

CableFAX Daily™

Friday — December 4, 2009

What the Industry Reads First

Volume 20 / No. 232

Life After Comcast-NBCU: Higher Costs? Better Windows? Ax Wounds?

Now that **Comcast** and **NBCU** are officially walking down the aisle, people are wondering what it will mean for them. Various consumer interest groups have spouted objections from the get-go, politicians are promising careful consideration and **ACA** believes the enormous market power is a serious threat to the financial stability of smaller operators. The largest multichannel providers are also evaluating what the jv could bring. "From a standpoint of being a programming negotiator, you have to conjecture about what their position is going to be on price increases for the NBC products, if in fact they can set the precedent by paying for content themselves and setting rate precedents," **Cox** svp, programming *Bob Wilson* told us recently. "On the flip side, a more positive thing is that hopefully they will be a little more aggressive in doing things with content that will benefit the cable platform. One example might be moving up the windows on VOD to day & date with home video." *Brian Roberts* is already talking up the possibility, noting that a principal focus at Comcast has always been to move the DVD and VOD windows closer together, if not to make them simultaneous. "We do think whether it's library content or 1st run content or new content, that On Demand can play a big role in the future of Hollywood," Roberts said on a media call, adding that it was one of the attractive things about the structure. That's "entirely consistent" with how NBCU has been thinking about Universal Pictures, piped up NBCU's *Jeff Zucker*. As for those programming costs and regulatory conditions, ACA pres/CEO *Matt Polka* likened Comcast's proposed concessions to "applying a Band-Aid to an ax wound," saying its unprecedented power would artificially drive up the costs of programming—particularly for its newly acquired local broadcast TV stations and national and regional cable nets airing live sports. Comcast's concessions include increasing local and kids programming and extending the current FCC program access rules to negotiations with MVPDs for retransmission rights to the signals of NBC and Telemundo O&O stations. Under the proposed deal, Comcast would have majority control of the NBC broadcast network, 10 local NBC stations, 16 TV stations owned by **Telemundo**, **Universal** movie studio and NBCU's cable nets (that would be combined with the Comcast cable nets, which include 10 RSNs). Comcast also inherits NBCU's 30% minority stake in **Hulu**. *Richard Ramlall*, **RCN's** svp, strategic external affairs, programming & intl marketing, called Comcast's voluntary concessions "mere window dressing... They do not mitigate the competitive danger of the vastly increased vertical integration that would accrue as a result of a Comcast/NBCU marriage, and they do not


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address the competitive issues raised by the merged company's control over the online video distribution—an increasingly important channel for television distribution,” he said. Roberts told reporters that retrans fees will be part of the broadcast business going forward and “probably a more meaningful part of the business.” He did add that he believes there is an opportunity with Comcast in both programming and distribution to find constructive solutions that allow broadcast to thrive. “We’re still a cable operator who is trying to manage its costs,” Roberts said. “The 2 are going to work well together. They always have. There’s always some tension, but we’re pretty confident that the broadcast business is pretty vibrant and is now getting more and more revenue from retransmission consent.” As for Hulu, Comcast’s *Steve Burke* said it was “very complimentary” to TV Everywhere. Amid the increasing talk of Hulu becoming a subscription service, Burke said it’s not Comcast’s decision to make. NBCU’s Zucker was cagey about the prospect. “Talking about the product roadmap for Hulu is not something we want to publicly talk about. Obviously, there are a number of things that Hulu is looking at and whether or not subscription is something that makes sense is something we’ll look at in the months ahead,” Zucker said.

Comcast-NBCU Reax: Here’s a smattering of the chattering. **FCC chmn Julius Genachowski** (who had the tersest comment of the day): “The FCC will carefully examine the proposed merger and will be thorough, fair, and fact-based in its review.” **FCC commish Michael Copps:** “I am anxious to hear more from the parties to the deal about how they believe the proposed transaction, as presently constructed, advances the public interest. It will come as no news to them that they face a very steep climb with me.” **GE chmn/CEO Jeff Immelt on CNBC’s “Squawk Box”:** “I think what we did today was take the enterprise and make it better. We’re going to take some cash out, we’re going to redeploy it other places, but the enterprise got better today.” **House Commerce chmn Henry Waxman (D-CA):** “I will work with *Rep Rick Boucher* (D-VA0, chmn of the Subcommittee on Communications, Technology, and the Internet, to schedule hearings on this matter at the earliest practicable date.” **Public Knowledge’s Gigi Sohn:** “The sheer size of the transaction makes a net neutrality rule that much more necessary, as more content comes under the control of another giant media company.” **“30 Rock’s” vp, East Coast TV and Microwave Oven programming Jack Donaghy:** “I wonder if Comcast has looked into installing microwave ovens with cable modems.” (OK, we made that last one up...)

On the Street: Comcast shares closed up 6.5% Thurs, while GE was down 0.44%. **Morningstar** said it had believed Comcast would be “far more conservative” in valuing potential acquisitions, noting that the \$30bln value placed on NBCU is about 10x operating income, excluding depreciation and amortization, and a large premium to 8-8.5 multiples placed on similar media companies, like **Disney** and **Viacom**. The firm expects to reduce its fair value estimate for Comcast “modestly.” **Stifel Nicolaus** called Comcast’s balance sheet strong and noted its announcement of a 40% increase in its annual dividend. “We view this as a positive as many investors had likely assumed that returning cash to shareholders would be put on the ‘back burner’ in the near-term,” the firm said in a research note. Everyone’s expecting govt approval, but with significant conditions (**Cfax** will delve more into the regulatory aspect in tomorrow’s issue).

On the Hill: The **House** approved the Satellite Home Viewer Reauthorization Act (the legislation was a collaboration between **Commerce** and **Judiciary**). Under it, **DISH** will carry local signals into all 210 local TV markets (which means it adds them in 28 more) upon certain conditions, including the ability to import distant networks in the markets that do not have a full complement of networks and no additional carriage mandates (that could be troublesome since an amendment in the bill requires accelerated carriage of noncommercial stations’ HD signals, although

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BUSINESS & FINANCE

there's talk DISH may reach a deal on its own with public stations). The ball's now in the **Senate's** court.

At the Portals: The **FCC** wants to know why no device at retail can access all of a multichannel video provider's services across that MVPD's entire footprint. It asked the question in a public notice Thurs on spur-ring development of a retail market for set-tops that will work across all delivery platforms, including cable, DBS and broadband-based video. It's all part of the FCC's development of a National Broadband Plan.

Ratings: Science Channel's "Punkin Chunkin 2009" on Thanksgiving Night set all-time ratings records for the net among total viewers (752K) and HHs (436K). -- The 2nd season premiere of **A&E's** "Hoarders" drew 3.2mln total viewers to notch a net record for an original series season opener.

Programming: "On the Case with Paula Zahn" was renewed for a 2nd season on **Investigation Discovery** this spring. Also, the net uncovered "The Will: Family Secrets Revealed" (Dec 17), a doc pilot exploring legal wrangling over estates.

People: Charter tapped as chmn **Eric Zinterhofer**, who replaces **Paul Allen**, and appointed **Robert Cohn** a board member. -- **Cablevision** upped **Tom Montemagno** to svp, programming acquisition. -- **Discovery Comm** promoted **Mark Hollinger** to pres/CEO Discovery Nets Intl.

CableFAX Daily Stockwatch

Company	12/03 Close	1-Day Ch	Company	12/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.70	(0.91)	AMPHENOL:	44.07	(0.05)
DIRECTV:	31.90	0.34	APPLE:	196.48	0.25
DISH:	20.67	(0.25)	ARRIS GROUP:	10.63	0.05
DISNEY:	30.33	(0.46)	AVID TECH:	11.71	(0.22)
GE:	16.00	(0.07)	BIGBAND:	3.36	(0.09)
NEWS CORP:	13.92	(0.08)	BLNDER TONGUE:	1.04	(0.01)
MSOS					
CABLEVISION:	24.81	0.00	BROADCOM:	30.30	(0.14)
COMCAST:	15.91	0.97	CISCO:	23.83	(0.04)
COMCAST SPCL:	15.24	1.06	CLEARWIRE:	5.95	(0.16)
GCI:	6.14	(0.19)	COMMSCOPE:	25.37	(0.21)
KNOWLOGY:	10.17	(0.12)	CONCURRENT:	3.56	(0.08)
LIBERTY CAPITAL:	22.71	(0.28)	CONVERGYS:	10.93	(0.01)
LIBERTY GLOBAL:	19.87	0.10	CSG SYSTEMS:	18.27	(0.27)
LIBERTY INT:	10.72	(0.16)	ECHOSTAR:	19.49	(0.19)
MEDIACOM:	3.95	0.00	GOOGLE:	585.74	(1.77)
RCN:	8.42	(0.18)	HARMONIC:	5.25	0.04
SHAW COMM:	19.94	0.01	INTEL:	19.87	0.15
TIME WARNER CABLE:	42.46	0.01	JDSU:	7.58	(0.03)
VIRGIN MEDIA:	16.67	0.23	LEVEL 3:	1.36	0.00
WASH POST:	411.33	0.38	MICROSOFT:	29.83	0.05
PROGRAMMING					
CBS:	12.77	(0.25)	MOTOROLA:	8.03	(0.21)
CROWN:	1.45	(0.07)	OPENTV:	1.52	(0.01)
DISCOVERY:	31.58	(0.81)	PHILIPS:	29.00	0.08
GRUPO TELEVISIA:	20.98	(0.02)	RENTRAK:	14.95	(0.01)
HSN:	18.61	0.12	SEACHANGE:	6.00	0.17
INTERACTIVE CORP:	19.00	(0.22)	SONY:	27.98	0.98
LIBERTY:	35.18	(0.4)	SPRINT NEXTEL:	3.67	(0.08)
LIBERTY STARZ:	49.00	(0.08)	THOMAS & BETTS:	37.22	(0.21)
LIONSGATE:	5.59	0.00	TIVO:	9.84	(0.19)
LODGENET:	4.42	(0.09)	TOLLGRADE:	5.90	(0.1)
NEW FRONTIER:	1.89	0.04	UNIVERSAL ELEC:	20.74	(0.39)
OUTDOOR:	5.64	(0.25)	VONAGE:	1.33	0.03
PLAYBOY:	3.76	(0.15)	YAHOO:	15.11	(0.2)
RHI:	0.65	(0.05)	TELCOS		
SCRIPPS INT:	39.04	(0.46)	AT&T:	27.52	0.17
TIME WARNER:	31.11	0.21	QWEST:	3.93	0.00
VALUEVISION:	3.75	0.14	VERIZON:	32.69	0.04
VIACOM:	31.20	(0.55)	MARKET INDICES		
WWE:	15.97	(0.1)	DOW:	10366.15	(86.53)
TECHNOLOGY					
3COM:	7.37	0.01	NASDAQ:	2173.14	(11.89)
ADC:	5.85	(0.15)			
ADVANTAGE:	2.20	0.09			
ALCATEL LUCENT:	3.41	(0.02)			
AMDOCS:	28.20	0.23			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Comcast/NBCU Deal in Numbers


The most important related figure may become **12**: no, not Comcast's celebration of the 12 days of Christmas due to their very expensive "present," but the number of estimated months the deal will be tied up in regulatory forums...**\$10.9bln**: the estimated quarterly rev for Comcast after the deal, based on 3Q data; the total trumps **Disney** (\$8.6bln), exceeds **Intel** (\$9.4bln), and modestly trails **Pepsi** (\$11.1bln)...**19**: the approx number of **NFL** games Comcast gains control of through **NBC**, including 2 post-season contests...**5,112**: the est number of times Comcast chief *Brian Roberts* pinched himself Thurs to determine if he's dreaming...**9**: the imposing cable lineup featuring **CNBC, Bravo, Syfy, USA** in the cleanup spot, **MSNBC, Versus, Oxygen, E!** and **Golf**...**2012**: rights to the '12 Olympic Games in London that will now race under Comcast's colors...**\$37bln**: the approx valuation of NBCU+Comcast's cable stable... **Google**: the apparent tally of parties either opposed to or concerned about the merger...**0.00126%**: the ratio of *Tiger Woods'* current worries to the future woes of programmers, distributors and advertisers that must negotiate with the new media behemoth... **6.5%**: the jump in Comcast shares Thurs following the official deal...**96.2**: the new power rating of Comcast COO *Steve Burke* (based on a 100-point scale), to whom *Jeff Zucker* will report...**128mln**: the est number of news stories written about the deal over the past 2 months...**4**: the number of key media segments in which Comcast is now even more of a major force (film, cable TV, broadcast, Internet)...**0**: the number of letters needed to transform Comcast's favorite adjective, Comcastic, into Bombastic, an apt description of its new positioning... and finally, **99ft**: the potential height increase of the wall surrounding Comcast's myriad businesses, which may make gaining and parsing relevant data quite difficult for news and financial entities. *CH*

Worth a Look: "Men of a Certain Age," premiere, Mon, 10p, **TNT**. Co-creators *Ray Romano* and *Mike Royce* of "Everybody Loves Raymond" seem to be rebelling against standard TV fare of action, intrigue and sex. Instead "Men" is wry, some would say slow-moving, TV. Yet the middle-age tale about 3 buddies stars an aging Romano, the excellent *Andre Braugher* and *Scott Bakula*. Joe (Romano) is a separated dad; Bakula's Terry is a single lady magnet. Car salesman Owen (Braugher) battles weight, diabetes and a nasty boss/father. Fortunately, subsequent eps include more conflict, and 1 ep (premiere TBD), in which Joe has a blind date, is excellent. -- "Burn Up," Sun & Mon 9p ET, **Planet Green**. This 2-part eco-friendly political thriller deftly combines carbon footprints, international diplomacy and intrigue. And thanks to the globally warm *Neve Campbell*, there's sex, too. -- "Shatner's Raw Nerve," season II debut, Sun, 10p ET/11p PT, **Bio**. *William Shatner* begins season II with talkers *Rush Limbaugh* and *Regis Philbin* (10:30p). He challenges Limbaugh on politics, but 40-year friend Philbin nearly has a monologue. *SA*

Notable: **Ovation TV** stages its 3rd annual "Battle of the Nutcrackers" (Mon, 8p), with the winning version of the ballet revealed on Christmas Eve, followed by a Nutcracker marathon on Dec 25. *SA*

Basic Cable Rankings (11/23/09-11/29/09) Mon-Sun Prime			
1	ESPN	2.6	2577
2	USA	2.1	2122
3	DSNY	1.9	1876
4	NAN	1.5	1449
5	TBSC	1.3	1303
5	FOXN	1.3	1298
5	TNT	1.3	1279
5	A&E	1.3	1265
5	HALL	1.3	1162
10	FAM	1.1	1089
11	FX	1	983
11	TOON	1	970
11	NFLN	1	547
14	ESP2	0.9	927
14	TLC	0.9	906
14	DISC	0.9	898
14	SYFY	0.9	883
14	HGTV	0.9	868
14	LIFE	0.9	854
14	BET	0.9	810
14	TRU	0.9	790
22	HIST	0.8	811
22	FOOD	0.8	799
22	AMC	0.8	771
22	SPK	0.8	751
26	CMDY	0.7	670
26	NGC	0.7	469
28	NKJR	0.6	453
28	LMN	0.6	435
30	TVLD	0.5	509
30	VH1	0.5	503
30	CNN	0.5	499
30	BRAV	0.5	488
30	MSNB	0.5	454
30	MTV	0.5	451
30	WGNA	0.5	346
37	EN	0.4	415
37	APL	0.4	396
37	OXYG	0.4	322
37	GSN	0.4	257
37	ID	0.4	222
42	HLN	0.3	344
42	TRAV	0.3	329
42	CMT	0.3	285
42	DXD	0.3	217
42	SOAP	0.3	203

*Nielsen data supplied by ABC/Disney



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