

CableFAX Daily™

Thursday — September 10, 2009

What the Industry Reads First

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Webolution: Landscape Rife With Online Access, Content Initiatives

AT&T's plan to notably enhance its mobile broadband play in the coming months provides further evidence that the Web—and not necessarily at home—is where to find consumers' hearts. The telco will use **HSPA 7.2** tech, essentially a bridge to LTE, to boost the speeds of its 3G mobile broadband network by year-end in Charlotte, Chicago, Dallas, Houston, L.A. and Miami, and plans call for deployment of the tech in 25 of the nation's largest 30 markets by Dec '10. The network enhancement will offer peak speeds of 7.2Mbps (though typically slower), and was planned "out of necessity," said **AT&T Operations** pres/CEO *John Stankey* at Wed's **Bank of America** conference. Through July, AT&T has seen its customers increase their collective wireless data usage by 4X YOY, said Stankey, who expects the trend to continue. Moreover, the telco's WiFi connections are expected to number 74mln this year, he said, a tally that would mark a nearly 200% increase during the year's latter half, based on 25.6mln connections from Jan-Jun. AT&T's plans, of course, equate to increased competition for cable ops such as **Comcast** and **Time Warner Cable**, both heavily invested in **Clearwire's** 4G mobile broadband play. Even so, initial data from Portland and Atlanta, where Comcast currently offers the service under its own name, point to early success and corroborate Stankey's mobile data usage forecast. Adoption rates are running "significantly ahead of our projections," said Comcast COO *Steve Burke* at the BOA conference. As such, the MSO plans to roll out the service in the majority of its markets over the next year, he said. "We're hardcore about 4G... we're going to attack it aggressively," said Burke, adding that Comcast is mulling a WiFi play of its own. Meanwhile, the provisioning of content on the Web also shows little sign of slowing. The cable industry's **TV Everywhere** initiative (for Comcast **OnDemand Online**) is all about staying ahead of the online content viewership trend, which portrays graphically as the steepest adoption curve Comcast has ever seen, said Burke. With most of the authentication issues surrounding the 5K-household OnDemand Online trial ironed out, he said, the effort will nationalize in scope over the next 30-60 days. "It's a very efficient model," said **Time Warner** evp/CFO *John Martin* of ODO at the BOA conference, stressing its benefit to consumers and the assurance it offers that investment in quality content will continue. And, Burke pooh-poohed any notion that the initiative may further cord-cutting. Comcast is seeing approx 5% wireless substitution within its phone business yet there's "little evidence" of substitution related to cable or HSD. As for the traditional HSD product, Burke said it "has a lot more growth" left and that the MSO's 2Q sub adds (65K) were an aberration on the low side.

BOA Notebook: There's "a little reason for hope" related to the strained local ad market, said **Comcast** COO *Steve Burke*, though it's still "too early to say 'eureka.'" The outlook for the MSO's national nets, however, is "shaky" and evokes less bullishness on a recovery, he said. **Turner** nets, meanwhile, experienced a low single-digit decline in this year's upfront market, but **Time Warner** evp/CFO *John Martin* stressed how the group gained share in overall volume while retaining "meaningful scatter inventory" with pricing pacing upward versus the upfront. -- Targeted advertising apps from **Project Canoe** have been slow to materialize, admitted Burke, but "everybody's dying for" them. Participating companies are eyeing

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the fall for roll out of some EBIF-based apps now in a couple million homes, he said, with 10mln homes the near-term goal.

Cable Positive's Exit: After nearly two decades years of service, **Cable Positive** will close the doors of its national office and phase out national operations before the end of the year. "We never thought it would be around 18 years after we started it... The mission from long ago was to hand it off to the cable companies," said *Ray Gutierrez*, board chmn and evp, HR for **Showtime/CBS**. Last year, the group ended its direct assistance program to HIV-positive cable employees in response to advances in company-provided coverage. In addition, local AIDS organizations have grown substantially since the group was founded. After bringing aboard CEO *Sean Strub* earlier this year, the organization looked at ways to retool Cable Positive. The group knew it was time for changes, particularly with consolidation of industry events and the end of its annual fundraising dinner. But in the end, Cable Positive was caught in the "economic turmoil" of today, Gutierrez said. While there was a lot of discussion, the board finally agreed to shutter national operations, he said. "We're suffering the economic doldrums that everyone else is facing. We had to make some decisions moving forward," he said. Local chapters will be encouraged to continue their volunteerism and fund-raising under the Cable Positive banner. Previously-scheduled Cable Positive chapter events, including Denver's "Positively Cable" on Oct 25, will proceed as planned.

Competition: **DirectTV** will run its 1st ever free NFL Sunday Ticket preview on Sun (SD for all DTV subs and HD for any DTV HD subs). It's all part of a new campaign for Sunday Ticket. "While DirecTV would clearly like to increase the total distribution of Sunday Ticket (\$300 annual ARPU) above its current 2mln subs, we believe a key focus of the newly launched ad campaign is to drive uptake of Superfan (\$100 incremental annual ARPU), which is currently taken by 700K-800K of the 2 mm Sunday Tix DirecTV subs," *Pali's Rich Greenfield* wrote in a note to clients Wed.

VOD: **Suddenlink** tripled its VOD capacity from more than 3K to about 10K hours in all Suddenlink VOD markets in the south-central US (a similar expansion is planned for later this year in other Suddenlink markets, including WV). The MSO said it's negotiating to fill the expanded capacity, and has completed a deal with **NBCU** for free content from the fall season from broadcast and cable nets. -- **Verizon** is adding **HBO HD** and **Cinemax HD's** VOD channels to FiOS this fall and doubling HD VOD content from **Starz** by adding 150 hours of movies on-demand from Encore. FiOS will also add HD VOD content from The Movie Channel. All new content is free to FiOS subs who subscribe to the premium packages.

At the Portals: As promised, the **FCC's** Sept 29 meeting agenda includes a status report on the National Broadband Plan, which it must deliver to Congress by Feb 17. The agenda is tentative, with a public notice not due out until Sept 22.

Carriage: **Cox** renewed its distribution agreement with **Outdoor Channel**, and agreed to launch the net in 3 additional

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Speaker Snapshot*

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Jamie Cuthbert, A&E
Tom Eagan, Collins Stewart
Matthew Emans, Navic
Marc Goldstein, Group M
Peggy Green, Zenith Media
Joshua Herman, Axiom
Michael Kubin, Invidi
Steve Lanzano, MPG
Kris Magel, Initiative USA
Guy McCarter, Green Room Entertainment
Craig Moffett, Sanford Bernstein
Mitch Oscar, MPG
Mark Owens, Vanguard Entertainment
Beth Rockwood, Discovery Channel
Marci Ryvicker, Wells Fargo Securities
Jon Stimmel, Unilever
Steve Sturm, Toyota
Spencer Wang, Credit Suisse
Alan Wurtzel, NBCU
Linda Yaccarino, Turner Entertainment
John Zamoiski, NMA Entertainment & Marketing
Pam Zucker, MediaVest

*Subject to change

Forum Snapshot

When: October 6, 2009
8 a.m. - 5 p.m.

Where: Concierge Conference Center, NYC

Questions: Contact Saun Sayamongkhun at ssayamongkhun@accessintel.com or (301) 354-1610.

Sponsorship Opportunities: To sponsor the CableFAX Advertising Forum, please contact Debbie Vodenos at dvodenos@accessintel.com or (301) 354-1695.

BUSINESS & FINANCE

markets—Parma, OH; Las Vegas and Hampton Roads, VA. The net is carried on Cox's sports tier in those markets. --

Time Warner Cable launched **ESPN Deportes** on its digital basic tier in TX.

Research: Despite the weak economy, ad revenues grew 7.3% to \$17.8bln last year for cable nets overall, **SNL Kagan** said. Affil revenues rose 11.8% to \$22.8bln and total revenue rose 9.4% to \$42.2bln. For '09, Kagan projects total revenue will only rise 4.4% to \$44bln. Gross ad revenue for national cable ads is expected to dip slightly in '09 to \$20.3bln from \$20.9bln in '08.

People: Investigation Discovery pres/gm *Henry Schleiff* brought over former **Court TV** colleague *Ed Hersh* as svp, strategic planning for ID.

Editor's Note: There's still some space available at our Social Media Boot Camp for Cable at **CableFAX's** NYC offices on Sept 17. This is limited to 20 attendees... so don't miss out. More info at <http://cablefax.com/cfp/training-20090917.html>.

Business/Finance: **Goldman Sachs** started **Comcast** with a "buy" rating and an \$18 price target, pointing to its balance sheet and strong free cash flow. Goldman upgraded **Time Warner Cable** to "neutral" from "sell." -- **Cablevision** said it plans to sell \$500mln in notes to repurchase stock from its **CSC Holdings** subsidiary. CSC will use the proceeds to help repay or repurchase \$500mln of notes maturing by '12.

CableFAX Daily Stockwatch

Company	09/09 Close	1-Day Ch	Company	09/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/MMDS			AMPHENOL:	37.75	0.51
BRITISH SKY:	35.01	0.08	APPLE:	171.14	(1.79)
DIRECTV:	25.02	(0.04)	ARRIS GROUP:	13.01	(0.1)
DISH:	16.95	(0.24)	AVID TECH:	13.01	0.40
DISNEY:	26.95	0.67	BIGBAND:	3.82	(0.06)
GE:	14.87	0.37	BLNDER TONGUE:	1.20	0.04
NEWS CORP:	13.22	0.19	BROADCOM:	29.34	(0.04)
MSOS					
CABLEVISION:	24.02	0.15	CISCO:	22.23	0.31
COMCAST:	16.85	0.38	CLEARWIRE:	7.53	0.12
COMCAST SPCL:	16.42	0.40	COMMSCOPE:	28.14	1.00
GCI:	6.73	0.02	CONCURRENT:	4.61	0.31
KNOWLOGY:	7.68	0.35	CONVERGYS:	11.20	0.33
LIBERTY CAPITAL:	20.11	(0.03)	CSG SYSTEMS:	15.30	0.42
LIBERTY ENT:	28.01	(0.09)	ECHOSTAR:	18.00	0.02
LIBERTY GLOBAL:	23.89	0.68	GOOGLE:	463.97	5.35
LIBERTY INT:	10.46	0.58	HARMONIC:	6.71	0.10
MEDIACOM:	5.55	0.30	INTEL:	19.93	0.13
RCN:	9.28	0.25	JDSU:	7.37	0.14
SHAW COMM:	17.51	0.00	LEVEL 3:	1.17	0.02
TIME WARNER CABLE:	39.26	1.33	MICROSOFT:	24.78	(0.04)
VIRGIN MEDIA:	12.41	0.16	MOTOROLA:	7.85	(0.05)
WASH POST:	435.45	0.45	OPENTV:	1.29	(0.01)
PROGRAMMING					
CBS:	11.02	0.19	PHILIPS:	24.63	0.78
CROWN:	1.74	0.05	RENTRAK:	15.49	0.03
DISCOVERY:	27.17	0.52	SEACHANGE:	7.57	(0.02)
EW SCRIPPS:	7.26	0.15	SONY:	26.59	(0.31)
GRUPO TELEVISA:	17.48	(0.12)	SPRINT NEXTEL:	3.68	(0.02)
HSN:	11.98	0.26	THOMAS & BETTS:	29.03	0.69
INTERACTIVE CORP:	19.49	0.51	TIVO:	10.79	0.30
LIBERTY:	33.78	0.36	TOLLGRADE:	5.65	(0.05)
LODGENET:	6.65	0.19	UNIVERSAL ELEC:	18.51	1.46
NEW FRONTIER:	2.19	(0.01)	VONAGE:	1.35	(0.11)
OUTDOOR:	6.99	0.03	YAHOO:	14.78	0.29
PLAYBOY:	2.69	0.00	TELCOS		
RHI:	3.25	0.12	AT&T:	25.94	0.19
SCRIPPS INT:	34.45	0.49	QWEST:	3.43	0.09
TIME WARNER:	28.47	0.60	VERIZON:	30.89	(0.06)
VALUEVISION:	3.16	0.06	MARKET INDICES		
VIACOM:	27.07	0.50	DOW:	9547.22	49.88
WWE:	14.53	0.09	NASDAQ:	2060.39	22.62
TECHNOLOGY					
3COM:	4.43	0.50			
ADC:	8.53	0.42			
ADVANTAGE:	2.11	0.01			
ALCATEL LUCENT:	3.71	(0.03)			
AMDOCS:	25.80	0.50			

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