



Michael D. White
Chairman, President and
Chief Executive Officer

December 11, 2014

The Hon. Edward J. Markey
UNITED STATES SENATE
224 Russell Senate Office Building
Washington, DC 20510

The Hon. Richard Blumenthal
UNITED STATES SENATE
724 Hart Senate Office Building
Washington, DC 20510

Dear Senators Markey and Blumenthal:








This responds to your letter of November 20, 2014, in which you ask for information regarding DIRECTV's set-top boxes. The letter describes a Congressional goal of giving consumers "vast video choices untethered to a particular [multichannel video programming distributor ("MVPD")]." It then appears to suggest that this goal remains "unfulfilled" because set-top boxes are insufficiently "smart."

We at DIRECTV certainly share the goal articulated in your letter: "achiev[ing] greater choice and better products for consumers by unleashing competition." For 20 years, we've built our business on this very premise. We provided the first real competition to incumbent cable, and we believe we still provide the best video service available anywhere.

We respectfully disagree, however, with your characterization both of the video marketplace generally and the functionality of DIRECTV's set-top boxes. Today, your constituents can receive just about any video programming available on practically every device imaginable.

Through our *DIRECTV Everywhere* platform, for example, subscribers can watch on their computers, tablets, and cell phones many of the same shows, sporting events, and movies that they are able to access on their televisions, at no extra charge. And with a GenieGO connected to an HD DVR, subscribers can watch recorded shows on their computer or mobile device anywhere. They don't even need an Internet connection when they want to watch. A summary of the DIRECTV Everywhere service follows.

Enjoy DIRECTV Everywhere on these devices.

	 Computer Mac [®]	 Computer PC	 iPad [®]	 Android Tablet	 Kindle	 iPhone [®]	 Android Phone
Stream On Demand shows and movies	✓	✓	✓	✓	✓	✓	✓
Stream live TV	✓	✓	✓	✓	✓	✓	✓
Watch your DVR playlist on the go with GenieGO™	✓	✓	✓	✓	✓	✓	✓

*Limited programming available. Additional charges may apply. Functionality varies by compatible device and location. Only select networks corresponding to your package selection are available for live streaming and may vary by location and device. Additional charges may apply. Income level streaming feature requires home-based Wi-Fi connection and internet-connected HD DVR. Out-of-home viewing requires high-speed internet connection. All functions and programming subject to change at any time. Data charges may apply. Additional fees required for new releases. iPhone, iPad and Mac are trademarks of Apple Inc., registered in the U.S. and other countries. App Store is a service mark of Apple Inc. The Lone Ranger © 2013 DISNEY ENTERPRISES, INC. The LONE RANGER property is owned by 20th TV & © Classic Media, Inc. An Entertainment Rights group company. Used by permission.

DIRECTV also enables ***DIRECTV Ready TVs***, which don't require set-top boxes at all. Along with companies like Sony, Samsung, and others, DIRECTV helped develop RVU technology. RVU is an open standard that provides a remote user interface enabling DIRECTV or any other MVPD to use a single home gateway to distribute content to multiple televisions, eliminating the need for additional set-top boxes in each room. This open standard lets consumer electronics manufacturers build devices that display content from DIRECTV or any other MVPD, and combine these offerings with content from other sources like Netflix, Hulu, Amazon, iTunes, and CBS All Access to create a “shopping mall” of services.

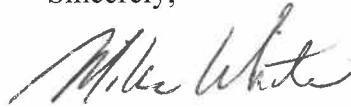
Of course, we still deliver video programming to millions of traditional televisions, using millions of traditional set-top boxes. These set-top boxes, however, are anything but “dumb.” To the contrary, they enable much of the key functionality of the DIRECTV service. Our latest set-top box is the ***Genie Whole Home DVR***. This device lets subscribers watch recorded shows on any television in their home. It allows them to start in one room and finish in another. It even lets them manage their DVR playlists from any room.

The fact that DIRECTV places so much innovation in its set-top boxes is precisely why we object to proposals for a government-mandated “standard video interface.” Any such rule would likely preclude DIRECTV from placing new intelligence in its set-top boxes. Our competitors who offer broadband connections, however, could place *their* corresponding intelligence in their networks. More fundamentally, “standard interface” proposals appear to envision, if not mandate, an ecosystem in which MVPDs deliver raw material and third party device manufacturers alone use that raw material to innovate. Were Congress to mandate restructuring of the video sector in this way, it would advantage those systems with the greatest capacity and

ability to offer a triple-play bundle of services (*i.e.*, cable) while disadvantaging those systems that have traditionally relied upon video innovation to compete (*i.e.*, DIRECTV).

With respect to your specific questions, we have provided publicly available information as Attachment 1 to this letter. Please note, however, that much of the information you have requested is proprietary, business sensitive, and highly confidential. As I hope you understand, we are not willing to make such material public.

Sincerely,

A handwritten signature in cursive script that reads "Mike White". The signature is written in black ink and is positioned above the printed name and title.

Mike White
Chairman, President and CEO

ATTACHMENT 1

Publicly Available Information Responsive to Specific Questions

1) b) *On average, how many set top boxes per household do customers lease from your company?*

DIRECTV leases roughly 2.5 boxes per household, on average.

2) *What is the monthly lease cost of each type of set top box that your company offers? Please list each box and monthly retail lease price separately.*

We charge \$6.00 per month for each leased set-top box. Please note that this figure does not include fees for advanced services.

4) *Is it possible for customers to purchase a set top box directly from your company?*

Yes, although most of our customers find that leasing is a preferable alternative. Additional information can be found at https://support.directv.com/app/answers/detail/a_id/750/~can-i-purchase-directv-equipment-instead-of-leasing%3F.

5) *If a customer chooses to purchase their own set top box from a company different than yours, does your company require the customer to pay any installation or support costs separate from those levied on customers who simply lease a set top box from your company?*

No, we do not.