

# CableFAX Daily™

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What the Industry Reads First

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## Summer Games: Discovery Feels Heat From Olympics

Discovery Comm's 2Q earnings story was a good one, with profit up 15% YOY to \$293mln and a 7% gain in revenue to \$1.14bln. But one notable tidbit from Tues' call with analysts is that programmers are staying away from NBCU's Olympics. "The Olympics have come out very strong... At this point, we're holding back a number of our premieres because we just feel that the Olympics right now has a significant amount of cultural momentum," said Discovery pres/CEO *David Zaslav*. "If, in fact, the Olympics loses a bit of steam, then we think we have some upside." Zaslav expects the Games and the limited premiere hours on Discovery until after Shark Week wraps up in Aug to impact 3Q. Still, "with a strong upfront under our belts, a scatter market that remains relatively healthy and a balanced portfolio of existing and emerging brands, we remain confident that we can deliver sustained advertising growth moving forward," he said. The Summer Olympics isn't the only thing impacting Discovery's networks. **TLC** and **Discovery** showed some weakness in June, which Zaslav chalked up as cyclical. He said there weren't many premieres, and the strongest content doesn't play in June (i.e., Discovery will pick up momentum with Aug's Shark Week that will continue into the fall). International, which now accounts for almost 40% of DISCA's business, continues to be a high point with 10% revenue growth. Given that, Discovery's interested in intl acquisitions, with Zaslav mentioning underpenetrated markets like Turkey, Russia and India. As for **OWN**, Discovery is quite happy, thank you. Ratings are building and are actually ahead of expectations. "Between the leadership team and the new content that we have and a lot of that the new content that we have coming up, we're quite confident that we've begun to really find the recipe for a strong women's network," Zaslav said. "And we think that the OWN brand now is starting to be what Oprah and I talked about when we were all excited about this." And then there's the numbers... Losses at the jvs (OWN and **Hub**) decreased from \$50mln in Q1 (which included a \$30mln restructuring) to \$6mln in Q2, and OWN is still on track for profitability in the 2nd half of next year. With **Destination America** rebranding May 28, there wasn't a lot of color on it during the call. Zaslav did mention that ratings were up nearly 50% in June. He also praised ratings juggernaut **ID**, as well as The Hub, which just delivered its best Q ever. **Bernstein Research** has the stock at "outperform," noting that affil fee and ad growth (domestically and internationally) continue to deliver at

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or above the investment firm's high expectations. Discovery reaffirmed FY12 guidance, which calls for about 13% OI DBA growth YOY.

**London Olympics:** NBC Sports Network's London Olympics coverage drew average viewership of 1.2mln Sun (4am – 7:06 pm), the highest average viewership ever in the daypart and 10% above Sat's Olympic coverage. US Women's Soccer vs. Columbia Sat averaged 2.5mln viewers to rank as the net's most watched non-NHL coverage in the net's history. The men's basketball team averaged 2.6mln viewers Sun. NBC Universal cable nets airing the London Olympics—**MSNBC**, **CNBC** and **Bravo**—also saw viewership gains. For example, Bravo's first 2 days of tennis coverage marked the net's highest weekend average viewership in the 9am-3pm daypart since Oct '07. Mon's primetime coverage netted 31.6mln viewers for **NBC**, the most for the 1st Mon of a non-U.S. Summer Games since Montreal in '76. The viewership's 1.4mln more than the 1st Mon night of the Beijing games. Meanwhile, swimming finals dominated the most-watched moments during day 3 of the London Olympics, followed by men's gymnastics, according to **TiVo**. A disappointment for Team USA was *Ryan Lochte's* 4th-place finish in the 200m freestyle, which was the 2nd most-watched moment. Another disappointment was *John Orozco's* pommel horse woes, which was the 5th most-watched. However, not all TiVo top moments from day 3 were low points for Team USA: *Missy Franklin's* performance in women's 100m backstroke won the top spot. -- For the 1st time in history, large percentages of the Olympic audience have turned online to view event highlights and news coverage in real-time, according to consultancy **WebiMax**. Specifically, day 1 of the big game drew 10mln US online viewers through NBC vs. 5mln during the Beijing Olympics. The broadcast net's more than 5500 hours of coverage on TV and online doubled the amount of coverage hours during the Beijing games. "Live-streaming is a savior for die-hard fans, and social media has been ideal for those interested in results feeds and athlete personalities," said WebiMax CEO *Kenneth Wisniewski*. There's a surge in followership on social media, up significantly from '08 figures, the firm said. The downside of live streaming and social media is they have spoiled the surprise and suspense of the tape-delayed TV coverage—valuable commodities in Olympic broadcasting, Wisniewski said.

**Tech:** **SCTE** announced its first 2 standards for energy mgmt: SCTE 184 establishes recommended practices for energy mgmt, particularly for building new facilities or updating existing ones; SCTE 186 defines common environmental and sustainability requirements for equipment within those facilities. And more standards are on the way. *Dan Cooper*, **Time Warner Cable** vp, critical infrastructure and chmn of SCTE's Sustainability Mgmt Subcmte said work is well underway on defining terms for measuring energy mgmt. "The time and expertise that Dan Cooper and the SMS team put into SCTE 184 and SCTE 186 are only the beginning of their long-term commitments to helping the industry prepare for its energy needs in the years ahead," said *Derek DiGiacomo*, sr dir, information systems and energy management for SCTE and head of SCTE's Smart Energy Management Initiative.

**At the Portal:** **Verizon Wireless** settled with the **FCC** Tues over **Free Press'** complaint that the telco was violating the rules that govern the licenses for its LTE network. The telco agreed to pay \$1.25mln to the US Treasury for the violation and to implement a C Block compliance plan. Last year, Verizon reportedly asked **Google** to disable tethering apps in the Google Play Store. Free Press argued that by preventing subs from downloading the apps that allow the use of phones as mobile hotspots, Verizon violated conditions of its 700 Mhz C Block licenses (the LTE band licenses).

**Carriage:** After launching with **Oceanic Time Warner** in Hawaii, Asian American net **Myx TV** launched on Time Warner Cable Channel 541 in the NYC and NJ service areas at no additional cost (as part of TWC's Digital TV package).

**Research:** Are you reading this on a tablet? As of 2Q, almost 30% of US online consumers owned a tablet, according to research by **CEA**. The trade group is predicting that tablet shipments will hit \$29.1bn in '12, nearly \$11bn higher than it had previously predicted. "The overall market for tablets continues to grow significantly with household penetration increasing for the foreseeable future," said *Kevin Tillmann*, sr research analyst, CEA. "Rarely has a new device category been so quickly embraced by consumers, businesses and education." The research also found that consumers continue to use their tablets primarily for entertainment activities, with movies being the most popular activity, followed by social networking, music and reading books in the 4 top spots. Satisfaction with tablet comput-

ers also remains high with 89% of tablet owners reporting being satisfied with their devices. -- **CableFAXDaily.com** added **Compete's** OTT data to its Data Points section. How do we describe the June video views data? Netflix dominated! As for the latest domain traffic data, it's a similar story. **AT&T** remains a faraway leader while **Verizon** is a distant 2nd. Check out the latest data at **CableFAXDaily.com**.

**Political Ad Spending: The Weather Channel Companies** has its eyes on some political dollars. Under a partnership with mobile targeted ad firm **Jumptap**, the net launched a program allowing political advertisers to geographically target mobile platform users. Because TWCC mobile users must enter zip code information to access accurate local weather forecasts, "the site is inherently conducive to delivering highly targeted local political campaign messages that feel organic to the user," the net said. -- We'll delve deeper into political ad spending with our Aug 22 Webinar, "Profiting from Political Advertising in 2012." Register at: [http://www.cablefax.com/cfp/webinars/2012\\_August22/](http://www.cablefax.com/cfp/webinars/2012_August22/)

**Programming: ESPN** sportscaster **Doug Gottlieb** signed a multi-year deal with **CBS** to contribute across the broadcast net's sports platforms, including **CBS Sports Radio**, **CBS Sports Network** and online columns and podcasts. -- A slate of original programming is headed to **WE tv**, including the 3rd season of "Braxton Family Values," debuting 1Q, and a 3rd season of "Joan & Melissa: Joan Knows Best?" returning at the same time. Meanwhile, the net booked a 5th season of wedding show "My Fair Wedding with *David Tutera*." It also renewed "Mary Mary" featuring sisters and singers *Erica* and *Tina Campbell*.

**Showtime at TCA:** The cast of **Showtime's** "Weeds" was wistful and rather relaxed. Perhaps because they have completed their 8th and final season of the series—or maybe we can thank the joints distributed throughout the room just prior to panel. Oh wait, those were props. "It's the stuff we smoke on the show. It's not the good stuff," said actor *Justin Kirk*. "We were up all night bagging those," joked *Kevin Nealon*. The cast was asked about their thoughts on the substance after all these years of acting with it, to which Kirk replied, "I used to say that pot took away from my rent, and now it pays it." Fair enough. On the evolution of characters throughout the 8 seasons showrunner *Jenji Kohan* said it was the tone, the characters and the mistakes the characters made that remained consistent. "Once you've had that consistency, you can sort of take them anywhere and see how they would play in new ponds." *Mary-Louise Parker* said she's sad about leaving her character behind, "but all things have to end." -- The cast of Showtime's highest-rated series "Dexter" (season premiere Sept 30) is in the midst of shooting season 7, and season 8 appears to be its last. But in his executive session *David Nevins* alluded to being open to Dexter continuing beyond an 8th season. Addressing this, *Michael C. Hall* said that while he "would never say never," there's a sense the final ep of the 8th will be the show's last. "It's difficult... to imagine going beyond that... I think the sense is that we're moving towards a definitive end." On whether actors approach producers *Sara Colleton* and *Scott Buck* to write material for them Colleton said that it's happened over the years, "but it's never the way we approach material." Finding the right actor tends to begin two or three eps into the season. "Then we try to find the very best casting for the character." -- "Homeland" (S2 premiere Sept 30), starring *Claire Danes* and *Damian Lewis*, is based the Israeli show "Prisoners of War." The series, now shooting its 2nd season, deals with questions of homeland security, particularly the price citizens are willing to pay for it and whether that means sacrificing certain rights. On location choices, producer *Howard Gordon* said season 2 is shot in Israel, doubling as Beirut, though other locations were considered. "We talked about possibly going further afield possibly Afghanistan or Pakistan but I think we're going to stay local for now," he said. Danes shared that over the years she's learned to portray troubled characters such as Carrie without it sacrificing her happiness. "If I took my characters home with me, half of my life would be a misery, I think. I tend to compartmentalize, you know, work from my life. I'm not terribly method." On being invited to the White House for dinner and starring in President Obama's favorite show, Lewis joked that he's usually called to consult on matters of homeland security. He shared this anecdote: When he asked the President when he possibly finds time to watch TV, Obama explained that on Saturday afternoons when Michelle and the two girls go play tennis, the Commander in Chief heads to the Oval Office, pretends to work. and switches on Homeland.

**Hulu at TCA:** **Hulu Plus** arrived on **Apple TV** Tues as Hulu content programmers arrived in Los Angeles to speak with TV critics. Struggling slightly to define the service, *Andy Forssell*, Hulu svp of content, called it "a bit of an odd animal. We're not a network, we're not a studio, we're a distributor, in industry terms..." Its goal is to "help people find things they know and love... and uncover buried treasure." So what's Hulu's advantage over networks? While nets spend a great deal of time "explaining common threads of their shows," and program to specific demos like teenage males or 20 somethings, Hulu's not limited to a certain audience. "You won't see that with us. You'll see a lot of diversity," he said. Moreover, "our audience is big and getting bigger." What's particularly



# BUSINESS & FINANCE

important, said Forssell, is that the platform's audience shares the content. "You gotta take some chances," he said, to "inspire viewers to go share with their friends." The series "Up to Speed," (premieres August 9), for instance, indie filmmaker *Richard Linklater's* first TV project, features quirky historian and tour guide *Timothy "Speed" Levitch* as he visits under-appreciated monuments in the U.S. A longtime fan of *Speed's*, Linklater has worked with the host on many projects, beginning with the film "Waking Life." "It was a magical jumbalaya of events that created a really good meal," said Speed himself on the show coming together. "A city to me is eventually a profound opportunity to understand ourselves." That means exploring a city's fire hydrants, dumpsters, even cracks in the sidewalks, he said. The end goal? He'll try for "walking tours on the Indiana Jones level." If the series gets a 2nd season, they'll try to expand by visiting international cities.

**People:** Time Warner Cable Ventures evp, pres *Carl Rossetti* intends to retire from his post at year-end, according to an SEC filing.

**Editor's Note:** Time's running out to enter the **International Content Awards** recognizing programming that travels across borders, with the Aug 3 deadline looming. More info: <http://www.cable360.net/cfp/events/intl-content2012/>

## CableFAX Daily Stockwatch

Company	07/31 Close	1-Day Ch	Company	07/31 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	49.66	0.33	CONCURRENT:	4.26	0.02
DISH:	30.76	(0.36)	CONVERGYS:	14.74	(0.19)
DISNEY:	49.14	(0.66)	CSG SYSTEMS:	17.63	(0.07)
GE:	20.75	(0.05)	ECHOSTAR:	28.80	0.11
NEWS CORP:	23.19	(0.29)	GOOGLE:	632.97	0.67
<b>MSOS</b>					
CABLEVISION:	15.34	0.13	HARMONIC:	4.24	UNCH
CHARTER:	76.92	(0.54)	INTEL:	25.70	(0.06)
COMCAST:	32.55	0.34	JDSU:	9.84	(0.03)
COMCAST SPCL:	31.93	0.27	LEVEL 3:	19.27	0.48
GCI:	9.44	(0.06)	MICROSOFT:	29.47	(0.17)
LIBERTY GLOBAL:	52.78	0.07	RENTRAK:	18.72	0.43
LIBERTY INT:	18.73	(0.22)	SEACHANGE:	7.57	0.07
SHAW COMM:	19.52	(0.15)	SONY:	12.15	0.13
TIME WARNER CABLE:	84.93	(0.07)	SPRINT NEXTEL:	4.36	(0.15)
VIRGIN MEDIA:	27.38	(0.09)	TIVO:	8.69	0.25
WASH POST:	338.50	(1.99)	UNIVERSAL ELEC:	12.59	(0.38)
<b>PROGRAMMING</b>					
AMC NETWORKS:	43.36	0.26	VONAGE:	1.79	0.04
CBS:	33.46	(0.09)	YAHOO:	15.84	(0.14)
CROWN:	1.95	0.10	<b>TELCOS</b>		
DISCOVERY:	50.63	(0.3)	AT&T:	37.92	0.49
GRUPO TELEVISIA:	22.79	(0.18)	VERIZON:	45.14	0.19
HSN:	42.36	(0.62)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	52.61	(0.64)	DOW:	13008.68	(64.33)
LIONSGATE:	13.45	(0.15)	NASDAQ:	2939.52	(6.32)
LODGENET:	0.60	(0.11)	S&P 500:	1379.32	(5.98)
NEW FRONTIER:	1.57	0.03	<b>TECHNOLOGY</b>		
OUTDOOR:	6.94	(0.19)	ADVANTAGE:	2.00	(0.1)
SCRIPPS INT:	53.85	(1.13)	ALCATEL LUCENT:	1.10	0.09
TIME WARNER:	39.12	0.54	AMDOCS:	29.75	0.16
VALUEVISION:	1.88	(0.09)	AMPHENOL:	58.88	(0.8)
VIACOM:	48.83	0.20	AOL:	31.86	0.43
WWE:	7.75	(0.04)	APPLE:	610.76	15.73
<b>MARKET INDICES</b>					
			ARRIS GROUP:	12.69	(0.09)
			AVID TECH:	9.21	1.64
			BLNDER TONGUE:	1.09	0.20
			BROADCOM:	33.88	0.09
			CISCO:	15.95	0.08
			CLEARWIRE:	1.14	(0.02)

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