

Ugh! Here we go again. Now new uncertainty for consumers over the fate of Time Warner Cable has arisen with Charter's proposed takeover (will it or will it not pass regulators – Charter's chances of winning deal approval are better than Comcast's but there are still serious concerns about the deal needing to be worked out.. Either it could be conditionally approved or denied outright no way should it be rubber stamped – approved without conditions as it too can be damaging) that ideally should not occur either. Below are my comments on this proposed tie-up which would be made even worse with the Bright House deal. Charter is reaching if it thinks buying both TWC and Bright House is acceptable. Conditional approval for 1 of the 2 deals is perhaps possible but both deals are worse together.

Its official Charter has announced plans to acquire Time Warner Cable and intends to simultaneously continue pursuing a merger deal with Bright House Networks. Individually these 2 deals are less dangerous than they are together. Already some have suggested a Charter-TWC merger will not have the same problems as Comcast's proposed bid for TWC as a combined Charter-TWC would have fewer subscribers than Comcast-TWC (which would have had about 30 million subscribers) for pay TV and/or broadband Internet. Charter has had bad customer service in some areas but not as bad as Comcast. Also Charter does not own programming like Comcast. However, if Charter were to acquire both Time Warner Cable and Bright House Networks its market size would begin to approach that of Comcast.

Here are some important facts to consider regarding market size of each of the following companies:

Comcast about 22.3 million subscribers

Time Warner Cable about 11.9 million subscribers

Cox about 6 million subscribers

Charter about 5.9 million subscribers

Cablevision about 3.1 million subscribers

Bright House about 2.5 million subscribers

Had Comcast and Time Warner Cable merged and completed their three-way customer handoff, new-Comcast would have remained the industry leader with 30 million customers and Charter, through GreatLand, would have picked up an extra 2.5 million (and that's not counting the earlier Charter-Bright House Networks side deal that required Comcast TWC to be completed that some thought would not occur when regulators rightly nixed Comcast's takeover)

But of course, that didn't happen. This merger, however, might. Charter's arithmetic, which includes business customers, says that the transaction will give the new Charter a combined 23.9 million customers in 41 states.

Even using the residential customer numbers above, however, the combined company would easily have over 20 million customers. And either way you shake it that puts them right in a competitive 1-2 situation with our existing dominant player, Comcast. If the TWC and Bright House acquisitions go through without spin-offs or concessions, that would make the new cable landscape look like this:

§

New Charter: 24 million customers

§

Comcast: 22 million customers

§

Cox: about 6 million customers

§

Cablevision: 3 million customers

Charter's reasons for wanting to spend a ludicrous amount of money on this deal, then, are pretty clear cut. The new company would vault from the middle of the pack to the head, suddenly becoming a force to contend with. The only company larger would be the still-pending merged AT&T/DirecTV — and they would exceed Charter in video customers, but not broadband ones.

If regulators are inclined to accept either merger involving Charter it should have the right mix of regulatory conditions to protect online video competition. Ideally though it would be better to just force these companies to geographically compete against each other and stop their collusion. Approval of the Charter-Bright House Networks merger or the Charter-TWC merger alone would not be as damaging to consumers and competition though as allowing both deals. Therefore I submit both deals should

be reviewed together to determine the effects of both transactions in combination. One may be in the public interest but both Charter is reaching.