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Philadelphia, Pennsylvania 19103

September 30, 2014

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Re: Comcast/Midwest Cable Transaction

Dear Ms. Elias:

In our letter to you of August 25, 2014, Comcast and Midwest Cable agreed to extend the Form 394 Application review period for sixty days until December 15, 2014, so that we would be in a position to provide you with further information concerning the qualifications of Midwest Cable. We are providing that additional information to you now.<sup>1</sup>

**Midwest Cable Qualification Information Already Provided.** In the Comcast/Midwest Cable Form 394 Application we provided the following information to demonstrate Midwest Cable's legal, financial and technical qualifications:

- A full description of Midwest Cable's ownership structure, its Executive Management Team and its Board of Directors – including significant background information on leading executives and on all Board Members;
- A general overview of Midwest Cable's operational advantages in owning and managing geographically clustered cable systems possessing significant size, high technical quality and experienced personnel. Midwest Cable specifically committed that to ensure continued high-quality operation of the systems, existing Comcast field personnel would continue to operate the systems in the communities they serve;
- A description of Charter Communications' commitment to provide significant technology, customer care and marketing services to Midwest Cable – all subject to Midwest Cable's ultimate authorization and management – thereby allowing Midwest Cable to have many of the efficiencies of a much larger MSO while maintaining its focus on a smaller group of cable systems and the communities they serve;

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<sup>1</sup> Midwest Cable's name will be changed to GreatLand Connections, Inc. when the transaction closes.

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- Financial information establishing that, with over 2.5 million video customers, Midwest Cable will emerge as the fifth largest cable operator in the United States, will generate approximately \$4.5 billion of revenue annually, and will be leveraged in a manner that is consistent with many other long-standing U.S. cable companies; and
- A commitment that existing franchise obligations to the local community would not be affected by the pending transaction (“Transaction”). Midwest Cable’s Application specifically sought no modifications to existing franchise agreements.

Although Comcast and Midwest Cable believe that the showing made in the initial Form 394 Application was sufficient to establish Midwest Cable’s qualifications, several local franchising authorities made requests for additional information (“RFIs”), focusing on specific system operational plans, as well as detailed financial pro formas and predictions. The purpose of this letter is not to debate the appropriateness of these detailed inquiries, but instead to provide responsive information that moves the process productively forward.

**Detailed Response to Requests for Information.** Because most of the RFI inquiries raised similar matters, this response is designed to address the key inquiries in an efficient and clear narrative. The information provided here is based on the current estimated plans of Midwest Cable and is necessarily subject to change based on Midwest Cable’s actual experience in managing these systems, evolving market conditions and business needs. Our response addresses, among other things:

- (1) **The Transition from Comcast to Midwest Cable.** A number of RFI questions have focused on the initial transition from Comcast ownership and operation to independent Midwest Cable ownership and operation. This type of transition is both common and necessary in all cable transactions involving the transfer of less than all of the cable systems of one company to another company. The overriding objective of *this* transition process is to ensure that current Comcast customers experience a seamless transition to Midwest Cable’s ownership and operation of the cable systems. The response identifies and describes the key transition services to be provided by Comcast to ensure a smooth transition.
- (2) **Midwest Cable’s Management and Employee Structure.** Several LFAs requested additional information regarding the structure of Midwest Cable’s management, how various functions will be performed, and who will employ the personnel performing such functions. The response below confirms that all local system field operational personnel will be Midwest Cable employees and that all government affairs personnel interacting with local franchising authorities will also be Midwest Cable employees. This response also provides further detail on the expected structure of Midwest Cable’s Executive Management Team and the anticipated areas of executive responsibility.
- (3) **Midwest Cable’s Services Agreement with Charter.** In response to RFI questions regarding the exact operating relationship between Midwest Cable and Charter, this response details Midwest Cable’s contractual right to receive specific services from

Charter while retaining final and ultimate authority over the provision of those services. As detailed below, Midwest Cable's relationship with Charter is designed to bring many of the operational efficiencies and economies of scale enjoyed by a much larger MSO to the benefit of Midwest Cable's subscriber base – while maintaining Midwest Cable's control to ensure those services are provided in a manner consistent with Midwest Cable's business judgment. The response also identifies and describes the key services that will be provided to Midwest Cable under the Charter Services Agreement ("CSA").

- (4) Specific Operational Questions. Several LFAs raised questions about the following four specific operational matters: (1) customer email transitions; (2) customer equipment transitions; (3) customer billing transitions; and (4) continued provision of the Internet Essentials program. This response provides detailed answers for each of these identified concerns showing that these issues will be addressed in an efficient and customer-friendly manner.
- (5) Midwest Cable Financial Information. To the extent consistent with our SEC reporting requirements and restrictions, the response addresses the following key financial inquiry areas raised in the RFI process: (1) update of the original Form 394 Exhibit 6 consistent with the most current Comcast S-4 filing; (2) description of Midwest Cable's initial debt financing process; (3) research analyst expectations for the cable industry; (4) description of the basis for the 4.25% revenue fee to be paid by Midwest Cable to Charter under the CSA; and (5) discussion of the pending SEC S-1 filing that will provide detailed financial information focused exclusively on Midwest Cable.

**Timing of Form 394 Review Going Forward**. As outlined above, this response provides detailed information regarding the transition from Comcast to Midwest Cable, Midwest Cable's employee and management structure, Midwest Cable's operational relationship with Charter, and Midwest Cable's financial qualifications. However, final and executed copies of both the Transition Services Agreement between Comcast and Midwest Cable and the CSA between Midwest Cable and Charter are not currently expected to be completed until about October 31, 2014. Further, Midwest Cable's detailed SEC Form S-1 financial filing is also currently expected to be made no later than October 31. As a result, in order to allow the City a full opportunity to review the final executed agreements as well as the SEC Form S-1 financial filing, Comcast and Midwest Cable are granting the commissions and communities you represent a further extension of the Form 394 review period until January 15, 2015. We are hopeful that the significant additional information provided here coupled with the further extension of time to review the final transition/service agreements and Midwest Cable's SEC Form S-1 financial filing will allow the review and approval process to move to a successful conclusion.

## 1. THE TRANSITION FROM COMCAST TO MIDWEST CABLE

### **Midwest Cable Will Require Transition Services Typical for Such a Transaction.**

Consistent with industry practices for sales of regional cable systems, Comcast will provide a comprehensive set of temporary transition services to Midwest Cable involving Comcast facilities, assets, and resources. The transition services are designed to allow Midwest Cable, sufficient time to become the provider of these services in a manner that minimizes customer disruption. The transition services that Midwest Cable will receive from Comcast are based on the same principles that apply to the transition services that Charter will provide to Comcast in connection with the transfer of 1.6 million customers to Comcast, and the transition services provided from Comcast to Charter for the transfer of 3 million Comcast/Time Warner Cable customers. This type of transition service arrangement is quite common, and there are numerous examples where such agreements have been deployed to minimize customer disruption. For example, when Charter acquired the former Bresnan cable systems from Cablevision in 2013, it obtained a wide variety of transition services from Cablevision in order to provide operational continuity and minimize customer disruption. Simply put, anytime a geographic subset of a cable MSO changes ownership, the provision of transition services is essential to minimize customer disruptions.

**Specific Transition Services to be Provided by Comcast to Midwest Cable.** Key categories of transition services that will be provided by Comcast to Midwest Cable include:

- Facilities and Asset-Based: 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).
- 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.
- Marketing and Sales: Transition from Comcast / Xfinity branding to the Midwest Cable and Charter co-branded “Spectrum” product offering (as described more fully in the CSA discussion below) – including all of the associated market and employee-facing markings, as well as national sales channels for residential, commercial and advertising sales.
- Customer-Facing Transition Services: Some of the most important transition services Comcast will provide Midwest Cable include: 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.

**Most of the Comcast Transition Services Provided to Midwest Cable will be Completed within One Year.** Midwest Cable intends to limit the duration of many of these services to a short time frame as it moves quickly to independent operation. The faster Midwest Cable is able to operate without dependency on Comcast, the faster it can implement its own product, pricing,

packaging, technology, equipment, and service strategies without reliance on Comcast facilities, assets and platforms. At the same time, there is no financial incentive for Comcast to prolong the provision of these transition services. As an example, the data warehouse, human resources and accounting systems functions should need transition services for no more than three months. Likewise, marketing and sales activities should require only a very short transition, while brand transition may take longer (approximately one year). The estimated transition period for the facilities and asset-based functions described above is typically six to nine months. Overall, the goal is for Midwest Cable to rely on only approximately 20 percent of the transition services after twelve months, with the overriding objective being avoidance of customer disruption. As described in greater detail later in this letter, transition periods of up to two years will be necessary in a few areas to avoid disruption in customer phone and email services.

**Comcast Compensation for Providing Transition Services to Midwest Cable.** Comcast will be providing transition services to Midwest Cable on an incremental cost basis. While the final terms have not yet been agreed, we believe that this arrangement presents a cost-effective means of securing transition services.

**The Transition Services Agreement.** Set forth in Exhibit 1 is a description of several key transition services that will be provided pursuant to the Transition Services Agreement. The final Transition Services Agreement, including the Appendix of transition services to be provided, is expected to be completed by October 31, and – with the exception of any confidential and proprietary information contained therein – will be provided to you shortly thereafter.

## **2. MIDWEST CABLE'S MANAGEMENT AND EMPLOYEE STRUCTURE**

**The Midwest Cable Board of Directors.** Midwest Cable will initially have a board of nine directors, six of whom will be independent directors. Thomas Rutledge, President and CEO of Charter Communications, will serve as the non-executive Chairman of the Midwest Cable Board of Directors. Mr. Rutledge will be joined on the Board by the following eight communications industry and business leaders: Rick D'Avino, James Chiddix, Gregory Doody, Jill Greenthal, Dennis Hersch, Wendell Holland, Gregory Maffei and Christopher Winfrey. Attached hereto as Exhibit 2 are the executive biographies for each of the Midwest Cable Board members.

**The Midwest Cable Executive Management Team.** Midwest Cable's Executive Management Team will be comprised of highly experienced cable and communications industry veterans and innovators. To date, Midwest Cable has secured the services of the following executives:

Michael S. Willner, President and CEO. Mr. Willner has been the CEO of the nation's ninth largest cable MSO, Insight Communications, during its time on both the public and private markets. During his tenure, Insight received numerous awards for customer service in the Midwest and Mid-South regions of the country, which resulted in organic basic subscriber growth sustained for 18 consecutive quarters. During his time at Insight, he leveraged strategic partnerships to benefit communities, consumers, employees and shareholders, including

partnerships with AT&T Broadband and Comcast. Mr. Willner's leadership has earned him and Insight a number of awards, including, for Mr. Willner, the Multichannel News award in 2008 for Cable Executive of the Year, and for Insight, the CableFax Magazine award in 2008 as MSO of the Year and the Communication Technology Operator of the Year Award in 2003.

Leonard J. Baxt, Executive Vice President, Chief Administrative Officer and Chief Legal Officer. Mr. Baxt obtained his J.D. degree from the University of Michigan School of Law and served for many years as the Chairman of one of Washington's premier cable television law firms, Dow Lohnes, PLLC, which recently merged with Cooley, LLP. For forty years, Mr. Baxt has advised cable MSOs on all aspects of their business, including programming transactions, pricing and product packages, SEC compliance, and corporate governance issues generally. His practice has included high profile clients and complex transactions, including advising diverse media interests ranging from representing Oprah Winfrey in connection with the creation of OWN (the Oprah Winfrey Network) to Pat Robertson's Family Channel.

Matt Siegel, Executive Vice President and Chief Financial Officer. Mr. Siegel is currently Senior Vice President and Treasurer of Time Warner Cable, where he has had a distinguished career since 2001. During his tenure at TWC, he has been responsible for all treasury functions of the nation's second largest cable company. Prior to serving as Treasurer of TWC, Mr. Siegel was CFO of the then publicly traded Insight Communications, with responsibility for all reporting to the public markets, tax, treasury, investor relations, and accounting.

Keith A. Hall, Executive Vice President, Corporate Affairs. Mr. Hall served as Senior Vice President for External Affairs and Deputy General Counsel for Insight Communications. In this capacity, Mr. Hall was responsible for the negotiation of and compliance with over 500 franchises held by Insight in 6 states, as well as a variety of federal and state level certificates for providing video and telephone services. These responsibilities included overseeing PEG obligations, regulatory compliance, and proactively communicating offerings and services to communities through their leaders and the media. His department received industry awards for a variety of efforts, including educating community leaders on the transition to digital television.

In addition, Midwest Cable expects to add additional executives, including, for example, a Chief Operating Officer and an Executive in charge of Human Resources. All executive management will report to the CEO.

Midwest Cable anticipates that the functions to be overseen by each executive will include:

**Chief Administrative Officer:** Duties of the Corporate Secretary, corporate governance, litigation, contractual relationships - including the CSA, and compliance with all applicable regulations in all facets of the business.

**Chief Financial Officer:** All financial affairs of the corporation, including public accounting and reporting, SEC compliance, treasury management, tax, and investor relations.

Chief Operating Officer: Customer satisfaction, satisfactory delivery of and enhancement to all products and services, plant and fleet maintenance, and other customer facing interactions.

Human Resources: Chief Diversity Officer, recruiting, establishing policies and procedures applicable to all employees, ensuring fair treatment of all employees, and benefits deployment and explanation

Corporate Affairs: Educating community leadership and the media of offerings and future plans on an ongoing basis, community relations, including Internet Essentials, negotiation and compliance with franchises, establishment of public policy positions at the local, state, and federal level.

Midwest Cable is actively engaged in the recruitment of employees who will perform and further supervise the various functions described above, with special efforts to attract qualified executives from traditionally underserved communities.

**Midwest Cable will Operate Under the Ultimate Authority and Control of the Executive Management Team and the Board of Directors.** The Midwest Cable Board of Directors and Executive Management Team will have ultimate responsibility for and authority over all business operations of Midwest Cable. Further, all services provided by Charter pursuant to the CSA will be provided under the overall authority and supervision of the Midwest Cable Board and the Midwest Cable Executive Management Team.

**Midwest Cable Regional and Local Management.** Midwest Cable will employ regional managers and for certain cable systems, local area managers, who will be responsible for overseeing the operations of the local cable systems of Midwest Cable.

**Midwest Cable Field Technician Employees.** Following the closing of the Transaction, all former Comcast field technical operations employees associated with the spun-off systems will become Midwest Cable employees. Current Comcast system-level management and operational employees will remain with the system. Because Midwest Cable is committed to maintaining a strong existing work force in the community, the spin-off of systems from Comcast to Midwest Cable will not include job reductions in affected service territories.

**Midwest Cable Government Affairs Employees.** All local, regional, and national government affairs officials will be Midwest Cable employees. Mr. Willner, Mr. Baxt and Mr. Hall will be responsible for oversight and coordination with LFAs. And each will have authorization to renew and execute franchise agreements on behalf of Midwest Cable.

### **3. THE CHARTER SERVICES AGREEMENT**

The Comcast/Midwest Cable Form 394 Application provided a link to the underlying Transactions Agreement, which described the scope and purpose of the CSA and listed the services Charter will provide to Midwest Cable. However, several LFAs have requested more

details regarding the services to be provided by Charter and the operational relationship contemplated between Midwest Cable and Charter under the CSA. Below, we describe in greater detail the services to be provided under the CSA, and the operational relationship and responsibilities contemplated by that agreement.

**General Overview of the CSA.** Pursuant to the underlying Transaction Agreement, Charter will provide a variety of services to Midwest Cable in exchange for cost reimbursement at actual economic cost with no markup. The CSA will allow Midwest Cable to benefit from marketing and operating coordination with Charter – enhanced by both significant contiguous operations with Charter and the scale of a much larger operator. Midwest Cable and its customers also avoid the operating burdens and start-up costs that would result if Midwest Cable were required to create all initial necessary infrastructure. Rather than charging a markup on services (or allocating any of Charter’s executive team costs), and in recognition of savings achieved from procurement activities for the benefit of Midwest Cable (*i.e.*, programming, network and customer premise equipment, and other business-related products), Midwest Cable will pay Charter a fee of 4.25 percent of Midwest Cable’s revenues. This amount is consistent with historical management services fees in the cable industry. (A more detailed discussion of the 4.25 percent fee is contained in the Financial Information section of this letter.) The CSA will have an initial term of three years, automatically renewable for one-year terms, unless either party gives notice of non-renewal at least one year prior to the end of the initial, or any renewal, term. The CSA will also be terminable by either party for material breaches. It is, of course, critical to bear in mind that, as a 33 percent owner of Midwest Cable, Charter is greatly incentivized to see the company succeed, and to do its part to help Midwest Cable exceed customer expectations.

**Charter’s Ability to Provide the CSA Services.** Midwest Cable’s ability to obtain Charter services under Midwest Cable’s supervision will bring significant advantages to Midwest Cable’s customers. Today, Charter and its employees successfully provide service to more than 6.1 million customers in 29 states in which it currently operates. Charter is a *Fortune 500* company, one of the largest cable entertainment and broadband communications companies in the nation, and employs approximately 23,000 people. Charter is focused on delivering a superior customer experience to subscribers of its cable systems and operates reliable and robust all-digital cable networks – with recent upgrades delivering market leading internet and Wi-Fi speeds and increased availability of HD programming. Charter’s typical network is now capable of providing more than 200 HD channels, a full suite of video-on-demand content on all televisions in the home, and minimum downstream Internet speeds of up to 60 Mbps. This year, Charter launched a free TV app allowing customers to watch over 130 live TV channels on their mobile devices, and is currently testing an innovative modem user interface for television sets which works on both new and legacy set top boxes. Charter makes that highly competitive and valuable product set available to its customers at an attractive price point, with limited ancillary fees and no minimum contractual period. Midwest Cable will be able to benefit from similar products and operating strategies and to provide these benefits to its customers.

Among the benefits to Midwest Cable resulting from its ability to obtain Charter services under the CSA, is Charter’s investment in customer service enhancements. In addition to investing



billions of dollars to construct exceptionally reliable and robust networks, Charter is also focused on high quality service operations. For example, to improve customer care and reduce its dependence on contract labor for field operations, Charter has hired more than 6,000 people in the continental U.S. in the last two years. Charter currently has eight internal customer care locations that are managed centrally, plus several third-party call center locations that function as an integrated system. Charter's investment in its U.S.-based customer care centers allows it to properly train, supervise, and manage customer care employees. Charter's approach to providing the most value to customers through enhanced networks and operations is now reflected in the highest customer growth rates in the industry, reduced service calls and improving customer satisfaction trends.

**Charter's Customer Care Training.** Midwest Cable will also be able to take advantage of Charter's investment in employee training. All employees at Charter, including those supporting functions that will be provided under the CSA to Midwest Cable, complete a wide array of training both as new hires and on an ongoing basis. Courses such as Code of Conduct, Fostering Mutual Respect, Security, Privacy and Records and, Information Management form the foundation that helps to prepare Charter employees to effectively represent and maintain standards of behavior. Charter employees providing support for Midwest Cable operations will receive comprehensive, ongoing, and function-specific training. For example, Customer Care employees benefit from a robust training program that includes 3-5 weeks of instructor led training and an additional 1-5 weeks of "nesting." Essential subjects such as Products and Services, Billing, Troubleshooting, Retention, Sales, Customer Services and Phone and Internet are all covered in the 3-5 week program. Within 9-12 weeks in their new role, Customer Care employees are expected to fully meet all Charter production requirements. This robust training approach serves to decrease turnover, as employees feel more comfortable in their roles and better equipped to provide the highest level of service to Charter's customers and, under the CSA, to Midwest Cable's customers.

**Midwest Cable and Charter Adjacent Operations.** Midwest Cable expects to take advantage not only of Charter's vast experience operating cable systems across the country, but also more specifically the ability to efficiently coordinate operations in areas adjacent to Midwest Cable systems in Michigan, Minnesota, Wisconsin, Indiana, Kentucky, Alabama and Tennessee – areas where Charter has or will be acquiring significant operations. For example, Charter operates in 150 communities in the state of Minnesota, serving over 270,000 subscribers and employing more than 1,300 people. Charter has 30 local offices in Michigan and operates in more than 800 communities across the state providing services to over 650,000 subscribers and employing 1,800 people.

**Specific Services to be Provided Under the CSA.** While the CSA is not complete, Midwest Cable and Charter have already identified and described most of the key services that will be provided pursuant to the CSA. Set forth in Exhibit 3 is a description of several key services that will be provided pursuant to the CSA. Pursuant to the CSA, Charter will provide Midwest Cable with services meeting agreed upon service quality levels. In all events, such service quality levels will meet or exceed all franchise, FCC, and other legal requirements. The Midwest Cable

Executive Management Team will exercise overall supervision of Charter's provision of these services.

**Midwest Cable-Charter Operational Relationship and Responsibilities Under the CSA.** In addition to seeking more detailed information on the CSA services to be provided, several LFAs requested more details regarding the operational relationship between Midwest Cable and Charter as well as the management responsibility for the CSA services. Below we now provide additional information concerning the parties' operational relationship based on current business plans.

### **Field Technical Operations**

- As described in the "Management and Employee Structure" section of this letter, all existing Comcast customer-facing field staff and supervisors for the Midwest Cable systems will be Midwest Cable employees and will be responsible for servicing customer needs and maintaining the local network. This includes residential and commercial installation, service, outside plant maintenance, construction, warehouse and support personnel.
- Midwest Cable will be supported by Charter, which under the CSA will provide services such as dispatch, fleet management, activity and productivity reporting, and training for the field technical work force.
- In order to maximize efficiencies, Charter and/or Midwest Cable may, pursuant to the CSA, obtain certain field technical operations services from the other party (*e.g.*, existing Charter field technical personnel may provide services to Midwest Cable and existing Midwest Cable field technical personnel may provide services to Charter, in each case, where the Charter and Midwest Cable markets are contiguous).

### **Customer Service Operations**

- Midwest Cable will, pursuant to the CSA, outsource to Charter call center services, including 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.

### **Sales and Marketing Operations**

- Midwest Cable, pursuant to the CSA, will outsource to Charter inbound, outbound, direct and indirect residential and commercial sales support. Charter will be responsible for tool development, training, monitoring and staffing to meet Midwest Cable's business objectives.
- Midwest Cable has decided to leverage the "Spectrum" marketing campaigns, bundles and programming content and packaging that Charter offers. Any "Spectrum" (or other Charter) products offered by Midwest Cable, however, will be co-branded in such a

manner that it is clear to the consumer that Midwest Cable is the party providing services to the consumer.

- Midwest Cable will have the right to price and package its products and services so as to remain competitive in and responsive to the local markets.
- Sales personnel will identify themselves as selling Spectrum services, on behalf of Midwest Cable. This situation is consistent with how the entire cable industry sells services (either by phone or in person). For example, Comcast currently utilizes some outside third party personnel to sell the Xfinity product on its behalf.
- Midwest Cable customer invoices will identify products and services as being “Spectrum by Midwest Cable”. When “Spectrum” is used in marketing materials, it will be accompanied by “Midwest Cable” in Midwest Cable markets and by “Midwest Cable and Charter” in mixed markets. This co-branding strategy will allow Midwest Cable to more efficiently market in areas where it services only a portion of a broadcast market.
- In coordination and consultation with Midwest Cable local and regional management, the Midwest Cable Executive Management Team will have ultimate authority over and supervision of any Charter-provided sales and marketing services.

As we stressed at the outset of this letter, Midwest Cable has not yet had the opportunity to own and manage these systems, and so specific management and employee operational allocations may change over time as experience dictates. However, it is Midwest Cable’s expectation that the basic structure described above will remain in place for at least the initial three-year term of the CSA.

#### 4. SPECIFIC OPERATIONAL QUESTIONS

During the RFI process, some LFAs raised questions about the impact of the proposed Transaction on customer email transitions, customer phone numbers, customer equipment, and customer billing. Several LFAs also asked about the continuation of Comcast’s “Internet Essentials” program. In each of these areas, Midwest Cable is advancing an operational approach consistent with existing customer expectations.

**Customer E-Mail Transition.** The guiding principle of Midwest Cable’s planned email migration is to minimize customer disruption and inconvenience. Throughout the migration, customers will maintain uninterrupted access to their emails. Post-closing, customers will continue to use their Comcast email account until they migrate to a Midwest Cable email account. Comcast customers will not 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 and is sufficient for customers to shift painlessly from their “@comcast.net” address. Of course, Midwest Cable will establish and maintain high

quality Internet and email service. Both Comcast and Charter currently provide industry leading virus protection to Internet customers for no additional cost. Through the CSA, Midwest Cable will offer its Internet customers the same virus protection at no additional cost.

**Phone Number Continuity.** Consistent with Midwest Cable's commitment to minimize any transition disruption, 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.

**Customer Equipment.** Midwest Cable has committed that any equipment changes associated with the Transaction will be conducted in a manner that minimizes disruption to customers. Consistent with that commitment, 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 (except for the first generation KindleFire); and all tablets and phones running Android 4.0 and above.

**Customer Billing.** Midwest Cable plans to minimize impacts to customers as the ownership transfers from Comcast to Midwest Cable. 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 on-line 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 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 pro-actively notify customers of the change – targeting customers who pay in this fashion with messaging.

**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.

## 5. MIDWEST CABLE FINANCIAL INFORMATION

While we understand the LFAs' interest in evaluating Midwest Cable's financial qualifications, many of the detailed financial inquiries seem to reflect a basic misunderstanding about the spin-off process and Midwest Cable. Although Midwest Cable is a new corporate entity, *it is not a speculative "start-up" venture*. From day one, Midwest Cable will be operating an established business, with technologically advanced systems, approximately 2.5 million customers, and annual revenue of approximately \$4.5 billion. Simply put, *from day one*, Midwest Cable will be an operationally *and* financially sound company.

When the spin-off occurs, a two-thirds (2/3) majority ownership interest in Midwest Cable will be held by existing Comcast public shareholders, inclusive of former Time Warner Cable shareholders. It would be contrary to the interest of these existing Comcast shareholders for Comcast to spin-off valuable assets in a manner that undermines the value of those assets. Similarly, it would be contrary to Charter's interest to invest billions of dollars for a one-third ownership interest in a business that was not financially well-positioned from the outset.

Several LFAs requested detailed and forward-looking financial information that is necessarily unavailable, due to the spin-off process (and the associated financing and public offering). We are not aware of any concern in the financial community regarding the viability of Midwest Cable. In evaluating the financial plans for Midwest Cable, we ask you to remember and respect that Comcast and Charter are both publicly traded companies, and that Midwest Cable soon will be a publicly traded company. We are, therefore, subject to extensive SEC regulations regarding the spin-off process and any disclosures made relating in any way to Midwest Cable's upcoming Form S-1 registration statement.

**Update Of Financial Information Included In Form 394, Exhibit 6.** Subsequent to filing the Form 394 Application in June, we have continued to refine the financial reports for Midwest Cable. To minimize confusion, the table below highlights the cumulative changes in the December 31, 2013 annual income statement made subsequent to the original Form 394 filing (which was based on Comcast's May 2014 S-4). The changes include adjustments reflected in intervening S-4 amendments for Comcast.

For the Year Ended December 31, 2013

(\$millions)	<u>Original</u>	<u>Revised</u>	<u>Change</u>
Revenue	\$4,557	\$4,470	(\$87)
Programming and Production	971	972	1
Other operating and administrative	1,152	1,273	121
Advertising, marketing and promotion	241	232	(9)
EBITDA	<u>2,193</u>	<u>1,993</u>	<u>(200)</u>
Depreciation	518	517	(1)
Amortization	34	29	(5)
Operating Income	<u><u>\$1,641</u></u>	<u><u>\$1,447</u></u>	<u><u>(\$194)</u></u>

The identified changes to the previously reported Midwest Cable financial information are a result of having made substantial progress over the past few months in the preparation of the final Midwest Cable “carve-out” financial statements.

Prior to the initiation of this Transaction, separate financial statements for these particular systems did not exist and, therefore, financial statements needed to be assembled for the first time for the Comcast S-4 (and ultimately the Midwest Cable S-1). For purposes of Comcast’s May S-4 filing, Comcast’s Cable Division prepared estimates and allocations for the Midwest Cable financial information on an expedited basis, making certain high level assumptions and allocations. These assumptions and allocations reflected materiality considerations based on their inclusion in the consolidated Comcast pro forma financial reports. This initial undertaking was the basis for the pro forma financial reports included in Exhibit 6 to the Form 394.

When the Form 394 was submitted in June, we emphasized that the “unaudited pro forma financial information reflects the preliminary allocations of assets, liabilities, revenue, and expenses directly attributable to these systems, as well as certain other preliminary allocations deemed reasonable by management . . . .” In the intervening months, we have continued to refine those preliminary allocations and associated calculations, particularly as they relate to the materiality thresholds for Midwest Cable on a stand-alone basis.

The preparation of final Midwest Cable “carve-out” financial statements has required detailed analysis of the underlying accounting records for the cable systems and assets to be included in Midwest Cable, as well as allocations of centralized and shared services, shared assets, and overhead costs that are attributed to the operations of Midwest Cable. Because the accounting records for Midwest Cable-specific properties are not readily available within Comcast’s financial systems, the preparation of the “carve-out” financial statements has required considerable (and on-going) work. Given the recent and substantial progress on the Midwest

Cable “carve-out” financial statements, this information is now being provided to update the Midwest Cable financial information previously shared on the Form 394.

In addition to refining preliminary calculations, the changes to the Midwest Cable financial information included in the Comcast pro forma balance sheet are a result of updating the financial information to reflect a June balance sheet (rather than a March balance sheet), as well as updated assumptions regarding the anticipated Midwest Cable indebtedness. As previously disclosed, the Midwest Cable indebtedness is expected to equal 5x Midwest Cable EBITDA. As a result of the adjustments to the reported EBITDA, the anticipated amount of Midwest Cable indebtedness was reduced from the previously estimated \$8.8 billion to \$7.8 billion.

In presenting this update, we note that the Midwest Cable “carve-out” financial statements are still in the process of being finalized and audit procedures are ongoing. Accordingly, even these updated results are subject to change, but any changes would not be expected to be of the magnitude experienced to date. The final audited financial statements for 2011 through 2013 will be included in the Midwest Cable S-1 filing (expected to be completed by October 31, 2014).

**Update On Midwest Cable’s Initial Financing Plans.** Midwest Cable’s proposed debt financing plans will follow a traditional and well-established path for the cable industry. The parties have agreed that Midwest Cable will be capitalized initially in a manner consistent with other similarly situated domestic cable companies (*e.g.*, Charter, Cablevision, Suddenlink, and Mediacom). The anticipated debt to be raised for the company will approximate 5.0x Midwest Cable’s 2014 EBITDA. (This leverage ratio compares to industry peers Charter at an expected 5.0x post transaction, Cablevision at 5.3x, Suddenlink at 5.7x, and Mediacom at 5.3x.). *Accordingly, Midwest Cable should have slightly stronger credit characteristics than most of its cable peers.*

Midwest Cable’s debt financings will likely consist of a combination of bank debt and/or institutional term loans, as well as newly issued notes sold to qualified institutional investors. Consistent with industry practice, the sale of newly issued notes is not expected to occur until shortly before the spin-off occurs. Similarly, a credit facility or term loan will likely not be secured until early 2015. Accordingly, there currently are no summary term sheets outlining the key terms of the financings available. Comcast and Charter are both regular issuers in the debt capital markets with numerous relationships with financing sources. Comcast and Charter have a list of lenders that we expect would be interested in participating, including many of the banks with whom we currently do business. We have had preliminary meetings with J.P. Morgan, one of the nation’s largest banks and one of the most active lenders/underwriters to the domestic media and telecommunications industries. *Based on these meetings, we believe that, under current market conditions, Midwest Cable should not have any difficulty securing the financing along the lines described above.* Assuming a company with Midwest Cable’s credit profile issuing new debt in the current capital markets and assuming \$3.0 billion of notes and \$4.8 billion of other bank debt and/or term loans per the Comcast S-4 filing, dated September 5, 2014, the anticipated weighted average cost of debt is expected to be 4.5% - 6.5%.

Additionally, Comcast has received a “highly confident” letter from J.P. Morgan in connection with the proposed debt financing by Midwest Cable. The views expressed in the “highly confident” letter are subject to the ordinary course assumptions and qualifications contained therein. A “highly confident” letter is not a commitment to provide or arrange financing; rather, it presents a view that, subject to certain conditions, J.P. Morgan is highly confident that financing can be raised in the capital markets.<sup>2</sup> This letter should address any concerns regarding Midwest Cable’s ability to secure appropriate financing.

**Midwest Cable’s Financial Statements.** Several LFAs have requested “stand-alone” financial statements for Midwest Cable that detail and quantify operational differences under Comcast and Midwest Cable operation, and that include forward-looking projections. As we have previously explained, there are both legal and practical limits as to the information that can be provided in this context. Most importantly, the underlying Transaction at issue here (including the spin-off of Midwest Cable) is subject to extensive SEC regulation.

Since the Transaction was announced, we have been working diligently and methodically towards the preparation of Midwest Cable’s SEC S-1 filing. As described in further detail below, the S-1 will include a detailed description of the Transaction, Midwest Cable’s operating strategy and management, unaudited pro forma financial statements with detailed discussion and analysis of the results, as well as the key risk factors related to the company and the Transaction. The unaudited Pro Forma Condensed Balance Sheet and Income Statements to be included in Midwest Cable’s S-1 are necessarily based on the subject cable systems’ past integrated operations with Comcast. There will be certain adjustments included in the S-1 to account for financial differences between operation under Comcast ownership and the separation of Midwest Cable as a public company, but the SEC guidance generally does not permit the parties to factor synergies and dis-synergies into the S-1 disclosure.

In light of SEC constraints, but in an attempt to assist the LFAs in the analysis of Midwest Cable’s financial viability, we are providing certain information below that includes assessments made by third party analysts.

Notwithstanding the fact that Midwest Cable will no longer be owned by Comcast, there are certain fundamental financial factors that should be highlighted from the unaudited pro forma financial information:

- Midwest Cable will include cable systems serving approximately 2.5 million video subscribers, 2.3 million high-speed Internet subscribers and 1.2 million voice subscribers (as of December 31, 2013).
- The estimated enterprise value of the cable systems to be spun-off to Midwest Cable is approximately \$13 billion, based on amounts disclosed in the Comcast S-4 dated

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<sup>2</sup> We are prepared to make a copy of J.P. Morgan’s highly confident letter available to you, subject to your agreement to an appropriate confidentiality arrangement.



September 5, 2014<sup>3</sup> and using the EBITDA multiples agreed to in valuing Midwest Cable in the Transaction. After the estimated \$7.8 billion in debt that will be financed by Midwest Cable prior to the Spin-off, the estimated fair value of the equity in Midwest Cable will be over \$5 billion. This equity value is comparable to companies currently included in the S&P 500.

**Revenue**

- The 2013 annual revenue for the Midwest Cable systems was approximately \$4.5 billion, which would make it the fifth largest cable company in the country (following the close of Comcast’s Transactions with Time Warner Cable and Charter).
- Midwest Cable’s revenue is not expected to change materially from the amounts to be included in the audited historical revenue, as 100% of the relevant system subscribers are being transferred to Midwest Cable. There is no plan for a wholesale change in customer products and pricing, but rather a gradual migration to the co-branded “Spectrum” products over time through new customer activations and service activity.
- Consensus estimates of research analysts’ expectations<sup>4</sup> for 2015 revenue growth rates for the four major public cable companies range from 1.3% to 7.5 %, with the average for these companies being 4.7%. Below are the consensus estimates for revenue growth through 2018 for Comcast Cable (excluding NBCUniversal), Charter and the industry average referenced above.

<b>Consensus Estimates: Revenue Growth</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>CAGR</b>
Comcast Cable	5.6%	5.2%	5.6%	4.5%	4.8%	<b>5.1%</b>
Charter	7.8%	7.5%	7.5%	7.2%	5.2%	<b>7.0%</b>
<b>Industry Average</b>	<b>5.1%</b>	<b>4.7 %</b>	<b>5.1%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>4.7 %</b>

<sup>3</sup> This represents a change from the figure previously identified. The change results from further refinements to the preliminary financial analysis for Midwest Cable.

<sup>4</sup> Comcast Cable revenue and EBITDA estimates represent the average of available estimates from Bank of America/Merrill Lynch, Nomura, UBS, MoffettNathanson, Morgan Stanley, Wells Fargo, Goldman Sachs, and JP Morgan. The industry average represents the average of the estimates for the four major public cable companies. Time Warner Cable, Charter Communications, and Cablevision revenue and EBITDA estimates are consensus estimates primarily sourced from Bloomberg. Charter consensus estimates exclude any analyst estimates in Bloomberg that include the impact of the transactions Charter announced with Comcast on April 28, 2014. It is important to note that any information included in a research analyst’s report and any consensus estimates of research analysts’ expectations are not prepared, adopted or in any way endorsed by Comcast, Charter or Midwest Cable. Any such information is prepared by independent research analysts not affiliated with Comcast, Charter or Midwest Cable based on publicly available information, for purposes unrelated to the LFA transfer review process. Midwest Cable’s actual results of operations or consolidated financial position may differ, perhaps significantly, from any research analyst’s expectations or any consensus estimate.

**EBITDA**

- Midwest Cable’s unaudited 2013 pro forma EBITDA is estimated to be \$1.5 billion<sup>5</sup>, with a margin of approximately 33.5% (EBITDA divided by Revenue). However, as noted above, the pro forma financial statements included in the S-1 filing will be prepared under the SEC guidelines for publicly-traded companies, pursuant to Regulation S-X, which generally does not permit the presentation of synergies and dis-synergies.
- Consensus estimates of research analysts’ expectations<sup>6</sup> for 2015 EBITDA margins for the four major public cable companies range from 29% to 41% with the average of these companies approximately 35%. Below are the consensus estimates for EBITDA margins through 2018 for Comcast Cable (excluding NBCUniversal), Charter and the industry average referenced above.

<b>Consensus: EBITDA Margins</b>					
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Comcast Cable	41.1%	41.0%	41.1%	41.2%	41.3%
Charter	35.1%	35.5%	36.2%	36.9%	37.5%
<b>Industry Average</b>	<b>35.1%</b>	<b>35.3%</b>	<b>35.7%</b>	<b>35.4%</b>	<b>35.6%</b>

- Consensus estimates of research analysts’ expectations<sup>7</sup> for 2015 EBITDA growth rates for the four major public cable companies range from 2.8% to 8.8 % with the average of these companies being 5.3%. Below are the consensus estimates for EBITDA growth rates through 2018 for Comcast Cable (excluding NBCUniversal), Charter and the industry average referenced above.

<b>Consensus: EBITDA Growth</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>CAGR</b>
Comcast Cable	5.5%	5.0%	5.8%	4.9%	5.0%	<b>5.2%</b>
Charter	8.0%	8.8%	9.7%	9.2%	6.9%	<b>8.5%</b>
<b>Industry Average</b>	<b>6.4%</b>	<b>5.3%</b>	<b>6.3%</b>	<b>3.2%</b>	<b>4.7%</b>	<b>5.1%</b>

<sup>5</sup> This amount is calculated using information included in the Comcast Form S-4, dated September 5, 2014 specifically \$1.447 billion of operating income, plus the \$517 million of depreciation and \$29 million of amortization presented in the “Comcast Cable Systems in Midwest Cable” pro forma 2013 income statement column (page 59), reduced for Midwest Cable related shared functions and other administrative allocations of \$290 million disclosed in Note 2 “Charter Divestiture Transactions” (page 63) and reduced for the estimated Charter services fee of \$190 million (2013 revenue of \$4.5 billion multiplied by the 4.25% fee).

<sup>6</sup> See note 4, *supra*.

<sup>7</sup> See note 4, *supra*.

- While there can be no assurance, the current expectation is for Midwest Cable to have continued EBITDA growth consistent with the cable industry achieved through a combination of revenue growth and continued operational efficiencies.
- This analysis includes the caveat that transition expenses will be incurred related to the Transition Services Agreement from Comcast, and there could be short-term inefficiency, particularly in the first 12 months of operations, as stand-alone operations and certain services under the Charter Services Agreement are introduced and Comcast-provided transitional services are replaced. However, the transition expenses and potential for duplicative costs should be temporary in nature.

**The Financial Impact Of The 4.25% Management Fee On Midwest Cable.** As explained above, Midwest Cable will enjoy the benefit of numerous Charter-provided services, delivered under Midwest Cable's ultimate control and authority and pursuant to the CSA. In exchange for providing those services, the parties negotiated a 4.25% fee based on their understanding of prior management fees and the value of the services Charter will provide.

The CSA affords Midwest Cable substantial economic benefits. As a preliminary matter, Midwest Cable can limit its own overhead costs by relying instead on Charter to research, develop, implement, and refine a wide array of operating initiatives that Midwest Cable may implement. Midwest Cable will have access to Charter's executive management team, and will benefit from existing technology and product development, business experience and analysis, and intellectual property.

Equally important, the CSA will enable Midwest Cable to participate in Charter purchases of programming, technology, and other business-related products. This procurement participation will minimize Midwest Cable's own administrative costs and provide access to superior volume-based arrangements. Cable programming, for example, will constitute Midwest Cable's single largest operating expense, and programming affiliation agreements are subject to substantial volume discounts. Costs savings attributable to participating in Charter programming contracts, rather than negotiating for the same programming on a stand-alone basis, will offset a substantial portion of the 4.25% fee. Charter estimates that the combined benefits accruing to Midwest Cable under the CSA from a few of the largest categories of annual operating and capital expenditures – *i.e.*, programming, video set-top boxes, software maintenance, headend equipment, and technology and product platforms – will be approximately \$300 million annually. This figure would be well in excess of the costs associated with the CSA's 4.25% fee (estimated at \$190 million for 2013).

The Management fee is also consistent with other publicly-disclosed management fees. A schedule of representative management fees in the cable industry over the last two decades is set forth below.<sup>8</sup>

Company	Stipulated Management Fee as % Revenue	Year	Source	Page
Adelphia Communications	5.00%	2005	2005 10-K	125
Jones Intercable	5.00%	1996	1996 10-K	23
Jones Cable Income Fund I-B/C Venture	5.00%	1999	1999 10-K	15, 27
Jones Cable Income Fund I-A	5.00%	1996	1996 10-K	24
Enstar Income Program II-1, L.P.	5.00%	1999	1999 10-K	27
Enstar Income/Growth Program Five-A, L.P.	4.00%	2003	2003 10-K	17, 18, F-12, F-25
Insight Communications of Central Ohio, LLC / Coaxial Financing Corp.	3.00%	2002	2002 10-K	39
Mediacom Broadband LLC/ Mediacom Broadband Corporation	4.00%	2013	2013 10-K	59
James Cable Partners, L.P.	4.00%	2002	2002 10-K	35

**Charter's Finances.** Several LFAs have raised a question regarding Charter's financial structure and Midwest Cable's reliance upon Charter under the CSA. We believe such questions are unjustified. As discussed above, Midwest Cable will be a financially sound going concern on day one and that position is only enhanced by its arrangements with Charter – an established MSO with a proven track record of success in the marketplace – and its ability to draw on services from Charter under the CSA. Charter is a Fortune 400 company with over \$17 billion of equity market capitalization, \$9 billion of revenue, and positive free cash flow. It is a regular issuer in the debt capital markets and has proven, ready access to financing. More than 6.1 million residential and business customers now trust Charter to provide video services, Internet services, and voice services. The company operates in 29 states, employs approximately 23,000 people, and has one of the fastest growth rates among its peers and competitors. It has added over 6,000 employees in the past two years alone to accommodate its growth and improve its service offering in its current footprint. Charter expects to file a registration statement on Form S-4 with the SEC by the end of October 2014, which registration statement will include information regarding Charter's expected ownership of 33% of Midwest Cable and the transactions with Comcast pursuant to which Charter will transfer systems serving approximately

<sup>8</sup> Data collected by Duff & Phelps. This summary chart is based on a review of publicly available financials and does not necessarily capture all cable industry management fees.

1.6 million customers to Comcast and Comcast will transfer systems serving approximately 3.0 million customers to Charter.

**Midwest Cable's Upcoming S-1 Filing.** In connection with the spin-off, Midwest Cable will file a registration statement with the SEC on Form S-1 to register the pro rata distribution of shares of its common stock to Comcast shareholders, inclusive of former Time Warner Cable shareholders. While Comcast's S-4 filings to date have focused on the impact of spinning off the Midwest Cable properties on Comcast, the S-1 will be the first filing with the SEC focused on Midwest Cable itself. It will include additional financial details and descriptions, and the parties are working diligently to assemble the relevant information. Midwest Cable is, of course, limited in its ability to provide information outside of that carefully regulated process.

The initial Midwest Cable Form S-1 is expected to be filed by October 31, 2014. Consistent with applicable SEC regulations, the Form S-1 is expected to provide a significant amount of information, including:

- A description of the management and governance of Midwest Cable.
- A description of the contractual arrangements between Midwest Cable, Comcast and Charter.
- A description of the Transaction and the business, including discussion of Midwest Cable's geographical footprint, customer bases; types of services offered; technology and sources of supply required to deliver those services; the competition and seasonality/cyclicality associated with the business; the principal properties; and any material legal proceedings.
- A description of risk factors related to the Transaction, business, and the future operations of Midwest Cable.
- A capitalization table disclosing the actual and pro forma amounts of indebtedness and stockholder's equity.
- Management's discussion and analysis of the financial condition and results of operations, including: a discussion on the results of operations with fluctuation analysis for the income statement and statement of cash flow captions for the six-month period ended June 30, 2014, compared to the corresponding period in 2013 and the years ended December 31, 2013 and 2012, compared to the corresponding periods in 2012 and 2011, respectively; summary customer information for the periods presented; a discussion on liquidity and capital resources of the company; a summary of contractual obligations and off-balance sheet arrangements; and a description of the company's critical accounting judgments and estimates.

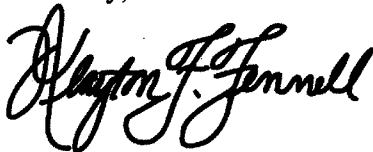
September 30, 2014

- Audited Midwest Cable “carve-out” balance sheets as of December 31, 2012 and 2013 and “carve-out” income statements, cash flow statements and statements of equity for each of the three years ended December 31, 2011, 2012, and 2013.
- Unaudited interim Midwest Cable “carve-out” balance sheets as of June 30, 2014 and December 31, 2013, and “carve-out” income statements, cash flow statements and statements of changes in equity for the six-month periods ended June 30, 2013 and 2014.
- Unaudited pro forma “carve-out” balance sheet as of June 30, 2014 and pro forma “carve-out” income statements for the six-months ended June 30, 2014 and for the year-ended December 31, 2013.
- Selected historical financial data showing revenue, operating income, net income, and total assets as of and for the six-months ended June 30, 2014 and 2013 and as of and for each of the five years ended December 31, 2013.

\* \* \* \*

To the extent any questions remain regarding Midwest Cable’s financial qualifications, we expect those questions should be addressed and answered in the upcoming S-1 filing. To provide sufficient time for you to review the material being submitted today, the upcoming S-1 filing, and the completed TSA and CSA agreements, Comcast and Midwest Cable are together granting an additional one-month extension to January 15, 2015 for you to complete the Form 394 review process. Further, we understand that you may have a contrary position as to the start date of the 120-day Form 394 review period, and this extension is granted without prejudice to your ability to make such a claim. In exchange for this additional extension, we ask only that you work with us cooperatively to resolve any *bona fide* concerns. We suggest, for example, that informal discussions (rather than serial RFIs) would likely be the more productive and efficient way to bridge any remaining concerns you might have.

Sincerely,



Klayton F. Fennell  
Vice President, Government Affairs  
Comcast



Leonard J. Baxt  
Midwest Cable, Inc.  
Its authorized agent and, post-closing,  
Executive Vice President, and  
Chief Administrative Officer

## EXHIBIT 1

### KEY TRANSITION SERVICES AGREEMENT (“TSA”) PROVISIONS

#### *Comcast Support To Midwest Cable During the Designated Transition Period*

#### 1. **Operation Support Systems & Business Support Systems**

Comcast will provide transition services for back office operation support systems (“OSS”) and business support systems (“BSS”) tools, applications, infrastructure and associated reports for the purpose of supporting Midwest Cable’s customers. These services are provided in the context of the technical operations of the systems, applications, security, access management, tools and infrastructure, and include: Monitoring; Event Management; Incident Management; Problem Management & Root Cause; Change & Release Management; Performance, Capacity & Availability Management; and System Access Control.

#### 2. **Product Branding & Marketing**

Comcast will provide transition services for Midwest Cable’s marketing and product branding. As part of those services, Midwest Cable will be permitted to use the Comcast Marks (as defined in the TSA) and branding for customer/prospective customer marketing and communications during the designated transition period, including, but not limited to, use in/on: uniforms; business cards; store signage; websites; outbound telemarketing scripts; marketing collateral (including bill inserts); customer statements/notifications; and advertising materials (television, radio, print, direct mail, out of home, etc.). During the period Midwest Cable will utilize these services, Comcast will provide XFINITY-branded television, radio and other commercial/marketing creative..

#### 3. **Internet Service (Residential)**

Comcast will provide transition services and support for residential Internet services and a set of related ancillary services sold as a package under the Xfinity Internet product suite. This will include Comcast continuing to support the features and capabilities of the Internet service currently enjoyed by residential customers. Comcast may also continue to release product enhancements or new features, or remove features and functionality in accordance with the Comcast product roadmap. Specifically, Comcast will:

- Provide continued support for the existing Xfinity Internet speed portfolio
- Provide continued support for security software solutions/products made available by Comcast
- Provide continued support for the Internet Essentials Program
- Provide continued support for Xfinity Connect Online & Mobile App (iOS and Android)
- Provide continued support and operations of Xfinity email service
- Provide continued support and operations for contacts and calendaring

## EXHIBIT 1

### 4. Video Service (Residential)

Comcast will provide transition to support the native video service offerings (excluding the X1 Platform) (referred to as "Xfinity TV"). Comcast will continue providing the features and capabilities it currently offers on Xfinity TV and may continue to release product enhancements or new features or remove features and functionality in accordance with the Comcast product roadmap. Among the services included are:

#### Xfinity TV services:

- Linear
- Video on Demand
- Support of in-home DVR at a national level, firmware/platform update and defect/issue resolution
- Channel Guides
  - o Support of the native guides at a national level, particularly troubleshooting and resolving issues/defects that need to be fixed within the firmware or platform

#### Xfinity TV Platform (Mobile) service:

- iOS and Android TV Remote App with the following core capabilities:
  - o Search TV Listings, browse movies and TV shows in VOD
  - o Control your TV (change channels, tune VOD programs)
  - o DVR control (set DVR recordings)
- iOS and Android TVE App
  - o Out-of-home access to TV Everywhere content

### 5. X1 Platform Video Service

Comcast will provide transition to support the Xfinity X1 Platform TV residential service. Comcast will continue to provide the features and capabilities it currently offers through the X1 Platform and may continue to release product enhancements or new features or remove features and functionality in accordance with the Comcast product roadmap. Among the services included are:

#### X1 Platform TV services:

- X1 Guide Experience
- Linear
- Video on Demand
- Support for DVR service

#### X1 Platform Mobile services:

- iOS and Android TV App with the following core capabilities:
  - o In-home VOD playback
  - o DVR control (set DVR recordings)
  - o Remote Tune (Allow tuning of X1 devices using mobile app)
- iOS and Android TVE App



## EXHIBIT 1

- Out-of-home access to TV Everywhere content

### 6. **Voice Service (Residential)**

Comcast will provide transition services to support Voice Service to residential customers with the current features and capabilities. In addition, Comcast may continue to release product enhancements or new features or remove features and functionality in accordance with the Comcast product roadmap. Specifically, Comcast will provide continued support for:

- Existing Xfinity Voice portfolio
- Customers to add phone lines
- Value added features included with the Xfinity Voice service, including:
  - Voicemail
  - Readable Voicemail
  - Voice2go and Text Messaging via XFINITY Connect
  - XFINITY Connect Online (web) and mobile app (iOS and Android) functionality
  - XFINITY Share (live stream, record and share media to all screens)
- Directory Listing through Ecolisting.com
- E911
- Ability for customers to purchase battery backup and provide fulfillment via SIK;
- Customer Proprietary Network Information (CPNI);
- Billing and Provisioning Services

### 7. **Advertising Sales Services**

The transition services Comcast will provide include Advertising and sales services consisting of the following specific business requirements:

#### Ad Insertion/Traffic Services:

- Advertiser order and proposal processing and scheduling
- Advertiser schedule verification
- Ad insertion system operations in the Master Control Centers
- Commercial content encoding
- Equipment maintenance and repair in the Master Control Centers
- Ad insertion system monitoring
- Technical traffic and billing system reports used to manage orders
- Media management
- System data backups

#### AR Billing, Collections and Financial Services:

- Month-end Close Reporting Package
- Commission Calculation and Payments
- Credit Check / Application processing
- Billing
- Credit checks

## EXHIBIT 1

- Cash receipts activities and reports, including posting of cash receipts via lock box
- Credit/debit card processing
- Cash refund processing
- Coop notarization
- Collections management and bad debt write-off
- Preparation of all contractual affiliate payments and reporting

### 8. **Business Services**

The transition services provided by Comcast will include support for tasks that fall under the purview of Comcast's Business Services Department, including without limitation, product support and maintenance, service assurance and back office support. These transition Business Services are limited to the continuance of services that are provided by Comcast to its own business units at the time of the close. The Business Services will be provided using current-state tools, applications and services and include the following specific services:

#### Product Support and Maintenance:

Comcast will support commercial products with maintenance and relevant product support, including firmware upgrades and product engineering level break-fix services. Commercial products are subject to availability as of date of close. Comcast will support the following products on existing platforms:

- Business Internet services (including associated email, web hosting, security and hosted software services)
- Metro-Ethernet services
- Business Voice services (including enhanced voice services, Business VoiceEdge and trunking services)
- Business TV services

#### Marketing:

Comcast will provide standard brand materials and media creative for the commercial products identified above. Comcast will provide customer database(s) to Midwest Cable to support their marketing objectives.

#### Order Management and Fulfillment:

Comcast will provide the necessary system, tools, technology, infrastructure and live support to facilitate the provisioning and installation for all new Midwest Cable customers and employees. Comcast will provide standard order management/fulfillment reporting to Midwest Cable and provide reasonable communication to Midwest Cable regarding material system and/or tool changes.

#### Service Assurance/CARE:

## EXHIBIT 1

Comcast will provide system, tools, technology, infrastructure and live support necessary to facilitate customer care and service assurance for commercial customers and employees. Comcast will provide standard performance and transactional reporting to Midwest Cable and provide reasonable communication to Midwest Cable regarding material system and/or tool changes.

### Customer Billing and Collections:

Comcast will provide commercial service billing support , including keeping the billing platforms available and updated. Comcast will provide revenue assurance systems, including reconciliation of provisioning and billing systems. Comcast will provide collection support to Midwest Cable for commercial customers.

### Back Office:

Comcast will provide financial and operations reporting for Midwest Cable's commercial business operations, including sales reporting and information necessary for Midwest Cable to complete its commission calculations.

### Sales:

Comcast will operate inside sales for Midwest Cable, and will support Midwest Cable with sales and back office functionality tools, including: Comcast Business & IT Sales; Serviceability; Quoting; and Disconnects.

## 9. Network Operations

Comcast will provide transition services to support Midwest Cable's network operations. Comcast will maintain the core network, commercial, and back-office infrastructure as it is supported today; this includes support of engineering design, break/fix resolution, capacity planning, and required device health for migrating network elements. Specifically, Comcast will provide the following services:

- Engineering design supporting both residential and commercial services
- Event/Incident Management
- Problem Management & Root Cause
- Change & Release Management
- Architecture support to maintain network platforms and services
- Performance, Capacity & Availability Management
- Engineering support for commercial customer growth; and
- Support of IP re-numbering approach that is to be determined between the two organizations

Comcast will also maintain capacity management and reporting functions as they are provided today, specifically including:

## EXHIBIT 1

- Capacity planning for all layers of the Comcast network, from the subscriber edge to the backbone, accounting for both residential and commercial products and services;
- Offer standard “business as usual” monthly KPIs and capacity dashboards for all levels of the transitioning network; and
- Offer opportunities to meet to review element capacity topics

### 10. Video Engineering Services

Comcast will provide transition services for Midwest Cable’s Video Engineering. Comcast will continue to provide support for on demand and linear video delivery system component, digital controller, set tops, and IP players, and the supporting applications, tools & infrastructure used at all levels of support. Comcast will provide the following services of all video systems, tools, applications, infrastructure and associated reports:

- Monitoring
- Event Management
- Incident Management
- Problem Management & Root Cause
- Change & Release Management
- Performance, Capacity & Availability Management
- Linear and On Demand content management
- Linear and On Demand event management

### 11. Systems Engineering Services

Comcast will provide transition services to support Midwest Cable’s systems engineering for data services. Comcast will continue to provide support for email, portal, Comcast.net portal, and XfinityHome services and all Comcast supported applications, tools and infrastructure within the High Speed Data vertical. The following systems are specifically included:

#### Residential:

- Dynamic Host Configuration Protocol
- Domain Name System
- Email

#### Commercial:

- Dynamic Host Configuration Protocol
- Domain Name System
- Web Hosting
- Email

Comcast will provide the following services related to all email, portal, and Xfinity Home tools, applications, infrastructure and associated reports:

- Monitoring
- Event Management

## **EXHIBIT 1**

- Incident Management
- Problem Management & Root Cause
- Change & Release Management; and
- Performance, Capacity & Availability Management

## EXHIBIT 2

### Executive Biographies for Members of Midwest Cable's Board of Directors

- **Rick D'Avino** joined General Atlantic in 2014 and works closely with the Resources Group, investment teams and portfolio companies on all matters related to taxes. Mr. D'Avino served as Vice President and Senior Tax Counsel of the General Electric Company from 1991 through 2013. He was on the Boards of Directors of GE Capital Corporation and GE Capital Services, and of GE SeaCo, a joint venture between GE and Sea Containers Ltd. Prior to GE, Mr. D'Avino was a tax partner at King & Spalding, and served as an Attorney-Advisor and the Deputy Tax Legislative Counsel in the U.S. Treasury Department.
- **James Chiddix** has spent a career of 35 years in the cable industry, including senior roles at both major service providers and equipment suppliers. He was the Chairman and Chief Executive Officer of OpenTV Corporation prior to his retirement in 2007, having served in this position from March 2004 until April 2007. From 2007 to 2009, he served as the Vice-Chairman of the Board of OpenTV. Prior to 2004, his previous roles included President at MystroTV (a division of Time Warner) and Chief Technology Officer and Senior Vice President, Engineering and Technology at Time Warner Cable. Mr. Chiddix has served as a director of Arris Group, Inc. since July 2009, and of Magnum Semiconductor Inc. since October 2010. Mr. Chiddix previously served on the boards of Virgin Media Inc., Symmetricom Inc., Dycorn Industries Inc., and Vvyo Inc. Mr. Chiddix attended the School of Electrical Engineering at Cornell University.
- **Gregory L. Doody** became Senior Vice President, Business Affairs for Vineyard Brands in January 2014. He previously served as Executive Vice President, Programming and Legal Affairs for Charter Communications, a position to which he was appointed in January 2011 after having previously served as Executive Vice President and General Counsel since December 1, 2009. He also served as Charter's Chief Restructuring Officer and Senior Counsel in connection with its Chapter 11 proceedings after being appointed on March 25, 2009. Prior to coming to work for Charter, Mr. Doody served as Executive Vice President, General Counsel, and Secretary of Calpine Corporation from July 2006 through August 2008. From July 2003 through July 2006, Mr. Doody held various positions at HealthSouth Corporation, including Executive Vice President, General Counsel, and Secretary. Mr. Doody served as an executive officer of Charter during the pendency of its Chapter 11 cases in 2009. Mr. Doody earned a J.D. degree from Emory University School of Law and received a bachelor's degree in management from Tulane University. Mr. Doody is a certified public accountant.
- **Jill A. Greenthal** is a Senior Advisor in the Private Equity Group at The Blackstone Group L.P. Before joining Blackstone in 2003, Ms. Greenthal was Co-Head of the Global Media Group, Co-Head of the Boston Office and a member of the Executive Board of Investment Banking at Credit Suisse First Boston. Ms. Greenthal was also Co-Head of the Boston office of Donaldson, Lufkin & Jenrette, before its acquisition by CSFB. Prior to joining DLJ, she was Head of the Media Group at Lehman Brothers. Ms. Greenthal has advised and financed media companies for over 20 years, having worked in all sectors of the business. Ms. Greenthal graduated as a member of The Academy from Simmons College and received an

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MBA from Harvard Business School. Ms. Greenthal is on the Board of Directors of Akamai Technologies, Michaels Stores, Inc., The Weather Channel and Houghton Mifflin Harcourt. Ms. Greenthal is also a member of the Women's Executive Council of Dana-Farber Cancer Institute and a Trustee of The James Beard Foundation, Simmons College and Overseer of the Museum of Fine Arts in Boston.

- **Dennis S. Hersch** is President of N.A. Property, Inc., through which he acts as a business advisor to Mr. and Mrs. Wexner, and has done so since February 2008. He also serves as a trustee of several trusts established by Mr. and Mrs. Wexner. He was a Managing Director of J.P. Morgan Securities Inc., an investment bank, from December 2005 through January 2008, where he served as the Global Chairman of its Mergers & Acquisitions Department. Mr. Hersch was a partner of Davis Polk & Wardwell LLP, a New York law firm, from 1978 until December 2005. Mr. Hersch has served as a director at Sprout Foods, Inc., a producer of organic baby food, since 2009. Mr. Hersch also served as a director of NBCUniversal Enterprise, Inc., a subsidiary of Comcast Corporation from 2013 to May 2014, and Clearwire Corporation, a wireless, high-speed Internet service provider, from November 2008 to 2013.
- **Wendell F. Holland** served as Chairman of the Pennsylvania Public Utilities Commission and as Treasurer of the National Association of Regulatory Utility Commissioners (NARUC), in addition to serving on NARUC's Executive Committee, its Board of Directors, and as Chairman of its Audit and Investment committees. He is an attorney in private practice. Mr. Holland has organized and participated in several international programs relating to regulatory reform and energy sustainability. He has represented clients and advised governments on utility matters in more than 25 countries. Between his terms as PUC Chairman, Mr. Holland was Of Counsel at Obermayer Rebmann Maxwell & Hippel LLP from 1999 to 2003; Vice President of American Water Works Company from 1996 to 1999, and a Partner at Leboeuf Lamb Greene and Macrae LLP from 1993 to 1995, and at Saul Ewing LLP from 2009 to 2013. Mr. Holland holds a B.S. from Fordham University and a J.D. from the Rutgers University School of Law, Camden.
- **Gregory Maffei** is the President and CEO and a director of Liberty Media Corporation and Liberty Interactive Corporation. Liberty Media owns interests in a broad range of media, communications and entertainment businesses, including SiriusXM, Charter Communications, Live Nation Entertainment and the Atlanta Braves. Liberty Interactive has interests in digital commerce businesses, including TripAdvisor, QVC, Provide Commerce, Backcountry.com, Bodybuilding.com, CommerceHub, BuySeasons, Evite, Expedia, Tree.com, Interval Leisure Group, and HSN. Liberty's stocks have significantly outperformed the major stock indices and comparable companies under his tenure. Mr. Maffei also serves as Chairman of the Liberty-related companies Live Nation Entertainment, SiriusXM, Starz and TripAdvisor, and as a director of Charter Communications and Zillow. Prior to his joining Liberty in 2005, Mr. Maffei served as President and CFO of Oracle, Chairman, President and CEO of 360networks, CFO of Microsoft and Chairman of the Board of Expedia. Additionally, he has served as a director of Barnes & Noble, Citrix, DIRECTV, Dorling Kindersley, Electronic Arts and Starbucks Coffee. He has an MBA from Harvard Business School, where he was a Baker Scholar, and an AB from Dartmouth College.

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- **Thomas M. Rutledge** was appointed as a director and President and Chief Executive Officer of Charter Communications effective on February 13, 2012. A 34 year cable industry veteran, Mr. Rutledge served as Chief Operating Officer of Cablevision from April 2004 until December 2011 and previously served as president of Time Warner Cable. He began his career in 1977 at American Television and Communications (“ATC”), a predecessor company of Time Warner Cable. Mr. Rutledge currently serves on the board of the National Cable and Telecommunications Association (“NCTA”). He served as Chairman of the NCTA from 2008 to 2010 and currently serves on the boards of CableLabs, C-SPAN, and the Cable & Telecommunications Association for Marketing (“CTAM”) Educational Foundation. In 2011, Mr. Rutledge received NCTA’s Vanguard Award for Distinguished Leadership, the cable industry’s highest honor. He is a member of the Cable Hall of Fame and was inducted into the Broadcasting and Cable Hall of Fame in 2011. He received a B.A. in economics from California University in California, Pennsylvania in 1977.
- **Christopher L. Winfrey** joined Charter Communications as Executive Vice President and Chief Financial Officer on November 1, 2010. Mr. Winfrey is responsible for all of Charter’s financial functions, including accounting, financial planning and analysis, tax and treasury, mergers and acquisitions, capital structure activities, and investor relations. He also directs Charter’s supply chain management, facilities, revenue assurance, and business intelligence teams. Prior to joining Charter, Mr. Winfrey served as Chief Financial Officer and Managing Director of Unitymedia GmbH, Germany’s second-largest provider of media and communications services via broadband cable, from March 2006 through October 2010. Mr. Winfrey was also appointed Managing Director of Unitymedia Management GmbH, Unitymedia Hessen Verwaltung GmbH, and Unitymedia NRW GmbH in March 2006 and arena Sport Rechte und Marketing GmbH in April 2008. He has held leadership and finance positions with Cablecom and NTL Europe, assuming a key role in the operational turnaround, triple-play services rollout, and capital markets development at these companies over the last decade. Mr. Winfrey graduated from the University of Florida, with a B.S. degree in Accounting. He also received his M.B.A. from the University of Florida.



## **EXHIBIT 3**

### **MIDWEST CABLE-CHARTER SERVICES AGREEMENT KEY SERVICES**

1. Procurement and Programming Management Services
  - a. Charter will provide programming management services to Midwest Cable including negotiating and entering into agreements with suppliers of video programming services to provide such programming services that would apply to both Charter cable systems and Midwest Cable cable systems.
  - b. Charter will provide procurement management services to Midwest Cable including negotiating and entering into agreements with vendors to provide goods and services that would be used by both Charter and Midwest Cable. Examples of such goods and services are: product hardware, software licensing and employee cellular service.
2. Network Operations
  - a. 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; (ii) standards and requirements for network facilities/hardware and software; and (iii) activity scheduling.
3. Engineering & IT
  - a. Charter will provide Midwest Cable the Corporate Engineering services previously provided by Comcast including: architectural design standards, product technical roadmaps and standards and CPE technical roadmaps and standards.
  - b. Charter will provide Midwest Cable IT services including: (i) software for backoffice 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.
4. Voice Operations
  - a. 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.
5. Field Operations

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- a. Charter will support Midwest Cable under the CSA 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.
6. Customer Service
    - a. Charter will support Midwest Cable under the CSA 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.
  7. Billing & Collections
    - a. 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.
  8. Product
    - a. 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.
  9. Marketing & Sales
    - a. Charter will support Midwest Cable under the CSA 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.
    - b. Charter will support Midwest Cable under the CSA 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.
  10. Administrative and Back office Services
    - a. As requested by Midwest Cable, Midwest Cable may leverage administrative services from Charter, including leveraging the associated platforms and

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practices, in areas including but not limited to accounts payable, general ledger, database systems, and payroll administration. .

**Services performed by Charter under the Midwest Cable-Charter Services Agreement will be under the overall authority and supervision of the Board of Directors and officers of Midwest Cable. Midwest Cable will have sufficient appropriately qualified employees as is necessary in order to supervise the performance of services by Charter under the Midwest Cable-Charter Services Agreement.**