

CableFAX Daily™

Friday — July 24, 2009

What the Industry Reads First

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First Up: AT&T Hearts iPhone, U-Verse Keeps Growing

AT&T was 1st out of the gate Thurs with 2Q results. U-Verse TV results (248K adds) weren't shabby, but it was wireless that stole the spotlight. iPhone activations during the Q totaled a whopping 2.4mln, with wireless seeing 1.4mln net additions overall. On a day when the **Dow** soared to a high for the year, AT&T closed up nearly 2.6%. Of course, all that wireless growth meant continued wireline losses (access lines dropped by 921K or 12.1%), while enterprise suffered the most with no big turnaround expected this year. **Sanford Bernstein's Craig Moffett** described U-Verse video adds as a "touch light" (his firm had predicted 278K), but broadband adds of 112K were better-than-expected. "U-Verse is driving improvement and stability in our consumer business, as we expected," said CFO **Rick Lindner** during the company's earnings call. U-Verse penetration is in the double-digits across all eligible HHs, with penetration in the high-teens in places where marketing has lasted 18 months or more. The U-Verse broadband attach rate runs at more than 90%, with the U-Verse VoIP attach rate of about 65%, AT&T said. More than 75% of U-Verse customers take either a triple or quadruple play, Lindner said. AT&T feels good about U-Verse's contribution to broadband, noting that U-Verse high-speed Internet connections have nearly tripled over the past year to 1.6mln. U-Verse TV subs total 1.6mln. AT&T added 100K new subs through **DirecTV**, which took over **DISH's** role as AT&T's satellite partner Jan 31, but net satellite adds totaled just 5K. The 2Q increase in total broadband subs was 209K. Overall, AT&T reported a 2Q profit of \$3.2bln vs \$3.8bln a year ago. Revenue dipped to \$30.87bln from \$30.73bln. **Time Warner Cable** will be the 1st MSO to report results Wed. Cable ops have suggested the seasonally weak 2Q results will look more like 4Q's lackluster number's than 1Q's strong results. Such warnings could appease investors. "While there is unlikely to be a large upside surprise in Q2 (like what we saw in Q1), we think that the stocks will hold up as long as 1) Q2 trends are not as bad as Q4, and 2) sentiment regarding Q3 is more positive on the margin than Q2," said **Wachovia's Marci Ryvicker**. "Overall, we anticipate the tone of the satellite calls to be more positive than cable." Wachovia told clients that DISH is likely to beat consensus estimates given the substantial marketing and promotion over the last few months. Wachovia's predictions include 120K net sub loss and 1.9% churn.

VOD: Comcast is the 1st cable op to offer the full **HBO** On Demand service in HD. Initial offerings include "True Blood," "Entourage" and "The Dark Knight." -- June was the most-viewed month for VOD this year, delivering more than 589mln

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views and orders, according to **Rentrak**. There was an avg of 16.5 mins of VOD viewing a day per active unique STB.

Online: Maybe this is why *Bob Iger* didn't sound too excited about "TV Everywhere" at the **Cable Show** in May. The **Disney** pres/CEO told a media conference Wed that the company is developing an Internet service that would offer movies, TV shows, games and other content on a subscription basis. Disney already has some sites, such as kid Website Club Penguin, that charge monthly subscription fees. Iger's belief is that consumers will pay for premium Web content.

In the States: Not every job announcement is about pink slips. **Time Warner Cable** is adding 125 employees to its telemarketing dept in Milwaukee. -- **Massillon** deployed **Motorola's** DOCSIS 3.0- based BSR 64000 CMTS and the TX32 downstream module to deliver ultra fast Internet speeds and advanced services. -- Journalist/author *Jeff Jarvis* seems to have calmed down some after his **Cablevision** rant earlier this week (*Cfax*, 7/21). He has now penned a blog post advising cable companies on "how to handle an ass (like me)." Suggestions include abandoning the script and creating a service level agreement so customers know what to expect when they call. Read it at www.buzzmachine.com. -- The majority of **S-A** Web pages have been migrated to **Cisco** URLs in one of the longest brand transitions we can recall. Integration activities began in '06 when Cisco acquired S-A. Details here: <http://www.cisco.com/web/about/ac49/ac0/ac1/ac259/scientificatlanta.html>.

Twitter Time: 45% of advertisers believe **Twitter** will grow exponentially in the next few years, while 21% believe it won't move into the mainstream and is something young people and the media will primarily use. Another 17% believe Twitter's already over, while an additional 17% said they don't know enough about it to have an opinion. The stats came from a recent **LinkedIn Research Network/Harris Poll** of 1015 advertisers from agencies or corporations involved in ad decision making. 2025 US adults also were surveyed, and they were less keen. 69% said they don't know enough about Twitter to have an opinion; 12% said its at its infancy; 12% said it's something for the young and the media; and 8% said it's over and time to find the next big thing. [**Editor's Note: Don't forget about our Aug 13 Webinar on how cable can leverage Twitter. Sign up at http://www.cablefax.com/cfp/webinars/tweeting_cables_horn-2009.html].**

Wireless: **Cox** named *Tracy Nolan* vp, retail. Her hiring is leading up to Cox's introduction of wireless later this year. She'll manage all retail ops and sales strategy for current products as well as the new wireless portfolio. She has worked at **Verizon Wireless**, **Frontier Cellular** and was COO of **ACN**, the largest direct seller of telecom services in the world.

Peeping Problem: **ESPN** banned staffers from the *NY Post* from appearing on its programming after the paper ran photos from video showing reporter *Erin Andrews* nude in a hotel room. The peeping Tom video was apparently shot through a hotel peephole, with Andrews vowing to press criminal charges. While some other news outlets did run the photos, *Post* reporters are featured regularly on ESPN. "Erin was grievously wronged here, and while we understand the *Post's* decision to cover this as a news story, their running photos obtained in such a fashion went well beyond the boundaries of common decency in the interest of sensationalism. This is not a decision we undertook lightly, but we feel it is an appropriate one," said ESPN svp, comm *Chris LaPlaca*.

Research: Age isn't everything when it comes to tech adoption. While 10.4% of people under 45 use DVR, live TV and the Web to watch primetime programming during the course of a month, 9% of Baby Boomers do the same thing, according to a study from **Integrated Media Measurement**. The firm adds it found signs the non-tech Baby Boomers will catch up.

Programming: **TBS** ordered 20 more eps of "Tyler Perry's House of Payne," bringing the number of eps in the series to 172. -- **Comedy Central** will premiere series "The Jeff Dunham Show" Oct 22. His most recent stand-up special was the net's most-watched telecast of all time with 6.6mln viewers. -- The series debut of **Discovery's** "The Colony" Tues pulled in 1.7mln viewers, and ranked in the top 5 cable programs of the night for M25-54 (#3) and M18-49 (#4). -- **ION's** new fall lineup debuts Sept 7, with "Ghost Whisperer" at 8pm followed by "Criminal Minds" (9pm) and its 1st original series, "Durham County," at 10pm. -- **Spike** acquired the off-net rights to **NBC** minis "Meteor" and "The Storm," and will air the in Aug to promote new original series "Surviving Disaster."

Marketing: **Discovery** is teaming with **ReelzChannel** for half-hour feature, "Fascination with Fear: Spotlight" (Mon, 10:30pm). The Reelz special will promote Discovery's "Shark Week," which kicks off Aug 2. In addition to clips from Discovery's "Blood in the Water," the ep will rundown the silver screen's most memorable scary

BUSINESS & FINANCE

moments—from that “Psycho” shower scene to the T-Rex in Jurassic Park.

Advertising: Direct-to-consumer personal auto insurance company **Esurance** will sponsor Bollywood entertainment across **IFC** and Bollywood digital distributor **Saavn**. The deal includes a 13-week sponsorship of “Wake Up to Bollywood,” a special presentation of Bollywood films airing each Sun at 10am on IFC.

Honors: **WICT** Southern CA announced its LEA Award winners: **Time Warner Cable's Karla White** (Woman to Watch); **Fox's Todd Schoen** (Advocate Leader); **Cox's JoAnn Redden** (Woman of the Year); **Style** pres **Salaam Coleman Smith** (Lifetime Achievement) and **Lifetime's Nicole Siegel** (WICT Board Member of the Year). The awards will be presented Oct 8 at the Beverly Hills Hotel.

People: **NTN Buzztime** named **Kenneth Keymer**, a member of the company's board, to the newly created role of COO.

Business/Finance: **Pulse Broadband** completed an initial private placement capital round led by West Park Investors, with additional funding by **Broadband Venture Ptnrs**. Financial terms weren't disclosed. Led by pres/CEO **Bill Shreffler**, **Pulse** is a MO-based telecom provider serving rural markets.

CableFAX Daily Stockwatch

Company	07/23 Close	1-Day Ch	Company	07/23 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	34.24	0.65	ADC:	8.23	0.39
DIRECTV:	25.41	0.74	ADVANTAGE:	1.98	0.06
DISH:	16.70	0.21	ALCATEL LUCENT:	2.60	0.09
DISNEY:	26.80	1.42	AMDOCS:	23.68	0.62
GE:	11.95	0.32	AMPHENOL:	34.20	0.27
HEARST-ARGYLE:	4.50	0.00	APPLE:	157.82	1.08
ION MEDIA:	1.44	0.00	ARRIS GROUP:	13.54	0.54
NEWS CORP:	11.62	0.25	AVID TECH:	13.41	0.33
MSOS					
CABLEVISION:	18.96	0.27	BIGBAND:	5.45	0.08
COMCAST:	14.49	0.34	BLNDER TONGUE:	1.65	0.13
COMCAST SPCL:	13.66	0.06	BROADCOM:	29.18	0.56
GCI:	7.01	(0.14)	C-COR:	11.00	0.00
KNOLOGY:	8.52	0.02	CISCO:	21.90	0.45
LIBERTY CAPITAL:	14.66	1.21	CLEARWIRE:	8.00	0.08
LIBERTY ENT:	27.29	0.71	COMMSCOPE:	29.29	1.99
LIBERTY GLOBAL:	20.20	0.87	CONCURRENT:	5.23	0.06
LIBERTY INT:	6.16	0.09	CONVERGYS:	10.33	0.32
MEDIACOM:	4.80	0.14	CSG SYSTEMS:	14.01	0.09
ROGERS COMM:	42.97	0.00	ECHOSTAR:	14.91	0.15
SHAW COMM:	17.42	0.26	GOOGLE:	437.34	9.65
TELEWEST:	24.20	0.00	HARMONIC:	5.97	0.05
TIME WARNER CABLE:	33.27	1.02	INTEL:	19.48	0.34
VIRGIN MEDIA:	10.96	0.37	JDSU:	5.81	0.19
WASH POST:	402.58	9.25	LEVEL 3:	1.66	(0.01)
PROGRAMMING					
CBS:	7.80	0.51	MICROSOFT:	25.56	0.76
CROWN:	1.92	(0.03)	MOTOROLA:	6.59	0.19
DISCOVERY:	24.02	0.15	NDS:	62.93	0.00
EW SCRIPPS:	2.82	0.25	OPENTV:	1.30	0.01
GRUPO TELEVISA:	18.16	0.25	PHILIPS:	21.64	0.62
HSN:	10.57	0.01	RENTRAK:	19.76	0.44
INTERACTIVE CORP:	18.03	0.22	SEACHANGE:	8.90	0.37
LIBERTY:	29.04	0.98	SONY:	25.28	0.58
LODGENET:	4.10	0.13	SPRINT NEXTEL:	4.66	(0.12)
NEW FRONTIER:	2.19	0.01	THOMAS & BETTS:	26.52	0.57
OUTDOOR:	7.02	0.31	TIVO:	10.16	0.19
PLAYBOY:	2.39	(0.01)	TOLLGRADE:	5.60	0.35
RHI:	2.65	0.05	UNIVERSAL ELEC:	20.77	0.35
SCRIPPS INT:	31.49	0.37	VONAGE:	0.37	0.01
TIME WARNER:	27.88	1.09	YAHOO:	17.36	(0.01)
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	2.94	(0.03)	AT&T:	25.48	0.64
VIACOM:	25.57	0.80	QWEST:	4.04	0.12
WWE:	13.43	(0.01)	VERIZON:	31.27	1.14
TECHNOLOGY					
3COM:	3.78	0.02	MARKET INDICES		
			DOW:	9069.29	188.03
			NASDAQ:	1973.60	47.22

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