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The U.S. Federal Communications Commission said late on Tuesday it had approved European telecoms group Altice NV's acquisition of U.S. cable company Cablevision Systems Corp in a $17.7 billion (12 billion pounds) deal that includes assumption of debt. The Dutch firm still needs approval from the state of New York and New York City.

If the deal is approved, Altice would become the fourth largest U.S. cable provider. Cablevision has 3.1 million subscribers, mostly in New York, New Jersey and Connecticut. The FCC said it found the transaction was in the "public interest" and noted Altice had vowed to invest to upgrade Cablevision broadband.

Altice said in a statement it was pleased with FCC approval, "which recognises the benefits that the proposed merger will bring to consumers in the U.S. We continue to make good progress towards a transaction closing in the second quarter of this year."

The approval order noted that a U.S. government review panel including the Justice Department, Department of Homeland Security and Defense Department, told the FCC on April 20 that they "have no objection to grant of the applications" based on the commitments made. In December, the FCC approved the $9.1 billion sale of U.S.

Dispatch **Editorial: Pennsylvania Senate race gets nasty quickly** ***Philadelphia Daily News*** **We the people. Really?**	regional cable company Suddenlink Communications to Altice. Altice announced in May 2015 its acquisition of a majority stake in Missouri-based Suddenlink, the seventh largest U.S. cable company, with about 1.5 million customers, in its first U.S. acquisition. Altice has acquired or taken control of broadband companies in France, Belgium, Luxembourg, Israel and Portugal, the FCC said, adding it had a track record of improving services after acquiring firms. The deal includes other Cablevision assets including the News 12 programming networks; Newsday, a Long Island daily newspaper; amNewYork, a free daily serving New York City; and Star Community Publishing, a publisher of weekly shoppers and community papers on Long Island. The Dolans will continue to own media and sports assets through AMC Networks and the Madison Square Garden Co, owner of the National Hockey League's New York Rangers and the National Basketball Association's New York Knicks, which are not part of the deal. Altice previously sought to buy Time Warner Cable. Altice founder Patrick Drahi, the French-Israeli billionaire who built a telecoms and cable empire via debt-fueled acquisitions in France, Portugal and Israel, said in 2015 that Altice would look for more acquisitions and eventually earn half its revenue from the United States. In talks that began in June, Drahi convinced Charles Dolan, the patriarch of the Irish-American family that owns Cablevision, to sell. Cablevision Chief Executive James Dolan said in a statement in 2015 that the time was right for new ownership and that he and his family "believe that Patrick Drahi and Altice will be truly worthy successors." – ***New York Times*** ——————————————————————————— Your cable company is becoming a movie studio. Your Internet provider delivers you sports highlights. What's next — TV shows brought to you by the electric company? Something that radical may not happen. But media convergence, a term that springs up when one traditional media industry makes moves on another — say newspapers buying TV stations — is again in full swing. This time, it's cable companies and Internet service providers (ISPs), the "pipes" in the complicated ecosystem that keeps consumers entertained, with the big pockets and bigger ambitions. As part of the strategy, the largest pay-TV providers, including Verizon, AT&T and Comcast, are buying content companies, forming joint ventures and experimenting with new ways of distributing video – a classic case of business pivots. The motivation: Get some of the stock market love that's pumped up shares of Netflix and Amazon, two of the newer content creators shaking up traditional media, and expand their revenues beyond markets that are getting compressed — namely pay TV and wireless subscriptions. "Lots of major companies in these industries feel like they need to shift their fundamental business model away from where they have been historically," said Kevin Werbach, associate professor of legal studies and business ethics at The Wharton School at the University of Pennsylvania. On the acquiring side, Verizon CEO Lowell McAdam has publicly stated the telecom giant's interest in Yahoo as the Internet company entertains bids for its core Web assets, which could include Yahoo Finance, Sports and Tumblr. Tim Armstrong, CEO of Verizon-owned AOL, on Tuesday reiterated the online media company's year 2020 goals of getting to 2 billion users. "Yahoo is a big strong company," he said on CNBC, "with hundreds of millions of users and it's got some really good platforms." For targets, media companies including AMC, Discovery and Scripps could be in the sights of asset-hungry cable and telecom behemoths, said Corey Barrett, an analyst with ITG Investment Research. "I think you will see more consolidation on the media side," he said. Another possible target, according to Wharton's Werbach, is Viacom "given the desire companies such as Verizon and Comcast are showing for content, and the management turmoil there," he said. Such deals may make good economic sense for the companies involved, but for consumers, consolidation usually means fewer

choices, Werbach says. “There is a question of ‘How big is too big?’ There’s always a worry that at some point given the current state of the market that companies have too much power," Werbach said, "in part because they do have the ability to shift costs across these various different businesses."

Heightened competition is driving many of these content deals, as content makers and streaming service providers bypass the networks provided by cable and telecom companies to go directly to consumers. For instance, **streaming entertainment provider Hulu** plans to move beyond on-demand programs to add live broadcast and cable TV channels, directly competing with pay TV and some digital rivals like Sling TV. It's not a big leap for, say, a Comcast or Verizon, which already provides pay-TV and broadband service, to envision sending content of its own along, too.

The cable and Internet providers are looking at the massive valuation and revenues of content companies that use their networks, says industry analyst Roger Entner, founder of Recon Analytics. He adds: "They’re also looking at Netflix. And they’re saying there’s nothing special in what they do. Why are we not doing what they’re doing?”

Also driving deals are ever-higher programming fees that cable TV and other pay-TV services get charged for the movies and TV series on their networks. That content is important to keep the ongoing pay-TV defection from increasing beyond its current slow decline. Network providers can fight these higher programming costs by acquiring content themselves or by getting bigger in hopes of striking better deals. The latter is part of the logic behind deals struck by AT&T, with its acquisition of DirecTV for $49 billion last year, and Charter Communications, which had its $55 billion bid to buy Time Warner Cable -- and its $10.4 billion deal for Bright House Networks -- approved by regulators this week. “Historically those programming fees have increased in the high single digits each year like clockwork, which wasn’t such a problem when pay TV adds were growing, but that isn’t the case any more,” ITG's Barrett said.

Subsequently, consolidation will likely lead to more showdowns between pay-TV providers and programmers such as the recent one between Dish Network and Viacom, settled two weeks ago. “We are living in a shrinking pay TV environment (and) that is why I think you are seeing things like the Dish-Viacom carriage deal being done last minute after several extensions," Barrett said. "I think you will see and increased brinksmanship between the programmers and the (pay-TV providers) over the next several years as pay TV operators push back.”

Verizon and other companies see “the writing on the wall in terms of the way that the communications market is moving," Werbach said, "and (are) looking for a way to leverage of the pure carriage business into these content businesses,” Werbach said.

Some recent deals underscoring the trend:
- Verizon. In 2015, Verizon paid about $4.4 billion to buy AOL, instantly heightening its mobile advertising technology and adding Huffington Post, TechCrunch and other content sites.
- AT&T. In 2014, AT&T formed a joint venture with the Chernin Group, founded by former News Corp president Peter Chernin, to acquire and invest in streaming video media. The joint venture, named Otter Media, promised to invest more than $500 million in funding and eventually bought a majority stake in Fullscreen, a YouTube network operator. **Fullscreen** launched as a streaming subscription service last week.
- Comcast. The Philadelphia-based cable giant has been in the content business for years now, with its NBCUniversal unit operating film, TV and cable network operations. While its interest in broadening the cable business garnered more attention – it unsuccessfully tried to buy Time Warner Cable last year – Comcast has been gradually adding to its content portfolio.

Last year, NBCUniversal invested $200 million in Vox Media, which owns sports blog network SB Nation, tech news sites Re/code and The Verge and other sites. The acquisition valued Vox at about $850 million, according to Re/code. “The company that’s furthest down the (content) line is Comcast,” Entner says. “They have their own channels. They’ve been able to capture more revenue and profit that way.”

Comcast’s $3 billion addition last week of DreamWorks Animation to its NBCUniversal division is also a classic example of what a cable company can do with these properties, analysts say. Not only does it gain that studio's rich animation catalog -- the *Shrek*, *Kung Fu Panda*, *Madagascar* films -- but also hopes to bring those characters to life "within the Universal Theme parks,” ITG's Barrett said. – ***USA Today***