

Cablefax Daily™

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What the Industry Reads First

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Going Skinny: Verizon FiOS to Launch Base TV Bundle

As it develops an OTT-based mobile video streaming offering using LTE multicast technology, **Verizon** will launch a skinny bundle Sun that includes local TV channels, a few cable nets, and the option to add 7 genre-specific programming packs. Interestingly, there's no official release about the offering, which is open to new and existing customers. However, we're told the standalone base bundle costs \$55 a month, with each additional package costing \$10 more (each package has 10-17 channels). A Double Play (TV and Internet) is \$64.99, and Triple Play (TV, Internet and Phone) is \$74.99 online. Subs have the flexibility to swap the channel packs every 30 days. The base channel package has more than 35 channels, including **CNN**, **HGTV**, **AMC** and **Food**, and it features the choice of 2 of the 7 genre-specific programming packs. The Sports Plus Channel Pack includes RSNs and programming like **NFL Network**, **MLB Network**, **NBA TV**, **NHL Network** and **Golf Channel**, while the Sports Package features **ESPN**, **Fox Sports 1** and other nets. Other categories for the channel packs are kids, lifestyle, pop culture, entertainment and news & info. Verizon has briefed several analysts on the new custom TV package, and FiOS pres *Tami Erwin* went on **CNBC** to talk about the move Fri. "My expectation is that there will be some percentage of our customers that migrate to these new plans, but I think increasingly we will have new customers that are attracted to these plans. I think about millennials and how millennials are viewing video today for example." Is this a stepping stone to a la carte? "It's a step in the right direction... If you look at the economics of going purely a la carte today, those aren't good economics for the business based on how content is sold today. But I think if you look into the future and how we expect customers to buy [content], this is absolutely a step in the right direction." She said OTT providers are "very complementary" to Verizon's offerings. Broadband is "a very profitable business for us... We want to give customers choice," she said. Despite what OTT service consumers want, they still need a broadband pipe, said Erwin. Does the new offering mean major programmers agreed to break their bundles? Erwin said "we spent a lot of time with our content partners... We are not all the way there yet today in terms of a la carte," but the new option is a result of collaboration with the programmers. On the linear side, **Comcast** also has a few slimmed-down, low-cost TV bundles. On the streaming side, **DISH's** Sling TV offers more than a dozen live channels for \$20 a month. **Sony's** PlayStation Vue was launched in Chicago, NY and Philly in March with basic service starting at \$50 a month for 53 channels. The \$60 a month tier gets you a handful of RSNs while

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the \$70 a month plan allows access to 26 more channels. Among programmers' standalone streaming offerings, **HBO** Now went live this month on **Apple** platforms with plans to be distributed on other platforms. **Cablevision** is the 1st pay-TV provider to offer HBO Now. It remains to be seen if the telco's move will pressure cable to be more creative with its content packaging, especially as the video industry as a whole struggles to add new subs. While broadband was the bright spot, the 13 largest pay-TV providers lost 125K subs in 2014, up from 95K in 2013, according to **Leichtman Research**.

TWC, Comcast Stocks Take Hit on DOJ Report: Time Warner Cable and Comcast shares took a dive Fri following a *Bloomberg* report that cited "people familiar with the matter" as saying DOJ's antitrust division is nearing a recommendation to block the proposed \$45bln merger. Time Warner Cable closed down more than 5%; Comcast and Charter each shed about 2%. The Justice Dept has a reputation for being tight-lipped, with some watchers cautioning not to take the report as a definite block by DOJ. After all, this is a reported staff recommendation, not a decision by top officials. Some have suggested this reported leak could be a way to pressure concessions from Comcast, though the article quoted 2 people familiar with the matter as saying the **FCC** and Antitrust aren't negotiating with Comcast about conditions that would resolve merger concerns. Bloomberg did not lay out specific details on DOJ staff's problems, with one anonymous person quoted as saying regulators are concerned over whether the deal could hamper the development of new ways to deliver programming. TWC and Comcast pushed back, with a Comcast spokesperson saying there is "no basis for a lawsuit to block the transaction." A TWC rep said: "We've had no indication from the DOJ that this is true. We have been working productively with both DOJ and FCC and believe that there is no basis for DOJ to block the deal."

Comcast Ups Speed in Cali: Comcast will roll out its residential multi-gigabit broadband service to nearly 3mln CA homes starting in June. Gigabit Pro, featuring 2 Gbps symmetrical speeds, will be available via fiber-to-the-home technology. In addition, the MSO will launch a new tier dubbed Extreme 250, a 250 Mbps speed tier for CA subs. And it will increase its Performance tier from 50 Mbps to 75 Mbps and its Blast tier from 105 Mbps to 150 Mbps, at no additional cost to subs. The speed upgrades will become effective starting in May and continue throughout the year.

Spectrum Dealings: As expected, the **FCC** voted 5-0 during its Open Meeting Fri to make 150 MHz of spectrum available for mobile broadband. The order also calls for innovative spectrum sharing techniques to create a new 3-tiered commercial wireless service in the 3.5 GHz band, currently used by the military to perform vital national security tasks. The sharing approach will incorporate new sensing technologies, among other innovations. In an initial phase, coastal protections will be 77% smaller than previously contemplated to protect military users. The order authorizes 2 commercial tiers of use in the band. The General Authorized Access tier is very similar to unlicensed spectrum use, which allows users with a certified device to operate without seeking any further commission approval. A Priority Access Licenses (PALs) tier will make geographically targeted, short-term priority rights to a portion of the band available through future spectrum auctions. The agency's Republican pair approved in part and concurred in part. While praising the move to make more spectrum available, *Ajit Pai* said the order leaves "many important details and complex questions to be resolved," including whether technologies will develop that can manage the potential dynamic interference scenarios. It remains to be seen whether the approach can be turned into a working reality, *Pai* said. In addition, exclusion zones still cover 40% of the population, and the order leaves the door open for the introduction of new federal users across the country, "neither of which is ideal." *Michael O'Rielly* is concerned some rules may hinder development of the PALs. He questioned whether auctioning PALs for 3-year terms with no renewal expectancy will create "a meaningful incentive to entice auction participants."

Title II Battle: Add **CenturyLink** to the list of companies and groups suing the **FCC** over its Title II net neutrality order. In addition to **USTelecom** and **Alamo, NCTA, ACA, AT&T** and **CTIA** have filed lawsuits.

INTX Week: **NAMIC** will honor late **ESPN** anchor *Stuart Scott* as the 2015 recipient of the *Mickey Leland* Humanitarian Achievement Award during its Annual Awards Breakfast at **INTX** (May 7, 8am). Scott passed away on Jan 4 after a long battle with cancer. **NAMIC** also will honor its 2015 Next Generation Leaders at the breakfast. They include **BET Nets'** *Ed-die Hill*, **Turner's** *Quincy Johnson*, **Univision's** *Jessica Rodriguez* and **Suddenlink's** *Chandni Thakrar-Ochoa*. -- **WICT's** Signature Luncheon (May 5 at **INTX**) will be emceed by **USA "Suits"** star *Meghan Markle*. The lunch will recognize Accolade Honorees **Liberty Global/Virgin Media, A+E Networks/Lifetime, Comcast, Juniper Networks** and **Suddenlink**.

People: **FX** hired *Susan Kesser* as vp of media relations. She had been exec dir of publicity at **Warner Bros Television**.

Cablefax Week in Review

| Company | Ticker | 4/17 Close | 1-Week % Chg | YTD %Chg |
|------------------------------|--------|---------------|-----------------|-------------|
| BROADCASTERS/DBS/MMDS | | | | |
| DIRECTV: | DTV | 86.60 | (0.81%) | (0.12%) |
| DISH: | DISH | 69.25 | (3.58%) | (4.99%) |
| ENTRAVISION: | EVC | 6.58 | 3.30% | 1.54% |
| GRAY TELEVISION: | GTN | 13.80 | (2.47%) | 23.21% |
| MEDIA GENERAL: | MEG | 16.70 | 0.30% | (0.18%) |
| NEXSTAR: | NXST | 57.01 | (2.35%) | 10.08% |
| SINCLAIR: | SBGI | 31.06 | (1.77%) | 13.52% |

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|--------------------|-------|---------|---------|----------|
| MSOS | | | | |
| CABLEVISION: | CVC | 18.26 | (0.27%) | (11.53%) |
| CHARTER: | CHTR | 186.74 | (2.64%) | 12.08% |
| COMCAST: | CMCSA | 58.42 | (2.32%) | 0.71% |
| COMCAST SPCL: | CMCSK | 57.73 | (3.02%) | 0.28% |
| GCI: | GNCMA | 16.23 | (1.1%) | 18.04% |
| GRAHAM HOLDING: | GHC | 1010.03 | (4.54%) | 16.94% |
| LIBERTY BROADBAND: | LBRDA | 54.54 | (2.66%) | 8.88% |
| LIBERTY GLOBAL: | LBTYA | 50.56 | (3.78%) | 0.71% |
| SHAW COMM: | SJR | 22.42 | (3.78%) | (16.93%) |
| SHENTEL: | SHEN | 34.89 | 1.90% | 11.65% |
| SHENTEL: | SHEN | 34.89 | 1.90% | 11.65% |
| TIME WARNER CABLE: | TWC | 149.61 | (6.96%) | (1.61%) |

| | | | | |
|--------------------|-------|--------|---------|----------|
| PROGRAMMING | | | | |
| 21ST CENTURY FOX: | FOXA | 33.43 | (2.65%) | (12.97%) |
| AMC NETWORKS: | AMCX | 75.11 | (2.26%) | 17.77% |
| CBS: | CBS | 60.68 | (1.49%) | 9.65% |
| CROWN: | CRWN | 3.93 | 0.00% | 11.02% |
| DISCOVERY: | DISCA | 32.80 | (0.73%) | (4.79%) |
| DISNEY: | DIS | 106.69 | (0.24%) | 13.27% |
| GRUPO TELEVISIA: | TV | 34.40 | (2.74%) | 1.00% |
| HSN: | HSNI | 64.21 | (3.88%) | (15.51%) |
| LIONSGATE: | LGF | 30.77 | (1.72%) | (3.9%) |
| MSG: | MSG | 82.42 | (1.16%) | 9.51% |
| SCRIPPS INT: | SNL | 68.56 | (0.65%) | (8.91%) |
| STARZ: | STRZA | 37.60 | 4.71% | 26.60% |
| TIME WARNER: | TWX | 83.40 | (2.44%) | (2.36%) |
| VIACOM: | VIA | 69.40 | (0.13%) | (8.08%) |
| WWE: | WWE | 13.84 | 3.13% | 12.16% |

| | | | | |
|-------------------|------|--------|---------|----------|
| TECHNOLOGY | | | | |
| ADVANTAGE: | AEY | 2.36 | (2.16%) | (3.36%) |
| AMDOCS: | DOX | 54.15 | (0.4%) | 16.05% |
| AMPHENOL: | APH | 57.96 | (2.65%) | 7.71% |
| AOL: | AOL | 39.95 | 3.07% | (13.47%) |
| APPLE: | AAPL | 124.75 | (1.85%) | 13.02% |
| ARRIS GROUP: | ARRS | 29.82 | 2.16% | (1.23%) |
| AVID TECH: | AVID | 15.84 | 0.96% | 11.47% |
| BLNDER TONGUE: | BDR | 0.81 | 2.52% | (69.89%) |
| BROADCOM: | BRCM | 43.59 | (1.45%) | 0.60% |
| CISCO: | CSCO | 27.91 | (0.45%) | 0.34% |
| COMMScope: | CTV | 26.50 | 0.23% | 3.35% |
| CONCURRENT: | CCUR | 6.00 | (1.15%) | (15.37%) |
| CONVERGYS: | CVG | 22.42 | (3.03%) | 10.06% |
| CSG SYSTEMS: | CSGS | 29.98 | (2.12%) | 19.59% |
| ECHOSTAR: | SATS | 51.04 | (1.58%) | (2.78%) |
| GOOGLE: | GOOG | 524.05 | (2.96%) | (0.45%) |
| HARMONIC: | HLIT | 7.27 | (3.96%) | 3.71% |

| Company | Ticker | 4/17 Close | 1-Week % Chg | YTD %Chg |
|-------------------|--------|---------------|-----------------|-------------|
| INTEL: | INTC | 32.47 | 1.69% | (10.53%) |
| INTERACTIVE CORP: | IACI | 70.75 | (2.47%) | 16.38% |
| JDSU: | JDSU | 13.40 | (3.6%) | (2.33%) |
| LEVEL 3: | LVT | 52.12 | (2.91%) | 5.55% |
| MICROSOFT: | MSFT | 41.62 | (0.25%) | (10.41%) |
| NETFLIX: | NFLX | 571.55 | 25.73% | 67.31% |
| NIELSEN: | NLSN | 44.21 | (3.91%) | (1.16%) |
| RENTAK: | RENT | 49.84 | (6.52%) | (31.56%) |
| SEACHANGE: | SEAC | 6.74 | (14.36%) | 5.64% |
| SONY: | SNE | 30.01 | (1.8%) | 46.60% |
| SPRINT NEXTEL: | S | 5.11 | 2.82% | 23.13% |
| TIVO: | TIVO | 10.92 | (1.09%) | (7.77%) |
| UNIVERSAL ELEC: | UEIC | 56.54 | (1.77%) | (13.06%) |
| VONAGE: | VG | 4.77 | (3.44%) | 25.20% |
| YAHOO: | YHOO | 44.45 | (1.62%) | (12%) |

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|---------------|-----|-------|---------|----------|
| TELCOS | | | | |
| AT&T: | T | 32.51 | (0.79%) | (3.22%) |
| CENTURYLINK: | CTL | 34.68 | (3.18%) | (12.38%) |
| TDS: | TDS | 26.20 | (2.28%) | 3.76% |
| VERIZON: | VZ | 48.90 | (0.65%) | 4.53% |

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|-----------------------|------|----------|---------|-------|
| MARKET INDICES | | | | |
| DOW: | DJI | 17826.30 | (1.28%) | 0.02% |
| NASDAQ: | IXIC | 4931.81 | (1.28%) | 4.13% |
| S&P 500: | GSPC | 2081.18 | (0.99%) | 1.08% |

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

| COMPANY | CLOSE | 1-WK CH |
|-----------------|--------|---------|
| 1. NETFLIX: | 571.55 | 25.73% |
| 2. STARZ: | 37.60 | 4.71% |
| 3. ENTRAVISION: | 6.58 | 3.30% |
| 4. WWE: | 13.84 | 3.13% |
| 5. AOL: | 39.95 | 3.07% |

THIS WEEK'S STOCK PRICE LOSERS

| COMPANY | CLOSE | 1-WK CH |
|-----------------------|---------|----------|
| 1. SEACHANGE: | 6.74 | (14.36%) |
| 2. TIME WARNER CABLE: | 149.61 | (6.96%) |
| 3. RENTRAK: | 49.84 | (6.52%) |
| 4. GRAHAM HOLDING: | 1010.03 | (4.54%) |
| 5. HARMONIC: | 7.27 | (3.96%) |

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