

# Comcast to take over NBC Universal at midnight

January 28 2011, By RYAN NAKASHIMA , AP Business Writer

---



In this Aug. 21, 2009 file photo, the NBC logo glows in neon lights at its headquarters in New York. Comcast, the nation's largest cable TV company, says it will complete its takeover of NBC Universal at just before midnight Eastern time, Friday, Jan. 28, 2011. The deal will give Comcast Corp. 51 percent of the fourth-ranked broadcaster NBC, a bevy of cable channels and the Universal Pictures movie studio. It caps a yearlong regulatory review that resulted in conditions meant to keep it from stifling the growth of online video services such as Netflix and Hulu. (AP Photo/Bebeto Matthews, File)

(AP) -- The nation's largest cable TV company, Comcast Corp., was set to take control of NBC Universal on Friday after the government shackled its behavior in the coming years to protect online video services

such as Netflix and Hulu.

The deal's closing was to occur shortly before midnight EST Friday, Comcast spokesman John Demming said.

The takeover gives the cable-hookup company 51 percent control of NBC Universal, which owns the nation's fourth-ranked broadcaster, NBC; the Universal Pictures movie studio and related theme parks; and a bevy of cable channels including Bravo, E! and USA.

The combination had raised fears that Comcast might abuse its control of NBC Universal to favor its most valuable customers: the 23 million who rely on it for cable TV service and the 17 million who pay for Internet connections.

But the Justice Department and Federal Communications Commission imposed conditions that prevent Comcast from keeping to itself NBC Universal's popular shows such as "The Office" and movies including "Despicable Me" for the next several years.

NBC's "30 Rock" on Thursday night spoofed Comcast's impending takeover from General Electric Co. As a clock bell sounded, a neon "GE" atop an office building fizzled out and was replaced by a "K" inside a swoosh resembling Comcast's logo.

"Wow, out with GE, in with Kabletown," said Tina Fey's character, Liz Lemon. "Seems like one of us should sing 'The Circle Game' right now."

Conditions imposed on Comcast were serious, though.

Regulators forced Comcast to make the full suite of NBC Universal content available as a single package to online competitors on terms comparable to those reached with more established rivals such as Dish

Network Corp. and DirecTV.

NBC Universal is also expected to match new deals for smaller chunks of programming between other media firms and online video providers if it has comparable programming on hand. As an example, NBC Universal might have to make the Bravo channel's "The Real Housewives of New York City" available to Netflix Inc. if Viacom Inc. cuts a similar deal for "Jersey Shore."

The company also had to give up the decision-making power associated with its 32 percent share of Hulu, the online video service it co-owns with Disney, News Corp. and Providence Equity Partners. Hulu is one of the services that makes viewing "30 Rock" possible online.

The rules highlight the new battleground for entertainment in the home between traditional power players such as Comcast, which has lost subscribers in the economic downturn, and companies such as Netflix, which added them with its cheap service and compatibility with a range of devices. Netflix ended the year with 20 million customers after adding 3.1 million during the fourth quarter, by far the most during any three-month period since its service launched in 1999.

In the deal, Comcast was to pay General Electric about \$6.5 billion in cash and contribute its pay TV channels such as E! Entertainment Television and The Golf Channel, worth \$7.25 billion, to NBC Universal.

GE's stake in NBC Universal was to drop to 49 percent from 80 percent, but GE plans to diminish that to zero by being paid out from the venture over about seven years. Earlier this week, GE bought out the 20 percent stake held by France's Vivendi SA for \$5.8 billion in order to complete the deal.

As part of Comcast's takeover, NBC Universal changed its corporate logo to NBCUniversal - without the space, the peacock or the globe silhouette. Officially, the company's name is still NBC Universal, but the space-less design is meant to represent the unity of its two main divisions.

Ahead of a town hall meeting with their new corporate bosses on Thursday, some 25,000 NBC Universal employees each received a certificate for 25 Comcast shares, worth \$22.84 each on Friday; a family pass to one of the Universal theme parks; and other materials, including a "Big Idea Book" in which they were to record their own.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Comcast to take over NBC Universal at midnight (2011, January 28) retrieved 22 June 2024 from <https://phys.org/news/2011-01-comcast-nbc-universal-late-friday.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.