

CableFAX Daily™

Friday — December 14, 2012

What the Industry Reads First

Volume 23 / No. 241

Future Gazing: Moody's Expects Continued Growth for Cable in '13

So much is made about new technology, it may be surprising to hear someone declare that video is still core for the cable industry. But that's just what **Moody's** analyst *Karen Berckmann* did in her comprehensive outlook report for cable in '13, saying she expects cable's share of the video market to remain slightly above 50%. Video losses have continued, but it's happening at a slower rate (see **Comcast's** basic sub metrics for 2012) "Cable operators are intensifying their focus on improving the video experience, and it is essential that they maintain the video subscriber base, even as high speed data begins to contribute a larger share of total revenue and EBITDA," said the report. "Video is the primary driver of customer retention and defection, and a less-competitive video product could jeopardize the cable companies' residential subscriber base, including high speed data subscribers." Moody's said the industry must improve the video experience to remain relevant, pointing to "clumsy screen guides and latency." The firm has a stable outlook for the cable industry (the same outlook since Oct '10). What would it take for Moody's to move the outlook to positive? Significant improvement in the US economy with stronger housing trends. The firm underscored why commercial services is viewed as so important, calling it the smallest contributor to revenue but the segment growing the fastest. "We anticipate **Comcast** and **Time Warner Cable** will move from small business to medium business to maintain their growth rates, whereas **Charter**, **Cequel** and **Mediacom** have plenty of room to grow among the core small customers," Moody's said. "Even if the economy slows, we do not expect commercial growth to decelerate, since much of the cable operators' expansion results from market share gains." For '12 and '13, Moody's expects EBITDA growth of 3%. That's slightly lower than recent years, reflecting competition and slower broadband growth. Not surprisingly, Berckmann doesn't expect content cost increases to abate over the next year, suggesting smaller ops such as **WaveDivision**, **RCN** and **Harron** likely will see the more significant hikes.

Carriage: **Disney** and **Cox** announced late Wed a multi-year carriage deal covering approx 70 Disney networks and services including **ABC**, **Disney Channel** and **ESPN**. As part of the agreement, Cox next week will launch authenticated services WatchESPN, WATCH Disney Channel, WATCH Disney XD and WATCH Disney Junior. The MSO will add WATCH ABC and WATCH ABC Family when they launch, and it will add **ESPNEWS** and **ESPN Classic** to its live TV in-home app. The deal also includes expanded rights packages for Disney nets on Cox's VOD service. -- **Cablevision**

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launched **One World Sports Network** offering soccer, baseball and other sports from Asia, the Pacific and elsewhere. It's part of the Optimum Intl Japanese, Chinese and Korean packages or a la carte at \$3/month.

Advertising: Did you feel any CALMer Thursday? It was the 1st of the CALM Act, which requires MVPDs and broadcasters to keep commercials from blaring louder than programming. CALM's enactment got plenty of national attention with the law's original author *Anna Eshoo* (D-CA) saying it has been a top consumer complaint at the **FCC** for decades. "It was a simple 1-page bill. I never dreamed it would strike the chord it did with the American people," she said at a news conference Thurs. Consumers can file complaints at www.fcc.gov/complaints. Over at **NCTA's** blog CableTechTalk.com, a post explains what the CALM Act is and how it works. "Because it is complex, I won't doubt that there will be bumps along the way," said NCTA chief *Michael Powell* said at the morning news conference. "But I pledge this: we will stay committed and focused to continually live up to the law and to ensure that experience remains a quality one."

M&A Talks: Soon **Clearwire**, once a JV between **Sprint Nextel, Comcast, Time Warner Cable, Bright House Networks, Google** and **Intel**, might be wholly owned by **Sprint**. The telco wants to buy the WiMAX operator shares that it doesn't already own, according to an **SEC** filing Thurs. Clearwire confirmed in a filing that it's currently in discussions with Sprint regarding "a potential strategic transaction." Sprint gained a majority stake (50.4%) earlier this year. As the telco worked to increase its stake, its cable partners have been dropping out. Time Warner Cable sold its 7.8% stake in Aug, followed by Comcast converting its Class B stake to Class A common shares, a move that many said signals a sale.

In the States: Ohio's 100G network is now operational, said Gov *John Kasich*. The network, operated by **Ohio Academic Resources Network**, was announced during the governor's State of the State address in Feb. The network connects OH's major metro areas to northern and southern connection points of **Internet2**, a nationwide advanced networking consortium. Ohio has invested some \$13mln in the network.

TVE: **Verizon FiOS** subs can watch **NFL Net** and **NFL RedZone** online now with the launch of Watch NFL Network to FiOS TV. Just in time for the Thurs night **Eagles v. Bengals** game, subs who receive NFL Network and NFL RedZone as part of their service can watch programming from anywhere in the US with a broadband connection. -- **Comcast's** Xfinity TV Player app now enables Xfinity TV digital subs to download TV shows and movies from **Showtime, Starz, Encore** and **MOVIEPLEX** via Xfinity TV apps onto their mobile devices, allowing them to watch programming without an Internet connection. -- **A&E Networks** on Thurs launched its first video watch apps for the iPad. **A&E, History** and **Lifetime** apps are available for free from **Apple's** App Store, enabling users to watch full eps, full movies and clips. Subs who sign in to verify Xfinity TV from **Comcast** will have access to more content, including full previous seasons of certain series. The app will support additional distributors in early '13.

Inside the Beltway: **The Obama Administration** announced the US won't ratify a **UN** telecom treaty that could open the door for government control of the Internet.

Programming: **WE** unveiled 7 originals in development for series consideration next season. The slate includes "Bedroom Confidential," 5 female friends who let cameras access every aspect of their lives (including their bedrooms), *Scottie and Larsa Phippen* reality series "Big Phippen," and "Single Brides," women planning the big day without a groom. -- **Sundance Channel's** 1st wholly owned original scripted series, "Rectify," will debut Apr 22 debut at 10pm. -- **CBS Sports** and **CBS Sports Net** will be the exclusive TV home of the **Professional Bull Riders** beginning in '13. The agreement extends CBS' deal with PBR, which began in '12 and made CBS Sports Net PBR's primary TV partner. -- **MSG Net** bows 5-part series "The Garden Transformed: Year Two" presented by **Chase**, starting on Mon following coverage of the Knicks-Rockets game (about 11pm). New eps of the series on the venue's transformation will debut each night of the week. -- **Music Choice** releases its inaugural "Best of List" called the MC 100, which is a list of the biggest songs and best artists airing over the past year. The full list of 100 songs will appear in a VOD special that debuts Dec 17 on MC On Demand.

Ratings: As the year winds down, the ratings brags ratchet up. **Cartoon** said that based on projections, it expects '12 to be its most-watched year in early prime (7-9pm) in the net's 20-year history among kids 6-11 (685K, +13% YOY) and 9-14 (544K, +20%). **Oxygen** touts that it will end '12 as the "youngest women's network," with its 35.3 average its youngest year ever. **Bravo** put another one in the record books, with the net saying it's poised to wrap up its 7th consecutive best year among 25-54s, total viewers and HHs. It also had its best year ever for video streams on BravoTV.com, with a 10%

BUSINESS & FINANCE

increase in monthly streams.

Editor's Note: Time's running out to enter the **CableFAX** Best of the Web awards, with the final entry deadline Dec 19. Enter today at www.cablefax.com/bow12. Also don't miss the opportunity to submit your top digital execs for our annual Digital Hot List.

Business/Finance: S&P Capital IQ raised **Charter** to "buy" from "hold," pointing to reports it may bid on **Cablevision's** Optimum West property as well as "increased '13 fruits of ongoing pricing and packaging initiatives, under a strengthened team led by new CEO *Tom Rutledge*." However, S&P did widen its '12 loss per share estimate by \$0.30 to \$2.85, and trim '13 EPS estimates by \$0.13 to \$0.10. -- **Canaccord Genuity** raised **DISH's** price target to \$43 from \$35 and more than doubled its net adds estimate to 97K from 43K. The firm expects **DirectTV's** tighter credit standards to send many subs to DISH, and it cited the **FCC's** spectrum ruling as putting DISH 1 step closer to realizing the value of its spectrum.

People: *Patrick Cavanaugh* was upped to svp, finance at **YES**. He replaces *Allan Gaherty*, who is retiring at year-end. -- Former **MSG Nets** pres *Mike McCarthy* was named co-chmn of production and creative services company **Manhattan Place Ent.** -- **SeaChange** named *George Kajos* as gm for its Platform business unit.

CableFAX Daily Stockwatch

| Company | 12/13 Close | 1-Day Ch | Company | 12/13 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 49.97 | (0.3) | CSG SYSTEMS: | 18.13 | (0.23) |
| DISNEY: | 49.11 | (0.53) | ECHOSTAR: | 33.55 | 0.09 |
| GE: | 21.62 | (0.16) | GOOGLE: | 702.70 | 5.14 |
| NEWS CORP: | 25.33 | (0.2) | HARMONIC: | 4.84 | 0.02 |
| MSOS | | | | | |
| CABLEVISION: | 14.40 | (0.13) | INTEL: | 20.49 | (0.18) |
| CHARTER: | 69.08 | (0.53) | JDSU: | 12.51 | (0.07) |
| COMCAST: | 36.94 | (0.48) | LEVEL 3: | 21.51 | 0.48 |
| COMCAST SPCL: | 35.78 | (0.39) | MICROSOFT: | 27.11 | (0.13) |
| GCI: | 8.59 | (0.18) | RENTRAK: | 19.62 | 0.07 |
| LIBERTY GLOBAL: | 60.23 | (0.35) | SEACHANGE: | 9.63 | (0.06) |
| LIBERTY INT: | 19.28 | 0.03 | SONY: | 10.73 | 0.50 |
| SHAW COMM: | 22.52 | 0.02 | SPRINT NEXTEL: | 5.64 | (0.02) |
| TIME WARNER CABLE: | 93.82 | 0.03 | TIVO: | 12.43 | (0.05) |
| VIRGIN MEDIA: | 35.08 | (0.53) | UNIVERSAL ELEC: | 16.95 | 0.03 |
| WASH POST: | 369.95 | 5.43 | VONAGE: | 2.40 | (0.06) |
| PROGRAMMING | | | | | |
| AMC NETWORKS: | 51.11 | (1.17) | YAHOO: | 19.35 | (0.03) |
| CBS: | 35.46 | (0.65) | TELCOS | | |
| CROWN: | 1.79 | (0.02) | AT&T: | 34.32 | (0.17) |
| DISCOVERY: | 60.26 | (1.23) | VERIZON: | 44.52 | (0.27) |
| GRUPO TELEVISIA: | 25.46 | 0.07 | MARKET INDICES | | |
| HSN: | 52.83 | 0.07 | DOW: | 13170.72 | (74.73) |
| INTERACTIVE CORP: | 45.16 | (0.1) | NASDAQ: | 2992.16 | (21.65) |
| LIONSGATE: | 15.40 | (0.1) | S&P 500: | 1419.45 | (9.03) |
| LODGENET: | 0.14 | 0.01 | | | |
| OUTDOOR: | 7.41 | 0.05 | | | |
| SCRIPPS INT: | 57.84 | (0.47) | | | |
| TIME WARNER: | 46.69 | (0.57) | | | |
| VALUEVISION: | 1.68 | (0.02) | | | |
| VIACOM: | 53.83 | (0.9) | | | |
| WWE: | 8.08 | (0.02) | | | |
| TECHNOLOGY | | | | | |
| ADVANTAGE: | 2.00 | (0.01) | | | |
| ALCATEL LUCENT: | 1.10 | UNCH | | | |
| AMDOCS: | 33.55 | (0.4) | | | |
| AMPHENOL: | 62.61 | (0.28) | | | |
| AOL: | 30.33 | (0.58) | | | |
| APPLE: | 529.69 | (9.31) | | | |
| ARRIS GROUP: | 14.21 | (0.06) | | | |
| AVID TECH: | 7.35 | 0.33 | | | |
| BLNDER TONGUE: | 1.06 | (0.04) | | | |
| BROADCOM: | 33.27 | (1.07) | | | |
| CISCO: | 19.74 | 0.01 | | | |
| CLEARWIRE: | 3.16 | 0.41 | | | |
| CONCURRENT: | 5.52 | 0.09 | | | |
| CONVERGYS: | 16.15 | (0.01) | | | |

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4 Pages Today

CableFAX Daily™

Wednesday — January 11, 2012 What the Industry Reads First Volume 23 / No. 006

OTT Musings: Stakeholders Debate Evolving Content Delivery at CES
 With the Comcast/Danese distribution deal a harbinger for TV Everywhere and Fox's move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at UVerse," said Jeff Weber, AT&T TV, product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discernment is critical, panelists agreed. While AT&T has an approval process in place, YouTube abandoned its API-based partnership model two years ago "because we ended up with different apps on different TV, and performance differed," said Francisco Valera, director of platform and games partnerships. "Looking at YouTube's deals with Samsung, LG and its new Xbox partnership, if we can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent-day model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML 5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights. "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said Lisa Pickelsimer, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickelsimer said, noting the bigger role of metadata and the need

PROGRAMMER'S PAGE

Stay Golden...

Few awards programs are as derided as the Golden Globes, with *Nikki Finke* and other influential Hollywood buzzologists constantly poking fun at the **Hollywood Foreign Press Association**, which seems to exist primarily to... exist. Its cash-cow of an annual awards show, however, is usually the most entertaining of awards season (This year's hosts *Amy Poehler* and *Tina Fey* will kill!). Alcohol and sometimes brutal barbs create a bit of a free-wheeling, roast atmosphere, which image-conscious stars and execs tolerate only because the Golden Globes are so darned vital as an early awards bellwether and promotional vehicle for the all-important Oscars. Still, we have to admit that most of the HFPA's nominees on the TV side are pretty solid this year. And once again, cable received many kudos. The premium powerhouses of **Showtime** and **HBO** tied for most series nominations this year, with 7 apiece. **HBO** led the overall TV pack, with 17 nominations, with 5 noms for its movie "Game Change." Showtime was 2nd in nominations, with 7. Its "Homeland" was the most nominated series this year, with 4 nods. The show's competition in the Best Drama category includes **AMC's** "Breaking Bad," **HBO's** "Boardwalk Empire" and "Newsroom" and **PBS' "Downton Abbey."** The premium nets also got noms in the Best Comedy or Musical category, which broadcasters traditionally rule. **HBO's** "Girls" and Showtime's "Episodes" are up against **CBS' "Big Bang Theory," ABC's "Modern Family" and NBC's "Smash."** As usual, cable dominated the Best Mini-series or Motion Picture made for TV, with **HBO's "Game Change" and "The Girl," History's "Hatfields & McCoys," BBC America's "The Hour," and USA's "Political Network"** in the running. **AMC** had 3 nominations. Other nets in the running for Globes include **FX** and **Starz**.

Reviews: "Portlandia: Winter," Fri, 10:30p, **IFC**. This winter ep contains some of the most enjoyable moments on cable this month. From residents' quest for Sun, to vagina pillows and a recurring gag about Peter's (*Fred Armisen*) attempt to lose winter weight by eliminating pasta, your subs will laugh for the entire 20+ minutes. Every skit hits. This wry spoof was much improved in season 2. If this ep indicates what season 3 has in store, we can't wait. -- "BBQ Pitmasters," season 2 debut, Sun, 9p, **Destination America**. What's the best way to smoke a brisket? Fat side up? Down? Doesn't matter? This pressing question is tested in the opener of this tasty, fun competition series. -- "Going Big," Thurs, 9p ET, **ESPNU**. A documentary about *Sam Bowie*. Sam who? The HS and college phenom who was drafted before *Michael Jordan*. His semi-tragic tale is well told here, largely by Bowie. -- "Holliston Christmas Special," Tues, 8p ET, **FEARnet**. This original gets mighty emotional for a black comedy, but not to worry, it remains very offbeat. -- **Endings:** The finale of 2-part mini "Restless" (Fri, 9p, **Sundance**) features *Charlotte Rampling*, nominated for a **SAG** award for her portrayal of a WWII spy haunted by the past. No sophomore slump for "Homeland" (Sun, 10p, **Showtime**). Viewers already are anxious for season 3. - *Seth Arenstein*

| Basic Cable Rankings (12/03/12-12/09/12) | | | |
|---|---------------|-----|------|
| | Mon-Sun Prime | | |
| ESPN | 1 | 2.6 | 2514 |
| USA | 2 | 2.0 | 1956 |
| FAM | 3 | 1.9 | 1821 |
| DSNY | 4 | 1.8 | 1744 |
| HALL | 5 | 1.7 | 1510 |
| A&E | 6 | 1.5 | 1436 |
| TBSC | 7 | 1.4 | 1423 |
| FOXN | 7 | 1.4 | 1377 |
| TNT | 7 | 1.4 | 1370 |
| HIST | 7 | 1.4 | 1355 |
| NFLN | 11 | 1.1 | 789 |
| DISC | 12 | 1.0 | 1012 |
| FX | 12 | 1.0 | 942 |
| DSE | 12 | 1.0 | 76 |
| ADSM | 15 | 0.9 | 916 |
| LIFE | 15 | 0.9 | 896 |
| HGTV | 15 | 0.9 | 885 |
| NAN | 15 | 0.9 | 879 |
| MSNB | 15 | 0.9 | 828 |
| SYFY | 20 | 0.8 | 828 |
| TLC | 20 | 0.8 | 746 |
| FOOD | 22 | 0.7 | 733 |
| BRAV | 22 | 0.7 | 711 |
| AMC | 22 | 0.7 | 673 |
| TRU | 22 | 0.7 | 667 |
| CMDY | 22 | 0.7 | 645 |
| ID | 22 | 0.7 | 589 |
| TVLD | 28 | 0.6 | 615 |
| MTV | 28 | 0.6 | 599 |
| BET | 28 | 0.6 | 553 |
| LMN | 28 | 0.6 | 493 |
| SPK | 32 | 0.5 | 489 |
| NGC | 32 | 0.5 | 417 |
| HMC | 32 | 0.5 | 223 |
| APL | 35 | 0.4 | 406 |
| VH1 | 35 | 0.4 | 396 |
| CNN | 35 | 0.4 | 394 |
| EN | 35 | 0.4 | 341 |
| TRAV | 35 | 0.4 | 339 |
| NKJR | 35 | 0.4 | 335 |
| DXD | 35 | 0.4 | 290 |
| H2 | 35 | 0.4 | 261 |
| ESP2 | 43 | 0.3 | 337 |
| HLN | 43 | 0.3 | 250 |
| WE | 43 | 0.3 | 249 |
| OWN | 43 | 0.3 | 248 |

*Nielsen data supplied by ABC/Disney



Late Deadline:
December 19, 2012

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CableFAX's Best of the Web Awards is the industry's top honor in the digital space, recognizing outstanding websites and digital initiatives among cable programmers, operators, industry partners. The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine.