

CableFAX Daily™

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What the Industry Reads First

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Broadband Adoption: MSOs Rollout Connect2Compete Offerings

Cable companies have quietly started rolling out their low-cost broadband offerings as part of the **Connect2Compete** program to close the broadband adoption gap. Last week, **Cox** kicked off its expanded participation in the pilot of the program. Cox, which was the 1st to pilot C2C in San Diego, will expand the pilot to families with children enrolled in the federal free school lunch program in 219 schools in RI, OK, GA, LA and CA. **Time Warner Cable** launched the pilot program, dubbing it "Starter Internet," across its footprint earlier this month, partnering with 400 schools. Qualified households with a child enrolled at a participating school can sign-up through Nov 30. Under C2C, ISPs make service available to low-income HHs for \$10/month for up to 2 years. "The Internet plays an essential role in the lives of Americans. Time Warner Cable is working hard to ensure that everyone has access to broadband, especially households with children who risk falling behind their peers in digital literacy," *Peter Stern*, TWC evp and chief strategy officer, said in a statement. "In this case, doing good is also good for business, as we hope this program will help families who are currently offline understand the importance of, and appreciate the benefits of, an Internet connection." Connect2Compete is a national nonprofit bringing together the private sector, community leaders and foundations to help advance broadband. Various ISPs including **Charter**, **Cablevision**, Cox, TWC and **Suddenlink** are participating. ISPs are rolling offerings out on a market-by-market basis this fall, with no set start date, according to an **NCTA** spokesperson. By Jan, C2C has said the program will expand to all 50 states. **Comcast**, which was required to offer low-cost broadband per the **FCC's NBCU** conditions, is in the 2nd year of its Internet Essentials offering. **Eagle Comm** in KS launched the \$10/month Connect2Compete initiative in the 30 communities it serves in Apr. What happens after the C2C pilot period ends? "We are hopeful that C2C will help improve broadband adoption in our country. We'll be monitoring the program closely as it expands and will determine future plans based on those results," Cox said. "Our commitment to the community will continue regardless. Cox's participation in C2C is an extension of the investment we have made in the communities where we provide services."

VZ Earnings: **Verizon** added 120K **FiOS** video subs in 3Q, missing a consensus estimate of 142K. CFO *Fran Shammo* said there was some seasonality with respect to churn, in part due to customers moving, but also related to price increases. Verizon expects improvement in FiOS adds in 4Q, with video adds of at least 150K. "We are doing a lot of effort



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in reconnecting existing homes ... for people who have moved in, so you are going to see a lot more activity around that," Shammo said. "I also think that we did see some pressure in the current base from the price ups that we had. I think those price up are all done now, so I think we are going to stabilize here." **Sanford Bernstein's Craig Moffett** noted that as recently as a year ago, the telco was adding nearly 200K subs/quarter. "The lower run rate speaks to the approaching maturity of their FiOS platform," he told clients. "The read-across for cable and satellite incumbents is self-evidently positive; lower growth for FiOS means smaller losses for their competitors." Shammo said Verizon's planned streaming service with **Redbox** is "very close" to launching in 4Q and should contribute to overall wireline profits next year, he said. Verizon added 136K FiOS Internet additions, giving it 5.3mln subs. DSL, however, lost 144K. "Our decision to discontinue offering dry-loop DSL had a negative impact on gross adds, but was clearly the right decision from a profitability standpoint," said Shammo. Very little details about what's going on with **SpectrumCo** and its related deals. "We are... collaborating on an innovative video roadmap with the cable companies as part of our technology joint venture," Shammo said.

In the Courts: It's looking increasingly likely that there could be a settlement between **Voom** and **DISH**. An entry appeared Thurs on the court docket for Mon saying "Pos. (Possible) Settlement." (Hat tip to **BTIG's Rich Greenfield** for pointing it out to us) Neither side is saying anything, but we hear talks are indeed underway. The expectation is a settlement will be put before Judge **Richard Lowe** on Mon, but, of course, it's fluid. Given the history here, anything could happen... but maybe DISH subs won't have to miss all of Season 3 of "The Walking Dead." "We continue to believe that a settlement in this case is the most logical outcome for all parties involved. In our view a settlement would incorporate a new carriage agreement between AMCX and DISH, as well a cash component to account for potential damages in the VOOM case," **Susquehanna Financial** analyst **Thomas Claps** wrote in a research note.

M&A: Three days after Japanese mobile carrier **Softbank** announced plans to acquire 70% of **Sprint Nextel** for \$20bln, Sprint moved to become **Clearwire's** majority stake holder. According to an **SEC** filing Thurs, Sprint reached a deal with **Eagle River Holdings**, the investment vehicle of Clearwire founder **Craig McCaw**, that will enable a 50.8% stake in Clearwire, which offers mobile broadband services using 4G WiMAX technology. Companies including **Comcast, Time Warner Cable, Bright House Networks** and **Google** were early investors of Clearwire, which was created through a deal with Sprint hoping that its WiMAX 4G network would complement their own service bundles. However, in the last couple years, the network buildout was crippled by funding problems and the wide adoption of another 4G standard LTE. Additionally, customer adoption appeared to be slow. While investors like Comcast had tried reselling the service, Bright House never got it off the ground. Sprint has been Clearwire's most important wholesale customer in recent years. Clearwire had announced its plans to switch to LTE technology. In Sept, Time Warner Cable announced it would sell its Clearwire interest, no shocker as it has stopped re-selling Clearwire's WiMAX service. This month, Comcast said it would convert its Class B shares in Clearwire into Class A shares. Some analysts believed the move could be a sale indicator.

VOD: **Hallmark Channel** and **Time Warner Cable** are teaming to provide customers local VOD content around the **American Humane Assoc** Hero Dog Awards. Beginning Oct 22, TWC subs will be able to view content, including video highlight the 8 finalists, in the VOD "Pet Folder." All VOD content will have tune-in messaging to drive viewers to the '12 Hero Dog Awards telecast on Hallmark, Nov 8, 8pm. **[See photos from the event at www.cablefax.com]**

Why WiFi: As cable continues to ramp up WiFi offerings, the technology is getting better, faster, stronger. During an **SCTE Expo** panel Thurs. **Stuart Hoggan**, principal architect/security at **CableLabs**, noted improvements that are making Wi-Fi much more service provider friendly or "carrier grade." These advances include improvements in roaming, security and automatic network discovery and selection. So what is carrier-grade Wi-Fi? For in-home distribution, **Hal Roberts**, systems architect at **Calix**, defined it as the ability to support 4 HD videos (or 40 Mbps minimum throughput) plus VoIP plus data with 90% coverage of 90% of homes at low error rates. **Husnain Bajwa**, vp, product marketing at **Ericsson**, sees potential deployment scenarios in direct sales, wholesale and operator-managed services to enterprises. These include indoor applications in cafes, malls, airports and retail stores; indoor/outdoor applications at universities, hospitals, and marinas; stadiums; and such outdoor applications as city centers, mass transit and parks. At a **Light Reading** breakfast at Expo Wed, panelists said monetizing data on WiFi requires a seamless user experience while currently, session drops between WiFi and macro network are common. Cable ops should focus on making the subscriber WiFi experience an extension of the macro network experience, according to **Jared Headley**, dir, service provider mobility at **Cisco**. The biggest

BUSINESS & FINANCE

challenges of deploying WiFi? Getting more access points faster, said *Ronan McLaughlin*, CTO, cable & media accounts with Ericsson. "Doing one access point is easy, but doing a lot is hard," said *Leo Cloutier*, svp, strategy & biz dev at **Bright House**. Another challenge is wireless interference and backhaul connectivity, McLaughlin said. In addition, getting WiFi devices into residential buildings could be tough due to lack of understanding, so having a strong offer and consumer education is critical, he said.

SCTE Notebook: The SCTE

Foundation raised nearly \$1mln as it kicked off its Advancing Cable Excellence campaign. Donors, which include **Cisco, Comcast, Cox, Ericsson, Time Warner Cable** and **Motorola**, have committed \$965K to the initiative, which is intended to increase the technical, business and leadership skills of the telecom engineering workforce. -- A special working group was created within the SCTE Standards Program to develop best practices and requirements to prepare HFC networks for higher-capacity signaling schemes, including DOCSIS 3.1. **Motorola Mobility's Jack Moran**, fellow of the technical staff for home business, will chair the group.

People: Former **Canoe** CMO *Vicki Lins* has joined outdoor advertiser **Clear Channel Outdoor** as evp, CMO. -- **NBCU** promoted *Cameron Blanchard* to svp, corp comm.

CableFAX Daily Stockwatch

Company	10/18 Close	1-Day Ch	Company	10/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	52.07	0.39	CONVERGYS:	16.29	(0.06)
DISH:	35.74	1.62	CSG SYSTEMS:	22.32	(0.15)
DISNEY:	52.42	0.13	ECHOSTAR:	31.33	(0.33)
GE:	22.81	(0.1)	GOOGLE:	695.00	(60.49)
NEWS CORP:	25.84	0.20	HARMONIC:	4.39	(0.11)
MSOS					
CABLEVISION:	18.52	0.77	INTEL:	21.67	(0.12)
CHARTER:	78.51	0.82	JDSU:	10.48	(0.34)
COMCAST:	37.29	0.17	LEVEL 3:	23.13	(0.09)
COMCAST SPCL:	36.31	0.19	MICROSOFT:	29.50	(0.1)
GCI:	9.59	(0.06)	RENTRAK:	16.99	(0.11)
LIBERTY GLOBAL:	62.02	0.36	SEACHANGE:	8.50	(0.07)
LIBERTY INT:	20.17	(0.12)	SONY:	12.35	0.12
SHAW COMM:	21.00	(0.08)	SPRINT NEXTEL:	5.78	0.05
TIME WARNER CABLE:	100.31	0.59	TIVO:	10.10	(0.07)
VIRGIN MEDIA:	32.82	0.31	UNIVERSAL ELEC:	17.45	(0.24)
WASH POST:	351.15	0.62	VONAGE:	2.19	0.02
PROGRAMMING					
AMC NETWORKS:	45.27	1.71	YAHOO:	16.00	(0.09)
CBS:	34.06	(0.36)	TELCOS		
CROWN:	1.71	(0.01)	AT&T:	36.02	0.30
DISCOVERY:	61.77	0.53	VERIZON:	45.78	1.06
GRUPO TELEVISIA:	23.60	0.04	MARKET INDICES		
HSN:	49.06	(0.2)	DOW:	13.00	517.00
INTERACTIVE CORP:	52.66	(2)	NASDAQ:	3072.87	(31.25)
LIONSGATE:	16.17	0.53	S&P 500:	1457.34	(3.57)
LODGENET:	0.34	(0.04)			
NEW FRONTIER:	1.98	(0.01)			
OUTDOOR:	7.39	(0.05)			
SCRIPPS INT:	62.76	0.20			
TIME WARNER:	45.88	0.22			
VALUEVISION:	2.47	(0.23)			
VIACOM:	56.02	0.05			
WWE:	8.17	(0.19)			
TECHNOLOGY					
ADVANTAGE:	2.15	(0.01)			
ALCATEL LUCENT:	1.12	0.05			
AMDOCS:	32.75	0.24			
AMPHENOL:	61.77	0.24			
AOL:	36.36	(0.71)			
APPLE:	632.64	(11.97)			
ARRIS GROUP:	13.02	(0.14)			
AVID TECH:	8.55	(0.27)			
BROADCOM:	34.57	(0.02)			
CISCO:	18.61	(0.1)			
CLEARWIRE:	2.03	(0.23)			
CONCURRENT:	5.54	0.06			

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PROGRAMMER'S PAGE

Let Your Geek Flag Fly

New York Comic-Con is no TCA, which makes it a whole lot more fun for the talent—and above all, its fans. Press isn't given much special treatment, so I found myself sitting on the Javits Center's cement floor (used as an overflow room) to catch a screening of "The Walking Dead" panel. But there was a benefit to that: my company. Scores of comic book nerds, each happily sporting costumes of every character you could think of (and haven't)—including, of course, what appeared to be a zombie outbreak—hooted and hollered at the actors on screen. Given the army of imagination in attendance, it was only fitting that one fan address the thing on everyone's mind: what's your "zombie break out" plan? Panel moderator and "The Talking Dead" host *Chris Hardwick*, never one to turn down a snark op, quipped, "This would be the worst place EVER" for that to happen. "Humans would fall like dominoes. 100,000 New Yorkers, done." Not to mention, those zombies in costume would really complicate things. As 10.9 million viewers have now witnessed, *Walking Dead's* 3rd season gets pretty intense. Lead actor *Andrew Lincoln* told fans there are "more zombie kills in this [first] episode than all of season 1... I'm going to the dark side this season" (*Star Wars* reference! Sweet!) The incredibly articulate *Chandler Riggs*, the youngest core cast member at 13 years old, said his "transformation from boy to child soldier" is a great opportunity for an actor. The young Riggs fielded most of the fans' questions—including ones about future love interests. There were so many, in fact, that the panel had to address it. "You shouldn't be watching this show. I'm horrified," said creator *Robert Kirkman* to a 12-year-old. But the kids kept on coming. "Is there a toddler or a fetus that has a question?" Hardwick asked mockingly. Some serious questions made their way to the panel, though. Kirkman was asked about the differences between working on the books and the show. He enjoys creating characters that aren't in the comics the most, he said. "They add a lot to it." And then came the most serious question of all: What's up with DISH? Kirkman's response: "That's above all of our pay grades." KH

Reviews: "Benji," Tues, 8p ET, **ESPN/ESPN HD**. ESPN's "30 for 30" series has hit the mark again. This time it's a what-might-have-been story that Rev *Jesse Jackson* says "is still painful today." He's speaking of *Benjamin Wilson*, a HS basketball standout from Chicago. Wilson dominated in '84, when the Windy City was experiencing a golden era of sorts, with its 1st black mayor and *Michael Jordan* reigning. It was Wilson's bad luck to be touched by another part of mid-80s Chicago, gang violence. -- "Blackout," Mon, 8p ET, **Ovation**. A dark, water-filled British mini centers on a drunk, suicidal, philandering politician who becomes a reluctant hero. Still, what he may have done prior to an alcoholic blackout haunts him. The film technique and music set the tone beautifully. -- "The Girl," Sat, 9p, **HBO**. In short, Hitch was a bitch. We mean *Alfred Hitchcock* and his alleged sexual and mental abuse of *Tippi Hedren*, star of "The Birds" and "Marnie." *Toby Jones* is masterful as the Master of Suspense; excellent too are the production values, mimicking those films' look. -- "Sin By Silence," Wed, 7p ET, **Investigation Discovery**. Terrific doc about a woman who, while in prison, helped change judicial thought on domestic abuse.

Basic Cable Rankings (10/08/12-10/14/12)			
Mon-Sun Prime			
1	TBSC	3.3	3249
2	FOXN	2.5	2464
2	ESPN	2.5	2409
4	DSNY	1.9	1877
5	USA	1.7	1726
6	MSNB	1.2	1094
6	AMC	1.2	988
8	HIST	1.1	1102
8	TNT	1.1	1092
10	A&E	1	1027
10	ADSM	1	1018
10	FX	1	937
10	NFLN	1	642
10	DSE	1	77
15	HGTV	0.9	934
15	TLC	0.9	904
15	DISC	0.9	876
15	SYFY	0.9	846
19	NAN	0.8	804
19	LIFE	0.8	782
19	FOOD	0.8	753
22	CMDY	0.7	713
22	BET	0.7	681
22	CNN	0.7	667
22	BRAV	0.7	657
22	TVLD	0.7	627
22	TRU	0.7	623
28	MTV	0.6	613
28	FAM	0.6	587
28	ID	0.6	490
28	HALL	0.6	488
28	NKJR	0.6	427
33	SPK	0.5	506
33	APL	0.5	461
33	LMN	0.5	452
36	NGC	0.4	353
36	DXD	0.4	342
36	GSN	0.4	274
39	ESP2	0.3	341
39	EN	0.3	324
39	VH1	0.3	323
39	TRAV	0.3	322
39	OWN	0.3	269
39	OXYG	0.3	268
39	HLN	0.3	260
39	H2	0.3	216

*Nielsen data supplied by ABC/Disney

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