

CableFAX Daily™

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What the Industry Reads First

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Sprint Focused: DISH's Ergen is All-In, 1Q Broadband Numbers Impressed

In an attempt to paint its offer for **Sprint** as superior, **SoftBank** came out with several areas of synergy that it argues boosts its prospects as a partner, saving Sprint \$3bln/year by '17. **DISH's Charlie Ergen** agrees they are very good synergies, but "most of them also would be available to us." If DISH loses the bidding war, there are a number of options available, including selling the company. "We're going to bid as much as we can to get it. We know they're a formidable competitor," Ergen said. "We could sell the company. We could have sold the company before... for the last 30 years. That's always an option, but it wouldn't be my personal #1 option." Other options include selling DISH's spectrum or partnering with someone else in wireless. Ergen was clear though: "Our preference is Sprint." One thing Ergen didn't sound keen on was combining with **DirectTV**. "There are tremendous synergies with DirecTV, but it would still be the same company. You still would have to figure out how to transform that company long term because the video business is mature," he said. A Sprint-DISH deal would transform both companies, he said. Ergen played the aw-shucks role, when a reporter asked what role he'd want to play at DISH-Sprint. "I'd play whatever role people need me in. If that's washing dishes or getting pizza, I'm willing to do it," he said. Similarly, he said "there is a role for anyone willing to make DISH-Sprint a success." DISH posted net subscriber adds in the Q of 36K, missing analyst estimates. But broadband was a different tale, bringing in 66K, with most bundling with TV. DISH launched **DishNET** broadband service in Sept along with **EchoStar** and **ViaSat**. "We expect dishNET will be a driver of growth over the next few years and contribute US\$219m in revenue and US\$157m in EBITDA in 2013," **Macquarie Securities** said in a research note. Overall, DISH's net profit fell to \$215.6mln from \$360.3mln a year ago. Rev was down slightly to \$3.56bln. **ISI Media** attributed some of the sub softness to the 1st rate increase in 2 years and SAC for the higher cost Hopper boxes. It remains buyers of DISH, saying it believes the company's strategy of improving sub quality has only seen the cost elements, not revenue benefits, at this point. A few non-Sprint takeaways: CEO *Joe Clayton* is keen on the Hopper, even though there is an initial upfront cost involved. Ergen praised its positive reviews, but said DirecTV probably does a better job marketing its Genie—partly because it can advertise on network TV (broadcasters aren't taking Hopper ads while embroiled in litigation over its ad-skipping tech). Ergen said the linear video business is performing better than the company thought it would, partly because programmers are

CableFAX **PROGRAM AWARDS**

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staying with authentication instead of moving to OTT. While OTT is on a “slower growth path” than he would have thought, he believes DISH is positioned well for OTT delivery. **Aereo** is interesting, but DISH is “more likely to work with existing [broadcast] partners than to find new partners,” Ergen said, noting that Aereo isn’t a free service.

On the Hill: Sen *John McCain* (R-AZ) is back on his a-la-carte horse, introducing a bill Thurs aimed at giving Americans more control over their viewing options. A la carte has been a vexation for McCain for more than a decade. His previous legislative attempts to address the issue have all failed, and most believe this effort won’t fare any better. It covers a lot of ground, from a la carte, to threats to move broadcast content to cable to even the sports blackout rule. McCain is billing it as voluntary, but it would effectively force a la carte offerings. The bill links the compulsory copyright license to the “voluntary” offering of a la carte. If a distributor doesn’t offer a broadcast station (and all channels the station owns) on an a-la-carte basis, the distributor “cannot rely on the compulsory license to carry those broadcast stations.” McCain claims the bill would “put up a stop sign” for rising cable prices. To get broadcasters to play along, the legislation ties regulatory benefits such as network non-dupe and retrans consent options to allowing MVPDs to sell channels on an a la carte basis. What about programmers who don’t own broadcast stations? The bill allows them to bundle their services in a package only if they offer those services to MVPDs to purchase on an individual channel basis. If the 2 parties can’t reach a carriage deal, the bill requires the final offer made by each to be disclosed to the **FCC**. Kudos to *B&C’s John Eggerton* for getting the scoop on the legislation, which also includes an **Aereo**-friendly proposal that attempts to thwart broadcasters from moving content from over-the-air to cable. A broadcaster will lose its spectrum allocation, and that spectrum will be auctioned by the FCC, if the broadcaster does not provide the same content over the air as it provides through MVPDs. As for the sports blackout rule, the bill would repeal it for events taking place in publicly financed venues and/or that involve a publicly financed local sports team. **NCTA** called govt-mandated a la carte a “lose-lose proposition” that would deprive consumers of programming diversity and better value. “In today’s video marketplace, consumers enjoy more choice than ever before,” the trade group said, pointing to cable, satellite, telco and online providers as well as video on non-TV devices and various video purchase offers (including individual shows). “In the face of such innovation and expansion, attempting to force retail models on private providers is unnecessary and counterproductive.” **ACA** said that it doesn’t believe mandated retail a la carte “for every channel” is the answer, but it looks forward to working with McCain in helping to shape policies that “deal with the influence of programmers in a manner that gives distributors the genuine ability to create consumer-friendly programming packages as a substitute for the all-or-nothing status quo that enriches programmers but frustrates millions of consumers.”

It’s a Miss: **Cablevision’s** 1Q earnings missed on several fronts, with consolidated revenue down 1% YOY to \$1.52bln, missing analyst estimates of \$1.55bln “Though we would characterize sub additions as ‘okay,’ CVC missed significantly on every financial metric,” **Wells Fargo** analysts said, noting that telecom rev came in at \$1.43bln vs its \$1.46bln estimate, driven by lower than expected ARPU. Cablevision lost 5K basic video subs, while it gained 23K HSD and 23K voice adds (in line, or slightly ahead of Street expectations). Not helping matters were \$8mln in costs during the Q related to Hurricane Sandy and \$7mln in legal costs (Cablevision sued **Viacom** in Feb over bundled programming). Programming costs rose roughly 12.8%, with that figure including the launch of **NFL Net**. Things that should help 2Q: the MSO expects Sandy’s impact to be over, and its \$2.90/month sport surcharge will have kicked in. Mgmt said it was important to note that the fee is a “sports,” not an RSN, surcharge, reflecting that sports costs in general are on the rise. The MSO is near the end of deployment of its new EPG and DVR Plus. While CVC recently announced the sale of **Clearview Cinemas** and **Bresnan**, it sounds like *Newsday* is here to stay. CFO *Gregg Seibert* said it “fits with our cable operations and our focus on providing the best in local news coverage to our customers in conjunction with *Newsday*.” Cablevision CEO *Jim Dolan* assured investors that despite his other interests, he’s very focused. “I’m constantly aware and working on the initiatives and strategic direction of the company,” he said. After falling more than 6.5% earlier in the day, shares rallied to close up almost 1%.

Earnings: **AMC’s** hits helped **AMC Networks** post strong 1Q results Thurs. Net income rose to \$61.5mln from \$43.2mln, while revenue for its 4 cable nets rose 18% to \$359.5mln. Ad fees were up 27% and affil fees were up 12%. Operating income was up 29% to \$141.4mln. “With several spin-offs and originals also in pipeline, we see **AMCX** well-positioned heading into TV ads upfront,” **S&P** said. **Bernstein Research’s** take: “Future success doesn’t require replicating the phenomenal success of AMC’s recent hits, but we believe they have a good chance of do so. While they will struggle to get international distribution, we believe there will be strong syndication demand for their content.” Shares closed up nearly 3%.

-- **Starz** reported operating income of \$105mln, down 13% from the same period last year, largely due to an 8% decrease in adjusted OIBDA to \$117mln stemming from higher sales of lower margin titles by **Starz Distribution** and a fewer exhibitions of **Overture Films**' titles. Another factor in lower operating income was an increase in stock compensation expense. Starz reported Q1 net income of \$58.2mln compared to \$79.2mln in the same quarter last year. Gross revenue was \$399mln, a 1% drop primarily attributable to non-renewal of the **Netflix** deal and less favorable terms on distribution agreements with 2 distributors. The company said fewer projects at **Starz Animation** also contributed to the decrease. In the good news dept, Starz and **Encore** subscriptions were up 7% and 4% respectively. "We continue to execute our strategy to grow the Starz original series programming portfolio with quality dramatic series," said CEO *Chris Albrecht*. "We are confident that over time our approach to original programming will deliver strong shareholder value."

At the Portals: The **FCC** voted Thurs to seek comment on using spectrum for an air-ground mobile broadband service that would allow in-flight broadband connectivity for airline passengers. The NPRM puts forth technical rules to assure service won't cause harmful interference. It also seeks comment on licensing rules by which the Commission would license the service in either two 250-megahertz blocks, one 500-megahertz block, or some other spectrum block size.

FS1: With 100 days before launch, **Fox Sports 1** has announced its schedule for day 1 (Aug 17), new hires and on-air talent and programs in development. Day 1 will include 18 hours of original programming and 16.5 of them are live. NA-SCAR Live and subsequent NASCAR programming will run for 7 hours. At 5pm the net will air UFC programming starting with UFC Tonight and culminating with UFC on FS1 Saturday from 8-11pm. The net's flagship news program "Fox Sports Live" will air 11pm-2am. Aug 19 premieres include "Crowd Goes Wild" (formerly known as "Rush Hour") with *Regis Philbin*, "Fox Football Daily" hosted by *Curt Menefee* and *Jay Glazer*, and FS1's "Monday Night Fights." Live coverage of the 2013-14 UEFA Champions League (Aug 20 start), the NASCAR Camping World Truck Series (Aug 21) and CONCACAF Champions League (Aug 22) were announced as well. FS1's UFC Wed night will start Aug 28 with "Fox UFC Wednesday Live," college football will start Aug 29 and the net's 3rd live UFC event will air Sept 4 before the season premiere of reality series "The Ultimate Fighter." A 1-hour doc special "Being: The Finest," a profile of the NYC Police Department football team, will air the week leading up to Super Bowl XLVIII. New broadcasting talent for the net include *Don Bell* from ESP-NEWS, former Boston Celtics reporter *Molly McGrath* and *Julie Stewart-Binks*, who comes from **CTV**.

Upfronts: At **AETN's** upfront Wed in NY pres, ad sales *Mel Berning* urged advertisers to avoid paying more to broadcasters and its cable competitors for programming that doesn't deliver results. "The math says that broadcast erosion is throwing over \$1 billion dollars up for grabs in this year's upfront," he said. "If you're tired of paying a failure tax, we have lots of successful programs for you to invest in." Successful businesses like AETN should be rewarded with more investment, he said. "And I'm sure that you can find that money at a lot of networks that aren't doing quite as well as we are." Chmn AETN *Abbe Raven* added the numbers to back it up: **History** was #1 in adults in March, **A&E** was #1 in Adults in April and **Lifetime** is experiencing double-digit growth. "Currently we have 20 of the Top 50 shows on ad-supported cable (in Adults 25-54.) That's 40 percent of the top of the market," she said. Newly minted pres/CEO *Nancy Dubuc* announced new programming and future goals: "Over the coming year, our goal is to grow **H2**, **Bio** and [**Lifetime Movie Net**] into the powerful platforms that History, A&E and Lifetime have become," she said. Highlights include a redux of "Bonnie & Clyde," starring *Holly Hunter*, *William Hurt*, *Emile Hirsch* and *Holliday Granger*, to be simulcast on A&E, History and Lifetime. History will launch the scripted miniseries "Sons of Liberty," about the heroes of the American Revolution, and "Houdini," starring *Adrian Brody*. Lifetime will air "Witches of East End," a drama about a family of witches, and A&E will launch "Those Who Kill," a scripted series about a police detective (*Chloe Sevigny*) who hunts serial killers. -- **Ovation** came to its upfront on Thurs armed with plans to launch 236 hours of new original programming that amounts to a 400% increase in original shows over last year, which had already doubled the originals it aired in '11. The net plans 9 new shows in '13, with 16 originals in development for '14. Ovation chief creative officer *Robert Weiss* also announced Ovation's new tagline—"Art Everywhere"—that's locked to the new Ovation logo. "With this seismic shift in our programming focus, we are making the leap to become a full-service arts network—America's only arts network," he said. The net featured 5 new shows at the upfront, including "The Kuhnert Chronicles" (premieres summer), with Harvard prof *Flynn Kuhnert* and his sister Tara exploring art history; "Culture Pop" (premieres June), showcasing the newest events and personalities in every creative field; and "A Young Doctor's Notebook" (premieres summer), a dark comedy with *Daniel Radcliffe* as a young doctor in a remote village during the Russian Revolution. *Jon Hamm* plays Radcliffe's older self. Ovation said it will announce its other 4 originals for '13 in June. Ovation also plans several off-air projects and initiatives, including "This Week's Wall," with up-and-coming art talent transforming a wall in the net's hq into a work of art.

YouTube: As **YouTube** gets its new subscription service off the ground, content providers are starting to jump

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on board. On Thurs, *Byron Allen's Entertainment Studios* launched its various HD cable nets as paid YouTube channels, hoping that consumers will pay \$1.99 per month (or as a package for \$9.99 per month on **SmartTV.com**). The nets are available in 10 countries, including the U.S. The nets now available on YouTube include **Cars.TV**, **Comedy.TV**, **ES.TV**, **MyDestination.TV**, **Pets.TV** and **Justice Central.TV**. Also on Thurs, LGBT net **Here TV** launched its own paid YouTube channel featuring dating and sex advice show "Threesome," marriage equality special "Pride & Groom" and several other LGBT-themed shows and series. The net costs \$7.99 per month, or \$67.99 per year.

Ride the Wave: Turner announced plans for a June launch of **upwave**, which it's billing as a "new multiplatform health and wellness entertainment brand" that will include a digital content, mobile apps, live events and social media—as well as a linear TV element. The ad-supported venture will debut as a digital product and add other platforms later this year.

People: **SeaChange CFO Michael Bornak** has resigned, effective May 31, to take a position at another unnamed publicly traded company. **SeaChange chief accounting officer Anthony Dias** was upped to svp and will serve as interim CFO while the company searches for a permanent replacement.

CableFAX Daily Stockwatch

Company	05/09 Close	1-Day Ch	Company	05/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	62.98	1.08	CONVERGYS:	17.83	0.05
DISH:	38.80	(0.81)	CSG SYSTEMS:	21.79	0.04
DISNEY:	66.67	0.68	ECHOSTAR:	40.16	0.23
GE:	22.78	(0.23)	GOOGLE:	871.48	(2.15)
NEWS CORP:	33.44	1.46	HARMONIC:	5.82	(0.02)
MSOS					
CABLEVISION:	15.59	0.12	INTEL:	24.36	0.11
CHARTER:	110.13	0.09	JDSU:	13.24	(0.29)
COMCAST:	42.96	(0.32)	LEVEL 3:	23.62	(0.37)
COMCAST SPCL:	41.16	(0.24)	MICROSOFT:	32.66	(0.33)
GCI:	9.38	(0.12)	RENTRAK:	23.51	(0.67)
LIBERTY GLOBAL:	76.86	(2.19)	SEACHANGE:	11.03	(0.12)
LIBERTY INT:	23.03	0.23	SONY:	18.08	0.14
SHAW COMM:	22.91	(0.14)	SPRINT NEXTEL:	7.35	0.03
TIME WARNER CABLE:	97.94	(0.38)	TIVO:	11.95	0.01
VIRGIN MEDIA:	50.83	(1.03)	UNIVERSAL ELEC:	23.86	0.12
WASH POST:	446.80	(2.7)	VONAGE:	2.76	(0.05)
PROGRAMMING					
AMC NETWORKS:	66.44	1.79	YAHOO:	26.24	(0.17)
CBS:	46.90	(0.05)	TELCOS		
CROWN:	2.05	0.01	AT&T:	37.33	(0.5)
DISCOVERY:	77.66	0.72	VERIZON:	52.71	(0.4)
GRUPO TELEVISIA:	26.51	(0.06)	MARKET INDICES		
HSN:	55.31	(0.11)	DOW:	15082.62	(22.5)
INTERACTIVE CORP:	48.78	(0.42)	NASDAQ:	3409.17	(4.1)
LIONSGATE:	26.28	0.02	S&P 500:	1626.67	(6.02)
OUTDOOR:	10.27	0.13			
SCRIPPS INT:	68.91	(0.19)			
STARZ:	22.74	(1.5)			
TIME WARNER:	61.10	(0.03)			
VALUEVISION:	4.20	0.16			
VIACOM:	69.28	0.09			
WWE:	9.29	(0.01)			
TECHNOLOGY					
ADVANTAGE:	2.35	0.04			
ALCATEL LUCENT:	1.47	(0.01)			
AMDOCS:	36.10	(0.32)			
AMPHENOL:	78.25	0.27			
AOL:	39.04	1.30			
APPLE:	456.77	(4.02)			
ARRIS GROUP:	16.46	(0.24)			
AVID TECH:	6.82	(0.12)			
BLNDER TONGUE:	1.02	(0.13)			
BROADCOM:	36.51	0.10			
CISCO:	20.83	0.11			
CLEARWIRE:	3.27	(0.12)			
CONCURRENT:	7.46	(0.19)			

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PROGRAMMER'S PAGE

New Building Symbolizes BBC's Philosophy

London - At a time when large numbers of people telecommute, the **BBC** is encouraging old-fashioned collaboration and collegiality among its journalists with a gleaming, high-tech complex that's become a boasting point for the world's largest news gatherer. The new addition to venerable Broadcast House even has senior exec and 10-year BBC veteran *Richard Porter* admitting, "It's a thrill to come to work in this building." Porter seemed downright gleeful leading a tour of the airy, 970-sq-foot structure rising like a silver beacon 7 floors above London's West End. The main attraction is the newsroom, a huge space with hundreds of work stations. Viewed from an atrium, at 3pm on a weekday, it resembled the floor of the NY Stock Exchange. While half the room is dedicated to domestic news, the rest is filled with people working on international services, including **BBC World News**, available in 25mln U.S. cable HHs and around the world. World News began broadcasting from the new space Jan. 14. Surrounding the newsroom are 7 floors of work space—none of the 3K staff, not even Global News CEO *Jim Egan*, have offices. Below the newsroom, on 3 floors of subterranean space, are state-of-the-art digital studios. Special springs shield studios from sounds emitted by nearby London Underground trains. World News uses 3 studios, including one where automated cameras circle the anchor desk, rolling on small railroad tracks. The BBC's new digs is more than an edifice. It represents a choice to bolster global coverage instead of cutting it. The hope is this choice leads to increased cable carriage of World News. While its vastness is impressive, the most important part of this new building is its people. It's like a mini U.N., with dedicated teams broadcasting in 28 languages. These teams also comprise an in-house reserve of foreign-country experts, available instantly to analyze breaking stories since they're working in the new facility. "Co-locating international journalists allows us to show a world conversation," Egan says. - *Seth Arenstein* [Next week at **cablefax.com**: A conversation with BBC Global News CEO Jim Egan.]

Reviews: "Family Tree," premiere, Sun, 1030p, **HBO**. In "Family Tree," HBO asks American audiences to appreciate very dry British humor in this London-based, documentary-style series from *Christopher Guest* ("Best in Show") and *Jim Piddock*. Its plot centers on likeable *Chris O'Dowd* (HBO's "Girls") as Tom Chadwick, a 30-year-old nebbish trying to discover his roots. The journey, while mildly entertaining and filled with quirky characters, didn't strike us as funny. -- "Evil In-Law," premiere, Sun, 9p, **ID**. Mother's Day usually is a time to honor moms. Not so for *Henry Schleiff* and plucky **ID**, who, in a clever bit of counter-programming, blast matriarchs, aiming at mothers-in-law. The first story is a terrifying portrayal of unbridled enthusiasm leading to serious consequences. -- "The Big C: Hereafter," Mon, 10p, **Showtime**. The series' penultimate ep drags a bit, but has its moments, mixing pathos, inspiration and awkward gallows humor as *Cathy (Laura Linney)* faces death. -- **Notable: Sony Movie Channel** pays tribute to *Ray Harryhausen* with a marathon of 3 of his Sinbad films, preceded by the documentary "Ray Harryhausen: Special Effects Titan" (Sat, 12:45p ET). Harryhausen passed earlier this week. - *Seth Arenstein*

Basic Cable Rankings (4/29/13-5/5/13)			
Mon-Sun Prime			
1	TNT	2.3	2252
2	USA	1.9	1897
3	DSNY	1.7	1657
4	FOXN	1.5	1449
5	HIST	1.3	1249
6	TBSC	1.2	1222
7	A&E	1.1	1105
7	FX	1.1	1068
7	ESPN	1.1	1062
10	ADSM	1	1007
10	HGTV	1	957
10	DSE	1	75
13	LIFE	0.8	826
13	FOOD	0.8	798
13	NAN	0.8	782
13	SYFY	0.8	746
13	FAM	0.8	739
18	DISC	0.7	712
18	TRU	0.7	654
18	TLC	0.7	642
18	BRAV	0.7	623
22	AMC	0.6	636
22	TVLD	0.6	600
22	SPK	0.6	563
22	HLN	0.6	549
22	MTV	0.6	548
22	ID	0.6	537
22	LMN	0.6	487
22	DSJR	0.6	338
30	CMDY	0.5	518
30	APL	0.5	512
30	MSNB	0.5	472
30	CNN	0.5	467
30	VH1	0.5	465
30	HALL	0.5	400
36	BET	0.4	402
36	NGC	0.4	359
36	NKJR	0.4	334
36	GSN	0.4	316
36	OXYG	0.4	303
36	NBCS	0.4	286
36	HMC	0.4	192
43	TRAV	0.3	315
43	ESP2	0.3	291
43	EN	0.3	290
43	WE	0.3	280

*Nielsen data supplied by ABC/Disney

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