

CableFAX Daily™

Tuesday — December 18, 2007

What the Industry Reads First

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Campaign '08: Wide Open Race Good News For Mediacom

With the Iowa Caucus set for Jan 3, the state has seen more than its fair share of political ads. And IA's dominant cable operator **Mediacom** loves every bit of stumping. The MSO's political advertising in IA for the Caucus is at least 4 times greater than what it saw in '03/04, according to *Sonja Farrand*, svp, **OnMedia**, Mediacom's ad sales division. It's shaping up to be a good election year for cable, with **PQ Media** projecting that cable political spending will skyrocket 95.3% from '04 to \$200mln in '08. That's still nowhere near top political advertising medium broadcast, which PQ projects to rise 59% to \$2.3bln, but cable is one of the fastest growing political ad mediums, according to PQ. But really, cable is the most significant because the mediums leading it in growth (Internet and mobile) take in less revenue. Cable's growth has really occurred over the last 3 election cycles, with the strength of the interconnect playing a big role, PQ Media vp, research *Leo Kivijarv* said. Also helping is cable's ability to reach niche markets and close races. "That really came to fruition in '06. When the ad inventory on broadcast becomes very tight in those markets with 2 or more contentious races... cable is the 1st alternative," Kivijarv said. Mediacom started seeing its first political ad spends in Apr when NM Gov *Bill Richardson* (D) began running spots. The MSO's political ad buys in IA really ramped up in June, with Democratic hopeful *Barack Obama* leading spending thus far, followed by *Hillary Clinton* (D), Farrand said. As for pitching cable over broadcast, Farrand and her team note the more direct targeting of voters. "Previously, it was just easier for agencies to buy broadcast. We're working extremely hard to make sure it's just as easy to buy cable as it is broadcast," she said. Farrand credits spot cable firm NCC for helping improve that. Until recently, there was no single source available in TV to direct political advertisers to a specific spot cable schedule. Cable operator-owned NCC, which represents virtually every market in the country, stepped in and created "Political Smart Buy" to help guide planning and buying. On Jan 8, interest turns to NH's primary. **Comcast Spotlight** projects 585% growth for '07 vs '03 in NH presidential primary money (it declined to provide dollar amounts). Comcast said it now has a 25+ share for the TV market there for the category vs a single-digit share in '03. **Time Warner Cable** opted not to provide any projections but did offer some color. Clinton, Obama, *Mitt Romney* (R) and *John Edwards* (D) have been the most active in NH. Five other candidates—*John McCain* (R), *Rudy Giuliani* (R), Richardson, *Tom Tancredo* (R) and *Duncan Hunter* (R)—have advertised off and on with the MSO since Sept.

Competition: **Verizon** launched FiOS TV in 11 additional NY communities, and in parts of Newport News and Virginia Beach, VA. -- **Qwest**'s key near-term initiatives include network upgrades and a focus on Internet services, with no plans to build out its own fiber-based video service, chmn/CEO *Edward Mueller* said Mon. '08 capex is expected to total \$1.8bln, said Mueller, with \$300mln earmarked to connect approx 1.5mln HHs via fiber. A 40% penetration rate is expected by '11. The telco will keep its **DirectTV** resale partnership, which has yielded a total of 634K satellite subs representing 9% of Qwest's primary local-phone customers. Qwest shares ended the day at \$6.72, down 4.1%. -- **AT&T** has

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begun taking **U-verse TV** orders in Columbus, OH, and will commence local installs next week. The telco's news release played up great responses to the service in Akron and Cleveland, citing its provision of **Big Ten Net** as a positive boost. Separately, AT&T added 8 HD channels to its nationwide video lineup, including **Discovery HD**, **CNN HD**, **Starz Kids & Family HD** and **TLC HD**. The additions elevate to more than 40 the number of high-def nets available in most markets.

At the Portals: Tune into **C-SPAN 3** for live coverage of Tues' **FCC** meeting, which is, uh... *scheduled* to start at 10:30am ET. The Commission is expected to reinstitute a 30% ownership cap for cable operators, but the item drawing the most controversy deals with the broadcast-newspaper cross ownership ban.

Liberty for Indies: **WealthTV** worries that the proposed merger of **Liberty** and **DirecTV** will make it harder for the independent net to get carriage on the DBS platform because of the "incentive and power that the new, vertically integrated entity will have." In an **FCC** filing late last week, **WealthTV** said it has unsuccessfully sought carriage on DirecTV for more than 3 years. Absent comprehensive carriage access reform—which was yanked from the FCC's Nov 27 open meeting and appears unlikely to resurface soon—**WealthTV** wants conditions on the Liberty deal: Namely, 5% of the merged entity's capacity reserved for independent programming that is not affiliated with any MVPD or broadcaster, and at least 80% of the reserved capacity allocated to indie programmers at any given time, with at least 80% of those nets receiving distribution on the 1st or 2nd most widely distributed tiers. DirecTV would have 2 years to meet the 5% goal, but no programming that is affiliated with Liberty or *John Malone* could be added until the 5% threshold had been met.


In the States: **Clearwire** launched its wireless broadband service in Rochester, NY, the 46th US market to gain access to the service. Meanwhile, the company's erstwhile WiMax network partner, **Sprint**, is ready to roll out its **Xohm** network within the next 2 weeks in test markets Chicago, Washington, D.C., and Baltimore, according to *RCR Wireless News*. -- **Comcast** launched **The Africa Channel** in Memphis, TN. -- A small chemical explosion Mon evacuated 3 floors at the NYC building that houses **Fox News** and **Fox Business News**. The Fox nets were not impacted and continued operating without interruption. One person was injured in the blast, which was the result of a reaction between 2 chemicals on the floor that houses the building's heating and cooling system, AP reported.

Digital Doings: **Bresnan** plans to go all digital in 1 system before Feb 17, '09. The MSO applied for a set-top box integration ban waiver for Gillette, WY, telling the **FCC** it'll go digital there if allowed to keep deploying the integrated **Motorola** DCT-700 set-top. As of July 1, cable ops had to stop deploying integrated set-tops unless they got an FCC waiver.

In the Courts: Beleaguered **Vonage** has been hit with yet another patent infringement lawsuit, this time from Nortel and countering an earlier Vonage suit seeking to invalidate 3 Nortel patents covering tech used in managing phone data. Nortel claims Vonage is infringing 12 related patents, and desires damages and injunctions as reparations.

Programming: **Food Net** and celebrity chef *Rachael Ray* have agreed on the ingredients of a 2-year deal for new prime series "Rachael's Vacation" (Jan). The agreement also includes 60 new eps of daytime show "30 Minute Meals."

Awards: The following series were among those named by the **American Film Institute** as TV programs of the year: **HBO's** "Longford," "The Sopranos" and "Tell Me You Love Me;" **Showtime's** "Dexter" and **AMC's** "Mad Men." Cable and broadcast nets split the total nods, earning 5 each.



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BUSINESS & FINANCE

Publisher's Note: On Wed, the day after the FCC's last meeting of '07, join **Cfax** and its esteemed panel—**NCTA's Dan Brenner, Fleischman & Harding's Seth Davidson** and **Effros Comm's Steve Effros**—for a look at what it all means. Register at www.cable360.net/webinars.

People: **Outdoor Channel Holdings' evp/CFO William Owen** has tendered his resignation, effective immediately. The company appointed chief accounting officer **Shad Burke** interim CFO. -- **Nickelodeon/MTVN Kids and Family Group** promoted **Shelly Sumpter Gillyard** to svp, talent.

Business/Finance: Following closure of its **C-COR** purchase, **Arris** has reorganized into 3 product segments: a Broadband Communications Group, an Access, Transport and Supplies Group, and a Media and Communications Systems Group. **Bruce McClelland, John Caezza** and **Bryant Isaacs** assume the respective group pres roles, and pres, worldwide sales **Ron Coppock** will lead the sales and marketing efforts in support of all 3 segments. Additionally, **Jim Lakin** becomes pres, advanced tech and services, charged with creating synergies within the groups. -- Digital rights company **Macrovision**, which tendered last week a \$2.8bln offer to purchase **Gemstar-TV Guide**, completed its acquisition of **All Media Guide Holdings**, which offers products to support the recognition, discovery and management of digital media.

CableFAX Daily Stockwatch

Company	12/17 Close	1-Day Ch	Company	12/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	44.48	(1.11)
BRITISH SKY:	48.03	(0.58)	APPLE:	184.40	(5.99)
DIRECTV:	23.33	(0.37)	ARRIS GROUP:	9.99	(0.2)
DISNEY:	32.99	(0.02)	AVID TECH:	25.46	(0.34)
ECHOSTAR:	36.77	(1.05)	BIGBAND:	5.41	(0.14)
GE:	36.48	(0.43)	BLNDER TONGUE:	1.70	(0.05)
HEARST-ARGYLE:	21.68	(0.12)	BROADCOM:	26.59	(0.91)
ION MEDIA:	1.29	(0.06)	CISCO:	27.95	(0.7)
NEWS CORP:	20.82	(0.32)	COMMSCOPE:	45.45	(0.32)
TRIBUNE:	32.29	(0.28)	CONCURRENT:	0.81	(0.03)
MSOS					
CABLEVISION:	24.27	(0.24)	CONVERGYS:	16.82	(0.33)
CHARTER:	1.20	(0.05)	CSG SYSTEMS:	15.93	(0.2)
COMCAST:	18.10	(0.04)	GEMSTAR TVG:	4.56	(0.17)
COMCAST SPCL:	17.99	(0.09)	GOOGLE:	669.23	(20.73)
GCI:	8.23	(0.06)	HARMONIC:	9.69	(0.05)
KNOLOGY:	11.12	(0.61)	JDSU:	13.48	(0.43)
LIBERTY CAPITAL:	114.55	(2.05)	LEVEL 3:	3.00	(0.13)
LIBERTY GLOBAL:	39.90	0.08	MICROSOFT:	34.39	(0.92)
LIBERTY INTERACTIVE:	20.43	(0.08)	MOTOROLA:	15.90	(0.1)
MEDIACOM:	4.90	0.03	NDS:	58.48	0.36
NTL:	28.22	0.00	NORTEL:	15.69	(0.39)
ROGERS COMM:	42.97	0.00	OPENTV:	1.03	0.00
SHAW COMM:	24.00	(0.28)	PHILIPS:	42.32	(0.84)
TIME WARNER CABLE:	25.85	(0.38)	RENTRAK:	14.60	(0.37)
WASH POST:	758.05	(18.25)	SEACHANGE:	7.36	(0.31)
PROGRAMMING					
CBS:	26.14	(0.01)	SONY:	53.79	(0.73)
CROWN:	5.78	(0.13)	SPRINT NEXTEL:	13.91	(0.26)
DISCOVERY:	25.26	(1.35)	THOMAS & BETTS:	49.78	(1.24)
EW SCRIPPS:	42.95	(0.71)	TIVO:	8.18	(0.02)
GRUPO TELEVISA:	23.80	(0.67)	TOLLGRADE:	7.85	(0.23)
INTERACTIVE CORP:	26.64	(0.23)	UNIVERSAL ELEC:	34.10	(0.57)
LODGENET:	18.35	(0.03)	VONAGE:	2.01	(0.04)
NEW FRONTIER:	5.25	0.09	VYYO:	3.59	(0.07)
OUTDOOR:	5.55	(0.54)	WEBB SYS:	0.05	0.00
PLAYBOY:	8.97	(0.24)	YAHOO:	23.04	(1.02)
TIME WARNER:	16.50	(0.39)	TELCOS		
UNIVISION:	36.23	0.00	AT&T:	40.50	(0.64)
VALUEVISION:	6.36	0.07	QWEST:	6.72	(0.29)
VIACOM:	42.28	(0.66)	VERIZON:	43.10	(1.27)
WWE:	13.95	(0.26)	MARKET INDICES		
TECHNOLOGY					
3COM:	4.29	(0.06)	DOW:	13167.20	(172.65)
ADC:	17.76	(0.54)	NASDAQ:	2574.46	(61.28)
ADVANTAGE:	5.76	(0.35)			
ALCATEL LUCENT:	7.31	(0.4)			
AMDOCS:	33.98	(0.94)			

Hallmark Channel lights up December!



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The Note - Highest rated cable movie of the day 3.4 HH Rating

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Speakers:

Steve Effros, President of Effros Communications
Daniel Brenner, SVP, Law & Regulatory Policy, NCTA
Seth Davidson, Cable Lawyer, Fleischman & Harding
Michael Grebb, Executive Editor, CableFAX Daily
Amy Maclean, Editor-in-Chief, CableFAX Daily



Wednesday, December 19, 2007

Time: 10 am PST, 1pm EST, 6pm GMT

Register Now at www.Cable360.net/webinars