

CableFAX Daily™

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What the Industry Reads First

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Earnings Season: Cable Hopes to Benefit from Telco Losses

The telcos have had their day, now it's cable's turn. The question is will the industry benefit from **U-Verse** and **FiOS'** weaker-than-expected video and HSD adds in 2Q. **ISI Group** expects video net losses to be 153K for the Q vs 162K 2Q11 (a 6% improvement), while data should be strong but decelerating at +254K vs +424K a year earlier. In a blog post Mon, **BTIG's Rich Greenfield** pointed to **Comcast's** new "This is Xfinity" ad campaign as highlighting why "cable will 'win' at the expense of satellite and DSL." The ad showcases all the different ways you can use Xfinity (on a range of different devices) and how it can make experiences better. Despite some minor criticisms, Greenfield believes cable, led by Comcast and **Time Warner Cable**, is "investing in high quality marketing/branding campaigns that move way beyond price, illustrating why their 'pipe' is the only choice for the 'connected' customer." He wrote that satellite, with its 1-way service, and telcos (with too slow DSL) should be "increasingly concerned as the cable industry has now figured out how to market." Gosh, remember all those years in which Greenfield and others piled onto cable for failing at marketing? As for 2Q earnings, Comcast kicks off MSO reporting season on Wed, with **Deutsche Bank** expecting solid results. The investment firm raised its price target on Comcast to \$38 from \$34, citing its innovation and moderating capital expenditures. ISI Group also expects a relatively strong performance in the cable division, while NBCU still has operational challenges. Time Warner Cable reports Thurs, as does DBS competitor **DirecTV**. Notably, **DISH** already pre-announced some 2Q figures, showing better-than-expected sub metrics (ie, gross adds of 655K and a better-than-expected loss of 10K net subs). ISI predicts TWC will post revenue and EBITDA growth that is abnormally higher over the prior period through 1Q13 due to acquisitions. "On the 950 bps of revenue growth in 2Q, we estimate the contributions as follows—heritage TWC ~300bps, **Insight** ~500 bps, **NaviSite** ~100bps and **NewWave** ~50bps," ISI said.

At our Deadline: No surprise, but **Comcast** officially requested a stay of the **FCC's** decision to uphold the ALJ's ruling that Comcast discriminated against **Tennis** (*Cfax*, 7/25) and now must distribute it on the same tiers as Comcast-owned **Golf** and **Versus**. "Absent a stay, the Order will violate Comcast's First Amendment rights, which is never in the public interest, and which constitutes irreparable injury to Comcast," the MSO said in its request. "The Order also will impose significant burdens on Comcast's business and its customers." Tennis declined comment.

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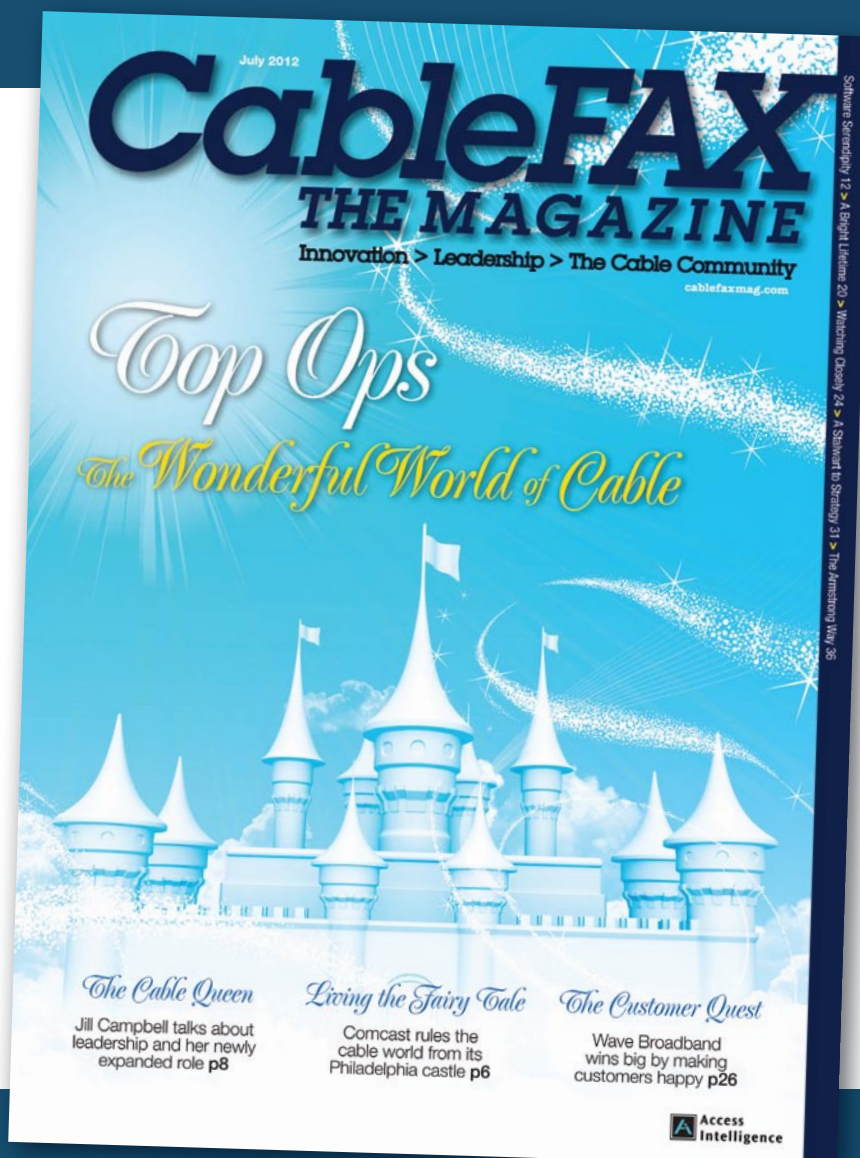
Debbie Vodenos
Publisher
dvodenos@accessintel.com
301.354.1695

Amy Abbey
Associate Publisher
aabbey@accessintel.com
301.354.1629

REGISTRATION INFORMATION:

Shannon Nelligan
Senior Marketing Manager
snelligan@accessintel.com
301.354.1619

Saun Sayamongkhun
Marketing Assistant
saun@accessintel.com
301.354.1694



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Deals: Disney's \$3bln purchase of **NBCU's A&E** stake moved closer to completion with the **FTC** granting early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. That indicates the agency doesn't foresee any antitrust issues with the deal for **Comcast-NBCU's** 15.8% stake in **AETN**.

Copps Doings: Former **FCC** comr *Michael Copps* will continue to advocate for media diversity and against concentration at a new venue—public interest group **Common Cause's** national Media and Democracy Reform initiative. The goal: restore and expand diversity, open access, transparency and public control in both traditional and new media, the group's president *Bob Edgar* said. Initially, "generous gifts from several foundations" will support the initiative. Copps joined the group's National Governing Board earlier this year and will temporarily relinquish that position to oversee the initiative.

Spectrum Wars: Add Maryland senators *Barbara Mikulski* and *Ben Cardin* (both Dems) to the list of lawmakers concerned about **Verizon Wireless** and cable's spectrum and joint marketing deals. In a letter to the **FCC** chmn last week, the 2 raised concerns from the **Communications Workers of America** and others. "To date, Verizon has not deployed its **FiOS** network in Baltimore, and city officials and constituents there are concerned the company would be even less likely to make further investment in the FiOS network if the proposed transaction is approved," they wrote, calling on the FCC to consider the transaction's potential impact on competition, consumers and jobs.

John Landgraf at TCA: As usual, **FX** chief *John Landgraf* packed his exec session full of news and insight, including a plea that TV writers start holding OTT providers like **Netflix**, **Yahoo!**, **Hulu** and **YouTube** to the same ratings standards as linear nets. "We think new competition will only further enhance what is surely a golden age for television," he said. "As this process unfolds, however, we'd suggest that these new competitors should be required to develop and release measurement for their shows, which allows apples to apples comparison with broadcast, basic, and premium cable." What's wrong with the status quo? "With all due respect, to say, for example, that 20 million unique users sampled a show's 10 episodes over a 13 week time span is a virtually meaningless basis for comparison," he said. As for what critics should demand, Landgraf put it this way: "Look, Netflix could tell you how many people watched 'Lilyhammer' if they wanted to. To say that 20 million unique users sampled something tells me nothing. They might have watched 30 seconds of it." Landgraf also threw his weight behind retrans fees (perhaps not a surprise considering FX's affiliation) and made the case that cable nets need acquired content from major broadcasters. "I think that's an absolutely necessary development in the ecosystem because, again, I've always said that we need broadcast networks," he said. "We need broad channels that have everything on them... we require the market power of the feature studios and the market power of the broadcast networks to create the content that migrates to FX." -- Landgraf also announced FX will pick up a 4th season (13 eps) of *Louis C.K.'s* "Louie" as well as 7 more eps of *Russell Brand's* late night vehicle "Brand X." He also said the net's high-profile bet on *Charlie Sheen* with "Anger Management" looks almost certain to meet the threshold for a 90-ep pickup: "The odds are overwhelming that it will ultimately earn that renewal."

FX at TCA: Wearing no shoes and sipping green juice, *Russell Brand* likened the experience of fielding questions from TV critics to being situated in purgatory, "where you don't entirely know where the voices are coming from." The Brit's new late night show "BrandX" takes a humorous and comprehensive perspective of the news, with a more "optimistic, less cynical approach to sort of current affairs," Brand said. Addressing **FX** chief *John Landgraf's* earlier announcement that the series is returning for another 7 eps, with some modifications, he said the show will look more like a conventional late night show, with guests every week. "A lot of that visual grammar is necessary," he added, because it works. "I think that there will be a lot more lightness, a lot more chaos." -- Though he sat beside his entire cast, *Charlie Sheen* was, naturally, the focus of FX's "Anger Management" panel. But with a back 90 eps for the series highly likely, Sheen appeared elated: "I don't think 90 is gonna be enough. I said that out loud, didn't I? I feel with how we started that we've just scratched the surface, barely." *Martin Sheen* is set to play a recurring roll on the show (as the character's dad). On the kind of pop he was growing up, we saw a bit of the old Charlie: "He was awesome. He tells stories I can't recall... He was a regular dad, except he just took us all over the world making movies... What was the question?" -- Comedian *W. Kaumau Bell* said FX hasn't tried to tell him what to say as he launches potentially controversial "Totally Biased with W. Kaumau Bell" (premieres Aug 9) which is produced by *Chris Rock* and will touch on politics, race

and other touchy subjects. "I think they believe in the voice I have," he said. "They just want us to make a good show. There has been no talk of partisan politics at all." -- It's looks like FX may continue its Sunny disposition with "Legit" (premieres early '13), which peeks into *Jim Jefferies'* dark comedic sensibilities in a vein similar to long-running hit "It's Always Sunny in Philadelphia." One clip shown to critics featured Jefferies taking a disabled man (*DJ Qualls*) to a brothel. "This is the most f—ed up thing I've ever done," said Qualls. "Every day on the set I'm like 'how are we getting away with this?'" -- Nothing much new to report on FX's "Sons of Anarchy" (S5 premieres Sept 11), but it's perhaps interesting to note that showrunner *Kurt Sutter's* wife *Katey Sagal*, who plays Gemma on the show, starts off S5 in a graphic love scene with cast member *Jimmy Smits*. "As an actor, you really want to do stuff that pushes the envelope," Sagal said. Sutter admitted it was a bit strange: "I was in the editing room, and I said 'oh, that's my wife and that's Jimmy Smits.'" We doubt he'll watch it again. -- Comedian, writer, director (and a whole lot of other things) *Louie C.K.* joined TCA via satellite, apologizing profusely for not being able to attend in person. But the proud dad of 2, who incorporates much about his relationship with his own daughters into "Louie," had to pick up his daughter from sleep away camp for a month. Louie addressed recently breaking the record for Emmy noms, saying that records and competition should reserved for athletics. "With creative television and writing, it's kind of silly a little bit. But it's nice for all the people who work for me and for the network." **[More at cablefax.com]**

Cybersecurity: Cybersecurity Act sponsors, including Sen. *Joe Lieberman* (I-Conn.), took shots at the **U.S. Chamber of Commerce** for its opposition and "mischaracterizations" of their bill. "We are baffled that the Chamber opposes our voluntary, incentives-based approach to protecting our nation's critical infrastructure," the senators said in a letter to the chamber's CEO *Tom Donohue*. The chamber, in a letter last week to top senators, voiced their concerns with the bill and their support for the Secure IT Act, a Republican alternative. They claimed the Senate bill was rushed to the floor without a markup or hearing. They also argued the Senate bill would prevent military agencies like the Department of Defense from receiving cyberthreat information directly from companies operating critical infrastructure. Responding to that claim, the Senators wrote that a provision in their revised bill "makes clear that such existing and future information sharing can continue if members of the Chamber want to continue to send information directly to the NSA."

David Nevins at TCA: Floating on the success of "Homeland" (S2 premieres Sept 30), **Showtime** pres, entertainment *David Nevins* said both Homeland and *Don Cheedle* vehicle "House of Lies" will be around a while. "I think both Homeland and House of Lies are a great addition to our schedule and should be mainstays for us now," he said, noting a "wide blue sky" in terms of how many seasons of Homeland could run. As for "Californication," however, Nevins demurred on whether it will get another season beyond the next one in '13. "I'm honestly not sure," he said. "I'm going to sort of put it on the air. I haven't seen any cuts and we're going to decide." In addition, Nevins also said Showtime Anytime should be available to most distributors by 1Q '13, and he announced several new docs including one by *Brett Ratner* about music producer *Tommy Mottolo*. He also showed critics trailers for upcoming original series "Masters of Sex" about *William Masters* and *Virginia Johnson*, and seedy Hollywood fixer saga "Ray Donovan," both of which premiere in '13. Nevins said the key to replicated Homeland's success is unpredictability. "I always challenge [producers] to make the unexpected choice," he said. "There's an increasingly sophisticated audience that's narratively sophisticated... As soon as you get predictable, you get boring."

Programming: **The Weather Channel** added "Plane Xtreme" to its docu-series lineup. The new series, which has 4x30-min episodes and premieres Mon Oct 5 at 9pm, features the aces of Wings of Eagles Aircraft Delivery in FL who push the physical limits of both man and plane to the extreme.

London Olympics: We don't normally cover much broadcast content, but hey... it's the Olympics. And **Comcast** owns **NBCU** after all... so here goes: **NBC** not only scored gold but broke a few records (its own records, i.e.) with its London Olympics coverage, despite complaints about the tape-delayed approach. Through the 1st 3 nights of the big game, the net scored an average of 35.8mln viewers, the best through the 1st weekend for any Summer Olympics in history and 5mln more viewers than the Beijing Olympics. Specifically, Sun night's primetime coverage, featuring gold and silver medals in swimming and preliminaries of the women's gymnastics, drew 36mln viewers, the most for the 1st Sun for a non-U.S. Summer Games in history. The average viewership for Sun night and the Opening Ceremony (40.7mln) is higher than ANY night from the Beijing, Athens of Sydney games. Sat's competition, which featured the 1st duel between *Ryan Lochte* and *Michael Phelps*, earned a 15.8/29 national rating/share, the best for a non-U.S. Summer Olympics opening night in 36 years since the Montreal Olympics. The 1st night of competition averaged 28.7mln viewers, the most-watched for a summer games opening night on record, according to NBC. On the social

BUSINESS & FINANCE

media front, some 5mln comments about the opening ceremony were made, according to the research firm **Bluefin Labs**. And women seemed more interested than men, as 58% of the comments were from women vs. 42% from men. Meanwhile, some viewers also took to **Twitter** to voice their frustration, using the hashtag #nbcfail. Fri's complaints focused on the net not live streaming the opener online while Sat's centered on the net's decision to air men's swimming match won by Lochte on tape delay in prime time. Sun's complaints included the airing of women's cycling on NBC while the U.S. men's basketball team's 1st game was aired on a cable net (**NBC Sports Network**). The complaints prompted NBC's Olympics coverage exec producer *Jim Bell* to respond directly on his Twitter feed. "You do know that all sports events are being streamed live right?" he tweeted, after *Time* magazine critic, *James Poniewozik*, tweeted "NBC tape delay coverage is like the airlines: its interest is in giving you the least satisfactory service you will still come back for..." Not everyone's a critic: The U.S. Olympics sailing team tweeted Sun that "this is by far the greatest sailing TV coverage in #Olympic history."

Editor's Note: Just a reminder that subscribers can access various industry data in our Data Points section at CableFAXDaily.com. New ratings data was just posted.

CableFAX Daily Stockwatch

Company	07/30 Close	1-Day Ch	Company	07/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	49.33	(0.07)	CONCURRENT:	4.24	0.14
DISH:	31.12	0.15	CONVERGYS:	14.93	(0.12)
DISNEY:	49.80	(0.14)	CSG SYSTEMS:	17.70	-0.00
GE:	20.80	(0.12)	ECHOSTAR:	28.69	UNCH
NEWS CORP:	23.48	(0.08)	GOOGLE:	632.30	(2.66)
MSOS					
CABLEVISION:	15.21	0.14	HARMONIC:	4.24	(0.02)
CHARTER:	77.46	1.11	INTEL:	25.76	(0.26)
COMCAST:	32.21	(0.07)	JDSU:	9.87	(0.08)
COMCAST SPCL:	31.66	(0.04)	LEVEL 3:	18.79	0.09
GCI:	9.50	(0.1)	MICROSOFT:	29.64	(0.12)
LIBERTY GLOBAL:	52.71	0.67	RENTRAK:	18.29	(0.17)
LIBERTY INT:	18.95	0.03	SEACHANGE:	7.50	0.04
SHAW COMM:	19.67	(0.14)	SONY:	12.02	(0.33)
TIME WARNER CABLE:	85.00	0.53	SPRINT NEXTEL:	4.51	0.20
VIRGIN MEDIA:	27.47	0.08	TIVO:	8.44	0.13
WASH POST:	340.49	(3.97)	UNIVERSAL ELEC:	12.97	(0.03)
PROGRAMMING					
AMC NETWORKS:	43.10	(0.04)	VONAGE:	1.75	0.10
CBS:	33.55	(0.02)	YAHOO:	15.98	(0.13)
CROWN:	1.85	(0.04)	TELCOS		
DISCOVERY:	50.93	(1.09)	AT&T:	37.43	0.29
GRUPO TELEVISIA:	22.97	(0.27)	VERIZON:	44.95	0.05
HSN:	42.98	(0.13)	MARKET INDICES		
INTERACTIVE CORP:	53.25	(0.6)	DOW:	13073.01	(2.65)
LIONSGATE:	13.60	(0.55)	NASDAQ:	2945.84	(12.25)
LODGENET:	0.71	(0.02)	S&P 500:	1385.30	(0.67)
NEW FRONTIER:	1.54	0.01	TECHNOLOGY		
OUTDOOR:	7.13	(0.12)	ADVANTAGE:	2.10	0.01
SCRIPPS INT:	54.98	0.19	ALCATEL LUCENT:	1.01	(0.02)
TIME WARNER:	38.58	(0.4)	AMDOCS:	29.59	0.07
VALUEVISION:	1.97	(0.02)	AMPHENOL:	59.68	(0.31)
VIACOM:	48.63	(0.89)	AOL:	31.43	(0.09)
WWE:	7.79	(0.07)	APPLE:	595.03	9.87
TECHNOLOGY					
ARRIS GROUP:	12.78	(0.08)	BROADCOM:	33.79	0.07
AVID TECH:	7.57	(0.28)	CISCO:	15.87	0.18
BLNDER TONGUE:	0.89	(0.02)	CLEARWIRE:	1.16	0.09
BROADCOM:	33.79	0.07			
CISCO:	15.87	0.18			
CLEARWIRE:	1.16	0.09			



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EYE ON ADVERTISING

Comcast Politics...

When we last caught up with Dan Sinagoga, Comcast's VP of political sales, at the Cable Show, political ad spending was ballooning. Today, he says, it's off the hook as Super PAC spending pushes what once was a cyclical business into a year-round bonanza. With a projected \$4bln on the line, Sinagoga briefs Cathy Applefeld Olson—and even sneaks in a little pitch for her own campaign. Olson in 2014? Uh, we don't think so...

How has the political ad landscape changed since early May?

DS: We're finding both the Super PACs and parties are in a bigger hurry than ever. They're buying the general election as we speak, and that's going to put a bigger crunch on the inventory. There's a panic out there that, if I don't get my lake-front property right now, I'm sunk. It's a very unique dynamic. They're not just buying broadcast and interconnect. They're also buying local zones, and that plays really well to our sweet spots. We're lucky because Florida, Virginia, Colorado, Pennsylvania, Michigan—those battleground states—are going to be really intense moving forward, and they're in the Comcast footprint.

What's the biggest difference between 2012 and 2008?

DS: In 2008, we wouldn't even be talking about the Super PAC money. It's really going to be a landmark year. The \$4 billion number initially called is accurate, if you look at the dynamics of how the money's being spent. There's been over \$200 million spent to date, and the scary thing is 65% of the spend will come after Labor Day.

Just how is the money being spent?

DS: TV still will be and should be the big gorilla when it comes to political. But whether you're talking with Comscore or Borrell, they'll tell you with the 25-54 demographic 58% of them are watching TV and viewing ads online. If you're not budgeting to be where those eyeballs are, you're missing way too many impressions. Social media has been used really well from a branding perspective. What we're

seeing now from political ad communities is it's all about video, and about grabbing as much quality pre-roll as they can get. That's the biggest change in the maturation of the category. In 2008, online was in play, but it was 1% of the overall pie. That will grow to 5% in 2012. And it's gone from banner ads and click-on to donate to really interactive video. We're seeing a lot of campaigns in the mindset of taking the 30-second creative they're doing on TV and repurposing it online.

So is the idea to have the online campaign mirror the TV ads?

DS: It's a mix. They're trying to build more consistency from platform to platform so they have an integrated campaign. But—and this is

something only cable operators can offer—they're also looking for a deeper drill-down. If you're sitting in front of your TV and see an ad, we have the technology that lets the campaign interact with you. We can overlay on an ad asking, Would you like to donate to the Cathy for Congress campaign? That interaction is the holy grail. Even if only 1% of people who opted in on an RFI ad online or on-air aren't currently in the campaign's database, it's still a home run for them. The cost of entry with RFI isn't huge; we have it priced to play as a new product we're introducing to the [political] community.

How aware are the campaigns of the RFI opportunity?

DS: The major campaigns are now approaching us to say, We're hearing about this RFI technology, hearing about telescoping, being able to micro-target. They don't want to get blindsided by their clients. We're seeing a shift in hot levels, the beginning of a trend where even though TV will always be the strongest media, the levels are starting to come down a bit.

[If you were intrigued by the above interview (and we know you were), then we have good news: Sinagoga will be among speakers at our Aug 22 Webinar on political advertising. For registration info: http://www.cablefax.com/cfp/webinars/2012_August22/]



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