

Cablefax Daily™

Thursday — June 21, 2018

What the Industry Reads First

Volume 29 / No. 119

Firing Back: Disney Ups Bid for 21CF to \$71.3 Billion

It was only a matter of time. **Disney** upped its bid in the hunt for **21st Century Fox** assets, offering \$71.3bn in cash and stock. It breaks down to \$38/share, a mix of stock and cash. 21CF shareholders would have the option to elect cash or stock in the combined entity should the deal move forward. If there was anyone doubting Disney's commitment to acquiring the 21CF assets, they've been proven wrong. "Before, the only outstanding question was whether Disney's board and management would go to the mat on this transaction?" **MoffettNathanson** said in its note on the proposal. "We now know the answer is clearly yes!" **MoffettNathanson** analysts believe Disney has the superior balance sheet with fewer regulatory hurdles than what competitor **Comcast** may face. Disney agrees. "We have a very strong balance sheet which has provided us with great flexibility and access to attractive financing over the years, and we always said we would be willing to deploy out balance sheet to advance our strategic objectives," CFO *Christine McCarthy* said on an investor call Wednesday. "This is one of those opportunities." **Moody's** placed Disney's A2 and P-1 ratings on review for downgrade following the announcement, projecting its debt/EBITDA ratio would be at about 4x at closing, assuming it acquires Fox and Sky at current bid prices. Not all is said and done, with the *Murdoch* family and the 21CF board still deciding which offer is the better one. Plus Comcast may sweeten its offer. "In light of the revised terms contained in the amended and restated Disney Merger Agreement, 21CF's board, after consultation with its outside legal counsel and financial advisors, has not concluded that the unsolicited proposal it received on June 13, 2018 from Comcast could reasonably be expected to result in a 'Company Superior Proposal' under the Disney Merger Agreement," 21CF announced in its statement following the amended agreement. There are still plenty of positives for Disney, even if Comcast makes a higher bid. On the investor call, Disney CEO *Bob Iger* made it quite clear that the regulatory battles that would come from a deal with Comcast would differ from those they've already seen with Disney. Even just looking at the work 21CF and Disney have done in the past six months to earn regulatory approval shows that it would be a harder road to start fresh with Comcast, and that doesn't consider any problems that could arise due to Comcast's vertical integration and 40% control of the broadband market. Now it's Comcast's turn to prove its mettle. *John Janedis* from **Jefferies** believes that Comcast will raise its bid to somewhere in the low \$40s per share. **Newstreet** said some investors have speculated Comcast could bid as

SUPPORT THE ACA ON ITS 25TH ANNIVERSARY!



Cablefax will celebrate ACA's 25th anniversary in a special section of the Top Ops magazine. Coverage includes ACA's genesis as an advocate for Tier 2 and 3 operators, its evolution into an influential force in Washington and its ongoing impact on the industry at large.



THE ACA'S ADVOCACY IN DC HAS NEVER BEEN MORE IMPORTANT. SHOW YOUR SUPPORT WITH AN AD IN THE TOP OPS MAGAZINE.

Advertising: Olivia Murray at omurray@accessintel.com

PUBLICATION DATE: July 29 | Ad Sales Close: July 6

DISTRIBUTION INCLUDES: The Independent Show and SCTE's Cable Tec-Expo 2018

Cablefax's Program & Trailer Awards are the perfect opportunity for all your shows, talent and entertainment icons to shine. *New this year: Check out the Short Form & Online/Mobile categories!*

Program Categories

What are the best shows running on screens around the world? Who are the best actors and actresses that make fans tune in on all screens? We want to know!

Platinum Shows and People

- Best Actor
- Best Actress
- Best Program
- Best New Program
- Best Showrunner

Best of the Best

- Best Branded Content
- Best International Content
- Best Mini-Series
- Best Opening Sequence
- Best Video on Demand Program/Special

By Genre: Best Show or Series

- Animals/Nature
- Animated
- Comedy
- Children's
- Documentary
- Drama
- Education / Instructional
- Faith Based / Religious
- Family Friendly
- Food
- Music
- News
- Public Affairs
- Reality
- Reality Competition / Game Show
- Regional Program
- Sci Fi
- Sports
- Talk Shows
- Other: *Enter your best in a genre not mentioned above*

By Genre: Best Actor/ Actress/Host

- Animals/Nature
- Animated
- Comedy
- Children's
- Documentary
- Drama
- Education / Instructional
- Faith Based / Religious
- Family Friendly
- Food
- Music
- News
- Public Affairs
- Reality
- Reality Competition / Game Show
- Regional Program
- Sci Fi
- Sports
- Talk Shows
- Other: *Enter your best in a genre not mentioned above*

NEW! Short Form (5 minutes or less) & Mobile/Online

- Best Overall
- Branded/Marketing Campaign/ Advertising
- Comedy
- Drama
- Horror
- Documentary
- News/Information
- Sports/Recreational
- Podcast/Videocast
- Educational/Instructional
- Children's/Family Friendly
- Animated
- VR/AR
- Preview/Sneak Peek
- Social/Viral
- Gaming/e-Sports
- Online/Mobile Extras for a Linear Show

Trailer Categories

Don't miss your chance to gain recognition for promos and sizzle reels that entice viewers to watch and engage with their favorite shows, movies, video games, web content and consumer brands. This program covers both creative categories as well as nuts-and-bolts marketing metrics related to tune-in, engagement, sales and overall reach, allowing all the departments that contribute to well-packaged trailers to receive worthy recognition for this vital yet often overlooked marketing tool.

Platinum Categories

- Top Trailer
- Top Network Sizzle Reel
- Best Editing
- Best Directing
- Best Sound / Music Mixing
- Best Graphics
- Most Intriguing / Mysterious
- Most Creative / Surprising
- Most Viral / Shareable
- Most Interactive
- Best Virtual Reality Trailer/Promo

Outstanding TV and Web Content Trailers

- New Show / Series
- Returning Show / Series
- Movie / Mini-Series
- Documentary
- Integrated / Cross-Platform Show/Series
- Comedy
- Drama
- Suspense
- Reality / Docu-Series
- Sports
- News / Public Affairs
- Virtual Reality / Augmented Reality Content
- Branded Network

Outstanding Movie Trailers

- Comedy
- Drama
- Horror
- Thriller
- Science Fiction
- Romance
- Youth
- Fantasy
- Historical/Period
- Documentary
- Sports
- Virtual Reality/Augmented Reality Content

Outstanding Branded Trailers

- Consumer – General Trade
- Technology
- Software Apps
- Amusements
- Food / Travel
- Real Estate
- Toys and Games
- Governmental
- Non-Profit
- Corporate Responsibility/Social Good

Outstanding Trailers in Gaming

- Action
- Adventure
- Puzzle
- Kids
- Comedic
- Horror
- Strategy
- Sports
- Social Conscience
- Science Fiction
- Massive Multiplayer
- Fantasy

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much as \$45 per share. “We continue to recommend Comcast because they can’t destroy the value that the market has already punished them for,” Newstreet told clients. With Fox suspending its July 10 shareholder meeting as the war wages on, it’s just a matter of waiting to hear how *Brian Roberts* and the Comcast team will respond.

C-band & More at July FCC Meeting: Next month’s FCC meeting agenda includes a proposal to make greater use of the C-band, the mid-band of spectrum from 3.7 to 4.2 GHz. The details should be posted Thursday, when the FCC releases drafts of items to be voted on. It’s an important band for cable operators, content providers and broadcasters, and as such, there are concerns about making sure the services that rely on C-band today aren’t interrupted. Just last week, **NCTA**, **ACA**, **NAB** and **NPR** urged the Commission to seek more detail on how the various plans to expand terrestrial wireless would work, including impact on quality and cost of video and audio programming. Cable doesn’t oppose new use of the band, but wants to ensure content transmission remains protected and that satellite customers and earth station owners and operators are made whole for costs incurred in any transition. There’s also an order and proposed rulemaking aimed at stopping and correcting false emergency alerts, which came about following the false missile alert in Hawaii earlier this year. The FCC also is prepared to dive into Kid Vid, the rules requiring broadcast stations to deliver three hours of informational and educational children’s programming each week, which must be 30 minutes long. Commissioner *Mike O’Rielly* has led this effort, questioning if the rules need to be updated given the changes in media since the rules were enacted in 1996. Sen *Ed Markey* (D-MA) has been a strong supporter of Kid Vid rules, promising to oppose any efforts to weaken them.

Incoming FCC Commish: *Geoffrey Starks* moved a step closer to joining the FCC five-member Commission following Wednesday’s **Senate Commerce** nomination hearing. He is expected to be approved by the committee, and then the full Senate will vote. Asked by Sen Commerce chmn *John Thune* (R-SD) if Congress passing a net neutrality law is the best way to protect consumers for the long haul, the Democratic nominee deferred to Congress on legislative priorities. “The FCC is a creature of Congress. We will adhere to the priorities you set and the changes you make,” Starks said, with Thune quipping that he would take it as close as he was going to get to a yes. Later in the hearing, Starks made it clear he supported the FCC’s 2015 order classifying broadband as a Title II service. “It enshrined the protections that everyday Americans, I think, have come to expect from the internet. That is no blocking, no throttling, no paid prioritization and some of the transparency rules,” he said. “Our internet economy is truly the envy of the world. It has been laid on a foundation of openness that I believe is best for the American people.” Starks listed bridging the digital divide as a key concern. With roughly \$600mln pegged for RUS Broadband Loans in the pending Farm Bill, he said it’s essential that there’s coordination between agencies to avoid overbuilding areas with existing broadband service. “The dollars

Cablefax:

What’s Happening in July

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»» Top Operators Magazine

Cablefax’s annual Top Operators Magazine, salutes the operators who are at the forefront of innovation and creativity in the cable industry.

Special Feature: ACA’s 25th Anniversary

»» Independent Voices in Media

Cablefax will analyze the state of independent content as the bundle unravels, OTT flourishes and direct-to-consumer content options across multiple devices has never been more robust. Where will the indie nets and smaller Where will the indie nets and niche players fare in this Brave New World? We’ll take a comprehensive look at the state of the marketplace.

»» The Independent Show

As independent operators return to Anaheim, CA for their annual gathering, Cablefax will preview and cover the regulatory, technology and business strategy debates that always make this NCTC-ACA event a must-attend for anyone with skin in the game.

»» Summer TCA

Summer TCA tends to be a hotbed of news about upcoming fall premieres and other programming — not to mention executive sessions that will address everything from the changing TV business, to ratings and measurement, to the marketing challenges in an increasingly competitive environment.

Awards

Most Influential Minorities

Deadline:
July 13

Most Powerful Women

Deadline:
July 20

are too precious and the time is too precious. We need to make sure one hand knows what the other hand is doing as we advance rural broadband as quickly as possible,” Starks said. If confirmed by the full Senate, the FCC will have two Commissioners hailing from Kansas (Chair *Ajit Pai* also is from The Sunflower State).

FTC Hearings: FTC chmn *Joe Simons* announced a series of hearings on competition and consumer protection in the 21st Century that will begin in September and will take place in DC and at regional offices. Simons said Wednesday that the hearings will “consider whether broad-based changes in the economy, evolving business practices, new technologies, and international developments warrant adjustments to competition and consumer protection law, enforcement priorities, and policy.” Topics to be probed included competition and consumer protection issues in communication, information and media technology networks as well as the intersection between privacy, big data and competition. And yes, the FTC said it would look at the competitive effects of corporate M&A. The Commission is accepting public comment through Aug 20, with the hearing expected to continue through January.

Mobile Ahead for Altice: With **Altice USA** preparing to launch its mobile service next year, it’s tapped *Jean-Charles Nicolas* as svp, Altice Mobile. Altice USA has a full MNVO with **Sprint**, allowing it to connect its network to the Sprint Nationwide network and have full control over Altice Mobile features and customer experience. Nicolas, who reports to co-pres/COO *Hakim Boubazine*, previously served as deputy CEO and CFO at **Altice Dominicana**. Before joining **Altice Group** in 2009, he held positions with French wireless and MVNO provider **Neuf Cegetel**.

Stinchcomb Rises at CuriosityStream: Well-known industry vet *Clint Stinchcomb* is moving into the pres/CEO seat at **CuriosityStream**, the non-fiction streaming service launched by Discovery founder and former chairman *John Hendricks*. Stinchcomb has been heading distribution for the service over the past year, notching agreements with more than 25 third party partners. His time in the industry included stints at Discovery as well as serving as CEO of **Poker Central**. Hendricks’ daughter, *Elizabeth Hendricks North*, has led CuriosityStream as pres/CEO since its launch in March 2015. She will now move into the role as pres, **Curiosity Studios**. “Elizabeth was exactly the right person to join her father in taking his vision of the next revolution in television and building it, from the ground up, into what the company is today,” Stinchcomb said in a statement. “Her passion for producing the blue-chip programming that sets CuriosityStream apart is going to propel Curiosity Studios into its next phase of content creation.” Stinchcomb will lead a veteran executive team including COO *Tia Cudahy*, chief digital adviser *Peter North*, chief content officer *Steve Burns*, CFO *Colleen Slear*, CMO *Adeline Cassin*, CTO *Andre Silva* and CCO *Carrie Hurlburt*.

Rumor Has It: A change is on the way for **Sony Pictures Television**. The company is restructuring to streamline its international TV operations by consolidating its worldwide channels, home entertainment and program sales under SPT distribution pres *Keith LeGoy*, according to a reports from the Hollywood trades. The move comes at a cost, with the restructuring leading to lay-offs as the three divisions merge together into one. A number of senior executives involved in international distribution have already headed out the door as an effect of the move to de-silo SPT.

Merger Watch: The FCC gave **Cincinnati Bell** the green light for its \$650mln acquisition of **Hawaiian Telecom**. The merger is expected to close by July 2, with Hawaiian Telecom stockholders having until 5pm ET Thursday to elect the form of consideration they wish to receive in the deal. Cincinnati Bell is paying roughly 60% cash and 40% stock for the Hawaiian operator, with shareholders having the option of \$30.75 cash for each share or a combination of cash and stock in Cincinnati Bell. The deal will give the combined company some 14K route miles of fiber.

Who’s On Top?: Everyone’s content-crazy nowadays, but **Discovery Channel** rose above to be the most in demand basic network amongst cordcutters and non-subs. In **Beta’s** cable network interest study, it earned a 4 or 5 on a 5-point scale with 51% of participants, five points higher than the second place **FX**. When it came to digital basic, mid-sized or emerging networks, the results were flipped. **FX Movie** earned 53% favor while **Discovery Life** came in at 47%. Amongst those looking to cancel their cable subscription, the top-ranked emerging nets were **MAVTV** and **Revolt TV**. **Velocity** was on top amid digital basic and mid-sized networks. When it comes to watching on other screens, it’s a totally different story. **Nick Music** was the favorite emerging network for those watching on tablet or smartphone, while **Universal Kids** reigned amongst digital basic and mid-sized networks. This is no small group either. Among total adults, 46% watched TV on a smartphone or tablet within the last thirty days.

Records for Cable-Tec: The Fall Technical Forum is setting new records this year, featuring 104 presentations in four dozen workshops at **Cable-Tec Expo 2018**. The Forum, put on by **SCTE-ISBE**, **NCTA** and **CableLabs**, will have workshops providing deeper dives into wireline, wireless, customer experience, video, IoT, cloud, operations and security. Cable-Tec Expo will be held Oct 22-25 at the Georgia World Congress Center.

Think about that for a minute...

By Any Other Name

Commentary by Steve Effros

"That which we call a rose/ by any other name would smell as sweet." The line made famous in Shakespeare's Romeo and Juliet comes to mind when you begin to appreciate what some of the really smart marketers have started to do in providing cable service the way folks want it. Yes, I know, a bit crazy of me to start quoting Shakespeare when writing about cable marketing, but stick with me. You'll begin to appreciate another line as well; 'Tis but thy name that is my enemy..."

And what, in our case, turns out to be the "enemy?" "Video on Demand," often confused with "Pay TV." They're not the same, as those of us in the business know, but for some reason over a period of time a whole host of words have been conflated in numerous marketing campaigns, program guides and in consumers' minds to the point where lots of folks don't really know that they are getting, or at least have the power to get, exactly what they say they have long wanted; specific already paid-for video when and where they want it.

Let's leave out the "where" for the moment. I'm still not convinced that most folks want to watch movies or hockey games on their cell phones. They still love their large screens, whether they are "televisions" on the wall or "computer screens" which are every bit as big as many "television screens" today. That's a discussion for another day. Let's focus on the "when" issue.

First we have to re-educate everyone to understand that while most major cable systems today do, indeed, offer first-run movies for a fee, "pay television," as do Netflix, Amazon Prime, Apple, etc., they also offer aggregated movie services such as HBO or Showtime or Epix. Those "channels" offer both timed "screenings"



of shows as well as "video on demand," meaning the "library" of films is always there for the consumer to access any time they want, but movies and other programs like John Oliver's "Last Week Tonight" episodes are also shown on a schedule. Consumers can watch any way they want to.

Netflix has done a great job teaching folks about "on demand." For some reason, however, the "cable" libraries are still not appreciated in the same way. The "screening" aspect has masked the "library" availability. And here comes the newest marketing twist that may change all that; "restart." If you look at your guide these days you will see a lot more programs, particularly movies and exclusive shows, with a "restart" symbol. All that means is that if someone is looking at the menu of, say, films being shown at any given time, it really doesn't matter if they turned on their set a half hour late, they can hit the "restart" button and see the movie, right then, from the beginning! Magic!

Now you and I know they're simply tapping into the video on demand library, but the consumer has yet to make that connection, and the offering of "restart" is gaining a lot of traction principally because it is simply another way of getting consumers to understand the power at their fingertips! They love it. To be sure, I hope, there will be subsequent campaigns to show them that they can "restart" just about any program in the subscribed library, and we have long called that "Video on Demand," but for now it's a real "win" to let the consumer know, and experience the convenience of "VOD" by another name.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

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