

CableFAX Daily™

Tuesday — October 10, 2006

What the Industry Reads First

Volume 17 / No. 196

Sweeten the Pot! Dolans Likely To Pay More For Cablevision

As the *Dolan* family tries again to take **Cablevision** private, the consensus Mon was that it's going to cost them more money than their initial offer but is more likely to succeed than its bid about 16 months ago. Shares closed up nearly 11% on the news to \$26.50. The Dolan's \$7.9bn all-cash offer (\$27/share) represents a 13% premium to Fri's close and 15% above their previous offer—or \$4,600 per sub. "This is in line with Cablevision's fair value, but we would expect a premium to take the company private," **Kaufman Bros** told clients, suggesting something more like \$5K/sub (\$29/share). "Above this level we believe investors are not adequately pricing in the risk [that] the deal does not get done." (The family's ability to up the deal is limited by Cablevision's debt). **Sanford Bernstein's Craig Moffett** also believes there's a need for a sweetened deal, "particularly with the prospect of a flip to **Time Warner** and/or **Comcast** looming at some indeterminate point in the future." The bid is for all of Cablevision this time, whereas the Dolans only offered to buy out the cable business in '05 (the family says it considered feedback from CVC's special committee and is now offering a simpler structure). In the proposal letter sent to CVC's board Sun, the Dolans reiterated their belief that intensifying competition calls for a long-term, entrepreneurial mgmt perspective that's "not constrained by the constant focus on short-term results demanded by the public equity markets." Cablevision's board on Mon formed a special committee to consider the proposal, retaining Willkie Farr & Gallagher as legal counsel. **Merrill Lynch** and **Bear Stearns** are advising the Dolans.

High Fidelity: New VOD HD Music Channel Tours Comcast

Comcast has launched new **In Demand** service **INHD Jukebox** on VOD. It's billed as the 1st free, HD VOD offering featuring a selection of concert performances in 5.1 **Dolby** Digital. The launch follows a successful trial run in Comcast's Richmond, VA, market and is part of the MSO's commitment to make 100 hours of HD VOD programming available each month (an aside: it was not announced, but Comcast's deal with **CBS** for free VOD programming also includes the HD versions of some primetime shows). **INHD Jukebox** will make more than 20 concert clips available each month, refreshed weekly, with initial content mined from concerts that air on **INHD** and **INHD2** (In Demand is looking to acquire outside high-def footage as well). Performances include: *Art Garfunkel's* "Feeling Groovy," *The Who's* "My Generation" and *Pink's* "Get the Party Started." Said *Page Thompson*, svp, gm of video services for Comcast: "Music programs have consistently been among the most popular On Demand shows... HD makes fans feel like they're in the front row for performances by their favorite artists." In Demand is talking to other MSOs about launching the VOD channel.

Video Vigor: Google's \$1.65bn acquisition of online video site **YouTube** became official on Mon, right on the heels of 3 new partnerships that could help clear legal hurdles to the deal. The stock-for-stock deal is expected to close in 4Q, with



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the number of Google shares to be issued determined by the 30-day avg closing price 2 trading days prior to the deal's completion. YouTube will operate independently to preserve its brand, and all of its employees will remain at the San Bruno, CA, headquarters. Pacts with **Sony BMG Music**, **Universal Music Group** and **CBS** could help allay concerns about pirated content on YouTube – a sticky situation for any prospective buyer. The strategic content and advertising partnership with CBS allows the broadcaster, Showtime and CSTV to offer the YouTube community short-form video programming from its news, sports and entertainment divisions on a daily basis beginning this month. In addition, CBS will test YouTube's new advanced content identification architecture and reporting system, allowing CBS to protect intellectual property by identifying and locating copyrighted content on the site. The content license deal with Sony gives YouTube access to video content from Sony's music library, with both sides working to let users include certain Sony sound recordings in their own uploads. Universal will offer similar videos and the use of songs for users' creations.

Turnerisms: *Ted Turner* was his usual quotable self during his speech before the **National Press Club** in DC Mon. He criticized news nets, including CNN, for displaying the American flag prominently during early war coverage. "It was almost like a football game—us vs them," he said. His view on **Fox News**: "Right-wingers have every right to have a network of their own, and they've got one." Does the left have its own network? "According to the right-wingers, all the rest are left wing, so I guess we do." Would he start a new media venture? "That part of my life has come to an end." Turner also decried media consolidation. "I think we are poorer for it," he said. "Those big media companies are for the most part more concerned about making money than serving the public interest." One of the consolidation losers is intl news "because it's not a ratings grabber," he said. Of course, no speech would be complete without a reference to his firing from Time Warner. Turner said former **AOL Time Warner** CEO *Jerry Levin* tore up his contract, which had a year-and-a-half left on it. "I accepted it because I didn't want to get into an ugly fight that would hurt the company." Our favorite Turnerism came when he was asked if he'd like to take back any of the controversial things he has said over the years: "There are a lot of things I've said that I wished I hadn't said. (Pause) But not too many."-- Turner had tongues wagging by arriving with **Court TV** anchor *Catherine Crier*, with many wondering whether the 2 are dating.

What Inning Is It? **Time Warner** and **Liberty Media** continue to work toward their super-complex deal to sell the **Atlanta Braves** to Liberty. The latest: Turner svp, sports PR and Braves svp, communications *Greg Hughes* announced he will resign at the end of the month, citing the pending sale of the team. Hughes told staffers in an email that "the scope of my job will change" with the sale and that "it's best that I lead that change," according to an article in the *Atlanta Journal Constitution*. One person not interested in buying the team is former Braves owner *Ted Turner*, who said at Mon's **National Press Club** that "25 years was long enough—and besides, I can't afford them anyway."

Programming: **FUEL TV** will present the inaugural "Arby's Action Sports Awards" show, slated to air Dec 10 on **FOX**. FUEL is currently hosting online voting at www.fuel.tv for performers in motocross, snowboarding, BMX, skating and surfing. -- **Court TV** picked up a 2nd season of "Haunting Evidence," a series that follows an atypical investigation team comprised of a psychic profiler, a paranormal investigator and a medium. -- **WE's** doc "Jon Benet: Who Killed the Pageant Queen?" will reexamine the controversial and unsolved case in light of recent events.

VOD: **Anime Network** unveiled 3 new carriage deals for its SVOD service. A 3-stage system rollout on **Insight (Cfax, 9/26)** began last month, a system-wide **RCN** launch begins this month, and in Nov the net will reach **Cogeco Cable's**

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BUSINESS & FINANCE

Ontario, Canada systems. Insight, the first major MSO to carry Anime as a linear channel, stopped carrying it in that format earlier this year.

People: Nick announced that former ESPN exec Tanya Van Court has joined as svp, preschool and parents online businesses for Nick and MTVN Kids and Family. -- TBS named Greg Foster vp, corporate development.

-- Discovery Commerce tapped Patrick Gates and Kelly Day as leaders of Discovery Interactive, a new unit that meshes Discovery's e-commerce ops with its online content group.

Business/Finance: Citigroup lowered its '06 revenue estimate for Charter to \$5.42m from \$5.52m following the MSO's restated financials after completion of certain cable transactions. It lowered the '07 rev estimate to \$5.91m from \$6.02m. Price target and rating remain unchanged as the restatements have no material impact on future cash flow. -- VOD content firm Ripe Digital Entertainment announced \$32m in Series B financing from Hearst-Argyle, Time Warner, Columbia Capital and Rho Ventures. RDE will use the cash to launch more on demand TV networks, build its broadband and mobile strategy, and develop measurable advertising. -- Motorola led a \$16m 3rd financing round for Ruckus Wireless to develop new broadband digital services for home networks. RW has supplied its Wi-Fi system to more than 75 global broadband operators.

CableFAX Daily Stockwatch

Company	10/09 Close	1-Day Ch	Company	10/09 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	41.04	(0.51)	AVID TECH:	37.82	0.64
DIRECTV:	20.09	0.24	BLNDER TONGUE:	1.22	0.00
DISNEY:	31.39	0.05	BROADCOM:	29.59	0.22
ECHOSTAR:	33.53	0.13	C-COR:	9.00	0.02
GE:	36.16	0.02	CISCO:	24.31	0.22
HEARST-ARGYLE:	23.30	0.28	COMMSCOPE:	32.90	0.48
ION MEDIA:	0.78	(0.02)	CONCURRENT:	1.70	0.02
NEWS CORP:	20.95	0.21	CONVERGYS:	20.25	(0.08)
TRIBUNE:	33.04	0.17	CSG SYSTEMS:	27.42	0.26
MSOS					
CABLEVISION:	26.50	2.57	GEMSTAR TVG:	3.41	0.02
CHARTER:	1.67	(0.06)	GOOGLE:	429.00	8.50
COMCAST:	37.66	0.53	HARMONIC:	7.25	(0.12)
COMCAST SPCL:	37.61	0.56	JDSU:	2.11	(0.04)
GCI:	12.52	0.05	LEVEL 3:	5.27	0.12
KNOLOGY:	10.13	0.30	LUCENT:	2.28	0.00
LIBERTY CAPITAL:	85.62	(0.53)	MICROSOFT:	27.72	(0.15)
LIBERTY GLOBAL:	26.36	0.16	MOTOROLA:	25.41	(0.23)
LIBERTY INTERACTIVE:	21.16	0.35	NDS:	43.66	0.17
MEDIACOM:	7.50	0.12	NORTEL:	2.16	0.03
NTL:	25.46	(0.26)	OPENTV:	2.87	0.02
ROGERS COMM:	54.39	0.21	PHILIPS:	35.06	0.20
SHAW COMM:	29.44	0.26	RENTRAK:	11.11	0.00
TIME WARNER:	18.86	0.08	SEACHANGE:	8.56	(0.06)
WASH POST:	748.00	(3.5)	SONY:	37.57	(0.21)
PROGRAMMING					
CBS:	28.56	0.09	SPRINT NEXTEL:	18.08	(0.4)
CROWN:	4.67	0.12	THOMAS & BETTS:	49.56	0.32
DISCOVERY:	14.74	0.00	TIVO:	6.78	(0.11)
EW SCRIPPS:	48.68	(0.07)	TOLLGRADE:	9.16	(0.01)
GRUPO TELEVISA:	22.73	0.13	UNIVERSAL ELEC:	20.20	0.18
INTERACTIVE CORP:	29.45	(0.2)	VONAGE:	7.08	0.08
LODGENET:	19.01	(0.01)	VYYO:	4.29	(0.01)
NEW FRONTIER:	8.47	0.17	WEBB SYS:	0.06	0.00
OUTDOOR:	12.46	(0.07)	WORLDGATE:	1.53	(0.02)
PLAYBOY:	10.16	0.10	YAHOO:	25.03	(0.44)
UNIVISION:	34.82	0.04	TELCOS		
VALUEVISION:	11.85	0.13	AT&T:	32.18	0.40
VIACOM:	38.49	0.19	BELLSOUTH:	42.41	0.48
WWE:	16.65	0.00	QWEST:	8.39	(0.08)
TECHNOLOGY					
3COM:	4.81	(0.03)	VERIZON:	36.69	(0.11)
ADC:	14.90	(0.11)	MARKET INDICES		
ADDVANTAGE:	4.04	(0.08)	DOW:	11857.81	7.60
AMDOCS:	39.91	(0.34)	NASDAQ:	2311.77	11.78
AMPHENOL:	64.73	0.69			
ARRIS GROUP:	11.71	0.34			

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M.C. Antil's CableFolks

Angels in America

There's someone I wish you could meet. God, I wish you could meet him. But he's gone. On the day of his baptism, his mother went to check on him in his crib and found him lifeless. Mick Kearney never made three months.

You never met Seth Harris either. Mick and Seth were just two of the thousands of babies who die each year of Sudden Infant Death Syndrome, or SIDS. And the reason Mick and Seth are so close to my heart is that I have been best friends with their dads since freshman year of high school.

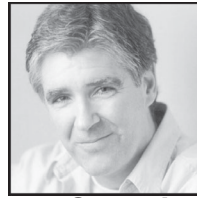
Jim Kearney and Tom Harris are remarkable people. Both are warm, compassionate and funny as hell. Both are successful businessmen and hard workers. And in recent years, both have been active board members and tireless fundraisers for the national SIDS alliance, First Candle.

Last week, I was invited the First Candle board meeting dinner, and during our meal I sat and talked with a number of SIDS parents; people whose emotions are still so raw they can barely speak their child's name without having to pause and collect themselves.

Let me tell you about the first and only time I met Mick Kearney. I was traveling through Jim's hometown of Chicago, and rather than staying in a hotel, he and his wife Linda invited me to stay with them. Since the guest bedroom was set up as a nursery, for that one night I had a roommate – a very special one.

I talked to Mick for quite a while that night. I let him squeeze my finger. I listened to him breathe and make noises. And because we were roommates for that one night, Mick became something more than just my friend's baby. He became a person. And when I heard he died, a piece of me died with him.

Why am I telling you this? Because despite the fact that First Candle has raised over \$4 million dollars for re-



M.C. Antil

search and the fact that they have spent nearly twenty years trying to educate parents about SIDS prevention – an effort that has resulted in infant crib deaths being cut in half since 1994 – over the past two years SIDS is on the rise again.

Why? No one's really sure, but there's a theory among some First Candle directors and certain members of the scientific community that cultural differences and a spike in the number of Americans living below the poverty line are contributing factors.

So what does this have to do with cable? I guess I'm hoping that, just as this industry used its resources to fight AIDS and breast cancer, and just as we used our creativity and imagination to spur young people to vote and to save music programs in our poorest of schools, one of you might adopt First Candle.

It wouldn't take much. The organization's budget is tiny by association standards. Besides, it's not so much money they need; it's awareness. Saving babies is a mission for these people, and they are convinced that the more parents know of the simple steps that can be taken to prevent SIDS, the more infants will live to see their first birthday.

Maybe if some network would produce a video on SIDS prevention that MSOs could offer on VOD. Or if CNN would do a trend story on the rising infant death rate, and how immigrants and poor families who often bring babies to bed with them might be a contributing factor.

Neil Young once wrote, "That's one more kid that'll never go to school; never get to fall in love; never get to be cool."

Please think about that. And think about this, especially all of you with kids in college for the first time: Seth Harris would have been 18 this year, and my friend Mick Kearney would have just turned 17.

M.C. Antil can be reached at m.c.antil@att.net.

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Bend Cable Communications LLC - President & CEO
Bresnan Communications, Inc - EVP Operations
Buford Media Group, LLC – CEO, President & COO
Cequel III -Suddenlink - President & CEO, SVP Programming
Cole, Raywid & Braverman, LLP - Partner
Comcast Cable - EVP
Fleischman & Walsh LLP - Partner
IMA-Int'l Media Advisors - Principal
Millennium Digital Media - SVP, Prog. & Product Dev.
NCTC - President & CEO, SVP Programming
NCTA - President & CEO
New Wave Communications - President
October Strategies, Inc. - Partner
SCTE - President & CEO
Time Warner Cable - EVP of Programming
Wave Broadband - CEO
WindBreak Cable - President & CEO

Schedule of Events

Wednesday, November 1st:

12:00pm – 3:00pm
Registration
3:00pm – 5:00pm
Industry Leaders Forum
7:00pm – 10:00pm
Dinner at Vizcaya

Thursday, November 2nd:

8:00am – 11:30am
Industry Leaders Forum
Breakfast
12:00pm – 4:30pm
Choice of Golf Tournament,
Spa, Tennis or Everglades
7:00pm – 10:00pm
Dinner

Friday, November 3rd:

8:00am – 11:00am
Industry Leaders Forum
Breakfast

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For attendance or sponsorship contact:

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