

CableFAX Daily™

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What the Industry Reads First

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King Comcast: MSO Paints Rosy Picture for Analysts, Investors

Not surprisingly, chmn/CEO *Brian Roberts* continued gushing over **Comcast's** health at the MSO's analyst/investor meeting Tues, and why not? Recent quarterly performances have been stellar, and guidance for '07-'09 includes a 12% CAGR in revenue, a 14% CAGR in OCF and 7mln annual RGU adds. But even as obstacles to such robust success do exist—with increasing competition, swelling capex and forecasts of few basic video adds chief among them—they remain obstructed by new commercial opportunities and ravishing triple play metrics. The SMB market provides ample “low hanging fruit,” said Roberts, and plenty of upside. Comcast believes the ripest to be businesses with fewer than 20 employees, which alone offer a \$12-\$15 annual rev potential. This commercial “sweet spot” will drive the MSO's commercial goals of 10-fold growth over the next 5 years, said business services pres *Bill Stemper*. And concerted efforts to leverage localism and its 90K employee base to drive growth may deliver yet another segment target. “We can create a Fortune 600 company that will only get larger and larger,” said Stemper. Meanwhile a steady expansion of triple play adherents is not only predicted but expected, with digital voice and HSD to be the primary catalysts. Comcast foresees more than 17mln HSD subs and 11mln voice subs by '09, additions that are expected to beget a 40% triple play adoption rate within 3 years, up from an expected 16% at year's end. Roberts is so enamored of the 3-play bundle that he downplayed the importance of adding wireless to the mix. “I think we are maxed out [right now] with the triple play, but we are delighted to be part of the Sprint jv,” he said. The ability to sustain the bundle hinges on continued growth of its “flagship” HSD product, efficiency maximization through gambits such as enabling more self-installations and upgrades, and improvements in HD quality and breadth of HD offerings, said evp, cable operations, *Dave Watson*. Comcast plans to double the amount of its HD content this year, and double it again in '08. Also in the works is caller ID functioning that works across all services. “There will be more acceleration across all platforms over the next 18 months than ever before,” said Watson. That should keep Roberts smiling.

Comcast Notebook: Non-linear networks “might even be more successful than VOD going forward,” said pres, programming *Jeff Shell*, who pointed to the success already posted by **PBS Kids Sprout** and **FearNet**, which is responsible for one-third of **Comcast's** total on demand movie views. These net types also deliver CPMs that are 3-4 times greater than those of linear nets and are less costly, said Shell, although “the jury is still out on distribution.” -- Comcast is extremely bullish on RSNs, evidenced by its recent stake acquisitions in **FSN New England** and **FSN Bay Area**. “RSNs reinforce our brand and image in local markets... and offer the most compelling local content there is,” said Roberts. The MSO now holds an RSN presence in 72% of its total footprint, said Shell, and is a major player in more than 50%. The goal now is to leverage the company's size and local presence to extend a multi-platform reach. After all, “RSNs are the most predictable cash flow business you have,” said Shell. -- Comcast broke


Kirk Franklin

5 Grammys

6 Platinum Albums

0 References to Pimps or Ho's





#1 IN FAMILY VIEWING*

#1 IN EMOTIONAL CONNECTION*

#1 NETWORK TO ADD**

*Source: Myers Emotional Connections Study, December 2005; among 50 emerging and mid-sized networks.
**Source: 2006 BETA Research Cable Operator Carriage Study; rank among emerging & mid-sized networks based on percent of cable operators with 100K+ & 200K+ subscribers interested in carrying by end of 2007.

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Tues in the *WSJ* an HD advertising campaign focused on results from a commissioned study that found two-thirds of satellite customers prefer Comcast's HD picture quality over their own service. No word if Jessica Simpson will appear in the campaign. -- Don't worry that ad rev was down in 1Q, as a focus on interactive and Internet advertising will grow the business over the next 10 years, said COO *Steve Burke*. Comcast sees \$1bn in rev opportunity for Comcast.net over the next 5-6 years, aided by its recent ad partnership with **Yahoo!**, said Burke. He also touted the enormous potential of VOD ads: "This is where the eyeballs are."

Competition: AT&T launched its **U-verse** service to parts of L.A., Riverside and Ventura, CA, putting the video offering in a total of 18 markets. New customers that sign up for the U300 or U400 programming packages before June 30 may receive 2 months of free TV.

On the Hill: Cable got its chance to voice concerns with the gov't's RUS broadband loan program during Tues' House Agriculture subcommittee hearing. **Midcontinent** svp, public policy *Tom Simmons* expressed cable's support for reforming the program to better fund areas of the country that don't have broadband service. Simmons repeatedly told lawmakers that someone besides the loan applicants need to define what parts of the country are unserved. Rep *Bob Goodlatte* (R-VA) asked why so few cable operators have applied for the loans. Simmons blamed it on the program being modeled after rural telephone companies' business model. With cable operators borrowing money from bankers, it would be very difficult for them to agree to a first lien on the entire company under the rules of the program, he said, adding that the industry would be happy to participate in the re-design of the program. Among his suggestions: tax credits to provider who build out to rural areas. The program, run by the **US Ag Dept**, has been criticized by the industry for years for granting money to companies to compete in areas with existing broadband service. **Mediacom** and the **IA Cable & Telecom Assn** even filed a lawsuit over the program.

WSJ TV? With everyone anxious to see what **Fox Business Channel** will look like when it launches in 4Q, there was a lot of excitement over **News Corp's** unsolicited \$5bn bid to buy **Dow Jones**. Dow Jones said it's considering the offer, which News has said could be in cash or a combination of cash and shares.

Deals: **Gospel Music Channel** expects its sub base to swell to 20mln from 10mln now that it has wrapped up a deal to take over several of **Black Family Channel's** distribution deals. The net's now available on several new systems including, **Bright House's** Tampa and Bakersfield, FL, systems; **Charter** St Louis; **Comcast** Philly, San Fran and Miami, **Cox's** Hampton Roads, VA; and **Time Warner Cable** systems in NY, L.A. and Dallas. GMC adds nearly 275 systems through the deal, but it declined to reveal how many new subs it picked up. In BFC systems that haven't reached a deal to carry the net (such as **Mediacom**, **Suddenlink** and **Knology**), GMC is currently running as the 2 sides talk. Black Family has stopped broadcasting as a linear net, though chmn *Willie Gary* has said it plans to continue as a broadband entity. -- **TVG's** total reach is being tripled to 26mln homes with **DirecTV** expanding the horseracing net's carriage. TVG will now be available to more than 8mln DirecTV subs as the channel moves from the Sports Pack to the DBS provider's "Total Choice Plus" and "Choice Xtra" packages.

In the States: **Cox** picked up a record 372K new phone subs in its last 12 months of operation, representing a 21% Y-over-Y increase. For 1Q, Cox grew basic subs by 0.9%, digital by 13.2%, HSD by 15.2% and the bundle by

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13.3%. -- **Comcast** launched VoIP in several central CA communities including, Fresno, Lodi and Stockton.

Upfronts: A&E Networks will spend \$600mln in new programming and media, with **A&E** announcing 5 original dramas in development with a goal to go into production on 1 original series for a 2008 debut. They are: "The Cleaner," lead character helps people get clean from their addictions; "The Beast," an FBI series pitting a veteran with a rookie; "Homestead," LAPD adopts an incentive program to encourage cops to live in the tough neighborhoods they police; "Takedown," US Marshals hunt fugitives; and "Under," a young thug turns his life around by joining the witness protection program. New reality series in development include "Crime 360," CGI animation of investigations and "The Rookies," following new police recruits in Jefferson Parish, LA.

Online: Turner's broadband network **GameTap** is introducing enhanced features, including day-and-date subscription play. "Lara Croft Tomb Raider: Anniversary" will be made available at **GameTap.com's** new digital retail store the same day it hits US retail shelves. GameTap also is launching a free, ad-supported section May 31 featuring more than 30 free games. -- **Google** and **Viacom** continued their tit-for-tat this week with the search engine giant calling Viacom's copyright infringement suit against its **YouTube** a threat to "the way hundreds of millions of people legitimately exchange information, news, entertainment and political and artistic expression." In court filings this week, Google demanded a jury trial to defend itself against Viacom's claims. -- Internet TV service **Joost** commercially launched Tues. Ads from the more than 30 blue-chips brands have started appearing on the platform. Joost is showing content from **Turner**, including **Adult Swim** and **CNN** programming. Programming from **Hasbro**, **NHL**, **Sports Illustrated** and **Sony Pictures** will be available later this month.

VOD: TVN launched the "HD VOD Club," an HD programming service that showcases 50 hours of high-def VOD content from major Hollywood studios, **Starz** and event suppliers each month. **Blue Ridge** and **Bend Broadband** are launching the service, while **Charter** is trialing it.

Advertising: Comcast Interactive Media and **Yahoo!** are partnering for online display and video ad services on Comcast.net. The pair will create and market new sponsorships and custom advertising packages supported by Yahoo!'s platform, and Yahoo!'s advertising services will be integrated within the redesigned Comcast.net slated for later this year.

Ratings: Its ratings were down 5% over last Apr, but they were still high enough for **USA** to win the month in prime. It averaged a 2.0 HH rating/1.81mln delivery for Apr. Several of the top 5 nets were down year-over-year. 2nd place finisher **Disney** (1.9/1.74mln) was off 10%, while 3rd place **TNT** (1.7/1.61mln) down 11%. **Fox News**, which saw a spike during its VA Tech shooting coverage, bucked the trend with HH ratings increasing 8% to 1.4. Other popular nets posting declines included **TBS** (-21% to 1.1), **MTV** (-20% to 0.8) and **Lifetime** (-15% to 1.1). **Brag Book: Discovery's** HH rating climbed 33% to 1.2 for the month, thanks partly to "Planet Earth" and the return of highest-rated series "Deadliest Catch." Sibling **TLC** saw prime HH ratings grow 14% to 0.8. -- **Oxygen** celebrated its highest-rated month in net history among women 18-34 (0.32) and 18-49 (0.28). -- **Hallmark** had its highest April among prime HHs (839K). -- The 2007 **NFL** draft is the 2nd-highest rated in **ESPN's** 28 year history of telecasting the event, with 35.9mln tuning in to at least part of it on **ESPN** and **ESPN2**. Sat's Day 1 coverage garnered a 4.3 HH rating. Day 2 scored a 1.6 for 7+ hours of coverage. **NFL Network** notched a 0.8 for its Day 1 coverage (noon-10pm) and a 0.4 for Sun's coverage. -- **Bravo** had its best Apr in total day adults 18-49 and total viewers, improving its total day performance by 11% in adults 18-49 (154K vs 139K) and 12% in total viewers (259K vs 232K).

Programming: Starz expects to have at least 60% of true HD content on the 3 new HD movie channels it plans to launch this summer. HD versions of **Starz Comedy**, **Starz Edge** and **Starz Kids & Family** will join the existing **Starz HD** channel. More HD channels will roll out in the coming years as more programming becomes available



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from studios in HD format, said Starz Ent pres/COO *Bill Myers*. -- **Comcast** Philly is running exclusive interviews with the city's mayoral candidates on VOD through Election Day (May 15). -- **Outdoor Channel** will carry exclusive coverage of **8 Professional Rodeo Cowboy Association** events, including bull riding and steer wrestling, on Wed nights (11pm ET).

Emmys: **ESPN** and **TNT** led the cable nets in Sports Emmys, picking up 4 awards each at Mon night's ceremony. **HBO** took home 3, while **ESPN.com**, **ESPN2**, **FSN** and **NFL Net** each nabbed 1.

Stork Visits: *Catherine Crier* may be gone, but **Court TV** PR pro *Vicky Kahn* and hubby *Philippe Lambert* have another crier on their hands. *Celia Nicole Kahn-Lambert*, 8 lbs, took her place alongside big brother on Apr 13 as the center of Mom and Dad's universe.

People: **Comcast's Rebecca Glashow** joins **Discovery** as vp, new media distribution, affil sales and marketing. -- *John Turner* joined **Communications Equity Assoc** as COO of the investment banking group. -- Media company **Communication Trends Inc** tapped *Judy Stevens* as vp, clients services and development. -- **Gemstar** appointed *Lisa DiMarzio* as svp, partner marketing for **TV Guide**; *Jodi Gusek* was named svp, corporate research.

CableFAX Daily Stockwatch

Company	05/01 Close	1-Day Ch	Company	05/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	47.07	0.94	ALCATEL LUCENT:	13.30	0.05
DIRECTV:	23.81	(0.03)	AMDOCS:	36.89	0.18
DISNEY:	35.47	0.49	AMPHENOL:	35.68	0.57
ECHOSTAR:	47.75	1.22	APPLE:	99.47	(0.33)
GE:	37.05	0.19	ARRIS GROUP:	15.22	0.40
HEARST-ARGYLE:	26.14	(0.49)	AVID TECH:	32.95	(0.3)
ION MEDIA:	1.26	0.01	BLNDER TONGUE:	1.70	(0.04)
NEWS CORP:	22.99	(1.01)	BROADCOM:	32.05	(0.5)
TRIBUNE:	32.80	0.00	C-COR:	12.64	0.32
MSOS					
CABLEVISION:	32.67	(0.11)	CISCO:	26.86	0.12
CHARTER:	3.05	0.03	COMMSCOPE:	48.64	1.99
COMCAST:	26.70	0.04	CONCURRENT:	1.48	(0.06)
COMCAST SPCL:	26.30	(0.1)	CONVERGYS:	25.15	(0.11)
GCI:	14.23	0.00	CSG SYSTEMS:	26.98	0.20
KNOLOGY:	18.13	(0.13)	GEMSTAR TVG:	4.45	0.01
LIBERTY CAPITAL:	113.53	0.56	GOOGLE:	469.00	(2.38)
LIBERTY GLOBAL:	36.45	0.56	HARMONIC:	8.20	(0.07)
LIBERTY INTERACTIVE:	24.98	(0.05)	JDSU:	16.22	(0.26)
MEDIACOM:	8.55	(0.08)	LEVEL 3:	5.26	(0.3)
NTL:	28.22	0.00	MICROSOFT:	30.19	0.25
ROGERS COMM:	38.52	0.36	MOTOROLA:	17.49	0.16
SHAW COMM:	38.61	(0.14)	NDS:	50.63	(0.94)
TELEWEST:	24.20	0.00	NORTEL:	22.73	(0.15)
TIME WARNER CABLE:	36.22	(0.6)	OPENTV:	2.50	0.04
WASH POST:	765.30	21.30	PHILIPS:	41.27	0.23
PROGRAMMING					
CBS:	31.71	(0.07)	RENTRAK:	14.00	(0.31)
CROWN:	5.89	0.17	SEACHANGE:	8.60	0.00
DISCOVERY:	21.56	(0.19)	SONY:	52.83	(0.43)
EW SCRIPPS:	43.33	0.03	SPRINT NEXTEL:	19.88	(0.16)
GRUPO TELEVISA:	28.17	0.12	THOMAS & BETTS:	54.96	0.48
INTERACTIVE CORP:	38.26	0.14	TIVO:	6.29	(0.12)
LIBERTY:	8.32	0.06	TOLLGRADE:	11.62	(0.33)
LODGENET:	34.13	0.05	UNIVERSAL ELEC:	29.37	1.07
NEW FRONTIER:	8.85	0.10	VONAGE:	3.14	0.07
OUTDOOR:	10.45	0.15	VYYO:	7.95	(0.03)
PLAYBOY:	9.81	0.02	WEBB SYS:	0.06	(0.01)
TIME WARNER:	20.59	(0.04)	WORLDGATE:	0.75	(0.09)
UNIVISION:	36.23	0.00	YAHOO:	27.73	(0.31)
VALUEVISION:	11.14	(0.17)	TELCOS		
VIACOM:	41.16	(0.08)	AT&T:	38.84	0.12
WWE:	17.03	0.02	QWEST:	9.11	0.23
TECHNOLOGY					
3COM:	3.97	(0.06)	VERIZON:	38.51	0.33
ADC:	18.38	(0.02)	MARKET INDICES		
ADDVANTAGE:	4.25	0.05	DOW:	13136.14	73.23
			NASDAQ:	2531.53	6.44

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