



REPORT

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

February 4, 2015

Submitted by:

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INTRODUCTION

This report has been provided by Moss & Barnett, a Professional Association, for the purpose of evaluating a request from Comcast of St. Paul, Inc. ("Grantee"), the current holder of the Cable Franchise ("Franchise") in the Northern Dakota County Cable Communications Commission ("Commission"). The Commission is a joint powers commission which administers and regulates the operations of the Grantee under the Franchise. The Commission includes the member cities of Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul, Minnesota (hereinafter referred to as "City"), to approve a proposed transfer of control ("Transfer") of the Franchise to Midwest Cable, Inc. (hereinafter "Midwest Cable" or "Midwest"). The Grantee currently owns, operates and maintains a cable television system ("System") in the City pursuant to the terms of the Franchise.

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

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

What is happening to the Twin Cities Comcast cable systems?

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

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

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

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

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

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

Timing for Action by the City

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

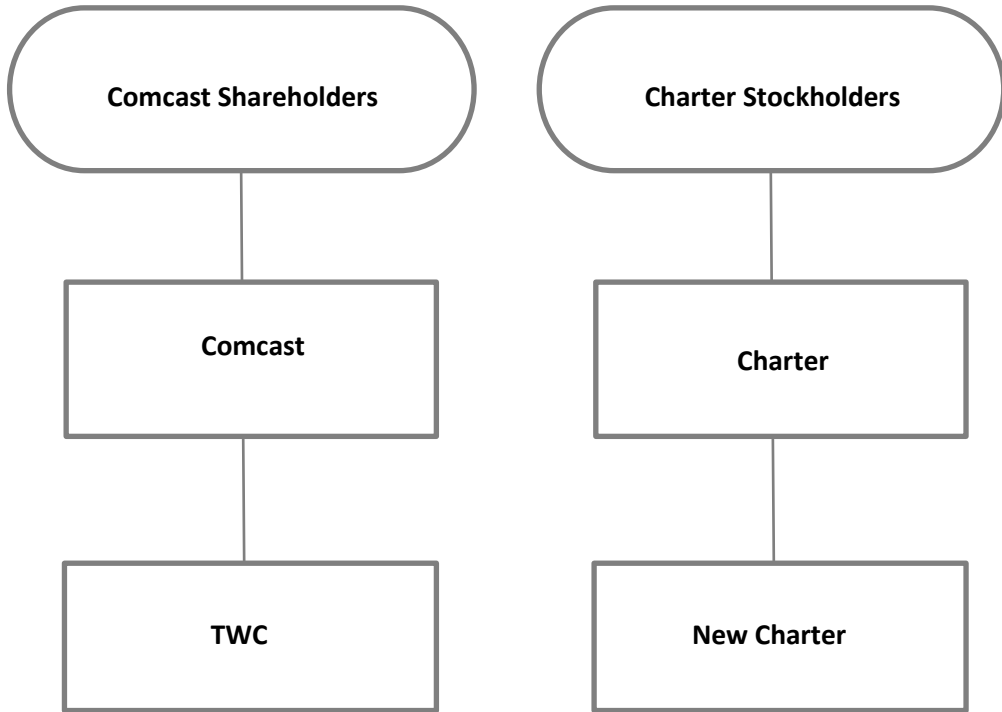
On or about September 30, 2014 Comcast and Midwest Cable agreed to a further extension of the Application review period for thirty (30) days until January 15, 2015 to allow the City to review certain service agreements related to the Transaction as well as certain SEC financial filings to be made available for review on October 31, 2014. **The current deadline for action on the Application is February 27, 2015.**

What can the City consider?

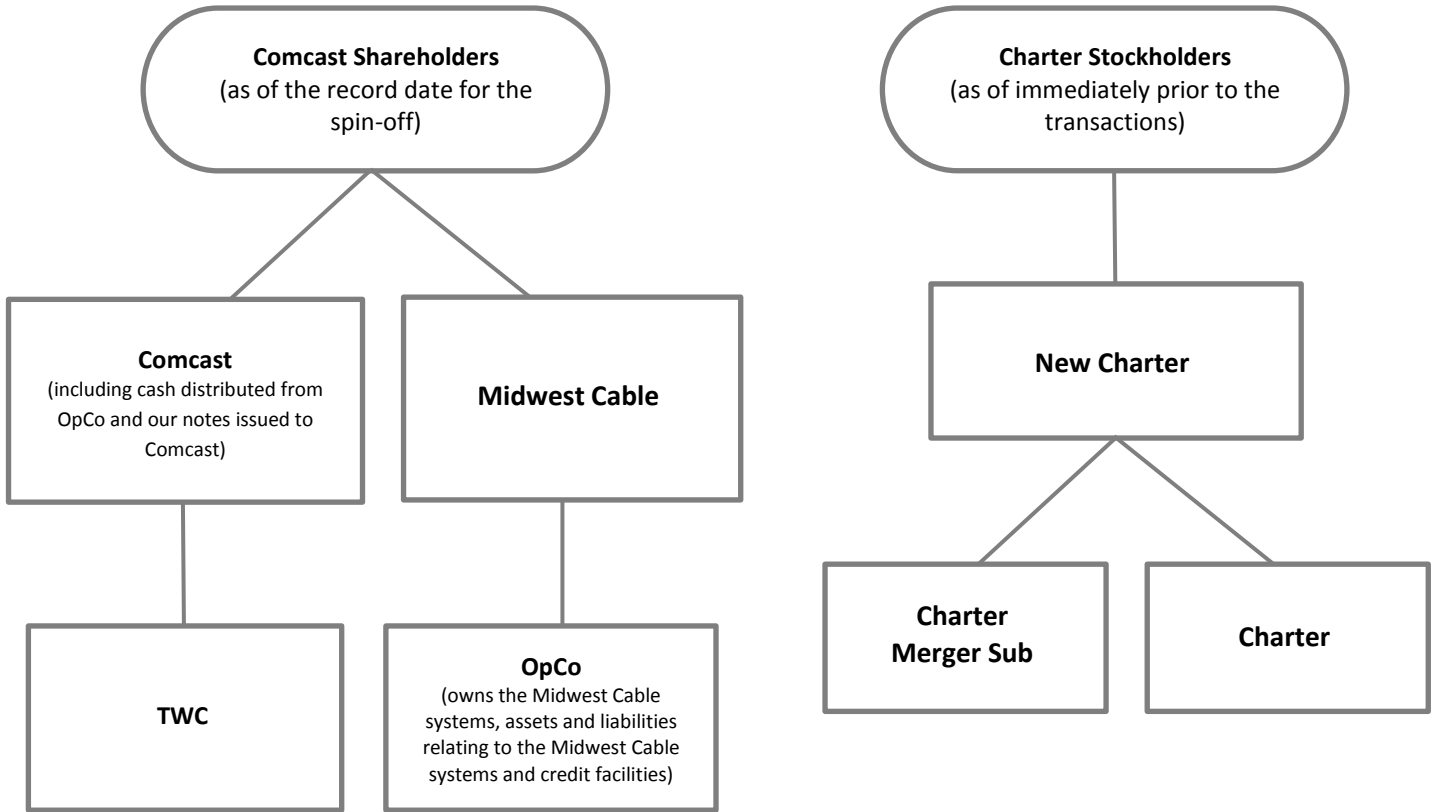
Pursuant to the City's Franchise, this proposed Transfer is prohibited without the written consent of the City. Federal, state and local law provides the City with a right to examine the legal, technical and financial qualifications of the proposed New Grantee and Midwest Cable.

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

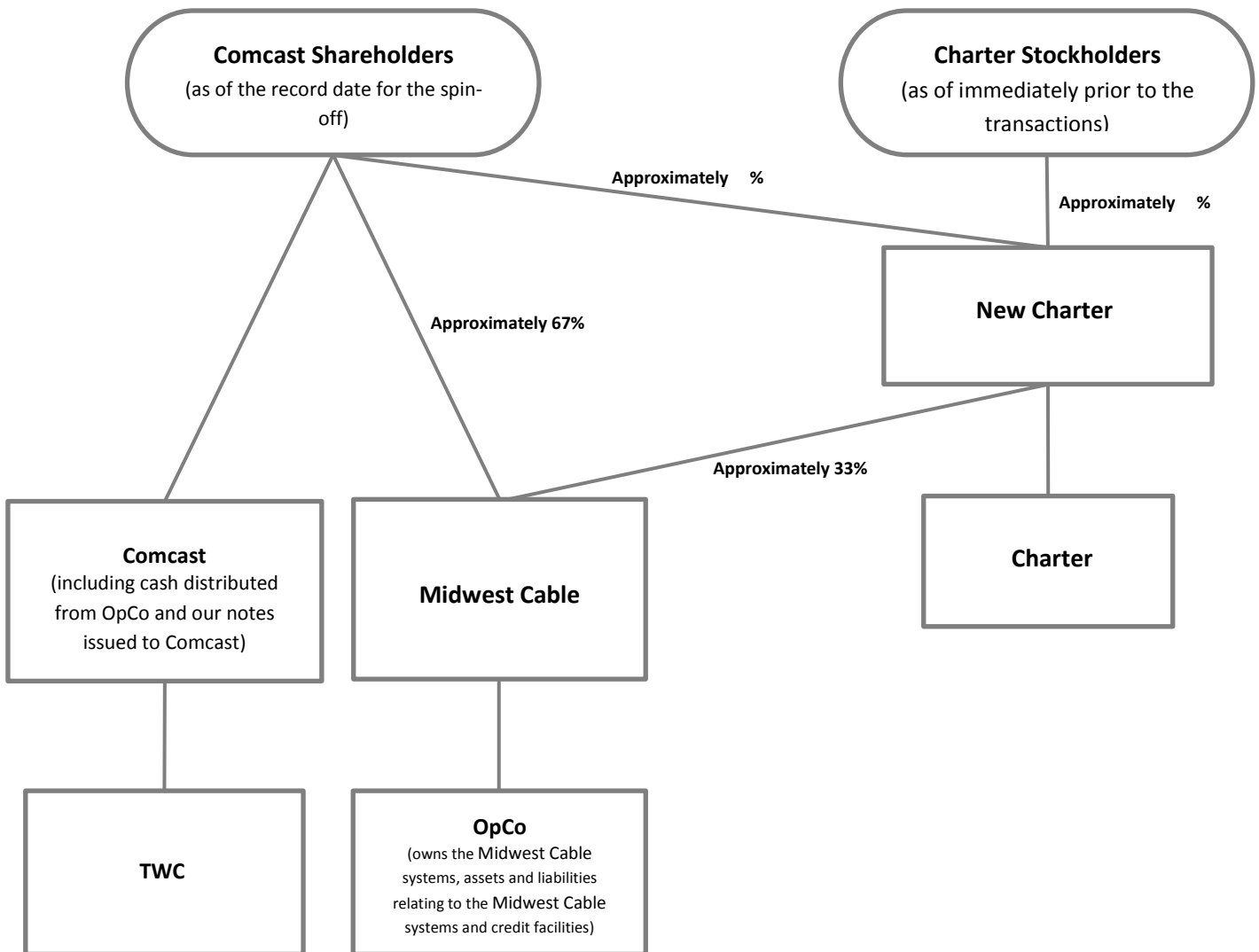
**Structure Following the Comcast/TWC Merger
but Before the Transactions**



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



Structure Following the Transactions



APPLICABLE LAW

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

Federal Law

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

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

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

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

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

Time Limits Applicable to Franchise Authority Consideration of Transfer Applications.

- (a) A franchise authority shall have 120 days from the date of submission of a completed FCC Form 394, together with all exhibits, and any additional information required by the terms of the franchise agreement or applicable state or local law to act upon an application to sell, assign, or otherwise transfer controlling ownership of a cable system.*
- (b) A franchise authority that questions the accuracy of the information provided under paragraph (a) must notify the cable operator within 30 days of the filing of*

such information, or such information shall be deemed accepted, unless the cable operator has failed to provide any additional information reasonably requested by the franchise authority within 10 days of such request.

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

State Law

Minnesota Statutes Section 238.083 provides:

Sale or Transfer of Franchise.

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

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

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

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

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

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

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

TECHNICAL REVIEW

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

Background Qualifications of Midwest Cable

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

Responses to Supplemental Information

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

1. Will Midwest Cable have local Twin City employees?

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

2. What transition services will Comcast provide?

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

- a. 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).

- b. Software Platforms: Billing systems; customer websites and service portals; provisioning and telephony platforms; customer premise equipment support systems; voicemail and email platforms; network support tools; data warehouse; human resources and accounting systems.
- c. Marketing and Sales: Transition from Comcast/Xfinity branding to the Midwest Cable and Charter co-branded "Spectrum" product offering – including all of the associated market and employee-facing markings, as well as national sales channels for residential, commercial and advertising sales.
- d. Customer-Facing Transition Services: Call center support; billing systems support; provisioning of video; voice and data services; voice operations/call completion; X1 platform support; customer identity management; and email/voicemail continuity support.

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

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

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

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

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

- b. Network Operations. Charter will provide Midwest Cable: (i) telecommunications services that previously depended on Comcast in a shared service model including: network connectivity for all services including voice, video and data, Video On Demand, CPE software and provisioning management, network security and interface with law enforcement, authentication of services and network monitoring and outage detection.
- c. Engineering & IT. Charter will provide Midwest Cable the Corporate Engineering services previously provided by Comcast including: architectural design standards, product technical roadmaps and standards and technical roadmaps and standards.

Charter will provide Midwest Cable IT services including: (i) software for back office functions including managing customer transactions and provisioning of services; (ii) management information services for accounting, billing, activity

analysis, labor management, budgeting and financial analysis; and (iii) management of data centers.

- d. Voice Operations. Charter will provide origination services to Midwest Cable including processing phone subscriber orders for phone installations at the subscriber's home or business. These services include: order fulfillment and provisioning and local number management and portability.
- e. Field Operations. Charter will support Midwest Cable under by providing field operations services including: dispatch, plant database software systems, predictive network failure software and maintenance prioritization, technician activity and productivity reporting, warehouse standards and CPE handling standards, tools, requirements and standards for technician communications, plant design and construction standards and fleet management.
- f. Customer Service. Charter will support Midwest Cable by providing customer care services directly or through its vendors. These services include call center services for call answering, monitoring and dispositioning related to inbound sales, billing, repair, and retention for all products and services sold by Midwest Cable, including video, voice and data, online chat for sales, service and billing, online customer care portals for self-help and service and customer identity management.
- g. Billing & Collections. Charter will provide billing and collections services. These services include: customer billing and billing system management, collection of customer receivables and cash management and customer disconnect support.
- h. Product. Charter will provide Midwest Cable with: (i) customer facing product development definitions/standards/software and planning for all business and consumer products; (ii) change planning and project management services; and (iii) website hosting, video content management and web mail hosting. Any customer facing products bearing a Charter brand name shall be co-branded with Midwest Cable's brand name in such a manner that it is clear to the consumer of such products that Midwest Cable is the party providing services to the consumer.
- i. Marketing & Sales. Charter will support Midwest Cable by providing: (i) marketing services and database support to enable mass, direct and online marketing activities; (ii) analysis of sales channel(s) performance; and (iii) development and all customer and non-customer facing messaging.

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

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

4. Will Xfinity cable services remain available?

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

5. Customer E-Mail Transition.

Post-closing, customers will continue to use their Comcast email account until they migrate to a Midwest Cable email account. Comcast customers will 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. It is not clear if the email domain will be owned by Charter or Midwest Cable.

6. Phone Number Continuity.

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

7. Customer Equipment.

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

8. Customer Billing.

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

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

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

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

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

FINANCIAL REVIEW

Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc. (the "Consultants") were retained by the City to assist the City in the financial analyses of the transfer of the cable franchise currently held by Comcast. Please refer to the Consultants' Report Regarding the Spin-off of Cable Systems to Midwest Cable, Inc., dated January 2015 provided to the City on or about January 20, 2015 and attached hereto as **Exhibit A**.

Moss & Barnett has prepared a Resolution and Guaranty approving the Transfer and provided it to the City for the City's review and consideration - attached hereto as **Exhibit B**.

EXHIBIT A

**Ashpaugh & Sculco, CPAs, PLC and Front Range Consulting, Inc.
Report Regarding the Spin-off of Cable Systems to Midwest Cable, Inc.**

EXHIBIT B

Transfer Resolution and Guaranty