

# Cablefax Daily™

Friday — July 1, 2016

What the Industry Reads First

Volume 27 / No. 126

## Starz-Gate: Lionsgate Gets Its Deal; What's Next Frontier?

With it finally real that **Lionsgate** is going to buy **Starz**, what happens to its 31% stake in rival premium network **EPIX**? “We’ve been very pleased with the performance of EPIX and have great partners in **Viacom** and **MGM** and **Paramount**. But the fact of the matter is that at 31% EPIX is not truly a strategic platform for us, and I think our partners over there have known about the possibility of this transaction for some time,” Lionsgate CEO *Jon Feltheimer* said in a call with analysts Thurs. “I’ll look forward to having conversations with them about maximizing our mutual investment.” So maybe it’s available. Or maybe not... Execs declined to say whether there’s an exit strategy underway for EPIX, with Feltheimer declaring that it’s a “very valuable stake.” EPIX said it also values its partnership with Lionsgate, which includes a long-term studio output agreement. Lionsgate splits its feature film output between EPIX and **HBO**. EPIX is currently working with Lionsgate on its 1st original series, “Graves,” which debuts this fall. Lionsgate’s \$4.4bn cash and stock purchase of Starz has been rumored for years. Starz shares closed up nearly 6% Thurs, while Lionsgate shed 3.4%. **Bernstein Research** analysts prefer Lionsgate as an independent, with the deal meaning that Starz’s success will be more important to it than that of its other customers to which it supplies content. “If we are concerned about HBO and Showtime in an increasingly competitive landscape (we are), especially with heightened churn dynamics and obligation to spend which are introduced by OTT, then we must also be concerned for Starz,” they said in a research note. Lionsgate brass, on the other hand, sees this transaction as de-risking the business by diversifying revenue. With shareholder *John Malone*’s fingerprints all over this deal, it should be no shock that Bernstein believes the biggest benefit of the deal is tax synergy—which it roughly pegs at \$900mln. A bigger question than what happens with the EPIX stake is whether Lionsgate could be used to go after other potential targets, such as **AMC Networks**. By the numbers, a combined Lionsgate-Starz creates a global TV company with 87 shows on 42 US networks; a 16K film and TV library; 30 channels in 33 countries, and a diversified film business. “We will continue to supply as we currently do to some 40 different outlets. We’re going to continue to do that. We have a huge production business, obviously. But I think it’s going to be fantastic to have Starz as a potential platform for our premium content as well,” Feltheimer said. Starz pres/CEO *Chris Albrecht* is expected to continue to run Starz, but also have “major participation” in the leadership of

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CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Sr. Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Cablefax/Screenster Editor: Kaylee Hultgren, 646.764.8267, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

the combined company. Under deal, expected to close by year-end, each share of Lionsgate common stock will be reclassified into 0.5 voting and 0.5 newly created non-voting shares. Holders of each share of Starz Series A common stock will receive \$18.00 in cash as well as 0.6784 of a share of Lionsgate non-voting stock based on a fixed exchange ratio. Based on Lionsgate's 20-trading day volume weighted average price ("VWAP"), as of June 28, 2016, the offer represents a total value of \$32.73 per share to Starz shareholders, an 18% premium to Starz's 20-trading day VWAP as of the same date. Holders of each share of Starz Series B common stock will receive \$7.26 in cash and 0.6321 of a share of Lionsgate voting stock and 0.6321 of a share of Lionsgate non-voting stock.

**Set-Top Saga:** FCC chmn *Tom Wheeler* promised meetings with stakeholders in the set-top proceeding this week about cable's alternative proposal (**CFX**, 6/27), and we're starting to see evidence of it. **Disney, 21st Century Fox** and **Time Warner** were at the FCC on Mon, reiterating their view that the marketplace be given a chance to work out the issue. What about the **NCTA**/cable proposal that is based on open standards-based HMTL 5 apps? "The companies stated that, of the various alternatives, the MVPD apps proposal offers one constructive foundation for providing consumers with an alternative to leasing set-top boxes to access their video service, subject to certain additional critical provisions and clarifications of details not addressed," said an ex parte posted by the FCC on Thurs. Any final FCC rules must ensure parity for programmer apps, provide programmers with effective means to enforce compliance with licensing agreements and ensure that programmers can continue to engage with viewers. While indie programmer **Fuse Media (Fuse and FM)** was among the first to raise concerns about the FCC proposal, it isn't lending support to NCTA's alternative apps-based approach at this point either. Fuse has several questions about how it would work—such as whether independent programmers would be presented in the same way as large, conglomerate programmers in search results and whether indies would even be included in the app. In addition, with contract renewals years away, "how would any necessary contract changes be adopted at the time of a Commission decision, since distributors would have little incentive to do so with independent programmers?" Fuse asked, according to a filing. **Scripps Networks Interactive** execs, including content distribution & marketing pres *Henry Ahn*, also were among the programmers at the FCC this week. Scripps believes the MVPD route offers a preferred baseline for developing final rules, though it's still reviewing the apps-based approach carefully. "Preliminarily, SNI is encouraged that the apps approach can be modified to address such concerns," the programmer said. **Tivo's** not a fan, saying the MVPD proposal would be "a step backward from the limited choice and features consumers enjoy today." Its list of complaints include that the plan would prevent consumers from using competitive user interfaces and complementary features that give them choices in how they access content and that it wouldn't allow a competitive device provider to enable home recording by consumers or in-home streaming of all MVPD content that sub has paid for. The highly contentious set-top proceeding drew rebuttal comments from NCTA Thurs, noting that more than 180 members of Congress, studios, networks, unions, content creators, device manufacturers, service providers and others have raised serious concerns. Proponents of the plan "have not cured any of the security deficiencies. They have no answer to the increased risk of piracy. They offer no means for preserving innovation in networks and services when the proposed interfaces retard innovation, restrict new consumer offerings, and prevent effective security responses," NCTA wrote. "Sloganeering with false claims does nothing to make their proposal workable or lawful, or possible to implement as quickly as they predict." **DISH** execs also met with FCC staff this week, declaring that the plan's one-size-fits all approach is impossible with bidirectional communications impossible for satellite in some cases.

**Virtual Reality Rio:** Want to watch the Olympics through a virtual reality lens? You'll need a **Samsung** phone. **NBCU** said it will provide VR coverage of the Games exclusive to authenticated users of Galaxy smartphones together with Samsung Gear VR in the **NBC Sports** app. It's the 1st time the Olympics has been available in VR, with 85 hours of delayed content planned—including the Opening Ceremonies, men's basketball and diving.

**Charter Diversity:** Here's a **Time Warner Cable** diversity commitment that **Charter** is continuing. The **Congressional Hispanic Caucus Institute** said the MSO will significantly support its mission to develop the next generation of Latino leaders. TWC has supported the group since 2011, with more than \$300K in investments. The partnership supports CHCI's Congressional Internship Program, which has provided opportunities for 28 future leaders to gain work experience in DC since 2010. Some of Charter's TWC merger pledges center around diversity, including the hiring of a chief diversity officer and the appointment of minorities to its board.

# BUSINESS & FINANCE

**Business Services:** Mediacom Business has installed a high-capacity broadband connection at the Univ of Northern IA's Meta Casting Center in downtown Waterloo. The facility houses the largest sand mold 3D design printer in the country and is installing three new 3D printers over the next several months using a variety of media.

**Programming:** In other Starz news, the premium net will offer free sampling of the entire 1st season of "Power" before Season 3 premieres July 17. All 8 eps are available on Starz.com and through select US distribution affiliates.

**People:** Viacom promoted 21-year vet Sean Moran to head of marketing and partner solutions, reporting to COO Tom Dooley. He replaces Jeff Lucas, who is leaving for Snapchat. Moran previously served as head of marketing & partner solutions, which has oversight of the entire Music & Entertainment and Kids & Family portfolios. -- A NC school superintendent is joining Discovery Education as svp, digital learning. Mark Edwards, superintendent of Mooresville, NC's Graded School District, will start the new gig in Aug. In 2013, he was named National Superintendent of the Year by the American Association of School Administrators and Common Sense Media's Educator of the Year.

## Cablefax Daily Stockwatch

Company	06/30 Close	1-Day Ch	Company	06/30 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/MMDS			INTEL:	32.80	0.87
DISH:	52.40	0.47	INTERACTIVE CORP:	56.30	1.34
ENTRAVISION:	6.72	0.05	LEVEL 3:	51.49	0.98
GRAY TELEVISION:	10.85	(0.05)	MICROSOFT:	51.17	0.63
MEDIA GENERAL:	17.19	(0.15)	NETFLIX:	91.48	0.42
NEXSTAR:	47.58	(0.71)	NIELSEN:	51.97	0.03
SINCLAIR:	29.86	(0.23)	SEACHANGE:	3.19	(0.03)
TEGNA:	23.17	0.70	SONY:	29.35	0.01
<b>MSOS</b>					
CABLE ONE:	511.41	12.87	SPRINT NEXTEL:	4.53	0.05
CHARTER:	228.64	1.27	SYNACOR:	3.08	(0.01)
COMCAST:	65.19	1.25	TIVO:	9.90	0.03
GCI:	15.80	0.39	UNIVERSAL ELEC:	72.28	1.49
LIBERTY BROADBAND:	59.40	0.45	VONAGE:	6.10	0.05
LIBERTY GLOBAL:	29.06	(0.52)	YAHOO:	37.56	0.70
SHAW COMM:	19.20	(0.01)	<b>TELCOS</b>		
SHENTEL:	39.06	1.22	AT&T:	43.21	0.67
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	27.05	0.05	CENTURYLINK:	29.01	0.56
AMC NETWORKS:	60.42	3.18	FRONTIER:	4.94	0.09
CBS:	54.44	1.68	TDS:	29.66	0.75
DISCOVERY:	25.23	0.85	VERIZON:	55.84	0.78
DISNEY:	97.82	0.84	<b>MARKET INDICES</b>		
GRUPO TELEVISA:	26.04	0.73	DOW:	17929.99	235.31
HSN:	48.93	0.86	NASDAQ:	4842.67	63.43
LIONSGATE:	20.23	(0.71)	S&P 500:	2098.86	28.09
MSG NETWORKS:	15.34	(0.17)			
SCRIPPS INT:	62.27	1.30			
STARZ:	29.92	1.67			
TIME WARNER:	73.54	1.85			
VIACOM:	46.42	1.19			
WWE:	18.41	0.34			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.77	(0.01)			
AMDOCS:	57.72	0.98			
AMPHENOL:	57.33	0.95			
APPLE:	95.60	1.20			
ARRIS GROUP:	20.96	0.38			
AVID TECH:	5.81	0.11			
BLNDER TONGUE:	0.48	0.02			
CISCO:	28.69	0.43			
COMMSCOPE:	31.03	0.68			
CONCURRENT:	5.22	0.01			
CONVERGYS:	25.00	0.48			
CSG SYSTEMS:	40.31	0.86			
EHOSTAR:	39.70	0.71			
GOOGLE:	692.10	7.99			
HARMONIC:	2.85	0.05			

## Cablefax Industry Jobs

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#### TIP 3 : Stand Out!

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# PROGRAMMER'S PAGE

## Predator Meets Prey

After place-based films like “Planet Earth” and “Frozen Planet,” the series’ makers thought it was time to focus on animal behavior. Enter **BBC America’s** “The Hunt” (premieres Sun July 3, 9/8c), where predator meets prey. The goal was not to portray the animals as villains. “It’s just not true. Predators usually fail. They are the hardest working animals in nature,” said exec producer *Alastair Fothergill*. More in focus here are the strategies used by the animals to survive. Take the polar bear sequences. The changing of seasons is a true challenge for this arctic animal, as “its world literally melts beneath its feet,” Fothergill explained. The bear changed hunting techniques 4 times, one of which required climbing hundreds of feet up sheer cliffs for the paltry prize of eggs. Another reason for exploring the topic was its potential for being dramatic and “inject storytelling values into natural history,” Fothergill said. The drama factor also helped to attract a younger and wider audience when screened in the UK. Still, filming a predator-vs-prey situation is hardly a new development in wildlife filming. A fresh take was needed to awaken peoples’ interests. “Animals do the same thing year in, century out. That doesn’t change,” said series producer *Huw Cordey*. “You have to up the ante of normal sequences, have better storytelling, better shots. And you can uncover things completely new to science.” Like filming blue whales while feeding—one of the series’ many firsts. Technology is another part of it, Cordey added. Low light cameras for night takes, for instance. And you can film animals more effectively without disturbing them: First used in Planet Earth, the Cineflex camera found a new home in The Hunt—attached to an elephant to film tigers. — *Kaylee Hultgren*

**Reviews:** “The Hunt,” premiere, Sun, 9pm, **BBC America**. How long does it take to realize this 7-part doc about species’ survival is special? It’s almost immediate if the viewer pays attention to the photography accompanying the opening credits. As impressive as that is, it’s just one of many reasons “The Hunt” is an amazing piece of televised storytelling. The wonderful Sir *David Attenborough*, 90 years young, lends his voice and insight as a naturalist to the project. Whispering when a predator is preparing to pounce, he informs us, importantly and incredibly, that most predator hunts result in failure. While there are scenes of killing, most of the visuals show the preparation for predation. -- “Ray Donovan,” Sun, 9pm, **Showtime**. A predator of a different sort, the habitat of “fixer” Ray (*Liev Schreiber*) is L.A.’s glitterati, yet at heart he’s a thug, albeit somewhat likeable. As Season 4 begins, Ray deals with a boxer’s complicated life while dealing with his own messy existence. -- “Tyrant,” Season 3 premiere, Wed, 10pm, **FX**. Good thing this series is about familial relationships. The geopolitics of its plot sometimes is difficult to follow. This season American doctor Bassam (*Adam Rayner*) attempts to institute democratic ideas in Abuddin, the Mid East country he now rules. *Chris Noth* joins the cast as a stereotypical American general. - *Seth Arenstein*

Basic Cable Rankings (06/20/16-06/26/16)			
Mon-Sun Prime			
1	FOXN	0.8	1964
2	DSNY	0.7	1646
2	HGTV	0.7	1559
4	USA	0.6	1496
4	DISC	0.6	1417
4	TBSC	0.6	1350
4	ESPN	0.6	1301
8	TNT	0.5	1219
8	HIST	0.5	1183
8	FX	0.5	1130
8	FS1	0.5	1038
8	BET	0.5	1008
8	UDN	0.5	618
8	DSE	0.5	112
15	ADSM	0.4	987
15	MSNB	0.4	985
15	FOOD	0.4	905
15	OWN	0.4	799
15	ID	0.4	790
15	HMM	0.4	615
21	HALL	0.3	755
21	NAN	0.3	738
21	CNN	0.3	729
21	TLC	0.3	728
21	AMC	0.3	704
21	APL	0.3	677
21	BRAV	0.3	667
21	A&E	0.3	666
21	DSJR	0.3	597
21	NKJR	0.3	594
21	SPK	0.3	576
21	VH1	0.3	573
21	LMN	0.3	512
34	LIFE	0.2	565
34	FRFM	0.2	554
34	TVLD	0.2	513
34	WETV	0.2	495
34	GSN	0.2	493
34	SYFY	0.2	491
34	INSP	0.2	473
34	TRAV	0.2	451
34	NGC	0.2	433
34	CMDY	0.2	427
34	MTV	0.2	421

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



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