

# CableFAX Daily™

Monday — April 7, 2014

What the Industry Reads First

Volume 25 / No. 066

## No Revolt: NUVOTV Parent Wins MSG's Fuse

There were rumblings even before *Sean Combs' Revolt TV* launched in Oct that it was eyeing **Madison Square Garden's** music net **Fuse**, but in the end, *Jenny from the Block* and her **NuvoTV** posse got the prize. Nuvo parent **SiTV** agreed to pay \$226mln and give MSG a 15% equity stake, which will be subject to potential reduction based on certain performance goals. While Revolt is focused on all things music, English-language Latino net Nuvo has never billed itself as a music channel. It has everything from celebrity interviews to "Dexter" repeats and soon a reality boxing competition. But Nuvo does count singer/actress *Jennifer Lopez* as chief creative officer. "Music is my first love so the acquisition of Fuse is near and dear to my heart," she said in a statement. "It's exciting that between NuvoTV and Fuse we'll have the ability to deliver a broad array of terrific content both from a Latino perspective and across multiple genres, including music, to a broader audience. The acquisition of Fuse means we now own two wonderful assets. It's a phenomenal time for our company and we look forward to growing both networks in the years ahead." SiTV has said both nets will continue to operate independently, and has not released any info on plans for Fuse (the deal should close between July 1 and Sept 30). Fuse has 73mln HHs—some nice real estate for Nuvo, with **Nielsen** estimates putting it in just 32mln homes. MSG announced in Sept that it had hired **JP Morgan** to explore options for Fuse, including a possible sale. SiTV and Nuvo CEO Michael Schwimmer said the deal enhances "distribution relationships, dramatically expands our aggregate subscriber base, provides substantial economies of scale, affords unique opportunities for programming and cross-promotion and should be extremely appealing to the advertising community." While Nuvo will continue down its path of a destination for Latino entertainment overall, music will play a part. It already has weekly music program "The Collective, Powered by **Vevo**," and intends to use Fuse's Seventh Ave street front studio in NYC. For SiTV Media, **LionTree Advisors** and **Jefferies** served as financial advisors and **Greenberg Traurig** and **Goodwin Proctor** served as counsel, while for MSG, JP Morgan served as financial advisor and **Sullivan & Cromwell** served as counsel.

**IP Output Waiver:** The **FCC** Media Bureau granted in part an unopposed request from **TiVo** of agency rules that require cable set-top boxes to include a recordable, IP-based output. The waiver gives TiVo and cable operators until June 1, 2015 to comply with the IP output requirement, while small operators have until Sept 1, 2015 because "of

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the difficulty they may have obtaining compliant equipment.” Without the waiver, TiVo and cable ops would have had to comply by June 2 of this year. The Bureau declined to grant TiVo an open-ended waiver based on when compliance is achievable “on an industry-wide basis that includes TiVo,” saying the extra time should allow sufficient time for the standard to be finalized and for TiVo and cable operators to implement it because the standards development process is approximately one year behind the schedule the FCC had predicted.

**Gray Area:** The FCC approved transfer of broadcast licenses from **Mission** and **Hoak** to **Gray TV**. The FCC, however, has not acted on an amended **Exalibur** application that is part of a sidecar deal to acquire **KHAS, KXJB, KAQY** from Hoak and **Parker**. It also has not acted on amended **Nexstar** and **Mission** applications, with the agency recently enacting tighter restrictions on JSAs. “In light of the FCC uncertainty, Gray is exploring alternative arrangements that may facilitate the creation of the efficiencies, public interest benefits, and expanded advertiser opportunities that were proposed in the still-pending Excalibur applications,” the broadcaster said.

**Merger Watch:** Ads started running this week in the DC market with the message “**Comcast + Time Warner Cable**. Together Is Better.” The spots could be found on radio and TV in DC, but it wasn’t clear if any other markets are running them. The commercials, which direct the public to comcastcorporation.com/together, focus on Comcast’s net neutrality condition, commitment to provide broadband to low income Americans and innovation. With **Sen Judiciary** set to hold a hearing on the merger Wed, look for Comcast to submit its public interest statement and other filings to the FCC in the coming days. In a research note Fri, **Macquarie** analysts argued that concerns over regulatory conditions and the incremental need for capex for TWC are overblown for Comcast shares.

**U-Verse HBO Basic:** Following **Comcast** and **Time Warner Cable**’s moves to launch their respective Internet plus HBO bundles, **AT&T** is offering its own package for \$39 a month for new customers ordering online through July 5. The offering includes **U-Verse** HSI Max Plus (up to 18 Mbps downstream speeds), basic TV channels and HBO and HBO Go. In other news, the telco launched the U-Verse Masters TV app, an interactive channel that offers relevant information to the golf tournament and its players as well as access to live broadcast of the tournament. In addition, the telco is offering live streaming of the tournament to subs at uverse.com/masters across platforms. Furthermore,

**SeaChange Revenue Down:** **SeacChange** reported \$35.6mln in revenue in its fiscal 4Q ’14, down from the \$44.6mln in revenue a year ago. CEO **Raghu Rau** said during the company’s conference call late Thur that the disappointing performance was due to delays in expected orders and delays in final product acceptance. The results were “exacerbated by a significant sequential decrease in legacy products, which more than offset the double-digit growth we recorded in new products,” he said. As the company continued to transition from legacy products business to its next generation Adrenalin multi-screen platform and other new video gateway software business, sales of legacy products will continue offset the growth in new products due to “extended lead times in customer orders and acceptance,” Rau said. The company is on track to receive the delayed orders during the 1st half of fiscal ’15 and will continue to receive the majority of orders it had anticipated earlier over the course of fiscal ’15.

**Ratings:** **Univision** said **UniMas**’ broadcast of the USA-Mexico game (simulcast on **Univision Deportes**) delivered 3.9mln total viewers, outperforming **ESPN**’s broadcast of the game by 259% (1.0mln total viewers). The 2-2 draw was the most-viewed soccer match of 2014 on any network.

**Research:** An **Accenture** survey found that close to half of all respondents are viewing full-length movies and TV shows over the Internet on a daily basis, and 39% do so weekly. And ISPs would be happy to hear that 60% of the respondents streaming video at home indicated they were willing to pay for a faster connection, while just as many said they would pay extra for better quality so they could view videos whenever and wherever they like, according to the 4th annual “Accenture Digital Consumer Survey.” Despite a lack of content and streaming outlets, consumers showed growing interest in 4K, with 18% looking forward to buying a 4K TV over the next 12 months.

**People:** **Deirdre O’Hearn** was named svp, programming and development for **Food** and **Cooking Channel**. She was previously vp, development & talent for **WETV**. -- **SCTE** tapped **Lindsay Johnson** as svp, operations, reporting to **Mark Dzuban**, pres/CEO. Johnson, formerly svp, HR at **Comcast**, led the post-merger transition of Comcast Programming Properties employees to **NBCU**.

## CableFAX Week in Review

| Company                      | Ticker | 4/04 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|------------|--------------|----------|
| <b>BROADCASTERS/DBS/MMDS</b> |        |            |              |          |
| DIRECTV:                     | DTV    | 77.36      | 2.17%        | 12.02%   |
| DISH:                        | DISH   | 62.24      | 0.71%        | 7.46%    |
| ENTRAVISION:                 | EVC    | 6.21       | (7.31%)      | 1.97%    |
| GRAY TELEVISION:             | GTN    | 9.89       | (33.53%)     | (4.63%)  |
| MEDIA GENERAL:               | MEG    | 17.01      | (7.4%)       | (24.73%) |
| NEXSTAR:                     | NXST   | 37.24      | (0.75%)      | (33.18%) |
| SINCLAIR:                    | SBGI   | 26.04      | (1.85%)      | (27.12%) |

| Company            | Ticker | 4/04 Close | 1-Week % Chg | YTD %Chg |
|--------------------|--------|------------|--------------|----------|
| <b>MSOS</b>        |        |            |              |          |
| CABLEVISION:       | CVC    | 17.33      | 3.65%        | (3.35%)  |
| CHARTER:           | CHTR   | 122.72     | 0.25%        | (10.27%) |
| COMCAST:           | CMCSA  | 50.18      | 1.25%        | (3.44%)  |
| COMCAST SPCL:      | CMCSK  | 49.27      | 1.86%        | (1.22%)  |
| GCI:               | GNCMA  | 10.76      | (4.1%)       | (3.5%)   |
| GRAHAM HOLDING:    | GHC    | 708.00     | 0.34%        | 6.74%    |
| LIBERTY GLOBAL:    | LBTYA  | 40.49      | (1.94%)      | (35.69%) |
| LIBERTY INT:       | LINTA  | 29.28      | 2.31%        | (0.24%)  |
| SHAW COMM:         | SJR    | 23.68      | (0.38%)      | (2.71%)  |
| TIME WARNER CABLE: | TWC    | 139.17     | 2.43%        | 2.71%    |

| Company                | Ticker | 4/04 Close | 1-Week % Chg | YTD %Chg |
|------------------------|--------|------------|--------------|----------|
| <b>PROGRAMMING</b>     |        |            |              |          |
| 21ST CENTURY FOX:      | FOXA   | 32.87      | 3.99%        | (6.54%)  |
| AMC NETWORKS:          | AMCX   | 73.99      | 2.72%        | 8.63%    |
| CBS:                   | CBS    | 61.56      | (0.76%)      | (3.42%)  |
| CROWN:                 | CRWN   | 3.73       | 3.04%        | 5.67%    |
| DISCOVERY:             | DISCA  | 83.04      | 0.85%        | (8.16%)  |
| DISNEY:                | DIS    | 80.43      | 1.82%        | 5.27%    |
| GRUPO TELEVISIA:       | TV     | 33.87      | 3.17%        | 11.93%   |
| HSN:                   | HSNI   | 59.18      | (2.42%)      | (5.01%)  |
| LIONSGATE:             | LGF    | 26.79      | 6.31%        | (15.38%) |
| MADISON SQUARE GARDEN: | MSG    | 57.44      | 1.29%        | (0.24%)  |
| SCRIPPS INT:           | SNI    | 76.32      | 0.78%        | (11.68%) |
| STARZ:                 | STRZA  | 33.09      | 3.18%        | 13.17%   |
| TIME WARNER:           | TWX    | 66.51      | 2.88%        | (4.6%)   |
| VALUEVISION:           | VVTV   | 4.69       | (14.73%)     | (32.9%)  |
| VIACOM:                | VIA    | 85.00      | 0.33%        | (3.16%)  |
| WWE:                   | WWE    | 28.02      | 1.82%        | 69.00%   |

| Company           | Ticker | 4/04 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| <b>TECHNOLOGY</b> |        |            |              |          |
| ADVANTAGE:        | AEY    | 3.09       | (1.59%)      | 14.87%   |
| ALCATEL LUCENT:   | ALU    | 3.95       | 1.02%        | (10.23%) |
| AMDOCS:           | DOX    | 45.59      | (0.42%)      | 10.55%   |
| AMPHENOL:         | APH    | 92.72      | 1.20%        | 3.97%    |
| AOL:              | AOL    | 43.05      | 0.58%        | (7.66%)  |
| APPLE:            | AAPL   | 531.82     | (0.94%)      | (5.2%)   |
| ARRIS GROUP:      | ARRS   | 27.32      | 0.85%        | 12.24%   |
| AVID TECH:        | AVID   | 6.35       | 3.25%        | (22.09%) |
| BLNDER TONGUE:    | BDR    | 0.92       | 8.24%        | (8%)     |
| BROADCOM:         | BRCM   | 30.68      | (1.13%)      | 3.47%    |
| CISCO:            | CSCO   | 22.71      | 1.71%        | 1.26%    |
| CONCURRENT:       | CCUR   | 8.40       | 2.31%        | 2.82%    |
| CONVERGYS:        | CVG    | 21.58      | 0.28%        | 2.52%    |
| CSG SYSTEMS:      | CSGS   | 25.65      | (0.16%)      | (12.76%) |
| ECHOSTAR:         | SATS   | 47.45      | (3.06%)      | (4.57%)  |
| GOOGLE:           | GOOG   | 543.14     | (51.51%)     | (51.54%) |
| HARMONIC:         | HLIT   | 7.00       | 2.79%        | (5.15%)  |

| Company           | Ticker | 4/04 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|------------|--------------|----------|
| INTEL:            | INTC   | 26.16      | 2.11%        | 0.77%    |
| INTERACTIVE CORP: | IACI   | 69.99      | (2.18%)      | 1.95%    |
| JDSU:             | JDSU   | 13.71      | 1.11%        | 5.54%    |
| LEVEL 3:          | LVL    | 38.48      | (0.08%)      | 16.01%   |
| MICROSOFT:        | MSFT   | 39.87      | (1.07%)      | 6.58%    |
| NIELSEN:          | NLSN   | 44.49      | 0.52%        | (3.05%)  |
| RENTRAK:          | RENT   | 54.65      | (7.93%)      | 44.23%   |
| SEACHANGE:        | SEAC   | 10.40      | 3.07%        | (14.47%) |
| SONY:             | SNE    | 19.03      | 2.04%        | 10.06%   |
| SPRINT NEXTEL:    | S      | 9.26       | (0.32%)      | (13.86%) |
| TIVO:             | TIVO   | 12.83      | (0.93%)      | (2.21%)  |
| UNIVERSAL ELEC:   | UEIC   | 37.71      | (1.51%)      | (1.05%)  |
| VONAGE:           | VG     | 4.13       | (3.5%)       | 74.26%   |
| YAHOO:            | YHOO   | 34.26      | (4.57%)      | (15.28%) |

| Company       | Ticker | 4/04 Close | 1-Week % Chg | YTD %Chg |
|---------------|--------|------------|--------------|----------|
| <b>TELCOS</b> |        |            |              |          |
| AT&T:         | T      | 35.55      | 1.37%        | 1.11%    |
| VERIZON:      | VZ     | 48.04      | 1.31%        | (2.24%)  |

| Index                 | Value | 1-Week % Chg | YTD %Chg |         |
|-----------------------|-------|--------------|----------|---------|
| <b>MARKET INDICES</b> |       |              |          |         |
| DOW:                  | DJI   | 16412.71     | 0.55%    | (0.99%) |
| NASDAQ:               | IXIC  | 4127.73      | (0.67%)  | (1.17%) |
| S&P 500:              | GSPC  | 1865.09      | 0.40%    | 0.91%   |

### WINNERS & LOSERS

#### THIS WEEK'S STOCK PRICE WINNERS

| COMPANY              | CLOSE | 1-WK CH |
|----------------------|-------|---------|
| 1. BLNDER TONGUE:    | 0.92  | 8.24%   |
| 2. LIONSGATE:        | 26.79 | 6.31%   |
| 3. 21ST CENTURY FOX: | 32.87 | 3.99%   |
| 4. CABLEVISION:      | 17.33 | 3.65%   |
| 5. AVID TECH:        | 6.35  | 3.25%   |

#### THIS WEEK'S STOCK PRICE LOSERS

| COMPANY             | CLOSE  | 1-WK CH  |
|---------------------|--------|----------|
| 1. GOOGLE:          | 543.14 | (51.51%) |
| 2. GRAY TELEVISION: | 9.89   | (33.53%) |
| 3. VALUEVISION:     | 4.69   | (14.73%) |
| 4. RENTRAK:         | 54.65  | (7.93%)  |
| 5. MEDIA GENERAL:   | 17.01  | (7.4%)   |




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