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What the Industry Reads First

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Charter 1Q: Video Growth Continues as Merger Nears End

Charter had another quarter with growth in video as it approaches the end of its **Time Warner Cable** merger, which was recently approved by the **FCC** with conditions. The company expects the merger to close within a few days following **CA PUC's** May 12 vote on the deal, CEO *Tom Rutledge* said during the company's earnings conference call Thurs. The FCC's conditions, including broadband responsibilities that will last 7 years, would create a "seven-year innovation and competition zone," agency chmn *Tom Wheeler* said during a press Q&A session following the FCC Open Meeting. This would allow "those who are innovative and competitive to have an opportunity to bring new competition and new services," he said. During 1Q, Charter added 15K video subs, versus a loss of 12K in the year-ago period. Total broadband net adds are 155K, versus 135K a year ago. That drove 1Q revenue to \$2.5bln, up 7.1% YOY. Charter launched its new cloud-based user interface Spectrum Guide to video subs in Fort Worth, TX, Reno, NV, and St Louis, MO. The MSO will soon launch its new set-top box, World Box, which features downloadable security. Rutledge expects to roll out Spectrum Guide to most legacy Charter markets by the end of the year. "It continues to scale well, and is resonating with consumers," he said. And managing the all-digital transition at TWC and **Bright House** will also be a key priority following the completion of the merger. "At close, we will briefly pause any new digital rollouts at both companies and then restart them, deploying fully-enabled set-top boxes everywhere... Concurrent with all-digital, we'll introduce new product and pricing and packaging. We'll also launch our new pricing and packaging" across TWC and Bright House footprints that have already gone all digital, Rutledge said. The company plans to complete all-digital and the launch of new pricing and packaging across all 36mln homes passed by TWC and Bright House by the end of 2018. Execs were asked about Charter's **ActiveVideo** joint venture with **Arris** during the conference call. "It's a productive relationship that we have both with the management team at ActiveVideo as well as Arris... We are treated as an independent third-party vendor inside the relationship with ActiveVideo, so I guess the benefit would be the ability to see the pipeline of product that they have coming in the future and to have oversight in terms of how that's being developed elsewhere," evp/CFO *Chris Winfrey* said. In addition, the ActiveVideo technology platform "allows us to use existing set-top boxes and put a state-of-the-art user interface on those already deployed boxes and not have to replace those boxes, so that they essentially become state-of-

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the-art boxes. That's the capital advantage of having that vendor relationship," Rutledge said. Regarding the FCC's set-top proposal, which seeks to open up the market for third party vendors, Rutledge said "control of copyright and privacy are real issues, and we think they should be protected... We don't charge for modems and try to keep our box prices low, and we also have made our applications available on other set-tops consumers can purchase."

NBCU to Buy DreamWorks: The rumor is true. **Comcast's NBCUniversal** division agreed to acquire **DreamWorks Animation** for \$3.8bln. The studio's stockholders will receive \$41 in cash for each share of DreamWorks Animation common stock. The deal was already approved by the boards of both companies. The announcement came a day after Comcast's earnings and a *Wall Street Journal* report that such a deal is coming. Under the deal, the studio will become part of the **Universal Filmed Entertainment Group**, which includes **Universal Pictures, Fandango, and NBCUniversal Brand Development**. The transaction, pending antitrust approvals in the US and abroad, is expected to close by the end of the year. Following the completion of the deal, DreamWorks CEO/co-founder *Jeffrey Katzenberg* will become chmn of DreamWorks New Media, which will be comprised of the company's ownership interests in **AwesomenessTV** and **NOVA**. Katzenberg will also serve as a consultant to NBCU. NBCU said the acquisition will allow it to reach new audiences in the kids and family entertainment space, in both TV and film, and across platforms. In addition, DreamWorks Classics, a library of classic content will become part of the NBCU portfolio, along with a consumer products business. Analysts see the deal as positive. "We believe this deal is a step in the same vein as Disney's acquisition of Pixar, Lucas, and Marvel, providing greater monetization opportunities for franchise' content," **UBS** analysts said. They expect the acquisition to allow NBCU to monetize films, TV content and consumer products across divisions. It could also bulk-up NBCU's global distribution and scale. The analysts noted DreamWorks currently has a global distribution deal with **Fox** ending at 2017.

FCC Meeting: While **FCC** chmn *Tom Wheeler* sees innovations around access to video services such as **Comcast's Xfinity Partner** program as a step in the right direction, he believes the agency's set-top proposal "has to be done. And that's the road we are headed down... Let's take how that is happening, put that in the rule, and make it available for everybody." During a press Q&A session after the agency's Open Meeting Thurs, he put it this way: "I think that what Comcast just did is proving our point that you can take a third-party device, put set-top box functionality into it, and protect copyright and the economic ecosystem." Cable strongly opposes the proposal. Responding to Wheeler's comments, the **Future of TV Coalition** said in a statement that "we're glad that Chairman Wheeler has noticed that the marketplace is already producing real technology solutions enabling a growing number of consumers to watch pay TV programming without a set-top box. But these market-driven, app-based solutions bear no resemblance to the sweeping, Google-backed mandate he has proposed. The Chairman's mandate strips content creators of the tools they use to enforce licensing agreements and protect copyrights, while increasing consumer costs and weakening consumer privacy protections." -- Cable slammed the **FCC's** special access proposal approved during the agency's Open Meeting. The plan seeks to "replace the existing, fragmented and outdated rules with a new technology-neutral framework that classifies markets as either non-competitive or as competitive." Particularly, the FCC seeks to impose rate caps. In a statement, **NCTA** said "it is disappointing that Chairman Wheeler is responding to this unquestionably positive development by asking the Commission to consider imposing onerous new rate regulation on these competitive services. We are confident that this proceeding will expose the obvious harm to investment created by such an approach and that the Commission will reject the Chairman's proposal to abandon four decades of bipartisan pro-competitive policy." Comcast said the Commission's proposal extends beyond the incumbent telco providers to new entrants in the special access market, such as Comcast and other cable companies. "In this upside-down new regime, a competitive cable provider that currently holds a 10% share in a market would be treated the same as a dominant incumbent provider serving 90% of that market. Indeed, in a market where an incumbent is currently the only business services provider, any potential new entrant would be assured of facing rate regulation immediately upon entry, before even winning its first customer," *David Cohen*, sevp and chief diversity officer wrote in a blog post. -- During the Open Meeting, the **FCC** approved an order finalizing rules for a spectrum sharing regime in the 3.5GHz band, which will make 150 MHz of spectrum available for commercial and unlicensed use.

TWC Earnings: It's potentially **Time Warner Cable's** last quarterly earnings call as the **Charter** acquisition nearly reaches the end. "This is likely our last earnings call... It's been a really good run," CEO *Rob Marcus* said during the company's earnings call Thurs. Like Charter, execs expect the deal to close in May. The MSO had another solid quarter: revenue grew

BUSINESS & FINANCE

7.2% YOY, the highest 1Q revenue growth in the last 8 years. Operating Income increased 5.6% YOY to \$1.1bn, and the MSO added 21K video and 314K broadband subs.

Viacom Earnings: Viacom's talks with partners to sell a minority stake in Paramount are "on track" to be completed by the end of June, CEO Philippe Dauman said during the company's earnings conference call Thurs. "There is strong interest from around the world... We will have a compelling result that will be both a strategic driver, and reflect the significant value of Paramount," the exec said. Financially, 2Q revenues declined 3% YOY to \$3bn. Media nets revenues were \$2.3bn, also a decline of 3%. Domestic ad rev dropped 5%, as price hikes were offset by softer ratings. Domestic affil revenue declined 2%, partially due to a modest drop in subs. Dauman said Viacom hopes "to improve the rate of change in ad sales revenue even as we reduce unit load at several of our networks, which bodes well for brand health and future financial performance."

AT&T Enables NFL Streaming: AT&T will start offering streaming of every live, out-of-market regular season game for DirecTV NFL Sunday Ticket subs, beginning this football season. In addition to the streaming option, the basic NFL Sunday Ticket package will continue to feature every regular season game live every Sunday afternoon on satellite TV.

Cablefax Daily Stockwatch

Company	04/28 Close	1-Day Ch	Company	04/28 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/MMDS			ECHOSTAR:	42.14	0.03
DISH:	50.80	0.82	GOOGLE:	691.02	(14.82)
ENTRAVISION:	7.30	(0.17)	HARMONIC:	3.50	(0.04)
GRAY TELEVISION:	12.75	0.01	INTEL:	31.11	(0.64)
MEDIA GENERAL:	17.27	(0.08)	INTERACTIVE CORP:	46.20	0.40
NEXSTAR:	51.50	0.14	LEVEL 3:	54.20	0.11
SINCLAIR:	31.96	(0.67)	MICROSOFT:	49.90	(1.04)
TEGNA:	23.53	0.18	NETFLIX:	90.28	(0.76)
MSOS					
CABLE ONE:	460.64	(1.8)	NIELSEN:	51.78	0.22
CABLEVISION:	33.38	(0.07)	SEACHANGE:	3.84	(0.02)
CHARTER:	209.75	3.32	SONY:	24.26	(1.35)
COMCAST:	61.15	(0.15)	SPRINT NEXTEL:	3.58	(0.1)
GCI:	17.24	(0.15)	SYNACOR:	1.41	(0.04)
LIBERTY BROADBAND:	57.55	0.94	TIVO:	9.42	0.19
LIBERTY GLOBAL:	38.14	(0.84)	UNIVERSAL ELEC:	66.72	(0.78)
SHAW COMM:	18.69	0.06	VONAGE:	4.64	(0.03)
SHENTEL:	27.85	0.10	YAHOO:	36.59	(0.36)
TIME WARNER CABLE:	210.79	1.60	TELCOS		
PROGRAMMING					
21ST CENTURY FOX:	30.70	(0.13)	AT&T:	38.64	(0.08)
AMC NETWORKS:	65.31	(1.18)	CENTURYLINK:	31.36	(0.22)
CBS:	56.07	(0.32)	FRONTIER:	5.55	(0.08)
CROWN:	5.07	(0.02)	TDS:	29.78	(0.43)
DISCOVERY:	28.15	(0.29)	VERIZON:	51.02	(0.67)
DISNEY:	104.03	(1.25)	MARKET INDICES		
GRUPO TELEVISA:	26.82	(0.21)	DOW:	17830.76	(210.79)
HSN:	53.86	(0.58)	NASDAQ:	4805.29	(57.85)
LIONSGATE:	22.49	1.76	S&P 500:	2075.81	(19.34)
MSG NETWORKS:	17.30	0.18			
SCRIPPS INT:	63.61	(0.88)			
STARZ:	24.82	(0.31)			
TIME WARNER:	76.75	(0.16)			
VIACOM:	45.47	(1.09)			
WWE:	17.06	0.19			
TECHNOLOGY					
ADDVANTAGE:	1.87	0.03			
AMDOCS:	57.02	(0.26)			
AMPHENOL:	56.41	(0.6)			
APPLE:	94.83	(2.99)			
ARRIS GROUP:	22.59	(0.11)			
AVID TECH:	5.64	(0.11)			
BLNDER TONGUE:	0.42	(0.01)			
CISCO:	27.96	(0.68)			
COMMSCOPE:	30.54	3.81			
CONCURRENT:	6.13	(0.08)			
CONVERGYS:	26.71	(0.25)			
CSG SYSTEMS:	45.02	(0.26)			

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PROGRAMMER'S PAGE

Courtneyland?

In the world of television, you could probably count on one hand the number of African-American women who are showrunners for scripted series. But the doors cracked open by the likes of *Shonda Rhimes* and others are finally starting to usher in more diversity among those who control the writing, characters and messages we see on the small screen. Perhaps one of the most promising new voices is *Courtney A. Kemp*, the showrunner for **Starz** drama "Power," whose 3rd season premieres in July. The show follows the struggles of "Ghost," (*Omari Hardwick*) a NYC nightclub owner with secret ties to the illegal drug trade. "I'm always passionate about passing, about people lying about their identity," she said last week at a Paley Center L.A. event that also included **Starz** chief *Chris Albrecht*. Kemp said she isn't building a showrunning empire quite yet, but she's "open" to that in the future—a prospect that Albrecht seemed more than happy to encourage. "I think she could be the center of a very powerful and active company she creates for herself, and we would like to be the people who help make that happen for her," he said. It's no wonder that Albrecht would cheer her on: *Power's* sophomore season set ratings records for **Starz**, and it could become a lynchpin for other series targeting the African-American audience. Will Kemp, who said she has "a bunch of ideas," someday become the center of that effort? "She wants to do a procedural," Albrecht noted to laughter at the event. But he then pointed out dryly that "as I remind her, there's never been a great procedural on premium." However Kemp decides to parlay her recent success, you can bet you'll hear more about her in the coming months and years. "People like *Shonda*, their empires are really interesting," she said. "People like *Dick Wolf* are really interesting. *David Kelley* is really interesting." We're guessing that the founding of *Courtneyland* is only a matter of time. — *Michael Grebb*

Reviews: "Norm," Sunday, 9pm ET, **SEC**. An excellent review of the aptly nicknamed Stormin' Norm Stewart, the fabled coach of Missouri basketball for some three decades. The doc smartly doesn't try to do too much. Like its protagonist, it's a basic story told simply yet beautifully, from several angles. It's the small-town boy who made good via sports. It's the boy who held on to his values of integrity and hard work as an adult. Stewart has a great story and tells it well. That Stewart had plenty of regular-season success but never made it to a final four is part of his legacy. The other part, far more important, is his dedication to eradicate cancer. -- "Silicon Valley," Sunday, 10pm, **HBO**. As season 3 begins, big changes have occurred, not only in the opening sequence, whose animation includes Alphabet and Tesla and Amazon drones. Plot changes are bigger, though, as Richard Hendricks (*Thomas Middleditch*) finds himself demoted at his own company and reporting to a terrific satire of an all-talk-no-walk CEO named Jack (*Stephen Tobolowsky*). We can't say there were many laughs in this ep, but plenty of very good satire. -- "Maron," season IV debut, Wed, 9pm, **IFC**. Will *Marc Maron* become more loveable when he's homeless and hirsute? We'll find out. He's still good watching, though. — *Seth Arenstein*

Basic Cable Rankings (4/18/16-4/24/16) Mon-Sun Prime			
1	TNT	1.2	2751
2	FOXN	0.9	2002
3	HGTV	0.6	1446
3	TBSC	0.6	1432
3	USA	0.6	1341
3	ESPN	0.6	1330
7	DSNY	0.5	1273
7	HIST	0.5	1146
7	DSE	0.5	110
10	DISC	0.4	1077
10	ADSM	0.4	1021
10	CNN	0.4	1012
10	AMC	0.4	929
10	FX	0.4	909
10	ID	0.4	872
10	FOOD	0.4	871
10	MSNB	0.4	871
10	TLC	0.4	845
10	FRFM	0.4	834
20	LIFE	0.3	755
20	NAN	0.3	755
20	BRAV	0.3	704
20	A&E	0.3	685
20	HALL	0.3	681
20	NGC	0.3	645
20	VH1	0.3	623
20	DSJR	0.3	607
20	TVLD	0.3	606
20	SPK	0.3	605
20	NBCS	0.3	562
20	LMN	0.3	541
20	NKJR	0.3	494
33	CMDY	0.2	565
33	SYFY	0.2	537
33	MTV	0.2	528
33	APL	0.2	493
33	OWN	0.2	466
33	TRAV	0.2	433
33	WETV	0.2	433
33	EN	0.2	421
33	GSN	0.2	411
33	TRU	0.2	395
33	INSP	0.2	386
33	HMM	0.2	385

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks



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