

Cablefax Daily™

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What the Industry Reads First

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TWC 2Q: Merger Timing Uncertain, 2Q Sub Metrics Looks Good

In its first earnings call since the **Charter** merger was announced, **Time Warner Cable** showed it's sticking to its business-as-usual plan, adding 66K residential customer relationships. That's the 1st positive 2Q net add since '08 and the MSO's best 2Q ever. "The reality is we're thinking like long-term managers in spite of the pendency of the transaction," TWC CEO **Rob Marcus** said. Sub metrics beat analyst expectations, with video losses of 45K vs the Street's 79K projection and more than 100K better than a year ago. Residential HSD net adds of 172K were the best for a 2Q since 2008, while residential phone adds for 252K were the strongest ever for a 2Q—a credit to TWC re-emphasizing the \$90 triple-play promo. Financials were short of analyst expectations, but some of that relates to TWC nabbing more customers with promos. TWC rev was up 3.5% to \$5.92bln, shy of the \$5.94bln consensus, and adjusted OIBDA of \$2.03bln missed the consensus' \$2.06bln (partly due to \$27mln in pension expenses). As for the pace of the Charter deal, he said the parties are working toward a year-end close, but added that they really have no control of the timing. The **FCC** announced on Mon it had accepted Charter-TWC-**Bright House's** application (**CFX**, 7/28) and indicated it would issue another Public Notice soon regarding the treatment of confidential information during the process (a federal court overturned the FCC's handling of such info in the **AT&T-DirectTV** merger). Once that's resolved, the informal 180-day merger review clock can start ticking. On Thurs, Republican commissioners **Ajit Pai** and **Mike O'Rielly** said they were dismayed the Commission seems unwilling to begin formal review of the transactions until Commissioners agree to change the FCC's procedures for protecting confidential information. "While we are still reviewing the order on circulation, we believe that the Commission should follow the direction that the DC Circuit previously provided in a similar case: 'The agency has access to the relevant documents at issue in this matter and can continue to evaluate the proposed merger....' So let's start the 'aspirational' merger review shot clock and get on with the process," the 2 said. Marcus said TWC received its 2nd request for info from DOJ last week. TWC also is the first MVPD to report earnings since AT&T-DirectTV's merger closed. Obviously, it's too early to know what's going to happen, but COO **Dinni Jain** suggested they'll be looking closely at what AT&T does with **NFL** Sunday Ticket. Marcus added that the deal means that in roughly a quarter of TWC's footprint, 2 competitors become 1. "Generally speaking, that's a positive for all the players in the industry," he said.

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Title II Challenge: NCTA, ACA, USTelecom and others filed their joint petition against the FCC's open Internet order Thurs, outlining their problems with the Commission regulating broadband and mobile as telecommunications services under Title II. The groups also object to subjecting interconnection agreements to common carrier obligations and the introduction of what they say is a vague, "catch-all" Internet conduct standard. "The FCC jettisons its prior factual findings and policy without any reasoned explanation and without identifying any new facts that could support its about-face. In the process, it willfully ignores the hundreds of billions of dollars invested in reliance on the prior policy—implausibly denying that such reliance even exists," the filing said. In a blog post, NCTA stressed that it's not appealing net neutrality, repeating its mantra that it supports open Internet protections for consumers. The filing immediately drew rebukes from Title II proponents. "Legions of lawyers and lobbyists working for the phone and cable companies aren't going to succeed this time in taking these rights away from Internet users. Their overheated rhetoric in these court cases ignores both the law and the way that Internet access actually operate," said **Free Press** policy dir *Matt Wood*.

State of Set-top Market: The set-top market lacks choice and competition. That's one of the findings of a report released by Sens *Ed Markey* (D-MA) and *Richard Blumenthal* (D-CT) Thurs. The lawmakers, along with members of the Commerce Committee, sent letters to major MVPDs last Nov to collect information on their set-top box practices, including the number of subs, costs and choices for consumers. The distributors include **Comcast, DirecTV, DISH, Time Warner Cable, Charter, AT&T, Verizon, Cox, Cablevision** and **Bright House**. The lawmakers said the report showed consumers were spending more than \$231 a year on set-top rental fees. The expense is "unjust and unjustifiable," Markey said in a statement. "As the world becomes increasingly connected and technology advances, new innovations must be able to break into the cable marketplace and provide the vigorous competition that drives down prices for consumers." Among the findings: The set-top rental market may be worth more than \$19.5bln a year, with 221mln installed set-tops that are leased from MVPDs. Pay-TV subs spend, on average, \$89.16 a year renting a single set-top box. **NCTA** said the senators continue to misrepresent the text and impact of the STELAR Act, which repealed the set-top box integration ban.

AT&T AdWorks: Following **AT&T's** acquisition of **DirecTV**, the telco announced DirecTV Ad Sales will now be part of the AT&T AdWorks family. *Rick Welday* was named pres of AT&T AdWorks and will lead the division. With the addition of DirecTV HHs, AT&T AdWorks TV Blueprint reaches more than 70mln homes across the country.

Mediacom-Media General: **Media General** stations that had been dark on **Mediacom** since July 14 are now back on the MSO. The broadcaster acquired the stations from **LIN** back in Dec. The Media General/LIN Media stations will be reinstated on the Mediacom channel lineup in the markets where Media General operates the primary network affiliate, but stations that aren't the primary feed will be discontinued over the next several months. The stations involved are: KWQC-NBC (Davenport, IA/Rock Island-Moline, IL), KIMT-CBS/MNT (Mason City, IA), KELO-CBS/MNT (Sioux Falls, SD), WANE-CBS (Fort Wayne, IN), WAVY-NBC and WVBT-FOX (Norfolk-Portsmouth-Newport News, VA), WTHI-CBS/FOX (Terre Haute, IN), WKRN-ABC (Nashville, TN), KSNT-NBC and KTMJ-FOX (Topeka, KS), KSNW-NBC (Wichita-Hutchison, KS), WIAT-CBS (Birmingham, AL), WOTV-ABC and WOOD-NBC (Grand Rapids-Kalamazoo-Battle Creek, MI), WBAY-ABC (Green Bay-Appleton, WI), WFNA-CW (Mobile, AL/Pensacola, FL) and KRON-MNT (San Francisco-Oakland-San Jose, CA).

Cardinals/Fox Deal: The **St. Louis Cardinals** and **Fox Sports Midwest** inked a new long-term TV rights agreement that will begin in 2018 and will run 15 seasons through the 2032 season. Fox Sports Midwest also announced an extension of its partnership with Ballpark Village, which includes a 2nd floor studio facing Busch Stadium and a naming rights sponsorship of Fox Sports Midwest Live.

Arris 2Q: **Arris** posted 2Q net income of \$0.53 per share, compared to \$0.7 a share in the year-ago quarter. Telco-based video CPE unit volumes were down 9% YOY while cable units decreased 17% YOY. Broadband CPE volumes were down 10% YOY. DOCSIS 3.1 initial field trials later this year, execs said during the company's earnings call late Wed. Arris still expects to close its pending \$2.1bln **Pace** merger in 4Q, and expects both **Verizon** and **AT&T's** spending to be down from last year based on management comments, pres/CEO/chmn *Robert Stanzione* said.

Ratings: The Yankees-Rangers game on **YES Network** Wed night was the most-watched and the highest-rated Yankees telecast this season with 302K TV HHs and 4.06 average TV HH rating.

Programming: **Discovery Channel** will launch "SHWEEKEND," a special weekend of new "Shark Week" programming

BUSINESS & FINANCE

on Aug 29 and Aug 30. -- **Science Channel's** "Secrete Space Escapes" premieres Nov 10. -- **Lifetime** is partnering with **Yahoo TV** to debut the hour-long casting special "Road to the Runway" online. The series' 14th season will air on linear Thurs.

Advertising: Poker Central announced its 1st group of advertisers: **Amazon App Store**, online gaming site **DraftKings** and **Dollar Shave Club**. They will advertise on the net when it launches as well as the Super High Roller poker series produced by Poker Central and airing on **NBCSN**. **MVMT Watches** also signed on as timekeeping partner for the Super High Roller series. -- The **Pac-12 Conference** formed a 3-year partnership with **adidas**, making adidas the official athletic apparel and footwear partner of the conference and all Pac-12 championship events. The agreement also makes Adidas the sponsor of Pac-12 Sports Report, the net's weekly 1-hour studio show.

People: Viacom named **Alex Berkett** svp, corporate development. Berkett joined Viacom from **Townsquare Media**, a local media company he co-founded in 2010. -- **NBCU's** Lifestyle Networks group upped **David O'Connell** to evp, production mgmt and ops, Lifestyle Networks. -- **Media-com** upped **Tom Larsen** to svp, government & public relations, and **Peter Lyons** to svp, information technology. Larsen joined the company in 2006, while Lyons started in 2007.

Cablefax Daily Stockwatch

Company	07/30 Close	1-Day Ch	Company	07/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	64.97	(0.01)	CONCURRENT:	5.47	0.03
ENTRAVISION:	7.40	0.03	CONVERGYS:	25.11	(0.16)
GRAY TELEVISION:	16.61	0.42	CSG SYSTEMS:	30.93	0.19
MEDIA GENERAL:	15.66	0.09	ECHOSTAR:	46.49	0.13
NEXSTAR:	56.50	0.65	GOOGLE:	632.59	0.66
SINCLAIR:	28.18	(0.14)	HARMONIC:	6.01	0.11
TEGNA:	28.96	(0.25)	INTEL:	28.91	(0.1)
MSOS					
CABLE ONE:	412.73	(3.31)	INTERACTIVE CORP:	77.23	(0.47)
CABLEVISION:	28.04	1.22	JDSU:	11.06	(0.05)
CHARTER:	187.96	3.61	LEVEL 3:	50.06	0.67
COMCAST:	62.39	(0.09)	MICROSOFT:	46.96	0.67
COMCAST SPCL:	62.18	(0.12)	NETFLIX:	111.56	4.48
GCI:	18.27	0.04	NIELSEN:	49.06	0.74
LIBERTY BROADBAND:	54.07	0.42	RENTRAK:	67.63	1.29
LIBERTY GLOBAL:	52.41	0.05	SEACHANGE:	6.85	0.05
SHAW COMM:	21.08	0.04	SONY:	29.12	(0.42)
SHENTEL:	31.86	(0.67)	SPRINT NEXTEL:	3.43	(0.05)
SHENTEL:	31.86	(0.67)	TIVO:	10.08	0.14
TIME WARNER CABLE:	190.84	1.41	UNIVERSAL ELEC:	51.85	0.42
PROGRAMMING					
21ST CENTURY FOX:	34.06	0.05	VONAGE:	6.24	1.07
AMC NETWORKS:	83.73	0.29	YAHOO:	37.42	(0.25)
CBS:	53.20	0.59	TELCOS		
CROWN:	4.41	0.01	AT&T:	34.80	0.11
DISCOVERY:	32.23	0.62	CENTURYLINK:	28.16	UNCH
DISNEY:	120.03	0.19	TDS:	27.45	(0.3)
GRUPO TELEVISIA:	34.24	(0.19)	VERIZON:	46.67	0.11
HSN:	73.45	1.25	MARKET INDICES		
LIONSGATE:	39.05	0.52	DOW:	17745.98	(5.41)
MSG:	83.31	(0.23)	NASDAQ:	5128.79	17.05
SCRIPPS INT:	62.21	0.28	S&P 500:	2108.63	0.06
STARZ:	40.90	0.50			
TIME WARNER:	88.46	0.35			
VIACOM:	56.61	0.01			
WWE:	19.36	2.88			
TECHNOLOGY					
ADVANTAGE:	2.27	(0.01)			
AMDOCS:	58.22	1.75			
AMPHENOL:	56.94	(0.11)			
APPLE:	122.37	(0.62)			
ARRIS GROUP:	30.49	(0.11)			
AVID TECH:	11.90	(0.28)			
BLNDER TONGUE:	0.83	0.03			
BROADCOM:	51.35	(0.46)			
CISCO:	28.30	(0.1)			
COMMSCOPE:	26.03	UNCH			

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PROGRAMMER'S PAGE

Camp Spinoff

Confession: sometimes I find myself watching **Disney Channel's** "Jessie" when no one else is in the room. It's one of those rare shows that parents can actually watch with their kids and occasionally even laugh at. So, I was a bit apprehensive when I heard Disney was ending Jessie's run and launching a spin-off series with 3 of the Ross children (*Zuri, Ravi and Emma—Luke is part of a new series on Disney XD*) at summer camp. Thankfully, when my entire family screened the first ep of "BUNK'D" (premieres Fri, 10pm after original movie "Descendants"), we all wanted more of Camp Kikiwaka. And as a mom, I perhaps took some sadistic pleasure in the spinoff taking kids from the penthouse to a cabin in the woods with no cell phones or tablets. While there are the 3 familiar faces from Jessie, some of the new actors really shine—particularly counselor Lou (*Miranda May*), aptly described as a young *Melissa McCarthy* by **Disney Channels Worldwide** original programming evp *Adam Bonnett*. "We worked very hard to find new Disney Channel stars that we hope the audience is going to want to watch grow up, just like they did with the Ross kids," he said. BUNK'D also features *Kevin Quinn* (Xander), which brings some singing to the show and a coolness factor that resonates with boys and girls. Jessie and BUNK'D creator/exec producer *Pamela Eells O'Connell* said she wanted to do the spinoff because she just wasn't ready to say goodbye to the characters. "The single most fun thing about doing a spinoff is you get to take these characters you love and put them in a new environment and see how they react. It's a way to just freshen up the show after 4 years," she said. And the summer camp setting expands it beyond the standard and classroom and living room scenes into adventure stories. "It's a different kind of storytelling, and what I particularly love about it is there's no specific authority figure anymore like Jessie or Bertram on whom they can rely," O'Connell said. — *Amy Maclean*

Reviews: "On The Record with Mick Rock," series premiere, Sun, 8pm ET, **Ovation**. There's little doubt this debut ep is a smash. Hair askew and peering out from behind sunglasses, photographer *Mick Rock* plays the aged rocker extremely well, yet he wisely allows the spotlight to shine on his guest, this week it's singer *Josh Groban*. What ensues is an atypical and very personal tour of Groban's hometown of L.A., including a visit with his former HS drama teacher. It's a lovely way to open a series. -- "From Wags to Riches with *Bill Berloni*," series premiere, Thurs, 9pm, **Discovery Family**. The series opener is a beautifully produced ep about dog trainer *Bill Berloni*, his human and animal family (including 26 dogs). Berloni acquires shelter dogs and trains them, mostly for film and theater roles—he famously trained Sandy for "Annie." The hour-long premiere seems to tell us as much as we need to know about Berloni's life. We're curious what ensuing eps will cover. -- "Born Again Virgin," series premiere, Wed, 10pm, **TV One**. A silly, but very enjoyable comedy series about the dating lives of a trio of 30-something women. After a bad relationship, our protagonist, blogger *Jenna (Danielle Nicolet)*, vows to be celibate, but then a total hunk moves in across the hall. Kissing's OK, right? — *Seth Arenstein*

Basic Cable Rankings			
(7/20/15-7/26/15)			
Mon-Sun Prime			
1	FOXN	0.7	1626
1	DSNY	0.7	1589
1	HGTV	0.7	1574
4	USA	0.6	1551
4	TNT	0.6	1533
4	DISC	0.6	1466
4	HIST	0.6	1422
4	SYFY	0.6	1367
9	TBSC	0.5	1274
9	UDN	0.5	574
11	FOOD	0.4	1089
11	FX	0.4	1053
11	FAM	0.4	984
11	ADSM	0.4	970
11	TLC	0.4	904
11	A&E	0.4	863
11	SPK	0.4	858
11	ID	0.4	858
11	DSE	0.4	83
20	AMC	0.3	812
20	LIFE	0.3	783
20	NAN	0.3	656
20	HALL	0.3	653
20	MSNB	0.3	645
20	VH1	0.3	619
20	ESPN	0.3	615
20	APL	0.3	607
20	DSJR	0.3	567
20	HMM	0.3	433
20	DFAM	0.3	58
31	TVLD	0.2	581
31	CNN	0.2	567
31	WETV	0.2	543
31	BET	0.2	541
31	EN	0.2	532
31	NGC	0.2	532
31	MTV	0.2	524
31	OWN	0.2	522
31	BRAV	0.2	515
31	GSN	0.2	450
31	CMDY	0.2	443
31	DXD	0.2	442
31	LMN	0.2	437
31	FXX	0.2	434
31	TRAV	0.2	406
31	TRU	0.2	394

*Nielsen data supplied by ABC/Disney

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