

CableFAX Daily™

Friday — January 25, 2008

What the Industry Reads First

Volume 19 / No. 016

4Q Bell: AT&T Sees Video, Wireless Adds; Home Phone Disconnects

A year ago, AT&T was sitting with about 3K U-Verse subs and rollouts in 11 markets. "This is our Plan A, and Plan A we're sticking with," former CEO *Ed Whitacre* said during the 4Q06 conference. Fast forward to today when the video IP service has nabbed 231K subs, an increase of 83% vs 3Q, and has launched in 41 markets. "We feel very good about U-Verse results in 4Q. They were right where we had targeted them for the quarter," CFO *Rick Lindner* said Tues. The weekly install rate for mid-Dec was at 12K, ahead of the telco's 10K goal, and churn rates are comparable to those of access lines and broadband, he said. "I would expect [churn] would decline to sub 2% levels as we start to build the base further," Lindner added. U-Verse dilution was at 11 cents for the year, in line with AT&T's projection, while dilution for '08 should be in the 12-14 cent range, he said. New U-Verse products coming up include a 10MB broadband service, 2nd stream HD and whole-home DVR. Factor in satellite customers and AT&T's total video connections grew by 235K to 2.3mln. 7.6% of primary consumer lines had a video solution up from 4.6% a year ago. AT&T stock has dropped nearly 13% since its CEO made comments earlier in the year about possible softness in the consumer business. Thurs' earnings release provided a bit more color, with the telco reporting that 656K home phone disconnects (primarily due to non-payment). Wireless isn't seeing any impact at this point, and for the 1st few weeks of Jan, broadband rates improved some and access lines are at or "maybe a little better" than 4Q, Lindner said. "The economy is always a risk, but I think when you look across our business, we are relatively, I think defensive in nature in these kinds of downturns and in wireless particularly," he said. When it comes to the small-to-medium business market that cable hopes to encroach on, Lindner feels pretty good about AT&T's position: "Nearly 50% of our small business customers at risk to cable competition have bundled services and [have] signed new term contracts with us. Our activity in this area is reflected in the growth rates." For the Q, AT&T posted a record 2.7mln wireless adds, with total revenue of \$30.3bln and net income of \$3.1bln.

In Fine Form: Despite recent industrywide basic sub losses, **Insight** actually achieved 35K net basic subs additions last year, a 5.4% Y-over-Y increase. The op also added 68K new phone subs, 78K HSD subs and 55K digital customers. As of Dec 31, Insight counted 722K total customer relationships, up 6%. The numbers were realized by the wholly-owned Insight systems in KY, IN and OH, and do not include gains in the systems that have since moved to **Comcast**.

In the Courts: **Gemstar-TV Guide** has taken time from its recent IPG licensing spree to file in the UK a patent infringement suit against **Virgin Media**, which the company claims has infringed European patents covering techniques for IPG provision and handling recordings from IPGs. "We have worked diligently to license Virgin Media for their distribution of various set-top boxes that contain IPGs covered by our patents, but negotiations did not lead to a resolution," Gemstar's evp, intellectual property and licensing *Samir Armaly* said in a release.

VOD Data: **Comcast** has become the 1st user of, and data supplier to, **Nielsen On Demand Reporting & Ana-**

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lytics (NORA), a new measurement service that aggregates and anonymously reports on VOD usage based on real time transactions collected through set tops. The Web-based app is part of Nielsen's **DigitalPlus** service and will also provide integrated data sets from other company services such as **EDI** and **VideoScan**. Comcast will use NORA to analyze on demand trends based on factors such as program category and distributor.

Doh!: **Charter** is blaming a technical glitch for causing it to delete the contents of 14K customer email accounts across its footprint. A process that routinely deletes inactive email accounts somehow wiped the contents of active accounts on Mon, a spokeswoman said. As a result, the MSO has implemented new "fail-safe methods," including keeping deleted accounts temporarily available, she added. The MSO applied a \$50 credit to the bill of each affected customer and is offering free installation/1 free month of home networking. The company has about 2.6mln total HSD customers.

PSAs: Cable and broadcast nets donated an avg of 17 secs an hour to PSAs, or one-half of 1% of all TV airtime, according to the latest **Kaiser Family Foundation** study. The most popular hours for PSAs? Midnight to 6am, with 46% running during that time period. The cable nets studied (**CNN**, **ESPN**, **MTV**, **Nick** and **TNT**) did beef up their time allotted to donated PSAs to 15 sec from 7 sec per hour in Kaiser's '02 study. However, there was no statistically significant change in the avg amount of donated PSA time when broadcast TV (**ABC**, **FOX**, **CBS**, and **NBC**) was factored in, Kaiser said. The study was based off of a full week of TV for the 9 nets plus **Univision** in 7 different markets in '05.

On the Hill: **Comcast** evp **David Cohen** is on the witness list for Tues' House Telecom hearing on moving PEG channels to digital. A MI court granted a temporary restraining order this month that prevents the MSO from moving PEG channels to digital, thus requiring subs to have a set-top to view them. The mayor of Dearborn, MI, which sued Comcast, is slated to testify, as well as an **AT&T** MI rep.

Deals: **RBC Daniels** finished '07 with 83 transactions valued at more than \$4bln. **RBC Daniels** and **RBC Capital Markets** led in the number of M&As involving N American cable, telecom, broadcast and Internet companies for the year (46), with deals including **Charter's** sale of systems to Rapid Comm and **Liberty's** sale of **On Command** to **LodgeNet**. **Goldman Sachs** was 2nd in cable/telecom deals, with 17.

VOD: The **Metropolitan Opera** has muted its previously announced VOD deal with **iN Demand**, citing an outcry from theater owners. The deal had called for PPV offerings of 8 Met performances within 30 days of their transmission to select movie theaters. Met GM **Peter Gelb** said he would like to revisit a potential partnership next season. -- **Blue Ridge Comm** is the 1st operator to launch **The Pentagon Channel's** free VOD product, **RECON**.

Big Game Players: **FSN's** "Best Damn Sports Show Period" has already filled the sponsorship roster for its special Super Bowl week programming (Jan 30-Feb1), with **Hooters**, **Mitsubishi**, **Keystone** and **GoDaddy.com** signing among the supporters. -- **Cox** is playing an important Super Bowl role by providing cable TV, approx 800 phone lines and 200 HSD lines to various NFL events staged outside Univ of Phoenix Stadium, to which the MSO also delivers telecom services. Cox is providing the bandwidth necessary to broadcast the game globally as well.

Programming: The Fri ep (10pm ET) of **USA's** "Psyche" involves a murder on the set of a Spanish soap, and will air later that same night (11:30pm ET) on sibling net **Telemundo**.



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BUSINESS & FINANCE

People: GSN confirmed that vp, distribution *Scott Perlmutter* has left the company. No details on why he left. -- New **Time Warner Cable** evp, chief communications officer *Ellen East* is reorganizing her team. As a result, svp, corp comm *Mark Harrad* will be leaving. Fri is his last day, though he'll help out with transitioning the department. We wish him well. -- **Versus** promoted *Marc Fein* to evp, programming, production and biz ops. -- **Lifetime Nets** tapped former **Disney Channel** exec *Scott Garner* as svp, planning, scheduling and acquisitions. Now with **Lifetime**, **Lifetime Movie Net** and **Lifetime Real Women** under his purview, Garner played a key role at Disney in bringing "High School Musical" and "Hannah Montana" to the air. -- **Comedy Central** promoted *Scott Landsman* to vp, original programming and development. -- **MSG Media** promoted *Jerry Passaro* to svp, network ops and distribution.

Business/Finance: **Gamco Investors'** *Mario Gabelli* wasn't a fan of Cablevision's privatization plan (**Cfax**, 10/16), and he's isn't keen on the MSO—or any other cable op—in the year ahead. But Gabelli included **DISH**, **DirecTV**, and **LIN TV** on his list of top '08 picks disclosed at a *Barron's* event. Gabelli said AT&T will acquire DISH, which, like DirecTV, will turn its balance sheet around in coming years; and that LIN TV will benefit from ads surrounding the Olympics and the presidential race.

CableFAX Daily Stockwatch

Company	01/24 Close	1-Day Ch	Company	01/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	43.55	2.39	APPLE:	135.60	(3.47)
DIRECTV:	22.38	1.03	ARRIS GROUP:	7.50	0.01
DISNEY:	29.23	0.71	AVID TECH:	25.52	(2.53)
ECHOSTAR:	28.40	(0.21)	BIGBAND:	4.96	0.68
GE:	34.65	0.06	BROADCOM:	22.48	1.30
HEARST-ARGYLE:	20.57	(0.06)	CISCO:	25.11	1.08
ION MEDIA:	1.39	0.04	COMMSCOPE:	42.64	0.48
NEWS CORP:	19.91	0.55	CONCURRENT:	0.75	0.06
MSOS					
CABLEVISION:	22.17	0.48	CONVERGYS:	14.29	(0.47)
CHARTER:	1.11	0.01	CSG SYSTEMS:	13.18	(0.17)
COMCAST:	17.44	0.18	ECHOSTAR HOLDING:	29.36	0.56
COMCAST SPCL:	17.18	0.08	GEMSTAR TVG:	4.31	(0.2)
GCI:	7.49	(0.27)	GOOGLE:	574.49	25.87
KNOLGY:	10.51	0.47	HARMONIC:	9.22	0.53
LIBERTY CAPITAL:	106.08	2.14	JDSU:	10.30	0.22
LIBERTY GLOBAL:	37.90	0.93	LEVEL 3:	2.96	0.00
LIBERTY INTERACTIVE:	15.26	0.27	MICROSOFT:	33.25	1.32
MEDIACOM:	4.61	(0.04)	MOTOROLA:	10.13	0.12
NTL:	28.22	0.00	NDS:	47.20	3.19
ROGERS COMM:	42.97	0.00	NORTEL:	13.15	0.36
SHAW COMM:	19.33	1.51	OPENTV:	1.19	0.04
TIME WARNER CABLE:	24.99	0.19	PHILIPS:	38.57	1.19
WASH POST:	727.10	(3.25)	RENTRAK:	11.16	(0.08)
PROGRAMMING					
CBS:	23.96	0.86	SEACHANGE:	7.34	0.21
CROWN:	5.93	0.12	SONY:	47.49	(1.07)
DISCOVERY:	23.98	0.69	SPRINT NEXTEL:	9.09	0.37
EW SCRIPPS:	39.68	0.60	THOMAS & BETTS:	44.94	2.79
GRUPO TELEVISA:	22.02	0.30	TIVO:	6.94	0.11
INTERACTIVE CORP:	24.73	(0.02)	TOLLGRADE:	6.85	0.14
LODGENET:	14.95	0.79	UNIVERSAL ELEC:	23.28	(0.69)
NEW FRONTIER:	4.67	(0.02)	VONAGE:	1.99	0.00
OUTDOOR:	6.50	0.05	VYYO:	2.43	0.13
PLAYBOY:	8.27	(0.11)	WEBB SYS:	0.08	0.03
TIME WARNER:	15.43	0.21	YAHOO:	21.69	1.68
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	5.66	(0.12)	AT&T:	35.75	(0.94)
VIACOM:	38.53	0.36	QWEST:	5.64	(0.29)
WWE:	13.73	(0.78)	VERIZON:	38.21	0.14
TECHNOLOGY					
3COM:	4.08	(0.1)	MARKET INDICES		
ADC:	13.56	0.13	DOW:	12378.61	108.44
ADDVANTAGE:	4.66	(0.14)	NASDAQ:	2360.92	44.51
ALCATEL LUCENT:	6.28	0.34			
AMDOCS:	34.05	1.16			
AMPHENOL:	40.14	0.14			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Slapshot Rebound

The 3-season **Versus/NHL** pair's skating effort has overcome a slippery past to gain some notable traction. The net started broadcasting league games under its old **OLN** moniker in '05, a beginning marred by carriage disputes with **DISH** and **Cablevision** and just months removed from a disheartening league lockout that likely thawed interest in the sport. But that was then. "Things are really cranking on all levels for us," said svp, programming and production *Marc Fein* during a Thurs conference call, reiterating an unspoken assessment from Wed when **Versus** exercised a contract option to continue airing NHL games through '11. Live games on **Versus** are averaging a 0.3 this season through 29 tilts, a 50% increase over both last year and '05-'06, and HH impressions, particularly among the important male demos, continue to shoot upward. Looking ahead, the net is currently "analyzing" the possibilities of adding more games and studio shows for next season, Fein said. Sun's (6pm ET) league All-Star game on the net will act as another bellwether of success. Last year's version was moved to midweek to avoid a slashing from other sports telecasts, yet still disappointed with a 0.7/474K. A first for this weekend's festivities will be the use of a super slo-mo camera, which purportedly is able to feature puck rotation. Such viewing enhancements certainly help the cause, but increasing NHL exposure across multiple platforms remains a key growth driver. **NHL Net** is available in the US for the 1st time this year; **HDNet**, which also airs some league games, launched a new weekly hockey show; out-of-market games are now available through **NHL.com**; and the league's **YouTube** channel receives ample hits. Maybe the hits aren't of the bone-jarring, head-jousting variety delivered by defensive goons on the ice, but they're nearly as effective at stimulating interest. And the **NHL/Versus** team has responded with a noteworthy goal tally. *CH*

Highlights: "In Treatment," M-F, 9:30pm, **HBO**. Based on an Israeli hit, "Treatment" lets viewers tag along as patients visit their therapist (*Gabriel Byrne*) for weekly visits (yes, the ultimate in appointment viewing). But be warned: Treatment is close to reality; so the entire 30-min eps consist of dialogue in a therapist's office. Still the reality of it can be addictive. A clever element is that the viewer can choose to watch 5 nights/wk or fewer. If you're only into Laura, a young doctor with relationship problems, you watch on Monday nights, her appointment day. If *Blair Underwood's* arrogant pilot is your favorite, his appointment is on Tues. And don't worry if you miss a week. **HBO** On Demand will preview all five of the week's shows each Mon. Also, beginning Feb 4, that night's ep will be preceded on **HBO** by the previous week's ep for that day. *SA*

Worth a Look: "Behind The Great Wall," Sun, 9pm, **Discovery**. Silver Spring's quest for "big television" continues with a well-done look at the 3K-mile-long wall's history. *David Zaslav's* betting Oprah will be even bigger. -- "Gone Country," Fri, 8pm, **CMT**. C-listers, including dubious singer *Maureen McCormick* (Marcia, Marcia, Marcia), try to "go country." Total camp, with biscuits and gravy. And *Dee Snyder* rooming with *Bobby Brown* could be explosive. *SA*

Basic Cable Rankings (1/14/08-1/20/08) Mon-Sun Prime			
1	USA	2.2	2082
2	DSNY	1.9	1830
3	TNT	1.6	1519
4	FOXN	1.4	1359
4	NAN	1.4	1310
4	HALL	1.4	1140
7	TBSC	1.3	1278
7	AMC	1.3	1241
9	LIFE	1.2	1168
9	FAM	1.2	1159
11	A&E	1.1	1048
11	TRU	1.1	976
13	FX	1	977
13	ESPN	1	940
13	TOON	1	930
13	HIST	1	927
17	HGTV	0.9	893
17	DISC	0.9	871
17	SPK	0.9	852
17	CMDY	0.9	830
21	MTV	0.8	780
21	SCIF	0.8	764
21	TLC	0.8	761
21	TVLD	0.8	752
25	CNN	0.7	719
25	BRAV	0.7	654
25	FOOD	0.7	628
25	MSNB	0.7	618
25	LMN	0.7	399
30	VH1	0.6	553
30	SPD	0.6	437
32	ESP2	0.5	507
32	EN	0.5	486
32	BET	0.5	441
35	APL	0.4	388
35	HLN	0.4	386
35	TTC	0.4	326
35	CMT	0.4	308
35	NGC	0.4	291
35	WGNC	0.4	267
35	SOAP	0.4	266
35	OXYG	0.4	260
43	TWC	0.3	264
43	DHLT	0.3	204
43	GSN	0.3	194
43	BIO	0.3	151

*Nielsen data supplied by ABC/Disney

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