

CableFAX Daily™

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What the Industry Reads First

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Game On: Cable Suits Up For Another Season

Football season is fast approaching, and this year features some notable pigskin changes in cable along with a pesky Achilles' Heel and a key unknown. Perhaps most notable is **Comcast's** Fri launch of **Big Ten Network** following acrimonious discussions during much of '07. The net receives important carriage on expanded basic in conference states through the deal, and the MSO pleases area subs while maintaining the right to move the net to digital next spring in many markets. Big Ten has yet to ink key distribution deals with **Charter**, **Mediacom** or **Time Warner Cable**, but **Pali** analyst *Richard Greenfield* believes the lack of progress most stings the latter MSO. "The Big Ten situation puts Time Warner Cable in a tough spot," wrote Greenfield, noting brewing trouble in NYC with **Verizon's FiOS** launch and **Univision's** retrans demands. "While the BTN situation is not a key reason for our sell thesis on TWC, it certainly adds pressure to TWC's earnings growth in 2008/2009." Greenfield expressed concerns last year about Mediacom losing subs over the lack of carriage. Mediacom ended up gaining 2K basic subs in 1Q, it's 1st quarterly sub gain in 3 years, with CEO Rocco Commisso promising to hold firm on MCCC's stance. Big Ten Net is applying its own pressure to Time Warner and Mediacom, which respectively dominate OH and IA. The net features 3 of Ohio State's initial 4 football games, plus the annual Iowa-Iowa State tilt that evokes fervent state interest. Also of note: **The mtn.** sports network forged with **DirecTV** in Feb its 1st satellite distribution deal, and will hit the DBS op's lineup by Sept 1. On the **NFL** front, big cable continues to have an icy relationship with the popular league, and the satcasters and telcos are busy taking advantage of the situation. A cogent example (other than DirecTV's Sunday Ticket) is **NFL Network Game Extra**, a service available exclusively to Verizon video/broadband subs that provides live, online broadcasts of **NFL Net's** preseason and Thurs night games, plus segments from net shows such as "NFL Total Access" and fantasy football updates from **NFL.com**. Lastly, keep an eye this season on **ESPN's** "MNF" ratings. After averaging a 9.9/9.11mln in '06, the games slipped last season to an 8.6/8.28mln. What will this season hold? ESPN has some compelling games this year, including **Eagles-Cowboys** and **Jets-Chargers**.

Dolan Diary: Cablevision's 1st step to increase shareholder value is a quarterly dividend of 10 cents/share on both its A and B shares, payable Sept 18 to shareholders of record as of Aug 26. **Collins Stewart** analyst *Thomas Eagan* believes additional steps will follow. "We continue to expect the company will spin out the programming assets as a separate stock," wrote Eagan, noting that the recent ratings and rev success of **AMC** and acquisitions of **Sundance Channel** and **Newsday** form a sufficient content basket to create a separate equity. Eagan said the MSO could also initiate a \$1bln stock buyback plan and still maintain a manageable net debt leverage ratio. Although CVC shares rose 2.6% Fri, capping a fantastic week (+12%), **S&P** has maintained its "sell" opinion on the shares. "Despite sharp



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CVC rally in past month, we see overhang from need for broader strategic direction amid changing landscape,” said S&P. -- Hedge fund **Harbinger Capital Management** has purchased 11.45mln CVC shares, according to the *WSJ*, a tally equal to nearly 5% ownership of the MSO. Harbinger is now CVC’s 5th largest shareholder.

Cable Master: Percy Miller, who released several rap albums under his *Master P* sobriquet, plans to launch next year an African American-targeted cable net featuring content ranging from educational children’s shows to, not surprisingly, hip-hop music and videos. BBTv, or **Better Black TV**, is deemed family-friendly, its music content “responsible.” No cable carriage deals were announced. “It’s extremely important to feed clean, quality, and positive subject matter to our families,” said Miller in a release. “We believe TV content can be positive and responsible and still have good ratings.” Miller, who credits **BET** founder *Bob Johnson* with helping him learn the TV business, will serve as chmn/CEO of the net. Advisory board members include actors *Denzel Washington* and *Will Smith*.

Online Privacy: Add **WOW!** to the list of Internet providers that have pulled away from ad firm **NebuAd** following concerns raised by lawmakers. The overbuilder used NebuAd’s technology for about 4 months, from early March to July 8, throughout its footprint of approx 330K HSD subs. It launched a trial before the March rollout. **WOW** said **NebuAd** used non-personally identifiable information to serve targeted Internet advertising. “Given our commitment to customer service and customer privacy, and in recognition of the issues raised by this Committee, privacy advocates and others subsequent to **WOW**’s deployment of the NebuAd Services, **WOW** voluntarily elected to notify NebuAd on June 30, 2008 to discontinue deployment of all NebuAd Services,” **WOW** said in a letter to House Commerce leaders Wed. The Committee sent letters to several cable, phone and Internet companies this month asking whether they had tailored or facilitated the tailoring of ads based on Web surfing. Overbuilder **Knology** recently discontinued a NebuAd trial to study issues raised by the Committee, and **Charter** nixed a similar pilot before it ever launched (*Cfax 8/12*). **Bresnan** also told the committee it conducted a limited trial from Apr 1 to June 26 with NebuAd that involved about 6K customers in Billings, MT.

In the Courts: The **Parents TV Council** is calling **Time Warner**’s US Supreme Court filing a “smoke screen.” **TW** expressed concern earlier this month that prohibiting fleeting indecency on broadcast TV could lead to justifications for regulating cable network content. “Time Warner’s self-serving brief is a smoke screen that is hiding the real issue,” said PTC pres *Tim Winter*. “As a partial owner of the **CW** network, this filing must be seen as a back-door justification for its irresponsible behavior, as recently evidenced by its inappropriate advertising practices for ‘Gossip Girl’ and indecent broadcasts.” Winter, who argued for cable a la carte in his statement, said SCOTUS has already established a different legal standard for broadcast vs cable when it comes to indecent content. The Supreme Court has agreed to review a ruling that struck down the **FCC**’s fleeting indecency ruling.

Cable in the Pool: While *Michael Phelps* has dominated in Beijing, cable’s been pulling for *Ben Wildman-Tobriner*, part of the team (along with Phelps) that grabbed gold in the 4X100 relay earlier this week. Ben’s aunt is veteran cable PR hand *Sandi Padnos*. She tells us he’s headed to med school and is a good guy, too. He’s donated money from his Speedo endorsement to fund a group that teaches underprivileged kids to swim. His sister founded the group.

Editor’s Note: Due to technical complications, the Week In Review stock chart does not appear in today’s issue.

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Paul S. Maxwell

too many Aran sweaters and too much green ... to things in the air besides drizzle, yet another language hard to understand, sake, smiling people, lots and lots of smiling people,

blocked internet (hey, internet that works – sometimes!), cars replacing bicycles and real heat and haze.

In Dublin, **Showtime** was filming an episode of *The Tudors* at Christ Church Cathedral along past Lord Edward Street and just before High Street (if you go, cool church, ignore the amateurish Viking exhibit next door). In Beijing, **NBC** plus its sibling nets, acquired nets and more are filming every move every athlete makes.

True culture shock. Let the games continue! All in a few days flying. Two days washing. Wonder how the athletes felt arriving here. Let you know how it is when we wake up.

Random Notes:

• **“Surge” Clarification:** In America

today, the “surge” is the term for more troops in Iraq (temporarily it was said); in Ireland, the “surge” is what happens when Guinness is correctly poured from a draft spout into a glass. Just to clarify an earlier remark ... and, to be very clear, I've been practicing.

• **Not To Be an Alarmist:** But can you say “Hoover”? Anybody notice the bank failures? Anybody notice the Doha round of tariff talks collapsed? Anybody notice that the next thing that will happen will be a couple of major trading partners enacting their new version of Smoot-Hawley? Anybody care?

• **Foreign Policy?** Looks like a policy of “do-as-I-say-not-as-I-do” isn't working out quite so well. Hard to be belligerent when all the troops are busy. Also hard to diss “ends-justifying-means” actions by others when that's one's own policy.

• **1st '09 Fundraising Letter!** The ever resourceful and thinking-ahead *Steve Villano* of **Cable Positive** is out with the first fundraising letter based on the function changes next year as cable's calendars collapse into two major periods. No more big dinner means no static NY fundraiser which means all those who pushed for these changes do need to step up. Which, we must say, many companies are already doing – is yours one of them?

• **Politics:** *Kevin Martian* reminded **C-SPAN** viewers that he co-authored an op-ed piece in favor of a la carte for cable (satellite? telco?) with the

presumptive (soon we won't have to always include that pretentious word!) Senator *John McCain* – who, we should note, gets lots of campaign donations from cable and satellite folks. That must mean that what's best for the country transcends what might be best for cable? Just asking – McCain just last week put new laws for network neutrality on the table. Making that point because, eight years ago, I just couldn't bring myself to vote for *Al Gore* because of his duplicity involving a cable-related bill. --- Meanwhile, **Focus on the Family** posted a Web ad asking their followers to pray for rain when the Democratic Party's nominee is scheduled to speak at Denver's Invesco Field at Mile High Stadium on the 28th. How Christian of them. --- Meanwhile, when I get home from Beijing the Democrats invade Colorado. I think I'll leave town again.

• **Quiet Period?** How quaint. And the **NAB** wants to “look” cooperative, but isn't. What a surprise. This episode should once again demonstrate the destructive nature of so-called “re-transmission consent.” **Maybe cable should trade a la carte for real must carry?**

Paul Maxwell

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