

# **EXHIBIT D**

## UBS Investment Research

### Cable & Satellite

## Data provides a few clues to FiOS impact

### ■ New Massachusetts data shows continued gains for Verizon FiOS TV

The Massachusetts Department of Telecommunications and Cable released audited data showing subscriber gains and losses for wireline video providers in the state, by town, in 2007. In the longest-open markets, on average, FiOS TV reached 12% share after 12 mos and almost 22% share after 24 mos, in line with our estimates.

### ■ FiOS TV gains coming proportionately from cable and satellite

In 2007, subscriber losses at cable MSOs and overbuilders in competitive towns equated to about 64% of subscriber gains reported by FiOS TV. This suggests that FiOS is taking customers from cable and satellite providers roughly in proportion to the estimated size of the customer base in each town.

### ■ Quantifying the impact on cable

Subscriber growth metrics for Comcast are dramatically different in FiOS and non-FiOS markets. In non-FiOS markets, subscribers grew 1.8% in 2007 after growth of 2.1% in 2006. However, in FiOS markets, Comcast's subscriber base declined 9.8% in 2007, lending to credence to our view that pressure on cable will intensify as telco TV is more broadly deployed.

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[www.ubs.com/investmentresearch](http://www.ubs.com/investmentresearch)**John C. Hodulik, CFA**

Analyst

[john.hodulik@ubs.com](mailto:john.hodulik@ubs.com)

+1-212-713 4226

**Batya Levi**

Analyst

[batya.levi@ubs.com](mailto:batya.levi@ubs.com)

+1-212-713 8824

**Mathieu Coppet**

Analyst

[mathieu.coppet@ubs.com](mailto:mathieu.coppet@ubs.com)

+1-212-713 4299

**Lisa L. Friedman**

Associate Analyst

[lisa.friedman@ubs.com](mailto:lisa.friedman@ubs.com)

+1 212 713 2589

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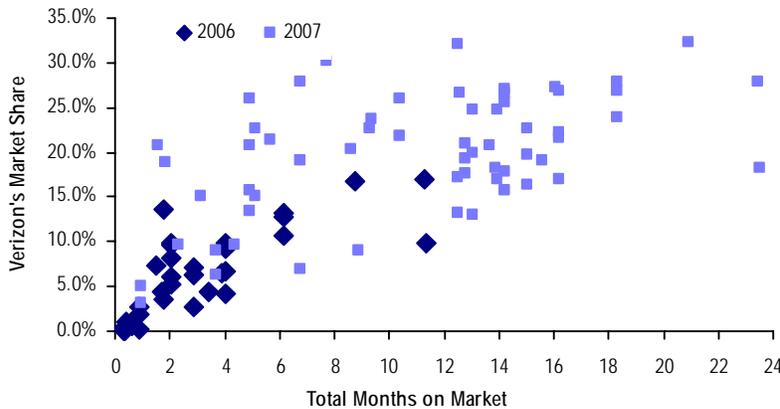
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**Summary.** It is very difficult to get primary data regarding video share shifts resulting from the launch of terrestrial pay TV service by Verizon and AT&T. One exception is Massachusetts, where the Department of Telecommunications and Cable (DTC) releases annual data on the subject. The DTC officially released audited numbers for 2007 on Friday. In this note, we review the data to gain some insight into the evolving competitive dynamics of the video market.

The numbers provided by the operators are audited totals based on actual subscriber counts as of December 31 of the previous year—in this case, 2007. The DTC evaluates these subscriber counts to calculate the license fees provided to the state and to local communities where the companies operate. The data does not include numbers for the satellite providers.

At the end of 2007, Verizon had 78,406 FiOS TV subscribers in 61 MA towns, up from 11,982 in 34 towns at year-end 2006. The company’s market share varied widely, ranging from 32% in Lynnfield, where the service went on sale in April 2006, to almost 23% in Wilmington (March 2007), to nearly 5% in Sherborn (December 2007).

**Chart 1: Verizon FiOS TV Cumulative Wireline Video Market Share in MA, By Town**



Source: Massachusetts Department of Telecommunications and Cable, UBS analysis

About 64% of FiOS customer gains appear to be coming from the terrestrial competitors. Assuming cable penetration is 50% of total homes and satellite adds another 25% penetration of households in MA, cable is roughly 66% of the market.

**Feeling FiOS where it’s available... it’s just not widely available.** Comcast, the largest cable MSO in Massachusetts, faces competition from FiOS in 58 towns, out of the 240 communities that Comcast currently serves. Comcast lost 35K subs in these markets in 2007. Charter, overbuilder RCN and two municipal-owned providers also compete with Verizon, and have also seen subscriber losses.

**Table 1: Massachusetts Subscriber Gains and Losses by Video Provider in FiOS TV Markets**

Provider	2006			2007		
	Competitive Towns	Subs Gained/Lost	% Decline in Base	Competitive Towns	Subs Gained/Lost	% Decline in Base
Braintree Electric Light Department (BELD)	0	NA	NA	1	-329	-6.3%
Charter	0	NA	NA	3	-1,804	-19.9%
Comcast	34	-4,867	-2.4%	58	-35,440	-9.8%
Norwood Light Department (NLD)	0	NA	NA	1	-331	-6.8%
RCN	9	-1,813	-7.0%	12	-4,363	-11.1%
TOTAL NON-VERIZON		-6,680			-42,267	
Verizon	34	11,982	NA	61	66,424	NA

Source: Massachusetts Department of Telecommunications and Cable, UBS analysis

Note: BELD and NLD are municipal providers, in Braintree and Norwood, respectively. Both have historically competed against Comcast and its predecessors, and began facing competition from Verizon as well in 2007. RCN also overbuilt the local MSO. Thus, some towns may have three video providers, including Verizon.

In the entire state of MA, Comcast saw its video subscriber base fall 0.7% in 2007 versus growth of 1.5% in 2006 (eliminating any markets where we do not have comps). This includes markets where FiOS TV is and is not available. In non-FiOS TV markets, the Comcast subscriber base rose 1.8% in 2007 versus an increase of 2.1% in 2006, potentially demonstrating the effect the weakening economy and difficult housing market had on the video market in 2007.

However, in markets where FiOS TV was introduced, the video subscriber metrics changed more dramatically. After a decline of 2.4% in 2006, the number of Comcast video subscribers in FiOS TV markets fell 9.8% in 2007. This data appears to foot with and helps to quantify management comments suggesting that Comcast suffers when FiOS TV is deployed in a market. We also believe it supports our view that the impact on the cable industry's fundamentals will worsen as the FiOS network is deployed to additional markets.

**Table 2: Comcast Results in Massachusetts, 2005-07**

	2006 (vs. 2005)	2007 (vs. 2006)
Subscriber Growth/Losses-Overall MA	1.5%	-0.7%
Subscriber Growth/Losses-Non-FiOS TV Markets	2.1%	1.8%
Subscriber Growth/Losses- FiOS TV Markets	-2.4%	-9.8%

Source: Massachusetts Department of Telecommunications and Cable, UBS analysis

Note: 2006 figures adjusted to reflect only markets where 2005 comps are available

**A tale of two markets.** FiOS TV has been available in just two towns for roughly 24 months, Reading and Woburn. We assume sale of the product in both towns began in January 2006. The table below shows subscriber gains by Verizon in these towns, and associated losses at Comcast and RCN, between 2005 and 2007. Over the two-year period that FiOS TV has been available, Comcast saw its subscriber base decline 21% in Reading. Subscribers fell 12.5% in 2006 and another 9.6% in 2007.

If we assume Comcast had 50% penetration of households in 2005—roughly in line with the national average—before competition from FiOS TV arrived, this would suggest there are approximately 15,200 households in the Reading market

and Verizon's totals in years 1 and 2 would equate to penetration of 9% and 15%, respectively. In both years, Comcast's losses appear to make up 65-70% of Verizon's gains, with the remainder presumably from satellite providers.

In Woburn, the situation is dramatically different, partially due to the existence of overbuilder RCN. If we assume Comcast *and* RCN subscribers represent 50% of the market, Verizon's penetration is just 10% after two years (12% if we assume Comcast + RCN is 60%). Meanwhile, Comcast's subscriber base has held up rather well, despite competition from FiOS TV, with a two-year decline of just 3%. Verizon subscribers came disproportionately from RCN, which saw its subscribers fall 16% in 2006 and another 9% in 2007. While Comcast had roughly 4x as many subscribers in Woburn as RCN, RCN still lost approximately 3.5x as many subscribers as Comcast there in 2006.

**Table 3: Subscriber Gains and Losses in Initial FiOS Markets**

	2006		2007	
	Subs Gained/Lost	% Change in Base, 05-06	Subs Gained/Lost	% Change in Base, 06-07
<b>Reading</b>				
Comcast	-947	-12.5%	-635	-9.6%
Verizon	1,365	NA	945	NA
<b>Woburn</b>				
Comcast	-136	-1.3%	-163	-1.6%
RCN	-474	-15.7%	-238	-9.3%
Verizon	1,356	NA	1,326	NA

Source: Massachusetts Department of Telecom and Cable, UBS analysis

## ■ Statement of Risk

Risks related to the cable and pay-TV sector include: operational and financial leverage, potentially adverse regulatory rulings, changes in technology, increasing competition, reliance upon increased penetration of new services for cash flow growth, and exposure to economic cycles.

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UBS 12-Month Rating	Rating Category	Coverage <sup>1</sup>	IB Services <sup>2</sup>
Buy	Buy	55%	39%
Neutral	Hold/Neutral	36%	36%
Sell	Sell	8%	20%
UBS Short-Term Rating	Rating Category	Coverage <sup>3</sup>	IB Services <sup>4</sup>
Buy	Buy	less than 1%	25%
Sell	Sell	less than 1%	50%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

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Source: UBS. Rating allocations are as of 31 December 2007.

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Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
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Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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**Company Disclosures**

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
<b>Comcast Corporation</b> <sup>2, 4, 5, 6b, 6c, 7, 16, 22</sup>	CMCSK.O	Neutral	N/A	US\$18.83	21 Mar 2008
<b>Verizon Communications</b> <sup>2, 4, 5, 6a, 6c, 7, 16</sup>	VZ.N	Buy	N/A	US\$36.12	21 Mar 2008

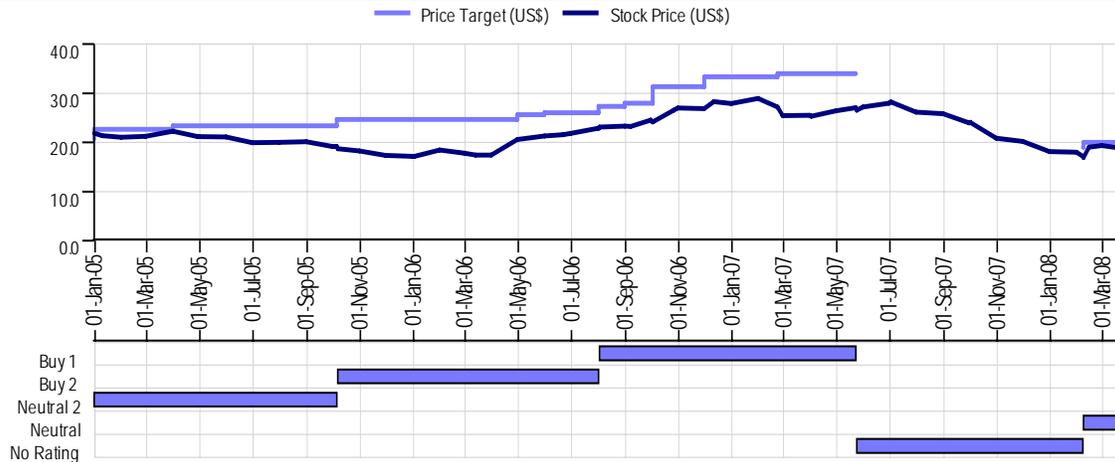
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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Comcast Corporation (US\$)



Source: UBS; as of 21 Mar 2008

Verizon Communications (US\$)



Source: UBS; as of 21 Mar 2008

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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