

# CableFAX Daily™

Wednesday — December 18, 2013

What the Industry Reads First

Volume 24 / No. 244

## DISH: The Next Major Mobile Player?

DISH waged a heated bidding battle with **Sprint Nextel** over **Clearwire** earlier this year. It lost. And its attempt to merge with Sprint also failed. Apparently that didn't stop the 2 from getting intimate again as the companies announced Tues a partnership to jointly develop and deploy a fixed trial wireless broadband service. The service, initially available in limited areas of Corpus, TX, will go live mid-year '14 and is expected to expand into additional markets. Depending on a customer's location, DISH will install either a ruggedized outdoor router or an indoor set-up, both featuring built-in antennas to receive 4G LTE on Sprint's 2.5GHz spectrum. The biggest takeaway is that DISH and Sprint have partnered, indicating that their relationship has "immensely improved since this year's earlier tensions," **Wells Fargo** analysts wrote. They viewed the partnership as a positive and potentially prompting "a new relationship" that probably won't entail a 2nd merger attempt as Sprint is now owned by Japanese carrier **Softbank**. All along, DISH chmn *Charlie Ergen* has been crystal clear about his desire to turn DISH into a pay-TV and mobile broadband service provider, through partnering with an established carrier rather than building a mobile network from scratch. Whether it's working with Sprint, or an acquisition of carriers like **T-Mobile USA**, itself a merger target (reportedly of Sprint's), DISH is keeping its options open. Tues' announcement is DISH's 2nd fixed-wireless broadband trial: It has worked with regional carrier **nTelos** to test a fixed mobile service and is expanding the pilot program to areas where the 2 companies have a high concentration of subs. The services will roll out early next year and could reach up to half-a-million homes. Wells Fargo analysts noted that approx 15% (15-20mln HHs) are underserved by fixed broadband today, an ideal opening for DISH either through fixed broadband or DISHNet, which launched late last year. And don't forget DISH's bid for **LightSquared**'s spectrum. With auction contender **Centerbridge** reportedly withdrawing its offer, DISH appears to be the lead bidder for the assets. If all goes well, DISH could potentially control up to 100MHz of spectrum, making it a major player in the wireless market. However, if DISH's relationship with Sprint expanded, there would be little need for LightSquared, **BTIG** analyst *Walter Piecyk* wrote in a blog post. And as time moves forward, the likelihood of DISH becoming an acquisition target of **AT&T**, **Verizon** and even **Google** increases, he said. Having said that, it's unlikely that DISH, well positioned for the bid, will drop its offer, he said. Ergen is one step closer to his mobile dream.



## Fresh.\*

\*Coming soon from CableFAX.

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**Levy Talks:** It's not just distributors worried about a younger generation and their propensity to subscribe to pay TV.

**Turner** pres *David Levy* told the **SVG Summit** in NYC Tues that he's watching these cord-nevers closely. "I think nevers are going to be a big concern, but it depends on what happens when they get older... We've got to follow this generation," he said, adding that "mini-packs," or smaller pay TV packages with 40 channels plus broadband for \$20/month, need to be explored by cable companies, telcos and satcasters. Of course, TV packages are related to sports rights costs. When it comes to their escalation, Levy echoed the familiar mantra of marketplace demand. "And there seems to be a huge demand for the content," he said, adding that some sports, like college football, have been "truly undervalued for many, many years," and are now "getting what was probably deserved" for quite some time. As for the upcoming March Madness tourney, Levy said ratings weren't the primary motivation for Turner's involvement. Though the advertisers across the 3 nets will be similar and ratings can be aggregated, "the actual reason why we did this is innovation," he said. **TBS**, **TNT** and **truTV** will produce the games in different ways, but "it's not actually the same through all three," he said. Other considerations will be how well the nets do from a production standpoint and whether it's worth the cost. "We want to be innovative, so there's a lot of extra cost for this," he said. Back to ratings, Levy argued that approx 30%, "maybe even higher," is lost to inadequate measurement. He predicted that, like **Nielsen's** partnership with **Twitter**, Nielsen will strike "some arrangement, involvement with all these social networks—**Facebook**, **Twitter**—to figure out emotional attachment—more granular information, because that's what advertisers are seeking."

**Salary Survey:** **CTHRA's** annual compensation survey found that MSOs and programmers both saw their avg salary adjustment budget for '13 grow at about 3%, in line with the national avg. At MSOs, corporate mgmt. base salaries rose by 5% in '13. Another exception was the big gain in total direct compensation (up 28%), with CTHRA attributing much of that to large long term incentive awards for select execs. On the short-term incentive side, CTHRA called it encouraging to see MSO bonuses exceed targets to a greater extent than last year (10% were above target for sales, 4% were above target for hourly employees and 3% were above target for corporate). Programmers saw big salary boosts in sales, particularly ad sales. Base salaries for sales jobs rose from 1% to 10%, with ad sales account executives seeing the biggest gains. Base salaries for non-sales positions rose, with increases ranging from 1% to 4%. CTHRA updated its MSO survey to include 33 new positions. The programmer survey included 19 new titles. Sixty-three companies participated in the survey (13 MSOs and 50 programmers), up from 60 last year.

**NBCU Changes:** **Turner's** *Mark Marshall* is joining **NBCU** in Jan as svp, portfolio sales, overseeing sales efforts in the Chicago and Detroit offices. The move is part of a new regional leadership structure. *Claire Cohen* will expand her current role as svp, portfolio sales and will be charged with driving cross-portfolio rev on the West Coast. Marshall and Cohen will work across each of the 4 newly created ad sales content areas reporting to: *Dan Lovinger*, evp, advertising sales Entertainment Group; *Laura Molen*, evp, ad sales Lifestyle; and *Seth Winter*, evp, ad sales News and Sports Group.

**Merger Watch:** Still no real news on the cable consolidation front. **BTIG's** *Rich Greenfield* wrote a blog post Tues urging **Time Warner Cable** not to sell for anything less than at least \$160/share. Reports suggest Charter is readying a bid below \$135. "While TWC shares have clearly benefited from takeover speculation in recent months, the reality is they have continued to grow despite operational missteps and self-inflicted financial wounds," Greenfield wrote. "As TWC's performance begins to move back toward industry norms, the price to acquire TWC is only going higher over the coming year. We expect this will drive an increased sense of urgency to acquire TWC." **Reuters** reported that **Liberty's** *John Malone* and *Greg Maffei* met with some of TWC's largest shareholders last week, with 1 shareholder saying that they wouldn't be interested in a deal for less than 8x TWC's EBITDA (implying a price above \$140). Reuters said **Comcast** is examining 3 scenarios: a full takeover of TWC, buying some TWC markets or teaming with another company besides Charter to bid for all of the MSO.

**M&A:** **AT&T** is selling its Connecticut assets, including 900K voice subs, 415K broadband subs and 180K U-Verse video subs to **Frontier** for \$2bln, expanding footprints of Frontier to 27 states. As part of the deal, pending regulatory approvals, some 2700 employees will transfer to Frontier. -- **AT&T** and **Liberty Global** are reportedly looking to bid for **Cable & Wireless Communications**, a separate entity from **Cable & Wireless Worldwide** (acquired by **Vodafone** last year).

**Ratings:** **Hallmark Channel's** holiday originals have gotten so much attention, they were skewered cleverly in a SNL skit over the weekend. Hallmark is laughing all the way, with its 12 original Christmas movies drawing 22.9mln unduplicated viewers. Since kicking off Nov 2, the 12 premieres have averaged a 3.3 HH rating, a 27% increase over

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last year. Sat's "Hats Off to Christmas" garnered a 3.2 HH rating, while Sun's "Finding Christmas" premiere delivered a 3.4.

**Programming:** Pivot bought all the eps of "Buffy the Vampire Slayer" and "Veronica Mars," which it will begin airing in a back-to-back "Women Empowerment" block Mon-Fri at 10pm ET beginning Jan 13. -- **CNN** continues to move away from being the news net you grew up with, as it announced a new brand "CNN Films Presents" for acquired documentary films. It'll kick off the brand with "March of the Penguins" on Jan 2. On Jan 23, CNN will show "The Imposter" about a Frenchman who impersonated a TX child who went missing in '94. -- **TCM** will pay tribute to *Joan Fontaine* and *Peter O'Toole* Dec 29, with a collection of their films. It also will encore "Peter O'Toole: Live from the TCM Classic Film Festival" which was taped in '11.

**Britt's Goodbye:** Didn't get a chance to chat with outgoing **Time Warner Cable** CEO *Glenn Britt* at his recent goodbye party? Scoot on over to [TWCableUntangled.com](http://TWCableUntangled.com) to see Part 1 of his exit interview in which he talks about his entry into cable in the early '70s. "At that point, nobody knew that anybody would pay to get TV. Basically, the belief was, 'Why would you?'" Britt said, going on to reflect on the early days of **Manhattan Cable TV**, which **Time Inc** had bought.

## CableFAX Daily Stockwatch

Company	12/17 Close	1-Day Ch	Company	12/17 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	32.86	0.02	GOOGLE:	1069.86	(3.12)
DIRECTV:	65.37	(0.38)	HARMONIC:	6.82	0.05
DISH:	54.99	1.35	INTEL:	24.66	0.20
DISNEY:	70.66	0.15	JDSU:	12.32	0.13
GE:	27.03	0.05	LEVEL 3:	30.70	0.06
<b>MSOS</b>					
CABLEVISION:	16.41	0.03	MICROSOFT:	36.52	(0.36)
CHARTER:	130.11	(1.25)	MOTOROLA MOBILITY:	14.38	(0.07)
COMCAST:	49.05	(0.19)	NIELSEN:	45.15	(0.47)
COMCAST SPCL:	47.38	(0.17)	RENTRAK:	35.28	(0.48)
GCI:	9.95	(0.05)	SEACHANGE:	11.45	0.01
LIBERTY GLOBAL:	83.81	(1.14)	SONY:	17.25	(0.25)
LIBERTY INT:	27.76	0.03	SPRINT NEXTEL:	8.76	0.45
SHAW COMM:	23.55	0.10	TIVO:	12.57	(0.1)
TIME WARNER CABLE:	133.03	0.94	UNIVERSAL ELEC:	37.33	0.57
<b>PROGRAMMING</b>					
AMC NETWORKS:	63.22	(0.47)	VONAGE:	3.11	(0.05)
CBS:	58.72	(0.41)	YAHOO:	39.51	(0.22)
CROWN:	3.34	(0.02)	<b>TELCOS</b>		
DISCOVERY:	83.71	(0.33)	AT&T:	33.85	(0.3)
GRUPO TELEVISA:	28.95	(0.15)	VERIZON:	47.56	(0.7)
HSN:	60.03	(0.25)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	59.05	(1.28)	DOW:	15875.26	(9.31)
LIONSGATE:	28.71	0.20	NASDAQ:	4023.68	(5.84)
MADISON SQUARE GARDEN:	54.93	0.13	S&P 500:	1781.00	(5.54)
SCRIPPS INT:	81.37	(0.1)			
STARZ:	27.43	(0.18)			
TIME WARNER:	65.80	(0.52)			
VALUEVISION:	6.74	0.04			
VIACOM:	82.36	0.21			
WWE:	14.99	0.66			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.51	(0.02)			
ALCATEL LUCENT:	4.46	(0.05)			
AMDOCS:	40.60	(0.02)			
AMPHENOL:	86.32	0.27			
AOL:	44.09	(0.75)			
APPLE:	554.99	(2.51)			
ARRIS GROUP:	22.04	(0.33)			
AVID TECH:	8.00	(0.2)			
BLNDER TONGUE:	0.95	(0.01)			
BROADCOM:	28.41	0.03			
CISCO:	20.92	0.24			
CONCURRENT:	7.76	(0.07)			
CONVERGYS:	20.35	(0.14)			
CSG SYSTEMS:	28.76	(0.41)			
ECHOSTAR:	46.98	0.01			

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