

CableFAX Daily™

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What the Industry Reads First

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On Deck: Travel Channel Prepping for New Leader Plus Scripps

With **Scripps Nets Interactive** set to acquire a majority stake in **Travel Channel**, the 1st order of business for current employees remains finding out just who will head the network. We're told an interim leader from inside the net will be named in the coming weeks, with pres/gm *Pat Younge* leaving in Jan to return to London (*Cfax*, 5/28). We're guessing that name will come from the net's sr exec team, which includes svp, content *Michael Klein* and svp, commercial affairs and ops *Jonathan Sichel*. "Scripps and us jointly will ultimately decide who runs the Travel Channel," **Cox CFO Mark Bowser** told us Thurs. When the deal closes (probably by year-end), Scripps will own 65% of Travel and Cox Comm will retain a 35% minority stake in the net. Scripps will contribute \$181mln in cash to the newly created partnership. The partnership, in turn, will take on \$878mln in 3rd-party debt that will be guaranteed by Scripps and indemnified by Cox. The result is the venture will have about \$696mln in net debt. Scripps moved its earnings call from Thurs to Fri, saying it would provide more detail on the deal then. With Travel currently based in Chevy Chase, MD, it's not clear whether the venture will move its HQ to Knoxville, home of **HGTV**, **Food** and other Scripps channels. But Bowser made some comments that sounded rather reassuring to Travel employees. "This is not like a cable asset. You're not buying the network. You're buying people, and you're buying a skill set, and a creative nature when you buy Travel Channel," he said. "I don't know where they will ultimately put it. That is something that will be announced more than a year from now, would be my guess, but this is about making sure you maintain the talent as well." Travel is in 95mln homes, with affil fees for the channel low. "Combining the Travel Channel with Food Network and HGTV will make our fast-growing, young company the undisputed global leader in lifestyle programming," Scripps Nets pres/CEO *Ken Lowe* said in a statement. **Collins Stewart** downgraded Scripps Nets to hold Thurs, saying that it believes SNI is now fairly valued given the "impressive run" in the stock. Shares closed up nearly 1.6% Thurs. In a research note, it said it doesn't expect sufficient SNI EBITDA upside in 2010, despite its expectations that Food Net's renewals will bring more than a 19% increase in affil fee revenue. Plus, it estimated that the Travel venture is dilutive to SNI valuation by approx 45 cents/share.

Pink Slips: Layoffs were underway at the newly merged **AETN-Lifetime** Thurs, with a spokesperson confirming that a little more than 100 positions were being eliminated across both companies. Some of the layoffs are voluntary exits, with

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sources confirming that *Patricia Langer*, Lifetime evp, legal, business and HR is among those who have opted to leave.

TWC Earnings: Like with **Cablevision** earlier this week, **Time Warner Cable** said the economy had a greater impact on 3Q than competition from DBS and telcos. The MSO missed estimates on digital subs, adding just 8K, and on phone (adding 62K vs a consensus of 107K). Net RGU adds of 117K fell short of the Street's 205K expectation, while TWC's basic sub loss of 84K was relatively in line. However, HSD adds of 117K were better than expected. Financials also were solid, with consolidated rev climbing 3.6% to nearly \$4.5bln and adjusted OIBDA up 3.6%. Net income fell to \$268mln from \$301mln a year ago. Shares closed up 2.3% Thurs. **S&P** maintained its "strong buy," saying it sees TWC on track to achieve aggressive near-term de-leveraging targets. Pres/CEO *Glenn Britt* said the MSO is looking at expanding its VOD offering by "a quantum jump," while COO *Landel Hobbs* said that VOD streams for the Q were in the 400mln range (up 5% YOY). Britt also said the company is beginning to work on an architecture that would essentially move multiple set-tops into one device somewhere in the home—allowing ops to send 1 signal over the plant, rather than multiple signals. As for retrans, Britt said the key is to partner with content companies and use technology to give consumers new products and services. "There's plenty of money for everybody if we behave that way," he said. "I think we've been pretty successful in most of these negotiations arriving at mutually satisfactory deals without a lot of fireworks."

DirectTV Earnings: Even without an official head honcho—interim CEO *Larry Hunter* said an announcement will come in the near term—**DirectTV** continues to effectively thwart most economic woes. Rev of \$5.5bln and net adds of 162K beat consensus expectations, although churn rose slightly and sub growth is slowing. CFO *Pat Doyle* said the churn results were "consistent with our goal of better economic balance," adding that competition eased in 3Q, save for a strong promotion from **DISH**. Management expects churn to rise YOY in 4Q, but analysts point to continuous sub gains. "Among all the cable and satellite incumbents, DirecTV has been the sole provider able to maintain video subscriber growth," said **Sanford Bernstein's** *Craig Moffett*. Gross adds totaled 1.1mln (+8%), driven by the DirecTV/AT&T resale pact and growth in the commercial and MDU markets. Two-thirds of new customers took advanced services. Free cashflow surged 94% to a record \$643mln, and the co's stock buyback totaled \$943mln in the Q. Hunter said a new service to stream NFL games to smart phones is "even more popular than we expected" and noted that twice as many Sunday Ticket subs are using mobile streams this year than they did Internet streams last season. 500-600K DirecTV subs are currently connected to its VOD service, which offers thousands of titles, and Hunter said a movie service planned for '10 offering viewership through TVs or PCs will only increase on-demand usage. DirecTV is working with programmers on authentication issues surrounding **TV Everywhere**, but Doyle said DirecTV will likely "take a stronger [carriage] stance" going forward than even the 1 employed now with **Versus**. "There needs to be some rationalization" in programming costs, he said. Of **Comcast** COO *Steve*

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Burke's comments yesterday about plans to market non-video bundles to DirecTV subs, Doyle said he welcomes those initiatives. "If our competitors want to get other services into our homes, that's a compliment" to our video prowess, he said.

Earnings: Crown's 3Q adjusted EBITDA grew 88% YOY to \$16.3mln from \$8.7mln, primarily due to cost control efforts. Revenue dipped 3% to \$62.8mln for the period. Ad revenue was down 7% to \$46.5mln, reflecting primarily ratings declines in **Hallmark's** demos in 3Q09 vs 3Q08 as the net seeks to attract a younger audience. Sub fee rev increased 12% to \$16mln. Hallmark Channel is feeling good about the holidays, traditionally a ratings winner for the net. It has more than 450 hours of holiday-themed programming lined up, including an original series on Hallmark Channel and movie premieres on Hallmark Movie Channel." -- **WWE** reported 13% rev growth to \$78mln in its live and televised ent segment, led by live events and a 16% rise in TV rights fees while offset by softness in PPV and on demand. Digital media posted a 6% dip in rev although WWE.com rev rose 13%. The co foresees avg annual earnings growth of 15-20% from '09-'12. -- **Playboys's** overall \$1.1mln net loss was stoked by a 14% drop in domestic TV rev. Lower linear net sales continue, owing to consumer migration to VOD.

CableFAX Daily Stockwatch

Company	11/05 Close	1-Day Ch	Company	11/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.00	0.42	AMPHENOL:	42.05	0.65
DIRECTV:	28.54	1.70	APPLE:	194.03	3.22
DISH:	18.46	0.96	ARRIS GROUP:	10.50	0.26
DISNEY:	29.00	0.97	AVID TECH:	12.43	0.42
GE:	14.43	0.24	BIGBAND:	4.09	0.26
NEWS CORP:	14.11	0.46	BLNDER TONGUE:	1.20	0.02
MSOS					
CABLEVISION:	24.65	1.07	BROADCOM:	27.18	0.77
COMCAST:	14.20	0.14	CISCO:	23.93	0.64
COMCAST SPCL:	13.73	0.13	CLEARWIRE:	6.49	0.09
GCI:	6.36	0.49	COMMSCOPE:	28.13	1.58
KNOLGY:	10.52	0.44	CONCURRENT:	3.86	(0.03)
LIBERTY CAPITAL:	22.00	0.42	CONVERGYS:	11.22	0.38
LIBERTY ENT:	33.10	1.76	CSG SYSTEMS:	16.52	0.58
LIBERTY GLOBAL:	21.82	0.81	ECHOSTAR:	19.09	0.48
LIBERTY INT:	12.02	0.31	GOOGLE:	548.65	8.32
MEDIACOM:	4.87	0.38	HARMONIC:	5.10	0.07
RCN:	8.29	0.19	INTEL:	18.89	0.30
SHAW COMM:	18.27	0.23	JDSU:	6.07	0.29
TIME WARNER CABLE:	40.97	0.92	LEVEL 3:	1.26	0.01
VIRGIN MEDIA:	14.93	0.50	MICROSOFT:	28.47	0.41
WASH POST:	431.69	2.79	MOTOROLA:	9.31	0.31
PROGRAMMING					
CBS:	12.79	0.89	OPENTV:	1.53	0.00
CROWN:	1.54	0.12	PHILIPS:	25.98	0.41
DISCOVERY:	29.64	1.17	RENTRAK:	15.25	(0.22)
EW SCRIPPS:	6.80	0.49	SEACHANGE:	6.83	0.46
GRUPO TELEVISA:	20.60	0.73	SONY:	28.73	0.04
HSN:	15.22	1.10	SPRINT NEXTEL:	2.83	(0.08)
INTERACTIVE CORP:	19.14	0.16	THOMAS & BETTS:	36.11	1.69
LIBERTY:	34.60	0.64	TIVO:	10.93	0.65
LODGENET:	5.59	0.28	TOLLGRADE:	6.02	(0.05)
NEW FRONTIER:	2.05	0.05	UNIVERSAL ELEC:	21.17	1.10
OUTDOOR:	6.65	0.29	VONAGE:	1.35	(0.02)
PLAYBOY:	2.87	0.03	YAHOO:	15.90	0.21
RHI:	2.81	0.00	TELCOS		
SCRIPPS INT:	39.23	0.62	AT&T:	25.94	0.41
TIME WARNER:	31.13	1.03	QWEST:	3.61	0.09
VALUEVISION:	3.31	0.28	VERIZON:	29.31	0.21
VIACOM:	31.56	1.12	MARKET INDICES		
WWE:	14.51	0.97	DOW:	10005.96	203.82
TECHNOLOGY					
3COM:	5.46	0.21	NASDAQ:	2105.32	49.80
ADC:	6.56	0.18			
ADVANTAGE:	2.25	0.08			
ALCATEL LUCENT:	3.79	(0.06)			
AMDOCS:	26.74	2.27			



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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Multicultural Party

It's a **TBS** fiesta! The net's heavily-promoted "Lopez Tonight"—which it says will "bring the party back to late night"—launches Mon (11pm ET) with lofty expectations. On Wed, TWX chief *Jeff Bewkes* said the *George Lopez*-led show will change the face of *Jay Leno's* former stronghold, and *Tricia Melton*, svp, ent marketing for TBS, **TNT** and **TCM** told **CableFAX** that audience research reflects exceeding popularity and enthusiasm for the comedian. "His Q scores are huge across the board," said Melton, noting young people, 18-49s, Latinos and African Americans. Of particular note may be the Latino set, long supportive of Lopez. When 1st hearing the funnyman's show feature, I immediately thought of TBS' astute play for African-Americans with uber-successful *Tyler Perry* content before tacitly lauding TBS for essentially adopting a similar thrust targeting Latinos. Though Melton said that particular demo wasn't the show's impetus, I still believe TBS is onto something that other big nets should replicate even as niche nets proliferate. The younger US demo is by definition multicultural, said Melton, noting that among Latinos her team is targeting the acculturated. Grass roots marketing was staged at festivals during Hispanic Heritage Month to promote word-of-mouth, she said, and forthcoming are higher-profile pushes during **Univision's** Latin Grammys and on **Latino.AOL.com**. And interestingly, Melton said Latinos own a "significantly higher propensity to respond to direct mail," so George Lopez-branded "party invitations" were sent to families in L.A. having the same surname. As for African-Americans, Turner finds that faith, family and fun comprise "the holy trinity of that demo." Lopez's opening-night guest list features *Ellen Degeneres*, *Eva Longoria Parker* and *Kobe Bryant*, in my eyes a smart nod to another important cultural triumvirate. When will Tyler Perry join the party? *CH*


Highlights: "Apocalypse: WWII," Wed, 8pm, **Smithsonian HD**. Colorized footage stars in this 6-parter, eclipsing *Martin Sheen's* words and emphasizing that TV primarily is a visual medium. It also beats the debut of **History's** "WWII in HD" by 4 days. -- "Legend of Jimmy the Greek," Tues, 8pm, **ESPN**. A Greek tragedy perhaps, but wonderful storytelling by *Musberger*, *Phyllis George*, *Hank Goldberg* and *Deford*. *SA*

Worth a Look: "Anatomy of a Closet," Sun, 8p, **Ovation**. Fashionistas will devour this, others will marvel at the clothing set's seriousness about stilettos and jeans. -- "Sex and the Cinema," Tues, 10p, **Starz**. This decent survey of indecency meanders until it takes an historic look at filmed sex. While not deep, it provokes interest in classics. *SA*

Notable: "Mad Men," season III finale, Sun, 10pm, **AMC**. For subs ignorant of "Mad Men," unable to converse about the Draper's joyless marriage or why Joan stays with abusive husband Greg, Sun's finale is temporary relief only. Season IV speculation will last for months. Want insight into the finale? TV critics are clueless; AMC nixed advance copies. -- "Q&A," Sun, 8p, **C-SPAN**. Can this excellent show—with *Melvin Urofsky* speaking about his new book "Louis D. Brandeis: A Life"—trump the outstanding performance of our *Amy Maclean* during last week's "The Communicators"? *SA*

Basic Cable Rankings (10/25/09-11/01/09) Mon-Sun Prime			
1	USA	2.6	2584
2	ESPN	2.3	2325
3	DSNY	1.8	1786
4	FOXN	1.6	1602
4	TNT	1.6	1580
6	NAN	1.3	1320
7	TBSC	1.1	1109
7	SYFY	1.1	1090
7	A&E	1.1	1087
7	HGTV	1.1	1041
11	TOON	1	988
11	TLC	1	961
11	FX	1	948
14	FOOD	0.9	938
14	SPK	0.9	840
14	TRU	0.9	819
17	DISC	0.8	831
17	HIST	0.8	821
17	CMDY	0.8	802
17	FAM	0.8	764
17	ESP2	0.8	755
17	AMC	0.8	731
17	BET	0.8	703
17	HALL	0.8	671
17	NKJR	0.8	540
26	LIFE	0.7	730
26	BRAV	0.7	686
28	MSNB	0.6	585
28	TVLD	0.6	562
28	VH1	0.6	554
28	LMN	0.6	445
32	MTV	0.5	501
32	CNN	0.5	449
32	WGNA	0.5	345
32	NGC	0.5	332
36	HLN	0.4	425
36	EN	0.4	421
36	TRAV	0.4	386
36	APL	0.4	380
36	OXYG	0.4	336
36	SOAP	0.4	309
36	GSN	0.4	281
36	WE	0.4	271
44	CMT	0.3	303
44	DXD	0.3	234
44	DHLT	0.3	203

*Nielsen data supplied by ABC/Disney



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