

CableFAX Daily™

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What the Industry Reads First

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On a Roll? HSD, VoIP May Help Cable Continue Its Drive in 3Q

Can cable keep up the momentum of the last two quarters? That's the question when **Comcast** kicks off 3Q cable reporting season Thurs. "While the upside for cable investors is, to be sure, more limited than it was early in the year, cable continues to offer a positive risk/reward balance, in our view," **Sanford Bernstein's Craig Moffett** said in a note to clients. Another sign that things could continue to go cable's way: "Sentiment on cable stocks tends to run in multi-year bear and bull cycles and after 4 tough years followed by five good months, we think the sentiment is likely to remain positive for some time," **Bank of America** told clients last week in a research note raising Comcast's price target to \$43 from \$39. The Street is also monitoring high-speed data closely this quarter. Moffett cited possible upside to Comcast's consensus HSD forecasts, pointing to seasonality effects; broader VoIP rollout that could lift HSD subs; and **AOL's** free strategy that should accelerate the dial-up transition. He estimates 461K HSD gains during 3Q, similar to the 469K projected by **UBS's Aryeh Bourkoff**. "We believe Comcast is positioned for potential upside to 2007 estimates, given potential outperformance in key broadband and VoIP operating metrics, as well as overall ARPU, which could drive revenue and EBITDA growth upside," Bourkoff said in a note to clients. **Charter** is up next, reporting results it hopes won't scare on Halloween. Bourkoff expects Charter's numbers to feature continued top-line and EBITDA growth improvement, a trend he expects to continue in 4Q, setting the stage for "potentially meaningful double-digit EBITDA growth in '07." **Time Warner** follows Nov 1 (Merrill Lynch raised its 3Q EBITDA estimate Mon to 5% from 4%, citing better-than-expected performance for AOL). Cablevision releases financials on Nov 8. Mediacom has not released a date yet for its results.

Restructure: Comcast's ad sales arm Comcast Spotlight realigned its divisions to 5 from 6, with the Northwest and Southwest divisions combining to create the newly formed West div. It wasn't known at press time how the consolidation would affect jobs. The restructuring aims to better align Spotlight with Comcast Cable's organization structure. **Rick Stanley**, most recently vp, gm of Comcast Spotlight in San Fran, will manage it. The Northeast div will now be called the NorthCentral div and will include the Houston DMA following Comcast's acquisition of the area's **Time Warner** systems. **John Bordeleau**, formerly area vp of Southern New England, will expand his role to become vp, Comcast Spotlight's NorthCentral div. The Mid-Atlantic div becomes the Eastern Div and now includes NJ and NY. The Midwest div remains the same. The only change to the Southeast div is the name (it's now the Southern div). On the corporate side, **John Tierney** will oversee all interconnect sales as vp, regional/nat sales. **Kevin Cuddihy** was named vp, ad sales with Tierney and all 5 divisional vps reporting to him.

Little Acceleration: AT&T's "U-verse" service now reaches 3K San Antonio homes, having gained slight momentum in 3Q, CFO **Rick Lindner** said in a Mon conference call. The number represents roughly 2,380 total adds in

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Aug and Sept, following an initial 620 in July (**Cfax** 7/26). It also marks 10% penetration of marketed homes, Lindner said. 85% of "U-verse" subs are taking higher-end video packages, and HDTV services will be available in San Antonio by late Nov, he said. The telco is "pleased with the overall results" of an ongoing "U-verse" trial in Houston, said Lindner, where the service will launch with HDTV next month. 15 additional markets will follow by year's end, when the service is expected to pass 2.4mln homes. Since AT&T initially forecast the addition of 25 markets over the same period, "we believe this highlights cable's window of opportunity to win bundled subscribers as telco operators continue to work towards scale in the deployment of video services," **UBS** said in an earnings analysis. AT&T also added in the Q 50K video subs from its **DISH** partnership, pushing its overall video sub total to 586K. While data rev grew 2.8% Y-over-Y in the Q to \$4.55bln, HSI connections increased 380K (376K DSL) to 8.2mln. AT&T continues to expand its DSL reach by 200K homes/month, Lindner said.

No Deal: **EchoStar** must stop selling out-of-market station feeds of ABC, CBS, NBC and **Fox** by Dec 1, a FL judge ruled late Fri. US District Judge *William Dimitrouleas*' decision rejects a previous settlement between EchoStar and the broadcasters that would have let subs legally receiving the signals to continue to do so. The ruling impacts about 800 DISH subs, or 7% of its sub base, which equates to lost revenue of about \$50mln per year (\$5/month for 800K subs). There's also the risk that impacted subs could leave DISH for cable or **DirecTV**. "If a quarter of the customers (200K) were to leave EchoStar over the next 6 months, the impact would amount to approximately 25 [basis points] of additional churn monthly," said **Sanford Bernstein's** *Craig Moffett*, adding that it's not clear that a majority of subs will leave as those receiving the signals illegally will not be able to get them elsewhere. Subs getting them legally (because they live in a market where EchoStar doesn't offer local signals) are more likely to churn. EchoStar said it will "ask Congress to clarify the statutory language and ask the courts to reconsider their decision," adding that it's taking "numerous steps to protect our customers from unnecessarily losing access to those channels."

VoIP: **Time Warner Cable** selected **Siemens**' "Surpass" IP-based voice feature servers to accelerate its VoIP deployments. **Vonage** announced that customers in 26 states may now dial 511 from their Vonage phones to receive free local traffic reports from their area 511 systems.

Marketing: **Cartoon Network's** **Adult Swim** and **Sony** announced a joint promotion surrounding the Nov 17 release of **PlayStation 3** and the net's original series "Robot Chicken." The PlayStation 3 micro site is now premiering at adultswim.com, and fans may submit a comedic home video for a chance to be written into the 3rd season of "Robot Chicken" ('07). Also, for 2 weeks in Nov, broadband channel **Adult Swim Fix** will feature contest messaging and PlayStation 3 advertising creative before the start of each featured program.

Online: **AOL Video** will make movie and TV titles from **Paramount Pictures** available for \$9.99-\$19.99.

Broadband: *Wade Randolph's* "Awesome Friends" was named the grand prize winner of **Comedy Central's** 1st user-generated broadband competition. Chosen from among 2K entries, Randolph will receive a 6-ep broadband development deal on comedycentral.com, where "AF" can now be viewed. -- **Narrowstep** will power the Wed launch of **Blue-Highways TV's** broadband channel at www.bluehighwaystv.com. -- **Blinkx** has agreed to index and make searchable hundreds of **Versus**' content hours at www.blinkx.com.

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BUSINESS & FINANCE

Programming: MTV's popular series "Road Rules" will return in Jan with new interactivity. Following each ep, viewers will be able to vote at mtv.com to determine which cast member faces an elimination challenge, which will air exclusively on broadband channel **MTV Overdrive**. Viewers will also choose the cast member's challenge opponent from an online replacement board that will feature video packages, personal blogs and other stats/background on each potential replacement. -- **ESPN** announced the coverage across of more than 1K men's college basketball games this season. Programming begins Nov 7 across family properties including **ABC, ESPN2, ESPN360, and ESPN Full Court**.

People: *Dean Goodman* resigned as pres, COO of **Ion Media** (formerly **Pax**) and has left the board. Goodman, who left to pursue other interests, will receive \$3mln in consideration of the termination of his employment agreement. Ion doesn't intend to seek a replacement for Goodman. CEO *R. Brandon Burgess* was appointed to the additional post of pres of the company. -- **The Weather Channel** tapped former **Food Net** and **Lifetime** exec *Lynn Brindell* as svp, marketing. -- **Speed** appointed *Paul Duong* vp, scheduling and research. -- *Gary Massaglia* was named vp/GM of **Comcast's** Little Rock, AR, system.

CableFAX Daily Stockwatch

Company	10/23 Close	1-Day Ch	Company	10/23 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AVID TECH:	38.85	(0.74)
BRITISH SKY:	41.68	(0.27)	BLNDER TONGUE:	1.26	(0.04)
DIRECTV:	21.60	0.28	BROADCOM:	27.58	0.07
DISNEY:	31.28	(0.17)	C-COR:	9.53	(0.06)
ECHOSTAR:	34.73	0.81	CISCO:	24.43	(0.12)
GE:	35.53	0.06	COMMSCOPE:	33.94	(0.03)
HEARST-ARGYLE:	23.47	(0.07)	CONCURRENT:	1.71	(0.04)
ION MEDIA:	0.77	(0.01)	CONVERGYS:	21.00	0.03
NEWS CORP:	21.89	0.13	CSG SYSTEMS:	28.08	0.10
TRIBUNE:	33.18	0.87	GEMSTAR TVG:	3.30	(0.03)
MSOS					
CABLEVISION:	27.77	(0.17)	GOOGLE:	480.75	21.08
CHARTER:	1.96	0.11	HARMONIC:	7.29	(0.37)
COMCAST:	38.46	0.48	JDSU:	15.06	(0.69)
COMCAST SPCL:	38.31	0.42	LEVEL 3:	5.78	(0.05)
GCI:	12.92	(0.04)	LUCENT:	2.34	(0.01)
KNOLOGY:	10.77	(0.02)	MICROSOFT:	28.45	0.02
LIBERTY CAPITAL:	87.15	(0.57)	MOTOROLA:	23.32	(0.29)
LIBERTY GLOBAL:	25.69	(0.18)	NDS:	45.26	0.41
LIBERTY INTERACTIVE:	22.48	0.48	NORTEL:	2.19	(0.02)
MEDIACOM:	7.77	0.05	OPENTV:	2.86	(0.02)
NTL:	26.33	(0.21)	PHILIPS:	35.04	0.12
ROGERS COMM:	54.72	0.49	RENTRAK:	12.31	0.12
SHAW COMM:	29.81	0.27	SEACHANGE:	8.53	(0.09)
TIME WARNER:	19.70	(0.08)	SONY:	40.35	0.24
WASH POST:	736.50	(2.8)	SPRINT NEXTEL:	17.09	(0.12)
PROGRAMMING					
CBS:	28.16	0.23	THOMAS & BETTS:	52.11	1.16
CROWN:	3.97	(0.02)	TIVO:	6.50	(0.07)
DISCOVERY:	14.98	(0.08)	TOLLGRADE:	9.15	0.04
EW SCRIPPS:	49.14	0.19	UNIVERSAL ELEC:	21.14	0.03
GRUPO TELEVISA:	24.04	0.50	VONAGE:	7.55	0.07
INTERACTIVE CORP:	30.03	0.19	VYYO:	3.95	0.03
LODGENET:	18.84	(0.36)	WEBB SYS:	0.06	0.00
NEW FRONTIER:	8.95	0.02	WORLDGATE:	1.37	0.00
OUTDOOR:	13.44	0.34	YAHOO:	23.37	0.16
PLAYBOY:	10.45	0.03	TELCOS		
UNIVISION:	35.09	0.09	AT&T:	34.71	0.27
VALUEVISION:	12.35	0.03	BELLSOUTH:	45.59	0.31
VIACOM:	38.53	0.32	QWEST:	8.20	(0.03)
WWE:	17.00	(0.19)	VERIZON:	38.02	0.22
TECHNOLOGY					
3COM:	4.88	0.21	MARKET INDICES		
ADC:	14.77	(0.05)	DOW:	12116.91	114.54
ADDVANTAGE:	4.15	(0.4)	NASDAQ:	2355.56	13.26
AMDOCS:	40.18	0.10			
AMPHENOL:	67.10	(0.4)			
ARRIS GROUP:	12.56	(0.14)			



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M.C. Antil's CableFolks

Rumbarger Enjoying Life As a Free Agent

Within the cable industry she has always been Carolyn, but to those who know her best, she's just Carrie. And during her run as an operator, first with Continental, then MediaOne and Comcast – a career that started when she was a 19-year old college intern – Carolyn Rumbarger has always worked hard, always been dedicated, and always thought of herself as a team player.

But during that time, she paid a price.

For as much as she loved her job and being Carolyn Rumbarger, a person so honest and forthright that one colleague called her, “the real item,” she really only got to be Carrie on weekends and in the few remaining hours each day after she left work.

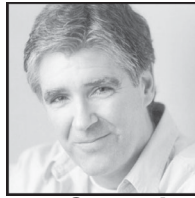
But in June, Carolyn found herself leaving Comcast.

She had been their VP of sales and marketing in the Washington, DC region, but a few months earlier her boss, Jaye Gamble, had moved to the company created by the new Sprint Nextel venture. His replacement brought in a new team.

That left Rumbarger on the outside looking in.

For Carolyn, the layoff turned out to be a perfect gift at the perfect time. Married young and divorced after only a few years, she found herself nearing 40 with no husband, no children and, for the first time in her life, no job. But as she sat home following her departure, Carolyn soon realized she had not only the desire to really get to know Carrie, but all the time in the world with which to do it.

She told me she holds no ill will toward Comcast, calling them a “remarkable company... I had 16 great years in the industry, and although I had no intention of leaving, I understand the business. If a senior vice president comes in and wants to put a new team in place, I get it.”



M.C. Antil

But sitting home she also realized she finally had the chance to do something she always wanted to do, something instilled in her as a young girl; to give back. So while much of the world sat back and complained about the situation in New Orleans, Carrie drove down there to do something about it.

She worked with Habitat for Humanity and other charities in St. Bernard's Parish and New Orleans' upper 9th ward. She raised thousands of dollars in relief funds. She kept a journal of her thoughts and discoveries.

And for the first time in her adult life, she let Carrie – the woman she only got to be when time allowed – start to call the shots.

When I caught up with her last week, Carrie was back from New Orleans and enjoying the fall color as she spent some quality time with her family in Pennsylvania. And while she says she still loves the industry, she's just not ready to go back to work. She told me she's always been a workaholic, and that her whole life has been a series of different jobs with different companies, with a promotion or two thrown in every few years.

But these few months have changed her priorities. “My original intent was to start looking for work in September, but I remember driving through Colorado and Utah thinking, ‘I'm just not ready yet.’” she says.

So Carrie has told Carolyn to sit tight, her time will come. At some point, she'll get her resume together and follow up on some of the offers that continue to come her way; just not now.

“(Over the past few years) I found myself saying, ‘I've got a great life. I've had a great education, been blessed in my career, I have a wonderful family and great friends, but all I'm doing is working.’ And for me it just wasn't enough anymore.”

M.C. Antil can be reached at m.c.antil@att.net.

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Audible Magic – Business Development
Balfour Associates Inc. – Chairman
Bend Cable Communications LLC - President & CEO
Bresnan Communications, Inc – EVP Operations
Buford Media Group, LLC – CEO, President & COO
C-SPAN – VP Affiliate Relations
Cequel III -Suddenlink – President & CEO, SVP Programming
Comcast Cable – EVP
Cox Communications – SVP Marketing
Effros Communications – President
Fleischman & Walsh LLP – Partner
Fox Cable Networks – SVP Affiliate Marketing, SVP Sales
Harron Communications – Chairman /CEO & President /COO
HSN/IAC – EVP Affiliate Relations
ION Media Networks – President, Cable Distribution
Insight – CEO, VP Programming
IMA-Int'l Media Advisors – Principal
Mediacom – SVP Programming & Human Resources
Media Business Corp. – Sr. VP, Product Marketing
Millennium Digital Media – SVP, Programming & Product Development
NCTC – President & CEO, SVP Programming
NCTA – President & CEO
NBC Universal Cable – SVP Marketing
New Frontier Media – President, VP New Business
New Wave Communications – President
NFL Network – SVP
October Strategies, Inc. – Partner
SCTE – President & CEO
The Tennis Channel – SVP Distribution, VP Distribution
Time Warner Cable – EVP of Programming
Wave Broadband – CEO
WindBreak Cable – President & CEO

Schedule of Events

Wednesday, November 1st

12:00pm – 3:00pm - Registration
3:00pm – 5:00pm - Industry Leaders Forum with
Kyle McSillarow
7:00pm – 10:00pm - Dinner at Vizcaya

Thursday, November 2nd

8:00am – 11:30am - Industry Leaders Forum
Breakfast
12:00pm – 4:30pm - Golf Tournament, Spa, Tennis
or Everglades
7:00pm – 10:00pm - Dinner

Friday, November 3rd

8:00am – 11:00am - Industry Leaders Forum
Breakfast With Michael Willner – CEO, Insight

Sponsorship and Attendance Information

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