

# Cablefax Daily™

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What the Industry Reads First

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## Cox Check-In: Necessary Talks Contour 2, DOCSIS 3.1 and Digital Rollout

In April, Cox Communications completed its rollout of its Contour 2 boxes, which use the X1 platform that it licensed from Comcast. We caught up with Cox evp, product development and management Steve Necessary to see how it's going and what's coming up in 2016. **Where are you today with Contour 2, which is being marketed as "the new Contour"?** We have rolled out to all markets. Just a tiny bit of history, we launched in our San Diego market last fall. Basically let that cook. It cooked well. In early Feb, we started the rollout to the remainder of our markets. In less than 3 months, we rolled out to 20 incremental markets. So a very, very compressed rollout schedule that went by all accounts generally very smoothly. We're now well over 100K subscribers. We are exceeding our connect expectations. **How does it work when you license X1—how much of what's on X1 is proprietary to Comcast?** There is a remarkable amount of sharing of the roadmap that Comcast has for the product. As an operating philosophy—and it carries over into feature availability and access—basically, they treat us in this context like one of their divisions. We get the software when they get the software. We get the enhancements when they get the enhancements. We get insights when they give their team insights. In fact, frankly we probably get some insights earlier along the way than perhaps even some of their own organization would just by the nature of the sharing and so forth. It's also operationally driven in that in some cases changes require infrastructure changes to deliver, and therefore, we may need a little more lead time. **Are there exceptions?** There are some exceptions. [They] tend to fall into 2 broad categories. One, if there are particular infrastructure requirements that are incremental that we may not pursue. The most notable one at the moment is that we have not implemented a cloud DVR functionality, and Comcast has. We have the rights to, but we just haven't done that. The other could be... if there are any incremental licenses required associated with some of the features and such. In some cases, Comcast can negotiate those on our behalf and sublicense them. In some cases, the providers of that capability would require a direct relationship with Cox or Shaw in Canada or any other companies that might syndicate the product. **What are some examples of what that would be?** For a while, Comcast had a deal with Electronic Arts for some games, which they've subsequently discontinued off that X1 platform. As we were anticipating following them down that path, Electronic Arts was one of the companies that said we need Cox to license that directly. **In Feb, Cox discontinued its Flare digital media products,**

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**RUNNING THE SHOW PANEL:**

Panelist | **Bridget Carpenter**, Exec Producer/Showrunner, 11.22.63 on Hulu  
Panelist | **Erica Messer**, Showrunner/Exec Producer, Criminal Minds + Criminal Minds: Beyond Borders on CBS  
Panelist | **Julie Plec**, Exec Producer, The Vampire Diaries and The Originals on The CW  
Moderator | **Shaun Robinson**, Emmy Award-Winning Journalist, TV Host, Author, Producer and Philanthropist

**TECHNICALLY SPEAKING PANEL:**

Panelist | **Ashley Crowder**, CEO, Co-Founder, VNTANA  
Panelist | **Sarah Harden**, President, Otter Media  
Panelist | **Lisa Holme**, VP, Content Acquisition, Hulu  
Panelist | **Suzanne Kolb**, Executive VP & General Manager, Discovery Digital Networks

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**which included a video game and children's web video service. Does that correlate at all with the Contour 2 launch?** Really totally different. The Flare video product was in some respects a grand experiment. It was all the aggregation of free or web based video content... The timing is coincidental. **What's coming up in the back half of 2016?** One of the very exciting things for us is a DOCSIS 3.1 trial will commence in the back half of the year as we embrace that technology. We have launched gigabit services in many of our markets, and we expect to be in at least all of our major markets by the end of this year. Typically, that's in new greenfield construction, where we're taking fiber into those premises and offering gigabit HSD services. That continues to be attractive. DOCSIS 3.1 naturally provides a lot of interesting attraction as well in that it obviously does not require fiber, and it's much more bandwidth efficient to deliver it. Also, we will be completing our all-digital transition by the end of this year. By Dec, we will have deployed over 5mln DTAs, and we will have removed all of our analog carriers from our markets. That's been a 2-year initiative.

**NFL/DISH: NFL Network and NFL RedZone** went dark on **DISH** Thurs night, which the net said was the 1st time in its 13-year history that a distributor has not continued to offer the net. "NFL Network is committed to serving the millions of NFL fans by reaching fair distribution agreements with the pay-TV industry," the net said in a statement. The dispute seems to be rate-related. "Our contract with NFL Network has expired. We remain open to a fair offer that allows us to carry this content at an appropriate value to our customers," a DISH spokesman said. While NFL Net may not have been dropped by an affiliate before, it's had its share of tough negotiations over the years. Most notably was **Comcast's** decision to move it to a \$5/month sports tier. It resulted in a **FCC** programming complaint that was dismissed after the two reached a new deal in 2009 that's thought to last about 10 years. This isn't DISH's only battle, as 42 **Tribune** broadcast channels and cable net WGN America remain dark on its lineup. Firing back at the broadcaster, which accused DISH of rejecting a proposal that would end the blackout, DISH asked Tribune to allow a 3rd party arbitrator to review DISH's agreements with other station groups and rates that Tribune receives from other pay-TV providers. DISH suggested that the arbitration be modeled on the procedures in the **Comcast/NBCU** consent decree to ensure that Tribune or DISH couldn't walk away from the decision of the arbitrator. Tribune continued to argue that it's offering terms consistent with deals it made with other pay-TV providers.

**Viacom Update: Viacom** provided its financial expectations for the fiscal quarter ended June 30. Based on preliminary information, it expects to report adjusted diluted earnings per share to be within the range of \$1.00 to \$1.05. The company expects domestic ad sales YOY declines for the quarter to be around 4%. The company will report its earnings on Aug 4. It's been an eventful week, with controlling shareholder *Sumner Redstone's* privately held firm **National Amusements** announcing Thurs that it removed *Philippe Dauman*, *George Abrams*, lead independent director *Fred Salerno* and *William Schwartz* from Viacom's board. On Fri, Viacom said Salerno filed a lawsuit in Delaware Chancery Court, seeking an expedited determination that Redstone's attempted removal and replacement of Viacom directors is invalid and that the directors elected at the 2016 Annual Meeting continue to serve. National Amusements is prepared to take the next step, which could be the removal of Dauman as Viacom CEO, **Telsey Advisory Group** analysts wrote in a research report Fri.

**Carriage: Mediacom** launched **RFD-TV** in HD across its footprint. It was the 1st cable op to distribute RFD-TV in 2002.

**Lifeline Fight:** Ten GOP senators questioned the **FCC's** recent actions on the Lifeline program, claiming they would "drastically curtail the important state role in preventing waste, fraud, and abuse." In a letter to chmn *Tom Wheeler* Thurs, lawmakers including *Marco Rubio* (FL), *Deb Fischer* (NE), *Steven Daines* (MT) and *Kevin Cramer* (ND), noted the agency created a new category of Eligible Telecom Carrier (ETCs) in its Lifeline order and adopted a designation process by which Lifeline providers are to be certified by the FCC. They argued the Communications Act gives state commissioners the primary responsibility for designating carriers to participate in the Lifeline program and the FCC may only perform this function where a carrier isn't subject to state jurisdiction. "Any change to this framework must be made by Congress." The FCC said it's reviewing the letter. "However, states will continue to play a vital role in Lifeline, including the approval of new Lifeline providers—for voice, broadband or both—that are not seeking nationwide approval," the FCC stated. "States will also continue to play an important role in combatting waste, fraud and abuse in the program, in combination with the FCC's new National Eligibility Verifier that takes the process of approving new subscribers out of the hands of self-interested providers."

**People: Cox** named *Kathryn Falk* market vp for Northern Virginia operations. She has been the interim market vp since Feb, 2015. Prior to joining Cox, Falk was the pres of the **Virginia Cable Telecommunications Association**.

**Cablefax Week in Review**

Company	Ticker	6/17 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DISH:	DISH	53.00	(0.88%)	(7.31%)
ENTRAVISION:	EVC	6.67	(5.19%)	(13.55%)
GRAY TELEVISION:	GTN	11.32	0.49%	(30.58%)
MEDIA GENERAL:	MEG	17.45	(0.96%)	8.05%
NEXSTAR:	NXST	48.41	(5.91%)	(17.53%)
SINCLAIR:	SBGI	30.27	(2.92%)	(6.98%)
TEGNA:	TGNA	22.26	1.57%	(12.79%)

Company	Ticker	6/17 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLE ONE:	CABO	492.56	(0.76%)	13.58%
CABLEVISION:	CVC	34.88	0.58%	9.34%
CHARTER:	CHTR	221.05	(1.11%)	20.79%
COMCAST:	CMCSA	62.37	(0.68%)	10.53%
GCI:	GNCMA	14.87	4.13%	(8.72%)
LIBERTY BROADBAND:	LBRDA	58.98	(1.45%)	14.19%
LIBERTY GLOBAL:	LBTYA	34.55	(5.52%)	(18.44%)
SHAW COMM:	SJR	18.84	(1.26%)	9.60%
SHENTEL:	SHEN	34.75	2.90%	(19.28%)

Company	Ticker	6/17 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
21ST CENTURY FOX:	FOXA	28.81	(0.41%)	6.08%
AMC NETWORKS:	AMCX	59.50	(1.42%)	(20.33%)
CBS:	CBS	53.72	1.88%	13.98%
DISCOVERY:	DISCA	25.59	(2.14%)	(4.09%)
DISNEY:	DIS	98.98	1.68%	(5.81%)
GRUPO TELEVISIVA:	TV	25.10	0.02%	(7.77%)
HSN:	HSNI	48.23	(8.4%)	(4.82%)
LIONSGATE:	LGF	21.34	0.23%	(34.12%)
MSG NETWORKS:	MSGN	17.00	(0.18%)	(18.27%)
SCRIPPS INT:	SNI	63.97	0.02%	15.87%
STARZ:	STRZA	26.36	1.31%	(21.31%)
TIME WARNER:	TWX	72.36	(1.72%)	11.89%
VIACOM:	VIA	49.59	7.29%	12.73%
WWE:	WWE	18.55	5.46%	3.98%

Company	Ticker	6/17 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADDVANTAGE:	AEY	1.80	(0.55%)	(0.55%)
AMDOCS:	DOX	56.27	(1.93%)	3.12%
AMPHENOL:	APH	57.86	(2.71%)	10.78%
APPLE:	AAPL	95.33	(3.54%)	(9.43%)
ARRIS GROUP:	ARRS	22.99	(2.54%)	(24.8%)
AVID TECH:	AVID	6.15	4.06%	(15.64%)
BLNDER TONGUE:	BDR	0.41	(6.82%)	2.50%
CISCO:	CSCO	28.95	(0.28%)	6.59%
COMMSCOPE:	COMM	32.56	1.65%	25.76%
CONCURRENT:	CCUR	5.55	(8.87%)	12.12%
CONVERGYS:	CVG	26.01	(5%)	4.50%
CSG SYSTEMS:	CSGS	40.38	(4.29%)	12.23%
ECHOSTAR:	SATS	38.64	(1.38%)	(1.2%)
GOOGLE:	GOOG	691.72	(3.85%)	(8.85%)
HARMONIC:	HLIT	2.94	4.26%	(27.76%)
INTEL:	INTC	31.74	(0.93%)	(7.87%)
INTERACTIVE CORP:	IAC	54.73	0.48%	(8.86%)
LEVEL 3:	LVLT	51.22	(2.01%)	(5.78%)
MICROSOFT:	MSFT	50.13	(2.62%)	(9.64%)
NETFLIX:	NFLX	94.45	0.75%	(17.42%)
NIELSEN:	NLSN	53.41	(1.84%)	14.61%

Company	Ticker	6/17 Close	1-Week % Chg	YTD %Chg
SEACHANGE:	SEAC	3.50	4.79%	(48.07%)
SONY:	SNE	27.91	(0.43%)	13.41%
SPRINT NEXTEL:	S	3.71	0.00%	2.49%
SYNACOR:	SYNC	3.53	11.01%	101.71%
TIVO:	TIVO	10.00	1.83%	15.87%
UNIVERSAL ELEC:	UEIC	68.20	4.14%	32.81%
VONAGE:	VG	5.43	16.42%	(5.49%)
YAHOO:	YHOO	36.94	0.30%	11.06%

Company	Ticker	6/17 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	40.73	0.99%	18.37%
CENTURYLINK:	CTL	27.46	1.85%	9.14%
FRONTIER:	FTR	5.11	0.00%	9.42%
TDS:	TDS	27.94	0.47%	7.92%
VERIZON:	VZ	53.78	2.11%	16.36%

Index	Value	% Chg	% Chg	
<b>MARKET INDICES</b>				
DOW:	DJI	17675.16	(1.06%)	1.44%
NASDAQ:	IXIC	4800.34	(1.92%)	(4.14%)
S&P 500:	GSPC	2071.22	(1.19%)	1.33%

**WINNERS & LOSERS**

<b>THIS WEEK'S STOCK PRICE WINNERS</b>		
COMPANY	CLOSE	1-WK CH
1. VONAGE:	5.43	16.42%
2. SYNACOR:	3.53	11.01%
3. VIACOM:	49.59	7.29%
4. WWE:	18.55	5.46%
5. SEACHANGE:	3.50	4.79%

<b>THIS WEEK'S STOCK PRICE LOSERS</b>		
COMPANY	CLOSE	1-WK CH
1. CONCURRENT:	5.55	(8.87%)
2. HSN:	48.23	(8.4%)
3. BLNDER TONGUE:	0.41	(6.82%)
4. NEXSTAR:	48.41	(5.91%)
5. LIBERTY GLOBAL:	34.55	(5.52%)

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**TIP 3 : Stand Out!**

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