

# CableFAX Daily™

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What the Industry Reads First

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## That's a Wrap: Dicing Election Night Ratings and Subcmte Chairmanships

**CNN** came out on top among cable nets for its election night coverage from 7pm-2am (poll close through Barack Obama's acceptance speech), with 8.8mln total viewers vs **Fox News'** 8.7mln and **MSNBC's** 4.6mln, according to **Nielsen** Fast Nationals. But if you look at just the 7pm-12am period, Fox News outpaced CNN 10.6mln to 8.9mln (CNN had an advantage in 25-54s), according to early numbers. **Time Warner** CEO *Jeff Bewkes* declared victory for the night during the company's earnings call Wed morning, though he also said CNN can do a better job of attracting and retaining audience when news isn't breaking. Fox said the 11.5mln total viewers for its 8-11pm coverage was its highest-rated prime ever (it also was ahead of CNN's 9.3mln). In the so-called news demo (25-54s), CNN outpaced Fox in 4.4mln to 3.5mln from 7pm-2am and 4.4mln to 4.1mln in the 7pm-12am period. CNN also led in 18-34s (2.7mln vs 1.2mln) from 7pm-2am. Online, **CNN.com** broke 4-year traffic records with 203mln page views (not as high as **Weather.com's** record 300mln page views on Oct 29 during Hurricane Sandy). Despite \$6bln being spent, many are referring to this as the status quo election, because the White House, Senate and House didn't change much. A few things for cable to consider: House communications subcmte chmn *Greg Walden* (R-OR) is expected to lead the **National Republican Congressional Committee** next year. It's not clear if he would keep the chairmanship. If he doesn't, *Lee Terry* (R-NE) seems to be a likely candidate. The committee also has to replace the oversight subcmte, with *Cliff Stearns* (R-FL), losing his primary earlier in the year. *Mary Bono Mack* (R-CA), chair of Commerce's commerce, manufacturing and trade subcmte, also lost her seat. Rumblings continue that FCC chmn *Julius Genachowski* will step down post-election, with ranking Dem *Mignon Clyburn* expected to become interim chair. **NCTA's** *Michael Powell* let everyone know the cable industry is still on the broadband bandwagon, noting that cable looks forward to continuing to work with the Obama administration and Congress to "ensure that every American has the opportunity to benefit from the advanced broadband networks that are critical to education, commerce and communication." **ACA** also congratulated the President, and took the chance to emphasize the need to address the issue of rising retrans fees and "record number of TV signal blackouts. Said ACA CEO Matt Polka: "ACA is hopeful that the next four years will yield true progress for consumers." Over at FoxNews.com, *Mitt Romney* sup-

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porter and **CEA** head *Gary Shapiro* penned an opinion piece in which he called on Obama to work with a divided Congress to address the impending fiscal cliff and the “huge regulatory state that has become a burden on the economy.” “President Obama didn’t get my vote, but he is my president, and he has my support. I just hope that I, and other members of my industry, have his support in return,” Shapiro wrote.

**U-Verse Expansion:** **AT&T** is banking on its **U-Verse** service to fend off cable competition. The telco announced its ambitious investment plan dubbed Project Velocity IP, which includes total capital spending of around \$22bln for each of the next 3 years. Part of the plan is to invest \$14bln over 3 years in wireless and wired broadband networks (\$6bln for wireline), execs said at AT&T’s investor day Wed. Specifically, that means expanding U-Verse to 33mln homes by the end of ’15 from 24.5mln now. Additionally, the telco plans to upgrade its phone lines to serve an additional 24mln homes. These upgraded lines, which will become U-Verse IPDSLAM service, will serve 75% of the homes in AT&T’s wireline service area by year-end ’13. AT&T views upgrading the lines as a better option financially than divesting, which execs had previously said was an option for its rural phone lines. Speed upgrades are also expected, with the telco aiming for up to 75 Mbps for U-Verse broadband and up to 45 Mbps for IPDSLAM “with a path to deliver even higher speeds in the future.” U-Verse, now a \$9.5bln annualized revenue business, will continue to be a key driver at AT&T, chmn/CEO *Randall Stephenson* said. The company is claiming 55% of competitive gains from cable by U-Verse. The telco added 198K U-Verse video subs, 30K better than consensus and 43K better than 2Q numbers. “Where U-verse is available, broadband market share is growing,” chief strategy officer *John Stankey* said. Going forward, wireless is expected to play a bigger role as the telco looks to improve its broadband competitiveness. “Significant synergies exist between wireless and wireline assets,” Stankey said. AT&T ended 3Q with 4.3mln U-Verse TV subs. **FCC** chmn *Julius Genachowski*’s seemed to approve of AT&T’s announcement, noting that it adds to nearly \$200bln of investment in broadband (wireless and wired) networks since ’09. The telco filed a petition with the FCC Wed, the day after the election, suggesting issues to consider as the agency works to modernize its rules for the communications market. The agency will focus on “driving the virtuous cycle of private investment and innovation in the broadband ecosystem, promotion competition, and protecting consumers” as it reviews the petition, the chmn said. Sen. *John Kerry* (D-MA) also gave the expansion a thumbs up: “It complements the billions that wireless and wired companies from **Verizon** to **Comcast** to our satellite firms have invested in competing broadband networks...”

**Shopping Spree?** **Comcast** will look, but won’t necessarily buy. That was **Comcast** CFO *Michael Angelakis*’ response to a question at an investor conference Wed on whether the company might be interested in cable networks that could come up for sale. No specific names were mentioned, but a post-spin **Starz** and **Current** are among those seen as available. “Cable networks are a great business,” he said. “Over the next year or 2, I think we’re going to buy our own in terms of buying **GE** out. I think we’ll be incredibly disciplined... Yes, we’ll be looking at things but are most eager to buy our own stock.” He doesn’t think there is a simple sound bite to explain the hit that cable networks, including **NBCU**’s, are taking in ratings. “I think there is a measurement and monetization issue more than anything else,” Angelakis said, adding that Comcast/NBCU is uniquely positioned to try and figure that out. The CFO also provided a Sandy update: Comcast went from 1.3mln customer without service at the height of the storm to 90K today, with most of those customers without power. In other Sandy news, **Cablevision** had more than 433K without power Wed afternoon, compared to 502K Tues.

**TV Everywhere:** While **Turner** pres, sales, distribution & sports *David Levy* gave a timeframe of 3-5 years for full adoption of TV Everywhere, other panelists at *SportsBusiness*’ Sports Media & Technology Conference Wed in NYC were more optimistic. *Jeremy Legg*, Turner’s svp, business development and multi-platform distribution, amended his boss’s projection, saying that in the next 6-12 months programmers not yet in the TVE game will get on board. “Everyone will be on the playing field in the near future,” he said. And once everyone’s playing, the industry will be able to “market in a more consistent way.” Indeed, the marketing is what’s lacking. “Consumers have no fricking idea what it is,” Levy lamented, because every company is on its own timetable—one that’s dictated by when deals come up for renewal. *Matthew Strauss*, **Comcast Cable** svp, digital and emerging platforms, also found Levy’s 3-5 years a conservative estimate. “More and more programmers are starting to get into the TV everywhere fold,” he said. Adoption “will require meaningful marketing,” as Comcast performed for the Olympics. “When customers understand that value, they consume,” he said. And during the Olympics’ authentication process, consume they did. According to

Gary Zenkel, pres, NBC Olympics and pres, operations and strategy, **NBC Sports Group**, “we learned that industry has the technical capacity to make the authentication validation process fairly seamless for the consumer.” But the hurdle is entering personal information. “When the industry gets to a point where that’s not necessary, or minimized, people are going to blow through the gates,” he said. The timeframe may depend on how quickly the industry adopts the technology, which varies depending on the particular CE partner. “You have to prioritize which devices you want to be on first,” said **ESPN3** vp *Damon Phillips*. For instance, ESPN is launching its Watch product on Xbox this fall because it’s “very important for us,” he said. So what will make TVE smoother? Single sign-on, which asks consumers to authenticate only once, and auto in-home authentication are 2 ways (both tested during the Olympics) to make the process more seamless. Auto authentication entails checking a customer’s IP address, marrying it with billing data and automatically granting access, said Strauss. “At the same time it has to be secure,” he said, particularly from a rights standpoint. “It’s a balancing act.” Increasingly important to TVE’s progress is the continued marketing of authentication surrounding tentpole events. Strauss noted that the Olympics provided “such a clean message,” and served as a case study “on how we think it should be done.” On Comcast platforms alone, he said the company did about 58mln video streams vs Vancouver’s 3mln streams. Programmers and distributors will need to work together on marketing, said Legg, including a new name for its ungainly alias. “The word authentication doesn’t really roll off your tongue,” he said. Legg expects more progress during the 2013 March Madness tourney, which Turner will fully authenticate. In other words, no paid application next year. “More live streaming’s coming,” added Strauss, “and it’s going to be coming in a fairly material way.”

**Sports Media & Technology Notebook:** With sports rights going to the highest bidder these days—regardless of experience in the marketplace—are Internet companies entering the mix? Whether **Apple** or **Google** will bid for NBA rights is “irrelevant” and “highly unlikely,” said **ESPN** pres *John Skipper*, because they’re not content companies. “I can’t think of any tech companies that have successfully morphed into content companies,” he said. “They generally do better when they work with us,” he added. “It’s harder to do content than people think.” According to NBA Commissioner *David Stern*, new media companies are good at “providing a new way for consumers to experience our game, or the surrounding digital media around our game.” He credited **Turner** and ESPN for aiding the league’s success, saying that both companies’ expertise “I’m not sure we could have achieved alone... that’s the mixture.” Ultimately, “we fully expect we’ll be working with our incumbents—at a fair price.” But Turner pres, sales, distribution & sports *David Levy* predicted that the purchase of sports rights by new media companies is in our future. “I do believe at one point someone will step up and try to buy some rights... but I don’t know if it will be NBA or NFL,” he said. Stern said that owning sports rights is a way for companies to grow, citing **DirectTV**’s ownership of NFL Sunday Ticket as an example. “DirecTV has grown on the back of that property,” he said. Rather than seen as competitors, companies like Google and Apple should be regarded as partners, Skipper and Levy agreed, while Stern deemed the term “frenemy” more appropriate. Said Levy: “In the end, Apple will figure out it’s better not to get into the content business.” As for YouTube, *Claude Ruibal*, **Google/YouTube** global head, sports content, refuted the idea in a later panel. “We’re not in the rights buying business,” he said. “We partner with rights owners... We’re not creators of content, we’re not curators of content. We try to be partners.” -- There’s no sign of sports rights ceiling, panelists agreed. “We will pay what we think the product is worth,” and with multiple platforms creating incremental revenue streams, the investment is greater, said Turner’s Levy. ESPN’s Skipper noted that in the last 40 or 50 years of buying sports rights, “they’ve always gone up... You pay what you can build your business on,” he said, comparing sports rights’ pricing increases to paying for Cezanne paintings or apartments in New York City. “You can keep paying more for those—and for sports rights.” -- In light of recent video sub losses felt by MVPDs, is cord cutting at last a real threat? It is “not a significant phenomenon yet,” said Skipper. Of greater concern for Turner is the never getters, said Levy. He foresees packages getting smaller—as in a “start up kit”—in order to accommodate them.

**TWX:** The cable nets were bright spots in **Time Warner**’s 3Q earnings, with networks’ operating income up 12% to \$1.2bln. Overall, revenue fell 3% YOY to \$6.84bln, and net income outpaced analyst estimates at \$838mln (\$822mln a year ago). During a call with analysts, CEO *Jeff Bewkes* said **HBO** is seeing its best domestic subscriber trends in years. Subscription revenues were up 7%. He also tackled sports deals, saying that **Turner** is well positioned to renew sports it already carries, including **NBA**. As for a possible **NFL** package, Turner would consider it, he said. “But we’d only do something of that size if we were confident we could monetize it and have it improve our economics,” Bewkes said.

**Programming:** **Sundance Channel**’s ’13-’14 original scripted development slate features 5 dramas, including “Valentines,” from producer *Robert Redford* and based on the novel by *Olaf Olafsson*. Also on tap: “Behind the Sun,” features a family in Malibu, CA, during the 80s whose lives begin to unravel when their teenage son learns he has an allergy to

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the sun, and *Ira Glass*-produced “T,” which features a personal look at a transgendered male. -- The Battle on the Midway featuring #9 Syracuse vs #20 San Diego State playing hoops aboard the flight deck of the historic USS Midway aircraft carrier has been moved from Fri to Sun (4pm ET) because of weather concerns. **Fox Sports San Diego** will produce the game and televise it locally, while **Fox Sports Nets** will distribute the season opener for both teams to affils across the country. -- **NatGeo** will premiere 3 doomsday specials: “Evacuate Earth” on Sun at 9pm, “The Mayan Apocalypse 2012” on Mon at 9pm and “Maya Underworld: The Real Doomsday” on Mon at 10pm. Each special explores the possibilities and theories focusing on the “end.” -- Just like it promised, **Cox** launched **Time Warner Cable SportsNet and Deportes** Wed in Southern CA in time for the Lakers-Utah game (*Cfax*, 11/6).

**Online:** **History Channel** is launching “Mankind Connected: A Global Teach In,” a live online event via [www.history.com/classroom](http://www.history.com/classroom), Thurs at noon. The webcast features schools from around the globe and focuses on the importance of learning about human story through the lens of **UNESCO** (United Nations Scientific, Educational, and Cultural Organization) World Heritage sites. The live event will take place from the Knight Studio at the Newseum in DC.

## CableFAX Daily Stockwatch

Company	11/07 Close	1-Day Ch	Company	11/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	49.49	(1.02)	BROADCOM:	30.95	(0.44)
DISH:	35.11	(0.89)	CISCO:	17.21	(0.27)
DISNEY:	50.08	(0.39)	CLEARWIRE:	2.12	(0.08)
GE:	21.13	(0.46)	CONCURRENT:	5.02	(0.13)
NEWS CORP:	24.98	0.39	CONVERGYS:	16.36	(0.47)
<b>MSOS</b>					
CABLEVISION:	14.98	(0.51)	CSG SYSTEMS:	19.19	(0.81)
CHARTER:	69.47	(2.15)	ECHOSTAR:	32.84	(0.19)
COMCAST:	36.58	(0.59)	GOOGLE:	667.12	(14.6)
COMCAST SPCL:	35.50	(0.62)	HARMONIC:	4.24	(0.19)
GCI:	8.06	(0.23)	INTEL:	20.91	(0.82)
LIBERTY GLOBAL:	57.69	(0.9)	JDSU:	11.15	0.52
LIBERTY INT:	20.04	(0.45)	LEVEL 3:	19.45	(0.75)
MEDIACOM:	8.84	UNCH	MICROSOFT:	29.08	(0.78)
SHAW COMM:	21.53	(0.07)	RENTRAK:	17.37	0.60
TIME WARNER CABLE:	93.25	(0.92)	SEACHANGE:	9.11	0.05
VIRGIN MEDIA:	32.02	(0.3)	SONY:	11.18	UNCH
WASH POST:	338.16	(7.24)	SPRINT NEXTEL:	5.62	(0.11)
<b>PROGRAMMING</b>					
AMC NETWORKS:	48.44	0.06	TIVO:	10.18	(0.26)
CBS:	34.00	(0.43)	TOLLGRADE:	10.08	UNCH
CROWN:	1.71	(0.02)	UNIVERSAL ELEC:	15.46	(0.58)
DISCOVERY:	56.79	(0.67)	VONAGE:	2.28	(0.03)
GRUPO TELEVISIA:	22.76	(0.47)	YAHOO:	17.39	(0.07)
HSN:	50.80	(1.28)	<b>TELCOS</b>		
INTERACTIVE CORP:	44.24	(2.4)	AT&T:	33.64	(1.16)
LIBERTY STARZ:	66.84	UNCH	QWEST:	6.83	UNCH
LIONSGATE:	15.08	(0.31)	VERIZON:	43.19	(1.11)
LODGENET:	0.38	(0.02)	<b>MARKET INDICES</b>		
NEW FRONTIER:	2.01	UNCH	DOW:	12932.73	(312.95)
OUTDOOR:	7.28	(0.06)	NASDAQ:	2937.29	(74.64)
PLAYBOY:	6.22	UNCH	S&P 500:	1394.53	(33.86)
SCRIPPS INT:	59.71	(0.36)			
TIME WARNER:	44.91	1.80			
VALUEVISION:	2.24	(0.11)			
VIACOM:	50.84	(0.31)			
WWE:	8.03	(0.13)			
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.02	(0.05)			
ALCATEL LUCENT:	1.00	UNCH			
AMDOCS:	33.52	0.24			
AMPHENOL:	60.90	(1.2)			
AOL:	40.07	(3.63)			
APPLE:	558.00	(22.2)			
ARRIS GROUP:	14.22	(0.04)			
AVID TECH:	6.15	(0.26)			
BLNDER TONGUE:	1.06	(0.05)			

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## Think about that for a minute...

### An Extraordinary Day

Commentary by Steve Effros

I experienced an extraordinary day on Tuesday, and I want to emphasize, up front, that it had nothing to do with the particular results of the election. I spent the day working at a polling place here in the suburbs of Washington, DC. From 5am, when a dedicated group of (mostly older) folks gathered to make sure the polling place opened at 6, until we checked, re-checked and finally verified the results of the ballots 16 hours later, we focused on only one thing: allowing people to vote.



This was a group of poll-workers evenly split between Democrats and Republicans. There was absolutely no partisan discussion, or even banter during the “slow” times, although I have to note that there were virtually

no “slow” times! We worked hard, and the total objective was to make sure as many folks as possible could cast their ballot in as efficient a manner as possible.

That wasn't particularly easy. Virginia has adopted a whole series of new “voter ID” laws, and they are both confusing and not well understood. But all of us, of any persuasion, were united in our intention to make sure that the legal details and the sometimes cumbersome process did not get in the way of allowing someone to vote. It was great to watch, and great to be a part of.

To be sure, there were a few glitches, but we successfully worked around them. The reason for this column is to mention to you—just as I did last week about recognizing the great work our technicians, linemen and CSRs did in tough conditions during last week's major storms—that poll workers around the country should be given a big “thank you” as well for the job they do.

Trust me, it's hard. Just as we all cringe when we hear about a story headlined somewhere of a cable CSR

unthinkingly reading a script asking someone to return their cable box or catch up on a bill the day after a tornado has wiped out that person's home, so too, poll workers cringe when they read the headline about some actions taken by a very few who are trying to suppress votes or miscount results. That's just not true of any of the people I worked with, and I'm sure it's not true of the vast majority of the people who volunteer their time to do the nation's business manning the polls. The same, of course, applies to our CSRs and companies when it comes to trying to deal with our customers. Things happen. Bad things happen. But in the main, a lot of good happens, and that's what we should be celebrating.

One incident comes to mind that I think says it all. We had a lot of voters in line all day. The lines weren't long, maybe 30 minutes, but they were lines, and folks don't like standing in lines! Anyway, at one point a woman in full all-black burqa, covered from head-to-toe, came through the door. Clearly this devout Muslim woman had every right to vote just like any other registered American voter. But as soon as she entered you could sense the workers behind the table wondering; OK, what do we do about “photo ID” when for religious reasons her face is completely covered? Turned out not to be a problem for us. Other forms of ID were accepted. She voted. It was a wonderful moment that encapsulates the “American Experience.” Celebrate it, and thank your local poll workers.

*Steve*

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

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