

# CableFAX Daily™

Friday — October 2, 2009

What the Industry Reads First

Volume 20 / No. 189

## Titanic Talks: Comcast Looking to Land a Piece of NBCU

The Moby Dick-sized M&A deal many seem to crave may actually consummate, as all signs point to **Comcast** being in talks with **GE** about acquiring a major stake in **NBCU**. But this potential whale-of-a-deal is in early-stage discussions, sources said, and could emerge carrying any number of constructs and conditions—or it could fizzle. Because of his solid track record and internal relations, we'll go with the mid-day report of **CNBC's David Faber** for the greatest plausibility related to deal structure, namely a GE spinoff of NBCU through which Comcast would acquire 51% of a new entity that would include the MSO's programming assets such as **Golf Channel** and **E!**. As for reaction to the speculation, Wall St gave Comcast no brotherly love, sending the MSO's shares down 7% Thurs. This was not unexpected, as "investors have long pressed Comcast for an aggressive return of cash to shareholders," said **Sanford Bernstein's Craig Moffett**. "An acquisition of a major content studio, even if consummated at an attractive price, is most decidedly not what Comcast investors had in mind." **Wachovia Securities' Marci Ryvicker** confirmed that sentiment, saying CMCSA shares will likely "remain under pressure until there is a formal announcement" before recovering a bit, but that investors "may flee to a relatively 'safer' company, such as **Time Warner Cable**" because of the major dent in FCF that the deal would cost Comcast. Time Warner Inc seemed to benefit from the news Thurs, with its stock closing up 4%. Steve Birenberg of **Northlake Capital Management** commented on the larger picture. "You could look at [the deal] and say it shows that Comcast is worried about the growth and competitive positioning of its distribution business," he said. "Or you could say that Comcast just likes content and sees the ROI higher in this deal than buying its own stock. Probably a little of both." Regardless, Comcast's control of a cornucopian net basket featuring **USA**, **Syfy**, **MSNBC** and its own properties would afford it massive leverage in distribution negotiations across platforms, a clear positive. But Ryvicker said the inclusion of the "other [NBCU] assets—broadcast network, the O&O stations and the theme park units" doesn't make sense for Comcast. Major hurdles to the deal would likely be intense regulatory scrutiny in general and specifically the vertical integration, which comes as Comcast and **Cablevision** have a legal challenge pending over program access rules. Those rules prevent operators that own content networks from denying those channels to competitors. Also, Moffett and Birenberg said cross-ownership of **NBC** broadcast stations in Comcast markets such as Philadelphia



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and Chicago could be a major issue. Of course, all these points could be rendered moot if Comcast doesn't land its big fish. Then, media would have to go back to speculating on what telco could and should buy **DirecTV**.

**Pink Slips:** Lost in the hullabaloo over a potential **Comcast/NBCU** deal were the recent layoffs at **Comcast Ent Group**. The segment cut 39 jobs, or 3% of its workforce of approx 1,350 and the axe fell across ent nets, online businesses and intl divisions. The cuts serve to "better align the company's overall cost structure and resources in this evolving economic climate," said a statement from the MSO.

**Deals:** **Cisco** will acquire **Tandberg ASA** (not **Tandberg TV**) for \$3bln in cash, expanding its interests into video conferencing services. **S&P** reiterated its 'buy' rating on Cisco shares, saying the deal will help Cisco "offset maturing growth trends in its core router and switching segments." -- **ViaSat** inked an agreement to acquire satellite broadband provider **WildBlue** for \$568mln in cash and stock. **Liberty Media**, which owns 37% of WildBlue, will gain a seat on ViaSat's board.

**Competition:** **Verizon's** exclusive marketing deal with the New England Patriots includes an on-demand channel with a full slate of free programming, including *Bill Belichick* news conferences, Patriots cheerleader bios and daily show "Patriots Today." More programming will be added in the coming weeks.

**In the States:** At press time, there was still no deal between **DirecTV** and **Versus**. DTV subs calling to complain reported the DBS provider was offering its sports pack free for 3 mos and a 50% **Center Ice** discount. -- **Clearwire** bowed **Clear** 4G mobile Internet services in Salem, OR, and Milledgeville, GA, near the respective active markets of Portland and Atlanta. -- **Big River Telephone** will pay an unspecified amount to **Sprint** for a nonexclusive license to VoIP patents, settling litigation brought against the company by Sprint. Several of the patents cover uses for telecom service offered alongside cable TV and HSD.

**At the Portals:** Give us regulatory certainty. That was the refrain at the **FCC's** hearing Thurs on capital formation in broadband markets. "Capital markets like long-term regulatory certainty. That's what investors look for beyond all else, as do...most companies," **Stifel Nicolaus' Christopher King** said, adding that the current network neutrality discussions on the table injects uncertainty that won't help capital until the issue is resolved. **GE Asset Mgmt's Tom Aust** pointed out that wireless, which is somewhat less regulated than other telecom services, has "blossomed" under such a regime.

**Marketing:** LCD maker **Vizio** is exec producing a new show on **Fox Sports Net**, profiling athletes. "Vizio's Profiles" debuts Fri at 11pm across all FSN stations, with ep 1 featuring Green Bay quarterback *Aaron Rodgers*. Instead of just purchasing spots, Vizio has a stake in the show and can re-air each ep at VIZIO.com following its initial broadcast.

**Programming:** **ABC Family** greenlit 2 pilots for production: an untitled *Melissa Joan Hart/Joey Lawrence* comedy with Lawrence playing the family's "manny," and a family comedy from *Michael Jacobs* ("Boy Meets World" creator). -- The drama off the screen continues to be juicier than what's on **TLC**. After *Jon Gosselin* tried to pull the plug on the show (2 days after his name was dropped from "Jon & Kate Plus 8"), TLC called out the pater familias for "repeated self destructive and unprofessional actions." The net has suspended direct filming of the kids pending further conversations between the parents. Ratings for the series continue to plummet, with Mon's ep pulling 1.3mln viewers.

## CableFAX: The Magazine's Most Influential Minorities in Cable issue

Publication Date: October 27

This issue profiles the most influential minorities in cable, winners of NAMIC's EMMA Awards (Excellence in Multicultural Marketing Awards), and the Top 10 Places to Work.

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# BUSINESS & FINANCE

**Dem Bones:** An international science story Thurs has a cable connection. A team of 47 scientists reported finding and reconstructing much of the skeleton of a female creature neither chimp nor human, thought to be some 1mln years older than the famous Australopithecus skeleton known as *Lucy*. Nicknamed *Ardi*, the newly found skeleton is roughly 4.4mln years old and takes science closer to the last common ancestor shared by chimps and humans. The 17-year journey from the initial find to presentation of 11 scientific papers in DC and Addis Ababa Thurs will be chronicled in a **Discovery Channel** special Oct 11, 9pm, called "Discovering Ardi." The network's also mounted an Ardi website at [www.discovery.com/ardi](http://www.discovery.com/ardi)

**Public Affairs: Lifetime** unveiled "Stop Breast Cancer for Life: The Power of 15," marking its 15th year of supporting Natl Breast Cancer Awareness month. Components include integrations of breast cancer themed storylines on original series and an affil marketing campaign. By working with distribution partners, Lifetime has distributed customizable PSAs along with 1K+ point-of-purchase displays, 130K magnets outlining the 15 risk reduction and screening tips and 130K Lifetime branded pink ribbons.

**People: Scripps Nets** named *Cynthia Gibson* svp, legal. -- **USA** upped *Jason Holzman* to svp, brand creative. -- Cable vet *Gerry Laybourne* joined **AdSafe Media's** advisory board.

## CableFAX Daily Stockwatch

Company	10/01 Close	1-Day Ch	Company	10/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	36.22	(0.31)	AMPHENOL:	36.03	(1.65)
DIRECTV:	27.48	(0.1)	APPLE:	180.86	(4.49)
DISH:	19.36	0.10	ARRIS GROUP:	12.51	(0.5)
DISNEY:	27.36	(0.1)	AVID TECH:	13.80	(0.29)
GE:	15.97	(0.45)	BIGBAND:	3.97	(0.04)
NEWS CORP:	13.29	(0.7)	BLNDER TONGUE:	1.22	0.00
<b>MSOS</b>					
CABLEVISION:	23.00	(0.75)	BROADCOM:	28.77	(1.92)
COMCAST:	15.67	(1.21)	CISCO:	23.09	(0.45)
COMCAST SPCL:	14.93	(1.15)	CLEARWIRE:	7.90	(0.23)
GCI:	6.66	(0.2)	COMMSCOPE:	28.13	(1.8)
KNOLLOGY:	9.77	0.02	CONCURRENT:	4.65	0.08
LIBERTY CAPITAL:	21.26	0.34	CONVERGYS:	9.51	(0.43)
LIBERTY ENT:	31.21	0.10	CSG SYSTEMS:	15.75	(0.26)
LIBERTY GLOBAL:	20.89	(1.68)	ECHOSTAR:	18.01	(0.45)
LIBERTY INT:	10.96	(0.01)	GOOGLE:	487.20	(8.65)
MEDIACOM:	5.37	(0.39)	HARMONIC:	6.28	(0.4)
RCN:	9.00	(0.3)	INTEL:	18.90	(0.67)
SHAW COMM:	17.55	(0.46)	JDSU:	6.73	(0.38)
TIME WARNER CABLE:	41.74	(1.35)	LEVEL 3:	1.28	(0.11)
VIRGIN MEDIA:	13.22	(0.7)	MICROSOFT:	24.88	(0.84)
WASH POST:	456.00	(12.08)	MOTOROLA:	8.37	(0.22)
<b>PROGRAMMING</b>					
CBS:	11.57	(0.48)	OPENTV:	1.37	(0.01)
CROWN:	1.64	0.08	PHILIPS:	23.35	(1.01)
DISCOVERY:	28.91	0.02	RENTRAK:	17.22	(0.64)
EW SCRIPPS:	6.92	(0.58)	SEACHANGE:	7.61	0.11
GRUPO TELEVISA:	17.92	(0.67)	SONY:	28.02	(1.18)
HSN:	15.97	(0.31)	SPRINT NEXTEL:	3.74	(0.21)
INTERACTIVE CORP:	19.64	(0.55)	THOMAS & BETTS:	28.91	(1.17)
LIBERTY:	33.44	(0.81)	TIVO:	10.00	(0.36)
LODGENET:	7.04	(0.51)	TOLLGRADE:	5.70	(0.78)
NEW FRONTIER:	2.10	(0.05)	UNIVERSAL ELEC:	19.93	(0.49)
OUTDOOR:	6.29	(0.25)	VONAGE:	1.36	(0.03)
PLAYBOY:	3.00	(0.02)	YAHOO:	17.39	(0.42)
RHI:	2.94	(0.18)	<b>TELCOS</b>		
SCRIPPS INT:	37.00	0.05	AT&T:	26.61	(0.4)
TIME WARNER:	30.03	1.25	QWEST:	3.70	(0.11)
VALUEVISION:	3.29	(0.02)	VERIZON:	30.01	(0.26)
VIACOM:	28.84	(0.61)	<b>MARKET INDICES</b>		
WWE:	13.70	(0.31)	DOW:	9509.28	(203)
<b>TECHNOLOGY</b>					
3COM:	5.13	(0.1)	NASDAQ:	2057.48	(64.94)
ADC:	7.78	(0.56)			
ADVANTAGE:	2.23	(0.07)			
ALCATEL LUCENT:	4.20	(0.29)			
AMDOCS:	26.75	(0.13)			



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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**A Breakthrough in a Season of Non-Deals?**

This just in! According to well-placed sources, **Comcast's** in heated negotiations to acquire the rights to *Ryan Seacrest's* name, the **NHL** and the state of Pennsylvania. OK, maybe not, but I feel like all the recent M&A speculation will soon bleed into the absurd. Yet the rampant supposition that Comcast's ready to buy a portion of **NBCU** appears to be plausible, and most interesting is the MSO's vague denial of the rumors. That constitutes a rare address of rumors by an involved entity, which leads me to believe that Comcast, while apparently kicking the Peacock's tires, may be leery of its Wall St recent reputation as a famished behemoth with money to burn and only the slightest concern for returns to shareholders. After all, the NBCU rumors pummeled the MSO's share price (-7%) Thurs and **The Corporate Library** recently named CEO *Brian Roberts* 1 of 5 "Highest Paid Worst Performers" of '08. Now, this isn't to say a purchase of NBCU would be illogical, because it would have to be considered a prudent move overall. NBC and the broadcast model are in transition, yes, but a stable of cable nets including **USA**, **MSNBC** and **Syfy** is worth the headaches surrounding that pesky single revenue stream. I'm perplexed, however, as to why **GE** would even consider offloading a piece. Cash perhaps, but spare me the 'it's too big and unfocused' rhetoric; GE's current problems stem mainly from its finance and construction/infrastructure businesses. For Comcast, the acquisition would give it access to exceedingly popular entertainment and crucial national news content that are lacking in its current portfolio—certainly a boon. And, selfishly, it would make life far more interesting for the **CableFAX** staff, as 1 can only imagine the wealth of news that would sprout from governmental concerns and, if the deal were to be greenlit, a likely rash of future carriage standoffs. CH

**Highlights:** "Locks of Love," Sat, 6pm, **HBO Family**. A 40-min gem that tempers the sadness of children losing their hair from chemotherapy or alopecia with the good work of **Locks of Love**, a non-profit that hand-makes wigs for the kids. Uplifting material comes from videos, some amateur, of healthy children (and a few adults) who cut their long hair to donate for the wigs. To our eye, the kids in this piece, despite their baldness, have an inner beauty that shines. SA

**Worth a Look:** "My Monkey Baby," Sun, 9pm, **TLC**. TLC promises to present slices of life. It does here with a special about people who adopt tiny monkeys as substitutes for children. And they're treated as children, wearing diapers, getting toys, having parties. The doc barely judges, which enhances it. SA

**Notable:** Court watchers are raving about the access **C-SPAN** got for its special (Sun, 9pm) about the normally camera-shy Supreme Court, kicking off a week of **SCOTUS**-related shows. -- The season finale of "Entourage" bows at 10:30, Sun, **HBO**. The big "Seinfeld" ep of "Curb Your Enthusiasm" runs at 9 and 10pm. It's hype mostly, as Curb's been excellent this season. -- One of cable's funniest, *Mike Rowe* returns for new "Dirty Jobs" (Tues, **Discovery**, 9pm). SA

Basic Cable Rankings (8/31/09-9/27/09) Mon-Sun Prime			
1	ESPN	3	2925
2	USA	2.4	2330
3	DSNY	1.9	1878
3	FOXN	1.9	1828
5	TNT	1.4	1389
5	NAN	1.4	1362
7	A&E	1.2	1233
7	TBSC	1.2	1166
9	HGTV	1.1	1124
9	TOON	1.1	1084
9	FX	1.1	1015
12	LIFE	1	984
12	SYFY	1	960
12	HIST	1	950
15	FAM	0.9	880
15	ESP2	0.9	879
15	HALL	0.9	773
18	FOOD	0.8	802
18	TLC	0.8	789
18	DISC	0.8	788
18	MTV	0.8	786
18	BRAV	0.8	763
18	TRU	0.8	755
18	SPK	0.8	744
25	AMC	0.7	700
25	CMDY	0.7	688
25	CNN	0.7	680
25	MSNB	0.7	651
25	LMN	0.7	510
25	NOGG	0.7	478
31	VH1	0.6	541
32	TVLD	0.5	503
32	BET	0.5	463
32	EN	0.5	458
32	HLN	0.5	449
32	NGC	0.5	352
37	APL	0.4	357
37	TRAV	0.4	340
37	OXYG	0.4	313
37	SOAP	0.4	309
37	GSN	0.4	250
37	NFLN	0.4	171
43	CMT	0.3	262
43	WE	0.3	252
43	WGNA	0.3	250
43	DXD	0.3	202

\*Nielsen data supplied by ABC/Disney

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