

# CableFAX Daily™

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What the Industry Reads First

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## Tag Team Terror: Verizon Bullish On New Pact With Cable

Verizon CEO *Lowell McAdam* stopped short of calling the telco's proposed \$3.6bln purchase of **SpectrumCo** and its new relationships with **Comcast** and **Time Warner Cable** a "strategic masterstroke" as **Sanford Bernstein's Craig Moffett** did last week, but he's clearly bullish on the possibilities. "I think we [all] believe the real prize here is creating this innovative engine and creating a seamless product set across mobile and fixed," said McAdam at the **UBS** conference. "Whoever's in the marketplace is going to have to figure out how to respond to this, for sure." McAdam envisions video conferencing among platforms and synchronization of set-tops and devices such as tablets. "We can get a lot more eyeballs on content," he said. "All boats will rise." **FIOS** won't miss a beat even with in-market cross-promotional activities, he said, while downplaying the threat of competition from the MSOs that might arise when, 4 years hence, they can start selling branded mobile offerings using VZ's network. Comcast boss *Brian Roberts* insisted on having a fallback plan if the marketing partnership ends up underperforming, he said, and the wholesale deal will be profitable anyway if the MSOs choose to go that route. As for the spectrum piece, McAdam said SpectrumCo's AWS swath offers "significant breathing room" to VZ's future spectrum needs plus LTE capacity where's it's needed, primarily on the West Coast. VZ has begun a dialogue with the FCC about the deal, and McAdam feels VZ's plan to put warehoused spectrum to good use is "a very good story." He declined to comment on a report that the company's looking at a streaming video service for non-FIOS markets, although he did say that OTT "will be a part of our strategy" going forward, evidenced by VZ's contemplation of a Hulu purchase when the online service put itself on the block this summer. Later at the conference, **AT&T** CFO *John Stephens* was asked about whether AT&T needs to focus on content acquisition given the Verizon report. He wouldn't comment on any proposed deals but said "our focus has been getting pricing appropriate for the U-verse product." He reiterated that AT&T is still "very committed" to the **T-Mobile** deal, stressing that spectrum is going to be even more critical as data usage grows via streaming video on the wireless network.

**UBS Notebook:** A collection of programming execs noted a flagging recent ad market that has continued this quarter, but many expect '12 to spark improvement. **News Corp** deputy chmn *Chase Carey* said the ad market's still solid despite recent slowness, with scatter pricing still elevated versus the upfront, and noted "a little bit of fresh energy" for next



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# A YEAR OF STANDING OVATIONS



1. Flanked by soldiers promoting Ovation's *Battle of the Nutcrackers* are *So You Think You Can Dance* Season 8 dancers Kent Boyd and Courtney Galiano with Barbara Kelly, RVP, Programming and Product Development, Time Warner Cable NY; Gregg Graff, SVP, Field Operations, Insight Communications and Ellen Schned, SVP, Distribution Ovation at CTAM lunch at the W in NYC
2. Fred and Lisa Lutz, RVP West, Charter with Ovation at the Clay Walker Benefit for MS at Pebble Beach
3. Tadd Gadduang, *So You Think You Can Dance* dancer at the Time Warner Cable Signature Home Event in Los Angeles at the Soho House benefiting Habitat for Humanity of Greater LA
4. FCC Commissioner Mignon Clyburn and Charles Segars, CEO Ovation at Ovation's NCTA Reception
5. Arts Advocacy Day in Washington, DC with Charles Segars, CEO Ovation; Brent and Cathy Olsen, Asst. VP, Public Policy, AT&T; Kevin Spacey; Congresswoman Nancy Pelosi; Bob Lynch, President and CEO, Americans for the Arts
6. Ovation entertains at the US Open with Italia Commisso Weinand, SVP Programming and HR, Mediacom; Chad Gutstein, EVP Ovation and Ellen Schned, Ovation
7. Glenn A. Britt, Chairman, President and CEO, Time Warner Cable and FCC Chairman Julius Genachowski at Ovation's reception for Mayor Rahm Emanuel
8. Art Basel in Miami with Jeanie Hernandez, Regional Director, Government and Community Investment, Comcast Florida East Coast Region; Tim Gage, SVP, Government and Regulatory Affairs, Comcast Central Division; Nia Lyte, Ovation Host, VOD Highlights of "Best of Art Basel"; Iconic artist Britto; Ellen Schned, Ovation; Thomas Zemaitis, RVP, Sales and Marketing, Comcast Florida East Coast Region; Oscar Ordaz, Director, Distribution Ovation
9. Gaynor Strachan Chun, SVP, Marketing Ovation; Kristin Malaspina, Sr. Director Partnership Marketing, Time Warner Cable; Debra Balamos, VP, Marketing Ovation with *So You Think You Can Dance* All-Star Dancers Alex Wong and Kent Boyd at Ovation lunch at CTAM



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year. **Discovery Comm** pres/CEO *David Zaslav* said there's been "a little bit of slowing on volume," yet qualified the statement by adding that DISCA has very little inventory left to sell. Still, "we just don't know quite how to read" the sluggishness, he said, even if cancellations are consistent with last year, scatter remains high and the outlook "feels fine." Earlier this week, **Viacom** pres/CEO *Philippe Dauman* said he expects stronger ad sales growth next quarter, and **Time Warner** chief *Jeff Bewkes* said "absent new shock, we're looking fine for the 1st quarter." Recent slowness, said Bewkes, can be attributed to advertisers waiting to spend during upfronts. -- **AT&T** better make sure it sends **iPhone 4S** a Christmas card. The telco used the UBS conference to announce that it's on track to break its single-quarter record for smartphone sales. Having sold 6mln smartphones in the first 2 months of 4Q, AT&T should easily surpass its single quarter record of 6.1mln. Also, the telco plans to light up NYC with **4G LTE** this month and expects to cover more than 70mln people with the network by Dec 31. -- **News Corp's Chase Carey** continued the digital theme that emerged this week, calling the digital space "incredibly important... it's clearly going to be over the next 5 years and beyond [one of] the number 1 issues we're going to have to navigate." As bundled cable "still has great value," he said, authentication can enhance the viewership experience, and online outlets are a great way to monetize non-current programming. **Hulu's** future has yet to be mapped out, said Carey, but "it can be a very important part of our growth story." It owns a brand, reach and audience "that people dream of," he said, and although Hulu's ownership structure causes headaches, the site's leadership position "dwarfed the values that were placed on it" during the recent bidding process.

**Smit Rises:** **Comcast** added CEO, **Comcast Cable** to *Neil Smit's* title. He still reports to Comcast chmn/CEO *Brian Roberts*. Smit joined Comcast in Mar '10 from **Charter** where he was CEO and dir from '05-'10. "Neil has done a phenomenal job. He has driven innovation, improved the customer experience, increased the speed of the introduction of new products, and has expanded our company into new opportunities for profitable growth," Roberts said.

**In the Courts:** The back-and-forth between **Verizon** and **Cablevision** continues, with CVC filing a federal lawsuit seeking to end a Verizon campaign that it says makes false claims about the speeds of its HSD service. VZ said its ads were based on the **FCC's** study of Internet speeds released in Aug, a follow up to which found CVC's sustained peak performance download speed had increased from 50% of its advertised rate to more than 90%. "Verizon will defend Cablevision's lawsuit vigorously to ensure that consumers continue to receive truthful information about Cablevision's misleading Internet speed claims," said the telco.

**In the States:** **Charter Business** expanded its voice offerings to include SIP Trunking, which aims to promote cost savings and efficiency by converging data and voice over the same access connection. The offering launched in Denver last week. -- **Logitech** plans to deliver a free upgrade of the **Android 3.1** platform to Logitech revue with Google TV companion boxes that will seamlessly combine TV with the Web and Android Apps to allow users to search, watch and rate more than 80K movies and TV eps from cable, **Netflix**, **Amazon** and **YouTube**.

**Advertising:** Online ad platform **VideoHub**, a div of **Tremor Video**, will integrate **Nielsen Online Campaign Ratings** gross ratings points (GRPs) to offer clients data on demo exposure, gross reach and effective reach. The deal marries the standard GRP metric uses in TV ads to online video performance for the 1st time.

**Ratings:** The debut of **A&E's** "Storage Wars: Texas" earned 4.1mln P2+ and 2.1mln 25-54s to become the net's most-watched original series launch ever in both demos. -- **VH1's** docu-series "T.I. and Tiny: The Family Hustle" delivered an avg of 2.8mln total viewers and a 1.9 rating among 18-49s for its Mon premiere, and the subsequent ep drew 3.1mln viewers and a 2.0 rating. -- 3.2mln viewers and 1.4mln 25-54s caught the 2-hour season 3 premiere of **Nat Geo's** "Alaska State Troopers."

**Programming:** **Lifetime** greenlit a 2-hour original movie-backdoor pilot dubbed "Sworn to Silence," starring *Neve Campbell*. -- **TNT** greenlit a pilot for "Chelsea General," a medical drama from *David E. Kelley*. -- **CBS Sports Net** inked a multi-year deal with **Professional Bull Riders** including more than 55 hours of live event programming beginning Jan 7.

**On the Circuit:** **Cablevision**, **AMC Nets** and **The Madison Square Garden** hosted the 11th annual Holiday Rock & Roll Bash on Tues to benefit **The Lustgarten Foundation** for pancreatic cancer research. The event raised more than \$1.7mln, which is the most money ever raised in a single night for the fight against pancreatic cancer. Intermittently throughout the evening the Straight Shot blues band rocked out on stage (led by front man *James Dolan*, of course), the Radio City Rockettes kicked up their heels with Santa Claus, and guests noshed

# BUSINESS & FINANCE

on Hard Rock favorites—and a mighty tasty tenderloin. -- **SCTE's** seeking proposals for presentations to be made at the SCTE SEMI Spring Forum '12, Mar 15 in Philly. The deadline is Jan 13 for presentations on topics including facilities, outside plant and fleet operations. Info at [www.scte.org](http://www.scte.org). -- Judges from **Food's "Chopped,"** joined with **Whole Foods Market, Share Our Strength** and members of the Congressional Hunger Caucus to announce a food drive for DC, Baltimore and Philly. Food will deliver 90K meals in DC and Baltimore areas and 45K in Philly by Christmas. In DC, a Food Network truck will stop at area Whole Foods stores over the next week to collect customer donations.

**People: Discovery Comm** welcomed *Elizabeth Newell* as svp, global corporate legal and *Savalle Sims* as svp, litigation and intellectual property.

**Business/Finance:** Retailer **J.C. Penney** is investing \$38.5mln in **Martha Stewart Living Omnimedia**—\$3.50/share for a 16.6% stake—in a deal that will give Martha Stewart a major retail presence in J.C. Penney department stores. The 2 also will jointly develop an e-commerce site (to launch in '13). MSLO is expected to receive in excess of \$200 million from J. C. Penney over the initial 10-year contract period.

## CableFAX Daily Stockwatch

Company	12/07 Close	1-Day Ch	Company	12/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	47.69	0.49	CLEARWIRE:	2.28	(0.22)
DISH:	26.46	(0.44)	CONCURRENT:	3.41	0.04
DISNEY:	37.10	0.27	CONVERGYS:	12.63	0.21
GE:	16.74	0.02	CSG SYSTEMS:	15.23	0.10
NEWS CORP:	18.13	(0.16)	ECHOSTAR:	22.74	(0.42)
<b>MSOS</b>					
CABLEVISION:	14.95	0.08	GOOGLE:	623.39	(0.38)
CHARTER:	52.94	(0.03)	HARMONIC:	5.42	(0.04)
COMCAST:	23.13	(0.06)	INTEL:	25.66	0.31
COMCAST SPCL:	23.00	0.04	JDSU:	10.55	0.08
GCI:	10.38	0.06	LEVEL 3:	18.79	(1.35)
KNOLOGY:	14.45	0.04	MICROSOFT:	25.60	(0.06)
LIBERTY GLOBAL:	40.43	0.66	MOTOROLA MOBILITY:	38.87	0.02
LIBERTY INT:	16.04	(0.06)	RENTRAK:	14.34	0.08
SHAW COMM:	20.36	0.52	SEACHANGE:	7.70	UNCH
TIME WARNER CABLE:	62.57	(0.11)	SONY:	18.53	0.85
VIRGIN MEDIA:	22.39	(0.03)	SPRINT NEXTEL:	2.56	(0.05)
WASH POST:	346.20	(1.14)	THOMAS & BETTS:	52.70	(0.35)
<b>PROGRAMMING</b>					
AMC NETWORKS:	36.06	1.05	TIVO:	9.90	(0.14)
CBS:	26.44	0.31	UNIVERSAL ELEC:	16.23	0.07
CROWN:	1.37	(0.01)	VONAGE:	2.50	(0.01)
DISCOVERY:	41.79	(0.05)	YAHOO:	15.62	(0.22)
GRUPO TELEVISA:	20.98	0.23	<b>TELCOS</b>		
HSN:	36.90	(0.08)	AT&T:	29.40	0.23
INTERACTIVE CORP:	42.19	(1.22)	VERIZON:	38.31	(0.01)
LIONSGATE:	8.85	0.21	<b>MARKET INDICES</b>		
LODGENET:	2.56	0.11	DOW:	12196.37	46.24
NEW FRONTIER:	1.05	UNCH	NASDAQ:	2649.21	(0.35)
OUTDOOR:	7.14	0.03	S&P 500:	1261.01	2.54
SCRIPPS INT:	41.93	0.56			
TIME WARNER:	34.88	0.16			
VALUEVISION:	2.20	(0.01)			
VIACOM:	50.26	0.20			
WWE:	10.53	0.16			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.08	UNCH			
ALCATEL LUCENT:	1.67	0.07			
AMDOCS:	28.03	(0.15)			
AMPHENOL:	45.31	(0.19)			
AOL:	14.43	0.36			
APPLE:	389.09	(1.86)			
ARRIS GROUP:	10.44	0.04			
AVID TECH:	7.69	0.10			
BLNDER TONGUE:	1.20	UNCH			
BROADCOM:	30.82	0.72			
CISCO:	18.99	0.26			

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