

# CableFAX Daily™

Wednesday — April 4, 2007

What the Industry Reads First

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## The Dealmakers: Comcast Snags Patriot Media to Shore Up NJ Reach

Quite a busy week for **Comcast** execs. Only a day after striking a deal to dissolve its partnership with Insight, Comcast announced it will buy privately held **Patriot Media's** 81K subs for a cool \$483mln (That's about \$6000 per sub—a 50% premium over the norm). Kind of makes you wonder what's in store for Wed? In any event, all of this activity has a lot of observers pointing to **Verizon's** aggressive FiOS rollout as it pressures Comcast to cluster its operations as efficiently as possible. In this case, the MSO will acquire systems located in central NJ, including Patriot's hometown of Princeton and other operations in Somerset, Hunterdon, Morris and Mercer counties. Those are contiguous to Comcast systems in Monmouth, Ocean, Trenton and Northwest NJ. In Jan, Verizon launched FiOS in several NJ counties, including those served by Patriot. And although Patriot is a highly regarded operator (it was **CableWorld's** '06 Independent Operator of the Year, after all), matching Verizon's multibillion marketing machine would have been a challenge. Comcast, on the other hand, can plug into its existing regional sales/marketing juggernaut. "Patriot Media systems are fully upgraded, have superior demographics, strong penetration of advanced products and best of all they geographically complement our systems in New Jersey," said Comcast COO *Steve Burke*. As for the head-turning \$6000-per-sub price, **Sanford Bernstein's** *Craig Moffett* estimated that Patriot's margins greatly exceed those of most MSOs, justifying the premium. "And margins could conceivably expand even further as Patriot's programming contracts are shifted to Comcast's lower cost basis," he wrote in a research note. The deal is expected to close in 3Q '07. -- Here's one factoid: *Steve Simmons* acquired Patriot from **RCN** in Aug '02 for only \$245mln, or \$3063 per sub—a deal *Moffett* noted was most likely "heavily leveraged... With a doubling in enterprise value in just four years, equity returns were nothing short of spectacular."

**Fox Taps Hopkins:** **Fox Cable Networks** announced that *Michael Hopkins* will take over the top affiliate sales & marketing spot following the previously announced departure of *Lindsay Gardner* (**Cfax**, 3/23). Hopkins, who just ascended in May to evp, affil sales & mktg and was a frontrunner, will take the new title of evp/gm, affil sales & mktg and report directly to Fox Networks Group pres/CEO *Tony Vinciguerra*. "Mike will lead a very talented group of individuals within our affiliate sales and marketing group toward an even better and more mutually profitable future with our distribution partners," said *Vinciguerra*. Hopkins will continue to work closely with svps *Michael Biard*, *Sean Riley* and *Todd Schoen*, who supervise day-to-day activities across national accounts, field operations and affiliate marketing for FCN, respectively. The 3 will report to Hopkins. "It's obviously a big job," Hopkins said. "It's a daunting challenge" He said one big goal is tackling "the evolving landscape of digital" as "there are a lot of unknown waters to go through." Hopkins, 38, is celebrating his 10th year with FCN. He joined the unit as dir, affil sales in '97. Gardner is leaving to explore his new-media passion at **Mediatech Capital Partners**, a banking firm that specializes in developing and funding those type of properties.

**In the Courts:** Orgs including **NATOA** and **NLC** filed a federal court lawsuit Tues seeking reversal of the **FCC's** video

THE TOP 10 NETWORK  
RANKED #1 FOR HIGH-QUALITY,  
FAMILY-FRIENDLY PROGRAMMING



Source: Nielsen Galaxy Explorer (1/29-2/25/07), Live+SD HH coverage area Prime Time rating (M-Su 8-11p), ranked among all measured ad-supported cable networks. Yankelovich Viewing Habits Study, January 2007. Ranking among major general entertainment cable networks. Further qualifications available upon request.

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franchising order adopted late last year (*Cfax*, 12/21). The coalition asserts the order “would severely restrict the ability of local governments to protect their citizens, rights-of-way, community channels and public safety networks” and is “an abuse of discretion, unsupported by substantial evidence, and in violation of the United States Constitution.”

**In the States:** The Golf Channel and Versus may be yanked from Charter's lineup Thurs if carriage deals can't be forged. The sticking point is Charter's desire to move the nets to a sports tier.

**Ratings Roundup:** Cable stocks overall may be cooling this year, but the industry's ad-supported audience delivery metrics remain scorching. The 6 broadcast nets earned a 42% household share of prime viewing in 1Q, losing to cable (53.5%) for the 5th consecutive 1Q, according to a **Turner** analysis of **Nielsen** data. Cable's also working on another impressive streak, as Turner forecasts a prime HH share victory by cable (54.2%) for the 4th consecutive season over broadcast (42.4%). And if that's not enough to rankle *Les Moonves* et al, consider that the adult 18-49 demo—for years dominated by broadcasters—was overtaken by cable in 1Q for the 1st time ever. About the only sour news is ad-supported cable's continued trailing in share of ad dollars (32% vs 67%), although the gap has been narrowed by 20 percentage points since the '01-'02 season. -- **USA** followed its '06 prime ratings victory with a 1Q win, earning a 2.2/2.02m. The net continued the viewership stranglehold with the help of—what else?—**WWE** telecasts, 15 of which hit the top 25 of 1Q telecast rankings. Spurred by top-ranked telecast “Jump In!” (5.8/5.21m), **Disney** (2.1/1.87m) was next, followed by **TNT** (1.6/1.52m), **TBS** (1.4/1.27m) and **Fox News** (1.4/1.27m). -- **Style Net**, **Military Channel**, **History Intl**, **Golf Channel**, **ESPN Classic** and **CNBC** each earned a 0.2 prime rating in 1Q, leading cable with 100% Y-over-Y growth. Other notables: **MSNBC** (0.5, +67%), **Science Channel** and **Biography Channel** (0.3, +50%) and **A&E** (1.3, +44%). Science Channel and **MTV2** led in total ratings growth (0.2, +100%), followed by **A&E** (0.8, +60%) and **SOAPnet** and **Nat Geo** (0.3, +50%). **Brag Book:** The Sun installments of **Discovery Channel's** “Planet Earth” delivered a 3.6 for the 2nd straight week. -- **Court TV** delivered its most-watched Q ever in 1Q with a prime viewership average of 1.2m. -- Sun's Cardinals-Mets game on **ESPN2** delivered 3.52m total viewers, a net historical best for a regular season game. -- **TLC** achieved in Mar its 13th consecutive month of total viewer gains.

**New on Cable360:** Record-setting **Wrestlemania 23** may be over, but you can learn all about how **WWE** painstakingly puts the annual PPV event together by watching *Seth Arenstein's* video segment at [www.cable360.net](http://www.cable360.net).

**Ad Sales:** **Google** and **EchoStar** on Tues announced a partnership to create an automated system to buy, sell, deliver and measure TV ads using an online auction system. Google gets access to part of DISH's ad inventory spanning across all its channels and day parts. EchoStar CEO *Charlie Ergen* promised “increased efficiencies to DISH Network's advertising sales and more accurate, up-to-date viewer measurement with easily accessible online reporting to advertisers.”

**Program Access:** The **NCTA** on Tues urged the **FCC** to let the program-access rules sunset in order to lift an “artificial constraint on marketplace competition.” The FCC in '02 extended for 5 years the rules banning exclusive deals between cable ops and programmers with which they have an attributable interest. In Feb, the FCC asked for comments once again on whether it should let the rules lapse (*Cfax*, 2/22). In its comments filed Tues, NCTA argued that more than one in 3 multichannel HHs enjoy facilities-based competition while cable's programmer interest has dropped from 53% in '93 to 21.8% in '07. NCTA also noted “significant vertical integration” of non-cable distributors like DBS and programmers.

# EXPERIENCE SPORTS



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# BUSINESS & FINANCE

**SkiTAM Highlights:** SkiTAMers spent the weekend frolicking in Vail and, in the process, donated more than \$1mln for the U.S. Disabled Ski Team. This year's event involved 1300 participants and 100 sponsors, making it the biggest in the skifest's 12-year history. More than 25 sponsors have already re-upped for next year. Some highlights: When **Time Warner Cable's Mike Hiyashi** announced that he would shave his head for a big silent auction donation, USDST athlete **Brad Washburn**, who has lots more hair, said he would shave his all off as well. The live head-shaving fiesta became a big hit during the Sat night banquet and helped raise an additional \$8000 for the ski team coffers. Kudos also to **Rainbow Media's Kathy Newberger**, who donated her pot-of-cash prize of \$750 from the silent auction back to the team. And a hats off to **INT2**, which apparently paid for terminally ill cancer patient **Aaron Kittel** and his brother to come to Vail and ski with USDST members.

**MLB Still Afield:** The league continues to field offers for its out-of-market games package from **InDemand** and **EchoStar**, with negotiations no longer hampered by a deadline. Discussions will continue until an agreement is struck or an impasse is reached.

**People:** **ESPN** named **Thomas Evans** vp, digital and cross media measurement; he'll promote ad sales and brand/content mgmt across digital platforms.

## CableFAX Daily Stockwatch

| Company                      | 04/03 Close | 1-Day Ch | Company               | 04/03 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |             |          |                       |             |          |
| BROADCASTERS/DBS/            |             |          | AMPHENOL:             | 33.62       | 0.78     |
| BRITISH SKY:                 | 44.92       | 0.04     | ARRIS GROUP:          | 14.17       | 0.09     |
| DIRECTV:                     | 23.02       | 0.08     | AVID TECH:            | 35.95       | (0.02)   |
| DISNEY:                      | 34.92       | 0.45     | BLNDER TONGUE:        | 1.85        | (0.47)   |
| ECHOSTAR:                    | 44.04       | 0.50     | BROADCOM:             | 32.90       | 0.33     |
| GE:                          | 35.32       | 0.03     | C-COR:                | 14.24       | 0.24     |
| HEARST-ARGYLE:               | 27.42       | 0.18     | CISCO:                | 25.85       | 0.45     |
| ION MEDIA:                   | 1.30        | (0.01)   | COMMSCOPE:            | 43.33       | 1.14     |
| NEWS CORP:                   | 25.06       | 0.30     | CONCURRENT:           | 1.48        | 0.00     |
| TRIBUNE:                     | 32.68       | (0.13)   | CONVERGYS:            | 25.97       | 0.34     |
| <b>MSOS</b>                  |             |          |                       |             |          |
| CABLEVISION:                 | 30.40       | (0.39)   | CSG SYSTEMS:          | 25.09       | 0.10     |
| CHARTER:                     | 2.70        | (0.09)   | GEMSTAR TVG:          | 4.31        | 0.15     |
| COMCAST:                     | 26.24       | 0.50     | GOOGLE:               | 472.60      | 14.07    |
| COMCAST SPCL:                | 25.65       | 0.32     | HARMONIC:             | 10.30       | 0.48     |
| GCI:                         | 14.08       | 0.37     | JDSU:                 | 15.17       | 0.09     |
| KNOLOGY:                     | 16.06       | 0.02     | LEVEL 3:              | 6.00        | (0.07)   |
| LIBERTY CAPITAL:             | 109.92      | 0.48     | MICROSOFT:            | 27.87       | 0.13     |
| LIBERTY GLOBAL:              | 34.20       | 0.86     | MOTOROLA:             | 17.67       | 0.11     |
| LIBERTY INTERACTIVE:         | 24.35       | 0.88     | NDS:                  | 50.04       | (0.31)   |
| MEDIACOM:                    | 8.37        | 0.17     | NORTEL:               | 24.23       | (0.07)   |
| NTL:                         | 28.22       | 0.00     | OPENTV:               | 2.61        | 0.09     |
| ROGERS COMM:                 | 33.42       | 0.51     | PHILIPS:              | 38.15       | 0.10     |
| SHAW COMM:                   | 37.77       | 1.02     | RENTRAK:              | 15.82       | 0.37     |
| TIME WARNER CABLE:           | 37.22       | 0.17     | SEACHANGE:            | 8.20        | 0.20     |
| WASH POST:                   | 755.35      | (4.65)   | SONY:                 | 51.09       | 1.24     |
| <b>PROGRAMMING</b>           |             |          |                       |             |          |
| CBS:                         | 31.10       | 0.32     | SPRINT NEXTEL:        | 19.40       | 0.10     |
| CROWN:                       | 5.03        | (0.15)   | THOMAS & BETTS:       | 48.70       | 0.57     |
| DISCOVERY:                   | 19.75       | 0.40     | TIVO:                 | 6.45        | 0.12     |
| EW SCRIPPS:                  | 44.95       | 0.15     | TOLLGRADE:            | 12.40       | (0.27)   |
| GRUPO TELEVISA:              | 30.80       | 0.30     | UNIVERSAL ELEC:       | 28.49       | (0.46)   |
| INTERACTIVE CORP:            | 37.56       | 0.35     | VONAGE:               | 3.67        | 0.09     |
| LODGENET:                    | 31.10       | 0.62     | VYYO:                 | 7.90        | 0.22     |
| NEW FRONTIER:                | 8.81        | (0.33)   | WEBB SYS:             | 0.05        | 0.00     |
| OUTDOOR:                     | 10.32       | 0.09     | WORLDGATE:            | 0.69        | 0.02     |
| PLAYBOY:                     | 10.17       | (0.01)   | YAHOO:                | 31.72       | 0.44     |
| TIME WARNER:                 | 20.52       | 0.45     | <b>TELCOS</b>         |             |          |
| UNIVISION:                   | 36.23       | 0.00     | AT&T:                 | 39.74       | 0.28     |
| VALUEVISION:                 | 12.49       | (0.19)   | QWEST:                | 8.96        | (0.03)   |
| VIACOM:                      | 41.43       | 0.41     | VERIZON:              | 38.12       | 0.29     |
| WWE:                         | 16.37       | 0.14     | <b>MARKET INDICES</b> |             |          |
| <b>TECHNOLOGY</b>            |             |          |                       |             |          |
| 3COM:                        | 3.93        | 0.03     | DOW:                  | 12510.30    | 128.00   |
| ADC:                         | 17.09       | 0.22     | NASDAQ:               | 2450.33     | 28.07    |
| ADVANTAGE:                   | 3.55        | 0.13     |                       |             |          |
| ALCATEL LUCENT:              | 12.17       | 0.31     |                       |             |          |
| AMDOCS:                      | 36.26       | 0.23     |                       |             |          |



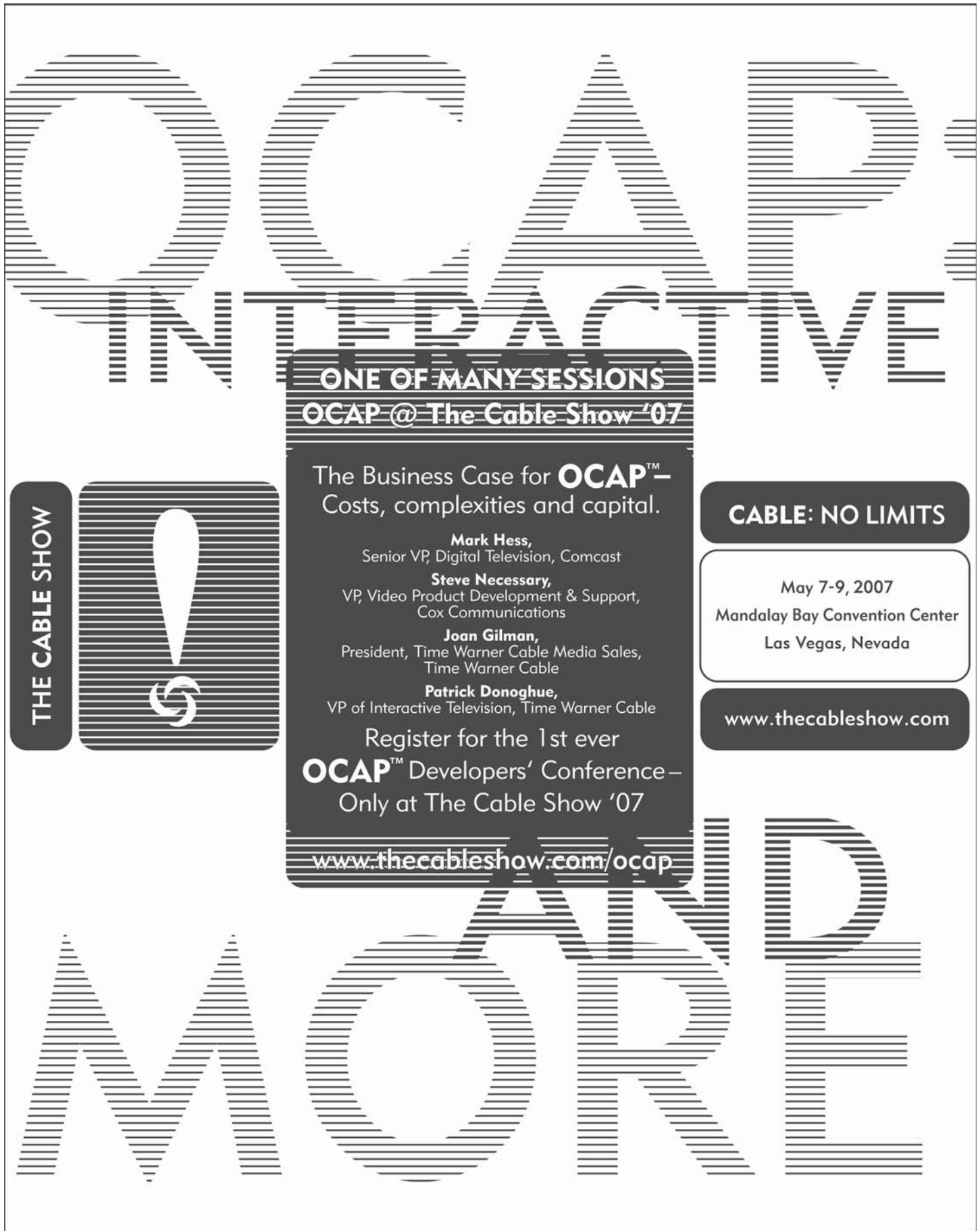
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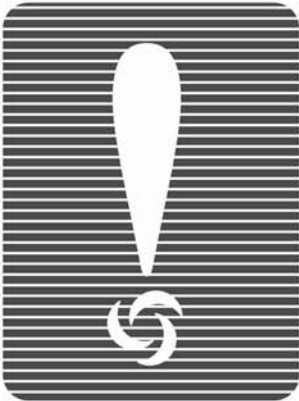
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