

March 30, 2007

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

**Re: Annual Assessment of the Status of Competition in the Market for the
Delivery of Video Programming, MB Docket No. 06-189**

Dear Ms. Dortch:

On behalf of Comcast Corporation (“Comcast”), we submit for the record the attached summary of recent developments in the video marketplace. Recognizing that the value of the Commission’s annual video competition report depends in large measure on the completeness and accuracy of the information reported therein, we thought it would be useful to provide information concerning developments since reply comments were filed on December 29, 2006.

All of the developments described in the summary were publicly reported in the past 90 days. The summary is by no means exhaustive; in fact, creating a comprehensive summary would be impossible considering that important developments occur nearly every day. Nonetheless, this list of recent developments provides further confirmation of the intense competition, relentless innovation, and abundant choice in the video marketplace.

We hope this information will be useful to Commissioners and agency staff. We would welcome any questions.

Respectfully submitted,

/s/ James L. Casserly
James L. Casserly

Counsel for Comcast Corporation

cc: Monica Desai
Marcia Glauberman
Anne Levine

RECENT VIDEO COMPETITION DEVELOPMENTS (since December 29, 2006)

DBS PROVIDERS

- **Subscriber Growth:** During the fourth quarter of 2006, DIRECTV added 275,000 net subscribers and ended the year with a total of 15.95 million subscribers. Meanwhile, EchoStar added 350,000 net subscribers and ended the year with 13.105 million subscribers. DBS provider growth exceeded expectations.
- **Telco Bundle Partnerships:** As of the end of 2006, Verizon reported 540,000 Verizon/DIRECTV bundle subscribers; AT&T reported 1,450,000 total AT&T/DBS bundle subscribers, including 818,000 newly-acquired BellSouth/DIRECTV bundle subscribers and 632,000 AT&T/EchoStar bundle subscribers; and Qwest reported 366,000 Qwest/DIRECTV bundle subscribers. Verizon announced that, in Florida and Texas, its bundle of wireless, DSL, landline, and DIRECTV services has been selected by 5% of customers. EchoStar announced an extension of its multi-year deal with telco Windstream to provide a discounted bundle of voice, broadband, and EchoStar video services in 16 states.
- **Local Broadcast Channels:** By the end of April, DIRECTV will offer local channels in 143 DMAs, representing about 94% of U.S. television households.
- **HD Programming:** DIRECTV announced that it is on track to carry 100 national HD channels and has agreements with more than 70 major networks for HD content including A&E, Bravo, CNN, MTV, The History Channel, and the Weather Channel. DIRECTV is advertising aggressively that it will have “three times as many HD channels as cable,” including through TV commercials featuring Christopher Lloyd as his *Back to the Future* character, where the announcer states “For a future of 150 HD channels, get DIRECTV.” This week, DIRECTV announced that it now offers local HD broadcasts in 56 cities, or 67%, of U.S. households. Meanwhile, EchoStar announced that it has expanded its HD programming lineup to 31 channels, including A&E.
- **Advanced Services:** EchoStar announced that, beginning in February 2007, it would provide new customers with its HD DVR receiver at no cost. EchoStar also entered into a partnership with Showtime, to create a free service that pulls video from the set-top box’s DVR and incorporates the content into an interactive TV environment. DIRECTV expects that by year-end 2008, it will have 9 million subscribers for its advanced set-top box HD and DVR platforms. Also, as part of its planned two-year in-orbit expansion program, DIRECTV announced that it will launch Spaceway 3 by the end of 2007, which will enable bandwidth-on-demand services and switch and route broadband traffic on board, eliminating the need for routing through a central hub earth station.
- **Sports Programming:** DIRECTV expanded the exclusive sports programming it offers by partnering with MLB for de facto exclusivity on Extra Innings, a package of out-of-market baseball games. In addition, DIRECTV and MLB agreed to launch in 2009 a 24-hour baseball channel in which DIRECTV will have an equity interest. DIRECTV also renewed its exclusive agreement to provide the NCAA Mega March Madness package of games.
- **Mobility:** DIRECTV introduced a compact and portable TV system, DIRECTV Satellite-To-Go, which includes an LCD monitor with an integrated DIRECTV receiver, flat antenna, and replaceable or rechargeable battery. EchoStar introduced TV On The Go, a MobileDISH in-car satellite service that allows customers to watch live satellite TV from vehicles, even while in motion. Sirius Satellite Radio announced that it will launch Sirius BackseatTV, a video service for the rear seats in select DaimlerChrysler vehicles.

Sirius said it will partner with Nickelodeon, Disney Channel, and Cartoon Network to offer the service.

BROADCASTERS

- **Internet Distribution:** Broadcasters continued to expand their website video libraries with current hit shows, helping them to attract millions of unique visitors. During February 2007 alone, ABC.com attracted 9 million, NBC.com attracted 8 million, CBS.com attracted 5.6 million, and Fox.com attracted 2.9 million. Fox announced it will soon offer select prime time programming on its affiliate station websites for \$1.99 per episode. Even the CW streamed a never-before-seen episode of *Everybody Hates Chris* without commercials on Yahoo! TV for one week prior to its broadcast debut.
- **Internet Video Revenues:** Broadcasters have generated significant revenues through the Internet. Local broadcasters' online revenues reportedly increased 41% in 2006 to \$399 million, compared with local TV ad revenue, which increased 11% in 2006. 72% of broadcast stations sold video ads on their sites; Disney, for example, announced that it has secured commitments from 80% of its affiliates to incorporate local ads into online programming. News Corp. President Peter Chernin said that he expects the company to exceed its goal of \$500 million in digital revenue in 2007 and said that online video advertising may be a significant part of that business.
- **New Online Services:** News Corp. and NBC Universal announced an agreement to create an online video site with TV shows and movies, including hits like *Heroes*, *The Office*, *Family Guy*, and *24*, and downloads of Universal Pictures and 20th Century Fox movies. Launch is planned for summer 2007. Distribution deals have reportedly been made with Yahoo, Microsoft, AOL, and MySpace.
- **Wireless:** CBS announced a new division, CBS Mobile, to expand its wireless offerings. It is seeking to start a dedicated network feed by 2008. CBS announced new arrangements with Sprint to deliver mobile content including live streams of CBS Evening News with Katie Couric and with Verizon's V Cast Mobile TV to offer live and on-demand episodes of prime-time hits such as *CSI: Miami*, *Jericho* and *Survivor*, as well as the *Late Show with David Letterman*, and *The Late Late Show with Craig Ferguson*. NBC Universal announced a partnership with MobiTV to offer VOD full-length episodes of prime-time shows from its top networks and to launch several new mobile video channels. In addition, NBC Universal announced the formation of NBCU Digital2Go on Qualcomm's MediaFlo mobile video technology platform. The service offers channels such as NBC News2Go, which will feature episodes of *Today*, *Meet the Press*, and *Nightly News with Brian Williams*, and NBC2Go, which will feature episodes of *Heroes*, *The Office*, and Bravo's *Top Chef*.

RBOCs

- **Subscriber Growth:** During the fourth quarter of 2006, Verizon added 89,000 net cable subscribers and served a total of 207,000 cable subscribers at the end of the year. Verizon expects its cable service to pass 9 million homes by YE08 and 18 million homes by YE10. As of YE06, AT&T had 7,000 cable customers. AT&T plans to reach 15 to 20 markets and 8 million homes by YE07 and 19 million homes by YE08.
- **Programming:** Verizon expanded its program offerings to include Spanish, Chinese, and Hindi films on VOD, and will soon offer user-generated video content from Revver. Verizon announced that, later this year, it will launch local video channels that will include traffic and

weather, local news, and community sports content. These channels reportedly will include original programming shot and produced by citizen journalists using HD camcorders and provide a platform for local user-generated content. AT&T expanded its cable program offerings to include 3 Lifetime channels, the 2007 Masters Tournament, and Scripps Networks' linear, HDTV, and on-demand programming, which includes HGTV, Food Network, DIY Network, Fine Living, and Great American Country. AT&T also said it signed retransmission agreements with Hearst-Argyle Television for local television stations in six markets and with ION Media Networks for its bilingual children's programming.

- **HD Programming:** Verizon's cable service reportedly offers 24-34 HD channels, and AT&T reportedly offers 25 HDTV channels and is looking for programming improvements such as better content search technology and more local content.
- **Franchising and Service Areas:** So far this year, Verizon has obtained new cable franchises covering areas of California, Florida, Maryland, Massachusetts, New York, Pennsylvania, and Virginia. Verizon's cable service is now available in more than 200 communities in 10 states. AT&T expanded its U-verse cable network into parts of California, Kansas, Wisconsin, and Texas, increasing the number of DMAs it serves from 11 at YE06 to 15 now. Qwest is reportedly upgrading its network to a fiber-optic infrastructure that will allow the company to provide video service on a broader scale.
- **Mobility:** MobiTV announced an OnTheGo version of AT&T's U-verse that allows U-verse subscribers, for an extra \$10 per month, to access live content on a PC through an Internet connection. The service offers 30 channels, including some with live programming like The Weather Channel and Bloomberg Television. OnTheGo will eventually offer VOD, movie trailers, and other channels and content. In addition, OnTheGo will eventually be available using an AT&T wireless device, such as a mobile phone.

INTERNET-DELIVERED VIDEO

- **Viewership Growth:** Recent surveys found that 27% more people reported watching streaming video once a week in 12/06 than in 3/06; more than 40% of Americans aged 12-64 watch online videos at least once a week; and one-quarter of online Americans over 12, or about 45 million people, have streamed full TV shows. CBS SportsLine announced that more than 800,000 people registered for its March Madness on Demand Internet coverage of the 2007 NCAA Division I Men's Basketball Tournament. During the tournament, there were more than 189,000 users waiting in line to get into the video player before the tipoff of the first game.
- **Revenue Projections:** Web sales of TV shows and movies are expected to hit \$1.5 billion in 2007 and \$6.3 billion by 2012.
- **Internet Video Services:** YouTube announced partnerships with the NBA to create a basketball channel, with Wind-up Records to stream music and allow users to incorporate music into their videos, and with the BBC to create an entertainment and news channel. YouTube launched You Choose '08, which hosts official web videos from candidates. YouTube officials say the company is adding more than 200 media partners each quarter.
- Skype introduced its Internet TV venture, Joost, which will launch later this year and provide VOD content (including content from National Geographic and the IndyCar Series) distributed using a peer-to-peer networking architecture with interactive features. Rival

venture Babelgum, which will also launch later this year, announced that it is expanding its peer-to-peer video program offerings.

- Google has been working with large content companies to syndicate Internet TV. Videos will stream inside Google ad boxes on sites that are relevant to the content of the videos.
- Limelight Networks, a content distributor that provides Internet video-delivery services to MSNBC, Viacom, and 700 other customers, filed for an initial public offering that it said could be worth up to \$201 million. Its revenue more than tripled from \$21.3 million YE05 to \$64.3 million YE06.
- **Video Download Services:** Wal-Mart opened the beta version of its video download service and said it secured distribution deals with Fox, the CW, and Viacom, in addition to its agreements with major studios including 20th Century Fox, Disney, Lionsgate, Paramount, Sony, and Universal.
- Movie Gallery, the second largest U.S. movie rental chain, said it plans to open an online DVD rental service later this year to compete with Netflix and Blockbuster.
- For no extra charge, Netflix customers will soon be able to access more than 1000 movies and TV shows streamed directly to their computers using real-time playback. Netflix said that content will be supplied by major studios and TV networks including NBC Universal, Sony Pictures, 20th Century Fox, Paramount, Warner Bros., Lionsgate, A&E, BBC Worldwide, IFC, and Starz Digital.
- **Consumer Electronics-Based Services:** TiVo announced that it will sell content from Amazon Unbox directly to its subscribers, allowing them to simultaneously navigate downloadable broadband video and recorded TV programming. The service will include content from CBS, Fox, Lionsgate, Paramount, Universal, and Warner Bros.
- Sling Media announced a service that allows viewers to clip streamed TV programming and upload it to the Internet or send it via e-mail. CBS was the first channel to submit content for clipping. Sling also announced a set-top box that sends content from the Web to a TV.
- Apple announced Apple TV, a wireless set-top box that transmits video from the iTunes Store to a TV. The device connects to a TV like a DVD player, storing and playing up to 50 hours of video. Analysts predict that between 25% and 70% of the 22 million Mac users, and many more PC users, will buy the device in the next five years, eclipsing the consumer bases of both TiVo and Netflix.

MOBILE PHONES

- **Programming:** MTV has created 3 TV series, comprised of 9-12 episodes at 3-5 minutes each, that will premiere exclusively on wireless video services including Verizon Wireless, Cingular (now AT&T) and other mobile carriers. Sprint introduced its Sprint Power View mobile sports network, which provided 300 shows (10 hours) of basketball programming during March Madness, up-to-the minute scores and updates, and a tournament bracket tracker. MTV and Sprint also announced plans to launch 3 ad supported 24 hour per day linear network versions of MTV, Nickelodeon and Comedy Central, on Sprint.
- **Services:** Verizon Wireless launched its mobile video service, V-CAST, in 20 markets including parts of Illinois, Colorado, Louisiana, Texas, Florida, Virginia, and California. The service uses Qualcomm's MediaFLO and offers made-for-mobile channels from CBS, NBC, Fox, MTV, Comedy Central, Nickelodeon, Lime Healthy Living, and TV Guide.

- The FCC approved a waiver request allowing Crown Castle to transmit video to mobile phones using its Modeo service at up to 20 times previously authorized power levels, thereby reducing the number of necessary base stations and costs. Modeo announced that its mobile TV service is being tested in New York City.
- **User-Generated Video:** See Me TV allowed users to shoot videos on their cell phones and post them to a gallery where others can watch them from their phones. Uploaders received a percentage of the revenues. MySpace also announced a deal with AT&T to provide user-generated content to cell phones for \$2.99 per month.
- **Equipment:** Apple introduced its iPhone, which synthesizes communications, video, music, and computing. Apple estimates that it will sell 10 million phones by 2008.

OVERBUILDERS

- RCN reported that its revenue in 4Q06 rose 13% to \$158 million. Total customers increased to 425,000 from 424,000 in 3Q06.
- Knology announced it will acquire PrairieWave Communications in a \$255 million deal. Knology also reported 12.2% increase in revenues, a 97% increase in HD deployment, and a 76% increase in DVR deployment at YE06.
- Optical Entertainment Network (OEN) announced that it will offer its FISION Triple Play Plus Services (including cable, VoIP, and broadband) in Houston, TX.

COMCAST

- **Upgrades:** Comcast announced an \$80 million upgrade for some San Francisco Bay Area systems and that it will lay more than 2,200 additional miles of fiber to boost broadband speeds.
- **VOD:** Comcast announced a partnership with Clear Channel Radio and Music Choice to offer a jointly produced telecast called *Video 6 Pack* on VOD. The programming will showcase local radio personalities hosting a half-hour music-video countdown. The service will launch in Chicago with other markets to follow.
- **DVR:** Comcast announced that it is testing a new service that will offer customers a single digital cable set-top box that includes TiVo DVR features.
- **HD Technology:** Comcast is conducting trials of switched-digital-video systems that can deliver channels more efficiently than conventional cable transmission by sending video streams to a subscriber only when a channel is requested. The technology will allow Comcast to carry more HD channels.
- **Wireless:** The joint venture of Sprint Nextel, Comcast, and three other cable operators announced Pivot, a new mobile telephone service that allows customers to watch live TV, access TV listings, check home e-mail, and make unlimited calls between their cable VoIP home service and mobile phones.