

CableFAX Daily™

Friday — February 13, 2009

What the Industry Reads First

Volume 20 / No. 028

Sell, Sell, Sell: Wall St Reacts to Charter's Bankruptcy Plans

Charter shares fell sharply (-48%) Thurs after the MSO announced a restructuring initiative highlighted by plans for a Chapter 11 bankruptcy filing by Apr 1 and cancellation of common shares with no remuneration for current holders. Also, Charter reached an agreement-in-principle with a committee comprised of some of its bondholders to reduce the MSO's debt by approx \$8bln, introduce new capital and call for 2 of its subsidiaries to make interest payments totaling approx \$74mln on certain outstanding sr notes that were due Jan 15. "Given looming near-term maturities on \$21B total debt, CHTR's resort to bankruptcy to help address capital structure constraints was not unexpected, and is perhaps the most practical outcome of the current scenario," said **S&P**. *Paul Allen* will continue as an investor and retain the largest voting interest in the company. "The interest and support provided by our stakeholders with their new capital investment underscores their confidence in Charter and our business," said pres/CEO *Neil Smit* in a release. The MSO intends to continue servicing its customers as usual, believing that its liquidity and cash from continuing operations "will be sufficient to meet its projected cash needs, including the payment of normal operating costs and expenses." Charter said it had more than \$800mln in cash on its balance sheet as of Wed. Accompanying the restructuring details were preliminary 4Q operating results, which include 6.6% rev growth to \$1.66bln and an approx \$1.5bln impairment charge for the year ended Dec 31. In the Q Charter added 45K RGUs, shed 75K net basic subs, added 22K net digital subs, gained 23K net HSD customers and recorded 75K net phone adds—all worse performances vs 4Q07.

DTV Doings: The **FCC** late Wed released a notice identifying 368 TV stations permitted to terminate analog service Tues. It determined that 123 stations can not make the switch on Tues unless they comply with certain conditions and procedures. Specifically, they must certify to the FCC by 6pm Fri with several conditions, including ensuring that at least 1 station currently providing analog within in the DMA will continue to broadcast an analog signal providing, at a minimum, DTV transition and emergency info, as well as local news and public affairs programming, for at least 60 days following the Feb 17 transition. Other conditions include ensuring that on-air educational info includes demos of converter box installs and antenna set-ups, and that each station individually or collectively in the market commits to assisting viewers with local or toll-free assistance, including engineering support. The 123 stations are deemed "at risk" markets, which includes markets

Food Network - Sizzling Hot!

2008 - Our highest
rated year ever!



Passionate viewers live here.

Highest Ever, Most-Watched Primetime Among HH, A18-49 & A25-54 demographics
Source: Nielsen Media Research, Standard Prime Time 8P-11P Mon-Sun, based on Nielsen calendar years, 1996-2008





FINALISTS 2009

Best Ad/Series of Ads or Video

- Comcast – PBS Kids Sprout
- Insight Communications – Community Influencer Website Advertising
- Time Warner Cable – Los Angeles “Movers” Campaign

Best Overall Website: Cable Network

- AMC – amctv.com
- CNN – CNNPolitics.com
- Comcast – PBS Kids sproutonline.com
- Discovery Channel – Discovery.com
- Discovery Communications – Discovery Corporate Website
- ESPN – espn.com
- Outdoor Channel – OutdoorChannel.com
- Starz Entertainment – Starz.com Redesign

Best Overall Website: Non-Networks and Regionals

- Cox Communications – The New Cox.com: An Online Experience Founded in Strategy & Research
- Motorola – Motorola DOCSIS® 3.0 Ultra-Broadband Website
- YES Network – YESNetwork.com

Best Blog

- AMC/amctv.com – The Prisoner
- Bravo Media – Andy’s Blog
- Insight Communications – Michaelsinsight.com /

- Michael Willner
- Motorola – Motorola Media Experiences 2Go Blog

Best Community / Social Networking

- CNN – CNN: iReport
- Outdoor Channel – MyOutdoorChannel.com
- Sci Fi Channel – Eureka Twitter
- Sci Fi Channel – Join the Hunt
- Sundance Channel – The Eco-mmunity

Best Corporate & Social Responsibility/Education

- Cable Positive and the Watsons– cablepositive.org Relaunch
- Lifetime Digital – Every Woman Counts
- Si TV – Crash the Parties ‘08
- Sundance Channel – The Green

Best E-Commerce Merchandising

- A&E Networks – History Channel
- CNN – CNN Shirt
- Discovery Communications– Discovery Channel
- ESPN – espn.com
- Food Network

Best Email Newsletters

- Comcast – PBS Kids Sprout
- Comcast SportsNet Mid-Atlantic – Comcast SportsNet MVP Club E-Letter
- Gospel Music Channel – GospelMusicChannel.com

- Starz Entertainment – Starz Entertainment Email Newsletters

Best Online Game

- AMC – amctv.com Games
- Bravo Media – Top Chef Fantasy Game
- Cartoon Network – Ben 10 Alien Force Game Creator
- Fuse – fuse.tv Games
- GSN.com – GSN Games
- Starz Entertainment – Head Case Therapy Session

Best Marketing Campaign

- CNN – CNN: Black In America
- Comcast Interactive Media – (CIM)/ Fancast-Fancast Fall Blitz
- NBC Universal – 2008 Beijing Olympics Affiliate Website
- Outdoor Channel – Gear Up & Go

Best Mobile Application

- Discovery Channel Digital Media - Cannon Challenge
- Discovery Digital Media – Mobile Website
- ESPN – MVP Service on Verizon Wireless
- iTV – iTV Application iPhone

Best Original Content

- AMC SciFi Dept. – Web Series at amctv.com
- Discovery Communications – Deadliest Catch: The Real Dutch
- ESPN – Mayne Street
- Lifetime Digital – Total Beauty Makeover

- Sci Fi Channel – Ghost Hunters Live!

Best PR Campaign

- IFC – The IFC Media Project
- Starz Entertainment – Starz Entertainment Digital Outreach
- Discovery Communications – Animal Planet Whale Wars Digital Campaign
- Disney – “U Rock the Summer on Disney.com” contest

Best Supplemental Web Content

- AMC’s – amctv.com The Prisoner
- Comcast – PBS Kids Sprout – The Sunny Side Up Show
- Discovery Communications – Discovery.com - When We Left Earth: The NASA Missions Show Site
- Insight Communications – SportsonInsight.com
- World Wrestling Entertainment – WWE SummerSlam 2008 Microsite

Best Video

- AMC – amctv.com
- Comcast/eCity Interactive/ Center City Film & Video-Activitytv.com
- Discovery Communications – Discovery.com - Myth Busters
- ESPN – espn.com
- WEtv – WEtv.com

Best Web Design

- AMC – amctv.com
- Comcast/eCity Interactive/

- Center City Film & Video-Activitytv.com
- Outdoor Channel – Gear Up & Go
- Outdoor Channel – OutdoorChannel.com
- Retirement Living TV – Retirement Living TV
- Sci Fi Channel – Infinite Oz

CableFAX Digital Hot List Class of 2009

- Amy Banse – Comcast Interactive Media
- Christopher Barry – Sundance Channel
- Albert Cheng – Disney Digital Media
- Andy Cohen – Bravo
- Eric Feng – Hulu
- Erik Flannigan – MTV Networks Entertainment Group
- Karin Gilford – Comcast Interactive Media
- Bruce Haymes – Nielsen
- Kathleen Kayse – Discovery Communications
- Rob King – ESPN.com
- Jason Kint – CBSsports.com
- Suzanne Kolb – E! Online
- John Kosner – ESPN
- Peter Levinsohn – FOX Interactive Media
- Philip Manwaring – Gospel Music Channel
- Craig Parks – IFC
- Jean-Briac Perrette – NBC Universal
- Jennifer Robertson – WEtv
- Brian Rolapp – NFL Digital Media
- Neal Scarbrough – Versus
- Jessica Schell – NBCU Digital Media
- Michael Spirito – YES Network
- Sock Puppy – Activity TV

CableFAX Congratulates the Best of Web 2009 Finalists

Award winners will be announced at the February 24, 2009 Awards Breakfast in New York City

To register for the February 24 Awards Breakfast, visit www.CableFAXBOWAwards.com

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set to lose all analog stations on Feb 17 or all of their major network affiliates. See the list of stations at www.fcc.gov

Launch Pad: **Toon Disney** becomes **Disney XD** today (Fri), and may have you wondering just what the “XD” stands for. Absolutely nothing, **Disney Channels Worldwide** pres *Rich Ross* tells us. “We liked the way it sounded,” he said. “You see letter X in a lot of brands that are more male driven, but it was the name of a brand on **Disney.com**. We liked it. They were changing up how they were going to serve video, and they weren’t going to use it. We asked if we could borrow it.” Online gaming is one of Disney XD’s focus areas as it hopes to make the channel the same sort of destination for tween boys that **Disney Channel** has become for tween girls. Despite plenty of tween boy animation out there (**Nick’s** “Chowder,” **Cartoon’s** “Star Wars: Clone Wars,” etc), Disney sees an appetite for live-action shows as well as animation and sports for the demo. “We’re never saying that there are not shows out there or networks that may serve part of the niche, but we believe there’s a broader opportunity to create a place that speaks to boys and kids in general who have an appetite for a wide variety of programming,” Ross said. While Disney has helped launch tween girl music sensations the *Jonas Bros* and *Hannah Montana* (*Miley Cyrus*), Disney XD is looking to do something similar for boys. That music may sound more like *Led Zeppelin* than teeny bop given male tweens’ “Guitar Hero-ization,” Ross said. Content for launch includes live-action, original series “Aaron Stone,” a teen who becomes the real version of a crime-fighting, online game character.

Competition: **DirectTV** has returned **KJZZ** to its programming lineup, ending a retrans impasse that led to darkness of the station and its Utah Jazz games on the DBS op’s system since Dec 31. No details were disclosed.

Earnings: **Viacom’s** media nets reported a 1% rise in 4Q rev to \$2.48bln while operating income slid 44% to \$509mln, principally due to restructuring and other charges. US ad rev dipped 3% but “held relatively firm following the reduction felt in 3Q,” said pres/CEO *Philippe Dauman*, noting that “visibility, particularly in the advertising market, is still very limited.” But even as 1Q upfront commitments are firm and option exercises for 2Q have trended higher over the last couple of weeks, Dauman expects ad comps to worsen before rebounding. Overall affil rev for the media nets grew 12% to \$667mln, said Dauman, owing to rate and sub increases across core channels. **MTV** and **VH1** have improved their ratings over the past few months, he said, while **Nickelodeon**, **Nick at Nite** and **Comedy Central** continue to perform exceedingly well. Also, the latter’s multi-platform success “continues to prove that with the right content and the right business strategy, more [content] is better,” said Dauman, dismissing any notion of linear audience cannibalization.

Separation News: Following the **FCC’s** recent approval of their planned split, **Time Warner Cable** and **Time Warner** moved closer to action Thurs. “With today’s favorable **IRS** ruling, we’re pleased to report that all regulatory and other necessary governmental reviews of the pending separation... are concluded,” said the pair in a release. “Now we’re working through the process to achieve the separation. That process is on track and expected to be completed by the end of the current quarter.” Meanwhile, the **Natl Assoc of Independent Nets** unsurprisingly expressed disappointment late Wed over the FCC’s unconditional approval of the separation, saying it’s considering legal options and remains confident “that the FCC and the Media Bureau will ultimately see the need for appropriate remedies to address the continuing threat of discrimination by Time Warner Cable.” -- Time Warner Cable’s board has authorized a reverse stock split at a ratio of either 1-for-2 or 1-for-3 that’s expected to occur around the time of the MSO’s special dividend payment. The move is meant to boost TWC’s share price after the split, which will likely send the price down by approx the dollar amount of the per share dividend price of \$10.27. Current market conditions also played a role in the decision.



Mid-Day Special Report

Closing Date February 18, 2009

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View the Finalists of the 2009 Best of the Web Awards at www.CableFAX.com/cfp/events/bow

For more information contact: Debbie Vodenos, Publisher, 301-354-1695; dvodenos@accessintel.com
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BUSINESS & FINANCE

Honors: BET led all cable and broadcast nets with 6 noms, including 4 in the variety/talk show category, for the **NAMIC** Vision Awards (Apr 17), which annually honor achievement in TV programming diversity. Other notables: **TBS** and **HBO** each earned 5 nods; **ABC**, **CNN** and **Nickelodeon** 4; and **ESPN** and **Disney** 3 a piece. **TBS'** "Tyler Perry's House of Payne" (4) led individual show noms.

People: **Verizon** named *John Killian*, evp, CFO, effective Mar 1. He succeeds *Doreen Toben*, who will retire around mid-year. -- *Tatiana Rodriguez* was upped to svp, programming, creative strategy, **Nick Latin America**. -- **TLC** appointed *Lara Richardson* vp, creative. -- *Maryam Banikarim* has left her post as CMO of **Univision**. The position will not be replaced.

Editor's Note: The next issue of **CableFAX Daily** will be dated Tues, Feb 17, in observance of President's Day.

Business/Finance: Debt-laden **Sirius XM** has approached both **Liberty Media** and **DirecTV** about possible investments or an outright purchase, according to reports. This after the *WSJ* reported last week of **EchoStar's** moves to buy up debt. **Collins Stewart** analyst *Thomas Eagan*, however, said it's "highly doubtful" that Liberty will make an investment in Sirius. "We believe DTV management does not want SIRI combined with its operations, [and] DTV certainly doesn't not need it," said Eagan.

CableFAX Daily Stockwatch

Company	02/12 Close	1-Day Ch	Company	02/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	19.04	0.45
BRITISH SKY:	26.89	(0.07)	AMPHENOL:	28.31	0.52
DIRECTV:	23.48	0.52	APPLE:	99.27	2.03
DISH:	13.20	0.22	ARRIS GROUP:	7.25	0.62
DISNEY:	18.83	0.33	AVID TECH:	10.42	0.09
GE:	11.68	(0.26)	BIGBAND:	4.47	0.00
HEARST-ARGYLE:	3.95	(0.08)	BLNDER TONGUE:	0.78	(0.07)
NEWS CORP:	7.24	0.05	BROADCOM:	17.78	0.50
MSOS					
CABLEVISION:	13.98	0.07	CISCO:	16.20	0.03
CHARTER:	0.04	(0.03)	CLEARWIRE:	3.62	0.02
COMCAST:	13.78	0.23	COMMSCOPE:	14.13	0.12
COMCAST SPCL:	12.96	0.27	CONCURRENT:	4.00	0.08
GCI:	6.48	0.04	CONVERGYS:	7.76	0.03
KNOLOGY:	5.42	(0.08)	CSG SYSTEMS:	15.11	0.10
LIBERTY CAPITAL:	5.44	0.17	ECHOSTAR:	15.21	0.06
LIBERTY ENT:	19.15	0.27	GOOGLE:	363.05	5.01
LIBERTY GLOBAL:	14.03	0.26	HARMONIC:	5.74	0.06
LIBERTY INT:	3.27	(0.06)	INTEL:	14.00	(0.08)
MEDIACOM:	4.90	0.11	JDSU:	3.44	0.18
SHAW COMM:	16.25	0.08	LEVEL 3:	0.91	0.06
TIME WARNER CABLE:	18.51	0.41	MICROSOFT:	19.26	0.05
VIRGIN MEDIA:	4.95	0.11	MOTOROLA:	3.88	(0.02)
WASH POST:	417.87	5.35	OPENTV:	1.09	0.00
PROGRAMMING					
CBS:	5.85	(0.03)	PHILIPS:	19.43	(0.61)
CROWN:	1.87	0.17	RENTRAK:	11.78	0.86
DISCOVERY:	13.94	0.14	SEACHANGE:	6.25	0.15
EW SCRIPPS:	1.67	0.08	SONY:	19.42	(0.04)
GRUPO TELEVISA:	13.29	0.09	SPRINT NEXTEL:	2.50	0.15
HSN:	4.56	0.06	THOMAS & BETTS:	26.56	(1)
INTERACTIVE CORP:	15.10	0.79	TIVO:	7.74	0.31
LIBERTY:	23.27	(0.59)	TOLLGRADE:	5.70	(0.25)
LODGENET:	0.60	0.08	UNIVERSAL ELEC:	12.40	0.35
NEW FRONTIER:	1.58	0.07	VONAGE:	0.42	0.03
OUTDOOR:	5.50	(0.13)	YAHOO:	12.66	0.03
PLAYBOY:	1.70	(0.03)	TELCOS		
RHI:	3.97	(0.04)	AT&T:	24.29	(0.15)
SCRIPPS INT:	21.79	0.29	QWEST:	3.39	0.12
TIME WARNER:	8.81	0.08	VERIZON:	29.86	(0.12)
VALUEVISION:	0.18	(0.03)	MARKET INDICES		
VIACOM:	17.70	0.67	DOW:	7932.76	(6.77)
WWE:	9.29	0.05	NASDAQ:	1541.71	11.21
TECHNOLOGY					
3COM:	2.58	0.02			
ADC:	3.43	0.13			
ADVANTAGE:	1.94	0.14			
ALCATEL LUCENT:	1.72	(0.04)			

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CABLE SHOW 2009
WASHINGTON, DC



PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Cost Course

With exceptions, of course, non-fiction nets face less erratic viewership swings across telecasts and time periods than do channels featuring news, sports, movies and fictional originals. They also, by and large, don't deliver the eyeball masses relative to many big ent/news nets, yet still enjoy loyal audiences and, perhaps more importantly, lower programming costs. Sports content pricing is approaching stratospheric heights, and **FX** pres/gm *John Landgraf* said last month he doesn't believe it's possible to produce 1 hour of quality scripted programming for less than \$2mln. Comparatively, according to **Peter Hamilton Consultants**, **truTV** and **Nat Geo** both spent \$90mln on premiere slates in '08, **Travel Channel** \$80mln and **Smithsonian Channel** less than \$10mln. The top non-fiction programmers, meanwhile, doled out considerably more, as **Discovery Nets** cut '08 premiere checks totaling \$650mln, **AETN** \$600mln and **Scripps Nets** \$120mln (let's ignore **A&E's** recent foray into fiction). Unfortunately, there are far too many variables and unknowns to extrapolate what each premiere dollar equals in individual nets' viewership. Observations, though, are fair game. **truTV** and **Nat Geo** each spent \$90mln on originals, yet the former averaged 817K viewers in prime last year to the latter's 308K. **Travel Channel** spent less than either and averaged 340K. **Scripps** spread across 5 nets \$120mln, of which approx \$102mln went to **HGTV** and **Food Net** for a respective 909K and 668K. **AETN's** \$600mln went mostly to **A&E** (approx \$342mln) and **History** (\$204mln) for 1.04mln and 911K. **Discovery's** \$650mln went primarily to **Discovery Channel** (\$195mln) and **TLC** (\$195mln) for 890K and 712K. Assuming that all premieres were prime, it looks as if **HGTV** and **Food** received the greatest viewership benefit from their premiere expenditures, followed by **truTV**. Just callin' it as I see it. *CH*

Highlights: "Stealing Lincoln's Body," Mon, 9pm, **History**. Disregard the name of this excellent 2-hr special. The confluence of historical trends—about embalming, funeral customs and counterfeiting, to name a few—are far more interesting than the tale of inept body snatchers, although that's amusing and includes the origins of the Secret Service, which was created by Lincoln to combat counterfeiting. Some 10K currencies were circulating in the US at the time. Overall, technology is deployed well here, particularly when photos are enhanced to show Lincoln's dead body on display and a little boy named *Teddy Roosevelt* watching the funeral procession. —"Let Freedom Sing," Sun, 8pm, **TV One**. Did music influence civil rights or did the movement influence music? Both, probably. *Pete Seeger* says music dominated civil rights. Excellent footage and tunes in this centerpiece of **TV One's** "Our History Month" lineup. *SA*

Worth a Look: "Eastbound & Down," premiere, Sun, 10:30pm, **HBO**. The hype has *Will Ferrell* exec producing this comedy about an egomaniacal, washed-up and broke relief pitcher (played with appropriate abandon by *Danny McBride*) who's forced to become a substitute gym teacher. While the pilot showed promise, for *McBride's* loutish *Kenny Powers* to register a save in this series, he'll have to display at least 1 less-than-obnoxious quality. *SA*

Basic Cable Rankings (2/02/09-2/08/09) Mon-Sun Prime			
1	USA	2.5	2460
2	FOXN	2	1862
3	TNT	1.9	1889
4	DSNY	1.8	1746
5	TBSC	1.3	1315
5	NAN	1.3	1311
5	HALL	1.3	1092
8	A&E	1.2	1219
9	TOON	1.1	1108
10	FX	1	970
10	CNN	1	962
10	HIST	1	962
10	HGTV	1	951
10	ESPN	1	944
10	LIFE	1	933
16	DISC	0.9	916
16	SPK	0.9	884
16	AMC	0.9	863
16	FAM	0.9	837
16	SCIF	0.9	824
21	FOOD	0.8	766
21	TRU	0.8	759
21	TLC	0.8	739
21	CMDY	0.8	736
21	MTV	0.8	731
26	TVLD	0.7	708
26	VH1	0.7	706
26	MSNB	0.7	684
26	BRAV	0.7	594
26	NOGG	0.7	452
31	LMN	0.6	404
32	HLN	0.5	507
32	BET	0.5	460
32	EN	0.5	446
32	APL	0.5	441
32	OXYG	0.5	396
32	NGC	0.5	360
38	ESP2	0.4	417
38	TRAV	0.4	399
38	WGNA	0.4	299
38	SOAP	0.4	286
38	SPD	0.4	261
38	GSN	0.4	257
38	ID	0.4	191
45	CMT	0.3	267
45	TDSN	0.3	222

*Nielsen data supplied by ABC/Disney

From The CableFAX 100: Greatest Hits of 2008

the best business advice Paul Lee has received...



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President
ABC Family

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