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December 12, 2017

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San Jose (CA) Mercury News
How Google and Facebook could save net neutrality

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Comcast Corp. said it is no longer pursuing an acquisition of several key media and entertainment assets from 21st Century Fox, leaving Rupert Murdoch's media empire in position to finalize a deal with Walt Disney Co.

The Philadelphia-based cable and programming giant **had approached** 21st Century Fox about assets that included its international properties, movie and television studios, and some U.S. cable networks, The Wall Street Journal had previously reported, citing people familiar with the matter. "When a set of assets like 21st Century Fox's becomes available, it's our responsibility to evaluate if there's a strategic fit that could benefit our company and our shareholders," Comcast said in a statement. "That's what we tried to do and we are no longer engaged in the review of those assets. We never got the level of engagement needed to make a definitive offer."

Meanwhile, Disney's **talks to acquire assets** from 21st Century Fox continue to progress, and a deal could be announced as soon as this week, people familiar with the matter said. Wall Street Journal parent company News Corp and 21st Century Fox share common ownership. Besides its Sky and Star channels in Europe and India and its Twentieth Century Fox television and movie studios, 21st Century Fox is also expected to sell several cable networks including almost two dozen regional sports channels and entertainment networks FX and National Geographic Channel.

Not for sale are the Fox News and Fox Business channels, the Fox broadcast network and its local television stations, which would remain part of a stand-alone company. Its national sports channel Fox Sports 1 also isn't part of any deal with Disney, which is the parent company of ESPN, according to people familiar with the matter.

Comcast was primarily interested in 21st Century Fox for its international platforms, according to people familiar with the matter, given that the pay-TV market in the U.S. is saturated and traditional distributors like Comcast have been losing customers recently. In Monday's statement, Comcast said

Issues to Consider

Washington Post
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USA Today
Congress should block FCC's net neutrality vote, Internet experts say

Philadelphia Inquirer
Pa.'s map is so gerrymandered that random computer maps are fairer, expert says

Philadelphia Inquirer
Editorial: Gov. Wolf's bonus ban is a good start for more meaningful reforms

it has a "strong portfolio of businesses" on its own and will continue its focus on "driving growth" and creating content for its customers.

It was unclear how regulators would have even received a combination involving Comcast and 21st Century Fox assets, particularly in the wake of the Justice Department's **lawsuit to try to block** AT&T Inc.'s takeover of Time Warner Inc., which similarly would combine distribution and content. To be sure, a horizontal deal between two programming giants could also present regulatory and antitrust issues. The combination of Disney and Fox's movie units represents 30% of the domestic box office so far this year. Disney's ESPN would also be paired with Fox's powerful regional sports networks.

A deal would give Disney intellectual property from 21st Century Fox's television and movie libraries as well as additional cable channels, plus a controlling interest in Hulu. The online video platform is a joint venture between Disney, 21st Century Fox and Comcast, which each own 30% of Hulu, and Time Warner, which has a 10% stake. – ***Wall Street Journal***

Verizon Communications Inc. has struck a more than $2 billion deal to show NFL football games on its mobile network as well as its Yahoo, Yahoo Sports and go90 mobile platforms. Verizon will make national games on Monday, Thursday and Sunday nights--in addition to the playoffs and Sunday afternoon games from a user's home market—available on its apps for smartphones regardless of a customer's mobile carrier, company and NFL officials said. The national games will also be available on tablets, but not Sunday afternoon games. Terms of the deal weren't disclosed. According to people familiar with the pact, the agreement runs for five years, and Verizon's annual rights and sponsorship fee to the National Football League will rise from its current $250 million to more than $450 million.

Unlike its previous agreements with the NFL, Verizon will no longer have the exclusive mobile rights to distribute national and in-market games to its wireless customers. Games will continue to be available via the NFL's mobile app. The partnership starts in January with the postseason, when games, including the Super Bowl, will be expanded to Verizon-owned platforms like Yahoo and Yahoo Sports.
Verizon was willing to give up exclusive mobile rights in return for NFL content for its other platforms.

In its previous deal, exclusivity was seen as crucial for Verizon to attract new wireless customers and keeping existing ones. Now the focus is on building its other platforms, particularly since Verizon bought Yahoo earlier this year for $4.5 billion. "We want to be the first screen for live sports," said

Brian Angiolet, Verizon's senior vice president and global chief media and content officer, who called the new deal a "game-changer" that would elevate its media platforms. Games will be free to watch, and will appear with advertisements. Verizon will continue to be aggressive in its pursuit of sports for its platforms, Mr. Angiolet said.

The mobile-rights deal marks a significant increase for the NFL, **despite a second straight season of declining ratings**, showing that content distributors still view professional football as a must-have property. "We have been confident in the value of our content," said NFL Commissioner Roger Goodell. Mr. Angiolet said the NFL "remains the marquee sport" for reaching a mass audience. While viewing on traditional platforms is slowing, "the viewership on mobile continues to grow," he said. Verizon also receives commercial inventory to sell on its platforms as part of the contract and will remain an official sponsor of the NFL.

Verizon's properties aren't the only place that cord-cutters will be able to turn for NFL content. The NFL has broadened the number of platforms where its games are available, in an effort to keep up with changing viewing habits among viewers, particularly those in the 18- to 34-year-old demographic. This season, Amazon.com Inc. **agreed to pay $50 million to the NFL** for rights to stream 10 Thursday night games to its Amazon Prime members. "It was important to us to make our games more accessible to our fans," Mr. Goodell said. "Verizon understood we needed to go cross-carrier."

The next rights contract that comes up is the Thursday night package, which is currently shared by Comcast Corp.'s NBC, CBS Corp.'s CBS and the NFL-owned NFL Network, along with the Amazon streaming deal. There have been calls for eliminating, or at least reducing, the number of Thursday games, but the NFL hasn't indicated if it would reduce the package. The current pact expires after this season.

The Verizon renewal comes just days after **Mr. Goodell signed an extension** to remain as commissioner of the league through the 2023 season. That means Mr. Goodell will oversee negotiations of the major broadcast and cable rights deals that pay the league an average of $5 billion annually and are set to expire after the 2021 season. – ***Wall Street Journal***

If you've taken a flight recently on JetBlue Airlines, you might have noticed something that looks a lot like a net neutrality boogeyman: prioritization of Amazon.com Inc.'s videos over other services, like Netflix or HBO, on the airline's in-flight Wi-Fi network. It actually isn't a violation of net neutrality, which requires all web traffic to be treated equally. But it helps explain why some fear lifting such rules will harm the internet and others aren't worried at all. The Federal Communications Commission is **voting to repeal the rules** on Thursday.

Net neutrality has never applied to in-flight Wi-Fi. The FCC specifically exempted businesses like airlines, coffee shops and hotels because they simply offer internet access to their customers as a perk. JetBlue is among the first U.S. airlines to use a new satellite service that delivers real high-speed internet on airplanes. Speeds are similar to what one might get with a strong LTE connection on a smartphone in a city.

Meantime, Amazon has a marketing partnership with the airline that helps make the internet free for all passengers, a JetBlue spokeswoman said. Amazon's logo is featured prominently on the Wi-Fi sign up page and customers are encouraged to stream Amazon Video. But Amazon's marketing deal with JetBlue doesn't have anything to do with the quality of the video stream, both companies say. And Amazon's service doesn't get preferential treatment over other internet traffic, they add.

Instead, Amazon optimizes its videos on JetBlue flights so it doesn't use up so much bandwidth. Typically, that means subtlety reducing the picture quality so it is less data intensive. It also modified its video stream to better handle the time it takes for the signals to traverse the satellites that carry the traffic. "Our agreement with JetBlue is for marketing purposes. We did not pay for faster delivery of our content and nothing in the agreement impacts the delivery of other video streams," an Amazon spokeswoman said. "Amazon has long supported net neutrality."

Other providers are welcome to make the same tweaks, and Netflix Inc., another supporter of net neutrality, said it recently made similar adjustments. This sort of optimization is similar to what T-Mobile US Inc. did with all video on its wireless network. Videos stream at a lower picture quality—which is very difficult to notice on a small smartphone screen—but they don't count **against a customer's data limit**.

Mark Dankberg, chief executive of Viasat Inc., the satellite company that provides JetBlue's internet, said even though net neutrality doesn't apply to the skies, there isn't a market incentive to prioritize one video service over another. "Our strategy for in-flight Wi-Fi is to offer the best service, at the

	lowest cost, to as many passengers as possible," Mr. Dankberg said. "So we're motivated to support all content in a fair and neutral way." – ***Wall Street Journal*** ____ The Federal Trade Commission (FTC) and Federal Communications Commission (FCC) **announced an agreement** on Monday to coordinate their efforts to police the internet once the latter agency has repealed its net neutrality rules. On Thursday, the FCC is expected to approve the plan to scrap the Obama-era consumer protections that prohibit internet service providers from discriminating against, or favoring, certain websites. Under the proposal, the FCC would get rid of the conduct rules governing broadband companies and cede authority over the industry to the FTC. "The Memorandum of Understanding will be a critical benefit for online consumers because it outlines the robust process by which the FCC and FTC will safeguard the public interest," FCC Chairman Ajit Pai said in a statement. "Instead of saddling the Internet with heavy-handed regulations, we will work together to take targeted action against bad actors." Once the repeal is passed, the FTC will be tasked with going after internet providers that engage in unfair or deceptive practices, but net neutrality supporters argue the agency is not equipped to prevent companies from abusing their power over web traffic. Democratic FCC Commissioner Mignon Clyburn said in a statement, "The agreement announced today between the FCC and FTC is a confusing, lackluster, reactionary afterthought: an attempt to paper over weaknesses in the Chairman's draft proposal repealing the FCC's 2015 net neutrality rules." Pai's plan will require companies such as Comcast and Verizon to disclose to their users whether they plan to block or slow down certain sites, and the FCC will be tasked with overseeing their transparency. "There is no comfort in this announcement from the FTC," said Chris Lewis, vice president of the consumer group Public Knowledge. "Not only is the FCC eliminating basic net neutrality rules, but it's joining forces with the FTC to say it will only act when a broadband provider is deceiving the public. This gives free reign to broadband providers to block or throttle your broadband service as long as they inform you of it." – ***The Hill***

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