

CableFAX Daily™

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What the Industry Reads First

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Report Card: TWC Shares Take Hit on Sub Losses, 2Q Financials Strong

Time Warner Cable shares dove after its 2Q earnings report Thurs, closing down 4.76%. Some analysts, however, thought the pullback was an overreaction. "While true that the basic losses (and overall customer gains) were slightly worse than expected, the financials were better than expected," said **Collins Stewart's Thomas Eagan**. TWC lost 128K video subs, about 17K more than it lost in 2Q10. However, overall ARPU was up 4.8% to \$113.64 and net income rose 23% to \$420mln. Revenue of \$4.94bln represented a 4.4% uptick. Pres **Rob Marcus** said that a disproportionate share of the losses came from analog, single-play video customers, adding that the MSO actually added digital and bundled video customers. He said there were a "modest number" of double- and triple-play customer losses among its lower-income segment. Customer relationship net losses totaled 74K in the Q. The seasonal weakness in subscriber performance has continued into the early part of Q3, but Marcus said there have been exceptions, with TX and S CA performing notably better than the rest of the footprint. Company brass referenced competitive intensity a few times, with Marcus saying that it appears **FIOS** has spent more marketing dollars in TWC's footprint than in years past. TWC's 67K HSD net adds in the Q are more than the adds reported last week by **AT&T** and **Verizon** combined. "As broadband becomes increasingly important to our customers, we think we can create additional value by making it available to them everywhere," said TWC chief **Glenn Britt**. "We're continuing to deploy WiFi capabilities in L.A., and we're exploring how we might sell broadband packages that would bundle our wireline service with WiFi and wireless service for a single attractive price. You'll be hearing more about our plans in the coming months." One area that declined YOY was transactional VOD, down \$14mln. The adult category took the biggest hit (more than 1/3 of decline), but movies-on-demand were also down. But Marcus warned that it's too early to decide if the movie decline was due to **Netflix** pressures or simply the slate of available movies. Business services had a strong Q, increasing 35% to \$361mln. "Taken in total, Time Warner Cable continues to deliver precisely what its shareholders ordered. Steady growth, rising profitability, and soaring free cash flow. And to us, it still looks too cheap," said **Sanford Bernstein's Craig Moffett**, who has an \$83 price target on the stock.

Incoming: Several things coming up for **Time Warner Cable**, including 25 Spanish-language channels for its iPad app, along with a Spanish version of Signature Home (its high-end triple play service). The next version of TWC's

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iPad app is a month or so away and will bring full keyboard-enabled search, execs said on Thurs' 2Q earnings call. The MSO has implemented an all-digital transition in Augusta, ME, which marks its 1st deployment of DTAs. It plans to migrate all systems to all-digital over the next 5 years or so. DOCSIS 3.0, now in about 60% of TWC's footprint, should be available throughout next year. TWC's new data center in Charlotte, NC, will house 1 or 2 national super headends. "Over the next 2 years, we plan to migrate the origination and distribution of our video service to this facility and to a matching one in the Denver area, generating operating cost savings and enabling us to more completely standardize the provision of services across our footprint," said CEO *Glenn Britt*. Also ahead is a marketing shift under new CMO *Jeff Hirsch*, who replaced *Sam Howe* earlier this month. "Jeff brings not only marketing expertise to the function, but also has the benefit of a vast experience in actually running cable systems," said pres *Rob Marcus*. "So what I expect out of him is to bring some of those really cool, sophisticated marketing tools to the very practical issues of acquiring, retaining and upselling our existing customer base."

At the Portals: Remember how **WealthTV** asked the **FCC** to reconsider rejecting its carriage complaint against 4 MSOs partly because it believes there are serious questions as to whether the decision "has been irreparably tainted" by FCC staff who went to work for the MVPDs (former FCC commish *Meredith Attwell Baker* and ex-staffer *Cristina Pauze*) (*Cfax*, 7/15). Well, strike that. WealthTV notified the FCC this week that it will withdraw and retract those arguments. Its amended petition for reconsideration of its complaint against **Comcast**, **Cox**, **Bright House** and **Time Warner Cable** was set to be filed by COB Thurs. -- In the ongoing tit-for-tat, **Bloomberg** responded to Comcast's FCC response to Bloomberg's claim that Comcast isn't implementing a neighborhooding condition that's part of the Comcast-NBCU deal. "Despite these strongly worded concerns, Comcast is not obeying clearly defined conditions, as Comcast continues to assert that 'now' does not mean 'now' and that their programming neighborhoods are not neighborhoods," said Bloomberg's head of govt affairs.

In the Courts: The *WSJ* reports that a federal judge is threatening to hold up approval of an antitrust settlement that allowed **Comcast** to acquire its 51% stake in **NBCU**. Judge *Richard Leon* in the federal court for DC expressed concerns about arbitration terms for online content providers in the Comcast-NBCU deal. If he doesn't sign off (a relatively unusual happening), it's most likely that the **DOJ** would appeal to the full DC Circuit.

TV Everywhere: **Big Ten Net** will launch **BTN2Go** in time for football season. **Time Warner Cable**, **DirecTV** and **DISH** are among the 1st to sign up for the service, which offers a live feed of all BTN linear network programming, including more than 40 football games. Authenticated cable, satellite and telco subs will be able to view BTN2Go via the Internet, iPad and iPhone. Specific launch dates to come.

Wireless: **LightSquared** and **Sprint** inked a 15-year deal to share network expansion costs and equipment. LightSquared will pay Sprint \$9bln in cash and provide credits valued at \$4.5bln during an 11-year period. Sprint can use the credits to acquire capacity from LightSquared. The pact is contingent on LightSquared receiving **FCC** approval. There have been concerns about its LTE network interfering with GPS.

On the Hill: The **House Judiciary Committee** Thurs approved on a 19-10 vote the Protecting Children from Internet Pornographers Act, which requires ISPs to retain sub info for 12 months in order to assist federal law enforcement in online child porn and child exploitation cases. A similar federal law is already in place for telephone companies. **NCTA** pres/CEO *Michael Powell* said the approval marks an important step in the industry's ongoing collective efforts to fight against online child exploitation, noting the industry already works with the law to assist in child porn investigation and prosecution. "We look forward to working with [lawmakers] toward further clarification that will produce reasonable retention practices that can aid law enforcement in stopping crimes against children," he said.

Change of Current: **Current** CEO *Mark Rosenthal* is leaving the company, with net co-founder *Joel Hyatt* returning to the CEO post, *AdWeek* reported Thurs. Rosenthal, who was previously pres/COO of **MTVN**, joined the net in July '09.

Over-the-Airheads: **Nexstar** said the **ACA** is wrong when it suggests its lawsuit against **Granite** supports the trade group's argument against shared service agreements or joint retrans negotiations (*Cfax*, 7/27). Nexstar said its beef is over Granite's control of a massive share of advertising sales and revenue in Fort Wayne, IN. "The Commission's

records are replete with Nexstar's examples of the positives that such shared arrangements can produce in circumstances very different from those at issue in the Fort Wayne DMA," Nexstar told the **FCC** in a letter.

Carriage: Sportsman Channel picked up an HD launch in **Comcast's** Fort Collins, CO, system. -- **Outdoor Channel HD** is now available in **Comcast's** Houston, TX, system as part of the MSO's digital preferred HD tier.

Ratings: Discovery's "Deadliest Catch" season finale earned a 2.3 HH rating Tues and was the #1 cable show that night in prime for 25-54s (1.9).

TCA Notebook: History/Lifetime pres/gm *Nancy Dubuc* made sure critics knew that History just experienced its best quarter ever, with the net reporting double digit growth. And with an eye toward continued momentum, History showcased new reality series "Around the World in 80 Ways" (premieres Q4), which follows *Rob Mariano* (of "Survivor" fame) and *Dennis Anderson* (he created the Gravedigger monster truck) as they circumnavigate the globe using 80 different modes of transport. "We had a course laid out for us—but the only objective was to travel east," said Mariano. "We had set objectives, but we would stop and see things along the way and go with the flow." Producer *Phil Segal* said the show celebrates working class Americans. "Our audience can't afford private jets—we want to reach a real core of the American people." One powerful series showcased was "Vietnam in HD," which features original footage and personal accounts of the Vietnam war. Said producer *Liz Repp*: "We spent 2 years going through different archives and got footage from the Marines, Army, Navy and Air Force. We probably had 100 different personal collections from people who served." **UPI** war correspondent *Joe Galloway*, whose harrowing personal accounts of the war are featured in the series, said the thing that's changed the most about war coverage over the years is the technical aspect. "When the battle was over, I could leave and file my stories. I had to fly 35 miles away, and spend half the day on the military phone system to get to the bureau in Saigon," he said. "It could take you all day to get a phone call through, to dictate 300 words. Technology has outstripped everything." Dubuc also told critics she's determined to whip Lifetime into shape, reminding them of her mission to premiere 175 hours of new original programming. Among new shows is "Against the Wall" (Sun), which follows a single female police officer in Chicago who lands her ultimate dream job as a detective—but the position is in Internal Affairs. With 3 brothers serving as cops, the males in her family don't immediately take to the news. A key through line in the series is the supportive mother-daughter relationship, says creator and supervising producer *Annie Brunner*. She was in part inspired by the recent passing of her own mother, with whom she was very close, and the desire to recreate a similar, positive portrayal. "I never see a show with a mother-daughter relationship that's good—it's always bad. So I wanted to create that." Also on deck was "Five" (Oct 10), an anthology of 5 short films directed by 5 different women on the topic of breast cancer and its effect on women's lives. Directors include A-Listers like *Penelope Spheeris*, *Jennifer Aniston*, *Demi Moore*, *Patty Jenkins* and *Alicia Keys*. Exec prod *Marta Kauffman* said the directors used humor to tell each story, despite the dark nature of the topic. "When we are in the most extraordinary circumstances, we completely freak out or we go towards humor." -- **GMC** vice chmn *Brad Siegel* told critics that the growing net would hit 55mln homes by year-end as it continues to push its "faith-friendly, family-friendly" maxim. "People are finding this network and falling in love with it," he said. Key to GMC's strategy is carving out a niche that addresses spiritual themes through a family-friendly prism—without being an overtly religious net. "I think that's a unique place on the television landscape," he said. Siegel announced it will expand to 1 original movie per month and a gospel-themed premiere each quarter. It treated critics to panels on 2 movies, "Trinity Goodheart" (premieres Aug 20) and "A Mile in His Shoes" (Sept 25), which involve an angel-inspired search for a girl's mother and a baseball coach's quest to help a farm boy with Asperger Syndrome, respectively. "I enjoy this type of film," said actor *Dean Cain* of his turn as the coach. One benefit of faith-friendly, family-friendly? Cain said he can watch the finished film with his 11-year-old son. -- **AMC** is launching AMC Digital Studios, an online destination for developing Web series from up-and-coming talent to be showcased at amctv.com. First up: "The Trivial Pursuits of Arthur Banks," starring *Adam Goldberg* and *Jeffrey Tambor* on Aug 22. In addition to AMC's site, it will debut on Hulu.com. -- **BBC America** has committed to its 1st original scripted drama series with "Copper." Set to premiere in summer '12, the 10-ep series will follow an Irish cop in the immigrant communities of 19th cent NY.

TCA Party Circuit: Hats off to **Univision**, which did nearly the impossible at **TCA** by pulling off a "presentation" to critics who normally frown on such stunts at social events. Not this time. As critics started gathering for buses set to take them to a party at the Playboy Mansion, Univision rented a nearby ballroom, put on novella-themed sketches, showed sizzle reels and even brought out *Erik Estrada*, who will be a contestant this year on series "Look Who's

BUSINESS & FINANCE

Dancing” and showed off a few moves himself. But it just goes to show that if you put on a good show, the critics can be charmed. The open bar also helped. -- And speaking of **Playboy**, there’s no better way to educate critics about the “TV for Two” strategy (creating adult-themed content aimed at couples rather than just men) than to bus them out to the famous Playboy Mansion in Beverly Hills and let them ogle the scenery. Playboy TV chief *Gary Rosenson* worked the courtyard like a pro, introducing talent and explaining the net’s strategy in an increasingly crowded adult content world. Fittingly, just as many female as male critics showed up to experience the famous party house and grounds, which by the way includes a “van room” with a cushioned floor made up to look like the inside of a 1970s van. Yep. You get it.

People: Lifetime TV Nets’ *Jeffrey Schneider* was named to the newly created post of evp, business affairs, ent & digital nets and integrated media at **NBCU**. -- **RLTV** welcomes former **Plum TV** exec *Hanna Grynchwajg* as svp, ad sales.

Honors: Disney/ABC TV Group’s *Anne Sweeney* was named **MIPCOM** 2011 Personality of the Year, marking the 1st time a female media exec has received the honor. She’ll give a keynote Oct 5 as part of MIPCOM’s Media Mastermind series of presentations in Cannes.

CableFAX Daily Stockwatch

Company	07/28 Close	1-Day Ch	Company	07/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			BLNDER TONGUE: 1.69(0.06)		
DIRECTV:	51.28	(0.16)	BROADCOM:	36.84	(0.2)
DISH:	31.11	(0.18)	CISCO:	16.01	0.32
DISNEY:	39.40	(0.12)	CLEARWIRE:	2.15	(0.62)
GE:	18.11	UNCH	CONCURRENT:	6.35	0.07
NEWS CORP:	16.59	0.03	CONVERGYS:	12.61	(0.21)
MSOS			CSG SYSTEMS:	17.88	(0.11)
CABLEVISION:	24.77	(0.42)	ECHOSTAR:	34.32	(0.54)
CHARTER:	54.74	(2.61)	GOOGLE:	610.94	3.72
COMCAST:	24.17	(0.49)	HARMONIC:	5.44	(0.36)
COMCAST SPCL:	23.56	(0.34)	INTEL:	22.55	0.02
GCI:	11.49	0.12	JDSU:	13.17	(0.61)
KNOLGY:	13.78	(0.03)	LEVEL 3:	2.15	(0.02)
LIBERTY CAPITAL:	80.04	(1.59)	MICROSOFT:	27.72	0.39
LIBERTY GLOBAL:	42.19	(0.65)	MOTOROLA MOBILITY:	22.91	(0.89)
LIBERTY INT:	16.10	(0.24)	RENTRAK:	16.19	(0.21)
SHAW COMM:	22.42	0.29	SEACHANGE:	9.56	(0.1)
TIME WARNER CABLE:	73.43	(3.67)	SONY:	25.08	(0.52)
VIRGIN MEDIA:	26.76	(0.34)	SPRINT NEXTEL:	4.34	(0.82)
PROGRAMMING			THOMAS & BETTS:	49.20	(1.58)
AMC NETWORKS:	37.45	0.10	TIVO:	9.40	(0.24)
CBS:	27.93	(0.15)	UNIVERSAL ELEC:	22.77	(0.29)
CROWN:	1.77	(0.01)	VONAGE:	4.01	(0.07)
DISCOVERY:	40.26	0.34	YAHOO:	13.50	(0.09)
GRUPO TELEVISA:	22.43	0.20	TELCOS		
HSN:	32.36	(0.04)	AT&T:	29.26	(0.7)
INTERACTIVE CORP:	42.30	0.26	VERIZON:	35.66	(0.55)
LIBERTY:	40.03	(0.09)	MARKET INDICES		
LIBERTY STARZ:	76.96	0.01	DOW:	12240.11	(62.44)
LIONSGATE:	7.18	0.15	NASDAQ:	2766.25	1.46
LODGENET:	2.94	0.01	S&P 500:	1300.67	(4.22)
NEW FRONTIER:	1.39	0.04			
OUTDOOR:	6.78	0.09			
SCRIPPS INT:	47.05	(0.3)			
TIME WARNER:	35.76	(0.49)			
VALUEVISION:	7.41	0.09			
VIACOM:	55.71	(0.51)			
WWE:	9.90	(0.01)			
TECHNOLOGY					
ADVANTAGE:	2.57	(0.02)			
ALCATEL LUCENT:	3.91	(1)			
AMDOCS:	31.73	0.91			
AMPHENOL:	49.08	(0.1)			
AOL:	17.67	(0.02)			
APPLE:	391.82	(0.77)			
ARRIS GROUP:	12.23	1.24			
AVID TECH:	12.99	0.03			
BIGBAND:	1.99	0.02			

Most Powerful Women 2011 in Cable

CableFAX's

Who are cable's most powerful women executives?

Help us decide by nominating the executives you think should be included in our annual list of the Most Powerful Women in Cable. We will rank the top 50 most powerful women, and run a list of the second 50, in the November 2011 issue of CableFAX: The Magazine. Nominations are open to all cable operators, programmers, vendors and trade associations.

Nominations Due: **August 5, 2011**
 Nominate Now at: www.cablefax.com/2011powerfulwomen

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PROGRAMMER'S PAGE

High Expectations for AMC

It's no secret that the critics love **AMC**, but do they sometimes care too much? The net took a little flack at **TCA** as svp, programming, prod and digital content *Joel Stillerman* got grilled about the season finale to series "The Killing," which ended without revealing the killer as implied. Stillerman said "we committed to that story fully" once it was set but admitted that he's been stung by some of the polarization it caused. "For everybody who was frustrated, we hear you," he said. "And if we had to do anything differently, I think we would certainly have taken a different approach with respect to managing the expectations." But ultimately, he said no regrets. "That was a bit of a risk that we're glad we took," he said. "We jumped in and stayed the course." Oh, and he promised audiences will learn who killed *Rosie* in Season 2. We'll hold you to that, Joel. Also on critics' minds was the scuttlebutt surrounding AMC's zombie series "The Walking Dead" (season 2 premiere, Oct 16)—namely, that showrunner *Frank Darabont* will step down from that role, with writer/exec prod *Glen Mazzara* taking his place as the top creative force at the hit show. Critics generally lauded Season 1, so many wanted to know... what happened? "I don't really have much to add to the circumstances of it," Stillerman said, calling Darabont "brilliant." In a statement, AMC said "we continue to discuss his ongoing role with the series." Guess we'll just have to wait and see. Of course, none of this diminished the overall admiration critics have for the net, which keeps churning out excellent and highly rated series. Next up is gritty Western "Hell on Wheels" about the building of the transcontinental railroad. The trailer had a "Deadwood" vibe, but producer *Tony Gayton* said "we really wanted this to be original and different and sort of look and feel different than any Western you've seen before." With AMC, critics always have high expectations. And this network seldom disappoints. - *Michael Grebb*

Highlights: "Serving Life," Thurs, 9pm, **OWN**. *Oprah* loves docs. She'll be proud of this powerful piece about a penitentiary whose inmates reform as hospice workers, caring for fellow prisoners, most of whom die behind bars. Difficult viewing but well worth it. -- "Jaws Comes Home," Sun, 10pm, **Discovery**. It's "Shark Week." What a comforting thought. Here high tech follows great whites off the eastern seaboard. **SA**

Worth a Look: "Against the Wall," pilot, Sun, 10pm, **Lifetime**. It's a pity Lifetime didn't send critics more than the pilot. This series about a Chicago detective (*Rachael Carpani*) descended from a line of police officers has promise, although maybe not as a crime drama. While this is the new Lifetime—not every guy is a macho jerk—"Wall" is heavier on relationships than police work. But it's cleverly cast. While Carpani sizzles between the sheets, her parents *Treat Williams* and *Kathy Baker* steal their few scenes.

Sentimental Fave: "The Cabin," Sat, 8pm, **Hallmark**. A silly love quadrangle in Scotland with *Lea Thompson*, *Steven Brand*, kilts, bogs and a wee bit of tomfoolery. Could this be anything but a Hallmark film? "The Cabin" is so predictable even *Martha Stewart* would turn away. Still, certified Thompson nuts will endure this wholesome pile of clichés.

Basic Cable Rankings (7/18/11-7/24/11) Mon-Sun Prime			
1	USA	2.4	2455
2	DSNY	2.2	2179
3	TNT	1.7	1695
4	HIST	1.6	1619
5	FOXN	1.5	1443
6	FX	1.3	1285
7	A&E	1.1	1091
7	FAM	1.1	1039
9	SYFY	1	996
9	NAN	1	989
9	HGTV	1	976
12	ADSM	0.9	899
12	TRU	0.9	809
12	NKJR	0.9	632
15	TBSC	0.8	852
15	TLC	0.8	846
15	ESPN	0.8	828
15	FOOD	0.8	824
15	DISC	0.8	814
15	LIFE	0.8	752
15	TVLD	0.8	734
22	AMC	0.7	719
22	SPK	0.7	706
22	CMDY	0.7	697
22	MSNB	0.7	664
22	BET	0.7	616
27	MTV	0.6	646
27	BRAV	0.6	610
27	HLN	0.6	605
27	HALL	0.6	563
27	LMN	0.6	472
27	ID	0.6	448
33	VH1	0.5	498
33	EN	0.5	492
33	CNN	0.5	472
33	NGC	0.5	368
37	APL	0.4	420
37	TRAV	0.4	359
37	DXD	0.4	320
37	OXYG	0.4	281
37	TNNK	0.4	258
37	HMC	0.4	149
43	ESP2	0.3	330
43	GSN	0.3	255
43	SOAP	0.3	223
43	OWN	0.3	220

*Nielsen data supplied by ABC/Disney

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