

# CableFAX Daily™

Monday — December 7, 2009

What the Industry Reads First

Volume 20 / No. 233

## Day 2: Comcast's Cohen Makes DC Rounds on Comcast-NBCU

When asked how many Hill hearings he expects on **Comcast** and **NBCU's** proposed JV, Comcast evp *David Cohen* quipped that it reminds him of an old joke: "How many college students can we fit into a Volkswagen Beetle?" With the mega-deal representing the 1st big acquisition for the new **FCC** and the administration, execs from the companies know there will be intense scrutiny. But Cohen said they embrace it. "We welcome the regulatory scrutiny and congressional hearings because that gives us the opportunity to make our case. We think it is a very compelling case as to the pro-competitive and pro-public interest benefits of this particular transaction. And when we make this case, we think the deal is a clearly and relatively easily approvable transaction," he said during a powwow with reporters at Comcast's DC office Fri. Also present at the meeting was NBCU gen counsel *Rick Cotton*. **GE** and Comcast have 12-18 months to close the deal, Cohen said, explaining that there is a 12-month time limit, but either side can extend it by 3 months twice without consent from the other. Cohen addressed a few of the policy questions—such as whether the MSO would withdraw from a lawsuit with **Cablevision** challenging the FCC's extension of program access rules given that it has volunteered to extend the rules to broadcast. The answer is no. If the Court upholds the rules as expected, he declined to get into whether Comcast would petition for them to sunset in '12, saying that's a long way off. But he said he believes a legitimate debate stems from whether the competitive state of the marketplace today justifies program access rules, which prevent distributors from withholding satellite-delivered programming from competitors. "There is a much lower percentage of video content owned or controlled by cable distributors even after this transaction than at the time the rules were approved," Cohen said. One big question is whether approval of the deal might be contingent on Comcast losing the terrestrial loophole exemption for RSN **Comcast Sports Net Philly**. Cohen knows the issue will come up but doesn't believe it relates to the transaction. "When **NFL** and **DirectTV** are prepared to make Sunday Ticket available to the cable industry on a non-discriminatory basis, we're prepared to give up the terrestrial exemption," he said. **ACA** has been vocal in its concerns about the potential impact on smaller operators. It isn't offering up any proposals for conditions yet but urges arbitration rights when there's a dispute, according to pres/CEO *Matt Polka*. "It would be very safe to say we'll be starting where we left off with **DirectTV-News Corp** conditions, which provided for arbitration rights in the regional sports networks and retransmis-

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sion consent area and also included specific outright retransmission relief for small systems," he said. That retrans relief was for systems with fewer than 5K subs, with Polka suggesting the sub count should be a lot bigger for Comcast-NBCU given its larger distributor size compared to DirecTV and its amount of programming relative to News Corp.

**Wow Factor:** **Mediacom** is set to provide the fastest broadband speeds in North America (up to 105Mbps) through launches of its **Ultra 105** service later this month in Waterloo, IA, and Dagsboro, DE. **Cablevision** currently offers speeds of up to 101Mbps and **Shaw** offers up to 100Mbps in Canada. "It's the Ferrari of broadband," said vp legal affairs **Tom Larsen** of Ultra 105, adding that the MSO's intent is "to create a wow factor" and show the country that such advanced services can be obtained in smaller markets. 12-month introductory pricing will run \$150/month in the 2 markets, with the DE locale chosen, said Larsen, because of its proximity to DC lawmakers. Larsen sees great opportunity for Ultra 105 in the SMB market, which will gain access to the service within 6 months. Mediacom will also bow a new 50Mbps service in Waterloo and Dagsboro, as well as in 8 additional markets by the end of the year.

**At the Portals:** **NCTA** applauded the **FCC's** request Thurs for comments on encouraging innovation in video devices (*Cfax*, 12/4) and asked the full Commission to open a broader Notice of Inquiry on how it can achieve a robust retail environment for devices that will work with all providers—cable, DBS or telco. In a letter to FCC staffers, NCTA's **Kyle McS-larrow** said that even if a retail market had developed previously, it would be based on a video landscape that no longer exists given changes that now see DBS companies and 2 phone companies as top 10 video programming distributors. An NOI to develop "fresh approaches" is ripe, he wrote. -- On Tues, the **FCC** will hold its 1st public workshop as part of its NPRM on an open Internet. It will address basic technical issues. A workshop on speech, democratic engagement, and the open Internet is set for Dec 15. There will be 2 Jan workshops on innovation & investment and consumers & transparency. Dates, locations and topics for additional spring workshops will be announced early next year.

**Competition:** **Verizon** expanded the availability of FiOS services to include more homes in Pittsburgh, where nearly 70K HHs are now eligible to receive them.

**In the States:** Featuring daily sign-up deals all this month, **Charter** offered a special Fri featuring triple-play bundles starting at \$70/month for 12 months and a free \$150 gift card for special online orders. -- **IFC Films** will release "Falling Awake" theatrically late next month, and **Spanish Broadcasting System** agreed to support the release with a multi-million dollar program of advertising and promotion throughout its nationwide network of TV, radio and Internet outlets.

**Measurement:** **Arbitron**, **comScore** and **Omniture** are collaborating to provide **NBC Sports** with cross-platform audience measurement data for the '10 Vancouver Olympics. Arbitron will also establish for related data a consumer research panel of adults 18+ who use broadband Internet access at home.

**Wall St on NBCU/Comcast:** Additional reaction and assessment Fri, including from **UBS**, which ups its rating on **Comcast** shares to 'buy' from 'neutral,' believing the deal will be accretive to both EPS and FCF. The MSO's shares were also upgraded by **Raymond James**, which said the deal's timing was right given depressed valuations, **Oppenheimer** based on Comcast's high FCF yield, and **Standard & Poor's**, which likes the deal's potential risk-mitigating structure. **Credit Suisse** dissented and cut Comcast's rating, citing limited synergies from vertical integration.

**Nov Ratings:** Before we get to last month's ratings, it must be noted that **ESPN's** most recent **MINF** telecast featuring the Patriots and undefeated Saints delivered 21.4mln total viewers and 14.87mln homes to become the 2nd most-watched cable telecast in history. The record, of course, was set by MINF on Oct 5, so it's unsurprising that the franchise propelled ESPN (2.4/2.40mln) to the cable prime apex in Nov. But the winning margin was a surprise, as **USA** (2.4/2.38mln) officially tied ESPN in HH rating yet lagged slightly behind in HHs. ESPN averaged a mere 40K more total viewers in prime than did USA. The sports giant's 5 NFL telecasts last month averaged a 9.26/9.15mln and headed the telecast list, and were followed by a pair of **NFL Net** games that averaged a 5.85/3.1mln. Oh, the power of football! USA's highest-ranking telecast was an ep of "White Collar" that notched 10th with a 4.4/4.32mln. **Disney Channel** (1.8/1.82mln) was 3rd among nets, followed by **Fox News** (1.7/1.69mln) in 4th and **Nick at Nite** (1.4/1.42mln) and **TNT** (1.4/1.41mln) in a 5th-place tie.

**Business/Finance:** **Cisco** said it has won control of more than 90% of **Tandberg** after weeks of negotiations with Tandberg shareholders. The merger will create a videoconferencing equipment powerhouse. -- **Motorola Ventures** has invested in **Sensitive Object**, a provider of multi-touch anywhere platforms and natural user interface for various devices.

**CableFAX Week in Review**

Company	Ticker	12/04 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
BRITISH SKY:	BSY	35.77	(1.54%)	25.95%
DIRECTV:	DTV	32.66	2.41%	42.56%
DISH:	DISH	21.20	0.38%	91.16%
DISNEY:	DIS	30.84	0.75%	35.92%
GE:	GE	16.20	0.12%	0.00%
NEWS CORP:	NWS	14.29	0.56%	49.16%

Company	Ticker	12/04 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	24.95	(2.39%)	48.16%
COMCAST:	CMCSA	16.13	7.03%	(4.44%)
COMCAST SPCL:	CMCSK	15.30	7.37%	(5.26%)
GCI:	GNCMA	6.41	3.22%	(20.77%)
KNOLGY:	KNOL	10.01	0.70%	93.99%
LIBERTY CAPITAL:	LCAPA	23.07	2.08%	389.81%
LIBERTY GLOBAL:	LBTYA	20.53	1.78%	28.96%
LIBERTY INT:	LINTA	10.77	2.77%	245.19%
MEDIACOM:	MCCC	4.43	8.31%	3.02%
RCN:	RCNI	9.10	1.00%	54.24%
SHAW COMM:	SJR	20.11	4.14%	13.74%
TIME WARNER CABLE:	TWC	42.74	(1.72%)	99.25%
VIRGIN MEDIA:	VMED	16.73	0.60%	235.27%
WASH POST:	WPO	411.75	(1.44%)	5.51%

Company	Ticker	12/04 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	13.46	(0.66%)	64.35%
CROWN:	CRWN	1.45	(3.97%)	(49.12%)
DISCOVERY:	DISCA	31.38	(1.48%)	121.61%
GRUPO TELEVISIA:	TV	21.35	3.14%	42.90%
HSN:	HSNI	19.16	4.07%	163.55%
INTERACTIVE CORP:	IACI	19.07	(3.39%)	21.23%
LIBERTY:	L	35.45	(1.53%)	25.49%
LIBERTY STARZ:	LSTZA	48.90	(2.16%)	4.71%
LIONSGATE:	LGF	6.01	20.44%	9.27%
LODGENET:	LNET	5.37	7.40%	667.14%
NEW FRONTIER:	NOOF	1.89	5.00%	11.18%
OUTDOOR:	OUTD	5.82	1.04%	(22.3%)
PLAYBOY:	PLA	3.84	(2.54%)	77.78%
RHI:	RHIE	0.65	3.33%	(91.98%)
SCRIPPS INT:	SNI	39.68	(2.22%)	80.36%
TIME WARNER:	TWX	31.42	0.32%	122.33%
VALUEVISION:	VVTV	3.79	12.13%	1048.48%
VIACOM:	VIA	31.49	(1.62%)	56.51%
WWE:	WWE	16.39	3.21%	47.92%

Company	Ticker	12/04 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
3COM:	COMS	7.41	0.00%	225.00%
ADC:	ADCT	6.24	2.63%	14.08%
ADVANTAGE:	AEY	2.20	0.00%	23.60%
ALCATEL LUCENT:	ALU	3.43	(0.87%)	59.53%
AMDOCS:	DOX	28.22	4.13%	54.29%
AMPHENOL:	APH	44.49	4.66%	85.53%
APPLE:	AAPL	193.32	(5.32%)	126.50%
ARRIS GROUP:	ARRS	10.90	7.39%	37.11%
AVID TECH:	AVID	12.04	0.58%	10.36%
BIGBAND:	BBND	3.43	(5.77%)	(37.86%)
BLNDER TONGUE:	BDR	1.04	2.97%	2.97%
BROADCOM:	BRCM	30.77	4.09%	81.32%

Company	Ticker	12/04 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	24.16	1.77%	48.22%
CLEARWIRE:	CLWR	5.95	4.75%	20.69%
COMMSCOPE:	CTV	26.00	(4.59%)	67.31%
CONCURRENT:	CCUR	3.68	6.98%	8.24%
CONVERGYS:	CVG	11.15	(2.96%)	73.95%
CSG SYSTEMS:	CSGS	18.62	10.70%	6.58%
ECHOSTAR:	SATS	19.57	(2.35%)	31.61%
GOOGLE:	GOOG	585.01	(0.12%)	90.15%
HARMONIC:	HLIT	5.55	5.71%	(1.07%)
INTEL:	INTC	20.46	5.79%	39.56%
JDSU:	JDSU	7.87	2.08%	115.62%
LEVEL 3:	LVL	1.40	13.82%	100.00%
MICROSOFT:	MSFT	29.98	0.64%	54.22%
MOTOROLA:	MOT	8.18	(1.21%)	84.65%
OPENTV:	OPTV	1.54	0.65%	25.20%
PHILIPS:	PHG	29.32	3.02%	47.56%
RENTRAK:	RENT	15.30	1.86%	36.61%
SEACHANGE:	SEAC	5.98	6.03%	(17.06%)
SONY:	SNE	28.52	3.86%	30.41%
SPRINT NEXTEL:	S	3.69	(3.91%)	101.64%
THOMAS & BETTS:	TNB	38.07	2.84%	58.49%
TIVO:	TIVO	10.06	(1.57%)	40.50%
TOLLGRADE:	TLGD	5.75	(4.33%)	20.29%
UNIVERSAL ELEC:	UEIC	21.28	(4.4%)	31.20%
VONAGE:	VG	1.31	1.55%	98.48%
YAHOO:	YHOO	15.19	(0.72%)	24.51%

Company	Ticker	12/04 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	27.60	1.92%	(3.16%)
QWEST:	Q	3.91	0.00%	7.42%
VERIZON:	VZ	32.70	2.09%	(3.54%)

Index	Value	% Chg
<b>MARKET INDICES</b>		
DOW:	DJI	10388.90 (0.72%)
NASDAQ:	IXIC	2194.35 (0.84%)

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. LIONSGATE:	6.01	20.44%
2. LEVEL 3:	1.40	13.82%
3. VALUEVISION:	3.79	12.13%
4. CSG SYSTEMS:	18.62	10.70%
5. MEDIACOM:	4.43	8.31%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. BIGBAND:	3.43	(5.77%)
2. APPLE:	193.32	(5.32%)
3. COMMSCOPE:	26.00	(4.59%)
4. UNIVERSAL ELEC:	21.28	(4.4%)
5. TOLLGRADE:	5.75	(4.33%)

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**Dec. 11, 2009**  
Awards Breakfast

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