BCAP 60th Anniversary

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Dan Sisco has discovered a technology that allows him to access half a dozen major TV channels, completely free. “I was just kind of surprised that this is technology that exists,” says Mr. Sisco, 28 years old. “It’s been awesome. It doesn’t log out and it doesn’t skip.”

Let’s hear a round of applause for TV antennas, often called “rabbit ears,” a technology invented roughly seven decades ago, long before there was even a cord to be cut, which had been consigned to the technology trash can along with cassette tapes and VCRs. The antenna is mounting a quiet comeback, propelled by a generation that never knew life before cable television, and who primarily watch Netflix , Hulu and HBO via the internet. Antenna sales in the U.S. are projected to rise 7% in 2017 to nearly 8 million units, according to the Consumer Technology Association, a trade group.

Mr. Sisco, an M.B.A. student in Provo, Utah, made his discovery after inviting friends over to watch the Super Bowl in 2014. The online stream he found to watch the game didn’t have regular commercials—disappointing half of his guests who were only interested in the ads. “An antenna was not even on my radar,” he says. He went online and discovered he could buy one for $20 and watch major networks like ABC, NBC, Fox and CBS free.

There is typically no need to climb on a rooftop. While some indoor antennas still look like old-fashioned rabbit ears, many modern antennas are thin sheets that can be hidden behind a flat TV or hung like a picture frame. But many consumers still aren’t getting the signal. Carlos Villalobos, 21, who was selling tube-shaped digital antennas at a swap meet in San Diego recently, says customers often ask if his $20 to $25 products are legal. “They don’t trust me when I say that these are actually free local channels,” he says.

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Earlier this year, he got an earful from a woman who didn't get it. "She was mad," he recalls. "She says, 'No, you can't live in America for free, what are you talking about?'" Almost a third of Americans (29%) are unaware local TV is available free, according to a June survey by the National Association of Broadcasters, an industry trade group.

Since the dawn of television, the major networks have broadcast signals over the airwaves. It is free after buying an antenna, indoor or outdoor, and plugging it into your TV set. It still exists, though now most consumers have switched to cable television, which includes many more channels and costs upward of $100 a month.

Much of the confusion dates to federal legislation that required broadcasters to stop sending analog signals in 2009 and shift to high-definition digital transmissions. The change meant old TVs wouldn't get the broadcasts, forcing consumers to buy new televisions or converter boxes to pick up the free signals. Scott Wills, a wireless-industry executive living in the San Francisco Bay Area, worked for over a year on the legislation that set the transition in motion. Mr. Wills discussed his work extensively with his son, who was almost a teenager at the time.

About a decade later, Mr. Wills had a hunch many people, especially young people, thought the transition simply killed TV signals, rather than made them better. He asked his son. "His answer was, 'Dad, you should know better than anyone that there's no broadcast TV!" Mr. Wills recalls. "He thought broadcast TV went away." His son, Hunter, now 24 and living in Chicago, says he mostly watches Netflix. "I had no idea," he said of broadcast's continued existence. "I'm still not even that familiar with the concept."

The Federal Communications Commission spent millions on a campaign to educate the public about the digital TV transition and Congress set aside more than $2 billion to help consumers pay for converters so old TV sets could process digital signals. But the focus was largely on older people who already relied on antennas. William Lake oversaw the agency's effort. A few years later, when he offered to buy an antenna for one of his daughters, then in her early 20s, so she and her roommates could get live TV, she had no idea what he was talking about. "She thought it was some modern satellite service or something," the former FCC official says.

In 2013, during a congressional hearing about the satellite-television industry, the discussion turned to a contract dispute that temporarily left Time Warner Cable subscribers unable to watch CBS. "Can I make one point?" said Gerard Waldron, an attorney who testified on behalf of the National Association of Broadcasters. "I just want to emphasize that broadcast is a free, over the air service. So during the so-called blackout, the service was available 100% of the time. I realize that some people might not have antennas, or some people might have reception problems, but I do want to emphasize..." "So I could have seen CBS if I had rabbit ears?" Congresswoman Karen Bass (D-Calif.) interjected. "I don't think people knew that." A spokesman for Rep. Bass said she was aware TV antennas existed, just not that the station was still broadcast during a cable blackout.

Richard Schneider, founder of a St. Louis manufacturing company called Antennas Direct, says his occupation results in awkward small talk. "If I'm at a party and I tell people what I do for a living, they'll say, 'That's still a thing?' I'd think you'd be out of business by now.'" Quite the opposite. He started selling antennas as a hobby more than 15 years ago and only expected to sell a few hundred each year. He says he sold 75,000 antennas in June. Even the latest high-definition flat-screen TVs need an antenna to get free broadcasts.

Michelle Herrick, 39, a photographer in Phoenix, says she was desperate to cancel her cable subscription after her bill topped $200 a month. The only reason she hadn't was because she wanted local stations. Then, about two years ago, her mother told her about modern antennas. Now, Ms. Herrick is the one who regularly has to explain to puzzled guests how she's able to watch free television. "Everyone I talked to, they had no idea." Even for those who have an antenna it can take some getting used to. In May, Robert Tomlinson, a 21-year-old college student in Kalamazoo, Mich., was bummed when he couldn't stream ABC's "Dancing With The Stars" online. Then, he remembered his antenna. "I just forgot it was there." – ***Wall Street Journal***

Sprint Corp. said it would decide soon on whether to pursue a merger with either T-Mobile US Inc. or Charter Communications Inc., with an announcement coming "in the near future," according to the wireless carrier's chief executive. "We've had sufficient conversations with several parties and soon we're going to start making decisions," Sprint CEO Marcelo Claure said on a call Tuesday after the company reported results for the three months ending June 30.

While Mr. Claure didn't mention either company directly, The Wall Street Journal has reported on its discussions with both of them. Sprint and its parent company, Japan's SoftBank Group Corp., are **considering making a formal offer** to acquire Charter, the U.S.'s second-largest cable firm, according to people familiar with the matter, a massive deal that would reshape the rapidly transforming cable, wireless and media industries.

The offer being considered by Sprint's chairman and SoftBank founder, Masayoshi Son, would be to form a new publicly traded entity that would use SoftBank money to buyout shareholders of both Sprint and Charter at a premium, the people said. The transaction would be funded with roughly half cash and half stock. The deal would result in SoftBank controlling the combined company. SoftBank has already lined up financing from at least three banks to fund the deal, the people said. One of them cautioned that it could still take several weeks or more to reach an agreement with either company.

SoftBank already controls more than 80% of Sprint, whose market cap is around $35 billion, not including roughly the same amount of net debt, following a roughly 7% jump in the stock since **the *Wall Street Journal* first reported** contours of the plan on Friday. Charter's market cap is about $100 billion and it has more than $60 billion of debt. Mr. Claure said a deal with T-Mobile might be the preferred option, but it would be tougher to get past antitrust regulators in Washington. **Sprint and T-Mobile held merger talks in 2014** but **backed down in the face of regulator opposition**. "If you were to merge with another wireless carrier, the synergies are enormous. I mean, this is a scale business, and today you need to operate two competing networks to offer the same service, having half the amount of customers that AT&T and Verizon have," Mr. Claure said.

T-Mobile and Charter declined to comment. Last month, T-Mobile CEO John Legere said he hasn't ruled out a combination with his wireless rival, though he's also told investors not to expect any imminent deal. A Charter deal poses its own hurdles, particularly since the company said Sunday that it isn't interested in buying Sprint. Mr. Claure said Tuesday that Sprint didn't offer to sell itself, so he was "surprised to see Charter's announcement."

Charter's CEO, Tom Rutledge, may have an incentive to wait things out: His pay package includes options that vest if the stock reaches $564. It currently trades around $390. But SoftBank's Mr. Son is counting on the influence of Charter's largest investor, Liberty Broadband Corp. , which is run by cable mogul John Malone. Mr. Malone has been trying to build support for a wireless deal for about a year.

It isn't clear whether Mr. Son will proceed with his plan to make a formal offer to Charter's board, and, if he does, whether he can persuade the company to go along. If it does reach a deal, the combination of Charter's dense underground cable network and Sprint's trove of wireless airwaves could create a robust network that could carry large amounts of data traffic from smartphones and other types of connected devices in the future.

Were Sprint to go it alone, the results it reported Tuesday show it has a tough road ahead. The carrier drew praise from analysts for posting its first quarterly profit in three years—$206 million compared with a loss of $302 million a year ago—but revenue fell 4.5% to $8.2 billion and it added fewer customers than rivals. While Sprint started investing more money in network improvements, its quarterly profit came primarily from cost-cutting.

The company said it had 88,000 postpaid phone additions during the quarter, the eighth consecutive period of expansion. However, the pace of growth has slowed from a year ago when the company reported 173,000 postpaid additions. Overall, it still **suffered a net loss** of 39,000 postpaid subscribers (a figure that includes things like tablets and smartwatches.) Mr. Claure said Sprint will be fine without a deal, but "doing a strategic transaction will always be significantly better than having a stand-alone entity."

Craig Moffett, a telecom analyst at MoffettNathanson, worries investors may sour on Sprint if a deal doesn't materialize amid all the talk. "The obvious risk in so openly courting one potential suitor after another is that Sprint will increasingly be viewed as damaged goods," he wrote in a research note to analysts. "Like an unsold house that has sat too long on the market, as asset that has been shopped too often without success takes on an air of taint." – ***Wall Street Journal***

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