

CableFAX Daily™

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What the Industry Reads First

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Bell Tolls: AT&T Video Subs Flat, But Ramp Up Planned

AT&T's 4Q U-verse subtotal of 3K may be flat with 3Q numbers, but the telco says it isn't changing a thing. "This is our Plan A, and Plan A we're sticking with," *Ed Whitacre* said Thurs, blaming the service's delays and difficulties on programming problems. "We like this stuff. It works. And it's the right thing financially." AT&T is working now to fine-tune the U-verse software platform to improve communication with set-tops, said CFO *Rick Linder*. "I think very shortly, once we have those changes in place, we will be ready to launch and start adding more customers to this platform," he said. The video service is currently in 11 markets—shy of the 15 markets AT&T had initially said would launch in '06 (*Cfax*, 12/22), with the bulk of the launches coming at the end of 4Q. The telco projects it will pass 8mln homes by year-end. Execs declined to talk about video plans for the recently acquired **BellSouth** markets, saying they would evaluate it over the next few months. As for current customers, 70% are taking higher-end video packages and 70% are taking the highest broadband speeds, Linder said. Ramping up U-verse will continue to dilute shares—dilution is expected to increase to 9-11 cents/share from 6 cents/share in 2006. AT&T added 49K satellite subs in 4Q through its partnership with **EchoStar** and, together with BellSouth, counts 1.5mln total video subs. AT&T is offering a free 12-month DISH offer in "a handful" of markets to drive bundling (customers have to subscribe to voice, data and long distance to get the deal). "We are targeting it in markets where we are seeing more aggressive cable competition or new launches from cable," Linder said. As for cable competition, rates of decline for BellSouth's access lines improved again in 4Q, with Linder citing a lack of acceleration in losses to cable despite new launches in some key markets. When asked about cable competition for small-medium businesses, Linder didn't seem concerned. He said cable focuses on smaller customers (10 lines or less—and more often 4-6 lines), which only accounts for the mid single-digits of AT&T total business customers. "It's a sub-segment of the market we go after," he said.

Franchising: As many suspected, a lawsuit over the **FCC's** recent video franchising order looks inevitable. **NATOA**, working with the **National League of Cities** and other local govt partners, has retained legal counsel from DC firm **Argent Fox** to challenge last month's order. The reason there hasn't been a lawsuit yet is most likely because the text of the order has not been released. Nonetheless, NATOA says the statements of chmn *Kevin Martin* and other commissioners "have made it clear the Commission has far exceeded the scope of its statutory authority."

At the Portals: Remember last month when **The America Channel** announced it had secured some rights to 8 NCAA Div I sports conferences, including basketball, volleyball and lacrosse. Well, now TAC is claiming those deals make it an RSN as it looks for a path to carriage deals. In approving the **Comcast-Time Warner/Adelphia** merger, the **FCC** said unaffiliated RSNs could seek arbitration when seeking carriage from the 2 operators. TAC, which has not launched, informed Comcast last week that it plans to seek arbitration. Comcast responded Wed by



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asking the FCC to rule that TAC is not an RSN. -- Meanwhile, a MN District judge last week dismissed the channel's antitrust claims against Comcast and Time Warner Cable. "As the Mock Turtle remarked in 'Alice's Adventures in Wonderland,' 'What is the use of repeating all that stuff... if you don't explain it as you go on?'" TAC may be able to state a claim upon which relief can be granted if it pleads a claim with sufficient facts," the judge wrote, giving TAC the option to amend its complaint in the next 20 days.

Research: 20mln Americans aged 12+ have downloaded a full-length movie within the last month, according to **Solutions Research Group**, and 80% of total movie downloaders (32mln) only use peer-to-peer file-sharing sites. A typical downloader from file-sharing sites is 29-years-old (63% male), and has 16 titles stored on their PC. -- Broadband video use expands the audience of traditional TV programs while exposing content to a demo that's largely young, educated and affluent, according to a **Nielsen Analytics** study. Broadband video growth hasn't eroded linear viewing, as total TV usage was at a record high (more than 8 hrs/day) during the '05-'06 TV season, Nielsen said. According to stats from **Scarborough Research**, one-third of people who reside in broadband homes own at most a high school degree (vs 69% of those in HHs sans Internet), and 28% of broadband users earn greater than \$100K/year (vs 17% overall). 80% of broadband users fall between the ages of 18-54. -- As of year-end '06, 47% of the US online video market was comprised of user generated videos, and that percentage will grow to 55% by '10, according to **Research and Markets**. Related ad rev for UGOV sites will amount to \$900mln by '10, up from \$200mln in '06—15% of total online video revenues.

In the States: Cable and telco reps participated Thurs in a franchise reform hearing before the **GA House** cmte on energy, utilities and telecom, and cmte chmn Rep *Jeff Lewis* (R) is expected to introduce his "Cable Choice for Television" bill Mon. It would enable video service providers to attain a statewide franchise from the secretary of state's office and allow incumbent franchisees to convert to statewide status.

Programming: **HBO** placed in its corner "De La Hoya/Mayweather 24/7," a 4-ep series debuting Apr 15 (10:30pm) and leading up to the junior middleweight championship bout between *Oscar De La Hoya* and *Floyd Mayweather*, available May 5 on HBO PPV. Subsequent eps will air Apr 22 & 29, and May 3. -- *Magic Johnson* and musician *Bow Wow* will provide commentary for **BET** news special "Sex, Myths and the Real Deal," airing on National Black HIV/AIDS Awareness Day (Feb 7, 8pm).

Online: Content from **Sundance Channel** and **Expo TV** is now available via **Yahoo! Video** at video.yahoo.com. -- A deal with sibling **Starz Media** gives **Vongo** more than 250 movies and other video titles for VOD rental at vongo.com.

We Love YouTube: Is it real? We don't know. But boy we sure laughed at this **AT&T** video apparently showing an employee picking oranges off a neighbor's tree. www.youtube.com/watch?v=ygEwoufSyss... AT&T wasn't amused, telling us that "our customers' trust is of the utmost importance to us, and we expect our employees to adhere to a strict standard of conduct. We are investigating this incident and once we understand the circumstances, we'll take quick and appropriate action." Orange you glad it wasn't your employee?

Awards: The **SCTE** bestowed **BigBand's Doug Jones** with its "IP Innovator Award;" **Cox's Ken Williams** with its "Polaris Award" for the development and/or deployment of HFC networks for commercial services apps; and **Cablevision's Alan Azralon** with its "Star of Integrity Award" for contributing to the efficiency and effectiveness of next-generation networks in



THE MAKINGS OF A DYNASTY.

In its 1st season,
NFL NETWORK ranked #2.*

PRIMETIME, Men 18-49

ESPN	2.1
NFL NETWORK	1.1
USA	1.1
TNT	1.0



*Source: Nielsen Galaxy Explorer all basic cable networks excluding pay December 2006 M-Su 8-11p Live+SD Coverage Ratings%.

BUSINESS & FINANCE

delivering on-demand services.

Public Affairs: MtvU and the Kaiser Family Foundation launched the "Change the Course of HIV Challenge," seeking proposals from college students for viral, Web-based video game concepts designed to help raise awareness about HIV/AIDS among US young people. The winning individual or team will receive \$75K to develop their concept.

People: Time Warner elected pres/COO Jeffrey Bewkes and Motorola chmn/CEO Edward Zander board members. -- 10-year NCTC vet Scott Abbott was upped to evp of the association. -- Fox News named Brian Wilson vp/Washington Bureau chief, and Bruce Becker vp, business news for the net's proposed biz channel.

Business/Finance: Federal prosecutors charged former NBCU treasurer Victor Jung Thurs on 2 counts of wire fraud for allegedly embezzling 800K from the co. -- C-COR reported a 20% Y-over-Y increase in fiscal 2Q net sales to \$80.1mln, and net income of \$5.9mln, versus a \$15.7mln net loss last year. The co anticipates fiscal 3Q net sales of \$75-\$80mln. -- Fitch affirmed EchoStar's 'BB-' Issuer Default rating, the 'BB-' rating on its senior unsecured notes issued and the 'B' rating assigned to its convertible subordinated notes. The ratings "incorporate Echostar's weak competitive position and limited ability to respond to the changing and more competitive operating environment."

CableFAX Daily Stockwatch

Company	01/25 Close	1-Day Ch	Company	01/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	42.32	(0.77)	AVID TECH:	36.36	(0.01)
DIRECTV:	23.97	(0.53)	BLNDER TONGUE:	1.81	(0.1)
DISNEY:	34.94	(0.41)	BROADCOM:	31.07	0.38
ECHOSTAR:	39.42	(1.57)	C-COR:	13.19	1.04
GE:	36.34	(0.3)	CISCO:	26.22	(0.67)
HEARST-ARGYLE:	25.92	(0.06)	COMMSCOPE:	31.18	(0.9)
ION MEDIA:	1.17	(0.08)	CONCURRENT:	1.59	(0.03)
NEWS CORP:	24.12	(0.31)	CONVERGYS:	25.48	(0.8)
TRIBUNE:	30.16	(0.06)	CSG SYSTEMS:	24.27	(0.26)
MSOS					
CABLEVISION:	30.29	(0.4)	GEMSTAR TVG:	3.83	(0.02)
CHARTER:	3.22	(0.14)	GOOGLE:	488.09	(10.98)
COMCAST:	43.49	(1.51)	HARMONIC:	8.59	(0.27)
COMCAST SPCL:	42.64	(1.36)	JDSU:	17.46	(0.11)
GCI:	15.32	(0.24)	LEVEL 3:	6.17	(0.09)
KNOLOGY:	12.18	0.46	LUCENT:	2.55	(0.02)
LIBERTY CAPITAL:	100.55	(2.45)	MICROSOFT:	30.45	(0.64)
LIBERTY GLOBAL:	30.22	(0.54)	MOTOROLA:	18.59	0.02
LIBERTY INTERACTIVE:	24.41	(0.37)	NDS:	47.77	(0.81)
MEDIACOM:	7.75	(0.16)	NORTEL:	26.08	(0.51)
NTL:	26.28	(0.49)	OPENTV:	2.34	(0.07)
ROGERS COMM:	32.47	(0.28)	PHILIPS:	38.36	(0.53)
SHAW COMM:	36.69	(0.32)	RENTRAK:	16.21	0.16
TIME WARNER:	22.04	(0.48)	SEACHANGE:	10.30	(0.22)
WASH POST:	759.99	(1.01)	SONY:	47.12	0.26
PROGRAMMING					
CBS:	30.71	(0.63)	SPRINT NEXTEL:	17.52	(0.32)
CROWN:	4.19	(0.03)	THOMAS & BETTS:	47.69	0.46
DISCOVERY:	16.62	(0.47)	TIVO:	5.35	(0.08)
EW SCRIPPS:	52.75	(0.26)	TOLLGRADE:	10.26	(0.01)
GRUPO TELEVISIA:	28.87	(0.61)	UNIVERSAL ELEC:	19.92	(0.45)
INTERACTIVE CORP:	38.16	(1.02)	VONAGE:	5.82	0.13
LODGENET:	26.42	0.10	VYYO:	4.26	0.02
NEW FRONTIER:	9.55	(0.48)	WEBB SYS:	0.06	0.00
OUTDOOR:	12.65	(0.25)	WORLDGATE:	1.24	(0.03)
PLAYBOY:	11.11	(0.26)	YAHOO:	28.21	(0.73)
UNIVISION:	35.90	0.01	TELCOS		
VALUEVISION:	12.03	(0.39)	AT&T:	36.79	0.16
VIACOM:	40.01	(0.34)	QWEST:	8.45	(0.12)
WWE:	16.20	0.00	VERIZON:	37.50	(0.57)
TECHNOLOGY					
3COM:	3.91	(0.06)	MARKET INDICES		
ADC:	15.69	(0.12)	DOW:	12502.56	(119.21)
ADDVANTAGE:	2.89	(0.03)	NASDAQ:	2434.24	(32.04)
AMDOCS:	34.43	0.06			
AMPHENOL:	66.25	(1.07)			
ARRIS GROUP:	13.73	0.04			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Bearing It All at TCA

A glorious tableau lasts perhaps just a minute in the superb first episode of **Discovery Channel's** series "Planet Earth" (Mar 25, 8pm). A huge white polar bear slowly unfolds the blanket of snow that served for months as her winter bedroom. The mother bear is followed, awkwardly, by two cubs, who, as nature decrees, start life deaf and blind. The camera follows the trio as they embark on a 5-day journey to the sea. Great footage, no doubt, but that's only a part of the story. The rest emerged during Discovery's TCA panel, when *Doug Allan*, a specialist in filming the world's coldest places, told critics how he obtained those shots. Allan and an assistant camped for five weeks on Kong Karls Land, small islands in the Norwegian Arctic. It was winter and the living wasn't easy. Making it harder was Norway's ban on snowmobiles. That forced Allan to travel by foot, hauling a sled bulging with cameras. More than that, "if you have problems with the bears, [snowmobiles allow] you... [to] drive away from them," Allan said. From Allan's small cabin, which was visited nightly by bears, to the bear den where he filmed was a 3-mile walk across sea ice and up into a valley. At "any minute... there might be a bear coming," so Allan had to know how to keep a bear that was merely interested in him from becoming dangerous. Despite the hardship of walking, in the end Allan enjoyed the experience. "I was kind of feeling the Arctic like a bear would... [I] could tell the different textures of the snow underneath your feet. [I] could tell when the wind direction was slightly shifting. [I] could tell the difference between -35 and -30, -30 being that little bit more comfortable..." By the way, it was nearly 4 weeks before that mother bear emerged from hibernation. And it was on the shoot's last day that Allan, on a whim, headed to the bear den, without his camera. He spotted the mother bear. With weeks of experience, he knew she was headed for the sea. So he ran 3 miles to his cabin, grabbed his camera and got great footage. "A perfect ending to probably the best, most satisfying shoot that I've done." This kind of insight is available only at TCA, probably, and should result in more informative and entertaining television writing. SA

Highlights: "Nora Roberts' Angels Fall," Mon, 9pm, **Lifetime**. As a secure male I can admit to enjoying this female-oriented mystery/love story (of course, watching *Heather Locklear* for 2 hours helped). – "Suburban Secrets," Mon, 10pm, **Court TV**. Lord knows, Court's tried gimmickry, but sometimes the basics work best, as these simple tales of suburban crime show. SA

Worth a Look: "Top Design," Wed, 11pm, **Bravo**. Nothing succeeds like success, so Bravo's trying a variation on reality contest hit "Project Runway," and this attempt is appealing, ditto host *Todd Oldham*. Even better are its young-skewing room designs, which include indoor sandboxes and Chinese wedding beds. – "Sarah Silverman Program," Thurs, 10:30pm, **Comedy**. Another example of how tough it is to create good comedy. The offbeat *Silverman* succeeds sporadically, and that will be enough for fans. SA [More reviews at www.cable360.net].

Basic Cable Rankings (1/15/07-1/21/07) Mon-Sun Prime			
1	USA	2.2	1993
2	DSNY	2.1	1851
3	TNT	1.6	1520
4	FOXN	1.3	1222
4	A&E	1.3	1211
4	AMC	1.3	1200
4	NAN	1.3	1152
4	HALL	1.3	972
9	TBSC	1.2	1108
9	TOON	1.2	1084
9	LIFE	1.2	1081
12	DISC	1.1	1000
13	FX	1	896
13	SCIF	1	878
15	HGTV	0.9	850
15	ESPN	0.9	842
15	CORT	0.9	809
15	HIST	0.9	788
15	SPK	0.9	788
15	CMDY	0.9	771
21	FAM	0.8	769
21	MTV	0.8	745
21	TLC	0.8	740
21	TVLD	0.8	689
25	VH1	0.7	678
25	CNN	0.7	616
27	FOOD	0.6	539
27	ESP2	0.6	536
27	APL	0.6	497
27	BET	0.6	482
27	SPD	0.6	426
27	LMN	0.6	311
33	BRAV	0.5	451
33	MSNB	0.5	403
33	NGC	0.5	305
33	SOAP	0.5	289
37	EN	0.4	358
37	TTC	0.4	336
37	TWC	0.4	334
37	GSN	0.4	235
37	BIO	0.4	159
37	TV1	0.4	124
43	HLN	0.3	262
43	CMT	0.3	257
43	TVGC	0.3	239

*Nielsen data supplied by ABC/Disney



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