

CableFAX



Bill Bresnan

In memory of Bill Bresnan, *CableFAX* reprints this supplement, originally published in May 2004. Thank you to our reprint partner, Discovery Communications.

It is a coincidence that days after Bill Bresnan passed away at 75, Comcast put the final touches on a deal to acquire the oldest broadcaster in the U.S.

As Paul Maxwell says below, people like Bresnan and Comcast patriarch Ralph Roberts laid the foundation for what cable is today and will be tomorrow.

It's not a coincidence, though, that everyone you speak to about Bill Bresnan says similar things: nice man, a leader, humble, fun to be around, loyal, charitable.

You'll find those wonderful Bresnan character traits throughout this supplement, which appeared first in the May 3-16, 2004, issue of *CableWorld* magazine. The occasion then was a sold-out charity 'roast' of Bill Bresnan, chaired by our Paul Maxwell.

As Paul notes below, that roast was a hoot. How could it not have been? Look at the photo here of Bill that we used on the original supplement cover. We wondered if a high-level cable exec would agree to such a shot. We worried needlessly. Bill Bresnan was willing to do anything when it came to charitable causes. Not a bad thing to be remembered for.



CableFAX Editorial Director

Bresnan Remembered



By Paul S. Maxwell



Bummer. I missed my friend and mentor's wake and funeral (I couldn't fly because of a serious inner ear infection). But I'd gotten a lovely email from Bill on the first day of the week before he passed away, with his extended family around him. And, happily, my friends at CableFAX asked me to write a couple of words about Bill for this special remembrance reprint.

At the NCTA show in New Orleans in May 2004, we roasted Bill. As chairman of The Cable Center, Bill graciously agreed to listen to his friends Dick Loftus, Chuck Dolan, Ralph Roberts, Matt Blank, Alan Gerry and Norval Reece (and me) make light of his significant achievements. (Frank Drendel was the evening's big sponsor.)

Funny evening. I remember comments like, "Mankato – that's a native American word meaning *Irving Kahn did what?*" You had to know your cable history. (You can read about it in this reprint.)

Bill is known for the things he's done in and for cable. Like save TelePrompTer for Jack Kent Cooke and in the process wipe away the taint he and the entire industry inherited.

I was lucky enough to have served on two boards with Bill, the Cable TV Pioneers and The Cable Center. Can't say enough about how much he meant to both. He was also known for telling "jokes." Like when he and Norval were in Saint Petersburg, Russia, attempting to do a cable deal ... every morning, the Russians would say, "First, Bill tells joke, then we do numbers." Well, if you know how long it took Bill to tell a joke, you'll understand why nothing got done in Saint Petersburg.

Bill – along with that stellar cast at the roast – epitomizes the reasons cable has grown into a major multiplatform, multichannel force in the world. Bill kept his word and more. He was always gracious, thoughtful, understanding and in the best sense a family patriarch.

And he didn't hold a grudge after that great roast – he returned the favor and inducted me into the Cable TV Hall of Fame later that year, just as he'd asked me to do for him in 2000.

I miss him. And the entire cable world does, too.

From his beginnings as an electronics supplier in small-town Minnesota to his current place as a pioneer in the cable industry, Bill Bresnan has displayed a knack for being at the right place at the right time ... and, at 70, he shows few signs of slowing down.

By M.C. Antil

BILL BRESNAN'S STRENGTHS as a cable operator and, perhaps, his measure as a man were most evident during a three-year stretch when he had no products, no services and no customers. From 2000, when he had sold the company he founded (and its nearly 700,000 customers) to Microsoft billionaire Paul Allen, to 2003, when he purchased roughly 300,000 customers from Comcast, Bresnan came to work every day.

But he didn't come alone. Every day, twenty members of his management team came with him. And of the twenty people Bresnan asked to stay on when he sold his business, none refused. None took their money and ran. Or bought a yacht and sailed the world. Or wrote a tell-all book about the dark side of cable. To a person, they came to work day after day, for three solid years. Bresnan paid them out of his pocket.

"We had a great team, and a lot of them were still young," Bresnan says. "It seemed a shame to break them up." So Bresnan didn't. He kept them on the payroll and gave them one goal: find us the next great business opportunity.

Bresnan knew he didn't want to retire. Instead, he down-sized his corporate office, hand-picked the best and the brightest of his Bresnan



Communications team, and set out to find the best way to reinvest his capital gain.

"It was an amazingly loyal thing to do by Bill," says Terry St. Marie, Bresnan's SVP of Operations. "And it was because of Bill and the loyalty that we all felt for him that we stayed on."

HUMBLE ROOTS

The Bill Bresnan story is the stuff of cable legend. A formally trained radio and TV repair man from Mankato, Minn., Bresnan's first job after college in 1953 was selling electronics supplies for a Minneapolis-based wholesaler.

The company offered two compensation plans, one that paid three percent of gross sales, plus expenses, and one that paid five percent of a salesman's gross, but did not cover expenses.

About his decision to choose the latter, Bresnan would later say, "If you want-

ed to make more money and you had the confidence, you took the five percent, which I did."

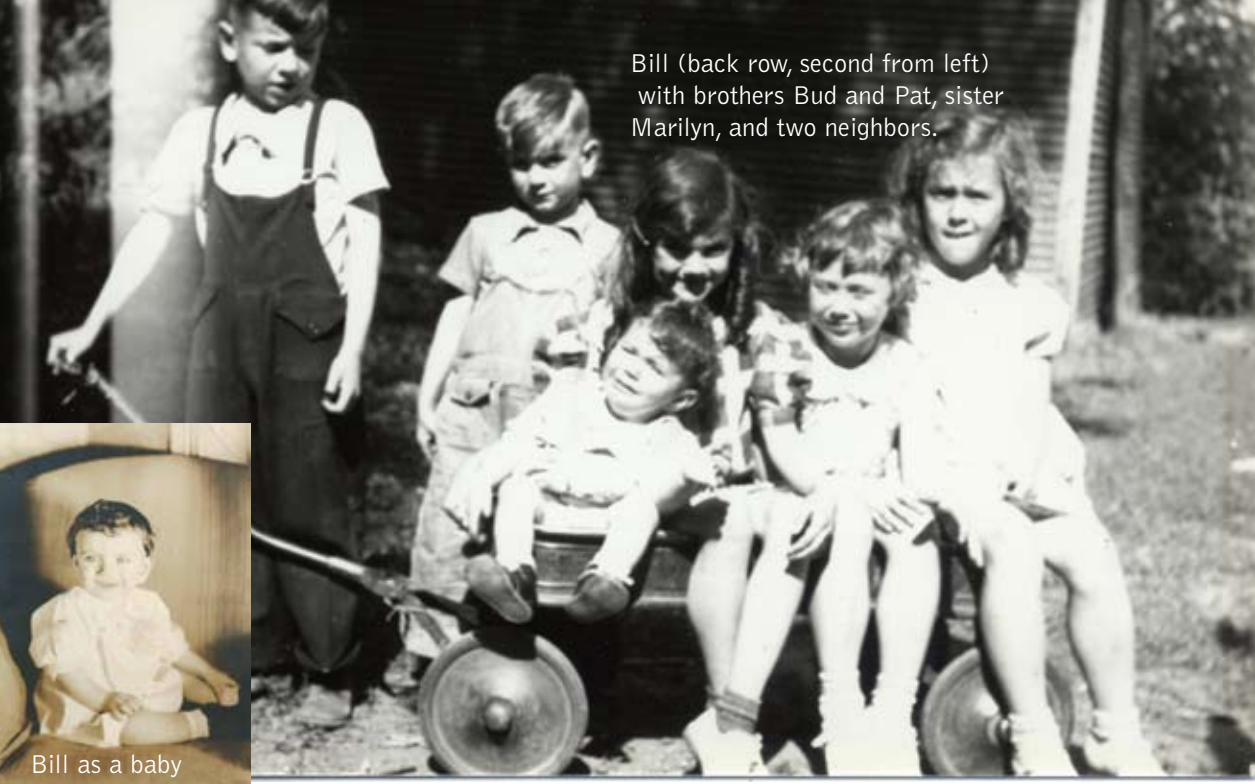
That confidence and instinct for making money would manifest itself time and time again.

In 1958 when the Mankato system was being built, Bresnan convinced his boss to let him offer a specific type of cable at a reduced price to the group of lawyers who held the franchise. At first his boss refused, arguing that to become a distributor of that kind of cable would require too much paperwork. But Bresnan persisted and eventually convinced his boss. Throughout the construction of the Mankato system, the young Bresnan helped the engineers write orders and in doing so, learned some basics about the cable business.

A short time later, nearby Rochester began accepting proposals for its cable franchise. Bresnan, who by then had gained a reputation as one of the few people in the state who really knew cable, was asked to submit a proposal on behalf of his company. It was accepted and at 25-years old, Bresnan was named the company's chief engineer.

When the three systems owned by the company Bresnan was working for were sold in 1965, the man who bought the Rochester system saw in its young engineer greatness and asked him to stay on as his VP of engineering. That man, Jack Kent Cooke, maverick owner of such jeweled franchises as the Washington Redskins and Los Angeles Lakers, would prove to be one of the most important people in Bill Bresnan's life. "The Squire" had a remarkable ability to read people and an intuitive sense of business. Much like Bresnan, he was largely self-taught, and much like Bresnan valued such human characteristics as loyalty,

“My hat is off to Bill Bresnan, one of the truly great cable entrepreneurs, who made the industry what it is today. He is a man whose word is golden...I appreciate the grace with which he handed over the keys.” Jerry Kent, CEO, Gequel III (Speaking as president of Charter, when Bresnan sold to his company in 2000)

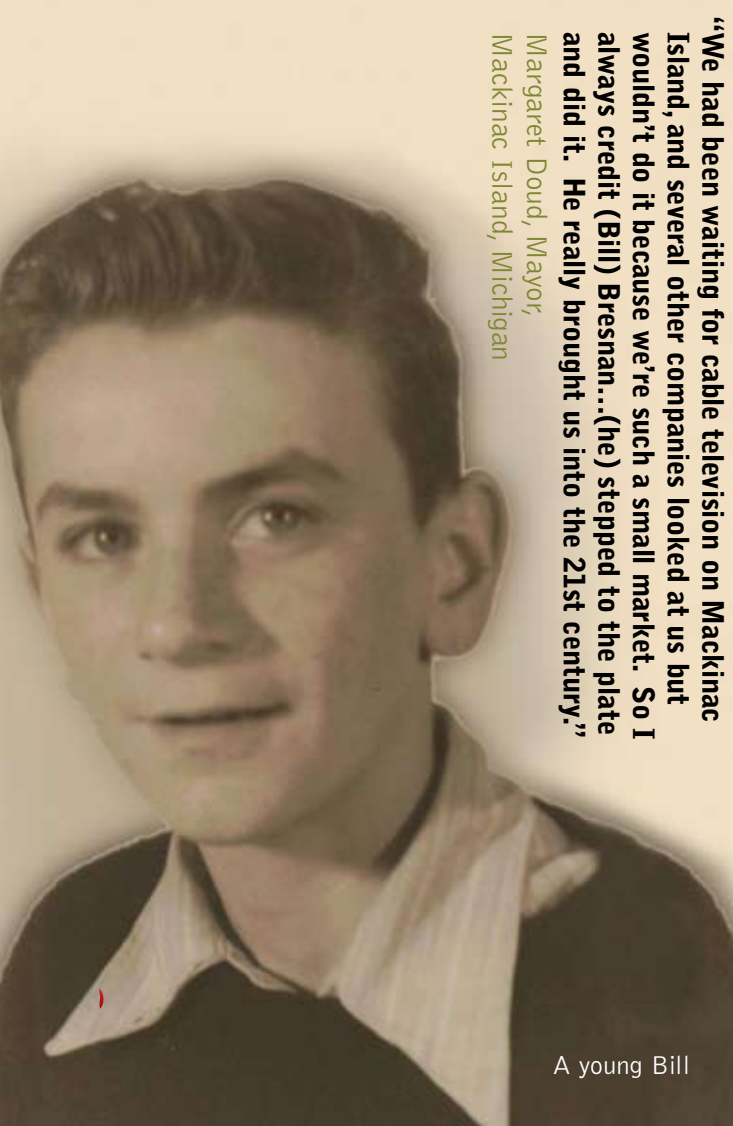


Bill (back row, second from left) with brothers Bud and Pat, sister Marilyn, and two neighbors.



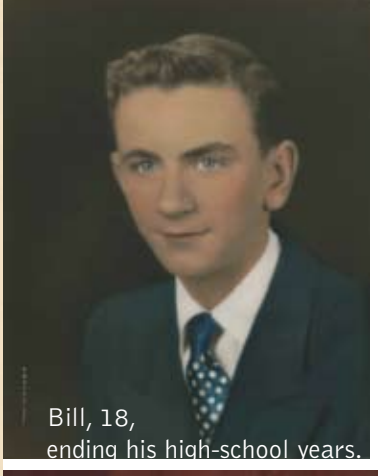
Bill as a baby

“You couldn’t listen to Bill without being impressed with his sincerity. And he always kept his promises. The most important thing that I can say is that Bill has opened a door when many of us didn’t know a door had to be opened.” Alan Gerry, President, Granite Associates



A young Bill

“We had been waiting for cable television on Mackinac Island, and several other companies looked at us but wouldn’t do it because we’re such a small market. So I always credit (Bill) Bresnan...(he) stepped to the plate and did it. He really brought us into the 21st century.”
Margaret Doud, Mayor,
Mackinac Island, Michigan



Bill, 18, ending his high-school years.

Bill in his Rochester office in 1964.



Bill working on a cable system in California in 1964.



A young Bresnan holds the championship banner.



“Bill personifies the essence of the industry. Just like cable itself, Bill started at the bottom and worked his way up...”

Dr. John Malone, Chairman, Liberty Media (On Bresnan’s re-entry into cable)



Bill with Frank Thompson in 1973.



Bill with Jack Kent Cooke on Cooke’s California farm in 1976.



Pioneers group photo taken in 1996.

“It’s a long way from Mankato to Manhattan to Man of the Year, but Bill Bresnan did it; and he did it with dignity. If you’re looking for someone who will stay in there fighting...someone with a backbone and a brain setting on top of it...look to Bill Bresnan.”

Cable News magazine, January 5, 1976
(Naming Bresnan “Man of the Year” for 1975)



integrity and hard work. He also shared with Bresnan a savant-like ability to recognize under-valued and over-valued properties, and when to move on either.

TAKING THE REINS

When Cooke merged his Los Angeles-based company with H&B American in 1968, he named 34-year-old Bill Bresnan its president. H&B brought to the Cooke empire a network of “classic” cable systems; systems in rural areas with little over-the-air reception, offering steady and predictable cash flow, but little growth potential. They were systems much like those Bresnan first helped build in Minnesota, with customers similar to the people he knew back in Minnesota.

Two years later, Cooke entered into an agreement with Irving Berlin Kahn, a visionary who invented the teleprompter, conceived pay per view, and saw the potential of cable in urban areas. Unfortunately, Kahn, the nephew of the famous songwriter, was also a ruthless and unscrupulous negotiator, and in the words of Bresnan, “a nasty man.” Bresnan’s instincts told him the merger with Kahn’s TelePromTer was wrong and urged Cooke to walk away from the deal. But for one of the few times in his life, Cooke lowered his head and ventured blindly into an agreement, in the process ceding to Kahn voting rights to all Cooke stock.

The deal turned out to be a disaster. Within a few months Kahn was indicted for bribery and perjury, and it took more than a year in court for Cooke to reclaim his voting rights. By that time, the industry had been tarnished beyond recognition, and its ability to raise capital throttled. For almost two years, all available resources of the company were being marshaled by Kahn for his defense, leaving Bresnan to do business with finance companies, which were charging him five points over an already



bloated prime rate.

The experience nearly drove Bresnan out of the business, but he stayed out of loyalty to Cooke. A few years earlier he had expressed to Cooke the desire to start his own company, but Cooke had urged him to stay on just a few more years. Those years, while trying, may have been the most educational of Bresnan’s life, if only for what they taught him about finance and the importance of cash.

Fortunately for Cooke, Bresnan’s leadership and operational strengths were such that by the time he agreed to sell TelePromTer to Westinghouse in 1981 (which would, in turn, form

Group W Cable) the company’s stock had risen from a Kahn-induced low of \$3 to more than \$36 a share.

For three years Bresnan acted as CEO of Group W, but all the while continued to harbor plans for his own company. Bill Bresnan knew engineering, he understood operations and he had an intuitive sense about people – especially people in those “secondary and tertiary markets” outside the nation’s urban centers. He knew that with those three strengths, he could create a company of classic systems whose steady cash flow and technical superiority would serve as a model for operators everywhere.

Finally, a year before actually leaving Group W, Bresnan made public his intentions. He then sat back with a yellow legal pad and fielded offers from potential partners. He had three pages filled before getting a call from one of his oldest friends in the industry, Dr John Malone of TCI. With cash from Malone and TCI founder Bob Magness, Bresnan launched Bresnan Communications. His first purchase was the system serving Michigan's rural Upper Peninsula, an operation that fit the Bresnan pro-

soar, topping out at just less than \$5,000 per subscriber. At the time, Bresnan was considering taking his company public. However, when Allen, wearing his Charter Communications hat, came knocking with \$3.1 billion dollars in hand, Bresnan shifted gears.

He had worked out a deal early in 1999 with AT&T and an equity player, the Blackstone Group, on a new partnership. The deal said that if Blackstone reaped a high return on its money, Bresnan's equity share

family following the tragic death of her young husband, played a major role in shaping her son's work ethic and sense of family.

Six months later, in August, Bob Brooks, the godfather of engineers throughout the industry and a mentor and confidant to Bresnan, also passed away.

But those deaths only served as table setters to a passing that would stagger Bill Bresnan like a punch to the stomach. In October 2000, just nine months after her husband closed the biggest deal of his life, Barbara Bresnan died. Bill's wife and best friend for more than 43 years, it was Barbara who convinced Bill to move west and join Jack Kent Cooke, and it was Barbara who picked up stakes and went with him; it was Barbara who raised the couple's children while Bill was building up his company; and it was Barbara who in 1999 found and decorated the Bresnan's dream home on the shore of Long Island Sound, the one with extra rooms for the grandkids when they came to visit.

"It's hard to explain, but Barbara's loss has left a huge gap in my life," Bresnan says. "There's just a big empty hole there. Now, when I go home it's just me and the dog, you know?"

And though Bresnan admits that emptiness may be one reason he's been so unwilling, or perhaps unable to slow down, he promises to start doing so. He even told his staff at his 70th birthday party in December that he would start to take Fridays off. However, the jury is very much out on whether or not that will happen. As of April he had yet to take a single Friday off, and the interview for this article took place at 5:00 pm in Bresnan's office – on a Friday afternoon.

“We knew we could build value in those type of systems, and do it quickly.”

file to the very last detail. “We were comfortable in that environment,” he would say later. “We knew we could build value in those type of systems, and do it quickly.”

SELLING HIGH

For the next fifteen years Bresnan continued to grow its customer base, while emerging as, perhaps, the most technically advanced mid-size operator in the industry. Because of its founder's background, Bresnan Communications was the only MSO whose CEO knew more about technology than anyone else in the company. For that reason, Bresnan was among the first operators in the country to deploy fiber, launch digital and offer high-speed data. He also built and maintained a number of virtual private networks for IBM and the Mayo Clinic. This technical expertise not only generated additional revenue, it caught the eye of a very well-funded suitor.

In the late 1990's Microsoft co-founder Paul Allen was busily acquiring cable systems, hoping to realize his dream of a “wired world” that married rich content with broadband capability. Due in part to Allen's feeding frenzy, as well as the Internet craze, cable values began to

would increase accordingly. Within three months Blackstone's \$136 million became \$720 million and Bresnan's piece of the company shot through the roof. Though he didn't want to lose his company, he knew full well there was equity participation by 70 members of his staff of roughly 1,500 employees.

As Bresnan told the Minneapolis-based business magazine *Connect* late last year: “I couldn't not do (the deal). But I wasn't doing it for me. It wasn't going to change my lifestyle. But for 70 key employees – many of whom were friends – it would change theirs. As a result of the deal we made over 30 new millionaires. I feel very good about that.”

A YEAR OF LOSS

The deal closed early in February, 2000, but what should have been a year of triumph, joy and relaxation became a nightmare for Bill Bresnan. First, he sold a company he really didn't want to sell. And although he retained the rights to the name, he was forced to say goodbye to hundreds of loyal employees he considered family.

Then, in that same month, his mother died. The woman who had worked as a seamstress to support her

PERFECT TIMING

In 2003, when he chose to come back into the cable business, Bill Bresnan once again exhibited what



The Financial Times called an “enviable” sense of timing. Within a year of selling his company to Allen for somewhere in the neighborhood of \$4,500 per customer, he watched as Charter’s stock lost 95% of its value. Then two years later, when negotiating to purchase small systems with roughly 300,000 customers in the Northern Rockies from AT&T Broadband, Comcast launched its successful takeover of the seller. The deal was put on ice for a year. But in that year cable values dropped, and Bresnan was able to buy the exact same systems for \$2,100 per customer – or \$25 million less than he would have had to pay the year prior.

Gus Chimos, a young analyst who does financial planning for Bresnan, and who helped him kick the tires of different business opportunities over the last four years, says his boss’ re-entry into cable might just have been a forgone conclusion. “Bill has always had a comfort level in recurring revenue,” Chimos says. “He has always wanted to own the pipe.”

And Maureen Huff, who manages public affairs and communications for Bresnan, adds, “Deep down in our hearts, we knew this is where we’d end up. There’s no getting around it. Bill loves the cable business.” ■

In memory of Bill Bresnan,
we will miss you.

CableFAX

Discovery
COMMUNICATIONS™