

# CableFAX Daily™

Wednesday — December 30, 2009

What the Industry Reads First

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## New and Old: Cable Rings in '10 After Again Posting Annual Audience Growth

USA is on its way to another annual prime victory and will set a cable record (again) for avg total viewers in the time period with approx 3.13mln, according to Nielsen data through Dec 20. The net has seen so much success in recent months and years, particularly with original programming, that its continuing audience improvement has nearly become anticlimactic. As **NBCU Cable Ent** pres *Bonnie Hammer* said USA execs “always assume that something’s going to break our track record,” she and her team also strive “to create outside challenges to avoid complacency.” That avoidance appears a good idea for all cable nets, a group that has largely enjoyed recent viewership trends similar to USA’s—be it because of broadcast’s malaise, enhanced original programming quality and/or brand bolstering. **A&E** and **Oxygen** have already touted '09 as their best years ever, for example, and announcements of further net records in the coming days wouldn't be surprising. Overall ad-supported cable HH share rose approx 2% this year, according to **Turner** data, and the top 10 cable nets in '09 prime total viewership combined to avg 1.98mln in the metric, up 4% YOY, per Nielsen. 8 of those 10 nets notched YOY improvement, led by USA (+13%) and **ESPN** (+9%). **FX**'s total prime viewership is up 8%, but pres/gm *John Landgraf* is more heartened by the net's growth among all key demos, including 18-49s (+10%) and 18-34s (+6%). The latter demo's increase, he said, has resulted from broadcast's decreasing relevance with young people. 18-34's are “much more likely to make their appointment viewing on cable,” said Landgraf, noting that broadcast is “giving up the ghost when going after young males.” USA also earned additional 18-34s this year, as did **Syfy**, said pres *Dave Howe*. Syfy is essentially flat among prime total viewers this year, which notably included its rebrand from SciFi. Yet the net surged after the initial blowback from viewers perplexed by the name change, delivering its best Jul-Nov performance ever among 18-34s (268K). “I don't believe we lost anyone,” said Howe of the net's viewership. “The brand evolution was critical in terms of giving people permission to sample the network again.” Meanwhile, football and originals almost demand that audiences take a spin on cable. An **ESPN** MNF game set all-time cable telecast marks this year among total viewers (21.84mln) and homes (15.14mln), **NFL Net** just wrapped its 4th season of live games with a record avg of 5.5mln viewers, and the top 10 ad-supported original series all averaged more than 3mln total viewers, according to Turner. The top 2 are USA's “Royal Pains” and “White Collar,” examples of the net's unfurling string of triumphs. Of the net and leading broadcaster **CBS**,

## The CableFAXIES awards

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The CableFaxies Awards salute the year's most outstanding communications initiatives and programs in the highly competitive and dynamic Cable arena. The coveted awards set the industry benchmark for excellence across all areas of PR and marketing.

The Winners of the CableFAXIES Awards are from networks, operators, PR firms, vendors, corporations, agencies and other entertainment companies who took chances, made tremendous strides and understand the power of PR and marketing in the cable industry. The winners and honorable mentions will be saluted during an awards event in April 2010 in New York City.

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Landgraf said the pair's success stems largely from an ability to "aggregate a whole stable of programming that's liked by the same people," which leads to more frequent and repeat viewing, or "really good audience flow." Obviously, a similar stream continues to nourish cable at large, leading to a muting of the cable vs. broadcast rhetoric and fierce intra-industry competition. So, as cable enters '10, said Howe, the length of forward (or backward) moves by nets will be based chiefly on "how you clearly signpost and differentiate your brand." For leading net USA, of course, characters are welcome.

**Complaint Dept:** Small cable operators **Wave Broadband** and **Horizon Cable** have joined **San Bruno Municipal Cable** and **Stanford Univ** in filing a program access complaint against **Comcast** at the **FCC**. The complaint, filed Dec 23, involves **CSN CA** (Sacramento area) and **CSN Bay Area**, with the ops claiming that Comcast artificially linked the Bay Area and Sacramento DMAs to create 1 regional sports market that then requires separate RSN deals to receive the same level of programming previously obtained under a single RSN agreement. The 4 claim the actions have so substantially raised costs that it has significantly hindered their ability to provide service. A Comcast rep said the MSO deems the complaint groundless and plans to file a rebuttal with the FCC. The ops' lengthy list of beefs also includes Comcast moving Athletics baseball games and San Jose Sharks hockey games from the in-market San Fran RSN to CSN CA, while increasing the costs for CSN Bay Area but not replacing MLB and NHL with reasonably equivalent marquee sports programming. **ACA** tied the situation to **Comcast-NBCU**, saying the complaint "highlights the need for additional safeguards and remedies to prevent Comcast Corp. from abusing its market power to harm consumers, competitors, and the public interest in the distribution of 'must have' regional sports networks under its control," ACA pres/CEO *Matt Polka* said.

**Retrans Watch:** Some Gator fans worried about lack of sugar are getting bitter. And now they have a lawyer. Orlando's **Morgan & Morgan** law firm plans to request a temporary injunction to keep the Sugar Bowl and *Tim Tebow's* swan song on **Bright House Networks**. The filing names **News Corp** and **Fox** as defendants and *Thomas Moore, Richard Anderson* and others similarly situated as plaintiffs. "Innocent Florida consumers will be the only real losers in what appears to be a game of high stakes poker between these companies," the filing said. Calls to the firm were not returned by deadline. Bright House and **Time Warner Cable** stand to lose Fox O&Os, RSNs and most **Fox Cable** nets if a deal or extension is not reached by 12:01 am Jan 1. -- Meanwhile, **Mediacom** and **Sinclair's** mediation efforts Mon failed to yield a deal (*Cfax*, 12/29). Mediacom says it hopes to reach a deal before its retrans consent pact with the broadcaster expires Dec 31.

**Rate Hike:** **DirecTV** will raise monthly packages and services slightly more than 4% come Feb 9, blaming higher content costs and investments in the customer viewing experience. The increase is \$3-\$5/month for most packages. **AT&T** recently announced plans to raise its video packages by \$3-5/mo in Feb (it will keep the **U-Verse** basic tier at \$19/month). **Comcast** increased its cable modem fee to \$5 from \$2, and **Cablevision** increased '10 video prices an average of 3.7%.

**In the Courts:** **Comcast's** challenge to the **FCC's** determination that it violated its Internet open-access principles by blocking **BitTorrent** traffic as part of network management will be heard by the DC Federal Appeals Court Jan 8. The FCC, now under chmn *Julius Genachowski*, favors codifying and expanding those open Internet guidelines into rules.

**Competition:** **DirecTV** launched a satellite today that the DBS op said will boost its HD capacity by 50%, to more than 200 channels, when it becomes operational in 2Q. The launch will also expand DirecTV's tally of local HD markets and content choices on its VOD platform. It may lead to the 1st 3D HD channel launch as well, according to reports saying DirecTV will unveil related plans at next month's **CES**. DirecTV declined to comment specifically, but a rep said "3D is something we are very interested in, and we're looking at all of the various pieces of the puzzle that need to be put together."

**In the States:** **Oceanic Time Warner Cable** launched 7 new HD channels: **ESPNU HD, History Intl HD, BBC America HD, G4 HD, Biography HD, E! HD** and **Style HD**. -- **DirecTV** experienced some intermittent audio and video drops in several local markets Tues morning. Also impacted were some Spanish-language channels. Services were restored shortly thereafter. A spokesman blamed an anomaly aboard its D7S satellite and said DirecTV is investigating the cause.

**At the Portals:** **Cablevision** no longer faces basic rate regulation in the NY town of Long Beach, Sea Cliff, Westbury, Ashroken Village and Pound Ridge, with the FCC finding that **Verizon's FiOS** service represents effective competition.

**Broadband:** **Broadband for America**, a coalition of more than 125 companies and organizations encouraging private-sector investment in broadband, has launched a Spanish-language Website at <http://www.broadbandforamerica.com/es>.

# BUSINESS & FINANCE

**Programming:** The Jan 7 ep of TLC's "American Choppers" features a custom wheelchair-accessible motorcycle built specifically to raise funds for the **Christopher & Dana Reeve Foundation**. -- *Matthew Broderick* stars in "Wonderful World," which **HDNet Movies** is featuring Jan 6. The film is part of the net's "Sneak Preview" series offering telecasts of certain movies before they premiere in theaters.

**Public Affairs:** For the 2nd year in a row, **CÎROC** vodka is working with **E!** and the **NYC Taxi and Limo Commission** to distribute pre-paid taxi cards (valued up to \$15) to urge good decision making this New Year's Eve. This year, the program expands beyond NYC to include Las Vegas.

**Editor's Note:** Because of the holidays, your next issue of **Cfax** will be dated Jan 4 and arrive Mon morning. So, enjoy your celebrations and count on us to fill you in Mon on all the programming negotiations that occurred during your New Year's revelry.

**Business/Finance:** **Collins Stewart** initiated coverage on **Liberty Starz** with a 'hold' rating, citing potential consolidation by Liberty in '10. "Essentially, we expect Liberty Media will merge Starz Entertainment (the cable network) with Starz Media (the film studio)," said the firm, adding that "the recent hiring of *Chris Albrecht* as CEO of Starz increases the likelihood of a merger as it indicates Liberty's interest in enhancing original program production."

## CableFAX Daily Stockwatch

Company	12/29 Close	1-Day Ch	Company	12/29 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BRITISH SKY:	35.98	(0.07)	AMPHENOL:	46.17	0.27
DIRECTV:	33.65	(0.29)	AOL:	23.45	(0.41)
DISH:	21.08	0.26	APPLE:	209.10	(2.51)
DISNEY:	32.38	0.47	ARRIS GROUP:	11.26	(0.09)
GE:	15.44	0.10	AVID TECH:	12.94	0.15
NEWS CORP:	16.17	0.29	BIGBAND:	3.30	(0.08)
<b>MSOS</b>					
CABLEVISION:	26.06	0.05	BLNDER TONGUE:	1.18	0.05
COMCAST:	17.08	0.01	BROADCOM:	31.30	(0.32)
COMCAST SPCL:	16.28	0.08	CISCO:	24.10	0.02
GCI:	6.63	(0.13)	CLEARWIRE:	6.88	(0.04)
KNOLGY:	11.14	(0.06)	COMMSCOPE:	26.86	(0.08)
LIBERTY CAPITAL:	23.38	(0.47)	CONCURRENT:	3.96	0.02
LIBERTY GLOBAL:	21.99	0.21	CONVERGYS:	11.12	(0.13)
LIBERTY INT:	10.92	(0.13)	CSG SYSTEMS:	19.19	(0.24)
MEDIACOM:	4.41	(0.01)	ECHOSTAR:	19.70	(0.02)
RCN:	11.00	(0.05)	GOOGLE:	619.40	(3.47)
SHAW COMM:	20.39	(0.29)	HARMONIC:	6.28	(0.04)
TIME WARNER CABLE:	42.43	0.74	INTEL:	20.40	0.10
VIRGIN MEDIA:	17.06	(0.4)	JDSU:	8.33	(0.05)
WASH POST:	445.10	0.10	LEVEL 3:	1.50	0.00
<b>PROGRAMMING</b>					
CBS:	14.35	0.50	MICROSOFT:	31.39	0.22
CROWN:	1.31	0.00	MOTOROLA:	7.80	(0.04)
DISCOVERY:	31.15	0.10	OPENTV:	1.38	(0.02)
GRUPO TELEVISA:	20.95	0.08	PHILIPS:	30.19	0.60
HSN:	19.67	(0.71)	RENTRAK:	18.02	0.04
INTERACTIVE CORP:	20.30	(0.03)	SEACHANGE:	6.67	0.09
LIBERTY:	36.65	0.19	SONY:	29.35	(0.23)
LIBERTY STARZ:	46.39	(0.3)	SPRINT NEXTEL:	3.81	0.16
LIONSGATE:	5.82	0.05	THOMAS & BETTS:	36.70	0.33
LODGENET:	5.39	(0.06)	TIVO:	9.94	(0.02)
NEW FRONTIER:	1.90	0.03	TOLLGRADE:	6.16	0.09
OUTDOOR:	5.54	0.04	UNIVERSAL ELEC:	23.98	0.49
PLAYBOY:	3.23	(0.03)	VONAGE:	1.45	0.07
RHI:	0.30	(0.01)	YAHOO:	16.92	0.04
SCRIPPS INT:	42.21	0.65	<b>TELCOS</b>		
TIME WARNER:	29.45	0.22	AT&T:	28.34	0.01
VALUEVISION:	4.82	0.02	QWEST:	4.24	(0.07)
VIACOM:	31.75	0.43	VERIZON:	33.43	(0.06)
WWE:	15.57	0.29	<b>MARKET INDICES</b>		
<b>TECHNOLOGY</b>					
3COM:	7.53	(0.02)	DOW:	10545.41	(1.67)
ADC:	6.52	0.03	NASDAQ:	2288.40	(2.68)
ADVANTAGE:	1.98	(0.01)			
ALCATEL LUCENT:	3.30	0.04			
AMDOCS:	28.98	0.20			

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