

CableFAX Daily™

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What the Industry Reads First

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Only Just Begun: More Debate Now that FCC Officially Crafting on Rules

The past few weeks of net neutrality bickering were just an appetizer. With comments on the proposed rulemaking passed by the FCC Thurs not due until Jan 15, the rhetoric will continue for months. Hours after the vote (Republicans *Robert McDowell* and *Meredith Attwell Baker* concurred in part and dissented in part, questioning the need for rules and the FCC's authority), net neutrality supporter **Free Press** sent out an email seeking \$10 contributions to help with lobbying. "To keep the FCC from caving to this intense pressure and failing to pass a strong rule, Free Press is organizing a massive public mobilization for net neutrality," the email read, adding that the group is working to rally 2mln net neutrality supporters and Congress. Meanwhile, Sen *John McCain* (R-AZ) introduced legislation Thurs that would prohibit the FCC from enacting rules that would regulate the Internet. "Keeping businesses free from oppressive regulations is the best stimulus for the current economy," McCain said. For the first time in we don't know how long, the proposed rules were actually posted on fcc.gov the same day as the vote. Free Press, **Public Knowledge** and other net neutrality fans were high-fiving Thurs, but cable's public comments weren't angry tirades. **NCTA**, **Time Warner Cable** and **Comcast** all stressed their appreciation of a proceeding grounded in facts and transparency, and their willingness to work with the Commission. That said, NCTA's *Kyle McSarrow* added that "we hope the Commission will approach these issues with a healthy skepticism of hypothetical harms, and with a full understanding of the very real consequences that regulatory action may have on investment, job creation, and the continued expansion and improvement of next generation networks." One thing in cable's favor is that the proposed rulemaking is less prescriptive than initially feared. Early indications that the FCC might treat ISP's managed services (like VoIP or IP video) the same as all Web traffic. The revised rules don't draw conclusions, instead recognizing that managed services may require a different policy approach and seeks comment on that. The draft rules also make it clear that providers can address harmful traffic and unwanted traffic (like spam). In addition to adding nondiscrimination and transparency Internet openness principles, the rules would modify an '05 principle by removing a reference to application and content providers—so it focuses on broadband Internet access providers. However, the FCC has said it will seek comment on whether the rules should apply to parties beyond broadband ISPs (ie, **Google**, **Amazon**, etc).

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AT&T Earnings: Distilled, AT&T's 3Q results perpetuated recent trending: strong wireless growth, particularly from the iPhone, and continued pressure on the wireline side. Yet beneath the obvious trends are at least a couple of issues important to cable, the 1st being **U-verse TV**. AT&T added 240K video subs in the Q (total 1.8mln), a number below consensus estimates although the telco still believes the service appreciably aids its overall business. "U-verse is driving a re-definition of our consumer market," said CFO *Rick Lindner*. For example, access line declines aren't as severe in areas where the service is deployed and marketed, and rev/home is higher in those markets. Plus, U-verse has a 90% broadband attach rate and 60% for voice, and three-quarters of customers subscribe to either a triple- or quad-play. With a current penetration rate of greater than 12%, U-verse is expected to deliver \$2bln in '09 rev. Then there's AT&T's renewed focus on wireless broadband just as cable ramps up with **Clear 4G** mobile broadband services. "Our view is that wireless broadband is one of the industry's great growth opportunities, and so we've taken the initiative to deliver on that potential," said *Ralph de la Vega*, pres/CEO, mobility and consumer markets. The telco is using HSPA 7.2 tech as a bridge to LTE 4G, and plans call for deployment this year in Charlotte, Chicago, L.A., Chicago, Houston and Miami, and in 25 of the top 30 US markets by the end of '10. LTE trials will begin next year, with rollout expected in '11 using spectrum that will cover 100% of the top 200 markets. Also, AT&T's WiFi hotspots currently number 20K. Wireless handsets, too, could pose a significant threat to cable's mobile broadband initiative as products cable can't offer. With a 4.3mln increase in post-paid 3G-integrated devices in 3Q, AT&T achieved a 33.6% surge in wireless data rev growth. In total, the telco delivered a 32.1% YOY increase in rev from IP-based services, U-verse services and broadband. Still, "wireline operations remain challenged," said **Sanford Bernstein's** *Craig Moffett*, noting that broadband adds "were just 90K, below us at 102K and consensus of 111K, in what is typically a seasonally strong quarter." **S&P** reiterated its 'strong buy' opinion on AT&T shares, noting "room for further growth in '10 through data services."

On the Hill: Lawmakers put the "terrestrial loophole" and other video competition-related topics under the microscope Thurs as the **House Communications Subcmte** tried to figure out how to juice even more competition in the video marketplace. **Cablevision** COO *Tom Rutledge* told lawmakers to resist efforts by cable competitors to expand the 1992 Cable Act's program access rules to include now exempted terrestrially delivered nets. "To reverse this policy would undermine competition by discouraging that investment in new content and services," Rutledge said. "If a company is facing vigorous competition, why would that company invest in untested and expensive services if it had to share its services with its competitors?" But **Verizon** vp, content strategy and acquisition *Terry Denson* countered that the terrestrial loophole denies the telco access to vital regional sports content. While citing "creative negotiations" with **Comcast** in Philly, Denson said other cable ops have "exerted control... to handicap new entrants." He noted that Cablevision doesn't provide **MSG's** HD feed to Verizon, although Rutledge pointed out that the MSO "provides every game" to the telco in standard def. Subcmte members seemed divided on whether the govt should get involved, with Rep *Joe Barton* (R-TX) even suggesting that warring parties privately work out their differences over lunch. Meanwhile, **Sunflower Broadband** gm *Patrick Knorr* told lawmakers that retrans reform remains a top priority for small ops: "Do not believe those who tell you the sky will fall." And interestingly, "Battlestar Galactica" creator *Ronald Moore*—in blasting media consolidation that he said has made it more difficult for writers to pitch new projects—asked for "scrutiny" of any **NBCU-Comcast** deal despite the fact that he's now producing BG prequel series "Caprica" for NBCU's **SyFy**.

CableFAX
THE MAGAZINE

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BUSINESS & FINANCE

In the States: Clearwire, Sprint and Comcast will launch 4G mobile broadband services in Philly over the next several weeks, in Chicago in Nov and in the Seattle-Tacoma area in early Dec. Clearwire and Sprint also will bow services next month in Charlotte, Greensboro and Raleigh, and in Austin, Dallas/Fort Worth and San Antonio. Honolulu and Maui will follow in Dec. As previously reported, **Time Warner Cable** will launch a Clear-based service Dec 1 in NC under the **Road Runner Mobile** banner.

Deals: The *Financial Times* reported Thurs that **News Corp** is now the leading contender over **Scripps Nets** to acquire **Travel Channel** from **Cox Pali's Rich Greenfield** said several sources believe the auction will fetch \$800-\$900mln, well above the initial speculated amount of \$600mln. He equates the price point to a lofty 17X earnings multiple, although he cited "meaningful" cost savings and international expansion opportunities.

Carriage: **NBA TV's** on a roll, inking distribution deals with **Time Warner Cable, Cablevision** and **DISH** that will place the net inside 45mln homes when the season tips off Tues. All 3 ops will continue to offer out-of-market package **NBA League Pass**, with TWC adding the net to its Digital Basic tier, CVC to its digital package and DISH to its Classic Silver 200 Package. The deals follow others this year with **Comcast, Cox, DirecTV**, and **Verizon**.

CableFAX Daily Stockwatch

Company	10/22 Close	1-Day Ch	Company	10/22 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	37.42	0.05	AMPHENOL:	41.55	1.55
DIRECTV:	27.13	0.26	APPLE:	205.20	0.28
DISH:	18.50	0.20	ARRIS GROUP:	11.51	0.11
DISNEY:	29.44	0.21	AVID TECH:	15.36	0.52
GE:	15.34	(0.19)	BIGBAND:	4.24	(0.06)
NEWS CORP:	14.89	0.18	BLNDER TONGUE:	1.25	0.05
MSOS					
CABLEVISION:	23.90	0.45	BROADCOM:	30.73	0.42
COMCAST:	15.52	0.41	CISCO:	24.18	0.22
COMCAST SPCL:	14.97	0.44	CLEARWIRE:	7.22	(0.01)
GCI:	6.54	0.33	COMMSCOPE:	29.07	(0.51)
KNOLGY:	11.60	0.26	CONCURRENT:	4.59	0.08
LIBERTY CAPITAL:	22.73	0.48	CONVERGYS:	10.91	0.23
LIBERTY ENT:	31.72	0.16	CSG SYSTEMS:	16.19	0.27
LIBERTY GLOBAL:	22.76	0.43	ECHOSTAR:	20.93	0.98
LIBERTY INT:	11.99	0.04	GOOGLE:	554.09	2.99
MEDIACOM:	5.20	0.07	HARMONIC:	6.56	0.08
RCN:	9.33	0.28	INTEL:	20.12	0.26
SHAW COMM:	19.58	0.38	JDSU:	6.75	0.15
TIME WARNER CABLE:	42.82	0.37	LEVEL 3:	1.36	0.01
VIRGIN MEDIA:	14.00	(0.12)	MICROSOFT:	26.59	0.01
WASH POST:	476.10	17.03	MOTOROLA:	8.33	0.13
PROGRAMMING					
CBS:	13.60	0.36	OPENTV:	1.55	0.00
CROWN:	1.89	0.01	PHILIPS:	27.39	0.70
DISCOVERY:	29.77	0.03	RENTRAK:	17.39	0.29
EW SCRIPPS:	8.13	0.12	SEACHANGE:	7.16	0.03
GRUPO TELEVISA:	20.32	(0.1)	SONY:	29.26	0.30
HSN:	17.71	0.52	SPRINT NEXTEL:	3.38	0.09
INTERACTIVE CORP:	19.32	0.56	THOMAS & BETTS:	34.56	2.24
LIBERTY:	36.50	1.36	TIVO:	11.47	0.19
LODGENET:	6.00	(0.88)	TOLLGRADE:	5.93	0.02
NEW FRONTIER:	2.03	0.09	UNIVERSAL ELEC:	21.74	0.80
OUTDOOR:	6.64	0.24	VONAGE:	1.52	(0.01)
PLAYBOY:	3.78	0.12	YAHOO:	17.67	0.01
RHI:	3.04	0.04	TELCOS		
SCRIPPS INT:	39.59	0.68	AT&T:	26.10	0.16
TIME WARNER:	32.00	0.75	QWEST:	3.61	0.05
VALUEVISION:	3.77	0.10	VERIZON:	29.02	(0.01)
VIACOM:	30.30	0.18	MARKET INDICES		
WWE:	14.34	0.31	DOW:	10081.31	131.95
TECHNOLOGY					
3COM:	5.82	0.19	NASDAQ:	2165.29	14.56
ADC:	7.31	0.08			
ADVANTAGE:	2.32	(0.11)			
ALCATEL LUCENT:	4.51	0.00			
AMDOCS:	25.82	0.33			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Anything But Colorless

Silly me. At first blush, the premise of **USA's** new original "White Collar" (Fri) struck me as an uninventive procedural plot wholly atypical to the net's recent smash hits "Royal Pains" and "Burn Notice." As in...yawn... FBI agent enlists help of convicted felon to track down criminals. In movies or TV series, we've all seen this before. Then, a couple of weeks ago, a press call for the show started 30min late, lasted a short 15min, and 1 of the net's reps muffed the show's premiere date, leading me to half-heartedly believe that USA may be slipping in the originals scene. Again, silly me. Turns out, the show's a guaranteed success, full of excellent acting, logical and clever storylines—and most of all, compelling characters. The latter, of course, have become the net's calling card within a string of hits. To *Bonnie Hammer*: my sincere apologies. As series lead *Matt Bomer* said during the aforementioned call, USA's "really on a roll... Bonnie Hammer really knows what she's doing." That I know, which is precisely the reason I was initially disappointed before fully absorbing the project. Also, of his move to cable, Bomer, recently of **NBC's** "Chuck," said "I'm over the moon about it," before going on to say of USA specifically that "actors love the [net's] 'character's welcome slogan.'" Indeed, scrape away any premise—no matter how trite—from any genre and ingenious characterization will always drive viewership. Hammer recently told **CFax** that much of USA's serial success stems from "being extra disciplined in how we produce and choose our shows... we know who our audience is." Another reason, she said, is a team-oriented approach that gives every 1 of her direct reports a vote on what to greenlight. I'd love to know which projects have been canned, but those that have received the thumbs up, as we know, tend to deliver handsomely. *CH*

Highlights: "Rescue Ink Unleashed," Fri, 10pm, **Nat Geo**. Why are we watching this octet of NY-based, black-clad rough guys whose hearts burst through their chests when dogs, cats or horses are in need? Perhaps because there are no pretenses. Or because we've never seen anything like them. Oh, and Brownie, a dachshund that the guys help, is adorable. *SA*

Worth a Look: "Robert Townsend's Musical Theater of Hope," Sun, 8pm, **GMC**. Good work by the fledgling gospel outlet, staging short dramas climaxing in gospel music, sung excellently, largely by unknowns. -- "Blackboards and Bullies, Sat, 10pm ET, **Investigation Discovery**. This shocking special claims 8mln students/year report being bullied in school. *SA*

Notable: "Muhammad and Larry," Tues, 8pm, **ESPN**. A film made years ago by *Albert Maysles* (but not released) about the *Ali-Holmes* bout runs on "30 on 30," the film series celebrating ESPN's 30th anniversary. -- "Monty Python-Almost the Truth (The Lawyer's Cut)," part VI, Fri, 9pm, **IFC**. The finale of this excellent 6-part doc deals largely with Python's last film, "The Meaning of Life." It's clear the film was destined to be uneven, containing "great stuff and crap," as *Terry Gilliam* says. The Pythons had grown so far apart that the death of the group—and *Graham Chapman*—was imminent. *SA*

Basic Cable Rankings (10/12/09-10/18/09)			
Mon-Sun Prime			
1	ESPN	2.9	2865
2	USA	2.2	2183
2	DSNY	2.2	2137
4	TBSC	2.1	2153
5	FOXN	1.6	1602
6	NAN	1.4	1399
7	TNT	1.3	1244
8	A&E	1.1	1117
8	SYFY	1.1	1019
8	FX	1.1	1015
11	TOON	1	968
11	HGTV	1	951
13	TLC	0.9	892
13	DISC	0.9	892
15	CMDY	0.8	807
15	FOOD	0.8	799
15	SPK	0.8	799
15	HIST	0.8	776
15	TRU	0.8	757
15	AMC	0.8	734
15	NKJR	0.8	530
22	FAM	0.7	716
22	ESP2	0.7	707
22	LIFE	0.7	699
22	VH1	0.7	647
22	BRAV	0.7	636
22	BET	0.7	619
22	LMN	0.7	510
29	EN	0.6	580
29	MSNB	0.6	559
29	CNN	0.6	552
29	HALL	0.6	522
33	MTV	0.5	504
33	HLN	0.5	456
33	TVLD	0.5	453
33	APL	0.5	444
33	NGC	0.5	320
38	TRAV	0.4	346
38	OXYG	0.4	306
38	WGNA	0.4	300
38	GSN	0.4	282
38	SOAP	0.4	281
43	CMT	0.3	309
43	WE	0.3	208
43	DXD	0.3	203
43	VS	0.3	183

*Nielsen data supplied by ABC/Disney

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