

Additional Anti-Competitive Provisions: Examples in JOE

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Antitrust Concerns: JOE Members Terminate Collaborations with Other Firms

- Comcast/Time Warner/Clearwire. Comcast and Time Warner ended their wireless partnership with Clearwire after inking the deal with VZW
- Verizon Communications/DirectTV. Verizon announced end to LTE service trial with DirecTV after agreeing to SpectrumCo deal

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Antitrust Concerns: Vertical Foreclosure

- The deal will confer monopoly/monopsony power on the JOE for the sale/acquisition of necessary components of broadband markets
- Comcast already leverages its favorable position to the detriment of consumers – consider its actions with respect to Xfinity applications on the Xbox, and history of controlling the set-top box market
- Content creators, OEMs, and device manufacturers will be especially harmed – they rely on the cable and wireless industry to get their products to the market – the JOE will be able to dominate these markets, and either demand higher prices (leading to higher prices for consumers) or outright reject to cooperate with these firms.

Antitrust Concerns: Patent Pool

- The JOE creates a patent pool with classic anti-competitive features, [BEGIN HIGHLY CONFIDENTIAL INFORMATION] [REDACTED] [END HIGHLY CONFIDENTIAL INFORMATION]
- Patent pools and the use of intellectual property to disadvantage competitors represent a growing concern for antitrust enforcement. Failure to constrict this particular patent pool at its incipient stages will certainly lead to competitive harm in the future.

**Verizon/Cable Deal: Slamming The
Door On Our High Speed-Future**

Attachment B

VERIZON/ CABLE DEAL:

CWA

“We are deeply worried that the anti-competitive partnership between Verizon Wireless, the nation’s largest wireless provider, and four of the leading cable companies will have a negative impact on economic development and job creation in our cities, leading to higher prices, fewer service options, and a growing digital divide. As you review the Verizon Wireless/cable transaction, we strongly urge you to examine the impact of this transaction on competition and consumer choice, and ensure that our communities are not left behind.”

— **Mayor Byron W. Brown**, Buffalo, NY; **Mayor Stephanie A. Miner**, Syracuse, NY; **Mayor Gerald D. Jennings**, Albany, NY; **Mayor Matthew T. Ryan**, Binghamton, NY; **Mayor Shayne R. Gallo**, Kingston, NY; **Mayor Susan Skidmore**, Elmira, NY; **Mayor Brian Tobin**, Cortland, NY; **Mayor Robert Palmieri**, Utica, NY; **Mayor Lou Rosamilla**, Troy, NY

Verizon Wireless, Comcast, Time Warner, Cox, and Bright House Networks have reached an agreement on a deal that would:

- Allow Verizon Wireless and the four cable companies to sell each others’ products, allowing them to offer a “quadruple play” of video, internet, voice, and wireless service and eliminating incentives for Verizon to invest in its all-fiber FiOS network
- Form a joint operating entity to develop proprietary technology that will give them a lock on wired and wireless video and internet access
- Transfer \$3.9 billion in wireless spectrum from the cable companies to Verizon Wireless

These alliances—if approved by the Federal Communications Commission (FCC) and the U.S. Department of Justice (DOJ)—**would limit competition, raise prices, eliminate jobs and end Verizon’s deployment of its world-class all-fiber network, FiOS.**

Particularly worrisome is the end of FiOS expansion. This will leave many consumers and businesses on the wrong side of the digital divide, and by extension, on the wrong side of economic development, job growth and improvements in education, health care, energy conservation and public safety. To date, Verizon has not deployed FiOS in a number of large- and medium-sized cities in its footprint, including Buffalo, Albany, Syracuse, Boston and Baltimore.

A demographic analysis comparing the populations in these non-FiOS cities with the populations in the suburbs surrounding them—where Verizon has deployed FiOS—demonstrates that people of color and lower-income households are disproportionately impacted by a decreased incentive to invest in FiOS. Summaries of this analysis are on the five following pages.

Verizon recently announced that it will stop selling stand-alone DSL. As a result, non-FiOS communities will have virtually *no* broadband competitor to the cable monopoly.

The FCC and DOJ should condition any approval of the Verizon/cable transaction on specific guarantees:

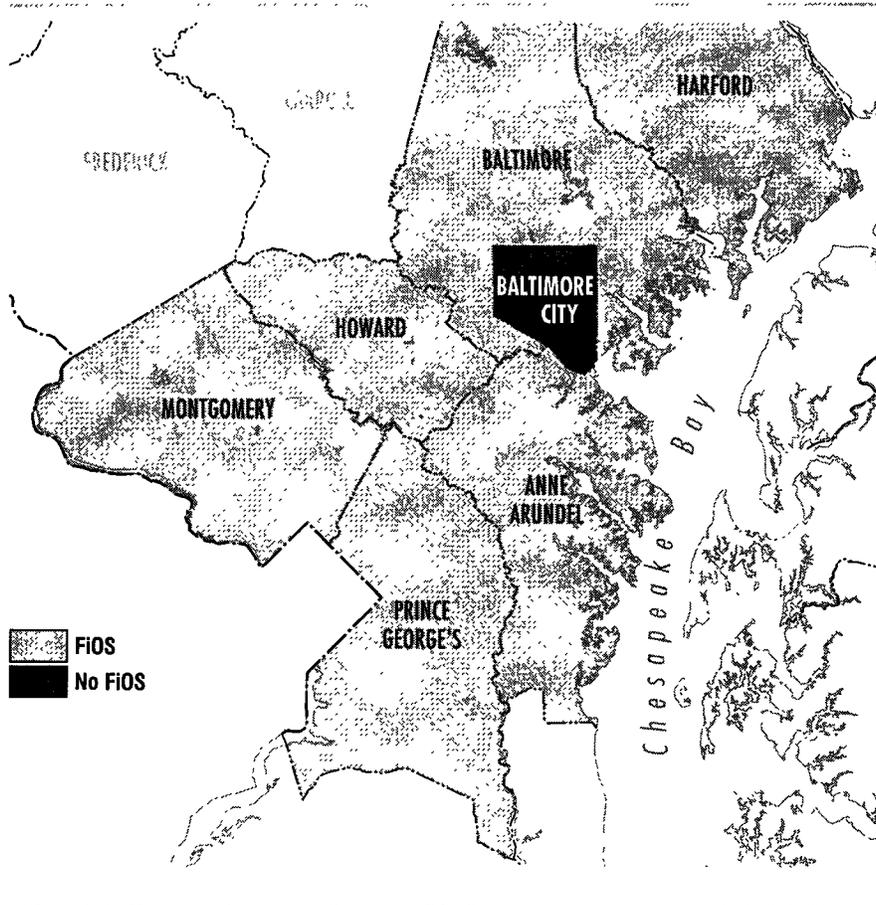
- Verizon Wireless and the cable companies will not cross-market their services within the Verizon footprint
- Verizon must build the FiOS network to 95% of Verizon households in existing markets and increase FiOS buildout in rural and low-income areas
- Verizon Wireless and the cable companies make the services they provide to each other and the technology they develop together available to other competitors so their marketing alliance and joint venture cannot lock out competitors

These conditions will preserve fair-market competition and ensure that giant cable and telecommunications companies aren’t allowed to inflate their profits by undermining consumer choice and community development.

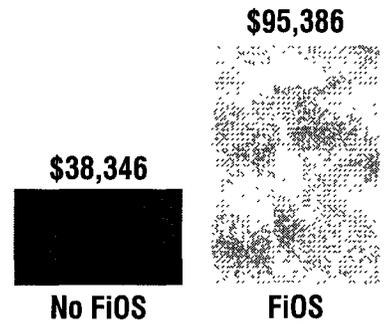
For more information, contact **Debbie Goldman** at 202-434-1194.
www.cwa-union.org
501 Third St. N.W., Washington DC 20001

BALTIMORE

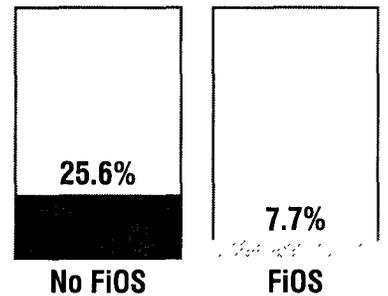
Left behind as FiOS spreads to six surrounding counties



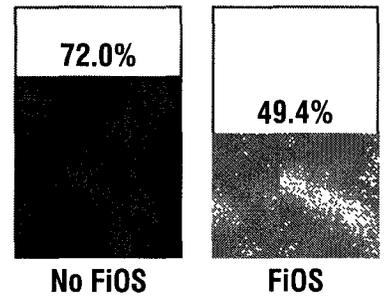
MEDIAN HOUSEHOLD INCOME



POVERTY RATE



% MINORITY



“High-speed, fiber optic networks are vital for economic competitiveness... Other advanced industrialized nations have already deployed fiber-optic networks on a large-scale; they recognize that high-speed fiber is the competitive infrastructure of the 21st century. Much of the suburban areas outside of Baltimore have FiOS. The City of Baltimore will never get a fiber-optic network if this deal is approved, which concerns me greatly. I am not willing to see Baltimore permanently relegated to the wrong side of the digital divide.”

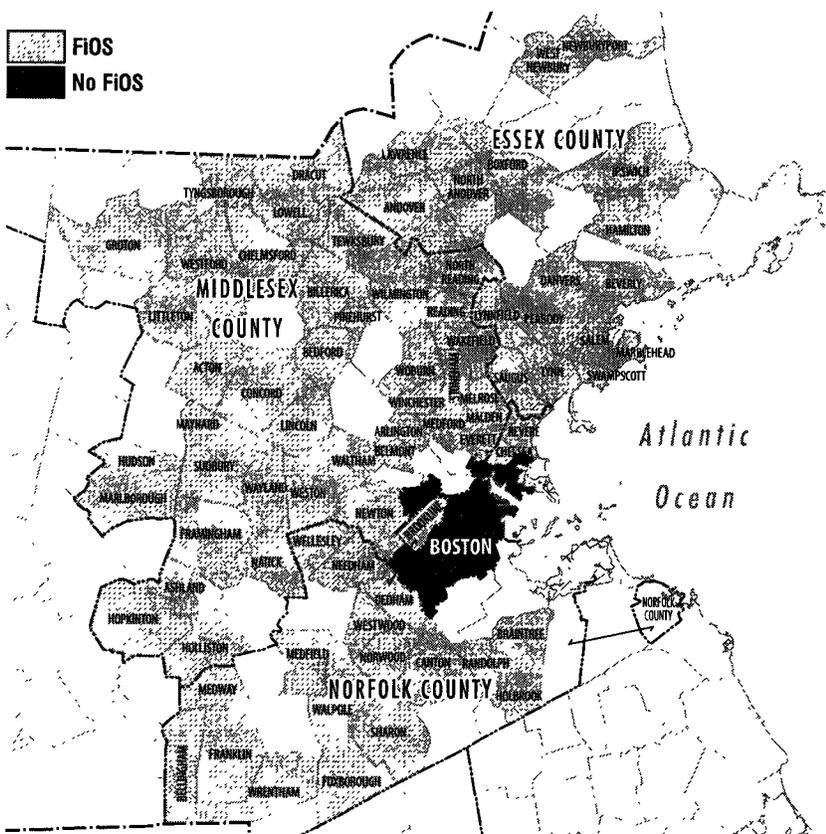
— Baltimore City Councilman William H. Cole IV

“The quadruple play services are not luxuries; in the 21st century, they are essential services. Yet without any competition, the Verizon/Time Warner/Comcast quasi-monopoly will extract high economic rents by forcing up prices and reducing service quality.”

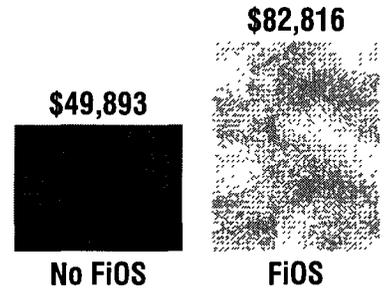
— Elbridge James, NAACP Maryland State Conference

BOSTON

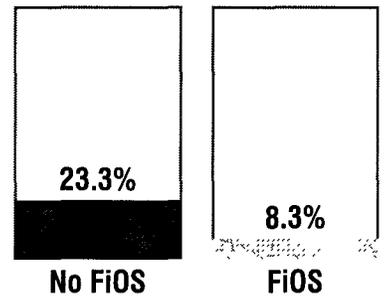
No internet revolution



MEDIAN HOUSEHOLD INCOME



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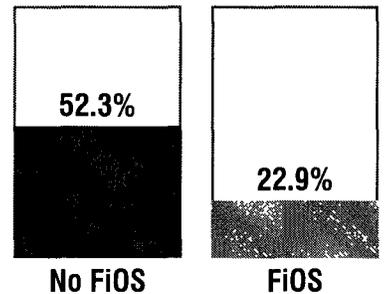
“The decision to bypass Boston disproportionately impacts minority and lower-income residents, small businesses, seniors and neighborhoods. It also hurts the city’s ability to attract jobs. In order to protect the public interest, we join together to urge the FCC to condition any approval of the Verizon/cable Transaction on specific guarantees that Verizon will expand its FiOS...including development throughout the city of Boston and the surrounding areas that do not have access to FiOS.”

— Representatives of 15 Massachusetts community organizations

“Put simply, the City is concerned that these transactions are designed to ensure that Verizon and Comcast collaborate and never compete in Boston, thereby effectively depriving our communities, citizens, small businesses, schools, hospitals and educational facilities the benefits of video and broadband competition that is available in most of eastern Massachusetts’ surrounding suburbs and in other parts of the country.”

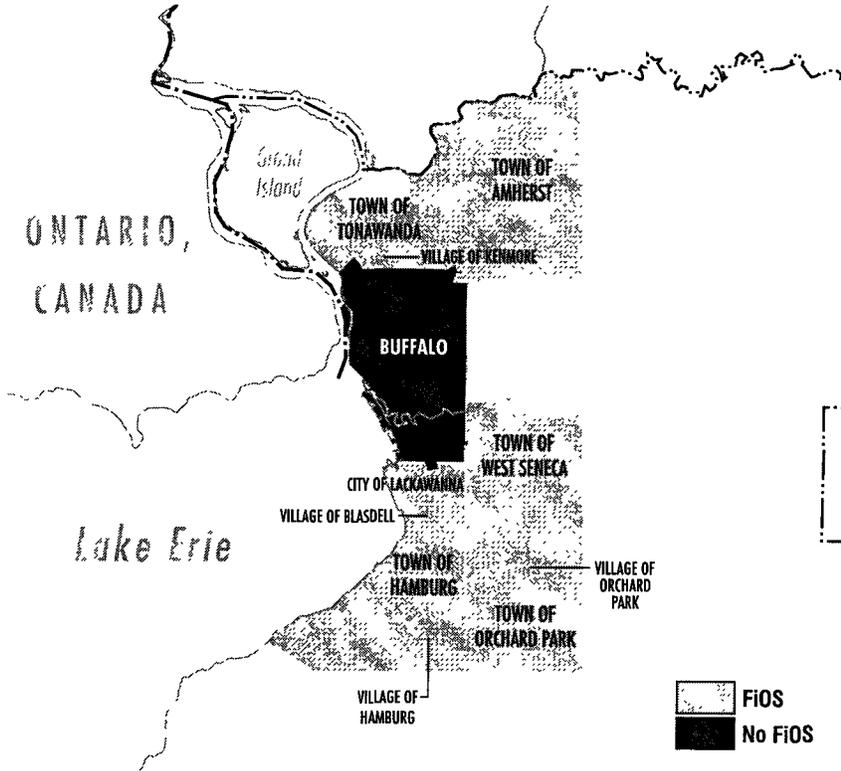
— Mayor Thomas M. Menino

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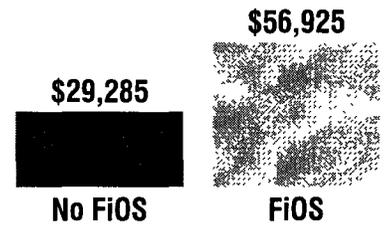


BUFFALO

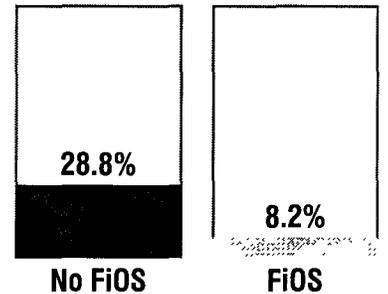
Hit hard by the digital divide



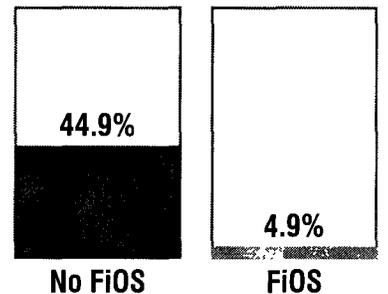
MEDIAN HOUSEHOLD INCOME



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“In today’s economy, having access to affordable high-speed internet is as important for success—for communities and individuals—as having electricity. If the Federal Communications Commission approves of Verizon’s new scheme with cable companies, fiber-optic technology might never come to Buffalo or the other towns in Erie County that have been passed over, and neither would real competition.... This deal creates collusion, not competition.”

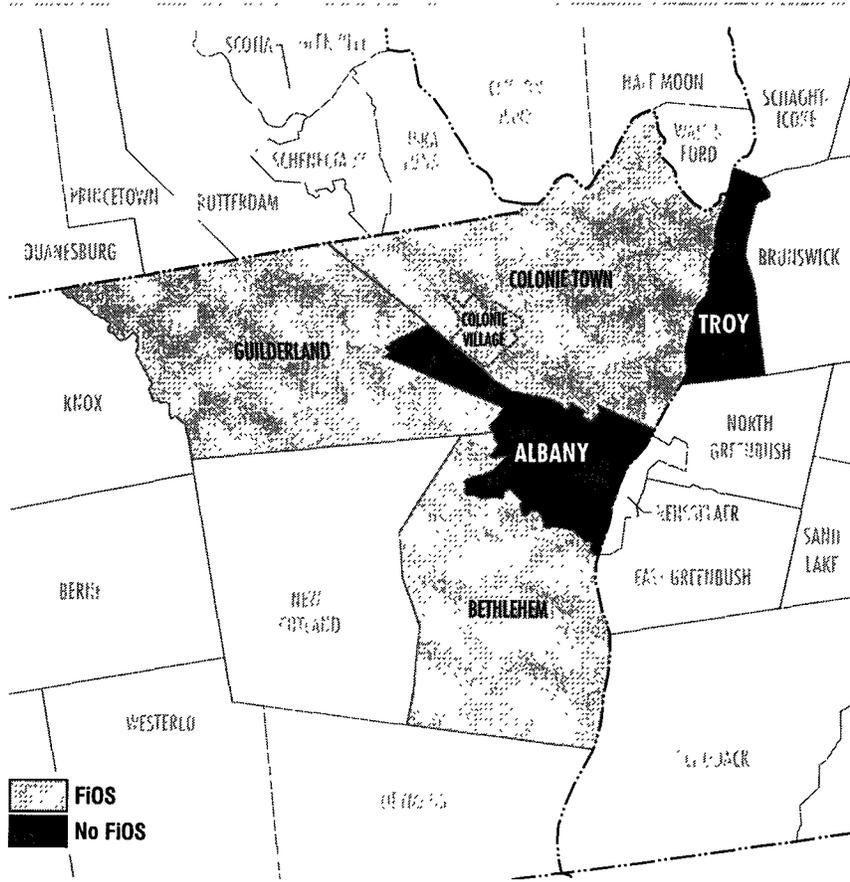
— New York State Assemblymember Sean Ryan

“Verizon specifically has expanded its FiOS network to ten suburbs of the Buffalo area but has not built into our urban neighborhoods. This situation has created an unbalanced market for cable and broadband services in the City of Buffalo with little competition.... When the private market places barriers to access or competition fails to produce outcomes that serve the greatest number of people we can only conclude that steps must be taken to alleviate those impediments.”

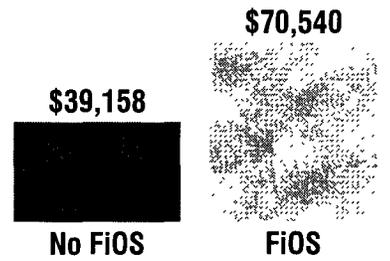
— Congressman Brian Higgins

ALBANY

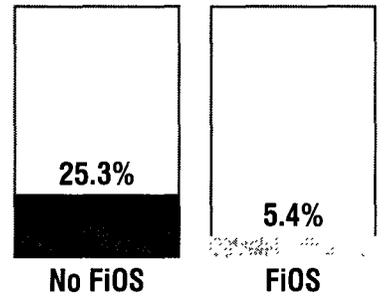
The Empire State's capital city has no FiOS



MEDIAN HOUSEHOLD INCOME



POVERTY RATE



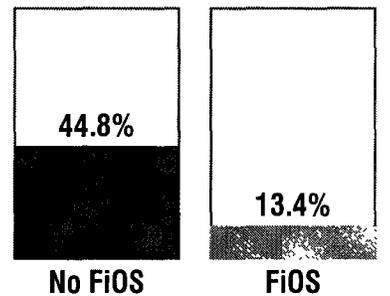
"This type of agreement is not in the best interest of those who need to get and stay connected the most: low income communities and families. This is a step backwards in bridging the digital divide, and builds an additional socioeconomic barrier."

—Carolyn McLaughlin, Albany Common Council President

"The deal before the Federal Communications Commission between Verizon and Time Warner and other cable giants will leave Albany residents behind. Unless serious changes are made to the deal, I'm afraid Albany residents will be faced with higher prices and inferior services for Internet, telephone, and cable than in the surrounding communities, making it that much harder to encourage people to live in and start businesses in Albany."

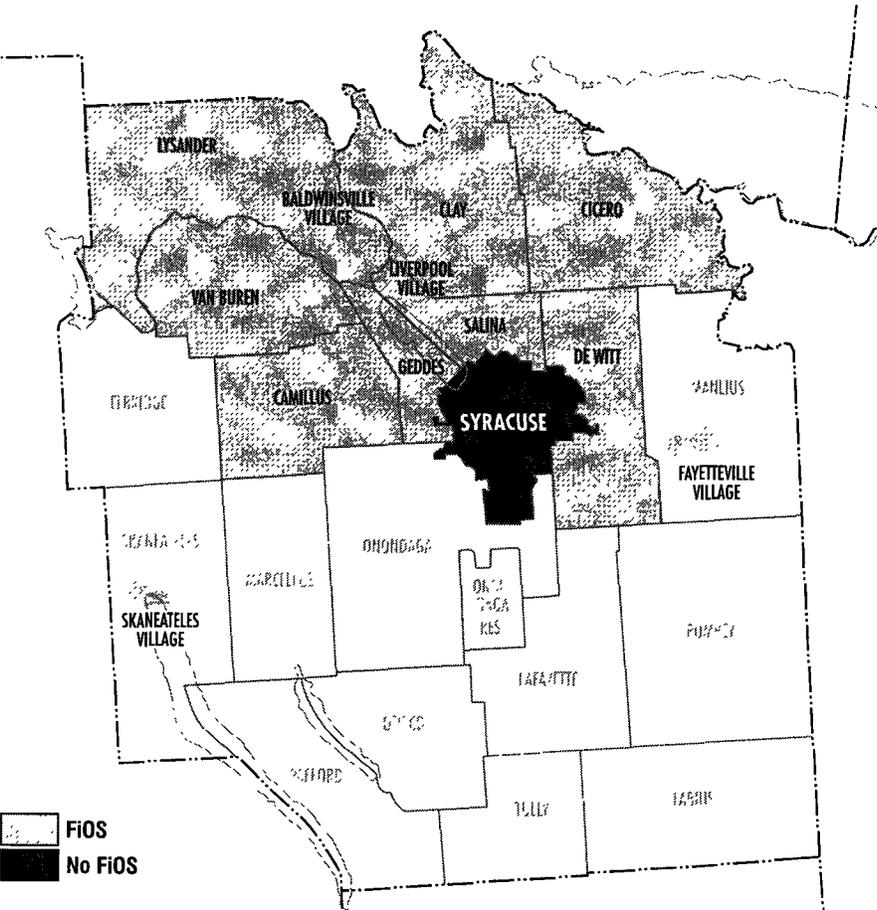
— Richard Conti, Albany Common Council, 6th Ward

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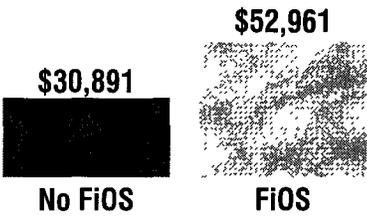


SYRACUSE

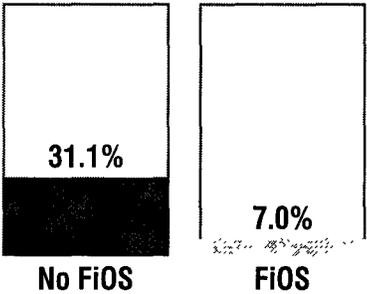
Surrounded by high speed—but none for the city



MEDIAN HOUSEHOLD INCOME



POVERTY RATE



“Over the past few years, we have watched as Verizon Communications has built its all fiber FiOS network in 14 suburban communities.... Consumers benefit from competitive choice; small businesses benefit from truly high-speed connections to suppliers and customers; schools and hospitals benefit from education and health-related applications; communications workers benefit from the jobs building, maintaining, and servicing networks; and families and communities benefit from the 21st century jobs and expanded tax base. But to date, the residents and small businesses in Syracuse have not been able to reap these benefits.”

— Syracuse community organizations and elected officials including
 Legislator Monica Williams, Councilor Bob Dougherty, Councilor Helen Hudson,
 Councilor Jean Kessner and School Board President Burrill Wells

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