

# CableFAX Daily™

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What the Industry Reads First

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## Comcast-TWC: DISH and Charter's Turn to Weigh In

With DISH and Charter both reporting earnings Fri, it might have seemed that failed suitor Charter would have had the most to say about a Comcast-Time Warner Cable merger. But those that know *Charlie Ergen* shouldn't be surprised to hear that it was the satellite guy who did most of the talking. Plus, there's still the matter of those 3mln cable subs that Comcast plans to divest if the deal goes through. "Notwithstanding everything that has happened, we are still interested in wisely acquiring subscribers," Charter CEO *Tom Rutledge* said during the company's earnings call. He told analysts that he has not taken a position on the Comcast combo. As for the idea that a Charter-TWC marriage would have reduced programming expenses, he's not that convinced it would have meaningfully changed costs. DISH's call had more fireworks. While execs said the company hasn't taken a view yet on the deal, Ergen still had plenty to say: "If you're in the video content or distribution or broadband business and your name isn't Comcast or Time Warner, the news is not positive." He bashed the argument that Comcast and Time Warner Cable don't compete against each other. They "certainly do compete. They compete for content. And when they combine, they can buy content cheaper than anyone else," he said. Asked if that could trickle down in the form of cost relief for DISH and other MVPDs, he said he's concerned it will be just the opposite. "If you're CBS and you are normally getting—and I'm going to make this number up—a dollar from Time Warner Cable, and you go into your next negotiation and you're paying a \$1 or getting zero, you've got to make that dollar up. Where do you make the dollar up? You go to the number 7, 8, 6, 5, 4... providers and say, 'We need a buck 50.'" Much of DISH's 4Q call focused on its decision to dive heavily into spectrum, as Ergen is concerned that video is a mature business. "I would have thought 5 years ago, it would have been in a decline mode by now. It doesn't appear to be happening yet, but odds are it's going to happen," said the chmn and DISH co-founder. He continues to believe that OTT will bring a virtually unlimited number of competitors. While he said there's nothing imminent in regards to a national OTT service, citing a reluctance on the part of programmers, DISH will be ready when content providers are ready, he said. Of course, he fielded questions about whether the cable deal could spark another attempt at a DISH-DirectTV merger. His take is that if the No 1 and 4 pay TV providers are allowed to combine, why shouldn't the No 2 and 3 providers be able to.

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Comcast-TWC means DISH looks at “everything in a different light,” he said. “We’ve taken slightly different strategic paths,” Ergen said of the satellite companies, suggesting DirecTV might not be passionate about DISH’s play in the wireless space, and DISH might have less passion for DirecTV’s stock buybacks. “Different strategies don’t necessarily make things impossible. There’s a reason people take different strategies.”

**By the Numbers:** Charter posted strong 4Q numbers, losing just 2K video subs compared to 36K a year ago—a stat that MoffettNathanson declared a “home run.” It had 93K net additions for residential broadband and 63K phone net adds. Revenue was up 5% to \$2.15bn, with a net income of \$39mln vs a loss of \$40mln in the year-earlier Q. Check out Charter’s earnings slide presentation (slide 4) [here](#) for a glimpse of its upcoming cloud-based user interface. Last Q, Charter said it was just about ready to start testing the guide in employee homes, with a goal of deploying in 2Q. -- **DISH** had net TV adds of 8K (down from 14K a year ago) and broadband net adds of 51K as it reported earnings of \$288mln (up from \$209mln). Rev was up nearly 7% to \$3.54bn.

**DISH-Disney:** Um, yeah. There’s still no carriage deal. **DISH** chmn *Charlie Ergen* told reporters Fri that he’s “cautiously optimistic” a deal will be reached before the 1Q earnings conference call. (He was cautiously optimistic on the company’s 3Q earnings call as well). “My expectation is that they [Disney] are going to be a leader in the technology field. If they are, it makes it more difficult to predict and write that down on a piece of paper so it’s fair to both parties,” Ergen said.

**Retrans:** The **DOJ** weighed in on broadcasters’ joint sales agreements in the **FCC**’s media ownership proceeding, saying that such arrangements often confer influence or control of one broadcast competitor over another. Several cable operators as well as **ACA** have been arguing that for years. DOJ “believes it is appropriate for the Commission’s ownership ‘attribution’ rules to treat any 2 stations participating in a JSA (or agreement similar in substance to a JSA) as under common ownership,” according to an ex parte. “Furthermore, even where a sharing agreement does not create an attributable interest under the Commission’s bright-line rules, the Commission should scrutinize agreements on a case-by-case basis and take action where those agreements do not serve the public interest.” Obviously, none of this sits well with **NAB**, who was at the FCC earlier in the week presenting examples of public service benefits of sharing agreements. “Joint sales agreements allow local TV stations that might otherwise go out of business to increase local news and community service, and to provide robust competition to pay TV giants,” said a statement from evp, comm *Dennis Wharton*. “In an era when \$200 monthly bills from consolidated broadband and cable companies are becoming the norm, it’s important to remember that heavily regulated local TV stations remain free of charge to every American.”

**Emmy Changes:** No more combining miniseries and movies into one Emmy category, with the **TV Academy** announcing Fri that they’ll be split into 2 separate categories, as they were before 2011. The Academy cited the increased programming of both movies and miniseries over the past 3 years. The change is only for Outstanding Mini and Outstanding TV Movie, with other awards for the category (including acting and directing) still combined. Other changes: Outstanding Reality Program will not be split into 2 categories—“structured reality,” which includes shows such as **Discovery**’s “MythBusters” or **PBS**’ “Antiques Roadshow,” and “unstructured,” for the “Duck Dynasty” and “Pawn Stars” set. And there’s some changes in first-round voting rules that creates the possibility of 7 nominees (versus 6) in Outstanding Comedy and Drama categories if votes are close. The Emmys are slated for Aug 25.

**Earnings:** **Crown Media** reported 4Q rev of \$118.4mln, a 16% increase over 4Q12. Advertising rev was up 17% to \$97.3mln. The programmer’s quarterly profit fell to \$26.7mln from \$70.1mln during the period. Crown pres/CEO *Bill Abbott* said during Fri’s earnings call that the company continues to have “very positive conversations” with **AT&T U-verse**, but there’s no definitive date for an agreement to be reached. **Hallmark Channel** and **Hallmark Movie Channel** have been dark on AT&T since Sept 2010. “We’ve been told by AT&T that Hallmark Channel is their number one requested service, and we continue to have a good relationship and productive dialog around [returning the nets],” Abbott said.

**People:** *Andy Singer* is stepping down after 2 years as gm, **Travel Channel**, with *Ross Babbitt* being upped to svp, programming and dev. Earlier this month, *Shannon O’Neill* was tapped as pres of the **Scripps** net.

**CableFAX Week in Review**

Company	Ticker	2/21 Close	1-Week % Chg	YTD %Chg
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**BROADCASTERS/DBS/MMDS**

21ST CENTURY FOX:	FOXA	32.94	1.07%	(6.34%)
DIRECTV:	DTV	75.02	4.35%	8.63%
DISH:	DISH	57.92	1.79%	0.00%
DISNEY:	DIS	80.13	1.14%	4.88%
GE:	GE	24.94	(3.11%)	(11.02%)

**MSOS**

CABLEVISION:	CVC	16.10	(0.86%)	(10.21%)
CHARTER:	CHTR	125.08	(3.3%)	(8.54%)
COMCAST:	CMCSA	51.05	(4.93%)	(1.77%)
COMCAST SPCL:	CMCSK	49.18	(4.62%)	(1.4%)
GCI:	GNCMA	10.15	(1.65%)	(8.97%)
LIBERTY GLOBAL:	LBTYA	86.56	3.54%	37.48%
LIBERTY INT:	LINTA	29.87	4.70%	1.77%
SHAW COMM:	SJR	22.78	(2.65%)	(6.41%)
TIME WARNER CABLE:	TWC	140.54	(3.74%)	3.72%

**PROGRAMMING**

AMC NETWORKS:	AMCX	69.41	3.03%	1.91%
CBS:	CBS	66.06	1.69%	3.64%
CROWN:	CRWN	3.38	11.92%	(4.25%)
DISCOVERY:	DISCA	82.81	2.45%	(8.42%)
GRUPO TELEVISIA:	TV	28.85	(2.2%)	(4.66%)
HSN:	HSNI	57.17	1.83%	(8.23%)
INTERACTIVE CORP:	IACI	74.36	8.76%	8.32%
LIONSGATE:	LGF	30.97	(3.31%)	(2.18%)
MADISON SQUARE GARDEN:	MSG	58.51	(2.16%)	1.62%
SCRIPPS INT:	SNI	80.70	2.22%	(6.61%)
STARZ:	STRZA	31.15	4.32%	6.53%
TIME WARNER:	TWX	64.73	(0.87%)	(7.16%)
VALUEVISION:	VTV	5.79	0.17%	(17.17%)
VIACOM:	VIA	86.98	1.74%	(0.9%)
WWE:	WWE	24.67	4.98%	48.79%

**TECHNOLOGY**

ADDVANTAGE:	AEY	2.91	(0.83%)	8.02%
ALCATEL LUCENT:	ALU	4.26	0.71%	(3.18%)
AMDOCS:	DOX	44.54	1.11%	8.00%
AMPHENOL:	APH	88.16	0.92%	(1.14%)
AOL:	AOL	43.64	(2.22%)	(6.39%)
APPLE:	AAPL	525.25	(3.44%)	(6.38%)
ARRIS GROUP:	ARRS	29.73	6.67%	22.14%
AVID TECH:	AVID	6.92	0.29%	(15.09%)
BLNDER TONGUE:	BDR	0.94	10.66%	(5.94%)
BROADCOM:	BRCM	30.76	(1.73%)	3.74%
CISCO:	CSCO	22.13	(1.91%)	(1.34%)
CONCURRENT:	CCUR	8.67	0.81%	6.12%
CONVERGYS:	CVG	20.00	1.01%	(4.99%)
CSG SYSTEMS:	CSGS	26.62	(0.82%)	(9.46%)
ECHOSTAR:	SATS	46.49	(2.9%)	(6.5%)
GOOGLE:	GOOG	1203.79	0.08%	7.41%
HARMONIC:	HLIT	6.53	0.77%	(11.52%)
INTEL:	INTC	24.42	(1.33%)	(5.93%)
JDSU:	JDSU	13.42	(1.97%)	3.31%
LEVEL 3:	LVT	38.37	(0.29%)	15.68%
MICROSOFT:	MSFT	37.98	0.96%	1.52%

Company	Ticker	2/21 Close	1-Week % Chg	YTD %Chg
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NIELSEN:	NLSN	46.31	1.94%	0.92%
RENTAK:	RENT	65.80	2.56%	73.66%
SEACHANGE:	SEAC	12.07	4.41%	(0.74%)
SONY:	SNE	17.12	0.35%	(0.98%)
SPRINT NEXTEL:	S	8.29	3.37%	(22.88%)
TIVO:	TIVO	12.72	0.79%	(3.05%)
UNIVERSAL ELEC:	UEIC	40.12	10.74%	5.27%
VONAGE:	VG	4.54	3.18%	91.56%
YAHOO:	YHOO	37.29	(2.46%)	(7.79%)

**TELECOM**

AT&T:	T	32.80	(1.06%)	(6.71%)
VERIZON:	VZ	47.27	1.63%	(3.81%)

**MARKET INDICES**

DOW:	DJI	16103.30	(0.32%)	(2.86%)
NASDAQ:	IXIC	4263.41	0.46%	2.08%
S&P 500:	GSPC	1836.25	(0.13%)	(0.66%)

**WINNERS & LOSERS**

**THIS WEEK'S STOCK PRICE WINNERS**

COMPANY	CLOSE	1-WK CH
1. CROWN:	3.38	11.92%
2. UNIVERSAL ELEC:	40.12	10.74%
3. BLNDER TONGUE:	0.94	10.66%
4. INTERACTIVE CORP:	74.36	8.76%
5. ARRIS GROUP:	29.73	6.67%

**THIS WEEK'S STOCK PRICE LOSERS**

COMPANY	CLOSE	1-WK CH
1. COMCAST:	51.05	(4.93%)
2. COMCAST SPCL:	49.18	(4.62%)
3. TIME WARNER CABLE:	140.54	(3.74%)
4. APPLE:	525.25	(3.44%)
5. LIONSGATE:	30.97	(3.31%)

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