

CableFAX Daily™

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What the Industry Reads First

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Big Dip: Cable Stocks Fall on Comcast Results

Comcast's uninspiring 3Q results did little but stoke investor speculation of heavy downward pressure on cable ops from increasing competition and a jittery economy. All the big boys were hammered Thurs, including Comcast (-10.78%), **Time Warner Cable** (-8.15%), **CVC** (-4.61%) and **Charter** (-22.75%). Comcast, TW Cable and **Media-com** all hit new 52-week lows during the day. The slowing of various metrics certainly didn't help Comcast, nor did the current guarded and qualified optimism of execs. "We're realistic about some of the business challenges, but nowhere do I see a more fundamentally strong and growing company in the telecom and entertainment sectors," said chmn/CEO *Brian Roberts*, who used a board-authorized \$7bln addition to Comcast's share buyback program as proof of confidence in the future. Numbers played a different tune. To wit: 65K net basic subs were lost in the Q; net RGU adds (1.4mln) fell 6%, coming in at their lowest level since 3Q06; digital adds (489K) dropped 12.5% and were the lowest since the same Q; HSD adds (450K) jumped 36% sequentially yet fell 16% Y-over-Y and 20% vs 1Q; and VoIP adds (662K) posted a first-ever sequential dip. Even capex jumped 19% to \$1.5bln. "Basic video subscribers will be a game of inches as a mature category with lots of competition, but high-speed data, Comcast Digital Voice and business services should all experience significant growth for years to come," said COO *Steve Burke*. **Qwest** has joined **Verizon** and **AT&T** as forces to watch, while certain competitive bundles such as double-plays and those offering free satellite video for a year have been particularly nettlesome, he said. Enter "Triple-Play 2.0," an initiative slated to include "nuances and freshening" on Comcast's key bundled strategy, said Burke, who also noted that new 2- and 1-product offerings will be marketed "more aggressively" going forward. While Roberts said satcasters' HD push has wielded little impact so far, Comcast plans to push back. "We're going to start shouting [our competitive HD edge] from the rooftops to the consumer perhaps more strongly than we have," he said. "There's an opportunity here to be superior and claim that superiority, and we need to do that."

Patently Speaking: **Verizon** and **Vonage** announced a settlement of their patent dispute late Thurs. Final terms of the deal depend on a court of appeals decision on Vonage's petition for a rehearing regarding 2 of the Verizon patents. Vonage agreed to pay Verizon as much as \$117.5mln if the court rejects the Internet phone provider's request. If the court agrees to reconsider, Vonage would pay about \$80mln. In Sept, an appeals court upheld trial court findings of infringement on 2 patents and remanded a 3rd patent. "We believe that the settlement terms may allow Vonage to avoid bankruptcy—at least for now—which is good news for Vonage, and at the end of the day, could be good news for Verizon, which can still pull out Vonage to policymakers as an example of a source of competition," **Stifel Nicolaus** told clients Thurs. An **AT&T** suit against Vonage is pending.

Competition: The multi-round video franchise bout involving **AT&T** and CT legislators may have finally tipped in



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the telco's favor this week. Formerly an outspoken opponent, State Attorney General *Richard Blumenthal* is now lobbying for AT&T's resumption of service (and investment) after the DPUC rejected last week the telco's app to provision **U-verse** as an Internet-based service. Following this decision, which requires AT&T to acquire a more-stringent cable franchise, the telco said it will stop serving its approx 7K CT video customers and scrap plans to invest \$336mln in the state. Gov *M. Jodi Rell* said that "Connecticut consumers need and deserve the benefits that long-awaited and much-needed competition in the cable TV market will bring." He has called on the DPUC to reverse its ruling.

At the Portals: FCC commissioner *Michael Copps* sent chmn *Kevin Martin* a letter Thurs asking that the Commission open a proceeding to examine the implications of **News Corp's** planned acquisition of the *WSJ*. Copps noted that in NY, News Corp would control 2 of the area's most popular TV stations and 2 of its most popular newspapers. The transaction "will create a single company with enormous influence over politics, arts and culture across the nation and especially in the NY metropolitan area."

Online: **Starz Ent** launched *Vongo 2.0*, a beefed-up version of the subscription movie and video download service. The number of certified portable media devices it supports has swelled to 7 from 2, and new extenders for the Windows Media Center offer faster download speeds and allow subs to watch movies on their TVs and Xbox 360. - **WWE** has begun streaming "WWE Extreme Championship Wrestling" to its Website, *WWE.com*. The most recent ep of the *Sci Fi* program will be available online for free.

Earnings: **Scripps Networks** accounted for nearly half of **Scripps Co's** consolidated 3Q revenue, and once again powered overall rev and income growth as other segments underperformed. Network ad rev rose 17% to \$223mln, affil rev surged 23% to \$60.4mln and segment profit jumped 18% to \$137mln. Rev was up at each segment net, including a sharp 30% at **GAC** to \$6.3mln. **HGTV** and **Food Net** now reach approx 96mln homes (+5.5%), **DIY** hits 48mln (+23%), **Fine Living** serves 50mln (+25%) and **GAC** reaches 51mln (+16%). **Scripps Interactive Media**, which will team with the nets next year to form a separate co, didn't fare as well. Rev fell 10% to \$54.6mln and profit declined 9% to \$8.2mln.

Research: Consumers continue to engage VOD content at a brisk clip, said **Rentrak**, which processed 1.44bln on demand orders during the 1st half of the year, a 44% Y-over-Y surge. Plus, the firm said orders are on pace to double last year's full-year number of 2.6bln. Drilling down regionally, the East North Central region leads all others so far with 103% order growth through June. The South Atlantic and Mountain regions have experienced respective increases of 68% and 49%.

Marketing: **Outdoor Channel** signed *Michael Waddell*, host of net series "Realtree Road Trips" and "Gander Mountain's We Live Outdoors," to a multi-year endorsement deal that calls for public appearances on behalf of the net and marketing campaigns across platforms.

Programming: **Spike TV** and **UFC** renewed their partnership for 3 years, keeping Spike as the basic cable home for the mixed martial arts sports through 2011. -- **HGTV** greenlit new eps of 3 real estate series: "House Hunters," "Hidden Potential" and "My First Place." -- **FSN's** college basketball lineup is stacked with 42 games in HD, more than triple the 13 high-def features last season. The entire 8-game schedule of the Pacific Life Pac-10 Men's Bas-



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BUSINESS & FINANCE

ketball Tourney is included. -- The 2nd season of **Discovery Channel's** "Everest 2: Beyond the Limit" scales the net's lineup Tues (10pm).

VOD: Comcast inked a deal with **Meredith** to launch **Parents TV** on demand in Dec. Content will include topics such as pregnancy and kids' health, and feature experts from Meredith pubs including *Parents* and *Family Circle*.

Public Affairs: In an effort to help families affected by the CA wildfires, **Animal Planet** site PetFinder.com has initiated a call center service to assist displaced families find temporary homes for their pets. -- **WE tv's** "WE Vote '08" initiative strives to register over 1mln women to vote in the '08 election, and will be co-chaired by '84 vp nominee *Geraldine Ferraro* and *Rep Susan Molinari*. Included is a series of net interstitials and resource center **WEvote08.com**.

Honors: Citrix Systems bestowed **Cox** with its '07 Innovation Award for the MSO's implementation of Cox Connect, a green call center that promotes workforce agility, supports business expansion and lowers costs.

People: Turner Net Sales promoted *Alexis Hambrick* to dir, ent nets and sports marketing.

Business/Finance: Time Warner declared a quarterly dividend Thurs of 6.25 cents/common share, payable to shareholders of record at the close of business on Nov 30.

CableFAX Daily Stockwatch

Company	10/25 Close	1-Day Ch	Company	10/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	53.70	0.43	AMPHENOL:	43.68	(0.59)
DIRECTV:	25.22	(0.29)	APPLE:	182.78	(3.15)
DISNEY:	34.45	(0.61)	ARRIS GROUP:	11.86	(0.27)
ECHOSTAR:	49.58	(0.41)	AVID TECH:	27.17	(0.47)
GE:	40.16	(0.07)	BIGBAND:	5.73	(0.01)
HEARST-ARGYLE:	22.01	(0.57)	BLNDER TONGUE:	1.25	(0.04)
ION MEDIA:	1.40	0.05	BROADCOM:	33.80	(1.12)
NEWS CORP:	22.97	(0.19)	C-COR:	12.39	0.97
TRIBUNE:	28.60	0.42	CISCO:	31.18	(0.08)
MSOS					
CABLEVISION:	29.40	(1.42)	COMMSCOPE:	50.01	(2.04)
CHARTER:	1.97	(0.58)	CONCURRENT:	1.13	(0.1)
COMCAST:	21.28	(2.57)	CONVERGYS:	16.98	(0.21)
COMCAST SPCL:	21.11	(2.47)	CSG SYSTEMS:	21.00	(0.25)
GCI:	11.27	(0.19)	GEMSTAR TVG:	6.77	(0.11)
KNOLOGY:	16.50	0.21	GOOGLE:	668.51	(7.31)
LIBERTY CAPITAL:	122.95	(0.49)	HARMONIC:	12.09	0.16
LIBERTY GLOBAL:	38.35	(0.65)	JDSU:	14.60	(0.39)
LIBERTY INTERACTIVE:	20.24	(0.13)	LEVEL 3:	3.14	(0.04)
MEDIACOM:	5.70	(0.38)	MICROSOFT:	31.99	0.74
NTL:	28.22	0.00	MOTOROLA:	19.30	0.75
ROGERS COMM:	42.97	0.00	NDS:	55.59	(1.12)
SHAW COMM:	26.93	0.34	NORTEL:	15.88	(0.17)
TIME WARNER CABLE:	29.40	(2.61)	OPENTV:	1.42	0.03
WASH POST:	801.07	7.12	PHILIPS:	40.55	(0.49)
PROGRAMMING					
CBS:	28.80	(0.38)	RENTRAK:	15.36	0.01
CROWN:	7.57	(0.1)	SEACHANGE:	6.35	(0.14)
DISCOVERY:	28.60	0.39	SONY:	47.98	2.69
EW SCRIPPS:	43.58	1.17	SPRINT NEXTEL:	17.23	(0.26)
GRUPO TELEVISIA:	24.72	(0.18)	THOMAS & BETTS:	54.91	(0.85)
INTERACTIVE CORP:	27.32	(0.07)	TIVO:	7.03	(0.24)
LODGENET:	26.16	(0.07)	TOLLGRADE:	8.36	(1.11)
NEW FRONTIER:	6.06	0.00	UNIVERSAL ELEC:	35.95	0.81
OUTDOOR:	8.80	(0.03)	VONAGE:	1.53	(0.07)
PLAYBOY:	11.29	(0.23)	VYYO:	5.73	(0.2)
TIME WARNER:	17.71	(0.65)	WEBB SYS:	0.07	0.00
UNIVISION:	36.23	0.00	YAHOO:	31.34	0.66
VALUEVISION:	6.46	(0.02)	TELCOS		
VIACOM:	38.45	(0.42)	AT&T:	41.00	(0.55)
WWE:	15.17	(0.23)	QWEST:	8.30	0.00
TECHNOLOGY					
3COM:	4.82	(0.01)	VERIZON:	44.91	0.49
ADC:	18.14	(0.8)	MARKET INDICES		
ADVANTAGE:	8.03	0.03	DOW:	13671.92	(3.33)
ALCATEL LUCENT:	9.25	(0.04)	NASDAQ:	2750.86	(23.9)
AMDOCS:	33.10	(0.74)			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Racing Game

TVG's title sponsorship of the **Breeders' Cup Sprint** (Sat) is both complementary and contrary to net operations, metaphorically speaking. The race is part of American horse racing's most lucrative day—also arguably the 2nd-most famous behind the **KY Derby** card—serving to quickly run up the net's worldwide exposure. "As America's horse racing network, there is nothing better to be associated with," said TVG svp/ GM *David Nathanson* of the BC. "It plays to our audience and brand, and every major [horse racing] country has a stake in it." But that's not to say that Nathanson is racing for the distribution finish line; he knows that slow-and-steady wins the race. The net is currently in 30mln domestic homes and approx 20mln across the pond, with new intl markets under exploration. Current subs have been privy this week to "The Works," the net's most important show all year, said Nathanson. It has been offering since Oct 19 interviews with jockeys and trainers readying for BC races, while the net has been showing pre-race workouts of competing thoroughbreds. This content, however, is perhaps more important to the net: a **Churchill Downs/Magna Ent** partnership prevents TVG from accepting wagers on the KY Derby or Preakness Stakes, so BC programming remains the net's trophy property. Plus, it brings in a ton of money. Speaking of greenbacks, following is a list of BC picks from both Nathanson and myself, of course for entertainment purposes only. Filly/Mare Turf: Nashoba's Key (DN), Lahudood (me); Sprint: Greg's Gold (DN), Idiot Proof (me); Mile: No Biz Like Shobiz (DN), Excellent Art (me); Distaff: Hysterical Lady (DN), Lear's Princess (me); Turf: Dylan Thomas (both); Classic: Any Given Saturday (DN), Lawyer Ron (me). Apoplexy-inducing long-shot: Remarkable News (DN), Precious Kitten (me). Good Luck. **CH.**

Highlights: "Nip/Tuck," season premiere, Tues, 10pm, **FX**. Cable's favorite cut-ups are back, but their move from Miami to Hollywood is looking as bad as a botched nose job. In the cutthroat world of Hollywood plastic surgery, Drs McNamara and Troy, who were big fish in Miami (and had a great fish tank), are tiny. That changes when they become medical advisors to, of all things, a TV drama about plastic surgery. The hilarity of a show within a show is a good stunt. Will it and a basketball hoop (you'll see) be enough to give Nip/Tuck the jolt it needs for a healthy fifth season? -- "Almost Human with Jane Goodall," Sun, 8pm, **Animal Planet**. Our biggest misconception about animals, says *Jane Goodall*, is that we don't realize they have personalities. This terrific ape tale insures viewers won't repeat that mistake. **SA**

Worth a Look: "Runnin' Down a Dream: Tom Petty and the Heartbreakers," Mon, 7pm, **Sundance**. This doc about Petty from *Peter Bogdanovich* (commissioned by Petty) is must-see for fans, loaded with treasures. For others able to hang for 4 hours, it's very good rockumentary, with a detailed and compelling telling of the Petty saga by Petty and band members. [More reviews, including **WGN's** "Munsters" marathon & **MoJo's** "Test Drive," Fri pm at **cable360.net.**] **SA**

Basic Cable Rankings (10/15/07-10/26/07) Mon-Sun Prime			
1	ESPN	2.3	2244
1	DSNY	2.3	2193
3	USA	2.2	2115
4	TBSC	1.5	1409
5	TNT	1.4	1303
6	FOXN	1.2	1157
6	NAN	1.2	1125
8	TOON	1.1	1059
8	HALL	1.1	909
10	LIFE	0.9	915
10	HGTV	0.9	892
10	CORT	0.9	859
10	SPK	0.9	848
10	MTV	0.9	846
10	A&E	0.9	825
10	BET	0.9	745
17	FX	0.8	778
17	SCIF	0.8	773
17	CMDY	0.8	765
17	FAM	0.8	760
17	HIST	0.8	747
17	AMC	0.8	729
17	LMN	0.8	440
24	DISC	0.7	724
24	TLC	0.7	713
24	TVLD	0.7	698
24	VH1	0.7	658
28	FOOD	0.6	618
28	CNN	0.6	571
30	EN	0.5	428
30	NGC	0.5	308
32	APL	0.4	406
32	MSNB	0.4	377
32	ESP2	0.4	370
32	TTC	0.4	336
32	WGNC	0.4	294
32	TDSN	0.4	258
32	SOAP	0.4	258
39	BRAV	0.3	306
39	HLN	0.3	305
39	CMT	0.3	273
39	OXYG	0.3	219
39	DHLT	0.3	189
39	GSN	0.3	173
39	BIO	0.3	126

*Nielsen data supplied by ABC/Disney

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