

CableFAX Daily™

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What the Industry Reads First

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Tech List: DirecTV Eyes In-Home Tech for Customer Loyalty, Retention

Already a DirecTV customer when he interviewed for the top post, new CEO *Mike White*, presiding over his 1st earnings call, isn't too concerned about the DBS op's steadily declining net sub adds—from 460K in 1Q09 to 119K last Q. But as the US pay TV industry is "in the process of maturing... and extremely competitive," he said, DirecTV is reviewing its strategies and shifting its '10 emphasis to in-home investments such as a whole-home DVR that will connect to other devices, 3D channel/content offerings, mobile plays and DirecTV Cinema, which will expand the co's number of PPV choices to 400 from 15. "At the end of the day, this company's about differentiation and innovation," said White, adding that management's primary goal is "to make sure nobody wants to leave our franchise." Neither investment in a broadband network or heavy spending on programming acquisitions are part of DirecTV's future, he said, although "tuck-under" sports properties are always on the radar. The DBS op booked approx \$29mln in 4Q rev from its new RSN trifecta and is looking to translate the properties' ownership into market share gains in Seattle, Denver and Pittsburgh. NFL Sunday Ticket results exceeded expectations, said CFO *Pat Doyle*, and joined with increased adoption of advanced services and improving premium net metrics to drive 2.5% ARPU growth. Ad rev jumped 13% and cash flow 42%, marking historical quarterly records for each metric. "Perhaps most importantly, ARPU was relatively good," said **Sanford Bernstein** analyst *Craig Moffett* of DirecTV's operational results. "With slower subscriber growth but still healthy ARPU, overall revenue in the US remains solid, if nevertheless decelerating." While White sees more fighting for multichannel customers, Wall St was quite pleased with DirecTV's financial results, particularly its new \$3.5bln stock repurchase program. "Although largely expected," said **Collins Stewart's** *Tom Eagan*, the plan "should appeal to investors looking for shareholder return." DirecTV shares rose 4.1% Thurs. Going forward, White said to expect continued strong promotional ties with **AT&T**, **Verizon** and **Qwest**, mobile initiatives with sports leagues beyond the **NFL** and no loosening of stringent consumer credit policies meant to lure high-quality subs that should provide a nice ROI from all of DirecTV's in-home plans. "We're not cheaper, we're better," he said.

Broadband Plan: Upgrading the E-rate program to provide additional connectivity and efficiency for public schools is one of the working recommendations of the **FCC's** National Broadband Plan that the Commission unveiled at the agency's open meeting Thurs (still going at our deadline). During the meeting, the FCC approved an NPRM granting a waiver for

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schools to extend their broadband services/facilities to the general public after school hours. The waiver is for 18 months, but the FCC is considering making it permanent. The waiver came out of the FCC's work on its broadband plan, with FCC chmn *Julius Genachowski* saying there was no reason to wait to implement it. The plan is due to Congress next month. Complaining that federal assets have not been used effectively to spur local adoption and deployment of broadband, the FCC's broadband plan working recommendations revealed Thurs include using federal buildings as anchor tenants for unserved and underserved communities. It also wants more govt data released on digital platforms, citizen-centric online services and greater govt encouragement of social media use. Rep *Ed Markey* (D-MA), who called for the plan's development, said the FCC "is on track to fulfill the mandate that I wrote by producing a bold, future-focused, strategy for broadband deployment and adoption in our country." Markey, who chairs the Select Committee on Energy Independence and Global Warming, lauded the plan's recommendation to integrate broadband with smart grid technology over public and private networks. On healthcare, the plan recommends transforming the Rural Health Care Program to subsidize the ongoing costs and network development, while expanding the definition of eligible providers.

On the Hill: The **Comcast-NBCU** Hill hearings continue Feb 25, with the full House Judiciary committee scheduling a hearing on competition in media and entertainment for Thurs morning at 10am. Witnesses haven't been announced yet, but expect to see both companies represented. Meanwhile, Senators sent out questions following up on an Antitrust Subcmte hearing earlier this month on the proposed jv. Responses aren't due until early Mar. Sounds like they'll cover the gamut, with Sen *Russell Feingold's* (D-WI) questions making their way to the press. "I see nowhere in your statements do you mention lower cable rates as a consumer benefit of your merger, so at least you are not trying to sell us that bill of goods," begins Feingold's 1st question. In addition to the deal's impact on cable rates, he asks whether Comcast and NBCU would agree to stop bundling and "offer fair rates for individual channels," and whether they would divest Internet TV interests.

Competition: **AT&T** plans to open at least 2 domestic innovation centers later this year to drive dev of next-generation devices, apps and equipment for mobile and wired broadband. The centers will support LTE trials and testing. -- **FiOS TV** subs with an HD set-top may now use **Motorola** Droid and **HTC** Imagio mobile handsets as TV remotes.

In the States: **Cablevision** is offering new customers and video-only subs a free **Apple** iTouch if they sign up for Optimum Online and Optimum Voice for \$29.95/month each for a year. The deal expires Feb 28. -- **Buckeye** said it will connect the 1st customer Fri with fiber optics directly to the home as part of its FTTH trial. -- **Sezmi's** personalized TV service, whose partners include **USA**, **Nickelodeon** and **TBS** and offers a DVR that stores and aggregates broadband content, is available in the L.A. area through **Best Buy**. Hardware costs approx \$300, and service fees run \$5/month for only broadcast and \$20/month including cable channels. Sezmi plans for additional market rollouts this spring. -- **Time Warner Cable** bowed in Cincinnati DOCSIS 3.0 services for commercial customers featuring speeds of up to 50Mbps.

Online: **Comcast** launched "Secure Backup & Share," an online backup and recovery service that lets HSD subs back up and share digital files (photos, videos, music, etc). The 2GB service carries no additional cost for subs, while a 50GB option is \$5/mo or \$50 annually and a 200GB option is \$10/mo or \$100 annually.

Carriage: **Cox** added **Outdoor Channel** to its sports tier in the Phoenix area.

In the Courts: A class of **Liberty Media** shareholders filed suit in DE court alleging the company, when merging with **DiracTV**, allowed directors to trade in their shares for a more valuable consideration than shareholders received. That *John Malone* and his wife transferred their shares for more than \$160mln of new shares that carry 15 votes per is a key issue in the suit, which includes as a plaintiff **Blackthorn Partners**, the largest public holder of Liberty Media shares.

Earnings: While showing improvement, **Playboy** reported a 19% drop in rev and 38% decrease in income at its ent group, owing largely to a nearly 29% fall in domestic TV rev. Playboy TV's monthly subs rose, but PPV, movie and VOD rev slid.

Honors: In conjunction with his keynote address at the 50th annual **MFM/BCCA** conference (May 23-25 in Nashville), **Rainbow Media** pres/CEO *Josh Sapan* will get the org's highest honor, the Avatar Award for outstanding contributions to the ent industry.

On the Circuit: The **Cable Show's** annual **CableCares** Battle of the Bands (May 11, 8:30pm) will have some star power via headliner Band From TV, which features *Greg Grunberg* ("Heroes"), *James Denton* ("Desperate Housewives"), *Adrian*

BUSINESS & FINANCE

Pasdar ("Heroes"), Bob Guiney ("GSN Live"), Jesse Spencer ("House") and Scott Grimes ("ER," "American Dad"). More surprise guest stars will be announced in the coming weeks. The primary beneficiary of this year's event is "A Place Called Home," a nonprofit youth center in L.A.

People: Former **News Corp** evp Gary Ginsberg joins **Time Warner** as evp, Apr 1, reporting to chmn/CEO Jeff Bewkes. He'll work with sr mgmt on corporate matters, including overseeing marketing, public affairs and communications. -- **Cox VA** promoted Gary McCollum to svp/gm. Former Northern VA svp Janet Barnard takes the top spot for Cox KS/AR.

Obit: A wake service will be held Fri for Howard Marcantel at Ardoin's Funeral Home in Kinder, LA. Marcantel, who served as **CTAM's** vp of educational events for the past 2 years, passed away suddenly Mon following a heart attack. A mass is scheduled for Sat in Kinder. A memorial will be in DC on a future date (CTAM's **Facebook** and **LinkedIn** groups will have updates). In lieu of flowers, donations can be made in memory of Marcantel to the **Make It Right Foundation to Rebuild for New Orleans Lower 9th Ward; Whitman Walker Clinic, HIV/AIDS Services, DC;** and the **American Heart Association.**

Business/Finance: **News Corp** agreed to sell its Bulgarian terrestrial TV unit **bTV** to **Central European Media Enterprises** for \$400mln in cash.

CableFAX Daily Stockwatch

Company	02/18 Close	1-Day Ch	Company	02/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	33.50	(0.24)	AMPHENOL:	41.96	0.27
DIRECTV:	32.96	1.31	AOL:	24.43	0.17
DISH:	19.63	0.23	APPLE:	202.93	0.38
DISNEY:	31.02	0.16	ARRIS GROUP:	10.33	0.07
GE:	16.24	0.09	AVID TECH:	13.65	0.29
NEWS CORP:	15.89	0.07	BIGBAND:	2.97	(0.02)
MSOS					
CABLEVISION:	22.73	0.11	BLNDER TONGUE:	1.05	(0.04)
COMCAST:	15.73	0.07	BROADCOM:	31.72	0.28
COMCAST SPCL:	14.88	0.02	CISCO:	24.28	0.21
GCI:	5.80	0.00	CLEARWIRE:	6.90	0.00
KNOWLOGY:	11.42	0.14	COMMSCOPE:	28.18	0.64
LIBERTY CAPITAL:	31.22	1.00	CONCURRENT:	4.58	0.00
LIBERTY GLOBAL:	25.09	0.04	CONVERGYS:	12.38	0.21
LIBERTY INT:	11.33	0.20	CSG SYSTEMS:	20.90	0.45
MEDIACOM:	4.29	0.02	ECHOSTAR:	19.21	(0.1)
RCN:	10.76	0.00	GOOGLE:	543.22	5.01
SHAW COMM:	19.13	0.18	HARMONIC:	6.13	(0.06)
TIME WARNER CABLE:	46.50	0.36	INTEL:	20.84	0.18
VIRGIN MEDIA:	15.24	0.27	JDSU:	9.57	0.14
WASH POST:	416.80	1.79	LEVEL 3:	1.45	0.13
PROGRAMMING					
CBS:	13.71	0.19	MICROSOFT:	28.97	0.38
CROWN:	1.79	0.19	MOTOROLA:	7.01	(0.1)
DISCOVERY:	31.60	0.22	OPENTV:	1.53	(0.01)
GRUPO TELEVISA:	19.67	0.30	PHILIPS:	30.33	0.51
HSN:	19.85	0.34	RENTRAK:	18.76	(0.31)
INTERACTIVE CORP:	21.89	0.07	SEACHANGE:	7.12	0.09
LIBERTY:	36.44	0.27	SONY:	34.71	0.27
LIBERTY STARZ:	47.15	(0.03)	SPRINT NEXTEL:	3.31	0.07
LIONSGATE:	5.25	(0.18)	THOMAS & BETTS:	36.66	0.53
LODGENET:	5.97	(0.02)	TIVO:	9.83	(0.17)
NEW FRONTIER:	1.85	(0.02)	TOLLGRADE:	6.27	(0.06)
OUTDOOR:	5.24	(0.05)	UNIVERSAL ELEC:	24.28	0.84
PLAYBOY:	3.47	0.09	VONAGE:	1.61	0.07
RHI:	0.32	0.02	YAHOO:	15.54	0.10
SCRIPPS INT:	39.44	0.01	TELCOS		
TIME WARNER:	29.08	0.13	AT&T:	25.24	(0.16)
VALUEVISION:	4.02	0.09	QWEST:	4.52	0.07
VIACOM:	31.56	0.09	VERIZON:	29.15	0.01
WWE:	16.34	0.18	MARKET INDICES		
TECHNOLOGY					
3COM:	7.60	0.06	DOW:	10392.90	83.66
ADC:	6.59	0.05	NASDAQ:	2241.71	15.42
ADVANTAGE:	2.22	(0.03)			
ALCATEL LUCENT:	2.83	0.02			
AMDOCS:	28.84	(0.16)			

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WHAT THE INDUSTRY READS FIRST.

PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Battle Royal

Wrestling's fanbase has always been rabid and loyal, but even with intense competition from MMA and a decent amount of high-flying, smack-talking action already available across cable, grappling franchises and nets believe there's still more appetite to whet. **TNA** and **Spike**, in fact, believe so strongly in Mon night wrestling demand that they're willing to challenge the unquestionable industry leader, **WWE** on **USA**, during the identical time slot (9-11pm) beginning Mar 8. The pair points to the end of **MMF** and satisfying numbers from a Mon night airing of "TNA iMPACT" on Jan 4 as justification for the move, but isn't it parallel to bringing a shank to a sword fight? After all, the Jan stunt delivered a 1.7 HH rating from 8-9pm but a 1.3 from 9-11 while directly battling **WWE**, which averaged a 3.6 over that 2-hr span. Still, Spike and TNA believe benefits will be derived from having *Hulk Hogan* and other former **WWE** stars in its corner, plus by having more action and less chatter than **WWE**. *Vince McMahon's* empire, meanwhile, which could not be baited into commenting on the imminent Mon challenge, remains supremely confident of future growth prospects in viewership and content. Aside from plans for a standalone net and continued feature on **USA** (*Cfax*, 2/16), **WWE's** set for a new show on **Syfy** starting Tues featuring wrestling veterans tutoring young upstarts. Further underscoring NBCU's love of wrestling content, Syfy said its **ECW** franchise (a **WWE** subset) garnered 627K 18-49s this past Tues, the highest demo total for the series since Sept. **WWE** said it has attracted more women and families as fans since it made its programming less attractive, er, PG-rated in '08 and foresees that as an ongoing expansion driver. I haven't watched wrestling for years but remain constantly amazed by the sport's following. I've gotta believe, though, that a content surfeit is approaching—although it's true that many males will watch almost anything during football's hiatus. *CH*

Highlights: "Spartacus: Blood and Sand," Fri, 10pm, **Starz**. In this week's ep, the chaste *Spartacus* (*Andy Whitfield*) and love interest of at least 3 women *Crixus* (*Manu Bennett*) must ditch their differences and join to battle *Theocoles*, aka *Shadow of Death*, who's killed all but 1 of his opponents (hence the moniker). Sound like pro wrestling? Well, the bodies are fitter here and **WWE** lacks swordplay, but, yeah, it's pretty much the same thing. Still, we were riveted, with *Batiatus* (*John Hannah*) and *Lucretia* (*Lucy Lawless*) keeping the lewd in *ludus*. The tension builds until the *primus* (the main event). And just when you think it's over, it ain't. *SA*

Worth a Look: "Police Women of Maricopa County," season II premiere, Thurs, 9p, **TLC**. Gritty series follows 4 female deputies in AZ. Their encounters with deadbeat dads, human traffickers, drug dealers and other solid citizens are entertaining. -- "School Gyrls," Sun, 7p, **Nick**. This disjointed, derivative silliness—with solid music—kicks off a marketing blitz for the eponymous trio who star as a high school pop group. They were discovered by **TeenNick** chief *Nick Cannon*, who makes his movie directorial debut here. -- "The *Ricky Gervais Show*," pilot, Fri, 9p, **HBO**. Cartoon-ized podcast with *Gervais* and *Stephen Merchant* chatting with hilariously strange Luddite *Karl Pilkington*. *SA*

Basic Cable Rankings			
(2/08/09-2/14/09)			
Mon-Sun Prime			
1	USA	2.1	2039
2	TNT	2	2012
3	DSNY	1.9	1876
4	FOXN	1.8	1743
5	NAN	1.4	1430
6	A&E	1.3	1291
7	TBSC	1.2	1193
7	HIST	1.2	1160
9	ESPN	1.1	1089
10	TOON	1	1004
10	HGTV	1	958
10	FX	1	928
13	FAM	0.9	884
13	TRU	0.9	820
15	LIFE	0.8	811
15	DISC	0.8	788
15	TLC	0.8	745
15	SYFY	0.8	744
15	AMC	0.8	736
15	HALL	0.8	729
15	NKJR	0.8	553
22	FOOD	0.7	698
22	CMDY	0.7	665
22	SPK	0.7	659
22	VH1	0.7	639
22	BRAV	0.7	605
27	MTV	0.6	622
27	MSNB	0.6	569
27	TVLD	0.6	540
27	BET	0.6	521
27	LMN	0.6	480
27	OXYG	0.6	430
27	ID	0.6	328
34	EN	0.5	507
34	CNN	0.5	493
34	HLN	0.5	456
34	SPD	0.5	384
34	WGNA	0.5	370
34	NGC	0.5	322
40	APL	0.4	405
40	SOAP	0.4	272
42	TWC	0.3	312
42	CMT	0.3	310
42	TRAV	0.3	308
42	ESP2	0.3	288
42	GSN	0.3	233

*Nielsen data supplied by ABC/Disney

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