

CableFAX Daily™

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What the Industry Reads First

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Bold Call: Ergen Doesn't Like Economics of Chasing Subs

Call it savvy. Call it crazy. Call it whatever you want, but **DISH** pres/CEO *Charlie Ergen* refuses to engage in free programming promos or steep discounting to gain subs—even if the DBS op's net sub losses accelerated in 4Q to 156K, which **Sanford Bernstein's** *Craig Moffett* said marks the company's worst quarterly sub performance in history. "I'm trying to make rational, long-term strategic decisions... we have a great core base, good programming partners," said Ergen during a conference call. "But we're not doing very well in the marketplace versus our competitors, so maybe I'm stupid." At DISH, the main problem still lies with execution, he said, and while the sub results are disappointing, there are certainly 1mln profitable gross monthly adds available for DISH's taking. Plus, said Ergen, even with a newly-implemented rate hike, DISH's pricing remains 20% below competitors. The DBS op counted 653K gross adds in the quarter, and churn rose to 1.88%, yet financials including rev (+8.5%) and op income (+40%) were decent and ARPU jumped 6.85%. Besides execution, DISH's fall programming dispute with **Fox** led to the poor sub performance, said evp *Tom Cullen*, who noted a heavy residual effect despite defending DISH's heel dig because it resulted in better long-term pricing visibility. Moffett failed to see any real positives in the 4Q results. "Yesterday, **DirectTV** pointed to cable for 'most' of its growth. But Dish Network is doing all that it can to help," he wrote. Although it wasn't fond of the results either, **Citadel Securities** is recommending DISH shares on valuation, a growing cash balance and the chance for value-enhancing investments and shareholder returns. DISH still has the **TiVo** litigation to contend with, but Ergen remains confident of his company's positioning there, plus vis a vis where he believes the industry is headed. The DBS op's "driving connectivity pretty heavily," said Cullen, which should yield benefits, and its recent spectrum play through **DBSD** could provide plenty of opportunities. There's "not a grand strategy at this point" for the spectrum, said Ergen, noting a bankruptcy judge must still approve DISH's involvement with DBSD. But any spectrum adds value to the portfolio, he said, and would be "synergistic and additive" to the DBS business. Local addressable advertising is close to beta testing and should roll out by the end of the year, said Cullen. DISH shares fell 1.35%.

Rebounding Subs: The jury's still out on the long-term effect of cord cutting on pay TV, but the threat appears a

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little less daunting after the industry enjoyed both sequential improvement in sub metrics last quarter and a modicum of YOY growth in '10. With **Charter** and **Mediacom** yet to report earnings, **BTIG's Richard Greenfield** believes YE'10 multichannel video customers totaled 100.1mln, up from 99.9mln a yr earlier yet down versus an all-time high of 100.4mln in 1Q10. "We continue to expect industry multichannel video subscriber growth in 2011," wrote Greenfield. Citing 4Q data from **Comcast**, **Time Warner Cable**, **Cablevision**, **Charter** (est), **Verizon**, **AT&T**, **DISH** and **DirecTV**, **Sanford Bernstein's Craig Moffett** said the group posted a collective +101K sub add total, compared to -108K in 3Q and -141K in 2Q. Comcast, TWC, AT&T and DirecTV all delivered sequential improvement in 4Q and Charter is expected to also, even if the former 2 MSOs (and likely CHTR) still lost subs. For the group, Moffett estimated .04% YOY growth in overall subs during 4Q. "The fourth quarter gain will hardly put that [cord cutting] debate to rest," wrote Moffett. "The gain of ~100K... is well short of population growth, and very possibly lags new household formation." Still, it's a gain that follows 2 comparatively dreadful periods.

Carriage: Fox News renewed its distribution agreement with **Cablevision**. The deal is part of the parties' broader programming pact reached in Oct. Separately, CVC added **NEO Cricket** and **Sportsman Channel** to its iO Sports & Ent Pak, marking Sportsman's 1st entry into the NY metro area. NEO is also available within the MSO's iO South Asian package. -- **DISH** launched Tamil-language ent net **Vijay Intl** within its \$30/month Tamil Mega Pack.

In the States: Cablevision added **Citrix Online's GoToMyPC** and **GoToMeeting** to its Optimum Business Benefits program. PC provides small businesses with remote access to their Mac or PC machines from anywhere, and Meeting delivers Web conferencing and online meetings. -- Currently serving approx 450K TX homes, **Suddenlink** expects to invest nearly \$120mln in the state this year for new and enhanced services including more HD channels. -- **Ovation** tapped the **Comcast Media Center** to provide network origination and distribution services for Ovation's HD simulcast channel.

Beta: By a large margin, cable ops rank **Disney/ESPN Media Nets** as the most helpful basic network org in selling HSD, Internet, HDTV and/or VOD, according to **Beta** research. **Discovery Nets**, **NBCU Cable** and **Comcast Cable Nets** followed. The top 3 maintained their positions regarding helpfulness with HD programming, while **ESPN**, **Nat Geo** and **NFL Net** paced individual basic nets in the category. As for avg perceived value of basic nets to cable ops, ESPN was far and away the leader with an avg perceived value by affiliates of \$1.16, compared to \$0.93 a yr ago. **ESPN2** (\$0.71), **Fox News** (\$0.58) and **Disney Channel** (\$0.57) ensued.

Earnings: EchoStar delivered an 8% decline in rev to \$531mln but net income of \$169mln, compared to a net loss of \$30mln a yr ago. Shares jumped 8.64%. -- **E.W. Scripps'** TV segment delivered 37% 4Q rev growth to \$101mln on respective rises of 1.2% and 5.1% in local and national ad rev, plus a more than \$25mln surge in political ad rev. Scripps said total rev was 8.1% higher than in the '08 presidential election yr. Retrans rev grew 18% to \$3mln. Shares were flat.

Technology: At the **CableLabs Winter Conference** (Sun-Wed), **BigBand Networks** will intro a hybrid approach to managing HTTP adaptive streaming traffic meant to help MSOs expand their TV and on demand services to reach subs' IP-connected CE devices. The solution is designed to efficiently manage and leverage the existing resources of a video delivery network and improves bandwidth utilization and equalizes video quality across all services. -- Also at the conference, **BroadLogic** and **ZTE** will partner to showcase a first-of-its-kind solution for using EPON infrastructure to deliver broadcast-quality video services to digital TVs for new business video services.

Ratings: After landing in **Carmelo Anthony** 1 of the NBA's premiere players, the NY Knicks helped **MSG** score big Wed night with Anthony's 1st game with the team. The coverage delivered a 6.75 HH rating (507K homes) to become the highest-rated regular season Knicks game on the net in 16 years. The season's pervious high was a 3.61 rating. Area rivals the NJ Nets recently landed a star too, **Deron Williams**, a move that should boost **YES'** game ratings.

Programming: E!'s set for more than 7 hours of red carpet coverage at Oscars, including 3 blocks on Sun a dedicated "Fashion Police" ep Mon night. -- **ION TV** acquired more than 65 theatrical titles from **Universal Pictures**, **MGM** and **Sony Pictures**, including "Baby Mama," "A Few Good Men" and "Dances with Wolves." -- **ESPN 3D** an-

BUSINESS & FINANCE

nounced coverage of the NBA Finals in June, marking the series' 1st time in 3D, and 5 days of Masters coverage in early Apr. -- **IFC** greenlit a 2nd season of "The Increasingly Poor Decisions of Todd Margaret" (Oct).

On the Circuit: **WICT's** calling for nominations for the '11 Signature Accolades, its most prestigious award for cable programming that salutes excellence in cable's portrayal of women in 3 categories. The deadline for noms is Apr 15, with bestowal set for the June 14 WICT Signature Luncheon. Info at WICT.org.

People: **Turner Broadcasting** upped **Angela Santone** to svp, human resources, corporate business groups.

Business/Finance: **Motorola Mobility** invested in **Catch Media**, whose patent registry tracking, routing and clearinghouse tech allows retailers, carriers and CE vendors to offer customers legal and convenient access to their digital content from multiple devices.

Editor's Note: In a first for **CableFAX**, we're announcing Top Ops Kick-Off Nomination Week from Feb 28 to March 4. During this special period, members of **ACA** and **NCTC** will be able to access **CableFAX Daily** from the ACA and NCTC Websites. So welcome to our extended ACA/NCTC family as we usher in a new season of nominations for CableFAX's Top Operators Awards. Check www.cablefax.com for info.

CableFAX Daily Stockwatch

Company	02/24 Close	1-Day Ch	Company	02/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	45.72	0.69	AVID TECH:	21.36	(0.06)
DISH:	22.62	(0.31)	BIGBAND:	2.63	0.06
DISNEY:	42.42	0.29	BLNDER TONGUE:	2.07	(0.01)
GE:	20.58	0.35	BROADCOM:	40.96	0.84
NEWS CORP:	17.84	0.14	CISCO:	18.36	(0.04)
MSOS					
CABLEVISION:	36.36	0.23	CLEARWIRE:	4.81	(0.09)
CHARTER:	45.00	0.03	CONCURRENT:	5.85	(0.08)
COMCAST:	24.94	0.06	CONVERGYS:	13.86	0.03
COMCAST SPCL:	23.59	0.10	CSG SYSTEMS:	19.30	0.35
GCI:	11.53	(0.18)	ECHOSTAR:	34.19	2.72
KNOLLOGY:	14.03	(0.45)	GOOGLE:	608.82	(2.5)
LIBERTY CAPITAL:	67.73	0.15	HARMONIC:	9.44	0.36
LIBERTY GLOBAL:	41.73	0.79	INTEL:	21.29	0.14
LIBERTY INT:	16.54	UNCH	JDSU:	24.34	0.78
MEDIACOM:	8.78	UNCH	LEVEL 3:	1.32	(0.04)
SHAW COMM:	20.97	(0.02)	MICROSOFT:	26.77	0.18
TIME WARNER CABLE:	70.90	2.00	RENTRAK:	26.59	(0.07)
VIRGIN MEDIA:	26.87	(0.11)	SEACHANGE:	9.21	0.28
WASH POST:	415.49	0.94	SONY:	35.74	(0.09)
PROGRAMMING					
CBS:	22.03	0.27	SPRINT NEXTEL:	4.26	0.06
CROWN:	2.29	0.02	THOMAS & BETTS:	54.22	0.39
DISCOVERY:	42.62	0.34	TIVO:	10.16	0.14
GRUPO TELEVISA:	23.49	(0.07)	TOLLGRADE:	9.97	(0.03)
HSN:	32.05	1.80	UNIVERSAL ELEC:	27.48	1.18
INTERACTIVE CORP:	31.27	0.15	VONAGE:	3.97	(0.07)
LIBERTY:	42.83	(0.05)	YAHOO:	16.37	(0.21)
LIBERTY STARZ:	69.36	(0.47)	TELCOS		
LIONSGATE:	5.82	(0.06)	AT&T:	27.92	(0.11)
LODGENET:	3.31	0.22	QWEST:	6.62	0.02
NEW FRONTIER:	2.06	(0.03)	VERIZON:	35.58	(0.23)
OUTDOOR:	7.85	(0.1)	MARKET INDICES		
PLAYBOY:	6.11	UNCH	DOW:	12068.50	(37.28)
SCRIPPS INT:	51.44	(0.06)	NASDAQ:	2737.90	14.91
TIME WARNER:	37.42	0.14	S&P 500:	1306.10	(1.3)
VALUEVISION:	6.26	0.10			
VIACOM:	50.09	0.49			
WWE:	12.35	0.04			
TECHNOLOGY					
ADVANTAGE:	3.19	0.07			
ALCATEL LUCENT:	4.64	(0.03)			
AMDOCS:	28.92	0.24			
AMPHENOL:	56.71	0.27			
AOL:	20.90	(0.18)			
APPLE:	342.88	0.26			
ARRIS GROUP:	13.02	0.03			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Return of the King

When looking at the results of **Beta's** cable op study from the past 3 years, a few things jump out regarding the avg perceived value of basic nets among affils. The avg values of most of the top-ranked nets fell from '09-'10, no doubt exhibiting the negative business sentiment that was prevalent during the throes of the recession. But what's particularly interesting is how strongly most of the values rebounded this year, often to levels well above those of '09. **ESPN**, for example, the leader all 3 years, earned an avg perceived value of \$1.16 this year, compared to \$0.93 in '10 and \$1.00 in '09. Sure, economic recovery plays a part in the data, but I'd argue that the proliferation of tech has undoubtedly placed content back firmly upon its regal throne. Particularly sports programming, which helps explain why **ESPN** and **ESPN2** remain 1-2. But **ESPNU's** vault to #7 this year (\$0.51) also ties together the tech impact: **Disney/ESPN Media Nets** handily ranked in '11 as the most helpful basic network org in selling HSD, Internet, HDTV and/or VOD, driving the import of all family nets. It'll be interesting to see how well the 3 channels rate in '12 after a year or so of offering online programming access through **Time Warner Cable** and **FIOS TV**. **Fox News** (\$0.58), meanwhile, moved up to #3 in '11, surpassing **Disney Channel** to notch the highest avg perceived value among non-sports channels. From '10-'11, Fox News' value increased 45%, easily the highest among top the 5 nets from last year. The measurable sequential gain title among top 12 nets goes to **USA** (+55.8%), followed closely by **NFL Net** (+54.5%) and **The Weather Channel** (\$51.6%). USA, as part of **NBCU Cable**, and NFL ranked 3rd and 5th in the multiplatform helpfulness metric. **Nickelodeon/Nick at Nite** were bumped from the avg perceived value top 12 this yr by **ESPNU**. *CH*

Black History Month: Good shows from **HBO** and a more unlikely source (**TV Land**). A brief piece about Chicago artists, "Africobra" (Sun, 8p,TVL) wisely gives ample screen time to the art. The best thing about HBO's filming of a live performance of the one-man show "Thurgood" (Sun, 11:45am) is *Laurence Fishburne*. But that's more than enough. *SA*

Worth a Look: "Bethenny Ever After," season II premiere, Mon, 10p, **Bravo**. Spoiler alert: reality celeb *Bethenny* admits she's never been properly fitted for a bra. "It's time to leash the hounds," she says, the 1st time that phrase has been uttered on a non-**Animal Planet** series. *SA*

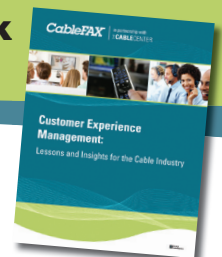
Notable: How does Bristol do it? Initially viewed as a decent game but now the 1st big test for *Carmelo's* Knicks against *LeBron's* Heat (Sun, 8p, **ESPN**). It's also a battle for the remote (the 83rd Oscars also begin at 8). A 1-TV solution: get 6 hrs of red carpet (**E!**, **TV Guide Net**, 2p ET, bathroom breaks optional); switch to basketball; record the Oscars; and don't miss *Joan Rivers'* "Fashion Police" (Mon, 10p, E!). -- Does football never end? **NFL Net** has the "NFL Scouting Combine" (Feb 24-Mar 1). Equally as exciting (almost), **ESPN2** has fishing's Super Bowl, "Bassmaster Classic," Sat, 10a, Sun, 5a ET. *SA*

Basic Cable Rankings			
(2/14/11-2/20/11)			
Mon-Sun Prime			
1	USA	2.3	2289
1	TNT	2.3	2268
3	DSNY	2.1	2054
4	FOXN	1.5	1470
5	HIST	1.4	1427
6	AMC	1.2	1175
6	FX	1.2	1167
8	NAN	1.1	1150
8	TBSC	1.1	1083
10	MTV	1	1012
10	A&E	1	989
10	ESPN	1	976
10	ADSM	1	961
14	DISC	0.9	911
14	HGTV	0.9	892
14	TRU	0.9	865
14	NKJR	0.9	642
18	FAM	0.8	819
18	FOOD	0.8	805
18	SYFY	0.8	775
18	TVLD	0.8	741
22	TLC	0.7	742
22	CMDY	0.7	717
22	MSNB	0.7	713
22	SPK	0.7	693
22	BRAV	0.7	617
27	LIFE	0.6	637
27	BET	0.6	577
27	HALL	0.6	523
27	LMN	0.6	500
27	ID	0.6	430
32	EN	0.5	525
32	CNN	0.5	463
32	SPD	0.5	365
32	NGC	0.5	339
36	APL	0.4	419
36	TRAV	0.4	348
36	OXYG	0.4	320
36	GSN	0.4	273
36	HI	0.4	257
36	NKTN	0.4	220
36	HMC	0.4	154
43	VH1	0.3	340
43	ESP2	0.3	325
43	HLN	0.3	301
43	CNBC	0.3	292

*Nielsen data supplied by ABC/Disney

CableFAX's Customer Experience Management Guidebook
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