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JOINT WRITTEN STATEMENT BY

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TIME WARNER CABLE INC.

TO THE  
U.S. SENATE COMMITTEE ON THE JUDICIARY

HEARING ON  
“THE IMPACT OF THE COMCAST-TIME WARNER CABLE  
MERGER ON AMERICAN CONSUMERS”

APRIL 9, 2014

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Mr. Chairman, Ranking Member Grassley, Antitrust Subcommittee Chair Klobuchar, Ranking Member Lee, and Members of the Committee, thank you for inviting us to testify today. We welcome this opportunity to discuss the proposed transaction between Comcast Corporation (“Comcast”) and Time Warner Cable Inc. (“TWC”), and the substantial and multiple pro-consumer, pro-competitive, and public interest benefits that it will generate, including through competitive entry in segments neither company today can meaningfully serve on its own.

## Introduction

The combination of Comcast and TWC will create a world-class communications, media, and technology company to help meet the insatiable consumer demand for advanced digital services on multiple devices in homes, workplaces, and on the go. Comcast has a proven record of investing in new technologies, facilities, and customer support to provide the best in broadband Internet access, video, and digital voice services. Similarly, TWC has made significant strides in offering a diverse array of video, broadband, and voice services to its customers.

Competing to provide these products and services and other highly desirable services in today’s increasingly dynamic and national marketplace requires significant capital and R&D investments and technological expertise. The transaction will enable Comcast to build on each company’s successes and strengths and extend Comcast’s industry-leading communications and information services, as well as its substantial commitments to serve the public interest, to millions of additional consumers and businesses, with no risk of harm to competition or the public interest.

It is important to put this transaction in the proper competitive context. The decision of the companies to combine reflects the increasing rivalry and experimentation among national and global companies, including such powerful companies as AT&T, Verizon, DirecTV, Dish, Amazon, Apple, Sony, Google, Netflix, and Facebook in competing for consumer attention and loyalty across the broadband ecosystem. The robust broadband connectivity that Comcast and TWC deliver to American consumers has enabled some of these and other companies to become global powerhouses, with many of them eclipsing both Comcast and TWC in annual revenues and market capitalization. Increasingly, these powerhouses are pursuing new businesses in which they compete with us – and we are doing the same thing. Google, for example, is leveraging its global role in content aggregation to compete with us in many areas, and is rapidly deploying fiber optic networks to serve dozens of major markets, including many that we serve; Netflix has built a larger U.S. base of video customers than our combined companies and is becoming a major originator of content; and Apple has extended its platform into the full range of wired and wireless devices to compete in the delivery of content and services.

All of this competition is great for American consumers. We have seen the emergence of an unprecedented “broadband value circle” that provides consumers with abundant choices of content, platforms, devices, and providers. And the success of these companies has given them the massive scale and resources necessary to compete in this capital intensive, rapidly evolving industry, where continued innovation and research and development are essential.

By combining with TWC, Comcast can also achieve the increased coverage and economies of scale necessary to invest the billions of dollars required for next-generation technologies, greater service reliability, secure networks, and faster Internet speeds. This will let us drive more innovative products and services into the marketplace, allowing us to meet the needs of American consumers, businesses, and institutions in ways better than the two companies could do separately.

Combining the two companies' complementary strengths will accelerate the deployment of next-generation broadband Internet, video, and voice services across the new company's footprint. For example, TWC customers will benefit from Comcast's commitment to invest continuously in high-speed data services, as well as Comcast's next-generation products like the acclaimed X1 operating platform. And we can explore how TWC's next-generation products, like its "Start Over" and "Look Back" VOD technologies, may benefit Comcast customers.

With larger scale and network coverage, Comcast will also have the capability to deploy other new products and technologies more quickly and efficiently than either company could do on its own – including the best in-home Wi-Fi, expanded availability of Wi-Fi "hotspots" across the combined footprint (which will provide mobile access to Internet content), faster deployment of IP cable and related technologies, more accessible services and features for disabled Americans, and advanced network security.

Low-income households will benefit from the transaction through the extension of Comcast's industry-leading Internet Essentials program that supports broadband adoption by families with students eligible to participate in the National School Lunch Program. In just two and a half years, over 300,000 families, representing some 1.2 million low-income consumers, have been connected to the transformative power of the Internet thanks to this program. The transaction will extend this vital program to millions more Americans in the areas currently served by TWC.

Schools and libraries will benefit too. Comcast and TWC already provide high-speed connectivity to thousands of schools and libraries. A larger footprint will enable the new Comcast to compete more effectively with ILECs and other legacy providers to provide better, lower-priced broadband and other services to more of these institutions – a national priority under President Obama's ConnectED initiative.

As part of the transaction, Comcast also proposes to extend many public interest commitments from the NBCUniversal Order to the acquired TWC systems, such as making available diverse, local news, and children's programming on various platforms, and guaranteeing carriage of non-commercial educational stations that have must-carry rights and have relinquished their broadcast spectrum. And Comcast will bring its best-in-class diversity programs to the combined company as well, covering diversity in governance, employment, suppliers, programming, and community investment, and extending the oversight of Comcast's unique external Joint Diversity Advisory Council to TWC systems.

Congress and the public can count on our commitment to deliver these competitive and public interest benefits. Comcast has a stellar record from past transactions. The company has previously shown how each of these past transactions would allow Comcast to invest and

innovate in ways that benefit consumers and promote increased competition. Comcast promised it would, and it did. And Comcast will do it again here.

We also recognize that this transaction will be closely scrutinized by Congress, the DOJ, the FCC, and others for potential competitive issues. We welcome that review because there are several factors about the transaction that should allay any reasonable concerns.

First, Comcast and TWC do not compete for customers in any market – either for broadband, video, or voice services. The transaction will not reduce competition or consumer choice at all. Comcast and TWC serve separate and distinct geographic areas. This simple but critically important fact has been lost on many who would criticize our transaction, but it cannot be ignored – competition simply will not be reduced. Rather, the transaction will enhance competition in key market segments, including advanced business services<sup>1</sup> and advertising.<sup>2</sup>

Second, post-transaction, Comcast is prepared to divest systems totaling approximately 3 million subscribers, leaving it with about 30 million managed subscribers – which is essentially equivalent to Comcast’s subscriber share after both the AT&T Broadband and Adelphia transactions in 2002 and 2006, respectively, and below the 30 percent “ownership cap” that the FCC had justified as necessary to prevent a cable operator from wielding bottleneck control or “monopsony” power over programming. The D.C. Circuit twice overturned this cap, after finding the dramatic growth of MVPD competition eliminated any risk that a cable operator could dominate with a 30 percent or even higher share of subscribers. MVPD competition has increased significantly since these court rulings. Still, Comcast is prepared to divest sufficient subscribers to come in under the historical cap anyway.

Third, the transaction will spur additional broadband competition from other well- funded providers, using fiber, copper, wireless, and satellite technologies. These companies will have every incentive to respond to consumer demands with their own investments and innovations. As AT&T’s CEO Randall Stephenson stated, the Comcast-TWC transaction “puts a heightened sense of urgency” on broadband providers to “very, very aggressive[ly]” invest capital in their networks and improve the quality of their services. That is a highly desirable outcome for the

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<sup>1</sup> Medium-sized businesses and institutions, as well as regional, and super-regional businesses, will be among those who will benefit from more competition. The only options for many of these businesses and institutions have been slower, expensive data and voice services offered by incumbent local exchange carriers (“ILECs”) and other legacy providers. Comcast and TWC have made modest – but important – strides, within their current footprints, in offering faster, lower-cost advanced digital services. Where each company has been able to enter these underserved market segments, the ILECs and other legacy providers have quickly responded with dramatic price reductions and service improvements. The transaction will give Comcast the additional coverage and scale necessary to compete with ILECs and others for these customers, as well as for backhaul services to wireless carriers.

<sup>2</sup> Similarly, the advertising marketplace will benefit from enhanced competition. The combination of the two companies’ complementary advertising platforms and channels will allow Comcast to provide seamless access to more major designated market areas (“DMAs”) like New York and Los Angeles, where we can provide broader and more innovative packages and options to advertisers, like dynamic ad insertion and “addressable advertising” for use in VOD and other cable and online advertising.

American economy, and it will drive accelerated investment in both fixed and wireless broadband.

Fourth, Comcast and TWC have enabled the development of online video by providing ever-faster broadband speeds and higher bandwidth services. Our singular goal has been to enhance customers' online experiences. We have no interest in degrading our broadband services to disadvantage edge providers. That would harm the attractiveness of our high-speed data business, which is Comcast's fastest-growing business. Besides being illogical, there are safeguards already in place. As part of the NBCUniversal transaction, Comcast agreed to be bound by the FCC's Open Internet rules until 2018. These protections will now extend to the acquired TWC systems, giving the FCC ample time to adopt (and, if necessary, to defend) legally enforceable Open Internet rules applicable to the entire industry.

And fifth, access by competitors to the combined company's programming will remain unchanged. The limited number of TWC- owned programming networks that Comcast will acquire will be subject to well-established FCC rules and antitrust laws, along with the relevant terms of the NBCUniversal Order, to ensure that MVPDs and OVDs continue to have access to Comcast/NBCUniversal content after the transaction.

The TWC transaction is a unique and important opportunity for Comcast as it continues to compete in today's increasingly dynamic and global marketplace. We are confident that an objective review of the transaction will confirm the many benefits it will generate for consumers, businesses, and the public interest, as well as the lack of any competitive or other harms.

#### I. Overview Of The Transaction

This is a friendly transaction in which Comcast will acquire 100 percent of TWC's equity and approximately 11 million TWC customers. It is a stock-for-stock transaction. TWC will become a direct, wholly owned subsidiary of Comcast.

Comcast and TWC operate in entirely separate and distinct geographic areas, as the map below illustrates.<sup>3</sup>

Consumers in Comcast's territories cannot subscribe to TWC for broadband, video, or phone services. And TWC customers cannot switch to Comcast. For that reason, this is not a horizontal transaction under merger review standards, and there will be no reduction in competition or consumer choice.<sup>4</sup> Comcast's and TWC's many traditional competitors, including numerous broadband providers, MVPDs, and telcos will still be competing post-transaction, with no fewer firms in each relevant market than there are today.

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<sup>3</sup> Among the two companies' more than 33 million customers, approximately 2,800 Comcast residential or small or medium-sized business customers are located in zip+4 areas where TWC services residential or small business customers (and the number of TWC customers is similar). These customers are sprinkled across various zip+4 areas, none of which has more than 500 Comcast customers, and it is quite possible that Comcast and TWC are not even providing overlapping services in some of these fringe areas but rather just have facilities that fall within the same zip+4 area. Comcast and TWC also analyzed all business services (Ethernet, backhaul, wholesale, voice, etc.), and found either no overlap or only a small number (approximately 215 Comcast and TWC customers in common zip codes).

<sup>4</sup> The Department of Justice and Federal Trade Commission define "horizontal transactions" as those between "actual or potential competitors." See U.S. Dep't of Justice & FTC, Horizontal Merger Guidelines, at 1 (Aug. 19, 2010).



II. The Transaction Is Pro-Consumer, Pro-Competitive, And Will Generate Substantial Public Interest Benefits.

The combination of Comcast and TWC will create a world-class communications, media, and technology company that can provide consumers and businesses the advanced services they want now and will need in the future. The transaction will also spur other companies to innovate and invest in new technologies and services, helping to keep America at the forefront of technology and innovation. The mere announcement of this transaction had just such a positive effect, giving competitors like AT&T “a heightened sense of urgency” to invest in their networks and improve their services.<sup>5</sup> That is a highly desirable outcome for consumers and for our economy.

A. Greater Scale Is Essential To Compete In Today’s Dynamic, Multi-Faceted Marketplace.

The media and communications industry has changed dramatically over the past two decades, and today has evolved into a vastly larger, more complex, and multi-faceted communications, media, and technology ecosystem, in which a host of sophisticated companies with national and even global footprints, like AT&T, Verizon, DirecTV, Dish, Amazon, Apple, Sony, Google, Netflix, and Facebook are increasingly competing against one another for customer attention and loyalty. Many of these powerhouses have eclipsed Comcast and TWC in annual revenues, market capitalization, and/or customers:

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<sup>5</sup> See Randall Stephenson, Chairman & CEO, AT&T, Inc., Morgan Stanley Technology, Media & Telecom Conference, Tr. at 3 (Mar. 6, 2014).

The major telephone companies have the benefit not only of robust wireline footprints, but also national wireless broadband platforms, which they are increasingly leveraging as complementary offerings to residential and business customers.<sup>6</sup> Direct satellite providers are likewise evolving and aggressively expanding their national services and product offerings.<sup>7</sup>

And new digital platform providers, with their roots in software and hardware, are using the robust Internet connectivity provided by Comcast, TWC, and our competitors to grow into global powerhouses. These companies are increasingly pursuing new businesses that compete with ours. As one industry expert has observed, “broadband connectivity is the glue that permits multiple firms, once walled off from one another in distinct product market categories, to compete, cooperate, buy, and supply products and services from one another in order to satisfy customers that are able to buy from any one of them.”<sup>8</sup>

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<sup>6</sup> See, e.g., Joan Engebretson, AT&T Leverages Landline, Wireless Assets for Free U-verse Promotion, telecompetitor, Mar. 18, 2014, <http://www.telecompetitor.com/att-leverages-landline-wireless-assets-for-free-u-verse-promotion/> (“Having wireless and landline network assets could be AT&T’s and Verizon’s secret weapon in both the wireless and landline broadband markets.”). As Verizon’s CFO recently observed, “I am the fifth largest Cable Company now. I also have something that cable doesn’t have, which is 100 million eyeballs on wireless devices.” Fran Shammo, EVP & CFO, Verizon, Deutsche Bank Media, Internet and Telecom Conference, Tr. at 15 (Mar. 10, 2014). Verizon has also announced plans to acquire Intel Corporation’s OnCue technology in order to “accelerate the availability of next-generation video services” on its networks. The technology would give Verizon’s wireless customers the ability to stream live and on-demand television programming and to watch videos across multiple screens and comes after Verizon’s purchases of EdgeCast, a content delivery network company and of video uploading and encoding technology from upLynk. Hayley Tsukayama, Verizon Buys Intel’s Cloud TV Service, Wash. Post, Jan. 21, 2014, available at <http://www.washingtonpost.com/business/technology/verizon-buys-intels-cloud-tv-service/2014/01/21/67e94336-82a5-11e3-9>

<sup>7</sup> See, e.g., Press Release, Sprint Corp., Sprint and Dish to Trial Fixed Broadband Service (Dec. 17, 2013), <http://newsroom.sprint.com/news-releases/sprint-and-dish-to-trial-fixed-wireless-broadband-service.htm>.

<sup>8</sup> See Jonathan Sallet, The Creation of Value: The Broadband Value Circle and Evolving Market Structures, at 3 (Apr. 4, 2011); see also Jonathan Sallet & Steven Weber, Behold the Broadband Value Circle, Bloomberg Businessweek, Jan. 11, 2008, available at <http://www.businessweek.com/stories/2008-01-11/ behold-the-broadband-value-circlebusinessweek-business-news-stock-market> (“In the era of the Broadband Value

For example, Google increasingly competes as a network, video, and technology provider while providing core search and advertising functionalities for Comcast's and TWC's broadband businesses. Netflix has built a customer base larger than our combined companies and is the originator of original content and offering national subscription VOD ("SVOD"). Apple has extended its platform into the full range of wired and wireless devices, competing in the delivery of content and services to consumers. Microsoft just announced that it will feature ads on the Xbox One, creating a new video advertising platform. And Amazon continues to leverage its unequaled sales platform and family of competitive tablets to promote its burgeoning Prime Instant Video business, and just last week announced the rollout of its own advanced video set-top box.<sup>9</sup>

To meet these challenges, Comcast has fundamentally transformed itself from a regional cable company into a leading communications, media, and technology company. By investing heavily in talent, research and development, and the infrastructure needed to facilitate creativity and invention, Comcast has created a culture of innovation from top to bottom. Comcast now employs over 1,000 developers and engineers – a pool of technical talent unprecedented in the history of cable – and competes for new technology talent with Google, Apple, Netflix, and many others.<sup>10</sup>

This highly dynamic, rapidly evolving industry requires constant innovation and investment in R&D and in physical infrastructure, making increased scale not only desirable but essential. The greater scale, expanded network coverage, and operating efficiencies resulting from the transaction will enable Comcast to invest the billions of dollars necessary to bring next-generation technologies, more secure networks, faster Internet speeds, enhanced video and voice services, and greater service reliability to millions of residential and business consumers across the country.

**B. Consumers Will Benefit From Accelerated Broadband Deployment And Expanded Broadband Adoption.**

**1. The Transaction Will Bring Faster Internet Speeds And Next-Generation Broadband Products And Services To TWC Customers.**

Comcast is widely recognized for its technological expertise and willingness to invest in advanced broadband services.<sup>11</sup> Building on the investments TWC has made in its broadband

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Circle, everyone can compete in everyone else's market. Your supplier today may be your competitor tomorrow, and you may find that you are simultaneously that company's supplier.").

<sup>9</sup> See Greg Bensinger, Amazon Unveils Video Streaming Device Fire TV, Wall St. J., Apr. 2, 2014, <http://online.wsj.com/news/articles/SB10001424052702304441304579477283348851844?mg=reno64-wsj&url=http%3>

<sup>10</sup> Comcast's research and development efforts involve highly talented individuals at its technology centers around the country, including in Seattle, Silicon Valley, Denver, Washington, D.C., and Philadelphia.

<sup>11</sup> Comcast was recently rated number one by Frost & Sullivan in 2013 for "Technology Innovation" in the North American Broadband Market.

network, Comcast will bring faster Internet services and next-generation products to millions of TWC's customers.

**Broadband Speed Innovation:** Comcast has increased its Internet speeds 12 times in the last 12 years. Comcast's fastest residential downstream broadband speeds have increased more than 30-fold in the last six years to 505 Mbps and are among the highest in the industry. Last year, Comcast showed that its residential network is capable of delivering 3 Gigabits per second (or "Gigs").<sup>12</sup> And Comcast successfully trialed the first One Terabit<sup>13</sup> connection on a network segment from Ashburn, Va. to Charlotte, N.C.<sup>14</sup> To our knowledge, this was the first time live data traffic has ever been carried at Terabit speeds on an existing commercial network.<sup>15</sup>

Comcast is also doubling its broadband network capacity every 18 months to keep up with customers' increasing demands for Internet services on multiple devices. This was enabled by Comcast's decision, over five years ago, to convert its networks to "all-digital," which freed up the bandwidth required to increase broadband speeds, add channels, and provide more HD programming.

These investments are providing unparalleled value to Comcast customers. Comcast customers pay 92 percent less per megabit of Internet speed on our network today than they paid in 2002.<sup>16</sup>

TWC took a different approach to free up bandwidth on its network by adopting switched digital video (SDV) technology. Now, TWC is transitioning to an all-digital platform to free up additional bandwidth needed to provision faster Internet speeds, but its transition is complete in only a small number of systems.<sup>17</sup>

Post-transaction, Comcast intends to make substantial incremental upgrades to TWC's systems to migrate them to all-digital, freeing up bandwidth to deliver greater speeds. For

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<sup>12</sup> See Press Release, Comcast Corp., The Future of Broadband Speed and 4K Ultra HD Video (June 11, 2013), <http://corporate.comcast.com/news-information/news-feed/comcast-demonstrates-the-future-of-broadband-speed-and-4k-ultra->

<sup>13</sup> That is, 1012 bits of data.

<sup>14</sup> See Press Release, Ciena Corp., Comcast Conducts Industry's First Live 1 Terabit Network Trial with Ciena's 6500 Converged Packet Optical Solution (Oct. 22, 2013), <http://www.ciena.com/about/newsroom/press-releases/Comcast-Conducts-Industrys-First-Live-1Terabit-Network-Trial-with-C>

<sup>15</sup> Id.

<sup>16</sup> See Exhibit 1 (chart showing increasing speeds/decreasing per megabit costs).

<sup>17</sup> See Ian Olgeirson, Charter, Time Warner Cable Lag in All-Digital Push to Convert CapEx into Capacity, SNL Kagan (Jan. 17, 2014) ("Time Warner Cable is estimated to have made the [digital] transition in 17% of its homes passed, including markets in its New York cluster. The MSO has indicated plans to expand in 2014, but . . . is not expected to complete the effort this year."). TWC has migrated to all-digital only in New York City; Augusta, Maine; parts of Kentucky and Indiana; and portions of Los Angeles.

example, Comcast typically bonds 8 QAM channels together in its systems, and Comcast's most popular broadband service tier offers speeds of 25 Mbps downstream/5 Mbps upstream across its footprint. In comparison, TWC bonds 4 QAM channels in nearly half of its systems, and its most commonly purchased service tier offers speeds of 15 Mbps/1 Mbps. Comcast's fastest residential broadband tier offers speeds of 505 Mbps/100 Mbps; TWC's current top speeds are 100 Mbps/5 Mbps. Comcast's investments in the TWC systems will also improve network reliability, network security, and convenience to TWC customers.

Comcast will soon be increasing Internet speeds further with the deployment of DOCSIS 3.1. DOCSIS 3.1 is the next generation cable broadband technology and is capable of delivering Internet speeds of several Gigs; it is the most advanced broadband architecture in the marketplace. Comcast is already preparing to deploy DOCSIS 3.1 in its existing footprint. The broader scale resulting from the transaction will now allow us to deploy DOCSIS 3.1 across the combined company's footprint, giving Comcast and TWC customers access to ultra -fast broadband capability more quickly and efficiently than either company could do on its own.

**Better In-Home Wi-Fi:** The transaction will similarly speed the availability of advanced Wi-Fi equipment in consumers' homes. The quality of broadband service depends not only on the "last-mile" infrastructure but also the delivery of the signal over the last few yards. Comcast has led the entire broadband industry in rolling out advanced gateway Wi-Fi routers to approximately 8 million households and small businesses, giving these customers faster speeds (up to 270 Mbps downstream as compared to 85 Mbps downstream from the prior generation devices) and better performance over their home and business wireless networks. In contrast, TWC only recently began deploying advanced in-home Wi-Fi routers. With the greater purchasing power and economies of scale resulting from the transaction, Comcast can not only offer TWC customers access to today's best routers, but also invest in and deploy next-generation router technologies for all of the combined company's customers.

**Expanded Internet Access On The Go:** Americans are increasingly using Wi-Fi as a primary way to connect to the Internet outside of the home. To serve this growing demand, Comcast is building one of the largest and most robust Wi-Fi networks in the country. These Wi-Fi "hotspots" currently come in three different categories: outdoor (e.g., suspended from a cable wire); as part of the broadband service provided to small and medium-sized businesses; and "home as hotspot" (i.e., a Comcast subscriber's home network is supplemented using a dual router that creates a new public Wi-Fi pathway).<sup>18</sup> In less than three years, Comcast has deployed over 870,000 Xfinity WiFi access points in its footprint – and seen a significant spike in usage. In comparison, TWC has deployed only 29,000 Wi-Fi access points in its footprint.

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<sup>18</sup> Through the neighborhood hotspots initiative Comcast announced last year, Comcast sends a separate Wi-Fi signal from Comcast-issued home equipment that enables anyone within range to get online. Entire residential blocks then show as hotspots on the Xfinity Wi-Fi mobile app. The initiative began in Philadelphia. With the significant expansion in Chicago in 2013, Comcast . . . [is] paving the way toward a national Wi-Fi network. See Robert Channick, Comcast Turning Chicago Homes into Public Wi-Fi Hot Spots, Chi. Trib., Mar. 5, 2014, available at [http://articles.chicagotribune.com/2014-03-05/business/chi-chicago-public-wifi-comcast-20140304\\_1\\_xfinity-wi-fi-moffettnat](http://articles.chicagotribune.com/2014-03-05/business/chi-chicago-public-wifi-comcast-20140304_1_xfinity-wi-fi-moffettnat)

Comcast customers now transmit nearly 2 million gigabytes (or nearly 2 petabytes<sup>19</sup>) of data through Comcast's Wi-Fi hotspots each month. Approximately 13 percent of this traffic is transmitted through outdoor hotspots, 11 percent is transmitted through small and medium business (or "SMB") hotspots, 51 percent is transmitted through hotspots in customers' own homes, and 24 percent is transmitted through hotspots in other customers' homes.

To complement these efforts, Comcast has partnered with TWC and other cable companies in a "CableWiFi" initiative that allows each company's customers to use the other companies' Wi-Fi hotspots. But this partnership has not created the incentives or structure necessary to significantly expand Wi-Fi availability in the ways that Comcast envisions for its customers.

The transaction will give Comcast the geographic reach, economies of scale, customer density, and return on investment needed to massively expand Wi-Fi hotspots across the combined company's footprint, including in the Midwest, South, and West, particularly in areas like Cleveland/Pittsburgh, the Carolinas, Texas, and California, where there will be greater density and clustering of systems. Our goal is to provide greater Wi-Fi availability that allows the combined company's customers to access the Internet in more places, more conveniently, and at no additional charge.

## 2.The Transaction Will Accelerate Other Broadband Network Investments And Improvements That Benefit Consumers.

The transaction will also enable Comcast to invest in network expansions and last-mile improvements that provide an even stronger foundation for innovative applications, including education, healthcare, the delivery of government services, and home security and energy management. And with greater coverage and density of systems, Comcast will also have the ability and incentive to build out and make available interconnection points in more geographic regions. This will be especially beneficial to companies like Google, Netflix, and Amazon, which aggregate massive data traffic when they deliver their own and others' services to consumers.

These network upgrades will promote other critical investments, at the edge of the network, in exciting new applications and services for consumers.<sup>20</sup> In its Open Internet Order, the FCC described this dynamic as:

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<sup>19</sup> This is equivalent to nearly half a million DVDs worth of data each month. See Visual Networking Index IP Traffic Chart, Cisco, [http://www.cisco.com/cdc\\_content\\_elements/networking\\_solutions/service\\_provider/visual\\_networking\\_ip\\_traffic\\_chart.html](http://www.cisco.com/cdc_content_elements/networking_solutions/service_provider/visual_networking_ip_traffic_chart.html).

<sup>20</sup> See Peter Grant & Bruce Orwall, After Internet's Big Bust, Broadband Shift Went On, Wall St. J., Jan. 8, 2003, available at <http://online.wsj.com/news/articles/SB1041979000108173904> (John Doerr of Kleiner Perkins: "There's no question that broadband enables paid-for-content business models."); id. (Disney Internet Group President Steve Wadsworth on why ABC and ESPN websites were launching new video technology in 2003 as compared to the Dot Com bust: "We're getting to critical mass in broadband."); Josephine Moulds, Boom, boom. Dotcoms Are Back in the Frame, Telegraph, Apr. 20, 2007, available at <http://www.telegraph.co.uk/finance/markets/2807599/Boom-boom.-Dotcoms-are-back-in-the-frame.html> (Judy Gibbons of Accel: "A whole industry infrastructure has been established, there are millions of users, people are consuming online versus offline. It's become very mainstream and therefore there are still lots of opportunities to

a virtuous circle of innovation in which new uses of the network – including new content, applications, services, and devices – lead to increased end-user demand for broadband, which drives network improvements, which in turn lead to further innovative network uses . . . Streaming video and e-commerce applications, for instance, have led to major network improvements such as fiber to the premises, VDSL, and DOCSIS 3.0. These network improvements generate new opportunities for edge providers, spurring them to innovate further.<sup>21</sup>

This competitive dynamic has given consumers a more abundant and diverse choice of content, platforms, and providers than ever before. The transaction will enable the combined company to continue to contribute to this dynamic ecosystem more effectively than either company could do alone.

3.