

CableFAX Daily™

Monday — April 21, 2008

What the Industry Reads First

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Midterm Report: Cable's Audience Up vs Broadcast

The grades are in, and even after the writers' strike ended, cable's numbers have never looked better. The first 26 weeks of '07/'08 resulted in record ratings for ad-supported cable, according to **CAB's** analysis of **Nielsen** primetime ratings. In adults 18-49, the gap in avg nightly prime viewing between cable and broadcast grew to a record 23% in favor of cable vs a 3% advantage in the first half of the year. Pre-strike, cable averaged 16.3 prime rating in total for all ad-supported nets vs a 15.4 avg for the 6 broadcast nets. Those numbers widened to 17.8 vs 13.9 during the strike and grew to 17.8 vs 13.3 after the strike, CAB found. "A ton of increased sampling of cable occurred during that 14-week [strike] period, and we've been able to hold that audience," said CAB pres *Sean Cunningham*. "It's crystal clear that people didn't go to another destination other than TV. Cable is what kept people in television during the strike." In addition to maintaining audiences, cable's advantage reached across several key demos for the first half of the season. Cable had a record 43% advantage over broadcast among 18-34s vs its 14% advantage for the same period last year. Even 25-54s posted record gains, with the demo notching a 12% advantage over broadcast vs a 4% disadvantage last year. Cunningham expects the trends to continue through May Sweeps and the rest of the season, causing him to question whether broadcasters' strategy of "tweaking schedules to make these sweep [ratings] peaks will ever be effective again." The numbers bode well for cable's upfront prospects. Even a slumping economy doesn't have Cunningham very concerned. "There are some macroeconomic forces going on, but it's a supply and demand marketplace right now, and demand is really strong and has been really strong," he said, pointing to the scatter market and supply pressures (election year and Olympics). "It's hard to picture a broadcast comeback at this point."

Dollar Daze: Charter's Class A common stock has closed below \$1/share for 30 consecutive business days, prompting non-compliance notification from **NASDAQ**. The MSO has until Oct 13 to maintain the market's minimum bid requirement. Charter's stock last traded above a buck in late Feb, and has slipped 18% this year and 78% since Jul, victimized by the company's enormous debt load and a generally unfavorable **Street** view of cable stocks. In March, controlling Charter shareholder *Paul Allen* said the MSO has provided material non-public information to various parties interested in potential investments, and a few days later **Fitch** removed Charter and its subsidiaries from "Rating Watch Negative." Furthermore, the *WSJ* suggested earlier this month that it may be time to again climb aboard cable stocks, but Charter's stock, as with the previous cases, failed to appreciably pop on the news. Shares gained 3 cents Fri to close at 93 cents.

In the Courts: The US Federal Circuit Court of Appeals overturned a \$100mln patent infringement judgment against **DirecTV** and ordered a new trial. **Finisar** won the case in '06, but the fed court ruled that the lower court's interpretation of certain terms in the patent was too broad. Finisar said it was disappointed, but optimistic that the trial court will once again find infringement of the remaining 6 claims (the court threw out 1 claim).



is for happy hour



March marks the 22nd consecutive month we're happily at home as a Top 10 network in primetime.

Source: Nielsen Galaxy Explorer, June '04 - March '08 (3/29/08 - 3/28/08), Monthly Prime Time (M-Su 8-11p), Live+SD coverage area (H) ratings among all ad-supported cable networks. Further qualifications available upon request.

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Making the Grade: House Telecom vice chmn *Mike Doyle* (D-PA) would give **FCC** chmn *Kevin Martin* a B or B-grade. On certain issues, Martin may come across as “a little heavy handed... but I’ve also found him to be willing to come in and discuss things,” Doyle said during an interview with **C-SPAN’s** “The Communicators.” When asked to explain what he meant by heavy handed, Doyle pointed to allegations that Martin filters info unfavorable to his position from his fellow commissioners. “We’re going to look into it to see whether there’s any factual basis to it or not,” he said. Doyle said he was especially pleased with the committee’s oversight of the FCC, remarking that 5 years ago, he wasn’t even sure if all the members could name all 5 FCC commissioners. The interview airs at 6:30pm Sat (4/19) on C-SPAN and at 8am and 8pm ET Mon on **C-SPAN 2**.

Competition: **DISH** launched **CNN HD**, **Sci Fi HD** and **USA HD**, and continues to maintain that it can amass 100 national HD channels and 100 local HD markets. -- **Clearwire** has joined the **Satellite Broadcasting and Comm Assoc** as a broadband provider, allowing the pair to develop a specific commercial retailer program for assn members.

In the States: **Time Warner Cable** and **WKBW** in Buffalo will collaborate to increase local sports programming in the region, including content from colleges and pro leagues.

NBA News: **TNT’s** broadband channel at **NBA.com** plans to enhance its on demand content as the playoffs get underway, and later will debut live streaming video of the Western Conference Finals from 4 in-arena cameras. -- The audience for **ESPN’s** pro hoops games this season averaged 1.21mln HHs, the highest number since the net reacquired NBA rights in '02. Men 18-34 drove growth with a 39% increase in impressions to 410K. **ABC’s** NBA audience rose 10%.

Programming: **IFC Films** acquired the N American rights to the Madonna-directed “Filtr and Wisdom,” slated for a fall theatrical and VOD release.

Upfronts: **BET’s** roster of new original series includes “The Black Panther,” an animated series about the 1st black superhero and created with **Marvel Comics**. Other new kids: “Brutha,” a docu-drama about a singing group of brothers working with music producer *Jermaine Dupri*, and “106 & Gospel,” the inspirational version of “106 & Park.”

Trade Winds: Imitation has always been the sincerest form of flattery. But alas, *Multi* has decided to pull the plug on its daily *Multichannel NewsWire* fax/pdf. The last issue is slated for Apr 30.

On the Circuit: Even though we lost, we still had a lot of fun playing **Cable in the Classroom’s** newly released eLECTIONS broadband game for '08 (www.ciconline.org/eLECTIONS). The game has gotten a facelift, including more video from content partners **History**, **C-SPAN** and **CNN Student News**.

Business/Finance: **AT&T** plans to cut approx 4.7K jobs, mostly managers from its local phone business, and shift resources to growth segments such as TV and wireless. The telco will take a \$374mln 1Q pretax charge because of the job cuts. -- **DirecTV** announced plans to acquire **180 Connect**, a provider of installation and fulfillment services, giving the satcaster increased control over its home service network. DirecTV will acquire 100% of 180 Connect’s outstanding common stock and exchangeable shares for \$1.80/share, in a deal expected to close in 3Q. Separately, **UniTek USA** has agreed to acquire all of 180 Connect’s cable services operating unit and certain DirecTV installation services markets in exchange for UniTek’s satellite installation services in NYC and Burbank and Bloomington, CA.

Television. Defined.



CableFAX Week in Review

Company	Ticker	4/18 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	44.31	6.20%	(5.9%)
DIRECTV:	DTV	25.79	0.20%	11.50%
DISNEY:	DIS	31.33	3.80%	(2.9%)
ECHOSTAR:	DISH	32.00	3.80%	(5.8%)
GE:	GE	32.69	2.00%	(6.8%)
HEARST-ARGYLE:	HTV	21.22	6.60%	(3.4%)
ION MEDIA:	ION	1.45		12.40%
NEWS CORP:	NWS	18.96	(0.2%)	(9.9%)

Company	Ticker	4/18 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	22.99	2.50%	(6.2%)
CHARTER:	CHTR	0.93	(1.1%)	(20.5%)
COMCAST:	CMCSA	20.28	3.20%	11.10%
COMCAST SPCL:	CMCSK	19.97	2.90%	10.20%
GCI:	GNCMA	6.24	0.30%	(28.7%)
KNOLOGY:	KNOL	13.72	5.80%	7.40%
LIBERTY CAPITAL:	LCAPA	16.15	2.20%	(26.5%)
LIBERTY ENT:	LMDIA	25.24	1.70%	4.40%
LIBERTY GLOBAL:	LBTYA	34.73	0.00%	(11.4%)
LIBERTY INTERACTIVE:	LINTA	15.44	(0.5%)	(19.1%)
MEDIACOM:	MCCC	4.17	(4.6%)	(9.2%)
ROGERS COMM:	RG	42.97		
SHAW COMM:	SJR	20.56	(0.7%)	(10.1%)
TIME WARNER CABLE:	TWC	27.34	3.10%	(0.9%)
VIRGIN MEDIA:	VMED	12.26	(1%)	(25%)
WASH POST:	WPO	689.10	1.60%	(11.8%)

Company	Ticker	4/18 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	22.25	4.00%	(15.6%)
CROWN:	CRWN	4.80	6.90%	(26.2%)
DISCOVERY:	DISCA	22.77	5.00%	(9.4%)
EW SCRIPPS:	SSP	44.04	6.30%	(1.2%)
GRUPO TELEVISIVA:	TV	25.15	6.90%	5.80%
INTERACTIVE CORP:	IACI	21.29	3.40%	(20.9%)
LIBERTY:	L	1.00		(90.6%)
LODGENET:	LNEN	6.51	13.20%	(62.7%)
NEW FRONTIER:	NOOF	5.22	3.60%	9.10%
OUTDOOR:	OUTD	7.44	5.50%	7.80%
PLAYBOY:	PLA	8.63	2.60%	(5.4%)
TIME WARNER:	TWX	14.84	4.00%	(9%)
UNIVISION:	UVN	36.23		
VALUEVISION:	VVTV	5.41	10.90%	(14%)
VIACOM:	VIA	40.31	1.70%	(8.3%)
WWE:	WWE	18.97	0.30%	36.70%

Company	Ticker	4/18 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	2.32	(0.4%)	(48.7%)
ADC:	ADCT	13.11	5.00%	(15.5%)
ADVANTAGE:	AEY	3.66	(1.9%)	(40.7%)
ALCATEL LUCENT:	ALU	6.21	6.00%	(15.2%)
AMDOCS:	DOX	32.30	17.50%	(6.3%)
AMPHENOL:	APH	44.94	9.40%	(2.9%)
APPLE:	AAPL	161.04	9.40%	(18.7%)
ARRIS GROUP:	ARRS	6.61	7.50%	(33.8%)
AVID TECH:	AVID	23.70	(2.5%)	(16.4%)
BIGBAND:	BBND	7.27	13.40%	41.40%
BLNDER TONGUE:	BDR	1.45	11.50%	(12.7%)

Company	Ticker	4/18 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	23.07	9.90%	(11.7%)
CISCO:	CSCO	24.51	4.80%	(9.5%)
COMMSCOPE:	CTV	40.79	11.60%	(17.1%)
CONCURRENT:	CCUR	0.72		(13.3%)
CONVERGYS:	CVG	16.57	10.60%	0.70%
CSG SYSTEMS:	CSGS	12.61	14.80%	(14.3%)
ECHOSTAR HOLDING:	SATS	29.62	4.40%	(10%)
GEMSTAR TVG:	GMST	4.94	2.90%	3.80%
GOOGLE:	GOOG	539.41	17.90%	(22%)
HARMONIC:	HLIT	8.43	11.20%	(19.6%)
JDSU:	JDSU	14.34	6.50%	7.80%
LEVEL 3:	LVL	2.33	12.60%	(23.4%)
MICROSOFT:	MSFT	30.00	6.10%	(14.8%)
MOTOROLA:	MOT	9.25	2.30%	(40.5%)
NDS:	NNDS	48.32	3.90%	(18.4%)
NORTEL:	NT	7.42	5.70%	(51%)
OPENTV:	OPTV	1.18	8.30%	(10.6%)
PHILIPS:	PHG	38.57	3.40%	(9.8%)
RENTRAK:	RENT	13.33	3.00%	(7.6%)
SEACHANGE:	SEAC	7.31	6.10%	1.10%
SONY:	SNE	43.58	6.90%	(19.7%)
SPRINT NEXTEL:	S	6.67	3.10%	(49.2%)
THOMAS & BETTS:	TNB	42.00	9.80%	(14.4%)
TIVO:	TIVO	8.67	(2.7%)	4.00%
TOLLGRADE:	TLGD	5.21	4.40%	(35%)
UNIVERSAL ELEC:	JEIC	28.19	13.20%	(15.7%)
VONAGE:	VG	1.81		(21.3%)
WEBB SYS:	WEBB	0.04	(20%)	
YAHOO:	YHOO	28.43	0.30%	22.20%

Company	Ticker	4/18 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	37.51	0.60%	(5.9%)
QWEST:	Q	4.72	1.50%	(29.2%)
VERIZON:	VZ	36.03	1.20%	(13.6%)

Index	4/18 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	12849.36	4.30%	(3.1%)
NASDAQ:	COMPX	2402.97	4.90%	(9.4%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. GOOGLE:	539.41	17.90%
2. AMDOCS:	32.30	17.50%
3. CSG SYSTEMS:	12.61	14.80%
4. BIGBAND:	7.27	13.40%
5. LODGENET:	6.51	13.20%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. WEBB SYS:	0.04	(20%)
2. MEDIACOM:	4.17	(4.6%)
3. TIVO:	8.67	(2.7%)
4. AVID TECH:	23.70	(2.5%)
5. ADVANTAGE:	3.66	(1.9%)

**Television has viewers.
Univision has participants.**



MaxFAX...

Soaked...

Katrina did a number on New Orleans.

And we're all headed there next month to do a little good... along with hanging out at the convention center, eating too much, drinking a little, checking out some good music and maybe even doing a little bit of business.



Paul S. Maxwell

But that soaking of the city also left a lot of moldy, muddy, messy and unreadable books

behind in the city's schools. So let's do a little something about that.

Along with book drives at **Comcast, Time Warner, Discovery, qubo, ION** and others, I've done a book drive of my own. As a political and history junkie with 2 large libraries (one non-fiction, one fiction), I've cleaned out the non-fiction home of four large boxes of significant hard bound historical and political books (keeping my collection of *Teddy White's* making of the president series and books about media) and am shipping them to New Orleans (via the **NCTA** in DC unless **Cox** allows me to ship them directly to N.O.) for high school library re-stocking.

There's an easy way for you to participate, too: go to <http://2008>.

thecableshow.com/CableCares/Libraries.aspx right now and join us. You can make a contribution of \$250 and stock a classroom (with the teacher's choice of books).

Random Notes:

- **Sportsman's Do-Good:** Lots of companies are jumping on the, "Hey! Let's do some good while we're at the NCTA!" bandwagon. The **Sportsman Channel** will be feeding the hungry mid-day on Saturday the 17th with a Hunt.Fish. Feed Initiative at the Ozanam Inn on Camp Street in New Orleans (info: khawkins@thesportsmanchannel.com). And just so you won't feel left out, they're hosting a reception at Mulates (across from the convention center) that evening to thank all of the volunteers.

- **Motorola + Circuit City + Blockbuster = Huh?** Oh, I get it. *Carl Icahn* wants to merge the TV movie renter with the TV box outlet and stock it only with **GI** TV boxes.

- **Speaking of GI:** *Donald Rumsfeld*, twice former Secretary of Defense, once ran GI. He is going to write his memoirs. He is going to write about his time running GI. I can't wait. But will have to, until 2010.

- **Hall of Fame Class:** Is a class act this year. Nice to see *Hub Schlafly* remembered. All this content wouldn't get to the subscriber without his engineering. The other 5 are

all great friends, and you know who they are already... more about them all later (that's a threat!). This'll be a not-to-miss induction ceremony in October for Cable Days in Denver.

- **Newspaper Death Throes?** Seems that way. Denver's dailies shrink daily. So do the ones I see in other markets. Reporting staffs are cut nationwide. T&E at papers disappears. Maybe they'll start filing Chapter 11 along with the airlines any day now. But, I've seen the future (heck, helped create it with this publication all the way back in '89 when I stopped printing and mailing news). I now get *The Wall Street Journal* and *The New York Times*—sans ads and sans paper and sans hassle (don't even have to send the dogs outside to get the "paper")—on my Amazon Kindle every day (except, of course, the Sunday sports edition of the WSJ hasn't launched yet, so no Sunday WSJ). Original reporting is worth paying for... like for **CableFAX**.

- **That Black Swan We Mentioned a Few Months Ago?** Should have seen it coming? Well, no... but keep on the lookout. Our economy is likely to see a few more fly home to roost.

Paul Maxwell

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