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What the Industry Reads First

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Shake Hands: Charter, Univision Settle Contract Dispute

The last programmer with a pending lawsuit against **Charter** over its attempts to use **Time Warner Cable's** rate card has agreed to dismiss its case. On Friday, **Univision** and Charter informed the court of their intent to dismiss claims against one another. The two have a settlement, but details are unknown at this time. Univision filed the suit in July 2016, with the two companies disagreeing over whether Charter could use the more favorable terms of Time Warner Cable's contract with the programmer or if it had to renegotiate a deal since its contract expired June 30, 2016. All of this came about following Charter's completion of its acquisition of TWC in May 2016. Univision was the first programmer to file such a case, with **Showtime** and **Fox News** soon filing similar complaints. Those cases were settled months ago, while the Univision dispute continued on. The Univision spat was the only one to result in a channel blackout for Charter, with the MSO losing Univision, El Rey and other content for about a day in February before a judge stepped in and granted a temporary restraining order that returned the programming. The two later agreed to keep Univision networks on Charter as motions on summary judgment made their way through the proper legal channels. The Spanish-language programmer just went through a month-long blackout with **Verizon**. The networks returned to Fios in mid-November after a new agreement was settled on. Last year, Univision channels were dark on U-verse for about two weeks. Currently, **DISH** is suing the programmer over its decision to broadcast last season's Liga MX games in English on **Facebook Live**, claiming it violated its affiliate agreement. Univision Deportes carries the same matches, but in Spanish. Univision has wrapped several carriage deals in recent months, announcing a new pact Friday with **Frontier**.

Disney-Fox's Industry Impact: Is the reportedly impending **Disney-Fox** megadeal a red flag for the entire US media industry? **Bernstein** analyst *Todd Juenger* believes so. In a research note published Friday, Juenger wrote, "We believe Disney seeing itself as 'too small' and Fox deciding to 'sell' is bad news for the sector." Juenger, who has been bearish on programmers in the cable space, pointed to **Viacom**, **Discovery** and **AMC Networks** as companies with the most cause for concern. "If Disney acquires Fox, we would expect the already bleak outlook for these little, over-levered pureplay cable network companies to be even worse." Still, Bernstein noted that the market tends to bid up media stocks anytime there's M&A in the space, so investors in those companies can expect at least a temporary bump



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if the deal goes through. As for whether the deal is positive for Disney, Juenger wrote many of the assets the company would be acquiring from Fox at a premium “strike us as off-brand or strategically unrelated.” While the acquisition of Fox’s RSNs would “solidify Disney’s sports platform,” it also “increases Disney’s exposure to the current decline of the model of fully distributed sports networks.” Even after his analysis, Juenger admitted he and his team “remain as torn as ever” on the future of Disney’s stock, which Bernstein currently rates at “market-perform.”

FCC vs NY AG: The latest salvo in the net neutrality battle centers on the **NY Attorney General’s** inquiry into an alleged one million fake comments submitted into the docket. This past Monday, NY AG *Eric Schneiderman’s* office reported that the FCC’s Inspector General’s office “reversed course” and signaled its intent to assist in the probe. The news came just before a press conference with Democratic FCC commish *Jessica Rosenworcel* and Schneiderman. That was then... “Today the FCC made clear that it will continue to obstruct a law enforcement investigation,” said *Amy Spitalnick*, press secretary for the NY AG. She’s pointing to a letter, signed by FCC general counsel *Thomas Johnson*, that declines to provide requested info to Schneiderman. “The Commission does not make policy decisions merely by tallying the comments on either side of a proposal to determine what position has greater support, nor does it attribute greater weight to comments based on the submitter’s identity,” Johnson wrote, adding that the FCC doesn’t require commenters to verify their identities. “While your letter suggests that the public comment process was somehow ‘corrupted’ by the alleged submission of comments under false names, you offer no evidence that this activity” affected the FCC’s ability to review the record. It’s important to note that the IG’s office conducts independent investigations and reviews of the FCC’s operations, so it could still plan to work with Schneiderman. Johnson’s letter questions what state laws may be potentially violated and contends that the NY AG failed to show authority for a state official to investigate a federal agency’s rulemaking process. Spitalnick said impersonation is a clear violation of NY law. “Everyone—especially the FCC—should want to get to the bottom of this before deciding vital public policy based on a corrupted process that seemingly involved illegal activity,” she said. Rosenworcel blasted the gen counsel’s letter, noting it was “handed to the press” (it was first published in Politico), but is unavailable on the FCC’s website. In a statement, she called on a delay to Thursday’s planned vote until “we get to the bottom of this mess.”

Ohio is for Streamers: Ohio-based cable operator **MCTV** is making **Netflix** available through its Fusion Multi-Room HD-DVR platform, which uses **Espial’s** Elevate user interface. The integration allows customers to access Netflix directly through Elevate or to cast Netflix to their TV from a personal device. Users have to use their preexisting Netflix subscription to take advantage of the functionality. MCTV services more than 47K homes and businesses across five Ohio counties.

Head in the Cloud: **Cisco** intends to acquire India-based software company **Cmpute.io** (also known as 47Line Technologies) in a deal expected to close in 2Q18. Cmpute.io’s solution analyzes cloud-deployed workloads and consumption patterns, and identifies cost-optimization strategies.

Local Leader: **Hulu** continues to lead virtual MVPDs in terms of adding local stations to its live TV offering, bringing on an additional 23 **ABC** and nine **NBC** affiliates. The additions bring Hulu’s total live station count to 440.

People: **ESPN** named *Jeff Stallings* vp, fan engagement. He will be based in NYC and report to svp, marketing and consumer engagement *Wanda Young*. Stallings previously served as **Walmart’s** senior director of media.

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