

# CableFAX Daily™

Friday — April 29, 2011

What the Industry Reads First

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## Smart TV: TWC to Go Beyond iPad, Scrutinize Acquisitions

It's not all about the iPad. With the CE industry embracing devices with 2-way communications built around the IP standard, **Time Warner Cable's** iPad app for viewing live TV is just the beginning. "This technology that we're using with the iPad is really ultimately more about smart TVs than it is about tablets, as fun as that is," TWC chief *Glenn Britt* said during Thurs' 1Q earnings call. "The first TVs are really just hitting the market now. If you go to **Best Buy**, you can see them. And we're working with all of the top manufacturers on serving those devices." TWC is moving ahead with the iPad app (despite it being at the center of a lawsuit with **Viacom**), with Britt announcing that by year-end the MSO plans to offer on the iPad app nearly all linear cable nets as well as broadcast channels in several of its biggest cities. In the next month or so, TWC plans to release an update that will add remote control capability and the ability to remotely program DVRs. On the traditional video side, TWC plans to launch a new, more intuitive navigation app later this year that will be hosted in its network instead of set-tops. Other key take-aways from TWC's call revolve around acquisitions on several different fronts. First, the acquisition of long-term rights to carry **L.A. Lakers** on 2 new TWC-owned RSNs means "financial stability" for a number of years, Britt said. Additionally, work is being done on joint promotions. In the B2B space, TWC recently closed on the acquisition of **NaviSite**. Britt said it should "jumpstart our ability to sell managed and cloud-based services" to SMBs. "I think there may be additional opportunities like NaviSite that are small acquisitions, that have a couple of features. In the case of NaviSite, there were physical assets that we didn't have that are going to be very useful," Britt said, noting NaviSite was aimed mostly at enterprise customers. As for reports that **Charter** is gearing up to sell its L.A. systems, Britt said he wouldn't comment on specifics other than to say it'll be evaluated like as any acquisition. Britt declined to comment on anything specific about **Insight** either, but did question "why is everybody selling all of a sudden" and what it means for a buyer. "Without commenting on anything specific about Insight or anything else, suffice it to say that we look at all the synergies, and we have a pretty good idea of what the synergies are, having been in the business a long time," Britt said. **By the Numbers:** TWC lost 65K video subs for the Q (in line with analyst estimates), but pres/COO *Rob Marcus* said that the company actually added subs in Mar. He chalked up the losses to lower-end, analog, single-pay customers. HSD was a standout with 189K adds (177K residential adds; 12K commercial) and the MSO passing the 10mln total HSD subs shortly after the end of the Q. Marcus said TWC is breaking away from triple-play only marketing and going after some single-product customers, particularly on HSD. Residential phone added 72K subs. Marcus provided more color on the high-end triple-play "Signature Home" package that launched in Dec. There are now roughly 10K subs paying an average of \$210/mo, with 70% of the connects in 1Q existing triple play subs who are now paying an additional \$20/mo. The value-based "TV Essentials" package has only launched in 2 markets, but TWC is in the process of evaluat-



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ing how to expand the deployment across its footprint. 1Q11 revenue grew 5% to \$4.83bln, while adjusted OIBDA was up 3.6% to \$1.73bln.

**Viacom Earnings:** The ad tide at **Viacom** continued its steady rise in the company's 2Q helped by a strong push from **MTV** and "Jersey Shore," and coupled with filmed ent's surprising robustness, excited investors enough to send shares up 3.7% on a day when a new 52-week high was established. Viacom also repurchased \$500mln worth of shares in 2Q, is on track for \$700mln during the current quarter and is aiming for a dividend boost beginning with the Jul 1 payout. "Every part of Viacom is in great shape... [we have] never been stronger financially," said pres/CEO *Philippe Dauman*. MTV and the rest of Viacom's media nets continue to motor ahead, posting a 5th consecutive quarter of domestic ad rev growth with 11%, and this year's picture appears rosy. The company's enjoying strong upfront volume and a double-digit scatter premium, said Dauman, noting that MTV posted its best quarter in viewership in 5 years, **BET** its best quarter ever and **Nickelodeon** and **Comedy Central** continue to exhibit ratings momentum. The kids upfront is "robust," said Dauman, who expects significant YOY gains in both pricing and volume in the adult-focused upfront. "At this time last year we had solid ratings, but we were not in a position to monetize the phenomenal ratings we have garnered in recent months... now we can," he said, noting the Viacom sold a lot of inventory in last year's upfront. As for filmed ent, theatrical rev jumped 50%, home ent 38% and TV licensing 30%, and the segment's op income tallied \$39mln, compared to a loss of \$83mln a year ago. Dauman doesn't expect the DVD market to strengthen going forward, of course, but he does see a lot of growth in digital distribution. Provided appropriate terms and conditions, he said the company's "firmly committed" to digital content models, adding that fans of Viacom content particularly like the company's relationship with **Hulu**. On better-than-expected results due in part to a **Paramount** and home ent "surprise," **Miller Tabak's** David Joyce reiterated his 'buy' rating on VIA A/B shares and raised the corresponding price targets to \$60/\$56 from \$54/\$52.

**Vanguards:** **Cox** evp, chief people officer *Mae Douglas* and **Cablevision** COO *Tom Rutledge* are this year's recipients of the Vanguard Award for Distinguished Leadership. (Interesting bit of trivia: it's the 1st time a company has had back-to-back Distinguished Leadership recipients—Cablevision's *Jim Dolan* was honored last year) Rutledge and Douglas, along with 7 other industry leaders, will be honored at a luncheon during the Cable Show, June 16. Other honorees: **Time Warner Cable's** *Carol Hevey* (cable operations mgmt), **MTVN's** *Doug Herzog* (programmers), **TWC's** *Louis Williamson* (science & tech), **Comcast Cable's** *Sheila Willard* (govt & community relations), **Cablevision's** *Jonathan Hargis* (marketing), **SCTE's** *Mark Dzuban* (associates & affils) and **IFC's** *Jennifer Caserta* (young leadership).

**Discovery's Numbers:** Investors applauded **Discovery Comm's** earnings, sending the company's shares up nearly 2% on solid US results and a particularly strong international performance. Domestic ad rev rose 9% (15% excluding Discovery Health)—nothing to sneeze at, of course, but below the double-digit increases of at least the 3 prior quarters. Pres/CEO *David Zaslav* is bullish about this year's upfront, noting strong scatter volume with pricing well above last year. "We fully expect to see significant increases," he said. "We're hitting the upfront at a very good time." Ratings and market share are rising for many DISCA nets, said Zaslav, including **Discovery**

## CableFAX PROGRAM AWARDS

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**Entry Questions:** Mary Lou French at 301.354.1851 or mfrench@accessintel.com

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**Channel, TLC** and especially **Investigation Discovery**. As viewership among 25-54s increased 6% across the entire portfolio in 1Q, the company expects ad growth for virtually all of its nets going forward and 2Q domestic ad rev growth to match the 1Q performance. Despite some improvement in recent months, **OWN** has been plagued by a slow start, but Zaslav said he remains optimistic that the net's ratings will steadily ramp throughout '11 as *Oprah* and her team will soon transition to full-time responsibilities. DISCA excelled financially, with overall rev +9%, adjusted OIBDA +17% and FCF surging 81% to \$206mln.

**Storm Stories:** **Charter** reports that its AL employees are OK following Wed's deadly storms, but it faces a lot of work getting service restored with more than 400K without power Thurs. A spokesperson said the MSO is finalizing plans for a relief donation to be made to AL storm victims. In MO, Charter is contributing \$50K to the **American Red Cross** St Louis Chapter to aid in relief efforts following severe storms that hit the area last week. -- **Time Warner Cable** and **News 14 Carolina** are raising money for the American Red Cross tornado recovery efforts in NC by hosting an all-day telethon Fri. TWC will match donations received up to \$75K. TWC already has donated \$25K to the Red Cross and provided 83 personal mobile hot spots (\$24K value) for families displaced by the storms.

**Retrans:** **DISH** and **Journal Broadcast Group** agreed to an extension in their retrans talks. Their agreement covering 14 stations, including Green Bay, WI, NBC affil, was set to expire at 12:01am Fri.

**Seachange Summit Notebook:** Cord-cutting has more to do with economics than with viewers preferring to bypass cable, said **Sanford Bernstein** analyst *Craig Moffett*. "It has to do with poverty, and broadband proliferation has to do with income," he said at Wed's **Seachange** International Summit in NYC, reports **CableFAX** sister pub *Communications Technology*. "Forty percent of U.S. households live on \$20,000 a year after taxes. They have to make a choice between paying for a cable subscription and buying food." They also can't afford a high-speed Internet connection, he added. Agreeing that cable has become "much less affordable," **The Diffusion Group's** *Colin Dixon* said those who stream **Netflix** watch 5.5 hrs of content per week from that provider, and 8% of them have said in surveys that they might cut their cable subscription completely. On the other hand, "10 percent of cable-only subscribers said they might cut the cord," he said, "so it's the Netflix subscribers who value their cable subscriptions more." On authentication, Moffett said cable ops and programmers want "clarity... The issue is streaming outside of the house, and **Nielsen** can't track this. We're still in the infancy. Content owners are just now figuring out what the technical people have known for years."

**Gassed Up:** **Fox Sports** wasted little time in refilling the exec tank at **Fuel TV**, tapping *George Greenberg* as evp/gm of the net to replace the departing *CJ Olivares* (*Cfax*, 4/27). A 17-year Fox vet who helped launch Fox Sports, Greenberg is a 16-time Emmy-winning prod and dir who last served at evp, programming and prod, **Fox Sports Media Group**. Over the past 12 months, he has developed multiple new programs for Speed, including "Car Warriors" and "American Truckers." "I'm looking forward to injecting myself into all the various components of FUEL TV's operations as quickly as possible as we transition to a network with a broader male appeal," said Greenberg in a release. "My first priorities are to strengthen the quality of our action sports programming and then identify and/or develop attractive programs that help broaden our base while not straying too far from our core."

**Ratings:** **The Bruins'** 1st round series finale set a single-game record for the team on **NESN** with a 17.7 avg HH rating in the Boston DMA. Team ratings records were also set among men 25-54 (21.5), men 18-49 (18.3) and 25-54s (15.6). Boston advanced with an OT victory. -- The **Flyer's** own series game 7 gave similar magic to **Comcast SportsNet Philly**, which earned its most-watched Flyers game ever with a 12.6 rating. -- **A&E** delivered its best Apr ever among total viewers (1.42mln), 25-54s (711K) and 18-49s (681K).

**Programming:** **The Hub** is unearthing '80s cartoon "Jem and the Holograms" and adding it to its weeknight schedule (7pm ET, beginning May 31). Additionally, half-hour, animated series "Conan the Adventurer" will join The Hub this summer. -- **DirecTV's Root Sports** wrapped up a long-term TV rights deal with the **Pittsburgh Penguins** that runs through the '28-'29 season.

**Editor's Note:** Join your fellow execs for a May 12 breakfast celebration to honor our **Faxies** and **Sales Executive of the Year** honorees in NYC. The Grand Hyatt event will also feature our Sweet 16 list of brands and agencies supporting cable, as well as the induction of our 2011 Sales Hall of Fame. Don't miss out on a chance to network with top execs and colleagues. More info: <http://www.cablefax.com/cfp/events/seoy2011/> and <http://www.cablefax.com/cfp/events/cablefaxies2011/>.



# BUSINESS & FINANCE

**People:** Digital video solutions company **Imagine Comm** named *David Sykes* as vp, sales. -- **Comcast** upped *Bret Perkins* to vp, external and govt affairs. -- **Comcast** named former **FCC** and CA PUC commish *Rachelle Chong* as regional vp, govt affairs for CA. -- **FCC** chmn *Julius Genachowski* changed up the Commission's Office of Media Relations, tapping *Tammy Sun* as the new head of OMR. Sun was the founder and CEO of **Let it Shine**, a NY-based strategic communications agency. Long-time FCC PR man *David Fiske* will serve as deputy dir of OMR. Genachowski named *Neil Grace* as his press sec. Grace most recently served as dir, issues and crisis practice for **Burson-Marsteller**.

**Earnings:** **Sprint** showed it still has some fight, adding more than 1.1mln net wireless subs in 1Q—its best total in 5 years—while post-paid churn of 1.81% was the best ever and prepaid churn of 4.36% was the lowest in more than 5 years. The company has launched or announced an impressive 22 4G devices and offers 4G service in 28 states and 71 markets. Although **Sprint** bear *Craig Moffett* of **Sanford Bernstein** said the company's operations "seem genuinely on the mend," he remains concerned about **Clearwire's** future. *Craig McCaw* recently sold 5mln shares of CLWR, though he still owns nearly 40mln.

## CableFAX Daily Stockwatch

Company	04/28 Close	1-Day Ch	Company	04/28 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	48.15	0.26	BLNDER TONGUE:	2.30	(0.01)
DISH:	24.70	0.13	BROADCOM:	34.49	(0.96)
DISNEY:	43.02	0.44	CISCO:	17.29	0.10
GE:	20.60	(0.05)	CLEARWIRE:	4.87	(0.19)
NEWS CORP:	18.99	0.11	CONCURRENT:	5.86	(0.01)
<b>MSOS</b>					
CABLEVISION:	35.38	0.58	CONVERGYS:	14.38	0.13
CHARTER:	58.64	2.52	CSG SYSTEMS:	20.93	0.07
COMCAST:	26.13	0.29	ECHOSTAR:	36.83	(0.42)
COMCAST SPCL:	24.47	0.27	GOOGLE:	537.97	0.21
GCI:	11.54	(0.08)	HARMONIC:	9.08	(0.2)
KNOLGY:	15.36	0.07	INTEL:	22.80	0.17
LIBERTY CAPITAL:	80.66	1.26	JDSU:	20.59	(0.36)
LIBERTY GLOBAL:	46.21	0.34	LEVEL 3:	1.61	(0.01)
LIBERTY INT:	16.79	0.13	MICROSOFT:	26.71	0.33
SHAW COMM:	21.06	0.21	RENTRAK:	22.52	0.05
TIME WARNER CABLE:	76.26	0.95	SEACHANGE:	10.65	0.05
VIRGIN MEDIA:	30.30	0.14	SONY:	28.39	(0.64)
WASH POST:	439.10	(0.33)	SPRINT NEXTEL:	5.11	0.32
<b>PROGRAMMING</b>					
CBS:	25.25	0.37	THOMAS & BETTS:	57.84	(0.38)
CROWN:	2.20	(0.06)	TIVO:	9.78	0.11
DISCOVERY:	43.14	0.75	TOLLGRADE:	10.08	UNCH
GRUPO TELEVISA:	23.72	(0.04)	UNIVERSAL ELEC:	27.95	(0.2)
HSN:	32.55	(0.02)	VONAGE:	5.20	0.02
INTERACTIVE CORP:	35.00	0.50	YAHOO:	17.51	0.25
LIBERTY:	44.06	0.77	<b>TELCOS</b>		
LIBERTY STARZ:	76.11	(0.24)	AT&T:	31.37	(0.05)
LIONSGATE:	6.34	(0.06)	VERIZON:	38.27	0.02
LODGENET:	3.29	(0.04)	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.75	(0.04)	DOW:	12763.31	72.35
OUTDOOR:	7.30	0.03	NASDAQ:	2872.53	2.65
SCRIPPS INT:	50.02	0.22	S&P 500:	1360.48	4.82
TIME WARNER:	37.23	0.46			
VALUEVISION:	6.05	0.24			
VIACOM:	58.14	2.11			
WWE:	11.43	0.11			
<b>TECHNOLOGY</b>					
ADVANTAGE:	3.07	(0.03)			
ALCATEL LUCENT:	6.45	(0.06)			
AMDOCS:	30.39	0.12			
AMPHENOL:	56.01	(0.07)			
AOL:	20.70	0.59			
APPLE:	346.75	(3.4)			
ARRIS GROUP:	11.70	(1.29)			
AVID TECH:	18.30	(0.01)			
BIGBAND:	2.54	0.02			



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**PROGRAMMER'S PAGE** with Chad Heiges and Seth Arenstein

**Bric-a-Brac**

I'm more looking forward to learning the viewership numbers for **ESPN's** Thurs NFL Draft coverage than seeing who the Redskins select, chiefly because the team constantly disappoints me on myriad levels. But given the league's labor unrest and possibility of cancelled games, it's anybody's guess whether ESPN will exceed or underperform the impressive 5.3 avg HH rating it garnered for last year's 230min telecast. The only sure thing, I believe, is that commish *Roger Goodell* will be booed lustily. Here's hoping the **NBA** learns a valuable lesson from the NFL mess and extends its CBA in short order (**TNT** and **ESPN** have fingers crossed). -- A new nickname for **Time Warner** boss *Jeff Bewkes* could be "Mr. 180." After taking potshots at **Netflix** for months, reports out of a Tribeca Film Festival event this week have Bewkes saying he's a fan of the company. Huh? "I have a fondness for subscription television, and Netflix is subscription television, so 'Welcome, brother,' is what I have to say to them," he said. "I love those guys." The 180 is laughable. -- **Comcast's** newly beefed up VOD platform got me thinking. Only approx 34% of US TV homes own a DVR, so perhaps the MSO's strategy to provide oodles of current content on demand is shrewder than I originally thought. See, I do own a DVR and would only watch ad-supported VOD content if you paid me to. Still, as a DBS sub, I must admit I do miss free cable VOD movies. -- I'm going to try very hard to employ gentle tact: WHAT THE HECK IS WRONG WITH PEOPLE? OK, so I lied, but I can't fathom the "Jersey Shore" phenomenon, neither the show's appeal nor how it can rank as the #7 series on all TV among 18-49s. Full disclosure for "Shore" birdbrains: my guilty pleasures include romantic comedies and peanut butter. *CH*

**Special Mention:** Each year **C-SPAN** holds a student video competition, where entries must use the network's archives. One winner came from a trio at Farragut Middle School, Knoxville, TN, served by **Charter**. The subject was net neutrality. Collective yawn, right? No way. In just 7 minutes 8th graders *Melissa Yu*, *Katy Becker* and *Sara Atkins* show how net neutrality touches the 3 branches of govt. As impressive, a dry, technical issue comes alive in their clever presentation. The young ladies discussed that Mon on C-SPAN, at: <http://cs.pn/fBHeFT>. Their excellent video is at: <http://bit.ly/i1ygdX> SA

**Worth a Look:** "Who Killed Chandra Levy?" Sun, 9p, **TLC**. On the 10th anniversary of the DC intern's disappearance, TLC makes interesting points about the case, but does so in a slightly cheesy re-creation. SA

**Notable:** Who knew the NFL Draft (Fri-Sun, **ESPN**, **NFL Net**), a somewhat pointless exercise, would be a respite? Hey, it's one of the few ways to escape (the also pointless) Wedding. Even **Telemundo** and **Univision** are covering the royals. And **Nat Geo Wild's** "Wild About Snakes" stunt (Fri-Sun) ends with "Anaconda, Queen of the Serpents" (Sun, 10p). Plucky **Investigation Discovery** mocks with a marathon of spousal disaster series "Who The (Bleep) Did I Marry?" (Sat, 5pET). *Amy Maclean* summarizes Windsor knot coverage at: [cablefax.com](http://cablefax.com). SA

Basic Cable Rankings			
(3/28/11-4/24/11)			
Mon-Sun Prime			
1	USA	2.2	2206
2	DSNY	1.9	1883
3	TNT	1.7	1682
4	HIST	1.6	1603
5	FOXN	1.5	1484
6	ESPN	1.4	1369
7	NAN	1.2	1175
8	A&E	1.1	1104
9	TBSC	1	1049
9	ADSM	1	971
9	AMC	1	959
12	HGTV	0.9	936
12	FX	0.9	930
12	SYFY	0.9	921
12	FAM	0.9	865
16	DISC	0.8	854
16	MTV	0.8	827
16	LIFE	0.8	802
16	TLC	0.8	779
16	TRU	0.8	768
16	NKJR	0.8	617
22	FOOD	0.7	752
22	CMDY	0.7	713
22	MSNB	0.7	662
22	SPK	0.7	657
22	TVLD	0.7	655
22	BRAV	0.7	647
28	BET	0.6	576
28	HALL	0.6	497
28	ID	0.6	431
31	CNN	0.5	508
31	EN	0.5	488
31	LMN	0.5	442
31	APL	0.5	441
35	ESP2	0.4	422
35	TRAV	0.4	383
35	OXYG	0.4	319
35	VS	0.4	317
35	NGC	0.4	291
35	RLZC	0.4	199
41	VH1	0.3	338
41	HLN	0.3	269
41	SOAP	0.3	243
41	GSN	0.3	240
41	DXD	0.3	237
41	OWN	0.3	226

\*Nielsen data supplied by ABC/Disney



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