

Cablefax Daily™

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What the Industry Reads First

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Merger Watch: Comcast, Non-NBC Affiliates Strike Deal

Comcast and the affiliate groups for **ABC**, **CBS** and **Fox** have brokered an agreement that they're content with as conditions to the MSO's proposed merger with **Time Warner Cable**. The broadcast affiliates told the **FCC** in comments Tues that the only thing they couldn't agree on is whether Comcast can negotiate retrans for **Bright House** and other MVPDs. The conditions, which the broadcasters reported that Comcast said it wouldn't object to, would be effective for 10 years following the merger closing or once **NBC** is no longer jointly owned with Comcast Cable or controlled by Comcast. What are the conditions? Comcast waives the right to rely or cite any terms of retrans deals between Comcast and any NBCU station in terms of advocating its position on whether rates, terms and other conditions are consistent with competitive marketplace conditions in any retrans complaint or legal proceeding involving ABC, CBS and Fox stations. This refers to deals with NBC stations that are entered into following the close of the TWC transaction. Other conditions include NBCU remaining solely responsible for negotiating retransmission consent of NBCU-owned broadcast stations with non-Comcast MVPDs and Comcast/Comcast Cable remaining solely responsible for negotiating retransmission consent with non-NBCU Stations. There are several non-discrimination provisions, including ensuring that Comcast can't create a competitive advantage for an NBCU station by discriminating against a non-NBCU station in the same market in terms of VOD or opportunities for the non-NBCU station to preclude the use of any **Aereo**-like antenna receiving device to retransmit a signal. The ABC, CBS and Fox affiliate groups have opposed Comcast negotiating retrans for Bright House and other MVPDs post-TWC transaction. That issue hasn't been settled. Bright House took a stand against the broadcast groups in comments filed Tues, saying its relationship with TWC has allowed it to be a more efficient and effective provider. TWC has negotiated programming and retrans deals for Bright House under the **Time Warner Entertainment-Advance/Newhouse Partnership (TWE-A/N)**, which has been in place for a dozen years. TWC has 66.67% ownership for TWE-A/N, but does not control Bright House operations, which is a separate operating entity. A/N has all economic ownership in Bright House as well as day-to-day mgmt responsibility. Bright House has retained TWC to handle certain business arrangements for an annual fee, including retrans negotiations. "By relying on TWC for various support functions, Bright House Networks has been able to concentrate its own efforts on delivering the best possible cable, broadband and

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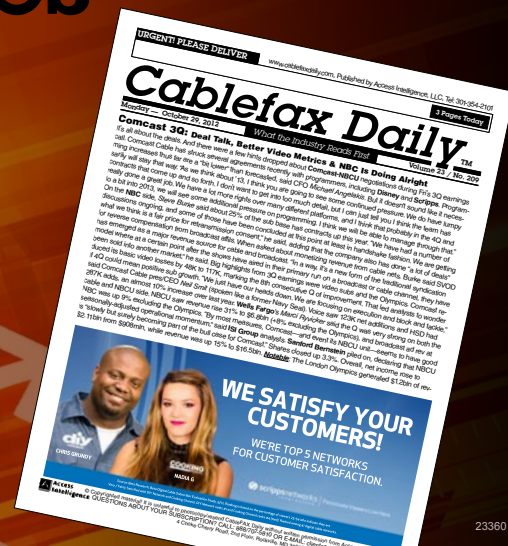
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voice service to its residential and business customers,” Bright House said. Bright House added that it’s not a party to the Comcast/TWC agreement, and views it simply as an opportunity for Comcast to replace TWC in the existing TWE-A/N partnership. “... It would not represent the dramatic consolidation in the retransmission market suggested by the [broadcast affiliates], as TWC already frequently fulfills that function for Bright House Networks,” Bright House told the FCC. Not everyone agrees. **ACA** has told the FCC Comcast should be prevented from negotiating programming agreements on behalf of Bright House and **Midcontinent**. The group said that with those 2 MVPDs, Comcast could potentially negotiate programming deals on behalf of 31.4mln subs, strengthening its ability to negotiate for better prices, which could lead to other MVPDs paying higher programming rates.

DirecTV Inks Deal with Mickey: **Disney** and **DirecTV** inked a wide-ranging, multi-year distribution pact that will provide DirecTV subs with access to the programmer’s content across platforms. Under the deal, DirecTV subs can access live and VOD content from all **ESPN** and **Disney** cable nets and **ABC** O&O stations in- and out-of-home on the authenticated Watch services. Continuing services covered by the broad scope of this multi-year agreement include: **ABC Family**, **Disney Channel**, **Disney Junior**, **Disney XD**, **ESPN**, **ESPN2**, **ESPNU**, **ESPN Deportes**, **ESPNNEWS** and **SEC Net**. In addition, **ESPN Classic** will be reintroduced as a VOD service.

Comcast-TWC Opposition: With comments due Tues to the **FCC**, there was a last-minute push by many to derail the proposed **Comcast-Time Warner Cable** merger. **DISH** argued that Comcast-TWC would have the ability to destroy online video distributors and that there are no conditions that could alleviate the harms of the “chokehold” the combined company would have over broadband. **WaveDivision** argued something must be done to eliminate programming cost advantages and that something is to require all providers of video programming services to offer the same rates, terms and conditions they afford Comcast to any terrestrial video competitor. **Consumers Union** and **Common Cause**, members along with **DISH** of the **Stop Mega Comcast Coalition**, said they cited more than 600K replies from the general public opposing the deal.

Football & Christmas Dominate Ratings: **NFL** programming accounted for the top 5 programs on cable last week, with MNF on **ESPN** taking the top spot (11mln viewers). It was followed by the **NFL Net**’s Thurs Night Football (Philadelphia-Washington) on Sat (7.2mln), with post-game coverage scoring 5.5mln viewers. Up next was NFL Net’s actual Thurs Night Football (4.9mln), followed by pre-game coverage of the 49ers-Chargers (4.5mln). The only non-football programming in the week’s top 7 shows was **Discovery**’s “Gold Rush” special (4.4mln), which was followed by NFL Net’s coverage of the San Fran-San Diego game Sat (4.2mln). When it wasn’t football, folks were watching holiday programming last week, with **ABC Family** tying **ESPN** as the highest-rated cable net in prime (both nets averaged a 1.1 P2+ rating, while **ESPN** had a very small edge in total viewers 2.66mln vs 2.55mln). The **Disney** net’s 17th “25 Days of Christmas” performed strong with the week’s top 18 movies across all cable in adults 18-49 and women 18-49 (“Elf” led the pack). **ABC Fam** also had the 2 most-social programs of the week, led by “Dr Seuss’ How the Grinch Stole Christmas” (32K tweets) and “The Polar Express” (23K) tweets.

FCC Speaks Up: Much of the confusion over the number of net neutrality comments filed at the **FCC** stems from “the fact that the Commission has an 18-year-old Electronic Comment Filing system (ECFS), which was not built to handle this unprecedented volume of comments nor initially designed to export comments via XML,” *Gigi Sohn*, FCC’s special counsel for external affairs and *David Bray*, CIO, wrote in an FCC blog post Tues. “This forced the Commission’s information technology team to cobble solutions together MacGyver-style,” they said. Thanks to the efforts, the Commission was able to accommodate the surge in comments and release the comments as XML files “for the first time in the FCC history, but not without some glitches...” The move came after nonprofit the **Sunlight Foundation** questioned the Commission’s count of total comments. Instead of 3.9mln that the agency counted, the group said it counted 1mln fewer comments in the 2nd round alone. Sohn and Bray insisted the total comment count is nearly 4mln. That said, it appears that nearly 680K of the comments weren’t transferred successfully from ECFS (FCC’s electronic filing format) to the XML files, they noted. That’s due to a technical error involving Apache Solr, an open source tool the FCC used to produce the XML files. “We plan to fix this problem by issuing a new set of XML files after the New Year with the full set of comments received during the reply period. Despite the fact that this group of comments was not transferred to the XML files, our review indicates that these files were uploaded to ECFS for public review.”

BUSINESS & FINANCE

Neil Smit's New Deal: Under a new employment contract that lasts through end of 2019, **Comcast Cable** pres/CEO *Neil Smit* will get an increase salary of \$1.82mln effective March 1, with his annual cash bonus opportunity remaining at 300% of base salary based on performance. The employment agreement also includes a performance-based bonus of \$1mln under a deferred compensation plan, and a performance-based restricted stock unit grant valued at \$4mln.

GreatLand Names Execs: **GreatLand**, which is set to become a new publicly-traded company when **Comcast** completes its spinoff of systems covering 2.5mln subs across the Midwest and MidSouth regions as part of its proposed **Time Warner Cable** and **Charter** transactions, hired 3 sr execs: *Leonard Baxt*, evp, chief administrative and legal officer, *Michele Roth*, svp and chief HR officer, and *Keith Hall*, evp for corporate affairs. Baxt, former chmn of DC law firm **Dow Lohnes** prior to its merger with **Cooley Law** last year, has counseled MSOs programmers and vendors on M&A activities. Roth is currently the group vp of HR for TWC's residential division. He will serve in the position until the closing of the transaction. Hall was svp for external affairs and deputy general counsel at **Insight**.

Editor's Note: Your next issue of **Cablefax Daily** will arrive on Mon, Dec 29. Happy holidays!

CableFAX Daily Stockwatch

Company	12/23 Close	1-Day Ch	Company	12/23 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	86.87	0.42	CONVERGYS:	20.52	0.18
DISH:	72.09	0.15	CSG SYSTEMS:	25.59	0.27
ENTRAVISION:	6.50	(0.01)	ECHOSTAR:	51.70	0.67
GRAY TELEVISION:	11.29	0.19	GOOGLE:	530.59	5.72
MEDIA GENERAL:	17.47	0.18	HARMONIC:	6.97	(0.02)
NEXSTAR:	52.49	0.78	INTEL:	37.43	0.22
SINCLAIR:	27.53	0.46	INTERACTIVE CORP:	61.19	(0.18)
MSOS					
CABLEVISION:	20.43	0.59	JDSU:	13.88	(0.08)
CHARTER:	167.77	2.78	LEVEL 3:	49.20	0.23
COMCAST:	57.90	0.68	MICROSOFT:	48.45	0.47
COMCAST SPCL:	57.50	0.57	NETFLIX:	336.43	(0.25)
GCI:	13.36	(0.46)	NIELSEN:	45.19	0.58
GRAHAM HOLDING:	877.95	(12.3)	RENTRAK:	76.73	3.04
LIBERTY BROADBAND:	51.25	0.57	SEACHANGE:	6.56	(0.03)
LIBERTY GLOBAL:	50.78	0.19	SONY:	20.86	0.08
SHAW COMM:	27.01	0.43	SPRINT NEXTEL:	4.24	0.03
TIME WARNER CABLE:	150.98	0.91	TIVO:	11.90	0.05
PROGRAMMING					
21ST CENTURY FOX:	38.74	(0.23)	UNIVERSAL ELEC:	63.44	0.41
AMC NETWORKS:	63.80	0.56	VONAGE:	3.79	(0.01)
CBS:	55.83	1.19	YAHOO:	50.02	(1.13)
CROWN:	3.58	0.01	TELCOS		
DISCOVERY:	35.08	0.48	AT&T:	34.03	0.18
DISNEY:	94.69	0.49	CENTURYLINK:	40.23	0.04
GRUPO TELEVISIA:	34.00	0.21	TDS:	24.83	(0.14)
HSN:	75.72	0.34	VERIZON:	47.67	0.16
LIONSGATE:	31.87	0.28	MARKET INDICES		
MSG:	75.22	0.04	DOW:	18024.17	64.73
SCRIPPS INT:	77.69	0.52	NASDAQ:	4765.42	(16)
STARZ:	29.30	(0.15)	S&P 500:	2082.17	3.63
TIME WARNER:	85.78	0.21			
VIACOM:	77.31	0.98			
WWE:	11.95	0.16			
TECHNOLOGY					
ADVANTAGE:	2.50	0.01			
AMDOCS:	47.50	(0.13)			
AMPHENOL:	55.45	0.22			
AOL:	46.40	(1)			
APPLE:	112.54	(0.4)			
ARRIS GROUP:	29.87	0.09			
AVID TECH:	14.10	(0.1)			
BLNDER TONGUE:	2.30	UNCH			
BROADCOM:	43.42	0.02			
CISCO:	28.25	0.03			
COMMSCOPE:	25.70	0.00			
CONCURRENT:	6.98	0.01			

Who deserves to appear in Cablefax's annual power player list?

Nomination Deadline: January 30 | Free to Enter



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