

CableFAX Daily™

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What the Industry Reads First

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Breaking News: Cable News Nets Face Steep Ratings Declines

Although **Comedy Central**, **Oxygen**, **ABC Family** and **History** were among the nets that established some type of viewership record in 3Q, the cascade of cable nets' highlight-driven press releases that have typified recent viewership periods on Tues lost some intensity. Yet even more noteworthy is the difficult past 3 months endured by the 4 major news nets. Highlighted by severely ebbing TV viewership amid solid Web traffic, **CNN's** ratings struggles look to indicate an audience shift toward quick-bite news over lengthy immersion. Yet even as some of the writing had already been on the wall, the group-wide 3Q dips demands attention—especially as mid-term election races ramped in the period and the recent **Politico/GWU Battleground Poll** showed that 81% of respondents get their news about the midterm elections from cable nets or their Websites. The good news is that viewership may improve as Nov nears, broadcast news may be worse off, and **Fox News** was still a top 5 net in prime for both 3Q and Sept. But here's the bad news: CNN's 3Q prime total viewership plummeted 46% YOY, while **HLN's** fell 21%, **Fox News'** 19% and **MSNBC's** 13%. And judging from the Aug and Sept data, the picture became cloudier over the past 2 months. CNN's respective numbers for Aug (-46%) and Sept (-37%) were again at the bottom of the group, although **HLN** (-14%, -30%), **Fox News** (-21%, -23%) and **MSNBC** (-17%, -13%) certainly felt the heat as well. Moreover, during Sept and 3Q, CNN was the worst-performing big cable net (500K+ in avg prime viewership), well "ahead" of **Hallmark Channel** (-32%) and **HLN** (-30%) in Sept and **VH1** (-35%) and **Hallmark** (-27%) in 3Q. Meanwhile, **Fox Soccer** and **VH1 Classic** ranked among the 3 worst-performing small nets in both Sept and 3Q prime, and **DIY's** Sept (-46%) was 1 to forget. On the bright side, 3Q supremacy among big nets went to **TV Land** (+49%), **MTV** (+43%) and **History** (+42%), and in Sept to **MTV** (+58%), **History** (+49%) and **AMC** (+33%). Among small nets, 3Q was nice for **Nicktoons** (+64%), **Investigation Discovery** (+63%) and **Science Channel** (+45%), while Sept brought pleasantness to **I.D.** (+68%), **Nicktoons** (+61%) and **Oxygen** (+54%). Overall, **USA** led cable in 3Q prime by a handy margin, but was bounced to 2nd in Sept by **ESPN** and "MNF" **Disney Channel**, **TNT** and **Fox News** combined with the pair to dominate the top 5 during both time periods.

On the Hill: At our deadline, no sign of a net neutrality bill in the House. Tick, tock...

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Sub Economics: Cablevision escaped the lowering of sub growth estimates in aggregate across the cable group by **BTIG's Richard Greenfield**, who said the MSO's solid 2Q led to an increase in his full-year RGU and EBITDA forecasts. But sub growth forecasts for **Comcast, Time Warner Cable** and **Mediacom** were all tempered, with Greenfield saying that economic woes have been the most damaging to ops—not cord-cutting, which he believes is more complementary than cannibalistic. **In-Stat** agrees that the economy/high unemployment led more to the 167K decline in 2Q subs than did replacement video services. “While growing availability of over-the-top Internet video is spurring talk of mass ‘cord-cutting,’ this decline is not about cancelling pay-TV in favor of Internet video,” said principal analyst *Mike Paxton*. Greenfield has ‘buy’ ratings on CVC, TWC and MCCC, and a ‘neutral’ tag on CMCSA. **[For more info, log into CableFAXDaily.com].**

Technology: TiVo agreed to provide streamed content from pay service **Hulu Plus** to its Premiere DVR subs in the coming months. Separate subscriptions to Hulu Plus and the TiVo Service will be required to access Plus. **Roku** also will make the subscription Hulu Plus channel available on all its players later this fall. -- A deal with **Ooyala** allows content publishers to create custom-branded video channels for streaming ent device provider **Roku**, which currently counts more than 500K customers. -- **FourthWall Media** reached a deal with **PayPal** that will make it possible for cable ops to deploy apps on their EBIF platforms to allow for consumers to access their digital wallet for T-commerce payment.

In the Courts: Nope, the US Supreme Court isn't allowing cameras in the courtroom, but it did announce that it would begin making audio recordings of each week's oral arguments available on its Website each Fri. Sounds pretty good, right? The bad news is that it means it's doing away with its previous policy in which the Court entertained requests from news orgs for same-day release of some oral arguments. “Reporting on these key cases will be out for several days before the public is able to hear the arguments for themselves, in the Justices' own words,” said **C-SPAN** pres *Susan Swain*. “We continue to hope that the Court's next step will be same-day release of all oral arguments, and ultimately, television coverage of its public sessions.”

Competition: Nov will bring **BBC** comedies “No Heroics,” “How Not to Live Your Life” and “Mutual Friends” exclusively to **DirectTV's The 101 Net**. -- **AT&T Capital Services** now offers loans to small businesses seeking to deploy new AT&T wireless solutions or upgrade existing ones. After recently adding wireless financing, Capital will do deals as small as \$1K.

Carriage: On Thurs, **Charter** will add **ESPNU** and **ESPNU HD** to its Digital View Tier in Southern CA.

Advertising: US local mobile ad rev will surge from \$213mln in '09 to \$2.02bln in '14, according to **BIA-Kelsey**, repping a CAGR of 57%. Growth drivers include tools to democratize/localize mobile ad buying, and increases in smartphone penetration and mobile Web usage. BIA expects the overall local ad rev to rise to \$145.2bln in '14, marking a 2.1% CAGR.

In the States: **NTIA** announced 56 investments totaling \$190mln Mon, finishing distribution of broadband stimulus money.

Premium Ratings: Sun night was both busy and productive for premium cable, with the return of **Showtime's** “Dexter” attracting 1.77mln viewers—up 16% over last season's premiere and marking the net's best season premier in 15 years—and **HBO's** “Boardwalk Empire” garnering 3.3mln viewers for its 2nd ep. Also, the returns of HBO's “Eastbound & Down” and “Bored to Death” averaged 1.7mln (+150%) and 1.1mln (+2%) viewers, respectively.

Programming: **Starz** chief *Chris Albrecht* is looking to form a \$250mln jv with potential investors to fund additional

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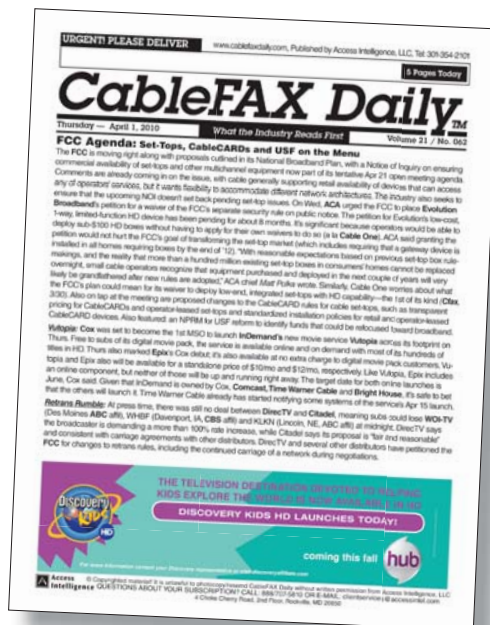
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BUSINESS & FINANCE

original programming, according to the *Financial Times*. -- Set to launch its regular programming schedule on Oct 11, **The Hub** will offer a sneak peek of certain content the day prior starting at 10am ET. 60mln homes will receive 1st looks at shows including original series "Family Game Night" and "Pound Puppies." On Oct 4, viewers can log onto Hubworld.com to view the net's regular schedule. -- **Life-time's** unscripted series "The Fairy Job Mother" (Nov 4, sneak peek Oct 28) follows intl career specialist *Hayley Taylor* as she motivates severely job-challenged families. -- **ABC Family** greenlit 3 pilots: drama "Nine Lives" (16-year-old develops heightened abilities), "Switched at Birth" (2 teen girls discover they were accidentally switched at birth) and "Strut," (a show-girl marries a stranger and moves to a small town where she reinvents the high school's struggling drill team).

Honors: A 5-deep group of nets led cable in **News & Doc Emmy** wins with 2 each, including **History, Nat Geo, Planet Green, Sundance** and **HDNet**, which celebrated the 1st-ever win for "HDNet World Report." Receiving 1 nod each were **CNBC, Discovery Channel, HBO** and **VH1**. Though cable upped its total haul by 4 awards versus last year, **CBS** (7) and **NBC** (6) nearly beat this year's cable tally alone.

Oops! Of course, we meant to write that **Fox**, not **DISH**, launched the KeepFoxOn.com site directed at **Cablevision** subs (*Cfax*, 9/28).

CableFAX Daily Stockwatch

Company	09/28 Close	1-Day Ch	Company	09/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	41.98	0.11	ARRIS GROUP:	9.78	0.01
DISH:	19.14	0.03	AVID TECH:	12.82	0.06
DISNEY:	33.22	(0.07)	BIGBAND:	2.84	0.00
GE:	16.44	0.01	BLNDER TONGUE:	2.50	0.12
NEWS CORP:	15.62	(0.04)	BROADCOM:	34.64	0.79
MSOS					
CABLEVISION:	26.17	0.39	CISCO:	21.86	(0.25)
CHARTER:	33.49	0.44	CLEARWIRE:	8.01	0.19
COMCAST:	18.34	0.03	COMMSCOPE:	23.38	0.16
COMCAST SPCL:	17.31	0.05	CONCURRENT:	6.60	0.00
GCI:	10.12	(0.03)	CONVERGYS:	10.54	0.08
KNOWLOGY:	13.30	0.11	CSG SYSTEMS:	18.54	0.17
LIBERTY CAPITAL:	52.21	0.43	ECHOSTAR:	19.11	0.11
LIBERTY GLOBAL:	31.05	0.13	GOOGLE:	527.17	(3.24)
LIBERTY INT:	13.79	0.54	HARMONIC:	6.59	(0.01)
MEDIACOM:	6.69	0.00	INTEL:	19.50	0.27
SHAW COMM:	21.82	0.23	JDSU:	12.27	0.11
TIME WARNER CABLE:	54.73	1.56	LEVEL 3:	0.96	(0.02)
VIRGIN MEDIA:	22.91	0.24	MICROSOFT:	24.68	(0.06)
WASH POST:	390.63	18.87	MOTOROLA:	8.58	0.00
PROGRAMMING					
CBS:	16.03	0.13	RENTRAK:	25.85	0.73
CROWN:	2.37	0.16	SEACHANGE:	7.52	0.11
DISCOVERY:	43.69	(0.04)	SONY:	30.77	(0.09)
GRUPO TELEVISIA:	18.82	0.34	SPRINT NEXTEL:	4.60	0.01
HSN:	29.97	0.31	THOMAS & BETTS:	41.12	(0.33)
INTERACTIVE CORP:	27.02	0.32	TIVO:	9.17	(0.05)
LIBERTY:	37.73	0.41	TOLLGRADE:	7.28	(0.12)
LIBERTY STARZ:	64.00	0.23	UNIVERSAL ELEC:	20.22	(0.18)
LIONSGATE:	7.26	0.07	VONAGE:	2.57	0.05
LODGENET:	3.23	(0.09)	YAHOO:	14.39	0.11
NEW FRONTIER:	1.75	(0.08)	TELCOS		
OUTDOOR:	5.55	0.15	AT&T:	28.92	0.05
PLAYBOY:	5.10	0.05	QWEST:	6.34	0.09
SCRIPPS INT:	47.04	0.14	VERIZON:	32.72	(0.14)
TIME WARNER:	30.97	0.05	MARKET INDICES		
VALUEVISION:	1.89	0.03	NASDAQ:	2379.59	9.82
VIACOM:	40.42	0.81			
WWE:	13.81	0.06			
TECHNOLOGY					
ADC:	12.68	(0.02)			
ADVANTAGE:	3.00	0.00			
ALCATEL LUCENT:	3.39	0.01			
AMDOS:	28.38	0.04			
AMPHENOL:	48.92	0.46			
AOL:	24.15	0.63			
APPLE:	286.86	(4.3)			



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