

CableFAX Daily™

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What the Industry Reads First

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Square PEGs: Cablevision Takes Govt Channels Digital

Cablevision is the latest MSO to ruffle some feathers after digitizing PEG channels across its service area (except for CT) earlier this month. The pushback comes despite CVC's enviable digital penetration. More than 89% of CVC subs are digital, and the MSO is offering remaining analog-only subs 1 free digital box to deliver PEG programming "at zero cost for life," a rep said (detail of the offer available here: www.cablevision.com/local). It's not enough for Yonkers, NY, mayor *Phil Amicone*, who is threatening legal action if CVC doesn't change course. The city argues the digital basic tier is actually a 2nd basic tier of service, which it says puts the MSO in violation of federal law and its franchise agreement. In a letter, the city gave CVC until 5pm on Oct 10 to revert the PEG channels to analog. "As public access shifts to digital, we have ensured that any analog customer who wants to continue to receive this programming can do so at no additional cost," Cablevision said. "We note that our phone company and satellite competitors either make a dramatically inferior commitment to PEG programming, or do not offer it at all." In fact, the **CA Division of Ratepayer Advocates** created a YouTube video to alert residents considering changing to **AT&T's U-Verse** that it will be more cumbersome to access PEG channels (*Cfax*, 9/25). The MSO agreed to delay moving PEG channels in CT for up to 30 days following concerns from CT leaders. A spokesman said CT will make the switch in Oct. Concerns have been raised in other areas, including Sommerville, NJ, where the manager of a local PEG channel has asked the Div of Rate Counsel to look into the issue. PEG channel accessibility remains a hot topic, especially to the city leaders who appear on them, and continues to pop up in the news. Several operators, including **Bright House** in Tampa, have moved the nets to digital. **Comcast's** attempt to move PEG channels in the home state of House Commerce chmn *John Dingell* (D-MI), drew the Congressman's ire and lawsuits. It prompted a hearing on the matter in Jan. Things settled down when Comcast apologized for "failing to adequately communicate" its goals and working with the cities on arrangements. However, the lawsuits are still pending, with arguments being heard over the summer. A Comcast rep said the MSO has not moved forward with any changes to the channels. As the country makes the move to digital, it's pretty clear that local leaders are hoping their channels will be the last to go.

Competition: So why did **AT&T** just extend that **DISH** marketing agreement to Jan 31? Apparently to give it more time to strike a deal with DISH rival **DirecTV**. Ouch. Late Fri, AT&T said DirecTV "will become part of the AT&T Advanced TV video portfolio" after the DISH arrangement expires. *Jeff Weber*, AT&T vp, video and entertainment, said it's all part of AT&T's plan to provide "customers with a better experience than cable." No terms were disclosed. The reversal of fortune doesn't bode well for DISH. **Collins Stewart's Thomas Eagan** earlier this week noted that loss of the AT&T pact could push DISH's '09 gross adds down by more than 400K or 15%.

No Deals: Dealmaker *John Malone* doesn't see much opportunity right now for acquisitions. "Certainly, a lot of stocks are cheap, but companies, at least companies in our space, aren't necessarily for sale, based on their stock prices," he said at



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Liberty's investor conference in NY. Basically, the credit crunch and economy makes it hard to form a long term strategy, he said. **Pali's Rich Greenfield** expounded on that in a note after talking to Malone during a break. He said Malone was surprised somewhat by **Discovery's** trading but noted that everything in media is weak now. The analyst reported that Malone doesn't expect Discovery to pursue share repurchases given the current markets, nor does he see it going after **Scripps** given how far apart he believes their valuations would be. As for the always asked question of the possibility of a **DISH-DirectTV** deal, Malone was discouraging, saying he didn't think it was worth either DS player's time to approach the govt with a proposal. *The Financial Times* reports that Malone has begun talks about swapping his stake in Time Warner for AOL. "There have been limited discussions," Malone told the paper, adding that "Time Warner still needs to divide the business." AOL's not expected to be separated until early next year [**More at www.cablefaxcontentbusiness.com**].

In the States: Some **NY Public Service Commission** members say **Verizon** should be forced to halt **FIOS** installs until it can ensure proper installations, reports the *Albany Times Union*. The telco had previously vowed to make sure 95% of the systems were properly grounded after state regulators found that a "high proportion" were not. But in its 1st month of sampling, it found only 83% were properly grounded, with only 59% in Queens, the worst area, the paper said.

DTV Doings: Democratic members of the House Commerce Committee are calling attention to potential digital transition problems for regions on the US-Mexico border. Most Mexican stations will continue broadcasting only in analog after Feb 17. Many Spanish-speaking HHs near the border watch both US and Mexican TV, so the members are concerned it could create confusion. They want the **FCC** and **NTIA** to target DTV info to Americans in border areas.

Ratings: **Fox News** nabbed the most viewers among cable nets for Pres Bush's speech about the economy Wed night. For the 15-min speech between 9pm-9:15pm ET, Fox averaged 4.8mln total viewers and a 3.8 rating. **CNN** had 3mln/2.5, while **MSNBC** averaged 2mln/1.6mln. All told, some 52.7mln tuned in across broadcast and cable, **Nielsen** said.

Programming: **ABC Family** acquired the 2 most recent "Harry Potter" flicks in a deal with Warner Bros Domestic TV Distribution. The deal also includes "Happy Feet" and "Nancy Drew." "Harry Potter and the Order of the Phoenix" will bow on ABC Family in '10 and "Harry Potter and the Half-Blood Prince" (due in theaters in July) will make its basic cable debut in '12. -- **Discovery** encored its popular "Planet Earth" Sun (9/28), partnering with Acura to develop a series of 4 short films to run during the telecast. -- *Britney Spears'* new single "Womanizer" will get its TV debut on **MTV** during Mon's episode of "The Hills." -- **Oxygen** has picked up the exclusive cable rights to "America's Top Model," which struts to the net in Jan.

On The Circuit: More good timing for **Lifetime**. As it hosted Thurs a DC screening of its newest breast cancer original film ("Proof," debuts Oct 18) with *Harry Connick Jr* and producer *Renee Zellweger*, the Senate re-authorized "The *Debbie Smith Act*," which provides money to process backlogged rape kits. The House approved the bill in July. Lifetime collected some 8mln signatures in favor of the legislation. Earlier in the day, another Lifetime-endorsed bill to prevent "drive-through mastectomies" won House approval (**Cfax**, 9/26).

People: **BBC Worldwide America** announced several recent promotions: *Richard De Croce* to svp, programming; *Linda Giambrone*, svp, production; *Ian Moffitt*, svp, programming and content strategy; *Megan Branigan*, svp, video marketing and BBC Direct; and *Aimee White*, svp, sales & ops, consumer products. -- **Speed** appointed *Thomas Creter* vp, engineering.

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CableFAX Week in Review

Company	Ticker	9/26 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	31.54	(52%)	(49.4%)
DIRECTV:	DTV	26.55	65.50%	65.50%
DISNEY:	DIS	32.75	54.20%	54.20%
ECHOSTAR:	DISH	24.55	(5.2%)	(5.2%)
GE:	GE	25.25	85.00%	103.20%
HEARST-ARGYLE:	HTV	22.65	(1.4%)	0.10%
NEWS CORP:	NWS	13.25	(15.8%)	(14.7%)

MSOS				
CABLEVISION:	CVC	26.34	(45.1%)	(44.9%)
CHARTER:	CHTR	0.84	(94.9%)	(94.9%)
COMCAST:	CMCSA	20.70	(13.5%)	(12.5%)
COMCAST SPCL:	CMCSK	20.56	(14.4%)	(13.4%)
GCI:	GNCMA	9.59	(1.7%)	(1.7%)
KNOLOGY:	KNOL	8.80	150.70%	150.70%
LIBERTY CAPITAL:	LCAPA	13.88	337.90%	337.90%
LIBERTY ENT:	LMDIA	25.69	6.20%	6.20%
LIBERTY GLOBAL:	LBTYA	30.77	(31.9%)	(31.9%)
LIBERTY INT:	LINTA	13.45	(30.1%)	(30.1%)
MEDIACOM:	MCCC	6.83	(61.9%)	(61.9%)
SHAW COMM:	SJR	21.31	100.80%	112.20%
TIME WARNER CABLE:	TWC	25.24	(34.1%)	(34.1%)
VIRGIN MEDIA:	VMED	8.32	(49.5%)	(48.5%)
WASH POST:	WPO	563.58	6.70%	10.00%

PROGRAMMING

CBS:	CBS	15.40	(40.3%)	(35.5%)
CROWN:	CRWN	4.95	(54.6%)	(54.6%)
EW SCRIPPS:	SSP	7.48	(92.6%)	(90.3%)
GRUPO TELEVISIA:	TV	22.24	110.40%	117.20%
HSN:	HSNI	11.83	(20.5%)	(20.5%)
INTERACTIVE CORP:	IACI	17.00	(62.3%)	(62.3%)
LIBERTY:	L	42.99	1113.40%	1113.40%
LODGENET:	LNET	2.29	(86.3%)	(86.3%)
NEW DISCOVERY:	DISAD	16.20	(1.6%)	(1.6%)
NEW FRONTIER:	NOOF	2.89	(11.1%)	12.90%
OUTDOOR:	OUTD	8.49	(39.4%)	(39.4%)
PLAYBOY:	PLA	3.86	(76.6%)	(76.6%)
RHI:	RHIE	12.41	(1.7%)	(1.7%)
SCRIPPS INT:	SNI	39.11	(4.1%)	(3.7%)
TIME WARNER:	TWX	14.21	(26.7%)	(24.5%)
VALUEVISION:	VVTV	2.08	(89.3%)	(89.3%)
VIACOM:	VIA	25.51	(40.9%)	(40.9%)
WWE:	WWE	15.23	12.80%	27.00%

TECHNOLOGY

3COM:	COMS	2.34	(63.9%)	(63.9%)
ADC:	ADCT	9.12	(44.2%)	(44.2%)
ADVANTAGE:	AEY	2.80	(52.2%)	(52.2%)
ALCATEL LUCENT:	ALU	4.33	(66.7%)	(66.7%)
AMDOCS:	DOX	26.62	(20.8%)	(20.8%)
AMPHENOL:	APH	42.72	612.00%	614.00%
APPLE:	AAPL	128.24	42.00%	42.00%
ARRIS GROUP:	ARRS	8.18	(19.2%)	(19.2%)
AVID TECH:	AVID	24.59	(33.3%)	(33.3%)
BIGBAND:	BBND	3.99	(62.6%)	(62.6%)
BLNDER TONGUE:	BDR	1.15	(68.5%)	(68.5%)
BROADCOM:	BRM	19.08	(35.6%)	(35.6%)

Company	Ticker	9/26 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	23.82	23.90%	23.90%
COMMScope:	CTV	36.72	68.90%	68.90%
CONCURRENT:	CCUR	5.86	(75.1%)	(75.1%)
CONVERGYS:	CVG	15.58	(57.9%)	(57.9%)
CSG SYSTEMS:	CSGS	19.04	(53%)	(53%)
ECHOSTAR HOLDING:	SATS	26.66	(19%)	(19%)
GOOGLE:	GOOG	431.04	(2.1%)	(2.1%)
HARMONIC:	HLIT	8.73	(26.5%)	(26.5%)
JDSU:	JDSU	8.66	(61.3%)	(61.3%)
LEVEL 3:	LVL	2.94	33.00%	33.00%
MICROSOFT:	MSFT	27.40	13.50%	16.60%
MOTOROLA:	MOT	7.63	47.30%	55.00%
NDS:	NNDS	56.65	70.50%	70.50%
NORTEL:	NT	2.54	(93.4%)	(93.4%)
OPENTV:	OPTV	1.51	(81.8%)	(81.8%)
PHILIPS:	PHG	29.11	287.50%	328.20%
RENTTRAK:	RENT	14.18	32.50%	32.50%
SEACHANGE:	SEAC	9.49	(41.3%)	(41.3%)
SONY:	SNE	32.41	41.10%	41.10%
SPRINT NEXTEL:	S	6.93	(73.7%)	(73.7%)
THOMAS & BETTS:	TNB	41.01	(3.5%)	(3.5%)
TIVO:	TIVO	7.36	7.80%	7.80%
TOLLGRADE:	TLGD	4.61	(86.2%)	(86.2%)
UNIVERSAL ELEC:	UEIC	25.06	41.20%	41.20%
VONAGE:	VG	1.08	(91%)	(91%)
YAHOO:	YHOO	18.92	(42.7%)	(42.7%)

TELCOS

AT&T:	T	30.00	61.30%	80.60%
QWEST:	Q	3.61	(74.3%)	(70.8%)
VERIZON:	VZ	32.18	(31%)	(23.6%)

MARKET INDICES

DOW:	INDU	11143.13	(2.2%)	(16%)
NASDAQ:	COMPX	2183.34	(4%)	(17.7%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LIBERTY:	42.99	1113.40%
2. AMPHENOL:	42.72	612.00%
3. LIBERTY CAPITAL:	13.88	337.90%
4. PHILIPS:	29.11	287.50%
5. KNOLOGY:	8.80	150.70%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CHARTER:	0.84	(94.9%)
2. NORTEL:	2.54	(93.4%)
3. EW SCRIPPS:	7.48	(92.6%)
4. VONAGE:	1.08	(91%)
5. VALUEVISION:	2.08	(89.3%)



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MaxFAX...

Crisis? What Crisis?

Better question is: Which Crisis? Is the main crisis Ike's aftermath in Texas?

[A personal note... was in Houston last week for a few days and everywhere I went—when I could get past the traffic intersections of eight lanes

plus turning lanes and no electricity to run the traffic lights—I saw **Comcast** crews everywhere working very hard to restore service. Hardly saw a power company crew, though. -- And a friend from

Galveston said he saw **Time Warner Cable** crews—where they could get to; lots of Galveston is gone, though, again. Ike was another “mighty day that blew all the people all away.”

-- Went to a **Best Buy** in one of the areas with power and asked about a battery-powered digital TV—got a blank stare].

Is it the sudden nationalization of insurance companies? Is it choosing which company to bail out for which reason? Is it more socialism for the risk side and capitalism for the reward “earners”?

Is it your bank?... your broker?... your company's stock?

Is it a lack of long-term strategies in Afghanistan?

Is it Pakistan's Army firing on American military drones and helicopters?

Is that your fingers are crossed when you say, “Media is recession proof—no matter the platform?”

Is it the Federal Confusion Commission? Is it the so-called digital transition due right after we get a new President? Is the **Treasury Department** the new **Enron** or **Worldcom**?

Is it the “*Paulsen* Panic” and does that mean we should, too? Is it an over-arching lack of accountability?

Is that no one, really, is in charge of anything? Is it that a lack of transparency is so transparent?

Is it that in the middle of a financial crisis **Fox News** online leads with a feature on the latest Jaguar?

Is it because we're running out of IP addresses?

Is it because there are now five billion channels and nothing is on?

Is it that there is good reason *Jon Stewart's* “Daily Show” is up 28%?

Is it too much news to digest?

Is it because Treasury's Paulsen says, “I'll see you \$700bln and raise 2?” while the **Fed's** *Bernanke* says, “Oops, the **FDIC** needs at least \$150bn so I'll see you and raise you \$2trillion!”?

Is it because you wish Congress had adjourned instead of stayed around to pass a bailout bill?

Is it because the bailout reminds you of the response to Katrina?

Is it because of another *O. J.* trial?

Is it the tone of the Presidential campaigns?

[Gotta admit, the campaigns sure are “interesting” in a Confucian sense].

Is it a fear that no one—not this President, this Congress or this choice of candidates—has a clue about what to do?

Or is it because neither you nor I will get a bailout?

Random Notes:

• **On a Lighter Note:** I'm looking forward to next month (anything to get rid of September) when some good folks get inducted into the **Cable Hall of Fame** in Denver. Hope you'll join us for CableDays—Oct 15th and 16th. We've got a great cast; anecdotes to follow. (Note to inductees: be worried, be very worried.)

• **Discovery + YouTube:** Cool.

• **Bloomberg TV + Google Ads:** Interesting.

• **The Times:** Too interesting.



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Source: Beta Research Cable Subscriber Interest Study, high interest in services by index, rankings among emerging networks, June 2008

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