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What the Industry Reads First

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TWC 3Q: Shares Tumble Following Video Losses, Political Ads a Bright Spot

Time Warner Cable's 3Q results failed to impress Wall Street on some fronts, with shares closing down 6% Mon. While **Comcast** is making strides in video, the 2nd largest cable provider continues to struggle, posting a net loss of 140K. Broadband additions of 98K were short of the 111K consensus. "We've always cautioned that misses or beats of this magnitude—we're talking about a few thousand subscribers here and there on a base of 15 million customer relationships—are statistically irrelevant. True enough. But the pattern is not. TWC has consistently under-delivered, even if only by a hair. It matters more with the stock hovering near \$100 per share," **Bernstein Research** said. Similarly, **Wells Fargo Securities** called the results "somewhat messy," though analysts acknowledged it had a tough set up coming into the quarter after Comcast's strong results. What were TWC's strengths? Political advertising, hardly a shocker given its strong foothold in OH and WI. Last week, TWC hit \$1bln in sales for the year, a record. Political accounted for almost half of TWC's 22% ad growth, but even without it, advertising was up 12% thanks to the **Insight** acquisition and a strong automotive category. Marcus said political advertising this year has totaled \$54mln through Sept 30, with 50-60% of total annual political spend expected to come in 4Q. In the upcoming category, TWC plans to increase its standard tier downstream speeds by 50% to as much as 15Mbps in the next 60 days. It's also ramping up WiFi build-outs, with more than 8K hotspots (most in L.A.) currently. Execs say it's positively impacting churn, though they said usage hasn't been great in this early stage. As for the **Verizon FiOS** marketing partnership, Marcus said TWC is still in the single-digit thousands in terms of PSUs sold in Verizon Wireless stores, but "we feel very positive about the relationship." At the end of the month, the retail partnership will be fully automated, meaning a Verizon Wireless rep will be able to enter an order and have it go directly to TWC's billing system. Marcus sees that move away from manual entry facilitating more sales. Also on the horizon is more usage-based price offerings (remember, it's optional with TWC). Dubbed Internet Essentials, the model is available now in TX, the Carolinas and the Midwest. NYC and the Northeast should be joining the party in the next month or so, and Marcus predicts the entire footprint will have it as an option. The cable modem rental fee that's caused some bad press as of late didn't sound like a concern, with Marcus calling the reaction predicable and saying roughly 3% of customers are buying a modem as opposed to renting from TWC. Hurricane Sandy has had an impact, but the company doesn't expect it to be significant. For the Q, revenue rose 9% YoY to \$5.36bln. TWC posted a net profit of \$808mln (\$2.60/share) from \$356mln a year ago. Without one-time items, such as gains from the **SpectrumCo** and **Clearwire** sales, EPS was \$1.41 or \$438mln.

Changing CTAM: With **CTAM's** Summit and Insights conferences going away, the association will lose about a quarter of its staff (8 positions), who primarily work in conferences and on marketing individual memberships, at year-end, according to CTAM pres *Char Beales*. The changes, which also include a focus on corporate memberships vs individual memberships, were ratified last week. But they've been part of an ongoing conversation the board and executive committee had

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over the summer, and really started 3 years ago as the board looked at evolving CTAM. Another impetus was a report the **NCTA** board put together in 2010 looking at the industry's associations' perceived values by member companies (*Cfax*, 7/27/10). Beales said the changes came about as member companies have been restructuring their marketing departments, taking positions out of the field and centralizing marketing in their corporate HQs. "Part of the reason they did this is they're competing with national companies. It gives them better control over the marketing levers," she said. CTAM will continue to manage the cable portion of the **TCA** tour and the Cable Movers marketing campaign. It will keep its Cable Executive Management at Harvard Business School and add a new sr-exec program to "exploit cable's connection between technology and marketing." It's also expanding its "Unplugged" learning/networking regional events that were created to help fill the void of the CTAM's local chapters, which the board disbanded at the end of '13. The Summit and Insight conferences will be transformed into a few smaller events, including an invitation-only Executive Forum for MSO and content marketers. As for the move to a corporate-centric membership model, depending on the dues tier, companies will get anywhere from 8-50 individual memberships. In most cases, this reflects roughly the same number of members they have currently. Individuals who are not employed by corporate members may continue to join CTAM at 2012 rates. Both the Mark Awards and CTAM Hall of Fame (Summit mainstays) will continue, but the details are still being worked out.

Carriage: Cox subs in Southern CA will be able to watch the Lakers-Utah game on **Time Warner Cable SportsNet** Wed thanks to a deal brokered Sun evening. Cox also will carry **Time Warner Cable Deportes**. **DirectTV** and **DISH** are still without the TWC-owned RSN, while **Charter**, **Bright House**, **AT&T** and **Verizon** have signed up for carriage. "I think it's fair to say that we picked up more than a few video subs due to our carriage," TWC pres/COO *Rob Marcus* said during Time Warner Cable's 3Q earnings call Mon. How fresh is that Cox deal? Cox wasn't even mentioned as one of the distributors with an agreement during Mon morning's earnings call. -- **Cablevision** signed a long-term distribution agreement to continue carrying **NBCUniversal's** cable and broadcast nets owned by the net, including access to live channels across multiple platforms in and out of the home. It also covers retrans consent for **NBC-** and **Telemundo-**owned stations and continued carriage of NBCU's cable nets including **USA**, **Bravo Media**, **cloo**, **Chiller**, **CNBC**, **E!**, **G4**, **MSNBC**, **mun2**, **NBC Sports Network**, **Oxygen Media**, **Style Media**, **Syfy**, **Telemundo Media** and **The Golf Channel**, as well as **Comcast Sports Network** Philadelphia. NBCU announced last month that Cablevision exec *Mac Budill* will serve as NBCU nets distribution pres. The deal announced today was negotiated and completed before Budill joined NBCU, and he had no involvement in it. The deal, for the first time, allows Cablevision to offer programming outside the home, and "we look forward to offering a variety of these new NBCUniversal services starting early next year," said *Tom Montemagno*, Cablevision svp, programming acquisition. The broad agreement "validates how content providers and distributors can come together and develop mutually beneficial deals of this magnitude," said *Matt Bond*, evp, content distribution, NBCU.

Sandy Recovery: Despite providers' efforts to restore services, many outages remained in the hurricane affected areas due to continuous power outages. **Time Warner Cable** continues to power some of its key facilities with generators, according to a TWC blog post. More than 2.4K TWC employees are working on restoration, most in the field repairing downed lines and other damage to the network. **Cablevision** said Mon afternoon that nearly 700K Optimum HHs in the affected areas were without power. **Comcast** is extending free access to **Xfinity** WiFi hotspots for all until Nov 30. **Verizon** has restored backup power to its Manhattan facility, including a critical facility in lower Manhattan. However, the utility com-

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pany serving much of the NYC area revised its estimate for restoration of commercial power to lower Manhattan, pushing the date out to Fri. That complicates Verizon's ability to get services back up and running at a couple of key facilities serving business clients. Meanwhile, Cablevision is likely to be one of the most significantly affected while operations of many providers will be impacted, said a report by **Canaccord Geniuty**, noting the op announced a credit policy for Optimum subs whose service has been disrupted. The effect on revenue would range from a 1% decline to a 4% YOY decline should 10% to 20% of the subs apply for the credit. -- **NBCUniversal's** 1-hour benefit telethon, "Hurricane Sandy: Coming Together," which aired Nov 2, generated nearly \$23mln in donations for the **American Red Cross**. The special will be available online through the weekend across NBCU digital platforms, as well as on **Comcast's** Xfinity.com/TV and **Hulu**. Comcast cable markets are also offering the telethon on Xfinity On Demand throughout the weekend. The program is also available on VOD from more than 40 ops, including **Cox, DirecTV, Time Warner Cable, AT&T U-Verse** and **Verizon FIOS**.

Research: **SNL Kagan** expects TV station owners' retrans fee revenues could reach \$5.5bln by '17 and eclipse \$6bln by '18 vs. the \$2.36bln projected for '12. The numbers are higher than those in the firm's '11 forecast, when it projected that retrans fees would reach \$4.86bln by '17. That's due to the "success of a wider range of TV station owners in securing sequentially higher retrans fees from multichannel operations over the last year of negotiated deals." For all 5 major broadcast nets combined in '15, multichannel providers are expected to pay \$3.49 per month, or an average retrans fee of 74% per TV station per month, which is significantly below the \$6.37 per sub per month that multichannel providers are projected to pay for ESPN, \$1.50/sub/month for TNT or the \$1.49 sub/month for NFL Network, firm said. -- More screens bust TV ad skipping, according to a recent study by **Bravo**. The study, which surveyed 112 participants in the Boston and LA areas in the summer, found a total of 73% of all participants agreed that having other devices while watching TV shows made them less likely to fast forward through ads. Subscribers can check out the study at **CableFAXDaily.com**.

Marketing: **Univision's Galavision Network** got a new logo, reflecting the "fun, fresh and modern attitude of today's Hispanic American audiences." The new brand identity maintains the familiar "G" mark and orange color palette, but now with a clean, contemporary and unique design that is dynamic, fluid, and all embracing.

Online: **History** expanded the brand of its reality series "Pawn Stars" across digital platforms with the launch of PawnStars.com Mon. The site allows fans of the series to pawn items via online pawning service **Pawngo**, watch eps of the series, play a **Facebook** game and purchase merchandise. -- Under a multi-year licensing agreement, **Hulu** will stream programs from **CBS** for its subs starting Jan, '13.

Technology: **CableLabs** will launch its first subsidiary, an online trust management organization dubbed **Network-FX**. The unit seeks to enable secure broadband connections for networked devices.

Programming: **Travel Channel** just scored a touchdown. The net is partnering with **NFL Films** and **RIVR Media** on original series "NFL Road Tested: The Cleveland Browns," premiering Dec 4. The league is offering the net access to footage of what it takes to travel an entire football team during the regular season as well as how the Browns prepare each week. -- **MTV News** and the "Power of 12" election campaign will air special live political newsbreaks regularly throughout Election Night Tues starting at 830pm on **MTV** and **mtvU**, in addition to news coverage throughout Election Day on MTV.com. -- **AXS TV** on Mon night (9pm ET) was to re-air its live coverage of Aerosmith's noon concert in downtown Boston to encourage fans to vote on Election Day. -- Note to our canine readers: Gather your masters around the TV Thurs night at 8pm ET for **Hallmark Channel's** airing of the **American Humane Assn's** "Hero Dog Awards" honoring heroic hounds and mutts with medal. That is, unless you don't think you can measure up... -- **Discovery's** Curiosity series tackles the "Super Storm" Nov 18. It follow the action hour-by-hour from Hurricane Sandy's formation in the Caribbean through its intensification in Cuba to the devastation across the East Coast. -- We bet *Theresa* saw this coming... **TLC** renewed "Long Island Medium" for a 4th season. To-date, Season 3 is averaging 2.9mln viewers.

Storm Relief: **Weather Channel** parent **The Weather Company** announced a partnership with the **American Red Cross** that includes a matching donation program for Hurricane Sandy relief for up to \$1mln. Weather is also collaborating with the Red Cross on sharing weather and disaster preparedness content on TV, online and via mobile apps.

Labor Deals: **AT&T** reached a tentative labor agreement with **CWA** District 3. Covering more than 22K wireline employees in 9 southern states, the 3-year contract agreement will be submitted to CWA members for a ratification vote this week. Under the agreement, workers would get 2.25% wage increases the 1st year, 2.75% the 2nd year and 3% the 3rd year. Other provisions include pension and health care contribution increase and a guaranteed job offer opportunity.

BUSINESS & FINANCE

Ratings: Nat Geo's Sun night premiere of the true-to-life action thriller "Seal Team Six: The Raid on Osama bin Laden" ranks as the net's #1 show of '12 and 6th highest rated program of all time for the net. The program scored a 2.2 HH rating and averaged 2.7mln persons 2+ over the 2-hour premiere, with more than 4.7mln total viewers 2+.

On the Circuit: For a 3rd consecutive year, **WICT** membership has hit a record high. Its 9,698 members for '12 is up 7% over '11 and nearly 27% since '09.

People: Starz added **HBO** vet *Dave Baldwin* as evp, program planning. He'll assume many of the responsibilities of *Stephan Shelanski*, who will be departing at year-end. Baldwin has spent 31 years in research and scheduling in HBO, most recently as evp, program planning. The net also upped *Michael Thornton* to the newly created position of evp, acquisitions, business affairs and legal. -- **Fox Networks Group** promoted *Peter Marco* and *Lisa Richardson* to svps, business and legal affairs, **Fox Cable Networks**. -- **Nat Geo** hired *Brooke Runnette* as vp, development and special projects.

Business/Finance: **Contec Holdings** has completed its restructuring and has emerged from Chapter 11, effective Nov 2. The company filed for bankruptcy on Aug 29.

CableFAX Daily Stockwatch

Company	11/05 Close	1-Day Ch	Company	11/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	50.66	0.31	CONCURRENT:	5.20	(0.08)
DISH:	34.83	(0.56)	CONVERGYS:	16.73	0.17
DISNEY:	50.32	0.46	CSG SYSTEMS:	19.93	0.29
GE:	21.41	0.10	ECHOSTAR:	32.60	(0.36)
NEWS CORP:	24.36	0.10	GOOGLE:	682.96	(4.96)
MSOS					
CABLEVISION:	16.53	(0.26)	HARMONIC:	4.37	0.10
CHARTER:	72.94	(2.16)	INTEL:	21.84	0.00
COMCAST:	37.43	(0.18)	JDSU:	10.46	0.24
COMCAST SPCL:	36.25	(0.21)	LEVEL 3:	20.14	(0.01)
GCI:	8.34	(0.11)	MICROSOFT:	29.63	0.13
LIBERTY GLOBAL:	58.10	(1.8)	RENTRAK:	16.93	0.02
LIBERTY INT:	20.46	(0.12)	SEACHANGE:	8.92	0.08
SHAW COMM:	21.48	(0.03)	SONY:	11.25	(0.08)
TIME WARNER CABLE:	91.93	(6.24)	SPRINT NEXTEL:	5.75	0.05
VIRGIN MEDIA:	32.27	(0.21)	TIVO:	10.34	0.11
WASH POST:	348.61	(7.89)	UNIVERSAL ELEC:	16.13	0.22
PROGRAMMING					
AMC NETWORKS:	47.82	(1.06)	VONAGE:	2.30	0.05
CBS:	34.01	0.80	YAHOO:	17.37	0.26
CROWN:	1.75	(0.01)	TELCOS		
DISCOVERY:	59.45	(0.43)	AT&T:	34.83	(0.1)
GRUPO TELEVISIA:	22.55	(0.4)	VERIZON:	44.20	(0.32)
HSN:	51.70	0.55	MARKET INDICES		
INTERACTIVE CORP:	45.86	(1.35)	DOW:	13112.44	19.28
LIONSGATE:	15.72	(0.56)	NASDAQ:	2999.66	17.53
LODGENET:	0.39	(0.01)	S&P 500:	1417.26	3.06
NEW FRONTIER:	2.03	0.02			
OUTDOOR:	7.28	0.10			
SCRIPPS INT:	60.45	(0.03)			
TIME WARNER:	43.04	(0.32)			
VALUEVISION:	2.25	(0.01)			
VIACOM:	51.04	(0.4)			
WWE:	8.14	(0.11)			
TECHNOLOGY					
ADVANTAGE:	2.03	(0.02)			
ALCATEL LUCENT:	1.02	0.02			
AMDOCS:	33.31	0.05			
AMPHENOL:	61.75	0.92			
AOL:	35.81	0.38			
APPLE:	584.62	7.82			
ARRIS GROUP:	14.00	0.17			
AVID TECH:	6.30	(0.02)			
BLNDER TONGUE:	1.11	UNCH			
BROADCOM:	31.58	0.13			
CISCO:	17.40	0.05			
CLEARWIRE:	2.17	(0.01)			

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