

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of)

CABLEVISION SYSTEMS CORPORATION,)
a corporation.)

) File No.
)
)

AGREEMENT CONTAINING CONSENT ORDER

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed acquisition by Cablevision Systems Corporation (“Cablevision”) of certain cable television systems owned and operated by **Tele-Communications, Inc. (“TCI”)**, and it now appearing that Cablevision, hereafter sometimes referred to as “proposed **respondent,**” is willing to enter into an agreement containing an order to divest certain of the assets to be acquired, and to cease and desist **from** making certain acquisitions, and providing for other **relief:**

IT IS HEREBY AGREED by and between Cablevision, by its duly authorized officer and attorney, and counsel for the Commission **that:**

1. Proposed respondent Cablevision is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business at 1 Media Crossways, Woodbury, New York 11797.

2. Proposed respondent Cablevision admits all the jurisdictional facts set forth in the draft of complaint here attached.

3. Proposed respondent Cablevision waives:
 - a. any **further** procedural steps;
 - b. the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law;
 - c. all rights to seek judicial review or otherwise to **challenge** or contest the validity of the Order entered pursuant to this agreement; and
 - d. any claim under the Equal Access to Justice Act.

4. This agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission **it**, together with the **draft** of complaint contemplated thereby, will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so **notify** the proposed **respondent**, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.

5. This agreement is for settlement purposes only and does not constitute an admission by proposed respondent that the law has been violated as alleged in the **draft** of complaint here attached, or **that** the facts as alleged in the **draft** of **complaint**, other than jurisdictional facts, are true.

6. This agreement contemplates **that**, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of § 2.34 of the Commission's Rules, the Commission may, without **further** notice to proposed respondent, (a) issue its complaint corresponding in form and substance with the draft of complaint here attached and issue its decision containing the following Order to divest and to cease

and desist in disposition of the proceeding; and (b) make information public with respect thereto. When so entered, the Order to divest and to cease and desist shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Order shall become final upon service. Delivery by the U.S. Postal Service of the complaint and decision containing the agreed-to Order to the proposed respondent's address as stated in this **agreement** shall constitute service. Proposed respondent waives any right it may have to any other manner of service. The complaint may be used in construing the terms of the Order, and no agreement, understanding, representation, or interpretation not contained in the Order or the agreement may be used to vary or contradict the terms of the Order.

7. Proposed respondent has read the proposed complaint and Order contemplated hereby. Proposed respondent understands that once the Order has been issued, it will be required to file one or more compliance reports showing that it has **fully** complied with the Order. Proposed respondent **further** understands that it may be liable for civil penalties in the amount provided by law for each violation of the Order **after** it becomes final.

ORDER

I.

IT IS ORDERED that:

As used in this Order, the following definitions shall apply:

A. **"Agent"** or **"Representative"** means a person that is acting in a fiduciary capacity on behalf of a principal with respect to the specific conduct or action under review or consideration.

B. **"Acquisition"** means the acquisition by Cablevision of certain cable television systems **owned** and operated directly or indirectly **by** TCI and serving

various communities in New Jersey and New **York**, as set forth in paragraph five of the **draft** of complaint.

c. “Respondent” or “Cablevision” means Cablevision Systems Corporation and **all** of its directors, officers, employees, Agents, and Representatives, and also includes (1) all of Cablevision Systems **Corporation’s** predecessors, successors, assigns, subsidiaries, and divisions and all of their respective directors, **officers**, employees, Agents, Representatives, successors, and assigns; and (2) any partnerships, joint ventures, and **affiliates** that Cablevision Systems Corporation Controls and the respective directors, **officers**, employees, successors and **assigns** of each.

D. “**TCI**” means **Tele-Communications, Inc.** and all of its directors, officers, employees, Agents, and Representatives, and also includes (1) all of **Tele-Communications, Inc.’s**, predecessors, successors, assigns, subsidiaries, and divisions and all of their respective directors, officers, employees, Agents, Representatives, successors, and assigns; and (2) any partnerships, joint ventures, and affiliates that **Tele-Communications, Inc.**, Controls and the respective directors, officers, employees, successors and **assigns** of each.

E. “Control” has the meaning set forth in 16 **C.F.R.** §801.1 as that regulation read on November 1, 1997.

F. “Commission” means the Federal Trade Commission.

G. “TCI Paramus and **Hillsdale** Systems Assets” means the Cable Television System Assets that were owned directly or indirectly by TCI prior to this Acquisition and that are physically located in the Relevant Geographic **Area**, and all other properties, privileges, rights, interests and claims, real and personal, tangible and intangible, of every type and description that are owned, leased, held or used in the provision of Cable Television Service by TCI solely in and for the Relevant

Geographic Area, including governmental permits, franchises, intangibles, equipment and real property; provided, however, that “TCI **Paramus** and **Hillsdale** Systems Assets” shall not include:

1. The TCI Optical Transfer Network (the “OTN”) that distributes Cable Television Service to certain municipalities, townships and boroughs north and south of **Paramus** and which is located at the intersection of Bluebell Court and **Pascack** Road near the border of **Paramus** and Washington Township;

2. The TCI fiber optic cable that distributes Cable Television Service to certain municipalities, townships and boroughs north of Paramus, and which is located on the border of **Paramus** and Washington Township along Blue Bell Court, **Pascack** Road and Linwood Avenue;

3. The TCI fiber optic cable that distributes Cable Television Service to certain municipalities, townships and boroughs north of Paramus, and which is located on the border of **Paramus** and **Ridgewood** Township along Gateway Road and **along** that portion of Linwood Avenue between Gateway Road and **Paramus** Road;

4. The TCI fiber optic cable that distributes Cable Television Service to certain municipalities, townships and boroughs south of **Paramus** and which is located along **Pascack** Road, **Fairview** Road, Century Road, Spring **Valley** Road and **Howland** Avenue; and

5. All other TCI fiber optic cables located within the Relevant Geographic Area that are not used to provide Cable Television Service in the Relevant Geographic Area.

H. “Cable Television Service” means the delivery of video entertainment and informational **programming** via a Cable Television System.

I. "Cable Television System" means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide video entertainment and informational programming to multiple subscribers within a community.

J. "Cable Television System Assets" means those physical assets including but not limited to coaxial cable and amplifiers, that make up the facility that is a Cable Television System.

K. "Relevant Geographic Area" means that area within the official municipal boundaries of each of the Boroughs of **Paramus** and **Hillsdale** in the County of Bergen in the State of New Jersey.

L. "Competitiveness, Viability and Marketability" of **the TCI Paramus and Hillsdale** Systems Assets means **that**, subject to Paragraph **II.D.**, Cablevision shall continue the operation of the TCI **Paramus** and **Hillsdale** Systems Assets in the ordinary course of business without material change or alteration that may adversely affect the value or goodwill of the TCI **Paramus** and **Hillsdale** Systems **Assets, which** do not include a Headend and which are currently operated (including the selection of video programming for distribution over those Assets and the marketing and pricing of Cable Television **Service** delivered over those Assets) as a part of and **from** the single Headend of the TCI Northern New **Jersey** Cable Television System.

M. "Headend" means the control center of a Cable Television System, where incoming signals are amplified, **converted**, and combined, together with signals originated in the Cable Television System, in a common transmission medium for distribution to subscribers.

N. "Person" means a corporation, partnership, joint venture or other business entity, whether incorporated or unincorporated.

O. “News 12 **N.J.**” means the regional video programming service **known** as News 12 New Jersey.

P. “**TCI** Northern New Jersey Cable Television System” means the Cable Television System owned directly or indirectly by **TCI** that serves fifty-three communities in northern New Jersey from a single Headend located in Oakland, New Jersey, and **that**, at the time of the Acquisition, includes **the TCI Paramus and Hillsdale** Systems Assets.

Q. “Signing Date” means the date the Respondent executes the Agreement Containing Consent Order.

R. “Divestiture Period” means the six (6) month period **from** the Signing Date.

s. “Signal Services” means the transmission by Cablevision from one or more of its Headends of the signals of one or more programming services (including broadcast television signals) to the acquirer of the TCI **Paramus** and **Hillsdale** Systems Assets, subject to Cablevision’s and such acquirer’s having the necessary licenses or other authorizations to transmit such programming service(s).

T. “Bergen Cable Television System” means the Cable Television System owned by Cablevision prior to the Acquisition that serves the Relevant Geographic Area and a number of other communities in and around Bergen County in New Jersey from a single Headend.

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IT IS FURTHER ORDERED that:

A. Cablevision shall **divest**, absolutely and in good faith, the TCI **Paramus** and **Hillsdale** Systems Assets within the Divestiture Period; provided, however, that, if Respondent has entered into a binding contract with and has obtained the

Commission's approval for an acquirer and filed all applications for other required governmental approvals within six (6) months **from** the Signing Date, the Divestiture Period **shall** be extended by (i) an additional period of time equivalent to the number of days that any governmental body (other than the Commission) takes to approve or disapprove an application necessary to be approved or disapproved prior to completion of the divestiture and (ii) an additional five business days to enable the closing of the divestiture. Cablevision shall undertake its best efforts to facilitate any governmental approvals required to effect divestiture of the **TCI Paramus** and **Hillsdale** Systems Assets and their continued use in Cable Television Service in the Relevant Geographic **Area**. Cablevision shall grant to the acquirer or acquirers of the **TCI Paramus** and **Hillsdale** Systems Assets an indefeasible right to use the two fibers (the "**Fibers**") **that link the TCI** Cable Television System Assets **in Paramus** and the TCI Cable Television System Assets in **Hillsdale** for so long as the acquirer or acquirers (and/or their successors in interest) use the Fibers to provide Cable Television Service, and/or voice, data or **internet** transmissions, in or to the **TCI Paramus** and **Hillsdale** Systems Assets. To ensure the availability of cable programming services to the **TCI Paramus** and **Hillsdale** Systems Assets **after** divestiture, for the period of this Order, Cablevision shall waive and not **obtain**, solely with respect to delivery by the acquirer of the **TCI Paramus** and **Hillsdale** Systems Assets by means of a Cable Television System in the Relevant Geographic **Area**, any exclusive rights to cable programming services, except for News 12 **N.J.**

B. For the purpose of facilitating the divestiture of the **TCI Paramus** and **Hillsdale** Systems Assets, Cablevision shall, within the earlier of the termination of the Divestiture Period or divestiture:

1. Extend the coaxial trunk cable currently located on **Hillsdale** Avenue in the Borough of **Hillsdale** in order to provide Cable Television Service to

those homes that are located in the Borough of **Hillsdale** and to the west of the Garden State Parkway.

2. Create within one hundred (**100**) yards of the OTN a point of connection to the TCI **Paramus** System Assets such that the acquirer or acquirers of such Assets can directly or **indirectly connect** a Headend to such Assets through that point of connection.

c. Cablevision shall divest the TCI **Paramus** and **Hillsdale** Systems Assets only to an acquirer or acquirers that receive the prior approval of the Commission and only in a manner that receives the prior approval of the Commission. The purpose of the divestiture of the TCI **Paramus** and **Hillsdale** Systems Assets is to ensure the continued use of the TCI **Paramus** and **Hillsdale** Systems Assets as an ongoing, viable deliverer of Cable Television Service in the Relevant Geographic **Area**, and to remedy the lessening of competition resulting **from** the proposed acquisition of the TCI **Paramus** and **Hillsdale** Systems Assets by Cablevision as alleged in the Commission's complaint.

D. Until divestiture of the TCI **Paramus** and **Hillsdale** Systems Assets, Cablevision shall take such actions as are necessary to maintain the Competitiveness, Viability and Marketability, as such existed at the time of the Acquisition, of the TCI **Paramus** and **Hillsdale** Systems Assets and to prevent the destruction, removal, wasting, deterioration, or impairment of any of the TCI **Paramus** and **Hillsdale** Systems Assets except for ordinary wear and **tear; provided**, however, that nothing in this Order or the annexed Agreement to Hold Separate shall be construed:

1. to prohibit Cablevision from altering the programming offered on, branding, or channel line-up of the Cable Television Service delivered over the TCI **Paramus** and **Hillsdale** Systems Assets to subscribers located in the Relevant Geographic Area, if Cablevision alters in the same way the programming offered on,

branding, or channel line-up of **Cable Television Service delivered** from **the** Headend _ serving the TCI Northern New Jersey Cable Television System to other communities served from that Headend;

2. either to require or to prohibit Cablevision **from** constructing an independent Headend, trunk cable(s), node(s), **and/or** any other facilities for the purpose of permitting the distribution of Cable Television Service to subscribers located in the Relevant Geographic **Area**;

3. to require Cablevision to divest any assets, properties, privileges, rights, **interests**, claims, real or personal, tangible or intangible, of TCI Northern New Jersey other than those that are the TCI **Paramus** and **Hillsdale** Systems Assets; or

4. to prohibit Cablevision from providing Headend services, including Signal Services, to the acquirer or acquirers of the TCI **Paramus** and **Hillsdale** Systems Assets for up to twelve (12) months following divestiture.

E. Until divestiture of the TCI **Paramus** and **Hillsdale** Systems Assets, any promotion for the Cable Television Service delivered over Cablevision's Bergen Cable Television System that is **offered** by Cablevision to existing or potential subscribers located in the Relevant Geographic Area shall be offered on comparable terms to other existing or potential subscribers-to the Bergen Cable Television System.

m.

IT IS FURTHER ORDERED that:

A. If Cablevision has not obtained the Commission's approval of an acquirer for the **TCI Paramus** and **Hillsdale** Systems Assets within the Divestiture Period:

1. The Commission may appoint a trustee to divest the **TCI Paramus** and **Hillsdale** Systems Assets. In the event that the Commission or the Attorney General brings an action pursuant to § 5(Z) of the Federal Trade Commission Act, 15 U.S.C. § 45(Z), or any other statute enforced by the Commission, Cablevision shall consent to the appointment of a trustee in such action. Neither the appointment of a trustee nor a decision not to appoint a trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to § 5(I) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondent to comply with this **Order**; and

2. Cablevision shall construct a Headend with the necessary capability to enable the **TCI Paramus** and **Hillsdale** Systems Assets to provide Cable Television Service comparable to that being provided over the **TCI Paramus** and **Hillsdale** Systems Assets in the Relevant Geographic Area on the Signing Date. Cablevision shall initiate the process of creating this Headend at the time this **Paragraph III.A.2.** becomes applicable, if ever, and shall complete the construction of this Headend no later than twelve months from the date this Order becomes final; provided, however, that **Paragraph III.A.2.** shall not apply in the event that an acquirer that has entered into a binding agreement to acquire the **TCI Paramus** and **Hillsdale** Systems Assets notifies Cablevision and the Commission in writing that the acquirer

would prefer to construct the Headend itself after its acquisition of the TCI **Paramus** and **Hillsdale** Systems Assets.

B. If Cablevision has, prior to the end of the Divestiture Period, both obtained the Commission's approval of an acquirer for the TCI **Paramus** and **Hillsdale** Assets and **filed** all applications for other governmental approvals that must be obtained prior to divestiture, but one or more of such approvals are denied **after** the Divestiture **Period**, then the Divestiture Period shall be extended by a period of time equal to the time between the date of submission of the application for the approval(s) that were denied and the date that such approval(s) were denied. Notwithstanding this extension of the Divestiture **Period**, the requirements of Paragraph **III.A.2.** shall apply.

c. If a trustee is appointed by the Commission or a court pursuant to Paragraph **III.A.1.** of this Order, **Cablevision** shall consent to **the** following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:

1. The Commission shall select the trustee, subject to the consent of **Respondent**, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondent has not **opposed**, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days **after** notice by the staff of the Commission to Respondent of the identity of any **proposed** trustee, Respondent shall be deemed to have consented to the selection of the proposed trustee.

2. Within ten (10) days after appointment of the trustee, Cablevision shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the **court**, **transfers** to the trustee all rights and powers necessary to permit the trustee to effect the divestiture required by this Order.

3. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest the **TCI Paramus** and **Hillsdale** Systems Assets.

4. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in Paragraph **III.C.2.** to accomplish the divestiture, which shall be subject to the prior approval of the Commission. **If**, however, at the end of the twelve-month period, the trustee has submitted a plan of divestiture or believes that divestiture can be achieved **within** a reasonable time, the period for divestiture by the trustee may be extended by the Commission, or, **in** the case of a court-appointed trustee, by the court; provided, however, the Commission may extend this period only two (2) times.

5. The trustee shall have **full** and complete access to the **personnel**, books, records, and facilities related to the TCI **Paramus** and **Hillsdale** Systems Assets or to any other relevant information as the trustee may request. Cablevision shall develop such financial or other information as such trustee may request and shall cooperate with the trustee. Cablevision shall not take any action to **interfere** with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture caused by Cablevision shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the Commission or, for a court-appointed trustee, by the court.

6. The trustee shall use his or her best efforts to negotiate expeditiously the most favorable price and terms available in each contract that is submitted to the Commission, subject to Cablevision's absolute and unconditional obligation to divest expeditiously at no minimum price. The divestiture shall be made in the manner and to the acquirer or acquirers as set out in **Paragraph II** of this Order; provided, however, if the trustee receives bona fide offers from more than one

acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity or entities selected by Cablevision from among those approved by the Commission.

7. The trustee shall serve, without bond or other security, at the cost and expense of Cablevision, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ, at the cost and expense of Cablevision, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to **carry** out the trustee's duties and responsibilities. The trustee shall account for all monies derived **from** the divestiture and **all** expenses incurred. **After** approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies **shall** be paid at the direction of Cablevision, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee's divesting the TCI **Paramus** and **Hillsdale** Systems Assets.

8. Cablevision shall **indemnify** the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses **incurred** in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, **willful** or wanton acts, or bad faith by the trustee.

9. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph III.A. 1. of this Order.

10. The Commission or, in the case of a court-appointed trustee, the **court**, may on its own initiative or at the request of the trustee issue such additional orders or directions as maybe necessary or appropriate to accomplish the divestiture required by this Order.

11. The trustee shall have no obligation or authority to operate or maintain the **TCI Paramus** and **Hillsdale** Systems Assets.

12. The trustee shall report in writing to Cablevision and the Commission every sixty (60) days concerning the trustee's efforts to accomplish divestiture.

Iv.

IT IS FURTHER ORDERED that:

Cablevision shall comply with all terms of the Hold Separate **Agreement**, attached to this Order and made a part hereof as Appendix I. The Hold Separate Agreement shall continue in effect until such time as the TCI **Paramus** and **Hillsdale** Systems Assets shall have been divested as required by this Order.

v.

IT IS FURTHER ORDERED that:

A. For a period of ten (10) years from the date this Order becomes final, Cablevision shall **not**, without providing advance written notification to the Commission, directly or indirectly through subsidiaries, partnerships or otherwise:

1. Acquire any stock, share capital, equity, or other ownership interest (an "Interest") in any concern, corporate or non-corporate, that is engaged at the time of such acquisition, or that has been engaged within the

two (2) years preceding such acquisition, in providing Cable Television Service within the Relevant Geographic **Area**; or

2. Acquire any assets used for or previously used for (and still suitable for use for) providing Cable Television Service within the Relevant Geographic Area;

Provided, however, that this Paragraph V. shall not **apply** to the acquisition of products or **services** in the ordinary course of business; and provided, **further**, that this Paragraph V. shall not apply to:

(i) the acquisition by Cablevision of any Interest in a Person that is engaged in the business described in Subparagraph **V.A. 1.** or that owns any assets described in Subparagraph **V.A.2.** that results in Cablevision's owning no more than 5% of the total Interests in that Person and that does not give Cablevision Control of that Person;

(ii) the acquisition by Cablevision of any Interest in a Person that is engaged in the business described in Subparagraph **V.A. 1.** or that owns any assets described in Subparagraph **V.A.2.** if (a) the value of such business or assets represents no more than 10% of the total value of such Person, (b) in connection with such acquisition such Person agrees with Cablevision to divest such business or assets prior to the consummation of such acquisition, and (c) such business or assets are, in **fact**, so disposed of within such **period**;

(iii) the acquisition by any Person of the business described in Subparagraph **V.A.1.** or of any assets described in Subparagraph **V.A.2.** if (a) Cablevision owned an Interest, in that Person prior to such Person's acquisition of such business or assets, (b) the value of such business or assets represents no more than **5%** of the total value of such Person following its

acquisition, and (c) Cablevision owns no more than 33 1/3% of the total Interests in such Person; or

(iv) the formation and operation, with any Person that is engaged in the business described in Subparagraph **V.A.1.** or that owns any assets described in Subparagraph **V.A.2.**, of any joint venture, enterprise or partnership concerning any telecommunication service (including, but not limited to video, data or voice) and ancillary services related thereto that does not involve the **TCI Paramus** and **Hillsdale** Systems Assets.

B. Notification required under this provision shall be given on the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended (hereinafter referred to as “the Notification”), and shall be prepared and transmitted in accordance with the requirements of that **part**, except that no filing fee will be required for any such **notification**, notification shall be filed with the Secretary of the Commission, notification need not be made to the United States Department of Justice, and notification is required only of Respondent and not of any other party to the transaction. Respondent shall provide the Notification to the Commission at least **thirty** days prior to consummating the transaction (hereinafter refined to as the “first waiting period”). **If**, within the **first** waiting **period**, representatives of the Commission make a written request for additional information or documentary material (within the meaning of 16 **C.F.R. §** 803.20), Respondent shall not consummate the transaction until twenty days **after** submitting such additional information or documentary material. Early termination of the waiting periods in this paragraph may be requested and, where, appropriate, granted by letter **from** the Commission’s Bureau of Competition; Provided, however, that Prior notification shall not be required by this Paragraph V. for a transaction for which notification is

required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.

VI.

IT IS FURTHER ORDERED that:

A. Within sixty (60) days **after** the date this Order becomes final and every sixty (60) days thereafter until Cablevision has **fully** complied with the provisions of Paragraphs II., III. and IV. of this Order, Cablevision shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with Paragraphs II., III. and IV. of this Order. Cablevision **shall** include in its compliance reports, among other things that are required from time to time, a full description of the efforts being made to comply with Paragraphs II., III., and IV. of the Order, including a description of all substantive contacts or negotiations for the divestiture and the identity of all parties contacted. Cablevision shall include in its compliance reports copies of **all** written communications to and from such parties, and **all** reports and recommendations concerning divestiture.

B. One (1) year from the date this Order becomes final, annually for the next nine (9) years on the anniversary of the date this Order becomes final, and at other times as the Commission may require, Cablevision shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with this Order.

VII.

IT IS FURTHER ORDERED that:

Respondent shall **notify** the Commission at least thirty (30) days prior to any proposed change in Cablevision such as dissolution, **assignment**, or sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries of Cablevision or any other change in Cablevision that may affect compliance obligations arising out of the Order.

VIII.

IT IS FURTHER ORDERED that:

For the purpose of determining or securing compliance with this Order, **and** subject to any legally recognized privilege, upon written request and on reasonable notice to Cablevision, Cablevision shall permit any duly authorized representative of the Commission:

A. Access, during **office** hours and in the presence of counsel, to inspect any facilities and to inspect and copy all books, ledgers, accounts, correspondence, . memoranda and other records and documents in the possession or under the control of Cablevision relating to any matters contained in this **Order**; and

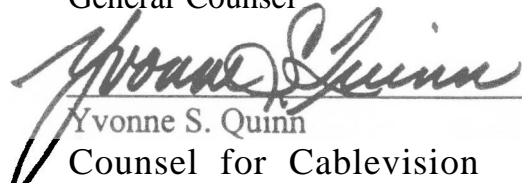
B. Upon five (5) days' notice to Cablevision and without restraint or **interference** from it, to interview officers, directors, or employees of Cablevision, who may have counsel present, relating to any matters contained in this Order.

Signed this 24th day of December, 1997.

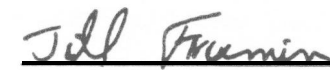
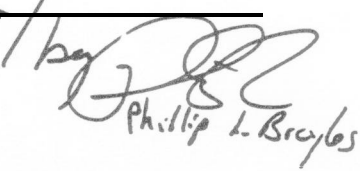
**CABLEVISION SYSTEMS
CORPORATION, A CORPORATION**

By:  _____

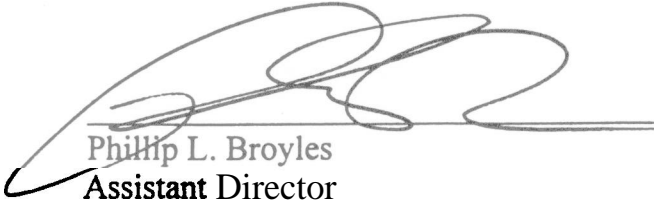
Robert S. Lemle
Executive Vice President and
General Counsel

 _____
Yvonne S. Quinn
Counsel for Cablevision Systems
Corporation

FEDERAL TRADE COMMISSION

By:  _____

Phillip L. Boyles

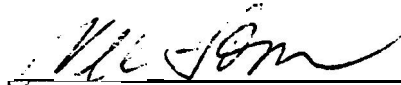
APPROVED:



Phillip L. Broyles
Assistant Director
Bureau of Competition



for George S. Cary
Senior Deputy Director
Bureau of Competition



for William J. Baer
Director
Bureau of Competition

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of)	
)	
CABLEVISION SYSTEMS CORPORATION ,)	File No.
a corporation .)	
)	

AGREEMENT TO HOLD SEPARATE

This Agreement To Hold Separate (“Agreement”) is by and between Cablevision Systems Corporation (“Cablevision”), a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business at 1 Media Crossways, Woodbury, New York. 11797; and the Federal Trade Commission (“Commission”), an independent agency of the United States Government, established under the Federal Trade Commission Act, 15 U.S.C. § 41, et seq.

WHEREAS Cablevision entered into an agreement with Telecommunications, Inc. (“TCI”), a Delaware corporation, whereby Cablevision will acquire certain Cable Television Systems owned and operated by TCI (hereinafter the “Acquisition”); and

WHEREAS the Commission is now investigating the Acquisition to determine if it would violate any of the statutes enforced by the Commission; and

WHEREAS if the Commission accepts the attached Agreement Containing Consent Order (“Consent Agreement”), which would require the divestiture of the TCI **Paramus** and **Hillsdale** Systems Assets (as defined in the Consent Agreement), the Commission must place the Consent Agreement on the

public record for a period of at least sixty (60) days and may subsequently **withdraw** such acceptance pursuant to the provisions of Section 2.34 of the Commission's Rules; and

WHEREAS the Commission is concerned that if an understanding is not reached, preserving the independent pricing and marketing of the Cable Television Service provided over the TCI **Paramus** and **Hillsdale** Systems Assets in the Relevant Geographic Area during the period prior to the final acceptance and issuance of the Consent Agreement by the Commission (**after** the 60-day public comment period), divestiture resulting from any proceeding challenging the legality of the Acquisition might not be possible, or might be less than an effective remedy; and

WHEREAS the Commission is concerned that if the Acquisition is consummated, it will be necessary to preserve the Commission's ability to require the divestiture of the assets described in Paragraph II of the Consent Agreement; and

WHEREAS the purpose of this Agreement and the Consent Agreement is to preserve the TCI **Paramus** and **Hillsdale** Systems Assets pending divestiture, and to remedy any anticompetitive effects of the Acquisition; and

WHEREAS Cablevision's entering into this Agreement **shall** in no way be construed as an **admission** by Cablevision that **the** Acquisition is illegal or has any anticompetitive effects; and

WHEREAS Cablevision understands that no act or transaction contemplated by this Agreement shall be deemed immune or exempt from the provisions of the antitrust laws or the Federal Trade Commission Act **by** reason of anything contained in this Agreement.

NOW, THEREFORE, upon the understanding that the Commission has not yet determined whether it will challenge the Acquisition, and in consideration

of the Commission's agreement to accept the Consent Agreement for public comment and grant early termination of the HSR waiting period, the parties agree as follows:

1. Cablevision agrees to execute and be bound by the attached Consent Agreement.

2. Cablevision agrees that it will comply with the provisions of Paragraph 3 of this Agreement from the date this Agreement is accepted until the earliest of the dates listed in subparagraphs **2.a-2.b**:

a. three (3) business days **after** the Commission withdraws its acceptance of the Consent Agreement pursuant to the provisions of Section 2.34 of the Commission's Rules; or

b. the day **after** the divestiture required by the Consent Agreement has been completed.

3. Pending divestiture, Cablevision shall operate the TCI **Paramus** and **Hillsdale** Systems Assets on the following terms and conditions:

a. Cablevision will retain **two** (2) members of the management of TCI Northern New Jersey (the "management team"), who are **fully familiar** with the TCI **Paramus** and **Hillsdale** Systems Assets, to price and market the Cable Television Service delivered over the TCI Paramus and **Hillsdale** Systems Assets. The individuals on the management team **shall** price and market such Cable Television Service independently of the management of Cablevision's other businesses, including Cablevision's **Paramus** and **Hillsdale** Cable Television Systems. The individuals on the management team shall not be involved in any way in the operation or management of any other Cablevision Cable Television System. If **any** member of the management team is unable or unwilling to continue to serve on the management team (or becomes unable to do so during the term of this Agreement)

that position will be filled by an individual not involved in any way in the operation or management of any other Cablevision Cable Television System.

b. The management team, in its capacity as such, shall report directly and exclusively to an individual to be designated by Cablevision (the “Cablevision Contact”) who has no direct responsibilities for Cable Television System operations and who is competent to assure the continued operations of the TCI **Paramus** and **Hillsdale** Systems Assets in accordance with this Agreement.

c. Cablevision shall not exercise direction or control over, or influence directly or indirectly, the management team or any of its activities relating to the pricing and marketing of Cable Television Service delivered by the TCI **Paramus** and **Hillsdale** Systems Assets; provided, however, that Cablevision may exercise such direction and control over the management team and the TCI **Paramus** and **Hillsdale** Systems Assets as is necessary to ensure compliance with this Agreement and with the Consent Agreement and with all applicable laws.

d. Pending divestiture and subject to Paragraphs **II.D.** and **I.L.** of the Consent **Agreement**, Cablevision shall maintain the Competitiveness, Viability and Marketability of the TCI **Paramus** and **Hillsdale** Systems Assets and shall not sell, transfer, encumber (other than in the ordinary course of business), or otherwise impair their Competitiveness, Viability or Marketability (as defined in the Consent Agreement).

e. Except for the Cablevision Contact and the management team, Cablevision shall not permit any other Cablevision employee, officer, or director to be involved in the pricing or marketing of Cable Television Service delivered by TCI **Paramus** and **Hillsdale** Systems Assets; provided, however, that Cablevision employees involved in engineering, construction, customer service, data processing, training, human resources, finance, **legal** services, tax, accounting.

insurance, internal **audit**, payroll, programming, purchasing, real **estate**, risk **management**, telephony, compliance with FCC regulations, contract administration, and similar services may provide such services to the **TCI Paramus** and **Hillsdale** Systems Assets.

f. The management team shall serve at the cost and expense of Cablevision. Cablevision shall **indemnify** the management team against any losses or claims of any kind that might arise out of management team members' involvement under this **Agreement**, except to the extent that such losses or claims result from misfeasance, gross negligence, **willful** or wanton acts, or bad faith by the management team.

g. If any member of the management team ceases to act or fails to act diligently, a substitute member shall be appointed.

4. Should the Federal Trade Commission seek in any proceeding to compel Cablevision to divest any of the TCI **Paramus** or **Hillsdale** Systems Assets, as provided in the Consent **Agreement**, or to seek any other injunctive or equitable relief for any **failure** to comply with the Consent Agreement or this **Agreement**, or in any way relating to the Acquisition, as defined in the Consent **Agreement**, Cablevision shall not raise any objection based upon the expiration of the applicable **Hart-Scott-Rodino** Antitrust Improvements Act waiting period or the fact that the Commission has permitted the Acquisition. Cablevision also waives all rights to contest the validity of this Agreement.

5. To the extent that this Agreement requires Cablevision to take, or prohibits Cablevision from taking, certain actions that otherwise maybe required or 'prohibited by **contract**, Cablevision shall abide by the terms of this Agreement or the Consent Agreement and shall not assert as a defense such contractual

requirements in any action brought by the Commission to enforce the terms of this Agreement or the Consent Agreement.

6. For the **purpose** of determining or securing compliance with this **Agreement**, subject to any legally recognized privilege, and upon written request with reasonable notice to Cablevision made to its principal office, Cablevision shall permit any duly authorized representative or representatives of the Commission:

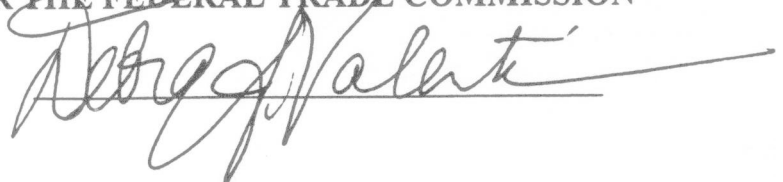
a. Access during the office hours of Cablevision and in the presence of counsel to inspect any facilities and to inspect and copy all books, ledgers, accounts, correspondence, **memoranda**, and other records and documents in the possession or under the control of Cablevision relating to compliance with this Agreement; and

b. Upon five (5) days' notice to Cablevision, and without restraint or **interference** from Cablevision, to **interview officers** or employees of Cablevision, who may have counsel present, regarding any such matters.

7. This Agreement shall not be binding until approved by the Commission.

FOR THE FEDERAL TRADE COMMISSION

By:



General Counsel

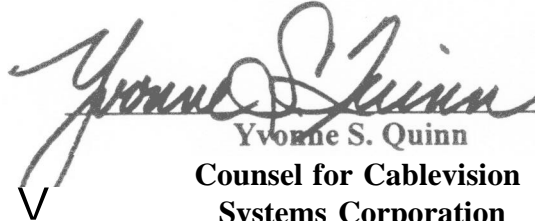
FOR CABLEVISION SYSTEMS
CORPORATION, A CORPORATION

By:



Robert S. Lemle

Executive Vice President
and General Counsel



Yvonne S. Quinn

Counsel for Cablevision
Systems Corporation

The Commission accepted the consent agreement for public comment on January 15, 1998.



Donald S. Clark, Secretary

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION “

In the Matter of)
)
CABLEVISION SYSTEMS CORPORATION,) DOCKET NO.
a corporation.)
)
)

COMPLAINT

The Federal Trade Commission (“Commission”), having reason to believe that respondent Cablevision Systems Corporation (“CVS”), a corporation subject to the jurisdiction of the **Commission**, proposes to acquire certain cable television systems owned by **Tele-Communications, Inc. (“TCI”)**, in violation of Section 7 of the Clayton **Act**, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), as **amended**, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public **interest**, hereby issues its Complaint pursuant to Section 11 of the Clayton **Act**, as amended, 15 U.S.C. § 21, and Section 5(b) of the FTC **Act**, as amended, 15 U.S.C. § 45(b), stating its charges as follows:

I. CVS

PARAGRAPH ONE: Respondent CVS is a corporation **organized**, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1 Media Crossways, Woodbury, New York 11797.

PARAGRAPH TWO: Respondent CVS is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton **Act**, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. TCI

PARAGRAPH THREE: TCI is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal executive offices located at 5619 DTC Parkway, **Englewood**, Colorado 80111.

PARAGRAPH FOUR: TCI is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton **Act**, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or **affects** commerce, as “commerce” is defined in Section 4 of the FTC **Act**, as amended, 15 U.S.C. § 44.

III. THE PROPOSED ACQUISITION

PARAGRAPH FIVE: Respondent CVS entered into an agreement with TCI in which CVS will acquire certain cable television systems presently owned and operated directly or indirectly by TCI in New Jersey and New York serving approximately 820,000 subscribers, in exchange for CVS voting securities valued at approximately \$423,000,000 (“the acquisition”).

IV. THE RELEVANT MARKETS

PARAGRAPH SIX: The relevant line of commerce in which to analyze the **effects** of the acquisition is the distribution of multichannel video programming by cable television.

PARAGRAPH SEVEN: The relevant geographic areas in which to analyze **the effects of** the acquisition are the Boroughs of **Paramus** and **Hillsdale**, in Bergen County, New Jersey.

PARAGRAPH EIGHT: The relevant line of commerce is highly concentrated with only two cable television providers -- CVS and TCI - in the relevant geographic areas.

PAWGRAPH NINE: Respondent CVS is an actual and potential competitor of TCI in the relevant line of commerce in the relevant geographic areas.

PARAGRAPH TEN: Timely and effective entry in the relevant line of commerce in the relevant geographic areas is unlikely.

V. EFFECTS OF THE ACQUISITION

PARAGRAPH ELEVEN: The effects of the acquisition may be substantially to lessen competition or to tend to create a monopoly in the relevant markets in the following ways, among others:

- a. actual competition between CVS and **TCI** to serve existing residential neighborhoods, hotels, and apartment complexes will be eliminated;
- b. actual competition between CVS and TCI to serve new residential neighborhoods, hotels, and apartment developments will be eliminated; and
- c. **actual** and potential competition between CVS and TCI to extend their cable systems throughout the relevant geographic areas will be eliminated.

VI. VIOLATIONS CHARGED

PARAGRAPH TWELVE: The acquisition agreement described in Paragraph Five constitutes a violation of Section 5 of the **FTC Act**, as amended, **15 U.S.C. § 45**.

PARAGRAPH THIRTEEN: The acquisition described in Paragraph Five, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, **15 U.S.C. § 18**, and Section 5 of the **FTC Act**, as amended, **15 U.S.C. § 45**.

IN WITNESS WHEREOF, the Federal Trade Commission, having caused this Complaint to be signed by the Secretary and its **official** seal affixed, at Washington, D.C., this day of 1998, issues its Complaint against respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL:



ANALYSIS TO AID PUBLIC COMMENT ON THE PROVISIONALLY ACCEPTED CONSENT ORDER .

I. INTRODUCTION

The Federal Trade Commission (“Commission”) has accepted for public comment **from** Cablevision Systems Corp. (“CVS”) an *Agreement Containing Consent Order* (“Agreement” or “Proposed Consent Order”). The Proposed Consent Order is designed to remedy likely **anticompetitive** effects arising from CVS’S proposed acquisition of certain cable television systems presently owned and operated by **Tele-Communications, Inc. (“TCI”)** in **two** relevant markets. This Agreement has been placed on the public record for sixty (60) days for receipt of comments from interested persons.

II. DESCRIPTION OF THE PARTIES AND THE ACQUISITION

CVS is the **nation’s** sixth largest provider of cable television services to approximately 2.9 million subscribers in 16 states. Through its majority ownership of Rainbow Media Holdings, Inc., CVS also owns interests in and manages a number of cable television programming networks. TCI is the nation’s largest provider of cable television services, with over a **27%** share of all U.S. cable television households. Through its Liberty Media Corp. subsidiary, TCI also owns an interest in a large number of cable programming networks.

On June 6, 1997, CVS and TCI entered an agreement (the “acquisition”) whereby TCI will contribute to CVS cable television systems in New Jersey and New York serving approximately 820,000 subscribers. TCI will receive CVS voting securities valued at approximately \$423 million.

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of

CABLEVISION SYSTEMS CORPORATION,
a corporation.

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) File No.
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AGREEMENT CONTAINING CONSENT ORDER

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed acquisition by Cablevision Systems Corporation (“Cablevision”) of certain cable television systems owned and operated by **Telecommunications, Inc. (“TCP”)**, and it now appearing that Cablevision, hereafter sometimes referred to as “proposed **respondent**,” is willing to enter into an agreement containing an order to divest certain of the assets to be acquired, and to cease and desist from making certain acquisitions, and providing for other **relief**:

IT IS HEREBY AGREED by and between Cablevision, by its duly authorized officer and attorney, and counsel for the Commission **that**:

1. Proposed respondent Cablevision is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business at 1 Media Crossways, Woodbury, New York 11797.
2. Proposed respondent Cablevision admits all the jurisdictional facts set forth in the draft of complaint here attached.

3. Proposed respondent Cablevision waives:
 - a. any **further** procedural steps;
 - b. the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law;
 - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Order entered pursuant to this **agreement**; and
 - d. any claim under the Equal Access to Justice Act.

4. This agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission **it**, together with the **draft** of complaint contemplated thereby, will be placed on the public record for a period **of** sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of **this** agreement and so **notify** the proposed **respondent**, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.

5. This agreement is for settlement purposes only and does not constitute an admission by proposed respondent that the law has been violated as alleged in the **draft** of complaint here **attached**, or **that** the facts as alleged in the draft of **complaint**, other than jurisdictional facts, are true.

6. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of § 2.34 of the Commission's Rules, the Commission may, without further notice to proposed respondent, (a) issue its complaint **corresponding** in form and substance with the **draft** of complaint here attached and issue its decision containing the following Order to divest and to cease

and desist in disposition of the proceeding; and (b) make information public with respect thereto. When so entered, the Order to divest and to cease and desist shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Order shall become final upon service. Delivery by the U.S. Postal Service of the complaint and decision containing the agreed-to Order to the proposed respondent's address as stated in this agreement shall constitute service. Proposed respondent waives any right it may have to any other manner of service. The complaint **may be used in** construing the terms of the Order, and no agreement, understanding, representation, or interpretation not contained in the Order or the agreement maybe used to vary or contradict the terms of the Order.

7. Proposed respondent has read the proposed complaint and Order contemplated hereby. Proposed respondent understands that once the Order has been issued, it will be required to file one or more compliance reports showing that it has **fully** complied with the Order. Proposed respondent **further** understands that it may be liable for civil penalties in the amount provided by law for each violation of the Order after it becomes final.

ORDER

L

IT IS ORDERED that:

As used in this Order, the following definitions shall apply:

A. **"Agent"** or **"Representative"** means a person that is acting in a fiduciary capacity on behalf of a principal with respect to the specific conductor action under review or consideration.

B. **"Acquisition"** means the acquisition by Cablevision of certain cable television systems owned and operated directly or indirectly by TCI and seining

various communities in New Jersey and New **York**, as set forth in paragraph five of the **draft** of complaint.

c. “Respondent” or “Cablevision” means Cablevision Systems Corporation and all of its directors, officers, employees, Agents, and Representatives, and also includes (1) all of Cablevision Systems **Corporation’s** predecessors, successors, assigns, subsidiaries, and divisions and all of their respective directors, officers, employees, Agents, Representatives, successors, and assigns; and (2) any partnerships, joint ventures, and affiliates that Cablevision Systems Corporation Controls and the respective directors, officers, employees, successors and assigns of each.

D. “**TCI**” means **Tele-Communications, Inc.** and **all** of its directors, officers, employees, Agents, and Representatives, and also includes (1) all of **Tele-communications, Inc.’s**, predecessors, successors, assigns, subsidiaries, and divisions and all of their respective directors, officers, employees, Agents, Representatives, successors, and assigns; and (2) any partnerships, joint ventures, and affiliates that **Tele-Communications, Inc.**, Controls and the respective directors, officers, employees, successors and assigns of each.

E. “Control” has the meaning set forth in 16 **C.F.R. §** 801.1 as that regulation read on November 1, 1997.

F. “Commission” means the Federal Trade Commission.

G. “**TCI Paramus and Hillsdale Systems Assets**” means the Cable Television System Assets that were owned directly or indirectly by TCI prior to this Acquisition and that are physically located in the Relevant Geographic **Area**, and all other properties, privileges, rights, interests and claims, real and personal, tangible and intangible, of every type and description that are owned, leased, held or used in the provision of Cable Television Service by **TCI** solely in and for the Relevant

Geographic Area, including governmental permits, franchises, intangibles, equipment and real property; provided, however, that “TCI **Paramus** and **Hillsdale** Systems **Assets**” shall not include:

1. The TCI Optical Transfer Network (the “OTN”) that distributes **Cable** Television Service to certain municipalities, townships and boroughs north and south of **Paramus** and which is located at the intersection of Bluebell Court and Pascack Road near the border of **Paramus** and Washington Township;

2. The **TCI** fiber optic cable that distributes Cable Television Service to certain municipalities, townships and boroughs north of **Paramus**, and which is located on the border of **Paramus** and Washington Township along Blue Bell Court, **Pascack** Road and Linwood Avenue;

3. The **TCI** fiber optic cable that distributes Cable Television Service to certain municipalities, townships and boroughs north of **Paramus**, and which is located on the border of **Paramus** and **Ridgewood** Township along Gateway Road and along that portion of Linwood Avenue between Gateway Road and **Paramus** Road;

4. The TCI fiber optic cable that distributes Cable Television Service to certain municipalities, townships and boroughs south of **Paramus** and which is located along **Pascack** Road, **Fairview** Road, Century Road, Spring Valley Road and **Howland** Avenue; and

5. All other TCI fiber optic cables located within the Relevant Geographic Area that are not used to provide Cable Television Service in the Relevant Geographic Area.

H. “Cable Television Service” means the delivery of video entertainment and informational programming via a Cable Television System.

I. “Cable Television System” means a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide video entertainment and informational programming to multiple subscribers within a community.

J. “Cable Television System Assets” means those physical assets including but not limited to coaxial cable and amplifiers, that makeup the facility that is a Cable Television System.

K. “Relevant Geographic Area” means that area within the official municipal boundaries of each of the Boroughs of **Paramus** and **Hillsdale** in the County of Bergen in the State of New Jersey.

L. “Competitiveness, Viability and Marketability” of the TCI **Paramus** and **Hillsdale** Systems Assets means **that**, subject to Paragraph **II.D.**, Cablevision shall continue the operation of the TCI **Paramus** and **Hillsdale** Systems Assets in the ordinary course of business without material change or alteration that may adversely affect the value or goodwill of the TCI **Paramus** and **Hillsdale** Systems **Assets, which** do not include a Headend and which are currently operated (including the selection of video programming for distribution over those Assets and the marketing and pricing of Cable Television Service delivered over those Assets) as a part of and from the single Headend of the TCI Northern New Jersey Cable Television System.

M. “Headend” means the control center of a Cable Television System, where incoming signals are amplified, **converted**, and combined, together with signals originated in the Cable Television System, in a common transmission medium for distribution to subscribers.

N. “Person” means a corporation, partnership, joint venture or other business entity, whether incorporated or unincorporated.

O. “News 12 N.J.” means the regional video programming service known as News 12 New Jersey.

P. “TCI Northern New Jersey Cable Television System” means the Cable Television System owned directly or indirectly by TCI that serves fifty-three communities in northern New Jersey **from** a single Headend located in Oakland, New Jersey, and **that**, at the time of the Acquisition, includes the TCI **Paramus** and **Hillsdale** Systems Assets.

Q. “Signing Date” means the date the Respondent executes the Agreement Containing Consent Order.

R. “Divestiture Period” means the six (6) month period from the Signing Date.

S. “Signal **Services**” means the transmission by Cablevision **from** one or more of its Headends of the signals of one or more programming services (including broadcast television signals) to the acquirer of the TCI **Paramus** and **Hillsdale** Systems Assets, subject to Cablevision’s and such acquirer’s having the necessary licenses or other authorizations to re-transmit such programming service(s).

T. “Bergen Cable Television System” means the Cable Television System owned by Cablevision prior to the Acquisition that serves the Relevant Geographic Area and a number of other communities in and around Bergen County in New Jersey **from** a single Headend.

II.

IT IS FURTHER ORDERED that:

A. Cablevision shall **divest**, absolutely and in good faith, the **TCI Paramus** and **Hillsdale** Systems Assets within the Divestiture Period; provided, however, that, if Respondent has entered into a binding contract with and has obtained the

Commission's approval for an acquirer and filed all applications for other required governmental approvals within six (6) months **from** the Signing Date, the Divestiture Period shall be extended by (i) an additional period of time equivalent to the number of days that any governmental body (other than the Commission) takes to approve or disapprove an application necessary to be approved or disapproved prior to completion of the divestiture and (ii) an additional five business days to enable the closing of the divestiture. Cablevision shall undertake its best efforts to facilitate any governmental approvals required to effect divestiture of the **TCI Paramus** and **Hillsdale** Systems Assets and their continued use in Cable Television Service in the Relevant Geographic Area. Cablevision shall grant to the acquirer or acquirers of the **TCI Paramus** and **Hillsdale** Systems Assets an **indefeasible** right to use the two fibers (the "Fibers") **that link the TCI** Cable Television System Assets in **Paramus** and the TCI Cable Television System Assets in **Hillsdale** for so long as the acquirer or **acquirers** (and/or their successors in interest) use the Fibers to provide Cable Television **Service**, and/or voice, data or internet transmissions, in or to the **TCI Paramus** and **Hillsdale** Systems Assets. To ensure the availability of cable programming services to the **TCI Paramus** and **Hillsdale** Systems Assets after divestiture, for the period of this Order, Cablevision shall waive and not **obtain**, solely with respect to delivery by the acquirer of the **TCI Paramus** and **Hillsdale** Systems Assets by means of a Cable Television System in the Relevant Geographic **Area**, any exclusive rights to cable programming services, except for News 12 **N.J.**

B. For the purpose of facilitating the divestiture of the **TCI Paramus** and **Hillsdale** Systems Assets, Cablevision shall, within the earlier of the termination of the Divestiture Period or divestiture:

1. Extend the coaxial trunk cable currently located on **Hillsdale** Avenue in the Borough of **Hillsdale** in order to provide Cable Television Service to

those homes that are located in the Borough of **Hillsdale** and to the west of the Garden State Parkway.

2. Create within one hundred (**100**) yards of the OTN a point of connection to the **TCI Paramus** System Assets such that the acquirer or acquirers of such Assets can **directly** or **indirectly** connect a Headend to such Assets through that point of connection.

c. Cablevision shall divest the TCI **Paramus** and **Hillsdale** Systems Assets only to an acquirer or acquirers that receive the prior approval of the Commission and only in a manner that receives the prior approval of the Commission. The purpose of the divestiture of the TCI **Paramus** and **Hillsdale** Systems Assets is to ensure the continued use of the TCI **Paramus** and **Hillsdale** Systems Assets as an **ongoing**, viable deliverer of Cable Television Service in the Relevant Geographic **Area**, and to remedy the lessening of competition resulting from the proposed acquisition of the TCI **Paramus** and **Hillsdale** Systems Assets by Cablevision as alleged in the Commission's complaint.

D. Until divestiture of the TCI **Paramus** and **Hillsdale** Systems Assets, Cablevision **shall** take such actions as are **necessary** to maintain the Competitiveness, Viability and Marketability, as such existed at the time of the Acquisition, of the TCI **Paramus** and **Hillsdale** Systems Assets and to prevent the destruction, removal, wasting, deterioration, or impairment of any of the TCI **Paramus** and **Hillsdale** Systems Assets except for ordinary wear and **tear; provided**, however, that nothing in this Order or the annexed Agreement to Hold Separate shall be construed:

1. to prohibit Cablevision from altering the programming offered on, branding, or channel line-up of the Cable Television Service delivered over the TCI **Paramus** and **Hillsdale** Systems Assets to subscribers located in the Relevant Geographic Area, if Cablevision alters in the same way the programming offered on,

branding, or channel line-up of **Cable Television Service** delivered **from the** Headend _ serving the **TCI Northern New Jersey Cable Television System** to other communities served from that Headend;

2. either to require or to prohibit Cablevision from constructing an independent Headend, trunk cable(s), node(s), and/or any other facilities for the purpose of permitting the distribution of Cable Television Service to subscribers located in the Relevant Geographic **Area**;

3. to require Cablevision to divest any assets, properties, privileges, rights, **interests**, claims, real or personal, tangible or intangible, of TCI Northern New Jersey other than those that are the TCI Paramus and **Hillsdale** Systems Assets; or

4. to prohibit Cablevision from providing Headend services, including Signal Services, to the acquirer or acquirers of the TCI **Paramus** and **Hillsdale** Systems Assets for up to twelve (12) months following divestiture.

E. Until divestiture of the **TCI Paramus** and **Hillsdale** Systems Assets, any promotion for the Cable Television Service delivered over Cablevision's Bergen Cable Television System that is offered by Cablevision to existing or potential subscribers located in the Relevant Geographic Area shall be offered on comparable terms to other existing or potential subscribers-to the Bergen Cable Television System.

III.

IT IS FURTHER ORDERED that:

A. If Cablevision has not obtained the Commission's approval of an acquirer for the **TCI Paramus** and **Hillsdale** Systems Assets within the Divestiture Period:

1. The Commission may appoint a trustee to divest the **TCI Paramus** and **Hillsdale** Systems Assets. In the event that the Commission or the Attorney General brings an action pursuant to § 5(Z) of the Federal Trade Commission Act, 15 U.S.C. § 45(I), or any other statute enforced by the Commission, Cablevision shall consent to the appointment of a trustee in such action. Neither the appointment of a trustee nor a decision not to appoint a trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to § 5(Z) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondent to comply with this **Order**; and

2. Cablevision shall construct a Headend with the necessary capability to enable the **TCI Paramus** and **Hillsdale** Systems Assets to provide Cable Television Service comparable to that being provided over the **TCI Paramus** and **Hillsdale** Systems Assets in the Relevant Geographic Area on the Signing Date. Cablevision shall initiate the process of creating this Headend at the time this Paragraph **III.A.2.** becomes applicable, if ever, and shall complete the construction of this Headend no later than twelve months from the date this Order becomes final; provided, however, that Paragraph **III.A.2.** shall not apply in the event that an acquirer that has entered into a binding agreement to acquire the **TCI Paramus** and **Hillsdale** Systems Assets notifies Cablevision and the Commission in writing that the acquirer

would **prefer** to construct the Headend itself **after** its acquisition of the TCI **Paramus** and **Hillsdale** Systems Assets.

B. If Cablevision has, prior to the end of the Divestiture Period, both obtained the Commission's approval of an acquirer for the **TCI Paramus** and **Hillsdale** Assets and filed all applications for other governmental approvals that must be obtained prior to divestiture, but one or more of such approvals are denied after the Divestiture **Period**, then the Divestiture Period shall be extended by a period of time equal to the time between the date of submission of the application for the approval(s) that were denied and the date that such approval(s) were denied. Notwithstanding **this** extension of the Divestiture **Period**, the requirements of Paragraph **III.A.2.** shall apply.

c. If a trustee is appointed by the Commission or a court pursuant to Paragraph **III.A.1.** of this Order, **Cablevision** shall consent to **the** following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:

1. . The Commission shall select the trustee, subject to the consent of **Respondent**, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondent has not **opposed**, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days **after** notice by the staff of the Commission to Respondent of the identity of any **proposed** trustee, Respondent shall 'be deemed to have consented to the selection of the proposed trustee.

2. Within ten (10) days **after** appointment of the trustee, Cablevision shall execute a trust agreement **that**, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the **court, transfers** to the trustee all rights and powers necessary to permit the trustee to effect the divestiture required by this Order.

3. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest the **TCI Paramus** and **Hillsdale** Systems Assets.

4. The trustee shall have **twelve** (12) months from the date the Commission approves the trust agreement described in Paragraph **III.C.2.** to accomplish the divestiture, which shall be subject to the prior approval of the Commission. **If**, however, at the end of the twelve-month period, the trustee has submitted a plan of divestiture or believes that divestiture can be achieved **within** a reasonable time, the period for divestiture by the trustee may be extended by the Commission, or, **in** the case of a court-appointed trustee, by the court; provided, however, the Commission may extend this period only two (2) times.

5. The trustee shall have **full** and complete access to the personnel, books, records, and facilities related to the **TCI Paramus** and **Hillsdale** Systems Assets or to any other relevant information as the trustee may request. Cablevision shall develop such financial or other information as such trustee may request and shall cooperate with the trustee. Cablevision shall not take any action to **interfere** with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture caused by Cablevision shall extend the time for divestiture under this Paragraph **in** an amount equal to the delay, **as** determined by the Commission or, for a court-appointed trustee, by the court.

6. The trustee shall use his or her best efforts to negotiate expeditiously the most favorable price and terms available in each contract that is submitted to the Commission, subject to Cablevision's absolute and unconditional obligation to divest expeditiously at no minimum price. The divestiture shall be made in the manner and to the acquirer or acquirers as set out in Paragraph II of this Order; provided, however, if the trustee receives bona fide offers from more than one

acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity or entities selected by Cablevision from among those approved by the Commission.

7. The trustee shall serve, without bond or other security, at the cost and expense of Cablevision, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ, at the cost and expense of Cablevision, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee **shall** account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of Cablevision, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission **arrangement** contingent on the trustee's divesting the TCI **Paramus** and **Hillsdale** Systems Assets.

8. Cablevision shall **indemnify** the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the **performance** of the trustee's duties, including all reasonable fees of counsel and other expenses **incurred** in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, **willful** or wanton acts, or bad faith by the trustee.

9. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph III.A. 1. of this Order.

10. The Commission or, in the case of a court-appointed trustee, the **court**, may on its own initiative or at the request of the trustee issue such additional orders or directions as maybe necessary or appropriate to accomplish the divestiture required by this Order.

11. The trustee shall have no obligation or authority to operate or maintain the **TCI Paramus** and **Hillsdale** Systems Assets.

12. The trustee shall report in writing to Cablevision and the Commission every sixty (60) days concerning the trustee's efforts to accomplish divestiture.

Iv.

IT IS FURTHER ORDERED that:

Cablevision shall comply with all terms of the Hold Separate **Agreement**, attached to this Order and made a part hereof as Appendix I. The Hold Separate Agreement shall continue in effect until such time as the TCI **Paramus** and **Hillsdale** Systems Assets shall have been divested as required by this Order.

v.

IT IS FURTHER ORDERED that:

A. For a period of ten (10) years from the date this Order becomes final, Cablevision shall **not**, without providing advance written notification to the Commission, directly or indirectly through subsidiaries, partnerships or otherwise:

1. Acquire any stock, share capital, equity, or other ownership interest (an "Interest") in any concern, corporate or non-corporate, that is engaged at the time of such acquisition, or that has been engaged within the

two (2) years preceding such acquisition, in providing Cable Television Service within the Relevant Geographic **Area**; or

2. Acquire any assets used for or previously used for (and still suitable for use for) providing Cable Television Service within the Relevant Geographic Area;

Provided, however, that this Paragraph V. shall not apply to the acquisition of products or **services** in the ordinary **course** of business; and provided, **further**, that this Paragraph V. shall not apply to:

(i) the acquisition by Cablevision of any Interest in a Person that is engaged in the business described in Subparagraph **V.A. 1.** or that owns any assets described in Subparagraph **V.A.2.** that results in Cablevision's owning no more than 5% of the total Interests in that Person and that does not give Cablevision Control of that **Person**;

(ii) the acquisition by Cablevision of any Interest in a Person that is engaged in the business described in Subparagraph **V.A. 1.** or that owns any assets described in Subparagraph **V.A.2.** if (a) the value of such business or assets represents no more than **10%** of the total value of such Person, (b) in connection with such acquisition such Person agrees with Cablevision to divest such business or assets prior to the consummation of such acquisition, and (c) such business or assets are, in fact, so disposed of within such **period**;

(iii) the acquisition by any Person of the business described in Subparagraph **V.A.1.** or of any assets described in Subparagraph **V.A.2.** if (a) Cablevision owned an Interest, in that Person prior to such Person's acquisition of such business or assets, (b) the value of such business or assets represents no more than 5% of the total value of such Person following its

acquisition, and (c) Cablevision owns no more than 33%% of the **total** Interests in such Person; or

(iv) the formation and operation, with any Person that is engaged in the business described in Subparagraph **V.A. 1.** or that owns any assets described in Subparagraph **V.A.2.**, of any joint venture, enterprise or partnership concerning any telecommunication service (including, but not limited to video, data or voice) and ancillary services related thereto that does not involve the **TCI Paramus** and **Hillsdale** Systems Assets.

B. Notification required under this provision shall be given on the Notification and Report Form set forth in the Appendix to Part 803 of Title 16 of the Code of Federal Regulations as amended (**hereinafter** referred to as “the Notification”), and shall be prepared and transmitted in accordance with the requirements of that **part**, except that no filing fee will be required for any such **notification**, notification shall be filed with the Secretary of the Commission, notification need not be made to the United States Department of Justice, and notification is required only of Respondent and not of any other party to the transaction. Respondent shall provide the Notification to the Commission at least thirty days prior to consummating the transaction (hereinafter refined to as the “first waiting period”). **If**, within the **first** waiting **period**, representatives of the Commission make a written request for additional information or documentary material (within the meaning of 16 **C.F.R. §** 803.20), Respondent shall not consummate the transaction until twenty days **after** submitting such additional information or documentary material. Early termination of the waiting periods in this **paragraph** may be requested and, where, appropriate, granted by letter from the Commission’s Bureau of Competition; Provided, however, that Prior notification shall not be required by this Paragraph V. for a transaction for which notification is

required to be made, and has been made, pursuant to Section 7A of the Clayton Act, 15 U.S.C. § 18a.

VI.

IT IS FURTHER ORDERED that:

A. Within sixty (60) days **after** the date this Order becomes final and every sixty (60) days thereafter until Cablevision has **fully** complied with the provisions of Paragraphs II., III. and IV. of this Order, Cablevision shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with Paragraphs II., III. and IV. of this Order. Cablevision **shall** include in its compliance reports, among other things that are required **from** time to time, a full description of the efforts being made to comply with Paragraphs II., III., and IV. of the Order, including a description of all substantive contacts or negotiations for the divestiture and the identity of all parties contacted. Cablevision shall include in its compliance reports copies of all written communications to and from such parties, and all reports and recommendations concerning divestiture.

B. One (1) year from the date this Order becomes final, annually for the next nine (9) years on the anniversary of the date this Order becomes final, and at other times as the Commission may require, Cablevision shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with this Order.

VII.

IT IS FURTHER ORDERED that:

Respondent shall **notify** the Commission at least thirty (30) days prior to any proposed change in Cablevision such as dissolution, **assignment**, or sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries of Cablevision or any other change in Cablevision that may affect compliance obligations arising out of the Order.

VIII.

IT IS FURTHER ORDERED that:

For the purpose of determining or securing compliance with this Order, **and** subject to any legally recognized privilege, upon written request and on reasonable notice to Cablevision, Cablevision shall permit any duly authorized representative of the Commission:

A. Access, during **office** hours and in the presence of counsel, to inspect any facilities and to inspect and copy all books, ledgers, accounts, correspondence, . memoranda and other records and documents in the possession or under the control of Cablevision relating to any matters contained in this **Order**; and

B. Upon five (5) days' notice to Cablevision and without restraint or interference from it, to interview officers, directors, or employees of Cablevision, who may have counsel present, relating to any matters contained in this Order.

Signed this 24th day of December, 1997.

**CABLEVISION SYSTEMS
CORPORATION, A CORPORATION**

By: 

Robert S. Lemle
Executive Vice President and
General Counsel




Yvonne S. Quinn


// counsel for Cablevision Systems
Corporation

FEDERAL TRADE COMMISSION

By: 


Phillip L. Boyles

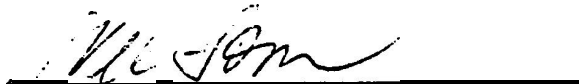
APPROVED:



Phillip L. Broyles
Assistant Director
Bureau of Competition



for George S. Cary
Senior Deputy Director
Bureau of Competition



for William J. Baer
Director
Bureau of Competition

UNITED STATES OF AMERICA
BEFORE **FEDERAL** TRADE COMMISSION

In the Matter of)	
)	
CABLEVISION SYSTEMS CORPORATION ,)	File No.
a corporation.)	
)	

AGREEMENT TO HOLD SEPARATE

This Agreement To Hold Separate (“Agreement”) is by and **between** Cablevision Systems Corporation (“Cablevision”), a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business at 1 Media Crossways, Woodbury, New York, 11797; and the Federal Trade Commission (“Commission”), an independent agency of the United States Government, established under the Federal Trade Commission Act, 15 **U.S.C. § 41, et seq.**

WHEREAS Cablevision entered into an agreement with **Tele-**communications, Inc. (“**TCI**”), a Delaware corporation, whereby Cablevision will acquire certain Cable Television Systems owned and operated by TCI (hereinafter the “Acquisition”); and

WHEREAS the Commission is now investigating the Acquisition to **determine** if it would violate any of the statutes enforced by the Commission; and

WHEREAS if the Commission accepts the attached Agreement Containing Consent Order (“Consent Agreement”), which would require the divestiture of the **TCI Paramus** and **Hillsdale** Systems Assets (**as** defined in the Consent Agreement), the Commission must place the Consent Agreement on the

public record for a period of at least sixty (60) days and may subsequently **withdraw** such acceptance pursuant to the provisions of Section 2.34 of the Commission's Rules; and

WHEREAS the Commission is concerned that if an understanding is not reached, preserving the independent pricing and marketing of the Cable Television Service provided over the **TCI Paramus** and **Hillsdale** Systems Assets in the Relevant Geographic Area during the period prior to the final acceptance and issuance of the Consent Agreement by the Commission (**after** the 60-day public comment period), divestiture resulting from any proceeding challenging the legality of the Acquisition might not be possible, or might be less than an effective remedy; and

WHEREAS the Commission is concerned that if the Acquisition is consummated, it will be necessary to preserve the Commission's ability to require the divestiture of the assets described in Paragraph II of the Consent Agreement; and

WHEREAS the purpose of this Agreement and the Consent Agreement is to preserve the **TCI Paramus** and **Hillsdale** Systems Assets pending divestiture, and to remedy any **anticompetitive** effects of the Acquisition; and

WHEREAS Cablevision's entering into this Agreement shall in no way be construed as an admission by Cablevision that **the** Acquisition is illegal or has any **anticompetitive** effects; and

WHEREAS Cablevision understands that no act or transaction contemplated by this Agreement shall be deemed immune or exempt **from** the provisions of the antitrust laws or the Federal Trade Commission Act **by** reason of anything contained in this Agreement.

NOW, THEREFORE, upon the understanding that the Commission has not yet determined whether it will challenge the Acquisition, and in consideration

of the Commission's agreement to accept the Consent Agreement for public comment and grant early termination of the HSR waiting period, the parties agree as follows:

1. Cablevision agrees to execute and be bound by the attached Consent Agreement.

2. Cablevision agrees that it will comply with the provisions of Paragraph 3 of this Agreement from the date this Agreement is accepted until the earliest of the dates listed in subparagraphs **2.a-2.b**:

a. three (3) business days **after** the Commission withdraws its acceptance of the Consent Agreement pursuant to the provisions of Section 2.34 of the Commission's Rules; or

b. the day **after** the divestiture required by the Consent Agreement has been completed.

3. Pending divestiture, Cablevision shall operate the TCI Paramus and **Hillsdale** Systems Assets on the following terms and conditions:

a. Cablevision will retain **two** (2) members of the management of TCI Northern New Jersey (the "management team"), who are **fully** familiar with the TCI Paramus and **Hillsdale** Systems Assets, to price and market the Cable Television Service delivered over the TCI **Paramus** and **Hillsdale** Systems Assets. The individuals on the management team **shall** price and market such Cable Television Service independently of the management of Cablevision's other businesses, including Cablevision's Paramus and **Hillsdale** Cable Television Systems. The individuals on the management team shall not be involved in any way in the operation or management of any other Cablevision Cable Television System. If **any** member of the management team is unable or unwilling to continue to serve on the management team (or becomes unable to do so during the term of this Agreement)

that position will be **filled** by an individual not involved in any way in the operation or management of any other Cablevision Cable Television System.

b. The management **team**, in its capacity as such, shall report directly and exclusively to an individual to be designated by Cablevision (the “Cablevision Contact”) who has no direct responsibilities for Cable Television System operations and who is competent to assure the continued operations of the TCI Pararnus and **Hillsdale** Systems Assets in accordance with this Agreement.

c. Cablevision shall not exercise direction or control over, or influence directly or indirectly, the management team or any of its activities relating to the pricing and marketing of Cable Television Semite delivered by the TCI Paramus and **Hillsdale** Systems Assets; provided, however, that Cablevision may exercise such direction and control over the management team and the TCI Pararnus and **Hillsdale** Systems Assets as is necessary to ensure compliance with this Agreement and with the Consent Agreement and with all applicable laws.

d. Pending divestiture and subject to Paragraphs **II.D.** and **I.L.** of the Consent **Agreement**, Cablevision shall maintain the Competitiveness, Viability and Marketability of the TCI Pararnus and **Hillsdale** Systems Assets and shall not sell, transfer, encumber (other than in the ordinary course of business), or otherwise impair their Competitiveness, Viability or Marketability (as defined in the Consent Agreement).

e. Except for the Cablevision Contact and the management team, Cablevision shall not permit any other Cablevision employee, **officer**, or director to be involved in the pricing or marketing of Cable Television Service delivered by TCI **Paramus** and **Hillsdale** Systems Assets; provided, however, that Cablevision employees involved in engineering, construction, customer service, data processing, training, human resources, finance, **legal services, tax, accounting.**

insurance, internal **audit**, payroll, programming, purchasing, real estate, risk **management**, telephony, compliance with FCC regulations, contract administration, and similar services may provide such services to the TCI **Paramus** and **Hillsdale** Systems Assets.

f. **The** management team shall serve at the cost and expense of Cablevision. Cablevision shall **indemnify** the management team against any losses or claims of any kind that might arise out of management team members' involvement under this **Agreement**, except to the extent that such losses or claims result from misfeasance, gross negligence, **willful** or wanton acts, or bad faith by the management team.

g. If any member of the management team ceases to act or fails to act diligently, a substitute member shall be appointed.

4. Should the Federal Trade Commission seek in any proceeding to compel Cablevision to divest any of the TCI **Paramus** or **Hillsdale** Systems **Assets**, as provided in the Consent **Agreement**, or to seek any other injunctive or equitable relief for any failure to comply with the Consent Agreement or this **Agreement**, or in any way relating to the Acquisition, as defined in the Consent **Agreement**, Cablevision shall not raise any objection based upon the expiration of the applicable **Hart-Scott-Rodino** Antitrust Improvements Act waiting period or the fact that the Commission has permitted the Acquisition. Cablevision also waives all rights to contest the validity of this Agreement.

5. To the extent that this Agreement requires Cablevision to take, or prohibits Cablevision **from** taking, certain actions that otherwise maybe required or 'prohibited by **contract**, Cablevision shall abide by the terms of this Agreement or the Consent Agreement and shall not assert as a defense such contractual

requirements in any action brought by the Commission to enforce the terms of this Agreement or the Consent Agreement.

6. For the **purpose** of determining or securing compliance with this **Agreement**, subject to any legally recognized privilege, and upon written request with reasonable notice to Cablevision made to its principal office, Cablevision shall permit any duly authorized representative or representatives of the Commission:

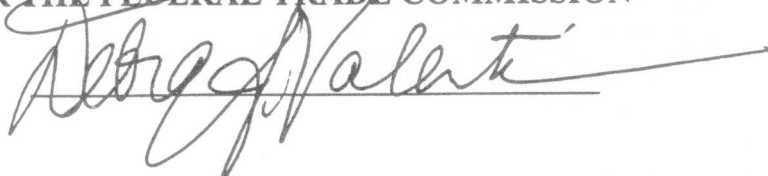
a. Access during the office hours of Cablevision and in the presence of counsel to inspect any facilities and to inspect and copy all books, ledgers, accounts, correspondence, **memoranda**, and other records and documents in the possession or under the control of Cablevision relating to compliance with this Agreement; and

b. Upon five (5) days' notice to Cablevision, and without restraint or interference from Cablevision, to interview **officers** or employees of Cablevision, who may have counsel present, regarding any such matters.

7. This Agreement shall not be binding until approved by the Commission.

FOR THE FEDERAL TRADE COMMISSION

By:



General Counsel

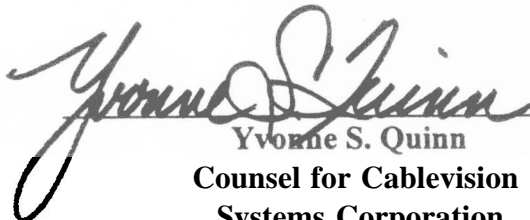
FOR CABLEVISION SYSTEMS CORPORATION, A CORPORATION

By:



Robert S. Lemle

Executive Vice President
and General Counsel



Yvonne S. Quinn

**Counsel for Cablevision
Systems Corporation**

The Commission accepted the consent agreement for public comment on January 15, 1998.



Donald S. Clark, Secretary



II. TCI

PARAGRAPH THREE: TCI is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal executive offices located at 5619 DTC Parkway, **Englewood**, Colorado 80111.

PARAGRAPH FOUR: TCI is, and at **all** times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton **Act**, as amended, 15 **U.S.C. § 12**, and is a corporation whose business is in or **affects** commerce, as “commerce” is defined in Section 4 of the FTC **Act**, as amended, 15 **U.S.C. § 44**.

III. THE PROPOSED ACQUISITION

PARAGRAPH FIVE: Respondent CVS entered into an agreement with TCI in which CVS will acquire certain cable television systems presently owned and operated directly or indirectly by TCI in New Jersey and New York serving approximately 820,000 subscribers, in exchange for CVS voting securities valued at approximately \$423,000,000 (“the acquisition”).

IV. THE RELEVANT MARKETS

PARAGRAPH SIX: *The* relevant line of commerce in which to analyze the **effects** of the acquisition is the distribution of multichannel video programming by cable television.

PARAGRAPH SEVEN: *The* relevant geographic areas in which to analyze **the effects of** the acquisition are the Boroughs of **Paramus** and **Hillsdale**, in Bergen County, New Jersey.

PARAGRAPH EIGHT: *The* relevant line of commerce is highly concentrated with only two cable television providers - CVS and TCI - in the relevant geographic areas.

PARAGRAPH NINE: Respondent CVS is an actual and potential competitor of TCI in the relevant line of commerce in the relevant geographic areas.

PARAGRAPH TEN: Timely and effective entry in the relevant line of commerce in the relevant geographic areas is unlikely.

V. EFFECTS OF THE ACQUISITION

PARAGRAPH ELEVEN: The **effects** of the acquisition may be substantially to lessen competition or to tend to create a monopoly in the relevant markets in the following ways, among others:

- a. actual competition between CVS and **TCI** to seine existing residential neighborhoods, hotels, and apartment complexes will be eliminated;
- b. actual competition between CVS and TCI to **serve** new residential neighborhoods, hotels, and apartment developments will be eliminated; and
- c. actual and potential competition between CVS and **TCI** to extend their cable systems throughout the relevant geographic areas will be eliminated.

VI. VIOLATIONS CHARGED

PARAGRAPH TWELVE: The acquisition agreement described in Paragraph Five constitutes a violation of Section 5 of the **FTC Act**, as amended, **15 U.S.C. § 45**.

PARAGRAPH THIRTEEN: The acquisition described in Paragraph Five, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, **15U.S.C. § 18**, and Section 5 of the **FTC Act**, as amended, **15 U.S.C. § 45**.

IN WITNESS WHEREOF, the Federal Trade Commission, having caused this Complaint to be signed by the Secretary and its official seal affixed, at Washington, D.C., this day of 1998, issues its Complaint against respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL:

ANALYSIS TO AID PUBLIC COMMENT ON THE PROVISIONALLY ACCEPTED CONSENT ORDER

I. INTRODUCTION

The Federal Trade Commission (“Commission”) has accepted for public comment from Cablevision Systems Corp. (“CVS”) an *Agreement Containing Consent Order* (“Agreement” or “Proposed Consent Order”). The Proposed Consent Order is designed to remedy likely **anticompetitive** effects arising from CVS’S proposed acquisition of certain cable television systems presently owned and operated by **Tele-Communications, Inc. (“TCI”)** in two relevant markets. This Agreement has been placed on the public record for sixty (60) days for receipt of comments from interested persons.

II. DESCRIPTION OF THE PARTIES AND THE ACQUISITION

CVS is the **nation’s** sixth largest provider of cable television **services** to approximately 2.9 million subscribers in 16 states. Through its majority ownership of Rainbow Media Holdings, Inc., CVS also owns interests in and manages a number of cable television programming networks. TCI is the nation’s largest provider of cable television services, with over a 27% share of **all** U.S. cable television households. Through its Liberty Media Corp. subsidiary, TCI also owns an interest in a large number of cable programming **networks**.

On June 6, 1997, CVS and TCI entered an agreement (the “acquisition”) whereby TCI will contribute to CVS cable television systems in New Jersey and New York serving approximately 820,000 subscribers. TCI will receive CVS voting securities valued at approximately \$423 million.

III. THE COMPLAINT

The **draft** complaint accompanying the Proposed Consent Order alleges that **the** acquisition would substantially lessen competition in violation of Section 7 of the Clayton **Act**, as amended, 15 U.S.C. § 18, and Section 5 of the FTC **Act**, as **amended**, 15 U.S.C. § 45.

According to the **draft** complaint, the relevant line of commerce (i.e., product market) is the distribution of multi-channel video programming by cable television. The distribution of multi-channel video programming by technologies other than cable television (e.g., Direct Broadcast Satellite ("**DBS**") or Multichannel **Multipoint** Distribution Systems ("**MMDS**") is not included in the relevant product market because they do not have a significant price-constraining effect on the prices charged by cable operators to subscribers. Most cable television subscribers are not likely to switch to another technology (e.g., **DBS** or **MMDS**) in response to a small price increase by cable television providers. **In addition**, cable television operators do not typically change their prices in response to prices charged by other providers of multi-channel video programming.

According to the draft complaint, the relevant sections of the country (i.e., the geographic markets) in which to analyze the acquisition by CVS of cc-gain TCI cable television systems are the boroughs of **Paramus** and **Hillsdale**, New Jersey. As **alleged** in the draft **complaint**, these markets are highly concentrated, with only CVS and TCI providing cable television service in **Paramus** and **Hillsdale**. The acquisition would significantly increase concentration in **Paramus** and **Hillsdale**, with only CVS left to provide cable television service.

According to the **draft** complaint, entry into the distribution of multi-channel video programming by cable television is unlikely to be timely or effective to prevent **anticompetitive** effects in the relevant geographic markets.

CVS'S acquisition of the **TCI** cable systems may substantially reduce competition in the relevant geographic markets by eliminating actual competition between CVS and **TCI** to serve existing neighborhoods, hotels, and apartment complexes, by eliminating actual competition between CVS and TCI to serve new residential homes, neighborhoods, hotels, and apartment complexes, and by eliminating actual and potential competition between CVS and TCI to extend their cable systems throughout the relevant geographic areas. Each of these effects increases the likelihood that the price of cable television services will increase, or the quality of that service will decrease in the relevant sections of the country.

Iv. TERMS OF THE PROPOSED CONSENT ORDER

The Proposed Consent Order attempts to remedy the Commission's competitive concerns about the acquisition. Under the terms of the Proposed Consent Order, CVS must divest **TCI's** cable systems in **Paramus** and **Hillsdale**, New Jersey, to a buyer or buyers approved by the Commission. CVS must have a buyer approved by the Commission within six (6) months **after** the date it signs the Agreement Containing Consent Order. CVS is not required to complete the divestiture within this six-month time period because municipal approvals can take in excess of ninety (90) days. If CVS obtains the Commission's approval and files all necessary applications for other governmental approvals (e.g., municipal approvals for franchise transfers) within**this**

six-month period, the divestiture period is extended by a period of time equal to the number of days such other governmental body takes to approve or disapprove the necessary applications.

If CVS has not obtained the Commission's approval for an acquirer within the mandated six-month divestiture period, the Commission may appoint a trustee to divest **TCI's Paramus** and **Hillsdale** cable systems. To insure that the trustee can divest the assets, the Commission is requiring that CVS begin constructing a headend with the necessary technological capabilities to serve the **Paramus** and **Hillsdale** cable systems if CVS has not obtained the Commission's approval of an acquirer within the six-month divestiture period.

For a period of ten years from the date that the Proposed Consent Order becomes final, CVS, with certain exceptions set forth in the Proposed Consent Order, may not acquire any stock or related assets of any entity engaged in providing cable television services in **Paramus** or **Hillsdale** without giving the Commission prior notice.

v. OPPORTUNITY FOR PUBLIC COMMENT

The Proposed Consent Order has been placed on the public record for sixty (60) days for receipt of comments by interested persons. Comments **received** during this period will become part of the public record. After sixty (60) days, the Commission will again review the Agreement and the comments received and will decide whether it should withdraw from the Agreement or make final the Proposed Consent Order.

By accepting the Proposed Consent Order subject to final approval, the Commission anticipates that the competitive problems alleged in the complaint will be resolved. The purpose of this analysis is to invite public comment on the Proposed Consent Order, in order to aid the

Commission in its determination of whether it should make final the Proposed Consent Order contained in the Agreement. This analysis is not intended to constitute an official interpretation of the Agreement and Proposed Consent Order, nor is it intended to **modify** the terms of the Proposed Consent Order in any way.

