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CableFAX Daily™

Monday — December 13, 2010

What the Industry Reads First

Volume 21 / No. 239

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Ripping the Cord: Cable Maintains Cord Cutting Has Little Effect on Business

OTT video is complementary to multichannel services, according to nearly every cable exec who has spoken on the subject, and assiduous sleuthing is required to find any trace of cord cutting. Just this week, **Time Warner Cable** pres/CEO *Glenn Britt*, **Comcast Cable** pres *Neil Smit*, **Time Warner** boss *Jeff Bewkes* and **Charter** chief *Mike Lovett* said no evidence exists of consumers ditching pay TV subscriptions to get their video programming elsewhere. Even recent data from **ESPN** show that just 0.28% of homes in the **Nielsen** sample dropped multichannel service over the last 3 months. So how did the so-called cord cutting phenomenon become such a hot-button issue? Perhaps because cable execs have admitted that cord cutting remains a threat to increase going forward, what with the exploding proliferation of alternative viewing platforms. Or because **The Convergence Consulting Group** and **Yankee Group** got people to thinking in Apr when the former said cord-cutting US homes will grow to 1.6mln by YE '11, up from 800K in Dec '09, and the latter predicted that 1 in 8 consumers will forgo pay TV service during the 12 months ending Apr '11 and instead rely on PCs, gaming consoles and other connected devices for access to video programming. It didn't help that **SNL Kagan** in Nov cited cord cutting as a major reason that US cable ops shed 741K basic video subs in 3Q—marking the largest quarterly decline for cable since the firm began compiling data in '80. "It is becoming increasingly difficult to dismiss the impact of over-the-top substitution on video subscriber performance," said Kagan sr analyst *Ian Olgeirson* at the time. Still, data covered in these pages over the past several months largely runs counter to Olgeirson's assessment. Through a survey of 1,200 multichannel subs, for example, **BTIG** analyst *Richard Greenfield* found cord cutting to be more mythical than actual in today's world. Sure, the survey results intimated an 8% risk of cord-cutting, but Greenfield believes the risk is still well below that number, primarily because the survey skewed to the most likely age groups to cord-cut, to homes that are far less interested in TV than the avg US homes and toward **Netflix** customers. **Frank N. Magid Assoc** has said that just 1% of consumers report that they have canceled their subscription service in favor of accessing content available on the Internet, and that only 3% of consumers report that they are even considering canceling their traditional subscriptions without replacing it with a competing subscription. **Sanford Bernstein's** *Craig Moffett* did confirm the precipitous fall of 3Q pay TV subscriptions, but said negative YOY growth hasn't materialized yet and maintains that the greater prevalence of



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analog/lower-end sub losses can be explained in part by upgrades to digital. And citing a survey this year, **ABI Research** said only 13% of consumers would even consider canceling their pay-TV services and receiving video content just from the Internet, via over-the-air/terrestrial transmission, and/or rentals. Cable ops would like cord-cutting consideration to be nil, of course, but the issue certainly doesn't appear to be a Grinch that will steal the '10 holidays.

Net Neutrality: At the **Policy and Regulation Institute's** 28th Annual Institute on Telecom Policy & Regulation Thurs, **FCC** commish *Meredith Atwell Baker* said "net neutrality is...the wrong policy to drive more investment, jobs, and opportunity into our Internet economy." Time is needed for meaningful dialogue with all stakeholders that could be adversely affected by the commission's actions on the issue, she said, and a rush to regulation would be a mistake. Moreover, "our intended approach to net neutrality—namely adopting a version of a draft bill from [House Commerce] *Chairman Waxman*—underscores that we are acting beyond the appropriate role of an independent agency," she said. At the same event, commish *Mignon Clyburn* intimated that the time to act is now, that the issue's all about consumers. "Their access to an open Internet must be protected, because I believe that currently, there are no clear, enforceable rules," she said. "We need guidelines—or in the Chairman's parlance—'rules of the road,' so that providers know precisely what is acceptable behavior and consumers clearly know their rights."

Must-have Nets: If cord cutting is indeed a threat—if not a reality—to the multichannel industry, it may be informative to know what networks consumers feel they must have alternative access to in order to snip away at pay TV subscriptions. *[Visit CableFAXDaily.com for more sub-exclusive info].*

Working Women: **Science Channel** EVP/GM *Debbie Myers* told attendees of the **CableFAX Most Powerful Women Breakfast** that the secret sauce in effective leadership is empowering individuals to work together to execute a common vision. During a panel led by journalist *Paula Zahn* of **Investigation Discovery**, Myers said women can retain their femininity and still be a powerful leader. **Telemundo** COO *Jacqueline Hernandez* noted how "leadership, vision and being able to bring out the best in others are qualities that only certain people have, whether they're men or women." **WE tv** Pres/GM *Kim Martin* said her strategy is to understand audiences' interests, needs, technology use, and program to them. "Our young women target is tech savvy, and we try to make entertainment available to them for any device at any time," she said. *Cathy Avgeris*, SVP/GM, Communications and Data Services, **Comcast**, spoke about authentication and driving the value of the Comcast subscription. "It's about increasing engagement. We want people to watch TV online, and we want to make it easy for them," she said. Congratulations to all the honorees and **CableFAX's Top Ten Places to Work** winners.

Programming: It's said all good things must come to end. So it is that **TNT's** popular original "The Closer" will wrap its very successful run with a final season in '11.

Public Affairs: **Cablevision**, **Rainbow Media** and **Madison Square Garden** hosted the 10th annual **Holiday Rock & Roll Bash** to benefit **The Lustgarten Foundation** Thurs night, raising \$1.7mln for research related to the diagnosis, treatment and cure of pancreatic cancer. That's the largest amount ever raised for the cause on a single night in NYC.

Business/Finance: **Shenendoah Telecom** completed its acquisition of **Suddenlink's** cable systems in Salem, WV, and Oakland, MD. **Waller Capital** advised Shentel.

CableFAX Webinar

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CableFAX Week in Review

Company	Ticker	12/10 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

DIRECTV:	DTV	40.20	(1.03%)	20.54%
DISH:	DISH	18.80	1.18%	(9.48%)
DISNEY:	DIS	36.66	(2.47%)	13.67%
GE:	GE	17.72	5.60%	17.12%
NEWS CORP:	NWS	16.39	1.55%	2.95%

MSOS

CABLEVISION:	CVC	34.72	6.50%	34.47%
CHARTER:	CHTR	36.00	2.65%	0.00%
COMCAST:	CMCSA	21.31	2.90%	26.39%
COMCAST SPCL:	CMCSK	20.06	2.40%	25.30%
GCI:	GNCMA	12.47	6.40%	95.45%
KNOLOGY:	KNOL	15.71	0.64%	43.86%
LIBERTY CAPITAL:	LCAPA	61.77	4.59%	158.67%
LIBERTY GLOBAL:	LBTYA	36.79	3.75%	68.07%
LIBERTY INT:	LINTA	15.99	0.25%	47.51%
MEDIAACOM:	MCCC	8.53	0.35%	90.83%
SHAW COMM:	SJR	20.42	1.04%	(0.73%)
TIME WARNER CABLE:	TWC	65.36	(1.09%)	57.91%
VIRGIN MEDIA:	VMED	27.58	4.00%	63.87%
WASH POST:	WPO	414.55	6.81%	(5.7%)

PROGRAMMING

CBS:	CBS	18.05	2.97%	28.47%
CROWN:	CRWN	2.68	(0.37%)	84.83%
DISCOVERY:	DISCA	42.48	(1.03%)	38.51%
GRUPO TELEVISIA:	TV	24.46	0.29%	17.82%
HSN:	HSNI	30.18	0.73%	49.48%
INTERACTIVE CORP:	IACI	29.97	(0.86%)	46.34%
LIBERTY:	L	38.77	1.68%	6.66%
LIBERTY STARZ:	LSTZA	66.83	2.96%	44.81%
LIONSGATE:	LGF	7.44	1.09%	28.06%
LODGENET:	LNET	3.95	12.54%	(28.57%)
NEW FRONTIER:	NOOF	1.79	(7.25%)	(5.29%)
OUTDOOR:	OUTD	7.09	2.16%	22.24%
PLAYBOY:	PLA	5.04	3.28%	57.50%
SCRIPPS INT:	SNI	52.23	0.17%	25.86%
TIME WARNER:	TWX	31.79	3.75%	9.09%
VALUEVISION:	VVTV	4.33	20.28%	(9.79%)
VIACOM:	VIA	45.84	(0.67%)	45.52%
WWE:	WWE	14.84	6.00%	(3.2%)

TECHNOLOGY

ADVANTAGE:	AEY	3.77	10.56%	91.37%
ALCATEL LUCENT:	ALU	3.05	3.39%	(8.13%)
AMDOCS:	DOX	27.40	1.86%	(3.96%)
AMPHENOL:	APH	53.30	0.70%	15.42%
AOL:	AOL	25.33	0.60%	8.81%
APPLE:	AAPL	320.56	0.98%	52.12%
ARRIS GROUP:	ARRS	10.80	3.05%	(5.51%)
AVID TECH:	AVID	17.76	6.35%	39.18%
BIGBAND:	BBND	2.87	(4.65%)	(16.57%)
BLNDER TONGUE:	BDR	2.14	(0.46%)	87.73%
BROADCOM:	BRCM	46.05	0.63%	46.33%
CISCO:	CSCO	19.70	3.30%	(17.71%)
CLEARWIRE:	CLWR	6.20	2.82%	(8.28%)
COMMSCOPE:	CTV	31.34	(1.1%)	18.13%

Company	Ticker	12/10 Close	1-Week % Chg	YTD %Chg
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CONCURRENT:	CCUR	4.74	1.28%	19.70%
CONVERGYS:	CVG	13.25	(1.49%)	23.26%
CSG SYSTEMS:	CSGS	19.50	3.94%	2.15%
ECHOSTAR:	SATS	20.63	0.63%	2.43%
GOOGLE:	GOOG	592.21	3.35%	(4.48%)
HARMONIC:	HLIT	7.23	4.78%	14.40%
INTEL:	INTC	21.91	2.43%	7.40%
JDSU:	JDSU	13.43	5.46%	62.73%
LEVEL 3:	LVL	0.97	(0.92%)	(36.54%)
MICROSOFT:	MSFT	27.34	1.18%	(10.3%)
MOTOROLA:	MOT	8.64	4.85%	11.34%
RENTAK:	RENT	29.01	7.21%	64.18%
SEACHANGE:	SEAC	8.15	(1.93%)	24.24%
SONY:	SNE	35.83	(1.35%)	23.55%
SPRINT NEXTEL:	S	4.22	7.65%	15.30%
THOMAS & BETTS:	TNB	48.97	(1.47%)	36.83%
TIVO:	TIVO	8.23	(3.06%)	(19.16%)
TOLLGRADE:	TLGD	8.57	(2.61%)	40.26%
UNIVERSAL ELEC:	UEIC	29.12	2.68%	25.41%
VONAGE:	VG	2.26	(3.83%)	61.43%
YAHOO:	YHOO	17.01	4.04%	1.37%

TELCOS

AT&T:	T	28.89	1.40%	3.07%
QWEST:	Q	7.33	2.95%	74.11%
VERIZON:	VZ	34.04	3.47%	2.75%

MARKET INDICES

DOW:	DJI	11410.32	0.25%	9.42%
NASDAQ:	IXIC	2637.54	1.78%	16.23%
S&P 500:	GSPC	1240.40	1.28%	8.36%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. VALUEVISION:	4.33	20.28%
2. LODGENET:	3.95	12.54%
3. ADVANTAGE:	3.77	10.56%
4. SPRINT NEXTEL:	4.22	7.65%
5. RENTRAK:	29.01	7.21%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. NEW FRONTIER:	1.79	(7.25%)
2. BIGBAND:	2.87	(4.65%)
3. VONAGE:	2.26	(3.83%)
4. TIVO:	8.23	(3.06%)
5. TOLLGRADE:	8.57	(2.61%)

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