

CableFAX Daily™

Thursday — December 19, 2013

What the Industry Reads First

Volume 24 / No. 245

USA Again: Another Yearly Ratings Win as All Eyes Turn to WWE

Nielsen doesn't close out the year until Dec 29, but it's a safe bet that **USA** will finish 2013 with its 8th consecutive win as the #1 cable net in prime for total viewers. Preliminary year-end data has USA averaging 2.7mln total viewers in prime (L+SD), ahead of **Disney** (2.4mln), **ESPN** (2.1mln), **History** (2.1mln) and **TNT** (2.1mln). USA's reign is an impressive one, no doubt, but the biggest question mark remains **WWE's** "Monday Night Raw," with the entertainment company making no secret of its intention to seek big increases for TV rights renewals in the coming months. "Obviously Raw's numbers are in USA's numbers. If Raw comes off USA, they drop down to 4 or 5," WWE chief strategy officer and CFO **George Barrios** predicted during a presentation at a **UBS** investor conference last week. Raw has averaged 4.6mln total viewers in L+7 ratings this year, more than USA hits such as "Psych," "Covert Affairs" and "White Collar." Another factor to consider at USA is untested programming, with an unprecedented 8 pilots in production. The net has a pretty good track record in this arena though, as it's home to 4 of the top 10 scripted shows on basic cable in prime this summer. Among those was freshman series "Graceland," which averaged 4mln total viewers. Still, like many of the top cable nets, viewership was down YOY. USA's primetime total viewers were off 8%, while History was down 2%, ESPN 10% and TNT 4%, according to Nielsen data run last week. Of the top 10 nets in prime, 5 had positive gains in viewers. **AMC** led the way with a 17% gain to an avg of 1.4mln total viewers in prime. Disney (+2%), **TBS** (+3%, 2mln), **A&E** (8%, 1.8mln) and **FX** (2%, 1.4mln) also saw audience gains. With just a few more days remaining in 2013, it looks like AMC's "Walking Dead" will remain the #1 series of the year, averaging 14.6mln viewers in Live+7. That's ahead of ESPN's NFL Regular Season (13.4mln) and A&E's "Duck Dynasty" (13.4mln). Also in the 13mln club is History's "The Bible."

Sport Blackout: The **FCC** is proposing eliminating the sports blackout rules, which prohibit certain MVPDs from retransmitting within a protected local blackout zone the signal of a distant broadcast station carrying a live sporting event if the event is not available on a local TV station. The Commission adopted an NPRM on Wed, with comments due 30 days after publication in the Federal Register. "The sports industry has changed dramatically in the last 40 years, however, and the Petitioners argue that the economic rationale underlying the sports blackout rules may no longer be valid," the NPRM said. It's seeking comment on whether the FCC has the authority to repeal the rules, as

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well as the economic considerations that led to adoption of the rules and the potential benefits and harms that come with their elimination. **The Sports Fan Coalition, Public Knowledge, Media Access Project** and others filed a petition for rulemaking in '11. The **NFL, Baseball Commissioner, NAB** and a group of network TV affils all opposed the petition. NAB said Wed that blackouts are exceedingly rare, expressing concern that the FCC proposal may hasten the migration of sports to cable. The only NFL game blacked out this season has been Cincinnati at San Diego on Dec, though it looks like Sun's Bills-Miami game also may be blacked out, the *Buffalo News* reported.

TVE: Turns out that the new partner **Time Warner Cable's** incoming CEO *Rob Marcus* TV teased last week was Kindle. Sorry **Apple** TV owners. The TWC TV app for watching TV at home or on-the-go is now available on the Kindle Fire HD and HDX. TWC also updated the app for **Roku, Samsung** Smart TVs and **Microsoft's** Xbox 360. All told, TWC customers get 5K On Demand options and 300 live television channels on any TWC TV device.

On the Hill: Sen Commerce is doing a deep dive on data brokering, with chmn *Jay Rockefeller* (D-WV) raising serious concerns about consumer protections. Ahead of a hearing on the subject Wed, the chmn released a majority staff report summarizing the cmte's investigation into how data brokers collect, compile and sell consumer info. Where does cable fit into this? Survey respondents told the cmte they sell consumer data to a wide range of customers, including cable companies, wireless telephone service providers, financial institutions, hotel chains and jewelry stores.

Launch Pad: El Rey begins rolling out this week, with previously announced distribution partners including **Comcast** and **Time Warner Cable**. Additional distribution deals are expected early next year. Meanwhile, the net has signed on GM for an exclusive automotive integration deal. You'll see integrations beginning with original "From Dusk Till Dawn: The Series."

OTT: AMC Nets' YEAH! Streaming movie service is available on iPad Thurs via a new app on iTunes. Yeah! weaves commentary and details into its films (400-500 curated elements per film) for what it's billing as a fully immersive movie experience. The YEAH! Library includes "Pulp Fiction," "Caddyshack" and more. A TV and web campaign for the service is launching with actor *Michael Rooker* ("The Walking Dead"). The spots paint the service as your escape to holiday stress. "What could be worse this holiday season than flesh-eating zombies? Your in-laws, of course!" jokes Rooker. -- **YouTube** Channel landed on **Roku 3** player. The channel has been missing from the Roku channel store for a while. The service is initially available in North America, UK and the Republic of Ireland. For more info, check out Cablefax.com/tech -- **Hulu** investors should be glad that they didn't sell Hulu: The company hit \$1bln in revenue this year, up from \$695mln in '12, CEO *Mike Hopkins* said in a blog post Wed. Not bad for a company that launched just 5 years ago. The company's investors, including **Fox, NBCU and Disney**, were shopping for a buyer though a potential sale that was called off later. Earlier this year, the company reached 5mln Hulu Plus subs. About half of the subs are now streaming exclusively on mobile devices. Hulu launched more than 20 originals this year and plans to double that number over the next few years, Hopkins said.

Digital: AMC said 3 of its TV series were among the top 5 most downloaded on **iTunes** this year, including #1 "Breaking Bad," #3 "The Walking Dead" and #5 "Mad Men." The net made the shows available to download for iPhone, iPad, iPod Touch and Apple TV.

Measurement: A **Nielsen** study of a 30-min program across platforms indicated that on-demand viewers watch longer and more commercials shown with their programs. The program was viewed for 28 mins on VOD vs 23 mins on DVR and 20 mins via live viewing. On-demand viewers indexed highest on commercial viewing (probably because fast-forwarding is often disabled), Nielsen said. The rise of VOD could affect DVR usage, which has steadily increased over the last 5 years. For the program analyzed, Nielsen said a higher percentage of non-live commercial viewing (55%) came from VOD for persons 18-24 when compared to DVRs. It credited the VOD growth to subscription VOD services like **Netflix**, which has a 29% penetration rate in US TV homes. Cable operators also have focused on improving the interfaces that allow subs to easily access VOD content, Nielsen noted.

Programming: And the onslaught of Atlanta-based reality series continues. **USA** greenlit 8 eps of "Chrisley Knows Best" (wt), following multimillionaire *Todd Chrisley*. It premieres Mar 11. Sibling **E!** will broadcast special encore presentations of new eps on Sundays, beginning Mar 16. -- **HBO** will debut "*James Gandolfini: Tribute to a Friend*" on

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Sun, with more than 2 dozen friends and colleagues remembering the 3-time Emmy winner, who died in June at age 51.

Honors: Comcast vp, marketing comm *Eileen Diskin* was named among the 20 Advertising Working Mothers of the Year for 2014 by **Working Mother** magazine and **Advertising Women** of NY. Also making the cut was **AMC** svp, marketing *Gina Hughes* and *Stacey Larson*, managing dir of national TV investments for **OMD**.

People: **AETN** chmn *Abbe Rave* was appointed exec cmte member of the **Intl Academy of TV Arts & Sciences**, effective Jan 1. She has been a dir on the board since June '05. -- **Starz** upped *Bill Bergmann* to svp, finance and planning, *Janet Dickinson* to svp, finance and accounting, controller, and *Joe Zamora* to vp, finance. -- **SCTE** announced chairs of its board committees for the '13-'14 term: *Jim Hughes*, svp, **ComScope**, governance committee; *Roger Hughes*, sr engineer at **Armstrong Group of Companies**, chapters committee; *Joseph Jensen*, evp, **Buckeye Cable**; engineering committee; *Andy Parrott*, vp, technical operations, **Suddenlink**, professional development committee; *Martha Soehren*, svp, **Comcast Cable**, membership committee; *Tony Werner*, CTO, **Comcast Cable**, nominations committee; and *Christine Whittaker*, avp, operations, **Time Warner Cable**, finance committee.

CableFAX Daily Stockwatch

Company	12/18 Close	1-Day Ch	Company	12/18 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
21ST CENTURY FOX:	33.46	0.60	GOOGLE:	1084.75	14.89
DIRECTV:	66.49	1.12	HARMONIC:	6.88	0.06
DISH:	55.29	0.30	INTEL:	25.15	0.49
DISNEY:	72.20	1.54	JDSU:	12.39	0.07
GE:	27.41	0.38	LEVEL 3:	30.60	(0.1)
MSOS					
CABLEVISION:	16.48	0.07	MICROSOFT:	36.58	0.06
CHARTER:	130.34	0.23	MOTOROLA MOBILITY:	14.91	0.53
COMCAST:	50.27	1.22	NIELSEN:	45.14	(0.01)
COMCAST SPCL:	48.32	0.94	RENTRAK:	35.78	0.51
GCI:	9.94	(0.01)	SEACHANGE:	11.65	0.20
LIBERTY GLOBAL:	84.71	0.90	SONY:	17.55	0.30
LIBERTY INT:	28.40	0.64	SPRINT NEXTEL:	8.95	0.19
SHAW COMM:	23.58	0.03	TIVO:	12.63	0.06
TIME WARNER CABLE:	134.49	1.46	UNIVERSAL ELEC:	38.22	0.89
PROGRAMMING					
AMC NETWORKS:	62.69	(0.53)	VONAGE:	3.11	UNCH
CBS:	59.79	1.07	YAHOO:	40.04	0.53
CROWN:	3.38	0.04	TELCOS		
DISCOVERY:	86.29	2.58	AT&T:	34.38	0.53
GRUPO TELEVISA:	29.23	0.28	VERIZON:	48.47	0.91
HSN:	61.44	1.41	MARKET INDICES		
INTERACTIVE CORP:	60.09	1.04	DOW:	16167.97	292.71
LIONSGATE:	29.41	0.70	NASDAQ:	4070.06	46.38
MADISON SQUARE GARDEN:	54.90	(0.03)	S&P 500:	1810.65	29.65
SCRIPPS INT:	82.91	1.54			
STARZ:	27.53	0.10			
TIME WARNER:	67.60	1.80			
VALUEVISION:	6.77	0.03			
VIACOM:	83.57	1.21			
WWE:	15.11	0.12			
TECHNOLOGY					
ADVANTAGE:	2.48	(0.03)			
ALCATEL LUCENT:	4.57	0.11			
AMDOCS:	40.82	0.22			
AMPHENOL:	87.21	0.89			
AOL:	44.34	0.25			
APPLE:	550.77	(4.22)			
ARRIS GROUP:	22.16	0.12			
AVID TECH:	8.15	0.15			
BLNDER TONGUE:	0.90	(0.05)			
BROADCOM:	28.59	0.18			
CISCO:	21.00	0.08			
CONCURRENT:	7.67	(0.09)			
CONVERGYS:	20.88	0.53			
CSG SYSTEMS:	29.46	0.70			
ECHOSTAR:	46.98	UNCH			

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Think about that for a minute...

Have I Got A Deal For You!

Commentary by Steve Effros

I've been talking to my techie friends. Here's what we've come up with: set up a computer program connected to your cable television system headend antenna, and "assign" portions of the antenna, either on a physical basis or a time division (microsecond) basis to the reception of the local broadcast signals. Then start advertising that you're not a "cable system" but an "antenna rental" service. Now you can play the "Aereo" game. Claim you don't need any retransmission consent deals because you are simply "renting" the antenna that is doing the specific reception of whatever broadcast the consumer wants, and therefore it's theirs to do with as they like!

Of course, I just made that up, just as I believe Aereo is making up the entire notion that they are simply an antenna supplier (and DVR supplier, and Internet transmission supplier) to folks who are "doing their own thing" and therefore not subject to any of the cable or copyright rules. As I have written several times before, I think this whole thing is a silly scam that has gotten much farther than it should have simply because Barry Diller has a lot of money and good lawyers, while the broadcasters' lawyers have been either missing in action or way over-reaching on all of their efforts to stop him.

Anyway, the latest news flash is that folks are really surprised that Aereo has supported, instead of opposed, a broadcast petition to have the Supreme Court take the case that they lost in the 2nd Circuit regarding a preliminary injunction against Aereo. I'm not surprised at all. While the conventional wisdom is that Aereo, now being sued in lots of other places, simply wants to get a definitive decision as soon as possible on the copyright questions involved (at least that's what they say), I



think there's another reason.

Remember, there has yet to be a trial. This is all about a "preliminary injunction." And remember, also, that while Aereo is telling the Supremes that the "facts" have been well established in the preliminary injunction phase, I don't think that's true at all. I've been told that some key engineering witnesses for the broadcasters didn't even show up during that phase! In other words, I think Aereo wants to have the Supremes look at this case before the real technical facts are fully vetted, because if they were, it would establish that Aereo's costs and business plan for the technology would simply not work. You would never have to get to the copyright issues.

Cablevision (check their website for a copy) has put out an extremely good legal white paper on the copyright issues. If you want to read the legal reasoning of folks who really understand the issues of "performance" and "transmission" under current law, showing why Aereo's theories are lacking under those laws, and at the same time why the broadcasters have gone way too far in their petition, threatening even "cloud computing" with their interpretations, read the paper.

But think about this: if I told you the ball at the end of the rabbit-ear antenna was the "antenna" and all I had to do was "assign" or "lease" just that ball to each user to avoid copyright liability, would you buy it? That's what Aereo wants the Supreme Court to do by taking the case now without a full investigation of the technical facts. If I were them, that's what I would do too. What a deal!

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)



Good for you.*

*Coming soon from CableFAX.