

# Cablefax Daily™

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What the Industry Reads First

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## Oh, the Humanity! What the Comcast-TWC Breakup Leaves Behind

It's hard to imagine any one, singular event that could cause as much upheaval in the industry as **Comcast's** announcement Fri that it was 86-ing the deal with **Time Warner Cable**. What's more, it seems to have completely unraveled in just 1 short week AND it all comes about a week before the entire industry convenes in Chicago for **NCTA's** annual trade show. A lot has been made about the numbers, but how many people does this impact? **Well, obviously there are the 55K TWC employees**—some of whom had interviewed and made plans for a Comcast career; others who were banking on the stock packages they thought they'd soon be exiting with. Their week started with Comcast integration meetings and ended with a Fri that included a memo and recorded phone call about the merger's dissolution. **There's Charter...** Charter was poised to become the 2nd largest MSO. It had integration plans of its own to make with Bright House, and it was going to manage **GreatLand Connections**. Word Fri was that Charter, which has already launched a hostile campaign for TWC, was immediately preparing its new offer. **Back to those Bright House employees...** Similar to Time Warner Cable, there's been a bit of uncertainty here since the Comcast-TWC transaction was announced. Would regulators allow Comcast to handle programming negotiations and more? Charter's plan to acquire it had barely sunk in when that deal was kiboshed (it was contingent on Comcast-TWC closing). Now, Bright House employees are wondering, just like TWC folks, if they'll go it alone or someone else will acquire them. **Of course, you can't forget Comcast.** Yes, it'll shake itself off. But look at how much money was spent on this deal. It's a sizable setback for Washington power broker *David Cohen* (as was this year's **FCC** net neutrality ruling). There were also execs who thought they would be heading new divisions and expanded territories, with Comcast already assigning mgmt roles for post-TWC. **There's Michael Willner.** The former Insight CEO had a job as pres/CEO of GreatLand, a cable company that was supposed to serve 2.5mln customers. Now it won't exist. **There are programmers with contracts coming up with Comcast/TWC...** There's been a 14-month holding pattern on new business, especially tough for start-ups trying to gain carriage. Oh, and any independent hoping Comcast would see merger conditions requiring it to launch indie channels (similar to **NBCU** conditions) just lost that hope. Yes, there also are programmers, including indies, who fought the merger and will be pleased. Then there are those who were looking forward to dealing with Comcast vs TWC, with its reputation for programming scraps.

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Regardless of the view, every network is reassessing what's ahead. **Don't forget the bankers.** The *WSJ* reported that 14 banks stand to lose out on as much as \$380mln in advisory fees across all the related transactions, based on regulatory filings and industry estimates. It's harder to put a figure on the loss for lawyers, but there have been several firms tied up in this. **Oh yeah, and there are the consumers...** Depending on where you stand, this is either a great or horrible day for consumers. FCC chmn *Tom Wheeler* said the decision to end the deal is in their best interest, saying it would have posed an unacceptable risk to competition and innovation, including the emerging online video market. If you're Comcast, you've spent the past 14 months arguing that this deal will bring consumers more innovation, faster Internet and low-cost broadband in more markets, including NYC. -- See you in Chicago.

**Charter's Charge:** Charter CEO *Tom Rutledge* has always made it very clear that if **Comcast-Time Warner Cable** didn't close, it's a whole new ball game. Comcast's announcement Fri that it was 86-ing the deal officially moved things into extra innings with reports coming almost immediately that Charter is lining up a proposal for TWC. After all, it spent months trying to gain TWC's favor only to have Comcast sweep in and steal it away. **Wells Fargo Securities** believes it could pick up TWC for \$155-\$165 share. On Fri, **Moody's** confirmed TWC's "Baa2" long-term debt rating and changed the outlook to "negative" from "rating under review for upgrade." The negative outlook reflects Moody's view that there is a high likelihood that TWC could be an acquisition target in the foreseeable future. If Charter relaunches its attempt to acquire TWC, it could be through a "highly leveraged deal using TWC's otherwise strong balance sheet," the firm said. "Moody's cautions that under such a situation, TWC's credit profile, balance sheet strength and financial flexibility would be materially impacted and could result in a multi-notch downgrade of TWC's credit ratings."

**Apple Watch Apps:** **BET** and **CNN** joined other programmers launching apps on the new **Apple Watch**, which started to arrive Fri thanks to the pre-order process. While the BET app serves as a companion to the BET Now Shows app, the CNN app features breaking news notifications and headlines across 12 categories. In addition, the BET app allows users to scroll through content and add videos to their personalized My BET playlist. They can also see what's on the linear BET channel via the Glance view, receive notifications on new eps and breaking news, and control streaming video. The CNN app includes a menu of sections and stories in categories in the main screen, as well as the ability to access CNN's top story in the glance view. Among the operators, **Comcast** launched its Xfinity app for the watch, turning it into a remote.

**Rentrak/Crossmedia Deal:** **Rentrak** inked a TV ratings agreement with **Crossmedia**, a media planning and buying agency. As part of the deal, Crossmedia will use Rentrak's national and local measurement services. Rentrak will offer advanced analytics to deliver better information on consumer viewing behavior in major TV markets.

**From the Streets:** Domestic **Netflix** usage represented just under 6% of total traditional TV viewing in 1Q, according to a research report by **MoffettNathanson**, using data from **Nielsen**. Going forward, Netflix hours streamed per sub will continue to grow, "albeit at a lower rate while TV usage will directionally continue to drop," the report said. As a result, the analysts expect Netflix's US total streaming hours relative to traditional TV to steadily grow to the low double-digit range over the next 4 years, representing the majority of the declines in the traditional TV viewing.

**Programming:** **FYI** booked eight 1-hour eps of the new series "The Seven Year Switch." Production begins immediately on the series, which follows married couples as they participate in an experimental marriage with a new partner. It is slated to air this summer. -- Starting Mon, **Time Warner Cable SportsChannel** will televise 6 days of Carolina Panthers NFL Draft preview specials and recap shows, analyzing the Panthers potential draft selections and the impact the new roster additions will have for the team entering the 2015 season. -- **Discovery** renewed its "Deadliest Catch" series for a 12th season. -- **Showtime** and **IFC Films** inked an exclusive theatrical output agreement that extends their existing deal to cover films theatrically distributed by IFC Films through 2021. Showtime subs will be able to watch IFC Films' titles in the premium television window across all platforms. -- Starting in June, *Jake Tapper*, former **ABC** senior White House correspondent, will be the new host of CNN's "State of the Union" Sunday morning news show formerly hosted by *Candy Crowley*. Tapper will continue to host the net's afternoon show "The Lead."

**People:** **BET** tapped 15-year **Fox Searchlight Pictures** vet *Zola Mashariki* as evp/head of original programming. She will report to programming pres *Stephen Hill*. -- **Fusion** tapped former editor of the *Atlantic* *Alexis Madrigal* as editor in chief, and *Jane Spencer* was upped to svp of emerging platforms.

**Cablefax Week in Review**

Company	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	89.85	3.75%	3.63%
DISH:	DISH	69.91	0.95%	(4.09%)
ENTRAVISION:	EVC	6.80	3.34%	4.94%
GRAY TELEVISION:	GTN	13.76	(0.29%)	22.86%
MEDIA GENERAL:	MEG	16.87	1.02%	0.84%
NEXSTAR:	NXST	58.83	3.19%	13.59%
SINCLAIR:	SBGI	31.40	1.09%	14.77%

Company	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	20.15	10.35%	(2.37%)
CHARTER:	CHTR	185.75	(0.53%)	11.48%
COMCAST:	CMCSA	59.64	2.09%	2.81%
COMCAST SPCL:	CMCSK	59.20	2.54%	2.82%
GCI:	GNCMA	16.84	3.76%	22.47%
GRAHAM HOLDING:	GHC	1068.39	5.78%	23.70%
LIBERTY BROADBAND:	LBRDA	53.33	(2.22%)	6.47%
LIBERTY GLOBAL:	LBTYA	52.85	4.53%	5.26%
SHAW COMM:	SJR	22.72	1.34%	(15.82%)
SHENTEL:	SHEN	35.82	2.67%	14.62%
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TIME WARNER CABLE:	TWC	155.26	3.78%	2.10%

Company	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
21ST CENTURY FOX:	FOXA	34.65	3.65%	(9.79%)
AMC NETWORKS:	AMCX	76.75	2.18%	20.35%
CBS:	CBS	62.72	3.36%	13.34%
CROWN:	CRWN	4.00	1.78%	12.99%
DISCOVERY:	DISCA	32.71	(0.27%)	(5.05%)
DISNEY:	DIS	109.53	2.66%	16.29%
GRUPO TELEVISIA:	TV	36.70	6.69%	7.75%
HSN:	HSNI	65.31	1.71%	(14.07%)
LIONSGATE:	LGF	32.43	5.39%	1.28%
MSG:	MSG	81.73	(0.84%)	8.60%
SCRIPPS INT:	SNL	69.91	1.97%	(7.12%)
STARZ:	STRZA	38.16	1.49%	28.48%
TIME WARNER:	TWX	85.36	2.35%	(0.07%)
VIACOM:	VIA	71.00	2.31%	(5.96%)
WWE:	WWE	14.48	7.90%	17.34%

Company	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADVANTAGE:	AEY	2.39	(0.83%)	(2.05%)
AMDOCS:	DOX	55.30	2.12%	18.52%
AMPHENOL:	APH	56.17	(3.09%)	4.39%
AOL:	AOL	40.79	2.10%	(11.65%)
APPLE:	AAPL	130.28	4.43%	18.03%
ARRIS GROUP:	ARRS	35.76	19.92%	18.45%
AVID TECH:	AVID	16.15	1.96%	13.65%
BLNDER TONGUE:	BDR	0.77	(4.94%)	(71.38%)
BROADCOM:	BRCM	44.46	2.00%	2.61%
CISCO:	CSCO	28.82	3.26%	3.59%
COMMSCOPE:	CTV	26.59	0.34%	3.71%
CONCURRENT:	CCUR	6.04	(0.49%)	(14.81%)
CONVERGYS:	CVG	23.14	3.21%	13.60%
CSG SYSTEMS:	CSGS	29.82	(0.53%)	18.95%
ECHOSTAR:	SATS	51.47	(0.75%)	(1.96%)
GOOGLE:	GOOG	565.06	7.83%	7.34%
HARMONIC:	HLIT	7.45	2.48%	6.28%

Company	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
INTEL:	INTC	32.08	(1.2%)	(11.6%)
INTERACTIVE CORP:	IACI	72.14	1.96%	18.67%
JDSU:	JDSU	13.36	(0.3%)	(2.62%)
LEVEL 3:	LFLT	54.67	4.89%	10.71%
MICROSOFT:	MSFT	47.87	15.02%	3.06%
NETFLIX:	NFLX	558.39	(2.3%)	63.46%
NIELSEN:	NLSN	45.95	3.94%	2.73%
RENTRAK:	RENT	50.18	0.68%	(31.09%)
SEACHANGE:	SEAC	6.88	2.08%	7.84%
SONY:	SNE	31.34	2.55%	53.10%
SPRINT NEXTEL:	S	5.27	3.13%	26.99%
TIVO:	TIVO	11.30	2.40%	(4.52%)
UNIVERSAL ELEC:	UEIC	57.15	1.08%	(12.12%)
VONAGE:	VG	4.90	2.73%	28.61%
YAHOO:	YHOO	44.52	0.16%	(11.86%)

Company	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	34.01	4.61%	1.25%
CENTURYLINK:	CTL	36.41	4.99%	(8.01%)
TDS:	TDS	27.21	3.85%	7.76%
VERIZON:	VZ	50.03	2.31%	6.95%

Index	Ticker	4/24 Close	1-Week % Chg	YTD %Chg
<b>MARKET INDICES</b>				
DOW:	DJI	18080.14	1.42%	1.44%
NASDAQ:	IXIC	5092.08	3.25%	7.52%
S&P 500:	GSPC	2117.69	1.75%	2.86%

**WINNERS & LOSERS**

<b>THIS WEEK'S STOCK PRICE WINNERS</b>		
COMPANY	CLOSE	1-WK CH
1. ARRIS GROUP:	35.76	19.92%
2. MICROSOFT:	47.87	15.02%
3. CABLEVISION:	20.15	10.35%
4. WWE:	14.48	7.90%
5. GOOGLE:	565.06	7.83%

<b>THIS WEEK'S STOCK PRICE LOSERS</b>		
COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	0.77	(4.94%)
2. AMPHENOL:	56.17	(3.09%)
3. NETFLIX:	558.39	(2.3%)
4. LIBERTY BROADBAND:	53.33	(2.22%)

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