

CableFAX Daily™

Monday — July 26, 2010

What the Industry Reads First

Volume 21 / No. 142

Broadband Bonanza: Street Sees Big 2Q HSD Numbers for Cable

With **Verizon** adding only about 28K broadband subs sequentially in 2Q, the expectations for a broadbandtastic cable Q continue to rise. "It appears now... that cable operators might take more than 90% of the broadband net adds," **Collins Stewart** told clients—well above the 43% share it had previously projected. "Although this may reverse somewhat in 2H10 with telecom offering broadband promotions." Even if **Qwest** adds broadband subs in 2Q, the big 3 RBOCs will collectively lose broadband subs for the 1st time in history, noted **BTIG's Rich Greenfield**. "The RBOCs are busy upgrading DSL subscribers to FIOS Broadband (Verizon) and U-Verse Broadband (**AT&T**) subs as DSL is simply not fast enough in today's broadband world, while the cable industry has no such issues," Greenfield wrote on BTIG's blog Fri. "We believe consumers increasingly view cable broadband as superior, particularly in markets that do not have access to Verizon FIOS." FIOS did see gains for FIOS Internet service, adding 196K new customers in 2Q vs 185K in Q1. With FIOS Internet now open to about 12.9mln homes, penetration is now at 30%. On the video side, FIOS gained 174K subs. "This time last year FIOS made up about one-third of consumer revenue. FIOS revenues now represent more than 43%," Verizon evp/CFO **John Killian** said during the telco's earnings call. "Within consumer, the strength of our broadband and video products, together with our increasing scale, should continue to drive positive revenue and ARPU growth and offset the secular and competitive pressures in this part of the business." Greenfield expects **Comcast** and **Time Warner Cable** to report collective broadband additions of at least 150K, and sees **Cablevision**, **Charter**, **Cox**, **Insight** and **Mediacom** also reporting positive numbers. Collins Stewart's **Thomas Eagan** puts TWC's broadband gains at 76K and expects 15K for Cablevision. But it isn't all roses for cable. Collins Stewart expects video losses to be worse than last year, partly because the digital transition boosted numbers in the generally seasonally weak Q. Collins Stewart expects Time Warner Cable to post 110 basic cable losses vs 57K in '09. It sees a loss of 7K basics vs 9K last year for Cablevision. Both MSOs report Aug 5.

Verizon Earnings: **Verizon** reported strong results, with shares closing up nearly 4% Fri. "On almost all metrics, Verizon's results were in line or better," said **Sanford Bernstein's Craig Moffett**. Landline profit margins of 22.7% beat expectations and even grew since 1Q. It also netted 665K wireless subs under contract, better than the 495K contracts **AT&T** reported signing in the Q. A buyout of 11K workers swung the company to a loss of \$198mln. 2Q revenue declined 0.3% to \$26.8bln.

ADD OUR LINEUP TO YOURS.
IT'S TIME TO BRING IN MLB NETWORK®.

- ★ OVER 100 LIVE REGULAR SEASON GAMES
- ★ OVER 70 SPRING TRAINING GAMES
- ★ COVERAGE OF MLB DRAFT, ALL-STAR WEEK, HALL OF FAME INDUCTION
- ★ TRADE DEADLINE SPECIALS
- ★ BREAKING NEWS & EXPERT ANALYSIS ALL YEAR LONG
- ★ WINNER OF 4 SPORTS EMMY® AWARDS IN INAUGURAL YEAR

TO ADD 2,300 HOURS OF
LIVE PROGRAMMING AND
THE BEST LINEUP IN BASEBALL,
CALL (201) 520-6410 TODAY.



OUR NATIONAL
PASTIME
ALL THE TIME

MARKETING SOLUTION NO. 268

COMCAST GREATER BOSTON REGION DIGITAL NETWORK ENHANCEMENT FALL 2009 - PRESENT

CHALLENGE

As Comcast converted its analog channels in the Greater Boston region to digital, the company needed to educate analog customers about the new equipment required to continue viewing their favorite programs. The goal was to complement Comcast's advertising campaign with on-air messages that cut through the clutter and added new voices to the campaign.

SOLUTION

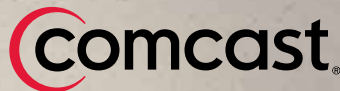
NBCU provided TV spots using talent from CNBC, Syfy and USA urging customers to be prepared for the upcoming Digital Network Enhancement. Comcast's message was delivered directly to viewers by their beloved celebrities.

RESULT

NBCU's contribution to the Comcast Digital Network Enhancement campaign helped to inform hundreds of thousands of customers about the big switch to digital.

"NBCU WAS THE FIRST PARTNER TO STEP UP. THEY LISTENED TO WHAT OUR OBJECTIVE WAS AND PROVIDED A VALUABLE ASSET TO HELP ACHIEVE IT."

MARK ADAMY
VP SALES AND MARKETING
COMCAST - GREATER BOSTON REGION



our networks work.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

Indy 5: NCTC and ACA's Independent Show kicks off its 5th year in Baltimore Mon, with attendance tracking above last year's 900+ attendees. Retrans and **Comcast-NBCU** will garner a lot of attention, but these independent operators are also very interested in authentication. "The little guys are the entrepreneurs still," said NCTC chief *Jeff Abbas*. "[The schedule] is centered around TV Everywhere kinds of concepts, from a technology standpoint, from a rights standpoint." It should be interesting because NCTC might serve as an aggregator for those Internet rights for some members. The show continues to be popular among exhibitors, with all 110 exhibitor spaces sold out. ACA and NCTC combined forces for the show, which used to be solely under NCTC's umbrella 5 years ago. ACA head *Matt Polka* said that the combo continues to work well. "This is a formula that works," he said. "Our show really does sort of bridge the history of the cable industry with the cutting-edge technology and policy issues of the present because of the independent nature of our show and the family aspect of our show... I think it combines the best of both worlds." Next year's show heads to San Fran.

In the States: PA is the latest **RCN** market to launch the **TiVo** Premiere box. It first debuted in DC in May. **Suddenlink** announced this month that it would also deploy the TiVo boxes, with launches planned for some markets in 4Q.

At the Portals: ACA is asking the **FCC** for a 2-week extension to reply to **Comcast-NBCU's** FCC filing this week rebutting complaints about the \$30bln deal. The current deadline is Aug 5. While we only saw the 300+-page redacted version, we're told the entire document is 599 pages.

On the Hill: FCC chmn *Julius Genachowski* testifies Tues when Senate Commerce holds a hearing on online privacy. Other witnesses include **FTC** chmn *John Leibowitz*, **AT&T's** *Dorothy Atwood* and reps from **Apple**, **Facebook** and **Google**.

Competition: Qwest on Fri launched its "Heavy Duty" broadband service featuring downstream speeds up to 40Mbps in some areas. The service includes free Qwest wireless service. Intro rates start at \$14.99-\$19.99 for 6 months, depending upon the state and where available. Rates after the 6-month intro period depend on the customer's overall service package.

ITV: QVC has selected **Ensequence** to develop and manage an iTV remote control shopping experience. It is expected to be ready for roll out in the first part of next year, said Ensequence sales vp *Jeff Siegel*. "It will allow you to sell multiple products at one time. What's in the marketplace today is really a single product, low-resolution, limited color solution," he said. Ensequence's QVC app will likely be used to sell 4 products via EBIF-enabled set-tops—most likely the product on screen, the deal of the day, the previous item and the upcoming product, Siegel said.

3DTV: Even as competitive pressures build, cable operators may want to move slowly with 3DTV, suggests a new report from **Heavy Reading** Cable Industry Insider. Research analyst *Craig Ledy* sees 3DTV opportunities, but "until the technology matures, technical standards are adopted, more content is prepared, and the consumer proposition is proven, cable operators have better service options to invest in and deploy than 3DTV... the installed base of 3DTV sets will take time to grow in order to provide a significant base for individual cable operators." More info at www.heavyreading.com/cable.

Advertising: **Ovation** picked **Invision's** DealMaker software to manage its ad sales operations.

Honors: In a first, **GLAAD** assigned an "Excellent" rating to a TV network, lauding **MTV** for the quantity, quality and diversity of its LGBT portrayals. Noting MTV's "rich history of challenging [audiences] to consider new perspectives," MTV gm *Stephen Friedman* called GLAAD's rating "incredibly gratifying."



Outside

TELEVISION

THE ONLY MULTIPLATFORM MEDIA COMPANY
TARGETING AMERICA'S 166 MILLION AFFLUENT
ACTIVE OUTDOOR ENTHUSIASTS.

FOR MORE INFO & TO VIEW ONLINE GO TO > OUTSIDETELEVISION.COM

CableFAX Week in Review

Company	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	37.14	6.21%	11.36%
DISH:	DISH	19.81	6.05%	(4.62%)
DISNEY:	DIS	34.13	3.33%	5.83%
GE:	GE	15.71	7.97%	3.83%
NEWS CORP:	NWS	15.01	6.15%	(5.72%)

Company	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	26.01	2.08%	0.74%
COMCAST:	CMCSA	19.32	4.21%	14.59%
COMCAST SPCL:	CMCSK	18.23	4.05%	13.87%
GCI:	GNCMA	8.55	9.62%	34.01%
KNOLGY:	KNOL	11.94	5.57%	9.34%
LIBERTY CAPITAL:	LCAPA	46.57	5.96%	95.02%
LIBERTY GLOBAL:	LBTYA	28.64	4.75%	30.84%
LIBERTY INT:	LINTA	11.72	6.16%	8.12%
MEDIACOM:	MCCC	7.26	7.88%	62.42%
RCN:	RCNI	14.94	0.47%	37.70%
SHAW COMM:	SJR	19.84	3.71%	(3.55%)
TIME WARNER CABLE:	TWC	57.06	5.47%	37.86%
VIRGIN MEDIA:	VMED	19.73	11.60%	17.23%
WASH POST:	WPO	425.41	(0.12%)	(3.23%)

Company	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	14.62	8.06%	4.06%
CROWN:	CRWN	1.89	6.18%	30.34%
DISCOVERY:	DISCA	36.97	5.66%	20.54%
GRUPO TELEVISIA:	TV	18.73	2.02%	(9.78%)
HSN:	HSNI	29.08	5.78%	44.03%
INTERACTIVE CORP:	IACI	23.99	6.62%	17.14%
LIBERTY:	L	37.17	4.53%	2.26%
LIBERTY STARZ:	LSTZA	53.80	3.07%	16.58%
LIONSGATE:	LGF	6.78	11.33%	16.70%
LODGENET:	LNET	4.15	22.42%	(24.95%)
NEW FRONTIER:	NOOF	1.58	(4.24%)	(16.4%)
OUTDOOR:	OUTD	5.37	10.95%	(7.41%)
PLAYBOY:	PLA	5.42	0.93%	69.38%
SCRIPPS INT:	SNI	41.00	1.46%	(1.2%)
TIME WARNER:	TWX	31.37	6.23%	7.65%
VALUEVISION:	VVTV	1.90	11.76%	(60.42%)
VIACOM:	VIA	37.60	3.81%	19.37%
WWE:	WWE	16.29	3.63%	6.26%

Company	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADC:	ADCT	12.56	0.32%	102.25%
ADVANTAGE:	AEY	2.75	3.78%	39.60%
ALCATEL LUCENT:	ALU	2.72	1.87%	(18.07%)
AMDOCS:	DOX	27.11	(4.17%)	(4.98%)
AMPHENOL:	APH	45.10	9.60%	(2.34%)
AOL:	AOL	21.02	1.30%	(9.71%)
APPLE:	AAPL	259.94	4.02%	23.35%
ARRIS GROUP:	ARRS	11.78	4.34%	3.06%
AVID TECH:	AVID	13.29	10.66%	4.15%
BIGBAND:	BBND	3.20	4.92%	(6.98%)
BLNDER TONGUE:	BDR	1.32	8.20%	15.79%
BROADCASTOM:	BRCM	37.76	4.92%	19.99%
CISCO:	CSCO	23.35	2.64%	(2.46%)
CLEARWIRE:	CLWR	6.75	3.69%	(0.15%)
COMMSCOPE:	CTV	26.65	7.68%	0.45%

Company	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
CONCURRENT:	CCUR	4.90	(3.16%)	23.74%
CONVERGYS:	CVG	10.69	4.80%	(0.56%)
CSG SYSTEMS:	CSGS	19.32	7.15%	1.20%
ECHOSTAR:	SATS	19.50	0.62%	(3.18%)
GOOGLE:	GOOG	490.06	6.63%	(20.96%)
HARMONIC:	HLIT	6.20	7.45%	(1.9%)
INTEL:	INTC	21.69	3.19%	6.32%
JDSU:	JDSU	10.95	7.88%	32.73%
LEVEL 3:	LVLTL	1.10	4.76%	(28.1%)
MICROSOFT:	MSFT	25.81	3.70%	(15.32%)
MOTOROLA:	MOT	7.75	3.33%	(0.13%)
RENTRAK:	RENT	25.65	1.38%	45.16%
SEACHANGE:	SEAC	8.81	(1.01%)	34.30%
SONY:	SNE	28.94	7.70%	(0.21%)
SPRINT NEXTEL:	S	4.69	2.85%	28.14%
THOMAS & BETTS:	TNB	39.80	12.88%	11.20%
TIVO:	TIVO	8.62	8.70%	(15.32%)
TOLLGRADE:	TLGD	6.31	0.16%	3.27%
UNIVERSAL ELEC:	UEIC	18.11	8.64%	(22.01%)
VONAGE:	VG	2.36	3.51%	68.57%
YAHOO:	YHOO	13.99	(6.11%)	(16.63%)

Company	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	25.54	3.44%	(8.88%)
QWEST:	Q	5.64	3.68%	33.97%
VERIZON:	VZ	28.02	4.98%	(15.42%)

Index	Ticker	7/23 Close	1-Week % Chg	YTD %Chg
MARKET INDICES				
DOW:	DJI	10424.62	3.24%	(0.03%)
NASDAQ:	IXIC	2269.47	4.15%	0.01%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS		
COMPANY	CLOSE	1-WK CH
1. LODGENET:	4.15	22.42%
2. THOMAS & BETTS:	39.80	12.88%
3. VALUEVISION:	1.90	11.76%
4. VIRGIN MEDIA:	19.73	11.60%
5. LIONSGATE:	6.78	11.33%

THIS WEEK'S STOCK PRICE LOSERS		
COMPANY	CLOSE	1-WK CH
1. YAHOO:	13.99	(6.11%)
2. NEW FRONTIER:	1.58	(4.24%)
3. AMDOCS:	27.11	(4.17%)
4. CONCURRENT:	4.90	(3.16%)
5. SEACHANGE:	8.81	(1.01%)

Most Powerful Women 2010 in Cable

CableFAX's

Who are cable's most powerful women executives?

Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November 2010 issue of CableFAX: The Magazine. Nominations are open to all cable operators, programmers, vendors and trade associations.

Nominations Due: Friday August 13, 2010
 Nominate Now at: www.cablefax.com/2010powerfulwomen

Questions: Jessica Clegg at jclegg@accessintel.com

Advertising Information:
 Debbie Vodenos, Publisher, dvodenos@accessintel.com or 301.354.1695
 Amy Abbey, Associate Publisher, aabbey@accessintel.com or 301.354.1629

Publication Date: November 2010