

CableFAX Daily™

Monday — November 16, 2009

What the Industry Reads First

Volume 20 / No. 220

Net Neutrality: Controversial Issue Rages On

As cable gears up for a busy '10 legislative agenda surrounding net neutrality, the industry may take comfort in recent comments by **FCC** commish *Robert McDowell* and a FL court decision that could establish important precedent. In Miami this week, a judge struck down a county ordinance that would require **Comcast** to apply open access policies to its Internet service, contending the ordinance "threatens to diminish the free flow of information and ideas," and perhaps more importantly, "violates the First Amendment" and is therefore unconstitutional. Comcast didn't respond to requests for comment. Meanwhile, during an **Institute for Policy Innovation** conference Thurs, **NCTA** chief *Kyle McSarrow*—while discussing the FCC's proposed rulemaking on net neutrality—said that in basic terms cable ops and programmers alike "are First Amendment speakers." McSarrow also reiterated his view that net neutrality proponents "must show demonstrative consumer harm" from current policies to achieve any substantive change, and McDowell agreed during the same conference. "Any order based on evidence that falls short of being clear and convincing on [the customer harm] point would probably not survive appeal," he said. McDowell also takes issue with how the proposed rules "attempt to draw a line between applications and networks precisely at a time when the market is sparking unprecedented convergence between the two... constructive public policy should subscribe to the philosophy that unfettered innovation should be encouraged equally at all points of the network." Lastly, McDowell said it's important to draw a distinction between discriminatory conduct and anti-competitive conduct, saying that in network management the former doesn't necessarily equal the latter. "The public interest would be better served if the debate would focus more on this important distinction," said McDowell.

TV Everywhere: At the **NewTeeVee Live** conference Thurs, **Comcast Interactive Media** pres *Amy Banse* said the MSO's **OnDemand Online** service will launch ahead of Hanukkah, which begins Dec 11. She also said that subs will be able to connect to the service from up to 3 different devices.

Earnings: Insight delivered rev of \$246mIn (+12%) and adjusted OIBDA of \$74mIn (+7%) while reporting a net basic loss of 1,900 (718K total) and net gains in digital (12,300, 496K), HSD (11,900, 493K) and phone (5,200, 311K).

WhooWEEoooWEEoooo... Wah WAH Waaah

This Thanksgiving, it's a gun-slinging marathon of classic Clint.

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Digital video penetration is 69%, HSD 38% and phone 25%. Total RGUs tallied 2.02mln, up 11% over last year.

Broadband: Broadband growth continues to ebb, according to **Leichtman Research**, although the top cable ops gained market share from telcos in 3Q and now control 55% of the market. Together, the 19 largest cable ops and telcos acquired 610K net HSD subs, with the top cable ops adding approx 650K and Comcast alone adding a net 362K—more than the combined total for all telcos. Cable had 75% as many adds as a year ago, telcos 60%.

Comcast (15.68mln) took over the top sub spot from **AT&T** (15.64mln), and **Time Warner Cable** (9.17mln) trailed **Verizon** by just 7K subs as of Sept 30.

Dubious Kick Off: DC area **Comcast** viewers who tuned in Thurs night to **NFL Net's** initial live game telecast of the season heard only crowd cheers before likely offering their own jeers. That's because no other game audio was available until inside the 10min mark of the 1st quarter, when the commentary of *Bob Papa* and *Matt Millen* abruptly resumed. The net said it encountered a technical issue surrounding the audio feed on an undisclosed number of systems and was quick to point out that not all nationwide systems were affected. To make matters worse, the on-field action was marred by sloppy play and a notable dearth of offensive action. The 49ers beat the Bears 10-6 amid 19 penalties and 6 turnovers, including 5 INTs by Bears QB *Jay Cutler*. Even so, an avg of 2.75mln homes watched the game, a 29% increase over the net's opener last year. It was the most-watched season opener in the 4 seasons of Thursday Night Football.

Competition: Aggressive offers from **DISH** have been a notable topic this earnings season, and on Fri we received 1 via email claiming savings of 77% over cable. For \$20/month, the DBS op is offering 100 channels, 3 free months of **HBO** and **Showtime**, free activation, free 4-room installation and a free HD or DVR dual receiver.

In the Courts: **ION Media Nets** said a NY Bankruptcy Court indicated that approval of its Reorg Plan along with a written ruling and confirmation order can be expected in the coming weeks. ION plans to emerge from Chapter 11 shortly after the ruling, free of \$2.7bln in legacy indebtedness and \$150mln in equity capital to fund growth.

Online: Free Press launched at its Website a campaign to drive consumer action against the proposed **Comcast/NBCU** deal. "For consumers, it means higher prices, fewer choices and less innovation. This is one wedding we need to stop!" reads the site, which asks users to greenlight the delivery of a public message asking *Pres Obama* to stop the deal.

Advertising: A new real-time, multiplatform ad campaign management system solution from **Episodic** allows programmers and ops to deliver timely and relevant ads during live online streaming sessions.

Technology: Now available at retail outlets is the **FLO TV Personal TV** device that offers full-length simulcast and time-shifted programming from nets including **CNBC**, **Comedy Central**, **Fox News** and **Nickelodeon**. 6 months of the attendant subscription service will be bundled into the \$250 price tag, after which monthly fees apply.

Ratings: The premiere of **Syfy's** "Ghost Hunters Academy" delivered 2.1mln total viewers and a 1.5 HH rating to become the net's highest-rated reality series premiere in nearly 2 years. -- **Comedy Central's** special featuring comedian *Gabriel Iglesias* notched 4mln total viewers, the 4th-highest total for the net this year.

Programming: **Nat Geo's** "Inside the Iraq War" (Dec 13) offers witness to covert ops and perspective from pilots and ground soldiers. -- **Discovery Channel's** "Clash of the Dinosaurs" (Dec 6) will use new imaging tech and 3D graphics to offer an inside look at the bodies that allowed dinosaurs to survive their violent world.

People: **DISH** board member/dir *Carl Vogel* joined the board of **NextWave Wireless**.

Business/Finance: **Deutsche Bank** maintained its 'buy' rating on **Disney** shares and raised its price target to \$39 from \$31, saying it believes Disney businesses face less competition than peers. After reporting healthy quarterly results Thurs evening, Disney shares roared Fri to close at \$30.44, a 52-week high. -- **The Kudelski Group** completed its tender offer to acquire approx 60% of the shares in **OpenTV** it doesn't currently own for \$1.55/share. OpenTV shareholders tendered approx 56mln shares, which when purchased will give Kudelski approx 91% of the voting rights in OpenTV. -- **Liberty Global** agreed to buy German cable op **Unitymedia** for \$5.2bln.

Oops: **Cablevision** promoted *Jonathan Hargis*, not Higgins, to evp, marketing.

CableFAX Week in Review

Company	Ticker	11/13 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	36.18	(0.47%)	27.39%
DIRECTV:	DTV	29.82	4.30%	30.16%
DISH:	DISH	21.01	9.71%	89.45%
DISNEY:	DIS	30.44	6.58%	34.16%
GE:	GE	15.66	2.15%	(3.33%)
NEWS CORP:	NWS	14.81	4.66%	54.59%
MSOS				
CABLEVISION:	CVC	25.10	1.50%	49.05%
COMCAST:	CMCSA	15.43	5.76%	(8.59%)
COMCAST SPCL:	CMCSK	14.88	6.21%	(7.86%)
GCI:	GNCMA	6.15	(2.23%)	(23.98%)
KNOLGY:	KNOL	10.23	(4.12%)	98.26%
LIBERTY CAPITAL:	LCAPA	24.18	6.75%	413.38%
LIBERTY ENT:	LMDIA	34.35	3.65%	96.51%
LIBERTY GLOBAL:	LBTYA	21.26	(2.34%)	33.54%
LIBERTY INT:	LINTA	10.77	(11.21%)	245.19%
MEDIACOM:	MCCC	4.38	(7.2%)	1.86%
RCN:	RCNI	8.25	(0.12%)	39.83%
SHAW COMM:	SJR	18.77	1.84%	6.17%
TIME WARNER CABLE:	TWC	42.18	0.45%	96.64%
VIRGIN MEDIA:	VMED	16.28	8.24%	226.25%
WASH POST:	WPO	424.51	(1.12%)	8.78%

Company	Ticker	11/13 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	13.01	2.28%	58.85%
CROWN:	CRWN	1.56	(3.7%)	(45.26%)
DISCOVERY:	DISCA	30.56	1.63%	115.82%
EW SCRIPPS:	SSP	6.64	(2.21%)	200.45%
GRUPO TELEVISIA:	TV	21.05	2.53%	40.90%
HSN:	HSNI	17.36	15.35%	138.79%
INTERACTIVE CORP:	IACI	19.62	1.82%	24.73%
LIBERTY:	L	35.48	2.54%	25.59%
LODGENET:	LNET	5.17	(8.01%)	638.57%
NEW FRONTIER:	NOOF	1.94	(3%)	14.12%
OUTDOOR:	OUTD	6.42	(3.46%)	(14.29%)
PLAYBOY:	PLA	4.55	61.35%	110.65%
RHI:	RHIE	0.77	(72.5%)	(90.52%)
SCRIPPS INT:	SNI	40.65	2.63%	84.77%
TIME WARNER:	TWX	31.95	3.03%	217.59%
VALUEVISION:	VVTV	3.56	3.19%	978.79%
VIACOM:	VIA	32.55	3.07%	61.78%
WWE:	WWE	15.49	6.61%	39.80%

Company	Ticker	11/13 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	7.51	37.55%	229.39%
ADC:	ADCT	6.77	3.83%	23.77%
ADVANTAGE:	AEY	2.46	8.15%	37.92%
ALCATEL LUCENT:	ALU	3.80	(0.78%)	76.74%
AMDOCS:	DOX	26.64	(0.15%)	45.65%
AMPHENOL:	APH	42.27	0.81%	76.27%
APPLE:	AAPL	204.45	5.20%	139.54%
ARRIS GROUP:	ARRS	10.81	4.14%	35.97%
AVID TECH:	AVID	12.09	(3.05%)	10.82%
BIGBAND:	BBND	3.70	(4.64%)	(32.97%)
BLNDER TONGUE:	BDR	1.00	(16.67%)	(0.99%)
BROADCOM:	BRCM	28.89	7.48%	70.24%

Company	Ticker	11/13 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	23.71	(0.46%)	45.46%
CLEARWIRE:	CLWR	6.07	(6.62%)	23.12%
COMMSCOPE:	CTV	28.75	3.05%	85.01%
CONCURRENT:	CCUR	3.60	(5.26%)	5.88%
CONVERGYS:	CVG	11.62	3.29%	81.28%
CSG SYSTEMS:	CSGS	16.99	2.29%	(2.75%)
ECHOSTAR:	SATS	20.49	3.07%	37.79%
GOOGLE:	GOOG	572.05	3.80%	85.94%
HARMONIC:	HLIT	5.23	4.18%	(6.77%)
INTEL:	INTC	19.82	4.70%	35.20%
JDSU:	JDSU	7.63	18.11%	109.04%
LEVEL 3:	LVLTL	1.21	(3.2%)	72.86%
MICROSOFT:	MSFT	29.63	3.89%	52.42%
MOTOROLA:	MOT	8.78	(1.24%)	98.19%
OPENTV:	OPTV	1.54	0.00%	25.20%
PHILIPS:	PHG	27.30	3.76%	37.39%
RENTRAK:	RENT	15.64	2.16%	39.64%
SEACHANGE:	SEAC	6.34	(7.98%)	(12.07%)
SONY:	SNE	28.35	(1.8%)	29.63%
SPRINT NEXTEL:	S	3.10	8.77%	69.40%
THOMAS & BETTS:	TNB	37.59	4.80%	56.49%
TIVO:	TIVO	10.96	0.09%	53.07%
TOLLGRADE:	TLGD	6.13	(1.45%)	28.24%
UNIVERSAL ELEC:	UEIC	23.05	0.96%	42.11%
VONAGE:	VG	1.31	2.34%	98.48%
YAHOO:	YHOO	15.93	(0.06%)	30.57%

Company	Ticker	11/13 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	26.25	1.23%	(7.89%)
QWEST:	Q	3.81	5.25%	4.67%
VERIZON:	VZ	30.13	1.93%	(11.12%)

Index	Value	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	DJI	10270.47	2.46%	17.02%
NASDAQ:	IXIC	2167.88	2.62%	37.47%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. PLAYBOY:	4.55	61.35%
2. 3COM:	7.51	37.55%
3. JDSU:	7.63	18.11%
4. HSN:	17.36	15.35%
5. DISH:	21.01	9.71%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. RHI:	0.77	(72.5%)
2. BLNDER TONGUE:	1.00	(16.67%)
3. LIBERTY INT:	10.77	(11.21%)
4. LODGENET:	5.17	(8.01%)
5. SEACHANGE:	6.34	(7.98%)

Deadline: December 4, 2009 • Enter At: www.CableFAX.com/BOW



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.

Deadline: December 4, 2009

Sponsorship Opportunities: Debbie Vodenos at 301-354-1695; dvodenos@accessintel.com
 Entry Questions: Saun Sayamongkhun at 301-354-1610; ssayamongkhun@accessintel.com

MaxFAX...

A Buck a Month a Sub?

The cable bills you send every month just might wander up another \$144/year... if broadcasters get their way.

Proof positive that “retransmission consent” is (a) bad law, (b) disingenuously named, (c) “broadcasting” is a broken business model (kind of like publishing), and (d) an expensive joke. The “average” American TV HH can get 12 channels... 12 times a dollar each a month adds up fast (admittedly, not all broadcasters



Paul S. Maxwell

worth that... but, hey, everyone else exaggerates). The “average” American cable bill is about \$70/month. Imagine, a “modest” 17% jump in cable bills to \$82/month might just be in store.

Think our hard-working albeit mostly hyper-partisan crew of Senators and Representatives might notice? They might even find common ground wanting to—once again—regulate cable. Never mind what telco TV and/or DBS might or might not do. Cable has no competition! (My personal favorite shibboleth).

Even if the buck a month was limited to the (somewhat) higher-value four over-the-air real semi-full-time networks, that’s a 6% increase that would be bolstered by some odd

cents for the remaining nets and not to mention the cost escalation to cover the escalating costs.

So the cable and telco video companies might have some decisions to make. Broadcasters, too. What about satellite, you might ask? Well, they get to charge extra for so-called local-into-local. You don’t.

You should, though. Maybe that “lifeline” bit needs to be revisited as “must carry”? With, say a pass-through cost for all other “tiers”? In the meantime, we’ve got a nice deal on used digital antennas...

Random Notes:

• **Ghost Instruments?** Maybe the buyers will re-name it **Jerrold**? Certainly not **Next Level** anyway. The return of **General Instruments**? Really smart **Motorola** corporate move: jettison the division that by and large works. Or maybe Moto could just split itself up into two or three companies... tax-free stock distribution... let’s hope they talk with *Dr. John Malone* about how to do it first.

• **Attacking Cisco from the Flanks:** Here comes **Hewlett Packard** from the **3Com** enterprise switching side while **Logitech** challenges on the video teleconferencing side. Feeling embattled?

• **Ted Turner @ the Cable Center:** On Dec 9 to (1) do another interview at lunch with me—the first one was at a Western Show luncheon and it made a lot of news—and (2) to do a Maver-

icks lecture for collegians in the neighborhood. Check it out; always a kick to talk with Ted (well, listen actually).

• **DTV Coupons:** Seems about half actually got used. Midwestern states of Iowa, Minnesota and Wisconsin had the highest percentage of redemptions... over 60%. **Wal-Mart** still has a few boxes... but ALL of the coupons have now expired. Someone please send one to the **Cable Center** if you’ve still got one.

• **Broadband Boondoggles:** Yep. Most of the country is actually broadband enabled... and the Federal Confusion Commission has realized that a lot of people don’t get broadband for a variety of other reasons: like money, like they don’t care and like they just don’t get it.

• **“Pirate Radio”:** The new movie about the offshore radio stations that broadcast into the United Kingdom as UK kids discovered rock and roll features an American DJ based on—no kidding—the first American DJ on a pirate ship: **CEA’s Rick Michaels!**

• **BTW:** This is the last edition of Random Notes; next week will be the last MaxFAX column.

Paul Maxwell

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