

**HOUSE ENERGY & COMMERCE SUBCOMMITTEE ON COMMUNICATIONS,
TECHNOLOGY AND THE INTERNET
FIELD HEARING**

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WRITTEN TESTIMONY OF

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Chairman Boucher, Representative Rush, Members of the Committee, and Members of Congress: Thank you for the opportunity to appear at this hearing on the proposed sale of NBCU to a joint venture between Comcast and GE.

I began my career as a reporter and worked as a professional journalist and news executive for more than 30 years. In 1989, I joined WNBC - NBC's flagship station in New York City - as the assistant news director. I then became Vice President and News Director in 1996. In that year, WNBC's newscast was ranked number one in every day part for the first time in 16 years. In 2000, I became the President and General Manager of KNBC in Los Angeles as well as the regional GM for both of Telemundo's LA stations. I also took on the role of NBC's Senior Vice President, Diversity. For my last two years as the GM of KNBC (2006-2007), KNBC led NBC's owned and operated stations in profitability for the first time in the Division's history. In May 2007, NBC Universal President and CEO Jeff Zucker announced that diversity would be one of his five strategic priorities for NBCU and asked me to work on diversity full time and to serve as the company's Chief Diversity Officer reporting directly to the CEO. I appear before you today as a 21-year NBC veteran who now serves as Executive Vice President, Diversity, for NBCU and as a GE Vice President.

NBCU has a long association with the City of Chicago. Our two Chicago stations, NBC 5 and Telemundo, together employ more than 302 people in this city. We are proud of the quality they offer: the Illinois Broadcasters Association has repeatedly named NBC 5 Station of the Year, and together, these stations have tied for or won more Emmy's than any other Chicago station the past two years. The relationship between NBC 5 and Telemundo, which is led by my friend Celia Chavez, has resulted in a bilingual, co-located news operation. The stations are fully integrated and share many functions, while at the same time they maintain a strong individual voice.

NBC Universal's movie division is also no stranger to Chicago. We have made four movies in Chicago over the last four years: "Little Fockers: Meet the Parents 3"; "Public Enemies"; "Couples Retreat"; and "The Express." These four films injected over \$50 million into the local economy, including paying some 8,000 local workers almost \$27 million in wages.

These examples illustrate the importance of Comcast's commitment to grow all the NBCU businesses: a thriving NBCU means more investment and more jobs for reporters, actors, writers, truck drivers, caterers and drycleaners in Chicago and all over the United States.

Today I would like to address two subjects - first, the overall benefits of this transaction, and second, the impact and benefits this transaction will have on diversity, a subject that members of this Committee asked about on February 4 and have continued to address since then.

The heart of this deal is about joining Comcast's world-class technological distribution capabilities with NBCU's world-class content production. Comcast is committed to investing in NBCU to support and enhance both the quality and the quantity of our content and to exploring ways to generate more options for consumers to enjoy that content. That new investment by Comcast is critical. It will benefit the content production community generally - as well as the audiences who love NBCU programming and films. And as Comcast has explained, it will use its advanced platform to deliver the benefits of the "anytime, anywhere" delivery options that today's consumers demand - not only for our terrific NBCU content, but for content from producers large and small, black and white and brown. In such a competitive and dynamic industry, this deal will make both partners better and more vibrant competitors.

At the time this deal was announced, we believed strongly that the whole of our combined entities would be greater than the sum of its parts, benefiting consumers, viewers, communities, our companies and the broader entertainment industry community. Since we last appeared before this Subcommittee, that belief has only been strengthened by recent developments. We are also proud that a growing number of others have also reached the same conclusion. For example, we have reached an agreement with the NBC affiliates that provides them assurances that Comcast's commitment to the broadcast business is strong and meaningful, and they have given their support for the transaction. Given the critical importance of our partnership with our broadcast affiliates, this is a very significant and welcome development. Similarly, Comcast has reached an understanding with the non-NBC affiliates that assures them about the separation and integrity of retransmission consent negotiations following the deal's closure.

Beyond these affiliate agreements, we have also made progress in other areas since our last appearance before you. Specifically, in light of the focus by many Members of Congress on diversity issues, Comcast and NBCU have made an unprecedented series of commitments on all aspects of diversity within the two companies. Ranging from diversity in programming and news to diversity in procurement, workforce development and philanthropic investment, these commitments demonstrate the high priority we place on these issues and the seriousness of purpose we bring to improving diversity in both companies following the transaction. (The companies' commitments on diversity issues are described more fully later in the testimony and in the attached summary, "Comcast and NBCU's Summary of Diversity Commitments".) It is important to recognize that these commitments are the result of many months of extensive conversations with leaders of some of the most influential diversity organizations in the country. Lastly, the growing number of voices that have expressed their support for the transaction gives further evidence of its broad appeal and the wide array of benefits it would bring to consumers and the public. Hundreds of letters in support of the transaction have been filed, ranging from

Members of Congress and governors all the way to grassroots organizations, citizens, stakeholder groups and local officials -- including one from Mayor Daley. These statements of support reinforce our view that this transaction will be good for our consumers, for our companies, for greater diversity within our companies, and for the communities where we work every day.

I. Benefits of the Comcast/NBCU Joint Venture

On February 4, this Committee heard from our President and CEO, Jeff Zucker, and Comcast's CEO, Brian Roberts, on the many benefits of the proposed transaction. Let me briefly outline the benefits this transaction will bring.

A. Investment in NBC and Content Production

Comcast's support for investment in the new NBCU's content creation will benefit consumers by assuring and expanding the supply of high quality content. In turn, this support also benefits the broadcast, cable and film production communities. Importantly, this support also extends to local and diverse programming. This much-needed investment will preserve and create sustainable media and technology jobs, benefiting the content production community generally.

i. Broadcast

The NBC broadcast network has been an iconic brand for more than 75 years. Over that entire time span, NBC has been committed to producing high quality, desirable and popular programming for the American viewer.

The broadcast side of our business has faced significant challenges in recent years, as stations have come under increasing financial pressure and have searched for additional revenue streams to remain viable. As part of this transaction, Comcast has committed to maintaining NBC's free, over-the-air broadcast service through our stations and local affiliates across the U.S.

This commitment is an enormous benefit of the transaction, in our view, and it has been greatly underappreciated. Because a significant proportion of diverse communities continue to rely heavily on broadcast for their television viewing, Comcast's commitment to free over-the-air television will be particularly important to these communities. And it will also give NBCU the resources it needs to keep free over-the-air service, including local news, available and of high quality.

Comcast's commitment to NBC's broadcast business has critical importance for our broadcast production. In this upcoming season, NBC has commissioned 20 new pilots, more than either CBS or Fox. As we strive to offer quality programming that will attract large audiences, we welcome Comcast's commitment to invest in and sustain production of our programming.

Comcast has also committed to work to find a sustainable business model for broadcasting. In particular, Comcast has expressed a willingness to play a constructive role in

the retransmission consent negotiations between broadcast stations and MVPDs. As everyone recognizes, broadcast stations have struggled to survive on advertising revenue alone. These retransmission consent negotiations have the potential to provide broadcast stations with a second stream of revenue to reinvigorate that business. Comcast's support for this evolution as embodied in this transaction gives us optimism that the struggling broadcast business can develop a new and sustainable business model for the future.

As tangible evidence of Comcast's commitment to sustain broadcast television, Comcast, NBCU, and our affiliates entered into negotiations designed to demonstrate that commitment in tangible terms for our affiliates. We are pleased that those negotiations concluded in an agreement with the affiliates. Those commitments include assurance to the affiliates that (1) many major sporting events will continue to be broadcast on the NBC broadcast network, and Comcast will not migrate them to cable channels; (2) retransmission consent negotiations and affiliate agreement negotiations will be conducted separately and without influence on one another; and (3) NBC's program schedule will remain competitive with the other three networks. These critical commitments, along with other key provisions of the agreement, reinforce the value of Comcast's commitment to the broadcast business.

ii. *Cable Production*

NBCU's cable networks have increasingly commissioned original programming, which will result in expanded production of cable television content. In today's struggling economy, this represents an opportunity for much needed growth in a signature American industry, with obvious benefits for the many people in the production business. With Comcast's partnership, NBCU will be able to further expand and enhance our content production and development. It is often said that a rising tide lifts all boats, and that saying rings true here.

iii. *Film Production*

Another important aspect of our content development and production is Universal Studios. Comcast has been a leader in developing On Demand distribution of films and has stated its ambition to accelerate the ease with which consumers can access film content. Comcast's support for continued investment in top quality film content, as well as its interest in expanded distribution of that content, will provide opportunities to the entire content production community while at the same time benefiting consumers in the new "anywhere, anytime" digital world.

iv. *News and Local Programming*

Comcast's commitment to preserve NBC News' journalistic independence is vital. NBC News has an unmatched reputation for integrity and excellence. On the local level, Comcast's commitment to the vitality of the broadcast side of the business will foster local newsgathering and news programming. NBCU and Comcast have voluntarily made significant commitments to strengthen local and public interest programming. (See attached Comcast/NBCU Transaction Public Interest Commitments.) Indeed, as part of this transaction, we have committed that NBC's owned-and-operated stations alone will collectively produce an additional 1,000 hours a

year of local news and information for local market distribution. In short, the joint venture with Comcast will preserve and enrich the output of local news, local public affairs and other public interest programming.

v. Telemundo

Particularly close to my heart, NBCU and Comcast are also committed to investing in and expanding their diverse programming. NBCU owns Telemundo, which is not only a major Spanish language broadcast network, but has also become - through NBCU's leadership - the second largest Spanish-language content provider in the world. As a leader in producing original content made by Hispanics for Hispanics, Telemundo is a proud member of the U.S. Hispanic community.

GE/NBCU acquired Telemundo for \$2.7 billion in 2002, followed by an additional \$900 million to acquire stations and create Telemundo Studios and Telemundo International to develop and produce original programming. NBCU created Telemundo's hugely vibrant Spanish-language production facilities in the United States. Today, Telemundo produces more than 3,000 hours of original content a year. Telemundo Studios provides hundreds of creative and production jobs to talented Hispanics, developing diverse talent in front of and behind the camera. We are also proud that Telemundo today has more Hispanic executives in its senior executive leadership than at any other time in the history of the company. In 2002, when NBCU bought Telemundo, 33% of Telemundo's leadership team was Hispanic; today, Hispanics constitute more than 80% of Telemundo's senior executive leadership. This team leads approximately 1,400 full-time employees, 85% of whom are Hispanic.

Furthering its commitment to the Hispanic community, Telemundo owns and operates mun2, the bilingual lifestyle cable network for today's culture connectors (C2s) - bicultural Hispanics 18-34. As the fastest growing cable network for young Hispanic Americans, mun2 is culturally grounded and reflects the best of both worlds. mun2 reaches more than 34 million U.S. households and is the only national bilingual cable network measured by Nielsen NTI. Mun2 is proof positive that NBCU and Telemundo recognize the importance of the bicultural Hispanic audience and want to serve them with quality content.

The proposed joint venture will enhance Telemundo's service to the Spanish-language audience in various ways. For example, within twelve months of closing the transaction, Telemundo will launch an entirely new Spanish-language multicast channel on the digital spectrum of Telemundo's owned and operated local stations and offer that channel to all Telemundo affiliates.

B. Expanded Content Distribution and Delivery Innovation

As discussed above, Comcast's support for investment in content creation promises to enhance both the quality and the quantity of our programming, which will expand our audience and improve our ability to compete within the industry. In turn, by offering NBCU's enhanced and expanded programming on Comcast's cutting edge "anytime, anywhere" delivery platforms for viewers, Comcast and NBCU can better meet consumer demand while at the same time

exploring new and innovative ways to deliver entertainment value to current and new consumers. Broader distribution of our content will benefit NBCU and expand our audience, and the ability to offer more and better content on more platforms will enhance Comcast's ability to serve its consumers and its incentive to continue to innovate to meet ever-changing consumer demands in this vibrant and competitive industry.

The combined entity will be best positioned to provide the delivery innovation that today's consumers demand. As Brian Roberts observed in separate appearances before four different Congressional committees in explaining this transaction, Comcast operates in an intensely competitive and dynamic environment. We are moving into a world in which consumers are enjoying unprecedented options for how they get the content they want from legitimate sources. No one can predict or dictate the business model that will succeed in the future of such a fast changing and technology-dependent industry. With this joint venture, Comcast will have a solid footing in both the content production and distribution worlds - as the company's leaders have stated, content and distribution work well together, and create more opportunities to innovate. As distribution models evolve, Comcast and NBCU together will be better prepared to find new models to better serve all audiences.

II. Diversity Initiatives

At the first hearing that this Committee held on the proposed transaction back in February in Washington, D.C., Members of this Committee, including Mr. Rush, expressed great interest in how the proposed joint venture would affect diversity. Motivated in large part by your interest and that of the diverse communities with whom we work daily, we have declared our goal of building on our current diversity records through a series of concrete commitments and initiatives on diversity that the two companies are prepared to undertake following the close of the transaction. I am pleased to attach "Comcast and NBCU's Summary of Diversity Commitments." I will note that these commitments have evolved over many months based on extensive conversations with leaders of some of this nation's most influential diversity organizations.

NBCU has a strong track record of being committed to the principles of diversity throughout the company, and we have made significant progress. But we also recognize that there are many areas where we can and must do more. We are focused on diversity issues on multiple fronts, including programming, procurement, philanthropy and community investment, and the development of our workforce. Following the proposed transaction, Comcast and NBCU will retain and strengthen their commitment to diversity.

A. NBCU Diversity Initiatives

As the Chief Diversity Officer of NBCU - and as an African American woman - I want to express my appreciation to our CEO Jeff Zucker who has made diversity one of his top five key strategic goals for the company and has supported me in our very substantial diversity efforts. As the Committee well knows, the effort to bring diversity to corporate America must be a continuous one. I believe we have shown strong leadership in this regard. Let me tell you some of what we do today and some of our post-transaction plans.

i. Diversity In The Organization

NBCU is committed organizationally to diversity. I am proud to serve as the Corporate Diversity Officer for a media company with a wide range of initiatives designed to increase diversity in our workforce. In addition to my role as the Corporate Diversity Officer, NBCU has established an NBCU-wide corporate Diversity Council, which I chair. This Diversity Council consists of the heads of each division within NBCU and reports directly to the CEO. Each division also has an individual business Diversity Council that sets goals at the division level and reports directly to each division head.

Under Jeff Zucker's leadership, the diversity of our U.S. full-time employee population has increased from 24% to nearly 30%. Including Telemundo, our diverse full-time employees constitute more than 35% of our staff population. Women and minorities combined represent over 60% of our full-time workforce. Minority and women executives constitute roughly 40% of our executive ranks.

ii. Benchmarking

In order to make progress toward our diversity goals, NBCU is committed to benchmarking. We set annual diversity goals at both the corporate level and at each business unit level. We report annually to a coalition of four organizations (the National Association for the Advancement of Colored People (NAACP), American Indians in Film and Television, the National Asian-Pacific American Media Coalition, and the National Latino Media Council) on our corporate diversity efforts, with particular emphasis on programming/content, procurement, and our pipeline programs. I also consult with each of the four groups individually on diversity issues on a quarterly basis. These efforts to benchmark our progress are important drivers of our company behavior.

iii. Procurement

NBCU commits significant resources to supporting supplier diversity. This support is reflected in NBCU's procurement track record. In 2009, NBCU spent \$100 million with women-owned businesses and \$140 million with minority-owned suppliers. This \$240 million total represents more than a ten-fold increase in our spending with women and minority-owned businesses since 2000. NBCU has also pledged that following the deal closing we will increase this spending 20 percent per year over the next two years. And with the investments and resources that Comcast will bring to the joint venture, we are committed to maintaining and expanding our strong network of diverse suppliers.

iv. Philanthropic Investment

NBCU also supports diversity initiatives through its philanthropic and community investment. In 2009, NBCU committed approximately \$3.5 million to philanthropic efforts, including its support of NBCU Foundation programs. Approximately half of these donations and grants benefited community-based youth and family organizations, most of which have a strong

presence in diverse communities. We support initiatives geared toward improving middle and secondary school achievement, and the majority of the groups we support serve racially diverse, underserved communities. We plan to expand this commitment by at least 10% annually for the next three years.

We are also proud to be one of the largest supporters of the Emma L. Bowen Foundation for Minority Interests in Media. The Emma Bowen Foundation is dedicated to preparing minority youths for careers in the media industry. In addition to providing internships and financial support, NBCU has welcomed the Emma Bowen Foundation into our DC offices, where we provide *pro bono* administrative support to the program. A significant number of the students supported by the Emma Bowen Foundation have taken positions at NBCU, Comcast and elsewhere in the industry.

v. *Entertainment Programming*

Perhaps some of the best evidence of NBCU's commitment to diversity in programming can be found in the shows we have selected for NBC's fall lineup and our summer reality shows. Three of the most widely anticipated pilots scheduled to air in the fall feature diverse actors in significant roles: *Undercovers* has two diverse leading roles, the lead character in *Outlaw* is diverse, and *The Event* will feature a diverse actor playing the President of the United States, I'm proud to say, emulating real life. And, of our seven summer reality shows, three have diverse hosts. All seven have diverse contestants.

More generally, NBCU continues to increase diversity in front of and behind the camera. Over just the past year, NBC increased its use of minority actors (31 to 33%), writer/producers (12 to 14%) and directors (9 to 11 %); USA increased minority actors (19 to 23%) and writer/producers (14 to 18%); Syfy increased minority writer/producers (4 to 10%). Minority talent already represents 37% of the talent in front of the camera at the Oxygen network. Our efforts to identify diverse talent are aided on the television side of the business by fact that the casting department is headed by a diverse executive.

NBCU believes that attracting and retaining the best, most diverse talent provides a significant advantage in the media and entertainment industry. NBCU develops diverse talent through its Diverse Writers Program, Directors Fellowship Program, and other Professional Development Programs. Through the Directors Fellowship Program, NBCU offers diverse participants opportunities to shadow a Directors Guild of America (DGA) director, as well as to gain exposure to other aspects of NBCU Television Studios production. Through the Diverse Writers Program, NBCU has funded a writer from a minority group for three years for each scripted series on the NBC broadcast network and for NBC's three late night programs. This program has added at least 100 diverse writers to the creative community. Following the closing of the joint venture, NBCU will not just continue this program but will expand it to cover scripted series on our cable networks.

Additionally, NBCU's Professional Development Programs offer hands-on experience in programming development and management, and other areas of our business through our other pipeline programs, including the Entertainment Associates program, the Universal Pictures

Leadership Program, and our Internship Programs. NBCU also builds diverse relationships by hosting two formal networking events each year to create employment opportunities for diverse directors, writers, and directors of photography. Through these networking events, NBCU brings diverse talent together with our senior executives in the feature, broadcast, cable and digital divisions of NBCU (at the president, executive vice president, senior vice president and vice president levels). NBCU will double the number of these events to one per quarter as part of the new joint venture.

vi. News

NBC News, Telemundo and both NBC's and Telemundo's owned-and-operated stations have made diversity in newsgathering a priority. NBC supports diversity in news programming through recruitment outreach to minority journalists, as well as through its Professional Development Programs. Specifically, the Diversity Leadership Program for mid-career diverse producers and associate producers is an 18-month program designed to train and develop them for executive producer roles. The NBC News Summer Fellowship Program sponsors paid internships every summer for diverse candidates selected jointly with trade associations representing diverse journalists, and the News Associate Program identifies aspiring journalists who bring diverse backgrounds to news production and news coverage. Finally, NBC recruits every year at the annual conventions of trade associations representing diverse journalists, and we participate in career fairs, networking events, and other outreach to minority journalists.

vii. Diversity in Ownership

I know the question of diversity in media ownership and production is of particular concern to Mr. Rush. Earlier I mentioned a number of ways that the transaction will help to diversify media ownership and production opportunities, including the creation of new linear and On Demand distribution. There is another important way in which we believe this transaction will add media ownership diversity.

NBCU is in the process of divesting its ownership interest in KWHY-TV, an independent Spanish-language broadcast station in Los Angeles. This presents a key opportunity for minority ownership in one of the nation's top two largest media markets. To facilitate this opportunity, NBCU has established a process to identify potential buyers and has selected the Minority Media and Telecommunications Council ("MMTC") as co-advisor for this transaction. MMTC has had demonstrable success in identifying qualified minority buyers in similar divestitures.

Conclusion

Although Comcast's and NBCU's records on diversity are solid, and in many key respects are among the best in the industry, we are always looking for ways to improve. Comcast and NBCU have both witnessed the benefits of successful diversity programs to the business. That is why we are committed to developing and refining best practices for diversity, and we will always welcome your input on our progress. The combined entity will build upon and strengthen both NBCU's and Comcast's commitment to diversity as a corporate value and to promoting diversity throughout all levels of the organization. Comcast and NBCU will also

create an integrated organizational structure to promote the values and goals of diversity in the combined entity.

NBCU's support of diversity initiatives has been well recognized. As the Emma Bowen Foundation noted in a recent letter, "NBC executives have continuously served on the Foundation's Board of Directors to help guide the growth and development of the Foundation's program." Through its sponsorship of the Foundation, NBC has helped to launch the media careers of diverse young professionals.

Additionally, the National Association of Black Journalists (NABJ) recently recognized NBCU's diversity efforts with respect to newsgathering by awarding NBC News and NBC Local Media its highest honor for a news organization: the Best Practices award. As stated by NABJ's Vice President-Broadcast Bob Butler, "According to NABJ's annual survey of broadcast news management, NBC Universal contains the most African-American Vice Presidents, General Managers, News Directors, Senior and Executive Produces in its Network News Division and in its owned-and-operated stations than any broadcast or cable network in the country."

And last year, NBCU was proud to receive the Congress of Diversity Executives Leadership in Diversity Award for Leadership From The Top, in recognition of our innovation, creativity, courage and leadership in addressing diversity and inclusion.

I am proud to lead NBCU's strong diversity efforts, and I am excited by the possibilities of the proposed joint venture. I look forward to answering your questions.