

CableFAX Daily™

Tuesday — February 18, 2014

What the Industry Reads First

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Day 2: Comcast-TWC Brings More Questions Than Answers

Now that everyone's had a day to digest the idea of **Comcast** gobbling up **Time Warner Cable**, is it safe to assume everyone's questions over the merger have been resolved? Hardly. It just gave everyone time to think of more. Some Things to Ponder... **What happens with Bright House?** Time Warner Cable has always negotiated programming deals for the MSO. Will that continue? Both TWC and Bright House declined comment. Objections are likely to Comcast taking on this role, so that makes you wonder if Bright House might go out and hire its own programming team. Perhaps some displaced TWC execs? **Is retrans reform DOA?** Just when things were looking up (**FCC** chmn *Tom Wheeler* seems willing to examine the issue, and the Communications Act Update looms), one of the biggest supporters of retrans reform is planning on combining with Comcast-NBCU, an obvious beneficiary of retrans through **NBC**. It's a safe assumption that TWC's public policy focus will be dominated by pushing for merger approval. That leaves others to carry the water. **Mediacom** has been vocal, as have **DirectTV** and **DISH**. And there's always **ACA**. But are they enough? An interesting story at *FierceCable* quoted an unnamed exec at one of **American Television Alliance's** member companies as saying the TWC-Comcast deal would likely result in the demise of the coalition of pay TV distributors supporting retrans reform. TWC has been a big backer, but ATVA's *Brian Frederick* told *Fierce* the coalition won't fold. An ACA spokesman told us "ACA strongly supports ATVA and its mission to reform the broken retransmission consent rules." Then, there's **NCTA**, which in Dec publicly threw support behind an examination of retrans rules. If TWC's too busy to tackle retrans, will NCTA step in? Should be an interesting NCTA board meeting later this month... By the way, ACA is calling on the FCC to complete its program access/buying group rulemaking before starting its review of the Comcast-TWC transaction. "Comcast-NBCU's takeover of Time Warner Cable would vastly increase the number of cable homes served by an operator affiliated with NBCU's popular programming, creating new incentives for NBCU to demand unfair terms and conditions from TWC's pay-TV distribution rivals, including ACA Members," ACA pres/CEO *Matt Polka* said. **Is more M&A to come?** Many think yes. "We view an approved CMCSA-TWC transaction as an incremental positive for DISH-DTV [combo]—the deciding factor being Charlie's time frame and focus (i.e. we still think priority No. 1 is wireless)," **Wells Fargo Securities** analysts said. But **MoffettNathanson** pooh-poohed the idea of a rejected Charter turning to **Cablevision** as an acquisition target.

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What's more, the analysts said a successful closing of TWC-CMCSA could preclude a DirecTV-DISH deal, with the cable deal "poisoning the well." (If both combos were allowed, they'd control 2/3 of the pay TV market). Given the size and complexity of the companies involved, it's a given that Day 3 will bring even more questions about this proposal...

Scripps 4Q: It's hard to avoid the **Comcast/Time Warner Cable** merger in cable nets' earnings calls these days. In **Scripps'** case, chmn/CEO **Ken Lowe** reminded listeners that part of **Comcast** was from Scripps: In the mid-90s, then **E.W. Scripps**, which separated into Scripps Networks and E.W. Scripps, sold its cable TV properties to Comcast. "There have always been consolidations in the cable industry," Lowe said on the company's conference call Fri, citing little impact from the proposed merger. "When you put out quality content you're going to always get a fair price," he said. "But right now, nothing really changes in our game plan. We're focused on the three incredible categories in home, food and travel." Scripps met revenue expectations but missed EPS: It reported \$0.73 per diluted share, including a \$0.17 a share write-down to its **Travel Channel** International business. That was sharply down from the \$2.02 a share from the same period a year ago. Compared to **Discovery Comm's** earnings released on Thurs, the Scripps miss is "much more troubling, because it's rooted in the fundamental margin structure of the business," **Bernstein** analysts wrote in a research note. As lifestyle media revenues in 4Q climbed 7.6% YOY to \$629mln helped by ad and affil fee revenue growth, Scripps' consolidated revenues grew 8.2% YOY to \$654mln. Affil fee revenue was up 9% YOY to \$182mln thanks to higher rates, a reduction of launch fee amortization and online video distribution deals. As for Scripps' SVOD deal with **Amazon**, CFO **Joe Necastro** said "we are optimistic that we will renew." Full-year 2013 consolidated net income was \$505mln, down from the prior year's \$681mln. Total revenue in 2014 is expected to increase between 6-8%. Cost of services are expected to increase between 11-13% YOY.

TVE: Authentication tech provider **Synacor** scored a deal with Guam-based telecom company **GTA** to offer authentication for its TVE services. The deal would enable access to programming on iOS and Android devices.

Carriage: **ESPN's SEC Network** is calling the Dawgs. And the Tigers. And the Gators, and anyone else who is an SEC fan. Anyone who registered on GetSECNetwork.com received an email Fri from an SEC coach urging them to call, email and tweet TV providers to let them know they want the net. So far, the only signed affiliate is **AT&T U-verse**, but there's plenty of time for deals before the channel launches in Aug (no exact date has been announced yet). The Conference and ESPN have a 20-year deal through '34 for the net, which will air more than 1K events in its 1st year.

Board Moves: On the same day **Comcast** announced its **Time Warner Cable** deal, it also appointed **Ed Breen** to its board as an independent dir. Breen previously served as a dir for Comcast for more than 6 years, but he resigned in Nov '11 to attend to responsibilities as chmn/CEO of **Tyco**. (Breen gave up the CEO post in Sept '12 and continues as chmn).

Liberty Global: **John Malone's Liberty Global** narrowed its loss in 4Q: It posed a net loss of \$121mln in the period versus \$331mln a year ago. Revenue reached \$4.47bl, up nearly 71% YOY driven by the acquisitions in the quarter including **Virgin Media**. The operator added 413K net subs in 4Q vs a total of 24.5mln subs at the end of '13. The total single-play sub count stood at 10.6mln, down 1.2% YOY. Total double-play and triple-play customer base is approx 57% of its sub base.

VOD: With the Academy Awards around the corner, many operators are featuring free on demand awards-related special programs, including intimate chats with contenders such as **Cate Blanchett** and director **Steve McQueen**. Find info about content at **Movies On Demand's** modawardsseason.com.

Univision Doings: **Univision** launched **La Fabrica UCI**, a new in-house digital content production unit focused on creating digital-first content for the company's digital platforms in Spanish and English.

Ratings: Last week's winter storm dumped snow and ice in the Southeast and Northeast as well as viewers for **Weather Channel**. The net, despite losing 20mln **DirecTV** HHs, averaged a 141K Wed. That's its highest 3am-3am total day delivery post DirecTV blackout. For the day, it reached nearly 6mln 25-54s.

Obit: **C-SPAN** is mourning the loss of crew chief **Eric Hansen** who passed away Thurs night following a battle with cancer. He was 53. A 27-year vet of C-SPAN, he led a field production team on more than 1K hearings and served as the production manager on numerous events, including the National Conventions from '88 through '08. He was also a champion for the net's transition to HD. C-SPAN founder **Brian Lamb** called him a "tremendously hard worker... We'll miss him dearly."

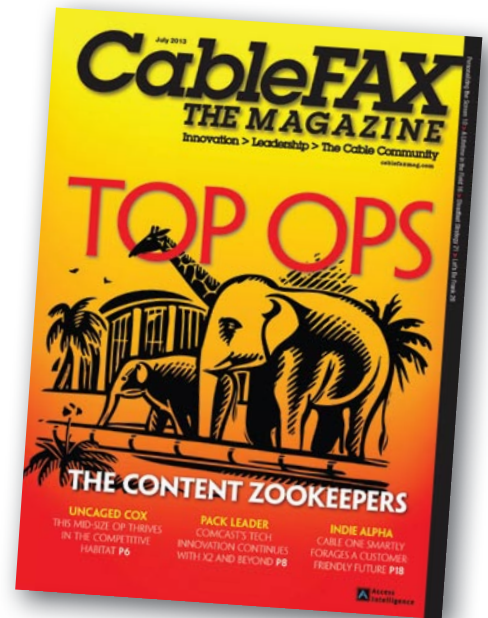
ANNOUNCING CableFAX Top Ops AWARDS

Who are cable's best operators?

Nomination Deadline April 11, 2014 – Free to Enter!

The Top Ops Awards recognize excellence in a variety of areas, including marketing, technology, finance, lifetime achievement, customer service and community involvement.

Help us compile this influential list of MSOs and Independent Operators by nominating the companies and executives you think should be included in our annual list of leading cable operators.



Independent Operator Awards*

- Independent Operator of the Year
- Independent Customer Service Award
- Independent Financial Exec of the Year
- Independent Lifetime Achievement Award
- Independent Marketer of the Year
- Independent Project Launch of the Year
- Independent Financial Exec of the Year
- Independent System Executive of the Year
- Independent Technology Award
- Social Media Maverick Award

* In Conjunction with NCTC and ACA

MSO Awards Categories

- MSO of the Year
- Community Service Award System-level
- Customer Care
- Financial Executive of the Year
- Leadership Award
- Lifetime Achievement Award
- Project Launch of the Year
- Regional Executive of the Year
- Sales Team of the Year
- Social Media Maverick Award
- Technology Award

The Top Ops winners will be honored in the July issue of CableFAX: The Magazine. The Independent Operator of the Year Award (IOY) is presented in conjunction with ACA and NCTC—and the IOY Award is presented at the July Independent Show.

Contact Diana Rojas at drojas@accessintel.com with any questions.

Enter Online at: www.cablefax.com/awards

CableFAX Week in Review

Company	Ticker	2/14 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

21ST CENTURY FOX:	FOXA	32.59	1.09%	(7.34%)
DIRECTV:	DTV	71.89	2.29%	4.10%
DISH:	DISH	56.90	0.18%	(1.76%)
DISNEY:	DIS	79.23	4.70%	3.70%
GE:	GE	25.74	2.18%	(8.17%)

MSOS

CABLEVISION:	CVC	16.60	2.22%	(7.42%)
CHARTER:	CHTR	129.35	(5.93%)	(5.42%)
COMCAST:	CMCSA	53.70	(1.72%)	3.33%
COMCAST SPCL:	CMCSK	51.56	(1.83%)	3.37%
GCI:	GNCMA	9.78	(5.23%)	(12.29%)
LIBERTY GLOBAL:	LBTYA	83.60	2.11%	32.78%
LIBERTY INT:	LINTA	28.53	3.97%	(2.79%)
SHAW COMM:	SJR	23.40	1.74%	(3.86%)
TIME WARNER CABLE:	TWC	146.00	7.87%	7.75%

PROGRAMMING

AMC NETWORKS:	AMCX	67.37	5.86%	(1.09%)
CBS:	CBS	64.96	7.37%	1.91%
CROWN:	CRWN	3.02	1.68%	(14.45%)
DISCOVERY:	DISCA	80.83	(2.33%)	(10.61%)
GRUPO TELEVISIA:	TV	29.18	(1.08%)	(3.57%)
HSN:	HSNI	56.14	2.17%	(9.89%)
INTERACTIVE CORP:	IACI	68.37	2.09%	(0.41%)
LIONSGATE:	LGF	32.03	(3.26%)	1.17%
MADISON SQUARE GARDEN:	MSG	59.80	4.20%	3.86%
SCRIPPS INT:	SNI	78.95	3.47%	(8.63%)
STARZ:	STRZA	29.86	3.43%	2.12%
TIME WARNER:	TWX	65.30	2.17%	(6.34%)
VALUEVISION:	VTV	5.86	1.38%	(16.17%)
VIACOM:	VIA	85.49	4.18%	(2.6%)
WWE:	WWE	23.50	1.56%	41.74%

TECHNOLOGY

ADDVANTAGE:	AEY	2.69	(8.02%)	0.19%
ALCATEL LUCENT:	ALU	4.23	7.09%	(3.86%)
AMDOCS:	DOX	44.05	1.64%	6.81%
AMPHENOL:	APH	88.27	1.04%	(1.02%)
AOL:	AOL	44.63	(5.6%)	(4.27%)
APPLE:	AAPL	543.99	4.68%	(3.04%)
ARRIS GROUP:	ARRS	27.87	6.99%	14.50%
AVID TECH:	AVID	6.87	(0.43%)	(15.71%)
BLNDER TONGUE:	BDR	0.99	16.47%	(1%)
BROADCOM:	BRCM	31.30	2.76%	5.56%
CISCO:	CSCO	22.56	(0.49%)	0.58%
CONCURRENT:	CCUR	8.60	1.06%	5.26%
CONVERGYS:	CVG	19.80	1.07%	(5.94%)
CSG SYSTEMS:	CSGS	26.84	(0.15%)	(8.71%)
ECHOSTAR:	SATS	47.88	1.51%	(3.7%)
GOOGLE:	GOOG	1202.80	2.15%	7.32%
HARMONIC:	HLIT	6.48	0.31%	(12.2%)
INTEL:	INTC	24.75	0.88%	(4.64%)
JDSU:	JDSU	13.69	3.17%	5.39%
LEVEL 3:	LVLT	38.48	4.71%	16.01%
MICROSOFT:	MSFT	37.62	2.90%	0.56%

Company	Ticker	2/14 Close	1-Week % Chg	YTD %Chg
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NIELSEN:	NLSN	45.43	2.83%	(1%)
RENTRAK:	RENT	64.16	(0.02%)	69.33%
SEACHANGE:	SEAC	11.69	1.12%	(3.87%)
SONY:	SNE	17.06	1.43%	(1.33%)
SPRINT NEXTEL:	S	8.40	4.74%	(21.86%)
TIVO:	TIVO	12.62	(2.62%)	(3.81%)
UNIVERSAL ELEC:	UEIC	36.23	1.37%	(4.93%)
VONAGE:	VG	4.40	(1.79%)	85.65%
YAHOO:	YHOO	38.23	2.69%	(5.46%)

TELCOS

AT&T:	T	33.15	2.63%	(5.72%)
VERIZON:	VZ	46.51	(0.64%)	(5.35%)

MARKET INDICES

DOW:	DJI	16154.39	2.28%	(2.55%)
NASDAQ:	IXIC	4244.03	2.86%	1.61%
S&P 500:	GSPC	1838.63	2.32%	(0.53%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	0.99	16.47%
2. TIME WARNER CABLE:	146.00	7.87%
3. CBS:	64.96	7.37%
4. ALCATEL LUCENT:	4.23	7.09%
5. ARRIS GROUP:	27.87	6.99%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. ADDVANTAGE:	2.69	(8.02%)
2. CHARTER:	129.35	(5.93%)
3. AOL:	44.63	(5.6%)
4. GCI:	9.78	(5.23%)

CableFAX's

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Questions: Saun Sayamongkhun at saun@accessintel.com