

CableFAX Daily™

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What the Industry Reads First

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TWC/Charter: Underperforming Nets Face Ax When Contracts Expire

Attention programmers. Here's a heads-up from **Time Warner Cable** CEO *Glenn Britt*: The MSO might drop underperforming cable nets when their contracts expire. Speaking at **UBS'** 40th Annual Media and Communications Conference Mon, Britt said "as our programming contracts come up for renewal, we're going to take a hard look at each service." **Charter's** in the same position as TWC, pres/CEO *Tom Rutledge* said at the conference later in the day. Rising content cost is "a real issue" and it's putting pressure on the business, he said. As a result, "we are looking at similar cost savings." The services that cost too much relative to the viewership or value of those services, "we're going to drop them, or we may put them on a different tier," Britt said. TWC's programming costs have gone up about 30% since '08, leading to a 15% increase in cable TV rates, Britt noted. It's "out of whack... It's out of touch with consumers. It can't continue that way for another 10 or 20 years," he said. Britt slammed pay TV companies, saying some of them have accumulated networks over the years that "hardly anybody watches." All in all, the message is clear: Distribution on Time Warner Cable isn't a "birthright." Regarding cord cutting on cable, Britt said the MSO hasn't seen a huge number of subs replace cable with OTT. A lot of online viewing happens in households that also have cable subscriptions. Additionally, the impact from young cord cutters has been minor. Nevertheless, he said cable needs flexible pricing and packaging options to sustain the subscription video business model. "If we as a broader industry want to keep this going, we need to figure out some way to have packages and prices that are lower for people that can't afford it," Britt said, blaming again the content giants. "Programming and packages keep getting more and more expensive... This stuff is just starting to cost too much." In terms of competition, the cable op is feeling some squeeze from **Verizon FiOS** in NY. "This is building by building combat," Britt said. Also in NY, TWC is aiming at expanding its WiFi deployment as "adding this WiFi capability enhances our broadband product, and it appears to reduce churn." The op will operate 10K hotspots in the L.A. market by year-end. It also plans to step up its TVE game, adding more connected TVs and other devices subs can use to watch live streaming video. Meanwhile, Britt, like many of his MSO counterparts, doesn't see much of a threat in **Google Fiber TV**. "I doubt that means they are going to start building broadband all over the country," he said. "It took the cable industry four decades" to do that.

More on Charter: Charter has its eyes on winning voice subs from wireline providers, pres/CEO *Tom Rutledge* said at

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the **UBS** conference. Some 70% of Charter subs buy voice services from wireline providers for about \$40 a month. Cable ops like Charter can deliver voice as part of its data package and significantly lower the voice cost while offering wireline-quality service, he said. Rutledge was on **CNBC's** "Power Lunch" earlier Mon, where he also talked about the op's interest in voice services. When cable networks become all-digital, they will be able to offer "integrated voice communications products with video and data that work in ways that no other provider can make," he said. Rutledge also said he sees room for significant upside at Charter. "We have the opportunity to take a low-penetrated operation and make it a high-penetrated operation," he said. The CEO also sees "real opportunity" in cloud-based services. Regarding a potential **DirectTV/DISH** combination, he said it's "hard to believe they would get it done" because of potential challenges in getting regulatory OK. In addition, the combined company would have "enormous power over programmers... I would be opposed to it." As for potential M&A activities at Charter, the CEO said "I feel good about our assets." That doesn't mean "we wouldn't do it" when the right opportunity comes. Meanwhile, Charter is working on gradually replacing its analog service with digital.

Viacom View: **Viacom** CEO *Philippe Dauman* used **UBS'** investor conference Mon to tout ratings improvements for **Nick** and **MTV**, saying Nick's "Teenage Mutant Ninja Turtles" and MTV newbie "Catfish" have helped both nets log YOY gains in recent weeks. "I'm happy to see that our investments are paying off," he said. He characterized the hiring of *Susanne Daniels* to head MTV programming as non-disruptive, saying **MTV Nets Music & Logo Group** pres *Van Toffler* has had his eye on her for years. Besides, change is constant for MTV. "MTV always has had to reinvent itself in its entire history," Dauman said. "Every 2-3 years, new mini generations come up." But that gives the net more creators to turn to, he explained, pointing to **YouTube** as a potential place to discover talent. He offered up "Catfish," which sleuths out if online romances are for real, an example. It is based on an independent movie of the same name. While some have wondered if Nick's "SpongeBob" is getting a little long in the tooth, Dauman was clear that he'll be sticking around for a long time, with a feature length movie planned in '14. Asked if Viacom is concerned about the so-called fiscal cliff, he said there is a feeling among CEOs that a deal will be reached. Meanwhile, Viacom continues to look for improvements of measuring alternative viewing on other devices besides TV. "I'm more encouraged than I've ever been that we're going to get there," he said, adding later that Viacom is in conversations with anyone who is thinking of launching a content business.

Helping Hands: 34 US nets, including some broadcasters, have signed on to distribute Sandy Relief concert "12-12-12" (Dec 12, 7:30pm ET). Add in TV feeds worldwide as well as radio and online streaming, and organizers say the concert has secured distribution to more than 1bln people. "The fact that so many major media companies are joining forces to distribute and stream this important event to homes worldwide will enable us to create a tremendous and unprecedented fundraising effort on a global scale to benefit the victims of this devastating storm," said event producers *James Dolan, John Sykes* and *Harvey Weinstein*. Performers include *Bon Jovi, Eric Clapton, Alicia Keys, Billy Joel* and *Bruce Springsteen & the E St Band*. US nets airing the concert include: **AMC, Axs TV, Bio, Bloomberg, Cooking Channel, Destination America, Discovery Fit & Health, Encore, Epix, FX, Fuse, G4, Hallmark Movie Channel, HBO, HBO Latino, IFC, ION, Lifetime Real Women, Life Well Net, Military History, MSG, MSG Plus, mundoFox, NJTV, Palladia, Showtime, Smithsonian Channel, Sundance Channel, VH1 Classic** and **WE**. -- Grammy award-winning band *Train* will host a special performance for Sea Bright, NJ, 1st responders and residents at the Sea Bright Firehouse on Wed. **VH1** will film the performance for a series of vignettes airing throughout Christmas Day to help raise awareness for local non-profit Sea Bright Rising.

It's Over: **DirectTV** and **Gannett** reached a retrans deal before their contract expired Nov 30 to avoid a potential blackout.

Rumor Mill: **Fox Sports OH** is close to buying **SportsTime OH**, which carries **MLB's** Indians, for \$200mln-\$250mln, reports the *Cleveland Plain Dealer*, citing an unnamed source. The sale could be completed by the end of the month, increasing the Indians' rights fees to \$40mln/year from \$30mln, the paper said.

Ratings: **AMC's** "The Walking Dead" mid-season finale delivered 10.5mln viewers Sun night—up 58% over last year's mid-season finale. The net said it's the 1st cable series in TV history to reign as the biggest show of the fall season among 18-49s, beating all broadcast and cable series including, "The Voice," "Modern Family" and "The Big Bang Theory." The series encored at 10pm and then again at midnight, delivering an additional 3.6mln and 1.1mln viewers respectively, totaling 15.2mln viewers for the night. With live plus 7, "The Walking Dead" adds another 3.4mln viewers a week on average. The final 8 eps of Season 3 return Feb 10. -- **Bravo's** "Shahs of Sunset" returned for Season 2 Sun, delivering its highest-rated ep ever (2.3mln total viewers and 1.4mln 18-49s).

BUSINESS & FINANCE

Programming: Showtime will air “Years of Living Dangerously,” a multi-ep doc series on climate change. The project is exec produced by *James Cameron, Jerry Weintraub, Arnold Schwarzenegger*, along with Emmy-winning “60 Minutes” producers *Joel Bach* and *David Gelber*, and climate expert *Daniel Abbasi*. Celebs, including *Matt Damon, Don Cheadle* and *Alec Baldwin*, will participate as 1st-person narrators. The '13 project will encompass 6-8, 1-hour eps. --

Spike TV greenlit new seasons of “Ink Master” and “Tattoo Nightmares,” with both series to go back into production next year. -- **CNN en Español** will launch CNN Latino, a new Spanish language programming block custom made for the US Hispanic market. It will 1st launch in L.A. in late Jan, with a branded programming block of 8 hours of customized content. CNN Latino will broadcast in L.A. on **KBEH**, owned by **Hero Broadcasting**. -- **DirecTV's Audience Net** will present all 8 seasons of “24” in HD beginning Jan 7 at 8pm. -- **Univision** is relaunching broadcast net **TeleFutura** as **UniMás** on Jan 7 to “offer the new generation of Hispanic Millennial trendsetters—the Más Generation—options for bolder content,” said Univision nets pres *Cesar Conde*.

People: **GMC** upped *Sophia Kelley* to svp, programming.

Business & Finance: **DISH** declared a dividend of \$1 per share, payable in cash on Dec 28 to shareholders of record as of Dec 14.

CableFAX Daily Stockwatch

Company	12/03 Close	1-Day Ch	Company	12/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	49.31	(0.39)	CONVERGYS:	15.66	0.05
DISH:	36.58	(0.46)	CSG SYSTEMS:	18.91	0.33
DISNEY:	49.29	(0.37)	ECHOSTAR:	32.53	1.17
GE:	20.82	(0.31)	GOOGLE:	695.25	(3.12)
NEWS CORP:	25.14	(0.08)	HARMONIC:	4.70	0.12
MSOS					
CABLEVISION:	13.82	(0.02)	INTEL:	19.54	(0.03)
CHARTER:	70.45	(0.4)	JDSU:	12.19	0.06
COMCAST:	37.08	(0.12)	LEVEL 3:	18.66	(0.2)
COMCAST SPCL:	35.95	(0.09)	MICROSOFT:	26.43	(0.19)
GCI:	8.08	(0.35)	RENTRAK:	19.36	0.14
LIBERTY GLOBAL:	57.43	1.39	SEACHANGE:	9.15	(0.1)
LIBERTY INT:	19.05	(0.24)	SONY:	9.69	(0.05)
SHAW COMM:	21.72	(0.26)	SPRINT NEXTEL:	5.72	(0.01)
TIME WARNER CABLE:	95.14	0.25	TIVO:	11.78	0.08
VIRGIN MEDIA:	35.09	(0.08)	UNIVERSAL ELEC:	17.56	(0.08)
WASH POST:	363.44	(3.62)	VONAGE:	2.42	(0.01)
PROGRAMMING					
AMC NETWORKS:	53.00	0.24	YAHOO:	18.55	(0.22)
CBS:	35.62	(0.36)	TELCOS		
CROWN:	1.83	UNCH	AT&T:	34.14	0.01
DISCOVERY:	59.95	(0.46)	VERIZON:	44.10	(0.02)
GRUPO TELEVISIA:	23.60	(0.07)	MARKET INDICES		
HSN:	52.27	(0.44)	DOW:	12965.60	(59.98)
INTERACTIVE CORP:	47.17	0.02	NASDAQ:	3002.20	(8.04)
LIONSGATE:	16.23	(0.15)	S&P 500:	1409.46	(6.72)
LODGENET:	0.13	(0.02)	TECHNOLOGY		
OUTDOOR:	7.45	0.02	ADVANTAGE:	1.99	(0.01)
SCRIPPS INT:	59.04	UNCH	ALCATEL LUCENT:	1.10	UNCH
TIME WARNER:	46.80	(0.5)	AMDOCS:	33.38	(0.08)
VALUEVISION:	1.72	(0.11)	AMPHENOL:	61.05	(0.87)
VIACOM:	51.57	(0.7)	AOL:	31.90	(0.47)
WWE:	8.00	(0.07)	APPLE:	586.19	0.91
MARKET INDICES					
			ARRIS GROUP:	14.21	0.24
			AVID TECH:	6.66	0.13
			BLNDER TONGUE:	1.14	(0.01)
			BROADCOM:	32.17	(0.21)
			CISCO:	19.03	0.12
			CLEARWIRE:	2.40	0.08
			CONCURRENT:	5.38	0.10



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