

# CableFAX Daily™

Tuesday — October 31, 2006

What the Industry Reads First

Volume 17 / No. 211

## Fe-Fi-FiOS: Verizon's Video Sub Total Tops 100K

Verizon's FiOS video gains increased 80% sequentially to 63K in 3Q, giving the telco a total of 118K or 10% penetration among 1.2mln homes. "Customer acceptance in video is ahead of plan and the fact that we have many new and innovative features just around the corner bodes well for us," CFO *Doreen Toben* said during Mon's earnings call. The company reiterated its full-year targets of 175K FiOS video subs and 725K FiOS data customers, saying churn for the services remains under 1.5%. But FiOS continues to cost the company, representing 9 cents of total earnings dilution, up 2 cents from 2Q. Full-year FiOS dilution is expected to be 31-32 cents/share, about 2 cents higher than previous guidance. Brass said acquisition/marketing costs are squeezing margins, as did 1-time content costs, but it reported some improvement. Average cost of capital for a home passed has dropped 40% in less than 2 years to \$845 from \$1400, while capital cost to connect was \$900/home in Sept (-25% this year). On the data side, Verizon added 147K FiOS data subs (up from 111K in 2Q). Cable (and wireless) continues to eat into primary phone lines, with Verizon ending the Q with 23mln—down 419K lines sequentially. "We will continue to see some pressure on access lines," chmn/CEO *Ivan Seidenberg* said. "But we think, as we look out into the future, our strategies for our own wireless and our own FiOS will begin to arrest that." Also notable was Seidenberg's take on cable targeting small businesses. While the industry has made a lot of noise in this area, "I would say outside the **Cablevision** territory, I don't think it is something that we are seeing a lot of at the moment."

## Lacing Up: Cable Readies for Next Season of Hoops

NBA season tips off Tues, and TNT and ESPN/ABC will again vie for cable supremacy in roundball. Leading off with a Halloween double-header featuring *Shaq*, *Kobe* and *Steve Nash*, veteran TNT will provide in its 23rd season of NBA coverage 52 regular season tilts, the '07 NBA All-Star Game from Las Vegas, and the Eastern Conference Finals. ESPN will counter with a Wed double threat of its own—featuring *LeBron James* and *Nash* (a busy man) in successive contests—and a slate of 90 games (19 on ABC), all to be available in HD. Both nets have exclusive day parts (Thurs nights for TNT, Sun afternoons for ABC), but Turner's entrenched and popular broadcast team remains static, while ESPN drafted a slew of new players. Recently-retired players *Jamal Mashburn* and *Allan Houston* head a new talent pool that "will add credibility and a connection to fans," said ESPN evp *Norby Williamson*. ESPN/ABC is also putting games on **ESPN Radio**, **ESPN Deportes** and **ESPN Intl**. "You are going to see with the NBA a surround approach where we apply what we learned with Monday Night Football," said Williamson. "We're going to educate on the NBA anytime and on any device." Meantime TNT will again provide free-of-charge its linear show "Inside the NBA" on its "TNT OverTime" broadband channel at nba.com, and more online features will likely follow, said *David Levy*, pres, **Turner Sports**. "Last year we launched our first foray into broadband coverage to great success, and there will be a

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larger commitment to broadband this year," he said. "We are looking to extend our presence outside nba.com and tnt.tv for greater distribution." Both nets claim NBA ad sales are tracking higher than last year.

**Network DVR:** **BendBroadband** is using C-COR real-time encoding and playback technology to launch its advanced On Demand service, which allows immediate DVR capability of live, locally produced content on the VOD menu—even if the linear broadcast isn't finished yet. Bend's using the network DVR for local news, with plans to add high school sports, cooking shows and public broadcasting programs to the mix. The deployment marks the launch of C-COR's new "Local On Demand Package," which manages the ingest and metadata entry of real-time content.

**Marketing:** **NFL Net** has teamed with **VoiceOne Comm** for a click-to-call promotional campaign. Launched this week, the campaign allows consumers to click on net banner ads, after which they will immediately receive a call from their preferred service provider—**DirecTV**, **DISH Network** or **Verizon's FiOS TV**. The banner ads will appear on **IWantMyNFLNetwork.com**, **Yahoo**, **CBS Sportsline** and the providers' Websites.

**From the Street:** **Friedman Billings Ramsey** suggests that **Terayon** may be getting close to filing audited financials with the **SEC** reflecting restated FY04 and FY05 following the improper recognition of revenue during '04. "We think such a filing would clearly be a positive for the shares, as it would finally lift a major overhang on the entire company and could suggest an eventual return for the shares to the **NASDAQ** national market," said a FBR research note. The firm added that it could also reopen M&A talks, as it believes an earlier sale process has been on hold.

**Cable's Royal Flush:** Our eagle-eyed readers quickly informed us that **NCTA's** new bathroom door icon, *Abel Cable*, is actually a blast from the past (*Cfax*, 10/30). Abel was used in advertisements in the 1960s. An NCTA spokesman said the organization decided to dust him off for the new DC headquarters and pair him up with a new character, a mate named Mabel. But it appears Abel's either on his second marriage or into polygamy. "In the '60s, I used to run newspaper ads with Abel Cable and his wife's name was Imma!" a cable vet tells us.

**Broadband:** **TBS** announced the planned Jan launch of ad-supported broadband net "Super Deluxe" offering original comedic content and interactive online-community tools, with some of the content to be available on cable VOD and wireless devices. -- **Brightcove** unveiled Mon the "Brightcove Network," a free service that lets content owners launch their own revenue-generating online video channels. The company also launched a video advertising network and has partnered with **AOL** to provide options to content owners for the sale/downloads through the AOL Video portal at video.aol.com. -- **Fox News** has made available at **foxnews.com**, and on **MySpace** and **iTunes**, short-form video called "Fox News Flash." A pair of 60-sec newscasts appear daily under the moniker, with one in the morning for "Fox and Friends," and the other in the afternoon for "The Fox Report with Shepard Smith." -- **AOL RED** unmasked the Halloween debut of **Tara Reid** vehicle "Incubus" at **www.bered.com** for \$7.99, or rented for 5 days for \$3.49.

**Online:** **MySpace.com** will buy from **Gracenote** technology to permit blocking of unauthorized copyrighted audio content from being posted. The audio fingerprinting technology reviews music uploaded by site members to their profiles, and users who repeatedly attempt to upload unauthorized music face permanent account deletion.

**Marketing:** **GoTV** disclosed plans for a national ad campaign aimed at scoring more viewers. Now reaching nearly 10mln HHs, the net will use TV and print media aimed at both an English- and Spanish-speaking audience.

Free Webcast

## Time-Shifted TV: A Case Study on Time Warner Cable's Start Over Service

This Webcast will define Time-Shifted TV, outline the requirements and review lessons from Time Warner Cable's Start Over deployment. It will answer the following questions:

- What is Time-Shifted TV and how does it work?
- What are the unique requirements of deploying Time-Shifted TV?
- How did Time Warner Cable prepare its network for Start Over?
- What are the results and benefits of the Start Over deployment?

Tuesday, November 14th at 11AM EST

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# BUSINESS & FINANCE

**Technology:** Arris announced it finished interoperability testing for its "Keystone D5" DMTS and SeaChange's VOD system. Arris' system can support digital video delivery related to the forthcoming M-CMTS/DOCSIS 3.0 platform and switched digital video apps.

**VoIP:** SunRocket forged a marketing alliance with **Broadband National**, a comparative shopping service for broadband and VoIP services. Non-broadband customers interested in SunRocket's VoIP service can choose from more than 50 broadband service providers at broadbandnational.com.

**In the States:** Bright House Networks debuted enhanced business broadband services in central IN.

**People:** Dan Levi has left his gig as svp, marketing for **WWE** to join **Monster.com's** parent, **Monster Worldwide**. -- **Fox News** upped *Kevin Magee* to evp. One of his duties will be to serve as the exec in charge of Fox's proposed business channel in the event distribution is secured for launch. -- **ReelzChannel.com** named *Philip Nakov* vp, business development and partnerships. -- Former **Cox** veteran *Michael Pasquinilli* was appointed dir, advanced engineering for **Concurrent**.

**Business/Finance:** **MTVN** has closed its \$175mIn acquisition of music gaming developer **Harmonix Music Systems** (*Cfax*, 9/25).

## CableFAX Daily Stockwatch

Company	10/30 Close	1-Day Ch	Company	10/30 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
AVID TECH:	36.24	0.07	BLNDER TONGUE:	1.30	(0.01)
BRITISH SKY:	41.16	0.02	BROADCOM:	29.94	0.75
DIRECTV:	22.00	0.09	C-COR:	9.72	(0.14)
DISNEY:	31.86	0.13	CISCO:	23.90	0.18
ECHOSTAR:	35.16	(0.22)	COMMSCOPE:	31.67	(0.46)
GE:	35.20	(0.01)	CONCURRENT:	1.70	(0.23)
HEARST-ARGYLE:	25.43	0.14	CONVERGYS:	21.23	0.12
ION MEDIA:	0.79	0.01	CSG SYSTEMS:	27.06	(0.06)
NEWS CORP:	21.86	0.15	GEMSTAR TVG:	3.47	0.01
TRIBUNE:	33.45	(0.02)	GOOGLE:	476.57	1.37
<b>MSOS</b>					
CABLEVISION:	27.71	(0.03)	HARMONIC:	8.20	0.07
CHARTER:	2.30	0.01	JDSU:	15.06	(0.69)
COMCAST:	40.29	0.27	LEVEL 3:	5.39	0.19
COMCAST SPCL:	40.20	0.26	LUCENT:	2.44	0.00
GCI:	13.16	0.22	MICROSOFT:	28.53	0.19
KNOLOGY:	10.51	(0.41)	MOTOROLA:	23.11	(0.06)
LIBERTY CAPITAL:	88.47	1.14	NDS:	46.74	0.64
LIBERTY GLOBAL:	25.82	(0.42)	NORTEL:	2.16	(0.01)
LIBERTY INTERACTIVE:	21.91	(0.28)	OPENTV:	2.87	0.09
MEDIACOM:	8.30	(0.01)	PHILIPS:	35.16	(0.03)
NTL:	27.07	(0.16)	RENTRAK:	13.00	0.23
ROGERS COMM:	57.06	0.08	SEACHANGE:	8.54	0.03
SHAW COMM:	31.33	0.14	SONY:	41.55	0.09
TIME WARNER:	19.94	0.03	SPRINT NEXTEL:	18.89	(0.28)
WASH POST:	751.00	(0.75)	THOMAS & BETTS:	52.31	0.38
<b>PROGRAMMING</b>					
CBS:	29.00	0.03	TIVO:	6.44	(0.02)
CROWN:	3.97	(0.06)	TOLLGRADE:	8.37	(0.32)
DISCOVERY:	14.92	0.09	UNIVERSAL ELEC:	21.52	0.14
EW SCRIPPS:	49.19	(0.11)	VONAGE:	7.45	0.13
GRUPO TELEVISA:	24.52	(0.43)	VYYO:	3.81	(0.04)
INTERACTIVE CORP:	29.79	(0.31)	WEBB SYS:	0.06	0.00
LODGENET:	22.63	0.31	WORLDGATE:	1.22	0.02
NEW FRONTIER:	8.99	(0.14)	YAHOO:	25.95	0.61
OUTDOOR:	14.08	0.45	<b>TELCOS</b>		
PLAYBOY:	10.79	0.12	AT&T:	33.92	(0.3)
UNIVISION:	35.13	0.12	BELLSOUTH:	44.59	(0.45)
VALUEVISION:	12.90	0.11	QWEST:	9.01	0.27
VIACOM:	39.44	(0.49)	VERIZON:	37.65	(1.19)
WWE:	16.95	0.20	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	4.95	0.06	DOW:	12086.50	(3.76)
ADC:	14.19	0.10	NASDAQ:	2363.77	13.15
ADDVANTAGE:	4.06	(0.02)			
AMDOCS:	39.53	(0.06)			
AMPHENOL:	68.26	(0.57)			
ARRIS GROUP:	13.58	0.14			

# WANT SOME PERSPECTIVE?



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## Symonds Says...

I tell you, I've had it with the young male demo. Not that I have anything against men between 18 and 34, especially ones with jobs, but I have one question for those networks – and by extension those producers, marketers and media planners



**Curtis Symonds**

who lie awake at night plotting to lure young men into their web of product messages. And the question is: what about me?

I mean that. What the heck's wrong with me? Don't I count? Doesn't a fifty-something husband, father of three and techno-challenged-but-willing-to-learn African-American media professional and part-time columnist matter to you?

Because, believe me, I should.

Look, if I have to read one more press release about a network drawing young men at a record clip, if I have to be subjected to any more terminal hipness in my sports coverage, and if I have to watch one more intro or TV spot that takes a traditional and otherwise successful entity and re-wraps it in mind-numbing video, complete with flash edits and a jarring soundtrack, I think I'm going to scream.

You know why? Because as an aging baby boomer with more discretionary income than I ever thought possible

when I was actually in the young male demo, I can take the ten of those young bucks who advertisers covet and kick their collective ass. I can make my mortgage payment, pay my bills, send my kids to school, give to charity, and still outspend them.

And, you know what else? All those tired old marketing bromides about fifty-something people being brand-loyal and unwilling to change; they're garbage. I try new things all the time, as do a lot of people my age. Sure, in some product categories, I have found something that works for me and will continue to buy it. But at other times, the category has disappeared altogether, replaced by something not just better, but entirely different.

Case in point: you think boomers have stopped working out because we're over 50? Hell no. We work out more than ever, and although sports and energy drinks are relatively new phenomena, people my age represent a vastly underserved market for such products.

Likewise, I might have liked buying Sony VCRs or walkmans in their day, but those days have passed – and I haven't looked back. Just like many young men, I bought an iPod. The difference is with the money I'm making today, I can afford multiple iPods, each with greater memory and with more bells and whistles, than I ever could have 25 years ago,

given my income then.

My point is this: at some point, networks need to throw cold water in the face of Madison Ave and tell those buyers to wake up and smell the Starbucks. There is a criminally underserved segment of the viewing public out there, and we've got plenty of cash burning holes in some very deep pockets.

NBC's new sitcom "Twenty Good Years" is about two aging boomers determined to live life to its fullest while they still can. And while the show's ratings have not been great, that could be a product of many factors, not the least of which is the show just might not be that good.

But it's a start, and if more networks—especially cable networks—came to appreciate and began to target aging boomers the way they now kowtow to men under 34, the economics of this industry would change significantly for the better.

Because I may be old, but like a lot of people my age I still like to buy things I need—and a lot of things I don't. Credit cards at 20 paces? I promise, I'll take on the average young male in a buying duel anywhere, any time.

Symonds says just tell me where to show up, and tell him to bring his checkbook.

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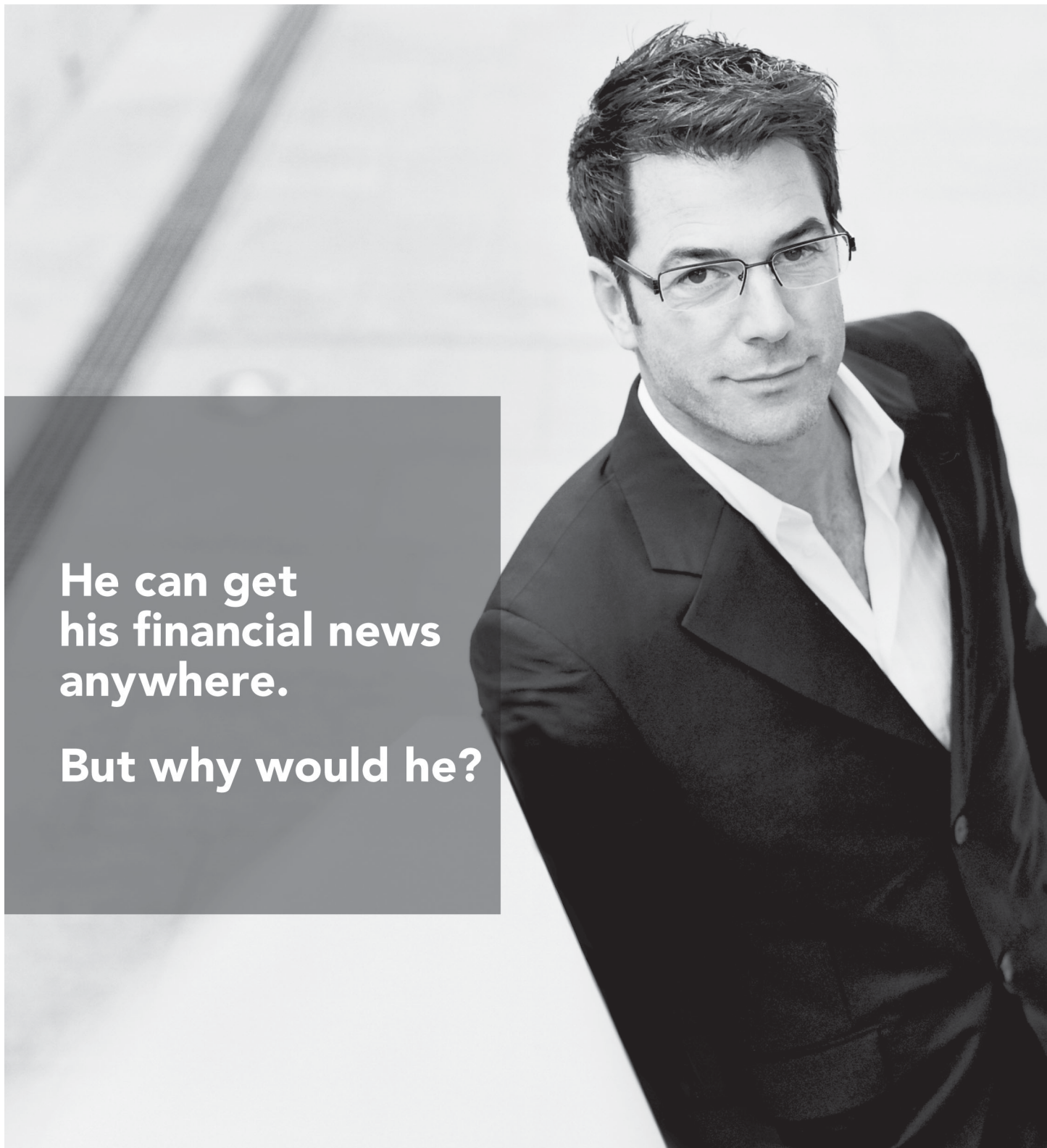
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  - Doug McMillan - Jax Jaguars Game - VIP Seats
  - Jim Carey - Dinner
- Mike Giampietro - College Ball Game and Dinner
- KC McWilliams - An FSU Football Game complete with tailgating
  - David Lucoff - Miami Heat Game