

# CableFAX Daily™

Friday — November 21, 2008

What the Industry Reads First

Volume 19 / No. 227

## Waning Offense: Sports Industry Not Immune To Economic Troubles

The economic climate has deteriorated so much that sports media, often viewed as the last bastion of insulation, now finds itself battling the force of its blustery winds. Indeed, even industry kingpin **ESPN** is enduring softness in the ad market. "It's tough locally, it's tough nationally, it's tough everywhere," said **Fox Sports Nets** pres *Bob Thompson* at *Sports Business Journal's FSA Sports Media & Tech Conference*. As a result, industry players are tapping non-linear platforms to provide additional value to advertisers and content owners alike. "Technology will allow us to emerge [relatively unscathed] out the other side" of the downturn, said ESPN evp, sales and marketing *Sean Bratches*. This focus on Web and mobile initiatives, as well as intertwining them with linear offerings, has helped ESPN remain aggressive as money pools dry up. Indeed, the comprehensive "ESPN ecosystem has a lot of value," said **Accrue Sports & Ent Ventures** managing dir *Doug Perlman*, who added that's a key reason ESPN was able to land BCS and national title games. There's absolutely "a value proposition to buy across platforms," said **CBS College Sports** evp/gm *Steve Herbst*. But smaller nets might also offer a similar proposition. "We're able to charge advertisers less," said **Versus** pres *Jamie Davis*. "We have not seen the bottom fall out in the 4th quarter... we're seeing more and more new advertisers coming in." Also helping is cable's business model. "Cable networks are a great business and will continue to prosper," said **Pali** analyst *Richard Greenfield*, while adding that it's difficult to "understand what local TV will be" going forward. Fox's locally-focused RSNs are feeling the pinch, said Thompson, but remain buoyed by the fact that three-quarters of their rev stems from sub fees. "The two-revenue stream model is a very good model these days," he said. But even so, Bratches said "you've got to be aggressive, but also very smart in this economy... The price-value relationship must always be strengthened." Bratches also said the current climate offers an "opportunity to do a better job collectively as an industry." Enter **Canoe Ventures** and other industry initiatives, which have gained importance because the ad market is "running out of people that can pick up the slack" for the auto and financial industries, said Greenfield. A new year's approaching, but it's almost certain not to be a happy one.

**FCC Probe:** Rep *Bart Stupak* (D-MI) said he doesn't expect more hearings on the **FCC** this year, but does envision some next year, especially in light of a forthcoming report on the agency and its practices. Stupak chairs the Oversight and Investigations Committee that conducted the FCC inquiry. If FCC chmn *Kevin Martin* and other members of the FCC fail to meet with House Commerce members to comment on matters raised in the report by Fri, the Committee has said it will finalize it. Stupak, in an interview with **C-SPAN's** "The Communicators," said he wants the report released this year. That may not mean much since President-elect *Barack Obama* will replace Martin as head of the FCC. Stupak, however, said the report could perhaps serve as a "blueprint" for the next chmn. "I don't believe the FCC has followed the intent or spirit of the law," he said. "Some decision making has been made that, I think, has been faulty. I think it's been pretty dictatorial how things are run at the FCC and that's not ... the way it should be." "Communicators" airs at 6:30pm Sat on C-SPAN.



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# HD

HIGHLIGHT

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**FSA Sports Notebook:** Amid economic uncertainty, many operators are trying to determine just how big niche sports networks can become. If the University of Texas' sports channel can gain carriage, it "takes us to a whole new level," said **Pali** analyst *Richard Greenfield*. "So many iterations are possible." For his part, **Fox Sports Nets** pres *Bob Thompson* cited numerous challenges. "What are they going to put on there" that's compelling, he asked, noting that FSN, **ESPN** and **Versus** collectively own the rights to every UT football game. Opportunities do exist, however, for college conferences besides the Big Ten and Mountain West to stake a claim on cable bandwidth, said panelists. But how about an Olympics-focused net? Unlikely, said Thompson, since "dealing with all the [intl sports] federations is painful."

**On the Hill:** The House Commerce committee has a new chmn, with Rep *Henry Waxman* (D-CA) uprooting Rep *John Dingell* (D-MI) Thurs. Dingell, who tried to rally enough supporters to keep his seat, said he would work closely with Waxman. "Well, this was clearly a change year..." Dingell said in a statement. "What will not change, however, and what will never change, is my commitment to the working men and women of the 15th Congressional District of MI who have honored me with the opportunity to represent them here in Washington." Waxman hasn't shown much interest in media matters over the years. In an interview with **C-SPAN's** "The Communicators" that took place before the vote, Rep *Bart Stupak*, who supported Dingell as chmn, said he didn't anticipate many changes in the communications arena because he expects Rep *Ed Markey* (D-MA) to remain chmn of the Telecom subcommittee.

**Goodbye Decker:** As expected, **Landmark** pres/COO *Decker Anstrom* officially resigned as **NCTA** chmn and the board at Thurs' board meeting. His resignation comes with Landmark completing its sale of **The Weather Channel**. **Cablevision** COO *Tom Rutledge* was elected as chmn; **Cox** pres *Pat Esser* was named vice chmn; **Advance/Newhouse** CEO *Bob Miron* treasurer and **Charter** pres/CEO *Neil Smit* was named secretary.

**In the Courts:** The legal wrangling over "Project Runway" continues, with **Lifetime** countersuing **NBCU**, **Bravo** and show producer **The Weinstein Company** over the rights to the show. In Sept, the NY State Supreme Court temporarily stopped Weinstein from taking the show to Lifetime from Bravo until the case is decided.

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# BUSINESS & FINANCE

**At the Portals:** The administrative law judge hearing program access complaints against **Comcast, Time Warner Cable, Cox and Bright House** is throwing out the **FCC's** preliminary findings that the programmers had made a case that they were discriminated against. Instead, there will be a trial that starts from scratch. Judge *Arthur Steinberg* also agreed with cable ops in saying the FCC's request for a ruling within 60 days was impossible. The complaints involve **NFL Net, MASN** and **Wealth TV**.

**Programming:** **Fox News** chmn/CEO and **Fox TV** stations chmn *Roger Ailes* signed on for 5 more years with **News Corp**. Financials weren't disclosed, but according to **SEC** filings, he earned nearly \$20mln last year.

**People:** *Bruce Tuchman* was upped to pres, **MGM Networks**.

**Business/Finance:** **Collins Stewart** lowered its 4Q estimates for **Comcast** basic sub to 125K from 90K and phone adds to 399K from 569K. The firm expects higher voluntary and involuntary churn, thanks to wireless substitutions, bad debt and housing foreclosures and some subs switching to DBS because Comcast has fewer HD channels. Collins did raise its 4Q total cable ARPU to \$114.25 from \$112, citing deeper customer penetration of digital. -- **Clearwire's** shareholders approved its WiMax combination with **Sprint**, which counts **Comcast, Time Warner Cable** and **Bright House** as investors.

## CableFAX Daily Stockwatch

Company	11/20 Close	1-Day Ch	Company	11/20 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	21.09	(0.29)	3COM:	1.50	(0.11)
DIRECTV:	18.09	(0.88)	ADC:	5.52	(0.15)
DISNEY:	18.73	(1.21)	ADVANTAGE:	1.50	(0.03)
ECHOSTAR:	8.37	(1.25)	ALCATEL LUCENT:	1.85	(0.18)
GE:	12.84	(1.61)	AMDOCS:	16.78	(1.14)
HEARST-ARGYLE:	7.96	(1.64)	AMPHENOL:	19.00	(2.05)
ION MEDIA:	1.44	0.00	APPLE:	80.49	(5.8)
NEWS CORP:	5.91	(0.64)	ARRIS GROUP:	5.45	(0.5)
<b>MSOS</b>					
CABLEVISION:	11.60	(0.68)	AVID TECH:	11.38	(0.78)
CHARTER:	0.22	(0.01)	BIGBAND:	3.13	(0.44)
COMCAST:	13.30	(0.47)	BLNDER TONGUE:	0.80	0.05
COMCAST SPCL:	12.69	(0.56)	BROADCOM:	13.64	(0.12)
GCI:	5.93	(0.08)	C-COR:	11.00	0.00
KNOLOGY:	4.16	(0.6)	CISCO:	14.47	(0.61)
LIBERTY CAPITAL:	2.61	(0.19)	COMMSCOPE:	7.86	(0.78)
LIBERTY ENT:	11.64	(1.16)	CONCURRENT:	3.44	0.36
LIBERTY GLOBAL:	10.47	(1.54)	CONVERGYS:	4.06	(0.46)
LIBERTY INT:	2.06	(0.57)	CSG SYSTEMS:	13.23	(0.6)
MEDIACOM:	2.21	(0.49)	ECHOSTAR HOLDING:	13.04	(0.97)
ROGERS COMM:	42.97	0.00	GOOGLE:	259.56	(20.62)
SHAW COMM:	15.51	(1.04)	HARMONIC:	3.91	(0.43)
TELEWEST:	24.20	0.00	JDSU:	2.21	(0.37)
TIME WARNER CABLE:	16.66	(1.33)	LEVEL 3:	0.79	0.04
VIRGIN MEDIA:	3.28	(0.56)	MICROSOFT:	17.53	(0.76)
WASH POST:	342.00	(28.5)	MOTOROLA:	3.15	(0.29)
<b>PROGRAMMING</b>					
CBS:	4.51	(0.88)	NDS:	40.50	(1.91)
CROWN:	2.00	(0.21)	NORTEL:	0.43	(0.09)
DISCOVERY:	11.91	(0.44)	OPENTV:	0.92	(0.07)
EW SCRIPPS:	2.96	(0.22)	PHILIPS:	14.79	(1.13)
GRUPO TELEVISA:	13.21	(0.58)	RENTRAK:	9.44	(0.3)
HSN:	4.21	(0.05)	SEACHANGE:	6.77	(0.47)
INTERACTIVE CORP:	14.24	(0.25)	SONY:	18.34	(0.66)
LIBERTY:	20.07	(3.63)	SPRINT NEXTEL:	1.37	(0.51)
LODGENET:	0.60	(0.1)	THOMAS & BETTS:	16.36	(2.34)
NEW FRONTIER:	1.52	0.04	TIVO:	5.08	(0.51)
OUTDOOR:	4.92	(0.41)	TOLLGRADE:	4.83	(0.05)
PLAYBOY:	1.06	(0.23)	UNIVERSAL ELEC:	12.79	(0.89)
RHI:	3.71	0.17	VONAGE:	0.88	0.01
SCRIPPS INT:	22.40	(2)	YAHOO:	8.95	(0.19)
TIME WARNER:	7.07	(1.07)	<b>TELCOS</b>		
UNIVISION:	36.23	0.00	AT&T:	24.51	(0.72)
VALUEVISION:	0.57	0.00	QWEST:	2.28	(0.33)
VIACOM:	13.09	(1.93)	VERIZON:	26.50	(0.44)
WWE:	9.31	(1.02)	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
			DOW:	7552.29	(444.99)
			NASDAQ:	1316.12	(70.3)



### CableFAX's Best of the Web Awards

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### Awards Timeline

Entry Deadline: December 3, 2008  
 Late Entry Deadline: December 10, 2008  
 Award Event: February 26, 2009

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

**A League of His Own**

Content remains king, particularly among sports and news nets. But content liaisons continue to play an invaluable role in establishing emotional connections among viewers. As I've argued previously, for example, featured personalities on **Fox News**, **CNN** and **MSNBC** likely contributed heavily to their respective audience levels along the Presidential election trail. In sports, on-air talent plays a lesser role in differentiation because the same content rarely spans across competing nets during similar time slots. That said, however, sports personalities are directly correlated to viewers' enjoyment of particular telecasts. Why else would **ESPN** and **NFL Net** tweak their broadcast teams? I began chewing on all this when sportscaster *Jim Nantz* took the stage this week at the **FSA Sports Media & Tech Conference**. With humble apologies to *Mike Tirico*, *Anderson Cooper*, *Jim Cramer* and other cable personalities that I have grown quite fond of, Nantz is in a league of his own. In my mind, only *Bob Costas* approaches his savvy, knowledge, and delivery. But no one matches his likability and class. "I'm there to tell a story, to give an honest appraisal of what I see, and if I can do it in a lyrical manner, all the better," said Nantz. The broadcast veteran has become synonymous with the Final Four and The Masters, 2 events that gain instant credibility and elevation with his presence. Like many did of *Walter Cronkite* in his prime, I view Nantz as a friend and companion, and am instantly pleased when I find him on my TV screen. I would watch those events without him, of course, but wouldn't be as enamored of the telecasts. That's a power held by very few. So, cable should be pleased when Nantz said "ESPN has been great for college basketball," or that **Golf Channel** is always on at his house. Nantz also watches cable news religiously, particularly Fox News' "Hannity and Colmes." I view that as high praise from the broadcast king. *CH*

**Worth a Look:** "Batman The Brave and the Bold," Fri, 8pm, **Cartoon**. A highly entertaining version of The Caped Crusader, who partners with other superheroes, not Robin. This Batman is dark, faithful to the early comic book "The Batman." Yet what exits the bat mouth is often witty, reminiscent of *Adam West's* fine tongue-in-cheek 60's portrayal. -- "Lost City Raiders," Sat, 9pm, **SciFi**. The network periodically makes generally awful films. That's not the case here. The premise is interesting. Set in 2048, more than 70% of the Earth is covered in water as a result of global warming (this is **NBCU's** Green Week, remember). From there the plot becomes waterlogged. *James Brolin*, who gets more handsome as he ages, plays a diver who teams with his sons in a business with daily ups and downs. The trio helps scour what used to be secret tombs for an ancient scepter that perhaps can turn back the rising tides. Sound like "Raiders of the Lost Ark"? The resemblance is fleeting only. -- "An Old-Fashioned Thanksgiving," Sat, 9pm, **Hallmark**. A period piece with a predictable cold-hearted-grandparent-warms-up-for-the-holiday plot. Still, a good outing for *Jacqueline Bisset* as the grandmother and a very good one for Canadian newcomer *Tatiana Maslany*, as a spirited teen. *SA*

Basic Cable Rankings (11/10/08-11/16/08)			
	Mon-Sun Prime		
ESPN	1	2.6	2536
USA	2	2.0	1966
FOXN	2	2.0	1933
DSNY	4	1.7	1634
TBSC	5	1.4	1418
TNT	5	1.4	1342
NAN	7	1.3	1306
LIFE	7	1.3	1236
CMDY	9	1.2	1182
CNN	10	1.1	1088
TOON	10	1.1	1027
MSNB	10	1.1	1017
HALL	10	1.1	932
NFLN	10	1.1	471
A&E	15	1.0	969
DISC	15	1.0	938
AMC	15	1.0	926
TLC	18	0.9	876
FX	18	0.9	857
HGTV	18	0.9	842
SPK	18	0.9	834
TRU	18	0.9	774
FAM	23	0.8	826
SCIF	23	0.8	808
HIST	23	0.8	790
LMN	23	0.8	509
FOOD	27	0.7	731
ESP2	27	0.7	730
TVLD	27	0.7	656
NOGG	27	0.7	454
VH1	31	0.6	618
BET	31	0.6	567
MTV	31	0.6	567
BRAV	31	0.6	503
HLN	35	0.5	483
EN	35	0.5	459
APL	35	0.5	455
SOAP	35	0.5	350
NGC	35	0.5	319
TRAV	40	0.4	362
OXYG	40	0.4	301
TDSN	42	0.3	250
VS	42	0.3	238
GSN	42	0.3	235
CMT	42	0.3	223
SPD	42	0.3	219

\*Nielsen data supplied by ABC/Disney

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