

NewsClips

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Verizon Chief Executive Lowell McAdam may be getting ready to answer rival AT&T's moves to buy DirecTV and Time Warner.

The New York wireless giant is weighing the acquisition of a cable company to help grow demand for its wireless data products, two well-placed sources told The Post. The CEO told friends at the Consumer Electronics Show in Las Vegas earlier this month that he wants to buy into cable, one source said. "They need it for 5G," said a second source, confirming McAdam's interest.



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The most likely targets would be "Charter or Comcast," the source noted. "Altice is too small," the source speculated.

To be sure, Verizon is not in talks with any cable company and may not ever make such a move. Still, McAdam has been under pressure recently with Verizon's deal to acquire Yahoo still a question mark months after two major hacks of the internet portal were revealed. The wireless giants operate on 4G wireless networks but are preparing to become a real alternative to the cable company with phone, TV and data services.

To do that more effectively, the phone companies are pouring money into 5G connections that can work with cable systems to provide more stable coverage for consumers. McAdam has already given Wall Street analysts and investors big hints that he's looking at a combination with, say, a Charter Communications.

In a mid-December meeting with Wall Street analysts, McAdam said a get-together between the two "makes industrial sense." Three weeks later, at CES, his comments to friends make it clear that cable distribution is a path he is exploring, perhaps more

seriously than first thought. Verizon is still yet to say whether it is moving ahead with <u>its planned</u> acquisition of Yahoo.

Were Verizon to make a move on Liberty Media-backed Charter, it would replicate the kind of deal shareholder John Malone made back in 1998 to sell global cable company TCI Communications to AT&T. Rival AT&T not only owns DirecTV but also has an agreement to acquire Time Warner for \$109 billion in cash and stock.

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McAdam is obsessed with distribution, said a person familiar with his thinking. Verizon in April sold some of its FiOS network to Frontier Communications, clearing the path, some believe, to allow a cable merger. "For regulatory reasons, Verizon can't dominate in FiOS and cable, so it appears to have to set its sights on cable," an industry source said.

Charter could be a seller under the right conditions, the source added, emphasizing that Malone and Charter CEO Tom Rutledge are just getting going on their vision for Charter. But it does mean Verizon has to promise enough autonomy for the Charter team to advance its own plans — only if "Malone and Rutledge are not ready to cash out," the source said. Verizon declined to comment. — **New York Post**

The Trump administration rolls into power on Friday and <u>is expected to undertake a complete shake-up</u> of the Federal Communications Commission.

While the extent of reorganization of the agency is not yet known, it could very well change how Americans consume video entertainment and how much they pay for it. For starters, President-elect Donald Trump is expected to take away from the FCC its oversight of competition and consumer interests, according to a report. Those duties could be shifted to the Federal Trade Commission, which already regulates many antitrust issues in Washington, according to the report. Trump officials and transition team consultants met over the weekend to hammer out a new vision for the FCC, according to the report in the trade paper Multichannel News.

The FCC has in past years handed some critical protections to Silicon Valley companies such as Netflix, Facebook and Google. It is unknown if those protections will end.

While cable and telecom companies argue they've invested in building the backbone of the Web, it is tech firms that have pocketed billions of dollars in profits off of mobile internet traffic. Telecom and cable companies have been fighting to loosen rules governing how they charge for Web access. The senior Republican on the FCC, Commissioner Ajit Pai, 44, is widely expected to be named chairman. Trump officials and FCC transition team advisers want to make the communications regulator more in tune with the digital age.

Some in Washington are fearful that this could spell the end of the department in charge of regulating TV, radio and satellite and cable companies, according to the report. John Bergmayer, senior counsel at consumer group Public Knowledge, warned that there are limits to how much change the Trump team can bring. "Some of it is up to the FCC, and some of it is not. More radical reform proposals? They'd require congressional action," Bergmayer said.

Several of the Trump transition team members including Jeffrey Eisenach, who was an adviser to Verizon, have spoken out against net neutrality rules championed by the <u>FCC's outgoing boss</u>, Chairman Tom Wheeler. Under those rules, video providers must supply equal access to networks and can't favor their own programming by exempting charges — a practice known as "zero-rating."

Bergmayer cites an example of a business practice that is against current net neutrality rules — if AT&T-owned DirecTVNow were to charge Netflix a big fee in order to include it in a "zero-rated" plan for AT&T wireless customers. Trump adviser Eisenach declined to comment on the discussions. "We'd like the FCC's wins to stay in place, they're good for consumers and Trump has a populist message that resonates," said Bergmayer, wondering how such a change might play out.

The addition of wireless entrepreneur Dave Morken to the FCC transition team a few weeks ago left some wondering if Trump will leave net neutrality in place. Morken is believed to be a supporter of the regulation. – *New York Post*

