

CableFAX Daily™

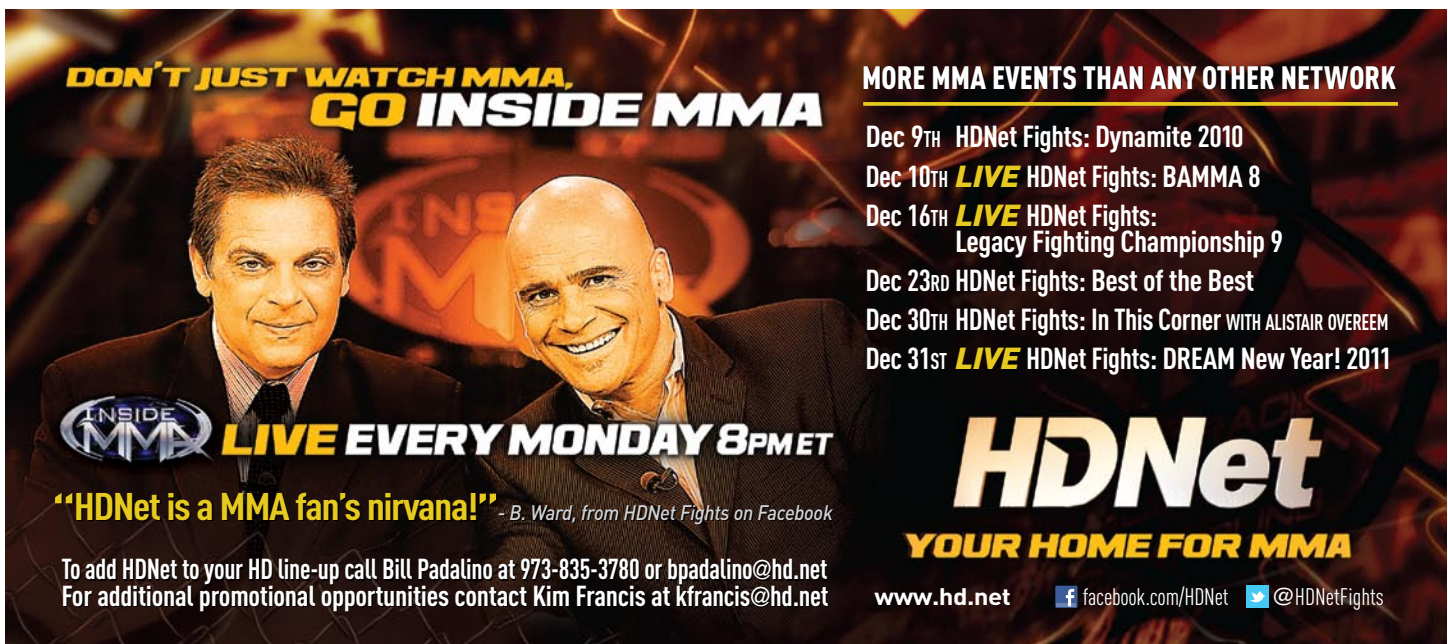
Friday — December 9, 2011

What the Industry Reads First

Volume 22 / No. 237

Dust Settling: Still Much Decoding Over SpectrumCo Deal

With much of the cable/telco/programming gang at the **UBS** conference this week discussing the digital sphere, ad market trends and the divisive escalation of sports content costs, the industry took a short respite from the **Verizon**-cable tie up announced Fri (**Cfax**, 12/5). Sure, VZ CEO **Lowell McAdam** addressed it Wed, but **Comcast** and **Time Warner Cable** didn't offer much color this week to a pact that, echoing our reaction late last week, **Sanford Bernstein's Craig Moffett** said elicited a "holy cow moment" for many in the industry. (See below for Britt's comments on the deal at our **Cfax 100** lunch Thurs) Already this week, news of the union between assumed rivals has led **Clearwire**, out of which Comcast and TWC are bailing operationally, to announce and then upsize to \$350mln from \$300mln a planned public offering of its Class A shares for badly needed funds, and McAdam told *Communications Daily* that VZ's scuttling plans for an out-of-region LTE relationship with **DirectTV**. Indeed, as the race toward wireless plays accelerates, Fri's landmark deal has been busy tagging winners and losers. As part of that process, Moffett attempted in a Tues call to decipher a deal that caps a whirlwind past few weeks in the wireless world headlined by **Cox's** cessation of its wireless plans, the **FCC** and **DoJ's** opposition to the **AT&T-Mobile** deal and **Sprint's** funding of Clearwire. "Fundamentally, Verizon is acknowledging that wireless will never be a competitor for terrestrial broadband, and it means the cable ops are acknowledging that there is no logical, economically viable extension of their business into the wireless realm," said Moffett, adding that the joint marketing aspect of the deal "may have the more profound and lasting implications" than the proposed spectrum sale. **Charter** has already professed interest in a similar alliance with Verizon, and Moffett said Cox will likely join the party, too, while still owning spectrum that could be unloaded. As the deal "really affirms cable's terrestrial advantage"—cable notched approx 80% of the total broadband net adds in 3Q—Moffett said it will be "incredibly hard for anyone to compete" with likely VZ-cable offerings such as handset subsidies for customers who take bundled cable packages. While Clearwire and Sprint were already assumed to be losers in all of this, McAdam's recent comments appear to place DirectTV in the same camp. It's a safe bet that **Charlie Ergen** is relishing his new found wealth (via spectrum valuations) and additional strategic options. Moffett argues that **AT&T** now becomes a "logical partner for **DISH** spectrum." Meanwhile, he said investors can become winners by taking cable's side in wireless going forward. "Cable stocks happen to be cheap and are a good way to play this," said Moffett. Your move, Charlie.



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On the Hill: The **Senate Commerce Cmte** voted in favor of sending **FCC** and **FTC** noms to the full Senate for its consideration. Confirmed by voice vote for FCC membership were *Jessica Rosenworcel* and *Ajit Pai*, for FTC membership *Jon Leibowitz* and *Maureen Ohlhausen*, and for the post of deputy secretary, Dept of Commerce *Rebecca Blank*. "I am especially pleased to move forward with Ms. Rosenworcel's nomination," whose expertise would be "a major asset to the Commission," cmte chmn *Jay Rockefeller* (D-WV) said of the former committee staffer. "I'm confident we can address any concerns about the nominees quickly so we can clear the way for full Senate confirmation." Sen *Charles Grassley* (R-IA) said he will follow through on his threat to hold up the noms of Rosenworcel and Pai until he gets more info on the FCC's dealings with **LightSquared**. -- **Mediacom** vp, legal affairs *Tom Larsen* began petitioning the Obama Administration last month to reform current retrans rules, but the 25K signatures needed to gain a White House review weren't obtained by the Thurs deadline. Even if many in the industry would likely agree that the current rules have "stifled competition and innovation, limited consumer choice, led to threatened and actual blackouts of must-have programming, and dramatically driven up the cable and satellite rates," as the petition reads, only approx 7100 people stepped up to sign it as of late Thurs afternoon. Unbowed, Larsen said a new petition should be up and running once the current one expires. "We want to make sure our customers have a way to communicate with Washington if any broadcasters start threatening them with blackouts at year end," he said.

'12 Outlook: US telecom and cable rev will grow 3-4% next year, said **Fitch Ratings**, aided by 4G LTE networks and the growing penetration of wireline broadband. High margins and low capex requirements should drive robust FCF and provide a "significant cushion to withstand potential economic pressures," said the firm, which foresees a modest increase in '12 ad spending being bolstered by a "banner year for political advertising." Fitch expects OTT plays to remain largely incremental and cord-cutting minimally pervasive, and pay TV's ability to aggregate scores of eyeballs a nod toward continued relevance.

CableFAX 100: While a few may be scratching their heads over the \$3.6bln spectrum deal that will have **Verizon Wireless** and **Comcast**, **Time Warner Cable** and **Bright House** reselling each others wares, Time Warner Cable chmn/pres/CEO *Glenn Britt* says it's business as usual. "In the business world, there is the term frenemies..." he told our *CableFAX 100* luncheon Thurs. "That's business. This idea that someone is a blood enemy isn't how it works." And cable will keep viewing **FiOS** very competitively, he assured the crowd. Britt, No. 1 in our Cfax 100, wouldn't discuss possible regulatory hurdles, but fellow CableFAX 100 interviewee *Marci Ryvicker* had no gag order. She doesn't believe the govt should have anything to say about a cross-marketing deal. If it did have a problem with it, she asked, why does it not have a problem with **DirectTV** and Verizon's reselling arrangement? But Ryvicker predicted a "lot of noise" around the largest companies working together, and the a-word (antitrust) will be thrown around. If you haven't received your copy yet of the **CableFAX 100 Magazine**, check out the digital version online: <http://accessintelligence.imirus.com/Mpowered/book/vcfax11/i4/p1>

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BUSINESS & FINANCE

Wireless: LightSquared inked a wholesale agreement with **Freedom-Pop**, a company helmed by **Skype** co-founder **Niklas Zennstrom** and his venture capital firm **Atomico**, and which aims to go live next year to provide free broadband and voice services. Separately, Light claims **Alcatel-Lucent** tests show its network is compatible with certain GPS receivers, clearing up some interference issues.

VOD: **Music Choice** tapped **iN Demand** to transport its VOD service to its sub universe beginning in Feb. **iN Demand** handles VOD transport for other services/channels including **AMC Nets**, **MLB Net** and **Sportskool**.

On the Circuit: **SCTE** and the GA Tech College of Management created a Cable Industry Management Development Program to advance the practical management skills of mid-level cable engineering and op mgmt professionals. More info: www.scte.org.

People: **TWC** subsidiary Time Warner Ent Co extended through Dec 31, '14 the contract of evp and Time Warner Cable Ventures pres **Carl Rossetti**. TWE also reupped evp/general counsel/secretary **Marc Lawrence-Apfelbaum** and evp/CTO **Mike Lajoie** through the same date. -- **Bravo Media** tapped **Jamie Cutbirth** as vp, ad sales marketing.

Business/Finance: **Comcast Ventures** participated in a \$20mIn Series C funding round for **Plum District**, a daily deals Website aimed at mothers.

CableFAX Daily Stockwatch

Company	12/08 Close	1-Day Ch	Company	12/08 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	45.43	(2.26)	CONCURRENT:	3.45	0.04
DISH:	25.34	(1.12)	CONVERGYS:	12.24	(0.39)
DISNEY:	35.92	(1.18)	CSG SYSTEMS:	14.68	(0.55)
GE:	16.31	(0.43)	ECHOSTAR:	22.19	(0.55)
NEWS CORP:	17.61	(0.52)	GOOGLE:	616.05	(7.34)
MSOS					
CABLEVISION:	14.04	(0.91)	HARMONIC:	5.02	(0.4)
CHARTER:	51.17	(1.77)	INTEL:	24.71	(0.95)
COMCAST:	22.47	(0.66)	JDSU:	10.39	(0.16)
COMCAST SPCL:	22.27	(0.73)	LEVEL 3:	18.04	(0.75)
GCI:	9.81	(0.57)	MICROSOFT:	25.40	(0.2)
KNOWLOGY:	14.06	(0.39)	MOTOROLA MOBILITY:	38.84	(0.03)
LIBERTY GLOBAL:	39.42	(1.01)	RENTRAK:	14.13	(0.21)
LIBERTY INT:	15.66	(0.38)	SEACHANGE:	6.98	(0.72)
SHAW COMM:	19.67	(0.69)	SONY:	18.14	(0.39)
TIME WARNER CABLE:	61.00	(1.57)	SPRINT NEXTEL:	2.44	(0.12)
VIRGIN MEDIA:	21.19	(1.16)	THOMAS & BETTS:	50.95	(1.75)
WASH POST:	335.29	(10.91)	TIVO:	9.48	(0.42)
PROGRAMMING					
AMC NETWORKS:	35.70	(0.36)	UNIVERSAL ELEC:	15.50	(0.73)
CBS:	25.64	(0.8)	VONAGE:	2.38	(0.12)
CROWN:	1.28	(0.09)	YAHOO:	15.61	(0.01)
DISCOVERY:	41.05	(0.74)	TELCOS		
GRUPO TELEVISA:	20.59	(0.39)	AT&T:	28.86	(0.54)
HSN:	36.01	(0.89)	VERIZON:	37.81	(0.5)
INTERACTIVE CORP:	41.83	(0.36)	MARKET INDICES		
LIONSGATE:	8.54	(0.31)	DOW:	11997.70	(198.67)
LODGENET:	2.66	0.10	NASDAQ:	2596.38	(52.83)
NEW FRONTIER:	1.06	0.01	S&P 500:	1234.35	(26.66)
OUTDOOR:	7.15	0.01			
SCRIPPS INT:	41.37	(0.56)			
TIME WARNER:	33.93	(0.95)			
VALUEVISION:	2.05	(0.15)			
VIACOM:	49.00	(1.26)			
WWE:	10.24	(0.29)			
TECHNOLOGY					
ADVANTAGE:	2.02	(0.06)			
ALCATEL LUCENT:	1.56	(0.11)			
AMDOCS:	27.48	(0.55)			
AMPHENOL:	43.94	(1.37)			
AOL:	13.58	(0.85)			
APPLE:	390.66	1.57			
ARRIS GROUP:	10.00	(0.44)			
AVID TECH:	7.39	(0.3)			
BROADCOM:	29.77	(1.05)			
CISCO:	18.57	(0.42)			
CLEARWIRE:	2.19	(0.09)			

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Cyndee Everman
Vickie Fiala
Sherisse Hawkins
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Carolyn Terry

PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

A Game to be Won

News from Major League Gaming this week provides a definitive reason why so many programmers and even pay TV ops are hopping on board with **Xbox Live**, and also underscores how important it has become for the same 2 camps to find ways to stay relevant with younger demos. The video game league's pro circuit staged gaming competitions in 6 cities this year, with competitors battling it out for a staggering \$1mln in prizes. That prize pool alone should be more than enough to open the eyes of unhip curmudgeons to the popularity of gaming, but if not, consider that this season's championship weekend presumably lured hundreds of thousands of young males away from the TV—at least for a few hours. From Nov 18-20, **MajorLeagueGaming.com** garnered an all-time high of 241K peak concurrent viewers, while more than 3.6mln hours of video were consumed during the period (and to think, I used to chide my buddy for playing a shoot 'em game with headphones on, talking smack to his competition). Moreover, viewers from 175 countries tuned into the online action, and MLG said traffic to its site during the 6 pro circuit weekends soared 225% versus '10 by averaging 641K uniques each period. Still not impressed? **CBSSports.com**'s live stream of the recent Alabama-LSU game scored approx 215K uniques across online and mobile. In saying the live streams of its championship weekend garnered more male 18-24 viewers than **Comedy Central**, **MTV**, **TBS** and **FX** do in an avg 15min, MLG should dial back the rhetoric a bit. Yet it shouldn't deflate its chest just yet, as the impressive numbers prove young men truly love the product. You'd have to believe that at least sponsorship of some MLG events by programmers such as **Adult Swim** would yield high scores. *CH*

Highlights: "Appropriate Adult," Sat, 10p, **Sundance**. In the UK, an Appropriate Adult is a trained volunteer who observes police interviews with children or vulnerable adult suspects to protect their rights. *Emily Watson* (the AA) and *Dominic West* (the suspect) are excellent in this dramatization of a serial murder investigation. -- "Stalking the Mountain Lion," Sun, 8p, **Nat Geo Wild**. Naturalist *Casey Anderson* examines this most elusive animal in a gorgeous film kicking off "Big Cat Week," a celebration of 8 threatened feline species. *SA*

Worth a Look: "Good Morning, Killer," Tues, 9p, **TNT**. "GMK" begins with an unusual opening, but eventually becomes an acceptable police procedural, albeit one with clichéd dialogue and character development. Still, willowy *Catherine Bell* provides much heat as an FBI special agent and *William Devane* is terrific as her curmudgeonly grandfather. -- "Snowmageddon," Sat, 9p, **Syfy**. We salute Syfy for continuing to believe Sat nights were made for watching its campy horror flicks. And if you've imbibed enough eggnog, you'd think "Snowmageddon's" deadly snowballs and killer icicles represent trenchant plot development. *SA*

Notable: **Ovation** always keeps its "Battle of the Nutcrackers" fresh. The 5th annual competition begins Mon 8p ET/7:30p PT, with Russia's Mariinsky Theater in its TV debut. As always, the winner is determined by online voting and revealed Christmas Eve. *SA*

Basic Cable Rankings (11/28/11-12/04/11) Mon-Sun Prime			
1	ESPN	2.7	2720
2	USA	2.3	2332
3	DSNY	2	2022
4	FOXN	1.6	1608
4	TBSC	1.6	1569
4	HALL	1.6	1401
7	FAM	1.4	1412
7	TNT	1.4	1348
9	HIST	1.3	1282
9	FX	1.3	1252
9	A&E	1.3	1242
12	NFLN	1.2	681
13	SYFY	1.1	1087
14	LIFE	1	943
15	ADSM	0.9	930
15	DISC	0.9	903
15	HGTV	0.9	886
15	FOOD	0.9	872
15	AMC	0.9	834
15	DSE	0.9	66
21	BRAV	0.8	795
21	TLC	0.8	777
21	SPK	0.8	750
21	TRU	0.8	703
25	NAN	0.7	742
25	TVLD	0.7	671
25	CMDY	0.7	653
25	MSNB	0.7	639
25	NKJR	0.7	488
30	MTV	0.6	602
30	BET	0.6	583
30	LMN	0.6	486
33	EN	0.5	536
33	VH1	0.5	507
33	CNN	0.5	465
33	ID	0.5	426
33	NGC	0.5	401
33	NKTN	0.5	289
39	ESP2	0.4	442
39	APL	0.4	395
39	HLN	0.4	356
39	TRAV	0.4	334
39	OXYG	0.4	288
39	WGNA	0.4	280
39	GSN	0.4	263
46	CMT	0.3	236

*Nielsen data supplied by ABC/Disney



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A YEAR OF STANDING OVATIONS



1. Charles Segars, CEO Ovation with Chicago Mayor Rahm Emanuel and Susane Newell, SVP, Programming, NCTC at Ovation's NCTA Reception 2. Dave Wittman, VP, Cable Marketing, Armstrong and Jud Stewart, VP, Marketing and Programming, Armstrong at Ovation's NCTA Reception 3. Trevor Arp, VP, Programming, Comcast NE Division and Dan Casciato, VP National Accounts Ovation at Comcast dinner at NECTA 4. Susan Adams, SVP, Engineering, Comcast NE Division; Mary McLaughlin, Regional SVP, Comcast Western New England Region; Kerri St. Jean, SVP, Human Resources, Comcast NE Division at NECTA 5. Ovation promotion with Comcast Houston at the Xfinity Zone in the Toyota Center 6. Arts Advocacy Day in Washington, DC with FCC Commissioner Mignon Clyburn and actors Kevin Spacey and Kerry Washington 7. The Time Warner Cable Signature Home Event in Los Angeles benefiting Habitat for Humanity of Greater LA with Maureen Lane, VP, Programming, Time Warner Cable West and Gregg DiPaolo, RVP, Marketing, Time Warner Cable West join *So You Think You Can Dance* All Stars Melanie Moore (Season 8 Winner) and Tadd Gadduang (Season 8 4th Place) who Ovation brought to perform at the invitation-only event at the Soho House 8. Johnny Depp and Ellen Schned, SVP, Distribution Ovation at the Film Independent Premiere at the Los Angeles County Museum of Art (LACMA) 9. Celebration of Tennessee Williams at The 92nd St. Y in New York with Susan Weinstein, Group Vice President, Content Acquisition, Time Warner Cable; Ellen Schned, Ovation; Ellen East, EVP, Chief Communications Officer, Time Warner Cable; Debra Balamos, VP, Marketing Ovation 10. At CTAM in NYC with Alan and Mindy Clairmont, RVP, Marketing and Sales, Comcast NE Division

