

CableFAX Daily™

Monday — October 13, 2008

What the Industry Reads First

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Liquidity Crisis? Cable Center Chief Sees Healthy Finances

In anticipation of Thur's Hall of Fame induction we asked The Cable Center's pres/CEO Larry Satkowiak about the state of The Center. **The Cable Center's 2-year, \$10mln endowment known as the Chairman's Campaign should conclude in Jan. How much has been raised?** [It] will continue, probably into 2009. The total right now is \$5.4mln, but we have several large things pending at the end of the year. They may or may not come through depending on the economy and a lot of sorts of other things. [Ed Note: Satkowiak was interviewed Oct 3.] **The \$10mln campaign was supposed to, as Bill Bresnan said, "carry The Cable Center's nut," overhead, heat, rent etc. Can \$10mln still do that?** Yes it can, and the other good news is that total revenue for The Hall of Fame [dinner] and [income for cable and non-cable events held at The Cable Center are] actually ahead of schedule. [Rental income has] been growing at a rate of 10%-20% each year. We have upward of 100K people expected to come through The Cable Center this year, up from 80K last year. So the finances of The Cable Center are going well, no doubt about it. When [The Chairman's Campaign] is completed that will certainly help, too. Also, the current endowment has actually increased in value more than we projected when we did [our strategic plan] a couple of years ago. **How is The Hall of Fame revenue going?** We are ahead of schedule in sponsorships. All the sponsorships are sold out and have been for a while. We don't have a seat count yet, but we've exceeded our dollar expectation for sponsorships even before we do the dinner. **The dinner won't be next to The Cable Center [on the U of Denver campus] this year; it will be at the CO Convention Center. Why?** Two reasons. One, with [next year's cable event week] being held at the CO Convention Center, we thought it would be nice to let people see what that venue looks like. The other reason was financial. The deal we got will save us \$40K in expenses. We're also trying to reduce the time of the Hall of Fame ceremony, and getting people from The Cable Center down that big hallway into the Magnus Arena took an awful lot of time. At the Convention Center, our cocktails will be next to where we'll be eating dinner. **What about next year?** We're looking forward to having the entire industry out here when our dinner will be in the week of events. At the end of the day we actually think it will be good for us. Next year our dinner will be held across the street from The Convention Center, at the Hilton Hotel. [For more about The Cable Center, see Cable360.net/blog]

Retrans Row: For months, there have been questions over whether **Univision's** decision to seek retransmission consent vs must carry will negatively impact **Time Warner Cable**. For the first time, we're hearing of an interesting proposition from TWC. Should the 2 be unable to reach a new deal when the current agreement expires at year-end, TWC said it is likely to substitute other programming from Univision's national feed on the local station slots. The comment was made by a TWC spokesman at the end of a Fri *WSJ* story about Univision seeking cash for carriage. Univision declined to comment, saying it does not discuss contracts. The national feed referenced is programming that operators carry in markets without local Univision stations. Local stations carry much of the national feed, but also provide some local programming, includ-



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ing local newscasts. Meanwhile, TWC may be facing another retrans spat. While 15 **LIN TV** stations remain off the air in 11 markets, another broadcaster is making waves. **KSAT**, a **Post-Newsweek ABC** affil in San Antonio, says its retrans agreement with the MSO ends Oct 15 and is threatening to pull its signal. KSAT also carries bilingual music/ent net **LATV** on its digital multicast stream. As with LIN, the sides are talking. "We've been in negotiations with Time Warner for over one year and still haven't been able to foster an agreement beyond the October 15th deadline, when Federal law will require Time Warner to remove our signal if there is no agreement to carry it," says a message on KSAT's site.

At the Portals: Low power stations are petitioning the **FCC** to move forward with FCC chmn *Kevin Martin's* proposal to allow Class A stations to achieve full-power status, and therefore cable must carry. Low-power stations would be able to upgrade to Class A status. The issue is slated for a vote at Wed's FCC meeting in Nashville. **The Coalition for Local TV**, a group representing the LPTV stations, estimates that about 100 people, representing as many as 400 stations, will be at the hearing. "We are certain that all the Commissioners understand that the eyes of the public will be upon them and that they have an historic opportunity to do the right thing and allow the Chairman's proposal to get a full airing through the NPRM process," said a spokeswoman for the group. The stations are hoping the FCC will take public comment on Martin's proposal. The item on the agenda is only an NPRM, so it would not set new rules but seek comment about potential rules. Not surprisingly, cable disagrees with additional must carry obligations.

Double Duty: **Rainbow's** new **IFctv/Sundance Channel Partnerships, Operations and Business Development** div is charged with selling both nets across all platforms. *Alan Klein* has been named evp of the div, *Kim Gabelman* its svp, branded ent and partnerships. Other appointments include: *Lee Sparer* to vp, branded ent and partnerships and West Coast manager; *Dan Shulman* to vp, digital sales, licensing and business dev; and *Kevin Cirrito* to vp, sales and planning.

On the Hill: The Broadband Data Improvement Act is now law. *Pres Bush* signed it on Fri. The bill is aimed at enhanced broadband mapping through private-public grants and includes more involvement by the **GAO**.

Earnings: **GE's** 3Q profit and earnings may have dipped YOY, but **NBCU** continued its successful run by delivering its 8th straight Q of earnings growth. Including the Olympics, rev climbed 35% to \$5.07bln, said CFO *Keith Sherin*, who noted 8% rev growth when excluding the Games. Profit swelled 10% to \$645mln, marking the segment's 1st double-digit profit growth in 3 years. Profits at **USA** and **Bravo** increased 20%, said Sherin, while **MSNBC's** grew 38% and **CNBC's** 15%. NBCU's 4Q outlook includes rev growth of 5-10% and profit growth of 0-5%.

Louder Music: Though **iTunes** remains the digital music segment's oversized gorilla, **Rhapsody** has developed nicely since **MTVN** joined **RealNetworks** as a partner of the service last summer, according to **Ipsos**. Comparing this past summer to the '07 season, Ipsos said Rhapsody achieved gains in both aided and unaided awareness, usage and favorability, joining iTunes as the only services to earn increases in all these measures. 7% of digital music customers rated Rhapsody the "best fee-based digital music service or download store," a yearly gain of 3 percentage points.

Mobile: **VoX Comm** and **Unified Technologies** are partnering to provide VoIP-enabled services to mobile phone customers across the US on an unnamed cellular carrier network. Mobile VoIP users will be able to place worldwide calls for a monthly subscription rate while using their VoIP provider's calling plan. The pair said 100 distributors have already agreed to participate.

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Ratings: Comedy Central's "The Daily Show with Jon Stewart" recorded in Sept its most-watched month ever (2.2mln total viewers), on Oct 1 its most-watched ep ever (2.4mln), and has established weekly viewership marks for 3 consecutive weeks, including a record 2.1mln from Sept 29-Oct 2. "The Colbert Report" is hot as well, delivering in Sept its own monthly viewership record (1.7mln) and from Sept 22-25 its most-watched week ever (1.6mln). -- **Scripps Nets** said **HGTV, Food Net, DIY Net** and **GAC** collectively delivered during the '07-'08 TV season record audience impressions in total day, prime, and weekends among 25-54s, women 25-54, 18-49s, women 18-49s, adults 18+, total viewers and HHs. All 4 nets set seasonal records in at least 3 demos, led by Food Net's success among all the aforementioned.

Programming: **USA** has picked up a 4th season of "Psych" and a 3rd season of "Burn Notice." -- **MTV** will debut "Britney: For the Record," an exclusive doc from @radical.media on the pop princess, Nov 30, 10pm. -- **Turner** and **MGM Worldwide** are producing a new, 26-ep animated series called "Pink Panther & Pals" that will debut on Cartoon Net worldwide next fall. -- **MTV** is gearing up to launch a reality spinoff from a reality spinoff, with "The Hills" star *Whitney Port* moving to NYC for "The City" (bows 1Q). For those playing along at home, "The Hills" was a spinoff of "Laguna Beach." -- **HBO** has begun production on comedy series "Eastbound and Down," featuring a star pitcher whose self-destructive behavior knocks him out of major league baseball and back home to NC. -- **Qubo** has acquired from **Porch Light Ent** "Adventures from the Book of Virtues" and "Gofrette," series for children and families slated to bow on the net in Nov.

On the Circuit: The **Denver Chapter of Cable Positive's** annual fundraising musical revue, "Positively Cable," has sold out. The event is set for Wed. A select number of tix to the after party at Denver's Bar Standard are still available at \$50 each. -- **BET** announced plans for a pair of panel discussions at Clark Atlanta University in support of its "BET Hip Hop Awards" (Oct 23). On Oct 17, *Russell Simmons* joins other panelists to discuss financial empowerment, and the following day *MC Lyte* hosts a town hall event exploring the future of women of color in American politics.

People: *Edward An* joined **Time Warner Cable** as vp, legislative affairs. He most recently was vp, global public policy for **Time Warner Inc.** -- **EchoStar** appointed former **Sirius** chmn *Joseph Clayton* a board member.

Business/Finance: **Viacom** lowered its 3Q outlook Fri, citing a decrease of approx 3% in domestic ad rev while intl ad rev grew approx 8%. Investors responded by pummeling the company's shares down to \$17.10 (-17%). And since the disclosure augers trouble ahead for cable programmers, many related stocks sank as well, including **Discovery** (-3.6%), **Time Warner** (-8.9%), **Disney** (-3.2%), **News Corp** (-8.1%), and **Scripps Nets** (-5.7%). **Crown** and **Outdoor** gained 28.8% and 1.2%, respectively. Meanwhile, most cable ops were pinched yet again, including **Cablevision** (-8%), **Time Warner Cable** (-6.4%), **Comcast** (-5.8) and **Charter** (-2.4). **Mediacom** rose 4.6%. -- **Sanford Bernstein** upgraded **DISH** to 'market perform' from 'underperform,' and **A.G. Edwards** trimmed its price target for **Outdoor** to \$18.75 from \$21. -- **Collins Stewart's Tom Eagan** has deemed **Cablevision** a "compelling stock to buy" again, noting that it's trading below cable peers. "We expect CVC to continue to demonstrate the best balance of customer and financial growth among major cable operators," a note to clients said.



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CableFAX Week in Review

Company	Ticker	10/10 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	26.25	(11.7%)	(42.8%)
DIRECTV:	DTV	19.59	(20.9%)	(15.3%)
DISNEY:	DIS	23.04	(22%)	(28.6%)
ECHOSTAR:	DISH	13.71	(27.1%)	(59.6%)
GE:	GE	21.50	(0.3%)	(35.3%)
HEARST-ARGYLE:	HTV	14.89	(26.1%)	(31.1%)
ION MEDIA:	ION	1.44		11.60%
NEWS CORP:	NWS	8.46	(23.3%)	(58.8%)
MSOS				
CABLEVISION:	CVC	15.53	(28.2%)	(36.2%)
CHARTER:	CHTR	0.41	(37.9%)	(65%)
COMCAST:	CMCSA	15.36	(16.6%)	(14.6%)
COMCAST SPCL:	CMCSK	15.21	(16.7%)	(14.7%)
GCI:	GNCMA	5.94	(31.5%)	(32.1%)
KNOLOGY:	KNOL	5.38	(23.7%)	(57.9%)
LIBERTY CAPITAL:	LCAPA	6.64	(49.4%)	(71.5%)
LIBERTY ENT:	LMEDIA	15.96	(32.1%)	(34%)
LIBERTY GLOBAL:	LBTYA	18.70	(32.7%)	(52.3%)
LIBERTY INT:	LINTA	7.54	(32.7%)	(60.5%)
MEDIACOM:	MCCC	3.68	(34.8%)	(19.8%)
SHAW COMM:	SJR	16.76	(11.5%)	(23.9%)
TIME WARNER CABLE:	TWC	19.57	(12.9%)	(29.1%)
VIRGIN MEDIA:	VMED	5.16	(24.6%)	(67.2%)
WASH POST:	WPO	400.00	(21.6%)	(47.3%)

Company	Ticker	10/10 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	8.10	(37.2%)	(63.6%)
CROWN:	CRWN	4.21	(2.1%)	(35.2%)
EW SCRIPPS:	SSP	4.83	(30.2%)	(94.6%)
GRUPO TELEVISIA:	TV	15.44	(20.2%)	(32%)
HSN:	HSNI	9.28	(13.7%)	(37.6%)
INTERACTIVE CORP:	IACI	15.25	(5%)	(43.4%)
LIBERTY:	L	26.10	(27.1%)	(47.9%)
LODGENET:	LNET	1.00	(47.1%)	(94.3%)
NEW DISCOVERY:	DISAD	11.12	(15%)	(32.4%)
NEW FRONTIER:	NOOF	1.69	(22.8%)	(55.1%)
OUTDOOR:	OUTD	7.83	(11.9%)	13.50%
PLAYBOY:	PLA	2.37	(23.1%)	(74%)
RHI:	RHIE	13.47	3.50%	6.70%
SCRIPPS INT:	SNI	27.06	(24.5%)	(33.3%)
TIME WARNER:	TWX	9.19	(24.2%)	(41.8%)
VALUEVISION:	VVTV	1.19	(26.1%)	(81.1%)
VIACOM:	VIA	17.10	(26.8%)	(61.1%)
WWE:	WWE	13.35	(8.5%)	5.90%

Company	Ticker	10/10 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.25	(5.9%)	(50.2%)
ADC:	ADCT	5.36	(24.3%)	(65.5%)
ADDVANTAGE:	AEY	1.95	(21.7%)	(68.4%)
ALCATEL LUCENT:	ALU	2.33	(34.2%)	(68.2%)
AMDOCS:	DOX	24.44	(10.1%)	(29.1%)
AMPHENOL:	APH	28.57	(18.7%)	(38.1%)
APPLE:	AAPL	96.80	(0.3%)	(51.1%)
ARRIS GROUP:	ARRS	6.15	(15.1%)	(38.4%)
AVID TECH:	AVID	21.00	(2.5%)	(25.9%)
BIGBAND:	BBND	3.01	(16.2%)	(41.4%)

Company	Ticker	10/10 Close	1-Week % Chg	YTD %Chg
BLNDER TONGUE:	BDR	0.90	(8.2%)	(45.8%)
BROADCOM:	BRCM	14.86	(10.7%)	(43.2%)
C-COR:	CCBL	11.00		
CISCO:	CSCO	17.23	(18.9%)	(36.4%)
COMMSCOPE:	CTV	22.30	(23.5%)	(54.7%)
CONCURRENT:	CCUR	4.31	(20.4%)	(48.2%)
CONVERGYS:	CVG	11.11	(22.3%)	(32.5%)
CSG SYSTEMS:	CSGS	14.00	(8.6%)	(4.9%)
ECHOSTAR HOLDING:	SATS	19.31	(16.1%)	(41.3%)
GOOGLE:	GOOG	332.00	(14.2%)	(52%)
HARMONIC:	HLIT	7.23	(14.8%)	(31%)
JDSU:	JDSU	6.75	(11.6%)	(49.4%)
LEVEL 3:	LVL	1.46	(35.4%)	(52%)
MICROSOFT:	MSFT	21.50	(18.3%)	(37.4%)
MOTOROLA:	MOT	4.68	(29.6%)	(68%)
NDS:	NNDS	44.77	(15.5%)	(24.4%)
NORTEL:	NT	1.63	(21.4%)	(89.1%)
OPENTV:	OPTV	1.11	(7.5%)	(15.9%)
PHILIPS:	PHG	21.58	(17.3%)	(42.4%)
RENTRAK:	RENT	11.10	(19.9%)	(23.2%)
SEACHANGE:	SEAC	6.46	(20.7%)	(10.7%)
SONY:	SNE	21.02	(24.9%)	(61.3%)
SPRINT NEXTEL:	S	3.57	(37.4%)	(72.8%)
THOMAS & BETTS:	TNB	24.79	(22.9%)	(49.4%)
TIVO:	TIVO	5.45	(12.9%)	(34.7%)
TOLLGRADE:	TLGD	3.05	(23.8%)	(62%)
UNIVERSAL ELEC:	UEIC	19.37	(15.4%)	(42.1%)
VONAGE:	VG	0.61	(35.8%)	(73.5%)
YAHOO:	YHOO	12.29	(23.2%)	(47.2%)

Company	Ticker	10/10 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	22.42	(20.3%)	(37.4%)
QWEST:	Q	2.18	(30.6%)	(62.1%)
VIRIZON:	VZ	26.77	(14.3%)	(30.5%)

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	INDU	8451.19	(18.2%) (36.3%)
NASDAQ:	COMPX	1649.51	(15.3%) (37.8%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. RHI:	13.47	3.50%
2. APPLE:	96.80	(0.3%)
3. GE:	21.50	(0.3%)
4. CROWN:	4.21	(2.1%)
5. AVID TECH:	21.00	(2.5%)

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LIBERTY CAPITAL:	6.64	(49.4%)
2. LODGENET:	1.00	(47.1%)
3. CHARTER:	0.41	(37.9%)
4. SPRINT NEXTEL:	3.57	(37.4%)
5. CBS:	8.10	(37.2%)

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Paul S. Maxwell

almost unthinkable. The international moves to rectify the "credit crash" (I think "crunch" is understated) should (say a prayer with me here) help loosen that across the rest of this month (which

reminds me, what is it about October? Halloween sure came early this year).

Meanwhile, now is the time to: (1) pay close attention; (2) think in and out of the box; (3) reflect instead of panic; (4) act prudently; and (5) execute smart. Besides, there may be some real opportunities in this mess.

This is not 1929. Nor is it 1987. Nor post-9/11. And, hey! It could be worse. A British land baron lost almost one billion pounds in less than 24 hours as Iceland's biggest bank collapsed. You might to try hard to remember where you stashed those Krugerrands.

In the meantime, this is NOT the end of the world. Cable—operators and programmers—are in a "not-all-that-bad" position.

Broadcasters, on the other hand, are vulnerable—especially the highly leveraged stations—as advertising takes further hits... the only auto advertisers will be used car clearance sales.

Telcos rushing into video are going to slow down—or follow **Qwest** to a satellite package emphasis.

Cable's plant is pretty much built. The bundle is a good economic deal for pressed homeowners. There might be some loss of premium subs (and not much chance the **Paramount** channel will get launched).

Ad-supported cable networks (and local and regional ad co-ops) might just be in the best position to weather the storms... ad rate parity with broadcaster might come, though, from rate cutting at stations.

The bad news is good news for a few lawyers as the Federal Confusion Commission continues to attempt to manage the cable operating industry... the low power movement is just another example of the regulatory imbalance. The **NCTA** will have to fight any odd decision in court.

Meanwhile, there's an election underway. And no matter what happens in November, the world is not going to look the same next year.

Random Notes:

• **Cable Center CableDays & the Hall of Fame:** Are this week in Denver. And, I guarantee, the weather will

be great—the snow due Saturday night and Sunday morning will be long gone, leaving clear, sunny skies and star-studded nights. We've got six new members of the Hall of Fame joining a whole bunch of us. Folks who have helped make cable a major communications player in the world. *George Bodenheimer, Dick Green, Ray Joslin, Susan Packard, Hub Schlafly* and *Michael Willner* all more than deserve a little recognition, a drink or two and the applause of the rest of the industry. I'll be there—you should be, too.

• **WiMAX:** Is coming. In a big way. Another game changer—but one that will distinctly benefit cable... maybe. Hope so.

• **Wars? Remember them?** The US is also fighting two wars... or, rather, occupying one country and fighting skirmishes in another. They aren't classic wars. The US already won both by successfully invading and deposing the sitting governments. Just been a really messy post-war.

• **Nasty Political Ad Season:** Getting kind of vicious out there... glad those guys raised a lot of money to pay for them. But, will be glad when they are over next month.

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