

# CableFAX Daily™

Thursday — November 5, 2009

What the Industry Reads First

Volume 20 / No. 213

## Philly Paradox: Comcast Delivers Notable Yet Poorly-Received 3Q Results

Comcast's bang-up 3Q was welcome news for cable but failed to impress Wall St on Wed. Despite upside surprises such as 375K voice and 361K HSD adds and a 22% jump in earnings, Comcast shares lost 3.1% to close at \$14.06, their lowest level since mid-July. Chmn/CEO *Brian Roberts* didn't specifically address rampant **NBCU** acquisition rumors but said Comcast only considers transactions that can accelerate growth and provide benefits of scale. Given the NBCU hullaballoo, "it's all but inevitable that Comcast's 3Q cable results will be relegated to secondary status," said **Sanford Bernstein's** *Craig Moffett*. "Pity. Because they're pretty good... [and] make a strong case for cable-as-defensive." Though basic subs fell by 132K, HSD and voice numbers drove collective adds for the trio to 604K, tops for the year and well above 2Q's 84K. COO *Steve Burke* said customer metrics were clearly "the highlight for me" in the Q, and stemmed largely from more aggressive promotions that matched competitors' and underscored the triple-play bundle. Triple-play connects rose 20% sequentially. The HSD adds were twice the combined number from AT&T and Verizon, said Burke, and were aided by the service's bundling with Comcast's mobile broadband product, which he called "a pretty good acquisition tool" (the mobile service bowed in Philadelphia Wed). Advanced digital customers grew by 400K, with the overall total of 8.7mln HD and/or DVR subs repping 49% penetration of digital. The MSO's all-digital rollout, active in about half its markets, has helped lure a decent amount of lower-end digital subs as well, said Burke. Cable advertising fell 16%, compared to the -20-25% for the prior 3 quarters, and cable ad rev was essentially flat versus -7% in the year's 1st half. Advanced ad rev totaled \$15mln in the Q, mostly through Project **Canoe**, said Burke, who expects the initiative to rocket upon industry collaboration. Business services rev jumped 49%, with Comcast looking to attack the medium-sized market (20-250 employees) soon. Free cash flow totaled \$1.1bln, up 20% YOY and down 15% sequentially. **Wells Fargo Securities' Marcie Ryvicker's** bottom line: "Comcast's significant RGU growth and bottom line beats should boost the stock."

**Time Warner Earnings:** Total rev for **Time Warner's** nets rose 5%, and domestic ads posted low single-digit growth, more evidence mounting in favor of the company's streamlining process toward content centrality. The AOL split is on track to occur this year, said chief *Jeff Bewkes*, and restructuring at **Time** "will pay for itself" over time through efficiencies and cost savings even if a charge of \$100mln is expected. As with **Discovery** and **Viacom**, TWX said scatter pricing is pacing very well, even ahead of last year's 4Q. Still, lower upfront pricing has led to expectations of an ad rev decline in the current Q. As for surprises, **TNT** and **TBS** experienced ratings softness in Sept and Oct. "We're not happy with it," said Bewkes, though he doesn't view the results as "a sustained trend" but rather the effect of fewer original premieres and 3 fewer **MLB** playoff games than last year. The company raised its full-yr earnings-per-share guidance for both TWX overall and its content group, to a respective \$2.05 and \$1.75.

**TV Everywhere:** The initiative is "really progressing quite nicely," said **Time Warner** chief *Jeff Bewkes*, noting the cur-

# 100

CableFAX

## ADVERTISE IN THE CABLEFAX 100 ISSUE



2008 Issue

The CableFAX 100 issue represents the definite "Who's Who" in cable, profiling the CableFAX 100 and the Top Regional Executives.

### CableFAX: The Magazine

Publication Date: **December 10, 2009**  
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 Artwork Deadline: **November 16**  
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 Event Distribution: The CableFAX 100 Luncheon, **December 10**

Sponsor The CableFAX 100 Awards Luncheon, December 10, from 12-2:30pm in New York City. Go to [www.cablefax.com/cablefax100](http://www.cablefax.com/cablefax100) for details on registration and sponsorship opportunities.

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rent development of open authentication systems that would benefit multiple distributors. **Comcast's Brian Roberts** said trials of the MSO's OnDemand Online service show that "people really, really like the service." A national launch in Comcast's footprint remains scheduled for Dec, with no plans yet for distribution outside its service area. "Video over the Internet is more friend than foe," added Roberts, a big believer in cross-platform products and services. '10 completion of Comcast's all-digital conversion and DOCSIS 3.0 launch will only accelerate related opportunities, he said.

**News Earnings:** **News Corp's** cable nets 1Q operating income grew 41% YOY to \$495mln, with **Fox News'** operating income increasing 79% primarily due to increased affiliate revenues and lower political coverage costs. Higher contributions at the **Big Ten Network** and the RSNs also helped with affiliate revenues. But advertising for cable in 1Q was down around the mid-single digits, according to deputy chmn **Chase Carey**. For the year, he expects cable ad sales to be up in the mid-high single digits. **Rupert Murdoch** gave strong plaudits to cable, saying it generates roughly half of the company's operating income. He expects 2010 to be a "year of stability." On retrans, Carey did reveal that the majority of News' O&O deals will come up in a 2-3 year timeframe. Time Warner Cable's deal expires at year-end. Reports are that Cablevision is also negotiating with News Corp. Carey reiterated that News will have conversations with affiliates about sharing a portion of their retrans fees. Overall, News Corp's net income rose 11% to \$571mln, while revenue dropped 4.1% to \$7.2bln. Carey declined to comment on whether News was still in the running for **Travel Channel**.

**Advertising:** The **Better Business' Bureaus' National Advertising Division** referred an ad claim made by **Comcast** to the **FTC** after the MSO declined to participate in the voluntary NAD proceeding. Comcast cited concerns about ongoing litigation not directly related to the NAD proceeding. **Verizon** had challenged Comcast's claims that it provides services over a "fiber-optic network." NAD, the advertising industry's self-regulatory forum, requested substantiation for the advertising claim from Comcast. NAD procedures provide that it shall inform the appropriate government agency when an advertiser declines to participate. Neither NAD nor Comcast identified the litigation mentioned.

**At the Portals:** Saying the **FCC's** Media Bureau is poised to grant the **MPAA's** selectable output control waiver, 13 public interest groups called on FCC chmn **Julius Genachowski** to deny the request. MPAA has said that shutting down output ports at the back of set-top devices will enable it to offer movies in new windows to consumers by allaying piracy concerns. "The MPAA has not presented a shred of relevant data in the record to support its claim that the ability to turn off video outputs on common consumer electronics could be used to effectively combat piracy," the letter countered. **Public Knowledge** and the **Electronic Frontier Foundation** are among the groups signing on. **NCTA** supports the waiver.

**Programming:** **CMT** bows an adventure programming block next year, with new series "Danger Coast" (chronicles Miami's Marine Operations Bureau) and "Gator 911" (follows conservationist and Gator Country adventure park owner) to kick it off (2Q10). -- **TeenNick** commenced production on 20-ep series "Gigantic," a dramedy about being a Hollywood "It" kid. It's the 1st original scripted show for TeenNick since its rebranding from **The N** in Sept. -- **Style** network premieres comedy docusoap "Jerseylicious," following 6 NJ stylists, in the spring.

**Marketing:** In celebration of the Mon launch of **TBS'** new late-night series, "Lopez Tonight," a HD billboard in NY's Times Square is featuring messages from **George Lopez** and his fans from now until Nov 15. Messages are also running in HD screens in some 300 bars nationwide. -- **Comedy Central's** Colbert Nation is now the primary sponsor of the US Speed-

## Coming Soon:

### Targeting Viewers and Ad Dollars: What You Need to Know Now

Wednesday, November 11, 2009, 1:30-3:00pm.

To register go to:

[http://www.cablefax.com/cfp/webinars/ad\\_dollars.html](http://www.cablefax.com/cfp/webinars/ad_dollars.html)

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#### 2009 Year to Date CableFAX Webinars ON-DEMAND

The following Webinars are available On Demand.

- Tweeting Cable's Horn: Leveraging Twitter to Enhance Your Bottom Line
- The 'TV Everywhere' Debate: Will Authentication Save the Online Video Model?
- How Cable Can Monetize Web Video, Social Networking & Other Online Activities
- The New FCC - The Genachowski Era: What Will it Mean for Cable?

For a complete list of upcoming and past Webinars go to  
[www.cablefax.com/cfp/webinars](http://www.cablefax.com/cfp/webinars)

# BUSINESS & FINANCE

skating team. The team lost its previous sponsor when Dutch bank **DSB** folded. Colbert Nation is accepting donations at [www.colbertnation.com](http://www.colbertnation.com).

**Online:** **NBCOlympics.com** went live Wed ahead of the forthcoming Vancouver Games; this year it added DVR functionality to its HD video player.

**People:** The latest **OWN** appointment has *Harpo* vet **Lisa Erspamer** joining the Oprah Winfrey Net as chief creative officer. She'll report to CEO **Christina Norman** and assume her new post in Jan.-- Former **Twentieth Century Fox** comedy exec **Brad Johnson** joined **CMT** as the newly created svp, comedy dev. -- **Momita SenGupta** was named svp, production, **MTVN's** Entertainment Group.

**On the Circuit:** **NAMIC** is sounding the trumpet for Vision Awards entries by Dec 4. 16 categories celebrate original programming that best reflects the increasingly diverse, multi-ethnic global viewing audience. Info at **NAMIC.com**. -- **SCTE's** board members for '09-'10 include **Time Warner Cable's Dick Amell**, **Cox's Ken Williams**, **Suddenlink's Bob Legg** and **Cisco's Frank Eichenlaub**.

**Business/Finance:** Canada's **Shaw** closed the acquisition of **Mountain Cablevision** from the **Boris Family**. The purchase price was approximately \$300mln. -- **Openheimer** upped **Viacom** to 'outperform' (price target \$36, up \$4) on an improving outlook.

## CableFAX Daily Stockwatch

Company	11/04 Close	1-Day Ch	Company	11/04 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	35.58	0.23	AMPHENOL:	41.40	0.04
DIRECTV:	26.84	0.37	APPLE:	190.81	2.06
DISH:	17.50	0.13	ARRIS GROUP:	10.24	(0.1)
DISNEY:	28.03	0.41	AVID TECH:	12.01	(0.53)
GE:	14.19	(0.13)	BIGBAND:	3.83	0.15
NEWS CORP:	13.65	0.14	BLNDER TONGUE:	1.18	0.01
<b>MSOS</b>					
CABLEVISION:	23.58	(0.44)	BROADCOM:	26.41	0.42
COMCAST:	14.06	(0.45)	CISCO:	23.29	0.38
COMCAST SPCL:	13.60	(0.37)	CLEARWIRE:	6.40	(0.15)
GCI:	5.87	(0.17)	COMMSCOPE:	26.55	(0.35)
KNOLGY:	10.08	(0.09)	CONCURRENT:	3.89	(0.1)
LIBERTY CAPITAL:	21.58	(0.23)	CONVERGYS:	10.84	(0.09)
LIBERTY ENT:	31.34	0.35	CSG SYSTEMS:	15.94	(0.29)
LIBERTY GLOBAL:	21.01	0.20	EHOSTAR:	18.61	(0.08)
LIBERTY INT:	11.71	UNCH	GOOGLE:	540.33	3.04
MEDIACOM:	4.49	(0.17)	HARMONIC:	5.03	(0.24)
RCN:	8.10	(0.16)	INTEL:	18.59	0.09
SHAW COMM:	18.04	0.04	JDSU:	5.78	0.02
TIME WARNER CABLE:	40.05	0.43	LEVEL 3:	1.25	0.01
VIRGIN MEDIA:	14.43	0.08	MICROSOFT:	28.06	0.53
WASH POST:	428.90	(0.55)	MOTOROLA:	9.00	(0.08)
<b>PROGRAMMING</b>					
CBS:	11.90	(0.07)	OPENTV:	1.53	(0.01)
CROWN:	1.42	(0.11)	PHILIPS:	25.57	0.41
DISCOVERY:	28.47	0.46	RENTRAK:	15.47	(0.04)
EW SCRIPPS:	6.31	(0.21)	SEACHANGE:	6.37	(0.25)
GRUPO TELEVISA:	19.87	0.35	SONY:	28.69	(0.32)
HSN:	14.12	(0.95)	SPRINT NEXTEL:	2.91	(0.03)
INTERACTIVE CORP:	18.98	(0.07)	THOMAS & BETTS:	34.42	(0.48)
LIBERTY:	33.96	(0.23)	TIVO:	10.28	(0.16)
LODGENET:	5.31	0.13	TOLLGRADE:	6.07	0.26
NEW FRONTIER:	2.00	0.01	UNIVERSAL ELEC:	20.07	(0.63)
OUTDOOR:	6.36	(0.89)	VONAGE:	1.37	(0.41)
PLAYBOY:	2.84	(0.11)	YAHOO:	15.69	(0.01)
RHI:	2.81	0.06	<b>TELCOS</b>		
SCRIPPS INT:	38.61	0.44	AT&T:	25.53	0.17
TIME WARNER:	30.10	(0.06)	QWEST:	3.52	(0.02)
VALUEVISION:	3.03	(0.06)	VERIZON:	29.10	0.03
VIACOM:	30.44	0.27	<b>MARKET INDICES</b>		
WWE:	13.54	0.02	DOW:	9802.14	30.23
<b>TECHNOLOGY</b>					
3COM:	5.25	(0.05)	NASDAQ:	2055.52	(1.8)
ADC:	6.38	(0.1)			
ADVANTAGE:	2.17	0.01			
ALCATEL LUCENT:	3.85	0.16			
AMDOCS:	24.47	0.08			

TRUE OR FALSE:  
**57% OF AMERICANS USE TV & INTERNET SIMULTANEOUSLY.**

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