

CableFAX Daily™

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What the Industry Reads First

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Tim-ber!: AT&T Joins Others in Felling Stocks

The agonizing US economics class of recent weeks proffered Wed yet another key takeaway: the stock markets have yet to hit bottom. Investor confidence has further frayed after a raft of 3Q earnings disappointments from companies such as **Wachovia**, **Merck** and **AT&T**, which missed **Wall St** estimates despite posting 5.5% earnings growth. And as the IMF said economic recovery in the US will not begin until the 2nd half of '09, monitoring competitive practices and trends within industries may now be even more important. For cable, AT&T's results included some fodder for future thought. Not surprisingly, the telco's sharp access line losses continued in 3Q (-11% YOY), with **Sanford Bernstein** forecasting more ahead. "The easy alternatives of 'cutting the cord' or switching to lower-priced cable telephony threaten to make a bad situation even worse," wrote analyst *Craig Moffett*. Still, AT&T said U-verse and wireless services are helping to mollify the troubling trend. **U-verse TV** counted 232K net adds in the Q for a total of 781K, but perhaps more importantly has spurred a broadband attach rate greater than 85%, said CFO *Rick Lindner*. "There have been clear improvements in access line retention in U-verse markets," he said. Data extrapolation points to at least 197K U-verse HSI adds, helping to drive the telco's 148K net wireline broadband connections, up from 46K in 2Q. As for wireless data, AT&T has nearly 5.9mln broadband-speed integrated devices/laptop cards in service, up 2.8mln in 3Q. USB port cards are "just flying" off the shelves, said **AT&T Mobility** CEO *Ralph de la Vega*, who noted "a lot of upside on wireless data cards and growth opportunities for us way into the future." Also, customers have responded favorably to bundling options for wireline broadband and wireless laptop connections, said Lindner. The telco activated 2.4mln **iPhone 3Gs** in the Q, and de la Vega said many iPhone customers are using the device as their primary data provider. Lindner also noted solid growth in the SMB market, a result he called "promising, especially since cable's moving in." Despite obvious economic and competitive pressures, both **Sanford Bernstein** and **S&P** are bullish on AT&T shares, which dipped 7.6% Wed. Other notables: **Comcast** (-7.5%), **Time Warner Cable** (-5.9%), **Cablevision** (-9.1%), **Charter** (-9.2%), **Verizon** (-8.1%), **DirectTV** (-9.2%) and **DISH** (-2.2%).

What's Up, CVC? **Cablevision** chmn *Chuck Dolan* and COO *Tom Rutledge* met with **FCC** chmn *Kevin Martin* Fri to talk about the FCC's program tying rulemaking, according to an FCC filing. The filing was vague, but it raised eyebrows as folks wonder just what the MSO supports. "Cablevision discussed the desirability of having the flexibility to determine how to offer programming to customers," the MSO wrote in a letter describing the meeting. Cablevision declined comment beyond the filing. Dolan and Martin spoke again by phone on Tues. Recall that CVC recently hired one of Martin's top lieutenants, *Catherine Bohigian*, to serve as vp, federal relations (she was not at Fri's meeting) and that Cablevision—especially Dolan—has spoken favorably about a la carte over the years. "Consumers should not be obliged directly or indirectly to buy services they do not want," Dolan said back in '05. One thing is clear from the filing: Martin is still interested in this item if he's meeting with such high level execs. **NCTA** has

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denounced the program tying rulemaking, saying the FCC doesn't have the authority, nor is it needed, while **ACA** supports it. Talk has persisted for months that Martin is working on a proposal to require wholesale unbundling of programming networks, although the chmn has said no one in the Commission is working on the issue.

Wideband Load: Comcast will offer its DOCSIS 3.0 speeds to about 10mln customers in more than 10 markets in the coming months. Philly, Boston and parts of NJ are gearing up for wideband service, with some parts of New England already lit up. Additional markets will be announced in the coming weeks. Comcast announced at Jan's **CES** that it would offer the service to 20% of its footprint by year-end. It plans to have the service available across its footprint by '10. Consumers can find out if the service is available in their area by visiting www.comcast.com/fastestfast. Comcast launched its 1st DOCSIS 3.0 market earlier this year in Minneapolis/St Paul. Wideband markets will get 2 new tiers: "Extreme 50," 50Mbps/10Mbps and "Ultra," 22/5. Existing customers will see speeds doubled to 12Mbps/2 from 6/1 and 16/2 from 8/1.

All's Not Quiet: There sure is a lot of noise over this proposed quiet period. Reps *Anna Eshoo* (D-CA) and *Nathan Deal* (D-GA) sent a letter to the **FCC** and **NTIA** Wed calling for a govt-mandated quiet period that would start before year-end and extend for a "reasonable period" after the DTV transition. During the period, broadcast signals could not be pulled from cable and DBS operators in an effort to avoid consumer confusion about the transition. The lawmakers expressed concern that NTIA had seen an "uptick" in converter box coupon requests in markets impacted by **LIN's** decision to pull signals from **Time Warner Cable** on Oct 3. Cable supports the extended quiet period, but NAB only wants it to last for 4 weeks. "If policymakers are truly concerned about confusion that could arise from the DTV transition, they should investigate claims raised by *Consumer Reports* magazine alleging cable operators' use of the transition as a subterfuge for deceptively upselling consumers into higher programming tiers," said NAB's *Dennis Wharton*. He's referring to an article about cable operators moving channels to digital from analog to free up more bandwidth, which suggested that cable is using DTV transition confusion to raise customers' bills (*Cfax*, 10/9). It's the 2nd time NAB has made such comments, which an **NCTA** rep has dubbed "bizarre and petty."

Deals: Comcast's agreements for carriage of **Lifetime** nets and retrans of **Hearst** owned-and-operated stations were amended on Fri, according to an **SEC** filing. The Apr 2 agreements were amended to extend the permitted term of retrans consent, but Hearst is seeking to keep the terms confidential. It told the SEC that the aggregate annual consideration amount payable to Hearst in '09 under the agreements will be less than 2.4% of the Hearst's estimated '08 net operating revenues. A Hearst affiliate owns 50% of Lifetime Ent Services (**Disney** has the other half).

Ratings: Nielsen is moving May sweeps to Apr 23-May 20 from Apr 30-May 27. **NAB** pushed for the change, which will prevent Memorial Day weekend from being included in the survey period. "From a cable perspective it doesn't really matter because cable launches programs all year long now," **Lifetime** evp, research *Mike Greco* tells us. "We're not just waiting until the May sweeps are over and the summer to begin. I never remember a year with so many original cable productions airing up against the start of the broadcast season, and the broadcasters are feeling it... with major declines."

Programming: *Bill O'Reilly* has signed for a multi-year deal to continue hosting **Fox News'** "The O'Reilly Factor."

On The Circuit: Lifetime's commitment to women's issues will continue next year, network chief *Andrea Wong* said Tues night. As she received the American Horizon Award from **The Media Institute** for Lifetime's advocacy work, Wong said, "I

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guarantee we will be back next year... along with our 23mln signatures." She was referring to Lifetime's 12-year effort to get the Breast Cancer Patient Protection Act approved. The network has collected more than 23mln signatures supporting the bill, which lets patients and doctors—not insurance companies—decide whether a woman who's had a mastectomy should spend an additional night in the hospital. The House approved the bill in Sept, but it stalled in the Senate. Wong also vowed to continue programs that train women to run for political office, among other efforts. -- Also honored at the dinner was **Fox Group** chmn/CEO *Peter Chernin*, who accepted the Freedom of Speech Award and called for an end to indecency regulations for broadcast TV so it's treated like cable. He vowed to defend even "tasteless" speech to prevent a "steep slide" toward censorship of political and other speech. The U.S. Supreme Court on Nov 4 will hear oral arguments on whether the FCC can regulate "fleeting expletives" that sometimes occur on live TV. Fox is the plaintiff.

People: **Playboy** named *John Lumpkin* vp, assoc publisher of Playboy Digital. He'll head digital sales for Playboy.com and Playboy Mobile. -- **Turner** named *Jacqueline Welch* svp, human resources. -- **Comcast Sports Group** tapped *Ramon Ramos* as vp, research and mktg solutions. -- **NTN Buzztime** named *Terry Bateman* a board member.

CableFAX Daily Stockwatch

Company	10/22 Close	1-Day Ch	Company	10/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	22.84	(3.17)	ALCATEL LUCENT:	2.30	(0.24)
DIRECTV:	20.16	(2.04)	AMDOCS:	22.94	(0.82)
DISNEY:	23.05	(2.26)	AMPHENOL:	25.17	(2.33)
ECHOSTAR:	15.97	(0.36)	APPLE:	96.87	5.38
GE:	18.96	(1.39)	ARRIS GROUP:	5.25	(0.37)
HEARST-ARGYLE:	15.89	(0.1)	AVID TECH:	17.00	(2.1)
ION MEDIA:	1.44	0.00	BIGBAND:	3.40	(0.2)
NEWS CORP:	8.68	(0.77)	BLNDER TONGUE:	0.80	(0.03)
MSOS					
CABLEVISION:	16.33	(1.63)	BROADCOM:	14.70	0.90
CHARTER:	0.42	(0.04)	C-COR:	11.00	0.00
COMCAST:	14.20	(1.16)	CISCO:	17.41	(0.45)
COMCAST SPCL:	13.83	(1.21)	COMMSCOPE:	20.38	(1.49)
GCI:	5.91	(0.8)	CONCURRENT:	4.09	(0.09)
KNOLGY:	4.72	(0.28)	CONVERGYS:	11.27	(0.41)
LIBERTY CAPITAL:	8.11	0.16	CSG SYSTEMS:	15.12	0.98
LIBERTY ENT:	17.73	(1.59)	ECHOSTAR HOLDING:	20.34	(1.34)
LIBERTY GLOBAL:	17.08	(0.72)	GOOGLE:	355.67	(7.08)
LIBERTY INT:	6.60	(0.24)	HARMONIC:	7.63	(0.54)
MEDIACOM:	3.69	(0.66)	JDSU:	5.89	(0.32)
SHAW COMM:	15.82	(1.07)	LEVEL 3:	1.23	(0.05)
TIME WARNER CABLE:	19.26	(1.2)	MICROSOFT:	21.53	(1.83)
VIRGIN MEDIA:	4.56	(0.77)	MOTOROLA:	5.04	(0.64)
WASH POST:	343.50	(11.08)	NDS:	50.00	(0.89)
PROGRAMMING					
CBS:	8.09	(0.95)	NORTEL:	1.52	(0.02)
CROWN:	3.06	(0.16)	OPENTV:	1.19	(0.09)
DISCOVERY:	12.61	(0.69)	PHILIPS:	17.52	(1.19)
EW SCRIPPS:	4.74	(0.11)	RENTRAK:	11.57	(0.3)
GRUPO TELEVISA:	14.71	(0.78)	SEACHANGE:	7.12	(0.47)
HSN:	4.18	(0.35)	SONY:	23.38	(1.96)
INTERACTIVE CORP:	16.15	(0.03)	SPRINT NEXTEL:	3.47	(0.35)
LIBERTY:	30.05	(2.96)	THOMAS & BETTS:	21.82	(1.85)
LODGENET:	1.22	(0.11)	TIVO:	5.73	(0.39)
NEW FRONTIER:	1.75	(0.06)	TOLLGRADE:	3.15	(0.18)
OUTDOOR:	6.96	(1.08)	UNIVERSAL ELEC:	17.23	(1.47)
PLAYBOY:	1.50	(0.16)	VONAGE:	0.75	(0.15)
RHI:	12.00	(0.04)	YAHOO:	12.39	0.32
SCRIPPS INT:	26.66	(2.62)	TELCOS		
TIME WARNER:	9.61	(0.76)	AT&T:	23.78	(1.95)
VALUEVISION:	0.71	0.04	QWEST:	2.61	(0.39)
VIACOM:	18.76	(1.12)	VERIZON:	25.75	(2.26)
WWE:	14.51	(0.3)	MARKET INDICES		
TECHNOLOGY					
3COM:	2.26	(0.07)	DOW:	8519.21	(514.45)
ADC:	5.19	(0.41)	NASDAQ:	1615.75	(80.93)
ADDVANTAGE:	1.80	(0.01)			

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- Mobile Application
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- Web Editor
- Video Editor/Producer
- Web Designer
- Other (please enter an executive) who is successfully leading your organization's digital initiatives

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- Technology and other Vendors
- Cable Associations



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