

CableFAX Daily™

Tuesday — July 29, 2008

What the Industry Reads First

Volume 19 / No. 145

Digital Disclosures: Small Ops Discuss Their DTV Maalox Moments

When it comes to the DTV transition, expect the unexpected. Mon's Independent Show panel on the Feb 17 analog cutoff offered evidence of some of the types of surprises operators are facing. **Eagle Comm's Gary Shorman** described how his company happened to find out through the media that 2 broadcasters in Eagle's markets are planning to switch to digital early, within the next few weeks. "There was no information sent out to us to make this happen, so now we're scrambling," Shorman said. "We tend to have a good relationships with most of our broadcasters. I don't think they want to lose their customers either. But in the process, they are so tied up in trying to get their end of this done, sometimes out on our side, they are forgetting about" what cable ops have to do. An audience member relayed a similar tale: his company found out through media that several area broadcasters would turn off analog signals temporarily to let viewers test whether they needed to take action to get signals after Feb. But the test was confusing because the cable operator isn't currently carrying the digital signal but will carry it on Feb 17. Then there are companies like **Massillon**, which has committed to take all of its systems digital by that Feb 17 deadline. While PSAs from the **NCTA** and others tell consumers that cable has them covered, Massillon has to "somehow counter that and say, 'That's true everywhere but here. If you live here, you need to have a digital box on every set,'" said Massillon's **Bob Gessner**. Massillon, which is using boxes from **Evolution Broadband** to facilitate its transition, plans to inundate customers with its DTV messaging to ensure no one misses out on getting a box. Included is a program to deliver 25 messages to a sub in 28 days if they don't respond, Gessner said. Massillon is also trying to arrange a DTV meeting involving cable ops and broadcasters in the Cleveland market. **Buckeye's Pat Deville** said his company is in pretty good technical shape for the transition, so it is now focusing on the marketing side. Brochures that will go out to customers are being included in employees' Aug paychecks to familiarize them with the messaging. Buckeye sees an opportunity to gain subs, with those efforts ramping up in Sept. Buckeye's owner thinks the company should be able to increase its sub base by about 6.7%, which Deville described as "aggressive, but that's not to say it won't happen." At **Suddenlink**, execs have created a DTV transition team in 4Q with a database of information about broadcasters in all of its markets (an upside is that the same database is being used for retrans negotiations). "At this point, we have ordered all the equipment for 250 headends," said svp, programming **Patty McCaskill**. "There are a lot of broadcasters that haven't figured out what they're going to do and when they're going to do it."

Tough All Over: Verizon joined **AT&T** in reporting dismal 2Q broadband numbers, escalating concerns over the US broadband industry's potentially smoking brakes and sending shares of all the major telcos, cable MSOs and DBS ops notably lower amid a widespread Mon selloff. Included in the undertow: **AT&T** (-2.5% to hit a 52-wk low); **Cablevision** (-3.9%); **Comcast** (-3.7%) and **DirecTV** (-3%). Verizon added 187K **FiOS Internet** subs (-29% sequentially) but lost a net 133K **DSL** customers—the 1st such dip ever reported by a major US telco, according to **Sanford Bernstein**. Comcast

WE'RE PUTTING THE "REAL" BACK INTO REAL-LIFE.
Put the REAL POWER of truTV to work for you!

truTV
NOT REALITY. ACTUALITY.™

Go to TurnerResources.com

© and TM 2008, truTV. A Time Warner Company. All Rights Reserved.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.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, 240/753-5696, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist.Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

will provide an early indication of how these results have impacted cable when it reports earnings Wed. "Although cable will likely benefit from the DSL declines, we're concerned about overall data broadband growth," wrote **Collins Stewart** analyst *Thomas Eagan*, who forecasts sequential declines in net data adds for Comcast (-33%), **Time Warner Cable** (-37%) and Cablevision (-25%). Although Verizon pres/COO *Denny Strigl* said the broadband market is definitely maturing, "it is clear that demand for higher speeds and more bandwidth is increasing." The telco's total line loss of 920K is "higher than what we had been geared for," said Strigl, and can be attributed to cable competition and wireless substitution. He said the telco's 176K net video adds (-33% sequentially) stemmed mainly from decreases in promotion, marketing and advertising, which will all ramp in 3Q. Also expected to help is **FIOSTV's** roll out in NYC, which began Mon in parts of each of the city's 5 boroughs. Verizon plans to pass by YE 30% of the 3mln area HHs covered by its franchise, including 2mln MDUs. While Verizon CFO *Doreen Tobin* touted FiOS TV-related financials, including better-than-expected cost/home passed, Sanford Bernstein analyst *Craig Moffett* argued: "That FiOS is already seeing a sequential deceleration is a startling development." He added that Verizon "continues to hemorrhage access lines at a stunning rate."

Independent Show Notebook: One of the reasons **NAB** has a successful lobbying machine is that every member of Congress knows their local broadcast gms. **ACA** is hoping to get lawmakers just as familiar with independent cable ops, planning state meetings with ACA members to drive home local issues, said *Rhod Shaw* of the **Alpine Group** lobbying firm. Alpine's *Ansley Erdel* noted that the election year presents a unique opportunity with members in their home districts for several months. She urged members to try and get lawmakers to their offices or out to visit headends because it will make a lasting memory. -- *Chris Cinnamon* of **Cinnamon-Mueller** said everyone should pay close attention to the **FCC's** handling of the complaint against **Comcast** for its broadband practices. "There is some indication that there are some network management practices that the FCC will prohibit" when it votes on the order Fri, he said. "That should concern us—the implications of creeping govt regulation on how you rollout, offer and manage your broadband services." -- Nowhere was the Indie Show's huge attendance more evident than during the exhibit floor's opening hours Mon afternoon. Traffic was heavy, and swag was plentiful. "It's evidence that in the 3rd year of the [combined **NCTC** and **ACA**] show, it's popped," said ACA's vp/COO *Rob Shema*. "We think it's only going to continue to grow" when cable goes to the 2-week activity period in '09, he added. Among the floor's early favorite spots were **Fox Cable's** soccer balls, **Ion's** massage tables, **The Sportsman Channel's** wheel of fortune and **Rainbow's** life-size cutout of Emmy nominated actor *Jon Hamm* as "Mad Men's" Don Draper. Imagine, the quintessential ad exec assisting Rainbow's advertising.

Competition: After beginning to transmit all of its HD programming in MPEG-4 this week, **DirectTV** will launch 30 additional HD nets starting Aug 14. **Planet Green**, **ABC Family** and **Showtime Extreme** inhabit a list that will bring to 130 the number of HD nets offered by the DBS op. Separately, DirecTV plans to roll out 44 new HD local channel markets by year-end in markets such as Chattanooga and Baton Rouge. -- **FairPoint Comm** has selected **Cisco** as a primary solutions provider for its New England IP/MPLS broadband initiative.

Promotional Play: HDTVs are so passe. **Comcast** has inventively upped the promotional ante by announcing a partnership with **Nintendo** to offer a free **Wii** gaming console to certain new triple-play customers who sign up by Aug 17. Qualifying packages include phone, digital cable and HSD with PowerBoost, and a 2-yr contract is required. **[For some analysis, go to www.cablefaxcontentbusiness.com]**

EXCLUSIVE MOVIES

RED Now on VOD
Exclusive Sneak Previews Every Month
Only thru HDNet Ultra VOD
HDNet Movies Premiere Wednesday, August 6TH 8PM ET

"Riveting"

- The Hollywood Reporter

HDNET MOVIES

SNEAK PREVIEW

Call Bill Padalino at 973-835-3780 or bpadalino@hd.net to add HDNet and HDNet Movies to your HD line-up today.

BUSINESS & FINANCE

Carriage: Cablevision bumps its HD lineup to 60 channels this week with the addition of 15 nets including **AMC**, **Discovery** and **Fox News**. -- **Jet-Broadband** has agreed to launch **ION Media Nets**' channel suite in Richmond and Roanoke, VA. -- **Comcast Media Center** has inked transport pacts for its **HITS Quantum** service covering 14 additional HD nets.

Online: All 17 of **NBC's NFL** telecasts will be streamed live at **NFL.com** and **NBCSports.com** this season, a 1-year experiment to help the league gauge fan viewing habits. "Sunday Night Football Extra" will include additional camera angles, in-game studio updates from NBC's broadcast team and picture-in-picture tech.

VOD: Verizon's **FiOS TV** launched **Si TV's** "Model Latina" and "Jammin" on VOD, and **Time Warner Cable** will bow the former series in early Aug.

Public Affairs: **Discovery Comm**, the **Siemens Foundation** and the **NSTA** have joined for the "Siemens We Can Change the World Challenge," a national K-12 sustainability education initiative to educate, empower and engage students, teachers and communities in environmental sustainability. The challenge aligns to state education standards and launches in Sept at the national middle school level.

People: **WWE** appointed **John Saaboor** svp, special events. -- **Scripps Nets** appointed **Sarah Cottay** vp, development, **SN Digital**.

CableFAX Daily Stockwatch

Company	07/28 Close	1-Day Ch	Company	07/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
AMDOCS:	29.87	(0.12)	AMPHENOL:	47.80	(0.49)
BRITISH SKY:	34.96	(1.24)	APPLE:	154.40	(7.72)
DIRECTV:	25.98	(0.79)	ARRIS GROUP:	8.83	(0.24)
DISNEY:	30.50	(0.6)	AVID TECH:	22.65	1.27
ECHOSTAR:	27.90	(0.48)	BIGBAND:	3.87	(0.34)
GE:	27.69	(1.02)	BLNDER TONGUE:	1.10	(0.02)
HEARST-ARGYLE:	19.90	(0.11)	BROADCOM:	23.12	(0.25)
ION MEDIA:	1.44	0.00	C-COR:	11.00	0.00
NEWS CORP:	14.18	(0.74)	CISCO:	21.98	(0.45)
MSOS					
CABLEVISION:	20.65	(0.84)	COMMSCOPE:	49.17	(1.42)
CHARTER:	1.01	(0.13)	CONVERGYS:	12.45	0.55
COMCAST:	18.90	(0.72)	CSG SYSTEMS:	17.43	(0.27)
COMCAST SPCL:	18.81	(0.69)	ECHOSTAR HOLDING:	32.06	(0.36)
GCI:	8.97	(0.01)	GOOGLE:	477.12	(14.86)
KNOLOGY:	10.21	(0.91)	HARMONIC:	9.64	(0.04)
LIBERTY CAPITAL:	15.26	(0.21)	JDSU:	10.80	(0.14)
LIBERTY ENTERTAINMENT:	23.65	(0.25)	LEVEL 3:	3.26	0.14
LIBERTY GLOBAL:	27.62	(1.25)	MICROSOFT:	25.50	(0.66)
LIBERTY INTERACTIVE:	13.30	(0.39)	MOTOROLA:	7.08	(0.17)
MEDIACOM:	5.58	(0.24)	NDS:	57.44	(0.08)
SHAW COMM:	21.44	(0.3)	NORTEL:	7.00	(0.2)
TIME WARNER CABLE:	25.54	(0.8)	OPENTV:	1.81	(0.09)
VIRGIN MEDIA:	10.43	(0.68)	PHILIPS:	32.98	(0.89)
WASH POST:	590.00	(12.01)	RENTRAK:	14.16	(0.15)
PROGRAMMING					
CBS:	16.57	(0.46)	SEACHANGE:	7.18	(0.53)
CROWN:	3.99	(0.36)	SONY:	39.93	(0.88)
DISCOVERY:	20.41	(0.74)	SPRINT NEXTEL:	8.46	(0.28)
EW SCRIPPS:	7.34	(0.12)	THOMAS & BETTS:	40.93	0.05
GRUPO TELEVISA:	22.54	(0.09)	TIVO:	7.54	(0.13)
INTERACTIVE CORP:	17.26	(0.52)	TOLLGRADE:	4.89	0.12
LIBERTY:	42.55	0.63	UNIVERSAL ELEC:	22.10	(1.4)
LODGENET:	3.48	(0.45)	VONAGE:	1.46	(0.04)
NEW FRONTIER:	3.25	0.05	WEBB SYS:	0.03	(0.01)
OUTDOOR:	6.77	(0.03)	WORLDGATE:	0.30	0.00
PLAYBOY:	4.90	(0.35)	YAHOO:	20.12	(1.01)
RHI:	12.50	(0.05)	TELCOS		
SCRIPPS INTERACTIVE:	40.04	(0.6)	AT&T:	30.63	(0.77)
TIME WARNER:	14.16	(0.45)	QWEST:	3.52	(0.03)
VALUEVISION:	3.11	0.03	VERIZON:	33.60	(0.85)
VIACOM:	30.00	(0.59)	MARKET INDICES		
WWE:	16.70	0.06	DOW:	11131.08	(239.61)
TECHNOLOGY					
3COM:	1.84	(0.15)	NASDAQ:	2264.22	(46.31)
ADC:	9.79	(0.61)			
ADDVANTAGE:	2.76	0.01			
ALCATEL LUCENT:	5.76	(0.41)			

Fill up your wallet with FREE gas at

AmericanLife

TV NETWORK

Stop by Booth 8 for a chance to win a \$200.00 gas card!

TOP OPS

As The Independent Show begins in Orlando (July 27-30), **CableFAX: The Magazine** has named **WOW!** its Independent Operator of the Year and **Insight** its top MSO. Excerpts from profiles of WOW!, Insight and other indie and MSO winners appear below. [Find the magazine at: <http://www.cable360.net/features360/cfax-mag/30873.html>]

Independent Operator of the Year: While it competes with **Comcast** and **Time Warner Cable** in 4 markets, WOW!'s customer base has risen 34% since '02, when pres/CEO *Colleen Abdoulah* joined. The growth stems from being "obsessively focused on the employee and customer experience," she says. Abdoulah says when employees are empowered, superior service results. The market agrees—WOW! received a 98% satisfaction rating from customers.

Indie Marketer of the Year: *Jerry McKenna* gets the nod because he championed **Cable One's** successful forays into digital cable, broadband and phone and gained oversight of its newly combined sales and marketing force.

Indie System Exec of the Year: **BendBroadband** pres/CEO *Amy Tykeson* says the cable business is all about flexibility; she should know. Tykeson is a terrific hybrid. Firmly ensconced in the independent camp, Tykeson's knowledge and speaking ability have put her in the national spotlight.

Indie Strategic Thinker of the Year: Don't play chess with *Patrick Knorr*. The GM of **Sunflower Broadband** usually thinks 3-4 moves ahead of everyone else, **ACA** vp/COO *Rob Schema* says. The result: a tech profile that big MSOs envy.

Indie Community Service: We had a tie here as we honored **Advanced Cable** of FL and **Massillon Cable** of OH, 2 indie ops whose dedication to community service has not only been effective, but consistent. Both stage annual events raising money and awareness for local causes.

Indie Lifetime Achievement Award: True, *Steve Weed* looks too young to merit a lifetime achievement nod, but looks deceive. The **Wave Broadband** CEO is a Cable Pioneer who helped guide ACA through the '96 Telecom Act and he continues driving cable technology.

MSO of the Year: Insight's '07 record numbers for basic subs, telephone, Internet and cash flow were award winning. But how Insight achieved them—making radical changes and focusing rigorously on the basics, including basic subs—is the real story.

MSO Sales Team of the Year: It would have been a sexier story to write that the **Charter** Business team performs magic every day as it sells voice, video and high-speed access to business customers. The reality is that the unit's award-winning growth is linked to focus, on many levels.

MSO Comeback Executive of the Year: "It's been *Rocco Commisso's* year," a cable exec says. We wouldn't disagree. With **Sinclair** behind him, the **Mediacom** chief has seen basic subs grow, rises in revenue and cash flow and shares soar 20% in Q1.

MSO Tech Innovator of the Year: VP *Pragash Pillai* helped develop **Bresnan's** "fast follower" tech strategy. It has worked. The MSO is pushing several analog plants into the digital era.

MSO Best Community Service (System): **Cox's** well-deserved reputation for community service is clearly demonstrated on the system level by Cox AZ and its statewide TV channel Cox 7. The 2 emphasize coverage of issues related to youth and education.

MSO Lifetime Achievement Award: OK, we're biased, but wasn't it great seeing *Ralph Roberts* walking the Cable Show floor in New Orleans, nattily dressed, with a smile a mile wide? But **Comcast's** patriarch wasn't just schmoozing. Ralph's still a guiding light at Comcast, and the company's conscience.

OUTDOOR CHANNEL HD
America's Leader In Outdoor TV

**THE GREAT OUTDOORS
NEVER LOOKED SO GOOD!**

www.outdoorchannel.com