

CableFAX Daily™

Thursday — August 4, 2011

What the Industry Reads First

Volume 22 / No. 149

2Q Numbers: Comcast Delivers Solid Results

Comcast delivered solid results Wed, with even NBCU's broadcast division posting an 18.5% boost in revenue to \$1.7bln. "Comcast's results won't end the bull/bear debate, but against these unmistakably lowered expectations, they are likely more than enough for a sigh of relief," wrote **Sanford Bernstein's Craig Moffett** in a note to clients. Not a lot of excitement in Comcast's earnings call, but there were a few notable moments. Cable pres **Neil Smit** didn't report seeing the sort of continued sub softness in 3Q that **Time Warner Cable** did, saying that after adjustments growth came back at the end of June and seems to have continued in July. "Also I think we're very focused on retention," he said. "And a lot of the year-over-year improvement in subs that we've demonstrated in the last 3 quarters has been driven by improved retention of our customers. Connects are kind of in line, but retention's really been driving the numbers." Basic video losses totaled 238K, an improvement over last year's 265K loss but short of the Street's 173K estimate. Comcast's broadband service continues to lead the telcos, with 144K net additions (+22% YOY). Moffett noted that Comcast and TWC's 211K broadband adds are more than quadruple **Verizon** and **AT&T's** net adds combined. At NBCU, broadcast's revenue rise bested cable's 12.6% hike (\$2.17bln—slightly below analysts' consensus). With the shaky economy come concerns over 3Q advertising, but NBCU's **Steve Burke** reported no signs of any deceleration at this point. "We're obviously concerned about the economy the way you would expect us to be," he said. "But so far, the advertising market continues to be strong. We had a very good upfront. We actually think some of our cable channels really paced the upfront on the cable side. And on the broadcast side our upfront was good too. We'll see how the rest of the year goes." The bottom line, according to **Well Fargo Securities' Marci Ryvicker**: "Nothing too exciting this Q, but we continue to like the stock for its relative fundamental outperformance, particularly in cable." Comcast shares closed virtually flat from yesterday. The R-word came up during Wed's call, with Burke saying he believes retrans consent is a bigger number now than it was when it signed the NBCU deal 18 months ago given that content is more valuable. "I think we inherited some agreements, so we may not be the 1st out of the block with retransmission fees or reverse comp," said chief **Brian Roberts**. "But you see other companies' results, you see the marketplace, it's pretty transparent. I think Steve is focused absolutely properly in building our franchises and building our channels. And that there's now a way to see monetization whether it's new media or retrans or

EXCLUSIVE LIVE BROADCAST

Only HDNet Concerts delivers the worlds largest and most diverse lineup of legendary performers

TED NUGENT LIVE
- I STILL BELIEVE!

SUNDAY AUG 14TH 9PM ET

Broadcast LIVE from Penn's Peak,
in the Pocono Mountains of Pennsylvania

Contact Kim Francis at kfrancis@hd.net
for additional promotional opportunities



HDNet

Original. Provocative. Independent.

www.hd.net  

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, 301.354.1790, mgrebb@accessintel.com ● Senior Online Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Contributor: Seth Arenstein ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

other sources of revenues internationally as you suggest. So we're pleased and out of the block, but it's been 6 months."

At the Portals: House Communications subcmte chmn *Greg Walden* (R-OR) criticized the process used in the **FCC's** recent program carriage order, saying that regardless of one's positions on the merits of the ruling, it "needlessly opens the order to challenge and weakens the FCC's credibility." Like cable, he complained that the 4-year-old NPRM upon which the rules are based didn't mention the possibility of a standstill requirement. "To avoid these types of controversies and improve the quality of decision-making, the Communications and Technology Subcommittee is considering legislation that would require the FCC to publish the text of a proposed rule before adoption," said Walden, who praised the FCC process for its recent broadband speed test. "The Commission has come a long way on process recently, but I am afraid it still has a ways to go." -- **FCC** chmn *Julius Genachowski* travels to IN Thurs to announce the launch of "jobs4america," a coalition of businesses focused on creating broadband-enabled new jobs in America. The event takes place at a contact center under construction by **Accent Marketing**, with the FCC focusing on the customer contact centers using broadband technologies like VoIP, video conferencing and social networking. -- Pursuant to the **Regulatory Flexibility Act**, the **FCC** has released a list of rules to review that have or might have significant economic impact on a substantial number of small entities. The review is to determine if such rules should be continued without change. One of the rules making the list involves retrans consent. Number portability, cable ownership limits and a host of other rules are also slated for review.

TWX: Time Warner beat expectations with the help of 10% rev growth, its highest rate in nearly 4 years, and a 20% uptick in adjusted EPS—more than enough good news to offset the decided underperformance of certain acquired series on **TNT** and **TBS** and "Green Lantern" at the box office. The company certainly saw green during the upfront market, with TNT and TBS scoring "solid double-digit CPM increases, putting them at the high end of all TV," said chmn/CEO *Jeff Bewkes*, adding that **truTV** and **Adult Swim** garnered higher volume and CPM increases than the cable averages. **Turner's** 2Q ad rev rose 11%, and CFO *John Martin* said that despite a recent ad market lull, scatter's currently pricing in the mid-teens range above upfront numbers. The nets segment also delivered increases in total (9%), subscription (7%) and content (18%) rev. Now downloaded nearly 4mln times, **HBO Go** is inducing viewers to watch "much more" HBO than they did before, leading Bewkes to insist he's unafraid of content proliferation across platforms. In the TV Everywhere era, he said, "hit shows and big brands win, mediocre stuff loses." Bewkes noted a particular fondness for SVOD plays. "Big Bang Theory" (3Q) and "Hawaii Five-O" are expected to turn the acquired series tide after Bewkes said Turner simply chose some wrong shows recently. "Even one successful [acquired] series can have a significant impact on these networks, and we think we have several in the pipeline," he said. Martin expects adjusted EPS and profit to accelerate in the year's second half. **Miller Tabak's** *David Joyce* reiterated his 'buy' rating and \$45 long-term price target on TWX shares.

In the States: Frontier Comm and **DISH** extended their bundled service offerings to include Frontier's entire 27-state footprint serving approx 4mln customers. -- **Clearwire** announced its intention to add "LTE Advanced-ready" tech to its 4G network in order to accelerate its wholesale business. Initial roll out of the tech will target high-demand areas of current 4G markets and leverage existing 4G architecture. Trials have delivered speeds of 120Mbps+. -- Set to launch Sept 26, **Bounce TV** announced **Toyota USA** as its 1st national sponsor.

Earnings: Knology reported rev of \$131.4mln (+16.3%), EBITDA of \$48.2mln, up 22.3% and marking the company's highest ever, and record net income of \$14.2mln (+85%). Total 2Q connections increased by 19,822, but when excluding the gains from acquired CoBridge properties the number decreased by 729, compared to -4,946 a year ago. As of June 30, Knology counted approx 793K total connections, including approx 263K video, 273K phone and 256K HSD. -- Along with \$1.32bln in rev, **Frontier Comm** delivered a gain of 7,800 video and 7,400 HSI subs, including a respective net loss of 13,700 FiOS video and 4,900 FiOS data customers. As of June 31, the company counted approx 3.25mln residential and 327K business customers, 1.72mln HSI and 554K video. -- **Sinclair's** net broadcast rev from continuing ops tallied a flat \$159.3mln on a \$2.6mln drop in political rev to \$1.2mln, 5% growth in net local broadcast rev (local time sales, retrans and other) and a 12.8% decline in national broadcast rev.

Rebrand: On Aug 15, **NBCU's Sleuth** will rebrand as **CLOO**. Guess board game maker Parker Brothers wasn't willing to turnover the name "Clue."

Programming: Showtime Sports and **CBS Sports** are jointly preparing "A Game of Honor" (Dec 21), a 2-hour docu-

BUSINESS & FINANCE

drama that will offer an inside look at the college athletes of Army and Navy on Showtime 10 days after the academies' annual football game. -- Exec prod *Steven Spielberg*, **DreamWorks TV**, **Discovery Channel** and **Science Channel** have come together to present "Rising: Rebuilding Ground Zero," a 2-week long television event that showcases the people working to both meet construction deadlines and honor the victims and their families as they restore Ground Zero. The 6-hour special airs Aug 25 and Sept 1 from 8-11pm on Discovery. Encore presentations will air on Science on Aug 28 and Sept 4 from 8-11 and on Sept 11 from 5-11pm. -- **ION** debuts its 2 newly acquired drama series with a 4-hour block of "Monk" at 6pm and a 5-hour block of "Psych" at 10pm on Aug 21. This is the first time "Psych" has been syndicated on a broadcast network with ION attaining the rights to air 6 and future seasons of "Psych" and all 8 seasons of "Monk." -- A 10-part dramedy web series, "8 Days a Week," will premiere on **BET.com** Aug 24 at 8pm. Based on the book series "The Come Up" by *Lyah Beth LeFlore*, the show follows 6 youths as they try to make it big in Hollywood. It marks BET Nets' 1st Web series produced in-house. -- **FUEL** announces "Punk Payback" with former **UFC** Heavyweight Champion *Bas Rutten*. It premieres Nov 2, 9:30pm. Bas Rutten shares fighting tips laced with comedic relief to help viewers avoid getting "punked."

CableFAX Daily Stockwatch

Company	08/03 Close	1-Day Ch	Company	08/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	49.47	0.43	BLNDER TONGUE:	1.76	0.10
DISH:	28.80	0.23	BROADCOM:	36.10	0.76
DISNEY:	37.43	0.46	CISCO:	15.49	0.03
GE:	17.47	0.26	CLEARWIRE:	2.47	0.23
NEWS CORP:	16.12	0.26	CONCURRENT:	6.05	(0.1)
MSOS					
CABLEVISION:	23.10	0.07	CONVERGYS:	12.34	(0.84)
CHARTER:	51.36	0.37	CSG SYSTEMS:	15.98	(1.09)
COMCAST:	22.77	0.04	ECHOSTAR:	31.59	(0.29)
COMCAST SPCL:	22.19	0.11	GOOGLE:	601.17	8.77
GCI:	11.63	0.26	HARMONIC:	5.62	0.07
KNOLGY:	14.46	1.35	INTEL:	21.81	0.30
LIBERTY CAPITAL:	78.68	(0.02)	JDSU:	12.84	0.37
LIBERTY GLOBAL:	41.24	1.05	LEVEL 3:	2.21	0.07
LIBERTY INT:	15.57	0.48	MICROSOFT:	26.92	0.12
SHAW COMM:	22.64	0.32	MOTOROLA MOBILITY:	22.28	0.94
TIME WARNER CABLE:	69.47	(0.39)	RENTRAK:	16.40	0.60
VIRGIN MEDIA:	25.44	0.16	SEACHANGE:	9.63	0.30
WASH POST:	393.30	(6.45)	SONY:	24.98	(0.15)
PROGRAMMING					
AMC NETWORKS:	36.14	(0.87)	SPRINT NEXTEL:	4.15	0.15
CBS:	26.70	0.42	THOMAS & BETTS:	47.06	0.77
CROWN:	1.64	(0.01)	TIVO:	9.09	0.25
DISCOVERY:	38.20	0.06	UNIVERSAL ELEC:	23.76	0.40
GRUPO TELEVISA:	21.28	(0.22)	VONAGE:	3.59	(0.12)
HSN:	35.01	4.04	YAHOO:	13.02	0.26
INTERACTIVE CORP:	40.47	0.19	TELCOS		
LIBERTY STARZ:	76.07	(0.13)	AT&T:	29.50	0.32
LIONSGATE:	7.05	0.12	VERIZON:	35.97	0.48
LODGENET:	2.65	UNCH	MARKET INDICES		
NEW FRONTIER:	1.40	0.03	DOW:	11896.44	29.82
OUTDOOR:	6.94	(0.02)	NASDAQ:	2693.07	23.83
SCRIPPS INT:	42.83	(0.79)	S&P 500:	1260.34	6.29
TIME WARNER:	33.57	(0.43)			
VALUEVISION:	6.60	0.16			
VIACOM:	53.13	1.42			
WWE:	9.63	(0.03)			
TECHNOLOGY					
ADVANTAGE:	2.51	(0.05)			
ALCATEL LUCENT:	3.64	0.11			
AMDOCS:	30.25	(0.09)			
AMPHENOL:	47.01	0.50			
AOL:	16.98	0.63			
APPLE:	392.57	3.66			
ARRIS GROUP:	11.24	0.04			
AVID TECH:	12.68	(0.04)			
BIGBAND:	1.89	UNCH			

TRADITIONAL TV VIEWERSHIP INCREASED BY HOW MANY MINUTES YEAR-OVER-YEAR?

Want the answer? Just Ask Nielsen.™

ANSWER: 22 minutes per month

Traditional TV viewership remains dominant while consumers are increasing time spent viewing video content across platforms. For more information about emerging trends in media consumption download The Cross-Platform Report at Nielsen.com.



Think about that for a minute...

“Good News - We Were Wrong!”

Commentary by Steve Effros

That's what he should have said. The Chairman of the FCC, that is. He went to a Best Buy store for a photo op to announce the results of the Commission's first comprehensive study on “Measuring Broadband America.” It was a study that involved the cooperation of the 13 major ISPs, the “public interest” groups, technologists, and the like.

It was a study that followed two years of repeated allegations that the broadband industry in the United States was not, in fact, delivering the services they were being paid for by consumers; that we were only giving them, in many cases, 50% of what we said! For that entire time the industry complained that the “study” upon which those claims were made was in error. The official bad-mouthing



and accusations went on, despite evidence that the original “finding” was not applicable to the US market.

So now we have real data, supervised by the FCC and incorporating the suggestions of everyone, including the “public interest” lobbyists. What did it find? The accusations were wrong. The industry, in the main, is not only delivering very close to what it promises, even in the peak use hours, it often delivers more! And there is no indication that was not the case all along.

So did Chairman Genachowski congratulate the industry and acknowledge that maybe the criticism was not appropriate? Well, judge for yourself. Here's what he said: “First, we found that most major ISPs are providing service close to what they're advertising. This represents a significant improvement over the findings from two years ago, when we first shone a light on this issue.”

What issue? The Chairman here takes “credit” for a “significant improvement” in something that there is every reason to believe he was wrong about in the first place!

If you want to know why folks are getting totally fed up with Washington, this is a great example. There's nothing wrong with saying “we were wrong,” or “hey, you guys are doing a good job,” but it just doesn't ever seem to happen around here.

Give the Commission credit. They at least didn't bury the study when it didn't come out the way some expected. That's what would have happened several years ago. And, to be sure, there are always ways we can improve.

The Chairman and the representative from Consumer's Union at this PR event chose to focus on adoption and understanding of broadband. But once again they focused on the broadband provider as somehow confusing the consumer. This, in a store that hawks more expensive “1080p” television sets when there is virtually no 1080p programming and sells computers with totally indecipherable capabilities and specifications that most folks, who just want to roam the web and do email, could do very well without (at a much lower price.) And they choose that location to initiate a consumer education campaign and only criticize broadband providers for not doing more to be “transparent” about broadband speeds! Think about that for a minute.

Adoption is, however, a significant issue. But again, it has little to do with broadband providers and a lot more to do with the significant proportion of the American public that doesn't even have a computer, or, in the case of almost 32 million adults, are functionally illiterate.

As to wireline broadband speed, Richard Bennett, a well respected Research Fellow at the Information Technology and Information Foundation who was also at the event, said it best. This study takes that issue off the table.

Steve

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

For group
subscriptions to
CableFAX Daily
or company-wide access
contact Carol Brault at
cbrault@accessintel.com

CORPORATE LICENSES

CableFAX Daily™

WHAT THE INDUSTRY READS FIRST.

