

# CableFAX Daily™

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What the Industry Reads First

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## Incoming Calls: Cable Facing Voice Threats

A shining success in recent years, cable's VoIP service has stolen a healthy amount of telcos' traditional landline customers while producing hale revenue and steady segment growth. But a troika of developments has produced storm clouds already threatening to dampen the industry's cheery digital voice outlook. First off, **AT&T's** Detroit launch of digital service **U-verse Voice** affects mostly **Comcast** initially, but its planned rollout in other U-verse TV markets will likely assail **Charter**, **Time Warner Cable** and **Cox** as well. The telco plans to entice customers with the service's features—including some that sync with wireless devices—and the resultant quad play, said a spokesperson, noting that direct marketing is underway in Motown. Still supremely confident in its own VoIP play, **Comcast** isn't planning any combative marketing or advertising initiatives in the area, said a spokesperson. Also portending a possibly protracted legal battle is a seeming litigious streak from **Verizon** targeting major MSOs. The telco has filed in a US District Court in VA a patent infringement suit against Cox covering 8 patents related to VoIP technology. This after a similar beef with **Vonage** that resulted in a decision for up to \$120mln in recompense to Verizon, which is similarly seeking from Cox monetary damages and an injunction against using said patents. The MSO declined comment. Consider this: the patents cited in the Cox case include the pair Vonage was found to have violated, and as many MSOs use similar VoIP architecture, a slap to Cox could have future implications for the entire cable industry. Lastly, **Clearwire** inked a deal calling for **Nortel** to deliver a complete carrier VoIP solution for the provision of residential voice service to its US customers. Clearwire already offers VoIP service in 37 of its 46 domestic markets but, importantly, the deal allows for the potential future delivery of converged fixed and mobile services. Although cable is well positioned in the VoIP space, increasing competition and the chance of very costly legal battles should be on the radar.

**In the States:** One of **RCN's** Chicago hubs is now all-digital, and the overbuilder plans to convert the entire city before the end of spring. As part of the transition, RCN has rebranded both its expanded basic and digital tier offerings as the Signature and Premier packages, respectively. Signature will relaunch with 180 channels for the same price that was charged for 80, and Premier will offer additional HD programming. VOD will also get additional content.

-- **Comcast** has launched its **TiVo**-powered DVR upgrade commercially in the Boston area. The service provides integrated content search across TV and VOD and TiVo functions such as personalized recommendations that help subs discover new shows based on what they already like.

**Viewers Want a Part:** A survey commissioned by **Ensequence**, an interactive TV services provider that has worked with **Bravo** and **Spike**, shows that 72% of reality TV viewers want to interact with these programs, and that 65% would like to interact with sporting events. Also, two-thirds of viewers desire similar interactivity with commer-

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cial advertising. **Harris Interactive** conducted the online survey. -- iTV firm **Telescope** said it will handle forthcoming campaigns for **E!**, **MTV**, **Univision** and the **NBA**, adding to a client list that already includes **Bravo**, **Lifetime** and **TLC**. The firm specializes in participation services such as mobile voting, and managed nearly 1bln interactions last year. -- Advanced TV ad service provider **etc.tv**, now available to more than 1.8mln digital TV homes in Canada, plans to expand in the US this year with a focus on MSOs.

**Slippery Slope:** **Time Warner Cable** plans to appeal an arbitrator's decision that the MSO has discriminated against **MASN** by refusing to carry the net in NC, and the appellate process may prevent the setting of a precedent dangerous to cable ops. If the ruling—which claims Time Warner refused carriage to protect its own RSN—is upheld, citations of the decision by numerous parties engaged in similar spats with MSOs could follow. Jurisdictions and details may differ, but programmers such as **NFL Net**, **Big Ten Net** and **FSN** would only be aided in similar quests by an affirmative decision.

**Coulda Been Worse:** Thank *Ben Bernanke* for turning what would have been an ugly rout Tues into, well... just another bad day on the market. Yes, already-battered cable stocks were down again, but stock futures had suggested the Dow would see a 500-point or more drop Tues, mirroring the bloodletting that occurred in overseas markets when U.S. markets were closed for *MLK Day*. Instead, the **Fed's** surprise 75-basis-point rate cut before the open eased the pain somewhat. **Comcast** closed down 2.2% at \$16.65 per share, **Time Warner Cable** shaved off 1.7% to close at \$24.87 and **Charter** was down 1.8% on the day at \$1.07. **Cablevision**, meanwhile, gave back 5.2% to close at \$21.77 (a new 52-week low), and **Mediacom** shed 4.3% to close at \$4.48. Perhaps at some point investors will start to look at cable as a buying opportunity. But for now, the pain continues. Pass the Pepto.

**Online:** **IFC** is riding with **Red Bull** to develop an original, scripted series for **IFC.com**. The selected pilot will commence production this year, and its premiere will officially launch **Media Lab Studios**, IFC's new indie film studio focusing on Web and on-air content, development and financing.

**Technology:** **BigBand** bowed its 5th-generation switched digital platform, expanding support of VOD content and integrating an app that provides data on SDV performance and network resource utilization.

**VOD:** **Atlantic Broadband** employed **Harmonic** tech to launch VOD services in DE and MD. -- **TVN** and **Players Network** inked a deal allowing TVN to deliver more than 40 of the net's Las Vegas lifestyle and gaming programs per month to its VOD distribution partners.

**Programming:** The Sun (8pm ET) simulcast on **TBS** and **TNT** of the **SAG Awards** will feature "The Auction," an original mini-drama sponsored by **MasterCard** and designed to engage and retain viewers during a commercial break. -- **ESPN Deportes** inked with **SCP Worldwide** a TV rights agreement covering the '10 South American World Cup Qualifying soccer tourney. The net will air a total of 70 games, including 14 live, and produce, distribute and assist SCP in marketing the property in the US. -- **E!** plans to roll out its "Live from the Red Carpet" (Sun, 5pm) coverage from the **SAG Awards** for Spanish viewers, offering for the 1st time a Spanish-language SAP simulcast. -- **Oxygen** greenlit a 3rd season of "Tori & Dean... Still Inn Love" (summer). -- **Showtime** ordered a 3rd season of "Brotherhood."

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# BUSINESS & FINANCE

**On the Circuit:** SCTE wants proposals related to improvement in education, learning and development, and human performance to be presented at its '08 Conference on Broadband Learning & Development (Jun 24 in Philadelphia). Info is available in the event calendar section at **SCTE.org**.

**People:** Disney/ESPN Media Nets appointed former Ericsson exec **Tim Connolly** vp, mobile distribution, a new position charged with creating wireless relationships on behalf of **ABC Mobile, ABC News, Disney Channel** and **ESPN**. -- **Comcast Intl Media** appointed **Duccio Donati** divisional svp, **Cheryl McDermott** svp, business operations and **Gracia Waverly** svp, intl networks. -- **CTAM** tapped **Angela Britt** as vp, advanced products and **Howard Marcantel** as vp, educational events.

**Business/Finance:** Verizon Wireless signed a definitive agreement to acquire for \$69m **Sure West Comm's** wireless assets in northern CA. The deal covers spectrum licenses and network and operations in the Sacramento area, where SureWest currently services 50K subs. The transaction is expected to close in 2Q. -- **DirectTV's** board approved the repurchase of up to \$1bn of its common stock through open market buys or negotiated transactions. -- **NBCU** purchased for \$150m a 26% stake in Indian media company **NDTV**, and received an option to increase its stake to 50% within 2 years.

## CableFAX Daily Stockwatch

Company	01/22 Close	1-Day Ch	Company	01/22 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	41.19	0.08	APPLE:	155.64	(5.72)
DIRECTV:	20.06	0.39	ARRIS GROUP:	7.40	(0.31)
DISNEY:	28.11	(0.4)	AVID TECH:	25.01	0.21
ECHOSTAR:	28.13	0.18	BIGBAND:	4.28	0.00
GE:	34.11	(0.2)	BLNDER TONGUE:	1.63	0.00
HEARST-ARGYLE:	20.11	0.18	BROADCOM:	22.41	(1.09)
ION MEDIA:	1.35	0.01	CISCO:	23.42	(0.88)
NEWS CORP:	19.05	(0.3)	COMMSCOPE:	41.22	0.19
<b>MSOS</b>					
CABLEVISION:	21.77	(1.2)	CONCURRENT:	0.68	0.00
CHARTER:	1.07	(0.02)	CONVERGYS:	14.27	(0.14)
COMCAST:	16.65	(0.38)	CSG SYSTEMS:	12.85	(0.15)
COMCAST SPCL:	16.61	(0.29)	ECHOSTAR HOLDING:	28.72	(0.04)
GCI:	7.51	0.22	GEMSTAR TVG:	4.55	(0.06)
KNOLOGY:	9.37	(0.07)	GOOGLE:	584.35	(15.9)
LIBERTY CAPITAL:	102.02	(1.02)	HARMONIC:	9.04	0.24
LIBERTY GLOBAL:	37.56	(1.22)	JDSU:	10.09	(0.54)
LIBERTY INTERACTIVE:	14.10	(0.04)	LEVEL 3:	2.81	(0.03)
MEDIACOM:	4.48	(0.2)	MICROSOFT:	31.99	(1.02)
NTL:	28.22	0.00	MOTOROLA:	12.10	(1.23)
ROGERS COMM:	42.97	0.00	NDS:	48.30	(1.79)
SHAW COMM:	18.14	(1.06)	NORTEL:	12.52	(0.22)
TIME WARNER CABLE:	24.87	(0.43)	OPENTV:	1.11	(0.02)
WASH POST:	749.25	(24.45)	PHILIPS:	36.84	1.20
<b>PROGRAMMING</b>					
CBS:	22.88	(0.21)	RENTRAK:	11.75	0.23
CROWN:	5.71	0.14	SEACHANGE:	6.85	0.07
DISCOVERY:	22.92	(0.44)	SONY:	50.06	(1.38)
EW SCRIPPS:	38.91	(0.71)	SPRINT NEXTEL:	8.80	0.10
GRUPO TELEVISIA:	20.85	(0.48)	THOMAS & BETTS:	40.75	0.21
INTERACTIVE CORP:	23.88	(0.24)	TIVO:	7.08	0.18
LODGENET:	13.87	0.01	TOLLGRADE:	6.77	(0.29)
NEW FRONTIER:	4.60	(0.17)	UNIVERSAL ELEC:	22.64	(0.6)
OUTDOOR:	6.44	(0.21)	VONAGE:	2.01	(0.04)
PLAYBOY:	8.15	0.00	VYYO:	2.50	(0.14)
TIME WARNER:	15.18	(0.36)	WEBB SYS:	0.08	(0.01)
UNIVISION:	36.23	0.00	YAHOO:	19.92	(0.86)
VALUEVISION:	5.50	0.10	<b>TELCOS</b>		
VIACOM:	38.13	(0.49)	AT&T:	35.96	(0.15)
WWE:	14.25	0.32	QWEST:	5.44	0.03
<b>TECHNOLOGY</b>					
3COM:	4.02	(0.09)	VERIZON:	37.83	(1.26)
ADC:	13.39	(0.25)	<b>MARKET INDICES</b>		
ADDVANTAGE:	4.74	(0.27)	DOW:	11971.19	(128.11)
ALCATEL LUCENT:	6.07	(0.83)	NASDAQ:	2292.27	(47.75)
AMDOCS:	30.95	(0.73)			
AMPHENOL:	38.50	(0.25)			

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