

CableFAX Daily™

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What the Industry Reads First

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Growing FiOS: Verizon's Newest Offering Shows 1Q Strong Gains

Verizon's FiOS is gaining ground, helping to offset the 408K primary consumer lines the telco lost in 1Q. Averaging more than 2K FiOS TV installs a day, the telco added 141K new video subs to bring the total number of customers on the roster to 348K. Things were even more promising on the Internet side, with FiOS Internet subs totaling 177K for the Q. "48% of our new FiOS Internet subs this quarter selected a minimum of 15Mb or faster service from us," said CFO *Doreen Toben*. Other findings: 60% of FiOS TV orders also include an order for FiOS Internet. While overall penetration for FiOS Internet is 16%, execs pointed several times to TX, where the video and Internet service has been available the longest and penetration is at about 34%. Four states have penetration rates over 20%, Toben noted. While FiOS Internet drew praise, regular DSL service slowed significantly in the Q to 239K adds. As projected, FiOS diluted earnings 11 cents/share in the Q, with execs projecting improved dilution over the course of the year. Overall dilution for the year is expected to be in the mid-30 cent range. **Verizon Wireless** continues to be a bright spot, adding 1.7mln subs in the Q. Investment firm **Stifel Nicolaus** doesn't foresee Verizon expanding margins at the same pace as AT&T over the next couple years, but it does think the telco will gain significant traction in FiOS and continue to lead the wireless industry. "We believe this combination will allow the company to continue to achieve greater top-line growth than its peers over the next several years, while positioning the company to be in a leadership role in both telco video and wireless, with relatively stable to slightly-expanding margins over that same timeframe," said a note to clients. For the Q, Verizon's net profit fell to \$1.5bln from \$1.6bln a year ago.

Team Building: Comcast continues to add properties to its RSN roster, this time completing a long-rumored deal to acquire **Rainbow Media's** stakes in **FSN Bay Area** and **FSN New England**. The mighty MSO scooped up a 60% interest in FSN Bay Area and a 50% stake in FSN New England for \$570mln in cash, landing full ownership of the latter (a **News Corp** affil owns the remaining 40% of the former). Meanwhile, Comcast continues to negotiate for the broadcast rights to the **NBA's Portland Trail Blazers**, with the overarching goal to launch a RSN in the northwest. **Sanford Bernstein** believes the Rainbow deal is a boon to both Comcast and **Cablevision**. Comcast adds cross-promotional options and a greater competitive advantage in Boston and San Francisco, where it's the incumbent cable provider, the firm said, and "in-region regional sports networks are all about bolstering the core cable business, not diversification away from it." As for CVC, the firm said "the deal could mark an incremental step towards yet another privatization bid," an opinion shared by **Oppenheimer**. "The Dolan family has clearly shown that it is interested in changing the ownership structure of the cable and Rainbow assets. It is just a matter of time, in our opinion," Oppenheimer told clients.

Sunshine for New Entrants: A bill granting the state of FL video franchising authority is on the fast track to Gov *Charlie Crist's* desk. The **FL House** approved Mon a Senate version that was ratified Fri and includes a com-



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promise on the issue of redlining. Buildout provisions are not included, but the state's attorney's general office is empowered to levy fines of up to \$15K/month on companies that purposely avoid serving a neighborhood because of residents' race or income. Gov Crist hasn't indicated his voting intention.

Online: New VOD movie service **Vudu** has inked deals with 7 major studios to bring more than 5K titles directly to consumers' TVs, without requiring a PC or multichannel TV subscription. When it launches, Vudu will rely on a broadband-connected set top that retails for \$300. It has deals with **Disney, Lionsgate, New Line, Paramount, 20th Century Fox, Universal Studios** and **Warner Bros.** -- **CBS TV** stations are entering the U-G content arena, and will use **Microsoft** "Silverlight" technology for a local initiative allowing users of station sites to view, upload, share, rate, comment, sort and search video, images, audio and text submissions.

In the States: **Bresnan** will launch free VOD channel **ExerciseTV** in July, bringing the VOD offering's sub base to 20mln+.

At the Portals: The **FCC's** Wireless Bureau completed its review of the advanced wireless services licenses won in last year's \$13.7bln spectrum auction and has granted all of the 1087 licenses, save one. (The exception has until Sept 29 to file for certification to qualify as a Tribal Land Bidding credit).

Programming: **MOJO** (formerly **INHD**) celebrates its name change with 3 series premieres this month: "I Bet You" (debuts Mon), "King of Miami" (Mon) and "The Show" (May 30). -- Reflecting its expanding breadth of services and content, **TV Guide Channel** becomes **TV Guide Network** on June 4.

Technology: **Sling Media** bowed a Mac-compatible version of its SlingPlayer, allowing customers to watch their home TV or Apple TV via Apple desktops and laptops.

Advertising: **DirecTV**, English digital interactive TV service provider **Weapon7** and media research agency **Media-Com** are teaming for a global interactive ad campaign for **Royal Dutch Shell**. Currently running on the DBS op is a short film designed to exhibit Shell's commitment to responsible energy, and with which DirecTV subs are encouraged to interact through a dedicated trailer.

Upfronts: The **History Channel's** slate of upcoming specials is headlined by "Stalking Jihad" (4Q), which investigates a **CIA** mission to track down Islamic terrorists in the Philippines, and "Lost Book of Nostradamus" (4Q), offering a look at a manuscript thought to be penned by the famous clairvoyant. The net is also ramping up original broadband content at **History.com**, including "Band of Bloggers" (3Q), in which American soldiers offer personal perspective through handheld video footage, and the "Young Indiana Jones Documentary Collection" (4Q), a cache of 94 historical docs featuring *Al Capone* and *Ernest Hemingway*.

VoIP: **Skype** and **Intel** are collaborating to tout Internet phone service, starting with an Intel-sponsored day of free global calling over Skype to US and Canadian customers on Mother's Day.

Research: It's no wonder many cable ops are aggressively pursuing the small- to medium- business market, as **Pike & Fischer** estimates that annual commercial revenues of \$10-\$11bln are likely by '12. But the firm also warns ops that expansion costs related to ordering, billing, and service rep salaries will escalate accordingly, and that strategic and prag-



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BUSINESS & FINANCE

matic planning is imperative going forward. In addition, P&F predicts that labor unions will increase efforts to gain access to cable workforces.

Public Affairs: Liberty Media created the **LibertyGives Foundation** to distribute funds to charitable orgs in the West, and plans to give \$250K this year in addressing the prevention, detection and treatment of medical problems of the homeless, indigent and uninsured. -- Reigning Miss America *Lauren Nelson* will star in a series of **Cox** PSAs and make appearances in Cox markets to educate parents and children about making safe and smart online choices.

Remembering Jack: Funeral services were slated for Tues morning in DC for former **MPAA** head *Jack Valenti*. As tributes pour in, check out **Retirement Living TV's** Feb sit-down with Valenti—thought to be the last full-length interview with the former movie lobbyist (<http://www.rl.tv>).

People: **Insight** appointed *Patrick Eltzroth* district vp, Columbus, OH. — **Cedar Point** tapped *Mark Tubinis* as CTO. -- *Guhan Selvaretnam* was named vp, **Turner's** new products group. -- **Comcast** appointed *Juan Otero* vp, govt and regulatory affairs, MI region. -- **Nat Geo** promoted *Char Serwa* to vp, production. -- **The Emma Bowen Foundation** appointed *Rita Torres* regional dir, Western region. -- **Comcast** promoted *Linda Hossinger* to svp, Three Rivers region.

CableFAX Daily Stockwatch

Company	04/30 Close	1-Day Ch	Company	04/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	46.13	0.13	AMPHENOL:	35.11	(0.39)
DIRECTV:	23.84	(0.05)	APPLE:	99.80	(0.12)
DISNEY:	34.98	0.00	ARRIS GROUP:	14.82	(0.67)
ECHOSTAR:	46.53	0.24	AVID TECH:	33.25	(0.73)
GE:	36.86	0.02	BLNDER TONGUE:	1.74	0.00
HEARST-ARGYLE:	26.63	0.27	BROADCOM:	32.55	(0.85)
ION MEDIA:	1.25	0.02	C-COR:	12.32	(0.33)
NEWS CORP:	24.00	(0.35)	CISCO:	26.74	(0.29)
TRIBUNE:	32.80	0.00	COMMScope:	46.65	(2.2)
MSOS					
CABLEVISION:	32.78	0.13	CONCURRENT:	1.54	0.02
CHARTER:	3.02	(0.18)	CONVERGYS:	25.26	0.18
COMCAST:	26.66	(0.27)	CSG SYSTEMS:	26.78	0.01
COMCAST SPCL:	26.40	(0.26)	GEMSTAR TVG:	4.44	(0.04)
GCI:	14.23	(0.36)	GOOGLE:	471.38	(7.63)
KNOLOGY:	18.26	(0.06)	HARMONIC:	8.27	(0.31)
LIBERTY CAPITAL:	112.97	(0.23)	JDSU:	16.48	(0.21)
LIBERTY GLOBAL:	35.89	(0.04)	LEVEL 3:	5.56	(0.2)
LIBERTY INTERACTIVE:	25.03	(0.33)	MICROSOFT:	29.94	(0.18)
MEDIACOM:	8.63	(0.15)	MOTOROLA:	17.33	(0.24)
NTL:	28.22	0.00	NDS:	51.57	0.07
ROGERS COMM:	38.16	0.14	NORTEL:	22.88	(0.37)
SHAW COMM:	38.75	(0.33)	OPENTV:	2.46	(0.01)
TIME WARNER CABLE:	36.82	0.30	PHILIPS:	41.04	(0.41)
WASH POST:	744.00	(0.19)	RENTRAK:	14.31	(0.19)
PROGRAMMING					
CBS:	31.77	(0.27)	SEACHANGE:	8.60	(0.15)
CROWN:	5.72	(0.09)	SONY:	53.26	(0.22)
DISCOVERY:	21.75	0.01	SPRINT NEXTEL:	20.03	(0.18)
EW SCRIPPS:	43.30	0.03	THOMAS & BETTS:	54.48	(1.31)
GRUPO TELEvisa:	28.05	(0.58)	TIVO:	6.41	0.03
INTERACTIVE CORP:	38.12	(0.66)	TOLLGRADE:	11.95	0.40
LODGENET:	34.08	(0.69)	UNIVERSAL ELEC:	28.30	0.64
NEW FRONTIER:	8.75	0.15	VONAGE:	3.07	(0.04)
OUTDOOR:	10.30	0.13	VYYO:	7.98	(0.03)
PLAYBOY:	9.79	(0.02)	WEBB SYS:	0.06	(0.01)
TIME WARNER:	20.63	0.02	WORLDGATE:	0.85	0.03
UNIVISION:	36.23	0.00	YAHOO:	28.04	(0.3)
VALUEVISION:	11.31	(0.28)	TELCOs		
VIACOM:	41.24	(0.61)	AT&T:	38.72	0.08
WWE:	17.01	(0.11)	QWEST:	8.88	(0.02)
TECHNOLOGY					
3COM:	4.03	(0.23)	VERIZON:	38.18	0.29
ADC:	18.40	(0.33)	MARKET INDICES		
ADVANTAGE:	4.20	0.00	DOW:	13062.91	(58.03)
ALCATEL LUCENT:	13.24	(0.09)	NASDAQ:	2525.09	(32.12)
AMDOCS:	36.71	(1.63)			



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As two recent items fade to memory, I offer one last thought about each and ask you to consider what they might mean to this business.

First, Imus. What does it say about radio and television, specifically cable,



Curtis Symonds

when Don Imus can spout racist, anti-Semitic garbage for years on our traditional media and still keep his job? But the minute some watchdog group

posts one of his rants on YouTube, and starts emailing it around, his ticket gets punched. Welcome to the Internet, Don, the world of the media carnivore. Don't let the door hit you on the way out.

I mean, this guy was on MSNBC for ten years, saying the same type of things that got him fired, and I don't ever remember hearing any complaints. In fact, the only time I heard anything about Imus was when one of his guests said something newsworthy.

Was Imus really a proverbial tree falling in the forest? I don't think so, because while his ratings weren't great, he still drew a few hundred thousand viewers each morning, not to mention millions of listeners.

I really think it had more to do with how Americans consume radio and

TV; that is, full throttle and without filters. We find something we like, then we sit there slack-jawed, as if to say, "Well heck, if it's on TV it's gotta be true," or "C'mon, that's Rush Limbaugh. He wouldn't lie to me."

The people who run this industry would do well to think about the fall of Don Imus. Was the fact that he got a get-out-of-jail free-card all these years a reflection on our medium? And if so, what does it say about the future of TV's role in American society when you increasingly see the Internet influencing culture and behavior as much, if not more, than television.

Is it the interactive nature of the Internet, or how that medium is able to combine entertainment, information and the sense of community, unlike ours?

And what's more, what happens when media buyers wake up and discover how much more inclined to act, and how much younger and more attractive the average Internet user is than the average TV viewer.

As we gather in Las Vegas, those at the highest levels would do well to ask each other those questions, and others.

One last item: Virginia Tech. Watching cable's coverage, I couldn't help but be struck by the sense of exasperation those directly involved with the tragedy developed with the media

covering it. Psychologists even came up with a name for it: a media hang-over.

And while I could write chapter and verse on how, for reporters, emotion now seems more important than facts, how objectivity regularly gets checked at the door, and how inserting one's self into a story now appears to be a corporate mandate, I won't.

Instead I offer our news networks this suggestion. When a nut runs onto the field in baseball, MLB and the networks have agreed he will not get shown on television; nor will the public ever learn his or her name.

Why can't we do that? I don't need to know anything else about one more loser who has destroyed countless lives. Why can't we agree that, unless there's a compelling reason to do so—one beyond money—we will simply report the killer's description and where he or she is from, and be done with it?

You want to fill air time? Tell me about the victims; tell me about the lives that won't get to be lived. Tell me about what is being done to ensure this won't happen again. But more than anything, Symonds says please tell me you won't be giving any more lonely, desperate losers craving 15 minutes of fame exactly what they want.

Curtis Symonds can be reached at curtissymonds@yahoo.com.

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