4 Pages Today

CableFAX D

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What the Industry Reads First

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Tech-tosterone: Cable's Advanced Services Focus Powering Tech Firms

For video delivery solutions provider Harmonic, cable ops and Comcast in particular have proved quite a boon to business. As Harmonic's top client, Comcast represented 16% of the co's total 2Q rev of \$96mln and helped its shares surge nearly 17% Fri on robustness among many of the cable industry's foremost initiatives. "We see broad opportunities in cable. We continue to see good opportunities in high definition encoding, stream processing... [and] activity around the convergence," said Harmonic pres/CEO Patrick Harshman during a conference call. "We think our cable customers are doing very well." Indeed, as Comcast delivered solid 2Q results Wed, myriad tech providers are enjoying the ride. "Competitiveness amongst our customer base, growing HD content and channel offering and on-demand services are all contributing to network expansion," said Motorola co-CEO Sanjay Jha during a conference call. Or take Broadcom, which reported nearly 15% sequential growth in its broadband comm segment owing to increased demand for digital set-tops, digital TV and broadband access equipment. And though Arris' CMTS shipments cooled in 2Q, the co has enjoyed big business from Time Warner Cable and others for DOCSIS 3.0 upgrades, and chmn/CEO Bob Stanzione sees the upward momentum continuing. Adoption of all this new tech doesn't ensure success across the cable board, of course, but it does importantly underscore consumer demand for advanced services. As a result, several tech execs foresee notable growth in many of the areas on which cable is focused, be it HD and wideband expansion or satisfying the rising consumption of online video. "In media, online video is creating real business opportunities for customers... there's little doubt that the migration online is happening at an accelerated pace," said **Akamai** pres/CEO Paul Sagan in discussing the co's quarterly results. Added CommScope chmn/CEO Frank Drendel during a call: "The need for bandwidth at home, at the office and for the mobile consumer has grown at astounding rates." CommScope said its Antenna, Cable and Cabinet Group achieved significant sequential sales growth from US ops' ramping investment in next-gen wireless and wireline comm infrastructure. Several companies also noted a marked uptick in cable demand for switch digital video equipment and IP video solutions. "I want to highlight, here in particular, increasing cable industry momentum towards converged IP video services, using the MPEG-4 AVC standard," said Harmonic's Harshman. "Exactly how fast these services will be rolled out and in the investment behind that, I think we're still waiting to see." Cable ops and nets may just make the wait worthwhile.

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Look at Mr Lee: It's official. Paul Lee is the new pres of **ABC Ent Group**, where he'll have oversight of both the network and the studio. Lee joined ABC 6 years ago as pres of **ABC Family**, which he has built up as a destination for Millennials with popular originals like "The Secret Life of an American Teenager." Disney promised an announcement on his replacement at ABC Family in the near future. Names being thrown around include ABC Fam programming chief *Kate Juergens* for obvious reasons and **SOAPNet**'s *Brian Frons*, who will see his channel migrate from soaps to pre-k programming when it morphs into **Disney Junior** in '12. Former **Lifetime** chief *Andrea Wong*'s name has even been whispered by some. "I'm proud of everything we achieved at ABC Family, and I'm looking forward to working with another great team at ABC Entertainment Group to bring even more compelling stories to viewers," Lee said.

Broadband Bartering: Are we moving closer to legislation that could prevent Title II broadband reclassification? After meeting 3 times during the week, the gang (**NCTA**, **AT&T**, **Verizon**, **Google**, **Skype** and the **Open Internet Coalition**) were slated to meet Sat to talk more about a net neutrality compromise that could head off reclassification. Why a weekend meeting? We're not sure, but it might be because DC in notorious for shutting down in Aug for summer break. "We believe there's a decent chance a deal could be struck, but we stress that major open issues remain on key details and the timing of an announcement," **Stifel Nicolaus** said, pointing to the difference over whether or how wireless should be covered and details on nondiscrimination, paid prioritization, etc. While the firm thinks a deal could come in early Aug, it said that if there is no agreement it's not convinced the FCC will go forward with a reclassification vote in Sept or Oct.

Sports Talk: DISH said it will file a formal complaint at the FCC against Comcast over access to Comcast SportsNet Philly, claiming the MSO has refused to enter into good faith discussions. "It is this type of anti-competitive conduct that reinforces our argument that the merger between Comcast and NBCU poses a grave threat to competition in the multichannel video market," DISH said. The DBS provider currently is in arbitration with Comcast over CSN Chicago, Bay Area and CA. Comcast remains willing to discuss carriage of CSN Philly, a CSN spokesman said, noting that local competitors Verizon and RCN carry the RSN. In June, the FCC's rules on program access complaints related to the terrestrial exemption went into effect. "The FCC's recent Terrestrial Order does not require Comcast to offer CSN Philladelphia or any other terrestrially delivered network to every distributor," the CSN rep said. "It only allows claims where the provider has suffered a competitive injury, and there is no evidence Dish has suffered such an injury." After DISH files its complaint, Comcast will have 45 days for rebuttal and then the FCC will weigh in. Sources familiar with the issue have said Comcast has been in "active" discussions with DISH and DirecTV, with the MSO suggesting that the DBS guys not have exclusive contracts of their own. While DirecTV has the NFL Sun Ticket, many of DISH's exclusive deals are in the intl programming arena. In July, AT&T supplemented its pending program access complaint at the FCC over Cablevision and MSG withholding MSG HD and MSG Plus HD. DirecTV confirmed that it has requested carriage of CSN Philly and is awaiting Comcast's response. A DirecTV spokesman declined to comment on whether or not the 2 are in discussions.

MTV is **Back**: Jersey's in the house, with the Season 2 debut of **MTV's** "Jersey Shore" delivering 5.3mln total viewers. That's better than Season 1's peak of 4.8mln for the finale. It also marks MTV's best season premiere in more than 7 years—since the launch of "The Osbournes" in the fall of '02. Proof of how much the show has moved up... cast member *Angela* moved in with suitcases vs trash bags this season.

<u>Programming:</u> No surprise that **TNT** has ordered up another season of hot new series "Rizzoli & Isles." It also announced "The Closer" and "Leverage" will return for their 7th and 4th seasons, respectively. -- **ACA** pres/CEO *Matt Polka* is the guest on **C-SPAN**'s "The Communicators," Sat, 6:30pm ET. Retrans, Comcast-NBCU and broadband reclassification are among the topics discussed.

<u>People:</u> Knology vp, reg affairs Felix Boccucci and Mediacom group vp, legal and public affairs Tom Larsen joined ACA's board. -- Zac Katz will succeed Priya Aiyar as legal adviser to FCC chmn Julius Genachowski. Aiyar was appointed deputy chief counsel to the Natl Commission on the BP Deepwater Horizon Oil Spill and Offshore Oil Drilling.

<u>Business/Finance</u>: Shentel Cable's \$148mln purchase of **JetBroadband** has closed. Shentel announced in Apr an agreement to buy Jet's cable ops, located in southern VA and southern WV. **Waller Capital** served as financial adviser to Jet and **Dow Lohnes** as legal adviser. -- **Disney** unloaded **Miramax Films** to **Filmyard Holdings** for approx \$660mln, choosing instead to focus on other properties. The Miramax library includes "No Country for Old Men" and "Chicago."

CableFAX Week in Review

Company	Ticker	7/30	1-Week	YTD
Company	HOROI	Close	% Chq	%Chg
BROADCASTERS/DBS	·/NINIDO	Close	70 Olig	/ocity
DIRECTV:	-	37 16	0.05%	11 /12%
DISH:				
DISNEY:				
GE:				
NEWS CORP:				
MSOS				
CABLEVISION:	CVC	27.41	5.38%	6.16%
COMCAST:	CMCSA	19.47	0.78%	15.48%
COMCAST SPCL:				
GCI:	GNCMA	8.48	(0.82%)	32.92%
KNOLOGY:				
LIBERTY CAPITAL:	LCAPA	46.64	0.15%	95.31%
LIBERTY GLOBAL:				
LIBERTY INT:	LINTA	11.32	(3.41%)	4.43%
MEDIACOM:				
RCN:	RCNI	14.94	0.00%	37.70%
SHAW COMM:	SJR	19.59	(1.26%)	(4.76%)
TIME WARNER CABLE	TWC	57.17	0.19%	38.13%
VIRGIN MEDIA:				
WASH POST:				
PROGRAMMING				
CBS:	CBS	14.78	1.09%	5.20%
CROWN:				
DISCOVERY:				
GRUPO TELEVISA:				
HSN:	HSNI	29.40	1.10%	45.62%
INTERACTIVE CORP:				
LIBERTY:				
LIBERTY STARZ:	LSTZA	54.89	2.03%	18.94%
LIONSGATE:	LGF	6.60	(2.65%)	13.60%
LODGENET:				
NEW FRONTIER:				
OUTDOOR:				
PLAYBOY:	PLA	5.41	(0.18%)	69.06%
SCRIPPS INT:	SNI	42.63	3.98%	2.72%
TIME WARNER:				
VALUEVISION:				
VIACOM:				
WWE:				
TECHNOLOGY				
ADC:	ADCT	12.73	1.35%	104.99%
ADDVANTAGE:	AEY	2.78	1.09%	41.12%
ALCATEL LUCENT:				
AMDOCS:				,
AMPHENOL:	APH	44.80	(0.67%)	(2.99%)
AOL:				
APPLE:				
ARRIS GROUP:				
AVID TECH:				
BIGBAND:				
BLNDER TONGUE:				
BROADCOM:				
CISCO:				
CLEARWIRE:				

Company	Ticker	7/30	1-Week	YTD
		Close	% Chg	%Chg
COMMSCOPE:	CTV	20.34	(23.68%)	(23.33%)
CONVERGYS:	CVG	11.17	4.49%	3.91%
CSG SYSTEMS:	CSGS	18.86	(2.38%)	(1.2%)
ECHOSTAR:	SATS	19.10	(2.05%)	(5.16%)
GOOGLE:	GOOG	484.85	(1.06%)	(21.8%)
HARMONIC:				
INTEL:	INTC	20.60	(5.03%)	0.98%
JDSU:	JDSU	10.85	(0.91%)	31.52%
LEVEL 3:	LVLT	1.13	2.73%	(26.14%)
MICROSOFT:				
MOTOROLA:				
RENTRAK:	RENT	25.89	0.94%	46.52%
SEACHANGE:	SEAC	8.96	1.70%	36.59%
SONY:				
SPRINT NEXTEL:	S	4.57	(2.56%)	24.86%
THOMAS & BETTS:	TNB	39.64	(0.4%)	10.76%
TIVO:	TIVO	8.58	(0.46%)	(15.72%)
TOLLGRADE:				
UNIVERSAL ELEC:	UEIC	17.56	(3.04%)	(24.38%)
VONAGE:	VG	2.45	3.81%	75.00%
YAHOO:				
			,	,
TELCOS				
AT&T:	T	25.94	1.57%	(7.46%)
QWEST:	Q	5.66	0.35%	34.44%
VERIZON:				
				,
MARKET INDICES				
DOW:	DJI	10465.94	0.40%	0.36%
NASDAQ:	IXIC	2254.70	(0.65%)	(0.64%)

WINNERS & LOSERS THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. OUTDOOR:	5.68	17.36%
2. HARMONIC:	6.97	12.42%
3. ALCATEL LUCENT:	2.98	11.61%
4. GE:	16.12	10.79%
5. VIRGIN MEDIA:	21.53	9.12%
THIS WEEK'S STORY DDICE LOSEDS		

CLOSE	1-WK CH
20.34	(23.68%)
9.32((20.88%)
3.60(13.25%)
1.20	.(9.09%)
11.30	.(5.36%)
	CLOSE 20.34(9.32(3.60(1.2011.30

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- What marketing techniques work best to optimize buzz for transactional offerings?
- What 3 steps operators can take to augment revenue from transactional TV and make it a must-use part of subscribers' cable experience?
- · What's ahead in windowing and how can you plan for those future trends?
- How can you tap into the growing ethnic market for transactional TV?

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