

*FW*

August 16, 2006

RECEIVED

Tonni Bartholomew  
City Clerk  
City of Troy  
500 W. Big Beaver  
Troy MI 48084

AUG 18 2006  
CITY OF TROY  
CITY MANAGER'S OFFICE

Dear Ms. Bartholomew:

I writing to inform you of two important developments at WOW!

First, this morning J.D. Power and Associates announced that WOW! once again earned top carrier position in the 2006 Cable/Satellite Satisfaction Survey. This marks the second consecutive year we received this distinction surpassing all of our competitors. Enclosed is a copy of press releases issued by J.D. Powers and Associates and WOW!

Second, WOW announced on Monday its acquisition of SIGECOM, a competitive provider of cable television, high-speed Internet, and telephone services. Currently, SIGECOM serves residential and business customers in the greater Evansville and Newburgh, Indiana markets. The purchase strengthens both our geographic and strategic positions in the competitive broadband industry and is expected to close in December 2006 or January 2007. This transaction will have no effect on our Michigan operations. Attached is a copy of the press release issued by the company.

We are honored to earn the J.D. Power and Associates distinction two years standing; however, we will not rest on our laurels. We remain committed to delighting our Michigan customers with our great service and product offerings. If you have any questions, please contact Kathy Kiste at 248.677.9069.

Sincerely,

*Mark Dineen*

Mark Dineen  
Senior Vice President and  
General Manager

*Kathy Kiste*

Kathy Kiste  
Manager of Government and  
Customer Relations



## Press Release

### **J.D. Power and Associates Reports:**

### **Although Cable Continues to Lose Market Share to Satellite Providers, Cable Subscribers Are Switching to Digital Service at a Rapid Pace**

#### Bright House Networks, Cox Communications, DIRECTV and WOW! Lead Regional Customer Satisfaction Rankings

**WESTLAKE VILLAGE, Calif.: 16 August 2006** — Although cable TV service continues to lose market share to satellite, penetration of digital cable has increased 11 percentage points, according to the J.D. Power and Associates 2006 Residential Cable/Satellite Satisfaction Study<sup>SM</sup> released today.

The study finds the industry-wide penetration of digital cable has increased from 30 percent in the 2005 study to 41 percent in 2006, largely fueled by the increased availability of digital video, data and voice bundling options. Currently, 29 percent of U.S. households subscribe to satellite service alone—up 2 percent since the 2005 study—while 58 percent of households subscribe only to cable—down from 60 percent in the 2005 study. An additional 1 percent of households subscribe to both cable and satellite services, with a total of 88 percent of households with either or both.

“Digital service is the key for consumers in taking advantage of the aggressively marketed ‘triple play’ bundle of digital video, voice and Internet services,” said Steve Kirkeby, executive director of telecommunications and technology research at J.D. Power and Associates. “With analog cable subscribers increasingly converting to digital, this becomes a major advantage for cable companies in the race against satellite providers to maintain market share.”

Increased popularity of bundled services is also a likely contributor to a decrease in monthly payments for cable subscribers. Cable customers report spending \$58 monthly—down \$1 from 2005—while satellite subscribers report spending \$61 per month for service—up \$3 from a year ago.

Although satellite providers still have a significant lead over cable providers in overall customer satisfaction, cable providers continue to close the satisfaction gap. The difference in satisfaction scores between cable and satellite subscribers is currently 50 index points on a 1,000-point scale—down from a 69-point gap in 2005. Satisfaction for cable and satellite providers has fallen 29 and 48 points, respectively, since 2005.

“Recent mergers and acquisitions within the cable industry will undoubtedly impact satisfaction in the very near future,” said Kirkeby. “During an acquisition, subscribers are likely to be more sensitive to how their carrier is going to impact the reliability of service and whether there will be any changes to the price structure or payment plan. These two areas are the most critical factors driving a customer’s intent to switch carriers.”

The use of digital video recorders (DVRs), which allow viewers to freeze and record live TV, has increased significantly since 2005. Thirty-eight percent of cable subscribers and 25 percent of satellite subscribers report that they are using DVRs supplied by their provider. Another 24 percent of cable and satellite customers report using TiVo as their DVR.

For the first time, the study measures customer satisfaction with cable and satellite TV providers in four regional segments: North Central, East, West and South. The shift to an expanded regional ranking structure in the study was made to provide respondents with choices more applicable to their regional markets. Within each segment, six factors are measured to determine overall customer satisfaction: customer service, performance and reliability, image, billing, cost of service, and offerings and promotions. Study results by region are:

**North Central Region:** WOW! ranks highest in the region with an index score of 708 points—the highest satisfaction score in the study. WOW! receives top ratings from customers in five of the six study factors: customer service, performance and reliability, billing, cost of service, and offerings and promotions. DIRECTV follows WOW! in the North Central region rankings with a score of 677 points.

**East Region:** DIRECTV ranks highest in the East with an overall index score of 686 points, receiving the highest ratings from customers in performance and reliability, billing, image, cost of service, and offerings and promotions. Cox Communications follows with an overall score of 664 points.

**West Region:** Cox Communications ranks highest in the region with a score of 690 points. Cox receives top ratings from customers in customer service, performance and reliability, image, billing, and offerings and promotions. DISH Network ranks second overall in the West with a score of 662 points.

**South Region:** Bright House Networks ranks highest in the South region with an index score of 682 points. Bright House receives the highest ratings from customers in customer service, image, billing, and offerings and promotions. DIRECTV follows Bright House in the South region with a score of 676 points.

The 2006 Residential Cable/Satellite TV Customer Satisfaction Study is based on responses from 15,819 U.S. households that evaluated their satellite or cable TV provider.

#### **About J.D. Power and Associates**

Headquartered in Westlake Village, Calif., J.D. Power and Associates is an ISO 9001-registered global marketing information services firm operating in key business sectors including market research, forecasting, consulting, training and customer satisfaction. The firm's quality and satisfaction measurements are based on responses from millions of consumers annually. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

#### **About The McGraw-Hill Companies**

Founded in 1888, The McGraw-Hill Companies is a leading global information services provider meeting worldwide needs in the financial services, education and business information markets through leading brands such as Standard & Poor's, McGraw-Hill Education, BusinessWeek and J.D. Power and Associates. The Corporation has more than 290 offices in 38 countries. Sales in 2005 were \$6.0 billion. Additional information is available at <http://www.mcgraw-hill.com>.

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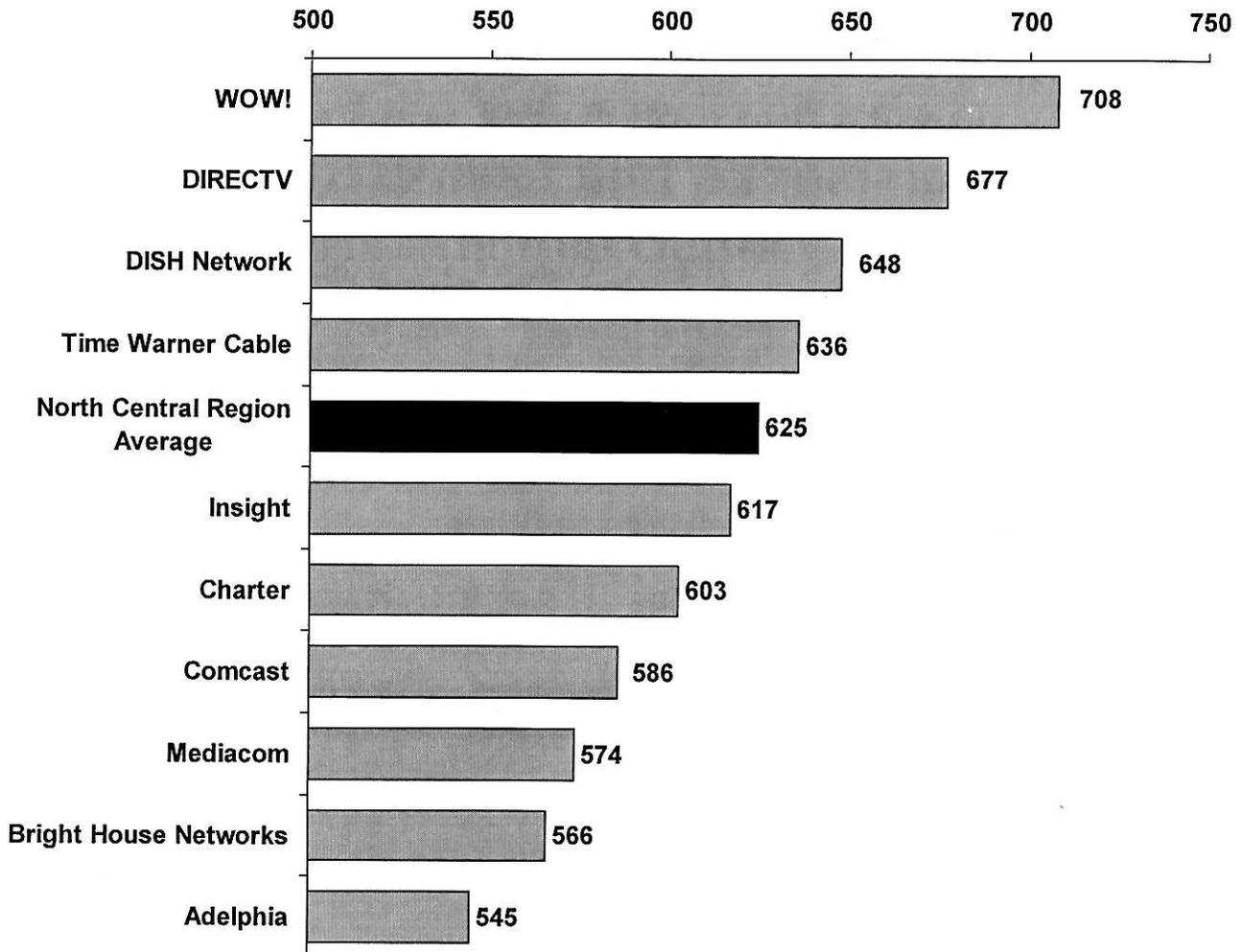
NOTE: Four charts follow.

# J.D. Power and Associates 2006 Residential Cable/Satellite TV Customer Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Scores

(Based on a 1,000-point scale)

### North Central Region



*North Central Region* includes: Illinois, Indiana, Michigan, Ohio and Wisconsin.

Note: The study was fielded before the acquisition of Adelphia by Time Warner Cable.

Source: J.D. Power and Associates 2006 Residential Cable/Satellite TV Customer Satisfaction Study<sup>SM</sup>

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2006 Residential Cable/Satellite TV Customer Satisfaction Study<sup>SM</sup> as the source. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates study results without the express prior written consent of J.D. Power and Associates.