

CableFAX Daily™

Tuesday — July 28, 2009

What the Industry Reads First

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Still Growing: FiOS Posts 300K New Video Subs, Record Broadband Adds

Verizon continues to post solid gains for FiOS, with video adding 300K subs in 2Q and a record 303K FiOS broadband customers. "We are very pleased with our progress in FiOS. The financial model is working," said VZ evp, CFO *John Killian*. "The key point here is that we have been able to replicate the operational and financial success we experienced in the smaller early markets like TX across our newer and larger markets like the Potomac region, which includes VA and MD." Verizon FiOS now has 2.5mln video customers, surpassing 6th largest MSO **Bright House** (2.3mln), according to Dec '08 **SNL Kagan** estimates. Verizon has cut 8K jobs over the past 12 months and plans to cut at least 8K more in wireline (including contractors) in the 2nd half of the year. Those cuts, along with previously announced increases of \$5-10/mo for new FiOS customers or existing subs who come off contract, should help margins, Killian said. In June, Verizon announced the price increases, coupling the rates with faster Internet speeds (*Cfax*, 6/23). FiOS passed an additional 650K homes in 2Q (passing 13.8mln total). "We are on track to be substantially finished with the deployment by the end of 2010, which has positive implications for both capital spending and free cash flow," Killian said. Verizon plans to have FiOS available to about 70% of its telecom footprint following the spinoff of operations in 14 states to **Frontier**. As for whether cable is stealing small business customers, "We are seeing an economic impact in some shift to wireless. We think that we are holding share, and there has been, I guess I would call it at this point, limited impact due to cable competition," Verizon pres/COO *Denny Strigl* said. "But we will monitor that closely. We are focusing on our marketing message to small business customers. We are making sure the accounts that we have are covered with the proper level of sales team coverage. And... extending FiOS to multi-tenant units for small business customers is certainly in our game plan." Wireless was a highlight, with Verizon adding 1.1mln (shy of iPhone dealer **AT&T's** 1.4mln adds). Wireline's operating margin declined to 4.8% from 8.8%, with enterprise and wholesale hurting Verizon the most in 2Q. Overall, Verizon posted net income of \$3.2bln in the Q, down 7.2% from a year ago. Revenue rose 11% to \$26.9bln, helped by the purchase of Alltel.

Corporate Changes: NBCU upped *Jeff Gaspin* to chmn, TV Ent, adding oversight of **NBC Ent** and **Universal Media Studios** to Gaspin's duties in a move that consolidates all of the company's TV ent assets under one roof. Spurring the change was the announced departure of NBC Ent and Universal Media Studios co-chmn *Ben Silverman*, who will lead a new multimedia co that includes initial capital from **IAC** and aims to produce and distribute content across platforms globally. NBCU will continue to have a relationship with Silverman via the jv, through platform partnerships and a potential investment. Silverman will remain at NBCU for several weeks to assist with NBC's fall schedule launch.

Competition: Certain **Verizon** broadband and HSI subs now have free access to thousands of nationwide WiFi hotspots in venues including hotels, airports, restaurants and retailers (*Cfax*, 5/4). Yes, this is the same company that pooh-poohed rival Cablevision's WiFi service, which has now been used to access the Web more than 2mln times.

CableFAX

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Sponsorship Opportunities: *Debbie Vodenos* at 301-354-1695; dvodenos@accessintel.com
 Questions: *Saun Sayamongkhun* at 301-354-1610; ssayamongkhun@accessintel.com.

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Qualifying customers may log on to **Verizon.net** to download free software for access through hot spots that can be searched at the site. -- **AT&T U-verse Voice** launched in parts of FL counties Miami-Dade and Broward. Also, the telco said **U-verse TV** is now available to more than 1mln FL homes. -- **DirectTV** is offering 5 months free of its Premier Package (265+ channels and all premium channels) with the purchase of 5 months of **NFL Sun Ticket** (\$59.99/mo).

Carriage: **NBCU** is offering all multichannel ops the chance to freely offer **mun2** on Aug 12, when the net features a World Cup qualifier match between the US and Mexico. **DISH** and **DirectTV** agreed to provide the net to their entire sub bases, upping by 75% the net's distribution that day across the 2 DBS ops. Talks continue with cable MSOs and telcos.

Un'4chan'ate: The words "net neutrality" got thrown around Mon after **AT&T** Internet customers reported being unable to access 4chan, a highly trafficked imageboard site, over the weekend. Seeing as **Cfax's** IT dept would never let us venture near the murky world of 4chan, we'll rely on **CNet's** description: "4chan is sort of like the Internet's equivalent of a league of pirates, den of thieves, or whatever other sort of anarchic analogy you prefer." **CNet** reports that a fake story appeared briefly on **CNN's** iReport citizen journalism site alleging that **AT&T** CEO *Randall Stephenson* had been found dead of a cocaine overdose—apparently the work of angry, 4chan pranksters. **AT&T** said it didn't block 4chan because of content but because of an attack. Beginning Fri, an unnamed **AT&T** customer was impacted by a denial-of-service attack stemming from IP addresses connected to 4chan. "To prevent this attack from disrupting service for the impacted **AT&T** customer, and to prevent the attack from spreading to impact our other customers, **AT&T** temporarily blocked access to the IP addresses in question for our customers," the company said. "This action was in no way related to the content at img.4chan.org; our focus was on protecting our customers from malicious traffic." The telco said it removed the block overnight Sun after determining that the DoS threat no longer existed. It looked like 4chan users had declared a ceasefire Mon afternoon, with an associated site posting that "All rioting/war/protests have been suspended for the time being."

Shark Legislation: With its annual "Shark Week" programming stunt beginning Sun, **Discovery Channel** is joining with Sen *John Kerry* (D-MA) to promote shark protection and help end the illegal practice of shark finning. The net will run related PSAs throughout the stunt in partnership with **Ocean Conservancy**, and also push an online campaign at **Discovery.com** encouraging viewers to call their senators to support Kerry's efforts. Also, **Planet Green** is joining with Ocean and other orgs to launch "Blue August," a month-long multiplatform initiative spotlighting human impacts on marine life.

On the Hill: **NCTA** supports Rep *John Larson's* (D-CT) Community College Technology Access Act, which would provide expanded access to community college computer labs by offering up \$125mln in grants annually to colleges that meet requirements. In a recent letter to Larson, **NCTA** chief *Kyle McSarrow* said the bill could help bridge 1 barrier to broadband adoption: lack of familiarity with computer technology.

Indy Notebook: **ACA** bestowed the *Lyn Simpson* Grassroots Spirit Award on *Chad Winters*, manager of cable ops for **Cass Cable TV** in IL. During its member meeting, it also recognized **WOW!** as the recipient of its PAC Leadership Award. **Block Comm** chmn *Allan Block*, **NPG Cable** adviser *Doug Fuller*, **PatriotMedia** vp, admin (**Choice Cable**) *John Gdovin*, **New Wave** pres/CEO *Jim Gleason* and **GCI** vp, prod dev *Terry Nidiffer* were elected to 3-year terms to serve on **ACA's** board. -- Managed services provider **SinglePipe** unveiled its new logo and Website (www.singlepipe.net) at the show. The new design and tagline, "Connect to what's next," are intended to give the company a modern edge and showcase its ability to build connections. -- **IBBS** will provide triple-play services and expanded customer support to the more than 80K subs **Windjammer** acquired in July '08 from **Time Warner Cable**. **Windjammer** subs are among the 1st to use **IBBS's** commercial service portfolio, which was unveiled Mon. The offering allows ops to sell a full suite of integrated business solutions with support from **IBBS**, including hosted, value-added apps, such as email and collaboration with mobile sync, file storage and backup, managed firewall and VPN, and digital voice.

In the States: **Cox Business** launched in Northern VA its VoiceManager telephony platform that integrates desktop phones, PCs and wireless devices. -- The **SAG** board overwhelmingly recommended a successor agreement to the '06 Basic Cable Live Action Agreement covering original drama movies on basic cable. Slated to expire Jun 30, the tentative pact features effective annual increases for actors of 3% in year 1 and 3.5% in the 2nd in wages and 0.5% in pension contributions upon ratification. -- **Comcast Media Center** said more than 260 cable systems are using content delivered by its **HITS Quantum** SD service to help with bandwidth reclamation in launching HD and other advanced services.

Last one in
is a rotten reindeer.

Holiday
ROCK & ROLL
Bash 9



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BUSINESS & FINANCE

Marketing: AMC is promoting the return of "Mad Men" (Aug 16) with a series of **Eight O'Clock Coffee**-sponsored viral marketing and social media apps, including an online avatar creator, a quiz game that identifies which show character fans most align with and eCards featuring show characters.

In the Courts: DISH announced a victory over satellite signal piracy as the Supreme Court of British Columbia granted judgment and issued a permanent injunction against *Andrew Bate*, owner/operator of the leading piracy "forum" website www.ROM10X.com.

People: Comcast hired GM's dir, legislative and regulatory affairs *Joe Trahern* as sr dir, federal govt affairs, and former FCC commish *Jonathan Adelstein's* legal adviser *Rudy Brioché* as sr dir, external affairs and public policy counsel. Trahern will serve as one of Comcast's senior lobbyists focused on Congress and the Administration, and Brioché will focus on the development of the company's public policy positions and legislative analysis. -- RHI Ent appointed *Steven Selikoff* vp, series development.

Business/Finance: IAC launched video content play **Notional**. Conceived as an extension of **CollegeHumor.com**, Notional will be headed by the site's current editor-in-chief *Ricky Van Veen*. -- According to reports, Comcast led a \$7mln Series B round of funding for **Sportsblogs**, a network of 200 sports-related sites that drawing 3.5mln monthly uniques.

CableFAX Daily Stockwatch

Company	07/27 Close	1-Day Ch	Company	07/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	34.56	0.27	APPLE:	160.10	0.11
DIRECTV:	26.06	0.47	ARRIS GROUP:	13.47	(0.07)
DISH:	17.04	0.21	AVID TECH:	12.39	(0.13)
DISNEY:	26.45	(0.13)	BIGBAND:	5.52	0.11
GE:	12.32	0.29	BLNDER TONGUE:	1.60	0.02
NEWS CORP:	11.80	0.25	BROADCOM:	27.69	0.49
MSOS					
CABLEVISION:	19.20	0.05	CISCO:	21.84	(0.04)
COMCAST:	14.89	0.39	CLEARWIRE:	8.01	0.10
COMCAST SPCL:	14.00	0.37	COMMSCOPE:	27.33	(1.2)
GCI:	6.93	(0.07)	CONCURRENT:	5.45	0.18
KNOWLEDGE:	8.66	0.06	CONVERGYS:	10.50	0.11
LIBERTY CAPITAL:	14.87	0.55	CSG SYSTEMS:	14.34	0.30
LIBERTY ENT:	27.85	0.36	ECHOSTAR:	14.98	(0.02)
LIBERTY GLOBAL:	21.14	0.87	GOOGLE:	444.80	(1.92)
LIBERTY INT:	6.24	0.04	HARMONIC:	6.11	(0.03)
MEDIACOM:	4.71	(0.07)	INTEL:	19.47	0.11
SHAW COMM:	17.55	0.16	JDSU:	5.80	0.05
TIME WARNER CABLE:	34.42	1.00	LEVEL 3:	1.71	0.01
VIRGIN MEDIA:	11.17	0.05	MICROSOFT:	23.11	(0.34)
WASH POST:	410.41	2.53	MOTOROLA:	6.74	0.16
PROGRAMMING					
CBS:	8.05	0.22	OPENTV:	1.31	(0.01)
CROWN:	2.00	0.07	PHILIPS:	21.55	(0.37)
DISCOVERY:	24.06	0.07	RENTRAK:	19.07	0.01
EW SCRIPPS:	3.71	0.25	SEACHANGE:	9.00	(0.01)
GRUPO TELEVISIA:	17.53	(0.5)	SONY:	24.78	(0.6)
HSN:	10.46	(0.18)	SPRINT NEXTEL:	4.55	0.03
INTERACTIVE CORP:	18.05	0.14	THOMAS & BETTS:	26.27	(0.12)
LIBERTY:	29.73	0.39	TIVO:	10.42	0.05
LODGENET:	4.27	0.24	TOLLGRADE:	5.60	0.25
NEW FRONTIER:	2.20	0.00	UNIVERSAL ELEC:	20.65	(0.42)
OUTDOOR:	7.40	(0.1)	VONAGE:	0.41	0.00
PLAYBOY:	2.41	0.04	YAHOO:	17.00	(0.48)
RHI:	2.91	0.08	TELCOS		
SCRIPPS INT:	31.47	(0.05)	AT&T:	25.73	0.28
TIME WARNER:	27.60	0.02	QWEST:	4.00	0.01
VALUEVISION:	2.98	0.00	VERIZON:	31.00	(0.5)
VIACOM:	25.60	0.14	MARKET INDICES		
WWE:	13.13	(0.1)	DOW:	9108.51	15.27
TECHNOLOGY					
3COM:	3.73	0.07	NASDAQ:	1967.89	1.93
ADC:	8.03	(0.23)			
ADDVANTAGE:	1.84	0.00			
ALCATEL LUCENT:	2.49	(0.05)			
AMDOCS:	23.78	(0.06)			
AMPHENOL:	34.37	(0.32)			



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MaxFAX...

Hot Times @ Grapevine...

Landed at DFW—remembered why I moved to Colorado right away.

“It ain’t the heat, it’s the humidity,” as they say hereabouts.

Actually, it’s both.



Paul S. Maxwell

Went to college near here—in Dallas.

A little bitty part of this sprawling airport was once part of my Grandfather’s ranch...

A little bitty part towards Arlington.

Rode fence there as a kid.

Am here sheltered from the heat, humidity and rain in another truly weird Gaylord Hotel (strange, fake versions of what’s outside) for the Independent Show—sort of a back to the roots of cable experience.

I think every member of the executive committees of the Top 10 cable MSOs should come (a few do—those that buy thru the **National Cable Television Coop**).

It’s the NCTC plus the **American Cable Association** that comprise the show... and I like it.

Reminds me a bit of the old Texas Show (which, along with the Western and the New England made up the best of the shows—and if they all still existed might just have prevented the statewide franchising “successes”).

Got here Sunday...

The ACA had a board meeting (lots on their plates) while a variety of meetings went on (including one

with our friend *Stan McGinnis* talking about piracy with a group of CFOs).

Great “homecoming” reception to set the tone: sort of a cautiously optimistic tone.

The worries center around the usual: scale... or, rather, the lack thereof.

For example, “TV everywhere” really can’t be “everywhere” when your mass consists of just a few thousand subscribers.

Jeff Abbas and *Matt Polka* host a great show that concentrates on what’s real today.

Other hallway topics have included satellite competition, Washington politics and the sea-change underway, stimulus funds and the restrictions, marketing on the cheap, money and an interesting question:

Just how “over-the-top” is over-the-top?

And, what about “competitive cable” companies?

And, what about survival?

Meanwhile, round one of the application process for broadband stimulus funds ends in just a couple of weeks...

And, if you read the “Notice of Funds Available” and their requirements... well, you just might punt.

(Although, if you proceed, we can help—see below).

Coming up later this week, the great *Seth Arenstein* comes and presents the **CableFAX Independent Op of the Year Award...**

Golf at the Dallas Cowboys

Course...

A Cattle Barons’ Ball and more.

Random Notes:

• **Leo on HuffPost:** It doesn’t happen very often, but our old friend *Leo Hindery* sometimes posts to his blog... here’s one: http://www.huffingtonpost.com/leo-hindery-jr/hey-what-about-cit_b_241458.html. Always an interesting take.

• **Congrats:** To **NBCU’s Jeff Gaspin**... nice guy, right job. A reverse takeover of the broadcast side? Shows how so-called “cable” networks are growing dominant.

• **Stimulating Applications?** In partnership with **American Roamer**, we (**MediaBiz**) can generate the maps you need to have when you file... along with the competitive data you’ll need to show as you ask the government for stimulus funds. American Roamer tracks wireless (3G, 4G and most WiMax) propagation data and is the premier supplier of maps. Jointly, we can create county-wide maps at the Census Block Group level to append to your applications... along with tabular data showing availability at the same level. If you need maps for your application... send us an email at info@mediabiz.com... someone will respond right away.

Paul Maxwell

T: 303/271-9960

F: 303/271-9965

maxfax@mediabiz.com