

# CableFAX Daily™

Thursday — May 21, 2009

What the Industry Reads First

Volume 20 / No. 096

## Ugly Upfront: Broadcast's Loss, Cable's Gain?

With broadcast expected to be down double digits in the upfront, it seems inevitable that cable would be the beneficiary. But it's not quite that cut and dry. **Credit Suisse** predicts cable's upfront should be flat to slightly down at about \$7.6bln (still, that's in the range of broadcast's predicted \$7.9bln). **Merrill Lynch** expects a materially stronger upfront for cable than broadcast, but noted that sellout levels could be marginally lower given advertisers weakened visibility. Without a doubt, cable continues to see impressive ratings growth, increased ad spending and critical acclaim for shows like **AMC's** "Mad Men" and **TNT's** "The Closer," but Credit Suisse said advertisers aren't likely to go all cable. While such action would yield far more commercial airings and total impressions, it "concentrates too much exposure among the nation's heaviest TV viewers, who by virtue of lower education and employment status, are less attractive to many of the medium's largest spenders," Credit Suisse said in its upfront report. In other words, broadcast rules for "light viewing"—ie, the busy professional who only has time to catch a couple broadcast shows in prime. There's still good news for cable, with Merrill predicting **Discovery**, **Turner** and **NBCU** will lead cable's upfront pack (with a mid-single digit increase in total dollars possible). The firm also sees **Fox Cable** doing well but expects **MTV Nets**, with the exception of **BET**, to underperform. "**Scripps Nets Interactive** should capitalize on its viewership growth at **Food Network** after holding back inventory this past year and not being able to fully monetize its ratings in a weak scatter market," Merrill said in a note to clients. Credit Suisse anticipates no change in inventory sold in cable's upfront and a 2.5% decrease in CPMs (due to a surplus of inventory). But it expects audience guarantees to increase 2% given cable's continued ratings growth. Whatever happens, expect it to take some time before things shake out. There's talk that the upfront may stretch into July, with nobody eager to spend in this market.

**ION Restructuring:** **Ion Media Nets**, home to **ION TV** and **qubo**, is entering bankruptcy proceedings in NY. A group of creditors holding more than 60% of ION Media Nets' sr secured debt agreed to the terms of a pre-negotiated financial restructuring negating ION's indebtedness of more than \$2.7bln through a debt-to-equity conversion. As part of the deal, a group of debtors underwrote a new \$150mln funding commitment, part of a \$300mln facility that converts into equity after restructuring. According to reports, ION listed in court documents liabilities of more than \$1bln and assets of approx \$10mln. "We are positioning the business for growth and will emerge from the restructuring in a strong position to serve viewers, clients, and stakeholders," said ION chmn/CEO **Brandon Burgess**. Like **Charter**, the company plans to continue its operations during the restructuring process.

**Competition:** **Verizon** is expanding the availability of its **DSL** service offering up to 7.1Mbps, which by the end of Jul will be available to more than 9.7mln homes in parts of 21 states. New customers may order the service for \$38/month and receive price guarantee when signing a 2-yr agreement. Verizon plans to focus heavily on bundling voice services and **DirecTV** in those homes, said Verizon CFO **John Killian** during the **JP Morgan** conference Tues, add-

**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](http://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
- Thousands more via PDF of the Mid-Day Report on CableFAX.com

### For your Mid-Day advertisement booking and sponsorship opportunities contact:

Debbie Vodenos, Publisher Erica Gottlieb, Account Manager  
301-354-1695; [dvodenos@accessintel.com](mailto:dvodenos@accessintel.com) 212-621-4612; [egottlieb@accessintel.com](mailto:egottlieb@accessintel.com)

Publication Date: June 11  
Sales Close Date: June 3  
Artwork Deadline: June 5



15737

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301/354-1695, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Patrick Benko, 301/354-1789, pbenko@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist ● Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs: Carol Bray, 301/354-1763, cbray@accessintel.com

ing that VZ will serve approx 27mln homes overall after its **Frontier** transaction (**CFax**, 5/14) clears. That deal, he said, lowers the telco's planned **FIOS** rollout to approx 17mln homes from 18mln, a move that will "change the free cash flow picture of the wireline business because we will be substantially ramping down the FiOS capital program as we go through 2010." Of FiOS, Killian said there's "opportunity for more efficiency gains is on the cost to connect, on the productivity side, particularly as we get more and more consistently deployed methods out in the field."

**In the Courts:** Amazon filed its own lawsuit against **Discovery**, accusing it of infringing on several of its e-commerce patents. In March, Discovery sued Amazon, claiming the **Kindle** infringes on its e-book patents. With regards to Amazon's suit, a Discovery spokesperson said "we are in the process of reviewing those and will respond appropriately in due course. On their face, it appears that Amazon's complaints are unrelated to our patent regarding electronic book technology." Amazon's suit involves patents covering search engine and product recommendation technology by a Discovery-run site. The e-tailer also filed counterclaims related to Discovery's e-book suit. Discovery said it's reviewing Amazon's response.

**In the States:** Regulators ok-ed **Discovery** and **Hasbro's** unnamed **Discovery Kids** jv. The **FTC** on Wed disclosed early termination of its review, meaning neither the Commission nor DOJ plan to block the deal (**CFax**, 5/1). -- **Bonneville Intl** pres/CEO **Bruce Reese** will lead the search to replace **NAB** pres/CEO **David Rehr**, NAB announced. -- **Time Warner Cable's** new(ish) Hispanic offering **EI Paquetazo** launched in NYC (**CFax**, 9/8). For less than \$35, subs get a combination of 80 popular English nets and 40 "best-of" Spanish-language channels.

**Upfronts:** Likely further emboldened by the recent success of **TBS'** "Meet the Browns" and **TNT's** "Leverage," **Turner** continues to underscore its content message to advertisers by crashing the broadcast nets' upfront week: our cable nets offer scale, reach, nice ratings and quality original programming—and ad time for approx one-third the cost of broadcast pricing. On Wed, TNT, TBS and **truTV** showcased their forthcoming shows, with TNT's planned summer launch of 3 new series perhaps the most notable because it will give the net 3 nights of originals (Mon-Wed) ahead of its initial '10 goal. Medical drama "Hawthorne" stars Jada Pinkett Smith as a chief nursing officer; police drama "Dark Blue" stars **Dylan McDermott**; and "Wedding Day" offers couples truly memorable nuptials. And in Dec comes "Men of a Certain Age," a drama from **Ray Romano**. Also, the net is developing 8 scripted and 2 unscripted dramas including projects from **Steven Spielberg**, **Steven Bochco** and **Kyra Sedgwick/Kevin Bacon**. TBS' developing projects include sitcom "The Game of Life" from **Kevin James** and sketch comedy series "Wee Hours," featuring the Second City comedy troupe. truTV's 4 new originals include "NFL Full Contact" (wt), providing exclusive access to the league, and "Conspiracy Theory with Jesse Ventura."

**DTV Doings:** Multiple tests are planned for Thurs' nationwide soft test coordinated by the **FCC** and **NAB**. Stations will conduct up to 3 tests during the day, lasting 2-5 mins, between 7:25-7:30am, 12:25-12:30pm and 6:25-6:30pm local time. Viewers with analog sets will see an informational message about the need to upgrade to digital. With the June 12 transition just weeks away, NAB says broadcasters have already conducted more than 400 such tests.

**TV Takeover:** Broadcasters should admit that multichannel providers now dominate linear TV and instead focus on new mobile TV opportunities, said **Glenn Reitmeier**, vp, technology and standards at **NBCU**. "I'm sorry, but the big TV in the living room is kind of gone," he said at **BIA Financial/Kelsey Group's** "Winning Media Strategies" conference in DC on Wed. While broadcasters remain important, Reitmeier said, they need to branch out because video

## Value-Added Benefits

### for CableFAX Daily Subscribers Only

As part of your CableFAX Daily subscription, did you know that you can view the latest industry Datapoints from our partners including Nielsen, Rentrak, comScore and MediaBiz?

Plus as a subscriber, you also have access to an archive of CableFAX Daily stories and articles most relevant to your business needs. Browse articles by topic, keyword search, or download recent issues.



Log onto <http://www.cablefax.com/cfax/>

**CableFAX Daily™**

# BUSINESS & FINANCE

is so readily available over cable, satellite and the Internet.

**Programming:** Animal Planet green-lit a 2nd season of "River Monsters," which averaged more than 1mln HHS across 7 eps to become the net's best-performing series ever. -- **Nat Geo** doc "Home by Yann Arthus-Bertrand" (Jun 5) chronicles Earth's wonders and marks the net's 1st-ever worldwide, simultaneous, all-format premiere. *Glenn Close* narrates. NatGeo summer specials include "America's Wild Spaces" (Jul), with a look at Death Valley, CA, and "Drain the Ocean" (Aug), with a virtual scientific expedition.

**Editor's Note:** June 30 is the nomination deadline for our annual list of the Most Influential Minorities in Cable. Nominate at [www.cablefax.com/cablefaxmag/2009topminorities.html](http://www.cablefax.com/cablefaxmag/2009topminorities.html).

**On the Circuit:** We loved that **Comcast** customer care reps used **Twitter** to remind customers Wed to extend their recording time on their DVRs for "American Idol's" finale, even offering to help. But alas, with no remote DVR scheduling, we're already on the path to forgetting to record *Adam vs Kris*. -- Three Iowa middle school students and their teacher won **Discovery Education, The Siemens Foundation** and the **Natl Science Teachers Assoc's** "Siemens We Can Change the World Challenge" for raising awareness about lead wheel weights in vehicles. Prizes include an appearance on **Planet Green** and a Discovery Adventure Trip with a network personality.

## CableFAX Daily Stockwatch

Company	05/20 Close	1-Day Ch	Company	05/20 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/			AMPHENOL:	33.54	0.10
BRITISH SKY:	28.88	(0.44)	APPLE:	125.87	(1.58)
DIRECTV:	24.35	(0.31)	ARRIS GROUP:	10.88	(0.15)
DISH:	17.27	0.05	AVID TECH:	13.34	0.14
DISNEY:	23.55	(0.27)	BIGBAND:	5.03	(0.26)
GE:	13.77	0.07	BLNDER TONGUE:	1.68	(0.05)
HEARST-ARGYLE:	4.48	0.01	BROADCOM:	22.54	0.45
NEWS CORP:	10.39	(0.16)	CISCO:	18.60	(0.28)
<b>MSOS</b>					
CABLEVISION:	19.88	(0.06)	CLEARWIRE:	4.56	(0.12)
COMCAST:	14.87	(0.13)	COMMSCOPE:	25.03	(0.34)
COMCAST SPCL:	13.81	(0.19)	CONCURRENT:	4.45	0.13
GCI:	6.59	(0.26)	CONVERGYS:	9.27	(0.12)
KNOLOGY:	8.05	(0.37)	CSG SYSTEMS:	13.29	(0.05)
LIBERTY CAPITAL:	13.24	(0.41)	EHOSTAR:	16.14	0.02
LIBERTY ENT:	24.16	(0.45)	GOOGLE:	397.18	(1.7)
LIBERTY GLOBAL:	15.46	(0.22)	HARMONIC:	5.34	0.06
LIBERTY INT:	6.01	(0.09)	INTEL:	15.58	(0.07)
MEDIACOM:	6.14	0.06	JDSU:	4.99	0.01
SHAW COMM:	16.66	0.29	LEVEL 3:	1.21	0.15
TIME WARNER CABLE:	33.25	0.78	MICROSOFT:	20.38	0.07
VIRGIN MEDIA:	7.47	0.19	MOTOROLA:	6.09	(0.15)
WASH POST:	370.87	2.44	NDS:	62.93	0.00
<b>PROGRAMMING</b>					
CBS:	7.28	0.06	OPENTV:	1.55	0.04
CROWN:	3.05	0.03	PHILIPS:	19.49	0.14
DISCOVERY:	21.82	1.24	RENTRAK:	10.25	(0.14)
EW SCRIPPS:	1.86	(0.02)	SEACHANGE:	6.70	0.03
GRUPO TELEVISA:	17.67	(0.1)	SONY:	26.11	0.06
HSN:	9.99	0.27	SPRINT NEXTEL:	5.58	0.08
INTERACTIVE CORP:	15.56	0.25	THOMAS & BETTS:	30.28	(0.94)
LIBERTY:	26.06	(0.43)	TIVO:	7.27	(0.13)
LODGENET:	5.34	(0.04)	TOLLGRADE:	5.25	0.21
NEW FRONTIER:	2.14	(0.06)	UNIVERSAL ELEC:	20.14	(0.02)
OUTDOOR:	6.74	(0.2)	VONAGE:	0.47	0.00
PLAYBOY:	2.58	(0.2)	YAHOO:	14.96	(0.22)
RHI:	3.32	0.00	<b>TELCOS</b>		
SCRIPPS INT:	28.79	0.04	AT&T:	24.11	(0.56)
TIME WARNER:	23.51	(0.55)	QWEST:	4.22	0.09
VALUEVISION:	0.73	0.05	VERIZON:	29.83	0.18
VIACOM:	22.41	(0.21)	<b>MARKET INDICES</b>		
WWE:	11.74	0.05	DOW:	8422.04	(52.81)
<b>TECHNOLOGY</b>					
3COM:	4.21	0.00	NASDAQ:	1727.84	(6.7)
ADC:	6.73	0.04			
ADVANTAGE:	1.72	0.02			
ALCATEL LUCENT:	2.48	0.09			
AMDOCS:	21.69	0.11			



CABLE360.NET  
**CableJobs**  
 The place for talent

**We've got the next cable job — or the candidate — for you!**

Choose the Cable360.net job board today!

Employers save 15% on your next job posting or package — Enter JOBS09.