

CableFAX Daily™

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What the Industry Reads First

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TACTfully Speaking: FCC Tech Group's Recommendations Include 'Dig Once'

The FCC's Technical Advisory Council has put forth 8 recommendations to the FCC as near-term opportunities for the tech sector, including developing a Website so that localities can provide advanced notice of planned infrastructure projects. The "dig once" proposal would allow those who must excavate rights-of-way to coordinate and thus speed deployments and reduce costs and disruption. The working group, chaired by **Core Capital** managing dir *Tom Wheeler*, includes **Bright House's Nomi Bergman** and **HBO's Bob Zitter** as members. An FCC rep said the Commission just received the recommendations Mon and is evaluating them. None of the 8 are considered more important than any others, Wheeler said, making the case that they can promote competition and economic development. Other recommendations include the Commission sponsoring awards/recognition to identify a list of cities with the best practices in terms of broadband infrastructure deployment and new metrics beyond speed to measure broadband network quality. The group also wants the FCC to formally request that President *Obama* issue an executive order to streamline broadband infrastructure deployment on federal land and in federal buildings. Another recommendation is promotion of small cell deployment, which could help with the spectrum crunch. Specifically, the group wants the FCC to explore creation of a new small cell band spectrum allocation (a hybrid between licensed and unlicensed spectrum) and development of universal architectures for picocells, femtocells, etc. During a call with reporters Mon, Wheeler promised more recommendations are to come, including some with a heavy focus on IPv6 Internet addresses.

King of the Mountain?: Netflix's lighter-than-expected net 1Q sub additions of 3.3mln prevents its firm establishment as the largest subscription ent business in the US and places it in a virtual tie—for now—with **Comcast** at approx 22.8mln. But the MSO's video number dates back to Mar 31 and will likely decrease, based on recent trending, when the company reports its own earnings next week. At Netflix, meanwhile, the momentum continues. The company's percentage increase in total subs has now accelerated for at least 9 consecutive quarters, and ditto for its rev, which tallied \$709mln in 1Q. NFLX expects to add 2.2-3mln subs during 2Q, and said new customers are ordering its pure streaming and hybrid plans in equal numbers. In a release, the company playfully said it won't use Comcast boss *Brian Roberts'* Feb characterization of its service as "rerun TV" in any marketing campaigns, adding that the assessment is fundamentally correct. "We think more and more evidence that prior season on Netflix helps current season on MVPD will become apparent from our deals with **Disney, Viacom, CBS, NBCU** and others," read the release. "We hope over time that **HBO** and **Showtime** will let us prove this proposition for them." Netflix said its licensing of the exclusive rights to "House of Cards" (*Cfax*, 3/21) doesn't represent a strategy change, that the "decision was driven by a desire to test a new licensing model using a small portion of our content budget." The company hopes to license 2 or 3 similar yet smaller deals.

Carriage: **Sportsman** has launched on **DISH's** Outdoor Sports Package (\$3/mo). It is also available in SD and HD as part

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of DISH's American Top 250 package. -- **Time Warner Cable** keeps ratcheting up the number of channels available on its live iPad inside the home app, with the total now sitting at 73. New additions include **Fox Business Net HD, OWN HD, TCM HD, TV Guide HD** and **Investigation Discovery HD**. -- 119 new nets are rolling out on **Comcast** in 9 Santa Barbara County, CA, communities, including 52 HD nets, 17 SD, 21 Hispanic and 29 international. -- R.I.'s **Full Channel TV** will become the 1st state cable op to carry **Al Jazeera English** on Tues, when **Current TV** and **Fox Business** will also launch.

5 Qs with Si TV CEO Michael Schwimmer: *Bicultural Latino net Si TV becomes nuvoTV on July 4 just as several factors, including recent U.S. Census data, point to huge growth of the Hispanic audience. But CEO Michael Schwimmer argues that cable must not forget the bicultural audience of English-speaking Latinos. (We'll discuss this and other related issues in a Webinar this Wed. More info: http://www.cablefax.com/cfp/webinars/2011_april27.html)* **Why rebrand Si TV, and why now?**

The evolution of the Hispanic marketplace, combined with our own experience, research and the 2010 Census, convinced us that the time was right to develop a more inclusive brand and programming approach, which will attract a wider audience of U.S. Hispanics. nuvoTV will of course remain dedicated to serving our core audience of Bicultural Latinos, the driving force behind Hispanic growth in America. **Do you think cable operators "get it" when it comes to the growing Hispanic marketplace?** Cable operators want to serve the Hispanic audience but are driven by a predominantly cost management approach, as reflected by a focus on Spanish and hybrid (English/Spanish) tiers. These packages are not attractive to the majority of Hispanic homes, as shown by the low number of subscribers to such packages and years of anemic growth despite huge marketing efforts by distributors. **Why aren't such tiers more successful?** Viewing patterns among U.S. Latinos tell the story. For Bicultural Latinos (65% to 70% of all U.S. Latinos) television is overwhelmingly viewed in English. Among Spanish dominant Latinos, almost 90% of all television viewing hours are delivered by broadcast networks, like Univision and Telemundo. A Hispanic tier with 30 or 40 Spanish language cable networks for roughly 10% of a consumer's viewing isn't such a great value. **So why program in English? What are the specific advantages?** Our audience of Bicultural Latinos has certain basic characteristics that appeal to distributors and advertisers, which include higher levels of income, education and home ownership. Because our original content is created specifically for an American Latino audience, not imported from Latin America or translated from English, it's more culturally relevant and reflective of our viewers' lives, creating a deeper connection with our brand and content. **Where do you see the biggest opportunity for cable operators and nets when it comes to the Latino audience?** Just as cable operators made the early commitment to reach out to African-American and female consumers with targeted networks like BET and Lifetime, distributors can only reap the full benefit of the burgeoning Latino population when they incorporate into programming packages and marketing plans the unique tastes and English language viewing habits of Bicultural Latinos, the consumer segment responsible for approximately 80% of the growth of the overall U.S. Hispanic marketplace.

On the Rise: **TV One** said it grew 1Q ad rev by 37% YOY, and '10 ad rev increased 28% as the year marked the 3rd straight of ratings and delivery expansion in both prime and total day. The net ascribes its growth to original programming, and has increased by 25% the number of original hours set to air this year. The slate includes new series "Donald J. Trump Presents the Ultimate Merger," premiering later this year featuring fashion model *Toccarra's* search for a mate, and 10 new eps of **NAACP** Image Award-winning music bio series "Unsung" (June).

Programming: *Martha* goes prime May 8 with "Martha Stewart Presents" America's Moms-A Celebration of Military Fami-

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CableFAX Daily™

WHAT THE INDUSTRY READS FIRST

Every business day for over 20 years, CableFAX Daily has been bringing the industry the day's vital business and regulatory updates. We sum up the day's most pressing news as well as the strategic initiatives that are driving our dynamic cable industry forward. Our long history and deep reach within the cable sector, enables us to get the core information you need to stay on top of your industry and run your business with immediate market knowledge.

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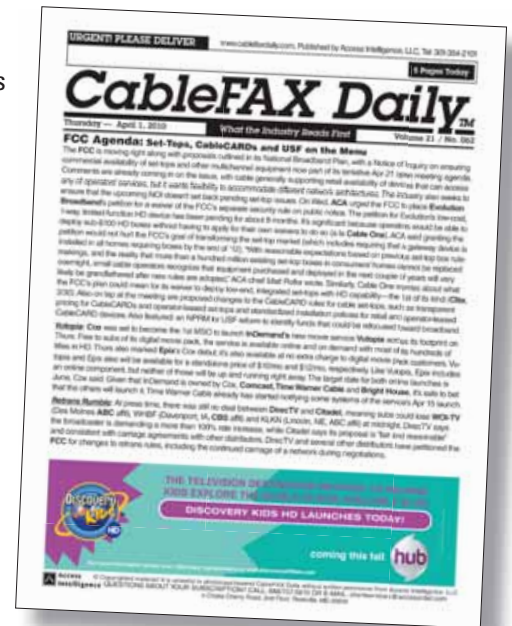
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- ▶ **Telco-Cable Competition** – the latest in the battle for voice, data and video customers
- ▶ **HDTV** – carriage agreements, programming, competition from the telcos and DBS
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BUSINESS & FINANCE

lies," which includes interviews with Michelle Obama and Jill Biden (8pm ET). -- **History** premieres later this year "Around the World in 80 Ways," featuring the attempt of 2 men to circumnavigate the globe using 80 different travel modes without repeating any vehicle. -- **HRTV's** on-site KY Derby coverage from Churchill Downs opens Sat anchored by the daily feature (Sat-May 8) of "Pursuit of the Crown." -- **Fuel TV's** 6-part "Bruce Lee Lives!" (July 17) examines the late martial artist's life through the personal stories of celebs including Carlos Santana, Jesse Ventura and Ryan Phillippe.

People: Former **Hallmark** and **Court TV** PR maven Jennifer Geisser departs her own PR firm to join **Bravo** as svp, comm. -- **TV One** has opened an L.A.-based sales office, tapping veteran sales exec Seeta Zieger as vp, ad sales for the Western region. -- **Here Media** appointed Josh Rosenzweig as svp, original programming and dev. -- **Time Warner Cable** chmn/CEO Glenn Britt was elected a board member of **FIRST**, a not-for-profit org founded by inventor Dean Kamen to inspire young people's interest and participation in science and tech. -- **Crown Media Nets** upped Tara Tzirlin to vp, consumer marketing. -- **ION Media Nets** tapped Douglas Holloway as pres, multichannel distribution.

On the Circuit: **FCC** chmn Julius Genachowski appears at the **Cable Show** gen session, June 15, Chicago, at 9:15am CT. It will be Web streamed.

CableFAX Daily Stockwatch

Company	04/25 Close	1-Day Ch	Company	04/25 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	47.08	0.08	BLNDER TONGUE:	2.26	0.06
DISH:	24.31	(0.06)	BROADCOM:	40.16	(0.24)
DISNEY:	41.93	(0.34)	CISCO:	17.10	0.16
GE:	19.89	(0.06)	CLEARWIRE:	5.40	(0.02)
NEWS CORP:	18.64	0.05	CONCURRENT:	5.96	(0.05)
MSOS					
CABLEVISION:	34.72	0.16	CONVERGYS:	13.96	(0.09)
CHARTER:	54.86	(0.02)	CSG SYSTEMS:	20.48	0.01
COMCAST:	25.29	(0.05)	ECHOSTAR:	37.20	0.15
COMCAST SPCL:	23.78	0.04	GOOGLE:	525.05	(0.05)
GCI:	10.98	0.28	HARMONIC:	9.25	0.12
KNOLGY:	14.67	0.27	INTEL:	21.94	0.48
LIBERTY CAPITAL:	77.93	(0.59)	JDSU:	19.62	(0.38)
LIBERTY GLOBAL:	45.11	0.16	LEVEL 3:	1.64	0.01
LIBERTY INT:	16.51	0.02	MICROSOFT:	25.61	0.09
SHAW COMM:	20.62	0.06	RENTRAK:	22.23	(0.45)
TIME WARNER CABLE:	74.63	0.63	SEACHANGE:	10.51	0.15
VIRGIN MEDIA:	29.74	(0.02)	SONY:	30.09	(0.41)
WASH POST:	420.98	(3.53)	SPRINT NEXTEL:	4.80	(0.01)
PROGRAMMING					
CBS:	24.69	(0.11)	THOMAS & BETTS:	57.81	(1.24)
CROWN:	2.27	(0.03)	TIVO:	10.00	(0.12)
DISCOVERY:	41.76	0.39	TOLLGRADE:	10.06	UNCH
GRUPO TELEVISA:	23.42	0.01	UNIVERSAL ELEC:	28.50	1.56
HSN:	31.84	(0.12)	VONAGE:	5.11	(0.04)
INTERACTIVE CORP:	31.88	(0.2)	YAHOO:	17.11	0.26
LIBERTY:	43.13	(0.15)	TELCOS		
LIBERTY STARZ:	76.47	0.26	AT&T:	30.55	(0.13)
LIONSGATE:	6.31	0.05	VERIZON:	36.99	0.08
LODGENET:	3.49	(0.02)	MARKET INDICES		
NEW FRONTIER:	1.76	(0.02)	DOW:	12479.88	(26.11)
OUTDOOR:	6.63	(0.1)	NASDAQ:	2825.88	5.72
SCRIPPS INT:	49.26	(0.23)	S&P 500:	1335.25	(2.13)
TIME WARNER:	36.49	(0.02)			
VALUEVISION:	5.81	0.29			
VIACOM:	55.10	1.44			
WWE:	11.44	0.12			
TECHNOLOGY					
ADVANTAGE:	3.09	UNCH			
ALCATEL LUCENT:	6.22	0.08			
AMDOCS:	30.67	0.32			
AMPHENOL:	54.73	(0.07)			
AOL:	19.73	0.24			
APPLE:	353.01	2.31			
ARRIS GROUP:	12.76	0.01			
AVID TECH:	18.93	(2.4)			
BIGBAND:	2.49	UNCH			

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EYE ON INNOVATION

Data Deluge

Omit the data covering **FiOS TV** and **U-verse TV**, throw out any concerns over margins, capex or any other metric tied to Wall St investment decisions, and forget about spectrum issues. What does that leave cable execs where **Verizon** and **AT&T** and their 1Q performances are concerned? No doubt with a throbbing headache, caused by the continuing upsurge in adoption of mobile broadband services and exacerbated by recent CDC data finding that, as of the 1st half of '10, more than 25% of American homes had only wireless phones. It's a safe bet that percentage has only increased since.

There were so many interesting (some profound) wireless data points issued by America's top 2 telcos last week it's difficult to decide where to start. I'll give it a shot.

As of Mar 31, Verizon counted 6.1mln Internet devices in its post-paid base after adding 364K net subs in 1Q driven by MiFi devices and 4G PC cards. The telco activated more than 500K **4G LTE** devices and 2.2mln iPhones in the quarter—the former in 2 weeks, the latter in approx 6—and smartphone penetration increased to 32%. VZ expects that number to rise to 50% by Jan. Approx 60% of all phones sold in the Q were smartphones. Armed with approx 104mln total wireless connections, the telco saw Web and email services rev jump 38.7% YOY and overall data rev climb 22.3%. Ours is increasingly a Web-crazy nation, and Verizon is bent on improving the usage experience through its burgeoning 4G LTE network.

“Clearly, our LTE network performance, our continued build-out, and the successful early product launches are having a very positive impact on the development and strength of the entire LTE ecosystem,” said CFO *Fran Shammo* during VZ's Thurs conference call. “We expect demand for our 4G LTE products to strengthen as more smartphones, tablets and hotspots are added



to our device portfolio.”

While VZ's LTE network is expected to be live in approx 175 markets and cover more than 185mln POPs by Jan, AT&T's is on track to launch mid-yr and cover 70-75mln POPs within the same time frame.

“What I'm really excited about is we had a very good first quarter, and that we have not yet turned up our LTE capabilities,” said **AT&T Mobility and Consumer Markets** pres/CEO *Ralph de la Vega* last week. “So I expect that future quarters, when we have that capability in hand, will even give us better momentum.”

Recent momentum stems from the 1Q addition of 1.3mln Web-connected devices, approx 2.4mln smartphones (9mln in the last 12 months) and more than 420K “branded computing subscribers” through devices such as tablets, air cards and netbooks. The telco activated more than 3.6mln iPhones, which contributed to a total of 2mln net wireless adds in the quarter to reach 97.5mln overall. Driven by mobile broadband, wireless rev increased 10.2% YOY and wireless data rev jumped 23.9%.

“When you add in record first quarter net adds, strong sales of branded computing subscribers and higher postpaid ARPU, you can understand our confidence in the mobile broadband strategy and mobile broadband opportunity,” said CFO *Rick Lindner*.

I'd like to know what **Time Warner Cable** chmn/CEO *Glenn Britt* would give for similar confidence in **Clearwire's WiMAX** network.

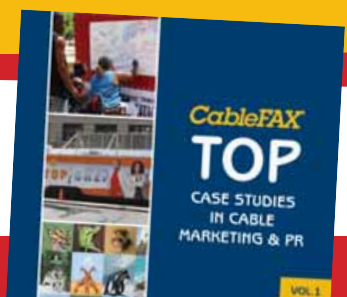
A lot has, does and can change in the tech world, particularly where the Web's concerned. **Cox** is making strides with mobile data, Time Warner Cable and **Comcast** less so, and **Cablevision's** achieved notable success with WiFi. But a key question remains: how far will wired Internet speed bumps carry cable?

-Chad Heiges

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