

CableFAX Daily™

Monday — May 11, 2009

What the Industry Reads First

Volume 20 / No. 088

Ice, Hardwood and Grass: Cable Has Most Sports Surfaces Covered

Cable's sports portfolio has become very much like *LeBron James'* stat sheets: chock-a-block, diverse and increasingly impressive. And like the **NBA MVP's** ferocious start to the playoffs, myriad cable properties continue to blaze new ratings records while disdaining the competition. "The value and growth of sports is in cable," said sports consultant *Lee Berke* of **LHB Sports, Ent & Media**, noting the importance of cable brand names in the industry's success with sports. Look no further than **ESPN**, he said, which has taken over the branding of most sports telecasts on **ABC**. Sure, certain advertisers still value the larger audiences delivered by broadcast nets, but "sports in general is trending away from broadcast to cable because cable gives viewers more depth and diversity," said **Comcast SportsNet** pres *Jon Litner*. By underscoring localism and original programming, CSN has been able to achieve notable ratings momentum for the **NHL** and **NBA**, said Litner. The **Blackhawks** and **Capitals** each delivered regular-season ratings records for CSN, for example, while the **Blazers** notched a 26% YOY increase in avg ratings and a combined 2-yr gain of 175%. Added Litner, "local sports have been an engine for cable, most notably with HD." **TNT** and **Versus**, meanwhile, are stoking cable growth at the national level. TNT's broad partnership with the **NBA** is paying healthy dividends, particularly in the net's game ratings and Turner's digital expansion, a pair that's increasingly interrelated. Managing the **NBA** digital portfolio "has provided many opportunities for us to collaborate in a number of areas including featuring our roster of announcers and analysts on **NBA TV** and **NBA.com**," said **Turner Sports** pres *David Levy*, adding that pro hoops-related online video "continues to be a differentiator in the marketplace and adds to the overall daily fan interaction and experience with the **NBA** brand." Linear viewership has also blossomed, as TNT's coverage of the '09 **NBA Playoffs'** 1st round netted the best first round ratings in cable TV history. **ESPN**, too, has enjoyed **NBA** improvement, earning an avg of 1.68m viewers (+14%) across its 71 regular-season telecasts to achieve its most-viewed **NBA** season ever. Back to the ice, **Versus'** coverage of game 3 of the **Caps-Penguins** series garnered a 1.3 natl HH rating and averaged 1.49m total viewers to become the highest-rated and most-watched semifinals telecast on any network since '02. This after the net's regular season coverage jumped 21% in total viewership. "In-depth coverage coupled with increased [**Versus**] brand recognition led" to the viewership gains, said **Versus** evp, programming, prod and business ops *Marc Fein*. "There's no other network that can super-serve hockey fans like we do." Add to cable's sports lineup football ("MNF" and soon **BCS** games on **ESPN**) and baseball (**MLB Net** launched in Jan in a record 50m homes, **FSN** features approx 1,700 games), and the industry's stat sheet becomes extraordinarily rich.

Competition: **DISH** joined the ranks of distributors (almost none of them cable operators) offering subs a way to program their DVRs remotely. The service is free to subs with a broadband-connected ViP Series DVR. -- **Verizon's FiOS TV** is adding 6 new HD channels from Entertainment Studios: **Comedy.TV**, **Recipe.TV**, **ES.TV**, **MyDestination.TV**, **Cars.TV** and **Pets.TV**. -- **DISH** has launched the HD feeds of **FX**, **Speed** and **Fashion TV**, bringing to more than 140 the number of high-def channels it offers nationally.

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Sorry, Jules: Sen Commerce sent word late Thurs that it would postpone the nomination hearing for *Julius Genachowski* as FCC chmn until after the Memorial Day break.

Retrans: Add **Gray TV** to the list of broadcasters posting huge gains in retrans revenue. Gray's jumped 463% YOY to \$3.6mln in 1Q. Such gains produced a dueling press release war last week between **ACA** and **NAB**. The independent cable operator group noted how **Journal Comm** reported a 333% gain, **Hearst** a 98% increase and **Lin** was up 82%. "When cable customers want to know why their bills keep going up, all they need to do is look at how TV stations exploit retransmission consent to squeeze every penny they can from pay-TV providers, especially ACA's small, independent cable companies," ACA pres/CEO *Matt Polka* said. Oh, contraire, NAB said in a press release titled "Study Proves ACA Claims to be False." "With cable's profits rising five times as much as their programming expenses, it is absolutely illogical to claim that retransmission consent plays a significant role in the continued escalation of cable subscription rates," NAB spokesman *Dennis Wharton* said, pointing to a study from economic consulting firm **Empiris**. Maybe a *Wharton-Teddy Hearn* dance-off is in order?

Liberty's Bell: The purchase of **DirectTV** by another company after it's spun off is possible, **Liberty Media** CEO *Greg Maffei* told the *AP* in an interview Fri. He said a telco might find strategic reasons to buy the DBS player. Liberty is combining DirectTV with its entertainment tracking stock and spinning them into a separate company. Q1 results were reported for Liberty Fri. The summary: **QVC** is being hurt like much of retail (10% rev drop to \$1.6bln; adjusted OIBDA fell 18% to \$319mln); **Liberty Ent** saw revenue climb 19% to \$369mln, primarily due to the addition of **Liberty Sports Group** to the balance sheet; **Starz** had a strong Q, with subs increasing 8% to 18.1mln YOY and rev jumping 8% to \$296mln.

Honors: **NCTA** head *Kyle McSarrow* was honored Thurs night by the **Hispanic Federation** at the annual gala. The award really is in honor of the entire cable industry, particularly work with the Federation on DTV transition awareness.

Programming: If, like us, you were overlooked for an invite to the White House Correspondents' dinner (ahem), catch it live Sat (5/9) on **C-SPAN** starting at 8pm ET. Or visit www.c-span.org/whcd for additional event coverage, including a Twitter aggregator to capture all those Blackberry addicts.

Earnings: The weak economy led to **CBS** reporting a 1Q net loss of \$55mln compared to profit of \$244mln in the quarter a year earlier. Revenue fell 13% to \$3.16bln. The TV unit, which includes CBS network, TV stations and **Showtime**, saw revenue drop 12% to \$2.23bln (some of that due to a loss of election spending). Despite concerns that subs might defect from premium nets because of the economy, execs said Showtime's subs were up for the Q. That includes more than 100K sub adds with **Time Warner Cable** over the past couple months. As for **Paramount**, **MGM** and **Viacom's** upcoming movie net **Epix**, *Les Moonves* said "we do not foresee it affecting us." Showtime recently renewed with TW and **Verizon**. -- **Scripps Nets Interactive's** lifestyle media segment posted flat rev of \$311mln, 17.3% growth in affil rev to \$79.1mln and a 4.6% decrease in ad rev to \$224.6mln, reflecting weaker scatter pricing. Segment profit rose 1.9% to \$146mln. Sub growth across nets included **HGTV** (+2.3%), **Food Net** (+2.9%), **DIY** (+7.6%), **Fine Living** (+11.3%) and **GAC** (+6.3%); rev by net included HGTV (+1.7%), Food Net (-2.5%), DIY (+8.1%), Fine Living (-6.7%) and GAC (+6.1%). Scripps expects FY affil rev to increase 12-14% and ad rev "to continue to be under pressure at least through the first half" of '09.

People: *Eric Gilly*, pres of *Philadelphia Inquirer* Website **Philly.com**, joins **Comcast Sports Group** as chief digital officer.

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Nielsen Galaxy Explorer, M-Su 8-11p, 9/29/08-4/19/09 vs 10/1/07-4/20/08, HHLD & P2554, Live + SD (000), subject to qualifications

Durham County
Original Series

Ghost Whisperer **Criminal Minds**

CableFAX Week in Review

Company	Ticker	5/08 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	29.50	1.50%	6.90%
DIRECTV:	DTV	24.75	0.70%	8.00%
DISH:	DISH	15.31	6.50%	38.00%
DISNEY:	DIS	25.46	16.00%	13.70%
GE:	GE	14.53	14.50%	(4.6%)
HEARST-ARGYLE:	HTV	4.47	0.20%	(25.1%)
NEWS CORP:	NWS	11.10	19.90%	17.10%

Company	Ticker	5/08 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	19.46	11.50%	16.70%
COMCAST:	CMCSA	15.75	(3.7%)	(5.5%)
COMCAST SPCL:	CMCSK	14.88	(3.9%)	(6.7%)
GCI:	GNCMA	8.06	6.10%	(0.4%)
KNOLGY:	KNOL	8.30	14.30%	60.90%
LIBERTY CAPITAL:	LCAPA	12.88	5.30%	173.50%
LIBERTY ENT:	LMDIA	26.02	6.90%	48.90%
LIBERTY GLOBAL:	LBTYA	17.33	3.80%	8.90%
LIBERTY INT:	LINTA	6.97	26.00%	123.40%
MEDIACOM:	MCCC	5.46	(5.9%)	27.00%
SHAW COMM:	SJR	16.75	8.60%	(2.2%)
TIME WARNER CABLE:	TWC	35.82		
VIRGIN MEDIA:	VMED	7.80	(1.3%)	58.70%
WASH POST:	WPO	368.74	0.80%	(4.4%)

Company	Ticker	5/08 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	8.55	18.90%	5.60%
CROWN:	CRWN	2.95	(5.4%)	3.50%
DISCOVERY:	DISCA	20.27	8.90%	43.10%
EW SCRIPPS:	SSP	1.90	(9.9%)	(13.6%)
GRUPO TELEVISIA:	TV	17.58	11.50%	17.70%
HSN:	HSNI	8.82	30.70%	21.30%
INTERACTIVE CORP:	IACI	15.79	(1.5%)	0.30%
LIBERTY:	L	29.01	15.20%	2.90%
LODGENET:	LNET	4.65	15.70%	564.30%
NEW FRONTIER:	NOOF	2.11	5.00%	24.10%
OUTDOOR:	OUTD	7.50	(2.1%)	0.10%
PLAYBOY:	PLA	3.31	9.60%	53.20%
RHI:	RHIE	3.16	2.30%	(61.1%)
SCRIPPS INT:	SNI	30.43	10.90%	38.70%
TIME WARNER:	TWX	25.20	10.30%	13.50%
VALUEVISION:	VVTV	0.66	(9.6%)	100.00%
VIACOM:	VIA	23.09	11.40%	14.80%
WWE:	WWE	11.65	7.80%	14.90%

Company	Ticker	5/08 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.10	(0.5%)	79.80%
ADC:	ADCT	7.43	(0.9%)	35.90%
ADVANTAGE:	AEY	1.85	2.20%	3.90%
ALCATEL LUCENT:	ALU	2.60	4.80%	20.90%
AMDOCS:	DOX	20.70	(2.3%)	13.20%
AMPHENOL:	APH	32.45	(4.9%)	35.50%
APPLE:	AAPL	129.19	1.50%	51.40%
ARRIS GROUP:	ARRS	10.84	0.40%	36.40%
AVID TECH:	AVID	12.55	7.60%	15.00%
BIGBAND:	BBND	5.39	(6.1%)	(2.4%)
BLNDER TONGUE:	BDR	1.35	3.10%	33.70%
BROADCOM:	BRCM	21.55	(6.5%)	27.00%

Company	Ticker	5/08 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	18.73	(4.3%)	14.90%
CLEARWIRE:	CLWR	6.50	15.50%	63.70%
COMMSCOPE:	CTV	26.45	3.80%	70.20%
CONCURRENT:	CCUR	4.21	(10.6%)	23.50%
CONVERGYS:	CVG	9.98	(1.4%)	55.70%
CSG SYSTEMS:	CSGS	13.57	(6%)	(22.3%)
ECHOSTAR:	SATS	17.31	7.90%	16.40%
GOOGLE:	GOOG	407.33	3.50%	32.40%
HARMONIC:	HLIT	5.87	(22.9%)	4.60%
INTEL:	INTC	15.29	(3.3%)	13.50%
JDSU:	JDSU	5.10	6.70%	39.10%
LEVEL 3:	LVL	1.18	3.50%	68.60%
MICROSOFT:	MSFT	19.42	(4.1%)	1.20%
MOTOROLA:	MOT	6.50	17.30%	47.90%
NDS:	NNDS	62.93		9.70%
OPENTV:	OPTV	1.52	2.70%	23.60%
PHILIPS:	PHG	19.58	8.10%	7.80%
RENTAK:	RENT	10.10	2.10%	(14.3%)
SEACHANGE:	SEAC	6.51	1.20%	(9.7%)
SONY:	SNE	27.94	5.80%	27.80%
SPRINT NEXTEL:	S	5.24	12.20%	186.30%
THOMAS & BETTS:	TNB	32.47	3.00%	35.20%
TIVO:	TIVO	8.15	9.40%	13.80%
TOLLGRADE:	TLGD	5.23	(8.7%)	9.40%
UNIVERSAL ELEC:	UEIC	22.26	19.80%	37.20%
VONAGE:	VG	0.55	27.90%	(16.7%)
YAHOO:	YHOO	15.15	7.10%	24.20%

Company	Ticker	5/08 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	25.25	0.20%	(7.1%)
QWEST:	Q	4.44	9.40%	26.40%
VERIZON:	VZ	29.85	0.70%	(7.9%)

Index	5/08 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	8574.65	4.40%	(2.3%)
NASDAQ:	COMPX	1739.00	1.20%	10.30%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. HSN:	8.82	30.70%
2. VONAGE:	0.55	27.90%
3. LIBERTY INT:	6.97	26.00%
4. NEWS CORP:	11.10	19.90%
5. UNIVERSAL ELEC:	22.26	19.80%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. HARMONIC:	5.87	(22.9%)
2. CONCURRENT:	4.21	(10.6%)
3. EW SCRIPPS:	1.90	(9.9%)
4. VALUEVISION:	0.66	(9.6%)
5. TOLLGRADE:	5.23	(8.7%)



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MaxFAX...

Can “Cable” Win?

Win what? might be the question. So, I'll answer: can “cable” win the race to survive and, indeed, prosper?

One might also ask, which “cable”? The operating companies? The once-cable-only distributed programming groups? For now: the infrastructure is the question.



Paul S. Maxwell

If you look around the multiplatform worlds of telecommunications, entertainment production and/or delivery, broadband and

whatever, you find some once dominant companies running for their lives.

Like our northern cousin **Nortel**. And **BCE**. And across the pond, **Deutsche** and **France Telecoms** (or Telekom) and **Alcatel/Lucent**.

Can **Cisco** lead a rebound here?

Will **General Instruments III** emerge from a stagnant **Motorola** (again)?

Will **Canoe** bring clickability (and the resultant ad spending boost) to cable before **Google** can?

Can **Comcast Media Center** bring a real “apps” store to cable?

There is much more to these questions than just that of coaxial v. paired wire... it is really a question of how to deploy the most bandwidth for the buck... and that means, it seems to me, more fiber.

And more “air.” Together.

Fiber everywhere—long mile, middle mile and all the way to the subscriber terminal and—at the same time—wireless bandwidth ad infinitum.

So the real question becomes, which companies can afford to win the race? Who can keep the CapEx pumping before the markets turn on them?

How much will the government help?... or hinder?

Can cable's Top Ten beat telco's Top Two? Can the cellco's (new word for “traditional” wireless companies there) Top Three and Half?

Will **Clearwire** save all that cable?

Stay tuned.

Random Notes:

• **Another Worry?** An ancient Mayan calendar says the world will end in 2012. Also something to stay tuned for; might make the other moot.

• **Torture Redux:** Wrote about it last week—sorry. Didn't have much to do with cable... except what must carry forces onto cable. That's pure torture.

• **Time's 100:** One of the more interesting aspects of *Time Magazine's* annual 100 issue is the writers of the brief tributes... this year our old friend *Ted Turner* (once the man of year no less) shows up as both... a 100 (with copy by *T. Boone Pickens*) and a writer (of the *T. Boone* tribute). Also among the 100: *Lauren Zalaznick* by *Martha Stewart*; *Rush Limbaugh* by

Glenn Beck; *Tavis Smiley* by *Charlie Rose*; “The View” Ladies by *Michael Bloomberg*; *Zac Efron* by *Claire Danes*; *Tina Fey* by *Alec Baldwin*; *Jay Leno* by *Jimmy Fallon*; *Michelle Obama* by *Oprah Winfrey*; *Jeff Bezos* by *Bill Gates*; *George Clooney* by *Bono*; *Oprah Winfrey* by *Diane Sawyer*; and *Sarah Palin* by *Ann Coulter*.

• **Winner?** By the way, my pick for the “winner” is cable's Top Ten... and they'll help drive down prices enough to drag the other 900 or so smaller operators right along with them.

• **Copyright:** Put it on your “thinking about” agenda and watch for warning lights around September. The Satellite Home Viewer Act is up for renewal—and is a “must” by the end of the year. There are good questions about parity between satellite and cable... though “retrans” is supposedly off the table (for now). The **RIAA** and radio are active on another fringe of copyright. And, while today's **FCC** isn't “sure” about allowing joint geographic ownership of TV and newspapers, the whole issue of “fair use” and more will come up. So will more noise about “saving” newspapers. Any reconsideration of copyright could impact cable...

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com

CableFAX Daily will publish a special supplemental Mid-Day Report, June 11, profiling the winners of the Sales Executive of the Year Awards and the Sweet 16—with special mention of the 2009 Hall of Fame Inductees. For event information and list of Honorees go to: www.CableFAX.com/SEOY.

A Generous Distribution of the Mid-Day Report Will Include:

- Printed copies at the event for all attendees • CableFAX Daily Subscribers
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For your Mid-Day advertisement booking and sponsorship opportunities contact:

Debbie Vodenos, Publisher

301-354-1695; dvodenos@accessintel.com

Erica Gottlieb, Account Manager

212-621-4612; egottlieb@accessintel.com

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CableFAX: The Magazine Top Operators Award Program

It's that time of the year when CableFAX salutes the top operators (MSO's and Independents). Don't miss this opportunity to be honored!

www.CableFAX.com/TopOps

Entry Form
Entry Deadline: May 15, 2009

MSO AWARDS

- MSO of the Year
- Best Community Service (By An Individual System)
- Best Tech Innovation or Innovator (By Individual System or System-Wide)
- Best Customer Service Innovation (By An Individual System or MSO-Wide)
- Best Commercial Sales Team of the Year
- Project Launch of the Year (could be in sales, technology, community service, customer service, employee relations or anything else; the project must have been launched in calendar year 2008)
- Regional Executive of the Year
- Lifetime Achievement

INDEPENDENT OPERATOR AWARDS

- Independent Operator of the Year
- Marketer of the Year
- System Executive of the Year
- Strategic Thinker of the Year
- Best Community Service
- Customer Service Innovation or Innovator
- Project Launch of the Year
- Lifetime Achievement

Category details available at
www.CableFAX.com/TopOps

How To Enter: There is no fee to enter. Use this form or visit www.CableFAX.com/TopOps for entry form copies, additional category information, and to view the 2008 Winners. Fax or Mail your entries and supporting materials by May 15, 2009 to:

Fax: 301-309-3847 or Mail Entries to:
Mary Lou French
CableFAX Top Operators Awards
Access Intelligence
4 Choke Cherry Rd, 2nd Floor
Rockville, MD 20850

What to Enter: You should submit an essay of not longer than 500 words explaining, with as much specificity as possible, why the candidate or team should be considered. You can supplement your essay with news clips, photos or other materials. When submitting multiple entries please use a separate entry form for each.

Category: _____
Title of Entry: _____
Company: _____

Contact Information *(All Required)*

Name: _____
Company or Agency/Title: _____
Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____
Fax: _____
E-Mail Address: _____

www.CableFAX.com/TopOps

Winners will be honored in the July 2009 issue of CableFAX: The Magazine Top Operators Issue

