

CableFAX Daily™

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What the Industry Reads First

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Comcast-TWC: Detractors Have Their Say on Merger

It looks like **DISH** is the only major MVPD to file a petition to deny the \$45.2bn **Comcast-Time Warner Cable** merger at the **FCC**, with the satellite provider arguing that no conditions or divestitures would alleviate the harms caused by the combo. "The merger would permit and motivate the combined company to hurt or destroy online video rivals through its control over the broadband pipe, passing an estimated two thirds of US households. The video industry has come to depend on broadband, much more so today than the last time Comcast proposed an industry-changing merger," wrote DISH, which did a deal earlier this year with **Disney** for potential OTT service. It already offers an OTT service for foreign language customers called DISH World. It plans to launch a new domestic OTT service by year-end. In the petition, DISH provided a few details on the service: it'll target 18-34s and won't require a satellite subscription, contract or credit check, with consumers able to access it on a pay-as-you-go basis. As for programming, DISH only revealed deals with Disney and **A+E Networks**. "In arguing that Comcast and Time Warner Cable do not serve overlapping service footprints today, the Applicants fail to account for the fact that online video providers like **Netflix, Amazon, Hulu** and DISH's future OTT service will be offered on a nationwide basis (anywhere that sufficient Internet access is available)," DISH said. Comcast has officially backed off projections that the deal will close this year, saying in a regulatory filing that it expects the merge to be complete early next year due to expectations regarding the timing of certain regulatory approvals. Others filing petitions to deny include **Sinclair Broadcasting** and **Cogent**. Sinclair, which is a licensee of Comcast programming (**NBC** and syndie) and a supplier of programming to Comcast Cable, said it views its relationship with Comcast and TWC as non-adversarial, but "this snapshot in time should not blind us to industry dynamics both current and prospective, and the market power that Comcast/Time Warner Cable could wield post-transaction." It wants the FCC to require Comcast to provide its broadcast nets on terms no less advantageous than it does for its O&Os (ie, no higher reverse comp charges). **Cogent**, the peering and backbone provider for **Netflix**, argued that Comcast has unfettered discretion to negotiate terms of its interconnection agreements with networks and edge providers that wish to connect with it. If the FCC does approve the deal, Cogent wants conditions. One of Cogent's suggestions: if any interconnection point between the combined Comcast/TWC and another network with whom it interconnects reaches 70% capacity, then Comcast/TWC must promptly undertake to upgrade the ports and

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cross-connects (on terms and conditions equivalent to then-existing agreements with such networks) to augment capacity and thereby avoid the congestion and resulting packet loss that will occur if the interconnection capacity extends much beyond that point. The City of L.A., which unsuccessfully requested more time to file, also asked the Commission to reject the merger. Comcast, TWC and **Charter** systems abut one another in some parts of the L.A. market. “Eliminating and combining systems would remove one of the most readily available competitive entrants—the neighboring cable provider. It also has the impact of limiting ‘yardstick’ competition,” the city said. If the deal is approved, the city wants conditions that protect PEG channels and local programming, advance broadband deployment, safeguard the Open Internet, improve customer service and prohibit limiting competitive entry. Comcast, TWC and Charter will of course get a chance to respond at the FCC to all of these comments, but evp *David Cohen* is already giving the company’s perspective on its corporate blog. “We continue to be struck by the number of comments that raise industry-wide rather than transaction-specific issues, as well as the commenters who are seeking to use the transaction-review process to seek government support for parochial business interests that they could not otherwise achieve through other regulatory proceedings or in the competitive marketplace,” Cohen wrote, focusing most of his post on the nearly 400 supportive comments filed.

More Merger Talk: Some companies and organizations stopped short of filing petitions to deny the **Comcast-Time Warner Cable** merger, but did ask the **FCC** to impose various conditions. One group keeping quiet is **NAB**. The broadcasting trade group said it wasn’t commenting on the substance of the deal, but is monitoring the record and reserves the right to file additional comments. “NAB understands that Comcast is engaged in conversations with a number of broadcasters to hear their concerns relating to the transaction’s potential implications for broadcasters. NAB hopes that these conversations will prove fruitful,” the group said in its filing. The **NBC Affiliates** want Comcast-**NBCU** conditions extended for 7-10 years. Concerns raised in the docket run the gamut. **Viamedia**, which provides outsourced local TV ad services for cable companies, worries about Comcast’s 80% control of spot cable firm **NCC** and 54% of all regional interconnects. It asks the FCC to prevent Comcast from controlling or managing interconnects and that it transfer majority control over NCC. It also wants Comcast to transfer either its own or TWC’s spot cable ad representation firm business, and to prevent it from repping spot cable for the subs Comcast or TWC is transferring to **Charter** and **SpinCo**. Programmers who have had disagreements with Comcast, including **Tennis Channel** and **RFD-TV**, also made recommendations. *Glenn Beck’s TheBlaze* also weighed in, saying it has been unable to engage in meaningful carriage discussions with either Comcast or TWC and complaining that the MSOs view its online service as unwelcome competition. The net’s condition requests include binding arbitration for indie programmers denied carriage and prohibiting discriminating in carriage against any programmer who distributes its content online for a fee. **ACA** continued to warn that baseball-style arbitration is an inadequate condition, particularly due to the cost for its members. Instead of outlining conditions it wants, ACA called on the companies to propose enforceable commitments to address its concerns—adding that if they don’t, the FCC must do so.

Discovery Reshuffling: The reshuffling of top execs at **Discovery Comm** continues. After the realignment of executive oversight of several nets earlier this year, the company tapped **Discovery Channel** pres *Eileen O’Neill* to fill the newly created role of global group pres of **Discovery Studios**. She will also manage the company’s in-house production units, **betty** and **Raw**, and serve on the board of **All3Media** once the transaction has closed. Discovery and **Liberty Global** agreed to acquire the TV production firm for \$930m in May. O’Neill will report to *Bruce Campbell*, who will continue to oversee Discovery Studios and remain chief development and digital media officer as well as general counsel for Discovery Comm. In addition, *Marjorie Kaplan*, group pres for **TLC** and **Animal Planet**, will be interim head of Discovery Channel until O’Neill’s replacement is found. The company has tapped *Ann Carlsen* of **Carlsen Resources** to search for the successor. The new round of reshuffling reflects Discover Comm’s focus on “strengthening our in-house studio capabilities, acquiring more IP across new genres and formats, and bringing some of the world’s top production houses into our company,” pres/CEO *David Zaslav* said in a statement.

FiOS Gets SEC: At last, **Verizon FiOS** and **ESPN** announced a carriage deal for **SEC Network**. The channel will launch ahead of Thurs’ 1st games of the season. All FL and TX FiOS subs that get ESPN will receive the channel. It will be available in all other markets to FiOS Extreme and Ultimate customers. **Cablevision** is the only major MVPD not to offer the net.

Cable’s Emmy Bounty: Were there any surprises at Mon night’s Emmy awards? Doesn’t seem like it. **HBO** once again

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dominated the awards. Cable failed to reverse its shut out for Outstanding Comedy Series. "Breaking Bad" racked up the statues. **HBO** garnered the most Emmys overall, 19—but most were from the Creative Arts Emmys earlier this month. It scored 4 wins Mon night, behind the 5 apiece that **CBS**, **FX Nets** and **AMC** earned. Breaking Bad had the most wins during the telecast, 5, including Outstanding Drama Series. Other multiple wins went to **FX's** " Fargo " (including Outstanding Miniseries) and "American Horror Story: Coven." HBO's wins included a directing win for "True Detective," *Julia Louis-Dreyfus's* lead comedy actress victory for her role on HBO's "Veep" and "The Normal Heart" (Outstanding Movie). Check out editor *Michael Grebb's* take on the biggest moments of the night at Cablefax.com.

People: **DISH** media sales svp *Warren Schlichting* will head the company's programming group starting Oct 1. He succeeds svp *Steve Swain*, who becomes CFO, also effective Oct 1. **DISH** media sales vet *Adam Gaynor* was named vp, with more responsibilities within the media sales group. -- The **FCC** appointed *Scott Jordan*, most recently a computer science professor at University of California, as CTO. He succeeds *Henning Schulzrinne*, who will return to Columbia University and continue to serve the Commission part-time as a tech advisor.

CableFAX Daily Stockwatch

Company	08/26 Close	1-Day Ch	Company	08/26 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.46	(0.01)	CONCURRENT:	6.99	(0.2)
DISH:	64.10	(0.32)	CONVERGYS:	19.12	(0.02)
ENTRAVISION:	4.55	(0.06)	CSG SYSTEMS:	28.25	(0.03)
GRAY TELEVISION:	10.05	(0.46)	ECHOSTAR:	49.71	0.25
MEDIA GENERAL:	16.07	(0.21)	GOOGLE:	577.86	(2.34)
NEXSTAR:	45.62	(0.06)	HARMONIC:	6.52	0.26
SINCLAIR:	28.64	(0.41)	INTEL:	34.80	(0.01)
MSOS					
CABLEVISION:	18.22	0.30	INTERACTIVE CORP:	68.85	0.70
CHARTER:	155.27	0.21	JDSU:	11.94	0.30
COMCAST:	54.56	(0.09)	LEVEL 3:	43.01	(0.13)
COMCAST SPCL:	54.34	(0.05)	MICROSOFT:	45.01	(0.17)
GCI:	11.21	0.01	NIELSEN:	46.89	(0.22)
GRAHAM HOLDING:	719.70	(5.3)	RENTRAK:	51.30	1.83
LIBERTY GLOBAL:	43.21	0.45	SEACHANGE:	7.71	0.21
LIBERTY INT:	29.49	UNCH	SONY:	18.87	(0.1)
SHAW COMM:	24.80	(0.12)	SPRINT NEXTEL:	5.77	0.19
TIME WARNER CABLE:	147.34	(0.63)	TIVO:	13.90	0.30
PROGRAMMING					
21ST CENTURY FOX:	35.56	UNCH	UNIVERSAL ELEC:	54.97	(0.03)
AMC NETWORKS:	63.84	0.38	VONAGE:	3.23	(0.01)
CBS:	60.02	(0.61)	YAHOO:	37.79	0.08
CROWN:	3.45	UNCH	TELCOS		
DISCOVERY:	44.09	0.18	AT&T:	34.50	(0.01)
DISNEY:	90.02	(0.36)	CENTURYLINK:	41.14	(0.13)
GRUPO TELEVISIA:	37.21	0.08	TDS:	25.83	0.24
HSN:	61.16	0.65	VERIZON:	49.25	0.10
LIONSGATE:	32.71	0.03	MARKET INDICES		
MSG:	66.76	0.50	DOW:	17106.70	29.83
SCRIPPS INT:	80.71	0.04	NASDAQ:	4570.64	13.29
STARZ:	30.55	0.16	S&P 500:	2000.02	2.10
TIME WARNER:	76.98	0.03			
VALUEVISION:	4.57	0.09			
VIACOM:	80.54	(0.08)			
WWE:	14.83	(0.06)			
TECHNOLOGY					
ADVANTAGE:	2.37	(0.04)			
ALCATEL LUCENT:	3.34	0.01			
AMDOCS:	46.16	0.14			
AMPHENOL:	103.78	(0.54)			
AOL:	43.30	0.09			
APPLE:	100.89	(0.65)			
ARRIS GROUP:	30.98	0.32			
AVID TECH:	7.99	0.15			
BLNDER TONGUE:	1.65	0.09			
BROADCOM:	38.81	(0.16)			
CISCO:	24.81	0.11			

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