

CableFAX Daily™

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What the Industry Reads First

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Big Shadow: Next Few Qs Loom Large as Earnings Season Kicks Off

For what it's worth, **AT&T** kicks off the 3Q reporting season for cable/telcos/DBS Wed. But given the economic bomb that's gone off in recent weeks, no one is expecting 3Q numbers to shed much light on the uncertain times ahead. "There's a palpable sense that everything changed—for AT&T and everyone else—around the middle of Sept, when **Lehman** declared bankruptcy and the credit situation went from crunch to crisis," **Sanford Bernstein's Craig Moffett** said in a note to clients. Things have certainly changed for multichannel stocks as well. Most have joined the overall market in shedding chunks of value recently, a slide that begs these questions: will any negative 3Q results or news send related shares down further, and will any heartening data provide notable propulsion? Industry "valuations are quite low, suggesting pricing is pretty fully baked for a dismal economic forecast already," said **Moody's** analyst **Russell Solomon**. Over the next few weeks, expect ears to perk up any time company brass make the slightest mention of 4Q during earnings calls. **Stifel Nicolaus** told clients that it does expect to see the beginnings of some consumer-driven pressures in 3Q, suggesting that sub additions for basic cable, **Verizon's FiOS** and wireless data ARPUs could be under "mild pressure." But overall, the firm thinks companies in its media sector, which includes AT&T, **Time Warner Cable** and Verizon, delivered solid, if unspectacular results, with significant FCF generation. For the most part, AT&T is expected to post sound adds on the wireless side, led by **Apple's** iPhone, while landline losses are expected to continue and possibly even accelerate. **Thomas Weisel** increased its 3Q estimate for access lines losses to 1.99mln from 836K. It predicted 100K new broadband connections and 250K U-Verse video adds. Sanford Bernstein's Moffett told clients that he suspects the good will outweigh the bad for AT&T, and that a combination of low expectations and a steady rollout of U-Verse "have set the stage for what might be a string of positive surprises as their video offering begins to gain traction." The bottom line from Moffett: "Yes, AT&T will feel the headwinds of a worsening macro outlook. But we expect 3Q results to show that AT&T is well-equipped to weather the storm."

Competition: **Verizon** snagged a deal to bring **FiOS** TV and Net services to the Parkchester housing complex in the Bronx. It's significant in that it's the largest privately owned condominium complex in the country (12,271 apartments and 171 buildings) and is the telco's largest deal yet in the urban MDU market. Verizon will begin offering services to some residents by YE. -- Coverage from **BBC America**, **CNN**, **Comedy Central**, **Fox News** and **MSNBC** will be available on **DirectTV's** interactive **Election Mix Channel**, which during the Presidential election (7pm-6am ET) will feature 8 network feeds on 1 screen and a real-time election blog tracking the announcements and analysis on each channel as votes are counted.

In the States: In an effort to streamline operations and increase efficacy in customer care and competitive positioning, **Comcast** has restructured its Eastern div and plans to cut approx 300 jobs. The positions will be terminated

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over the next few weeks and are at the management level, said a Comcast spokesperson, noting that the MSO seeks to reassign affected employees. The div now has 4 regions instead of 6 after Philly combined with NJ and DC/northern VA combined with MD/DE/Richmond.

DTV Doings: Reps *John Dingell* (D-MI) and *Ed Markey* (D-MA) continue to closely monitor the govt's administration of the DTV coupon program. The 2 sent a list of questions to **NTIA's Meredith Baker** Tues about preparations. They want her opinions on having non-profit group members apply for coupons and then donate them to some consumers, as well as her thoughts on waiving rules limiting the number of coupons available to homes with cable or satellite service. -- **ION's** nets, along with **NBCU**, **Telemundo** and the **Assoc of Public TV Stations**, will spearhead temporary analog shutoff tests in several major markets, including NYC, L.A., DC and Hartford, CT. A 2-min shutdown is planned for NYC on Tues from 5:59 to 6:01pm in which several broadcasters will participate, including the local **ABC**, **CBS**, **NBC** and **Fox** affils. ION said the tests come in response to a request from **FCC** commish *Jonathan Adelstein*. -- Nursing home residents and P.O. box users can now apply for govt DTV converter box coupons. The program was amended to ensure that these people were eligible. -- MI broadcasters host free training sessions at National Guard facilities across the state to help residents prepare for the DTV transition. Details at www.michigandtv.com. -- **CTAM Summit** (Nov 9-11) is devoting a panel to the transition, with marketing and engineering professionals discussing best practices for working with broadcasters, minimizing consumer confusion and lessons learned from Wilmington, NC. The panel includes **Insight** svp, field ops *Gregg Graff*, **Time Warner Cable** vp/gm *Kim Cannon* and **CBS** Boston engineering manager *Robert Yankowitz*. -- **CEA** launched a contest on **YouTube**, asking consumers to send in short videos demonstrating ways to get friends and family ready for the transition. The winner gets a state-of-art home theater (www.youtube.com/dtvtransition).

Ratings: Although cable's '08 has been all about originals, election coverage and sports, the latter genre remains the savvy industry veteran that continues to produce. **TBS'** dominant ALCS Game 7 coverage continued what has become a sporting tradition on cable, scoring a 9.2/9.10mln and garnering 13.4mln total viewers to become the most-watched baseball game ever on cable and the net's most-watched program ever. The former achievement marks cable's 3rd pro sports viewership record this year. In Jun, **ESPN's** coverage of the US Open playoff between *Rocco Mediate* and some guy named *Tiger* became the highest-rated golf telecast ever on cable, drawing a 4.2 HH rating and 4.06 HH impressions. And last month, ESPN's "MNF" coverage of Dallas-Philly went down as the most-viewed cable telecast ever in HHs and total viewers, with Mon's game notching a 13.3 rating, 18.6mln total viewers and 13mln HHs. -- Overall, 5 ALCS contests on TBS (3.7/3.61mln) last week averaged a 5.76/5.7mln to pace the net's easy cable prime victory. **Fox News** (2.6/2.48mln) used its Presidential Debate coverage (6.6/6.26mln) to notch 2nd, followed by **ESPN** (2.2/2.16mln), **USA** (2.1/2.05mln) and **Disney** (1.9/1.79mln). **CNN** failed to crack the top 5 despite averaging a 6.0/5.85mln for 2 hours of live and post debate programming.

Programming: **Showtime** ordered up 2 more seasons of "Dexter." The Emmy-nominated series bowed its 3rd season 3 weeks ago, with more than 3mln tuning in for its premiere week. -- **Gospel Music Channel** will become the exclusive 1st-run cable home for "The Stellar Awards" under a multi-year agreement. **TV One** hosted the gospel music honors last year. -- Republican vp candidate *Sarah Palin* was to give her 1st and only interview on Spanish-language TV Tues (10/21), with **Univision** securing the one-on-one time with the AK governor. It was slated to air at 6:30pm and 10pm. -- **HDNet's** "Dan



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Source: Nielsen Media Research, Live+SD. The Locator 9/6/08 Sa 9:30p-10p, compared to all prior tics on WE in Total Day (12/31/01-9/28/08). The Locator to-date (Sat 9p/9:30p 9/6-10/11/08, 8 tics) - HH rtrgs based on WE cov area, Program-based R&F for P2+ (000), 6 min qualifier, 75% unification. Subject to qualifications upon request.

BUSINESS & FINANCE

Rather Reports on Politics" will feature live election night (Nov 4) coverage. Beginning at 7pm ET, Rather will broadcast from the Newseum in Washington, D.C. -- **USA** greenlit pilot "White Collar," featuring a grifter and an FBI agent that become partners.

People: Discovery appointed *Robert Tercek* pres, digital media, **The Oprah Winfrey Network**. -- **AETN** vp, distribution and business development *Mark Garner* has been elected chmn of **NAMIC**, effective Nov 1. Newly elected board members include: **The Africa Channel's Eric Brown**; **Scripps Nets' Lisa Choi-Owens** and *Lenore Washington-Graham*; **TV One's Michelle Rice**; **Comcast's Earle Jones**; and **Turner's Loretta Young Walker**.

Trade Winds: Nielsen Business reorganized its **Adweek Media Group**, combining content and distribution for *Adweek*, *Brandweek* and *Mediaweek* under one editorial organization. The idea is to share content between the brands. 11 positions were reportedly eliminated from the magazines, including *Mediaweek* network TV senior editor *John Consoli*.

Business/Finance: Banc of America Securities initiated coverage of **DirecTV** and **DISH** with 'buy' ratings. -- **Optimum Lightpath** has closed its acquisition of **4Connections**, a broadband tech enabler of advanced voice, data and video apps that provides first and last mile fiber capabilities to businesses.

CableFAX Daily Stockwatch

Company	10/21 Close	1-Day Ch	Company	10/21 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ALCATEL LUCENT:	2.54	(0.25)	AMDOCS:	23.76	(1.28)
BRITISH SKY:	26.73	(0.63)	AMPHENOL:	27.50	(0.07)
DIRECTV:	22.20	(0.07)	APPLE:	91.49	(6.95)
DISNEY:	25.31	(1.24)	ARRIS GROUP:	5.62	(0.37)
ECHOSTAR:	16.33	(0.15)	AVID TECH:	19.10	(0.8)
GE:	20.35	0.21	BIGBAND:	3.60	(0.22)
HEARST-ARGYLE:	15.99	(0.31)	BLNDER TONGUE:	0.83	0.08
ION MEDIA:	1.44	0.00	BROADCOM:	13.80	(0.6)
NEWS CORP:	9.45	(0.48)	C-COR:	11.00	0.00
MSOS					
CISCO:	17.86	(1.1)	CISCO:	17.86	(1.1)
CABLEVISION:	17.96	(1.04)	COMMSCOPE:	21.87	(1.43)
CHARTER:	0.46	0.00	CONCURRENT:	4.18	0.14
COMCAST:	15.36	(0.61)	CONVERGYS:	11.68	(0.09)
COMCAST SPCL:	15.04	(0.67)	CSG SYSTEMS:	14.14	(0.58)
GCI:	6.71	(0.72)	ECHOSTAR HOLDING:	21.68	(1.1)
KNOLOGY:	5.00	(0.14)	GOOGLE:	362.75	(16.57)
LIBERTY CAPITAL:	7.95	(0.16)	HARMONIC:	8.17	(0.31)
LIBERTY ENT:	19.32	0.73	JDSU:	6.21	(0.25)
LIBERTY GLOBAL:	17.80	(1.04)	LEVEL 3:	1.28	(0.06)
LIBERTY INT:	6.84	0.02	MICROSOFT:	23.36	(1.36)
MEDIACOM:	4.35	(0.04)	MOTOROLA:	5.68	(0.39)
SHAW COMM:	16.89	(0.58)	NDS:	50.89	(2.11)
TIME WARNER CABLE:	20.46	0.22	NORTEL:	1.54	(0.17)
VIRGIN MEDIA:	5.33	(0.69)	OPENTV:	1.28	0.11
WASH POST:	354.58	2.70	PHILIPS:	18.71	(1.01)
PROGRAMMING					
RENTRAK:	11.87	0.15	RENTRAK:	11.87	0.15
CBS:	9.04	(0.36)	SEACHANGE:	7.59	(0.5)
CROWN:	3.22	(0.34)	SONY:	25.34	(1.26)
DISCOVERY:	13.30	(0.31)	SPRINT NEXTEL:	3.82	0.27
EW SCRIPPS:	4.85	(0.17)	THOMAS & BETTS:	23.67	(1.16)
GRUPO TELEVISA:	15.49	(0.86)	TIVO:	6.12	(0.41)
HSN:	4.53	(0.18)	TOLLGRADE:	3.31	(0.06)
INTERACTIVE CORP:	16.18	0.09	UNIVERSAL ELEC:	18.70	(1.1)
LIBERTY:	33.01	(1.58)	VONAGE:	0.90	0.12
LODGENET:	1.33	0.00	YAHOO:	12.07	(0.79)
NEW FRONTIER:	1.81	(0.01)	TELCOS		
OUTDOOR:	8.04	(0.14)	AT&T:	25.73	(1.26)
PLAYBOY:	1.66	(0.04)	QWEST:	3.00	(0.06)
RHI:	12.04	(1.17)	VERIZON:	28.01	(0.98)
SCRIPPS INT:	29.28	(0.26)	MARKET INDICES		
TIME WARNER:	10.37	(0.45)	DOW:	9033.66	(231.77)
VALUEVISION:	0.67	(0.22)	NASDAQ:	1696.68	(73.35)
VIACOM:	19.88	0.24	TECHNOLOGY		
WWE:	14.81	(0.11)	3COM:	2.33	(0.07)
TECHNOLOGY					
ADC:	5.60	0.16			
ADDVANTAGE:	1.81	0.16			

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Advertising contacts:
Debbie Vodenos
Publisher
dvodenos@accessintel.com
(301) 354-1695

Erica Gottlieb
Account Manager
egottlieb@accessintel.com
(212) 621-4612