

CableFAX Daily™

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What the Industry Reads First

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The Bells Toll: Verizon Mirrors AT&T's Success in Broadband, Video

Cable would surely prefer that its future vision of a broadband nation not include telcos, but recent 1Q results from **AT&T** and now **Verizon** show the pair isn't prepared to fade into the landscape. Verizon posted a record 298K net FiOS Internet adds (2.8mln total), bolstered as with AT&T by an increase in its video footprint and a corresponding popularity of bundled services. AT&T's broadband net adds were up more than 50% sequentially. "The consumer market is holding up very well," said Verizon evp/CFO *John Killian*. "Our wireline segment continues to be focused on shifting our center of gravity to the growing broadband, video and global IT markets." The telco's triple-play offering played a key role in helping broadband/video achieve 36.3% rev growth in the Q to \$1.3bln, said Killian, noting a nearly 50% expansion, to 9.7mln homes, of its triple-play footprint over the past 12 months. FiOS TV also performed well, delivering 299K net adds for a total of 2.2mln, albeit while posting a slight sequential dip in new subs. **Sanford Bernstein's** *Craig Moffett* called the video/broadband results "solid headline gains," and **S&P** was "encouraged by wireline" customer gains, upping its price target on VZ shares by a buck to \$35. Outside of FiOS markets and regarding other wireline segments, however, the results lose some luster. In fact, said Moffett, "things in the wireline business continue to go from bad to worse." Verizon shed 46K DSL customers in non-FiOS areas, for example, and access line losses tallied 964K, including 462K primary residence lines. Plus, the telco's enterprise business is slowing as overall wireline rev slipped 2.5% sequentially and 3.3% YOY. Still, Verizon, aided handsomely by wireless, is "weathering the effects of the economy very well," said pres/COO *Denny Strigl*, adding that economic tribulations remained "consistent" in 1Q, but did not intensify.

Cable Preview: With the telcos reporting strong sub 1Q gains, how will the Q shape up for cable? Consensus estimates have **Time Warner Cable** and **Comcast** (who both report this week) losing basic subs but making gains in digital. "It's reasonable to expect growth to remain hobbled by the economy," **Sanford Bernstein's** *Craig Moffett* said in a note to clients. "But RGU expectations are now conservative (ours in particular), despite commentary from both companies that RGU trends have been better in Q1 than Q4." While trends are improving after a rough 4Q, **UBS's** *John Hodulik* wondered in a research note whether the strength can offset the typical seasonal reversal in 2Q. "We expect 2Q RGU growth of just 3.9% at Comcast, 3.1% at TWC and 4.6% at [**Cablevision**]. Commercial and interactive-advertising initiatives are still too early-stage to offset the slowdown," Hodulik wrote. As for 1Q results, he expects they'll be helped by positive seasonal trends, an uptick in promotions and the broadcast transition, which was to occur Feb 17 before it was moved to mid-June. Nonetheless, he too expects "meaningful deceleration" in RGU growth for 1Q.

In the States: **FearNet** continues to urge fans to protest **Time Warner Cable** not re-upping the VOD channel (*Cfax*, 4/8). According to a message on FearNet.com over the weekend, the channel has nearly 4K signatures on a **Facebook** petition demanding the cable op bring back the channel. "We won't stop until we get at least 50,000 signatures," Fear said.

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-- The Cresskill, NJ, public school system selected **Optimum Lightpath** to replace **Verizon's** WAN connection. -- Video site **Joost** is reportedly looking for a buyer and talking to **Time Warner Cable**, the AP reported, citing unnamed sources. **Comcast** has already rejected acquiring Joost, the article said.

Launch Pad: **Live Well HD**, the net from the 10 **ABC**-owned TV stations, launched Mon reaching about 24% of America's TV homes. The HD net features lifestyle programming, with "Let's Dish" and "Motion" among its 6 original half-hour series at launch. Talks continue to launch the net in a select number of other local TV markets in the coming months.

At the Portals: **Verizon** isn't thrilled about **FCC** plans to vote on an order that would speed up the time required to port a customer's phone number to a new provider to 2 days from 4 days, saying in a letter last week that shortening the time period isn't necessary. But Verizon said that if it does happen, the Commission should ensure that all providers are subject to the same rules governing marketing to consumers—particularly departing customers—for voice, video and bundles. It also asked the FCC to bar cable ops from refusing to provide competitors with access to regional sports programming they own or control. An **NCTA** spokesman said Verizon is trying to "distract" the FCC from a "simple rule change" that would help consumers. "Just months after a federal court upheld the FCC's ruling that Verizon was engaged in illegal retention marketing activities, they are now attempting yet another regulatory stunt to slow down a change that consumers and policymakers support," the NCTA rep said. The FCC is slated to vote on the porting order at its May 13 open meeting.

Competition: **DirecTV** is launching ScoreGuide, an on-screen, interactive feature that lets fans track scores and start times of major sporting events. Viewers with advanced receivers will be alerted to ScoreGuide by a small on-screen icon and will have access to the new feature on more than 200 DIRECTV sports channels.

Technology: The **Ag Dept's Rural Development Telecom Program** has accepted a FTTH solution from **CommScope**, enabling service providers to propose the solution's use in plans and apps submitted for RUS grants and loans. -- **NDS Group** has inked a licensing agreement covering the electronic programming guide patents in **Macrovision's** portfolio.

Online: On Fri, **Logo** launches **TripOutGayTravel.com**, a site devoted to all things travel for the LGBT community. TripOutGayTravel.com marks the first stand-alone travel-focused Web property launched by **MTV Nets**. -- **CBS Interactive** properties garnered in Mar more than 200mln uniques for the 1st time, according to **comScore**, powered largely by **March Madness On Demand** and increases at **CBS College Sports Net's** online property.

Programming: **Discovery Channel's** "Weaponizers" (May 11) comes from the producers of "Mythbusters" and features builders turning ordinary vehicles into machines of destruction. -- **TLC** is set to premiere series "Cake Boss" (May 25), centered on the entrepreneurial struggles of a NJ master baker, and "The Little Couple" (May 26), featuring newlyweds

**RECORD RATINGS
START AT HOME!**

HGTV'S HIGHEST 1ST QUARTER EVER

Candice Olson
Divine Design

Source: Nielsen Media Research, Standard Prime Time 8p-11p Mon-Sun, Based on Nielsen Calendar Q1, 1999-2009, HH AA (000)

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who are both under 4-ft tall.

On the Circuit: Mommy's Light holds its 4th Annual Golf Classic, June 29 at Gulph Mills Golf Club in King of Prussia, PA. Former Comcast *Michael Doyle* chairs the event, which has had more than 30 cable sponsors each year. This is the largest fundraiser for the organization, which supports children whose mothers have died. Sponsorship levels range from \$3K to \$15K. For complete event information, visit www.mommyslight.org.

Public Affairs: Outdoor Channel announced a partnership with **Pass It On – Outdoor Mentors**, a national org devoted to providing youth with mentors to share in traditional outdoor activities. The net will participate in all of the group's youth meetings and film select events for inclusion on its lineup.

People: Turner Sports upped *Lenny Daniels* to evp, COO, a newly-created post responsible for the daily ops and strategic planning for the segment's linear and digital properties. -- **News Corp** hired former **Sling Media** Ent Group pres *Jason Hirschhorn* as chief product officer for **MySpace**. Prior to Sling, Hirschhorn was the chief digital officer at **MTV Nets**. *Michael Jones*, founder and CEO of **Tsavo Media**, was hired as COO, MySpace. -- *Herbert Allison* resigned from **Time Warner's** board last week in conjunction with his nomination as Asst Sec for Financial Stability and as Counselor to the Sec at the **US Dept of the Treasury**.

CableFAX Daily Stockwatch

Company	04/27 Close	1-Day Ch	Company	04/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	25.98	(0.09)	AMPHENOL:	32.86	(0.47)
DIRECTV:	25.07	0.09	APPLE:	124.73	0.83
DISH:	13.50	(0.38)	ARRIS GROUP:	9.48	0.07
DISNEY:	19.74	(0.52)	AVID TECH:	10.50	(0.08)
GE:	12.09	(0.02)	BIGBAND:	5.55	(0.15)
HEARST-ARGYLE:	4.50	(0.05)	BLNDER TONGUE:	1.05	0.05
NEWS CORP:	8.50	(0.42)	BROADCOM:	24.38	0.16
MSOS					
CABLEVISION:	16.11	(0.25)	CISCO:	18.37	(0.05)
COMCAST:	13.76	(0.13)	CLEARWIRE:	5.54	(0.21)
COMCAST SPCL:	12.81	(0.18)	COMMSCOPE:	19.76	(0.84)
GCI:	7.35	(0.12)	CONCURRENT:	4.15	0.01
KNOLOGY:	6.21	0.09	CONVERGYS:	9.67	(0.09)
LIBERTY CAPITAL:	11.62	0.52	CSG SYSTEMS:	14.39	(0.06)
LIBERTY ENT:	24.04	(0.17)	ECHOSTAR:	15.83	0.24
LIBERTY GLOBAL:	15.97	(0.13)	GOOGLE:	385.95	(3.54)
LIBERTY INT:	4.81	(0.26)	HARMONIC:	6.88	(0.2)
MEDIACOM:	4.75	(0.08)	INTEL:	15.28	(0.34)
SHAW COMM:	15.38	0.27	JDSU:	4.94	(0.23)
TIME WARNER CABLE:	26.91	(0.36)	LEVEL 3:	1.13	0.04
VIRGIN MEDIA:	7.35	0.12	MICROSOFT:	20.40	(0.51)
WASH POST:	418.74	(3.26)	MOTOROLA:	5.71	(0.1)
PROGRAMMING					
CBS:	6.01	(0.21)	NDS:	62.93	0.00
CROWN:	2.92	0.02	OPENTV:	1.50	(0.07)
DISCOVERY:	18.36	0.14	PHILIPS:	17.56	(0.39)
EW SCRIPPS:	1.63	(0.08)	RENTRAK:	9.87	(0.03)
GRUPO TELEVISA:	15.04	(1.22)	SEACHANGE:	6.12	(0.07)
HSN:	6.57	(0.37)	SONY:	26.31	(0.3)
INTERACTIVE CORP:	15.92	(0.46)	SPRINT NEXTEL:	4.09	(0.09)
LIBERTY:	24.52	(0.5)	THOMAS & BETTS:	27.54	(0.47)
LODGENET:	3.98	0.48	TIVO:	7.49	(0.14)
NEW FRONTIER:	1.96	0.04	TOLLGRADE:	5.75	(0.06)
OUTDOOR:	7.09	0.12	UNIVERSAL ELEC:	18.06	(0.54)
PLAYBOY:	2.31	(0.14)	VONAGE:	0.36	(0.02)
RHI:	2.34	(0.34)	YAHOO:	13.89	(0.84)
SCRIPPS INT:	25.90	(0.43)	TELCOS		
TIME WARNER:	21.46	(0.87)	AT&T:	25.31	0.15
VALUEVISION:	0.73	(0.01)	QWEST:	3.57	0.06
VIACOM:	20.29	(0.45)	VERIZON:	30.54	(0.46)
WWE:	10.62	(0.32)	MARKET INDICES		
TECHNOLOGY					
3COM:	3.94	(0.05)	DOW:	8025.00	(51.29)
ADC:	6.45	0.23	NASDAQ:	1679.41	(14.88)
ADVANTAGE:	1.70	0.00			
ALCATEL LUCENT:	2.30	(0.12)			
AMDOCS:	20.72	(0.49)			

CableFAX PROGRAM AWARDS

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Entry Deadline: May 1, 2009
Late Entry Deadline: May 8, 2009
Luncheon: September 16, 2009
Location: Grand Hyatt New York, NY



GUEST COLUMNIST

Marching the Halls

This is, of course, a big week for members of the American Cable Association.

Hundreds of ACA members will stream into Washington, D.C., for our annual Summit—now in its 16th year—to give their opinions about pending laws and regulations that will directly affect them as small, independent cable companies serving rural Americans in all 50 states.

By now, everyone knows that those who wield power inside the Beltway benefit from hearing from the real people once in a while, whether the issue concerns how best to fund broadband deployment or how to renew the Satellite Home Viewer Act (SHVA).

ACA, based in Pittsburgh, Pa., was formed in response to the way small cable operators were harshly treated in the 1992 Cable Act and by the accompanying regulations adopted by the Federal Communications Commission.

ACA's mission is to ensure that history doesn't repeat itself.

ACA members will march the hallways of Congress with a clear message that small cable is best positioned to carry out Congress' and the Obama Administration's goal of making ubiquitous broadband a reality.

With passage of the American Recovery and Reinvestment Act of 2009 (ARRA), ACA has taken a pro-active role in helping determine how the National Telecommunications and Information Administration (NTIA) and the Rural Utilities Service (RUS) distribute \$7.2 billion in grants and loans designed to ensure that all Americans have access to the Internet over broadband facilities.

Independent operators already have the financial and technical experience running reliable, privately sustainable networks in small towns and rural areas—the places that are intended to benefit from these programs.

ACA believes the best way to achieve the laudable goal

of nationwide broadband deployment is by funding “middle mile” projects in “underserved areas,” and “last mile” projects in “unserved areas.” Many small broadband providers today have rural systems capable of providing download speeds as fast as 20 Mbps.

But these operators can offer only a fraction of this speed because their only connection to the Internet access point is through low-capacity pipes designed for a dial-up world.

ACA also thinks that the program should fund projects backed by entities that have demonstrated experience providing reliable and sustainable services in small markets and rural areas, and the program must not treat smaller entities unfairly.

Congress also needs to renew the SHVA this year. It appears likely that the House will pass a bill that would permit satellite TV giants DirecTV and Dish Network to expand local TV viewing options by giving their subscribers access to in-state local TV stations located in adjacent markets.

To ensure that all consumers may benefit from receiving enhanced local service, ACA believes that any new right given DBS operators to provide adjacent TV signals should also be given to small cable operators.

This would also make sure not to disrupt the competitive video market.

These issues are essential to small cable operators' ability to continue providing their communities with the best video, broadband, and phone services available, and they are being dealt with by Congress today.

ACA remains committed to addressing other issues, such as retransmission consent, whenever Congress is ready.

(Matt Polka is pres/CEO of the American Cable Association).



Matt Polka

CableFAX Daily will publish a special supplemental Mid-Day Report, June 11, profiling the winners of the Sales Executive of the Year Awards and the Sweet 16—with special mention of the 2009 Hall of Fame Inductees. For event information and list of Honorees go to: www.CableFAX.com/SEOY.

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