

CableFAX Daily™

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What the Industry Reads First

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Hail the Chief: Outgoing NCTA Head Talks About Past, Present & Future

With Kyle McSillarow announcing his plans to leave NCTA as pres/CEO in the spring, we snagged him to talk about his spring departure and, of course, this week's net neutrality proposal at the FCC. **What swung the pendulum on net neutrality from Title II in May?** I don't want to speak for [FCC] chmn Genachowski, but I think he was surprised by the reaction. He sincerely believed he had outlined an approach, which he called the 3rd Way, that was designed to be a minimally obtrusive regulatory regime. I think he was surprised that people did not doubt that, but they doubted the ability of this Commission or some future Commission to foreclose all the other things you can do under Title II. I think the combination of the market reaction, industry reaction, and political reaction on a bipartisan basis made him really seriously think through all this. I think some real credit should go to the chairman because he's making a decision that's not likely to please everyone. But he took the time to really listen and try to figure out what the best path is. **You came into this job not a cable guy, and now it sounds like you want to stay a cable guy. What happened?** It'll sound a little bit saccharine, but I really fell in love with the industry. Even before I actually arrived at NCTA, I had been grabbing every book I could get and reading about the industry and the origins. It was particularly the origins that captured my attention, in terms of the sheer entrepreneurial chutzpah involved in all these systems around the country, followed by another round of the same kind of entrepreneurial spirit with the launch of the networks side... As I've gone through this job and gotten to know people, on top of the culture of entrepreneurship is real collegiality and a belief that we're really doing something important for our customers. **Your shingle is out there now. Have you started formally talking to companies?** People have been calling. I had some sense of a group of companies over the last couple years who had in some sense expressed an interest when the time came. I'm setting up meetings, and interestingly enough, some folks I wasn't even thinking about have called to express an interest in sitting down. **What happens to NCTA after the Comcast-NBCU deal goes through—does it change the dynamics of the organization?** Periodically, I think there's a natural conversation about what the future of NCTA is. There is no doubt that there are tensions [between programmers and operators], but I still believe that there is vastly more that unites us as an industry. I think the interesting thing about Comcast and NBCU merging is that they are still going to be 80% a cable operator business... It's just a microcosm of the larger point, which is that it's a

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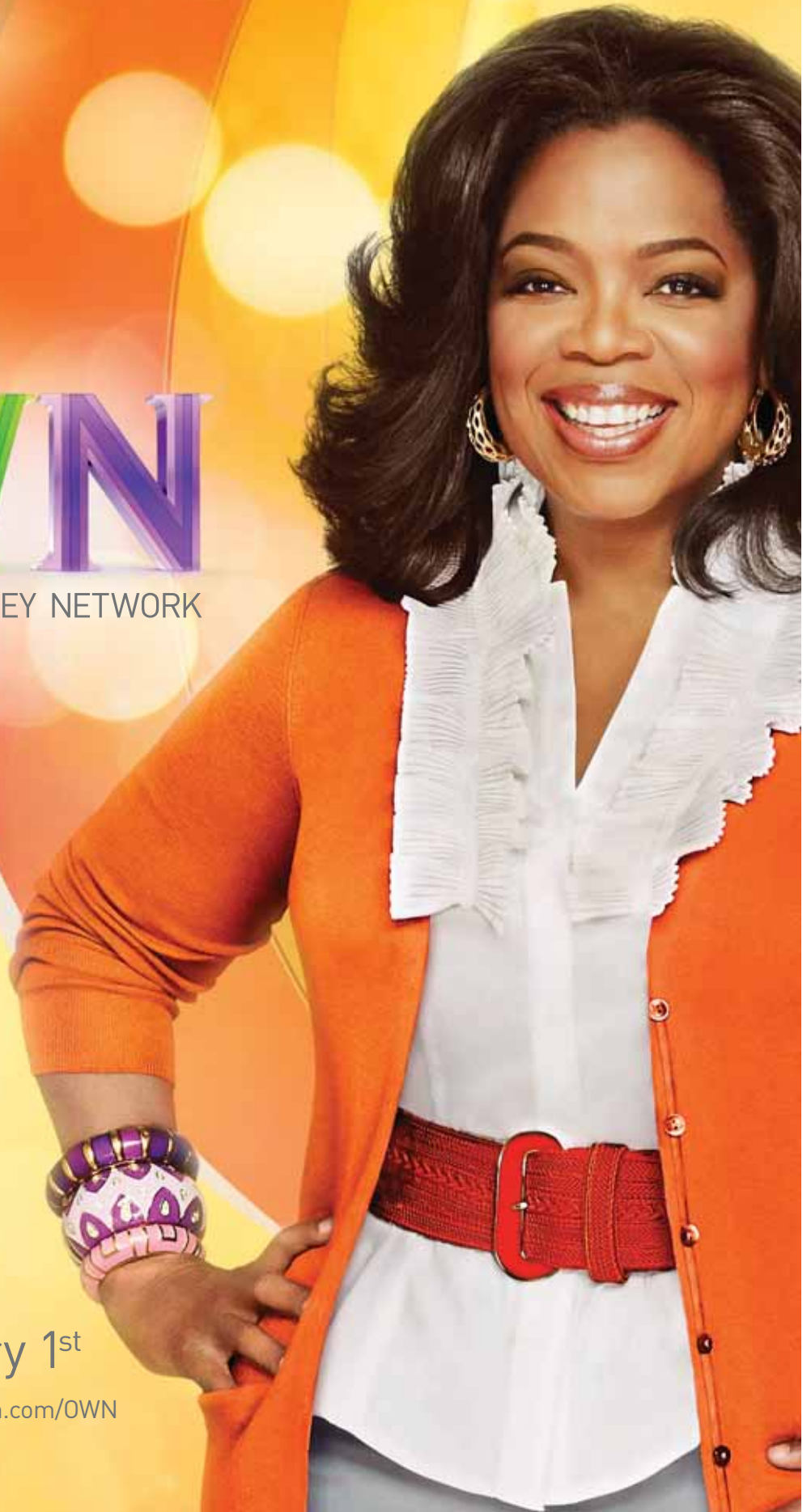
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board and association of often varying interests and perspectives, some conflicts, but an awful lot that unites us. **What are you most proud of from your tenure?** This is a team sport. I think the fact we've all been focused on how to stay united in the face of often pretty challenging circumstances. **Biggest disappointment?** I could never really figure out a way to make it better when [FCC] chmn [Kevin] Martin was in office... I often thought about whether there was something else I should be doing because I felt badly. I felt bad the industry had to go through that.

Hallmark Shake-Up: After about 6 months on the job, **Hallmark Channels** evp, distribution *Joan Gundlach* has left. Gundlach, who had been a longtime exec at **AETN** before joining Hallmark, had replaced *Janice Arouh*, who left in April to join **Entertainment Studios Networks**. No other details were available on Gundlach's departure, but vp, affiliates sales & mktg *Laura Lee* will be interim head of distribution until a permanent replacement is named. Hallmark and **Hallmark Movies** lost carriage on **AT&T U-Verse** Sept 1, with the nets still dark. Hallmark is also out of contract with **NCTC**, but members of the co-op continue to carry the nets as the 2 work out a new contract (they're close, we're told). In 3Q, sub fee revenue decreased 13% to \$14mln due to the lack of agreements with AT&T and NCTC. In Oct, Hallmark bid adieu to *Laura Sillars*, who joined the net from **HGTV** in June to oversee its new daytime, lifestyle programming block. Hallmark Channels CEO *Bill Abbott* described Sillars' departure as mutual.

Deals: Not surprisingly, **Comcast** and **NBCU** extended their proposed \$30bln JV agreement by 3 months to Mar 3. The original deal was to have expired Fri. It's possible it could be approved by year-end, but early next year seems more likely.

Carriage: Suddenlink added a message to its Website this week alerting customers of ongoing carriage discussions with **Viacom** and a Dec 31 deadline for a deal covering the programmer's complete slate of cable nets. "In the unusual event" that some or all of the nets go dark, read the message, "we pledge to reduce customer prices by the cost of the affected channels for whatever length of time they are unavailable." Suddenlink spokesman *Pete Abel* said "currently, the negotiations are mutually respectful." Viacom's enjoying a ratings resurgence in '10 led by **MTV** and **TV Land**.

Wiggle Room: Clearwire shares regained some of the value they shed Thurs after CFO *Erik Prusch* added color to the company's offering of debt securities in private placement transactions at a **JP Morgan** conference Fri. Total funding could hit more than \$2bln over the next few days, receipt of which "definitely relieves one of the pressure points [we've been feeling], which is liquidity in the short term," said Prusch. CLWR's looking to raise additional cash for network expansion, and negotiations are ongoing for potential spectrum sales. The cash crunch forced the delays of a compatible smartphone rollout and retail launches in Denver and Miami, but Prusch noted "explosive growth" in wholesale and said the smartphone initiative could get back on track pretty quickly if greenlit. The company expects to count approx 4mln customers by Dec 31, and Prusch believes it enjoys "a halo" vis a vis competitive offers such as **Verizon's** LTE network by virtue of its lower price and unlimited usage allowance. **Comcast** and **Time Warner Cable** are experiencing improvement in their Clear-based mobile broadband offerings, he said, adding that "I think they're happy with what they are seeing."

Nov Ratings: Led by MNF—4 games paced all cable in prime delivery for the month—**ESPN** crushed the competition with a 2.8/2.84mln. **USA** took 2nd (4.2/4.24mln), followed by **Disney's** 1.9/1.87mln and **Fox News'** 1.7/1.68mln. **TNT**, **TBS** and **Nick at Nite** tied for 5th (1.3 HH ratings). Among all nets in prime total viewership, **Investigation Discovery** (+84%), **mun2** (+73%) and **Galavision** (+70%) led in YOY growth. [Go to CableFAXDaily.com for more sub-exclusive info].

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CableFAX Week in Review

Company	Ticker	12/03 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

DIRECTV:	DTV	40.62	(2.92%)	21.80%
DISH:	DISH	18.58	(2.26%)	(10.54%)
DISNEY:	DIS	37.59	1.95%	16.56%
GE:	GE	16.78	5.27%	10.91%
NEWS CORP:	NWS	16.14	2.54%	1.38%

MSOS

CABLEVISION:	CVC	32.60	3.66%	26.26%
CHARTER:	CHTR	35.07	0.23%	0.00%
COMCAST:	CMCSA	20.71	1.62%	22.84%
COMCAST SPCL:	CMCSK	19.59	1.82%	22.36%
GCI:	GNCMA	11.72	5.30%	83.70%
KNOLGY:	KNOL	15.61	5.83%	42.95%
LIBERTY CAPITAL:	LCAPA	59.06	0.82%	147.32%
LIBERTY GLOBAL:	LBTYA	35.46	(4.5%)	61.99%
LIBERTY INT:	LINTA	15.95	1.85%	47.14%
MEDIACOM:	MCCC	8.50	0.35%	90.16%
SHAW COMM:	SJR	20.56	1.73%	(0.05%)
TIME WARNER CABLE:	TWC	66.08	6.53%	59.65%
VIRGIN MEDIA:	VMED	26.52	3.52%	57.59%
WASH POST:	WPO	388.11	1.02%	(11.71%)

PROGRAMMING

CBS:	CBS	17.53	6.57%	24.77%
CROWN:	CRWN	2.69	(5.28%)	85.52%
DISCOVERY:	DISCA	42.92	1.97%	39.94%
GRUPO TELEVISIA:	TV	24.39	3.88%	17.49%
HSN:	HSNI	29.96	6.09%	48.39%
INTERACTIVE CORP:	IACI	30.23	7.39%	47.61%
LIBERTY:	L	38.13	0.32%	4.90%
LIBERTY STARZ:	LSTZA	64.91	4.58%	40.65%
LIONSGATE:	LGF	7.36	(1.21%)	26.68%
LODGENET:	LNET	3.51	13.23%	(36.53%)
NEW FRONTIER:	NOOF	1.82	(5.7%)	(3.7%)
OUTDOOR:	OUTD	6.94	12.30%	19.66%
PLAYBOY:	PLA	4.88	(2.79%)	52.50%
SCRIPPS INT:	SNI	52.14	(1.19%)	25.64%
TIME WARNER:	TWX	30.64	0.89%	5.15%
VALUEVISION:	VVTV	3.60	7.14%	(25%)
VIACOM:	VIA	46.15	4.58%	46.51%
WWE:	WWE	14.00	(0.21%)	(8.68%)

TECHNOLOGY

ADC:	ADCT	12.74	0.31%	105.15%
ADVANTAGE:	AEY	3.41	2.40%	73.10%
ALCATEL LUCENT:	ALU	2.95	0.68%	(11.14%)
AMDOS:	DOX	26.90	2.24%	(5.71%)
AMPHENOL:	APH	52.93	3.64%	14.62%
AOL:	AOL	25.18	0.88%	8.16%
APPLE:	AAPL	317.44	0.84%	50.64%
ARRIS GROUP:	ARRS	10.48	0.19%	(8.31%)
AVID TECH:	AVID	16.70	3.79%	30.88%
BIGBAND:	BBND	2.90	(3.65%)	(15.7%)
BLNDR TONGUE:	BDR	2.15	7.50%	88.60%
BROADCOM:	BRCM	45.76	1.15%	45.41%
CISCO:	CSCO	19.07	(2%)	(20.34%)
CLEARWIRE:	CLWR	6.03	(12.74%)	(10.8%)

Company	Ticker	12/03 Close	1-Week % Chg	YTD %Chg
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COMMSCOPE:	CTV	31.69	(0.31%)	19.45%
CONCURRENT:	CCUR	4.68	(8.06%)	18.18%
CONVERGYS:	CVG	13.45	3.78%	25.12%
CSG SYSTEMS:	CSGS	18.76	(2.44%)	(1.73%)
ECHOSTAR:	SATS	20.50	(0.68%)	1.79%
GOOGLE:	GOOG	573.00	(3.69%)	(7.58%)
HARMONIC:	HLIT	6.90	1.62%	9.18%
INTEL:	INTC	21.69	1.40%	6.32%
JDSU:	JDSU	12.73	4.34%	54.30%
LEVEL 3:	LVLTL	0.98	(2.07%)	(35.99%)
MICROSOFT:	MSFT	27.02	6.50%	(11.35%)
MOTOROLA:	MOT	8.24	3.91%	6.19%
RENTRAK:	RENT	27.06	0.86%	53.14%
SEACHANGE:	SEAC	8.31	(2.24%)	26.68%
SONY:	SNE	36.32	3.77%	25.24%
SPRINT NEXTEL:	S	3.92	(1.26%)	7.10%
THOMAS & BETTS:	TNB	49.70	9.79%	38.87%
TIVO:	TIVO	8.62	1.50%	(15.35%)
TOLLGRADE:	TLGD	8.80	3.77%	44.03%
UNIVERSAL ELEC:	UEIC	28.36	(0.42%)	22.14%
VONAGE:	VG	2.35	(6.37%)	67.86%
YAHOO:	YHOO	16.35	(0.37%)	(2.57%)

TELCOS

AT&T:	T	28.49	1.24%	1.64%
QWEST:	Q	7.12	3.34%	69.12%
VERIZON:	VZ	32.90	1.70%	(0.69%)

MARKET INDICES

DOW:	DJI	11382.09	1.74%	9.15%
NASDAQ:	IXIC	2591.46	1.90%	14.20%
S&P 500:	GSPC	1224.71	2.20%	6.99%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LODGENET:	3.51	13.23%
2. OUTDOOR:	6.94	12.30%
3. THOMAS & BETTS:	49.70	9.79%
4. BLNDR TONGUE:	2.15	7.50%
5. INTERACTIVE CORP:	30.23	7.39%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CLEARWIRE:	6.03	(12.74%)
2. CONCURRENT:	4.68	(8.06%)
3. VONAGE:	2.35	(6.37%)
4. NEW FRONTIER:	1.82	(5.7%)
5. CROWN:	2.69	(5.28%)

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