SNL Kagan

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SENIOR ANALYSTS
Robin Flynn (rflynn@snl.com)
Ian Olgeirson (iolgeirson@snl.com)

ANALYSTS
Mariam Rondeli (mrondeli@snl.com)
Robert Serrano (rserrano@snl.com)

ASSOCIATE ANALYST
Michelle Ow (mow@snl.com)

EDITOR
Mike Schmitz

CABLE TV INVESTOR: DEALS & FINANCE™

A SNL Kagan Newsletter

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SELECTED TABLES

SNL Kagan
One SNL Plaza
Charlottesville, VA 22902

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Logic of FCC's 30% cap fading along with cable's video share in a multiplatform world

Weeks after concern over proliferation of cable programming online was the talk of the NCTA Cable Show, the FCC and Comcast Corp. sparred in court April 24 about the necessity of the 30% cable ownership cap to protect programmers.

With cable's percent share of multichannel video homes down 10 percentage points in five years (from 76% at year-end 2003 to 66% in 2008), it appears that making the case for the cap will get harder as time goes on.

As shown in our tables, total multichannel video homes have grown from 87.2 million in 2003 to 96.6 million in 2008, going from 80% to 85% of TV homes. The growth in the combined share of DBS and telco video has taken up to 10% of what cable lost, going from 25.3% to 35.6%.

Whereas the top 10 cable multiple system operators formerly controlled 67.5% of multichannel video homes, that number has shrunk to 59%, but Comcast's share has stayed at about 25% thanks to growth from acquisitions.

Penetration of Multichannel Services: 2003 vs. 2008

	- TV Home Pen.* -		MC Video Home Pen.@	
	2003	2008	2003	2008
Cable	60.9%	55.8%	75.7%	65.9%
DBS	20.4%	27.4%	25.3%	32.4%
Telco Video	0.0%	2.7%	0.0%	3.2%
Other	1.2%	0.7%	1.5%	0.9%
Total/Avg.	**82.5%**	**85.9%**	**102.5%**	**102.5%**

* Does not eliminate cable/DBS overlap homes. @ Penetration is over 100% due to overlap homes taking both DBS and cable.

Evolution of U.S. Multichannel Video Household Market: 2003 vs. 2008 (mil.)

	2003	2008
TV Homes	108.40	114.20
MC Video Homes	87.21	96.58
MC Video Homes % of TV Homes	80%	85%
Cable Subs	66.00	63.67
DBS Subs (includes C-Band)	22.07	31.32
Telco Video Subs	0.00	3.13
SMATV MDU Basic Subs	1.17	0.81
Analog + Digital wrls. subs (MMDS)	0.15	0.03
Less Cable/DBS Overlap	-2.18	-2.38
Total	87.21	96.58

The rationale behind the 30% cap is to protect programmers, with the FCC's 30% number linked to an assumption that programmers need 19 million homes to achieve minimum scale to be viable. Comcast, however, has argued in proceedings at the U.S. Court of Appeals for the District of Columbia Circuit that the FCC has its own study that says a cable net needs

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Comcast vs. FCC *(continued)*

just 10.2 million subs at Day One for a 70% chance of viability in five years.

The 30% cap was originally set by the FCC in 1993, when cable had a 95% share of multichannel homes, but it was struck down by the U.S. Court of Appeals in 2001, only to be reinstated by then-FCC Chairman Kevin Martin in Dec. 2007.

In the 15-plus years since the cap was originally set, the industry has undergone profound transformation, with current fears about cable MSOs losing their gate-keeping ability for cable programming contributing to MSO values declining to mid-single-digit trading multiples in the public markets.

Top 10 Cable MSOs' Share of TV Homes and Multichannel Video Homes: 2003 vs. 2008

MSO	2003 Subs	Pen. of TVHH	Pen. MC Video Homes	MSO	2008 Subs	Pen. of TVHH	Pen. MC Video Homes
Comcast	21,468.0	19.8%	24.6%	Comcast	24,182.0	21.2%	25.0%
TW Cable	10,919.0	10.1%	12.5%	TWC	13,069.0	11.4%	13.5%
Charter	6,431.3	5.9%	7.4%	Cox	5,328.3	4.7%	5.5%
Cox Comm.	6,285.2	5.8%	7.2%	Charter	5,045.7	4.4%	5.2%
Adelphia	5,085.0	4.7%	5.8%	Cablevision	3,108.0	2.7%	3.2%
Cablevision	2,944.7	2.7%	3.4%	Bright House	2,307.8	2.0%	2.4%
Bright House	2,167.0	2.0%	2.5%	Mediacom	1,318.0	1.2%	1.4%
Mediacom	1,543.0	1.4%	1.8%	Suddenlink	1,268.7	1.1%	1.3%
Insight	1,293.7	1.2%	1.5%	Insight	707.6	0.6%	0.7%
Cable One	720.8	0.7%	0.8%	Cable One	669.5	0.6%	0.7%
Totals/Avg.	**58,857.7**	**54.3%**	**67.5%**	**Totals/Avg.**	**57,004.5**	**49.9%**	**59.0%**

Subs in (000).

Comcast said in a Feb. 25 court filing that after the FCC reinstated the ban it had been approached by another cable MSO looking for a capital infusion, but that even a minority stake taken in the target would have pushed it over 30%. Full sub attribution would have been accorded by the FCC if Comcast had taken a stake of over 5% of the voting stock or 1% of an LP interest.

The unnamed MSO had to have been Time Warner Cable Inc., Cox Communications Inc. or Charter Communications Inc., with Charter the most obvious candidate. Including all multichannel video subs, our data indicates that this combo would have put Comcast at a 30.2% share of multichannel video homes at year-end 2008.

Comcast's reference to its inability to in effect save a struggling cable MSO from a bankruptcy filing as an argument for removing the limit is interesting because it is a similar approach to that adopted in TV station ownership regulation, which creates exceptions to the in-market ownership of major affiliates during financial hardship.

However, arguments related to the fact that the market is becoming more competitive carry increasing weight given the national reach and growing video sub counts of the telcos, as well as the rapidly multiplying delivery options for content.

In one of the latest potential new ways to bypass pay TV operators, broadcasters at the NAB Show held April 19-23 raised the possibility of distributing cable nets over the excess bandwidth of their planned mobile DTV services (with no discussion of any contractual local-exclusivity clauses).

A decision on the cap is expected this summer, but in a research note on April 24, Stifel Nicolaus projected that the 30% cap would be vacated.

Robin Flynn

HSD revenues tilt upward despite pricing pressure

Growth in residential high-speed data services is proving resilient despite the economic slump, but the market has less headroom to sustain the growth levels of the recent past and there are signs of pressure on average monthly rates.

Residential HSD connections reached 67.3 million at the end of 2008, according to SNL Kagan estimates of primary Internet connections by cable, telco, wireless and satellite services in the U.S.

We forecast the group will combine to add more than 21.4 million residential HSD subs in the next five years to bring the segment total to 88.7 million customers. The group total, when including a mix of small-business customers, is expected to reach 96 million customers by 2013.

Projected Total Cable and Telco HSD Subscribers

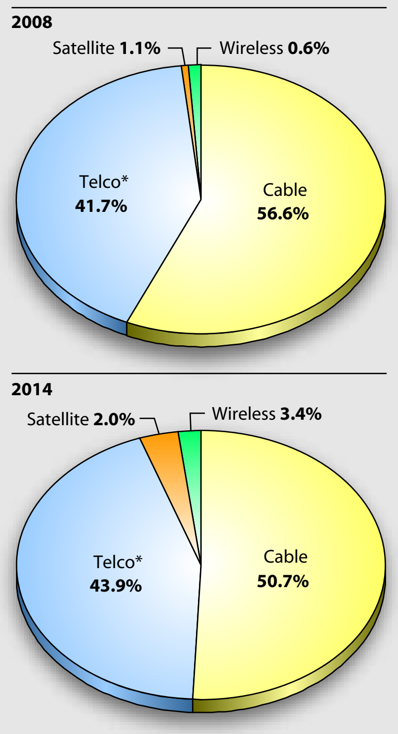
		2008	2009	2010	2011	2012	2013	CAGR
Cable	(mil.)	39.3	42.2	44.1	45.5	46.6	47.6	3.9%
% Residential	(%)	97%	97%	97%	97%	96%	96%	
Telco*	(mil.)	32.0	34.4	36.8	39.1	41.2	43.2	6.2%
% Residential	(%)	88%	88%	89%	89%	89%	89%	
Other^	(mil.)	1.4	2.6	3.2	3.9	4.6	5.3	30.4%
% Residential	(%)	93%	88%	88%	87%	87%	87%	
Total	(mil.)	72.7	79.1	84.1	88.5	92.4	96.1	5.7%
Total Res.	(mil.)	67.3	73.3	77.9	81.9	85.4	88.7	5.7%
% Residential	(%)	92%	93%	93%	93%	92%	92%	

*Includes DSL and fiber-to-the-home high-speed data access. ^ Includes alternative wireless and satellite data services.

U.S. cable operators collectively posted a strong defense of market share in 2008, and the industry managed to gain some share from 2007, according to our estimates. However, its position weakened toward the end of 2008 amid signs of increased competition led by the broader availability of telco triple-play alternatives.

The telcos' improving positioning and the increased presence of wireless alternatives signal a return to market-share erosion for cable, albeit at a moderate level over the five-year outlook. We estimate cable will still have just more than half of the residential market through 2014.

Projected U.S. Residential HSD Market Share



*Includes DSL and fiber-to-the-home high-speed data access.

Despite the demand for new premium tiers, pressure on average revenue per unit for residential subscribers is becoming evident. While most operators still reported gains in overall HSD ARPUs in 2008, the increasing number of commercial customers in the mix is likely masking a downturn in residential ARPU.

After removing small business customers from the equation, we estimate residential cable ARPUs declined by less than 2% in 2008 to just under $39 per month. The broader availability of super-premium tiers using the DOCSIS 3.0 platform to offer speeds of 50Mbps or greater will help buoy average rates going forward, but we calculate the demand for budget tiers as well as pressure on standard tiers will more than offset the benefits of the higher-priced packages over the five-year outlook.

However, we continue to expect HSD pricing to be resilient to severe reductions, an expectation that has been supported by cable's ability to maintain ARPUs over the last five years despite attempts by the telcos to grab share through heavily-discounted offerings. Accordingly, we have forecast overall ARPUs to decline only slightly through 2013.

Overall revenue from residential HSD customers is still expected to rise based on the growth in customers for the foreseeable outlook. SNL Kagan estimates the residential sector accounted for $16.9 billion in revenue for U.S. cable operators in 2008 and is expected to increase to $20.2 billion by the end of the five years.

Our individual subscriber outlooks for the five largest publicly traded cable operators are largely stable from the perspective of a year ago. The common

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HSD Projections *(continued)*

theme in the individual MSO breakouts is an expectation for a gradual slide in the number of net adds for each year of the half decade. The outlook is driven by the assumption that increased competition from wireline and wireless options, coupled with a smaller pool of potential broadband converts, will limit the opportunity going forward.

Charter's growth curve has been modeled to reflect the potential negative impacts of its Chapter 11 reorganization, with an exaggerated drop in net adds for 2009, but it also shows expectations for continued upside in the near term with a reacceleration of growth in the midterm outlook.

Projected Residential Cable HSD Revenue Growth (2008-2013)

		2008	2009	2010	2011	2012	2013	CAGR
Avg. Monthly Rev. Per Sub	($)	$38.89	$38.40	$38.05	$37.76	$37.40	$37.01	-1.0%
Average Annual Rev. Per Sub	($)	$467	$461	$457	$453	$449	$444	-1.0%
% Change			-2%	-1%	-1%	-1%	-1%	-1%
Total Annual Revenue	($ bil.)	$16.9	$18.2	$19.1	$19.6	$20.0	$20.2	3.5%
% Change			10%	7%	5%	3%	2%	1%

For other operators, including Comcast, Time Warner and Mediacom, the five-year expectations are down slightly given the aforementioned pressures. Comcast and Time Warner Cable are expected to reach customer penetrations of total homes passed in the mid-30% range by 2013 while Mediacom and Charter are expected to lag slightly behind.

Cablevision is the lone operator in our breakout for which we have adjusted our outlook for HSD subscriber penetration of homes passed upward from last year, based on its continued ability to add HSD customers despite intense overlay from Verizon's FiOS and already industry-leading penetrations.

Projected HSD Subscribers by Major U.S. MSO, 2008-2013

	2008	2009e	2010e	2011e	2012e	2013e
Cablevision						
HSD Subs	2,455	2,566	2,649	2,717	2,772	2,822
Net Adds	173	111	83	68	55	50
% Pen of HP	52%	54%	55%	55%	56%	56%
Charter*						
HSD Subs	2,875	3,028	3,199	3,367	3,525	3,661
Net Adds	198	153	171	167	159	136
% Pen of HP	26%	27%	28%	29%	29%	30%
Comcast*						
HSD Subs	14,929	16,046	16,824	17,383	17,821	18,197
Net Adds	1,343	1,117	778	560	437	376
% Pen of HP	30%	32%	33%	33%	34%	34%
Mediacom						
HSD Subs	737	793	835	866	886	902
Net Adds	79	56	42	32	20	16
% Pen of HP	26%	28%	29%	30%	30%	30%
TW Cable*						
HSD Subs	8,727	9,232	9,576	9,822	10,025	10,195
Net Adds	827	505	344	246	202	171
% Pen of HP	33%	34%	35%	36%	36%	36%

Subs, adds in (000). *2008 Net adds calculated with pro forma 2007 data. e = SNL Kagan estimates. Figures include residential small business subscribers.

Telco HSD

Growth in telco HSD services slowed dramatically in 2008 as low-cost, low-priced DSL tiers quickly went out of fashion with increased usage of high-bandwidth applications. The expansion of FTT(x) footprints and improvements in legacy DSL speeds is expected to sustain current HSD subscriber growth rates in the near term, lifting total telco broadband revenues to an estimated $15.2 billion by 2013.

The rapid expansion of FTT(x) footprints and growing demand for new premium tiers helped telcos post an increase in average residential ARPU in 2008. We expect the trend will continue to work in the industry's favor for the next couple of years, until residential ARPUs succumb to competitive pressures.

Projected Residential Telco HSD Revenue Growth (2008-2013)

		2008	2009	2010	2011	2012	2013	CAGR
Avg. Monthly Rev. Per Sub	($)	$33.41	$33.74	$34.08	$33.91	$33.74	$33.57	0.1%
Avg. Annual Rev. Per Sub	($)	$401	$405	$409	$407	$405	$403	0.1%
% Change			2%	1%	1%	-1%	-1%	-1%
Total Annual Revenue	($ bil.)	$10.8	$11.8	$12.9	$13.7	$14.5	$15.2	7.1%
% Change			15%	10%	9%	7%	6%	5%

The growth in telco HSD services over the past several years has come mostly as a result of steep promotional discounting. As a result, the industry continues to generate substantially lower ARPUs than rival cable companies. The expansion of premium service availability is expected to narrow the ARPU gap between the rivals from an estimated $5.48 per sub to $3.44 between 2008

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HSD Projections *(continued)*

and 2013.

Throwing commercial revenues into the mix brings telco HSD ARPU to an estimated $51.00 — substantially above the comparable figure for the cable industry. However, unlike cable rivals which are expected to see gains in commercial ARPUs, telcos will experience considerable pricing pressure in the segment as they lose near-monopoly pricing power.

As a result, overall telco HSD revenue is expected to grow at a 6.0% CAGR, with residential revenues rising at a faster 7.1% CAGR during the projected time frame. SNL Kagan estimates the residential sector generated an estimated $10.8 billion in revenue for U.S. telcos in 2008, up 15% from the previous year.

Satellite HSD

Despite strong demand in rural markets for HSD, satellite broadband providers are expected to remain on a slow growth trajectory. As the industry's ARPU indicates, the affordability of satellite HSD services remains one of the main factors impeding wider service adoption.

Although its terrestrial broadband competitors continue to see strong demand for higher-speed services, we believe the price points for premium-tier offerings will severely limit the growth in premium customers for the vast majority of customers dependent on a satellite solution for HSD. The introduction of lower-priced tiers and the reduction in upfront costs for satellite broadband services will continue to put pressure on the industry's ARPU.

Projected Satellite HSD Revenue Growth (2008-2013)

		2008	2009	2010	2011	2012	2013	CAGR
Avg. Monthly Rev. Per Sub	($)	$73.49	$71.96	$70.89	$70.22	$69.68	$69.47	-1.1%
Avg. Annual Rev. Per Sub	($)	$882	$864	$851	$843	$836	$834	-1.1%
% Change		-1%	-2%	-1%	-1%	-1%	-0.3%	
Total Annual Revenue	($ bil.)	$0.7	$0.8	$1.0	$1.1	$1.3	$1.5	16.9%
% Change		36%	23%	17%	15%	15%	15%	

We expect the majority of subscribers signing up for satellite broadband service will opt for two lower-tier service plans between $49.95 and $69.99 per month. For those seeking higher speeds, Hughes Network Systems LLC offers a 5 Mbps service priced at $349.99 a month, limiting potential users to business customers. Even a lesser $119.99 a month offering for a 2.0 Mbps service will have a very limited uptake, given the lower household income levels in rural areas where satellite broadband is the only option.

As a result, we expect the introduction of higher-speed tiers will do little to lift the industry's ARPU, currently 1.8x above what cable industry generates for both residential and commercial customers per month. According to SNL Kagan estimates, the satellite broadband industry generated $73.49 in ARPU in 2008. We expect the rate of ARPU decline at a slight -1.1% CAGR over the next five years, bringing industry ARPU to $69.47 in 2013.

As a result of the growth in satellite broadband subscribers, the total revenue base is expected to increase at a 16.9% CAGR for the same period. That brings total revenues to $1.49 billion in 2013, more than double the estimated $683.5 million generated in 2008.

Wireless HSD

The advent of WiMAX and LTE technologies is expected to turn wireless broadband into the fastest-growing segment of the industry, driving strong

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HSD Projections *(continued)*

double-digit increases in annual revenues.

Both subscriber and revenue forecasts for wireless broadband exclude the number of wholesale customers that complement their existing wired broadband connections with a mobile service. Although industry ARPU grew 6% in 2008, much of the growth was driven by the sale of ancillary services as well as a decreased impact from promotional pricing. However, going forward, we forecast increased competition in the wireless space will put pressure on pricing, resulting in modest declines in average revenues per user.

Projected Wireless HSD Revenue Growth (2008-2013)

		2008	2009	2010	2011	2012	2013	CAGR
Avg. Monthly Rev. Per Sub	($)	$39.12	$38.34	$37.76	$37.20	$36.64	$36.09	-1.6%
Avg. Annual Rev. Per Sub	($)	$469	$460	$453	$446	$440	$433	-1.6%
% Change		6%	-2%	-1%	-2%	-2%	-2%	
Total Annual Revenue	($ bil.)	$0.2	$0.5	$0.8	$1.0	$1.2	$1.5	41.9%
% Change		26%	102%	68%	23%	19%	16%	

SNL Kagan estimates total wireless broadband revenues will more than double in 2009, mostly as a result of ambitious Clearwire Corp. expansion plans. According to our estimates, total industry revenues will climb from just under $240.0 million in 2008 to $1.46 billion by the end of the five-year outlook.

Our revenue forecast includes both residential and commercial accounts. By 2013, we expect ARPUs will decline at a 1.6% CAGR, to about $36.00. Although mobility brings an attractive new differentiator from competing offers, we believe the service speeds will lag behind the wired alternatives, somewhat offsetting the product's appeal and therefore its pricing power.

Ian Olgeirson and Mari Rondeli

Government action on retrans unlikely in 2009

The cable industry will likely continue to see escalating costs for video programming as the federal government appears reluctant to address the issue of retransmission consent in the current legislative session, according to Capitol Hill staffers from House and Senate commerce committees addressing a panel April 1 at The Cable Show in Washington, D.C.

Retransmission consent, allowing cable multiple system operators to carry broadcast content, is projected to be the fastest-growing component of programming costs in coming years as fees and the number of cable subscribers affected by them increase. The broadcasters' aim is to extract increasing levels of payment over time now that the precedent of obtaining fees has been set.

Projected Broadcast Retransmission Fees

		2006	2008	2013*	2015*	CAGR '08-'15
Basic Cable Subs	(mil.)	65.4	64.5	64.3	64.3	0.0%
% Subject to Retrans Fees	(%)	18	45	95	95	11.3%
Avg. Payment/Sub/Mo.	($)	0.21	0.23	0.29	0.31	4.4%
Annual Cable Retrans Fees @	($ mil.)	44.3	160.7	744.7	908.8	28.1%
Avg. Fee/Cable Sub/Mo.	($)	0.06	0.21	0.96	1.18	28.0%

* Estimated. @ Includes market TV stations earning fees.

SNL Kagan estimates the cable industry will spend $908.8 million in retransmission fees at an average of 31 cents per sub per month in 2015, versus $160.7 million in 2008 or an average 23 cents per sub per month. That translates to 28.1% average annual growth, compared to single-digit growth projected for cable networks.

Potential Impact On An MSO

Time Warner Cable&		2008	2015*
Subscribers	(mil.)	13.1	13.0
% Subject to Retrans Fees	(%)	18	75
Subs Subject to Retrans Fees	(mil.)	2.4	9.7
Avg. Payment/Sub/Mo.	($)	0.21	0.31
Broadcast Stations		4	4
Annual Cable Retrans Fees @	($ mil.)	23.7	144.6

& For purposes of example only; not actual projections for Time Warner Cable. * Estimated. @ Includes market TV stations earning fees.

The potential impact on an individual operator is substantial. For example, if 75% of Time Warner Cable Inc.'s 13 million subscribers were in communities where at least four TV stations had active retransmission agreements in place, and they were paying an average of $0.31 per month, total fees to the MSO

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Retrans *(continued)*

could rise 6x to $145 million by 2015.

While the industry may get more sympathy from the FCC now that former chairman Kevin Martin has moved on, key members of congressional media-oversight committees support the current retransmission rules. Rep. Joe Barton, R-Texas, ranking member of the House Committee on Energy and Commerce, prefers to leave the issue to the marketplace, according to committee counsel Neil Fried.

Congress can use the need to address more pressing economic concerns as political cover for inaction on the retransmission issue. That leaves MSOs with unpopular yearly rate hikes to help cover escalating programming costs. Over the past four years, those costs have risen an average 15.7% annually for Comcast Corp., Charter Communications Inc. and Time Warner Cable, the top three MSOs that break programming costs out as a separate line item. The yearly increase per subscriber approaches double digits, rising 9.5% on average from $214 in 2005 to $281 in 2008.

Smaller MSOs have been hit even harder, lacking the negotiating clout of their larger brethren. However, some smaller systems are starting to wage a minor public-relations battle against programmers by passing the cost of the increase to their customers and breaking the amount out on their bills.

While the tactic helps deflect criticism, it probably will not lead to a groundswell of consumer action that could force Congress' hand. Retransmission consent should keep cable-industry lobbyists busy for some time to come.

Congressional action currently is focused on the $7.2 billion broadband stimulus package, particularly on determining the earmarking of funds between unserved versus underserved areas of the country.

Congress was supposed to map broadband service in the U.S. to help direct funds, but the project was not completed in the rush to push through the stimulus package. Therefore, Congress is relying on state government maps, many of which are not yet completed.

The end result is that action will be slowed by the lack of information and planned oversight hearings, taking time away from other issues such as retransmission rules. Other topics Congress may consider include the reauthorization of the satellite industry's retransmission authority, reform of the Universal Service Fund and privacy in advertising.

Robert Serrano

Cable debt levels are recession-ready

Most of the top public cable multiple system operators are in an enviable position while facing the current economic downturn, as increasing free cash flow allows the operators to continue to delever, while favorable debt maturity schedules pose little risk to operations. The lone exception is Charter Communications Inc., the victim of tighter credit markets that effectively killed its continuous refinancing strategy and pushed it into Chapter 11 protection March 27. However, a debt-for-equity swap in the works may reduce its $21.66 billion debt load by about $8.00 billion, allowing it to generate levered free cash flow.

Even with economic storm clouds threatening to linger, it has been possible to issue new debt in pursuit of strategic objectives, such as Cablevision Systems Corp.'s purchase of Newsday and the special dividend paid by Time

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Recession-ready *(continued)*

Warner Cable Inc. to split from Time Warner Inc. Also, should the recession last longer than expected, the top industry players could absorb a degree of reduced cash flow.

Over the past five years, net debt has risen by 39.6% for the five largest public MSOs, but cash flow has increased by 68.7% during the same time period, dropping the weighted average debt to c.f. ratio from 3.9 in 2004 to 3.2 at the end of 2008. As a result, the percentage of cash flow needed to cover interest payments has dropped from 34% to 26% in the same period.

Top 5 Public MSO Fixed vs. Variable Debt

	2004	2005	2006	2007	2008
Total Fixed-rate Debt Percentage	77.7%	78.1%	69.8%	79.5%	75.9%
Total Variable-rate Debt Percentage	22.3%	21.9%	30.2%	20.5%	24.1%
Percent Subject To Hedging	12.9%	10.7%	12.9%	15.8%	8.9%

While the debt ratio has swung favorably for the group, the composition of the debt remains little changed in regard to rate volatility or maturity schedules. The majority of principal repayments, 58.7%, continues to come due in more than five years. In fact, Comcast Corp. and Mediacom Communications Corp. expect no need to tap credit markets at all in the medium term.

The group of MSOs shows a slightly greater exposure to interest-rate risk in 2008 compared to the previous year, with the percentage of variable-rate debt rising from 20.5% to 24.1% and the amount of hedged debt dropping from 15.8% to 8.9%. However, the figure is misleading, because refinancing activity by Cablevision accounts for 92% of the shift from fixed to variable debt.

	Cash Flow ($ mil.)					Net Debt ($ mil.)					Debt/CF				
	2004	2005	2006	2007	2008	Q4'04	Q4'05	Q4'06	Q4'07	Q4'08	2004	2005	2006	2007	2008
Comcast ^	7,533	8,493	10,511	11,976	13,170	21,441	22,678	27,736	30,360	31,261	2.8	2.7	2.6	2.5	2.4
Charter	1,926	1,927	1,914	2,111	2,319	18,814	19,367	19,002	19,833	21,097	9.8	10.1	9.9	9.4	9.1
Time Warner	3,305	3,617	4,228	6,027	6,273	5,688	5,925	14,728	13,645	23,596	1.7	1.6	3.5	2.3	3.8
Cablevision*	1,227	1,412	1,669	1,828	2,036	6,972	6,820	9,648	8,622	9,838	5.7	4.8	5.8	4.7	4.8
Mediacom	414	405	444	463	507	2,986	3,042	3,108	3,196	3,249	7.2	7.5	7.0	6.9	6.4
Tot./Wtd. Avg.	14,404	15,854	18,766	22,405	24,305	55,901	57,833	74,222	75,655	89,041	3.9	3.6	4.0	3.4	3.7

	Net Debt Per Sub ($)					Interest Expense/CF				
	Q4'04	Q4'05	Q4'06	Q4'07	Q4'08	Q4'04	Q4'05	2006	2007	2008
Comcast ^	994	1,055	1,144	1,262	1,293	25%	21%	20%	19%	19%
Charter	3,146	3,281	3,518	3,799	4,181	87%	94%	98%	88%	82%
Time Warner	521	541	1,099	1,030	1,805	15%	14%	16%	15%	15%
Cablevision*	2,353	2,253	3,085	2,761	3,165	59%	54%	56%	51%	39%
Mediacom	2,048	2,138	2,252	2,414	2,465	47%	51%	51%	53%	48%
Total/Wtd. Avg	1,304	1,351	1,561	1,610	1,906	34%	32%	31%	28%	26%

* Telecommunications Segment only. ^ Cable Segment only.

One expectation concerning MSO balance sheets revolves around continued delevering based on cash-flow generation. There are a number of items that can impact cash flow, but potential improvements to debt levels will bear consideration.

Commercial services: MSOs gained traction in second-half 2008, foreshadowing the potential growth that could rival the success of the triple play. With higher ARPUs and better margins than residential services, plus the ability to leverage existing infrastructure, the segment generates internal rates of return in the 30% to 40% range.

For example, Comcast Business Services is gaining momentum, illustrated by its report that 45% of the segment's annual revenue came during the fourth quarter of 2008. It expects 2009 revenue growth equal to the 41% increase it

(continued on next page)

Recession-ready *(continued)*

saw in 2008. Further, the state of the economy is actually helping the segment, as small businesses are more receptive to cost-cutting alternatives.

However, cable operators have mentioned a vulnerability to the telcos' size and marketing muscle. Should the incumbents dedicate resources to try to nip the cable threat in the bud, it could make gaining a toehold in the market more difficult and blunt growth.

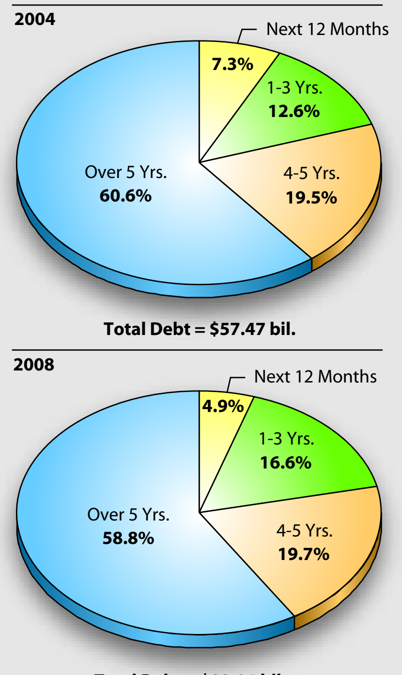
Telco competition: Despite the fact that Cablevision appears to be holding its own against FiOS, losing only 15,000 basic subscribers and increasing already high penetration rates in advanced services, the telcos are gaining market share at cable's expense. In the fourth quarter alone, Verizon Communications Inc. increased video subscribers by 575,000, while the cable industry lost 668,000 basic subscribers. Continued success by the telcos is expected to erode basic cable subscriber numbers, but the trend could have a broader impact by also leading to slower growth in advanced services.

Canoe Ventures: While the advertising consortium is not expected to make meaningful contributions to revenue until 2010, trials are already under way. If the trials are favorable and the timetable is advanced, the contribution to cash flow could begin sooner than expected.

Capital expenditures: Unexpected changes in CapEx could result from a greater rollout of commercial services or greater investment in wireless. For example, there could be another round of funding by Comcast and Time Warner Cable for Clearwire Corp., which at one time was estimated to have a shortfall of more than $2 billion in rolling out its nationwide network. Additionally, Clearwire executives have said they are open to using Long Term Evolution technology, which could further increase costs.

Robert Serrano

Consolidated Debt Maturity Schedule



Grande acknowledges 3rd-party acquisition efforts

Grande Communications Holdings Inc.'s April 8 SEC filing gave some validity to recent rumors indicating the Texas-based overbuilder is in play.

While denying it is itself seeking financing to arrange a buyout, Grande acknowledged it is aware of third-party attempts to finance an acquisition, which SNL Kagan estimates could carry a $300 million-plus price tag.

Several Web sites catering to the buyout community reported that ABRY Partners LLC, which owns an ownership stake in Atlantic Broadband Group and once owned a piece of WideOpenWest Networks LLC, is the potential buyer.

LeveragedFinanceNews.com on March 25 reported a deal was in the works for a $103 million term loan plus a $25 million revolver at a rate of LIBOR plus 6.75%, with a 3% LIBOR floor rate.

Grande put itself up for sale in January 2008, shortly after SureWest Communications bought Everest Broadband for $173 million, or $4,500 per subscriber and 9.6x cash flow.

That was a rich valuation even before the credit meltdown, as comparable sales at the time valued Knology Inc.'s $75 million purchase of Graceba Total

Grande Communications Holdings Financial Highlights

	Q407	Q308	Q408
Net Operating Rev.	$49.6	$52.0	$51.4
Cost of Revenue	$17.4	$17.8	$17.0
Recurring EBITDA	$8.3	$8.5	$11.4
Reported Net Op. Inc.	($6.6)	($7.2)	($3.7)
Net Income	($15.1)	($14.9)	($11.5)
Long-term Debt	$203.6	$201.6	$203.0
Debt/Recurring EBITDA	6.31x	6.07x	4.54x
Diluted EPS after Extraordinary Items	($1.20)	($1.16)	($0.90)

$ in mil. except EPS.

Potential Deal Highlights

Value/Subscriber	($)	3,000
Basic Subscribers	(000)	101.9
Deal Price	($ mil.)	305.6
Estimated 2009 EBITDA	($ mil.)	41.9
Cash Flow Multiple	(x)	7.3

(continued on next page)

Grande *(continued)*

Communications Inc. in November 2007 at $3,000 per subscriber and 7.5x cash flow, while in 2006 Altavista Capital paid only about $2,200 per subscriber for WideOpenWest.

Current comparables are difficult to establish, as one has to go back to February 2006 to find a deal that involved more than 100,000 subscribers changing hands, when Charter Communications Inc. sold 240,000 basic subscribers to Cebridge for $3,208 per subscriber and 9.7x cash flow. Grande reported 102,000 basic subscribers in its 2008 10-K filing.

The largest deal with reported financials in 2008 was the Mediacom Communications Corp. spinoff of 25,000 subscribers to Shivers Investments as part of the former company's 30% stock buyback. That deal was valued at $2,961 per subscriber and 6.9x cash flow.

The public market values the two largest overbuilders similarly. As of the April 8 market close, RCN Corp.'s enterprise value was $860 million, or $2,349 per subscriber. However, any private transaction would likely value the company higher given its geographic footprint and rich fiber assets.

Knology, meanwhile, carries an enterprise value equal to $3,124 per subscriber.

At a likely value of $3,000 per subscriber, Grande would fetch $305.6 million, or 7.3x estimated 2009 cash flow.

Robert Serrano

Grande Communications Subscriber Profile

		Q407	Q308	Q408
Homes Passed	(000)	340	340	341
Basic Subs	(000)	99	102	102
Digital Subs	(000)	47	55	56
Data Subs	(000)	95	101	102
Phone Subs	(000)	114	115	115

Overbuilder Values

		RCN	Knology
Share Price 4/8/09	($)	4.31	4.83
Shares Out	(mil.)	36.7	35.8
Market Cap	($ mil.)	158.2	172.8
Net Debt	($ mil.)	701.7	554.3
Enterprise Value	($ mil.)	859.9	727.2
Basis Subs	(000)	366.0	232.8
Value / Sub	($)	2,349	3,124

MSO commercial services face challenges to expansion plans

Cable operators have held up the growth prospects from commercial services as the next frontier for the industry. Multiple system operators, however, face a number of challenges ranging from a more defensive incumbent response to the need to expand upstream to gain medium- and enterprise-level subscribers, according to cable executives speaking on the commercial services panel at the Cable Show held in Washington, D.C., April 1 to April 3.

After successfully remaining under the radar, the telcos are beginning to respond to the cable competitive threat. "We have awoken a sleeping giant," said Cox Communications Inc. Senior Vice President Janet Barnard in reference to Verizon Communications Inc., which has begun targeting Cox by pushing its FiOS service to the small-business market.

The initial successes for most operators have been in leveraging its residential network to tap the small-business market, but it is just a stepping-off point for a battle to gain more meaningful market share against the deep-pocketed telcos.

After much of the industry spent 2008 investing in infrastructure and building sales teams for commercial services, cable operators have touted 2009 as a breakout year for the sector, especially as small businesses squeezed by the economy seek to lower costs.

Many MSOs are just now gaining traction in the small-business segment,

Top MSO Commercial Services Revenue

	2007	2008	YoY
	--- ($ mil.) ---		(%)
Cablevision Lightpath	275	326	18.2
Charter	360	389	7.9
Comcast	384	558	45.3
Time Warner	660	793	20.1
Cox Commercial Svcs.	780	905	16.0
Total *	**2,460**	**2,970**	**20.7**

* For listed MSOs only; excludes other cable industry commercial services revenue.

(continued on next page)

Commercial Services *(continued)*

which SNL Kagan defines as companies with one to nine employees. SNL Kagan estimates that in 2009, the cable industry will serve 1.3 million of the 3.9 million small businesses passed, which translates to a penetration rate of 34%.

In contrast, the combined penetration rate for medium- and enterprise-level customers served by cable is estimated to be 4%, or about 55,000 subscribers. To move that number higher, customer awareness needs to be raised and the industry needs to establish the perception that it is technically capable of handling larger customers.

Part of the awareness issue is due to early missteps as companies gained experience. "We were too tentative at first for fear of [not] being able to deliver on service," said Barnard. Moving past that concern over whether it could handle a sudden influx of orders, the MSO today concentrates on building out entire nodes and selling to that area rather than building in various locations in reaction to sales.

Comcast regional vice president Jason Welz agreed that awareness is his company's biggest challenge, relating that a common response from customers and prospects is, "I didn't know you did that."

MSOs usually spend about 5% of revenues on advertising, leaving their business divisions with limited advertising budgets relative to the incumbent telcos. For example, Verizon generated $48 billion in wireline revenue last year, compared to $558 million for Comcast Business Services. The MSOs operate by largely flying under the radar, using customer testimonials and targeted mailings to create awareness.

"We beat them at the ground level, but lose at the air-strike level," said Welz. Incremental subscriber gains made by providing good service run up against competitors' extensive advertising campaigns. One response being tested is to cooperate on joint marketing and sales efforts, as Cox and Comcast have done in the Washington, D.C., region.

Changing the traditional cable industry mindset is another obstacle for an industry dogged in some quarters by a reputation for poor customer service. The companies do not have the economies of scale yet to justify dedicated customer service support, so employees need to understand the criticality of outages to a business customer.

Some MSOs state that improving customer service is a priority, but such commitment is difficult to measure. For example, Comcast pledged a commitment to improved customer service in 2008, but spending in the area grew just 3.8% and dropped as a percentage of revenue.

Robert Serrano

Smaller-market MSOs discuss bundling, economy at Cable Show

The beauty of the bundle can be its simplicity, but the one-size-fits-all strategy isn't the right approach for all multiple systems operators, according to representatives of five mid-sized cable companies who discussed the challenges and opportunities of using bundling to compete in the current economic environment, as well as the potential benefits of federal stimulus money, during a panel at The Cable Show in Washington, D.C., April 3.

Common themes of pursuing federal stimulus funds and remaining competitive with bundles were stressed by execs from Eagle Communications, Mediacom, Bresnan, Midcontinent and U.S. Cable.

The basic bundle has emerged as the primary weapon against competition. Bresnan EVP Steve Brookstein said the MSO has achieved bundling penetration rates of 65% for the double-play and 30% for the triple-play, respectively, by keeping pricing models consistent with few deviations. "It creates efficiencies, especially with selling," Brookstein said, adding that the company must keep up with DIRECTV's linear offerings and can exploit VOD to add greater value.

Midcontinent CEO Par McAdaragh agreed, adding that layering popular packages on top of basic bundles drives value further. For example, his company emphasizes DVRs, including a "DVR Suite" package. It also creates value packages that combine and discount all the small items that have traditionally been charged separately, which McAdaragh referred to as "nuisance charges".

On the other hand, U.S. Cable serves a customer base that is demographically more sensitive to price. The "one size fits all" bundle pricing scheme is actually a hindrance in the U.S. Cable footprint, where package flexibility is more valued by consumers.

Bresnan addressed the paradox of "free HD." As Brookstein noted, "HD isn't free if you need to pay $9.95 more for an HD box," so the company prices all STBs the same. The practice is shared by U.S. Cable, which is also phasing out its separate HD tier.

In response to the poor economy, two strategies were consistently mentioned: cost-cutting and stimulus dollars. Mediacom SVP Edward Pardini said his company is pressuring all vendors to reduce costs while targeting different line items on its P&L. U.S. Cable is also looking to vendors for savings, but also has a timing advantage: by being late to the game with bundling, it can create efficiencies by getting customers to take it.

CapEx is an obvious item for cutbacks. Midcontinent is forgoing the reclamation of 10 analog channels as planned, while Bresnan is slowing down the number of developments it wires. However, it plans to take the initiative against Qwest in the next 12-24 months by rolling out DOCSIS ahead of schedule.

U.S. Cable, Mediacom and Midcontinent mentioned pursuing federal stimulus dollars for broadband development, both as a revenue generator and to deny it to the competition. There has been some controversy regarding the definition of the targeted beneficiaries of the funds that may affect the MSOs. Some in Congress want to channel money primarily to unserved areas of the country vs. to underserved areas.

Robert Serrano

DIRECTV, DISH Network free cash flow trends diverge

The stark differences in expected free cash flow generation between DISH Network and DIRECTV confirm a widening valuation gap between the two rivals. SNL Kagan expects the majority of growth in direct broadcast satellite free cash flows will come from DIRECTV, driven by above-industry operating and financial performance, while free cash flow generation for DISH will essentially flatline. According to our estimates, total industry FCFs will grow at a 7.6% compound annual growth rate between 2009 and 2013 to reach $3.31 billion.

Key to DISH's continued EBITDA and free cash flow growth is its ability to control subscriber churn. The high cost of customer acquisition requires companies to make large up-front investments in subscribers. Customer retention, therefore, is critical to subscriber profitability. DISH Network churn rates took a turn for the worse in 2008, jumping to 1.86% from 1.70% in 2007.

While increased competition has been a major factor behind rising churn rates at DISH, higher nonpay disconnects due to economic factors appear to have played a greater role. SNL Kagan believes other factors, such as theft and operating inefficiencies, have also contributed to rising churn rates, and will take time to bring under control. As a result, we continue to believe churn levels at DISH will remain elevated for some time.

Satellite Industry FCF Projections ($ mil.)

	2009	2010	2011	2012	2013	CAGR
DIRECTV (U.S.)						
EBITDA	4,731	5,262	5,667	5,946	6,140	6.7%
Less: taxes	1,081	1,178	1,452	1,568	1,622	10.7%
Less: CapEx	1,761	1,764	1,767	1,871	1,875	1.6%
Less Interest Expense	331	331	331	337	291	-3.1%
FCF	1,557	1,990	2,116	2,169	2,351	10.9%
DISH Network						
EBITDA	3,067	3,066	3,141	3,222	3,230	1.3%
Less: taxes	693	721	776	804	802	3.7%
Less: CapEx	1,125	1,152	1,193	1,233	1,254	2.8%
Less Interest Expense	330	277	245	221	211	-10.6%
FCF	920	915	926	964	962.8	1.2%
Total/Average						
EBITDA	7,798	8,328	8,807	9,168	9,370	4.7%
Less: taxes	1,774	1,899	2,228	2,372	2,424	8.1%
Less: CapEx	2,886	2,916	2,960	3,104	3,129	2.0%
Less Interest Expense	661	608	576	558	503	-6.6%
FCF	2,477	2,905	3,042	3,133	3,314	7.6%

Due to its high customer defection rate, DISH will need to spend significant sums on subscriber retention efforts to tame churn, which in turn should have negative implications for its EBITDA and free cash flow generation.

Falling gross subscriber additions, rising subscriber acquisition and retention costs, and high churn mean DISH Network will struggle to lift its free cash flows. According to SNL Kagan estimates, DISH is on track to generate $919.5 million in FCF in 2009. That is expected to rise at a 1.2% CAGR to $962.8 million in 2013.

By contrast, DIRECTV's customer base churns at a much slower rate, making its customers more valuable. Subscribers need to stay on board a threshold amount of time before the provider can break even and start generating profits on them. In 2008, DIRECTV reported a churn rate at 1.47% versus 1.51% in 2007.

When measuring subscriber acquisition costs per gross add as a percentage of total revenues, DIRECTV and DISH Network performance starts to converge. However, the differences in margins, churn rates and overall growth rates paint a very different picture for free cash flow growth.

Moreover, capital expenditures are also expected to grow at a slower rate for DIRECTV, which reported a 24% reduction in total CapEx in 2008, much of it attributed to moving the company to a set-top-box lease model in 2006. We expect CapEx growth over the projected timeframe at a 1.6% CAGR for DIRECTV and 2.8% for DISH.

According to SNL Kagan estimates, DIRECTV is on track to generate $1.56 billion in free cash flows in 2009. Unlike DISH Network, we expect positive growth in free cash flows for each year during the projected timeframe. By 2013, we project DIRECTV to generate $2.35 billion in free cash flows — a 10.9% CAGR from 2009.

Mari Rondeli

Correction:

In previous quarterly iterations of the Multichannel Subscriber table — in CTI nos. 655 (3/31/09), 651 (11/26/08), 648 (8/28/08) and 645 (5/30/08) — DIRECTV's Q1 2008 net adds should have been adjusted to reflect a one-time change in DIRECTV U.S.'s pricing and packaging strategy for commercial accounts, which led the company to adjust its cumluative subscriber count. Pro forma, net adds for Q1 2008 are 275,000, adjusted from 204,000, making total DBS net adds for the quarter 310,000, adjusted from 239,000.

AT&T: stronger-than-expected consumer wireline data

AT&T Inc. kicked off the reporting season with strong operating results across all but its landline voice business, which continued to falter under competitive pressure, depressing first-quarter consumer wireline revenues to $5.38 billion, 1.6% less than results for the previous quarter.

Although the rate of access-line erosion accelerated in the first quarter, the number of total lines lost is declining as a result of the smaller overall subscriber base. We continue to believe that all-you-can-eat voice packages, especially the Voice over IP product launched in U-verse markets, should help AT&T mitigate the access-line losses in the coming quarters.

According to AT&T, IP-based U-verse voice is now available across 86% of U-verse TV markets. SNL Kagan estimates the total number of U-verse voice connections climbed to 394,000 in the first quarter, up 170,000 sequentially. That brings the U-verse voice penetration of U-verse video customers to 30% in the first quarter, up 9% sequentially. U-verse voice bundle rates for new video subscribers now exceed 60%.

AT&T Wireline Business Metrics (000)

	Q4 '07	Q1 '08	Q2 '08	Q3 '08	Q4 '08	Q1 '09
Satellite Subs	2,116	2,232	2,235	2,182	2,190	2,205
Net Adds	130	116	3	(53)	8	15
Weekly Installs	10	9	0	(4)	1	1
U-verse Subs	231	379	549	781	1,045	1,329
Net Adds	105	148	170	232	264	284
Weekly Installs	8.1	11.4	13.1	17.8	20.3	21.8
Retail Consumer Voice Connections *	31,005	30,316	29,349	28,329	27,479	26,780
Retail Consumer Additional Voice Connections	4,004	3,866	3,703	3,526	3,359	3,189
Total Consumer Voice Connections	35,009	34,182	33,052	31,855	30,838	29,969
Video Penetration of Consumer Voice Lines	6.70%	7.64%	8.42%	9.30%	10.49%	11.79%
Consumer Broadband Subs	12,082	12,547	12,581	12,729	12,970	13,344
Commercial Broadband Subs	2,074	2,100	2,112	2,112	2,107	2,092
Total Broadband Subs	14,156	14,647	14,693	14,841	15,077	15,436
Broadband Net Additions	396	491	46	148	236	359
3G LaptopConnect Cards	646	772	938	1,124	1,188	1,300
Consumer RGUs	49,438	49,340	48,417	47,547	47,043	46,847
Net Adds	(160)	(98)	(923)	(870)	(504)	(196)

* Includes consumer U-verse voice over IP connections.

Offsetting the decline in landline voice were strong broadband and video customer additions. U-verse TV subs increased by 284,000 in Q1, up from 264,000 net adds in fourth quarter 2008. According to AT&T, penetration rates in areas marketed to for at least 18 months now reach the midteens. Meanwhile, almost 50% of U-verse video subscribers opt for the largest video package, indicating the service is attracting higher-end customers, which should in turn depress the churn rate.

Combined with bundled satellite subs, AT&T's total video subscriber base reached 3.5 million at end-Q1, representing 11.8% of consumer voice lines. A slight improvement in satellite net additions should bode well for DIRECTV, which took over AT&T's partnership role in February. More importantly, the legacy DSL business grew in Q1, another good indicator for DIRECTV. According to AT&T, broadband attach rates for U-verse continue to exceed 90%. At an estimated 91% rate, that would imply some 258,000 U-verse broadband net adds in the quarter — without counting subscribers who opt out of the bundle altogether, which we believe is a relatively insignificant number. Excluding the U-verse broadband additions leaves approximately 100,000 DSL net adds outside of the U-verse footprint, versus a 6,880 decline in the previous quarter.

AT&T's overall broadband net additions climbed to 359,000 in the first quarter, topping most expectations. Despite the sequential improvement, net adds remain 27% less than the comparable number in the same quarter last year. AT&T is reaping the benefits from the earlier decision to unbundle the DSL product from the legacy phone service. According to AT&T, 50% of the time the stand-alone DSL product is bundled with a wireless service, which AT&T cites as the second-biggest factor in driving broadband growth. AT&T has not run any significant promotional activities in the last few quarters for broadband. However, it has increased its retention efforts for the DSL customer base, which has resulted in some reduction in broadband churn rates.

Mari Rondeli

Verizon sees no respite in phone customer losses

FiOS continues to steal the spotlight from Verizon Communications Inc.'s wireline segment, helping mitigate revenue declines stemming from accelerating access-line losses. According to SNL Kagan estimates, consumer and small and medium-size business year-over-year voice revenue declined 7.7% in the first quarter, while broadband and video revenues surged 36.6% for the same time period, tipping total mass-market revenue into positive territory. Strong growth in broadband and video revenues in turn drove consumer ARPU to $69.97 in the first quarter, a 13.7% increase compared to the same quarter last year.

Verizon Operating Snapshot (000)

	Q1 '08	Q2 '08	Q3 '08	Q4 '08	Q1 '09
Total Access Lines	39,004	38,084	37,072	36,161	35,197
YoY % change	-8.2%	-8.6%	-9.0%	-9.3%	-9.8%
FTTH HP	10,400	11,000	11,900	12,700	13,200
FiOS TV HP	6,500	7,000	8,200	9,200	9,700
% Total FTTH HP	62.5%	63.6%	68.9%	72.4%	73.5%
% Res. Lines	16.7%	18.4%	22.1%	25.4%	27.6%
FiOS TV Subs	1,206.0	1,382.0	1,615.0	1,918.0	2,217.0
FiOS TV Net Adds	263.0	176.0	233.0	303.0	299.0
Weekly Install Rate	20.2	13.5	17.9	23.3	23.0
Subs % Pen. of FiOS TV HP	18.6%	19.7%	19.7%	20.8%	22.9%
Subs % Pen. of Access Lines	3.1%	3.6%	4.4%	5.3%	6.3%
Verizon FiOS Internet HP	7,900	8,400	9,100	10,000	10,400
FiOS Broadband Subs	1,787	1,974	2,199	2,481	2,779
FiOS BB net adds	262	187	225	282	298
FiOS BB Pen. of FiOS Internet HP	22.6%	23.5%	24.2%	24.8%	26.7%
DSL Subs	6,489	6,356	6,260	6,192	6,146
DSL net adds	1	(133)	(96)	(68)	(46)
DSL Pen. of total access lines	16.6%	16.7%	16.9%	17.1%	17.5%
Total Broadband Subs	**8,276**	**8,330**	**8,459**	**8,673**	**8,925**
Net broadband adds	263	54	129	214	252

Source: Verizon.

Verizon Mass-Markets Revenue Snapshot

		Q1 '08	Q2 '08	Q3 '08	Q4 '08	Q1 '09
Broadband + Video	($ bil.)	0.93	1.03	1.09	1.18	1.26
Phone Revenues	($ bil.)	3.97	3.92	3.90	3.79	3.66
Mass Markets Rev.	($ bil.)	4.89	4.95	4.99	4.97	4.92
% of Total Wireline Rev.		40.7%	40.8%	41.1%	41.7%	42.6%
Consumer Revenue	($ bil.)	3.66	3.72	3.78	3.81	3.73
Business Revenue	($ bil.)	1.23	1.23	1.21	1.16	1.19
Consumer Retail ARPU	($)	61.53	63.84	66.67	68.46	69.97

Overall, Verizon's operating results tracked AT&T Inc.'s first-quarter performance. Although access-line losses have stepped up as a percentage of the smaller base, the absolute number of voice lines lost is beginning to stabilize. In the first quarter, Verizon reported a 12.5% loss in total residential access lines. However, Verizon's primary retail residential lines declined at a slower 10.4% rate in the first quarter, up from a 10.1% decrease in the previous quarter.

The DSL business continued to shrink, but at a slower pace. Although Verizon's overall broadband subscriber growth was strong in the quarter, the number of customers with DSL connections shrank by 46,000 in the first quarter, versus a 68,000 decline in the previous quarter — a second consecutive quarter of improvement in DSL customer losses.

Meanwhile, total broadband net adds reached 252,000 in the first quarter, as FiOS Internet added almost 300,000 customers. In the first quarter, Verizon added 16,000 more FiOS Internet subscribers than in the previous quarter. The ramp-up in FiOS broadband net adds was smaller in the first quarter as a result of fewer FiOS Internet homes being added in the first quarter.

The increase in FiOS Internet homes passed totaled 500,000 in the first quarter, versus 1.0 million homes added in the previous quarter.

Measured against the 10.4 million homes passed, FiOS broadband penetration has reached 26.7%, up from 22.6% in the same quarter last year. As of the first quarter, about 31% of total broadband customers were on Verizon's fiber-to-the-home network. Given higher speeds and therefore higher price points associated with FiOS broadband subscribers, the increase in the FiOS subscriber count bodes well for Verizon's overall broadband ARPUs, which we estimated in the low- to mid-$30 range.

Meanwhile, FiOS TV posted another strong quarter of growth, adding 299,000 subscribers and pushing the total penetration of FiOS TV homes passed to 22.9%, up from 18.6% in the same quarter last year.

Verizon expanded the availability of the FiOS triple play to 9.7 million

(continued on next page)

Verizon *(continued)*

homes in the first quarter, up from 6.5 million a year ago. Although net video adds fall slightly below the fourth-quarter total, Verizon's footprint in the first quarter expanded by just 500,000 homes, half the rate reported in the previous quarter.

To date, Verizon's FTTH network passes 13.2 million homes, of which just 73% are video-enabled. However, the availability of video in FiOS Internet homes passed has climbed steadily to reach 93% in the first quarter. Verizon plans to further improve triple-play availability through expansion in existing markets as well as new market launches, including Washington, D.C., and Philadelphia.

Mari Rondeli

Cable shares rebound with overall market

Cable shares have benefited from renewed confidence in the economy on the part of many investors who feel that perhaps the worst of the economic crisis is over. However, even with the recent lift, they are still trading at historically low levels that have recently been described as "bizarre" by a top Wall Street analyst.

Share prices increased for all six cable operators in our group of public multiple system operators, averaging 12.5%. They beat the Dow and S&P 500, which gained 7.37% and 9.99%, respectively, and nearly equaled the 12.82% gained by the NASDAQ 500.

The average pure-play trading multiple is equal to last month's 5.8x cash flow, not rising in part due to the effect of Time Warner Cable Inc.'s 1-for-3 reverse stock split and related changes to its financial model. The trading VPS remained unchanged at $3,057 (see table P. 17).

The market responded positively to Charter Communications Inc.'s first month in Chapter 11 bankruptcy, pushing the value of the stock up 32.1%, from 26.5 cents to 35 cents per share. It was delisted from the NASDAQ market April 7 and trades on the pink sheets with the new ticker symbol CHTRQ.

Investors have apparently shrugged off the April 24 announcement by the U.S. bankruptcy trustee that it is in opposition to the bankruptcy plan, deeming it too risky. Previous objections by Wells Fargo & Co. and JPMorgan Chase & Co. have similarly had little effect on the share price.

More shares of Time Warner Cable are in investor hands following its official spinoff from Time Warner Inc., because roughly 84% of the cable unit's 977 million shares held by the parent company were converted to common stock and distributed to its shareholders after the reverse stock split; 325.66 million shares are now outstanding.

As expected, Time Warner Cable's credit rating was downgraded March 30 by Standard & Poor's Ratings Services from BBB+ to BBB due to its increased debt level. However, the rating agency previously expressed its opinion that TWC could reduce its debt ratio from 3.8x to its target of 3.25x in one year.

Robert Serrano

Cable MSOs: Private Market Valuations (Ranked By Price % PMV)

Company	Price 4/24/09 ($)	Est. '09 Cable CF ($ mil.)	Cable Mult. (x)	Asset Value ($ mil.)	Net Debt/ Pfd. ($ mil.)	Other Assets* ($ mil.)	Diluted Shares Out (mil.)	PMV / Share ($)	Price % PMV	Q4'08 Basic Subs (000)	---Value/Sub--- PMV ($)	Trading ($)	Trdg. Mult. (x)
GCI (n) @	7.47	93	7.0	648	691	517	53	8.96	83.4%	148	4,381	4,462	7.1
Cablevision	16.36	2,273	5.9	13,382	9,838	5,844	310	30.31	54.0%	3,132	4,306	3,614	5.0
Comcast	12.99	13,494	6.5	88,096	31,212	13,644	2,885	24.45	53.1%	24,182	3,643	2,559	4.5
TW Cable	27.27	6,675	6.1	40,874	23,596	845	326	55.65	49.0%	13,069	3,128	2,400	4.7
Mediacom	4.83	544	7.3	3,959	3,249	0	67	10.58	45.7%	1,326	3,004	2,656	6.5
Charter	0.04	2,524	8.5	21,356	21,097	0	740	0.35	10.0%	5,208	4,233	4,055	8.4
Tot./Simple Avg.	11.49	25,603	6.9	168,314	89,683	20,849	4,380	21.71	49.2%	47,065	3,782	3,291	6.0
Pure MSO Avg.									42.4%		3,663	3,057	5.8
Wtd. Avg.											3,761	2,759	5.0

(n) = non-pure MSO. *Other assets values include securites valued on the basis of 4/24/2009 closing quotations. Some other assets valued at PMV. Public Trading Value/Sub and Multiple derived by adding net debt to the market cap, subtracting adjusted other assets (other assets multiplied by price % PMV), then dividing by the number of subs or estimated 2009 cash flow. @ GCI Trading Multiple derived by dividing total market cap by the sum of 2009e cable cash flow and LD/Local cash flow; LD/Local segment valued at $707 mil. is not subtracted. Estimates include acquisitions and divestures.

Financings & Caps: Charter bankruptcy incites lender disputes

Financings and caps activity this month was relatively quiet, but legal wrangling over Charter Communications Inc.'s Chapter 11 bankruptcy continues to grow louder due to dissatisfaction with the reorganization plan.

JPMorgan Chase & Co. and Wells Fargo & Co. objected to Charter's reorganization terms. In a March 30 Bloomberg News report, JPMorgan announced concerns the plan shifted too much control from Chairman Paul Allen amid dissatisfaction lenders were not allowed to reprice their debt.

Wells Fargo on April 22 echoed JPMorgan's dissatisfaction with the debt pricing, objecting to Charter's plan to reinstate $11.9 billion of debt. The bank claims Charter's failure to reinstate debt at pre-bankruptcy interest rates will lead it to reprice the debt at higher rates, raising interest payments by more than $500 million annually.

Charter's official committee of unsecured creditors April 23 filed a motion to dismiss JPMorgan's complaint, to be held May 5. JPMorgan represents lenders who loaned $8.5 billion to Charter in 1999.

In other financing and caps news:

NASDAQ sent Charter a notice on March 27 that it would suspend trading of its common stock April 7. On April 21, NASDAQ announced it would delist its common stock, effective 10 days after NASDAQ files a Form 25 with the SEC.

Charter reported April 22 that it will raise funds by issuing rights to purchase shares of new class A common stock. These rights will be issued to certain "Accredited" or "qualified institutional buyers" who hold 11% senior secured notes due Oct. 1, 2015.

RCN Corp. filed a statement April 16 to register more than 5.3 million warrants to purchase more than 8.0 million shares. The warrants were first issued in 2007 and can be exercised at a rate of over 1.5 common shares at an exercise price of $16.72 per share to generate gross proceeds of $134 million.

RCN also pulled the registration of the resale of $125 million principal amount of 7.375% convertible second-lien notes due 2012, the guarantees of these notes and nearly 5.0 million shares issuable upon conversion of the notes and more than 7.0 million shares held by certain selling stockholders.

Michelle Ow

TW Cable–Windjammer deal signals rural system values

The value Time Warner Cable Inc. reported in its recent Form 10-K for its Dec. 1 system sale to Windjammer Communications provides a new benchmark for older, rural properties and may provide a foundation for more low-end deals in the stagnant M&A market.

Windjammer paid $54 million, or $692 per sub, and 4.5x c.f. for 78,000 subs in 22 states while Time Warner Cable reported taking a $58 million loss in connection with the sale. Terms of the deal are close to the revised terms of the Aug. 2008 sale by Rapid Communications LLC of 17,600 subs in rural Virginia and West Virginia to Shenandoah Telecommunications Co. for $567/sub, or 4.0x forward c.f.

Shenandoah had originally agreed to pay $906/sub, or 6.5x c.f., for the 50-franchise operation, but successfully renegotiated a reduction of the purchase price from $16 million to $10 million as economic conditions in the country worsened. By comparison, top cable multiple system operators were trading at 5.8x c.f. and $3,057/sub as of April 24.

The two deals, both involving older systems in need of upgrades, represent a decline from a similar transaction that occurred in July 2008, when Nexhorizon paid $1,350/sub, or approximately 7.1x c.f., for an older rural system in McBain, Mich. The sale of smaller systems is keeping the M&A market afloat as 11 out of 21 reported deals last year were for fewer than 5,000 subs.

Announced/Proposed System Sales

Date	Location	Buyer	Seller	Price ($ 000)	Basic Subs	% Pen	VPS ($)	Proj. CFx (x)
12/1/08	Various	Windjammer Comm.	TW Cable	54,000.0	78,000	40.0%	692	4.5

Windjammer Communications LLC was created as a result of the transaction and is registered in Florida as a joint venture owned by Mast Capital Management LLC and Communications Construction Services. In January '09 it announced intentions to sell two of the acquired systems in West Virginia, which it said are economically not viable due to age and condition.

Robert Serrano

Cable Systems Sales Summary

Period	Deals	Basics	HP	Total Val. ($ mil.)	VPS ($)	VPHP ($)	CFx (x)	Year
3/82	14	72,599	140,370	76.4	1,052	544	10.4	1983
3/83	27	183,804	361,252	159.5	868	441	11.4	1984
3/84	24	225,427	449,261	246.4	1,093	548	9.1	1985
3/85	18	68,557	120,635	67.8	989	562	8.9	1986
3/86	36	1,763,470	3,147,553	1,764.2	1,000	561	9.3	1987
3/87	36	593,666	1,204,385	641.1	1,080	532	10.2	1988
3/88	38	156,487	291,709	312.4	1,996	1,071	11.8	1989
3/89	43	2,324,316	4,210,411	5,385.5	2,317	1,279	13.2	1990
3/90	13	88,956	152,623	211.4	2,377	1,385	12.9	1991
3/91	8	232,057	392,880	390.1	1,681	993	10.4	1992
3/92	18	676,160	1,151,370	1,242.7	1,838	1,079	10.1	1993
3/93	16	284,879	482,183	546.7	1,919	1,134	10.3	1994
3/94	4	50,072	93,099	89.6	1,788	962	11.0	1995
3/95	9	1,233,390	1,834,762	2,050.3	1,662	1,117	9.9	1996
3/96	10	827,000	1,195,890	1,587.5	1,920	1,327	9.7	1997
3/97	3	111,900	175,780	178.5	1,595	1,015	9.0	1998
3/98	14	195,073	275,305	390.7	2,003	1,419	9.3	1999
3/99	10	1,572,333	2,751,021	5,612.0	3,569	2,040	13.5	2000
3/00	4	1,170,487	1,916,400	4,305.2	3,678	2,247	17.9	2001
3/01	4	270,152	428,819	885.3	3,277	2,065	14.7	2002
3/02	0	0	0	0.0	0	0	0.0	2003
3/03	5	43,400	69,702	104.1	2,398	1,493	11.3	2004
3/04	2	59,000	95,000	119.9	2,031	1,262	9.5	2005
3/05	4	658,264	1,227,273	2,216.7	3,367	1,806	8.8	2006
3/06	3	45,160	97,852	80.6	1,784	823	7.6	2007
3/07	4	13,595	27,376	26.5	1,946	967	7.5	2008
3/08	0	0	0	0	0	0	0.0	2009
3/09	0	0	0	0	0	0	0.0	2010
YTD 1982	54	260,928	497,744	244.8	938	492	9.8	1983
YTD 1983	65	618,667	1,172,296	578.7	935	494	10.2	1984
YTD 1984	64	557,787	1,063,382	540.6	969	508	8.8	1985
YTD 1985	68	389,784	788,855	380.9	977	483	8.3	1986
YTD 1986	110	2,570,019	4,551,436	2,802.6	1,090	616	9.4	1987
YTD 1987	70	1,891,072	4,243,484	2,761.4	1,460	651	11.5	1988
YTD 1988	125	1,991,588	3,361,995	4,041.1	2,029	1,202	11.6	1989
YTD 1989	121	2,795,619	4,986,014	6,539.9	2,339	1,312	13.3	1990
YTD 1990	41	261,849	458,851	602.5	2,301	1,313	12.2	1991
YTD 1991	25	540,054	926,137	586.0	1,085	633	6.7	1992
YTD 1992	34	830,780	1,415,459	1,483.3	1,785	1,048	9.9	1993
YTD 1993	44	590,486	1,005,749	1,323.3	2,241	1,316	10.4	1994
YTD 1994	12	320,075	573,313	619.2	1,934	1,080	10.8	1995
YTD 1995	27	4,467,933	7,140,855	8,263.3	1,849	1,157	9.8	1996
YTD 1996	30	5,414,710	9,020,340	11,945.2	2,206	1,324	11.3	1997
YTD 1997	18	296,934	462,040	514.6	1,733	1,114	8.8	1998
YTD 1998	30	714,715	1,058,289	1,340.8	1,876	1,267	9.2	1999
YTD 1999	41	5,144,933	8,087,280	16,296.7	3,168	2,015	13.2	2000
YTD 2000	10	9,078,547	14,981,100	55,307.3	6,092	3,692	20.2	2001
YTD 2001	20	3,808,046	6,387,078	13,915.5	3,654	2,179	14.5	2002
YTD 2002	7	37,420	64,541	68.6	1,834	1,063	10.1	2003
YTD 2003	8	115,600	205,512	301.8	2,611	1,469	11.0	2004
YTD 2004	5	77,291	130,489	143.1	1,851	1,096	9.0	2005
YTD 2005	4	658,264	1,227,273	2,216.7	3,367	1,806	8.8	2006
YTD 2006	10	405,136	887,624	1,112.2	2,745	1,253	9.2	2007
YTD 2007	12	63,140	139,763	141.1	2,235	1,009	8.3	2008
YTD 2008	3	10,050	109,150	16.3	1,622	149	6.5	2009
YTD 2009	0							2010

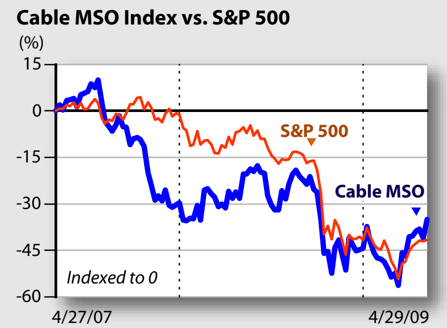
Figures include all announced/proposed deals through March annually.

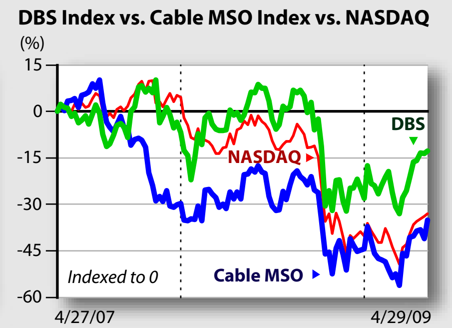
March Cable TV Financing Snapshot

	---Public Debt---			---Public Equity---		--Pvt. Equity--	
Period	Issued	Redeemed	Net New	Common	Preferred	Pvt. Placement & VC	Stock Buybacks
Mar-95	$ 200.00	0.00	$ 200.00	$181.70	0.00	0.00	n/a
Mar-96	0.00	0.00	0.00	0.00	0.00	0.00	n/a
Mar-97	250.00	0.00	250.00	0.00	0.00	$ 12.00	n/a
Mar-98	200.00	0.00	200.00	0.00	0.00	0.00	n/a
Mar-99	12,293.30	0.00	12,293.30	66.00	0.00	34.50	n/a
Mar-00	275.00	$445.00	(170.00)	0.00	0.00	0.00	n/a
Mar-01	500.00	0.00	500.00	0.00	0.00	0.00	n/a
Mar-02	0.00	275.40	(275.40)	0.00	0.00	0.00	n/a
Mar-03	1,500.00	0.00	1,500.00	0.00	0.00	32.50	n/a
Mar-04	0.00	250.00	(250.00)	0.00	0.00	0.00	0.00
Mar-05	0.00	395.80	(395.80)	0.00	0.00	0.00	$303.00
Mar-06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mar-07	0.00	268.00	(268.00)	0.00	0.00	0.00	500.00
Mar-08	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mar-09	3,000.00	0.00	3,000.00	0.00	0.00	0.00	0.00
YTD 1995	$ 450.00	0.00	$ 450.00	$1,498.20	0.00	$ 85.00	n/a
YTD 1996	2,541.00	$1,280.00	1,261.00	0.00	$230.00	15.00	n/a
YTD 1997	4,950.00	586.00	4,364.00	0.00	0.00	12.00	n/a
YTD 1998	3,522.00	541.90	2,980.10	0.00	0.00	185.50	n/a
YTD 1999	12,863.30	1,012.50	11,850.80	438.00	0.00	34.50	n/a
YTD 2000	2,032.00	1,562.75	469.25	380.00	0.00	100.60	n/a
YTD 2001	5,337.34	0.00	5,337.34	821.16	0.00	93.50	n/a
YTD 2002	500.00	1,246.20	(746.20)	1,020.00	0.00	0.00	n/a
YTD 2003	3,000.00	422.70	2,577.30	0.00	0.00	115.50	n/a
YTD 2004	0.00	430.00	(430.00)	0.00	0.00	125.00	0.00
YTD 2005	0.00	395.80	(395.80)	0.00	0.00	0.00	$303.00
YTD 2006	2,250.00	988.00	1,262.00	0.00	0.00	0.00	0.00
YTD 2007	0.00	454.00	(454.00)	0.00	0.00	0.00	500.00
YTD 2008	0.00	800.15	(800.15)	0.00	0.00	0.00	0.00
YTD 2009	3,000.00	1,400.00	1,600.00	0.00	0.00	0.00	0.00

	---Private Debt---				---Total Activity---		
Period	Acquisitions	Refinancing	Other	Total	Debt	Equity	Total
Mar-95	0.00	0.00	$ 600.00	$ 600.00	$ 800.00	$ 181.70	$ 981.70
Mar-96	$ 125.00	$ 765.00	140.00	1,030.00	1,030.00	0.00	1,030.00
Mar-97	140.00	720.00	90.00	950.00	1,200.00	12.00	1,212.00
Mar-98	225.00	0.00	0.00	225.00	0.00	425.00	0.00
Mar-99	4,344.00	0.00	0.00	4,344.00	16,637.30	100.50	16,737.80
Mar-00	0.00	0.00	5.00	5.00	(165.00)	0.00	(165.00)
Mar-01	0.00	0.00	1,030.00	1,030.00	1,530.00	0.00	1,530.00
Mar-02	0.00	0.00	0.00	0.00	(275.40)	0.00	(275.40)
Mar-03	37.50	0.00	0.00	37.50	1,537.50	32.50	1,570.00
Mar-04	0.00	4,900.00	0.00	4,900.00	4,650.00	0.00	4,650.00
Mar-05	0.00	269.80	0.00	269.80	(126.00)	(303.00)	(429.00)
Mar-06	0.00	14,400.00	3,100.00	17,500.00	17,500.00	0.00	17,500.00
Mar-07	0.00	8,454.50	0.00	8,454.50	8,186.50	(500.00)	7,686.50
Mar-08	0.00	1,046.00	0.00	1,046.00	1,046.00	0.00	1,046.00
Mar-09	0.00	0.00	0.00	0.00	3,000.00	0.00	3,000.00
YTD 1995	$ 2,500.00	$ 425.00	$ 960.00	$ 3,885.00	$ 4,335.00	$1,583.20	$ 5,918.20
YTD 1996	125.00	2,445.00	140.00	2,710.00	3,971.00	245.00	4,216.00
YTD 1997	645.00	1,990.00	430.00	3,065.00	7,429.00	12.00	7,441.00
YTD 1998	1,372.00	2,058.00	5.00	3,435.00	6,415.10	185.50	6,600.60
YTD 1999	10,344.00	1,050.00	0.00	11,394.00	23,244.80	472.50	23,717.30
YTD 2000	0.00	1,200.00	5.00	1,205.00	1,674.25	480.60	2,154.85
YTD 2001	2,650.00	500.00	2,030.00	5,180.00	10,517.34	914.66	11,432.00
YTD 2002	0.00	1,215.31	671.80	1,887.11	1,140.91	1,020.00	2,160.91
YTD 2003	37.50	0.00	1,753.58	1,791.08	4,368.38	115.50	4,483.88
YTD 2004	665.00	5,830.00	4,500.00	10,995.00	10,565.00	125.00	10,690.00
YTD 2005	0.00	269.80	0.00	269.80	(126.00)	(303.00)	(429.00)
YTD 2006	0.00	16,291.50	4,200.00	20,491.50	21,753.50	0.00	21,753.50
YTD 2007	255.00	8,779.50	0.00	9,034.50	8,580.50	(500.00)	8,080.50
YTD 2008	0.00	3,046.00	0.00	3,046.00	2,245.85	0.00	2,245.85
YTD 2009	0.00	844.00	0.00	844.00	2,444.00	0.00	2,444.00

$ in mil. Private placement equity before 1996 includes venture capital. Public common equity before 1995 includes preferred equity. Total debt activity includes total private debt plus net new public debt. Public debt issued adjusted to reflect cable interests only of multimedia companies. n/a = not applicable. Data compiled from items published in CABLE TV FINANCE and CABLE TV BANKER/BROKER.





Cable TV Stocks Performance

Stock		52-Week High	52-Week Low	12/31/08	3/30/09	4/29/09	Percent Change Hi-3/30	Lo-4/29	12/31-4/29	3/30-4/29
SNL Kagan Cable Index										
LodgeNet Interactive	LNET	7.46	0.48	0.70	1.44	3.84	- 48.5	+ 700.0	+ 448.6	+ 166.7
Knology	KNOL	15.87	3.70	5.16	4.00	6.83	- 57.0	+ 84.6	+ 32.4	+ 70.8
Cablevision	CVC	33.00	9.34	16.84	12.67	16.96	- 48.6	+ 81.6	+ 0.7	+ 33.9
Charter	CHTR	1.68	0.02	0.08	0.03	0.03	- 98.0	+ 119.4	- 58.4	+ 28.3
Mediacom	MCCC	8.42	1.89	4.30	4.06	5.05	- 40.0	+ 167.2	+ 17.4	+ 24.4
Time Warner Cable	TWC	94.68	20.19	64.35	25.25	31.12	- 67.1	+ 54.1	- 51.6	+ 23.2
RCN Corp.	RCNI	14.14	3.09	5.90	3.64	4.14	- 70.7	+ 34.0	- 29.8	+ 13.7
Liberty Global	LBTYA	37.08	9.11	15.92	14.29	16.21	- 56.3	+ 77.9	+ 1.8	+ 13.4
Comcast	CMCSA	22.86	9.20	16.88	13.65	15.24	- 33.3	+ 65.7	- 9.7	+ 11.6
Cable Index		136.76	51.72	94.91	89.05	103.49	- 24.3	+ 100.1	+ 9.0	+ 16.2
SNL Kagan DBS Index										
DISH Network	DISH	36.11	8.34	11.09	11.01	13.26	- 63.3	+ 59.0	+ 19.6	+ 20.4
DIRECTV Group	DTV	29.10	11.25	22.91	22.40	25.35	- 12.9	+ 125.3	+ 10.7	+ 13.2
DBS Index		74.12	41.20	52.40	51.47	58.47	- 21.1	+ 41.9	+ 11.6	+ 13.6
SNL Kagan Incumbent LEC										
Qwest	Q	5.55	2.05	3.64	3.51	3.68	- 33.7	+ 79.5	+ 1.1	+ 4.8
AT&T	T	40.70	20.90	28.50	25.16	25.52	- 37.3	+ 22.1	- 10.5	+ 1.4
Verizon	VZ	39.94	23.07	33.90	30.22	30.41	- 23.9	+ 31.8	- 10.3	+ 0.6
Incumbent LEC Index		143.36	143.36	108.31	96.35	97.67	- 31.9	- 31.9	- 9.8	+ 1.4
SNL Kagan Satellite Index										
Globalstar	GSAT	3.49	0.15	0.20	0.37	0.65	- 81.4	+ 333.3	+ 225.0	+ 75.7
Hughes	HUGH	55.99	7.77	15.94	11.98	19.45	- 65.3	+ 150.3	+ 22.0	+ 62.4
DISH Network	DISH	36.11	8.34	11.09	11.01	13.26	- 63.3	+ 59.0	+ 19.6	+ 20.4
Loral Space & Comm.	LORL	27.32	6.02	14.53	20.87	24.42	- 10.6	+ 305.6	+ 68.1	+ 17.0
DIRECTV Group	DTV	29.10	11.25	22.91	22.40	25.35	- 12.9	+ 125.3	+ 10.7	+ 13.2
Worldspace	WRSP	3.10	0.00	0.01	0.00	0.00	- 99.9	+ 266.7	- 72.5	+ 10.0
EchoStar	SATS	38.32	12.78	14.87	14.88	15.67	- 59.1	+ 22.6	+ 5.4	+ 5.3
ORBCOMM	ORBC	6.87	1.16	2.16	1.42	1.30	- 81.1	+ 12.1	- 39.8	- 8.5
TerreStar	TSTR	5.47	0.21	0.40	0.63	0.55	- 90.0	+ 159.5	+ 36.3	- 13.5
Satellite Index		234.92	106.68	135.25	137.32	156.42	- 33.4	+ 46.6	+ 15.7	+ 13.9
Index										
SNL Kagan Cable		136.76	51.72	94.91	89.05	103.49	- 24.3	+ 100.1	+ 9.0	+ 16.2
NASDAQ		2549.94	1268.64	1577.03	1501.80	1711.94	- 32.9	+ 34.9	+ 8.6	+ 14.0
SNL Kagan Satellite		234.92	106.68	135.25	137.32	156.42	- 33.4	+ 46.6	+ 15.7	+ 13.9
SNL Kagan DBS		74.12	41.20	52.40	51.47	58.47	- 21.1	+ 41.9	+ 11.6	+ 13.6
S&P 500		1426.63	676.53	903.25	787.53	873.64	- 38.8	+ 29.1	- 3.3	+ 10.9
Dow Jones Ind.		13058.20	6547.05	8776.39	7522.02	8185.73	- 37.3	+ 25.0	- 6.7	+ 8.8

Sorted by % chg. from 3/30/09 to 4/29/09. All SNL Kagan indexes are market-value weighted; i.e., an institution's effect on an index is proportional to that institution's market capitalization.