

CableFAX Daily™

Wednesday — February 14, 2007

What the Industry Reads First

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Phonemenal: Charter Snags 500Kth VoIP Sub

Seen those new **Verizon** commercials bragging that its phone service is more reliable than cable's? At least one cable phone exec is smiling. "It's the classic back-handed compliment," said **Charter** telephone svp, gm *Ted Schremp*. "The decision to go negative with advertising is difficult for any marketer to make. Every quarter [the telcos] post quarterly wireline losses... I think that we can take it as a compliment." Charter certainly feels good about its phone service right now. While preliminary 4Q basic and digital sub numbers disappointed some analysts, the MSO's 106K phone adds beat estimates. Charter will also celebrate its 500Kth VoIP customer this week. "All the product ships rise as the bundle tide rises," Schremp said, predicting video sub numbers will rise as VoIP momentum/bundling continues. Charter's phone business is on fire, as the MSO increased its phone base from 122K subs/2.9mln homes passed in Jan '06 to approx 446K subs/6.8mln homes passed in 4Q. Charter's reported bundled stats are on par with others in the industry: 73% of its phone customers are triple-play subs and 94% are in at least a 2-product bundle. Schremp declined to provide guidance for Charter phone for '07 but noted "great momentum on phone driving great momentum across the business."

MTV Layoffs: With 250 staffers getting pink slips, names of affected **MTVN** staffers are slowly starting to trickle out. One exec who is definitely gone is **VH1 Classic** gm *Eric Sherman*, along with the rest of the VH1 Classic staff. Despite the cuts, word is that the brand will continue. MTV declined comment, even as more names began appearing on blogs and in trade pubs. **MTV2** gm *David Cohn* and **MTV** svp, affil marketing *Jessica Heacock* were among names being leaked, but it was unclear at press time if they are among those laid off.

Going Public: The long wait is finally over, with **Time Warner Cable** stock expected to trade on the **NYSE** as early as Mar 1. Thank the courts, which allowed **Adelphia's** Chapter 11 plan to go into effect Tues. The stock has traded on the pink sheets as "when issued" under "TWCAV" for about a month and was trading at about \$40 Tues. Time Warner's shares closed up 1.5% following the news. The parent company retains 84% ownership in the MSO. Time Warner Cable originally planned to go public through an IPO. But it has since withdrawn that application and is now distributing its shares to Adelphia creditors, who can begin trading them shortly.

Wireless: **Cox** officially launched wireless service Tues to Arizona and San Diego (**Cfax**, 1/17). The offering with **Sprint** allows customers to make unlimited, free calls to/from Cox Digital phone numbers, free home forwarding to their Cox Digital home phone, live TV (including **The Weather Channel** and **ESPN 3G**), access to email/Internet and more. Individual plans range from \$29.99/month for 200 mins to \$99.99/month for 2K mins (family plans are also available). Visit: www.cox.com/mobile for more info.

Ball Game: If it's a *John Malone* deal, it's got to be complicated. That's why it has taken nearly a year for **Liberty**

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to finish its purchase of the **Atlanta Braves** from **Time Warner**. **MLB** still has to OK the deal, which values the team at \$450mln. That could take weeks or months (but probably not as long as it took Liberty and TW!). Liberty will reportedly swap 1/3 of its stake in TW for the Braves, \$1bln in cash and **Leisure Arts** craft magazines. Separately, Liberty reached a deal to swap its stake in **CBS** for a Green Bay, WI, TV station and about \$170mln in cash.

On the Hill: **ACA** lost a retrans friend Tues, with the death of Rep *Charlie Norwood* (R-GA). Norwood was among 4 reps who sent a letter last month to House Commerce leadership requesting hearings on retrans. A non-partisan special election to replace him will have to be held in the next 40 days.

DirectTV Dollars: Pres/CEO *Chase Carey* will pull down \$2.22mln in base '07 salary after receiving a \$4mln cash bonus last year, according to a Mon **DirectTV** filing with the **SEC**.

Tornado Update: **Cox** reports that as of Tues afternoon, fewer than 5K of its New Orleans customers were experiencing service outages after a tornado blew through town earlier in the day (the majority of those cases related to the lack of electricity). Noting that Mardi Gras is next week, a Cox rep remarked that "we are glad that this wasn't worse and that it didn't happen on Fat Tuesday."

Hired Gun: **BBC Worldwide Americas** hired TV vet *Garth Ancier* for the new post as pres, US operations, where he'll oversee all of **BBC Worldwide's** US activity (**BBC America** being the flagship). Ancier is 1 of only 2 execs in US TV history to head 3 different network entertainment divisions, with **Fox**, **NBC**, **CNN** and **The WB** on his resume. He most recently ran **In2TV**, the **Warner Bros/AOL** broadband network. Ancier will report to **BBC Worldwide** CEO *John Smith* as well as the newly formed **BBC Worldwide Americas** board, of which he will also be a member.

VOD: **Time Warner Cable** on Wed will expose 7mln US homes to **SI On Demand**, a free VOD service offering content from *Sports Illustrated* and debuting in conjunction with the pub's swimsuit issue release. The deal includes content from other **Time Inc** assets, including *Golf* magazine, and sports instructional videos. Additional content will roll out throughout the year. **Toyota** is the channel's year-long sponsor, and **AXE** is the swimsuit sub-channel's sponsor.

Online: The *Michael Eisner*-backed IPTV venture **Veoh Networks** officially launched at Veoh.com Tues. It offers automatic syndication and reporting features for video publishers and a DVR-like downloadable player enabling users to download content from video sites across the Internet. -- **E!** launched at eonline.com a casino-style "ad-vergame" promoting new series "Paradise City" (Mar 4), which chronicles the lives of 20-somethings in Las Vegas. -- **ESPN.com** and **ESPN Radio** launched a network of affil station websites, integrating with ESPNRadio.com the sites of net-owned stations in NYC, Chicago, L.A., Dallas and Pittsburgh.

Ratings: **WWE** telecasts are back to pushing the cable competition around, earning top billing for the 2nd straight week while helping **USA** (2.2/1.98mln) again take the prime title. **Disney** (2.1/1.85mln) narrowly trailed, followed by **Lifetime** (1.5/1.37mln) and **Fox News** (1.5/1.33mln). **Brag Book:** **TV Guide Channel's** Grammy Awards pre-show with *Joan* and *Melissa Rivers* earned a .7 in local markets, up 75% over last year. In L.A., it earned a .8.

Programming: **Sci Fi** greenlit a 4th season of "Battlestar Galactica" (Jan '08). -- **HGTV** is sowing what flowers the most, ordering additional eps of real estate series "Hidden Potential," "National Open House" and "My House is Worth What?"

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BUSINESS & FINANCE

-- **A&E** picked up a 3rd season of "Intervention" (Mar 16), which profiles those struggling with substance abuse. -- **Comedy Central** renewed "The Sarah Silverman Program" for a 2nd season.

Neither Rain Nor Sleet Nor Snow?

The **FCC's** not the **US Postal Service**. The agency canceled the 1st meeting of the child obesity task force due to Wed's bad weather forecast.

People: Shopzilla COO *William Glass* succeeds *John Phelps* as pres of **Scripps'** online comparison shopping service. Phelps will assist in the transition. -- **Crown Media** upped *Laura Masse* to evp, mktg. -- **TVN** CTO *Dom Stasi* was named pres, **Society of Satellite Professionals Intl.**

Business/Finance: WWE reported 6% rev growth to \$263mln for the 8-month transition period ended Dec 31, but an 11% dip in operating income to \$39mln. -- **Knology** tapped **Credit Suisse** to manage a new \$580mln Senior Secured Credit Facility to finance its **PrairieWave Comm** purchase (*Cfax, 1/10*), and to refinance its existing First and Second Lien Term Loans. -- Pulled down by an 18% decline in domestic TV rev, **Playboy's** entertainment group reported a 62% fall in 4Q income to \$4.7mln and an 8% dip in rev to \$52.1mln. Chmn/CEO *Christie Hefner* also warned that domestic TV rev will be lower in '07 versus '06. Rev from VOD and **Playboy TV** subs rose but were offset by lower cable/satellite PPV rev.

CableFAX Daily Stockwatch

Company	02/13 Close	1-Day Ch	Company	02/13 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ARRIS GROUP:	14.28	(0.07)	ARRIS GROUP:	14.28	(0.07)
BRITISH SKY:	44.16	(0.15)	AVID TECH:	32.20	(0.08)
DIRECTV:	23.95	(0.18)	BLNDER TONGUE:	1.93	0.09
DISNEY:	34.59	0.67	BROADCOM:	33.52	0.32
ECHOSTAR:	42.12	0.42	C-COR:	14.20	0.54
GE:	35.77	0.13	CISCO:	27.18	(0.36)
HEARST-ARGYLE:	26.09	0.03	COMMSCOPE:	33.97	0.66
ION MEDIA:	1.19	0.00	CONCURRENT:	1.37	0.01
NEWS CORP:	24.87	0.22	CONVERGYS:	26.33	0.42
TRIBUNE:	30.40	0.11	CSG SYSTEMS:	25.06	0.34
MSOS					
GEMSTAR TVG:	4.06	(0.04)	GEMSTAR TVG:	4.06	(0.04)
CABLEVISION:	29.09	0.33	GOOGLE:	459.10	0.81
CHARTER:	3.20	0.10	HARMONIC:	8.74	(0.12)
COMCAST:	41.00	1.02	JDSU:	15.62	(0.16)
COMCAST SPCL:	40.69	1.04	LEVEL 3:	6.08	0.04
GCI:	15.40	0.12	MICROSOFT:	29.01	0.17
KNOLOGY:	13.72	0.15	MOTOROLA:	19.34	0.20
LIBERTY CAPITAL:	106.74	2.75	NDS:	48.16	(0.44)
LIBERTY GLOBAL:	29.69	0.38	NORTEL:	30.33	1.26
LIBERTY INTERACTIVE:	23.44	0.11	OPENTV:	2.62	(0.04)
MEDIACOM:	7.89	0.08	PHILIPS:	38.71	0.53
NTL:	28.22	0.00	RENTRAK:	14.28	0.08
ROGERS COMM:	31.38	0.60	SEACHANGE:	10.47	(0.1)
SHAW COMM:	35.05	(0.11)	SONY:	49.71	0.87
TIME WARNER:	21.50	0.33	SPRINT NEXTEL:	18.36	0.46
WASH POST:	775.10	1.51	THOMAS & BETTS:	50.88	0.75
PROGRAMMING					
TIVO:	5.89	0.01	TIVO:	5.89	0.01
CBS:	31.88	0.57	TOLLGRADE:	11.93	0.03
CROWN:	4.00	0.07	UNIVERSAL ELEC:	21.24	0.08
DISCOVERY:	16.33	0.17	VONAGE:	5.89	0.01
EW SCRIPPS:	48.43	0.42	VYYO:	4.17	(0.07)
GRUPO TELEVISA:	29.46	0.96	WEBB SYS:	0.04	0.00
INTERACTIVE CORP:	39.74	0.32	WORLDGATE:	1.13	(0.06)
LODGENET:	26.75	0.05	YAHOO:	29.56	0.39
NEW FRONTIER:	9.26	(0.01)	TELCOS		
OUTDOOR:	11.83	(0.18)	AT&T:	37.19	0.23
PLAYBOY:	11.21	0.34	QWEST:	8.14	0.07
UNIVISION:	35.89	0.00	VERIZON:	38.04	0.47
VALUEVISION:	12.80	0.30	MARKET INDICES		
VIACOM:	39.98	0.42	DOW:	12654.85	102.30
WWE:	16.05	(0.35)	NASDAQ:	2459.88	9.50
TECHNOLOGY					
3COM:	3.96	0.03			
ADC:	16.65	0.04			
ADDVANTAGE:	3.17	0.01			
ALCATEL LUCENT:	13.03	(0.03)			
AMDOCS:	33.63	0.00			
AMPHENOL:	67.56	0.32			

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Nielsen Media Research (1/1-1/28/07), Prime Time (M-Su 8-11p) Live+SD HH coverage area rating, ranked among all measured ad-supported cable networks (tied with NAN). Further qualifications available upon request.





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- **Abbe Raven**, President & CEO, A&E Television Networks
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