

CableFAX Daily™

Monday — October 6, 2008

What the Industry Reads First

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PC-to-TV 101: Is Time Warner Cable on a Slippery Slope?

With **Time Warner Cable** and **LIN-TV** embroiled in a showdown as retrans negotiations begin for the new cycle, what can other operators take away? Like others in years past, TWC is handing out rabbit ears to subs and making its case on Websites. But the MSO also is trying a relatively new trick—teaching consumers how to hook their PCs up to their TVs so that they can get some of their favorite broadcast shows from the networks' Websites. It's not just telling subs they can do this, but it's showing them explicitly how to do it with an instructional video. Check it out: <http://www.thetruthhurtskxan.com> (see the instructional video on the right hand side). It could be a slippery slope. On one hand, it seems like a brilliant way for an operator to gain some leverage in retrans negotiations—and it could possibly be used as a way to drive broadband because a high-speed connection is needed. However, given the growing number of cable programmers streaming full episodes of shows online for free and the pain consumers' wallets are feeling, it could tempt some to cut the cable completely—or at least scale back on their programming packages (See Fri's *WSJ* story "TV Viewers Cut Cable's Cord"). In fact, Time Warner Cable CEO *Glenn Britt* made headlines at the **Cable Show** in May after complaining about programmers putting up on the Internet for free shows operators are paying license fees to carry (*Cfax*, 5/20). Asked about whether the MSO is concerned about the stance, a TWC spokeswoman said, "We know that what's good for our customers is good for us." Recent online streaming announcements from cable include **Disney.com** making new, ad-supported episodes of **Disney Channel's** "The Suite Life on Deck" available for 7 days after their linear debut. Cable programmers are quick to argue that such free streaming doesn't cannibalize traditional media and actually enhances it. Case in point: while Disney.com posted record online traffic during Suite Life's recent premiere weekend, with nearly 800K videos streamed, the show's linear debut was the #1 series telecast for the night with kids 6-11 (2.7mln) and 9-14 (2.4mln). The bottom line is that the Time Warner Cable-LIN spat goes beyond the retrans debate and reopens the question of streaming and how it fits with the traditional cable-programmer model. As for LIN and Time Warner Cable, the MSO said the 2 were still talking at deadline. Time Warner said that 1.5mln subs were impacted, with 12 stations pulled at 12:01am Fri.

Ratings: Thurs night's veep debate was expected to draw big numbers, and it didn't disappoint. **Fox News** averaged 11.1mln viewers from (9:01-10:33pm), making it the net's highest-rated telecast ever in its 12 year history. **CNN** also pulled high numbers, with 10.7mln tuning in, according to **Nielsen**. That couldn't top '93's **NAFTA** debate between *Al Gore* and *Ross Perot*, which notched an historic 16.3mln viewers for CNN. **MSNBC** averaged 4.4mln for the *Palin-Biden* debate.

Competition: **DISH** began last month offering 4 Filipino channels through a pair of new intl programming packages. Separately, the DBS op has terminated relationships with 4 retailers including **Dish TV** due to suspicion of illegal activities such as fraud and misrepresentation when establishing customer accounts.

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Day of Cake and China: Ted Turner was married to TNT even before Jane Fonda, launching the net on Oct 3 '88 with 17mln subs. Now, exactly 2 decades later, the net is celebrating its 20th anniversary amid an impressive stable of sports and original content. "One of the remarkable things about TNT is that the network has continued to evolve successfully," said Turner Ent Nets pres Steve Koonin. "We're looking forward to a great future, especially as we expand our lineup to include more original series." As TNT began airing NBA games in '89 and inked a deal in '01 to feature NASCAR races, the net plans to shift by '10 to a mostly original prime lineup.

Online: Fantasy football and the Olympics ostensibly helped dampen US productivity in Aug, according to Nielsen Online, which reported a 26% YOY increase to 42.3mln in monthly uniques at work to online sports sites. More growth occurred among women than men, and NBCOlympics.com alone reached one-fifth of the active at work Web population. Among the top 10 sites in Aug uniques: Yahoo! Sports (42.3mln), ESPN (12mln) and NFL Internet Network (5.7mln).

Brag Book: Food Net enjoyed during 3Q its most-watched Q ever among total viewers (853K), 25-54 rating (0.4) and women 25-54 (277K, 0.5). -- Bio Channel achieved a historical best Q through double-digit increases among 25-54s (93K, +39%), 18-49s (81K, +47%) and total viewers (183K, +29%). -- The season 3 premiere of Showtime's "Dexter" drew 1.22mln to outperform last season's debut and finale by a respective 21% and 20%, and also become the net's highest-rated drama premiere since Nielsen started breaking out numbers separately for all premium networks in '04. -- History notched its best 3Q and Sept ever with 1.1mln total viewers. -- ABC Family set all-time Q records in prime among 18-34s (336K), women 18-34 (224K), 12-34s (589K) and females 12-34s (419K).

Programming: In development at AMC is "Red Mars," a series based on the eponymous sci-fi novel that chronicles the inhabitants of the first human colony on Mars. -- Sundance Channel has green lit original "Man Shops Globe," featuring the antiques buyer for specialty retailer Anthropologie. -- NHL Net's upcoming schedule includes 75 regular season games and live coverage each Sat night of CBC's Hockey Night in Canada double-header. -- Lifetime's new reality competition series "Blush: The Search for the Next Great Make-Up Artist" (Nov 11) features a cash prize of \$100K and a contract with Max Factor. -- French language channel TV5Monde USA will air the 2 remaining presidential debates, dubbing them in French. They will also be available online at: http://www.tv5.org/TV5Site/publication/publi-136-Election_americaine.htm.

Business/Finance: Congress passed Fri and afterward Pres Bush signed the \$700bln bailout bill, yet stock indices fell anyway, signaling lingering concerns about the economy in general and constricting credit markets particularly. Even the multichannel universe, which has been relatively immune to the turmoil for much of '08, has begun to exhibit serious trepidation. "This is no ordinary downturn," wrote Insight CEO Michael Willner Thurs at Michael-Insight.com. "We're making sure we have enough cash in the bank to pay our bills, especially those that have to be paid precisely on time—like payroll." Willner said the MSO is also reviewing its relationships to gauge insolvency possibilities for its banking and insurance partners, and analyzing certain financial securities in hopes of ensuring future loan payments regardless of interest rate volatility. On Tues, AT&T chmn/CEO Randall Stephenson said the telco was unable to sell any short-term debt last week for longer than overnight, proving that even bundles of guaranteed cash generation in this market doesn't guarantee credit.

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CableFAX Week in Review

Company	Ticker	10/03 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	29.72	(5.8%)	(35.8%)
DIRECTV:	DTV	24.76	(6.7%)	7.10%
DISNEY:	DIS	29.54	(9.8%)	(8.5%)
ECHOSTAR:	DISH	18.80	(23.4%)	(44.6%)
GE:	GE	21.57	(14.6%)	(35.1%)
HEARST-ARGYLE:	HTV	20.16	(11%)	(7.2%)
ION MEDIA:	ION	1.44		11.60%
NEWS CORP:	NWS	11.03	(15.8%)	(46.7%)
MSOS				
CABLEVISION:	CVC	21.64	(17.8%)	(11.3%)
CHARTER:	CHTR	0.66	(21.4%)	(43.6%)
COMCAST:	CMCSA	18.42	(11%)	2.20%
COMCAST SPCL:	CMCSK	18.26	(11.2%)	2.10%
GCI:	GNCMA	8.67	(9.6%)	(0.9%)
KNOLOGY:	KNOL	7.05	(19.9%)	(44.8%)
LIBERTY CAPITAL:	LCAPA	13.11	(5.5%)	(43.7%)
LIBERTY ENT:	LMEDIA	23.51	(8.5%)	(2.8%)
LIBERTY GLOBAL:	LBTYA	27.80	(9.7%)	(29.1%)
LIBERTY INT:	LINTA	11.21	(16.7%)	(41.2%)
MEDIACOM:	MCCC	5.64	(17.4%)	22.90%
SHAW COMM:	SJR	19.01	(10.8%)	(14.7%)
TIME WARNER CABLE:	TWC	22.46	(11%)	(18.6%)
VIRGIN MEDIA:	VMED	6.84	(16.8%)	(57%)
WASH POST:	WPO	509.94	(9.5%)	(33.4%)

Company	Ticker	10/03 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	12.89	(16.3%)	(46%)
CROWN:	CRWN	4.30	(13.1%)	(33.8%)
EW SCRIPPS:	SSP	6.92	(7.6%)	(93.1%)
GRUPO TELEVISIA:	TV	19.36	(12.9%)	(15.5%)
HSN:	HSNI	10.75	(9.1%)	(27.8%)
INTERACTIVE CORP:	IACI	16.06	(5.6%)	(40.4%)
LIBERTY:	L	35.82	(16.7%)	(28.6%)
LODGENET:	LNET	1.89	(17.5%)	(89.2%)
NEW DISCOVERY:	DISAD	13.08	(19.3%)	(20.5%)
NEW FRONTIER:	NOOF	2.19	(24.2%)	(46%)
OUTDOOR:	OUTD	8.89	4.70%	28.80%
PLAYBOY:	PLA	3.08	(20.2%)	(66.2%)
RHI:	RHIE	13.01	4.80%	3.00%
SCRIPPS INT:	SNI	35.83	(8.4%)	(11.7%)
TIME WARNER:	TWX	12.12	(14.7%)	(24%)
VALUEVISION:	VVTV	1.61	(22.6%)	(74.4%)
VIACOM:	VIA	23.37	(8.4%)	(46.9%)
WWE:	WWE	14.99	(1.6%)	14.60%

Company	Ticker	10/03 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.39	2.10%	(47.1%)
ADC:	ADCT	7.06	(22.6%)	(54.5%)
ADDVANTAGE:	AEY	2.49	(11.1%)	(59.6%)
ALCATEL LUCENT:	ALU	3.54	(18.2%)	(51.6%)
AMDOCS:	DOX	27.20	2.20%	(21.1%)
AMPHENOL:	APH	35.15	(17.6%)	(23.9%)
APPLE:	AAPL	97.07	(24.3%)	(51%)
ARRIS GROUP:	ARRS	7.24	(11.5%)	(27.5%)
AVID TECH:	AVID	21.53	(12.4%)	(24%)
BIGBAND:	BBND	3.59	(10%)	(30.2%)

Company	Ticker	10/03 Close	1-Week % Chg	YTD %Chg
BLNDER TONGUE:	BDR	0.98	(14.8%)	(41%)
BROADCOM:	BRCM	16.63	(12.8%)	(36.4%)
C-COR:	CCBL	11.00		
CISCO:	CSCO	21.25	(10.8%)	(21.5%)
COMMSCOPE:	CTV	29.16	(20.6%)	(40.7%)
CONCURRENT:	CCUR	5.42	(8.5%)	(34.9%)
CONVERGYS:	CVG	14.29	(8.3%)	(13.2%)
CSG SYSTEMS:	CSGS	15.31	(19.6%)	4.00%
ECHOSTAR HOLDING:	SATS	23.02	(13.7%)	(30%)
GOOGLE:	GOOG	386.91	(10.2%)	(44%)
HARMONIC:	HLIT	8.49	(2.7%)	(19%)
JDSU:	JDSU	7.58	(12%)	(42.8%)
LEVEL 3:	LVL3	2.26	(23.1%)	(25.7%)
MICROSOFT:	MSFT	26.32	(3.9%)	(23.9%)
MOTOROLA:	MOT	6.72	(11.9%)	(55.6%)
NDS:	NNDS	52.99	(6.5%)	(10.6%)
NORTEL:	NT	2.08	(17.6%)	(86.1%)
OPENTV:	OPTV	1.20	(20.5%)	(9.1%)
PHILIPS:	PHG	26.10	(10.3%)	(31.8%)
RENTRAK:	RENT	13.85	(2.3%)	(4.2%)
SEACHANGE:	SEAC	8.15	(14.1%)	12.70%
SONY:	SNE	27.99	(13.6%)	(48.5%)
SPRINT NEXTEL:	S	5.70	(17.7%)	(56.6%)
THOMAS & BETTS:	TNB	32.14	(21.6%)	(34.5%)
TIVO:	TIVO	6.26	(14.9%)	(24.9%)
TOLLGRADE:	TLGD	4.00	(13.2%)	(50.1%)
UNIVERSAL ELEC:	UEIC	22.90	(8.6%)	(31.5%)
VONAGE:	VG	0.95	(12%)	(58.7%)
YAHOO:	YHOO	16.00	(15.4%)	(31.2%)

Company	Ticker	10/03 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	28.12	(6.3%)	(23.7%)
QWEST:	Q	3.14	(13%)	(48.4%)
VERIZON:	VZ	31.24	(2.9%)	(20.2%)

Index	10/03 Close	1-Week % Chg	YTD %Chg
MARKET INDICES			
DOW:	10325.38	(7.3%)	(22.2%)
NASDAQ:	1947.39	(10.8%)	(26.6%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. RHI:	13.01	4.80%
2. OUTDOOR:	8.89	4.70%
3. AMDOCS:	27.20	2.20%
4. 3COM:	2.39	2.10%
5. WWE:	14.99	(1.6%)

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. APPLE:	97.07	(24.3%)
2. NEW FRONTIER:	2.19	(24.2%)
3. ECHOSTAR:	18.80	(23.4%)
4. LEVEL 3:	2.26	(23.1%)
5. ADC:	7.06	(22.6%)



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Paul S. Maxwell

Aspen leaves are golden right now.

High country is cooling off... Denver nights are crisp and clear.

October Strategies is running “**Cable Center Smack-down**” again... a

trivia event pitting teams from **Cable Positive**, **CTAM**, **NAMIC**, **SCTE** and **WICT**... defending champion **NAMIC** is (barely) favored... mostly because I’ve joined as a **CTAM** “advisor.” It’s a kick... and as **Greg Liptak** and **Jerry Maglio** can attest, the “official answers” aren’t always exactly right.

Also on Wed the 15th, the Rocky Mountain Chapter of **Cable Positive** does its annual musical... that can be biting, funny and/or a groaner... featuring the wit of **Paul Braun** and the dancing of **Tom Feige** and company.

Friday brings panels and more panels.

But the fun is Thurs night—in downtown Denver at the Convention Center this year—as another half dozen join the Cable Center’s Hall of Fame.

Six more who have done a lot for (and in some cases, to) the industry.

1) **George Bodenheimer**: Long time friend since he schlepped around Denver as an affiliate sales guy. Done a lot for the industry like creating marquee events (Espy’s) and breaking into the NFL. Quietly does a lot for charities like the Jimmy V Foundation.

2) **Dick Green**: For 20 years or so has helped keep cable a technological marvel. Retires at the end of next year. He’ll be tough to replace.

3) **Ray Joslin**: Long time close friend who brought **Hearst** into the modern communications world after helping **Amos Hostetter** build **Continental**. We can blame him—and Dr. **John Malone**—for the initial proliferation of channels tied to retransmission consent (well, it worked for quite awhile).

4) **Susan Packard**: A real class act. **Scripps** quietly grows and grows and grows with Susan’s help. **Ken Lowe** got rid of the papers, and the upside is just getting started.

5) **Hub Schlafly**: Whoa! Hadn’t talked with or seen Hub in years... but I’ll never forget U. S. Rep **Carl Albert** (small, and D-OK) on screen in Anaheim via satellite back in the dark ages. Couple of techies thought Hub was faking it and Carl was backstage... Carl wasn’t and the world changed because satellites changed most everything about cable and programming—even before digital.

6) **Michael Willner**: Guy with true insight... great dinner companion and without whom cable vis a vis Wall Street would be in an even worse pickle than the rest of the world. Michael helped make sense of cable as a real business and helped Wall Street (what’s left of it anyway) understand.

Random Notes:

- **Whew! Made It to Oct!:** Started this month out in San Francisco (rode a rented bicycle across the Golden Gate Bridge and returned to the city via the ferry from Sausalito—great way to avoid watching the stock market yo-yo and Congress dither and point).
- **Small World Department:** Ran into one-time **Charter** exec and sometime **Comcast** critic **Joe Camicia** at a dinner hosted by the state of California and the state of Neidersachen (that is, Lower Saxony, Germany). Joe is now a big deal in the state’s CTO office...
- **The Obama Channel:** Watched it yet? (Oh, you don’t subscribe to **DISH**? You’re in the cable business!) Channel 73 (073-00) in case you want to try it out. Wonder what the rate is? Does **DirectTV** directly compete? (Um, probably not on price, though).

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