

CableFAX Daily™

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What the Industry Reads First

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Food Bill: Scripps Looking to Take a Bigger Bite

Get ready to pay more for **Food**—and we're not talking about the price of a gallon of milk or a dozen eggs. Food Network will enter into affiliation agreements next year that affect 75% of cable and satellite distributors, according to **Scripps Nets Interactive** CFO *Joe NeCastro*. "We view it as an opportunity to establish a much stronger rate card there," he said during **Merrill Lynch's** media conference Wed. It's a pretty big deal for Scripps as it marks only the 2nd opportunity it has had to set the rate card for Food. The channel launched in '93 and was a free service for the first 10 years of its existence (Scripps acquired a 56% stake from **Belo** in '97). Scripps will try to use the net's rising ratings and a younger skewing audience drawn to shows such as "Ace of Cakes" as leverage in rate discussions. Acknowledging that these negotiations are always difficult, SNI chmn/pres/CEO *Ken Lowe* said, "I feel better than I have ever felt in the history of the network about our position and our ability to monetize it." Scripps said it renegotiated about 50% of HGTV's deals last year, averaging a 6-8%/year hike depending on a number of variables. Meanwhile, Scripps continues to pursue acquiring **Tribune's** 31% stake in Food. NeCastro said discussions are ongoing. "We're not there yet, but we remain optimistic," he said. "We think it would be an effective use of company capital and would provide long-term benefits to the company and shareholders." Scripps also wants to extend the reach of its digital nets, making **DIY** a **Nielsen**-rated net earlier this year and planning to make **Fine Living** Nielsen metered in Jan. A primary strategy to boost viewership is to bookend the net around programming from well-known HGTV and Food stars *Martha Stewart* and *Emeril Lagasse*. As for the ad market, NeCastro said Scripps had a successful upfront, posting CPM increases in the 7-9% range. Scatter remains a somewhat of a question mark, though NeCastro said it has been "generally robust" in '08. "We're seeing some softening," Lowe said, but added he felt it was more cautious softening than a trend right now. In 2Q, scatter was up 20-25% on average, he said. 3Q was up 15-17%, he said, with 4Q "slightly down" from that. Internet advertisers are "a little more selective relative to the slowing economy," and have pulled back, but are redirecting some of those dollars back into traditional TV, according to Lowe.

Rebuttal: **Disney** continues to fight a la carte and to dispute **ACA's** claims that it requires any bundling of channels. ACA told the FCC Mon that wholesale unbundling wouldn't hurt minority programmers, claiming that among small ops the only minority channel from Disney that is bundled is **ESPN Deportes** with **ESPN** when a small cable operator offers a Spanish language tier—a subset ACA says would be interested in the programming whether bundled or not. "The only accurate part of ACA's statement is that cable operators see tremendous value in ESPN Deportes," said *Ed Durso*, ESPN's evp admin. "As we have repeatedly testified before Congress and the FCC, Disney does not require the carriage of any other service in order to carry ESPN. If Chairman [*Kevin*] *Martin*, relying on false statements from ACA, mandates a la carte and eliminates packaging discounts, the universal prediction of every credible analysis will come true: cable prices will go up and minority-focused channels will disappear." The flurry of filings

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Order your customizable spot today to drive subscribers to the Oct. 3rd On Demand premiere of **Ghost Adventures**.

Continue the excitement with **Most Haunted Live** on Travel Channel Oct. 10th and On Demand Oct. 17th.

Oct. 3
GHOST ADVENTURES

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Most Haunted Live

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from both sides continues as many expect Martin will try to push through some form of a la carte, most likely in the form of wholesale unbundling, before he leaves office. Late Wed, the **MCAA** and its member companies dropped a filing at the FCC disputing claims by **Media Access Project** that the FCC has statutory authority to regulate the manner in which multichannel video programming is offered to distributors. "MAP's filing reads like a player in the board game Battleship blindly calling out numbers (in this case, statutory provisions), hoping to guess a lucky one that will 'sink' an opponent's ship," MCAA's *Fritz Attaway* wrote. "...Its filing represents misfire upon misfire and is itself blown out of the water by the strength of the record against it."

Merrill Lynch Notebook: **Time Warner's** cable advertising remains "very strong" and its nets aren't "feeling any impacts from the economy," said evp/CFO *John Martin*. A broad shift in advertising from broadcasters to **Turner's** general ent nets has occurred recently and cable overall is trimming broadcasters' lead in CPMs, he said, although the broads still command prices that are one-third higher. The split from **Time Warner Cable** should still occur around YE, said Martin, with TWX's huge dividend infusion from the transaction slated for investment in current businesses, and possibly horizontal acquisitions and/or increased dividends to shareholders. -- **News Corp's** cable nets have delivered 28% rev growth and approx 18% profit growth in fiscal '08, said pres/COO *Peter Chernin*, noting that the numbers were weighed down by a \$180mln in **Big Ten Net** and **Fox Business**, which now reaches 40mln+ HHs. Plus, he said, the cable nets' scatter advertising market was "very strong" this summer and national advertising has been "better than expected." As such, Chernin said News Corp shares are "ridiculously underpriced" after shedding approx 30% in value since Apr. -- **Cablevision** pres/CEO *Jim Dolan's* appearance kicked off his promise of increased corporate transparency but failed to yield many details about the MSO's goal to further fire up shareholder value (a 10 cents/share dividend was announced last month). In play, according to Dolan: stock buybacks, debt erasure, sales of various asset pools and spin offs that could make Cablevision a pure cable company. Developed Rainbow nets are more likely sale candidates, he said, noting that Sundance/IFC still has "plenty of growth" ahead. Don't expect News 12 to be offloaded either, as COO *Tom Rutledge* said the 24-hr news net is a "major reason why people value our video service." As for other services, Cablevision will commence consumer trials of its network DVR in the "relatively near future," said Rutledge, and expects to roll out related products early next year.

Wilmington Day 3: The **FCC** released stats from its helpline for Wilmington, NC. On Mon, the 1st day of the transition, it received calls from 797 area residents (less than one-half of 1%). Day 2, the hotline received 424 calls. As local broadcasters have said, most callers were aware of the transition. The FCC reports that just 23 calls came from consumers who said they were unaware of Wilmington's transition to digital 5 months ahead of the rest of the country. Check out the breakdown of FCC call at www.fcc.gov.

Research: **J.D. Power** data doesn't correlate cable's success in phone-related customer service to the industry's solid VoIP growth, but it certainly can't hurt. Cable dominated Power's '08 Residential Telephone Customer Satisfaction Study for the 2nd straight year, with the '08 iteration showing that voice customers who use the Web for customer service inquiries have higher satisfaction compared with those who use the phone. Regional winners include **Cablevision** (East), **Bright House** (South), **WOW** (North Central), and **Cox** (West). **Comcast** finished 2nd in the West but finished below the regional avg in the other 3 regions. **Time Warner Cable** notched 2nd in the East and 4th in the North Central. **Charter** finished last in 2 regions and 2nd-to-last in another. Both **AT&T** and **Verizon** failed to crack the top 2 in any region.

TV'S HOTTEST NIGHT
WITH LISA & JOEY
LIVE AT THE EMMY AWARDS
TV GUIDE NETWORK
Sunday Sept. 21, 6/5c

BUSINESS & FINANCE

Programming: Comcast's Fancast Tues began streaming ep1, season 3 of **ABC Family** series "Lincoln Heights." The ep runs on the linear channel Sept 16, 8pm. It's the 1st cable series to run on Fancast prior to a linear debut, Comcast's *Kate Noel* says. Fancast will run eps of 6 **NBC** broadcast shows this fall prior to their linear premieres. Now that's fancastic!

[For more details, visit www.cablefaxcontentbusiness.com].

-- **TBS** picked up a 3rd season of "The Bill Engvall Show" (summer '09). -- **Outdoor Channel** will add "Ducks Unlimited TV" to its hunting programming lineup next year. The show follows 3 hosts traveling across Canada and the US to hunt in priority wetland conservation areas.

9/11: With Thurs' anniversary of 9/11/01, **History** (Thurs, 9pm) offers a commercial-free documentary weaving together video from 100 pros and amateurs who were near the World Trade Center that day in "102 Minutes That Changed America." [See *Seth Arenstein's* review at: Cable360.net/blog].

Publisher's Note: Join us for a Webinar dedicated to help you green your company, your programming slate and your operations. "Going Green Webinar: How to Do It, Communicate It and Sell It" on Sept 25 at 1:30pm ET. www.cable360.net/webinars

CableFAX Daily Stockwatch

Company	09/10 Close	1-Day Ch	Company	09/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	32.37	0.39	AMDOCS:	28.75	0.06
DIRECTV:	27.07	0.01	AMPHENOL:	45.12	0.42
DISNEY:	32.77	0.34	APPLE:	151.61	(0.07)
ECHOSTAR:	27.86	0.67	ARRIS GROUP:	9.25	0.42
GE:	28.09	(0.03)	AVID TECH:	26.18	0.00
HEARST-ARGYLE:	20.86	(0.05)	BIGBAND:	3.00	0.16
ION MEDIA:	1.44	0.00	BLNDER TONGUE:	1.32	(0.07)
NEWS CORP:	14.07	(0.07)	BROADCOM:	22.02	0.95
MSOS					
CABLEVISION:	30.93	1.46	C-COR:	11.00	0.00
CHARTER:	1.04	0.01	CISCO:	22.99	0.02
COMCAST:	21.12	0.41	COMMSCOPE:	42.79	0.68
COMCAST SPCL:	20.97	0.35	CONCURRENT:	6.75	(0.22)
GCI:	10.38	0.16	CONVERGYS:	16.53	0.09
KNOLGY:	9.75	(0.21)	CSG SYSTEMS:	18.41	0.56
LIBERTY CAPITAL:	15.34	(0.3)	ECHOSTAR HOLDING:	29.46	(0.68)
LIBERTY ENTERTAINMENT:	26.53	(0.19)	GOOGLE:	414.16	(4.5)
LIBERTY GLOBAL:	31.99	(0.5)	HARMONIC:	8.51	0.25
LIBERTY INTERACTIVE:	13.70	0.13	JDSU:	9.58	0.04
MEDIACOM:	7.34	(0.06)	LEVEL 3:	3.02	0.02
SHAW COMM:	21.85	0.13	MICROSOFT:	26.44	0.34
TIME WARNER CABLE:	27.38	(0.04)	MOTOROLA:	8.31	(0.43)
VIRGIN MEDIA:	10.82	(0.2)	NDS:	60.40	0.06
WASH POST:	598.16	(6.86)	NORTEL:	5.09	(0.13)
PROGRAMMING					
CBS:	16.87	0.27	OPENTV:	1.50	0.02
CROWN:	4.74	(0.09)	PHILIPS:	30.73	0.03
DISCOVERY:	18.66	(0.44)	RENTRAK:	14.39	(0.21)
EW SCRIPPS:	7.23	(0.13)	SEACHANGE:	7.95	0.15
GRUPO TELEVISA:	23.65	0.25	SONY:	35.36	(0.06)
HSN:	14.62	(0.08)	SPRINT NEXTEL:	7.27	(0.52)
LIBERTY:	41.55	0.22	THOMAS & BETTS:	43.58	1.56
LODGENET:	3.71	(0.21)	TIVO:	7.82	0.13
NEW FRONTIER:	3.51	0.02	TOLLGRADE:	6.26	0.13
OUTDOOR:	7.91	0.02	UNIVERSAL ELEC:	26.89	0.85
PLAYBOY:	3.91	0.01	VONAGE:	1.19	(0.04)
RHI:	13.65	(0.08)	WORLDGATE:	0.30	0.00
SCRIPPS INTERACTIVE:	39.70	0.22	YAHOO:	17.70	0.12
TIME WARNER:	14.85	(0.33)	TELCOS		
VALUEVISION:	2.24	(0.01)	AT&T:	31.55	(1)
VIACOM:	27.13	(0.47)	QWEST:	3.73	(0.12)
WWE:	16.17	(0.06)	VERIZON:	34.72	(0.51)
TECHNOLOGY					
3COM:	2.05	(0.15)	MARKET INDICES		
ADC:	10.20	(0.02)	DOW:	11268.92	38.19
ADVANTAGE:	3.09	(0.16)	NASDAQ:	2228.70	18.89
ALCATEL LUCENT:	5.06	(0.02)			

SíTV salutes **NAMIC & The Walter Kaitz Foundation** for their commitment to diversity and effecting positive change within our industry and in our communities.

