

CableFAX Daily™

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What the Industry Reads First

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Colorful Week?: DBS Ops Set To Report Earnings, Perhaps Update Initiatives

As **DirecTV** (Wed) and **DISH** (Thurs) step to the earnings mic this week, a pair of important industry questions may be answered: is DTV continuing to stoke its sub base by taking share from cable, and have the broadband plans of either DBS op become more concrete? Shares of DTV hit a new 52-week high Tues before succumbing just slightly (-0.16%) to the overwhelming Wall St undertow, telegraphing investors' expectations of solid 4Q results. **Citadel Securities** expects DTV to deliver an "impressive" Q regarding sub metrics driven by its whole-home DVR and HD content, and **Collins Stewart's Thomas Eagan**, who has a 'buy' rating and \$59 price target on DTV shares, believes the company may beat the consensus sub add number of 200K. In early Dec the DBS op said pacing was pointing to that 200K number, which would mark a '10 quarterly best, adding that it foresaw 4Q becoming its best '10 quarter in rev as well. Execs said subs were coming from everywhere. Delivery of solid sub metrics would continue the recent trend of DTV, **Verizon** and **AT&T** excelling on the video side as **Comcast** and **Time Warner Cable** continue to scorch the broadband market. VZ added 182K net **FIOS TV** subs in 4Q, and AT&T welcomed 246K **U-verse TV** customers while cable stumbled, but according to **Sanford Bernstein's Craig Moffett**, Comcast and TWC alone added 39% more net broadband adds than VZ, AT&T and **Qwest** combined. **Wells Fargo Securities' Marci Ryvicker** foresees notable positive momentum for DirecTV as well, though she believes additional share repurchases will be the greatest catalyst. In recent weeks, both TWC and Comcast have enjoyed positive reaction from shareholder-friendly initiatives. At DISH, which suffered sub losses in both 2Q and 3Q, virtually all of the recent focus has been on **Charlie Ergen's** dealmaking. He recently orchestrated deals for DISH to purchase wireless spectrum through **DBSD** and **EchoStar** to acquire satellite broadband provider **Hughes**, so all ears will be trained Thurs for any news of definitive plans for the properties. DISH could bundle its video service with broadband as part of the latter transaction, just 1 of the attractive options Ryvicker believes the DBS op now has and part of the reason she recently upped her valuation on DISH shares to \$28-32 from \$24-26. DISH shares have rallied approx 27% since mid-Dec. DirecTV, meanwhile, is participating in a fixed **LTE** pilot in PA with **Verizon** to deliver speeds up to 15Mbps in the home, and hopes to connect 40% of its sub base to the Internet by '13. The company plans to move toward that goal by offering DSL and satellite broadband, and in Dec it said talks are ongoing with VZ and AT&T for fiber resales. Color on these crucial issues may come Wed.

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In the Courts: US District Court Judge *Naomi Reice Buchwald* granted the motion of several media industry plaintiffs to preliminarily enjoin online service **ivi TV** from streaming their copyrighted TV content over the Web. Buchwald said plaintiffs including **Cox, Disney, NBCU** and **CBS** “demonstrated a likelihood of success on the merits, irreparable harm should the injunction not be granted, a balance of hardships weighing in their favor.” In a statement, **ivi CEO Todd Weaver** said the company will appeal the ruling, and also explore Congressional solutions. “The oppressive big media networks must open their doors to innovators or they will inevitably fall,” said Weaver. “People want responsible choice, not the one-size-fits-all television offerings imposed by powerful media interests.” Both **ivi** and similar service **FilmOn.com** have defended their businesses through claims their online models are similar to cable regarding copyright laws, but **FilmOn** endured its own court setback in Nov when a federal judge issued a temporary restraining order preventing it from streaming TV stations or networks that haven’t given the site permission. At that time, **ivi** said it’s different from **FilmOn** because it doesn’t give away the content for free, but charges and pays a compulsory license fee to the US Copyright Office.

Competition: **U-verse TV** added **Fox Soccer Plus** to its lineup as a \$15/month service, and is offering a free preview of the net through Sun. -- **DirectTV** and TX electric co **Bounce Energy** created a service bundle offering video and a 24-month electricity plan. Customers who sign up can earn up to \$195 in electricity bill credits and a free month of power.

Advertising: A new limited liability company with **Cablevision** and **Comcast Spotlight** its principal members, the **NY Interconnect** offers interactive ad capabilities to 3.2mln digital subs in the NY DMA and features interactive RFI capabilities across multiple MSOs for the 1st time. **NYI** offers area advertisers spot buys across more than 65 nets and the ability to target demographic or geographic segments of homes.

OTT: As expected, **Amazon** launched an unlimited streaming service offering more than 5K movies and TV shows, and that’s free to subs of the company’s \$79/yr **Amazon Prime** home delivery service. -- **iGUGU** commenced shipping of its **InterneTV** system that enables consumers to use an existing PC as a set-top in order to stream any computer- or Web-based content to the TV. Starting at \$129, the system features both wired and wireless versions.

Earnings: **Knology**’s earnings statement came with a twist: an announcement the company signed an agreement to acquire cable and broadband operations from **CoBridge Broadband** in Fort Gordon, GA, and Troy, AL, for \$30mln in cash. The company reported 15.3% rev growth in 4Q to \$123.6mln, but 5.5% excluding **Sunflower Broadband**, which **Knology** purchased in Oct. Net connections grew by nearly 66K in the quarter, but 70.5K came from **Sunflower**, so **Knology**’s pre-existing business actually shed connections during the period. **Knology** shares plummeted 9.31% Tues.

Slam Dunks: Already enjoying a super **NBA** season, **TNT** scored big this past weekend with the league’s **All-Star Weekend**. The game itself delivered 9.1mln total viewers, 6mln HHs and a 5.2 HH rating Sun night to become the most-watched and highest-rated All-Star Game since ’03, and key demos including 18-34s (+41%) and men 18-49 (+47%) showed tremendous YOY growth. And on Sat night, which featured the slam dunk contest, the net notched its most-watched like night ever with 8.1mln total viewers, 5.1mln HHs and a 4.4 HH rating. **Turner Sports’ NASCAR.com**, meanwhile, gassed up record-breaking traffic for its Sun Daytona 500 coverage to the tune of 1.6mln daily uniques.

Obit: One of the most-liked PR people in cable, former **Hallmark Channel** svp **Nancy Carr** passed away Friday in LA, aged 50. She’d been battling cancer, although you’d never have known it, as **Carr** was the owner of one of the most up-

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BUSINESS & FINANCE

beat and sunny personalities in the business. Her family has requested donations to: feralcaretakers.org and fixnation.org. More on Nancy Carr in *Seth Arenstein's* blog at cablefax.com

People: The Weather Channel tapped *George Callard* as svp, legal and business affairs. -- *Allison Page* was upped to svp, programming, **Food Net** and **Cooking Channel**. -- Former **Discovery** operations svp *Mark Kozaki* was named programming content officer by **Alhurra TV**, **Middle East Broadcasting Networks**. -- **ESPN International** evp/man dir *Russell Wolff* will be honored by **UJA-Federation of NY** Mar 8 at its NYC sports luncheon at the Roosevelt Hotel. ESPN talent *Jeremy Schaap* will emcee. -- **RLTV** upped *Jonathan Lee* to vp, operations.

Business/Finance: Glass, Lewis & Co became the 2nd governance analysis and proxy voting firm to recommend **Mediacom** shareholders vote Mar 4 in favor of founder *Rocco Commisso's* privatization bid. -- **News Corp** agreed to acquire *Elisabeth Murdoch's* UK TV production company **Shine Group** for \$673mln. -- **LightSquared** announced its closing of \$586mln in debt, led by **UBS** and **JP Morgan**. -- **Blockbuster** initiated a process to sell the company, entering into an asset purchase agreement with **Cobalt Video Holdco**, formed by funds from 4 firms, and filing a motion in bankruptcy court seeking approval to conduct an auction process.

CableFAX Daily Stockwatch

Company	02/22 Close	1-Day Ch	Company	02/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	44.23	(0.07)	AVID TECH:	21.58	(0.9)
DISH:	22.79	(0.68)	BIGBAND:	2.53	(0.09)
DISNEY:	42.65	(0.91)	BLNDER TONGUE:	2.16	(0.04)
GE:	20.82	(0.62)	BROADCOM:	40.58	(1.51)
NEWS CORP:	17.80	(0.93)	CISCO:	18.59	(0.26)
MSOS					
CABLEVISION:	36.78	(0.84)	CLEARWIRE:	5.29	(0.35)
CHARTER:	45.69	(0.75)	CONCURRENT:	6.00	0.00
COMCAST:	25.13	(0.54)	CONVERGYS:	14.16	(0.56)
COMCAST SPCL:	23.71	(0.47)	CSG SYSTEMS:	19.51	(0.28)
GCI:	11.65	(0.42)	ECHOSTAR:	32.16	(1.24)
KNOLLOGY:	14.51	(1.49)	GOOGLE:	610.21	(19.87)
LIBERTY CAPITAL:	68.97	(2.91)	HARMONIC:	9.28	(0.28)
LIBERTY GLOBAL:	41.11	(1.08)	INTEL:	21.81	(0.33)
LIBERTY INT:	16.84	(0.57)	JDSU:	24.53	(0.67)
MEDIACOM:	8.76	(0.02)	LEVEL 3:	1.39	(0.07)
SHAW COMM:	21.11	(0.21)	MICROSOFT:	26.59	(0.47)
TIME WARNER CABLE:	69.87	(2.02)	RENTRAK:	27.24	(0.83)
VIRGIN MEDIA:	27.04	(1.23)	SEACHANGE:	9.08	(0.51)
WASH POST:	440.38	(10.79)	SONY:	36.16	(0.25)
PROGRAMMING					
CBS:	21.98	(0.93)	SPRINT NEXTEL:	4.32	(0.18)
CROWN:	2.30	(0.1)	THOMAS & BETTS:	55.01	(1.5)
DISCOVERY:	42.90	(1.01)	TIVO:	10.15	(0.26)
GRUPO TELEVISA:	23.99	(0.71)	TOLLGRADE:	9.98	(0.1)
HSN:	30.49	(0.5)	UNIVERSAL ELEC:	26.30	(0.23)
INTERACTIVE CORP:	31.16	(0.77)	VONAGE:	4.14	(0.12)
LIBERTY:	42.87	(0.32)	YAHOO:	16.91	(0.76)
LIBERTY STARZ:	70.09	(1.81)	TELCOS		
LIONSGATE:	6.01	(0.11)	AT&T:	28.20	(0.37)
LODGENET:	3.25	(0.17)	QWEST:	6.72	(0.07)
NEW FRONTIER:	2.09	UNCH	VERIZON:	36.00	(0.62)
OUTDOOR:	8.00	(0.06)	MARKET INDICES		
PLAYBOY:	6.13	0.01	DOW:	12212.79	(178.46)
SCRIPPS INT:	52.89	(0.47)	NASDAQ:	2756.42	(77.53)
TIME WARNER:	37.70	(0.48)	S&P 500:	1315.44	(27.57)
VALUEVISION:	6.68	(0.46)			
VIACOM:	50.51	(1.44)			
WWE:	12.22	(0.11)			
TECHNOLOGY					
ADVANTAGE:	3.00	0.03			
ALCATEL LUCENT:	4.75	(0.25)			
AMDOCS:	28.97	(0.63)			
AMPHENOL:	56.57	(0.82)			
AOL:	21.16	(0.83)			
APPLE:	338.61	(11.95)			
ARRIS GROUP:	13.21	(0.42)			

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