

# CableFAX Daily™

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What the Industry Reads First

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## Now What: With CBS-TWC Behind Us, Will Anything Really Change?

On Mon, the **CBS O&Os** and **Showtime** returned to **Time Warner Cable** and **Bright House** customers, exactly 1 month after they went dark (and days before the return of the **NFL** regular season). Analysts' reports have CBS's price per sub jumping from about \$.85 to \$1.50 and approaching \$2 by the end of the deal, which lasts at least 3 years. "Our gut tells us that this dispute favored content over distribution (we hear that TWC moved a lot further than CBS), with CBS receiving similar rates and terms to what it recently signed with **Verizon FiOS** (that 3-year deal was signed 8/22, with sub fees reaching \$2/month over time and includes incremental payments for digital rights)," **Wells Fargo Securities** said in a research note. If that's true and Verizon has a MFN clause, management should really send TWC a thank-you note for doing the deal for them while also allowing FiOS to get positive press during the dispute... *Glenn Britt's* statement—"While we certainly didn't get everything we wanted, ultimately we ended up in a much better place than when we started"—fits well with the consensus that CBS gave a little bit on the price and TWC backed down on streaming economics. In contrast, *Les Moonves* wrote in a widely circulated memo that the deal delivers the "value and terms that we sought in these discussions." New for TWC (and Bright House subs) will be Showtime TVE service Showtime Anytime. We're also waiting to confirm if CBS makes sure that key programs like "Under the Dome" and "Big Brother" include VOD eps from Aug 2 and beyond. **Smithsonian Channel** and **CBS Sports Net** are also included in the deal. Will we get a sense of sub losses when the MSO reports 3Q numbers? The impact will be felt, but YOY comparisons will be "tough" as back-to-school months tend to be stronger seasonal connect times and 3Q12 showed the best YOY performance in 2012 thanks to aggressive promos and the addition of **NFL Net** and **Pac-12 Nets**, **Macquarie** analysts said. The firm added that based on customer service checks, it sees minimal impact to ARPU from retention credits and estimates only about 70K subs in impacted markets were at risk of churning. The 2nd part of this story has yet to play out, and perhaps never will. TWC made it clear in statements that it's expecting Congress or the FCC to revisit retransmission consent rules. But for such a high profile dispute, interest from lawmakers was lackluster. In fact, interim **FCC** chair *Mignon Clyburn* issued a statement putting the onus on the companies. "At the end of the day, media companies should accept shared responsibility for putting their audience's interests above other interests and do all they can to avoid these kinds of disputes in the future." **NAB**



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is painting these blackouts as “manufactured” crises, with 89% of disputes over the past 2 years involving 3 companies: TWC, **DirectTV** and **DISH**. “Rather than create a manufactured ‘crisis’ that would inject government into the free-market, these three firms might better spend their time working toward amicable resolutions over TV programming most valued by viewers,” said NAB evp, comm *Dennis Wharton*. Meanwhile, TWC can still hope the govt gets interested in its retrans spat with **Journal Broadcasting**. The blackout there has stretched beyond 35 days.

**Carriage:** **Time Warner Cable** had a change of heart, launching the **Longhorn Network** on Fri—just in time for Univ of TX’s football season. For the past 2 years, the net (a partnership with **ESPN**) has only been available on **AT&T U-Verse** and **Grande** in the Austin area. The net is available on TWC’s expanded basic package in TX.

**TLC:** Following last month’s decision by *Amy Winter* to step down as gm (she remains evp, brand marketing), **TLC** announced the appointment of *Nancy Daniels* to gm. Based in LA, she will report to *Eileen O’Neill*, group pres, **Discovery** and **TLC Networks**. Daniels will also remain **Discovery Fit & Health** gm until a replacement is named.

**M&A:** **Verizon** had a busy Labor Day weekend. As expected, it officially announced its deal with **Vodafone** to acquire the 45% of Verizon Wireless that it didn’t already own, for \$130bln in cash and stock. The deal is expected to close in 1Q. Analysts earlier suggested that Vodafone may now try to pursue **Liberty Global** to launch a MVNO partnership (*Cfax*, 8/30).

**From the Streets:** **S&P** is keeping its “Hold” opinion on **TiVo** shares. While recent IP litigation proceeds fell shy, “we see ramp-up of associated licensing revenues, plus ramp-up of pay TV rollouts,” it said, also citing TiVo’s continued product differentiation and the latest streaming DVR offering Roamio, which is likely to ease some losses in retail channel.

**Homeland-leak:** Maybe they should put Carrie Mathison on the case, but Season 3 of **Showtime**’s “Homeland,” scheduled to premiere Sept 29, has reportedly leaked online. **TorrentFreak**, a blog about **BitTorrent** news, reported more than 100K downloads through BitTorrent. The online version bears apparent similarities to what was given to TV reporters at the **TV Critics Assn** press tour in July, featuring unfinished effects and missing opening credits.

**Marketing:** **ESPN** and **NASCAR** want to elevate the 10th Chase for the NASCAR Sprint Cup on ESPN. The multiplatform initiative debuted on the Web on Sept 2 and features 4 TV spots and print, radio and local market initiatives. Nine of the 10 races will air on ESPN and WatchESPN, with the Oct 12 race at Charlotte Motor Speedway airing on **ABC**.

**Smart Home:** As cable continues its moves into home security and automation, **Amazon** launched a new online storefront featuring home automation gadgets and services in one place. The storefront also aims to educate first-time buyers with buying guides like door locks, communication protocols, thermostats and controllers.



# BUSINESS & FINANCE

**Programming:** HBO's "True Blood" will end its run next year, after the 10-ep 7th season that will launch next summer. -- Given the events in Syria, **CNN** is moving up the launch of "Crossfire" and "AC360 Later" to Mon. Crossfire will run Mon-Fri at 6:30pm ET, with *Anderson Cooper's* new panel discussion program airing Mon-Thurs at 10pm ET. -- *LeBron James*, producer *Tom Werner* and others will develop a 30-min scripted comedy series, "Survivor's Remorse," for **Starz**. The show will explore fame and fortune, as well as the guilt of having made it out of one of the toughest neighborhoods in Philly. *Mike O'Malley* has signed on as exec producer and writer.

**People:** It's official. With ex-**Nomura** analyst *Michael Nathanson* now on board, *Craig Moffett's Moffett Research* has been renamed **MoffettNathanson LLC (Cfax, 7/2)**. The company is a partnership of 6. Five of the partners—Moffett, Nathanson, *Patrick O'Connell*, *Ethan Steinberg*, and *John Towers*—were previously colleagues at **Bernstein Research**. They are joined by *Dave Cielusniak*, formerly of **Conquest Capital Group**, who serves as the firm's COO, general counsel and chief compliance officer.

## CableFAX Daily Stockwatch

Company	09/03 Close	1-Day Ch	Company	09/03 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	31.71	0.38	APPLE:	488.58	1.36
DIRECTV:	58.57	0.39	ARRIS GROUP:	15.61	(0.06)
DISH:	45.80	0.84	AVID TECH:	5.41	0.02
DISNEY:	60.93	0.10	BLNDER TONGUE:	0.90	0.04
GE:	23.06	(0.08)	BROADCOM:	25.18	(0.08)
<b>MSOS</b>					
CABLEVISION:	17.76	0.03	CISCO:	23.48	0.17
CHARTER:	123.05	1.63	CONCURRENT:	7.74	0.08
COMCAST:	42.74	0.65	CONVERGYS:	17.43	(0.2)
COMCAST SPCL:	41.32	0.58	CSG SYSTEMS:	23.65	0.11
GCI:	9.07	0.12	ECHOSTAR:	41.18	0.92
LIBERTY GLOBAL:	78.94	1.26	GOOGLE:	860.38	13.48
LIBERTY INT:	22.79	0.21	HARMONIC:	7.20	0.13
SHAW COMM:	22.74	(1.35)	INTEL:	22.07	0.09
TIME WARNER CABLE:	109.25	1.90	JDSU:	12.93	0.10
WASH POST:	573.87	9.87	LEVEL 3:	22.70	0.34
<b>PROGRAMMING</b>					
AMC NETWORKS:	61.73	(0.25)	MICROSOFT:	31.88	(1.52)
CBS:	53.50	2.40	RENTRAK:	24.73	(0.12)
CROWN:	3.12	0.05	SEACHANGE:	10.14	0.14
DISCOVERY:	77.34	(0.17)	SONY:	20.41	0.45
GRUPO TELEVISA:	25.41	0.26	SPRINT NEXTEL:	6.68	(0.03)
HSN:	54.04	0.18	TIVO:	11.85	0.18
INTERACTIVE CORP:	49.71	0.62	UNIVERSAL ELEC:	30.50	0.34
LIONSGATE:	35.63	0.62	VONAGE:	3.14	0.02
SCRIPPS INT:	74.37	0.84	YAHOO:	27.78	0.66
STARZ:	25.24	0.28	<b>TELCOS</b>		
TIME WARNER:	61.36	0.83	AT&T:	33.32	(0.51)
VALUEVISION:	4.97	0.08	VERIZON:	46.01	(1.37)
VIACOM:	80.03	0.20	<b>MARKET INDICES</b>		
WWE:	9.90	0.13	DOW:	14833.96	23.65
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.45	0.01	NASDAQ:	3612.61	22.74
ALCATEL LUCENT:	2.86	0.28	S&P 500:	1639.77	6.80
AMDOCS:	36.88	0.02			
AMPHENOL:	75.35	(0.42)			
AOL:	32.85	(0.08)			

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