

CableFAX Daily™

Friday — August 17, 2012

What the Industry Reads First

Volume 23 / No. 159

Verizon/Cable Deal: Conditioned, But Ready to Go

It's official, almost. **FCC** Chairman *Julius Genachowski* circulated an order Thurs asking the Commission to approve **Verizon Wireless'** proposed spectrum deal with **Comcast, Time Warner Cable, Cox** and **Bright House Networks** after the companies agreed to several pro-competitive commitments and reached a consent decree with the **Justice Dept.** An FCC official didn't give a timeline for when the agency would vote on Genachowski's proposed order during a press briefing. As part of a proposed settlement filed in the federal court in DC Thurs, the DOJ asked the parties to make substantial changes to the joint marketing and technology agreements, which would bar Verizon from reselling the cable companies' services in **FiOS** markets. In addition, Verizon's ability to resell the cable companies' services in its DSL markets and the proposed technology agreement will end in Dec '16, though renewal is possible subject to DOJ's sole discretion. DOJ stopped short of requiring continued FiOS buildout (a demand by **CWA**) but said the restrictions are intended to preserve Verizon's incentives to reconsider its decision to stop building out FiOS. Other proposed changes allow Verizon to keep the option to sell bundles of DSL, wireless and satellite services from a DBS provider. For the cable ops, after 5 years they have the option to sell Verizon Wireless competitors' services and may even partner with other providers. They can also elect to resell Verizon services using their own brand at any time. The companies also agreed to non-exclusive licenses on technology developed through the jv, if the project is ended. On the spectrum side, as part of the FCC's conditions for the deal, Verizon agreed to offer data roaming to its competitors for 5 years. The telco also agreed to buildout requirements matching those in the **Dish AWS-4** spectrum proceeding, an FCC official said. That means the telco will be required to use the spectrum to offer service to about 1/3 of the people in licensed areas in 3 years and offer service to 70% of the population in licensed areas in 7 years. It turned out Verizon's proposal to swamp spectrum with **T-Mobile** was critical for winning support for the deal, according to the FCC official. The DOJ also said it would allow the spectrum swap to go forward. Genachowski didn't say if Verizon would be required to divest additional spectrum, calling the T-Mobile license swap "unprecedented." The consent decree preserved "the most important goals of the agreements," including Comcast's ability to market Verizon's ability to market its products in all of its footprint, Verizon's ability to market Comcast products in all of Comcast markets, Comcast's ability

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East - Rosalyn Doaks **301-755-2838** rdoaks@tv-one.tv

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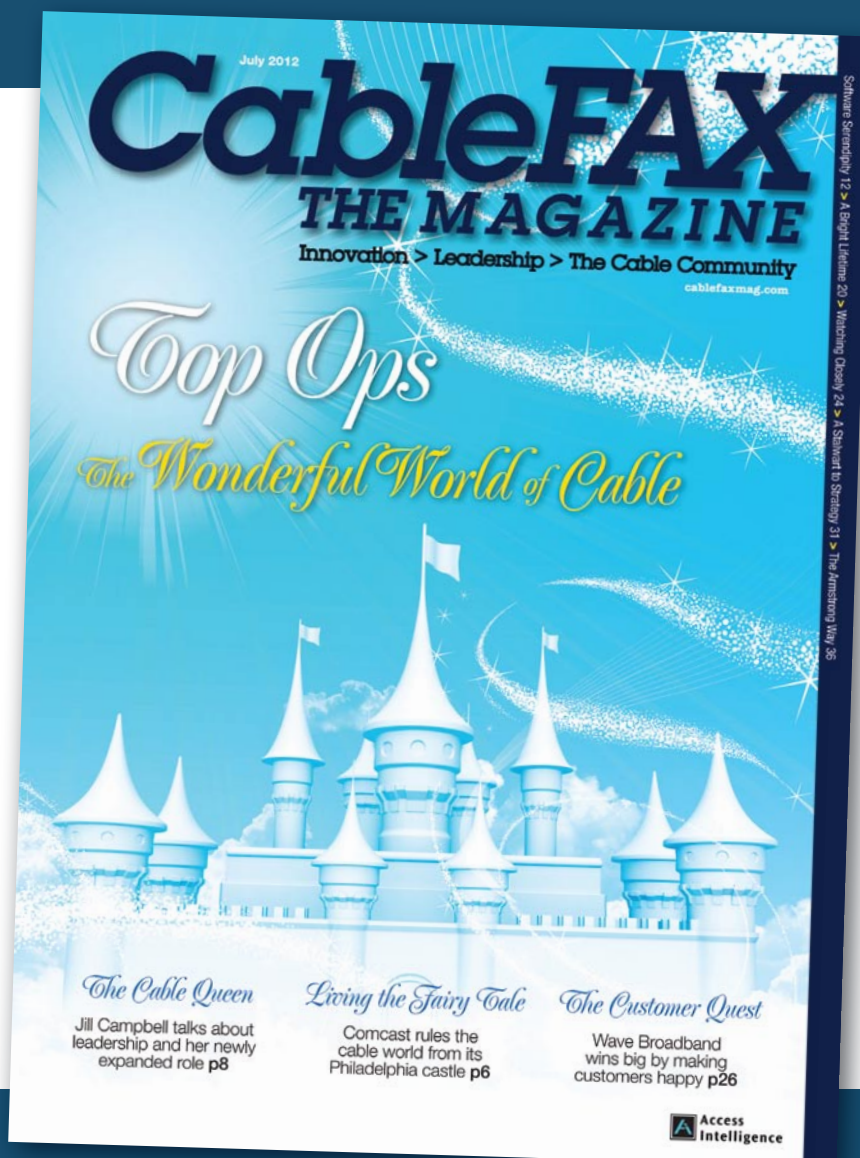
Debbie Vodenos
Publisher
dvodenos@accessintel.com
301.354.1695

Amy Abbey
Associate Publisher
aabbey@accessintel.com
301.354.1629

REGISTRATION INFORMATION:

Shannon Nelligan
Senior Marketing Manager
snelligan@accessintel.com
301.354.1619

Saun Sayamongkhun
Marketing Assistant
saun@accessintel.com
301.354.1694



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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 818.945.5309, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Publisher: Debbie Vodenos, 301.354.1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Barbara Bauer, 301.354.1796, bbauer@accessintel.com ● Prod: Joann Fato, 301.354.1681, jfato@accessintel.com ● Diane Schwartz/SVP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

to opt into an MVNO relationship with Verizon and “the essential structure of the innovation R&D technology joint venture,” evp *David Cohen* said. Time Warner Cable’s pleased the DOJ “preserved the most important consumer benefits of the agreements in its approval.” Opponents of the deal weren’t satisfied, saying the conditions don’t go far enough. Limiting the joint-marketing agreements to 4 years is a start, but the concession doesn’t deal with “the deep structural problems in the market for at-home broadband service,” said *Joel Kelsey*, **Free Press** policy adviser. Additionally, the buildout requirements “lay bare the misleading and untruthful public pleas of spectrum poverty” by Verizon, he said, asking the FCC to go further in requiring Verizon to bring AWS spectrum online sooner, including those in rural areas. The group did acknowledge the Verizon/T-Mobile spectrum swap is “a good consumer outcome” that will help provide a lower-price quality alternative to Verizon and AT&T. However, “that improvement doesn’t erase all the problems with this deal.” Calling the joint operating environment “a vehicle that empowers former competitors to suppress new rivals,” **Public Knowledge** CEO *Gigi Sohn* asked DOJ and the FCC to carefully examine the impact of the joint marketing and technology agreement over the 5-year period. The DOJ “has addressed some of the worse parts of this transaction, but I don’t think it has gone far enough,” said Sen *Al Franken* (D-MN). He called on the FCC to address the lack of competition for HSD before it approves the deal. At least the proposed settlement seemed to ease the mind of Rep *Ed Markey* (D-MA), who wrote in a letter to the FCC and DOJ that the changes should help address harms to competition and consumers. The proposed settlement still needs to be approved by the court, and the deal is still pending full FCC approval—but neither is expected to be a problem.

Touchdown: And then there were 2.... With **Cablevision’s** multi-year deal to carry **NFL Net** and **NFL RedZone**, the pressure ratchets up on lone top 10 MVPD holdouts **Time Warner Cable** and **Bright House** to sign a deal. According to NFL Media COO *Brian Rolapp*, the 2 are nowhere close (TWC negotiates programming deals for Bright House). “We are not talking, regrettably,” he said during a call with reporters Thurs. “We believe there were plenty reasons to carry the network before this season. Now even more so with these 13 games” [up from 8 in previous seasons]. As always, teams’ home markets may still access games via local broadcast stations. TWC removed NFL Net earlier this month in former **Insight** markets when the net’s contract expired with the former MSO. At that time, TWC said conversations with NFL are “ongoing,” but that the 2 have been close before only have it “fall apart.” Starting Fri, NFL Net will be available on channel 150 in SD and HD for Cablevision customers who subscribe to iO preferred, iO Silver, iO Gold or the iO Sports & Ent Pak. Like other MVPDs, CVC will carry RedZone, which features live, look-ins to every NFL game on Sundays, on its sports & entertainment tier (which is also part of the Gold package). “We know there is significant interest in the NFL Network and NFL RedZone among our Optimum TV customers, and are pleased to have worked productively with the NFL to offer both channels in time for the upcoming season, and for years to come,” said *Mac Budill*, Cablevision’s evp, programming. NFL Net’s schedule kicks off Sept 13 with the Bears vs Green Bay Packers. It sounds like the ramp up in additional games helped with Cablevision, which has been in talks with the net on and off since the fall of ’03.

AppleTV: An **Apple** a day keeps video disruption away? The *WSJ* broke the news late Wed that Apple is talking to US MSOs about letting consumers use an Apple device as a set-top box for live TV and other content. Not shocking, as we’ve heard **Time Warner Cable’s** *Glenn Britt* say more than once that his company is interested in working with every device maker. No deals yet, but such a pairing would diminish the notion of AppleTV as the cable killer (and improve upon cable’s much-gripped about user interface). But **Bernstein Research** also sees the risk of creating a Trojan Horse for Apple to usurp the consumer relationship. “**Netflix** is arguably the company whose business could be most disrupted by a deal between Apple and cable,” analysts said. **BTIG’s** *Rich Greenfield* reminded his blog readers that a deal is not simple given an MSO’s lack of nationwide coverage. He also raised the net neutrality specter. “We suspect Apple and the cable industry are unlikely to offer a complete TV service leveraging a managed service exception until they are near-certain that the managed service exception is legal. It is one thing for Comcast to be attacked by Netflix and other Net Neutrality advocates, it is quite another for those attacks to be directed at Apple,” he wrote.

In the Skies: **DISH** is prepping a nationwide broadband Internet service using a satellite from **EchoStar**, *Bloomberg* reports, citing 3 unnamed sources. The satellite can handle about 2mln new Internet customers and

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can support download speeds of up to 15mbps, Bloomberg said. -- No drama overnight between **DISH** and **Sinclair**, with the 2 announcing a retrans agreement in principal in the wee hours of the morning Thurs. 45 DISH markets would have been impacted if a deal hadn't been reached.

Carriage: **BBC America HD** is on **FiOS TV** starting Thurs with VOD coming soon. -- **DISH** joins **DirectTV** in launching intl multi-sports net **beIN Sports**. It is available in English on DISH's Top 250 package and in Spanish on DISHLatino packages. Select content also will be available for authenticated customers on DISHOnline.com.

Programming: **AMC** ordered 2 original series for 1Q, '13, artwork competition "Untitled Taxidermy Series" and family drama "Venice Beach Freakshow," both working titles. -- On Sept 9, **Discovery** will debut "Scanning the Skies: The Discovery Telescope," part of an initiative led by **Discovery Education**. The new, cutting-edge telescope will present research, videos and images to classrooms around the world, with Discovery Ed providing related lesson plans and resources.

People: **Keith Turner**, the **NFL's** former svp, media sales and sponsorship, was named pres, ad sales and marketing for **Univision**, effective Sept 4. He replaces *David Lawenda*, who stepped down from the role.

CableFAX Daily Stockwatch

Company	08/16 Close	1-Day Ch	Company	08/16 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	51.50	(0.03)	CONCURRENT:	4.35	0.08
DISH:	31.00	(0.05)	CONVERGYS:	15.31	(0.34)
DISNEY:	50.25	0.36	CSG SYSTEMS:	19.99	0.03
GE:	21.05	0.09	ECHOSTAR:	28.45	0.05
NEWS CORP:	23.66	0.12	GOOGLE:	672.87	5.33
MSOS					
CABLEVISION:	15.06	(0.31)	HARMONIC:	4.48	0.06
CHARTER:	78.50	(1.3)	INTEL:	26.59	0.32
COMCAST:	34.14	(0.05)	JDSU:	11.84	0.28
COMCAST SPCL:	33.24	(0.01)	LEVEL 3:	22.64	0.74
GCI:	9.60	(0.08)	MICROSOFT:	30.78	0.58
LIBERTY GLOBAL:	56.17	(0.29)	RENTRAK:	18.28	0.73
LIBERTY INT:	17.89	(0.19)	SEACHANGE:	7.65	0.32
SHAW COMM:	20.22	0.12	SONY:	11.84	0.45
TIME WARNER CABLE:	89.55	(0.22)	SPRINT NEXTEL:	5.15	(0.24)
VIRGIN MEDIA:	27.68	0.19	TIVO:	9.23	0.26
WASH POST:	348.07	1.38	UNIVERSAL ELEC:	15.47	0.46
PROGRAMMING					
AMC NETWORKS:	40.86	(0.21)	VONAGE:	2.16	0.03
CBS:	36.04	(0.03)	YAHOO:	14.99	0.23
CROWN:	1.70	UNCH	TELCOS		
DISCOVERY:	53.03	(0.17)	AT&T:	37.24	0.14
GRUPO TELEVISA:	23.48	0.04	VERIZON:	44.12	(0.07)
HSN:	44.57	0.36	MARKET INDICES		
INTERACTIVE CORP:	52.49	0.02	DOW:	13250.11	85.33
LIONSGATE:	14.47	UNCH	NASDAQ:	3062.39	31.46
LODGENET:	0.54	(0.01)	S&P 500:	1415.51	9.98
NEW FRONTIER:	1.55	(0.02)	TECHNOLOGY		
OUTDOOR:	6.93	0.04	ADVANTAGE:	2.16	0.06
SCRIPPS INT:	58.60	(0.53)	ALCATEL LUCENT:	1.19	0.05
TIME WARNER:	42.52	(0.17)	AMDOCS:	32.27	0.46
VALUEVISION:	1.87	0.04	AMPHENOL:	62.33	0.62
VIACOM:	51.11	0.23	AOL:	33.40	0.42
WWE:	8.46	0.01	APPLE:	636.34	5.51
TECHNOLOGY					
ARRIS GROUP:	13.79	0.24	AVID TECH:	9.09	0.53
BROADCOM:	36.02	1.31	BLNDER TONGUE:	0.97	(0.03)
CISCO:	19.02	1.67	BROADCOM:	36.02	1.31
CLEARWIRE:	1.74	0.03	CISCO:	19.02	1.67

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PROGRAMMER'S PAGE

Coppers and Robber Barons...

Talk about pressure. Up until now, **BBC America** has largely acted as a repository for BBC content, giving Americans a taste of shows created by Brits and decidedly British in their sensibilities. But with historical epic "Copper," which premieres Sun, the net's placing a big bet on its first original drama series—and one set in America rather than across the pond. It's a gamble that largely pays off. Copper follows the gritty exploits of Manhattan cop and Civil War veteran Kevin Corcoran (*Tom Weston-Jones*) as he attempts to find justice in a city relatively devoid of it. In the 1st 2 eps of this engaging series, Corcoran struggles to protect an abused girl from a privileged Uptown pedophile as a corrupt police hierarchy turns a blind eye. Corcoran's no angel. He visits prostitutes, steals money, beats defenseless suspects, and even tortures and accidentally condemns a man to the gallows. But he's surrounded by such unspeakable evil that he emerges as a moral center within the rough slums of the Five Points and, for that matter, the mansions of Uptown. His obsession with finding his daughter's killer and missing wife burns within him, fueling an almost self-destructive crusade to thwart those who think they can get away with anything—and often do. Even a broken leg doesn't stop him from exacting justice, and the conclusion of the 2nd episode involves an elaborate twist that few will see coming. It's probably no surprise that this show is so good, considering that it's produced by **Cineflix Studios**, now run by ex-**AMC** programming guru *Christina Wayne*, who developed a couple of little AMC shows you might know: "Mad Men" and "Breaking Bad." Audiences can be unpredictable, but BBC America has a shot at glory with its first original effort, a brilliantly written and well acted drama, dripping with subtext and hopelessly flawed characters. This engaging show could go places. *MG*

Reviews: "Strike Back," season II premiere, Fri, 10p, **Cinemax**. This special ops drama is excessively violent, loaded with hot sex, cool gadgets... and it's terrific, a complete escape, replete with foreign scenery, great action and 'manly' relationships. Oh, and this fella Dylan provides tunes. -- "Boss," season II premiere, Fri, 9p, **Starz**. *Kelsey Grammer* won a Golden Globe for portraying a conflicted Chicago mayor. He's even better this season. -- "We Decide," Sun, 8p, **nuvoTV**. Props to nuvoTV for examining immigration, poverty, education and other issues of relevance to 22mIn registered Latino voters, who could decide the election. *Natalie Morales* moderates politicians and comedian *Paul Rodriguez*, whose jests contain much truth. -- "Borgen," M-F, 8p, **Link TV**. We raved about this Danish political thriller when it premiered; we do so again. -- "Inocente," Fri, 10p, **MTV**. The week's top doc is on MTV. It's the inspirational story of a homeless, immigrant teen. Fortunately, she's also talented; sadly, the U.S. has more homeless women and children than any industrialized nation. -- "Amy Schumer: Mostly Sex Stuff," Sat, 11p, **Comedy**. Schumer's deadpan stand-up style elicits laughs. Her favorite reality show, she says, is "Teen Mom"... "or if you're from the south, Mom." And she recently fulfilled a dream. "I finally slept with my high school crush [applause]... but now he expects me to go to his graduation."

Basic Cable Rankings (8/6/12-8/12/12) Mon-Sun Prime			
1	USA	1.8	1802
1	DSNY	1.8	1789
3	TNT	1.5	1500
4	FOXN	1.4	1346
5	TBSC	1.2	1208
5	A&E	1.2	1173
7	HIST	1.1	1086
7	AMC	1.1	931
9	DSE	1.0	76
10	ADSM	0.9	931
10	LIFE	0.9	902
10	SYFY	0.9	845
13	HGTV	0.8	796
13	TRU	0.8	779
13	FOOD	0.8	765
13	ESPN	0.8	761
13	FX	0.8	761
13	FAM	0.8	742
13	NKJR	0.8	609
20	TLC	0.7	723
20	DISC	0.7	675
20	ID	0.7	532
20	NFLN	0.7	395
24	CMDY	0.6	606
24	MSNB	0.6	589
24	TVLD	0.6	582
24	NAN	0.6	574
24	BRAV	0.6	566
24	BET	0.6	541
24	LMN	0.6	493
31	SPK	0.5	542
31	VH1	0.5	529
31	MTV	0.5	522
34	APL	0.4	384
34	EN	0.4	381
34	HALL	0.4	360
34	DXD	0.4	305
34	NGC	0.4	300
34	OXYG	0.4	280
34	HMC	0.4	179
41	CNN	0.3	296
41	TRAV	0.3	273
41	HLN	0.3	263
41	GSN	0.3	241
41	INSP	0.3	220
41	SCI	0.3	204

*Nielsen data supplied by ABC/Disney

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