

CableFAX Daily™

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What the Industry Reads First

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Summer of Love and Loss: Seasonal Prime Ratings Results Mixed

No clear viewership trend emerged this summer for cable nets, with a virtual dead heat occurring between audience declines and expansion among the entire channel basket. While a shade more than half of cable nets achieved growth in total prime viewership versus last year, 5 of the top 10 nets experienced declines, 4 notched gains and 1 remained flat (TNT), according to **Turner** data covering May 31-Aug 22. **Fox News** (-12%) led the list of decliners that also included **USA** (-5%), **Nick at Nite** (-10%), **TBS** (-4%) and **ESPN** (-9%), while **History** (+34%) dominated the advancers that included **A&E** (+12%), **Discovery Channel** (+7%) and **ABC Family** (+3). The top 10 summer telecasts (all prime) combined to avg 8.94mln total viewers, according to **Nielsen**, a notable dip compared to the 10.04mln tally from a year ago. **ESPN's** "LeBron-The Decision" led this year with 9.96mln, followed by eps of Discovery Channel's "Deadliest Catch" (9.61mln), TNT's new original "Rizzoli & Isles" (9.34mln), **Nickelodeon's** "iCarly" (9.07mln) and an additional installment of Isles (9.05mln). Disney Channel's "Wizards of Waverly Place Movie" led last summer with 13.50mln total viewers. Among the top 10 nets in prime 18-49 delivery in summer '10, 6 earned increases, led by History's +30%, while 4 suffered losses (USA, -12%). The respective gain/loss tallies for nets among 18-34s favored advancers, 6-4, but decliners led by that same margin among 25-54s. History (+47%, +30%) paced each demo upside, USA (-9%, -13%) each downside. In July and Aug, small cable nets (500K avg total viewers or less) appear to have fared better than larger ones (500K+). 21 of the 38 smalls notched gains in total viewership in July, 20 in Aug. 21 of the 36 bigs, meanwhile, suffered losses in July and 19 did the same in Aug. According to Turner, the top returning ad-supported cable series were: TNT's "The Closer" (7.92mln avg) in total viewers, **MTV's** "Jersey Shore" (3.84mln) among 18-34s and Discovery Channel's "Deadliest Catch" (3.94mln) among 25-54s. Among new ad-supported series, TNT's "Rizzoli & Isles" (8.10mln), USA's "Covert Affairs" (2.65mln) and Isles (3.03mln) were the respective leaders.

Deal Talk: A day after **Disney** and **Time Warner Cable's** deal was announced and both sides are still smiling. "In sum, it is good for all parties involved (DIS, TWC, advertisers, viewers, content producers) that there was no disruption in service, that TV Everywhere/authentication technology is being utilized to allow paying subscribers to view content on multiple platforms (including online and mobile devices), and that new types of services and choice are being created in this deal

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(local ESPN content services, **ESPN3** (online streaming of live sporting events), **Goal Line, Buzzer Beater**, subscription and transactional VOD, etc),” wrote **Miller Tabak's David Joyce**. ESPN Goal Line, a service created with TWC that features live look-ins to college football games, was expected to roll out to some TWC and **Bright House** markets Sat. Joyce estimates TWC is paying near the recent industry norm of 50 cents/ sub for **ABC O&Os**, estimating it to only be a 0.3% hit to OIBDA. In total, he estimates Disney is generating about \$10.5bln of subscription rev for its carriage networks, with TWC possibly paying \$1.28bln of those fees. As predicted, **NAB** used the deal to stress that no change is needed to the retrans consent process, while **ACA's Matt Polka** countered, “Claiming the system works because a deal got done or because no one complained is akin to a con artist saying extortion works because no one called the police.”

No Decking the Halls: **Hallmark Channel** and **Hallmark Movie Channel** were still dark on **AT&T U-Verse** heading into the long weekend. Now **Parents Television Counsel** is championing the programmer's cause (tying it of course to its ongoing crusade for a la carte). Urging folks to voice their support for Hallmark channels, PTC said, “Cable companies love to complain that cable choice would make it impossible for niche networks to succeed, yet they are all too eager to pull the plug on family-friendly cable networks when they feel it is in their best financial interest to do so.”

Competition: **AT&T** and **Univision Interactive** are teaming up to stream 3 **Mexican National Team** soccer matches live for the telco's customers who subscribe to **AT&T Mobile TV** or **MobiTV** services. The 1st match kicks off Sept 4, more will follow in Sept, and 10 are expected to be available in '11. -- **Verizon Wireless** will roll out Sept 28 a 3G prepaid data package offering customers unlimited data on select 3G Smartphones and multimedia phones for \$30/month. Multimedia phone customers may also order a new \$10/month data package capped at 25MB/month.

Earnings: **SeaChange** reported GAAP rev of \$51.6mln for its fiscal Q ended July 31, an 11% YOY increase aided by rev growth in its Company Software (+14%) and Media Services segments (+54%). Rev at the co's Servers and Storage segment fell 13%. SeaChange said it signed a multi-year ad product agreement with a major telco and renewed a VOD product and services pact with a major MSO during the Q.

Programming: A special version of its weekly college pigskin studio show, **ESPN's** “College Football Live Countdown to the BCS” will air daily from Jan 3-10 from Glendale, AZ, as a lead in to the net's coverage of the Jan 10 BCS title game. The net will also air the other 4 BCS bowl games this year.

Business/Finance: **Liberty Media** refinanced **QVC's** bank credit facilities with a new Revolving Credit Facility providing a line of credit of up to \$2bln. The shopping net drew \$1.83bln at closing. -- **Kaufman Bros** initiated **Clearwire** with a 'buy' rating and \$8.50 price target, noting the co's spectrum holdings as wireless data services are expected to increase in '11.



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CableFAX Week in Review

Company	Ticker	9/03 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	39.05	2.31%	17.09%
DISH:	DISH	18.46	2.84%	(11.12%)
DISNEY:	DIS	34.67	7.57%	7.50%
GE:	GE	15.39	4.64%	1.73%
NEWS CORP:	NWS	15.05	7.65%	(5.46%)
MSOS				
CABLEVISION:	CVC	26.60	4.89%	3.02%
COMCAST:	CMCSA	18.21	5.57%	8.01%
COMCAST SPCL:	CMCSK	17.13	2.33%	7.00%
GCI:	GNCMA	9.68	7.44%	51.72%
KNOLOGY:	KNOL	12.61	3.70%	15.48%
LIBERTY CAPITAL:	LCAPA	48.83	7.46%	104.48%
LIBERTY GLOBAL:	LBTYA	29.00	4.92%	32.48%
LIBERTY INT:	LINTA	11.79	9.47%	8.76%
MEDIACOM:	MCCC	6.36	(5.92%)	42.28%
SHAW COMM:	SJR	21.50	4.32%	4.52%
TIME WARNER CABLE:	TWC	55.74	7.88%	34.67%
VIRGIN MEDIA:	VMED	21.93	8.40%	30.30%
WASH POST:	WPO	388.91	1.06%	(11.53%)

Company	Ticker	9/03 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	15.23	9.41%	8.40%
CROWN:	CRWN	2.42	17.48%	66.90%
DISCOVERY:	DISCA	40.18	5.76%	31.01%
GRUPO TELEVISIA:	TV	19.31	1.58%	(6.98%)
HSN:	HSNI	28.97	4.93%	43.49%
INTERACTIVE CORP:	IACI	25.85	4.57%	26.22%
LIBERTY:	L	36.90	2.61%	1.51%
LIBERTY STARZ:	LSTZA	60.75	1.28%	31.64%
LIONSGATE:	LGF	7.23	8.40%	24.44%
LODGENET:	LNET	2.95	20.41%	(46.65%)
NEW FRONTIER:	NOOF	1.83	24.49%	(3.17%)
OUTDOOR:	OUTD	5.56	5.70%	(4.14%)
PLAYBOY:	PLA	5.09	(1.74%)	59.06%
SCRIPPS INT:	SNL	43.18	5.94%	4.05%
TIME WARNER:	TWX	31.72	4.62%	8.85%
VALUEVISION:	VVTV	2.00	3.09%	(58.33%)
VIACOM:	VIA	37.06	2.57%	17.65%
WWE:	WWE	14.23	0.21%	(7.18%)

Company	Ticker	9/03 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADC:	ADCT	12.68	(0.31%)	104.19%
ADVANTAGE:	AEY	3.11	10.68%	57.87%
ALCATEL LUCENT:	ALU	2.80	6.46%	(15.66%)
AMDOCS:	DOX	27.21	3.34%	(4.63%)
AMPHENOL:	APH	45.81	9.25%	(0.8%)
AOL:	AOL	23.05	1.27%	(0.99%)
APPLE:	AAPL	258.77	7.10%	22.80%
ARRIS GROUP:	ARRS	8.70	2.84%	(23.88%)
AVID TECH:	AVID	11.77	1.64%	(7.76%)
BIGBAND:	BBND	2.83	4.81%	(17.73%)
BLNDER TONGUE:	BDR	1.94	0.52%	70.18%
BROADCOM:	BRCM	33.23	0.67%	5.59%
CISCO:	CSCO	21.04	1.11%	(12.11%)
CLEARWIRE:	CLWR	6.99	5.27%	3.40%
COMMSCOPE:	CTV	20.85	8.20%	(21.41%)

Company	Ticker	9/03 Close	1-Week % Chg	YTD %Chg
CONCURRENT:	CCUR	6.19	23.80%	56.31%
CONVERGYS:	CVG	10.54	2.43%	(1.95%)
CSG SYSTEMS:	CSGS	19.59	10.55%	2.62%
ECHOSTAR:	SATS	19.71	2.92%	(2.14%)
GOOGLE:	GOOG	470.30	2.50%	(24.14%)
HARMONIC:	HLIT	6.39	5.97%	1.11%
INTEL:	INTC	18.43	0.33%	(9.66%)
JDSU:	JDSU	10.29	3.16%	24.67%
LEVEL 3:	LVLT	1.12	8.74%	(26.8%)
MICROSOFT:	MSFT	24.29	1.50%	(20.31%)
MOTOROLA:	MOT	7.94	3.39%	2.32%
RENTRAK:	RENT	23.26	2.56%	31.64%
SEACHANGE:	SEAC	7.21	(14.67%)	9.91%
SONY:	SNE	29.92	3.60%	3.17%
SPRINT NEXTEL:	S	4.34	8.50%	18.58%
THOMAS & BETTS:	TNB	39.58	5.94%	10.59%
TIVO:	TIVO	8.72	4.68%	(14.34%)
TOLLGRADE:	TLGD	7.86	16.96%	28.64%
UNIVERSAL ELEC:	UEIC	20.33	12.94%	(12.45%)
VONAGE:	VG	2.24	10.34%	60.00%
YAHOO:	YHOO	13.62	1.41%	(18.83%)

Company	Ticker	9/03 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	27.44	1.86%	(2.1%)
QWEST:	Q	5.83	3.19%	38.48%
VERIZON:	VZ	30.20	1.21%	(8.84%)

Index	Value	1-Week % Chg	YTD %Chg	
MARKET INDICES				
DOW:	DJI	10447.93	2.93%	0.19%
NASDAQ:	IXIC	2233.75	3.72%	(1.56%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. NEW FRONTIER:	1.83	24.49%
2. CONCURRENT:	6.19	23.80%
3. LODGENET:	2.95	20.41%
4. CROWN:	2.42	17.48%
5. TOLLGRADE:	7.86	16.96%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. SEACHANGE:	7.21	(14.67%)
2. MEDIACOM:	6.36	(5.92%)
3. PLAYBOY:	5.09	(1.74%)
4. ADC:	12.68	(0.31%)
5. 3COM:	0.00	0.00%

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TUES 10** **FX**

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SET VISIT

Hanging with the Sons...

Oil-spotted concrete. Loading docks. Noisy crews with power drills. In many ways, it's a typical Hollywood lot, teaming with dozens of actors and production minions trying to make the day during a busy shoot. But when the show in question is FX's hit biker drama "Sons of Anarchy," this chaotic scene might as well come straight out of the gritty fictional world that has helped make Sons the highest rated show in FX's history. And this is a show about bikers? A subculture to which most viewers couldn't begin to relate? "One of the ways FX has distinguished itself from broadcast is by taking people as viewers—as tourists essentially—into much grittier worlds," says FX pres *John Landgraf*. "As a viewer, that's what I want. I want something that's a little bit more challenging." Sons showrunner *Kurt Sutter*, who honed his skills as a senior writer on *The Shield*, says he writes so viewers must lean in rather than sit back. "I think it's why people are drawn to the show," he says. "They do feel like they have to pay attention."

The Sons lot's main building houses everything from brick walls set against lights that mimic sunlight to the main bar where the Sons crew hangs out, including the ever-important room known as Chapel or Church, where the club plans its exploits. When we visited the set, actors including leads *Charlie Hunnam*, *Ron Perlman* and *Katey Sagal* were inside a mock-up of a tiny house in Ireland rehearsing as their respective characters Jax, Clay and Gemma (Season 3, which premieres Sept 7, centers on Jax's frantic search for his infant son, who was kidnapped by an Irish gangster in the Season 2 finale). As the director mediates, the actors politely argue over who should sit where at the kitchen table. Is this Church and, if so, should Jax and Clay sit at their usual spots? And what about Gemma? Sagal quickly interjects that she should be next to Clay. It's all in the details. Between takes, Perlman laughs when asked whether he expected the show to be such a success. "I expect only failure," he says with a



smirk. "Trust me when I tell you, it hasn't always been like that. But I've been in the business for 40 years now, and every time I thought something was going to go through the roof, it didn't... So this is a pleasant surprise."

But for the actors, the show's popularity seems a secondary consideration when matched against the meaty, nuanced roles they get to play. "I think that's what's so interesting about it," says Sagal, "because you see not the stereotypical, one-dimensional biker, which is how they've always been perceived. You're seeing three-dimensional characters and the interaction between them when they're at their most vulnerable and their most successful." Of course, success in this world often means an illegal score or even murder, but Sagal says she draws on universal motivations, including Gemma's strong maternal instinct. "It's a violent world that they're in... but the impulses maternally are the same I would have," she says. "If you crossed my children, I would have a huge reaction. So you draw on that stuff."

The show also amounts a career-making break for Hunnam. He recalls almost getting big movie roles, but "the marketing department would say, 'Well he's not a big star, and we don't know how to sell it with him'... So this show, hopefully its success will make me a little bit more marketable when I go out for movies." Of course, Hunnam just lost a big film gig to *Justin Timberlake*, "so it's not fully there, but yeah—it's starting to happen." And watch out, Kurt: Hunnam is a writer himself and just sold a script about Romanian warlord Vlad the Impaler; it's now in development with **Plan B Entertainment** (*Brad Pitt's* production company) and **Summit Entertainment**. "It's always been in the back of my mind that if I get frustrated with acting... I always feel like it's a second plan." For now, Plan A seems to be doing just fine.

-Michael Grebb

(Check CableFAX.com as we begin a special series of extended Q&As with some of those featured above).



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