

CableFAX Daily™

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What the Industry Reads First

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GAO Report: FCC Should Consider Scaling Back Pricing Reports

While cable prices have rose 33% from '05 to '12 (well above the 15% in the Consumer Price Index), the **FCC** may want to think about less frequent reporting on cable industry prices and competition. So concludes a **GAO** report on the video marketplace released Tues. The report notes that the FCC failed to publish its cable industry price report 4 times ('04, '06, '07 and '10) and hasn't published its video competition report 4 times ('07, '08, '10 and '11). GAO found little change in the reported findings in the video competition report. As for the pricing reports, the FCC's '09 report covered multiple years of data to make up for the missed reports and "could serve as a model for issuing such reports less frequently." The FCC has blamed the missed reports on the time they take to prepare and various administrative factors. The agency also said they impose burdens on some industry participants. But trimming the number of reports isn't a simple task, as they are statutorily required by Congress. GAO suggested that the FCC study the advantages and disadvantages of different reporting frequencies and then fill Congress in on its findings. The Commission is reviewing GAO's recommendations. Back to those cable prices... Cable wasn't the only industry to post increases that outpaced inflation. In Jan, **DISH** raised the price for its services between 7-20%, and **DirectTV** raised prices by 4.5% in Feb. Other findings in the GAO report: competition by content producers hasn't changed much since '05, while competition on the distribution side has increased with the introduction of telco video. GAO also mentioned the introduction of competition in limited areas, such as **Google Fiber** in Kansas City, and the emergence of online video (though it noted online viewing and revenues represent a small portion of overall media activity). Online video distributors, such as **Hulu** and **Netflix**, are providing increased choices, GAO said. "Some experts and consumer groups with whom we spoke said that these new online options constituted a programmatic à la carte, rendering debates over whether or not consumers should have the ability to purchase specific channels less relevant," the report said, though it noted OVD libraries are limited. "OVD told us that competition could be hindered by the fact that content providers will license their content to them, but only on similar contractual prices and terms that they offer to traditional MVPDs," the report said. OVDs argue that MFNs inhibit their ability to compete and keep them from offering different programming choices and prices (**DOJ** and **FTC** had a workshop in Sept on MFN clauses).

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In the Courts: One of the most-watched court cases in the telecom space finally has a date for oral arguments. **Verizon's** challenge of the **FCC's** net neutrality rules is slated for arguments in the Court of Appeals for the DC Circuit on Sept 9 before judges *Judith Rogers, David Tatel* and senior federal judge *Laurence Silberman*.

Private Party? **Crown Media** shares were up more than 19% at closing Tues, following parent **Hallmark Cards'** Mon **SEC** filing that suggested the company is looking at its options. Hallmark Cards, which owns 90% of Crown, noted its standstill agreement with Crown expires on Dec 31. As a result, the company is evaluating opportunities, which include delisting Crown stock from **NASDAQ**, purchasing the 10% shares it doesn't own, or disposing of all or parts of its investment in Crown in a privately negotiated transaction(s). The company is also looking at the possibility to engage in a short-form merger to eliminate the minority stockholders in Crown.

TVE: Hallmark Channel's TV Everywhere services launches Wed at hallmarkchanneleverywhere.com with **Time Warner Cable, Verizon FiOS, Cablevision** and **Bright House**. Authenticated subs will have access to full-length eps of "Home & Family" and "Marie," as well as a selection of Hallmark Channel original movies. Eps of the net's 1st-ever scripted primetime series, "Cedar Cove," will be available on the Web 2 days after their linear premiere.

Sorry, Charlie: It's almost the end of **DISH's** battle with Japanese carrier **Softbank** over **Sprint Nextel:** The telco's shareholders approved SoftBank's offer. Now the proposed merger needs to be approved by the **FCC**. As previously announced, Sprint shareholders can choose to receive cash in the amount of \$7.65 or one of new Sprint common stock for each share of Sprint common stock they own. The total cash consideration available to Sprint stockholders is \$16.64bln. Post-merger, SoftBank will own 78% of the new Sprint. DISH said last week it would not sweeten its \$25.5bln bid for Sprint. Now all eyes are on what *Charlie Ergen* will do in his quest for Clearwire, which Sprint owns 50% of.

Carriage: Comcast added **BBC World News** to its Digital Preferred Xfinity TV package in key Southern markets. The 24-hour news channel is now available in markets including Atlanta, Savannah, Charleston, Jackson, Nashville, Knoxville, Chattanooga and Memphis.

In the States: Time Warner Cable started the expansion of its National Data Center West in Denver, 1 of 2 centers of its kind for the op. The \$85mln data center expansion aims to support TWC's digital video and IP-based services. Specifically, both data centers seek to host applications that support around 70mln residential emails sent per day, manage the billing records of more than 15mln subs and support backend apps delivered to TWC employees. They also support WiFi, high speed data, voice, TV services on smart phones and TWC's smart home services. The CO facility, which houses 70 employees, is expected to go live in Jan '15. TWC plans to add 25% in additional resources to ensure the facility is staffed 24/7. The company is on track to create 400 jobs throughout the construction.

Partnership: The Weather Company's **WSI** division, a provider of weather forecasting data/graphics, is teaming with **Climate Central** to offer climate-related content to TV weather forecasters nationwide. As part of the deal, Climate Central, which offers climate change data and graphics to local meteorologists, will provide science content and analysis on weather-related climate trends. The information will be distributed via WSI's Max and Fusion products for broadcast meteorologists.

B2B: Comcast Business inked a deal with **Grady Health System**, which includes GA's largest hospital, **Grady Memorial Hospital**. The cable op's Ethernet service will provide network capacity for Grady's remote offices to use electronic medical records, picture archiving and communication systems, as well as telemedicine programs. In addition, Comcast's Ethernet solution offers 300 Mbps connections to Grady's data centers and 50 Mbps connections to 15 other remote sites. -- **Cox** announced its Hospitality WiFi will be available across its footprint later this summer, featuring integrated wireless network monitoring and guest troubleshooting and support.

Programming: Online streaming service **ESPN3** will annually carry at least 70 live Kansas Athletics events, beginning with the '13-'14 academic year. Kansas Athletics recently announced a deal in which **Time Warner Cable** will annually deliver 50 KU contests on Metro Sports in Kansas City and in the state of KS. ESPN3 will deliver those 50 events nationally outside that territory, along with at least 20 additional contests. -- **OWN** doubled its love

BUSINESS & FINANCE

for Tyler Perry by ordering an additional 16 eps of his drama series "The Haves and the Have Nots." That brings the total season order to 32 eps (premiering early next year). -- **HGTV** booked a 2nd season of "Renovation Raiders," currently the net's #3 program behind "House Hunters" and "HGTV Star." -- Collaborating with **Sony Pictures, Starz** ordered 16 eps of "Outlander," expected to premiere next year. -- **Nick** will debut its sketch comedy series "AwesomenessTV" on Mon. The 13-ep, half-hour series combines new and existing content from AwesomenessTV, a tween/teen internet channel. -- *Mike Tyson's* one-man stage show "Mike Tyson: Undisputed Truth," is coming to **HBO Films** later this year. The program, to be produced by *Spike Lee*, will be filmed in NY in July.

People: *Thomas Nielsen*, pres/CEO of **RealNetworks**, joined cloud content service provider **Brightcove** as svp, products. Previously, Nielsen was vp, digital imaging group at **Adobe**.

Business & Finance: **Central European Media Enterprises** closed the sale of 200K shares of its stocks to **Time Warner Cable Media Holdings**, a **Time Warner** affil, for \$200mln. -- **Macquarie Capital** initiated coverage of **Liberty Global** with an "outperform" and a \$90 price target, calling it "one of the most attractive levered equity cable names."

CableFAX Daily Stockwatch

Company	06/25 Close	1-Day Ch	Company	06/25 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DIRECTV:	60.41	(0.33)	GOOGLE:	866.20	(3.59)			
DISH:	40.03	0.86	HARMONIC:	6.20	0.04			
DISNEY:	62.57	0.13	INTEL:	23.88	0.30			
GE:	23.11	0.18	JDSU:	13.72	0.05			
NEWS CORP:	31.72	0.34	LEVEL 3:	20.45	0.46			
MSOS								
CABLEVISION:	15.03	0.24	MICROSOFT:	33.67	(0.04)			
CHARTER:	117.77	(0.67)	RENTRAK:	20.50	(0.65)			
COMCAST:	40.17	0.39	SEACHANGE:	11.44	0.01			
COMCAST SPCL:	38.43	0.32	SONY:	20.40	0.46			
GCI:	7.73	0.02	SPRINT NEXTEL:	6.88	0.02			
LIBERTY GLOBAL:	71.12	1.42	TIVO:	10.92	0.15			
LIBERTY INT:	22.15	0.24	UNIVERSAL ELEC:	28.01	0.96			
SHAW COMM:	21.79	0.21	VONAGE:	2.74	(0.03)			
TIME WARNER CABLE:	99.37	(0.38)	YAHOO:	24.95	0.89			
WASH POST:	483.30	5.37	TELCOS					
PROGRAMMING								
AMC NETWORKS:	63.63	1.36	AT&T:	35.03	0.57			
CBS:	47.93	1.27	VERIZON:	50.44	1.32			
CROWN:	2.48	0.40	MARKET INDICES					
DISCOVERY:	75.46	0.32	DOW:	14760.31	100.75			
GRUPO TELEVISIA:	22.65	0.34	NASDAQ:	3357.25	UNCH			
HSN:	52.73	0.41	S&P 500:	1588.03	14.94			
INTERACTIVE CORP:	46.96	0.19	TECHNOLOGY					
LIONSGATE:	27.52	0.23	ADDVANTAGE:	2.23	0.02			
SCRIPPS INT:	65.08	0.01	ALCATEL LUCENT:	1.76	(0.04)			
STARZ:	21.61	0.21	AMDOCS:	36.20	0.04			
TIME WARNER:	56.67	0.39	AMPHENOL:	76.39	1.43			
VALUEVISION:	4.97	0.07	AOL:	35.11	0.61			
VIACOM:	66.47	0.31	APPLE:	402.63	0.09			
WWE:	9.92	0.13	ARRIS GROUP:	14.42	0.07			
TECHNOLOGY								
ADDVANTAGE:	2.23	0.02	AVID TECH:	6.11	(0.08)			
ALCATEL LUCENT:	1.76	(0.04)	BROADCOM:	33.72	0.80			
AMDOCS:	36.20	0.04	CISCO:	24.00	(0.05)			
AMPHENOL:	76.39	1.43	CLEARWIRE:	5.05	0.02			
AOL:	35.11	0.61	CONCURRENT:	7.50	0.34			
APPLE:	402.63	0.09	CONVERGYS:	17.50	0.04			
ARRIS GROUP:	14.42	0.07	CSG SYSTEMS:	21.64	0.25			
AVID TECH:	6.11	(0.08)	ECHOSTAR:	38.51	0.38			
BROADCOM:	33.72	0.80						
CISCO:	24.00	(0.05)						
CLEARWIRE:	5.05	0.02						
CONCURRENT:	7.50	0.34						
CONVERGYS:	17.50	0.04						
CSG SYSTEMS:	21.64	0.25						
ECHOSTAR:	38.51	0.38						

CableFAX

PROGRAM AWARDS

Sponsorship Opportunities: Amy Abbey at aabbey@accessintel.com
Entry Questions: Mary Lou French at 301.354.1851 or mfrench@accessintel.com

From the most outstanding cable programs to the best surprise ending, the annual CableFAX Program Awards honor the best in cable programming, content and people. This unique awards program from the industry's most trusted brand, CableFAX, raises the bar on what's good on and about cable. Now's your chance to win a CableFAX Program Award and get recognized for bringing value to your viewers.

It's simple to compete, as your content and people speak for themselves. But you have to enter to be considered, so don't let your competitors steal the show. We'll be honoring the winners and honorable mentions in September.

