

CableFAX Daily™

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What the Industry Reads First

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DISH Digits: Subs Grow, But So Do Discounts

DISH surprised with 241K net adds for 3Q and churn of 1.57%—much better than the Street expected. But the satellite player acknowledged that some of that stemmed from discounting. “I hate the discounting we do today,” CEO *Charlie Ergen* said during a call with analysts. “It does cause you problems on the backend.” Ergen said DISH is trying to “wean” itself away from deep discounting, saying it will result in a spike in churn when promos end in 24 months. “There’s no question that when that program discount goes away, your churn is going to go up,” he said. “That’s probably the single biggest thing that everybody in our industry has to worry about. I would be very scared to be higher than where we are today.” DISH has offered a \$25/month promotional rate and has a \$10/month promo for 100 channels. One of the ways to combat churn on promos is to remind customers that “we’re a great everyday low price” and to continue improving customer service, Ergen said. Consumers are becoming more focused on the overall value equation, including what happens when a promo ends, execs said. Discounting wasn’t the only thing that helped with churn. Company brass pointed to privacy/fraud mitigation and changes to the credit policy that had made it “perhaps tighter than it should have been.” Execs also said that they are seeing more consumers unbundle video from telcos and cable. It was revealed that DISH declared a 1-time dividend of \$2/share on outstanding Class A and B common stock on Fri. DISH said it went forward with the dividend to give back to shareholders before the tax policy became unfavorable, because of a lack of acquisition opportunities and **TiVo** overhang. As for TiVo, Ergen was optimistic but said he expects the 2 to have a relationship regardless of how things work out. 3Q revenue fell 1.5% YOY to \$2.89bln, with ARPU actually falling almost a half a percent. EBITDA fell 14% to \$423mln. **S&P**, which kept its strong sell on shares, expressed surprise at the timing of the dividend given that DISH could conceivably tap capital markets for any potential supplemental damage on its TiVo patent case—though the investment firm does think a worst-case outcome is somewhat remote. **Sanford Bernstein** said DISH’s results offered more good than bad, but it isn’t out of the woods. Bernstein particularly liked the 1-time dividend, saying the return of cash to shareholders is very welcome if only because DISH has been a reported suitor for various acquisitions and has been reticent about buying back stock. On a day when the **Dow** hit a 13-month high, DISH closed up more than 5%.

Net Neutrality: Five public interest groups are asking the **FCC** to clarify its position on net neutrality after a report by **FCC** Office of Engineering chief *Julius Knapp* suggested that reasonable network management would include priority treatment of high-bandwidth applications. **Media Access Project, Free Press, Consumers Union, New America Foundation**, and the **Open Technology Initiative** asked the FCC Mon not to reach any conclusions regarding network neutrality prior to completing its rulemaking procedure on the issue. Their letter refers to a Fri article in *CommDaily* about remarks Knapp made at the **Open Mobile Summit** in CA. The groups said, “The same report also cites the official as saying that the Commission will be focusing on ‘different treatment of comparable applications,’ a policy that would not seem to prohibit either deliberate prioritization or degradation of any broad class.”



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Retrans: Cablevision signed a 1-year extension with **Fox** late last month, with the broadcaster reportedly threatening to pull its channels at midnight Oct 22, reports *Sports Business Journal*. That would have left some 3mln NYers with no way to watch the **Yankees** in Game 5 of the World Series on Cablevision. Up next for Fox is **Time Warner Cable**, whose pacts for O&Os and several cable nets (including **FX** and some RSNs) expire at year-end.

Earnings: **Liberty Ent** reported rev of \$369mln (+2%) and adjusted OIBDA of \$86mln (+16%), driven by **Starz Ent's** 8% increase in rev to \$301mln and 19% jump in OIBDA to \$86mln. Starz notched an avg sub unit increase of 1% in the Q and Encore a 1% dip—as of Sept 30, Starz's customer base was down slightly YOY, Encore's -2.8%—leading chmn/CEO **Robert Clasen** to express concern about the pair's sub trends among some affils. **DirecTV**, for example, last week said it continues to see softness in premium net adoption. Clasen said premiums have been hurt by the economy, rate increases by some affils and a lack of marketing resources for the premium category. He is, however, encouraged by the industry's TV Everywhere initiative, believing it will add notable value to programmers. **Liberty Interactive's QVC** delivered \$1.7bln in rev (+2%) and adjusted OIBDA of \$343mln (+10%) while domestic results for the metric pair delivered identical percentage point gains. Intl rev was flat. Results for **Liberty Capital Group** included rev of \$171mln, down 22% because of decreases in theatrical and home video rev at **Starz Media**. Liberty Media's board approved a \$500mln **Liberty Starz** stock-repurchase program and will not move forward with reverse stock splits for **Liberty Capital** and Liberty Interactive. -- **Charter** reported a 3.5% increase in 3Q rev to \$1.69bln and a 7.6% rise in adjusted EBITDA to \$606mln, aided by improvement in phone (+27%), HSD (8.5%) and commercial (+13%) rev. The MSO added 22.8K digital subs, 52.4K HSD and 55.3K phone, and shed 46.5K basic customers. Ad rev tallied \$64mln, down 20% YOY but up sequentially. Charter's net loss totaled \$1.04bln, compared to a \$322mln net loss a year ago.

Carriage: **Dish** added VOD net **The Ski Channel**, which is now available in more than 21mln homes.

Online: **Discovery Comm** bowed **DiscoveryNews.com** and a related app for iPhones/iPods. The site features breaking news, videos and blogs, and dedicated topic hubs. -- **ZillionTV**, an IPTV service offering streaming on-demand programming through subscribers' TVs, inked **Paramount** as a content partner, joining **NBCU**, **Disney**, **Lionsgate** and others.

At the Portals: At the request of the **FCC's** Broadband Task Force, **NFL** reps met Wed with Commission reps to explain the League's distribution policies. The NFL said its online and wireless distribution arrangements are "vibrant and growing," but that the Internet "can't for the foreseeable future support the NFL's distribution of NFL games that is so capacity-intensive in terms of the numbers of viewers and the HDTV quality of the content." NFL's FCC filing also said that efforts to provide broader access are "being thwarted" by the non-carriage of **NFL Net** by certain vertically integrated cable ops.

In the Courts: Last month a federal judge dismissed **Rembrandt's** 8 patent claims against **Comcast**, **Time Warner Cable**, **Cablevision**, **Cox** and **Charter** after Rembrandt signed a deal not to sue, *Bloomberg* reports. Rembrandt had claimed that the cable companies' use of DOCSIS infringed on the patents.

Ratings: The 3rd season finale of **AMC's** "Mad Men" averaged a 1.8 HH rating and garnered 2.3mln total viewers, marking respective increases over last year of 29% and 33%. -- **E!'s** special "The Wedding: Keeping Up With The Kardashians" garnered nearly 3.2mln total viewers and set a net ratings record among women 18-34 (3.92).

USF Revamp: Reps **Rick Boucher** (D-VA) and **Lee Terry** (R-NE) released a universal service reform discussion draft Fri that includes a requirement that USF recipients offer high-speed broadband within 5 years of the legislation's enactment. Additionally, the measure caps the total amount of universal service support and changes the calculation methodology for the non-rural, high-cost portion of the fund from geographic to wire center averaging. A hearing on the draft is set for Nov 17. -- **NCTA** filed a petition for a rulemaking with the **FCC** Thurs to overhaul USF, proposing the Commission stop subsidizing incumbent phone companies in areas where competition exists (including from cable voice service). A study NCTA submits projects the change could save up to \$2bln that could go to improving broadband deployment and adoption.

Programming: **TV Guide Net** and **TV Land** each acquired the basic cable rights to **HBO's** "Curb Your Enthusiasm," which hits TV Guide in Feb for a multi-yr run before moving to TV Land. -- New **E!** series "Bank of Hollywood" (Dec 14) unites a celebrity panel that people can approach to ask for money for anything they choose. Panelists include **Candy Spelling** and Pussycat Dolls singer **Melody Thornton**. -- **Sirius XM Radio** now simulcasts **TVG's** original programming and live race calls from various tracks. -- **Sandra Bullock** flick "The Proposal" was the top VOD movie last month, according to **Reentrak** data.

BUSINESS & FINANCE

“Orphan,” “Monsters vs Aliens,” “Imagine That” and “X-Men Origins: Wolverine” rounded out the top 5. -- **Comedy Central** bows animated series “The Goode Family,” from *Mike Judge, John Altschuler* and *Dave Krinsky*, Jan 6. A first glimpse of the series aired in May. -- “Nurse Jackie” returns to **Showtime**, Mar 22 at 10pm, followed at 10:30 by “United States of Tara.”

On the Circuit: **Lupus L.A.’s** 7th Annual Hollywood Bag Ladies Luncheon will honor **Hallmark Channel** exec *Janice Arouh* as well as actress *Melissa Joan Hart* for their work for lupus awareness, Nov 18. The event gets its name from the silent auction of more than 200 designer handbags.

Public Affairs: **Sportsman Channel** and **Safari Club Intl Foundation** launched the 2nd annual **Hunt.Fish.Feed** tour to feed Americans in 10 cities. The tour partners locally with **Comcast**, **Time Warner Cable** and **Cox**.

People: **Versus** tapped *Joe Brown* as vp, research. -- **Cox** ad arm **Cox Media** promoted *Mike Zeigler* to vp, ops.

Business/Finance: **Sprint** plans to invest an additional \$1bn in **Clearwire** to help with the rollout of 4G mobile broadband services, according to the *WSJ*, while partners including **Comcast** and **Time Warner Cable** would collectively add \$500mln more. **Sprint** (+20.4%) and **Clearwire** (+4.6%) shares advanced on the news. Separately, **Sprint** said it will trim up to 2.5K jobs by Jan 1.

CableFAX Daily Stockwatch

Company	11/10 Close	1-Day Ch	Company	11/10 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.93	0.58	AMPHENOL:	42.90	0.97
DIRECTV:	28.57	(0.02)	APPLE:	201.46	7.12
DISH:	20.14	0.99	ARRIS GROUP:	10.67	0.29
DISNEY:	29.00	0.44	AVID TECH:	12.70	0.23
GE:	15.85	0.52	BIGBAND:	3.71	(0.17)
NEWS CORP:	14.60	0.45	BLNDER TONGUE:	1.20	UNCH
MSOS					
CABLEVISION:	25.48	0.75	BROADCOM:	28.29	1.41
COMCAST:	15.15	0.56	CISCO:	23.99	0.17
COMCAST SPCL:	14.59	0.58	CLEARWIRE:	6.80	0.30
GCI:	6.42	0.13	COMMSCOPE:	28.76	0.86
KNOLGY:	10.15	(0.52)	CONCURRENT:	3.77	(0.03)
LIBERTY CAPITAL:	24.32	1.67	CONVERGYS:	11.61	0.36
LIBERTY ENT:	33.35	0.21	CSG SYSTEMS:	17.05	0.44
LIBERTY GLOBAL:	22.55	0.78	ECHOSTAR:	20.00	0.12
LIBERTY INT:	11.40	(0.73)	GOOGLE:	562.51	11.41
MEDIACOM:	4.69	(0.03)	HARMONIC:	4.94	(0.08)
RCN:	8.33	0.07	INTEL:	19.46	0.53
SHAW COMM:	18.79	0.36	JDSU:	6.94	0.48
TIME WARNER CABLE:	42.10	0.11	LEVEL 3:	1.23	(0.02)
VIRGIN MEDIA:	15.51	0.47	MICROSOFT:	28.99	0.47
WASH POST:	430.47	1.14	MOTOROLA:	8.98	0.09
PROGRAMMING					
CBS:	13.29	0.57	OPENTV:	1.54	UNCH
CROWN:	1.56	(0.06)	PHILIPS:	27.22	0.91
DISCOVERY:	30.79	0.72	RENTRAK:	16.00	0.69
EW SCRIPPS:	6.83	0.04	SEACHANGE:	6.97	0.08
GRUPO TELEVISA:	21.05	0.52	SONY:	29.49	0.62
HSN:	15.08	0.03	SPRINT NEXTEL:	3.43	0.58
INTERACTIVE CORP:	19.61	0.34	THOMAS & BETTS:	36.90	1.03
LIBERTY:	35.48	0.88	TIVO:	11.15	0.20
LODGENET:	5.65	0.03	TOLLGRADE:	6.08	(0.14)
NEW FRONTIER:	2.00	UNCH	UNIVERSAL ELEC:	23.49	0.66
OUTDOOR:	6.65	UNCH	VONAGE:	1.32	0.04
PLAYBOY:	2.85	0.03	YAHOO:	16.02	0.08
RHI:	2.85	0.05	TELCOS		
SCRIPPS INT:	39.59	(0.02)	AT&T:	26.34	0.41
TIME WARNER:	31.64	0.63	QWEST:	3.70	0.08
VALUEVISION:	3.54	0.10	VERIZON:	30.17	0.61
VIACOM:	32.19	0.61	MARKET INDICES		
WWE:	15.23	0.70	DOW:	10226.94	203.52
TECHNOLOGY					
3COM:	5.49	0.03	NASDAQ:	2154.06	41.62
ADC:	6.74	0.22			
ADVANTAGE:	2.30	0.04			
ALCATEL LUCENT:	3.96	0.13			
AMDOCS:	26.59	(0.09)			

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EYE ON DIGITAL

Internet's Fall Kickoff

September connotes back-to-school time for the kids and the kickoff of football season. The sweeping effects of these lifestyle changes can be traced in the month's Web traffic for cable nets, particularly at **ESPN.com**, **Nickelodeon** sites and **ABC Family.com**.

The sports giant's site saw its monthly uniques rise 21% sequentially in Sept, according to **comScore**, to nearly 29mln, 3rd in the metric behind only **Weather.com** and **CNN.com**. Avg min/user jumped 26.3% to 76min, 2nd only to **FoxNews.com**. ABC Family, by contrast, experienced a 37% freefall in uniques to 1.23mln and a 30% slide in avg min/user to 11.8min. Similarly, the respective numbers at Nick sites tallied 11.1mln (-16%) and 62.5min (-28%). **MTVN** sites managed to buck at least 1 monthly trend among the younger demos, growing uniques by 13% to 18.75mln. But avg min/user dipped 4.7% to 11.9min.

Also on the lifestyle front, **HGTV.com** and **FoodNetwork.com** followed divergent paths in Sept. Perhaps aided by the looming original deadline (Dec 1) for Obama's tax credit for 1st-time homebuyers, HGTV.com swelled uniques by 21% and avg min/user by 23.6%. FoodNetwork.com's uniques, however, fell 2% and avg min/user dipped 1.6%. Among news nets' sites, CNN.com posted a 13% gain in uniques to 18.75mln, FoxNews.com a

2% gain to 8.87mln and **CSPAN.org** a whopping 315% gain to 351K (think health care legislation). Respective avg min/user, however, decreased by 12%, 8.8% and 36%.

Owing to the return of several originals, **Discovery** sites were the group's big winner, earning 17.25mln uniques (+28%), tops among all measured sites, while users stayed for an avg of 9.4min (+3.8%). In the up/down basket sat **Comedy Central**, **Lifetime Digital** and **USANetwork.com**. Comedy's uniques fell 10% to 3.97mln as avg min/user rose 33% to 17.4min, tops among all sites; Lifetime's sites achieved a

3% increase in uniques to 2.80mln but a 27.3% plummet in avg stay to 15.4min; and USA eked out a 1% gain in uniques to 1.33mln as avg min/user dipped 10.4% to 11.9min. After a chock-a-block summer of originals, **TBS** and **TNT** dialed back the flurry in Sept to the detriment of uniques, which decreased by a respective 12% and 23%. Both showed gains in avg stay, though, to 6.4min (+3.4%) and 11.3min (+14%). As the most heavily-trafficked site, **Weather.com** posted 40.28mln uniques (-3%) and a 16% rise in avg min/user to 13.6min. All the measured sites collectively notched 1% gains in both uniques and avg stay. - *Chad Heiges*



comScore Web Box Scores

	Total Unique Unique Vistors (000)	Total Unique Unique Vistors (000)	Total Unique Vistors (000)	Average Minutes Per User	Average Minutes Per User	Total Average Minutes
	Aug-2009	Sept-2009	% Change	Aug-2009	Sept-2009	% Change
Total Internet : Total Audience	197,311	198,378	1	1,802.6	1,815.2	0.7
Weather Channel, The	41,684	40,277	-3	11.8	13.6	15.9
CNN	33,410	37,650	13	34.9	30.8	-11.9
ESPN	23,890	28,822	21	59.8	75.5	26.3
MTV Networks Music	16,590	18,753	13	12.4	11.9	-4.7
Discovery Digital Media Sites	13,433	17,245	28	9.0	9.4	3.8
Nickelodeon Kids	13,173	11,087	-16	87.0	62.5	-28.2
FoxNews.COM	8,737	8,873	2	84.6	77.2	-8.8
FoodNetwork.COM	7,384	7,260	-2	15.4	15.1	-1.6
Comedy Central	4,392	3,972	-10	13.1	17.4	32.8
HGTV.COM	2,414	2,918	21	10.4	12.8	23.6
Lifetime Digital	2,734	2,803	3	21.2	15.4	-27.3
USANetwork.COM Sites	1,322	1,334	1	13.3	11.9	-10.4
ABC Family	1,943	1,226	-37	16.9	11.8	-30.1
TBS	1,091	960	-12	6.2	6.4	3.4
TNT.TV	832	637	-23	9.9	11.3	14.0
C-SPAN.ORG	85	351	315	7.0	4.5	-36.0

Data represents the top 10 most trafficked Web sites among the top 20 cable programmers based on the NCTAs rankings

Source: ComScore (www.comscore.com)



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