

CableFAX Daily™

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What the Industry Reads First

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Year 2: Comcast NBCU Negotiating Internet Deals, Expanding Essentials

While the **Comcast-NBCU** transaction continues to have its detractors, the combined company's 2nd annual report to the **FCC** detailing implementation of conditions of the deal describes everything as A-OK. Amid all the updates on everything from localism to diversity were a few interesting tidbits. NBCU said it has received and is negotiating "several" requests to provide "full freight" (ie, licenses for the full suite of linear channels) to online distributors. This sounds like virtual MSOs, a service that **Intel** has talked about launching. Comcast didn't identify which companies have made requests. Per the FCC's conditions, an online provider would have to license all the Comcast-NBCU channels and offer programming from other content companies besides Comcast-NBCU. The report, filed Thurs, also said NBCU has signed deals with several online video distributors in the past year, including **Amazon, Barnes & Noble, Toys R Us, Google, Target** and **Flixster**. There has been 1 online video distributor, **Project Concord**, that has filed an arbitration request against Comcast. Neither company got exactly what they wanted, and a review was filed in Dec by both parties of a Media Bureau decision, which said NBCU can't exclude offering films less than a year old unless it would breach a 3rd party contract. "In the meantime, NBCU has provided (and is not disputing its obligation to provide) significant content to Project Concord under the parties' arbitrated and now in-force programming agreement," Comcast-NBCU told the FCC. On the MSO side of things, Comcast said it is meeting the obligation of offering at least 12Mbps downstream in all of its DOCSIS 3.0 markets, and that during the reporting period it upped the speed of its "Performance Tier" to 15Mbps in its top 30 markets. Comcast continues to provide its low-income broadband service "Internet Essentials," another condition of the NBCU deal. Comcast evp *David Cohen* is slated to provide the 2nd progress report on the service Tues. In 18 months, some 150K low-income families have signed up for the service and more than 10K people have attended in-person digital literacy training classes held by community partners. For '13, Comcast is expanding the eligibility requirements to include families with home schooled, private and parochial students. That should make another 200K families eligible for the service. Also under adoption conditions, Comcast must expand its broadband network by at least 1500 miles/year for 3 years and extend it plant to approx 400K additional homes. For '12, Comcast expanded the network by almost 2K miles and exceeded the additional home milestone by reaching a total of more than 421K in the past 2 years.

Sweep

Our primetime delivered more Adults 18-49
than NBC during February sweeps.

Source: The Nielsen Company, NPM, 1/31/13-2/27/13, Mon-Sat 8-11pm/Sun 7-11pm,
Live+5D, Adults 18-49 (000). Subject to qualifications available upon request.

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Negotiations: **DirectTV** said no **Sinclair** stations would go dark, and it looks to be right. The 2 reached an extension ahead of Thurs' midnight deadline for their retrans consent pact. Both companies said they reached a short-term pact as they work on a formal agreement. -- **MLB's** Opening Day isn't here yet, but **Fox Sports San Diego** lone holdout **Time Warner Cable** is already under pressure to launch the **Padres** RSN. In a letter dated Feb 11, San Diego mayor **Bob Filner** asked TWC CEO **Glenn Britt** and chief content officer **Melinda Witmer** why the MSO isn't carrying the channel. He also suggested the company's aggressive acquisition of sports rights for the **Lakers** and **Dodgers** "cast[s] a shadow" over its intentions in San Diego. "I understand that companies must make decisions that are in the best interest of their bottom line. That said, when every other major video provider in the region has reached an agreement with **FOX Sports** and your network has ceased discussions, one is left questioning Time Warner Cable's true motivations," he wrote. TWC said it received the letter and has been in contact with the mayor's office.

Earnings: **Mediacom Communications**, which owns **Mediacom Broadband** and **Mediacom LLC**, grew its 4Q revenue by some 3% YOY thanks to growth in broadband phone subs. Mediacom Broadband posted 4Q revenue of \$228.5mln, a 4.3% YOY increase thanks to higher ARPU. The average video sub paid \$135.19 a month, up from \$120.90 a year ago. The op lost 38K video subs in '12, ending the year with 558K video subs. On the up side, it grew its broadband subs by 37K and added 10K phone subs in '12. Mediacom LLC saw its video net adds decline 2.8% YOY. However, it added 48,360 broadband subs, a 9.2% YOY increase. **Fitch Ratings** affirmed the "B+" ratings on Mediacom Broadband and Mediacom LLC. The rating outlook is stable, Fitch said.

Research: The pay TV market added an estimated 152K net new video subs in 4Q, down from 228K a year ago, a **UBS** report said. That was the weakest 4Q since '10, when net adds were 115K, partially driven by Hurricane Sandy, the bank said. Cable losses improved 9.5% YOY as **Comcast** came close to adding video subs for the first time in 5 years, while telco net adds fell 18.9% YOY after rising 3.3% in 3Q. Meanwhile, programming costs continued to grow faster than ARPU in the quarter, rising 7.1% YOY in 4Q after 8.9% growth in 3Q and 10.4% growth in 4Q, '11. For full year '12, providers saw content costs increase 7.8%, down slightly from 8.1% growth in 2011. When it comes to broadband net adds, cable took over 90% of new broadband subs in '12. In 4Q, telco net adds fell 54.1% annually to 53K, while cable adds fell 14.8% to 511K. For the year, telco adds fell by 2/3 to 250K while cable adds rose 10% to 2.3M. The industry as a whole added 564K new broadband subs in 4Q, down from 716K a year ago.

Do the Harlem Shake: Some of you folks can really shake it (Yes, we're talking to you, **NCTC's Frank Hughes**). Check out our picks for Top 10 cable Harlem Shake videos at **CableFAX.com**.

Business/Finance: A little more on who was helping who with **TDS Telecom's** purchase of **Baja Broadband** for \$267.5mln (**Cfax**, 2/27). **RBC Capital Markets** served as an advisor to **M/C Partners** and **Columbia Capital** and as exclusive M&A advisor to Baja Broadband. **Waller Capital Partners** also served as an advisor to M/C Partners and Columbia Capital. M/C and Columbia currently own Baja.

Oops! Cablevision no longer owns RSNs **MSG** and **MSG+** (**Cfax**, 3/1). In 2010, it spun off the channels' owner **Madison Square Garden Co.** Cablevision CEO **Jim Dolan** is exec chmn of Madison Square Garden. We also misstated **Kristin Dolan's** title. She is sr evp.

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CableFAX Week in Review

Company	Ticker	3/1 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	48.55	(1.1%)	(3.21%)
DISH:	DISH	34.70	(6.04%)	(4.67%)
DISNEY:	DIS	55.33	1.99%	11.13%
GE:	GE	23.19	(0.86%)	10.48%
NEWS CORP:	NWS	29.60	1.96%	12.80%
MSOS				
CABLEVISION:	CVC	13.76	(9.05%)	(7.9%)
CHARTER:	CHTR	86.49	1.73%	13.44%
COMCAST:	CMCSA	40.03	0.30%	7.15%
COMCAST SPCL:	CMCSK	38.38	1.49%	6.86%
GCI:	GNCMA	8.50	(1.16%)	(11.37%)
LIBERTY GLOBAL:	LBTYA	69.13	6.58%	9.80%
LIBERTY INT:	LINTA	20.82	(2.39%)	5.79%
SHAW COMM:	SJR	23.83	(0.29%)	3.70%
TIME WARNER CABLE:	TWC	88.69	2.66%	(8.75%)
VIRGIN MEDIA:	VMED	46.60	4.32%	26.80%
WASH POST:	WPO	395.83	(2.78%)	8.38%

PROGRAMMING				
AMC NETWORKS:	AMCX	56.99	(3.47%)	15.13%
CBS:	CBS	43.55	0.42%	14.45%
CROWN:	CRWN	1.93	(5.85%)	4.32%
DISCOVERY:	DISCA	74.88	6.26%	17.96%
GRUPO TELEVISIA:	TV	27.48	(0.07%)	3.39%
HSN:	HSNI	53.98	0.65%	(2%)
INTERACTIVE CORP:	IACI	41.24	(1.5%)	(12.7%)
LIONSGATE:	LGF	21.80	5.21%	32.93%
OUTDOOR:	OUTD	7.55	(2.08%)	(0.66%)
SCRIPPS INT:	SNI	64.30	2.78%	11.02%
TIME WARNER:	TWX	53.62	1.19%	12.11%
VALUEVISION:	VTV	2.70	(8.78%)	50.00%
VIACOM:	VIA	62.30	0.78%	14.80%
WWE:	WWE	8.58	(0.12%)	8.75%

TECHNOLOGY				
ADDVANTAGE:	AEY	2.17	4.83%	9.05%
ALCATEL LUCENT:	ALU	1.41	0.00%	1.44%
AMDOCS:	DOX	36.56	1.92%	7.56%
AMPHENOL:	APH	71.71	1.29%	10.83%
AOL:	AOL	36.65	(3.02%)	23.78%
APPLE:	AAPL	430.47	(4.51%)	(19.11%)
ARRIS GROUP:	ARRS	17.14	0.06%	14.73%
AVID TECH:	AVID	6.70	(12.53%)	(11.61%)
BLNDER TONGUE:	BDR	1.30	(8.45%)	13.04%
BROADCOM:	BRCM	33.87	1.90%	1.99%
CISCO:	CSCO	20.83	(0.33%)	6.01%
CLEARWIRE:	CLWR	3.18	1.60%	10.03%
CONCURRENT:	CCUR	6.99	(1.55%)	21.78%
CONVERGYS:	CVG	16.65	0.85%	1.46%
CSG SYSTEMS:	CSGS	19.24	(5.13%)	5.83%
ECHOSTAR:	SATS	37.68	(3.11%)	10.11%
GOOGLE:	GOOG	806.19	0.81%	13.97%
HARMONIC:	HLIT	5.60	(1.41%)	10.45%
INTEL:	INTC	21.03	2.99%	1.99%
JDSU:	JDSU	14.05	(3.86%)	4.11%
LEVEL 3:	LVT	19.89	(3.45%)	(13.93%)

Company	Ticker	3/1 Close	1-Week % Chg	YTD %Chg
MICROSOFT:	MSFT	27.95	0.68%	4.64%
RENTRAK:	RENT	21.13	(2.09%)	8.41%
SEACHANGE:	SEAC	11.45	(1.21%)	18.41%
SONY:	SNE	15.23	8.24%	35.98%
SPRINT NEXTEL:	S	5.80	(0.34%)	2.29%
TIVO:	TIVO	12.49	(3.4%)	1.46%
UNIVERSAL ELEC:	UEIC	19.98	2.88%	3.26%
VONAGE:	VG	2.63	0.38%	10.97%
YAHOO:	YHOO	21.94	3.39%	10.25%

TELCOS				
AT&T:	T	36.01	0.92%	6.82%
VERIZON:	VZ	46.72	2.91%	7.97%

MARKET INDICES				
DOW:	DJI	14089.66	0.64%	7.52%
NASDAQ:	IXIC	3169.74	0.25%	4.98%
S&P 500:	GSPC	1518.20	0.17%	6.45%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. SONY:	15.23	8.24%
2. LIBERTY GLOBAL:	69.13	6.58%
3. DISCOVERY:	74.88	6.26%
4. LIONSGATE:	21.80	5.21%
5. ADDVANTAGE:	2.17	4.83%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. AVID TECH:	6.70	(12.53%)
2. CABLEVISION:	13.76	(9.05%)
3. VALUEVISION:	2.70	(8.78%)
4. BLNDER TONGUE:	1.30	(8.45%)
5. DISH:	34.70	(6.04%)



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Bill Goetz
EVP, Operations, West Region
Time Warner Cable

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