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COMMENTARY

Connecting Two Giants: Breaking Down the Charter-Cox Deal

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On August 20, 2026, Charter Communications completed its takeover of Cox Communications for \$34.5 billion.¹ This merger has created the largest home internet service provider in the country. Charter-Cox now controls broadband access for approximately 37 million people across 45 states²—and it got there without ever triggering the antitrust law built to prevent exactly that kind of concentration.

This merger officially began on May 16, 2025, when Charter announced the deal to acquire Cox. Under the approved terms of agreement, Cox received \$4 billion in cash, approximately 33.6 million Charter Holdings common units, and \$6 billion in convertible preferred units, with Charter assuming roughly \$12 billion in Cox debt and finance leases.³ In total, Charter issued the equivalent of over 46 million shares, giving Cox approximately 26% fully diluted ownership stake in the combined entity and placing Cox chairman and CEO Alex Taylor on Charter’s Board of Directors.⁴ The Charter-Cox merger also provided a public-interest pledge for the company to increase investments in rural infrastructure to bring high-speed internet to rural communities and bring onshore jobs to American workers and their customers.⁵

Section 7 of the Clayton Act

Section 7 of the Clayton Act serves as the primary statutory weapon against corporate concentration. It prohibits any stock or asset acquisition where the effect “may be substantially to lessen

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¹ Many Cox customers will see their services rebranded under the Spectrum name for the services, but Charter will be changing its parent company name to Cox Communications to give homage to the Cox family. *See* Meg James, *Charter Finalizes \$34.5-Billion Cox Takeover, Bringing Spectrum to Millions More Customers*, L.A. TIMES (Aug. 20, 2026, at 10:17 PT), <https://www.latimes.com/entertainment-arts/business/story/2026-08-20/spectrum-owner-charter-finalizes-34-5-billion-cox-takeover>.

² Todd Spangler, *Charter Closes \$34.5 Billion Cox Deal in Cable Megamerger; Company to Adopt Cox Communications Name*, VARIETY (Aug. 20, 2026, at 5:03 PT), <https://variety.com/2026/tv/news/charter-closes-cox-merger-new-company-name-1236838902/>.

³ *Charter and Cox Communications Complete Transaction Benefiting Customers, Local Communities, Employees and Shareholders*, CHARTER COMM’N (Aug. 20, 2026), <https://corporate.charter.com/newsroom/charter-and-cox-communications-complete-transaction>.

⁴ *Id.*

⁵ *FCC Approves Charter-Cox Combination*, FED. COMM’N COMM’N (Feb. 27, 2026), <https://www.fcc.gov/document/fcc-approves-charter-cox-combination>.

competition, or to tend to create a monopoly” in any line of commerce within any section of the country.⁶ Section 7 is the primary tool the Department of Justice (DOJ) and the Federal Trade Commission (FTC) use to block anticompetitive transactions before they can harm markets.

The Supreme Court’s landmark ruling in *Brown Shoe Co. v. United States* established the analytical method for defining relevant markets and assessing the competitive impact of vertical and horizontal combinations under Section 7. Horizontal mergers are mergers between direct competitors in the “same product and geographic market,” while vertical mergers are companies merging from a supplier-customer relationship.⁷ Horizontal mergers present the most direct competitive threat as they eliminate a competitor and automatically increase market concentration.⁸ The Supreme Court held that a horizontal merger resulting in a single firm holding 30% of the relevant market in a geographic area raises a presumption of anticompetitive effects.⁹

There are two components to a Section 7 violation for horizontal mergers: relevant product market and a relevant geographic market.¹⁰ The Supreme Court established that for product market, courts should look to industry recognition of the submarket, product’s characteristics and uses, production facilities, distinct customers, distinct prices, sensitivity to price changes, and specialized vendors.¹¹ Once a relevant product market is established there must be a showing that the acquisition may “substantially lessen competition” in that geographic market for there to be a violation of Section 7.¹²

How Section 7 Applies to Charter-Cox

The primary line of commerce, or relevant product market, is high-speed broadband and cable. Charter and Cox each provide services in these markets. So, the critical issue turns to the geographic market definitions. Compared to *Brown Shoe*, where the merging entities operated within the same market¹³, Charter and Cox’s service territories only overlapped in less than 0.1% of its combined footprint. In the overwhelming majority of markets, a consumer in a Cox territory could not subscribe to Charter, and vice versa. Because the two companies never competed for the same customer, merging them created no reduction in the number of internet choices available to an individual household.

The deal represents a geographic expansion rather than a localized market monopoly, and thus the merger survives Clayton Act scrutiny without eliminating direct horizontal competition in local residential markets. That legal conclusion though, sits uneasily next to the merger’s practical scale. The resulting entity now controls broadband infrastructure across 45 states, reaching roughly 37 million people, making Charter-Cox a gatekeeper for high-speed internet and cable access. While Charter and Cox rarely overlapped in local neighborhoods, the merger eliminates them as potential “adjacent” competitors. Absent the deal, either company could have expanded into the other’s territory and created genuine head-to-head competition for consumers down the line.

⁶ 15 U.S.C. § 18 (1996).

⁷ *Brown Shoe Co. v. United States*, 370 U.S. 294, 323, 334-35 (1962).

⁸ *Id.* at 335.

⁹ *United States v. Phila. Nat’l Bank*, 374 U.S. 321, 364 (1963).

¹⁰ *See Brown Shoe*, 370 U.S. at 335.

¹¹ *Id.* at 325.

¹² *Fed. Trade Comm’n v. Tapestry, Inc.*, 755 F. Supp.3d 386, 408-09 (S.D.N.Y. 2024) (citing *New York v. Deutsche Telekom AG*, 439 F. Supp.3d 179, 199 (S.D.N.Y. 2020)).

¹³ *See Brown Shoe*, 370 U.S. at 336.

Potential Impacts

Charter-Cox now controls broadband access for 37 million people, and it got there without ever triggering the antitrust law built to prevent that exact kind of concentration. That outcome is legally correct under the *Brown Shoe* geographic test, as Charter and Cox never operated in the same territory, so there was no horizontal competition to eliminate. But it also means the law has nothing to say about companies that grow by swallowing potential competitors instead of eliminating actual ones. Charter and Cox never really had to compete for a single customer to end up jointly controlling broadband access for 37 million people. As more of these adjacent non-competing consolidations move through the pipeline, that loophole will only get wider.

If regulators are going to continue approving these adjacent-market mergers on the basis that there is no horizontal competition, there should be ways to close the gap through public-interest pledges, like those made by Charter-Cox. Charter's commitment to expand rural infrastructure should have come with enforceable buildout deadlines and penalties for missing them. By requiring adjacent-market companies seeking to merge to make public-interest pledges, regulators could encourage expansion into rural areas across the nation, including geographic market areas where the companies could potentially compete if not for the merge.