Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Applications filed to Transfer Control of Cablevision Systems Corporation to Altice N.V., WC Docket No. 15-257

Comment of MFRConsulting[1]

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Altice: Not What It Purports To Be

Altice has been recently identified as a company that is courting disaster by renowned investors with far greater credentials and experience than I in the financial aspects of mergers and other transactions throughout the economy. They evaluate the likely consequences and risks of a company's financial position in the circumstances of the markets it serves, including its debt[2]. They sort out the intricacies of the financial engineering involved in a transaction based on their extensive accumulated knowledge and skill. They assess when and whether debts that are incurred are reasonable or unsupportable.

Their conclusions confirm and reinforce my findings[3] about the substantial risks and harm to the public interest, customers, suppliers and employees inherent in Altice's proposed acquisition of Cablevision. They also underscore the lack of credibility of the financial claims Altice is making concerning the viability of and benefits that will flow from this acquisition given all the circumstances of this case. My findings[4] are based on sector-specific knowledge of and insights into the investment, operational, technical, and sales, marketing and customer care

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[1] I would like to clarify that I am not representing any interests and have not been retained by any party to prepare this Comment or any of my earlier submissions in this Docket. Their contents and findings arrived at in good faith are based entirely on my own independent research and fact-based analysis of publicly available information, as shown clearly in the identification of myself as their sole author and researcher.

[2] Financial Times, US edition, February 2 2016

[3] The Communications Workers of America (CWA) have independently reached very similar conclusions - http://apps.fcc.gov/ecfs/document/view?id=60001409746; http://apps.fcc.gov/ecfs/document/view?id=60001409747; http://apps.fcc.gov/ecfs/document/view?id=60001409748.

[4] MFRConsulting: http://apps.fcc.gov/ecfs/document/view?id=60001395403; http://apps.fcc.gov/ecfs/document/view?id=60001398658

requirements of cable and other network operators in the US and abroad in light of the demands and expectations of customers, and the conditions (obligations as well as rights) of the franchises under which they are operating. These findings also take account of documented evidence of Altice's business and financial practices in its non-US properties that belie the rosy picture it presents of its achievements in improving their performance and the value they generate as a template for what it will allegedly accomplish with Cablevision. This evidence points to an ethos in Altice that is willing to apply and indeed relies on financial and other measures that inflict harm on customers and employees of, as well as suppliers to the operators in which it invests in order to maximize its short term cash flows in highly leveraged debt situations.

It is notable that the right hand man of the sole decider Patrick Drahi – Dexter Goei[5] – has been appointed Executive Chairman of Altice USA[6]. There can be no doubt that Altice will apply comparable damaging tactics and practices that violate the public interest to Cablevision and other stakeholders in the US as it has applied abroad.

While Cablevision has continued to increase its prices since the proposed acquisition by Altice was announced – including some that have nothing to do with content costs, e.g. equipment rental[7] – Altice will have the incentive to push the envelope further than Cablevision has done[8] of increasing prices for customers post-acquisition in order to increase revenues and cash flow despite any ensuing loss of customers. This loss will likely be limited, as I explained in my earlier filings, since the broadband market served by Cablevision is uncompetitive and customers are increasingly and even inescapably dependent on the service provided.

Two articles from the Financial Times of February 2nd 2016 are reproduced below to demonstrate expectations about the future of Altice being expressed by the investment community, at least by individuals and organizations that do not collect fees paid by Altice every time it makes an acquisition. As noted the share price of Altice has fallen by over 50% since July-August 2015 (shortly before the announcement of the acquisition of Cablevision). This price reached a peak of €35.80. As of the beginning of February 2016 it is trading at between €13.5-14.

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[5] "Dexter Goei, the secret boot of Drahi," http://www.lepoint.fr/economie/dexter-goei-la-botte-secrete-de-drahi-16-02-2015-1905331_28.php (in French); "Drahi puts close aide at Cable Helm," http://www.haaretz.com/print-edition/business/drahi-puts-close-aide-at-cable-helm-1.263009 (referring to Altice's Israeli operator HOT in 2010)

[6] Altice press release at http://altice.net/wp-content/uploads/2015/12/2015-1221-PR-Suddenlink.pdf

[7] http://www.dslreports.com/forum/r30440347-January-2016-Price-Increases (accessed February 4, 2016)

[8] http://www.wsj.com/articles/cablevision-subscriber-losses-offset-by-price-increases-ad-sales-1415284257

Also reproduced in a separate attachment, as further confirmation of Altice's situation and evidence of its misleading financial presentations, is an analysis[9] by Ion Asset Management of Altice's debt leverage and accounting practices and the implications for Cablevision if acquired by Altice. Ion Asset Management is a fund manager that launched its first fund, Ion Israel in June 2006. The Ion Israel Fund is a long/short equity hedge fund that focuses its investments in publicly traded Israeli and Israel-related securities. The analysis pays particular attention to Altice's property in Israel, the operator HOT, covering the period from Altice's acquisition in 2011 though Q3 2015.

Wall St the winner as four 'roll-ups' spend $1bn on investment bank fees

ARASH MASSOUDI, MILES JOHNSON AND DAN MCCRUM

Four highly acquisitive US and European companies have generated more than $1bn in investment banking fees in the past three years, highlighting how a few leverage-fuelled groups have boosted Wall Street.

The companies — Valeant Pharmaceuticals, Altice, Platform Specialty Products and Nomad Foods — have all grown rapidly through big acquisitions facilitated by record-low interest rates. That put them among the leaders in the overall mergers and acquisitions boom.

Known as "platform companies", the groups grew rapidly by making several acquisitions. Their executives often argued they could build companies that were more efficient than their peers, and drew the backing of some of the highest profile US hedge fund managers.

However, since August, shares in each of the four have fallen more than 50 per cent, as investors have taken fright at their heavy debt burdens and ability to grow without further deals. Valeant, Altice, Platform Specialty and Nomad have collective debts of $78bn, just as the cost of corporate debt has been rising.

Jim Chanos, a hedge fund manager who holds short positions in several highly acquisitive companies, said the fees generated by these companies meant investment banks had reason to promote them to investors. "They're investment banking-driven, number one," Mr Chanos said. "Those roll-ups are just huge fee payers to Wall Street."

The $1.1bn in fees paid by the four companies since 2013 is roughly equal to the amount of fees paid by Swiss corporations in 2015 and close to the total fees made from South and Central America over the same period.

Valeant has paid $398m in total investment banking fees since 2013. The largest recipients were Goldman Sachs and Deutsche Bank, which received $60m and $48.5m respectively, according to estimates from Thomson Reuters and Freeman Consulting. European telecoms group Altice spent $484m in fees for acquisitions in Portugal, France and the US.

Platform party topples See Markets

[9] http://www.nasdaq.com/article/altice-overlevered-and-overvalued-cm549410

Analysis. Equities

Platform party topples over into hangover

Investors turn against funding model that allows companies to expand through acquisition

MILES JOHNSON, DAN MCCRUM AND ARASH MASSOUDI

Last week Bill Ackman, the showman investor, did one of the hardest things a hedge fund manager must do — stand up and admit having made a mistake.

Investors in Pershing Square, his hedge fund, suffered several billion dollars in paper losses last year, in large part because of the market's loss of faith in "platform companies" — for which Mr Ackman has been Wall Street's greatest cheerleader.

Companies such as Valeant Pharmaceuticals and Altice had taken advantage of cheap borrowing costs to buy up businesses, helping them to expand quickly. Until last August they were some of the fastest-rising stocks, jumping higher with each new deal and generating enormous fees for the Wall Street institutions that funded and advised them.

"We believe that 'platform value' is real, but, as we have been painfully reminded, it is a much more ephemeral form of value than . . . other assets," a contrite Mr Ackman told investors. "It depends on access to low-cost capital, uniquely talented members of management, and the pricing environment for transactions."

With that admission, it appears the platform party may have come to an end. Valeant shares have more than halved since August, wiping $74bn from its value, alongside net debt of $30bn. Investors are less willing to lend to these companies cheaply, hampering their access to growth through acquisitions.

For investors still holding the shares and debt, the question is how painful the hangover will be.

In its simplest form, a platform company is one that expands by constant acquisitions, usually powered by huge debt. To its critics it has an uglier name, associated with repeated corporate blow-ups over the past quarter of a century — the roll-up.

"A roll-up is basically a company dependent on acquisitions for growth," says Jim Chanos, the short seller who helped bring down Enron. "A business which has no dynamic revenue growth, where management spins a story that they can extract synergies from stacking these acquired businesses up."

Wall Street generated $1.1bn in investment banking fees supporting the deal sprees of Valeant, Altice, Platform Specialty Products and Nomad Foods, according to estimates by Thomson Reuters and Freeman Consulting. To survive and service a collective $78bn debt burden, these companies' managers need to deliver on promises to generate growth organically.

Roll-ups work because fast-growing companies tend to be considered more valuable. Investors are willing to pay a higher multiple for the profits generated each year if they think those profits will be bigger in the future.

Aggressive use of accounting treatments for takeovers can temporarily boost profits and cash flow, but taking this path requires ever greater deals to sustain the impression of growth.

Multiple acquisitions can also make accounts increasingly complex, and give greater leeway for managements to present numbers in a way that is favourable to Wall Street analysts. "Financial engineering can mask underlying fundamentals for a long time but not for ever," says David Puritz at BlueMountain Capital, the hedge fund.

"There are a lot of legitimate reasons why roll-up plays can make sense for investors, but the underlying businesses need to grow and benefit from their new corporate structure, which isn't always the case."

One spectacular example was Tyco, a conglomerate that made 120 big acquisitions and many more lesser ones in a decade of frenetic dealmaking, capped by the departure in 2002 of Dennis Kozlowski, chief executive, after an accounting scandal.

The roll-up model can contain the seeds of its own destruction. It relies on a low cost of capital, which means it is dependent on wider sentiment and investor psychology. Once the market ceases to believe that growth will continue, it is no longer willing to finance deals, so the model falls apart.

"As these companies get bigger and bigger they need to do bigger deals to sustain the growth," says Jim Litinsky, head of JHL Capital, a Chicago-based hedge fund. "At some point the deals get so big they can no longer be done, and the model goes into reverse."

Advocates of this "buy-and-build" model include Martin Franklin, who, supported by Mr Ackman, launched Platform and Nomad.

Mr Chanos, who has a short position in several prominent platform companies, notably Valeant, says: "In a bull market people tend to forget that these are just low-multiple businesses piled on top of each other."

Asked why memories are short, he says: "They're investment banking driven, number one. Those roll-ups are just huge fee payers to Wall Street."

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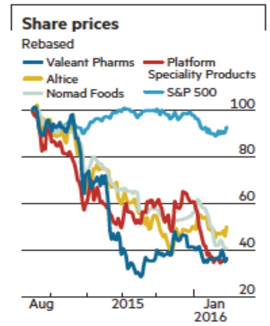
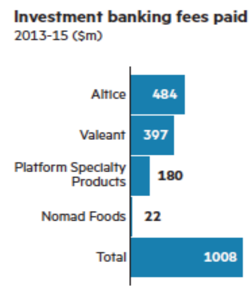
Cheerleader at bay: Bill Ackman conceded last week that the value of platform companies could be 'ephemeral'
Scott Eells/Bloomberg





Source: Thomson Reuters Datastream

Signed on Thursday February 4 2016