

CableFAX Daily™

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What the Industry Reads First

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Mediacom's 2Q: Lowered Guidance Lowers Share Price

Mediacom's lowering of full-year revenue growth guidance to 7-8% from 8-9% sent shares down nearly 7% at close Tues. The revision came even though 2Q numbers came in above the MSO's guidance. "We looked at the month of June and felt it was lighter than we had expected, and pretty much everything trends off the month of June when you take out the seasonality," explained CFO *Mark Stephan*. "Hopefully, we can buck the trends and outperform this guidance." He said acquisitions and divestitures contributed to about half of a percentage point to the revision. Mediacom sold a system in Le Mars and Orange City, IA, to Premier Comm for \$9.5mln (deal's expected to close in 3Q). The MSO lowered full-year AOIBDA to 6-7% from 7-8% growth, and its basic subs declined to 18K in the Q from 22K a year ago. Digital was up by 2K, data grew by 13K and phone rose by 21K. It ended the Q with 18K RGU adds sequentially, with revenue increasing 7.4% to \$324.7mln. Mediacom's net loss grew to \$6.6mln from net income of \$5.7mln a year ago.

The HD Debate: With **DirectTV** gearing up to offer its much ballyhooed slate of high-def channels, what are cable ops going to do? Mediacom evp, ops *John Pascarelli* said the op expects to be able to deliver as many as 40 HD channels if they're needed. "If DirectTV is able to launch and get as many channels up there as they've been stating, we're going to have to have a percentage of those channels to be able to meet that demand," he said. The MSO said it has the HD advantage because local-into-local DBS HD offerings are "still a small piece of our footprint." Video results for the Q did disappoint execs, who plan tackle churn with better messaging for subs coming off special promo deals. Also notable: Mediacom is testing a single line commercial phone offering and expects to test a multi-line offering in 4Q.

Wireless: **Time Warner Cable's** rollout of wireless continues to truck along, with the MSO launching **Pivot** in Syracuse and central NY on Aug 23. It's the 1st announced launch for a division in the state.

HD Happenings: **DirectTV** may be gearing up for 100 HD channels, but it won't be for everyone. The DBS provider said its old, co-branded **TiVo** boxes won't be able to display the new slate of HD channels because it will use MPEG-4 transmission. Owners of the DirectTV/TiVo HR 10-250 will be able to view existing HD channels—at least until they make the eventual migration to MPEG-4. Subs with these boxes will have to shell out \$99 to upgrade to a new box capable of receiving the new HD channels that begin launching next month. -- Meanwhile, we're keeping an eye on www.hidefhigh.com, a high that the **Comcast** site says we'll catch in 2 days. We hope it's as fun as www.theslowskys.com.

Adelphia Auction: Wanna own a piece of cable history and corporate opulence? The 72K sq-foot Coudersport, PA, building turned into **Adelphia's** granite filled headquarters for is on the auction block. Bidding starts at just \$1mln—not bad for a building valued at \$30mln that's lavished in brass, bronze, granite and parquet flooring throughout. Check out <http://lfc.com/property.asp?propID=318> for pictures of the *Rigas'* former stomping ground. In addition to the crown jewel, former Adelphia commercial buildings and land in CA, CT, AL and PA are also up for auction. Bids are due Oct 11.



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At the Portals: The FCC's 90-day shot clock for LFAs to act on video franchise applications went into effect Mon. The order is being challenged by local govts and non-profits.

In the States: The city council of New Wilmington, PA, a small borough near Pittsburgh, rejected Comcast's \$2mln bid to purchase the borough's cable and Internet systems, serving a respective 1K and 200, reports the *New Castle News*. -- Comcast launched residential VoIP service in Albuquerque, NM.

Beta: Fox Movie Channel is the emerging net adult cable subs are most interested in viewing, according to the Beta research study. Completing the top 5 were Hallmark Movie Channel, Weatherscan, Lifetime Real Women and Military History Channel. As for mid-sized nets, Nat Geo led the pack, followed by Science Channel, DIY Net, Lifetime Movie Net and Discovery Health. Discovery Channel and Nat Geo tied as the top-ranked VOD nets on basic cable, edging out Disney and History Channel. Meanwhile, cable subs interested in SOAPnet were more likely than any other subs to use VOD in the past 60 days, while those interested in ESPNU were the most likely to subscribe to a HD service.

Online: Cartoon Net's ToonamiJetstream.com is celebrating 1 year of offering full-length eps of action and anime programs with the addition of 7 series, including "One Piece" (Aug 13) and "Dragon Ball Z" (Sept 10). The site said it has streamed more than 115mln video segments in just its 1st year and attracted an average of 1.7mln unique visitors/month. -- TravelChannel.com launched its 1st travel trivia sweepstakes, offering 6 monthly winners through Dec 31 vacations to various locales. Jamaica, China and Iceland are the initial destinations.

Bunny Earnings: Increased revs across Playboy TV and VOD drove a 4% increase in Playboy's domestic TV rev to \$21.6mln. Although rev at the company's intl TV (+17% to \$13.7mln) and online/mobile (+36% to \$1.9mln) segments continue to drive growth, chmn/CEO Christie Hefner says the bunny's troublesome US transition away from a linear focus has finally turned the corner. "This quarter's results underscore our confidence that our domestic TV business has now stabilized as we continue to execute on our SVOD and VOD strategies," she said.

Advertising: RCN signed a multi-platform ad campaign with the Washington Redskins, allowing the overbuilder advertising and signage at FedEx Field, a presence at Redskins.com and radio spots on the Redskins Broadcast Network. -- NBC is teaming with DoubleClick to launch online ad campaigns in support of the net's upcoming fall shows, including "Bionic Woman." New capabilities launched late last month include "video sweetspotting," allowing the audience to interact with and alter video content, and full-screen viewership of content.

Going for Gold: NBCU plans more than 3.6K hours of coverage from the '08 Beijing Olympic Games, or more than the combined total of every Summer Olympics ever televised in the US. Coverage in standard-def and HD across NBC, USA, MSNBC and CNBC will avg 212 hours/day, and NBCOlympics.com will offer 2.2K hours of live streaming video.

5Qs with Charley Humbar, founder/pres of Gospel Music Channel: Will the Black Family Channel deal change GMC's content/focus? Or was it just a way to quickly gain more carriage? BFC shared our goals of serving the family audience through programming that empowers, uplifts and inspires. We continue to serve that audience. Gaining 60 major markets and millions of subs on one day is quite a rare coup. We are now in each of the top ten markets and 22 of the top 25. We are in the process of marketing GMC with our new affiliates in those markets, which is no small

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undertaking. **But it took GMC a long time to find its sea legs. Now that you're getting some good carriage, where do you go from here in terms of growth?** Actually, as an independent, we have grown extremely fast. Remember, we must get subscribers the old fashion way: by proving our value to operators. We'll have more than 20 million digital subscriber homes—out of a potential 40 million or so—by year's end. We have corporate agreements with five of the six largest MSOs and are having productive conversations with everyone else, including the NCTC systems. There are also growth opportunities through VOD, HD, iTV, broadband and mobile. **Advertisers seem obsessed with that MTV/Comedy Central demo. You guys do something different. How difficult has it been to educate advertisers and distributors about GMC?** Our family entertainment programming targets diverse cultures and age groups, and crosses all denominations. Our viewers are highly motivated to tell others about the channel and the brands that support it, and marketers and distributors are attracted to this high level of engagement—so much so that we are the fastest growing channel of 2007. Blue-chip companies such as Coca-Cola, Lincoln, Wal-Mart, Kraft, General Mills, Allstate and others have come aboard recently. **How much has the thirst for family-friendly fare among operators helped GMC find carriage vs other factors?** For the first time, cable operators have a 24-hour, advertiser-supported, high-quality music channel to offer their subscribers that is not offensive and sends a positive message of hope and love. GMC's ability to deliver a passionate and diverse audience interested in this music has driven distribution with our cable partners. **What have been some key milestones and strategies that helped you get to 20 million subs?** The first milestone was coming out of the gate with a top five operator deal, with Cox. A key strategy was to pursue blue chip advertisers from day one. We had 30 major advertisers within 24 months. Our diversity is another key driver: you have rock gospel in Seattle, soulful gospel in Philadelphia, pop gospel in Nashville, hip-hop gospel in Atlanta and country gospel in Texas. We are committed to bringing the diverse musical sounds from these communities to the masses.

Ratings: Several new cable series continued their scorching summers last week, led by TNT's "Saving Grace," which delivered a 4.3/4.09mIn to notch 3rd position among weekly telecasts. **USA's** "Burn Notice" sizzled with a 3.4/3.19mIn, and **Lifetime's** "Army Wives" garnered a 3.2/3.05mIn. -- **Disney** (2.4/2.20mIn) followed its July prime victory with a weekly encore, followed by **USA** (2.0/1.93mIn) and **TNT** (1.9/1.81mIn). **Fox News** (1.4/1.30mIn) and **TBS** (1.3/1.22mIn) completed the top 5. -- The premiere of **Nickelodeon's** TV movie "Drake & Josh: Really Big Shrimp" garnered more than 5.8mIn total viewers, a TV movie record for the net, as is the telecast's delivery among tweens 9-14 (2.3mIn). -- **Brag Book:** The 20th anniversary of **Discovery Channel's** ferocious "Shark Week" stunt was viewed by 27.2mIn people, a 40% increase over last year. "Ocean of Fear: The Worst Shark Attack Ever" (Jul 29) earned a premiere best with a 2.8. -- **NFL Net's** Steelers-Saints preseason tilt, the 1st NFL game of the season, delivered a 3.2/1.39mIn.

Programming: **USA** scooped up for \$60mIn the rights to 11 **Universal** films, including recent releases "The Bourne Ultimatum" (Jan '10) and "I Now Pronounce You Chuck and Larry" (Dec '09). -- **George Clooney** executive produces and narrates **HBO's** "Sand and Sorrow" (Dec), which chronicles the Darfur humanitarian crisis. -- A special **Nicktoons** telecast (Aug 31, 10pm ET) will feature the top 10 short-film entries to the net's multiplatform animation festival, the grand prize winner of which will receive \$20K to develop an original concept with **Nickelodeon**. -- **Comedy Central's** "The Daily Show with Jon Stewart" continues to be an important forum for politicians, with the show lining up 4 appearances this month by '08 Presidential candidates. To be featured within the net's "Indecision 2008" campaign coverage will be *Sens Joe Biden* (Wed), *John McCain* (Aug 16), *Barack Obama* (Aug 22) and former WI Gov *Tommy Thompson* (Aug 20).

Honors: The SoCal chapter of **WICT** announced the following as winners of this year's LEA Awards, honoring achievements in leadership, education and advocacy: *Ruth Tatom*, svp, affil sales, western div, **ScrIPps Nets**;

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BUSINESS & FINANCE

Cheryl Dorsey, vp, affil sales, **The Africa Channel**; Brenda Varela, regional vp, business services, **Time Warner Cable**; and Sharon Smith, vp, employee resources group, **Cox**. Molly Stone, regional mgr, affil sales west, Scripps Networks, was named board member of the year.

Business/Finance: Interactive advertising and pay-TV programming firm **Turner Media Group** (aka **The Media Group**) voluntarily filed Sun for Chapter 11 federal court protection as part of a plan to reorganize its assets and restructure its debts. The company hopes to “ensure employees continue to be paid and receive all of their benefits,” and has retained the law firm of **Baker & Hostetler** as its bankruptcy counsel. As for the 8 nets operated by TMG—most notably **Men’s Outdoor & Recreation**, carried on **DirectTV** and **Time Warner Cable**, among others—plans call for continued operation during the reorg. -- Steve Case’s broadband and VOD healthy lifestyle play **Lime** was acquired by lifestyle media company **Gaiam**, which will merge Lime with other related ventures at **Gaia.com**, scheduled to launch in the fall.

People: Silver-tongued tennis journalist **Bud Collins** joined **ESPN** and will appear on the **Deuce**’s coverage of the Aussie Open, French Open and Wimbledon beginning next year. Collins will also report henceforth for “SportsCenter,” **ESPNEWS** and **ESPN Radio**.

CableFAX Daily Stockwatch

Company	08/07 Close	1-Day Ch	Company	08/07 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	53.53	(0.14)	AMPHENOL:	34.57	0.18
DIRECTV:	20.96	(0.35)	APPLE:	135.03	(0.22)
DISNEY:	34.55	0.25	ARRIS GROUP:	13.63	(0.05)
ECHOSTAR:	39.63	(1.08)	AVID TECH:	31.62	0.73
GE:	39.48	0.38	BLNDER TONGUE:	1.50	0.08
HEARST-ARGYLE:	19.80	(0.93)	BROADCOM:	32.76	(0.68)
ION MEDIA:	1.40	0.05	C-COR:	11.89	(0.23)
NEWS CORP:	22.34	(0.22)	CISCO:	29.69	0.19
TRIBUNE:	26.84	(0.25)	COMMSCOPE:	49.73	(1.61)
MSOS					
CABLEVISION:	33.72	0.32	CONCURRENT:	1.48	0.07
CHARTER:	2.79	(0.19)	CONVERGYS:	16.77	(1.07)
COMCAST:	25.88	(0.04)	CSG SYSTEMS:	23.80	(0.43)
COMCAST SPCL:	25.78	0.05	GEMSTAR TVG:	5.46	(0.12)
GCI:	11.50	0.00	GOOGLE:	516.02	6.02
KNOLOGY:	12.97	(0.17)	HARMONIC:	8.05	(0.07)
LIBERTY CAPITAL:	111.70	(0.39)	JDSU:	13.98	0.09
LIBERTY GLOBAL:	43.49	0.66	LEVEL 3:	4.96	(0.1)
LIBERTY INTERACTIVE:	20.20	(0.13)	MICROSOFT:	29.55	0.01
MEDIACOM:	7.62	(0.56)	MOTOROLA:	16.46	(0.07)
NTL:	28.22	0.00	NDS:	47.41	5.70
ROGERS COMM:	42.97	0.00	NORTEL:	18.86	0.48
SHAW COMM:	22.82	0.12	OPENTV:	1.32	0.00
TIME WARNER CABLE:	35.15	(0.66)	PHILIPS:	39.70	0.12
WASH POST:	795.50	1.00	RENTRAK:	13.91	(0.27)
PROGRAMMING					
CBS:	32.11	0.06	SEACHANGE:	6.12	(0.03)
CROWN:	6.47	0.03	SONY:	50.63	(0.07)
DISCOVERY:	24.38	0.48	SPRINT NEXTEL:	20.22	0.32
EW SCRIPPS:	40.13	(0.3)	THOMAS & BETTS:	56.43	(0.33)
GRUPO TELEVISA:	25.75	0.37	TIVO:	5.68	0.16
INTERACTIVE CORP:	26.71	(0.09)	TOLLGRADE:	9.70	(0.26)
LODGENET:	26.32	0.03	UNIVERSAL ELEC:	27.94	(1.16)
NEW FRONTIER:	7.88	(0.26)	VONAGE:	2.10	0.16
OUTDOOR:	8.83	(0.04)	VYYO:	5.55	0.27
PLAYBOY:	10.81	0.53	WEBB SYS:	0.09	0.00
TIME WARNER:	18.61	0.13	WORLDGATE:	0.50	(0.01)
UNIVISION:	36.23	0.00	YAHOO:	23.44	0.47
VALUEVISION:	9.29	0.09	TELCOS		
VIACOM:	38.61	(0.25)	AT&T:	40.46	0.20
WWE:	14.64	(0.16)	QWEST:	8.29	(0.13)
TECHNOLOGY					
3COM:	3.45	(0.15)	VERIZON:	43.11	(0.31)
ADC:	16.70	(0.61)	MARKET INDICES		
ADVANTAGE:	4.93	(0.17)	DOW:	13504.30	35.52
ALCATEL LUCENT:	11.26	(0.07)	NASDAQ:	2561.60	14.27
AMDOCS:	35.69	1.07			



COMING 8.8.08

The Countdown Begins...

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