

CableFAX Daily™

Wednesday — February 27, 2008 What the Industry Reads First Volume 19 / No. 038

Looking Ahead: DISH Optimistic About '08

It sounded Tues as if **EchoStar** CEO *Charlie Ergen* would like to launch **DISH's** '07 subscriber results into orbit aboard one of the important satellites slated to launch—anything to shift investor/industry focus away from last year and to the prospects of '08. With weakness plaguing gross/net sub adds and churn high among multichannel ops, Ergen touted continued efficiency improvements in customer care and installs amid a faltering economy. "The [4th] quarter was disappointing... there's a lot of room for improvement," said Ergen during DISH's earnings call. Although full-year rev increased 13% to \$11bn and net income rose 24% to \$756mln, gross sub adds last year totaled 790K, a 16% dip, and net sub adds plummeted 76% in 4Q to 85K. 4Q churn was 1.71%. Expected to provide healthy boosts are 3 '08 satellite deployments, particularly a summer launch set to increase the satcaster's HD capacity. DISH lost numerous subs last year because of thinness in local HD markets, said Ergen, and the satellite will allow growth in the market count from the current 34 to nearly 100 by year's end. It will also push the national HD channel number into similar territory, allowing DISH content offerings to finally catch up to the company's premium technology, he said. "There is nobody that sells a better DVR," he said. The company also sees growth in the MDU market, with the DTV transition spurring customer growth. In addition, **AT&T** is poised to begin exclusive DISH sales in the former **BellSouth** territory in Apr. But a broadband hole persists, and DISH is "pursuing avenues" toward a related partnership that would allow DISH to take on cable in VOD, said Ergen. "Satellite is going to stack up pretty well," said Ergen of VOD, arguing that on-demand is gravitating toward the Web (see: **DirectTV's** on demand beta). All of DISH's services are broadband-compatible, he said. DISH shares closed at \$29.18, down 4.8%.

Voom Boom: **Rainbow's Voom HD** nets have won a temporary restraining order against **DISH Network** to stop the satellite provider from moving the channels to a higher-priced tier. The Voom nets are carried as part of a \$10/month additional HD service. Voom was tight-lipped about its breach of contract lawsuit, filed in NY Supreme Court. "Because we are in the midst of ongoing litigation with EchoStar, it would be inappropriate for us to comment further at this time," a Rainbow spokesperson said. EchoStar didn't return requests for comment. Voom has filed suit, seeking a permanent injunction against EchoStar tiering the nets.

The Cap Ex Factor: 2008 will be a capital intensive year for **Mediacom**. But knowing how jumpy a little spending can get investors, execs were quick to add that spending should rapidly fall in '09 and beyond. Plus, Mediacom added that it expects to report positive free cash flow of \$18mln for the year. The expected \$30mln increase in cap ex spending will be "driven substantially by expenditures related to the digital transition," said CEO *Rocco Commisso*. "This increase in capital spending is directed at a lot more digital simulcasting, upgrading bandwidth capacity in several lower capacity cable systems, going all-digital in some systems, beginning our switched digital video initiative and FCC mandated



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requirements." The MSO has digital simulcast available to 25% of its footprint, and expects that number to grow to 50% in '08, execs said, noting that the technology changes allow it to buy cheaper set-tops. Technology advances also will mean more HD channel launches this year, but evp, ops *John Pascarelli* warned that MCCC wouldn't carry HD just for the sake of carrying HD. "We don't want to play the tonnage game in HD," he said. "We're focused on putting on what people are watching in HD rather than getting out there and selling tonnage." Shares closed at \$4.35, down 5.6%, Tues as Mediacom reported a 4Q loss of \$36.9mln vs \$3.6mln a year ago. Positive news included improvement in basic sub losses—7K vs 14K in 4Q06. Revenue increased 6.2% to \$332.5mln, and cash flow grew 7.7% to \$119.5mln. Digital adds totaled 16K, phone 20K and HSD 22K. Commisso told analysts to expect an improvement in 1Q vs 4Q, as well as a dramatic improvement over 1Q07, which was impacted by the **Sinclair** retrans standoff.

NFL Lawsuit Chronicles: An appeals court on Tues reversed a NY Supreme Court decision that allowed **Comcast** to move **NFL Net** to a \$5/month sports tier from a more widely distributed digital package. It comes as NFL continues to defend its turf, filing a lawsuit on Mon against **DISH Network's** decision to move the channel to a lesser distributed tier. The state Appellate Division said the contract language between Comcast and NFL Net was too "ambiguous" to determine the tiering question. The case goes back to the lower court, but NFL Net will remain on a sports tier in the meantime, a Comcast rep confirmed. Both sides expressed optimism. "We believe that today's decision ultimately will lead to the restoration of NFL Network service to the millions of fans who received it before the network was moved to an expensive sports tier," NFL Net said. Comcast took heart that the court didn't grant NFL's request to enter judgment in its favor. "We are pleased that the Appellate Court agreed that Comcast's main argument is a strong one..." a spokeswoman said. "We look forward to pressing ahead with discovery and trial in this case to vindicate our right to carry the NFL Network on a sports tier, which is the fairest and best result for our customers." NFL sued in Oct '06 after it learned Comcast planned to move the net. Comcast began moving the net after the NY Supreme Court's May ruling, which NFL appealed. As for NFL Net's lawsuit filed Mon, the net specifically wants the court to stop DISH Network from moving it to the Top 200 tier from the Top 100. DISH completed the switch last week but declined to give a specific reason. NFL Net indicated that the move was DISH's response to the league's decision to simulcast the historic Dec 29 Giants-Patriots game on broadcast, instead of only airing it on NFL Net. "EchoStar's response to the simulcast... is unwarranted and not in the best interest of its subscribers," said an NFL statement. "The NFL is the most popular sport in the nation, and this decision is taking NFL Network away from millions of subscribers around the nation that are football fans and have been receiving NFL Network's quality programming. We are seeking to prevent EchoStar from violating the terms of its distribution agreement with the NFL Network." Justice *Ira Gamerman* has been assigned the case.

Carriage: With no **Orioles** games, **Comcast SportsNet Mid-Atlantic** seems to face challenges getting affiliates to accept rate increases. **Atlantic Broadband** announced that it will no longer carry it in its MD footprint effective Mar 1, citing the net's request for a price increase despite losing **MLB**. The net remains home to the area's **NBA** and **NHL** games. Earlier this year, small op **Easton Cable** of Easton, MD, dropped the net. The two ops together account for less than 1% of the net's subs. A Comcast rep confirmed that "Comcast SportsNet offered Atlantic Broadband terms comparable to those already accepted by numerous other cable and satellite providers... While Atlantic Broadband served fewer than 1% of our viewers, we regret the loss of any viewer. Fortunately, because consumers have competitive choices, Atlantic



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Andrew Zimmern, host of Bizarre Foods, taking in the local colors in Delhi, India.

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Broadband's customers can get Comcast SportsNet through other services." -- **Gospel Music Channel** added approx 28mln subs in 12 months, thanks in part to a deal moving it to channel 338 on **DirectTV** on Mar 19.

At the Portals: As long expected, the **FCC** late Mon approved **Liberty's** acquisition of **News Corp's** 38% **DirectTV** stake. Program access conditions imposed on News Corp will remain in effect for the merged entity, and Liberty must sever common ownership of cable systems in Puerto Rico and DirecTV operations there. Liberty will return its 16.3% stake in News Corp in exchange for the DirecTV stake, \$550mln cash and 3 RSNs. **DoJ**, which had also been investigating the deal, indicated Tues it will close its investigation and let the transaction go through.

Block Party: Having slammed **Comcast** for months for what they view as blocking of Internet content, **Free Press** and **SavetheInternet.com** are now claiming the MSO blocked the public from attending Mon's **FCC** hearing on the issue by hiring people to hold places in line for local Comcast employees. It was a jam-packed hearing, with the 2 groups heavily lobbying for people to attend on their behalf for weeks (Free Press' **Josh Stearns** posted on MA Democratic blog BlueMassGroup.com last week, urging people to pop in throughout the day). "[Mon's] FCC hearing in Boston was open to the public and well-attended by many, including Comcast employees, who obviously had an interest in its content. Comcast informed our local employees about the hearing and invited them to attend. Some employees did attend, along with many members of the general public," a Comcast rep said, arguing that Free Press has "engaged in a much more extensive campaign to lobby people to attend the hearing on its behalf."

Ratings: Through Sun, **CNN's** Dem presidential debate from CA is cable's top telecast since Jan 28, earning a 6.2/5.96mln while inhabiting the monthly top 5 with 4 other CNN political specials. This success failed to push the net atop the prime poll over the same period, or even to the top 5. **USA** (2.3/2.23mln) took home the monthly title, followed by **Disney** (1.9/1.83mln), **TNT** (1.8/1.74mln) and **Fox News** (1.5/.46mln). **TBS** (1.4/1.40mln) and **Nick-at-Nite** (1.4/1.31mln) tied for 5th. **Brag Book:** **Golf Channel's** Fri coverage of the Accenture Match Play Championship earned a 2.0 share, the net's highest-rated **PGA Tour** event ever. -- **History Channel** set Feb viewership records among adults 25-54 (595K, +14%) and total viewers (1.2mln, +9%). -- Sat's TN-Memphis State roundball game averaged 3.64mln homes for **ESPN** and earned a 3.8, the net's highest college basketball rating since '98.

Programming: **WWE's** "SmackDown" franchise won't make a jump to cable and instead will debut this fall on **MyNetworkTV**. The deal comes after **WWE** and **The CW** terminated their programming partnership earlier this month. -- **Versus** has scored the exclusive TV rights to **AccuScore's** nightly **NHL** game and player forecasts, and the pair will develop, produce and distribute related programming for the net's hockey fans. AccuScore's programming analyzes and forecasts everything that could happen during every game. The deal also grants Versus non-exclusive access to the company's college football and NHL flash game previews, and player forecasting for the Internet. -- Hosting the '08 CMT Music Awards (Apr 14) will be **Billy Ray Cyrus** and daughter **Hannah Montana**, er... **Miley Cyrus**. The pair will also deliver a musical performance. -- **Fox Soccer Channel** intends to ride the **David Beckham** publicity express overseas, announcing exclusive English-language coverage of the LA Galaxy's Asia Tour '08, which kicks off Sat.

Research: Media consulting firm **Alger People** argues that MSOs must offer wireless services to compete effectively with satcasters and telcos. Increasing HFC bandwidth capacity and aggressively targeting the SMB market are other critical facets. In the short-term, the firm believes MSOs should focus on mobile voice and the quad play.

On the Circuit: **Cox** pres **Pat Esser** has been tapped as the honorary chair for this year's **NAMIC** awards breakfast, held in conjunction with **The Cable Show**.

Honors: **NJBIZ** named **Comcast's** **Lisa Brodeth-Carrick** and **Marge Jackson** as 2 of NJ's "Best 50 Women in Busi-

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BUSINESS & FINANCE

ness.” Brodeth-Carrick is vp, learning and dev in Comcast’s NJ region. Jackson is the region’s vp, marketing & sales.

Editor’s Note: Just a reminder that **Cfax** will expand its cable Upfront coverage this year, with dedicated space devoted to the season starting on Mar 3, and special distribution at the **Cable Positive Power Awards** in NYC and the **AAAA** conference in Orlando (come visit us at Booth 403 at AAAA). **Cfax** will also offer a special Upfront section on Mar 21, Apr 4, Apr 18, May 2, May 16 and May 30. We’re also looking for guest columnists and interview subjects. If interested, please contact executive editor *Michael Grebb* at mgrebb@accessintel.com.

People: *Edward Scripps*, a great-grandson of **E.W. Scripps’** founder, has announced his retirement from trustee and dir posts. -- Numerous luminaries were appointed advisory board members for **Discovery’s Planet Green** initiative, including Discovery chmn/founder *John Hendricks*, Nobel Laureate *Wangari Muta Maathai* and **Natl Wildlife Foundation** pres/CEO *Larry Schweiger*. -- Ex-**CBS** salesman *Todd Ackley* joined **Ion Media** as vp, natl long form sales. -- *Christina Glorioso* takes the newly created job of vp, sales and marketing partnerships for program enterprises at **MTVN’s** Music & Logo Group. -- **Comcast Network Ad Sales** upped *Chico White* to vp, traffic for **Comcast Entertainment Group**.

| CableFAX Daily Stockwatch | | | | | |
|------------------------------|------------|----------|-----------------------|------------|----------|
| Company | 2/26 Close | 1-Day Ch | Company | 2/26 Close | 1-Day Ch |
| BROADCASTERS/DBS/MMDS | | | | | |
| BRITISH SKY: | 47.28 | 0.28 | AMDOCS: | 31.01 | 0.20 |
| DIRECTV: | 26.29 | 0.13 | AMPHENOL: | 38.30 | 0.02 |
| DISNEY: | 32.89 | 0.00 | APPLE: | 119.15 | (0.59) |
| ECHOSTAR: | 29.18 | (1.48) | ARRIS GROUP: | 6.02 | (0.05) |
| GE: | 33.94 | (0.27) | AVID TECH: | 23.65 | 0.30 |
| HEARST-ARGYLE: | 22.59 | 0.00 | BIGBAND: | 6.24 | 0.14 |
| ION MEDIA: | 1.45 | 0.00 | BLNDER TONGUE: | 1.59 | 0.04 |
| NEWS CORP: | 20.19 | 0.06 | BROADCOM: | 19.76 | 0.42 |
| MSOS | | | | | |
| CABLEVISION: | 27.37 | (0.04) | C-COR: | 11.00 | 0.00 |
| CHARTER: | 1.08 | 0.02 | CISCO: | 24.07 | 0.27 |
| COMCAST: | 20.17 | (0.14) | COMMSCOPE: | 40.09 | (0.49) |
| COMCAST SPCL: | 19.96 | (0.07) | CONCURRENT: | 0.84 | 0.02 |
| GCI: | 6.15 | 0.08 | CONVERGYS: | 15.24 | 0.27 |
| KNOLGY: | 12.65 | 0.56 | CSG SYSTEMS: | 11.79 | (0.02) |
| LIBERTY CAPITAL: | 117.35 | (0.22) | ECHOSTAR HOLDING: | 39.09 | 1.83 |
| LIBERTY GLOBAL: | 38.33 | 0.64 | GEMSTAR TVG: | 4.86 | 0.08 |
| LIBERTY INTERACTIVE: | 15.49 | 0.20 | GOOGLE: | 464.19 | (22.25) |
| MEDIACOM: | 4.35 | (0.26) | HARMONIC: | 9.19 | 0.25 |
| ROGERS COMM: | 42.97 | 0.00 | JDSU: | 13.65 | 0.22 |
| SHAW COMM: | 20.75 | 0.44 | LEVEL 3: | 2.26 | 0.03 |
| TELEWEST: | 24.20 | 0.00 | MICROSOFT: | 28.38 | 0.54 |
| TIME WARNER CABLE: | 27.52 | 0.14 | MOTOROLA: | 11.01 | (0.15) |
| VIRGIN MEDIA: | 14.92 | 0.51 | NDS: | 49.67 | (0.25) |
| WASH POST: | 726.00 | 0.20 | NORTEL: | 11.45 | 0.47 |
| PROGRAMMING | | | | | |
| CBS: | 24.78 | (0.22) | OPENTV: | 1.28 | 0.00 |
| CROWN: | 5.79 | 0.21 | PHILIPS: | 40.22 | 0.39 |
| DISCOVERY: | 23.28 | (0.06) | RENTRAK: | 11.98 | (0.02) |
| EW SCRIPPS: | 43.64 | 0.66 | SEACHANGE: | 6.23 | (0.15) |
| GRUPO TELEVISA: | 22.71 | (0.36) | SONY: | 48.91 | 0.93 |
| INTERACTIVE CORP: | 22.83 | 0.77 | SPRINT NEXTEL: | 9.29 | 0.34 |
| LIBERTY: | 8.32 | 0.06 | THOMAS & BETTS: | 40.45 | 0.01 |
| LODGENET: | 10.64 | (0.22) | TIVO: | 8.93 | 0.06 |
| NEW FRONTIER: | 4.91 | (0.1) | TOLLGRADE: | 5.62 | 0.07 |
| OUTDOOR: | 7.60 | 0.00 | UNIVERSAL ELEC: | 22.33 | 1.08 |
| PLAYBOY: | 8.24 | 0.05 | VONAGE: | 2.07 | 0.02 |
| TIME WARNER: | 16.56 | (0.01) | VVYO: | 1.39 | (0.01) |
| UNIVISION: | 36.23 | 0.00 | WEBB SYS: | 0.07 | 0.02 |
| VALUEVISION: | 5.77 | (0.21) | WORLDGATE: | 0.30 | 0.00 |
| VIACOM: | 42.50 | 0.10 | YAHOO: | 28.22 | 0.09 |
| WWE: | 17.66 | (0.14) | TELCOS | | |
| TECHNOLOGY | | | | | |
| 3COM: | 2.98 | 0.15 | AT&T: | 35.57 | 0.07 |
| ADC: | 14.07 | (0.1) | QWEST: | 5.49 | (0.11) |
| ADVANTAGE: | 4.20 | (0.04) | VERIZON: | 36.81 | 0.29 |
| ALCATEL LUCENT: | 6.37 | 0.20 | MARKET INDICES | | |
| DOW: 12684.92 114.70 | | | | | |
| NASDAQ: 2344.99 17.51 | | | | | |

GUEST COLUMNIST

How to Maintain Your Job in Turbulent Times

No one in our government is officially calling our current economic condition a recession, but I’ll bet you’ve heard the word a few times lately.

This year has started rough and turbulent.

CEOs and leaders in the cable industry are talking about “headwinds” coming their way, and they have all been actively battering down the hatches.

The economy—the biggest unknown—will dictate their next turn course of action. For them, the quickest and most effective way of trimming expenses is laying off employees.

Over the last three years, there have been 7.5 to 8 million unemployed workers in our country which is nearly 5% of our workforce at any given time. But of course, this isn’t any given time this may be the “R” time. And the Bureau of Labor Statistics says the average unemployment time has been 17.5 weeks, these days, who knows?

It’s a common management mind-set that mid-career cable TV executives, who have been at the same company for a while, can become complacent.

No matter how secure you think you are, you must stay on top of trends and do what it takes to stay competitive in your job and your company. It is called “career currency,” because it’s really all about staying current.

Here’s some tips on how to do that.

Inventory your professional skills. What have you done for yourself lately? For example, how many times have you put off that executive WICT learning class or breakout session that your HR Department has asked you to attend?

Don’t miss an opportunity to demonstrate to management that you’ll grab all opportunities for improving your

professional performance, even if it’s already considered stellar. Improve your skills by better understanding the challenges of our industry, marketplace trends and those issues facing your management.

Rub elbows with people within and outside your company. CTAM events, SCTE seminars and meet-the-executive breakfasts are all great opportunities to meet others, and more importantly, a great way for them to know you.



Maggie Bellville

Share with them what you do and your vision for your job and your department. Building a network of colleagues can enhance your reputation in the industry, and those positive impressions will reverberate back to your management.

Maintain your personal list of clear goals for your career. Are you focused on where

you want your career to go? Scan the want ads, not for jobs, but to understand your strengths in terms of the current market’s vocabulary. Figure out how you are uniquely qualified to solve problems that exist in our industry. Look to become the ‘solutions person.’ Actively seek ways to step into a leadership role to define a problem and work to solve it.

At the end of the day, it’s about you—your competence, value, and abilities—and you need to convey your passion every day.

When your boss, CEO, or department head looks around to see who can help them, your attitude, energy, and willingness to jump into the fray will put you on their team.

Market your passion; enhance your career for today and tomorrow. You want to keep your job? Make a difference. NOW is the time.

Maggie Bellville is a partner in the Atlanta-based executive search firm Carter Baldwin. She can be reached at mbellville@carterbaldwin.com.

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