

# CableFAX Daily™

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What the Industry Reads First

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## Still Swinging: Time Warner Cable Continues Wall St Fight

**Time Warner Cable's** '08 success will depend on financial growth, continued improvement in the troubling Dallas and L.A. markets and the burgeoning SMB market, said pres/CEO *Glenn Britt* Mon at the **UBS** conference. However, investors still need to recognize the cable industry's seminal shift away from video centrality, he said, and not place so much emphasis on basic sub losses. "We are heading into a world where we offer [all our] services to everybody," said Britt, adding that the company's own psychology is changing. "We are really a full-service company [that is] going to sell something to get into the home" and then determine what else the household desires. Against this variable backdrop, he said the Dallas and L.A. markets—currently experiencing the greatest basic losses and competitive pressures—are finally showing much-needed improvement. "We're through the worst in both markets and should see very nice [financial] growth next year," said Britt. A rollout of phone and broadband services will commence next year in both locales. But what these and every other Time Warner markets won't see is a comprehensive mobile push: neither Time Warner nor **Comcast** will participate in the **FCC's** upcoming 700MHz auction. Comcast said it "will continue to explore how wireless can complement our services through various partnerships and consumer trials," and Britt acknowledged similar plans while calling any wireless prognostications "half-baked." As tepid demand for cable mobile services continues, he said, Time Warner may "sensibly" invest in 4G technology over a number of years. Time Warner's decision against auction participation "should remove some overhang on the stock as investors were previously concerned about the potential for significant spending not only in the auction but also on a network buildout," wrote **Oppenheimer** in a research note. On the commercial front, Time Warner's rollout of phone service for the SMB segment is "far along" in legacy systems and will exert a positive impact in '08. Shares of Time Warner Cable closed Mon at \$26.87, up 3.23%.

**Spotlight on Martin:** House Commerce chmn *John Dingell* (D-MI) has ordered the Subcommittee on Oversight and Investigations to launch an inquiry of the **FCC** over the past year to ensure that its processes are fair, open and serve the public interest. Subcmte chmn *Bart Stupak* (D-MI) noted "several" complaints about how FCC chmn *Kevin Martin* is conducting business, indicating "possible abuse of power and an attempt to intentionally keep fellow Commissioners in the dark." Dingell fired off a list of questions to Martin, noting that he's "rapidly losing confidence that the Commission has been conducting its affairs in an appropriate manner." By Dec 10, Dingell wants Martin to commit to publishing the text of proposed rules in advance of the FCC meetings, provide commissioners with all relevant data and analysis upon which a proposal is based and give commissioners adequate time to review proposals. He also wants to know the FCC's policy for retaining documents, including internal and external emails. Meanwhile, the Subcmte on Telecom has slated an FCC oversight hearing for Wed that will focus on media ownership.

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**Risky Business:** Once Liberty's acquisition of News Corp's DirectTV stake closes, the company will find itself with a set of regional sports nets. It remains to be seen what it will do with them. "These RSNs are good businesses, but they're scary to the degree that you're cutting deals with these content owners, the leagues or the teams, and then you're turning around and trying to collect good rents from the distributors," Liberty CEO Greg Maffei said at UBS' investor conference Mon. Several times, he mentioned the "enormous" nature of sports costs, saying he didn't know when consumers and distributors will decide enough is enough. "We like the sports business both as a way of pushing our differentiated offerings at Direct, we like to some degree the cash flow asset that we have, but I'm worried about investing too heavily given those risks," he said. Meanwhile, Liberty's "disappointed" the DirecTV deal is not complete. "I think there are no large hurdles. There's a lot to work through, but none of which appears insurmountable," Maffei said.

**Sports Talk:** ESPN isn't threatened by the proliferation of RSNs and league-centric networks such as Big Ten Net and NFL Net, instead content with its concerted multiplatform push over particular content or media, boss George Bodenheimer said Mon at the UBS conference in NYC. "Our business is so far beyond looking at [linear] ratings... we have left that business model in the dust," he said. "Anything that grows the popularity of sports is right in our wheelhouse." That sweet spot continues to broaden as global site ScoreCenter.com will begin next month providing scores from approx 200 soccer leagues. By mid-year it will offer tallies from 23 sports in more than 20 languages and from more than 200 countries, all while featuring country-specific ad opportunities. Meanwhile, the sports giant's ESPN Mobile TV app, currently available through Verizon, is slated to launch through other carriers within the next few months, said Bodenheimer. **More UBS Tidbits:** NBCU's Jeff Zucker played up the company's cable assets Mon, repeatedly asserting that cable accounts for 50% of profits. He also talked up using those cable nets, particularly Sci Fi, to grow organic digital assets. Bravo has already had success in this arena, he noted. Zucker also touched on NBCU's decision to pull its content from iTunes. In his words, the problem was Apple's inflexibility on wholesale pricing and NBCU's need for a commitment to filtering. He estimated that NBCU's iTunes deal was worth about \$15mln in profit—an amount not insignificant, but "not a game changer for us." No date has been set for the official launch of NBC-News Corp's Web jv Hulu (it's in beta now), but Zucker said it should go live after the 1st of the year.

**In the Courts:** Klausner Technologies has filed lawsuits in TX federal court against Comcast, Cablevision, Apple and AT&T, alleging infringement of its visual voicemail patents. The suit against Comcast and CVC claims the companies' VoIP voicemail products and services "violate [our] intellectual property rights by allowing users to selectively retrieve and listen to voice messages via message inbox displays," said Klausner in a release. Damages and future royalties are estimated at \$300mln. Cablevision has yet to see the suit. The lawsuit filed against Apple claims infringement of the same patents by the iPhone, while AT&T is being sued for selling the device. Damages and future royalties for both is estimated at \$360mln.

**Strike Zone:** Writers and studios/networks are set to return to the bargaining table Tues, Day 30 of the writers' strike. Writers could respond to a proposal made last Thurs by networks and studios. NBCU pres/CEO Jeff Zucker at a media confab Mon said NBC, USA and Sci Fi are most affected. He said original content is planned for Jan, Feb and Mar, though not necessarily the same fall programs viewers have been watching. "If it goes beyond that, we have to see what happens," he said. Meanwhile, TCA's Jan tour is in a state of limbo. If the strike isn't settled by



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# BUSINESS & FINANCE

Dec 14, TCA pres *Dave Walker* has suggested canceling the tour.

**In the States:** ESPNU HD is set to launch Aug 28 with more than 200 events slated to air during its 1st year. -- **Bresnan** launched 9 high-def nets, including **HGTV HD**, **TBS HD** and **USA HD**.

**At the Portals:** Pres *Bush* intends to renominate Democratic **FCC** com-mish *Jonathan Adelstein* for another 5-year term. Next step: Senate confirmation.

**Marketing:** All online and phone orders received by retailer **Brookstone** that exceed \$100 will through Mar 24 come with a 30-day free trial to **Starz Ent's** broadband movie download service **Vongo**.

**Obit:** **Cartoon Net** svp, program-ming and scheduling *Jennifer David-son* died Sat morning of a sudden illness. She was 38. She's survived by her husband, *John Davidson*, and 3 young children, *Mitchell (7)*, *Oliver (5)* and *Harper (2)*. Davidson was among **Cartoon's** first 15 employ-ees, joining the net in '92. Donations can be made to one of 3 charitable organizations the Davidson's have actively supported—**Fragile X Research Foundation** ([www.fraxa.org](http://www.fraxa.org)); the **Leukemia and Lymphoma Society** ([www.leukemia-lymphoma.org](http://www.leukemia-lymphoma.org)); and **BrightPoint For Children** ([www.brightpointforchildren.org](http://www.brightpointforchildren.org)). The funeral is scheduled for Wed, 1pm at Buckhead Church in Atlanta.

## CableFAX Daily Stockwatch

Company	12/03 Close	1-Day Ch	Company	12/03 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
ARRIS GROUP:	10.39	(0.04)	ARRIS GROUP:	10.39	(0.04)
BRITISH SKY:	50.32	(0.9)	AVID TECH:	26.15	(0.38)
DISNEY:	33.04	(0.11)	BIGBAND:	6.01	0.02
GE:	36.93	(1.36)	BLNDER TONGUE:	1.55	0.05
HEARST-ARGYLE:	19.71	0.13	BROADCOM:	27.04	0.30
ION MEDIA:	1.38	0.06	C-COR:	12.13	(0.15)
NEWS CORP:	21.57	(0.11)	CISCO:	27.57	(0.45)
TRIBUNE:	30.50	(0.54)	COMMSCOPE:	40.70	0.20
<b>MSOS</b>					
CABLEVISION:	27.25	0.22	CONCURRENT:	0.93	(0.01)
CHARTER:	1.35	0.03	CONVERGYS:	16.40	0.09
COMCAST:	21.05	0.51	CSG SYSTEMS:	16.29	(0.28)
COMCAST SPCL:	20.86	0.65	GEMSTAR TVG:	5.87	(0.03)
GCI:	8.60	(0.26)	GOOGLE:	681.53	(11.47)
KNOLOGY:	13.56	0.12	HARMONIC:	10.41	0.04
LIBERTY CAPITAL:	119.06	0.00	JDSU:	13.27	(0.19)
LIBERTY GLOBAL:	41.09	0.47	LEVEL 3:	3.38	0.02
LIBERTY INTERACTIVE:	20.23	0.08	MICROSOFT:	32.92	(0.68)
MEDIACOM:	4.63	0.12	MOTOROLA:	15.43	(0.54)
NTL:	28.22	0.00	NDS:	58.50	0.00
ROGERS COMM:	42.97	0.00	NORTEL:	16.65	(0.19)
SHAW COMM:	23.97	(0.81)	OPENTV:	1.16	(0.03)
TIME WARNER CABLE:	26.87	0.84	PHILIPS:	41.43	(0.18)
WASH POST:	801.90	(4.6)	RENTRAK:	14.24	0.24
<b>PROGRAMMING</b>					
CBS:	27.04	(0.39)	SEACHANGE:	7.44	(0.1)
CROWN:	6.79	(0.48)	SONY:	53.71	(0.26)
DISCOVERY:	26.12	1.66	SPRINT NEXTEL:	15.84	0.32
EW SCRIPPS:	42.91	(0.54)	THOMAS & BETTS:	53.00	(1.36)
GRUPO TELEVISA:	23.89	(0.28)	TIVO:	7.80	0.31
INTERACTIVE CORP:	27.70	(0.13)	TOLLGRADE:	7.41	(0.53)
LODGENET:	19.00	(0.2)	UNIVERSAL ELEC:	37.34	0.39
NEW FRONTIER:	4.76	(0.09)	VONAGE:	2.12	0.01
OUTDOOR:	6.99	0.01	VYYO:	4.48	(0.2)
PLAYBOY:	9.29	(0.12)	WEBB SYS:	0.07	0.00
TIME WARNER:	17.14	(0.12)	YAHOO:	26.61	(0.2)
UNIVISION:	36.23	0.00	<b>TELCOS</b>		
VALUEVISION:	6.48	(0.1)	AT&T:	38.28	0.07
VIACOM:	42.66	0.66	QWEST:	6.69	0.06
WWE:	15.64	(0.12)	VERIZON:	43.09	(0.12)
<b>TECHNOLOGY</b>					
3COM:	4.30	(0.01)	<b>MARKET INDICES</b>		
ADC:	16.26	(0.3)	DOW:	13314.57	(57.15)
ADVANTAGE:	5.89	0.09	NASDAQ:	2637.13	(23.83)
ALCATEL LUCENT:	7.82	(0.28)			
AMDOCS:	32.49	(0.6)			
AMPHENOL:	43.70	0.35			
APPLE:	178.86	(3.36)			



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