

## **DESCRIPTION OF TRANSACTION**

Bright House Networks, LLC (“BHN”) is submitting this *pro forma* application in connection with a proposed transaction between Comcast Corporation (“Comcast”) and Time Warner Cable Inc. (“TWC”). Comcast recently entered into an agreement with TWC whereby Comcast will acquire 100 percent of TWC’s equity in exchange for Comcast Class A shares (“CMCSA”). At the closing of the transaction, TWC will become a direct wholly owned subsidiary of Comcast.

BHN is submitting this *pro forma* application because TWC holds 66.67 percent of Time Warner Entertainment-Advance/Newhouse Partnership (“TWE-A/N”), which in turn is the sole member of BHN. TWC also provides certain services to BHN for an annual fee, including programming and technology support; however, TWC does not share in any of the profits and losses from the operation of the BHN systems.

Advance/Newhouse Partnership (an entity in which TWC holds no legal or economic interest) holds the remaining 33.33 percent of TWE-A/N, but has exclusive day to day management responsibility for and *de facto* control over the operation of the BHN systems.

Advance/Newhouse Partnership’s interest in TWE-A/N tracks exclusively the economic performance of the BHN systems and, as a result, TWC’s financial statements do not include the results of the BHN systems.

While the Comcast/TWC transaction will technically effect a transfer of TWC’s indirect legal interest in BHN to Comcast, the transaction will not result in any actual change of control over the BHN licenses and authorizations, because Advance/Newhouse Partnership (not TWC) currently has and will retain post transaction day to day managerial control over, and economic

interest in, all of the licenses and authorizations held by BHN.<sup>1</sup> Accordingly, BHN is requesting Commission approval of the *pro forma* transfer of TWC's indirect interest in BHN.

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BHN requests that the Commission's consent to this *pro forma* transfer of control include any licenses and authorizations pending or issued to BHN or its subsidiaries during the Commission's consideration of the application and any subsequent period required for consummation of the proposed transaction.

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<sup>1</sup> See, e.g., 2000 Biennial Regulatory Review, Amendment of Parts 43 and 63 of the Commission's Rules, Notice of Proposed Rulemaking, 15 FCC Rcd 24264 ¶ 15 n.33 (2000) (citing *In re Teléfonos de México, S.A. de C.V.*, Public Notice, 15 FCC Rcd 1227 (WTB & IB 1999) (stating that the acquisition by Telmex of a 50 percent *de jure* controlling interest in a CMRS subsidiary of SBC was *pro forma* because specific facts showed there was no change in *de facto* control); *In re Applications of Softbank Corp, Starburst II, Inc., Sprint Nextel Corp., & Clearwire Corp. for Consent to Transfer Control of Licenses & Authorizations*, Memorandum Opinion and Order, 28 FCC Rcd 9642 ¶ 144 (2013) (rejecting two petitions for reconsideration of the *pro forma* processing of a transaction in which Sprint acquired a small additional equity interest in Clearwire, thereby effecting a transfer of *de jure* control, and finding that Sprint's acquisition of the additional interest was a *pro forma* transfer of control because it did not give Sprint *de facto* control over Clearwire).