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Philadelphia

When AT&T Inc. Chief Executive Randall Stephenson addressed hundreds of employees last month, he surprised them with his topic: a nuanced discussion of the Black Lives Matter movement and racial justice in America. "Our communities are being destroyed by racial tension and we are too polite to talk about it," **[Mr. Stephenson told the crowd]** in Dallas.

The heartfelt remarks, which were captured on video by an employee's smartphone and went viral, were a bold move for a buttoned-up CEO, showing he can step out of his comfort zone. Weeks later, Mr. Stephenson proved once again he is a man of surprises, striking an $85.4 billion deal to acquire media giant Time Warner Inc. The marriage, if it **[passes regulatory muster]**, sets up the telecom honcho to oversee a range of content businesses in which he has little or no experience, including cable networks like HBO and CNN and the Warner Bros. film and television studio.

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Allentown Morning Call
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Altoona Mirror
Editorial: Clinton win would hurt Pennsylvania

The lanky, 56-year-old Oklahoman with a membership at Augusta National Golf Club seems an unlikely supporter for the Black Lives Matter movement. He is also an unlikely media mogul: an executive with a finance background who climbed the corporate ladder. Since striking the deal last Saturday, Mr. Stephenson has been on a whirlwind tour of Time Warner's key units. He visited the HBO and Turner offices in New York City on Monday. Some executives said they made it a point to watch the Black Lives Matter speech in advance.

On Tuesday, he flew out to Burbank, Calif., to hold court in the famed building on the Warner Bros. lot that housed Jack Warner's office. Accompanied by Time Warner CEO Jeff Bewkes, Mr. Stephenson talked with about 15 movie and television executives over a buffet lunch, according to a senior Warner Bros. executive who attended the meeting. Mr. Stephenson laid out his vision of how Warner Bros. content, paired with AT&T distribution platforms, would better prepare both companies for a future in which the consumer will have more command over how and what content they consume, the executive said. After the meetings, a senior Time Warner executive said: "He said all the right things." But he was quick to add, "It's day one."

Before Mr. Stephenson gets to integrate Time Warner, he will have to win over regulators. **Wall Street is skeptical**, with Time Warner's shares trading about 19% below AT&T's offer price. Mr. Stephenson, a Republican donor who runs one of Washington's biggest lobbying operations, will be making his case with Time Warner executives who are well connected in the Democratic Party. Given that failure and unpredictability are often the norm in the movie and television business, Time Warner executives are wondering whether Mr. Stephenson and AT&T will have the stomach for all the risk that comes with making content. The movie and television industries also tend to make up the rules as they go along and pride themselves on being the antithesis of a buttoned-up environment.

Mr. Stephenson, whose father ran a feedlot in Moore, Okla., started working for the phone company in 1982, doing night shifts changing magnetic tapes on huge mainframe computers. He continued the job, obtained with the help of his older brother, while he worked on his master's degree at the University of Oklahoma. When a manager in St. Louis, the home of Southwestern Bell, called to ask him to interview for a job in the tax department, the cash-strapped Mr. Stephenson was concerned: Would they reimburse him for the trip? They did and he got the job. He moved with his wife, his former high-school sweetheart, to the headquarters of the regional Bell company. His brother, Kevin, still works at the company as a technician in its landline business.

Mr. Stephenson has spent his life working in the American telecom industry, a former monopoly that was broken up by the government in 1984 and slowly put itself back together through a series of blockbuster deals that formed the core of both AT&T and Verizon Communications Inc. Those deals, which ended around 10 years ago, were about gaining scale and cost savings. Soon after **taking over as chief executive in June 2007**, Mr. Stephenson's first big challenge was dealing with the gains and pains from AT&T's exclusive deal to carry Apple Inc.'s iPhone. The arrangement would speed AT&T's shift away from its legacy landline business but also tarnish its brand, as its wireless network struggled to manage the flood of customers.

Mr. Stephenson spent billions improving the network and **tried unsuccessfully to buy** smaller rival T-Mobile. But in the last two years he has steered the nearly 140-year-old phone company in a different direction. **The $48.5 billion deal** for DirecTV last year made AT&T the country's biggest pay-TV provider. With the acquisition of Time Warner, he would be in direct competition with media titans such as Rupert Murdoch, Bob Iger and John Malone. "Randall is a very farsighted kind of guy," said Mike White, the former CEO of DirecTV. "He has a different background than larger media moguls."

Mr. Stephenson was eager to jump into the media fray. Mr. White took him to the Allen & Co. conference in July 2014 for the first time, introducing him to some media players that he didn't already know. Mr. White described him as being right at home at the swanky annual retreat in Sun Valley, Idaho, where major media deals are often hatched. "Acquiring a new company not directly in his business won't be new to him," thanks to the DirecTV deal, said Dan Hesse, the former CEO of Sprint Corp. Mr. Hesse clashed with his rival when he led the charge to oppose AT&T's attempt to buy T-Mobile in 2011, the biggest black eye on Mr. Stephenson's nine-year tenure at the top. "He's got the experience."

Mr. Stephenson also stepped into unfamiliar territory when he moved his family to Mexico in 1992 to be AT&T's top finance executive in the country, working under telecom tycoon and billionaire Carlos Slim. Mr. Stephenson would wake up early every morning to work with a Spanish language teacher for two hours, but after three months still struggled because people in his office would speak to him in English. He finally forbade anyone to speak anything but the native language. Now he speaks fluently.

Mr. Stephenson's approach to his career has been traditional, but his public positions on social issues have been surprising for a corporate executive. He has called for immigration reform, including revamping the visa system and offering a path for undocumented workers to gain citizenship. As a board member of the Boy Scouts of America, he publicly supported changing the group's policies to make it more open at a time when the organization banned openly gay scouts and leaders.

Mr. Stephenson, who avoids using social media such as Twitter and Instagram, has also used his position to challenge Silicon Valley over its attitudes toward national security and privacy. Earlier this year, he criticized Apple Inc. for adding encryption to iPhones that make it more difficult for governments to access the contents. "I understand Tim Cook's decision, but I don't think it's his decision to make," he said in January.

He took the stage at The Wall Street Journal's D Live conference this week to lay out his rationale for the Time Warner deal. He said the combined company would bring more competition to cable business and challenge the dominance of Google and Facebook Inc. in online advertising. But Mr. Stephenson admitted he is no Hollywood insider. "I'll be the first to tell you, I've never run a movie studio," he said. "I don't know the first thing about it."

While AT&T seems to have made all the right moves with Time Warner in early meetings, that doesn't mean people there don't have their doubts. "This company is going to be so big and unwieldy it's going to be hard," one Time Warner unit head said. At the same time that he was secretly meeting with Mr. Bewkes to hammer out the Time Warner deal, Mr. Stephenson was also working on his Black Lives Matter speech.

AT&T's Dallas headquarters are just blocks from where five police officers were killed during a July protest. In his speech, Mr. Stephenson called the recent shootings of black men and police officers "troubling" and urged his 270,000 employees to begin a conversation to find common ground. Mr. Stephenson shared the story of an African-American physician and veteran whom the telecom boss described as one of "his closest friends in the world." Mr. Stephenson said he was stunned to learn recently of the racism his friend faced growing up in Louisiana and throughout his life.

He dismissed calls for tolerance as falling short of what is needed. "Tolerance is for cowards," he told the crowd. "Being tolerant requires nothing from you but to be quiet and not make waves, holding tightly to your views and judgments without being challenged." "Do not tolerate each other," he added. "Move into uncomfortable territory and understand each other." – ***Wall Street Journal***

Since buying the Chicago Cubs for $845 million in 2009, the billionaire Ricketts family has been painstakingly laying the groundwork for new sources of revenue to revitalize the team once known as "lovable losers." And now, as if on cue, the team's breakthrough into the World Series after a 71-year drought promises to pump up those revenues and boost the franchise's value beyond the already stunning $2.2 billion that Forbes estimated this year. And that estimate, for those counting, does not include Wrigley Field and other assets tied to the 2009 purchase price. Regardless of what happens in the World Series, experts say, the Ricketts family has won already. "The timing couldn't be better," said Marc Ganis, a sports industry consultant.

The family's to-do list — some jobs done and some in the works — is exhaustive: video boards and other electronic advertising signs, expanded bleachers, upgraded suites and premium seating, enhanced concessions and luxury clubs at the creaky, 102-year-old Wrigley Field. But what is perhaps the most important decision has yet to be made.

With its agreements for local television rights expiring after the 2019 season, the Ricketts family is exploring the launch of its own regional sports network. That approach has been embraced in other major markets such as New York and Boston. Media rights most likely will become the biggest direct source of revenue for professional sports teams by 2018, according to a forecast by consulting firm PwC. A less risky alternative is to renew with Comcast SportsNet.

Either way, the World Series appearance will only help secure a more lucrative deal. "And they are about to start marketing suites, club seats, advertising and sponsorships for the renovated ballpark," said Ganis, president of Sportscorp. Experts also point out that, in the Cubs' case, a World Series appearance builds on what is already an unusually broad — and big spending — fan base. "Normally, if a team just goes to the World Series, let alone wins the World Series, the next year you see a tremendous uptick in attendance," said Andrew Zimbalist, an economics professor at Smith College. "In the case of the Cubs, they basically sell out one way or the other, so you're not going to get the same uptick."

The Cubs "already have a great brand in a good market and they have a great building, one of the most iconic buildings in baseball," said sports consultant Sal Galatioto, who advised the Ricketts family on the purchase of the team. "When you have a big base, (a World Series) moves the needle a little bit." The Cubs rank as the fifth most valuable Major League Baseball team, according to a Forbes roster that is led by the New York Yankees and followed by the Los Angeles Dodgers, the Boston Red Sox and the San Francisco Giants. While some observers think the Cubs could push into the No. 2 or No. 3 slot fairly quickly, others aren't so sure. "Anything is possible, but the fact is there are a lot of very, very strong, very valuable sports franchises and one World Series doesn't really change that, right?" Galatioto said. "But they are going to be one of the most valuable franchises, no question about it."

The World Series didn't work a lot of magic for the Chicago White Sox, which lacks the cultish following of the Cubs. The South Side team has a middle-of-the-pack ranking among major league ball teams, with a value estimated at about half that of the Cubs. "The reality is, the White Sox are nowhere near as much of a glamour team as the Cubs are — they don't have the same level of celebrity interest or fan interest," Ganis said. "Their fans are wonderful and they are passionate, but there are far fewer of them." Since the Cubs reached the World Series, the Ricketts family will have more pricing power on everything from tickets and ballpark advertising to sponsorships and media rights, experts say. "It's a business model that allows for a much larger economic engine," said John Rowady, chief executive of rEvolution, a Chicago sports marketing firm.

The Rickettses also have benefited from an overall increase in the value of professional baseball teams during the past few years, driven largely by lucrative new television deals. The most stunning transaction came in 2014, when the Los Angeles Dodgers agreed to launch a regional network, SportsNet LA, with Time Warner Cable. The 25-year deal could bring the team $8.35 billion, though many cable providers have balked at paying a higher premium to carry the channel.

With that resistance, the Dodgers' lofty terms could be hard to match now. With the rise of free or lower-cost entertainment on the internet, traditional cable providers are losing subscribers. The shrinkage has led cable carriers to balk at the high prices for programming sought by sports networks. "If every team had its druthers, being able to control their own content is probably the holy grail ... but then you also get into a different set of pitfalls," said sports sponsorship veteran Dany Berghoff, principal in the sport leadership practice of RSR Partners, an executive search firm.

Nonetheless, the Cubs continue to see potential in forming their own network, perhaps with a television partner like Comcast SportsNet Chicago, which currently airs 79 games and pays the Cubs about $500,000 a game. The other games are televised by several local television channels, or nationally. "The business is still good for everyone even though there's fraying at the edges as you see some of the (cable) cord-cutting going on," Crane Kenney, president of business operations for the Cubs, said last month. "Since our rights don't come back to us until the 2020 season, we have a little bit of time to see which way the market goes." The Cubs and the Ricketts family declined interview requests.

However it plays out, it will build on the Rickettses' winning bet in 2009. While MLB teams generally have seen a healthy run-up in valuations in recent years, the Cubs' rise has been off the charts, something observers attribute to long-range, strategic thinking. Outside the park, through a separate venture, the Ricketts family is building a sleek hotel with trendy restaurants, a plaza for game-day drinks, and an office and retail complex to be adorned with a huge video screen. The family also is buying up the rooftop clubs along the eastern and northern edges of the ballpark.

The team's entry into the World Series should polish the potential of the family's myriad investments, experts say. "A winning team equals mass interest from fans," said Rowady, the sports marketing executive, "which equals more revenue." – ***Chicago Tribune***

One of the long-run booms at Comcast Corp. has been its high-speed internet business that will chalk up another one million new subscribers in 2016. Analysts and others ask: How long can this go on? Comcast cable division head Neil Smit gave some insight during the company's conference call on Wednesday. Six million customers still used slow-speed DSL lines within Comcast's cable territories, many of whom could be forced to Comcast as those copper lines deterioriate or they want faster speeds that can't be delivered over copper. Said Smit: "So we have plenty of room for growth." – ***Philadelphia Inquirer***