

CableFAX Daily™

Wednesday — February 12, 2014

What the Industry Reads First

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13 for Dinner: Charter Gets Pushier with Its Slate of Directors

You know that dinner guest that shows up you wish didn't? Well, **Time Warner Cable** has 13 of them, with **Charter** officially putting forth its slate of independent directors to be voted on at TWC's annual shareholder this spring. All 13 TWC directors are up for re-election. It's just the latest step in *Tom Rutledge & Co's* attempt to ratchet up the pressure for a combination, hostile or otherwise. TWC continues to rebuff the advances. "It is clear that Charter is nominating a slate of directors for the sole purpose of pressuring our Board into accepting the same lowball offer that it previously considered and unanimously rejected," TWC CEO *Rob Marcus* said in a statement Tues. "Our board remains focused on maximizing shareholder value. We are confident in our strategic plan, which was detailed publicly on January 30, and we are not going to let Charter steal the company." There was no sign of an offer increase from Charter, but chatter is that it may be coming in the next few weeks. Charter's nominees, detailed extensively [here](#), is a roster of cable vets and investment bankers. Have to wonder if TWC was prepared to see former CTO *Jim Chiddix*, who led its **Mystro** project (and worked at TWC with Rutledge), on the list of names. Also on the list is **Oxygen** co-founder and former **Martha Stewart Living Omnimedia** CEO *Lisa Gersh* (the sole female nominee) and former Charter CTO and **Motorola Home** CEO *Marwan Fawaz*. In addition to proposing a full slate of directors, Charter proposed that TWC shareholders amend the company's bylaws to fix the size of the board at 13 and to repeal any amendments to the bylaws that were adopted by TWC without stockholder approval after July 26, '12, which it said is the date of the last publicly disclosed amendment to the company's bylaws. "It is clear from our meetings with Time Warner Cable shareholders that there is an overwhelming desire to combine these two companies to increase Time Warner Cable's competitiveness, grow market share and create shareholder value," Charter pres/CEO Rutledge said in a statement. "Our purpose in this proxy contest is to enable shareholders of TWC to raise their voice, and to provide a very capable board who will hear them." Charter shares closed virtually flat (+0.2%) Tues, while Time Warner Cable shares dipped 0.6%. On Mon, **BTIG's Rich Greenfield** said his team believes TWC is set to experience a notable turnaround. That's certainly what Marcus is pushing, complete with a detailed strategic plan unveiled during 4Q earnings. "As [new COO *Dinni*] *Jain* shifts Time Warner Cable employees away from an EBITDA growth mentality to an obsessive focus on improving an array of customer metrics (what Insight called "The Playbook"), we expect subscriber metrics, along with revenue and EBITDA growth to notably accelerate," Greenfield wrote on BTIG's blog. The question is, do shareholders agree? Will they pass the peas or start a food fight?

Carriage: One thing **Time Warner Cable** won't have to worry about as it deals with **Charter's** advances and the upcoming launch of the **Dodgers** channel is a nasty dispute with **YES** in a market already battered by a **CBS** blackout. **Fox** and TWC reached a deal that includes continued carriage of YES and, for the 1st time, the launch of **Fox Sports San Diego**. TWC had steadfastly refused to carry the **Padres** RSN since the games moved from **Cox** to Fox at the start of the '12 season. Fox Sports San Diego will launch Mar 30 on TWC in the San Diego area. A Fox Sports announcement late Mon

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For further information, including table prices, please call Maria Ducheine at (212) 997-0100, Ext. 214 or e-mail at mducheine@projectsplusinc.com

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only mentioned the San Diego deal, but TWC confirmed that an agreement was reached for the **Yankees** RSN as well. Back to the Dodgers net—officially named **Time Warner Cable Sports Net L.A.**, it launches on Feb 25. But don't be surprised if you don't see any affiliates (besides TWC and **Bright House**) until Opening Day draws closer. We saw the same thing with TWC's Lakers net, **Time Warner Cable Sports Net. -- Mexicanal**, which offers news, entertainment and sports programming from a number of regions across Mexico, scored a carriage deal with **AT&T U-Verse**. The net, launched in '04, is a joint venture of **Castalia Communications** and **Cablecom**.

In the Courts: The Supreme Court, which agreed to hear broadcasters' case against **Aereo**, set a date: April 22, according to an argument schedule. Interestingly, Justice *Samuel Alito* has recused himself from the case (typically due to conflict of interest), according to the **ScotusBlog**. The 1st brief from the broadcasters is due on Feb 24. Aereo's response is due on March 26. Amicus briefs supporting broadcasters are due March 3; ones supporting Aereo are due on April 2.

VOD: Comcast inked a deal with **Warner Bros** to put the studio's titles on its Xfinity On Demand digital store, offering Xfinity TV subs the option to purchase to own. The option allows subs to store content in the cloud, which can be accessed anytime, anywhere and across devices. Some titles will be available weeks ahead of DVD release. Comcast started to sell Digital HD content for download and streaming in Nov. The MSO's Digital HD catalog also includes content from **Fox**, **Lionsgate** and **NBCUniversal**. "Gravity" is among the 1st titles that are available for purchase

On the Hill: Until the **FCC** makes its move following the DC Circuit's ruling that struck down key parts of its Open Internet Order, net neutrality backers will continue to flood the agency with letters/petitions. Five Democrat senators asked Commission chmn *Tom Wheeler* to establish new net neutrality rules through the Telecom Act. In a joint letter, Sens *Al Franken* (MN), *Ron Wyden* (OR), *Jeff Merkley* (OR.), *Ed Markey* (MA), and *Richard Blumenthal* (CT) said the court's ruling "threatens the freedom of innovators to compete on an open, neutral platform" and urged the Commission to adopt "enforceable rules to prevent the blocking and discrimination of Internet traffic."

Sochi Ratings: NBCSN averaged 1.6mln viewers for all Sochi Olympics coverage through 3 days, up 60% over the 1st 3 days of the London Games. Mon's live coverage averaged 1mln, up 84% from the net's opening Mon in London.

Going Green: Cox Comm parent **Cox Ent** announced expanded goals for its national sustainability program, Cox Conserves, including sending zero waste to landfills in the next 7-10 years and becoming carbon and water neutral in the next 25-30 years. Already, Cox's fleet of more than 13K was recognized by Green Fleet magazine as one of the nation's largest and greenest fleets. Cox also operates 2 water conservation centers that help save 32mln gallons of water annually.

Smart Home: Verizon FiOS stopped offering its home monitoring and control services to new customers last Oct. The telco is "revisiting the service to more accurately reflect our vision for the connected home" because "as technology and consumer expectations evolve so must our offerings," a Verizon spokesman said. The move doesn't impact existing subs. The service, launched in Oct '11, was developed in collaboration with 4Home, a Motorola unit at the time. The unit is now part of **Arris**, which bought Motorola Home in '13. The smart home market is expected to generate \$71bln revenue by '18, up from \$33bln last year, according to **Juniper Research**, and nearly 80% of total smart home revenues will come from entertainment services in a few years. Growth has been driven by the expansion of OTT content from the likes of **Netflix** and **Amazon Instant Video** while demand was fuelled by increasing adoption of connected TVs, the research firm said.

CableFAX CALL FOR CONTRIBUTORS

CableFAX is looking for cable marketing, PR and communications experts to contribute to the upcoming "**Social Media and Digital Marketing Guidebook**." If interested, please email cablefaxpress@accessintel.com by **Friday, February 21**.

Getting published in the CableFAX guidebook is an excellent branding & exposure opportunity for the you and your organization. We want to hear from you!

More specifics and chapter ideas available at: www.cablefax.com/cfp/guidebook

BUSINESS & FINANCE

M&A: Video ad platform **Extreme Reach** completed its \$485mIn cash acquisition of **Digital Generation's** TV business. All DG TV subs and assets will be transferred to Extreme Reach's multiscreen, cloud-based ad platform, which serves traditional video and online content providers. The company was reportedly considering an IPO.

Digital: **ESPN** made its 2nd screen app WatchESPN available for **Microsoft's** Windows 8, letting users who subscribe to ESPN's linear nets access **ESPN, ESPN2, ESPNU, ESPN3, ESPN Deportes** and **ESPNEWS**.

Programming: **Lifetime** ordered 10 eps of conspiracy thriller "The Lottery." It's the net's 2nd scripted series pickup this year after booking 10 eps of **A&E Studio's** "Un-Real" last week. -- **Turner Classic Movies** will pay tribute to *Shirley Temple*, who died late Mon at the age of 85, with a night of her films on March 9, including *Heidi* (1937), *Stowaway* (1936), *Bright Eyes* (1934), *The Little Princess* (1939) and *The Bachelor and the Bobby Soxer* (1947).

People: **IFC** upped its marketing head, *Black Callaway*, to the newly created position of evp, marketing and digital media. Callaway, most recently svp of marketing, will report to IFC pres/gm *Jennifer Caserta*. -- **ScrIPps** upped *Lynne Davis* to vp, national broadcast media and talent relations for **HGTV** and **DIY Network**. The **Viacom** vet will continue to report to *Audrey Adlam*, who heads the nets' PR function.

CableFAX Daily Stockwatch

Company	02/11 Close	1-Day Ch	Company	02/11 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	32.15	UNCH	GOOGLE:	1190.18	17.25
DIRECTV:	71.09	0.33	HARMONIC:	6.50	0.05
DISH:	57.07	0.05	INTEL:	24.47	0.18
DISNEY:	77.79	0.73	JDSU:	13.40	0.01
GE:	25.43	0.38	LEVEL 3:	36.70	(0.06)
MSOS					
CABLEVISION:	16.71	0.31	MICROSOFT:	37.17	0.38
CHARTER:	137.90	0.28	NIELSEN:	45.00	(0.13)
COMCAST:	55.00	0.65	RENTRAK:	63.98	(1)
COMCAST SPCL:	52.74	0.59	SEACHANGE:	11.49	(0.07)
GCI:	9.50	0.05	SONY:	17.11	0.43
LIBERTY GLOBAL:	83.70	1.50	SPRINT NEXTEL:	7.90	0.21
LIBERTY INT:	27.72	0.44	TIVO:	12.27	0.20
SHAW COMM:	23.15	0.38	UNIVERSAL ELEC:	34.24	(0.42)
TIME WARNER CABLE:	134.90	(0.8)	VONAGE:	4.38	(0.02)
PROGRAMMING					
AMC NETWORKS:	65.65	0.76	YAHOO:	38.50	0.74
CBS:	60.90	0.31	TELCOS		
CROWN:	3.10	0.14	AT&T:	32.95	0.51
DISCOVERY:	82.77	0.39	VERIZON:	47.21	0.30
GRUPO TELEVISA:	29.38	0.01	MARKET INDICES		
HSN:	54.85	0.37	DOW:	15994.77	192.98
INTERACTIVE CORP:	66.19	(0.89)	NASDAQ:	4191.05	42.87
LIONSGATE:	32.71	0.21	S&P 500:	1819.75	19.91
MADISON SQUARE GARDEN:	59.11	0.30			
SCRIPPS INT:	76.78	0.98			
STARZ:	29.28	0.14			
TIME WARNER:	64.84	1.19			
VALUEVISION:	5.80	0.08			
VIACOM:	83.23	0.60			
WWE:	22.87	0.55			
TECHNOLOGY					
ADVANTAGE:	3.15	0.01			
ALCATEL LUCENT:	4.23	(0.14)			
AMDOCS:	43.66	0.16			
AMPHENOL:	87.96	0.93			
AOL:	45.09	(0.67)			
APPLE:	535.96	6.97			
ARRIS GROUP:	26.18	0.26			
AVID TECH:	6.80	(0.05)			
BLNDER TONGUE:	0.94	(0.01)			
BROADCOM:	30.79	0.20			
CISCO:	22.71	(0.12)			
CONCURRENT:	8.43	(0.06)			
CONVERGYS:	19.44	0.11			
CSG SYSTEMS:	26.78	0.22			
ECHOSTAR:	48.80	0.69			



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