

CableFAX Daily™

Friday — August 2, 2013

What the Industry Reads First

Volume 24 / No. 149

TWC Theater: Britt Says M&A Rumors Prove Value of Assets

Time Warner Cable shares closed up 3% Thurs, with investors apparently more excited about M&A talk than 2Q results. “The fact that Time Warner Cable has been at the center of speculation is really an endorsement of the value of our assets and the company we built,” CEO *Glenn Britt* squeaked out during the company’s earnings call (he has a bad case of laryngitis that has lasted at least a week). “The watchword for us is discipline. Looking for ways to build value for the cable industry as a whole, consolidation is a worthwhile endeavor. But our objective is, and will continue to be, to build value for our shareholders.” In other words, he didn’t really indicate what might happen. “From our conversations with investors, it sounds like the worse trends get, the more the market anticipates a transaction,” said **Wells Fargo’s** *Marci Ryvicker*. Asked whether he lost his voice yelling at *Les Moonves* during their ongoing retrans negotiations, Britt laughed and said he knew someone would say that. About halfway through the call, Britt’s voice gave out and CEO-to-be *Rob Marcus* took over. He didn’t get specific on **CBS** (deadline for a deal is 5pm ET Fri), but did speak more generally on programming disputes. TWC believes interim carriage during disputes could alleviate pressure, while braking up the bundle would provide more choice. “Whether that specifically means one by one purchases of networks, I think, remains to be seen. But I think more flexibility around the big bundle is probably a healthy dynamic for the marketplace,” Marcus said. As for those results... HSD was probably the biggest disappointment, with only 8K net adds in the Q. Marcus said HSD numbers are reflective of the MSO’s approach to pricing on the front end as it tries to attract higher ARPU subs. Basic video losses totaled 191K, while voice losses were at 56K (driven partly by a pull back on triple-play promotions). While sub numbers and rev of \$5.55bln (+2.7%) missed analyst estimates, EPS beat expectations, jumping 14% to \$1.69. Despite “somewhat volatile” net adds, **Macquarie Capital** raised estimates on the stock because of recent price increases and lower opex offset by more conservative net adds expectations. The firm put full year rev estimates at \$22.3bln, up from its \$22.2bln estimate. It upped ’13 adjusted OIBDA growth to 3% from 2.3, and EPS for the year to \$6.62 from \$6.54. Other tidbits from the call: It doesn’t sound like Marcus’ pres/COO spot will be filled, with him noting that this year’s reorg resulted in 3 COOs (*Bill Goetz*, residential; *Phil Meeks*, biz services; *Joan Gillman*, media sales). Integration of the **Insight**

Want to find a new cable super star in 2013?

Search candidates in the Cable360 Job Boards



Go to www.cable360.net/jobs

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Sales Mgr: Susan Kim, 301.354.2010, skim@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com ● Subscription Questions, contact Client Services: 301.354.2101, clientservices@accessintel.com
Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

systems was completed in 2Q, positioning TWC to realize the anticipated synergies a little ahead of schedule. TWC hasn't started seeking affiliation agreements for the **Dodgers** net yet. TWC's new cloud-based guide should begin beta testing in the next 60 days and will be introduced to customers later this year.

DirecTV: DirecTV was very interested in **Hulu** and submitted an "aggressive and attractive bid" for it, CEO *Mike White* said during the company's 2Q conference call Thurs, 2 weeks after owners of the streaming service canceled the sale. Nonetheless, the satellite company is looking to up its digital game internally and externally. Through the company's digital group created 18 months ago, DirecTV will accelerate its TV Everywhere strategy and improve its secondary platform experience, White said. Post-**Hulu**, "we had to take a step back and look at other ideas," including SVOD opportunities, he said. When it comes to potential M&A activities, he said as a regulated company, its options are limited. Having said that, "we will be optimistic when the right moment arrives," he said. Meanwhile, White, firing shots at rising programming costs, expects mid-upper-to-upper single digit programming costs increase this year. "The longer it [programming costs] goes on for the entire industry, the more issue it's creating with customers," he said, adding he has seen more consumer complaints this year on higher prices. That's why some of DirecTV's competitors have taken tough stands on content costs, he said. Rising programming costs are a problem for consumers in an economy that's improving slower than expected, he said. "Something has to be done." Regarding DirecTV's relationship with the **NFL**, White said the companies continue to have "constructive discussions." He's confident that DirecTV NFL Sunday Ticket will stay for the long-haul. With regard to retrans disputes, the company said it continues to look at alternatives for customers. As it monitors **Aereo**'s legal proceedings, it's doing some "longer-term R&D... If [retrans] costs get to a certain point, I have to say everything is on the table." Financially, DirecTV's 2Q net income declined to \$660mln due to a lower operating profit, a \$64mln retirement charge, and a \$59mln charge as a result of the deconsolidation of DirecTV Sports Network Northwest. Nonetheless, the company upped its revenue 7% YOY to \$7.7bln but lost a higher-than-expected 84K subs in the US. Growth in its usually strong Latin American operations also slowed due to an economic slow-down in the region, with 165K net new subs vs 645K in the year-ago quarter. Home security is "an attractive add-on sale opportunity," White said. The smart home market is less than 20% penetrated with much room for growth, he said. At the end of the quarter, DirecTV has 20.02mln subs vs 19.91mln in the year-ago quarter.

At the Portals: Frontrunner *Michael O'Rielly* got the nomination from *President Obama* for the vacant **FCC** GOP commission seat. This gives the Senate a Republican to pair with *Tom Wheeler*'s nomination for FCC chmn. But don't expect any vote until after the Aug recess (Sen Commerce has to hold a hearing on O'Rielly first and then advance his nom to the full Senate, as it did with Wheeler this week). O'Rielly is an aide for Sen *John Cornyn* (R-TX) and was previously a tech policy adviser for former Sen *John Sununu* (R-NH). -- Opposition to petitions to deny the **Gannett-Belo** deal are due to the **FCC** by Aug 8, with replies to the oppositions due Aug 20. **Time Warner Cable, ACA** and **DirecTV** petitioned the **FCC** to deny Gannett's \$2.2bln acquisition of Belo as did **Free Press, NABET-CWA, TNG-CWA, National Hispanic Media Coalition, Common Cause** and **The United Church of Christ Office of Communications**. If anyone wants to file a petition to deny Local TV's 19 stations to Tribune, they have until Aug 19.

Measurement: Fox Bcstg chmn, entertainment *Kevin Reilly* at TCA press tour Thurs told critics the net will start releasing more internal cross-platform viewing data in a push to center public attention beyond next-day live ratings that are only "a fraction of the story." His request echoes those of many cable programmers frustrated that certain shows with enormous followings beyond Live+3 seldom get full credit as consumers time-shift viewing across different platforms. Fox's internal dashboard, which already combines various linear metrics with streaming data from **Hulu** and other online/mobile environments, could even divide viewing data into cross-platform, 30-day chunks to create a more complete and long-term picture. A Fox rep said the net could eventually distribute such data on a weekly basis. While Reilly acknowledged that the "vast majority" of linear viewing occurs over the 1st 3 days (Live+3), he said that "on other platforms that's not the case," with Fox's internal data suggesting that VOD views are "equally proportioned" over 30 days. Yet Nielsen only gives credit for the 1st 3 days of VOD viewing. "We think that's an antiquated and arbitrary policy that we're going to be pushing back on," he said, noting that Fox will start rolling out dynamic ad insertion in VOD environments this year "to try to counter that." Reilly gave props to cable's ratings strides—while noting it still has only 4 of the top 50 shows and yet gets more slack to present low-rated shows as

hits. "I think we're all in the same game," he said. "I don't have any chip on my shoulder. I think it's all fair competition. I watch a lot of those shows." But noting "The Mindy Project," which averages a 2.2 rating and beats most cable shows, Reilly said "it is very frustrating that the word 'hit' would be attached to these shows without any asterisk, without any notation of any relevant audience or performance," he said. "I would watch 'Louie' on a loop, but you have to combine Louie and 'Girls' together to get anywhere close to the Mindy rating."

Blackout: DISH lost Raycom stations at 12:01 am MT Thurs in 36 markets, including Cleveland (CBS), Charlotte (CBS), Montgomery (NBC), Cincinnati (Fox) and Honolulu (CBS and NBC). "We are ready to listen to a fair proposal from Raycom to bring this impasse to a swift end," DISH said, claiming the broadcaster wants 4 times what it was paying under the previous agreement. Raycom said it has been working with DISH for several months and is committed to resolving the issue. Meanwhile, Time Warner Cable continues not to have Journal Broadcast stations in Green Bay, Milwaukee, Omaha and other Journal Broadcast markets.

Comcast: Comcast will start a trial of a usage-based data plan dubbed Flexible-Data Option in Fresno, CA, in late Aug. The voluntary option, only available to Economy Plus subs, is designed for casual or light Internet users who typically use 5 GB of data or less per month, according to Comcast's website. It offers a \$5 credit if the total monthly data usage is less than 5GB. Otherwise, subs will be charged an additional \$1 for each GB exceeding the 5GB cap. Once rolled, the trial option will go into effect for the next month, Comcast said. Subs can find their data usage meter at Comcast's online portal.

On the Hill: Sens Ron Wyden (D-OR) and John Thune (R-SD) on Thurs introduced the Internet Tax Freedom Forever Act, which would impose a permanent ban on taxes for Internet access. NCTA applauded the move, saying it would protect consumers and small businesses. In the early days of the Internet, state and local jurisdictions sought to impose "multiple and discriminatory" taxes that threatened to stifle innovation, the senator said. Wyden co-wrote the original Internet Tax Freedom Act, which has been reauthorized 3 times.

Launch Pad: Thurs marked the start of Participant Media's new net Pivot, and its launch on AT&T U-Verse's TV U300 package. The net, created after Participant combined Documentary Channel and the distribution assets of Halogen, is expected to reach 40+mln subs. Upcoming shows include docu-talk series "Raising McCain." -- Young Latino-focused Fusion (a jv between Univision and ABC) now has a launch date: Oct 28. The net already has scored distribution deals with Cablevision, Charter, Cox, AT&T U-Verse, Verizon FiOS and Google Fiber. Fusion's digital platform will also come alive in Oct.

Programming: As expected, Fox Sports added the exclusive rights to 3 additional NASCAR Sprint Cup Series events and the 1st 13 NASCAR Nationwide Series events of each season. It splits the races with NBC Sports, which has rights to the final 20 NASCAR Sprint Cup Series races, final 19 Nationwide Series events and select other events in '15.. Fox and NASCAR also added 2 years to their agreement announced in Oct, extending it through '24. -- WE tv said "I do" to 2nd season of "Marriage Boot Camp: Bridezillas." New eps to premiere early next year.

Apps: DISH's 2nd screen app DISH Explorer became the first 3rd party app that GetGlue has allowed to access its media feed. Under the deal, DISH added features from GetGlue to DISH Explorer, allowing fans to share what they are watching and access curated content from GetGlue show feeds directly within DISH Explorer. In addition, GetGlue's integration with DISH Explorer allows subs to earn rewards from its entertainment partners when they check-in to shows.

Deals: Rural Broadband Investments (RBI) signed and closed the acquisition of McDonald Cable, which serves 9K subs in Southeast TX. The deal followed RBI's purchase of Cable Management Associates and investment in NewWave Communications as it seeks to build a platform of 300K-400K cable subs in small-to-mid sized rural markets. RBI now has 130K subs and passes more than 400K homes in IL, IN, MI, AK, LA, MS, TX and NV. RBC Capital Markets was the exclusive financial advisor on the transaction.

TVE: Showtime announced East and West Coast feeds for its TVE service Showtime Anytime, which it says marks the 1st time a premium net has offered live TV viewing on an authenticated service. Authenticated subs can click "Live TV" on Showtime Anytime and choose between East and West to watch what's currently airing on the net. Sounds like a way for West Coasters to avoid social media spoilers for their favorite series. Showtime Anytime is available now to AT&T U-verse, Cablevision, Comcast, DirecTV and Verizon FiOS customers. -- Samsung Smart TV became the 5th platform on Time Warner Cable for on-demand content. Video subs at the standard level or higher can access content through an new interface without a set-top box on 12- and 13-inch Samsung Smart TVs.

BUSINESS & FINANCE

Honors: First there was the number 1 placement in the **CableFAX 100**. Now, **AETN's Abbe Raven** is **WICT's Woman of the Year**. Raven will be recognized along with Women to Watch **Bernadine Han** of **Time Warner Cable** and **Discovery Comm's Marjorie Kaplan** at the WICT Touchstone Luncheon Oct in NY during the WICT Leadership Conference and Diversity Week. -- **Time Warner Cable, Cablevision** and **Thirdspace (Velocix, Alcatel-Lucent)** were recognized with Tech Emmys in the category of "Pioneering Work in Implementation and Deployment of Network DVR." TWC and **N2 Broadband (Ericsson)** also received awards in the VOD Dynamic Ad Insertion category.

People: The Motion Picture Association of America made it official: Former **House Commerce** chief counsel **Neil Fried** joined the group as svp, government and regulatory affairs.

Oops: At the **Indy Show, Fox Networks** pres, distribution **Mike Hopkins** was referencing technology innovation, not rising programming costs, when he commented that "programmers and distributors have failed" to do enough.

Editor's Note: If you haven't checked out the incredible lineup for **CableFAX's 1st TV Innovation Summit** in NYC on Sept 24, go to <http://www.cablefax.com/tv-innovation-summit-2013/> ... We look forward to seeing you.

CableFAX Daily Stockwatch

Company	08/01 Close	1-Day Ch	Company	08/01 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DIRECTV:	62.00	(1.28)	GOOGLE:	904.22	16.47			
DISH:	45.01	0.36	HARMONIC:	7.71	0.06			
DISNEY:	65.36	0.71	INTEL:	23.20	(0.14)			
GE:	24.62	0.25	JDSU:	15.06	0.39			
NEWS CORP:	30.62	0.74	LEVEL 3:	22.34	0.29			
MSOS								
CABLEVISION:	18.64	(0.05)	MICROSOFT:	31.67	(0.17)			
CHARTER:	127.96	2.22	RENTRAK:	21.37	(0.11)			
COMCAST:	45.84	0.76	SEACHANGE:	11.92	0.14			
COMCAST SPCL:	43.88	0.78	SONY:	21.96	0.92			
GCI:	9.49	0.64	SPRINT NEXTEL:	6.38	0.42			
LIBERTY GLOBAL:	80.99	(0.13)	TIVO:	11.06	0.01			
LIBERTY INT:	25.06	0.60	UNIVERSAL ELEC:	31.25	0.42			
SHAW COMM:	24.88	0.04	VONAGE:	3.28	0.06			
TIME WARNER CABLE:	117.68	3.61	YAHOO:	27.96	(0.13)			
WASH POST:	549.05	11.69	TELCOS					
PROGRAMMING								
AMC NETWORKS:	69.40	1.14	AT&T:	35.72	0.45			
CBS:	54.88	2.04	VERIZON:	50.01	0.53			
CROWN:	2.90	(0.07)	MARKET INDICES					
DISCOVERY:	81.92	2.20	DOW:	15628.02	128.48			
GRUPO TELEVISA:	27.11	0.01	NASDAQ:	3675.74	49.37			
HSN:	63.74	3.68	S&P 500:	1706.87	21.14			
INTERACTIVE CORP:	49.90	(0.71)	TECHNOLOGY					
LIONSGATE:	33.28	0.75	ADDVANTAGE:	2.55	(0.04)			
SCRIPPS INT:	72.31	1.54	ALCATEL LUCENT:	2.49	(0.05)			
STARZ:	24.16	1.67	AMDOCS:	38.76	0.29			
TIME WARNER:	63.06	0.80	AMPHENOL:	79.87	1.31			
VALUEVISION:	5.94	0.01	AOL:	37.90	1.06			
VIACOM:	74.89	1.59	APPLE:	456.68	4.15			
WWE:	10.33	(0.31)	ARRIS GROUP:	15.27	0.23			
TECHNOLOGY								
ADDVANTAGE:	2.55	(0.04)	AVID TECH:	5.80	(0.16)			
ALCATEL LUCENT:	2.49	(0.05)	BLNDER TONGUE:	1.00	UNCH			
AMDOCS:	38.76	0.29	BROADCOM:	27.63	0.06			
AMPHENOL:	79.87	1.31	CISCO:	25.89	0.30			
AOL:	37.90	1.06	CONCURRENT:	8.45	0.31			
APPLE:	456.68	4.15	CONVERGYS:	19.66	0.73			
ARRIS GROUP:	15.27	0.23	CSG SYSTEMS:	23.86	0.18			
AVID TECH:	5.80	(0.16)	ECHOSTAR:	40.09	0.13			
BLNDER TONGUE:	1.00	UNCH						
BROADCOM:	27.63	0.06						
CISCO:	25.89	0.30						
CONCURRENT:	8.45	0.31						
CONVERGYS:	19.66	0.73						
CSG SYSTEMS:	23.86	0.18						
ECHOSTAR:	40.09	0.13						



ADVANCING CABLE EXCELLENCE

GET INVOLVED.

TAKE ADVANTAGE.

GIVE.



WATCH THE VIDEO.

foundation.scte.org/get-involved



TONY WEINER
1st and 2nd National Official Content CMO

YOU AND YOUR COMPANY
CAN MAKE A DIFFERENCE.

foundation.scte.org

PROGRAMMER'S PAGE

On Alchemy... The Role of the Director

At FX's first ever directors panel at TCA this past weekend, a panel of heavy-hitting directors from shows like "American Horror Story," "Justified" and "Sons of Anarchy" had a rare opportunity to articulate their craft before TV critics who, for the most part, attribute a show's creation to writers, producers and showrunners. So what are we to attribute to a TV director? Pres of the **Directors Guild of America** *Paris Barclay* said it's not always easy to pinpoint a TV director's stamp—but that doesn't preclude its relevancy. "It's very, very difficult to tell, but you cannot always assume that it's exactly what the writer imagined and that every frame that you see is because the writer typed it. That is what is probably the biggest sort of fallacy that I see out there," he said. "Knowing what's actually happening between the director and the actual actors is sort of a secret," he added. Barclay likened the role of the director to an obstetrician: deliver the baby and cut the cord, and do no harm. But he likes to get in there early and alter the genes a little bit. "Then when that baby comes out, everyone is happy, and it's just the child they always expected. And they don't even notice the fact that it's been slightly reengineered to my liking and to, eventually, the liking of those who create," he said. AHS director *Alfonso Gomez-Rejon* said directors bring their own sensibilities. "If you try to become who you think you're supposed to be or adapt to a certain style that's been established, I think you fail. You have to bring your own point of view, and that's all you have at the end of the day," he said. *Daniel Sackheim* of "The Americans" said it's like an orchestra conductor. A scene can appear to work on paper, but often "it's a question of changing a line or changing an intention or changing an action that allows this real chemistry to happen." Perhaps *Justified* director *Michael Dinner* put it best: "The role of the director is to understand the intentions. And as the director, you are responsible for whatever it takes to get there." - *Kaylee Hultgren*

Reviews: "Broadchurch," ep 1, Wed, 10p, **BBC America**. Unlike **AMC's** "The Killing," viewers will learn who was responsible for the death of an 11-year-old boy by the end of this addicting, 8-part mini. Yet TCA critics were assured the whodunit is less important than why and its effect on citizens of the small, seaside resort town where the boy's body was found. Nearly everyone is hiding something, including the police led by *David Tennant* and assisted by *Olivia Colman*. Even the murdered boy's father is a suspect. -- "The Diplomat," Tues, 8p ET, **ESPNHD**. This well-done look at sports and Cold War politics in the former East Germany focuses on 2-time gold medal winner skater *Katarina Witt*, who was coddled by the state yet tracked by its secret police from age 7. -- "Deep Fried Masters," premiere, Mon, 10p, **Destination America**. Watching fryers compete for the coveted Golden Corndog could spike your cholesterol. Yet it works. Oil's well that ends well. -- **Notable:** **TCM** again treats viewers with its excellent "Summer Under the Stars" Aug stunt, featuring 24 hours of films from a different star each day. The impressive roster begins with *Humphrey Bogart* (Aug 1), ends with *Rex Harrison* (31) and includes stars like *Doris Day* (2), *Gregory Peck* (15), *Joan Fontaine* (6), *Charlton Heston* (5) and *Alec Guinness* (3). - *Seth Arenstein*

Basic Cable Rankings (7/22/13-7/28/13)			
Mon-Sun Prime			
1	DSNY	1.9	1835
2	USA	1.8	1794
3	TNT	1.6	1570
4	FOXN	1.4	1378
4	HIST	1.4	1345
6	TBSC	1.3	1256
7	A&E	1.1	1051
8	HGTV	1.0	976
8	DISC	1.0	961
8	ADSM	1.0	940
11	FX	0.9	877
11	LIFE	0.9	874
11	TLC	0.9	865
11	FAM	0.9	833
11	HALL	0.9	781
16	FOOD	0.8	814
16	NAN	0.8	810
16	SYFY	0.8	766
16	DSE	0.8	56
20	AMC	0.7	729
20	BRAV	0.7	684
20	SPK	0.7	678
20	ID	0.7	598
20	BET	0.7	596
20	TRU	0.7	595
20	LMN	0.7	565
27	APL	0.6	607
27	ESPN	0.6	605
27	VH1	0.6	603
27	TVLD	0.6	579
27	MTV	0.6	576
27	DSJR	0.6	343
33	CMDY	0.5	521
33	EN	0.5	518
33	MSNB	0.5	475
33	OWN	0.5	411
33	NGC	0.5	404
33	NKJR	0.5	355
33	BIO	0.5	347
40	CNN	0.4	404
40	TRAV	0.4	338
40	WE	0.4	301
40	H2	0.4	273
40	INSP	0.4	270
40	HMC	0.4	200
46	DXD	0.3	275

*Nielsen data supplied by ABC/Disney

**SAVE
THE
DATE**

CableFAX
TV Innovation Summit
Monetizing Apps, TVE and Social TV

**Tuesday,
September 24, 2013**
The Yale Club, NYC

Join us in NYC to discuss the opportunities and challenges associated with television's new multi-screen dynamic. This TV Summit will tell you everything you need to know about TV Everywhere, Social TV, 2nd Screen Apps and how to successfully converge them into your business strategy.

Register Today! www.cablefaxtvsummit.com