

CableFAX Daily™

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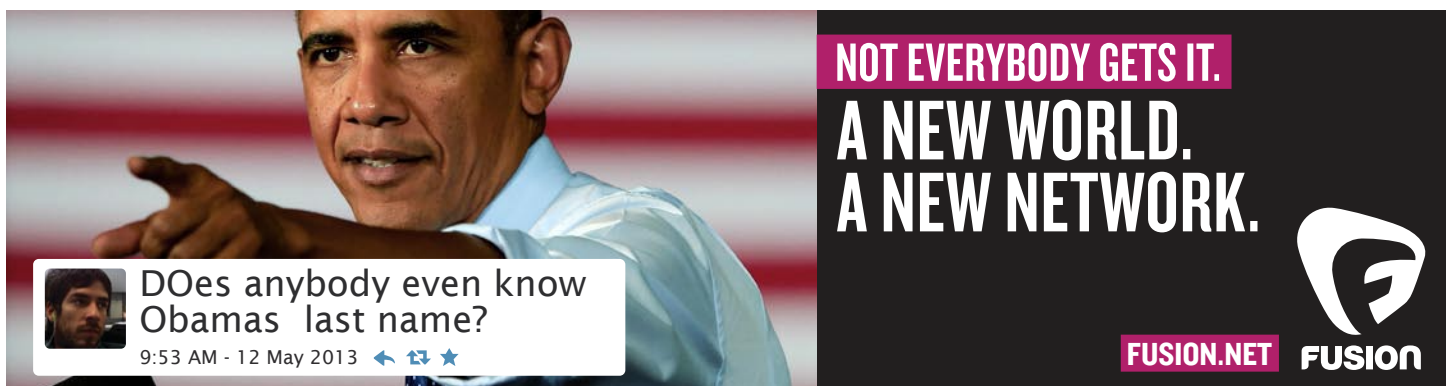
What the Industry Reads First

Volume 24 / No. 229

Match Game: Talk of Cable Combos Heats Up

Predicting what (if any) cable consolidation actually occurs is feeling a bit like the classic board game Clue. It is **Charter** in the library with a lead pipe taking on **Time Warner Cable**? No, it's Time Warner Cable and **Cox** in the observatory with **Comcast** in their shopping cart. The reports of possible combos were fast and furious Friday. Charter and Comcast have discussed a joint bid for Time Warner Cable that would have them divvy the spoils between them, *Bloomberg* reported. Time Warner Cable and Comcast have mulled a possible merger that would head off a Charter TWC bid, **CNBC's David Faber** weighed in. Igniting it all was a *WSJ* report late Thurs that Charter is close to wrapping up a deal with banks to borrow the money to go after TWC. Whatever happens (or doesn't), the market went crazy Fri. TWC shot up, closing up nearly 10%. Charter ended the day up 6%, while Comcast gained 4% and **Cablevision** closed up almost 6%. For the most part, none of the players are saying anything; although Cox wanted to make sure we were clear on one point. "While we have no comment on today's specific M&A speculation, I can be clear that Cox Communications is NOT for sale," a spokesperson wrote in an email. Analysts focused on the big numbers that would be involved in any deal. "With the Wall Street Journal now reporting that Charter is close to lining up financing for a bid for Time Warner Cable, we may soon find out whether [Tom] Rutledge really can run Time Warner Cable better than... well, than Time Warner Cable," said a **Mof-fettNathanson** blog post. "If the numbers floated by the *WSJ* this morning are right, he would have to. There simply aren't enough synergies to support a reasonable valuation without "running it better." And even then, the resulting entity would be frightfully levered (hence the appeal of a Comcast white knight scenario)."

Regs & Mergers: Of course, there are also regulatory factors to consider with all these what-ifs. Regulatory approval of a **Time Warner Cable/Comcast** tie-up would be possible, but costly, with "serious risk," **Stifel Nicolaus** analysts told clients in a note. As a result, any Comcast bid would likely include a big break-up fee. The companies could note that the Court of Appeals has twice thrown out an **FCC** cap limiting cable horizontal ownership to 30% of the multichannel pay-TV market, and Comcast-TWC would only have about 33% of the market. The combined company also would not have as many total subs as **AT&T** or **Verizon**. That said, the potential deal would draw intense antitrust scrutiny and likely resistance, the analysts said. And the deal will be more than a pure antitrust issue, as most mergers need to be cleared by the FCC first as part of a separate review of whether the deal meets the public interest. A Comcast-TWC combo invites increased scrutiny because of its horizontal nature, said *John Bergmayer*, senior staff attorney at **Public Knowledge**. As witnessed in the failed AT&T and **T-Mobile USA** merger, the *Obama* Administration has a tight scrutiny on horizontal mergers, he noted. As for a potential TWC-Charter tie-up, public interest groups seem less concerned about the antitrust aspect and more about the management's opposition to policies like net neutrality, Bergmayer said. Maybe in the end it will be the FCC and **DOJ** waving a candlestick and stiff merger conditions in the ballroom at whomever ends up with a dance partner.



DOes anybody even know Obamas last name?
9:53 AM - 12 May 2013

NOT EVERYBODY GETS IT.
A NEW WORLD.
A NEW NETWORK.

FUSION.NET FUSION

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Technology: Google chmn *Eric Schmidt* made it clear that the Internet infrastructure today can handle live streaming of major sports events with no problem, he said at the **Paley Center for Media** discussion Fri (which, incidentally, was live streamed). The majority of Internet traffic today is from **YouTube** and **Netflix**, he said. "That's likely to continue." With the improvement of fiber capability and faster wireless speeds driven by wireless competition, video streaming is only going to become more prevalent, Schmidt said, "The technology can do it, and it's extraordinary." A recent **Sandvine** study estimated YouTube and Netflix combined account for just over half of all peak-hour download traffic in the US and around 45% of all total traffic including uploads. Netflix rival **Amazon** and **Hulu** combined account for less than 3% of all US traffic.

Retrans: A better path to fix the broken retrans system is to "be patient, observe the dynamism of the marketplace and take our lead from consumer behavior," former **FCC** Democrat commish *Robert McDowell* wrote in a blog post on *The Hill* Fri. Policymakers who try to predict where consumers are headed may end up guessing wrong and causing harmful unintended consequences, he warned. "A fast-changing market that may appear to be an ugly adolescent duckling today could likely grow into a beautiful swan before long thanks to the powerful and disruptive market trends of the Digital Age," he said. Retrans fees will reach \$7.6bln by '19 vs the projected level of \$3.3bln this year, **SNL Kagan** forecast. The research firm expects retrans revenues to reach \$7.15bln by '18 vs the previously estimate of \$6.05bln. "The environment has improved for TV station owners, who have increasingly obtained rates they believe are closer to the value they bring to multichannel video services," SNL Kagan said. The negotiation of digital rights further complicate retrans negotiations, with terms associated with distribution often more complex to agree upon than the per-subscriber fee, it said: "Affiliate groups must secure the rights to grant digital and second-screen distribution from their network partners when renegotiating their affiliation agreements, and there is not yet a cohesive industry approach."

Technology: **Cox's** Contour is now available to Android users, specifically for **Google's** Nexus and **Samsung's** Galaxy Tab 2, Tab and Note tablets. The Contour app, which launched to iPad users in Aug, features content that can be viewed on a device as well as an intuitive program guide that can be accessed at home or on-the-go. -- **Mid-continent Comm** joined the **Comporium** Security, Monitoring and Automation Dealer program, which combines a security alarm system, communications gateway and home automation platform into one device.

Streaming: **ESPN** is live on **Microsoft's** Xbox One. Through WatchESPN, subs can access live and VOD content. The console's Snap Mode feature allows subs to multitask by snapping VOD clips from **ESPN.com** onto the right side of the TV screen for preview. With Xbox One, ESPN is now on 7 secondary platforms.

Hopper: **DISH** upgraded its Hopper DVR with an HDMI-CEC function, which means the TV will automatically switch to the Hopper input as soon as the set-top is turned on. The software update also creates "On Demand Shelves" that organize VOD movies and TV show titles horizontally across the screen. The new design features a "Free for Kids" shelf that filters on-demand fare tailored for children.

Ratings: In a game with major World Cup implications, Mexico handily defeated New Zealand 4-2 in Wellington, New Zealand, qualifying for the 2014 World Cup. The match, which **Univision** aired at 12:49am on Nov 20, delivered an average of 3.1mln total viewers and 1.9mln adults 18-49. It was the #1 sports program on broadcast TV in terms of social media activity, regardless of language.



Juicy.*

*Coming soon from CableFAX.

CableFAX Week in Review

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

21ST CENTURY FOX:	FOXA	33.40	(2.31%)	0.00%
DIRECTV:	DTV	64.95	0.11%	29.49%
DISH:	DISH	52.21	2.49%	43.43%
DISNEY:	DIS	70.20	0.29%	40.99%
GE:	GE	27.08	(0.44%)	29.01%

MSOS

CABLEVISION:	CVC	15.80	5.83%	5.76%
CHARTER:	CHTR	134.66	4.64%	76.63%
COMCAST:	CMCSA	49.52	3.75%	32.55%
COMCAST SPCL:	CMCSK	47.90	2.66%	33.35%
GCI:	GNCMA	9.76	1.24%	1.77%
LIBERTY GLOBAL:	LBTYA	81.60	2.00%	29.61%
LIBERTY INT:	LINTA	27.59	(2.58%)	40.19%
SHAW COMM:	SJR	23.05	(2.25%)	0.30%
TIME WARNER CABLE:	TWC	132.92	9.96%	36.76%
WASH POST:	WPO	658.20	0.55%	80.23%

PROGRAMMING

AMC NETWORKS:	AMCX	64.83	(0.61%)	30.97%
CBS:	CBS	58.63	(3.17%)	54.09%
CROWN:	CRWN	3.20	(0.31%)	72.97%
DISCOVERY:	DISCA	85.87	0.52%	35.27%
GRUPO TELEVISIA:	TV	29.40	2.12%	10.61%
HSN:	HSNI	58.07	0.61%	5.43%
INTERACTIVE CORP:	IACI	56.54	(1.99%)	19.69%
LIONSGATE:	LGF	33.76	(1.34%)	105.85%
MADISON SQUARE GARDEN:	MSG	55.87	(1.83%)	25.98%
SCRIPPS INT:	SNI	74.65	(1.07%)	28.88%
STARZ:	STRZA	27.42	(5.77%)	0.00%
TIME WARNER:	TWX	66.99	(0.96%)	40.06%
VALUEVISION:	VVTV	5.38	2.87%	198.89%
VIACOM:	VIA	79.82	(0.8%)	47.08%
WWE:	WWE	14.42	8.26%	82.76%

TECHNOLOGY

ADVANTAGE:	AEY	2.61	(1.88%)	31.16%
ALCATEL LUCENT:	ALU	4.02	(3.37%)	189.21%
AMDOCS:	DOX	40.62	(0.37%)	19.51%
AMPHENOL:	APH	85.11	1.20%	31.55%
AOL:	AOL	45.55	(1.26%)	53.83%
APPLE:	AAPL	519.80	(0.99%)	(2.32%)
ARRIS GROUP:	ARRS	19.89	10.75%	33.13%
AVID TECH:	AVID	8.43	(1.06%)	11.21%
BLNDER TONGUE:	BDR	0.98	5.10%	(15.01%)
BROADCOM:	BRCM	26.35	(2.59%)	(20.66%)
CISCO:	CSCO	21.46	(8.72%)	9.21%
CONCURRENT:	CCUR	7.63	3.95%	32.93%
CONVERGYS:	CVG	20.42	1.09%	24.44%
CSG SYSTEMS:	CSGS	28.47	0.53%	56.60%
ECHOSTAR:	SATS	49.50	(1.71%)	44.65%
GOOGLE:	GOOG	1031.89	(0.16%)	45.87%
HARMONIC:	HLIT	7.45	0.13%	46.94%
INTEL:	INTC	23.87	(2.65%)	15.76%
JDSU:	JDSU	11.94	(4.17%)	(11.56%)
LEVEL 3:	LVT	29.50	(2.64%)	27.65%

Company	Ticker	11/22 Close	1-Week % Chg	YTD %Chg
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MICROSOFT:	MSFT	37.57	(0.71%)	40.66%
MOTOROLA MOBILITY:	MMI	14.20	7.98%	(63.4%)
NIELSEN:	NLSN	41.12	1.93%	34.42%
RENTRAK:	RENT	36.56	(3.66%)	87.58%
SEACHANGE:	SEAC	14.39	3.01%	48.81%
SONY:	SNE	18.30	(1.08%)	63.39%
SPRINT NEXTEL:	S	7.83	5.53%	38.10%
TIVO:	TIVO	13.36	(1.11%)	8.53%
UNIVERSAL ELEC:	UEIC	37.39	1.03%	93.23%
VONAGE:	VG	3.24	(6.63%)	36.71%
YAHOO:	YHOO	36.49	2.88%	83.37%

TELCOS

AT&T:	T	35.42	(0.03%)	5.07%
VERIZON:	VZ	50.22	(0.18%)	16.06%

MARKET INDICES

DOW:	DJI	16064.77	0.65%	22.59%
NASDAQ:	IXIC	3991.65	0.14%	32.20%
S&P 500:	GSPC	1804.76	0.37%	26.54%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. ARRIS GROUP:	19.89	10.75%
2. TIME WARNER CABLE:	132.92	9.96%
3. WWE:	14.42	8.26%
4. MOTOROLA MOBILITY:	14.20	7.98%
5. CABLEVISION:	15.80	5.83%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CISCO:	21.46	(8.72%)
2. VONAGE:	3.24	(6.63%)
3. STARZ:	27.42	(5.77%)
4. JDSU:	11.94	(4.17%)
5. RENTRAK:	36.56	(3.66%)

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