

CableFAX Daily™

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What the Industry Reads First

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New TV Dimension: 3D the Focus of Discovery and ESPN

3D tech has come a long, long way since *Jaws 3*. So far, in fact, that **Discovery Comm** and **ESPN** are preparing to take bites out of the home market with 3D channel launches. **ESPN 3D** will bow this summer, its initial broadcast slated to be the '10 FIFA World Cup's opening match on Jun 11. The net will feature at least 86 live sporting events in its 1st year, including up to 25 Cup matches, Summer X Games and the BCS National Championship game in Jan '11. With partners **Sony** and **IMAX**, Discovery will launch an as-yet-unnamed 3D channel in '11, touting it as the 1st 24/7 net of its kind in the US. The general ent net will feature content from across Discovery's cable stable, plus library content from IMAX and conversions of 2D programming. Framing the announcement as an important part of TV history—and likening initial 3D TV unknowns and skepticism to HD channel launches some 7 years ago—Discovery founder/chmn *John Hendricks* said he's convinced that "in 5-10 years, we'll see the mass roll out of this. Consumers will migrate to and seek out closer-to-reality TV experiences." There are about 5mln American homes with early adopters that will claim in-home 3D TVs within 3 years, said Hendricks during a conference call with Sony and IMAX, and 20mln affluent homes will follow before the masses. Though he said no one knows for sure just what arc 3D TV will take in the marketplace, ESPN vp, strategic business planning and dev *Bryan Burns* said ESPN's 3D venture will benefit greatly from lessons learned through its HD launch and integration. "This feels so familiar to us," said Burns. "3D's the next evolution of sports fans' TV experience." The sports giant produced a 3D telecast of this past fall's USC-Ohio St football game, and the response from viewers "was off the charts," he said. "Consumers basically loved the experience." Burns also noted CE manufacturers expected strong push of 3D-capable TVs beginning this spring and summer, including **Samsung** and Sony. The latter will release some sets within 3 months, said chmn/pres/CEO *Sir Howard Stringer* on the conference call. "The momentum of 3D in the last 6 months alone has been quite striking," said Stringer, noting that Sony 3D cameras were used for *James Cameron's* feature film *Avatar*. Both Burns and Discovery chief *David Zaslav* said discussions are ongoing with multichannel providers about carriage of the 3D nets, and that providers are largely excited about the tech. Consumer demand for and provider interest in home 3D is "significant," said Zaslav, noting that a 3D net's bandwidth requirement is similar to an HD channel's. The net announcements led the 3D buzz out of **CES**. For more related news, see this issue's technology section.

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Retrans: While some outside broadcast argue that retrans needs overhauling, new **NAB** pres/CEO *Gordon Smith* is not surprisingly toeing the party line and applauding recent deals between **Fox** and **Time Warner Cable** and **Bright House** and **Fisher**. “Thousands of retransmission consent agreements have been successfully negotiated between broadcasters and our pay television distribution partners since Congress passed the 1992 Cable Act acknowledging the value of broadcast programming,” said Smith. “These recent announcements validate our long-standing position that the marketplace is indeed working, and we salute FOX, Fisher and our friends in the cable industry for their commitment to this fair, market-based process.” On the other side is **Insight’s Michael Willner**, who blogged this week that he thinks the model for renewals is now “broken,” particularly the bundling of networks (michaelsinsight.com). As for Insight’s negotiations, “with some short-term extensions in place, I’m hopeful that Insight customers will avoid such inconveniences,” Willner wrote.

In the States: **Sunflower Broadband** launched DOCSIS 3.0 HSD in Lawrence, Eudora and other parts of KS with **Arris’** Touchstone wideband modems. Sunflower expects to finish its 3.0 rollout to the rest of its systems by the end of 1Q.

On the Hill: Word is that **Comcast’s Brian Roberts** and **NBCU’s Jeff Zucker** are expected to appear at a Comcast-NBCU merger hearing expected to be held soon by the **Sen Antitrust, Competition Policy and Consumer Rights Subcmte**. -- House Minority Leader *John Boehner* has responded to **C-SPAN’s** request to televise conference negotiations on the healthcare bill, writing that House Republicans strongly endorse the proposal, Politico reports. There have been no other responses yet, including from House Speaker *Nancy Pelosi*, Sen Majority Leader *Harry Reid* and Sen Minority Leader *Mitch McConnell*. **C-SPAN’s Brian Lamb** sent a letter Dec 30 requesting that cameras be allowed to record the conference committee meetings, writing that “we respectfully request that you allow the public full access, through television, to legislation that will affect the lives of every single American.”

Notebook: **DirecTV** isn’t seeing much of an increased competitive threat from cable. That’s the word Tues from CFO *Patrick Doyle* at **Citi’s** 20th annual media conference. On the other hand, the telcos—particularly **FiOS**—are “always tough,” he said. While Doyle said DirecTV hasn’t seen too much of a competitive threat from **AT&T’s U-Verse**, he complained about the telco’s marketing practice of offering cash back of up to \$400 based on the bundle a customer takes. “I really hope the industry doesn’t go down that path. That’s just throwing cash at the customer,” he said, adding that he’d rather incentives focus on hardware or something that gives the distributor a possibility of return. Doyle continued to reiterate that everyone’s happy with the AT&T and **Verizon** marketing agreements, though he told attendees that U-Verse is more open to marketing DirecTV in U-Verse-passed areas than Verizon is in FiOS markets. Speaking of AT&T, *John Stankey*, pres/CEO of AT&T Operations, was there talking up some of the U-Verse upgrades to come. They include multi-camera views for sports, additional whole home DVR services, caller ID on TV and the introduction of local ad insertion capabilities.

Day 5: Cablevision subs are still without their “Diners, Drive-ins and Dives.” The MSO updated its messaging Tues on the channels that used to be occupied by **Food** and **HGTV**, focusing on **Scripps** not extending carriage of the nets while the 2 worked on a deal. Scripps has said it didn’t grant a short-term extension because CVC wasn’t engaged in productive talks, making a “take-it-or-leave-it” offer. Here’s the new CVC loop: <http://www.youtube.com/watch?v=ju-RZf1OxhQ>

In the States: **Comcast** completed the launch across MA of its **Extreme 50Mbps** HSD service, which runs approx \$100/month. -- The City of Minneapolis completed its \$20mIn wireless Internet network, which counts approx 17K private subs under owner/operator **US Internet**.

Technology: To expand its support for the development of 3D TV tech, **CableLabs** is providing testing capabilities for implementation scenarios over cable. CableLabs said recent investigations show that many of the digital set-tops deployed by cable ops are capable of processing 3D TV signals in frame-compatible formats. -- **Turner** and **Next3D** are collaborating to deploy 3D tech in the home. The latter’s broadband-delivered **3D HD Home** service will launch this Q, offering Stereoscopic 3D full HD encoding and player tech initially for PCs, with game consoles and certain TV set-tops to follow. -- **Samsung** tapped **RealD’s** 3D Tech for inclusion in its line of 3D TVs, and the pair will also collaborate on an alternative, so-called passive display tech, which requires that polarized passive eyewear be used to reconstruct the 3D image. -- **Cox** and **CableLabs** have joined the **Digital Ent Content Ecosystem**, an industry coalition aimed at establishing the 1st open market for digital content distribution. DECE recently agreed on an open spec for digital ent that will be used by all participating content providers, services and device manufacturers, and also approved 5 DRM solutions that will be

BUSINESS & FINANCE

DECE-compatible. -- **Panasonic's** line of **Viera Cast**-enabled HDTVs due out this spring will let consumers make voice and video calls over **Skype**.

Programming: **Nick** bows new series "A Big Time Rush," chronicling the making of a music group, Jan 18, 8:30pm. -- **WealthTV** inked a deal with **Sony Pictures** for '10 features of films including "All the Kings Men" and "A River Runs Through It." -- **truTV's** "Southern Fried Stings" (Mar) follows a former state trooper and addiction expert and his team as they pursue wrongdoers. -- **History's** "Food Tech" (Jan 21) features host *Bobby Bog-nar* traveling America to reveal the secrets and history behind various food types. -- **Animal Planet's** 3-part miniseries "Fatal Attractions" (Mar 14) spotlights love affairs with dangerous exotic pets such as a black leopard and venomous reptiles.

Online: **Lifetime** is promoting "Project Runway's" 7th season premiere (Jan 14) with a **Facebook** app that places participant's photos on customer covers of fashion magazines. "Project Runway 2010 Designer Darling" lets Facebook users share a cover slide-show via the newsfeed, Twitter, etc.

People: **Cox** promoted *Kimberly Edmunds* to svp, customer ops. -- **Comcast Ent Group** promoted *Suzanne Kolb* to pres, marketing news and online, **E!** and **Style**; and appointed *Kevin MacLellan* pres, **Comcast Intl Media Group** and **Comcast Ent Productions**.

CableFAX Daily Stockwatch

Company	01/05 Close	1-Day Ch	Company	01/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BRITISH SKY:	36.40	0.00	AMPHENOL:	44.98	(0.96)
DIRECTV:	33.92	0.18	AOL:	24.64	0.73
DISH:	21.05	(0.13)	APPLE:	214.38	0.37
DISNEY:	31.99	(0.08)	ARRIS GROUP:	11.27	(0.15)
GE:	15.53	0.08	AVID TECH:	12.89	(0.24)
NEWS CORP:	16.24	(0.07)	BIGBAND:	3.58	0.11
MSOS					
CABLEVISION:	26.38	(0.08)	BLNDER TONGUE:	1.19	0.05
COMCAST:	16.74	(0.23)	BROADCOM:	31.82	(0.42)
COMCAST SPCL:	15.94	(0.12)	CISCO:	24.58	(0.11)
GCI:	6.56	(0.09)	CLEARWIRE:	7.60	0.25
KNOWLOGY:	11.22	0.17	COMMSCOPE:	27.16	0.04
LIBERTY CAPITAL:	25.32	0.60	CONCURRENT:	4.00	0.01
LIBERTY GLOBAL:	21.98	(0.02)	CONVERGYS:	10.92	(0.02)
LIBERTY INT:	11.46	0.30	CSG SYSTEMS:	19.08	(0.62)
MEDIACOM:	4.85	0.03	ECHOSTAR:	20.05	(0.44)
RCN:	10.61	(0.37)	GOOGLE:	623.99	(2.76)
SHAW COMM:	20.05	(0.61)	HARMONIC:	6.50	(0.06)
TIME WARNER CABLE:	42.04	(0.25)	INTEL:	20.87	(0.01)
VIRGIN MEDIA:	17.36	(0.1)	JDSU:	8.49	0.03
WASH POST:	443.34	1.28	LEVEL 3:	1.65	0.04
PROGRAMMING					
CBS:	14.18	(0.07)	MICROSOFT:	30.96	0.01
CROWN:	1.40	(0.04)	MOTOROLA:	7.86	(0.11)
DISCOVERY:	32.22	1.22	OPENTV:	1.39	0.01
GRUPO TELEVISA:	20.97	(0.18)	PHILIPS:	30.83	0.00
HSN:	20.02	(0.6)	RENTRAK:	17.90	(0.09)
INTERACTIVE CORP:	20.96	0.45	SEACHANGE:	6.74	(0.01)
LIBERTY:	37.38	0.20	SONY:	29.88	(0.14)
LIBERTY STARZ:	47.07	0.13	SPRINT NEXTEL:	4.13	0.23
LIONSGATE:	5.93	(0.05)	THOMAS & BETTS:	36.25	0.08
LODGENET:	5.20	(0.2)	TIVO:	10.72	0.09
NEW FRONTIER:	1.80	(0.09)	TOLLGRADE:	6.18	(0.09)
OUTDOOR:	5.70	(0.13)	UNIVERSAL ELEC:	23.74	(0.1)
PLAYBOY:	3.23	(0.04)	VONAGE:	1.54	0.08
RHI:	0.30	0.01	YAHOO:	17.23	0.13
SCRIPPS INT:	43.65	1.74	TELCOS		
TIME WARNER:	29.09	(0.33)	AT&T:	28.44	(0.14)
VALUEVISION:	5.01	(0.24)	QWEST:	4.46	0.20
VIACOM:	31.65	(0.05)	VERIZON:	33.34	0.06
WWE:	15.93	0.33	MARKET INDICES		
TECHNOLOGY					
3COM:	7.54	(0.01)	DOW:	10572.02	(11.94)
ADC:	6.66	0.08	NASDAQ:	2308.71	0.29
ADVANTAGE:	2.05	0.04			
ALCATEL LUCENT:	3.69	0.15			
AMDOCS:	28.74	0.00			

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Andy Heller
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EXCLUSIVE Q&A

Epixally Speaking

In our ongoing series with MVPD programming execs, **CableFAX** editor Amy Maclean chatted with Terry Denson, Verizon vp, content strategy and acquisition. Below, Denson discusses FiOS' launch of Epix and integrated content.

Can you update us on your TV Everywhere trial?

We'll be expanding our TV Everywhere initiative in the coming months... we are deeply engaged with all of the content providers who are involved with the TV Everywhere initiative. We are also supporters of interoperability amongst multi-channel distributors in this space. We've been authenticating subscribers and offering content that is delivered in significantly the same way as TV Everywhere. We've been doing that for several years. In many ways, we were running a parallel track, but when we were running a parallel track there wasn't actually another line to parallel. The fact that we've got an entire industry who has made this a critical initiative is great news for us.

Any advice for new nets seeking FiOS carriage?

Like everybody else on the distribution side, we get a lot of pitches on a weekly basis. For Verizon, coming in with a cross-platform or integrated platform offering is important...

Any content category where you're lacking?

The way we look at the world is probably not dissimilar to other distributors in that there are key points of categorical leadership that we stress. We want to be #1 in high-definition. We want to be #1 in video on demand. We want to be #1 in movies. We want to be #1 in sports. We want to be #1 in multicultural. Across those categories, there's going to be an editorial threshold that we're obviously going to take a look at. Epix and NFL Redzone are the 2 most compelling pure play content deals that we've done in the last couple months... It's great content and it's squarely within areas in which we place a significant amount of import.

You're the only Epix distributor. Why?

I don't know. I can't imagine why someone wouldn't want

over 150 top quality HD movies on demand. I can't imagine why someone wouldn't want over 300 movies at any given time on broadband. I can't imagine why someone wouldn't want to be able to side-load those same movies to their mobile devices. I don't know.

They're saying it's the cost. It's another premium net in a bad economy. This doesn't apply to you?

Does the economy have impact on business? Of course it does. Does it have impact on every sector in the same way? Of course not. Cable, for instance, is notorious for calling itself recession proof. It seems a little disingenuous for me to hear that my colleagues are hiding behind the economy today when it's convenient for them... I'm not really sure of the value of something like Epix or Redzone.

That's something that's germane to each particular consumer. Our early indications are that consumers

are enjoying both those products with incredibly fast rates of adoption. From a price point, it's pretty easy to see that for the price of 1 movie ticket, a customer can have in the Epix world all of these movies across all their HD screens, on-the-go for the entire household.

Your wife is Denise Denson, evp, content distribution at MTVN.... Is there any talking about all this at home?

No, there's no talking about that at home. ... We have 5 kids (laughter).

Is there something programmers could do to make negotiations smoother for both sides?

Interactive and integrated content... that's one part where I think it's harder than it needs to be... I think we bring a real common sense position, which is "let's get your content across platforms and get it in front of consumers." The types of friction I have gotten... sometimes have been unnecessary. But I will tell you that although it takes time, the content community has been terrific with its support of our V-Cast, and we now have over 200 long-form series. It takes everyone a while to get there. I never ask a content provider to do anything for us that would imperil or cannibalize their core businesses, but sometimes they don't see it that way.



Terry Denson

The CableFAXIES awards

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The CableFaxies Awards salute the year's most outstanding communications initiatives and programs in the highly competitive and dynamic Cable arena. The coveted awards set the industry benchmark for excellence across all areas of PR and marketing.

The Winners of the CableFAXIES Awards are from networks, operators, PR firms, vendors, corporations, agencies and other entertainment companies who took chances, made tremendous strides and understand the power of PR and marketing in the cable industry. The winners and honorable mentions will be saluted during an awards event in April 2010 in New York City.