

# CableFAX Daily™

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What the Industry Reads First

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## Ring-a-Ding: Strong Phone Adds Doesn't Ignite Charter's Stock

**Charter's** 1mlnth phone sub, a 10.6% increase in revenue and 12.6% increase in adjusted EBITDA couldn't push the MSO's stock much above the \$1 mark where it continues to hover. While phone drove \$1.55bln in rev and \$563mln in cash flow, the operator lost 66K analog customers in 4Q. "We're encouraged by the performance in markets more highly penetrated with telephone, as both video and high-speed benefit from the value inherent to the bundle," CEO *Neil Smit* said during the company's earnings call Wed. DBS continues to be Charter's biggest competitor, with **Verizon** and **AT&T** video only overlapping about 5-6% of its footprint, according to execs. Smit repeatedly called on the potential phone has to drive bundles for Charter, noting that markets with double-digit phone penetration only accounted for about a quarter of the full year analog sub loss. "With about half our telephone footprint yet to reach double-digit penetration, we believe there is significant opportunity for all 3 products," he said. 85% of Charter's footprint should have phone by year-end. Charter recorded 155K net phone adds in 4Q, a 46% increase over a year ago and its highest phone sub gain ever. Charter added 51K HSD subs and 60K digital video subs. On the horizon is DOCSIS 3.0 testing throughout the year and the expanded rollout of switched digital (currently being trialed in L.A.). Smith said switched should be rolled out to most of Charter's footprint by the end of '09. On tap for '08 is increased spending on targeted marketing efforts, although Smith said cap ex spending for the year should be flat with '07. Charter shares closed down Wed 4.6% at \$1.03.

**Kansas Dust Up:** **Cox** has until midnight Thurs to reach a retransmission deal with **Gray-owned CBS-affil WIBW** of Topeka, KS. If not, the broadcaster says it will pull its analog and digital signals at 12:01am Fri. The dispute is a familiar one, with WIBW reportedly asking for 30 cents/month per sub. The broadcaster has devoted a Website to the spat (<http://www.wibw.com/freetv>), telling subs that they can watch newscasts online if they are unable to watch the station via antenna. It also suggests that they'll get more channels for less money if they switch to **DirectTV** or **DISH**. Interestingly, the actual deadline is under dispute (blame it being a Leap Year). Cox said Wed that it believes the contract doesn't expire until 12:01am Mon, and that both sides are looking at it right now. Cox KS dir govt affairs *Coleen Jennison* says both sides are talking. "We're working toward reaching a mutual agreement," she said.

**On the Hill:** The Senate passed a VoIP public safety bill Tues night forcing all VoIP providers to offer e911. The measure, supported by **NCTA**, now moves to the House. House Commerce chmn *John Dingell* (D-MI) on Wed expressed confidence that minor differences can be resolved "in short order."

**Earnings:** **Cable One** ended '07 with revenue of \$565.9mln. That's up 11% over '06 and occurred without implementing any basic video rate increase last year. But the rate hike break is now over, with basic rates increasing \$3.50/month in nearly all systems effective Jan 1. For 4Q, Cable One's operating income grew to \$33.8mln from \$26.8mln a year ago. The **Washington Post**-owned cabler added 9K basic subs vs a year ago. Digital subs were up by 10K, and HSD

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adds totaled 52K. Phone customers have grown from just under 3K in Dec '06 to more than 1.3mln at the end of '07.

**The "Dis" Duo:** **Discovery** and **Disney** dominated the top slots in the '07 **Beta Research** Study that surveyed 130 cable ops to evaluate the perceived value of basic cable nets. Disney's **ESPN** barely edged out Discovery when it came to nets deemed "very important" to cable sub retention and acquisition, gaining 94% support vs Discovery's 92%. Coming in 3rd in that category was **Disney Channel** with 91%. **CNN** and **MTV** took the 4th and 5th spots with 89% and 83%, respectively. But Discovery's affiliate sales and marketing team shined brightly, ranking 1st among nets deemed "very helpful" in driving broadband, HD and VOD, with 73% of survey respondents favoring the net vs 65% for Disney. **Scripps**, **MTVN** and **Turner** took the 3rd, 4th and 5th spots. In terms of overall value, Beta reported that surveyed cable ops ranked **ESPN** #1 at \$1.08/sub, compared to 64 cents/sub for **ESPN2**, 56 cents/sub for **Disney Channel**, 50 cents/sub for **Discovery Channel** and 46 cents/sub for **Weather Channel**.

**Scrimmage:** **DISH** is speaking out on its decision last week to boot **NFL Net** from its Top 100 package to its Top 200. "Clearly this is a case of greed," said its statement, referring to NFL's decision to simulcast Dec's historic **Patriots-Giants** game on broadcast. "Their greed for more eyeballs and ad revenue led to their breach of our contract, in turn breaking their commitment not only to DISH Network, but to our customers. Because they failed to honor their promise, we took appropriate, justified action and look forward to proving our position in court." NFL Net filed suit Mon over the change-up.

**Deal:** **Twentieth Television** and **CMT** reached a multi-year licensing deal for "Trading Spouses: Meet Your New Mommy" and "Nanny 911," which debut on CMT Mar 3 and Mar 4, respectively.

**In the States:** **Cox N Va** is partnering with **History Channel** and **Cable in the Classroom** to offer nearly 20 hours of American history content on free VOD to Cox's digital subs in Fairfax County and the Fredericksburg region—the first time a cable system has offered CIC content on VOD. CIC said the "pilot" effort could extend to other cable systems. History and CIC will also offer supplemental materials at [www.history.com/classroom/](http://www.history.com/classroom/) and [www.ciconline.org](http://www.ciconline.org).

**Broadband:** Not to be left out of the party that began Mon with an **FCC** public hearing in Boston, the New York Attorney General's office has requested info from **Comcast** on its broadband network management practices in the state. "Comcast has been cooperating with the New York State Attorney General's office and will continue to do so," said a Comcast rep. Interestingly, less than 0.5% of New York's broadband subs are Comcast customers.

**VOD:** **Ovation TV** launches a free VOD service on Mar 1, including long- and short-form HD programming, as well as local content produced by Ovation TV or obtained through the net's partnerships with local cultural institutions and arts education organizations. As part of the VOD effort, Ovation TV has reached an agreement with **TVN Entertainment** to provide encoding, distribution and asset management services.

**Latino Growth:** **Nielsen** will form the Hispanic/Latino Advisory Council to bolster efforts to recruit, measure and accurately report on Hispanic TV households in the U.S. The first HLAC meeting is Mar 4 in NYC during Cable Spring Break.

**Technology:** **Akimbo** announced "a complete Internet VOD solution" for content owners seeking to deliver video directly from their Web sites. The company said its system supports multiple business models, including ad-supported, transactional, subscription, download-to-own, download-to-burn, pay-per-minute, gift cards and account credits. The first custom-

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# BUSINESS & FINANCE

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**Doing Good: Cable Positive S CA** is looking for cable industry volunteers to help out for a Mar 27 special cable volunteer day with **Project Angel Food L.A.** The org provides meals to those affected by HIV/AIDS and other serious illnesses. Contact *Kurt Heisler* at 310/351-7611 or cp.volunteer@yahoo.com.

**Brag Book:** Tues' debate between Democratic presidential contenders *Hillary Clinton* and *Barack Obama* on **MSNBC** averaged 7.8mln viewers, making it the most watched broadcast in the net's 11-year history and shattering MSNBC's total viewer high of 3.7mln at the start of the Iraq war.

**Programming: E!** will premiere on Mar 9 a half-hour series "Pop Fiction," which the net vows will "turn Hollywood upside down." – **HBO** debuts "Autism: The Musical," which tracks 5 autistic children writing and performing a musical, on Mar 25. -- **TNT** has extended a multi-year agreement with NBA studio analyst *Charles Barkley*. Barkley will continue to appear on various shows and also make a number of appearances on jointly managed **NBA TV** and on Turner's broadband channel "TNT NBA Over-Time" on **NBA.com**.

**Business/Finance: Liberty Global** authorized an additional \$500mln for stock repurchases. This is in addition to the \$500mln authorized last month.

## CableFAX Daily Stockwatch

Company	02/27 Close	1-Day Ch	Company	02/27 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
AMDOCS:	32.19	1.18	AMPHENOL:	37.94	(0.36)
BRITISH SKY:	46.57	(0.71)	APPLE:	122.96	3.81
DIRECTV:	26.49	0.20	ARRIS GROUP:	6.18	0.16
DISNEY:	33.10	0.21	AVID TECH:	24.59	0.94
ECHOSTAR:	29.73	0.55	BIGBAND:	6.18	(0.06)
GE:	34.02	0.08	BROADCOM:	20.36	0.60
HEARST-ARGYLE:	22.61	0.02	C-COR:	11.00	0.00
ION MEDIA:	1.45	0.00	CISCO:	24.95	0.88
NEWS CORP:	20.23	0.04	COMMSCOPE:	39.16	(0.93)
<b>MSOS</b>					
CABLEVISION:	26.90	(0.47)	CONCURRENT:	0.80	(0.04)
CHARTER:	1.03	(0.05)	CONVERGYS:	15.39	0.15
COMCAST:	20.26	0.09	CSG SYSTEMS:	11.71	(0.08)
COMCAST SPCL:	20.00	0.04	ECHOSTAR HOLDING:	38.75	(0.34)
GCI:	6.36	0.21	GEMSTAR TVG:	4.88	0.02
KNOLGY:	12.65	0.00	GOOGLE:	472.86	8.67
LIBERTY CAPITAL:	118.70	1.35	HARMONIC:	9.00	(0.19)
LIBERTY GLOBAL:	39.27	0.94	JDSU:	13.77	0.12
LIBERTY INTERACTIVE:	15.08	(0.41)	LEVEL 3:	2.38	0.12
MEDIACOM:	4.39	0.04	MICROSOFT:	28.26	(0.12)
ROGERS COMM:	42.97	0.00	MOTOROLA:	10.88	(0.13)
SHAW COMM:	20.25	(0.5)	NDS:	51.08	1.41
TELEWEST:	24.20	0.00	NORTEL:	9.93	(1.52)
TIME WARNER CABLE:	28.01	0.49	OPENTV:	1.33	0.05
VIRGIN MEDIA:	15.16	0.24	PHILIPS:	40.35	0.13
WASH POST:	723.37	(2.63)	RENTRAK:	11.75	(0.23)
<b>PROGRAMMING</b>					
CBS:	23.99	(0.79)	SEACHANGE:	6.30	0.07
CROWN:	5.77	(0.02)	SONY:	49.65	0.74
DISCOVERY:	23.55	0.27	SPRINT NEXTEL:	8.95	(0.34)
EW SCRIPPS:	43.35	(0.15)	THOMAS & BETTS:	40.99	0.54
GRUPO TELEVISIA:	22.88	0.17	TIVO:	9.17	0.24
INTERACTIVE CORP:	22.00	(0.83)	TOLLGRADE:	5.77	0.15
LIBERTY:	8.32	0.06	UNIVERSAL ELEC:	23.41	1.08
LODGENET:	10.24	(0.4)	VONAGE:	2.02	(0.05)
NEW FRONTIER:	5.06	0.15	VYYO:	1.40	0.01
OUTDOOR:	7.54	(0.06)	WEBB SYS:	0.07	0.00
PLAYBOY:	8.09	(0.15)	WORLDGATE:	0.30	0.00
TIME WARNER:	16.53	0.03	YAHOO:	28.37	0.15
UNIVISION:	36.23	0.00	<b>TELCOS</b>		
VALUEVISION:	5.69	(0.08)	AT&T:	35.20	(0.37)
VIACOM:	41.79	(0.71)	QWEST:	5.62	0.13
WWE:	17.59	(0.07)	VERIZON:	36.39	(0.42)
<b>TECHNOLOGY</b>					
3COM:	3.00	0.02	<b>MARKET INDICES</b>		
ADC:	14.20	0.13	DOW:	12694.28	9.36
ADDVANTAGE:	4.28	0.08	NASDAQ:	2353.78	8.79
ALCATEL LUCENT:	6.33	(0.04)			

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