

CableFAX Daily™

Wednesday — June 2, 2010

What the Industry Reads First

Volume 21 / No. 105

Privateer: Mediacom Founder Commisso Unveils Purchase Plan

Upon hearing of chmn/CEO *Rocco Commisso's* non-binding bid to take **Mediacom** private for \$6/share in cash, we thought 1st of the '09 Cable Show. During a session featuring Wall St analysts' perplexity over the undervaluation of cable stocks, Commisso—visibly perturbed by Mediacom's \$4.70 share price (4/2/09)—had a message for cable stock discounters: "Listen, keep on doing it, and I'll buy some more stock." Fast forward 14 months, and Commisso now wants to acquire all the MCCC shares he doesn't own, or approx 42.5mln Class A shares (he owns all the Class B shares and approx 87% of the shareholder vote) by using the MSO's existing credit facilities to fund the purchase. Interestingly, just 2 months after Commisso's '09 event comments, MCCC shares were trading 38% higher—and they gained 17.6% Tues following news of the bid, closing at \$6.27. Commisso's reaction to the latest price improvement, however, is likely far more stoic because it devalues his offer, which several analysts believe will be rejected as too low. "We believe minority shareholders will not be fans of a privatization at this level, so there is a possibility that the [MSO's] Special Committee could get a higher price," said **Miller Tabak's** *David Joyce*, adding that Mediacom's improving FCF multiples could have driven its share price to \$14 within 2 years if the bid hadn't been tendered. The firm's short-term price target is \$8, matching the target set by **BTIG's** *Richard Greenfield*, who initiated MCCC with a 'buy' rating Tues. "We have long wondered why Mediacom was a public company, given its accelerating free cash flow, significant NOLs and balance sheet which has a cost of capital that is as good, if not better than its much larger industry peers," wrote Greenfield. "What is surprising is that the offer is only at \$6." That price values MCCC's total share pool at approx \$409mln. "In enterprise value terms, the bid represents just a 1.3% premium," wrote **Sanford Bernstein's** *Craig Moffett*, adding that "despite the smallish nature of the proposal...the willingness of banks to finance this transaction is notable." Noteworthy because MCCC has a higher debt/earnings ratio than **Comcast**, **Time Warner Cable** and **Cablevision**, and because of the widespread bullishness on the cable sector. "We hear of several other private cable system transactions that could be in the works, all of which point to confidence in the business outlook by industry executives and private equity entities close to the sector," wrote Joyce. Added Moffett: "Still low equity valuations—free cash flow yields remain in double digits across the sector—have made privatization a very attractive course." The terminus of Commisso's proposed course for Mediacom remains to be seen; it



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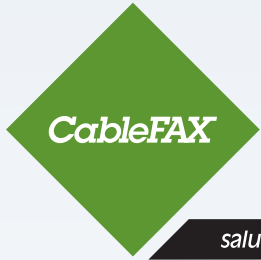
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- Bob Broussard**, Rainbow
- Patty Gilchrist**, Comcast Entertainment Group
- Arlene Manos**, Rainbow Advertising Sales Corp (RASCO)
- Laura Nathanson**, ABC Family
- Hank Oster**, Comcast Spotlight
- Ben Pyne**, Disney Media Networks
- Bob Rose**, CBS College Sports
- Evan Sternschein**, Discovery Communications
- David Zagin**, AETN

CableFAX Daily Mid-Day Special Report

Publication Date: **June 15**

Space Deadline: **June 4**

Artwork Deadline: **June 8**

CableFAX's Sweet 16

- Mark Addicks**, General Mills
- William Brower**, Geico
- David Campanelli**, Horizon Media
- Chris Dennehy**, Haworth Marketing & Media Co (agency for Target)
- Tim Ellis**, Volkswagen of America
- Cheryl Green**, Mercury Media
- Stephanie Kelly**, Sprint
- Anne Lund**, Starcom
- Chris Perry**, Hyundai
- Brent Poer**, MediaVest USA
- Edgar Sandoval**, P&G
- Karen Soots**, Outback
- Mitch Spolan**, Yahoo!
- John Swigart**, Esurance
- David Tepper**, MediaCom
- Brian Wieser**, Magna

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could end up on the rocks like the *Dolan* family's failed bid to take **Cablevision** private, or lead to an attractive deal like an investor group's recent purchase of a chunk of **Insight**. Regardless of outcome, though, it's a safe bet to assume Com-misso believes MCCC shares are undervalued—still.

Speed Question: Buried in the penultimate paragraph of an **FCC** news release on broadband speeds Tues was the finding that 91% of broadband users say they are “very” or “somewhat” satisfied with the speed they get at home. The Commission, whose National Broadband Plan has a big emphasis on speed, instead focused on the 80% of broadband users who do not know how fast their broadband connection is. But does that really matter if the vast majority are happy? “The big issue here is knowing what you're paying for,” said *Joel Gurin*, chief of the FCC's Consumer and Governmental Affairs Bureau, noting that the higher speed tiers can end up costing consumers hundreds of dollars more a year. The idea is to better qualify phrases like “speeds up to...” and “blazing fast.” Gurin pointed to **ComScore** data in the National Broadband Plan that indicated consumers are only getting about half the advertised speed—although he acknowledged that the speed could vary because of factors outside an ISP's control (number of users online in a house simultaneously, age of computer, etc). The study, conducted by **Abt/SRBI and Princeton Survey Research Assoc**, found that just 24% believe they get the advertised broadband speed while 67% believe they should. While the FCC may have downplayed customer satisfaction, look for the stat to be used repeatedly by those against Title II classification, net neutrality, etc. The survey is part of the agency's overall broadband speed initiative, with the next step being a study to measure home broadband speed in the US using 10K volunteers who will have specialized hardware installed in their homes (sign up at www.TestMyISP.com). Results are to be announced later this year. The Bureau also issued a Public Notice to look at ways to measure mobile broadband speed (71% of mobile broadband users said they were pleased with the speed of their service). **NCTA** wasn't surprised that 80% of broadband users were unaware of their speed, noting that ISPs are consistently upgrading their networks. “Even if customers are not able to keep track of these improvements, the survey confirms that they are pleased with the results,” an NCTA spokesman said. “We support the initiatives announced by the Commission today so that consumers will benefit from uniform broadband speed comparisons among competing providers.”

Happy Retirement: **Bright House Networks** chmn *Bob Miron* will retire at the end of the year after leading the company for more than 35 years. Accolades poured in Tues. “His enduring passion for the **Discovery** content mission has made a positive and lasting difference in the lives of viewers across the globe,” said Discovery founder/chmn *John Hendricks*. Miron will continue to serve on the Discovery board, with **Advance/Newhouse** pres *Donald Newhouse* saying that his continued participation is “highly beneficial for Discovery and for us.” Bright House CEO *Steve Miron* will assume responsibility for Bright House Networks and *Nomi Bergman* will continue to serve as its pres. “I have had a great career—more than 50 years in broadcasting and cable, with over 44 years in the cable industry...and I had a front row seat watching it grow from a 3-to-5 channel ma-and- pa reception service, to a full-fledged communications service that provides unlimited video choices, voice, and data to residential and businesses,” the elder Miron said, adding that 1 of his proudest accomplishments is choosing to make the initial investment in Discovery. He is on NCTA's exec committee and is the current chmn of **C-SPAN** and vice chmn of the **Cable Center**.

On the Hill: The Hill isn't through batting around a **Comcast-NBCU** combo, with **House Judiciary** slating a field hearing in L.A. at the CA Science Center Mon, 9am PT. No word yet on panelists. There have been calls from Rep *Maxine Waters* (D-CA) and some consumer groups for the **FCC** to hold field hearings, but it has not announced any plans at this point.

Retrans: **DISH** and **Bahakel Communications** reached an 11th hour deal Mon to keep **Fox Charlotte (WCCB)** on the air. **NAB** is using it as the latest example of a successfully negotiated retrans deal in its argument that the FCC should not take up a petition to overhaul the rules. Instead, NAB has suggested MVPDs provide better sub notification of any removal of a broadcast station from carriage. Meanwhile, **ACA** member **Cable America** recently weighed in on the issue of LMAs at the FCC, saying it pays 161% more for retrans consent when negotiating with a Big 4 duopoly than it pays for a Big 4 station that bargains individually.

Competition: **U-verse** agreed to feature the **Univision 2010 FIFA World Cup** app as its 1st Spanish-language app. It allows viewers to watch matches featured on Univision, **TeleFutura** and **Galavision** at the same time, and includes athlete bios, photos and team standings.

BUSINESS & FINANCE

In the States: Clearwire bowed its Clear mobile broadband service in Baltimore, central D.C. and Kansas City, where the co also opened retail stores. Along with the news, **Time Warner Cable** said Kansas City area customers can adopt either **Road Runner Mobile** or **Business Class Mobile** services beginning next month.

Milestones: CNN celebrated its 30th birthday Tues, with pres *Jim Walton* providing comment at **CNN.com**. "No one knew for sure that it would work. There was no clamor in the marketplace for 24-hour news from Atlanta, and certainly not on cable," wrote Walton, noting how the net debuted in approx 1.5mln homes. Citing tech as the net's driving force then and now, Walton said today's CNN is profoundly different because it reaches 350mln homes worldwide, through multiple platforms.

People: Food Net promoted *Bob Tuschman* to gm. He'll continue to oversee programming and production for the net and will take on additional responsibilities in working with pres *Brooke Johnson* on the overall strategic direction of the net. -- *Debbie Vodenos* was promoted to publisher of the **CableFAX** group. As part of the restructuring, *Amy Ab-bey* returns to CableFAX and sister pub min as associate publisher of sales. -- *Jon Lafayette* was named business editor of *B&C*.

CableFAX Daily Stockwatch

Company	06/01 Close	1-Day Ch	Company	06/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	37.46	(0.23)	ARRIS GROUP:	10.75	(0.22)
DISH:	20.46	(0.39)	AVID TECH:	12.94	(0.54)
DISNEY:	33.33	(0.09)	BIGBAND:	2.83	(0.02)
GE:	15.98	(0.37)	BROADCOM:	34.11	(0.39)
NEWS CORP:	14.94	(0.42)	CISCO:	23.00	(0.16)
MSOS					
CABLEVISION:	24.37	(0.44)	CLEARWIRE:	7.87	(0.27)
COMCAST:	18.02	(0.07)	COMMSCOPE:	26.60	(1.6)
COMCAST SPCL:	17.12	(0.1)	CONCURRENT:	5.32	(0.08)
GCI:	5.92	0.19	CONVERGYS:	10.46	(0.46)
KNOLOGY:	11.93	(0.03)	CSG SYSTEMS:	20.21	(0.31)
LIBERTY CAPITAL:	42.59	0.53	ECHOSTAR:	20.56	(0.47)
LIBERTY GLOBAL:	25.34	(0.46)	GOOGLE:	482.37	(3.26)
LIBERTY INT:	12.47	(0.5)	HARMONIC:	5.73	(0.06)
MEDIACOM:	6.27	0.94	INTEL:	21.18	(0.24)
RCN:	14.40	(0.12)	JDSU:	10.69	(0.81)
SHAW COMM:	17.90	(0.36)	LEVEL 3:	1.26	(0.08)
TIME WARNER CABLE:	54.29	(0.44)	MICROSOFT:	25.89	0.09
VIRGIN MEDIA:	15.83	(0.33)	MOTOROLA:	6.70	(0.15)
WASH POST:	451.71	(14.02)	PHILIPS:	29.33	(0.49)
PROGRAMMING					
CBS:	14.08	(0.48)	RENTRAK:	23.48	(0.08)
CROWN:	1.76	0.00	SEACHANGE:	8.01	(0.34)
DISCOVERY:	37.08	(0.58)	SONY:	30.23	(0.55)
GRUPO TELEVISA:	18.56	(0.03)	SPRINT NEXTEL:	4.76	(0.37)
HSN:	25.21	(1.74)	THOMAS & BETTS:	39.27	0.93
INTERACTIVE CORP:	23.04	(0.42)	TIVO:	8.57	(0.47)
LIBERTY:	31.87	(0.64)	TOLLGRADE:	6.50	0.03
LIBERTY STARZ:	52.50	0.18	UNIVERSAL ELEC:	18.89	(0.63)
LIONSGATE:	6.83	0.03	VONAGE:	2.00	(0.01)
LODGENET:	5.06	(0.26)	YAHOO:	15.02	(0.32)
NEW FRONTIER:	1.80	(0.02)	TELCOS		
OUTDOOR:	5.55	(0.4)	AT&T:	24.33	0.03
PLAYBOY:	3.59	(0.2)	QWEST:	5.20	(0.04)
SCRIPPS INT:	44.32	(0.86)	VERIZON:	27.21	(0.31)
TIME WARNER:	30.18	(0.81)	MARKET INDICES		
VALUEVISION:	2.21	(0.04)	DOW:	10024.02	(112.61)
VIACOM:	36.53	(0.45)	NASDAQ:	2222.33	(34.71)
WWE:	16.65	0.08			
TECHNOLOGY					
ADC:	7.81	(0.45)			
ADVANTAGE:	2.80	0.01			
ALCATEL LUCENT:	2.53	(0.04)			
AMDOCS:	27.75	(0.75)			
AMPHENOL:	41.05	(1.35)			
AOL:	20.49	(0.14)			
APPLE:	260.83	3.95			

CableFAX Workshop 3.0

June 16, 2010 9:00am-4:00pm NYC

Social Media Beyond Twitter and Facebook: Leveraging the New Platforms

CableFAX's one-day workshop will focus on how to leverage the newest and most promising social media platforms for your cable promotions. The goal is to get you up to speed on many of the exciting new platforms that are below the radar now - but not for long. They will help you promote your program, your content, your brand and your business.

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