

Yahoo, pay-TV operators among Hulu bidders

May 25 2013, by Ryan Nakashima

Online video site Hulu is again up for sale, with Yahoo and pay TV operators DirecTV and Time Warner Cable among the seven bidders, according to a person with direct knowledge of the matter.

The person wasn't authorized to speak publicly and spoke Friday on condition of [anonymity](#), after several news outlets reported on the bidding.

The person didn't offer details on the prices offered. Published reports have pegged a bid by a group led by former News Corp. executive Peter Chernin at \$500 million. The other three bidders were all private equity firms: Kohlberg Kravis Roberts & Co.; Guggenheim Partners; and Silver Lake, in partnership with talent agency William Morris Endeavor, according to the person.

The person said the bidders would be narrowed down in the coming weeks.

The Walt Disney Co. and News Corp. control [Hulu](#) through their broadcast subsidiaries, ABC and Fox. Comcast Corp., owner of NBC, is also an investor, although it gave up its say in Hulu's affairs as a condition of its purchase of NBCUniversal in 2011.

Hulu's owners tried to sell the site before, but decided against it in 2011 after months of entertaining outside offers. Talk of a sale resurfaced after CEO Jason Kilar announced in January that he would step down at

the end of March. Since then, Hulu has been led by interim CEO Andy Forssell.

Its owners have struggled over the right strategy for the service. It offers free viewing of recent episodes of broadcast network shows like ABC's "Modern Family" or NBC's "Saturday Night Live" with ads, but those episodes are also available elsewhere, such as on the networks' own websites. The paid version, called Hulu Plus, provides access to a deeper catalog and allows viewing on mobile devices and Internet-connected TVs, but several networks including ABC and NBC have developed apps that allow full episode viewing on mobile devices for free.

Hulu made \$695 million in revenue last year and said in April that more than 4 million customers pay \$8 a month for Hulu Plus. Both Disney and [News Corp.](#) have said Hulu is losing money.

The ad revenue is small compared to the billions of dollars made on traditional TV, and Hulu lags far behind Netflix in paying subscribers. Netflix boasts 29.2 million subscribers in the U.S. alone.

Hulu could also be a contributing factor to viewers choosing to cancel traditional pay TV packages, which are far more expensive, in favor of watching video over the Internet.

Representatives for [DirecTV](#) Group Inc., [Time Warner Cable](#) Inc., KKR, Silver Lake and William Morris declined to comment. Spokespeople for Yahoo Inc. and Guggenheim did not immediately return messages seeking comment. A representative for The Chernin Group could not immediately be reached.

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