



November 30, 2016

Mr. Mark Moran
City of Galena
PO BOX 310
Galena, Illinois 61036

Dear Mr. Moran

The purpose of this letter is to inform you that, on or about January 3, 2016, Mediacom will be implementing the following rate adjustments:¹

Product:	New Rate:	Net Change:
Local Broadcast Station Surcharge	\$9.04	\$1.45
Regional Sports Surcharge	\$2.61	\$0.24
Family TV	\$74.95	\$2.00

The decision to make price adjustments is always a difficult one. We are very reluctant to raise video prices because, when we do, we lose subscribers. However, cable and satellite companies are constantly being pressured by the programmers we buy from to pay more for the channels we carry.

The fees we pay to retransmit local broadcast stations like ABC, CBS, FOX and NBC are by far our fastest growing programming cost component. A recently issued Federal Communications Commission pricing survey revealed that the monthly per subscriber fee per broadcast station rose 43% between 2013 and 2014. All told, the fees charged by broadcasters, according to SNL Kagan, grew from \$800 million to \$7.7 billion annually or 863% between 2009 and 2016.

The problems with sports programming are equally as alarming. One look at the skyrocketing rights fees announced with recent deals and it is easy to see that the marketplace for live televised sports is out of control. Broadcast networks and national and regional sports networks are shelling out billions of dollars for the rights to carry pro sports like the NFL, NBA, MLB and NHL, the Olympic Games, World Cup and NCAA football and basketball games. Unrestrained spending has become the hallmark of the sports programming business, and the American consumer, whether a sports fan or not, is left to pay the price.

In an effort to bring more transparency to the unjustified fee increases being taken by the owners of broadcast and sports television channels, Mediacom previously introduced a Local

¹ Depending on the terms of their contract, certain customers on promotional rates may or may not receive this rate change at this time.

Broadcast Surcharge and a Regional Sports Surcharge. By identifying the cumulative fee increases being taken by these channel owners, we hope to draw the attention of consumers and their elected representatives to this rapidly escalating problem.

Despite the challenges we face, Mediacom has continued to aggressively invest in the communities we serve. As part of a 3-year, \$1 billion capital investment plan announced early this year, Mediacom has been aggressively installing the newest generation of broadband technology throughout its entire internet service territory. By year end, virtually all of the 3 million homes and businesses within the 1,500 communities that Mediacom serves across its 22 state footprint will be upgraded to the latest DOCSIS 3.1 "Gigasphere" platform. In doing so, Mediacom will be first major cable company in the United States to fully transition to the DOCSIS 3.1 network infrastructure.

As part of these network upgrades, Mediacom will be making major speed and/or data allowance enhancements to many of our most popular internet services tiers.² The below table summarizes the changes to our internet service tiers:

Current Speed (Up/Down)	Current Retail Price	Current Data Allowance	New Speed (Up/Down)	New Retail Price	New Data Allowance
3Mbps/512kbps	\$29.95	150GB	60Mbps/5Mbps	\$34.99	150GB
15Mbps/1Mbps	\$49.95	250GB	60Mbps/5Mbps	\$54.99	250GB
50Mbps/5Mbps	\$59.95	350GB	60Mbps/5Mbps	\$69.99	400GB
100Mbps/10Mbps	\$79.95	999GB	100Mbps/10Mbps	\$79.99	1000GB
150Mbps/20Mbps	\$99.99	2000GB	200Mbps/20Mbps	\$99.99	2000GB

In addition, Mediacom will be announcing the availability of our new Gigasphere powered 1-Gig service tier in your market in 2017. More details to follow.

Mediacom appreciates the opportunity to continue to serve your community's telecommunications needs. If you have any questions, please do not hesitate to contact me at (309) 743-4152 or by email at khotle@mediacomcc.com.

Sincerely,

Kate Hotle

Kate Hotle
Manager, Government Relations

² Moving forward, Mediacom will be moving all its 3 Mbps/512kbps, 15Mbps/3Mbps and 50Mbps/5Mbps internet service customers to a service speed of 60Mbps/5Mbps. The distinguishing feature between these service levels moving forward will be a data allowance of 150GB, 250GB or 400GB. The entry level internet service tier offered to new customers moving forward will be 60Mbps/5Mbps and include a 400GB data allowance.