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What the Industry Reads First

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Merger Update: Regulators Requesting More Info

Just because the proposed **Charter/Time Warner Cable/Bright House** merger is different from the nixed **Comcast/TWC** transaction doesn't mean regulators won't have a hard look at the specifics of the deal. Both **DOJ** and **FCC** have requested information from the companies in the past 2 weeks. In fact, DOJ sent TWC a 2nd request for information last week, according to regulatory filings. On Mon, Bright House's legal team spoke by phone with DOJ and FCC staff regarding the Information and Data Request issued to Bright House on Sept 21, according to an ex parte filing. The parties discussed Bright House's clarifications and possible modifications to certain data requests. The MSO's legal team also explained Bright House's existing services agreement with TWC. In connection with that conversation, Bright House submitted a list of custodians and a copy of the company's organization structure charts. Charter and TWC also have met with FCC and DOJ staff. All 3 companies are required to provide information such as their sales, market share and sub numbers. The FCC is also looking for specific issues including the new Charter's plan on WiFi expansion, OTT video and broadband speed increase for TWC and Bright House markets. The FCC started an informal 180-day shot clock on the Charter merger review on Sept 11. It also released its protective order aimed at shielding confidential business information submitted for the review, while allowing authorized parties to access the information. Since then, a slew of companies and groups have sought access to Confidential and Highly Confidential Information of the merger, including **ACA, Free Press, DISH, Hawaiian Telcom, and COMPTTEL**, which represents competitive communications providers and their suppliers. State regulators, including **NY Public Service Commission**, also has sought access to the confidential information. Comments have started to pour in. So far, numerous state legislators, local nonprofit and business groups filed to support the merger. The majority of the comments are expected to come in closer to the due date, Oct 13. During an investor conference Tues, Charter CFO *Christopher Winfrey* said the merger is expected to close by the end of the year because the companies were able to address issues that caused the Comcast merger to fail and that regulators already have most of the information needed for the review.

MTV Changing of the Guard: *Stephen Friedman* has stepped down as pres of **MTV**, pledging to return to his social impact roots. **Discovery Comm** exec *Sean Atkins* was tapped to replace Friedman, overseeing all creative and business

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operations for the youth entertainment brand and its sister networks, **MTV2** and **mtvU**. Atkins most recently served as gm, evp of digital media and strategy at Discovery. He will report to **Viacom** Music and Ent Group pres *Doug Herzog*. “Sean is smart, creative, passionate, and remarkably energized about the sea change at hand in our industry,” Herzog said in a statement. “The strength of MTV lies in its ability to constantly reinvent, and Sean’s forward-thinking, versatile leadership will ensure our brand and business continue to evolve and deliver for our audience.” Atkins’ time at Discovery included the acquisition of millennial-focused **Revision3**. His resume also includes stints at **HBO** and **Yahoo**. Friedman was promoted to MTV pres in 2008 and has been with MTV for 18 years. Herzog said Friedman gave him notice in Apr, but stayed on to help with the transition as MTV and Logo joined the group. “I’m grateful for that, because his timing also gave me a beat to conduct a thorough, thoughtful search for the new President of MTV,” Herzog wrote in a memo. Friedman’s departure followed the exit of programming pres *Susanne Daniels* in July. She is now at **YouTube**. In a memo to staff, Friedman wrote “my next adventure will be focused full time on giving back, on social impact, and on applying what I’ve learned from MTV about the power of brands and storytelling to create positive change.”

AT&T/DirectTV Update: AT&T’s early integration efforts with **DirectTV** are going well and are in-line or better than expectations, it said in an **SEC** filing Tues. The telco completed the merger in July. The company expects to report positive US DirecTV net adds in 3Q and positive broadband net adds. U-verse TV subs are expected to decline as AT&T continues to focus on “satellite and high-value subscribers,” the filing said. Meanwhile, AT&T is changing the methodology DirecTV used to count commercial subs to conform to AT&T practices. DirecTV previously used a method of counting commercial customers that converted commercial accounts to an equivalent number of residential subs based on relative revenues per account. Under the new methodology, AT&T will simply count each commercial account as one sub. This will reduce DirecTV’s total subscriber count by 918,600 at acquisition close on July 24. This change has no impact on historical or future revenues, EBITDA or cash flows. The telco reiterated its guidance for full-year adjusted EPS, double-digit revenue growth and continued consolidated margin expansion, despite foreign exchange pressure from the company’s international operations. The company also expects capital spending to increase from 2Q levels and free cash flow to be greater than \$4.5bln for the quarter. The company also reaffirmed all other full-year guidance.

NAMIC Notebook: **NAMIC** wrapped up Day 2 of its annual Leadership Conference with a memorable on-stage interview with director *Spike Lee*. After warning everyone to put their camera phones away, Lee showed a lengthy clip of upcoming theatrical film “Chi-raq,” a satirical look at black-on-black murder in the Southside of Chicago. Lee and Chi-raq received a standing ovation from NAMIC attendees. The film, which hits theaters in early Dec, is **Amazon’s** first theatrical release. Does Amazon and other new players open filmmaking up for more diverse stories? “That’s the hope. It’s still wait-and-see,” Lee said, noting that he went to **Sundance** in Jan and everyone but Amazon said no to the film. The filmmaker talked about the importance of diversity—describing how he went toe-to-toe with the Teamsters during the making of “Malcolm X.” After being told the Fruit of Islam would be driving trucks since there were no black Teamsters, the union “miraculously” found some black Teamsters, he said. His advice to conference attendees: “If you’re not mentoring somebody, you’re not doing your job” -- Congrats to **NAMIC Carolinas**, which won the NAMIC Chapter of the Year award Wed. It’s the 2nd time in 5 years the chapter has won the honors. NAMIC Carolinas, the 2nd largest NAMIC chapter, also won the Watch Us Grow award for membership.

The Latino Vote: **Telemundo News** announced the launch of its 2016 electoral coverage at an event at Carnegie Library in DC Wednesday. The multiplatform banner #YODECIDO, meaning “I decide,” will be used to signify the importance of the Latino vote. “The Hispanic community, and the issues that matter most to us in this community, are at the center of the political debate,” said *Cesar Conde*, newly named chmn of **NBCU** International Group and NBCUniversal Telemundo Enterprises. Panelists discussed the challenges of engaging millennials this election season, with 900K Latinos reaching voting age each year. “[Candidates] have to connect and relate to earn the respect of the minority Latino vote,” said *Daniel Garza* of **LIBRE Initiative**. 65% of Latinos believe that increased technology use is a step in the right direction, with social media driving agendas past gatekeepers, according to a *NBC News/Wall Street Journal* survey. For immigration issues, 49% of Latinos agree there should be an increase in the number of legal immigrants, with 29% saying it makes no difference, and 17% disagreeing. Telemundo aims to empower the 25mln Latino voters and deliver extensive news coverage. “We have a tremendous responsibility to serve this community... and we take that very seriously,” said Conde.



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BUSINESS & FINANCE

-- Telemundo is gearing up to launch its Noticias Telemundo news app on Nov 8, the 1-year countdown for the 2016 presidential election. The app, which will be available for the Apple Watch, will feature real-time results on election night in Spanish and unique Telemundo content.

From the Street: Nielsen has little to worry about when it comes to the **comScore/Rentrak** merger, according to **Bernstein Research** analysts. They believe Nielsen's pending release of Total Audience like-for-like audience metrics is "actually more significant" than the merger. Nielsen said Tues that it will start releasing Total Audience metrics, creating a common currency between TV and digital, including SVOD consumption. The analysts said in a research note that they continue to believe strongly that the industry will move to define a new currency soon and Nielsen will be the supplier of that currency. While the industry is looking for a better/best measurement solution to its "audience crisis," it won't find that from comScore/Rentrak, the analysts said. In measurement news, Rentrak said Wed that it has an agreement with **Turner** around Rentrak Advanced Demographics. The deal is expected to power data for advertisers around Turner's advanced advertising products. It expands the companies' existing relationship that includes Turner Targeting NOW and AudienceNOW.

Cablefax Daily Stockwatch

Company	09/30 Close	1-Day Ch	Company	09/30 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/.....			CONVERGYS:.....	23.11	0.26
DISH:.....	58.34	1.98	CSG SYSTEMS:.....	30.80	0.55
ENTRAVISION:.....	6.64	0.21	ECHOSTAR:.....	43.03	1.10
GRAY TELEVISION:.....	12.76	(0.04)	GOOGLE:.....	608.42	13.45
MEDIA GENERAL:.....	13.99	0.19	HARMONIC:.....	5.80	0.03
NEXSTAR:.....	47.35	0.36	INTEL:.....	30.14	0.90
SINCLAIR:.....	25.32	(0.04)	INTERACTIVE CORP:.....	65.27	0.74
TEGNA:.....	22.39	0.54	LEVEL 3:.....	43.69	2.05
MSOS					
CABLE ONE:.....	419.42	(8.29)	MICROSOFT:.....	44.26	0.82
CABLEVISION:.....	32.47	0.37	NETFLIX:.....	103.26	4.91
CHARTER:.....	175.85	8.49	NIELSEN:.....	44.47	(0.77)
COMCAST:.....	56.88	1.74	RENTRAK:.....	54.07	10.68
COMCAST SPCL:.....	57.24	1.66	SEACHANGE:.....	6.30	0.03
GCI:.....	17.26	0.39	SEACHANGE:.....	6.30	0.03
LIBERTY BROADBAND:.....	51.44	1.25	SONY:.....	24.50	0.89
LIBERTY GLOBAL:.....	42.94	0.45	SPRINT NEXTEL:.....	3.84	0.10
SHAW COMM:.....	19.40	0.33	TIVO:.....	8.66	(0.04)
SHENTEL:.....	42.81	0.67	UNIVERSAL ELEC:.....	42.03	0.28
TIME WARNER CABLE:.....	179.37	5.37	VONAGE:.....	5.88	0.04
PROGRAMMING					
21ST CENTURY FOX:.....	26.98	1.18	YAHOO:.....	28.91	0.65
AMC NETWORKS:.....	73.17	2.84	TELCOS		
CBS:.....	39.90	0.93	AT&T:.....	32.58	0.51
CROWN:.....	5.35	0.06	CENTURYLINK:.....	25.12	0.43
DISCOVERY:.....	26.03	(0.37)	FRONTIER:.....	4.75	0.07
DISNEY:.....	102.20	2.78	TDS:.....	24.96	0.30
GRUPO TELEvisa:.....	26.02	0.31	VERIZON:.....	43.51	(0.02)
HSN:.....	57.24	(0.85)	MARKET INDICES		
LIONSGATE:.....	36.80	0.97	DOW:.....	16284.70	235.57
MSG:.....	72.14	3.34	NASDAQ:.....	4620.16	102.84
SCRIPPS INT:.....	49.19	1.05	S&P 500:.....	1920.03	35.94
STARZ:.....	37.34	0.76			
TIME WARNER:.....	68.75	2.15			
VIACOM:.....	44.27	0.32			
WWE:.....	16.90	0.29			
TECHNOLOGY					
ADVANTAGE:.....	2.24	0.01			
AMDOCS:.....	56.88	0.62			
AMPHENOL:.....	50.96	1.24			
APPLE:.....	110.30	1.24			
ARRIS GROUP:.....	25.97	0.18			
AVID TECH:.....	7.96	0.14			
BLNDER TONGUE:.....	0.65	0.01			
BROADCOM:.....	51.43	0.91			
CISCO:.....	26.25	0.61			
COMMSCOPE:.....	25.30	(0.09)			
CONCURRENT:.....	4.72	0.04			

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Green Irony

Commentary by Steve Effros

Few folks remember that one of the first sets of comprehensive “privacy notice” requirements were applied to the cable television industry. I participated in the task force back in the 1980’s looking at what those notices should be, and how they should be provided. Since then the notion of privacy and transparency have taken on a life of their own and are applied to just about any industry supplying goods or services to the public.

There’s a lot to be said in favor of those laws. Consumers should know how their information is being used, and the quest for privacy only got more difficult as we entered the era of the Internet and data collection. Once customer data and preferences turned into a marketable commodity, as they have, the entire issue became almost impossible to grapple with.

Go back for a moment to the earliest efforts surrounding cable and you will get a sense of what I mean. The issue was pay-per-view programs. One objective was to make sure the customer only paid for what they got, so each PPV (now called On Demand, or a dozen other names...) movie had to be listed on the bill. But then it became clear that there were folks in town who sure didn’t want that bill easily viewable, so it couldn’t be on a postcard any more. And then, notably from retirement community cable systems in Florida, came the objection that a lot of their customers, notably the husbands, had no interest in their wives seeing what specific movies were being billed for! They would prefer to pay for that part of the bill in person, at the counter, thank you.

Anyway, as you can see from that anecdote, when you start delving in to this stuff it becomes far more complicated than you would at first imagine. The required notices became longer and longer as more information



was collected and more could be done with it. The explosion took place with broadband data and electronic interactions with banks, phone companies and the like. They could do so much more with all the data they are collecting. The notices became small pamphlets that have to be mailed out every year, or 30-some-odd pages of “transparency” that nearly nobody really reads, of if they do, they have no real idea of what it says!

The net result is that few if any of us actually get “notice” any more regarding privacy or transparency because things have gotten so complicated and long-winded that a new “movement”—“going green”—seems to be superseding the older concerns. I get pleas every day from my banks, credit card companies and the like to “go green” and agree to get everything, including all these notices, via email or with my “electronic bill.” They rightfully note that we can save a whole lot of trees that way, and I’m for that.

But it’s ironic that we now have gone almost full circle. The brief warnings about privacy and assurance that the cable operator would not divulge what you were watching morphed into a printed smudge attached to virtually all documents and ads in the name of “transparency,” and got so absurdly detailed that no one reads them. Now, the plea is to just have them delivered electronically for the sake of “going green.” Just check the “agree” box and get on with it! The result is we have little or no real notice of anything. It’s a great example of “too much of a good thing.”

Steve

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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