

# CableFAX Daily™

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What the Industry Reads First

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## Double Threat: FiOS, 4G Helping to Power Verizon

Verizon's 2Q additions of 184K FiOS video and 189K FiOS broadband subs may seem relatively innocuous to cable when considering the telco's far better year-ago numbers and AT&T's larger quarterly upticks (202K, 439K). Add to the mix Verizon's early 4G LTE success and increasing number of bundled customers, however, and the underlying trends seem to tell a different story. "The FiOS strategy has proven itself by taking share and gaining revenue," said VZ pres/COO *Lowell McAdam*, who will replace *Ivan Seidenberg* as pres/CEO on Aug 2. The FiOS rev jump (+20.7%) was expected, but notable is growth in 2 areas. The telco achieved a 24% YOY increase in triple-play subs, said CFO *Fran Shammo*, adding that broadband "penetration continues to improve in all of our FiOS markets." Approx 130K DSL customers were shed, but VZ importantly maintained a positive broadband result at a time when cable's bent on leveraging higher speeds. *Miller Tabak's David Joyce* said the similarity in the telco's voice and video net adds could indicate that it's "not necessarily focusing on migrating up their DSL subscribers to FiOS high-speed data." If that's the case, VZ's wireless results help provide a reason or 2. "There can be little argument that Verizon has virtually all the momentum in telecom today," said *Sanford Bernstein's Craig Moffett*. "They are first out of the gate—and by a wide margin—in LTE, where they have now far eclipsed Sprint for the perception of first mover." Consider: data rev jumped 22.2% and 69% of VZ's net wireless adds stemmed from 4G LTE devices (1.2mln) and the iPhone (2.3mln). "We're seeing very strong demand for our Internet data devices, particularly 4G mobile hot spots," said Shammo. As VZ's LTE network covers 160mln POPs currently, its strength in mobile broadband bears watching—particularly given the importance of any service strength as the economy continues to struggle. "We don't see great improvement in the economic outlook," said McAdam, noting cost-reduction plans of businesses—not expansion—as the commercial growth driver. "So far, the trends seem to be footing with our channel checks, that second-quarter low seasonality, continued high unemployment and a low-level but stabilizing housing formation market are resulting in price-sensitive consumers seeking promotions and considering dropping landline voice access (going wireless-only)," said Joyce. As 2Q's a typically slow period for MVPDs, stay tuned for results from DBS and cable ops, starting with **Time Warner Cable** on Thurs. Moffett ominously predicts that "the second quarter will



**Luther's Emmy-nominated actor Idris Elba**

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be a dismal one for Pay TV subscriber growth... expect losses for cable, and anemic growth—and potentially even a first ever subscriber loss—for satellite TV.”

**In the Courts:** A Fri bankruptcy court ruling opens the L.A. Dodgers to debtor-in-possession financing from **MLB** and calls for the franchise to propose and implement, provided the court's consent, a competitive sales process for exclusive cable TV rights. Dodgers attorney *Bruce Bennett* said the team expects the cable deal to “fully resolve all of the Dodgers’ financial challenges.” MLB commish *Bud Selig* vetoed the team’s proposed deal with Fox late last month. -- The **US Intl Trade Commission** declined Thurs to review an administrative law judge’s May ruling that **Cablevision** failed to infringe 4 of **Verizon’s** set-top patent claims (*Cfax*, 5/24). The ITC did agree CVC infringed a 5th VZ patent but that 1 was thrown out by a US District Court in early May.

**At the Portals:** **ACA** is not happy that despite its vocal protestations, the **FCC** approved the sale of **ABC** affil **KTKA** in Topeka, KS, to **PBC Broadcasting**. Small cable ops in the area are concerned that **New Vision**, which owns the **NBC** and **Fox** stations in the market, will coordinate carriage negotiations with PBC, as the 2 do in other parts of the country. “ACA members will now be forced to kowtow to the unconstrained market power of the Topeka Triopoly or face a massive blackout of three dominant local TV stations that can start as soon as Jan. 1, 2012,” said pres/CEO *Matt Polka*. “In either case, Topeka consumers will be the biggest losers.”

**MMTC Notebook:** The **FCC’s** incentive auction proposal is “an idea this community ought to rally behind because it provides an opportunity that isn’t available now,” FCC Chief of Staff *Edward Lazarus* told attendees of the **Minority Media & Telecom Council’s** Access to Capital and Telecom Policy Conference on Fri. Lazarus said the diversity advisory committee “has been re-chartered and the invitations will be going out in the next week or two... We look forward to working with them.” -- **Rainbow PUSH** pres *Jesse Jackson* spoke on the history and future of equality, saying stage 1 was ending slavery, stage 2 was ending *Jim Crow* laws, stage 3 was gaining the right to vote and stage 4 is “access to capital, technology and infrastructure. Without that you are free but unequal... still looking in... When we have access to the airwaves, we are better able to serve the needs of our community... How can people hear unless we speak and how can we speak unless we have access to medium?” Jackson took the opportunity to mention the **News Corp** phone hacking scandal, calling it an example of “too few having too much power... it must be checked.” – Noting that America will become a majority minority nation by 2050, retired **Comcast** svp *Joseph Waz* called on more companies to refocus their diversity efforts. “The smart companies are the ones participating in these changes,” he said. “And while I’m very proud of what Comcast has been doing, there’s room for other companies to join... it’s in their self enlightened best interest.” Waz also singled out tech as a key area. “It’s vitally important for the minority community to get more involved in high tech,” he said. “These are where the growth opportunities are.”

**Programming:** **A&E** will commence production next month on “*Stephen King’s Bag of Bones*” (4Q), a 4-hour mini-series starring *Pierce Brosnan*. -- **AMC’s** “*The Walking Dead*” returns Oct 16 for a 13-ep 2nd season. -- **Discovery Channel’s** “*Weed Wars*” (fall) spotlights the nation’s largest medicinal cannabis dispensary, Oakland’s Harborside Health Center, and removes the smoke shrouding the people charged with growing the product.

**Public Affairs:** **Charter’s** Operation School Supplies is once again in full swing, seeking donations for back-to-school kids in most of the MSO’s service areas. As the initiative’s exclusive sponsor, **Hallmark Channel’s** supply-ing drop-off boxes and offering donors an opportunity for family ent packages in a sweepstakes at [www.winwith-charter.com](http://www.winwith-charter.com).

**People:** *Corey Shields* was named evp, comm, **NBCU** Cable Ent and Cable Studios. *John Kelley* takes over as svp, comm., pro-social and diversity initiatives.

**Business/Finance:** **Apple’s** reported consideration of a bid for **Hulu** generated a lot of buzz Fri, perhaps most because everyone remains geeked to see what the company’s next stab(s) in the video market will be. The company certainly has the cash to acquire Hulu, and analysts said the move could set it up for dominance in the subscription video market. **Google**, **Yahoo** and **AT&T** are among the firms also said to be interested in Hulu.

**CableFAX Week in Review**

Company	Ticker	07/22 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	52.35	0.38%	56.97%
DISH:	DISH	32.01	4.03%	54.12%
DISNEY:	DIS	40.65	3.51%	26.05%
GE:	GE	19.04	3.42%	25.84%
NEWS CORP:	NWS	16.85	(2.77%)	5.84%
<b>MSOS</b>				
CABLEVISION:	CVC	26.00	0.35%	0.70%
CHARTER:	CHTR	59.75	4.20%	0.00%
COMCAST:	CMCSA	24.85	2.98%	47.39%
COMCAST SPCL:	CMCSK	24.07	3.04%	50.34%
GCI:	GNCMA	12.10	(0.98%)	89.66%
KNOLOGY:	KNOL	14.55	1.68%	33.24%
LIBERTY CAPITAL:	LCAPA	86.08	(0.85%)	260.47%
LIBERTY GLOBAL:	LBTYA	43.97	0.69%	100.87%
LIBERTY INT:	LINTA	16.97	(1.05%)	56.55%
SHAW COMM:	SJR	22.95	0.26%	11.57%
TIME WARNER CABLE:	TWC	78.78	(0.58%)	90.34%
VIRGIN MEDIA:	VMED	28.20	2.47%	67.56%
WASH POST:	WPO	423.54	2.72%	(3.65%)
<b>PROGRAMMING</b>				
AMC NETWORKS:	AMCX	37.51	1.13%	(5.87%)
CBS:	CBS	29.54	6.84%	110.25%
CROWN:	CRWN	1.85	6.94%	27.59%
DISCOVERY:	DISCA	41.04	(1.35%)	33.81%
GRUPO TELEVISIA:	TV	22.58	4.25%	8.77%
HSN:	HSNI	34.35	3.37%	70.13%
INTERACTIVE CORP:	IACI	38.11	3.34%	86.08%
LIBERTY:	L	40.90	0.32%	12.52%
LIBERTY STARZ:	LSTZA	77.85	4.08%	68.69%
LIONSGATE:	LGF	7.06	5.53%	21.51%
LODGENET:	LNET	3.02	(0.98%)	(45.39%)
NEW FRONTIER:	NOOF	1.45	2.84%	(23.28%)
OUTDOOR:	OUTD	6.92	(0.14%)	19.31%
SCRIPPS INT:	SNL	48.29	1.11%	16.36%
TIME WARNER:	TWX	36.70	3.00%	25.94%
VALUEVISION:	VVTV	7.92	(0.75%)	65.00%
VIACOM:	VIA	57.49	0.49%	82.51%
WWE:	WWE	10.26	4.16%	(33.07%)
<b>TECHNOLOGY</b>				
ADVANTAGE:	AEY	2.59	0.78%	31.47%
ALCATEL LUCENT:	ALU	5.19	1.96%	56.33%
AMDOCS:	DOX	31.67	3.19%	11.01%
AMPHENOL:	APH	51.03	0.51%	10.50%
AOL:	AOL	19.43	(1.12%)	(16.54%)
APPLE:	AAPL	393.30	7.78%	86.64%
ARRIS GROUP:	ARRS	11.54	(2.29%)	0.96%
AVID TECH:	AVID	13.74	(31.3%)	7.68%
BIGBAND:	BBND	2.21	5.24%	(35.76%)
BLNDER TONGUE:	BDR	1.75	4.17%	53.52%
BROADCOM:	BRCM	35.47	6.61%	12.71%
CISCO:	CSCO	16.46	5.58%	(31.24%)
CLEARWIRE:	CLWR	3.03	(7.06%)	(55.18%)
CONCURRENT:	CCUR	6.40	3.56%	61.62%
CONVERGYS:	CVG	13.18	0.38%	22.60%

Company	Ticker	7/22 Close	1-Week % Chg	YTD %Chg
CSG SYSTEMS:	CSGS	18.57	4.56%	(2.72%)
ECHOSTAR:	SATS	36.64	(0.05%)	81.93%
GOOGLE:	GOOG	618.23	3.45%	(0.28%)
HARMONIC:	HLIT	6.20	(12.68%)	(1.9%)
INTEL:	INTC	23.13	3.40%	13.38%
JDSU:	JDSU	15.34	2.88%	85.94%
LEVEL 3:	LVL	2.43	3.40%	58.82%
MICROSOFT:	MSFT	27.53	2.80%	(9.68%)
MOTOROLA MOBILITY:	MMI	24.61	16.52%	0.00%
RENTRAK:	RENT	18.66	0.16%	5.60%
SEACHANGE:	SEAC	10.35	(2.82%)	57.77%
SONY:	SNE	26.83	(0.74%)	(7.48%)
SPRINT NEXTEL:	S	5.16	(3.55%)	40.98%
THOMAS & BETTS:	TNB	54.40	2.03%	52.00%
TIVO:	TIVO	10.29	(4.55%)	1.08%
UNIVERSAL ELEC:	UEIC	24.13	(1.47%)	3.92%
VONAGE:	VG	4.19	(4.99%)	199.29%
YAHOO:	YHOO	13.98	(4.83%)	(16.69%)
<b>TELCOS</b>				
AT&T:	T	30.32	0.03%	8.17%
VERIZON:	VZ	36.74	(0.22%)	10.90%
<b>MARKET INDICES</b>				
DOW:	DJI	12681.16	1.61%	21.61%
NASDAQ:	IXIC	2858.83	2.47%	25.99%
S&P 500:	GSPC	1345.02	2.19%	17.50%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. MOTOROLA MOBILITY:	24.61	16.52%
2. APPLE:	393.30	7.78%
3. CROWN:	1.85	6.94%
4. CBS:	29.54	6.84%
5. BROADCOM:	35.47	6.61%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. AVID TECH:	13.74	(31.3%)
2. HARMONIC:	6.20	(12.68%)
3. CLEARWIRE:	3.03	(7.06%)
4. VONAGE:	4.19	(4.99%)
5. YAHOO:	13.98	(4.83%)

**CableFAX**  
Save the date  
**October 18, 2011**

**IS GOING TO HOLLYWOOD**

**PROGRAM & Top Ops AWARDS Luncheon**  
Noon to 2pm | Renaissance Hollywood Hotel & Spa. **Questions:** Saun Sayamongkhun at saun@accessintel.com