

# CableFAX Daily™

Wednesday — May 6, 2009

What the Industry Reads First

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## Vendor Views: Cable Bright Spot in Tough Quarter

One way to gauge cable's health: Listen to the vendors. **Harmonic** saw shares plummet nearly 22% Tues after failing to meet analyst 1Q expectations, but some positive signs surfaced for cable operators in its earnings report. In an earnings call late Mon, it deemed cable "relatively bright" with bookings running close to last year's pace. "Now, we've seen pricing pressure and some reduced spending in cable, but in large that market has actually been a relative bright point," said pres/CEO *Patrick Harshman*. "In contrast, I'd say the step down in other customer segments, satellite, broadcast and IPTV has been a little bit more significant." Harmonic counts **Comcast** as its largest customer, with the MSO representing 16% of its revenue. Needless to say, it's hopeful about the MSO going all digital in markets, which could mean more encoder sales. Harshman warned that customer trends for the year are unclear and that pricing pressure in the cable sector will likely impact 2Q gross margins. But he noted some signs of improvement in spending, as well as positive response to new products. Harmonic's 1Q revenue fell 22% to \$67.8mIn as it reported a net loss of \$18.8mIn vs net income of \$13.4mIn a year ago (that loss includes \$11.9mIn in charges primarily related to the acquisition of **Scopus Video Network**). Not every vendor is reporting 1Q sales in the red. After the market closed Tues, **BigBand** reported 1Q total revenues of \$43.9mIn (+10% over 1Q08). It reported GAAP net income of \$2.3mIn vs a net loss of \$1.9mIn a year ago. "While we are cautious about the near-term outlook as it relates to service provider spending, we are optimistic about the long-term prospects for our business and the value that we bring to customers," BigBand pres/CEO *Amir Bassan-Eskenzi* said. BigBand said 1Q results included significant intl revenues, including the vendor's 1st 10% customer (**LG Powercom**). BigBand also said it may be the 1st to reach the half million mark in edge QAMs shipped, having shipped 500K BEQ 6000 edge QAM platforms to 60 service providers around the world.

**Cable Praise:** **Sanford Bernstein** raised its target prices on **Time Warner Cable** and **Comcast** after 1Q results exceeded expectations last week. TWC's 12-mo target was upped to \$47 from \$39, reflecting expectations of lower capital intensity in the future. Comcast went to \$20 from \$18, with Bernstein noting that Comcast will move to all-digital in Portland, OR, in the next 60 days. That will give the MSO enough capacity to offer 100Mbps of broadband and 200 channels of HD.

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Source: Beta Research, Brand Identity Study, 3/09,  
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**Earnings:** Disney's cable nets delivered a 4% increase in 2Q rev to \$2.20bln and a 5% rise in operating profit to \$1.14bln. Contrast those numbers to the respective \$1.42bln (-2%) and \$162mln (-38%) recorded by the Mouse's broadcasting segment. Disney cited growth at **ESPN**, **ABC Family** and **Disney Channel** as a key driver of income expansion, including higher affil rev across the trio. ESPN's ad rev declined while ABC Family's increased along with the number of sold advertising units. CFO *Tom Staggs* said the ad market is "stabilizing," but that ad buyers remain cautious.

**In the States:** **Cox** bowed broadband speeds of up to 50Mbps in Northern VA with an introductory residential rate of \$109/month. The DOCSIS 3.0 service is also available in LA, and the MSO plans to offer it in two-thirds of its footprint by '10. -- **DSL Extreme** has launched a fiber-based residential/business broadband service offering speeds of up to 50Mbps (\$100/month). The service is available to 10.4mln homes in 17 states including CA, TX and NY.

**In the Courts:** The **US Bankruptcy Court in NY** overseeing **Charter's** reorg plans has approved the MSO's disclosure statement filed in connection with the plan and authorized Charter to begin soliciting votes from stakeholders on the plan. The Court has set a Jun 15 voting deadline and will consider confirmation of the plan on Jul 20.

**On the Hill:** The **Sen Commerce** cmte will hold a nominations hearing Tues at 10am. It just hasn't announced what nominations will be taken up at the hearing. Senate rules require 1 week notice to hold a hearing. -- The **House Commerce Communications** subcmte holds a hearing Thurs examining competition in the wireless industry. *Paul Schieber*, **Sprint**, vp, access and roaming, and **FiberTower** COO *Ravi Potharlanka* are among the witnesses. -- Sens *Olympia Snowe* (R-ME) and *Susan Collins* (R-ME) introduced a bill last week that would help broadcasters buy equipment to fill signal coverage gaps created by the DTV transition. The DTV Cliff Effect Assistance Act would provide \$125mln in reimbursements for the construction of digital repeater or translator towers, which run approximately \$80K to \$100K each to build.

**Digital Doings:** The **FCC** plans a national soft-test on May 21 to help educate consumers about the DTV transition. The test would include three 5-min segments at 7:30am, 12:30pm and 6:30pm (during local news for most broadcasters). The agency will encourage participating among all broadcasters for the test, which will simulate the analog cutoff.

**Trade Winds:** Sad to report the demise of the print version of *Television Week*. The **Crain** pub will become online-only beginning in June, with the final print edition slated for June 1. "There is no longer enough advertising support in the TV industry marketplace to support the high cost of print publishing," said a message on TVWeek.com. The move is expected to result in more fellow trade hacks out of work come June. TV Week will spin off its *NewsPro* supplement as a stand-alone, monthly print magazine. TV Week began in '82 as *Electronic Media* before changing its name in '03. *Chuck Ross* will oversee the Website, which the pub says reaches "far more" readers than the print pub.

**Online:** **NAMIC** and **Food Net** partnered to launch Deliciously Diverse Recipes, a user-generated online initiative leading to a cookbook with 25 of the best recipes submitted by NAMIC members at **NAMIC.com** or **Tastebook.com**.

**Programming:** **Spike** got basic cable rights to **HBO's** "Entourage," starting in Jan. -- **Versus** shows the men's and women's finals from 11 **AVP Crocs Tour** beach volleyball events starting Mon (5pm ET). -- **Nickelodeon** greenlit a 2nd season of "True Jackson, VP." -- **IFC Films** got the US rights to "I Hate Valentine's Day," a romantic comedy starring *John Corbett*.

**Public Affairs:** **TV One** is teaming with **Luster Products** and **Susan G. Komen for the Cure** for outreach surrounding



### Awards Breakfast

June 11, 2009  
Grand Hyatt • New York, NY  
8:30am - 10:30am

Saluting affiliate and ad sales excellence in cable and honoring the Top Agency and Corporate Advertising Executives who Champion Cable Media.

[www.CableFAX.com/seoy](http://www.CableFAX.com/seoy)

Sales Executive of the Year Awards • Sales Hall of Fame  
CableFAX Sweet 16

# BUSINESS & FINANCE

the latter's African American breast cancer initiative. Facets include a 1-hr doc, a series of TV One-produced PSAs, and net collaboration with local cable partners with cross channel spots, info booths and local events.

**On the Circuit:** Sen *Mary Landrieu* (D-LA) will be on hand Wed for a DC screening of **Lifetime** original movie "America." She also will introduce foster care legislation to connect children with mentors. Landrieu said that after seeing the movie in Feb, she wanted to screen "this important film" for others Members of Congress and foster care advocates in DC.

-- **PromaxIBDA's** annual conference (Jun 16-19) includes a panel focused on new tech and evolving business trends featuring **NBCU** Cable pres *Bonnie Hammer*, **MTVN** chmn/CEO *Judy McGrath*, **Comcast Programming Group** pres *Jeff Shell* and **Disney Channels Worldwide** pres *Rich Ross*. -- **Comcast** is 1 of the lead sponsors of the **Congressional Hispanic Leadership Institute's** 5th Annual Gala and Leadership Awards, May 13 in D.C.

**Honors:** The **SCTE Foundation** awarded a "major grant" to SCTE member *Dana Blouin* of Cox, who will apply the funds toward of a bachelor degree in information networking and telecom.

**People:** **Discovery Comm** appointed *Jody Jones* svp, digital programming. -- **Versus** named *Leon Schweir* svp, production and exec prod.

## CableFAX Daily Stockwatch

Company	05/05 Close	1-Day Ch	Company	05/05 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	28.55	(1.31)	AMPHENOL:	34.27	(0.88)
DIRECTV:	23.60	(0.33)	APPLE:	132.71	0.64
DISH:	15.05	0.20	ARRIS GROUP:	10.81	(0.04)
DISNEY:	23.15	0.29	AVID TECH:	12.28	0.25
GE:	13.10	0.00	BIGBAND:	6.82	0.57
HEARST-ARGYLE:	4.50	0.02	BLNDER TONGUE:	1.25	(0.05)
NEWS CORP:	10.02	0.17	BROADCOM:	24.20	0.26
<b>MSOS</b>					
CABLEVISION:	18.04	(0.13)	CISCO:	19.63	0.13
COMCAST:	16.25	(0.4)	CLEARWIRE:	5.85	(0.05)
COMCAST SPCL:	15.20	(0.5)	COMMSCOPE:	26.42	0.20
GCI:	7.55	(0.45)	CONCURRENT:	4.48	0.02
KNOLOGY:	7.59	0.24	CONVERGYS:	10.20	(0.38)
LIBERTY CAPITAL:	14.02	1.03	CSG SYSTEMS:	14.06	(0.13)
LIBERTY ENT:	25.01	(0.2)	EHOSTAR:	17.08	0.16
LIBERTY GLOBAL:	18.30	0.27	GOOGLE:	402.99	1.01
LIBERTY INT:	6.73	0.68	HARMONIC:	6.05	(1.68)
MEDIACOM:	5.89	0.01	INTEL:	16.16	(0.36)
SHAW COMM:	16.64	0.12	JDSU:	5.09	(0.06)
TIME WARNER CABLE:	34.08	(0.94)	LEVEL 3:	1.12	0.02
VIRGIN MEDIA:	7.87	(0.37)	MICROSOFT:	19.79	(0.4)
WASH POST:	339.75	(12.61)	MOTOROLA:	5.87	0.16
<b>PROGRAMMING</b>					
CBS:	7.33	0.13	NDS:	62.93	0.00
CROWN:	3.20	0.06	OPENTV:	1.48	0.01
DISCOVERY:	21.25	1.04	PHILIPS:	19.55	0.04
EW SCRIPPS:	1.75	(0.14)	RENTRAK:	10.01	0.11
GRUPO TELEVISIA:	17.09	0.36	SEACHANGE:	6.38	(0.14)
HSN:	6.90	0.03	SONY:	27.25	0.02
INTERACTIVE CORP:	16.03	0.00	SPRINT NEXTEL:	5.35	0.35
LIBERTY:	26.70	(0.63)	THOMAS & BETTS:	32.44	0.06
LODGENET:	4.39	(0.05)	TIVO:	7.64	0.02
NEW FRONTIER:	2.05	0.00	TOLLGRADE:	5.54	0.04
OUTDOOR:	7.46	(0.26)	UNIVERSAL ELEC:	19.41	(0.08)
PLAYBOY:	3.25	0.02	VONAGE:	0.40	(0.01)
RHI:	3.36	(0.06)	YAHOO:	14.74	0.56
SCRIPPS INT:	29.90	0.35	<b>TCLCOS</b>		
TIME WARNER:	24.34	(0.1)	AT&T:	26.50	(0.19)
VALUEVISION:	0.68	(0.01)	QWEST:	4.86	0.62
VIACOM:	21.74	0.32	VERIZON:	30.63	(0.41)
WWE:	11.47	0.18	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	4.11	(0.04)	DOW:	8410.65	(16.09)
ADC:	8.24	0.15	NASDAQ:	1754.12	(9.44)
ADVANTAGE:	1.83	(0.02)			
ALCATEL LUCENT:	2.68	0.07			
AMDOCS:	21.52	(0.08)			

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CableFAX Daily™

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# CableFAX: The Magazine Top Operators Award Program

It's that time of the year when CableFAX salutes the top operators (MSO's and Independents). Don't miss this opportunity to be honored!

[www.CableFAX.com/TopOps](http://www.CableFAX.com/TopOps)

**Entry Form**  
Entry Deadline: May 15, 2009

### MSO AWARDS

- MSO of the Year
- Best Community Service (By An Individual System)
- Best Tech Innovation or Innovator (By Individual System or System-Wide)
- Best Customer Service Innovation (By An Individual System or MSO-Wide)
- Best Commercial Sales Team of the Year
- Project Launch of the Year (could be in sales, technology, community service, customer service, employee relations or anything else; the project must have been launched in calendar year 2008)
- Regional Executive of the Year
- Lifetime Achievement

### INDEPENDENT OPERATOR AWARDS

- Independent Operator of the Year
- Marketer of the Year
- System Executive of the Year
- Strategic Thinker of the Year
- Best Community Service
- Customer Service Innovation or Innovator
- Project Launch of the Year
- Lifetime Achievement

Category details available at  
[www.CableFAX.com/TopOps](http://www.CableFAX.com/TopOps)

**How To Enter:** There is no fee to enter. Use this form or visit [www.CableFAX.com/TopOps](http://www.CableFAX.com/TopOps) for entry form copies, additional category information, and to view the 2008 Winners. Fax or Mail your entries and supporting materials by May 15, 2009 to:

Fax: 301-309-3847 or Mail Entries to:  
Mary Lou French  
CableFAX Top Operators Awards  
Access Intelligence  
4 Choke Cherry Rd, 2nd Floor  
Rockville, MD 20850

**What to Enter:** You should submit an essay of not longer than 500 words explaining, with as much specificity as possible, why the candidate or team should be considered. You can supplement your essay with news clips, photos or other materials. When submitting multiple entries please use a separate entry form for each.

Category: \_\_\_\_\_  
Title of Entry: \_\_\_\_\_  
Company: \_\_\_\_\_

### Contact Information (All Required)

Name: \_\_\_\_\_  
Company or Agency/Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
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[www.CableFAX.com/TopOps](http://www.CableFAX.com/TopOps)

Winners will be honored in the July 2009 issue of CableFAX: The Magazine Top Operators Issue

