

CableFAX Daily™

Wednesday — February 13, 2013

What the Industry Reads First

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So Long, Microwave Division: Comcast to Buy Out GE's NBCU Stake

It was always kind of a matter of when, not if... But ahead of **Comcast's** earnings on Wed, the company announced its official plans to buy the remaining 49% of **NBCU** from **GE** for approx \$16.7bln, planning to close in 1Q. Calling the announcement an "exciting day" for the top MSO, chmn/CEO *Brian Roberts* said GE had been a "wonderful partner" over the last 2 years but that taking full control of NBCU made the most financial sense. "Our decision to acquire GE's ownership is driven by our sense of optimism for the future prospects of NBCUniversal and our desire to capture future value that we hope to create for our shareholders," he said. Roberts called the terms "attractive" and said Comcast has taken a number of financial steps designed to prepare its balance sheet (We assume we'll hear more about that during Wed's earnings call). As for those earnings, Comcast saw its 4Q revenue increase nearly 6% YOY to \$15.9bln while operating income was up 12.9% YOY to \$3.3bln. Revenue for cable communications increased 7% YOY to \$10.1bln in the quarter. Combined video, Internet and voice subs increased by 503K in 4Q, an 8% increase vs the same Q last year. At the end of 4Q, the company has 51.3mln subs, a net increase of 1.5mln over the same period last year due to increased HSI sub additions and reduced video sub losses. For 4Q, revenue from NBCU's cable nets increased slightly to \$2.2bln, reflecting a 2.5% increase in distribution revenue and tempered by a 1.5% decrease in ad revenue. Meanwhile, Comcast will increase dividends by 20% to \$0.78 per share and plans to repurchase \$2bln of its stock in '13.

Carriage: **Comcast** and **Fox** reached a distribution pack Tues to offer live and VOD programming from 20 Fox broadcast stations as well as **FX, FX Movie Channel, SPEED, Fuel TV, Fox Soccer, NatGeo, NatGeo Wild, MundoFox, Fox Deportes** and **Fox Business Network**, to 22mln Xfinity TV subs. Key parts of the agreement include multiplatform offerings with long-term plans to make available next-day full ep streaming of certain Fox programming online to authenticated Xfinity TV subs. In addition to live and on-demand streaming, authenticated Xfinity TV subs can soon access long-form, full eps on "FOX NOW," a suite of TV apps across multiple digital platforms designed to offer subs interactive and social capabilities around Fox shows.

Fusion: Busy network news week, whether it's rebranding or launch of new nets. **ABC** and **Univision** announced they will name their joint venture news and lifestyle net for US Hispanics **Fusion**, which will launch in the 2nd half of '13. Distribution agreements are already in place with **Cablevision, Charter, Cox, AT&T U-verse** and **Google Fiber**. The Miami-based net hasn't reached a distribution pack with **Comcast**, owner of another Spanish net **Telemundo**, or **DirecTV**, or **DISH**. According to the companies, programming will focus on the issues most relevant for US Hispanics, including the economy, entertainment, music, food, immigration, pop culture, education, politics, health and wellness and more.

Earnings: Higher pay-TV revenue pushed **Lionsgate's** 4Q revenue to \$743.6mln, up 30% YOY. Quarterly TV rev-

100

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venue for the company, which owns **TV Guide Network**, was \$98.8mln, a 4-fold increase from the prior year.

Cybersecurity: A joint statement by House intelligence committee chmn *Mike Rogers* (R-MI) and ranking member *C.A. Dutch Ruppersberger* (D-MD) appears to suggest that the **White House** is crafting a cybersecurity executive order. "We are pleased to hear that the President will mention cyber security in tonight's State of the Union Address. We will closely review the President's executive order once it is released but we agree that our biggest barriers to bolster our cyber defenses can be fixed only with legislation," they said. That's why they will introduce Wed the cybersecurity legislation, which is identical to the "Cyber Intelligence Sharing and Protection Act" that passed the House in April. The bill includes what they deem narrow definitions that permit only the voluntary sharing by the private sector of a limited category of info and only for cybersecurity purposes. It also proposed strict restrictions on the government's use of any data shared by the industry.

5Qs: We broke the news Mon that as part of its mission to shift fully away from the channel scroll and into an entertainment net, **TV Guide Network** will officially change its name to **TVGN**, effective Mar 18. *Dennis Miller*, the newly named interim TVGN pres, now gives us the low-down. **Will the repositioning impact your relationship with distributors?** Not at all. We continue to be Hollywood and entertainment-focused. That's... the mandate in our contracts with the operators. More than 83% of the distribution is already without a guide or scroll, and we expect to move to 90% full-screen carriage by the end of the year. Channel guide still plays an important role in some markets, so we will continue to provide that service. Having said that, we hope to move to full screen as quickly as possible. It's important for cable nets to be partners with operators in a market that has seen rising sports rights costs and bandwidth challenges. **Will there be changes in subscriber fees?** We have long-term carriage deals, and we have ongoing negotiations with distributors. We are priced attractively vs competitors. **What's TVGN's programming strategy?** Hollywood and entertainment in general continue to be a very vibrant industry to cover, and there's constant interest in entertainment culture. There's real room to be the go-to place for entertainment content. Specifically, we are stepping up our original (unscripted) programming. Historically, we do a lot of in-house programming, and now we are reaching out to top non-fiction producers to develop pilots and series. We are looking outside the building and expanding into new territory. The net's not considering scripted programming as of now. We are focusing on things that can be done cost-effectively. **What is TVGN's targeted demo?** AD 18-49 are the principal audience and the net's probably more female-oriented. Having said that, by doing original programs we can continue to lower our average age and be more competitive. **Any changes in management?** Given that we are moving away from the utility model to an entertainment platform, we will hire experts from the industry. Announcements will be made in the next couple months.

Press Clippings: Intel apparently will launch an Internet-based TV service and box this year, according to multiple press reports stemming from the comments of *Erik Huggers*, the head of **Intel Media**, at the AllThingsD's media conference Tues in Dana Point, CA. A camera on the box will be able to detect who's in front of the TV, and Intel is working with industry partners to figure out how to distribute live TV and other services via the Internet, he said.

Online: Netflix's first original series for kids will be from *Steven Spielberg's DreamWorks Animation* with more to come. Based on the production company's movie "Turbo" premiering this summer, the Netflix series "Turbo: F.A.S.T." debuts in Dec in the US and in 40 countries where Netflix offers services. Additionally, new DreamWorks Animation feature titles will be made available for Netflix subs in the US starting with the studio's '13 film line-up. -- The **HBO Go** and **Cinemax's**

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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

To Sponsor: Amy Abbey at
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BUSINESS & FINANCE

MAX GO apps are now compatible with **Apple's** AirPlay, enabling HBO and Cinemax subs to wirelessly stream programming from their iPhone, iPad and iPod touch to their HDTV using Apple TV. Updates to both apps are now available on the App Store.

On the Circuit: Rep *Steve Scalise* (R-LA), an advocate for communications policy reform, will speak at **ACA's** 20th Washington Summit.

Anniversary: **Suddenlink** is celebrating its first decade. The name Suddenlink was introduced in May '06 but the company's origins can be traced to Feb '03, when its management team assumed responsibility for what, at the time, was the 12th largest cable op, **Classic Communications**. Classic served some 300K subs in primarily rural communities. Happy 10-Year Anniversary, Suddenlink!

Programming: **FX** is headed for the border, placing a 13-ep order for "The Bridge," a new drama series premiering in July.

People: **BBC America** upped *Matt Stein* to svp, marketing, promotion and creative services. -- **Veria Living** appointed *Joseph Cho* as its first vp, digital. -- Media investor vet *Gordon Crawford* joined **Lionsgate's** board of directors, increasing the size of Lionsgate's board from 12 to 13 members. -- **A+E Networks** named *Danielle Carrig* as svp, publicity and public affairs for the **Lifetime** brands.

CableFAX Daily Stockwatch

Company	02/12 Close	1-Day Ch	Company	02/12 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	52.23	(0.66)	ECHOSTAR:	38.93	0.33
DISH:	37.66	0.55	GOOGLE:	780.70	(1.72)
DISNEY:	54.95	0.20	HARMONIC:	5.46	0.02
GE:	22.58	0.13	INTEL:	21.19	0.16
NEWS CORP:	28.74	0.01	JDSU:	15.29	0.03
MSOS					
CABLEVISION:	15.02	0.11	LEVEL 3:	21.31	(3.35)
CHARTER:	80.00	0.69	MICROSOFT:	27.88	0.02
COMCAST:	38.97	0.33	RENTRAK:	21.59	(0.07)
COMCAST SPCL:	37.58	0.33	SEACHANGE:	11.67	0.42
GCI:	8.12	(0.1)	SONY:	14.68	(0.31)
LIBERTY GLOBAL:	67.71	(0.23)	SPRINT NEXTEL:	5.91	0.12
LIBERTY INT:	21.35	0.06	TIVO:	13.15	0.08
SHAW COMM:	23.88	0.25	UNIVERSAL ELEC:	19.18	0.08
TIME WARNER CABLE:	87.82	(0.12)	VONAGE:	2.42	0.01
VIRGIN MEDIA:	45.88	UNCH	YAHOO:	21.21	0.31
WASH POST:	401.61	2.56	TELCOS		
PROGRAMMING					
AMC NETWORKS:	58.69	0.75	AT&T:	35.60	0.37
CBS:	43.21	0.93	VERIZON:	44.44	0.12
CROWN:	1.96	(0.01)	MARKET INDICES		
DISCOVERY:	71.03	0.08	DOW:	14018.70	47.46
GRUPO TELEVISA:	27.88	(0.2)	NASDAQ:	3186.49	(5.51)
HSN:	59.30	0.04	S&P 500:	1519.43	2.42
INTERACTIVE CORP:	42.83	(0.67)			
LIONSGATE:	19.62	(0.12)			
OUTDOOR:	7.62	(0.01)			
SCRIPPS INT:	61.04	0.03			
TIME WARNER:	52.50	0.37			
VALUEVISION:	2.85	0.04			
VIACOM:	61.83	(0.33)			
WWE:	8.55	(0.01)			
TECHNOLOGY					
ADVANTAGE:	2.25	0.10			
ALCATEL LUCENT:	1.65	UNCH			
AMDOCS:	36.03	0.24			
AMPHENOL:	70.40	(0.01)			
AOL:	37.85	1.62			
APPLE:	467.90	(12.03)			
ARRIS GROUP:	16.59	0.09			
AVID TECH:	7.82	(0.05)			
BROADCOM:	33.82	0.42			
CISCO:	20.97	(0.3)			
CLEARWIRE:	3.18	(0.01)			
CONCURRENT:	7.92	0.30			
CONVERGYS:	16.29	0.03			
CSG SYSTEMS:	19.77	0.23			



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