

CableFAX Daily™

Monday — March 5, 2012

What the Industry Reads First

Volume 23 / No. 042

Scorecard: Cable Poised for Big '12

Even if the past doesn't always predict the future, cable ops are clearly enjoying much of the momentum in the pay TV space. While most execs have noted positive customer trends so far this year, it's the '11 results for both video and HSD sub metrics that paint a compelling picture of the future. Since April 1, **Comcast**, **Time Warner Cable**, **Cablevision** and **Charter** all posted improving net video adds for 3 consecutive quarters, and in 4Q combined for a 206K net loss compared to -373K the year prior. Also boding well: since '09 the quartet has delivered their best periods of the year from Jan-Mar. "Improving video subscriber trends are a potentially significant catalyst for the industry," said **Sanford Bernstein's Craig Moffett**. "Broadly speaking, the cable operators accounted for all of the improvement" in video over the past 12 months. **DirectTV** and **DISH** combined to add 496K subs last year, 686K in '10, and **AT&T** and **Verizon** added 1.51mln in '11 following \$1.65mln in '10. Cable still has a lengthy road ahead to positive net adds, no doubt, but consensus opinion appears to be leaning toward increasing housing formations, which would help the entire industry. Interestingly, Sanford Bernstein's **Todd Juenger** notes how since '07 nearly 5mln young adults (mostly men) who would normally have been expected to move into their own place are instead at home with their parents. "Even assuming many of these guys would have lived with roommates or gotten married, and not all would have gotten pay-tv, that still explains easily 1 million expected new pay-tv households that haven't been formed," said Juenger. Such formations would also help cable sell broadband, of course, but the blazing service doesn't require much aid currently. "We believe the ~83% broadband flow share the cable companies have won for the past 3 quarters attests to cable companies' solid positioning," said **UBS' John Hodulik**. To wit: As with video, Comcast, Time Warner Cable, Cablevision and Charter have each posted 3 straight quarters of sequential HSD net add increases. In '11, the group added 1.94mln net broadband customers while AT&T and Verizon combined to add 395K. Though hampered by legacy DSL, the telcos are finding success with fiber. Yet **ISI Media** believes, as many do, that even in fiber territories "the cable MSOs have at least as good of a broadband product when compared with the legacy telcos"—and a far superior product elsewhere. The wild card in all this? Product and service innovation, which every MVPD has a keen focus on. Stay tuned.

Quick Draw: As expected, 2 groups of major broadcasters wasted little time filing lawsuits alleging **Aereo's** forthcoming service (**Cfax**, 2/15) would infringe their copyrights if its released to the public on Mar 14 as planned. Backed by **IAC** chrm **Barry Diller**, Aereo believes "consumers are legally entitled to access broadcast television via an antenna," which it provides to consumers. "Copyright law, however, does not permit Aereo to appropriate to itself the value of plaintiffs' programming by retransmitting it over the Internet without proper licenses," reads 1 of the complaints. "It simply does not matter whether Aereo uses one big antenna... or 'tons' of 'tiny' antennas, as Aereo claims it does."

In the Courts: After the US Court of Appeals ruled **Verizon** and **Metro PCS'** challenge of the **FCC's** Open Internet

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Terry Denson
VP, Content and Programming
Verizon

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Top Ops AWARDS

Who are cable's best operators?

Nomination Deadline March 30, 2012 – Free to Enter!

Help us compile this influential list of MSOs and Independent Operators by nominating the companies and executives you think should be included in our annual list of leading cable operators. The categories recognize excellence in a variety of areas, including marketing, technology, finance, lifetime achievement, customer service and community involvement. The winners will be honored in our annual Top Operators magazine and during CableFAX awards events later in the year.

Independent Operator Awards*

- Independent Operator of the Year
- Independent Marketer of the Year
- Independent System Executive of the Year
- Independent Customer Service Award
- Independent Technology Award
- Independent Project Launch of the Year
- Independent Financial Exec of the Year
- Independent Lifetime Achievement Award

* In Conjunction with NCTC and ACA

MSO Awards Categories

- MSO of the Year
- Sales Team of the Year
- Community Service Award System-level
- Technology Award
- Financial Exec of the Year
- Regional Executive of the Year
- Customer Care
- Project Launch of the Year
- Leadership Award
- Lifetime Achievement Award

Fill out Form or Enter Online at: www.cablefax.com/awards

Category of Award: _____

Name of Award Candidate: _____

Title of Person or Campaign: _____

Address: _____

Email: _____

Phone: _____

Name of Nominator: _____

Title: _____

Address: _____

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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.

CableFAX

Top Ops AWARDS

Send Entry to:

Mfrench@accessintel.com or
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4 Choke Cherry Rd, 2nd Floor
Rockville MD 20850

Our Top Ops list will be honored in CableFAX: The Magazine's July issue and during an awards luncheon in September coinciding with CableFAX's annual Program Awards.



Enter Online at: www.cablefax.com/awards

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order can proceed, what happens now? Likely a setting of oral argument this fall and a possible winter ruling, according to *Stifel Nicolaus*. "If the FCC loses the case, which could be appealed to the Supreme Court, it could be left without clear authority over broadband Internet access providers, most notably cable operators, the Bells, and other wireline and wireless telcos," said the firm, adding it believes the FCC faces an uphill task.

In the States: Windstream launched **Merge**, a new HSD/streaming content service featuring WiFi, a **Roku** streaming box and unlimited nationwide calling that runs approx \$63/month. Customers who sign up through June receive a free 6-month membership to **Hulu Plus**. -- **AT&T U-verse** services are now available to more than 400K homes across the Kansas City area, ramping the competition for Time Warner Cable at a time when **Google** appears poised to launch a video service in the market.

Deals: Schurz Comm acquired **Western Broadband**, a provider of video, HSD and video services to approx 8,600 subs in AZ. **Waller Capital** served as exclusive financial advisor to Western Broadband and former owner **Evergreen Pacific Partners** for the transaction.

Programming: New **USA** original series "Common Law," about 2 top detectives forced into couples' therapy to save their work relationship, premieres May 11. -- Starring *Niecy Nash*, "Leave It To Niecy" (Mar 25) reps **TLC's** 1st docu-sitcom show. -- For the 1st time ever, **Spike TV** will offer up a live "Auction Hunters" special, Mar 21 at 9pm ET. It'll be followed by the series premiere of "American Digger." -- **Bravo's** teaming with **Chase Card Services** to co-produce culinary competition series "Around the World in 80 Plates" that will thematically feature rewards card Chase Sapphire Preferred. The show will follow 12 chefs competing in a race across 10 countries in 40 days.

On CableFAX.com: Movie buffs, rejoice. **iN Demand** has launched marketing campaign to boost consumers' awareness of Movies On Demand by highlighting Oscar-winning and nominated films. Chief creative officer *Stacie Gray* talks details and strategy. -- Cable companies are gearing up for rapidly evolving consumer desires—and Millennials may be behind the fever. Here are 10 tips from **CableFAX** columnist *Esther Weinberg* on how to manage this new crop of employees in a multi-generational workplace. -- There's an executive shuffle going on at **Scrrips Networks Interactive**, with new **Travel Channel** gm *Brad Singer* leading the pack. In this week's Comings & Goings column, you'll learn about the industry's new hires and promotions—plus a thing or two about the personalities behind them.

People: **Bloomberg** vet *Chris Walters* joined **The Weather Channel Companies** as COO. -- **USA** upped *Jesse Redniss* to svp, digital.

Business/Finance: In transition mode following *Tom Rutledge's* departure as COO, **Cablevision** received a vote of confidence from dir *Rand Araskog*, who purchased 25K shares of the MSO this week for approx \$356K. CVC shares rose 4.61% Fri. -- **CBS** and **MSG** are both considering an investment in a prospective **L.A. Dodgers** ownership group in order to land the team's TV rights, according to the *L.A. Times*. Should either prove successful, expect an RSN launch to feature the team. -- **Synacor** may be a company to track. It began NASDAQ trading on Feb 10 and has since announced integration and authentication deals with **BendBroadband** for HBO Go and Max GO and with **Turner** for March Madness games. SYNC shares gained 2.68% Fri.

Clarification: While **Crown Media's** 4Q affil rev technically fell, absent an accounting rule it actually rose by 11%.

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CableFAX Week in Review

Company	Ticker	3/02 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	46.55	2.06%	8.86%
DISH:	DISH	29.27	1.63%	2.77%
DISNEY:	DIS	42.36	2.54%	12.96%
GE:	GE	18.97	(1.4%)	5.92%
NEWS CORP:	NWS	20.15	(0.1%)	10.84%

MSOS				
CABLEVISION:	CVC	14.76	(5.51%)	3.80%
CHARTER:	CHTR	62.56	(1.37%)	9.87%
COMCAST:	CMCSA	29.24	0.17%	23.32%
COMCAST SPCL:	CMCSK	28.57	0.92%	21.26%
GCI:	GNCMA	10.22	(5.55%)	4.39%
KNOLOGY:	KNOL	18.16	15.11%	27.92%
LIBERTY GLOBAL:	LBTYA	50.58	2.70%	23.28%
LIBERTY INT:	LINTA	18.63	1.31%	14.86%
SHAW COMM:	SJR	20.60	1.88%	6.35%
TIME WARNER CABLE:	TWC	78.96	0.96%	24.21%
VIRGIN MEDIA:	VMED	25.10	0.00%	17.40%
WASH POST:	WPO	393.42	(1.04%)	4.41%

PROGRAMMING				
AMC NETWORKS:	AMCX	45.30	0.04%	20.54%
CBS:	CBS	30.29	1.82%	11.61%
CROWN:	CRWN	1.23	(2.38%)	1.65%
DISCOVERY:	DISCA	47.36	6.36%	15.60%
GRUPO TELEVISIA:	TV	21.26	2.36%	0.95%
HSN:	HSNI	36.24	(4.61%)	(0.06%)
INTERACTIVE CORP:	IACI	46.83	3.63%	9.93%
LIONSGATE:	LGF	13.85	(0.43%)	66.47%
LODGENET:	LNET	3.40	0.59%	42.26%
NEW FRONTIER:	NOOF	1.19	4.39%	15.53%
OUTDOOR:	OUTD	6.33	(10.59%)	(15.15%)
SCRIPPS INT:	SNI	45.91	2.04%	8.23%
TIME WARNER:	TWX	37.14	(1.46%)	2.77%
VALUEVISION:	VVTV	1.68	0.00%	(10.64%)
VIACOM:	VIA	54.22	1.33%	1.67%
WWE:	WWE	9.05	(1.09%)	(2.9%)

TECHNOLOGY				
ADVANTAGE:	AEY	2.34	2.63%	11.43%
ALCATEL LUCENT:	ALU	2.39	(2.45%)	53.21%
AMDOCS:	DOX	30.63	2.89%	7.36%
AMPHENOL:	APH	56.23	(0.12%)	23.88%
AOL:	AOL	17.67	(3.07%)	17.02%
APPLE:	AAPL	545.18	4.36%	34.61%
ARRIS GROUP:	ARRS	11.07	(5.3%)	2.31%
AVID TECH:	AVID	10.45	(10.76%)	22.51%
BLNDER TONGUE:	BDR	1.36	(0.72%)	11.48%
BROADCOM:	BRCM	36.18	(1.55%)	23.23%
CISCO:	CSCO	19.76	(1.89%)	9.29%
CLEARWIRE:	CLWR	2.24	6.16%	15.46%
CONCURRENT:	CCUR	3.74	(3.61%)	(1.32%)
CONVERGYS:	CVG	12.40	(6.49%)	(2.9%)
CSG SYSTEMS:	CSGS	15.85	(2.46%)	7.75%
ECHOSTAR:	SATS	29.81	(2.71%)	42.36%
GOOGLE:	GOOG	621.25	1.86%	(3.82%)
HARMONIC:	HLIT	6.00	(2.91%)	19.05%

Company	Ticker	3/02 Close	1-Week % Chg	YTD %Chg
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INTEL:	INTC	26.91	(1.66%)	10.99%
JDSU:	JDSU	13.41	(4.42%)	28.45%
LEVEL 3:	LVLTL	24.42	3.56%	43.73%
MICROSOFT:	MSFT	32.08	1.89%	23.56%
MOTOROLA MOBILITY:	MMI	39.73	0.00%	2.40%
RENTRAK:	RENT	20.09	(9.59%)	40.69%
SEACHANGE:	SEAC	6.81	(3.54%)	(3.13%)
SONY:	SNE	21.37	(1.66%)	18.46%
SPRINT NEXTEL:	S	2.50	8.70%	6.84%
THOMAS & BETTS:	TNB	72.23	0.26%	32.29%
TIVO:	TIVO	11.63	0.22%	29.71%
UNIVERSAL ELEC:	UEIC	18.53	(10.05%)	9.84%
VONAGE:	VG	2.32	(6.45%)	(5.31%)
YAHOO:	YHOO	14.72	(7.54%)	(8.74%)

TELCOS				
AT&T:	T	30.87	2.87%	2.08%
VERIZON:	VZ	38.67	1.39%	(3.61%)

MARKET INDICES				
DOW:	DJI	12977.57	(0.04%)	6.22%
NASDAQ:	IXIC	2976.19	0.42%	14.24%
S&P 500:	GSPC	1369.63	0.28%	8.91%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. KNOLOGY:	18.16	15.11%
2. SPRINT NEXTEL:	2.50	8.70%
3. DISCOVERY:	47.36	6.36%
4. CLEARWIRE:	2.24	6.16%
5. NEW FRONTIER:	1.19	4.39%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. AVID TECH:	10.45	(10.76%)
2. OUTDOOR:	6.33	(10.59%)
3. UNIVERSAL ELEC:	18.53	(10.05%)
4. RENTRAK:	20.09	(9.59%)
5. YAHOO:	14.72	(7.54%)

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OTT Musings: Stakeholders Debate Evolving Content Delivery at CES
 With the Comcast/Disney distribution deal a harbinger for TV Everywhere and Fox's move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at U-verse," said Jeff Weber, AT&T VP, product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discernment is critical, panelists agreed. While AT&T has an approval process in place, YouTube abandoned its API-based partnership model two years ago "because we ended up with different apps on different TV, and performance differed," said Francisco Valera, director, global head of platform and games partnerships. Touting YouTube's deals with Samsung, LG and its new Xbox partnership, "if we can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent-day model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML 5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights, "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said Lisa Pickelsimer, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickelsimer said, noting the bigger role of metadata and the need