

CableFAX Daily™

Monday — April 19, 2010

What the Industry Reads First

Volume 21 / No. 074

Stop the Clock: Comment Period Suspended on Comcast-NBCU

Those asking for more time to file comments on the proposed **Comcast-NBCU** transaction got their wish Fri, when the **FCC Media Bureau** stopped its informal 180-day merger review clock and suspended the May 3 deadline for comments. The agency wants 2 economic reports from the companies, which say they won't be able to complete them until around May 3. So, in order to give everyone adequate time to review these reports and comment, the Bureau suspended the pleading cycles. Comments and petitions to deny the deal will be due 45 days after the FCC gives notice that the additional reports have been filed. The deadline for filing responses to comments and oppositions will be 30 days after that; and responses to those comments will be due 15 days later. One report is to address the economic support for the claimed benefits from the transaction, while the other is about the potential impacts of the transaction on online video distribution. Comcast said it will work with the FCC to submit the additional info as soon as possible. "We understand and agree in this case with the Commission's desire to have a full comment period on key documents submitted by the applicants," the company said. Fri's suspension of the pleading cycle comes after **Media Access Project's** request to extend the deadline for 45 days (until Jun 17) was denied. *Rep Maxine Waters* (D-CA) joined the call for an extension, even filing legislation to try and require the Commission to extend the comment period.

In the Courts: A federal appellate court agreed with a VA jury's Oct '08 decision that **Cox** did not infringe on several **Verizon** patents related to Internet telephony but also some of the telco's claims invalid. "We are very pleased that the Appeals Court affirmed the jury's decision in all respects, finding that Verizon's claims of patent infringement against Cox were without merit," said the MSO in a statement. Verizon responded by saying, "Today's narrow decision was based on six of our many thousands of patents, and we will continue to promote our innovations through patent licensing as well as monitor for unlawful infringement." **Stifel Nicolas** said Verizon could still appeal to higher courts "but would appear to face an uphill battle at this stage," and also noted how the telco has won VoIP litigation against **Vonage** and reached similar patent settlements with **Comcast** and **Charter**. The firm said Comcast, in exchange for a 5-yr patent truce, "agreed to do several hundred million dollars of wireless business with Verizon."



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HD DTAs: With the **FCC** set to take up a Notice of Proposed Rulemaking on set-tops next week, cable wants an exemption for HD Digital Terminal Adapter boxes with integrated security. These low-end boxes are considerably cheaper. Initial reports had the Commission considering exemptions so cable systems with capacity of 552MHz or less could deploy the boxes, but then **NCTA**, **Charter**, **Comcast** and others pushed for a larger exemption that would apply to more cable ops. At press time, it still wasn't clear if the FCC will propose a more sweeping exemption. **Cable One** was the first operator to get an HD DTA waiver for Dyersburg, TN. It has since asked the FCC to expand the waiver to 200K from 20K boxes so that it can order enough to get the price per box down to \$50. **Public Knowledge** has bashed the idea of allowing HD DTA waivers, saying they would undermine a retail market for set-tops. "PK considers waivers for smaller companies unnecessary, but they are unlikely to have significant impact on the market as a whole," PK said. "By contrast, allowing the entire industry to provide non-compliant low-cost boxes, to make rental of such boxes the default option, and to allow providers to subsidize such noncompliant boxes with other revenues, would significantly undermine the development of a market in CableCARD compliant devices." NCTA rejected PK's claims in comments filed at the FCC Wed, saying the group "provides no evidence whatsoever that there is any CE manufacturer interest in building DTAs for retail, that retailers have any interest in stocking such devices, or that consumers would have any interest in buying them." It noted that the only 1-way cable ready products available at retail today—**TiVo** and **Moxi** boxes—differentiate themselves with advanced features.

Earnings: Turns out **NBCU's Olympics** loss, at \$223mln, was approx 11% less than expected, but that didn't stop the Games from dragging down the unit's 1Q operating profit by 49% YOY to \$199mln. The event did, however, drive its rev to \$4.32bln, up 23%, with the help of cable and broadcast. Cable delivered rev of \$1.2bln (+3%) and 4% growth in operating profit, owing in part to **Oxygen's** nearly 100% profit growth, **CNBC's** 7% rise in profit and Bravo's 18th consecutive Q of ratings growth. On the broadcast side, "we're seeing some really good recovery in the ad market," said **GE CFO Keith Sherin**. After posting 10% ad rev growth in 4Q, local delivered a 15% rise in 1Q, he said, and scatter pricing is up more than 20% for both cable and **NBC**, which enjoyed last Q a 45% surge in ratings for the 10pm timeslot.

Deals: **Jet Broadband** will sell its cable operations to **Shentel Cable**, a wholly-owned subsidiary of **Shenandoah Telecom**. Jet offers video, HSD and voice in southern VA and southern WV. The deal is expected to close in mid-Aug. Financials weren't disclosed. **Waller Capital** acted as financial adviser and **Dow Lohnes** was legal adviser to Jet Broadband.

In the States: The **US Intl Trade Commission** will investigate some **Cablevision** set-tops after **Verizon** filed patent complaints with the group (**Cfax**, 3/18). Verizon also sued CVC in a DE court, alleging infringement of 5 set-top related patents. "It is becoming increasingly clear that Verizon is having difficulty competing on the merits in the marketplace, so they are resorting to filing lawsuits and pursuing regulatory bailouts," Cablevision said, calling the action "a procedural step that has no bearing on the merits of the case." The MSO vowed a "vigorous defense." ITC wants to finish the investigation in 45 days.

On the Hill: Yet again, **Congress** extended the license allowing satellite to deliver distant network signals. The latest extension is through May 31. Work continues on full reauthorization of the act.

Business/Finance: **Carl Icahn** appears truly bent on gaining complete ownership of **Lionsgate**, revising his unsolicited tender offer for all the co's shares to \$7/share from \$6, a price Lionsgate's board called "woefully inadequate" when rejecting the bid last month. LGF shares closed Fri at \$6.97, up 7.9%.

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CableFAX Week in Review

Company	Ticker	4/16 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	38.23	2.03%	5.55%
DIRECTV:	DTV	35.55	0.85%	6.60%
DISH:	DISH	21.52	1.13%	3.61%
DISNEY:	DIS	35.83	1.08%	11.10%
GE:	GE	18.97	2.43%	25.38%
NEWS CORP:	NWS	18.12	1.68%	13.82%
MSOS				
CABLEVISION:	CVC	25.71	0.04%	(0.43%)
COMCAST:	CMCSA	18.32	(0.97%)	8.66%
COMCAST SPCL:	CMCSK	17.49	(1.13%)	9.24%
GCI:	GNCMA	6.15	5.31%	(3.61%)
KNOLOGY:	KNOL	13.43	(2.47%)	22.99%
LIBERTY CAPITAL:	LCAPA	42.90	6.50%	79.65%
LIBERTY GLOBAL:	LBTYA	28.95	(1.06%)	32.25%
LIBERTY INT:	LINTA	16.39	0.61%	51.20%
MEDIACOM:	MCCC	6.26	4.16%	40.04%
RCN:	RCNI	14.78	(1.92%)	36.22%
SHAW COMM:	SJR	19.26	(2.68%)	(6.37%)
TIME WARNER CABLE:	TWC	51.64	(1.97%)	24.76%
VIRGIN MEDIA:	VMED	17.41	(1.14%)	3.45%
WASH POST:	WPO	535.70	8.88%	21.86%

Company	Ticker	4/16 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	15.51	2.17%	10.39%
CROWN:	CRWN	1.85	(4.64%)	27.59%
DISCOVERY:	DISCA	35.19	1.03%	14.74%
GRUPO TELEVISIA:	TV	20.95	(1.87%)	0.92%
HSN:	HSNI	31.59	3.95%	56.46%
INTERACTIVE CORP:	IACI	23.66	3.05%	15.53%
LIBERTY:	L	37.80	(1.66%)	3.99%
LIBERTY STARZ:	LSTZA	55.35	(0.38%)	19.93%
LIONSGATE:	LGF	6.87	10.10%	18.24%
LODGENET:	LNET	6.78	(3.14%)	22.60%
NEW FRONTIER:	NOOF	1.98	(6.61%)	4.76%
OUTDOOR:	OUTD	7.07	3.21%	21.90%
PLAYBOY:	PLA	4.15	5.60%	29.69%
RHI:	RHIE	0.45	148.33%	44.19%
SCRIPPS INT:	SNI	43.38	(1.36%)	4.53%
TIME WARNER:	TWX	33.00	1.13%	13.25%
VALUEVISION:	VTV	2.99	(14.57%)	(37.71%)
VIACOM:	VIA	38.58	(2.99%)	22.48%
WWE:	WWE	17.58	2.21%	14.68%

Company	Ticker	4/16 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADC:	ADCT	8.32	6.67%	33.98%
ADDVANTAGE:	AEY	2.30	2.22%	16.75%
ALCATEL LUCENT:	ALU	3.34	7.74%	0.60%
AMDOCS:	DOX	30.62	(0.75%)	7.33%
AMPHENOL:	APH	43.82	1.20%	(5.11%)
AOL:	AOL	27.86	(0.46%)	19.67%
APPLE:	AAPL	247.40	2.32%	17.40%
ARRIS GROUP:	ARRS	12.80	2.81%	11.99%
AVID TECH:	AVID	17.33	4.33%	35.82%
BIGBAND:	BBND	3.57	2.00%	3.78%
BLNDER TONGUE:	BDR	1.05	0.96%	(7.89%)
BROADCOM:	BRCM	35.11	2.42%	11.57%

Company	Ticker	4/16 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	26.98	1.43%	12.70%
CLEARWIRE:	CLWR	7.39	4.97%	9.32%
COMMSCOPE:	CTV	30.60	(2.08%)	15.34%
CONCURRENT:	CCUR	5.89	1.55%	48.74%
CONVERGYS:	CVG	13.19	2.89%	22.70%
CSG SYSTEMS:	CSGS	21.95	4.47%	14.98%
ECHOSTAR:	SATS	19.72	(0.8%)	(2.09%)
GOOGLE:	GOOG	550.14	(2.84%)	(11.26%)
HARMONIC:	HLIT	7.08	2.46%	12.03%
INTEL:	INTC	23.92	6.08%	17.25%
JDSU:	JDSU	13.38	(1.04%)	62.18%
LEVEL 3:	LVT	1.67	3.09%	9.15%
MICROSOFT:	MSFT	30.67	1.09%	0.62%
MOTOROLA:	MOT	7.31	(1.08%)	(5.8%)
PHILIPS:	PHG	32.82	(0.61%)	11.48%
RENTRAK:	RENT	20.88	0.77%	18.17%
SEACHANGE:	SEAC	8.26	6.31%	25.91%
SONY:	SNE	35.56	(3.4%)	22.62%
SPRINT NEXTEL:	S	4.08	0.99%	11.48%
THOMAS & BETTS:	TNB	41.12	(0.51%)	14.89%
TIVO:	TIVO	17.73	0.74%	74.17%
TOLLGRADE:	TLGD	6.62	5.92%	8.35%
UNIVERSAL ELEC:	UEIC	22.76	1.07%	(1.98%)
VONAGE:	VG	1.59	10.42%	13.57%
YAHOO:	YHOO	18.17	3.71%	8.28%

Company	Ticker	4/16 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	25.93	(1.93%)	(7.49%)
QWEST:	Q	5.35	(1.29%)	27.08%
VERIZON:	VZ	29.58	(1.66%)	(10.72%)

Index	4/16 Close	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	DJI	11018.66	0.19%	5.66%
NASDAQ:	IXIC	2481.26	1.11%	9.35%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. RHI:	0.45	148.33%
2. VONAGE:	1.59	10.42%
3. LIONSGATE:	6.87	10.10%
4. WASH POST:	535.70	8.88%
5. ALCATEL LUCENT:	3.34	7.74%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. 3COM:	0.00	(100%)
2. VALUEVISION:	2.99	(14.57%)
3. NEW FRONTIER:	1.98	(6.61%)
4. CROWN:	1.85	(4.64%)
5. SONY:	35.56	(3.4%)

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