

CableFAX Daily™

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What the Industry Reads First

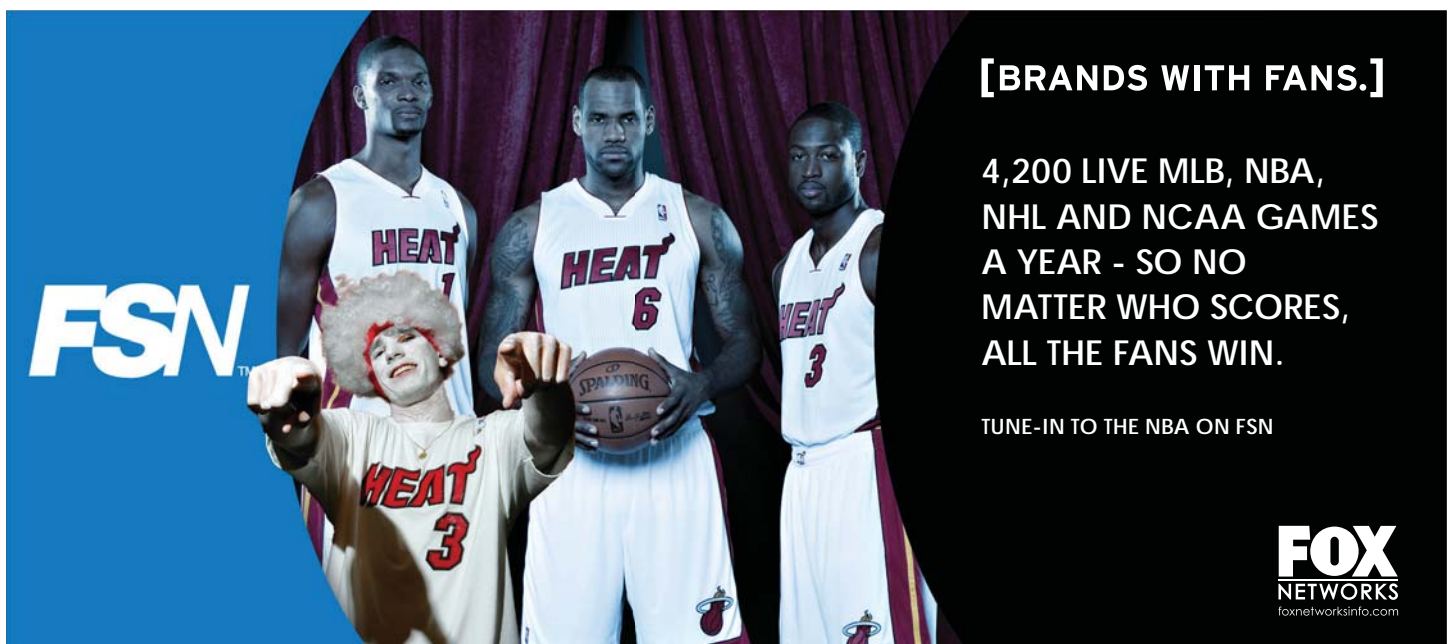
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Here To Stay: Telcos' LTE Plans Beginning To Fruit

Belying its name, Long Term Evolution (LTE) tech has already been deployed by **MetroPCS** and **Verizon** will soon operate an LTE-based 4G footprint that's nearly double the size of **Clearwire's** current 4G WiMAX coverage area. As smartphone and mobile data use continues to explode, the developments may prove fierce challenges to cable ops' mobile broadband plays. Verizon's plans to launch its network by year's end have been known, but even as the actual date remains a mystery, pres/COO **Lowell McAdam** disclosed rollout specifics Wed. He highlighted a greater number of initial markets and more widespread coverage than previously expected. "We'll reach more than one-third of all Americans, where they live and work...the day that we flip the switch on this network," said McAdam at the **CTIA** conference. 38 major metro areas will all be at least 70% covered from day 1, as will 110mln POPs—up from initial calls for 20-25 markets and 100mln POPs. 62 airports will be live initially too, and by '13, 285mln POPs will be covered. At launch, VZ's LTE network, which is slated to offer speeds of 5-12Mbps, will include coverage in 18 states spanning from CA to FL, and in major cities such as Boston, Chicago, NYC, Philadelphia, Houston, San Francisco, Las Vegas and DC. "This is a significant shift for the industry," said McAdam, adding that 5 smaller telcos throughout the country have agreed to at least use VZ's network in a roaming capacity when they launch their own LTE initiatives. 12 other agreements are being finalized. VZ will use **CES** as a forum to intro a number of LTE-compatible devices, including **Google** products and tablets. Pricing plans are being developed, said McAdam, who believes "there's a place for unlimited plans" even if VZ plans to shadow consumers' expected movement toward pay-as-you-use plans. Speaking of mobile content on the new network, McAdam said VZ and content owners must "work together to make it as efficient as possible."

Deals: **Shenandoah Telecom** agreed to purchase **Suddenlink's** cable systems serving Salem, WV, and Oakland, MD. The systems have approximately 7K homes passed. The closing will occur upon receipt of regulatory approvals, which should occur within 90 to 120 days. **Waller Capital Partners** acted as Shentel's exclusive adviser.

More Fox: FSN-produced games will be available to **DISH** subs who are in-market and receive **Comcast Sports Net** this weekend, we're told. Last weekend, those games weren't available on Comcast Sports Net period—whether



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customers were in or out of market, *Sports Business Daily* 1st reported. It all relates to **FOX** and DISH's spat, which saw the 19 FSN RSNs pulled on Oct 1. The Fox dispute continues with **Sports Fans Coalition**, the lobbying group that counts **Time Warner Cable** and **Media Access Project** as members of its advisory board, sending a letter to **News Corp's Rupert Murdoch** Wed asking that fans be able to watch sports programming. The Coalition had meetings at the **FCC** 1 day before DISH lost the FSN RSNs. "Unfortunately, this October, sports fans are being blind sided, unable to watch their favorite football, baseball and hockey games on television because of contract disputes between your company and satellite and cable carriers," said the letter from Coalition exec dir *Brian Frederick*. "On behalf of sports fans everywhere, I ask that you not allow sports fans to be reduced to a mere negotiating tool." **Cablevision** remains silent on its pending Oct 16 contract expiration with Fox, but the group it and several other distributors are a part of is speaking up. "News Corp is again holding viewers hostage, threatening to pull its FOX broadcast network from DISH and Cablevision subscribers. There will be no "Glee" for World Series and "American Idol" fans if News Corp deprives viewers of watching these popular shows," said the **American TV Alliance**, of which DISH and CVC are a part of. DISH, which already has lost **FX**, **Nat Geo** and the RSNs, stands to lose the Fox O&Os on Nov 1. CVC could lose its Fox broadcast station as well as **Fox Business**, **Nat Geo Wild**, **Fox Deportes** and **My Network TV** if a new deal is not reached by Oct 16. The Alliance is urging people to reach out to members of Congress and push for retrans reform.

TiVo-DISH: **TiVo** said the **US Patent and Trademark Office** has reaffirmed the validity of all claims of its Time Warp Patent in the 2nd re-examination of the patent at the request of **EchoStar/DISH**. TiVo said it believes the decision further validates its intellectual property and that it remains confident that a US Court of Appeals will uphold and enforce an injunction against EchoStar/DISH for infringement of the patent. Shares of TiVo closed up nearly 9.7% on the news. TiVo CEO *Tom Rogers* has said the years old litigation between the 2 is expected to be come to a conclusion early next year.

Merger Mania: The **Writers Guild of America East** wants **Comcast** to dole out \$10mln a year over the next 10 years for news and public affairs programming as a condition of govt approval for its jv with **NBCU**. Arguing that the deal would impact the number of diverse voices, WGAE suggested the money could be provided to the **Corp for Public Broadcasting** or another entity. A Comcast spokesperson called it a "thoughtful proposal," but said it ignores the range of public interest commitments already made by the combined companies that promise to "deliver more diverse programming and more independently produced programming than any entity has ever committed to before." Meanwhile, in a note to clients about the combined entity Wed, **Well Fargo's Marci Ryvicker** declared, "We liked this combination when it was first announced; and after sifting thought thousands of pages of documents, we like it even more." Ryvicker said the transaction is immediately accretive and that NBCU's content library should provide Comcast with an edge in understanding the complexities of content rights negotiation and the monetization of different distribution methods.

Research: Cable scored well recently in satisfaction among phone customers, but according to **J.D. Power & Assoc**, the industry still has a lot work to do in the TV sector. Satisfaction with prices paid among cable subs is 22% lower than among telco customers and 18% lower than among satellite subs. Telcos dominated customer satisfaction in all 4 regions, with **FiOS TV** taking the East and **U-verse TV** sweeping the remaining 3 (South, West, North Central). What's more, **DirectTV** and **DISH** completed the East region's top 3, FiOS and DirectTV the South's and West's. **WOW!** and **Cox** performed well in the North Central region, notching 2nd and 3rd, respectively, but **Comcast**, **Time Warner Cable** and **Charter** scored below the avg in all 4 regions. Perhaps as a result, only 56% of cable customers said they "definitely will" or "probably will" recommend their provider to others, marking a 3 percentage point decline versus '09. [**More info at CableFAXDaily.com**].

OTT: A more vocal proponent of multiplatform content than most cable execs, **Time Warner** CEO *Jeff Bewkes* pumped his digital pompoms in a recent *WSJ* article by saying that **Turner's** fresh relationship with **Google TV (Cfax, 10/4)** isn't about necessity, but rather about establishing additional beachheads for people to find the co's content. Bewkes said Google TV and its ilk are helpful to programmers, and that the proliferation of OTT services will lead consumers to prefer on demand content. Meanwhile, **Lionsgate** chmn/CEO *Jon Feltheimer* agreed that programmers should embrace new platforms and tech while speaking at the **MIPCOM** conference, saying that consumers "want their content when, where and how they want it, and the good news is they're willing to pay more for it if it's premium, if it's faster, sooner, more mobile or more transportable." -- **IMS Research** sr analyst *Paul Erickson* said GoogleTV could make **Apple TV** irrelevant

BUSINESS & FINANCE

to consumers over time. "Google's strategy to make the Google TV experience compatible with cable, satellite, or terrestrial broadcasts will enable the product to have greater impact than Apple TV," said Erickson.

On the Ice: In Demand announced a free digital preview of its out-of-market games package **NHL Center Ice** through Oct 24, and 8 cable MSOs plus **FIOSTV** have agreed to participate. The regular season price runs approx \$180, but a \$10 off discount is being offered through Oct 31. The same discount parameters apply to the NHL's online games package **GameCenter Live**, which this season added additional functionality such as live stats and in-game highlights and social networking.

On the Circuit: The Cable Center's Cable Mavericks Lecture Series is celebrating its 5th anniversary this month, and has reached nearly 5K students since its inception. The series' fall lineup includes **NCTA** pres/CEO *Kyle McSarrow* (Nov 15) and **HBO** evp, corp comm *Quentin Schaffer* (Nov 18).

Public Affairs: Canoe and VCU Brandcenter announced the renewal of a Canoe-funded scholarship for a 2nd year. They are also instituting a product feedback integration loop with classes taught by VCU Brandcenter's techy track head, offering Canoe insight from students steeped in the latest ad technologies.

CableFAX Daily Stockwatch

Company	10/06 Close	1-Day Ch	Company	10/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	41.87	0.03	AVID TECH:	13.68	0.33
DISH:	19.10	(0.53)	BIGBAND:	2.90	0.02
DISNEY:	33.72	(0.11)	BLNDER TONGUE:	2.27	(0.08)
GE:	16.90	0.39	BROADCOM:	35.16	(0.8)
NEWS CORP:	15.56	0.08	CISCO:	22.30	0.32
MSOS					
CABLEVISION:	26.48	(0.37)	CLEARWIRE:	7.40	(0.37)
CHARTER:	32.42	(0.48)	COMMScope:	22.98	(0.51)
COMCAST:	17.76	(0.31)	CONCURRENT:	6.40	(0.07)
COMCAST SPCL:	16.76	(0.25)	CONVERGYS:	10.75	UNCH
GCI:	10.11	(0.1)	CSG SYSTEMS:	18.32	0.02
KNOLGY:	14.00	0.02	ECHOSTAR:	19.30	(0.2)
LIBERTY CAPITAL:	53.43	(0.04)	GOOGLE:	534.35	(3.88)
LIBERTY GLOBAL:	31.43	0.12	HARMONIC:	7.10	UNCH
LIBERTY INT:	14.10	(0.06)	INTEL:	19.31	0.16
MEDIACOM:	6.73	(0.06)	JDSU:	12.43	(0.44)
SHAW COMM:	22.26	(0.05)	LEVEL 3:	0.93	(0.02)
TIME WARNER CABLE:	55.63	(0.4)	MICROSOFT:	24.43	0.08
VIRGIN MEDIA:	23.27	(0.67)	MOTOROLA:	8.56	(0.08)
WASH POST:	403.24	(4.57)	RENTRAK:	26.39	(0.08)
PROGRAMMING					
CBS:	17.10	0.44	SEACHANGE:	7.58	(0.2)
CROWN:	2.45	(0.01)	SONY:	31.49	0.02
DISCOVERY:	43.33	(0.56)	SPRINT NEXTEL:	4.65	(0.01)
GRUPO TELEVISA:	21.90	0.39	THOMAS & BETTS:	42.05	0.25
HSN:	29.67	(1.15)	TIVO:	10.08	0.89
LIBERTY:	38.76	0.28	TOLLGRADE:	7.42	0.02
LIBERTY STARZ:	65.41	(0.14)	UNIVERSAL ELEC:	20.76	(0.16)
LIONSGATE:	7.39	0.03	VONAGE:	2.46	(0.08)
LODGENET:	2.41	0.12	YAHOO:	14.52	(0.09)
NEW FRONTIER:	1.72	(0.03)	TELCOS		
OUTDOOR:	6.03	(0.24)	AT&T:	28.62	(0.32)
PLAYBOY:	5.16	(0.02)	QWEST:	6.41	0.05
SCRIPPS INT:	47.02	(0.54)	VERIZON:	33.36	0.28
TIME WARNER:	30.45	(0.15)	MARKET INDICES		
VALUEVISION:	1.95	0.08	DJI:	10967.65	22.93
VIACOM:	40.48	(0.22)	NASDAQ:	2380.66	(19.17)
WWE:	13.48	0.18	S&P 500:	1159.97	(0.78)
TECHNOLOGY					
ADC:	12.65	(0.02)			
ADVANTAGE:	3.00	(0.02)			
ALCATEL LUCENT:	3.49	0.03			
AMDOCS:	29.20	(0.19)			
AMPHENOL:	49.44	(0.71)			
AOL:	24.99	0.03			
APPLE:	289.19	0.25			
ARRIS GROUP:	9.75	(0.14)			

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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Think about that for a minute...

The Convergence Mash-up

Take a little bit from here, a little bit from there, merge them together, overlay them, play it all at one time and what've you got? A "mash-up."

That's what they're doing in the world of music these days and the "result" is claimed to be, in some cases, a "transformative," new piece of intellectual property that does not violate the copyrights of the artists and composers of the original pieces that were "mashed" together. We can debate the copyright implications of all that another time. I just thought of mash-ups as I watched all the news this past week about "new" and "converged" forms of video distribution, from ivi Television to FilmOn to Google TV. Seems like a whole lot of mashin' going on, but I'm not so sure it's going to "transform" much of anything.



Steve Effros

Admittedly, ivi and FilmOn, as claimed Internet delivered subscription services, are going in a very different direction from Google TV, to the degree we really know what Google TV is. But all of them have one thing in common; they assume average consumers want to watch or find television in a different way than they do now. I wouldn't bet on that.

To be sure, if you ask, they'll tell you they want it for "free!" But we know that just can't be. The original model of "free TV" was based on extreme scarcity which allowed for the aggregated viewing numbers needed to allow advertising to pay the bill for production and delivery of the product. That's no longer the case. Those days are gone. That's why the cable business dual revenue stream model works and there has yet to be an "over the top" business model that comes close (see Hulu, for example.)

But we now have all this capability to deliver video in different ways, and it should come as no surprise that

since the various screens have the same capabilities, that is, you can see a really good looking picture on a big flat screen in your house, on your iPad, on your phone, on your computer, etc., that must mean that they are all going to get "mashed up" together and the business plans will "converge" too, right?

Not so fast. The programming still has to be paid for. The broadcast "markets" that were so carefully protected under the compulsory copyright scheme still have to be maintained, according to the policy folks, and while we all want "broadband" to succeed, it will never get there on the back of copyrighted television and cable programming if the delivery mechanism has the effect of destroying, or seriously impacting the business plan that allowed all that diverse programming to be developed in the first place!

So Google TV, or the imagined "AllVid" box is designed to allow for searching and streaming video, presumably from the "open" Internet. But how does it all get paid for? Do we go to an all-a la carte world of channel-by-channel purchase and delivery? Virtually every economist has warned about the consequences: the big will get bigger, the small will struggle to survive. That's the opposite of what the "netroots" folks say they want.

And what about ivi and FilmOn, delivering broadcast television across the net claiming protection as "cable" for the purposes of copyright law, but denying they are "cable" for any other contractual or social obligation? That's not going to fly either.

We're seeing a convergence of technical capabilities, but the "mash-up" of business plans has a long way to go before it's "transformative."

Steve

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