

CableFAX Daily™

Friday — July 31, 2009

What the Industry Reads First

Volume 20 / No. 145

No MSG: Cablevision Eyes Split by Dec

Key renovations are afoot at **Cablevision**: its balance sheet will change drastically because of a planned spinoff of **MSG**, **Madison Square Garden** will be completely modernized by '12-'13, and the MSO's new WiFi network—not yet completed—appears increasingly likely to receive its own future upgrade. Mulled by CVC's board for months, the MSG separation will be structured as a tax-free spinoff to CVC shareholders, who will then own shares of both the MSO and an asset basket including MSG nets, **Fuse**, the iconic venue and the **NY Rangers** and **Knicks**. A Wall St ovation followed the news as CVC shares gained 8.8% on the day, and analysts' consensus view of the plan is clearly favorable. "The separation... is a big positive," said *Marci Ryvicker* of **Wells Fargo Securities**, noting how it divides "an under-performing asset (MSG) from an out-performing asset (CVC's cable business)" while joining peers in citing increased transparency for shareholders and clearer valuations of MSG assets. Pres/CEO *Jim Dolan* reiterated the absence of plans to sell any MSG properties, and evp *Greg Siebert*, in additionally explaining the separation, said that CVC and MSG "have significantly different cash flow characteristics over the next several years." Meanwhile, what **Sanford Bernstein's** *Craig Moffett* calls the company's "formidable cable business" grew rev by 5% and topped expectations in RGU adds with 103K, including 56K digital, 38K voice, 18K HSD and -9K basic. Also, the MSO added 104K HD subs for 54% penetration, and ARPU sits at \$140. **AMC**, **WE tv** and **IFC** collectively delivered a 7% overall rev increase and a 2% bump in ad rev, compared to a 16% YOY dip in companywide ad rev—yet a 37% sequential gain. "We're seeing some green shoots," said COO *Tom Rutledge*, though he added that "it's unclear to me what the second half will be." MSG posted a 1% decline in rev. Cumulative customer sessions on CVC's new WiFi network jumped more than 50% over the past 45 days, said Rutledge, and an additional service may join the value-add network. "A wireless voice network riding on top of a wireless data network is inevitable," said Rutledge. "There's a significant opportunity there to create a voice business with very little capital expenditure." Definitely forthcoming is the rollout of CVC's network DVR, which Rutledge touted as beneficial to content providers regarding new ways to deliver programming and ads. He also stressed that "digital rights management is our responsibility."

Strike Out: **MASN** was denied its request to delay the **FCC** Enforcement Bureau's scheduled Fri release of its opinion on the net's program complaint against **Comcast** (*Cfax*, 7/29). The Bureau will release comments on whether Comcast is



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discriminating against MASN by not carrying the RSN in Harrisburg, PA, and Roanoke/Lynchburg, VA—markets where it does offer **Comcast Sports Net**. MASN had asked that the Bureau's comments be delayed until Aug 7 because of settlement talks between the 2 slated for Aug 4. Comcast opposed the delay. FCC admin law judge *Richard Sippel* ruled Thurs that MASN failed to show a delay would facilitate a settlement, nor that the comments could jeopardize a settlement. Nonetheless, he's hoping MASN's more optimistic view that a settlement may occur prevails. "MASN and Comcast are urged to settle and to file a joint motion to dismiss this proceeding as soon as practicable," he wrote.

Disney Dollars: Disney's 3Q profit dropped 26% to \$954mln thanks to slumping theme park sales and the advertising market, which especially hit **ABC**. The cable nets saw operating income drop 8% to \$1.1bln driven by a decrease in revenue recognized related to annual programming commitments and lower ad rev at **ESPN**. That was partially offset by contractual rate increases and subscriber growth on affil revenue. Revenue for the cable nets dipped 1% to \$2.56bln.

At the Portals: The 1st of the **FCC's** planned workshops for the development of national broadband plan is slated for Aug 6 and will focus on how broadband can improve the performance of govt, specifically in terms of transparency and citizen participation. A detailed schedule of workshops through Sept 3 was posted Thurs at www.broadband.gov. Other topics covered include how broadband can help disadvantaged businesses and benchmarks for evaluating broadband deployment. The public is invited to use the Website to suggest additional topics or make revisions to those slated for discussion. The workshops will be held at the FCC's HQ and online. -- **ACA** filed comments late Wed for the FCC's annual cable competition report and again (not surprisingly) pushed for a retrans consent overhaul. "Some broadcasters have gone so far as to insist that ACA members reserve channel capacity for multicast services that have not been created, an audacious something-for-nothing scheme that ought to be put to an end now," said ACA chief *Matt Polka* said. In its own filings, **NCTA** told the FCC that bundling of services saves consumers \$35bln annually. The trade group also presents a study concluding that cable's competitive phone offering results in lower phone costs for all consumers—an estimated \$12/month drop.

In the States: **Cox** has launched its "Ultimate Internet Tier" to residential customers in RI, offering download speeds of up to 50Mbps and uploads of up to 5Mbps. Standard price is \$144.99/month and includes 3 unique IP addresses, 10 email addresses and 50 hours/month of remote dial access. Cox plans to offer DOCSIS 3.0 speeds in more than 2/3 of its systems by the end of '10. -- 98.9% of US homes are able to receive digital TV signals, a 1.3mln home increase since the June 12 transition, reports **Nielsen**. Those homes have until midnight Fri to apply for a converter box coupon from the govt before the program expires. Only 1.2mln HHs are unable to receive digital signals as of July 26, Nielsen said. Of those without digital access, 60.7% had no Internet access as of July 12 and 54% earn less than \$25K/year.

Competition: **Windstream** is now offering commercial **DISH** service to SMBs, in packages featuring 50-150 digital nets. -- **DirectTV** added local HD programming in Roanoke-Lynchburg, VA, its 127th local-into-local market.

Earnings: **Motorola's** Home and Networks Mobility unit saw \$2bln in sales, down 27%, and operating earnings of \$153mln (-38%). It shipped 3.7mln digital ent devices in the Q and surpassed cumulative **WiMAX** CPE shipments of 650K.

Ratings: **Fox Soccer's** Sun coverage of the **CONCACAF Gold Cup Final** with the US and Mexico averaged a 0.8 HH coverage rating, the highest-rated telecast since becoming a **Nielsen** rated network in Oct. -- **Discovery Channel's** 5th season of "Deadliest Catch" posted YOY gains in total viewers (+11%), HHs (+12%), 25-54s (+10%) and men 25-54 (+13%).

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BUSINESS & FINANCE

Programming: USA greenlit pilot "Covert Affairs," about a young CIA trainee (*Piper Perabo*). -- **Animal Planet** bows "Superfetch," following YouTube sensation *Zak George* as he teaches pets new tricks, Oct 3, 8pm. On tap for '10 are quarterly specials under the umbrella title, "Animal Planet Investigates." The series will explore subjects such as dogfighting and slaughterhouses. -- **Mexicanal** launches original series of prize fights "Cuadrilatero" ("In the Ring"), Sat, 8pm PT.

Trade Winds: B&C and Multi are back on the block, with parent **Reed Elsevier** announcing it will sell almost all of the magazines published in its **Reed Business Information US** div. Reed plans to keep *Variety*, market research firm **MarketCast** and a handful of other titles. RBI was put on the block in Feb '08 but taken off the market in Dec as a result of the economy, reports sister pub *minor-line*. RBI laid off 7% of its workforce in Apr (following another 7% in Jan).

People: Syfy named *Andrew Plotkin* svp, original programming.

Business/Finance: *John Malone* told the *Financial Times* he allowed *Chase Carey* to leave **DirectTV** for **News Corp** as a favor to *Rupert Murdoch*, and expects future pay-back for the gesture. -- **Piper Jaffray** initiated coverage on **Discovery Comm** with an 'overweight' rating and \$30 price target and on **Scripps Nets** with an 'overweight' rating.

CableFAX Daily Stockwatch

Company	07/30 Close	1-Day Ch	Company	07/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	35.82	1.86	APPLE:	162.79	2.76
DIRECTV:	25.88	(0.22)	ARRIS GROUP:	12.86	(0.65)
DISH:	17.08	0.10	AVID TECH:	12.28	(0.16)
DISNEY:	26.22	0.33	BIGBAND:	5.80	0.15
GE:	13.11	0.85	BLNDER TONGUE:	1.78	0.10
NEWS CORP:	11.93	0.47	BROADCOM:	28.10	0.37
MSOS					
CABLEVISION:	20.59	1.66	CISCO:	21.98	0.26
COMCAST:	15.02	0.43	CLEARWIRE:	8.06	0.29
COMCAST SPCL:	14.08	0.38	COMMSCOPE:	24.91	(0.84)
GCI:	7.02	0.21	CONCURRENT:	5.41	0.20
KNOLGY:	8.58	0.26	CONVERGYS:	10.45	(0.03)
LIBERTY CAPITAL:	14.39	0.23	CSG SYSTEMS:	16.93	0.62
LIBERTY ENT:	27.71	(0.2)	ECHOSTAR:	14.83	(0.02)
LIBERTY GLOBAL:	20.88	0.72	GOOGLE:	445.64	9.40
LIBERTY INT:	6.36	0.28	HARMONIC:	6.17	0.15
MEDIACOM:	4.79	0.16	INTEL:	19.33	(0.07)
SHAW COMM:	17.38	0.19	JDSU:	5.83	0.11
TIME WARNER CABLE:	33.67	0.89	LEVEL 3:	1.42	(0.2)
VIRGIN MEDIA:	10.62	0.08	MICROSOFT:	23.81	0.01
WASH POST:	419.10	11.17	MOTOROLA:	7.19	0.62
PROGRAMMING					
CBS:	8.00	0.28	OPENTV:	1.32	0.03
CROWN:	2.04	0.06	PHILIPS:	22.30	1.00
DISCOVERY:	24.38	0.28	RENTRAK:	18.58	0.02
EW SCRIPPS:	3.98	0.28	SEACHANGE:	9.23	0.08
GRUPO TELEVISIA:	17.55	0.11	SONY:	27.28	2.46
HSN:	10.42	0.73	SPRINT NEXTEL:	4.02	(0.03)
INTERACTIVE CORP:	18.47	0.46	THOMAS & BETTS:	26.82	0.49
LIBERTY:	29.63	0.65	TIVO:	10.44	0.25
LODGENET:	4.49	0.18	TOLLGRADE:	5.50	(0.07)
NEW FRONTIER:	2.09	(0.08)	UNIVERSAL ELEC:	21.45	0.61
OUTDOOR:	7.62	0.42	VONAGE:	0.42	(0.01)
PLAYBOY:	2.39	0.04	YAHOO:	14.60	(0.54)
RHI:	2.77	(0.05)	TELCOS		
SCRIPPS INT:	32.60	0.73	AT&T:	26.34	0.39
TIME WARNER:	26.81	0.29	QWEST:	4.04	0.11
VALUEVISION:	3.00	0.01	VERIZON:	32.31	0.33
VIACOM:	25.05	0.52	MARKET INDICES		
WWE:	13.34	0.04	DOW:	9154.46	83.74
TECHNOLOGY					
3COM:	3.96	0.02	NASDAQ:	1984.30	16.54
ADC:	7.54	(0.34)			
ADDVANTAGE:	1.83	0.00			
ALCATEL LUCENT:	2.74	0.19			
AMDOCS:	23.65	(0.32)			
AMPHENOL:	33.45	0.06			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Big Time Move

I'm a big fan of playing the contrarian role when appropriate, but I must join most pundits and recognize Cablevision's prudence in deciding to spin off MSG. The MSO's shareholders can only be pleased that they'll receive MSG shares in the deal—it's quite unwise to perturb this group, particularly in the current environment—and selling an asset pool that includes MSG nets and the NY Knicks and Rangers would be asinine. CVC doesn't need the money, and pro sports franchises rarely decline in value. And, not to discount the soon-to-be-upgraded Madison Square Garden and other solid assets, keeping the MSG nets aligned with the teams bolsters the new segment with attractive cable properties—in the sports arena to boot. It's also a pragmatic move that should yield near-term synergistic dividends, what with the more laissez-faire attitudes of the **NHL** and **NBA** (versus the **NFL** and **MLB**) concerning local digital rights. About the only negative I see in all this relates to *Hank Ratner*, who as pres/CEO of the segment must continue to turn the Knicks around, both on- and off-court, while facing more intense scrutiny. *CH*

Highlights: "Blood in the Water," Sun, 9pm, **Discovery**. We detect Discovery chief *John Ford's* fingerprints on "Shark Week," as the net begins its 22nd such summer stunt. The opening "Blood in the Water" is up to Ford's high standard of storytelling. It's mix of history, science and—since this is Shark Week—gore (not suitable for pre-teens), laying out 1916 attacks that began America's shark obsession and influenced *Benchley's* "Jaws." -- "True Blood," Sun, 9pm, **HBO**. From "Blood in the Water" to "True Blood," this is one bloody Sunday, yet TB's ep #19 is particularly good, jammed with details about creepy Maryann and her orgies. There's also some insight into vampire Bill's earlier life (well, he is several hundred years old). -- "Skins," season premiere, Thurs, 9pm, **BBC A**. This new cast is back, bawdier, brasher and more brazened than ever. There are so many compelling characters in this well-written, high school-based series, it's truly an ensemble triumph. *SA*

Worth a Look: "Addicted to Beauty," pilot, Tues, 11pm, **Oxygen**. Critics will have a field day with this train wreck of a reality series about a La Jolla plastic surgeon who adds a so-called medical spa to his practice. Yet for fans of outrageous reality series, this is the mother load. The surgeon, *Dr. Lee*, seems alone in his relative normalcy. In the throes of a divorce, 40-ish spa owner *Dianne* has issues; she and spa manager *Shannyn* also have had so much plastic surgery, *Joan Rivers'* lips look miniscule by comparison. And the breasts? Oh, the breasts; mountainous, heaving heaps of silicone. Competing with these ladies' looks are their simplistic managerial/marketing skills and a high-drama staff of young, gay men and exec asst *Natasha*, who seems odd in that she dresses tastefully, covering her surgically enhanced size Ds. -- "Model Latina Miami," season II premiere, Sun, 9pm, **Si TV**. We loved this series' 1st season because contestants were articulate as well as beautiful. This year's group of model hopefuls also is well spoken, which greatly enhances their beauty. *SA*

Basic Cable Rankings (7/20/09-7/26/09) Mon-Sun Prime			
1	USA	2.7	2634
2	DSNY	2.1	2088
3	FOXN	1.8	1776
3	TNT	1.8	1725
5	NAN	1.3	1235
6	TBSC	1.1	1066
6	HGTV	1.1	1058
6	FAM	1.1	1056
6	LIFE	1.1	1056
10	FX	1.0	948
10	A&E	1.0	944
10	SYFY	1.0	942
10	TRU	1.0	874
14	FOOD	0.9	919
14	HIST	0.9	892
14	ESPN	0.9	876
14	AMC	0.9	868
14	HALL	0.9	791
19	DISC	0.8	834
19	TLC	0.8	813
19	CNN	0.8	795
22	TOON	0.7	704
22	SPK	0.7	692
22	CMDY	0.7	684
22	MSNB	0.7	604
22	LMN	0.7	479
27	MTV	0.6	581
27	NOGG	0.6	428
27	OXYG	0.6	417
30	VH1	0.5	518
30	APL	0.5	503
30	BET	0.5	487
30	BRAV	0.5	480
30	EN	0.5	440
30	WGNA	0.5	328
30	SOAP	0.5	327
30	NGC	0.5	314
30	BBCA	0.5	302
39	TVLD	0.4	419
39	HLN	0.4	408
39	TRAV	0.4	358
39	DXD	0.4	276
39	GSN	0.4	250
39	NKTN	0.4	195
45	ESP2	0.3	340
45	CMT	0.3	309

*Nielsen data supplied by ABC/Disney

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