Telecommunications Market Agreements Fact Sheet

<u>Background:</u> In December of 2011, Cellco Partnership ("Verizon Wireless") applied to the FCC for approval of the purchase of unused wireless spectrum from SpectrumCo, LLC ("SpectrumCo") and Cox TMI Wireless, LLC ("Cox Wireless"). Related to this spectrum sale are several Market Agreements between Verizon Wireless, Comcast Corp. ("Comcast"), Time Warner Cable Inc. ("Time Warner"), Bright House Networks, LLC ("Bright House"), and Cox Communications Inc. ("Cox Communications"). Under these Market Agreements, each company would be able to sell one another's products and over time each company would be able to sell Verizon Wireless' service on a wholesale basis. In addition to the cross-sale of products, these companies have formed a joint venture for the expansion and development of technology related to making all telecommunications products wireless.

<u>The Impact of the Marketing Agreements:</u> Because significant portions of the Marketing Agreements supplied to the FCC have been redacted, it is difficult to gauge just how problematic they will be for consumers and workers alike. Despite the lack of transparency, there are some things that the IBEW believes to be true:

- **The Marketing Agreements are anti-competitive.** The companies that are parties to the Marketing Agreements have historically competed with one another for voice, data, and video customers. Because these Marketing Agreements will allow the companies to sell each other's products, competition will essentially be eliminated between the parties to the agreements.

- **Consumers see the benefits of competition in the quality of their telecommunications services.** To remain competitive in today's telecommunications market, service providers strive to innovate and upgrade and update their services. Furthermore, service providers who are faced with competition are constantly striving to provide the best customer service to go along with the highest quality product. Making the telecommunications market less competitive would be a step in the wrong direction.

- **Consumers see the benefits of competition through the pricing of their telecommunications services.** As a way of competing for customers, telecommunications service providers run specials and provide discounts. If these Market Agreements are executed, there will no longer be any reason for the parties to the agreements to offer any sort of pricing incentives. The elimination of these financial incentives will be felt by telecommunications consumers right away.
- **Telecommunications jobs will be eliminated as a result of the anti-competitive nature of the Market Agreements.** As discussed above, these Market Agreements will eliminate the competitive drive behind innovation and service updates and upgrades. Verizon's competitive incentive to further develop its FiOS network will be eliminated. Without the competition of the FiOS network, other telecommunications service providers will not be investing in their infrastructure. Abandoning FiOS expansion coupled with the decisions to not invest in telecommunications infrastructure will result in the loss of jobs and the loss of job opportunities.

Conclusion: It is critical that the parties to the Agreements release complete, un-redacted copies of the Marketing Agreements. Absent complete copies of the Agreements, it is impossible to determine just how far reaching the anti-competitiveness of these Agreements is.

However, we know now that the anti-competitive nature of these Market Agreements would be damaging to the American consumer. At a time when many families are struggling to get by, a rise in the cost of basic phone, internet, and television services is not right. Allowing Verizon Wireless, Comcast, Time Warner, Bight House, and Cox Communications to enter into these Agreements would negatively impact consumers and workers across the United States.

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