

CableFAX Daily™

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What the Industry Reads First

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Doctor! Doctor! Malone Willing to Make a House Call for TWC

Sure, a **Charter-Time Warner Cable** merger may seem like a long shot, but one thing the cable industry knows well: when it comes to Dr *John Malone*, expect the unexpected. “Despite potential financing and regulatory challenges, a potential tie-up of the 2nd and 4th largest US cable providers seems to us far less inconceivable in current dispensation—with Malone’s apparently high regard for **Charter** CEO *Tom Rutledge*, while TWC’s CEO *Glenn Britt* nears end of his term,” said **S&P**, which is keeping its “buy” on TWC. Time Warner Cable shares climbed 4.6% Thurs, as Bloomberg reported that Malone continues to work on structuring a deal with enough cash to entice TWC investors. (With the stock running up, what happens if a deal doesn’t come to fruition?) Charter shares also spiked, closing up 4.8%. In pre-Malone news, Charter is expected to close on its \$1.6bln purchase of Optimum West (the former **Bresnan** systems) from **Cablevision** early next week. While consensus is that TWC isn’t interested, there is a palpable excitement in the industry that a really big deal could be out there. After all, there hasn’t been a ginormous transaction since **Comcast-NBCU** in 2011—and that wasn’t 2 MVPDS. The thought is that Malone will move on to other major acquisition targets if this doesn’t pan out. Look for the **Liberty Global** model—which just closed its \$24bln **Virgin Media** deal—to move stateside, even though **Liberty Media** only has 27% of Charter (for now...). The allure of Malone’s re-entry into cable was on full display at the **Cable Show** earlier this month, where well-known analysts like **BoA Merrill Lynch’s** *Jessica Reif Cohen* said his return gives the industry a big shot of confidence. **Evercore Partners** *Bryan Kraft* handicapped a possible Charter-TWC combo in a research note this week. “Our conclusion is that Charter would have much more to gain from a merger than TWC and, therefore, a merger of equals is unlikely to occur,” he wrote, detailing 2 different scenarios offering a premium to TWC. One such scenario has Charter paying a \$13.6bln premium (a 47% premium to TWC’s June 12 closing price), which at 8.1x would have it in line with 8-9x EV/EBITDA multiples in recent deals. After accounting for the decline in Charter’s share price driven by the excess premium, TWC shareholders would receive \$128/share in total consideration (33% premium), Kraft’s note said. The 2nd scenario is more balanced, with Charter paying a 7.3x multiple (26% premium), \$121/share. Evercore’s 3rd scenario features no premium to TWC shareholders in an all-stock deal, with the synergies shared pro rata. “Assuming no re-rating of TWC as part of the merged company,

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TWC shareholders would effectively receive \$113 (an 18% premium) and Charter sharers would see the same 18% increase in its stock price to \$131,” Kraft wrote.

At the Portals: FCC acting chair *Mignon Clyburn* proved she isn't just sitting around and waiting for chmn nominee *Tom Wheeler*, whose confirmation could come in the fall (*Cfax* 6/20), to take over. At her 1st commission open meeting as FCC chair Thurs, Clyburn tackled a full list of issues, including spectrum incentive auctions, H Block auction, broadband data collection and USF. Rep *James Clyburn* (D-SC) attended the meeting to support his daughter, the 1st female FCC chair. The 3-person Commission adopted an order that will free up 10 MHz of H block—the 1915-1920 MHz and 1995-2000 MHz band—for auction. The order also set technical rules to ensure operations in the H block don't interfere with adjacent bands. **DISH** owns spectrum adjacent to a portion of the H block, with speculation out there that it might have its eyes on th H Block. Meanwhile, Clyburn reiterated that the spectrum incentive auction is “on track” to be held next year. Specifics about how the spectrum band will be repacked post-auction should be released soon, and the agency seeks to beef up its outreach to broadcasters to encourage their participation. Also at the meeting, the Commission voted to update its collection of broadband data, which will be used to improve **NTIA's** National Broadband Map. Among other things, the FCC will create a single, uniform format for broadband deployment data and replace the current separate state-by-state collections under differing measures. It will eliminate certain data collections, including the requirement to file speed data in tiers. In addition, the agency will collect fixed broadband deployment data by census block and consider the development of an app for ops to automate data collection. **Free Press** is disappointed the agency didn't adopt its own proposal to collect broadband pricing info, despite “strong recommendations” from **DOJ** and the National Broadband Plan that it do so. Regarding the **SoftBank/Sprint** and **Sprint/Clearwire** deals, Clyburn promised a “timely decision.” Since losing the battle over Sprint and Clearwire, DISH's options are narrowing, analyst *Craig Moffett* wrote. “By far the most attractive would be a merger (attempt) with **DirectTV**,” he said. In other DBS news, DirectTV revealed in an **SEC** filing Thurs that it overstated subs by 200K for its Brazilian unit.

Delisting Warning: **Starz** received notice from **NASDAQ** Wed that it is no longer in compliance with rules requiring that at least a majority of independent directors serve on its board and at least 3 independent dirs serve on the audit cmte. This all stems from the previously announced resignation of board member *Derek Chang* on June 6. Starz has a set period of time to regain compliance and it said it's “actively pursuing” plan to do so, according to an **SEC** filing.

Privacy: *Jon Leibowitz*, former **FTC** head, will co-chair the 21st Century Privacy Coalition, which includes members like **Comcast**, **Time Warner Cable**, **DirectTV** and **Verizon**.

WiFi: **Time Warner Cable** will add 1700 public WiFi hotspots in Manhattan by mid-July and up to 10K across NYC by year-end. The service will be free to TWC subs with standard Internet and above service or on a pay-as-you-go basis to non-subs. In total, the op has deployed more than 75K hotspots across the tri-state area. The op will offer complimentary access to its 2700+ outdoor hotspots in NYC to celebrate its WiFi launch and its role as the official WiFi provider of MLB's All Star Week July 12-16.

Launch Pad: **Aereo** is launching its online TV service in Chicago on Sept 13. The expansion covers 16 counties across IL and IN. The OTA service is currently available in NYC, Boston, and Atlanta areas.

Retrans: **DISH** is facing a Sun deadline for a new retrans deal with **Media General**. If a new deal isn't reached, DISH could lose stations in 17 markets, including Mobile, AL (**CBS**), and Columbus, OH (**NBC**). As per usual, the haggling is over the rate increase. **Time Warner Cable** also has a Sun retrans deadline with **Journal Broadcasting**.

Research: In terms of emerging nets, **Crime & Investigation**, **Chiller**, **Weatherscan** and **Cloo** ranked the highest among total adults, according to **Beta Research's** '13 cable network interest study. **Discovery Channel HD** and **Nat Geo HD** were top-ranked basic cable HD nets on high interest while on-demand services from **Discovery**, **TNT** and **A&E** topped other basic cable VOD nets. When it comes to digital basic nets, **FX Movie Channel/Fox Movie Channel** and **Investigation Discovery** dominated. Meanwhile, the study found 2nd screen viewing was on the rise: About 30% of adults watch TV on a secondary devices over a 30 day period, up from 19% last year. -- Nearly 1/3 of US telco TV HHs are expected to access TVE services by the end of the year, according to **ABI Research**. Cable is close behind thanks to its early lead, but the adoption rate is slower because of the “greater diversity of cable households and services.” Satellite

BUSINESS & FINANCE

ops are further behind due to slower starts and lack of in-house broadband services. While TVE technology is widely available, securing the rights to broader content distribution is the main hurdle, ABI said. Consumer education is critical, particularly to help navigate content availability and fragmented device support. In terms of second screen devices, Apple's iPad continues to be the most supported TVE device, outside of computers.

Programming: *Ovation* acquired all eps of **NBC's** "Smash," and will air the series starting July 19, 8pm ET. *S2* bows on the net in Nov. -- College football analyst *Kirk Herbstreit* signed an extension with **ESPN** through '22.

TVE: **Verizon FiOS** joined other Southern CA providers that offer TVE services for **Time Warner Cable SportsNet** and **Time Warner Cable Deportes**. -- **Comcast** launched its Xfinity TV Remote app on the Windows Phone.

On the Hill: To strengthen the nation's cybersecurity efforts, Rep *Mike Honda* (D-CA) proposed the "Excellence in Cybersecurity Act," which would create 5 regional and industry-specific "Centers of Excellence" nationwide. The centers will examine existing cyber threats, promote "community-centric solutions," provide cybersecurity education and develop annual reports to industry and security officials. The Rep's office claims support "across a broad political spectrum."

CableFAX Daily Stockwatch

Company	06/27 Close	1-Day Ch	Company	06/27 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DIRECTV:	60.73	(0.35)	GOOGLE:	877.07	3.42			
DISH:	41.44	1.24	HARMONIC:	6.28	0.08			
DISNEY:	63.72	0.51	INTEL:	24.05	0.04			
GE:	23.32	0.07	JDSU:	14.23	0.45			
NEWS CORP:	32.95	0.60	LEVEL 3:	21.01	0.42			
MSOS								
CABLEVISION:	16.28	0.86	MICROSOFT:	34.62	0.27			
CHARTER:	123.81	4.81	RENTRAK:	20.06	(0.22)			
COMCAST:	40.30	0.11	SEACHANGE:	11.63	0.30			
COMCAST SPCL:	38.57	0.06	SONY:	21.20	0.36			
GCI:	7.82	0.13	SPRINT NEXTEL:	6.98	0.01			
LIBERTY GLOBAL:	73.81	1.07	TIVO:	10.86	(0.03)			
LIBERTY INT:	22.81	0.39	UNIVERSAL ELEC:	28.56	0.42			
SHAW COMM:	22.88	0.86	VONAGE:	2.86	0.06			
TIME WARNER CABLE:	108.22	4.58	YAHOO:	25.47	0.18			
WASH POST:	486.14	2.00	TELCOS					
PROGRAMMING								
AMC NETWORKS:	64.75	1.01	AT&T:	35.63	0.30			
CBS:	48.80	0.37	VERIZON:	51.00	0.34			
CROWN:	2.51	(0.11)	MARKET INDICES					
DISCOVERY:	76.68	0.96	DOW:	15024.49	114.35			
GRUPO TELEVISIA:	24.21	0.41	NASDAQ:	3401.86	25.64			
HSN:	53.92	1.04	S&P 500:	1613.20	9.94			
INTERACTIVE CORP:	47.60	0.32	TECHNOLOGY					
LIONSGATE:	28.16	0.19	ADDVANTAGE:	2.26	(0.02)			
SCRIPPS INT:	66.61	1.20	ALCATEL LUCENT:	1.85	0.12			
STARZ:	21.60	0.01	AMDOCS:	36.65	0.34			
TIME WARNER:	57.82	0.43	AMPHENOL:	79.42	1.90			
VALUEVISION:	5.04	0.03	AOL:	36.64	0.88			
VIACOM:	68.09	0.19	APPLE:	393.78	(4.29)			
WWE:	9.96	0.18	ARRIS GROUP:	14.54	0.09			
TECHNOLOGY								
ADDVANTAGE:	2.26	(0.02)	AVID TECH:	6.06	UNCH			
ALCATEL LUCENT:	1.85	0.12	BROADCOM:	33.61	(0.26)			
AMDOCS:	36.65	0.34	CISCO:	24.63	0.24			
AMPHENOL:	79.42	1.90	CLEARWIRE:	4.99	(0.1)			
AOL:	36.64	0.88	CONCURRENT:	7.57	0.18			
APPLE:	393.78	(4.29)	CONVERGYS:	17.55	0.24			
ARRIS GROUP:	14.54	0.09	CSG SYSTEMS:	21.91	0.38			
AVID TECH:	6.06	UNCH	ECHOSTAR:	39.05	0.54			
BROADCOM:	33.61	(0.26)						
CISCO:	24.63	0.24						
CLEARWIRE:	4.99	(0.1)						
CONCURRENT:	7.57	0.18						
CONVERGYS:	17.55	0.24						
CSG SYSTEMS:	21.91	0.38						
ECHOSTAR:	39.05	0.54						

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PROGRAMMER'S PAGE

A Fixer, Darkly...

Showtime's newest drama series "Ray Donovan" (premieres Sun) has as much potential as its duplicitous title character—an educated thug who uses guile, misdirection and intimidation to fix others' problems but who can't seem to mend his own family. Is Ray good or bad? We're not sure. He helps the rich and famous in L.A. get away with things that would put most of us in prison—often resorting to raw violence. Only the presence of a psychopathic father makes some of Ray's questionable actions look reasonable by comparison. Still, Ray's likeable somehow as he protects the weak (including his troubled brothers) and loves his family. Showtime pres, entertainment *David Nevins* hopes viewers will get sucked into this dark but alluring world, noting Tues at the premiere screening and party in Hollywood that "my love for this show is very personal. It's my kind of television. It's the kind of show I like to watch." And to be sure, there's plenty to love here, including some stellar acting by *Lieb Schreiber* as Ray, *Jon Voight* as his despicable dad Mickey and the incredible *Paula Malcomson* as Ray's tough-as-nails wife Abby. "Some things just come together," Schreiber told premiere attendees. "And you're blessed when that happens." Show creator and writer *Ann Biderman*, a Hollywood veteran with credits too long to list here, mixes grit, grime and dark humor into an alluring brew that often doesn't end well for her characters. For example, when Ray covers a stalker in green paint to teach him a lesson, we think he's off the hook until Ray returns later to beat him senseless with a baseball bat. Even love scenes aren't safe in this world where pulling back the covers from a naked woman reveals that she's dead or a sexual romp ends in an epileptic seizure. Will viewers respond, considering the glut of "dark and gritty drama" now filling the cable universe? We'll see. But the show appears to be in good hands so far. — *Michael Grebb*

Reviews: "Dexter," season 8 premiere, Sun, 9p, **Showtime.** -- This dark comedy has raised its intensity during each of its 7 seasons. As its final campaign begins, Dexter (*Michael C. Hall*) seems destined to be exposed, but will his drug-crazed sister end his blood-soaked reign? -- "Anna Nicole," Sat, 8p, **Lifetime.** *Anna Nicole Smith* had a short, tragic life, but things didn't happen for her as rapidly as they do in this entertaining yet forgettable biopic, starring *Agnes Bruckner*, supported by *Martin Landau*, *Adam Goldberg* and *Virginia Madsen*. A little girl is mesmerized by *Marilyn Monroe* and, after plastic surgery, poof, she's Anna; instant stardom follows. The film portrays a remarkably tame and lucid Anna. She was anything but during the TV Critics Tour in '02, prior to her **E!** reality series. One thing rings true in the film—the advice of a producer on that reality series, who encourages Anna to be outrageous. "Nobody wants normal," he says. -- **Notable:** Perennial ratings grabber "The **BET Awards**" bows Sun, 8p. -- Despite damage from Hurricane Sandy, the "Hot Dog-Eating Contest" returns to Coney Island (Thurs, noon ET, **ESPN2**). -- It will be warm inside on July 4 thanks to a 21-hr marathon of some of **ID's** passionate series, including "Who the Bleep Did I Marry?" and "Fatal Vows" (Thurs, 6a ET). - *Seth Arenstein*

Basic Cable Rankings			
(6/10/13-6/16/13)			
	Mon-Sun Prime		
USA	1	2.1	2052
DSNY	2	1.8	1767
HIST	3	1.6	1585
FOXN	4	1.4	1392
TNT	5	1.2	1214
TBSC	5	1.2	1185
A&E	7	1.1	1105
HGTV	8	1.0	999
ADSM	9	0.9	900
FOOD	10	0.8	827
NAN	10	0.8	817
ESPN	10	0.8	807
DISC	10	0.8	805
FX	10	0.8	792
SYFY	10	0.8	783
TLC	10	0.8	767
LIFE	10	0.8	752
FAM	10	0.8	734
DSE	10	0.8	60
AMC	20	0.7	705
BRAV	20	0.7	652
ID	20	0.7	595
TRU	23	0.6	595
LMN	23	0.6	465
SPK	25	0.5	481
APL	25	0.5	478
MTV	25	0.5	471
VH1	25	0.5	468
EN	25	0.5	463
BET	25	0.5	451
TVLD	25	0.5	451
MSNB	25	0.5	440
HALL	25	0.5	422
NBCS	25	0.5	389
H2	25	0.5	370
DSJR	25	0.5	294
CMDY	37	0.4	438
NGC	37	0.4	364
HLN	37	0.4	363
OXYG	37	0.4	329
NKJR	37	0.4	328
OWN	37	0.4	305
INSP	37	0.4	269
BIO	37	0.4	241
HMC	37	0.4	223
CNN	46	0.3	343

*Nielsen data supplied by ABC/Disney

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