

CableFAX Daily™

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What the Industry Reads First

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Uncharted Waters: Charter's Future Beyond '09 Still Unknown

Charter's viability compass appears to be rife with interference: US credit markets are severely constricted, the MSO's stock is careering toward its 2nd non-compliance notification from **NASDAQ** since Apr, and its balance sheet as of Jun 30 includes \$20.5bln in debt and only \$60mln in cash. Yet Charter investor relations dir *Marty Richmond* said the major market swoon of recent weeks hasn't materially impacted the MSO's previously stated plight: definite financial viability through '09, afterward unknown. "Charter's operations and businesses continue to perform well," said Richmond. "We do have time on our side." But as Charter faces a critical \$1.9bln debt maturity in fall '10, the MSO hasn't addressed its outlook for that year's initial 2 quarters, forming an unknown gray area. Look for the discrepancy to be rectified during Charter's forthcoming 3Q earnings call, said Richmond, when execs will likely speak at "great length about the company's financial flexibility and liquidity." Possibly included in the discussion will be the MSO's share price, fresh off a historical low of 31 cents established Wed before rebounding Thurs to close at 38 cents. 6 more days of closure beneath \$1 will mark non-compliance with Nasdaq's minimum bid requirement, giving Charter 6 months to exceed the \$1 threshold or face delisting and further liquidity concerns. Richmond did say, however, that it's "reasonable" to speculate that, if needed, Nasdaq would grant Charter a 6-month extension and/or work to prevent a delisting because of the MSO's size and capitalization. Meanwhile, there continues to be concern in the multichannel industry that consumers' belt tightening may couple with tough credit markets to place heavy pressure on pay TV ops going forward. Accordingly, **Sanford Bernstein** analyst *Craig Moffett* slashed his price targets Wed on **Comcast**, **Time Warner Cable** and **Cablevision**, additionally noting that "for the most leveraged cable operators outside of our coverage universe [including Charter], credit scarcity could rapidly become a matter of survival; some may not make it through to the other side of the cycle." Of **Standard & Poor's**, **Moody's** and **Fitch**, only the former has a "negative" credit outlook assigned to Charter, although it raised its opinion on Charter this week to 'buy' from 'hold.' The price target was lowered to 50 cents from \$1. "We're well aware of potential near-term financing challenges facing the cable industry's highest leveraged operator amid the credit crunch, but think government bailout of banks could indirectly rub off slightly on Charter, helping provide reassurance about near-term liquidity needs," wrote the firm. Said Moody's analyst *Russell Solomon*: "the market doesn't want Charter to fail" because there are so many

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HD
HIGHLIGHT

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owners of its debt. S&P is also heartened by the new employment contract for Charter pres/CEO *Neil Smit* (*Cfax*, 10/1), who should soon have much to say about his company's future.

SDV Fines: The FCC Enforcement Bureau is proposing \$20K fines against 2 **Time Warner Cable** systems in HI (\$20K apiece, so \$40K total) and a **Cox** system in N VA. The Bureau takes issue with the systems moving some channels to switched digital video, making them impossible to view on a one-way device, such as **TiVo** recorders. The Bureau, which also wants refunds for impacted subs, said the 3 systems “apparently willfully violated” last fall consumers right to receive programming using 1-way, plug & play devices. “Time Warner Cable does not agree with the NALs and will be responding accordingly to the FCC’s Enforcement Bureau,” a TWC spokesman said. Cox declined comment. CableLabs and ops have worked with CE makers like TiVo on developing a way to allow 1-way, CableCard devices to receive switched digital. By moving linear programming to switched-digital, the MSOs have “impaired the usefulness of competitive commercially available navigation devices, in violation of the Commission’s Rules and the intent of Section 629,” the Bureau said. TWC and Cox can seek a cancellation or reduction of the proposed forfeitures. In Aug, the Bureau said Oceanic Time Warner Cable was apparently liable for a forfeiture of \$7500 after failing to provide 30 days notice that it was migrating certain channels to switched digital (*Cfax*, 8/26). A TWC rep said it has appealed the decision and has not heard from the FCC.

News of the Strange: The newest sponsor of **NASCAR** driver *David Gilliland's* No. 38 car is the **FCC**. The agency will sponsor the car for its 3 remaining Sprint Cup Series races as a part of its DTV outreach. The sponsorship debuts at Martinsville Sun. FCC chmn *Kevin Martin* said he thinks it an extremely effective way to raise awareness given NA-SCAR's loyal following. We're just hoping the chmn will don Gilliland's **M&M** jacket for the next Commission meeting. -- Guess how much **Macrovision** sold *TV Guide Magazine* for? One buck—less than half the price of 1 copy of the magazine. An **SEC** filing reveals **OpenGate Capital** shelled out \$1 along with assuming liabilities. Macrovision also agreed to provide it with a \$9.5bln loan. “With losses over \$20mln in 2007 and further losses expected in 2008, all of this combined with significant deferred subscription and other operational liabilities, OpenGate is stepping in with the

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commitment to successfully complete the magazine's turnaround, which targets restored profitability by the end of 2009, and to re-establishing TV Guide as the premier television entertainment magazine in the country," said *Andrew Nikou*, founder & managing partner of OpenGate Capital.

Competition: DirecTV has selected **Tandberg's** MPEG-4 AVC HD encoding solution for its HD channel expansion.

Ratings: While Wed's debate drew fewer viewers than last week's presidential debate, it was a winner for **Fox News**. It was the highest-rated presidential debate this season for the net, with 9.06mln viewers tuning in. **CNN** wasn't far behind with 8.93mln, while **MSNBC** had 3.72mln. -- Ep 2 of **Bravo's** "The Real Housewives of Atlanta" surpassed the 1mln viewer mark, with 1.184mln turning in Tues. That's up 80% from ep 1, which was up against the presidential debate.

Research: 80% of voters claimed TV, followed by the Net (42%) and newspapers (37%) ranked as the most likely sources they'd use for learning about a political candidate, according to **CAB's** "Political Pulse" survey. The survey of 278 registered voters was commissioned by CAB and conducted by Insight Express. 51% agreed that political ads on TV prompted them to go to the Web for more info on a candidate. Swing voters relied more heavily on TV (87%) than any other media.

Programming: **Spike** greenlit "Surviving Disaster" (working title), which looks at the best way to survive an earthquake, shark attack, etc. It also greenlit "Deadliest Warrior," which pits well known warriors against each other, like *Genghis Kahn's* Mongol Barbarians vs Viking Warriors. It's also bringing back "DEA" for a sophomore season this fall. -- **Comedy Central** has created a new live ent division, tapping *Mitch Fried* to head it up. The div will focus on stand-up tours, comedy festivals, DVDs, etc. -- **TV One** is planning comprehensive election night coverage beginning at 8pm, Nov 4. Coverage plans include remote broadcasts from historically black colleges, Florida A&M and NC A&T, both located in key battleground states.

Cable Days: **Cable Positive** chief *Steve Villano* was right. At a time when the market is dropping hundreds of points, Denver's Cable Positive Chapter brought in more than \$144K Wed night with its 14th Positively Cable review, which was sold out at The Cable Center. The money raised was its second-largest total since its '95 inception; the chapter has brought in more than \$1mln since it started, Villano said after Wed-night's performance. The themes of the Greek tragedy style show were obvious: *Kevin Martin's* disdain of cable (during the show Martin's face was plastered on a toilet bowl), **Project Canoe**, the silent battle between **CTAM**, **NAMIC** and **WICT** for proper positioning during the upcoming Cable Connection weeks ("525,600 Meetings" sung to "Seasons of Love" from the musical "Rent"). But the night's hit came at the end, when a slew of male cable employees appeared on stage in drag, led by **The Sportsman Channel's** *Eric Clayton* and *Chris Ozminowski*. -- Perhaps buoyed by the upcoming final **WICT** gala in DC next month, **WICT's** team pulled away late in the 2nd annual **Cable Center** Smackdown cable trivia contest Wed with 999 points, besting **Cable Positive's** 800, **CTAM's** 450 and **NAMIC's** 350. Teams battled with the tough questions, with more guessing than absolute knowledge, despite the presence of our *Paul Maxwell* on the CTAM squad. How tough were the questions? How many cable ops were there last year? 5891, 2546, 1212, or 1970? What does high band do? Who was the host of the last **Cable Ace Awards**? *Kennedy*, *Craig Kilborn*, *Stacey* and *Clinton*, or *Hannah Montana*? (Answers at Cable360.net/blog). **Lynch Cable Resources'** *Jim Honiotes* got the game off to a great start as emcee when he introduced Maxwell as "Cable's Methusaleh," and coaches *Greg Liptak* and *Les Read* as Moses and God, respectively. -- The real winner was The Cable Center, which has added a slew of interactive screens and signs to its many exhibits, including a new display about cable programming that features logos of many programmers and an obviously brand-new sign saluting cable's prime time Emmy winners. An obvious big hit is the new huge tower of screens from **Comcast**. The MSO made sure that all are HD. The tower was used effectively as a real-time scoreboard for the Smackdown.

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Driving Revenue with Product Placements and Partnerships
Presented by CableFAX Daily and CableFAX Content Business

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BUSINESS & FINANCE

Honors: Lifetime's *Andrea Wong* and News Corp's *Peter Chernin* will be recognized by the **Media Institute** at its Friends & Benefactors Awards Banquet next Tues in DC. Wong will receive the American Horizon Award, while Chernin will receive the Freedom of Speech Award. The event takes place during Natl Freedom of Speech Week. -- **CTAM** will bestow its Rainmaker Awards on **TWC's Bob Benya**, **Comcast's Caroline Brown**, **HSN's Sean Bunner**, **TWC's Kurt Fennell**, **Reentrak's Carol Hinnant**, **TWC's Scott McKeen** and **Bright House's Jennifer Mooney**. **TAMI Awards** are going to **truTV's Linda Finney**, **Comcast's Paul Hockenbury**, **Scripps' Doug Hurst**, **NBCU's Heather McCallion** and **Cox's Reece Ritter**. The awards will be presented at Summit in Boston, Nov 11. By the way, Fri is the cutoff for reserving your Summit hotel at a discounted rate.

On the Circuit: **NAMIC** is opening up its Vision Awards beyond cable, expanding it to include broadcast nets, local affils, local origination programs from cable ops and VOD content. Nominations are being accepted through Dec 1 at www.namic.com.

People: *Tom Calderone* was bumped up to pres, **VH1**. He held the title of vp, gm of the net since '05. -- **ReelzChannel** expanded its ad sales team by 4 and opened a new office in Chicago. New hires are: *Dan Kelly*, *Kim Hagan*, *Kim Duffy* and *Mark Campinell*.

CableFAX Daily Stockwatch

Company	10/16 Close	1-Day Ch	Company	10/16 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	23.65	0.13
BRITISH SKY:	26.01	0.09	AMPHENOL:	28.05	1.05
DIRECTV:	21.10	1.55	APPLE:	101.89	3.94
DISNEY:	24.27	0.90	ARRIS GROUP:	6.40	0.41
ECHOSTAR:	15.02	0.57	AVID TECH:	18.83	0.24
GE:	19.89	0.64	BIGBAND:	3.45	0.14
HEARST-ARGYLE:	16.21	0.17	BLNDER TONGUE:	0.76	(0.04)
ION MEDIA:	1.44	0.00	BROADCOM:	14.48	0.73
NEWS CORP:	9.36	0.55	C-COR:	11.00	0.00
MSOS					
CABLEVISION:	16.71	0.30	CISCO:	17.75	1.18
CHARTER:	0.38	0.07	COMMSCOPE:	22.32	(0.8)
COMCAST:	15.36	1.13	CONCURRENT:	3.72	(0.02)
COMCAST SPCL:	15.00	1.02	CONVERGYS:	11.56	0.35
GCI:	6.66	0.64	CSG SYSTEMS:	14.87	0.86
KNOLGY:	4.90	(0.09)	ECHOSTAR HOLDING:	22.13	1.63
LIBERTY CAPITAL:	7.41	0.41	GOOGLE:	353.02	13.85
LIBERTY ENT:	17.58	1.56	HARMONIC:	8.20	0.47
LIBERTY GLOBAL:	17.96	0.44	JDSU:	6.21	(0.04)
LIBERTY INT:	5.96	(0.55)	LEVEL 3:	1.34	(0.07)
MEDIACOM:	4.18	0.44	MICROSOFT:	24.19	1.53
SHAW COMM:	17.31	0.65	MOTOROLA:	5.61	0.42
TIME WARNER CABLE:	20.10	0.38	NDS:	53.31	0.35
VIRGIN MEDIA:	6.02	0.19	NORTEL:	1.60	(0.02)
WASH POST:	353.91	(17.49)	OPENTV:	1.16	0.09
PROGRAMMING					
CBS:	8.80	0.18	PHILIPS:	18.54	1.59
CROWN:	3.60	0.36	RENRTRAK:	11.80	(0.11)
EW SCRIPPS:	4.70	(0.25)	SEACHANGE:	7.77	0.88
GRUPO TELEVISA:	17.05	0.75	SONY:	23.74	0.31
HSN:	5.87	(0.07)	SPRINT NEXTEL:	3.33	0.00
INTERACTIVE CORP:	15.13	0.62	THOMAS & BETTS:	24.58	0.76
LIBERTY:	32.59	2.29	TIVO:	6.19	0.57
LODGENET:	1.20	0.11	TOLLGRADE:	3.05	0.02
NEW FRONTIER:	1.61	(0.07)	UNIVERSAL ELEC:	18.97	0.74
OUTDOOR:	8.28	0.88	VONAGE:	0.89	0.04
PLAYBOY:	1.82	(0.28)	YAHOO:	12.99	1.24
RHI:	13.22	0.85	TELCOS		
SCRIPPS INT:	28.36	(0.23)	AT&T:	25.46	0.84
TIME WARNER:	9.60	0.22	QWEST:	2.69	(0.08)
VALUEVISION:	0.88	(0.16)	VERIZON:	27.41	0.77
VIACOM:	19.00	0.05	MARKET INDICES		
WWE:	15.93	1.51	DOW:	8979.26	401.35
TECHNOLOGY					
3COM:	2.30	0.18	NASDAQ:	1717.71	89.38
ADC:	5.42	0.30			
ADVANTAGE:	1.64	(0.11)			
ALCATEL LUCENT:	2.57	0.16			



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13851

PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Dramatic Premiere

As **Starz'** "Crash" is poised to do just that to cable's original drama party when it bows Fri (10pm), *Dennis Hopper's* attacking the soiree's piñata with gusto. No stranger to portraying characters who are psychically askew, Hopper delivers in the show's initial 2 eps a compelling if moderately disturbing performance that hints at covert layers begging to be plumbed. And they will be in future eps, assures **Starz Ent** evp, programming *Stephan Shelanski*. "We think this is Dennis' best work," he said. "His character just grows and grows." Additional characters and storylines also demand attention, particularly a pair of roguish, unscrupulous cops, but it may be the behind-the-scenes players that wield the greatest import. The entire production team from the eponymous Best Picture-winning film, on which the show is based, is involved with the project, including screenwriter *Paul Haggis* and actor *Don Cheadle*. This involvement, said Shelanski, is the perfect complement to Starz' goal with its 1st original drama: approximation of a movie feel wrapped within hour-long pieces. He does believe, however, that initial reaction to the "very serialized" show will be mixed. "It's going to take a few episodes to get into," said Shelanski. Many viewers have already been afforded exposure to the series, what with a comprehensive 2-ep sneak peek push across multichannel VOD, **Fancast.com** and **Starz.com** that began earlier this month. "We really put our weight behind the show [and] hope to get a lot of non Starz subscribers to sample it," said Shelanski. "We want people to react." Traffic to Starz.com has tripled since the eps were posted. "Crash" is already likely to return for another season, he said, owing to early interest and a quality product. Also in the offing is another original drama series for Starz, with details expected next week. A 2nd may permanently place Starz on cable's drama party guest list, provided Hopper et al haven't yet accomplished that feat. *CH*

Worth a Look: "Living Proof," Sat, 9pm, **Lifetime**. A TV movie rarely brings subs into a world they've never experienced. This does, exposing viewers to the political, commercial and scientific hurdles of developing pharmaceuticals. Portrayed here is Dr. *Dennis Slamon*, whose battle to develop breast cancer drug Herceptin was almost as difficult as the devastation caused by the disease. While *Harry Connick, Jr.*, as Dr Slamon, is sometimes stiff, it's a terrific story and a superb cast, including *Bernadette Peters* and *Regina King*. -- "Hulk Hogan's Celebrity Championship Wrestling," premiere, Sat, 8pm, **CMT**. Celebrity? *Dustin Diamond*, *Danny Bonaduce*, *Dennis Rodman*, sure. *Todd Bridges*, *Erin "Tabitha" Murphy* and *Frank Stallone*? Oy. Good concept, though, and mildly entertaining. Celebs learn 3 moves and wrestle in a crowded arena. The smirks of Hogan and *Jimmy Hart* signal it's not easy to make pro wrestling look real. -- "Ladies of the House," Sat, 9pm, **Hallmark**. It's Lifetime for seniors in this predictable and mostly fun romp as feisty seniors *Florence Henderson* and *Pam Grier* (and no longer feisty *Donna Mills*) renovate a dilapidated house as they deal with issues. -- "Crash," premiere, Fri, 10pm, **Starz**. This multi-plot police drama would have seemed edgy in '00, before "The Shield." Today it feels derivative. We'll hang in for another few eps, though. *SA*

Basic Cable Rankings (10/06/08-10/12/08)			
Mon-Sun Prime			
1	FOXN	2.7	2603
2	TBSC	2.4	2386
3	USA	2.2	2126
4	ESPN	2	1989
4	DSNY	2	1984
6	CNN	1.8	1787
7	TNT	1.4	1412
7	NAN	1.4	1384
9	TOON	1.3	1219
9	MSNB	1.3	1180
11	LIFE	1.1	1068
11	A&E	1.1	1026
11	HALL	1.1	955
14	SCIF	1	970
15	SPK	0.9	877
15	DISC	0.9	855
15	HGTV	0.9	844
15	FX	0.9	839
15	CMDY	0.9	825
20	FAM	0.8	781
20	HIST	0.8	774
20	AMC	0.8	774
20	TRU	0.8	724
24	TLC	0.7	714
24	MTV	0.7	697
24	ESP2	0.7	673
24	VH1	0.7	638
24	BRAV	0.7	637
29	FOOD	0.6	619
29	LMN	0.6	427
29	NOGG	0.6	389
32	HLN	0.5	500
32	EN	0.5	463
32	TVLD	0.5	454
32	APL	0.5	437
36	BET	0.4	354
36	OXYG	0.4	315
36	NGC	0.4	284
36	SOAP	0.4	270
36	GSN	0.4	266
41	TRAV	0.3	302
41	CMT	0.3	258
41	CNBC	0.3	254
41	WE	0.3	223
41	DHLT	0.3	191
41	WGNA	0.3	187

*Nielsen data supplied by ABC/Disney

CableFAX Daily™

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For more info contact:

Debbie Vodenos, Publisher, at (301) 354-1695 or dvodenos@accessintel.com
Erica Gottlieb, Account Manager, at (212) 621-4612 or egottlieb@accessintel.com

