \$1.92bln (+9.7%), while adjusted operating cash flow climbed 8.3% to \$661mln. At Rainbow, slated to be spun off later this year, AOCF rose 8% to \$99.5mln. Rutledge said that there was still some softness in the economy, and that was impacting subs. He also noted that the company went for smaller rate increases this year given the retrans standoff with **Fox**. The Street was impressed with Cablevision's capital spending drop (\$107mln in the Q down 12.3% from last year). Network DVR (up next for Brooklyn) and downloadable security boxes should continue to keep that number low.

**Judy's Exit:** After 30 years at **MTV**, **Judy McGrath** is bidding adieu to the company where she worked her way up from copywriter to chmn/CEO of **MTVN**. A successor won't be named for her post, which she got in July '04. McGrath, whose name is synonymous with MTV, said she leaves behind a senior team who will "continue to lead a kick-ass organization." With her departure, *Doug Herzog*, MTVN ent group pres; *Van Toffler*, MTVN Music & **Logo** group pres; and *Cyma Zarghami*, **Nickelodeon & MTVN Kids & Family Group** pres will report directly to **Viacom** pres/CEO *Philippe Dauman*. "We will all miss Judy enormously, but we respect her decision

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and understand her desire to leave at the very top of the game with a legacy of success that stretches from the earliest days of cable television to current season highlights,” said Dauman. Those achievements include MTV’s best quarter viewership in 5 years thanks to hits like “Jersey Shore” and “Teen Mom,” **BET**’s best Q ever and continued strong ratings at Nick and BET. Viacom’s stock hit a new 52-week high after last week’s 2Q earnings report. McGrath’s statement did not reveal what she plans to do next. “The people of MTV Networks have always been singularly important to me. Together we have built world-class brands that connect with fans from kid to adulthood, from ‘SpongeBob’ to ‘Hot In Cleveland,’ from ‘Unplugged’ to ‘The Daily Show,’” she said. “We have attracted and nurtured the best talent in the world, and I know that will always be a hallmark of the company. Creatively, financially, all the brands and businesses are in wonderful shape today. I leave with pride, joy and gratitude for the ride of a lifetime.”

**Tennis-Comcast:** With 1000 pages worth of redacted transcripts from the first 2 days of **Tennis** and **Comcast**’s ALJ hearing, there is a lot to pore over. Here are some highlights from opening arguments, which started last Mon. Tennis claimed that in May ’09 it offered to cut its license fees substantially in return for broader distribution and said those cuts would have made the net far less expensive on a per sub and on an aggregate basis than Comcast-owned **Golf** and **Versus**. The crux of Tennis’ **FCC** carriage complaint is that Comcast discriminates against Tennis by relegating it to a sports tier, while the MSO’s own sports channels get better distribution. Comcast lawyers used the words of *Richard Sippel*, the FCC Administrative Law Judge hearing the case, to make their argument. In rejecting **WealthTV**’s carriage complaint against Comcast and other MSOs 2 years ago, Sippel wrote that Wealth was not yet launched when the distributors decided to carry **INHD** and **INHD2**, so that Wealth could not have been a factor in their decision to carry the InDemand channels. Comcast said the same applies in this case as Golf and Versus (then Outdoor Life) launched 8 years before Tennis. Comcast argued that not only would it lose money if it carried Tennis more broadly, but that a check of its systems found that there are not subs demanding it on other tiers. Other interesting tidbits... Tennis has noted that the sport has a strong following among women. Comcast is trying to use that to the net’s disadvantage, arguing that it’s a differentiator for Tennis Channel vs nets with sports more popular with males (golf, bull riding, hockey). Tennis combated the 8 years difference in launch dates by noting that Golf and Versus came up for distribution renewals with Comcast in ’09 and ’10.

**At the Portals:** Some good news for cable operators—you’re in the clear. At the end of *Kevin Martin*’s tenure as **FCC** chmn in ’09, the Enforcement Bureau accused **Cablevision**, **Charter**, **Comcast**, **Cox**, **Harron** and **Time Warner Cable** of not fully complying with an order to provide 30 days notice before implementing changes in rates, programming service or channel positions. It proposed fines against each. But in an order adopted Wed, the chief of the Enforcement Bureau said no forfeitures should be imposed and that each cable operator sufficiently demonstrated that it had provided the advance notice required under FCC rules.

**By the Numbers:** **C-SPAN**’s **YouTube** video of *President Obama*’s remarks at Sat night’s White House Correspondents Assoc dinner has more views than any other YouTube video of Obama speaking in public. At press time, it had clocked more than 6.767mln views—surpassing the 3-year-old former record holder in just 5 days.

**DTV Earnings:** Although **DirecTV**’s Latin American div stole the show Thurs, the DBS op’s US business remains marked by consistent solidity. Net (184K) and gross (1.05mln) sub adds both beat consensus Wall St estimates, the former metric notching a 3rd straight quarter of YOY improvement and the latter driven by strength in nearly every sales channel. Couple that data with Latin America’s scorching momentum, said pres/CEO *Mike White*, and DTV offers a “rare diversified growth opportunity for our investors.” US churn missed modestly and underperformed **DISH**’s 1Q result, and execs suggested an impact, albeit modest, on full-yr churn and net adds due to ramping competitive tactics. “The industry has become very promotional, and we’re trying to be disciplined in how we do that,” said White, noting aggressive recent moves from both cable and telcos regarding pricing, cash back offers and unrequired contracts. Even so, DTV maintained its ’11 guidance, and White feels “comfortable with consumer demand and our marketing.” **Collins Stewart** remains a buyer of DTV shares, and **Wells Fargo Securities**’ *Marci Ryvicker* characterized the tone of the conference call as “very positive.” **Sanford Bernstein**’s

*Craig Moffett* was particularly struck by DTV's \$1.4bln in 1Q share repurchases, which CFO *Pat Doyle* said lifted EPS by 44 cents. "They're doing all the right things in the marketplace... and they're doing all the right things in the market," said Moffett. Financials were predictably sound, including 13% overall rev growth and respective rev jumps of approx 20% in commercial and 30% in PPV movies. Premium buy rates/customer rose for a 4th consecutive quarter and nearly four-fifths of gross adds took HD or DVR. Also, White said DTV's sales relationship with **Best Buy** is "paying off big time" with high-value subs.

**Carriage:** **DirecTV** added **ShortsHD** to its HD Extra Pack. The net features short films scheduled into 30 and 60min themes such as comedies and docs. -- **DISH** launched **WFN: World Fishing Net** within its \$3/month Outdoor Sports Pack.

**Earnings:** **Scripps Nets'** lifestyle media segment delivered an 11% increase in overall rev to \$474mln, 12% rise in ad rev and 6% increase in affil rev. Segment profit jumped 31%. "Our strong advertising growth in the first quarter reflects the popularity of our networks and their tremendous value as marketing platforms for advertisers and distribution partners," said chmn/CEO *Ken Lowe* in a release. Net rev results include **HGTV** (+6%), **Food Net** (15%), **Travel Channel** (+9%), **Cooking** (+11%), **DIY** (+25%) and **GAC** (+1%). -- **Crown Media** reported an 8% increase in rev to \$73.6mln on strength in ad (+9%) and affil fee (+4%) rev. **Hallmark Movie Channel** has been driving much of the ad growth, and the company said the channel led all ad-supported nets at 1Q's end in growth in delivery and HH ratings among women 25-54 during both prime and total day. -- **WWE's** live and televised ent segment reported rev of \$70.4mln, marking a 28% YOY decrease on the exclusion of big ticket event *WrestleMania* from 1Q. Adjusting for the timing issue, rev was essentially flat. TV rights fees tallied \$31.6mln, compared to \$29.4mln a year ago. -- **CenturyLink's** op rev dipped 5.9% to \$1.7bln partly owing to lower access rev and access line losses, which were reduced 15.2% YOY and 13.6% sequentially. The telco added 52K HSI subs for 2.45mln total as of Mar 31, and is expanding its **Prism TV** service to additional markets. New acquisition **Qwest's** quarter featured 46K HSI adds (3mln) and 223K access line losses. -- As **Frontier's** rev declined slightly to \$1.35bln, the telco built broadband to 323K new homes in 1Q and plans to add 575K more by mid-'13. The company added 10.5K broadband and 15K video subs, bringing the respective totals as of Mar 31 to 1.7mln and 546K.

**Marketing:** **3net** forged strategic launch partnerships with **XPAND 3D** and *Sony Electronics* to work with both parties' marketing, sales and product teams to develop multimedia promos, program sponsorships, short form programming and integrated marketing initiatives.

**Ratings:** **Mun2's** premiere of bilingual series "RPM Miami" was the net's highest-rated launch during prime in more than 3 years, reaching 295K total viewers and 62K young Latino Americans 18-34. -- More than 56mln people watched *President Obama's* speech on the death of *Osama bin Laden* Sun (11:35-11:44pm ET) on 9 nets, including **CNN**, **Fox News**, **MSNBC** and **HLN**, **Nielsen** reports.

**Programming:** Featuring *Keith Urban* and *Hank Williams, Jr.*, **CMT's** live, 90min concert special aimed at raising awareness and funds for those affected by the recent storms, floods and tornadoes airs May 12. All money raised will benefit the **American Red Cross Disaster Relief** efforts. -- **NFL Net** altered its broadcast team for "Thursday Night Football" yet again, tapping *Brad Nessler* and *Mike Mayo* to lead its live 8-game coverage next season. -- **E!** greenlit a 2nd season of "After Lately." -- **BBC America** launches a 2-hour comedy block, June 18 (10-12pm), featuring UK comedies such as "The Inbetweeners" and "Come Fly With Me." -- **Animal Planet** presents new 6-part series "Finding Bigfoot, June 5, 9pm. -- **Comedy Central** picked up a sophomore season of "Workaholics."

**Public Affairs:** **Comcast** announced a 3-year \$20.3mln cash and in-kind support commitment for national non-profit City Year, which unites young people of all backgrounds for a year of full-time service. The renewal brings Comcast's total cash and in-kind support to \$75mln+ since the relationship began in '03.

**Honors:** **ESPN** paced all nets and distributors in the **NAMIC Vision Awards** with wins in 5 categories including sports, digital media-long form and digital media-short form. **HBO** earned 3 nods, **BET** a pair and with 1 apiece **CNN**, **Lifetime Movie Net**, **TBS**, **BBC America**, **Cooking Channel**, **Discovery Latin America**, **MTV** and **TV One**. New this year is the Members' Choice Award, which allows NAMIC members to vote for their favorite program from the field of winning entries at **NAMIC.com** from Thurs-May 20.

**On the Circuit:** **Investigation Discovery's** doc "Children of Promise: The Legacy of Robert F. Kennedy" (May 20, 8pm) gets a sneak peek Fri in at the Kennedy Presidential Library in Boston as Attorney Genl *Eric Holder* presides over a lunch to discuss efforts to reduce childhood exposure to violence through the Defending Childhood Initiative.



# BUSINESS & FINANCE

**Be a Mentor/Get a Mentor:** The ACC has added the ACC Mentor Program, free to all existing members. It will pair less experienced ACC members with more senior counterparts to share professional and personal skills and experiences. The inaugural program will run for 1 year. Applications for the program are due June 1.

**Upfronts:** A&E will launch 10 new series by year-end, including "InLaws" (married couples, overbearing inlaws and a relationship expert) and spinoff series "Storage Wars: Dallas." The net also has ordered "Coma," a scripted, multi-night event from exec producers Ridley and Tony Scott for Memorial Day '12.

**People:** Discovery Networks Intl named Julian Bellamy creative dir and head of production and development. -- Rentrak upped Michael Vinson to svp, statistical sciences and analytics and Gordon Jones to vp, OnDemand Essentials.

**Business/Finance:** Fresh off a new wholesale deal with majority owner Sprint (Cfax, 4/20), Clearwire chmn John Stanton said it's now unlikely the company will sell any of its spectrum cache this year. CLWR said it has sufficient cash to fund operations for at least 12 months, and expects to end '11 with approx 9.5mln subs and achieve positive EBITDA early next year.

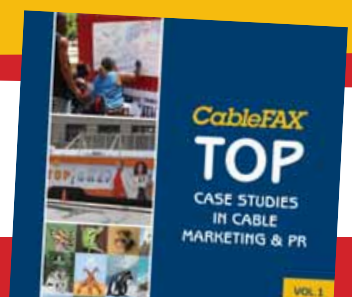
## CableFAX Daily Stockwatch

Company	05/05 Close	1-Day Ch	Company	05/05 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	48.29	(0.21)	BLNDER TONGUE:	2.17	0.02
DISH:	29.28	0.54	BROADCOM:	33.85	(1.01)
DISNEY:	42.69	0.07	CISCO:	17.48	0.01
GE:	19.90	(0.37)	CLEARWIRE:	4.83	(0.29)
NEWS CORP:	18.21	(0.34)	CONCURRENT:	5.90	0.19
<b>MSOS</b>					
CABLEVISION:	33.91	(1.36)	CONVERGYS:	13.80	(0.06)
CHARTER:	57.53	(0.73)	CSG SYSTEMS:	19.67	(0.79)
COMCAST:	25.56	(0.4)	ECHOSTAR:	33.12	(0.86)
COMCAST SPCL:	24.07	(0.31)	GOOGLE:	534.27	(1.52)
GCI:	10.75	(0.33)	HARMONIC:	7.87	0.04
KNOLGY:	14.73	(0.16)	INTEL:	23.61	0.11
LIBERTY CAPITAL:	84.61	0.48	JDSU:	21.38	1.38
LIBERTY GLOBAL:	45.70	0.19	LEVEL 3:	1.59	(0.03)
LIBERTY INT:	17.53	(0.21)	MICROSOFT:	25.79	(0.27)
SHAW COMM:	20.71	(0.16)	RENTRAK:	22.08	(0.38)
TIME WARNER CABLE:	75.89	(1.18)	SEACHANGE:	10.11	(0.08)
VIRGIN MEDIA:	31.01	0.12	SONY:	27.98	(0.4)
WASH POST:	432.56	(9.69)	SPRINT NEXTEL:	5.19	(0.08)
<b>PROGRAMMING</b>					
CBS:	26.70	(0.51)	THOMAS & BETTS:	56.25	0.59
CROWN:	2.23	0.04	TIVO:	9.37	0.04
DISCOVERY:	44.15	(0.05)	TOLLGRADE:	10.10	0.02
GRUPO TELEVISA:	23.30	(0.34)	UNIVERSAL ELEC:	26.83	(0.2)
HSN:	34.02	(0.67)	VONAGE:	4.89	0.12
INTERACTIVE CORP:	35.31	0.11	YAHOO:	18.43	0.23
LIBERTY:	41.58	(0.68)	<b>TELCOS</b>		
LIBERTY STARZ:	74.25	(0.16)	AT&T:	31.22	(0.57)
LIONSGATE:	6.25	(0.01)	VERIZON:	37.12	(0.55)
LODGENET:	3.33	0.03	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.72	(0.03)	DOW:	12584.17	(139.41)
OUTDOOR:	6.50	(0.07)	NASDAQ:	2814.72	(13.51)
SCRIPPS INT:	50.04	(0.98)	S&P 500:	1335.10	(12.22)
TIME WARNER:	36.01	(0.48)			
VALUEVISION:	6.23	0.03			
VIACOM:	58.24	(0.1)			
WWE:	10.70	0.01			
<b>TECHNOLOGY</b>					
ADVANTAGE:	3.10	0.02			
ALCATEL LUCENT:	6.26	0.06			
AMDOCS:	29.59	(0.33)			
AMPHENOL:	55.12	0.24			
AOL:	19.43	(0.7)			
APPLE:	346.75	(2.82)			
ARRIS GROUP:	11.29	0.09			
AVID TECH:	17.35	(0.28)			
BIGBAND:	2.35	(0.07)			

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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**NBCU's Long Horse Racing Stretch**

Horse racing isn't healthy, virtually from top to bottom and much to my dismay. Yet despite infringement of its turf by myriad sports and other gambling activities, the sport's famous Triple Crown series—comprised of the Kentucky Derby, Preakness Stakes and Belmont Stakes—retains solid cachet. And the Derby, to be run for the 137th time Sat, is known across the globe and carries the tagline, "the most exciting two minutes in sports." Perhaps as a result, **NBCU** CEO *Steve Burke* obviously believes his company can make money on its new deal to cover the Triple Crown series through '15. "Well, in terms of sports, I would start by saying we're in business to make money, and our approach is going to be disciplined," said Burke during Comcast's Wed earnings call. "And there are a variety of ways you can make money... but at the end of the day, we're not going to do anything that doesn't have a business plan that pencils out to a positive [net present value]." I suspect NBCU got a sweetheart deal for the Triple Crown, certainly relative to the rocketing costs of sports programming in general. Still, the company's employing the gambit du jour in the media space that was arguably popularized by Olympics coverage: attempting to maximize the value of sports content by spanning features across nets. NBC Sports Net, er, **Versus** is being ridden hard for the Crown, having already aired the Derby post position draw Wed night and slated to cover the Derby's sister race Fri evening and provide 5 hours of Sat coverage. Similarly, **Turner** employed the help of **TNT**, **TBS** and **truTV** for March Madness, and **Fox** will use **FX** to spotlight various college football games. Increasing ad inventory and enhancing brand awareness, not a bad idea. Decidedly overboard, however: **Golf Channel** talent picking Derby winners Thurs. Advice to investors: Burke's a safe bet. To gamblers: ArchArchArch. *CH*

**Highlights:** "Lady Gaga Presents: The Monster Ball at MSG," Sat, 9p, **HBO**. When you intend to be a human spectacle, you set the outrageousness standard high. So I report sadly that elements of Her Ladyship's 1st HBO special seem tame. True, the concert's a spectacle, especially the lighting and wild-looking instruments. But since she's on stage constantly, Gaga's concert wardrobe and footwear, outlandish by most standards, actually are functional. Still the concert is fine pop, despite a silly storyline. Gaga may be riding *Madonna's* leather and spiked coattails, but she possesses a down-to-Earth warmth missing from many pop acts. — "Frank Chirkinian, The Master Storyteller," Fri, 8p ET, **Golf**. Forget it's on Golf. Anyone wanting to see a fine character-based mini doc about the curmudgeonly perfectionist who basically created televised golf will devour this gem. [Note: Catch *Chirkinian's* posthumous induction into Golf's Hall of Fame, Mon, 9:30p ET, Golf.] *SA*

**Worth a Look:** "Why Not? with *Shania Twain*," premiere, Sun, 11p, **OWN**. Twain's success crashed when her marriage ended. This docu-series sensitively tracks her return.

**Notable:** **Fox Soccer Channel** has a beauty this weekend as the world's most valuable soccer franchise Manchester United (\$1.86bln) goes for its 12th Barclays Premier League title when it hosts 2nd place Chelsea (Sun, 11a ET).

Basic Cable Rankings (4/25/11-5/01/11) Mon-Sun Prime			
1	USA	2.2	2235
1	TNT	2.2	2158
3	DSNY	1.8	1749
4	ESPN	1.6	1608
5	FOXN	1.4	1429
5	HIST	1.4	1415
7	NAN	1.2	1206
8	FX	1	985
8	TBSC	1	976
8	AMC	1	954
8	ADSM	1	952
12	A&E	0.9	944
12	HGTV	0.9	871
12	DISC	0.9	859
12	NKJR	0.9	638
16	FAM	0.8	830
16	LIFE	0.8	803
16	SYFY	0.8	780
16	TLC	0.8	772
16	TRU	0.8	727
16	VS	0.8	580
22	CNN	0.7	717
22	CMDY	0.7	692
22	MSNB	0.7	685
22	TVLD	0.7	652
26	FOOD	0.6	650
26	MTV	0.6	634
26	SPK	0.6	597
26	BRAV	0.6	588
26	APL	0.6	550
26	ID	0.6	458
32	BET	0.5	486
32	EN	0.5	480
32	HALL	0.5	411
32	LMN	0.5	393
36	TWC	0.4	402
36	TRAV	0.4	377
36	OXYG	0.4	290
36	NGC	0.4	256
36	BBCA	0.4	249
36	NFLN	0.4	232
36	NBAT	0.4	213
43	VH1	0.3	341
43	ESP2	0.3	322
43	HLN	0.3	274
43	DXD	0.3	250

\*Nielsen data supplied by ABC/Disney

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# CORPORATE LICENSES

**CableFAX Daily™**

## WHAT THE INDUSTRY READS FIRST.

