

CableFAX Daily™

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What the Industry Reads First

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Basic Problem: Charter Also Losing Basic Subs Despite Revenue Gains

Charter has recently followed the course set by big boys such as **Comcast** and **Time Warner Cable**, attracting investors to the growth upside surrounding its bundled services and telephony deployment. Yet even as the MSO reported a 3rd consecutive Q of double-digit rev growth and a 13% increase in ARPU, it still lost 29K basic subs in 2Q—a trend that has hit several MSOs this earnings season. Worse, however, is the 68% drop in digital adds to 8K, blamed by pres/CEO *Neil Smit* on the creation of new digital tiers and a “pretty significant” rate increase earlier this year. “The majority of work is now done,” said Smit of aligning programming costs with offerings. Still, improving bundle penetration (42%) pleases Smit, and not just because he views it as the most important metric. “It’s proving to be the catalyst across many fronts,” he said, noting the impact on net phone (128K, flat) and HSD (60K, +16%) adds. In markets delivering double-digit phone penetration, corresponding HSD penetration is 30% higher than the company average. Overall phone penetration sits at 9% as of Jun 30, HSD at 24%. HD on Demand, meanwhile, is slated to hit all digital markets by year’s end. Smit cited advanced services and improving customer care as major areas of focus going forward. Charter shares closed at \$3.38, down 5%.

Viacom’s Numbers: **Viacom** said the previously announced restructuring of its media nets is on track and “almost complete,” with the group posting a 10% increase in rev to \$1.9bln for 2Q. Pres/CEO *Philippe Dauman* said the cable upfront is almost over for the nets. Adult-focused nets are securing low double-digit price increases, with overall dollar volume slightly higher than last year. Dauman added that nets turned away business because they anticipate a strong scatter market. While **Time Warner** indicated Wed that the kids upfront would be weak, Viacom said it’s seeing no slowdown and expects a double-digit increase in overall dollar volume. Viacom has orchestrated ad deals that feature a combo of the new commercial ratings and program ratings. For the most part, commercial ratings will not come into play until 1Q08, Dauman said. The company said it’s on track to exceed this year’s goal of \$500mln in digital revenue this year, and it plans to launch hundreds of new Websites over the next year. Shares closed up 1% as Viacom’s earnings of \$434mln beat analyst expectations.

Bronx Bombshell: **YES** is officially on the sale block, and a deal could be wrapped up by the end of summer, reported *Fortune* early Thur. Speculation persists that Yankees owner *George Steinbrenner*, an equity partner in the net with **Goldman Sachs** and former NJ Nets owner *Ray Chambers*, is seeking a cash windfall in order to maintain family ownership of the franchise. YES could not be reached for comment. **Disney**, **Comcast**, and **Time Warner** are among entities that could reportedly make a play for the net. Interestingly, *Fortune* estimates the net’s worth at approx \$3bln, reinforcing the prominence RSNs have recently attained in the sporting landscape. In fact, 1 industry source said most RSNs are worth more than the MLB clubs they cover.

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GSN

Get in the Game

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On the Hill: The Sen Commerce Cmte approved a bill Thurs that would have the **FCC** review technology that could help parents protect children from objectionable content. Among things bill sponsor *Mark Pryor* (D-AR) wants the FCC to examine is video filtering tech that could allow parents to edit out scenes and language they find objectionable. **NCTA** said it looks forward to working on the issue. “Cable companies already provide customers with advanced parental control technologies, and our industry is working hard to improve these tools so parents can easily monitor and screen out unwanted programming,” a spokesman said.

In the States: Comcast launched in markets including Seattle, Chicago and D.C. **Filipino on Demand**, an SVOD service featuring 25 hours of regularly-updated content from the Phillipines.

Spat: Next Thurs and Fri, an arbitrator is slated to hear **Massillon’s** arguments for why it should be charged a lower rate for **FSN OH**. The cable op has argued it should pay less because the RSN stopped providing **Indians** games. **Fox** has argued that the spat is not arbitrable and is expected to appeal to the **FCC**.

VOD: Beginning Fri, **Discovery Comm** will offer ad-supported full-length eps of popular programming on its Websites. First up is **Animal Planet’s** “Meerkat Manor,” which debuts Fri—a full week before its linear season debut. Discovery also will make some episodes available to VOD affiliates and online a day after their original airing. -- **NBCU** is offering up 10 classic comedy movies for VOD this month, including “Animal House.” To promote the stunt, it launched an online interactive game at www.univers Alvod.net/name_that_comedy.

Power Play: Big Ten cmsr *Jim Delany* continues to groan about the **Big Ten Network’s** lack of distribution, which became personal in June during the net’s carriage impasse with **Comcast**. Delany told *The Ann Arbor News* this week that the public spat is “not necessarily how I would have preferred it, but most of what I’ve accomplished has been through competitive interchange.” At issue is the net’s refusal to be punted to a sports tier, which Net pres *Mark Silverman* insists won’t happen in the eight-state [Big Ten] region. Comcast, however, feels “very strongly” that the net should be offered on a digital sports tier in conference states, and elsewhere as a subscription service, said a spokesperson.

Tech: CableLabs and the **Multimedia over Coax Alliance** have agreed to share published and draft specs as well as proposed documentation to ensure seamless integration of each other’s technology within the home. MoCA promotes distribution of digital video and entertainment through existing coaxial cable in the home.

Beneficially Speaking: What’s new in the world of cable HR? A number of industry employers are broadening their benefit offerings to include wellness incentives (on-site gym, money towards a gym membership, etc) and so-called convenience incentives, which have included on-site car detailing, DVD rentals and laundry pickup/dropoff. The findings are part of the **Cable and Telecom Human Resources Assoc’s** latest benefit study, which featured 16 cable ops and programmers. Another trend is adoption related benefits, with 44% surveyed providing adoption assistance or reimbursement. None of the companies provide elder care plans, but CTHRA predicts that may change in coming years.

WWE Earnings: WWE CEO *Linda McMahon* opened Thurs’ 2Q earnings call by reiterating that the company has a strong stance against drug abuse, including steroids. Police say wrestler *Chris Benoit* killed his wife and son before hanging himself in June. WWE’s net income dropped 52% to \$7mln in the Q, thanks primarily to a \$15mln impairment charge on poor-performing theatrical “The Condemned.” Rev from live and televised entertainment climbed 11% to \$102.9mln.

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BUSINESS & FINANCE

In the States: Midcontinent signed a 3-year license deal to use **Convergys'** "Lifetime Value Optimization Solution," for tailoring the customer experience.

Programming: The '07-'08 **NBA** season will provide 90 regular-season games to **ABC** (18) and **ESPN** (72), beginning Oct 31 on the cable net. Flexible scheduling is again part of the coverage. -- **TLC** will make "LA Ink" permanent Aug 7 (10pm). The show features artist *Kat Von D*, formerly of sister show "Miami Ink." -- **IFC's** original comedies "The Business" and "The Minor Accomplishments of Jackie Woodman" commence their 2nd seasons Sun (11pm).

People: *Jessica Heacock*, who left **MTV** in Feb as *Denise Dahldorf* took over affil relations, has crossed over to satellite. **EchoStar** hired her as chief marketing officer, prompting her resignation as chairwoman of the cable-centric **WICT**. She starts the gig Mon. **Discovery's** *Jennifer Dangar* will move into the **WICT** chair role. -- *Jeff Meier* joined **TV One** as svp, programming strategy, scheduling; **MTV Nets** vet *Toni Judkins* was hired as vp, programming production; and *Kinyette Newman* was upped to vp, production mgmt.

Business/Finance: **Time Warner** and **IBM** entered into a long-term patent cross-license pact, allowing for shared information about new inventions.

CableFAX Daily Stockwatch

Company	08/02 Close	1-Day Ch	Company	08/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	54.21	0.51	AMPHENOL:	35.84	0.06
DIRECTV:	21.98	0.00	APPLE:	136.49	1.49
DISNEY:	34.36	0.53	ARRIS GROUP:	14.61	(0.2)
ECHOSTAR:	42.22	(0.01)	AVID TECH:	32.07	0.44
GE:	39.03	0.08	BLNDER TONGUE:	1.43	(0.05)
HEARST-ARGYLE:	20.57	(0.07)	BROADCOM:	33.51	0.48
ION MEDIA:	1.40	0.11	C-COR:	13.31	0.12
NEWS CORP:	22.95	0.13	CISCO:	30.13	0.36
TRIBUNE:	28.18	0.33	COMMSCOPE:	56.29	(0.22)
MSOS					
CABLEVISION:	34.79	(0.49)	CONCURRENT:	1.49	(0.01)
CHARTER:	3.38	(0.17)	CONVERGYS:	18.71	(0.19)
COMCAST:	25.81	(0.28)	CSG SYSTEMS:	25.56	(0.1)
COMCAST SPCL:	25.62	(0.26)	GEMSTAR TVG:	5.59	(0.08)
GCI:	12.00	0.41	GOOGLE:	511.01	(1.93)
KNOLOGY:	15.04	(0.15)	HARMONIC:	8.89	(0.05)
LIBERTY CAPITAL:	113.06	(0.69)	JDSU:	14.48	0.11
LIBERTY GLOBAL:	42.11	0.28	LEVEL 3:	5.50	0.26
LIBERTY INTERACTIVE:	21.02	0.26	MICROSOFT:	29.52	0.22
MEDIACOM:	8.90	(0.08)	MOTOROLA:	16.89	0.20
NTL:	28.22	0.00	NDS:	44.44	(0.5)
ROGERS COMM:	42.97	0.00	NORTEL:	20.49	(1.25)
SHAW COMM:	47.56	(0.04)	OPENTV:	1.88	(0.08)
TIME WARNER CABLE:	36.55	(0.23)	PHILIPS:	40.13	(0.3)
WASH POST:	791.90	(1.25)	RENTRAK:	14.60	(0.2)
PROGRAMMING					
CBS:	32.53	0.56	SEACHANGE:	6.94	(0.02)
CROWN:	6.80	0.14	SONY:	51.36	(0.67)
DISCOVERY:	23.77	0.63	SPRINT NEXTEL:	20.57	(0.05)
EW SCRIPPS:	41.27	0.57	THOMAS & BETTS:	62.65	0.66
GRUPO TELEVISA:	25.46	0.32	TIVO:	5.84	0.31
INTERACTIVE CORP:	28.66	0.00	TOLLGRADE:	10.47	0.35
LODGENET:	27.55	(0.93)	UNIVERSAL ELEC:	34.01	(1.79)
NEW FRONTIER:	8.32	0.16	VONAGE:	1.86	(0.13)
OUTDOOR:	9.31	(0.02)	VYYO:	5.85	0.15
PLAYBOY:	10.68	(0.16)	WEBB SYS:	0.08	(0.01)
TIME WARNER:	18.90	0.26	WORLDGATE:	0.48	0.00
UNIVISION:	36.23	0.00	YAHOO:	23.36	0.11
VALUEVISION:	9.73	0.52	TELCOS		
VIACOM:	38.39	0.39	AT&T:	40.60	0.37
WWE:	14.80	0.28	QWEST:	8.65	0.25
TECHNOLOGY					
3COM:	4.02	0.02	VERIZON:	43.13	(0.11)
ADC:	19.08	(0.2)	MARKET INDICES		
ADVANTAGE:	5.63	(0.1)	DOW:	13463.33	100.96
ALCATEL LUCENT:	11.77	(0.18)	NASDAQ:	2575.98	22.11
AMDOCS:	36.17	(0.07)			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Scalping Sports

The US sports landscape has quickly devolved into a maelstrom of immorality, a grating development that serves as a disturbing commentary on American society. And arguably very few persons or industries—cable included—are immune to contributing culpability. Let's look at the most recent litany of actual or alleged transgressions in pro sports, which posed against the backdrop of the recent induction into the **MLB** Hall of Fame of consummate gentlemen *Cal Ripken* and *Tony Gwynn* seems to bask all the more in egregiousness. There's *Mike Vick's* nauseating federal dog fighting charges; *Barry Bonds'* chase for baseball's hallowed homerun record, forever stigmatized by baseball's steroids scandal; the **NBA's** additional suspension doled to league scourge *Ron Artest* and the scandal involving former referee *Tim Donaghy*, who allegedly bet on games for which he officiated; and cycling's massive problem with doping (this year's winner is thought to have cheated, too). Unfortunately, cable programmers are bound by contractual obligations and often can't make a stand, even if they wanted to (think **Versus'** Tour de France coverage); they must be reactively amoral. But did **ESPN** have to pick up extra Giants games, in hopes of airing the record-breaking at-bat? I, for one, would've applauded a decision against it. But it wouldn't have been a prudent decision because most sports fans still turn a blind eye to the problems and continue to tune in (ironically, the sport least in the headlines (**NHL**) garners the smallest viewership). Still, fans' collective shrug can't be the reason problems are bleeding into network/MSO negotiations. **NFL Net** butted heads with MSOs that are now locking horns with the **Big Ten Net**. And don't forget MLB's initial attempt this year to shut out cable (and myriad fans) from its out-of-market games package. Granted, as money-making concerns—many of them public—it's hard to begrudge a profit motive. But at what price? *CH*

Highlights: "Jekyll," Sat, 8pm, **BBC America**. Your subs know "Dr Jekyll and Mr Hyde." So do the characters in this 4-parter, a loosely adapted, modern-day version. The Jekyll-like protagonist (played wonderfully by *John Nesbitt*) knows his alter ego is a dangerous character but feels modern surveillance technology will keep the monster in check. Early on, Dr Jekyll's biggest issue is explaining his extended absences to the wife & kids. And, darn, when Hyde goes out for a night on the town, can't he leave a note for Jekyll as to where he parked the car? *SA*

Worth a Look: "The Company," Sun, 8pm, **TNT**. TNT gets points for raising the standard, forgoing obvious subjects for a summer bio pic (*Paris Hilton*, *Tom Cruise* or *Britney Spears*) and instead hanging love stories and other dramas on the shoulders of talented bureaucrats from the CIA's formative years. *Michael Keaton*, *Chris O'Donnell* and good marketing will grab ratings, but this clichéd spy spiel is a drama, not a substitute for history class. — "Fallen," Fri-Sun, 8pm, **ABC F**. After a 1-year wait, we get parts II & III of this sci fi saga. *Paul Wesley* is perfect as a teen angel (literally). Part I reruns Fri. [Reviews of **GSN's** "Grand Slam," **Style's** "Kimora: Life in the Fab Lane" and more at cable360.net] *SA*

Basic Cable Rankings (7/23/07-7/29/07) Mon-Sun Prime			
1	DSNY	2.4	2186
2	USA	2.1	2013
3	TNT	2	1875
4	LIFE	1.3	1184
5	FOXN	1.2	1128
5	TBSC	1.2	1119
5	FX	1.2	1099
8	TOON	1.1	1056
8	DISC	1.1	1008
8	HGTV	1.1	983
8	CORT	1.1	940
12	A&E	1	969
12	SPK	1	958
12	NAN	1	939
12	HIST	1	886
12	HALL	1	850
17	FAM	0.9	882
17	AMC	0.9	825
17	MTV	0.9	811
17	SCIF	0.9	791
21	TLC	0.8	764
21	CMDY	0.8	722
23	CNN	0.7	704
23	TVLD	0.7	656
23	FOOD	0.7	641
23	ESPN	0.7	619
27	ESP2	0.6	568
27	VH1	0.6	564
27	BET	0.6	506
27	LMN	0.6	357
31	BRAV	0.5	463
31	MSNB	0.5	454
31	EN	0.5	428
31	APL	0.5	427
31	SOAP	0.5	293
36	TTC	0.4	390
36	HLN	0.4	353
36	OXYG	0.4	286
36	NGC	0.4	263
36	WGNC	0.4	254
41	CMT	0.3	261
41	TDSN	0.3	221
41	DHLT	0.3	174
41	NOGG	0.3	165
41	BIO	0.3	122
41	TV1	0.3	109

*Nielsen data supplied by ABC/Disney

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