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July 29, 2010

VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street S.W.
Washington, DC 20554

Re: *In the Matter of Applications of Comcast Corporation, General Electric Company and NBC Universal, Inc. for Consent to Assign Licenses or Transfer Control of Licensees,* MB Docket No. 10-56
REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

On July 28, 2010, Dr. Mark Israel, Compass Lexecon; Dr. Michael L. Katz, University of California, Berkeley; William Baer, Arnold & Porter LLP; Arthur Burke, Davis Polk & Wardwell LLP; Richard Metzger, Lawler, Metzger, Keeney & Logan, LLC; David Solomon, Wilkinson Barker Knauer, LLP; Jim Casserly, Willkie Farr & Gallagher LLP; and the undersigned, on behalf of Comcast Corporation, General Electric Company, and NBC Universal, Inc. (collectively, "Applicants"), met with the following individuals from the Commission regarding the above-captioned matter: Jonathan Baker, William Beckwith, Clarence Anthony Bush, John Flynn, William Freedman, Marcia Glauberman, Judith Herman, Stacy Jordan, Paul LaFontaine, Virginia Metallo, Chuck Needy, Joel Rabinovitz, Julie Salovaara, Daniel Shiman, Don Stockdale, and Jennifer Tatel. The meeting was also attended by Diane Owen of the Justice Department.

Drs. Israel and Katz discussed the analyses contained in their March 5, May 4, and July 21, 2010 reports on the competitive effects of the proposed transaction, focusing on horizontal pricing theories, vertical pricing theories, and online foreclosure theories. With respect to horizontal pricing theories, Drs. Israel and Katz explained why their analyses refute the possibility of significant horizontal price effects and also discussed why that conclusion applies to alternative horizontal theories, including theories based on MVPD capacity constraints or the importance of "marquee" programming networks. With respect to vertical pricing theories and online foreclosure theories, Drs. Israel and Katz summarized the main conclusions of their reports.

Applicants provided Commission staff with copies of a document, a redacted version of which is attached hereto. Applicants are simultaneously filing a Confidential version of the document pursuant to the Protective Order[1] in this proceeding.

Kindly direct any questions regarding this matter to my attention.

Respectfully submitted,

/s/ Michael H. Hammer
Michael H. Hammer
Counsel for Comcast Corporation

Enclosure

cc: Jonathan Baker
William Beckwith
Clarence Anthony Bush
John Flynn
William Freedman
Marcia Glauberman
Judith Herman
Stacy Jordan
Paul LaFontaine
Virginia Metallo
Chuck Needy
Joel Rabinovitz
Julie Salovaara
Daniel Shiman
Don Stockdale
Jennifer Tatel

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1 *In the Matter of Applications of Comcast Corporation, General Electric Company and NBC Universal, Inc. For Consent to Assign Licenses or Transfer Control of Licensees*, Protective Order, 25 FCC Rcd 2133 (MB 2010).

Competitive Effects of the Comcast-NBCU-GE Transaction

Mark Israel and Michael L. Katz

July 28, 2010

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Marquee theory relies on viewer substitutability.

- Consider an MVPD maximizing $\{p - ax - by\}D(\omega(x,y) - p)$
  - p is the price charged by the MVPD;
  - x and y are the two marquee networks;
  - a and b are the respective per-subscriber affiliate fees;
  - $D(\cdot)$ is the expected number of subscribers (can be derived from discrete-choice model with quasi-linear utility function).
- If x and y neither substitutes nor complements, then can express problem as maximizing $\{p - ax - by\}$ $D(u(x) + v(y) - p)$.
- Value of x to MVPD is $u(x)$ regardless of whether y is carried.
- Value of y to MVPD s $v(y)$ regardless of whether x is carried.
- Therefore, MVPD's choices of x and y are independent.
- In other words, if networks are not substitutes for viewers, they are not substitutes for MVPDs.

Many networks have higher impression shares than do Comcast RSNs.

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Online Vertical Relationships

Content

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Online Aggregator

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Broadband Internet access service provider

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Viewers

Online aggregation is complementary to broadband Internet access service.

This complementarity gives Comcast incentives to promote online aggregation.

Summary of Horizontal Price Effects

- Adverse competitive effects are likely *only* if viewers find NBCU's and Comcast's networks to be close substitutes.
- The evidence indicates that NBCU's and Comcast's networks (including NBC's broadcast stations and Comcast's RSNs) are *not* close substitutes.
- Previous events involving joint ownership of a broadcast station and an RSN in one DMA reveal no pattern of higher prices due to horizontal integration.

Summary of Vertical Price Effects

- A proper study of vertical effects must incorporate vertical efficiencies, including reduction of double marginalization.
- Using sensible parameter values, the evidence indicates that the transaction will be pro-competitive.
- Empirical analysis of previous events involving joint ownership of networks and MVPDs shows no evidence of higher affiliate fees due to vertical integration.

Summary of Online Foreclosure

- Online video services are complementary to broadband Internet access services, which implies that Comcast has an incentive to promote the growth of online video.
- Even assuming online video services are *substitutes* for cable video services, Comcast could not profitably induce NBCU to foreclose online distributors.
- Fancast Xfinity TV is a pro-consumer innovation.