

# CableFAX Daily™

Monday — August 9, 2010

What the Industry Reads First

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## Mediacom Numbers: FCF Falls, But Shall Rise Again

It was all about the free cash flow for some analysts Fri. "A quick glance at **Mediacom's** Q2 2010 results with EBITDA growth slowing modestly (+3% in Q1 to +2% in Q2) and free cash flow dropping 51% YOY, might lead one to believe that *Rocco Commisso's* \$6 offer for the company is fair," wrote **BTIG's Rich Greenfeld**. "However, digging into the quarter illustrates why Commisso is trying to buy the company now at such a 'low-ball' offer, just before free cash flow surges in '11." **Miller Tabak's David Joyce** is also closely eyeing FCF, saying it could have made the stock worth \$14 within 2 years if Commisso's privatization offer had not come. A special committee to the board is still evaluating Commisso's offer, which is why execs on Fri's earnings call didn't take any questions. Higher cap ex as MCCC works to bring its telecom infrastructure in house impacted cash flow, reducing it to \$14mln for the Q (-50.9%). FCF was impacted by the timing of this expense, but should level out since cap ex guidance is unchanged. Mediacom plans to begin next week the transition from **Sprint** to its own internally operated network for VoIP, with evp, ops *John Pascarelli* saying that the MSO expects immediate improvements in customer function and tangible benefits in operating costs by the 2nd half of next year. The migration will continue through Apr. Revenues were up 3.4% YOY to \$377mln, while adjusted OIBDA increased 2.1% to \$139.7. Like other ops, single product, video-only subs are MCCC's most likely to be tempted by heavy DBS discounts. It lost 18K basic subs in the Q vs 15K a year ago. It added 6K digital and 10K HSD. The 17K phone adds were the most for MCCC since 2Q08 and much better than the 8K adds in 2Q09. Ad rev saw a nice 14% boost. Mediacom plans to bring DOCSIS 3.0 service to another 25% of its footprint, making it available to 50% of its footprint by year-end. It has been just over 3 months since the MSO launched its MVP value plans, which price lock rates under 1-2 years. So far, the response has been positive, with 60+% opting for the 2-year plan, Pascarelli said. "Given the historical churn rates of new customers, we should start to see the benefits later this year," he said.

**On the Hill:** The Senate passed its version of the Equal Access to 21st Century Communications Act Thurs night. The bill already made it through the House, with the 2 versions now needing to be reconciled. "We appreciate the willingness of these leaders to work with industry and all interested parties in molding legislation that identifies achievable goals and addresses these vital issues in a constructive fashion," said **NCTA** pres/CEO *Kyle McSarrow*.

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-- As promised, **Sen Commerce** chmn *Jay Rockefeller* (D-VA) introduced a spectrum bill that would give the FCC authority to proceed with incentive auctions and reimburse broadcasters and others for spectrum voluntarily given back to the govt. It also would allocate 10MHz of spectrum (the D-block) to public safety.

**Earnings:** Owing to growth in phone and HSD rev and a \$4/month basic rate hike, **Cable One** delivered 2% growth in 2Q rev to \$190.6mln and op income of \$43.8mln (+10%). The MSO shed approx 13K basic subs and approx 3K digital subs but added 2K HSD and 7K phone. As of Jun 3, the MSO counted 654K basic subs (-5% YOY), 217K digital (-5%), 407K HSD (+5%) and 121K phone (+20%). **The Washington Post Co's** broadcast div reported a 24% increase in rev to \$83mln on improved ad demand in all markets, and op income of \$29.8mln, compared to \$14.3mln a year ago. -- Powered by rev improvement at its media and ent segments, **MSG** delivered 9.5% rev growth to \$227.1mln and net income of \$14mln, compared to a year-ago loss of \$3.9mln. Media rev jumped 18.2% on affil rev growth and ad rev improvement, and ent rev rose 14% owing to more live events at **Radio City Music Hall**. A \$9.9mln impairment charge contributed to ent's \$22.8mln operating loss, however, and the co's sports segment saw rev dip \$6.9% even as broadcast rights rev increased.

**Research:** Through '15, according to **Pyramid Research**, the US will add more mobile subscriptions (approx 80mln) than any other developed nation, with mobile rev expected to surpass all fixed-line services by the end of '15. By that same year mobile broadband and computing will comprise 40% of total mobile net adds, said the firm, driven by adoption of embedded 3G, **WiMAX** and **LTE** devices.

**Marketing:** **Syfy's** teaming with trends/innovations co **PSFK** to stage a conference series for the ad community designed to inspire imagination. The series kicked off Thurs in L.A. with speakers including *Micki Kimmel*, founder of community sharing site **Neighborgoods**, and continues to Detroit on Thurs (Dean of Architecture, University of MI *Monica Ponce de Leon*) and Chicago on Aug 24 (designer *Christina Liedtke*).

**Programming:** **E!** is expanding its "Fashion Police" specials with *Joan Rivers* to a weekly series, beginning Aug 30 (10pm). -- **OWN** inked *Rosie O'Donnell* to a deal for a daytime talk show to debut on the net next year. -- Former **MLS** player *Kyle Martino* will host **Fox Soccer** original "Soccer Talk Live" (Aug 16), a weekly show featuring intl soccer reviews and guests such as Landon Donovan. -- **IFC** greenlit comedy series "Portlandia" ('11), featuring interwoven short films focused on the people and ethos of Portland, OR. -- **Nat Geo** picked up additional eps of "Locked Up Abroad" and intro'd specials including "Kissinger," providing an intimate look at the former Secretary of State. -- **A&E's** "Teach: Tony Danza" premieres Oct 1 with a look at the actor's new gig as a Philadelphia area high school teacher. Also, the net greenlit paranormal-themed pilot "The Unexplained."

**Ratings:** **Zee TV** signed on to have **Nielsen** measure its ratings, making the net the 1st South Asian net to use Nielsen. Based off the June LPM sweep period, Zee garnered a 4.6 live rating among persons 21+ in prime (Monday-Thurs, 7-11 p.m.) in Asian Indian households in NY, which translates into a 16.5% share of viewing in New York.

**TCA Notebook:** **Rainbow** focused on **WE tv** and **IFC** during its short **TCA** window Fri. WE brought out the emotional "Downsized" (premieres Nov 2010) about a Phoenix family's struggle with bankruptcy and a bad economy—and getting themselves out of debt through shared sacrifice. "This has brought us closer, and this has been a good experience for us," said mother *Laura Bruce*. And who knew you could save so much with coupons? Meanwhile, IFC treated critics to a pair of alt comedy scripted shows starring some recognizable names. In "The Increasingly Poor Decisions of Todd Margaret," star *David Cross* travels to London as a bungling energy drink salesman. He confessed he's no fan of Brit comedy staple *Benny Hill*, but said British comic sensibilities have converged somewhat with American tastes since those days. "There's a vast amount of overlap," he said. Added British co-star *Sharon Horgan*: "I think we're very good at the comedy of embarrassment." Meanwhile, critics couldn't get enough of reunited comedy troupe "The Kids in the Hall," 4 of whose members showed up to tell them about their "Death Comes to Town" series about Death arriving in a small town. Comedy ensues. The troupe said member *Scott Thompson's* recent cancer scare brought them closer together, prompting Thompson to compare it with the troupe's creative battle over its '96 movie "Brain Candy." Said Thompson: "It was tougher to fight **Paramount** because at least with cancer you can win." -- **Ovation's** first TCA featured a pair of travelers. Highly successful 20-year-old photographer *Joey Lawrence* periodically "puts down his cell

phone” and photographs tribes in danger of vanishing. His trips are chronicled in “Ghosts: Faces of a Vanishing World.” Canadian-born Lawrence seems a soft-spoken, mature young man with “a long-time interest in anthropology.” In mid-August writer *David Keeps* will be seen in “The Scenic Route,” which has him traveling by car to unusual spots in the US. Clips reminded us of **HDNet’s** “Stephen Fry in America” series.

**Discovery’s Dance Card:** Discovery packed 8 panels into a short 2.5-hr **TCA** block on Fri, shuttling a menagerie of hosts and producers on and off the stage at a rapid clip. Among most notable was *Sir David Attenborough*, who talked about his **Discovery Channel**, CGI-fueled special “First Life” (premieres fall 2010) that examines the origins of life. “The more you dig, the more wonders you find,” he said. As expected, critics wanted to know how he felt about being bumped by *Oprah* as narrator of “Life.” The natural history legend admitted he’s “sorry my voice isn’t there, obviously,” but said he’s glad his original voiceover will be available on DVD. Fellow outdoorsman *Les Stroud* showcased his Discovery doc “Beyond Survival” in which he learns the ways of indigenous tribes, who teach him their survival tactics. On the emotional front was dolphin activist *Ric O’Barry’s* panel about his 3-part **Animal Planet** series “Blood Dolphins” (premieres Aug 27) in which he continues his crusade against dolphin slaughter and capture (first detailed in his Academy Award-winning doc “The Cove”). Footage shown to critics was hard to watch, but nothing was as chilling as this statement: “Flipper was a blood dolphin,” he said. Meanwhile, inventor *Dean Kamen* rode his Segway onto the stage and told critics that he hopes his new **Planet Green** show “Dean of Invention” (premieres Oct 22) will inspire new inventors and help them overcome “fear of failure.” He said “we’re going to need a lot more smart kids” to overcome technological hurdles in the future. **Science Channel** continues to take an unconventional route to its subject. Its newest series presents *Prof Brian Cox*, a former rock musician who’s now a physicist. Perhaps even more unconventional, Cox of “Wonders of the Solar System” (premiered Aug 4) insists kids need not be *Einstein* or *Hawking* to learn science. And actor *Wilmer Valderrama* is exec producing “Bugging Out” (Oct), featuring a young family whose business is selling spiders and other bugs. You can see the wit of *Henry Schleiff* all over **Investigation Discovery’s** projects, including a talent show for convicts tentatively dubbed “Dancing Behind Bars” and a Mark Burnett joint venture featuring an American Idol for convicts. In both cases, prizes will go to rehabilitating prisoners and victims’ family groups, Schleiff said. ID also touted a new film unit whose output is intended to promote discussion, he said. Sure to do that will be a Sept 11 show asking why *Bin Laden* is still alive. Discussion certainly will ensue from **TLC** projects, including what gm *Eileen O’Neill* says is its biggest, the *Mark Burnett* piece starring *Sarah Palin’s* family giving a tour of Alaska (Nov 14). And then there’s “Sister Wives,” a 7-part reality series about a 30-something husband and his 3 (soon to be 4) wives and many children. TCA critics got the Utah-based family to admit it doesn’t frown on homosexuality and husband *Cody* is on a schedule in terms of spending nights with his wives. “I’m still trying to figure it out,” he jokes.

**People:** Former **WWE** evp, marketing and ex-**Showtime** svp, marketing *Geof Rochester* has taken a job as CMO for environmental group **The Nature Conservancy**. -- *Mark Apter* was upped to vp, scheduling & acquisitions, **BIO** and **A&E**.

**Business/Finance:** CA and NV CLEC **TelePacific** will acquire the SMB customer base and network of **O1 Comm**, giving it a gain of approx 1K business customers in CA. The financial and legal advisors to O1 were **RBC Daniels** and **Downey Brand**, respectively. The financial and legal advisors to TelePacific were **Brown Brothers Harriman & Co** and **Gibson, Dunn & Crutcher**. -- **UBS** upped to \$64 its price target and maintained its ‘buy’ rating on **Time Warner Cable** shares in part due to the MSO’s increasing ARPU. -- Saying the ad recovery is already baked into **Viacom** shares, **Janney** downgraded the co to ‘neutral’ from ‘buy.’ -- Compelling valuation led **Citigroup** to maintain its ‘buy’ rating on **News Corp** shares and set a price target at \$17. -- Acknowledging that **Clearwire’s** adding customers, **Morgan Stanley** nonetheless maintained its ‘underweight’ rating on Clearwire shares and lowered estimates due to softening prices.



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Nominate those who might not be headline makers but who are influential behind the scenes within their company and the industry. We also seek nominees who are influential at the regional/local/state level for our Regional list.

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**Nominations Deadline: September 3, 2010**  
**Nominate at: [www.cablefax.com/cablefax100](http://www.cablefax.com/cablefax100)**



## CableFAX Week in Review

Company	Ticker	8/06 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	38.61	3.90%	15.77%
DISH:	DISH	20.84	3.78%	0.34%
DISNEY:	DIS	35.00	2.55%	8.53%
GE:	GE	16.45	2.05%	8.72%
NEWS CORP:	NWS	15.77	6.63%	(0.94%)
<b>MSOS</b>				
CABLEVISION:	CVC	26.74	(2.44%)	3.56%
COMCAST:	CMCSA	18.64	(4.26%)	10.56%
COMCAST SPCL:	CMCSK	17.56	(4.88%)	9.68%
GCI:	GNCMA	9.33	10.02%	46.24%
KNOLOGY:	KNOL	12.64	11.86%	15.75%
LIBERTY CAPITAL:	LCAPA	47.00	0.77%	96.82%
LIBERTY GLOBAL:	LBTYA	29.49	0.75%	34.72%
LIBERTY INT:	LINTA	11.49	1.50%	6.00%
MEDIACOM:	MCCC	7.20	(1.91%)	61.07%
RCN:	RCNI	14.92	(0.13%)	37.51%
SHAW COMM:	SJR	20.39	2.77%	(0.88%)
TIME WARNER CABLE:	TWC	55.81	(2.38%)	34.84%
VIRGIN MEDIA:	VMED	21.74	0.98%	29.17%
WASH POST:	WPO	377.56	(10.21%)	(14.11%)

Company	Ticker	8/06 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
CBS:	CBS	15.36	3.92%	9.32%
CROWN:	CRWN	2.23	9.31%	53.79%
DISCOVERY:	DISCA	38.19	(1.09%)	24.52%
GRUPO TELEVISIA:	TV	19.73	3.84%	(4.96%)
HSN:	HSNI	28.45	(3.23%)	40.91%
INTERACTIVE CORP:	IACI	25.05	0.20%	22.31%
LIBERTY:	L	37.98	2.23%	4.48%
LIBERTY STARZ:	LSTZA	54.88	(0.02%)	18.92%
LIONSGATE:	LGF	6.48	(1.82%)	11.53%
LODGENET:	LNET	3.14	(12.78%)	(43.22%)
NEW FRONTIER:	NOOF	1.48	(8.14%)	(21.75%)
OUTDOOR:	OUTD	5.35	(5.81%)	(7.76%)
PLAYBOY:	PLA	5.37	(0.74%)	67.81%
SCRIPPS INT:	SNI	44.82	5.14%	8.00%
TIME WARNER:	TWX	32.36	2.86%	11.05%
VALUEVISION:	VVTV	1.78	(2.2%)	(62.92%)
VIACOM:	VIA	37.80	1.10%	20.00%
WWE:	WWE	15.38	(2.16%)	0.33%

Company	Ticker	8/06 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADC:	ADCT	12.71	(0.16%)	104.67%
ADVANTAGE:	AEY	2.90	4.32%	47.21%
ALCATEL LUCENT:	ALU	2.97	(0.34%)	(10.54%)
AMDOCS:	DOX	28.36	3.77%	(0.6%)
AMPHENOL:	APH	45.00	0.45%	(2.56%)
AOL:	AOL	22.44	7.27%	(3.61%)
APPLE:	AAPL	260.09	1.10%	23.42%
ARRIS GROUP:	ARRS	9.51	2.04%	(16.8%)
AVID TECH:	AVID	12.94	0.08%	1.41%
BIGBAND:	BBND	2.91	(6.73%)	(15.41%)
BLNDER TONGUE:	BDR	2.11	75.83%	85.09%
BROADCOM:	BRCM	36.46	1.19%	15.86%
CISCO:	CSCO	24.08	4.38%	0.58%
CLEARWIRE:	CLWR	6.45	(7.59%)	(4.59%)

Company	Ticker	8/06 Close	1-Week % Chg	YTD %Chg
COMMSCOPE:	CTV	22.05	8.41%	(16.89%)
CONCURRENT:	CCUR	4.95	0.00%	25.00%
CONVERGYS:	CVG	10.12	(9.4%)	(5.86%)
CSG SYSTEMS:	CSGS	19.04	0.95%	(0.26%)
ECHOSTAR:	SATS	20.32	6.39%	0.89%
GOOGLE:	GOOG	500.22	3.17%	(19.32%)
HARMONIC:	HLIT	6.80	(2.44%)	7.59%
INTEL:	INTC	20.65	0.24%	1.23%
JDSU:	JDSU	11.39	4.98%	38.06%
LEVEL 3:	LVLTL	1.16	2.65%	(24.18%)
MICROSOFT:	MSFT	25.55	(1.01%)	(16.17%)
MOTOROLA:	MOT	8.00	6.81%	3.09%
RENTRAK:	RENT	25.84	(0.19%)	46.24%
SEACHANGE:	SEAC	8.69	(3.01%)	32.47%
SONY:	SNE	31.67	1.44%	9.21%
SPRINT NEXTEL:	S	4.45	(2.63%)	21.58%
THOMAS & BETTS:	TNB	39.85	0.53%	11.34%
TIVO:	TIVO	8.69	1.28%	(14.64%)
TOLLGRADE:	TLGD	6.55	(1.5%)	7.20%
UNIVERSAL ELEC:	UEIC	18.38	4.67%	(20.84%)
VONAGE:	VG	2.33	(4.9%)	66.43%
YAHOO:	YHOO	14.34	3.31%	(14.54%)

Company	Ticker	8/06 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	26.54	2.31%	(5.32%)
QWEST:	Q	5.69	0.53%	35.15%
VERIZON:	VZ	29.55	1.69%	(10.81%)

Index	8/06 Close	1-Week % Chg	YTD %Chg	
<b>MARKET INDICES</b>				
DOW:	DJI	10653.56	1.79%	2.16%
NASDAQ:	IXIC	2288.47	1.50%	0.85%

### WINNERS & LOSERS

#### THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. BLNDER TONGUE:	2.11	75.83%
2. KNOLOGY:	12.64	11.86%
3. GCI:	9.33	10.02%
4. CROWN:	2.23	9.31%
5. COMMSCOPE:	22.05	8.41%

#### THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LODGENET:	3.14	(12.78%)
2. WASH POST:	377.56	(10.21%)
3. CONVERGYS:	10.12	(9.4%)
4. NEW FRONTIER:	1.48	(8.14%)
5. CLEARWIRE:	6.45	(7.59%)

## Capitalizing on Transactional TV

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- What's ahead in windowing and how can you plan for those future trends?
- How can you tap into the growing ethnic market for transactional TV?

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