

CableFAX Daily™

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What the Industry Reads First

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Last Call: Insight Balances Competition, Economy in 3Q

Insight brought the curtain down on 3Q cable reporting season, revealing financials Fri that included \$261.2mln in revenue (+7% YOY) and adjusted OIBDA of \$85.5mln (+15%). Free cash flow came in at \$32.4mln. Insight lost 12.1K basic subs, but gained 21.8K digital and 4K HSD customers in the Q. Phone recorded a net loss of 3.9K, with CFO *John Abbot* saying that voice was the 1st product that felt the impact of the economic downturn and continues to be the product that has felt the most impact from the economy. Total RGUs increased 3% YOY, while total customer relationships dipped 9,500 to 766,200. "We are in a recession, the worst we have been in many would say in decades. The competitive environment in our footprint has been ramping up over the past 2 years, maybe a little bit longer. The combination of those 2 things has created fairly significant operating headwinds for us," Abbot said. "We don't have a great way to... segregate the impact of those 2, or other phenomenon like over-the-top or cord-cutting." This—the economy and competition—is the new reality, and Insight isn't sitting still, he added, noting that Insight is "very comfortable" where it is in regarding its competitive position. One of the areas it's looking at is multi-room DVRs, something it currently doesn't offer, but **AT&T U-Verse** does in Insight's 2 largest markets, Louisville and Columbus. Already the data leader in the marketplace, Insight's working on a DOCSIS 3.0 rollout to offer even higher speeds. The launch should be finished by year-end, with new products already starting to debut. "There is a group of customers who want the highest speeds they can get," said Abbot, noting Insight's "tremendous" success with the 20Mbps product now deployed. Expect more details on DOCSIS 3.0 during the 4Q call.

Comcast-NBCU: Ivi, the streaming company being sued by networks, studios and others for retransmitting broadcast signals, made a recent appearance at the **FCC** to chat about **Comcast-NBCU**. It told the FCC that it could potentially support the jv if a condition included requiring Comcast to modify its existing contracts so that new technologies and new delivery systems would be available to those channels now under contract with Comcast, and that all their owned content is made available at a fair or equal price. Ivi's FCC filing also details cable nets it says are concerned a deal with iVi could hurt them with Comcast or that exclusivity language prevents them from doing streaming deals. It named **WealthTV** and **Tennis**, which have both had issues with Comcast (Wealth filed an unsuccessful carriage complaint; Tennis and Comcast are in mediation over the net's carriage complaint). Also on the list: **Outdoor**, **NWCN**, **Univision** and **Documentary Channel**.

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*Source: 2010 Cable Subscriber Interest Study – Interest in Digital Basic/Emerging/Mid-Sized/VOD/HD Networks July 2010

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Carriage: Time Warner Cable WI launched **Inspiration Net's INSP** on the Digital Variety tier in greater Milwaukee and Green Bay/Appleton. -- **NRTC** said the execution of several distribution agreements now allows it to offer rural telco members access to 100 HD channels. The total was reached through additions of **Big Ten Net, Fox Soccer, FX, Speed, Nat Geo Wild, Fox Soccer Plus, MSNBC, NFL Net** and **NFL RedZone**. -- Now carried in 10.2mln US Hispanic homes through **DirectTV, DISH, U-verse** and **FiOS, Vme** will become a **Nielsen**-rated net in Jan.

In the States: **SAG** and the **Alliance of Motion Picture TV Producers** reached a tentative 4-year pact (Jul '11-Jun '14) for contracts covering basic cable live action and animation and TV animation productions. Included is a 6% wage increase.

Competition: **DirectTV's** new MDU tech allows for delivery of its full range of video services to buildings of any size with cheaper installation costs, and is available in Dallas, Denver, L.A. and Boise. A national rollout is expected early next year.

Earnings: **Disney** shares hit a 52-week high Fri (+5.07%) after investors ostensibly looked past the co's somewhat nebulous earnings caused by timing issues and focused on core businesses. Affil rev increased 9% in the Q, **ESPN's** ad rev grew 19% and TV stations' ad rev rose 15%. Network scatter pricing came in 23% above upfront levels, said CFO **Jay Rasulo**, adding that ad sales at both **ESPN** and TV stations are pacing up by double-digits versus prior year. **ESPN, ABC Family** and **Disney Channel** all posted their highest ratings ever in Disney's latest FY. The co's interactive media segment remains a sore spot, even if it posted a 9% quarterly improvement to a loss of \$104mln and a 21% annual increase to a loss of \$234mln. "I'd like to get to the point where [**ESPN.com, Disney.com** and **ABC.com**] are run under profitable circumstances," said CEO **Bob Iger**. "I'd say that **ESPN** stands the best chance." **ESPN.com's** home screen advertising is "incredibly robust," he said, and work is underway to provide major forms of ent through the Disney portal. "I would be disappointed if we continue to lose significant amounts of money in those businesses, and if we do, I would imagine we will have to redirect in some form," said Iger. Meanwhile, Disney's investigating the leak of its earnings results 16min before normal time Thurs evening, at 3:44pm. -- **Suddenlink** grew rev 7.6% to \$423.2mln on increases for video (+2.1%), HSD (+10.8%) and phone (+26%), and saw RGUs expand by 76,200. The co shed 4,900 basic subs but welcomed 33,900 digital, added 24,700 residential HSD customers and grew phone subs by 22,500. Ad rev rose 14.9% on local and national strength.

Research: **iPad** users and those planning to purchase the device in the next few months are significantly more likely than avg adult broadband users to either downgrade or cancel their PayTV service, according to **The Diffusion Group**. Nearly 34% of iPad owners are to varying degrees likely to cancel their video service in the next 6 months—more than 3x the rate of avg adult broadband users (9.6%)—and 12.9% are highly likely to cut the cord, compared to 4.3%.

Programming: **Qualcomm** CEO **Paul Jacobs** is on Sat's "Communicators," **C-SPAN**, 6:30pm ET. He'll talk about its exit from FLO TV and the need for broadcast spectrum. -- **Oxygen** greenlit "Bachelorette Party," following brides-to-be and friends during V.I.P. Vegas excursions. -- **TLC's** in with cable's 3rd iteration of pawn industry content. Focused on a pair of female pawn brokers, "Pawn Queens" (Thurs) follows the original, **History's** "Pawn Stars," and **truTV's** "Hardcore Pawn." Notice the snappy titles of all the shows. -- **SNY** is set to provide 600+ hours of **Big East** basketball coverage beginning Nov 12, including 115 games, an HD "Game of the Week" and pre-game, halftime and post-game shows.

Marketing: **USA's** collaboration with **Hyundai** surrounding "Burn Notice" includes integration of the Genesis Coupe and **Black Ops**, a cross-platform initiative offering first-person video alternate reality environments. -- **Comedy Central** joins **Nintendo** and **GameStop** for "Thanxgiveaway Weekend," in which it gives away 48 hourly prize packages (Nov 25-28).

Technology: The \$199 **Sony Dash** personal Web viewer now offers the \$10/month **Hulu Plus** subscription service along with more than 1K free apps including social networking, video, news, weather and sports.

Ratings: **TBS' "Conan"** averaged a solid 2.93mln total viewers during its 1st week, pulling in an approx avg of 2.52mln from Tues-Thurs after garnering 4.16mln on opening night. Avg weekly delivery among 18-34s (1.50mln) and 18-49s (2.16mln) topped all other late-night talk shows. -- Featuring the Ravens-Falcons matchup, **NFL Net's** 1st of 8 live games this season averaged 5mln total viewers Thurs night to become the most-watched season opener in 5 Thurs Night Football seasons.

People: **Discovery Nets Intl** tapped **Luis Silberwasser** as evp, chief content officer, and charged him with leading the creation of a new production and development unit across the division that will focus on developing global content for Discovery's portfolio of nets in more than 180 countries.

CableFAX Week in Review

Company	Ticker	11/12 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

DIRECTV:	DTV	42.44	(2.32%)	27.26%
DISH:	DISH	19.50	(6.3%)	(6.11%)
DISNEY:	DIS	37.75	1.48%	17.05%
GE:	GE	16.25	(2.87%)	7.40%
NEWS CORP:	NWS	15.99	(2.08%)	0.44%

MSOS

CABLEVISION:	CVC	29.03	1.15%	12.43%
CHARTER:	CHTR	35.83	0.31%	0.00%
COMCAST:	CMCSA	20.43	(2.9%)	21.17%
COMCAST SPCL:	CMCSK	19.18	(3.42%)	19.80%
GCI:	GNCMA	10.34	(5.74%)	62.07%
KNOLOGY:	KNOL	14.71	3.23%	34.71%
LIBERTY CAPITAL:	LCAPA	58.76	(0.76%)	146.06%
LIBERTY GLOBAL:	LBTYA	37.49	(4.92%)	71.27%
LIBERTY INT:	LINTA	15.24	(0.26%)	40.59%
MEDIACOM:	MCCC	6.86	(2.42%)	53.47%
SHAW COMM:	SJR	20.56	(5.03%)	(0.05%)
TIME WARNER CABLE:	TWC	62.70	1.05%	51.49%
VIRGIN MEDIA:	VMED	26.32	(1.13%)	56.39%
WASH POST:	WPO	388.00	(2.61%)	(11.74%)

PROGRAMMING

CBS:	CBS	16.62	(2.29%)	18.29%
CROWN:	CRWN	2.89	7.04%	99.31%
DISCOVERY:	DISCA	40.40	(1.73%)	31.72%
GRUPO TELEVISIA:	TV	22.85	(1.38%)	10.07%
HSN:	HSNI	27.50	(8.15%)	36.21%
INTERACTIVE CORP:	IACI	27.71	(3.04%)	35.30%
LIBERTY:	L	39.23	(2.12%)	7.92%
LIBERTY STARZ:	LSTZA	62.73	(2.53%)	35.93%
LIONSGATE:	LGF	7.33	(0.14%)	26.16%
LODGENET:	LNET	2.80	(7.28%)	(49.37%)
NEW FRONTIER:	NOOF	1.93	11.56%	2.12%
OUTDOOR:	OUTD	6.26	2.62%	7.93%
PLAYBOY:	PLA	4.99	2.89%	55.94%
SCRIPPS INT:	SNI	51.78	(1.69%)	24.77%
TIME WARNER:	TWX	30.74	(1.91%)	5.49%
VALUEVISION:	VVTV	3.02	29.06%	(37.08%)
VIACOM:	VIA	45.16	3.06%	43.37%
WWE:	WWE	13.62	(3.2%)	(11.15%)

TECHNOLOGY

ADC:	ADCT	12.67	0.08%	104.03%
ADVANTAGE:	AEY	3.13	(3.1%)	58.88%
ALCATEL LUCENT:	ALU	2.94	(10.37%)	(11.45%)
AMDOS:	DOX	26.57	(1.48%)	(6.87%)
AMPHENOL:	APH	50.57	(4.37%)	9.51%
AOL:	AOL	26.57	6.62%	14.13%
APPLE:	AAPL	308.03	(2.87%)	46.17%
ARRIS GROUP:	ARRS	9.99	(1.38%)	(12.6%)
AVID TECH:	AVID	14.03	5.01%	9.95%
BIGBAND:	BBND	3.02	1.68%	(12.21%)
BLNDER TONGUE:	BDR	2.14	2.39%	87.72%
BROADCOM:	BRCM	41.34	(2.36%)	31.36%
CISCO:	CSCO	20.15	(16.94%)	(15.83%)
CLEARWIRE:	CLWR	6.41	(9.59%)	(5.18%)

Company	Ticker	11/12 Close	1-Week % Chg	YTD %Chg
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COMMSCOPE:	CTV	31.95	1.59%	20.43%
CONCURRENT:	CCUR	4.81	(24.13%)	21.46%
CONVERGYS:	CVG	12.54	5.47%	16.65%
CSG SYSTEMS:	CSGS	19.63	(2.82%)	2.83%
ECHOSTAR:	SATS	21.00	(3%)	4.27%
GOOGLE:	GOOG	603.29	(3.49%)	(2.69%)
HARMONIC:	HLIT	6.65	(1.92%)	5.22%
INTEL:	INTC	21.53	1.37%	5.54%
JDSU:	JDSU	11.67	2.37%	41.45%
LEVEL 3:	LVLTL	1.14	25.27%	(25.49%)
MICROSOFT:	MSFT	26.27	(2.16%)	(13.81%)
MOTOROLA:	MOT	7.99	(2.56%)	2.96%
RENTRAK:	RENT	25.92	(4.42%)	46.69%
SEACHANGE:	SEAC	7.90	(5.28%)	20.43%
SONY:	SNE	32.95	(1.35%)	13.62%
SPRINT NEXTEL:	S	4.03	1.00%	10.11%
THOMAS & BETTS:	TNB	43.81	(3.88%)	22.41%
TIVO:	TIVO	9.10	(18.46%)	(10.61%)
TOLLGRADE:	TLGD	8.11	(2.17%)	32.73%
UNIVERSAL ELEC:	UEIC	26.26	(5.78%)	13.09%
VONAGE:	VG	2.49	(2.35%)	77.86%
YAHOO:	YHOO	16.55	1.72%	(1.37%)

TELCOS

AT&T:	T	28.46	(2.77%)	1.53%
QWEST:	Q	6.79	(0.15%)	61.28%
VERIZON:	VZ	32.56	(2.6%)	(1.72%)

MARKET INDICES

DOW:	DJI	11192.58	(2.2%)	7.33%
NASDAQ:	IXIC	2518.21	(2.36%)	10.98%
S&P 500:	GSPC	1199.21	(2.17%)	4.76%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VALUEVISION:	3.02	29.06%
2. LEVEL 3:	1.14	25.27%
3. NEW FRONTIER:	1.93	11.56%
4. CROWN:	2.89	7.04%
5. AOL:	26.57	6.62%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CONCURRENT:	4.81	(24.13%)
2. TIVO:	9.10	(18.46%)
3. CISCO:	20.15	(16.94%)
4. ALCATEL LUCENT:	2.94	(10.37%)
5. CLEARWIRE:	6.41	(9.59%)

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