

Cablefax Daily™

Wednesday — February 18, 2015

What the Industry Reads First

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Cable Watch: Moffett Downgrades Stocks, DISH Talks Comcast-TWC OVD

Cable operator stocks have rallied despite FCC's upcoming Title II plan, but a downgrade from *Craig Moffett* is another story. Shares of **Cablevision** closed down 4%; **Comcast** was down 1%, **Charter** was down 0.8% and **Time Warner Cable** down about 1.4%. Not only did the influential analyst raise concerns Tues over Title II/rate regulation, but he lowered chances of a Comcast-Time Warner Cable merger being approved to 60/40 vs 70/30. Bad news always comes in threes... In downgrading Comcast, TWC and Charter to "neutral," Moffett piled on with worries over cord-cutting. "Worsening viewership and advertiser trends are driving programmers to break ranks, both with each other and with their legacy," he wrote in a **MoffettNathanson** research note. "In the past, changes to broadband pricing would have been the natural remedy. That avenue may no longer be open." The downgrade, however, mostly reflects a sector that has priced in a lot of good news, but very little bad, he said, noting that Comcast is just 1% below the firm's target price and Charter is 11% despite mounting headwinds. While the report states that the analysts believe a Comcast-TWC deal is more likely than not to get done, there is growing uneasiness about what was once considered a sure-fire bet. Fri marked day 137 on the FCC's 180-day merger review clock. The deal continues to have its detractors. Last week, **DISH**, a vocal opponent of the union, filed an ex parte, claiming that Comcast's own highly confidential documents directly contradict some of its statements. Of course, since it's highly confidential, it's highly redacted... DISH seems to be saying that these confidential documents refute the idea that Comcast and TWC have never planned to expand into each other's footprint, pointing to Comcast's view on out-of-footprint, OTT service. The docs "establish unequivocally that this is a horizontal merger in two markets—not only the upstream market where online video distributors ("OVDs") purchase access from Comcast and TWC, but also the downstream market where subscribers buy multi-channel video packages from the two cable operators," said DISH, which launched its OTT service Sling TV last week. DISH goes on to complain that the combined company has an incentive to foreclose online video distributors. DISH told the FCC that the evidence "provides further support for DISH's view that Comcast was considering an out-of-footprint OVD service, as launching such a service would entail modest marginal cost." That statement is followed by a lot of redactions, with DISH saying the confidential docs make it clear Comcast's "consideration of an out-of-footprint strategy goes far beyond mere 'speculation.'" Comcast, however,

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Cablefax *Congratulates*

The Digital Hot List 2015

Eric Berger - Sony Pictures Entertainment/
Crackle

Nomi Bergman - Bright House Networks

Michael Bishara - Synacor

Michael Bonner - NBCUniversal

Eric Bruno - Rogers Communications

Albert Cheng - Disney/ABC Television Group

Kevin Conroy - Univision Communications

Adam Deutsch - ESPN

Rich DiGeronimo - Charter Communications

Jayar Donlan - WWE

Erik Flannigan - Viacom Entertainment Group

Kristin Frank - Viacom Music and Logo Group

Mark Garner - A+E Networks

Robert Gessner - Massillon Cable TV

Rebecca Glashow - Discovery
Communications

Greg Hickman - Women in Cable
Telecommunications

Courtney Holt - Maker Studios

Matthew Hong - Turner Sports

Ted Hope - Amazon Original Movies

Mike Hopkins - Hulu

Lisa Hsia - Bravo and Oxygen Media

Neil Hunt - Netflix

Marcien Jenckes - Comcast Cable

Yvette Kanouff - Cisco

Jennifer Kavanagh - Beamly (formerly Zeebox)

Sree Kotay - Comcast Cable

Ron Lamprecht - NBCUniversal

Jeremy Legg - Turner Broadcasting System

George Leimer - ESPN

Jens Loeffler - Adobe Systems

Andrea Macey - AMC Networks

Tara Maitra - TiVo

Dermot McCormack - AOL

Mac McKean - AMC Networks

Chad Millman - ESPN

Colin Moore - IFC

Adam Naide - Cox Communications

John Najarian - E! Entertainment

Drew Pizarra - SundanceTV

Adam Relis - YouTube Space NY

Emil Rensing - EPIX

Brian Robbins - Awesomeness TV

Jennifer Robertson - AMC Networks

Jarrod Schwarz - ESPN

Evan Silverman - A+E Networks

Michael Spirito - YES Network

Patrick Stiegman - ESPN

Matt Strauss - Comcast Cable

Dan Suratt - A+E Networks

Ken Todd - Showtime Networks

Join Cablefax on March 26 at the Grand Hyatt in NYC for the Digital + Tech + Trailer Awards Breakfast where we'll honor these innovative experts.

Profiles of The Digital Hot List will be featured in the new March issue of Cablefax: The Magazine - Guide to the Multiscreen Universe. This must-read issue will examine the hottest technology, marketplace strategies and business trends driving the multiplatform ecosystem.

Distribution Includes: SXSW, INTX and CFX Live.

Contact Rich Hauptner at rhauptner@accessintel.com.

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rejected that characterization. “As our publicly filed comments with the FCC have stated, to the degree we have looked at the business viability of an out-of-footprint service, we concluded that it is not viable,” a Comcast spokesperson said in a statement. “As they’ve done again and again, Dish selectively takes certain statements out of context to make an argument that is simply not true.” DISH’s filing claims Comcast is more likely to consider an out-of-footprint service if there is no merger—thus, the competitive benefits of Comcast’s potential entry will be lost if the deal goes through, it said.

Toffler Taking Off: **Viacom** vet *Van Toffler* has decided to strike out on his own. “After a lot of heart-to-heart conversations he and I had after I offered to extend his contract, Van has chosen to venture out to build a content creation business of his own,” Viacom CEO *Philippe Dauman* wrote in an internal memo Tues. Toffler, **MTV Networks Music & Logo Group** pres, will stick with Viacom through April and continue as exec producer on the **CMT Awards** and **MTV Music Video Awards**. In his own memo, Toffler said he’ll launch a platform agnostic content creation and acquisition company under the working title of **Below the Radar**. “I realized at my core I needed to get back to my love of jumping off cliffs without knowing how/where I might land and making expectation defying content that boldly breaks through new boundaries,” Toffler wrote. His departure will likely spark speculation that it’s tied to Viacom’s ratings, but both memos stressed that this was a personal decision (and he threw in that **mtv2** and **Logo** are in the midst of their highest rated years ever).

Workers Ratify Cablevision Contract: Over the weekend, **Cablevision’s CWA**-represented employees in Brooklyn ratified a contract that was 3 years in the making. The agreement covers approx 260 employees (the rest of the MSO’s nearly 15K employees are non-union). “We are glad to have these contentious negotiations behind us, and now we look forward to our employees continued efforts to provide the best connectivity and service to Cablevision’s Brooklyn customers,” Cablevision said. The 2-year contract, which goes into effect Mar 1, includes wage increases bringing Brooklyn workers to 96% of wage parity with other CVC workers (exclusive of union dues). CWA said other provisions include a 3-step grievance and arbitration procedure, the rights to post materials on a union bulletin board inside Cablevision garages in Brooklyn and the same health and 401K pensions provided to other CVC workers. “While no contract is perfect, our members will receive solid raises, a strong benefits package, and a voice on the job,” said CWA Local 1109 pres *Tony Spina*. “This agreement begins a new chapter in the Cablevision—CWA relationship.”

Viewers Calling Saul: **AMC’s** “Better Call Saul” ranks as cable’s #1 series premiere in 18-49s and 25-54s based on live-3 ratings. The 2-night premiere of the “Breaking Bad” spinoff delivered a combined 15.6mln total viewers with time-shifting included (9.7mln 18-49s and 9.1mln 25-54s). Of course, the 1st-part of the 2-night premiere benefited from having #1 show “The Walking Dead” as a lead-in, but the strong amount of time-shifted viewing is a good sign for AMC.

Comcast’s Oscar Sale: **Comcast** is using Sun’s Oscars to promote electronic sell-through of 50 previous-Oscar winning films, knocking the price down to under \$5 for the films. The collection includes “Gladiator,” “Dallas Buyers’s Club” and “12 Years a Slave,” all for \$4.99 (HD or SD). Once purchased, the movies can be viewed anywhere, anytime, on a customer’s TV, online or through the Xfinity On Demand Purchases app. Owned content can also be downloaded directly to customers’ devices and enjoyed in places with no Internet connection.

SCTE CTO Becomes Fellow: **SCTE** named *Daniel Howard* to the newly created staff position of SCTE Fellow. Howard has served as svp/CTO of the organization since 2010. He’ll focus on operationalizing forward-looking technologies and also driving alignment between SCTE/ISBE and **CableLabs** in next generation areas, including wireless and the SCTE Energy 2020 program. As for the CTO post, SCTE has started a search for a successor. Howard will continue to oversee SCTE Standards, professional development and the SCTE Engineering cmte until a new CTO is named.

Programming: **Hallmark Channel** has decided to take its Kitten Bowl up a claw mark, announcing “Kitten Summer Games” for Aug 2016. Hundreds of adoptable kittens will participate in events such as the de-cat-lon, gymnastics, swimming, balance beam and more. Hallmark Channel hopes shelters will host adoption parties around “Kitten Summer Games” with the goal of dramatically increasing pet adoptions (more than 20 shelters did so for this month’s Kitten Bowl II). -- **Travel Channel** debuts new series “Hotel Amazon,” showing friends-turned-business partners attempt to build a luxury hotel in the Peruvian Amazon, Mar 9, 10pm. -- **TheBlaze** has a slate of themed programming for this week, which it has dubbed “SpyWeek.” New magazine series “For the Record” bows Wed with a look at the CIA. Tues featured *Glenn Beck*-hosted “The Root: Birth of Big Brother.” -- **USA** will present “Glory” with limited commercials Sat as part of its commemora-

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BUSINESS & FINANCE

tion of “Characters Unite Month” and Black History Month. -- **A&E** debuts “Surviving Marriage,” which follows couples on the brink of divorce and stranded on an island for some extreme therapy, on Mar 24, 10pm.

Polk Awards: **Weather Channel's** digital and TV doc “The Real Death Valley” won a George Polk Award for Television Reporting—not too shabby for 1 of the company’s 1st forays into investigative journalism. The docs explored the largely unreported plight of migrants in the harsh desert terrain of Brooks County, TX.

People: **Univision** senior evp/CFO *Andy Hobson* has resigned. EVP, finance and CAO *Peter Lori* will serve as interim CFO, with Hobson assisting during the search for a successor. -- **TLC** tapped *Scott Lewers* as svp, multiplatform strategy. He had been svp, programming for **Discovery Channel**.

ACA Summit: **ACA** is taking advantage of its annual Summit in DC falling a few days after the **FCC's** vote on Title II. It has planned a panel on the topic featuring **Sen Commerce** staffer *Hap Rigby*, **Etsy's** *Althea Erickson*, **Cinnamom Mueller's** *Barbara Esbin* and **Free Press' Matt Wood**.

CMT's Education Push: **CMT** is teaming with **Achieving the Dream** for a national partnership to support education and workforce development efforts, an extension of the net's campaign to support community colleges in rural America.

Cablefax Daily Stockwatch

Company	02/17 Close	1-Day Ch	Company	02/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.47	(0.04)	COMMSCOPE:	26.28	0.02
DISH:	76.73	(0.47)	CONCURRENT:	6.00	0.01
ENTRAVISION:	7.01	(0.08)	CONVERGYS:	21.00	(0.1)
GRAY TELEVISION:	10.29	0.15	CSG SYSTEMS:	30.02	(0.33)
MEDIA GENERAL:	16.01	0.23	ECHOSTAR:	54.98	(0.1)
NEXSTAR:	53.66	0.04	GOOGLE:	542.84	(6.17)
SINCLAIR:	26.79	0.24	HARMONIC:	7.92	0.02
MSOS					
CABLEVISION:	19.75	(0.85)	INTEL:	34.73	0.38
CHARTER:	176.45	(1.43)	INTERACTIVE CORP:	65.48	0.88
COMCAST:	58.80	(0.67)	JDSU:	13.10	(0.16)
COMCAST SPCL:	58.34	(0.62)	LEVEL 3:	53.47	(0.02)
GCI:	14.30	(0.19)	MICROSOFT:	43.58	(0.29)
GRAHAM HOLDING:	985.36	8.71	NETFLIX:	469.96	3.86
LIBERTY BROADBAND:	50.63	0.68	NIELSEN:	45.13	(0.46)
LIBERTY GLOBAL:	52.88	0.39	RENTRAK:	56.71	(2.19)
SHAW COMM:	23.98	0.06	SEACHANGE:	7.29	(0.2)
SHENTEL:	30.19	(0.17)	SONY:	26.60	(0.7)
SHENTEL:	30.19	(0.17)	SPRINT NEXTEL:	5.18	(0.05)
TIME WARNER CABLE:	147.68	(2.06)	TIVO:	10.88	(0.15)
PROGRAMMING					
21ST CENTURY FOX:	35.06	0.34	UNIVERSAL ELEC:	66.36	0.04
AMC NETWORKS:	68.82	(0.08)	VONAGE:	4.57	0.20
CBS:	60.20	0.37	YAHOO:	43.53	(0.89)
CROWN:	3.30	0.02	TELCOS		
DISCOVERY:	30.80	(0.65)	AT&T:	34.71	0.05
DISNEY:	104.12	(0.05)	CENTURYLINK:	39.23	(0.23)
GRUPO TELEVISA:	35.06	0.23	TDS:	25.29	(0.94)
HSN:	67.58	0.26	VERIZON:	49.18	(0.13)
LIONSGATE:	31.89	(0.28)	MARKET INDICES		
MSG:	78.54	(0.18)	DOW:	18047.58	28.23
SCRIPPS INT:	73.17	0.17	NASDAQ:	4899.27	5.43
STARZ:	31.82	0.07	S&P 500:	2100.34	3.35
TIME WARNER:	84.08	0.21			
VIACOM:	69.39	0.31			
WWE:	17.35	0.76			
TECHNOLOGY					
ADVANTAGE:	2.41	(0.03)			
AMDOCS:	50.83	(0.33)			
AMPHENOL:	56.00	(0.39)			
AOL:	41.63	(0.15)			
APPLE:	127.83	0.75			
ARRIS GROUP:	26.46	(0.23)			
AVID TECH:	14.36	0.24			
BLNDER TONGUE:	1.84	0.13			
BROADCOM:	45.64	(0.05)			
CISCO:	29.31	(0.12)			



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