

Cablefax Daily™

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What the Industry Reads First

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NAB Chief: FCC Set-top Proposal on Broadcasters' Minds

When it comes to the FCC's retrans proceeding, it's probably no surprise to hear that NAB pres/CEO *Gordon Smith* thinks the agency should wrap it up ASAP. In an upcoming interview with C-SPAN's "Communicators," he complained that some MVPDs (he called out DISH specifically) "relish" when they get into an impasse with a small broadcaster and "blow it up into some huge deal." He predicted that the proceeding, which examines what constitutes good faith negotiations, could bring more of those standoffs. "The best thing that could happen is to close the proceeding quickly. That sends the message you should spend less time looking for special favors in government and more time negotiating in business," he said in the episode slated to air Feb 20 (thanks C-SPAN for the advance screener). Smith brought up the issue of set-tops, suggesting that rising cable bills have less to do with retrans consent and "a lot more to do with the set-top." Does that mean NAB supports chmn *Tom Wheeler's* set-top NPRM, slated for a vote at Thurs' open meeting? He didn't go that far. Smith respects the fact Wheeler is looking at fostering competition but wonders who the new gatekeeper would be. Whether it's Amazon, Google or someone else, what happens to broadcasters' copyrighted material? "Are they going to sell ads on it? There are serious legal issues here, and we're paying attention," Smith said, pledging to take part in the proceeding. On Thurs, NCTA filed a letter at the FCC picking apart a Public Knowledge/Consumer Federation of America ex parte that relies on what NCTA described as "two deeply flawed studies." Wheeler also has cited those studies from Sens *Ed Markey* (D-MA) and *Richard Blumenthal* (D-CT). NCTA's protestations are similar to those in a blog economist/consultant *Hal Singer* penned on Forbes.com. "The limited 'survey'... claims set-top box revenue for the 10 largest pay TV companies 'may be' \$19.5 billion per year and that the average household spends \$7.43/month per box, for a total of \$231 annually," NCTA wrote. "But those exaggerated totals ignore data provided in the very same survey on the substantial promotions and discounts that reduce consumer costs." ACA asked the FCC on Thurs to grant smaller operators some relief, urging that at a minimum the agency tentatively conclude that analog-only systems are exempt from any new set-top requirements and seek comments on an exemption for MVPDs with 1mln or fewer subs. "A one million subscriber threshold is appropriate because it would still allow 100% of all MVPD subscribers to enjoy whatever benefits the proposal might provide with at least two different MVPDs in the market, and 93 percent of all MVPD subscribers with at least three different MVPDs in the market, 25 while protecting

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Source: UCI estimates of cross platform usage based on a ratio from Simmons NCS, Spring 2015; TV: The Nielsen Company, NPM, 12/29/14-11/29/15, M-Su 6a-6a, P2+, 6+ min qualifier, Live+7; Radio: Nielsen Audio PPM/Nationwide Spring 2015, Unduplicated Cumulative P2+, M-Su 6a-12m incl. Spill (no P/R); Digital: ComScore (avg from Jan - Nov 2015)

Cablefax

TOP OPS AWARDS

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- Independent Project Launch of the Year
- Independent Financial Executive of the Year
- Independent System Executive of the Year
- Independent Technology Award
- Social Media Maverick Award

* In Conjunction with NCTC and ACA

MSO Awards Categories

- MSO of the Year
- Community Service Award System-Level
- Customer Care
- Financial Executive of the Year
- Leadership Award
- Lifetime Achievement Award
- Project Launch of the Year
- Regional Executive of the Year
- Sales Team of the Year
- Social Media Maverick Award
- Technology Award

The Top Ops winners will be honored in the July issue of Cablefax: The Magazine. The Independent Operator of the Year Award (IOY) is presented in conjunction with ACA and NCTC— and the IOY Award is presented at the July Independent Show.

Contact Mary-Lou French at mfrench@accessintel.com with any questions.

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small and medium-sized operators from the burdens of the requirements,” ACA wrote in its ex parte.

Cablevision-Dolan Settlement: Cablevision and Thomas Dolan have reached a settlement related to back compensation. Cablevision paid Dolan \$21mln, with chmn Charles Dolan and CEO James Dolan (Tom’s father and brother) agreeing to pay the company \$6mln in partial reimbursement of the settlement payment if the **Altice** deal is not consummated, according to an **SEC** filing. Thomas Dolan, who is a director and evp, strategy and development in the office of the chmn, sued in 2011 seeking back compensation for the period of 2005-2008. “This matter from a decade ago has been settled. It has been handled by an Independent Committee of the Board of Directors and the company will have no comment,” Cablevision said in a statement.

Charter Closing Date: In a positive sign, an ALJ with the **CA PUC** has moved the date for a final decision on its bid for **Time Warner Cable** to May 12, agreeing to **Charter’s** request to skip a hearing Feb 17-18. That May deadline is about a month better than what had been previously forecast. “We appreciate the ruling which should allow us to close the pending transaction more quickly and bring its many benefits such as superior HD video and fast unlimited broadband with no modem lease fee to more consumers,” Charter said. The **FCC** and **DOJ** continue their reviews, with the FCC’s voluntary 180-day shot clock currently set to expire in late March. Meanwhile, companies and groups are filing responses in the docket to questions posed by the FCC. On Fri, **Consumers Union** responded to a staff question raised regarding the idea of requiring the new Charter to enter into a programming purchasing co-op with other OTT, cable and satellite ops to transmit programming to consumers as a way to protect against anti-competitive use of market power. CU’s take: it has a lot of risks and might not be effective in providing protection. “Such a cooperative, by including the dominant company, could have the effect of acting similarly to a ‘Most Favored Nation’ agreement, by permitting the dominant company to drive negotiations with programming providers to deals tailored to its own needs and market advantages,” said CU, arguing that the terms of that same deal may not be as useful to other members of the co-op.

Randall’s Take: “The **FCC** has to hit a triple bank shot to win this in court.” That was **AT&T** chmn/CEO *Randall Stephenson’s* take on the Commission’s chances of prevailing in court as the telco, **NCTA** and others challenge its Open Internet rules. He spoke Fri on **CNBC’s** “Squawk Box.” “We believe that this regulatory body, the FCC, has overstepped in three different places... Can they regulate the wireless industry? Can they regulate this last mile of broadband going into the home? And then there’s a kind of arcane issue with these interconnection agreements where we do deals with other network providers to hand traffic off. Can they regulate those?” The interview also delved into 5G, with the CEO declaring that AT&T’s tests suggest 5G will match fiber performance. “If you get a gig into the home, you’re really, really doing well. We’re getting 10 to 100 times that in our wireless testing. So this is what 5G is about. And so we’re going really, really hard at this.”

Broadcasters Getting Bigger: The **FCC** Media Bureau approved **Gray’s** purchase of 15 **Schurz** stations for \$442.5mln. The deal expands Gray’s operations to a total of 49 TV markets and 28 states. Among the stations Gray picks up are **KWCH**, a **CBS** affil in Wichita, KS, and **WDBJ**, the **CBS** affil for the Roanoke-Lynchburg, VA, market. It did not grant Gray’s request to waive JSA attribution with respect to an agreement between **KWCH** and **Entravision** station **KDCU**, but it did offer a temporary reprieve. Gray has 1 year to terminate the agreement or bring it into compliance with FCC rules. It also granted a temporary waiver of the duopoly rule in certain markets, including Augusta, GA, where the parties have stated they intend to participate in the broadcast incentive auction.

WWE Network: Nice to see sub numbers from an OTT network. **WWE’s** 4Q earnings revealed **WWE Net** had 1.22mln paid subs at the end of 2015, up 72% from a year-ago. Still, the direct-to-consumer net is down from 1.31mln in 3Q15, which could help explain the stock’s recent sell-off. Overall, **WWE’s** revenue rose to \$37.2mln from \$23.3mln a year earlier.

Rutledge Re-up: **Charter** extended CEO *Tom Rutledge’s* employment agreement from Feb 13, 2016 to Feb 13, 2017. Charter has previously said it expects to offer Rutledge the positions of CEO and chairman with a new 5-year employment agreement pursuant to agreements with **Advance/Newhouse** for the **Bright House** transaction.

Programming: **Syfy** greenlit to pilot “Prototype,” a sci fi thriller about invention that challenges the nature of quantum physics. It’s written by *Tony Basgallop* (“24: Live Another Day”). -- Hoping to follow the successful blueprint of “Talking Dead,” **AMC** announced live after show “Talking Saul,” which will premiere after “Better Call Saul’s” Season 2 premiere and finale eps. **TWD** host *Chris Hardwick* will take on hosting duties for the talker surrounding the “Breaking Bad” prequel.

Cablefax Week in Review

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DISH:	DISH	43.31	(4.94%)	(24.26%)
ENTRAVISION:	EVC	7.05	5.70%	(8.56%)
GRAY TELEVISION:	GTN	10.39	(8.05%)	(36.26%)
MEDIA GENERAL:	MEG	15.17	(2.32%)	(6.07%)
NEXSTAR:	NXST	35.98	(9.85%)	(38.71%)
SINCLAIR:	SBGI	27.19	(11.09%)	(16.44%)
TEGNA:	TGNA	22.17	(3.69%)	(13.13%)

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLE ONE:	CABO	404.31	(2.17%)	(6.77%)
CABLEVISION:	CVC	32.42	2.32%	1.61%
CHARTER:	CHTR	167.75	(0.47%)	(8.33%)
COMCAST:	CMCSA	56.78	(4.43%)	0.62%
GCI:	GNCMA	18.16	3.06%	11.48%
LIBERTY BROADBAND:	LBRDA	45.55	(1.66%)	(11.81%)
LIBERTY GLOBAL:	LBTYA	32.83	(3.67%)	(22.5%)
SHAW COMM:	SJR	16.37	(5.43%)	(4.77%)
SHENTEL:	SHEN	21.90	2.58%	(49.13%)
TIME WARNER CABLE:	TWC	184.99	1.93%	(0.32%)

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
21ST CENTURY FOX:	FOXA	24.55	(2.07%)	(9.61%)
AMC NETWORKS:	AMCX	61.56	(9.95%)	(17.57%)
CBS:	CBS	43.18	(6.64%)	(8.38%)
CROWN:	CRWN	4.21	0.00%	(24.96%)
DISCOVERY:	DISCA	25.00	(8.12%)	(6.3%)
DISNEY:	DIS	91.15	(2.93%)	(13.26%)
GRUPO TELEVISIA:	TV	23.57	(4.5%)	(13.38%)
HSN:	HSNI	43.75	0.44%	(13.66%)
LIONSGATE:	LGF	18.61	0.43%	(42.54%)
MSG NETWORKS:	MSGN	15.61	(8.87%)	(24.95%)
SCRIPPS INT:	SNI	53.71	(12.71%)	(2.72%)
STARZ:	STRZA	21.51	(11.48%)	(35.79%)
TIME WARNER:	TWX	62.25	(9.99%)	(3.74%)
VIACOM:	VIA	36.63	(20.89%)	(16.73%)
WWE:	WWE	14.63	(11.71%)	(17.99%)

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADVANTAGE:	AEY	1.64	(8.89%)	(9.39%)
AMDOCS:	DOX	54.95	0.53%	0.70%
AMPHENOL:	APH	49.54	(0.02%)	(5.15%)
APPLE:	AAPL	93.99	(0.03%)	(10.71%)
ARRIS GROUP:	ARRS	23.06	(2.16%)	(24.57%)
AVID TECH:	AVID	6.73	(9.79%)	(7.68%)
BLNDER TONGUE:	BDR	0.44	4.74%	9.97%
CISCO:	CSCO	25.11	9.70%	(7.55%)
COMMSCOPE:	COMM	20.54	(4.02%)	(20.66%)
CONCURRENT:	CCUR	5.23	1.75%	5.66%
CONVERGYS:	CVG	24.46	1.96%	(1.73%)
CSG SYSTEMS:	CSGS	37.44	(0.4%)	4.06%
EHOSTAR:	SATS	34.78	(1.75%)	(11.07%)
GOOGLE:	GOOG	682.40	(0.17%)	(10.08%)
HARMONIC:	HLIT	3.19	3.24%	(21.62%)
INTEL:	INTC	28.64	(1.38%)	(16.87%)
INTERACTIVE CORP:	IAC	41.49	(2.9%)	(30.91%)
LEVEL 3:	LVLT	46.66	(1.1%)	(14.16%)
MICROSOFT:	MSFT	50.48	0.64%	(9.01%)

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
NETFLIX:	NFLX	87.40	5.57%	(23.59%)
NIELSEN:	NLSN	47.28	3.62%	1.46%
SEACHANGE:	SEAC	5.60	(1.75%)	(16.91%)
SONY:	SNE	20.82	(4.19%)	(15.4%)
SPRINT NEXTEL:	S	2.66	(6.67%)	(26.52%)
TIVO:	TIVO	7.69	(0.52%)	(10.89%)
UNIVERSAL ELEC:	UEIC	47.92	(2.44%)	(6.68%)
VONAGE:	VG	4.70	(6.1%)	(18.21%)
YAHOO:	YHOO	27.04	(3.32%)	(18.7%)

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	36.47	(1.11%)	5.99%
CENTURYLINK:	CTL	28.61	7.52%	13.71%
FRONTIER:	FTR	4.24	(9.4%)	(9.21%)
TDS:	TDS	23.37	(2.54%)	(9.73%)
VERIZON:	VZ	50.10	(1.71%)	8.39%

Index	Value	% Chg	% Chg
MARKET INDICES			
DOW:	DJI	15973.84	(1.43%) (8.33%)
NASDAQ:	IXIC	4337.51	(0.59%) (13.38%)
S&P 500:	GSPC	1864.78	(0.81%) (8.77%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS		
COMPANY	CLOSE	1-WK CH
1. CISCO:	25.11	9.70%
2. CENTURYLINK:	28.61	7.52%
3. ENTRAVISION:	7.05	5.70%
4. NETFLIX:	87.40	5.57%
5. BLNDER TONGUE:	0.44	4.74%

THIS WEEK'S STOCK PRICE LOSERS		
COMPANY	CLOSE	1-WK CH
1. VIACOM:	36.63	(20.89%)
2. SCRIPPS INT:	53.71	(12.71%)
3. WWE:	14.63	(11.71%)
4. STARZ:	21.51	(11.48%)
5. SINCLAIR:	27.19	(11.09%)

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