

SUPPLEMENTAL DIRECT TESTIMONY OF DALE HOPKINS

I, Dale Hopkins, hereby declare:

A. Background

1. I joined Game Show Network, LLC (“GSN”) in early 2009 as its Chief Marketing Officer. In that role, I oversaw GSN’s marketing and branding strategies directed at female viewers ages 18 to 54. I was hired by Chief Executive Officer David Goldhill to help the network market itself to its existing female viewership and to help attract new female viewers to our programming.

2. I have served as the Executive Vice President of Distribution for GSN since March 2011. I oversee GSN’s distribution strategy, participate in GSN carriage negotiations, and manage the network’s relationships with our affiliate partners.

3. Before joining GSN, I had significant experience working at female-oriented networks. From 1990 to 1999, I was part of the founding team of E! Entertainment Television, a women’s network focused on celebrity and entertainment industry news, gossip, and commentary, first serving as its Vice President of Advertising Sales and later as its Chief Marketing Officer. While at E!, I also helped develop the Style network, featuring women’s-oriented content in the fashion space.

4. I have over 30 years of experience in the television industry. I have worked at a number of television networks, including CBS, the Financial News Network, CNBC, and G4. Immediately prior to joining GSN, I served as interim Chief Executive Officer for Championship Gaming Series, a joint venture between Star Asia, BSkyB, and DIRECTV.

B. GSN's Branding & Marketing Strategy

5. I was approached by Mr. Goldhill to join GSN in 2008. I understood that GSN's viewership had historically been predominantly female because game shows appeal primarily to women. Mr. Goldhill explained to me that he wanted to continue to cater to that female demographic while broadening our content. I was hired to help develop a marketing and branding strategy that would highlight the network's newly-developed female-oriented original programming and that would bring new women viewers to the network. It is my understanding that I was hired in part because of my experience marketing to female viewers and building female brands during my tenure at E! Entertainment Television and the Style Network.

6. As CMO of GSN, I worked to develop marketing plans geared to women in the 25 to 54 and 18 to 49 demographics. In coordination with the head of Programming — at the time, Kelly Goode — we sought to deliberately program for and market to women in those core demographic categories. (See GSN Exhs. 51, 79, 144.) And my goal was to help increase the network's delivery of viewers in those categories, in part to bolster our advertising sales efforts, which focused on the [REDACTED] "demo." Indeed, in each core aspect of our business, our primary focus was on retaining and attracting female viewers to the network.¹ (See GSN Exh. 72 (describing the network as [REDACTED]

¹ Until late 2011, GSN aired poker programming, which admittedly did not fit with the remainder of the network's programming and branding efforts. I was not concerned that poker would detract from the network's female-oriented brand because it was programmed as an "island" on weekend nights, where the network's viewership was already lower, in part due to highly-rated female-oriented shows airing on the broadcast networks. We retained poker programming only because it was highly profitable from an advertising sales perspective. This is not uncommon in my experience. When I was at E!, for instance, [REDACTED] [REDACTED]. Airing such programming did not detract from the network's female orientation.

7. A network's "brand" differentiates it from its competitors. As such, to develop and update GSN's brand, we needed to frequently monitor and understand our competitive set. GSN's competitive set includes those networks that similarly program and market to women ages 25 to 54 and 18 to 49. Throughout my time at GSN, WE tv has been part of that competitive set.² (*See, e.g.*, GSN Exhs. 11 & 57). While we look at other features of our audience (including, for instance, average income, median age, or geographic composition), those features do not determine which networks are part of our competitive set. Rather, the primary criterion we look at is whether the network caters to female viewers ages 18 to 54 in terms of content, marketing, and advertising sales.

8. As head of marketing, I worked with my department to develop a new brand campaign for GSN entitled "The World Needs More Winners." The campaign focused on real life "winners," highlighting inspirational stories about our viewers and employees. The campaign was initially conceived in 2009, in the midst of a nationwide economic recession, and was designed to showcase uplifting anecdotes and triumphs in the lives of real people. The rebrand highlighted an element of GSN's content that differentiates the network from other female-oriented networks — that is, its focus on competition and winners. But it took the concept of "winning" outside the four corners of a television show, emphasizing true stories about individuals "winning" in life despite a host of challenges. We believed such stories would resonate strongly with our female viewership.

9. My team and I also worked to secure marketing partnerships to promote the network's new original programming. In doing so, we looked for promotional partners that

² Although Wedding Central never matured into a meaningful competitor, we did monitor the network's growth because we believed that, had the network progressed sufficiently, it would have fallen into our competitive set and would have appealed to similar viewers.

would broaden GSN's exposure and bring in high numbers of female viewers. For instance, we explored partnerships and brand integrations with female-oriented publications like Ladies Home Journal, People Magazine, and Redbook, and with cosmetics companies like Maybelline. (GSN Exhs. 23, 30, 38, 61, 62 , 73).

10. In addition, I oversaw GSN's efforts to partner and cross-promote its programming with other networks. In developing "crossovers," we primarily sought out networks that targeted and delivered high numbers of female viewers. Our first priority was reaching an audience similar to ours, *i.e.*, viewers that were likely come over to the network and sample our programming.

11. Not surprisingly, then, on a number of occasions, GSN and WE tv negotiated and in several circumstances developed "crossover" promotions for their programming. For example, three couples from the WE tv show *Bridezillas* appeared on our *Newlywed Game*, and WE tv broadcast promotions for *The Newlywed Game* on its own network. GSN also featured talent and clips from WE tv's *My Fair Wedding* and *Joan Knows Best?* on its interstitial program *GSN Live*, in exchange for on-air promotional inventory on WE tv. In each of these circumstances, the networks' shared media agency, Media Storm, facilitated the negotiations to create advantageous opportunities for each network. (See GSN Exhs. 20, 21, 22, 105, 148).

12. In addition to these completed deals, WE tv approached GSN concerning other possible cross-promotion opportunities to promote WE tv's *Downsized* and *Sunset Daze*. (See GSN Exhs. 148 & 173). Although GSN declined these proposals due to promotional schedules for its own shows, the proposals illustrate WE tv's active interest in crossover promotions with GSN. Indeed, the networks' history of crossovers evidences WE tv's

understanding of the competitive similarity of the two services and its understanding and belief that the same viewers who watch GSN watch or may be persuaded to watch WE tv.³

C. GSN's Distribution on Other MVPDs and on Cablevision

13. In March 2011, I took over as Executive Vice President of Distribution for GSN, a role previously held by Dennis Gillespie. In this capacity, I frequently meet with representatives from multichannel video programming distributors ("MVPDs") to discuss carriage of GSN.

14. In pitching GSN to MVPDs, we try to set ourselves apart from our female-oriented competitors to make a compelling case for carriage. We highlight the uniqueness of GSN's content to differentiate ourselves from other networks that appeal to women 18 to 54 — that is, we emphasize the competition-based elements of GSN's programming. This is a competitive positioning strategy to demonstrate to MVPDs that GSN can deliver something unique to their lineup. Indeed, in trying to distinguish ourselves, we emphasize that we provide unique content that other women's networks do not provide to the same extent. This helps us compete with those other networks for the specific purpose of obtaining additional distribution for GSN.⁴

³ GSN has done "barter deals" with other networks that were not as strong of an audience fit as WE tv. However, GSN does not have any sister networks with which it can trade cross-channel promotional spots, nor does it have a corporate parent that will provide it with substantial marketing support. Accordingly, the network is forced to entertain crossover proposals from networks whose audiences may not align as closely with GSN's, to the extent that such proposed deals can help GSN obtain enhanced marketing exposure at minimal cost.

⁴ In other words, this is not a positioning made to consumers to attract viewers, but rather a business-to-business pitch made solely to increase the number of consumers who have access to GSN and who therefore might, through consumer-targeted marketing of different sorts, be enticed to become GSN viewers.

15. GSN also seeks to secure marketing support and favorable packaging and channel placement from its affiliate partners. While GSN is a strong performer nationwide in terms of the ratings it can deliver, it is my experience that the network performs best in markets where it receives support from its distributors. For instance, GSN has been highly successful in urban markets like St. Louis, Detroit, and Philadelphia because the dominant cable providers in those markets support the network with promotional inventory and preferred packaging.⁵

16. From my review of documents relevant to my current position at GSN, I understand that GSN launched on Cablevision systems in 1997 pursuant to an affiliation agreement between Game Show Network, L.P. and Cablevision Systems Corporation. The initial agreement expired in [REDACTED] [REDACTED] (GSN Exhs. 194, 195, 196). My understanding is that, after the agreement between the parties expired, my predecessor, Mr. Gillespie, sought to engage Cablevision in renewal negotiations but was told that Cablevision would block a renewal on terms consistent with the previous agreement. To this day, Cablevision carries GSN at-will, without a formal contract, and at a rate [REDACTED] [REDACTED] since the contract expired in 2005.

17. In late 2010, after nearly fourteen years of continuous carriage on Cablevision's iO Family tier, reaching approximately [REDACTED] of Cablevision's New York area

⁵ Cablevision has not provided GSN with the same level of marketing support and favorable channel placement that GSN enjoys with other distributors. Nonetheless, GSN has managed to deliver strong ratings in the New York market. *See, e.g.*, GSN Exh. 95 [REDACTED]

[REDACTED] *see also* GSN Exh. 131 [REDACTED]

subscribers, Cablevision announced its plan to reposition GSN to the iO Sports Pak, which in 2011 reached approximately [REDACTED] of its New York subscribers, *see* GSN Exh. 175, and is comprised exclusively of services very dissimilar to GSN — all male-targeted and mostly sports networks. (*See* GSN Exhs. 114, 284.)

18. A few months later, I took over as the EVP of Distribution. On March 8, 2011, I spoke with Cablevision’s Senior Vice President for Programming Acquisition, Tom Montemagno, as part of GSN’s efforts to engage Cablevision in meaningful discussions regarding the restoration of GSN’s carriage. Mr. Montemagno called me to formally reject an offer made by GSN and Sony that would have [REDACTED]

[REDACTED] Although this proposal would require GSN to [REDACTED] the harm of being carried on a narrowly-distributed sports tier was too great; GSN had no choice but to [REDACTED]

[REDACTED] in order to secure broader carriage. On that call, Mr. Montemagno made it clear that Cablevision was [REDACTED]

[REDACTED] (*See* GSN Exh.138).

19. GSN could never accept a [REDACTED] in part because of the [REDACTED] [REDACTED] — a prospect that would be crippling to a network like GSN that depends heavily on affiliate revenue to survive. The challenges presented by [REDACTED] are commonly understood in the cable business. Given Mr. Montemagno’s years of experience in the industry, he must have known that GSN could not give its service away for [REDACTED] to Cablevision.

20. Today, Cablevision is the only major distributor that carries GSN on a narrowly-penetrated premium sports tier, even as it carries its affiliated networks on highly-penetrated tiers. Every other major distributor recognizes GSN's value. Indeed, as demonstrated below, after Cablevision tiered GSN, the network's narrow penetration on Cablevision was entirely out of step with the rest of the marketplace, including with its in-market competitors, AT&T, DIRECTV, Dish Network and Verizon FiOS:



21. I understand that Cablevision cited cost concerns in repositioning GSN. It is my experience that virtually every MVPD complains about the rising costs of programming during carriage negotiations. This is a standard negotiation tactic to encourage a network to lower its license fees. Unlike with Cablevision, however, every other major MVPD has recognized that GSN delivers strong ratings at a relatively low cost, and several, including some of the largest, have recently agreed to renew their carriage agreements with GSN and even

⁶ The Cablevision penetration listed includes the company's then-newly-acquired Bresnan systems outside of the New York market. GSN was not tiered in those systems.

expanded the network's distribution.⁷ These other MVPDs face the very same marketplace challenges that Cablevision claims to face. In this context, and stacked up against the behavior of its peers, Cablevision's decision to reposition GSN simply makes no sense, particularly in light of the fact that Cablevision continues to carry its affiliated services on broadly penetrated tiers even though a network like WE tv is at least [REDACTED] in price and similar in audience size to GSN.

22. In my experience, for networks like GSN it is incredibly harmful when a major distributor refuses to carry your network broadly. It can signal to the industry that the network can be tiered without repercussion, particularly in light of the fact that very few networks are deemed "must-have" programming in today's cable marketplace. As such, I was concerned that the tiering would have a significant impact on other MVPDs' willingness to renew their carriage arrangements with GSN because it is my understanding that distributors frequently look to their peers in making carriage decisions. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁷ Most recently, [REDACTED] each agreed to carry GSN to additional subscribers.

[REDACTED]

[REDACTED]

* * *

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 2, 2015.

A handwritten signature in black ink, appearing to be 'DALE HOPKINS', written over a horizontal line.

DALE HOPKINS