

# CableFAX Daily™

Thursday — March 5, 2009

What the Industry Reads First

Volume 20 / No. 041

## Pep Talks: Big Cable Optimistic Despite Turbulent Times

Both **Comcast** and **Time Warner Cable** rolled out their top financial execs at the **Deutsche Bank** conference Wed to promote what the pair believes will be a relatively prosperous '09. Perpetuating the message 1st underscored during their recent earnings presentations, the 2 top MSOs predicted crucial growth in rev and free cash flow this year—and even upticks in certain sub metrics. “I can’t tell you how good it is... to be in a business that is growing when so many company’s around us and the US economy as a whole are hunkering down and contracting,” said TWC CFO **Rob Marcus**. “We’re going to add a significant amount of RGUs in 2009.” Comcast CFO **Michael Angelakis** joined Marcus in noting additional, although diminishing, head room for HSD and VoIP, and in touting the potential upside of commercial services. “I really like the line of site of that business,” said Angelakis. “Frankly, it’s ours to execute against.” Marcus said customers’ price shopping has bolstered cable’s business services while telcos, conversely, are taking video share as new market entrants. Still, Marcus said churn is flat at TWC, and Angelakis said Comcast “continues to take meaningful share from RBOCs in voice and high-speed data.” Advertising, however, remains soft. “There may be a light but I can’t see it yet,” said Marcus of the slumping local ad business. “It doesn’t look like there’s any reprieve in sight in 2009.” Angelakis agreed, adding that national advertising is also seeing declines. Of course, Time Warner Cable and Comcast also own key financial differences going forward. The former, for example, will carry a hefty debt load following its separation from **Time Warner**, while the latter remains committed to its dividend. TWC’s healthy free cash flow (\$1.8bln in '08) will help the MSO pay down a good portion of the debt over the next 12 months, said Marcus. As for Comcast’s dividend, Angelakis expects it to continually increase and views it as “clearly a sign of confidence in our business.” Time Warner Cable shares gained 4.9% Wed, Comcast’s 1.9%.

**Interactive Ad Play: Cablevision** is expanding its addressable advertising capabilities in what it calls cable’s largest deployment of addressable advertising to-date. Over the next year, it expects to extend the offering to 500K HHs over multiple zones in the NY DMA. The news follows an 18-month trial in 100K homes in which Cablevision tested addressable advertising of its Optimum-branded services. It’s not revealing participating advertisers, other than to say they include “top national brands” from media partners **GroupM**, **Starcom**, **MediaVest** and **Universal McCann**. CVC said its trial showed double-digit lift results compared to non-addressable advertising. The MSO is using **Visible World** tech to deliver the addressable ads, and said that deployment over multiple ad zones is another 1st for the industry.

**Technology: BigBand** is pitching a new IP video product suite for cable designed to use existing infrastructure to deliver Web-based and managed video services to a range of DOCSIS 3.0 devices. It estimates that the IPTV solution could save the industry up to 75 percent of its capital expenditures for CMTS expansion, or up to \$2bln over the next 2 years. -- CPE supplier **Ambit Broadband** has rebranded as **Ubee Interactive**. -- **Entertainment Studios**

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chose electronic media services provider **Crawford Comm** for its transmission of 6 HD nets initially launching on **Verizon's FIOS TV**. They are **CARS.TV, PETS.TV, COMEDY.TV, MYDESTINATION.TV, ES.TV and RECIPE.TV**.

**No More Tiers:** **GSN** scored a victory in San Antonio: **Time Warner Cable** moved it off a sports tier and onto digital basic.

**At the Portals:** The **FCC** agreed with **NAB** that consumers might be confused to see a new 100-day DTV countdown clock begin this week, so it's temporarily waiving that requirement, as it has a rulemaking pending on the issue. FCC rules required broadcasters to run a countdown 100 days out from the transition, which recently shifted from Feb 17 to June 12.

**In the States:** **WNBC NY** will bow next week **New York Nonstop**, a 24/7 cable news and lifestyle net that will reach 5.7mln area homes. The channel will feature news updates every 15 minutes and a Mon-Fri newscast, plus quirky content such as street interviews with New Yorkers. -- The **TX Cable Assoc** is working with lawmakers to advance statewide broadcast of TX House and Senate proceedings. For more than a decade, **Time Warner Cable** customers in Austin have been able to watch those proceedings on public access channels. TCA members will partner with the TX House by providing capacity where available for this service across the state for free, TCA's **Todd Baxter** told a House committee Tues.

**Earnings:** **Crown Media** reported 8% growth in 4Q net rev to \$75.2mln and net income \$1.3mln, compared to a net loss of \$37.3mln a year ago. A key catalyst was sub fee rev, which jumped 126% to \$14.5mln. Ad rev fell 4% to \$60.4mln. After reaching more than 14mln homes in '08, **Hallmark Movie Channel** is expected to expand to more than 25mln by YE.

**VOD:** **NBCU, Disney** and **Sony Pictures** are among the initial content providers for **ZillionTV**, an IPTV service currently in beta and that offers streaming on-demand programming through subscribers' TVs. Viewers may choose to watch targeted and addressable ad-supported content for free, rent or purchase. More info at **ZillionTV.tv**. -- **Cox** launched **Bollywood Hits On Demand** (\$9.99/month) in select markets, including San Diego and Tulsa, OK. -- **RCN** bolstered its SVOD services by adding **Bollywood Hits On Demand** and **Filipino On Demand**. -- VOD: **Charter** has agreed to trial **Rentrak's** service that analyzes the relationship between on demand and linear viewing trends.

**CableCares:** More details are available on community service projects planned for the **CableCares** initiative during the **Cable Show**. Projects needing volunteers include building a new media center at a public school (**Comcast** is heading this up), distribution of food, school supplies and musical instruments at a middle school (**Gospel Music Channel**), serving more than 200 hot lunches to the homeless (**Sportsman Channel**), assisting at 2 well known DC organizations for patients with AIDS and other life-threatening illnesses (**Cable Positive**). Other things you can do: donate professional clothing at **Fine Living's** collection bin at on-site registration for the **Dress For Success** and **Career Gear** non-profits; donate new elementary or middle school level books at the CableCares booth (or buy one at the show at the Books-A-Million in the convention center, which is offering a 25% discount for donated books) and drop off canned foods (or money) at **The Capital Area Food Bank** and Sportsman Channel's collection site. Additionally, **Cable Channel's Steve Nelson** will pony up \$1 for every hotel room that carries the Cable Channel during the show.

**Marketing:** **Charter** unveiled "Sports View Plus," a new sports package that combines the nets from its sports tier with premium online content from sites such as **NASCAR.com** and **MLB.com**. The package, supported by **Synacor**, is \$10/month. Customers can buy the sports tier alone for \$5/month.

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**Artwork:** March 11

**Event Date:** March 30, 2009

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CTAM Research Conference

Bins and Registration Bags

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# BUSINESS & FINANCE

**Competition:** Ahead of March Madness and its interactive coverage thereof, **DirecTV** announced "Bracket Breakdown," a tourney analysis show that will premiere Mar 16 on **The 101** and feature coaches such as *Rick Pitino* and *John Calipari*. -- **Verizon** opens a **FiOS** store in Yonkers, NY, on Sat.

**Programming:** truTV ordered 20 additional eps of "Speeders" and 6 eps of "Speeders Fight Back." The 2 rank among the nets most popular series. -- *Super Dave Osborne* (played by comedian *Bob Einstein*) will star in a 4-part series on **Spike** this summer. -- **Nat Geo's** 10 new series for '09 include "Jurassic CSI," featuring an investigation into dinosaur behavior, and "Alaska Troopers," spotlighting the state's law enforcement officials. -- **Comedy Central** greenlit a 3rd season of "The Sarah Silverman Program" ('10).

**Online:** Turner and 2 of its sibling properties have agreed to collaborate with **Adobe Systems** to develop digital rights management for the Web and desktop, as well as metadata and audience measurement solutions to improve the discovery and monetization of content.

**On the Circuit:** **CNN** anchor *T.J. Holmes* will serve as the host of the '09 **NAMIC** annual awards breakfast, Apr 3, during **Cable Connection** week. Register for the event at [www.namic.com](http://www.namic.com).

## CableFAX Daily Stockwatch

| Company                      | 03/04 Close | 1-Day Ch | Company               | 03/04 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| BROADCASTERS/DBS/            |             |          | AMDOCS:               | 16.69       | 0.48     |
| BRITISH SKY:                 | 25.45       | 0.73     | AMPHENOL:             | 25.30       | 1.30     |
| DIRECTV:                     | 20.55       | 0.91     | APPLE:                | 91.17       | 2.80     |
| DISH:                        | 9.59        | 0.49     | ARRIS GROUP:          | 6.14        | 0.30     |
| DISNEY:                      | 16.94       | 0.58     | AVID TECH:            | 9.59        | 0.08     |
| GE:                          | 6.69        | (0.32)   | BIGBAND:              | 5.20        | (0.14)   |
| HEARST-ARGYLE:               | 1.58        | (0.14)   | BLNDER TONGUE:        | 0.93        | 0.00     |
| NEWS CORP:                   | 6.42        | 0.33     | BROADCOM:             | 16.55       | 0.75     |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 11.60       | 0.41     | CISCO:                | 15.25       | 0.86     |
| CHARTER:                     | 0.02        | 0.00     | CLEARWIRE:            | 3.28        | 0.34     |
| COMCAST:                     | 12.74       | 0.24     | COMMSCOPE:            | 8.18        | 0.60     |
| COMCAST SPCL:                | 11.85       | 0.07     | CONCURRENT:           | 2.84        | 0.14     |
| GCI:                         | 4.78        | 0.23     | CONVERGYS:            | 6.31        | 0.44     |
| KNOLOGY:                     | 4.00        | 0.08     | CSG SYSTEMS:          | 13.66       | 0.15     |
| LIBERTY CAPITAL:             | 4.93        | 0.25     | ECHOSTAR:             | 15.34       | 0.47     |
| LIBERTY ENT:                 | 17.72       | 0.70     | GOOGLE:               | 318.92      | (6.56)   |
| LIBERTY GLOBAL:              | 12.12       | 0.49     | HARMONIC:             | 5.04        | 0.03     |
| LIBERTY INT:                 | 2.99        | 0.13     | INTEL:                | 12.76       | 0.48     |
| MEDIACOM:                    | 3.87        | 0.30     | JDSU:                 | 2.55        | 0.06     |
| SHAW COMM:                   | 14.56       | 1.01     | LEVEL 3:              | 0.75        | 0.04     |
| TIME WARNER CABLE:           | 18.71       | 0.88     | MICROSOFT:            | 16.12       | 0.24     |
| VIRGIN MEDIA:                | 4.38        | (0.06)   | MOTOROLA:             | 3.45        | 0.15     |
| WASH POST:                   | 343.05      | 4.78     | OPENTV:               | 1.25        | 0.02     |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| CBS:                         | 3.85        | 0.25     | PHILIPS:              | 15.78       | 0.99     |
| CROWN:                       | 1.71        | 0.10     | RENTRAK:              | 9.98        | (0.41)   |
| DISCOVERY:                   | 15.45       | (0.21)   | SEACHANGE:            | 4.72        | 0.22     |
| EW SCRIPPS:                  | 0.93        | (0.1)    | SONY:                 | 18.28       | 0.92     |
| GRUPO TELEVISA:              | 11.95       | 0.45     | SPRINT NEXTEL:        | 3.32        | 0.04     |
| HSN:                         | 4.24        | 0.45     | THOMAS & BETTS:       | 22.05       | 0.70     |
| INTERACTIVE CORP:            | 14.51       | (0.02)   | TIVO:                 | 7.22        | (0.06)   |
| LIBERTY:                     | 19.82       | 0.92     | TOLLGRADE:            | 5.90        | 0.09     |
| LODGENET:                    | 0.63        | (0.1)    | UNIVERSAL ELEC:       | 15.43       | 0.89     |
| NEW FRONTIER:                | 1.39        | (0.02)   | VONAGE:               | 0.38        | 0.02     |
| OUTDOOR:                     | 5.29        | 0.19     | YAHOO:                | 13.16       | 0.66     |
| PLAYBOY:                     | 1.32        | 0.07     | <b>TELCOS</b>         |             |          |
| RHI:                         | 3.11        | 0.40     | AT&T:                 | 23.00       | 0.33     |
| SCRIPPS INT:                 | 19.45       | 0.52     | QWEST:                | 3.19        | 0.22     |
| TIME WARNER:                 | 7.49        | 0.25     | VERIZON:              | 28.15       | 0.84     |
| VALUEVISION:                 | 0.28        | (0.02)   | <b>MARKET INDICES</b> |             |          |
| VIACOM:                      | 15.79       | 0.50     | DOW:                  | 6875.84     | 149.82   |
| WWE:                         | 9.45        | 0.25     | NASDAQ:               | 1353.74     | 32.73    |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| 3COM:                        | 2.37        | 0.12     |                       |             |          |
| ADC:                         | 3.22        | 0.72     |                       |             |          |
| ADVANTAGE:                   | 1.50        | 0.14     |                       |             |          |
| ALCATEL LUCENT:              | 1.23        | 0.05     |                       |             |          |

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## Think about that for a minute...

### You Have No Idea

It all looked easy.

The call centers were up and running, the “scripts” were all vetted to assure neutrality, the newly-hired call center reps were put through training to be sure they could answer questions on the DTV transition. All went smoothly. It wasn’t a “Katrina,” it was a “Y2K.”

That’s the bottom line about the first part of the DTV transition that took place on February 17th. No headlines, no waves. It all looked easy. Well, you have no idea what it took to make sure that happened!



**Steve Effros**

I’m sure others can tell stories of their yeoman efforts to help make it a “no news” day. But I was “up close and personal” with what was going on at the NCTA, since I still have an advisory role there, and I have to tell you, we all owe those folks a big

“THANK YOU” the next time you see them.

I’m not going to go through the whole list of staffers at the NCTA and some of the major cable companies who all pitched in to make sure things worked. There are too many. One, however, should be specially noted.

My good friend (we helped dub him “the nicest guy in cable” when he worked at CATA) and the head of Communications at NCTA, Rob Stoddard, was incredible. He was up day and night coordinating a multifaceted effort by the cable industry to bolster the call center capability of the FCC to make sure it would work.

I don’t think anyone who had any involvement in this effort—from the government side or the cable side—would argue that without us stepping up to the plate and taking on the challenge of almost instantly setting up, manning, and training the folks who were in the call centers, it simply would not have worked.

You have no idea how much time and effort went into that, let alone the money the cable industry put into it.

And this wasn’t even our transition! It was just a realization on our part that we were the only ones with the experience and expertise to do it.

Several major companies loaned their best people to help in the effort, and it paid off.

Rob was running from one meeting to another for weeks as the on-again, off-again decisions were made on the transition. He had lots of great help, and was in conference calls virtually non-stop. It was a true industry-wide effort, and I’m sure everyone will be doing it again come June. But really, you have no idea how massive a job it was, and how well it was pulled off.

The proof is that you really haven’t heard much about it. But you should.

The DTV effort is not the only one we should say “thank you” for. The NCTA folks have been doing battle for the past four years with the most unbalanced FCC regime I think anyone has experienced. Now departing Legal and Policy guru Dan Brenner did a “stand up” job with that, as well as all the other great things he has done for the industry over his 16-year stint. Glad we’ll still have him around DC to keep fighting the good fight.

And, for instance, have you seen the newly designed web site? It’s looking really good, it’s useful, and it took a LOT of effort to make it that way.

That’s the story at the NCTA these days.

Say thanks. You have no idea how hard it is to make things look easy.

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