

CableFAX Daily™

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What the Industry Reads First

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Heat Wave: Cable Cooking Up Key Broadband Plays

A summer of testing and building out has set the stage for what should be an interesting and elucidating 4Q for cable's top Internet initiatives: streaming content and mobile broadband services. This week provided some color on both fronts as **Clearwire** noted some early lessons from Clear markets, and **Discovery Channel** and **FiOS TV** joined the streaming frenzy. Let's start with content and Discovery, which joined **Comcast's On Demand Online** trial despite its recent resistance to full-ep provisioning on the Web. Discovery is "committed to working out an economic model" that works in the space, said svp, digital distribution *Rebecca Glashow*, noting how the trial allows for important testing of various ad models, content windows and tech. Sources said the participating 24 nets can individually decide what ads they want to employ within their programming, but that streams won't mirror nets' linear feeds. Also, there won't be any Internet ads surrounding the content. Discovery's ownership of virtually all of its own content unsheathes a related double-edged sword of sorts, as it can make bold digital decisions without consulting partners but also bears the brunt of any missteps. "We have a lot to gain and a lot to lose," said Glashow. Yet irrespective of outcome, the current imperative for multichannel ops seems to be engagement in a streaming initiative of any sort, lest competitors gain a critical advantage. FiOS TV joined **YES'** Yankees streaming team to match **Cablevision**, for example, and premium bet **Epix** expects the flexibility and quality of its ad-free **EpixHD.com** product to help gain linear carriage. And late last month, **Disney** chief *Bob Iger* said the company is developing an Internet service to offer movies, TV shows, games and other content on a subscription basis. But from where will customers want to gain access to all this digital content? According to Clearwire execs, many will choose locales outside the home—and through Clear mobile broadband connections. "As we look at how the third quarter is starting off, over 60% of our daily gross subscriber additions are currently coming from just our three Clear markets of Portland, Atlanta, and Las Vegas," said CEO *Bill Morrow* earlier this week while proclaiming that the company's 4Q sub adds will be "substantially higher" than the year's 1st 3 Qs combined. Chief commercial officer *G. Michael Sievert* noted a "big uptake in usage" when customers switch to the Clear service, a finding that serves as "a great validation of the quality of the WiMAX experience." Early tech adopters are leading the service's uptake, said Sievert, but

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another segment that's no doubt quite important to cable players including Comcast and Time Warner Cable is also notable: younger people who only use wireless phones at home, or cord cutters. Sievert estimates that approx 20% of US homes have cut the cord, and that those people have "found their way very quickly in the first year to Clearwire. They want their wireless that way too, their broadband that way. It's simpler for them."

United Front: NBCU and NCTA jointly backed Comcast this week in its lawsuit against the FCC, filing a brief in support of the MSO's Jun assertion that the commission acted unlawfully in Aug when ordering Comcast to disclose its "discriminatory" network management practices and devise a plan to end them. In short, the MSO claims "neither the policy statement [the FCC] actually enforced against Comcast, nor the statutory provisions it purported to enforce, governed the conduct at issue." In its brief, the pair supported the assessment, adding that the order "also exceeded the FCC's authority under the Communications Act." Plus, they said, it jeopardizes "the continued ability of network operators to manage their networks and precluding their ability to do so in a way that avoids potential legal liability for their decisions."

Piling On: AT&T fired the latest shot in a concerted telco push for access to cable sports programming, filing with the FCC a complaint accusing Cablevision of anticompetitive practices in denying U-verse TV carriage of MSG's HD signal. Last month, Verizon lodged a complaint with the FCC concerning the same issue. Both telcos carry the net's standard def version, which like the HD version is delivered by CVC to customers terrestrially, a key sticking point in the cable/telco feud. In Mar, the commission's Media Bureau rejected a similar complaint from AT&T over Cox San Diego's Cox-4, which airs Padres games, saying Cox is not required to make the net available to competitors because it's delivered terrestrially. According to CVC, the telco "is late to the game and doesn't want to play by the rules. Now they want the FCC to force MSG to hand over its HD programming, which is a product of many years of technological development and investment. The idea that a phone company more than 15 times our size needs a regulatory bailout is absurd."

On the Hill: 9 orgs including the Natl Lieutenant Governors Assoc and the Natl Assoc of Counties sent a letter Fri to a group of lawmakers including Sen Commerce Cmte chmn Jay Rockefeller (D-WV), arguing the natl broadband plan should focus on overcoming the social and economic obstacles preventing adoption of broadband service. The group noted that only 63% of households have in-home broadband, and that "for certain demographic groups, the adoption rate is well below 50%... This indicates that there are other barriers that need to be addressed."

Programming: TNT said original series "Saving Grace" will conclude next summer with a final run of 9 eps. Ending Tues, the show's current season has delivered an avg of more than 3.5mln viewers. -- CBS College Sports '09 college football announcing team features former Univ of Tenn coach Philip Fulmer and former NFLer Jason Sehorn.

People: Broadstripe's reorganized exec team includes CEO Gustavo Prilick, CFO Chad Coben, chief commercial officer Tony Lent, evp, financial operations Debra Wood and svp, customer care Tamara Shelman. -- While announcing that pres/COO Ray Rodriguez plans to retire in Dec, Univision gave the additional title of pres to CEO Joe Uva and promoted Cesar Conde to pres, Univision Nets.

Business/Finance: Media heavyweights including NBCU, Disney, Time Warner, Discovery Comm and Viacom are forming a consortium aimed at providing measurement of cross-platform viewership, according to the Financial Times.

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CableFAX Week in Review

Company	Ticker	8/14 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	35.15	(2.5%)	26.80%
DIRECTV:	DTV	24.64	(0.2%)	7.60%
DISH:	DISH	17.75	(3.7%)	60.00%
DISNEY:	DIS	25.86	(3.1%)	15.50%
GE:	GE	13.92	(5.3%)	(7.1%)
NEWS CORP:	NWS	12.77	(2.1%)	34.60%
MSOS				
CABLEVISION:	CVC	21.10	(1.6%)	27.70%
COMCAST:	CMCSA	14.81	(1%)	(10.3%)
COMCAST SPCL:	CMCSK	14.01	(3.2%)	(11.2%)
GCI:	GNCMA	6.58	(4.9%)	(18.7%)
KNOLOGY:	KNOL	8.26	(5.3%)	60.10%
LIBERTY CAPITAL:	LCAPA	16.86	(1.6%)	258.00%
LIBERTY ENT:	LMDIA	27.84	1.30%	59.30%
LIBERTY GLOBAL:	LBTYA	21.47	(1.7%)	34.90%
LIBERTY INT:	LINTA	9.90	18.10%	217.30%
MEDIACOM:	MCCC	5.44	(5.4%)	26.50%
RCN:	RCNI	8.90		
SHAW COMM:	SJR	16.93	(3.6%)	1.20%
TIME WARNER CABLE:	TWC	33.66		
VIRGIN MEDIA:	VMED	10.74	(4.7%)	119.20%
WASH POST:	WPO	471.30	(0.8%)	23.00%

Company	Ticker	8/14 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	10.23	(5.4%)	27.40%
CROWN:	CRWN	1.72	(8%)	(39.6%)
DISCOVERY:	DISCA	24.77	(3.6%)	74.90%
EW SCRIPPS:	SSP	6.55	20.10%	197.30%
GRUPO TELEVISIA:	TV	18.36	(0.2%)	31.60%
HSN:	HSNI	11.12	(5.2%)	53.00%
INTERACTIVE CORP:	IACI	18.74	1.30%	19.10%
LIBERTY:	L	32.01	0.90%	14.00%
LODGENET:	LNET	6.16	4.40%	780.00%
NEW FRONTIER:	NOOF	2.28	4.10%	34.10%
OUTDOOR:	OUTD	6.68	(9.7%)	(10.8%)
PLAYBOY:	PLA	2.37	(4%)	9.70%
RHI:	RHIE	2.73	6.20%	(66.4%)
SCRIPPS INT:	SNI	33.43	(1.7%)	53.00%
TIME WARNER:	TWX	27.55	(2.8%)	25.70%
VALUEVISION:	VVTV	3.17	(11.9%)	860.60%
VIACOM:	VIA	25.48	(3.2%)	26.60%
WWE:	WWE	14.37	(0.8%)	45.90%

Company	Ticker	8/14 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	4.15	3.80%	82.00%
ADC:	ADCT	8.74	19.00%	60.30%
ADVANTAGE:	AEY	1.81	(7.7%)	1.70%
ALCATEL LUCENT:	ALU	3.40	1.50%	58.10%
AMDOCS:	DOX	24.08	(1%)	31.70%
AMPHENOL:	APH	33.44	0.30%	39.80%
APPLE:	AAPL	166.78	0.80%	95.40%
ARRIS GROUP:	ARRS	13.31	4.20%	67.40%
AVID TECH:	AVID	12.42	(3.3%)	13.80%
BIGBAND:	BBND	3.90	(2.5%)	(29.3%)
BLNDER TONGUE:	BDR	1.28	(2.3%)	26.70%
BROADCOM:	BRCM	26.67	(3.8%)	57.10%

Company	Ticker	8/14 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	21.31	(4%)	30.70%
CLEARWIRE:	CLWR	6.61	(17.5%)	66.50%
COMMSCOPE:	CTV	27.04	2.30%	74.00%
CONCURRENT:	CCUR	4.72	(7.8%)	38.20%
CONVERGYS:	CVG	10.62	(0.8%)	65.70%
CSG SYSTEMS:	CSGS	15.85	(1.9%)	(9.3%)
ECHOSTAR:	SATS	19.03	28.60%	28.00%
GOOGLE:	GOOG	460.00	0.60%	49.50%
HARMONIC:	HLIT	6.55	(2.4%)	16.80%
INTEL:	INTC	18.77	1.50%	40.90%
JDSU:	JDSU	5.87	(2.7%)	58.70%
LEVEL 3:	LVL	1.19	(0.8%)	70.00%
MICROSOFT:	MSFT	23.69	0.60%	24.60%
MOTOROLA:	MOT	7.26	1.80%	65.00%
OPENTV:	OPTV	1.27	(8.6%)	3.30%
PHILIPS:	PHG	23.05	(1.6%)	25.30%
RENTRAK:	RENT	15.90	(9.6%)	34.90%
SEACHANGE:	SEAC	9.16	(5.2%)	27.00%
SONY:	SNE	27.92	(1.5%)	27.70%
SPRINT NEXTEL:	S	3.85	1.60%	110.40%
THOMAS & BETTS:	TNB	25.97	(6.9%)	8.10%
TIVO:	TIVO	10.28	(2%)	43.60%
TOLLGRADE:	TLGD	5.90	6.30%	23.40%
UNIVERSAL ELEC:	UEIC	19.16	(5.9%)	18.10%
VONAGE:	VG	0.38	(5%)	(42.4%)
YAHOO:	YHOO	15.04	2.90%	23.30%

Company	Ticker	8/14 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	25.45	(0.7%)	(3.5%)
QWEST:	Q	3.84	(4.5%)	14.30%
VERIZON:	VZ	31.08		(1.5%)

Index	Value	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	INDU	9321.40	(0.5%)	6.20%
NASDAQ:	COMPX	1985.52	(0.7%)	25.90%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. ECHOSTAR:	19.03	28.60%
2. EW SCRIPPS:	6.55	20.10%
3. ADC:	8.74	19.00%
4. LIBERTY INT:	9.90	18.10%
5. TOLLGRADE:	5.90	6.30%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CLEARWIRE:	6.61	(17.5%)
2. VALUEVISION:	3.17	(11.9%)
3. OUTDOOR:	6.68	(9.7%)
4. RENTRAK:	15.90	(9.6%)
5. OPENTV:	1.27	(8.6%)

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CORPORATE LICENSES



CableFAX Daily™

WHAT THE INDUSTRY READS FIRST.

MaxFAX...

Friday the 14th?

Nah, Thursday the 20th...

The deadline for the first round of the broadband stimulus got delayed a little (the system wasn't quite up to the new snuff).

As I write, though, I'm wondering about the broadband stimulus initiative... like:



Paul S. Maxwell

- How many requests for stimulus funds got filed by the Friday deadline?

- Where and how did applicants put

together their un-served and under-served allegation data?

- Does one (or more) of the three federal agencies involved have any idea what the status on the ground (and via the skies and the airwaves) of broadband really is today? (Much less yesterday or tomorrow). If you had to guess one had a good idea, which one would you pick? The Federal Confusion Commission (though, to be semi-fair, it sure seems to be in better shape in just a few months than it was for the past eight years!)? The **NTIA**? The **RUS**? Pick one, both or all. You would think they'd like to have a starting point for making decisions, wouldn't you?

- Is the idea of having "volunteers"

judge the applicants a good one? (Hey! I volunteer to check the application for Breckenridge extension that I filed! And I'm qualified! I figured out how to apply!)

- Did you apply?

- How many cable operators filed? How many knew what they were actually filing for?

- What about broadband access that isn't tied to a specific location? 4G can change even more than 3G did... no landline, no cable, no dish. How do you map them? How do you count them?

- How do you count folks with two broadband cable subscriptions (the 2+ homes crowd—what's left of them), Wi-Fi subscriptions for the smart phones, Wi-Fi subscriptions for the laptops, Wi-Fi subscriptions for the brain wave wires?

Interesting to watch these things... hope this one works better than the bank bailout and even better than the clunker cash...

Random Notes:

- **OTT Follow-Up:** Got a note from our friend *Sean Riley* of **Fox**... and we learn something new every day... like Tiny URL... so try <http://tinyurl.com/n5vd5g> and <http://tinyurl.com/ljw292> for easier access to the research I mentioned last week. Thanks!

- **Up North:** Ummm. At the last CEO

panel at the last **SCTE** meeting in Philadelphia last year, I noted, when introducing *Mike Z (Zafirovski)*, that if anyone could fix **Nortel**, he could. So much for that prognostication. No CEO panel in Denver in October... instead, we're going "green."

• Things To Look Forward to:

Well, despite it being the middle of August and tempers are flaring from heat, health care and more, there are things we can look forward to enjoying—like the Olympics beginning February 12th in Vancouver and on all the **NBCU** networks... like the Dow hitting 10,000 sometime around Christmas...

• How To Fix the Newspaper Industry:

Here's what *Mort Zuckerman*, publisher of the *New York Daily News* thinks should happen: "... allow sports betting on newspaper Web sites. That would save every newspaper in America. *The New York Times.com* could do it. Plenty of British papers do this; for them, it's a crucial part of their net revenue stream. I know a major newspaper in London that makes \$15 million a year from sports betting alone." Interesting thought.

Paul Maxwell

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