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Crown Media Holdings Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Salvatore Muoio - SM Investors.

Salvatore Muoio - SM Investors

I thought, I would just ask or start by asking about the movie channel. Some specific questions, how do you expect, I guest progression of sub ads to go this year? I know you're looking for perhaps a DirecTV or change in the EchoStar distribution. What are the issues around that?

Secondly, do you feel you need to have incremental programming I guess purchased? You mentioned a few movies that you added this year. I guess are those specifically for the movie channel? Are they for both channels and how much incremental expense would you have added just for the movie channel programming? Are you budgeting anything for sort of launch support in terms of any of the deals you're looking to do this year?

Henry Schleiff

Let me just try to take some of those questions in the order you're talking about. I think in terms of distribution, as I say we're still looking at very materially significant growth this year in Hallmark Movie Channel to about 25 million subs. I think if you compare similar networks, Lifetime Movie Networks successful growth pattern over the last couple of years. We're actually pacing I think equal or slightly ahead of that.

With respect to the specifics of DirecTV and EchoStar, as you know we're already on EchoStar, we're trying to get into a more popular and heavily penetrated tier. We are in, what can I say discussions, negotiations with them. I'd say the issue there, as this the issue with DirecTV, which we are also in discussion with. It's really not whether it's a great idea or a bad idea or dollars or whatever it's about limited bandwidth.

In the case of DirecTV, on the current satellite they have up there, they are really down to very, very few remaining slots, some of which, as I understand it, they're using for revenue purposes through pay-per-view and the like. I'm very, very optimistic about either getting on DirecTV sometime this year on the current Bird and/or getting on the Bird that they've announced that they will be launching.

Originally, it was going to be the fourth quarter of this year. It was then moved to the first quarter next year. I understand there's some talk about it moving back again to where it originally was, which would eliminate as I understand it the fundamental issue of capacity or bandwidth. So I'm optimistic

about both of those being resolved in a way that will have greater presence, if you will of Hallmark Movie Channel on them.

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