

CableFAX Daily™

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What the Industry Reads First

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NCTC Conference: Arris CEO Talks Comcast-TWC Merger, Future Set-tops

Several Wall Street analysts might believe the proposed **Comcast-Time Warner Cable** merger puts **Arris** in a prime position, but Arris CEO *Bob Stanzione* is taking a “wait-and-see” approach. Speaking at the **NCTC Winter Conference** Tues, he called the deal “somewhat of a surprise” and predicted the combo will happen—although he said the final form is unclear. While he said it’s “business as usual,” analysts have noted Comcast’s minority stake in Arris (as a result of the vendor’s \$2.35bln acquisition of **Google’s Motorola Home**) and the vendor’s relationship with both MSOs in the home and out on the network, which could make it a major merger beneficiary. Stanzione sounded a lot more certain when it comes to 4K. “Over the next 2 to 3 years, 4K will be mass deployed” because consumers gravitate toward something on the higher end, he said, noting the 2014 FIFA World Cup Final in Brazil will be produced in 4K. He had a big crowd to bounce things off of, with this marking NCTC’s largest Winter Conference since ’08. What’s the CEO’s prediction on future set-tops? Despite the increase of out-of-home viewing options, “the notion of it not being an in-home device is something we don’t believe in... The in-home part is a forever element.” In addition, “we are entering a period of time that television is becoming something we use, not something we watch,” he said. Integration of OTT services is “an important asset” if ops can make the service just like another TV channel through advanced user interface, he said. “Being able to change channels without having to switch input is a big improvement in user experience,” he said. Meanwhile, lawyers weighed in on the Comcast-TWC merger during a separate panel Tues. With Comcast already committed to put TWC under the same net neutrality constraints under which it operates following the **NBCU** transaction. A potential risk is “whatever happens to Comcast/Time Warner Cable (e.g. regulatory constraints) can then be exported to the rest of cable industry, which could become a concern for small operators,” said *Barbara Esbin*, partner at **Cinnamon Mueller, Kelley Drye & Warren’s Tom Cohen** said regulators will look at vertical integration issues and potential harm to competitors, as well as the horizontal issues around combining **NBC** programming, especially the O&Os, and TWC’s RSNs post-merger. The combined company would have 30% of the video market and an even bigger percentage of the broadband market, Cohen said.

Fight Club: **WWE** has something to wrestle with—who will house its “Raw” and “Smackdown” franchises. The company’s exclusive negotiating period with **NBCU** has expired, opening up the possibility that they could move

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somewhere besides **USA** and **Syfy**. “While we were unable to reach an agreement with NBCU during this period, we have certainly appreciated our long and productive partnership,” read a WWE statement. “With year-round, live programming that is highly coveted by programmers, distributors and advertisers, we are extremely excited about our future. We look forward to engaging with potential partners who recognize the value of having the #1 show on cable and live content delivered 52 weeks a year.” WWE is gearing up to launch its OTT network later this month.

NCTC Notebook: Even if cable ops win the net neutrality court ruling, **Cinnamon Mueller's Barbara Esbin** advice is “proceed with extreme caution.” Why? There’s an election coming up, and with that comes a “sense of urgency” to do something, **Kelley Drye & Warren** partner *Tom Cohen* said. Democratic regulators “want to get stuff done within that time frame so you will see a lot of stuff being tossed out this year,” he told attendees at **NCTC's** Winter Conference Tues. Cohen also expects FCC chmn *Tom Wheeler* to “push things forward and be a bit fearless.” Another legal drama on the horizon includes the Supreme Court hearing broadcasters petition against **Aereo** in Apr. “I think Aereo may not prevail,” said Esbin, who works with **ACA**. However, the court may look at the ruling’s potential impact on cloud DVR, she said. At the FCC level, Cohen told the crowd that the agency’s initiative to transition USF to focus on broadband is an opportunity for small and medium-size cable ops to get government funding for adjacent areas currently not served.

DEW Notebook: Traditional and new digital media execs mingled and mixed Tues at Digital Entertainment World in L.A. as they try to figure out how to capitalize on changing consumer viewing habits. “A large part of what we do is combine art and science,” said **Maker Studios** COO *Courtney Holt*. “You gotta go with your gut. You have to make some bets on what you think is going to happen.” But he said it’s unclear how business models will ultimately shake out. “We are living in a world in which there’s no road map,” he said. “We’re making this up as we go along.” One thing’s for certain, according to **Facebook** head of global marketing solutions *David Lawenda*: Consumers are in “an absolute love affair” with mobile. Noting that Facebook now derives more than half its revenue from mobile, Lawenda said TV nets “are really embracing us, even more so than they did 6 months ago.” He cited **Starz's** recent campaign to promote its series “The White Queen” over a 3-day period, claiming it drove a 9-point lift in linear tune-in. He touted Facebook’s ability to simultaneously target several audiences at once. For example, **Showtime's** “Homeland” could target one campaign to young men who live in D.C. while also tapping a global community of *Claire Danes* fans and targeting potential cross-over fans of other shows like **ABC's** “Scandal” with a separate promotion, he said. Up next is an auto-play option that will allow TV and movie trailers to play automatically within the Facebook feed, he said, noting the company continues to test it extensively to ensure user acceptance. “So far, the results are very positive,” he said.

Digital Piracy: Digital Entertainment World in L.A. took a break from business strategy sessions Tues to refocus on growing piracy concerns that some see as an existential threat. **FX Networks** and **FX Productions** CEO *John Landgraf* pointed out that offshore piracy sites now look so professional—complete with credit card payment systems and big-brand advertising—that “it’s even difficult for the consumer to understand... that it’s not a legitimate business.” He suggested that ISPs deploy filters to at least alert people when they have hit a piracy site, banking that such warnings would deter the majority of users and help reduce piracy “down to a dull roar and make it something we can live with.” He called on Internet companies that have resisted measures to curtail piracy to “join the league of adult citizens of the business community... The alternative, which is to fight it out in the courts or in Congress, is not really good for either side or very good for consumers,” he said. *Rick Cotton*, **NBCU** senior counselor of IP protection, said “some amount of bad behavior will always be around” but said some estimates peg piracy-related activity to as much as 24% of all Internet traffic. “A lot of damage is happening today,” he said. “The issue is what happens tomorrow.”

Press Clippings: After praising the **Comcast-Time Warner Cable** deal, *Capital New York* reports that Sen *Chuck Schumer* (D-NY) will recuse himself from congressional consideration of Comcast’s purchase of TWC because his brother, *Robert*, was a lead attorney on the deal. A rep said the senator didn’t know his brother had worked on the deal until *American Lawyer* magazine named **Paul Weiss' Robert Schumer** its “Dealmaker of the Week” for his role in the transaction.

Sochi 2014: Mon night’s primetime Olympics coverage on **NBC** (featuring *Meryl Davis* and *Charlie White's* ice dancing gold win) was the most-watched and highest-rated 2nd Mon of a Winter Olympics since the Salt Lake City Games in '02. The night averaged 23.5mln viewers and a 13.8 HH rating/21 share. On Sat, **NBCSN** averaged 4.1mln viewers for the USA-Russia Olympics men’s hockey game, setting a record for most-watched hockey game in net history (previous re-

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BUSINESS & FINANCE

cord was 4mln for Blackhawks-Bruins in 2013 Stanley Cup Finals Game 3). -- **NTV-PLUS** worked with **Elemental** and **Broadcom** on a 4K live satellite broadcast to Russian viewers of the Winter Olympics Opening Ceremony. The broadcast used Elemental Live video encoders and Broadcom-enabled real-time decoders.

Ratings: **AMC's** latest ep of "The Walking Dead" scored 13.3mln live/same day viewers (8.7mln 18-49s) on Sun. It was the #1 show across all networks, including broadcast, for 18-49s.

Programming: **Showtime** picked up new seasons of "Shameless" and "House of Lies," with 12-ep orders for each to air next year. The programmer also announced its Showtime Anytime is now available on **Roku**. -- **NUVOtv** reached a co-production partnership with **Vevo** to produce "The Collective, Powered by Vevo," a weekly, 2-hour show on what's hot across music and pop culture (premieres Mar 6, 8pm ET). -- **VH1** gave the greenlight to "Naked Dating" (wt), a 1-hour, weekly series that will have a man and a woman each date 2 different naked suitors.

VOD: **FEARnet** says it was the #1 free on demand net for 4Q, with more than 14.3mln total orders. The net also was the leader for Sept-Dec combined, and is on track to be the top net again for free on demand movies in Jan.

Carriage: **Sportsman Channel** snagged HD carriage on **AT&T Universe**.

CableFAX Daily Stockwatch

Company	02/18 Close	1-Day Ch	Company	02/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	33.03	0.44	GOOGLE:	1210.88	8.08
DIRECTV:	73.06	1.17	HARMONIC:	6.53	0.05
DISH:	57.09	0.19	INTEL:	24.76	0.01
DISNEY:	79.58	0.35	JDSU:	13.57	(0.12)
GE:	25.65	(0.09)	LEVEL 3:	38.88	0.40
MSOS					
CABLEVISION:	16.46	(0.14)	MICROSOFT:	37.42	(0.2)
CHARTER:	131.50	2.15	NIELSEN:	46.56	1.13
COMCAST:	53.53	(0.17)	RENTRAK:	66.22	2.06
COMCAST SPCL:	51.54	(0.02)	SEACHANGE:	12.07	0.38
GCI:	10.02	0.24	SONY:	17.34	0.28
LIBERTY GLOBAL:	87.51	3.91	SPRINT NEXTEL:	8.20	(0.2)
LIBERTY INT:	29.01	0.48	TIVO:	12.88	0.26
SHAW COMM:	23.48	0.08	UNIVERSAL ELEC:	36.43	0.20
TIME WARNER CABLE:	144.98	(1.02)	VONAGE:	4.53	0.13
PROGRAMMING					
AMC NETWORKS:	67.55	0.18	YAHOO:	38.30	0.07
CBS:	66.29	1.33	TELCOS		
CROWN:	3.07	0.05	AT&T:	32.82	(0.33)
DISCOVERY:	80.33	(0.5)	VERIZON:	45.98	(0.53)
GRUPO TELEVISA:	28.66	(0.52)	MARKET INDICES		
HSN:	56.58	0.44	DOW:	16130.40	(23.99)
INTERACTIVE CORP:	69.80	1.43	NASDAQ:	4272.78	28.76
LIONSGATE:	32.17	0.14	S&P 500:	1840.76	2.13
MADISON SQUARE GARDEN:	59.43	(0.37)			
SCRIPPS INT:	78.77	(0.18)			
STARZ:	29.70	(0.16)			
TIME WARNER:	65.30	UNCH			
VALUEVISION:	5.82	(0.04)			
VIACOM:	85.84	0.35			
WWE:	23.24	(0.26)			
TECHNOLOGY					
ADVANTAGE:	2.86	0.17			
ALCATEL LUCENT:	4.26	0.03			
AMDOCS:	44.29	0.24			
AMPHENOL:	88.85	0.58			
AOL:	45.06	0.43			
APPLE:	545.99	2.00			
ARRIS GROUP:	28.45	0.58			
AVID TECH:	7.05	0.18			
BLNDER TONGUE:	0.96	(0.03)			
BROADCOM:	31.15	(0.15)			
CISCO:	22.41	(0.15)			
CONCURRENT:	8.60	UNCH			
CONVERGYS:	19.85	0.05			
CSG SYSTEMS:	27.05	0.21			
ECHOSTAR:	47.76	(0.12)			

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Questions: Mary Lou French at 301-354-1851; mfrench@accessintel.com
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