

# CableFAX Daily™

Wednesday — January 23, 2013

What the Industry Reads First

Volume 24 / No. 015

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## ALL EYES ARE ON SHOWTIME





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## Verizon 4Q: FiOS Holds On Despite Sandy, Pension Charges

The 4Q was a tough one for **Verizon**: Due to Hurricane Sandy and a 1-time pension charge, its net loss almost doubled to \$4bn from the year-ago quarter. Sandy caused a \$319mln direct impact in '12, although the more indirect impact is more difficult to quantify, CFO *Fran Shammo* said during an earnings conference call Tues. "Sandy had a dramatic effect, particularly on the wireline business due to the heavy concentration of damage in the NY metropolitan area," the financial chief said. However, perhaps thanks to Verizon's aggressive copper-to-fiber migration strategy, particularly during the hurricane, FiOS remained a bright spot. The company "made a strategic decision to use storm restoration as an opportunity to accelerate fiber migrations in both the enterprise and FiOS markets," Shammo said. The company migrated 223K residential homes to fiber during the course of '12, exceeding its target for the year. For subs that have decided to upgrade to additional FiOS services, Verizon's seeing a \$45 lift in monthly ARPU, Shammo said. The copper-to-fiber migration remains an important strategy to reduce the wireline cost structure, he said. In '13, the telco's targeting an additional 300K homes within FiOS markets. During the quarter, FiOS ARPU came in at \$105.63, \$9.20 higher than the year-ago quarter. Subs are "buying up in the speeds," Shammo said, citing FiOS Quantum, which includes a 300Mbps plan with a \$205 per month price tag. But net adds continued to be flat. The telco signed up 134K new subs in 4Q vs 194k in the same period in '11. The additions brought the total FiOS video sub base to 4.73mln, an annual increase of 553K. According to Shammo, the numbers weren't bad, as net adds topped 2Q and 3Q despite Sandy's disruption. FiOS' broadband strength continued with 144K net adds. Verizon lost 117K non-FiOS HSI and DSL subs. In total, Verizon has 8.8mln broadband connections at the end of '12, a 1.2% YOY increase. Overall, FiOS contributed \$2.57 in revenue in the quarter, up from \$2.22mln in the year-ago quarter. The company looks to further penetrate the consumer and small enterprise markets, Shammo said. Wireline held few surprises but generally "was not as bad as we or consensus had feared," **Bernstein Research** analysts said. Meanwhile, the telco's offering a new FiOS TV Select HD package that doesn't include sports programming. Why not? "Sports is not everyone's cup of tea," spokesman *Bill Kula* said in a blog post. The package, when purchased stand-alone, includes access to 30 cable nets, is priced at \$49.99 a month vs \$64.99 monthly for the FiOS TV Prime HD package, which provides more than 210 channels (with 55+ in HD). Subs with the package will still receive



Entries Deadline: March 1, 2013

## The CableFAXIES awards

The CableFAXIES Awards salute the year's most outstanding communications initiatives and programs in the highly competitive and dynamic Cable arena. The coveted awards set the industry benchmark for excellence across all areas of PR and Marketing. The winners and honorable mentions will be saluted during at an awards event in May 2013 in NYC.

Go to [www.cablefax.com/cfp/awards/cablefaxies2013](http://www.cablefax.com/cfp/awards/cablefaxies2013) for more details.

We look forward to seeing your entry and saluting cable's best PR & marketing efforts of the year.

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sports programming from local TV channels and on cable nets like **TNT** and **TBS**.

**Dodgers Net:** It's all over but the shouting. And when costly sports rights are involved, expect plenty of shouting. Multiple reports have the **Dodgers** partnering with **Time Warner Cable** to launch the team's own RSN. The first yell might come from **Fox Sports**, which *Sports Business Daily* reported could have the right to match or object to any deal. "It is believed that Fox would be able to match a straight rights deal or any deal that gives TWC an equity interest in a new channel. Matching rights would not kick in if the Dodgers launch a channel on their own and get TWC to agree to carry it with no equity stake," SBD reported, citing sources. The deal is "complicated," we're told. If a Dodgers net launches, it will take the number of RSNs in L.A. to 6: **Time Warner Cable SportsNet, TWC Deportes, Fox Sports West, Prime Ticket, Pac-12 Southern CA** regional net and the new channel, which would be developed by Dodgers owner **Guggenheim Partners**. The number of nets is even higher if you count the Pac-12 national net (not really an RSN) or Padres net Fox Sports San Diego (not in-market). By contrast, NYC has 4 RSNs: **YES, MSG, MSG+** and **Sports Net NY**. The deal, which is expected to be announced this week, is a blow to Fox. But the programmer seemed to be developing an insurance policy against losing the Dodgers rights when parent **News Corp** struck a deal for a 49% equity stake in YES late last year (*Cfax*, 11/21). It lost the number-2 baseball team in America, but it has a piece of the #1 franchise. And News has the right after 3 years to acquire an additional stake that could bring its ownership to 80% of YES. Fox Sports has the Dodgers rights through the end of the '13 season (*Bloomberg* reports Fox is paying about \$40mln a year for the rights). The Dodgers attraction to TWC is clear. Not only does it guarantee carriage as the dominant distributor in the market, but it has the successful track record of TWC SportsNet, which was able to reach deals with all the major MVPDs shortly after the 1st Lakers game. *The L.A. Times* has pegged the deal at around \$7bln. Time Warner Cable will have greater control in the sports marketplace, although some question how it will fight increases from other RSNs when it will be pushing for its own. Expect more shouting.

**Energy Alert:** The **Dept of Energy** has scheduled a public meeting for Feb 27 in DC on its proposal for establishing a new test procedure for measuring power consumption of set-top boxes. Cable hopes to avoid formal regulations, which is part of the reason for last month's energy efficiency announcement. The DOE had suspended the testing proceeding for several months last year in the hopes that the industry would work out a voluntary agreement with energy advocates, such as **National Resources Defense Council**. But that didn't happen. Instead, 15 MVPDs across cable, satellite and telco TV went out on their own and announced a voluntary 5-year Set-Top Box Energy Conservation Agreement that went into effect this year (*Cfax*, 12/7). The distributors say it should result in annual residential electricity savings of \$1.5bln or more as the commitment is fully realized. "We certainly believe that the unprecedented and significant energy conservation agreement announced by 15 multichannel video providers and device manufacturers will be more effective and implemented more quickly than the outcome of a prolonged regulatory proceeding," an **NCTA** rep said. DOE is accepting comments and data regarding the proposed rulemaking. -- **SCTE** holds its SEMI forum for smart energy mgmt Apr 10 in Atlanta. **Cox** evp, CTO *Kevin Hart* will provide a keynote on ways for ops to align workforces, operations and outreach programs to reflect modern energy strategies and sustainable thinking.

**U-Verse Outage:** After reports of widespread **U-Verse** outages Mon and Tues, **AT&T** said "a limited number of AT&T customers in some markets may be experiencing issues with U-Verse service." It's uncertain what caused the outage.

**Inside the Beltway:** *Anna Eshoo*, ranking member of House Tech, wants "to ensure constituent companies like **Netflix** continue to grow and are not hindered by discriminatory data caps or other tactics that deny consumers the freedom and flexibility to stream video content whenever and wherever they want," she said at the annual State of the Net conference Tues. The CA Dem again said she'll introduce legislation if the courts overturn the FCC's Open Internet order (*Cfax*, 1/16).

**Ratings:** **CNN** was the top-rated cable news net for Inauguration Day, with 3.1mln total viewers for 11:45-12:15 (oath and inaugural address), according to **Nielsen** Fast National data. Final numbers won't be available until Thurs. **MSNBC** was 2nd (2.3mln), followed by **Fox News** (1.3mln). CNN also led in prime (3.6mln) compared to 1.7mln for Fox News and 1.4mln for MSNBC. CNN averaged 1.9mln viewers in total day (6am-3am) vs 1.1mln for both Fox and MSNBC. -- Sat's 2-game **NHL** regional coverage on **NBC Sports Net** scored a 2.0 overnight rating, the highest overnight for regular-season coverage on NBC since its recent coverage of the league starting in '06. The rating's an 82% increase vs. the same period last year. -- "Anger Management" returned to **FX** Thurs with the 9pm telecast delivering 1.82mln viewers, and the 9:30 ep garnering 1.66mln. "Archer" had its most-watched telecast ever with 1.61mln total viewers and 1.28mln adults 18-

# BUSINESS & FINANCE

49. The premiere ep of "Legit" on FX at 10:30 notched 650K total viewers.

**Marketing: Time Warner Cable**

has opened its first experiential retail store, featuring live demo areas like a "Learning Bar" and its touch-enabled "Enjoy Better Wall." Sound like an **Apple Store**? Better retail and customer service is the idea. TWC CMO *Jeffrey Hirsch* tells us we'll see more of them in the next 5-7 years. Get the scoop on the MSO's strategy and photos of the store at **CableFAX.com**.

**People:** Former **Nat Geo** svp, global dev and prod *Bridget Hunnicutt* is now managing dir with Seattle-based

**PSG Films** ("Alaska State Troopers"). She will open an East Coast office based in DC. -- **WOW!** named *Richard Fish* CFO. Most recently he was COO with **Northwoods Capital Mgmt.** -- **VH1** named *Caralene Robinson*, formerly of **Sprint**, as svp, creative group and consumer marketing. -- **Starcom MediaVest's Mike Rosen** was named evp, ad sales & integrated marketing for **Telemundo**.

**Business/Finance:** **Liberty's John Malone** became the largest minority investor in **Columbus International**, a telecom provider in the Caribbean, Central America and Andean region. In the personal investment, Malone acquired secondary shares from existing shareholders in addition to purchasing primary shares from the company's treasury. **RBC Capital Markets** acted as exclusive financial advisor to Columbus on the transaction.

## CableFAX Daily Stockwatch

Company	01/22 Close	1-Day Ch	Company	01/22 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	53.40	0.04	CSG SYSTEMS:	18.84	(0.21)
DISH:	37.50	(0.42)	ECHOSTAR:	35.88	0.29
DISNEY:	52.73	0.39	GOOGLE:	702.87	(1.64)
GE:	22.01	(0.03)	HARMONIC:	5.21	(0.02)
NEWS CORP:	27.73	(0.1)	INTEL:	21.17	(0.08)
<b>MSOS</b>					
CABLEVISION:	15.41	0.08	JDSU:	13.40	0.20
CHARTER:	78.82	(0.01)	LEVEL 3:	24.18	0.49
COMCAST:	39.81	(0.46)	MICROSOFT:	27.15	(0.1)
COMCAST SPCL:	38.30	(0.37)	RENTRAK:	20.00	0.01
GCI:	8.53	(0.12)	SEACHANGE:	10.72	(0.05)
LIBERTY GLOBAL:	68.04	(1.39)	SONY:	13.35	0.65
LIBERTY INT:	20.98	UNCH	SPRINT NEXTEL:	5.66	0.01
SHAW COMM:	24.16	0.45	TIVO:	12.12	0.05
TIME WARNER CABLE:	100.41	(0.13)	UNIVERSAL ELEC:	18.82	(0.07)
VIRGIN MEDIA:	39.10	0.53	VONAGE:	2.46	(0.03)
WASH POST:	382.01	1.84	YAHOO:	19.90	(0.12)
<b>PROGRAMMING</b>					
AMC NETWORKS:	56.62	0.51	<b>TELCOS</b>		
CBS:	41.86	1.44	AT&T:	33.61	0.17
CROWN:	1.98	0.03	VERIZON:	42.94	0.40
DISCOVERY:	67.77	0.05	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	28.30	0.35	DOW:	13712.21	62.51
HSN:	58.65	(0.38)	NASDAQ:	3143.18	8.47
INTERACTIVE CORP:	41.26	(0.45)	S&P 500:	1492.56	6.58
LIONSGATE:	17.90	(0.24)			
OUTDOOR:	7.48	(0.01)			
SCRIPPS INT:	59.57	0.55			
TIME WARNER:	50.33	0.40			
VALUEVISION:	2.66	0.26			
VIACOM:	61.65	1.39			
WWE:	8.25	UNCH			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.31	0.03			
ALCATEL LUCENT:	1.69	0.04			
AMDOCS:	35.01	(0.02)			
AMPHENOL:	67.81	0.24			
AOL:	29.93	0.18			
APPLE:	504.77	4.77			
ARRIS GROUP:	16.80	(0.04)			
AVID TECH:	7.40	(0.09)			
BLNDER TONGUE:	1.38	0.10			
BROADCOM:	34.63	(0.18)			
CISCO:	20.87	(0.14)			
CLEARWIRE:	3.20	0.03			
CONCURRENT:	6.02	UNCH			
CONVERGYS:	16.96	0.11			

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