

CableFAX Daily™

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What the Industry Reads First

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First Up: Strong AT&T 2Q, Positive Signs for Cable in Broadband

AT&T on Thurs posted 2Q results that could bode well for cable's performance during the Q. The telco reported 209K net adds for its **U-Verse** video service in 2Q, putting its total sub count at more than 2.5mln. It's also inline with **Miller Tabak's** 210K estimate, which it called the initial data point that could move cable company stocks positively through the earnings period. "We continue to believe cable companies should exhibit relative competitiveness, primarily in the HSD product, and we expect continued migration toward digital video (even in the seasonally slow 2Q) and market share increases in voice," said a Miller Tabak research note. This marked the 1st Q that U-Verse rev exceeded \$1bln. Broadband was a weak spot for AT&T, which lost 93K subs in the Q vs Street expectations of a 59K gain. Seasonal weakness and aggressive cable promos were blamed. **Verizon** will report results Fri. "Assuming that cable posts a gain (even if it is a small one), the disparity will give rise to an obvious but striking statistic: Cable will have garnered more than 100% broadband flow share, something that has never happened before," said **Sanford Bernstein**, calling it a potential troublesome sign for telcos. But don't make the mistake of thinking AT&T didn't have a strong Q. It did, with adjusted earnings of 61 cents, above the 57 cent consensus, and the company raising its earnings outlook for the year to "strong" growth from "stable-to-improved." ARPU for U-Verse triple play subs was up 13.8% YOY to nearly \$160. Even though total broadband declined, overall consumer broadband ARPU is up YOY by more than 5% thanks to bundles and higher ARPU products, CFO **Rick Lindner** said. Landline's 32.5% profit margin was better than expected, and it activated 3.3mln iPhones in the Q (a record). **S&P** maintained its strong buy on AT&T, which closed up nearly 2.4% Thurs. "While we believe post-paid wireless and wireline broadband gains will remain a challenge amid competitive pressure, we see modest revenue growth and stable operating margins in the 2nd half of '10 and '11," S&P said.

Comcast-NBCU: Comcast and NBCU filed more than 300 pages of redacted comments at the **FCC** on their proposed transaction late Wed, but it was 2 words in the doc that got the most buzz Thurs morning: character assassination. The companies accused critics of the proposed \$30bln deal of hyperbole and trying to throw in non-transaction specific issues, such as net neutrality and program access rules. "The Commission should de-

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1. Catalyst

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mand facts, logic and rational argument, not the hyperbole, speculation and even character assassination that several opponents employ,” the filing read. “These tactics violate the spirit of an open, transparent, fact-based and data driven inquiry and should be disregarded.” Comcast specifically took issue with allegations of a lack of candor surrounding the vacated **BitTorrent** decision and called out **PTC** for questioning its character qualifications to be a licensee because it carries adult programming. Page by page, the filing tackles every complaint levied—from the **Portland Trail Blazers** call to require Comcast to make CSN NW available to competing MVPDs (Comcast said it already does, but they just don’t want it) to **ACA**’s worries that the potential for volume discounts place smaller MVPDs at an extreme disadvantage (Comcast said volume discounts exist in virtually every sector of the American economy and that they are available to smaller operators who use the **NCTC**).

Retrans: Rep *Roy Blunt* (R-MO) wrote **FCC** chmn *Julius Genachowski* this week to urge him to open a formal proceeding on retrans consent. “To be clear, we are not choosing sides in this matter nor are we advocating a specific resolution,” Blunt wrote, saying instead that he wants a complete record that might help all parties understanding how the subject might be productively addressed and what would be in the public’s interest. Meanwhile, **NAB** placed an ad in Capitol Hill paper *Politico* Thurs urging members of Congress not to sign a Dear Colleague letter aimed at getting the FCC to initiate an NPRM on retrans. The ad proclaimed that the market is working, using quotes from **Time Warner Cable**’s *Glenn Britt* and **Cablevision**’s *Tom Rutledge* to back NAB’s stance. The Britt quote from ’07 focused on the need for private resolutions, while Rutledge’s ’09 paraphrased comment said that any retrans cost would likely not be shifted to consumers.

In the Courts: **DISH** said it intends to appeal a court’s refusal to issue a preliminary injunction on part of the Satellite TV Extension and Localism Act that requires it to carry non-commercial stations’ HD signals. “We believe that our customers should be the ones who decide what they want to watch on TV and how they want to watch it. We also believe that it is important to defend those fundamental First Amendment rights,” DISH said. DISH believes the so-called PBS mandate violates its 1st and 5th Amendment rights.

On the Hill: Reps *Rick Boucher* (D-VA) and *Lee Terry* (R-NE) introduced their Universal Service Reform Act, which would declare broadband a universal service. That would let the **FCC** move USF funding from telephone to broadband. It also would limit universal service support in areas where there is competition among voice and broadband providers, and direct the FCC to adopt a competitive bidding process to determine which carriers will receive universal service support. The bill has the backing of **NCTA**, **AT&T**, **Verizon**, **USTelecom** and others. It addresses an issue close to cable’s heart—intercarrier compensation reform—by directing the FCC to complete a proceeding to reform intercarrier comp within 1 year of the date of enactment.

3DTV: The future’s so bright that **CEA** is doubling its Jan forecast for shipments of 3D displays this year to 2.1mln. Shipment revenue will top \$2.7bln, it said. The consumer electronics group predicted sales of more than 6mln units by ’11, generating more than \$7bln in revenue. Overall, the CE industry will exceed initial revenue projections for the year, with growth of 3% over ’09 and shipment rev of \$174.9bln, CEA said.

Carriage: **DISH** is the exclusive US home to Bengali news channel **STAR Ananda**. It also launched Portuguese sports channel **Benfica TV**.

Programming: You may have noticed that **Gospel Music Channel** is calling itself **GMC** these days. It took another step in broadening its niche by ordering its 1st script for a made-for-cable movie, “Brotha White.” *David A.R. White* will play youth pastor who faces a culture shock when he leaves an upscale mega church in the OC for an inner city African-American church in the ATL. -- **Conference USA** extended its contract with **CBS College Sports Net** through June ’16. The agreement also includes VOD, Internet, broadband and wireless distribution rights for C-USA events. -- **C-SPAN**’s “The Communicators” (Sat, 6:30pm) features a discussion on a proposal by the **FCC** for an emergency communications network. -- *Martin Bashir*, known for the doc “Living with Michael Jackson,” is leaving **ABC News**’ “Nightline” to join **MSNBC**. He’ll anchor a daily afternoon show on the net and contribute to “Dateline MSNBC.” Bashir starts his new job in Sept. -- **MTV**’s newest docu-series “World of Jenks” features award-winning filmmaker *Andrew Jenks* focusing his camera on various subjects—

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from a pro-cheerleader to a young adult living with autism (Sept 13, 10pm).

Advertising: For all of next week, **G4** will be known as **4G**. It's part of a deal to promote **Sprint's 4G** service and HTC EVO 4G wireless phone. There also will be Sprint 4G integrations on shows such as "X-Play" all week.

Earnings: **LIN-TV's** 2Q digital revenues, which include retrans consent fees and Internet ad rev, rose 44% YOY to \$14.7mln. The broadcaster said retrans fees increased 5% in the Q primarily due to contractual rate increases in sub fees and an increase in subscriber levels.

People: *Russell Howard* was promoted to svp, communications worldwide for **Nat Geo Channels**. *Cherry Yates* was upped to vp, marketing and comm, and will report to Howard under the new global communications structure.

On the Circuit: Rep *Doris Matsui* (D-CA) and **Discovery Comm** will be honored as diversity champions at the annual **Kaitz Foundation** fundraising dinner, Sept 15, Hilton NY. -- The need for cable ops to implement IP technologies will be a key focus at **SCTE Cable-Tec Expo** (Oct 20-22, New Orleans). Presentations include Holistic Content Delivery Networks, DOCSIS 3.0, Home Networking and IP Video.

CableFAX Daily Stockwatch

Company	07/22 Close	1-Day Ch	Company	07/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	36.46	0.74	ARRIS GROUP:	11.49	0.29
DISH:	19.55	0.32	AVID TECH:	12.10	0.20
DISNEY:	33.59	0.78	BIGBAND:	3.14	0.11
GE:	15.21	0.37	BLNDER TONGUE:	1.30	0.05
NEWS CORP:	14.70	0.38	BROADCOM:	37.55	1.27
MSOS					
CABLEVISION:	25.50	0.64	CISCO:	23.27	0.71
COMCAST:	18.82	0.47	CLEARWIRE:	6.52	0.19
COMCAST SPCL:	17.82	0.47	COMMSCOPE:	26.41	1.20
GCI:	8.32	0.46	CONCURRENT:	4.85	(0.15)
KNOLOGY:	11.58	0.65	CONVERGYS:	10.54	0.29
LIBERTY CAPITAL:	45.31	1.01	CSG SYSTEMS:	19.05	0.83
LIBERTY GLOBAL:	28.09	0.76	ECHOSTAR:	19.35	0.30
LIBERTY INT:	11.53	0.44	GOOGLE:	484.81	7.31
MEDIACOM:	6.91	0.23	HARMONIC:	5.99	0.20
RCN:	14.91	0.03	INTEL:	21.78	0.52
SHAW COMM:	19.56	0.18	JDSU:	10.58	0.45
TIME WARNER CABLE:	55.08	1.63	LEVEL 3:	1.10	0.05
VIRGIN MEDIA:	18.85	0.94	MICROSOFT:	25.84	0.72
WASH POST:	412.49	(0.63)	MOTOROLA:	7.79	(0.12)
PROGRAMMING					
CBS:	14.20	0.46	RENTRAK:	24.89	0.63
CROWN:	1.79	0.04	SEACHANGE:	8.90	0.33
DISCOVERY:	36.11	1.13	SONY:	28.18	1.52
GRUPO TELEVISIA:	18.59	0.44	SPRINT NEXTEL:	4.67	0.08
HSN:	28.33	0.88	THOMAS & BETTS:	37.35	1.54
INTERACTIVE CORP:	23.82	0.94	TIVO:	8.32	0.21
LIBERTY:	36.88	0.89	TOLLGRADE:	6.31	0.01
LIBERTY STARZ:	53.76	(0.06)	UNIVERSAL ELEC:	17.57	0.74
LIONSGATE:	6.81	0.31	VONAGE:	2.31	0.11
LODGENET:	3.74	0.16	YAHOO:	13.88	(0.03)
NEW FRONTIER:	1.60	0.04	TELCOS		
OUTDOOR:	5.12	0.27	AT&T:	25.51	0.59
PLAYBOY:	5.38	(0.06)	QWEST:	5.64	0.05
SCRIPPS INT:	41.09	0.68	VERIZON:	27.00	0.48
TIME WARNER:	30.81	1.19	MARKET INDICES		
VALUEVISION:	1.81	0.18	DOW:	10322.30	201.77
VIACOM:	37.29	1.20	NASDAQ:	2245.89	58.56
WWE:	16.00	0.22	TECHNOLOGY		
TECHNOLOGY					
ADC:	12.52	(0.01)			
ADVANTAGE:	2.66	0.09			
ALCATEL LUCENT:	2.73	0.15			
AMDOCS:	27.13	(1.55)			
AMPHENOL:	43.91	1.41			
AOL:	21.00	0.65			
APPLE:	259.02	4.78			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

For 3D, School's In... For Now

In the tightly scripted corporate world, it's rare when executives express doubt. For the moment, that's not so for 3D coverage of live sports. "No one really knew what to expect," **YES Network's** COO *Ray Hopkins* said the other day referring to 3 Yankees-Mariners games in 3D earlier this month; 2 were available to the proud, few cable and DBS subs with 3D sets. "We're still learning... you have to retrain yourself to shoot, edit and direct [in 3D]," says **ESPN's** *Anthony Bailey*, whose title acknowledges the unknown; he's VP of emerging technology. But ESPN 3D, which produced the Home Run Derby July 12, is a good student. From tests it conducted by filming a semi-pro football team in E Hartford, CT, (*Cfax*, 5/13), ESPN 3D "got our super slow mo (1K frames/sec) that we used" at the Derby, Bailey says. It also got the idea to affix a camera to a pole behind the pitcher's mound and one in front of home plate. Both worked well during the Derby, Bailey says. And the student loves tests. "We plan to test a multitude of sports" Bailey says. With 250K+ amateur athletes filing through ESPN's Wide World of Sports site at Disney World, there will be no shortage of subjects. Hopkins says "we went in with modest expectations... but after that first pitch Friday, I had goose bumps... these games affirmed baseball in 3D is a very pleasurable viewing experience." He adds, "Today, 3D baseball is all about low cameras." YES, which produced the games with **Fox Sports NW, DirecTV** and **Panasonic**, had low cameras at first and third base and home. "With golf in 3D you can read the greens. Similarly in baseball, you feel like you're right on top of the action... you can practically count the pebbles" on the mound, he says. It's an expensive count: Hopkins says it cost 6 times as much to produce 3D games as HD contests. 3D is not as good for balls hit into the gaps or over the wall, Hopkins says. "It's not bad, but there's less of a wow factor." Bailey says fast camera pans in 3D get fuzzy and produce distortion. "You have to slow it down, have fewer cuts to different cameras." Says ESPN 3D chief *Bryan Burns*: "In 3D the director will sit on a shot longer, use graphics only when necessary and let the game tell the story more." Hmm, I like 3D already. SA

Highlights: "Mad Men," season IV debut, Sun, 10p, **AMC**. *Matthew Weiner* cleverly reinvents myriad elements of his hit series. Fortunately (or not), Don Draper's not totally changed. - "Greensboro 4," Sun, 8p, **Smithsonian**. Fantastic footage augments the story of 4 college freshmen who challenged segregation in '60. SA

Worth a Look: "Pillars of the Earth," premiere, Fri, 10p, **Starz**. There's much to like here, including a stellar cast and excellent sets. But lean in, there's much plot detail in keeping with *Ken Follett's* 1K-pg historical novel. - "My Boys," season IV debut, Sun, 10p, **TBS**. *Andy (Jim Gaffigan)* is gone, yet the ensemble remains strong. SA

Basic Cable Rankings (7/12/10-7/18/10)			
Mon-Sun Prime			
1	USA	2.5	2448
2	DSNY	2.2	2147
3	TNT	2.1	2052
4	FOXN	1.6	1537
5	ESPN	1.4	1406
6	TBSC	1.3	1290
7	DISC	1.2	1197
7	HIST	1.2	1151
9	NAN	1.1	1088
10	FAM	1	1018
10	TOON	1	1016
10	A&E	1	998
10	HGTV	1	963
10	FX	1	945
15	SYFY	0.9	892
15	FOOD	0.9	892
15	TLC	0.9	889
15	TRU	0.9	849
19	LIFE	0.8	836
19	CMDY	0.8	763
19	TVLD	0.8	757
19	AMC	0.8	720
19	NKJR	0.8	588
24	BRAV	0.7	651
24	HALL	0.7	638
26	MTV	0.6	637
26	MSNB	0.6	578
26	SPK	0.6	571
26	BET	0.6	546
26	LMN	0.6	471
26	NKTN	0.6	335
32	EN	0.5	512
32	APL	0.5	456
32	NGC	0.5	332
35	CNN	0.4	432
35	ESP2	0.4	407
35	HLN	0.4	383
35	VH1	0.4	377
35	TRAV	0.4	371
35	OXYG	0.4	298
35	GSN	0.4	272
35	ID	0.4	250
35	TV1	0.4	194
44	CMT	0.3	243
44	SOAP	0.3	241
44	WGNA	0.3	232

*Nielsen data supplied by ABC/Disney

Most **CableFAX's** Powerful Women 2010 in Cable

Who are cable's most powerful women executives?

Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November 2010 issue of CableFAX: The Magazine. Nominations are open to all cable operators, programmers, vendors and trade associations.

Nominations Due: **Friday August 13, 2010**
 Nominate Now at: www.cablefax.com/2010powerfulwomen

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