

# CableFAX Daily™

Tuesday — November 8, 2011

What the Industry Reads First

Volume 22 / No. 216

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## Beyond Video: DISH Looks to Wireless as Pressures Remain

What a difference 2 bucks can make. **DISH** was able to defy recent industry trending and trade up 5.03% Mon despite uninspiring 3Q results that included nose-holding sub metrics—likely in large part due to an announced \$2/share special dividend payable Dec 1. The DBS op's 656K gross adds marked a nearly 20% YOY fall and its net loss of 111K subs, while an improvement over 2Q, missed consensus estimates by more than 30%. "Every operator reported pressure of one kind or another—some struggled with growth, most struggled with video margins... but only DISH missed on everything," said **Sanford Bernstein's Craig Moffett**. Yet **Charlie Ergen** reiterated that DISH is a long-term play because of its wireless opportunities, and CEO **Joe Clayton** said the company's customer performance, which bottomed out in June-July, is regaining momentum and will improve further with a concerted focus on sales and marketing. "There was not enough progress in the third quarter, but we are moving in the right direction," said Clayton. **Wells Fargo Securities' Marci Ryvicker** believes "marketing is a huge area of potential upside" for DISH, and underscored how ARPU is expected to accelerate owing to **Blockbuster Movie Pass (Cfax, 9/26)**. Ergen continues to tackle DISH's spectrum/wireless initiatives and, as always, offered colorful assessments of the landscape. "We need to be mobile video as well," he said, noting the ball's now in the **FCC's** court regarding approval of DISH's proposed acquisitions of spectrum through **DBSD** and **TerreStar**. "The best forms of distribution will prevail... this a time for real plans and real strategies." DISH would prefer to partner for any major wireless play, he said, but the outcome of the proposed **AT&T-T-Mobile** merger will likely dictate any definitive moves. If the merger does go through, a **DISH-DirectTV** union could happen, said Ergen, and if it doesn't a **DISH-AT&T** union is possible. What appears a foregone conclusion is relatively unorthodox packaging from DISH. Offering DISH's \$19.99/month family offering as an example, Clayton feels "variety, selection and choice" for consumers can be a notable differentiator in the traditional MVPD business. The DBS op hasn't been shy about eschewing some sports content with high price tags, and Ergen said there "could be a day when one of the providers just doesn't have a sports offering." Such a gambit would be validated if the economy continues to struggle, he said, adding that DISH's firm stance against NY-area RSNs could bleed into other locales as "we certainly have plenty of customers in New York." Programmers still play the lead role in determining how alternative distribution models unfurl, said Ergen, but the group should be ramping the

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process given persistent weaknesses in the premium and PPV categories.

**At Our Deadline:** According to reports late Mon, a TX state court has denied **Time Warner Cable's** request to add its dispute with **CMT** over whether its content has strayed too far from country music to the MSO's larger iPad app dispute with **Viacom** in federal court (**Cfax**, Nov 4). Viacom had argued that the 2 cases should remain separate.

**OTT:** **Disney Interactive's** joining with **YouTube** to launch early next year complementary online video destinations tailored to Disney audiences on both **Disney.com** and YouTube. Disney will produce and program the co-branded video plays. -- A new deal will make **Netflix** the exclusive subscription streaming service in the UK and Ireland for most 1st-run feature films from **MGM** beginning in early '12.

**Board Moves:** Effective Fri, Tyco chmn/CEO **Ed Breen** will resign from **Comcast's** board after 6+ years of service. In his resignation letter, Breen said he has concluded he won't be able to devote the proper time to Comcast as Tyco Intl separates into 3 standalone companies. Breen will be stepping down as Tyco chmn/CEO following the completion of the separation, but he plans to remain involved with all 3 companies and will be an adviser to **ADT North American** residential security. "With Comcast's emerging presence in the residential security industry, I believe that it is appropriate for me to resign to avoid even the appearance of conflict between Comcast and what soon will be a standalone ADT home security company," Breen wrote. Keep an eye on who Comcast replaces him with as Comcast evp **David Cohen** speaking at **NAMIC's** conference last month about the challenges of creating a diverse board given that there is so little turnover (**Cfax**, 10/5). Cohen told NAMIC attendees he used to cringe when talking about Comcast's board, but he feels better that it now includes 1 woman, 2 African Americans and a Hispanic-American.

**In the States:** **Time Warner Cable** was hit Mon morning with what it described as a "large but brief" Internet outage affecting most of its service areas. It only lasted about 10 minutes. While the MSO provided no details on what caused the hiccup, we'll guess it had something to do with a rumored problem with **Juniper's** Border Gateway Protocol. **Level 3** also experienced a brief, widespread outage Mon morning, which it blamed on a router manufacturer software issue.

**Retrans:** Sounds like **Insight** might be concerned about upcoming negotiations with **Sinclair**. Last Thurs, Insight's **Michael Willner** paid a visit to the **FCC** to discuss the current state of retrans consent negotiations with broadcasters whose existing agreements expire Dec 31, "particularly with Sinclair Broadcasting," according to an ex parte filing. Also present was lobbyist **Kevin Joseph**. Recall that it took **Time Warner Cable** and **Sinclair** more than a month of extensions earlier this year before a deal was reached. There was a lot of public rancor before the contract expired last Dec, but service was never interrupted. **Mediacom** and Sinclair quietly reached a deal late last year, but the MSO lost Sinclair stations for about a month in '07 during a retrans spat.

**Online:** **CBSSports.com's** live stream of Sat night's Alabama-LSU game scored approx 215K uniques across on-line and mobile, believed to be the largest audience ever to watch a football game through digital platforms. -- **Turner Sports** and the **NCAA** announced **NCAA.com's** planned coverage of 17 fall championships, including various divisions of men's and women's soccer, men's water polo and women's volleyball.

**Advertising/Marketing:** **CAB** and partners including **Nielsen** and **BETN** launched **ReachingBlackConsumers.com** to provide insights into attracting African-American consumers. Included are psychographics, earning and spending stats, best practices from industry leaders and media usage/trends.

**Ratings:** **AMC** original "Hell on Wheels" premiered to 4.4mIn P2+ Sun night to become the net's 2nd highest-rated series premiere in history behind "The Walking Dead."

**Research:** **GroupM** will license data from **Kantar Media's** DIRECTView service to determine the behavior of audiences viewing Hispanic programming and overlay it with purchase data from Kantar Shopcom. DIRECTView provides anonymous audience viewing data from 100K satellite TV subs.

**Programming:** **FX** ordered a 14th ep to complete the 4th season of "Sons of Anarchy." -- **mun2** inked Latin recording artist **Jenni Rivera** to a cross-platform prod deal that includes the return of reality series "I Love Jenni." -- With a growing fan base, "Mr. Young" is moving to primetime on **Disney XD**, taking the 8pm timeslot on weeknights beginning Tues. The series about a 14-year-old child prodigy/high school science teacher has averaged more than 400K total viewers in prime

# BUSINESS & FINANCE

tests. -- **Starz** renewed "Spartacus" for a 3rd season—it's 4th installment of the franchise. Season 2 bows Jan 27 at 10pm. The most recent chapter of "Spartacus" was the prequel "Gods of the Arena," which averaged an estimated 6.2mln total viewers per ep in Jan across linear and VOD.

-- **Sundance Channel** announced 2 new scripted dramas last week. The net greenlit 6 eps of original scripted series "Rectify," which follows an exonerated death row inmate. The series is the channel's first wholly-owned scripted. It signed **BBC Worldwide** to co-produce 7-part miniseries "Top of the Lake," which will be directed by *Jane Campion* ("The Piano").

**People: Lifetime Nets** named *Meghan Hooper* vp, program acquisitions, effective Nov 14. -- **Turner Broadcasting** tapped former **CNN** research exec *Gregg Liebman* as svp, ad sales and sports research.

**On the Circuit: Bright House** pres *Nomi Bergman* and **SeaChange** pres *Yvette Kanouff* will each deliver a keynote at the organization's Tech it Out program, Nov 16, during **SCTE's** Cable-Tec Expo in Atlanta. Registration for the event is limited to 150 attendees: [www.wict.org](http://www.wict.org)

**Business/Finance: Discovery Comm** agreed to acquire UK prod company **betty**, which will develop and produce new ideas and formats for DISCA's channel portfolio. DISCA also has the option to acquire formats previously produced by **betty**.

## CableFAX Daily Stockwatch

Company	11/07 Close	1-Day Ch	Company	11/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	45.83	(0.83)	BLNDER TONGUE:	1.29	(0.05)
DISH:	24.66	1.18	BROADCOM:	35.83	(0.18)
DISNEY:	35.15	0.39	CISCO:	18.01	(0.02)
GE:	16.39	UNCH	CLEARWIRE:	1.95	0.06
NEWS CORP:	17.53	0.10	CONCURRENT:	3.59	(0.31)
<b>MSOS</b>					
CABLEVISION:	15.30	0.43	CONVERGYS:	11.88	0.02
CHARTER:	52.85	0.14	CSG SYSTEMS:	15.04	0.07
COMCAST:	22.65	(0.1)	ECHOSTAR:	25.36	(1.08)
COMCAST SPCL:	22.37	(0.06)	GOOGLE:	608.33	12.19
GCI:	9.53	0.26	HARMONIC:	5.59	(0.04)
KNOWLOGY:	14.24	(0.19)	INTEL:	24.28	0.54
LIBERTY CAPITAL:	75.91	0.51	JDSU:	12.00	(0.25)
LIBERTY GLOBAL:	41.42	UNCH	LEVEL 3:	21.30	(1.04)
LIBERTY INT:	16.55	0.07	MICROSOFT:	26.80	0.55
SHAW COMM:	20.23	0.11	MOTOROLA MOBILITY:	39.11	0.14
TIME WARNER CABLE:	62.22	0.93	RENTRAK:	13.30	0.01
VIRGIN MEDIA:	24.28	0.03	SEACHANGE:	8.41	(0.19)
WASH POST:	339.60	9.99	SONY:	17.99	0.07
<b>PROGRAMMING</b>					
AMC NETWORKS:	33.15	(0.1)	SPRINT NEXTEL:	2.91	0.04
CBS:	25.24	0.06	THOMAS & BETTS:	51.76	0.01
CROWN:	1.62	(0.05)	TIVO:	11.13	0.13
DISCOVERY:	44.19	0.17	UNIVERSAL ELEC:	16.50	(0.48)
GRUPO TELEVISIA:	21.56	0.47	VONAGE:	2.76	(0.02)
HSN:	36.71	UNCH	YAHOO:	15.69	0.45
INTERACTIVE CORP:	42.81	(0.83)	<b>TELCOS</b>		
LIBERTY STARZ:	67.58	(0.81)	AT&T:	29.44	0.28
LIONSGATE:	8.67	0.04	VERIZON:	37.34	0.17
LODGENET:	2.26	0.04	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.07	(0.04)	DOW:	12068.39	85.15
OUTDOOR:	7.35	0.01	NASDAQ:	2695.25	9.10
SCRIPPS INT:	42.12	0.30	S&P 500:	1261.12	7.89
TIME WARNER:	34.92	0.48			
VALUEVISION:	2.04	(0.01)			
VIACOM:	51.05	0.35			
WWE:	10.46	(0.12)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.12	UNCH			
ALCATEL LUCENT:	2.12	(0.18)			
AMDOCS:	29.55	(0.67)			
AMPHENOL:	47.89	0.04			
AOL:	15.44	(0.12)			
APPLE:	399.73	(0.51)			
ARRIS GROUP:	10.74	0.08			
AVID TECH:	6.73	0.19			
BIGBAND:	2.24	UNCH			



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Sponsorship Opportunities: Debbie Vodenos at 301-354-1695; [dvodenos@accessintel.com](mailto:dvodenos@accessintel.com)  
Entry Questions: Rachel Isaman at 301-354-1555; [risaman@accessintel.com](mailto:risaman@accessintel.com)