Moss & Barnett

MEMORANDUM

To: City of Edina, MN

From: Brian T. Grogan

Date: December 10, 2014

Re: "Draft" Staff Report

Background

The City of Edina is a member of the Southwest Suburban Cable Commission ("Commission") along with the cities of Eden Prairie, Hopkins, Minnetonka and Richfield. In August 2012 each member city renewed a cable television franchise to Comcast to provide cable service within its city limits ("Franchise"). Comcast has proposed to transfer of the Franchise and cable system to Midwest Cable, Inc. ("Midwest Cable"). After close of the proposed transfer the name of the operator will change to GreatLand Connections, Inc. The Commission retained the services of Moss & Barnett as legal counsel for review of this proposed transfer. Moss & Barnett has submitted a detailed report regarding the proposed transfer that is attached ("Transfer Report").

The application for the transfer of the Franchise requires written consent from the City after examination of the legal, technical and financial qualifications of Midwest Cable and following the conduct of a public hearing. Based on the above mentioned criteria and limited strictly to the financial information analyzed and described in the Transfer Report, the Commission does not believe that the transfer can reasonably be denied based on the information at hand.

The 2012 Franchise provides a term of 10 years. Under provisions of the Franchise Comcast is authorized to construct operate, maintain and reconstruct the cable system within the City limits and within its rights-of-way. Midwest Cable will be responsible for all existing franchise agreement provisions if the proposed transfer is approved.

The Transaction

The cable market in the United States is about to undergo a rather dramatic transition. Two of the largest cable operators, Comcast and Time Warner Cable, are proposing to merge in a nearly $50 Billion transaction - resulting in Comcast controlling 34 million cable subscribers throughout the United States. A transaction of this size requires federal approval and there are concerns that Comcast may become too big and dominant in the cable industry. The FCC and Justice Department will issue determinations on that transaction in the first quarter of 2015.

In an effort to make the transaction more palatable to federal regulators, Comcast voluntarily offered to divest itself of 4 million cable subscribers so that it would not exceed a total of 30 million cable subscribers nationwide – a threshold historically significant at the FCC. This voluntary divesture led to Comcast selling 1.5 million cable subscribers to Charter Communications and creating a new spinoff company for the other 2.5 million cable subscribers. The entire Twin Cities market was included in the new spinoff company.

Impact on the Twin Cities

What this means is that Comcast will no longer operate cable systems in the state of Minnesota. The City of Edina and the entire Twin Cities market will be served by a brand new cable operator currently known as Midwest Cable - with the name changing to **GreatLand Connections** in 2015 following closing of the overall transaction.

Because Midwest Cable is a brand new entity, there is no ability to review its operating history in other communities or its historical financial performance. As the Transfer Report outlines in greater detail, there was limited pro forma financial data provided and therefore assessing the legal, technical and financial qualifications of Midwest Cable is quite challenging. The Transfer Report provides in excess of 10 pages of financial information regarding Midwest Cable with the ultimate conclusion that Midwest Cable will be highly leveraged and will certainly not be in as strong a financial position as Comcast is today. However, the City has limited options regarding this transfer in large part because of the sheer magnitude of the transaction as more fully described in the Transfer Report.

Commission focused its attention on attempting to address customer service issues that may be impacted by the proposed transaction. Of particular concern to the Commission was the fact that Charter Communications, which operates cable systems throughout Minnesota today, will be providing significant operational support to Midwest Cable. In fact, Charter will be providing everything from telephone answering to billing, programming, email, technical support and a variety of other operational functions.

Subscriber Impact

Edina cable subscribers will be able to maintain telephone numbers that they have with Comcast but will ultimately be transitioned off of the "comcast.net" email domain. It is likely that the new email domain will "charter.com." Subscribers will be able to keep existing cable equipment in their homes for the foreseeable future as the company indicates that this equipment will be compatible with the new programming line-up offered by Midwest Cable/Charter. However, it is possible that further transition of that equipment may occur down the road.

The Commission further focused its attention on addressing certain ambiguous provisions in the new cable television franchise related to the provision of the City's local government channel on the cable system. These clarifications will help to ensure continued, uninterrupted transmission of the City's government channel as well as all other educational and public access channels required under the franchise. In addition, the Commission negotiated for Comcast to reimburse all of the Commission's (and therefore the City's) costs related to its review of this proposed transfer.

In the end the Commission voted unanimously to approve the proposed transfer subject to the conditions contained within the attached Resolution. Staff recommendation is for approval of the Commission's proposed Resolution.

Comcast/Midwest Cable Transfer of Franchise

Southwest Suburban Cable Commission

December 3, 2014

Brian T. Grogan, Esq.
(612) 877-5340
Brian.Grogan@lawmoss.com

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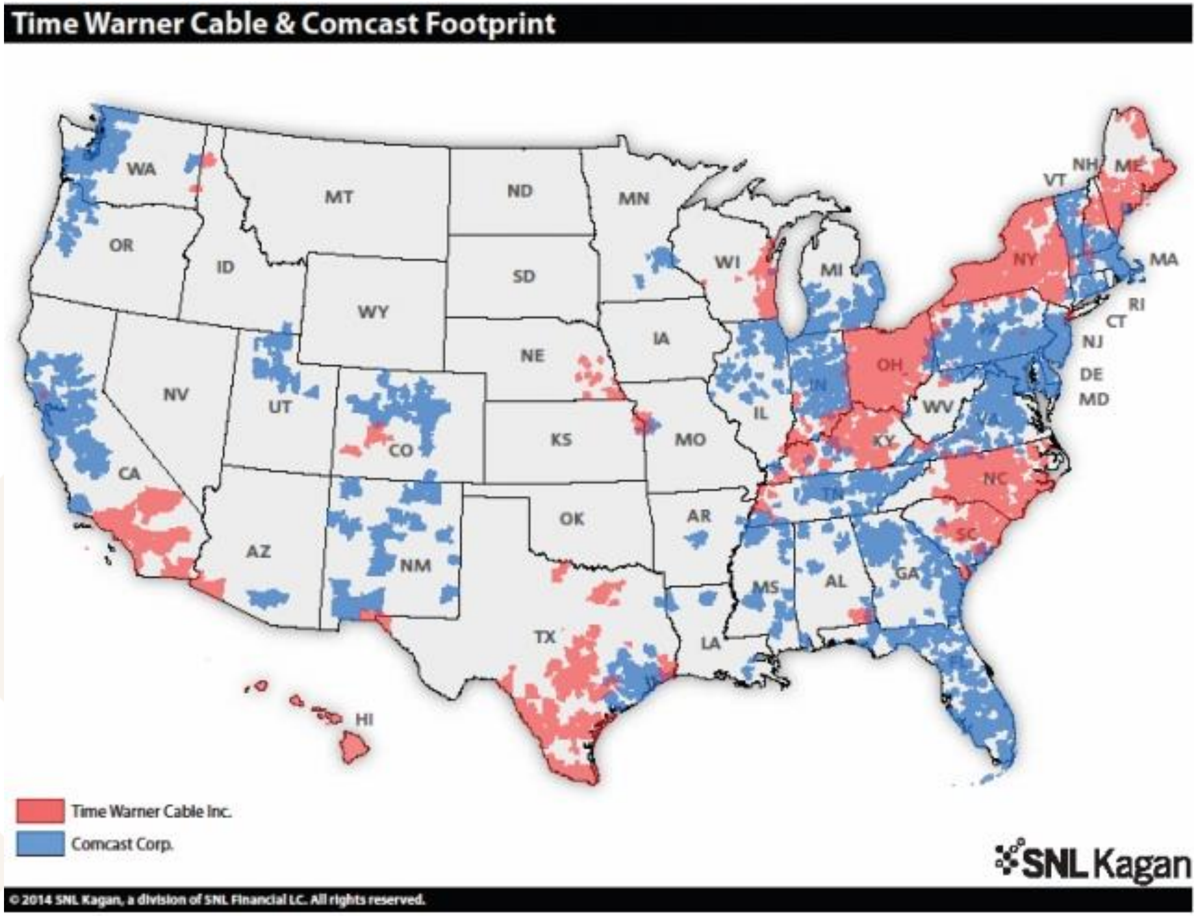
Comcast/TWC Merger

- **Comcast merger with Time Warner Cable**
  - Announced February 12, 2014
  - Comcast acquires TWC's 11.4 M cable subs
  - Results in Comcast controlling 34 M cable subs
- **Requires local, state and federal approvals**
- **Comcast voluntarily offers to divest subs**
  - Comcast seeks to shed 4 M cable subs
  - Comcast seeks to get down to 30 M cable subs

Comcast TWC
34 million subscribers



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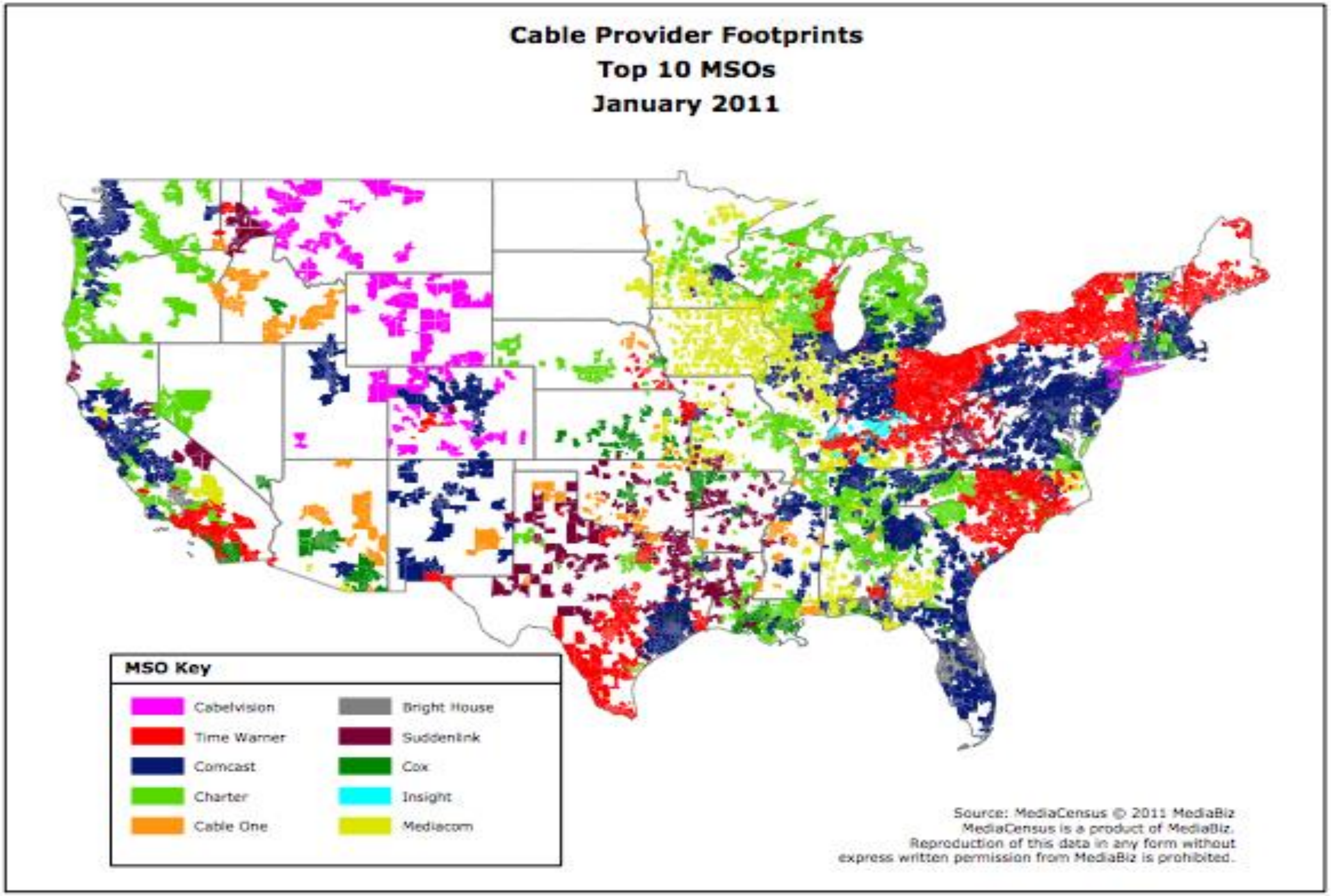
Pre-Merger Cable Markets



Comcast / Charter

- **Comcast and Charter Communications**
  - Announced April 25, 2014
  - Comcast to sell 1.4 M cable subs to Charter
  - Comcast and Charter to swap subs
    - 1.5M to Charter
    - 1.6M to Comcast

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Charter Overview

- **Charter operates cable systems in MN**
  - Duluth, St. Cloud, Marshall, Apple Valley, Lakeville, Rochester, Mankato, Winona and many others
- **Charter provides service to**
  - 6.1 million subs
  - In 29 states
- **Charter is a *Fortune 500* company**
  - Employs approximately 23,000 people

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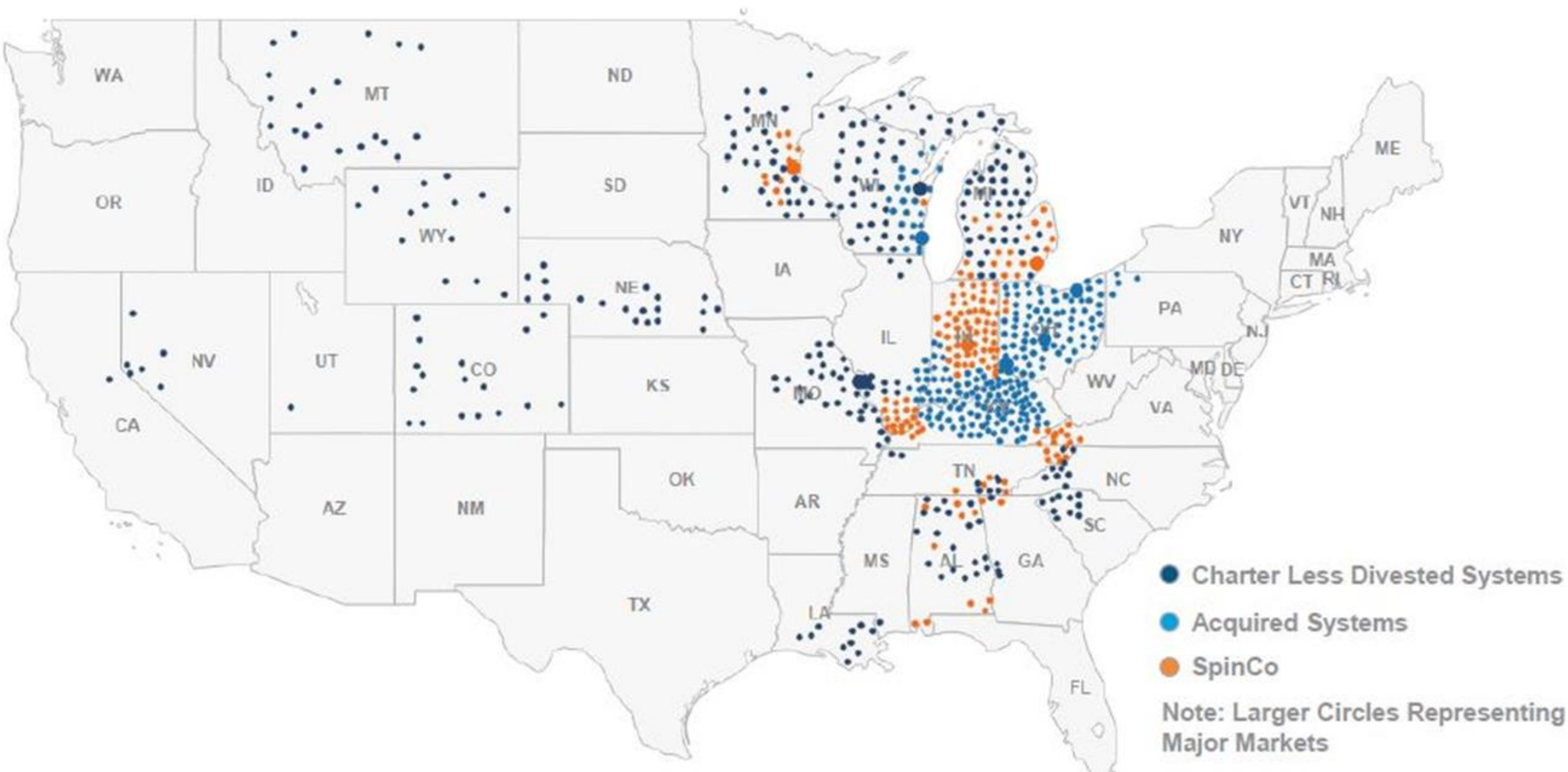
Midwest Cable

- **2.5 M subs to be divested to <u>new</u> entity**
  - **Former Comcast properties in MN, MI, IL, IN, Al and others**
- **Twin Cities Comcast systems part of spin-off**
- **Midwest Cable – newly created entity**
  - After closing will be renamed “GreatLand Connections”
- **Midwest Cable will be publicly traded entity**
- **New Grantee = Comcast of Minnesota, LLC**
- **Financial review – challenging**
  - Given lack of operating history

Proposed Charter + Midwest Cable (SpinCo)



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Who Will Run Midwest Cable?

- **Separate board of directors - owned**
  - 33% by Charter Communications
  - 67% by Comcast Shareholders
- **Midwest will initially have 9 board members**
- **Michael Willner**
  - President and CEO of Midwest
  - 40 year veteran
  - Insight Communications
  - No existing franchises under its control
  - Much of executive team worked at Insight
- **Midwest has no operating history**
- **Substantial operations handled by Charter**

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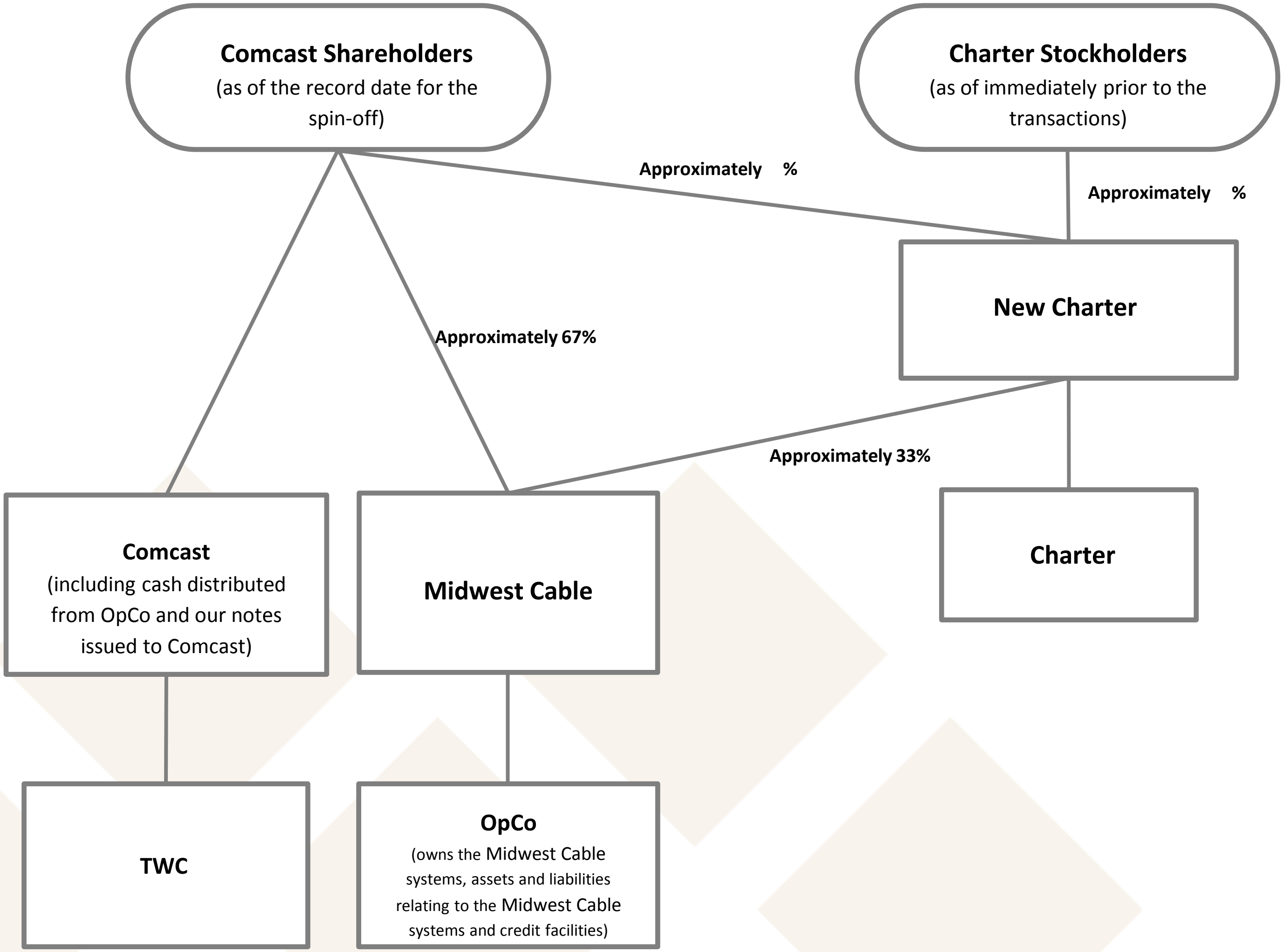
Structure After Merger



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Timeline for Local Action

- **City has right to review transfer of franchise**
  - Under franchise, state and federal law
  - Approve/not approve
- **Official request via FCC Form 394**
  - Received June 18, 2014
- **120 days to issue local decision**
  - October 18, 2014 = initial deadline
  - Comcast extended deadline -
  - First to December 15th
  - New deadline is now <u>January 15, 2015</u>
- **Legal, technical and financial qualifications**
- **Commission requested substantial info**

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Local Operations

- **Local field operational (technical) personnel**
  - Will be Midwest Cable employees
- **Government affairs personnel**
  - Interacting with local franchising authorities
  - Will be Midwest Cable employees
- **Other operational services**
  - Will be provided by <u>Charter</u> personnel

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Charter Services to Midwest

- **Midwest will pay Charter 4.25% of revenues**
  - 4.25% of all voice, video and data revenues
  - Procurement and Programming Management Services
  - Network Operations
  - Engineering & IT
  - Voice Operations
  - Field Operations
  - Customer Service
  - Billing & Collections
  - Marketing & Sales
  - Administrative and Back office Services
  - Other

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Impact on Services

- **Subs keep Comcast telephone numbers**
- **Subs keep cable equipment**
  - At least for initial transition – perhaps longer/permanently
- **Email**
  - Subs will have to transition away from comcast.net
  - Likely to Charter’s email domain
- **Billing**
  - Will transition to Midwest
  - Online payments will require subscribers to contact bank

Financial Review

- **Outlined in Report pp. 13-20**
- **Midwest's long-term debt is estimated to be**
  - $7.8 billion
- **Midwest's initial debt leverage will be no greater than 5.0x its 2014 EBITDA**
    - Earnings before interest, taxes, depreciation and amortization
    - i.e. how much profit is made with present assets and operations on the products sold, as well as providing a proxy for cash flow
  - Consistent with some other cable operators
    - Charter at 5.0x,
    - Cablevision at 5.3x,
    - Suddenlink at 5.7x and
    - Mediacom at 5.3x).

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Resolution

- **Approves transaction subject to:**
  - Written Acceptance by New Grantee
    - Comcast of Minnesota, LLC
  - Guaranty by GreatLand Connections Inc.
    - New name for Midwest
  - SD and HD (simulcast) capacity for each City’s PEG channel
  - Verification that fiber and equipment to be provided “free of charge” by New Grantee
  - Customer service
    - Quarterly meetings with New Grantee for 2 years
    - Escalated complaint process maintained
  - Reimbursement of all transfer costs

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Conclusion

- **Commission to consider resolution approving the transfer**
- **If Commission approves of resolution**
  - Commission staff will send Report and Resolution to member cities
  - Commission recommendation will be included
  - Staff will be present for Council presentation and consideration
- **If Commission does not approve resolution**
  - Commission should direct staff on next steps

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Questions?

Brian T. Grogan, Esq.
Moss & Barnett, A Professional Association
150 South Fifth Street, Suite 1200
Minneapolis, MN 55402
(612) 877-5340 phone / (612) 877-5031 facsimile
E-mail: Brian.Grogan@lawmoss.com
Web site: www.lawmoss.com

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REPORT

Regarding the Proposed Transfer of Control of the Cable Franchise and Cable System from Comcast to Midwest Cable (GreatLand Connections Inc.)

November 26, 2014

Submitted by:

Brian T. Grogan, Esq.
Yuri B. Berndt, Esq.

150 South Fifth Street, Suite 1200
Minneapolis, MN 55402
(P) 612-877-5000
(F) 612-877-5999
www.lawmoss.com

INTRODUCTION

This report has been provided by Moss & Barnett, a Professional Association, for the purpose of evaluating a request from Comcast of Arkansas/Florida/Louisiana/Minnesota/ Mississippi/ Tennessee, Inc. ("Grantee"), the current holder of the Cable Franchise ("Franchise") in the member cities of the Southwest Suburban Cable Commission ("Commission"), to approve a proposed transfer of control ("Transfer") of the Franchise to Midwest Cable, Inc. (hereinafter "Midwest Cable" or "Midwest"). The Grantee currently owns, operates and maintains a cable television system ("System") in each of the Commission's member cities pursuant to the terms of the Franchise. The Commission's member cities are Edina, Eden Prairie, Hopkins, Minnetonka and Richfield (hereinafter collectively referred to as the "City").

On February 12, 2014, Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("TWC") entered into an Agreement and Plan of Merger whereby Comcast would acquire the cable systems and franchises held by TWC among other assets. On April 25, 2014, Comcast and Charter Communications, Inc. ("Charter") entered into the Comcast/Charter Transactions Agreement (the "Agreement"), pursuant to which the Grantee, through a restructuring under Comcast's ownership, will become Comcast of Minnesota, LLC ("New Grantee") and immediately thereafter will become a wholly-owned subsidiary of Midwest Cable (the "Transaction").

***Note**: See pages 3, 4 and 5 of this Report for diagrams of the Transaction*.[1]

What is happening to the Twin Cities Comcast cable systems?

Comcast's proposed acquisition of TWC will (if approved) result in the total combined number of cable subscribers to be controlled by Comcast to exceed 30 million nationwide. In an effort to reduce that number and make the Transaction more acceptable to federal regulators, Comcast voluntarily agreed to divest itself of 3.9 million cable subscribers nationwide. Part of this proposed divestiture was accomplished with the system swaps between Comcast and Charter that results in Charter acquiring an additional 1.4 million cable subscribers. The remaining 2.5 cable subscribers to be divested by Comcast will be controlled by a new publicly traded entity, Midwest Cable. In Minnesota, Comcast's only cable subscribers exist in the Twin Cities market (and small portions of western Wisconsin). As a result, the Twin Cities market was selected, along with other markets in Michigan, Illinois, Indiana and some southern states, to be included in the divestiture transaction.

What this means is that Comcast will be leaving Minnesota and will no longer own the cable systems serving the Twin Cities or the City. Rather, the System will be owned by Midwest Cable. Because Midwest Cable is newly created, it will require third party assistance to address many operating issues such as programming agreements, customer service, billing, technical support and related issues. Charter will be assisting Midwest Cable with many of these issues via a "services agreement" that will be more fully explained in this Report.

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[1] All diagrams are derived from Midwest Cable Form S-1 filed with the Securities and Exchange Commission on October 31, 2014.

What will be the name of the new cable operator serving the City?

In initial communications with the City, Comcast referred to the proposed new cable operator entity as SpinCo. Shortly thereafter the name was changed to Midwest Cable. Midwest Cable remains the name as of the date of this Report, but following close of the Transaction, the name will change to GreatLand Connections Inc. ("GreatLand"). For purposes of this report all references will be to Midwest Cable.

The Transaction initially provides for Comcast's creation of Midwest Cable and Comcast's contribution of systems (and related business assets and holdings) serving approximately 2.5 million existing Comcast subscribers to Midwest Cable. Midwest Cable is currently a wholly owned subsidiary of Comcast. Following the contribution, Comcast will spin-off the Midwest Cable stock to its public shareholders and Midwest Cable will become an independent, publicly traded corporation and its name will change to GreatLand. Approximately two-thirds (2/3) of the equity and voting shares of Midwest Cable will be held by Comcast shareholders and one-third of the equity and voting shares will be owned by Charter. *See page 5 of this Report for a diagram of the transaction.*

Timing for Action by City

On or about June 17, 2014 the City received from Grantee, FCC Form 394 - Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise ("Application"). Federal, state and local law, including the terms of the Franchise, provide the City with authority to consider the Application. The time period for such a review is typically one hundred twenty (120) days from the date of receipt of the Application, in this case on or before October 15, 2014. On or about August 22, 2014 Comcast and Midwest Cable agreed to extend the Application review period for sixty (60) days until December 15, 2014 to allow the City time to review additional information concerning the qualifications of Midwest Cable which was provided to the City on September 30, 2014.

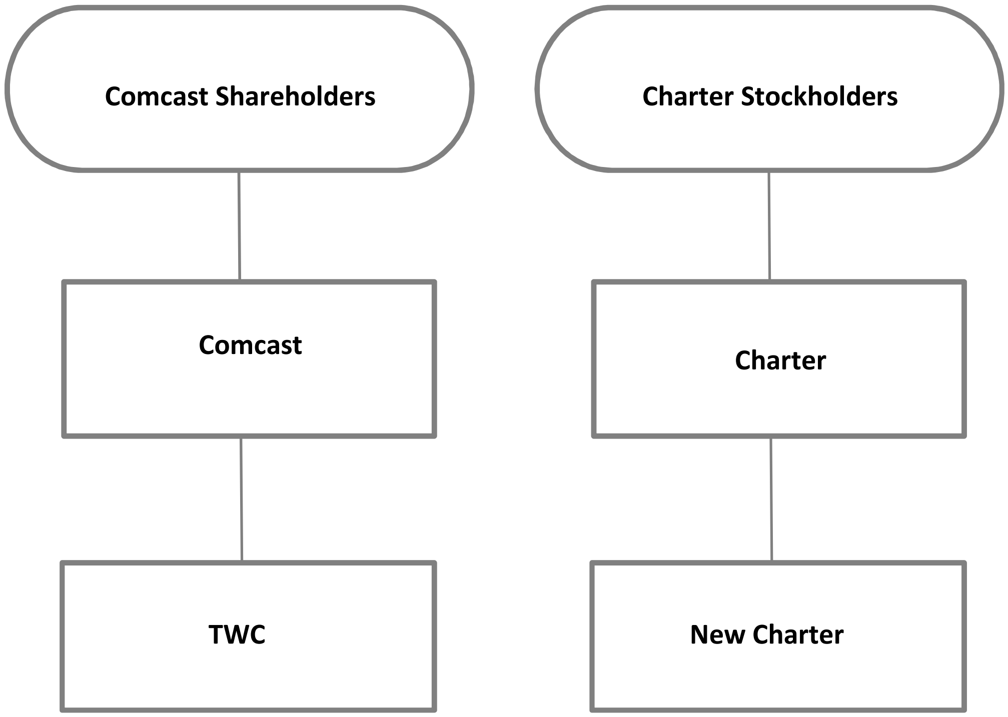
On or about September 30, 2014 Comcast and Midwest Cable agreed to a further extension of the Application review period for thirty (30) days until January 15, 2015 to allow the City to review certain service agreements related to the Transaction as well as certain SEC financial filings to be made available for review on October 31, 2014. **The current City deadline for action on the Application is January 15, 2015**.

What can the City consider?

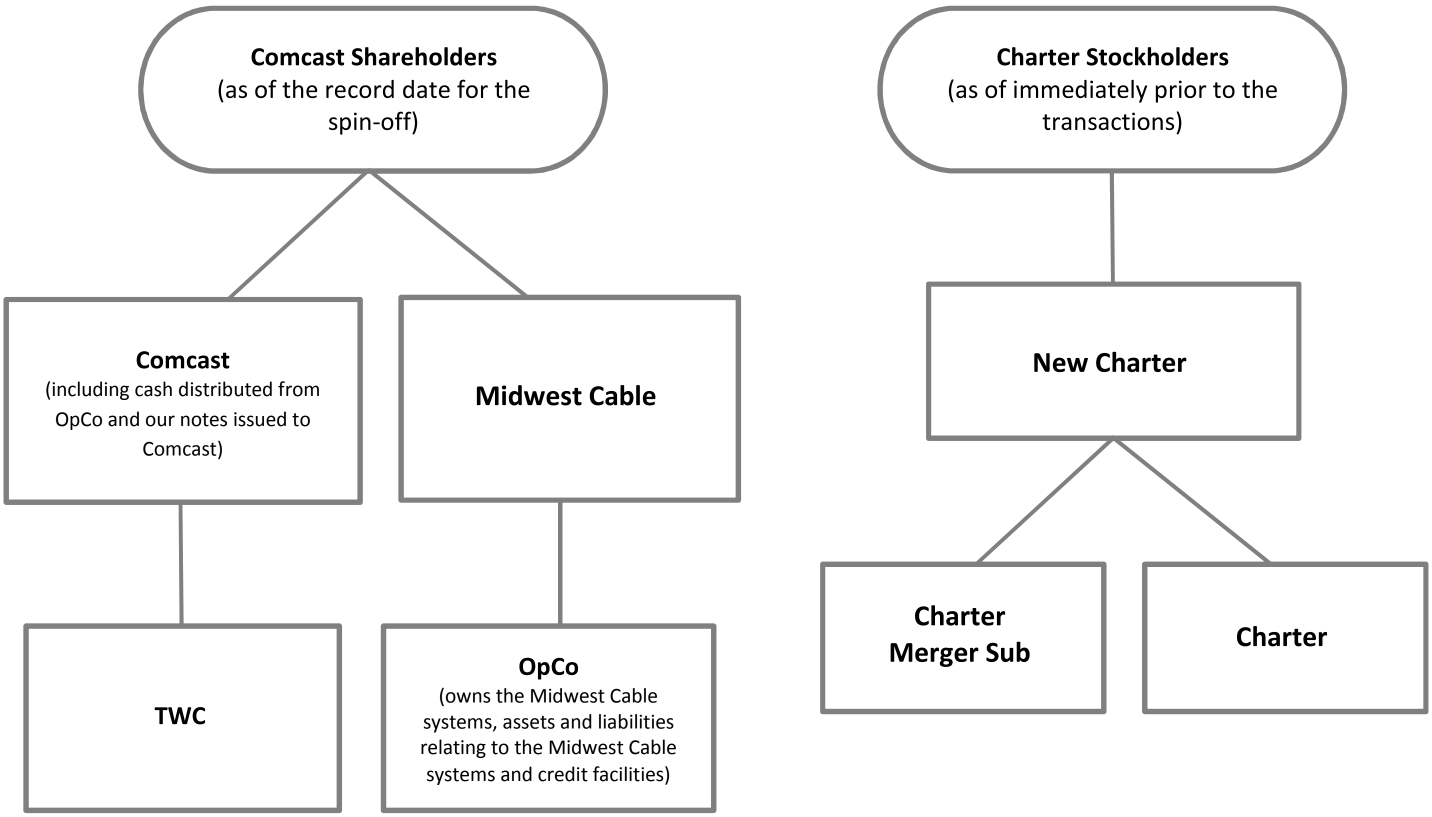
Pursuant to the City's Franchise, this proposed Transfer is prohibited without the written consent of the City. Federal, state and local law provides the City with a right to examine the legal, technical and financial qualifications of the proposed New Grantee and Midwest Cable.

Following review of the Application additional questions were sent on the City's behalf to Comcast seeking supplemental information regarding the qualifications of New Grantee and Midwest Cable. The Transaction is complicated to describe because certain operational responsibilities will be contracted for by Midwest Cable. Both Comcast and Charter will provide certain transition services and ongoing services to Midwest Cable which will be more fully described herein.

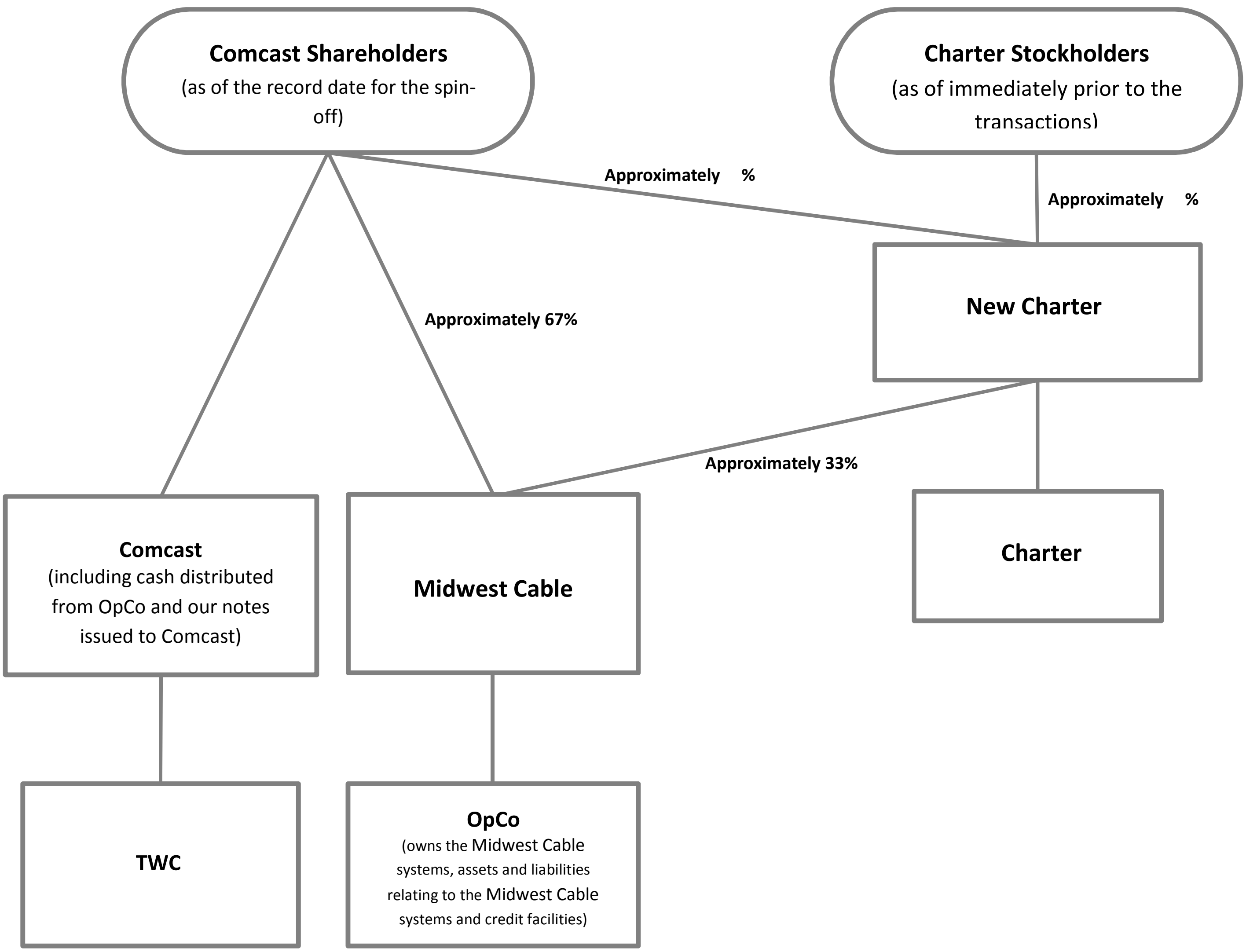
Structure Following the Comcast/TWC Merger but Before the Transactions



Structure Following the Spin-Off and the Charter Reorganization but Before the Midwest Cable Merger



Structure Following the Transactions



APPLICABLE LAW

In addition to the Franchise requirements which are not specially set forth herein, the following provisions of Federal law and State law govern the actions of the City in acting on the request for approval of the Transaction.

Federal Law

The Cable Communications Policy Act of 1984, as amended by the Cable Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996 ("Cable Act"), provides at Section 617 (47 U.S.C. § 537):

> *Sales of Cable Systems. A franchising authority shall, if the franchise requires franchising authority approval of a sale or transfer, have 120 days to act upon any request for approval of such sale or transfer that contains or is accompanied by such information as is required in accordance with Commission regulations and by the franchising authority. If the franchising authority fails to render a final decision on the request within 120 days, such request shall be deemed granted unless the requesting party and the franchising authority agree to an extension of time*.

The Cable Act also provides at Section 613(d) (47 U.S.C. § 533(d)) as follows:

> (d) Regulation of ownership by States or franchising authorities. *Any State or franchising authority may not prohibit the ownership or control of a cable system by any person because of such person's ownership or control of any other media of mass communications or other media interests. Nothing in this section shall be construed to prevent any State or franchising authority from prohibiting the ownership or control of a cable system in a jurisdiction by any person (1) because of such person's ownership or control of any other cable system in such jurisdiction, or (2) in circumstances in which the State or franchising authority determines that the acquisition of such a cable system may eliminate or reduce competition in the delivery of cable service in such jurisdiction*.

Further, the Federal Communications Commission ("FCC") has promulgated regulations governing the sale of cable systems. Section 76.502 of the FCC's regulations (47 C.F.R. § 76.502) provides:

> *Time Limits Applicable to Franchise Authority Consideration of Transfer Applications.*

(a) A franchise authority shall have 120 days from the date of submission of a completed FCC Form 394, together with all exhibits, and any additional information required by the terms of the franchise agreement or applicable state or local law to act upon an application to sell, assign, or otherwise transfer controlling ownership of a cable system.

(b) A franchise authority that questions the accuracy of the information provided under paragraph (a) must notify the cable operator within 30 days of the filing of such information, or such information shall be deemed accepted, unless the

cable operator has failed to provide any additional information reasonably requested by the franchise authority within 10 days of such request.

(c) *If the franchise authority fails to act upon such transfer request within 120 days, such request shall be deemed granted unless the franchise authority and the requesting party otherwise agree to an extension of time.*

State Law

Minnesota Statutes Section 238.083 provides:

Sale or Transfer of Franchise.

Subd. 1. Fundamental corporate change defined. *For purposes of this section, "fundamental corporate change" means the sale or transfer of a majority of a corporation's assets; merger, including a parent and its subsidiary corporation; consolidation; or creation of a subsidiary corporation.*

Subd. 2. Written approval of franchising authority. *A sale or transfer of a franchise, including a sale or transfer by means of a fundamental corporate change, requires the written approval of the franchising authority. The parties to the sale or transfer of a franchise shall make a written request to the franchising authority for its approval of the sale or transfer.*

Subd. 3. Repealed*, 2004 c 261 art 7 s 29*

Subd. 4. Approval or denial of transfer request. *The franchising authority shall approve or deny in writing the sale or transfer request. The approval must not be unreasonably withheld.*

Subd. 5. Repealed*, 2004 c 261 art 7 s 29*

Subd. 6. Transfer of stock; controlling interest defined. *Sale or transfer of stock in a corporation so as to create a new controlling interest in a cable communication system is subject to the requirements of this section.*

The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised.

TECHNICAL REVIEW

The technical qualification standard relates to the technical expertise and experience of New Grantee and Midwest Cable to own, operate and maintain the System in the City following the closing of the Transaction. In this case, since Midwest Cable will become the ultimate parent of New Grantee, our focus is on the technical qualifications of Midwest Cable. In such a review, the standard of review is that the City's consent shall not be "unreasonably withheld." Because Charter will be providing considerable support to Midwest Cable, we have also outlined below certain qualifications of Charter and have attempted to clarify which entity will provide services in the City.

<u>Background Qualifications of Midwest Cable</u>

Midwest Cable is a newly created entity. Midwest Cable has no operating history that the City can review nor does it have any existing franchises under its control. Midwest Cable will initially have nine board members. Midwest Cable's Executive Management Team will include the following cable and communications industry executives: 1) Michael Willner, President and CEO; 2) Leonard Baxter, Vice President, Chief Administrator Officer; 3) Matt Siegel, Executive Vice President and Chief Financial Officer; and 4) Keith Hall, Executive Vice President, Corporate Affairs. Mr. Willner, a forty year cable veteran, is the former President and CEO of Insight Communications. Many members of the Midwest Cable executive team are former Insight Communications executives that worked under Mr. Willner. Midwest Cable will employ regional managers and for certain cable systems, local area managers, who will responsible for overseeing the local cable system operations of Midwest Cable.

<u>Responses to Supplemental Information</u>

Comcast and Midwest Cable provided an identical letter dated September 30, 2014 to all Twin City area jurisdictions (through legal counsels for each of the jurisdictions) rather providing a response to each of the specific questions raised by the Commission and City. Below is a summary of the information provided in the Comcast / Midwest Cable correspondence dated September 30, 2014.

1. Will Midwest Cable have local Twin City employees?

All local system field operational (technical) personnel will be Midwest Cable employees. All government affairs personnel interacting with local franchising authorities will also be Midwest Cable employees. Other operational services will be provided by Charter personnel as described below.

2. What transition services will Comcast provide?

During the first year following the close of the Transaction, Comcast will provide the following "transition services" to Midwest Cable. Some of these services will transition to Midwest Cable more quickly than others.

a. <u>Facilities and Asset-Based</u>: Network operating center ("NOC") for fiber and outage monitoring; national-route fiber leases; Internet Protocol TV ("IPTV") infrastructure and support; call centers and specialized customer care activities (*e.g.*, home security monitoring).

b. Software Platforms: Billing systems; customer websites and service portals; provisioning and telephony platforms; customer premise equipment support systems; voicemail and email platforms; network support tools; data warehouse; human resources and accounting systems.

c. Marketing and Sales: Transition from Comcast/Xfinity branding to the Midwest Cable and Charter co-branded "Spectrum" product offering – including all of the associated market and employee-facing markings, as well as national sales channels for residential, commercial and advertising sales.

d. Customer-Facing Transition Services: Call center support; billing systems support; provisioning of video; voice and data services; voice operations/call completion; X1 platform support; customer identity management; and email/voicemail continuity support.

3. What services will Charter provide in the Twin Cities?

For an initial three (3) year term (with optional one year extensions) Midwest Cable will contract with Charter to provide certain marketing and operational services. Midwest Cable will pay Charter a fee of 4.25 percent of Midwest Cable's total revenues (voice, video and data revenues) in return for these services.

Charter background - Charter currently operates cable systems throughout Minnesota in such cities as Duluth, St. Cloud, Marshall, Apple Valley, Lakeville, Rochester, Mankato, Winona and many others. Charter provides service to more than 6.1 million customers in 29 states in which it currently operates. Charter is a *Fortune 500* company and employs approximately 23,000 people.

a. Procurement and Programming Management Services. Charter will provide programming management services to Midwest Cable including negotiating and entering into video programming agreements.

Charter will provide procurement management services to Midwest Cable. Examples of such goods and services are: product hardware, software licensing and employee cellular service.

b. Network Operations. Charter will provide Midwest Cable: (i) telecommunications services that previously depended on Comcast in a shared service model including: network connectivity for all services including voice, video and data, Video On Demand, CPE software and provisioning management, network security and interface with law enforcement, authentication of services and network monitoring and outage detection.

c. Engineering & IT. Charter will provide Midwest Cable the Corporate Engineering services previously provided by Comcast including: architectural design standards, product technical roadmaps and standards and technical roadmaps and standards.

Charter will provide Midwest Cable IT services including: (i) software for back office functions including managing customer transactions and provisioning of services; (ii) management information services for accounting, billing, activity analysis, labor management, budgeting and financial analysis; and (iii) management of data centers.

d. Voice Operations. Charter will provide origination services to Midwest Cable including processing phone subscriber orders for phone installations at the subscriber's home or business. These services include: order fulfillment and provisioning and local number management and portability.

e. Field Operations. Charter will support Midwest Cable under by providing field operations services including: dispatch, plant database software systems, predictive network failure software and maintenance prioritization, technician activity and productivity reporting, warehouse standards and CPE handling standards, tools, requirements and standards for technician communications, plant design and construction standards and fleet management.

f. Customer Service. Charter will support Midwest Cable by providing customer care services directly or through its vendors. These services include call center services for call answering, monitoring and dispositioning related to inbound sales, billing, repair, and retention for all products and services sold by Midwest Cable, including video, voice and data, online chat for sales, service and billing, online customer care portals for self-help and service and customer identity management.

g. Billing & Collections. Charter will provide billing and collections services. These services include: customer billing and billing system management, collection of customer receivables and cash management and customer disconnect support.

h. Product. Charter will provide Midwest Cable with: (i) customer facing product development definitions/standards/software and planning for all business and consumer products; (ii) change planning and project management services; and (iii) website hosting, video content management and web mail hosting. Any customer facing products bearing a Charter brand name shall be co-branded with Midwest Cable's brand name in such a manner that it is clear to the consumer of such products that Midwest Cable is the party providing services to the consumer.

i. Marketing & Sales. Charter will support Midwest Cable by providing: (i) marketing services and database support to enable mass, direct and online marketing activities; (ii) analysis of sales channel(s) performance; and (iii) development and all customer and non-customer facing messaging.

Charter will support Midwest Cable by providing: (i) program design and management tools that maximize economic sales to nonsubscribers by door-to-door sales representatives; (ii) sales channel reporting; and (iii) program design for maximizing growth in MDU environment.

j. Administrative and Back office Services. As requested by Midwest Cable, Midwest Cable may leverage administrative services from Charter, including leveraging the associated platforms and practices, in areas including but not limited to accounts payable, general ledger, database systems, and payroll administration.

4. Will Xfinity cable services remain available?

Cable services will eventually be transitioned from Xfinity branding to Charter's "Spectrum" brand. Midwest Cable customer invoices will identify products and services as being "Spectrum by Midwest Cable."[2] The products and services may also be co-branded as "Midwest Cable and Charter," in certain markets.

5. Customer E-Mail Transition.

Post-closing, customers will continue to use their Comcast email account until they migrate to a Midwest Cable email account. Comcast customers will <u>not</u> indefinitely retain their existing "@comcast.net" email address after migrating to the Midwest Cable service, as Comcast owns that domain. However, emails sent to the customer's former "@comcast.net" email address will be automatically forwarded to the customer's new Midwest Cable email address for an "ample period of time" that is mutually agreeable to both companies. It is not clear if the email domain will be owned by Charter or Midwest Cable.

6. Phone Number Continuity.

The Transaction will not require any change in customer phone numbers. Existing Comcast telephone customers will be able to keep their current phone numbers permanently.

7. Customer Equipment.

Customers will be able to continue to use their current premises equipment after the Transaction closes. Midwest Cable will rely initially on Comcast for transition services to support the X1 platform. Midwest Cable ultimately will deploy the Spectrum product suite developed by Charter, which will include a cloud-based user interface similar to the one X1 provides. The Spectrum guide is designed to improve significantly television search and discovery functionality. Of critical importance here, the Spectrum product is designed to accommodate current subscriber equipment (including deployed X1 boxes). Accordingly, Customers who already have X1 equipment should be able to continue using that equipment even after Midwest Cable transitions to the Spectrum offering. After the transition, Midwest Cable video customers will also have authenticated access to programming at no extra charge via the Spectrum TV App – which is compatible with the Apple iPad, iPhone, and iPod Touch running iOS6 or higher; all Amazon KindleFire devices (excep for the first generation KindleFire); and all tablets and phones running Android 4.0 and above.

8. Customer Billing.

Customers will begin to see bills (at the same time of the month) from Midwest Cable and not Comcast. Approximately 15% of the customers pay online, directly from their bank (whether via recurring payments or one-time). These customers are the only customers that will be required to do anything to adjust their billing arrangements as they

[2] Recall that Midwest Cable's name will change to GreatLand Connections Inc. Presumably, the branding will be tied to the name GreatLand not Midwest Cable.

will be required to update their on-line banking information to direct payments to Midwest Cable rather than to Comcast. This would not occur for several months after close, and Midwest Cable will notify customers of the change – targeting customers who pay in this fashion with messaging.

9. Continuation of an Internet Access Support Program for Low Income Households.

Midwest Cable will continue to offer Internet Essentials and, over time, may make changes to properly serve this important constituency.

FINANCIAL REVIEW

I. Scope of Review

Comcast Corporation, a Pennsylvania corporation ("Comcast"), is the ultimate parent company of the current holder of the Franchise granted by the City. Under the Franchise, Comcast, through its subsidiaries, operates the System that provides cable services and other communication services in the City. Comcast has requested the City's approval of the proposed Transfer of the System to Midwest Cable, Inc. (which ultimately will be known as GreatLand Connections Inc.), a Delaware corporation ("Midwest"), an entity initially wholly owned by Comcast and subsequently spun off to Comcast's existing shareholders.[3] At the request of the City, Moss & Barnett, PA has reviewed selected financial information that was provided by Comcast and Midwest or publicly available to assess the financial qualifications of Midwest, as a publicly traded entity, following completion of the proposed transfer of the System.

The financial information that was provided or available through other public sources and to which our review has been limited, consists solely of the following financial information (hereinafter referred to collectively as the "Financial Statements"):

1. FCC Form 394 "Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise" dated June 17, 2014, provided by Comcast Corporation (the "Application"), along with such other exhibits as provided therewith;

2. Form 8-K for Comcast Corporation filed with the Securities and Exchange Commission on April 28, 2014 that includes the Comcast/Charter Transaction Agreement between Comcast Corporation and Charter Communications, Inc. dated April 25, 2014 (the "Transaction Agreement");

3. Form 10-K for Comcast Corporation filed with the Securities and Exchange Commission on February 12, 2014, for the fiscal year ended December 31, 2013;

4. Form 10-Q for Comcast Corporation filed with the Securities and Exchange Commission on October 23, 2014 for the fiscal quarter and nine-month period ended September 30, 2014;

5. Form 8-K for Comcast Corporation filed with the Securities and Exchange Commission on October 29, 2014 that includes pro forma financial statements for the Comcast Cable Systems to be Contributed to Midwest Cable, Inc.;

6. Form S-1 for Midwest Cable, Inc. filed with the Securities and Exchange Commission on October 31, 2014;

7. The audited financial statements of Comcast Corporation and subsidiaries as of December 31, 2013 and 2012, including Consolidated Balance Sheets as of December 31, 2013 and 2012, Consolidated Statements of Income, Comprehensive Income, Cash Flows and Change in Equity for the years ended December 31, 2013,

[3] Form S-1 for Midwest Cable, Inc. filed with the Securities and Exchange Commission on October 31, 2014 ("Form S-1") at p. 4.

2012 and 2011, and the Independent Auditors' Report of Deloitte & Touche LLP dated February 12, 2014;

8. The draft Charter Services Agreement by and between Midwest Cable, Inc. and Charter Communications Operating, LLC.

9. The draft Transition Services Agreement by and between Midwest Cable, Inc. and Comcast Corporation; and

10. Such other information as we requested and that was provided by Comcast relating to the transfer.

Our procedure is limited to providing a summary of our analysis of the Financial Statements in order to facilitate the City's assessment of the financial capabilities of Midwest to acquire and operate the System in the City.

II. Overview of Transaction

As a result of the other transactions as discussed in Section III in this report and pursuant to the Transaction Agreement, Comcast has agreed to divest itself from certain assets, which includes the System, pursuant to a spin-off transaction.[4] The transaction initially provides for Comcast's creation of a new corporate subsidiary (Midwest) and its contribution of systems (and related business assets and holdings) serving approximately 2.5 million existing Comcast subscribers to Midwest.[5] These systems are located in the Midwestern and Southeastern United States.[6] Midwest is currently a wholly owned subsidiary of Comcast.[7]

Following the contribution, Comcast will spin-off the Midwest stock to its public shareholders and Midwest will become a publicly traded corporation.[8] Prior to the spin-off of Midwest, Midwest will incur debt in an amount equal to five times the stand-alone Midwest assets' earnings before interest, taxes, depreciation and amortization (EBITDA) and distribute the debt proceeds to or exchange those debts with Comcast.[9] Midwest estimates the amount of this initial debt to be approximately $7.8 billion.[10] This transaction is subject to many conditions including federal regulatory approval, performance covenants, financing, favorable tax opinions and other requirements of the parties.[11] In addition, Comcast and Midwest will enter into a Transition Services Agreement pursuant to which Comcast will continue to provide certain services to Midwest for a period of 12 to 18 months pursuant to the applicable statements of work.[12]

After the completion of the above transactions, CCH 1, LLC ("New Charter"), a wholly owned subsidiary of Charter Communications, Inc. will acquire an approximately thirty-three

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[4] Id. at p. 1.
[5] Id.
[6] Form 8-K for Comcast Corporation filed with the Securities and Exchange Commission on April 28, 2014 at pp. 1-3 and Form S-1 at p. 1.
[7] Form S-1 at p. 1.
[8] Id. at p. 2.
[9] Id. at p. 1.
[10] Id.
[11] Id. at p. 2.
[12] Draft Transition Services Agreement by and between Midwest Cable Inc. and Comcast Corporation.

percent (33%) interest in Midwest.[13] The acquisition is structured as a merger of New Charter into Midwest.[14] As consideration for this merger, New Charter will issue new stock to the Midwest shareholders which will represent about ten percent (10%) of Charter's issued and outstanding stock after the merger transaction.[15] In conjunction with this transaction, Charter will enter into a Charter Services Agreement with Midwest in which Charter will provide Midwest with certain services, including, but not limited to corporate services, network operations, engineering and IT, voice operations, field operations support services, customer services, billing and collections, product services, marketing services, sales, business intelligence and intellectual property licensing.[16] Charter will receive compensation for out-of-pocket costs related to these services plus a services fee equal to 4.25% of Midwest's gross revenues.[17] The Charter Services Agreement has an initial three (3) year term with automatic one (1) year renewals.[18]

As a result of the transactions described above, Midwest will become a publicly traded company owned approximately two-thirds by Comcast's existing shareholders and one-third by Charter's existing shareholders.[19] The current Comcast shareholders will receive shares of Charter's publicly traded stock and Midwest's publicly traded stock as part of the transactions.

The transactions are expected to close in early 2015.[20]

III **Overview of Related Transactions**

The spin-off transaction is part of a larger group of transactions that involve Charter Communications, Inc., a Delaware corporation ("Charter"), and Time Warner Cable Inc., a Delaware corporation ("TWC"). The other transactions include:[21]

1. TWC's merger into Tango Acquisition Sub, Inc., a wholly owned subsidiary of Comcast;

2. Charter's purchase from Comcast of systems currently served by TWC that represent approximately 1.5 million video subscribers;

3. Charter's exchange that includes its transfer to Comcast of certain cable systems that represent approximately 1.6 million video subscribers in exchange for TWC systems that represent approximately 1.5 million video subscribers; and Charter's internal reorganization that results in the creation of New Charter.

[13] Form 10-Q for Comcast Corporation filed with the Securities and Exchange Commission on October 23, 2014 for the fiscal quarter and nine-month period ended September 30, 2014 ("Form 10-Q") at p. 30.
[14] Id.
[15] Id.
[16] Draft Charter Services Agreement by and between Midwest Cable, Inc. and Charter Communications Operating, LLC and Form S-1 at p. 70.
[17] Id.
[18] Id.
[19] Form S-1 at p. 2.
[20] Form 10-Q at p. 29.
[21] Comcast/Charter Transaction Agreement between Comcast Corporation and Charter Communications, Inc. dated April 25, 2014.

IV. Overview of Midwest

Midwest is a newly formed corporation that will provide full service communications and cable services, along with other video programming, Internet services, and voice services to residential and commercial customers in certain markets in the United States.[22] Midwest was formed in May of 2014 as a limited liability company and converted to a corporation in September of 2014.[23] After the contribution and spin-off, Midwest will be the fifth largest cable operator in the United States.[24] After the transaction, Midwest's cable system will pass approximately 6.3 million potential customers and serve approximately 2.5 million residential and commercial cable customers.[25] Approximately sixty-five percent (65%) of Midwest's customers will be located in the Detroit, Michigan; St. Paul/Minneapolis, Minnesota; and Indianapolis, Indiana markets.[26] As of the current time, an estimate of the number of direct employees employed by Midwest is unstated and most Midwest services will be provided by Comcast or Charter through the separate service agreements.[27] Midwest's management has an extensive background in the cable industry.[28]

Cable providers and telecommunication companies operate in a competitive environment and the financial performance of cable television operators, like Midwest and other cable operators, are subject to many factors, including, but not limited to, the general business conditions, programing costs, incumbent operators, digital broadcast satellite service, technology advancements, burdensome service contracts, and customer preferences, as well as competition from multiple sources, which provide and distribute programming, information, news, entertainment and other telecommunication services.[29] Midwest has no operating history as a stand-alone company and is dependent upon Comcast and Charter for all of its essential services and operations.[30] In addition, Midwest, as a result of the transaction, will be a highly leveraged company, which may reduce its ability to withstand prolonged adverse business conditions and there is no assurance that Midwest will be able to obtain financing in the future to cover its cash flow needs.[31] The cable business is inherently capital intensive, requiring capital for the construction and maintenance of its communications systems. We specifically requested information on Midwest's capital expenditures budget, but Comcast declined to provide that information to us.[32] Each of these factors could have a significant financial impact on Midwest and its ability to continue to operate the System.

V. Findings

We have analyzed the historical financial statements just for the assets to be contributed by Comcast to Midwest and publicly filed information, along with its Services Agreement with Charter and Transition Services Agreement with Comcast. Midwest declined to provide us with

[22] Form S-1 at p. 50.
[23] Id.
[24] FCC Form 394 "Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise" dated June 17, 2014, provided by Comcast Corporation (the "Application"), – Cover letter dated June 17, 2014.
[25] Form S-1 at p. 50.
[26] Id. at pp. 50-51.
[27] Id. at p. 63.
[28] Application – Exhibit 7.
[29] Form S-1 at pp. 8-17.
[30] Id. at p. 13.
[31] Id. at pp. 17-19.
[32] Correspondence to author from Klayton F. Fennell, Vice President, Government Affairs, Comcast Corporation. dated July 28, 2014 at p. 15.

projected statements of cash flow and income and a balance sheet for its future operations and further stated that "Comcast has not and will not provide forward looking analyses related to Midwest Cable…".[33] Furthermore, other than the footnote disclosures in the historical financial statements which were minimal, we were not provided with the detailed information on how Comcast determined its revenue and expense allocations and its assumptions used to prepare the Midwest financial statements. Deloitte & Touche LLP, one of the biggest accounting firms in the United States, provided an Independent Auditors' Report dated October 24, 2014 on the Comcast Cable Systems to be Contributed to Midwest Cable, Inc. and stated the Midwest financial statements fairly present, in all material respects, the financial condition of the Comcast assets to be contributed to Midwest.[34] The Auditors' Report states "The accompanying combined financial statement reflect the assets, liabilities, revenue and expenses directly attributable to the Company *[Midwest]*, as well as allocations deemed reasonable by Comcast Corporation management, and do not necessarily reflect the combined financial position, result of operations, and cash flows that would have resulted had the Company *[Midwest]* been operated as a stand-alone entity during the period presented."[35]

These historical audited financial statements do not include transaction costs and ongoing additional costs and synergies of the new Midwest operation, including the new debt and various new service fees for services provided by Charter and Comcast. Midwest's management has provided financial statement, as adjusted for some of these other costs and expenses that were not recognized by Comcast historically.[36] These financial statements do not include all potential adjustment items as noted in Midwest's public filings.[37]

As such, we are reporting our Findings hereunder based upon Comcast's historical information as adjusted, for the assets and systems contributed to Midwest. Overall, from a financial point-of-view, the information provided below shows that Midwest will be highly leveraged and have significant third party costs and obligations.

1. **Analysis of Financial Statements**. Federal law and FCC regulations provide franchising authorities, such as the City, with limited guidance concerning the evaluation of the financial qualifications of an applicant for a cable franchise. In evaluating the financial capabilities of a cable operator, we believe it is appropriate to consider the performance of an applicant based on the applicant's historical performance plus its projected or budgeted financial information along with its financial capabilities (financing). With a new company, historical information is not available. However in this case, the pro forma financial statements with respect to the assets contributed by Comcast to Midwest have been prepared by Comcast based upon its management's assumptions. We have not independently verified the Comcast management's allocations and assumptions and are relying on the publicly disclosed information as provided by Midwest and Comcast. We believe a general review of the Midwest pro forma financial information may provide some insight into the general financial

[33] Id.
[34] Form 8-K for Comcast Corporation filed with the Securities and Exchange Commission on October 29, 2014 that includes pro forma financial statements for the Comcast Cable Systems to be Contributed to Midwest Cable, Inc. ("Form 8-K") at p. F-1.
[35] Id.
[36] Form S-1 at pp. 31-36.
[37] Id. at p. 36.

operations of Midwest with respect to the Application, but we note that there are many unanswered questions regarding Midwest's operations going forward.[38]

As noted above, Midwest's operations include both cable television video services and non-cable television services. According to Midwest's financial statements, Midwest's residential video service compromised approximately forty-eight percent (48%) to fifty percent (50%) of its revenue in 2013 and 2014.[39] The Midwest financial information discussed below includes all of the Midwest operations, including the non-cable television video services. We have analyzed Midwest's pro forma financial statements, as adjusted as noted below, as of June 30, 2014 and historical financial statements as of December 31, 2013 and 2012 in providing the information in this Section. As described below, these financial statements do not reflect the current fair value of Midwest's assets and liabilities, but rather the assets and liabilities are presented based on Comcast's historical cost as determined by Comcast's management.[40]

2. **Specific Financial Statement Data and Analysis**.

a. **Assets**. The Comcast assets transferred to Midwest had (i) current assets of $168 million as adjusted, $173 million, and $152 million; (ii) working capital of a negative $211 million as adjusted, a negative $206 million, and a negative $196 million; and (iii) total assets of $9,043 million as adjusted, $8,999 million, and $8,992 million as of June 30, 2014 and December 31, 2013 and 2012, respectively.[41] Working capital, which is the excess of current assets over current liabilities, is a short-term analytical tool used to assess the ability of a particular entity to meet its current financial obligations in the ordinary course of business. The trend shows a slight increase in the negative working capital from December 31, 2012 to June 30, 2014, and suggests that Midwest's cash flow may be unable to meet is current obligations. Midwest's current ratio (current assets divided by current liabilities) as of June 30, 2014, of 0.44/1 is well below a generally recognized standard of 1:1 for a sustainable business operation.[42] Approximately seventy-five percent (75%) of Midwest's assets are comprised of its intangible Franchise Rights and Goodwill.[43] According to Comcast, the current fair market values of Midwest's net assets is considerably in excess of the historical financial information.[44]

b. **Liabilities and Net Equity**. Midwest's pro forma financial statements show (i) current liabilities of $379 million as adjusted, $379 million and $348 million; and (ii) deferred taxes of $2,836 million, $2,842 million and $2,835 million as of June 30, 2014 and December 31, 2013 and 2012, respectively.[45] Midwest's long-term debt is estimated to be $7.8 billion which will have a significant impact

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[38] Correspondence to author from Klayton F. Fennell, Vice President, Government Affairs, Comcast Corporation. dated July 28, 2014.
[39] Form S-1 at p. 44.
[40] *Id.* at p.31.
[41] Form 8-K at p. F-2 of the December 31, 2013 Financial Statements and Form S-1 at p. 32.
[42] Form S-1 at p. 32.
[43] *Id.*
[44] Id.
[45] Form 8-K at p. F-2 of the December 31, 2013 Financial Statements, at p. F- 1 of the June 30, 2014 Financial Statements and Form S-1 at p. 32.

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on Midwest's balance sheet.[46] The specific terms of the new indebtedness have not been disclosed and are unknown; however Midwest has used an interest rate of five percent (5%) on its adjusted pro forma financial statements.[47] This additional debt will require Midwest to generate additional cash flow, including through the operations and its service arrangement with Charter, to fund its debt service. Midwest's initial debt leverage will be no greater than 5.0x its 2014 EBITDA, which is consistent with some other cable operators (Charter at 5.0x, Cablevision at 5.3x, Suddenlink at 5.7x and Mediacom at 5.3x).[48] In order to close these transactions, Midwest and the other parties will be required to obtain certain levels of financing, which if not received would terminate the above described transactions.

c. **Income and Expense**. Midwest's pro forma income statements, as adjusted report (i) revenue of $2,299 million and $4,470 million; (ii) operating expenses of $1,839 million and $3,618 million; and (iii) operating income of $460 million and $852 million for the six-month period ending June 30, 2014 and the year ending December 31, 2013, respectively.[49] Midwest is reporting net income in its pro forma financial statements as adjusted of $158 million and $272 million for the six-month period ending June 30, 2014 and the year ending December 31, 2013, respectively.[50] The ability to generate cash is important for Midwest due to its highly leveraged operations. A one percent (1%) increase in the interest rate of the $7.8 billion of debt will result in an additional $78 million of interest expense annually. As a result of the transactions and changes in its business and business structure, Midwest will incur significant non-recurring expenses which may negatively affect Midwest's short-term income statement performance. In addition, as a result of the transaction, Midwest may be required to incur significant capital expenditures for the assimilation its new business and services along with additional programing costs to maintain its current programming in the future.[51]

VI. Summary

Using the FCC Form 394 to establish an absolute minimum standard of financial qualifications that a proposed applicant must demonstrate in order to be qualified as the successor operator of the System, Comcast and Midwest have the burden of demonstrating to the City's satisfaction that Midwest has "sufficient net liquid assets on hand or available from committed resources" to consummate the transaction and operate the System, together with its newly acquired operations, for three (3) months. This minimum standard is not easy to apply to a newly formed highly leveraged company with significant transaction and ongoing service costs. In general, we have also considered the standard practice of lenders that requires borrowers to maintain certain debt covenants on new and outstanding debt, including certain cash flow requirements, financial ratios and adequate security, in order to make and maintain a loan and that if a borrower does not meet these requirements, a loan may not be initially funded.

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[46] Form 10-Q at p. 5.
[47] Form S-1 at p. 35.
[48] Letter to Brian T. Grogan, Esq. of Moss & Barnett, PA from Comcast and Midwest Cable, dated September 30, 2014, at p. 15.
[49] Form S-1 at pp. 33-34.
[50] Id.
[51] Id. at p. 3.

Based solely on Midwest's financial information that we reviewed, Midwest's public filings assume that Midwest will receive sufficient debt commitments and the required debt to consummate the Transaction Agreement. Based on the foregoing and limited strictly to the financial information analyzed in conducting this review, we do not believe that Comcast's request for transfer of the ownership of the System to Midwest can reasonably be denied based solely on a lack of financial qualifications of Midwest, if the financing to consummate the transaction is obtained by Midwest, as Midwest would have the funds to acquire and operate the System for at least some initial period of time. The failure to obtain the financing would result in the termination of the Transaction Agreement and proposed transfer of ownership. Due to the many uncertainties and lack of information regarding the proposed financing and future operations, there is not enough information that has been made available to review to make any conclusions regarding the financial qualification of Midwest's ability to own and operate the System after the acquisition and initial operating period.

In the event the City elects to proceed with approving the proposed transfer of control, the assessment of Midwest's financial qualifications should not be construed in any way to constitute an opinion as to the financial capability or stability of Midwest to (i) operate under the Franchise, (ii) operate its other operations, or (iii) successfully consummate the transactions as contemplated in the Transaction Agreement. The sufficiency of the procedures used in making an assessment of Midwest's financial qualifications and its capability to operate the System is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures used either for the purpose for which this analysis of financial capabilities and qualifications was requested or for any other purpose.

Lastly, in order to ensure compliance with its obligations to operate the System and since we have based a significant part of our analysis on the financial statements, as adjusted, of Midwest, the parent entity, we recommend that the City maintain any performance bonds or corporate parent guaranty, if any, required under any City Franchise. If security funds are not required in the City Franchise, the City may wish to consider pursuing a corporate parent guaranty from Midwest in a form as set forth in **Exhibit B** or as otherwise mutually agreeable to Midwest and the City. A model resolution has also been attached for the City's review and consideration as **Exhibit A**.

EXHIBIT A

RESOLUTION NO. _____________

APPROVING THE TRANSFER OF THE CABLE FRANCHISE AND CHANGE OF CONTROL OF THE GRANTEE

WHEREAS, Comcast of Arkansas/Florida/Louisiana/Minnesota/Mississippi/Tennessee, Inc. ("Grantee"), currently holds a cable television franchise ("Franchise") granted by the City of ___________________________, ____________ ("City"); and

WHEREAS, Grantee owns, operates and maintains a cable television system in the City ("System") pursuant to the terms of the Franchise; and

WHEREAS, on February 12, 2014, Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("TWC") entered into an Agreement and Plan of Merger; and

WHEREAS, on April 25, 2014, Comcast and Charter Communications, Inc. ("Charter") entered into the Comcast/Charter Transactions Agreement (the "Agreement"), pursuant to which the Grantee, through a restructuring under Comcast's ownership, will become Comcast of Minnesota, LLC ("New Grantee") and immediately thereafter will become a wholly-owned subsidiary of Midwest Cable, Inc. ("Midwest Cable") (the "Transaction"); and

WHEREAS, on or about June 17, 2014 the City received from Grantee, FCC Form 394 - Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise ("Application"); and

WHEREAS, Federal law and the terms of the Franchise require that the City take action to consider the Application within one hundred twenty (120) days of the date of receipt, or on or before October 15, 2014; and

WHEREAS, on or about August 22, 2014 Comcast and Midwest Cable agreed to extend the Application review period for sixty (60) days until December 15, 2014 to allow the City time to review the additional information concerning the qualifications of Midwest Cable provided to the City on September 30, 2014; and

WHEREAS, on or about September 30, 2014 Comcast and Midwest Cable agreed to a further extension of the Application review period for thirty (30) days until January 15, 2015 to allow the City to review certain service agreements related to the Transaction as well as certain SEC financial filings to be made available for review on October 31, 2014; and

WHEREAS, Section ________ of the Franchise requires the City's advance written consent prior to the Grantee's transfer of the Franchise; and

WHEREAS, as a result of the proposed Transaction Grantee has requested consent from the City to the proposed transfer of the Franchise; and

WHEREAS, the City has reviewed the proposed Transaction, and based on information provided by Grantee and Midwest Cable and on the information received by the City from the Southwest Suburbs Cable Commission ("Commission"), the City has elected to approve the proposed Transaction subject to certain conditions as set forth herein.

NOW, THEREFORE, the City of ______________________, ___________ hereby resolves as follows:

1. All of the above recitals are hereby incorporated by reference as if fully set forth herein.

2. The Franchise is in full force and effect and Grantee is the lawful holder of the Franchise.

3. New Grantee will be the lawful holder of the Franchise after completion of the Transaction.

4. The City hereby consents and approves of the proposed Transaction subject to the below conditions.

    a. New Grantee agreeing to assume any and all liabilities, known and unknown, under the Franchise.

    b. Within twenty (20) days of the date of adoption of this Resolution, New Grantee shall execute and file with the City the Acceptance and Agreement attached hereto to verify New Grantee's compliance with the terms and conditions of this Resolution; and

    c. Within thirty (30) days following close of the Transaction, Midwest Cable (also to be known as GreatLand Connections Inc.) shall execute and provide the City with the Corporate Parent Guaranty attached hereto and incorporated by reference.

    d. New Grantee shall provide both SD and HD (simulcast) capacity for the City's government access PEG channel - identical to what the Grantee currently provides to the City of Edina, Minnesota under the Franchise.

    e. New Grantee shall maintain and provide (as Grantee currently provides), free of charge to the City, Commission and the Commission's member cities, the existing PEG playback transmission connectivity and Comcast fiber and coax cable in the following manner:

        i. All fiber coming to and from the existing Comcast Head end building - 10210 Crosstown Circle necessary for Commission PEG transmissions.

        ii. New Grantee shall provide, maintain and replace any existing routers, switching equipment and related facilities at the headend that may be required to maintain the same PEG access functionality as Grantee currently provides and as otherwise required by the Franchise.

iii. The City, Commission and Commission's member cities shall have the right to continue to use maintain the fiber & splice points at 10210 Crosstown Circle.

iv. In the event headend is relocated from 10210 Crosstown Circle, all costs and expenses required to maintain the PEG playback transmission connectivity and Comcast fiber and coax cable shall be provided by New Grantee free of charge to the City, Commission and the Commission's member cities.

v. New Grantee shall provide, maintain and replace the existing termination equipment (Modulators) to facilitate the PEG programming transmission to each of the Commission's member cities in following amounts - Edina (6), Richfield (1), Hopkins (1), and Minnetonka (1).

f. New Grantee will participate in quarterly meetings with members of the Commission or the Commission's designees for the first two (2) years following the close of the Transaction to verify that subscriber issues and concerns are being addressed by New Grantee or any other entity that may have interaction with subscribers within the City. If issues are not being addressed, New Grantee agrees to meet with Commission and City staff, as directed, to explain steps being undertaken to address subscriber concerns and New Grantee will provide regular and timely updates to the Commission to provide verification of corrective actions being undertaken to address unresolved issues.

g. New Grantee will maintain an "escalated complaint program" to escalate unresolved cable television complaints from subscribers. One or more specifically identified employee(s) of New Grantee shall be available to Commission or City staff via email for reporting issues. These specifically identified employee(s) of New Grantee will have the ability to escalate service issues to a senior officer of New Grantee or New Grantee's parent company when necessary. New Grantee will follow-up with Commission or City staff by email or by phone with a summary of the results of the complaint(s).

h. New Grantee's compliance with the requirements of paragraphs c, d, e, and f of this Resolution shall be handled under the Franchise. New Grantee shall be subject to available enforcement procedures and remedies as if these obligations were set forth in the Franchise.

i. Comcast shall, within twenty (20) days of the date of adoption of this Resolution, fully reimburse City for all of City's reasonable costs and expenses in connection with the City's review of the proposed Transaction, including without limitation, all costs incurred by the City for experts and attorneys retained by City to assist in the review as well as notice and publication costs ("Reimbursement").

i. The Reimbursement shall not be deemed to be "Franchise Fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. §542), nor shall the Reimbursement be deemed to be (i) "payments in kind" or any involuntary payments chargeable against the Franchise Fees to be paid to the City by New Grantee pursuant to the Franchise.

ii. The Reimbursement shall be considered a requirement or charge incidental to the awarding or enforcing of the Franchise.

5. In the event the proposed Transaction contemplated by the foregoing resolution is not completed, for any reason, the City's consent shall not be effective. If any of the conditions set forth herein are not met, the City's consent to the proposed Transaction shall be null and void and of no effect.

This Resolution shall take effect and continue and remain in effect from and after the date of its passage, approval, and adoption.

Approved by the City of ___________, Minnesota this _____ day of ____________, 2014.

ATTEST: CITY OF ________________, MINNESOTA

By: ________________________________ By: ________________________________

Its: ________________________________ Its: ________________________________

ACCEPTANCE AND AGREEMENT

Comcast of Minnesota, LLC hereby accept this Resolution No. _______________ ("Resolution") and agree to be bound by the terms and conditions of this Resolution and the terms and conditions of the Franchise referenced within the Resolution.

Dated this __________ day of _____________, 2014.

Comcast of Minnesota, LLC

By: ____

Its: ____

SWORN TO BEFORE ME this

___ day of ___________, 2014.

____

NOTARY PUBLIC

EXHIBIT B

CORPORATE PARENT GUARANTY

THIS AGREEMENT is made this _________day of ___________, 201__ (this "Agreement"), by and among GreatLand Connections Inc. (f/k/a Midwest Cable, Inc.), a Delaware corporation (the "Guarantor"), the City of __________________, Minnesota ("Franchising Authority"), and _____________________________________, a _____________________ ("Company").

WITNESSETH

WHEREAS, on ___________________, 20__ the Franchising Authority adopted Ordinance No. ______________ granting a Cable Television Franchise which is now held by ______________________ (the "Franchise"), pursuant to which the Franchising Authority has granted the rights to own, operate, and maintain a cable television system ("System"); and

WHEREAS, pursuant to the Comcast/Charter Transaction Agreement dated April 25, 2014 by and between Charter Communication, Inc., a Delaware corporation, and Comcast Corporation, a Pennsylvania corporation, ("Agreement"), the Franchise will be transferred to the Company and the Guarantor will acquire control of the Company as an indirect subsidiary of Guarantor as a result of Comcast Corporation's contribution and spin off of certain cable television systems pursuant to the Agreement ("Change in Control"); and

WHEREAS, Company and Comcast Corporation have requested the consent to the Change of Control in accordance with the requirements of Section ___ of the Franchise; and

WHEREAS, pursuant to Resolution No. ________________, dated ____________, 20______, Franchising Authority conditioned its consent to the Change of Control on the issuance by Guarantor of a corporate parent guaranty guaranteeing certain obligations of Company under the Franchise.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in consideration of the approval of the Change of Control, Guarantor hereby unconditionally and irrevocably agrees to provide all the financial resources necessary for the observance, fulfillment and performance of the obligations of the Company under the Franchise and also to be legally liable for performance of said obligations in case of default by or revocation or termination for default of the Franchise.

This Agreement, unless terminated, substituted, or canceled, as provided herein, shall remain in full force and effect for the duration of the term of the Franchise.

Upon substitution of another Guarantor reasonably satisfactory to the Franchising Authority, this Agreement may be terminated, substituted, or canceled upon thirty (30) days prior written notice from Guarantor to the Franchising Authority and the Company. Such termination shall not affect liability incurred or accrued under this Agreement prior to the effective date of such termination or cancellation.

GREATLAND CONNECTIONS INC. (F/K/A MIDWEST CABLE, INC.)

By:______________________________________

Its:______________________________________

STATE OF ____________________)
) ss.
COUNTY OF __________________)

The foregoing instrument was subscribed and sworn to before me this ___ day of ____________ ______ 20___, by ___________________________, the __________________________ ______of ____.

RESOLUTION NO. 2014-164
APPROVING THE TRANSFER OF THE CABLE FRANCHISE AND CHANGE OF CONTROL OF THE GRANTEE

WHEREAS, Comcast of Arkansas/Florida/Louisiana/Minnesota/Mississippi/Tennessee, Inc. ("Grantee"), currently holds a cable television franchise ("Franchise") granted by the City of Edina, Minnesota ("City"); and

WHEREAS, Grantee owns, operates and maintains a cable television system in the City ("System") pursuant to the terms of the Franchise; and

WHEREAS, on February 12, 2014, Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("TWC") entered into an Agreement and Plan of Merger; and

WHEREAS, on April 25, 2014, Comcast and Charter Communications, Inc. ("Charter") entered into the Comcast/Charter Transactions Agreement (the "Agreement"), pursuant to which the Grantee, through a restructuring under Comcast's ownership, will become Comcast of Minnesota, LLC ("New Grantee") and immediately thereafter will become a wholly-owned subsidiary of Midwest Cable, Inc. ("Midwest Cable") (the "Transaction"); and

WHEREAS, on or about June 17, 2014 the City received from Grantee, FCC Form 394 - Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise ("Application"); and

WHEREAS, Federal law and the terms of the Franchise require that the City take action to consider the Application within one hundred twenty (120) days of the date of receipt, or on or before October 15, 2014; and

WHEREAS, on or about August 22, 2014 Comcast and Midwest Cable agreed to extend the Application review period for sixty (60) days until December 15, 2014 to allow the City time to review the additional information concerning the qualifications of Midwest Cable provided to the City on September 30, 2014; and

WHEREAS, on or about September 30, 2014 Comcast and Midwest Cable agreed to a further extension of the Application review period for thirty (30) days until January 15, 2015 to allow the City to review certain service agreements related to the Transaction as well as certain SEC financial filings to be made available for review on October 31, 2014; and

WHEREAS, Section 2.7 of the Franchise requires the City's advance written consent prior to the Grantee's transfer of the Franchise; and

WHEREAS, as a result of the proposed Transaction Grantee has requested consent from the City to the proposed transfer of the Franchise; and

WHEREAS, the City has reviewed the proposed Transaction, and based on information provided by Grantee and Midwest Cable and on the information received by the City from the Southwest Suburbs Cable Commission ("Commission"), the City has elected to approve the proposed Transaction subject to certain conditions as set forth herein.

NOW, THEREFORE, the City of Edina, Minnesota hereby resolves as follows:

1. All of the above recitals are hereby incorporated by reference as if fully set forth herein.

2. The Franchise is in full force and effect and Grantee is the lawful holder of the Franchise.

3. New Grantee will be the lawful holder of the Franchise after completion of the Transaction.

4. The City hereby consents and approves of the proposed Transaction subject to the below conditions.

   a. New Grantee agreeing to assume any and all liabilities, known and unknown, under the Franchise.

   b. Within twenty (20) days of the date of adoption of this Resolution, New Grantee shall execute and file with the City the Acceptance and Agreement attached hereto to verify New Grantee's compliance with the terms and conditions of this Resolution; and

   c. Within thirty (30) days following close of the Transaction, Midwest Cable (also to be known as GreatLand Connections Inc.) shall execute and provide the City with the Corporate Parent Guaranty attached hereto and incorporated by reference.

   d. New Grantee shall provide both SD and HD (simulcast) capacity for the City's government access PEG channel - identical to what the Grantee currently provides to the City of Edina, Minnesota under the Franchise.

   e. New Grantee shall maintain and provide (as Grantee currently provides), free of charge to the City, Commission and the Commission's member cities, the existing PEG playback transmission connectivity and Comcast fiber and coax cable in the following manner:

      i. All fiber coming to and from the existing Comcast Head end building - 10210 Crosstown Circle necessary for Commission PEG transmissions.

      ii. New Grantee shall provide, maintain and replace any existing routers, switching equipment and related facilities at the headend that may be required to maintain the same PEG access functionality as Grantee currently provides and as otherwise required by the Franchise.

      iii. The City, Commission and Commission's member cities shall have the right to continue to use maintain the fiber & splice points at 10210 Crosstown Circle.

iv. In the event headend is relocated from 10210 Crosstown Circle, all costs and expenses required to maintain the PEG playback transmission connectivity and Comcast fiber and coax cable shall be provided by New Grantee free of charge to the City, Commission and the Commission's member cities.

v. New Grantee shall provide, maintain and replace the existing termination equipment (Modulators) to facilitate the PEG programming transmission to each of the Commission's member cities in following amounts - Edina (6), Richfield (1), Hopkins (1), and Minnetonka (1).

f. New Grantee will participate in quarterly meetings with members of the Commission or the Commission's designees for the first two (2) years following the close of the Transaction to verify that subscriber issues and concerns are being addressed by New Grantee or any other entity that may have interaction with subscribers within the City. If issues are not being addressed, New Grantee agrees to meet with Commission and City staff, as directed, to explain steps being undertaken to address subscriber concerns and New Grantee will provide regular and timely updates to the Commission to provide verification of corrective actions being undertaken to address unresolved issues.

g. New Grantee will maintain an "escalated complaint program" to escalate unresolved cable television complaints from subscribers. One or more specifically identified employee(s) of New Grantee shall be available to Commission or City staff via email for reporting issues. These specifically identified employee(s) of New Grantee will have the ability to escalate service issues to a senior officer of New Grantee or New Grantee's parent company when necessary. New Grantee will follow-up with Commission or City staff by email or by phone with a summary of the results of the complaint(s).

h. New Grantee's compliance with the requirements of paragraphs c, d, e, f, and g of this Resolution shall be handled under the Franchise. New Grantee shall be subject to available enforcement procedures and remedies as if these obligations were set forth in the Franchise.

i. Comcast shall, within twenty (20) days of the date of adoption of this Resolution, fully reimburse City for all of City's reasonable costs and expenses in connection with the City's review of the proposed Transaction, including without limitation, all costs incurred by the City for experts and attorneys retained by City to assist in the review as well as notice and publication costs ("Reimbursement").

i. The Reimbursement shall not be deemed to be "Franchise Fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. §542), nor shall the Reimbursement be deemed to be (i) "payments in kind" or any involuntary payments chargeable against the Franchise Fees to be paid to the City by New Grantee pursuant to the Franchise.

ii. The Reimbursement shall be considered a requirement or charge incidental to the awarding or enforcing of the Franchise.

5. In the event the proposed Transaction contemplated by the foregoing resolution is not completed, for any reason, the City's consent shall not be effective. If any of the conditions set forth herein are not met, the City's consent to the proposed Transaction shall be null and void and of no effect.

This Resolution shall take effect and continue and remain in effect from and after the date of its passage, approval, and adoption.

Dated: December 16, 2014

Attest:____________________________________ _______________________________________

Debra A. Mangen, City Clerk James B. Hovland, Mayor

STATE OF MINNESOTA)

COUNTY OF HENNEPIN) SS

CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of December 16, 2014, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this _______________ day of ____________________, _____________.

____

City Clerk

Its: __________________________________ Its: __________________________________

ACCEPTANCE AND AGREEMENT

Comcast of Minnesota, LLC hereby accept this Resolution No. ______________ ("Resolution") and agree to be bound by the terms and conditions of this Resolution and the terms and conditions of the Franchise referenced within the Resolution.

Dated this _________ day of ____________, 2014.

COMCAST OF MINNESOTA, LLC

By: ____

Its: ____

SWORN TO BEFORE ME this

___ day of ___________, 2014.

____
NOTARY PUBLIC

CORPORATE PARENT GUARANTY

THIS AGREEMENT is made this _________ day of _________________, 201__ (this "Agreement"), by and among GreatLand Connections Inc. (f/k/a Midwest Cable, Inc.), a Delaware corporation, (the "Guarantor") the City of Edina, Minnesota ("Franchising Authority"), and ___________________________________, a ____________________ ("Company").

WITNESSETH

WHEREAS, on _________________ _____, 20___ the Franchising Authority adopted Ordinance No. ___________ granting a Cable Television Franchise which is now held by _____________________ (the "Franchise"), pursuant to which the Franchising Authority has granted the rights to own, operate, and maintain a cable television system ("System"); and

WHEREAS, pursuant to the Comcast/Charter Transaction Agreement dated April 25, 2014 by and between Charter Communication, Inc., a Delaware corporation, and Comcast Corporation, a Pennsylvania corporation, ("Agreement"), the Franchise will be transferred to the Company and the Guarantor will acquire control of the Company as an indirect subsidiary of Guarantor as a result of Comcast Corporation's contribution and spin off of certain cable television systems pursuant to the Agreement ("Change in Control"); and

WHEREAS, Company and Comcast Corporation have requested the consent to the Change of Control in accordance with the requirements of Section ______ of the Franchise; and

WHEREAS, pursuant to Resolution No. _______________, dated _________________ ______, 20___, Franchising Authority conditioned its consent to the Change of Control on the issuance by Guarantor of a corporate parent guaranty guaranteeing certain obligations of Company under the Franchise.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in consideration of the approval of the Change of Control, Guarantor hereby unconditionally and irrevocably agrees to provide all the financial resources necessary for the observance, fulfillment and performance of the obligations of the Company under the Franchise and also to be legally liable for performance of said obligations in case of default by or revocation or termination for default of the Franchise.

This Agreement, unless terminated, substituted, or canceled, as provided herein, shall remain in full force and effect for the duration of the term of the Franchise.

Upon substitution of another Guarantor reasonably satisfactory to the Franchising Authority, this Agreement may be terminated, substituted, or canceled upon thirty (30) days prior written notice from Guarantor to the Franchising Authority and the Company. Such termination shall not affect liability incurred or accrued under this Agreement prior to the effective date of such termination or cancellation.

GREATLAND CONNECTIONS INC. (F/K/A MIDWEST CABLE, INC.)

By:______________________________________

Its:______________________________________

STATE OF ____________________)
) ss.
COUNTY OF __________________)

The foregoing instrument was subscribed and sworn to before me this ___ day of ____________ ______ 20___, by __________________________, the _________________________ ______of ____.

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