

# CableFAX Daily™

Thursday — February 26, 2009

What the Industry Reads First

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## Proceed with Caution: Strong Results, But Mediacom Being Careful

A strong '08 for **Mediacom** was slowed by the sinking economy in 4Q, but the MSO still ended the year with record RGU growth (220K) and a basic loss of 6K (its best since '02 and 1st quarterly loss of the year). During 4Q, Mediacom grew digital by 19K, HSD by 11K and phone by 9K, while rev increased 8.3% to \$360.2mln and adjusted OIBDA rose 8.4% to \$129.6mln. "We had a good year and a lot of momentum going into 4Q. It's too bad the economy got in the way of having a really strong finish," said *John Pascarelli*, evp, ops. The company said Nov was "particularly difficult," although Dec was better. Pascarelli said phone was impacted by the economy, with some of the slow growth possibly coming from wireless substitution. Chmn/CEO *Rocco Commisso* said that so far 1Q was not as bad as 4Q, but not as good as 1Q08. The MSO refrained from giving specific guidance but said it expects to grow revenue and cash flow. On Tues, Commisso recommended that the board freeze annual salaries at '08 levels for him and the rest of the sr mgmt team. He said there are plans to implement a similar freeze among some jr management positions. "I hope we don't come off as being pessimistic here," Commisso said on an earnings call. "It would be imprudent for us to be overly optimistic in an environment where nobody knows what may happen. I feel very good about the business." He repeatedly emphasized that he'd rather be in cable than other industries, and made several comments about the financial community and govt bailout money. "I'm proud to say we increased our employee base in 2008, and I'm also proud to say we achieved everything we have done without any help from the govt," he told analysts. "For those people that are receiving help from the govt, I just hope they go out and do the right thing by us and begin lending money the way they used to lend." When asked about MCCC's expected 20-25% drop in '09 cap-ex, Commisso referenced reports that **Merrill Lynch** spent more than \$1.2mln last year remodeling the former CEO's office, saying he could pay the rent in Mediacom's corporate office for 4 years with that kind of money. **Pali's Rich Greenfield** upgraded MCCC to "buy" with a \$5 price target, pointing to free cash flow. He believes the company can generate FCF of more than \$60mln—significantly higher than the \$28mln he'd previously estimated for it. Due to the decrease in cap ex and the reduction in common shares outstanding resulting from the **Morris Comm** transaction, the company should generate after-tax FCF of about \$1/share for the year, up from less than a dime/share in '08. On a day when the **Dow** fell 80 points, MCCC shares closed up nearly 5%.

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Beta Research says:

## Our Ad Sales Promotions Are #1 We Power Your Ad Sales Business!

Source: 2009 Beta Local Ad Sales Executive Study, Evaluation of Basic Cable Network Organizations, Percent Rating Specific Network Group a 4 or 5 on a 5-Point Scale











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**Getting Sirius:** Liberty CEO Greg Maffei on Wed reportedly told analysts that there are no plans to combine satellite radio firm Sirius XM and DirecTV into a single service—at least for now—but marketing the 2 services in bundles to consumers is possible. Liberty just bought \$530mln of Sirius XM's debt in return for a 40% stake (*Cfax*, Feb 18). Meanwhile, a big writedown and losses at QVC took their toll on Liberty earnings, but Liberty Entertainment's Starz helped ease the pain, growing revenue 8% in 4Q to \$285mln and 4% for the year to \$1.11bln. But LE still posted a \$1.15bln net loss after a \$1.24bln impairment charge. Liberty Interactive, which oversees QVC and e-commerce assets, posted \$278mln in operating income compared to \$396mln in 4Q '07. QVC's total revenue decreased 8% in 4Q to \$2.14bln and 1% to \$7.3bln for the year.

**Technology:** OpenTV is celebrating after posting its 1st profitable year ever, with the advanced TV tech provider recording net income of \$9.6mln for '08 vs a loss of \$5.2mln in '07. "Having achieved profitability, we aim to maintain it by balancing disciplined expense management with priority investments in next generation solutions for both middleware and advanced advertising that will support our customers and our longer-term growth objectives," said CEO Ben Bennett. OpenTV's EclipsePlus product delivers spot advertising to more than 28.5mln US cable subs.

**On the Hill:** Discussion of extending and reauthorizing the Satellite Home Viewer Act continued Wed, with the House and Sen Judiciary committees holding dueling hearings at 10am. In the House, much debate centered on a Copyright Office recommendation last year that cable and satellite be given a single, unified compulsory license. Reps from cable, satellite and broadcast on the panel all opposed such a move. "As complex as it is, the compulsory license... basically works [for all]," said NCTA pres/CEO Kyle McSlarrow. MPAA's Fritz Attaway disagreed, saying the current system undercompensates content creators. House Judiciary chmn John Conyers (D-MI) promised more hearings on the subject. The Sen hearing featured many of the same witnesses from Tues' House Commerce hearing on SHVERA (*Cfax*, 2/25).

**In the Courts:** Korbel Champagne Cellars will ask a judge to make Comcast turn over the names of subs who criticized the company on Craigslist, accusing the champagne maker of punishing employees who reported sexual harassment and plotting to cut down redwood forests on its property, reports the *Press Democrat* (Santa Rosa, CA). A spokesman told the paper Comcast would comply if given a court order, but only after notifying its customers that their names were being sought so they can decide whether to contest the disclosure.

**Ratings:** TiVo added 17 more cable nets to its Stop/Watch DVR ratings service, bringing the total number of broadcast and cable nets participating to 93. Added cable nets include Universal HD, IFC, Sundance, NBA Net and Fox Movie.

**Marketing:** Cartoon Network created a custom partnership with Pepperidge Farm Goldfish for its annual National Recess Week (Mar 2-6). The promo highlights the 100-calorie packages and promotes online games at GoldfishFun.com.

**Programming:** Hallmark Channel will celebrate the debut of "The Golden Girls" on the net with an 18-hr marathon Sun (8:30-3am). The sitcom will air daily at various times, starting Mon. -- TV One will bow 8 new eps of biography series "Unsung" this summer. Melba Moore and Minnie Riperton are among those featured. -- ABC Family acquired the 7th and final season of Warner Bros TV's "Gilmore Girls," with tentative plans to air it in June. -- CMT ordered 8 eps of new original, "World's Strictest Parents," slated to debut in Apr. The premise: unruly teens temporarily move in with very strict host parents.

**Earnings:** Discovery Comm grew OIBDA to \$362mln in 4Q, an increase of \$222mln vs 4Q '07 (Excluding a content impairment charge in 4Q '07, adjusted OIBDA still increased \$64mln, up 23%). Overall 4Q revenue of \$904mln was up

## From The CableFAX 100: Greatest Hits of 2008

★ Best Advice Series

the best business advice Melinda Witmer has received...



Melinda Witmer  
Executive Vice President/Chief Program Officer  
Time Warner Cable

"One that always keeps me grounded: If you ever get to feeling important, never forget, it's the chair they come to see — you're just the body keeping it warm. (You can all guess who the wise man was that passed that one along)."

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# BUSINESS & FINANCE

slightly vs the same period last year, with 8% growth at U.S. nets mostly offset by a 23% decline in commerce, education and other units—as well as a 4% decline at international, owing primarily to a \$33m impact from foreign currency fluctuations.

Full year net income was \$274m. DISCA shares soared 12.6% to close at \$14.93. -- **Cable One** saw 4Q rev climb 11% Y-over-Y to \$184.1m, while operating income increased 37% to \$46.2m. RGUs grew 5% for all of '08. Total basic subs dipped to 699K at the end of '08 vs nearly 703K at the end of '07. Telephone subs jumped to 94K from 59K, while HSD climbed to 373K from 341K. Digital subs saw a slight uptick, from 224K to 225K. Parent **Washington Post Co** saw earnings fall 77% for the Q, thanks to a large impairment charge.

**Business/Finance:** **DirectTV** pres/CEO *Chase Carey's* base salary (\$2.3m) will stay the same in '09, according to an **SEC** filing. Last week, the board okayed a \$3.5m '08 cash bonus for Carey, down from \$4.2m for '07.

**People:** Ex-**Chrysler** employee *Mary Beth Halprin* joined **Comcast** as vp, PR and community affairs, MI region.

## CableFAX Daily Stockwatch

Company	02/25 Close	1-Day Ch	Company	02/25 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>			<b>TECHNOLOGY</b>		
BRITISH SKY:	26.19	(0.26)	3COM:	2.21	(0.01)
DIRECTV:	21.39	(0.48)	ADC:	2.96	(0.02)
DISH:	11.28	(0.28)	ADVANTAGE:	1.79	0.05
DISNEY:	17.36	(0.56)	ALCATEL LUCENT:	1.33	(0.02)
GE:	9.01	(0.07)	AMDOCS:	17.39	0.14
HEARST-ARGYLE:	1.64	(0.16)	AMPHENOL:	26.27	0.02
ION MEDIA:	1.44	0.00	APPLE:	91.16	0.91
NEWS CORP:	6.73	(0.06)	ARRIS GROUP:	6.16	(0.2)
<b>MSOS</b>			AVID TECH:	10.00	(0.14)
CABLEVISION:	13.37	0.46	BIGBAND:	5.22	(0.16)
CHARTER:	0.02	0.00	BLNDER TONGUE:	0.95	0.17
COMCAST:	14.05	0.17	BROADCOM:	16.79	0.66
COMCAST SPCL:	13.22	0.21	C-COR:	11.00	0.00
GCI:	5.26	(0.2)	CISCO:	14.77	(0.22)
KNOWLOGY:	4.23	(0.11)	CLEARWIRE:	3.19	(0.06)
LIBERTY CAPITAL:	5.61	(0.25)	COMMSCOPE:	13.10	(0.36)
LIBERTY ENT:	17.70	(0.45)	CONCURRENT:	2.76	(0.05)
LIBERTY GLOBAL:	12.57	(0.23)	CONVERGYS:	6.42	(0.3)
LIBERTY INT:	3.56	0.06	CSG SYSTEMS:	13.92	(0.28)
MEDIACOM:	4.12	0.19	ECHOSTAR:	16.03	(0.12)
ROGERS COMM:	42.97	0.00	GOOGLE:	341.64	(3.81)
SHAW COMM:	14.74	(0.12)	HARMONIC:	5.47	(0.16)
TELEWEST:	24.20	0.00	INTEL:	13.03	0.30
TIME WARNER CABLE:	18.50	(0.35)	JDSU:	2.83	(0.1)
VIRGIN MEDIA:	4.98	0.45	LEVEL 3:	0.71	(0.02)
WASH POST:	382.25	(2.74)	MICROSOFT:	16.96	(0.21)
<b>PROGRAMMING</b>			MOTOROLA:	3.71	(0.15)
CBS:	4.98	(0.22)	NORTEL:	0.32	0.00
CROWN:	1.70	0.04	OPENTV:	1.00	(0.12)
DISCOVERY:	14.93	1.67	PHILIPS:	16.36	(0.63)
EW SCRIPPS:	1.18	0.00	RENTRAK:	10.79	(0.13)
GRUPO TELEVISIA:	11.86	(0.28)	SEACHANGE:	5.00	(0.25)
HSN:	4.24	(0.56)	SONY:	17.06	0.28
INTERACTIVE CORP:	15.12	(0.32)	SPRINT NEXTEL:	3.59	0.01
LIBERTY:	20.50	(0.72)	THOMAS & BETTS:	23.34	(0.08)
LODGENET:	0.68	0.03	TIVO:	7.12	(0.37)
NEW FRONTIER:	1.58	(0.07)	TOLLGRADE:	6.00	0.00
OUTDOOR:	3.65	(0.09)	UNIVERSAL ELEC:	15.79	(0.79)
PLAYBOY:	1.63	(0.11)	VONAGE:	0.39	0.02
RHI:	2.97	(0.38)	YAHOO:	12.48	(0.27)
SCRIPPS INT:	20.82	(0.2)	<b>TELCOS</b>		
TIME WARNER:	7.91	0.09	AT&T:	23.71	0.46
UNIVISION:	36.23	0.00	QWEST:	3.53	0.07
VALUEVISION:	0.21	(0.01)	VERIZON:	28.55	(0.02)
VIACOM:	16.26	(0.53)	<b>MARKET INDICES</b>		
WWE:	9.67	(0.06)	DOW:	7270.89	(80.05)
			NASDAQ:	1425.43	(16.4)

## CableFAX's 2009 Spring Connection Week Extravaganza — Be the First on the Scene

March 30, 2009 — Benchmarking Excellence in Cable

### 3 Celebrations to Kick-Off the Week!!

- **The CableFAXIES**  
Salute Cable's top Marketing & PR programs and people at the CableFAXIES Awards!
- **PLUS: The Players: Leading Women in Cable** — Honoring mentors, greenlighters and women on the move.
- **PLUS: Hats off to Us! CableFAX's 20th Anniversary Celebration** with a Special Tribute to Paul Maxwell

### Many Ways to Celebrate!!

- Secure your advertisement in the March 30th & April 1st issues of *CableFAX: The Magazine*, two celebratory issues with coverage of the Faxies and Leading Women in Cable honorees.
- Place your ad in WICT 30th Anniversary Special Section.
- Event Sponsorship Packages Available,  
Publication Dates: 3/30/09, 4/1/09 • Space Close Dates: 3/2/09  
Distribution: Publication Bins, CableFAX Panels, WICT Event



The **CableFAXIES**  
awards

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Contact: Debbie Vodenos, Publisher, 301-354-1695; [dvodenos@accessintel.com](mailto:dvodenos@accessintel.com);  
Erica Gottlieb, Account Manager, 212-621-4612; [egottlieb@accessintel.com](mailto:egottlieb@accessintel.com)

# HOW CABLE CAN MONETIZE WEB VIDEO, SOCIAL NETWORKING & OTHER ONLINE ACTIVITIES

**W**ith the economic challenges facing the cable industry, the pressure on online activities to produce meaningful revenue has never been more challenging.

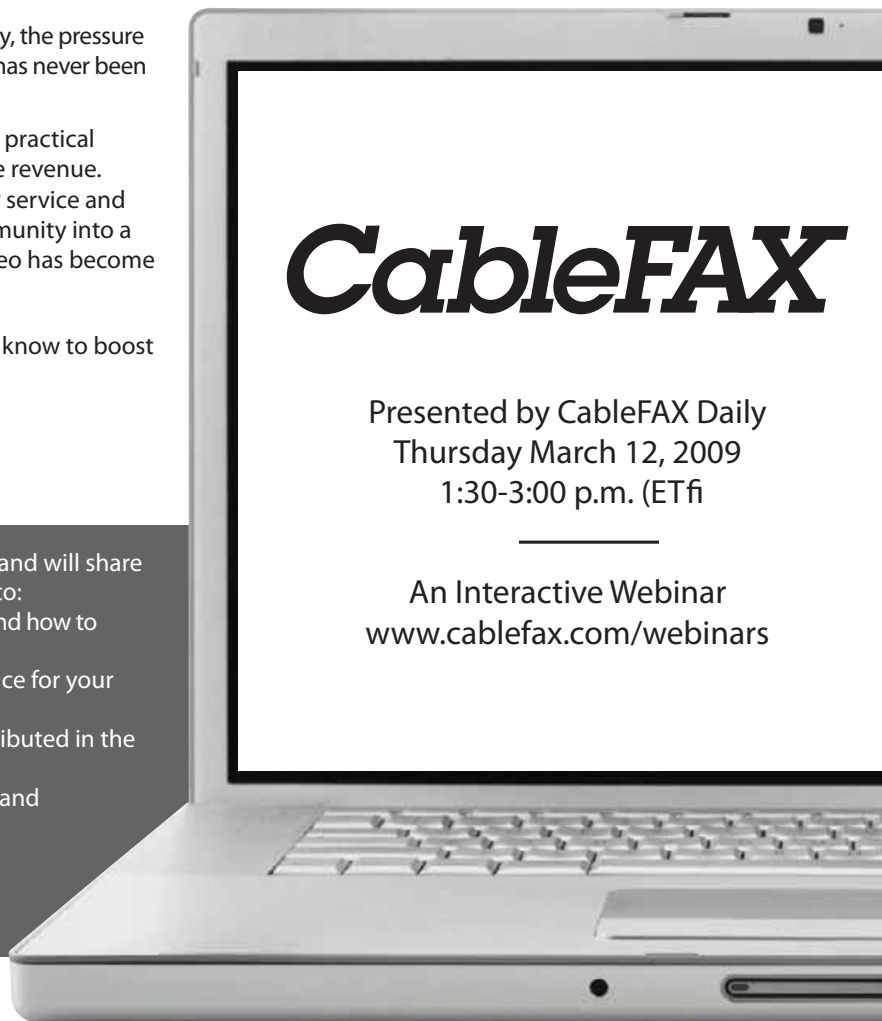
At this 90-minute information-packed workshop, you'll hear practical ideas and tactics for making your Web presence return more revenue. Our speakers will cover how the Web can improve customer service and your revenue picture; best practices for turning online community into a revenue-positive activity; and how the demand for Web video has become a revenue-producing business.

We'll walk you through the tools and strategies you need to know to boost your brand and your bottom line with:

- Web Video
- YouTube, Facebook, Myspace
- User Generated Content
- Customer Service

Our Webinar speakers know what's working and what's not and will share case studies with you and arm you with the tools you need to:

- Determine the role for your company in social networking and how to make it pay
- How to make online Customer Service a positive experience for your subscribers and your bottom line
- Monetizing your content as it gets shared and hyper-distributed in the social media eco-system
- Tracking how your content is shared to find new revenue and partnership opportunities
- Uncover new business opportunities
- Duplicate on a small budget what social networking successes like Showtime & MTV are doing right



## Featured Speakers:

Miguel Monteverde  
VP, Broadband Video,  
Discovery Communications

Miles Beckett  
CEO,  
EQAL

Greg Goodfried  
President & COO,  
EQAL

Curtis Houglund  
Founder,  
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