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What the Industry Reads First

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Sapan's Turn: AMC Expects to Feel Impact of DISH Drop

A day after a somewhat raucous DISH earnings call in which *Charlie Ergen* took aim at the channels, **AMC Networks'** CEO maintained his stance that the satellite company's removal of the networks is related to pending litigation over defunct HD channel service **Voom**. "It is not about the rate," said CEO *Josh Sapan*. "In fact, DISH has not discussed rate with us at all." DISH's Ergen said Wed that the "economics just don't make sense of us at this point." DISH has said it expects to lose some subs, but it should be manageable (*Cfax*, 8/9). AMC's Sapan said the loss of affiliate fees and ad revenues from DISH's drop will have a material impact on financial results in future periods. The DISH termination reduced AMC Nets' total subscriber base by approx 13%, but "the impact on AOCF and operating income will be materially higher than that," Sapan said. AMC believes the length of time the nets are off DISH's platform will be dictated by the timing of the litigation. The Voom case is set for trial Sept 18 and could take 4-6 weeks. Then there are the almost-guaranteed appeals. While Sapan said the litigation kept him from saying much more on DISH, he did weigh in on the state of programmer-operator negotiations today. "There is no question a trend toward increased tensions between MVPDs and programmers that is caused by, I think, increased costs on the MVPD side and video margin pressure and on the programmer side, increased competitive framework..." he said. "One encouraging note as it relates to, if you want to call it harmony... I do think there is a greater recognition of the benefit and health of the paid ecosystem that everyone lives in. There is somewhere north of 90mln homes in the US paying for a bundle of video, and there are policies on behalf of the programmers that allow [TV Everywhere rights] to be captured in that pay TV system... It's something that we're participating in. And I think it signals recognition of the value of the system, and is a fundamental piece of cooperation that's occurring. I think that's a good sign." For 2Q, AMC's 2Q earnings rose 53% YOY to \$41.5mln, and revenue climbed 12% to \$328mln. **S&P** kept its "buy" rating on the stock and \$48 price target. "AMCX affirmed its position that streaming of prior-season TV episodes on **Netflix** was significantly abetting traditional ratings of current episodes, against DISH's contention. While this position seems consistent with latest **Nielsen** ratings of several AMCX hit shows, it is probably too early to draw sweeping conclusions," S&P analysts said. -- Late Thurs, AMC announced it would live stream the season 2 premiere of "Hell on Wheels" (Sun, 9pm). WE also plans to live stream the return of "Braxton Family Values" Thurs at 9pm. "We've heard from

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many DISH subscribers who are upset about missing our programming so we are giving them an opportunity to watch these premiere episodes at the same time as the rest of the country,” read an AMC Nets statement.

News Earnings: News Corp's 2Q conference call featured a rare appearance of *James Murdoch*, deputy COO and son of CEO *Rupert Murdoch*. The young Murdoch didn't talk much other than to comment on **Sky Italia** which he chairs. A signal James Murdoch is still very much in the running as a potential successor? Financially, the company posted a \$1.55bln loss in the quarter stemming from write-downs at its publishing properties. Cable was the bright spot in the quarter. The company's annual revenue of \$33.7bln, a 1% YOY increase, was led by 14% YOY growth from the cable network programming segment. Growth from the cable segment has been steady, execs said. Analysts agreed. Almost half of News Corp's value resides in its U.S. cable nets, **Bernstein Research** analysts said. However, “even in optimistic scenarios, which we question due to audience erosion at **Fox News** and cost pressures at **FX**, this segment alone isn't enough to power the stock to attractive upside,” they said. **Canaccord Genuity** analysts noted that with 19% YOY gains in affil revenue and 9% YOY growth in ad revenue, “fundamentals at cable network remained robust.” Meanwhile, investment in companies like **Roku** and **Hulu** indicates News Corp's desire in the digital business. Hulu offers a path into digital distribution while investments in **YouTube** channels have broadened the company's digital awareness, pres/COO *Chase Carey* said, adding that News Corp wants to be active in digital without spending ahead of the technology curve.

Cablevision Branding: As **Cablevision** gets ready to launch a rebranding campaign this month, the MSO announced the addition of *Matt Lake* as svp, branding and creative. He reports to *Kristin Dolan*, CVC's sr evp, product mgmt and marketing. Lake previously served as a principal at creative agency **The Brooklyn Brothers**, whose clients include Cablevision, **Madison Square Garden** and **News Corp**.

Carriage: On Wed, **Cox** will launch **Big Ten** in Orange County, Palos Verdes, San Diego and Santa Barbara, CA. It'll be on the MSO's Sports & Info package. BTN is already carried by Cox in AZ, AR, KS, NV, NE, OH and VA.

Privacy: **Google** and the **FTC** announced a \$22.5mln settlement over charges the Internet giant misrepresented to **Apple** Safari users that it would not place tracking cookies or serve targeted ads to those viewers, violating an earlier privacy settlement between Google and the FTC. It marks the largest FTC penalty ever for violation of a Commission order.

Ratings: **TNT's** “*Dallas*” ended its 1st season with 4.3mln viewers Wed night, up 32% over last week's episode. 18-49s were up 58% to 1.6mln, and 25-54s were up 49% to 1.9mln. -- Wed was the 12th time in 13 nights that average viewership for the London Olympics surpassed the Beijing games, **NBC** said. The coverage drew 29.1mln viewers.

Programming: **FX** ordered new drama series “*The Americans*,” starring *Keri Russell* and *Matthew Rhys*. It will debut in early '13. -- **ABC**, **ESPN** and **ESPN2** will join forces to air all 32 games of the 2012 Little League World Series Aug 16-26 from Lamade Stadium and Volunteer Stadium in Williamsport, PA. ABC will broadcast 5 games from Williamsport, including the International Championship and the U.S. Championship Aug 25, at 12:30 pm and 3:30 pm, respectively. ABC will then broadcast the Little League World Series Championship on Aug 26, at 3 pm. ESPN and ESPN2 will combine to present 27 Little League World Series games in Williamsport, beginning with 4 games Aug 16.

Online: **Cartoon** has launched a 1st-of-its-kind app for iOS that will allow kids to watch TV and play games simultaneously. Users can also swap seamlessly between the 2 by rotating the device. CN 2.0, a new version of the free Cartoon Network app, is now available on the iPhone, iPod touch and iPad. -- Comedian/actor *Kevin Hart* will host the “2012 **MTV** Video Music Awards” Sept 6, 8pm. *Pink* was confirmed to hit the VMA stage for the 3rd time.

Research: TV is getting more social. To determine how social media interaction impacts TV viewing, the **Council for Research Excellence** announced it will conduct a multi-pronged study to be completed before year-end. It includes a quantitative survey by **Keller Fay Group** of up to 1,600 participants recruited by **Nielsen**, a social media analytics project by **NM Incite**, with **Bluefin Labs** offering social TV analytics, and ethnographies provided by **Nielsen Life360**. The CRE seeks answers to questions including how social media interact with TV viewing and with other information contact points, the insights that social-media conversations offer about TV viewing behaviors, key topics of discussion about TV programming in social media, real-time viewing behaviors and “triggers” of activity, including needs, benefits and methods used. “We will gain insights about new consumer behaviors that have evolved as social media has become more connected to television viewing,” said *Beth Rockwood*, svp, market resources, **Discovery Communications** and chair of CRE's

BUSINESS & FINANCE

social media committee. "This learning will allow us to better understand how viewing patterns are changing and how measurement of those behaviors can be improved."

Hawaiian Telcom: Though **Hawaiian Telcom's** video service is relatively new, rev for the segment increased to \$1mln from \$0.5mln in the previous Q as it increased its video sub base to around 6,400. The telco launched its video service in '11, competing with **Oceanic Time Warner Cable**. To date, the telco has passed 50,149 homes with its video service. "After only a year in the market, we are already reaching subscriber penetration rates over 20 percent in certain neighborhoods," CEO *Eric Yeaman* said in a statement. Overall, the telco reported a quarterly profit of \$5.5mln vs \$6.7mln for the same period in '11, partly due to investments in broadband networks.

On the Circuit: FCC commish *Mignon Clyburn* will deliver the keynote during **WICT's** Touchstone Luncheon, Sept 10, NYC. -- **SCTE Cable-Tec Expo** (Oct 17-19, Orlando) will feature a Digital Video 2.0 Spotlight Pavilion, focused on next-gen video architecture and the technologies required for optimizing content and services delivery to consumers throughout the home. Applications for the pavilion are being accepted now.

People: *Rex Humbarb III* was upped to svp, production and net ops at **GMC TV**. *Kevin Wagner* was promoted at the net to svp, creative services.

CableFAX Daily Stockwatch

Company	08/09 Close	1-Day Ch	Company	08/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	50.50	0.65	CONCURRENT:	4.35	(0.05)
DISH:	30.99	0.39	CONVERGYS:	15.80	0.13
DISNEY:	49.96	(0.53)	CSG SYSTEMS:	19.46	(0.18)
GE:	21.06	0.05	ECHOSTAR:	29.47	(0.11)
NEWS CORP:	23.82	(0.07)	GOOGLE:	642.35	0.12
MSOS					
CABLEVISION:	15.75	(0.17)	HARMONIC:	4.45	0.02
CHARTER:	75.51	(0.5)	INTEL:	26.70	0.10
COMCAST:	34.55	0.04	JDSU:	10.77	0.18
COMCAST SPCL:	33.83	0.05	LEVEL 3:	20.18	0.58
GCI:	9.76	0.01	MICROSOFT:	30.50	0.17
LIBERTY GLOBAL:	55.04	0.15	RENTRAK:	18.78	(0.13)
LIBERTY INT:	18.85	(0.4)	SEACHANGE:	7.67	(0.09)
SHAW COMM:	20.01	0.01	SONY:	11.98	0.27
TIME WARNER CABLE:	89.03	(0.32)	SPRINT NEXTEL:	4.80	0.19
VIRGIN MEDIA:	27.30	(0.5)	TIVO:	8.94	(0.13)
WASH POST:	348.26	(4.49)	UNIVERSAL ELEC:	15.16	0.15
PROGRAMMING					
AMC NETWORKS:	44.00	0.66	VONAGE:	2.12	0.11
CBS:	35.57	(0.08)	YAHOO:	16.01	(0.16)
CROWN:	1.72	(0.1)	TELCOS		
DISCOVERY:	53.91	(0.06)	AT&T:	37.23	(0.2)
GRUPO TELEVISA:	23.55	(0.07)	VERIZON:	44.34	0.16
HSN:	43.41	(0.19)	MARKET INDICES		
INTERACTIVE CORP:	51.47	(0.36)	DOW:	13165.19	(10.45)
LIONSGATE:	13.25	(0.38)	NASDAQ:	3018.64	7.39
LODGENET:	0.67	(0.04)	S&P 500:	1402.80	0.58
NEW FRONTIER:	1.57	0.02			
OUTDOOR:	6.91	0.09			
SCRIPPS INT:	59.43	0.65			
TIME WARNER:	42.55	0.24			
VALUEVISION:	1.75	0.07			
VIACOM:	51.72	0.54			
WWE:	8.44	0.02			
TECHNOLOGY					
ADVANTAGE:	2.07	0.01			
ALCATEL LUCENT:	1.18	0.01			
AMDOCS:	31.92	0.11			
AMPHENOL:	60.87	(0.1)			
AOL:	34.30	0.15			
APPLE:	620.73	3.52			
ARRIS GROUP:	13.57	0.03			
AVID TECH:	8.41	(0.17)			
BLNDER TONGUE:	1.04	(0.02)			
BROADCOM:	34.33	0.43			
CISCO:	17.70	0.54			
CLEARWIRE:	1.62	(0.16)			

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- Understand how industry experts are addressing new challenges



PROGRAMMER'S PAGE

Cable's Red Light...

You can find just about anything on TV these days. Some of it's good. Some of it's bad. A lot of it falls somewhere in between. But patterns always emerge. And lately one common thread seems to bind together the scripted television universe: Hookers. That's right. When it comes to scripted shows looking for compelling and complex characters, nothing hits the spot like the world's oldest profession. That's probably unsurprising, considering that most writers—especially ones that specialize in fictional fantasy—are lonely. Very lonely. And infusing shows with heart-of-gold harlots and conniving concubines can bring any story to an explosive climax, followed by an introspective moment of reflection. And perhaps a cigarette. Whether it's *Jennifer Love Hewitt's* risky business in **Lifetime's** hit "The Client List" or the gigolo gent of **HBO's** recently wrapped "Hung," we're all just fascinated with the business and craft of courtesan capitalism. Prostitutes figure so prominently into **BBC America's** upcoming "Copper" (premieres Aug 19) that the net threw a party last week for TV critics in a bordello. Well, it was a fake bordello, but still... Of course, Copper's a historical drama so—like **AMC's** hooker-heavy "Hell on Wheels"—it's kind of, you know... historical. And experts agree that a period piece can elevate any hooker tale. Take **Encore**, which has stepped into the ring with "The Crimson Petal and the White" (premieres Sept 11) set in the Victorian era when hookers didn't wear heels or chew gum. Much classier. So is cable becoming a red light district? Perhaps, but at least no one's playing favorites. "We also have the low end bordello and the upscale bordello," Copper co-producer *Barry Levinson* told critics last week. "So we show both sides." That's only fair... *MG*

Reviews: "The Music Teacher," Sat, 9p, **Hallmark**. Mix "Glee," "HS Musical," "Mr. Holland's Opus" and a 40's musical ('C'mon, let's put on a show!') and you have "The Music Teacher," Hallmark's 1st movie musical. It's a good initial attempt, with *Annie Potts* as a teacher who counsels students, but whose own life nearly stalls. -- "Hell on Wheels," season 2 premiere, Sun, 9p, **AMC**. The finale of AMC's post-Civil War series about the rough business of building the transcontinental railroad grabbed 2.8m viewers/2.2 HH in Jan. We've been asked to stay mum on plotlines, but will reveal our perverse happiness at seeing "Thor the Swede" (*Christopher Heyerdahl*) and his creepy countenance return, although he's got a new, lowly job. -- "Toy Hunter," premiere, Wed, 10p, **Travel**. Host *Jordan Hembrough* is likeable, knowledgeable and passionate about toys of the 70s-80s, especially "Star Wars" paraphernalia. We're talking "40-Year-Old Virgin" territory perhaps, but Jordan's entertaining. -- "Great White Highway," Thurs, 9p, **Discovery**. "Shark Week" returns Sun and includes this fascinating chronicle of scientists who track 7K-lb Whites using satellite tags. While the Whites return yearly to the CA coast via 'the Shark Highway,' much remains mysterious about the Whites. -- "The Closer," series finale, Mon, 9p, **TNT**. Again we're protecting details, but it's a satisfying, er, closer for Chief Johnson (*Kyra Sedgwick*).

Basic Cable Rankings (7/30/12-8/5/12) Mon-Sun Prime			
1	USA	1.9	1909
1	DSNY	1.9	1844
3	TNT	1.6	1545
4	FOXN	1.2	1217
5	TBSC	1.1	1090
6	A&E	1.0	994
6	HIST	1.0	967
8	TRU	0.9	793
8	AMC	0.9	742
10	ADSM	0.8	823
10	FX	0.8	753
10	SYFY	0.8	750
10	NKJR	0.8	594
10	DSE	0.8	63
15	HGTV	0.7	730
15	FAM	0.7	709
15	LIFE	0.7	702
15	FOOD	0.7	673
19	TLC	0.6	597
19	MSNB	0.6	596
19	NAN	0.6	579
19	SPK	0.6	551
19	VH1	0.6	545
19	MTV	0.6	545
19	LMN	0.6	513
19	BET	0.6	508
19	ID	0.6	493
28	DISC	0.5	529
28	TVLD	0.5	517
28	CMDY	0.5	489
28	BRAV	0.5	447
28	EN	0.5	441
28	NFLN	0.5	293
34	ESPN	0.4	431
34	APL	0.4	368
34	HALL	0.4	352
34	DXD	0.4	310
34	NGC	0.4	304
34	OXYG	0.4	283
40	TRAV	0.3	282
40	CNN	0.3	273
40	HLN	0.3	253
40	GSN	0.3	239
40	INSP	0.3	208
40	NKTN	0.3	189
40	BIO	0.3	189

*Nielsen data supplied by ABC/Disney

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