

# Cablefax Daily™

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What the Industry Reads First

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## It's Official: Discovery Pays \$64.4mln for Controlling Stake in Hasbro JV

Discovery Comm's 50/50 jv with Hasbro moves to 60/40, with the programmer taking a controlling interest in the Hub Network and rebranding the net as **Discovery Family**. The change in equity interests was accomplished partly through redemption of interests owned by Hasbro and partly through the purchase of interests by Discovery from Hasbro, with Discovery shelling out \$64.4mln in cash to the toymaker, according to an **SEC** filing. Hasbro can elect to require Discovery to buy its interest in the network during the 1-year period following Dec 31, '21. The jv also could be terminated if either company materially breaches certain provisions in their agreement or acquires interest in a competitive network. In June, when Hub founding pres/CEO *Margaret Loesch* announced her plans to leave at year-end, rumblings started that **3net** CEO *Tom Cosgrove* would take the reins. Last month's shuttering of the 3D channel further highlighted him as the successor. Word of the rebrand and ownership change leaked out last week, with the *WSJ* reporting the news. Cosgrove will serve as gm of Discovery Family, effective immediately. "With Tom's expertise in leading emerging brands, combined with his deep understanding of the entertainment—and especially the family entertainment—business, I couldn't ask for a better partner as we debut Discovery Family Channel," said group pres *Henry Schleiff*, who will oversee the transition of the Hub to Discovery Family and to whom Cosgrove will report. Discovery Family will keep the Hub's mission of being a channel that brings parents and kids together in front of the TV. That sort of family-friendly niche was a huge focus for Schleiff during his stint as head of Hallmark Channel parent **Crown Media**. Hasbro will continue to produce shows for the net, including series such as "My Little Pony Friendship is Magic" and "Littlest Pet Shop," which are based on its own line of toys. Hasbro also is contractually obligated to provide specified numbers of hours of new programming produced by **Hasbro Studios** in exchange for a license fee from Discovery Family. Primetime programming will focus more on those family shows, with initial series including "Flying Wild Alaska" and "Superhuman." This is a different sort of programming than the Hub had on in prime, which was primarily syndicated shows from the 80s and 90s, such as "Blossom" and "Sister Sister." It's unclear if those shows will stay with Discovery Family. "The next chapter of our collaboration will harness the incredible content strengths of both Discovery and Hasbro to program Discovery Family Channel with highly-rated award-winning storytelling around Hasbro's brands

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and Discovery's most popular non-fiction shows that appeal to both children and families alike," said Hasbro pres/CEO *Brian Goldner*. With Discovery taking a controlling interest, the net's board will consist of 5 members (3 appointed by Discovery and 2 by Hasbro). Operations will be consolidated into Discovery's financial results.

**Merger Beat:** As expected, **DirectTV** stockholders approved the company's merger with **AT&T**, with more than 99% of votes cast in favor of the deal (approx 78% of eligible voting shares were represented). Not everyone's in love with the idea. Sen *Al Franken* (D-MN), who has been a vocal opponent of **Comcast-Time Warner Cable**, has previously written the **DOJ** criticizing the telco-satellite merger. Last week, he submitted a statement with the FCC outlining his concerns. "If AT&T-DirectTV wants the FCC to approve the proposed merger on the grounds that it will truly benefit consumers' pocket-books, then AT&T-DirectTV must be held to its word," he wrote. Franken wants the new company to offer and aggressively market a standalone broadband offering and to make detailed commitments to increase broadband in rural communities. Comcast shareholders vote on the TWC deal on Oct 8, with Time Warner Cable slated to vote Oct 9.

**Time to Fear OTT?** Investors may be too complacent about the risk of cord-cutting to the pay TV market, **MoffettNathanson** analysts suggested this week. They noted the infrastructure is increasingly in place: **Sony's** planned OTT offering for this year, **Roku's** 10mln boxes, **Apple TV's** 20mln boxes, **DISH's** upcoming OTT service and **Verizon** and **AT&T** both signaling intent to enter the OTT video market. **Parks Associates** heaps on, noting that 55% of US broadband households subscribe to an OTT video service. The shift in concern over OTT may be coming from the number of programming deals that have been made for service this year, including **Viacom's** deal with **Sony** and **DISH's** deals with **Scrrips** and **Disney**. That said, not every MVPD seems smitten with the idea. **Comcast** evp *David Cohen*, addressing **Time Warner Cable** merger concerns about the company launching a nationwide OTT service, said the company has looked at the idea many times but doesn't see a viable business model—primarily because of programming contracts.

**Starz Merger Possibilities:** **Macquarie** analysts gave their take Thurs on what **Starz** might be worth as M&A talk continues (the *L.A. Times* reported this week that **21st Century Fox** execs met with Starz about a possible acquisition on Tues). In a research note, the analysts said the most compelling argument for acquiring Starz may be the potential to launch a streaming or a direct-to-consumer product, suggesting Starz Play could evolve into a standalone video product over time. Top- and bottom-line synergies could total \$400mln, they figure, citing the opportunity to bolster original programming with a greater production budget, the negotiating power increased scale could bring and the potential of that standalone streaming product.

**SCTE Notebook:** **SCTE's** preconference symposium on DOCSIS 3.1 and wireless drew a record crowd of 500+. **Cable-Tec Expo** attendance hit approximately 9100, up from approx 9K the last time the conference was in Denver (2009). It's down from last year's 9800 in Atlanta. There was some question over whether the event, which wrapped Thurs, would lose some attendees due to Rosh Hashanah, which began at sundown Wed. Vendors continue to head to the gathering, with new exhibitors up 22%, driving the total number of exhibitors to 376—also an increase over the last time the show was in Denver. -- *Greg Babinski*, system technician with **Bright House** in New Port Richey, FL, won the 2014 SCTE International Cable-Tec Games this week. *Chris Miranda* of **Comcast** received the 4th annual Spirit of the Games Award presented in recognition of an individual who best exhibits sportsmanship in the SCTE Cable-Tec Games.

**Disney Upgrades Watch ABC:** **Disney/ABC TV** Group has given its Watch ABC service a complete UI redesign as well as new features, such as "FastShare," which lets fans access and share clips of their favorite in-show moments all while staying within the viewing experience in the app. Other additions include: "Social Lens," which integrates a fan's personal Facebook and Twitter into the app, allowing them to socialize while watching, and "Multi-Cam," which offers backstage and venue cameras during live events. Oh, and of course, all of these new features can be sponsored by advertisers.

**Gaming Consoles & Internet:** Gaming consoles are the most frequently used connected CE device, with **Parks Associates** releasing new data that shows 46% of US broadband HHs have a console connected to the Internet. And 28% use the connected gaming console as their primary connected CE device. Roughly three-quarters use the gaming console to access non-gaming content online at least weekly, and nearly 40% access such content for more than 10 hours per week, Parks said. The survey took place in 1Q and featured more than 10K US broadband homes. Smart TVs were behind gaming consoles (20%), followed by streaming media players (12%) and connected Blu-ray devices (9%).

# BUSINESS & FINANCE

**Programming:** Starz hit a ratings high for scripted series “Outlander” on Sat. The seventh ep drew 3.8mln Live+3 viewers, a 38% increase from the series premiere. The show will air its mid-season finale Sat and return to air the remaining 8 eps on April 4.-- **Smithsonian Channel** will present encore telecasts of **CBS News** “CBS Morning with *Charles Osgood*” every Sun at 2pm, starting Sept 28. -- **Disney Channel** will run a multiplatform, anti-bullying campaign featuring 20 Disney Channel, **Disney XD**, and **Radio Disney** stars, for Oct’s National Bullying Prevention Month. The initiative will begin with the premiere of interstitial messages on Sun at 8pm on Disney Channel. The net will also air special-themed episodes of “Austin & Ally” (Sept 28 at 8pm) and “Girl Meets World” (Oct 17 at 8pm). -- **NBA TV**’s preseason coverage, featuring 30 live game telecasts (including 4 international games), “NBA Real Training Camp,” and NBA Media Days, will begin Fri. -- **TV One** will bow its 1st-ever horror-themed film trilogy, “The Fright Night Files” on Oct 18. The collection of short films is the 1st scripted production for **Radio One** founder/chairperson *Cathy Hughes* and production partner *Susan Banks*.

**People:** NBCU’s Hispanic Enterprises group announced that *Enrique Caballero* has been named svp, HR. He previously served as vp, HR for **Universal Studios Hollywood**.

## CableFAX Daily Stockwatch

Company	09/25 Close	1-Day Ch	Company	09/25 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	86.39	(0.42)	CONVERGYS:	17.86	(0.34)
DISH:	63.47	(0.5)	CSG SYSTEMS:	26.60	(0.16)
ENTRAVISION:	3.98	(0.02)	ECHOSTAR:	49.15	(0.63)
GRAY TELEVISION:	8.32	(0.18)	GOOGLE:	575.06	(12.93)
MEDIA GENERAL:	13.39	(0.58)	HARMONIC:	6.35	(0.1)
NEXSTAR:	40.64	(0.4)	INTEL:	34.14	(0.61)
SINCLAIR:	26.17	0.53	INTERACTIVE CORP:	65.42	(0.74)
<b>MSOS</b>					
CABLEVISION:	17.84	(0.21)	JDSU:	12.86	(0.32)
CHARTER:	154.53	(0.63)	LEVEL 3:	44.45	(1.07)
COMCAST:	53.94	(0.92)	MICROSOFT:	46.04	(1.04)
COMCAST SPCL:	53.72	(0.93)	NIELSEN:	43.89	(0.54)
GCI:	11.03	(0.11)	RENTRAK:	61.84	5.04
GRAHAM HOLDING:	700.32	(4.69)	SEACHANGE:	7.00	(0.13)
LIBERTY GLOBAL:	42.95	(1.21)	SONY:	17.27	(0.08)
LIBERTY INT:	28.27	(0.35)	SPRINT NEXTEL:	6.39	(0.25)
SHAW COMM:	24.42	(0.7)	TIVO:	12.92	(0.06)
TIME WARNER CABLE:	144.25	(2.82)	UNIVERSAL ELEC:	50.15	(0.45)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	33.74	(0.75)	VONAGE:	3.24	(0.12)
AMC NETWORKS:	58.33	(0.52)	YAHOO:	38.95	(0.93)
CBS:	53.84	(1.01)	<b>TELCOS</b>		
CROWN:	3.13	(0.06)	AT&T:	35.08	(0.32)
DISCOVERY:	38.09	(0.01)	CENTURYLINK:	39.91	(0.53)
DISNEY:	88.07	(1.38)	TDS:	24.28	(0.41)
GRUPO TELEVISA:	33.93	(0.6)	VERIZON:	49.61	(0.46)
HSN:	61.04	(0.24)	<b>MARKET INDICES</b>		
LIONSGATE:	31.08	(0.65)	DOW:	16945.80	(264.26)
MSG:	66.50	(0.41)	NASDAQ:	4466.75	(88.47)
SCRIPPS INT:	77.80	(0.28)	S&P 500:	1965.99	(32.31)
STARZ:	31.19	(0.04)			
TIME WARNER:	75.35	(0.85)			
VALUEVISION:	5.22	(0.08)			
VIACOM:	77.27	(0.91)			
WWE:	13.84	0.21			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.48	0.13			
AMDOCS:	46.23	(0.94)			
AMPHENOL:	100.71	(1.43)			
AOL:	42.97	(0.21)			
APPLE:	97.87	(3.88)			
ARRIS GROUP:	29.11	(1.01)			
AVID TECH:	10.35	0.09			
BLNDER TONGUE:	1.36	(0.03)			
BROADCOM:	40.32	0.14			
CISCO:	24.54	(0.44)			
CONCURRENT:	7.22	(0.16)			

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# PROGRAMMER'S PAGE

## Pivoting into Year Two...

In case you haven't heard, millennials are pretty important. And it's not just because they *think* they're important (which, of course, they do). In reality, these socially savvy, hyper-connected, sometimes passionate, ethnically diverse, independently minded movers and shakers represent the biggest generation in history. But millennials do things differently, which can create challenges for linear TV nets hoping to reach them. **Pivot**, which just celebrated its one-year anniversary last month, thinks it has found the secret sauce. "We understand that millennial interests go beyond their own group and superficial things," says *Belisa Balaban*, Pivot's evp, original programming. So as some nets bend over backwards to wrap and package content in millennial-friendly bows, "we don't see it that way," she says. "Our programming is more complex, more nuanced and more thoughtful." Pivot pres *Evan Shapiro*, who birthed the net out of the ashes of Halogen TV and the Documentary Channel, says it's all about appealing to a previously untapped millennial subset. Let's call them Those Who Really Friggin' Care. "We're not targeting all millennials," clarifies Shapiro. "We're targeting Upstanders: people who are the uber-passionate members of our culture about everything—not just about causes, but about television, about having fun, about community." Whether it's *Joseph Gordon-Levitt's* crowdsourcing experiment "HitRecord on TV," the hilarious Australian import "Please Like Me" or socially conscious but entertaining reality fare like "Human Resources" about the day-to-day hijinks at green business **TerraCycle**, Pivot consistently creates its own unique stamp. And it's only getting started. "It's been a great first year, and I wouldn't trade it for anything," says Shapiro. "But I'm really looking forward to the second year and what we can accomplish." - *Michael Grebb*

**Reviews:** "Live Free or Die," premiere, Tues, 10p, **National Geographic**. Plenty of networks boast 'You've never seen anything like this on TV.' With "Live Free or Die," Nat Geo makes this claim legitimately. Its cameras chronicle five people living naturally, off the grid, in forests and swamps, eschewing running water and electricity. Known as re-wilders, they trap, hunt and forage, make clothes from animal skins, embracing nature while simultaneously battling her. Besides highlighting the re-wilders' ingenuity, this gorgeously shot series succeeds because subsequent eps chronicle the difficulties they face. -- "Pineapple Dance Studio," premiere, Sun, 7p ET, **Ovation**. Using words to describe "PDS" is inadequate, but we can't perform a front-pike somersault in a skin-tight costume from "Cats." Sorry. You'll just have to trust us that this pastiche featuring the dulcet narration of a **BBC** newsreader, an histrionic artistic director named *Louie Spence*, 80's dance tunes, the eye candy of shapely young dancers and a surprise or two make for an eclectic train wreck of a series. In early eps, you may wonder 'What were the Brits making a fuss about?' Eventually you'll watch, laugh, snigger and thank Ovation for exposing you to PDS. -- "Ray Donovan," season 2 finale, 9p, Sun, **Showtime**. Slowly, we've begun to 'get' this series. Its season ends with stakes enormously high. Perfect. - *Seth Arenstein*

Basic Cable Rankings (9/15/14-9/21/14)			
	Mon-Sun Prime		
ESPN	1	1.5	3644
TBSC	2	0.7	1840
USA	2	0.7	1755
FOXN	2	0.7	1666
DSNY	2	0.7	1607
FX	6	0.6	1428
TNT	6	0.6	1422
HIST	6	0.6	1362
HGTV	9	0.5	1256
DSE	9	0.5	107
DISC	11	0.4	1042
ADSM	11	0.4	994
FOOD	11	0.4	986
LIFE	11	0.4	924
A&E	11	0.4	902
SYFY	11	0.4	884
AMC	17	0.3	819
SPK	17	0.3	802
TLC	17	0.3	793
FAM	17	0.3	786
NAN	17	0.3	775
CMDY	17	0.3	754
ID	17	0.3	686
BRV	17	0.3	650
HALL	17	0.3	649
APL	17	0.3	617
DSJR	17	0.3	610
NFLN	17	0.3	474
VH1	29	0.2	591
ESP2	29	0.2	548
OWN	29	0.2	523
TVLD	29	0.2	498
TRU	29	0.2	496
MTV	29	0.2	486
MSNB	29	0.2	464
EN	29	0.2	463
WETV	29	0.2	459
BET	29	0.2	446
DXD	29	0.2	424
NGC	29	0.2	424
FXX	29	0.2	421
CNN	29	0.2	420
LMN	29	0.2	417
TRAV	29	0.2	381
NKJR	29	0.2	359
H2	29	0.2	351

\*Nielsen data supplied by ABC/Disney

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