

CableFAX Daily™

Monday — October 25, 2010

What the Industry Reads First

Volume 21 / No. 206

Begging for Attention: Verizon's FiOS Metrics Improve as Wireless Soars

As with AT&T Thurs, Verizon's wireless results were predictably solid, particularly the 26.3% jump in data rev. Yet the telco's FiOS results also deserve notice. Rev surged 29.2% and net sub adds included 204K video and 226K Internet. "We're pleased with the progress we're making with FiOS, financially, operationally and competitively," said CFO *John Killian*. As FiOS now covers approx 60% of Verizon's footprint and represents half of the telco's consumer rev, a couple key elements helped stimulate sub growth. An intensified focus on the MDU space is proving a boon, said **VZ Telecom and Business** pres *Fran Shammo*, noting nice adoption of a new triple-play bundle that excludes landline phone service. Also helpful, he said, were "no contract" offers and VZ's "Worry Free Guarantee" featuring a trial period and no cancellation fee. Though DSL remains a drag, Shammo said it's "very easy" to convert customers to FiOS TV after selling them FiOS Internet service, which is taking share from cable providers. In summing up the FiOS rebound, Killian said "there's a lot more buzz around the FiOS capability and the quality of video vis a vis our competition." FiOS ARPU tallied \$146, up 6%. **Wells Fargo's Marci Ryvicker** noted that both FiOS and **U-Verse** reported solid video numbers, but said she wouldn't necessarily extrapolate those numbers to cable. "It does sound like the telcos have changed their marketing strategy a bit to gain share," she said. The telco's overall wireline business continues to hack and sputter, however, despite line divestitures and rampant cost cutting/layoffs. Rev fell 3.6%. Yet the enterprise business is beginning to turn around and EBITDA margins showed sequential improvement—just a couple reasons for Killian's positive outlook. "We believe we can get the wireline business over the next couple years, with some help from the economy, to flat [rev] and maybe to slightly growing," he said. The lion's share of VZ's financial horsepower comes from wireless, of course, a business Killian called "a cash machine." 23% of the telco's post-paid sub base own smartphones, up from 20% in 2Q, and Web/email rev increased 43%. VZ's expected to launch **LTE** services before Thanksgiving. "With wireless data revenue exceeding \$5bln this quarter, it's hard to believe that we're still in the early innings in terms of this revenue growth opportunity. But we are," said Killian. **S&P** maintained its 'hold' rating on VZ shares. "While customer growth has slowed, we think smartphone penetration will support revenue gains, and we believe operating income will benefit from FiOS maturation, and as economy improves," wrote the firm.

Day 7: There was renewed speculation Fri that the **FCC** might intervene in the ongoing **Cablevision-FOX** dispute after

CBSCOLLEGESPORTS.COM

ARMED FORCES SALUTE

OCTOBER 25 - OCTOBER 31
OCTOBER 30 TRIPLEHEADER
 VMI at ARMY 12 ET | DUKE at NAVY 3:30 ET
 UTAH at AIR FORCE 7:30 ET

CBS COLLEGE SPORTS NETWORK

Free Preview Available –
 Contact: Bob Rose Brose@cbs.com

As seen on Fox News, ABC, CNN, and C-SPAN

Prime Votes

The 2010 Election

Free VOD and Online Content

As the only cable network dedicated to serving the needs of adults 55+, RLTV has created unique programming to keep the nation's most reliable voters informed on issues that concern them heading into the mid-term elections.

Your customers have heard about Prime Votes from **Fox & Friends, Good Morning America, NPR, CNN, C-SPAN**, and other media outlets. Now show your commitment to the 55+ audience by offering Prime Votes on your VOD platform **free of charge.**

RLTV News Desk

Hosted by veteran reporters John Palmer and Sam Donaldson, the News Desk offers daily reports on issues and events that concern Baby Boomers and Seniors.

RLTV National Forums

A two-part series hosted by leading news and political correspondent Cokie Roberts, which includes a roundtable discussion with thought leaders from both parties, political insiders, and mature voters.

To offer Prime Votes to your customers on your VOD platform, please contact Betsy Brightman at bbrightman@rl.tv or 215.353.2847 TODAY.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Assoc Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

Media Bureau chief *Bill Lake* sent a letter to the 2 asking them to describe their negotiations as he probes whether they are in "good faith." And he wants their answers by COB Mon. "As you know, your contract dispute extends beyond just Fox and Cablevision," Lake wrote. "Indeed, it affects millions of innocent consumers who expect to watch their preferred broadcast programming without interruption. We urge you to place the interests of these consumers first and conclude your negotiations promptly." Cablevision said it welcomes the FCC's intervention. "Whether through FCC action, binding arbitration or any other means, the time has come for **News Corp** to end the Fox blackout of 3 million Cablevision households," a spokesperson said. With no conversations taking place again Fri, Fox didn't sound hopeful a resolution was near. "Unfortunately, it's becoming clear that Cablevision believes FOX has very limited value to their customers. We urge those Cablevision subscribers who want to see the World Series (beginning Wed) to switch providers or purchase an over the air antenna now," Fox said. **Insight's Michael Willner** weighed in at his blog (www.michaelsinsight.com), urging Fox to call a "cease fire" and put the programming back on the air the week of the World Series. "If they don't, they simply prove that Congress should consider these types of exclusive rights, to be monopoly power in the marketplace. And monopolies by their very nature, require some level of government oversight to ensure that consumers are not being harmed," he wrote, warning subs that while Insight hasn't lost programming in years, broadcast and programmer demands are becoming "more and more unacceptable" (Insight is among the distributors petitioning the FCC to overhaul retrans).

Deals: Charter completed its sale of certain cable systems to **The Gores Group** subsidiary **Cobridge Comm**. The 36 acquired headends are in AL, AR, GA, LA, MO, OH and TX and represent about 65K customers. As a result of this sale, Charter no longer operates in AR and OH, meaning it now serves 25 states. "The sale of these systems furthers our continued strategy to strengthen our clusters and enhance operating efficiencies by divesting geographically non-strategic assets," said Charter pres/CEO *Mike Lovett*. **RBC Daniels** advised Charter on the transaction. Terms weren't disclosed.

Online: As previously reported, **Time Warner Cable** subs who get **ESPN** will be able to watch ESPN online and ESPN3.com starting Mon (*Cfax, 10/19*). Down the road, **ESPN2**, **ESPNU**, **ESPN Goal Line** and **ESPN Buzzer Beater** will also be offered online, and on mobile phones and other devices. TWC is the 1st to use TV Everywhere to bring ESPN to customers.

Ratings: The Season 2 finale of **MTV's "Jersey Shore"** Thurs scored an impressive 6.1mln viewers, according to **Nielsen** overnights. Season 3, which returns to Seaside Heights, is set to debut in Jan.

Programming: **NPR** may not want him, but **Fox News** re-signed *Juan Williams* to an expanded role with the net in a multi-year deal. Williams already is a contributor and regular sub host on "The O'Reilly Factor."

Honors: **CTAM** board chair *Sean Bratches* of **ESPN** honored **Warner Bros** vp, worldwide marketing, programming and acquisitions *Michele Edelman* and **Comcast** svp, marketing *Peter Intermaggio* with the Chairman's Award at CTAM Summit. The 2 were key in producing the \$30mln Movies On Demand campaign. CTAM handed out Rainmaker awards to **Cablevision's Patrick Donoghue**, **Cox's Murray Goldstein**, **Time Warner Cable's Juan Ramirez** and *Alee Rouhani* and **Starz's Rebecca Rusk Lim**. CTAM's TAMI award went to Comcast's *Sharon Desmond*, TWC's *Rachel Dreyfus* and *Joan Gillman*, **PK Network's Pat Kehoe**, **SiTV's Carla Lewis-Long** and **Fuse's Karen Ramspacher**. -- **Suddenlink's Bob Legg Jr** got the **SCTE** Member of the Year Award Wed. The SCTE Chmn's Award went to the **CTO Advisory Group**, which comprises *Nomi Bergman*, *Jim Blackley*, *Terry Cordova*, *Marwan Fawaz*, *Mike LaJoie*, *Dermot O'Carroll*, *Dan Pike*, and *Tony Werner*. Inducted into the SCTE Hall of Fame was **Cisco's Ron Hranac**. Other honors: Distinguished Member of the Society Award (consultant *Wendell Woody*), the SCTE Excellence in Standards Award (**PPC's Roger Matthews**), SCTE Excellence in Cable Telecom Learning and Dev (Time Warner Cable's *Kenneth Hulse*), Women in Technology Award (tech columnist *Leslie Ellis*) and sister pub **Communications Technology's** System of the Year Award (**Sunflower Broadband**).

Business/Finance: **Playboy** said its 3Q results will include a \$20mln+ non-cash write-down primarily related to TV programming inventory, and also that **DirecTV's** failure to make payments for TV content will contribute to a bad debt expense of approx \$1mln. The DBS op is withholding payments in conjunction with a lawsuit filed in CA Superior Court alleging that Playboy was in breach of its contract, said Playboy, denying the allegations. -- As **GCI's** board approved an increase in the co's share repurchase program, now capped at \$100mln, the co also closed a definitive agreement with **Arctic Slope Regional Corp** to buy back approx 7.5mln of its Class A common shares for \$10.16 each. GNCMA shares closed Fri at 10.43\$, up 4%.

CableFAX Week in Review

Company	Ticker	10/22 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	42.72	0.16%	28.10%
DISH:	DISH	19.41	0.83%	(6.55%)
DISNEY:	DIS	34.97	0.26%	8.43%
GE:	GE	16.05	(1.5%)	6.11%
NEWS CORP:	NWS	16.06	1.58%	0.88%
MSOS				
CABLEVISION:	CVC	26.49	(0.64%)	2.59%
CHARTER:	CHTR	33.12	(0.51%)	0.00%
COMCAST:	CMCSA	19.46	2.69%	15.42%
COMCAST SPCL:	CMCSK	18.25	2.13%	13.99%
GCI:	GNCMA	10.43	2.15%	63.48%
KNOLOGY:	KNOL	14.42	(0.89%)	32.05%
LIBERTY CAPITAL:	LCAPA	56.37	(1.38%)	136.06%
LIBERTY GLOBAL:	LBTYA	34.80	3.94%	58.98%
LIBERTY INT:	LINTA	14.63	0.90%	34.96%
MEDIACOM:	MCCC	6.90	(4.56%)	54.36%
SHAW COMM:	SJR	21.55	(3.45%)	4.76%
TIME WARNER CABLE:	TWC	57.39	1.40%	38.66%
VIRGIN MEDIA:	VMED	24.29	0.25%	44.33%
WASH POST:	WPO	372.63	(2.38%)	(15.23%)

Company	Ticker	10/22 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	17.18	(2.05%)	22.28%
CROWN:	CRWN	3.15	(5.12%)	117.24%
DISCOVERY:	DISCA	43.73	1.25%	42.58%
GRUPO TELEVISIA:	TV	22.26	1.27%	7.23%
HSN:	HSNI	30.62	(3.65%)	51.66%
INTERACTIVE CORP:	IACI	26.10	3.20%	27.44%
LIBERTY:	L	39.70	0.10%	9.22%
LIBERTY STARZ:	LSTZA	67.52	1.38%	46.31%
LIONSGATE:	LGF	7.43	(2.88%)	27.88%
LODGENET:	LNET	2.78	15.83%	(49.73%)
NEW FRONTIER:	NOOF	1.79	(0.56%)	(5.29%)
OUTDOOR:	OUTD	5.75	(2.21%)	(0.86%)
PLAYBOY:	PLA	5.11	(4.31%)	59.69%
SCRIPPS INT:	SNI	48.28	0.06%	16.34%
TIME WARNER:	TWX	31.52	(0.85%)	8.17%
VALUEVISION:	VVTV	2.57	7.08%	(46.46%)
VIACOM:	VIA	41.39	(0.65%)	31.40%
WWE:	WWE	14.01	0.65%	(8.61%)

Company	Ticker	10/22 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADC:	ADCT	12.71	0.39%	104.67%
ADDVANTAGE:	AEY	3.25	9.06%	64.97%
ALCATEL LUCENT:	ALU	3.64	(0.82%)	9.64%
AMDOCS:	DOX	30.04	0.40%	5.29%
AMPHENOL:	APH	49.12	(2.05%)	6.37%
AOL:	AOL	25.33	(0.43%)	8.81%
APPLE:	AAPL	307.47	(2.31%)	45.91%
ARRIS GROUP:	ARRS	9.35	(5.17%)	(18.2%)
AVID TECH:	AVID	12.75	(8.6%)	(0.08%)
BIGBAND:	BBND	2.89	(2.36%)	(15.99%)
BLNDER TONGUE:	BDR	2.35	(2.08%)	106.14%
BROADCOM:	BRCM	37.55	(0.48%)	19.32%
CISCO:	CSCO	23.48	0.51%	(1.92%)
CLEARWIRE:	CLWR	7.17	3.46%	6.07%

Company	Ticker	10/22 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	23.12	2.94%	(12.85%)
CONCURRENT:	CCUR	6.36	(4.36%)	60.61%
CONVERGYS:	CVG	11.50	1.05%	6.98%
CSG SYSTEMS:	CSGS	18.91	(1.2%)	(0.94%)
ECHOSTAR:	SATS	20.03	4.00%	(0.55%)
GOOGLE:	GOOG	612.53	1.84%	(1.2%)
HARMONIC:	HLIT	6.93	(1%)	9.65%
INTEL:	INTC	19.84	1.61%	(2.77%)
JDSU:	JDSU	11.60	(5.31%)	40.61%
LEVEL 3:	LVLTL	0.91	3.42%	(40.52%)
MICROSOFT:	MSFT	25.38	(0.64%)	(16.74%)
MOTOROLA:	MOT	7.83	(1.51%)	0.90%
RENTRAK:	RENT	26.44	(3.75%)	49.63%
SEACHANGE:	SEAC	7.53	(2.21%)	14.79%
SONY:	SNE	33.43	4.05%	15.28%
SPRINT NEXTEL:	S	4.85	2.75%	32.51%
THOMAS & BETTS:	TNB	44.23	(0.16%)	23.58%
TIVO:	TIVO	10.33	2.18%	1.47%
TOLLGRADE:	TLGD	7.36	(3.79%)	20.46%
UNIVERSAL ELEC:	UEIC	21.00	(0.99%)	(9.56%)
VONAGE:	VG	2.64	(0.38%)	88.57%
YAHOO:	YHOO	16.30	0.34%	(2.83%)

Company	Ticker	10/22 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	28.29	(0.14%)	0.93%
QWEST:	Q	6.46	1.89%	53.44%
VERIZON:	VZ	32.09	(1.05%)	(3.14%)

Index	10/22 Close	1-Week % Chg	YTD %Chg
MARKET INDICES			
DOW:	11132.56	0.63%	6.76%
NASDAQ:	2479.39	0.43%	9.27%
S&P 500:	1183.08	0.59%	3.35%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LODGENET:	2.78	15.83%
2. ADDVANTAGE:	3.25	9.06%
3. VALUEVISION:	2.57	7.08%
4. SONY:	33.43	4.05%
5. ECHOSTAR:	20.03	4.00%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. AVID TECH:	12.75	(8.6%)
2. JDSU:	11.60	(5.31%)
3. ARRIS GROUP:	9.35	(5.17%)
4. CROWN:	3.15	(5.12%)
5. MEDIACOM:	6.90	(4.56%)



The annual CableFAX 100 issue salutes cable's leaders, pioneers, influencers and rainmakers. The Regional Top Players will also be profiled.

Sponsor the CableFAX 100 Awards Luncheon, December 9, 12-2:30pm in NYC. Go to www.cablefaxmag.com for details on registration and sponsorship opportunities.

Publication Date: December 9
Ad Close: November 9
Ad Materials: November 17

Print/Online Distribution at www.cablefax.com
Bonus Event Distribution: The CableFAX 100 Awards Luncheon, December 9

Advertising & Sponsorship Contacts:

Debbie Vodenos | Publisher
dvodenos@accessintel.com | 301.354.1695
 Amy Abbey | Associate Publisher
aabbey@accessintel.com | 301.354.1629