

CableFAX Daily™

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What the Industry Reads First

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5Q: Hallmark's Abbott Looks to Martha, Younger Eyeballs in 2010

Like many cable nets, Hallmark Channel took its licks in 2009. But CEO Bill Abbott told us that 2010 looks bright as the net strikes a deal with icon Martha Stewart, launches a new HD channel and pursues a younger demo. Now, as usual, it's all about execution. Icons can be tough. Discovery has faced delays with Oprah Winfrey. How do you avoid that with Martha Stewart? Our plan is to get up and running pretty quickly with a daypart of product and programming in which we already know what it is. We don't have to go through a process the way Oprah has, quite frankly, of all of this development and all of this conflict of, 'What does the Oprah network really look like?' Martha's part of the Hallmark channel is pretty clear, and we feel really, really good about the fact that we don't have to fight for control of the steering wheel on the creative side. **Hallmark Channel HD just launched Feb 1. But capacity is tight. How go your early efforts to gain carriage for the net?** We're a little bit late to the game on HD, but the passion for the Hallmark brand puts us in a position where we're going to make up growth pretty quickly, and we're confident that we're going to be rolled out very, very quickly. **Any update on Hallmark's efforts to capture a younger audience?** We'd like to migrate to become a little bit younger, but I think younger is relative... We'll never be 18 to 34, and we don't want to be 18 to 34... We will seek to deliver the 18 to 54 demographic, and do it efficiently and well. And we'll migrate our audience a little more from where historically it has been—a little bit too old. **There's talk of original scripted series. Anything in the works for the near term?** Probably it's aggressive to say that in 2010 we would also launch a scripted series. We have to be careful that we don't bite off more than we can chew here. **How much do you focus these days on being a top 10 net?** Our objective is not to be in the top 10. It's to deliver strong demographics that advertisers like and that our distribution partners and viewers feel good about... I'd rather have a network that does a 0.5 rating that delivers quality, strong demographics... than I would a network that skews 65-plus and delivers [a higher rating].

Competition: DirecTV exclusively added **Charming China**, which offers Mandarin content from 9 Chinese provincial channels. The channel's accessible through the DBS op's \$20/month MandarinDirect III package.

In the Courts: With cable likely pleased it's not involved in the ad fights now engaging **AT&T** versus **Verizon** and **DirecTV** versus **DISH**, DirecTV's steamed about a new DISH ad claiming it offers a much better price for similar programming packages. DirecTV filed a suit in NY court seeking intervention to stop DISH from "engaging in blatantly false and misleading advertising, which is causing immediate and irreparable harm to DirecTV... Dish Network's price comparison is completely and utterly false, and is highly likely to deceive customers." In a statement, DISH evp, sales, marketing and programming **Tom Cullen** said the DBS op stands by its claims, "and more importantly, that our customers realize significant savings over comparable programming packages from DirecTV."

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Tag Team: Underscoring cross-promotional opportunities for at least some of the parties involved with his wrestling content, **WWE CEO Vince McMahon** said the co is moving ahead with plans for its own cable net and hopes to have it live by the middle of next year. "We are unique in that what's good for WWE is good for all of our television partners as far as promotion and things of that nature," said McMahon. "The strategy would be one of keeping Raw hopefully on **USA Net** for many years to come and finding a good strong home, be it **MyNet** or others, as it relates to SmackDown... So we don't see any interruption at least for those two brands." No definitive word on **Syfy**, which features **ECW** content, or **WGN America**, which airs "WWE Superstars."

Advertising: Comcast officially launched Fri the new Xfinity moniker covering its services (**Cfax**, 2/4), and a new ad is set to debut Fri night during the Olympics Opening Ceremony. See it at blog.Comcast.com, where the MSO says Xfinity is basically "all about more of the stuff that you love anywhere you want it." The rebrand launched in 11 markets, including Philly, Boston, Chicago and Seattle.

Programming: ESPN Deportes' original "Frente al Reto," in partnership with Degree Men, is a doc-style soccer show chronicling 8 Mexican soccer stars' journey to this summer's World Cup. It airs Mondays through Apr 5. -- **Syfy** and **THQ** agreed to jointly create intellectual property and develop certain video game franchises into multi-platform plays. Also, the net joined with **Worldwide Biggies** for "Dr. What," a mystery adventure series featuring 6 animated shorts for Syfy and episodic online games at Syfy.com.

Olympics: Cablevision and **NBCU** announced a multiplatform content deal covering the 2010 Vancouver Olympic Winter Games in which the MSO's subs will be able to access more than 835 hours of coverage on linear, VOD, interactive TV and broadband platforms. Cablevision svp, product mgmt **John Trierweiler** said the iTV function will let viewers "navigate through all the available NBC television coverage at a glance."

In the States: OH regulators approved **Frontier's** acquisition of approx 4.8mln access lines across 14 states from **Verizon**, including 1mln HSI customers (110K of which are FiOS Internet subs), 164K DirecTV customers and 69K FiOS TV subs. OH joins CA, NV and SC in approving the deal.

Intl: Bell TV is the 1st Canadian licensee of **Sling Media's** SlingGuide tech, which offers advanced TV search, remote scheduling and recording services specifically for TV service providers.

People: Universal Cable Prod appointed **Maira Suro** svp, dev and current programming and promoted **Chris Sana-gustin** to svp, dev and current programming. -- **Time Warner** evp, corp comm **Edward Adler** is leaving the company.

Business/Finance: Wall St responded favorably Fri to **Motorola's** plan to split into 2 separate publicly-traded companies—one will house the consumer-driven set-top and mobile phone units, the other will focus on enterprise customers—sending Moto shares up 7.4%. **S&P** is also a fan of the proposed deal, designed as a tax-free spin off to shareholders scheduled for early next year. "We believe this is a favorable development and demonstrates the progress of mobile devices," wrote the firm, which has a 'buy' rating and \$9 price target on Moto shares.

Editor's Note: Just some upcoming events and deadlines to consider for your calendar: **CableFAX** will host a full-day seminar in its NYC offices on Mar 3 to give cable operators, programmers and other industry execs the inside track on all of those mystical social media tools and how to use them effectively. **Ed Moed**, **Peppercom** co-founder and managing partner, and **Sam Ford**, Peppercom's director of digital strategy, will lead and comprehensive and interactive workshop on how to create social media platforms that match your communications goals. And more importantly, they'll tell you how to maintain a long-term presence that will resonate. CableFAX Editorial Director **Seth Arenstein** will facilitate the discussion. More info at: www.cablefax.com/march3. -- We've already received an overwhelming response for our upcoming webinar on 3DTV, which will take place Feb 23, 1:30pm-3pm. But the more the merrier, so please join us as we dissect the shift toward 3D video and what it means for cable operators and programmers. How does the technology work? What are the risks and costs? And what can the industry learn from the HD rollout? Speakers include **ESPN's Bryan Burns**, **Motorola's Buddy Snow**, **Discovery's John Honeycutt** and **CableLabs David Broberg**. We're excited about this one, so we hope you can join us. More info at: http://www.cablefax.com/cfp/webinars/3dtdv_feb23.html.

CableFAX Week in Review

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	33.15	0.94%	(8.48%)
DIRECTV:	DTV	30.69	0.23%	(7.98%)
DISH:	DISH	18.38	3.55%	(11.51%)
DISNEY:	DIS	30.07	1.79%	(6.76%)
GE:	GE	15.55	(1.52%)	2.78%
NEWS CORP:	NWS	15.48	1.64%	(2.76%)

MSOS

CABLEVISION:	CVC	22.42	(11.17%)	(13.17%)
COMCAST:	CMCSA	15.34	(0.52%)	(9.02%)
COMCAST SPCL:	CMCSK	14.52	(0.95%)	(9.31%)
GCI:	GNCMA	5.61	3.89%	(12.07%)
KNOLOGY:	KNOL	11.17	3.81%	2.29%
LIBERTY CAPITAL:	LCAPA	27.24	1.38%	14.07%
LIBERTY GLOBAL:	LBTYA	24.31	0.04%	11.06%
LIBERTY INT:	LINTA	10.87	1.30%	0.28%
MEDIACOM:	MCCC	4.25	3.91%	(4.92%)
RCN:	RCNI	10.21	4.61%	(5.9%)
SHAW COMM:	SJR	18.34	(0.33%)	(10.84%)
TIME WARNER CABLE:	TWC	45.15	0.07%	9.08%
VIRGIN MEDIA:	VMED	14.21	1.28%	(15.57%)
WASH POST:	WPO	408.56	(3.07%)	(7.06%)

PROGRAMMING

CBS:	CBS	12.91	(0.31%)	(8.11%)
CROWN:	CRWN	1.52	3.40%	4.83%
DISCOVERY:	DISCA	28.69	0.81%	(6.46%)
GRUPO TELEvisa:	TV	18.64	(0.69%)	(10.21%)
HSN:	HSNI	19.57	3.76%	(3.07%)
INTERACTIVE CORP:	IACI	21.54	1.75%	5.18%
LIBERTY:	L	35.17	(0.57%)	(3.25%)
LIBERTY STARZ:	LSTZA	47.30	0.21%	2.49%
LIONSGATE:	LGF	5.23	1.75%	(9.98%)
LODGENET:	LNET	5.72	13.72%	3.44%
NEW FRONTIER:	NOOF	1.86	(9.27%)	(1.59%)
OUTDOOR:	OUTD	5.17	0.98%	(10.86%)
PLAYBOY:	PLA	3.36	5.66%	5.00%
RHI:	RHIE	0.34	(2.86%)	9.68%
SCRIPPS INT:	SNI	38.62	(8.35%)	(6.94%)
TIME WARNER:	TWX	27.88	3.14%	(4.32%)
VALUEVISION:	VTV	3.72	(5.34%)	(22.5%)
VIACOM:	VIA	30.66	1.62%	(2.67%)
WWE:	WWE	16.08	(0.12%)	4.89%

TECHNOLOGY

3COM:	COMS	7.54	0.80%	0.53%
ADC:	ADCT	6.65	20.91%	7.09%
ADVANTAGE:	AEY	2.22	6.73%	12.69%
ALCATEL LUCENT:	ALU	2.69	(17.74%)	(18.98%)
AMDOCS:	DOX	28.86	2.16%	1.16%
AMPHENOL:	APH	39.88	2.62%	(13.64%)
AOL:	AOL	23.86	0.89%	2.49%
APPLE:	AAPL	200.38	2.52%	(4.91%)
ARRIS GROUP:	ARRS	10.31	7.96%	(9.8%)
AVID TECH:	AVID	13.09	2.67%	2.59%
BIGBAND:	BBND	2.95	0.68%	(14.24%)
BLNDER TONGUE:	BDR	1.08	2.86%	(5.26%)

Company	Ticker	2/12 Close	1-Week % Chg	YTD %Chg
BROADCOM:	BRCM	30.95	5.31%	(1.65%)
CISCO:	CSCO	23.76	0.25%	(0.75%)
CLEARWIRE:	CLWR	6.73	8.72%	(0.44%)
COMMScope:	CTV	27.11	5.20%	2.19%
CONCURRENT:	CCUR	4.43	0.91%	11.87%
CONVERGYS:	CVG	11.80	9.46%	9.77%
CSG SYSTEMS:	CSGS	20.10	(1.23%)	5.29%
ECHOSTAR:	SATS	19.16	1.91%	(4.87%)
GOOGLE:	GOOG	533.12	0.34%	(14.01%)
HARMONIC:	HLIT	6.13	1.32%	(3.01%)
INTEL:	INTC	20.43	4.93%	0.15%
JDSU:	JDSU	9.25	16.94%	12.12%
LEVEL 3:	LVL	1.38	3.76%	(9.8%)
MICROSOFT:	MSFT	27.93	(0.32%)	(8.37%)
MOTOROLA:	MOT	7.15	11.72%	(7.86%)
OPENTV:	OPTV	1.52	(0.65%)	11.76%
PHILIPS:	PHG	29.02	0.24%	(1.43%)
RENTAK:	RENT	18.70	18.65%	5.83%
SEACHANGE:	SEAC	6.87	4.25%	4.73%
SONY:	SNE	34.06	(0.58%)	17.45%
SPRINT NEXTEL:	S	3.16	(7.87%)	(13.66%)
THOMAS & BETTS:	TNB	34.58	1.05%	(3.38%)
TIVO:	TIVO	9.59	8.98%	(5.8%)
TOLLGRADE:	TLGD	6.50	4.17%	6.38%
UNIVERSAL ELEC:	UEIC	22.77	(2.15%)	(1.94%)
VONAGE:	VG	1.49	6.43%	6.43%
YAHOO:	YHOO	15.17	(0.13%)	(9.59%)

TELCOS

AT&T:	T	25.07	(0.67%)	(10.56%)
QWEST:	Q	4.43	0.45%	5.23%
VERIZON:	VZ	28.93	0.66%	(12.68%)

MARKET INDICES

DOW:	DJI	10099.14	0.87%	(3.15%)
NASDAQ:	IXIC	2183.53	1.98%	(3.77%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. ADC:	6.65	20.91%
2. RENTRAK:	18.70	18.65%
3. JDSU:	9.25	16.94%
4. LODGENET:	5.72	13.72%
5. MOTOROLA:	7.15	11.72%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. ALCATEL LUCENT:	2.69	(17.74%)
2. CABLEVISION:	22.42	(11.17%)
3. NEW FRONTIER:	1.86	(9.27%)
4. SCRIPPS INT:	38.62	(8.35%)
5. SPRINT NEXTEL:	3.16	(7.87%)

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EYE ON INNOVATION

Game On!

It was a mixed bag for me during a recent casual gaming stint. I designed a killer ensemble while playing a "Project Runway"-themed game at **MyLifetime.com** and managed to win more than \$100K playing "Deal or No Deal" at **GSN.com**. But then I lost my shirt at **Nickelodeon's** Addicting-Games.com while engaged in a property management/investment challenge... darn renters skipped out on me and buyers were hiding. Regardless of outcome, it was a pleasant diversion. And that's what millions of Americans of all ages are seemingly looking for in casual games, a booming industry on which myriad cable properties are capitalizing to strengthen brand ties and boost their ad rev. At the very least, casual games are a value add to viewers, who can now discover them in virtually every crevice of the Internet. "What video is to TV, games are to the Web," said Nick evp, digital media *Steve Youngwood*. "This is the content we have to provide to remain relevant." Addicting-Games.com garnered 14.5mln uniques and nearly 58mln total site visits in Dec, according to **comScore**, and offers approx 4K games targeting Nick viewers and, well, everyone. Real news-related games, puzzle games, SpongeBob games, you name it.

The net has a network of gaming sites targeting various audience segments, and as Nick-themed games focus on driving existing brands or introducing new ones, Youngwood must be fully cognizant of what types of games various users desire. "The younger the audience, the more they embrace existing brands in games," he said. "With the older demos, community becomes important." *Kris Soumas*, head of games for **AETN**, also noted the importance of community features within casual games—particularly for **Lifetime's** older, female-dominated audience. In fact, she said, women are major consumers of casual games and even purchase more of them than men do. As such, it was a no-brainer for Lifetime to get involved in the space. "It's a great way to entertain women and market shows," said Soumas of casual gaming. "It's a form of escapism for

them... they want some 'me' time."

GSN svp, distribution *Dennis Gillespie* can attest to that sentiment, as the net's viewership and online gaming community also skew female. "Casual games have exploded, and in particular within a similar demo to who watches us on TV," said Gillespie of the female 30-54 crowd. "And GSN content translates well to online."

Or vice versa, as the net's Catch 21 online game morphed into a linear game show, he said, offering the beguiling opportunity to "really shine the light on brand attributes on both platforms."

And to complete a theme, "the ability to scale very rapidly is certainly there," said Gillespie of social networking games.

As for the ad market surrounding casual games, it's thriving too. Spots for General Mills and DiGiorno pizza were part of my gaming stint. 2-3 years ago there wasn't much interest in casual game marketing, said Soumas, but "now we see advertisers coming to us for opportunities." Tie-ins to an "Army Wives" word game, for example, allow advertisers to harness "the enthusiasm surrounding shows." Some advertisers even sponsor games, as Staples has done at various Nick gaming sites.

"Advertising in gaming is really effective," said Youngwood, noting the intense audience engagement that's endemic to many games, or the "lean forward" factor. "It is a thriving business," agreed Gillespie. So much so that GSN has created a vertical ad network to perpetuate opportunities surrounding games and other online content.

Online sweepstakes have proved successful in building brand awareness and loyalty as well. **Animal Planet** and Lunchables, for example, are offering kids a chance to win an all-expenses-paid trip to Boston, where they'll spend 3 days with net personality *Jeff Corwin* learning about their favorite animals.

Whether games, sweepstakes, programmers, players or advertisers, it's all about winning.



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