

# CableFAX Daily™

Friday — February 2, 2007

What the Industry Reads First

Volume 18 / No. 23

## To The Top: Comcast Still the Cable Leader

Solid rev growth and heaps of RGU adds are just 2 of the several earnings metrics announced Thurs that further establish **Comcast** as the exemplary sherpa leading all others to the pay TV peak. Witness: a 69% Y-over-Y swell in '06 cable RGU adds to 5.03mln, including 1.86mln digital, 1.87mln HSD, and 1.55mln HSD; a 15% increase in operating cash flow to \$10.5bln, bringing the MSO's consecutive Q streak of double-digit cash flow growth to 26; and a 12% bump in annual rev growth to \$26.34bln, including 14% 4Q growth. "This is the highest [quarterly] revenue growth on an apples-to-apples basis that I can ever remember for Comcast," said chmn/CEO *Brian Roberts*. "It may have been our best year ever, and triple play is the driver." And fresh off a 3-for-2 stock split announcement, Comcast is forging ahead with the same bullish attitude. The cable segment expects to add 6.5mln RGUs in '07, earn a 20% market share by '12 in both its residential and newly-announced business service offerings, and achieve further increases in digital video and VoIP sub additions. "Our growth and momentum is sustainable," said Roberts, who noted a 5.7% penetration rate for digital voice, 25% for HSD and 52% for digital cable. The MSO added more than 200K VoIP subs in Jan, said COO *Steve Burke*, and expects to acquire 2.6mln (2.1mln net) this year. **Merrill Lynch** likes what it sees. "We strongly reiterate our 'Buy' rating on Comcast as we have significant confidence in the management team and their ability to prioritize growth initiatives and execute accordingly." Execs said switched digital technical trials are ongoing, part of an 18-month program to increase HD capacity. But Comcast won't engage in an HD channel capacity race with DirecTV, said Roberts, instead pinning its near-term future primarily on HD VOD content. "We would rather allocate bandwidth to what customers want," he said. 10 of the MSO's 15 planned migration waves for its new systems are completed. The only real grumbling over Thurs' announcements came from **Sanford Bernstein's** *Craig Moffett*, who said Comcast's \$5.7bln capex guidance for cable markedly exceeded his forecast.

## On the Hill: Martin Faces Democratic Queries

With a key Iraq military discussions being held concurrently, there wasn't time to get to everything—including some of the sexier cable topics—at Thurs' Sen Commerce **FCC** oversight hearing. Despite chmn *Daniel Inouye* (D-HI) and vice chmn *Ted Stevens* (R-AK) writing earlier in the week that they looked forward to discussing **Mediacom-Sinclair** with FCC chmn *Kevin Martin*, the issue was never mentioned. Sen *John Kerry* (D-MA), who sent out a news release Wed on plans to quiz Martin about **DirectTV's** pending exclusive programming deal with **MLB**, only popped in for a few minutes and didn't get to ask his questions. It doesn't mean Martin's off the hook however, since senators can submit their questions for written responses over the next week. Kerry has already sent Martin a letter, asking him to investigate the deal and report to Congress on its implications for consumers. Kerry also wants the FCC to recommend any changes to law or regulation that will ameliorate its negative effects. As expected, the FCC chmn was asked about his

ANOTHER SEASON  
TO EVEN THE SCORE.

# HIGH STAKES POKER

## THE THIRD SEASON

MONDAYS AT 9PM/8C

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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● fax:301/738-8453 ● Editor-in-Chief: Amy Maclean, 301/354-1760, amaclean@accessintel.com ● Exec Editor, Michael Grebb, 301/354-1790, mgrebb@accessintel.com ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Dave Decker, 301/354-1750, ddecker@accessintel.com ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, cdaily@accessintel.com ● Scott Gentry/VP and Group Publisher ● Online Publisher, Alison Johns, 212/621.4642 ● Paul Maxwell/Columnist. Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

comments blasting some of the conditions on the **AT&T-BellSouth** merger. Despite his and commissioner *Deborah Taylor Tate*'s criticisms of the net-neutrality conditions, Martin said that he wasn't saying he wouldn't enforce those conditions. "We have no net-neutrality rules, and we only will enforce them on AT&T because AT&T volunteered to do it," he said. "The company will have to do what it said it will do, but we won't require other companies to do it." Sen *Jay Rockefeller* (D-WV) took his usual stance against the "junk" that's on TV, particularly the violence. While most of his diatribe was directed at broadcasters, he made a jab at pay TV as well. "It's my view that the FCC over the years has wandered away from any concern about [public interest]. Particularly cable and satellite television, they really can have anything they want. The FCC has been very friendly to them," he said. Freshman Sen *Amy Klobucher* (D-MN) asked about when there would be broadband parity for urban and rural areas. Responded FCC commish Michael Copps: "I am really worried that we can go into 21st century with such a divide, with all of these wonderful services. If we don't get broadband out there, kids can't compete." Improving the country's broadband ranking was mentioned several times, prompting **NCTA** pres/CEO *Kyle McStarrow* to issue a statement promoting cable's success spurred by a deregulatory environment. Thurs' hearing marked the Republican controlled FCC's 1st time appearing before the Democratic-controlled Congress. The House Telecom subcmte puts the Commission on the hot seat Feb 15.

**Beantown's Big Scare:** And Bostonians thought the Big Dig was bad? Well, **Turner's** marketing-stunt-gone-wrong in which hired-gun marketers placed dozens of Lite-Bright-like devices around the city to promote one of **Cartoon Network's** Adult Swim shows thankfully didn't cost billions of taxpayer dollars. But fears that the devices were bombs sparked citywide disruption and a media frenzy starting late Wed. The story continued into Thurs as authorities arrested the 2 freelancers involved in the campaign. Marketing firm **Interference Inc**, which has also done work for **Discovery** and other nets, distributed the light boxes as part of a campaign to promote the Adult Swim show "Aqua Teen Hunger Force." A Turner rep, however, reiterated late Thurs that Turner approved the action and accepts responsibility for the fallout. Turner chmn/CEO *Phil Kent* put out an apologetic statement—also posted on the www.adultswim.com homepage—that Turner has instructed that the devices be removed, and "we... deeply regret the hardships experienced as a result of this incident." The devices were also placed in 10 other major cities, mostly without incident. But Boston Mayor Thomas Menino called it "outrageous, in a post 9/11 world, that a company would use this type of marketing scheme. I am prepared to take any and all legal action against Turner Broadcasting and its affiliates for any and all expenses incurred during the response to today's incidents." One interesting caveat: Adult Swim fans largely supported Turner on message boards, with many questioning how people could have possibly mistaken the goofy boxes for bombs. Check it out at boards.adultswim.com. [For Exec Editor *Michael Grebb's* personal take, see [www.cable360.net](http://www.cable360.net)].

**Retrans:** **Cox New Orleans** subs will be able to watch the Super Bowl this weekend. Late Wed, Cox and **Belo** reached a 30-day contract extension for **WWL-TV**, the city's CBS affil. Cox will carry WWL's analog and local news channel while negotiations continue over the station's HD channel. The dispute stems from Belo's desire to have Cox buy WWL's HD channel as part of the retrans renewal (Cox currently doesn't carry the HD signal). As a show of good faith, Cox will carry WWL's Super Bowl HD feed.

**Competition:** **Verizon** says it's hiring 100 new sales consultants in Tampa Bay, citing increasing demand for **FiOS** Internet and TV as well as DSL. -- **AT&T** launched its Homezone DSL/DBS service in CT, where it also has launched

Free Webcast

## Maintaining QoS Throughout an IP Network

In this Webcast, Time Warner Cable's Thomas Staniec and JDSU's Kevin Oliver will explore these next-generation, standards-based, distributed network architectures that utilize packet transport mechanisms and explain why these new networks must deliver world-class support for voice, video and data in order to maintain a high level of QoS.

Thursday, February 15<sup>th</sup> at 11AM EST

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# BUSINESS & FINANCE

its U-verse IPTV service in 9 towns.

**Ratings:** Nielsen and Arbitron have agreed to form a jointly owned limited liability company to test "Project Apollo," a marketing research service that would link Arbitron's Portable People Meter system with ACNielsen's Homescan and other technologies. If tests go well, they will expand the current 5K HH pilot panel to a full national service. The pilot panel, which features 7 advertisers, is intended to show how 'Project Apollo' enables a better understanding of the link between consumer exposure to advertising on multiple media, including TV, and their shopping/purchase behavior.

**Digital Doings:** NBCU created 3 new groups to drive its digital distribution efforts: digital platforms, wireless platforms and digital sales. Michael Bonner was promoted to svp, NBCU digital distribution, and will head the 1st group; Salil Dalvi was promoted to GM, wireless platforms; and Ron Lamprecht was upped to svp, NBCU digital distribution, leading digital sales efforts. All 3 will report to NBCU digital distribution pres Jean-Briac Perrette.

**Online:** Anheuser-Busch launches its broadband TV channel [www.bud.tv](http://www.bud.tv) right after the Super Bowl on Sun. The site says a program is coming that will let users download full-screen HDTV straight to their desktops. A-B will drive traffic to the site by replaying its Super Bowl ads.

## CableFAX Daily Stockwatch

Company	02/01 Close	1-Day Ch	Company	02/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	44.92	1.31	AVID TECH:	37.09	0.09
DIRECTV:	24.09	(0.3)	BLNDER TONGUE:	1.93	0.10
DISNEY:	35.01	(0.16)	BROADCOM:	31.83	(0.09)
ECHOSTAR:	39.73	(0.61)	C-COR:	13.30	(0.39)
GE:	36.23	0.18	CISCO:	26.59	(0.03)
HEARST-ARGYLE:	25.89	(0.23)	COMMSCOPE:	32.46	0.15
ION MEDIA:	1.20	(0.03)	CONCURRENT:	1.41	(0.09)
NEWS CORP:	24.39	(0.06)	CONVERGYS:	26.11	0.07
TRIBUNE:	30.47	(0.07)	CSG SYSTEMS:	25.28	0.20
<b>MSOS</b>					
CABLEVISION:	29.29	(1)	GEMSTAR TVG:	4.08	0.04
CHARTER:	3.39	(0.11)	GOOGLE:	481.75	(19.75)
COMCAST:	42.92	(1.43)	HARMONIC:	8.99	(0.06)
COMCAST SPCL:	42.10	(1.36)	JDSU:	16.70	(1.08)
GCI:	15.45	(0.01)	LEVEL 3:	6.10	(0.1)
KNOLOGY:	13.09	(0.21)	LUCENT:	2.55	(0.02)
LIBERTY CAPITAL:	103.10	0.80	MICROSOFT:	30.56	(0.3)
LIBERTY GLOBAL:	29.78	(0.28)	MOTOROLA:	19.95	0.10
LIBERTY INTERACTIVE:	24.31	(0.06)	NDS:	48.34	0.98
MEDIACOM:	7.87	(0.06)	NORTEL:	26.75	(0.02)
NTL:	26.91	(0.34)	OPENTV:	2.47	0.13
ROGERS COMM:	30.97	0.02	PHILIPS:	39.38	0.23
SHAW COMM:	35.49	0.04	RENTRAK:	16.15	0.09
TIME WARNER:	21.62	(0.25)	SEACHANGE:	10.15	0.15
WASH POST:	756.80	(5.9)	SONY:	47.48	1.15
<b>PROGRAMMING</b>					
CBS:	31.44	0.27	SPRINT NEXTEL:	17.88	0.05
CROWN:	4.19	0.11	THOMAS & BETTS:	48.70	0.81
DISCOVERY:	16.71	0.14	TIVO:	5.36	0.01
EW SCRIPPS:	48.36	(0.47)	TOLLGRADE:	11.35	1.29
GRUPO TELEVISA:	29.43	(0.03)	UNIVERSAL ELEC:	20.88	0.00
INTERACTIVE CORP:	38.33	(0.07)	VONAGE:	5.54	(0.14)
LODGENET:	27.95	0.76	VYYO:	4.43	(0.05)
NEW FRONTIER:	9.29	0.10	WEBB SYS:	0.04	(0.02)
OUTDOOR:	13.70	0.18	WORLDGATE:	1.25	(0.05)
PLAYBOY:	10.76	(0.28)	YAHOO:	28.35	0.04
UNIVISION:	35.85	0.14	<b>TELCOS</b>		
VALUEVISION:	12.34	0.08	AT&T:	37.75	0.12
VIACOM:	40.37	(0.36)	QWEST:	8.29	0.14
WWE:	16.01	(0.07)	VERIZON:	38.00	(0.52)
<b>TECHNOLOGY</b>					
3COM:	3.99	0.08	<b>MARKET INDICES</b>		
ADC:	16.44	0.30	DOW:	12673.68	51.99
ADDVANTAGE:	3.00	0.00	NASDAQ:	2468.38	4.45
AMDOCS:	35.10	0.42			
AMPHENOL:	67.78	0.06			
ARRIS GROUP:	14.26	0.05			

## CableFAX databriefs



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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Doin' Time**

Nat Geo's trifecta of shows highlighting prison life (Feb 11) is wickedly good voyeuristic fun, transporting viewers to dangerous and violent worlds that most have never seen or experienced. Razor-wired societies suffused with gang-related stabbings via homemade weaponry, constant terror, drug use and even gassings, the throwing of feces and urine. Trust me: it's an awfully long way from suburbia. Nat Geo svp, special programming **Michael Cascio** agrees that the footage may prove surrealistic to most but insists that part of the appeal is the relatable issues of racial tension, class structure, and the drug trade. "Our momentum as a channel is growing because we take you inside places and cultures that mirror certain aspects of society," he said. "There is human nature in confinement, and the problems inside prisons reflect those on the outside." "Lockdown: Gang War" (8pm) highlights combustible racial tensions at Salinas Valley State Prison in CA, a facility so overcrowded that 120 inmates live together camp-style in a converted gym. It's a breeding ground for retaliatory violence—the prison sees 200 attacks per year—that results almost exclusively from gang generals' orders. Abiding by "house" rules and sticking with your own race increases the chances of survival at Salinas. Less gang-infested but equally brutal is CA's Valley State Prison for Women, featured in "Lockdown: Women Behind Bars" (9pm). CA doesn't segregate female cons by threat level as in male prisons, so bloody physicality is a daily peril at Valley State, too. Juxtapose this and a raging drug trade with 200 pregnant inmates, and what results is true surrealism. "Lockdown: Total Control" (10pm) spotlights NC's Alexander Correctional Institution—dubbed "hell" by inmates and which uses sophisticated technology to manage the violent population. All 3 prisons exhibit "issues that resonate," said Cascio. Thank goodness most will find such resonance vicarious. *CH*

**Highlights:** "FutureCar," Wed, 8pm, **Discovery**. Clever work by *Jane Root's* crew to mix Discovery's new (or renewed) push in science/tech with the interests of the "Monster Garage" & "American Chopper" set. This 4-pt series begins with "The Extremes" in terms of speed and design. Importantly, though, ep 1 also covers sensibility (a new type of taxicab) and safety (we loved the design that could make airbags redundant). *SA*

**Worth a Look:** "Love is a 4-Letter Word," Sat, 9pm, **Hallmark**. Hallmark's all about love for Valentine's Day month and this predictable story of amour isn't bad, especially since it includes *Teri Polo* (aka Pamela Martha Focker). — "Nora Roberts' Montana Sky," Mon, 9pm, **Lifetime**. Like the first of this series ("Angels Fall"), the production values are excellent, particularly the scenery. Unfortunately, *Ashley Williams*, whom we loved as the adorable beach artist Alyssa in "Huff," doesn't quite cut it as a bitchy cowgirl. Ah, but Lifetimers will love "Sex & The City" hunk *John Corbett* in chaps. — "Dog Whisperer," Fri, 8pm, **Nat Geo**. The hype has *Cesar Milan* in Philly to aid *Patti LaBelle's* pooch, but more pressing is a Chicago hound who harasses skateboarders. [More at cable360.net] *SA*

Basic Cable Rankings (1/22/07-1/28/07) Mon-Sun Prime			
1	USA	2.5	2259
2	DSNY	2.1	1882
3	TNT	1.7	1589
3	TBSC	1.7	1526
5	FOXN	1.6	1415
6	A&E	1.4	1242
7	LIFE	1.3	1187
8	TOON	1.2	1054
8	HALL	1.2	932
10	SPK	1.1	1048
10	HIST	1.1	993
10	CORT	1.1	924
13	NAN	1	963
13	FX	1	944
13	HGTV	1	935
13	DISC	1	931
17	ESPN	0.9	843
17	AMC	0.9	832
17	CMDY	0.9	823
17	SCIF	0.9	783
21	TLC	0.8	773
21	VH1	0.8	739
21	CNN	0.8	736
21	TVLD	0.8	733
21	ESP2	0.8	693
21	BET	0.8	655
27	MTV	0.7	668
27	FOOD	0.7	630
27	FAM	0.7	614
30	MSNB	0.6	499
30	BRAV	0.6	471
30	LMN	0.6	302
33	APL	0.5	475
33	NGC	0.5	342
33	SOAP	0.5	301
36	TTC	0.4	374
36	EN	0.4	359
36	WGNC	0.4	318
36	GSN	0.4	236
36	BIO	0.4	151
36	TV1	0.4	123
42	HLN	0.3	307
42	CMT	0.3	286
42	TWC	0.3	247
42	VS	0.3	242

\*Nielsen data supplied by ABC/Disney

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# CableFAX FAXIES

MAGAZINE

## Nomination Form

Due February 23<sup>rd</sup>

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#### THE 6<sup>TH</sup> ANNUAL FAXIES CATEGORIES

- Best MSO Execs
- Best Programming Execs
- Best Marketers
- Best Flacks
- Best Shows
- Rising Stars on/off Camera
- Best Comebacks
- Best Parties
- Best Schmoozers
- Do Gooders
- Best Tech
- Best Tchotchkeys
- Best Web Play
- Nicest Guys/Gals in Cable

We've attempted to make the nominating process simple. Nominate as many people as you wish in as many categories.

Send Nominations to:  
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Include the following information in your fax or email.

- Candidate's Name and Title:
- Your Name, Title and Contact:
- Nomination Category:
- Why should this person receive a 2007 FAXIES Award?

#### 2007 FAXIES CONTACTS

##### Editorial Information:

Michael Grebb  
 Executive Editor  
 mgrebb@accessintel.com

##### Advertising Information:

Amy Abbey  
 Eastern Regional Director  
 aabbey@accessintel.com

Todd Milroy  
 Western Regional Director  
 tmilroy@accessintel.com

##### FAXIES Awards Party (in Las Vegas) information:

Dave Decker, Publisher,  
 ddecker@accessintel.com