

CableFAX Daily™

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What the Industry Reads First

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Charter-Bresnan: So Nice, Let's Buy it Twice

Tom Rutledge must really like those Bresnan properties. **Charter** will pay \$1.625bln to acquire the systems in CO, MT, WY and UT from **Cablevision**, just a little over 2 years after it closed on its \$1.365bln purchase of the systems (304K video subs; 660K homes). The price tag represents a multiple of 8.9x **Optimum West's** (nee Bresnan) 3Q12 adjusted EBITDA and less than 8.0-X Charter's estimate of Optimum West's 1st year adjusted EBITDA under Charter. Take into account Charter's estimate of the present value of the tax asset, the effective purchase price multiple is less than 7.0X the estimated 1st year adjusted EBITDA, the companies said. **Time Warner Cable** was viewed as a frontrunner in the bidding, but it may have gotten cold feet—posting '13 guidance last week that spooked investors and sent shares tumbling. **Suddenlink** also was said to be in the running. "With this transaction, Charter will acquire some of the fastest growing cable assets in the United States," said Charter pres/CEO Rutledge. He pointed to Cablevision growing customers through the "execution of a product and service strategy, which is the same as the one we recently implemented at Charter." He would know. Rutledge was COO at CVC back then, declaring that "there are no reason why these same strategies [from Cablevision] will not succeed in other parts of the country." Interestingly, Charter hasn't made a major acquisition since 2000 when it paid a cool \$3.1bln for... you guessed it: Bresnan. Confused? That's because the current Bresnan is a different company that's actually the result of Bresnan founder *Bill Bresnan's* re-entry into cable in '03 when he bought up some former TCI systems in the Rocky Mountain region. Charter will fund the new buy with \$1.5bln of committed bank financing to **Charter Communications Operating, LLC**, and liquidity from cash on hand and its revolving credit facility. The deal is expected to close in 3Q. **Credit Suisse** and **Goldman Sachs** acted as financial advisors to Charter and provided debt financing commitments for the transaction. **Citi** and **J.P. Morgan** acted as co-lead financial advisors to Cablevision. **BofA Merrill Lynch** and **Guggenheim Securities** also provided financial advice to Cablevision. **Sullivan & Cromwell LLP** acted as legal counsel to Cablevision. Charter reports 4Q earnings Feb 22. Guess what everyone will want to hear about?

Cox Restructure: Must be something in the water. **Cox** has just wrapped up a re-org. **Time Warner Cable** recently completed its longtime restructure to a more centralized operation (**Cfax**, 1/24), and **NBCU** announced its own this week. As of Jan, Cox officially moved from 9 to 7 operating regions—CA, Southwest (AZ and Vegas), OK, Central (AR, KS, NE),

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Southeast (LA, FL, GA), VA and New England-Cleveland (RI, CT, OH). The changes meant merging AZ and Vegas to create the Southwest region, headquartered in AZ. And in the south, LA and FL/GA were combined to create the Southeast division (HQ in LA). In both instances, there is now one GM for the new operating system, with a sr exec remaining in each of the non-HQ consolidated systems to serve as a local market leader. *Duffy Leone* (gm for Vegas) and *Keith Gregory* (gm for Florida/Georgia) retired. *Steve Rizley* is the GM for the new Southwest unit, and *Jacqui Vines* is the GM for Southeast. *Mike Bolognini* is the market leader in Vegas, and *Lynn Murphy* is the market leader in Florida/Georgia.

CTAM Redux: A day after **CableFAX** broke the news of **CTAM's** pres/CEO *Char Beales* retirement at year-end, she checked in to say, 'hey, you've got 11 more months to say goodbye!' True enough, and there will probably be plenty of send-offs between now and then. "It's premature on my part to speculate on what [the next] leader will be, but I think the roadmap tells us that we need someone who can oversee cooperative marketing, collaboration and education," she said. "We'll have a search committee. They have not met yet to even put together what they're desiring in a candidate. But it's a great job, and I know there will be fabulous candidates."

Technology: **Comcast** said it's the 1st US ISP to offer an Internet safety and security solution for smartphones and tablets. The Constant Guard Mobile app can be downloaded by Xfinity customers for no additional charge.

Press Clippings: **NCTA** head *Michael Powell* took to *The Huffington Post* Thurs to dismiss the notion that **Netflix's** strategy of releasing all 13 eps of "House of Cards" at once is the end of cable networks as we know them. TV bingers might love it, but Powell argues there's a case to be made for the anticipation of a new ep and the resulting water cooler conversations. And the \$300mln Netflix is spending on original programming over the next 4 years is chump change to **HBO** and **Showtime** collectively spending nearly \$4bln over the same period. "The content business is a very high-priced, risky game. It's challenging for Netflix when a consumer can take a 30-day trial subscription and watch all 13 episodes of 'House of Cards' and then cancel, not having paid a dime," Powell wrote.

Research: **Cable In the Classroom** will debut free video modules to teach digital citizenship later this year. This dovetails with a **Harris Interactive** survey commissioned by CIC that found 9 out of 10 parents think it's important their children learn Internet safety and security (93%), ethical and responsible online behavior (93%) and critical thinking (87%).

Programming: The **London Science Museum** unveiled its "bionic man" built from \$1mln worth of state-of-the-art limbs and organs on Thurs, and **Smithsonian Channel** is the exclusive US home to the story. It premieres 2-hour special "Cyborg/Frankenstein" in Oct. -- **TLC's** series "Welcome to Myrtle Manor" (Mar 3) will track a trailer park in Myrtle Beach, SC.

Comcast Essentials: About 18 months after launching **Comcast Essentials**, Comcast is still learning how to most effectively get the word out, but it's not something "we can just throw a lot of advertising at," said *Bret Perkins*, vp, external and government affairs. Speaking at the **FCC's** day-long broadband summit Thurs, he said Comcast has developed localized plans to achieve the program's goal of improving broadband adoption among low-income households that receive discounted rates, low-cost computers and free Internet training. But Perkins cautioned against oversimplifying market strategy. "Don't assume everyone's the same," he said. The cable op also tweaked the program in Sept, working with the Labor Dept to ensure info was available at job centers across the MSO's 39-state footprint. Having a multi-generational approach helped **Hmong American Partnership** as it works with Comcast on digital training on-site and online, said pres/CEO *Bao Vang*. Meanwhile, **NTIA** is putting together a broadband adoption toolkit, providing "field-tested" approaches to address adoption barriers, said the agency's administrator *Larry Strickling*. Many broadband grantees contributed, sharing experiences on training, outreach and building awareness. The toolkit will be released in about a month.

Earnings: **Scripps Networks Interactive's** 4Q income jumped 93% YOY to \$344mln with total revenue rising 9.2% to \$605mln. Revenue from **Cooking Channel** was up the most in the quarter (38% YOY), followed by **GAC** (16%) and **DIY Network** (13%). For the full year '12, consolidated income was \$681mln vs. \$473mln. Looking forward, the company expects total revenue to increase 7-9% in '13. "What sets Scripps Networks Interactive brands apart from the competition" is its 18 years of consecutive growth, CEO *Ken Lowe* said during a conference call Thurs. The company had a strong year in terms of renewal contracts, including TV Everywhere deals, pres *John Lansing* said. Scripps has reached agreements with **Comcast**, **DirecTV**, **Time Warner Cable**, **Cablevision** and **AT&T U-verse** and is still in negotiations with one other, Lansing said. "It's our intention to work with the distribution industry to create this value proposition," he said.

BUSINESS & FINANCE

Pai Speaks: In a couple of weeks, the DC Circuit will hear arguments on the FCC's decision that Comcast had discriminated against **Tennis Channel** by distributing it to fewer homes than **Golf Channel** and **Versus**, both Comcast affils. "I look forward to receiving the court's guidance. But whatever the court decides, I worry that we have sent precisely the wrong signal to the marketplace," according to prepared remarks by FCC commish **Ajit Pai** at the **Media Institute** luncheon Thurs. Pai said he's "strongly" disagreed with the FCC's decision. "The record showed that every major MVPD in the country at the time distributed **Golf Channel** and **Versus** to more homes than **Tennis Channel**. Indeed, even **DISH** and **DirectTV**, which have ownership interests in the **Tennis Channel**, distributed that network to fewer homes than both **Golf Channel** and **Versus**," he said. The Republican commish threw a few shots at the Cable Act, saying the law imposes regulatory burdens on any cable service that falls under Title VI. "After all, the Cable Act didn't contemplate such a dynamic marketplace."

People: **Univision** named **Marco Liceaga** as vp, marketing and promotions for **Univision Deportes**. -- **Andrew Struse**, who was part of the founding mgmt team for **Current**, was named vp, creative services at **Veria Living**. -- **Time Warner Cable** CFO **Irene Esteves** joined **NAMIC's** board of advisers.

CableFAX Daily Stockwatch

Company	02/07 Close	1-Day Ch	Company	02/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	52.59	0.12	CSG SYSTEMS:	19.02	(0.35)
DISH:	37.14	0.14	ECHOSTAR:	38.62	1.31
DISNEY:	54.36	(0.16)	GOOGLE:	773.95	3.78
GE:	22.48	0.04	HARMONIC:	5.35	UNCH
NEWS CORP:	27.90	(0.79)	INTEL:	20.81	(0.18)
MSOS					
CABLEVISION:	15.17	0.80	JDSU:	15.25	(0.09)
CHARTER:	80.63	(0.42)	LEVEL 3:	24.50	UNCH
COMCAST:	38.62	(0.11)	MICROSOFT:	27.28	(0.06)
COMCAST SPCL:	37.25	(0.13)	RENTRAK:	20.58	0.13
GCI:	8.08	(0.17)	SEACHANGE:	11.22	(0.01)
LIBERTY GLOBAL:	68.07	2.01	SONY:	15.13	(0.69)
LIBERTY INT:	21.11	(0.06)	SPRINT NEXTEL:	5.74	(0.03)
SHAW COMM:	23.63	(0.02)	TIVO:	12.96	(0.09)
TIME WARNER CABLE:	87.79	(0.3)	UNIVERSAL ELEC:	18.68	(0.22)
VIRGIN MEDIA:	46.04	1.15	VONAGE:	2.44	(0.06)
WASH POST:	387.39	(1.8)	YAHOO:	20.32	0.47
PROGRAMMING					
AMC NETWORKS:	57.78	0.23	TELCOS		
CBS:	42.45	0.47	AT&T:	35.27	(0.16)
CROWN:	1.95	UNCH	VERIZON:	44.46	(0.29)
DISCOVERY:	70.62	0.62	MARKET INDICES		
GRUPO TELEVISA:	27.96	(0.51)	DOW:	13944.05	(42.47)
HSN:	58.92	(0.09)	NASDAQ:	3165.13	(3.35)
INTERACTIVE CORP:	43.87	0.86	S&P 500:	1509.39	(2.73)
LIONSGATE:	18.96	(0.25)			
OUTDOOR:	7.64	0.14			
SCRIPPS INT:	59.97	(2.29)			
TIME WARNER:	52.36	0.35			
VALUEVISION:	2.90	0.09			
VIACOM:	61.49	(0.12)			
WWE:	8.45	(0.08)			
TECHNOLOGY					
ADVANTAGE:	2.12	0.06			
ALCATEL LUCENT:	1.59	(0.12)			
AMDOCS:	35.61	(0.08)			
AMPHENOL:	69.49	(0.06)			
AOL:	31.41	0.61			
APPLE:	468.22	13.52			
ARRIS GROUP:	16.42	(0.1)			
AVID TECH:	7.58	(0.04)			
BLNDER TONGUE:	1.45	0.10			
BROADCOM:	32.58	0.14			
CISCO:	21.09	(0.1)			
CLEARWIRE:	3.19	(0.02)			
CONCURRENT:	8.00	0.10			
CONVERGYS:	16.47	(0.51)			

WICT and the Stanford Graduate School of Business

have partnered to launch the WICT Senior Executive Summit, combining the excellence of Stanford's top-rated business school with the power of WICT's leadership development programs.

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PROGRAMMER'S PAGE

More than the Dress

Visit the National Museum of American History on a Saturday, and you'll likely find a crowd gathered around an exhibit of First Ladies' gowns. Look at the hullabaloo a few weeks ago over *Michelle Obama's* bangs. There's a First Lady fascination, but these women are much more than fashion and style. **C-SPAN** is delving beyond the superficial with "First Ladies: Influence and Image." "We're a culture of personality, and that image and fashion is important to people. *Edith Mayo* is the curator of that exhibit and one of our advisers. Her whole idea behind it is you get them with the image and fashion, and then it's a way to get a hook for people to really learn about who these women were and their influence," said *Mark Farkas*, the exec producer for the series. Such as *Sarah Polk*, who was roaming the halls of Congress, going to Committee hearings and helping husband *James Polk* write speeches. "So many of them are very, very involved, but what history knows of Sarah Polk is her name. And for so many of these other women, the name is not even known," Farkas said. "First Ladies" is the first time the net has divided a series over 2 seasons, with a scene-setter on the evolving role of First Lady to debut Feb 18 and premiere ep (*Martha Washington*) on Feb 25. The 90-min programs will air live Mondays at 9pm ET on C-SPAN and **C-SPAN 3**. Season 1 ends in June; Season 2 bows Sept 9 with *Edith Roosevelt*. The net teamed with the **White House Historical Assoc** to create the 35 eps. C-SPAN has built its name on uninterrupted coverage of lawmakers at work, but it has made big strides in the documentary space since the '08 premiere of feature doc "The White House: Inside America's Most Famous Home." "For us, more and more it has become part of what we want to do," said Farkas, explaining that such programming gives context to today's events. "There's good history programming out there on **Discovery, History Channel** and **PBS**, but really not a lot of it compared to everything else that's on TV." Maybe the next C-SPAN doc will be titled "First Man"? - *Amy Maclean*

Reviews: "The Song That Changed My Life," Wed, 8p ET, **BYUTV**. It's the rare show that's direct, relaxing and gorgeous. This ep about Dylan's influence on singer-songwriter/fiddler *Sara Watkins*, is all those things and loaded with her fine acoustic performances. -- "Archer," Valentine's Day, 10p, **FX**. Even arrogant, self-centered spy Sterling Archer has a weakness for love. Tonight, *Ona Grauer* does a fabulous job voicing Archer's former fiancée and KGB agent, *Katya Kazanova*. In the end, we almost feel sorry for Archer. -- "50 Ways to Leave Your Lover," Valentine's Day, 9p, **Investigation Discovery**. The influence of that ol' matchmaker, *Henry Schreff*, is all over this darkly comedic look at love gone wrong, hosted with pluck by *Tia Carrere*. The 1st story ends with a lothario tied up in bed while 4 jilted lovers, er, stick it to him (don't ask). The finale illustrates why artificial insemination usually trumps having a surrogate sleep with your husband. -- "Necessary Roughness," Wed, 10p, **USA**. As a prelude to Valentine's Day, this ep focuses on multiple variations of love and gender roles, mostly sensitively. Appropriately, it's USA's 'Characters Unite' month. -- "Be My Valentine," Sat, 9p, **Hallmark**. *Billy Baldwin* uses his grin effectively in this predictable film, but *Christian Martyn* as his son is more adorable. - *Seth Arenstein*

Basic Cable Rankings

(1/28/13-2/03/13)

Mon-Sun Prime

1	USA	2.1	2097
2	DSNY	1.7	1637
3	HIST	1.4	1360
4	TBSC	1.3	1305
4	FOXN	1.3	1301
4	TNT	1.3	1297
4	ESPN	1.3	1287
8	FX	1.1	1075
8	HGTV	1.1	1074
10	A&E	1.0	999
10	ADSM	1.0	958
10	DSE	1.0	73
13	DISC	0.9	942
13	LIFE	0.9	853
15	SYFY	0.8	777
15	NAN	0.8	767
15	TRU	0.8	743
15	FAM	0.8	736
19	MTV	0.7	714
19	FOOD	0.7	704
19	TLC	0.7	692
19	AMC	0.7	648
19	MSNB	0.7	640
19	TVLD	0.7	632
19	ID	0.7	576
26	BRAV	0.6	613
26	SPK	0.6	589
26	LMN	0.6	549
29	CMDY	0.5	538
29	BET	0.5	502
29	APL	0.5	500
29	HALL	0.5	423
33	CNN	0.4	391
33	NGC	0.4	383
33	VH1	0.4	361
33	EN	0.4	346
33	TRAV	0.4	336
33	NKJR	0.4	312
33	INSP	0.4	273
33	H2	0.4	255
33	FXDN	0.4	76
42	HLN	0.3	305
42	ESP2	0.3	300
42	OXYG	0.3	269
42	DXD	0.3	255
42	OWN	0.3	252

*Nielsen data supplied by ABC/Disney

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OTT Musings: Stakeholders Debate Evolving Content Delivery at CES
With the Comcast/Disney distribution deal a harbinger for TV Everywhere and Fox's move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at U-verse," said Jeff Weber, AT&T VP, product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discoment is critical, panelists agreed. While AT&T has an approval process in place, YouTube abandoned its API-based partnership model two years ago "because we ended up with different apps on diff TV, and performance differed," said Francisco Valera, dir/global head of platform and games partnerships. Touting YouTube's deals with Samsung, LG and its new Xbox partnership, "If we can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent day model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights, "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said Lisa Pickett-Simer, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickett-Simer said, noting the bigger role of metadata and the need