

MEDIA

## *Netflix Says It Opposes Comcast's Merger Bid*

By MICHAEL J. de la MERCED APRIL 21, 2014

[Netflix](#) on Monday voiced strong opposition to [Comcast](#)'s planned \$45 billion takeover of [Time Warner Cable](#), even while confirming that it was raising subscription prices.

Using its prominent soapbox — [a letter to investors](#) disclosing better-than-expected first-quarter earnings — Netflix argued that Comcast's megadeal would give the cable company unprecedented control over high-speed Internet access in the United States, power that it could use as “anti-competitive leverage.”

Netflix, the streaming movie and television business, has become the first media company to publicly oppose the merger, one that would create a behemoth with 30 million subscribers across the country.

It was the clearest statement on the merger from Netflix, nearly two months after it agreed to pay Comcast for a more direct connection to the cable operator's Internet backbone. Since then, Reed Hastings, the chief executive of Netflix, has criticized the state of American broadband Internet and argued that the arrangement his own company agreed to violated the spirit of so-called [net neutrality](#). The principle states that Internet service providers not favor one type of content over another.

In a blog post, Comcast disagreed with Netflix's criticisms, arguing that the streaming company willingly requested and paid for a more direct connection to the service provider's network.

“Netflix is free to express its opinions,” [Comcast wrote](#). “But they should be factually based.”

Netflix also took aim at another major Internet provider, [AT&T](#), arguing that its U-verse high-speed service was slower than older DSL connections. It encouraged AT&T to provide a faster connection to allay customer complaints.

Separately, Netflix confirmed that it planned to raise prices for its services in the United States by \$1 to \$2 a month, after hinting early this year that such a move was in the offing. The decision was made after a price increase for subscribers in Ireland generated what the company described as “limited impact.” Existing American customers would retain their current pricing plans for what the service called a “generous time period.”

The rate increase will help pay for more content, the lifeblood of Netflix's business. The company's push into original content continued to pay off: In the letter, Mr. Hastings wrote that the second season of "House of Cards" drew "a huge audience that would make any cable or broadcast network happy." As is its custom, Netflix did not provide overall audience numbers for the show.

Netflix also promoted the achievements of its other programming; "The Square," a documentary about the 2011 Egyptian revolution, garnered an Academy Award nomination. And it heralded new seasons of programs like "Orange Is the New Black" and the animated show "Turbo F.A.S.T."

On the numbers Wall Street cared about the most — subscriber and profit growth — Netflix appeared to have delivered. It added 2.25 million domestic subscribers, meeting its forecasts, while exceeding its predictions by gaining 1.75 million subscribers internationally.

Over all, it reported a \$53 million profit for the first three months of the year, or 86 cents a share. Wall Street analysts had expected 81 cents a share, according to Standard & Poor's Capital IQ.

Shares in Netflix, which is based in Los Gatos, Calif., rose \$22.94, or 6.6 percent, to \$371.33 in after-hours trading. But the stock has been subject to the hopes and fears of traders chasing growth this year, whipsawing between frequent peaks and drops.

Still, the last 12 months have been kind to Netflix's shares, which have risen more than 113 percent in the period.

That growth highlights how the once-stable television business continues to face new disruptions. Newer entrants like Amazon.com are busy building their own offerings in the Netflix mold, including by commissioning their own original programming.

But the biggest challenge to the status quo will come before the [Supreme Court](#) on Tuesday. Lawyers for the start-up Aereo plan to defend its business of streaming live television and recording programs for Internet subscribers, an operation that the big content companies say functions as a huge content piracy shop.