

CableFAX Daily™

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What the Industry Reads First

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2014 Prediction: 4K to Blow Up

The TV industry had an eventful 2013 with the expansion of TVE, social TV deals and MSO consolidation chatter. The new year might be even busier as 4K starts its initial rollout. Look no further than the FIFA World Cup Final in the summer being broadcast in 4K, as several vendors suggested. Four key factors will move the needle: hardware, delivery, content, and consumer acceptance, said *Tom Cosgrove*, pres/CEO of **3net**, a joint venture of **Sony, Imax and Discovery**. "As 2014 ushers in sub-\$3,000 offerings from top CE makers, the Ultra HD proposition will move from the front of the 'first mover' curve towards the initial stages of mainstream adoption," he told us. **Broadcom** is on the same page: With Ultra HD set prices continuing to drop and a range of display sizes to better fit the average living room, the technology is becoming more attainable to the average consumer, a spokeswoman said. And the first phase of rollouts would come from major OTT players, satellite, cable and CE outlets, Cosgrove said. "4K Ultra HD TV has the potential to be the next evolution of HD, and **Comcast** has the network capacity to deliver the latest technology, including 4K," Comcast Fellow *Mark Francisco* told us. As for content, companies like **Netflix** and **Amazon** have announced plans to offer original programming in 4K. Major studios are starting to finish in the format and a handful of independents, such as 3net Studios, are already fully engaged in original, digital 4K production. It's impossible to talk about 4K without mentioning High-Efficiency Video Compression, which shrinks bitrates required for 4K delivery to potentially under 10 Mbps. "We believe 2014 is likely to see how the HEVC standard will show its strengths in more than just delivering Ultra HD TV," said *Sean McCarthy*, fellow of **Arris**' Technical Staff. "2014 is likely the beginning for all of us to hear more in how telcos are using HEVC to extend their reach over DSL and overall service providers will start to look towards HEVC to distribute wireless HD video throughout the home," he said. He also expects HEVC to become part of multiscreen discussions and implementations next year. Case in point, media software firm **Morega Systems** said Fri that it demonstrated its Ultra HD media mobility solution, which takes 4K beyond the biggest screen to secondary platforms. The solution works inside and outside the home and in either streaming format or as a file transfer for offline viewing. The **Consumer Electronics Show** Jan 7-10 will be a good peek at what '14 means for 4K. There will be as many as



Satisfying.*

*Coming soon from CableFAX.

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75 4K announcements including things like display, distribution, camera technology and storage, said *Shawn DuBravac*, chief economist at **CEA**. “There’s tremendous experimentation going on right now... We are still trying to figure out what’s the most optimum experience,” he said. He expects around half a million 4K TVs to be sold in the US next year. The acceleration will be triggered by lowered prices and the expansion of content, he said. A lot of investments in the next few years will happen between post-production and distribution of 4K, he said. Despite the enthusiasm of some, many users may want to see wider availability of 4K content before buying into the technology, while content providers will want to see more widespread adoption of 4K before producing more content, creating a “chicken and egg” conundrum on the surface. That said, Broadcom expects operators to broadcast major global sporting events such as the 2014 World Cup and 2016 Summer Olympics in 4K, generating higher consumer interest and an eventual increase in adoption of TV sets and content. Perhaps one of the biggest challenges is evolving the HDMI 2.0 standard to adequately connect new TV sets to 4K content sources, McCarthy said. As cable MSOs convert to IP, they will become more cognizant of 4K, *Chuck Pagano*, evp/CTO of **ESPN’s** Digital Center 2, a new production studio and future home to “SportsCenter,” recently said. The challenge, especially for small ops, is devising the best way to manage the bandwidth, he said.

In the Courts: The DC Circuit Court of Appeals denied the petition by **NAB** and several local broadcasters over the **FCC’s** decision to allow the viewability rule to sunset in Dec ’12. The rules required cable ops not offering all-digital service to provide must-carry stations’ analog and digital signals. The broadcasters argued that the Cable Act requires the FCC to maintain the rules as long as there are some cable companies providing service to subs who use analog TV sets. The court rejected that argument, saying it effectively “freezes time in the face of shifting technology” and is not supported in the law. “The FCC’s new rule allowing cable operators to offer analog subscribers equipment in lieu of down conversion was within its authority under the statute, supported by reasoned decision making, and properly promulgated pursuant to notice and comment rulemaking procedures in which interested parties should have anticipated that the change was possible,” said the 3-judge panel’s opinion, released Fri. Judge *Brett Kavanaugh* wrote a concurring opinion, adding that in his view the FCC was right to perceive a serious 1st Amendment problem with the viewability rule.

Over-the-Airheads: **Tribune** closed its \$2.7bn **Local TV** acquisition, creating the largest combined independent broadcast group in the country. “This is a transformational acquisition for Tribune, providing us with significant scale to drive our business objectives and create substantial shareholder value,” said Tribune pres/CEO *Peter Liguori*. Tribune now owns 39 TV stations across the country and is the #1 **FOX** affil group and **CW** affil group in the country. On Dec 22, Tribune announced it had completed a retrans consent agreement with **Time Warner Cable** ahead of the contract’s expiration. That deal included Tribune markets such as NY and L.A., as well as the company’s expanded station portfolio through Local TV’s holdings (Cleveland, Milwaukee, Kansas City and Greensboro). -- **Meredith** is buying 3 stations in Phoenix and St Louis from **Gannett** and **Sander Media**. The stations are among those Gannett acquired from **Belo**, which it needed to spin off to comply with FCC and DOJ requirements. On Dec 23, Gannett said it completed its acquisition of Belo for \$2.2bn, nearly doubling its broadcast portfolio. Gannett is now the #1 **CBS** affil group, #4 **ABC** affil group and it expands its already #1 **NBC** affil group position.

Retrans Rhumba: It’s too early for anyone to get worked up over a Dec. 31 deadline for retrans renewals. But we want you to be able to play along at home as we wait for deals to get done (or stations to go dark). Head over to **CableFAX.com** for a rundown of deals expiring at year-end.

Energy Savings: The **Dept of Energy’s** plan to issue a set-top box energy efficiency rulemaking is out the window following a new voluntary agreement between **NCTA**, **CEA** and energy efficiency advocates such as the **Natural Resources Defense Counsel**. The DOE dropped the proposed rulemaking as the groups announced the new standards, which are expected to improve set-top efficiency by 10% to 45% (depending on box type) by ’17. Companies signing on to the agreement include **Comcast**, **DirecTV**, **DISH**, **Time Warner Cable**, **AT&T**, **Verizon**, **Cox**, **Charter**, **Cablevision**, **Bright House** and **CenturyLink**, as well as manufacturers **Cisco**, **Arris** and **EchoStar**. More details on the deal at **CableFAX.com**.

CableFAX Week in Review

| Company | Ticker | 12/27 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|-------------|--------------|----------|
| BROADCASTERS/DBS/MMDs | | | | |
| 21ST CENTURY FOX: | FOXA | 34.96 | 1.92% | 0.00% |
| DIRECTV: | DTV | 67.82 | 2.32% | 35.21% |
| DISH: | DISH | 57.68 | 2.11% | 58.46% |
| DISNEY: | DIS | 74.35 | 2.69% | 49.33% |
| GE: | GE | 27.83 | 1.72% | 32.59% |
| MSOS | | | | |
| CABLEVISION: | CVC | 17.78 | 3.31% | 19.01% |
| CHARTER: | CHTR | 133.50 | 2.68% | 75.10% |
| COMCAST: | CMCSA | 51.79 | 1.67% | 38.62% |
| COMCAST SPCL: | CMCSK | 49.64 | 1.06% | 38.20% |
| GCI: | GNCMA | 11.18 | 13.04% | 16.58% |
| LIBERTY GLOBAL: | LBTYA | 88.35 | 2.71% | 40.33% |
| LIBERTY INT: | LINTA | 29.22 | 3.80% | 48.48% |
| SHAW COMM: | SJR | 23.92 | 1.74% | 4.09% |
| TIME WARNER CABLE: | TWC | 134.46 | 1.51% | 38.35% |
| PROGRAMMING | | | | |
| AMC NETWORKS: | AMCX | 66.96 | 3.70% | 35.27% |
| CBS: | CBS | 63.04 | 3.86% | 65.68% |
| CROWN: | CRWN | 3.52 | 1.44% | 90.27% |
| DISCOVERY: | DISCA | 88.95 | 1.37% | 40.12% |
| GRUPO TELEVISIA: | TV | 29.98 | 1.66% | 12.79% |
| HSN: | HSNI | 62.56 | 0.10% | 13.58% |
| INTERACTIVE CORP: | IACI | 67.83 | 1.01% | 43.59% |
| LIONSGATE: | LGF | 30.81 | (0.96%) | 87.87% |
| MADISON SQUARE GARDEN: | MSG | 56.79 | 2.36% | 28.05% |
| SCRIPPS INT: | SNI | 84.66 | 1.16% | 46.17% |
| STARZ: | STRZA | 29.02 | 1.11% | 0.00% |
| TIME WARNER: | TWX | 69.64 | 1.90% | 45.60% |
| VALUEVISION: | VTV | 6.47 | (0.46%) | 259.44% |
| VIACOM: | VIA | 86.51 | 2.63% | 59.41% |
| WWE: | WWE | 16.08 | 4.42% | 103.80% |
| TECHNOLOGY | | | | |
| ADDVANTAGE: | AEY | 2.49 | (1.19%) | 25.13% |
| ALCATEL LUCENT: | ALU | 4.52 | 3.43% | 225.18% |
| AMDOCS: | DOX | 41.19 | 0.41% | 21.18% |
| AMPHENOL: | APH | 88.27 | 0.54% | 36.43% |
| AOL: | AOL | 45.18 | 0.83% | 52.58% |
| APPLE: | AAPL | 560.09 | 2.02% | 5.25% |
| ARRIS GROUP: | ARRS | 23.98 | 2.13% | 60.51% |
| AVID TECH: | AVID | 8.17 | (3.77%) | 7.78% |
| BROADCOM: | BRCM | 29.29 | 2.52% | (11.8%) |
| CISCO: | CSCO | 22.02 | 4.21% | 12.06% |
| CONCURRENT: | CCUR | 8.01 | 3.22% | 39.55% |
| CONVERGYS: | CVG | 21.09 | 0.09% | 28.52% |
| CSG SYSTEMS: | CSGS | 29.61 | 1.06% | 62.87% |
| ECHOSTAR: | SATS | 49.48 | 2.49% | 44.59% |
| GOOGLE: | GOOG | 1118.40 | 1.62% | 58.10% |
| HARMONIC: | HLIT | 7.45 | 2.76% | 46.94% |
| INTEL: | INTC | 25.60 | 2.20% | 24.15% |
| JDSU: | JDSU | 13.03 | 3.74% | (3.48%) |
| LEVEL 3: | LVT | 32.90 | 2.14% | 42.36% |
| MICROSOFT: | MSFT | 37.29 | 1.33% | 39.61% |
| MOTOROLA MOBILITY: | MMI | 14.68 | (0.81%) | (62.16%) |

| Company | Ticker | 12/27 Close | 1-Week % Chg | YTD %Chg |
|-----------------------|--------|-------------|--------------|----------|
| NIELSEN: | NLSN | 45.70 | 0.77% | 49.40% |
| RENTRAK: | RENT | 38.17 | 1.87% | 95.84% |
| SEACHANGE: | SEAC | 11.90 | 1.80% | 23.06% |
| SONY: | SNE | 17.09 | (2.68%) | 52.59% |
| SPRINT NEXTEL: | S | 10.79 | 9.43% | 90.30% |
| TIVO: | TIVO | 12.94 | 2.78% | 5.12% |
| UNIVERSAL ELEC: | UEIC | 38.51 | 1.58% | 99.02% |
| VONAGE: | VG | 3.32 | 3.11% | 40.08% |
| YAHOO: | YHOO | 40.49 | 0.92% | 103.47% |
| TELCOS | | | | |
| AT&T: | T | 35.18 | 2.57% | 4.36% |
| VERIZON: | VZ | 49.17 | 2.27% | 13.64% |
| MARKET INDICES | | | | |
| DOW: | DJI | 16478.41 | 1.59% | 25.75% |
| NASDAQ: | IXIC | 4156.59 | 1.26% | 37.66% |
| S&P 500: | GSPC | 1841.40 | 1.27% | 29.11% |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|-------------------|-------|---------|
| 1. GCI: | 11.18 | 13.04% |
| 2. SPRINT NEXTEL: | 10.79 | 9.43% |
| 3. BLNDER TONGUE: | 0.90 | 5.88% |
| 4. WWE: | 16.08 | 4.42% |
| 5. CISCO: | 22.02 | 4.21% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|-----------------------|-------|---------|
| 1. AVID TECH: | 8.17 | (3.77%) |
| 2. SONY: | 17.09 | (2.68%) |
| 3. ADDVANTAGE: | 2.49 | (1.19%) |
| 4. LIONSGATE: | 30.81 | (0.96%) |
| 5. MOTOROLA MOBILITY: | 14.68 | |

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