

December 11, 2014

The Honorable Edward J. Markey
United States Senate
218 Russell Senate Office Building
Washington, DC 20510

The Honorable Richard Blumenthal
United States Senate
724 Hart Senate Office Building
Washington, DC 20510

Dear Senators Markey and Blumenthal:

Thank you for your November 20, 2014 letter to Rob Marcus, Chairman and CEO of Time Warner Cable regarding the state of competition for navigation devices. Time Warner Cable has been an industry leader in transforming the marketplace to deliver customers the video content they want anytime, anywhere and on any device.

The marketplace for navigational devices is no longer limited to multichannel video programming distributor-provided set top boxes, but has evolved into an app-based ecosystem. These new IP-based technologies are giving consumers unprecedented choice in how and on what device they receive their video programming. Pay TV customers can now access their favorite shows on an array of devices purchased at retail including gaming consoles, Smart TVs, smartphones, computers and tablets. Time Warner Cable provides a very popular service called TWC TV, with over 300 channels of live programming and several thousand on-demand choices, to the following consumer-owned devices and platforms:

- Apple iPad/iPhone/Mac/iOS
- Google Android
- Microsoft PC/Windows
- Xbox 360
- Kindle Fire
- Roku
- Samsung SmartTV
- Fan TV

We continue to partner with these companies and look for opportunities to partner with other companies to make our services available on new platforms giving our customers the most unique and accessible viewing experience possible. At Time Warner Cable, we believe that having our services available on consumer-owned devices is driven not only by the need to innovate, but also out of competitive necessity. For example, DirecTV, Dish, AT&T and

Verizon offer video services on Apple iPad/iPhone/Mac/iOS and Google Android devices. Verizon also has a FiOS TV app that is available on Xbox, Samsung and LG TVs, as well as Blu-ray players. This competition across all multichannel video programming distributors (MVPDs) is a virtuous cycle that will drive more competition and innovation among MVPDs and device makers bringing new choices and services to all consumers.

Thank you for your interest in this important issue. Please find below Time Warner Cable's responses to the questions posed in your letter.

Sincerely,

A handwritten signature in cursive script that reads "Gail MacKinnon".

Gail G. MacKinnon

1) How many of your customers lease set top boxes from your company?

This information is confidential and proprietary. Time Warner Cable TWC operates in a highly competitive market and does not make this information publicly available in the ordinary course of business.

- a. What percentage of your customers leases one or more set top boxes from your company?

This information is confidential and proprietary. TWC operates in a highly competitive market and does not make this information publicly available in the ordinary course of business.

- b. On average, how many set top boxes per household do customers lease from your company?

This information is confidential and proprietary. TWC operates in a highly competitive market and does not make this information publicly available in the ordinary course of business.

- c. In total, how many set top boxes are leased from your company?

TWC has approximately 13.7 million digital set top boxes across its footprint.

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

TWC offers a range of set top boxes costing between \$7.00 and \$11.25 per month depending on the device and market. These are TWC's published rates, which do not reflect discounts for promotions or bundles that many of our customers receive.

- a. How much does an average customer spend per month to lease set top boxes for their household from your company?

This information is confidential and proprietary. TWC operates in a highly competitive market and does not make this information publicly available in the ordinary course of business. We refer you to the publicly available information provided above concerning the monthly leasing costs of set top boxes.

3) What was the total revenue your company earned from leasing set top boxes to customers in the fiscal year 2014?

This information is confidential and proprietary. TWC operates in a highly competitive market and does not make this information publicly available in the ordinary course of business.

- 4) Is it possible for customers to purchase a set top box directly from your company? If no, why not?

TWC does not offer customers the option to purchase set top boxes from the company. The set top boxes that TWC provides are not portable or interoperable with systems outside of TWC's footprint. Furthermore, while consumers have indicated an interest in purchasing multifunctional devices that can also access video content such as iPads and Xboxes, we have not seen the same interest in purchasing limited function cable set top boxes, which can be expensive and become obsolete quickly.

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

We do not charge any installation or support costs to customers who purchase their own set top box.