

CableFAX Daily™

Thursday — March 3, 2011

What the Industry Reads First

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Futurama: Media Execs Discuss Tech Opportunities

Although *Michael J. Fox* isn't involved, with earnings season and its look at the past nearly complete, MVPDs and programmers are going back to the future—an outlook dominated by convergence of content across platforms and the tech that engenders it. As **FiOS TV** just became the 1st pay TV provider to feature **MTV** programming online and **Cox** launched access to authenticated online services **HBO GO** and **MAX GO** Wed, the future has dominated many of the sessions at the **Morgan Stanley** conference this week. "Becoming a better innovation machine" is a primary goal for **Comcast**, said chief *Brian Roberts*, who demonstrated the MSOs iPad app that now offers tablet viewing of 3K hours of content from nets including **HBO**, **TNT**, **Showtime** and **Starz**. Within 3-5 years, "I think that's what every customer is going to want," he said of TV viewing on tablets. To promote in-home platform/device convergence, every broadband modem Comcast now sends out includes WiFi capabilities. Turner, meanwhile, is spotlighting HBO programming through GO, which now features more than 1400 titles, or virtually all of the premium net's content inventory. MAX GO features more than 450 titles. "If we can make the consumer experience better, that's going to be better for us," said **Time Warner** CFO *John Martin*. **CBS**, too, sees tech as a major opportunity, and boss *Les Moonves* is particularly pleased with the company's fresh deal with **Netflix**. Moonves said consideration was given to ceding the rights to current shows—Netflix wanted "the family jewels," he said—but CBS recognized that it's making too much money on advertising and syndication to "upset the applecart." In the end, the pair agreed on CBS library content, a deal that adds hundreds of millions of dollars to CBS' bottom line, said Moonves, and importantly underscores the clout enjoyed by programmers. "Content is forever," he said. "That's what is very exciting about the new platforms." To that end, Roberts told the *WSJ* earlier this week, "what used to be called 'reruns' is now called Netflix." Yet on Wed, **BTIG** analyst *Richard Greenfield*, however, argued that critical issues must be overcome before TV Everywhere initiatives can pose a viable threat to Netflix. While Martin admitted that consumer usage of such offerings remains slow, Greenfield noted a comparative dearth of available content via Comcast's iPad app, lack of consumer knowledge about HBO GO and a need for ops and programmers to feature content across devices, not just the computer. "The process is simply moving far too slowly across MVPDs," argued Greenfield. "Netflix has been

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successful by enabling access anywhere/anytime on any device—meaning TV Everywhere needs to be enabled on tablets, smart phones, gaming devices, Blu ray players, TV, etc.” Sounds like a roadmap... to the future.

On the Hill: The House Commerce Comm and Tech Subcmte postponed its vote on a resolution of disapproval to reverse the **FCC's** Internet regulations that was scheduled for Wed morning, pending a legislative hearing requested by Dems including *Reps Anna Eshoo* (D-CA) and *Henry Waxman* (D-CA). A new voting date has yet to be set. In a Tues letter to House Commerce Cmte chmn *Fred Upton* (R-MI) and House Commerce Comm and Tech Subcmte chmn *Greg Walden* (R-OR), Eshoo and Waxman urged the holding of legislative hearings before a vote, citing the receipt of letters from more than 120 organizations that are in favor of the Commission's Net Neutrality Order. “In addition, there are cable and phone companies that have supported the FCC's action and their voice, too, should be heard,” wrote the pair. -- *Sens John Kerry* (D-MA) and *Olympia Snowe* (R-ME) intro'd the **RADIOS Act**, which the pair described as comprehensive spectrum policy reform legislation to modernize the nation's radio spectrum planning, management, and coordination activities. The act is intended to complement the National Broadband Plan and *President Obama's* recently announced Wireless Initiative “in an effort to ensure efficient use of spectrum and create the infrastructure necessary to meet America's future telecommunications needs.”

Carriage: **Time Warner Cable** added **Oxygen HD** to its lineup in NYC and parts of NJ. -- **DISH** will launch **OWN** in 3D Thurs as part of its America's Top 200 programming package or above.

Competition: **AT&T's** U-Verse rollout is “gaining scale” and now “the number one reason” the telco has shown growth in the last 2 Qs, said *Ralph de la Vega*, pres/CEO of AT&T Mobility & Consumer Markets. Speaking at the **Morgan Stanley** Technology, Media & Telecom conference, de la Vega said U-verse now accounts for \$5bln in annual rev, with more than 75% of customers choosing triple- or quad-play bundles. In addition, AT&T will roll out unified billing in '11 for its video and wireless subs and also plans a continued overhaul of set-top boxes, including plans to add wireless connectivity. “We're very close to having that capability,” he said. Meanwhile, AT&T plans to use a combo of HSDPA+ and enhanced backhaul tech to achieve up to 6Mbps data rates for its mobile users in '11, with full LTE coverage in '13.

At the Portals: Contending the **FCC's** merger review process “is ripe for an overhaul” during a speech at **IPI's** Communications Summit, commissioner *Meredith Atwell Baker* said the Commission requires better means to both closely scrutinize transactions and reject those that violate the Comm Act, its rules, or fail to serve the public interest—and to do so in a predictable, timely and equitable manner. She questions whether the FCC should conduct a full merger review or simply transfer a license, and recommends it “approve, deny, or designate for hearing a license transfer within 180 days of the application being filed.” Regarding conditions placed on mergers, Atwell Baker believes they shouldn't adversely affect the rights of entities that aren't party to the transaction, pertain to matters subject to an active rulemaking proceeding or be based on speculative future harms, particularly with respect to new and evolving markets.

Broadband: Repping approx 93% of the market, the 19 largest cable ops and telcos added 3.4mln net broadband subs in '10, according to **Leichtman Research**, down from approx 4.1mln in '09. Led by **Comcast** (1.06mln) and **Time Warner Cable** (515K), the top cable ops earned 2.3mln subs, or 68% of the '10 total, down slightly from the prior year. Paced by **AT&T** (521K) and **Verizon** (232K), the top telcos added 1.1mln, marking a 38% YOY slide. As of Dec 31, cable owned approx 55% of the broadband market served by the 19 top providers. In 4Q, cable accounted for approx 61%, or 515K, of the total broadband adds.

Technology: **Rovi** unveiled TotalGuide xD, a customizable advanced media guide that connects and extends the cable video experience from set-tops to mobile devices including tablets and smart phones. The solution enables cable subs with legacy native guide apps on their set-tops to connect from tablets and handheld devices with broadcast, VOD and streaming content by using 1 mobile interface. -- **Clearleap** and **Pace** are developing a solution to allow service providers to integrate IP-delivered VOD with linear programming in all major cable tech environments. Through a hybrid set-top, ops will be able to offer unlimited content to subs over their existing HSD networks while providing a modernized VOD user experience. -- **CableLabs** issued DPoE 1.0 specs outlining a common approach

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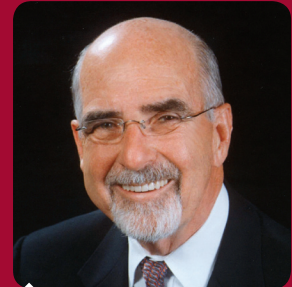
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for cable ops to use existing DOC-SIS back office provisioning processes to deliver business services over EPON access networks.

Advertising/Marketing: In promotion of the 1st National Bracket Day designed to celebrate March Madness, which tips off Mar 15, **Turner Sports** and the NCAA will deploy street teams to hand out brackets in major markets and on select college campuses, feature a live, 1-hr bracket special on NCAA.com and host a bracket lounge inside NYC's **Time Warner Center**. -- **BBC America** opened a new ad sales office in Detroit. -- Leading up to the **TCM Classic Film Festival** (Apr 28-May1), TCM doubled to 10 the number of cities it will hit with its Road to Hollywood tour featuring free screenings of classic films and live appearances by stars including *Ernest Borgnine*, *Burt Reynolds* and *Angela Lansbury*. The tour kicks off Thurs in Seattle and concludes Apr 21 in L.A.

On the Circuit: **NAB** announced a merger with the **Assoc for Maximum Service TV**, which since 1956 has focused on broadcast tech and spectrum policy issues.

People: **A&E** welcomed *Lily Neumeyer* as vp, nonfiction and alternative programming. -- **WE tv/Wedding Central** upped *Alison Clarke* to svp, national ad sales, Eastern Region. -- **Universal Sports** tapped *Allyson Davis* as vp, marketing.

CableFAX Daily Stockwatch

Company	03/02 Close	1-Day Ch	Company	03/02 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	45.39	0.07	AVID TECH:	21.46	(0.06)
DISH:	22.97	0.10	BIGBAND:	2.54	(0.07)
DISNEY:	43.29	0.30	BLNDER TONGUE:	2.06	(0.04)
GE:	20.32	0.07	BROADCOM:	41.66	1.20
NEWS CORP:	18.15	0.11	CISCO:	18.50	(0.06)
MSOS					
CABLEVISION:	36.46	0.41	CLEARWIRE:	4.78	(0.05)
CHARTER:	48.82	1.89	CONCURRENT:	5.86	0.01
COMCAST:	25.07	(0.21)	CONVERGYS:	13.87	(0.05)
COMCAST SPCL:	23.71	(0.27)	CSG SYSTEMS:	19.44	0.21
GCI:	11.82	0.05	ECHOSTAR:	35.27	0.46
KNOWLOGY:	13.28	0.15	GOOGLE:	600.79	0.03
LIBERTY CAPITAL:	73.52	1.17	HARMONIC:	9.58	0.12
LIBERTY GLOBAL:	42.09	0.81	INTEL:	21.49	0.10
LIBERTY INT:	16.01	0.01	JDSU:	24.53	(0.59)
MEDIACOM:	8.81	UNCH	LEVEL 3:	1.35	(0.03)
SHAW COMM:	21.18	(0.02)	MICROSOFT:	26.08	(0.08)
TIME WARNER CABLE:	69.90	(0.65)	RENTRAK:	25.91	(0.09)
VIRGIN MEDIA:	26.78	0.40	SEACHANGE:	9.04	(0.16)
WASH POST:	430.40	(2.87)	SONY:	36.19	(0.08)
PROGRAMMING					
CBS:	23.88	0.69	SPRINT NEXTEL:	4.25	0.04
CROWN:	2.44	0.05	THOMAS & BETTS:	54.53	0.54
DISCOVERY:	42.24	0.33	TIVO:	8.93	(0.89)
GRUPO TELEVISA:	23.36	0.02	TOLLGRADE:	10.00	0.01
HSN:	30.77	0.69	UNIVERSAL ELEC:	27.25	0.22
INTERACTIVE CORP:	31.17	0.64	VONAGE:	4.26	0.06
LIBERTY:	42.53	(0.13)	YAHOO:	16.63	0.53
LIBERTY STARZ:	72.74	1.10	TELCOS		
LIONSGATE:	6.06	UNCH	AT&T:	28.17	0.09
LODGENET:	3.32	0.04	QWEST:	6.74	0.08
NEW FRONTIER:	2.05	(0.05)	VERIZON:	36.34	0.32
OUTDOOR:	7.65	(0.1)	MARKET INDICES		
PLAYBOY:	6.15	0.01	DOW:	12066.80	8.78
SCRIPPS INT:	51.69	0.83	NASDAQ:	2748.07	10.66
TIME WARNER:	37.24	(0.35)	S&P 500:	1308.44	2.11
VALUEVISION:	6.42	(0.09)	TECHNOLOGY		
VIACOM:	51.03	(0.41)	ADVANTAGE:	3.16	UNCH
WWE:	12.97	0.19	ALCATEL LUCENT:	5.25	0.53
TECHNOLOGY					
ADDVANTAGE:	3.16	UNCH	AMDOCS:	29.76	(0.34)
ALCATEL LUCENT:	5.25	0.53	AMPHENOL:	56.97	0.70
AMDOCS:	29.76	(0.34)	AOL:	20.16	(0.61)
AMPHENOL:	56.97	0.70	APPLE:	352.12	2.81
AOL:	20.16	(0.61)	ARRIS GROUP:	12.95	0.10
APPLE:	352.12	2.81			
ARRIS GROUP:	12.95	0.10			

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Name of Award Candidate: _____

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In 400 words or fewer, why does this person/campaign deserve to win an award? (Please be specific and include as much detail as possible.)

Please support the candidacy with any additional material (testimonials, press clippings etc) that you see fit.

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Think about that for a minute...

An FCC iPhone Ban?

By Steve Effros

You can't get more ironic, or embarrassing, than the potential of a ban on the sale of 4G iPhones by the FCC in the name of promoting "openness" and "innovation," but that's what may be happening.

If this isn't a lesson in why the Commission should stay out of the business of "promoting" broadband openness and innovation through the use of rules like "net neutrality" and "AllVid," I don't know what is.



You see, when the Commission opened up a new block of spectrum a couple of years ago and put it up for auction, it included a set of "open access" rules promoted by special interest advocates like Google and the "consumer" lobbyists. Google ostensibly bid in the auction, but dramatically dropped out after all the special rules they had sought were added, and Verizon won the auction.

It's those "open access" rules which are now getting attention. The spectrum is being used to build the "4G" or "LTE" next-generation wireless service. But depending on how you read the rules, Verizon will not be allowed to launch a next-generation iPhone, because Apple uses a "locked" system, and the Commission's rules can be read to say that Verizon may only sell "unlocked" 4G/LTE phones! At least that seems to be the way (surprise!) Google reads it... especially since it is the principal promoter of, you guessed it, the "unlocked" Android phones.

Now let's look at these concepts of "innovation," "promotion of broadband," "consumer choice" and the like. It would be hard to argue against the proposition that Apple has been recognized as the leading innovator in this field in the last decade. It would be impossible to suggest that the iPhone hasn't been the catalyst, now along with the iPad, for a revolution in both design and

use of wireless broadband spectrum and the creation of huge consumer satisfaction and use. The "app store" has been a model for the development of myriad programs and services from the smallest of companies and has given huge impetus to innovation.

So the FCC's rules may ban Verizon from promoting and selling the next generation iPhone. Is this embarrassing or what? Real life, not speculation, fear, and "prophylaxis" have shown us in great detail and with absolute surety what has led to innovation, adoption and use of broadband. In this particular case the company leading the way chose to use a "locked," secure operating system and has closely monitored and controlled the applications that can use it. No one—certainly not the FCC Commissioners or the members of Congress—still defending the "net neutrality" rules can suggest that their "business plan" for the Internet, "open access," works better, and would create more innovation, adoption and use than Apple has.

We now have rules in place, according to the bureaucrats and some politicians, that will "protect" and "promote" broadband, and the first thing those rules may be doing is block Verizon's promotion and sale of a next generation iPhone! This is a major embarrassment for the administration. I'm sure they will figure out a way to read, or re-write the rule so that by the time a 4G iPhone is ready (expected mid-2012,) it will be something Verizon, the holder of lots of 4G/LTE spectrum, will be allowed to sell.

It should, however, also be a lesson. The marketplace is working very well. We now have a perfect example of how "anticipatory" rules don't. The government should stay out of regulating the Internet and broadband. Don't mess it up!

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