

# CableFAX Daily™

Monday — March 30, 2009

What the Industry Reads First

Volume 20 / No. 058

## Market Meteorology: A Look at Cable Ops Amid Economic Strife

On Fri, **Charter** officially filed for bankruptcy and **Time Warner Cable** completed its separation from Time Warner through share distributions, events serving to cap a particularly volatile Q for the 2 MSOs—not to mention Wall St as a whole. Yet '09 has been erratic for other public cable ops too, and as springtime weather and 2Q sit poised to bloom, the time seems right to both review and look ahead. Charter's future includes a debt load of approx \$13bln (down from approx \$21bln) following restructuring proceedings, guidance through which will be handled by new chief restructuring officer *Gregory Doody*. The MSO will continue operations throughout the proceedings and emerge with much-needed financial flexibility, but there's still no word on the cancellation date of its common shares, holders of which will receive no remuneration. Time Warner Cable, meanwhile, eyes truly independent operations and equity trading, but also hefty debt stemming from separation-related events including its special dividend payout. Still, the MSO performed well financially in 4Q, and according to a recent meeting between CFO *Rob Marcus* and **Sanford Bernstein**, the multichannel marketplace continues to improve. "Even in the markets where the local economy is the weakest (Ohio, for example, where there is 9%+ unemployment, or South Carolina, where it is even higher), [Time Warner Cable is] still seeing RGU growth, revenue growth, and EBITDA growth," wrote analyst *Craig Moffett*, noting that the MSO "remains the most attractively valued name in our coverage universe." Despite a more navigable 1Q environment and good operating performance in 4Q, **Comcast** and **Cablevision** have seen their share prices stagnate in '09. **MCCC** has gained 5%. With Charter's share price largely irrelevant and Time Warner Cable's difficult to parse thanks to a 1-to-3 split and the dividend payout, Comcast (-13%) and CVC (-19%) shares have both underperformed the **Dow** (-11%) and **S&P500** (-10%) so far this year. Important, however, are relatively positive cable outlooks from firms including **Collins Stewart**, which expects RGU growth from 4.2-4.8% for cable ops this year—slowing, yes, but growth nonetheless. Collins is particularly fond of Cablevision's '09 prospects, as is **Pali** analyst *Rich Greenfield*. "While the CVC growth story is slowing, we still believe it will grow substantially faster than its larger peers," wrote Greenfield, adding also that the MSO's "subscriber base is far more protected from competition than its peers." As for Comcast and MCCC, Pali upgraded the latter to 'buy' in Feb, and Collins Stewart sees "valuation upside" in Comcast shares, believing any negatives are already baked into the price.

**Big River:** **Cable One**, Fargo's primary cable op, was hoping for the best and bracing for the worst Fri. The MSO closed its Fargo office, with all associates busy sandbagging their own homes or helping coworkers. Some employees have homes in the danger zone, with one staffer's home just 7 houses away from the Red River, which has broken a 112-year-old flood record in Fargo. The swelling river and a leaking levee has forced hundreds of evacuations, making it impossible for Cable One to send help into the area at this point. Fargo is one of Cable One's largest systems, with about 40K customers and more than 100 employees. The MSO also serves Moorehead, MN, which is in the river's path.



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**Deals:** Disney is reportedly in talks for an equity stake in **NBC-News Corp's Hulu** in exchange for adding **ABC** programming, reports **PaidContent.org's Staci Kramer**, citing unnamed sources.

**DTV Doings:** The **FCC** enlisted **AmeriCorps National Civilian Community Corps** members to help citizens with DTV preparations. Teams of 8-12 AmeriCorps members will help to install converter boxes and to apply for coupons in areas that the FCC has identified as needing additional help. Denver has been selected as a test market for AmeriCorps's participation, and the FCC will begin training members there next week in advance of early digital transitions planned for mid-April by several Denver television stations, including two major network affiliates.

**On the Hill:** President Obama nominated **Larry Strickling** to head up **NTIA** as the **Commerce Dept's** asst sec for comm and info. "Larry's vast experience will be critical as NTIA establishes and implements programs that are designed to improve broadband access and spur adoption across America," said **NCTA** pres/CEO **Kyle McSarrow**. Strickling served as policy coordinator for Obama for America and was responsible for telecom and tech issues. He previously worked at **Broadwing Comm** as chief regulatory and compliance officer, and has done time at the **FCC** in the Common Carrier Bureau and Competition Division. -- The **Cable Show** isn't the only show in town next week. The **House Communications subcmte** will hold a hearing Thurs, 9:30am on the \$7.2bln in broadband funding included in the stimulus package. No witness list yet. On Tues, **House Judiciary** will hold a hearing titled, "VoIP: Who Has Jurisdiction to Tax It?"

**Carriage:** **Shalom TV** has eclipsed the 30mln home plateau through deals with **Armstrong** and **Buckeye Cable-System**, plus expansion to additional **Time Warner Cable** markets including the Carolinas, Dallas and HI.

**Opening Day:** **iN Demand** bows Apr 6 out-of-market games package **MLB Extra Innings** for digital cable subs, who may access the offerings for free through Apr 12. More info on the package, which features up to 80 games/wk, at **GetBaseball.com**. -- **MLB Net's** doc-style special "This Is Beyond Baseball" (Mar 29) uses vignettes to communicate the importance of baseball as the 1st pitch in MLB's new marketing campaign of the same name. Featuring **Cal Ripken** and **Derek Jeter**, the campaign focuses on family, ballparks, community and culture.

**Ratings:** The Wed ep of **TV Land's** "High School Reunion" averaged more than 1mln total viewers to become the series' most-watched of the season.

**Online:** **Lifetime** announced the launch of **ROIworld.com**, its recently acquired casual gaming site for women. Since its domestic bow in Feb, it has drawn 1.3mln unique visitors and 100K new members. It offers 1K free games along with the ability to make over the looks of stars and public figures.

**People:** **CableLabs** CEO **Dick Green** joined the board of **Jones/NCTI**, provider of technical training, education and consulting services for cable and broadband. -- Cable equipment maker **R.L. Drake** named **Jeff Huppertz** as pres/CEO. -- The **SCTE Foundation** named **SCTE** pres/CEO **Mark Dzuban** and **Comcast Cable** evp/CTO **Tony Werner** to its board.

**Editor's Note:** Don't forget to join us for our **CableFAX Awards Luncheon** on Mon, Mar 30 at the National Press Club in DC where we'll honor our CableFAXIES recipients, CableFAX's 20-year anniversary and its founder **Paul Maxwell**, and our impressive list of "Women on the Move." In addition, we'll sit down for a chat with **CNBC** Washington correspondent **John Harwood**. For registration info, contact Patrick Benko at 301-354-1789 or pbenko@accessintel.com.



Growing up never looked so good.



Tatyana Ali

**TV One Celebrates It's  
5<sup>th</sup> Anniversary**

Visit us at The National Show  
**Meet Tatyana Ali, host of TV One Access**  
(formerly little Ashley of The Fresh Prince of Bel Air)

1:00 - 2:30pm  
 Thursday, April 2nd  
 Booth #1613

## CableFAX Week in Review

Company	Ticker	3/27 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	24.15	(7.4%)	(15%)
DIRECTV:	DTV	22.88	5.00%	(0.1%)
DISH:	DISH	11.57	11.70%	4.30%
DISNEY:	DIS	18.59	6.60%	(16.5%)
GE:	GE	10.78	13.00%	(27.7%)
HEARST-ARGYLE:	HTV	4.20	98.10%	(29.5%)
NEWS CORP:	NWS	7.95	15.40%	(16.9%)

**MSOS**

CABLEVISION:	CVC	13.74	9.00%	(18.4%)
CHARTER:	CHTR	0.03	(40%)	(62.5%)
COMCAST:	CMCSA	14.54	14.30%	(13.5%)
COMCAST SPCL:	CMCSK	13.61	14.30%	(15.4%)
GCI:	GNCMA	6.75	19.50%	(16.6%)
KNOLOGY:	KNOL	3.97	(0.8%)	(23.1%)
LIBERTY CAPITAL:	LCAPA	7.37	22.40%	56.50%
LIBERTY ENT:	LMDIA	20.05	7.20%	14.70%
LIBERTY GLOBAL:	LBTYA	15.26	18.70%	(4.1%)
LIBERTY INT:	LINTA	3.37	8.70%	8.00%
MEDIACOM:	MCCC	4.54	16.10%	5.60%
SHAW COMM:	SJR	16.37	4.90%	(5.9%)
TIME WARNER CABLE:	TWC	26.32		(52.1%)
VIRGIN MEDIA:	VMED	4.94	(7.3%)	(0.2%)
WASH POST:	WPO	368.94	8.80%	(4.4%)

**PROGRAMMING**

CBS:	CBS	4.61	13.80%	(43.7%)
CROWN:	CRWN	2.01	11.70%	(29.5%)
DISCOVERY:	DISCA	16.12	1.50%	13.80%
EW SCRIPPS:	SSP	1.67	(1.8%)	(24.5%)
GRUPO TELEVISIA:	TV	13.91	9.10%	(6.9%)
HSN:	HSNI	5.14	10.80%	(29.3%)
INTERACTIVE CORP:	IACI	15.38	4.50%	(2.2%)
LIBERTY:	L	22.34	(1.3%)	(20.7%)
LODGENET:	LNEL	1.65	65.00%	135.70%
NEW FRONTIER:	NOOF	1.41	(9%)	(17.1%)
OUTDOOR:	OUTD	6.63	9.20%	(11.5%)
PLAYBOY:	PLA	1.89	2.70%	(12.5%)
RHI:	RHIE	1.15	(19%)	(85.8%)
SCRIPPS INT:	SNL	23.15	10.30%	5.60%
TIME WARNER:	TWX	8.43	7.30%	(15.6%)
VALUEVISION:	VVTV	0.74	64.40%	124.20%
VIACOM:	VIA	18.96	6.80%	(5.8%)
WWE:	WWE	11.74	9.50%	9.20%

**TECHNOLOGY**

3COM:	COMS	3.18	20.00%	39.50%
ADC:	ADCT	4.39	26.30%	(19.9%)
ADVANTAGE:	AEY	1.60	14.30%	(10.1%)
ALCATEL LUCENT:	ALU	1.84	15.70%	(14.4%)
AMDOCS:	DOX	18.06	6.10%	(1.3%)
AMPHENOL:	APH	29.57	5.90%	23.40%
APPLE:	AAPL	106.85	5.20%	25.20%
ARRIS GROUP:	ARRS	7.69	8.20%	(3.3%)
AVID TECH:	AVID	9.63	2.20%	(11.7%)
BIGBAND:	BBND	6.38	(0.8%)	15.60%
BLNDER TONGUE:	BDR	0.90	(5.3%)	(10.9%)

Company	Ticker	3/27 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	20.66	6.50%	21.70%
CISCO:	CSCO	16.95	6.50%	4.00%
CLEARWIRE:	CLWR	5.00	19.60%	25.90%
COMMScope:	CTV	11.91	31.90%	(23.4%)
CONCURRENT:	CCUR	3.51	6.10%	2.90%
CONVERGYS:	CVG	8.21	18.50%	28.10%
CSG SYSTEMS:	CSGS	13.57	1.20%	(22.3%)
ECHOSTAR:	SATS	15.74	7.50%	5.90%
GOOGLE:	GOOG	347.70	5.30%	13.00%
HARMONIC:	HLIT	6.63	14.30%	18.20%
INTEL:	INTC	15.42	5.30%	14.40%
JDSU:	JDSU	3.95	14.00%	6.50%
LEVEL 3:	LVLTL	0.95	28.40%	35.70%
MICROSOFT:	MSFT	18.13	6.30%	(5.4%)
MOTOROLA:	MOT	4.37	10.40%	(0.2%)
OPENTV:	OPTV	1.44	2.90%	17.10%
PHILIPS:	PHG	16.39	5.70%	(17.5%)
RENTAK:	RENT	8.78	(2.4%)	(25.5%)
SEACHANGE:	SEAC	5.50	(4.2%)	(23.7%)
SONY:	SNE	22.27	11.70%	1.80%
SPRINT NEXTEL:	S	3.96	14.80%	116.40%
THOMAS & BETTS:	TNB	26.14	12.60%	8.80%
TIVO:	TIVO	7.11	6.40%	(0.7%)
TOLLGRADE:	TLGD	6.04	2.20%	26.40%
UNIVERSAL ELEC:	UEIC	18.72	12.90%	15.40%
VONAGE:	VG	0.39		(40.9%)
YAHOO:	YHOO	13.18	(3.1%)	8.00%

**TELCOS**

AT&T:	T	26.00	2.60%	(7.3%)
QWEST:	Q	3.86	13.20%	10.40%
VERIZON:	VZ	30.62	3.40%	(8.3%)

**MARKET INDICES**

DOW:	INDU	7776.18	6.80%	(11.4%)
NASDAQ:	COMPX	1545.20	6.00%	(2%)

## WINNERS &amp; LOSERS

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. HEARST-ARGYLE:	4.20	98.10%
2. LODGENET:	1.65	65.00%
3. VALUEVISION:	0.74	64.40%
4. COMMScope:	11.91	31.90%
5. LEVEL 3:	0.95	28.40%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. CHARTER:	0.03	(40%)
2. RHI:	1.15	(19%)
3. NEW FRONTIER:	1.41	(9%)
4. BRITISH SKY:	24.15	(7.4%)
5. VIRGIN MEDIA:	4.94	(7.3%)

Multiply your HD subs with TLC's power-house Monday night series

**JON & KATE Eight**

beats NBC, CBS, Fox, CW<sup>1</sup> and is #1 on Cable<sup>2</sup> with  
Best Ever Season Finale - Watched by more than 4.6MM<sup>3</sup> Viewers!

TLC's Newest Family Hit, **TABLE for 12**, is the Highest-Rated  
New Series Premiere<sup>4</sup> in the Past Year.

Source: The Nielsen Company.

<sup>1</sup>March 23rd 2009, 9-10p. Live+Same Day, AA (000), W18-34, time-period based.

<sup>2</sup>March 23rd 2009, 8-11p. Live+Same Day, AA (000), W25-54, W18-49, time-period based, ad-supported cable.

<sup>3</sup>March 23rd 2009, 9-10-11p. Live+Same Day, AA (000), P2+, program-based, daypart.

<sup>4</sup>March 22nd 2008-March 23rd 2009, Live+Same Day, All telecasts of new TLC series launched, time-period based, HHLDs, AA (000). Subject to qualifications.





# MaxFAX...

## 20!

And counting,

It was twenty years ago this week that the information landscape changed for cable television... with a little help from my friends (*Pat Gushman* and *Paul Levine* in particular), we started



**Paul S. Maxwell**

this daily newsletter on April 1st, 1989. This column started a couple of weeks later... and neither has stopped... nor will neither.

This in-depth reporting vehicle—coupled with not-so-serious coverage of my travels in and out of the cable world—is going to continue... ad infinitum.

We started with 99 fax numbers (*Amos Hostetter* of **Continental** wouldn't give me his—"too busy" he said—wasn't sure if he meant the fax machine or himself).

Two weeks later we had 240... including Amos' number, too.

A few weeks later we asked for you to pay for it ... and you did... and still do... and shall continue to do so (cable understands, better than anyone, dual revenue streams).

This is probably the last paid daily via the Internet... aside from *The Wall Street Journal*, that is.

Twenty years ago, there were a little over 9000 systems serving just under 50mln subscribers.

No high-speed Internet.

Some dial-up, though. (Note: we'd even tried to put *Multichannel News* online via "The Source" in 1982... we had seven subscribers when I gave up online for the first time).

An explosion of programming had begun in the '80s and that had brought an explosion of advertising. Having long ago sold my part of *Multichannel News*, I was, admittedly, lusting a bit for the advertising I didn't get to run anymore.

The good news: the fax—despite a lot of laughter and pointing and nay saying from peers and others—worked... and the ad explosion continued.

Meanwhile, in the last 20 years the industry has changed a bit.

High-speed Internet access saved cable from being destroyed by DBS.

Retransmission consent brought another wave of channels... and the programming side of the business began consolidating much as the operating side did.

God is now in the algorithms: compression coupled with digitalization has changed the world... for the better (I think, maybe).

And, as *Bill Daniels* used to tell me almost every day, "There's never

been a better time to be in the cable business." You can count on that... stay tuned, and keep reading.

We'll keep reporting.

## Random Notes:

• **Twitter This Week:** You should follow the "Kable Kid" this week as she goes to most things that count during Cable's Spring Connection... she'll be "twittering" all week beginning Mon at the Faxies... go to <http://twitter.com/kablekid/followers> and sign up.

• **Class of '09:** Cool new Hall of Fame list... more on each of them later... but, can't let it go by that one inductee got really, really famous for ducking under a desk in a Baghdad hotel... the first of the "on camera" inductees, it will be exciting to welcome former **CNN** anchor *Bernard Shaw* into the Cable TV Hall of Fame in October!

• **Cherry Blossoms:** Enjoy. And don't miss "Don't Miss" all this week right here in **CableFAX**. Should be a long and interesting few days that spill over the following week into **CTAM Research**.

**Paul Maxwell**

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**maxfax@mediabiz.com**

Beta Research says:

# Scripps Networks has the #1 and #2 favorite channels!

**HGTV**  
START AT HOME

**food**  
network

Female viewers are passionate about Scripps Networks,  
ranking HGTV and Food Network as their best-loved channels.

Passionate Viewers Live Here Scrippsnetworks



# WORK WITH CREATIVE PROFESSIONALS WHO KNOW YOUR INDUSTRY.

Diversity Studio brings over 20 years of relative marketing and design experience in the Telecommunications industry to the table.

When you need to outsource campaigns and sales collateral, Diversity Studio is your first choice for a creative partner and supplier.



## DID YOU KNOW?

- In a study conducted by Brown and Partners, Diversity Studio was rated Comcast's #1 vendor for baseline cost including design and print.
- Diversity Studio is a certified Women Business Enterprise. This certification (SOMWBA) assists government agencies in meeting their affirmative purchasing and contracting goals.