

**Questions for the Record**  
**“Examining the Comcast-Time Warner Cable Merger and Impact on Consumers”**  
**Senator Mike Lee**  
**April 16, 2014**

**David Cohen (Exec. VP, Comcast)**

**1. Some proponents of the merger have argued that, because the price for video content is increasing, if cable companies such as Comcast are to keep prices from rising, they must have increased leverage to negotiate better deals with content providers.**

**a. Do you believe that content providers have more leverage than cable companies do in negotiations over price? And do you believe this merger provides additional leverage so as to be able to better negotiate price?**

**Response:** Content providers have significant bargaining power, as the recent dispute between CBS and TWC confirmed. Programming costs are increasing at rates in excess both of inflation and of retail cable price changes. In fact, programming is the single biggest driver of cable price increases. From 2004 through 2013, Comcast’s programming costs per video subscriber have cumulatively increased *over 120 percent*. Over the same time period, however, cable prices increased at about half that rate. If this transaction is approved, the resulting synergies and a potential slight increase in leverage in negotiating programming deals may enable the combined company to negotiate better prices and pass along some savings to customers.

**b. If you don’t believe the merger will increase your leverage with content providers, than do you believe the merger will help you in the video market? If so, how?**

**Response:** While any additional leverage from this transaction could potentially help moderate future programming cost increases, it would more likely allow us to seek greater value for our customers. For example, we may be able to obtain comprehensive digital rights to more programming that could be offered as part of TV Everywhere and other streaming services. More broadly, the greater scale and efficiencies resulting from the transaction will enable the combined company to accelerate digital migration of TWC’s systems, giving millions of TWC customers more reliable, secure networks and access to Comcast’s cutting-edge and nationally acclaimed X1 entertainment system (including system upgrades), as well as more content on a variety of devices inside and outside the home. By providing TWC customers the enhanced video experience that Comcast customers already enjoy, we hope to win back TWC customers in the face of increasingly widespread and rigorous competition – just as Comcast has been doing in its own systems.

**2. Some critics of the merger have expressed concern that if this merger is approved, independent programmers would not be able to survive without gaining access to Comcast—a situation that would give Comcast significant power as a kind of gatekeeper to new content providers being born. While you may disagree with this characterization, it seems that real opportunities for new independents to thrive are lacking.**

- a. **In your view, is the video market such that, even if this merger were approved, a content provider could gain enough prominence through other means of distribution to survive even without carriage on Comcast? Or would you argue instead that although being carried by a cable provider such as Comcast is essential to an independent network, the market is such that an independent network with valuable content will generally be able to obtain a contract with Comcast and other cable companies?**

**Response:** As the FCC has concluded, and as the record clearly shows, content providers can build a large enough carriage base through distribution means that exclude Comcast (even after it acquires TWC) to not only survive, but thrive. For example, looking solely at carriage by MVPDs, Epix, Longhorn Network, NFL Sunday Ticket, Fusion, Fox Soccer Plus, Chiller, Cloo, Universal Sports, and MTV U are among the many networks that are carried by other MVPDs but not by Comcast. Similarly, the Big 10 Network, ESPNU, Smithsonian Channel, Fox Movie Channel, MASN, CBS Sports Net, and several other networks were launched by other MVPDs before Comcast started carrying them. Moreover, carriage by Comcast does not guarantee a network's success. For example, AZN, Bridges Network, ESPN3D, and Mountain West Conference Channel are among networks that Comcast carried that were ultimately not successful.

Clearly, carriage by Comcast is not essential to the ability of an independent network to launch or succeed. Nevertheless, Comcast, like the MVPDs with which it competes, has every business incentive to carry programming that its customers value and demand. And the record shows that Comcast is a great friend to independent programmers, providing carriage to over 160 of them.

- b. **What is your view of the requirement imposed during the acquisition of NBC Universal requiring carriage of independent networks, and do you believe a similar requirement is appropriate in this case?**

**Response:** Even without the independent network commitment from the NBCUniversal transaction, Comcast has a stellar record of commitment to independent networks. Comcast carries over 160 independent networks. *See* Attachment A. *Six of every seven* networks carried by Comcast are unaffiliated with the company. As Charles Segars, CEO of the Ovation Network, recently wrote in the *Los Angeles Times*, "Comcast has been a good friend and ally to the independent programming community, bringing unique content to an underserved audience. . . . This merger will be a boon for unique, independent programmers." Charles Segars, Letter to the Editor, *L.A. Times*, Feb. 16, 2014, <http://articles.latimes.com/2014/feb/16/opinion/la-le-0216-sunday-comcast-time-warner-20140216>.

The opportunities for video distribution, which cable companies helped to expand dramatically, have grown even more rapidly with online video. According to SNL Kagan, 45.2 million U.S. households subscribe to online video services today, more than *double* the 19.8 million that did so in 2010 when the NBCUniversal transaction was announced.

Our independent network commitment will continue to apply until 2018. Given our stellar record, and the increasingly dynamic and robust marketplace for independent programming distribution, we do not believe any further extension of that commitment is necessary.

**ATTACHMENT A**  
**List of Independent Networks Carried By Comcast**

¡Sopresa!	Bandamax	RTP Int'l
AYM Sports	De Película	News 12 NJ
BridgesTV	De Película clasico	Three Angels Broadcasting
Cable Noticias	iON	Texas Cable News
Canal 24	Family Net	MAVTV
DMX Music	Outside Television (Satellite)	Portuguese Channel
El Garage TV	MYX	BYU International
ELLA (fka Casa Club TV)	Pentagon Channel	BlueHighways TV
GoTV	Total Living Network	Antena 3
Korean American TV	World Fishing Network	Playboy en Espanol
LaTele Novela	NESN	TYC Sports International
Mexico 22	MASN	Six News Now
Mexico TV	JUCE (fka JCTV)	Supercanal
Teleritmo	Boston Catholic	Youtoo TV (fka American Life)
World Today TV	PA Cable Network	Arizona Capitol TV
El Rey	iON qubo	Telemicro Int'l
Revolt	iON Life	Local Weather Station
HSN	NASA	HDNet Movies
QVC	CA Channel	GMA Pinoy
Jewelry TV	Northwest Cable News	EWTN Espanol
TV Guide Network	Impact Network (Local Detroit)	TV Globo
Univision	TBN Enlace	Filipino Channel
EWTN	Smile of A Child	Zee TV
BBC America	HRTV	RAI Italia
Bloomberg Television	TV Washington	TV 5
UP (fka GMC)	Church Channel	SET Asia
GSN	Altitude	News 12 WC
UniMas (fka Telefutura)	Catholic TV	Star Plus
WGN	Newschannel 8	TV Japan
Galavisión	Cine Latino	Jade Channel
Word Network	ViendoMovies	Cox Sports
INSP	VeneMovies	Channel One Russia
Azteca America	Cine Mexicano	RTN
NBA TV	WAPA-America	CCTV 4
Outdoor Channel	RFD TV	CTI Zhong Tian
TBN	Gran Cine	TV Asia
Fuse	Telehit	GMA Life
Al Jazeera (fka Current TV)	Once Mexico	Star Gold
Daystar	CentroAmerica TV	ABPNews (fka Star News)
BBC World News	TV Colombia	Willow Plus (fka Neo Cricket)

Reelz Channel  
Ovation TV  
ASPiRE  
Baby First TV Americas  
MGM HD  
TV Games  
NuvoTV (fka SiTV)  
Sportsman Channel  
Pivot (fka Halogen  
JLTV  
Africa Channel  
HITN-TV  
AXS TV (fka HDNet)  
Mnet (fka ImaginAsian TV)  
Tennis Channel  
Crossings TV  
BYU Television  
beIN – SP  
beIN – EN  
Ritmoson Latino

LAS  
MEXICANAL  
Pasiones  
V-Me Kids  
TV Chile  
TV Dominicana  
Sur (fka Canal Sur)  
Caracol TV  
Sur Peru  
TV Venezuela  
PCNC  
TeleFormula  
Video Rola  
TVE Internacional  
Ecuavisa  
Latinoamérica Televisión  
Telefe International  
MVS (Canal 52)  
Multimedios  
BMA (WRNB - Minneapolis)

ETTV  
TV Polonia  
Deutsche Welle  
SPT  
Mediaset  
RTVI  
Bandeirantes Int'l  
Israeli Network  
TV Record Int'l  
Washington Korean TV  
ART  
Vijay TV  
Premier Futbol Clube (fka TV Globo)  
Antena Satellite TV  
Russian Kino  
Impact TV  
Phoenix N.A. Chinese Channel  
Phoenix Infonews  
Milenio