TIME WARNER CABLE TO MERGE WITH COMCAST CORPORATION TO CREATE A WORLD-CLASS TECHNOLOGY AND MEDIA COMPANY

Strategic Combination Will Accelerate Delivery of Comcast’s Technologically Advanced Products and Services to Time Warner Cable’s Customers

Transaction Creates Multiple Pro-Consumer and Pro-Competitive Benefits, Including for Small and Medium-Sized Businesses

PHILADELPHIA and NEW YORK -- (February 13, 2014) -- Comcast Corporation (Nasdaq: CMCSA, CMCSK) and Time Warner Cable (NYSE: TWC) today announced that their Boards of Directors have approved a definitive agreement for Time Warner Cable to merge with Comcast. The agreement is a friendly, stock-for-stock transaction in which Comcast will acquire 100 percent of Time Warner Cable’s 284.9 million shares outstanding for shares of CMCSA amounting to approximately $45.2 billion in equity value. Each Time Warner Cable share will be exchanged for 2.875 shares of CMCSA, equal to Time Warner Cable shareholders owning approximately 23 percent of Comcast’s common stock, with a value to Time Warner Cable shareholders of approximately $158.82 per share based on the last closing price of Comcast shares. The transaction will generate approximately $1.5 billion in operating efficiencies and will be accretive to Comcast’s free cash flow per share while preserving balance sheet strength. The merger will also be tax free to Time Warner Cable shareholders.

This transaction will create a leading technology and innovation company, differentiated by its ability to deliver ground-breaking products on a superior network while leveraging a national platform to create operating efficiencies and economies of scale.

“The combination of Time Warner Cable and Comcast creates an exciting opportunity for our company, for our customers, and for our shareholders,” said Brian L. Roberts, Chairman and Chief Executive Officer, Comcast Corporation. “In addition to creating a world-class company, this is a compelling financial and strategic transaction for our shareholders. Also, it is our intention to expand our buyback program by an additional $10 billion at the close of the transaction. We believe there are meaningful operational efficiencies and the adjusted purchase multiple is approximately 6.7x Operating Cash Flow. This transaction will be accretive and will yield many synergies and benefits in the years ahead. Rob Marcus and his team have created a pure-play cable company that, combined with Comcast, has the foundation for future growth. We are looking forward to working with his team as we bring our companies together to deliver the most innovative products and services and a superior customer experience within the highly competitive and dynamic marketplace in which we operate.”

“This combination creates a company that delivers maximum value for our shareholders, enormous opportunities for our employees and a superior experience for our customers,” said Robert D. Marcus, Chairman and CEO of Time Warner Cable. “Comcast and Time Warner Cable have been the leaders in all of the industry’s most important innovations of the last 25 years and this merger will accelerate the pace of that innovation. Brian Roberts, Neil Smit, Michael Angelakis and the Comcast management team have built an industry-leading platform and innovative products and services, and we’re excited to be part of delivering all of the possibilities of cable’s superior broadband networks to more American consumers.”

The new cable company, which will be led by President and CEO Neil Smit, will generate multiple pro-consumer and pro-competitive benefits, including an accelerated deployment of existing and new innovative products and services for millions of customers. Comcast’s subscribers today have access to the most comprehensive video experience, including the cloud-based X1 Entertainment Operating System, plus 50,000 video on demand choices on television, 300,000 plus streaming choices on XfinityTV.com, Xfinity TV mobile apps that offer 35 live streaming channels plus the ability to download to watch offline later, and the newly launched X1 cloud DVR. Comcast is also a technology leader in broadband and has increased Internet speeds 12 times in the past 12 years across its entire footprint.

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Time Warner Cable owns cable systems located in key geographic areas, including New York City, Southern California, Texas, the Carolinas, Ohio, and Wisconsin. Time Warner Cable will combine its unique products and services with Comcast’s, including StartOver, which allows customers to restart a live program in progress to the beginning, and LookBack, which allows customers to watch programs up to three days after they air live, all without a DVR. Time Warner Cable also has been a leader in the deployment of community Wi-Fi, and will combine its more than 30,000 hotspots, primarily in Los Angeles and New York City, and its in-home management system, IntelligentHome, with Comcast’s offerings.

Through this merger, more American consumers will benefit from technological innovations, including a superior video experience, higher broadband speeds, and the fastest in-home Wi-Fi. The transaction also will generate significant cost savings and other efficiencies. American businesses will benefit from a broader platform, and the Company will be better able to offer advanced services like high-performance point-to-point and multi-point Ethernet services and cloud-based managed services to enterprises. Additionally, the transaction will combine complementary advertising platforms and channels and allow Comcast to offer broader and more valuable packages to national advertisers.

Through the merger, Comcast will acquire Time Warner Cable’s approximately 11 million managed subscribers. In order to reduce competitive concerns, Comcast is prepared to divest systems serving approximately 3 million managed subscribers. As such, Comcast will, through the acquisition and management of Time Warner Cable systems, net approximately 8 million managed subscribers in this transaction. This will bring Comcast’s managed subscriber total to approximately 30 million. Following the transaction, Comcast’s share of managed subscribers will remain below 30 percent of the total number of MVPD subscribers in the U.S. and will be essentially equivalent to Comcast Cable’s subscriber share after its completion of both the 2002 AT&T Broadband transaction and the 2006 Adelphia transaction.

The companies said the merger agreement between Comcast and Time Warner Cable is subject to shareholder approval at both companies and regulatory review and other customary conditions and is expected to close by the end of 2014.

J.P. Morgan, Paul J. Taubman, and Barclays Plc acted as financial advisors to Comcast and Davis Polk & Wardwell LLP and Willkie Farr & Gallagher LLP are its legal advisors. Morgan Stanley, Allen & Company, Citigroup and Centerview Partners are financial advisors to Time Warner Cable and its Board of Directors, and Paul, Weiss, Rifkind, Wharton & Garrison LLP and Skadden, Arps, Slate, Meagher & Flom LLP are legal advisors.

Teleconference and Webcast for Financial Community

Comcast and Time Warner Cable will host a conference call with the financial community on Thursday, February 13, 2014, at 8:30 a.m. Eastern Time (ET) to discuss this announcement. The conference call will be broadcast live via the companies’ Investor Relations websites at www.cmcsa.com and www.twc.com/investors. Those interested in participating via telephone should dial (800) 263-8495 with the conference ID number 22627319. A replay of the call will be available starting at 12:30 p.m. ET on February 13, 2014, on the companies’ Investor Relations websites or by telephone. To access the telephone replay, dial (855) 859-2056 with the conference ID number 22627319.

Teleconference for Journalists

Comcast and Time Warner Cable will also host a conference call with journalists on Thursday, February 13, 2014, at 9:45 a.m. Eastern Time (ET) to discuss this announcement. Journalists interested in participating in the call should dial (888) 290-8622 with the conference ID number 29882449. A replay of the call will be available starting at 1:30 PM (ET) on February 13, 2014. To access the telephone replay, dial (800) 585-8367 with the conference ID number 29882449.

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About Comcast Corporation

Comcast Corporation (Nasdaq: CMCSA, CMCSK) is a global media and technology company with two primary businesses, Comcast Cable and NBCUniversal. Comcast Cable is the nation’s largest video, high-speed Internet and phone provider to residential customers under the XFINITY brand and also provides these services to businesses. NBCUniversal operates 30 news, entertainment and sports cable networks, the NBC and Telemundo broadcast networks, television production operations, television station groups, Universal Pictures and Universal Parks and Resorts. Visit www.comcastcorporation.com for more information.

About Time Warner Cable

Time Warner Cable Inc. (NYSE:TWC) is among the largest providers of video, high-speed data and voice services in the United States, connecting 15 million customers to entertainment, information and each other. Time Warner Cable Business Class offers data, video and voice services to businesses of all sizes, cell tower backhaul services to wireless carriers and enterprise-class, cloud-enabled hosting, managed applications and services. Time Warner Cable Media, the advertising arm of Time Warner Cable, offers national, regional and local companies innovative advertising solutions. More information about the services of Time Warner Cable is available at www.twc.com, www.twcbc.com and www.twcmedia.com.

Media Contacts

Comcast:

D’Arcy Rudnay, (215) 286-8582
John Demming, (215) 286-8011

Time Warner Cable:

Ellen East, (212) 364-8228
Susan Leepson, (212) 364-8281
Bobby Amirshahi, (212) 364-8292

Investor Contacts

Comcast:

Jason S. Armstrong, (215) 286-7972
Jane B. Kearns, (215) 286-4794

Time Warner Cable:

Tom Robey, (212) 364-8218
Laraine Mancini, (212) 364-8202

Important Information For Investors And Shareholders

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed transaction between Comcast Corporation (“Comcast”) and Time Warner Cable Inc. (“Time Warner Cable”), Comcast and Time Warner Cable will file relevant materials with the Securities and Exchange Commission (the “SEC”), including a Comcast registration statement on Form S-4 that will include a joint proxy statement of Comcast and Time Warner Cable that also constitutes a prospectus of Comcast, and a definitive joint proxy statement/prospectus will be mailed to shareholders of Comcast and Time Warner Cable. INVESTORS AND SECURITY HOLDERS OF COMCAST AND TIME WARNER CABLE ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by Comcast or Time Warner Cable through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by Comcast will be available free of charge on Comcast’s website at http://cmcsa.com or by contacting Comcast’s Investor Relations Department at 866-281-2100. Copies of the documents filed with the SEC by Time Warner Cable will be available free of charge on Time Warner Cable’s website at http://ir.timewarnercable.com or by contacting Time Warner Cable’s Investor Relations Department at 877-446-3689.
Comcast, Time Warner Cable, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Time Warner Cable is set forth in its Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with the SEC on February 15, 2013, its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on April 4, 2013, and its Current Reports on Form 8-K filed with the SEC on April 30, 2013, July 29, 2013 and December 6, 2013. Information about the directors and executive officers of Comcast is set forth in its Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on February 12, 2014, its proxy statement for its 2013 annual meeting of stockholders, which was filed with the SEC on April 5, 2013, and its Current Reports on Form 8-K filed with the SEC on July 24, 2013 and August 16, 2013. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication regarding the proposed acquisition of Time Warner Cable by Comcast, including any statements regarding the expected timetable for completing the transaction, benefits and synergies of the transaction, future opportunities for the combined company and products, and any other statements regarding Comcast’s and Time Warner Cable’s future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are “forward-looking” statements made within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often, but not always, made through the use of words or phrases such as “may,” “believe,” “anticipate,” “could,” “should,” “intend,” “plan,” “will,” “expect(s),” “estimate(s),” “project(s),” “forecast(s),” “positioned,” “strategy,” “outlook” and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the timing to consummate the proposed transaction; the risk that a condition to closing of the proposed transaction may not be satisfied; the risk that a regulatory approval that may be required for the proposed transaction is not obtained or is obtained subject to conditions that are not anticipated; Comcast’s ability to achieve the synergies and value creation contemplated by the proposed transaction; Comcast’s ability to promptly, efficiently and effectively integrate Time Warner Cable’s operations into those of Comcast; and the diversion of management time on transaction-related issues. Additional information concerning these and other factors can be found in Comcast’s and Time Warner Cable’s respective filings with the SEC, including Comcast’s and Time Warner Cable’s most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Comcast and Time Warner Cable assume no obligation to update any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.
COMCAST AND TIME WARNER CABLE TRANSACTION FACT SHEET

Deal Structure

- Comcast and Time Warner Cable have reached a friendly agreement pursuant to which Comcast will merge with Time Warner Cable and acquire its approximately 11 million managed subscribers. In order to reduce competitive concerns, Comcast is prepared to divest systems serving approximately 3 million managed subscribers. In addition, Comcast will acquire DukeNet Communications and Time Warner Cable’s two regional sports networks in Los Angeles, its 26.8% stake of Sterling Entertainment Enterprises, LLC (doing business as SportsNet New York), and its 52 news and local programming channels, including Time Warner Cable News NY1 in New York City. Comcast will acquire these assets in a stock for stock transaction in which Comcast will acquire 100 percent of Time Warner Cable's 284.9 million shares outstanding for shares of CMCSA amounting to approximately $45.2 billion in equity value.

- This transaction will create a world-class technology and media company, differentiated by its ability to deliver ground-breaking products on a superior network while leveraging a national platform to create operating efficiencies and economies of scale. The exciting, pro-consumer benefits of creating this new company are what led Time Warner Cable and Comcast to enter into discussions, and what led shareholders of both companies to encourage this combination. This transaction is, and will be determined to be, pro-consumer, pro-competitive, strongly in the public interest, and approvable.

- Post divestiture, Comcast will, through the acquisition and management of Time Warner Cable systems, net approximately 8 million managed subscribers in this transaction. This will bring Comcast's managed subscriber total to approximately 30 million. Following the transaction, Comcast’s share of managed subscribers will remain below 30 percent of the total number of MVPD subscribers in the U.S. and will be essentially equivalent to Comcast Cable’s subscriber share after its completion of both the 2002 AT&T Broadband transaction and the 2006 Adelphia transaction.

Combination Advantages

- **Deployment and Development of Advanced Services:** This transaction will result in the accelerated deployment of Comcast's advanced technology and the development of new and innovative products and services. Comcast's subscribers today have access to the most comprehensive video experience, no matter how or where they want to watch their favorite content. Subscribers to Time Warner Cable will benefit from Comcast's best-in-class technology and services, such as the X1 Entertainment Operating System and Comcast's VOD platform which provides 50,000 choices on TV and averages 400 million views each month (32 billion views since VOD's 2003 launch). Comcast also offers 300,000 plus streaming choices on XfinityTV.com, and Xfinity TV mobile apps that offer 35 live streaming channels plus the ability to download to watch offline later. Time Warner Cable subscribers will also benefit from Comcast's newly launched X1 DVR, which enables customers to watch their entire TV channel lineup and DVR recordings on mobile devices in the home, and download recorded content to take on-the-go. These subscribers will also benefit from higher broadband speeds and the fastest in-home Wi-Fi, as well as from improved reliability of service. Comcast has been laser focused on improving customer service and the customer experience and has become the industry leader in service reliability.
• **Benefits of Scale:** The transaction will generate significant cost savings and other efficiencies, which will ultimately benefit customers. Scale enables better customer experiences as demonstrated by Comcast. Comcast’s scale has enabled the company to create industry leading products like the X1 Entertainment Operating System, increased Internet speeds, comprehensive communications and digital phone products and features, and home management. The national scale created by this merger will improve Comcast’s ability to compete against its national competitors like DirecTV and DISH, as well as telcos like Verizon and AT&T.

• **Broadband Market Benefits:** Comcast is a technology leader in broadband and customers will benefit from its commitment to invest in its high-speed data services. Comcast has increased Internet speeds 12 times in the past 12 years across its entire footprint, and led the industry in the deployment of DOCSIS 3.0. Additionally, Comcast has invested tens of billions of dollars in its network and continues to invest in it, which will bring more deployment, more adoption, and more competition to the broadband market. Comcast will be investing hundreds of millions of dollars annually to improve Time Warner Cable’s networks, which will bring significant benefits to Time Warner Cable customers, including higher speeds and greater reliability. According to the FCC and industry sources, Comcast's broadband speeds are consistently higher than Time Warner Cable's. Comcast offers speeds of up to 505 mbps in the Northeast and up to 105 mbps nationally. Time Warner Cable offers up to 50 mbps in most locations and up to 100 mbps in select areas.

• **Benefits for Enterprise Customers:** This transaction will allow Comcast increased ability to offer advanced services, like high-performance point-to-point and multi-point Ethernet services with the capacity to deliver cloud computing, to small and medium-size businesses, as well as backhaul services to wireless carriers. In addition, Comcast will be able to bring to Time Warner Cable business customers enhancements to their package of services that Time Warner Cable does not offer (e.g., hosted voice). Many of the cable systems being acquired by Comcast “fill-in” gaps in our existing service area and add service areas in New York City and Los Angeles. This transaction will be particularly meaningful to super regional businesses (in the NYC, LA, and other markets) with facilities or offices that span both the Comcast and Time Warner footprint. Until now, these regional businesses have not been able to benefit from seamless products and services and previously may have had two accounts. This transaction will provide many operational and cost efficiencies to these businesses. The new additional markets will also allow for synergies and enhanced investment returns, thereby promoting further development of these competitive services.

• **Benefits in Advertising:** The transaction will combine complementary advertising platforms and channels and allow Comcast to offer broader and more valuable packages to advertisers. This is especially true in the very competitive and uniquely important New York advertising market. By having additional cable systems in additional markets, Comcast would be a more formidable competitor to national advertising outlets, like national cable networks, online ads, satellite operators, etc.

• **Competitive Benefits:** This transaction would lead to the creation of a leading technology and innovation company that will provide exciting consumer benefits and sufficient scale to improve competition between Comcast and more national competitors and in the business and advertising markets. Comcast and Time Warner Cable do not compete to serve customers – either for video, high-speed Internet, or voice services. Instead, they serve distinct geographic footprints. This absence of horizontal overlap in local markets means that the transaction will not harm competition or reduce consumers’ choice in any way. And, there will be no impact on the competitiveness of other MVPDs, including DirecTV, DISH, Verizon, AT&T, and other cable companies, because they will still be competing with the same number of competitors in each market in which they operate.

**Financially Accretrive**

• The agreement is a friendly, stock-for-stock transaction in which Comcast will acquire 100 percent of Time Warner Cable’s 284.9 million shares outstanding for shares of CMCSA amounting to approximately $45.2 billion in equity value.
Each Time Warner Cable share will be exchanged for 2.875 shares of CMCSA, equal to Time Warner Cable shareholders owning approximately 23 percent of Comcast’s common stock, with a value to Time Warner Cable shareholders of approximately $158.82 per share based on the last closing price of Comcast shares.

The transaction will be accretive to free cash flow per share beginning in year one while preserving balance sheet strength.

Meaningful operating efficiencies beginning in year one. Run-rate synergies will be roughly $1.5 billion in operating expenditures and $400 million in capital expenditures. Target for realizing full synergy impact is three years from closing but we believe it will be front loaded with 50% in year one.

The merger will be tax free to Time Warner Cable shareholders.

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PUBLIC INTEREST BENEFITS SUMMARY

Comcast’s merger with Time Warner Cable will ensure that a responsible and committed steward delivers advanced video and high-speed data services and innovation to these customers. The proposed transaction is pro-consumer, pro-competitive, strongly in the public interest, and approvable. It will deliver better services and technology to Time Warner Cable’s subscribers and result in no reduction of choice for consumers. Following the acquisition and possible divestiture of some subscribers, Comcast subscribers will represent essentially the same share of nationwide MVPD subscribers as Comcast’s shares following the Adelphia and AT&T Broadband transactions in a much more competitive and dynamic marketplace. This transaction will create a world-class technology and media company, differentiated by its ability to deliver ground-breaking products on a superior network while leveraging a national platform to create operating efficiencies and economies of scale.

- **Transaction Overview**
  - Comcast will merge with Time Warner Cable in a stock-for-stock transaction in which Comcast will acquire 100 percent of Time Warner Cable’s 284.9 million shares outstanding for shares of CMCSA amounting to approximately $45.2 billion in equity value. This is a friendly transaction that will create a leading technology and innovation company with a national reach. It will provide exciting consumer benefits and sufficient scale to improve competition between Comcast and national competitors, and bring greater competition to the business and advertising markets.
  - Comcast is prepared to divest cable systems serving approximately 3 million managed subscribers.
  - Following the acquisition and divestitures, Comcast will gain roughly 8 million subscribers, bringing Comcast’s managed subscriber total to approximately 30 million. The share of the total number of MVPD subscribers in the U.S. represented by Comcast-managed subscribers will be below the FCC’s 30% ownership cap that was vacated by the D.C. Circuit.
  - Comcast and Time Warner Cable shareholders have both strongly advocated for this transaction because of the exciting prospects of combining the two companies, including the unique opportunity it presents to create a pro-consumer cable competitor.

- **Comcast’s merger with Time Warner Cable is pro-consumer, pro-competitive, and will generate substantial public interest benefits**
  - Comcast is a technology leader in broadband, so customers will benefit from its commitment to invest in its high-speed data services.
    - Comcast has increased Internet speeds 12 times in the past 12 years across its entire footprint.
    - Comcast led the industry in the deployment of DOCSIS 3.0.
    - Additionally, Comcast has invested tens of billions of dollars in its network and continues to invest in it. Comcast will be investing hundreds of millions of dollars annually to improve Time Warner Cable’s networks, which will bring significant benefits to Time Warner Cable customers, including higher Internet speeds and greater reliability.
    - According to the FCC and industry sources, Comcast’s broadband speeds are consistently higher than Time Warner Cable’s. Comcast offers speeds of up to 505 mbps in the Northeast and up to 105 mbps nationally. Time Warner Cable offers up to 50 mbps in most locations and up to 100 mbps in select areas. As a result, subscribers to the cable systems acquired by Comcast will receive more consistently fast HSD service.
    - The proposed transaction will create economies of scale that will facilitate even greater investment in broadband deployment, adoption, speeds, and competition.
  - Comcast’s merger with Time Warner Cable will also result in the accelerated deployment of advanced technology and the development of new and innovative products and services for millions of customers.
    - Comcast’s subscribers today have access to the most comprehensive video experience, no matter how or where they want to watch their favorite content.
    - Subscribers to Time Warner Cable will benefit from Comcast’s best-in-class technology and services, including accelerated deployment of advanced technology such as the X1 Entertainment Operating System and Comcast’s VOD platform which provides 50,000 choices on TV and averages 400 million views each month (32 billion views since VOD’s 2003 launch). Comcast also offers 300,000 plus streaming choices on XfinityTV.com, and Xfinity TV mobile apps that offer 35 live streaming channels plus the ability to download to watch offline later.
    - Time Warner Cable subscribers will also benefit from Comcast’s newly launched X1 DVR, which enables customers to watch their entire TV channel lineup and DVR recordings on mobile devices in the home, and download recorded content to take on-the-go.
• Time Warner Cable subscribers will also benefit from improved reliability of service. Comcast has been laser focused on improving customer service and the customer experience and has become the industry leader in service reliability.

• Comcast is also leading the industry in digital implementation. It has already completed its transition to an all-digital platform, and the transaction will hasten Time Warner Cable’s all-digital migration, which is presently only about 17% complete. (Source: SNL Kagan) This will lead to more high-definition content, more VOD offerings, higher broadband speeds, and other new services and consumer benefits.

• Comcast offers a more robust TV Everywhere experience to its subscribers.

• Additional consumer benefits arise from the automatic application of certain NBCUniversal Conditions to the cable systems and related assets acquired from Time Warner Cable.

• The FCC’s Open Internet protections will be extended to millions of additional broadband customers, irrespective of whether the FCC re-establishes such protections for other industry participants. Thus, unlike all other broadband subscribers in the country, the new company’s broadband customers will enjoy the protections of the no blocking and non-discrimination rules that were put in place by the FCC, notwithstanding the action by the DC Circuit Court of Appeals vacating those rules.

• Affordable standalone broadband service will be made available and marketed in the acquired systems.

• Protections for online video distributors will extend to Time Warner Cable content.

• MVPDs, as well as OVDs, will continue to have defined rights to arbitrate for NBCUniversal programming, which will also include the modest additional controlled programming assets that Comcast acquires from Time Warner Cable.

• More cable systems and communities will benefit from the public interest commitments in the NBCUniversal transaction – diversity, localism, broadband adoption.

• Broadcast stations in the acquired markets will have greater protection in their retransmission consent negotiations with Comcast in the acquired systems.

  o The merger will increase Comcast’s ability to offer advanced services, like high-performance point-to-point and multi-point Ethernet services with the capacity to deliver cloud computing, to small and medium-sized businesses, as well as backhaul services to wireless carriers, and to be a better competitor in the market to deliver such services.

  o In addition, Comcast will be able to bring to Time Warner Cable business customers enhancements to their package of services that Time Warner Cable does not offer (e.g., hosted voice).

  o This transaction will be particularly meaningful to super regional businesses (in greater New York South Carolina, and other markets) with facilities or offices that span both the Comcast and Time Warner Cable footprints. Until now, these regional businesses have not been able to benefit from seamless products and services and previously may have had two accounts. This transaction will provide many operational and cost efficiencies to these businesses.

  o The merger will generate significant cost savings and other efficiencies, which will ultimately benefit customers.

  o The merger will combine complementary advertising platforms and channels and allow Comcast to offer broader and more valuable packages to advertisers, making it a more formidable competitor to national advertising outlets.

  o The national scale created by this merger will improve Comcast’s ability to compete against its national competitors like DirecTV and DISH, as well as telcos like Verizon and AT&T.

• The proposed transaction will not reduce competition in any relevant market, and the MVPD marketplace is more competitive now than ever before

  o Because Comcast and Time Warner Cable do not currently compete to serve customers, there will be no change in market share in local markets for video, high-speed data, and voice. And, there will be no impact on the competitiveness of other MVPDs, including DirecTV, DISH, Verizon, AT&T, and other cable companies, because they will still be competing with the same number of competitors in each market in which they operate. This absence of horizontal overlap means that the transaction will not harm competition or reduce consumers’ choice in any way.

  o Today, the MVPD market is even more competitive than it was when the AT&T Broadband and Adelphia transactions were approved by regulators.

  • Satellite companies have taken share from traditional cable companies, and the vigorous new entrants like Verizon FiOS and AT&T U-verse have also entered the video and broadband space. Google has also introduced Google Fiber in a number of markets across the country.
• Since 2005, satellite subscribers have grown by 7.0 million subscribers; telco subscribers have grown by 10.7 million subscribers; while cable subscribers have declined by 10.4 million subscribers. (Source: SNL Kagan)

• A number of online businesses like Apple, Google, Amazon, Hulu, Netflix, and a host of smaller companies are entering the online video space and trying to position themselves as competitors. While we view online businesses as complementary to our business, previous antitrust concerns about further cable consolidation are truly antiquated in light of today’s marketplace realities.

• Courts have recognized that Comcast is not a “bottleneck” for video programming given the emergence of vigorous competition in the MVPD marketplace over the last decade.

• Moreover, many of the systems that Comcast is acquiring from Time Warner Cable (including the largest ones in NYC and LA) are in highly competitive local MVPD markets.
  o There will be only a very limited addition to Comcast’s programming assets.
  o There is a wide array of FCC and antitrust rules and conditions from the NBCUniversal transaction in place that more than adequately address any potential vertical foreclosure concerns in the area of video programming.

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“forecast(s)”, “positioned,” “strategy,” “outlook” and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the timing to consummate the proposed transaction; the risk that a condition to closing of the proposed transaction may not be satisfied; the risk that a regulatory approval that may be required for the proposed transaction is not obtained or is obtained subject to conditions that are not anticipated; Comcast’s ability to achieve the synergies and value creation contemplated by the proposed transaction; Comcast’s ability to promptly, efficiently and effectively integrate Time Warner Cable’s operations into those of Comcast; and the diversion of management time on transaction-related issues. Additional information concerning these and other factors can be found in Comcast’s and Time Warner Cable’s respective filings with the SEC, including Comcast’s and Time Warner Cable’s most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Comcast and Time Warner Cable assume no obligation to update any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.
MEMORANDUM

FROM: David L. Cohen

RE: Comcast/Time Warner Cable Announcement

DATE: February 13, 2014

This morning, Comcast and Time Warner Cable announced a transaction that will combine the cable assets of Time Warner Cable with those of Comcast. This is a friendly transaction, forged in a dynamic and robustly competitive landscape. The transaction is strongly pro-competitive and is firmly in the public interest. The details of the transaction are summarized in the accompanying press release and fact sheet.

As a company that is focused on driving innovation and responding to an intensely competitive environment with superior value and service, Comcast is excited to have the opportunity to manage these assets and bring the benefits of Comcast’s industry-leading technology, user experience, and broadband service to millions of additional customers. It was just these exciting possibilities that led to the discussions between Time Warner Cable and Comcast and to the suggestion by many of our shareholders that we pursue a transaction to create this new company with such great promise for our customers and shareholders.

With this acquisition, Comcast intends to build on our extraordinarily successful acquisition of NBCUniversal, and our unparalleled record of keeping our promises to bring new benefits to consumers in prior acquisitions.

While we believe that this transaction is, and will be determined to be, pro-competitive, pro-consumer, and strongly in the public interest when we make our case and seek approval from federal regulators, we recognize that certain competitive concerns might be raised about consolidation of these assets under one roof.

But we strongly believe that these competitive concerns are already addressed, not only by the highly competitive marketplace in which the new company will vigorously compete for subscribers, but also by existing rules and regulations, as well as the binding conditions and requirements already in place as a result of the approval of the Comcast/NBCUniversal transaction. Several of these conditions will automatically extend to the acquired systems upon the approval and consummation of this transaction, and they ensure substantial protections and benefits, including:

- Broadcast stations in the acquired markets will have greater protections in their retransmission consent negotiations with the acquired systems. Among other things, NBC affiliate market integrity in these markets would be protected, and Comcast's...
negotiations with broadcast stations would be without influence by NBCUniversal's retransmission consent or affiliate negotiations.

- PEG channels would be protected from migration to digital in the acquired systems that are not yet all-digital (unless otherwise agreed by the LFA), and would be protected from material degradation.

- The FCC’s Open Internet protections will be extended to millions of additional broadband customers, irrespective of whether the FCC re-establishes such protections for other industry participants. Thus, unlike all other broadband subscribers in the country, the new company's broadband customers will enjoy the enforceable protections of the no blocking and non-discrimination rules that were put in place by the FCC, notwithstanding the action by the DC Circuit Court of Appeals vacating those rules.

- Affordable standalone broadband service will be made available and marketed in the acquired systems.

- The acquired systems’ broadband service will be upgraded to meet minimum speeds in all DOCSIS 3.0 markets.

- The acquired programming networks from Time Warner Cable that Comcast will control post-closing – though modest – will be subject to the Comcast/NBCUniversal program access framework. As a result, MVPDs would have the right to include these programming networks in an arbitration demand in appropriate circumstances, and the acquired RSNs would be subject to standalone arbitration as an alternative remedy to the FCC’s program access rules.

- OVDs could demand (and if necessary, arbitrate over) these newly acquired networks if the OVDs meet the relevant criteria. In addition, the acquired systems would be subject to prohibitions against practices that unduly influence or unfairly limit the provision of the acquired programming to OVDs.

- Finally, the FCC would have significant data at its disposal as to these and other requirements as a result of the company's required Annual Compliance Reporting.

The inherent benefits of this combination, together with these and other automatic protections and guarantees, should be more than sufficient to allay any concerns that this transaction is not in the public interest. Yet Comcast is prepared to do more. Below, we outline a few of the key undertakings we intend to include and expand upon in our public interest filing with the Federal Communications Commission and with the relevant antitrust agency as appropriate. We look forward to the opportunity to make our case to the agencies in detail in the near future.

1. Comcast is prepared to divest systems totaling approximately 3 million subscribers, such that Comcast’s managed systems will serve residential subscribers at a level below the FCC’s vacated horizontal ownership limit of 30 percent of all national multichannel video programming subscribers. In a far less competitive market than today, the Court
of Appeals twice did not accept 30 percent as a reasonable limit on a single cable company’s size. In today’s market, with national telephone and satellite competitors growing substantially, with Google having launched its 1 GB Google Fiber offering in a number of markets across the country, and consumers having more choice of pay TV providers than ever before, Comcast believes that there can be no justification for denying the company the additional scale that will help it compete more effectively.

2. Comcast is prepared to extend certain commitments it made in the NBCUniversal transaction to the acquired systems, including:

- Extending Comcast's commitment to making available diverse, local news, and children's programming on various platforms in the cable systems we are acquiring from Time Warner Cable; and
- Extending to the acquired systems Comcast’s guaranteed carriage of non-commercial educational stations that have must-carry rights and have relinquished their broadcast spectrum.

3. Comcast is also prepared to build upon its very successful program for broadband adoption, by extending our industry-leading broadband adoption and digital literacy programs to low-income subscribers in the acquired systems.

4. And Comcast is prepared to extend its best-in-class diversity program to the acquired Time Warner Cable systems, covering diversity in employment, supplier diversity, programming diversity, and community investment diversity.

We are glad to have the opportunity to share our news with you, and we invite your questions or comments.

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MEMORANDUM

To: MACTA Board of Directors

From: Sarah Psick
     Joe Bagnoli

Date: February 11, 2014

Re: 2014 Legislative Preview

2014 Legislative Session Preview

The 2014 Legislative Session will convene on February 25, one of the latest starts in recent memory, and for the first time in years, the state is projected to have a budget surplus. Changes in forecasted general fund revenue and expenditures for the current biennium have increased the projected balance for FY 2014-2015 from $47 million to $1.086 billion. As in recent forecasts, current law requires any forecast balance to be used to repay K-12 shifts. The first $246 million of the balance will be used to complete repayment of the K-12 school property tax recognition shift. Additionally, $15 million is transferred to the state airports fund, restoring money originally borrowed in 2008. This forecast completes repayment of the accounting shift from prior years, leaving a forecast balance of $825 million. A second budget forecast will be released at the end of February, 2014 which will guide budget decisions for the Governor and Legislature.

The 2014 legislative session is a traditional bonding cycle. Typically, the Legislature adopts the state budget in an odd-numbered year and passes a bonding bill during the even-numbered year. The size of the bonding bill is always a point of contention and will be again this session. Governor Dayton has proposed a $986 million bonding bill. Included in the Governor’s recommendations is $233 million for higher education, $104 million for downtown areas and regional centers statewide, $126 million for State Capitol renovation, $79 million for transportation infrastructure, $50 million for affordable housing, $54.6 million for natural resources projects, $70.7 million for clean drinking water and wastewater treatment projects, and $56.3 million for remodeling of the Minnesota Security Hospital in St. Peter. The House and Senate Capital Investment Committees have been touring the state to learn more about these
projects during the summer and fall. The Legislature will begin assembling their bonding bills when the session convenes.

Governor Dayton has called upon the Legislature to make the 2014 session the “Unsession”. He has asked his administration, members of the legislature and the public to pull together ideas to “make government better, faster, simpler and more efficient for people”. Additionally, a number of other issues will be in play this session: repeal of three business-to-business sales taxes which were passed last session, increasing the minimum wage, increased transportation funding, anti-bulling legislation, pay increases for those who work with the developmentally disabled and proposals to increase the state’s budget reserve account. The outcome of these issues, the overall mix of bonding bill projects and the size of the bill will be interconnected as the session moves forward.

By law, the Legislative session must end on May 19, 2014.

MACTA Specific Legislative Issues

MACTA Day at the Capitol  Mark your calendar and plan to attend the annual MACTA Day at the Capitol on Wednesday, March 19, 2014. The day will begin at 9:00 a.m. at the League of Minnesota Cities with updates on both state and federal issues, invited speakers and networking. Following lunch, attendees are encouraged to meet with and interview local legislators at the Capitol.

Telecommunications Regulatory Reform Legislation  The Minnesota Telephone Association (MTA) has introduced legislation (HF 985/SF 584) intended to reform the regulatory arena and to create a more level playing field among telecommunications providers. However, the Minnesota Department of Commerce has expressed concerns that “modernizing” and regulatory reform should not lead to complete deregulation. Others have expressed concern that consumer protections be maintained and protected as the bill moves forward. MACTA will be engaged to ensure that the statutes providing local government control of the rights-of-way for cable are not diluted.

Telecommunications Sales Tax Repeal  During the 2013 Legislative Session, the Legislature removed the sales tax exemption on telecommunications capital equipment. This is one of the three business-to-business sales taxes that many organizations are seeking to repeal early next session using some of the forecasted budget surplus. The telecommunications equipment repeal would cost $66 million in general fund expense. Supporters of the repeal contend that implementation of the sales tax will slow broadband deployment and investment across the state. The repeal of this tax is supported by the Minnesota Cable Communications Association, Minnesota Telephone Association, wireless providers, CenturyLink, the Minnesota High Tech Association, and the Governor’s Broadband Task Force. The Governor and legislative leaders in the Minnesota House have expressed support for the repeal of the three business-to-business sales taxes – provided that the current budget surplus remains or grows after the February budget forecast. The Senate’s legislative leaders have not publicly expressed support for the repeal have expressed concern that repealing the taxes could hurt future budget forecasts.
Governor’s Broadband Task Force — The Governor’s Broadband Task Force issued its annual report to the Legislature in late January. Legislative recommendations from the Task Force include:

- Restore the sales tax exemption on central office equipment (telecommunications equipment).
- Continue the Connect Minnesota mapping effort.
- Establish a broadband infrastructure grant fund.
- Identify and leverage existing economic development tools to provide adequate funding to help bridge the gap between what is financially feasible and the actual costs of providing broadband that meets the state goal.
- Create an Office of Broadband Development operating fund to promote broadband adoption and use.

The Task Force also highlighted three additional recommendations for consideration:

- Increase funding for the Telecommunications/Internet Access Equity Aid per student funding amount as well as the Regional Library Telecommunications Aid (RLTA) program, encourage fiber construction and providing access to underserved populations.
- Minnesota Statute § 237 (telephone, telegraph and telecommunications law) should be reviewed due to changes in technology and many components of the law are obsolete.
- Explore creation of a state-based fund that would help pay for connectivity services for low-income populations.


Local Government Sales Tax Exemption — Last session, local governments were pleased when the legislature exempted them from paying the state’s sales tax on purchases made by cities and counties. This relief was something local governments had been seeking since 1992. However, the law has been interpreted to cover only cities and counties specifically and not joint powers entities created by groups of local units of government. This is affecting several MACTA members. The House Tax Committee Chair, Rep. Ann Lenczewski, has said that she is open to fixing the law and feels it was the legislature’s intention that all instrumentalities of local units of government would qualify. The Senate Tax Chair, Sen. Rod Skoe, is more hesitant and has not committed to any changes in the tax law. The Department of Revenue estimates it will cost about $25 million for allow joint powers arrangements to qualify for the sales tax exemption. The Senate Tax Reform Committee will be holding a hearing early in the session to examine this issue.
Sen. Al Franken (D-Minn.) told regulators this week that Comcast’s history of violating merger commitments “raises serious questions” about whether the company's proposed acquisition of Time Warner Cable will benefit consumers.

The Federal Communications Commission is considering whether to approve Comcast's $45 billion purchase of its smaller rival. The deal would unite the two biggest cable operators in the country and give Comcast greater control over broadcast, cable television and high-speed Internet networks.

Comcast says the deal would not hurt consumers because the two companies do not compete in the same markets. But consumer groups say the merger would give Comcast too much power, stifling potential competition and eventually leading to higher prices.

Before approving mergers, regulators must decide whether the deals are in the public's benefit, and often extract promises from companies that they'll take steps to benefit consumers, like extending high-speed Internet service to underserved communities or promising not to favor their services over those of competitors.
But in a letter this week to FCC Chairman Tom Wheeler, Franken said Comcast has “a history of breaching its legal obligations to consumers,” including pledges the company made to win regulatory approval for its 2011 merger with NBC Universal, the television and movie production company.

As one example, Franken cited Comcast’s settlement with the FCC in 2012 after the company failed to aggressively market its $50-a-month standalone Internet service, a condition of the NBC Universal merger. The FCC imposed that condition to ensure the company did not force customers to buy bundled services if they only wanted high-speed Internet.

Franken also alleged Comcast violated net neutrality rules the company was required to follow as part of the NBC Universal deal. Net neutrality rules are meant to prevent Internet providers like Comcast from discriminating against certain Internet content, like charging to stream some online services faster than others.

In 2012, the consumer group Public Knowledge filed a petition with the FCC alleging Comcast violated those rules when the company introduced customer data caps and then said use of its online video service, Xfinity TV On Demand, would not count toward those caps.

The FCC has not ruled on the consumer group’s petition. In January, a federal appeals court overturned net neutrality rules. Comcast later suspended data caps, but has resumed testing a tiered system that charges customers in some markets more for higher broadband use.

“Recent history, including Comcast’s adherence to the legal obligations it owes the public, should be taken into account when deciding whether to permit further consolidation in the cable and broadband networks,” Franken wrote.

In a statement, Comcast spokeswoman Sena Fitzmaurice said the company “is proud of our track-record on complying with the conditions from our past transactions including NBC Universal.”

“We’ve gone above and beyond in compliance with most conditions, including our low-income broadband program, the amount of local news programming and investment in local stations, the amount of on-demand programming, especially children’s programming, and many more areas,” Fitzmaurice said.

Indeed, Comcast has come through at times when it comes to its promises around major mergers. To win approval for the NBC Universal merger, Comcast pledged to offer broadband service for $10 a month and a laptop computer for less than $150 to eligible low-income families.
Last fall, Comcast Executive Vice President David L. Cohen announced the program, known as "Internet Essentials," had connected more than 1 million low-income Americans to broadband Internet in their homes.
Are Merger’s Politics Local?

By: Howard Homonoff Feb 17 2014 - 12:00am

The only real intrigue in the Comcast-Time Warner Cable deal is the speculation about the government regulatory approvals, but I think the media pundits are missing an important part of that picture.

We need to keep in mind the great adage from one of my early political heroes, “the Speakah,” Tip O’Neill, former Speaker of the U.S. House of Representatives in the 1970s and 1980s. He famously said, “All politics is local,” and that remains true today.

Remember that local franchising authorities must still approve the transfer of a cable franchise. Over time, federal and state law has taken some of the arrows out of the local franchising quiver, but this isn’t really about law — it’s about politics, and there the turf could still be complicated. You don’t have to look any further to see this than the two largest cities and media markets, New York and Los Angeles.

Comcast will be the dominant broadband provider in New York, the advertising industry’s hub and the home of a number of key media companies and executives from CBS to Time Warner Inc. to Viacom. The city has just elected an unapologetically liberal mayor, Bill DeBlasio, who seeks to alleviate income inequality and whose biggest single priority is a pre-kindergarten program that he hasn’t yet funded.

It’s not hard to imagine Comcast in a dialogue about broadband in the schools, enhanced emergency services (Hurricane Sandy is hardly a distant memory) and even its level of commitment to the beloved NY1 (which TWC once sought to rebrand as Time Warner Cable News). Remember — it’s about politics, not law. DeBlasio was once campaign manager for former Sen. Hillary Clinton. He may be just learning how to deploy the levers of power in New York, but he is certainly no newcomer to power politics.

L.A. has also elected a dynamic, young and progressive mayor in Eric Garcetti. Comcast has operated in the L.A. market before, but now with TWC becomes a far more powerful presence. And TWC has invested heavily in the market, especially in sports, forming new regional sports network partnerships with the revered Lakers and Dodgers. Will Comcast be willing to make the same extensive local investments as TWC? Garcetti hasn’t laid out as elaborate or ambitious an agenda as DeBlasio, but with his initiatives to enhance government efficiency and create “green” jobs already underway, it’s not hard to see how Comcast could be helpful to him and to L.A., and how the MSO might tap into that.

Every one of the cities, towns and counties that make up the proposed combination of Comcast-TWC have their own local stories, needs and important players. Of course, D.C. will have much to consider here — but it behooves all of us not to lightly dismiss O’Neill’s wisdom at a time like this.

Howard Homonoff is principal/ managing director of Homonoff Media Group, a management consulting firm focused on traditional and digital media content distribution, social media analytics and regulatory strategy.

Multi Channel News – February 17, 2014
Chicago: A Test of Comcast Merger Promises

The Chicago Committee on Finance will begin consideration of the 10-year renewal of Comcast’s cable franchise in Chicago at its March 4, 2014 meeting in City Hall. CAN TV, the organization I represent, was founded by Chicago cable ordinance 30 years ago as the most significant public benefit to come out of cable franchising. Since that time, thousands of Chicago groups and residents annually take advantage of training, facilities and channel time to create programs at CAN TV on health, job opportunities, arts initiatives, education issues, and more. In fact, more local programs are on CAN TV each week than on Chicago's broadcast stations combined.

CAN TV's future ability to serve the public will be determined by the outcome of the negotiations currently taking place between the City of Chicago and Comcast. It will be a clear indicator of Comcast’s commitment to the local community, particularly with the Time Warner merger deal now in the pipeline.

The February 21, 2014 New York Times reports on the significant influence Comcast wields through contributions and lobbying as it gears up for merger approval. Teeing up support from a wide variety of groups is part of that strategy. The Chicago franchise will be a test of Comcast’s commitment to the local community here.

Alliance for Community Media, the organization that represents public, educational and government (PEG) access centers nationwide released the following statement regarding Comcast’s proposed $45 billion merger with Time Warner.

Protect Existing Public Assets in Comcast Merger Deal
(Alliance for Community Media - February 18, 2014) The proposed acquisition of Time Warner Cable by Comcast is a clear threat to media localism and diversity. Public, educational and government (PEG) access centers are anchor organizations providing the public with training, facilities and channel time as part of the cable industry structure. A growing number of communities report that Comcast is cutting funding, taking back channels, and refusing to provide basic technical advancements like high definition (HD) carriage and VOD to the public.

According to the 2011 Analysis of Recent PEG Access Center Closures, Funding Cutbacks, and Related Threats prepared for Alliance for Communications Democracy with support from the Benton Foundation, "PEG Access Centers in at least 100 communities across the United States have been closed since 2005. A disproportionate number (93) exclusively served the public."

Of those 93 Centers that exclusively served the public, 49 of them were in Comcast communities. Despite Comcast’s assertion that "we have over-delivered on our public interest commitments," the evidence speaks for itself.

In an online statement about the proposed acquisition of Time Warner, Comcast lauds its "commitment to making available diverse, local news, and children’s programming on various platforms in the cable systems we are acquiring from Time Warner Cable." Those claims are put to the test in every local community that has to fight for the basic survival of PEG resources and channels. It is time for our regulators and legislators to take action to prevent Comcast from eroding the most valuable public asset that exists as a result of cable franchising.

For additional information please contact ACM Board of Directors representatives Alan Bushong (alan@cctvsalem.org) or Mark Monk (markfmonk@yahoo.com.)
Comcast Nation

Wit, Grit And Call From Sochi Seals TWC Deal for Largest U.S. Cable Operator
By: Mike Farrell Feb 17 2014 - 12:00am
Wit, Grit And Call From Sochi Seals TWC Deal for Largest U.S. Cable Operator

It all started with a call on the way to Sochi.

A day before he was to leave for the picturesque Russian resort, site of the XXII Olympic Winter Games, Comcast chairman and CEO Brian Roberts picked up the phone and dialed up Time Warner Cable chairman and CEO Rob Marcus.

“Are you still interested?” Roberts said to the TWC chairman, who was in the middle of an investor road show, according to several people familiar with the matter.

That question was the culmination of more than a year of informal talks — starting with former TWC chairman and CEO Glenn Britt — that set the wheels in motion for what became Comcast’s $45.2 billion all-stock offer for Time Warner Cable.

Roberts, according to people familiar with the transaction, put Michael Angelakis — his vice chairman, chief financial officer and chief deal-maker — in charge of hammering out what became a $158.82-per-share deal. Roberts kept tabs on its progress through calls to the deal bunker while he attended NBC employee functions at the Winter Olympics — which the Comcast-owned broadcaster is airing — as well as the opening ceremony and a hockey game.

What came out of those sessions will transform the pay television industry, creating a clear No. 1 leader and accelerating changes already roiling the ecosystem. The combined company, after planned divestitures, would have 30 million subscribers, far ahead of second-place DirecTV’s 20 million customers — and would solidify Roberts’s stature as the king of cable.

In an interview with Multichannel News last week, Marcus said a Comcast combination has always been attractive. “The concept of a combination [with Comcast] has been something I have found to be intriguing for quite awhile,” Marcus said. “I feel great about the deal. One of our significant shareholders called it a dream combination.”

Comcast’s offer easily trumped Charter Communications’ unsolicited $132.50-per-share bid for TWC Jan. 13. And it sends cable legend John Malone — who had spurred the recent consolidation frenzy last March when he purchased a 27% interest in Charter Communications — firmly to the sidelines.

The TWC deal, which including debt is valued at about $69 billion, is expected to be immediately accretive to free cash flow. It also maintains the combined company’s investment-grade credit rating, with a leverage ratio of about 2.3 times cash flow, including an estimated $1.5 billion in overhead, operating and capital-expenditure synergies.
Comcast Cable CEO Neil Smit, who will continue to run the combined cable operations, said on a conference call with analysts that while there could be some programming synergies, most of them will be in the form of eliminating duplication in fees and services, marketing, supply chain and network operations. He added that Comcast believes that more than 50% of those synergies can be achieved in the first year.

Comcast had started out as a possible ally to Charter in its attempt to take over the larger TWC. Back in January, Comcast was reported to be in early talks to purchase certain TWC systems in New York City, New England and the Carolinas from Charter after it had finalized its deal to acquire TWC. Those systems represented about 3 million customers.

Along the way, though, Comcast — which had been contacted by TWC earlier in the process about a possible merger — decided to take a more proactive approach.

“Things started to intensify over the last week,” said one person familiar with the negotiating process. “It became apparent that this could be an approvable deal.”

Sources confirmed reports that talks between Charter and Comcast turned sour about a week prior to its TWC announcement.

“Comcast didn’t like the way things were transpiring,” said one person familiar with the talks, adding that Comcast executives were wary of the effect a contentious proxy fight between Charter and TWC could have on the industry. Charter executives were put off by Comcast’s reluctance to contribute cash to the deal.

Once Comcast had decided to pursue TWC on its own, it was a relatively quick path to a signed agreement.

As part of that deal, TWC shareholders will receive 2.875 shares of Comcast stock for every TWC share they own, valuing the company at $158.82 per share, a 17% premium to its closing price on Feb. 12. That premium was quickly eroding on Feb. 13, as TWC shares soared on the news of the pending transaction, closing at $144.81, up 7% or $9.50 each. Comcast shares closed at $52.97 each (down 4%, or $2.28 per share) on Feb. 13 while Charter dipped to $128.91 per share, down 6.3% or $8.66 per share.

The deal values TWC at about 7.9 times 2014 cash flow, well in line with recent transactions.

While both sides exuded confidence, the deal is by no means a slam dunk. Despite Comcast’s optimism, the transaction still has to clear regulatory hurdles as it nears an expected year-end close. And although the deal has its skeptics — MoffettNathanson principal and senior analyst Craig Moffett wondered where the $1.5 billion in expected deal synergies would actually come from — on the surface it would seem both Comcast and TWC have come out on top.

TWC gets the price it wanted — Marcus had insisted his company was worth $160 per share — and the added bulk of Comcast. Comcast said it would divest about 3 million of TWC’s 11 million subscribers after the deal is closed, giving it a total of 30 million customers and reducing the combined company’s reach to under 30% of U.S. television households. That’s about the same market share Comcast had after its 2002 purchase of AT&T Broadband and its 2006 purchase of systems from Adelphia Communications, which it believes will bode well with regulators.

The added scale will help Comcast in its quest to license its X1 and X2 platforms to other operators — it is currently in talks with Cox Communications — and could facilitate other technological innovations.

The additional heft also allows Comcast to better compete against Internet giants like Google and online video outlets like Netflix, which has about 44 million subscribers worldwide. With 30 million customers, Comcast could justify paying more for programming rights for its own online video venture, Streampix.
Comcast customers will also gain access to TWC innovations such as “Start Over,” which allows customers to restart a live program in progress to the beginning, and “Look Back,” which allows customers to watch programs up to three days after they air live, all without a DVR.

The combined company’s advertising reach will be a force to be reckoned with. It will have operations in 19 of the 20 largest cities in the country, including New York, Los Angeles, San Francisco, Chicago, Miami and Dallas, and will generate a combined $86.8 billion in annual revenue, $29.4 billion in cash flow and $11.2 billion in free cash flow.

“It really is a one-of-a-kind combination,” Marcus said on a conference call with analysts.

For other operators, the deal could mean a continued move toward consolidation — Charter is expected to at least look at other possible deals. Whether the new cable giant will help or hinder escalating programming costs also remains to be seen.

Operationally, the combination could finally ease the hemorrhaging of video subscribers — TWC lost about 833,000 basic video customers in 2013. With improving subscriber metrics and a three-year operations plan in place, TWC could now accelerate those improvements exponentially.

Comcast has consistently improved basic video losses under the leadership of Smit. In the fourth quarter, the Philadelphia-based MSO reported its first three-month period of positive video-subscriber growth in 26 quarters, adding 43,000 basic-video customers. Its X1 platform has proven to be a catalyst for new products and services.

It also has a proven track record in effectively assimilating large acquisitions. It completed both its integrations of AT&T Broadband and Adelphia Communications years ahead of schedule. Roberts, however, was vague in terms of what he believes will be the next steps operationally for Comcast/TWC.

“The real answer is we go back to work,” Roberts said on the call. “Time Warner Cable will run Time Warner Cable.”

Multi Channel News – February 17, 2014
Here’s How Comcast Plans to Rule American Cable and Internet

- BY ART BRODSKY
- 03.10.14
- 2:26 PM

It’s been a little more than 100 years since this country witnessed an accumulation of economic power to rival what Comcast is assembling. Like the Gilded Age magnates who controlled oil and refining and leveraged their product with railroads, Comcast, the country’s largest cable company, is building a cash-generating machine that controls every aspect of its business.

In the 1890s and early 1900s, the Gilded Age magnates took advantage of the laissez-faire philosophy of the time. Today, even though there are in theory more safeguards, regulations, and guidelines to prevent such industrial consolidation, no one is even suggesting that they be used,
certainly not to an extent that will prevent a lot of damage. The prevailing view of what constitutes an abuse of power is too weak — and so are potential protections against such abuse.

Much of the news in the internet world has been taken up by the possible consequences of Comcast’s proposed $45 billion takeover of Time Warner Cable, the second-largest cable system. But the issues extend well beyond this deal. There’s also the recent Supreme Court decision that gives Comcast complete control over its TV channel lineup. And there’s the news that Netflix has decided to connect its broadband distribution to Comcast, paying for the privilege. Together, they portend a truly frightening future for both television and the internet.

Art Brodsky

Art Brodsky is a veteran journalist and advocate in Internet and telecommunications issues. He is now a communications consultant.

Controlling the Channels

Let’s start with the cable TV network, the core of Comcast’s business and the most pedestrian contrasted with the relative flash of high-speed Internet access. On February 24, the U.S. Supreme Court rejected Tennis Channel’s final legal gasp on a complaint against Comcast that was filed in 2010. That year, the Tennis Channel went to the Federal Communications Commission (FCC) and claimed discrimination because Comcast put the channel on a pay tier, where it would have fewer viewers, and thus a lower advertising base, than if it were on basic cable like the Golf Channel, which Comcast owns.

At the FCC, an administrative judge held extensive hearings and decided for Tennis Channel. The relevant FCC bureau held for Tennis Channel. And the Commission itself decided for Tennis Channel. Then Comcast went to the D.C. Circuit Court of Appeals, which more often than not takes the opportunity to knock around the FCC. The Appeals Court reversed the FCC, finding that Tennis
Channel's placement on a different programming tier wouldn't benefit Comcast. No harm (to Comcast at least), no foul.

There are a couple of lessons to take from the Tennis Channel experience that bear on the bigger picture. First, Comcast now has legal carte blanche to do whatever it wants on its channel lineup, including discriminating against independent programmers. That means if you want to start a channel on the country's biggest cable operator, you may have to agree to some special conditions, maybe even take on Comcast as an "investor."

Second, the more universal lesson that that small businesses are out there on their own. The government and its laws which exist in theory to protect them are, in practice, useless. Tennis Channel probably spent millions in legal fees, won every round they were supposed to win, and then lost. There is a reason only two complaints have been filed against Comcast. The other was from Bloomberg, which has deeper pockets than Comcast. Bloomberg wants its financial news channel to be put in the same "neighborhood" as other news channels like CNBC and MSNBC, which Comcast owns. Bloomberg thought that the wording of one of the conditions on which Comcast was able to gobble up NBC-Universal required a channel switch immediately. Bloomberg spent millions litigating the word “now” before the FCC agreed with the company, three years after Bloomberg filed its complaint. The matter is now pending in a Federal appeals court. These cases are the reasons that whenever anyone talks about putting conditions on an FCC-approved deal, they are basically wishing out loud. Big companies have more money and lawyers and will make mincemeat out of conditions, throwing more into it than most mortal companies can afford. Conditions only work when they are enforced, which is rarely. Senator Al Franken (D-MN) listed some of the conditions and lack of enforcement in a letter to the FCC. Conditions are window dressing.

Expanding the Empire

Once the channel guide is set, then the question becomes: who will get the service? The answer shows the utter futility of modern anti-trust law. The largest cable company, Comcast, wants to pay $45 billion to buy the second-largest, Time-Warner Cable. The combined company would span 70 million subscribers — about 40 percent of all broadband subscribers and 30 percent or so of cable subscribers — and it would have access to 19 out of the country's top 20 markets, including New York and Los Angeles, where Time Warner is the local cable company. However, the companies don't compete directly because each has its own service territory, and so it would be hard to say there would be lessened competition. That's the argument Comcast executives make to justify the deal.

That's also the theory that allowed telephone companies created after the breakup of AT&T to reassemble most of AT&T in two existing companies, except stronger than the old Ma Bell because of the profit-engine of wireless services. What the theory ignores is the enormous market power of a company with 30 million subscribers stretching across the country. The problem is acute for broadcasters. They have to negotiate terms with cable companies to get their channels on cable systems. When there is an impasse, and there have been many, the cable system simply drops the
TV network until there’s agreement. With Comcast in all but one of the top markets, its power to force terms on broadcasters will be considerable. There will be disruptions in ad sales as well.

The "competition" for wired Internet access has been over for a while, as Verizon and Comcast cut a deal. Comcast ditched plans to get into the wireless business and will sell Verizon wireless to customers. Verizon, in areas that don’t have FiOS, will recommend Comcast broadband. Will that continue in territories now served by Time Warner that would be gathered into the Comcast empire, like, say, New York City? Say what you will about wireless, it’s still not as robust a service as wired broadband services are.

That leads to the last building block.

**The Toll Plaza**

This is where the deal between Netflix and Comcast comes in. Comcast now will determine which program providers, like Netflix, have the privilege of paying extra to provide content their customers want. Big companies like Netflix, or other video providers, can afford those direct connections. Smaller, newer services can’t, and their growth will suffer.

The timing and the framing of the deal lead to any number of questions, but the conclusions seem fairly clear. First, look at the circumstances. For some reason, in the months prior to the deal, Netflix customers on Comcast and Verizon’s networks had been experiencing some very serious service issues. There can be many reasons for the degradation of picture or more frequent buffering, but remember on basic fact: consumers have paid for Netflix content twice already. They (we) pay once for the broadband service and another time for a Netflix subscription.

Every bit that goes over the network has been requested by a customer. This isn’t Netflix pushing traffic. It’s Netflix responding to customer demand. If you look at it that way, then the “agreement” between Netflix and Comcast becomes a little more interesting. Netflix will pay Comcast an undisclosed amount of money to connect directly to Comcast’s network, but Netflix will not get “preferential treatment” from Comcast. On the other hand, it may be that Netflix’s service problems will magically improve as a result of the payments to Comcast. Verizon will be next to charge Netflix for the privilege of delivering movies and TV shows customers wanted.

**The End Result**

The one company that may truly know what’s going on is Cogent, the Internet access carrier which had been carrying Netflix traffic. Cogent CEO Dave Schaeffer has said Comcast and Verizon aren’t investing in creating more capacity for exchanging traffic. His larger point, however, is that companies which can’t afford to pay whatever Comcast, Verizon, and AT&T want for non-prioritizing direct connections will have their traffic degraded.

If Comcast buys Time Warner, the toll gate gets much larger, encompassing not only Comcast’s 22 million customers but Time Warner’s eight million (after Comcast ritual of discarding three million) in the largest markets. As it is, Schaeffer said, Netflix is paying a lot to connect to one cable company.
The sum of those Comcast actions is pretty impressive. They can discriminate among programmers on their cable networks, expand their market of those networks to millions more people, and can charge Internet commerce companies for direct access to their newly enlarged service territory.

Once upon a time, government agencies might have been interested in such things. But with the narrow definitions of anti-trust hobbling the Justice Department, the Federal Communications Commission having given away (so far) its authority over broadband and Congress more in the thrall of large companies, it’s almost a certainty that consumers will get the short end of the stick, again.
In the wake of possible broadband consolidation, Google Fiber expands to nine new cities

by Stacey Higginbotham

22 HOURS AGO

4 Comments

SUMMARY:
Municipal areas in eight states are under consideration for new Google Fiber rollouts, as the pressure to prepare for a post Comcast/TWC world increases.

Google will start the process to bring its gigabit, fiber-to-the-home service to as many as nine new areas, the company said on Wednesday. Google, which has deployed fiber to Kansas City and in Provo, Utah, and is also set to build out a network in Austin, Texas, has helped get cities excited about getting faster broadband and the economic development they hope will follow the connectivity.

In a blog post Google named up to 34 cities that could get a broadband upgrade. They are:

- Arizona- Phoenix, Scottsdale, Tempe
- California- San Jose, Santa Clara, Sunnyvale, Mountain View, Palo Alto
Rather than pledge fiber, as it has done in the three other cities Google is working with, the company is pledging to work with city officials to help them prepare for fiber. Once the city leaders build out their plans, Google will decide if it plans to work with the municipality. In an FAQ, Google said it hopes to determine which cities will get the service by the end of this year.

We’re going to work on a detailed study of local factors that could affect construction, like topography (e.g., hills, flood zones), housing density and the condition of local infrastructure. Meanwhile, cities will complete a checklist of items that will help them get ready for a project of this scale and speed. For example, they’ll provide us with maps of existing conduit, water, gas and electricity lines so that we can plan where to place fiber. They’ll also help us find ways to access existing infrastructure—like utility poles—so we don’t unnecessarily dig up streets or have to put up a new pole next to an existing one.

This news is likely welcome to these towns, and drives home Google’s reasoning for deploying fiber. It wants to change the nature of broadband in the U.S. by influencing demand (people are now pumped about a gigabit, even though they don’t know what they will use it for. It has helped drive down pricing for other gigabit services and even slower broadband services, and it has helped cities demand faster broadband while considering providers outside the usual cable and telco boxes. In short, it’s serving as a competitive force for better broadband.

But Google has been accused of not doing enough. When it announced its gigabit plans in 2010, it said it would provide an open network — one that other providers could use to deliver internet service as well. This was unprecedented in the U.S., although certain cities, such as Amsterdam, have such open networks. Later, Google backpedalled on an open fiber network, and even as recently as this month has faced criticism for being pretty closemouthed about how it is deploying fiber — something other cities and smaller fiber providers could learn from.
Google seems to have taken these critics to heart, offering a detailed post last week about how cities can manage their own fiber buildouts, and now with this announcement, that could galvanize cities to ready themselves for gigabit speeds. From the post:

While we do want to bring Fiber to every one of these cities, it might not work out for everyone. But cities who go through this process with us will be more prepared for us or any provider who wants to build a fiber network. In fact, we want to give everyone a boost in their thinking about how to bring fiber to their communities; we plan to share what we learn in these 34 cities, and in the meantime you can check out some tips in a recent guest post on the Google Fiber blog by industry expert Joanne Hovis. Stay tuned for updates, and we hope this news inspires more communities across America to take steps to get to a gig.

And that in a nutshell is what Google is after: Increasing the pressure on cities, regulators and the incumbent providers to think about how to get better broadband. While that’s a goal that will benefit Google and its myriad products, it’s also a goal that will benefit the average consumer. Because right now, as Comcast is planning a $45 billion merger with Time Warner Cable, the incumbents aren’t necessarily thinking about lowering prices or boosting speeds; they are thinking about boosting their bottom line.

Doubt that? Comcast’s David Cohen, in discussing the merger said, “We’re certainly not promising that customer bills are going to go down or even increase less rapidly.”

Meanwhile, Google, Sonic.Net, Chattanooga, Tenn. electrical utility, the city of Lafayette, La., Australian infrastructure finance company Macquarie and Vermont Tel are all pushing U.S. broadband to gigabit speeds. Which mentality would you rather have in your broadband provider?

Update: The summary excerpt of this post was corrected to reflect that Google added new cities in eight states.
WASHINGTON — Comcast executive vice president David Cohen has said his company’s deal to acquire Time Warner Cable is “pro-consumer, pro-competitive, strongly in the public interest and approvable.”

But Comcast, the No. 1 U.S. cable operator, will have to establish the first three of those points to the satisfaction of both the Federal Communications Commission and either the Department of Justice or the Federal Trade Commission to gain the approval to swallow TWC, the second-largest MSO. It’s a process likely to take as long as a year.

The deal faces harsh critics in the public advocacy space and with a Democratic administration that did not win re-election on a pro media-consolidation platform.

But back in 2010, when Comcast sought approval to acquire media colossus NBCUniversal from General Electric, Cohen and company helped write a happy ending for the Philadelphia-based MSO, in part thanks to a host of voluntary deal conditions. Comcast hopes to leverage deal conditions to its advantage in this merger as well.

Cohen said he welcomed a full and fair vetting of the deal and dismissed its harshest critics, who raised antitrust issues and spoke of rising prices, degraded service and the death of competition. Consider that Comcast and Time Warner Cable do not overlap, Cohen said, so the deal would not reduce competition in any relevant market. The deal “will not deprive a single consumer of a choice he or she has today,” Cohen said.

Asked about the company’s size — which could trouble regulators, even given Cohen’s antitrust argument — and ability to foreclose programming, Cohen said that might have been an argument 20 years ago, but that today, given the number of distribution options, the balance of power has tipped toward programmers.

But just to try to placate the doubters, Comcast will agree to divest 3 million subscribers, so it will be under the FCC’s defunct 30% cap on cable subscribers, even though the court has twice pulled the plug on that “third rail.”

“The problem for regulators is clear,” Craig Moffett, principal and senior analyst with researcher MoffettNathanson, said. “Programmers will claim that a merged Comcast/TWC would simply be too large to be allowed.”

One of Comcast’s biggest selling points appeared to be the NBCU conditions that would automatically carry over to TWC.
Comcast also committed to extending broadband deployment, boosting broadband speeds, and increasing programming diversity, all NBCU conditions and all issues near and dear to the hearts of FCC chairman Tom Wheeler and the Obama administration.

Congress will take a hard look, but it won’t be the ones making the call. In an interview with The New York Times two weeks ago, William Baer, who heads the antitrust division of the Department of Justice, said it would be hard to make a case that reducing the number of cable companies would benefit consumers or improve competition.

Wheeler recently pulled the plug on an item that would have allowed more local broadcasters — radio and TV — to combine, suggesting to a town hall audience of consolidation critics that he had arrived in time to stem further consolidation.

FTC chairwoman Edith Ramirez has said that one of the agency’s "principal responsibilities" is blocking mergers that "may substantially lessen competition."

But don’t bet against Cohen.

“All we’re interested in is a full and fair hearing,” Cohen said. “I think if we get that opportunity, we will be able to convince both the FCC and the relevant antitrust agency that this is an eminently approvable transaction.”

Conditioned Response

WASHINGTON — Comcast will have 30 days to submit its public-interest statement, essentially its pitch to the FCC for why its merger with Time Warner Cable is pro-competitive and pro-consumer. It will feature a litany of advertised "protections and benefits" that accrue from the seven-year conditions on the 2011 NBCUniversal deal.

Here are some of the key NBCU conditions Comcast pointed out would be automatically extended to TWC, which means they would be effective until at least 2018:

• The FCC’s network-neutrality rules would extend to millions more broadband customers in TWC’s footprint.

• Broadcast stations in TWC markets would be granted greater protections in their retransmission-consent negotiations.

• PEG channels would be protected from migration to digital in TWC systems not yet all-digital and from material degradation.

• The former TWC systems will have to offer and market "affordable" stand-alone broadband.

• The "modest" TWC programming network holdings would be subject to the Comcast/ NBCUniversal program-access conditions, which means TWC’s regional sports networks would be subject to standalone arbitration. — John Eggerton

Multi Channel News – February 17, 2014
Merger Could Lead to Tech Transformations

Comcast’s TWC Buy Will Boost X1, DTA Business
By: Jeff Baumgartner Feb 17 2014 - 12:00am
Comcast’s TWC Buy Will Boost X1, DTA Business

Time Warner Cable systems — not to mention other MVPDs — will be in store for transformative changes that will reach deep into the MSO’s video platform and many of its other services.

In many ways, Comcast will look to replicate at TWC the technology strategies and upgrade plans it has been executing internally for years.

“That playbook has given us real momentum at Comcast Cable,” Brian Roberts, Comcast’s chairman and CEO, said last Thursday (Feb. 13) during a call with reporters, adding later that access to a bigger footprint “gives us room for growth and innovation of new products.”

Following is a snapshot of what Comcast has in mind.

**X1 for Everyone**

Comcast, according to industry sources, has been concerned that, even at its current size, it is not massive enough to achieve the efficiencies and scale it wants for the ecosystem driving X1, its next-gen video platform that features an agile, personalized user interface.

Comcast is pursuing an X1 licensing initiative to help it achieve this goal, but acquiring TWC gets Comcast there without being forced to swing a bunch of side deals. Additionally, a pending deal with TWC might cause X1 licensing discussions between Cox Communications and Comcast to accelerate, and could possibly attract Bright House Networks, whose tech strategies have historically tracked with TWC’s, to the X1 fold.

**Calling the Cavalry**

While Comcast moved ahead aggressively with “Project Cavalry,” an all-digital initiative fueled by the deployment of tens of millions of digital transport adapters, TWC was content to sit on the sidelines and rely instead on switched digital video, a different approach that also aims to free up bandwidth.

TWC has since changed its tune, announcing last month a more aggressive analog-reclamation initiative that will first target New York and Los Angeles before spreading to other markets through 2016. With the operational experience it brings to the table, expect Comcast to speed up those plans and offer a revenue bump to the industry’s batch of key DTA suppliers — Arris, Pace, Cisco Systems, Arris, Evolution Digital and Technicolor.

**Waxing Wi-Fi**

Comcast and Time Warner have been out in front with the deployment of Wi-Fi access points, contributing their fair share toward the 200,000-plus public hotspots rolled out by the members of the “CableWiFi” Wi-Fi roaming alliance (Bright House, Cablevision Systems and Cox are the other members).

But Comcast has been far more aggressive with the deployment and activation of soupedup DOCSIS 3.0 Wi-Fi gateways that are capable of emitting a separately provisioned, quasi-public wireless broadband signal that’s available to other Comcast customers who happen to be roaming within the radius of those signals. TWC has been weighing a similar “Home As A Hotspot” strategy, but has yet to pull the trigger on a big rollout. That will likely change once Comcast is in charge.

**Bigger Business?**
Together, TWC and Comcast raked in more than $5.6 billion in business services revenue in 2013. The combination of the two MSOs would help Comcast keep this valuable growth engine stoked while also establishing key connects to other major markets, including New York and Los Angeles. While Comcast has historically been hesitant to chase after very large enterprise business customers, leaving that lucrative market to companies such as AT&T and Verizon Communications, this newfound reach could put Comcast in position to reconsider that strategy.

Multi Channel News – February 17, 2014
More Cloud Power Comes to the DVR

COMCAST FOLLOWS TRAIL BLAZED BY CABLEVISION

BY JEFF BAUMGARTNER

Providing further proof that the future of the digital video recorder is heading inexorably toward the cloud, Comcast has followed a path first blazed by Cablevision Systems with the launch of its own network-based DVR service.

As a component of the MSO's broader reaching cloud video strategy, the first iteration of Comcast's new product was introduced in Boston last week alongside another new feature that lets customers stream the MSO's full lineup of live TV programming to smartphones, PCs and tablets, so long as those devices are linked to the customer's home network.

The cloud DVR and in-home streaming apps, elements that Comcast first showed off about eight months ago at The Cable Show in Washington, D.C., are being piped into Boston-area homes via Comcast's separately-provisioned managed IP video network, and not over "best effort" public Internet connections.

Comcast has tacked both to its Xi DVR service, which already features a newly upgraded cloud-based interface (internally referred to as the "Xa") that provides a similar look and feel across set-tops, gateways, smartphones, tablets and PCs.

Service operators have shown an increasing interest in network-based DVRs, in part because they are less costly and more operationally efficient than traditional DVRs that put storage in the local set-top. The use of IP and network-based storage also allows the system to serve content to a multitude of device types.

Although the cloud DVR and new IP-streaming apps limit access to the customer's home Wi-Fi network, video portability and mobility are coming into play with a new "check-out" feature that allows customers to sideload unique copies of DVR recordings to tablets and smartphones (up to a maximum of 10 recordings per device) for offline, on-the-go viewing.

In Boston, the first market to launch the MSO's Xi platform in mid-2012, Comcast is supporting many of the new cloud services features on Web browsers and a new "Xfinity TV" app for Apple iPhones and iPads. Comcast plans to extend support to Android-powered devices sometime later this year.

Comcast's first version of the cloud DVR offers 500 Gigabytes of video storage and allows customers to record up to four shows at once while watching a fifth. The operator has plans to expand it so customers can record up to six shows while watching a seventh, a spokesman said. In comparison, Cablevision's recently relaunched network-based "Multi-Room DVR" (its brand name for the product) currently limits access to only recordings on set-top boxes, but lets customers record up to 10 shows at once.

Comcast's cloud DVR customers are allowed to register up to 40 devices for in-home live TV or DVR streaming and to stream DVR-recorded content to up to five devices at the same time.

MORE MARKETS COMING

Comcast said it plans to introduce the new cloud DVR and in-home live-streaming capabilities for the Xi platform to additional markets later this year. It didn't say which markets were next in line, but Philadelphia has been the site of earlier cloud DVR trials.

Boston, home to Comcast's first cloud DVR rollout, is located in the network DVR-friendly 2nd U.S. Circuit Court of Appeals, which, in 2008, overturned a lower court ruling that handed a big victory to Cablevision and its network-based DVR.

Cablevision recently blasted a broadcaster-led lawsuit against Aereo, claiming it was "overreaching and damaging" because it took aim at the legal underpinnings of the MSO's remote-storage DVR and other cloud-based storage services. Last month, the Supreme Court agreed to hear the broadcasters' appeal of the denial of their injunction request against Aereo. How the Supreme Court rules in that case is likely to chill or accelerate the pace of cloud DVR deployments by pay TV providers.
Net Neutrality: Red Flags on Route 706

By: John Eggerton Feb 24 2014 - 12:00am

WASHINGTON — Federal Communications Commission chairman Tom Wheeler has opted not to employ the nuclear option of classifying Internet access under Title II of the Communications Act, for which cable operators and other Internet-service providers are grateful.

Instead, Wheeler will rely on section 706 to get to new network-neutrality rules.

It is the FCC’s latest attempt to preserve an Open Internet by foreclosing practices like blocking access to websites or favoring (or disfavoring) online content for anticompetitive purposes. President Obama campaigned on network neutrality and is backing Wheeler’s efforts find a new path to openness.

But ISPs saw some red flags on that road. The biggest of those flags — call it a banner — is how the FCC defines nondiscrimination. The others are what the chairman means by expanding transparency and promoting municipal broadband.

Wheeler suggested last week that Google Fiber was a great idea, and said municipal fiber should be “encouraged and not thwarted.”

It remains to be seen just how happy ISPs will be with Wheeler’s blueprint of the plan, which he only sketched out last week. Section 706 empowers the FCC to promote the deployment of advanced telecom services, and the U.S. Court of Appeals for the D.C. Circuit confirmed the FCC could use that authority to regulate broadband.

The court left the transparency rule alone, but Wheeler does not plan to. Municipal broadband is also something of an add-on, addressing Wheeler’s “competition, competition, competition” mantra. It is almost as though the chairman were adding those two items as conditions on not going the Title II route.

The chairman appeared confident the FCC could find a way to re-craft rules that would pass muster with the D.C. Circuit. But just in case, said he would leave the Title II docket open; that’s the threat of classifying Internet Service as a common carrier subject to mandatory-access provisions.

Without the old rules in place, ISPs are technically free to block access to websites or speed up or slow down broadband services for a price. ISPs have generally pledged not to block, or discriminate anticompetitively, but managing their networks in an over-the-top video world clearly implies discrimination, and all want to be able to experiment with new business models, so pledges of nondiscrimination are less definitive until the ISPs decide just what that means.

That is the challenge for the FCC, too. It must allow for some discrimination, for legitimate business or network-management purposes, for example. That’s because if the new rules smack of a de facto ban on discrimination, they stray back into the same common-carrier territory that got the first rules thrown out.

Cable operators, who have no desire to face the Title II option if this effort fails, will likely be part of the process of coming up with the new rules, as they were last time around, also under the threat of Title II.

Comcast has pledged its support for new rules, but it is already subject to the antidiscrimination and no-blocking rules per an NBCUniversal merger condition.

Wheeler has not given the FCC much time to turn around the new rules. He pledged to have them ready by spring, and the snow in Washington was melting fast last week.

Multi Channel News – February 24, 2014
WHEELER: FCC WORKING ON ‘RIGHT STRUCTURE’ TO ADDRESS MUNI BROADBAND LAWS

FCC Chairman Tom Wheeler today said that the Commission is still considering “the right structure” for moving forward on his statement yesterday that legal restrictions on municipalities’ ability to offer broadband services could present an opportunity for the agency “to enhance Internet access competition.”

Chairman Wheeler included the possibility of preempting state laws against municipal broadband networks among a number of measures he outlined yesterday for responding to the January decision by the U.S. Court of Appeals for the District of Columbia Circuit to vacate the FCC’s anti-blocking and nondiscrimination open Internet rules (TRDaily, Feb. 19).

Speaking to reporters after the FCC meeting today, Chairman Wheeler said that “the operating hypothesis” regarding municipal networks “is that if local communities say they want more competition and want to work through their locally elected officials” to accomplish that, they should be allowed to do so.

Some cities sought protection from state restrictions on muni networks about 15 years ago under section 253 of the 1996 Telecommunications Act, which restricted states’ efforts to bar competition. However, at the time the FCC took the position that section 253 did not empower it to interfere between states and localities, which are subdivisions or “creatures” of the state.

In a case stemming from a challenge by Missouri municipalities of that state’s law barring muni broadband networks, the Supreme Court in 2004 ruled that section 253(a) of the 1996 Telecommunications Act does not preempt state statutes that bar municipalities from providing telecom services (TRDaily, March 24, 2004).

If the FCC were to interpret section 706 (advanced communications incentives) of the 1996 Telecommunications Act as giving it authority to intervene between states and localities, courts would likely take that into consideration in deciding whether Congress had intended to grant that authority, a senior FCC official told reporters during a background call yesterday on Chairman Wheeler’s announcements regarding the open Internet rules.

Regarding the proposed merger of Comcast Corp. and Time Warner Cable, Inc. (TRDaily, Feb. 13), the Chairman told reporters today that unlike some other would-be merger partners, the two cable TV companies did not come to the FCC to discuss the possibility with him beforehand, so he is “in the position of sitting and waiting for Comcast to file documents.”

In a research note released after the meeting, Paul Gallant, managing director and telecom policy analyst for Guggenheim Securities LLC, said that the Chairman’s remarks indicate there was no “preclearance” of the Comcast-TWC.

Responding to a reporter’s question about plans to propose new rules to achieve open Internet goals related to anti-blocking and nondiscrimination rules recently overturned by a federal appeals court (TRDaily, Feb. 19), Chairman Wheeler said, “I don’t think we kicked the can down the road. I think we picked it up and are running down the road in the direction the court told us.”
Asked whether the E-rate fund needs to be expanded to support high-speed broadband connections to schools and libraries, the Chairman said that the Commission needs to complete its rulemaking on improving the E-rate mechanism so it can determine “how far the dollars go.”

—Lynn Stanton.