

CableFAX Daily™

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What the Industry Reads First

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Gimme a "G": Charter Working Toward G-R-O-W-T-H

Though he's been on the job but 2 weeks, **Charter** pres/CEO *Tom Rutledge* did little Mon to temper his enthusiasm about the MSO's prospects going forward. "I'm excited about the year ahead, and I believe there is significant opportunity for growth here," said Rutledge, noting that rev growth should be considered CHTR's key success metric. Topping consensus estimates and exhibiting YOY improvement virtually across the board, the MSO's 4Q sub metrics included +50K PSUs, +3K residential customer relationships, -45K video, +68K broadband and +27K phone. Rutledge said there are no limitations to CHTR's "highly flexible, capable network," and that rolling out a full digital video product with targeted mix-and-match service offerings presents an "immediate opportunity." Residential HSD, which CHTR's been pushing heavily, appears the lead draught horse. It's a "vastly superior" offering to any available in the MSO's footprint, said Rutledge, whose overarching plan is to goose the relevance of all products to that same level. Like *Mike Lovett* before him, Rutledge believes video enjoys a lengthy runway to growth. The service isn't as competitive as it should be, he allowed, but continued migrations to digital (penetration at 79%), planned HD channel additions and integration of the **TiVo** platform, though slightly behind schedule because of tech issues, stoke optimism. "Customers have recognized it's a different day at Charter," said CFO *Chris Winfrey* of video, noting how the in-footprint overbuild is slowing and a free HD DVR promo aided 4Q numbers. The **DISH** retail partnership reps a relatively small channel, but Rutledge called it "interesting and successful." Charter's had nice success with its WiFi-based home networking solution, and "depending on pricing and packaging, you can dictate the market," said Rutledge. Commercial's pulling a lot of weight too, with rev jumping nearly 22% in 4Q led by video and amid ongoing acceleration. The unit represented approx 20% of CHTR's overall '11 rev growth, and to help increase the proportion the MSO is launching this week its 1st fully integrated commercial branding campaign focused on businesses of all sizes. Commercial capex is expected to ramp this year, but Winfrey said the spend is contingent on continued growth. Bottom line: Charter passes approx 8mln homes with which it has no relationships, presenting Rutledge with a major opportunity he didn't have at **Cablevision**. CHTR shares notched a new 52-week high Mon (\$64.39).

Usage-Based Billing: After years of talk, **Time Warner Cable** has finally taken the wraps off usage-based broadband, announcing a new usage-based pricing service for customers who want "more price flexibility." And with no hard cap required for all, the MSO is hoping to avoid any of the heat it received a few years ago. The optional package is available now in South TX, but the MSO plans to roll it out to other markets. "This is not a test," a spokesperson said. TWC is treating this similarly to its scaled down video package, "TV Essentials," calling the broadband plan "Essentials" (Not to be confused with **Comcast's** low-cost Internet adoption program Internet Essentials—seriously, do we need to buy the cable industry a thesaurus?). The company will continue to offer

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unlimited HSD plans for customers who want them. Those who opt into Essentials save \$5/month off their HSD package price and receive 5GB. They pay \$1/GB up to \$25 if they go over the cap. To help customers keep track of their usage and to figure out if the Essentials package is right for them, TWC has launched a meter that tracks data usage. TWC subs can switch back and forth between Essentials and their current plan, and have the option of changing the service online. A TWC spokesperson described the service as being for “lighter than average” users. Time Warner Cable faced a backlash in '09 after it announced planned trials of metered broadband pricing and ended up shelving the tests. What's different this go-round is that the caps are opt-in only. “A tiered plan might not be right for me, but my Mom's not going to be passing Final Cut projects through DropBox to her friends at church anytime soon—she may benefit by saving a few dollars on Web capacity she's never going to need,” wrote TWC dir digital comm *Jeff Simmermon* in a blog post.

Carriage: After switching to a cable from multicast net last month, **Universal Sports** scored a carriage deal with **DISH** that kicks off Apr 25 and includes distribution through the DBS op's multi-sport intl basic and Chinese basic packages. **DirectTV** currently features the net, as do several smaller cable ops.

Advertising/Marketing: Overall, national cable nets were up 7.8% in ad sales last year vs '10, **CAB** reported, pegging cable's share at \$22.1bln. CAB said the growth underscores cable's strength in the recent upfront market as well as in the quarterly scatter markets. Cable's '11 total is 18.1% higher than 2009, when cable nets recorded \$18.7bln in ad sales. “In staying close to agencies and advertisers throughout 2010 and 2011 we knew cable's role as primary driver in the media plan and marketing mix would increase to new heights,” said CAB pres/CEO *Sean Cunningham*. “Agencies wanted details on original programming, cable's ratings strengths by programming/target genres, and proof points around the cable brands' multi-screen vitality—all of which are measures that the cable nets thrive in.” -- With distribution through cable ops including **Comcast** and **Cox**, Indian ent channel Star One intro'd **Life OK** as its new moniker in the US. -- **Turner** and **CBS Sports** tip off Tues a large-scale marketing campaign to generate excitement for March Madness. Dubbed “Brackets Everywhere,” the campaign's TV ads will feature cameos by celebs including *Conan O'Brien*, *Anderson Cooper* and *Jonah Hill*.

Ratings: **TNT** shot and scored with its **NBA All-Star** coverage. The game itself earned a 5.4 US HH rating in metered market overnights, the 2nd-highest since '05, and NBA All-Star Saturday Night delivered a 4.4, tied for the 2nd-highest in the history of the feature. Moreover, Fri night's BBVA Rising Stars Challenge tied a historical mark with a 2.1. -- **E!**'s “Live from the Red Carpet,” Academy Awards version, averaged more than 4mln total viewers to establish a record for the franchise version. Nearly 12mln people tuned in to watch the net's 8.5 dedicated telecast hours—as well as to witness poor *Ryan Seacrest* getting covered in *Kim Jong-il's* fake ashes by The Dictator (aka, *Sasha Baron Cohen*). Red carpet reporting: It's dangerous, folks.

On the Circuit: **WICT** is accepting applications for Betsy Magness Leadership Institute's classes 26 & 27 through Mar 30. Apply online at www.wictbmli.org. More than 580 women have graduated from the program since it was created in '93. **WE tv** will serve as the exclusive premier sponsor, celebrating 10 years of support for the BMLI. **Suddenlink** will be the supporting sponsor for classes 26 & 27.



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BUSINESS & FINANCE

Editor's Note: Join us on Thurs as we discuss the present and future of transactional iTV with a stellar panel of experts from **Comcast, Verizon FiOS, SeaChange** and **FourthWall Media**. What's the monetization strategy for the industry as it delves into more transactional content? How can operators and programmers work together for mutual benefit? And how will the downsizing of **Canoe** affect the landscape? We'll tackle these questions and more on Mar 1. More info: http://www.cablefax.com/cfp/webinars/2012_Mar1/

People: **Crown Media** tapped **Cheryl Grimley** as vp, Western region ad sales.

Business/Finance: **Sprint's** board overruled CEO **Dan Hesse's** wishes and nixed a proposed deal to acquire **MetroPCS** at a 30% premium, according to reports. On Mon, the company announced plans to offer approx \$2bln in notes due '17 and '20 in a private transaction, the proceeds from which could be used to prop up **Clearwire**. -- 4 of the 7 minority shares sold by the **NY Mets** went to **SNY**, owned by the team, **Comcast** and **Time Warner Cable**. -- **Entropic** was selected as the winning bidder to acquire **Trident Microsystems'** set-top SoC as-sets for \$65mln. The transaction requires bankruptcy court approval.

CableFAX Daily Stockwatch

Company	02/27 Close	1-Day Ch	Company	02/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	45.79	0.18	CLEARWIRE:	2.26	0.15
DISH:	29.19	0.39	CONCURRENT:	3.71	(0.17)
DISNEY:	41.64	0.33	CONVERGYS:	13.26	0.07
GE:	19.07	(0.17)	CSG SYSTEMS:	16.22	(0.03)
NEWS CORP:	20.08	(0.09)	ECHOSTAR:	30.62	(0.02)
MSOS					
CABLEVISION:	15.64	0.02	GOOGLE:	609.31	(0.59)
CHARTER:	63.57	0.14	HARMONIC:	6.29	0.11
COMCAST:	29.19	UNCH	INTEL:	26.89	0.19
COMCAST SPCL:	28.28	(0.03)	JDSU:	14.01	(0.02)
GCI:	10.98	0.16	LEVEL 3:	24.57	0.99
KNOWLOGY:	15.81	0.03	MICROSOFT:	31.35	(0.13)
LIBERTY GLOBAL:	49.60	0.35	MOTOROLA MOBILITY:	39.69	(0.04)
LIBERTY INT:	18.70	0.31	RENTRAK:	21.59	(0.63)
SHAW COMM:	20.29	0.07	SEACHANGE:	6.96	(0.1)
TIME WARNER CABLE:	79.14	1.49	SONY:	21.69	(0.04)
VIRGIN MEDIA:	25.00	(0.1)	SPRINT NEXTEL:	2.55	0.08
WASH POST:	397.99	0.43	THOMAS & BETTS:	72.00	(0.04)
PROGRAMMING					
AMC NETWORKS:	45.47	0.19	TIVO:	11.37	(0.24)
CBS:	29.83	0.08	UNIVERSAL ELEC:	20.10	(0.5)
CROWN:	1.28	0.02	VONAGE:	2.47	(0.01)
DISCOVERY:	44.56	0.03	YAHOO:	14.86	(0.03)
GRUPO TELEVISIA:	20.79	0.02	TELCOS		
HSN:	37.98	(0.01)	AT&T:	30.36	0.02
INTERACTIVE CORP:	45.51	0.32	VERIZON:	38.13	(0.01)
LIONSGATE:	13.59	(0.32)	MARKET INDICES		
LODGENET:	3.49	(0.05)	DOW:	12981.51	(1.44)
NEW FRONTIER:	1.24	0.10	NASDAQ:	2966.16	2.41
OUTDOOR:	7.06	(0.09)	S&P 500:	1367.59	1.85
SCRIPPS INT:	44.70	(0.17)			
TIME WARNER:	37.58	0.15			
VALUEVISION:	1.76	(0.03)			
VIACOM:	53.40	(0.11)			
WWE:	9.09	(0.06)			
TECHNOLOGY					
ADVANTAGE:	2.15	(0.02)			
ALCATEL LUCENT:	2.60	0.01			
AMDOCS:	30.72	(0.13)			
AMPHENOL:	56.14	(0.16)			
AOL:	18.19	(0.04)			
APPLE:	525.76	3.35			
ARRIS GROUP:	11.59	(0.1)			
AVID TECH:	11.43	(0.28)			
BLNDER TONGUE:	1.41	0.09			
BROADCOM:	36.47	(0.28)			
CISCO:	20.17	0.03			



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EYE ON ADVERTISING

A Word from Our Sponsor...

Integrated sponsorships are big business for cable these days. Few networks have tackled the concept with the gusto of IFC, whose “always on, slightly off” slogan befits the way it approaches advertising as well as programming. From a more subtle integration of the Subaru Impreza in “Portlandia” to an in-your-face Acura sponsorship in “Onion News Network,” Vanessa Benfield, SVP of sponsorship sales, tells Cathy Applefeld Olson how to get brands—and your audience—to buy in.

How important are sponsorships?

VB: The larger partnerships we do are driven by great sponsorship ideas. When you're a smaller network you have to work a little harder; this needs to be part of our DNA. We have talent willing to do these kinds of programs so it's part of our talent deals from the inception.

How do you approach these kind of deals?

VB: Our audience is the upscale male, early adopter. They are really savvy, so we don't try to hide it and make it look like something else. We call it what it is. We know that they know, so it's much more in their face but it's done in a really fun way. We also work with the writers and the talent on the shows so they can put it into a voice that makes sense for the show. The Acura piece was written by the “Onion” writers, the Subaru piece was written by Fred [Armisen] and Carrie [Brownstein]. We just did something with VW for a new show that's coming out in June that's another great example of this.

There are a lot of automobile sponsorships on IFC. What other brand categories make sense?

VB: We did something interesting with Asics. They had the idea of bringing in their sneakers for South by Southwest last year [SXSW is the music/film/interactive showcase, of which IFC is a sponsor] and showing the experience from the viewpoint of the sneaker. They sent us two pairs of sneakers—a fluorescent pink pair and a fluorescent green pair. We turned around two 60-second

spots for each pair, and they meet up at the end. The client was so happy with it they asked to run it in lieu of their regular creative. So it doesn't always have to be an integration with talent. We can also take the viewpoint of the brand and integrate it into the experience.

Has the nature of your sponsorships changed the way IFC views the Upfront?

VB: Our programming team has adapted and gotten onboard with a development cycle that works with the upfront. We eliminated barriers of things shooting so far out, and that's been a major step for us. Some things do have to shoot far out. For “Portlandia,” we have to shoot over the summer because that's when Fred and Carrie are on hiatus from “SNL.” For Subaru, they loved the show, and Portland is a big market for them. They jumped on it early, and we did the shoot in July or August and had it banked.

So that stemmed from an earlier Upfront?

VB: Yes. The agency (Universal McCann) did the deal as soon as they saw the clip. Subaru is one of those brands that gives you a lot of free rein. They have guidelines, but they let Fred and Carrie script the segment. The social media buzz on that show was great. There was a group of people that were wondering whether it was an integrated spot or not. Either way, it worked great. At the end, we shot a spot, thanking Subaru for the car. It's a 30-second spot that is going to air after the episode. That's a first.

How about the Acura integration?

VB: They were on board from the get-go. They knew the sensibility of the show, and worked with the writers. There were four integrations. It started more subtly but by the end became more over the top. The final integration literally opens saying the show is sponsored by Acura; they're in the car doing the piece. There's no subliminal messaging here. The client loved it. It's part of our calling card now. We like to go to the marketplace and show the Acura and Subaru [sponsorships] as the two extremes.



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