

CableFAX Daily™

Friday — August 21, 2009

What the Industry Reads First

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DirecTV vs Versus: Satellite Provider Threatens to Drop Net Sept 1

DirecTV began running a crawl this week, alerting subs that they could lose **Comcast**-owned **Versus** when the net's programming contract expires Aug 31. It's a familiar story, with costs and channel placement at the heart of it. No one's talking about the terms on the table for Versus, which is currently carried in DirecTV's Choice Extra package. "In our contract discussions, Comcast has demanded a deal for Versus that is not comparable to other providers and is pushing for a significant rate hike that does not reflect current market terms or the value of its programming," DirecTV said in a statement. "We will continue to try and negotiate a fair deal, but we intend to hold the line on our programming costs and protect our customers against these unfair demands that are both discriminatory and wholly unrealistic given current market rates. If we do not reach an agreement, the network will come down on Sept. 1 following the expiration of our contract with Versus." DirecTV signed its current deal in '06 before the net completed its rebrand from **OLN**. It's available to about 75mIn homes. "Since our last deal with DirecTV, Versus has added many marquee properties and has become the fastest growing sports cable network in the country," Versus' statement read. "Despite this tremendous momentum, we are offering DirecTV the ability to carry VERSUS the same way it does today at the market price for the network. We continue to talk and are hopeful that we will reach an agreement." The dispute comes as college football is about to kick off, with Versus home to more than 20 match-ups this season. **NHL** action begins Oct 1, with Versus seeing a nice increase in hockey ratings (last season's 2.8 HH rating for Game 4 marked the highest-rated finals game on cable since '02).

Bankruptcy Delay: **Broadstripe**, which had hoped to emerge from bankruptcy proceedings this month, probably won't do so until Dec 31 at the earliest. In fact, it is more likely to be Feb or Mar 2010 before the emergence, Broadstripe told the **FCC** in a recent petition to extend its set-top integration ban waiver until June 30. Its current waiver is set to expire at the end of the month. Broadstripe, formerly **Millennium Digital**, filed for Chapter 11 in Jan. It serves customers in MD, MI, WA and OR.

Broadband: The **FCC** released a public notice seeking additional comments on the definition of broadband. The Notice says much of the recent debate has focused on throughput speeds, with the Commission noting that advertised speeds generally differ from actual rates. The FCC seeks comment on latency, minimum thresholds, how to update the definition and more. Comments are due Aug 31. -- Thurs was the electronic filing deadline for broadband stimulus funds through the **NTIA** and **RUS** (*Cfax*, 8/14). NTIA told Congress it expects results from the initial finalists to be announced no earlier than Sept 14, and all awards for the 1st round would be announced by Dec 31.

Travel Deal: Owing to multiple reports, it appears 1st-round bids for **Cox's Travel Channel** were due this week and

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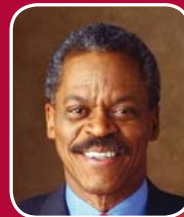
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that hats from at least **NBCU** and **Scripps** are in the ring. The latter has openly admitted in recent weeks to being interested. Other logical and/or projected suitors for the net and Website include **News Corp**, **IAC**, **Discovery Comm**, **Time Warner** and **Comcast**. Purchase price estimates are in the \$500-\$700mln range, although **Northlake Capital Management** founder/pres *Steve Birenburg* doesn't believe Cox would sell the properties for less than \$830mln, or 12 times the net's expected '09 EBITDA of \$69mln, per **Kagan**. Any price around \$500mln, he said, would imply that other cable nets are trading at elevated levels and therefore pressure related stocks. Last year, **The Weather Channel** sold for \$3.5bln and **Sundance Channel** for approx \$500mln, and **TV Guide Net** went for approx \$250mln earlier this year. See page 4 for more.

In the States: **Cablevision** launched iO Shortcuts, which gives viewers access to local news, traffic, weather and VOD titles across the bottom of their screen while they continue to view the current program. To access Shortcuts, subs press the red "C" button on their remotes. -- On the eve of this year's **US Open** tennis tourney (Aug 26), the free "**DirecTV-ESPN US Open Experience**" in NY's Bryant Park will offer exhibition matches featuring *Venus* and *Serena Williams* and *James Blake*, as well as showcase the DBS ops' and **ESPN2's** slated event coverage.

Online: The anticipated premiere of "Project Runway" (Aug 20) on **Lifetime** is here, and the net is surrounding the show with a digital push featuring full-ep streams at **MyLifetime.com** for the 1st time ever. Also spotlighting "Models of the Runway," the push includes a Project custom app aggregating **Twitter** messages and **Facebook** posts around show hash tags and keywords.

Technology: To help cable ops and other businesses reduce bad debt, **CSG Systems** and **Total Solution** bowed a system designed to apply predictive analytics to customers' account data and rank the customer portfolio by risk. CSG said a major North American cable op that applied the system experienced a 20% decrease in bad debt as a percentage of rev.

Programming: **FX** picked up comedy series "The League," which spotlights male life with a fantasy football league backdrop, and "Louie," starring *Louis CK* as a comedian and single father. -- **Syfy** renewed "Warehouse 13" for a 2nd season (summer '10). -- **Lifetime** greenlit a 2nd season of "Drop Dead Diva" ('10). -- **Comcast Hometown Net** in Northern and Central CA will televise 13 high school football games this season, beginning Sept 12 with a live 4-game set. -- **Animal Planet** kicks off the 2nd season of "Jockeys" (10pm) Fri night, directly following the season 2 finale of "Whale Wars." -- **Fuse** greenlit 4 new series: "Let it Rock" (debuted Aug 3); "Distortion" (debuted Aug 6); "The Pop Show" (Aug 25 debut) and "Hip Hop Shop" (Sept 23).

Negative Returns: NY consulting firm **Stern Stewart & Co** released a scorecard showing relative shareholder return for the 100 largest **S&P 500** companies with the CEO in office for at least 5 years—and **Comcast's Brian Roberts** ranked 96th based on Stern's calculation of a 5-yr percentage return from share price gains and dividends, less average of peers, times market value as of June 30. The MSO's score of -\$11.6bln bested only **ConocoPhillips**, **Microsoft's**, **Boston Scientific's** and **GE's**. Under *Ivan Seidenberg*, **Verizon** scored a -\$5.3bln. The leader was **Apple** and *Steve Jobs* with a +\$96.2bln score.

Public Affairs: **truTV** and **Allstate** are leveraging the net's "Bait Car" to increase awareness of auto theft prevention.

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BUSINESS & FINANCE

Related tips within 30-sec custom vignettes will be featured throughout the series' back-to-back eps (8pm and 8:30pm ET) on Aug 24 and 31 and Sept 14. -- **mtvU** and **NYSE Euronext** launched a nationwide search for student entrepreneurs with innovative business concepts that would positively impact society. The best idea submissions will be featured in the net's short-form series "Movers & Challengers" (Nov 23) and compete for \$25K in start-up money and the chance to ring the NYSE's opening bell.

On the Circuit: The **SCTE Foundation** awarded grants to **Cox's Terry Gaskill** and **Samsung's Dan Wu** for undergraduate education. -- The **Assoc of Cable Communicators** released a brief focused on developing messages that resonate with target audiences. It's available at Cablecommunicators.org/resources_briefs.php.

Business/Finance: **ION Media Nets** filed with a NY bankruptcy court a reorg plan that's supported by holders of more than 70% of its 1st lien secured debt and contemplates the erasure of more than \$2.7bln in legacy debt and preferred stock claims. A hearing is scheduled for Sept 30.

Oops: **Suddenlink** had 30K phone subs in '07, meaning it has added roughly 220K since then.

CableFAX Daily Stockwatch

Company	08/20 Close	1-Day Ch	Company	08/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.81	0.50	AMPHENOL:	32.96	0.66
DIRECTV:	24.65	0.06	APPLE:	166.33	1.73
DISH:	16.95	(0.1)	ARRIS GROUP:	13.46	0.21
DISNEY:	25.89	0.41	AVID TECH:	12.40	0.05
GE:	13.81	0.28	BIGBAND:	3.88	(0.01)
NEWS CORP:	12.77	0.14	BLNDER TONGUE:	1.24	(0.01)
MSOS					
CABLEVISION:	20.93	0.11	BROADCOM:	27.85	0.71
COMCAST:	14.55	(0.06)	CISCO:	21.89	0.65
COMCAST SPCL:	14.00	0.02	CLEARWIRE:	6.87	0.30
GCI:	6.73	(0.13)	COMMSCOPE:	27.51	0.76
KNOLOGY:	8.00	0.12	CONCURRENT:	4.92	0.35
LIBERTY CAPITAL:	17.12	0.41	CONVERGYS:	10.57	(0.17)
LIBERTY ENT:	27.85	0.22	CSG SYSTEMS:	15.58	(0.11)
LIBERTY GLOBAL:	21.39	0.38	ECHOSTAR:	19.70	0.54
LIBERTY INT:	9.61	0.05	GOOGLE:	460.41	16.44
MEDIACOM:	5.47	0.27	HARMONIC:	6.51	0.00
RCN:	9.16	0.20	INTEL:	18.71	(0.09)
SHAW COMM:	16.76	(0.17)	JDSU:	6.26	0.47
TIME WARNER CABLE:	34.23	0.43	LEVEL 3:	1.19	0.01
VIRGIN MEDIA:	10.73	0.40	MICROSOFT:	23.67	0.02
WASH POST:	463.94	(1.2)	MOTOROLA:	7.37	0.08
PROGRAMMING					
CBS:	10.55	0.19	OPENTV:	1.29	0.01
CROWN:	1.99	0.11	PHILIPS:	22.68	0.28
DISCOVERY:	25.14	0.21	RENTRAK:	15.21	0.21
EW SCRIPPS:	7.15	0.29	SEACHANGE:	9.01	(0.08)
GRUPO TELEVISA:	17.70	0.12	SONY:	26.50	(0.18)
HSN:	12.00	0.48	SPRINT NEXTEL:	3.83	0.07
INTERACTIVE CORP:	18.97	0.00	THOMAS & BETTS:	26.99	0.93
LIBERTY:	31.86	0.29	TIVO:	9.90	(0.1)
LODGENET:	7.41	0.55	TOLLGRADE:	5.88	0.31
NEW FRONTIER:	2.29	(0.03)	UNIVERSAL ELEC:	19.66	(0.13)
OUTDOOR:	6.87	(0.11)	VONAGE:	0.44	0.04
PLAYBOY:	2.63	0.13	YAHOO:	14.77	(0.02)
RHI:	2.59	(0.02)	TELCOS		
SCRIPPS INT:	33.05	0.04	AT&T:	25.54	0.16
TIME WARNER:	27.45	0.13	QWEST:	3.76	0.07
VALUEVISION:	3.00	0.09	VERIZON:	30.71	0.28
VIACOM:	25.49	0.24	MARKET INDICES		
WWE:	14.25	0.07	DOW:	9350.05	70.89
TECHNOLOGY					
3COM:	4.18	0.12	NASDAQ:	1989.22	19.98
ADC:	9.45	0.29			
ADVANTAGE:	1.84	0.03			
ALCATEL LUCENT:	3.44	0.10			
AMDOCS:	24.25	0.23			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Running of Several Cable Bulls

A passport to **Travel Channel's** 90mln+ homes is no doubt worth hundreds of millions of dollars, but the deal's bidding process plus prospective suitors' financial conditions and existing cable portfolios make handicapping the race quite difficult. Also, **Cox** could theoretically reject all bids and keep the net, though I think it would behoove the MSO to jettison it and concentrate on its core competencies and forthcoming wireless network. I've yet to receive a consultation call, however, so I'll just wax financial here. It's obvious the net fits quite well within both **Scripps'** and **Discovery's** baskets of primarily non-fiction channels, and the latter's previous Travel ownership sets it up for fluid integration. Yet neither is particularly well positioned financially to pull the deal off, with Scripps holding less than \$100mln in cash and Discovery laden with more than \$3bln of debt. **Northlake Capital Management** founder/pres **Steve Birenburg** believes DISCA would dangle stock as part of its bid. Regardless, doesn't DISCA have enough going on with the *Oprah* and **Hasbro** nets both forthcoming? An all-cash offer may scuttle many other deal designs, and **Comcast**, **Time Warner** and **IAC** could all plunk down \$1bln and barely blink. Notable is TWX's push to become solely a content play, and I believe the company could effectively integrate the net even without obvious synergies. No one would be surprised if Comcast came away the winner, although Birenburg interestingly noted that Wall St would frown on a bid from the MSO, instead seeking shareholder-friendly moves such as share buybacks or a higher dividend. **NBCU's** interest is logical and operationally plausible, and I imagine parent **GE** would like to add another cable property. **News Corp** could really use the asset, which would tuck in rather neatly next to **Nat Geo**. If anybody's taking wagers on potential winners, what kind of odds can I get on Time Warner? *CH*

Highlights: "Hoarders," Mon, 10pm, **A&E**. Give A&E credit for finding a niche that likes shows about obsessive people. Tonight we meet a mother who's lost custody of her kids due to her cluttered home, and a man whose mate threatens to boot him if he doesn't stop hoarding. -- "Which Way Home," Mon, 9pm, **HBO**. A fascinating doc that puts a human face on immigration as it follows youngsters fleeing Latin America. SA

Worth a Look: "Masters of Reception," Tues, 10pm, **TLC**. Can *Kelly Ripa* and *Mark's* mildly entertaining series about a family of NJ wedding planners help TLC challenge **WE tv's** dominance of the wedding genre? SA

Notable: "SummerSlam," Sun, 8pm ET, PPV. DX reunites to take on The Legacy's *Ted DiBiase & Cody Rhodes*. I'm picking *Triple H* and *Shawn Michaels*. -- As he's been doing for some time, *Mark Cuban* earlier this week gave **HDNet Movies** subs a sneak look at one of his **Magnolia Pictures'** films 2 days before it reached theaters this weekend. "World's Greatest Dad" is a dark comedy starring *Robin Williams*. Written and directed by frog-throated *Bobcat Goldthwait*, it has made some noise. A plot summary should suffice: An unusually subdued Williams plays a high school poetry teacher (remember "Dead Poets Society"?) who cashes in on tragedy. SA

Basic Cable Rankings

(8/10/09-8/16/09)

Mon-Sun Prime

1	USA	2.7	2621
2	DSNY	2.1	2075
3	FOXN	1.9	1890
4	TNT	1.8	1776
5	NAN	1.6	1593
6	ESPN	1.4	1335
7	TBSC	1.3	1277
8	HGTV	1.1	1105
8	LIFE	1.1	1044
8	A&E	1.1	1035
11	FOOD	1	941
11	SYFY	1	921
13	FAM	0.9	912
13	TOON	0.9	885
13	HIST	0.9	885
13	TLC	0.9	884
13	FX	0.9	858
13	TRU	0.9	785
19	DISC	0.8	805
19	SPK	0.8	756
19	AMC	0.8	728
19	BRAV	0.8	725
19	HALL	0.8	717
19	NFLN	0.8	324
25	MSNB	0.7	651
25	CMDY	0.7	647
25	LMN	0.7	478
25	NOGG	0.7	463
29	CNN	0.6	577
29	MTV	0.6	560
29	BET	0.6	492
32	EN	0.5	517
32	VH1	0.5	475
32	TVLD	0.5	450
32	OXYG	0.5	369
32	SOAP	0.5	337
32	NGC	0.5	316
38	APL	0.4	431
38	ESP2	0.4	397
38	HLN	0.4	376
38	TRAV	0.4	359
38	WGNA	0.4	287
38	WE	0.4	264
38	GSN	0.4	250
45	CMT	0.3	298
45	THEN	0.3	213

*Nielsen data supplied by ABC/Disney

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