BCAP NewsClips **July 10, 2015**

Politico
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New York Post
Cable firms fear cost hikes as AT&T and DirecTV plan merger

Fierce Cable
TiVo set to double MSO subs as Tier-2 operators seek advanced video services, report says

Reuters
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San Francisco Chronicle
Why Netflix, Amazon, Hulu Haven't Dumped 'The Cosby Show'

Washington Post
Obama's top tech adviser takes fight for Silicon Valley diversity to Washington

pennlive.com
Another day, another setback for Pennsylvania's

Sports-TV powerhouse ESPN, a profit machine that has long towered over the media landscape, is showing signs of stress as the pay-TV industry goes through an unprecedented period of upheaval. A decline in subscribers as customers trim their cable bills, coupled with rising content costs and increased competition, has ESPN in belt-tightening mode, people familiar with the situation say.

The company, majority owned by Walt Disney Co., has lost 3.2 million subscribers in a little over a year, according to Nielsen data, as people have "cut the cord" by dropping their cable-TV subscriptions or downgraded to cheaper, slimmed-down TV packages devoid of expensive sports channels like ESPN. At the same time, the prices ESPN pays for the rights to show games are ballooning. Rivals including 21st Century Fox Inc. 's Fox Sports and Comcast Corp.'s NBC are aggressively pursuing sports properties to feed their own outlets, which is also driving up prices. (Fox and News Corp, owner of The Wall Street Journal, were part of the same company until 2013.)

Last year, ESPN agreed as part of a renewal deal with the National Basketball Association to triple its average annual fees from $485 million to about $1.47 billion, people familiar with the deal said. ESPN sees talent as one area where it can control its costs, and it has been taking a hard line in negotiations. On Wednesday, the company said it was parting ways with star host Keith Olbermann. That followed the exit in May of Bill Simmons, another big name. While Mr. Olbermann's tendency to make controversial statements sometimes landed him in hot water with ESPN and some of its business partners, including the National Football League, the decision was a financial one, a person with knowledge of the decision said.

Other ESPN talent likely facing tough negotiations down the road includes "Monday Night Football" anchor Mike Tirico, reporters Michelle Beadle and Adam Schefter, and radio-host Colin Cowherd, people close to them said. "We are constantly looking at the cost side of our business and calibrating that against our expectations for the future," said ESPN Executive Vice President of Administration Ed Durso. "Regardless of what the future holds, we're incredibly well-positioned to adapt."

The stakes are high for Disney. ESPN will contribute roughly 25% of the company's operating profit this year, according to Nomura Securities. ESPN's fortunes are being

budget talks ***Pittsburgh Tribune-Review*** **Former state Sen. Len Bodack Sr. dies at 82**	closely watched in the media world as cord-cutting picks up and consumers gravitate to streaming services. Sports has long been viewed as the glue holding the pay-TV bundle together, providing leverage for media giants like Disney to distribute wider groups of channels and secure higher fees from pay-TV operators. Since July 2011, ESPN's reach into American homes has dropped 7.2%, from more than 100 million households—roughly the size of the total U.S. pay-TV market—to 92.9 million households, according to Nielsen data. Viewership of SportsCenter, its marquee and high-margin sports-news show, has sagged since September, due in part to the fact that younger consumers are increasingly finding sports news at their fingertips on smartphone apps. To be sure, ESPN continues to trounce other cable channels in ratings, garnering an average of 2.4 million prime-time viewers tuning in live or within seven days since last September. Networks such as The Weather Channel and Viacom Inc.'s Nickelodeon have also suffered steep declines in household reach in the last four years. Among other top networks, Time Warner Inc.'s TNT has shed 6% of its base, and NBCUniversal's USA has lost 5%. The financial stakes are especially high for ESPN because it earns the most carriage fees of any TV channel, about $6.61 a month per subscriber, according to SNL Kagan. In response to the pressures, ESPN has been scaling back ambitious initiatives. One such move was its decision to cancel plans to move its popular morning "Mike & Mike" radio and TV show from the company's Bristol, Conn., headquarters to the ABC studio in New York City that houses "Good Morning America." ESPN announced the idea with great fanfare in May but then put it on hold a few weeks ago. People close to ESPN say the cost associated with relocating to New York was a major factor. As it trims costs, ESPN is also looking for new ways to boost revenue. In previous years, Disney's ABC network received four minutes of time to promote its new shows for the fall during each NBA finals game it aired. This year, ESPN, which manages the NBA rights for Disney, cut that amount by about 75% so that it could sell more ads, people with knowledge of the matter said, a move that angered ABC executives. Disney's concerns about ESPN's subscriber losses have shown up in its deal-making as it tries to get distribution on new online services that compete with traditional pay TV. When Disney struck a deal to put channels on Dish Network Corp.'s Sling TV service, it negotiated the right to terminate the deal if ESPN lost three million Nielsen households after May 2014—a threshold that has now been crossed, according to people familiar with the matter. Other factors could play into Disney exercising that right, including if Sling TV attracts more than two million subscribers, though that benchmark is still a ways off, the people said. ESPN has been an early adopter of new digital business models and has built a huge Web and mobile audience for its news content—an asset as the TV model comes under pressure. But it has moved cautiously in online video, making sure any new product safeguards its lucrative pay-TV business. Some networks like HBO and CBS have launched their own stand-alone online video services to target customers that don't want to buy a cable-TV subscription. ESPN has so far shied away from that route, and it would face some complications in that endeavor. If ESPN offers its channel as a direct-to-consumer streaming service, some pay-TV operators have the contractual right to boot ESPN out of their most widely-sold channel packages and sell it a la carte, according to people familiar with the matter. ESPN would have to charge about $30 a month per customer in an over-the-top offering to make the same money using that model, analysts say. But those distributors would have the right to undercut ESPN in their retail pricing, the people said. To be sure, there are no signs ESPN wants to offer a stand-alone Web version of itself to consumers anytime soon. "As long as the current distribution ecosystem, or the one

that seems to be emerging, continues to create value for us, then we'll rely on it to distribute our product," Disney Chief Executive Bob Iger said on a May earnings conference call. But he added that there is "some development under way" to create products directly for consumers. – ***Wall Street Journal***

Comcast Corp. says it has broadened reach of its free international calling to India, Mexico, China, Singapore and South Korea for those who subscribe to Xfinity Voice Unlimited. Xfinity Voice's free international calling is now available to nearly half the world, the company says. Xfinity Voice Unlimited can be purchased as part of a double- or triple-play package with TV or Internet services, or as a standalone $45-a-month service. The upgraded international calling is now available for customers in Atlanta, Chicago, Detroit, Nashville and Miami. The upgrade will be extended to Philadelphia next week. – ***Philadelphia Inquirer***

Man, what a week for Joe Sestak, the former Democratic congressman looking to unseat Republican U.S. Sen. Pat Toomey next year.

It started with a video - truly mesmerizing - of Sestak clumsily bowling over children at a parade in Delaware County as attendees yelled "Jesus Christ!" and "Watch it!" The video was posted on Vine by America Rising PAC - a conservative video-tracking group with the mission of "cataloguing every Democrat utterance."

It led to headlines such as these: "Toomey Launches First TV Ad, While Sestak Runs Over Children At 4th Of July Event" -*Townhall.com;* "PENN. DEMOCRAT JOE SESTAK CAN'T STOP KNOCKING OVER KIDS DURING LOCAL JULY 4TH PARADE" - *Breitbart.com;* "Watch Joe Sestak trip over kids on Fourth of July" - *Washington Post*.

But the Clout Award for Best Coverage of this six-second disaster goes to the *Washington Free Beacon*, with the headline: "Democrat Mows Down Small, Innocent Children at July 4th Parade." Their lede: "As other candidates spent their Independence Day kissing babies, Democrat Joe Sestak spent his running them down." Honorable Mention goes to Scott Sutton, digital editor for the *Sun Times Network*, who wrote that Sestak "found out the hard way that running for office can include some bumps along the way - and sometimes those bumps are little children."

Then, on Wednesday, U.S. Rep. Bob Brady told the *Inquirer's* Jonathan Tamari that he'd back Katie McGinty "100 percent" over Sestak in the 2016 Democratic Senate primary. Sestak, a former Navy admiral, is kind of a lone wolf in Democratic politics, and he doesn't take orders well. This annoys party leaders to no end. "It's his own free-thinking ways of doing things. Well, we're free thinking, too, and we're free thinking Katie McGinty," said Brady, chairman of Philadelphia's Democratic City Committee. McGinty is Gov. Wolf's chief of staff.

We've known Sestak since he got involved in Delaware County politics in 2006. He probably has more integrity than the average politician, but also has a personality that some voters and colleagues just find . . . strange. This much we can guarantee: Sestak doesn't give a flying rip what Bob Brady says. But that Vine had 440,460 views as of yesterday afternoon. That's a bit concerning. – ***Philadelphia Daily News***