

CableFAX Daily™

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What the Industry Reads First

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Nice Surprise: TWC's 4Q Results Make it Cable's Sweetheart

Time Warner Cable had its biggest gains in nearly 2 years, with shares closing up 7.8% after Thurs' 4Q earnings report. Helping the surge was an unexpected \$4bln share buyback as well as better-than-expected net income of \$564mln (up a whopping 44%) and a 17% increase to the dividend. "We don't believe it to be an exaggeration to say the company beat expectations on all fronts," said a report from **International Strategy & Investment Group**. Adjusted EBITDA hit \$1.89bln, while revenue increased 4% to \$5bln. Video losses were better than expected (129K vs 144K a year ago); HSD adds of 117K blew past a consensus expectation of 83K; and voice adds returned big time (50K net adds). "Time Warner Cable became the darling of the cable industry by doing... well, by doing exactly what it is doing. Again. Delivering solid and predictable results, generating a boatload of cash, and stewarding that cash in a transparent and shareholder-friendly way. What's not to love?" **Sanford Bernstein's Craig Moffett** wrote. Beyond the numbers were some interesting strategy takeaways from the 4Q earnings call: TWC is moving ahead with home security monitoring service, IntelligentHome, rolling it out to 5 cities: Syracuse, Rochester, Albany, Charlotte and L.A. "We're in the low thousands of customers, but the feedback has been really positive, and the installation processes are going well. Customers seem to be appreciating it," said TWC pres/COO **Rob Marcus**. As with **Comcast's** home monitoring service, it's more than home security, allowing people to monitor everything from the thermostat to the dog. WiFi is another area TWC is expanding, with plans to turn on as many as 10K new WiFi access points in L.A. and other cities in the year ahead (the reseller agreements with **Verizon Wireless** will complement the strategy). Customers buying higher levels of HSD get free WiFi access. Day passes are available to non-customers, which have "gotten a pretty interesting pickup so far" according to CEO **Glenn Britt**. No big reveals on Verizon Wireless-**SpectrumCo** arrangement, though Marcus said the 1st marketing agreements will probably look like what's already out there with Comcast (ie, bundling wireless with the Triple Play).

Retrans Resolution: Late Thurs, **DirecTV** and **Sunbeam** announced they'd reached a deal to end the blackout of stations in Miami and Boston. That ends the worry that subs in Boston—particularly Patriots fans—would miss the Super Bowl next week. No details of course, but DirecTV took a final swipe in its statement, saying it regretted that customers were "forced into the middle of a business dispute where they should never have been in the first place." The DBS pro-

The CableFAXIES awards

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vider said it believes the public interest is best served by letting viewers keep local broadcast stations during negotiations.

AT&T: The telco just slightly underperformed many 4Q estimates for **U-verse TV** net adds (208K), making the bigger story its net broadband loss (49K) after posting growth of 210K a year ago and garnering 587K U-verse customers from Oct-Dec. Still, U-verse rev jumped 44%, and additional platform growth is expected this year. Even as T set a quarterly record for smartphone sales (9.4mln, or more than 100K/day), like **VZ** it's now pressured by shrinking wireless margins because device sales are far outstripping service plan growth. And as the telco ended '11 with 74mln **4G LTE** POPs and plans to cover 80% of the country by next year, "the number one issue for us... continues to be spectrum," said chmn/CEO *Randall Stephenson*, who couldn't mask his disdain for the **FCC's** lack of movement on spectrum issues (auctions, etc), not to mention the scuttling of the AT&T-Mobile deal. "It appears the FCC is intent on picking winners and losers rather than letting these markets work," he said. Spectrum "rules are so fluid you can drink out of them with a straw right now." Tellingly, Stephenson's looking at the Verizon-cable tie-ups not as a threat but rather an avenue toward "clarity on what we're allowed to do" regarding spectrum purchases and holdings. As Stephenson hopes Congress can kick-start the auction process and prescribe the FCC's associated role, **Public Knowledge** legal dir *Harold Feld* countered that it's "unfortunate that AT&T thinks that the only way it can increase its spectrum holdings is to purchase a competitor... Using its current holdings more efficiently would also go a long way to relieving the company's purported spectrum shortage." Because of the **T-Mobile** scuttling, Stephenson said AT&T no longer has an economical solution to serving rural America with broadband. But the telco does own enough spectrum to reach its '13 LTE rollout goal, and expects overall wireline rev to grow in '12.

Starz Shake-Up: **Starz Ent** confirmed the departure of pres/COO *Bill Myers*. "Bill has contributed greatly in driving Starz's growth and success," **Starz LLC** pres/CEO *Chris Albrecht* said. "We are enormously grateful for his 10 years of service and wish him well in his future endeavors." No word on plans to replace him.

Deals: **Reuters** reports that **WaveDivision**, which operates in WA, OR and CA, is exploring a sale that may value the company at \$1bln. Citing an anonymous source, Reuters said **Royal Bank of Canada** and **Waller Capital** are advising.

At the Portals: The **Comcast-Tennis Channel** saga continues, with the Enforcement Bureau backing the net's petition that Comcast should start carriage of Tennis on par with that of **Golf** and **NBC Sports** immediately. The Bureau said it believes the administrative law judge's decision became effective upon its release last month, but Comcast says it doesn't have to comply until its appeals to the full Commission and potentially the courts are exhausted. Should the FCC grant Tennis' petition, Comcast has asked it to immediately stay the ALJ's initial decision pending further review. The MSO argued that implementation will be burdensome and confusing, with the move of even 1 channel likely setting off a domino effect requiring the movement of others. Tennis' take: "Tennis Channel's position prevailed at the hearing, and the rules are clear that Comcast now has to give us the same carriage that it gives to its own Golf Channel and NBC Sports Network."

Carriage: French-language channel **Tivi5Monde** receives its 1st national launch Thurs via **DISH**. The children's programming net is available as part of DISH's \$20/month French package that includes **TV5Monde USA**.

Advertising/Marketing: **History's** making sure more than 100mln homes will know "Swamp People" through a 30-sec Super Bowl ad slated to run in the game's 4th quarter. Besides spotlighting the series' Feb 9 return to LA swampland and dem gators, "we want to give viewers [the] sense that we are a part of the American fabric," said History pres/GM *Nancy Dubuc*. Swamp's 2nd season averaged 4.1mln total viewers.

Ratings: **Cartoon Net's** "Level Up" premiered Tues to 2.09mln P2+ and impressive ratings among several kids demos, becoming the net's most-watched live-action series bow ever. -- The **NBA** is hot, hot, hot. Through 13 games, **TNT's** game coverage is averaging 3.13mln viewers (+67%), **NBA TV's** is averaging 383K (+68%) through 3 weeks and **ESPN's** averaging 2.15mln (+21%) through 14 telecasts. -- **Fox News** beat out the other news nets for President Obama's State of the Union address Tues, averaging 3.8mln viewers. **MSNBC** was 2nd with 2.8mln vs **CNN's** 2.7mln. Fox also won the coveted 25-54 news demo (1.14mln), while CNN (1.05mln) beat out MSNBC (818K).

Earnings: **Motorola Mobility** 4Q net rev of \$3.4bln (flat) and a GAAP net loss of \$80mln vs net earnings of \$80mln a year ago. The company's Mobile Devices unit shipped 10.5mln devices in the quarter, including 5.3mln smartphones and 200K tablets. Its Home segment saw 4Q set-top shipments fall 3%. Moto's merger with Google is expected close soon.

BUSINESS & FINANCE

People: Comcast tapped Lynn Charytan to head its new Legal Regulatory Group as vp, legal regulatory affairs. -- **Oxygen Media** welcomed Jordana Hochman as vp, production. -- **truTV** upped Angel Annussek to vp, original programming. -- **Halogen** promoted Marshall Nord to svp, programming.

This Week on the Web: Hop on over to **CableFAX.com** to make sure you don't miss a thing. This week we have a Q&A with actor **Luke Perry**, who stars in **Hallmark Movie Channel's** hit Western franchise "Goodnight to Justice: The Measure of a Man." **Weather Channel Companies'** new CEO **David Kenny** opines on the net's local ad reach. **CMT's** **Jayson Dinsmore** talks about the net's new crop of shows and the challenges of developing scripted vs unscripted. We polled last year's **CableFAXIES** top marketer nominee **Denise Conroy-Galley**, **ScrIPPS'** svp, marketing and creative services, on what she sees as the up-and-coming social media tool. **Pinterest** was the winner (we admit that we're totally hooked on it). Don't forget that Friday is the deadline for **CableFAXIES** nominations. Winners get their names in print and accolades at our annual spring event in NYC. Enter at: <http://www.cablefax.com/cfp/awards/cable-faxies2012/> And lastly, check out the latest datapoints on companion site **CableFAXDaily.com**. Last week's top VOD movie was "Moneyball" Guesses on 2nd place?

CableFAX Daily Stockwatch

Company	01/26 Close	1-Day Ch	Company	01/26 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	44.54	0.10	CLEARWIRE:	1.78	(0.04)
DISH:	28.73	0.01	CONCURRENT:	3.57	(0.13)
DISNEY:	39.35	(0.21)	CONVERGYS:	13.45	(0.01)
GE:	19.07	(0.06)	CSG SYSTEMS:	16.20	0.25
NEWS CORP:	19.50	0.02	ECHOSTAR:	25.47	0.26
MSOS					
CABLEVISION:	14.68	(0.05)	GOOGLE:	568.10	(1.39)
CHARTER:	58.49	0.78	HARMONIC:	5.95	0.05
COMCAST:	26.31	0.19	INTEL:	26.75	(0.15)
COMCAST SPCL:	25.30	0.15	JDSU:	13.47	(0.1)
GCI:	10.34	(0.05)	LEVEL 3:	19.57	(0.24)
KNOLGY:	15.14	0.25	MICROSOFT:	29.50	(0.06)
LIBERTY GLOBAL:	45.65	(0.06)	MOTOROLA MOBILITY:	38.67	0.07
LIBERTY INT:	16.92	0.27	RENTRAK:	17.39	(0.38)
SHAW COMM:	19.69	(0.14)	SEACHANGE:	7.10	0.02
TIME WARNER CABLE:	74.51	5.40	SONY:	18.51	(0.15)
VIRGIN MEDIA:	24.47	0.41	SPRINT NEXTEL:	2.17	(0.03)
WASH POST:	394.49	(0.24)	THOMAS & BETTS:	57.70	(0.18)
PROGRAMMING					
AMC NETWORKS:	41.82	(0.07)	TIVO:	10.63	0.09
CBS:	28.72	(0.04)	UNIVERSAL ELEC:	18.61	0.17
CROWN:	1.26	UNCH	VONAGE:	2.36	0.02
DISCOVERY:	44.34	(0.14)	YAHOO:	15.53	(0.03)
GRUPO TELEVISIA:	20.08	(0.67)	TELCOS		
HSN:	36.00	(0.35)	AT&T:	29.45	(0.76)
INTERACTIVE CORP:	41.48	(0.68)	VERIZON:	37.34	(0.35)
LIONSGATE:	10.96	0.13	MARKET INDICES		
LODGENET:	3.61	(0.14)	DOW:	12734.63	(22.33)
NEW FRONTIER:	1.08	0.02	NASDAQ:	2805.28	(13.03)
OUTDOOR:	7.53	(0.08)	S&P 500:	1318.43	(7.62)
SCRIPPS INT:	45.27	(0.42)			
TIME WARNER:	37.97	(0.24)			
VALUEVISION:	1.59	(0.06)			
VIACOM:	54.17	(0.39)			
WWE:	9.53	(0.12)			
TECHNOLOGY					
ADVANTAGE:	2.26	0.05			
ALCATEL LUCENT:	1.84	0.03			
AMDOCS:	29.57	(0.13)			
AMPHENOL:	54.71	0.01			
AOL:	15.72	(0.12)			
APPLE:	444.63	(2.03)			
ARRIS GROUP:	11.68	0.17			
AVID TECH:	9.70	(0.05)			
BLNDER TONGUE:	1.34	(0.02)			
BROADCOM:	35.29	(0.5)			
CISCO:	19.83	UNCH			

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OTT Musings: Stakeholders Debate Evolving Content Delivery at CES
 With the Comcast/Disney distribution deal a harbinger for TV Everywhere and Fox's move last summer to put select content behind a pay wall, panelists mulled the ins and outs of over-the-top delivery at an OTT panel at CES. "The tablet, the device, is going to control the TV experience at U-verse," said Jeff Weber, AT&T VP, product and strategy, noting the company's drive into tablet apps and model of providing APIs for developers to send content from device to television. But discernment is critical, panelists agreed. While AT&T has an approval process in place, YouTube abandoned its API-based partnership model two years ago "because we ended up with different apps on different TV, and performance differed," said Francisco Valera, dir/global head of platform and games partnerships. Touting YouTube's deals with Samsung, LG and its new Xbox partnership, "if we can't control the app, and update features quickly, it's a lost cause," he said. YouTube's recent-day model of investment in original content will stretch the company's presence in specific categories such as "niche cooking and unique travel" channels. "We don't see ourselves becoming a large studio, but we're more than dogs on skateboards," Valera quipped. "We want to bring in proven providers of broadcast quality content that's not sustainable in the cable universe." Valera said YouTube is working on its fourth UI, and moving toward the HTML 5 standard. Noting that unlike other video distributors YouTube always owns its TV and mobile content rights, "Can we bring our content to an AT&T, Cox or Comcast? We can, and that's where we are excited," he said. Initial deals with distributors are rolling out in Europe and Asia, he said. At Cox, focus remains on the UI. "It's important to get the user interface right, especially as more content is added in," said Lisa Pickelsimer, executive director, video product development. Integrated search, recommendations and social media will become more key, Pickelsimer said, noting the bigger role of metadata and the need

PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

A Lucky Investment

“Luck” is a horse viewers will likely bet on, as I did, because of pedigree (**HBO**) and connections (*Michael Mann, Dustin Hoffman, Nick Nolte*). A handsome payout doesn't arise from the series maiden start (Sun), however, yet through 5 eps it begins to exhibit returns as a decidedly late-running closer. Here's what the show does exceedingly well: accurately covers most quarters of the horse racing industry, including trainers, jockeys, bettors, vets and investors (albeit not track management); deftly places viewers inside races through great camera work; and perhaps most importantly, doesn't forget to highlight (at times) the majesty and heart of thoroughbreds. But because of multiple storylines, character development is plodding; Dustin Hoffman's character is annoyingly inscrutable for at least the 1st 3 eps, and a couple others' existential bearings appear hackneyed. Numerous jockeys do struggle with substance abuse, and many gamblers are indeed degenerates, though, and as the pace quickens and strata deepen some very good acting emerges. *John Ortiz* and *Richard Kind* deserve particular mention for their respective roles as impetuous trainer and 3rd-tier agent. And Santa Anita Park makes for a pristine backdrop. At **TCA** earlier this month, Luck exec prod/pilot dir *Michael Mann* explained the show's DNA by saying it's “filled with wonderful characters whose lives we just immerse into without prelude to context... [before] then moving that forward into flesh and blood, people and places, and having it come alive.” While that (slowly) occurs, some viewers may find themselves initially lost because the series doesn't explain the nuances of the horse racing game. “...I think your fundamental responsibility is to stay true to the deepest nature and intention of the materials,” said creator *David Milch* at TCA. Luck isn't a bad bet, it's just more of an investment. *CH*

Highlights: “Namath,” Sat, 9p, **HBO**. This warts-and-all portrait is loaded with fun, great footage, stills and useful cameos, including **ESPN's** *Suzy Kolber*, who graciously dismisses Joe's inebriated pass. Others are less diplomatic—*Matt Snell* recalls Namath reeking of booze. Yet Joe missed nary a practice or game for 5 years and threw so hard the ball was audible when it left his hand. But this doc's most charming when Broadway heads to Beaver Falls: a mischievous, confident, athletically gifted kid at heart. -- “Inside the NSA,” Mon, 9p, **Nat Geo**. TV's 1st look inside is cool, but what you learn about the super-secret agency is even better, so's the trivia—like how classified papers become pizza boxes. *SA*

Worth a Look: “Undercover Princes,” Tues, 10p, **TLC**. Reminiscent of *Eddie Murphy's* “Coming to America” ('88). Here princes (from Africa, India and Sri Lanka) come to Britain undercover seeking true love. Enjoy watching sweet royals attempt life as commoners—cooking, cleaning and, oh no, working at menial jobs. -- “Spartacus: Vengeance,” season III premiere, Fri, 10p, **Starz**. Extended ultra-bloody battles sandwich dialogue slivers. But it's a spectacle.

Notable: The Cap'n *Ted Turner* hits “Oprah's Master Class” (Sun, 10p, **OWN**). -- The Globes not enough? **TNT** has “The Screen Actors Guild Awards,” all in 2 hours (Sun, 8p ET).

Basic Cable Rankings			
(1/16/12-1/22/12)			
Mon-Sun Prime			
1	ESPN	3.2	3183
2	USA	2.1	2108
3	DSNY	1.7	1684
4	HIST	1.6	1615
5	TBSC	1.5	1463
5	FOXN	1.5	1457
7	A&E	1.4	1346
8	TNT	1.2	1204
9	SYFY	1	981
9	FOOD	1	957
9	ADSM	1	944
12	DISC	0.9	929
12	HGTV	0.9	901
12	TRU	0.9	855
12	FAM	0.9	849
12	BET	0.9	780
12	DSE	0.9	66
18	MTV	0.8	815
18	LIFE	0.8	791
18	FX	0.8	763
18	BRAV	0.8	716
18	ID	0.8	614
18	NKJR	0.8	613
24	TLC	0.7	734
24	NAN	0.7	734
24	TVLD	0.7	715
24	CMDY	0.7	703
24	AMC	0.7	683
24	MSNB	0.7	659
24	LMN	0.7	550
31	VH1	0.6	609
31	APL	0.6	552
31	SPK	0.6	548
31	HALL	0.6	534
35	EN	0.5	526
35	CNN	0.5	472
35	NGC	0.5	388
38	OXYG	0.4	275
38	NFLN	0.4	205
40	HLN	0.3	318
40	ESP2	0.3	314
40	TRAV	0.3	292
40	CMT	0.3	282
40	WE	0.3	258
40	OWN	0.3	244
40	GSN	0.3	235

*Nielsen data supplied by ABC/Disney

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