

# CableFAX Daily™

Friday — October 27, 2006

What the Industry Reads First

Volume 17 / No. 209

## Quarter Masters: Comcast Wows the Street... Yet Again

If cable was looking for a bang for the start of 3Q reporting season, **Comcast** provided a whole barrel of fireworks Thurs. "I've been with Comcast now for more than 8 years, and during that time we've had 32 earnings calls, and some of them have been pretty good," said COO *Steve Burke*. "However, out of 32 quarters, I would have to say this one is the best." CEO *Brian Roberts* declared the cable biz healthier than ever. Wall St agreed, with shares closing up 3.2%, hitting a new 52-week high. Roberts called the results a possible inflection point for the industry; Charter then blasted through to a new 52-week high, closing at \$2.12/share. Comcast's only possible blemish (and it was a slight one) were unanswered risk questions over the MSO's acquisition strategy (there's some noise over a possible **Yahoo** or **Sprint** purchase). Roberts wouldn't comment on any specific scenarios but said the company is in a good strategic position. "We don't feel we have to buy in all cases or in many cases," he said, adding that Comcast's Internet div would come out with products in the next 12 months exploiting some of the trends (video, community, cross-platform). "I like where we're at." Once again, the triple-play starred in the show, averaging a \$120 ARPU. For historic Comcast systems, basic adds were 24K, digital 550K, data 460K and VoIP 469K. Throw in the **Adelphia** and **Time Warner** systems, and the sub totals change to 10K, 558K, 536K and 483K, respectively. The MSO's net income totaled \$1.22bln vs \$222mln a year ago (profits were \$548mln without after-tax gains). Rev climbed 22% to \$6.43bln.

**Sprint Doings:** **Suddenlink** is the latest MSO to sign a VoIP deal with **Sprint Nextel**. "To date, we have signed 12 separate [wireline] agreements with leading cable companies," pres/CEO *Gary Forsee* said during Thurs' earning call. The Suddenlink deal, signed Wed, adds another 2.8mln homes passed as potential VoIP customers, which will bring the total to just over 30mln MSO homes passed by the end of '07, he said. Sprint expects to bolster wireline growth in the middle of '07 as it brings on additional 800K **Time Warner Cable** subs now served by another VoIP provider. Few new details emerged on its wireless joint venture with cable. Forsee reiterated that a commercial launch is expected in select markets before year-end, adding that the offer will include geographic-specific cable content that subs can have on phones while traveling. "You would see the screen being displayed, brought to you by that particular MSO with local content, which again is part of what we think is different about this particular offer, and why we spent so much time on the back office and on the integration of our systems to provide a better and different kind of customer experience," Forsee said. Sprint's 3Q profit fell to \$247mln.

**Retrans Showdown:** The battle between **Sinclair** and **Mediacom** rages on, with Sinclair's Des Moines Fox affil **KDSM** offering the MSO's subs \$150 to sign up for **DirectTV** (the money will be applied as a \$10 rebate for 15 monthly bills). The broadcaster also has started running on-screen crawls in Des Moines markets, alerting subs that they may lose the station on Dec 1 if Sinclair and Mediacom fail to reach a deal. "As far as we can tell, they haven't

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communicated to other markets," Mediacom svp, gen counsel *Joe Young* said Thurs. No talks are currently underway between the two, as a cash-for-carriage standoff continues, he said. KDSM has a letter to MCCC subs on its Website (www.kdsm.com). Mediacom will begin notifying subs of the potential loss of the Sinclair stations next week, though "it's by no means certain that that's coming," he said. While the MSO is disappointed it didn't win an injunction, forcing Sinclair to leave the stations on the air as the MSO pursues its antitrust case against the broadcaster (*Cfax*, 10/26), it feels good about the appeal and lawsuit, Young said. He also said Mediacom would "pursue whatever other remedies" necessary in its case against Sinclair—meaning it could seek **FCC** intervention. The MSO has already filed some informal objections to Sinclair station license renewals at the Commission.

**Rating Ranking:** As the number of cable nets opting out of **Nielsen's** commercial ratings measurement continues to grow, the **Advertising Research Foundation** met Wed for a panel discussion on the plan's implications. About 150 execs attended—in person or via Webcast. **TNS** svp, research *Jon Swallen* suggested that networks have a choice between Nielsen's Monitor Plus and TNS' Media Intelligence system. Also noteworthy was a presentation from **ESPN** vp, research *Glenn Enoch*, whose analysis found that just a quarter of Nielsen's commercial minutes rating data is currently OK for use. "My sense of the panel was that they were more toward 'get it right' than 'get it fast,'" said *Tim Brooks*, chair of ARF's Electronic Media Council and evp, research for **Lifetime**. Add Lifetime to the list of cable nets who are withholding support for Nielsen's commercial ratings—slated for a Dec release (also on the list are **Scripps**, **Turner**, **ESPN**, **NBCU**, **Discovery** and several others, though some nets do plan to participate). "Most of the cable networks are willing to take part in this, but we need to see good faith efforts and results from Nielsen," Brooks said. "No one believes that it will be ready by December." Scripps voiced its view on the ratings for the 1st time Thurs. "We are interested in the accurate measurement of audience during the breaks, but we believe the current methodology is flawed, and we will hold our support until the measurement process is more accurate," said *Steve Gigliotti*, Scripps evp of ad sales.

**Competition: AT&T on Thurs** launched a nationwide remote home monitoring video service allowing PC and Cingular wireless device users to access streaming digital video and other information from their homes. The service can provide alerts and reports on home conditions such as motion, door and window activity, water leakage, and temperature changes. Users can also use the service to control lighting.

**On the Circuit:** Check out Sat's "Careers in Entertainment" seminar Sat at USC in L.A. A couple familiar faces will be speaking, including **Hallmark** vp, comm *Nancy Carr* and Former **Liberty Digital** pres/CEO *Jarl Mohn*.

**Vendor Earnings: Arris' 3Q rev** jumped 14% to \$229m, and its net income surged 35% to \$29m, spurring **FBR** to reiterate its 'outperform' rating on Arris stock, and **Oppenheimer** to reiterate its 'buy' rating. Arris closed Thurs up 6.6% at \$13.73. -- **Harmonic** realized a 3% increase in 3Q rev, and notched \$7.4m in net income versus a \$1m net loss in 3Q05. FBR nonetheless reiterated its 'underperform' rating on the stock, saying the company's "positive momentum is likely to be finite." FBR does maintain a bullish near-term outlook due to global IPTV roll outs by cable ops and others and believes Harmonic will strike a deal with **DirecTV** and/or **DISH** in Q4 for its "Electra" MPEG-4 encoder. Harmonic closed Thurs up 21% at 8.53. -- **C-COR** reported net income of \$1.6m for FY07 1Q, compared to a net loss of \$14.8m for the same period last year. Net sales increased 10% to \$69.6m.

Free Webcast

## Time-Shifted TV: A Case Study on Time Warner Cable's Start Over Service

This Webcast will define Time-Shifted TV, outline the requirements and review lessons from Time Warner Cable's Start Over deployment. It will answer the following questions:

- What is Time-Shifted TV and how does it work?
- What are the unique requirements of deploying Time-Shifted TV?
- How did Time Warner Cable prepare its network for Start Over?
- What are the results and benefits of the Start Over deployment?

Tuesday, November 14th at 11AM EST

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# BUSINESS & FINANCE

**Obit:** Sad day in DC as news traveled that NCTA associate general counsel David Nicoll passed away Wed evening after a long battle with illness. "David was a valuable contributor to NCTA, but even more important he was a quality person who was a friend and colleague to all," NCTA pres/CEO *Kyle McSarrow* said. "David fought this last battle with courage and dignity, and he was an inspiration to all of us." His family will hold a small service in NY, and NCTA plans a DC memorial service.

**Business/Finance:** Citigroup downgraded **Cablevision** to "hold" from "buy," saying it believes the current share price is limited in light of the Dolans' offer to take the company private. The firm raised **Comcast's** price target to \$40 from \$34, but kept its "hold" rating on place (it's concerned about potential M&A risk). Citigroup also upped **Mediacom's** price target by \$2 to \$10.50 based partly on the belief that cable investor outlook will remain positive. -- With the goal of diminishing production costs to spur further growth, **USN** and **Aan-shi Gems** forged an airtime leasing deal. AG will lease 20 hours of USN airtime per day, and will be responsible for its own programming, as well as USN's SGA expenses. AG has already made a \$1.6mln advanced payment for the expenses. -- **Cisco** announced a definitive agreement to acquire mobile software provider **Orative** for roughly \$31mln in cash.

## CableFAX Daily Stockwatch

Company	10/26 Close	1-Day Ch	Company	10/26 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	41.87	0.42	AVID TECH:	39.11	0.61
DIRECTV:	21.64	0.16	BLNDER TONGUE:	1.31	0.00
DISNEY:	31.98	0.78	BROADCOM:	29.38	0.92
ECHOSTAR:	35.41	0.31	C-COR:	10.17	0.57
GE:	35.59	(0.02)	CISCO:	24.19	(0.1)
HEARST-ARGYLE:	25.00	1.60	COMMSCOPE:	35.13	0.05
ION MEDIA:	0.79	(0.01)	CONCURRENT:	1.89	0.17
NEWS CORP:	22.01	0.25	CONVERGYS:	21.37	0.42
TRIBUNE:	33.79	0.78	CSG SYSTEMS:	27.30	0.21
<b>MSOS</b>					
CABLEVISION:	27.70	0.10	GEMSTAR TVG:	3.44	0.14
CHARTER:	2.12	0.23	GOOGLE:	485.10	(1.5)
COMCAST:	40.00	1.24	HARMONIC:	8.53	1.47
COMCAST SPCL:	39.84	1.15	JDSU:	15.06	(0.69)
GCI:	13.26	0.47	LEVEL 3:	5.38	(0.01)
KNOLOGY:	10.58	0.33	LUCENT:	2.48	(0.02)
LIBERTY CAPITAL:	87.26	1.12	MICROSOFT:	28.35	0.04
LIBERTY GLOBAL:	26.07	0.81	MOTOROLA:	23.59	0.03
LIBERTY INTERACTIVE:	22.18	0.18	NDS:	46.10	0.66
MEDIACOM:	8.20	0.43	NORTEL:	2.22	(0.01)
NTL:	27.50	0.55	OPENTV:	2.68	(0.04)
ROGERS COMM:	56.51	0.08	PHILIPS:	36.23	0.48
SHAW COMM:	30.88	0.38	RENTRAK:	13.33	0.23
TIME WARNER:	19.99	0.16	SEACHANGE:	8.77	0.38
WASH POST:	742.76	3.99	SONY:	42.30	1.54
<b>PROGRAMMING</b>					
CBS:	29.10	0.49	SPRINT NEXTEL:	18.90	1.18
CROWN:	4.00	0.01	THOMAS & BETTS:	52.70	0.77
DISCOVERY:	15.02	0.25	TIVO:	6.52	0.11
EW SCRIPPS:	49.34	0.17	TOLLGRADE:	9.01	0.01
GRUPO TELEVISIA:	24.73	0.28	UNIVERSAL ELEC:	21.40	(0.19)
INTERACTIVE CORP:	30.42	0.39	VONAGE:	7.49	0.17
LODGENET:	20.51	1.33	VYYO:	3.92	0.14
NEW FRONTIER:	9.12	0.17	WEBB SYS:	0.06	0.00
OUTDOOR:	13.63	0.11	WORLDGATE:	1.29	(0.01)
PLAYBOY:	10.76	0.20	YAHOO:	25.28	0.79
UNIVISION:	35.07	0.02	<b>TELCOS</b>		
VALUEVISION:	12.78	0.28	AT&T:	34.40	0.07
VIACOM:	39.45	0.85	BELLSOUTH:	45.18	0.07
WWE:	16.86	0.04	QWEST:	8.55	(0.06)
<b>TECHNOLOGY</b>					
3COM:	4.73	0.08	VERIZON:	38.74	0.44
ADC:	14.37	(0.13)	<b>MARKET INDICES</b>		
ADDVANTAGE:	4.07	(0.06)	DOW:	12163.66	28.98
AMDOCS:	39.60	0.04	NASDAQ:	2379.10	22.51
AMPHENOL:	69.24	0.49			
ARRIS GROUP:	13.73	0.85			

# CableFAX

MAGAZINE

CableFAX  
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CableFAX 100

What a difference a year makes! *CableFAX Magazine*, published twice yearly, is written with the same zest and vigor readers have come to expect in *CableFAX Daily*. Both issues provide an in-depth look at the people, deals and events that shape the cable industry and are true coffee-table publications that are received with great anticipation each year.

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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Real Horror**

Evil fiends like Jason Vorhees and Freddy Krueger always emerge at this time of year, frightening us with their nefarious and gruesome deeds. Fortunately, though, these 2 creeps are fictitious. It would be a pleasure to say the same of *Saddam Hussein*, a real-life monster who atrociously earned the "Butcher of Baghdad" nickname during his bloody reign over Iraq. Courtesy of 2 Iraqi wars and the ultimate extraction of his ghoulish visage from that spider-infested hole, we've all heard nauseating stories about Saddam's brutality. With "Inside Saddam's Reign of Terror" (Oct 29, Nov 1&10), **Nat Geo** provides shocking, video-taped evidence of the grim truth. "Everyone in Iraq seems to be a victim of Saddam's regime," said sr prod *Tresha Mabile*, who has traveled extensively in Iraq. "It was absolutely a republic of fear [under Saddam], and it's amazing that they [Iraqis] have hope for a better life." Saddam's list of genocidal acts includes chemical bombings of Kurds, beheadings of perceived traitors, gunshot executions, terminal beatings. "Saddam's regime is right up there with Stalinist Russia and Hitler's Germany," said Nat Geo's svp, special programming *Michael Cascio*. "The barbarity is mind boggling." In a sickening twist, much of the footage shown during the net's feature was ordered taped by Saddam himself to spread terror throughout the country. He thrived on violence and the fear of his citizenry. He would even bring his sons to torture sessions when they were mere boys. "There is no way a TV audience could watch the raw material we cut out," said exec prod *Jonathan Towers*. "There's only so much you can do to challenge an audience." Viewing the show, I no longer gave a damn if *Pres Bush* found WMDs in Iraq. At the time, a far more dangerous weapon was in power. *CH*

**Highlights:** "Masters of Horror," tonight, 10, **Showtime**. For the past 2 Halloweens, Showtime's asked top-notch directors to helm 1-hour horror films. Last year we liked "Incident On and Off a Mountain Rd," directed by Don "Beastmaster" Coscarelli. A gem this year is "Family," starring "Cheers" icon *George Wendt* as a suburbanite who belongs at Bates Motel. Some horror films contain tidal waves of blood, not Family, which is humorous horror. More important, *John Landis* is a master director and is probably grinning. -- "Angel Rodriguez," Mon, 9pm, **HBO**. A gritty but sensitively told story of a troubled city kid and his emotionally invested guidance counselor (*Rachel Griffiths*). Speaking of real people's emotional investments, don't miss this week's ep of writer *Jimmy McGovern's* "The Street" (Tues, 10pm, **BBC A**) or *Robbie Coltrane's* return as McGovern's crime solver in "Cracker," Mon, 9pm ET, 10 PT, **BBC A**. **SA**

**Worth a Look:** "The House Next Door," Mon, 9pm, **Lifetime**. Face it: with a few tweaks "Desperate Housewives" could be a horror series. Lifetime's cleverly done that and given the appropriately creepy *Lara Flynn Boyle* a strong vehicle. (Minimum gore) -- "Exorcism," Tues, 8pm, **History**. Who knew? *Linda Blair* rates on History. In the hands of *Margaret Kim* this special and those on *Dracula* (Sun, 10pm) and *Frankenstein* (Sun, 8pm) are good watching. -- "Pumpkinhead: Ashes to Ashes," Sat, 9pm, **Sci Fi**. A lethal combo: heavy gore and pumpkins. **SA**

Basic Cable Rankings (10/16/06-10/22/06) Mon-Sun Prime			
1	DSNY	2.8	2544
2	ESPN	2.5	2307
3	USA	1.8	1673
4	TNT	1.6	1430
5	NAN	1.3	1149
5	TOON	1.3	1139
7	LIFE	1.2	1090
7	TBSC	1.2	1075
9	FOXN	1.1	1030
9	HALL	1.1	837
11	SPK	1	959
11	A&E	1	926
11	FX	1	864
14	DISC	0.9	825
14	SCIF	0.9	808
14	HGTV	0.9	799
14	HIST	0.9	786
14	FAM	0.9	774
14	CORT	0.9	754
20	CMDY	0.8	711
20	MTV	0.8	704
20	VH1	0.8	684
23	TVLD	0.7	654
23	TLC	0.7	632
23	BRAV	0.7	589
23	AMC	0.7	586
27	CNN	0.6	583
27	FOOD	0.6	573
29	APL	0.5	490
29	BET	0.5	446
29	ESP2	0.5	428
29	EN	0.5	405
29	LMN	0.5	267
29	SOAP	0.5	254
35	MSNB	0.4	343
35	TTC	0.4	321
35	WGNC	0.4	267
35	NGC	0.4	241
35	TV1	0.4	115
40	HLN	0.3	300
40	CMT	0.3	244
40	TVGC	0.3	223
40	OXYG	0.3	201
40	GSN	0.3	183
40	DHLT	0.3	178
40	SC	0.3	174

\*Nielsen data supplied by ABC/Disney



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**Powerhouse speaker line-up confirmed for Future of Television Forum**

The Future of Television Forum, presented by Digital Media Wire, CEA and NYU's Stern School of Business, will be held November 16-17 at NYU and brings together decision-makers from cable and broadcast networks, cable and satellite operators, high-tech and advertising. This year's speakers include industry superstars from CBS, Disney-ABC, Sony, Starz, NBC Universal, and many more. Visit our website to learn more about this line-up and register today.



# CableFAX Leaders Retreat

**4<sup>th</sup> Annual Off-The-Record Gathering for Cable's Leaders**  
November 1-3, 2006 - Ritz-Carlton South Beach, Miami

## Confirmed Attendees (as of 10/19/06):

Atlantic Broadband – CEO, President & COO  
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 1<sup>st</sup>

12:00pm – 3:00pm - Registration  
3:00pm – 5:00pm - Industry Leaders Forum with  
Kyle McSlarrow – President & CEO, NCTA  
7:00pm – 10:00pm - Dinner at Vizcaya

### Thursday, November 2<sup>nd</sup>

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

### Friday, November 3<sup>rd</sup>

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

## Sponsorship and Attendance Information

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Thursday, November 2nd

The Colony in Palm Beach



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Some items on the auction block this year are:

- Joe Rooney - SkiTAM invitation - Lift Tickets to ski with Joe, and comp registration
- Kevin Hyman - Tampa Bay Lightning Hockey Game - the Full Box Seat experience
  - Doug McMillan - Jax Jaguars Game - VIP Seats
  - Jim Carey - Dinner
- Mike Giampietro - College Ball Game and Dinner
- KC McWilliams - An FSU Football Game complete with tailgating
  - David Lucoff - Miami Heat Game