

CableFAX Daily™

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What the Industry Reads First

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Setbacks Over Sinkholes: Certain Trends Pressuring, Not Killing Pay TV

Even if several analysts have cut 3Q estimates for various ops and programmers because of over-the-top threats and continuing pressure on consumers, don't expect *Chicken Little* to cluck about cable. Sure, a modicum of cord-cutting is afoot, cable's in a dogfight to succeed on alternative platforms and **Time Warner Cable** CFO *Rob Marcus* expressed some bearishness this week—but the sky isn't falling. After all, solid recent financial performances by MSOs have largely offset recent slowness in many sub metrics, programmers are enjoying an ad market rebound out of the '08-'09 doldrums and industry heavyweight *Dr John Malone* still likes cable's positioning. But much uncertainty remains—**Credit Suisse's Spencer Wang** downgraded the US ent sector to 'Underweight' from 'Market Weight' and cut price targets for **Disney, Time Warner, News Corp** and **Viacom**—so perhaps it's worth looking at how **Discovery Comm** and **DirecTV** continue to blaze. Buttressed by the pair's recent establishment of 52-week stock highs, sentiment viewing them as the top pay-TV players appears to be growing. And it's likely that nothing said by either Discovery pres/CEO *David Zaslav* or DirecTV evp/CFO *Pat Doyle* said at the **Bank of America** conference last week will change the outlook. "We continue to see very good demand for DirecTV products," said Doyle, noting a continuance of the DBS op's momentum in 3Q while expressing surprise at the industry's negative sub add trend that emerged last Q. "We can battle any competitor... our brand recognition I don't think has ever been higher." Doyle said DirecTV continues to take customers from cable and bleed fewer to DISH largely through tech advancements. Customers ate up the DBS op's free HD promo this summer (cable disagrees), he said, and the success of its \$3/month multi-room viewing option has been a pleasant surprise. 25-30% of gross adds are taking that option, which "helps us get a stickier customer," said Doyle. And later this year, DTV's broadband connectivity push will begin to fruit, perhaps highlighted by **DirecTV Cinema**. The service will offer broadband-connected subs access to 3-400 movies on demand, and later all subs will gain access, only having to choose a movie at DirecTV.com before it's pushed to a DVR for viewing. Doyle said the co's also looking at waiving the broadband/DVR connection fee for higher-end customers. Currently, new subs pay a \$25 fee, existing subs approx \$99. Malone endorsed DirecTV as the most compelling video service provider at the BOA conference, where he also said that Discovery is the best place for his family's capital. Zaslav is bullish on DISCA too. Telling is his assertion that the co should easily exceed its 3Q ad rev growth forecast of +13%. "The market

CableFAX's PROGRAM & Top Ops AWARDS

October 4, 2010 • 12:00 – 2:00pm • Grand Hyatt, NYC

Join us as we celebrate the 3rd annual CableFAX Program Awards and honor the Top Operators of the Year. This outstanding event will bring together those who create amazing content and those who excel in bringing it to the viewers. CableFAX will also be inducting eight honorees to CableFAX's Programming Hall of Fame.

Questions: Contact Elizabeth Brown at ebrown@accessintel.com; 301-354-1610

View Finalists and Register today at www.cablefax.com/program2010

Special Issue: Program Award winners and honorees will be featured in CableFAX: The Magazine's October Programming Issue and distributed in print at the October 4th event, Cable Fall Connection and Telco TV.

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remains strong... we're finding strength across the board," said Zaslav. "There is no category that seems to be backing away." Also, while citing notable audience growth for **Investigation Discovery** and **Animal Planet**, Zaslav said Discovery's portfolio has been able "to outperform the market in ratings" with a keen focus on content that plays globally. Then there are imminent launches of growth opps **The Hub** (Oct) and **OWN** (Jan), plus enduring international expansion. "It's doing better than we expected," Zaslav said of OWN. **Miller Tabak's David Joyce** reiterated his 'buy' rating on both DISCA and DISCK shares, and despite "valuation approaching rarefied air" upped his price targets on each, by a respective \$3 and \$6. Meanwhile, **Collins Stewart's Thomas Eagan** advised clients to buy Time Warner Cable on weakness, and **Wells Fargo Securities' Marci Ryvicker** characterized as positive the overall comments from **Comcast** and **Cablevision** at the conference.

Competition: AT&T's LTE launch will start by mid-'11 and cover 70-75mln POPs by the end of '11, **AT&T Operations** CEO **John Stankey** said at the **Bank of America** conference. Trials are now in Baltimore and Dallas. The telco also joined with **NCAA Football** to kick off a free app for the iPhone and iPod Touch combining social functionality with real-time news.

In the States: Comcast digital subs in the Chicago area will be able to watch 3 South Asian nets (**STAR India Plus**, **SET Asia** and **Zee TV**) free through Wed. -- **Time Warner Cable** added **EWTN HD** in NYC. -- **Verizon** inked a deal with **Time Warner Cable** to give **FIOS** subs in upstate NY access to more **Syracuse** football and men's basketball games.

On the Hill: Stifel Nicolaus' doesn't think a USF bill overhauling funding to subsidize broadband is in the cards any time soon. Following a House Communications hearing on proposed legislation Thurs, the firm believes there is insufficient consensus and doubts it will get much easier next year. That puts the reform ball squarely in the court of the **FCC**, which plans to issue notices next Q on reforming USF and intercarrier compensation.

At the Portals: The **FCC's** Wireline Bureau will hold a workshop on Sept 28 on pole attachments.

Affiliate Relations: Univision reached a deal with subscription e-newsletter *Hispanic Market Weekly* that will make it available free to distribution partners registered with its distributor Website (univisionnetworks.com). **Tonia O'Connor**, Univision evp, distribution sales, called the deal "an extension of our commitment to our distributors to be their leading resource for Hispanic research, reaffirming our promise to serve as a strategic partner."

Online: CBS Sports plans to feature its entire '10 **SEC** college football schedule live on **CBSSports.com** and the CBS Sports Mobile iPhone app. The slate begins Sept 18 with Florida-Tennessee and includes 15 games.

Programming: CNBC presents a 1-hour, commercial-free town hall with Pres **Barack Obama**, Mon, noon ET. The event will be hosted by **John Harwood**. -- **MTV's** "The Real World" has hit its 25th season, and original NY cast member **Kevin Powell** turns 45 next year. Gosh, we feel old. For Season 25, 7 strangers will head back to Vegas (1Q premiere). -- New to **C-SPAN's** campaign coverage this year are 2 local content vehicles, traveling the country and reporting on top House races. The C-SPAN Digital Bus is visiting states with high-profile Senate and governor races. -- **GMC** signed a 1-year first-look deal with actress **Kim Fields** covering scripted series, docs, made-for-TV movies and reality shows.

People: Comcast upped **Matt Strauss** to svp, gm of **Comcast Interactive Media**, *Sports Business Daily* reports, citing an internal memo. He'll report to **Comcast Cable** pres **Neil Smit**. -- **GCI** named **Tina Pidgeon** svp, govt affairs and sr counsel. Her position was created after last month's plane crash that took the life of **Dana Tindall**, who served as GCI's senior vice president, legal, regulatory and governmental affairs. The promotion means Pidgeon, husband **Comcast Sports Group** vp **Tim Fitzpatrick** and daughter will relocate to Anchorage. Fitzpatrick's last day with Comcast is next month. He plans to launch his own communications consulting practice in AK. -- The **SCTE** board appointed **CableLabs** pres/CEO **Dick Green** a member and extended the Appointed Director-at-large term of **Time Warner Cable** CTO **Mike LaJoie**.

On the Circuit: Talk about reaching out. **History's** outreach head **Libby O'Connell** taught a history lesson to 4500 US classrooms Fri, which was Constitution Day and the 223rd anniversary of the document's signing. Also History's chief historian, Dr O'Connell's lesson originated in DC's Newseum and was Webcast throughout the country (overseas, too). Enhancing her points by reciting relevant speeches and parts of the Constitution were actors **Michael Ealy** and **Dilshad Vadsaria**; current and former Education secretaries **Arne Duncan** and **Bill Bennett**, respectively; Rep **Donna Edwards** (D-MD) and **CNN's Ed Henry**, who moderated a discussion about the Constitution in front of some 100 DC-area students. The lesson was supplemented further by clips from History's "The Story of US."

CableFAX Week in Review

Company	Ticker	9/17 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	41.67	4.07%	24.95%
DISH:	DISH	18.77	0.64%	(9.63%)
DISNEY:	DIS	34.56	1.20%	7.16%
GE:	GE	16.29	1.94%	7.67%
NEWS CORP:	NWS	15.32	1.52%	(3.77%)
MSOS				
CABLEVISION:	CVC	26.08	(3.08%)	1.01%
COMCAST:	CMCSA	17.64	(4.13%)	4.63%
COMCAST SPCL:	CMCSK	16.62	(4.32%)	3.81%
GCI:	GNCMA	9.87	2.07%	54.70%
KNOLOGY:	KNOL	12.69	0.63%	16.21%
LIBERTY CAPITAL:	LCAPA	49.73	4.26%	108.25%
LIBERTY GLOBAL:	LBTYA	29.60	0.95%	35.22%
LIBERTY INT:	LINTA	12.60	6.15%	16.24%
MEDIACOM:	MCCC	6.26	(2.34%)	40.04%
SHAW COMM:	SJR	21.34	(2.29%)	3.74%
TIME WARNER CABLE:	TWC	50.96	(8.59%)	23.12%
VIRGIN MEDIA:	VMED	21.70	(1.05%)	28.94%
WASH POST:	WPO	367.25	(3.11%)	(16.46%)

Company	Ticker	9/17 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	15.12	(2.45%)	7.62%
CROWN:	CRWN	2.17	4.83%	49.66%
DISCOVERY:	DISCA	41.99	6.33%	36.91%
GRUPO TELEVISIA:	TV	19.40	3.03%	(6.55%)
HSN:	HSNI	29.57	3.43%	46.46%
INTERACTIVE CORP:	IACI	26.36	1.15%	28.71%
LIBERTY:	L	37.23	1.97%	2.42%
LIBERTY STARZ:	LSTZA	63.46	3.88%	37.51%
LIONSGATE:	LGF	7.32	1.39%	25.99%
LODGENET:	LNET	2.78	(4.14%)	(49.73%)
NEW FRONTIER:	NOOF	1.72	(6.01%)	(8.99%)
OUTDOOR:	OUTD	5.56	5.70%	(4.14%)
PLAYBOY:	PLA	5.05	0.00%	57.81%
SCRIPPS INT:	SNL	45.65	4.41%	10.00%
TIME WARNER:	TWX	31.24	(1.7%)	7.21%
VALUEVISION:	VVTV	1.80	(3.23%)	(62.5%)
VIACOM:	VIA	39.41	3.93%	25.11%
WWE:	WWE	13.94	(4.26%)	(9.07%)

Company	Ticker	9/17 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADC:	ADCT	12.69	0.08%	104.35%
ADVANTAGE:	AEY	3.05	0.00%	54.82%
ALCATEL LUCENT:	ALU	2.88	5.11%	(13.25%)
AMDOCS:	DOX	27.26	2.02%	(4.45%)
AMPHENOL:	APH	47.35	3.18%	2.53%
AOL:	AOL	23.34	1.00%	0.26%
APPLE:	AAPL	275.37	4.54%	30.67%
ARRIS GROUP:	ARRS	9.19	7.49%	(19.6%)
AVID TECH:	AVID	12.17	6.66%	(4.62%)
BIGBAND:	BBND	2.80	0.36%	(18.6%)
BLNDER TONGUE:	BDR	1.99	(2.45%)	74.56%
BROADCOM:	BRCM	34.16	0.89%	8.55%
CISCO:	CSCO	21.86	6.03%	(8.68%)
CLEARWIRE:	CLWR	7.38	1.03%	9.25%
COMMSCOPE:	CTV	22.02	4.06%	(17%)

Company	Ticker	9/17 Close	1-Week % Chg	YTD %Chg
CONCURRENT:	CCUR	6.30	(1.25%)	59.09%
CONVERGYS:	CVG	10.25	0.59%	(4.65%)
CSG SYSTEMS:	CSGS	20.59	4.78%	7.86%
ECHOSTAR:	SATS	19.18	(0.52%)	(4.77%)
GOOGLE:	GOOG	490.15	2.94%	(20.94%)
HARMONIC:	HLIT	6.86	6.03%	8.54%
INTEL:	INTC	18.81	4.67%	(7.79%)
JDSU:	JDSU	12.11	17.69%	46.79%
LEVEL 3:	LVL3	1.01	(9.01%)	(33.99%)
MICROSOFT:	MSFT	25.22	5.74%	(17.26%)
MOTOROLA:	MOT	8.38	5.81%	7.99%
RENTRAK:	RENT	23.10	1.23%	30.73%
SEACHANGE:	SEAC	7.34	2.66%	11.89%
SONY:	SNE	30.92	3.24%	6.62%
SPRINT NEXTEL:	S	4.44	2.36%	21.38%
THOMAS & BETTS:	TNB	41.08	3.79%	14.78%
TIVO:	TIVO	9.48	11.53%	(6.88%)
TOLLGRADE:	TLGD	7.34	0.27%	20.13%
UNIVERSAL ELEC:	UEIC	20.13	2.70%	(13.31%)
VONAGE:	VG	2.38	3.93%	70.00%
YAHOO:	YHOO	13.89	1.54%	(17.22%)

Company	Ticker	9/17 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	28.17	1.22%	0.50%
QWEST:	Q	6.18	4.92%	46.79%
VERIZON:	VZ	31.68	2.79%	(4.38%)

Company	Ticker	9/17 Close	1-Week % Chg	YTD %Chg
MARKET INDICES				
NASDAQ:	IXIC	2315.61	3.26%	2.05%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

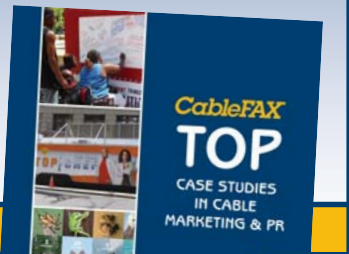
COMPANY	CLOSE	1-WK CH
1. JDSU:	12.11	17.69%
2. TIVO:	9.48	11.53%
3. ARRIS GROUP:	9.19	7.49%
4. AVID TECH:	12.17	6.66%
5. DISCOVERY:	41.99	6.33%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	1.01	(9.01%)
2. TIME WARNER CABLE:	50.96	(8.59%)
3. NEW FRONTIER:	1.72	(6.01%)
4. COMCAST SPCL:	16.62	(4.32%)
5. WWE:	13.94	(4.26%)

CableFAX's Top Case Studies in Cable Marketing & PR Guidebook

THIS ONE OF A KIND BOOK, from the publisher of CableFAX, exemplifies how cable programmers, operators and vendors cut through the clutter to mount PR and Marketing efforts that worked, gained revenue, ratings points and industry buzz. Each study demonstrates some facet of ingenuity, innovation or integrated thinking, illuminating communications as a function that has matured with poise and established its indispensability to business practices.



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