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WHAT THE INDUSTRY READS FIRST

Deja Vu: Skydance, National Amusements Agree to New Paramount Deal

Here we go again. **Skydance Media** and **National Amusements** have agreed to a new preliminary agreement that would see the former acquire **Paramount Global**.

Reports of the new deal, which came first from the *NYT* and *WSJ*, come less than a month after discussions between the two sides fell apart. The deal negotiated at that time would have seen Skydance acquire National Amusements for approximately $1.7 billion in cash before bringing Paramount into Skydance as part of a stock deal.

The revised proposal would have Skydance pay $1.75 billion for National Amusements, and the deal would move through a 45-day "go-shop" period that would allow other interested parties to submit competitive bids. Stock prices had risen by 6.9% by market close on the back of the news.

That means once more, we're in a game of wait-and-see. The deal still needs to be given a thorough review by a special committee of Paramount board members, though there are reports it could be finalized by Monday. History shows not to hold your breath. Should we again see a Skydance deal collapse, who else could pop up as a potential bidder of Paramount? Among the rumored suitors is *Barry Diller*, Chairman of **Expedia** and internet and publishing firm **IAC**.

Other names mentioned when the first deal between Skydance and National Amusements fell apart included former media executive *Edgar Bronfman Jr*. and *Steven Paul*, who was heading an investor-led consortium. There also continue to be reports of ongoing talks to sell off pieces of the business like **BET Media Group** and conversations around merging **Paramount+** with another streaming service like **Warner Bros. Discovery**'s **Max**. And while all this is going on, Paramount's trio of co-CEOs—*George Cheeks*, *Chris McCarthy* and *Brian Robbins*—continue to push forward on a new plan of attack to cut costs and enhance profitability in the streaming division.

The ping-pong battle between bidders and strategies continues to sow seeds of uncertainty with those who call Paramount home, particularly as its businesses continue to face a world of challenges before the company returns to a stable state.

"Any plan, and any potential buyer of Paramount will have to contend with a company whose mix of assets presents in many ways a challenged hand for navigating the shifting winds of media. The vast majority of the company's EBITDA is still driven by a linear network portfolio that is unfortunately skewed (outside of **CBS**) towards general entertainment (the content category seeing the most rapid decline)," **MoffettNathanson** wrote in a note following the initial breakdown of talks between National Amusements and Skydance. "And critical to Paramount's linear cashflow is its new deal with **Charter**, though we still lack clarity over how the deal affects rate per subscriber, whether **Showtime**'s economics were adjusted and the impact from provisioning Paramount+ adtier to Charter subscribers."

Paramount and Charter reached a new multi-year distribution deal in May that included Paramount's full portfolio of linear cable networks and CBS-owned-and-operated broadcast stations. As part of the deal, Spectrum TV customers gained free access to Paramount+ Essential and **BET+** Essential and Charter made all Paramount DTC products available to its internet-only customers.

FRONTIER PONDERING JV

Frontier is in discussions to form a joint venture for fiber investment with the private equity firm **Stonepeak**, according to a report from *Bloomberg* citing people with knowledge of the matter. The jv could potentially come with a capital injection of $500 million-$1 billion. Talks are still taking place and the final terms haven't been solidified, but **New Street Research** isn't shocked by the report. "This news shouldn't be surprising to Frontier investors as the company has spoken about an ongoing strategic review which includes an option of a JV with a financial partner. We had estimated that the value of Frontier's stake in the JV could be worth $11/share or ~40% of current stock price levels. We will update our model once we know more details about the number of locations and the actual funding plan," the firm said in a note. Stonepeak oversees $65.1 billion in assets.

KAITZ FOUNDATION BECOMES PART OF NCTA EDUCATION FOUNDATION

The **Walter Kaitz Foundation** has officially been fully integrated into the **NCTA Education Foundation**. The decision came after a year-long strategic assessment of the foundation by a committee of DEI professionals and senior industry executives. The integration went into effect on May 22 following approval from the former Kaitz Foundation board and the NCTA Education Foundation board. The Kaitz Foundation has called **NCTA**'s D.C. headquarters home since 2004, and the NCTA Education Foundation has been working alongside it to build on the industry's impact in communities across the nation. The NCTA Education Foundation will continue to operate the former Kaitz Foundation's grant programs and support legacy industry organizations and efforts. As of right now, there is nothing pending when it comes to the addition of an executive director and current staff will continue to implement organizational priorities, including the annual Kaitz Dinner set for Oct. 23. *Michelle Ray*, the organization's last executive director, left the position in December 2022.

The WHO and the WHY

CFX's spotlight on recent new hires & promotions

ANAÏS **Lempereur**
CFO
HALLMARK MEDIA

3 THINGS TO KNOW

- Anaïs is departing the Paramount mountain for an executive role with Hallmark Media. She'll officially join in August and oversee financial operations, driving the company's financial growth and success. Anaïs will be based in the company's office in LA's Studio City and report to Hallmark EVP/CFO Jim Shay.
- At Paramount Global, Anaïs was SVP, Finance/CFO for AVOD streamer Pluto TV, which rose to around 80 million monthly active users by the end of her nearly five-year tenure. Before entering the programming ecosystem, she served as SVP, Finance for the fast-casual restaurant chain Sweetgreen and as Global Director, Financial Planning and Analysis for Spotify.
- Anaïs earned her Bachelor's in Applied Economics and Masters in Economics from Université libre de Bruxelles in Brussels, Belgium. She was also a Program Manager, External Relations for four years at the school.

FCC DECLINES BLANKET AMNESTY PERIOD FOR RDOF, CAF II

The **FCC**'s Wireline Competition Bureau has declined a request to offer a blanket amnesty period to RDOF and CAF Phase II support recipients, pointing to the flexibility available under existing default processes and a lack of demonstrated need for broad relief. In guidance issued to support recipients Wednesday, the agency encouraged any carriers experiencing trouble meeting their broadband deployment obligations or experiencing significant challenges to reach out to the agency to explore options on a case-by-case basis. Early knowledge of a potential default not only limits penalty costs to carriers, but also allows the FCC and its sister agencies time to more accurately plan for which locations will be up for grabs through the BEAD program and other grant programs. "In recent months, the Bureau has quickly responded to default requests for these high-cost programs, has approved transfers of deployment obligations to other carriers which avoids support payment recovery and default penalties, and has waived Commission rules where warranted to reduce support payment recovery and default penalties," the bureau said in the guidance. "The Bureau also has the ability, where good cause exists based on individual circumstances, to waive other non-compliance

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rules for defaults in these high-cost programs."

FIBER FRENZY

Residents and businesses in Belle Plaine, Minnesota, will soon be able to get **Metronet**'s fiber internet service thanks to a fully funded $2.3 million investment from the company. Metronet offers up to 5 Gbps for residential customers and up to 10 Gbps for businesses. Construction is scheduled to begin this summer and first connections are expected by the fall. – **C Spire** is expanding in Jackson County, Mississippi, to reach more than 1,700 residents in Pascagoula and 500+ in Moss Point. Trucks and crews will be working in neighborhoods throughout Pascagoula over the next 6-8 months and in Moss Point during the next 18 months.

CARRIAGE

Sling Freestream added six channels to its lineup: 5-Minute Crafts, 123 GO!, Bright Side, La La Life, Slick Slime Sam and TeenVee. Sling Freestream currently offers over 430 channels and more than 41,000 on-demand titles.

WEEKLY RATINGS

It was the news nets' time to shine the week of June 24-30. Headlined by Thursday's Presidential Debate, **Fox News** was still at the top of the primetime chart with 2.96 million viewers P2+. **CNN** climbed its way to second with 1.39 million and **MSNBC** third with 1.29 million, while **ESPN** and **USA** rounded the top five with 1.19 million and 789,000, respectively. Fox News also took the total-day crown for the week with 1.57 million viewers. MSNBC recorded 769,000 in second while CNN took third with 565,000. ESPN had 485,000 and **HGTV** came fifth with 402,000 for the week.

SPORTS RATINGS

Though the match ended with the U.S. men's national team crashing out of the Copa América group stage, **Fox Sports 1** averaged 3.78 million viewers for Uruguay's 1-0 win Monday. That makes it the most-watched non-World Cup soccer telecast ever on FS1 and is the most-watched English-language Copa América telecast ever in the U.S. Viewership peaked at 4.87 million from 10:30-10:45pm. Top available markets were Kansas City, Atlanta, Las Vegas, San Diego and Dallas. The tournament is averaging 1.1 million viewers across FS1, **Fox Sports 2** and **Fox** through Monday's games, which is up 411% compared to the 2021 tournament and up 48% vs 2016 to-date. Time will tell if the U.S. and Mexico's group-stage elimination from Copa América will have an impact on forthcoming ratings. Across the pond, the UEFA Euros tournament is averaging 1.24 million viewers across FS1 and Fox, good for a 31% improvement from the equivalent 2021 tournament to date 948,000). – **ESPN**'s "NBA Today Free Agency Special" on Sunday averaged 1.24 million viewers, according to Nielsen, making it the network's most-watched NBA free agency special ever. This year's telecast was up 207% compared to last year's free agency show. It also saw a peak of 1.44 million. The special followed the **WNBA** contest between the Indiana Fever vs Phoenix Mercury, which recorded 1.93 million viewers.

ON THE CIRCUIT

As "Days of Our Lives" gets ready for its 60th season, **Peacock** set the date for the annual "Day of Days" event for Nov. 2. The free event for the drama formerly on **NBC** will feature cast members in person, autograph signings, photo opps and more, including on-site merchandise for the first time in the event's history.

PROGRAMMING

The annual Nathan's Famous Hot Dog Eating Contest returns to **ESPN** nets Thursday, though this time it'll be without *Joey Chestnut*, who won't be competing this year because of a brand partnership conflict. Coverage of the women's competition will start at 10:45am on **ESPN3**, before the men's competition airs on **ESPN2** at noon. The men's event will re-air at 5pm and 9pm on ESPN. Also in ESPN's world, the network re-signed "SportsCenter" anchor and studio host *Gary Striewski* to a multi-year contract. He joined the network in 2018 and will continue co-hosting the 7am edition of SportsCenter alongside *Randy Scott*. – More RSNs are jumping on the cricket hype train. **ROOT Sports**, **Bally Sports Southwest** and **Bally Sports SoCal** will join **Monumental Sports Network** and **YES Network** as local networks airing Major League Cricket matches after signing agreements with **Willow**. The season begins Friday at 3:30pm. – **Apple TV+** is coming out with a six-episode thriller "The Dispatcher." – **HLN**'s series "How it Really Happened" is returning with a two-hour report "The Atlanta Olympic Bombing" on July 21 at 9pm on **CNN**. – **Netflix** will roll out Season 2 of "Baby Driver" come Aug. 22.

TRADE WINDS

It's a new era at **Multichannel News** and **Broadcasting + Cable,** with Content Director *Kent Gibbons* hanging up his editor's pen last week after 30 years. He started as Multichannel News in 1994. He is succeeded by *Michael Malone*, Senior Content Producer at B+C and MCN, part of **Future B2B**. Malone joined B+C in 2005.

EDITOR'S NOTE

With **Cablefax's** parent company closed July 4-5, CFX Daily will be on hiatus until July 8. Have a safe and happy Fourth of July!

Think about that for a minute...

A Double Whammy

Commentary by Steve Effros

This one's not hard to write. I've been telling you about what was likely to come out of the Courts regarding regulatory law and particularly, as it relates to us, "net neutrality" for a very long time. Well, it all happened last week.

Let's start with the big decision by the Supreme Court. It just comes as no surprise that a conservatively loaded court was going to at least dismantle, if not eviscerate the "Chevron Doctrine," which, as I have explained many times, was the principal tool used by Congress to provide "expert agencies" the latitude to keep the administrative laws governing this country up to date. The Supreme Court gave Congress that tool 40 years ago. Now it has taken it away.

It couldn't be clearer that "Chevron," which instructed courts to give "deference" to the interpretation of an administrative agency, like the FCC, of its own empowering statute has been reversed. In his decision, the Chief Justice said precisely that. We'll get into the speculation as to what that all means for the future of the "administrative state" in a little while. For now what it means for us is that the hurdles are now almost insurmountable for the FCC's new imposition of net neutrality to survive legal challenge.

The hundreds of pages of explanation provided by the Commission for why it was now reversing course of a previous administration that eliminated those rules are based on the premise that the Courts would look at the Commission decision through the lens of the Chevron Doctrine. That is, the court would give deference to the agency. That's now gone. We have "textualist" judicial "logic" sweeping away precedents that have stood for many years. And the fact is, there is nothing in the current Communications statute that says the Commission can, on its own, decide to declare an industry (broadband) a common carrier. End of discussion.

Of course, the new FCC rules were already legally challenged, in a whole bunch of different jurisdictions. The way that's dealt with is that one Federal Circuit Court of Appeals is chosen, by lottery, to hear all the cases. This one landed in the 6th Circuit. The FCC tried to get it moved to the DC Circuit since in an earlier day a similar case had been heard there on net neutrality and the Commission had won. That's, of course, before the Commission itself had changed its mind! But regardless, the Sixth Circuit, last Friday, said no. It has decided to hear the case itself.

The folks appealing had also asked for a "stay" of the new rules which are supposed to go into effect at the end of this month. Given what the Supreme Court just did, it's highly likely a stay will be granted. And as I noted a few weeks ago, appealing that stay to the Supreme Court Justice in charge of such things for the 6th Circuit is not likely to succeed since that's Justice Kavanaugh, who, when he was on the DC Circuit had already announced he did not think the FCC had the authority to invoke Title II net neutrality. To say the odds ain't good for the Commission would be an understatement! They just got hit with a double whammy!

OK, so clearly there are a lot of things that need to be said about where we go from here on the broader question of how the government and policy makers are going to deal with regulating "high tech." That, of course, covers most of what I write about in this column; television, cable, wireless, broadband, Internet, social networks, AI, and all the rest. It's going to be a very messy, complicated time. But one thing is for sure; there will need to be some forms of regulation.

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.)