

CableFAX Daily™

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What the Industry Reads First

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Sold: TV Guide Network Gets It Done

It's not easy doing deals in today's economic environment. So, **TV Guide Network's** \$255mln price tag, plus payments of up to an additional \$45mln based on earn-out provisions, probably isn't all that awful. In late Sept, *Variety* had predicted it would go at the "fire-sale price" of about \$400mln. The deal boils down to producer *Allen Shapiro* and private equity firm **One Equity Partners** paying between \$3 and \$3.61/sub for the channel, which is in 83mln homes. That compares to the \$12/sub **NBCU** paid for **Oxygen** and \$19/sub **Cablevision** paid for **Sundance** in sunnier times. But TV Guide is a much different channel than either of those (although it's fully distributed). Assuming earn-out provisions are met, the price is not too far off from the \$350mln+ in proceeds for TV Guide Net and **TVG** that CEO *Fred Amoroso* suggested last month. And it's certainly better than the \$1 for which Macrovision sold *TV Guide* magazine earlier this year (*Cfax*, 10/17). Another reason for the price can be found in Macrovision's press release. "The overall proceeds for businesses being sold will be lower than previously expected," the company said. At its Investor Day last month, Macrovision said it expected to generate revenue of \$460-\$500mln in '09, with adjusted pro forma EPS of \$1.25-\$1.55. After removing the TV Guide Online business from the estimates and adjusting for lower than expected sale proceeds, its revenue is now projected to be between \$435-\$475mln, with adjusted pro forma EPS between \$1.15-\$1.45. "We're really happy with this purchase price, especially given this environment," a Macrovision rep said. In addition to TVG's 83mln subs, the buyers get **TV Guide Online**. Although Macrovision said it is retaining "key strategic online elements" of the site, including rights to the programming grid it syndicates. Macrovision had initially indicated it would not sell TVGuide.com. "The dot com, the TV Guide Network and the brand are what are being acquired. I just think it's the way that made the most sense for both parties," said TV Guide Net pres *Ryan O'Hara*. He declined to talk about whether he'd stay with the net or any other staffing changes, saying the focus now is on a smooth transition. The deal is expected to close by Apr 1. Asked whether the new owners might completely change the format of the channel, O'Hara was non-committal. "It's just too early on that. There will be more on that down the road," he said. Indeed, Shapiro, former CEO of **Dick Clark Productions**, was quoted in the *NY Times* online Thurs as saying that "over time, the scroll will essentially be less and less relevant until it's gone, and then we'll have a fully distributed entertainment network."

Voom Doom: **Rainbow** lowered the **Voom** Thurs, announcing internally that it would discontinue the programming entity's US operations. A spokesperson confirmed the move, but provided no further details, including how many jobs would be impacted. Rainbow chief *Josh Sapan* in an internal memo obtained by *Cfax* blamed the shuttering on an ongoing lawsuit with **DISH Network**. DISH pulled Voom's 15 HD channels earlier this year, with Rainbow suing for alleged contract violation. "While that lawsuit is progressing, the expectation is that it will be at least a year before any sort of resolution is reached. Therefore, we have been evaluating different strategies and plans for VOOM's domestic



A holiday greeting from GSN. On the left, the word "LOVE" is formed by blue squares, with "G" and "S" in white squares. Below it, "GAM" is formed by blue squares, with "S" in a white square. To the right, the text "HAPPY HOLIDAYS!" is written in large blue letters, with "FROM YOUR FRIENDS AT GSN" below it in smaller blue letters. The background is white with light blue snowflake patterns.

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HD

HIGHLIGHT

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business,” Sapan said. “Unfortunately, as we analyzed the opportunities and challenges in the current environment and the lawsuit, it became clear that we can no longer operate VOOOM domestically, particularly without EchoStar fulfilling its obligations and providing its support.” Voom is expected to wind down operations over the next 60 days. **Cablevision**, its only other US distributor, will remove the channels by late Jan and replace them with other HD programming. “There will be no reduction in the number of high-definition channels available to our iO TV customers,” the MSO said. “We currently offer 68 HD channels without any additional equipment or programming fees, unlike our competitors, and expect our HD line-up to continue to expand in the coming months.” Voom’s Intl operations will continue with *Glenn Oakley* managing the unit. Former Voom head *Greg Moyer* was just named pres, **Scriptts Nets Intl** this week.

Retrans: A retrans consent impasse between **DISH** and **Fisher Comm** has become litigious, with the DBS op removing Fisher Comm stations in 7 markets including Seattle and Portland. DISH cited “an excessive programming rate increase of 82 percent for continued carriage.” Fisher countered that DISH refused its proposal to extend the expiration of the pair’s prior agreement to Mon (it expired Dec 17), and also filed in OR Thurs a \$1mln breach of contract suit alleging the DBS op failed to comply with terms of the prior deal. Fisher contends violations of deal terms and unpaid contractual fees.

Competition: *Marilyn O’Connell*, who helped ignite **FiOS’** fire, will retire at year-end from her post as chief marketing officer of **Verizon**. A successor will be named shortly, Verizon said. Before becoming CMO, she was svp, video solutions.

Technology: **Sling Media** will launch later this month a public beta of **SlingPlayer Mobile for Blackberry**, an app allowing certain smartphones to receive streams of TV shows and control home devices such as DVRs and DVD players.

In the States: **LodgeNet** will close its Atlanta call center in 1Q, outsourcing the operations to a 3rd party. It will result in a decrease of 110 full-time positions (9% of its workforce). That’s in addition to the 180 planned layoffs it announced last month. -- **MSNBC** host *Mika Brzezinski* was mugged in D.C. Thurs morning while on her way to an interview with city mayor *Adrian Fenty*, according to area reports. Brzezinski was unharmed while giving the mugger \$6, and her “Morning Joe” co-host *Joe Scarborough* reportedly lambasted the city on Thurs’ show as he detailed the crime.

Programming: **AMC** is hoping to strike programming gold again, ordering a pilot for a yet-to-be named political thriller. It is partnering with **Warner Horizon TV** as the studio to produce it, with production slated to begin in late Jan. This is AMC’s 3rd pilot order, with the first 2—“Mad Men” and “Breaking Bad”—leading to full series orders. *James Badge Dale* (“The Departed”) has signed on as the lead and *Allen Coulter* (“Kingpin,” “Hollywoodland”) as director. -- **TV One** has joined with 3 partners for “Let Freedom Ring: How Music Inspired the Civil Rights Movement” (Feb 15), a feature-length doc slated to run on the net during Black History Month. -- The 3rd season of “Big Love” and the 2nd season of “Flight of the Conchords” are set to premiere Jan 18 on **HBO**.



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BUSINESS & FINANCE

Honors: HBO earned 9 SAG Awards noms to lead cable, including multiple noms for miniseries "John Adams" and series "Entourage." Showtime was next with 6, a historical best for the net. The remaining cable noms include TNT (4), AMC (3), Lifetime (2) and USA (1). Also earning multiple noms: Showtime's "Dexter" and "Weeds," TNT's "The Closer" and AMC's "Mad Men." -- **ESPN/ABC Sports** pres *George Bodenheimer* (#1) and **Comcast** evp *David Cohen* (#10) are in the top 10 of *Sports Business Journal's* annual list of the most influential people in sports business.

People: Richard Gay was promoted to evp, strategy and operations, MTV and VH1. -- **Speed** upped *Hawley Chester* to vp, Canadian sales and marketing.

Business/Finance: Pali analyst *Rich Greenfield* has downgraded debt-stricken Charter to 'neutral' from 'buy' and trimmed both '08 and '09 estimates for the MSO, although he still believes Charter will "notably outperform its cable industry peers" this year and next. "With the risk of bankruptcy rising and CHTR's pursuit of a massive debt for equity swap (enabling the company to finally be free cash flow positive) that would likely leave insignificant value for current equity holders," wrote Greenfield.

Clarification: Biography has grown cable distribution this year by 11%, to 53mln, and was unwittingly excluded from Thurs' emerging nets story.

CableFAX Daily Stockwatch

Company	12/18 Close	1-Day Ch	Company	12/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AMDOCS:	18.25	0.36	AMPHENOL:	22.47	(0.81)
BRITISH SKY:	28.29	(1.07)	APPLE:	89.43	0.27
DIRECTV:	22.06	(1.18)	ARRIS GROUP:	7.15	(0.16)
DISNEY:	22.83	(0.75)	AVID TECH:	10.82	(0.1)
ECHOSTAR:	11.19	(0.3)	BIGBAND:	5.26	0.04
GE:	15.96	(1.43)	BLNDER TONGUE:	0.98	0.00
HEARST-ARGYLE:	6.18	0.79	BROADCOM:	17.28	(1.62)
NEWS CORP:	8.75	(0.16)	CISCO:	16.66	(0.18)
MSOS					
CABLEVISION:	15.11	(0.07)	COMMSCOPE:	14.35	(0.44)
CHARTER:	0.12	(0.02)	CONCURRENT:	3.52	0.24
COMCAST:	15.81	(0.53)	CONVERGYS:	6.22	(0.19)
COMCAST SPCL:	15.07	(0.58)	CSG SYSTEMS:	17.03	(0.3)
GCI:	7.99	0.15	ECHOSTAR HOLDING:	13.35	(0.09)
KNOLOGY:	5.57	(0.2)	GOOGLE:	310.28	(4.96)
LIBERTY CAPITAL:	3.12	(0.36)	HARMONIC:	5.55	(0.26)
LIBERTY ENT:	17.98	(0.31)	JDSU:	3.68	(0.35)
LIBERTY GLOBAL:	13.51	0.51	LEVEL 3:	0.71	(0.01)
LIBERTY INT:	3.06	(0.06)	MICROSOFT:	19.30	(0.36)
MEDIACOM:	3.32	(0.13)	MOTOROLA:	4.23	(0.18)
SHAW COMM:	17.23	(0.27)	NDS:	49.05	0.05
TIME WARNER CABLE:	19.88	(0.28)	NORTELV:	0.26	(0.01)
VIRGIN MEDIA:	4.50	0.11	OPENTV:	1.23	(0.02)
WASH POST:	377.26	(13.14)	PHILIPS:	19.57	(0.58)
PROGRAMMING					
CBS:	7.40	(0.35)	RENTRAK:	11.40	0.55
CROWN:	1.92	(0.01)	SEACHANGE:	6.48	0.04
DISCOVERY:	13.90	0.44	SONY:	20.09	(0.69)
EW SCRIPPS:	1.65	(0.13)	SPRINT NEXTEL:	1.80	(0.05)
GRUPO TELEVISA:	15.34	(0.49)	THOMAS & BETTS:	23.41	(0.63)
HSN:	3.66	0.37	TIVO:	6.67	(0.06)
INTERACTIVE CORP:	16.17	(0.11)	TOLLGRADE:	4.56	(0.08)
LIBERTY:	27.39	(1.06)	UNIVERSAL ELEC:	15.31	0.56
LODGENET:	0.65	0.00	VONAGE:	1.00	(0.03)
NEW FRONTIER:	1.72	0.06	YAHOO:	12.72	(0.39)
OUTDOOR:	6.69	0.07	TELCOS		
PLAYBOY:	2.13	(0.12)	AT&T:	27.72	(0.4)
RHI:	4.83	(0.22)	QWEST:	3.28	0.20
SCRIPPS INT:	20.55	(0.09)	VERIZON:	33.30	(0.75)
TIME WARNER:	10.19	(0.19)	MARKET INDICES		
VALUEVISION:	0.40	0.00	DOW:	8604.99	(219.35)
VIACOM:	18.40	(0.45)	NASDAQ:	1552.37	(26.94)
WWE:	11.78	0.04	TECHNOLOGY		
TECHNOLOGY					
3COM:	2.25	0.08			
ADC:	5.04	(0.14)			
ADVANTAGE:	2.08	0.26			
ALCATEL LUCENT:	2.19	(0.13)			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

What's In Your Basket?

Holiday shoppers know all about the larcenous deals to be had this holiday, including my purchase (theft?) of a designer sport coat for \$35. Although not browsing off-the-rack, *Allen Shapiro* and *One Equity Partners* found their own bargain bin steal in **TV Guide Net** and **TVGuide.com**, which they scooped up for an initial \$255mln, or 27% less than the low-end price initially sought by **Macrovision**. Perhaps Shapiro and One Equity are checking their bank statements twice, not quite believing their good fortune. After all, TV Guide Net, whose partial-screen scroll is somewhat anachronistic, is still in 83mln homes. That's quite an asset. Plus, TVGuide.com counts more than 15mln monthly uniques, a nice number that compares to **Disney Online** (29.4mln) and **ESPN.com** (21.7mln), according to **comScore**. The deal does allow Macrovision to retain TV Guide's valuable IPG tech and certain online elements, but future possibilities make the new owners' play a savvy one. Sources said the sale of **TVG** should follow shortly. The net is now in approx 31mln US homes and operates an online wagering site. \$255mln would certainly cover the purchase of those assets, and in true holiday spirit let's examine the sum from several angles. Assuming a triple-play price of \$100/month, the amount could pay for cable services for 213K years; could be used to acquire an estimated 17% in the **Boston Red Sox**, with \$55mln left over for a few players; could provide a delectable \$179K in severance pay to each employee set to be laid off by **Charter**, **NBCU** and **Via-com** combined; could be used for an approx 50% stake in **Sundance Channel**, 39% of *Newsday*, 28% of **Oxygen** and 14% of **CNET Nets** (all prices pre-economic slump); and would do very little in negating Charter's approx \$20bln in debt. *CH*

Worth a Look: "Dog Whisperer," Dec 28, 8pm, **Nat Geo**. Yes, we have *Ashlee Simpson* and *Peter Wentz's* crotchety bulldog, but Cesar's biggest challenge is food-aggressive retriever Cricket. -- "Degrassi in Ecuador," Fri, 9pm, **The N**. Credit "Degrassi" for teaching teen viewers about the youngest victims of world poverty. -- "Our 1st Christmas," Sat, 9pm, **Hallmark**. This original is so sweet, diabetics best avoid it. More important, can it beat Hallmark's Dec 13 original, which grabbed a 3.3 HH and a record 5.5mln unduplicated viewers? -- "Yo-Yo Ma & Friends," Tues, 8:30pm, **Ovation**. Props to Ovation for a backstage view of the world's best cellist recording joyful songs with *James Taylor*, *Renee Fleming* and others. More music, less talk would have made it even better. *SA*

Fond Farewell: "Surviorman," series conclusion, 9pm, Fri, **Discovery**. It's his last show after 3 seasons, so you'd think *Les Stroud* would want an easy place to survive. Nope—his farewell is in the uncharted jungle of Papua New Guinea as he battles Malaria, huge spiders, brutal heat and chronic diarrhea. *SA*

Notable: "Brotherhood," season finale, Sun, 8pm, **Showtime**. The brothers Caffee conclude season 3 with Tommy (*Jason Clarke*) rising and Michael (*Jason Isaacs*) floundering. -- "Manny Being Manny," Thurs, 8pm, **Comcast SportsNet**. Don't believe in Santa Claus? What about *Manny Ramirez's* July knee injury? *SA*

Basic Cable Rankings (12/08/08-12/14/08)			
Mon-Sun Prime			
1	USA	2.3	2258
2	ESPN	2.2	2160
3	DSNY	1.9	1863
3	FOXN	1.9	1838
5	HALL	1.6	1349
6	FAM	1.5	1457
7	TBSC	1.4	1419
7	LIFE	1.4	1395
7	NAN	1.4	1377
7	TNT	1.4	1357
11	A&E	1.2	1131
12	TOON	1.1	1112
13	HIST	1	939
13	AMC	1	924
13	NFLN	1	422
16	SPK	0.9	888
16	SCIF	0.9	864
16	CNN	0.9	840
16	FX	0.9	815
16	MSNB	0.9	797
21	DISC	0.8	837
21	CMDY	0.8	818
21	HGTV	0.8	802
21	TRU	0.8	755
21	TLC	0.8	736
26	FOOD	0.7	687
26	HLN	0.7	648
26	BRAV	0.7	600
26	LMN	0.7	461
30	MTV	0.6	578
30	VH1	0.6	566
30	TVLD	0.6	555
30	BET	0.6	539
30	NOGG	0.6	419
35	ESP2	0.5	450
35	NGC	0.5	372
35	SOAP	0.5	323
38	APL	0.4	418
38	EN	0.4	412
38	TRAV	0.4	369
38	OXYG	0.4	323
38	CMT	0.4	318
38	BIO	0.4	190
44	WGNA	0.3	228
44	GSN	0.3	214
44	WE	0.3	189

*Nielsen data supplied by ABC/Disney

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