

CableFAX Daily™

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What the Industry Reads First

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Really Big Deal: Disney, Comcast Shake Hands on Authentication Pact

Every once in awhile, a deal gets done quietly without a single leak. So was the case with **Disney** and **Comcast**, which around the holidays inked a comprehensive, 10-year deal that the companies kept quiet until Wed. Pretty amazing considering that we hear the House of Mouse had pitched a tent in Philly for weeks. It's a huge step for TV Everywhere, with Comcast streaming **ESPN** and its related nets to authenticated subs via a variety of devices through multiple access points (ie, WatchESPN, Xfinity, etc). And that's not all. Comcast subs also will have access to upcoming, live streaming services WatchDisneyChannel, WatchDisneyJunior and WatchDisneyXD—which offer live and VOD content in-home and out-of-home for computers, smartphones, tablets and gaming consoles. It's anticipated that other authenticated products will come down the pike. No exact launch date for WatchESPN yet—just "soon." The deal builds off **Time Warner Cable's** landmark Disney-ESPN deal in Sept '10, which marked the 1st foray into live streaming of ESPN (*Cfax*, 9/3/2010). Perhaps helping Disney and Comcast fly under the radar with this agreement is that only the entertainment nets' contract was set to expire Dec 31. Even so, the 2 brokered a long-reaching arrangement that covers those nets as well as ESPN and the 7 **ABC** O&Os. Additionally, Comcast will launch upcoming preschool net **Disney Junior**. In total, 70 services are covered by the deal, including **ESPN 3D** and broadband service **ESPN3** (Not in the deal: **Longhorn Net**). No one was talking financials, although the companies did say license fees scheduled for different services under the deal will be phased in over time. "This landmark deal is a great example of what can be achieved when programmers and distributors collaborate and innovate together to meet the ever-evolving needs of consumers and enhance the viewing experience," said **Disney Media Nets** co-chmn *Anne Sweeney*. **Comcast Cable** pres *Neil Smit* called it "unprecedented and innovative." In addition to giving TV Everywhere a much needed shot-in-the-arm, the extensive deal beefs up VOD offerings so that full current seasons will be made available on a number of **ABC** and **ABC Family** shows (even some past seasons look likely). Select Disney Channel On Demand eps will be available in multiple languages and in new offerings, such as playlists. Comcast also got rights to add certain content from **ESPN3**, **ESPN FullCourt** and **ESPN GamePlan** to its sports tier customers.

Citi Notebook: No word from **Charter** pres/CEO *Mike Lovett* on his impending departure and replacement by *Tom Rut-*

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ledge, but his comments at the **Citi** conference made it sound as if Charter's plans are firmly in place regardless of who's manning the ship. '12 will be a tale of 2 halves for the MSO, said Lovett, the 1st all about "hitting the gas with [customer] volume" and the latter a time to "ride the tailwinds." Momentum appears to be building, with Lovett saying "4Q was very successful for us," marked by a YOY doubling of net broadband adds and positive improvements across all PSU categories. Charter's still counting on broadband, commercial and its **TiVo** rollout for growth in '12 and beyond. "Consumers are telling us they're looking for us to make things easy," said Lovett, noting one-third of new broadband connects are taking the MSO's \$10/month home networking service when they could do it themselves with a \$30 modem. So, he said, as products and services become more complicated going forward, further success will follow. The MSO has no plans for usage-based broadband pricing in '12, although it views targeting lower-end users with a related offering as a "nice option" that has received favorable reaction on Capitol Hill, said Lovett. On M&A, he said it's "logical for another significant round of consolidation" over the next 12 months as smaller ops continue to get squeezed by rising content costs.

Carriage: **Ovation** HD launched in the Carolinas and Dallas with **Time Warner Cable** and in Bakersfield, CA, on Bright House. **WOW!** launched Ovation and Ovation HD in Chicago; **Mediacom** added Ovation in the Gulf Breeze FL market.

In the Courts: **Plum TV**, owner of the Plum Network of local cable channels serving tony and resort markets such as The Hamptons and Martha's Vineyard, filed for bankruptcy in NY. In conjunction with the filing, the company entered into an asset purchase pact with an investor group led by **ForesightLab** pres **Terry Mackin** and **Media Ventures Group** chmn **Bill Apfelbaum**, and intends to use the agreement as the "stalking horse" bid for a court-supervised auction of its assets. \$1mln in debtor-in-possession financing is included in the deal.

OTT: **Showtime's** rolling out an interactive app for **Roku** devices to showcase series "Shameless" and "House of Lies." Featured content includes full eps, webisodes, highlights and behind-the-scenes interviews. Separately, Roku unveiled **Streaming Stick**, a wireless device armed with WiFi that plugs into TVs to allows for the streaming of Roku content. Slated for availability later this year, the device will deliver more than 400 channels with remote functionality.

Patent Pump: Tech patents are hot commodities these days, for companies and shareholders alike. **TiVo** shares jumped 10.09% Wed after the company announced late Tues a DVR patent litigation settlement with **AT&T** that will yield \$215mln. The telco agreed to pay \$51mln now followed by guaranteed recurring quarterly payments through June '18, and is also on the hook for incremental recurring per sub monthly license fees through July '18 should its DVR customer base exceed certain levels. TiVo reached a similar settlement with **DISH** in May that included a \$500mln payment (**Cfax**, 5/3).

#15: Investors climbed aboard **Netflix** with zeal Wed, spurring a 11.36% uptick after the company said its members streamed more than 2bln hours of TV shows and movies in 4Q, mostly within the US. By parsing the data, **BTIG's** **Rich Greenfield** said NFLX now ranks as the 15th most watched US TV network and the #2 net within NFLX homes behind **CBS**. Still, he conjectures NFLX accounts for just 2.4% of overall US viewership.

MSG-TWC: Still nothing doing here, with **MSG Media** pres **Michael Bair** saying that there is no "meaningful dialogue" with **Time Warner Cable** over a deal. The net was slated to host free, viewing parties Wed night in NYC for TWC customers. MSG will provide appetizers and giveaways as fans watch the game at various locations.

Online: **IFC** is launching a live, dual-screen experience dubbed "IFC Sync" on ifc.com that allows users to engage

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in discussions about what's airing on the net in real time. It also lets users chat with show personalities, view video clips, answer show-specific trivia and earn points to win real and virtual prizes. Sync debuts with the 2nd season premiere of "Portlandia" Fri at 10pm.

Programming: CMT premieres "My Big Redneck Vacation" (Jan 21). During the 10-ep, 1-hr series, a deep rooted Southern family takes a vacation to fancy beach rental on the east coast and must adjust to the high-end lifestyle. -- **Weather Channel** greenlit docudrama anthology series "Braving the Elements," chronicling the types of outdoor work that are impacted by weather. The anthology will feature multiple miniseries, each comprised of 4, 30-min episodes. The first, "Lights Out" will follow professionals restoring power after a weather disaster. Any chance cable techs are on deck?

Advertising: Bright House's ad division will sell local, regional and national spot ads for **AT&T U-Verse** in Orlando and Bakersfield, CA, beginning in 1Q.

On the Circuit: Fri is the deadline for nominations for the **NAMIC** Vision Awards, which recognizes original content that is reflective of the depth and breadth of the lives and contributions of people of color.

People: CNN tapped *Amy Entelis* as svp, talent and content dev.

CableFAX Daily Stockwatch

Company	1/04 Close	1-Day Ch	Company	1/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	44.01	0.69	CLEARWIRE:	1.92	(0.08)
DISH:	29.46	0.39	CONCURRENT:	3.67	(0.16)
DISNEY:	38.85	0.54	CONVERGYS:	12.58	(0.11)
GE:	18.56	0.20	CSG SYSTEMS:	14.90	(0.17)
NEWS CORP:	18.55	(0.12)	ECHOSTAR:	21.58	(0.23)
MSOS					
CABLEVISION:	14.93	0.15	GOOGLE:	668.28	2.87
CHARTER:	56.81	(0.38)	HARMONIC:	4.95	(0.22)
COMCAST:	24.73	0.23	INTEL:	25.11	0.57
COMCAST SPCL:	24.30	0.09	JDSU:	10.68	(0.16)
GCI:	9.83	(0.16)	LEVEL 3:	16.87	(0.33)
KNOLLOGY:	14.36	(0.19)	MICROSOFT:	27.40	0.64
LIBERTY GLOBAL:	42.39	(0.03)	MOTOROLA MOBILITY:	38.73	0.03
LIBERTY INT:	16.53	0.01	RENTRAK:	14.15	(0.19)
SHAW COMM:	19.98	(0.17)	SEACHANGE:	6.94	(0.26)
TIME WARNER CABLE:	64.86	(0.02)	SONY:	18.22	(0.16)
VIRGIN MEDIA:	21.50	(0.54)	SPRINT NEXTEL:	2.31	(0.03)
WASH POST:	374.64	(5.43)	THOMAS & BETTS:	55.07	(0.01)
PROGRAMMING					
AMC NETWORKS:	37.70	0.36	TIVO:	9.82	0.90
CBS:	27.90	0.63	UNIVERSAL ELEC:	17.08	(0.22)
CROWN:	1.33	0.02	VONAGE:	2.50	(0.08)
DISCOVERY:	40.98	0.11	YAHOO:	15.78	(0.51)
GRUPO TELEVISIA:	21.43	0.12	TELCOS		
HSN:	37.16	0.48	AT&T:	30.43	0.05
INTERACTIVE CORP:	41.82	(0.7)	VERIZON:	39.21	(0.52)
LIONSGATE:	8.23	(0.2)	MARKET INDICES		
LODGENET:	2.55	0.05	DOW:	12418.42	21.04
NEW FRONTIER:	1.04	0.02	NASDAQ:	2648.36	(0.36)
OUTDOOR:	7.35	(0.31)	S&P 500:	1277.30	0.24
SCRIPPS INT:	43.03	(0.15)			
TIME WARNER:	36.49	0.16			
VALUEVISION:	1.84	(0.06)			
VIACOM:	53.38	0.44			
WWE:	9.34	(0.12)			
TECHNOLOGY					
ADVANTAGE:	2.11	0.02			
ALCATEL LUCENT:	1.60	(0.1)			
AMDOCS:	28.50	0.03			
AMPHENOL:	45.82	(0.14)			
AOL:	15.01	(0.12)			
APPLE:	413.44	2.21			
ARRIS GROUP:	10.62	(0.21)			
AVID TECH:	8.62	(0.03)			
BLNDER TONGUE:	1.22	0.00			
BROADCOM:	29.13	(0.33)			
CISCO:	18.99	0.36			

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CableFAX Daily
WHAT THE INDUSTRY
READS FIRST.



Think about that for a minute...

Competition

Commentary by Steve Effros

The business and regulatory world of telecommunications is constantly besieged by the concept of competition. It is the be-all and the end-all of regulatory theory. It is the constant fear and calculation manager of the business world. The irony, in the context of cable, is that in one world, the recognition that competition not only exists but has gotten extremely intense, is pervasive. But in the other world, we continue to live in an era where that competition has yet to be acknowledged.



We all know that the business community, and especially Wall Street, has an almost manic focus on the competition in telecommunications. Virtually every time a new service is announced or another company goes “viral” on the Internet, it is inevitably characterized as the “doom” of

some other telecom player. Cable is better than a cat. We have survived far more than nine imminent demises.

Satellite, cord cutting, Netflix, Vudu, Hulu, Sling, GoogleTV, Roku, AppleTV and the list could go on. The point here is not that these aren't competitive options, they are. They are the essence of competition. But we are all competing in a marketplace that continues to get larger and morph into lots of new permutations that allow us all to thrive. That's a good thing. What's bad is that in the regulatory world, all that competition has yet to result in a reevaluation of government's role.

Of course broadcast television is also on that list of competitors. It, however, has gotten a whole host of things the others have not, mostly from the government. Free spectrum, for a start. The broadcasters were given their distribution mechanism for free. They had to promise to make best efforts (which they have consistently failed to do) to deliver their “free, over-the-air” programming to everyone in their market, and they had to provide a certain

amount of local programming of value.

In exchange, because there was no “competitive” cable system, the local cable operator “must carry” the local broadcaster even though there are now literally hundreds of other video choices the cable operator could deliver that in many cases do a better job than the local broadcaster. The Weather Channel, for instance.

The local broadcaster gets government protection for a local cartel. Nonduplication protection, syndicated exclusivity, retransmission consent rules, all applied even though the “market” broadcaster may not even be available in the local community, or the programming is easily viewable from satellite distributors or other market broadcasters. The current rules, rather than fostering that competition, allows all sorts of restrictions to be put on it.

But when it comes to the cable operator, the opposite is true. There are hundreds of programmers, and they have competitive access via broadcast (if they can convince a broadcast network or local station of the value of their program) or satellite, or the Internet (think Glenn Beck), and yet we are still battling with statutes that simply ignore all that burgeoning opportunity and distribution competition and treat the cable operator as a pseudo common carrier with the government as the arbiter of whether programmers are being “discriminated” against.

Well, they may be. And that's true of every editorial choice any one of the competitors in the video delivery market makes. Do I decide to carry one channel or not? Do I put it on the front page or the back page? Do I include it in a package or make it an “on demand” channel? All legitimate decisions, and ones that should be allowed to be made in the now fully competitive market.

Steve

T:202-630-2099
steve@effros.com

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Sales Executive of the Year Awards

saluting cable sales leadership

Questions: Mary Lou French
at 301-354-1851;
mfrench@accessintel.com

Saluting Sales Excellence in the Cable Marketplace

The CableFAX Sales Executive of the Year Awards recognizes sales forces across cable who work tirelessly behind the scenes to drive revenue and keep our dynamic marketplace growing and business moving forward. The winners and honorable mentions will be saluted during an awards event in Spring 2012 in NYC.

Entry Deadline: February 3, 2012
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