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July 26, 2019

The Wrap
NBC's 'Goal' Is to Launch Streaming Service in April, Steve Burke Says

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States talk tech antitrust concerns with AG Barr

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Tulsi Gabbard, Democratic

Comcast Corp. posted a slightly lower profit as strong growth at its internet and mobile business was offset by costs related to the acquisition of European pay-television provider Sky PLC and the continuing erosion of its pay-TV customer base. The Philadelphia-based company's revenue increased 24% to $26.86 billion in the second quarter, due in large part to **last fall's acquisition of Sky**. The company said, however, that the amortization of intangible assets related to the purchase of Sky affected its quarterly profit negatively.

Comcast's second-quarter net profit inched 2.8% lower to $3.13 billion, or 68 cents a share, from a year earlier. The quarterly profit met FactSet analysts' per-share estimates. Excluding adjustments, Comcast's earnings were up 13% to $3.61 billion, or 78 cents a share, topping analyst estimates of 75 cents a share. Revenue from Comcast's residential internet subscribers increased 9.4% to $4.66 billion, while its business services segment revenue rose 9.8%. The addition of 209,000 internet subscribers in the second quarter was lower than the 260,000 it added a year earlier, when the company notched a record second-quarter of broadband growth.

For Comcast and its peers, broadband subscribers remain the key to increasing revenue as consumers continue to cut cords and leave behind their pay-TV subscriptions in favor of streaming services such as Netflix Inc. Comcast said it had 224,000 pay-TV subscriber losses in the second quarter, compared with 140,000 a year earlier. That marked Comcast's ninth consecutive quarter of TV-subscriber decline. The cord-cutting trend has been a larger pain point for many of Comcast's peers. AT&T Inc. on Wednesday **said it experienced a net loss** of 778,000 "premium video" subscribers, which are mostly DirecTV customers. It also said it lost an additional 168,000 streaming DirecTV Now accounts, the service that provides a cable-like package of channels via the internet.

Comcast said it added 181,000 Xfinity Mobile phone lines during the second quarter, bringing its total to about 1.59 million, more than doubling the number of subscribers compared with last year. Mobile service has become a new way for cable operators to retain TV

Presidential Candidate, Sues Google for $50 Million

Washington Post
Mueller testimony a reminder Congress hasn't passed bill targeting disinformation

subscribers and increase revenue. Revenue at NBCUniversal's cable and broadcast segments increased by 2.5% and 0.5%, respectively. NBCU's overall revenue—which also includes filmed entertainment and theme parks—declined 0.8% to $8.2 billion.

NBCU said its theatrical revenue was down 53% "due to tough comparison to 'Jurassic World: Fallen Kingdom'" a year earlier, although partially offset by this year's release of "The Secret Life of Pets 2." The company plans to further invest in its theme parks, namely in China and Florida, executives said. NBCUniversal Chief Executive Steve Burke said Thursday the company plans to launch an ad-supported streaming-video service in April 2020, which will be free for pay-TV subscribers and available to those without cable TV for a fee.

Comcast hasn't yet announced what the cost of the streaming service will be. Mr. Burke said more details would come closer to the launch date. He said the service would rely on the same platform as Sky's streaming service, Now TV. The service's content will come from NBCUniversal's TV and film franchises, in addition to original and acquired programming. Initially, much of the content will be acquired, similar to Netflix's early stages, Mr. Burke said.

Last month, NBCUniversal said it **would pull "The Office" from Netflix**—which is the **streaming service's No. 1 show**—in 2021 and move reruns of the sitcom to its streaming app. "We see 'The Office' as being one of the tentpole programs on our platform," Mr. Burke said. Comcast during the second quarter became the last **minority owner to relinquish control** of streaming service Hulu to Walt Disney Co. Comcast and Disney agreed to a wide-ranging deal that says Comcast can require Disney to buy the one-third stake that NBCUniversal owns in Hulu as early as 2024.

Comcast said it continued to use cash to pay down debt related to the acquisition of Sky, which has allowed the American company to diversify its revenue and expand its international footprint. Executives said the company's focus would be on its existing business, despite the current flurry of deal opportunities in the media industry. "Our priority is to return our balance sheet to historic levels as quickly as possible," Comcast Corp. Chief Executive Brian Roberts said. Sky reported $4.83 billion in revenue and saw its total number of customers increase 4.4% to about 24 million, but its advertising revenue was hurt by European headwinds, including the U.K.'s plan to leave the European Union and an economic slowdown in countries such as Italy. Second-quarter ad revenue fell nearly 11% to $563 million. Comcast had nearly 55 million customers who subscribe to Comcast Cable and Sky at the end of the second quarter. – ***Wall Street Journal***

Facebook Inc. CEO **Mark Zuckerberg suggested in January** when releasing 2018 earnings that the social-media giant was at a turning point, ending a year of answering critics and starting a new era of growth and innovation. "We now have a clear sense of the path ahead," he said. Mr. Zuckerberg may have spoken too soon.

In the half year since, the political attacks on Facebook and the other tech giants have only intensified. That is complicating the expansion strategies of big online platforms whose dominance was made possible in part by a quarter-century, bipartisan Washington consensus

backing rules and regulations designed mainly to foster their development. The **erosion of that supportive environment** has been on full view over the past week. **Facebook's $5 billion privacy settlement** Wednesday with the Federal Trade Commission only inflamed critics—including some within the agency—who said the deal underscored the need for tighter government restraints on the company. The penalty's announcement came the morning after the Justice Department disclosed **a new, broad-based antitrust review** of "search, social media, and some retail services online," an apparent reference to Facebook, Alphabet Inc. 's Google unit, and Amazon.com Inc.

Facebook on Wednesday disclosed a separate antitrust review by the FTC that began in June. A week earlier, three separate congressional committees held hearings scrutinizing the clout of big tech. Those followed a White House "social media summit" called to air grievances by conservatives saying the platforms were improperly using their power to suppress free speech. The pressure may already be affecting the company's business strategy. Facebook has faced heightened criticism for acquiring potential competitors such as WhatsApp and Instagram before they can grow large enough to challenge it. Sensitivity to those complaints played a role in the company nixing earlier this year discussions about acquiring Houseparty, a group video-chat app popular with teenagers, according to a person familiar with the discussions.

The company's move to **launch its Libra cryptocurrency** has sparked **a storm of complaints in Washington**—from members of Congress, the Trump administration, the Federal Reserve and the Securities and Exchange Commission—casting doubts about Facebook's ability to enter what it had hoped to be a major new line of business. A few years ago, Facebook "would probably have just shown up and tried to release a product on our own," Mr. Zuckerberg said of the Libra challenge on the Wednesday earnings call. In a blog post written earlier in the day about the newly-established privacy-review process that will emerge from its settlement with the FTC, he wrote: "We expect it will take longer to build new products following this process going forward."

All of which signals a remarkable upending of the long-running special relationship between Silicon Valley and the Beltway. The tech industry long relied on support, protection, and deference from Washington, a period in which any warning that a new regulation might "stifle the internet" was often enough to fend it off. So far, the backlash against tech is worse than its bite. For all the harsh words aimed at Facebook, Google, Amazon and others, few signs have emerged of any immediate new policies, rules, or enforcement actions that would restrict their dominance and expansion. Any Justice Department investigation would likely take years to complete.

The federal courts—the final arbiters on major antitrust actions—remain dominated by judges who have set a very high bar for government actions that challenge big business. The last major federal attempt to curb the tech companies was the 2012 "Stop Online Piracy Act," aimed at blocking websites selling counterfeit goods and infringing on copyrights. The measure was backed by the U.S. Chamber of Commerce, Hollywood, and the recording industry, and, with strong bipartisan support in the House and Senate, appeared on a fast track to passage.

Google, Wikipedia and others pushed back, asserting the law was tantamount to censoring the internet, and **persuaded congressional leaders to drop the bill**. That battle was seen as a sign of big tech's clout to fend off new regulations, outmaneuvering traditional Capitol power players. Now the web giants face new challenges in Washington, which they may have a harder time beating back.

The biggest threat may come from the Justice Department's sweeping announcement of its tech antitrust inquiry. The Justice statement came after the U.S. government had faced mounting criticism from politicians, activists and antitrust scholars, for lax antitrust scrutiny of the tech giants, allowing some of them to achieve near-monopoly control of certain sectors. The FTC ended an antitrust probe of Google in 2013 with a wrist-slap, while competition authorities in Europe have in recent years started a series of probes into multiple Google and Amazon practices and have fined Google billions of dollars in three separate cases.

One difficulty for U.S. officials has been to challenge tech companies using antitrust law's current "consumer welfare standard," which requires proof that a certain company's practices restrict competition, often measured by lower quality or higher prices. That is a difficult benchmark to meet, since the tech platforms offer many of their services for free. The new probe could indicate that enforcers are calibrating their gauges for the attributes of the digital age. Yale economist Fiona Scott Morton, an antitrust official in the Obama administration, says questions about Facebook's privacy practices could become fodder for a broader antitrust action. "Privacy is related to antitrust because it's an element of quality," she says. "Harm to consumers comes from insufficient competition," she adds, suggesting that in a more vibrant market, companies could compete over privacy protections.

Some conservatives are growing increasingly vocal about using antitrust to address their concerns. Sen. Ted Cruz (R., Texas) says Google and Twitter are abusing their power by censoring speech in the name of content moderation. Sen. Josh Hawley (R., Mo.) has introduced legislation that would remove the immunity for content posted by third parties, a shield that internet providers have enjoyed since 1996, and which is widely credited for allowing the rapid growth of the online giants.

Congressional action is unlikely in the near term. But the political risks for the tech companies could be rising, especially if a Democrat wins next year's presidential election with a platform including stricter antitrust enforcement. The potential ramifications of such a move were evident in this week's FTC-Facebook settlement, which was narrowly approved by the five-member commission, with the three Republicans in favor and the two Democrats issuing stinging dissents.

Under a Democratic administration, Democrats would get the FTC majority, and the settlement would likely have been much tougher, along the framework outlined by one of the dissents written by Democratic commissioner Rohit Chopra. "The proposed settlement does little to change the business model or practices" that allegedly led to the privacy violations, he wrote. – ***Wall Street Journal***

Lawrence Tabas, **the new chairman** of the Pennsylvania Republican Party, has started putting his stamp on the organization. First up, Tabas this week named Lycoming County lawyer Denise Dieter as the party's compliance officer, declaring that "every organization has an obligation to provide a safe, respectful environment and culture."

That's a clear nod to the circumstances that brought Tabas to power. Former Chairman Valentino DiGiorgio III **resigned June 25** after The Inquirer reported claims from a former Council candidate who **accused him of sexual harassment**. The race to replace DiGiorgio **stirred other claims** of sexual harassment in the party. Tabas also tapped Gerry Wosewick as the party's new executive director. Wosewick was the party's finance director until Tabas lost a bid for the chairman's post to DiGiorgio in 2017. Clout hears more changes are coming for the state party's leadership ranks. – **Chris Brennan's "Clout" column in *Philadelphia Daily News***