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FCC Seeks More Data in Adelphia Deal

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In another shot across the bow of the cable industry, the Federal Communications Commission asked **Time Warner Inc.** and **Comcast Corp.** for an unusual amount of information in its review of their proposed \$17.6 billion acquisition of Adelphia Communications Corp.'s assets.

The FCC has asked, for example, how Comcast and Time Warner make programming decisions on a system-by-system basis. In previous big cable mergers, such as Comcast's acquisition of the former AT&T Corp.'s cable unit, the FCC asked how programming decisions were made on a national level.

The FCC's information request also focuses on several delicate areas, including agreements for regional sports programming and "net neutrality" rights -- essentially preventing companies from discriminating against Internet traffic. The latter request is notable because FCC Chairman Kevin Martin wasn't particularly concerned about net neutrality in two recent Bell mergers.

Information, Please

Data requested by the FCC in Adelphia deal:

- Ownership interests in sports teams or leagues
- Details on exclusive rights to broadcast games by area
- Affiliation contracts for 11 networks, including BET, Fox News Channel, CNN and AMC
- Information on how decisions are made to carry non-affiliated networks
- Documents on decisions to stop or limit data to residential Internet customers
- Information about allegations of e-mail blocking

Source: Federal Communications Commission

"The data request is extensive by any measure," said Paul Gallant, an analyst at Stanford Washington Research Group.

In another possible obstacle to the Adelphia deal, Florida Attorney General Charlie Crist yesterday issued civil subpoenas to Time Warner, Comcast and Adelphia for documents related to the deal. Mr. Crist said he wants to ensure that the acquisition doesn't harm Florida consumers by reducing competition.

The FCC request comes one week after Mr. Martin shook the cable industry by suggesting consumers might benefit if companies were required to sell channels on an "a la carte" basis, rather than in packages. Some believe Mr. Martin might be using the Adelphia deal to pressure Comcast and Time Warner on this issue.

Time Warner and Comcast executives said there was nothing unusual about the FCC request and they aren't concerned about the Florida attorney general's action.


"We will work to respond expeditiously to the FCC," a Comcast spokesman said.

Adelphia has been operating under bankruptcy protection since 2002 when an accounting scandal caused the company to collapse. Time Warner and Comcast won a bidding battle to buy the company earlier this year, but the deal has run into regulatory and other problems. Fights among creditors may delay closing of the deal.

The FCC's request for information suggests that it might demand a number of conditions to approve the Adelphia deal. If the conditions are too severe, Time Warner and Comcast may decide to back out. Time Warner Cable Chief Executive Glenn Britt said at an investor conference earlier this week that the Adelphia acquisition is on track to close in the first half of 2006.

Opponents of the deal have included independent channels, satellite-TV rivals and consumer groups. The Media Access Project, a Washington public-interest law firm, has argued that the deal would give Time Warner and Comcast too much clout over local governments who give cable companies contracts to operate in their areas.

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