

CableFAX Daily™

Friday — August 1, 2008

What the Industry Reads First

Volume 19 / No. 148

Jump Start: Cablevision Seeks Share Rally

Cablevision's strapping 2Q results spoke loudly Thurs and Wall St heard the call, catapulting CVC shares up more than 14%. But since the numbers—including 9% net rev growth for cable, 7K basic adds and 81K (+26%) voice adds—certainly aren't atypical based on CVC's recent performances, pres/CEO *Jim Dolan* is flummoxed that CVC shares had through Wed plunged approx 35% since his family's failed privatization bid in Oct. Action, he said, is now required, even amid the company's recent acquisitions of **Sundance Channel** and **Newsday Media**. "While we are disappointed with the equity valuations placed on our industry, and especially Cablevision's stock price, we are highly confident in the strength of our underlying business," Dolan said during a Thurs conference call. "We have a strong desire to close the value gap between our operating performance and the market value of our debt and stock." Dolan said no decisions have been made about tools such as share buybacks, dividends or segment spinoffs, and shareholders will be consulted about how to best unlock increased equity value. Also possible is yet another privatization bid from Dolan family. Jim Dolan pledged to place more emphasis on narrating CVC's "compelling story" within the financial community through conferences, etc. "The potential returns to shareholders are nothing short of phenomenal," wrote **Sanford Bernstein** analyst *Craig Moffett* of possible CVC share repurchases, noting the existence of "significant value" in CVC stock. **S&P**, however, believes CVC has "limited" value-enhancing options given its high financial leverage and tight credit markets, and maintained its "sell" rating on CVC shares. **Rainbow Media** reported 12% rev growth, including a 6% increase in affil rev and 2% ad rev growth owing to higher CPMs and units sold at **AMC** and **WEtv**. **Optimum Lightpath** grew net rev 20% and CVC's VoIP service now has more than 2mln phone lines in service. RGU's swelled by 260K, up sequentially (2.6%) and YOY (9%).

Butt Out: House GOP Leader *John Boehner* (R-OH) is criticizing **FCC** plans to issue new regulation for the Internet. In a letter to FCC chmn *Kevin Martin*, the congressman wrote that the Commission appears to be on "very shaky procedural and legal grounds." While the FCC has endorsed certain Internet policy principles, it never adopted regulations through a proper notice and comment rulemaking, Boehner said. The letter was sent 1 day before the FCC is expected to vote that **Comcast** violated those principals while managing its network. "It is this market-based, self-governing nature of the Internet that is the key to its success. Your heavy handed attempts to inject the FCC into the middle of that process threaten to hijack the evolution of the Internet to everyone's detriment," Boehner wrote. -- Meanwhile, House Commerce Ranking Member *Joe Barton* (R-TX) has drafted a bill that would overhaul the **FCC** decision-making process in an attempt to make it more transparent. Among other things, the bill would give the public at least 60 days to comment on proposed rule changes, and give the FCC at least 30 more days to consider the changes.

Competition: The multichannel HD race continues toward the stratosphere, as **DISH** prepares to launch 17 additional HD nets Fri to reach more than 100 total, and plans to offer up to 150 channels by year-end. In support of

CATCH 21
WEEKNIGHTS
7:30/6:30c
Play the addictive online
game at GSN.com.
Hosted by Alfoso Ribeiro

©2008 Game Show Network, LLC.

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.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 ● Assoc Editor, Chad Heiges, 301/354-1828, cheiges@accessintel.com ● Asst VP, Ed Director, Seth Arenstein, 301/354-1782, sarenstein@accessintel.com ● Publisher: Debbie Vodenos, 240/753-5696, dvodenos@accessintel.com ● Advertising Mgr: Erica Gottlieb, 212/621-4612 ● Marketer: Doreen Price, 301/354-1793, dprice@accessintel.com ● Marketing Director: Carol Bray, 301/354-1763, cbray@accessintel.com ● Prod: Joann Fato, 301/354-1681, cdaily@accessintel.com ● Diane Schwartz/VP and Group Publisher ● Paul Maxwell/Columnist.Subs/Client Services: 301/354-2101, fax 301/309-3847 ● Group Subs : Angela Gardner, 757/531-1369, cfaxgroupsub@accessintel.com

the plans, the DBS op on Fri begins to roll out a system upgrade including the ability to output 1080p programming. -- **Qwest** now offers **Verizon Wireless** services to all new residential and business customers in its footprint.

In the States: Comcast has agreed to NY Attorney General *Andrew Cuomo's* child porn prevention plan. Last week, Cuomo threatened to sue the MSO if it did not sign his MOU. Other ISPs, including **Time Warner Cable**, **Verizon** and **AOL**, have already agreed to block bulletin boards and Websites that disseminate porn. The AG office is encouraging consumers to send emails to ISPs that have not signed agreements with the office. The list of ISPs, which includes **RCN** and **Covad**, can be found at http://www.nystopchildporn.com/email_isp.html.

Indy Show End Notes: Cable One vp, strategic marketing *Jerry McKenna* was elected as **NCTC's** new chmn. **WOW!** programming vp *Peter Smith* was named vice chmn. **Massillon's** *Bob Gessner* is NCTC's outgoing chmn. -- **WOW!** chief *Colleen Abdoulah* accepted **CableFAX Magazine's** award for Independent Operator of the Year at Tues night's dinner, graciously thanking all of the overbuilder's employees. As she put it: it's about the customer, not winning awards, but winning them sure does feel good. She should know. **WOW!** has picked up 5 J.D. Power awards in customer satisfaction.-- **MSTV** head *David Donovan* stressed that cable ops and broadcasters need to communicate closely as they prepare for the DTV transition. Despite the many issues between the 2 sides, this is one "where we can all check our guns at the door," he told Independent Show attendees Tues. Donovan's multitude of advice included not waiting until the first of the year to purchase/install headend equipment and receivers because it could create a crunch. In addition, installation will be hard in northern climates with snow and ice. He noted that some broadcasters, particularly must carry stations, don't even know all the cable operators that are carrying them. "Both of us have to really start some coordination efforts and discussions," he said. Coordination meetings have been held in MN and OR, with others planned in TX and WV.

Female Perspective: Cable told the Hill Thurs about its achievements in improving workforce issues for women at a **WICT** event that included Rep *Diane Watson* (D-CA). The idea was to share cable's work with other industries. As **NCTA** pres/CEO *Kyle McSlarrow* put it during the event, "The cable industry has a lot to tell... And there is a lot we can learn." A panel of execs, which included **Bright House's** *Nomi Bergman* and **Discovery's** *Jennifer Dargar*, spoke about the opportunities cable offers women and **WICT's** annual PAR Initiative, which studies pay equity, advancement and resources for women. Since the PAR study began in '03, the number of companies with formal pay equity policies has jumped from 29% to more than 60% in '07. **Food Net** pres *Brooke Johnson* talked about how she never saw a female gm when she was in the broadcast business and how excited she was when joined the cable industry and discovered 2 of the biggest nets were run by women (**USA** by *Kay Koplovitz* and **Nick** by *Gerry Laybourne*). The female execs spoke about what companies can do to retain women, and not just those in senior

DON'T LOSE YOUR SIGNAL!



HGTV HD & Food Network HD are changing their transmission format.
Call **1-800-211-6671** and make sure you do not lose your signal!



BUSINESS & FINANCE

level positions. **Comcast** has started allowing some CSRs to work from home. While there was an initial resistance by some who were afraid they'd "sit around and watch 'Oprah' all day," the result is that in-home CSRs answer an avg of 12 calls/hour vs 10 calls/hour for those in call centers, according to vp, talent & leadership initiatives *Grace Killelea*. "We're giving them an opportunity to be successful in their lives, the way their lives really are," she said.

Earnings: CBS' TV group reported a 2% increase in 2Q rev to \$2.2bln, powered in part by 5% growth in affil rev due to rate increases and sub growth at **Showtime** and **CBS College Sports Network**. Ad rev declined 6% due to local softness and lower prime ratings. -- **Motorola** reported 2Q net earnings from continuing operations of \$4mln. Mobile Devices segment sales for the company were \$3.3bln, down 22% when compared to the year-ago quarter. Sales within Motorola's Home and Networks Mobility segment, which includes set-top box and modem sales, were up 7% to \$2.7bln. **S&P** maintained its "Hold" on Moto, but raised its '08 estimate by 14 cents to EPS of 5 cents. "While we think a handset shipment recovery will take longer than we had anticipated, we see further cost reduction at this segment and growth in home and networks due to sales to telecom and cable customers," the firm said.

CableFAX Daily Stockwatch

Company	07/31 Close	1-Day Ch	Company	07/31 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMDOCS:	30.41	(0.21)
BRITISH SKY:	35.81	0.35	AMPHENOL:	47.67	(1.18)
DIRECTV:	27.02	0.05	APPLE:	158.95	(0.93)
DISNEY:	30.35	(1.32)	ARRIS GROUP:	9.57	1.10
ECHOSTAR:	29.42	0.90	AVID TECH:	22.11	(1)
GE:	28.29	(0.68)	BIGBAND:	4.27	0.07
HEARST-ARGYLE:	21.16	0.25	BLNDER TONGUE:	1.20	0.06
ION MEDIA:	1.44	0.00	BROADCOM:	24.29	0.50
NEWS CORP:	14.61	(0.09)	C-COR:	11.00	0.00
MSOS					
CABLEVISION:	24.28	3.03	CISCO:	21.99	(0.18)
CHARTER:	1.14	0.00	COMMSCOPE:	44.59	(1.47)
COMCAST:	20.62	0.55	CONVERGYS:	12.70	0.07
COMCAST SPCL:	20.54	0.55	CSG SYSTEMS:	17.74	0.10
GCI:	8.97	(0.03)	ECHOSTAR HOLDING:	31.99	(0.31)
KNOLOGY:	10.44	0.15	GOOGLE:	473.75	(8.95)
LIBERTY CAPITAL:	15.54	(0.16)	HARMONIC:	7.79	0.11
LIBERTY ENTERTAINMENT:	24.62	0.18	JDSU:	10.93	(0.22)
LIBERTY GLOBAL:	28.83	0.30	LEVEL 3:	3.40	(0.14)
LIBERTY INTERACTIVE:	14.03	0.09	MICROSOFT:	25.72	(0.51)
MEDIACOM:	5.71	(0.16)	MOTOROLA:	8.64	0.96
SHAW COMM:	20.97	(0.21)	NDS:	57.63	(0.27)
TIME WARNER CABLE:	28.43	0.93	NORTEL:	7.64	0.33
VIRGIN MEDIA:	11.22	0.40	OPENTV:	1.77	(0.15)
WASH POST:	618.25	3.44	PHILIPS:	33.28	0.17
PROGRAMMING					
CBS:	16.36	(0.52)	RENTRAK:	13.96	(0.17)
CROWN:	4.24	(0.22)	SEACHANGE:	7.42	(0.05)
DISCOVERY:	19.88	(0.36)	SONY:	37.67	0.13
EW SCRIPPS:	6.92	(0.05)	SPRINT NEXTEL:	8.14	(0.2)
GRUPO TELEVISA:	22.49	(0.58)	THOMAS & BETTS:	41.38	(1.05)
INTERACTIVE CORP:	17.46	(0.21)	TIVO:	7.68	0.00
LIBERTY:	44.56	(0.86)	TOLLGRADE:	5.20	0.04
LODGENET:	3.48	(0.55)	UNIVERSAL ELEC:	22.72	(0.63)
NEW FRONTIER:	3.34	0.00	VONAGE:	1.41	(0.04)
OUTDOOR:	6.89	(0.01)	WEBB SYS:	0.04	0.01
PLAYBOY:	4.67	(0.14)	WORLDGATE:	0.30	0.00
RHI:	12.35	(0.52)	YAHOO:	19.89	(0.14)
SCRIPPS INTERACTIVE:	40.54	(0.18)	TELCOS		
TIME WARNER:	14.32	(0.13)	AT&T:	30.81	(0.1)
VALUEVISION:	3.06	(0.02)	QWEST:	3.83	0.26
VIACOM:	28.28	(0.39)	VERIZON:	34.04	(0.3)
WWE:	16.39	0.14	MARKET INDICES		
TECHNOLOGY					
3COM:	1.88	0.00	DOW:	11378.02	(205.67)
ADC:	9.46	(0.21)	NASDAQ:	2325.55	(4.17)
ADVANTAGE:	2.56	(0.14)			
ALCATEL LUCENT:	6.01	0.04			



Digital PR Next Practices Summit

SOCIAL MEDIA ● BLOGS ● VIDEO ● CRISIS ● VIRAL MARKETING

OCTOBER 3, 2008 8:30 A.M. – 5 P.M.
GRAND HYATT, NEW YORK CITY

What role will PR play in Web 3.0? What role will YOU play? How can you leverage the traditional tenets of online communications and the "next practices" without spending your every last dollar and hour on new media?

Join PR News for the Digital PR "Next Practices" Summit and we'll make sure that you leave equipped with a smarter, more cost-effective PR plan that harnesses the power of online to improve your organization's reputation, mindshare and bottom line.

Register you and your team today at www.prnewsonline.com/summit!

Power Up Your Digital Communications

PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Big Time

SNY's new 5-yr deal with the **Big East** adds important depth to the RSN's year-round programming lineup while also inserting munificent spice to an already competitive NY stew that includes **YES** and **MSG**. As "the official home of the Big East" in the region, SNY will air at least 16 conference football games per season and, perhaps more importantly, more than 100 basketball tilts annually. During the winter months, YES features **NJ Nets** pro basketball and MSG skates with 3 **NHL** teams, leaving SNY with an icy content void—until now. "This gives us another major live game pillar, and the fall becomes incredibly packed for us," said SNY pres *Steve Raab*, who's particularly fond of the strength of Big East athletics at such schools as **West Virginia, Louisville, UConn** and **Rutgers**. SNY will also serve as the exclusive TV home of Rutgers. Raab's also excited about the conference-related digital rights that SNY received, which he believes will help germinate growth of the net's digital business through original content, extended blogs and student interaction. Online is the place "to try a lot of different things," he said, noting the recent rollout at **SNY.tv** of a humorous video news feature, the net's 1st foray into exclusive online ent programming. But while the Big East brings opportunity, Raab acknowledges potential obstacles in SNY's trail to success that has been planned for some time. "We need real growth for several years to get to the point we envisioned," he said, adding that "it's a ton of work to prepare for a lot of shows." Filling timeslots will be pre-, halftime and post-game shows surrounding Big East games, plus weekly coaches' shows. All this in addition to the approx 6 live studio shows/day the net already stages. Regardless, the contemporary RSN market demands high levels of production and fresh content, especially in saturated NYC. "You've got to raise your level as a network," said Raab. *CH*

Highlight: "China's First Emperor," Mon, 9pm, **History**. Get ready for the Olympics by watching this fast-paced, lavishly produced history of China's birth. *SA*

Worth a Look: "Red," Wed, 10pm ET, **HDNet Movies**. *Mark Cuban* has picked another good film that subs will see before it reaches theaters. The opening spins a simple plot about an old man and his dog encountering some trouble. It sounds and feels like a **Hallmark Channel** film, and plenty of subs will pass on it—unwisely. It drags a bit as the old man (*Brian Cox*, as a sympathetic character, for once) tries to exact justice. But this is an exercise in simmering until a very un-Hallmark-like boil. The cast also includes a perfectly creepy *Tom Sizemore*, and horror icon *Robert "Freddy Krueger" Englund*. —"Secret Diary of a Call Girl," season 1 finale, Mon, 10:30pm, **Showtime**. High-end hooker *Belle (Billie Piper)* wants to climb her profession's ladder but doesn't get to call all the shots while working for an exclusive escort service. What's a working girl to do? *SA*

Notable: "Muhammad Ali Marathon," Sat, 1pm-10:30pm, **ESPN Classic**. We've entered couch potato heaven as Classic re-plays 10 of Ali's bouts, including the 3rd *Ali-Frazier* fight. *SA*

Basic Cable Rankings (7/21/08-7/27/08) Mon-Sun Prime			
1	USA	2.3	2206
2	DSNY	2.1	2018
3	TNT	1.9	1811
4	TBSC	1.5	1439
5	NAN	1.4	1326
5	FOXN	1.4	1301
7	ESPN	1.2	1177
7	LIFE	1.2	1143
7	HALL	1.2	998
10	A&E	1.1	1067
10	HGTV	1.1	1057
10	TOON	1.1	1028
13	DISC	1	946
13	SCIF	1	895
15	HIST	0.9	870
15	SPK	0.9	859
15	TRU	0.9	816
15	CNN	0.9	816
15	AMC	0.9	814
15	FX	0.9	798
21	FOOD	0.8	784
21	FAM	0.8	783
21	CMDY	0.8	769
21	TVLD	0.8	709
21	LMN	0.8	492
26	TLC	0.6	613
26	BRAV	0.6	552
26	MTV	0.6	546
26	MSNB	0.6	529
26	OXYG	0.6	419
31	APL	0.5	474
31	VH1	0.5	461
31	BET	0.5	437
31	EN	0.5	433
31	NOGG	0.5	321
36	HLN	0.4	412
36	ESP2	0.4	390
36	TTC	0.4	362
36	NGC	0.4	289
36	WGNA	0.4	280
36	SOAP	0.4	268
42	CMT	0.3	253
42	TWC	0.3	246
42	SPD	0.3	245
42	WE	0.3	236
42	GSN	0.3	209

*Nielsen data supplied by ABC/Disney



ANNOUNCING:
CABLEFAX CONTENT BUSINESS

From the industry's most trusted source, CableFAX Daily, comes Content Business: a one-stop source for analysis of cable content, programming, new technologies and advertising trends.

www.cablefaxcontentbusiness.com



CableFAX

THE MAGAZINE



*Congratulates the winners of
the 2008 Top Ops Awards*



TOP INDEPENDENT OPERATORS

Independent Operator of the Year: WOW! (WideOpenWest)
Indie Marketer of the Year: Jerry McKenna, Cable One
Indie System Exec of the Year: Amy Tykeson, BendBroadband
Indie Strategic Thinker of the Year: Patrick Knorr, Sunflower Broadband
Indie Best Community Service: Advanced Cable Communications and Massillon Cable TV
Indie Lifetime Achievement: Steve Weed, Wave Broadband

TOP MSOs

MSO of the Year: Insight Communications
MSO Sales Team of the Year: Charter Business
MSO Comeback Exec of the Year: Rocco Commisso, Mediacom
MSO Tech Innovation: Pragash Pillai, Bresnan Communications
MSO Best Community Service (System): Cox Arizona/Cox 7 Arizona
MSO Lifetime Achievement: Ralph Roberts, Comcast

Thank you to our Top Ops Partners and Advertisers!

ACA and NCTC

Bresnan Communications, CSG Systems, CableLabs, Cisco,
Disney and ESPN Media Networks, HBO, ION Media Networks,
Tribune Media Services and WOW!



14197

CableFAX
THE MAGAZINE

2008 Top 10 Places to Work in Cable

Our picks for cable's best workplaces reveal an increasing emphasis on diversity and innovations in child care and work schedule flexibility. Check out www.cable360.net to find out why.

Bresnan Communications
Bright House Networks
Charter Communications
Comcast
Cox Communications

Discovery Communications
ESPN
Scripps Networks
Time Warner Cable
Turner Broadcasting System