Adelphia-Time Warner-Comcast Transaction is Not in the Public Interest

CWA Presentation to FCC

December 15, 2005

Transaction is Not in the Public Interest

- Anti-Competitive Impact
- Negative Impact on Employees
- Financial Issues

Anti-Competitive Impact

- Increase in national concentration
- Increase in regional concentration
- Terrestrial loophole further limits competition
  - Where cable companies have exclusive Regional Sports Networks, satellite penetration is half the national rate
    - National Satellite Penetration — 23 percent
    - San Diego (Cox exclusive Padres) — 11 percent
    - Philadelphia (Comcast exclusive 76ers, Flyers, Phillies) — 9 percent

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Conditions to Address Anti-Competitive Impact

- Commission should require Time Warner and Comcast to make affiliated programming – including regional sports programming – available to all competitors at non-discriminatory prices, terms and conditions
- Precedent: FCC News Corp/Hughes *Order* prohibits exclusive arrangements between DirecTV and affiliated regional sports networks, with arbitration mechanisms

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Negative Impact on Employees

- Commission public interest standard includes review of impact of transaction on employees
- Precedents: WorldCom-MCI, SBC-AMT, PRTC-GTE
- Transaction discriminates against union employees
  - Asset Purchase Agreement requires employees to reapply for their jobs.
  - Adelphia memo (9/12/05) states that job offers will be given to workers but only non-union employees will obtain comparable compensation
  - Comcast but not Time Warner commits " to respect existing contracts with Adelphia employees following the proposed transaction" (A-TW-C Reply Comments)

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Conditions to Address Negative Employment Impact

- Stable employment of experienced employees is essential to provision of quality service
- The Commission should ensure that transferred employees experience no loss of employment in their current location, no reduction in compensation, and no loss of union representation as a result of the transfer.

Financial Issues

- 9 N.C. communities commission Action Audit to conduct analysis of impact of transaction on Time Warner Cable
- Action Audit findings
  - TW $8.9 billion in new debt -- long-term debt doubles
  - TW reduced cash liquidity
- Action Audit conclusion: “higher cable rates, minimal likelihood of cable system upgrade and reduced customer and technical service due to the need...to pay down significant debt and produce revenues for shareholders.”

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Conditions to Protect Quality and Availability of Services

- Commission should monitor build-out of advanced services, especially in rural areas
- Commission should monitor service and employment levels