

CableFAX Daily™

Monday — October 19, 2009

What the Industry Reads First

Volume 20 / No. 200

NBC Who and Why? Questions Remain After Busy Day

A day filled with GE's 3Q earnings call and investor meetings at both **Liberty Media** and **News Corp** yielded little concrete news on the status of **Comcast's** negotiations to gain a controlling interest in **NBCU**—although it did confirm GE's curious intentions to shed or scale down portions of its cable-related properties while maintaining that no deals are necessary to improve its financial positioning. GE chmn/CEO *Jeff Immelt* said the company has ample cash and is "in great shape overall," and that "NBCU is a great franchise that has consistently delivered income growth and cash pre-recession...so it's been a solid performer." Immelt never mentioned Comcast by name, downplayed any potential NBCU plans as merely a cyclical endeavor, and said "in many ways we plan to operate NBCU over the long term, or partner if that accelerates growth of the franchise." Perhaps the company believes the broadcast and/or the films/parks businesses have become too much of a drag on the overall unit, whose operating profit is down 27% for the year. In 3Q, NBCU reported a 20% drop in rev yet a 13% increase in operating profit, and CFO *Keith Sherin* said rev was basically flat when you remove last year's Olympic Games from the equation. Not surprisingly, cable again led the way in 3Q, delivering 8% rev growth and 11% profit growth. **USA** achieved "strong revenue and profit growth," said Sherin, while profit growth at **Syfy** (+30%), **CNBC** (+9%) and **Bravo** (+4%) was also noted. For those keeping score, 2Q operating profit was up at **USA** (13%), **Oxygen** (12%), **MSNBC** (8%) and **CNBC** (7%), and 1Q results showed operating profit at **Bravo** (+41%), **USA** (+15%), **Oxygen** (+100%), **MSNBC** (+28%) and **CNBC** (+20%). The current scatter market is up at least 20% in cable, said Sherin, and double-digits in broadcast prime. During the merger earlier this year of **AETN** and **Lifetime** (*Cfax*, 8/28), GE sold "a little more than a third of our ownership stake in A&E" for pre-tax proceeds of \$550mln, said Sherin, essentially coming away with less of a stake in the merged entity that it held in AETN alone. **Hearst** and **Disney** control the remaining interest. Back to Comcast/NBCU, reports Fri said **Liberty Media's** *John Malone*, prior to the company's shareholder meeting, noted that GE has instructed financial advisor **Goldman Sachs** to listen to reaction from other parties about the NBCU/Comcast negotiations. During the meeting, Malone said Comcast's approach has been smartly managed and that he would consider a play for NBCU too. Ditto for **News Corp's** *Rupert Murdoch*, who confirmed during the company's shareholder meeting that the company is "looking at opportunities there [at NBCU]" but declined to elaborate. Germane stock performances Fri: GE (-4.2%), Comcast (flat), Liberty Media (-3%) and News Corp (-1.8%).

Wild Thing: With **Fox Reality Channel** set to morph into new channel **Nat Geo Wild** around Mar 31, execs will be working over the next few months at getting distributors to sign off on the channel change. "We're confident that operators will embrace this channel. It's family friendly...We have the highest score for quality of any cable network and most recently got the highest Equitrends score of any media brand. I think Nat Geo Wild just further embraces that quality designation," said **National Geographic Channel** evp, gm *Steve Schiffman*, who will manage Nat Geo Wild. With natural history and wildlife programming scoring well with upscale demos, the net should be an opportunity for operators to boost local

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ad sales, he said. Plus, the channel will launch in HD and SD as a linear channel and on VOD. Initial conversations with distributors have already begun, Schiffman said. If Nat Geo Wild can keep all of Fox Reality's distribution, it will launch in nearly 50mln homes. The net will be the 1st channel in the portfolio to move from overseas to the US, with distribution in 50 countries, including France, Germany and Australia. It will be programmed globally by a single exec—*Geoff Daniels*, svp, dev and production for National Geographic Channels Intl. "One of the things we have learned is that natural history, wildlife programming really has very few borders and it's the type of content that travels very well globally," Schiffman said. There will be no programming overlap between flagship National Geographic Channel and Nat Geo Wild, although Nat Geo will continue to air some wildlife programming, he said. Premiere shows for Nat Geo Wild include "Africa's Lost Eden," which captures the largest relocation effort ever attempted of hundreds of zebra, wildebeest, impala, buffalo and hippos.

Retrans: News Corp broadcast stations will seek retrans dollars from cable ops going forward by asking MSOs to pay a "small portion" of the profits earned through airing those stations, said chief *Rupert Murdoch*. "We're determined to take a leadership position" in building that template, he said.

Charter Reorg: Charter said the NY Bankruptcy Court overseeing its reorg plan indicated Thurs that it will approve that plan and issue a confirmation order within the next several weeks. The MSO expects to emerge from bankruptcy shortly thereafter. "The Court's bench ruling today is a major milestone, having found in favor of Charter on all significant issues," said pres/CEO *Neil Smit*, who due to a Value Creation Plan ratified by Charter in Mar stands to receive \$6mln following the MSO's emergence from bankruptcy proceedings. _

On the Hill: Now the Dems are questioning proposed net neutrality rules. 72 Dems, including Reps *Gregory Meeks* (D-NY) and *Charlie Gonzalez* (D-TX), sent a letter Fri to **FCC** chmn *Julius Genachowski* urging the Commission to "consider the full range of potential consequences that government action may have on network investment." Several Republicans have already voiced concern over potential rules. "In light of the growth and innovation in new applications that the current regime has enabled, as compared to the limited evidence demonstrating any tangible harm, we would urge you to avoid any tentative conclusions which favor govt regulation," the Dems wrote. Net neutrality supporter **Public Knowledge** shot back with a statement of its own Fri: "It's a pity that 72 members of the Blue Dog Caucus and the Congressional Black Caucus are deserting one of the fundamental planks of President *Obama's* platform—a free, open and nondiscriminatory Internet." Thurs FCC open meeting on the issue should be interesting. Meanwhile, a House Communications subcmte hearing on "Video Competition in a Digital Age" is set to convene at the same time, 10am.

In the States: After completing network congestion management trials in KA and AK, **Cox** has said it has no plans at this time to further deploy the method. "We're conducting our final engineering analysis of the data gathered during the trial period," the MSO said. It plans to submit findings to the **FCC**, which is considering net neutrality rules. During the trials, Cox prioritized some residential Internet traffic (ie, voice calls, streaming videos) during peak congestion times, while less time-sensitive upstream traffic, such as P2P transfers, could have been "momentarily" delayed if the network was congested.

Ratings: Game 1 between the **Phillies** and **Dodgers** netted nearly 7mln viewers for **TBS** Thurs, scoring a 4.3 HH rating. That rating is up 5% from TBS's Game 1 ALCS '08 coverage; total viewers increased 2%.

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Publication Dates: October 26, 27 & 28

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CableFAX Week in Review

Company	Ticker	10/16 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	37.02	(43.7%)	(42.4%)
DIRECTV:	DTV	26.86	67.50%	67.50%
DISH:	DISH	18.48	(28.7%)	(28.7%)
DISNEY:	DIS	29.40	38.40%	40.00%
GE:	GE	16.08	17.80%	26.10%
NEWS CORP:	NWS	14.54	(7.7%)	(6.9%)
MSOS				
CABLEVISION:	CVC	23.50	(51.1%)	(50.2%)
COMCAST:	CMCSA	15.26	(36.3%)	(34.9%)
COMCAST SPCL:	CMCSK	14.61	(39.1%)	(37.8%)
GCI:	GNCMA	6.32	(35.2%)	(35.2%)
KNOLOGY:	KNOL	10.44	197.40%	197.40%
LIBERTY CAPITAL:	LCAPA	22.41	606.90%	606.90%
LIBERTY ENT:	LMDIA	31.20	29.00%	29.00%
LIBERTY GLOBAL:	LBTYA	22.69	(49.8%)	(49.8%)
LIBERTY INT:	LINTA	11.86	(38.4%)	(38.4%)
MEDIACOM:	MCCC	5.15	(71.3%)	(71.3%)
RCN:	RCNI	9.46		
SHAW COMM:	SJR	19.16	80.60%	89.60%
TIME WARNER CABLE:	TWC	40.58		
VIRGIN MEDIA:	VMED	14.11	(14.3%)	(13.1%)
WASH POST:	WPO	474.81	(10.1%)	(8.5%)

PROGRAMMING				
CBS:	CBS	13.09	(51%)	(50.2%)
CROWN:	CRWN	1.81	(83.4%)	(83.4%)
DISCOVERY:	DISCA	30.11	82.90%	82.90%
EW SCRIPPS:	SSP	7.78	(92.3%)	(92.3%)
GRUPO TELEVISIA:	TV	19.17	81.30%	93.60%
HSN:	HSNI	17.06	14.70%	14.70%
INTERACTIVE CORP:	IACI	19.02	(57.8%)	(57.8%)
LIBERTY:	L	35.89	910.00%	915.40%
LODGENET:	LNET	7.23	(56.8%)	(56.8%)
NEW FRONTIER:	NOOF	1.98	(39.1%)	(39.1%)
OUTDOOR:	OUTD	6.55	(53.2%)	(53.2%)
PLAYBOY:	PLA	3.60	(78.2%)	(78.2%)
RHI:	RHIE	2.98	(76.4%)	(76.4%)
SCRIPPS INT:	SNI	39.65	(2.8%)	(2.2%)
TIME WARNER:	TWX	30.41	(21.5%)	(20.3%)
VALUEVISION:	VVTV	3.68	(81%)	(81%)
VIACOM:	VIA	30.01	(30.4%)	(30.4%)
WWE:	WWE	13.77	2.00%	15.30%

TECHNOLOGY				
3COM:	COMS	5.62	(13.4%)	(13.4%)
ADC:	ADCT	7.40	(54.9%)	(54.9%)
ADVANTAGE:	AEY	2.26	(61.4%)	(61.4%)
ALCATEL LUCENT:	ALU	4.67	(64.1%)	(64.1%)
AMDOCS:	DOX	26.89	(20%)	(20%)
AMPHENOL:	APH	40.81	580.20%	581.40%
APPLE:	AAPL	188.05	108.20%	108.20%
ARRIS GROUP:	ARRS	11.56	14.10%	14.10%
AVID TECH:	AVID	14.90	(59.6%)	(59.6%)
BIGBAND:	BBND	4.26	(60.1%)	(60.1%)
BLNDER TONGUE:	BDR	1.19	(67.4%)	(67.4%)
BROADCOM:	BRCM	29.98	1.20%	1.20%

Company	Ticker	10/16 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	24.02	24.90%	24.90%
CLEARWIRE:	CLWR	8.21	106.80%	106.80%
COMMSCOPE:	CTV	30.22	39.00%	39.00%
CONCURRENT:	CCUR	4.40	(81.4%)	(81.4%)
CONVERGYS:	CVG	10.91	(70.5%)	(70.5%)
CSG SYSTEMS:	CSGS	16.00	(60.5%)	(60.5%)
ECHOSTAR:	SATS	20.36	(38.1%)	(38.1%)
GOOGLE:	GOOG	549.85	24.80%	24.80%
HARMONIC:	HLIT	6.65	(44%)	(44%)
INTEL:	INTC	20.18	47.10%	51.20%
JDSU:	JDSU	6.87	(69.2%)	(69.2%)
LEVEL 3:	LVL	1.36	(38.5%)	(38.5%)
MICROSOFT:	MSFT	26.50	9.70%	11.90%
MOTOROLA:	MOT	7.85	51.50%	52.50%
OPENTV:	OPTV	1.55	(81.3%)	(81.3%)
PHILIPS:	PHG	27.33	263.80%	288.30%
RENTRAK:	RENT	17.68	65.20%	65.20%
SEACHANGE:	SEAC	7.77	(51.9%)	(51.9%)
SONY:	SNE	28.88	25.70%	25.70%
SPRINT NEXTEL:	S	3.47	(86.9%)	(86.9%)
THOMAS & BETTS:	TNB	31.05	(26.9%)	(26.9%)
TIVO:	TIVO	10.55	54.50%	54.50%
TOLLGRADE:	TLGD	5.71	(82.9%)	(82.9%)
UNIVERSAL ELEC:	UEIC	21.42	20.70%	20.70%
VONAGE:	VG	1.57	(86.9%)	(86.9%)
YAHOO:	YHOO	16.81	(49.1%)	(49.1%)

TELCOS				
AT&T:	T	25.70	38.20%	49.10%
QWEST:	Q	3.65	(74%)	(71.7%)
VERIZON:	VZ	28.90	(38%)	(33.1%)

MARKET INDICES				
DOW:	INDU	9995.91	1.30%	13.90%
NASDAQ:	COMPX	2156.80	0.80%	36.80%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LIBERTY:	35.89	910.00%
2. LIBERTY CAPITAL:	22.41	606.90%
3. AMPHENOL:	40.81	580.20%
4. PHILIPS:	27.33	263.80%
5. KNOLOGY:	10.44	197.40%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. EW SCRIPPS:	7.78	(92.3%)
2. SPRINT NEXTEL:	3.47	(86.9%)
3. VONAGE:	1.57	(86.9%)
4. CROWN:	1.81	(83.4%)
5. TOLLGRADE:	5.71	(82.9%)

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Denver Ho!

You don't need a covered wagon train to get to the Mile High City Sunday or so (though, to be sure, you could still get here that way).

The consolidated **Cable Connection - Fall** can keep you busy when you get here to my company headquarters town (though, to be clear, I only live down here part time ... my home is almost two miles high across



Paul S. Maxwell

the Great Divide opposite the Ten Peaks—four of which, soon to be five, constitute the Breckenridge ski area). Denver was once the center of the cable industry ... but consolidation has taken care of that. There's still a lot of cable around though ... operations, programmers, headquarters and competitors.

It'll be a busy week ... starting out Sunday evening with **Positively Cable** and continuing non-stop through **CTAM** (cable's marketing secret sauce), **NAMIC** (cable's diversity doers), **ACC** (told you so), **WICT** (after ya'll, ladies) and **SCTE** (cable's secret weapon staying ahead of the competition) with evenings dedicated to awards, inductions and donations.

Monday: CTAM's "Classic" (that's a euphemism, ya'll) "Tamers" and the start of the **Summit** and the **Beacon Awards**.

Tuesday: The Cable Center's Cable TV Hall of Fame honoring **CTAM's Char Beales**, **Showtime's Matt Blank**, **Heritage's Jim Cownie**, **Prime Cable's Bob Hughes**, **Cablevision's Tom Rutledge**, once-**NCTA's Tom Wheeler** and—in a real change—the great **Bernard Shaw** once of **CNN** and under that iconic table. There's also an after party at the Peaks atop the Hyatt. (By the way, tours of the Cable Center all week ...)

Wednesday: The SCTE Chairman's Reception and the **Walter Kaitz Foundation Dinner** (how cable helps fund diversity initiatives).

Thursday: Lots of private dinners plus a **Rack 'Em & Stack 'Em Ski-TAM**-related event at the (way cool, started and once run by Denver's mayor) Wynkoop Brewing Company downtown for the athlete help program ... details @ <http://tinyurl.com/yh3sahs> (you can play in a pool tournament or a Texas Hold 'Em poker tournament to benefit Ski-TAM's athlete partner program).

Friday: Get outta town AF-TER SCTE's Green Panel! Or come skiing ...

Random Notes:

• **Positively Cable!'s Final Perfor-**

mance! Don't miss it ... Sunday night at the start of the Fall Cable Connection in Denver ... the 16th and final tribute (well, a tongue-in-cheek one) hits the stage at the DCPA (details at <http://positivelycable.com>) as an engineer, a businessperson and a programmer walk into a bar ... again ... maybe not even for the last time.

• **Really Green: CableFAX** ran an interesting story last week about "green" initiatives in cable ... for more info from the sources doing a lot of the work, come join me at the **SCTE's** Friday morning General Session panel discussing how to, among other things like help the planet, build a better bottom line by doing good. The SCTE Green Pavilion and Very Green General Session will be featured Friday morning ... we've got a stellar—and way green—panel that morning at 8 am with **William Check** of the **NCTA**, **Comcast's Sam Chernak**, **Time Warner Cable's Dan Cooper**, **CableLabs' Don Dulchinos**, **Suddenlink's Leo Kutz** and, for a clean Canadian perspective, **Rogers Cable's D'Arcy Brown**. Maybe it should be carried on **Planet Green?**

Paul Maxwell

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