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| Service | Distributor | Type of Platform | Key terms at issue | Agreement reached? | Notes |
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B. Ad-supported Services

All of Comcast's networks take a similar approach regarding distribution via ad-supported services, and that is to pursue opportunities that can deliver substantial viewership, positive brand exposure, and revenue potential. Comcast's content strategy is very simple in this space – like other content owners that rely on affiliate licensing fees, Comcast's networks limit distribution to short-form clips only in recognition of the fact that MVPDs and MVPDs' customers pay for this content. Another factor in Comcast's content strategy for this space is the type of restrictions that are placed on Comcast's networks by its MVPD affiliate agreements. Many of those agreements state that Comcast's networks cannot allow full episodes of current programming to stream online on ad-supported services on an unauthenticated basis.

In determining whether or not to make content available online to these services, Comcast's networks make a thorough analysis of the target service's audience demographics and reach, the competitive networks available on the service, and programming and delivery requirements. Economic terms are the most significant factors in ad-supported services negotiations. Specifically, {{ }} will likely be the main determinant of whether or not a deal can be completed.

Almost all of the negotiations undertaken in this category are independent of any linear carriage relationships. For the most part, these online services are owned and operated independently of linear MVPDs. {{ }}

The chart below provides several examples of negotiations between Comcast networks and ad-supported services that successfully reached agreement and examples in which Comcast networks and ad-supported services did not reach agreement.

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| Service | Distributor | Type of Platform | Key terms at issue | Agreement reached? | Notes |
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| Service | Distributor | Type of Platform | Key terms at issue | Agreement reached? | Notes |
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C. Subscription Services

Comcast's networks' strategy in this category is to determine where distribution opportunities exist, put together compelling long-form content offerings, and make proposals to secure agreements on a case-by-case basis. Similar to Comcast's networks' strategy with regard to ad-supported services, a primary objective is to protect the linear economic model.

Most agreements in this category are structured economically around a cost per subscriber ("CPS"). Assuming all of the other factors have been successfully negotiated, if the online service's subscriber base (or potential subscriber base) is high, then a reasonable CPS will suffice. If the subscriber base is limited or potential growth is unproven, then the CPS needs to be supplemented by a minimum guarantee from the OVPD that will offset the cost and risk (to linear viewership or affiliate agreements) associated with delivery of the content by the network.

Almost all of the negotiations undertaken in this category are independent of linear carriage relationships. For the most part, these services are owned and operated independently of linear MVPDs. {{

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The chart below provides several examples of negotiations between Comcast networks and subscription services that did, and did not, conclude in an agreement. It also provides examples of negotiations that are ongoing.

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| Service | Distributor | Type of Platform | Key terms at issue | Agreement reached? |
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D. Transactional Services

For transactional services such as electronic sell-through and Pay-Per-View VOD, Comcast's networks' strategic vision is to offer long-from content directly to consumers through outlets and storefronts that: (i) fit with its brands, (ii) are able to create ancillary revenue streams for Comcast's library content; and (iii) are able to add value to its audience. Due to the cost associated with delivering the content required by these services, the single most important factor in determining whether or not to make the content available is the revenue potential. If a service has a large enough user base and a demographic make-up that fits with the Comcast network's content, then a successful agreement can be reached. In Comcast's experience, negotiations for these services are independent of linear carriage negotiations.

The chart below provides several examples of successful negotiations between a Comcast network and a transactional service.

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| Service | Distributor | Type of Platform | Key terms at issue | Agreement reached? | Notes |
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## II. Regional Sports Networks

### A. Online Distribution Rights

RSNs' rights to exhibit games of local professional teams are by definition local in nature, limited to the teams' respective local television territories, and otherwise subject and subordinate to applicable league rules and agreements. Although a Comcast RSN generally seeks to obtain all media distribution rights, including online distributions rights, for their package of games within the applicable licensed territory, even where an RSN has obtained such rights directly from a team, the grant of such rights is in most cases made subject to the rules of the applicable sports league, which reserves and retains for itself those rights to grant to its own licensees (or retain) in such league's own discretion.

In the case of the NBA, effective as of the 2008-09 season, the NBA granted RSNs, including Comcast's RSNs, rights to engage in online distribution of games (to the extent authorized by the team) and to exploit certain ancillary rights, including the right to exhibit game highlights and certain team-related ancillary programming online, subject to certain conditions (including without limitation that the stream be geo-targeted) and in exchange for specified consideration. No streaming occurred until the 2009-10 NBA season. During that season, two RSNs, namely, CSN-Philadelphia and CSN-Chicago, attempted to stream live games of their local NBA teams via the Internet (the first on a fee subscription basis and the second at no additional charge, in each case only to website users who were "authenticated" by their respective MVPD as being subscribers to the applicable linear network), which is described further below. Discussions continue at varying levels with the NHL and MLB, {{

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RSNs sometimes utilize online promotional vehicles such as YouTube in order to promote themselves; however, this promotional usage is not based on an official relationship with YouTube, and because of the above-referenced rights limitations, the RSNs will utilize their own original content and do not use licensed game footage for such purposes.

B. <u>NBA Authentication Rights</u>

In November 2009 (for CSN-Philadelphia) and in February and March of 2010 (for CSN-Chicago), Comcast Network's affiliate sales team offered to each of CSN-Philadelphia's MVPD affiliates ({{ }}) and CSN-Chicago's MVPD affiliates ({{ }}) the opportunity to participate in the respective RSNs' "In-Market Streaming Product," to be offered to participating affiliates' subscribers.

For CSN-Philadelphia, the In-Market Streaming Product consisted of a paid subscription product of Internet streaming (served from the Comcast SportsNet website), on a simulcast basis, of 67 2009-10 season Philadelphia 76ers games (beginning on or after November 18, 2009) that were telecast live on the linear, standard definition feed of CSN-Philadelphia (the "CSN-P In-Market Streaming Product"). The CSN-P In-Market Streaming Product was offered to participating affiliates' authenticated subscribers on a subscription basis, and {{

}} In addition to Comcast Cable, [[ ]] other CSN-Philadelphia affiliates agreed to participate in the sale of the CSN-P In-Market Streaming Product: [[ ]]

For CSN-Chicago, the In-Market Streaming Product consisted of an Internet streaming product (served from the CSN-Chicago website), on a simulcast basis, of six 2009-10 regular season games and all three 2010 first round playoff games of the Chicago Bulls that were also telecast live on the linear, standard definition feed of CSN-Chicago (the "CSN-C In-Market Streaming Product"). The CSN-C In-Market Streaming Product was offered at no additional charge to participating affiliates' authenticated subscribers. In addition to Comcast Cable, [[ ]] other CSN-Chicago affiliates agreed to participate in the sale of the CSN-C In-Market Streaming Product: [[ ]]

In each case, the In-Market Streaming Products were made available only to customers of CSN-Philadelphia's or CSN-Chicago's MVPDs who were "authenticated" by such MVPDs as being subscribers who receive the applicable RSN's linear service. Affiliates were required to authenticate their subscribers through Comcast SportsNet's third party authentication agent, {{ }}. No subscriber information was to be provided to Comcast SportsNet.

The number of participating affiliates ([[ ]] participating affiliates out of a total of approximately [[ ]] {{

}}). The primary explanation for non-participation received from affiliates was that the affiliates were not technically and/or strategically ready to enter into online video. Many affiliates indicated that they would be inclined to reconsider their participation next season, if offered.

**23. Identify and describe all negotiations since January 1, 2006 between the Company and any other Person, relating to carriage, licensing, or distribution of any Video Programming carried by the Company's (1) MVPD and (2) Online Video Programming Distributor that did not result in an agreement.**

For purposes of this request, Comcast understands "negotiations" to mean interactions between Comcast Cable and a video programmer in which there was at least preliminary interest in reaching an agreement and give-and-take discussions about carriage, licensing, or distribution occurred. Similarly, for purposes of this request, Comcast understands "did not result in an agreement" to mean that negotiations have ceased without any agreement and that there are no ongoing discussions regarding an agreement between the parties.

It is rare for Comcast to enter into negotiations with a video programmer and then fail to reach an agreement. Because Comcast wants to avoid inefficient use of its resources, prior to entering into such negotiations, Comcast generally will have made an initial assessment about whether the programmer is offering content that may present an appealing value proposition. In addition, Comcast must consider a programmer's ability to actually deliver the content (Comcast is frequently approached by parties that have an idea for a network, but lack the funding or expertise needed to turn the idea into an actual network). There have been several occasions in the past four years where Comcast expended the resources to enter into carriage agreements with programmers that to date have not launched their networks. When Comcast enters into negotiations with a programmer, it works hard to reach a result that is mutually agreeable to both parties, even if it takes months or years to finalize an affiliation agreement. See the Response to Request 45 for a further discussion of the process by which Comcast makes carriage decisions.

There are several instances where Comcast has engaged in preliminary discussions with a programmer but no agreement has yet been reached. Productive discussions are ongoing, but it is not possible to say at this time whether the negotiations will succeed or not. Examples of programmers that fall under this category during the relevant timeframe include: {{

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While most of Comcast's negotiations resulted in agreements, going back to Jan. 1, 2006, a small number of negotiations concluded without resulting in an agreement:

- WealthTV. WealthTV sought broad carriage on Comcast systems for a long term with significant rates over time. Comcast believed the network would have limited subscriber appeal and that the significant cost and bandwidth commitment WealthTV requested made its carriage proposition unattractive (among other factors). Nonetheless, in a good-faith effort to engage in negotiations in order to settle potential litigation, in 2008 Comcast offered to enter into a "hunting license" agreement[13] and to distribute WealthTV in one of its larger markets. WealthTV declined these offers and decided to terminate negotiations and file a program carriage complaint.

- Right Network On Demand. Right Network sought a video-on-demand distribution deal with Comcast. {{

}} In April 2010, Right Network publicly stated that it was partnering with Comcast, but there was no such agreement. Comcast has no partnership with this venture and has no plans to launch or distribute this network.

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13 For a definition of "hunting license" agreements, *see* Response to Request 45.

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**24. Identify and describe all negotiations since January 1, 2006 between the Company and any (1) MVPD, and (2) Online Video Programming Distributor, regarding carriage, licensing or distribution of any Video Programming owned or controlled by the Company that did not result in an agreement.**

For purposes of this request, Comcast understands "negotiations" to mean interactions between a Comcast Non-Broadcast Programming Network and an MVPD or OVPD in which there was at least preliminary interest in reaching an agreement and give-and-take discussions about such carriage occurred. Similarly, for purposes of this request, Comcast understands "did not result in an agreement" to mean that negotiations have ceased without any agreement and that there are no ongoing discussions regarding an agreement between the parties.

Comcast's networks generally enter into negotiations with the goal of selling their programming as widely as possible on the most favorable economic terms and the intention of reaching agreement. It is very rare for a Comcast network to enter into negotiations with an MVPD or OVPD and then fail to reach an agreement. When Comcast enters into negotiations, it works hard to reach a result that is mutually agreeable to both parties. Negotiations typically result in agreements – for Comcast's national networks, regional non-sports networks, and regional sports networks ("RSNs"). Because of the unique characteristics of RSNs, they are dealt with separately below.

**A. <u>National Networks' and Regional Non-Sports Networks</u>**

1. <u>MVPD Distribution</u>

Comcast's national linear networks and regional non-sports networks all take a similar approach to MVPD distribution: after determining where there is distribution to be gained, the networks will make proposals in writing and in person to attempt to gain distribution. These proposals generally set out key terms, including: [[

]] While Comcast's networks are willing to negotiate on all of these key terms, the networks are mindful that any material deviation from standard terms may require that the network give similar terms to other MVPDs under MFNs and general market pressures, which may impose costs beyond the proposed carriage that exceed the benefits of the proposed carriage. Generally, negotiations do not commence unless the parties agree in principle on the network's standard minimum rates and carriage levels for a fixed period.

While Comcast's national and regional non-sports networks have hundreds of agreements in place with MVPDs across the country, inevitably some negotiations break down. On the rare occasion that the parties do not reach an agreement, there are several common reasons for the breakdown. First, if the network, in the course of its evaluation of the MVPD, learns that the target MVPD is incapable of consistently maintaining signal quality or security or that affiliation with the MVPD is not permitted by the network's underlying rights agreements, the network may abandon the negotiations. [[

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}} [[

]] Described below, on a network-by-network basis, are three situations where a Comcast network was negotiating with an MVPD for carriage but ultimately failed to reach an agreement.

First, {{

}}

Second, {{

}}

Third, {{

}}

### 2. OVPD Distribution

Because distribution of video content to OVPDs is still in the early stages of development, Comcast's national networks have generally approached Internet rights in the larger context of carriage agreements with MVPDs. In that context, a Comcast network has never entered into negotiations with an MVPD that were terminated as a result of an impasse over Internet distribution rights.

Comcast networks do have many agreements with OVPDs that do not have a traditional cable product and are not based on a linear carriage agreement. Generally, the Comcast networks do not provide distribution rights to same kind, or the same amount, of content to OVPDs; the majority of the programming licensed is in the form of clips. Key terms of these negotiations include: **[[** **]]** As with the linear negotiations, the vast majority of negotiations that Comcast's national networks enter into with OVPDs result in agreement. Nevertheless, some of these negotiations have ultimately not resulted in an agreement. **[[** **]]** Following are brief descriptions of six negotiations between a Comcast network and an OVPD that failed to reach an agreement.

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| Service | Distributor | Negotiation Dates/Outline | Type of Platform | Key terms at issue | Agreement reached? | Brief Description |
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| Service | Distributor | Negotiation Dates/Outline | Type of Platform | Key terms at issue | Agreement reached? | Brief Description |
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## B. Regional Sports Networks

### 1. MVPD Distribution

Comcast's RSNs are widely carried by MVPDs in the RSNs' respective footprints. Because Comcast's RSNs have an incentive to be widely carried to maximize subscriber license fees and advertising revenues, it is rare for them to fail to reach an agreement for carriage with an MVPD. Indeed, Comcast's RSNs are carried by hundreds of distributors across the country.

Because Comcast's RSNs conduct scores of carriage negotiations each year, however, there are inevitably negotiations where the parties fail to reach an agreement – just like in any industry.

Described below, on a network-by-network basis, are the situations where a Comcast RSN was negotiating with an MVPD for carriage but ultimately failed to reach an agreement.

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2. OVPD Distribution

As described in response to Request 22 above, RSNs are typically restricted by the terms of their rights agreements with teams (including overriding league rules) from televising live games or highlights over the Internet or outside of a specific geographic territory. Given the nature of online video programming distribution, the terms of these underlying rights agreements and league rules (including the condition that distribution of content be "geo-targeted" (i.e. limited to the applicable team's local territory)) effectively prohibit distribution via OVPDs. Therefore, there are no failed negotiations with OVPDs to describe in response to this part of the Request.

**25. Provide all strategic plans, policies, analyses, and presentations prepared for, presented to, reviewed by, discussed by, or considered by the Company's board of directors or the Company's executive management, or any member thereof, relating to the Company's entry into the distribution of Video Programming over the Internet, including but not limited to the TV Everywhere and Fancast Xfinity TV initiatives.**

Any responsive documents have been produced herewith.

**26. To the extent not provided in response to Request #25, submit all documents prepared for, presented to, reviewed by, discussed by, or considered by the Company's board of directors or the Company's executive management, or any member thereof, discussing competition in the provision of Video Programming on the Internet, including, but not limited to, market studies, forecasts, and surveys, and all other documents relating to:**

**a. The sales, market share, or competitive position of the Company or its competitors;**

**b. The relative strength or weakness of companies, including the Company and its competitors that are currently providing or are planning to engage in online video distribution; and**

**c. Current and projected advertising rates, subscription fees, revenues, and costs, relating to the Company's distribution of Video Programming over the Internet.**

Any responsive documents have been produced herewith.

**27. Define and describe in detail the TV Everywhere and Fancast Xfinity TV initiatives, including how these initiatives are related to one another.**

<u>Fancast Xfinity TV</u>

Fancast Xfinity TV[14] is an authenticated, online video-on-demand service that gives Comcast video subscribers access to high-quality content that, in the absence of a viable business model, would not otherwise be made available online. Through Fancast Xfinity TV, Comcast's cable customers obtain online access at no additional charge to content associated with their individual video subscription levels. For example, using Fancast Xfinity TV, an eligible Comcast cable customer who subscribes to HBO will be able to access over the Internet programming that HBO has made available for the Fancast Xfinity TV platform.

Fancast Xfinity TV, which is now in national beta release,[15] affords authenticated Comcast Cable subscribers online access to a vast library of content – from blockbuster movies to TV shows – at no additional charge. Fancast Xfinity TV represents a key

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14 The "Fancast" website also provides some ad-supported and transactional video content on an unauthenticated basis, and the "Fancast Xfinity TV" brand also sometimes denotes this larger suite of online video products. For the purposes of this response, "Fancast XFinity TV" refers to the authenticated service only.

15 *See* Press Release, Comcast Corp., Comcast Makes On Demand Online Video Entertainment Experience Available Nationally (Dec. 15, 2009), *available at* http://www.comcast.com/About/PressRelease/PressReleaseDetail.ashx?PRID=946.

component of "Project Infinity," Comcast's broader initiative to deliver exponentially more video content to consumers.[16]

Comcast launched an initial technical trial of its authentication platform, then named On Demand Online, in July 2009. As part of the technical trial, approximately 5,000 customers were able to access premium long-form content online. On December 15, 2009, Comcast renamed the service Fancast Xfinity TV and announced that it had made its On Demand Online experience available nationally in beta at no additional cost to the customer.[17] Comcast is moving ahead in 2010 to the next phase of authentication trials to provide consumers with "anytime, anywhere" access to video content. To that end, Comcast is working this year to provide its cable customers with the ability to access Fancast Xfinity TV content using the network of any Internet service provider ("ISP") or, for a particular content owner's content, from that owner's website.[18]

When Comcast released its national "beta" version of Fancast Xfinity TV in late 2009, eligible Comcast customers were able to watch authenticated content from 30 networks. While Comcast has been pleased with the progress of Fancast Xfinity TV to date, these 30 networks represent only a small fraction of the hundreds of networks from which Comcast had obtained cable distribution rights. Comcast continues to negotiate with other content providers to make additional content available to its customers online.

<u>TV Everywhere</u>

"TV Everywhere" refers to a set of broad principles developed by Comcast in partnership with Time Warner Inc.'s ("Time Warner") programming company. The principles, announced in June 2009, are designed to bring broadband customers substantially more television content (much of which would not be otherwise available online), more choice,

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16 While Comcast's announcement of Project Infinity more than two years ago focused particularly on expansion of VOD choices, Comcast's vision explicitly encompasses expanding consumers' choices on TV, online, and on other platforms. *See* Press Release, Comcast Corp., *Comcast CEO Brian L. Roberts Announces Project Infinity: Strategy to Deliver Exponentially More Content Choice On TV* (Jan. 8, 2008), *available at* http://www.comcast.com/About/PressRelease/PressReleaseDetail.ashx?PRID=724. Brian Roberts has explained that "Project Infinity plans to give consumers the best and most content they will find On Demand anywhere – more HD, more sports, more movies, kids' programs and network TV. Project Infinity builds on our commitments to bring more content to people across all platforms at home and on the go, and we'll work with our partners, programmers and video producers to deliver on this vision." *Id.*

17 Press Release, Comcast Corp., Comcast Makes On Demand Online Video Entertainment Experience Available Nationally (Dec. 15, 2009), *available at* http://www.comcast.com/About/PressRelease/PressReleaseDetail.ashx?PRID=946.

18 *See generally* Steve Donohue, Comcast to Expand 'Xfinity' to DSL Subs, Light Reading, Jan. 12, 2010, *available at* http://www.lightreading.com/document.asp?doc_id=186603&site=cdn&f_src=lightreading_gnews.

and more HD programming in a manner that is consumer-friendly, pro-competitive, and non-exclusive. The TV Everywhere Principles are as follows:

- Bring more TV content, more easily to more people across platforms.
- Video subscribers can watch programming from their favorite TV networks online for no additional charge.
- Video subscribers can access this content using any broadband connection.
- Programmers should make their best and highest-rated programming available online.
- Both networks and video distributors should provide high-quality, consumer-friendly sites for viewing broadband content with easy authentication.
- A new process should be created to measure ratings for online viewing. The goal should be to extend the current viewer measurement system to include advertiser ratings for TV content viewed on all platforms.
- TV Everywhere is open and non-exclusive; cable, satellite or telco video distributors can enter into similar agreements with other programmers.[19]

The Fancast Xfinity TV service, described above, is Comcast's implementation of the TV Everywhere principles.

The TV Everywhere principles developed by Comcast and Time Warner were designed to be simple, attractive principles that other programmers and video distributors could elect to implement as part of their own bilateral distribution arrangements.[20] Since Comcast and Time Warner announced TV Everywhere principles in June 2009, other programmers and video distributors have introduced or announced plans to introduce their own authenticated, online video-on-demand services. In February 2010, Verizon FiOS and HBO announced the launch of HBO Go, a service that provides Verizon HBO subscribers access to more than 600 hours of HBO shows and movies.[21] Satellite

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19 See Comcast Corp., Press Release, Time Warner Inc. Announces Widespread Distribution of Cable TV Content Online, Jun. 24, 2009, *available at* http://www.comcast.com/About/PressRelease/PressReleaseDetail.ashx?PRID=883 ("*TV Everywhere Press Release*").

20 The TV Everywhere model was "designed to be simple and attractive for any programmer and any video distributor to elect to adopt." *TV Everywhere Press Release* at 1.

21 Press Release, Home Box Office, Inc. & Verizon Communieations Inc., *HBO and Verizon FiOS TV Introduce HBO GO* (Feb. 17, 2010), *available at* http://www.timewarner.com/corp/newsroom/pr/0,20812,1964714,00.html.

companies DirecTV and Dish Network and telco provider AT&T have also announced plans to introduce their own authenticated online services. In August 2009, DirecTV announced that it had "been in active discussions with an array of programmers for some time" relating to the launch of such a service.[22] In May 2010, Dish Network announced that it planned to launch a Internet destination as soon as this summer that will enable its subscribers to watch television programming on a range of devices.[23] AT&T has likewise announced that it plans to offer U-verse television customers the ability to log in to U-verse Online for access "to even more TV content choices and features" at no extra charge.[24]

**28. Describe in detail the business operations and strategies of thePlatform, the services provided by it, and the Company's rationale for purchasing it. Describe the nature and extent of the Company's role in the management of thePlatform, including whether the Company has any board representation, management rights, voting rights, and/or veto power. Describe in detail how the Company's initiatives for TV Everywhere relate to thePlatform. List all of thePlatform's clients, and provide copies of each current contract between thePlatform and its clients.**

<u>Business Operations and Strategies of thePlatform</u>

thePlatform is an independently managed subsidiary of Comcast based in Seattle, Washington. Comcast purchased thePlatform in June 2006. Comcast had previously been a client of thePlatform, and continues to be a client. thePlatform provides a "white-label," backend technology for video management and publishing that facilitates the distribution of video online. This technology allows thePlatform's clients to manage, monetize, and syndicate professional video content on all platforms, including PCs, mobile devices, and TV.

<u>Services Provided by thePlatform</u>

<u>Core Product – MPS</u>

thePlatform provides a Media Publishing System ("MPS") that permits:

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22 Michael Learmonth, *DirecTV to Join TV Everywhere*, Advertising Age, Aug. 6, 2009, *available at* http://adage.com/mediaworks/article?article_id=138328.

23 Todd Spangler, *CES 2010: Dish, EchoStar Sling Up "TV Everywhere" Strategy*, Multichannel News, Jan. 6, 2010, *available at* http://www.multichannel.com/article/442599-CES_2010_Dish_EchoStar_Sling_Up_TV_Everywhere_Strategy.php.

24 Todd Spangler, *AT&T Renames Video Portal "U-verse Online,"* Multichannel News, May 5, 2010, *available at* http://www.multichannel.com/article/452300-AT_T_Renames_Video_Portal_U_verse_Online_.php.

1. content producers to manage and syndicate content through a number of content distributors, and

2. content distributors to manage significant quantities of content from numerous content providers.

Specifically, thePlatform provides clients with tools to upload and manage videos in thePlatform's system; manage files locally; convert media files into the necessary formats; store and deliver content; syndicate video content to different outlets; manage advertising content; and design video players and user interfaces.

TV Everywhere Features in MPS

In November 2009, thePlatform added a suite of features to MPS designed to facilitate TV Everywhere implementation, including the "Authentication Adaptor." The Authentication Adaptor permits a content provider to interface with the numerous backend authentication systems provided by content distributors to verify user credentials across many content distributors. More detail about thePlatform's TV Everywhere solution may be found on thePlatform's website: http://theplatform.com/tv_everywhere.

While thePlatform provides services to both content providers and content distributors, thePlatform's authentication solution operates so that its clients can provide content to, or accept content from, those who do not use thePlatform's services (i.e., a content provider does not need to be a client of thePlatform's to syndicate content to a content distributor that uses thePlatform and vice versa).

Custom Development Work

From time-to-time, thePlatform provides custom development services for its clients.

Rationale for Purchase of thePlatform

There are a number of rationales for Comcast's purchase of thePlatform:

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Management of thePlatform

thePlatform is a majority-owned subsidiary of Comcast that operates independently from Comcast on a day-to-day basis. Day-to-day management of thePlatform, including decisions relating to product development and strategic direction, is handled by thePlatform's management team, headed by Ian Blaine, thePlatform's CEO.
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Relationship of Comcast's TV Everywhere Initiative to thePlatform

In 2009, Comcast engaged thePlatform to perform discrete backend development projects related to its TV Everywhere initiative, including: providing content ingestion and syndication services through its MPS system; developing a process for end-users to register viewing devices and enable them to access video; and working with a third-party technology service provider to develop a solution to allow that third-party to access a file management product provided by thePlatform. Comcast compensated thePlatform for these development projects in accordance with its standard pricing structure.

Apart from this backend development work, Comcast has not used thePlatform's TV Everywhere services, including its Authentication Adaptor. To the extent a content provider chooses to utilize thePlatform's "Authentication Adaptor" product from among the many authentication solutions available, Comcast will, at the request of the content provider, receive credential verification requests from the content provider through thePlatform's Authentication Adaptor. Comcast is not involved in content providers' decisions in choosing an authentication service provider, does not have any contracts in place with thePlatform to provide authentication services for any content provider, and does not have any financial relationship with thePlatform to provide authentication services for any content provider.

thePlatform's Clients

thePlatform's clients consist of content providers and online video distributors. Some of thePlatform's clients have required that their use of or plans to use thePlatform's services be kept strictly confidential for competitive and other commercially sensitive reasons. The following is a list of thePlatform's clients who have agreed to be publicly identified:

1. 4Kids Entertainment
2. Associated Press
3. BBC
4. Big Ten Network
5. Cablevision
6. CBS College Sports
7. Cisco Systems
8. Comcast
9. Comcast Media Center
10. Comcast NECN (New England Cable News)
11. Comcast.net
12. Corus Entertainment
13. Cox Communications
14. CNBC
15. Daily Candy
16. E! Entertainment Television
17. Exercise TV
18. Fancast
19. Fandango
20. Fearnet
21. Fox Sports Network
22. G4
23. Golf Channel
24. Hit Entertainment
25. In Demand Networks
26. MyStyle.com
27. News Corporation
28. NBC Local Media
29. PBS
30. PBS KIDS Sprout
31. Rogers Communications
32. Sony BMG
33. CSN-Mid-Atlantic (csnbaltimore.com and csnwashington.com)
34. CSN-Chicago
35. CSN-New England
36. CSN-Bay Area

37. CSN-Philadelphia
38. The Mtn.
39. Starz Play
40. Style Network
41. Time Warner Cable
42. Travel Channel Media
43. TruTV
44. Verizon Wireless
45. VERSUS
46. WPS (Women's Professional Soccer)

<u>thePlatform Client Contracts</u>

thePlatform uses a standard form contract for its MPS services. A copy of that form contract, including schedules for specific services and related standard pricing structures, is being produced herewith. thePlatform has two contracts relating to its provision of TV Everywhere services, also being produced herewith.

**29. Describe in detail the structure and ownership of iN DEMAND, LLC, including the percent the Company owns in iN DEMAND, and the identity and percentage of ownership of each other owner. Describe the Company's operation, management, and/or control rights in iN DEMAND, including its ability to appoint officers and directors as well as its veto right(s) over business decisions.**

iN DEMAND, LLC ("iN DEMAND") is an aggregator of pay-per-view and video-on-demand content, such as movies, concerts and sporting events, which it supplies to various cable companies. iN DEMAND is owned by the following companies: Bright House Networks (5.2%), Comcast (53.7%), Cox Communications, Inc. (11.8%), and Time Warner Cable, Inc. (29.3%). As discussed below, Comcast does not control iN DEMAND, and its interest is not consolidated for financial reporting purposes.

iN DEMAND's CEO manages the day-to-day operations of the company. A management committee oversees the business of the company. The committee consists of up to six representatives, up to two of whom can be designated by Comcast. Although members of the company (including Comcast) may designate up to two representatives each, only one representative of a member may vote on each matter before the committee. Voting representatives have a percentage of the total voting power of the management committee equal to such member's participation percentage in the company at the time of the vote.

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**30. For distribution of Video Programming over the Internet, describe in detail all Company data or estimates related to the minimum viable scale necessary for entry, including but not limited to the capital required for entry, construction of new facilities, spectrum and/or license requirements, whether carriage on any particular Online Video Programming Distributor is necessary and if so, the identity of each such distributor, and the number of subscribers and advertisers needed to break even. If carriage by any such distributor is not necessary, explain why not.**

Minimum Viable Scale for Entry

The minimum viable scale necessary for entry in the online video distribution market is a function primarily of programming cost, advertising strategy, and content delivery cost, which cannot be predicted in the abstract.

Whatever the long-run minimum viable scale, entry into the business of distributing video online can be easy and requires relatively little capital, as the vast number of players in this area demonstrates.[25] An online video distributor must provide or create program content, aggregate the content, transport the content to the viewer, provide navigation tools to the viewer, and market the site.

Specifically, the provision of video programming services requires developing a programming concept, obtaining or creating programming, obtaining the needed technology to aggregate and then distribute the programming on the Internet (such as servers), creating an operational infrastructure, promoting and marketing the online video distribution service, and arranging for advertising sales (if the service is to be supported in whole or in part by advertising). Each of these steps can be accomplished in a number of ways and the costs and time required to accomplish each step necessarily vary depending upon the specific characteristics of the proposed service. In all cases, it is possible to obtain from third parties the resources necessary to distribute video online. There are no significant regulatory barriers affecting entry into online video distribution services.

The capital required to create online video programming distribution services for professional content depends on the costs of obtaining video programming, which will in

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25 In a recent speech, for instance, FCC Commissioner Mignon L. Clyburn recounted how Rowdy Orbit IPTV, an online platform featuring professionally produced original programming for minority audiences, was launched with an initial investment of only $526. *See* Mignon L. Clyburn, New Media Entrepreneurship Conference 2 (May 6, 2010), *available at* http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-297949A1.pdf.

turn depend on factors such as whether the service intends to use existing programming to meet a significant proportion of its needs or to develop entirely new programming. An online video distribution service's cost structure also will be affected by the scale of its entry, including the number of hours of video it intends to distribute, the quality and length of the videos distributed, and the frequency with which it plans to update its content. The cost structure may also vary based on whether the entrant is a truly new entrant or is already participating in a related line of business and thus is able to share some of the costs of creating and operating the online video distribution service. Because of the array and complexity of these variables, Comcast is unable to offer any specific estimate of the total capital required for entry into online video distribution.

Basic online programming entry requirements do not include costly tangible assets, such as the construction of new facilities. An online video distributor's major assets are rights to distribute content and bandwidth to distribute that content to consumers; to meet these needs, a distributor will enter into agreements such as program licenses, will need to purchase computers and servers or retain a third party to host and deliver the content, and will need to provide sufficient network capacity to meet consumers' consumption requests.

Most online video distribution providers presently offer advertising-supported or transaction-based, rather than subscription-based, services. It is expected that a new service will take a number of years to break even; the number of years required will in turn depend on the service's costs. The number of advertisers required for a particular online video distributor to break even is not possible to predict, given that this number would be a function both of highly variable costs and of the amount that each advertiser pays, which also could prove highly variable. Some online video distribution providers have few advertisers that pay more to sponsor longer content, others have many advertisers that pay less for frequently changing banner advertisements, while still others utilize a combination of both.

Currently, subscription-based online video distribution services are rare, and it would be difficult, if not impossible, to predict the number of subscribers and advertisers necessary for a particular distribution service to break even as a result of significant variables on both sides of the break-even equation. For example, the cost of acquiring programming varies widely based on the number, breadth, and quality of programs acquired, and the cost of distributing programming likewise fluctuates based on the number of simultaneous customers a distributor hopes to serve and the bandwidth and hardware necessary to do so. Similarly, the number of customers needed for a particular distributor to break even would necessarily differ depending on the number and breadth of programming options, the per-subscriber revenue and costs, and the typical subscriber consumption profile (i.e., whether a subscriber watches 10 hours per month or 10 hours per week).

The preceding discussion is predicated upon an online video distribution service that is complementary to, rather than competitive with, MVPD service (in terms of breadth and quality of video offerings). In addition to the requirements noted above, an entrant seeking to introduce an online video distribution service competitive with MVPD service would face significant additional costs and technological barriers to entry.

First, an entrant seeking to offer a competitive service could face higher content acquisition costs than an entrant seeking to offer a complementary service. Content owners may regard an online video distribution service complementary to MVPD service as an additional revenue stream, and be willing to license content (for instance, library content unavailable to MVPD subscribers) to that service on favorable terms. Content owners, however, would likely recognize that licensing content to an online video distribution service designed to compete with MVPD services could cannibalize the revenues they receive from MVPDs. Accordingly, content owners would likely insist on receiving revenues from such an online service that are on par with the revenues (on a per subscriber basis or otherwise) they receive from traditional MVPDs.

Second, current broadband Internet access networks are ill-suited to deliver the linear television viewing experience currently offered by MVPDs. Today's mobile wireless networks do not have the bandwidth capacity necessary to deliver the breadth and quality of programming currently offered by MVPDs. Most current wireline networks do not have the capacity to handle more than a limited number of consumers viewing video programming on the Internet.

<u>The Importance of Particular OVPDs</u>

From the perspective of a Video Programming Producer, carriage on any particular OVPD is not necessary for entry. Many Video Programming Producers rely primarily on revenues derived from distribution of their Video Programming through means other than the Internet. For example, cable television networks earn advertising revenues and affiliate fees from distribution of their Video Programming through MVPD service. While many of these networks make certain Video Programming available online, the revenues that these networks derive from online distribution represent a small fraction of their total revenues; accordingly, carriage on any given OVPD is not necessary to these Video Programming Producers' viability.

Even for Video Programming Producers that rely primarily on online distribution (e.g., Howcast), distribution on any particular OVPD is not necessary. First, the market for online video distribution is highly fragmented. As explained in the parties' Public Interest Statement, Comcast's properties account for less than 1 percent, NBCU's properties for less than two percent, and Hulu for approximately 10 percent of such a market by number of professional videos viewed. A Video Programming Producer can find numerous online distribution vehicles for its content, including its own websites and third-party online video distribution services from Amazon, Blinkx, Blip.tv, Boxee, Clicker.com, Crackle, Electus, iReel, iTunes, Netflix, Sezmi, SlashControl, Sling, Veoh, Vevo, Vimeo, VUDU, Vuze, Xbox, YouTube, and others. Second, consumers need not select a single OVPD through which to view all video content, and most consumers surely do not. Thus, even if a given OVPD did not carry certain Video Programming, consumers who watch video on that distributor's website could continue to watch that Video Programming on other sites.

31. **Provide copies of the Company's business plans prepared for, presented to, reviewed by, discussed by, or considered by the Company's board of directors or the Company's executive management, or any member thereof, relating to its: (a) MVPD services; (b) distribution of Video Programming on the Internet, including but not limited to Fancast.com, Fancast Xfinity, and TV Everywhere; and (c) Non-Broadcast Programming Networks, in the United States.**

Any responsive documents have been produced herewith.

32. **Provide all agreements currently in effect and all agreements executed since January 1, 2006 between the Company and any other Person to provide Video Programming owned or otherwise controlled, operated, or managed by the Company to other MVPDs.**

Pursuant to discussions with Commission staff, the response to this request has been deferred pending further review and consultation.

33. **Provide all strategic plans, policies, analyses, and presentations prepared for, presented to, reviewed by, discussed by, or considered by the Company's board of directors or the Company's executive management or any member thereof, discussing the amount of VOD programming offered to subscribers.**

Any responsive documents have been produced herewith.

34. **State the percentage of the Company's Cable Systems that currently are able to access its central VOD storage facilities, and explain the Company's plans to expand that accessibility to other Company Cable Systems.**

Access to Comcast's central VOD storage facilities is currently available to Comcast's cable systems in the Philadelphia and Washington markets. Those systems represent approximately {{ }} percent of Comcast's digital customers nationwide. Comcast's goal is to connect additional cable systems to the central VOD storage facilities and launch the improved service to {{ }} percent of its customers before the end of this year. Thereafter, Comcast expects to continue to expand access to the central VOD storage facilities to additional systems, and we anticipate that substantially all of Comcast's cable systems will have this access by the end of 2011.

35. **For each Cable System on which the Company offers VOD or PPV service, describe in technical detail whether the Company obtains programming for VOD or PPV service by satellite feed or terrestrial cable.**

For the most part, Comcast receives VOD content via satellite, though some is delivered over the Internet using the File Transfer Protocol ("ftp") and a small portion arrives in