

# CableFAX Daily™

Thursday — August 2, 2012

What the Industry Reads First

Volume 23 / No. 148

## Solid Gold: Comcast Stock Soars as Do Olympic Ratings

We're trying to resist the Olympics puns, but it's hard... **Comcast's** 2Q results were strong thanks to the MSO side of the business. Its 176K video sub loss beat Street estimates and 2Q11's 238K loss in the seasonally weak Q—and broadband sub additions were up (156K vs 144K a year earlier). Even voice beat analyst estimates, coming in at 158K adds. Cable revenue grew at a rate of 6% to \$9.9bln. Programming was another matter. While everyone's used to **NBC's** drag, even the cable nets had a little less sparkle (3.6% YOY growth in revenue to \$2.25bln). Broadcast rev declined 9%. **Bernstein Research** noted that cable network margins of 35% (impacted by heavier spending) were worse than last year (38.9%) and worse than consensus (37.2%). "In the short term, hope springs eternal, and advertising sales for the Olympics have been relatively good. But the cupboards for NBC's Broadcast Network are still relatively bare, and the recent **DirectTV/Viacom** dispute gives reason for concern about the thesis that a general entertainment network like **USA** is fundamentally underpriced," said a Bernstein research note. Not everyone agreed. "While **NBCU** revenue was slightly lower than expected, OCF beat significantly due to strength at broadcast (particularly important as this is NBCU's 'most challenged' segment)," said **Wells Fargo Securities**. "Bottom Line: Great quarter all around with particular strength in core cable and the NBC broadcast network. We expect the stock to trade up today." And trade up it did, closing up 3%. NBCU pres/CEO *Steve Burke* was giddy during Wed's earnings call over the Olympics, noting that the company's \$100mln+ ahead of its ad sales goal. And ratings so far have been about 30% higher than company estimates. "We think London is going to be right around breakeven, and there was a time when we thought London would be as negative as \$200mln," he said, touting the marketing in the 100 days leading up to the games. On the MSO side, Comcast is rolling out its X1 platform in Atlanta this week and has launched its 1st marketing campaign during the Olympics for the platform in Boston. Comcast plans to launch X1 in 5 major markets this year. "So far, X1 has been very well received in Boston," said Comcast Cable pres/CEO *Neil Smit*. "We're marketing it to HD triple play customers... Existing customers will get the X1 as requested subject to a one-time installation fee. Remember that right now we're using the new X1 boxes, but we're going to be extending the X1 experience over to a high end set-top boxes as well."



Presented in partnership with **CableFAX**  
www.cablefax.com

Sponsored by:  **cable**  
National Cable & Telecommunications Association

# NAMIC

Breakfast Recognizing the  
**CableFAX 2012**

**Most Influential Minorities in Cable**

**September 11, 2012 • 7:00 – 8:30 am • Hilton New York**

*There's no better way to kick off the 26th Annual NAMIC Conference!*

Seating is limited! To purchase tables of 10 (\$1,250) or individual tickets (\$150), please contact NAMIC at 212-594-5985 or visit [namic.com](http://namic.com). (Attendance at this breakfast requires a separate ticket and is not included in the NAMIC Conference registration fee) **RSVP by August 24th.**

[www.NAMIC.com](http://www.NAMIC.com) NATIONAL ASSOCIATION FOR MULTI-ETHNICITY IN COMMUNICATIONS

Want Conference Updates? Follow us at:    Official Twitter hashtag is #NAMICConference

# CableFAX Program Awards & Top Ops Breakfast

## SPONSORSHIP CONTACTS:

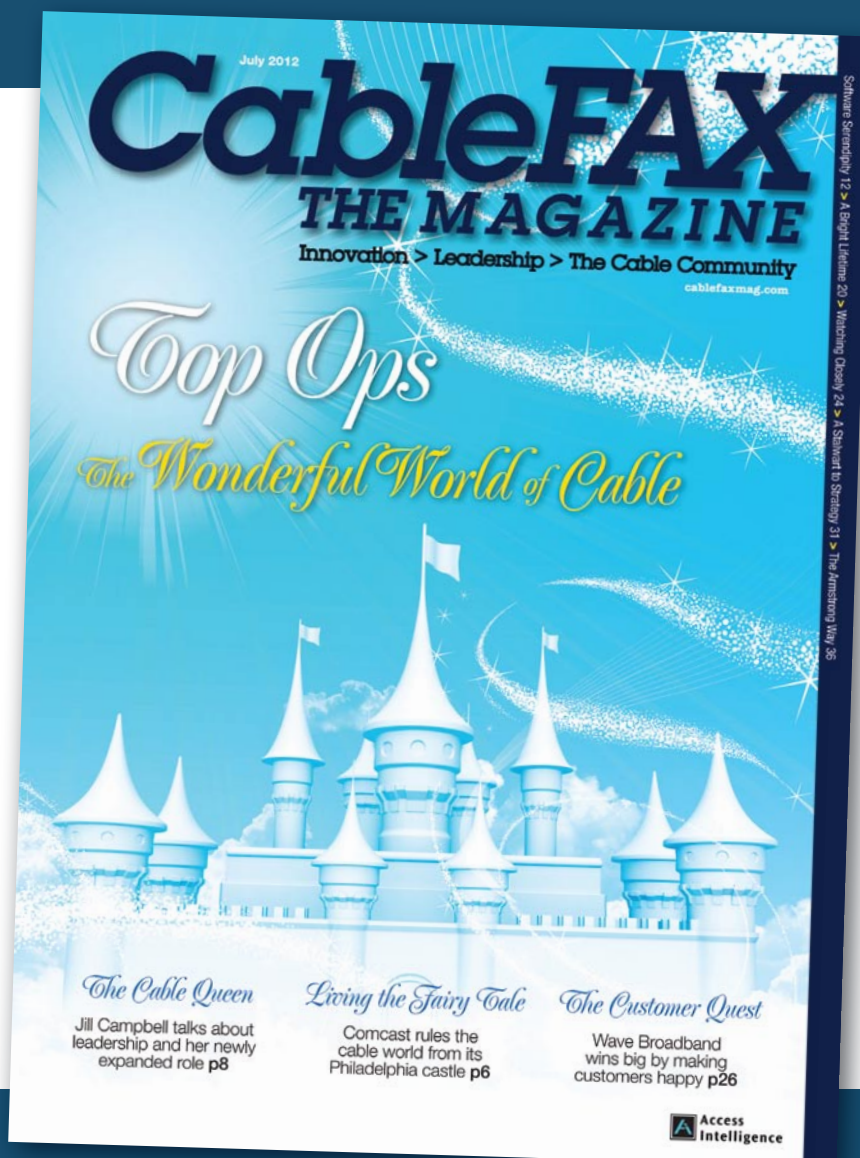
Debbie Vodenos  
Publisher  
dvodenos@accessintel.com  
301.354.1695

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



**SAVE THE DATE:**  
**TUESDAY, OCTOBER 30**  
**8:00-10:00 AM – W NEW YORK**

[www.CableFAX.com](http://www.CableFAX.com)

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax:301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 818.945.5309, 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 ● Publisher: Debbie Vodenos, 301.354.1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Barbara Bauer, 301.354.1796, bbauer@accessintel.com ● Prod: Joann Fato, 301.354.1681, jfato@accessintel.com ● Diane Schwartz/SVP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Amy Russell, 301.354.1599, arussell@accessintel.com

**Carriage:** Looks like we're starting to see the fruits of **Pac-12** distribution deal with **NCTC (Cfax, 7/23)**. **Frontier** and **BendBroadband** announced plans to carry the nets when they launch Aug 15. Bend will carry the national net and all 6 regional nets, with Pac-12 Oregon and Pac-12 National on its Essentials tier in standard and HD. It'll also offer Pac-12's TV Everywhere service. Frontier Comm will offer the Pac-12 nets and TVE offering available to FiOS TV customers in the Pacific Northwest. -- **Cablevision** added **MundoFox** to its broadcast basic package. It's initially being offered in SD, but the MSO expects to launch an HD feed by year-end.

**Comcast Ultra-HD:** It will probably be a decade before you see it at **Best Buy**, but reporters got a sneak peek of Ultra-HD, the next generation HDTV, at **Comcast/NBCU's** DC headquarters Wed. The op is partnering with Japanese broadcaster **NHK** and the **BBC** to host the nation's only Ultra-HD/Super Hi-Vision demo for the London Olympics, and DC is the only site outside the UK and Japan where the tech can be viewed. The demo featured Olympic clips on an 85-inch LCD screen and multichannel sound systems. At 33Mn pixels (16 times the resolution of current HD pictures), the display screams details and realism, especially when it's matched to the 22.2 multichannel sound. In the opening ceremonies, details of each subject can be seen even in long shots. You can easily spot then UK Prime Minister *Tony Blair* at the back of the Royal Box and see small faces in full resolution. Comcast/NBCU committed to the test, which took 9 months of preparation, without even having seen the picture, according to Washington pres *Kyle McSarrow*. The company also had to run fiber to its DC headquarters. The former **NCTA** chief wasn't disappointed. With higher resolution comes greater requirements for equipment and bandwidth. Ultra-HD requires 30 times the current average bandwidth, a new generation of cameras, audio equipment and other transmission devices, engineers at the demo told us. NHK has been playing a key role in the research and development of the near-future broadcasting media super Hi-Vision. While Japan expects commercial deployment around '20, it's uncertain when the technology will be ready for US consumers, the engineers said. Several challenges need to be overcome first, including developing higher and more efficient compression technology, distribution approach and figuring out the content for Ultra-HD, according to *Sheau Ng*, head of R&D. The goal of the demo is to stimulate development and kick off discussion of the new technology, he said.

**TWX: CNN** will reign again, according to **Time Warner** chief *Jeff Bewkes*. "It's a great brand... Having said that, obviously, we're not satisfied with the ratings," the CEO said during Wed's 2Q earnings call. "We're going to do a better job putting on programming that will hold viewers. We've got more people coming. They're not staying as long as we would like." The solution is to be more compelling and engaging than CNN has been as of late, he said, adding that there is strong demand for objective, non-partisan coverage. Time Warner reported a 33% drop in net income YOY to \$430m, while revenue fell 4% to \$6.7bn. The cable nets increased rev by 4% to \$3.6m. Ad sales growth was at 2%, helped by **TNT's** originals slate. All eyes continue to be on the '13-'16 timeframe, when just about every distributor contract is up for renewal. "We believe that the value we're delivering to our affiliates exceeds the value we're receiving," said Bewkes. "We're focused on correcting that in this next cycle. In fact, based in part on the deals we've already struck, we have every confidence that **Turner** will grow domestic subscription revenue at a double-digit pace annually between 2013 and 2016."

**At the Portals: Public Knowledge** filed a petition at the **FCC**, asking the agency to enforce merger conditions imposed on **Comcast-NBCU**. Its beef is with Comcast's decision to exempt its online video service on **XBox 360** and **TiVo** from its data cap. The MSO has said it differs from other online video services because it travels over the company's private network. "Comcast is doing exactly what opponents of its merger with NBC-Universal feared: using its Internet business to protect its pay-TV business. Exempting its own online video services from the data caps that apply to every other online activity creates an unfair advantage," said *Michael Weinberg*, PK's vp, Institute for Emerging Innovation. In May, Comcast lifted its data caps and said it was switching to a more flexible model (in some test markets, users have a 300GB threshold and are charged for usage over that).

**Deal Talk:** Former **Insight** subs lost **NFL Net** and **NFL Red Zone** Tues night when the net's contract expired with the MSO, which **Time Warner Cable** bought for \$3bn earlier this year. The TWC version of the story is the op asked for a short extension so it could try to finalize an agreement, but NFL refused. "But we have been close before only to have it fall apart so we need to be cautious about predicting success," a spokeswoman said. NFL claimed TWC declined its offer to renew the same terms with no rate increase for a package that this season will include 63%

more live Thurs Night Football games and 80% more live weekday programming. A TWC rep said conversations are ongoing, and TWC remains hopeful that it can reach a resolution. -- It's a deal! **Time Warner Cable** and **Meredith** reached an agreement in principle with Meredith for continued carriage, and there will be no interruption in subs' viewing. The 2 agreed to an extension through Tues before contracts between the op and 3 stations in MO, TN and MA expired July 25.

**Cybersecurity:** The push for the Senate to pass the Cybersecurity Act intensified. Top defense officials, including President *Obama's* counterterrorism advisor *John Brennan* claimed the legislation is critical to protect critical infrastructure. "The administration has repeatedly urged Congress to pass comprehensive cybersecurity legislation to protect the American people from the growing danger of cyberthreats," he said in a statement. Gen *Martin Dempsey*, chmn of the Joint Chiefs of Staff said "not only will military systems be targeted by tools that can cause physical destruction, but adversaries will increasingly attempt to hold our nation's core critical infrastructure at risk... Because the military relies on this infrastructure to defend the nation, we cannot afford to leave our electricity grid and transportation system vulnerable to attack."

**Cable in the Classroom:** With digital literacy a big buzz word in Washington, expect to hear a lot more out of **Cable in the Classroom**. On Wed, it launched its 4th online learning game, "Coaster Crafter: Build. Ride. Scream!," billing the STEM-focused game as an illustration of broadband's learning potential. We played, and are fans of *Bruno*, the theme park's owner.

**HBO Exec Session at TCA:** After telling critics that quirky freshman series "Enlightened" and "Girls" will be back for a 2nd season, **HBO** co-pres *Richard Plepler* and pres, programming *Michael Lombardo* revealed the net will produce a new *Larry David* movie (not based on "Curb Your Enthusiasm") and a doc on The Rolling Stones to celebrate the band's 50th anniversary. No details on the David movie other than he won't be playing a version of himself, but execs said the movie will come before any new season of *Curb*—even though Plepler said David has "carte blanche" to do a new season anytime he wants. Meanwhile, Plepler also said **HBO Go** remains a growth area for viewing but only represents approx 5% of total viewing. But when combined with VOD, he said it goes "closer to 25%... People will use it more and more." He noted that "Girls" is the highest rated show on HBO Go. The execs also see more room for dramas on Sun night despite a packed schedule but vowed to put quality 1st. Lombardo said hit "Game of Thrones" was a big risk. "We responded to the writing," he said. "We're not developing thinking about shows that will get us the highest rating... We try not to be fear based. So we take some swings." Plepler said programming to 30mln HBO subs "gives us a little bit of a luxury to program for smaller niches in that audience."

**BBC America at TCA:** **BBC America** announced at TCA it will co-produce with **BBC One** "The Musketeers," a contemporary take on the *Alexandre Dumas* novel, set in the author's original 17th century setting. The 10 hour-long eps will run in early 2014 as part of the network's Dramaville block. -- The net's 1st original series "Copper" (premieres Aug 19) is certainly a cop show—albeit one set in 1864 New York City. "It's the anti-CSI," said co-creator/exec producer *Tom Fontana*. "There's no DNA. It's really about the detectives having to use their minds." The first clips shown at TCA looked gritty, dirty and appropriately colored with sex and murder in the tough Five Points neighborhood known to most of us through *Martin Scorsese's* '02 movie *Gangs of New York*. "Personally, I just love the fact that we're writing a series where there's no cell phones," said Fontana, calling BBCA's enthusiasm for its 1st original series "intoxicating" (The net was set to bus critics to a bordello-themed party Wed night—a nod to a key storyline in *Copper*). Exec producer *Barry Levinson* said creating a world set in the 1800s on a TV budget was challenging. "You have to be somewhat inventive and nimble in terms of how you put it together, but also create a time and place that gives it some credibility," he said. -- The 2nd season of "*Richard Hammond's Crash Course*," currently in the early stages of filming, moves from tackling America's most dangerous vehicles in season 1 to Hammond's greatest fears—and the mother of all of them is stand up comedy. And in the series' New York episode the host finally faces it. "I spend my life doing things I'm not good at—it's great," Hammond told critics. The through line? Engaging in quintessential American activities—like being a cowboy, or a cab driver in New York. -- A sequel to series "The Hour" returns to Dramaville, 10 months after the conclusion of season 1, in late 1957 Britain. "This is more about the coming of glamour and Hollywood aspiration... and how news keeps up in a changing world," said writer *Abi Morgan*. "It's less about the espionage, bureaucracy and aristocracy... it's more global." Actor *Dominic West* (best known for his role as Jimmy McNulty in HBO's "The Wire") found his character's arc this season—which includes loads of debauchery and late night clubbing—interesting in that it addresses his marriage this time around. "Last season he treated his wife terribly," West said.

**Ovation at TCA:** **Ovation** will "continue to make shows about art and artists" with "an Ovation-esque twist," svp,



# BUSINESS & FINANCE

programming and production *Kris Slava* told critics as the net unveiled several new originals, including 6-part series “*Johnny Cash: Song by Song*” (premieres Oct 7) about the iconic artist. Interestingly, each half-hour ep will focus on a song that says something about his life. “By focusing an episode on a single, you get into so much more than a song,” noted *Rolling Stone* music critic *David Wild*. Said recording artist *Shooter Jennings*: “There’s no gimmick. It’s real music... It will always live on.” -- Ovation also showcased *Nigel Lythgoe*’s newest creation “A Chance to Dance” (premieres Aug 17) in which British dance icons *Michael Nunn* and *William Trevitt* have only 28 days to audition American hopefuls for a dance company. It’s intense. “You are in an athletic sport these days,” said Lythgoe. “They suffer injuries, and it’s such a short life. It is like being a sportsman without the money involved, you know. Their career is almost over at 30 years of age.” Trevitt said he and Nunn traveled around the U.S. to find dancers, including even a pole dancing class as they tried to cast a wide net beyond traditional ballet. -- The net also showcased its “The Spies of Warsaw” based on the *Alan Furst* novel and focused on spies working against Nazi occupiers. The show’s actually filmed in the Polish city itself. “It’s like a time bubble in the middle of Warsaw,” said actor *David Tennant*, who plays a French spy.

## CableFAX Daily Stockwatch

Company	08/01 Close	1-Day Ch	Company	08/01 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	50.10	0.44	CONCURRENT:	4.28	0.02
DISH:	30.56	(0.2)	CONVERGYS:	15.03	0.29
DISNEY:	48.82	(0.32)	CSG SYSTEMS:	17.08	(0.55)
GE:	20.73	(0.02)	ECHOSTAR:	28.48	(0.32)
NEWS CORP:	23.18	(0.01)	GOOGLE:	632.68	(0.29)
<b>MSOS</b>					
CABLEVISION:	15.34	UNCH	HARMONIC:	4.23	(0.01)
CHARTER:	78.34	1.42	INTEL:	25.93	0.23
COMCAST:	33.55	1.00	JDSU:	9.73	(0.11)
COMCAST SPCL:	32.83	0.90	LEVEL 3:	19.01	(0.26)
GCI:	9.09	(0.35)	MICROSOFT:	29.41	(0.06)
LIBERTY GLOBAL:	52.33	(0.45)	RENTRAK:	18.19	(0.53)
LIBERTY INT:	18.86	0.13	SEACHANGE:	7.37	(0.2)
SHAW COMM:	19.56	0.04	SONY:	12.14	(0.01)
TIME WARNER CABLE:	85.60	0.67	SPRINT NEXTEL:	4.32	(0.04)
VIRGIN MEDIA:	27.21	(0.17)	TIVO:	8.49	(0.2)
WASH POST:	336.50	(2)	UNIVERSAL ELEC:	12.69	0.10
<b>PROGRAMMING</b>					
AMC NETWORKS:	42.73	(0.63)	VONAGE:	2.00	0.21
CBS:	33.07	(0.39)	YAHOO:	15.99	0.15
CROWN:	1.87	(0.08)	<b>TELCOS</b>		
DISCOVERY:	49.30	(1.33)	AT&T:	37.64	(0.28)
GRUPO TELEVISA:	22.81	0.02	VERIZON:	45.21	0.07
HSN:	41.15	(1.21)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	52.47	(0.14)	DOW:	12976.13	(32.55)
LIONSGATE:	13.09	(0.36)	NASDAQ:	2920.21	(19.31)
LODGENET:	0.64	0.04	S&P 500:	1375.32	(4)
NEW FRONTIER:	1.58	0.01			
OUTDOOR:	6.66	(0.28)			
SCRIPPS INT:	53.73	(0.12)			
TIME WARNER:	39.60	0.48			
VALUEVISION:	1.81	(0.07)			
VIACOM:	48.10	(0.73)			
WWE:	7.56	(0.19)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.10	0.10			
ALCATEL LUCENT:	1.16	0.06			
AMDOCS:	29.50	(0.25)			
AMPHENOL:	58.76	(0.12)			
AOL:	31.80	(0.06)			
APPLE:	606.81	(3.95)			
ARRIS GROUP:	12.63	(0.06)			
AVID TECH:	8.21	(1)			
BLNDER TONGUE:	1.10	0.01			
BROADCOM:	33.85	(0.03)			
CISCO:	15.98	0.03			
CLEARWIRE:	1.18	0.04			

### THE 29TH ANNUAL WALTER KAITZ FOUNDATION FUNDRAISING DINNER HONOREES

DIVERSITY CHAMPION



DIVERSITY ADVOCATE

Healthy Media

Commission for Positive Images of Women and Girls

Join us on **Wednesday, September 12, 2012**, at the **Hilton New York** and celebrate the achievements of these two extraordinary honorees.

PRESENTING SPONSOR



NBCUniversal

DINNER HOST

TimeWarner



## Think about that for a minute...

### Fog

Commentary by Steve Effros

Maybe it's the heat. I've noted, lately, that people are saying some very strange things and reaching almost bizarre conclusions based on repetitious nonsense. This doesn't apply only to the Congress and the FCC! I attribute it to the beginning of August when most folks, at least here in Washington, tend to go just about anywhere else, and the press, nationwide, is looking for something, anything to write about or quote. Maybe we should all just forget "the news" for the month and we'd be better off!



We can start with the fluff surrounding Google's announcement that it is finally (after two years of delays) going to get its magnificent, magical, supercalifragilisticexpialidocious "Gigabit" system up and running in Kansas City. Wow. One

Gig service. Of course it won't really start serving local customers until the fall, and even then only in community clusters that have "pre-registered" a sufficient group interested in having the service to make it worthwhile (with a fee and term requirements) for Google to build in that area.

Can you imagine if Comcast went into a community and said they'd only build in areas where they were guaranteed locked-in customers? Remember, Google is the company with the slogan "Don't be Evil." But apparently red-lining isn't considered evil. And the fog surrounding this magical service is so thick that most folks never see the part that notes any speed over about 50 Mbps is not going to be noticeable or usable by the average customer!

Nevermind. The consumer press and the blogs need something to write about. So if you believe what you read, Google is about to "show the cable industry how to provide real service!" Oh, that \$300 installation fee, yeah, they'll waive that if you lock-in for two years. Wonder if the Kansas City papers will have any stories about Google installers

not showing up on time. Think they've solved that problem too? Wait until you hear their "solution" to the notion of operating "profitably." They just don't intend, apparently, to include the up-front costs of building the core infrastructure! Nice if you can do it, but don't ask your accountant to sign that one for the SEC.

By the way, as of this week, of the 74 eligible "fiberhoods" in Kansas City, Kansas, only four have met the commitment threshold to be built.

And speaking of Comcast/NBC, what about the host of stories about the blogs and tweets that are bitterly complaining about the coverage of the Olympics. Outrage! And we are supposed to take this seriously because someone anonymously has written it (after all, that must make it true) in a tweet. The big complaint: that the television programming is time-delayed! It's all available live on the web, but it's time delayed on television. Why? Well, because England isn't close to any American time zone, that's why! And NBC is breaking ratings records with the viewership they have generated. But never mind all that, the blogs say they are doing a terrible job. Stick with the ratings, not the rantings.

There's an old truism in the journalism business; you can always find someone to say whatever it is you want to include in your story. Just keep asking "the man in the street" until you find it. Well, now that's even easier. Just scan their blog. There's a reason it rhymes with fog. What infuriates me is why anyone thinks there is major significance to this blathering, and why Wall Street and the regulators cite it as justification for what they do.

*Steve*

T:202-630-2099  
steve@effros.com

*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)*

## CableFAX Webinar: The Super Election: Profiting from Political Advertising in 2012

August 22 | 1:30-3:00 p.m. ET

The 2012 Presidential race will be the most expensive election in U.S. history. Discover why distributors and programmers are in a unique position to capitalize, and how infusion of political advertising could have a huge impact on earnings in the 2nd half of 2012.

**REGISTER NOW**  
[www.webcasts.com/CableElection](http://www.webcasts.com/CableElection)