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# CableFAX Daily™

Thursday — May 2, 2013

What the Industry Reads First

Volume 24 / No. 085

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# CableFAX Daily™

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## Comcast 1Q: Rate Hikes Affect Video Sub Losses, Net Income Rises

Cable was strong for **Comcast** (despite 1Q video losses falling below expectations), but **NBC** continues to be a drag. Still, even with ratings softness at NBC, there is hope. "After the recent buyout of **GE**, we see NBCU poised for potentially sizable long-term upside on traditional and nascent streams," said **S&P's Tuna Amobi**. **Macquarie's Amy Yong** wrote that she expects to see some improvement at NBC due to a stronger slate of programs in 2Q. "We're making some progress, but we do need some more shows," NBCU chief **Steve Burke** said during Wed's earnings call. "I happen to be in L.A. right now. We're going through pilots. And we're putting a tremendous amount of focus and concentration on building on the success we've had so far and developing shows that will continue that success next year." NBC generated an operating cash flow loss of \$35m in the Q, compared to a loss of \$14m in a year ago. Cable networks generated revenue of \$2.2bn, an increase of 4.6%. For the company as a whole, revenue was up 2.9% to \$15.3bn and net income rose 17% to \$1.4bn. On the cable side, Comcast lost 60K video subs vs 37K in 1Q12 as it increased rates across most of its footprint. It also changed the way it accounts for MDU customers, which affected the numbers. Video revenue, however, grew 3.7%, a 4-year high. **Wells Fargo Securities** told clients it expects this will probably be the only Q with a YOY decline in the number of sub losses. "I think one of the things that was notable is that most of our losses were single-play only customers, and we continue to drive focus on high value subs, and you're seeing that in triple-play results," Comcast Cable pres **Neil Smit** said. Wells Fargo noted that Comcast seems to be experiencing the opposite of **Time Warner Cable**, which has said that triple-play promos resulted in higher churn and less profitable subs. "We are still trying to decipher the difference between CMCSA and TWC in terms of the triple-play," the analysts wrote in a note to clients. HSD had 433K new customers, while voice grew by 211K, a 29% increase over last year. On new products, Smit said a "relatively high" percentage of customers who have never had a security service are taking Comcast's home monitoring product. "And 40% of those are new to Comcast, and 70% of those are taking triple play or quad play, so that's an encouraging sign," he said. The X1 platform, currently in approx 30% of its footprint, should hit 50% by the end of 2Q. The next-gen version of X1 will be on display at the Cable Show next month in DC.

CableFAX

## PROGRAM AWARDS

**Sponsorship Opportunities:** Amy Abbey at  
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**OFCCially Wheeler:** It's a woman chairman for the FCC! Well, at least for a little while. As widely anticipated, *Pres Obama* named Democratic commish *Mignon Clyburn* interim chmn, making her the first female chair in FCC history, and he appointed former **NCTA** and **CTIA** head *Tom Wheeler* as chmn. The Senate will have to approve Wheeler's nomination. Obama went ahead and thanked the Senate for "what I'm sure will be a speedy confirmation process," a statement that was greeted with chuckles. His nomination could be paired with a GOP nominee for *Robert McDowell's* seat, with the process possibly taking months. "In the interim, Ms Clyburn could try to push through various items, such as a lower 700 MHz band device interoperability mandate, which is opposed by **AT&T** and backed by smaller rivals, but she would need the support of at least 1 of her 2 remaining colleagues," said analysts at **Stifel Nicolaus**. Expect Wheeler, currently managing dir at **Core Capital Partners**, to be very busy with spectrum auctions when he comes on board. "Tom is the only member of both the cable television and wireless industry hall of fame, so he's like the *Jim Brown... or Bo Jackson* of telecom," Obama said. Current FCC chmn *Julius Genachowski* plans to step down in May. A few organizations (**NAB**, **Public Knowledge** and **Free Press** sent their welcoming statements Tues), but most held off until Obama's official announcement alongside Wheeler at the White House. NCTA's *Michael Powell* called Wheeler an "exceptional choice" with experience in both the private and public sector. Clyburn got her fair share of high gives too, with Genachowski saying she has distinguished herself through her work to modernize universal service and promote competition. "I am a firm believer that our government can be an effective problem-solver with an important role to play in opening doors of opportunity for all Americans," Clyburn said in a statement. She also congratulated Wheeler, complimenting his depth of experience.

**TW-Viacom:** Coincidentally, streaming programming drew some questions at both **Time Warner** and **Viacom's** earnings conference calls Tues. For Time Warner, don't count on it to offer **HBO** through its TVE platform HBO Go as a standalone service anytime soon. "We don't think it makes sense... the market is not significantly large enough to be attractive at this point," CEO *Jeff Bewkes* said. However, such service is possible in the future, as Bewkes noted HBO Go is being offered as a stand-alone service in Scandinavia. Meanwhile, Bewkes said **Netflix's** sub growth isn't hurting pay-TV business, calling it "complementary." Viacom, whose contract with Netflix expires later this month, remains in discussions with the streaming service and others, chief exec *Philippe Dauman* said. "We are open to licensing content, some of it on an exclusive basis," he said. Netflix raised eyebrows when it said it wouldn't renew the broad licensing deal with Viacom. Instead, Netflix will focus on exclusive rights to particular shows, the execs said. Time Warner grew its 1Q net income by 19% over the last year thanks to strong network performances. Network revenues increased 3% YOY to \$3.7bln, thanks to 5% YOY growth in subscription revenues. Ad revenues benefited from growth at **Turner's** domestic entertainment nets due to higher pricing. Viacom posted mixed 1Q earnings results as it grew its media networks revenues but posted lower filmed entertainment revenues. Total revenue decreased 6% YOY to \$3.14bln, hurt by a 20% YOY decline in filmed entertainment revenues. Media networks' revenue rose 2% YOY to \$2.23bln thanks to an increase in advertising, affil and ancillary revenues. Comparing the nets, **Bernstein Research** analysts noted Viacom was able to post 2% YOY ad growth, despite aggregate ratings down 14%, while Time Warner posted a 1% YOY ad revenue decline, despite aggregate ratings down only 2%. "Some of this was timing (NCAA Tournament) and shut-down of an unprofitable network in India," the analysts said. **Pivotal Research** still favors Viacom over other video-centric stocks, citing ongoing turnaround at **Nickelodeon**.

**M&A:** **Liberty Media** completed its \$2.6bln purchase of a 27.3% stake in **Charter**. Liberty funded the purchase with \$1.2bln cash and \$1.4bln in loans. Liberty gets 4 directors to the board, including *John Malone*, Liberty chmn, *Gregory Maffei*, pres/CEO of Liberty, *Balan Nair*, evp/CTO of **Liberty Global**, and *Michael Huseby*, CFO of **Barnes & Noble**.

**Retrans:** **CBS** affil **WTKR** Norfolk, VA, reached a tentative agreement with **Cox** to continue the programming without interruption, the station said on its website. The contract was set to expire at midnight Tues.

**Giga Speeds:** Omaha will soon to be the latest gigabit city as **CenturyLink** works to upgrade its fiber network in west Omaha to create a network that offers speeds of up to 1 Gbps. CenturyLink will start rolling out the service next week and expects to have its new fiber network available to 48K subs by early Oct.

**Carriage:** **CenturyLink** signed on to carry **Universal Sports** in 15 CenturyLink Prism TV markets across the country.

**Social Circle:** **Time Warner Cable** changed its online customer care Twitter handle to @TWC\_Help from @TWCable-

# BUSINESS & FINANCE

Help, part of a company-wide effort to create a more unified online “TWC” presence with all of its Twitter handles. Since the launch of its Twitter handle in Feb '10, TWC has quadrupled its staff from 3 employees to 12. The MSO also recently created a community forum, <http://forums.timewarnercable.com>.

**Programming: Sundance** OK'd original scripted series “Rectify” for a 2nd season. -- **HBO** renewed comedy series “Veep” for a 10-ep 3rd season, scheduled for '14. -- *Oprah* speaks with 1st openly gay **NBA** player *Jason Collins* and his family on **OWN** Sun, 8pm. -- **AMC** and **Scott Free Prod** signed a 2-year, 1st look deal to develop scripted projects for the net. The 1st projects in development include an untitled project from exec prod and writer *Jason Cahill* (“Fringe,” “Sopranos”) and exec prod and Emmy Award winning prosthetic makeup artist *Greg Nicotero* (“The Walking Dead.”)

**Daytime Emmys: Nick** had the most Daytime Emmy nominations among cable nets, with 36. **CBS'** 50 nods were the most overall. Other cable nets with double-digit nominations: **The Hub** (17), **Cartoon** (11) and **Food** (10). This year's awards will be telecast June 16 on HLN. The Hub's “*R.L. Stine's The Haunting Hour*” had the most nominations for a cable series, with 9.

**Technology: Synacor** expanded its relationship with **Verizon** to include sign-in at the My Verizon Website for search, authentication and more.

## CableFAX Daily Stockwatch

Company	05/01 Close	1-Day Ch	Company	05/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	56.65	0.09	CSG SYSTEMS:	20.36	(1.25)
DISH:	39.14	(0.05)	ECHOSTAR:	38.98	(0.29)
DISNEY:	63.21	0.37	GOOGLE:	820.43	(4.14)
GE:	22.15	(0.14)	HARMONIC:	5.53	(0.15)
NEWS CORP:	31.27	0.15	INTEL:	23.99	0.04
<b>MSOS</b>					
CABLEVISION:	14.79	(0.07)	JDSU:	12.52	(0.98)
CHARTER:	101.17	0.43	LEVEL 3:	20.32	0.19
COMCAST:	41.86	0.56	MICROSOFT:	32.72	(0.38)
COMCAST SPCL:	39.78	0.49	RENTRAK:	22.18	(0.46)
GCI:	9.55	(0.16)	SEACHANGE:	10.51	(0.35)
LIBERTY GLOBAL:	74.08	1.71	SONY:	16.25	(0.18)
LIBERTY INT:	21.38	0.09	SPRINT NEXTEL:	7.06	0.01
SHAW COMM:	22.68	(0.07)	TIVO:	11.68	(0.04)
TIME WARNER CABLE:	94.37	0.48	UNIVERSAL ELEC:	21.25	(1.73)
VIRGIN MEDIA:	49.60	0.82	VONAGE:	2.92	(0.13)
WASH POST:	442.80	(0.54)	YAHOO:	24.30	(0.43)
<b>PROGRAMMING</b>					
AMC NETWORKS:	63.17	0.16	<b>TELCOS</b>		
CBS:	46.40	0.62	AT&T:	37.56	0.10
CROWN:	2.02	(0.03)	VERIZON:	52.40	(1.51)
DISCOVERY:	78.14	(0.68)	<b>MARKET INDICES</b>		
GRUPO TELEVISIA:	25.24	(0.08)	DOW:	14700.95	(138.85)
HSN:	51.76	(0.82)	NASDAQ:	3299.13	(29.66)
INTERACTIVE CORP:	47.57	0.50	S&P 500:	1582.70	(14.87)
LIONSGATE:	25.16	0.35			
OUTDOOR:	9.42	0.67			
SCRIPPS INT:	66.80	0.22			
STARZ:	23.59	0.21			
TIME WARNER:	59.48	(0.3)			
VALUEVISION:	3.99	(0.31)			
VIACOM:	66.41	1.69			
WWE:	9.00	(0.18)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.29	(0.07)			
ALCATEL LUCENT:	1.36	(0.01)			
AMDOCS:	35.50	(0.2)			
AMPHENOL:	75.53	0.01			
AOL:	38.62	(0.02)			
APPLE:	439.29	(3.49)			
ARRIS GROUP:	16.08	(0.43)			
AVID TECH:	6.49	(0.1)			
BROADCOM:	35.60	(0.4)			
CISCO:	20.38	(0.54)			
CLEARWIRE:	3.31	(0.05)			
CONCURRENT:	7.15	0.11			
CONVERGYS:	16.96	(0.06)			

# 2013 CABLE HALL OF FAME

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## SET VISIT

### Stars Align for 'Maron' on IFC...

Nothing oozes Hollywood glamour like a Days Inn. And that's exactly where we found *Marc Maron* one afternoon last fall in Glendale, CA, milling about with a tiny crew as they raced to shoot IFC's new series "Maron" on a tight deadline and even tighter budget. On the series, which premieres Fri, Maron plays himself as a neurotic and chronically dysfunctional podcaster just trying to get through each day without another self-inflicted humiliation. And he says that's pretty darned accurate. "It's pretty close," he admits. "Many of the stories are based on some real events, but obviously you have to amplify and fictionalize and heighten



**Comedian Marc Maron at the mic.**

it a bit. It's not a reality show. But there are a lot of events in there that actually did happen."

On the set last fall, Maron was shooting an episode in which his on-screen character

finds himself at a sex convention (the perfect use of any Days Inn). The scene involved Maron blowing off a creepy fan before making up with his love interest and eventually meeting a top comedy promoter. The ups and downs of those pages could parallel Maron's real life as a successful comedian, with an insanely popular podcast—but one who has yet to break out as a mainstream star. Indeed, Maron even makes a joke of his cult status in the opening scene of the premiere, telling a veterinarian that "I've been on Conan O'Brien like 47 times, and you don't know who I am, right?" He could just as well be talking to the audience. Of course, he probably couldn't have picked a more receptive group than the hipster intelligencia that increasingly frequents IFC. "They're relatively new to comedy, and they have this sophisticated audience," Maron notes.

Unlike IFC's other alternative comedy fare such as "Comedy Bang! Bang!" or mega-hit "Portlandia," Maron's show occupies a related but decidedly slower burning comedic headspace. It's just as smart—but perhaps not quite as tailored for the hyper-cerebral brains of those who enjoy getting a joke a few milliseconds before everyone else in the room. In a way, "Maron" revels in its simplicity: One neurotic guy who loves his cats and his podcast, just trying to make his way in the world. His self-destructive nature drives the

show in that every time he tries to make something right, he generally succeeds in making it worse. Can you relate? Case in point: When a guy torments him on **Twitter** in the premiere, he self-righteously tracks the hater down to guilt him into an apology—only to find that the taunts get even worse when hurled at him in person.

IFC was willing to take a risk on Maron partly because of that unique sensibility that comes largely out of the veteran comedian's anxiety-ridden brain. Although he didn't write all the episodes himself, he brought 9 of the 10 stories that became episodes to the first creative meeting with writers. Most of them were based on real events in Maron's life. So when people ask IFC pres/gm *Jennifer Caserta* what drove her to greenlight the show, she has one response. "The short answer is— Marc," she says. "He's the heart and soul of the show, and what we really fell for was an approach to the series that let Marc be Marc."

And while the satirical absurdities of other IFC fare are working well for the net, "Maron" does seem different, suggesting that heartfelt honesty doesn't necessarily derail edginess. "Nothing gets in the way, and it doesn't feel overly produced," says Caserta. "The show is about his relationships, the things that happen to him, how he interviews celebrities out of his garage... and the cats. We were familiar with his story, and people here had actively followed his podcast, but when you see him on screen you get a raw, authentic and unapologetic approach to himself and his life that is really endearing and funny at the same time."

As Maron awaits the show's premiere, he

admits he's nervous. "I'd be crazy if I wasn't," he says. But he's also pretty content these days. No matter what happens with the show, he's always got his podcast—and his beloved cats. He has also never been busier on the comedy circuit, continuing to tour all over the country. He's even putting out a book timed to his show's premiere. And that was no accident. "Yeah, it was a bit of wrangling to make that all happen, but it's exciting," he says. "For once in my life, things seem to be lining up a bit."

—Michael Grebb

**[Check out our Q&A with Maron at [www.cablefax.com](http://www.cablefax.com)]**



**Celebrity guest stars frequent 'Maron,' with Denis Leary among them.**

## Think about that for a minute...

### Wheeler

Commentary by Steve Effros

By the time you read this, reports indicate that Tom Wheeler will have been nominated by President Obama to be the next Chairman of the FCC. I think that's one of the best nominations I've seen in a long time, and that's not simply because Tom used to be head of the NCTA (1979-84).

I worked with him back then. I headed what some perceived as a "rival" cable association, the Cable Telecommunications Association, CATA, at the time. While we often had different perspectives on things—the "big" MSO's versus the small and "independent" operators—we still found a lot of common ground. Tom did a very good job of bringing along an emerging industry that was fighting with the entrenched broadcast, movie and regulatory interests. We were the "disruptive technology" force at the time, the maverick new-comers. There was lots to do.

The battles over finally getting cable recognized in legislation, the rewrite of the Communications Act of 1934, was heating up. The ground had to be prepared for cable to take its rightful, independent place in the telecommunications marketplace. Tom was one of the folks responsible for doing that preparation, and he did it well. He then went on to become involved in quite a few high-tech start-ups, and then took over the cellular telephone association at a time when that industry was in much the same formative place, as the disruptive technology innovator, that cable was when he was at the NCTA. He then went on to Core Capital, and has clearly learned the financing and development hurdles facing new industries. He's also been a political "insider" in the Obama administration since its inception.

This is all to say that this guy knows the challenges

from all sides. He's bright, personable and knows the telecommunications industry from the business side, the political and regulatory/legislative side and the financial side. He also fully understands the "public interests" that are involved. It would be a severe mistake for anyone to think Tom is a "creature of the industry." One of the advantages (and curses, I might add) of heading an industry trade association is that you see the good and the bad of your members. You learn all the secrets, you understand the motivations and the pressures. Some of them are good, and some not so good. Tom knows them all. That's a benefit when someone is named to a high government post, not a detriment.

I think Senator Rockefeller was way off base last week when he lamented about Tom simplistically saying "... once a lobbyist, always a lobbyist." Of course he was using that word pejoratively, and we could say the same thing about "politicians," but that would be wrong too. There are good politicians, and there are good folks who have worked and learned the ins and outs of an industry. Tom is one of those. Mr. Rockefeller had no problem with the chief lobbyist for the Consumers Union moving into a key position in the Justice Department. He shouldn't have a problem here, either.

One of the reasons I think this is such a good nomination is not only because I know Tom and respect him, but because I think he is perfectly positioned for the job. He doesn't need to "please" anyone any more. He's made his money, he's clearly not in need of another job once he finishes his term at the FCC, and he therefore can truly be independent and "do the right thing." I think that's exactly what he intends to do.

Steve

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