

CableFAX Daily™

Friday — October 29, 2010

What the Industry Reads First

Volume 21 / No. 210

Midterm Blowout: Cable's Share of Political Dollars to Surpass '08

Many TV viewers are anxious for Nov 2 to finally arrive, signaling the end of those non-stop midterm election ads. But cable execs will be sorry to see them go, with the industry's share poised to jump from 6-7% in the '06 mid-term election to about 24% this cycle. That means cable is on par to even surpass '08's 16% share when there was a presidential race. Cable's overall share (national and local) of midterm dollars should be north of \$500mln vs less than \$100mln in '04, said **NCC** dir political strategy *Tim Kay*. "We have seen consistently through the primary and the general election use of spot cable," Kay said. "I think the realization of the community is that ratings points are shifting to cable and there is the ability for us to geographically and demographically target. The buzzword in town is micro-targeting." That targeting has especially come into play as politicians look to close the "gender gap" and make buys beyond the traditional cable news nets. Even in races where Democratic incumbents aren't in danger of losing their seats, they're spending heavily to get registered women voters to the polls, said **Time Warner Cable** vp, political advertising *Rich Ambrose*. "Registered women voters are more likely to vote Democratic than registered male voters. And I'm told that's because registered female voters are not as angry with the incumbents as male voters are... Therefore, they're buying cable networks like **Bravo, A&E, HGTV, Food, Lifetime, Lifetime Movie** along with all the news networks," he said. "So, [Dems want to say] in a generally accepted Republican wave election cycle, we still did very, very well." At the same time, Republicans are making buys on **Versus, History, Golf** and on live pro and college sporting events to reach out to male voters. Another factor helping cable has been the amount of money coming to it for national issues (like healthcare), associations supporting candidates (**Cox Media** vp, national sales *Brian Davis* said he hasn't seen this much assoc activity since Swift Boats during *Kerry-Bush*) and advanced media. 30-sec spots are still the bread and butter, but several execs pointed to significant upticks in online. VOD still isn't being used very much, but the interest is growing. "Come 2011 and 2012 when not only our company, but the industry in general, gets to telescoping (where you can go from a linear 30-sec spot to long-form VOD content), I think at that point you'll see a quantum leap in the useful form of VOD," said **Comcast Spotlight** political advertising vp *Dan Sinagoga*. There was more experimenting with new media in the primaries (think of *Meg Whitman's* RFI campaign with cable in CA). Cox's Davis said his group, which did provide telescoping for Whitman, will immediately start building on the

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- ▶ FAN-FAVORITE SERIES LIKE *BUFFY THE VAMPIRE SLAYER*
- ▶ #9 RANKED DIGITAL TIER NETWORK IN P25-54
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Source: The Nielsen Company, #9 Digital tier network: (5/31/10-10/17/10), LSD, A25-54, (000), Digital tier networks defined as Nielsen-rated basic cable networks under 70MM homes, Based on the October 2010 UE. Subject to qualifications available upon request.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefaxdaily.com ● fax: 301.738.8453 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Exec Editor: Michael Grebb, 301.354.1790, mgrebb@accessintel.com ● Senior Online Editor: Chad Heiges, 301.354.1828, cheiges@accessintel.com ● Asst VP, Ed Director: Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 301.354-1695, dvodenos@accessintel.com ● Assoc Publisher: Amy Abbey, 301.354.1629, aabbey@accessintel.com ● Marketing Dir: Carol Brault, 301.354.1763, cbrault@accessintel.com ● Prod: Joann Fato, 301.354.1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Subs/Client Services: 301.354.2101, fax 301.309.3847 ● Group Subs: Carol Brault, 301.354.1763, cbrault@accessintel.com

digital media interest to see how it can better meet the needs of these campaigns going forward. "It's been my experience that every single one of them would like to move into that category, but the comfort level is with spot," he said. "For us, it'll be building on needs and assessment vs just, 'here's my spot rate.'" Insiders expect '12 to be even bigger, particularly with the **Citizens United** Supreme Court case opening the way for corporations and unions to back candidates and issues. "I think some of that money came into play [this year], but as the economy is righting itself, I think you're going to see an unprecedented amount of PAC money, particularly against the presidential election," said Sinagoga. If Republicans make significant gains Tues, some of that money might be seen in '11, he added.

Day 13: There is still no deal. Do we really need to get into all the rest? Oh, OK... Those playing the **Cablevision-Fox** drinking game didn't have to take any shots Thurs as the words "binding arbitration" appeared nowhere in the MSO's latest statement. Instead, Cablevision called on govt entities and non-profit organizations to consider retransmitting the World Series over the Internet for free. Think that came out of left field? Try the '76 Copyright Act instead, with Cablevision arguing that the act provides that a governmental entity or non-profit entity could retransmit the World Series over the Net for the purpose of serving the public interest. "The decision whether to retransmit the World Series is one that only a governmental entity or a non-profit organization can make for itself," said CVC. "Cablevision urges any entity interested in providing this public service to independently examine the law." So far, the closest we've come to this is the **FCC** tweeting NLCS Game 3 updates. A Cablevision rep said "thousands" took advantage of its offer Wed evening to view the World Series online via **MLB.com** and receive a \$10 credit from the company. **RBC Capital** thinks that might not be a good thing, arguing in a research note that it validated the value of Fox's broadcast content (ie, if 150K subs took advantage of the offer, that's \$1.5mln—spread that across CVC's 3mln subs and you're paying 50 cents/sub just for the World Series). In other analyst notes, **BTIG's Rich Greenfield** released his own unscientific survey of 285 respondents: 28% blame CVC, 25% blame Fox, 47% blame both companies; 19% said they'd leave CVC in the next week if a deal's not done, 37% said they'd leave in a month (Greenfield suspects 1% or less have churned to-date, but fears it could grow meaningfully if the spat continues). Oh, and the class-action lawsuits have started, with the *L.A. Times* reporting that a \$450mln suit against Cablevision was filed by NY lawyer *Todd Krouner*, who worked on the acquisition of Fox TV Nets for *Rupert Murdoch* (Krouner said he hasn't dealt with Fox/**News Corp** in more than 2 decades). Cablevision's 2 cents: "These lawsuits appear to concocted by lawyers with ties to News Corp. Maybe News Corp. should be sued for blacking out Fox programming and the World Series in three million New York-area homes."

Mystery Solved: Those **Verizon Wireless** "mystery fees" have resulted in a record \$25mln payment to the US Treasury—the largest in **FCC** history. It settles the agency's 10-month investigation into overcharges by the wireless carrier. Verizon

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Wireless also will refund at least \$52.8mln to some 15mln customers and ensure they are no longer charged unexplained data fees. The investigation found that some 15mln “pay as you go” data customers may have been overcharged for data usage over 3 years. Verizon had already identified the overcharges.

Comcast-NBCU: ACA's Comcast-NBCU merger condition wish list is endorsed by the **Natl Telecom Coop Assoc, OPASTCO, NRTC, RICA** and **WTA**. The group's recommendations include requiring the jv to license **NBC O&Os** and **RSNs** on a standalone, non-bundled basis to all pay-TV distributors.

Competition: AT&T's joining with **Boku** and **Zong** to trial a direct mobile payment option allowing customers to make online purchases that are charged to their wireless accounts. -- **DirecTV** launched local HD programming in 7 markets including Erie, PA; Columbus, GA; and Lubbock, TX. The DBS op now offers such content in 170 cities.

Carriage: Charter will add **SNY** in Northeast CT next week, bringing the net's distribution to 100% of cable, satellite and telco homes in the state. -- **NRTC** inked distribution pacts with the following sports nets: **NFL Net** (SD and HD), **NFL RedZone**, **MLB Net** (SD and HD), **Fox Soccer Plus** and **Big Ten Net** (SD and HD).

In the States: On Sat from 3:30-6pm ET, **ESPN2** will offer a free preview of **ESPN Goal Line**, the new net featuring unlimited live cut-ins and highlights from Sat college football games and that's now carried by **Time Warner Cable, Bright House** and **FiOS TV**. -- **Midcontinent** agreed to provide its set-top viewing info to **Rentrak's** national and local TV database services. -- The **Boxee** online/set-top platform now offers movie and TV content from **Walmart's Vudu** service.

J.D. Power: Overall satisfaction with residential HSI service fell versus a year ago, according to the **J.D. Power and Associates '10 Internet Service Provider Residential Customer Satisfaction Study**, although cable did narrow the satisfaction gap between DSL by 8 index points over '09. With service costs the primary source of customer dissatisfaction, **Cablevision's Optimum Online** (East), **Verizon** (South), **WOW!** (North Central) and **Cox** (West) led their respective regions. Telcos clearly rated better than cable overall, however, with **Comcast, Charter** and **Media-com** ranking below the regional avg in every germane area. **Time Warner Cable** exceeded the avg only in the East.

Earnings: Motorola's noteworthy 3Q included the co's 1st YOY sales increase since 4Q06, including growth across its Mobile Devices (+20%), Home (+5%) and Enterprise Mobility Solutions (+9%) segments. Moto shipped 9.1mln handsets in the Q, including 3.8mln smartphones, and **Motorola Mobility** pres *Daniel Moloney* is bullish on potential synergies with set-tops. “It's very clear that some of the ideas that led to putting these two businesses together really are becoming much more positive,” he said during Moto's conference call. “We see many opportunities for content linkages between the set-top and the mobile device world—sharing content back and forth—and are focused on being able to deliver solutions in 2011 that demonstrate that capability.” Moto Mobility is slated to publicly trade as a separate company. **S&P** kept its ‘buy’ rating on MOT shares and raised the price target by \$1 to \$11. -- Excluding political ad sales, **LINTV** reported 13% growth in local/national ad sales to \$85.1mln on the strength of the automotive, financial services and comm sectors. Including retrans fees (+4%) and digital ad sales, digital rev jumped 54% to \$16mln. Political rev totaled \$12.5mln, compared to \$3mln a year ago. -- **Belo** grew overall rev 17%, aided by a 17.5% increase in total spot rev and respective local and national growth of 5% and 20%. Political rev jumped to \$11.2mln from \$2.1mln in '09, and retrans rev totaled \$11.8mln.

TV Tuning: Two-thirds of Americans say they watch TV shows primarily on TV, while 5% say they primarily or mostly watch them online, according to a recent **Harris Poll**. Preferences for cable or broadcast are split almost identically, with 30% saying they watch shows primarily or mostly on network TV and 29% answering in the same manner for cable. Approx half (51%) of the respondents strongly or somewhat agree that cable shows are superior to broadcast shows in quality, and 65% feel similarly that people will watch more cable than broadcast going forward. **[Go to CableFAXDaily.com]**



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The CableFAX Best of the Web Awards will also salute the cable executives behind the scenes who make these digital initiatives shine. The awards are presented by the most trusted information source in cable: CableFAX Daily and sister brand CableFAX: The Magazine. The winners and honorable mentions will be saluted during an awards event in April 2011 in New York City.

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BUSINESS & FINANCE

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Programming: New A&E series "The Peacemaker: L.A. Gang Wars" (Dec 16) follows gang mediator *Malik Spellman* as he tries to defuse tension among rival gangs. -- **The Hub** miniseries "Transformers: Prime" will run nightly Nov 29-Dec 3, with 2 of the CGI-animated eps plus a special Transformers-related "Hubworld" set to bow the week prior. Pop-culture show "Hubworld" bows Nov 5. -- **Versus** expanded its partnership with the **UFC** to include 4 live events next year, when the MMA org will add bantamweight and featherweight divisions. -- *Eric McCormack* of "Will & Grace" fame signed to star in **TNT** drama pilot "Perception," about a neuroscientist who uses his outlook to help the government solve complicated cases. -- Launching Jan 16, the 5th season of **HBO's** "Big Love" will be the show's last.

People: **GAC** upped *Sarah Trahern* to svp/gm.

Business/Finance: **The Carlyle Group's** spending on comm tech ventures continues, as the PE firm agreed to acquire and privatize **Syniverse Technologies** for approx \$2.6bln after striking a purchase deal with **ComScope** earlier this week. Shares of Syniverse, which provides mobile roaming, messaging and network solutions to mobile operators and cable and Internet providers, jumped 28.2% Thurs on the news. In both transactions, Carlyle ponied up healthy premiums to the respective share prices.

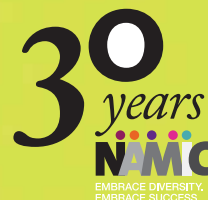
CableFAX Daily Stockwatch

Company	10/28 Close	1-Day Ch	Company	10/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	43.46	0.09	ARRIS GROUP:	9.47	0.08
DISH:	19.71	0.28	AVID TECH:	12.61	(0.11)
DISNEY:	36.51	0.59	BIGBAND:	2.93	(0.03)
GE:	16.08	(0.03)	BLNDER TONGUE:	2.35	0.03
NEWS CORP:	16.07	0.20	BROADCOM:	41.63	0.07
MSOS					
CABLEVISION:	26.67	(0.33)	CISCO:	23.19	(0.1)
CHARTER:	32.47	0.01	CLEARWIRE:	7.12	(0.08)
COMCAST:	20.86	0.59	COMMSCOPE:	31.64	0.23
COMCAST SPCL:	19.59	0.48	CONCURRENT:	6.26	(0.04)
GCI:	10.51	(0.08)	CONVERGYS:	11.30	0.10
KNOWLOGY:	14.45	(0.09)	CSG SYSTEMS:	19.46	(0.31)
LIBERTY CAPITAL:	56.65	1.10	ECHOSTAR:	20.36	0.04
LIBERTY GLOBAL:	36.30	0.19	GOOGLE:	618.58	2.11
LIBERTY INT:	14.56	UNCH	HARMONIC:	6.98	0.16
MEDIACOM:	6.98	(0.18)	INTEL:	20.47	0.28
SHAW COMM:	21.29	0.11	JDSU:	10.24	(1.32)
TIME WARNER CABLE:	58.45	0.64	LEVEL 3:	0.97	0.04
VIRGIN MEDIA:	25.22	0.42	MICROSOFT:	26.28	0.23
WASH POST:	381.72	1.40	MOTOROLA:	8.13	0.04
PROGRAMMING					
CBS:	16.86	0.03	RENTRAK:	26.69	0.37
CROWN:	2.95	0.06	SEACHANGE:	7.92	(0.04)
DISCOVERY:	44.97	0.01	SONY:	33.82	(0.03)
GRUPO TELEVISIA:	22.22	0.05	SPRINT NEXTEL:	4.19	(0.11)
HSN:	30.01	0.02	THOMAS & BETTS:	43.53	0.22
INTERACTIVE CORP:	27.74	0.15	TIVO:	11.12	(0.17)
LIBERTY:	39.47	0.04	TOLLGRADE:	7.86	0.34
LIBERTY STARZ:	65.61	(0.64)	UNIVERSAL ELEC:	20.85	(0.09)
LIONSGATE:	7.28	(0.13)	VONAGE:	2.59	(0.05)
LODGENET:	2.65	(0.07)	YAHOO:	16.40	(0.02)
NEW FRONTIER:	1.65	(0.01)	TELCOS		
OUTDOOR:	5.20	(0.12)	AT&T:	28.50	0.15
PLAYBOY:	4.95	(0.08)	QWEST:	6.56	0.02
SCRIPPS INT:	50.05	0.49	VERIZON:	32.41	(0.1)
TIME WARNER:	32.36	0.91	MARKET INDICES		
VALUEVISION:	2.39	(0.15)	DOW:	11113.95	(12.33)
VIACOM:	42.56	0.45	NASDAQ:	2507.37	4.11
WWE:	13.72	(0.14)	S&P 500:	1183.78	1.33
TECHNOLOGY					
ADC:	12.67	UNCH			
ADVANTAGE:	3.18	(0.03)			
ALCATEL LUCENT:	3.49	(0.05)			
AMDOCS:	30.42	0.24			
AMPHENOL:	49.39	(0.08)			
AOL:	25.97	(0.02)			
APPLE:	305.24	(2.59)			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

New Arrival

Welcome, **Showtime**, to the digital party. Perhaps fashionably but no doubt late, the premium net rolled out streaming service **Showtime Anytime** this week through **Comcast's Xfinity TV** after **HBO**, **Starz** and **Epix** have been chatting up the digital consumer crowd for months. I always wondered when Showtime would accept its invitation to the must-attend soiree, which has also counted parent **CBS** as an active guest with numerous sports-related digital plays such as **March Madness**. To me, providing value-adds to premium customers is an imperative that cannot be ignored at a time when economic woes reign and cord-cutting is a topic du jour. But to be clear, it's not as if Showtime has stood defiantly flat-footed or is bleeding subs like "Dexter" victims. The net finished 2Q with 18.2mln subs, up 1.6mln from the year prior, and its original series slate is arguably the best and deepest of the premium group. Indeed, *Dex*, "Nurse Jackie," "Californication" and "Weeds" lead a redoubtable lineup. Plus, it's been making important waves with interactive TV, from an MMA/boxing-related app offering stats, trivia and polling to one on **FIOSTV** letting non-subs sample its programming and instantly upgrade with the click of the remote. Now, with the intro of *Anytime*—a dedicated site is coming later this year—Showtime's has 2 important check marks in my book, for strong original programming and a compelling streaming play. HBO has them both as well, while Starz and Epix must beef up their originals. Starz has featured some solid series to date and plans to at least double its prod of original content starting next year, and along with Epix owns a valuable content deal with surging Netflix. Epix's own online offering is also attractive. But Showtime's cachet, swelled by rising popular and critical acclaim, is arguably richer than either Starz's or Epix's, so perhaps the net's online lateness will prove fashionable after all. *CH*

Halloween Candy: "The Walking Dead," premiere, Sun, 10p, **AMC**. In our sluggish economy, the plodding zombies of this series represent an economic stimulus. Filled with these un-dead creatures, "TWD" represents paychecks for a slew of extras and the makeup artists who created their pale visages. The initial 2 eps include nice filmic touches, with camera angles nodding to *Hitchcock*. Beyond that, it's a solid outing. A plus is *Brit Andrew Lincoln* as the sheriff. Good, too is the social commentary, which blasts racism and marital infidelity. -- "American Occult," Sat, 8p ET, **Investigation Discovery**. Is it Satanism or garden-variety brutality? Either way, it's dark. *SA*

Worth a Look: "Reel Fishy Jobs," premiere, Thurs, 7:30p ET, **WFN**. Ep 1 could have been included in Halloween Treats (above) as host *Mark Melnyk* shreds rotten fish to make bait. Mmm good. *SA*

Notable: If curiosity over *Miley Cyrus'* next move has you tugging at your blonde wig, **E! News** provides relief Mon, 7p with its exclusive debut of music vid "The Big Bang." Later a tall, red-haired comedian previews his Nov 8 **TBS** talker online with a piece called "Show Zero" (11p ET, TeamCoco.com, YouTube.com, Facebook.com). -- For the first time in 40 years, #13 Stanford has a 6-1 record. It faces Washington Sat, 7p ET, on **Versus**. *SA*

Basic Cable Rankings (10/18/10-10/24/10) Mon-Sun Prime			
1	TBSC	3.5	3556
2	USA	2.2	2228
3	ESPN	1.9	1934
3	DSNY	1.9	1867
5	FOXN	1.7	1651
6	NAN	1.3	1302
7	HIST	1.1	1135
7	TNT	1.1	1097
9	TOON	1	1031
9	MTV	1	1002
11	HGTV	0.9	911
11	A&E	0.9	894
11	SYFY	0.9	875
11	AMC	0.9	837
15	TLC	0.8	805
15	FOOD	0.8	783
15	LIFE	0.8	782
15	FAM	0.8	765
15	TRU	0.8	760
15	NKJR	0.8	618
21	CMDY	0.7	732
21	SPK	0.7	727
21	TVLD	0.7	718
21	DISC	0.7	696
21	MSNB	0.7	663
21	FX	0.7	658
21	BRAV	0.7	647
21	HALL	0.7	609
29	EN	0.6	628
29	BET	0.6	549
29	LMN	0.6	492
32	APL	0.5	459
32	OXYG	0.5	360
34	ESP2	0.4	408
34	CNN	0.4	400
34	TRAV	0.4	375
34	ID	0.4	317
34	NGC	0.4	255
34	NKTN	0.4	242
34	HMC	0.4	130
41	VH1	0.3	332
41	HLN	0.3	326
41	CMT	0.3	260
41	DXD	0.3	249
41	GSN	0.3	240
41	SOAP	0.3	240

*Nielsen data supplied by ABC/Disney



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Publication Date: December 9
Ad Close: November 9
Ad Materials: November 17

Print/Online Distribution at www.cablefax.com
Bonus Event Distribution: The CableFAX 100 Awards Luncheon, December 9

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