

CableFAX Daily™

Friday — August 10, 2007

What the Industry Reads First

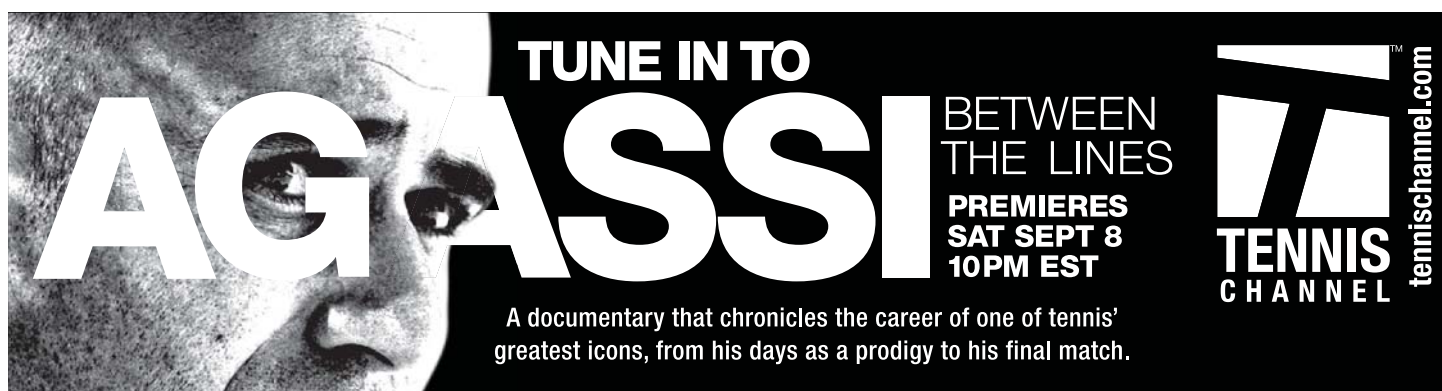
Volume 18 / No. 155

HD a Go-Go: DirecTV Hangs Hopes on Advanced Customers

The HD is coming! The HD is coming! Once again, that was the theme of **DirecTV's** earnings call, with the DBS provider promising 70 channels by the end of 3Q and 100 expected by year-end as some nets need more time to go high-def. Carriage deals are in place for 90 HD channels, and the launch of next year's satellite will get DirecTV to 150-channel capacity, plus locals, execs said. *Chase Carey*, who just signed a new 3-year contract as pres/CEO, didn't provide specifics on how much HD a customer needs to make the switch to DirecTV. "More is better... I think there's a magic to having a unique volume. I think that's why 100 has been important to us," he told analysts on a 2Q earnings call, pointing to the reaction the HD campaign has provoked from cable. "Look at how our competitors have spent an awful lot of energy over the past 3-4 months trying to refute or muddy the waters about the advantages we're going to have."

Time Warner Cable sued over DirecTV's HD campaign, with an appeals court ruling Thurs that the DBS provider can't run *Jessica Simpson* and *William Shatner* ads that say its HD service is better than TW's (DirecTV pulled them in 4Q). The ruling, which does allow DirecTV to run such Internet advertising, doesn't mean much since the 2 sides reached a confidential settlement weeks ago. Meanwhile, DirecTV has sued **Comcast** over its HD superiority campaign. DirecTV spent \$7.40/sub in 2Q for retention marketing. **Sanford Bernstein's** *Craig Moffett* sees spending accelerating "if it is going to deliver on its promise to be the 'best' in HDTV." He estimated that DirecTV's 2Q HD penetration was at 14% vs Comcast's 32% of digital subs. **By the Numbers:** Churn was relatively flat at 1.58% with DirecTV sub growth slowing to 128K subs (gross adds were 900K—Carey called involuntary churn "too high"). Net income dropped to \$448mln from \$459mln, while rev climbed 17% to \$4.14bln. A trend for the Q was higher demand in HD and DVR receivers—something it expects to continue when it launches 70 high-def nets next month. DirecTV said it has a DISH "Homezone"-like set-top box ready to deploy in the short term, after it finishes working through "business issues." It's also planning to roll out its initial VOD offer this fall, using the hard drive and broadband. DirecTV announced a \$1bln share buyback program. It completed its previous \$1bln buyback over the past few weeks.

Earnings: **RCN** reported a 7% increase in overall 2Q rev to \$159mln and a 5% rise in rev from its core residential (+3%) and business (+13%) segments. Added in the Q were 10K new customers and 27K RGUs, including 3K video and 28K HSD (voice was flat). The overbuilder counted 409K subs as of Jun 30, 67% of whom take a bundle. ARPC is \$109. '07 rev outlook was raised by \$5mln, to \$625-\$635mln. RCN also announced a pact with VoIP provider **del-tathree** to expand its voice service beyond its current service areas. -- **Motorola's** Home and Networks Mobility segment recorded \$2.6bln (+9%) in 2Q sales and operating earnings of \$207mln (-16%). Delivered in the Q were 4.23mln digital set tops (+74%), including 938K DVRs (+38%), 1.33mln HD boxes (+35%) and 604K IPTV boxes (+230%). Moto also announced the planned implementation of a MPEG-4 AVC encoding system to allow **HBO** to deliver 26 HD chan-



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nels within the next year. -- **Outdoor Channel Holdings** reported a 15.2% increase in 2Q rev to \$11.5mln, powered by a 19.2% jump in **Outdoor Channel** ad rev to \$6.8mln and a 10% rise in sub fees to \$4.8mln. A "number" of distribution deals for the net are expected to be completed in the coming months, said pres/CEO *Roger Werner*.

Carriage: **HGTV** recently reached a renewal deal with Comcast that includes launches of **HGTV HD**. **HGTV HD** and Scripps sib **Food HD** have already rolled out to Comcast subs in parts of NJ and Boston. **HGTV** is still negotiating with **Time Warner Cable**. The MSO has been on a short-term extension deal, like Comcast was, since its affiliation agreement expired in Dec.

Competition: **DirectTV** launched **Discovery Familia** within "Mas" programming packages, marking the Spanish-language Discovery net's debut in the US.

Marketing: **Comcast** selected **Arc Worldwide** as a marketing partner to expand its presence at retail outlets and retailer Websites. As part of the relationship, Arc will try to integrate the MSO's "Comcastic" campaign through those channels.

Online: Everyone's getting a **MySpace** page these days. Even **C-SPAN's** Campaign 2008 Bus (<http://www.myspace.com/campaign2008bus>). Who says C-SPAN is stodgy? MySpace friends include the C-SPAN Book TV Bus, and, of course, *Brian Lamb* (http://www.myspace.com/brian_lamb_at_cspan). On Fri, **Mediacom** and C-SPAN bring the Campaign Bus to IA for a 9-day, 1K mile "Heartland Tour." C-SPAN execs hope the pages will help the net reach out to a new and young audience. We also hear the C-SPAN staffers managing the 2 bus sites have a competition going on over who can nab the most friends... -- **WE tv** said the advertiser brand channel it secured on **YouTube** to promote net series "Bridezillas" yielded more than 1.6mln views in 1 day, setting a timeframe record for an entertainment advertiser. It also became the most-watched video homepage ever within YouTube's entertainment sector.

In the States: **Mediacom** and **Insight** will launch **Gemstar's** "TV Guide's Listings2Go" online TV guide app on their portals this month. The app lets users personalize their grid views and search 14 days of programming data, including HDTV filters. Listings2Go is Phase 1 of "My TV Guide," Gemstar's cross-platform personalized guidance tools.

Mobile: **Alltel Wireless** now offers a suite of **MTVN** programming, including on demand mobile video from nets such as **Comedy Central**, **MTV** and **Nickelodeon** and the mobile Websites of Comedy, MTV and **VH1**.

VoIP: With just 57K customer adds in the Q, **Vonage** hands **Comcast** the title of largest US VoIP provider. As of Jun 30, the MSO counted more than 3mln voice subs to Vonage's 2.45mln; **Time Warner Cable** isn't far behind (2.3mln).

Programming: *Natalie Portman* and *Jack Hanna* bring attention to endangered African gorillas in **Animal Planet's** "Gorillas on the Brink," slated to air this fall as part of the net series "Saving a Species." -- Teammates of **Fox Soccer Channel's** coverage of England's Barclay's Premier League, which kicks off Sat, are new originals "Fox Soccer Match Day" (Sat, 9:30am) and "Super Sunday" (Sun, 1pm ET), league preview and recap shows, respectively. -- **Big Ten Net's** "Friday Night Tailgate" (8pm ET) will analyze every Fri night the conference football games to air the following day. -- **WE** announced new series "Wedding Central" (debuts Aug 12), "VH1's Big Fat Fabulous Weddings" (Dec) and "Rich Bride Poor Bride" (Aug 13) for its "We Go Bridal" programming block. -- **E!** will launch a non-scripted reality show centered on Hollywood socialite *Kim Kardashian* and family this fall. -- **Si TV** has partnered with *Maria Perez-*

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**WHAT THE
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BUSINESS & FINANCE

Brown/Dorado Ent to develop and produce content for distribution across the linear net, broadband, VOD and mobile. -- **TNT** will hit more than 60 hours of coverage from this week's **89th PGA Championship**, beginning Thurs (2pm ET) with a live 1st-round telecast.

Business/Finance: Scheduled to launch next month, the **NBCU/News Corp** online video portal has padded its coffers through a \$100mln investment from **Providence Equity Partners**, according to the *NY Times*. Providence acquired a 10% stake in the jv. -- **Blockbuster** moves into the online movie download business with its acquisition of **Movielink**, a jv between **MGM Studios**, **Paramount Pictures**, **Sony Pictures**, **Universal** and **Warner Bros Studios**. The chain plans to make available at **Blockbuster.com** some elements of the service, which has agreements with more than 30 content providers. -- **JetBroadband** received a \$19mln co-investment from **Intermediate Capital**. The investment was made in conjunction with Jet's purchase last week of **Suddenlink's** VA cable systems. **DH Capital** served as the exclusive financial adviser to JetBroadband on the capital placement.

People: **BBC Worldwide Americas** appointed **Amy Mulcair** vp, publicity and **Christine Black** vp, comm. -- **Si TV** svp, programming and production **Ed Leon** is departing the net to "pursue new opportunities."

CableFAX Daily Stockwatch

Company	08/09 Close	1-Day Ch	Company	08/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ARRIS GROUP:	14.74	0.65	ARRIS GROUP:	14.74	0.65
BRITISH SKY:	55.95	0.67	AVID TECH:	33.49	(0.12)
DIRECTV:	21.80	(0.13)	BLNDER TONGUE:	1.40	(0.13)
ECHOSTAR:	38.30	(1.52)	BROADCOM:	35.84	(0.14)
GE:	38.94	(1.52)	C-COR:	11.23	(0.58)
HEARST-ARGYLE:	20.11	(0.47)	CISCO:	31.40	(0.28)
NEWS CORP:	22.50	(0.3)	COMMSCOPE:	46.00	(2.28)
TRIBUNE:	26.96	(0.11)	CONCURRENT:	1.39	(0.1)
MSOS					
CABLEVISION:	32.66	(1.34)	CONVERGYS:	15.49	(0.34)
CHARTER:	2.69	(0.12)	CSG SYSTEMS:	20.96	(0.39)
COMCAST:	25.05	(0.67)	GEMSTAR TVG:	5.56	(0.04)
COMCAST SPCL:	25.02	(0.47)	GOOGLE:	514.73	(11.05)
GCI:	12.87	0.70	HARMONIC:	8.41	0.07
KNOLOGY:	12.88	(1.27)	JDSU:	14.88	0.25
LIBERTY CAPITAL:	114.15	(1.12)	LEVEL 3:	5.38	0.25
LIBERTY GLOBAL:	41.30	(1.73)	MICROSOFT:	28.92	(1.08)
LIBERTY INTERACTIVE:	18.63	(1.19)	MOTOROLA:	16.81	(0.29)
MEDIACOM:	7.19	(0.59)	NDS:	44.80	(1.69)
NTL:	28.22	0.00	NORTEL:	19.32	0.04
ROGERS COMM:	42.97	0.00	OPENTV:	1.61	(0.06)
SHAW COMM:	21.96	(0.7)	PHILIPS:	38.10	(2.02)
TIME WARNER CABLE:	34.12	(0.86)	RENTRAK:	12.70	0.10
WASH POST:	814.90	(24.1)	SEACHANGE:	6.06	(0.22)
PROGRAMMING					
CBS:	30.66	(1.3)	SONY:	48.90	(0.56)
CROWN:	7.59	0.41	SPRINT NEXTEL:	18.90	(0.87)
DISCOVERY:	25.46	(0.68)	THOMAS & BETTS:	51.53	(3.35)
EW SCRIPPS:	40.00	0.01	TIVO:	6.62	0.25
GRUPO TELEVISIA:	24.94	(1.06)	TOLLGRADE:	8.76	(0.84)
INTERACTIVE CORP:	26.12	(0.35)	UNIVERSAL ELEC:	26.81	(2.2)
LODGENET:	29.91	0.72	VONAGE:	2.40	0.20
NEW FRONTIER:	6.06	(0.65)	VYYO:	6.91	0.77
OUTDOOR:	10.20	0.81	WEBB SYS:	0.09	0.03
PLAYBOY:	10.77	(0.08)	WORLDGATE:	0.46	0.00
TIME WARNER:	18.66	(0.32)	YAHOO:	23.80	(0.07)
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	8.42	(0.67)	AT&T:	39.25	(1.1)
VIACOM:	37.18	(1.71)	QWEST:	8.19	(0.19)
WWE:	14.32	(0.27)	VERIZON:	41.92	(1.27)
TECHNOLOGY					
3COM:	3.41	(0.14)	MARKET INDICES		
ADC:	15.48	(0.87)	DOW:	13270.68	(387.18)
ADVANTAGE:	5.07	0.12	NASDAQ:	2556.49	(56.49)
ALCATEL LUCENT:	11.43	(0.26)			
AMDOCS:	35.23	(0.59)			
AMPHENOL:	34.24	(0.51)			
APPLE:	126.39	(7.62)			



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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Taking No Bull

CMT's 1st celebrealty show kicks out of the chute tonight aboard 1-ton bulls with menacing names like Satan's Own and Bad Company. Yet there's nothing negative about the initial camaraderie among the 9 celebs trying to conquer the dangerous world of bull riding in "Ty Murray's Celebrity Bull Riding Challenge" (9pm). Amassed by the net to compete is a surprising and eclectic group of non-cowboys that includes former NFLer "Rocket" Ismail (who actually was, Dallas variety), Anthony Quinn's son Francesco and 1 of the ubiquitous B-rated Baldwin brothers, Stephen. And, refreshingly, there are no imposed eliminations in this journey to participation in a professional event, so the guys genuinely root for 1 another—albeit mainly to avoid major injury or death. Even so, CMT development chief Bob Kusbit admits that many viewers will be "rooting for the bulls." Indeed, some may treat outspoken rapper and reality show vet Vanilla Ice with derisive chants of "Gored, Gored, Baby!" Alas, no major catastrophes in the debut ep, although allusions are made to a broken bone in the near future. Also particularly compelling is the depiction of the sport's training protocol and the palpable fear as contestants initially strive for an 8-sec ride. Plus, bull riding stalwart Murray is knowledgeable and likable, even bringing songstress Jewel along for cameos. Her involvement satisfies one net goal to feature musicians not only in the country genre, but relevant rockers, too, said Kusbit. Still, the overarching thrust is voluminosity. "It's sort of my mantra, these loud ideas that will have people stand up and take notice," said Kusbit in description of Ty Murray's and future net originals. In the offing is a Dallas Cowboys Cheerleaders spin-off, a music competition and a series that involves makeovers, as Kusbit created MTV's "Made." Meanwhile, Leif Garrett and the others are discovering that you can't make a bull do anything expect jump and buck. Enjoy the ride! *CH*

Highlights: "Science of Dogs," Wed, 8pm, **Nat Geo**. A great look at how and why dogs were and are manipulated by humans to create just the right canine in what the show calls "a giant eugenics experiment." The species are fascinating, including Russia's Sulimov dogs, bred solely to sniff out explosives. -- "Weeds," Mon, season 3 premiere, 10pm & "Californication," premiere, 10:30pm, **Showtime**. Linear channel schedules may disappear one day, but pairing these series is a beautiful touch. "Weeds" adds complexity as Nancy (*Mary-Louise Parker*) faces the reality of her profession as a suburban pot peddler. In "Californication," *David Duchovny's* character ignores reality as he attempts to be Peter Pan. The priceless opening minutes explain it well. Season 3 debut of "Meerkat Manor," 8:30pm, **Animal Planet**. Flower's pups go AWOL as the Whisker family is evicted by the Commandos. The tykes are in peril as predators loom; the Zappa clan must be taken down as the Whiskers seek a new burrow. *SA, SB*

Worth a Look: "Diana, Last Days of a Princess," Sun, 8pm, **TLC**. What's gutsy about this pastiche of drama and interviews is that it whacks at Dodi, his dad, the tabloids and paparazzi (of course) and even Diana. [*Valerie Bertinelli* on **Hallmark**, *Mandy Moore* on **Oxygen** and more at cable360.net]. *SA*

Basic Cable Rankings (7/30/07-8/05/07)			
Mon-Sun Prime			
1	DSNY	2.4	2202
2	USA	2	1926
3	TNT	1.9	1812
4	FOXN	1.4	1299
5	TBSC	1.3	1217
5	NAN	1.3	1197
5	LIFE	1.3	1186
8	ESPN	1.2	1146
8	FX	1.2	1131
8	HALL	1.2	1021
11	TOON	1.1	1066
11	HGTV	1.1	1037
11	CORT	1.1	954
14	A&E	1	982
14	DISC	1	960
14	FAM	1	941
17	SPK	0.9	863
17	CNN	0.9	833
17	HIST	0.9	812
20	AMC	0.8	779
20	TLC	0.8	709
22	MTV	0.7	700
22	CMDY	0.7	688
22	SCIF	0.7	678
22	LMN	0.7	377
26	FOOD	0.6	590
26	TVLD	0.6	576
26	VH1	0.6	544
26	BET	0.6	490
26	NFLN	0.6	265
31	MSNB	0.5	476
31	APL	0.5	441
31	BRAV	0.5	434
31	EN	0.5	433
31	SOAP	0.5	303
36	ESP2	0.4	415
36	TTC	0.4	399
36	HLN	0.4	374
36	OXYG	0.4	294
36	NGC	0.4	281
41	CMT	0.3	268
41	WGNC	0.3	248
41	TDSN	0.3	222
41	DHLT	0.3	190
41	WE	0.3	173
41	GSN	0.3	161

*Nielsen data supplied by ABC/Disney



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