

CableFAX Daily™

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What the Industry Reads First

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3rd Time a Charm: MCCC Board OKs Commisso's New Buyout Offer

Mediacom chmn/CEO *Rocco Commisso's* pursuit to purchase and privatize the MSO he founded is nearly complete, with only shareholder approval needed to close a deal calling for Commisso's cash payment of \$8.75 for each Class A share he doesn't own, or approx 42.5mln shares (he owns all the Class B shares and approx 87% of the shareholder vote). A majority of shareholders other than Commisso, his affils and immediate family, and MCCC's directors and executive officers must still sign off, but **Miller Tabak's** *David Joyce* expects that to happen. "While longer-term investors are likely still going to be disappointed, since our various valuation metrics could suggest a mid-teens per share value in a couple of years, this is a more palatable premium to recent trading prices," said Joyce, who had a long-term price target of \$14 target on MCCC based largely on the MSO's FCF generation capability. On Mon, he downgraded Mediacom to 'neutral' from 'buy.' Before a special cmte rejected Commisso's initial \$6/share offer and subsequently an undisclosed higher one, **BTIG's** *Richard Greenfield* agreed that MCCC's FCF would surge beginning next year, and expounded on Mon. "While Mediacom is probably worth far more than \$8.75, with free cash flow set to rise to \$1.92/share in 2011E (4.5x multiple)," said Greenfield, "the company continues to bleed basic subscribers (down 5% in the past year) and is facing a challenging retransmission consent battle with **Sinclair** at the end of 2010." Greenfield believes investors "will overwhelmingly accept" Commisso's offer. After Mediacom shares opened Mon at \$8.52—up 24% to a level not seen since mid-'07—they closed at \$8.37 on 38X the normal volume. In recommending approval of the deal by MCCC's board, the special cmte said its dedicated financial advisor, **Barclay's Capital**, viewed the proposal as financially fair. In a letter to employees, Commisso stressed the importance of continuing normal business operations, both now and after the deal's expected closing in the 1st half of '11. "Mediacom customers are the absolute, number one priority for all of us, and we will strive to continue to provide them with great customer service and the very best products and services," wrote Commisso. "I expect that the going private process will not distract any of us from managing the day-to-day operations of our company." As several law firms announced investigations Mon into possible breaches by MCCC's board of fiduciary duties and/or violation of state laws by approving the transaction, co-lead counsel **Rigrodsky & Long** continues to prosecute in DE court a lawsuit against Mediacom concerning Commisso's previous offers on behalf of a MCCC shareholder class.

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Rumor Mill: Reports continued to swirl Tues over **Comcast's** planned reorg of NBCU, with *Variety* and others reporting that an announcement could come this week about who will end up where and why. Questions include the fate of key execs like **NBCU** Television Ent chmn *Jeff Gaspin* and Comcast Ent Group pres/CEO *Ted Harbert*, as well as rumored plans to hire ex-**Showtime** wunderkind *Robert Greenblatt* to bring some of that creative magic to the ailing NBC bcst net. As for Harbert and Gaspin, several reports suggest Harbert could take over business ops for the bcst net while Gaspin may be offered a smaller overall role within NBCU. If Harbert moves, the conventional wisdom is that **E!**, **Style** and **G4** will get divided between NBCU Cable pres *Bonnie Hammer* and NBCU Women & Lifestyle Ent Nets pres *Lauren Zalaznick*. The truth: Nobody knows for sure. Here's to hoping for an official announcement soon.

5 Qs for Tony Vinciguerra: As we get ready for the CableFAX 100 and Most Powerful Women events in NYC on Dec 9 and 10, we've selected a few members of each esteemed list to interview before the big events. First up is Tony Vinciguerra, who will be at our CableFAX 100 luncheon on the 9th to accept the CableFAX 100 Leadership Award. **You just went through some bitter retrans fights. What did you learn from the experience?** We never considered either negotiation to be bitter; we just had a difference of opinion on how to reach common ground. However, the outcome clearly demonstrated what we've maintained all along—that business-to-business negotiation (without government intervention) is the best way to reach an equitable agreement. **Who is next in terms of distribution deals coming up for renewal?** We do hundreds of cable carriage and retrans agreements every year without anyone being aware the deals are up for renewal... and frankly, we prefer it that way. It's best that we keep these business negotiations as private as possible. **There is a lot of talk about the importance of sports programming, but DISH went for a month without your RSNs. Is this a sign that sports—at least on the regional level—may not be as valuable as once believed?** Not at all. Live event programming is the lifeblood of regional sports networks—and the passion of each team's fans is the reason RSNs are so valuable. However, in the example you used [DISH], we were at the end of the baseball season and in preseason for basketball and hockey. By the time the regular seasons started, we were concluding negotiations on the new deal and back on the air. **Some would say operator-programmer relations are at an all-time low. Are they?** I disagree. I think both sides are concerned about many of the same things—including protecting the business model and building new mutual revenue streams. Once contract negotiations conclude, we return to business and work together on marketing and programming initiatives. **You're known for your quiet leadership. What traits/skills are most important to successfully lead a company in the fast-moving world of media?** As I tell my team... "fish where the fish are." It's amazing how much can get done (and how quickly it happens) if you can check your ego and focus on the task at hand.

Broadband: The Commerce Dept's **NTIA** is recommending that 115 MHz of spectrum be reallocated for wireless broad-



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band services within the next 5 years, specifically 1695-1710 MHz, currently used for dissemination of severe weather info and alerts via satellites operated by the **NOAA**, and 3550-3650 MHz, which would be shared with **Dept of Defense** radar systems mainly on ships. To achieve that goal, NTIA has identified 2,200 MHz of spectrum to evaluate with the **FCC** for reallocation, including 280 MHz of commercial spectrum that the FCC recommended in its National Broadband Plan be made available for mobile broadband use within 5 years. *Sen John Kerry* (D-MA) applauded NTIA's move. "Our society is on the brink of a wireless technology revolution," said Kerry in a release. "Today's announcement will help ensure that America leads that revolution. I'm committed to getting this done and will make it a priority going into the next Congress." The **CEA** also reacted positively, saying the "action is a true 'win-win'— it will help jumpstart innovation and create jobs."

Deals: **BBC Worldwide** agreed to sell **Discovery Comm** its 50% stake in the pair's global TV channels **Animal Planet** and **Liv** for \$156mln. While BBC said the move allows it to focus on its branded channel portfolio that includes **BBC America**, Discovery Nets Intl pres/CEO *Mark Hollinger* said the acquisition "provides Discovery a strategic opportunity to create additional revenue and growth opportunities for our global business." **Animal Planet** reaches nearly 250mln subs in more than 170 markets across Europe, Asia and Latin America, and **Liv** is a general ent net reaching 24mln subs in 33 Latin American markets. Discovery and BBC also extended their pact for co-productions and program acquisitions for North America by 2 years to '14, a partnership responsible for "Life" and "Planet Earth."

On the Hill: New target, same intent. As the net has done with incoming House Speakers for years, **C-SPAN** sent House Minority Leader *Rep John Boehner* (R-OH), the presumptive next speaker, a letter last week requesting the House allow floor proceedings to be covered by its cameras. Currently, media outlets must use the floor feed provided by the House in coverage as reaction and wide shots are verboten. The net said it hasn't yet received a response from Boehner.

In the States: **Clearwire** and **Sprint** launched 4G mobile broadband services in Sacramento, where the former covers nearly 1.2mln area inhabitants. -- **Time Warner Cable Business Class** intro'd in NYC its **HD Video for Hospitality** service letting hotels offer in-room HD video without having to buy, install and maintain headend equipment. -- **Lightsquared** launched a satellite designed to provide the wholesale LTE wireless mobile services it plans to roll out starting in '11.

Research: Repping approx 93% of the market, the 19 largest US cable ops and telcos added 818K net HSD subs in 3Q, according to **Leichtman Research**, and now account for approx 74.3mln customers. Cable, which controls 55% of the market with 41.1mln subs, added 527K, or 64% of the overall total, although its tally fell 21% YOY versus +11% for telcos. Overall 3Q broadband adds fell 12%. -- Citing a recent **Nielsen** study it commissioned, **CTAM** said 84% of consumers who watch Web content on their TV have been watching at least the same amount of regularly scheduled TV since they started streaming, and that 92% subscribe to a pay-TV service.

Technology: **CableLabs** completed during an interoperability event in Oct a PacketCable™2.0 SIP call over **IPv6**, the next-gen Internet Protocol offering virtually unlimited IP addresses compared with current version IPv4. -- **Comcast** unveiled an **Xfinity TV** app for the **iPad** that allows users to search for and watch content and program their DVR.

Ratings: **TLC's** premiere of "Sarah Palin's Alaska" ranks as the net's top program launch ever among HHs and total viewers after delivering 4.96mln total viewers and a 3.5 HH rating, plus 1.8mln 25-54s, 1.1mln women 25-54 and 1.6mln 18-49s.

Programming: **truTV** greenlit a 2nd season of "Hardcore Pawn" (Dec). -- *Sarah Jessica Parker* and ballet performer *Damian Woetzel* will co-host **Ovation's** programming event "Battle of the Nutcrackers: Dance Off," which kicks off Dec 6 with the US premiere of "Royal Opera House: The Nutcracker" and features 4 additional performances. -- **Versus** bowed Mon night (Nov 15) "NHL Overtime," a Mon-Thurs show dedicated to hockey news and info. -- **OWN's** purchase of 3 docs for its monthly doc film club debuting in spring '11 includes "One Lucky Elephant," following circus prod *David Balding's* difficult

CableFAX's Top Case Studies in Cable Marketing & PR Guidebook

THIS ONE OF A KIND BOOK, from the publisher of CableFAX, exemplifies how cable programmers, operators and vendors cut through the clutter to mount PR and Marketing efforts that worked, gained revenue, ratings points and industry buzz. Each study demonstrates some facet of ingenuity, innovation or integrated thinking, illuminating communications as a function that has matured with poise and established its indispensability to business practices.

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BUSINESS & FINANCE

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On The Circuit: ESPN's "Monday Night Football" has become much more than just a football game. Mon's Eagles-Redskins clash in DC was preceded by Bristol's PR and corporate outreach staging a "chalk talk" for affiliates and sponsors. In a DC theater, a celeb lineup of Redskins owner *Dan Snyder*, MNF booth talent *Mike Tirico* and *Ron Jaworski* and sideline reporter *Michele Tafoya* led a slickly produced hour, with Tirico and "Jaws" cracking wise in between talking football. After honoring local HS student-athletes, Tafoya and DC sports radio's *Andy Pollin* moderated an interesting panel of former players. While the ex-players were divided on who'd win the game, they uniformly blasted the NFL's helmet-on-helmet fines.

People: **Altitude Sports & Ent** upped *Matt Hutchings* to pres/CEO. -- **Fox Networks Affiliate Sales and Marketing** tapped *Benjamin Elias* as vp, advanced services. -- Former **RCN** svp, strategic external affairs and programming *Richard Ramlall* joined **Primus Telecom Group** as svp, corp dev/chief comm officer. Former RCN chief *Peter Aquino* serves as Primus' chmn/pres/CEO. -- **CNBC Digital** appointed *Lou Tosto* svp, digital and mobile ad sales.

Business/Finance: **Liberty Global** participated in a \$12mln funding round for **Celeno Comm**, a provider of semi-conductors for multimedia Wi-Fi home networking apps.

CableFAX Daily Stockwatch

Company	11/15 Close	1-Day Ch	Company	11/15 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	42.15	(0.29)	ARRIS GROUP:	9.98	(0.01)
DISH:	19.50	UNCH	AVID TECH:	14.26	0.23
DISNEY:	37.25	(0.5)	BIGBAND:	3.02	UNCH
GE:	16.20	(0.05)	BLNDER TONGUE:	2.17	0.03
NEWS CORP:	15.88	(0.11)	BROADCOM:	41.12	(0.22)
MSOS					
CABLEVISION:	28.91	(0.12)	CISCO:	19.95	(0.2)
CHARTER:	35.87	0.04	CLEARWIRE:	6.35	(0.06)
COMCAST:	20.59	0.16	COMMScope:	31.91	(0.04)
COMCAST SPCL:	19.37	0.19	CONCURRENT:	4.71	(0.1)
GCI:	10.28	(0.06)	CONVERGYS:	12.60	0.06
KNOLOGY:	14.84	0.13	CSG SYSTEMS:	19.60	(0.03)
LIBERTY CAPITAL:	58.10	(0.66)	ECHOSTAR:	20.93	(0.07)
LIBERTY GLOBAL:	37.34	(0.15)	GOOGLE:	595.47	(7.82)
LIBERTY INT:	15.32	0.08	HARMONIC:	6.61	(0.04)
MEDIACOM:	8.37	1.51	INTEL:	21.30	(0.23)
SHAW COMM:	20.87	0.31	JDSU:	11.66	(0.01)
TIME WARNER CABLE:	62.57	(0.13)	LEVEL 3:	1.14	0.00
VIRGIN MEDIA:	26.32	UNCH	MICROSOFT:	26.20	(0.07)
WASH POST:	384.58	(3.42)	MOTOROLA:	7.94	(0.05)
PROGRAMMING					
CBS:	16.72	0.10	RENTRAK:	26.01	0.09
CROWN:	2.85	(0.04)	SEACHANGE:	8.15	0.25
DISCOVERY:	40.23	(0.17)	SONY:	33.64	0.69
GRUPO TELEvisa:	22.87	0.02	SPRINT NEXTEL:	3.83	(0.2)
HSN:	27.49	(0.01)	THOMAS & BETTS:	43.70	(0.11)
INTERACTIVE CORP:	27.84	0.13	TIVO:	8.92	(0.18)
LIBERTY:	39.26	0.03	TOLLGRADE:	8.05	(0.06)
LIBERTY STARZ:	61.58	(1.15)	UNIVERSAL ELEC:	26.15	(0.11)
LIONSGATE:	7.27	(0.06)	VONAGE:	2.45	(0.04)
LODGENET:	2.74	(0.06)	YAHOO:	16.59	0.04
NEW FRONTIER:	1.91	(0.02)	TELCOS		
OUTDOOR:	6.24	(0.02)	AT&T:	28.63	0.17
PLAYBOY:	5.08	0.09	QWEST:	6.85	0.06
SCRIPPS INT:	51.54	(0.24)	VERIZON:	32.77	0.21
TIME WARNER:	30.51	(0.23)	MARKET INDICES		
VALUEVISION:	3.34	0.32	DOW:	11201.97	9.39
VIACOM:	44.81	(0.35)	NASDAQ:	2513.82	(4.39)
WWE:	13.73	0.11	S&P 500:	1197.75	(1.46)
TECHNOLOGY					
ADC:	12.67	UNCH			
ADDVANTAGE:	3.28	0.15			
ALCATEL LUCENT:	2.95	0.01			
AMDOCS:	26.38	(0.19)			
AMPHENOL:	50.34	(0.23)			
AOL:	25.88	(0.69)			
APPLE:	307.04	(0.99)			

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EYE ON ADVERTISING

Church and State

While the 30-sec ad spot remains important, it's now simply part of a much larger brand messaging ecosystem across myriad platforms. And whether we're talking about TV, the Internet, mobile or that amorphous world of social networking, the walls of church and state long ago started to crumble. These days, the proliferation of sponsorships and brand integrations make it hard to tell the difference between "art" and commerce. Consumers are mostly acclimated to this change. They expect brand integration. And most don't worry too much about it.

But this can be a tough issue. With DVRs and online video so prevalent, advertisers are weaving brand messages into the fabric of our viewing experience, mitigating our ability to skip over or avoid those messages. Can you blame them?

At a recent conference in NYC organized by **CableFAX** sister pub *min*, advertising experts and buyers gleefully walked us through this landscape—in some cases referring to new campaigns as "partnerships" rather than traditional ad buys. Cable nets are only one cog in this machine. Large media companies that own magazines, cable nets and other media assets offer an efficient path for major brands to spread messages across print, online and TV. At the *min* conference, **Starcom's** *Lauren Brand* recounted a recent comprehensive deal with **Time Warner** and **Bank of America**. BoA wanted to counteract negative press about bankers and as a result started talking to media partners about ways they might produce content about everyday people taking back control of their finances.

It was a newsworthy idea, and one that editors were probably already contemplating. One result was **CNN's** excellent "Money & Main Street" series, which Brand stressed was conceived and controlled by CNN's editorial team—and only sponsored by BoA. Related stories also ran in various other Time Warner publications and Web sites. It's



hard to imagine a situation in which the hard-nosed reporters at CNN, *Fortune* and other influential TW-owned outlets would let BoA tell them how to report their stories. But it raises the question of whether all networks or magazines could match the high ethical standards of the TW-owned properties. Is there a possibility of abuse here? Of course. To be sure, these kind of "partnerships" can create tensions and force publishers and news directors to tip-toe very carefully through the newsroom. At the min event, keynote speaker *Beth Ellard*, SVP/GM of **Comcast-owned** *DailyCandy.com*, said navigating church-and-state issues in this new environment is one of her biggest challenges. "That's going to be one of the toughest things," she said. "We're going through this debate within our own company right now, and I think it's a worthwhile one—but it's not going to be easy."

That's for sure. Ellard noted that it will be "tricky" to maintain editorial integrity while also monetizing content. And while non-news content such as reality TV shows and scripted fare don't carry the same church-and-state responsibilities, the lines continue to blur as brands either integrate or contextualize themselves into and around creative content. At the **Digital Hollywood** NYC event last week, *Amy Carney*, pres, advertiser sales at **Sony Pictures Television**, said contextual advertising that directly relates to a show's specific content "has really changed the face of our sales team. We were advertisers; Now we're marketers."

So where does the creative "art" begin and the advertising "commerce" end? And in many cases should we even care? So far, viewers seem content to be blissfully unaware of how these partnerships affect the content that lands in front of their eyeballs. But the media biz should remain vigilant. These deals could eventually go too far. And that's when eyeballs will start to notice... and perhaps turn away.

-Michael Grebb

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