

# Comcast bid for Fox is next after favorable AT&T ruling

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This March 29, 2017, file photo shows a sign outside the Comcast Center in Philadelphia. Disney has made a \$52.4 billion all-stock offer for the bulk of Twenty-First Century Fox, including the studios behind the "Avatar" movies, "The Simpsons" and "Modern Family," along with National Geographic. Marvel would get back the characters previously licensed to Fox, reuniting X-Men with the Avengers. But Comcast has said it is preparing an all-cash offer that is superior to Disney's. (AP Photo/Matt Rourke, File)

Comcast will likely bid for Fox's entertainment business as early as

Wednesday now that a federal judge has cleared AT&T's \$85 billion takeover of Time Warner.

If Comcast succeeds in outbidding Disney for Fox, a major cable distributor would control even more channels on its lineup and those of its rivals. There are fears that it could lead to higher cable bills or hinder online alternatives.

But U.S. District Judge Richard Leon cleared the AT&T deal Tuesday despite similar fears. The ruling signaled that federal regulators might have a hard time stopping companies from getting bigger by gobbling up rivals and the content they own

Comcast isn't likely the only mega-media bid in the works. There will probably be a rush to consolidate. Even if a company doesn't need to get bigger right away, it might need to do so to prevent a competitor from doing so.

Here's a look at some of the combinations that will transform the media landscape and change how people consume entertainment.

## FOX WITH DISNEY OR COMCAST

Disney has made a \$52.4 billion all-stock offer for the bulk of Twenty-First Century Fox, including the studios behind the "Avatar" movies, "The Simpsons" and "Modern Family," along with National Geographic. Marvel would get back the characters previously licensed to Fox, reuniting X-Men with the Avengers.



In this Tuesday, May 2, 2017, file photo, Verizon corporate signage is captured on a store in Manhattan's Midtown area, in New York. Verizon, which bought AOL and Yahoo in recent years, could be on the prowl for other entertainment properties. Verizon wants to challenge Google and Facebook in the huge and lucrative field of digital advertising—and having more content could help. (AP Photo/Bebeto Matthews, File)

But Comcast has said it is preparing an all-cash offer that is superior to Disney's. It will likely to make an offer soon, now that the judge has ruled in AT&T's favor, without setting any conditions.

David Turetsky, a professor at the State University of New York at Albany, warns that the AT&T ruling is based on "specific facts and

evidence" that may or may not apply in other cases. Still, many of the circumstances in that case are similar with a potential Comcast bid.

For Disney, a successful Comcast bid could make Disney's planned streaming service less attractive.

## SPRINT AND T-MOBILE

In April, the two telecom companies announced a \$26.5 billion combination. The deal would combine the nation's third- and fourth-largest wireless companies and bulk them up to a similar size to Verizon and AT&T, the industry giants.



This May 10, 2017, file photo, shows the CBS logo at their broadcast center in New York. CBS has resisted pressure from its controlling shareholder, National Amusements, to merge with Viacom, which also is controlled by National Amusements. The two companies used to be one but separated in 2005. (AP Photo/Mary Altaffer, File)

The worry is that with just three major carriers, there would be less incentive to keep innovating on prices and service. T-Mobile and Sprint might even raise prices now that they don't have to try to poach customers off each other.

A 2014 attempt to combine fell apart amid resistance from the Obama administration. But the industry is different just four years later. Wireless carriers aren't just competing with each other, but also with Comcast and others as the wireless, broadband and video industries converge. AT&T is about to get larger with CNN, HBO and other channels from Time Warner. Beyond combining with each other, T-Mobile and Sprint might need its own content acquisition to compete.

## CBS AND VIACOM

CBS has resisted pressure from its controlling shareholder, National Amusements, to merge with Viacom, which also is controlled by National Amusements. The two companies used to be one but separated in 2005.



In this Aug. 8, 2017, file photo, The Walt Disney Co. logo appears on a screen above the floor of the New York Stock Exchange. Disney has made a \$52.4 billion all-stock offer for the bulk of Twenty-First Century Fox, including the studios behind the "Avatar" movies, "The Simpsons" and "Modern Family," along with National Geographic. Marvel would get back the characters previously licensed to Fox, reuniting X-Men with the Avengers. (AP Photo/Richard Drew, File)

A combination would reunite CBS's television business with Viacom's production studios, similar to the arrangements now in place at NBC owner Comcast and ABC owner Disney. (On the flip side, the Fox television network and studios would separate under a deal with either Comcast or Disney.)

With Viacom, the \$6-a-month CBS All Access streaming service might have a larger library, as Viacom owns MTV, Nickelodeon, Comedy Central and other cable networks.



## VERIZON

Verizon, which bought AOL and Yahoo in recent years, could be on the prowl for other entertainment properties. Verizon wants to challenge Google and Facebook in the huge and lucrative field of digital advertising—and having more content could help. There's speculation that CBS could be a potential target. With its main wireless rival AT&T becoming even more of a content powerhouse, Verizon might feel the need to grow.



This Aug. 1, 2017, file photo shows the 21st Century Fox sign outside of the News Corporation headquarters building in New York. Disney has made a \$52.4 billion all-stock offer for the bulk of Twenty-First Century Fox, including the studios behind the "Avatar" movies, "The Simpsons" and "Modern Family," along with National Geographic. Marvel would get back the characters previously licensed to Fox, reuniting X-Men with the Avengers. (AP Photo/Richard Drew, File)

## SMALLER MOVIE STUDIOS

Rumors have long swirled that Lionsgate might be a potential takeover target by anyone from Amazon to Verizon or even a combined CBS-Viacom entity. Nothing has materialized yet for the owner of the "Twilight" and "Hunger Games" franchises. As a smaller studio, Lionsgate needs to get bigger to compete in the current landscape.

Similarly, Viacom-owned Paramount studio has been on the chopping block before. After years of troubles, it has recently rebounded with the horror film "A Quiet Place" and comedy "Book Club." That could make it a lucrative takeover target by a company seeking content creators.

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