

# CableFAX Daily™

Wednesday — December 9, 2009

What the Industry Reads First

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## Ad-ditions: TV Ad Market Showing Notable Improvement in 4Q

After a very difficult stretch dating to late last year, TV advertising seems to be enjoying improved health at both cable and broadcast nets. "We are seeing a dynamic that is favorable as we go into 2010," said **Viacom** pres/CEO *Philippe Dauman* at the UBS conference, noting that "the scatter market is growing stronger as the quarter progresses." Wary of future price increases, he said, advertisers are attempting to secure current pricing by purchasing across multiple quarters, a development that has helped improve visibility. **CBS** pres/CEO *Les Moonves* agrees, adding that many media buyers lament their failure to urge clients to capitalize on depressed pricing and purchase additional inventory during this year's upfront. Compared to '08, CBS sold 65% less inventory in May and June of this year, but Moonves expects "much higher volume" for the '10 upfront. CBS' scatter pricing is up 25% YOY, and 4Q volume is tracking \$100mln ahead of last year, said Moonves. "The results are pretty extraordinary," he said, noting that even local stations are "anticipating a terrific year in '10." Super Bowl ads are already 90% sold. **Discovery's** *David Zaslav* joined in the buzz over the burgeoning scatter market. "Each week in 4Q, we feel there is more strength in the market," he said. "You see it in CPMs and also overall demand. We're encouraged." But Zaslav said visibility hasn't really improved. Advertisers are hesitant to commit longer term, he said, which makes it hard to predict specific pricing—although he said the upcoming calendar upfront will likely be more robust. As for ad market data, **CAB** said cable nets' ad sales will grow 1.8% this year, to \$18.7bln, after this year's upfront garnered \$6.6bln. According to **TNS Media**, cable TV ad expenditures fell 2.9% YOY from Jan-Sept, a performance that trailed only national syndication (-2.8%) in the TV media segment that averaged -12.1%, including network TV's 11.5% dip. Internet search (+7%) and FSIs (+3.9%) were the only media types with gains in ad spending. **ZenithOptimedia**, meanwhile, foresees a 2.6% decrease in overall US ad spending next year, while **Magna** predicts an approx 1% increase and **Group M** a 4.3% dip.

**Tough Talk:** Someone was talking about cable prices rising higher than the rate of inflation Tues, and for once it wasn't consumer groups or even *Kevin Martin*. With the air ripe for a showdown between **Time Warner Cable** and **Fox**, *Glenn Britt* is out there waving the high programming cost flag weeks after the launch of the MSO's "Roll Over or Get Tough" campaign. "This industry needs to be sensitive to consumers and not just say we need money to protect our other businesses, so let's raise prices 10 or 20 times the rate of inflation," he said at this week's **UBS** conference. Pretty con-

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sistently, visitors left comments at TWC's rolloverorgettough.com saying they want to buy "smaller" programming packages, Britt said. No, he's not calling for a la carte—or at least not a la carte where every network is listed separately on the menu. "There's a big gap between pure a la carte and where we are now, which is one giant package," he said. "I think what consumers are saying is they'd like to feel like they have more choice." For what it's worth, the unscientific RollOverorGetTough.com has logged nearly 400K consumer visits, 150K comments and 95% of votes for TWC "getting tough" instead of rolling over when it comes to hefty programming price hikes. Some content companies have also given TWC feedback on the campaign. "They're wondering what that's all about. Let's leave it at that," Britt said.

**UBS Notebook:** Of course given **Time Warner Cable's** previous relationship with **Time Warner**, *Glenn Britt* was asked about **Comcast-NBCU**. His take was that there aren't a lot of synergies. When businesses worked together, they were primarily trying to minimize risks, not innovate. "You never lose, but you can also never win," he said. On the other hand, he noted that Comcast's *Brian Roberts* seems to be saying this deal is about a "good investment" rather than synergy. -- Broadcast certainly has a pulse, said **CBS** pres/CEO *Les Moonves*, and it isn't faint. "I'm tired of reading how the network business is down... [it's] pretty damn strong," he said, noting that audiences aren't declining although viewership is further fragmenting throughout the week. Like other broadcasters, CBS sees burgeoning retrans fees as a critical shot in the arm going forward, and Moonves thinks it's "terrific" that **Comcast** supported retrans fees here this week. CBS foresees \$200mln in annual retrans fees by '12, and \$250mln/yr for its O&Os. -- As testing progresses nicely in Boston and Seattle, **Verizon** evp/CFO *John Killian* said the telco's 4G mobile broadband rollout using LTE is "all systems go" for 25-30 markets and coverage of 100mln POPs by the end of '10.

**Retrans:** Tis the season... **DirecTV** reached a retrans consent agreement with **Fisher Comm**, which has stations carried locally on the DBS provider in Seattle; Portland; Boise; Eugene, OR; Bakersfield, CA; and Yakima, WA. **Time Warner Cable** entered into a 4-year agreement with **Local TV** that will extend retrans consent for stations (primarily all affiliates of, ahem, **Fox**) in Kansas City, MO; Greensboro, NC; Milwaukee and Cleveland.

**In the States:** **Cox** is offering wireless phone and mobile broadband to test groups in Hampton Roads, VA, Omaha, and Orange County, CA, and the MSO plans to expand the services in these areas next year. Service is initially limited to residential subs, but a commercial rollout is expected later. To celebrate the launch, Cox is donating \$25K computer tech centers to local Boys & Girls Clubs in the 3 markets, and encouraging consumers to disclose what they'd like to change about their current wireless services by visiting <http://budurl.com/FBWirelessBoard>. -- **AmericanLife TV** parent company **ComStar** purchased **FamilyNet** (26mln HHs through a combination of cable and broadcast) and **FamilyNet Radio** for an undisclosed sum. ComStar bought AmericanLife earlier this year for an undisclosed sum from the **Unification Church**.

**USF Reform:** **ACA's** plan for overhauling USF would limit or deny high-cost fund support for phone companies that face effective competition within their study areas or are no longer subject to price controls set by state regulators. It also would cap the program at current funding levels (about \$4.4bln). ACA told the **FCC** the move would free up \$1-\$2bln/year to support broadband deployment. Additionally, its plan would not allow high-cost program funds to underwrite the cost of provisioning multiple landline connections or multiple wireless handsets for a single end user. ACA also urged the FCC to lower the cable VoIP safe harbor because many ACA members provide VoIP using 3rd parties that are incapable of providing a reliable breakdown of interstate traffic, which would likely show a much lower long-distance utilization.




Source: NMB, 11-30-09 11/17/09. WE vs. ad-supp cable nets 8p-11p & daily 8p-11p WE avs (12/31/01-11/17/09) 8.75p vs all WE to- date (12/25-5/4/00) MIBV. 10p (all MIBV). TCSW 18-49VVZ5-540000. Plug to query.

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# BUSINESS & FINANCE

**VOD:** Sunflower Broadband and VOD net HealthiNation agreed to participate in initial field trials of SeaChange's AdPulse On Demand ad insertion solution.

**Technology:** Knology added to its digital cable network Clickable TV, which lets viewers "bookmark" content and ads for later viewing. -- **Bright-cove** and **TubeMogul** are collaborating on tech that will provide insight into online viewer engagement and behavior. -- **FLO TV** added content from **ABC** and a simulcast of **Disney** to its live mobile TV service.

**Ratings:** USA's long-running series "Monk" ended on an industry high note Fri, garnering approx 9.5mln total viewers to become the most-watched hour-long series ep ever on basic cable. -- The premiere of TNT's "Men of a Certain Age" starring *Ray Romano* garnered more than 5.4mln viewers and became ad-supported cable's top series launch of '09 among HHs (4.1mln) and 25-54s (2.6mln).

**Programming:** Showtime's revs up weekly series "Inside NASCAR" Feb 10. The show's 38-week run will coincide with the Sprint Cup schedule.

**Business/Finance:** Clearwire set Dec 17 as the record date of a planned rights offering that will freely distribute to its Class A common stockholders 1 transferable right/share owned. Each right will be exercisable to purchase 0.4336 shares at an exercise price of \$7.33/share.

## CableFAX Daily Stockwatch

Company	12/08 Close	1-Day Ch	Company	12/08 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	35.64	(0.44)	AMPHENOL:	43.98	(0.56)
DIRECTV:	32.78	0.10	APPLE:	189.87	0.92
DISH:	21.20	(0.2)	ARRIS GROUP:	10.97	0.12
DISNEY:	30.68	(0.32)	AVID TECH:	11.94	(0.09)
GE:	15.72	(0.36)	BIGBAND:	3.65	0.12
NEWS CORP:	14.57	0.05	BLNDER TONGUE:	1.05	0.05
<b>MSOS</b>					
CABLEVISION:	25.57	0.05	BROADCOM:	30.78	(0.28)
COMCAST:	17.36	0.09	CISCO:	23.81	(0.4)
COMCAST SPCL:	16.54	0.02	CLEARWIRE:	5.75	(0.2)
GCI:	6.27	(0.08)	COMMSCOPE:	26.10	(0.18)
KNOLGY:	10.17	0.04	CONCURRENT:	3.65	0.00
LIBERTY CAPITAL:	23.11	0.08	CONVERGYS:	11.04	(0.04)
LIBERTY GLOBAL:	20.86	(0.1)	CSG SYSTEMS:	18.22	(0.17)
LIBERTY INT:	10.72	(0.04)	ECHOSTAR:	19.76	0.04
MEDIACOM:	4.63	0.11	GOOGLE:	587.05	0.80
RCN:	9.23	(0.02)	HARMONIC:	5.65	(0.05)
SHAW COMM:	20.47	(0.22)	INTEL:	19.99	(0.38)
TIME WARNER CABLE:	43.21	0.16	JDSU:	7.87	0.05
VIRGIN MEDIA:	16.93	0.19	LEVEL 3:	1.43	0.03
WASH POST:	409.66	0.13	MICROSOFT:	29.57	(0.22)
<b>PROGRAMMING</b>					
CBS:	13.97	0.08	MOTOROLA:	8.62	0.49
CROWN:	1.33	(0.1)	OPENTV:	1.53	0.00
DISCOVERY:	31.04	(0.42)	PHILIPS:	28.83	(0.34)
GRUPO TELEVISA:	20.96	(0.43)	RENTRAK:	16.01	0.15
HSN:	18.55	(0.44)	SEACHANGE:	5.82	(0.1)
INTERACTIVE CORP:	19.15	0.15	SONY:	28.67	0.22
LIBERTY:	35.02	(0.36)	SPRINT NEXTEL:	3.91	(0.27)
LIBERTY STARZ:	49.20	0.95	THOMAS & BETTS:	36.96	(1.04)
LIONSGATE:	5.91	0.11	TIVO:	9.83	(0.12)
LODGENET:	5.45	(0.15)	TOLLGRADE:	6.01	(0.12)
NEW FRONTIER:	1.88	0.01	UNIVERSAL ELEC:	21.62	0.04
OUTDOOR:	5.72	(0.17)	VONAGE:	1.29	(0.02)
PLAYBOY:	3.81	(0.09)	YAHOO:	15.45	0.00
RHI:	0.71	0.07	<b>TELCOS</b>		
SCRIPPS INT:	39.93	0.27	AT&T:	27.61	(0.36)
TIME WARNER:	30.65	(0.68)	QWEST:	4.10	(0.01)
VALUEVISION:	4.45	0.37	VERIZON:	33.39	0.14
VIACOM:	31.92	(0.12)	<b>MARKET INDICES</b>		
WWE:	16.46	(0.08)	DOW:	10285.97	(104.14)
<b>TECHNOLOGY</b>					
3COM:	7.34	(0.06)	NASDAQ:	2172.99	(16.62)
ADC:	6.37	(0.02)			
ADVANTAGE:	2.09	0.03			
ALCATEL LUCENT:	3.46	0.05			
AMDOCS:	27.90	(0.39)			

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# CORPORATE LICENSES



CableFAX Daily™

# WHAT THE INDUSTRY READS FIRST.

## Think about that for a minute...

### Bresnan A Plus

What an extraordinary 48 hours. Last week, I sat in a church in Greenwich, CT, with virtually every CEO in the cable industry at Bill Bresnan's funeral. It was a sorrowful time for the "cable family" as well, of course, as Bill's. He was an wonderful guy who made everyone he came in contact with richer for the experience, even if, sometimes, you had to hear the same joke for the umpteenth time.

Bill's wife, Ann, spoke of his multi-focused life; of course the remarkable career he hewed, from a small town in Minnesota through being the CEO of several of the largest companies in the cable business at the time to the creation of Bresnan Communications. She spoke of his participation on virtually any and every Board you can think of in our business, but particularly the ones designed to help others, like the Emma Bowen Foundation.

And, as most of us knew, that participation and giving extended far beyond the cable industry, particularly to his Church, his community, and particularly to those less fortunate than he was.

Bill's focus, however, was also always on family and the people he surrounded himself with. He was, as those of us who knew him can attest, always interested, always concerned and always willing to help when he could. True to form, Ann gave the perfect reflection of Bill, after making it painfully clear how much of a loss we had just suffered, she ended with one of Bill's favorite jokes.

As I looked around the Church, I couldn't help but reflect on the extraordinary nature of what was going on. There were Ralph and Brian Roberts, sitting in a pew in Greenwich rather than finishing up the final touches of a \$30 billion deal that was formally announced less than 24 hours later.

There was Kyle McSlarrow, appropriately acting as the spokesman at the podium for all of us in the industry in remarks to all assembled. Less than 24 hours before, he had formally announced an entire new industry-wide program, called "Adoption Plus" or A+, designed to promote digital media literacy training and broadband adoption for up to 3.5 million middle school-aged children in 1.8 million low-income households. The two overarching goals of the program are to drive sustainable adoption in populations that currently do not benefit from broadband, and to materially and positively affect educational performance among participating students.

So there we all were, dropping whatever else we were doing to recognize and be a part of a sad day, but also a day of remembrance of a unique guy—one who will be sorely missed by an industry that has grown up and to some degree gotten away from the "family" tradition that got us where we are. But it's also true that a little "family owned" company, in that remarkable 48 hours, has now become one of the most impressive and dominant players in the media marketplace, and that in that 48 hours the industry has, once again, displayed its core values, as clearly reflected by Bill Bresnan's life, to find ways to help.

Why don't we consider merging those two things? Why not remember Bill in a most appropriate manner by acknowledging an "A+ guy" by having the A+ program in some way attach his name to the wonderful national effort the industry is making, so that we all continue to remember both him, and the credo he lived by and tried to inculcate in the cable market family: yes, do well, but also do good.

*Steve*

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