

CableFAX Daily™

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What the Industry Reads First

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Gold Again: Olympics Staying with Comcast-NBCU

To give you some perspective on just how far-reaching this **Comcast-NBCU** Olympics deal is, *Brian Roberts* will be 73 by the time NBC hosts the 2032 Summer Games—older than his father *Ralph Roberts* was when he succeeded him as pres of the company in 1990. It's clear Comcast really likes the Olympics—and the **IOC** really likes Comcast, which tied up the rights in the US to the Games through '32 in an agreement valued at a whopping \$7.65bln. The announcement caught folks by surprise Wed, with the IOC not opening the bidding to competitors and given the unprecedented length of the deal. Comcast doesn't even know where the host cities will be beyond 2020. The deal represents an increase of about \$1.4bln. "This kind of deal is not only about money... We are thinking long-term," said IOC pres *Thomas Bach*, praising NBC's previous Games telecasts and promotions in a call with reporters Wed. In '11, Comcast agreed to pay \$4.38bln for the US rights to the '14-'20 Olympics, outbidding **Fox** and **ESPN**. Bach said talks with Comcast began in Nov when he was in NYC for the General Assembly of the **UN**. "We had a dinner, and I was floating the idea for the 1st time with our partners NBC whether we could consider... a long-term partnership," he said. Another meeting was held in Sochi, and negotiations seriously started. "The last touch was given to the deal this afternoon," Bach said. The deal includes an additional \$100mln signing bonus to be used for the promotion of the "Olympism and the Olympic values" between '15 and '20. "The London and Sochi Olympics on NBC have taken place under Comcast ownership, and each posted recorded performances, giving us the confidence to make this significant commitment today. London was the most-watched event in US television history, with 217mln viewers. And Sochi was the most-consumed Winter Olympics game in history," Comcast chief *Brian Roberts* said. "Since we've been involved, we have been committed to using Comcast's unique position at the intersection of technology and media to further improve our Olympics coverage." The length of the commitment allows "you to invest and innovate knowing you'll be there for a very long time together," he said.

Quotes to Note: Thurs' **House Judiciary** subcmte hearing on **Comcast's** proposed acquisition of **Time Warner Cable** looms, with a similar hearing in **Sen Judiciary** last month drawing some skepticism, but only one outright statement of opposition (not surprisingly, from *Sen Al Franken*). Here are snippets from prepared testimony for today's hearing. **Comcast evp David Cohen and TWC CEO Rob Marcus' joint statement:** "In addition to these immediate consumer and business

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benefits, the transaction will spur even greater competition in the ongoing 'dogfight' for broadband, video and voice services. This will lead to new technologies, better services and more choices for consumers and businesses—keeping America at the forefront of the digital revolution. **Rural Media founder/chmn Patrick Gottsch:** "Following its merger with NBCUniversal, Comcast dropped RFD-TV in all of Colorado and New Mexico. Because there is no clear business reason to understand Comcast's decision, we can only speculate that RFD-TV has become competitive with Comcast's affiliated programming." [He suggests Comcast may have favored **RLTV**, which it has a non-controlling 7.7% interest in, and said he expects Comcast to drop RFD in the limited systems still carrying it when the current carriage agreement expires at the end of 2015]. **ACA pres/CEO Matt Polka:** "To put it mildly, the Comcast-TWC transaction is a 'big deal' that threatens consumers and competition, likely resulting in higher prices for consumers... the transaction has both horizontal and vertical components [and a] complete analysis of the potential competitive harms must consider all of these aspects." **Columbia law prof Scott Hemphill:** "A merger between Comcast and TWC is unlikely to have several effects posited by critics. It is unlikely to affect prices for consumers; to have anticompetitive effects on programmers; or to incrementally foreclose competition from online video by impeding connectivity or access to programming." **Geyergorey partner Allen Grunes:** "Comcast is not planning to shed subscribers in the largest and most valuable markets. Further, the proposal does little to reduce the parties' share of the high-speed broadband market, which would remain well over 30%." **Cogent Comm CEO Dave Schaeffer:** "This merger is bad news for the cable industry. But this merger is less about cable than it is about the future of the Internet."

Arris Soars: Arris shares closed up more than 11% Wed after 1Q profit topped analyst estimates, posting rev of \$1.23bln (up 246% YOY!), with adjusted EPS of 47 cents. Set-top shipments rose 11% vs 4Q, and Arris secured its 1st Ultra HD 4K set-top award with "a major telco." Sales were up 2.2% sequentially to \$26mln. **Comcast** accounted for \$203mln of that, followed by **Time Warner Cable** \$159mln, **Charter** \$137mln and **AT&T** \$134mln. "We saw strong demand across the board, with particularly high order input for broadband speed and capacity expansions using our in-home solutions and our E600 CCAP platform," CEO **Bob Stanzione** said in an earnings call after the bell Tues. Arris expects 2Q rev of \$1.41bln-\$1.45bln.

Pass the Hat: Reps **Anna Eshoo** (D-CA) and **Marsha Blackburn** (R-TN) have introduced the "Protecting the Rights of Musicians Act," which will deny the right to grant retransmission consent to a television broadcast station if the owner of that station also owns a radio station that is not paying artists' performance royalties.

Blocking and Block at the FCC: **ACA** is talking to the **FCC** about **Viacom's** blocking of its website by cable ops no longer carrying its nets (**Cfax**, 5/7). **ACA pres/CEO Matt Polka** wants the Commission to seek comment in its upcoming Open Internet NPRM on whether the rules should apply to edge provider activities given market conditions and recent actions, according to an ex parte filing describing a teleconference between Polka and **Gigi Sohn**, special counsel for external affairs to FCC chmn **Tom Wheeler**. -- **Block Comm**, which has been without the **Sinclair**-owned **NBC** affil in Toledo, OH, since mid-Dec, filed a petition for rulemaking on retrans this week. It wants the Commission to adopt targeted amendments to its good-faith bargaining rules for retrans consent. The heightened good faith rules would require parties to demonstrate that their positions are reasonable in light of prevailing market conditions, and would require them to submit the contents of their most recent offer, evidence regarding their other in-market retrans deals and station ratings in the market. **Block** believes the new rules should only apply in instances of demonstrably unequal bargaining power (an MVPD with fewer than 400K subs and a TV group that owns and operates at least 25 stations that elect retrans or an MVPD with more than 1.5mln subs and a broadcast group with 5 or fewer stations). **Block** also proposes new rules only apply outside the top 30 DMAs.

Jinni for AT&T: **AT&T U-Verse** now uses **Jinni's** video discovery solution, making it the largest customer running on the **Ericsson** Mediaroom platform to deploy it in the US. **Jinni's** customers include **Comcast**, **Xbox**, **Vudu** and **SingTel**.

Vets for Cable: **NCTA** pres/CEO and former US Army officer **Michael Powell** will chair **CTHRA's** new Advisory Task Force on Veteran Talent in the Media Industry, charged with creating a plan to attract, hire and retain military vets. "While many employers have successful veterans hiring programs in place, we believe that a collaborative, industry-wide effort will increase the number of veterans attracted to and employed within our industry," **CTHRA's** exec dir **Pamela Williams** said.

NBC Sports Leads Emmys: **NBC Sports Group** (**NBC**, **NBCSN** and **Telemundo**) got the most Sporty Emmy wins Tues night, nabbing 11 awards (6 for **NBC**). **ESPN** (**ESPN**, **ESPN2**, **ESPN Deportes**) had 7 wins, while **Fox Sports**, **HBO Sports**, **MLB** and **Turner Sports** all had 5 wins each. **NFL Net** and **CBS** got 4 and 3 awards, respectively.

BUSINESS & FINANCE

Love and Ratings: The Season 3 premiere of "Love & Hip Hop: Atlanta" on Mon snagged **VH1** a 2.3 rating (P18-49, Live + SD), up +15% from the season 2 premiere.

Programming: **WE tv** has declared Tues nights "Law & Order Build-A-Binge" night, letting viewers choose their top 5 favorite L&O eps from more than a dozen that fit a designated theme to air from 8pm-1am. The net said the effort may expand to other shows, including original "Braxton Family Values." The 1st L&O binge night is set for May 20, with only voting beginning this week at **WEtv.com**. -- **TV One** is expanding its "Divas" franchise with the launch of "Hollywood Divas" in 4Q. Currently in production, it will follow actresses *Elise Neal*, *Golden Brooks*, *Paula Jai Parker*, *Countess Vaughn* and *Lisa Wu*. -- Don't worry, **Bronies**. **The Hub** has renewed "My Little Pony" for a 5th season to debut next year. -- **TNT** greenlit drama "Proof," starring *Jennifer Beals* and *Matthew Modine*, with 10 eps to launch next year. It also greenlit "Public Morals," a police drama from writer, director, exec producer and star *Edward Burns*.

People: With midterm elections around the corner, **Viamedia** hired *Michael Labriola*, former **Cablevision** vp, political advertising, as manager of political strategic solutions. It also brought in *Michael Bell* as political account manager (Bell was dir, political sales for **Home Team Sports**, a division of **Fox Cable Sports**).

CableFAX Daily Stockwatch

Company	05/07 Close	1-Day Ch	Company	05/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	88.25	6.51	CONCURRENT:	8.03	0.01
DISH:	62.66	0.21	CONVERGYS:	21.61	0.13
ENTRAVISION:	5.30	0.02	CSG SYSTEMS:	25.87	(1.13)
GRAY TELEVISION:	10.83	(0.16)	ECHOSTAR:	45.88	(0.16)
MEDIA GENERAL:	16.16	(0.54)	GOOGLE:	509.96	(5.18)
NEXSTAR:	41.87	0.01	HARMONIC:	6.93	(0.09)
SINCLAIR:	28.13	(0.58)	INTEL:	26.37	0.17
MSOS					
CABLEVISION:	16.56	(0.36)	INTERACTIVE CORP:	61.98	(1.33)
CHARTER:	139.52	1.10	JDSU:	10.74	0.13
COMCAST:	51.74	(0.07)	LEVEL 3:	43.30	0.19
COMCAST SPCL:	51.10	0.17	MICROSOFT:	39.42	0.36
GCI:	10.73	0.17	NIELSEN:	47.13	0.03
GRAHAM HOLDING:	676.60	8.47	RENTRAK:	56.97	(0.13)
LIBERTY GLOBAL:	42.70	0.01	SEACHANGE:	8.73	(0.11)
LIBERTY INT:	28.55	(0.17)	SONY:	17.55	0.04
SHAW COMM:	24.75	0.02	SPRINT NEXTEL:	8.73	0.05
TIME WARNER CABLE:	141.31	0.10	TIVO:	11.79	(0.06)
PROGRAMMING					
21ST CENTURY FOX:	32.12	(0.29)	UNIVERSAL ELEC:	40.42	0.12
AMC NETWORKS:	65.52	(0.36)	VONAGE:	3.80	0.02
CBS:	56.65	(0.14)	YAHOO:	34.07	(2.42)
CROWN:	3.45	0.01	TELCOS		
DISCOVERY:	72.72	(1.99)	AT&T:	35.76	0.27
DISNEY:	80.29	(0.74)	CENTURYLINK:	34.65	0.19
GRUPO TELEVISA:	33.17	(0.25)	TDS:	27.59	0.17
HSN:	54.40	0.79	VERIZON:	48.10	0.63
LIONSGATE:	25.55	(0.63)	MARKET INDICES		
MADISON SQUARE GARDEN:	48.67	(0.88)	DOW:	16518.54	117.52
SCRIPPS INT:	74.47	(0.13)	NASDAQ:	4067.67	(13.09)
STARZ:	30.08	(0.09)	S&P 500:	1878.21	10.49
TIME WARNER:	67.82	0.33			
VALUEVISION:	4.84	0.11			
VIACOM:	83.41	0.18			
WWE:	17.83	(0.29)			
TECHNOLOGY					
ADVANTAGE:	3.16	(0.04)			
ALCATEL LUCENT:	3.92	(0.06)			
AMDOCS:	47.35	0.18			
AMPHENOL:	95.67	0.35			
AOL:	34.85	(9.05)			
APPLE:	592.33	(2.08)			
ARRIS GROUP:	28.60	2.88			
AVID TECH:	7.34	(0.15)			
BLNDER TONGUE:	0.97	(0.01)			
BROADCOM:	29.86	0.10			
CISCO:	22.87	0.15			

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Think about that for a minute...

Two Takeaways

Commentary by Steve Effros

We've all survived yet another Cable Show. It was a good one, as usual. How many more of these we will witness is, however, a growing question.



Certainly it's morphed from the original use, as a way for vendors to meet with a multiplicity of potential buyers. The "Show Floor" used to be a place where contracts were signed, but not any more. Consolidation and buying groups have ended that need.

Another reason for the Show is to tout the industry, but that has become a two-edged sword, as we witnessed this year when the FCC Chairman, seemingly needing to "balance" his policy image, used his Show appearance to essentially slam the industry by warning us against "feared" transgressions and making it sound like we were actually doing them, like "blocking" sites on the Internet, or slowing down some delivery for competitive advantage. Great theatre, but no one has seriously documented any such widespread activity. However, that's what got the headlines. The "Showcase" notion is fading as a 24-hour news cycle and the Internet flourish.

But the floor is still a great place to see the newest and most interesting technology, and in that regard this Show served its purpose very well. I want to highlight two that I found particularly interesting: one, Comcast's updated X-1 platform, got lots of press. The other, HDR (High Dynamic Range) television, didn't, but should have. I'll get in to the details of HDR next week.

As to the X-1 platform (I'm told there's no such thing as "X-2"... As with most software-based products today, the brand name stays the same but the product is "updated" constantly), I have to say there's no way not to be impressed. I'm one of those who has been writing for years that one of the keys to our continued success is improved navigation. We were stymied by technology

baked into the set top box. But now, with things like X-1 being cloud based, creativity and a good understanding of what our customers want allows for lots of innovation. That's what Comcast is doing, and they should be applauded for that. The platform looks better each time I look. It's something you can't help but say... "I want that." Or, to put it another way, if I were the Comcast folks I'd bring the regulators and the politicians around and show them all the great things consumers can now do with this platform and ask if they really want to deny that to the cable subscribers now having the opportunity to merge onto that system!

Another notable thing about X-1 is that it looks to me like the "cloud base" for Comcast's broadband infrastructure is being planned to offer a lot more than we see right now. With home WiFi connections morphing into local hotspots, and "apps" starting to show up on the television screen, the next thing you know we are going to start hearing (again) not only about voice controlled search, but wireless keyboards will show up too. Think of what Google is promoting with the "Chromebox," and I suspect you'll see an indication of where Comcast has the capability of going.

With the real possibility that Comcast will be the first cable/broadband company with a truly "national" footprint, (including, maybe, local independent cable "affiliates") and new, high-quality cloud-based service, multifaceted competition with the likes of Google or Amazon can finally happen. That's good for consumers. The "Google of Video," and there's no reason to stop at video! It's exciting. Stay tuned.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

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