

CableFAX Daily™

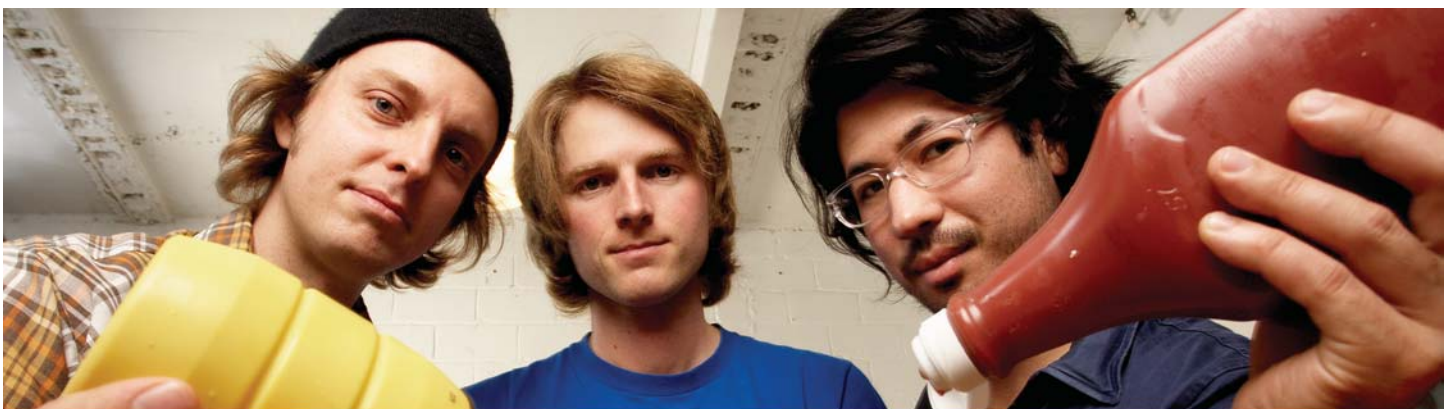
Friday — May 28, 2010

What the Industry Reads First

Volume 21 / No. 103

Content Central: Time Warner Spotlights Businesses

The overall tenor of **Time Warner's** investor/analyst day was exceedingly bullish, so much so that CEO *Jeff Bewkes* nearly apologized for execs' gushing. "I think you can see the energy in this company," he said. "We plan to take the media business into a bright and positive future." One of the company's well-known growth plays is digital video provisioning across platforms and distributors, and Bewkes—despite noting current limitations in US broadband infrastructure—sees no reason to close the throttle. "Digital is good for media," he said, noting benefits such as direct relationships with consumers, flexibility in pricing and windowing, and dramatically lower distribution costs. Moreover, said **Turner** chmn/CEO *Phil Kent*, online video is augmenting viewership of Turner nets, not hurting it. "Heavy media consumers are heavy media users" regardless of platform, he said. Citing **CNN** as an example of the benefits derived from platform/rev diversity, Kent said the net—struggling with a ratings slowdown—trails only **Yahoo! News** in online uniques across news entities and leads all in mobile uniques by a more than 2-1 margin. Importantly, domestic prime advertising reps just 10% of CNN's overall rev. Intl expansion is seen as a huge growth opportunity for Turner. While here in the US, Kent alluded to rate increases, saying "we will get fair value for our networks" going forward. Turner and **HBO** currently generate approx \$7bln/yr in affil rev, and Bewkes said that total can grow by "at least high single-digits." At HBO, chmn/CEO *Bill Nelson* loves that all the net's movie output deals include digital rights as its primarily using digital tech to enhance the user experience and heighten the price/value proposition. "We are prepared for the future," he said, noting the planned fall launch of online service **Cinemax Go**. Featured currently through **Comcast** and **Verizon**, sibling service **HBO Go** offers more than 600 content hours, 4x the amount offered by HBO on Demand, the most-viewed SVOD service around. Not that HBO's hurting on the linear front or overall: the net's '09 profit was \$1.2bln, compared to a respective \$400mln and \$200mln for **Showtime** and **Starz**. And combined with Cinemax, its global sub base has expanded by approx 13% since '06, including 31% domestically. And then there's **Warner Bros Ent**, which chmn/CEO *Barry Meyer* believes "is the largest and most profitable content production business in the industry." During the '09-'10 season, the unit provided 28 series to broadcast nets and 7 to cable, and next season will deliver 21 more (7 cable). And, perhaps most importantly, the unit's domestic and int'l licensing fees exceed its prod costs. "TV is not a hidden gem at Warner Bros; it is a virtual tiara," said Meyer.



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Flip that Net: Evil twins and scandalous love affairs will make way for ABC's and 123's in 2012. **Disney/ABC** is the latest to flip a highly distributed network, announcing it will turn **SOAPnet** (75mln HHs) into preschool channel **Disney Junior** sometime in '12. Disney has long had its eye on the pre-K set, shelving plans in '03 to launch a Playhouse Disney digital net and instead turning it into a preschool programming block on **Disney Channel** and VOD offering. The kiddie landscape has grown more crowded since then, with **Comcast** and **PBS** launching **Sprout** in '05. **Nick** has its own preschool net, **Nick Jr** (formerly **Noggin**, which was made a standalone, 24/7 net at the beginning of '08). Then there's **Discovery** and **Hasbro's** jv, **The Hub**, which is a flip of **Discovery Kids**. It launches in Oct and will target kids 3-12, with an emphasis on 6-12s. Disney Junior is aimed at the 2-7 set. The demise of SOAP, which bowed in '00 as a way to catch up on daytime dramas, isn't that surprising given the rise of DVRs and online video—not to mention the dwindling popularity of soaps (**CBS** will run the last ep of 54-year-old "As the World Turns" in Sept). Disney Junior will include a VOD offering, HD net and Spanish language SAP feed. Programming includes new series "Jake and the Never Land Pirates" as well as current faves, such as "Handy Manny," and classic movies. Prior to launch, Disney Junior will replace the Playhouse Disney branded pre-K block on Disney Channel. In Feb '09, **Disney XD** launched, targeting kids 6-14 (particularly boys).

At the Portals: The **FCC** chmn's "Title II Lite" proposal is the only item on the agency's tentative June 17th agenda for a vote on a NOI to gather comments on a possible legal framework for broadband Internet service providers. Specific questions in the Notice include whether the Commission's information service classification remains legally sound and adequate (look for cable to argue yes) and what are the consequences of applying Title II or the chmn's "3rd Way," which would forbear most Title II provisions. It also seeks comment on terrestrial wireless and satellite broadband classification.

HD: **Cablevision** added **Univision HD** and **TeleFutura HD** to its free HD lineup. Earlier this year the MSO completed transitioning all its markets so that customers with HD service no longer receive SD simulcasts of HD channels. In other words, no more scrolling through for the HD version of a net. Anyone else doing this?

On the Hill: Pres **Obama** on Thurs signed into law legislation reauthorizing the Satellite Home Viewer Act. **House Communications** subcmte chmn **Rick Boucher** (D-VA) complimented **DISH** for agreeing to provide local-into-local in all 210 local TV markets. In return, it can import distant signals. Cable is also happy as it addresses the phantom signal issue.

In the Courts: **ActiveVideo Networks**—which counts **Cablevision** as its largest client—has filed a patent infringement suit against **Verizon** on 5 patents. Recall that Verizon sued Cablevision in Mar, alleging infringement of 5 set-top related patents and filed complaints with the US Intl Trade Commission.

Advertising: **Experian** invested in and formed a strategic relationship with addressable advertising firm **INVIDI**. The cos will jointly work on projects to provide the ad community with advanced targeting and post-campaign marketing analysis.

In the States: **Comcast** bowed its High-Speed 2go mobile broadband service in IL, NW IN and SW MI. Customers can bundle the service with wired Internet for prices starting at \$55/month for 1 yr, or as an add-on to XFINITY Internet starting at \$40/month. -- **Mediacom** deployed **Clearleap's** TV technology platform, enabling the MSO to insert ads in VOD and linear programming. MCCC also can deploy program offerings from Clearleap's Content Marketplace, including licensed content.

Research: Global shipments of 3DTVs will reach 4.2mln units this year before accelerating to 12.9mln units in '11 and 27.4mln in '12, predicted **iSuppli**, with most '10 sales occurring in the US, Japan and Western Europe. The firm did note po-

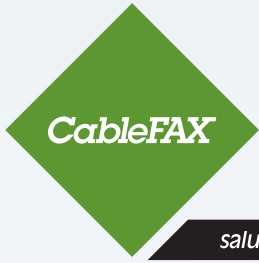
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Sponsorship Opportunities: Debbie Vodenos at 301.354.1695 or dvodenos@accessintel.com
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Henry Ahn, NBCU
Bob Broussard, Rainbow
Patty Gilchrist, Comcast Entertainment Group
Arlene Manos, Rainbow Advertising Sales Corp (RASCO)
Laura Nathanson, ABC Family
Hank Oster, Comcast Spotlight
Ben Pyne, Disney Media Networks
Bob Rose, CBS College Sports
Evan Sternschein, Discovery Communications
David Zagin, AETN

CableFAX's Sweet 16

Mark Addicks, General Mills
William Brower, Geico
David Campanelli, Horizon Media
Chris Dennehy, Hawarth Marketing & Media Co (agency for Target)
Tim Ellis, Volkswagen of America
Cheryl Green, Mercury Media
Stephanie Kelly, Sprint
Anne Lund, Starcom
Chris Perry, Hyundai
Brent Poer, MediaVest USA
Edgar Sandoval, P&G
Karen Soots, Outback
Mitch Spolan, Yahoo!
John Swigart, Esurance
David Tepper, MediaCom
Brian Wieser, Magna

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Artwork Deadline: June 8

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BUSINESS & FINANCE

tential challenges to widespread adoption of the tech, including a need for standards and affordable 3D glasses.

Programming: She's baaack. *Kate Gosselin* & kids will be in back-to-back "Kate Plus 8" specials on **TLC**, June 6, 9pm. -- **Bravo** is working with *Rocco DiSpirito* on a weekly competition cooking series, "Rocco's Dinner Party." -- *Dr Ruth* is coming to **Retirement Living TV**, but it's not for a sex talk. Instead the net will air 3 specials in honor of her 82nd birthday as she explores the traditions of her heritage: "The Olive and the Tree," Tues, 9pm ET; "No Missing Link," Wed, 9pm and "A Jewish Spirit Sings" Thurs, 9pm. -- 2 new shows bow on **A&E** next month: "Drill Team," homeowners race to finish renovation projects (June 5, noon), and "\$100 Makeover," redesign a room for one Benjamin (June 19, 10am).

Online: **FoxSoccer.com** launched a section on the World Cup (Jun 11-Jul 11), and later will feature live match scoreboards with stats and video analysis. It also intro'd its Audi-sponsored "Ticket to South Africa" iPhone app providing interactive coverage.

People: *Marissa Ronca* was upped to vp, dev at **truTV**. -- **Free Press** policy dir and **Comcast-NBCU** critic *Ben Scott* has left for a State Dept job. Research dir *Derek Turner* takes over. --We hear former **Charter** exec *Maggie Bellville* has changed offices, leaving 1 exec search firm for another. She is now exec partner as Atlanta-based **Aquinas Search**.

CableFAX Daily Stockwatch

Company	05/27 Close	1-Day Ch	Company	05/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	38.00	0.88	APPLE:	253.35	9.24
DISH:	21.23	0.38	ARRIS GROUP:	10.99	0.26
DISNEY:	34.37	1.30	AVID TECH:	13.87	0.50
GE:	16.66	0.65	BIGBAND:	2.91	0.05
NEWS CORP:	15.56	0.64	BLNDER TONGUE:	1.30	0.01
MSOS					
CABLEVISION:	25.05	0.67	BROADCOM:	34.34	2.02
COMCAST:	18.33	0.61	CISCO:	23.67	0.78
COMCAST SPCL:	17.46	0.44	CLEARWIRE:	8.20	0.18
GCI:	5.94	0.17	COMMSCOPE:	28.92	1.36
KNOLOGY:	11.90	0.02	CONCURRENT:	5.40	0.08
LIBERTY CAPITAL:	42.53	2.31	CONVERGYS:	11.00	0.28
LIBERTY GLOBAL:	25.79	1.42	CSG SYSTEMS:	20.76	0.71
LIBERTY INT:	13.49	0.84	ECHOSTAR:	21.16	0.93
MEDIACOM:	5.40	0.27	GOOGLE:	490.46	14.99
RCN:	14.44	0.14	HARMONIC:	5.96	0.31
SHAW COMM:	18.36	0.45	INTEL:	21.76	1.06
TIME WARNER CABLE:	55.11	2.18	JDSU:	11.54	0.60
VIRGIN MEDIA:	16.28	0.59	LEVEL 3:	1.32	0.06
WASH POST:	470.00	(8.03)	MICROSOFT:	26.00	0.99
PROGRAMMING					
CBS:	14.85	0.69	MOTOROLA:	6.92	0.16
CROWN:	1.89	0.10	PHILIPS:	30.90	2.27
DISCOVERY:	38.71	1.49	RENTRAK:	24.11	0.54
GRUPO TELEVISIA:	19.00	0.80	SEACHANGE:	7.82	0.29
HSN:	27.82	2.09	SONY:	31.65	1.26
INTERACTIVE CORP:	23.47	0.90	SPRINT NEXTEL:	5.19	0.28
LIBERTY:	32.97	1.56	THOMAS & BETTS:	39.26	1.27
LIBERTY STARZ:	52.98	2.19	TIVO:	9.12	0.24
LIONSGATE:	6.86	0.11	TOLLGRADE:	6.48	0.10
LODGENET:	5.30	0.24	UNIVERSAL ELEC:	19.57	0.90
NEW FRONTIER:	1.84	(0.01)	VONAGE:	1.99	0.05
OUTDOOR:	6.07	0.20	YAHOO:	15.69	0.24
PLAYBOY:	3.74	0.04	TELCOS		
RHI:	0.20	(0.01)	AT&T:	24.63	0.50
SCRIPPS INT:	45.93	0.85	QWEST:	5.24	0.07
TIME WARNER:	30.94	1.41	VERIZON:	27.58	0.65
VALUEVISION:	2.27	0.02	MARKET INDICES		
VIACOM:	37.64	1.52	DOW:	10258.99	284.54
WWE:	16.89	0.61	NASDAQ:	2277.68	81.80
TECHNOLOGY					
ADC:	8.42	0.11			
ADDVANTAGE:	2.86	0.05			
ALCATEL LUCENT:	2.63	0.27			
AMDOCS:	28.84	0.41			
AMPHENOL:	42.99	1.77			
AOL:	21.16	0.44			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Score Card

Courtesy of data from **Nielsen, Kagan** and **Time Warner**, it's time for a holiday pop quiz (answers at the bottom). **(1)** In terms of avg hours of use/person/wk, which of the following achieved the greatest growth from '04-'09: (a) TV, (b) video games, (c) Internet...**(2)** As of Dec, the gap in ratings (18-49s) between the lowest-rated broadcast net and highest-rated cable net has narrowed to: (a) 2.1x, (b) 3.0x, (c) 3.6x...**(3)** In '09, the premium CPMs garnered by **TNT's** original series is what percentage greater than the net received for licensed series: (a) +45%, (b) +105%, (c) +165%...**(4)** Which of the following nets enjoyed the greatest monthly sub rate in '09: (a) **USA**, (b) **Fox News**, (c) **NFL Net**...**(5)** Last yr, which net achieved the highest monthly reach among 18-49s: (a) **FX**, (b) **ESPN**, (c) **Discovery Channel**...**(6)** **HBO** represents approx what percentage of Time Warner's overall rev: (a) 15%, (b) 20%, (c) 30%...**(7)** Which HBO series averages/averaged the greatest number of gross viewers/ep: (a) "Sex in the City," (b) "True Blood," (c) "Entourage"...**(8)** Which of the following companies lead in adjusted EPS growth from '08-'10 (CAGR): (a) **Disney**, (b) **Viacom**, (c) **News Corp**? Answers: 1-b, video game usage is up 44%; 2-a, compared to 4.5x in '03; 3-c, and for TBS it's +133%; 4-c, followed by Fox News and USA; 5-a, followed by ESPN and Discovery; 6-a, Turner reps 28%; 7-b, vampires rule; 8-b, then News. If you got all 8 correct, consider yourself truly and admirably plugged in to the cable programming arena—and stop cheating! 6 or 7 correct equals a darn good showing, deserving of a 3-day weekend. 4-5 correct is wholly avg, not even what you'd accept from your kids. 1-3 correct is laughable, a percentage only acceptable in batting avg and success of new broadcast shows. If 0 was your score, please come out from under that rock and enjoy the world of TV. *CH*

Highlights: "Creating Synthetic Life," Thurs, 8p ET, **Science**. The man himself, *Craig Venter*, is at the center of this accessible special about his latest feat—creating a self-replicating cell in the lab (yes, I feel like a motherless child). At 9p, Venter joins *Paula Zahn* and futurists to discuss creation ethics. -- "Curb Your Enthusiasm" and "Curb: The Discussion," Wed, 10p, **TV Guide**. TV G will re-run all of *Larry David's* series (sans adult language, ie most of *Susie Essman's* lines) followed by an Essman-led panel discussion. The 2 panels we saw were fun, not deep. -- "Special Relationship," Sat, 9p, **HBO**. Fine work by *Dennis Quaid* as *Bill*, *Hope Davis* as *Hilary*; **Michael Sheen** always is great as *Tony Blair*. *SA*

Worth a Look: "Breakout at Choisin," Mon, 8p, **Smithsonian**. A timely film for this Memorial Day as Korean tensions smolder. The piece centers on Marine Lt *Chew-Een Lee's* leadership during the Korean War that likely saved thousands of lives. *SA*

Notable: Memorial Day brings cable specials. This year that includes **Cooking Channel's** launch. **NFL Net** piles on with a day-long buffet of its "Top 10" series, allowing viewers to pick prime time shows. -- "The Soup" celebrates **E!'s** 20th birthday as *Joel McHale* hosts a special about celeb bashing and dishing (Fri, 10p). *SA*

Basic Cable Rankings (5/17/09-5/23/09) Mon-Sun Prime			
1	USA	2.3	2246
2	TNT	2.1	2115
3	ESPN	1.9	1942
4	DSNY	1.7	1678
5	FOXN	1.5	1462
6	NAN	1.4	1361
7	HIST	1.1	1130
7	TBSC	1.1	1102
9	TOON	1	1015
9	A&E	1	971
11	HGTV	0.9	851
12	DISC	0.8	842
12	FX	0.8	793
12	FAM	0.8	774
12	TRU	0.8	708
12	SPD	0.8	604
12	NKJR	0.8	583
18	FOOD	0.7	702
18	TLC	0.7	697
18	LIFE	0.7	690
18	SYFY	0.7	673
18	AMC	0.7	635
18	MSNB	0.7	630
18	BRAV	0.7	615
18	LMN	0.7	515
26	TVLD	0.6	622
26	SPK	0.6	611
26	CMDY	0.6	603
26	BET	0.6	575
26	HALL	0.6	524
31	MTV	0.5	518
31	APL	0.5	485
31	EN	0.5	473
31	VS	0.5	404
35	CNN	0.4	415
35	VH1	0.4	394
35	HLN	0.4	369
35	OXYG	0.4	305
35	WGNA	0.4	291
35	NGC	0.4	255
35	ID	0.4	232
42	TRAV	0.3	333
42	ESP2	0.3	261
42	SOAP	0.3	248
42	DXD	0.3	244
42	GSN	0.3	233

*Nielsen data supplied by ABC/Disney

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