

# CableFAX Daily™

Monday — January 6, 2014

What the Industry Reads First

Volume 25 / No. 003

## Goodbye 2013: The Stories that Shaped Last Year and the Year Ahead

Another year makes it into the cable history books, and boy, was there a lot to write about. With so much going on, it can be a little hard to keep track of it all. So, here's our take on some of the biggest stories of the year. **1. The Doctor's in the House:** Cable's world changed in March, when news came that **Liberty Media** was buying a 27% stake in **Charter**, bringing *John Malone* back to US cable. He's the reason for the nonstop consolidation chatter, which will pick back up now that the holidays have wrapped. Analyst *Laura Martin* of **Needham & Co** believes Malone's re-entry could help speed an upgrade to all IP in 2-3 years. And **Bank of America Merrill Lynch** analyst *Jessica Reif Cohen* told Cable Show attendees in June that his return has been a "big boost of confidence" for the industry. Not to mention stock prices... **Time Warner Cable** was trading at just under \$100 at the start of '13. It's now above \$130, as is Charter, which began 2013 in the \$78 range. **2. CBS-Time Warner Cable:** Who would have ever thought a Big 4 broadcast network could go off an MVPD in the top 2 DMAs in the country for a whole month? It happened, raising the stakes on how bad future retrans disputes may get. There wasn't a ton of interest from the Hill, though it did help re-ignite talk of retrans reform. We've been down this path before, so time will tell if it actually goes anywhere. And **NCTA** is dipping a toe in retrans water, a sign it may be a bit more serious. The most interesting aspect may have been CBS' decision to block ALL Time Warner Cable broadband users from viewing its content online, again changing the game plan for future battles. **3. New Networks Everywhere:** 2013 had more new networks launch than the past several years. From a brand new national sports channel in **Fox Sports 1** to a **Univision-ABC News** jv in **Fusion** to new TV players like **Participant's Pivot**, there was a little of everything. And these new nets have had pretty good luck with carriage. **Al Jazeera America** picked up carriage with **Time Warner Cable** after the MSO dropped its predecessor **Current** in Jan. **El Rey**, which won **Univision** as a backer, snagged carriage on **Comcast, Time Warner Cable** and **DirecTV**, which just launched in Jan 1. However, distributors have made it clear they expect channels to perform, so 2014 will be about cultivating the fans. **4. Changes at the Top:** It was a year for cable veterans to step aside. With *Glenn Britt's* retirement, we're anxious to see how *Rob Marcus* shapes **Time Warner Cable** in '14 (assuming he's not ushering it through a merger). And **Turner** CEO *Phil Kent* yielded the reins at the start of the year to former **Time Warner** CFO/CAO *John Martin*. Interestingly, both changes will impact the makeup

## CableFAX

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Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

of NCTA's board. Other big departures this year included **CTAM's Char Beales** retiring, with *John Lansing* taking her place; **NBCU's Lauren Zalaznick** leaving shortly after **Univision Net** pres *Cesar Conde* was appointed evp; the loss of **NAMIC's** head *Nicol Turner-Lee* (a search for a replacement is still underway); a brand new **FCC** chmn in *Tom Wheeler*, and a new Republican commish, *Michael O'Rielly*. **5. Stream On: Netflix** brought it big time, with its original series earning Emmy and Golden Globe nominations. **Amazon** hopes to replicate its success through its own originals, "Alpha House" and "Betas." It was also a year of partnerships for OTT. The UK's **Virgin Media** became the first pay-TV provider to offer customers **Netflix's** streaming service into its branded **Tivo** boxes, and there were rumblings that US providers also may be interested (eventually). In the states, **Time Warner Cable** launched its TWC TV channel on **Roku**, putting its offer of up to 300 channels of live programming right there with OTT services like **Hulu** and **Netflix**. 2013 also saw the launch of various streaming devices like **Google's** Chromecast. And don't forget the latest gaming console **Sony** PS4 and **Microsoft's** Xbox One, both featuring video streaming capabilities.

**Getting Sirius: Liberty Media** announced Fri that it has proposed to make satellite radio **Sirius XM** a wholly-owned unit. "The proposed transaction is an important step in the growth of both companies," said Liberty chmn *John Malone*. "It will enable us to focus our energies on the pursuit of new opportunities across the expanded portfolio of Liberty's businesses and to optimize our capital structure to produce the maximum possible returns to all shareholders." In a tax-free transaction (surprise!), Sirius public shareholders would become shareholders of Liberty, with each share of Sirius common stock converted into 0.0760 of a new share of Liberty Series C common stock, and, immediately prior to such conversion, Liberty intends to distribute, on a 2:1 basis, shares of Liberty's Series C common stock to all holders of record of Liberty's Series A and B common stock to create a liquid trading market for Liberty's Series C common stock. Upon the completion of the proposed transaction, Liberty expects that Sirius' public shareholders would own approximately 39% of Liberty's then-outstanding common stock. In a call with analysts, Liberty CEO *Greg Maffei* said he didn't think the Sirius transaction would have to close before something could happen with **Charter**, though he noted if there was some sort of deal for Charter, it's probable that it would close significantly later than the Sirius deal.

**Retrans Watch: Meredith** and **Cablevision** were still talking at our deadline. If a deal isn't reached by 6:30pm ET Fri (Jan 3), CVC subs in CT's Litchfield and New Haven counties could lose their **CBS** affiliate. A possible ray of light? **CBSsports.com** said Thurs that it would live stream all NFL playoff games that CBS airs, a 1st for the network. **Cable One** and **Lockwood Broadcasting** also were still negotiating at our deadline, with the 2 extending their mid-night Dec 31 contract expiration through Jan 3.

**Keeping the Z at the D: Discovery Comm** didn't just quietly reup pres/CEO *David Zaslav's* contract in an **SEC** filing. It announced that his employment has been extended through the end of '19 in a news release on Fri. It saved the SEC filing for the specifics—he has a base salary of \$3mln per year plus an annual target bonus of \$6.6mln (which increases throughout the contract) and he's entitled to generous stock with the exec committing to hold the majority of his equity from stock grants to term. On Tues, he received his first grant of 4.7mln special stock appreciation rights, and will receive subsequent grants. Zaslav joined the company in '07, with overall profits tripling during his tenure and the total number of Discovery nets worldwide doubling to nearly 200.

**Sports Deals:** The **Philadelphia Phillies** renewed its rights deal with **Comcast SportNet** as the current contract is set to expire after the '15 season. Details of the deal weren't disclosed but the contract is reportedly worth billions and will last for at least 20 years. The RSN will air the majority of the 162-game schedule. A limited number of games will no longer appear on **PHL17** as the net will select weekend dates to televise on sister station **NBC10**.

**At the Portals:** A couple of new video rules take effect this month. The compliance deadline for IP closed captioning rules for digital apparatus adopted in the **FCC's** Jan 13 '12 order is Jan 1. The rules specify what apparatus are covered by the new requirements and how closed captioning should be implemented. The Media Bureau is still seeking info on the closed captioning of video clips delivered over the Internet. The effective date of rules for accessible user interfaces for viewing video programming under the 21st Century Communications and Video Accessibility Act is Jan 21.

**Carriage: Time Warner Cable** upgraded **Smithsonian Channel** to the widely distributed Preferred TV package throughout its footprint from the HD tier. The net is now in some 30mln US homes and available to around 70mln pay-TV HHs.

**CableFAX Week in Review**

Company	Ticker	01/03 Close	1-Week % Chg	YTD %Chg
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**BROADCASTERS/DBS/MMDS**

21ST CENTURY FOX:	FOXA	35.20	0.69%	0.00%
DIRECTV:	DTV	69.04	1.80%	37.64%
DISH:	DISH	57.80	0.21%	58.79%
DISNEY:	DIS	76.11	2.37%	52.86%
GE:	GE	27.48	(1.26%)	30.92%

**MSOS**

CABLEVISION:	CVC	17.20	(0.06%)	15.13%
CHARTER:	CHTR	133.37	(0.1%)	74.93%
COMCAST:	CMCSA	51.07	(1.39%)	36.70%
COMCAST SPCL:	CMCSK	49.17	(0.95%)	36.89%
GCI:	GNCMA	11.44	2.33%	19.29%
LIBERTY GLOBAL:	LBTYA	88.60	0.28%	40.72%
LIBERTY INT:	LINTA	29.12	(0.34%)	47.97%
SHAW COMM:	SJR	23.92	0.00%	4.09%
TIME WARNER CABLE:	TWC	133.40	(0.79%)	37.26%

**PROGRAMMING**

AMC NETWORKS:	AMCX	66.71	(0.37%)	34.77%
CBS:	CBS	63.14	0.16%	65.94%
CROWN:	CRWN	3.51	(0.28%)	89.73%
DISCOVERY:	DISCA	88.58	(0.42%)	39.54%
GRUPO TELEVISIA:	TV	29.89	(0.3%)	12.45%
HSN:	HSNI	62.05	(0.82%)	12.65%
INTERACTIVE CORP:	IACI	68.42	0.87%	44.83%
LIONSGATE:	LGF	30.99	0.58%	88.96%
MADISON SQUARE GARDEN:	MSG	57.81	1.80%	30.35%
SCRIPPS INT:	SNI	84.98	0.38%	46.72%
STARZ:	STRZA	29.39	1.27%	0.00%
TIME WARNER:	TWX	68.67	(1.39%)	43.57%
VALUEVISION:	VTV	6.80	5.10%	277.78%
VIACOM:	VIA	87.09	0.67%	60.48%
WWE:	WWE	15.90	3.25%	101.52%

**TECHNOLOGY**

ADDVANTAGE:	AEY	2.80	11.11%	40.70%
ALCATEL LUCENT:	ALU	4.48	2.52%	222.30%
AMDOCS:	DOX	41.17	(0.05%)	21.12%
AMPHENOL:	APH	88.06	(0.24%)	36.11%
AOL:	AOL	44.40	(1.73%)	49.95%
APPLE:	AAPL	540.98	(3.41%)	1.66%
ARRIS GROUP:	ARRS	24.62	2.67%	64.79%
AVID TECH:	AVID	8.20	(3.42%)	8.18%
BLNDER TONGUE:	BDR	0.99	16.47%	(13.91%)
BROADCOM:	BRCM	28.97	(1.09%)	(12.77%)
CISCO:	CSCO	21.98	(0.18%)	11.86%
CONCURRENT:	CCUR	8.06	0.62%	40.42%
CONVERGYS:	CVG	21.02	(0.33%)	28.09%
CSG SYSTEMS:	CSGS	29.18	(1.45%)	60.51%
ECHOSTAR:	SATS	49.98	1.01%	46.05%
GOOGLE:	GOOG	1105.00	(1.2%)	56.21%
HARMONIC:	HLIT	7.38	1.79%	45.56%
INTEL:	INTC	25.78	0.70%	25.02%
JDSU:	JDSU	13.03	0.00%	(3.48%)
LEVEL 3:	LVT	32.60	(0.91%)	41.06%
MICROSOFT:	MSFT	36.91	(1.02%)	38.19%

Company	Ticker	01/03 Close	1-Week % Chg	YTD %Chg
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MOTOROLA MOBILITY:	MMI	14.60	(0.54%)	(62.37%)
NIELSEN:	NLSN	45.35	(0.77%)	48.25%
RENTRAK:	RENT	37.12	(2.75%)	90.46%
SEACHANGE:	SEAC	12.22	2.69%	26.37%
SONY:	SNE	17.18	0.53%	53.39%
SPRINT NEXTEL:	S	9.94	(7.88%)	75.31%
TIVO:	TIVO	13.30	5.64%	8.04%
UNIVERSAL ELEC:	UEIC	37.33	(3.06%)	92.92%
VONAGE:	VG	3.29	(0.9%)	38.82%
YAHOO:	YHOO	40.12	(0.91%)	101.61%

**TELCOS**

AT&T:	T	34.80	(1.08%)	3.23%
VERIZON:	VZ	48.42	(1.53%)	11.90%

**MARKET INDICES**

DOW:	DJI	16469.99	(0.05%)	25.69%
NASDAQ:	IXIC	4131.91	(0.59%)	36.84%
S&P 500:	GSPC	1831.37	(0.54%)	28.41%

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	0.99	16.47%
2. ADDVANTAGE:	2.80	11.11%
3. TIVO:	13.30	5.64%
4. VALUEVISION:	6.80	5.10%
5. WWE:	15.90	3.25%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. SPRINT NEXTEL:	9.94	(7.88%)
2. AVID TECH:	8.20	(3.42%)
3. APPLE:	540.98	(3.41%)
4. UNIVERSAL ELEC:	37.33	(3.06%)
5. RENTRAK:	37.12	(2.75%)



**Good for you.\***

\*Coming soon from CableFAX.