

CableFAX Daily™

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What the Industry Reads First

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Buyout Vote: Cablevision Sets Date, Dolans Consider Selling Off Assets

At long last, **Cablevision** has scheduled a shareholder vote on the *Dolan* family's \$10.5bln bid to take the company private. The vote is set to take place at 11am on Oct 24, according to an **SEC** filing Thurs. The proxy indicates that despite weak debt environment, the family's financing remains in place. However, the proxy was updated to note that as a result of higher borrowing costs and other anticipated terms of financing, the Dolan family is considering steps to reduce Cablevision's post-closing leverage, including selling assets or discontinuing businesses that aren't making money. Speculation continues to be that its **Rainbow** programming arm, which includes **AMC** and **WE**, will go up on the block. If the deal is approved next month, the family will pay \$36.26/share—a 7.3% premium to Wed's closing price, but less than its \$38.52 peak in July. Cablevision and other cable stocks have been trading down in recent weeks. **Pali's Rich Greenfield** noted that the vote is scheduled before 3Q earnings—which he thinks could lift cable stocks and make it harder for shareholders to support the deal. "The Dolans are still 'stealing' CVC in our opinion, but the risk of not being able to get financing again in the current debt environment is probably more than enough reason for shareholders to approve \$36.26 in Oct," Greenfield said, predicting that the deal will be done before the end of Oct. **Sanford Bernstein's Craig Moffett** believes questions remain over whether shareholders will get behind the deal. As CVC's stock price has declined, "the likelihood that shareholders will vote in favor of the Dolan offer has undoubtedly risen, in our view. Nevertheless, as we have noted in the past, the free cash flow prospects for the business support a much higher warranted valuation," Moffett wrote. For example, fund managers at **Gamco Investors** and **T Rowe Price** told *Reuters* that the company's assets are worth as much as \$50 a share. Also new in the proxy is language surrounding **Verizon's** FiOS buildout and CVC's lower-than-anticipated '07 sub growth and RGU adds. The Dolans said the impact on EBITDA and free cash flow could be softened by possible modest rate increases and cost cutting, though they didn't promise to go that route. CVC estimates that FiOS systems passed approx 1.08mln homes in its footprint at the end of Aug. Mgmt put together an analysis assuming that FiOS would pass 1.6mln CVC homes by the end of '11 and capture 10% video penetration, as well as an analysis that FiOS would reach either 15% or 20% penetration. Cablevision shares closed up 2.4% at \$34.62 Thurs.

Spat: The **NFL** took a swipe at cable ops (surprise!) this week, telling the **FCC** that large multichannel providers discriminate against independent programming services. The NFL wants the FCC to require video providers to bargain in good faith as they must with broadcasters over retrans negotiations. It also proposes that independent programmers be allowed to initiate binding arbitration when they believe a provider is discriminating or has failed to negotiate in good faith. The League specifically calls out **Comcast**, which it's battling in the courts. The NFL is appealing a NY Supreme Court decision deeming that Comcast's contract allows the MSO to move **NFL Net** to a sports tier. "Comcast routinely places its affiliated channels on its basic or digital tier while refusing to make comparable channels independent



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channels available on the same basis,” the NFL wrote, pointing to the DC system’s basic carriage of **CN8, Comcast SportsNet, E!, G4, Golf, Style, TV One** and **Versus (AZN and PBS Kids Sprout** are on digital basic). Cable has argued that the number of indie nets has increased dramatically over the years. Of 531 national cable nets, cable ops were integrated with about 20% last year vs 57% of the 68 available nets in '92, Comcast told the FCC. “Most of our sports networks are multi-sport, with multiple professional leagues on each network and with hundreds of games to watch. This is a major distinction between them and the NFL Network,” a Comcast spokeswoman said. “The cost to carry Golf and Versus is significantly different from what the NFL Network is demanding. There is vastly more programming on these networks, which are national in scope with broad interest across many demographics.”

Plug & Play: Verizon’s urging the **FCC** to reject both **NCTA** and **CEA**’s proposals for 2-way plug & play. While CEA’s plan is less objectionable to the telco, “both share the same fatal flaw: they rely on cable-centric technology that is not compatible with any video providers than traditional cable incumbents,” Verizon said in comments filed this week. The telco was granted a 1-year waiver to the Commission’s set-top integration ban for HD/DVR boxes after it argued that an existing, off-the-shelf CableCARD option, like the one traditional cable ops are using to comply with the ban, doesn’t currently exist for it. Verizon’s asked the FCC to extend the waiver for 3 years, but in the meantime, its working with the **Alliance for Telecommunications Industry Solutions**—an accredited standards-setting body—to build upon existing CableCARD tech for IP video providers. As for 2-way plug & play, NCTA is pushing an OCAP plan. CEA is touting “Digital Cable Ready-Plus,” calling on the FCC to create a specification and licensing framework that builds on the 1-way framework and is compliant with existing rules.

At the Portals: With **EchoStar** now carrying **Big Ten Net**, the satellite provider officially told the **FCC** Wed that it need not address its request to have the channel declared a regional sports network. EchoStar wanted it declared an RSN so that it would be subject to 3rd-party arbitration provisions under the FCC’s **News Corp/Hughes** order (**Cfax**, 7/26). Still, EchoStar wants the FCC to address several other issues related to **Liberty Media**’s proposed acquisition of News Corp’s **DirectTV** stake. For instance, it wants cable program access rules to apply to Liberty companies owned and controlled by *John Malone*, such as **Discovery Holdings**.

In the Courts: **Verizon Wireless** asked a federal appeals court to overturn the **FCC**’s open-access rules for the winner of its 700Mhz spectrum auction. The FCC decided that the winner of 22Mhz of the spectrum must let consumers connect using any device or software. Verizon claims the rules overstep the FCC’s authority and are “arbitrary and capricious.”

DTV Doings: Still trying to wade through all that happened at Tues’ late night **FCC** meeting? Check out **C-SPAN**’s “The Communicators” Sat, 6:30pm to hear **NCTA** pres/CEO *Kyle McStarrow*’s take on must-carry rules, a la carte and DTV consumer education efforts. The show will repeat Mon at 8am and 8pm on **C-SPAN2**.

Fire Update: **YES HD** was up and running again Thurs morning after a fire at a Stamford, CT, facility knocked it and 3 other HD channels off the air (**Cfax**, 9/12). YES expects to be back in full HD mode in its Stamford facility by Fri. **NFL HD** was also knocked off the air by Mon’s fire, but was back up as of 1:45pm ET Thurs. **Ascent Media**, whose uplink facility is in the building, “couldn’t have been more helpful or accommodating during a very trying time,” an NFL Net spokesman said. A&E and History’s HD nets also were impacted. A&E Nets began upconverting

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the nets' SD feed on Tues.

Online: Comcast has launched an updated beta version of its Comcast.net portal (<http://beta.Comcast.net>).

The site prominently shows the number of email and voicemail messages awaiting you. It also has a digital TV tool, but that feature is "coming soon" (please let it be a way to program your DVR via the Web...). Also new: a **Ziddio** video of the day and a photo of the day. -- **Tribune Media Services' Zap2it** launched new feature "On Broadband" at its Website (<http://video.zap2it.com>). It provides navigation to full eps of primetime TV shows for streaming over the 'Net, featuring free offerings from **TNT** and **TBS**, as well as the 5 largest broadcast nets. Separately, Zap2it visitors with broadband-enabled **TiVos** can now schedule recordings with the Zap2it TV listing grid and their PC.

Mobile: E! will simulcast its "Live from the Red Carpet: The 2007 Primetime Emmy Awards" (Sun, 6-8pm ET) glam fest on both **Pivot** and **Sprint TV-enabled** mobile handsets for the 1st time, and at **EOnline.com**.

People: Discovery Channel and The Science Channel appointed **Kevan Mabbutt** svp, research and promoted **Joshua Weinberg** to vp, communications. -- **GSN** promoted **Michael Bevan** to vp, original programming.

Business/Finance: Lehman Bros reinitiated **Time Warner** at "overweight" with a \$25 price target.

CableFAX Daily Stockwatch

Company	09/13 Close	1-Day Ch	Company	09/13 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	55.29	0.28	APPLE:	137.20	0.35
DIRECTV:	21.94	(0.23)	ARRIS GROUP:	14.05	0.05
DISNEY:	33.52	(0.2)	AVID TECH:	26.08	(1.71)
ECHOSTAR:	41.17	0.47	BIGBAND:	9.22	(0.03)
GE:	40.51	0.61	BLNDER TONGUE:	1.23	(0.04)
HEARST-ARGYLE:	25.55	0.00	BROADCOM:	35.87	0.50
ION MEDIA:	1.32	(0.03)	C-COR:	10.10	(0.11)
NEWS CORP:	22.22	(0.19)	CISCO:	31.51	(0.27)
TRIBUNE:	27.32	(0.09)	COMMSCOPE:	54.27	(0.28)
MSOS					
CABLEVISION:	34.62	0.82	CONCURRENT:	1.34	0.01
CHARTER:	2.52	(0.01)	CONVERGYS:	16.66	0.02
COMCAST:	25.24	0.02	CSG SYSTEMS:	21.70	(0.24)
COMCAST SPCL:	24.90	(0.07)	GEMSTAR TVG:	6.46	(0.03)
GCI:	12.13	(0.11)	GOOGLE:	524.78	2.13
KNOLOGY:	16.26	(0.19)	HARMONIC:	10.10	(0.02)
LIBERTY CAPITAL:	116.68	0.61	JDSU:	14.14	(0.44)
LIBERTY GLOBAL:	40.73	0.05	LEVEL 3:	4.58	(0.02)
LIBERTY INTERACTIVE:	18.71	(0.03)	MICROSOFT:	29.16	0.23
MEDIACOM:	7.35	(0.12)	MOTOROLA:	17.19	(0.05)
NTL:	28.22	0.00	NDS:	48.90	(0.87)
ROGERS COMM:	42.97	0.00	NORTEL:	16.45	(0.65)
SHAW COMM:	23.67	0.70	OPENTV:	1.48	0.02
TIME WARNER CABLE:	34.74	0.37	PHILIPS:	42.24	0.23
WASH POST:	772.06	(6.97)	RENTRAK:	11.83	0.01
PROGRAMMING					
CBS:	30.83	0.58	SEACHANGE:	6.45	0.06
CROWN:	6.65	(0.23)	SONY:	47.05	(0.14)
DISCOVERY:	26.66	0.13	SPRINT NEXTEL:	17.69	(0.08)
EW SCRIPPS:	41.82	0.95	THOMAS & BETTS:	56.39	(0.55)
GRUPO TELEVISA:	26.22	0.02	TIVO:	5.93	0.09
INTERACTIVE CORP:	27.67	(0.06)	TOLLGRADE:	10.00	(0.04)
LODGENET:	25.74	0.50	UNIVERSAL ELEC:	28.49	0.73
NEW FRONTIER:	6.46	(0.01)	VONAGE:	2.03	(0.04)
OUTDOOR:	8.47	(0.25)	VYYO:	5.55	(0.09)
PLAYBOY:	10.90	(0.24)	WEBB SYS:	0.06	(0.01)
TIME WARNER:	19.00	0.44	WORLDGATE:	0.38	0.00
UNIVISION:	36.23	0.00	YAHOO:	23.72	0.16
VALUEVISION:	7.88	(0.03)	TELCOS		
VIACOM:	37.44	(0.46)	AT&T:	40.77	0.91
WWE:	14.05	0.08	QWEST:	8.86	0.01
TECHNOLOGY					
3COM:	3.67	(0.13)	VERIZON:	42.61	0.74
ADC:	20.34	(0.09)	MARKET INDICES		
ALCATEL LUCENT:	9.16	(0.88)	DOW:	13424.88	133.23
AMDOCS:	34.81	(0.57)	NASDAQ:	2601.06	8.99
AMPHENOL:	37.09	(0.25)			

Source: Nielsen Media Research, GAC Cable Coverage Area Universe Estimate, Sept '07

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Veracious Vittles

Eating like an ape is beneficial, and excessive sugar does not spur hyperactivity in kids. These are just a couple of the helpful and often shocking facts revealed in **Discovery Health's** 6-part series "The Truth About Food" (Mon, 8pm). Produced in partnership with the **BBC**, this entertaining and informative series does a fabulous job of translating invaluable health data—which alone would be dry and bland—into a surprisingly enjoyable content dish. Flavorful results are achieved mainly by mixing compelling human elements with humor and mild irreverence. How many other shows feature a pair of ranchers (1 male, 1 female) equipped with "fart bags" to measure expelled gas over a 24-hour period? For the record, both ate beans on the range and the male emitted slightly more, an amount that would fill 1 balloon. "This is a landmark series for us," said net evp/GM *Carole Tomko*, adding that it gels perfectly with the net's mission to provide "great stories, great personalities and great experts." Myths about foods and healthy lifestyles (and sometimes bodily functions) are tested through experiments using human volunteers. For example, in testing the effect of sugar consumption on children the show staged 2 parties, one without served sugar and a clown as entertainment and one at which many kids ingested what amounted to 47 sugar cubes, but sans Bozo. Turns out the children were more amped up by balloon animals and such than from sugar. Of course, the results don't condone treating your kids to a dinner of Skittles and S'mores, although chances are the physiological changes caused by the sweets can be found somewhere among the Discovery Health platforms. Who knew eating—or learning what not to eat—could be this much fun? *CH*

Highlights: "Inside the Actors Studio: *Charlie Sheen*," Mon, 8pm, **Bravo**. Ostensibly it looks like another ratings draw—popular but unaccomplished TV actor grabs eyeballs. But *James Lipton* quickly points out Sheen's impressive body of film work, which began in earnest some 23 years ago with a devilish turn in "Ferris Bueller's Day Off" and capped not much later with Oliver Stone's "Platoon" and "Wall Street." And Sheen's a good raconteur and able to laugh at himself. – "Weeds," Mon, 10pm, **Showtime**. This is the long-awaited ep where *Mary-Kate Olsen* debuts as a member of the God squad with some interesting interpretations of the gospel. Your subs will have to wait 20 mins for Mary-Kate, but her work will renew their faith in once-talented youth-stars making comebacks. Oh, Britney. *SA*

Worth a Look: "The Lodge," Wed, 7:30pm, **The Sportsman Channel**. Look, **ESPN's** made a living showing highlights, so why not have a show that re-plays the week's best of the hunting and fishing channel? Of course host Brenda and her bare-midriff add something that ESPN's nattily attired anchors don't. – "Flow & Tell," Tues, 4pm, **SiTV**. With Hispanic Heritage Month beginning Sat, SiTV's "Flow & Tell" series celebrates with a strong ep, as youths discuss the ups and downs of Latino life. The talk is set over English and Spanish-language music vids. [More reviews at cable360.net] *SA*

Basic Cable Rankings			
(9/03/07-9/09/07)			
Mon-Sun Prime			
1	TNT	2.2	2076
1	DSNY	2.2	2039
3	USA	2.1	2011
4	ESPN	2	1883
5	MTV	1.4	1356
6	LIFE	1.3	1284
6	HGTV	1.3	1247
6	SPK	1.3	1216
6	FOXN	1.3	1215
10	TBSC	1.2	1133
10	TOON	1.2	1133
10	HALL	1.2	983
13	A&E	1.1	1096
13	CORT	1.1	972
15	NAN	1	996
15	FX	1	928
17	DISC	0.9	883
17	AMC	0.9	846
17	SCIF	0.9	817
17	ESP2	0.9	816
17	LMN	0.9	512
22	TLC	0.8	773
22	FAM	0.8	769
22	HIST	0.8	760
22	CMDY	0.8	735
26	TVLD	0.7	642
26	FOOD	0.7	627
28	VH1	0.6	612
28	CNN	0.6	610
28	BRAV	0.6	559
28	CMT	0.6	507
28	BET	0.6	506
33	MSNB	0.5	461
33	EN	0.5	458
33	APL	0.5	451
33	NGC	0.5	332
37	TTC	0.4	341
37	TDSN	0.4	275
37	OXYG	0.4	265
37	SOAP	0.4	258
41	HLN	0.3	322
41	VS	0.3	240
41	WGNC	0.3	233
41	DHLT	0.3	195
41	WE	0.3	193
41	DTMS	0.3	133

*Nielsen data supplied by ABC/Disney

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CableWorld's 2007 Top 10 Places to Work in Cable

What are the best companies to work for in the cable industry? Help us decide by nominating the companies you think should be on our list of the **Top 10 Best Places to Work in Cable**. We will rank the top 10 in the Oct. 15, 2007, issue of **CableWorld**. Nominations are open to all cable operators, programmers and vendors.

**Deadline for nominations:
Monday, Sept. 17, 2007**

Nomination form can be found at:

www.cable360.net/top10workplaces.html

