

CableFAX Daily™

Wednesday — January 26, 2011

What the Industry Reads First

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Fiber Enrichment: Verizon Sees FiOS As Important To Convergence

Verizon believes its main strategic assets of wireless and FiOS—the former exploding, the latter slowing—can be effectively leveraged to drive growth through device and platform convergence. The telco is so focused on this imperative that instead of hosting the typical earnings call Tues, it combined 4Q and '10 results with a business outlook session at an on-stage event for analysts. “The real magic happens when you put all this together,” said pres/COO Lowell McAdam of FiOS, smartphones and LTE. “We have a tremendous opportunity to optimize the flow of content across LTE and FiOS to deliver... integrated services to customers wherever they are.” FiOS is at the heart of this thrust because, as Sanford Bernstein's Craig Moffett pointed out, the service's “footprint expansion is now winding down, leaving fewer opportunities for growth.” VZ added 182K net FiOS TV and 197K net FiOS Internet adds, but the totals marked respective sequential declines of 11% and 13%. Moreover, DSL customers decreased by 145K, and Moffett said FiOS expanded by just 200K homes in 4Q, “by far the smallest growth since the project began.” At the same time, VZ reported 25.5% growth in 4Q wireless data rev, the net addition of 323K Internet devices, including 86K tablets, and brought 65K LTE customers on board in 3 Dec weeks alone. Smartphone penetration sits at 26%; 50% or higher is foreseen by Dec. VZ execs highlighted the 26.8% surge in FiOS rev and 4% ARPU growth, the service's increasing profitability and the fact that FiOS now reps approx 53% of overall consumer rev. “That's important,” said VZ Telecom and Business pres Fran Shammo, “because the increase in scale of FiOS and the strength of our broadband video products are driving... growth and are large enough to more efficiently mitigate the secular and competitive pressures in this part of the business.” Added McAdam: “We see the fiber-connected home becoming the hib for managing all aspects of the customer's digital life.” VZ bear Moffett, however, further pointed out that VZ's wholesale business is declining at a rate large enough “to drag down the entire Wireline business into negative growth.” Still, VZ is sticking to its convergence guns, as McAdam said the telco's new Flex View offering gives “an early glimpse at the content anywhere world.” Launched in Nov, Flex allows subs to rent or purchase movies at homes on their TV, on laptops and PCs, and on select mobile devices including cell phones, tablets and media players. 2K titles are included right now, with that number expected to reach 9K going forward. In 8 weeks, the cloud-based service sold 41K titles at approx \$15 each, all with very little provisioning costs, said Shammo. S&P maintained its 'sell' opinion on VZ shares, but investors liked what the telco had to say Tues, sending the telco's shares up 1.56%.

Competition: DISH signed on as a national sponsor of Premier Homes Shows' '11 National Homes & Garden Show Series, and along with several independent satellite TV retailers exhibit its services at 30 nationwide events.

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Deadline: January 21, 2011

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- Advertising Campaign for a Single Program
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- Direct Response Marketing
- Integrated Marketing Campaign

- Marketing Campaign
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- Marketing of a Continuing Series
- Marketing of a Special or Documentary/Documentary Series
- Media Event
- Media Relations Campaign
- Mobile Marketing Campaign
- Multicultural Marketing
- Press Kit

- Programming Stunt
- PR Stunt
- Public Affairs Campaign
- Social Media Marketing
- Trade Show Marketing and PR
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- Marketer of the Year, VP Level and above
 - PR Executive of the Year, VP Level and above
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The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine.

Questions? Contact Awards Coordinator Mary-Lou French at mfrench@accessintel.com.
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In the States: MetroPCS expanded its no annual contract 4G LTE service into the Atlanta, Jacksonville, Miami and Orlando metro areas.

Getting Cozy: Time Warner Cable and **ESPN** continue to strengthen their ties following the MSO's major carriage deal forged in Sept with **Disney**. After allowing its subs online access to ESPN and **ESPN3.com** in Oct, TWC (and **Bright House**) now offers customers the same access to ESPN2, ESPNU and ESPN Buzzer Beater. Users have the option to view the main channels in several ways, including picture-in-picture, simultaneous viewing of more than 1 channel and full-screen viewing of a single channel, and access through certain other Internet-enabled devices such as mobile phones and tablets is expected soon. It's little wonder, then, that ESPN and TWC are in preliminary discussions that would give the MSO an ownership stake in ESPN's new University of Texas network (**Cfax**, 1/20), according to SBJ, in exchange for distribution throughout TX.

Net Neutrality: MetroPCS followed **Verizon's** lead and challenged the **FCC's** Open Internet order in the DC Circuit Court of Appeals, even under the same guise that the Commission modified its license by imposing regulation on wireless broadband providers, thus giving the court exclusive jurisdiction over the matter. **Stifel Nicolaus** said MetroPCS recognizes that challenges to the stratagem may arise, but that it's filing now "to reserve its rights out of an abundance of caution." The filing comes after recent charges by public interest groups including **Free Press** that MetroPCS' restricted Web access offering violates Open Internet principles. "Like a thief caught red-handed, MetroPCS—rather than change its ways—is now trying to legalize stealing," said Free Press policy counsel *M. Chris Riley*. "MetroPCS hopes that by helping to vacate the rules in court, it will be able to continue with its anti-consumer, anti-competitive practices of blocking popular applications like **Skype** and **Netflix** unless its subscribers pay a steep ransom."

Comcast-NBCU: In a statement, *Rep Maxine Waters* (D-CA) said she remains "deeply concerned about the implications of such a massive merger on our nation's media landscape and the Commission's diminishing capacity to fulfill its statutory goals." But while Waters has little confidence that **Comcast** will honor its commitment to launch 10 new indie nets or effectively promote diversity, she is heartened by the **DOJ's** inclusion of net neutrality conditions in its transaction order and disagrees with many Republicans' claim that the FCC outstripped its regulatory authority by applying myriad conditions to the transaction. "As a Member on the House Judiciary Committee's new Subcommittee on Intellectual Property, Competition, and the Internet, I look forward to working with my colleagues in our ongoing efforts to ensure that our federal policies balance sensible regulation with the realities of a vibrant and ever-evolving industry," said Waters.

Online: Founded by the *New York Times*, *Washington Post* and *Gannett*, start up **Ongo** offers online access for \$7/month to news and info from several pubs, including complete coverage from the Post, **AP** and *USA Today* and select stories from the Times and *Financial Times*. Additional titles such as the *Detroit Free Press*, *Miami Herald* and the *Guardian* can be added for 99 cents each per month. -- **Comcast's thePlatform** and **Adobe** partnered to integrate the Adobe Flash Platform with thePlatform's mpx management system to provide media publishers access to enhanced online and mobile content delivery solutions with secure video management and publishing services.

Advertising: Advertising/marketing industry adoption of HD spots remained flat at 13% in 4Q, according to **Extreme Reach**, but adoption by retail and automotive marketers surged by a respective 17% and 49% over 3Q. But the firm said retailers increasingly relied on SD commercials to convey promo messages as the 4Q progressed, and along with auto marketers relied primarily on HD for national, long-running and branding campaigns and SD local, short-term and promotional campaigns.

Just Posted at CableFAXDaily.com: New Web traffic numbers (uniques and time spent) from **Compete Inc** are available in our subscriber-exclusive "Data Points" section: http://www.cablefax.com/cfax/datapoints/online_trends/

Programming: MTV greenlit a 4th season of red-hot series "Jersey Shore," which will feature the cast in Italy. -- **Nat Geo** announced a Feb 2 encore presentation of "Restrepo." The doc chronicles the deployment of US troops in the dangerous Korengal Valley of Afghanistan, and was nominated for a Academy Award as Best Doc feature

BUSINESS & FINANCE

Tues. -- OWN's "Home Takeover with Simon & Tomas" (Mar 28) features a pair of Scandinavian interior designers tackling décor-challenged homes.

On the Circuit: Execs from **Comcast, Time Warner Cable, Charter, Bright House, Suddenlink** and **Liberty Global** are among the participants slated to attend the 5-day course (Apr 26-30) offered by **SCTE** and **Tuck Executive Education** at Dartmouth.

People: **Hallmark Channels** upped **Lisa Barroso** to vp, distribution. -- **Craig Geller** departed **Telemundo Nets** to join **Si TV** as svp, ad sales.

Business/Finance: **FairPoint Comm** emerged from Chapter 11 with a 64% reduction in outstanding debt to \$1bn and a \$75mln revolving credit facility available for working capital and general corporate purposes. **FairPoint** expects NASDAQ trading of its common stock under the ticker symbol **FRP** to begin shortly. -- Broadband satellite services company **Hughes** has received a 1st round of acquisition bids, according to **Reuters**. Private equity firm **Apollo** owns 57% of **Hughes**.

Editor's Note: We heard your pleas and have set a late deadline of Jan 28 for you to submit your **CableFAXIES** nominations. More info at <http://www.cablefax.com/cfp/awards/cablefaxies2011/>.

CableFAX Daily Stockwatch

Company	01/25 Close	1-Day Ch	Company	01/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	42.88	0.07	AVID TECH:	17.23	(0.01)
DISH:	21.69	(0.03)	BIGBAND:	2.67	(0.01)
DISNEY:	39.86	(0.08)	BLNDER TONGUE:	2.39	-0.00
GE:	19.98	(0.06)	BROADCOM:	45.19	(0.51)
NEWS CORP:	17.30	(0.07)	CISCO:	21.54	0.37
MSOS					
CABLEVISION:	34.44	(0.01)	CLEARWIRE:	5.29	(0.1)
CHARTER:	41.66	0.37	CONCURRENT:	5.12	(0.08)
COMCAST:	23.34	(0.26)	CONVERGYS:	14.42	0.10
COMCAST SPCL:	21.89	(0.25)	CSG SYSTEMS:	18.76	0.25
GCI:	12.72	0.24	ECHOSTAR:	27.03	(0.26)
KNOLOGY:	14.51	0.03	GOOGLE:	619.91	8.83
LIBERTY CAPITAL:	63.88	(0.08)	HARMONIC:	8.18	0.24
LIBERTY GLOBAL:	40.85	0.16	INTEL:	21.55	0.31
LIBERTY INT:	15.85	(0.14)	JDSU:	16.14	(0.35)
MEDIACOM:	8.61	0.01	LEVEL 3:	1.23	UNCH
SHAW COMM:	21.39	(0.14)	MICROSOFT:	28.45	0.07
TIME WARNER CABLE:	67.90	0.20	RENTRAK:	26.88	0.72
VIRGIN MEDIA:	25.24	0.16	SEACHANGE:	8.62	(0.2)
WASH POST:	443.41	4.23	SONY:	35.15	0.30
PROGRAMMING					
CBS:	20.61	(0.17)	SPRINT NEXTEL:	4.36	(0.01)
CROWN:	2.17	(0.02)	THOMAS & BETTS:	49.06	(0.15)
DISCOVERY:	39.47	(0.61)	TIVO:	9.88	(0.01)
GRUPO TELEVISA:	24.25	(0.69)	TOLLGRADE:	9.49	0.22
HSN:	28.21	0.36	UNIVERSAL ELEC:	26.31	(0.77)
INTERACTIVE CORP:	28.49	(0.01)	VONAGE:	3.27	0.02
LIBERTY:	40.70	0.21	YAHOO:	16.02	(0.07)
LIBERTY STARZ:	65.11	0.29	TELCOS		
LIONSGATE:	6.11	(0.05)	AT&T:	28.76	0.28
LODGENET:	3.38	0.03	QWEST:	6.95	0.02
NEW FRONTIER:	1.78	(0.03)	VERIZON:	35.79	0.55
OUTDOOR:	7.86	(0.32)	MARKET INDICES		
PLAYBOY:	6.11	UNCH	DOW:	11977.19	(3.33)
SCRIPPS INT:	46.39	(0.71)	NASDAQ:	2719.25	1.70
TIME WARNER:	32.52	(0.23)	S&P 500:	1291.18	0.34
VALUEVISION:	6.61	(0.1)			
VIACOM:	48.69	(0.22)			
WWE:	12.30	(0.21)			
TECHNOLOGY					
ADVANTAGE:	3.04	0.04			
ALCATEL LUCENT:	3.31	0.05			
AMDOCS:	28.83	0.13			
AMPHENOL:	55.09	0.36			
AOL:	24.13	0.22			
APPLE:	341.40	3.95			
ARRIS GROUP:	12.48	0.28			



Best Advice/Motto Series



"Don't expect to grow if you don't change."

Mike Kelly
Chairman/CEO, The Weather Channel Companies

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