

# CableFAX Daily™

Wednesday — August 6, 2008

What the Industry Reads First

Volume 19 / No. 151

## In Line: Charter Results Similar to Peers

**Charter** was typical of cable this earnings season, achieving rev expansion mainly through the power of VoIP and HSD services. Both combined to contribute 65% of the MSO's 8.3% overall rev growth. But even as Charter narrowed its quarterly loss and delivered rev growth across all services, its debt load and concerns over financial viability beyond '09 continue to rein notable gains in the MSO's stock price. As shares of **Cablevision** (31%), **Comcast** (7%) and **Time Warner Cable** (9%) have all enjoyed rises since **AT&T** reported disappointing 2Q numbers on Jul 23, Charter shares are down 5%. Even so, pres/CEO *Neil Smit* is bullish on his company's operations. "I always use churn and [customer] bad debt as lead indicators of the health of the business, and we're pleased with the results there," said Smit. COO *Mike Lovett* added that the MSO's "very favorable" churn indicators continued into July. Rev for video rose 3% to \$874mln, HSD 10% to \$339mln, phone 68% to \$134mln, and commercial 17% to \$96mln—despite a 64% footprint overlap with AT&T, 20% with **Verizon**. Ahead is "meaningful growth" in HSD, said Smit, noting that customer take rates for broadband speeds of 10Mbps+ more than doubled sequentially. Early data from trialing a low-end phone/HSD bundle are also promising, he said. Other 2Q metrics: 45K basic losses, 34K digital adds, 21K HSD adds and 91K phone adds. Charter shares closed at \$1.09 Tues, down 4.4%.

**Spin Zone:** **Cablevision** made good on its promise to work on boosting shareholder value, announcing Tues that it's considering options, including spinning off at least 1 of its business units. So far, the plan is working. Shares skyrocketed Tues, closing up nearly 9%. The board has authorized the company to explore several strategic options, including buying back stock and paying dividends. The company will retain investment banking firms and such other advisors as necessary to pursue the strategic options. "As we indicated last week we have a strong desire to close the value gap between our operating performance and the market value of our shares and, therefore, we will be actively looking at options to accomplish that," said pres/CEO Jim Dolan. Of course, **Rainbow** is seen as the most likely candidate for separation/sale [For more analysis, go to [www.cablefaxcontentbusiness.com](http://www.cablefaxcontentbusiness.com)].

**On the Hill:** Newly named Sen Commerce ranking Republican *Kay Bailey Hutchinson* (R-TX) is expressing her concern about so-called program tying arrangements. In a letter to FCC chmn *Kevin Martin* last week, Hutchinson requested a status report on the type and number of complaints received by the Commission involving carriage disputes between independent programmers and cable operators, as well as those between cable ops and broadcasters relating to retrans. Hutchinson is top Republican following Sen *Ted Stevens*' indictment on charges related to a corruption probe. "The statute is clear that unaffiliated providers of video programming must be protected from discrimination by MVPDs, and that the FCC is to provide expedited review of any complaints made by unaffiliated programming providers," she wrote. **WealthTV** has had a carriage complaint pending against **Time Warner Cable** since Dec. It filed complaints

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against **Bright House**, **Comcast** and **Cox** this past spring. Sen *Amy Klobuchar* (D-MN) also weighed in on the issue recently, urging the FCC to quickly bring “much-needed clarity and certainty” to the program carriage rules.

**Competition:** **Verizon** and **AT&T** mobile TV subs may access this month (Aug 5-31) live **NASCAR** coverage through **ESPN Mobile TV** and **MedioFLO**.

**In the States:** **Comcast** rolled out VOD to the former **Adelphia** system in the Gettysburg, PA, area. -- **Time Warner Cable** is closing its Stamford, CT, office, moving the majority of its 220 employees to its Columbus Circle office in NYC. Some 60 employees will move to Charlotte, NC, and Herndon, VA. The move is expected to be completed by mid-2009. The MSO will add 200 new jobs in the Charlotte area and is in the process of constructing a new 103K sq ft building slated to open in May. NC awarded the MSO a Job Development Investment Grant this week for the expansion.

**New in CableFAX Content Business:** Analysis of a potential **Rainbow** spinoff; a look at **IAB**'s new online ad-sales platform; and is that cable helping “The Dark Knight” make all that money? Find out at [www.cablefaxcontentbusiness.com](http://www.cablefaxcontentbusiness.com).

**Carriage:** **Bright House** and **Service Electric** have added **Shalom TV** to their FVOD lineups.

**Dish du Jour:** It's as predictable as hot August days. **DISH** makes some news (good or bad), and the talk of a possible  **DirecTV** merger heats up once again. The latest fodder for the rumor mill is courtesy of the *WSJ*, which suggests *Charlie Ergen* is weighing another attempt to combine the 2 DBS players. The idea is that the **XM-Sirius** merger may pave the regulatory way for such a marriage, but some pundits have their doubts as the gov't's already denied the merger once.

**Deals:** The rumors circulating for weeks proved true. **Comcast Interactive Media** has acquired “Daily Candy,” best known for its daily email blasts focused on fashion and lifestyle. DailyCandy delivers more than 2.5mln email subscriptions across the country and through local editions in 12 US cities, as well as London.

**Technology:** **Motorola** has commercially released its “DEVPlatform for OCAP,” a toolkit for the tru2way platform. It allows cable ops and developers to load, run and debug on actual set-tops without the need for a cable headend or any additional software licenses.

**On the Circuit:** **CTAM**'s Southern CA and Silicon Valley/Pacific NW chapters have merged, creating the CTAM West chapter with more than 600 members.

**Earnings:** **WWE** was body slammed after reporting a flat 2Q in net income (\$7mln) and missing Wall St estimates. Shares took a nosedive, closing down 8%. Calling the disproportionate growth in expenses unacceptable (operating expense growth for the first 6 months was 27%), CEO *Linda McMahon* said the company is “implementing stronger cost control measures, reassessing our spending and the priority of our investments to drive increases in earnings and margins.” 2Q Revenue dropped 5.7% to \$129.7mln, while operating income was up 19% to \$12mln. -- **Atlantic Broadband** achieved 12% overall rev growth to \$69.4mln, powered by rev increases across video, HSD and phone. As of June, the MSO counted 285K basic subs, 87K digital, 119K HSD, and 41K phone. -- **Nexstar** reported a 14% rise in retrans consent rev to \$4.8mln, while **LIN TV** said digital rev, which includes such fees, surged 100% to \$6.7mln.

**Ratings:** Another week, another prime win by **USA** (2.3/2.25mln). The net capitalized on 5 original telecasts including “Burn Notice” and “Monk,” which collectively delivered an avg 3.5/3.37mln and dominated the weekly top 12 along with



# ANNOUNCING:

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# BUSINESS & FINANCE

**WWE. Disney** (2.1/1.95mIn) finished in 2nd, followed by **TNT** (1.9/1.86mIn) and its powerhouse original and top telecast "The Closer" (5.7/5.45mIn).

**Lifetime** (1.4/1.36mIn), **Nick at Nite** (1.4/1.35mIn) and **Fox News** (1.4/1.34mIn) tied for 4th. **Brag Book: Discovery Channel's** 21st annual Shark Week stunt garnered 29.1mIn total viewers, compared to 27.2mIn last year. Related online content received more than 11.5mIn page views from 1mIn visits, a 20% increase over '07 totals. -- Since **MLB's** All-Star break, 13 Mets games on **SNY** have averaged a 3.67 HH rating, up 16% versus '07, plus a 2.03 among 25-54s (+82%) and a 3.23 among men 25-54 (+100%). -- The series premiere of **HGTV's** "Summer Showdown" established net records for highest-rated avg prime show premier among key demos such as HHs (2.0), 25-49s (1.1) and women 18-49 (1.5). -- **Mori's** Yankees-Rangers game on **YES** earned a 6.8 HH rating and 715K total viewers to become the net's highest-rated prime telecast this season.

**People:** Former **Maxim** editor-in-chief **Jimmy Jellinek** becomes svp, digital content, digital media for **Playboy Ent.** -- **Gibbs Jones** of consultancy firm **Global Service Connections** joins **Suddenlink** as svp, customer experience. -- **Concurrent** named **Emory Berry** CFO/evp, operations. -- **Optimum Lightpath** named **Christopher Rabii** svp, technical operations and **Julia McGrath** vp, strategic integration.

## CableFAX Daily Stockwatch

Company	08/05 Close	1-Day Ch	Company	08/05 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	37.28	2.06	AMDOCS:	30.22	0.75
DIRECTV:	27.45	0.89	AMPHENOL:	48.48	2.11
DISNEY:	31.31	0.94	APPLE:	160.64	7.41
ECHOSTAR:	29.98	2.07	ARRIS GROUP:	9.44	(0.19)
GE:	29.25	1.08	AVID TECH:	22.98	0.50
HEARST-ARGYLE:	19.27	(0.66)	BIGBAND:	4.38	0.43
ION MEDIA:	1.44	0.00	BLNDER TONGUE:	1.17	(0.03)
NEWS CORP:	15.25	0.68	BROADCOM:	25.33	1.09
<b>MSOS</b>					
CABLEVISION:	28.20	2.27	C-COR:	11.00	0.00
CHARTER:	1.09	(0.05)	CISCO:	22.65	0.66
COMCAST:	21.53	0.98	COMMSCOPE:	44.03	0.79
COMCAST SPCL:	21.34	0.90	CONVERGYS:	13.03	0.47
GCI:	9.74	0.78	CSG SYSTEMS:	18.88	0.46
KNOLOGY:	10.52	0.18	ECHOSTAR HOLDING:	32.83	0.35
LIBERTY CAPITAL:	15.75	0.27	GOOGLE:	479.85	16.85
LIBERTY ENTERTAINMENT:	25.00	0.78	HARMONIC:	7.70	0.19
LIBERTY GLOBAL:	30.36	1.39	JDSU:	10.99	0.13
LIBERTY INTERACTIVE:	13.75	0.25	LEVEL 3:	3.26	0.15
MEDIACOM:	5.76	0.35	MICROSOFT:	26.21	0.93
SHAW COMM:	21.13	0.54	MOTOROLA:	9.55	(0.27)
TIME WARNER CABLE:	29.90	1.40	NDS:	60.73	3.33
VIRGIN MEDIA:	11.34	0.14	NORTEL:	6.15	(0.04)
WASH POST:	627.00	20.00	OPENTV:	1.83	0.06
<b>PROGRAMMING</b>					
CBS:	16.49	0.48	PHILIPS:	34.29	1.28
CROWN:	4.89	0.62	RENTRAK:	14.03	(0.19)
DISCOVERY:	18.77	0.27	SEACHANGE:	7.68	0.48
EW SCRIPPS:	6.86	0.30	SONY:	38.39	1.37
GRUPO TELEVISA:	22.53	0.61	SPRINT NEXTEL:	8.55	0.42
INTERACTIVE CORP:	17.99	0.57	THOMAS & BETTS:	43.01	1.54
LIBERTY:	43.98	0.78	TIVO:	7.55	0.18
LODGENET:	3.98	0.34	TOLLGRADE:	6.13	(0.03)
NEW FRONTIER:	3.41	0.01	UNIVERSAL ELEC:	24.68	0.79
OUTDOOR:	7.32	0.02	VONAGE:	1.34	(0.05)
PLAYBOY:	4.37	(0.08)	WORLDGATE:	0.30	0.00
RHI:	12.75	1.23	YAHOO:	19.82	0.44
SCRIPPS INTERACTIVE:	42.65	1.83	<b>TELCOS</b>		
TIME WARNER:	14.88	0.48	AT&T:	31.05	0.88
VALUEVISION:	3.00	0.09	QWEST:	3.67	0.13
VIACOM:	29.34	0.59	VERIZON:	34.55	0.72
WWE:	15.59	(1.37)	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	2.06	0.20	DOW:	11615.77	331.62
ADC:	9.18	0.08	NASDAQ:	2349.83	64.27
ADVANTAGE:	2.75	0.13			
ALCATEL LUCENT:	6.25	0.18			

## Call for Nominations

**CableFAX**  
THE MAGAZINE

2008 Most Powerful Women in Cable

Who are cable's most powerful women executives? Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November issue of CableFAX: The Magazine. Nominations are open to all cable operators, programmers, vendors and trade associations.

Deadline for nominations: Sept. 8, 2008 • Nominate online at [www.CableFaxMag.com](http://www.CableFaxMag.com)



# CableFAX

## THE MAGAZINE

Innovation > Leadership > The Cable Community

# Diversity Issue

Coming September 2008

## Who will be selected as the Top 50 Minorities in Cable?

This much-anticipated issue of CableFAX Magazine ranks the top cable executives who prove cable's definitely not diversity weak!

The annual issue profiles the Top 50 Minorities in Cable and will reach approximately 60,000+ industry executives through print and e-media, including CableFAX Daily and CableFAX Magazine subscribers. The issue will be released during Diversity Week in NYC and will be featured on Cable360.net for an entire year. Your message and brand will be promoted during the festivities of Diversity week and to the thousands of readers who read and reference this issue year-round.

Being a part of this unique magazine gives you the opportunity to communicate your leadership position to the top decision-makers who matter the most to your business – cable operators and key technology and programming executives. Contact us today to be apart of this special issue.

**Published:** Print & Digital

**Distribution:** Diversity Week, NAMIC & CableFAX Events

**Publication Date:** September 15, 2008

**Ad Space Deadline:** August 18, 2008

### Upcoming 2008 issues of CableFAX: The Magazine

- **September** - Diversity Issue (distribution at Kaitz)
- **October** - Top Cable Programs (distribution at CTAM)
- **November** - Most Influential Women in Cable (distribution at WICT Gala)
- **December** - The CableFAX 100 Issue (distribution at CableFAX 100 Luncheon)

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