

CableFAX Daily™

Wednesday — January 25, 2012

What the Industry Reads First

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Blues No More: Verizon FiOS Puts 3Q Behind It, Posts Big Numbers

Verizon offered strong evidence that its subpar 3Q FiOS video and broadband net add results were indeed an aberration caused by storms and an employee strike—and **Cablevision** shares seem to have suffered as a result. The telco posted 194K net video and 201K net FiOS broadband adds (98K overall broadband), numbers that also exceeded 2Q. CFO *Fran Shammo* said he's "very optimistic on FiOS penetration [growth] in 2012," and noted expectations of wireline margin expansion this year as well. CVC shares, meanwhile, shed 4.13% Tues after Shammo said NY is the fastest growing market for FiOS, which also eclipsed 40% penetration in VA last year. The telco is also beginning to convert copper customers onto FiOS, said Shammo, but both 4Q and FY11 overall wireline rev declined despite a surge in 4Q FiOS rev (+18.3%). Said **Sanford Bernstein's Craig Moffett**: "Waiting for a turn in Wireline is a bit like waiting for Godot. There are, perhaps, promising signs. But the turn hasn't arrived yet." Shammo said VZ "will compete vigorously" in video against cable ops irrespective of the telco's recent tie-ups with **Comcast, Time Warner Cable, Bright House** and **Cox**, adding that the **SpectrumCo** purchase should pass muster by mid-year. The **DoJ** is still reviewing the co-marketing agreements. In wireless, VZ notched its best Q ever for smartphone (7.7mln, mostly iPhones) and 4G LTE device (2.3mln) sales, leading to record overall quarterly rev growth of 7.7%. Yet Moffett lamented sales as the primary growth driver over service plans. "Sure, smartphone penetration will rise," he said, "but other pressures on ARPU (texting, voice) will offset much of data's gains, and an endless string of **Apple** upgrade cycles will keep margins from rebounding for far longer than anticipated." Importantly, consumers' rush to upgrade their devices may prove a boon for VZ's cable partners. The telco and Comcast, for example, are touting substantial device credits to customers who order a qualifying quad-play, meaning the MSO can enjoy interest in such offerings without the margin pressures dogging VZ. FiOS ARPU climbed to \$148, and approx 83% of FiOS subs take 3 services.

Cyma Speak: "We're hard at work. We're looking forward and certainly not looking backward." Those were **Nickelodeon Group** pres *Cyma Zarghami's* comments at **NATPE** Tues on Nick's ratings slide. Total day total viewers were down 18% for 4Q. "Our hits are still our hits. Our successes still our successes," she said, pointing to the 4.8mln viewers who tuned in to a new ep of "iCarly" Sat (+62% over last year's time period). And Zarghami reiterated **Viacom** pres/CEO *Philippe Dauman's* comments that the company has been working with **Nielsen** to determine the source of such a sudden drop. "We haven't gotten an answer yet to what happened... it could just bet the sample turned over and isn't working in our favor." She didn't sound worried that **Netflix** and other online video deals were playing a role, saying the net wants to be everywhere kids are. "The time spent is going to be the time spent, whether it's with our content or somebody else's," Zarghami said, calling ubiquity one of the great marketing tools of today. As for **Disney's** recent long-term contract with **Comcast**, she said Nick's making more short-term, strategic deals. "I'm not sure that imagining what's going to happen 10 years from now is something we can do on behalf of kids." When asked about Disney preschool net **Disney Junior's** March launch, she touted the net's rich history with kids 2-5 and a smart, curriculum based content. Asked during the NATPE on-stage conversation with

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Hallmark CHANNEL

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The Nielsen Company 11/5-12/18/11. Use+SD average of Hallmark Channel original holiday movie premieres. Subject to qualifications upon request.

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NYT reporter Amy Chozick if Dora and Spongebob were aging, Zarghami countered with "aging or evergreen?" Noting that 25% of Spongebob's viewers are adults without kids, she declared that beloved properties will be around as long as they have great stories to tell. She also touched on **Nick Jr's** NickMom block, slated to launch in 4Q. While moms are watching a ton of TV, "there is nothing created with moms at the center. That's our point of differentiation."

Change of Weather: After 2 years as CEO of **Weather Channel**, **Mike Kelly** is stepping aside with former **Akamai** pres **David Kenny** taking on the role of chmn/CEO. Kelly, who Kenny described as a friend for the past 10 years, will serve as a special adviser to the CEO and board. Look for the new chief to continue to push the net into more long-form programming. "Cable doesn't have to carry all the weight of the data and information any more because you're going to get that on the Website or on your phone," he told us. "Cable can go deep. It can have more entertainment in addition to the forecasts and things that have to happen on the Weather Channel." Check out his comments on how he believes Weather can solve some "real gnarly problems" in the ad space at www.cablefax.com.

Retrans: In a letter Tues, Sen **John Kerry** (D-MA) asked **DirecTV** and **Sunbeam** to issue a public statement that the their retrans spat will not include blacking out the Super Bowl. DirecTV subs have lost access to **Sunbeam** stations in Miami and Boston for more than a week now. Meanwhile, DirecTV CEO **Mike White** penned a letter to Sen **Scott Brown** (R-MA), telling him the company is available to Sunbeam 24/7 and "can quickly restore these stations."

In the States: On Tues, DC **Fox** affil **WTTG** apologized for Sun night's technical problems that resulted in the airing of **Comcast Xfinity** commercials during the NFC Championship Game (**Cfax**, 1/24) and said it has "taken additional steps to ensure that these problems do not happen again."

Earnings: **Clearwire's** preliminary 4Q results include record rev of approx \$362mln, up 50%+ YOY, and 20% sequential growth in wholesale rev (\$164mln). Net wholesale sub adds tallied approx 900K, and the company expects its customer count to be approx 10.4mln as of Dec 31, up 140% YOY. CLWR shares gained 2.85% Tues.

Beta: **Hallmark Movie Channel** again ranked as the emerging net that cable ops most want to carry, according to the latest **Beta** study, and the race wasn't even close. 88% of cable ops identified interest in carrying the net, even better than last year's 73% and miles ahead of 2nd-place **Smithsonian Channel** (53%). Among mid-sized nets, **Fox Business Net** (85%) took over the top spot from **NFL Net** (82%), with **Nat Geo Wild** (67%), **PBS Kids Sprout** (66%) and **Cooking Channel** (58%) completing the top 5. Regarding emerging nets, the rankings were different when only ops with 100K subs+ were included. Among that group, **BBC World News** (33%) and **Sony Movie Channel** (33%) ranked highest, followed by **Crime & Investigation** (20%), **RLTV** (20%) and **Chiller** (20%). **Nat Geo Wild** (24%) overtook **NFL** (20%) in the mid-size group.

Sundance: The 2012 **Sundance Film Festival** kicked off in Park City, Utah, Thurs, and **Sundance Channel** held several events at its HQ while **DirecTV** hosted the premiere party for the film "Lay the Favorite," starring **Catherine Zeta-Jones** and **Bruce Willis**. Mon night, Sundance was set to celebrate its new docu-series "Push Girls" (premiering this spring), which follows the lives of 4 wheelchair-bound women in Los Angeles. The net also hosted a panel on Monday with **Grey Goose Entertainment** featuring "Iconoclasts" guest star **Paul Simon** and filmmaker **Joe Berlinger**, moderated by gm **Sarah Barnett**.

M&A: The **Comcast-NBCU** transaction accounted for approx 53% of the \$52bln in ent and media deals that occurred in '11, according to **PricewaterhouseCoopers**, meaning the overall deals value remained flat compared to '10 when

TheCableFAXIES

awards

LATE DEADLINE: JANUARY 27, 2012

Entry Questions: **Mary-Lou French** at 301-354-1851;
mfrench@accessintel.com

www.CableFaxiesAwards.com

Saluting Cable's Top Marketing & PR Programs and People

The CableFaxies Awards salute the year's most outstanding communications initiatives and programs in the highly competitive and dynamic Cable arena.

The coveted awards set the industry benchmark for excellence across all areas of PR and marketing.

The winners and honorable mentions will be saluted during an awards event in Spring 2012 in New York City.



Late Deadline: January 27, 2012

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The CableFAXIES Awards salute the companies and people who took chances, made tremendous strides and understand the power of PR and marketing in the cable industry. **The coveted awards set the industry benchmark for excellence across all areas of cable's PR and Marketing.** The winners and honorable mentions will be saluted during an awards luncheon in Spring 2012 in New York City.

Enter as many categories as you like but please tailor your entry to the category you are entering.

Campaign Categories

- ☐ Advertising Campaign for a Single Program
- ☐ Advertising Campaign for a Network
- ☐ Corporate Social Responsibility/ Green Campaign
- ☐ Community Relations
- ☐ Direct Response Marketing
- ☐ **NEW:** Faith-Based Marketing
- ☐ Integrated Marketing Campaign
- ☐ Marketing Campaign
- ☐ Marketing of a New Series or Show

- ☐ Marketing of a Continuing Series
- ☐ Marketing of a Special or Documentary/Documentary Series
- ☐ Media Event
- ☐ Media Relations Campaign
- ☐ Mobile Marketing Campaign
- ☐ Multicultural Marketing
- ☐ Press Kit
- ☐ Programming Stunt
- ☐ PR Stunt
- ☐ Public Affairs Campaign

- ☐ **NEW:** Social Media During a Program
- ☐ Social Media Marketing
- ☐ **NEW:** Sweepstakes and Games Marketing
- ☐ **NEW:** Technology Vendor Marketing (Consumer)
- ☐ **NEW:** Technology Vendor Marketing (B2B)
- ☐ Trade Show Marketing/PR
- ☐ Tchotchkey
- ☐ Video: use of video or moving image

- ☐ Viral Marketing Campaign
- ☐ **NEW:** Youth Marketing

People Categories

- ☐ Marketer of the Year, VP Level and above
- ☐ PR Executive of the Year, VP Level and above
- ☐ Public Affairs Executive of the Year
- ☐ **NEW:** Up and Comer Award
- ☐ Marketing Team of the Year
- ☐ PR Team of the Year

Compiling Your Entry (Visit www.cablefaxiesawards.com for full details)

What to Send

At the beginning of your two page synopsis, include the following information for all categories:

- Category entered • Title of entry • Key contact for entry • Organization submitting entry • Budget

Supporting Materials

- Sales Figures • Brand Media Coverage • Clippings • Photos • CDs • Research Documents • Testimonials

How To Enter: Use this form or visit www.cablefaxiesawards.com for additional category information and to enter online.

Mary Lou French
CableFAXIESAwards
Access Intelligence
4 Choke Cherry Rd, 2nd Floor
Rockville, MD 20850

Deadline: January 20, 2012
Late Deadline: January 27, 2012
Event: Spring 2012

Entry From (All information required)

Title of Entry/Name of Entrant (as you'd like it to appear on your award if selected): _____

Company and/or Client: _____

Contact Name of person submitting entry Job Title: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone of Contact: _____ Fax of Contact: _____

Email Address (Required): _____

Entry Fees

- ☐ Primary entry: \$300 each \$300 each \$ _____
- ☐ Secondary entry of same campaign** into one or more categories: \$199 each \$199 each \$ _____
- ☐ Late entry fee: \$199 per entry \$199 each \$ _____
(for entries sent between Jan. 21, 2012 and Jan. 27, 2012)
- Total \$ _____

The late entry fee must be applied to each individual entry postmarked after January 20, 2012.

* Payment in full must accompany the entry.

** If entering more than one category, please submit separate entry forms.

Payment Options

- ☐ Check (payable to Access Intelligence/CableFAX) ☐ Money Order
- ☐ Mastercard ☐ Visa ☐ Discover ☐ American Express

Credit Card # _____

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Print name of card holder _____

Signature _____

Entry fees are not refundable.

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www.cablefaxiesawards.com

The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine.

Questions? Contact Awards Coordinator Mary-Lou French at mfrench@accessintel.com.

Sponsorship Opportunities: Debbie Vodenos at 301-354-1695; dvodenos@accessintel.com.

BUSINESS & FINANCE

excluding the transaction. Avg deal value rose 25% YOY, however, and PwC believes strong valuations for content owners, robust corporate cash reserves and uncommitted investment capital could fuel ent and media deal activity in '12. **[For more info, go to CableFaxDaily.com].**

Editor's Note: How can you make the most of your sports content? Listen to the experts—including **ESPN** svp, natl accounts *Justin Connolly* and **Comcast** sports content svp *Michael Sheehey*—offer up their perspective at our Webinar Wed (1:30-3pm ET). Register at: http://www.cablefax.com/cfp/webinars/2012_Jan18/

Faxies: Fri is the late deadline for entering our annual **CableFAXIES** Awards, honoring the year's most outstanding communications initiatives and programs in cable. Winners come from everywhere—networks, operators, PR firms, vendors, non-profits, etc. <http://www.cablefax.com/cfp/awards/cablefaxies2012/>

Obit: Details on arrangements for cable pioneer *Jerry Lindauer (Cfax, 1/24)*. A memorial service is scheduled for Thurs in Austin at St John's Neuman Catholic Church. In lieu of flowers, the family requests donations be made to **Bellarmino University**, 2001 Newburg Road, Louisville, KY 40205 or **The Wounded Warrior Project**, Injured Marine Semper Fi Fund, 825 College Blvd, Suite 102, PMB 609, Oceanside, CA 92057 (semperfifund.org).

CableFAX Daily Stockwatch

Company	01/24 Close	1-Day Ch	Company	01/24 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	43.77	0.22	CLEARWIRE:	1.80	0.05
DISH:	28.85	0.22	CONCURRENT:	3.77	0.00
DISNEY:	39.25	UNCH	CONVERGYS:	13.35	0.20
GE:	18.84	(0.1)	CSG SYSTEMS:	15.83	0.10
NEWS CORP:	19.67	(0.1)	ECHOSTAR:	25.51	0.50
MSOS			GOOGLE:	580.93	(4.59)
CABLEVISION:	14.16	(0.61)	HARMONIC:	5.81	(0.01)
CHARTER:	56.64	(0.36)	INTEL:	26.89	0.18
COMCAST:	25.86	(0.07)	JDSU:	13.57	0.30
COMCAST SPCL:	25.20	(0.2)	LEVEL 3:	18.88	0.41
GCI:	10.42	(0.09)	MICROSOFT:	29.34	(0.39)
KNOLGY:	14.64	0.04	MOTOROLA MOBILITY:	38.64	(0.02)
LIBERTY GLOBAL:	44.87	(0.29)	RENTRAK:	17.05	(0.09)
LIBERTY INT:	16.61	(0.14)	SEACHANGE:	7.21	0.11
SHAW COMM:	19.63	(0.19)	SONY:	17.95	(0.58)
TIME WARNER CABLE:	68.63	(0.6)	SPRINT NEXTEL:	2.17	(0.08)
VIRGIN MEDIA:	23.79	0.32	THOMAS & BETTS:	57.92	0.01
WASH POST:	392.33	(4.75)	TIVO:	10.43	0.08
PROGRAMMING			UNIVERSAL ELEC:	18.29	0.13
AMC NETWORKS:	41.79	0.09	VONAGE:	2.31	(0.02)
CBS:	28.64	(0.2)	YAHOO:	15.69	0.01
CROWN:	1.29	0.06	TELCOS		
DISCOVERY:	43.70	0.02	AT&T:	30.09	(0.31)
GRUPO TELEVISA:	21.05	(0.26)	VERIZON:	37.79	(0.61)
HSN:	36.13	0.05	MARKET INDICES		
INTERACTIVE CORP:	42.60	0.49	DOW:	12675.75	(33.07)
LIONSGATE:	9.75	0.37	NASDAQ:	2786.64	2.47
LODGENET:	3.57	0.10	S&P 500:	1314.65	(1.35)
NEW FRONTIER:	1.09	0.02			
OUTDOOR:	7.69	(0.14)			
SCRIPPS INT:	45.24	0.19			
TIME WARNER:	37.57	0.13			
VALUEVISION:	1.62	0.07			
VIACOM:	54.12	0.07			
WWE:	9.63	0.05			
TECHNOLOGY					
ADDVANTAGE:	2.17	(0.11)			
ALCATEL LUCENT:	1.94	(0.07)			
AMDOCS:	29.61	0.11			
AMPHENOL:	54.75	(0.33)			
AOL:	15.65	0.09			
APPLE:	420.41	(7)			
ARRIS GROUP:	11.52	0.02			
AVID TECH:	9.64	(0.16)			
BLNDER TONGUE:	1.39	0.04			
BROADCOM:	35.22	0.76			
CISCO:	19.82	(0.01)			

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