

Comcast takes control of NBC Universal

January 29 2011, By RYAN NAKASHIMA , AP Business Writer



In this Aug. 6, 2009 file photo, the Comcast logo is displayed on a TV set in North Andover, Mass. 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/Elise Amendola, File)

(AP) -- The nation's largest cable TV company, Comcast Corp., took control of NBC Universal after the government shackled its behavior in the coming years to protect online video services such as Netflix and Hulu.

The deal closed shortly before midnight EST on Friday.

The takeover gave 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 MTV's "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 The Walt Disney Co., 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 paid General Electric just under \$6.2 billion in cash and contributed 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 fell 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.

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