

**Time Warner Cable/Comcast Corporation Transaction
Application For Transfer Of Control Of Cable Television Franchises
Held By Oceanic Time Warner Cable LLC**

**Response To First Set Of Information Requests
May 23, 2014**

These information requests (“IRs”) are being issued pursuant to 47 Code of Federal Regulations § 76.502(b) and Hawaii Administrative Rules § 16-133-10. Each response should be made separately, and copies of source documents should specifically reference the IR being answered. The certification to be provided by Time Warner Cable (“TWC”) and Comcast Corporation (“Comcast”) (collectively, “Applicants,” as applicable) in the State of Hawaii’s Application for Transfer of Cable Television Franchise (i.e., the State Application) concerning the accuracy of the information is also applicable to Applicants’ responses to these IRs.

Each of the responses should be as complete and detailed as possible, and to the extent that an IR or any subpart thereof may not be applicable, Applicants must state why the IR or subpart is not applicable. In addition, for any IR that requires follow-up, the required information must be submitted immediately upon receipt of that information.

1. Claims and representations have been made in federal filings and before the Cable Television Division of the Department of Commerce and Consumer Affairs (“DCCA”), State of Hawaii (“State”) that the proposed indirect transfer of control of the cable franchises to Comcast Corporation (the “Proposed Transaction”) would result in cost saving and other efficiencies. Specifically identify how the purported cost savings and efficiencies will be achieved in the operations of each of Oceanic Time Warner Cable LLC’s (“OTWC”) franchise systems, upon effectuation of the Proposed Transaction.

Response:

For informational purposes only, the savings and other efficiencies from the Transaction are not attributable to individual systems but will be realized on a company-wide basis, which will be beneficial to Comcast customers across the board.¹

A few powerful economic mechanisms will drive the core competitive benefits from the transaction: (a) economies of scale, (b) expanded geographic reach, and (c) sharing of technologies and services.

First, scale efficiencies are key. Scale can make the difference between investing in a new product or service and not investing, and it can accelerate the introduction of products, services, and network and equipment enhancements.

¹ Comcast and TWC respectfully submit that the information requested by this item is not within the DCCA’s scope of review related to the Joint Application filed by Comcast and TWC on April 11, 2014 in that such information is not reasonably necessary to evaluate the legal, financial, and technical qualifications of Comcast to become the new controlling parent of the franchisee. Moreover, as discussed in the DCCA Transfer Application, submitted concurrently herewith, to the extent a response requires any pre-merger coordination between Comcast and TWC, antitrust laws limit Comcast and TWC as to certain pre-merger coordination of operational changes to the cable systems. Accordingly, any response provided to such inquiries is for informational purposes only.

Second, the expanded geographic reach and additional geographic clustering made possible by a combination of firms will also increase the economic efficiencies by enhancing the ability of the combined entity to serve customers whose needs span the existing geographic footprints of the two firms.

Third, by combining their portfolios of products and services, the companies will be able to provide more products and services at lower cost than they would be able to do on their own. It will be more efficient for Comcast and TWC to provide these services as a combined company because the two firms use similar inputs in creating these services. In addition, each company brings proprietary technology and specialized knowledge about providing its unique mix of products and services.

Each of the foregoing economic bases for efficiencies and synergies is strongly present in this transaction. For example, by adding TWC's customers and markets, Comcast will expand its video subscriber base by 8 million (after divesting almost 4 million customers), for a total of approximately 30 million video subscribers in the systems it manages. The incremental scale will promote continued innovation by providing a broader base of customers across which to spread the high fixed costs of research and development.

2. Identify and specifically detail how the Proposed Transfer will serve the public interest of the communities of each of OTWC's cable franchise areas. Specifically, how will the Proposed Transfer serve the public interest in:

- (a) Oahu, the City and County of Honolulu;
- (b) Maui County (includes Molokai and Lanai and excludes Lahaina);
- (c) Lahaina, Maui;
- (d) West Hawaii;
- (e) East Hawaii; and
- (f) Kauai County.

Response:

In the public interest statement included with the Form 394, Exhibit 7, Comcast explained the benefits that will accrue to all of the franchise areas in Hawaii. In addition, over time, Comcast will bring OTWC residential customers in each of the Hawaii franchise areas faster Internet speeds – more programming choices – more robust Wi-Fi – and our best-in-class X1 entertainment operating system. We will also expand our acclaimed Internet Essentials program, which has already connected over 1.2 million low-income Americans to the Internet, more than any other program of its kind. And we will extend many other public interest benefits from the NBCUniversal transaction to the Time Warner Cable footprint – including our commitments to diversity and to an Open Internet.

See also response to Section II.G of the DCCA Transfer Application.

3. Identify and list all unserved or underserved areas by each of OTWC cable systems, and provide:

(a) The number of homes within the area(s). Explain why the areas are not presently served;

(b) The time schedule for the extension of service;

(c) If there is no time schedule for extension, explain the lack of time schedule; and describe specific terms and conditions for extension of service to the identified areas, subsidies for providing extensions, and impact of non-service on the provision of non-retransmission services, e.g., telephony, etc.; and

(d) Proposed plans to provide service to any and all unserved areas.

Response:

As previously stated, the franchisee OTWC will remain in place following the Transaction and will remain subject to the franchise requirements relating to line extension requirements. Comcast has not developed any plans with respect to the matters addressed in this information request other than the commitment to abide by OTWC's franchise requirements.²

4. Identify and list all unserved or underserved areas of OTWC's broadband systems, and provide:

(a) The number of homes within the area(s). Explain why the areas are not presently served;

(b) The time schedule for the extension of service;

(c) If there is no time schedule for extension, explain the lack of time schedule, and describe specific terms and conditions for extension of service to the identified areas, subsidies for providing extensions, and impact of non-service; and

(d) Proposed plans to provide service to any and all unserved areas.

Response:

For information purposes only, Comcast has not currently developed any specific plans with respect to the matters covered by this information request.³

5. Summarize the plans for Public, Education, and Government ("PEG") access support by OTWC (under Comcast's ownership), describing, at a minimum, whether any

² See also note 1.

³ Comcast and TWC discuss herein various products and services that may be provided by OTWC, such as broadband Internet, voice, and related technologies, which are not services that are regulated by the DCCA under applicable law, and are discussed solely for informational purposes to illustrate the additional services, technology, and innovation that the Transaction will allow Comcast to bring to Hawaii. See also note 1.

changes will be proposed in level of support, equipment deployed for PEG use, services provided, or channel lineup.

Response:

The change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction, the franchisee will remain obligated to continue PEG access programming support pursuant to the franchise agreements in the same manner and to the same extent as before the Transaction.⁴

6. How will the Proposed Transaction impact OTWC's overall workforce? Will OTWC's local management team be impacted and if so, how? Explain how the cable systems will be operated and managed on a day-to-day basis.

Response:

The change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction, the franchisee will remain obligated to continue comply with the franchise agreements in the same manner and to the same extent as before the Transaction.⁵ No changes are currently planned with respect to the overall workforce, local management team or day-to-day operations and management of the cable systems. However, Comcast reserves the right to consider and make such changes as company and customer needs dictate consistent with OTWC's franchise obligations.

7. How will the Proposed Transaction impact the financial resources and ability of OTWC (under Comcast's ownership) to provide cable and broadband services in its cable franchise areas?

Response:

Comcast is a financially strong, publicly traded corporation and nothing in the Transaction will negatively impact OTWC's ability to provide cable and broadband services in its cable franchise areas. OTWC will become part of an organization with a solid balance sheet and the financial capabilities to undertake the Transaction and continue to provide high quality services in Hawaii. Please see Exhibit 6 to Comcast's Form 394 with respect to Comcast's certification that it is financially qualified with respect to this Transaction.

8. How will the Proposed Transaction impact the customer service offices in each of the cable franchise areas?

Response:

The change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. Specifically, nothing in the Transaction impacts the customer service offices in each of the cable franchise areas. After the Transaction, the franchisee will remain obligated to continue to comply with customer service requirements pursuant to the franchise

⁴ See also note 1.

⁵ *Id.*

agreements in the same manner and to the same extent as before the Transaction with respect to each cable franchise area.⁶

9. Summarize and describe how cable services are currently being provided in each OTWC cable franchise area; then, summarize and describe any future plans for capital spending to expand and upgrade the cable systems and infrastructure.

Response:

Please see response to Section II. I. of the DCCA Transfer Application with regard to how cable services are provided in each of the franchise areas. The change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction, the franchisee will remain obligated to continue to comply with franchise agreements in the same manner and to the same extent as before the Transaction with respect to each cable franchise area, which includes any such commitments relating to system expansion and upgrades.⁷

10. In the past, the DCCA has documented that periodically OTWC failed to timely abide by certain service and financial report filing deadlines, as required under the cable franchise agreements. Describe the efforts that will be taken to ensure the all the reports and requirements of the cable franchise agreements will be timely filed and submitted, upon effectuation of the Proposed Transaction.

Response:

Comcast has certified in the Form 394, Section V, Part II, that it will use its best efforts to comply with the terms of the franchises and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation of the systems, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing. To this end, Comcast will adopt procedures that ensure all legally authorized reports and requirements are complied with on a timely basis.

11. The Proposed Transaction will result in the indirect transfer of OTWC's cable franchises from TWC to Comcast. Aside from the Hawaii cable franchises and related assets, are there any other TWC entities and business operating in the State that will be impacted by the Proposed Transaction. If there are, please be as detailed as possible and provide a narrative regarding all efforts taken with respect to each of these Hawaii entities and businesses including efforts taken to be in compliance with all State laws and regulations.

Response:

Yes, there are two entities that are indirect subsidiaries of TWC operating in the State that will be impacted by the Proposed Transaction. Each such entity holds a Certificate of Authority issued by the Public Utilities Commission of the State of Hawaii ("PUC") to provide certain telecommunications services in the State: Time Warner Cable Information Services (Hawaii), LLC ("TWCIS"), and Time Warner Cable Business LLC ("TWCB"). In order to comply with PUC requirements related to the Proposed Transaction, TWCIS and TWCB, and Comcast, filed

⁶ *Id.*

⁷ *Id.*

the Joint Petition of Time Warner Cable Information Services (Hawaii), LLC, Time Warner Cable Business LLC and Comcast Corporation for Approval of the Transfer of Control of Time Warner Cable Information Services (Hawaii), LLC and Time Warner Cable Business LLC, on April 11, 2014, in Docket No. 2014-0074.

Comcast has certified in the Form 394, Section V, Part II, that it will use its best efforts to comply with the terms of the franchises and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation of the systems, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

12. Describe in sufficient detail the status of the application regarding the Proposed Transaction pending before other local franchising authorities and the Federal Communications Commission. Applicants should provide periodic monthly updates (i.e., June 2014, July 2014, etc., as applicable) with respect to this IR by the 15th day of the respective month, until the close of the Proposed Transaction.

Response:

For informational purposes only, Comcast's and TWC's application to the FCC for approval of this transaction was filed at the FCC on April 8, 2014 and remains pending. In addition, the Parties have filed 437 FCC Form 394 applications with local franchise authorities. To date 9 of these applications have been granted and the remaining applications remain on track to be granted within the statutory 120 day review period.⁸

13. What is the expected closing date of the Proposed Transaction between TWC and Comcast?

Response:

The expected closing date is as soon as reasonably practicable following receipt of all necessary regulatory approvals.

14. When is the scheduled vote of the TWC and Comcast stockholders regarding the Proposed Transaction?

Response:

The dates for the shareholder votes for TWC and Comcast have not been set. A date certain will be established for each after the SEC declares Comcast's S-4 registration statement effective.

15. Will the Proposed Transaction impair or impact the ability of OTWC (under Comcast's ownership), in any way, to comply with the terms, conditions, and requirements of its cable franchises in the State? Please be as detailed as possible and provide all assurances as appropriate.

⁸ See also note 1. Further, Comcast and TWC respectfully submit that the requested information is overbroad and burdensome and unrelated to the Transaction.

Response:

The change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction, the franchisee will remain obligated to continue to comply with the franchise agreements in the same manner and to the same extent as before the Transaction with respect to each cable franchise area. Moreover, Comcast has certified in the Form 394, Section V, Part II, that it will use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation of the systems, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

16. Please provide a detailed explanation of the commitment of OTWC (under Comcast's ownership) to keep pace with changing technological developments and how it intends to incorporate such developments into its cable systems and other services such as broadband, once the Proposed Transaction is effectuated.

Response:

Please see Form 394 Exhibit 7 and Public Interest Statement incorporated therein which describe Comcast's deep commitment as a technology leader in the cable television industry. The narrative in the Public Interest Statement provides how Comcast incorporates technological developments into its cable systems. The Public Interest Statement also explains how the Transaction will accelerate broadband deployment, intensify broadband competition, promote innovation, expand broadband adoption and increase broadband speeds across the combined company's footprint.⁹

⁹ See also FCC Public Interest Statement found at <http://corporate.comcast.com/images/Comcast-Public-Interest-Statement-April-8.pdf>.