

# CableFAX Daily™

Monday — October 12, 2009

What the Industry Reads First

Volume 20 / No. 195

## McSlarrow Chat: NCTA Chief Concerned About Net Neutrality Proposal

With the FCC set to vote Oct 22 on a net neutrality rulemaking, there's talk that the proposal may go too far for cable. "I haven't been able to see the item, but there are rumors that it extends beyond [the public Internet]," NCTA's Kyle McSlarrow told Cfax Fri. "[An issue teed up] is the relationship between managed services and access to the public Internet. We provide private services to private customers with a private network. We also, through the provisioning of broadband, provide free and open access to the public Internet. The two are not the same." In other words, cable and other ISPs don't feel the proprietary services they offer on their private networks fall into the public Internet category. "The Free Presses of the world have essentially built up a fantasy world. Any time a network provider provides a service to a consumer, if someone else could be said to offer a service on the public Internet that falls into a broadly similar category, they automatically claim some type of anti-competitive threat. That is utter nonsense," McSlarrow said, calling **Madison River** the only real-world example of anti-competitive conduct. In 2005, the FCC took swift action against Madison River, a phone company accused of blocking customer access to VoIP. More recently though, the FCC found **Comcast's** network management violated the agency's network neutrality principles. The MSO is challenging the FCC's authority in the '08 ruling. If the FCC proposes extending net neutrality beyond a free and open Internet in terms of public access, broadband providers worry it could put the services they offer on their private networks at risk. "Balance that against not just our industry but all network providers who represent one of the few bright spots in the economy... We've invested hundreds of billions of dollars, we're creating jobs, and we're spurring innovation," McSlarrow said. "So when you think about that balance, I would hope the Commission would appreciate that the potential consequences to job creation and innovation far outweigh any threats to a free and open Internet, real or imagined." It sounds like the net neutrality debate may soon get much more heated.

**New Recipe:** Scripps Nets plans to rebrand its FLN property as the **Cooking Channel** in 3Q10, a decision that Scripps Nets pres *John Lansing* said allows Scripps to capitalize on the burgeoning interest in food-related content and infuse the property with its core competency of niche programming. "This is a strategic decision to give our company a faster growth path through the use of that bandwidth," Lansing told **Cfax**, noting that FLN, currently in 55mln homes, is "just slightly too broad" to aggregate a large enough audience for sufficient monetization. Despite FLN's financial challenges this year,



## THE HIGHEST-RATED PREMIERE IN FOOD NETWORK HISTORY!\*

*The Next Iron Chef II* premiere beat out TNT, USA Network, ESPN, and TBS, ranking in the top five of primetime cable!



SOURCE: The Nielsen Co., Live, Premiere date 10/04/2009. (1) M-Su 6A-6A. Cvg AA%, P25-54, 10/4/09 premiere vs. all Food Network historical premiere telecasts (tied with "Best Thing I Ever Ate" premiere 6/21/09). Network specials excluded. (2-3) M-Su 8P-11P includes programs that start during, end during, or span. (2) Cvg AA%, (000), P/W 25-54 and W 18-49. (3) Cvg AA%, P25-54. Subject to qualifications upon request.



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October 27, 2009

Hyatt Regency Denver at the Colorado Convention Center

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CTAM



Matthew C. Blank  
Chairman and CEO,  
Showtime Networks Inc.



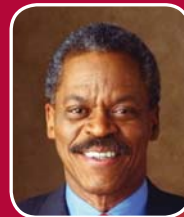
James S. Cownie  
Co-founder and Past  
President, Heritage  
Communications



Robert W. Hughes  
Founder, Prime Cable;  
Chairman, Prime II  
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Lansing said its ratings are up 30-40% YOY. Cooking Channel, meanwhile, will focus on giving foodies access to food info and cooking instruction while exploring food origins, culture and history—but shouldn't be considered an overflow channel for **Food Net**, said Lansing. We absolutely "view it as a standalone property," he said, adding that the net won't be part of Food Net's current carriage negotiations (*Cfax*, 9/11) and is being pitched to MSOs and other ops as a key avenue to increasing audience appeal and local ad sales. Cooking also will more target women than Food, which skews slightly male due largely to increasing competition content. As for the ad market overall, Lansing noted an improving scatter market as company execs "continue to be optimists" about the direction of the overall ad market. Scripps reports 3Q earnings Nov 5.

**Carriage:** Cablevision hammered out with **CBS** a sweeping distribution renewal covering various broadcast affils, **Showtime**, **CBS College Sports** and **Smithsonian Channel**, which will be added to the MSO's iO Gold digital premium package. Terms of the deal weren't disclosed.

**In the states:** RCN is the supporting sponsor of **WGN Radio** and **Tribune Co's** "Chronicles of the Cursed: Hades Emerged," Chicago's largest haunted house. On Oct 10, programming partner **ReelzChannel** will have a prod crew on site to film a Halloween-themed ep of "ReelzChannel Spotlight," which is scheduled to air Halloween night.

**Measurement:** According to reports, **Nielsen** will hold a private meeting Oct 16 meeting with clients about how best to integrate TV and Web measurement. Last month, media companies including **Time Warner**, **Discovery Comm** and **ESPN** announced the **Coalition for Innovative Media Measurement**, which aims to foster innovation and collaboration in order to address the issue. -- **comScore** bowed an improved mobile media planning tool offering marketers and agencies access to data that combines reported mobile behavior measurement and mobile device ownership characteristics with comprehensive attitudinal, lifestyle and product usage information.

**Research:** Over the next 10 years, the total number of TV homes will grow at just a 1.3% CAGR while total multichannel subs will grow at a rate of 1%, according to **Kagan**, which accordingly foresees a decline in multichannel penetration from 84.4% currently to 83.3% by '19. The firms believe cable will see the greatest losses, from 63.2mln subs in '09 to 60.7mln 10 years out. DBS ops, meanwhile, are expected to grow from 32.2mln to 33.6mln subs in '13 before falling to 30mln in '19, and telcos are expected to grow their sub base by 11mln homes over the next 10 years, to 16.7mln.

**Ratings:** Through 2 days, **TBS' MLB** post-season telecasts are averaging a 3.1 HH rating, 3.52mln homes and 4.53mln total viewers, marking the League Divisional Series round's best start since '05. Add Tues night's play-in game, and the past 3 nights have been the net's most watched of '09 in prime.

**Public Affairs:** In assisting the **US Dept of Health and Human Services**, **NCTA** will distribute to operators and programmers next week PSAs promoting prevention and awareness of "swine flu" and other flu types. The spots will appear in advertising time and space donated by ops and programmers like **Discovery Channel**, which will air them from Oct 12-Nov 8.

**Business/Finance:** Negotiations between **Comcast** and **GE** over a sale of a majority stake in **NBCU** continue, according to **CNBC's David Faber**, who noted that the sides have agreed on a \$30bln valuation for the unit and hope to either consummate a deal or abandon negotiations within the next 3-4 weeks. -- **Piper Jaffray** upgraded **Vicom** to 'overweight' to 'neutral.'



Deadline: December 4, 2009

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CableFAX's Best of the Web Awards is the industry's top honor in the digital space, recognizing outstanding websites and digital initiatives among cable programmers, operators, vendors and associations.

The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine. The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine. The winners and honorable mentions will be saluted during an awards event in April 2010 in New York City.

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Entry Questions: Saun Sayamongkhun at 301-354-1610; [ssayamongkhun@accessintel.com](mailto:ssayamongkhun@accessintel.com)

**CableFAX Week in Review**

Company	Ticker	10/09 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	36.99	3.40%	33.30%
DIRECTV:	DTV	27.44	1.30%	19.80%
DISH:	DISH	20.03	4.10%	80.60%
DISNEY:	DIS	28.64	5.30%	27.70%
GE:	GE	16.18	5.30%	6.90%
NEWS CORP:	NWS	14.17	7.00%	49.80%
<b>MSOS</b>				
CABLEVISION:	CVC	23.93	5.70%	45.10%
COMCAST:	CMCSA	15.55	2.10%	(5.9%)
COMCAST SPCL:	CMCSK	14.75	2.50%	(6.6%)
GCI:	GNCMA	6.64	0.20%	(17.9%)
KNOLOGY:	KNOL	11.10	13.10%	115.10%
LIBERTY CAPITAL:	LCAPA	21.53	4.60%	357.10%
LIBERTY ENT:	LMDIA	31.08	0.80%	77.80%
LIBERTY GLOBAL:	LBTYA	22.64	8.60%	42.20%
LIBERTY INT:	LINTA	11.89	9.20%	281.10%
MEDIACOM:	MCCC	5.60	6.10%	30.20%
RCN:	RCNI	9.39		
SHAW COMM:	SJR	19.17	9.00%	14.60%
TIME WARNER CABLE:	TWC	41.64		
VIRGIN MEDIA:	VMED	13.98	8.40%	185.00%
WASH POST:	WPO	479.95	7.90%	25.70%

Company	Ticker	10/09 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	12.36	8.00%	54.00%
CROWN:	CRWN	1.70	4.30%	(40.4%)
DISCOVERY:	DISCA	30.55	5.30%	115.70%
EW SCRIPPS:	SSP	7.65	15.60%	246.90%
GRUPO TELEVISIA:	TV	18.61	4.90%	33.30%
HSN:	HSNI	16.90	5.40%	132.50%
INTERACTIVE CORP:	IACI	19.07	(0.5%)	21.20%
LIBERTY:	L	34.81	3.80%	23.90%
LODGENET:	LNET	7.50	6.10%	971.40%
NEW FRONTIER:	NOOF	2.04	2.00%	20.00%
OUTDOOR:	OUTD	6.60	6.50%	(11.9%)
PLAYBOY:	PLA	3.17	8.60%	46.80%
RHI:	RHIE	2.93	5.00%	(63.9%)
SCRIPPS INT:	SNI	37.35	2.70%	71.20%
TIME WARNER:	TWX	30.25	2.10%	38.70%
VALUEVISION:	VVTV	3.08	(0.3%)	833.30%
VIACOM:	VIA	30.40	4.50%	51.10%
WWE:	WWE	13.65	3.30%	42.70%

Company	Ticker	10/09 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	5.65	14.10%	147.80%
ADC:	ADCT	7.57	1.90%	38.50%
ADVANTAGE:	AEY	2.22	0.50%	24.70%
ALCATEL LUCENT:	ALU	4.70	12.20%	118.60%
AMDOCS:	DOX	26.94	5.90%	47.30%
AMPHENOL:	APH	38.11	7.50%	59.30%
APPLE:	AAPL	190.47	3.00%	123.20%
ARRIS GROUP:	ARRS	11.76	(5.4%)	47.90%
AVID TECH:	AVID	14.84	8.70%	36.00%
BIGBAND:	BBND	4.23	7.40%	(23.4%)
BLNDER TONGUE:	BDR	1.19	(0.8%)	17.80%
BROADCOM:	BRCM	29.54	3.20%	74.00%

Company	Ticker	10/09 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	24.03	6.00%	47.40%
CLEARWIRE:	CLWR	7.85	3.30%	97.70%
COMMSCOPE:	CTV	28.17	4.40%	81.30%
CONCURRENT:	CCUR	4.49		32.40%
CONVERGYS:	CVG	10.66	12.00%	66.30%
CSG SYSTEMS:	CSGS	16.13	1.40%	(7.7%)
ECHOSTAR:	SATS	19.37	8.50%	30.30%
GOOGLE:	GOOG	516.25	6.50%	67.80%
HARMONIC:	HLIT	6.41	3.90%	14.30%
INTEL:	INTC	20.17	6.30%	52.10%
JDSU:	JDSU	6.96	4.80%	89.10%
LEVEL 3:	LVL	1.37	4.60%	95.70%
MICROSOFT:	MSFT	25.55	2.40%	34.80%
MOTOROLA:	MOT	8.48	6.10%	92.60%
OPENTV:	OPTV	1.58	18.80%	28.50%
PHILIPS:	PHG	25.11	9.70%	35.60%
RENTRAK:	RENT	17.63	1.30%	49.50%
SEACHANGE:	SEAC	7.97	(1.2%)	10.50%
SONY:	SNE	28.44	4.70%	30.00%
SPRINT NEXTEL:	S	3.58	(8.4%)	95.60%
THOMAS & BETTS:	TNB	31.97	10.90%	33.10%
TIVO:	TIVO	10.60	7.70%	48.00%
TOLLGRADE:	TLGD	5.52	(1.8%)	15.50%
UNIVERSAL ELEC:	UEIC	20.49	1.70%	26.30%
VONAGE:	VG	1.65	25.00%	150.00%
YAHOO:	YHOO	16.87	0.20%	38.30%

Company	Ticker	10/09 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	25.66	(3.2%)	(2.8%)
QWEST:	Q	3.76	5.30%	12.10%
VERIZON:	VZ	29.16	(2.4%)	(7.2%)

Index	10/09 Close	1-Week % Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	INDU	9864.94	4.00%	12.40%
NASDAQ:	COMPX	2139.28	4.50%	35.70%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. VONAGE:	1.65	25.00%
2. OPENTV:	1.58	18.80%
3. EW SCRIPPS:	7.65	15.60%
4. 3COM:	5.65	14.10%
5. KNOLOGY:	11.10	13.10%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. SPRINT NEXTEL:	3.58	(8.4%)
2. ARRIS GROUP:	11.76	(5.4%)
3. AT&T:	25.66	(3.2%)
4. VERIZON:	29.16	(2.4%)
5. TOLLGRADE:	5.52	(1.8%)

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## MaxFAX...

### The Spectrum Gap!

Apparently, we've got one—and it is growing more dangerous every day. America cannot catch up with the rest of the world unless the Federal Communication Commission can find lots and lots more spectrum for wireless use!



Paul S. Maxwell

It is, according to **FCC** Chairman *Julius Genachowski*, “the looming spectrum crisis.”

This is a crisis? Really! It is.

In October of 1957, it was a satellite (Sputnik! launched

10/04/57) gap.

In the fall of 1960, it was a missile gap (but there wasn't one come March of '61).

In the 2000s, it is an ever growing broadband gap.

And now that broadband gap is choking wireless developments.

Sure, if you've got an iPhone you know that **AT&T's** wireless capacity is under siege. This one wireless carrier has seen a 5,000% increase in wireless data consumption in just three years. And all of that 700MHz spectrum that's coming online represents only a three-fold increase in spectrum availability when there is likely to be a 30 times growth need!

Does the Chairman know about

“Clear” from Clearwire and the cable industry? Just wondering.

As cable rolls out 4G stuff and as devices keep morphing, I'll bet the growth might be something like a thousand-fold.

Just imagine the devices that are in beta at **Apple**, **Microsoft** and **Google** and others.

We—as an industry that has lots of moving parts—are moving fast away from the set-top box centric aspect of serving single households with grand plans for TV everywhere... Tethered or not, the concept of TV everywhere is going to happen... in order to better continue the revenue streams, we have got to figure out how to serve any device anywhere with full access to anything broadband.

So it won't be long before the world goes 100% IP and broadband speeds that allow for full video streaming are ubiquitous. And I'll bet cable leads the way.

### Random Notes:

• **Look! Up in the Sky!** There's still time to come to the SkyREPORT Multiplatform Matrix at the Princeton Club in NYC on Tuesday afternoon, October 13th... the seminar features research on satellite in the U.S. multiplatform market; a panel focused on making money in satellite with *Bryan McGuirk*, svp, media services for **SES World Skies**; *Pacome Revillon*, CEO, **Euroconsult**; *Pete Gingold* from **Angelo**,

**Gordon & Co**; and *Tom Eagan* of **Collins Stewart**; plus a special keynote featuring a wide-ranging interview with Showtime pres *Matt Blank*. The show runs from 3:30 to 5:30 with the **Society of Satellite Professionals'** reception immediately following. Go to <http://mediabiz.com/news/multiplatform>.

• **So, Why Comcast + NBC-U?** As *Sumner Redstone* bellowed: Content is King. The key about that, though, is not too much debt. And if (a very big IF) the rumored combination goes through, don't expect the content-heavy concentration to be run the same way as the cable operation... watch them diverge no matter what the ownership packages look like. Don't believe that? An example of how the best interests can diverge can be seen by looking at **CBS** and **Viacom**... and looking at that **Epix** struggle.

• **Positively Cable!'s Final Performance!** Don't miss it... Sunday night at the start of the Fall Cable Connection in Denver... the 16th and final tribute (well, a tongue-in-cheek one) hits the stage at the **DCPA** (details at <http://positivelycable.com>) as an engineer, a businessperson and a programmer walk into a bar... again.

Paul Maxwell

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