

CableFAX Daily™

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What the Industry Reads First

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O’Rielly’s Take: Netflix, Video Competition, Net Neutrality

Michael O’Rielly considers himself a bit of a binge viewer. The Republican **FCC** commish finished Season 1 of **Netflix’s** “House of Cards,” is fan of **FX** shows “Archer” and “Justified,” and was one of the early followers of **CBS** sitcom “How I Met Your Mother.” “As a consumer myself, I find there are a lot of choices [in the video market],” O’Rielly told us in a recent interview. He complimented the market on being “very dynamic,” and said the upside of MVPD consolidation includes the ability to lower programming costs and to improve infrastructure to handle advanced video programming. He declined to comment on any pending mergers, natch. The commish did wade into the waters of peering arrangements, though he stayed in the shallow end, saying he doesn’t know too much beyond what FCC chmn *Tom Wheeler* has said publicly. Wheeler recently directed staff to gather information about peering arrangements between Netflix and major ISPs such as **Verizon** and **Comcast**. The agency’s latest broadband speed report also found congestion issues during video streaming, which the FCC will be looking at as well. “I do worry that the Commission would involve itself here because it opens up the question of how far it’s going to take action or will it take action,” O’Rielly said. When he announced the move earlier this month, Wheeler emphasized that the agency’s simply collecting information. “These peering arrangements are not unusual. They have been going on for an awful long time, so I don’t find it to be too disturbing as some people talk about it today,” the Republican said, adding he believes Netflix and the ISPs can resolve the disputes by themselves. That said, “I am open to see what comes out of it (the FCC’s peering probe).” O’Rielly worked on the 1996 Telecommunications Act, including Section 706 related to FCC authority, which Wheeler is trying to use to support his net neutrality draft rules. The ’96 Act was the 1st major overhaul of telecom law in nearly 62 years. At the time, O’Rielly was a telecom policy analyst at House Commerce, before becoming a professional staff member. “It was an interesting time...” he said, recalling that at one point he was the only person who had a copy of the draft bill as parties went through negotiations. The 1st comment deadline in the FCC’s net neutrality proceeding is July 15. “I have had difficulty and will continue or remain to have difficulty with how much statutory authority the Commission has in this space,” O’Rielly said. As he has suggested before, the best role the agency can play is to have a “watchful eye to the marketplace and see what’s developing and happening.” Similarly, the FCC shouldn’t engage in video programming rate disputes as it doesn’t have enough authority to determine fair market

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The Most Influential Minorities in Cable

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The Most Powerful Women in Cable

Nomination Deadline: **July 2**

Publication Date: **November 2014**

Event: **November 2014**

Contact Diana Rojas at drojas@accessintel.com with any questions.

Enter online at www.cablefax.com/2014-nominations.

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rates, O'Rielly said, noting that operators and content providers usually are able to work out the issue. Sorry, retrans reform fans. O'Rielly, originally from a small city just outside Buffalo, NY, spent most of his career on the Hill, including as a policy advisor in the Office of the Senate Republican Whip, before joining the FCC in late 2013.

Synacor Sale: Synacor said its board and financial advisers will consider all credible proposals for business combinations and other strategic transactions but repeated that it's excited about the company's strategic plan. The comments following an open letter to the board from **JEC Capital Partners** and **Ratio Capital Partners**, who together own 9.8% of common stock. "We do not believe there is a realistic chance for improvement from a change in CEO," the companies wrote. "We ask that you halt the search for a CEO and instead engage an investment banker to pursue strategic alternatives. We are confident that Synacor will have serious interest from multiple parties at prices far in excess of the current share price. We are also confident that the majority of Synacor's shareholders are in support of an open and formal sale process." Synacor shares closed down 2.6% Fri, after closing up more than 6% Thurs after the shareholder letter. "Our board of directors and management team will continue to embrace an open dialogue with stockholders," Synacor said in a response.

World Cup Numbers: Given a noon ET start time on a Thurs, it's no wonder that the USA-Germany match scored record viewership on Watch**ESPN**. The TVE service logged 3.2mln unique viewers. It was **Univision** Digital's biggest live stream event ever, with 1.7mln unique viewers (8% more than Brazil-Mexico on June 17). Thurs was Univision Digital's 3rd highest-trafficked day ever, with more than 8.8mln visits. ESPN's 10.8mln viewers made it the 3rd most-viewed men's World Cup match on ESPN or ESPN2 (behind Sun's USA-Portugal and USA-Ghana on June 16). It is ESPN's most-viewed week-day, non-holiday, afternoon program on record. At Univision, the USA-Germany match delivered 3.4mln total viewers and 1.7mln 18-49s, ranking as the top match of the day on **Univision Deportes**. Univision Deportes' coverage of the entire group stage reached 62.3mln viewers, +27% more viewers than the entire 2010 World Cup on Univision Deportes.

Exclusivity Rule: **Cablevision** and **Charter** filed joint comments on the **FCC's** further notice on retrans. The FCC has asked if whether it should repeal exclusivity rules, which allow a broadcaster to request that a cable op delete duplicate programming in a community. The MSOs want the FCC to get rid of them and ban contracts that prohibit importation of out-of-market signals, but they also argue the agency should take "far more effective steps" to protect consumers and rationalize programming negotiations. They want the FCC to clarify bcstrs' duty to negotiate in good faith by requiring transparency on retrans fees and offering reasonable standalone rates not tied to carriage of other nets. They also want the agency to force broadcasters to offer non-discriminatory rates to MVPDs in the same local market, no matter their size. Also on the wish list: reciprocal sweeps protection to MVPDs, so that broadcasters can't pull signals during marquee events, just like MVPDs can't remove channels during sweeps. In a separate filing, **Time Warner Cable** called the exclusivity rules "an anachronism" in today's competitive marketplace. But **Comcast-owned NBCU** argued to retain the rule because it plays a key role in distribution. "Nonduplication protection within a station's local television market allows the station to avoid the audience fragmentation that occurs when multiple network-affiliated stations with duplicative programming serve the same market," the programmer said. In its comments, **ACA** asked for overall retrans reform in advance of the upcoming 3-year retrans consent cycle, noting that nearly every small cable op will be negotiating agreements between Oct and Dec of this year.

Big Data + Politics: Political media planning group **Smart Media** signed a deal to access **FourthWall Media's** second-by-second TV viewing data. "It's truly a revolutionary step for Smart Media and the political media buying industry, one that will bring a high degree of certainty to the media planning and programming decisions we make on behalf of our clients," SMG CEO *Kyle Roberts* said. "For the first time we are making a direct connection between voter segments and actual live viewing data. The possibilities are endless, and we are very excited about this partnership."

Deadline Extension: The **FCC** Media Bureau extended the deadline for comments in the broadcast ownership rules quadrennial review to Aug 6 from July 7. Replies are now due Sept 8, instead of Aug 4.

One America Nets More Carriage: AK op **GCI** will launch **Herring Networks' One America News** in SD and HD, placing it in the same neighborhood as other cable news nets. GCI already carries sister net **AWE**, A Wealth of Entertainment.

Programming: **ESPN** secured exclusive US rights to Canadian Football League games, beginning with the '14 season that kicks off Sat at 3pm on ESPN2. ESPN will present at least 86 games in 2014 with 17 or more contests to be televised on ESPN, ESPN2 and ESPNEWS. 69 other games will be on ESPN's live multi-screen sports network, ESPN3.

CableFAX Week in Review

Company	Ticker	6/27 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DIRECTV:	DTV	84.61	(0.18%)	22.52%
DISH:	DISH	65.64	7.10%	13.33%
ENTRAVISION:	EVC	6.26	15.93%	2.79%
GRAY TELEVISION:	GTN	12.79	13.39%	23.34%
MEDIA GENERAL:	MEG	20.45	17.66%	(9.51%)
NEXSTAR:	NXST	49.94	14.86%	(10.39%)
SINCLAIR:	SBGI	34.62	18.32%	(3.11%)

Company	Ticker	6/27 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	17.76	2.19%	(0.95%)
CHARTER:	CHTR	154.84	2.88%	13.22%
COMCAST:	CMCSA	54.13	2.64%	4.16%
COMCAST SPCL:	CMCSK	53.72	2.77%	7.70%
GCI:	GNCMA	11.18	3.23%	0.27%
GRAHAM HOLDING:	GHC	719.67	1.13%	8.50%
LIBERTY GLOBAL:	LBTYA	43.91	2.58%	(30.25%)
LIBERTY INT:	LINTA	29.09	1.04%	(0.89%)
SHAW COMM:	SJR	25.47	2.25%	4.64%
TIME WARNER CABLE:	TWC	147.84	3.20%	9.11%

Company	Ticker	6/27 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
21ST CENTURY FOX:	FOXA	35.25	2.06%	0.23%
AMC NETWORKS:	AMCX	60.12	(1.84%)	(11.73%)
CBS:	CBS	61.23	3.71%	(3.94%)
CROWN:	CRWN	3.60	1.12%	1.98%
DISCOVERY:	DISCA	74.06	0.37%	(18.09%)
DISNEY:	DIS	85.30	2.99%	11.65%
GRUPO TELEVISIA:	TV	34.58	1.26%	14.28%
HSN:	HSNI	58.75	2.89%	(5.7%)
LIONSGATE:	LGF	28.40	3.84%	(10.3%)
MADISON SQUARE GARDEN:	MSG	61.87	3.65%	7.45%
SCRIPPS INT:	SNI	80.37	(2.04%)	(6.99%)
STARZ:	STRZA	29.37	(0.44%)	0.44%
TIME WARNER:	TWX	69.74	2.80%	0.03%
VALUEVISION:	VVTV	5.04	14.03%	(27.9%)
VIACOM:	VIA	86.37	0.62%	(1.6%)
WWE:	WWE	11.59	(0.6%)	(30.1%)

Company	Ticker	6/27 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADVANTAGE:	AEY	2.77	5.32%	2.97%
ALCATEL LUCENT:	ALU	3.61	(4.75%)	(17.95%)
AMDOCS:	DOX	46.30	(2.69%)	12.27%
AMPHENOL:	APH	96.27	(1.24%)	7.95%
AOL:	AOL	39.48	4.39%	(15.32%)
APPLE:	AAPL	91.98	1.18%	(83.6%)
ARRIS GROUP:	ARRS	32.20	(3.88%)	32.29%
AVID TECH:	AVID	7.40	(0.67%)	(9.2%)
BROADCOM:	BRCM	36.86	(3.71%)	24.32%
CISCO:	CSCO	24.70	0.00%	10.12%
CONCURRENT:	CCUR	7.52	(6.82%)	(7.96%)
CONVERGYS:	CVG	21.27	1.58%	1.05%
CSG SYSTEMS:	CSGS	25.74	0.90%	(12.45%)
ECHOSTAR:	SATS	53.59	1.48%	7.78%
GOOGLE:	GOOG	577.24	3.75%	(48.49%)
HARMONIC:	HLIT	7.45	(0.53%)	0.95%
INTEL:	INTC	30.93	2.42%	19.14%

Company	Ticker	6/27 Close	1-Week % Chg	YTD %Chg
INTERACTIVE CORP:	IACI	68.95	(0.89%)	0.44%
JDSU:	JDSU	12.35	3.09%	(4.93%)
LEVEL 3:	LVLTL	43.99	(1.61%)	32.62%
MICROSOFT:	MSFT	42.25	1.37%	12.94%
NIELSEN:	NLSN	48.42	0.46%	5.51%
RENTRAK:	RENT	52.39	(1.5%)	38.27%
SEACHANGE:	SEAC	7.88	(0.63%)	(35.2%)
SONY:	SNE	16.76	(1.24%)	(3.07%)
SPRINT NEXTEL:	S	8.51	1.19%	(20.84%)
TIVO:	TIVO	12.93	3.27%	(1.45%)
UNIVERSAL ELEC:	UEIC	47.64	(0.27%)	25.01%
VONAGE:	VG	3.76	5.03%	58.65%
YAHOO:	YHOO	34.25	0.59%	(15.31%)

Company	Ticker	6/27 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	35.41	0.06%	0.71%
CENTURYLINK:	CTL	35.78	(2.51%)	12.34%
TDS:	TDS	26.00	0.93%	0.85%
VERIZON:	VZ	49.32	(0.14%)	0.37%

Index	Value	% Chg	% Chg
MARKET INDICES			
DOW:	DJI	16851.84	(0.56%) 1.66%
NASDAQ:	IXIC	4397.93	0.68% 5.30%
S&P 500:	GSPC	1960.96	(0.1%) 6.09%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. SINCLAIR:	34.62	18.32%
2. MEDIA GENERAL:	20.45	17.66%
3. ENTRAVISION:	6.26	15.93%
4. NEXSTAR:	49.94	14.86%
5. VALUEVISION:	5.04	14.03%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. CONCURRENT:	7.52	(6.82%)
2. ALCATEL LUCENT:	3.61	(4.75%)
3. ARRIS GROUP:	32.20	(3.88%)
4. BROADCOM:	36.86	(3.71%)
5. AMDOCS:	46.30	(2.69%)

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