

CableFAX Daily™

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What the Industry Reads First

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Fast Break: Hallmark Raises Retention Bar with New Commercial Pod

Late last month, **Hallmark Channel** debuted its new shorter commercial pod and the results are in—yes, it kept more viewers glued to their armchairs. Viewers saw a 10-sec bumper informing them that the movie they were watching would be back in 30 seconds. The logo for **Mutual of Omaha**, the 1st advertiser to sign on for what Hallmark is calling the “fast break,” was featured and followed by a 30-sec commercial for the insurance company. Hallmark already has a high commercial retention average of about 94%, according to newly minted Crown pres/CEO *Bill Abbott*, who used to serve as evp, natl ad sales. Just-in data from the June 23 experiment does show up an uptick to more than 98%. “We’ve taken it to a new level in terms of keeping viewers through commercial breaks, and we’re excited about what we see. The challenge will be getting clients to recognize it, and to continue to pay premiums that result in this type of placement,” Abbott said. He didn’t get into specifics, but did describe Fast Break as a “big premium,” which he thinks will keep it from rolling out extensively in the coming months. “It would be completely breaking the mold on how television time is bought and sold,” Abbott said. “As ourselves, as an independent cable channel, it’s much more difficult to do that, but that day I think is coming further down the road as the technology completely changes the way business is done.” With Hallmark’s older skewing audience and already high commercial retention, it begs the question of why is the channel even tweaking its commercial pods. “Advertising aside, it’s a win for the viewer and the MSOs,” Abbott said. “If you’re a viewer and you’re only experiencing one 30-sec commercial in a commercial break, I think your viewing experience is enhanced and hence our ratings should grow as a result of that. It goes beyond just an advertising strategy.” As the upfronts wind on, Abbott feels pretty good about Hallmark’s position based on early registrations. “We’re confident that we won’t be writing certainly CPM decreases, but we’ll be growing our business,” he said. “Last year’s upfront was remarkably strong across the board. We were up 22% in volume, nearly 10% in CPMs. Clearly, it won’t be at levels like that. But if you can maintain growth in environment like this, I think you’re doing pretty well.”

Debt Load: We couldn’t let Abbott get away without asking him if there are any developments on the proposal **Hallmark Cards** has put on the table to rework about \$1.1bln in current debt in exchange for debt and convertible preferred stock (*Cfax*, 6/1). He declined to comment on what Crown will do but said the overall process will ultimately “restructure the business for the benefit of everybody, and we feel good about the process.”

News Hole: First it was Verizon filing a program access complaint against Cablevision over access to **MSG HD**. Now it’s the CT atty genl asking the **FCC** to investigate agreements giving **Cablevision** the exclusive rights to **MSNBC** in areas also served by **AT&T U-Verse**. For years, Cablevision subs have enjoyed exclusive access to MSNBC in markets that overlap with competitors such as AT&T and **Verizon FIOS**. It’s not clear if either MSNBC’s recent HD launch or the installment of a new FCC chmn brought about AG *Richard Blumenthal*’s query, but in a letter last week he urged FCC chmn *Julius Genachowski* to investigate the arrangement. “As a result of this exclusive carriage agreement, AT&T CT, which provides competitive U-Verse cable services throughout CT, is unable to offer MSNBC

HALLMARK MOVIE CHANNEL

Delivers an audience that over indexes with
HD (145), Cable Modems (197), DVR (186) and Digital Phone (142)

Visit insidehallmarkchannel.com for launch information.



Source: Mediabank Research & Intelligence, Doublebase 2008 study, Base of Adults 18+, Index = % of Hallmark Movie Channel Enthusiasts (digitalcable subscribers who watch Hallmark Channel, or who watch, buy or rent family movies) compared to Total U.S.

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to its customers within Cablevision's service territory," Blumenthal wrote. "This exclusive carriage agreement unfairly limits these customers diversity of programming and significantly harms the development of competition in Connecticut's cable markets." Cablevision said such arrangements are very common in telecom and other industries. "Connecticut is one of the most competitive telecommunications markets in the country, and our carriage of MSNBC is the result of a perfectly appropriate and legal agreement between **GE** and Cablevision," read an MSO statement.

In the States: As part of the area's digital migration, **Comcast** plans to launch Aug 11 in the San Francisco Bay Area 80 new nets, including up to 51 HD, 13 Spanish-language and 14 intl.

Research: WA leads the nation in broadband penetration, according to **Akamai**, followed by GA and IL. DE has the greatest level of high-speed broadband connectivity (5Mbps+), although just 62% of the state's connections exceed that level and only 2.7% exceed 15Mbps. NH and NY followed with a respective 59% and 49%, while NV (45%) delivered 16% sequential growth in 5Mbps+ penetration and VT (44%) achieved 128% YOY growth.

Marketing: A marketing partnership between **AMC** and **Banana Republic** runs Jul 21-Aug 11 and includes the promotion of "Mad Men" (Aug 16) in more than 400 retail locations through window mannequins dressed in 60s garb alongside show imagery and season 3 tune-in details.

Olympic Flames: Not all sentiment is positive regarding **USON**, the **Comcast/USOC** Olympic sports jv (**CFax**, 7/9). The **IOC** voiced displeasure with the net this week, citing what it now perceives as a likely strained relationship with US Olympics broadcaster **NBC**, which jointly operates **Universal Sports**. "The proposed channel raises complex legal and contractual issues, and could have a negative impact on our relationships with other Olympic broadcasters and sponsors," said the cmte, which characterized the USON announcement as hasty. Then Thurs, **NBC Sports** chmn *Dick Ebersol* expressed to the *NY Times* a feeling of betrayal by the USOC, with which he said NBC had been in talks to merge Universal Sports with USON. That union would have had a "better chance of succeeding," he said, before going on to say that the USOC's move may jeopardize Chicago's bid for the '16 Games.

Premium Blend: Two of the country's top MSOs aren't thrilled over upcoming movie channel **Epix**, a venture from **Paramount**, **Lionsgate** and **MGM**, according to a report out of the **Allen & Co** media conference in Sun Valley, ID. "It's a bad idea," **Comcast** COO *Steve Burke* told *Bloomberg*. "I haven't heard of anyone that's interested." The wire service said he hasn't looked at a preview of the channel. **Cablevision** CEO *Jim Dolan* is quoted as saying he's "in perfect agreement" with Burke. Epix pres *Mark Greenberg's* response: "Epix has a new multi-platform model that will give consumers anytime, anywhere access to great movies from some of the world's leading studios. We are in advanced discussions with a number of distribution partners and remain very confident that we will have agreements with them in place at our launch in Oct 2009."

Online: Though less than a yr old, **Nickelodeon Casual Games** ranked in May as the 3rd most popular gaming site, garnering according to **comScore** nearly 15mln uniques. While **Yahoo! Games** (19.4mln) and **EA Online** (18mln) led the pack, **GSN Games Network** delivered the greatest YOY growth of 563%, to 6mln. **Disney Games** notched 11.7mln (-3%).

Deadline Extensions: We have heard your pleas and chosen benevolence: The nomination deadline for **CableFAX: The Magazine's** 2009 **Most Influential Minorities in Cable** is hereby extended to Tues, July 14. To nominate an executive, go to: <http://www.cablefax.com/cablefaxmag/2009topminorities.html>. We're also extending the nom deadline for the **CableFAX 100** to July 17. To nominate, go to: <http://www.cable360.net/cablefaxmag/2009cablefax100.html>.

Programming: **Comedy Central** ordered from **Debmar-Mercury** 10 eps of an untitled sitcom starring *Jon Heder*. -- **RLTV's** premiere of "Meet the Press" (Mon) features Sens *John McCain* (R-AZ) and *Chuck Schumer* (D-NY). -- **Speed** unveils Jul 16 its "Big Block Thursday" (8-11pm ET) summer prime stunt featuring "Pinks All Out," "Wrecked" and "Jacked."

People: **EchoStar Satellite Services** appointed *Richard Mortellaro* svp. -- **Verizon** tapped *Kathleen Grillo* as svp, federal regulatory affairs, effective Sept 1.

Business/Finance: **RCN** withdrew its \$12.50-a-share bid for **FiberNet Telecom**, which instead will accept a \$11.45/share cash offer from **Zayo Group**.

CableFAX Week in Review

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
BRITISH SKY:	BSY	30.86	3.80%	11.70%
DIRECTV:	DTV	23.47	(2.2%)	2.40%
DISH:	DISH	14.86	(7.7%)	34.00%
DISNEY:	DIS	22.41	(1.9%)	0.30%
GE:	GE	10.78	(5.9%)	(27.7%)
HEARST-ARGYLE:	HTV	4.50		(24.6%)
NEWS CORP:	NWS	9.62	(3.6%)	1.70%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLEVISION:	CVC	17.68	(4.3%)	6.80%
COMCAST:	CMCSA	13.26	(4.6%)	(20.3%)
COMCAST SPCL:	CMCSK	12.85	(5.2%)	(19.2%)
GCI:	GNCMA	6.45	(5.6%)	(20.3%)
KNOLGY:	KNOL	7.76	(1.9%)	50.40%
LIBERTY CAPITAL:	LCAPA	11.80	(8%)	150.50%
LIBERTY ENT:	LMDIA	25.32	(2.6%)	44.90%
LIBERTY GLOBAL:	LBTYA	15.25	(1%)	(4.2%)
LIBERTY INT:	LINTA	5.15	7.10%	65.10%
MEDIACOM:	MCCC	4.23	(12.1%)	(1.6%)
SHAW COMM:	SJR	15.48	(5%)	(8.6%)
TIME WARNER CABLE:	TWC	29.11		
VIRGIN MEDIA:	VMED	9.73	6.00%	98.20%
WASH POST:	WPO	347.80	1.30%	(8.7%)

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
CBS:	CBS	5.97	(9.4%)	(25.3%)
CROWN:	CRWN	1.60	3.20%	(43.9%)
DISCOVERY:	DISCA	22.45	1.70%	58.50%
EW SCRIPPS:	SSP	2.03	8.00%	(8.2%)
GRUPO TELEVISIA:	TV	16.54	(1.6%)	15.00%
HSN:	HSNI	8.76	(11.7%)	20.50%
INTERACTIVE CORP:	IACI	15.83	(1.6%)	0.60%
LIBERTY:	L	25.75	(1.2%)	(8.4%)
LODGENET:	LNET	3.27	(6.3%)	367.10%
NEW FRONTIER:	NOOF	2.23	(4.7%)	31.20%
OUTDOOR:	OUTD	5.95	(1.2%)	(20.6%)
PLAYBOY:	PLA	2.43	(6.5%)	12.50%
RHI:	RHIE	2.54	(17%)	(68.7%)
SCRIPPS INT:	SNI	27.04	1.70%	23.60%
TIME WARNER:	TWX	23.95	(1.1%)	8.80%
VALUEVISION:	VVTV	1.41	(21.7%)	327.30%
VIACOM:	VIA	21.61	(6.5%)	7.40%
WWE:	WWE	12.37	5.10%	24.60%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
3COM:	COMS	3.85	(18.9%)	68.90%
ADC:	ADCT	6.60	(12.9%)	21.20%
ADVANTAGE:	AEY	1.90	5.60%	6.70%
ALCATEL LUCENT:	ALU	2.09	(6.7%)	(2.8%)
AMDOCS:	DOX	21.35	3.10%	16.70%
AMPHENOL:	APH	31.44	(0.6%)	31.40%
APPLE:	AAPL	138.52	(1.1%)	62.30%
ARRIS GROUP:	ARRS	11.50	(5.2%)	44.70%
AVID TECH:	AVID	11.21	(10.2%)	2.70%
BIGBAND:	BBND	4.52	(8.7%)	(18.1%)
BLNDER TONGUE:	BDR	1.35	(0.7%)	33.70%
BROADCOM:	BRCM	24.28	(3.3%)	43.00%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
CISCO:	CSCO	18.34	(0.9%)	12.50%
CLEARWIRE:	CLWR	5.74	4.70%	44.60%
COMMSCOPE:	CTV	24.15	(6.9%)	55.40%
CONCURRENT:	CCUR	5.04	(10.7%)	47.10%
CONVERGYS:	CVG	8.56	(2.4%)	33.50%
CSG SYSTEMS:	CSGS	13.55	(2.9%)	(22.4%)
ECHOSTAR:	SATS	15.37	(2.9%)	3.40%
GOOGLE:	GOOG	414.40	1.40%	34.70%
HARMONIC:	HLIT	5.51	(4%)	(1.8%)
INTEL:	INTC	16.04	(4.1%)	20.00%
JDSU:	JDSU	5.05	(4.5%)	37.00%
LEVEL 3:	LVL	1.42	(4.1%)	102.90%
MICROSOFT:	MSFT	22.39	(4.2%)	17.20%
MOTOROLA:	MOT	6.05	(2.3%)	37.70%
OPENTV:	OPTV	1.23	(3.9%)	
PHILIPS:	PHG	18.21	3.20%	0.90%
RENTRAK:	RENT	16.12	(0.7%)	36.70%
SEACHANGE:	SEAC	7.80	(0.6%)	8.20%
SONY:	SNE	23.85	(5.3%)	9.10%
SPRINT NEXTEL:	S	4.36	0.90%	138.30%
THOMAS & BETTS:	TNB	26.25	(7.2%)	9.30%
TIVO:	TIVO	8.72	(4.1%)	21.80%
TOLLGRADE:	TLGD	4.98	(5.1%)	4.20%
UNIVERSAL ELEC:	UEIC	18.35	(7.1%)	13.10%
VONAGE:	VG	0.35	(7.9%)	(47%)
YAHOO:	YHOO	14.93	(0.4%)	22.40%

Company	Ticker	7/10 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T:	T	23.44	(4.7%)	(13.5%)
QWEST:	Q	3.76	(8.5%)	9.90%
VERIZON:	VZ	28.62	(5.2%)	(11.5%)

Index	Value	% Chg	YTD %Chg
MARKET INDICES			
DOW:	INDU	8146.52	(1.6%) (7.2%)
NASDAQ:	COMPX	1756.03	(2.3%) (11.40%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. EW SCRIPPS:	2.03	8.00%
2. LIBERTY INT:	5.15	7.10%
3. VIRGIN MEDIA:	9.73	6.00%
4. ADVANTAGE:	1.90	5.60%
5. WWE:	12.37	5.10%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. VALUEVISION:	1.41	(21.7%)
2. 3COM:	3.85	(18.9%)
3. RHI:	2.54	(17%)
4. ADC:	6.60	(12.9%)
5. MEDIACOM:	4.23	(12.1%)

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Random Notes:

• **G8 v. Allen & Co:** An earthquake-ravaged Italian resort or Sun Valley? You decide.

• **Sun Valley:** What fun. I learned from tweets from the *New York Times' DealBook* (<http://dealbook.blogs.nytimes.com/>) and "other sources" that *Chase Carey* was carrying around a **DirecTV** bag – that **Twitter's Evan Williams** wears shades and is often all by himself (even though the



Paul S. Maxwell

subject of much conversation down-playing the value of his company – negotiating stances?) -- **Facebook's Mark Zuckerberg** arrived late—"they" banned journalists from the bar (the reason I don't go just to lurk and badger—even moguls deserve some peace and quiet and great white water)—**Comcast's Steve Burke** dropped by, presumably on his way to or from Montana -- **Warren Buffet** told *Dr John Malone* that he would pay \$5/month for **YouTube!** (I keep saying it: the subscription model is key to everything) -- **LeBron James** wants to play pick-up basketball with any CEO with guts – **GE's Jeff Immelt** and **Sony's Howard Stringer** were on a panel discussing how to manage in hard times... and

that's the way it is.

• **New York State Politics:** The legislature is impotent; the GOP is preventing the Governor from appointing a Lt. Gov... and nobody seems to care. That, it seems to me, says a lot about the world. I know some 30mln or so watched the *Michael Jackson* memorial service—wonder how many of those in the NY legislature watched.

• **Lunch with Warren:** OK, here's the solution for the deficit... auction off lunch with Warren every week during this Administration... probably won't draw \$1.68mln every week... but every little bit would help... even with balance of payments as first check comes from Canada. Meanwhile, if you want to hack a cell phone, call a **UK News Corp** tabloid or two.

• **Death Nell for Twitter?** The **NFL** will not allow in-game tweeting. Will **MLB**?

• **HBO:** Has been a first sponsor for me (and us) many times... in *Multichannel News*, in **CableFAX**, in *SkyREPORT*, in *The BRIDGE* and more... so, continued kudos for being the first to sponsor mediaite.com.

• **Speaking of Advertising:** Two companies keep re-writing the rules. *Tom Rogers' TiVo* even thinks outside its own (set-top) box. *Mark Lieberman's TRA Global* makes ROI sense of it all. Watch for more moves from both...

• **Programming Parity?** Or more... noticed last evening as I looked at the list of programs that we DVR... two-thirds are on "cable" networks.

• **Price Wars?** Cable has been able to dodge most price wars... in video and high speed connectivity. But **DISH** and some DirecTV sellers look like they are starting some video price wars... watch closely how that impacts cable and telco video.

• **Antitrust?** The rules are changing. The **Justice Department** is looking into exclusive carrier/handset deals... and filing against the Star Alliance deal to add Continental Airlines (whoa! Am I concerned about that! Drinks are free in President's Club and not in Red Carpet Rooms! So I want CO to join UAL! And I've got a lifetime Presidents Club card from when they were an equal to United in Denver!). What this might mean for cable is yet to be revealed... but I'd be careful how I'd handle any major deal.

• **CableFAX 100:** Coming soon. You gonna be in it? Everyone will be checking it twice, at least

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