

CableFAX Daily™

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What the Industry Reads First

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Crying Foul: Verizon Grips About Cable's Cancellation Policies

While cable companies await **FCC** action on a complaint that **Verizon** is allegedly using carrier proprietary info to mount customer win-back efforts, the telco has filed its own request at the Commission. Verizon says many cable ops refuse to accept video service cancellations from a new provider, forcing customers to call them directly to disconnect. It wants the FCC to establish a rule that would create parity in the process for cancelling video service with that of phone. "It is well within the commission's authority to make this declaratory ruling that will foster robust competition between cable incumbents and other video providers," Verizon said. The notion didn't set well with the cable industry. "Verizon does not have to rely on **Comcast** or any video provider for a customer to make a change in video service providers. Conversely, Comcast and other competitive voice providers must depend on Verizon to release a customer's telephone number so that Comcast can install its voice service," a Comcast rep said. "If Verizon was really serious about wanting to help consumer choice, they would support porting wireline telephone numbers in less than 24 hours as Comcast has proposed, just like they do for wireless." An **NCTA** spokesman said that Verizon's "fairy tale complaint" is an attempt to deflect criticism from its "years-long illegal practice of misusing proprietary information to prevent consumers from switching to a new phone provider." Comcast, **Time Warner Cable** and **Bright House** have accused Verizon of violating the Communications Act by launching retention marketing efforts when a competitor calls to have Verizon port a customer's number. Separately, Verizon complained Mon to the FCC that some cable companies are delaying switching customers' to competing voice providers by failing to meet FCC timing requirements for local number portability.

Another Crucial Transition: Cable Continues To Gain Viewers

As **Showtime's** "Dexter" continues its solid run on **CBS**, cable continues to slice out admirable viewership gains and bleed broadcasters of additional eyeballs, according to **Turner** research. Through Sun, 35 ad-supported cable nets have achieved their best 1Q ever among 18-49s, while 26 of those nets grew at least 10% in the demo. Conversely, the big 6 broadcasters have collectively lost 2.25mln HHs during the season-to-date, and 1.93mln viewers among 18-49s. Only **Fox** has improved over last season. And if the good news quota hasn't been met, overall TV viewership continues to rise, particularly among 18-24s. **USA** topped **The CW** among 18-49s, and the broadcaster also lost to **TBS** among 18-34s. USA scored as well with the best 1Q prime ever for ad-supported nets among 18-49s (1.27mln), 25-54s (1.30mln) and total viewers (2.91mln), while TBS did the same among 18-34s (700K). Not to be outdone, **Nickelodeon** achieved the best ad-supported 1Q ever in total day (2.28mln). **BBC America** (+109%) led ad-supported cable in Y-over-Y prime viewership gains among 18-49s, followed by **Nick at Nite**, **WE tv**, **Investigation Discovery** and **ESPN News** at 40%. Leading the decliners were **ESPN Classic** (-47%), **SOAPnet** (-15%) and **Discovery Channel** (-12%). Also notable: **CNN** topped **Fox News** in prime among 25-54s for the 1st time

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since 1Q04; the top 2 new cable originals in total viewers are **MTV's** "Best Dance Crew" (2.58mln) and **History's** "Ax Men" (2.47mln); and the top returning shows in total viewers are **Bravo's** "Project Runway" (3.88mln) and **FX's** "Nip/Tuck" (3.54mln).

Wireless World: Following broken deals, renewed talks, reports of major investors and much speculation, it appears that a nationwide WiMax deployment project will include **Sprint, Clearwire, Intel, Comcast, Google, Time Warner Cable** and **Bright House**. Sources close to negotiations among the companies confirmed a *WSJ* report that the 3 MSOs are considering a collective investment up to \$1.7bln in Xohm, the WiMax project originally planned by Sprint and Clearwire. Intel is expected to toss in billions more. Industry watchers have been patiently waiting for a wireless splash from cable, whose Pivot jv with Sprint didn't fare that well. **Pali** analyst *Richard Greenfield* believes a deal would likely provide many important wireless options for cable but remains "skeptical of Sprint's ability to execute." Meanwhile, **Sanford Bernstein's** *Craig Moffett* views Sprint's spectrum as technologically inferior to **Verizon's** and **AT&T's**, casting doubt on the project's viability. Interestingly absent from the deal is **Cox**. The MSO appears to be planning its own wireless play after scooping up spectrum in the recent **FCC** auction. Cox officials declined to expound on its plans, citing an FCC-mandated quiet period. Street reaction: Sprint (+1.6%), Clearwire (+6%), Google (+1.6%), Comcast (-4%), Time Warner Cable (-2.7%), Intel (-1.8%).

Mass Data: **FiOS TV** availability in MA markets has notably affected cable MSOs, according to **Leichtman Research Group's** parsing of data from the **MA Dept of Telecom and Cable**. In the 61 state communities offering FiOS TV (as of Dec 31), **Verizon** picked up approx 66K video subs in '07, while **Comcast** lost approx 35K, **Charter** lost approx 2K and **RCN** lost approx 4K. According to Leichtman, Comcast lost 10% of its MA subs in FiOS communities in '07, and has bled 14% of its sub base since '06 in the 34 towns where the telco's service has been available for 2 years. Corresponding RCN numbers are 11% and 21%, respectively. In the 3 Charter towns with FiOS available, the MSO lost 20% of its state subs last year. When incorporating data from the entire state, however, the customer losses improved to 12K for Comcast and 1K for Charter (RCN's worsened to 5K).

For the Block: Unhappy that low-power stations' analog signals are blocked from some digital converters, the **Community Broadcaster Assoc** has asked the DC Circuit prevent the marketing and distribution of boxes that don't pass through analog signals. That would eliminate many of the converter boxes certified for the gov't's \$40 coupon subsidy. "CEA is amazed that this group, which stood silently while broadcasters, the electronics industry and government successfully implemented the DTV transition, is now trying an 11th hour litigation strategy to freeze the entire nation in analog," CEA CEO *Gary Shaprio* said Wed, calling the lawsuit "irresponsible." The CE group has called for LPTV stations to shift to digital or promote converter boxes that do include the analog pass-through. LPTV stations are not required to convert to digital by Feb '09.

Upfront Notebook: **USA's** '08/'09 development slate includes "In Plain Sight," starring *Mary McCormack* as someone working in the witness protection program (June 8 debut) and the return of "Monk" for its 7th season and 100th ep. It's also turning last year's miniseries "The Starter Wife" into a 10-ep series with *Debra Messing*. Also on tap are 4 pilot scripts: "Royal Pains," "White Collar," "Shirleyville" and "The Nanny Files." Other announcements include the unveiling of USA's new pro-social initiative—"Characters Unite"—aimed at combating intolerance, in the

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BUSINESS & FINANCE

same vein as the net's '90s "Erase The Hate" campaign. -- **Hallmark Channel** won the rights to 99 family-friendly flicks from **Disney-ABC Domestic TV**, including "Old Yeller" and "The Princess Diaries." It has also slated 30 original films to air this year, including "The Shell Seekers" with *Vanessa Redgrave* (May 3). Hallmark will also add "The Golden Girls" to its lineup of acquired series.

Business/Finance: **Motorola** has launched a process to create 2 independent, publicly-traded companies by splitting its mobile unit from its broadband and mobility solutions segment. "Creating two industry-leading companies will provide improved flexibility, more tailored capital structures, and increased management focus—as well as more targeted investment opportunities for our shareholders," said the company. Investors lauded the move, sending Moto shares up 2.66% Wed to close at \$10.02. -- **Vyyo's** stock has been suspended from trading on the **Nasdaq** Global Market, with Nasdaq intending to have the listing removed in the coming weeks. Vyyo said it's examining other trading alternatives for its stock, including the OTC Bulletin Board. If Vyyo's common stock isn't listed on an eligible securities exchange for 60 days, it defaults on its \$35mln 5% unsecured convertible note due '12 issued to **Goldman Sachs**. Vyyo told the **SEC** it will seek a waiver from the default.

CableFAX Daily Stockwatch

Company	03/26 Close	1-Day Ch	Company	03/26 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	29.00	(0.76)
BRITISH SKY:	44.09	(0.29)	AMPHENOL:	37.38	(0.68)
DIRECTV:	25.24	0.16	APPLE:	145.06	4.08
DISNEY:	31.76	(0.32)	ARRIS GROUP:	6.04	(0.02)
ECHOSTAR:	29.09	(0.17)	AVID TECH:	25.05	(0.37)
GE:	37.13	(0.14)	BIGBAND:	5.80	(0.17)
HEARST-ARGYLE:	21.25	(0.08)	BLNDER TONGUE:	1.45	0.00
ION MEDIA:	1.45	0.00	BROADCOM:	19.17	0.34
NEWS CORP:	19.19	(0.2)	CISCO:	24.78	(0.97)
MSOS					
CABLEVISION:	21.98	(0.23)	COMMSCOPE:	36.88	(0.41)
CHARTER:	0.92	(0.04)	CONCURRENT:	0.63	0.00
COMCAST:	19.71	(0.83)	CONVERGYS:	15.22	(0.1)
COMCAST SPCL:	19.27	(0.77)	CSG SYSTEMS:	11.36	0.05
GCI:	6.00	0.09	ECHOSTAR HOLDING:	30.40	(0.14)
KNOLOGY:	13.45	(0.05)	GEMSTAR TVG:	4.68	(0.04)
LIBERTY CAPITAL:	15.93	0.20	GOOGLE:	458.19	7.41
LIBERTY ENTERTAINMENT:	22.21	(0.04)	HARMONIC:	7.97	(0.23)
LIBERTY GLOBAL:	35.53	(0.39)	JDSU:	13.78	(0.33)
LIBERTY INTERACTIVE:	16.80	(0.12)	LEVEL 3:	2.12	(0.08)
MEDIACOM:	4.40	(0.1)	MICROSOFT:	28.56	(0.58)
ROGERS COMM:	42.97	0.00	MOTOROLA:	10.02	0.26
SHAW COMM:	18.44	(0.19)	NDS:	49.26	(0.88)
TIME WARNER CABLE:	25.56	(0.71)	NORTEL:	6.51	(0.34)
VIRGIN MEDIA:	14.37	(0.63)	OPENTV:	1.24	(0.04)
WASH POST:	660.40	(8.62)	PHILIPS:	38.24	0.07
PROGRAMMING					
CBS:	22.93	(0.13)	RENTRAK:	11.70	0.00
CROWN:	5.18	0.17	SEACHANGE:	7.31	(0.03)
DISCOVERY:	21.32	(0.53)	SONY:	41.88	(0.8)
EW SCRIPPS:	42.18	(0.82)	SPRINT NEXTEL:	6.52	0.10
GRUPO TELEVISA:	24.32	0.07	THOMAS & BETTS:	36.07	(0.5)
INTERACTIVE CORP:	21.04	(0.17)	TIVO:	8.94	0.09
LIBERTY:	1.00	0.00	TOLLGRADE:	5.55	(0.14)
LODGENET:	7.19	0.04	UNIVERSAL ELEC:	24.86	(0.25)
NEW FRONTIER:	4.98	(0.02)	VONAGE:	1.88	(0.02)
OUTDOOR:	7.50	0.24	WEBB SYS:	0.05	0.02
PLAYBOY:	8.91	0.05	YAHOO:	28.49	(0.24)
TIME WARNER:	14.39	(0.5)	TELCOS		
UNIVISION:	36.23	0.00	AT&T:	37.76	(0.24)
VALUEVISION:	5.27	(0.74)	QWEST:	4.80	(0.14)
VIACOM:	39.78	(0.29)	VERIZON:	36.14	(0.76)
WWE:	18.83	0.03	MARKET INDICES		
TECHNOLOGY					
3COM:	2.14	0.07	DOW:	12422.86	(109.74)
ADC:	12.32	(0.26)	NASDAQ:	2324.36	(16.69)
ADVANTAGE:	3.75	(0.11)			
ALCATEL LUCENT:	5.72	0.04			

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