

CableFAX Daily™

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What the Industry Reads First

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Verizon Tuesday: Telco Buys Intel Media, Subs Opt for Higher Speed Tiers

Verizon upped its OTT game against cable as it made its rumored purchase of Intel's OTT service official Tues. Under the deal, the telco will integrated Intel Media with FiOS video to "further differentiate FiOS from traditional cable TV offerings and to reduce ongoing deployment costs," Verizon said in a release. Reportedly worth far less than the \$500mIn Intel originally sought, the deal is expected to close early in the first quarter. Meanwhile, the telco added 126K net new FiOS Internet subs and 92K net new FiOS video subs in 4Q though the growth was slower vs the previous quarter when it added 144K FiOS Internet subs and 134K FiOS video subs. However, more subs are taking higher speed tiers: Some 46% of customers subscribed to the Quantum tiers, which offer speeds from 50-500 Mbps. That's up from 41% in the previous quarter. During the quarter, 55% of all FiOS Internet sales were at speeds of at least 50 Mbps. Overall, the company earned 66 cents per share, up from 38 cents the year before and beating street estimates of 65 cents. Elaborating on the Intel deal during the company's earnings call, CFO *Fran Shammo* said Verizon was looking to either acquire an OTT platform or build its own—and buying Intel Media "really accelerates us... We are positioning ourselves strategically." Initially targeting a year-end 2013 launch, Intel faced challenges signing up programmers for its cloud-based video streaming service. As part of the deal, the telco will hire nearly all of the 350 employees at the Intel unit, which will continue be led by its current management team. This is the 3rd digital media acquisition by Verizon: It agreed to acquire content delivery firm **EdgeCast** in Dec, following a deal to purchase **upLynk's** technology to streamline the process of uploading and encoding of video for live, linear and VOD content. Verizon is also the majority owner of **Redbox Instant**, a Netflix-like streaming service. Shammo also shed some light on the weaker growth of FiOS net adds, citing various promotions from competitors during 4Q: "We didn't believe that we wanted to chase some of those price points," which led to slower growth, he said. Overall, it was a solid FiOS year for Verizon: It ended '13 with 6.1mIn FiOS Internet and 5.3mIn FiOS video subs. FiOS Internet penetration grew to 39.5% vs 37.3% in the year-ago quarter, while FiOS video grew to 35% from 33.3%. At the end of 4Q, FiOS passed 18.6mIn homes, and the telco doesn't plan to expand FiOS beyond its wired footprint. For the full year, Verizon converted 330K copper subs to fiber, exceeding its 300K target. **Moffett Nathanson** analysts said much of Verizon's pricing strength stems from its Quantum broadband tier launched in June '12, calling Quantum's 46% penetration in just 6 quarters "extraordinary."

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Retrans: After a 2-week retrans dispute, **Cablevision** reached a pact with **Meredith**, returning **CBS** affil **WFSB** to its customers in Fairfield, Litchfield and New Haven Counties in Connecticut. In a statement, Cablevision said “we are pleased that no Cablevision customer will pay twice for the same network.” -- Still no talks between the **Weather Channel** and **DirectTV** approx 1 week after the net went dark on the satellite provider, we were told. With a major snowstorm sweeping the mid-Atlantic and Northeast this week, customers wanting weather info took their frustration to social media platforms and KeepWeatherChannel.com, which includes phone numbers for multiple cable ops that unhappy DirecTV subs can call.

Suddenlink Gets Payne: Long-time **Cox** exec **Kathy Payne** will join **Suddenlink** on Feb 24 as svp and chief programming officer, reporting to evp and CFO **Mary Meduski**. She’s assuming the position previously held by **Patty McCaskill**, who will retire after 35 years in cable. McCaskill joined Suddenlink in ’03, after a decade at **Charter**. Payne joined Cox as an attorney in ’93 and was promoted to her most recent position of vp, content acquisition in ’03. She negotiated nearly \$7bln in programming deals throughout her career at Cox. Longtime Cox content acquisition head Bob Wilson retired at the end of ’13, with Cox over the summer tapping **Andy Albert** to take Wilson’s post (**Cfax**, Aug 8).

M&A: Approx a week after officially submitting its \$61.3ln bid, **Charter** continued to press **Time Warner Cable** shareholders to agree to the deal now and avoid the risk that TWC’s value declines. The company is in contact with TWC shareholders, and the next step “will be determined by the level of support shareholders demonstrate for this combination at a price that benefits” both sides, Charter said in a release Tues. It noted that TWC announced it will outline its operating plans on Jan 30, 16 days after Charter publicly outlined its strategy for a tie-up: “We believe the slow response should at best concern shareholders as to what if any strategy exists today, and could reflect yet another delay tactic for a consensual deal.” It’s unclear whether Charter’s efforts to keep up the pressure will ultimately influence TWC’s management. CEO **Rob Marcus** wrote in a Fri blog post that “I strongly believe TWC’s best days are ahead” as he continues “invigorating the culture” to focus on customer-centric, performance-oriented and values-driven.

Carriage: **RLTV** scored a long-term carriage deal with **AT&T U-verse**, covering RLTV distribution in current as well as future U-Verse markets. -- **Ovation** launched its SD and HD channels **RCN**’s NYC system.

International: **Starz** Worldwide Distribution inked a multi-year, multiplatform content licensing and distribution deal with Russian TV content provider **Amedia** to broadcast Starz original series and other movie and TV content to Russia, Georgia, the Commonwealth of Independent States (CIS) including Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan and Ukraine, and The Baltic States (Estonia, Latvia, Lithuania). Under the deal, Amedia gains exclusive pay TV and SVOD rights in Russia, CIS & The Baltics. -- **Discovery Comm** agreed to acquire a controlling stake in **Eurosport International**. Discovery will up its interest in the company from 20% to 51%. The move was an extension of Discovery’s deal with parent TFL in ’12.

TCA Notebook: So you thought **TCA** was over? Uh, no. Over the weekend, **NBCU** nets **USA**, **CNBC**, **Sprout**, **Telemundo** and newbie **Esquire Network** (formerly Style Net) all danced for nearly comatose critics who have languished in Pasadena for the last 2 weeks straight (weekends included). If anyone could wake them up, it was **Denis Leary**, whose new USA show “Sirens” about EMTs won’t really channel **FX**’s “Rescue Me,” which also focused on 1st responders and garnered Leary much critical praise. For one thing, Leary will produce but not appear on camera. It’s also a half-hour comedy. “On ‘Rescue Me,’ it was a very heavy show that we occasionally stuck the knife in and it made you laugh unexpectedly,” Leary said. “And here, a couple times during the season, you’re going to be laughing your ass off and all of a sudden feel an emotional jolt.” Meanwhile, USA pres **Chris McCumber** previewed a few new series, including Da-Vinci-Code-esque “The Dig” (late ’14 premiere) and unscripted “Chrisley Knows Best” (Mar 11 premiere) following eccentric millionaire **Todd Chrisley**’s fathering adventures. Also premiering in ’14 is “Playing House,” starring comedy duo **Jessica St. Clair** and **Lennon Parham**, who play best friends raising a baby together. -- In a 1st, **Bravo**’s “Top Chef” brand will go to bcst TV with sister net **Telemundo**’s launch of “Top Chef Estrellas,” which Telemundo vp, unscripted programming **Daniel Cubillo** described as a “fish out of water” version of Top Chef as culinarily challenged celebs face off for kitchen dominance. “It’s always fun to see celebrities do things they don’t know how to do and out of their element,” he said. -- **Sprout** greenlit “The Good Night Show” spinoff “Little Nina” about Good Night’s fictional host Nina (**Michele Lepe**) with 52 11-min stories focused on the characters multicultural childhood, said Sprout pres/gm **Sandy Wax**. “A lot of our viewing is co-viewing, so I want to make it entertaining for the parents as well,” she said. -- One show decidedly not for kids is **CNBC**’s “Money Talks,” which will follow rough-

BUSINESS & FINANCE

and-tumble “sports consultant” *Darin Notaro*, who took great pains to remind critics several times that he’s “not a bookie” but instead advises gamblers on how to bet (taking a commission in the process). The hardest sport to predict? Football, he said. Who knew?

-- **Esquire Net** pres *Adam Stotsky* told critics that he wants to be “100 per cent original,” noting that the net has launched 12 originals since its launch approx 4 months ago and gone from 20% male viewership when it was Style Net to 60% today. In '14, the net plans to launch 15-20 more original shows. Stotsky also announced several development deals with producers including *Joel Silver*, who will produce “They Call Me Johnny” in which uber-connected *Jean Pigozzi* interviews his various celebrity friends. “I’m incredibly excited about what we’ve been able to build at this stage in our life and really excited about what’s to come for this network and this team,” Stotsky said.

Programming: Pivot is collaborating with **Whole Foods** to create a TV series dubbed “Dark Rye.” Based on a Whole Foods-created online magazine, the series will debut Jan 22 featuring food traditions, among other things. -- **Nick** premieres new animated series “Breadwinners” on Feb 17. -- **AMC’s** “The Walking Dead” cast will have their first joint interview in late night on **TBS** “Conan.”

Editor’s Note: This week’s the last chance to nominate for the CableFAX 100! More info: www.cablefax.com

CableFAX Daily Stockwatch

Company	01/21 Close	1-Day Ch	Company	01/21 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	31.92	(0.12)	GOOGLE:	1163.70	13.17
DIRECTV:	72.71	1.06	HARMONIC:	6.71	0.17
DISH:	54.10	(0.75)	INTEL:	25.59	(0.26)
DISNEY:	74.20	0.22	JDSU:	12.12	0.08
GE:	26.29	(0.29)	LEVEL 3:	33.79	(0.17)
MSOS					
CABLEVISION:	16.19	(0.17)	MICROSOFT:	36.17	(0.21)
CHARTER:	133.50	(0.79)	MOTOROLA MOBILITY:	14.71	(0.16)
COMCAST:	53.31	(0.23)	NIELSEN:	45.02	0.60
COMCAST SPCL:	51.47	(0.18)	RENTRAK:	53.89	(1.11)
GCI:	10.94	(0.02)	SEACHANGE:	12.21	(0.28)
LIBERTY GLOBAL:	87.05	(0.75)	SONY:	16.85	(0.2)
LIBERTY INT:	27.98	(0.12)	SPRINT NEXTEL:	9.04	0.07
SHAW COMM:	22.69	0.10	TIVO:	12.94	(0.02)
TIME WARNER CABLE:	134.51	(1.2)	UNIVERSAL ELEC:	36.90	0.19
PROGRAMMING					
AMC NETWORKS:	67.02	(2.18)	VONAGE:	3.77	UNCH
CBS:	59.70	(0.79)	YAHOO:	39.52	(0.49)
CROWN:	3.09	UNCH	TELCOS		
DISCOVERY:	80.60	(0.31)	AT&T:	33.57	(0.13)
GRUPO TELEVISA:	29.62	(0.67)	VERIZON:	47.70	(0.65)
HSN:	57.31	0.08	MARKET INDICES		
INTERACTIVE CORP:	72.68	0.85	DOW:	16414.44	(44.12)
LIONSGATE:	29.98	0.42	NASDAQ:	4225.76	28.18
MADISON SQUARE GARDEN:	56.35	(0.11)	S&P 500:	1843.80	5.10
SCRIPPS INT:	75.28	1.11			
STARZ:	28.92	(0.48)			
TIME WARNER:	64.55	0.15			
VALUEVISION:	6.42	0.13			
VIACOM:	82.66	(0.62)			
WWE:	19.61	0.06			
TECHNOLOGY					
ADVANTAGE:	3.30	0.09			
ALCATEL LUCENT:	4.19	0.06			
AMDOCS:	42.33	0.38			
AMPHENOL:	91.04	(1.04)			
AOL:	50.01	(0.76)			
APPLE:	549.07	8.40			
ARRIS GROUP:	27.06	0.57			
AVID TECH:	7.72	(0.02)			
BLNDER TONGUE:	0.98	0.00			
BROADCOM:	29.50	0.50			
CISCO:	22.83	0.09			
CONCURRENT:	8.14	0.16			
CONVERGYS:	21.77	0.06			
CSG SYSTEMS:	31.46	0.39			
ECHOSTAR:	47.49	(0.34)			

CableFAX webinar

Thursday, January 23 | 1:30-3:00 pm ET

The OTT Opportunity: How to Partner for Profit

Far from a threat to the traditional cable ecosystem, over-the-top services are fast becoming allies in the battle for consumer eyeballs. But what does that partnership look like? How do players that seem to compete for the same audience figure out ways to cooperate? We'll discuss this and more at CableFAX's January 23 Webinar.

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