

CableFAX Daily™

Monday — February 13, 2012

What the Industry Reads First

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Poised to Pounce? Lionsgate Execs, Investors See Dawn Instead of Twilight

Investors must see a new day dawning at **Lionsgate**. Despite missing badly on rev and net income in its most recent quarter, the company saw its stock rise 7.54% Fri amid rough going on Wall St. Much of the optimism stems from Lionsgate's recent purchase of "Twilight" house **Summit Ent** last month, a deal that coalesces under 1 roof that enormously popular young adult franchise and potentially another, "Hunger Games" (1st film next month). Yet the horizon for LGF's TV businesses appears bright as well despite consistent financial lumpiness. **Epix** delivered equity income of \$7.32mln to the company for the quarter ended Sept 30 (LGF reports Epix data on a 3-month lag), compared to -\$11.11mln the prior year, and the premium net is expected to earn \$18mln in overall net income for the Oct-Dec period. LGF's equity loss from **TV Guide Net** deepened to \$2.14mln, but CEO *Jon Feltheimer*, who failed to address rumors of an impending sale, remains upbeat on the net. TV Guide picked up subs during its digital transition, bucking expectations, and is on track financially when discounting 1-time expenses. "Certainly we'd like to see our ratings pick up," said Feltheimer, but "this is a unique, non-replicable asset that's really valuable." Meantime, Lionsgate's making waves in TV production and the digital arena. Prod begins next month on *Charlie Sheen* vehicle "Anger Management" for **FX**, with Feltheimer saying the company has already tripled its related intl rev estimates based on sales to Canada, Latin America and Germany. If the show hits the established ratings threshold for its initial 10 eps as Feltheimer expects, an automatic 90-ep pickup will be triggered that will make Anger "one of our most profitable series ever." LGF also has season 5 of **AMC's** "Mad Men" and season 8 of **Showtime's** "Weeds" forthcoming, and is negotiating for a 4th season of "Blue Mountain State" on **Spike**. Prod has also expanded beyond cable to broadcast, with pilots in the works for ABC's "Nashville" and **NBC's** "Next Caller Please," and a recent library licensing deal with **Starz** hands overlapping content to the premium net after the Epix window. And then there's digital, highlighted by "Orange is the New Black" ('13), which will mark **Netflix's** 2nd original series, an SVOD relationship with **Amazon Prime** and a **BeFit** channel on **YouTube** leveraging LGF's 28% share of the fitness DVD market (*Jane Fonda, Jillian Michaels* and others). Add a deal with **Hulu Plus**, and LGF remains bullish on the home ent market despite pressures. **Miller Tabak's** *David Joyce* reiterated his \$12 price target and counseled buying on a market pullback. That didn't happen Fri, when LGF established a 52-week high of \$12.24 before retreating slightly. A new day, indeed.

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Ratings Business: Fox Business is set to reshuffle its prime lineup beginning Feb 20, when encore airings of “The Willis Report” (5pm and 8pm ET) “Cavuto” (6pm and 9pm) and “Lou Dobbs Tonight” (7pm and 10pm) will replace “FreedomWatch with Judge Andrew Napolitano,” “Power & Money with David Asman” and “Follow the Money with Eric Bolling.” When former **CNBC** host *Melissa Francis* launches her 5pm show in 2Q Willis will move to 8pm. Some might assess the move as an attempt to goose ratings—FBN had 44K total viewers in Jan prime—but a net spokesperson focused instead on the fact that FBN will be live until 9pm once Francis starts, something neither **CNBC** nor **Bloomberg** can claim. The net acknowledges it hasn’t been utilizing its marquee talent as well as it could, but said *Dobbs* continues to stack up well with **CNBC**’s “The Kudlow Report” and that the movement of *Napolitano* and *Bolling* to daytime will help FBS stay abreast of the intertwining of Wall St and Washington. **CNBC** averaged 228K prime viewers in Jan, down 10% YOY.

In the States: Insight and the Louisville Metro Govt have settled their dispute over the city’s franchise agreement with the MSO agreeing to a one-time contribution of \$3.5mln. Details of the franchise pact include the addition of a 2nd PEG channel. Under the agreement, the city’s franchise will remain in place until a new one can be reached with Time Warner Cable, which is acquiring Insight for \$3bln. Mayor *Grey Fischer* said he is working with TWC to maintain and hopefully increase the 1500 call center, sales and production jobs that Insight currently provides in Louisville. -- A **Suddenlink** cable tech in Ozark, MO is making news across the pond. *The Herald Sun* reports that police arrested *Eddie Maher*, 56, in connection with a \$1.48mln robbery of a security van in the UK 19 years ago. Suddenlink said it conducted a thorough background check per standard operating procedure and found no information to indicate there were “any issues of any kind.”

In the Courts: EWTN said its legal action against the administration will continue despite *President Obama*’s announcement Fri that religiously affiliated institutions won’t have to directly provide birth control coverage as part of their employees’ healthcare coverage. “We remain quite skeptical that the changes announced by President Obama will in fact address the concerns raised by EWTN,” said EWTN pres/CEO *Michael Warsaw*. Specifically, EWTN is concerned the accommodation may not apply to it since it self insures its healthcare plans. Additionally, it’s concerned that proposed rules for non-exempted religious organizations won’t be finalized until later in the coming year, which it says creates uncertainty about the future. Warsaw said the net would consult with legal counsel to determine the implications of the revised approach, but that it wasn’t pulling its lawsuit (*Cfax*, 2/10).

Advertising/Marketing: A&E Nets agreed to deploy **FreeWheel**’s Monetization Rights Management system across its mobile properties. Free’s ad management tools allow syndicated content to more closely replicate linear

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ad loads. -- **General Mills, Target** and **Reckitt Benckiser** have signed on as charter sponsors for **NickMom**, the net's new multiplatform content destination targeting moms. The primetime block launches on Nick this fall, and the online site debuted last year.

Ratings: **History's** Super Bowl ad failed to help "Swamp People" set any series or net records, but the show did deliver 4.7mln P2+ for its season 3 bow, up 21% compared to the 2nd-season debut.

Punching In: **Fuel** is set to air its 1st live **UFC** main card on Wed, and to highlight the event will offer a free preview from Feb 13-19 that offers 8mln additional homes. The net achieved its most-watched month in history in Jan after launching UFC programming Jan 1, with evp/GM *George Greenberg* expecting the MMA franchise to drive further ratings growth. On Feb 8 the net's "UFC Reloaded" delivered 93K total viewers, a high for the week. Sibling net FX scored 1.44mln P2+ Sat night for 2 hours of UCF content preceding the main fight. The telecast was the net's 5th most-watched of the week.

Programming: **TBS** ordered 10 eps of "Sullivan and Son" (summer), starring comedian *Steve Byrne* as an attorney/aspiring family bar owner and from exec prod *Vince Vaughn*. -- **OWN's** 2-hour "Oprah's Oscar Special" (Wed) features interviews with nominees *Viola Davis, Octavia Spencer* and *Jonah Hill*. -- Can't get enough of the Westminster Kennel Club Dog Show? **USA** is partnering with UStream for real-time video from the floor. The show will be telecast Mon and Tues on USA, starting at 8pm. -- **ABC Family** greenlit 1-hour scripted drama "Bunheads," about a Vegas showgirl who marries, moves to a sleepy coastal town and takes on an uneasy role at her new mother-in-law's dance school.

Awards: The **Entertainment Industries Council** announced noms for its "Prism Awards," with **ABC** leading the way with 14 and **Showtime** leading cable with 9. Others earning nods: **NBC** (7), **HBO** (5), **The CW** (5), **Lifetime** (4), **CBS** (3), **Fox** (3), **ABC Family** (3), **TNT** (3), **NickTeen** (3) and **FX** (2). The latter net will air the awards event on Sept 16.

On the Circuit: **NAMIC** is seeking nominations for its Next Generation Leaders Awards, honoring emerging execs for their professional achievements as well as their efforts in fostering multiethnic diversity and inclusion. Honorees will be recognized at NAMIC's awards breakfast during Cable Connection Spring, May 23, Boston. -- The **CTAM Educational Foundation** is accepting Diversity Fellowship apps through Mar 16 to attend the Cable Exec Mgmt at Harvard Business School (CTAM U) from June 10-15. Interested participants may obtain a fellowship application from *Janine Canlas* (Janine@ctam.com). **NAMIC** Platinum Level members, participants in the **Walter Kaitz Foundation's** National Supplier Diversity Initiative and **NCTA's** rural/small operator members are eligible to apply for 1 of the 3 fellowships, which are underwritten by **HBO, Showtime** and the CTAM Educational Foundation.

Business/Finance: **Synacor** began NASDAQ trading Fri, gaining 5% on its \$5/share initial pricing after reaching a peak of \$6.37. More than 4mln shares traded hands. -- Despite **MSG Nets'** highly-publicized and lingering carriage standoff with **Time Warner Cable**, **MSG** shares hit a 52-week high of \$31.15 Fri.

Sales Executive of the Year Awards

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The CableFAX Sales Executive of the Year Awards recognizes sales forces across cable who work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace moving forward. CableFAX salutes these distinguished leaders who set the bar. The winners and honorable mentions will be saluted during an awards event in Spring 2012 in NYC.

Questions: Mary Lou French
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mfrench@accessintel.com

Late Deadline: February 17, 2012
www.cablefaxsalesawards.com

CableFAX Week in Review

Company	Ticker	2/10 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	45.51	(0.39%)	6.43%
DISH:	DISH	28.50	(1.42%)	0.07%
DISNEY:	DIS	41.45	3.63%	10.53%
GE:	GE	18.88	(0.76%)	5.39%
NEWS CORP:	NWS	19.85	(0.55%)	9.19%
MSOS				
CABLEVISION:	CVC	14.82	2.07%	4.22%
CHARTER:	CHTR	58.59	0.72%	2.90%
COMCAST:	CMCSA	27.18	0.09%	14.61%
COMCAST SPCL:	CMCSK	26.09	0.50%	10.74%
GCI:	GNCMA	10.72	(5.47%)	9.50%
KNOLOGY:	KNOL	15.60	(3.41%)	9.86%
LIBERTY GLOBAL:	LBTYA	48.55	2.73%	18.33%
LIBERTY INT:	LINTA	18.16	0.11%	11.96%
SHAW COMM:	SJR	19.50	(1.22%)	0.67%
TIME WARNER CABLE:	TWC	75.47	(0.25%)	18.72%
VIRGIN MEDIA:	VMED	25.30	3.94%	18.33%
WASH POST:	WPO	389.02	1.08%	3.24%
PROGRAMMING				
AMC NETWORKS:	AMCX	42.19	(0.17%)	12.27%
CBS:	CBS	29.90	1.42%	10.17%
CROWN:	CRWN	1.18	(4.84%)	(2.48%)
DISCOVERY:	DISCA	44.79	2.56%	9.32%
GRUPO TELEvisa:	TV	19.79	(1.1%)	(6.03%)
HSN:	HSNI	35.34	(2.38%)	(2.54%)
INTERACTIVE CORP:	IACI	45.05	(1.64%)	5.75%
LIONSGATE:	LGF	11.84	10.65%	42.31%
LODGENET:	LNET	3.38	(7.14%)	41.42%
NEW FRONTIER:	NOOF	1.15	6.48%	11.65%
OUTDOOR:	OUTD	7.08	(9.46%)	(5.09%)
SCRIPPS INT:	SNI	42.99	(3.57%)	1.34%
TIME WARNER:	TWX	37.52	(1.75%)	3.82%
VALUEVISION:	VVTV	1.73	12.34%	(7.98%)
VIACOM:	VIA	55.26	3.02%	3.62%
WWE:	WWE	9.71	(2.02%)	4.18%
TECHNOLOGY				
ADVANTAGE:	AEY	2.25	(1.11%)	7.37%
ALCATEL LUCENT:	ALU	2.19	12.31%	40.38%
AMDOCS:	DOX	30.35	1.95%	6.38%
AMPHENOL:	APH	54.82	(0.45%)	20.78%
AOL:	AOL	18.35	0.16%	21.52%
APPLE:	AAPL	493.42	7.34%	21.83%
ARRIS GROUP:	ARRS	11.95	2.14%	10.44%
AVID TECH:	AVID	11.27	7.85%	32.12%
BLNDER TONGUE:	BDR	1.37	(7.79%)	12.62%
BROADCOM:	BRCM	37.00	(1.78%)	26.02%
CISCO:	CSCO	19.89	(0.97%)	10.04%
CLEARWIRE:	CLWR	2.08	14.92%	7.22%
CONCURRENT:	CCUR	3.69	2.50%	(2.64%)
CONVERGYS:	CVG	12.79	(5.26%)	0.16%
CSG SYSTEMS:	CSGS	15.74	(7.14%)	7.00%
ECHOSTAR:	SATS	31.35	7.99%	49.71%
GOOGLE:	GOOG	605.91	1.61%	(6.19%)
HARMONIC:	HLIT	6.34	5.84%	25.79%

Company	Ticker	2/10 Close	1-Week % Chg	YTD %Chg
INTEL:	INTC	26.70	(0.17%)	10.08%
JDSU:	JDSU	13.94	12.51%	33.52%
LEVEL 3:	LVLT	21.15	4.50%	24.48%
MICROSOFT:	MSFT	30.50	0.84%	17.47%
MOTOROLA MOBILITY:	MMI	39.45	1.34%	1.68%
RENTRAK:	RENT	21.08	8.16%	47.62%
SEACHANGE:	SEAC	7.27	0.97%	3.41%
SONY:	SNE	19.53	1.67%	8.26%
SPRINT NEXTEL:	S	2.29	(1.29%)	(2.14%)
THOMAS & BETTS:	TNB	71.89	0.69%	31.67%
TIVO:	TIVO	11.96	6.50%	33.33%
UNIVERSAL ELEC:	UEIC	19.62	(4.99%)	16.30%
VONAGE:	VG	3.07	17.62%	25.31%
YAHOO:	YHOO	16.14	1.38%	0.06%
TELCOS				
AT&T:	T	29.84	(0.37%)	(1.32%)
VERIZON:	VZ	37.69	(0.4%)	(6.06%)
MARKET INDICES				
DOW:	DJI	12801.23	(0.47%)	4.78%
NASDAQ:	IXIC	2903.88	(0.06%)	11.47%
S&P 500:	GSPC	1342.64	(0.17%)	6.76%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VONAGE:	3.07	17.62%
2. CLEARWIRE:	2.08	14.92%
3. JDSU:	13.94	12.51%
4. VALUEVISION:	1.73	12.34%
5. ALCATEL LUCENT:	2.19	12.31%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. OUTDOOR:	7.08	(9.46%)
2. BLNDER TONGUE:	1.37	(7.79%)
3. CSG SYSTEMS:	15.74	(7.14%)
4. LODGENET:	3.38	(7.14%)
5. GCI:	10.72	(5.47%)

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