

CableFAX Daily™

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What the Industry Reads First

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Charlie's Plea: Work with Us, Not Against Us

Plenty of talk about pending litigation, some of it Hopper related, and of course the **Clearwire** bid during **DISH's** 4Q earnings conference call Wed. The company ended '12 with around 14mln pay TV subs, increasing its sub count by 89K. That's an improvement from '11, when it lost 166k video subs. CEO *Charlie Ergen* urged the industry to work with DISH on advertising. "All DVRs skip commercials," he said. "We can't ignore that fact." For broadcasters that are rejecting the Hopper, here's Ergen's plea: "There's a way for you not to put your head in the sand, a way to make more money from advertising through targeting. Work with us, not against us, and we will show you how to do that. We are not foes. We are friends." Despite ongoing legal battles with **ABC** and **ESPN**, DISH is hopeful about new carriage agreements with **Disney**. "We are a big customer of theirs... I wouldn't expect them to take ABC down... Anything can happen, but normally, greed prevails," CFO *Joe Clayton* said. The lawsuit with ABC is related to the ad skipping Hopper while the \$150mln ESPN lawsuit is related to a '05 licensing agreement. Ergen's optimistic that the parties can work through the issues. "Content going down is a lose-lose," especially for Disney, Ergen said, noting sports programming is DISH's most expensive cost. The satellite company added 14K subs in 4Q, down from the 22K it gained a year earlier. Net income dropped \$104mln to \$313mln. The decrease is partially impacted by litigation with **Cablevision** and **AMC Networks** regarding the Voom HD venture, as well as litigation with TiVo. Increased programming costs also contributed. Take Clearwire. If DISH's proposal to buy 25% of Clearwire's spectrum fails, there are other options to build a mobile broadband network, said Ergen. DISH recently announced it plans to buy 40Mhz of Clearwire's 2.5Ghz spectrum for around \$2.5bln to complement DISH's existing assets and gain a partner to help build out its proposed LTE nationwide network. The bottom line is, "We don't think Clearwire is the only alternative for us," he said. Ergen emphasized that DISH has no plans to sell its spectrum if the Clearwire bid falls through. Sprint Nextel, which owns 63% of Clearwire, submitted its own bid to buy out the shares of Clearwire it doesn't already own. DISH's \$3.30 a share bid is better than **Sprint's** \$2.97 a share, Ergen noted, claiming DISH's bid would benefit all parties. In addition, Sprint is unlikely to be a partner if the Clearwire bid fails, Ergen said. Among the questions by analysts/media at the call was 4K, which Ergen believes will roll out slowly because of the high cost and lack of programming: "It's a chicken and egg situation all over again," but 4K will get more traction than 3D. With volume, "We can get cost down," but "it's not going to be overnight," he said. For full year '12, DISH reported total revenue of \$14.27bln, up 1.6% YOY. Net income for the year was \$637mln compared to \$1.52bln in '11. The provider added 78K net broadband subs in '12 vs a loss of approximately 5K subs a year earlier.

At the Portals: More spectrum is coming thanks to the **FCC**. The agency proposed to make up to 195 MHz of additional spectrum in the 5 GHz band (a 35% increase) available to unlicensed wireless devices, according to an NPRM released at the agency's Open Commission meeting Wed. It also proposed to create a more flexible regulatory envi-

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Source: Nielsen, Live+SD, 2012 (12/26/11-12/30/12), Th 9p-10p, WE tv vs otd-supp cable nets, AA W18-49/W25-54 00s. Subject to qualifications upon request.

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ronment, and to streamline existing rules and equipment authorization procedures for devices throughout this band. Unlicensed National Information Infrastructure (U-NII) devices today operate in 555 MHz of spectrum in the 5 GHz band, and are used for short range, high-speed wireless connections including WiFi enabled local area networks and fixed outdoor broadband transceivers used by wireless Internet service providers. The proposed modifications would provide access to additional contiguous spectrum with consistent technical requirements, allowing unlicensed devices to use wider bandwidth channels, leading to faster speeds. The initiation of the proceeding carries out the course of action prescribed by the Middle Class Tax Relief and Jobs Creation Act for expanding spectrum for unlicensed use. The cable industry praised the move. "Today's FCC action appropriately focuses on changes needed to help WiFi grow and serve consumers' insatiable appetite for Internet services," **NCTA** said in a statement. The group said the industry has been working to keep up with demand for broadband everywhere, deploying more than 100K WiFi hotspots across the country. However, the reality is WiFi spectrum is growing increasingly congested, it said, urging more extensive use of the 5 GHz band, along with additional unlicensed spectrum in other bands.

On the Hill: More than 4 years after the \$7bln broadband stimulus grant was allocated, the program's effect still faces scrutiny on the Hill. The **House comm subcmte** scheduled a hearing titled "Is the Broadband Stimulus Working?" Feb 27 to review whether taxpayers are getting a good return on their investment. The subcommittee will also examine recent allegations of waste and discuss ways to avoid certain pitfalls in the future.

Comcast Doings: Looking to expand its services into the prepaid market, **Comcast** is testing a new tier with download speeds of 3 Mbps in the Philadelphia metro area. Currently, Comcast, the first major cable op to offer prepaid Internet services to new subs, has no plans to expand the model beyond the Philadelphia market, said a rep. The starter kit includes a modem, all necessary cables and 30 days of service for a suggested retail price of \$69.95 plus taxes. Additional service refills cost \$15 for 7 days or \$45 for 30 days. No annual contract or credit check is required. In addition, the prepaid service will be sold through wireless retail outlets of **Alpha Wireless Communications, T-Mobile USA, Speed Wireless** and **Leap Wireless** subsidiary **Cricket Communications**. -- **Comcast Business Services** launched Upware, a cloud-based software platform for small and mid-sized business customers. It contains a suite of cloud-based business applications in key categories like data backup, data security and collaboration.

March Madness: March Madness Live, produced by **Turner Sports**, will stream 67 games across platforms for pay TV subs for free. Through authentication, subs can access all games on **TNT, TBS**, and **TruTV**. Meanwhile, up to 4 hours of live game streaming will be available for the public.

Carriage: Starting Wed, **Veria Living** programming will air on **KM Communications'** WOCC-CD Channel 13.3, which is also available across the **Comcast Chicago** footprint. In addition, 3 new original TV series are in production and will premiere soon.

Deals: **ACC Digital Network** has partnered with companies, which include **Synacor, Roku, USAToday Sports Digital Properties** and **Sky Angel Faith Everywhere** to distribute video content across platforms. Each of the services will deliver ACC Digital Network's daily news and highlights from all the league's sponsored sports.

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BUSINESS & FINANCE

Ratings: Investigation Discovery garnered its best “On The Case with Paula Zahn” telecast ever Sun night, delivering more than 1mln viewers among P2+ and HH (920k) delivery.

Programming: Time Warner Cable SportsNet will televise the memorial service for LA Lakers owner Dr. Jerry Buss, to be held Thurs at Nokia Theatre. Buss passed away Mon at age 80 of kidney failure after struggling with cancer. -- MTV will premiere “Ke\$ha: My Crazy Beautiful Life” on Apr 23, which follows Ke\$ha’s professional and personal life. -- Science Channel will renew its partnership with SETI Institute Mar 5, launching 4 new eps featuring scientists on the hunt for alien life forms. -- Outside Television teamed with Red Bull Media House to launch original series “eXplorers - Adventures of the Century” and “Momentum What Drives You,” in the next few weeks. -- TruTV ordered 13 more eps for the current 2nd season of “Impractical Jokes” and “Hardcore Pawn: Chicago.”

People: Esquire Network hired industry vets Deena Stern and Katherine Nelson as head of marketing and head of communications, respectively. -- Turner upped Kristie Moomey to vp of post production, unscripted programming and digital extensions for TNT and TBS.

CableFAX Daily Stockwatch

Company	02/20 Close	1-Day Ch	Company	02/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	48.12	(1.14)	CSG SYSTEMS:	20.24	(0.16)
DISH:	36.03	(0.06)	ECHOSTAR:	39.55	0.17
DISNEY:	54.60	(1.13)	GOOGLE:	792.46	(14.39)
GE:	23.41	(0.34)	HARMONIC:	5.67	(0.11)
NEWS CORP:	29.21	(0.54)	INTEL:	20.73	(0.35)
MSOS					
CABLEVISION:	15.04	(0.24)	JDSU:	14.79	(0.62)
CHARTER:	77.99	(1.4)	LEVEL 3:	20.93	(0.27)
COMCAST:	40.95	(0.5)	MICROSOFT:	27.87	(0.17)
COMCAST SPCL:	38.56	(0.78)	RENTRAK:	21.19	(0.17)
GCI:	8.48	(0.02)	SEACHANGE:	11.65	(0.16)
LIBERTY GLOBAL:	64.57	(0.48)	SONY:	14.47	(0.18)
LIBERTY INT:	21.49	(0.21)	SPRINT NEXTEL:	5.79	(0.11)
SHAW COMM:	23.69	(0.38)	TIVO:	12.84	(0.45)
TIME WARNER CABLE:	86.44	(0.54)	UNIVERSAL ELEC:	19.08	(0.24)
VIRGIN MEDIA:	44.40	(0.34)	VONAGE:	2.60	(0.02)
WASH POST:	416.84	(2.01)	YAHOO:	20.92	(0.37)
PROGRAMMING					
AMC NETWORKS:	59.68	0.69	TELCOS		
CBS:	43.82	(1.06)	AT&T:	35.47	(0.2)
CROWN:	1.94	(0.07)	VERIZON:	44.92	0.42
DISCOVERY:	69.67	(0.96)	MARKET INDICES		
GRUPO TELEVISA:	28.29	0.16	DOW:	13927.54	(108.13)
HSN:	57.86	(0.98)	NASDAQ:	3164.41	(49.18)
INTERACTIVE CORP:	41.57	(0.32)	S&P 500:	1511.95	(18.99)
LIONSGATE:	20.35	(0.34)			
OUTDOOR:	7.57	(0.14)			
SCRIPPS INT:	61.93	(0.49)			
TIME WARNER:	53.23	(0.56)			
VALUEVISION:	3.04	0.10			
VIACOM:	61.45	(1.35)			
WWE:	8.52	(0.3)			
TECHNOLOGY					
ADVANTAGE:	2.29	0.01			
ALCATEL LUCENT:	1.52	(0.01)			
AMDOCS:	35.77	(0.36)			
AMPHENOL:	69.49	(1.4)			
AOL:	37.76	(1.47)			
APPLE:	448.85	(11.14)			
ARRIS GROUP:	17.07	(0.28)			
AVID TECH:	7.65	(0.07)			
BLNDER TONGUE:	1.30	(0.07)			
BROADCOM:	34.34	(0.76)			
CISCO:	21.11	(0.35)			
CLEARWIRE:	3.12	(0.03)			
CONCURRENT:	7.64	(0.32)			
CONVERGYS:	16.50	(0.28)			



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Reading List

Commentary by Steve Effros

So much to read, and so little time! The volumes of material that have come out recently are not really aimed at the average reader. However, they are aimed at the policy makers, the politicians, the regulators, and, hopefully, reporters. So let's take a quick survey of the last few weeks to get you up to speed.

Speed, by the way, seems to be on the mind of a lot of folks. The FCC came out with their third study on Internet speed delivery last Friday. You can find it at www.fcc.gov entitled "Measuring Broadband America." It's worth reading the press release, at least. The bottom line: cable ISPs are providing the speeds that they promise their customers 99 percent of the time! Check out NCTA's www.cabletechtalk.com if you want a short, concise explanation along with some helpful charts.

By the way, I'm not including specific url locations for all this material but instead giving you the source site because you should have those sources available to you as a general matter in any event. When the "facts" start flying in all directions, as they often do in policy debates about telecommunications, it's always good to know where to go to do a little fact-checking!

That's the basic conclusion of a wonderful report that was just issued by the ITIF, the Information Technology and Innovation Foundation, a group that has long been respected for its focus on clarifying what the numbers and comparisons really mean. In this case (ITIF.com), the study by respected technologists and economists looked at all the seemingly divergent numbers related to broadband. As you know, I have written many times in this column about the absurdity of "comparing" things like broadband speed in a highly-dense, government

funded environment like South Korea with the vast expanses of the United States and then having to suffer through the speeches of policy advocates saying we are "behind" someone else, or we are "failing" because some metric shows some other country is "ahead" of us.

Well, this report, 76 pages of details, numbers, citations etc., puts the kibosh on all of that nonsense. No, you don't have to read the whole report. There's an "Executive Summary" though, which you should read and even print out so you have it with you the next time some lobbyist argues that the government needs to take over the industry, make it a common carrier, and finance massive new fiber construction so we can "keep up" with the Joneses, whoever they may be at any given time! It's worth the read.

Of course there's lots of stuff not worth reading, too. A new book by Susan Crawford (who's busy politicking to be the new Chair of the FCC as the "darling" of the public interest folks) takes the position that Comcast and a few other companies so dominate broadband that they have become a threat, and should be reined in by that "common carrier" solution that envisions 1Gig fiber for everyone as a necessity. She seemingly hasn't heard of smartphones, LTE, satellite, Apple, Google and the rest of the competition. I think spending money on literacy and education is far more important to deal with the "digital divide" than insisting on ever-faster broadband, when, as the ITIF report notes, just about all current applications over broadband work just fine in the current environment!

There's so much more! However you can skip the recent *USA Today* piece by someone prognosticating that "cable" will be dead in five years! Don't believe everything you read.



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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

The CableFAXIES awards

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The Winners of the CableFAXIES Awards are from networks, operators, PR firms, vendors, corporations, agencies and other entertainment companies who took chances, made tremendous strides and understand the power of PR and marketing in the cable industry. The winners and honorable mentions will be saluted during an awards event in May 2013 in New York City.