

CableFAX Daily™

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What the Industry Reads First

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New Crown: Schleiff Hints at Rate Increases As He Takes Hallmark Throne

Crown pres/CEO *Henry Schleiff* will be pushing for more from operators as the company enters into renewal negotiations for **Hallmark Channel** (agreements for approximately 80% of the net's sub base expire prior to or on Dec 31, '07). As *Roger Ailes* pushes a reported \$1 per sub fee for **Fox News**, "tell him to sign up Hallmark also," quips Schleiff, adding that in a perfect world similarly rated nets would be paid the same. No, he doesn't really expect to pull in a buck a sub, but he does want "the proverbial fair increase." No word on what that is, but it does include "proper channel positioning, proper carriage," etc, he says. Wed's hiring announcement confirms weeks of chatter that former Court TV CEO Schleiff would soon take the reins at Hallmark, with even Schleiff joking that it was one of cable's worst-kept secrets. But *CableFAX* last week was first to report that Hallmark had put a serious offer on the table (*Cfax*, 9/25). The net has seen a surge in ratings but carries with it a substantial amount of debt, making those contract renewals all the more important. Schleiff's message for distributors is that Hallmark's viewers are the bill payers in the family—which he says makes the net a unique asset for driving subs to ancillary services like phone and HSD. "It makes no secret of appealing to an older demo, and therein lies its value," he said. While Schleiff admires Hallmark's average older viewer's buying power, he does want to shave a few years off the median demo of about 59. "Right now, it's a little bit older than it should be for maximizing advertising revenue," he said. Other plans include bolstering the brand. "Hallmark is literally the seal of *Good Housekeeping* when it comes to television. I think that's been an underexploited opportunity," said Schleiff, suggesting more cross-promotion with Hallmark Gold Crown stores and more local ad sales opportunities with cable ops. As for programming, Schleiff says he wants more original fare and more seasonal programming—suggesting Hallmark may target more women viewers. Schleiff replaces *David Evans*, who left at the end of May after Crown failed to find a buyer for Hallmark Channel. Schleiff started the gig this week and will remain headquartered in NY (with frequent trips to the West Coast). "I'm a NY guy," he said. "I love playing around in my Michael's (restaurant) and seeing my advertisers."

Over-the-Airheads: In the coming weeks, **NAB** will detail plans for an aggressive marketing campaign to explain the benefits of the digital TV transition. "We want to make sure every American knows about the DTV transition," NAB pres/CEO *David Rehr* told a **National Press Club** lunch Wed. He suggested that **CEA** and possibly even **NCTA** might play a part in the initiative, which he likened to an election campaign complete with ads and signs. Broadcasters must do a better job showing the transformation they are undergoing, Rehr said. "You might say that we have inadvertently relinquished some of the excitement occurring in broadcasting to our competitors, by not being more proactive," he said. "That ends today, because we have a compelling story to tell." Of course, no NAB speech would be complete without a few digs at cable. Rehr threw out several ratings stats (broadcast had 235 of the 300 highest-rated shows of the '05-'06 season; broadcast had 512 of the top 522 shows for 18-49s) and hyped broadcast's localism (in Spokane, WA, in May



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the combined 25-54 viewership for 5 cable nets at 6pm was 994 Comcast subs vs 38.5K for the 3 local newscasts, he said). "We have allowed our competitors to create a false impression that they are more competitive with us and have a larger presence before the public than they really do," Rehr said. "This misconception affects our ability to attract investment, ad dollars, personnel and create momentum in the marketplace. We are obligated to set the record straight."

Southern Fried Sports: Fox Cable announced Wed an Oct 13 launch of **SportSouth**, the rebranded RSN formerly known as **Turner South**. Following a reported \$375mln investment this past spring – and months of audience research in Nashville, Atlanta and Raleigh, NC – the net will offer programming that "takes viewers behind the scenes of sport to offer true reality insight," said SportSouth/**FSN South** pres/GM *Jeff Genthner*. "It will offer great game coverage while also capturing stories that humanize players and events." The net will complement sibling net FSN South's more national programming bent with content more germane to the sports-obsessed southern region, Genthner said. Show examples include a chronicling of Atlanta Hawks rookie *Shelden Williams* as he navigates **NBA** press conferences and team camp, and a ride with Hawks legend *Dominique Wilkins* as he road trips in an RV with his family. Event coverage slated for SportSouth includes Hawks, Atlanta Thrashers and Atlanta Braves games, as well as collegiate sports action. Skating 1st under the new banner Oct 13 (7:30pm) will be the **NHL's** Thrashers and the Carolina Hurricanes.

Research: Internet and cable were the primary growth drivers behind the 6.6% increase in '05 US media revenue, reaching \$268.5bln for the top 100 media companies ranked by *Advertising Age*. The top 5 (based on net rev) includes **Time Warner** (\$33.7bln), **Comcast** (\$22.1bln), **Disney** (\$17.2bln), **News Corp** (\$12.6bln), and **NBCU** (\$12.4bln). Ranked by net rev derived from cable operations, Comcast (100%) heads the list, followed by Time Warner (\$15.2bln, 45%), Disney (\$6.6bln, 38%), News Corp (\$3.4bln, 27%) and NBCU (\$2.6bln, 21%). Internet advertising and subscription fees from 14 of the top 100 firms contributed \$16.9bln (+21%) of the overall rev total, and cable accounted for 39%: \$71.9bln (+13%) from 14 total MSOs and DBS ops, and \$31.4bln (+13%) from cable nets from 17 companies.

Competition: AT&T inked a \$7mln contract with **US Airways Group** to provide hardware and network infrastructure for use in more than 230 airports. -- **Verizon Wireless** launched the "Halo: Mobile Portal," offering its "Get It Now" customers stats, messages and gameplay tips related to the **Xbox** game Halo. -- **Verizon Business** announced the provision to Sweden's **IFS** of a standardized WAN infrastructure, consolidating the management of 60 global sites.

Broadband: Following a 12-day soft launch (9/20-10/1) that generated nearly 19mln content streams, **Nickelodeon's** broadband platform "TurboNick 2.0" has added new features, including play lists, mash-ups and a search function.

In the States: **Time Warner Cable** launched in the north TX area **BEVO-D**, a VOD channel featuring Texas Longhorns sports programming such as classic football games and interviews with UT coaches and players.

On the Circuit: The **Women's Image Network** will honor *Sen Barbara Boxer* (D-CA) as "Woman of the Year" at the 13th annual "WIN Awards" gala. A staunch supporter of net neutrality, Boxer penned a build-out amendment to the Senate's proposed telecom legislation. WIN will bestow 16 awards at the gala, and **HBO** led all contenders with 24 nominations. **Lifetime**, **TNT**, **Oxygen** and **SoapNet** also received nominations. -- On demand net **Mag Rack** will serve the official TV sponsor of the "The Power Within" conference (Oct 6) in NY, where speakers will include *Pres Bill Clinton*, *Lance Armstrong* and *Michael Eisner*.



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Tuesday Nights Never Looked So Good

New original series hosted by celebrity stylist *David Evangelista* and comedian *Daphne Brogdon* gives TV fans a look at what Hollywood is wearing and how to bring it home.

PREMIERES TUESDAY, OCTOBER 10 8/7c

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BUSINESS & FINANCE

Turner Name Drop: Turner Media Group unveiled Wed a name change to **The Media Group**. According to the firm, the change aims to reflect myriad service offerings and purveys a simple phrase that connotes completeness. The abbreviation and the logo for The Media Group will continue to be TMG.

People: WCSN appointed *Doug Neiman* vp, online sales.

Business/Finance: RBC Capital Markets downgraded **Comcast** and **Verizon** Wed each to "Sector Perform" from "Outperform." RBC cited Comcast's increasing share price—it has appreciated nearly 40% since April and is trading in line with RBC's target. Verizon shares have appreciated 24% Y-to-date. -- No doubt **TiVo** would like to shift actual time and return to, say, Mon – to before a US Court of Appeals granted **EchoStar's** request to stay a permanent injunction that would have barred it from selling certain DVRs (*Cfax*, 10/04); prior to **Bear Stearns'** downgrade of TiVo shares from 'peer perform' to 'underperform'; and ahead of a more than 11% drop in its share price to \$6.67. Due to mounting competition and a likely moratorium on new cable deals until the EchoStar case is resolved, "TiVo will be hard pressed to remain a significant platform in the market," Bear Stearns analyst *Kunal Madhukar* wrote in a research note.

CableFAX Daily Stockwatch

Company	10/04 Close	1-Day Ch	Company	10/04 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	42.25	0.58	AVID TECH:	36.62	0.52
DIRECTV:	20.05	0.22	BLNDER TONGUE:	1.23	0.01
DISNEY:	31.19	0.19	BROADCOM:	29.49	(0.42)
ECHOSTAR:	32.13	0.06	C-COR:	8.95	(0.06)
GE:	36.10	0.39	CISCO:	23.93	0.52
HEARST-ARGYLE:	23.07	0.01	COMMScope:	30.57	(1.4)
ION MEDIA:	0.83	0.02	CONCURRENT:	1.65	0.02
NEWS CORP:	20.53	0.15	CONVERGYS:	21.00	0.29
TRIBUNE:	32.97	0.07	CSG SYSTEMS:	26.69	0.27
MSOS					
CABLEVISION:	23.44	0.46	GEMSTAR TVG:	3.38	0.08
CHARTER:	1.61	0.09	GOOGLE:	415.70	11.66
COMCAST:	37.37	0.34	HARMONIC:	7.39	0.19
COMCAST SPCL:	37.31	0.37	JDSU:	2.24	0.05
GCI:	12.55	0.35	LEVEL 3:	4.93	(0.07)
KNOLOGY:	9.85	0.03	LUCENT:	2.36	0.05
LIBERTY CAPITAL:	86.43	1.43	MICROSOFT:	27.94	0.57
LIBERTY GLOBAL:	25.89	0.01	MOTOROLA:	25.37	0.25
LIBERTY INTERACTIVE:	20.50	0.04	NDS:	42.75	0.42
MEDIACOM:	7.20	0.13	NORTEL:	2.14	(0.05)
NTL:	26.28	0.40	OPENTV:	2.84	0.07
ROGERS COMM:	53.77	0.19	PHILIPS:	35.11	0.21
SHAW COMM:	29.50	0.08	RENTRAK:	11.07	(0.28)
TIME WARNER:	18.57	0.23	SEACHANGE:	8.21	(0.17)
WASH POST:	744.52	2.03	SONY:	38.82	(0.28)
PROGRAMMING					
CBS:	28.47	0.05	SPRINT NEXTEL:	17.35	0.38
CROWN:	4.34	0.07	THOMAS & BETTS:	46.60	0.40
DISCOVERY:	14.64	0.17	TIVO:	6.67	(0.85)
EW SCRIPPS:	47.93	0.06	TOLLGRADE:	9.14	(0.04)
GRUPO TELEvisa:	21.99	0.69	UNIVERSAL ELEC:	19.92	0.97
INTERACTIVE CORP:	29.73	0.90	VONAGE:	7.25	0.14
LODGENET:	19.02	1.09	VYYO:	4.51	0.05
NEW FRONTIER:	8.27	0.32	WEBB SYS:	0.06	0.00
OUTDOOR:	11.62	0.78	WORLDGATE:	1.44	(0.01)
PLAYBOY:	9.70	0.46	YAHOO:	25.21	0.37
UNIVISION:	34.46	0.00	TELCOS		
VALUEVISION:	11.19	0.01	AT&T:	32.72	0.17
VIACOM:	37.96	(0.14)	BELLSOUTH:	42.99	0.22
WWE:	16.42	0.05	QWEST:	8.70	0.16
TECHNOLOGY					
3COM:	4.45	0.11	VERIZON:	37.82	0.35
ADC:	15.21	0.12	MARKET INDICES		
ADDVANTAGE:	4.12	0.02	DOW:	11850.61	123.27
AMDOCS:	40.46	0.11	NASDAQ:	2290.95	47.30
AMPHENOL:	63.24	0.94			
ARRIS GROUP:	11.60	0.61			

Digital Advertising Defined: What it is and What is Next

C-COR and Communications Technology are presenting a free Webcast on digital advertising. The Webinar will survey today's advanced advertising technology landscape: Digital Simulcast and Digital Program Insertion; Enhanced TV and prospective standards; and Client-side, Switched Digital Video and VOD addressability.

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Date: Monday, October 23

10493

Think about that for a minute...

Standing Ovation

A month ago, the news reports painted a stirring picture of the folks at Viacom headquarters streaming out of their offices to be in the lobby when their ousted leader, Tom Freston, left the building for the last time. They gave him a memorable standing ovation.

Were it not for fear these days that it might jeopardize careers, I know many folks would have been in the lobby applauding when Bill Johnson left the building last Friday, his final day at the FCC.



Steve Effros

Bill is what everyone wishes a career government employee would be. I worked with him from 1971 to 1976 crafting and trying to administer the first set of federal cable rules. Bill was the leader of that motley gang of attorneys I wrote about a few weeks ago marking the death of Sol Schildhouse, then the chief of the newly

formed Cable Bureau.

No matter what the title, from then when he was simply the guy who organized and oversaw in one way or another the rest of us, until now when he has been Interim Chief, Acting Chief and just about any other name you can think of regarding Cable and Mass Media at the Commission, Bill was always the "guy to go to" when you needed some serious thought about what to do and how to do it.

The cable industry didn't always get what it wanted from Bill. Far from it. He was the "go to" guy for all contending parties, and most of the folks inside the agency as well, because he is extraordinarily bright, extremely well informed, very low key and thoughtful, and willing to listen. Bill was the institutional memory regarding cable television at the FCC.

Bill and that memory walked out the door last Friday not because he wanted to. He was "shown the door" in part,

rumor has it, because he questioned a mandated policy change at a high-level meeting, saying it needed additional substantive factual support. Apparently that didn't go over well. I don't know if that's the reason, but shortly after that meeting, Bill got word he would be removed from his Mass Media Bureau position and reassigned to a minor post in a newly created Bureau related to "homeland security."

In other words, Bill had a choice to retire or take a position from which all his expertise and knowledge would serve very little. After more than 30 years at the Commission, he chose, understandably, to leave.

This is one of the poorest management decisions I've seen at the Commission in a long time. The last one that comes to mind was when the FCC moved in to its new headquarters, and then-Chairman Reed Hundt decided to break up the Bureaus and place people in random offices on random floors.

To be sure, it enhanced the control of the Chairman, since the people doing the work could not as easily spend time together chewing over the issues. They just wound up doing what they were told. But it certainly didn't result in improved decision making. To the contrary, it destroyed cohesion and deprived new attorneys (and Commissioners) of the benefit of learning from their more experienced peers and long-time employees. This made political decisions easier to enforce but certainly did not promote effective or intelligent governance.

Bill Johnson has personified the latter. We're going to miss his intelligence at the FCC. The Commission, the staff, and everyone he dealt with should give him a standing ovation and lament his premature departure.

Steve

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CableFAX databriefs



CableFAX databriefs is a weekly html newsletter delivered every Monday via email to qualified subscribers. Published by the well-respected **CableFAX Daily** editorial team, **CableFAX databriefs** is an extension of its sister publication and spotlights vital industry metrics for broadband operators.

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CableFAX Leaders Retreat

4th Annual off-the-record gathering for cable's leaders!

November 1–3, 2006
Ritz-Carlton South Beach, Miami

Confirmed VIP Attendees as of October 3rd:

Atlantic Broadband – CEO, President & COO
Balfour Associates Inc. - Chairman
Bend Cable Communications LLC - President & CEO
Bresnan Communications, Inc - EVP Operations
Buford Media Group, LLC – CEO, President & COO
Cequel III -Suddenlink - President & CEO, SVP Programming
Cole, Raywid & Braverman, LLP - Partner
Comcast Cable - EVP
Fleischman & Walsh LLP - Partner
IMA-Int'l Media Advisors - Principal
Millennium Digital Media - SVP, Prog. & Product Dev.
NCTC - President & CEO, SVP Programming
NCTA - President & CEO
New Wave Communications - President
October Strategies, Inc. - Partner
SCTE - President & CEO
Time Warner Cable - EVP of Programming
Wave Broadband - CEO
WindBreak Cable - President & CEO

Schedule of Events

Wednesday, November 1st:

12:00pm – 3:00pm
Registration
3:00pm – 5:00pm
Industry Leaders Forum
7:00pm – 10:00pm
Dinner at Vizcaya

Thursday, November 2nd:

8:00am – 11:30am
Industry Leaders Forum
Breakfast
12:00pm – 4:30pm
Choice of Golf Tournament,
Spa, Tennis or Everglades
7:00pm – 10:00pm
Dinner

Friday, November 3rd:

8:00am – 11:00am
Industry Leaders Forum
Breakfast

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Sponsorships Still Available

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