democratic society.[27] Accordingly, having independent voices in the media marketplace is needed for a healthy and robust marketplace of ideas, particularly with respect to news and public affairs.[28] The basic idea is that if a single person were to gain control of a substantial amount or all of the media in a market, he or she could tilt the discussion of news and public affairs in a way that would mold public opinion to resemble his or her own, even if the facts and arguments would not support such a result. On the other hand, if there is a large number of independent voices in the media marketplace, any attempt to tilt coverage of news and public affairs will be counterbalanced by others, who can be counted on to point out the tilt and correct it. Thus, preventing concentrated political influence provides the strongest justification for viewpoint diversity and the maintenance of a large number of independent voices in news and public affairs programming.[29]

16. The main focus of concern for viewpoint diversity is *local* broadcast news, public affairs, and other local programming. Applying this insight, the Commission has stated that "the greater the diversity of ownership in a particular area, the less chance there is that a single person or group can have an inordinate effect, in a political, editorial, or similar programming sense, on public opinion at the regional level."[30] There is nothing in the fundamentally vertical structure of *this* transaction that would reduce the number of independent broadcast voices in any local market. After the transaction, all of NBCU's O&O broadcast stations will continue to operate and provide local news and other local programming. There is no consolidation of broadcast assets within any local

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[27] *Id.* (citing Richard Brown, *Early American Origins of the Information Age*, A NATION TRANSFORMED BY INFO.: HOW INFORMATION HAS SHAPED U.S. FROM COLONIAL TIMES TO THE PRESENT (Oxford Univ. Press, New York, NY, 2000) at 44-49 *passim* ("Because people widely believed that their republican government required an informed citizenry, they scrambled to make sure that they, and often their neighbors, were properly informed.")).

[28] While the most important influence on our civic life comes from local news and public affairs, the Commission has acknowledged that entertainment programming may have significant public affairs content. *Id.* at 13631 ¶ 33.

[29] *See, e.g.*, *2006 Quadrennial Review Order*, 23 FCC Rcd at 2038 ¶ 49 ("[O]ur new rule is designed to promote diversity by presumptively prohibiting combinations in the markets with the fewest number of voices, while presumptively permitting certain combinations in the largest markets where the loss of diversity is not a significant risk."). *See generally*, *2002 Biennial Review Order*, 18 FCC Rcd at 13630 ¶ 28 ("[O]wners of media outlets clearly have the ability to affect public discourse, including political and governmental affairs, through their coverage of news and public affairs. Even if our inquiry were to find that media outlets exhibited no apparent 'slant' or viewpoint in their news coverage, media outlets possess significant *potential* power in our system of government.").

[30] *Id.* at 13632 ¶ 38 (quoting *Amendment of Sections 73.35, 73.240, and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard, FM and Television Broadcast Stations*, 45 F.C.C. 1476, 1477 ¶ 3 (1964)).

market as a consequence of this transaction. Instead, this transaction *transfers* broadcast licenses from the control of GE to the control of Comcast. In no way does this combination of content with distribution impinge on the Commission's core concern – the *reduction* in the number of independent voices in local broadcast markets. Nor does the transaction impact *national* viewpoint diversity in any way.[31]

17. *Program* diversity refers to providing a large number of types of programs (dramas, sitcoms, "reality" a.k.a. nonscripted, science fiction, sports, news, children's, etc.) to viewers.[32] The Commission clearly prefers to rely, in general, on competition in the video marketplace to ensure diversity of programming, rather than try to regulate the provision of program types directly.[33]

18. There is no basis to anticipate that NBC, Telemundo, or any of their O&Os will alter programming in a way that would decrease the diversity of programming. The slight horizontal aspects of the merger (Comcast is contributing no over-the-air broadcast assets to the joint venture) indicate that there will be no significant, transaction-specific incentive to change or reduce programming for the NBC or Telemundo networks, or in the programming of their O&Os. All program types that are currently represented will continue to be represented – there is simply no credible incentive for the new entity to reduce program diversity, and no apparent reason to expect that such a reduction will take place. Thus, we should anticipate no reduction in program diversity in broadcast outlets. In addition, the December 3 Cohen Letter demonstrates that the companies intend to increase the diversity of content available on multiple platforms as well as

[31] In any event, the Commission has clearly concluded that there is a very robust market in national news and public affairs. *Id.* at 13631 ¶ 35.
[32] *Id.* at 13631 ¶ 36.
[33] The Commission restated this preference within the last decade. *Id.* at 13632 ¶ 37. This is a long-running preference of the Commission. *See* FCC v. WNCN Listener's Guild, 450 U.S. 582, 590 (1981) ("[T]he Commission explained why it believed that market forces were the best available means of producing diversity in entertainment formats. First, in large markets, competition among broadcasters had already produced 'an almost bewildering array of diversity' in entertainment formats. Second, format allocation by market forces accommodates listeners' desires for diversity within a given format, and also produces a variety of formats. Third, the market is far more flexible than governmental regulation and responds more quickly to changing public tastes. Therefore, the Commission concluded that 'the market is the allocation mechanism of preference for entertainment formats, and . . . Commission supervision in this area will not be conducive either to producing program diversity [or] satisfied radio listeners.'") (citing *Development of Policy re: Changes in the Entertainment Formats of Broadcast Stations, Memorandum Opinion and Order*, 60 F.C.C.2d 858, 863-866 (1976)).

adding programming targeted to children and the Hispanic community.[34] This provides further assurance that the public interest concern of diversity will be served by the transaction.

19. Of course, individual programs may be replaced as they lose popularity, as is the nature of series programming. But the public interest goal—diversity of programming—is not about preserving individual shows. Rather, it is about ensuring a broad menu of *types* of programs for viewers. In this case, the types of programming that are supplied by the networks will almost certainly continue to be supplied; sports programming, comedies, dramas, science fiction, food, fashion, celebrity gossip, and so forth will continue to be available in abundance. In short, there is no significant probability that diversity of programming in broadcasting will be adversely affected by this transaction due to horizontal integration. The transaction is predominantly vertical in nature, and such combinations do not tend to induce the parties to eliminate program types that would otherwise be profitable to produce and distribute.

B. Localism

20. The phrase "localism" covers many different topics,[35] linked by the concern that a broadcaster must address the needs, interests, and issues of concern of the community that it is licensed to serve.[36] The Comcast and NBCU transaction is irrelevant to most of these topics, and does not threaten, and in some cases may aid, the remainder. This result is reinforced by the applicants' voluntary public interest commitments in the December 3 Cohen Letter to strengthen localism through their owned-and-operated broadcast stations, On Demand and On Demand Online Programming platforms, and public,

[34] *Supra* note 8.
[35] There is a set of issues, usually addressed with fairly precise regulations, that is often addressed under the banner of localism. However, they are all quite tangential to evaluating the transaction *in this case*. These include disaster warnings, *In the Matter of Broadcast Localism, Report and Notice of Proposed Rulemaking*, MB Docket No. 04-233, 23 FCC Rcd 1324, 1358-61 ¶¶ 81-87 (2008) ("2008 Broadcast Localism Report"), Network Affiliation Rules, *id.* at 1361-64 ¶¶ 88-96, payola and sponsorship identification, *id.* at 1364-69 ¶¶ 97-112, and license renewal procedures, *id.* at 1370-73 ¶¶ 113-124. Because this transaction raises no genuine issue as to any of these concerns, I will not discuss them in text.
[36] *Id.* at 1326 ¶ 2.

educational, and government ("PEG") access programming.[37] Putting more local content on more platforms will directly promote localism.

21. There is a significant overlap between *localism* and *diversity* because one of the central concerns of each goal is the extent to which broadcasters provide local news, public affairs, and other local programming. Localism differs slightly because diversity focuses on the *number of different types* of local programs, while localism focuses more on the *amount* and *source* of local programs.[38]

22. The Commission has long been interested in whether broadcasters provide "enough" community-responsive programming.[39] Because there is no reduction in the number of independent voices in any broadcast market in this transaction, there is nothing about the transaction that would lead us to expect any reduction in local news or public affairs programming, or similar community-responsive broadcast programming.[40] In addition, the December 3 Cohen Letter demonstrates that the companies plan to increase locally-oriented programming.

23. Similarly, there is nothing about this transaction that would lead the applicants to reduce service to underserved audiences. The Commission has pursued policies directed at ensuring that "enough" programming is provided to underserved audiences, primarily women and racial and ethnic minorities.[41] The Commission's theory is that all

[37] *Supra* note 8.

[38] Typical community-responsive content includes local news stories, investigative features, consumer advocacy issues, politics, sports, community events, cultural offerings, weather, and emergency notices. *2008 Broadcast Localism Report*, 23 FCC Rcd at 1338 ¶ 31.

[39] *See id.* at ¶ 30 ("Having recognized that certain groups have long complained that broadcasters do not air enough community-responsive programming, the Commission sought comment on the nature and amount of such programming in the *NOI*. The Commission inquired as to how broadcasters were serving the needs of their communities, whether they were providing enough community-responsive programming, whether the Commission could or should take action to ensure that broadcasters aired programming that served their communities' needs and interests, and whether non-entertainment or non-locally originated programming should constitute local programming."). This, in turn, raises questions about what "counts" as community-responsive, how to combine time allocated to different categories (such as local public affairs and public service announcements), and whether the same rules should apply in all markets and to all classes of service.

[40] Thus, for example, regardless of how one views the studies cited by the Commission in its *2008 Broadcast Localism Report*, 23 FCC Rcd at 1341-42 ¶ 38 (citations omitted), and regardless of whether one thinks the amount of local news and public affairs increases with network ownership, all of the broadcast stations in this transaction were part of a network before the transaction, and will be part of a network after the transaction. In short, there is no change.

[41] *2008 Broadcast Localism Report*, 23 FCC Rcd at 1354-55 ¶ 70.

significant groups in the community of a licensee should get some level of service.[42] This requires the Commission to walk a very fine line; intervening too far to require particular content threatens First Amendment values, while only issuing hortatory declarations may produce no action at all. The Commission's most recent approach to this subject relied on several structural responses. The Commission is proposing that broadcasters form community advisory boards that help to inform the broadcaster about the needs and issues of underserved audiences.[43] Further, the Commission is considering ways to increase ownership of broadcast outlets by "Eligible Entities," which may include minority- and women-owned businesses.[44] No matter how the Commission resolves the question of underserved audiences, there is nothing in this fundamentally vertical transaction that reduces incentives to serve underserved audiences. There is no consolidation of broadcast assets at the local market level. Hence, the broadcast outlets will continue to have every incentive to appeal to and retain as wide and diverse an audience as possible.

24. Within the localism sphere, the Commission also has expressed concern with the process of engagement among broadcasters, viewers, and community leaders. In the 1970s, the Commission promulgated a highly detailed set of regulations to govern the process of communication.[45] In the 1980s these regulations were relaxed,[46] but recently the Commission has proposed making them more formal for television.[47] Nothing about this transaction will produce any significant change in the O&Os' interactions with viewers and community leaders. The stations can be expected to continue to comply with applicable regulations, will continue to learn about the needs and interests of their local communities, and will continue to air programming that responds to these needs and interests. There is no reason why the structure of the proposed transaction would affect the merging entities' incentives to continue to comply with, or indeed exceed,

[42] *Id.* at 1354 ¶ 69.
[43] *Id.* at 1336-37 ¶¶ 25-27, 1356 ¶ 73. Note, this requirement is not yet effective.
[44] *Id.* at 1356-57 ¶¶ 74-76.
[45] *Primer on Ascertainment of Community Problems by Broadcast Applicants, Report and Order*, 27 F.C.C.2d 650 (1971); *Ascertainment of Community Problems by Broadcast Applicants, First Report and Order*, 57 F.C.C.2d 418 (1976).
[46] *Deregulation of Radio, Report and Order*, 84 F.C.C.2d 968 (1981); *Revision of Programming and Commercialization Policies, Ascertainment Requirements and Program Log Requirements for Commercial Television Stations, Report and Order*, 98 F.C.C.2d 1076, 1099 (1984).
[47] *2008 Broadcast Localism Report*, 23 FCC Rcd at 1333-37 ¶¶ 16-27.

regulations in this area. Moreover, as outlined in the December 3 Cohen Letter, the companies are undertaking additional efforts to promote localism, which will further enhance the public interest benefits of the transaction.

V. Conclusion

25. Based on public information provided to me by Comcast and NBCU, together with my analysis of publicly available information cited here, I have evaluated the consequences of the proposed transaction in terms of *diversity* and *localism*—two areas that have been at the center of the Commission's previous regulatory reviews with regard to the public interest. In my opinion, this transaction does not represent the sort of horizontal merger that has been at the core of the Commission's diversity and localism concerns over the past several decades. Notwithstanding the rhetoric of some, this transaction will not result in any reduction in the diversity of broadcast voices in a local market or any reduction in localism.

26. In summary, this transaction is, from the standpoint of traditional Commission diversity and localism concerns, almost entirely a vertical transaction. I conclude that the proposed transaction will have no adverse effect on localism and diversity and thus is fully consistent with the Commission's the public interest approach along these dimensions. It is not the type of transaction that implicates the core concern of reduction in the diversity of voices in a local market.

I, Matthew L. Spitzer, declare under penalty of perjury that the foregoing declaration is true and correct.

Executed on JANUARY 26, 2010

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PROFESSIONAL ASSOCIATIONS AND SERVICE POSITIONS
Member, KUSC University Advisory Board, July 2000 to October 2001.
Member, USC Budget Steering Group, August 2000 to July 2001.
Member, USC Capital Planning Committee Radisson Subcommittee, August 2000 to August 2001.
Member, USC Urban Deans Council, July 2000 to March 2004.
Member, USC Provost's Council, August 2000 to June 2006.
Member, Executive Committee, USC Provost's Council, August 2001 to June 2005.
Member, Board of Directors, American Law and Economics Association, 1997 to 2000.
Member, Board of Editors, American Law & Economics Review, 1998 to 2000.
Director, American Law Deans Association, September 2000 to 2002.
Member, American Law Deans Association, September 2000 to June 2006.
Member, The American Law Institute, 2000 to present.
Member, The Fellows of the American Bar Foundation, 2003 to present.
Member, Board of Governors, Beverly Hills Bar Association, 2005 to 2006..
Member, Law School Council, The Committee of Bar Examiners of The State Bar of California, 2005 to 2006.
Member, Board of Directors, Telecommunications Policy Research Conference, 1993 to 1995.
Organizing Committee for Telecommunications Policy Research Conference, 1991 to1994.

APPOINTMENTS
Litigator with Nossaman, Krueger & Marsh, Los Angeles, California, from January 1977 to July 1979.
Assistant Professor of Law at the Northwestern University School of Law, July 1979 to August 1981.

Associate Professor of Law at the University of Southern California Law School, August 1981 to May 1984.
Professor of Law at the University of Southern California Law School, May 1984 to July 1987.
William T. Dalessi Professor of Law at the University of Southern California, August 1987 to June 2000.
Visiting Professor of Law and Social Science in Division of Humanities and Social Sciences at California Institute of Technology, Pasadena, California, January 1988 to June 1988; January 1990 to June 1990; January 1991 to June 1991; and January 1992 to June 1992.
Professor of Law and Social Science in Division of Humanities and Social Sciences at California Institute of Technology, Pasadena, California, July 1992 to June 2001 and July 2006 to present.
Visiting Associate in Division of Humanities and Social Sciences at California Institute of Technology, Pasadena, California, July 2001 to June 2006.
Visiting Professor of Law at University of Chicago, October 1996 to December 1996.
Visiting Professor of Law at Stanford University, September 1997 to December 1997.
Director, Olin Program in Law and Rational Choice at the University of Southern California Law School, July 1990 to June 2000.
Director, USC Center for Communications Law and Policy, August 1998 to June 2005.
Dean and Carl Mason Franklin Chair in Law at the University of Southern California Law School, July 2000 to June 2006.
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Robert C. Packard Trustee Chair in Law and Professor of Political Science at the University of Southern California Gould School of Law, July 2006 to present.

PUBLICATIONS – BOOKS

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PUBLIC POLICY TOWARD CABLE TELEVISION (1997, AEI/MIT Press)(with Thomas Hazlett).
ADMINISTRATIVE LAW AND REGULATORY POLICY: PROBLEMS, TEXT, AND CASES (5th Edition, 2002, Aspen Law & Business)(with Stephen Breyer, Richard Stewart, and Cass Sunstein).

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1. *An Economic Analysis of Sovereign Immunity in Tort*, 50 S. CAL. L. REV. 515 (1977).
2. *Multicriteria Choice Processes: An Application of Public Choice Theory to* Bakke, *the FCC, and the Courts*, 88 YALE L.J. 717 (1979).
3. *A Reply to* Consumption Theory, Production Theory, and Ideology in the Coase Theorem, 53 S. CAL. L. REV. 1187 (1980) (with Elizabeth Hoffman).
4. *Radio Formats by Administrative Choice*, 47 U. CHI. L. REV. 647 (1980).
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9. *Experimental Law & Economics: An Introduction*, 85 COLUM. L. REV. 991 (1985) (with Elizabeth Hoffman).
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19. *Extensions of Ferejohn and Shipan's Model of Administrative Agency Behavior*, 6 J.L. ECON. & ORGANIZATION 29 (1990).
20. *Judicial Choice of Legal Doctrines*, 8 J.L. ECON. & ORGANIZATION 8 (1992)(with Pablo Spiller).
21. *Term Limits*, 80 GEORGETOWN L.J. 477 (1992)(with Linda Cohen). [Reprinted in MAXWELL STEARNS, PUBLIC CHOICE AND PUBLIC LAW (1996).]
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23. *Solving the* Chevron *Puzzle*, 57 JOURNAL OF LAW & CONTEMPORARY PROBLEMS 65 (1994)(with Linda Cohen).
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6. *Freedom of Expression*, in THE NEW PALGRAVE DICTIONARY OF ECONOMICS AND THE LAW, Edited by Peter Newman (Stockton Press, 1998).
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8. *Taking Over*, 33 UNIVERSITY OF TOLEDO LAW REVIEW 213 (Fall 2001).
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10. *Diamonds and Deep Breathing*, 36 UNIVERSITY OF TOLEDO LAW REVIEW 191 (Fall 2004).
11. *Memorial Tribute to Dave Carroll*, 78 SOUTHERN CALIFORNIA LAW REVIEW 13 (2004).

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APPENDIX P

WRITTEN STATEMENT OF

JOSEPH W. WAZ, JR.
SENIOR VICE PRESIDENT
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COMCAST CORPORATION

AND

PRESIDENT
COMCAST FOUNDATION

TO THE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON COMMUNICATIONS, TECHNOLOGY, AND THE INTERNET

JULY 8, 2010

Mr. Chairman and Members of the Subcommittee, I am pleased to join you here in Chicago to discuss Comcast Corporation's ("Comcast") proposed joint venture with General Electric Company ("GE") to form a new NBC Universal ("NBCU").

The topic of this hearing takes the form of a question: "Comcast and NBC Universal: Who Benefits?" The beneficiaries include the nation's economy, everyone who subscribes to multichannel video services -- whether from Comcast or our competitors -- as well as viewers who rely on broadcast television, the independent programming and production community, communities of color, and many more.

Comcast customers will benefit because this transaction advances the "anytime, anywhere" digital video future they want and demand. *Over-the-air TV viewers* will benefit because Comcast is committed to maintaining free, over-the-air broadcast television, through NBC's and Telemundo's owned-and-operated stations and in partnership with NBC's and Telemundo's local affiliates throughout the nation. *Diverse populations* will benefit because Comcast has committed to expand its diversity efforts in five critical areas: governance, workforce recruitment and career development, procurement, programming, and community investment and partnerships. *Local and rural communities* will benefit from a stronger NBC network, strong local affiliates, and our commitment not only to maintain news and information programming, but also to add 1000 hours of local news and information programming. *Parents and kids* will benefit because we have committed to expand programming choices available to children and families on our broadcast, cable, On Demand, and online platforms, and help parents make more informed choices about the content their children watch. *Independent producers* of film and television, as well as *independent programming networks*, will benefit because Comcast has committed to expand its digital line-up by adding more independently-owned and -operated channels. The *guilds and unions* that help to produce creative content will benefit because Comcast has committed to honor all of NBCU's existing collective bargaining agreements. The *employees of Comcast and NBCU* will benefit because, despite challenging economic times, Comcast is working hard to sustain and grow its businesses in order to provide gainful employment. The *U.S. economy* will benefit because by bringing together content and distribution, in this primarily vertical transaction, we see significant opportunities to grow our businesses, and to preserve and create jobs; and, through this transaction, GE will be able to refocus investment in its core businesses. And finally, *competition* will certainly benefit because Comcast's and NBCU's innovation and experimentation with new business models and investment in cutting-edge programming delivery platforms and services will spur our existing and new competitors to follow suit.

I will expand on these and other benefits in more detail in this statement.

Since Comcast and GE announced the NBCU joint venture on December 3, 2009, we have had the opportunity to discuss the significant public interest benefits of this transaction at several congressional hearings before both the Commerce and the Judiciary Committees of the United States Senate and House of Representatives. This is our sixth such hearing. In the intervening months, we have had very productive discussions about our plans with Members of Congress, Governors, state and local officials, other media and communications companies, network affiliates, diversity and community-based organizations, labor unions, the regulatory bodies who are ultimately responsible for reviewing and approving our joint venture, and many others. We have communicated freely, readily, and expansively with a wide range of stakeholders.

As Brian Roberts, Chairman and Chief Executive Officer of Comcast, and Jeff Zucker, President and Chief Executive Officer of NBCU described to this Subcommittee on February 4th (see Attachment #1), this transaction will benefit consumers and will encourage much-needed investment and innovation in the media and communications sectors.

First, the new venture will lead to increased investment in NBCU by putting its content assets under the control of a company that is focused exclusively on the communications and entertainment industries. This will foster enhanced investment in both content development and delivery, enabling the new NBCU to become a more competitive and innovative player in the turbulent and ever-changing media world. This investment and innovation will also preserve and create sustainable media and technology jobs in the U.S.

Second, the venture will promote the kind of innovation, diversity of content, and new forms of delivery that consumers want and demand. The parties have made significant commitments in the areas of local news and information programming, enhanced programming for diverse audiences, and more quality content for children and families, including educational content -- in broadcasting, on cable, On Demand, and online.

And finally, Comcast's commitment to preserve and improve NBCU's over-the-air broadcasting service, and to sustain and invest in the NBC and Telemundo broadcast networks, will promote and enhance quality news, sports, and diverse programming in communities across America.

We discuss these specific and verifiable public interest commitments later in this statement; for a summary of all of our voluntary commitments, please see Attachment #2.

Since the February 4th hearing, we have also clarified, enhanced, and supplemented our commitments with respect to diversity of programming, ownership, supplier, and workplace opportunities. We discuss these unprecedented and specific diversity commitments later as well, and you will find them summarized at Attachment #3 hereto.

The NBCU transaction takes place against the backdrop of a communications and entertainment marketplace that is highly dynamic and competitive, and becoming more so every day. NBCU – today and post-transaction – faces competition from a large and growing roster of content providers. There are literally hundreds of national television networks and scores of regional networks, representing phenomenal growth in diversity of viewpoints and services over the past two decades. These cable networks compete for programming, for viewer attention, and for distribution on various video platforms, not only with each other but also with countless other video choices.

In addition, content producers increasingly have alternative outlets available to distribute their works. Today, NBCU has powerful marketplace incentives to purchase the best available programs, regardless of source, and to distribute its networks as widely as possible. Comcast has powerful marketplace incentives to distribute the best available networks, regardless of source. NBCU and Comcast will continue to have every incentive to provide the highest quality content to consumers, and post-transaction, the new NBCU will have the financial resources to more effectively do so as it competes with other strong content providers such as Disney/ABC, Time Warner, Viacom, and News Corp.

At the same time, because competition is fierce among distributors, the new company will have no ability to restrict competition or otherwise harm the public interest. Today, consumers in every geographic area have multiple choices among three, four, or more multichannel video programming distributors ("MVPDs") and can also obtain video content from many non-MVPDs. In addition to the local cable operator, consumers can choose from two MVPDs offering direct broadcast satellite ("DBS") service – DirecTV and Dish Network – which are now the second and third largest MVPDs in America, respectively. Verizon and AT&T, along with other wireline overbuilders, are strong, credible competitors, offering a fourth MVPD choice to tens of millions of American households and a fifth choice to some. Indeed, as competition among MVPDs has grown, Comcast's nationwide share of MVPD subscribers has steadily decreased (it is now less than 25 percent, a share that the FCC has repeatedly said is insufficient to allow an MVPD to engage in anticompetitive conduct). Moreover, current market dynamics are more telling than static measures of market shares; over the past two years, Comcast lost more than 1.2 million net video subscribers while its competitors continued to add subscribers – DirecTV, Dish Network, AT&T, and Verizon added more than 7.6 million net video customers over the same time period. These facts mean that NBCU will be compelled to seek wide distribution of its content, including from Comcast's competitors. They also mean that no cable or satellite operator can wield bottleneck power.

Consumers can also access high-quality video content from myriad other sources. Some households continue to receive their video through over-the-air broadcast signals, which have improved in quality and increased in quantity as a result of the broadcast digital television transition. Millions of households purchase or rent digital video discs ("DVDs") from one of thousands of national, regional, or local retail outlets, including WalMart and Blockbuster, as well as Netflix, Red Box, MovieCrazy, Café DVD, and others who provide DVDs by mail. High-quality video content also is increasingly available from a rapidly growing number of online sources that include Amazon, Apple TV, Blinkx, Blip.tv, Boxee, Clicker.com, Crackle, Hulu, iReel, iTunes, Netflix, Sezmi, SlashControl, Sling, Vevo, Vimeo, VUDU, Veze, YouTube – and many more. These sites offer consumers historically unprecedented quantities of professionally-produced and user-generated content that can be accessed from a variety of devices, including computers, Internet-equipped televisions, videogame consoles, Blu-ray DVD players, and mobile devices. In addition, there is a huge supply of user-generated video content, including professional and quasi-professional content. One popular online video service currently receives and stores an entire day's worth of video content for its viewers *every minute*. And there are no significant barriers to entry to online video distribution. Thus, consumers have a staggering variety of sources of video content beyond Comcast and its rival MVPDs.

As the United States Court of Appeals for the D.C. Circuit observed last year, the video marketplace truly has no gatekeepers.

The combination of NBCU and Comcast's content assets under the new NBCU – coupled with management of the new NBCU by Comcast, an experienced, committed distribution innovator – will enable the creation of new pathways for delivery of content to consumers on a wide range of screens and platforms. The companies' limited shares in all relevant markets, fierce competition at all levels of the distribution chain, and ease of entry for cable and online programming ensure that the risk of competitive harm is insignificant. Moreover, the FCC's rules governing program access, program carriage, and retransmission consent provide further safeguards for consumers, as do enforceable public interest and diversity commitments that Comcast and NBCU have made and expanded upon.

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The transaction's public interest benefits – particularly for the public interest goals of diversity, localism, competition, and innovation – are substantial. By marrying NBCU's programming with Comcast's multiple distribution platforms (cable, online, VOD), the transaction will create strong new incentives to increase the amount, quality, variety, and availability of content, thus promoting ***diversity***. This includes content of specific interest to diverse audiences, children and families, women, and other key audience segments. The new venture will also be able to provide more and better local programming, including local news and information programming, thereby advancing ***localism***. The new NBCU and Comcast will be more innovative and effective players in video programming and distribution, spurring other content producers and distributors to improve their own services, thus enhancing ***competition***. Combining NBCU's programming assets with Comcast's multiple distribution platforms will make it easier for the combined entity to experiment with new business models that will better serve consumers, thus promoting ***innovation***.

Comcast and NBCU have publicly affirmed their continuing commitment to over-the-air broadcast television – still an important if not the primary source of news, information and entertainment for many people, including significant numbers of African American, Hispanic, Asian-American, and low-income households. Despite a challenging business and technological environment, the proposed transaction has significant potential to invigorate NBCU's broadcasting business and expand the important public interest benefits it provides to consumers across this country. NBC, Telemundo, their local O&Os, and their local broadcast affiliates will benefit by having the full support of Comcast, a company that is focused entirely on entertainment, information, and communications and that has strong incentives – and the ability – to invest in and grow the broadcast businesses it is acquiring, in partnership with the local affiliates.

In addition to the commitment to continue to provide free, over-the-air broadcasting, mentioned previously, the companies have committed that following the transaction, the NBC O&O broadcast stations will maintain the same amount of local news and information programming they currently provide for three years following the closing of the transaction. Moreover, the company will produce an additional 1,000 hours per year of local news and information programming for distribution on various platforms. The combined entity will maintain NBCU's tradition of independent news and public affairs programming and its commitment to promoting a diversity of viewpoints, supporting the journalistic integrity and independence of NBCU's news operations.

Our commitments to preserve and enhance local programming are real, and the best evidence of that is the fact that the local NBCU affiliate stations – those most directly affected by our commitments – have filed comments with the FCC expressing conditional support of this transaction. We have met with local broadcasters and worked out the details of the commitments. We have agreed to maintain the NBC Network, and to devote sufficient resources to program development to ensure that the NBC Network's program schedule remains competitive. We have also agreed, with limited qualifications, not to migrate major sporting events to any linear programming channel in which Comcast has an ownership interest. And we have agreed to keep Comcast's retransmission consent negotiations separate from NBC Network's negotiations with NBC local affiliates. We have reached a separate agreement with ABC, CBS and Fox affiliates to, among other things, engage in arms-length, good faith negotiations of retransmission consent agreements.

The companies also have committed that, within 12 months of closing the transaction, Telemundo will launch a new Spanish language digital broadcast channel drawing on programming from Telemundo's library. Additionally, Comcast will use its On Demand and On Demand Online platforms to increase programming choices available to children and families, as well as to audiences for Spanish-language programming. Within three years of closing the transaction, Comcast has committed to add 1,500 additional programming choices appealing to children and families and 300 additional programming choices from Telemundo and mun2 (MunDos) to its VOD platforms. Comcast also will continue to provide free or at no additional charge the same number of VOD choices that it now provides, and will make available within three years of closing an additional 5,000 VOD choices over the course of each month that are available free or at no additional charge.

Since filing our Public Interest Statement and related commitments with the FCC, we have clarified, enhanced, and, in some instance, supplemented our initial commitments promoting tangible and meaningful opportunities for minority participation in the media business. In this regard, this transaction offers unprecedented opportunities to people of color in broadcasting, on cable, On Demand, and online.

- ***In broadcasting*,** NBCU is divesting its ownership interest in KWHY-TV, an independent Spanish-language broadcast station in Los Angeles, the second-largest media market in America. As part of this sale, NBCU has established a process to identify potential buyers and has selected the Minority Media and Telecommunications Council (MMTC) as co-advisor for this transaction. MMTC has had demonstrable success in identifying qualified minority buyers in similar divestitures. This process presents a key opportunity for minority ownership in one of the nation's top two largest media markets.

  In the event these efforts do not result in the sale of KWHY-TV, the station license and assets will be placed in a divestiture trust at the closing of the proposed transaction. If this becomes necessary, MMTC will work with the trustee to effectuate the sale to a qualified third party. On May 17, 2010, an application was filed seeking FCC consent for the assignment of KWHY-TV to a divestiture trust. The proposed trustee, Bahia Honda LLC, has as its sole member Jose Cancela, the principal of media consulting firm Hispanic USA. NBCU and MMTC will remain actively engaged in efforts to sell KWHY-TV while the application for assignment to the divestiture trust is pending.

- ***On cable*,** Comcast had originally committed that once it has completed its digital migration company-wide (anticipated to be no later than 2011), it would add two new independently-owned and -operated channels to its digital line-up each year for the next three years on customary terms and conditions. Independent programmers would be defined as networks that (i) are not currently carried by Comcast Cable, and (ii) are unaffiliated with Comcast, NBCU, or any of the top 15 owners of cable networks, as measured by revenues. For purposes of this commitment, we will now give particular consideration to the carriage of networks that are owned by or affiliated with people of color, as highlighted in the Summary of Diversity Commitments in Attachment #3 to my testimony. Specifically, we have committed to launch ten new independently-owned and -operated programming services over the next eight years following the closing of this transaction, with specified targets and timetables for adding minority-owned networks within this framework.

- ***On Demand and online*** are dynamic and innovative platforms and we intend to help promote ownership diversity on them as well. These platforms present substantial new opportunities for independent, minority, and female owners, and Comcast is proud to be a trailblazer in this area.

As Comcast makes advances in video delivery technologies, the availability of more On Demand capacity will increase opportunities for minority and independent programmers and producers. Comcast is making progress in reclaiming analog bandwidth through our cable system digitization project called "Project Cavalry." By making more bandwidth available, we are creating direct opportunities for minority and independent programmers to reach viewers. Comcast is using this exciting technological advancement to expand the number of movie choices offered On Demand by adding nearly 9,000 movie titles. This will bring more than 11,000 total movie choices to customers monthly, featuring thousands of movies from every genre including comedy, action, drama, independent, classics and documentaries – with 3,000 available in HD. This expanded movie offering is just one example of the current and future opportunities for diverse content owners.

Much of our On Demand programming will target diverse audiences. Comcast Cable recently launched Black Cinema On Demand, a VOD service that celebrates black films, filmmakers, and actors past, present and future, focusing on the wide range of experiences, accomplishments, and points-of-view of black America as expressed through the artistic medium of film. We are excited that Black Cinema On Demand has enjoyed initial success, and we are using this as a model to launch additional diverse content. This fall, Comcast Cable will launch Asian Cinema On Demand, which will feature films from across the Asian Pacific Islander diaspora. This permanent platform will allow Comcast Cable to work with Asian Pacific Islander English-language content developers and will be programmed by experts in Asian Pacific Islander films. In addition, within 12 months of the transaction closing, we also will launch Hispanic Cinema On Demand featuring Latino-themed movies.

On Demand affords independent and minority owners of content an unparalleled opportunity to reach niche audiences in a direct way and with scheduling directed by the viewer's time preference. A perfect example is H2O (Hip Hop on Demand), a music service created by Russell Simmons, Will Griffin, and their partners and launched in 2006. As Comcast expands this next-generation digital platform in the next several years, we will be looking to independent and minority owners of content to be important and active participants.

Our commitment to diversity is certainly not new. Comcast is, and always has been, committed to diversity in all facets of our business. We have embraced diversity because it is the right thing to do and because it is good business. Over the past several years, we have made remarkable strides with regards to diversity in programming, community outreach, supplier diversity, and employment diversity. And our recent and ongoing discussions with diversity leadership organizations reflect our abiding commitment to promote diversity in responsible ways.

With respect to programming, Comcast is keenly aware of the importance of providing programming that appeals to diverse audiences, and we have worked hard to increase the programming options such that they speak to all of our subscribers. Our customer base is increasingly diverse, so we need to provide programming that is compelling and entertaining to a variety of diverse communities. In the past eight years, Comcast has licensed a significant amount of content for diverse audiences, expanding from carriage agreements with 20 broadcast and cable networks to over 130 such networks that serve minority communities. And we feature hundreds of hours of On Demand programming that deliver a variety of TV entertainment and music choices from various networks geared toward diverse and ethnic audiences.

Our effort in this area is quite extensive. For instance, Comcast was instrumental in the creation of TV One – one of the most meaningful advancements of minority ownership in cable television history. In 2003, Comcast recognized that there was a need for another entertainment channel targeting the African American community. We partnered with an experienced African American radio programmer, Radio One, to create TV One, an alternative to the Black

Entertainment Television network (BET). Today, the network is available to over 50 million subscribers. Comcast carries a total of 11 cable networks that specifically target the African American community. As I noted earlier, in 2006, Comcast launched Hip Hop On Demand (H2O) and other VOD services from various networks, artists and programs that target African American audiences. Between 2006 and 2009, the amount of H2O views on Comcast has increased by more than 500 percent. In 2009, Comcast launched a program package that currently delivers more than 58 Hispanic cable networks on the majority of Comcast Cable systems. This package of Hispanic cable programming, when coupled with local Hispanic broadcast stations, exceeds 60 channels in major Hispanic markets. It is by far the largest Hispanic programming offering provided by any MVPD in the country. And Comcast carries a variety of Asian content from a number of providers including SET Asia (SONY), STAR India PLUS, Zee TV, Bollywood Hits On Demand, STAR One, STAR India GOLD, VIJAY, tvK24, GMA Pinoy TV, GMA Life, The Filipino Channel, Phoenix Info News, Phoenix North American, CTI-Zhong Tian, SBN, and others. In all, Comcast carries 25 cable networks geared toward the Asian American community.

In addition, Comcast regularly cooperates with broadcast stations to add independent- and minority-owned multicast streams to our systems. For Hispanic viewers, we have added multicasts of V-Me, Estrella TV, and LATV in several major markets, and we also carry several Asian multicasts in Northern California from independent Asian channels.

While Comcast has one of the most diverse programming channel line-ups in the industry, we recognize that there is still room for improvement. We remain committed to expanding the amount, quality, and diversity of national and local programming for customers across all platforms, as evidenced by public interest and diversity commitments, and our strong relationship with diversity leadership organizations across the country, many of which have filed supportive letters of this transaction at the FCC.

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Notwithstanding our growth since the 2003 AT&T Broadband acquisition, which transformed Comcast into the Fortune 100 company that it today, Comcast remains at heart a family business – built town-by-town, providing a local service to consumers. Over the many years, Comcast has developed strong relationships with the communities that we serve. As a result, localism and diversity are meaningful parts of the way we conduct our business. We reach out extensively to the communities we serve, with a particular focus on engaging with communities of color through a variety of means, including civic participation, mentorship opportunities, educational opportunities, and public service campaigns.

Through the Comcast Foundation, we have invested significantly in community organizations throughout our footprint over the past nine years. Our diverse non-profit partners include the National Urban League (NUL), and over 30 local chapters, the National Black Chamber of Commerce, the National Council of La Raza (NCLR), the League of United Latin American Citizens (LULAC), the U.S. Hispanic Chamber of Commerce, the Asian American Justice Center, and the Organization of Chinese Americans (OCA). Other major national partners serving diverse clienteles include United Way, Boys & Girls Clubs, Big Brothers Big Sisters, City Year, and many local community organizations.

Each year, Comcast employees and their families, friends, and neighbors come together on Comcast Cares Day, one of the largest single-day corporate volunteer efforts in the country. Comcast Cares Day is the cornerstone event of our year-long commitment to our communities, and our volunteers serve nationwide, in neighborhoods, towns, and cities of every size and demographic. This annual event began in 2001 with 6,100 volunteers at nearly 110 projects. This year, we had 60,557 volunteers contributing 363,342 hours of service at 560 sites. We are proud of our work with these and many other community organizations. To date, more than 290,000 volunteers have contributed over 1.7 million hours of service at nearly 3,000 project sites in local communities.

In Chicago, our community involvement does not end with providing financial support to local community organizations. Comcast employees are part of the community fabric. More than 4,900 Comcast employees, families and friends volunteered for over 60 community projects in Comcast Cares Day this year. Comcast recently awarded 235 scholarships to high-school students throughout the Greater Chicago Region as part of our Leaders & Achievers program. And all K-12 schools in our service areas receive complimentary basic cable and a Comcast High-Speed Internet Connection at no cost. We have approximately 8,000 complimentary school and government accounts in the region.

Nationally, Comcast has partnered with the One Economy Corporation to create the Comcast Digital Connectors program. This program identifies talented young people in underserved communities, provides immersive technology training, and helps them build their leadership and workplace skills to enter the 21st century economy. As part of the program, Digital Connectors engage in community service by helping their neighbors to adopt and utilize broadband. Through this program, young people gain knowledge that helps them in school, prepares them for employment, and instills the pride of knowing they have made a difference in their communities. In 2009, 14 Digital Connectors programs launched across the country. Of the 235 participants in the Comcast Digital Connectors programs to date, approximately 68 percent are African American. Comcast expects to launch 20 additional program sites by the end of 2010. Of the 11 sites that have launched this year, approximately 57 percent of the Digital Connectors participants are African American.

Here in Chicago, Comcast and One Economy will launch a new Digital Connectors site in partnership with the New Covenant Missionary Baptist Church this fall. New Covenant Church has identified the education and mentoring of youth as a critical mission and has focused its resources on creating programs and opportunities to improve literacy skills programs as an alternative to violence. The Digital Connectors program will offer opportunities to promote academic achievement, mentor youth to create media and train their community members to use technology effectively, and to create media content. The first class of Digital Connectors participants will graduate in June 2011.

In 2003, Comcast's acquisition of AT&T Broadband caused us to expand our reliance on diverse suppliers and to grow our internal employee base. We are very proud of our record in each of these areas since that time.

We strive to facilitate nondiscriminatory business opportunities for small and minority-owned businesses. Since 2003, the percentage of spend attributed to diverse suppliers has grown from 7.4 percent in 2003 to 11.9 percent in 2009; actual dollars grew from $322 million to $627 million, an increase of 94.7 percent. While total procurement related spending has decreased in recent years, we continue to successfully increase the amount spent with diversity owned vendors. This success is due to our committed leadership and an organizational structure with detailed metrics and robust communication. We also attribute this strength in procurement to our strategic partnerships with leading organizations like the National Minority Supplier Development Council (NMSDC); the Women's Business Enterprise National Council (WBENC); the Walter Kaitz Foundation; the National Veteran Owned Business Association (NaVOBA); and various diverse chambers of commerce. We believe strongly in providing equal opportunities to all qualified suppliers who participate in the bid process.

Regarding employment diversity, Comcast is committed to developing a workforce where leadership diversity is reflective of the employee base and customer demographics. Almost 60 percent of Comcast employees are women and people of color; 40 percent of our total workforce consists of people of color; and 20 percent of our managers are people of color. These efforts are reflected in numerous accolades, including our listing in Black Enterprise magazine's "Top 40 Companies for Diversity" and in Hispanic Business' "Top 60 Companies for Hispanics."

We are proud of the growing diversity among our executives. Ten percent of our corporate officers are people of color. Steve White recently became Comcast's first African American division president, responsible for $9 billion in revenue and nearly 22,000 employees. Our Corporate Senior Vice President of Investor Relations and the Regional Senior Vice President for the entire South Florida Region are Hispanics. Our Senior Vice President of Finance and Accounting and our Chief Software Architect are Asian Americans. And we have senior women leading Comcast Interactive Media, Investor Relations, Corporate Communications, Comcast University, Community Investment, and one of our programming networks (Salaam Coleman Smith, President of Style). A third of Comcast Cable's 21 regions are led by women or a person of color (three women, two African Americans, and two Hispanics), and each of our two largest regions, each of which serve over two million subscribers, is run by a diverse leader. Three of the largest regions by numbers of subscribers are run by women (two) or African Americans (one). We want to build on these successes. Our goal is to increase leadership diversity by 10 percent in 2010 at the vice president level and above.

In the area of recruiting, Comcast recognizes its responsibility to reflect the diversity of our customers, employees, and business partners. Our business success hinges on preserving our community roots with decentralized management and reflecting the unique identity of the thousands of communities we serve across the nation. Comcast continues to be diligent in diversity initiatives and in benchmarking accomplishments. To further enhance diverse recruiting, Comcast has partnered with organizations such as the Hispanic Association on Corporate Responsibility, National Society of Black Engineers, the National Black MBA

Association, the National Association of Asian American Professionals (NAAAP), National Society of Hispanic MBAs, the National Black MBA Association, the National Association for Multi-Ethnicity in Communications (NAMIC), and Women in Cable Telecommunications (WICT).

Comcast has also developed internship programs to increase diversity in the entry-level ranks and provide opportunities to diverse students. For example, Comcast is the premier industry sponsor of the Emma Bowen Foundation targeting students in the fields of communications, journalism, broadcasting, and media & entertainment (coincidentally, the other leading sponsor for many years has been NBCU). This unique five-year internship program provides minority students with the opportunity to work for partner companies, such as Comcast, during summers and school breaks from the summer following their junior year in high school until they graduate from college. In 2009, Comcast provided 68 students of color with paid summer internships and matching scholarship funds to work in Comcast facilities across the country. Upon completing the program, Emma Bowen students move into Comcast's recruitment pipelines. Today, Comcast employs six Emma Bowen students as full-time employees and many others have gone on to work in the media industry.

Since the announcement of the NBCU joint venture, we have continued to explore how we can further improve our record on diversity, and have made additional commitments in furtherance of our goals. As with our existing diversity philosophy and efforts, these additional commitments touch on many aspects of our business: governance, workforce recruitment and career development, supplier diversity, media ownership, programming, and community investments and partnerships.

We believe that diversity starts at the top. Accordingly, to better inform our highest level employees about diversity issues, we have committed to establish four external Diversity Advisory Councils -- which will collectively be known as the "Joint Council" -- representing the interests of African American, Latino, Asian Pacific Islander, and other diverse communities. These groups will help us facilitate open communication on the development, monitoring, and evaluation of diversity initiatives. The Joint Council will advise senior executive teams at Comcast and NBCU regarding the companies' development and implementation of a strategic plan to improve diversity practices. Comcast will benchmark and provide ongoing internal reporting so that we are constantly reassessing our diversity initiatives.

We aim to be an industry leader in workforce diversity. We believe that our proposed efforts will help us to identify more diverse talent, and enhance the promotional potential of these qualified individuals from entry-level, to mid-level, to senior management. Our enhanced workforce diversity initiatives will include developing a diversity forum and action plan to increase director-level representation of minorities; creating minority focus groups with the objectives of gaining insight, creating opportunities, and identifying high-potential employees; implementing a boot camp program for mid-level vice president candidates; and, in cooperation with the Joint Council, identifying search firms with track records of successfully recruiting diverse pools of talent to partner with the company in identifying diverse leaders.

Comcast has also committed to enhance its already successful supplier diversity initiative, and will increase the amount spent with diverse business partners, including minority-owned enterprises. To enhance the utilization of minority-owned enterprises, we will partner with diverse organizations, including minority-led chambers of commerce and other minority-led business organizations, at the national, regional, and local levels. The Joint Council will assist us in identifying opportunities for spending with minority-owned suppliers.

There are several specific areas that we have committed to improving in the supplier diversity arena. We currently have a "second tier" procurement program designed to encourage top suppliers to purchase goods and services from minority-owned vendors. Comcast will build upon this program to create additional opportunities, including expanding of second tier reporting to encompass more suppliers as well as automation of the reporting process. We will grow the diversity of our investment banking and banking partners through our minority banking program and through the development and expansion of relationships with minority investment firms. In 2010, Comcast became a founding partner in the Inclusion Initiative, a collaborative effort among several publicly held corporations designed to increase significantly business opportunities for law firms owned by diverse individuals. The overall goal for this initiative is $30 million, of which Comcast has committed $1 million. As part of the Inclusion Initiative, Comcast will use its best efforts to retain minority-owned law firms that participate in the Initiative. In conjunction with NBCU, we have made the additional commitment that, in 2011, following the close of the transaction, the two companies jointly will devote at least an additional $7 million to spending on advertising with minority-owned media.

Lastly, Comcast has committed to increase its philanthropic efforts to support even more minority-led and minority-serving institutions and to establish more specific benchmarks for its investment activities in minority communities in consultation with the Joint Council. Upon closing of the transaction, we are prepared to increase our community investment spending on minority-led and minority-serving institutions by 10 percent year for each of the next three years. Our enhanced investment in diverse communities and partnerships with diverse organizations will include increasing outreach to diverse students and schools for our Comcast Leaders and Achievers Scholarship Program; increasing our support of several programs that provide educational and mentorship opportunities including the Emma Bowen Foundation internship program and similar programs; and expanding our Comcast Cares Day focus to add more organizations led by diverse boards and/or that service diverse beneficiaries.

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We are grateful to note that, as of June 30, 2010, over 860 community partners, including organizations serving communities of color, mayors, chambers of commerce, public libraries, local and regional affiliates of national organizations, and many other community organizations and supporters (including 84 U.S. Senators and House Members, eight Governors, over 40 Mayors, and over 115 other state and local officials) have filed supportive comments at the FCC. (See List of Supportive Letters at Attachment # 4). I strongly doubt that any other combination previously reviewed by the FCC has received such strong endorsement from organizations representing literally tens of millions of Americans. From Chicago alone, more than 130 letters from a diverse group of community organizations and local leaders are already on the record:

from Mayor Daley, the Chicago Southland Chamber of Commerce and the National Forum for Black Administrators, to the Otis Wilson Foundation, the Boys & Girls Club of Chicago, and the By the Hand Club for Kids, among many others.

These are organizations and individuals who know Comcast and NBCU first-hand, many of whom partner with the two companies year in and year out to meet the needs of local communities and serve the public interest. We are honored by their expressions of support.

In conclusion, the joint venture between Comcast and NBCU presents extraordinary benefits for a wide range of stakeholders – most importantly, consumers. Through this transaction we have been exploring new opportunities to utilize our resources so that no one is left behind. This transaction is about bringing more to the communities we serve – more programming, more career opportunities, more procurement opportunities, and more community outreach. Based on our solid record and the voluntary commitments we have offered in connection with the transaction, we believe that the public interest will benefit from the proposed Comcast/NBCU joint venture.

APPENDIX Q