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# CableFAX Daily™

Friday — February 12, 2010

What the Industry Reads First

Volume 21 / No. 029

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## Growth Spurt: Epix Making Distribution Strides

Epix's road to profitability remains lengthy, but despite initial skepticism by many industry players its distribution is on track to hit 20mln homes by May. New to the premium net's affil roster is **NCTC**, with which it forged a hunting license deal this week to approach the org's small op membership. **FiOS TV** already offers the net, and partnerships with **Charter**, **Mediacom** and **Cox** all launch this spring. "As we ramp up the distribution, the revenues will start coming in and we're still targeting to be operating cash flow positive next year," said **Viacom** CEO *Philippe Dauman* Thurs. "We're very pleased with the distribution deals that we've achieved, and others are in the pipeline." CFO *Tom Dooley* said Viacom recorded \$19mln in equity losses from Epix in 4Q on programming amortization and launch-related marketing costs. On Wed, Epix partner **Lionsgate** said it has so far invested approx \$51mln in the channel, with CEO *Jon Feltheimer* saying the net's carriage adaptability will help drive income—and more deals. "We are trying to create tremendous flexibility for our MSO partners [through options including] a la carte, a combination of tiering and a combination of guarantees," said Feltheimer. "Our patient, disciplined approach is working." From the outset, Epix has underscored its commitment to a multi-platform approach, and Dauman noted a key milestone in the digital arena. "Importantly, we are no longer in the testing phase. We are authenticating customers today and offering full access to all of our content online," he said. Epix.com currently offers approx 300 movies, most of them in HD, and Dauman said that total will balloon to more than 3K over the next year. Both Dauman and Lionsgate vice chmn *Michael Burns* pooh-poohed any notion that 3rd partner **MGM**, whose film library is on the sale block amid restructuring proceedings, has softened its commitment to the net. But the pair did allow that Epix's ownership could face future changes. "We are not consolidating Epix at this point, and obviously we will evaluate that situation as we go forward based on facts and circumstances," said Dauman. It's widely speculated that Lionsgate has submitted a bid for the MGM film library and is also interested in the **Miramax** slate that **Disney's** shopping around. Irrespective of the associated costs, either acquisition would seem to make sense from a content perspective, especially when considering Lionsgate's ownership of **TV Guide Net**. Although Feltheimer refused to specifically reveal Lionsgate's intentions on either front, Burns did say a deal for

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the Miramax library “would fit into a lot of criteria” the company has for evaluating acquisitions, including immediate accretion and provision of value added strategic components to other holdings.

**Competition:** DISH lifted to more than 160 the number of HD nets it offers with the addition of 9 new ones to various programming packages, including **Fox Soccer, Hallmark, truTV, E!** and **BBC America**. -- **FiOS TV** announced the availability of **MSNBC HD** in all of its markets.

**In the States:** The newly-formed **Maine Fiber Co** will develop and maintain a 1100-mile high-capacity fiber-optic network to help serve rural state areas with the help of \$25mln in federal stimulus funds. -- **Time Warner Cable** is adding 170 new jobs in Albany to enhance its customer service in the NE.

**Earnings:** **Viacom** hasn't quite righted its ad ship, as domestic ad rev at its media nets dipped 4% in 4Q to match 3Q's decline, owing to reduced upfront pricing for the '09-'10 broadcast season and lingering ratings issues at certain nets. CEO *Philippe Dauman*, however, is heartened by ratings improvements in Jan, particularly at **MTV**, which delivered a 20%+ improvement through the 1st 5 weeks of '10 on the strength of “Jersey Shore” and “Teen Mom.” “We remain cautiously optimistic and expect to deliver sequential improvement” in advertising this Q, said Dauman. “The tone is clearly more positive.” Media nets' affil rev climbed 11% in 4Q, the same growth percentage achieved for '09 overall. -- Fresh off new distribution deals with **Comcast** and **Charter, TV Guide Net** coupled with **TVGuide.com** to deliver nearly \$28mln in new rev to **Lionsgate** last Q. The net “is ahead of schedule in terms of where we thought we would be,” said Lionsgate CEO *Jon Feltheimer*, noting that he believes the net and TVGuide.com have doubled in value since Lionsgate purchased the pair last year. As “fees were both adjusted upward” in the Comcast and Charter pacts, said Feltheimer, “the next set of conversations we're going to have are hopefully going to have us in a better position to make better deals.” Lionsgate's TV prod arm reported a 30% gain in rev that includes a 14% rise in domestic series licensing from shows such as **Showtime's** “Weeds” and **AMC's** “Mad Men.” -- **WWE's** live and televised ent segment posted 4Q rev of \$83.8mln, a 10% YOY rise aided by 10% growth in TV rights fees rev and a 3% uptick in PPV rev. WWE Classics On Demand rev fell 31% to \$1.1mln due to a decline in int'l distribution.

**VOD:** Currently available in 37mln homes, **ExerciseTV** is adding in Mar access to *Jillian Michaels'* forthcoming DVD “Yoga Meltdown,” plus 2 workout titles from **NBC's** “The Biggest Loser.”

**Measurement:** **NBCU** tapped **Knowledge Networks** to participate in the “Billion Dollar Olympic Research Lab,” an initiative aimed at providing insight into consumer use of NBCU's Olympic Games content across platforms.

**Technology:** **CableLabs** is integrating its AdLab with **Canoe Ventures'** new Innovation Lab to support the dev and deployment of advanced advertising tech and services. The 1st related test will prototype and evaluate the tech required for an end-to-end infrastructure based on SCTE 130, a spec that supports a unified platform for dynamic, addressable, and interactive ad insertion while merging inventory metadata, content metadata and subscriber metadata. Partners include **Cisco, OpenTV, Ericsson, Motorola** and **This Technology**. -- **Insight** is using optical transport and metro Ethernet tech from **Nokia Siemens Networks** to support the deployment of enhanced triple-play services. -- 14 cable ops including **Charter, BendBroadband** and **Mediacom** are working with **Synacor** to offer their customers access to the “Olympics Online Connect” content package at **NBCOlympics.com**.

**Online:** **Golf Channel's** online tee-time service **GolfNow.com** now counts more than 1800 participating courses across the US and more than 730K users.

**Programming:** **ION TV** picked up nearly 35 total film and TV series from studios such as **Paramount, Twentieth TV** and **Warner Bros**, including “The Fugitive,” “GoodFellas” and “Shark.” -- The 1st card for **HDNet's** “Mark Burnett Presents: King of the Cage” (Fri, 10pm ET) features live coverage of 3 MMA title fights. -- **NFL Net** inked a deal with the new Arena Football League to air weekly games in Fri prime throughout the league's 18-game regular season. Kickoff begins Apr 2.

**People:** **Discovery Channel** named *Stephen Reverand* svp, dev and prod for specials and events, while interim head *Christine Weber* settles into her role as vp, dev and prod for specials and events. -- **WWE** elected *Basil DeVito*,

# BUSINESS & FINANCE

Jr a board member.

**Business/Finance:** Crown Media's special board cmte and **Hallmark Cards**, the company's primary debt holder, approved and executed a recapitalization term sheet to address Crown's debt to HC of approx \$1.1bln as of Dec 31. Related transactions include a restructuring of \$315mln principal amount into new debt instruments, conversion of \$185mln principal amount into convertible Crown preferred stock and conversion of the balance into Crown common stock. The recap term sheet is subject to completion of financial and other due diligence, the execution of definitive documents and the procurement of all requisite consents and approvals. -- **JDSU** agreed to acquire for \$165mln in cash the networks solutions test business of **Agilent**, including LTE network verification and deployment products.

**Editor's Note:** Don't miss our social media training seminar on Mar 3 in NYC. *Ed Moed*, Peppercom co-founder and managing partner, and *Sam Ford*, Peppercom's director of digital strategy, will discuss how to create social media platforms that match your communications goals and the needs of your subscribers and how to maintain a long-term presence that will resonate. **CableFAX** Editorial Director *Seth Arenstein* will facilitate. More info at: [www.cablefax.com/march3](http://www.cablefax.com/march3).

## CableFAX Daily Stockwatch

Company	02/11 Close	1-Day Ch	Company	02/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	33.26	0.27	AMPHENOL:	40.06	0.51
DIRECTV:	31.23	0.30	AOL:	23.83	(0.09)
DISH:	18.23	0.24	APPLE:	198.67	3.55
DISNEY:	30.16	0.13	ARRIS GROUP:	10.13	0.44
GE:	15.77	0.08	AVID TECH:	12.99	0.22
NEWS CORP:	15.22	0.40	BIGBAND:	2.95	0.00
<b>MSOS</b>					
CABLEVISION:	22.45	0.35	BLNDER TONGUE:	1.10	0.04
COMCAST:	15.33	0.02	BROADCOM:	30.66	0.67
COMCAST SPCL:	14.49	0.01	CISCO:	23.93	0.17
GCI:	5.71	0.38	CLEARWIRE:	6.74	0.44
KNOLGY:	11.17	0.21	COMMSCOPE:	26.64	0.39
LIBERTY CAPITAL:	26.91	0.05	CONCURRENT:	4.39	(0.03)
LIBERTY GLOBAL:	24.23	(0.08)	CONVERGYS:	11.60	0.73
LIBERTY INT:	10.76	0.22	CSG SYSTEMS:	20.08	0.27
MEDIACOM:	4.17	0.09	ECHOSTAR:	18.94	0.08
RCN:	10.54	0.42	GOOGLE:	536.40	1.96
SHAW COMM:	18.82	0.14	HARMONIC:	6.09	(0.01)
TIME WARNER CABLE:	45.40	0.27	INTEL:	20.06	0.37
VIRGIN MEDIA:	14.59	0.22	JDSU:	8.68	0.42
WASH POST:	408.14	(4.23)	LEVEL 3:	1.30	0.03
<b>PROGRAMMING</b>					
CBS:	12.76	0.09	MICROSOFT:	28.12	0.13
CROWN:	1.59	0.03	MOTOROLA:	6.65	0.02
DISCOVERY:	28.01	0.13	OPENTV:	1.53	0.00
GRUPO TELEVISA:	18.78	0.14	PHILIPS:	29.49	0.50
HSN:	19.87	1.38	RENTRAK:	18.27	0.62
INTERACTIVE CORP:	21.54	0.14	SEACHANGE:	6.76	0.01
LIBERTY:	35.21	0.18	SONY:	34.06	0.25
LIBERTY STARZ:	46.86	0.28	SPRINT NEXTEL:	3.26	(0.1)
LIONSGATE:	5.22	0.14	THOMAS & BETTS:	34.41	0.46
LODGENET:	5.42	0.00	TIVO:	9.18	0.34
NEW FRONTIER:	1.86	(0.04)	TOLLGRADE:	6.48	0.23
OUTDOOR:	5.13	0.05	UNIVERSAL ELEC:	22.99	0.19
PLAYBOY:	3.34	0.08	VONAGE:	1.49	0.03
RHI:	0.32	(0.01)	YAHOO:	15.22	0.42
SCRIPPS INT:	38.86	(1.72)	<b>TELCOS</b>		
TIME WARNER:	27.78	0.40	AT&T:	25.19	0.07
VALUEVISION:	3.77	(0.15)	QWEST:	4.43	0.16
VIACOM:	30.04	(0.22)	VERIZON:	29.04	0.17
WWE:	16.07	(0.19)	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	7.57	0.08	DOW:	10144.19	105.81
ADC:	6.53	(0.02)	NASDAQ:	2177.41	29.54
ADVANTAGE:	2.05	(0.03)			
ALCATEL LUCENT:	2.79	(0.39)			
AMDOCS:	28.99	0.29			

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

**Household Haul**

Given NBCU's 835 hours of planned linear Olympic Winter Games coverage, cynics may question the prudence of **Universal Sports'** own 5 hours of live daily news and info slated throughout the event. The net will be buried in broadcasting babble from *Bob Costas* and others about *Bode Miller*, biathlons and *Lindsey Vonn's* balky shin, they might say. Balderdash, said Universal Sports chmn/CEO *Claude Ruibal*. "I really do think our offering will stand on its own," he said. "We'll be a good hub to get a directional focus on the Games." Along with analysis from notable Olympics vets including *Kristi Yamaguchi* and *Picabo Street*, the net will feature different spins on the event such as Zamboni mechanics and profiles of people tuning competitors' skis. As a 24/7 on-screen crawl offering results, updates, etc is also on tap, consider Uni Sports the "CNN of the Olympics," said Ruibal, adding that the net's "dedicated focus will absolutely add value to long-form content" featured elsewhere. Besides, he said, the net's true mission is to provide passionate Olympics sports fans, many of them participants of the sports they follow, with coverage "between the Games to spotlight athletes and less mainstream events." Meanwhile, the net itself is becoming more mainstream. It counts **Coke, AT&T, McDonald's** and **Anheuser-Busch** among its Olympics sponsors, and is currently available in approx 58mln total homes, including 35mln digital through affils such as **Comcast** and **Charter**. It's available in 9 of the top 10 markets, with Boston poised to complete the group by the end of Mar, said Ruibal. The net has no gold medals of its own, of course, but it has no doubt been a winner since forging a partnership with NBCU approx 2 years ago, when it was only carried in a few million homes. "The synergies are very strong and help build our brand," said Ruibal. This year and next, he said, DBS carriage is a key focus. For the next 2 weeks, though, Vancouver rules. *CH*

**Highlights on Valentine's Day:** "Traveler's Guide to the Planets: Saturn," premiere, 9p, **Nat Geo**. We don't associate a trip to outer space with Valentine's Day. Yet love is in the atmosphere when scientists in this excellent opening ep speak passionately about Saturn's moons Titan and Enceladus, its paper-thin rings and its size and density (it can swallow 765 Earths, yet would float on water). *SA*

**Worth a Look on Valentine's Day:** "Baby Kenzo's Birth," 10p, **Style**. Why *Kimora Lee Simmons* agreed to share the birth of her 3rd child with viewers is debatable. What's clearer is that part of this short film is genuine reality TV. After a too-long recap of Kimora's labor, we get a truly unscripted moment. The final minutes feature mother, father and sisters wrapping Kenzo (8 lbs, 20") in warm embraces. - "Prison Wives," premiere, 8p-11p, **Investigation Discovery**. Another alternate view of Valentine's Day. A look at why someone chooses to marry a man serving a life sentence. The reasons vary. For Latoya (10p), it was Cornelius's letters. "I had to have him," she says. Hearing of her 10+ years work to prove her husband's innocence (she helped set the stage for his release after discovering unintentional mistakes in his sentence), you realize this 14-year prison wife's love is real. *SA*

Basic Cable Rankings (2/01/09-2/07/09) Mon-Sun Prime			
1	USA	2.3	2197
2	FOXN	1.9	1832
3	DSNY	1.6	1552
4	TNT	1.5	1507
5	NAN	1.3	1336
6	TBSC	1.2	1218
6	A&E	1.2	1210
8	ESPN	1.1	1079
8	HGTV	1.1	1059
8	HIST	1.1	1058
8	TOON	1.1	1040
12	FAM	1	993
13	AMC	0.9	859
13	TRU	0.9	849
15	TLC	0.8	822
15	DISC	0.8	800
15	FX	0.8	796
15	LIFE	0.8	792
15	FOOD	0.8	768
15	CMDY	0.8	740
21	SYFY	0.7	723
21	MTV	0.7	704
21	SPK	0.7	675
21	BET	0.7	673
21	HALL	0.7	606
21	NKJR	0.7	536
27	BRAV	0.6	564
27	MSNB	0.6	517
27	LMN	0.6	428
30	VH1	0.5	512
30	EN	0.5	502
30	TVLD	0.5	493
30	APL	0.5	484
30	HLN	0.5	458
30	OXYG	0.5	389
30	NGC	0.5	335
30	ID	0.5	259
38	CNN	0.4	445
38	TRAV	0.4	405
38	CMT	0.4	322
38	SOAP	0.4	274
38	HI	0.4	219
38	TV1	0.4	186
44	ESP2	0.3	326
44	TWC	0.3	301
44	WGNA	0.3	251

\*Nielsen data supplied by ABC/Disney

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