

EXHIBIT A

CABLE FRANCHISE AGREEMENT
BETWEEN
CITY OF PHILADELPHIA
AND
VERIZON PENNSYLVANIA INC.

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	2
2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS	7
3. SERVICE DEPLOYMENT; PROVISION OF CABLE SERVICE	9
4. SYSTEM FACILITIES	10
5. PEG SERVICES AND SUPPORT; TECHNOLOGY GRANT.....	14
6. FRANCHISE FEES	22
7. CUSTOMER SERVICE; RATES; ECONOMIC OPPORTUNITY	24
8. REPORTS AND RECORDS	25
9. INSURANCE; SURETY BOND.....	27
10. INDEMNIFICATION.....	29
11. TRANSFER OF FRANCHISE.....	30
12. RENEWAL OF FRANCHISE.....	32
13. DEFAULT AND REMEDIES; TERMINATION OF FRANCHISE	33
14. SPECIFIC LAWS	38
15. MISCELLANEOUS PROVISIONS.....	41

APPENDIX A – INTENTIONALLY OMITTED

APPENDIX B – FRANCHISE AREA

APPENDIX C – DEPLOYMENT OF CABLE SERVICE

APPENDIX D – CUSTOMER SERVICE

APPENDIX E – FORM OF PERFORMANCE BOND

APPENDIX F – SYSTEM ARCHITECTURE

APPENDIX G – FORM OF QUARTERLY FRANCHISE FEE REPORT

THIS CABLE FRANCHISE AGREEMENT (the “Franchise Agreement” or “Agreement”) is entered into by and between the CITY OF PHILADELPHIA, a validly organized and existing political subdivision of the Commonwealth of Pennsylvania (the “Local Franchising Authority” or the “City”), and VERIZON PENNSYLVANIA INC., a corporation duly organized under the applicable laws of the Commonwealth of Pennsylvania (the “Franchisee”).

WHEREAS, the Franchisee has applied for and the City wishes to grant the Franchisee a nonexclusive franchise to own, maintain, and operate a Cable System and provide Cable Service in the Franchise Area (as hereinafter defined);

WHEREAS, the City is a “franchising authority” in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to applicable state law;

WHEREAS, the Franchisee, pursuant to authority granted under Title II of the Communications Act (as hereinafter defined) and applicable provisions of Pennsylvania State law, will install a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the Franchise Area for the transmission of Non-Cable Services pursuant to authority granted by the Commonwealth of Pennsylvania;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the City, and the Franchisee will use optical spectrum in portions of the FTTP Network once installed to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the City has found the Franchisee to be financially, technically, and legally qualified to operate the Cable System;

WHEREAS, the City has determined that the grant of a nonexclusive franchise to the Franchisee is consistent with the public interest; and

WHEREAS, subject to approval by the Philadelphia City Council as set forth in Section 2.1, the City and the Franchisee have reached agreement on the terms and conditions set forth herein, and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the City’s grant of a franchise to the Franchisee, the Franchisee’s promise to provide Cable Service to residents of the Franchise Area of the City pursuant to and consistent with the Communications Act (as hereinafter defined) and in accordance with the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Communications Act (as hereinafter defined) are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Access Channel*: A video Channel that the Franchisee shall make available to the City without charge for non-commercial Public, Educational, or Governmental use for the transmission of video programming as directed by the City.

1.2 *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, the Franchisee.

1.3 *Basic Service*: Any service tier that includes the retransmission of local television broadcast signals as well as the PEG Channels required by this Franchise.

1.4 *Bill No. 53-A*: Bill No. 53-A of the Council of the City of Philadelphia, dated March 24, 1984 and approved by the Mayor on March 29, 1984.

1.5 *Cable Act*: Sections 601-653 of the Communications Act, 47 U.S.C. §§ 521-573.

1.6 *Cable Service* or *Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6).

1.7 *Cable System* or *System*: The Cable System, defined as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), operated by Franchisee pursuant to this Agreement to provide Cable Service in the Franchise Area.

1.8 *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4).

1.9 *Commissioner*: The Commissioner of the Department of Public Property of the City of Philadelphia.

1.10 *Communications Act*: The Communications Act of 1934, as amended.

1.11 *Control*: The ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of the Franchisee's affairs.

1.12 *Educational Access Channel*: An Access Channel available for use of the City for educational purposes.

1.13 *Effective Date*: The date on which this Agreement is effective, as provided in Section 2.3, *Term*.

1.14 *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.15 *Fiber to the Premise Telecommunications Network ("FTTP Network")*: The Franchisee's network that transmits Non-Cable Services pursuant to the authority granted under the laws of the Commonwealth of Pennsylvania and under Title II of the Communications Act, which Non-Cable Services are not subject to Title VI of the Communications Act.

1.16 *Force Majeure*: An event or events reasonably beyond the ability of a party to anticipate and/or control. This includes, but is not limited to, severe or abnormal weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, actions or inactions of any government instrumentality or public utility other than Franchisee (including condemnation), court order, accidents for which the party is not responsible, fire, flood, or acts of God, or work delays caused by waiting for utility providers (other than Franchisee) to service or monitor utility poles to which the Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary, where such work delays and/or unavailability is reasonably beyond the ability of Franchisee to anticipate and/or control.

1.17 *Franchise*: The collective rights and privileges granted to Franchisee pursuant to this Agreement.

1.18 *Franchise Area*: Means and refers, collectively, to Franchise areas I, II, III, and IV.

1.19 *Franchise Area(s) I, II, III, and IV*: Franchise area(s) I, II, III, and IV of the City of Philadelphia, as each such area is mapped in Appendix "B" to Bill No. 53-A, and which areas together comprise the entire geographical area of the City and County of Philadelphia, Pennsylvania.

1.20 *Franchisee*: Verizon Pennsylvania Inc., and its lawful and permitted successors, assigns, and transferees.

1.21 *Government Access Channel*: An Access Channel available for the use of the City for governmental purposes.

1.22 *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee and its Affiliates, directly or indirectly, from the operation of the Cable System to provide Cable Service in the City, including, but not limited to, such revenues for or consisting of:

- (1) Basic Service fees;
- (2) fees charged to Subscribers for any service tier other than Basic Service;
- (3) fees charged for premium services, e.g. HBO, Cinemax, or Showtime;
- (4) fees charged to Subscribers for any optional, per-channel, or per-program services;
- (5) revenue from the provision of any other Cable Services;
- (6) charges for installation, additional outlets, relocation, disconnection, reconnection, and change-in-service fees for Cable Service;
- (7) fees for downgrading any level of Cable Service programming;
- (8) fees for service calls;

- (9) revenues and fees from the sale or sale or lease of channels or channel capacity;
- (10) fees for rental or sales of any and all customer equipment, including digital video recorders, converters, and remote control devices;
- (11) subject to Section 1.22.8 of this Agreement, foregone revenue that Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value consistent Section 1.22.8 below;
- (12) any and all advertising revenues as set forth herein;
- (13) revenues or commissions from home shopping channels subject to Section 1.22.5 below;
- (14) fees for any and all music services that are deemed to be a Cable Service over the Cable System;
- (15) late payment fees;
- (16) NSF check charges;
- (17) Franchise Fees;
- (18) revenues from sales of program guides;
- (19) fees for video-on-demand; and
- (20) revenues from sale or rental of Subscriber lists.

Advertising commissions paid to independent third parties shall not be deducted from advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

1.22.1 Revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System;

1.22.2 Bad debts written off by Franchisee in the normal course of its business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected;

1.22.3 Refunds, rebates, or discounts made to Subscribers or other third parties;

1.22.4 Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law;

1.22.5 Any revenue of Franchisee or any other Person that is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, notwithstanding that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise, which portion shall be included in Gross Revenue;

1.22.6 The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable franchise fees from purchaser's customer;

1.22.7 Any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal, or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes, and non-cable franchise fees);

1.22.8 Any forgone revenue that Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise; provided, however, that such forgone revenue that Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value shall be included in Gross Revenue;

1.22.9 Sales of capital assets or sales of surplus equipment;

1.22.10 Program launch fees;

1.22.11 Directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement, and electronic publishing; and

1.22.12 Any fees or charges collected from Subscribers or other third parties for any PEG grant, including, but not limited to, the grants required under Article 5 of this Agreement.

1.23 *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20).

1.24 *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.25 *Local Franchise Authority (City)*: The City of Philadelphia or the lawful successor, transferee, or assignee thereof.

1.26 *Multiple Dwelling Units or MDUs*: Shall include any area occupied by dwelling units, appurtenances thereto, grounds and facilities, which dwelling units are intended or designed to be owned, occupied or leased for occupation, or actually occupied, as individual homes or residences for three (3) or more households. The term shall include mobile home parks.

1.27 *Non-Cable Services*: Any service that does not constitute a Cable Service as defined herein.

1.28 *Normal Business Hours*: Those hours during which most similar businesses in the community are open to serve customers. In all cases, "normal business hours" must include some evening hours at least one night per week and/or some weekend hours.

1.29 *Normal Operating Conditions*: Shall be defined as it is under 47 C.F.R. § 76.309(c)(4)(ii).

1.30 *PEG*: Public, Educational, and Governmental.

1.31 *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.32 *Public Access Channel*: An Access Channel available for use by the City or its designee to distribute public access programming in the Franchise Area.

1.33 *Public Rights-of-Way or Right-of-Way or ROW*: The surface of and space above and below any real property in the City in which the City has a regulatory interest, or interest as a trustee for the public, as such interests now or hereafter exist, including, but not limited to, all streets, highways, avenues, roads, alleys, sidewalks, pedestrian and vehicle tunnels and passageways, concourses, viaducts, bridges, and skyways under the control of the City, and any unrestricted public or utility easements established, dedicated, platted, improved or devoted for utility purposes; provided, that the following lands are not included in the Right-of-Way: lands administered by the Division of Aviation of the Commerce Department; lands owned by the City that are not streets; and lands, other than the following Streets, that are under the care and jurisdiction of the Fairmount Park Commission: Belmont Avenue, Bells Mill Road, Benjamin Franklin Parkway, Cobbs Creek Parkway, Cresheim Valley Drive, Haverford Avenue, Henry Avenue, Hunting Park Avenue, Kelly Drive, Lansdowne Avenue, Lincoln Drive, Montgomery Drive, Parkside Avenue, Rhawn Street, Roosevelt Boulevard, the Schuylkill Expressway, Southern Parkway, and West River Drive. The phrases “in the Right(s)-of-Way” and “in the right(s)-of-way” mean “in, on, over, along, above and/or under the Right(s)-of-Way” or “right(s)-of-way.” Nothing in this Section 1.33 or elsewhere in this Agreement shall be construed to require that Franchisee obtain a cable television franchise other than the Franchise granted by this Agreement as a condition of providing Cable Service to any geographical area of the City.

1.34 *Service Interruption*: The loss of picture or sound on one or more cable channels.

1.35 *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with the Franchisee’s express permission.

1.36 *Telecommunications Facilities*: The Franchisee’s existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

1.37 *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46).

1.38 *Title II*: Title II of the Communications Act.

1.39 *Title VI*: Title VI of the Communications Act.

1.40 *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20).

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1 *Grant of Authority:* Pursuant to, and in accordance with, City Ordinance No. _____ (approved _____, 200_), the City hereby grants to the Franchisee, subject to the Communications Act and this Agreement, the right to provide Cable Service in the City of Philadelphia and to own, operate, and maintain a Cable System in and along the Public Rights-of-Way within the Franchise Area for the purpose of providing Cable Service. This Agreement grants no authority to Franchisee to use the Public Rights-of-Way for any purpose other than the provision of Cable Service unless otherwise expressly provided herein. No privilege or power of eminent domain is bestowed on Franchisee by this Agreement or the grant provided in this Section 2.1.

2.2 *City's Regulatory Authority:* The City's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance, or operation of the Franchisee's FTTP Network to the extent the FTTP Network is regulated under Title II of the Communications Act and/or the Pennsylvania Public Utility Code, 66 Pa. C.S. section 101 *et seq.*, and constructed, installed, maintained, or operated for the purpose of upgrading and/or extending Verizon's existing Telecommunications Facilities for the provision of Non-Cable Services; provided, however, that this Agreement shall not be construed to limit or waive any regulatory authority the City may have now or in future under the Communications Act, the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 101 *et seq.*, and/or other applicable provisions of federal and State law with respect to the FTTP Network facilities and/or the Public-Rights-of-Way.

2.3 *Term:* This Franchise shall become effective on _____, 200_ (the "Effective Date"), provided that City Council has approved the Franchise and this Agreement by ordinance and such ordinance has become law. The term of this Franchise shall be fifteen (15) years from the Effective Date (the "Term") unless the Franchise is earlier revoked or terminated as provided herein.

2.4 *Grant Not Exclusive:* The Franchise and the rights granted herein, including, without limitation, the right to use and occupy the Public Rights-of-Way to provide Cable Service, shall not be exclusive, and the City reserves the right, subject to applicable law, to grant other franchises for the provision of Cable Service or for similar uses, or for other uses of the Public Rights-of-Way or any portions thereof, to any Person, or to provide similar services or make any such use of the Public Rights-of-Way itself, at any time during the Term of this Franchise. Any such rights that are granted shall not interfere with Franchisee's existing facilities of the Cable System or the Franchisee's FTTP Network.

2.5 *Franchise Subject to Federal and State and Local Law:* This Franchise is subject to and shall be governed by all applicable provisions of federal law as it may be amended, including but not limited to the Communications Act, and, subject to Sections 2.7.3 and 2.7.4 of this Agreement, by all applicable provisions of State and local law, as they may be amended, to the extent the provisions of such State and/or local laws are not in conflict with federal law.

2.6 *No Waiver:*

2.6.1 The failure of the City on one or more occasions to exercise a right or to require compliance or performance under this Franchise, the Communications Act, or any other applicable state or federal law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the City, nor to excuse the Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2 The failure of the Franchisee on one or more occasions to exercise a right under this Franchise or applicable law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse the City from performance, unless such right or performance has been specifically waived in writing.

2.7 *Construction of Agreement:*

2.7.1 The provisions of this Franchise shall be liberally construed to effectuate their intent.

2.7.2 *Days; Number and Gender:* Whenever the context requires, words used in the singular shall be construed to mean or include the plural and vice versa, and pronouns of any gender shall be deemed to include and designate the masculine, feminine or neuter gender. Any references to a number of days in this Agreement shall mean "calendar" days, unless business days are specified.

2.7.3 Should any change to State law have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall use best efforts to modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the City or, at Franchisee's option, the parties agree to submit the matter to non-binding mediation. In reviewing the claims of the parties, the mediators shall be guided by the following purposes: to modify the Franchise so as to preserve intact, to the greatest extent possible, the benefits that each party has bargained for in entering into this Agreement and to ameliorate the adverse affect of the material alteration on the Franchisee.

2.7.4 *Police Powers:* Nothing in this Franchise shall be construed to prohibit or waive or limit, and the Franchisee, the Franchise and this Agreement shall be subject to, the lawful exercise of the police powers of the City to adopt and enforce laws, ordinances and regulations; provided, however, that such laws, ordinances, and regulations are lawful, and consistent with all federal and State laws, regulations and orders. If the City's exercise of the police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall use best efforts to modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee

may terminate this Agreement without further obligation to the City or, at Franchisee's option, the parties agree to submit the matter to non-binding mediation. In reviewing the claims of the parties, the mediators shall be guided by the following purposes: to modify the Franchise so as to preserve intact, to the greatest extent possible, the benefits that each party has bargained for in entering into this Agreement and ameliorate the adverse affect of the material alteration on the Franchisee.

2.8 *Incorporation by Reference of Bill No. 53-A:* To the extent not inconsistent with or preempted by federal law, the Franchisee agrees to be bound by all lawful and applicable terms and conditions of Bill No. 53-A and the same shall be incorporated by reference and made part of this Agreement. This Agreement and Bill No. 53-A shall be read together and in a consistent manner. Notwithstanding the foregoing, where any provision of this Agreement alters or conflicts with the provisions of Bill No. 53-A, the provisions of this Agreement shall prevail. If, however, a provision in Bill No. 53-A merely expands, clarifies or otherwise does not alter or conflict with a provision in this Agreement, then that provision which provides the greatest benefit to the City, in the opinion of the Commissioner, shall prevail.

3. **SERVICE DEPLOYMENT; PROVISION OF CABLE SERVICE**

3.1 *Franchise Area:* The Franchisee shall make Cable Service available throughout the Franchise Area, and may make Cable Service available to businesses in the Franchise Area, within seven (7) years of the Effective Date of this Agreement in accordance with Appendix C of this Agreement, except as set forth in Section 3.2 of this Agreement.

3.2 *Exceptions:* Franchisee's obligations pursuant to Section 3.1 and Appendix C shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay caused by Franchisee's inability to fulfill a request for Cable Service by a potential residential Subscriber because such potential residential Subscriber resides in an area of the City where Franchisee, pursuant to the schedule set forth in Appendix C to this Agreement, is not providing Cable Service at the time of such request; (C) for periods of delay resulting from the Franchisee's inability to obtain authority to access private rights-of-way in the Franchise Area; (D) developments or buildings or areas that are subject to exclusive arrangements with other providers; and (E) for periods of delay caused by Franchisee's inability to obtain access to MDU's pursuant to the procedures set forth in Section 3.5 of this Agreement.

3.3 *Non-Discrimination:* Franchisee shall not discriminate between or among any individuals in the availability of Cable Service based upon income in accordance with 47 U.S.C. §541(a)(3) or based upon race or ethnicity.

3.4 *Availability of Cable Service:* The Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Franchise Area in conformance with Section 3.1. In the areas in which the Franchisee provides Cable Service, the Franchisee shall be required to connect, at the Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within one hundred fifty (150) feet of trunk or feeder lines (except that Franchisee need not connect units otherwise already served by the Franchisee's FTTP Network). The Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for

residential dwelling unit connections that exceed one hundred fifty (150) feet and actual costs incurred to connect any Subscriber that does not reside in a residential dwelling unit (including, but not limited to, businesses).

3.5 *Service to MDU's*: The parties hereto acknowledge and agree that installation and provision of Cable Service to MDU's are subject to a separate negotiation between the Landlord, owner or governing body of any such MDU and the Franchisee, which negotiations shall be conducted in accordance with the procedures set forth in Sections 3.5.1-3.5.3 below. Neither the Franchisee nor the City shall be responsible or liable for any failure to provide Cable Service to a lessee, Landlord or condominium owner whose lessors or governing body, as the case may be, does not reach agreement with the Franchisee for the installation of such Cable Service. In each case where Franchisee receives a request for Cable Service from an occupant, Landlord, owner or governing body of an MDU and such MDU is located in an area of the City where Franchisee is offering Cable Service at the time of such request, consistent with the requirements of Appendix C of this Agreement, Franchisee shall follow the following procedures:

3.5.1 Upon receipt of a request for Cable Service from an occupant, Landlord, owner, or governing body, the Franchisee may initiate negotiations with the Landlord, owner or governing body of such MDU in order to obtain valid legal authority to provide Cable Service to units within such MDU.

3.5.2 In the event the Franchisee and the Landlord, owner or governing body of such MDU are able to agree upon mutually acceptable terms and conditions for Franchisee's provision of Cable Service to units within such MDU, the Franchisee and the Landlord, owner or governing body of such MDU may enter into a written agreement authorizing the Franchisee to provide Cable Service to units within such MDU.

3.5.3 In the event the Franchisee and the Landlord, owner or governing body of such MDU are unable to agree upon mutually acceptable terms and conditions for Franchisee's provision of Cable Service to units within such MDU, Franchisee may either: (i) decline to provide Cable Service to such MDU; (ii) defer provision of Cable Service to such MDU; or (iii) decide that it will provide Cable Service and therefore invoke the applicable provisions of 68 P.S. § 250.504B

4. **SYSTEM FACILITIES**

4.1 *System Characteristics*: The Franchisee's Cable System, which shall conform to the description in Appendix F, shall meet or exceed the following requirements:

4.1.1 The System shall initially provide a digital carrier passband between 54 and 863 MHz.

4.1.2 Facilities and equipment of good and durable quality, generally used in high-quality, reliable, systems of similar design.

4.1.3 All facilities and equipment required to properly test the Cable System and conduct an ongoing and active program of preventive maintenance and quality control and to be able to quickly respond to customer complaints and resolve system problems.

4.1.4 The System shall be designed to be an active two-way plant providing for Subscriber interaction required for the selection or use of Cable Service.

4.1.5 The System shall be capable of continuous twenty-four (24) hour per day operation in accordance with applicable FCC standards.

4.1.6 Facilities and equipment sufficient to cure violations of any applicable FCC technical standards.

4.1.7 The System shall be protected against outages due to electrical power failures. The System shall have back-up electrical power sources that are sufficient to operate the System for at least 24 hours without other electrical power.

4.1.8 All facilities and equipment shall be designed, built and operated in compliance with all applicable FCC requirements regarding consumer electronic equipment.

4.1.9 All facilities and equipment for the System shall be designed, built and operated in a manner that protects the safety of System workers and the public.

4.1.10 Franchisee shall maintain trucks, tools, testing equipment, monitoring devices and other equipment and facilities, as well as trained and skilled personnel, sufficient to ensure compliance with applicable law and the requirements set forth in this Article 4.

4.1.11 The Cable System must conform to or exceed all applicable FCC technical performance standards as amended from time to time, and any other future applicable technical performance standards which the City is permitted by a change in law to enforce, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect:

4.1.11.1 Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

4.1.11.2 The National Electrical Code;

4.1.11.3 The National Electrical Safety Code (NESC);

4.1.11.4 The standards of the National Cable Telecommunications Association; and

4.1.11.5 The ITU G.983 Passive Optical Network standard.

4.2 System Tests and Inspections

4.2.1 The Franchisee shall perform all tests on the System as may be required by FCC rules, regulations and practices and practices necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that System components operate in conformance with such requirements. All tests shall be conducted in accordance with FCC rules, regulations, and practices.

4.2.2 The Franchisee shall conduct any required tests as follows:

4.2.2.1 Proof of Performance tests on the Cable System at least once every six (6) months, or more frequently if required by FCC rules. In consultation with the City, Cable System monitor test points shall be established in accordance with good and sound engineering practices and consistent with FCC guidelines.

4.2.2.2 System tests shall be supervised by a senior engineer of the Franchisee, who shall sign and provide records of all tests performed to the City.

4.2.2.3 The City shall have the right to designate a City employee (or a third party consultant to the City, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with this Article 4, *System Facilities*, and to witness and/or review all Proof of Performance Tests required under this Agreement. The Franchisee shall provide the City with at least ten (10) business days' notice of, and opportunity to observe, any such Proof of Performance Test performed on the Cable System;

4.2.2.4 The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

4.2.2.5 If any test required under this Section 4.2 indicates that any component of the Cable System fails to comply with requirements set forth in this Section 4.2, the Franchisee, shall promptly take corrective action, shall retest the non-compliant component(s), and shall advise the City of the action taken and results achieved, and supply the City with a written report of the test results within thirty (30) days after the date corrective action was completed.

4.2.3 The Commissioner may, for good cause shown, waive or limit the system test and inspection requirements in this Section 4.2.

4.3 *Interconnection:* The Franchisee shall design its Cable System so that the System can be interconnected with other cable systems in the Franchise Area. Subject to the requirements of Article 5, *PEG Channels and Support*, interconnection of systems may be made by direct fiber optic cable connection, microwave link, satellite, or other equivalent methods.

4.4 *Emergency Alert System:* The Franchisee shall comply with the Emergency Alert System (“EAS”) requirements of the FCC in order that emergency messages may be distributed over the System.

4.5 *Annual Public Performance Review Session*

4.5.1 Not more than once per calendar year, and upon thirty (30) days written notice to the Franchisee, the Commissioner, in the Commissioner's sole discretion, may require the Franchisee to attend and participate in a scheduled performance review session, presided over by the Commissioner, within ninety (90) days after the close of each calendar year of the Franchise (the “Annual Public Performance Review Session”). All Annual Public Performance Review Sessions shall be open to the public.

4.5.2 At any Annual Public Performance Review Session, Franchisee shall not be required to disclose any information or documents reasonably determined by Franchisee to be proprietary or confidential; provided, however, that Franchisee shall cooperate in good faith to participate in any such Annual Public Performance review Session. Topics which may be discussed at any scheduled Annual Public Performance Review Session may include, but not be limited to: service, Franchise Fee, application of new technologies, System performance, services provided, programming offered, customer complaints, privacy, amendments to ordinances, regulations and judicial or FCC rulings, this Agreement and City rules.

4.6 *Commissioner Review Session:*

4.6.1 Commencing on the later of the first (1st) anniversary of the Effective Date or January 1, 2010, the Commissioner, upon thirty (30) days written notice to the Franchisee, may require the Franchisee to participate in an annual review session with the Commissioner, which session shall not be open to the public (the “Commissioner Review Session”). The purpose of such Commissioner Review Session shall be to discuss any topics the Commissioner may reasonably determine to be necessary to ensure compliance with Franchisee’s obligations pursuant to this Franchise. Franchisee shall not be required to participate in any Commissioner Review Session more than once per calendar year during the Term of this Franchise, subject to Section 4.6.2 of this Agreement.

4.6.2 Within thirty (30) days written notice from the date of any Commissioner Review Session, the Commissioner may require a second (2nd) Commissioner Review Session (a “Follow-Up Commissioner Review Session”) in the event the Commissioner reasonably determines that the Commissioner requires additional information from the Franchisee to assess the topics covered in the Commissioner Review Session as set forth in Section 4.6.1.

4.6.3 In the event the Commissioner determines that it is reasonably necessary to review any documents or other information during any Commissioner Review Session and/or Follow-Up Commissioner Review Session, the Commissioner shall so notify the Franchisee, with reasonable specificity, in the Commissioner’s written notice to the Franchisee requesting such Commissioner Review Session and/or Follow-Up Commissioner Review

Session; provided, however, that any such documents reasonably identified by Franchisee in writing to be confidential and proprietary that are made available by the Franchisee during any Commissioner Review Session and/or Follow-Up Commissioner Review Session shall be for inspection only and shall be treated by the City as confidential and proprietary, unless otherwise required by law or court order or expressly permitted by the Franchisee in writing.

4.6.4 Within thirty (30) days after the conclusion of any Commissioner Review Session and/or Follow-Up Commissioner Review Session, the Commissioner shall provide Franchisee a written report setting forth the Commissioner's findings based on the Commissioner Review Session and/or Follow-Up Commissioner Review Session.

4.6.5 During a review and evaluation by the City, the Franchisee shall fully cooperate with the Commissioner and shall provide such information and documents as the Commissioner determines to be reasonably necessary to perform the review.

5. **PEG SERVICES AND SUPPORT; TECHNOLOGY GRANT**

5.1 *PEG Channels and Support :*

5.1.1 *PEG Channels:* Franchisee shall furnish channels and support for Public, Educational, and Government Access programming, as set forth in this Section 5.1, in order to ensure universal availability of Public, Educational, and Government Access programming in the City.

5.1.2 *Channel Availability:* Within sixty (60) days of making Cable Service available to any Subscriber in the City (or such later date as may be agreed upon by the City in the event Franchisee reasonably requests an extension in order to complete necessary work, such agreement not to be unreasonably withheld), Franchisee shall provide use of channel capacity on its Basic Service Tier consisting of five (5) dedicated digital Public Access Channels, five (5) dedicated digital Educational Access Channels, five (5) dedicated digital Government Access Channels (collectively, "PEG Channels"). Franchisee shall activate five (5) Educational Access Channels and two (2) Government Access Channels within sixty days of making cable service available to any subscribers in the City. Franchisee shall activate Public Access Channels and additional Government Access Channels as set forth in Sections 5.1.2.1 through Section 5.1.2.5 or Section 5.1.2.6 below. All PEG Channels will originate at a PEG Origination Location, as set forth in Section 5.6.

5.1.2.1 The Franchisee shall make available the First and Second Public Access Channels to the Access Corporation within sixty (60) calendar days of making Cable Service available to any Subscribers in the City.

5.1.2.2 The Franchisee shall make available the Third and Fourth and Fifth Public Access Channels to the Access Corporation upon the Access Corporation complying with the programming thresholds set forth in Sections 5.1.2.3-5.1.2.5. Provided the applicable threshold has been met, the Franchisee shall make available each such channel to the

Access Corporation within ninety (90) calendar days following the City's written notice requesting the channel.

5.1.2.3 *Threshold for Third Public Access Channel:* Twenty (20) hours per week of "Local Programming," as defined below, is broadcast on the First and Second Public Access Channels combined (i.e. the Local Programming on the two channels taken together totals twenty (20) hours per week), for a period of sixty (60) continuous calendar days prior to the date of the City's written notice.

5.1.2.4 *Threshold for Fourth Public Access Channel:* Fifteen (15) hours per week of Local Programming is broadcast on the Third Public Access Channel for sixty (60) continuous calendar days prior to the date of the City's written notice, and the Third Public Access Channel threshold is maintained throughout that period.

5.1.2.5 *Threshold for Fifth Public Access Channel:* Fifteen (15) hours per week of Local Programming is broadcast on Fourth Public Access Channel for sixty (60) continuous days prior to the date of the City's written notice, and the Third and Fourth Public Access Channel delivery thresholds are maintained throughout that period.

5.1.2.6 The Franchisee shall make available the Third and Fourth and Fifth Government Access Channels to the City within sixty (60) calendar days following the City's written notice requesting one or all of the channels.

5.1.3 All PEG Channels shall be provided by the Franchisee at no cost to the City or to the Philadelphia Public Access Corporation ("PPAC" or "Access Corporation"). The City hereby authorizes the Franchisee to transmit PEG Access programming within and without the City's jurisdictional boundaries. Subject to Section 5.4 of this Agreement, the parties agree that Franchisee shall have the right to use unused Public Access Channels, until such time as Franchisee is required to deliver the channels to the Access Corporation pursuant to Sections 5.1.2.1 through 5.1.2.6 of this Agreement.

5.1.4 Franchisee shall have the right to petition the City for the return of the Third, Fourth, or Fifth Public Access Channels in the event the programming threshold applicable to the channel is not met for a period of one hundred and eighty (180) consecutive calendar days prior to the date of the petition. The City, in its discretion, shall determine whether a channel shall be returned to Franchisee on account of failure to meet a programming threshold, after investigating in good faith whether the threshold has been met and discussing the results of its investigation with the Franchisee. The First and Second Public Access Channels shall not be subject to any programming threshold or other programming requirement, and shall be available to the Access Corporation without condition, throughout the Term of this Agreement.

5.1.5 *PEG Support:* Franchisee shall provide financial support for PEG Channels and programming as follows:

5.1.5.1 *Educational Access Grant.* Franchisee shall pay to the City an Educational Access Grant ("Educational Access Grant") totaling One Million Dollars (\$1,000,000). The Educational Access Grant shall be payable in two (2) separate payments: (1) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the Effective Date;

and (2) a second (2nd) payment of Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days after the first (1st) anniversary of the Effective Date.

5.1.5.2 *Governmental Access Grant.* Franchisee shall pay to the City a Governmental Access Grant (“Governmental Access Grant”) totaling One Million Five Hundred Thousand Dollars (\$1,500,000). The Governmental Access Grant shall be payable in two (2) separate payments: (1) Seven Hundred Fifty Thousand Dollars (\$750,000) payable ninety (90) Days from Effective Date; and (2) a second (2nd) payment of Seven Hundred Fifty Thousand Dollars (\$750,000) payable ninety (90) days from the second (2nd) anniversary of the Effective Date.

5.1.5.3 *Public Access Grant.* Franchisee shall pay to the City, or in the City’s discretion, to the City’s public access designee, a Public Access Grant (“Public Access Grant”) totaling Two Million Seven Hundred Thousand Dollars (\$2,700,000). The Public Access Grant shall be payable in three (3) separate payments: (1) Nine Hundred Thousand Dollars (\$900,000) payable ninety (90) days from the sixth (6th) anniversary of the Effective Date; (2) nine (9) Hundred Thousand Dollars (\$900,000) payable ninety (90) days from the eighth (8th) anniversary of the Effective Date; and (3) Nine Hundred Thousand Dollars (\$900,000) payable ninety (90) days from the tenth (10th) anniversary of the Effective Date; provided however, that each such Public Access Grant payment shall only be payable upon the City’s confirmation to Franchisee that it has required at least an equivalent payment from the Incumbent Franchisee pursuant to the Incumbent Agreement (as hereinafter defined) consistent with Section 5.1.5.5 of this Agreement.

5.1.5.4 *Public Access Annual Grant.* Franchisee shall pay to the City, or in the City’s discretion, to the City’s public access designee, a Public Access Annual Grant (“Public Access Annual Grant”) totaling up to Four Million Dollars (\$4,000,000). The Public Access Annual Grant shall be payable in eight (8) separate payments as set forth below; provided however, that each such Public Access Annual Grant payment shall only be payable upon the City’s confirmation to Franchisee that it has required at least an equivalent payment from the Incumbent Franchisee pursuant to the Incumbent Agreement (as hereinafter defined) consistent with Section 5.1.5.5 of this Agreement..

- (1) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the fifth (5th) anniversary of the Effective Date;
- (2) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the sixth (6th) anniversary of the Effective Date;
- (3) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the seventh (7th) anniversary of the Effective Date;
- (4) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the eighth (8th) anniversary of the Effective Date;
- (5) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the ninth (9th) anniversary of the Effective Date;
- (6) Five Hundred Thousand dollars (\$500,000) payable ninety (90) days from the tenth (10th) anniversary of the Effective Date; and
- (7) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the eleventh (11th) anniversary of the Effective Date.

(8) Five Hundred Thousand Dollars (\$500,000) payable ninety (90) days from the twelfth (12th) anniversary of the Effective Date.

5.1.5.5 Notwithstanding the foregoing Sections 5.1.5.3 and 5.1.5.4, if the City does not require the incumbent (as of the Effective Date) Cable Service franchisee in the City (the "Incumbent Franchisee") to pay the full amount of the annual grant(s) or the one-time grants to support the Access Corporation that are set forth in the Incumbent Franchisee's cable franchise agreement that is in effect as of the Effective Date (the "Incumbent Agreement"), then the City will not require Franchisee to pay to the City or the Access Corporation more than the amounts of such grants that the Incumbent Franchisee is required to pay under the Incumbent Agreement; provided, however, that nothing in this Agreement is intended to require or will require the City to alter or limit any obligation of Franchisee under this Article 5 on account of any terms or conditions that the City and the Incumbent Franchisee may agree to in any renewal of the Incumbent Agreement.

5.2 *Access Corporation:* The Philadelphia Public Access Corporation ("PPAC") or, at the City's discretion, a City-approved designee of or successor to PPAC, or another entity designated by the City, in its sole discretion, to administer Public Access programming in the City (such entity being referred to in this Agreement as the "Access Corporation"), shall be responsible for the management, operation and maintenance of all Public Access studios, facilities, equipment, programs, and services funded or provided by the Franchisee pursuant to this Franchise Agreement for the purpose of providing public access programming.

5.3 *Leased Access:* Franchisee shall comply with all federal leased access requirements under 47 U.S.C. § 532.

5.4 *PEG Channel Assignments:* The Franchisee shall position the PEG Channels on its channel line up as they are positioned elsewhere within the City to the extent such channel positions do not interfere with any other channels or fall outside the range of the positions Franchisee assigns to PEG channels in its channel lineup. The Franchisee shall use commercially reasonable efforts: (i) not to change its initial PEG channel assignments during the Term of this Agreement, and (ii) to establish initially and thereafter maintain PEG channels in consecutive channel positions (numbers) on Franchisee's channel lineup (i.e., the five (5) Public Access Channels in five (5) consecutively numbered positions, the five (5) Government Access and additional PEG Channels in five (5) consecutively numbered positions, and the five (5) Educational Access Channels in five (5) consecutively numbered positions. In the event Franchisee reasonably deems changes in PEG channel positions to be necessary and changes the positions in accordance with this Section 5.4, the Franchisee shall comply with the following requirements: (i) the Franchisee gives the City and the Access Corporation ninety (90) days written notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such PEG Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability

at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising provided in this Section 5.4), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

5.4.1 *Compensation for PEG Channel Relocation:* Except for PEG channel relocations due to the channel designations of must carry Channels or other federal or state legal requirements, if Franchisee relocates PEG Channel(s), then Franchisee shall pay the City or its PEG programmer designee five thousand dollars (\$5,000) to assist in “rebranding” the PEG Channel(s). Franchisee shall make such payment for every instance in which Franchisee relocates a PEG Channel, whether or not such a payment has been made in the past for the relocation of the channel.

5.5 *PEG Channel Quality:* Each PEG Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee’s lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any PEG Channels content provided to Franchisee by any PEG Channel programmer.

5.6 *PEG Interconnection:* In order to provide Public, Educational and Government Access Programming to subscribers, Franchisee shall utilize one of the following three methods of bringing PEG Access programming content onto the System, as more fully described below in Sections 5.6.1, 5.6.2, 5.6.3: (1) from a City identified and designated point of demarcation as set forth in Section 5.6.1; (2) via direct connections provided by Franchisee from specified PEG origination locations as set forth below in Section 5.6.2; or (3) by entering into and implementing a formal interconnection agreement with the existing provider(s) of Cable Service in the city as set forth Section 5.6.3.

5.6.1 *City Identified Point of Demarcation:* The City may, in its discretion, designate a centrally located single point of demarcation (“City D-Mark”) in order to provide one location to all service providers for aggregation of and service provider access to PEG programming content. If the City designates a City D-Mark, Franchisee shall access and cablecast on the System all PEG programming content provided to it at the City D-Mark within one hundred eighty (180) days of receipt of written notice from the City designating the address for the City D-Mark, provided that (i) the City D-Mark is located in City Hall, 1400 John F Kennedy Blvd, Philadelphia, Pa 19102, or the City D-Mark is at a location which is along the Franchisee’s activated cable route and Franchisee’s Central Office(s) serving the location is video enabled, (ii) that the City D-Mark location is operable for its intended purpose as a point of demarcation, and (iii) that the City cooperates reasonably with Franchisee in implementing this Section 5.6.1, including provision of space and conditions meeting industry standards. Franchisee shall be required to access PEG programming and interconnect with other cable systems at the City D-Mark only if all other cable franchisees providing Cable Service in the City are also required to access PEG programming and interconnect at the City D-Mark.

5.6.1.1 Provided however, that any D-Mark or origination point which may be established by the City shall not result in cost to Franchisee above the cost of Franchisee bringing its facilities to the designated D-Mark or origination point, and the Franchisee shall not be required to connect to or build to or maintain a connection to the D-Mark in the event of any lack of consent necessary for the connection by any Cable Service provider, including consent for use of their facilities or use or aggregation of PEG content transported by them. The City shall be responsible to obtain the consent, if any required, from any third party or other Cable Service provider for any use of their facilities or PEG content transported by them that is necessary for the connection.

5.6.2 *Direct Connection:* If the City has not established a City D-Mark on or before December 31, 2008, then Franchisee shall utilize the alternative connection method set forth in this Section 5.6.2, unless agreed otherwise by the City pursuant to Section 5.6.3, *Interconnection*. Franchisee, at the Franchisee's expense, shall connect its Cable System to equipment owned or controlled by the City or its PEG Access designee(s) at the locations listed below listed below, or (subject to Section 5.6.2.1) at alternate locations designated by the City, or alternative locations mutually agreed to by both parties (such locations being collectively referred to in this Agreement as "PEG Channel Origination Locations"). (In this Section 5, "P" means Public Access Channel(s) and associated programming, "E" means Educational Access Channel(s) and associated programming, and "G" means Government Access Channel(s) and associated programming).

- (1) G City Hall 1400 John F Kennedy Blvd, Philadelphia, Pa 19102
- (2) P City Hall (Interim) 1400 John F Kennedy Blvd, Philadelphia, Pa 19102.
- (3) P Public Access Studio 2529-33 West Lehigh Ave, Philadelphia, Pa 19132
- (4) E Board of Education 400 North Broad St, Philadelphia, Pa 19130
- (5) E Community College of Philadelphia
1700 Spring Garden St, Philadelphia, Pa 19130
- (6) E Drexel University 3141 Chestnut St, Philadelphia, Pa 19104
- (7) E LaSalle University 1900 West Olney Ave, Philadelphia, Pa 19141
- (8) E Temple University 2020 North 13th St, Philadelphia, Pa 19122

5.6.2.1 Franchisee shall cablecast on the System, on a live basis, concurrent with delivery, and as delivered from the PEG Channel Origination Location, all live, pre-recorded, and character-generated P, E and G programming content originated at the Origination Location; provided, however, as follows: (i) not more than a collective total of six(6) times during the Term of this Agreement, but not more than two (2) occurrences in the first twelve (12) months of this Agreement, and not more than two (2) occurrences in any subsequent twelve (12) month period, , the City may designate an alternate location as a PEG Channel Origination Location within the boundaries of the City and Franchisee shall, within one hundred and twenty (120) days following receipt of written notice from the City identifying the new location, connect the System to that location and cablecast programming content originated at the location, provided however if the City designates an alternate PEG Origination Location that is not along the Franchisee's activated cable route, or its Wire Center(s) serving the location is not video enabled or otherwise capable of transmitting PEG programming content, then Franchisee shall have one hundred and eighty (180) days to connect the location to the System.

5.6.2.2 Franchisee shall provide PEG Edge Device equipment (“PED(s)”) as may be necessary at two or more PEG Channel Origination Locations to switch PEG Programming content aggregated at the PEG Origination Locations onto the appropriate PEG Channels. Franchisee shall provide a PED to the City or to its Access designee for each PEG Channel Origination Location that serves two or more PEG Channel origination Location. The City, or its Access designee, shall be responsible for the installation, operation and maintenance of the PED equipment at each location. Franchisee represents and warrants that the ability of the Franchisee to receive and to cablecast all PEG programming delivered to Franchisee at any PEG Channel Origination Location is independent of the PED.

5.6.2.3 The Franchisee shall make the connections at each PEG Channel Origination Location identified in Section 5.6.2 above within sixty (60) days of video service availability to any Subscriber provided that the locations are operable for their intended purpose as PEG Origination Locations, and that the City and its Access designee(s) cooperate reasonably with the Franchisee with respect to such connections, including, without limitation, providing Franchisee at each location, at no cost to Franchisee: reasonable and lawful access to the location, sufficient space to make the connection, and industry standard environmental conditions .

5.6.2.4 The City or its Access designee(s) shall be responsible for delivering the PEG signal to an access connection point at each PEG Origination Location. Subject to Section 5.5, Franchisee shall cablecast on the System the programming so delivered in substantially the form delivered and without deterioration of audio or video signal quality. The Franchisee shall provide, install, maintain, repair and replace only equipment that is necessary to receive and transmit such PEG Programming from the PEG Origination Locations to Subscribers. Subject to Section 5.6.2.2 relating to PEDs, the Franchisee shall not be obligated to provide the City with cablecast equipment or facilities or personnel responsible for maintaining and operating equipment and facilities or for generating any PEG programming, except as necessary to comply with this Section 5.6.2.4 (including being reasonably available to consult with the City or its Access designee(s) with respect to installation of the PED equipment being provided as described above). The City and its Access designee(s) and the Franchisee shall work together in good faith to resolve any issues related to PEG interconnection and Franchisee’s cablecasting of PEG programming from the PEG Origination Locations.

5.6.3 *Interconnection:* The Franchisee may, with the City’s written approval (which will not be unreasonably withheld) and at Franchisee’s expense, interconnect its Cable System with the existing cable operator’s cable system(s) in order to cablecast, on a live basis, all PEG Access Programming carried by the incumbent cable operator consistent with this Agreement. The Franchisee shall take commercially reasonable steps to accomplish such interconnection within one hundred eighty (180) days of the date video service is first available to any Subscriber. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection that (subject to Section 5.5) permits Franchisee to cablecast PEG programming concurrent with delivery to Franchisee’s System, in substantially the form delivered to the Franchisee, without deterioration in audio or video signal quality. Franchisee shall negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The City shall, if requested by Franchisee, make a good faith

effort to have the existing cable operator(s) provide such interconnection to the Franchisee on reasonable terms and conditions; provided, however, the City may, in its discretion, but shall not be required to, be present during interconnection negotiations. The Franchisee and the existing cable operator(s) shall negotiate the specific terms and conditions of the interconnection agreement. If requested by Franchisee, the City may use reasonable efforts to assist in informally mediating disputes.

5.6.4 *Complimentary Drops for PEG Channel Monitoring:* Franchisee shall provide at each PEG Origination Location a complimentary cable drop and Cable Service for purposes of monitoring the PEG programming content transmitted over Franchisee's System.

5.7 *Rules for PEG:* The City and the Access Corporation, or its successors or other City-authorized designees, shall establish rules and regulations for use of PEG facilities, subject to and consistent with 47 U.S.C. § 531(d). The parties hereto agree that, consistent with 47 U.S.C. §558, Franchisee shall not incur any liability in connection with or arising from any programming carried on any PEG Access Channel.

5.8 *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of any PEG Grant or any other costs arising from the provision of PEG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill.

5.8 *Technology, Education, and Municipal Facilities Grant:* In satisfaction of Franchisee's obligation to provide I-Net support and services (including free Cable Service to municipal locations) to the City, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Two Million Dollars (\$2,000,000) (the "Technology Grant"), payable in accordance with the following schedule: (i) the first (1st) Technology Grant payment, in the amount of Three Hundred Ninety-One Thousand Two Hundred Fifty Dollars (\$391,250) shall be payable not later than ninety (90) days from the Effective Date; (ii) the second (2nd) Technology Grant payment, in the amount of One Hundred Fifty-Six Thousand Two Hundred Fifty Dollars (\$156,250) shall be payable not later than ninety (90) days from the first (1st) anniversary of the Effective Date; (iii) the third (3rd) Technology Grant payment, in the amount of Four Hundred Ninety Six Thousand Two Hundred Fifty Dollars (\$496,250), shall be payable not later than 90 days from the fifth (5th) anniversary of the Effective Date; and (iv) the fourth (4th) Technology Grant payment, in the amount of Nine Hundred Fifty Six Thousand Two Hundred Fifty Dollars (\$956,250), shall be payable not later than the eight (8th) anniversary of the Effective Date. The City will use the Technology Grant to support the provision of technology services to City facilities and/or facilities of City-related agencies. Decisions as to the specific facilities to be supported and services to be provided under the Technology Grant shall be made by the City in its sole discretion. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology Grant.

5.9 The Franchisee agrees that it shall not deduct, in whole or in part, the Public Access Grant provided in Section 5.1.5.3 or the Public Access Annual Grant provided in Section 5.1.5.4, or the Educational Access Grant or Government Access Grant provided in Sections 5.1.5.1 and 5.1.5.2, respectively, from the Franchise Fee provided in Article 6, *Franchise Fees*.

Franchisee agrees that none of the grants payable to the City pursuant to this Article 5 constitute franchise fees under the Communications Act.

6. FRANCHISE FEES

6.1 *Payment to the City:* The Franchisee shall pay to the City a Franchise Fee of five percent (5%) of annual Gross Revenue (the “Franchise Fee”). In accordance with Title VI of the Communications Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such Franchise Fee payments shall be made no later than forty-five (45) days following the end of each calendar quarter and the obligation to pay such Franchise Fee payments in accordance with this Section 6.1 shall be effective as of the Effective Date. Except as specifically provided otherwise in this Agreement, such payment shall be in addition to any other payment or in-kind support obligation required under the Agreement or under applicable law.

6.2 *Supporting Information:*

6.2.1 The Franchisee shall file a certified statement of Gross Revenues with each quarterly Franchise Fee payment (“Gross Revenues Statement”) that is prepared by an appropriate, duly authorized financial representative of the Franchisee in accordance with the definition of “Gross Revenues” provided in Section 1.22 of this Agreement, and that shows the basis for the computation of the Franchise Fees payment for the quarter. The Gross Revenues Statement shall be in a form reasonably acceptable to the Commissioner (a form of such report that is currently acceptable to the Commissioner is attached hereto as Appendix G).

6.2.2 *Annual Franchise Fee Statement:* On an annual basis during the Term hereof, within ninety (90) days after the close of the Franchisee's fiscal year, the Franchisee shall furnish to the City a financial statement based on the definition of Gross Revenues as set forth in this Agreement showing the sources and amounts of Gross Revenues for that fiscal year, including all contra-expenses, offsets, deductions, exclusions, and other amounts applied during that fiscal year that have the effect of reducing Goss Revenues (the “Annual Franchise Fee Statement”). The Annual Franchise Fee Statement shall be audited and certified by an independent certified public accountant.

6.3 The Commissioner may audit or conduct a Franchise Fee review of Franchisee's books and records no more than once per year during the Term; provided, however, that any such audit shall commence within thirty-six (36) months following the close of the Franchisee's fiscal year to which such audit relates and shall be completed within a reasonable period of time. The Franchisee shall be entitled to dispute the findings of the city's audit in any appropriate administrative and/or judicial forum. All records reasonably necessary for any such audit shall be made available by Franchisee to the City. Each party shall bear its own costs of an audit. If the results of an audit indicate an overpayment or underpayment of Franchise Fees, the parties agree that such overpayment or underpayment shall be returned or offset against future payments if applicable, to the proper party within sixty (60) days; provided, however, that Franchisee shall be required to remit underpayments to the City together with interest at five percent (5%) of the amount correctly due from the date such underpayment would have been due. Pending the determination of any dispute, the Franchisee shall pay the amount deemed due by the City as

provided in this Subsection and such payment shall be without prejudice to the Franchisee's position. If the dispute shall be determined in the Franchisee's favor, the City shall forthwith pay to the Franchisee the amount of the Franchisee's overpayment, if any, together with interest thereon computed at the One-Year Rate (defined in Section 6.4) commencing on the date the City shall have received such overpayment. Any entity employed by the City or Franchisee that performs the audit or Franchise Fee review shall not be permitted to be compensated on a success based formula e.g. payment based on an underpayment of fees, if any.

6.4 *Late Payments:* In the event that any Franchise Fee payment is not made on or before the dates due (or is determined to be unpaid and due under any Annual Franchise Fee Statement), then interest shall be added at the rate of two percent (2%) over the "Prime Rate" (defined below) per year of the amount of Franchise Fee revenue due to the City. "Prime Rate" means the per annum interest rate publicly announced from time to time by a national banking association selected by the City which maintains a business office in Philadelphia, Pennsylvania, or its successor or survivor in the event of bank merger, as the prime rate (or its equivalent if there shall be no prime rate) of such national bank or its successor or survivor. Any overpayment made to the City reflected in the Annual Franchise Fee Statement shall be credited, together with an amount which reflects the time value of such advance payment computed at the "One-Year Rate" (defined below) as of the due date of the Franchise Fee to which the credit shall apply, against the Franchise Fee payment next payable to the City. The "One-Year Rate" means an annual rate equal to the interest rate of one-year United States Treasury Bills. No acceptance of any payment shall be construed as an accord that the amount paid is the correct amount.

6.5 *Limitation on Franchise Fee Actions:* The parties agree that any action for recovery of any Franchise Fee payable hereunder shall be governed by 42 Pa.C.S. Section 5525. Franchisee shall maintain all records necessary to confirm the accurate payment of Franchise Fees until the statute of limitations provided in 42 Pa.C.S. Section 5525 has run and during the pendency of any litigation or audit pertaining to the payment of the applicable Franchise Fees.

6.6 *No Limitation on Taxing Authority:* Nothing in this Agreement shall be construed to limit any authority of the City to impose any tax, fee, or assessment of general applicability. The Franchise fee payments required by this Section 6 shall be in addition to any and all taxes of a general nature or other fees, grants or charges which Franchisee shall be required to pay to the City or to any state or federal agency or authority, as required under this Agreement or by law, all of which shall be separate and distinct obligations of Franchisee. Franchisee may designate Franchise Fee(s) as a separate item in any bill to a Subscriber as permitted under the Communications Act. Nothing in this Agreement shall be construed to preclude Franchisee from exercising any right it may have under law to challenge the lawfulness of any tax, fee, or assessment of general applicability imposed by the City or any State or federal agency or authority, nor shall anything in this Agreement be construed to waive any rights Franchisee has under 47 U.S.C. § 542 or to waive any rights Franchisee may have to withhold payment of applicable taxes during a challenge of such taxes, to the extent permitted by law.

7. CUSTOMER SERVICE; RATES; ECONOMIC OPPORTUNITY

7.1 *Customer Service:* Franchisee shall comply with: (i) applicable FCC customer service standards for Cable Service, 47 C.F.R. § 76.309, as they may be amended from time to time, (ii) 47 C.F.R. § 76.981, *Negative Option Billing*, and (iii) the provisions of Appendix D hereto.

7.2 *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Agreement shall be subject to the requirements of federal law.

7.3 *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law.

7.4 *Parental Control:* Upon request by any Subscriber, the Franchisee shall provide such requesting Subscriber with a parental control device. Such device will, at a minimum, offer as an option that a Person ordering programming must provide a personal identification number or other means provided by the Franchisee only to a Subscriber; provided, however, that the Franchisee shall bear no responsibility for the exercise of parental controls and shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls.

7.5 *Local Service Centers:* Subject to the requirements of Subsection 7.5.1 and 7.5.2 hereof, the Franchisee shall establish and maintain one (1) Service Center in each of the four (4) Franchise Areas of the City (each a "Service Center"). The Franchisee shall notify Subscribers and the Commissioner of the opening, and thereafter any change in the location, of these Service Centers.

7.5.1 Franchisee shall establish one Service Center in Franchise Area Three (3), not later than December 31, 2009.

7.5.2 With respect to each additional Service Center in the City, Franchisee's obligation to establish and maintain each additional Service Center pursuant to Section 7.5 hereof shall not commence until ninety (90) days from the date on which Franchisee determines that Franchisee has achieved a Subscriber base of five thousand (5,000) Subscribers in each applicable Franchise Area.

7.5.3 Each Service Center shall be open to receive inquiries or complaints from Subscribers during normal business hours, and in no event less than 9:00 a.m. to 5:00 p.m. Monday through Friday, excluding legal holidays.

7.5.4 The Service Centers shall be designed so as to provide access in accordance with applicable law.

7.6 *Franchise Service Manager:* Franchisee shall designate and provide the City with the title, address, telephone number, and email address of its Franchise Service Manager for the City, who will act as the Franchisee's agent to receive complaints and inquiries from the City regarding quality of service, equipment malfunctions and similar matters, and who will be responsible for facilitating the resolution of issues, questions, or comments related to this Agreement.

7.7 *Economic Opportunity Plan:* As of the Effective Date, the Franchisee has submitted an Economic Opportunity Plan consistent with Chapter 17-1600 of The Philadelphia Code.

8. **REPORTS AND RECORDS**

8.1 *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than twenty (20) days' written notice to the Franchisee, the City shall have the right to inspect, for purposes relating to this Agreement, the books, records, maps, plans and other like materials of the Franchisee applicable to the System or Franchisee's provision of Cable Service in the City, at any time during Normal Business Hours; provided, that where volume and convenience necessitate, the Franchisee may require inspection to take place at Franchisee's office within the Franchise Area. Such notice shall identify with reasonable specificity the books, records and materials the City requires to inspect. Except as otherwise expressly provided in this Agreement, the Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than three (3) years, except that books and records related to Franchise Fees shall be maintained until the statute of limitations referenced in Section 6.5 of this Agreement has run. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems (and so designates in writing, consistent with this Section 8.1) to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records that have no direct relation to the provision of Cable Service in the City and are not directly related to Franchisee's compliance with this Agreement; provided, however, that Franchisee shall not designate any books, records or materials as proprietary or confidential for the purpose of evading compliance or disclosure of noncompliance with Franchisee's obligations under this Agreement. Any books, records and materials which the City has the right to inspect under the terms of this Agreement which contain proprietary and confidential material of the Franchisee shall be clearly marked "CONFIDENTIAL" by the Franchisee and, subject to applicable law, the City shall maintain the confidentiality of material so marked, subject to applicable law. Upon the written request of the City, the Franchisee shall provide the City with a brief statement setting forth the Franchisee's reasons for designating such information confidential. To the extent the City determines that applicable law requires disclosure of any books, records materials or other information provided by Franchisee pursuant to this Agreement, Franchisee shall have the right to challenge such disclosure to the fullest extent possible under applicable law and shall only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything herein to the contrary, the Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. § 551.

8.2 *Records Required:*

8.2.1 *Petitions and Applications:* Copies of all proof of performance tests, filings, and reports submitted by the Franchisee to the FCC relating to the System shall be provided to the Commissioner upon request at no cost to the City within a reasonable period of time, not to exceed thirty (30) days after the date of filing of such tests, filings and reports. If the City requests a full copy of any filing, performance test, or report pertaining to the System or Franchisee's obligations under this Agreement described in a notice, the Franchisee shall, subject

to applicable law, provide the City with a full copy at no cost to the City within twenty (20) days thereafter.

8.2.2 *Fiscal Reports.* Within one hundred twenty (120) days after the close of each of the Franchisee's fiscal years or portions thereof during the Term of this Agreement, the Franchisee shall submit a written report to the City, in a form approved by the City, including the following information:

8.2.2.1 A summary of the previous year's, or in the case of the initial reporting year the initial year's, activities in development of the System, including, but not limited to, Cable Service programming or related Cable Services; provided that Franchisee shall not be required to include any information pertaining to numbers of Subscribers added or discontinued during any period of time; and

8.2.2.2 A copy of the Franchisee's annual SEC 10K report, if any, and those, if any, of its parent(s), subsidiaries and Affiliates.

8.2.3 The Franchisee shall at all times maintain the following records and shall make them available for the City's inspection in accordance with Section 8.1, within twenty (20) days following the Commissioner's written request:

8.2.3.1 Records of all written complaints for a period of three (3) years after receipt by the Franchisee, including the nature of each complaint, the date it was received, the disposition of the complaint, if any, and the date thereof. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or the Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

8.2.3.2 Records of outages for a period of three (3) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

8.2.3.3 Records of service calls for repair and maintenance for a period of three (3) years after resolution by the Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

8.2.3.4 Records of installation/reconnection and requests for service extension for a period of three (3) years after the request was fulfilled by the Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

8.2.3.5 A map(s) showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service, in accordance with Article 3; provided that any maps or related documents made available to the City pursuant to this Subsection 8.2.3.5 shall be made available to the City for inspection only and shall be subject to the confidentiality provisions of Section 8.1 of this Agreement.

9. INSURANCE; SURETY BONDS

9.1 *Insurance*: Franchisee shall, at its sole cost and expense, procure and maintain in full force and effect, throughout the Term of this Agreement, the types and minimum limits of insurance specified below. All insurance shall be procured from reputable insurers authorized or permitted to do business in the Commonwealth of Pennsylvania or otherwise reasonably acceptable to the City. All insurance herein shall be written on an “occurrence” basis and not a “claims made” basis. The insurance shall provide for at least thirty (30) days prior written notice to be given to the City in the event there is an adverse material change in coverage or the policies are cancelled or non-renewed, except that there shall be ten (10) days notice for cancellation due to non-payment of premium. The City, its officers, and employees shall be included as additional insureds on all policies required hereunder except the Workers Compensation and Employers liability Policy. Also, the coverage afforded the City, its officers, and employees as additional insureds under the general liability and automobile liability policies will be primary to any coverage available to them and that no act or omission of the City to safeguard life or property shall invalidate the coverage. The limits below may be satisfied with a combination of primary and excess coverage:

(1) Workers Compensation and Employers Liability:

(a) Workers Compensation: Statutory Limits

(b) Employers Liability: \$500,000 each accident – bodily injury by accident; \$500,000 each employee – bodily injury by disease; \$500,000 policy limit

(c) Other states’ insurance including Pennsylvania.

(2) Commercial General Liability:

Limit of Liability: \$20,000,000 per occurrence and in the aggregate combined single limit for bodily injury (including death) and property damage liability. Coverage shall include premises operations; contractual liability; personal injury liability (employee exclusion deleted); independent contractors; employees as additional insureds; cross liability/severability of interests; property damage; explosion, collapse, underground hazards.

(3) Automobile Liability:

Limit of Liability: \$20,000,000 per occurrence combined single limit for bodily injury (including death) and property damage liability.

Coverage: owned, non-owned and hired vehicles.

9.1.1 Certificates of Insurance evidencing the required coverage must be submitted to the Commissioner at the address set forth in Section 15.5.1, *Notices*, and to the City’s Risk Manager (1515 Arch Street, 15th floor, Philadelphia, PA 19102-1595) within ten (10) days of each renewal term. The City reserves the right to require Franchisee to furnish written responses from its authorized insurance carrier representatives to all inquiries made pertaining to the insurance required under the Agreement at any time upon ten (10) days written notice to Franchisee. The Franchisee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Agreement, and providing insurance certificates evidencing the required coverages from the alternative insurer.

9.1.2 The Insurance requirements set forth herein are not intended and shall not be construed to modify, limit or reduce the indemnifications made in the Agreement by Franchisee to the City, or to limit Franchisee's liability under the Agreement to the limits of the policies of insurance required to be maintained by Franchisee in this Agreement.

9.2 *Performance Bond:*

9.2.1 Franchisee shall obtain and maintain at its cost and expense, and file with the Commissioner, a corporate surety bond issued by a company authorized to do business in the Commonwealth of Pennsylvania, which bond shall be on the bond form attached in Appendix E, shall be subject to the approval of the City's Law Department, shall be in the respective annual amounts applicable to each year during the Term of this Agreement, as set forth in the schedule in Section 9.2.2 of this Agreement (the "Performance Bond"), and shall be conditioned upon compliance with this Agreement. If the City determines that the Franchisee has failed to comply with any provision of this Agreement, then there shall be recoverable jointly and severally from the principals and surety any and all damages and costs suffered or incurred by the City or by any subscriber as a result thereof, including, but not limited to, attorneys' fees and costs of any action or proceeding, and including the full amount of any compensation, indemnification, cost of removal or abandonment of any property or other costs which may be in default, up to the full principal amount of the Performance Bond. The Franchisee shall maintain the Performance Bond during the entire Term of this Agreement and thereafter until the Franchisee shall have satisfied in full any and all obligations to the City which arise out of or pertain to the Franchisee and/or this Agreement. Upon the expiration or termination of the Franchise, the Franchisee shall notify the City when the Franchisee believes that it has satisfied in full any and all such obligations and request the release of its obligation to maintain the Performance Bond. The City, within six (6) months after receipt of such notice, shall advise the Franchisee, in writing, whether or not such obligations have been satisfied, and if such obligations have not been satisfied, the general reasons therefor. If the City fails to so advise the Franchisee within such time, the Franchisee may terminate the Performance Bond. If the Franchisee has the right to terminate the Performance Bond under any provision of this Agreement, the City shall cooperate with the Franchisee to permit such termination. In the event that the Performance Bond provided pursuant to this Agreement is not renewed or is cancelled, Franchisee shall provide a new Performance Bond pursuant to this Section 9.2 within thirty (30) days of such cancellation or failure to renew. Neither cancellation, nor refusal by the surety to extend the Performance Bond, nor inability of the Franchisee to file a replacement bond or replacement security for its obligations, shall constitute a loss to the City recoverable under the bond that is not renewed or cancelled; provided, however, that the replacement bond shall be effective as of the date of termination of the cancelled or non-renewed bond and any loss or damage incurred by the City after such effective date of the replacement bond shall be recoverable under the replacement bond. The performance bond shall contain the following endorsement:

"At least sixty (60) days prior written notice shall be given to the City by the surety of any intention not to renew such bond, or to cancel, replace or alter same, such notice to be given by registered mail, return receipt requested, to City of Philadelphia
Commissioner of Public Property

9.2.2 *Performance Bond Schedule:* In accordance with Section 9.2.1 of this Agreement, the Franchisee shall maintain a Performance Bond in accordance with the schedule set forth immediately below:

Years 1 through 7 of the Franchise term: Thirteen Million Dollars (\$13,000,000)
Years 8 through 15 of the Franchise term: Three Million Dollars (\$3,000,000)

9.2.3 The rights reserved to the City with respect to the performance bond are in addition to all other rights of the City, whether reserved by this Agreement or authorized by law or in equity, and no action, proceeding or exercise of a right with respect to such performance bond shall affect any other rights the City may have.

9.3 Insurance and Bond Limits:

Not sooner than January 1st 2015, and not more than once during the Term of this Agreement, the Commissioner, after consultation with the Franchisee, and the City's Risk Manager, may require that the limits on insurance required by this Agreement be increased to not more than Thirty Million Dollars (\$30,000,000) in order to reflect increased potential liability and damages; provided, however, that the Commissioner may not require that the limits on insurance be increased beyond the limits which are, at any given time, the limits consistent with the standards of the cable communications industry, and provided that the City document in reasonable detail the increased risk necessitating such change. If the City determines that an increase under this Section 9.3 is necessary the City shall provide notice to Franchisee identifying such additional risk and the City's intent to increase the required Insurance limits, and shall provide Franchisee with an opportunity to either object in writing or provide the City with evidence of such increased insurance or bond within a period of forty-five (45) days from the date of notice.

10. **INDEMNIFICATION:**

10.1 *Franchisee's Indemnity Obligation:* Subject to the notice requirements of Section 10.2, the Franchisee shall, at its sole cost and expense, indemnify, save, hold harmless and defend the City, its officers, boards, commissions, employees, agents, and contractors, against any and all liens, charges, claims, demands, suits, actions, fines, penalties, losses, costs (including, but not limited to, libel, slander, invasion of privacy and unauthorized use of any trademark, trade name, copyright, patent, service mark or any other right of any person, firm or corporation, but excluding claims arising out of or relating to PEG programming), in law or equity, of any and every kind and nature whatsoever (unless caused by the negligence of the City, its officers, employees and agents or arising out of any act of omission or commission, or any negligence of the City, its officers, agents, employees, boards, commissions, or contractors), arising out of this Agreement, performance of Franchisee's obligations hereunder, or related to PEG Access facilities to the extent of the Franchisee's obligations with respect to the installation of such PEG Access facilities under this Agreement, or the Franchisee's failure to comply with any Federal, State, or local law or regulation.

10.2 *Notice to Franchisee:* In the each instance in which the City seeks indemnification by the Franchisee pursuant to Section 10.1. hereof, the City shall give the

Franchisee prompt written notice of the City's receipt of a claim or action for which it seeks indemnification pursuant to this subsection. The City shall provide Franchisee with such written notice within a period of time that allows Franchisee to take action to avoid entry of a default judgment and does not prejudice Franchisee's ability to defend the claim or action.

10.3 With respect to the Franchisee's indemnity obligations set forth in Section 10.1, the Franchisee shall provide the defense of any claims brought against the City by selecting counsel of the Franchisee's choice to defend the claim, subject to the consent of the City, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the City from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the City, the Franchisee shall have the right to defend, settle, or compromise any claim or action arising hereunder, and the Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that any such proposed settlement includes the release of the City, and the City does not consent to the amount of any such settlement or compromise, the Franchisee shall not settle the claim or action, but its obligation to indemnify the City shall in no event exceed the amount of such settlement.

10.4 Nothing set forth in Article 9, *Insurance; Surety Bonds* or this Article 10, *Indemnification*, shall limit, alter, waive, or replace Franchisee's obligations, if any, as a user of the Public Rights-of-Way, pursuant to Section 11- 701(2)(d) of the Philadelphia Code, and the requirements of this Section 10 shall be in addition to, and not in lieu of, Franchisee's obligations, if any, under Section 11-701(2)(d) of the Philadelphia Code.

11. TRANSFER OF FRANCHISE

11.1 *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any "Transfer" of the Franchise, as defined in this Section 11.1. Except as where otherwise provided in this Article 11, no Transfer of the Franchise may occur without the Franchisee first obtaining the consent of the City by ordinance of City Council. "Transfer" means: (i) any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee; or (ii) any transaction which will result in a change of ownership or control of the Cable System, the Cable System assets, or the Franchise. Application shall be made by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

- 11.1.1 all information and forms required under federal law;
- 11.1.2 any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

- 11.1.3 a report detailing any changes in ownership of voting or non-voting interests of over five percent;
- 11.1.4 other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;
- 11.1.5 complete information regarding any potential impact of the transaction on Subscriber rates and service; and
- 11.1.6 any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the requested information is confidential and proprietary, then the Franchisee must provide the following documentation to the City: (i) specific identification of the information or documents; (ii) a statement attesting to the reason(s) Franchisee believes the information or documents are confidential; and (iii) a statement that the documents and information are available at the Franchisee's designated offices in the City of Philadelphia for inspection by the City.

11.2 *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

11.3 *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

11.4 *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

11.5 *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

11.6 *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for (i) any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; (ii) transfer of an

interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; (iii) any transfer of the Franchise which is the result of a merger of the parent of the Franchisee; or (iv) any transfer of the Franchise which is the result of a merger of another Affiliate of the Franchisee. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

11.6.1 For Transfers described in Section 11.6 that do not involve the transfer of (i) an ownership interest in the Cable System or the assets of the Cable System; or (ii) the transfer of the Franchise itself to another entity, the new controlling entity shall be required to agree with the City in writing, within thirty (30) days after the time of the notice required by Section 11.6, that it will not take any action to impede the Franchisee from satisfying all obligations under this Agreement.

11.6.2 For Transfers described in 11.6, other than those described in Subsection 11.6.1, Franchisee shall provide at least ninety (90) days prior written notice of any such Transfer (“Ninety Day Notice Transfer”), including a brief description of the transaction, the assets or interests to be transferred, and the identity of the transferee. With respect to such Ninety Day Notice Transfers, the transferee shall agree in writing that it will abide by and accept all terms of this Agreement, and that it will assume the obligations, liabilities, and responsibility for all acts and omissions, known and unknown, of the previous Franchisee under this Agreement for all purposes, including, without limitation, renewal of the Franchise.

11.7 *Assumption Agreement:* Subject to Section 11.6, any proposed transferee of any Transfer of the Franchise shall execute an agreement, in a form approved by the Law Department, that it will (i) assume and be bound by all of the provisions, terms and conditions of this Agreement and all applicable Federal, State and local laws and regulations, and (ii) be primarily liable and obligated under such agreements and laws and regulations, without, however, relieving the Franchisee from its obligations to the City under this Agreement which arise on or before the date of transfer and/or would survive under the provisions of Section 15.2 hereof.

12. RENEWAL OF FRANCHISE

12.1 The City and the Franchisee agree that any proceedings undertaken by the City that relate to the renewal of this Franchise shall be subject to the provisions of Section 626 of the Cable Act, 47 U.S.C. § 546 (“Section 626”). Subject to Section 626, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

12.2 Notwithstanding anything to the contrary in Section 12.1, the City and Franchisee agree as follows:

12.3 Subject to Section 626, the Franchisee may apply for renewal of the Franchise at any time before the expiration date of the Franchise; provided, however, that the City shall not be required to entertain any such application(s) except during the three (3) years immediately before the expiration date of the Franchise.

12.4 The application for renewal shall be in form and content acceptable to the Commissioner and shall include the applicant's name, business address, business form and proposal, including, without limitation, types of service and operation, technical standards, and proposed System modifications. The reasonable costs for review and evaluation of the Franchisee's application for renewal shall be borne by the Franchisee.

12.5 *City Council Approval:* Renewal of the Franchise shall be subject to City Council's approval of the renewal by ordinance, and the ordinance becoming law.

12.6 *Informal Negotiations:* At any time during the Term, while affording the public appropriate notice and opportunity to comment as required by applicable law and this Agreement, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise, and if agreement is reached on the terms and conditions of such a renewal, the City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

12.7 The Franchisee and the City consider the terms set forth in this Article 12 to be consistent with the express provisions of Section 626.

13. **DEFAULT AND REMEDIES; TERMINATION OF FRANCHISE**

13.1 *Defaults:* Any failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement shall be a "Default"; If a Default is not cured, following notice, within the cure periods provided in Section 13.2.2 (or if a specific cure period is expressly provided for the Default elsewhere in the Agreement, within that cure period), then the City may:

13.1.1 make a demand upon the Performance Bond pursuant to the provisions of Section 9.2 herein; or

13.1.2 require, where applicable, the payment of liquidated damages as provided in Section 13.5; or

13.1.3 seek and/or pursue money damages from the Franchisee as compensation for such Default; or

13.1.4 seek to restrain by injunction the continuation of the Default; or

13.1.5 pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a "Termination Default" as defined below.

13.2 *Notice and Opportunity to Cure Defaults:* If the City determines that Franchisee has committed or permitted a Default, other than a Termination Default, the following procedure will apply:

13.2.1 *Preliminary Notice of Noncompliance:* The City will give preliminary notice of the noncompliance to Franchisee's designated franchise service manager (or if Franchisee has not designated a franchise service manager, to Franchisee's representative(s) identified in Section 15.5.1, *Notices*), which preliminary notice shall be in writing (including email) (the "Preliminary Notice"). The Franchisee shall respond to such Preliminary Notice within two (2) business days of Franchisee's receipt of the Preliminary Notice which response may be by email, telephone, or in writing ("Franchisee's Preliminary Response").

13.2.2 *Notice of Default and Cure:* If, after two (2) business days from Franchisee's Preliminary Response, the City determines that no Default occurred, the City will so notify the Franchisee in writing. If, after two (2) business days from Franchisee's Preliminary Response, the City determines that a Default has occurred and that the Default has not been cured, the City may issue a written notice of Default to the Franchisee, describing the Default in reasonable detail, including the provisions of the Agreement on which the notice of Default is based (such written notice being referred to herein as the "Notice of Default").

13.2.3 Franchisee will have thirty (30) days from receipt of the Notice of Default to cure the Default. Upon cure of the Default and at Franchisee's written request, the City shall provide written confirmation the cure of the Default has, to the knowledge of the Commissioner (or the Commissioner's designated representative) been effected. If the Default remains uncured after such thirty (30) day period, then the City may exercise any one or more of the remedies provided in Sections 13.1.1-13.1.5.

13.3 *Termination Defaults:* In addition to all other rights and powers retained by the City under this Agreement or otherwise and in addition to the remedies provided in Sections 13.1 and 13.2, the City may, in its sole discretion and at its sole option, but subject to Section 13.4, terminate the Franchise, this Agreement and all rights and privileges of the Franchisee hereunder in the event of a "Termination Default," as defined below, that remains uncured after notice and opportunity to cure as provided in Section 13.4. "Termination Default" by the Franchisee means and includes the following:

13.3.1 Franchisee's breach of or attempt to breach any material provision or warranty of this Agreement.

13.3.2 A final determination of a court of competent jurisdiction, following the exhaustion of all opportunities to appeal such determination, that Franchisee has unlawfully practiced of any fraud or deceit upon the City or Franchisee's subscribers.

13.3.3 *Insolvency.* The Franchisee files a voluntary petition for bankruptcy under the Federal Bankruptcy Code or any similar state or federal law; or any petition for bankruptcy pursuant to Chapter 7 of the United States Bankruptcy Code or any applicable state law of comparable effect is filed against the Franchisee and is not dismissed within sixty (60) days; or a receiver, trustee or custodian is appointed to take possession of all or substantially all the assets of the Franchisee for the benefit of creditors, or the Franchisee makes an assignment for the benefit of creditors, or any action is taken or suffered by the Franchisee under any federal or state insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute.

Franchisee acknowledges and agrees that all payments to the City required under this Agreement are made in the normal and ordinary course of business between the parties.

13.3.4 In connection with any audit, failure to make available books, records, and other communications as required by this Agreement; otherwise, repeated failure to make available books, records and other communications as required by this Agreement or repeated intentional, negligent or reckless failure to honor a request to make available any such individual book, record or other communication;

13.3.5 Failure to comply with any of the terms and conditions of Article 3, *Service Deployment; Provision of Cable Service*;

13.3.6 Failure to maintain bonds and insurance as required by this Agreement;

13.3.7 Failure to indemnify the City as required by this Agreement;

13.3.8 Failure to pay the Franchise Fee as provided in Section 6.1;

13.3.9 Failure to comply with any of the terms and conditions of Section 4.3, *Interconnection*, or Section 5.6, *PEG Interconnection*;

13.3.10 Failure to comply with any of the terms and conditions of Article 5, *PEG Services and Support; Technology Grant*;

13.3.11 Any transfer of the Franchise other than in accordance with Article 11, *Transfer of Franchise*;

13.3.12 Franchisee's intentionally engaging or having engaged in any material misrepresentation in any representation or warranty set forth in this Agreement; or

13.3.13 Any persistent and repeated pattern of material Defaults, even if individual material Defaults that constitute such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to insurance or security provided to the City under Sections 9.1, *Insurance*, or 9.2, *Performance Bond*; provided, however, that this provision shall not apply to alleged material Defaults that are subject to good faith disputes; or

13.3.14 Franchisee ceases to provide Cable Service or persistently fails to provide Cable Service in accordance with this Agreement.

13.4 *Notice and Opportunity to Cure Termination Defaults*: If the City determines that Franchisee has committed or permitted a Termination Default, the following procedure will apply:

13.4.1 If the City determines that the Franchisee has committed or permitted a Termination Default, the City will issue its written notice of Termination Default to the Franchisee, describing the Termination Default in reasonable detail, including the provisions of

the Agreement on which the notice of Termination Default is based (such written notice being referred to herein as the “Notice of Termination Default”).

13.4.2 The Franchisee will have thirty (30) days from receipt of the Notice of Termination Default to cure the Termination Default. Upon cure of the Default and at Franchisee’s written request, the City shall provide written confirmation the Termination Default has, to the knowledge of the Commissioner (or her designated representative) been effected. If the Termination Default remains uncured after such thirty (30) day period, then the City may (in addition to any other remedy provided in Sections 13.1 and 13.2, in its sole discretion and at its sole option, seek termination of this Agreement and the Franchise as follows:

13.4.2.1 The Commissioner shall schedule a public hearing and cause to be served upon the Franchisee at least thirty (30) days prior to the date of the hearing, a written notice of the City’s intent to terminate the Agreement and Franchise, stating the time and place of the hearing. Public notice shall be given of the hearing and the issues that the Commissioner will consider; provided, however, that upon the occurrence of any event described in Section 13.3.3, the Commissioner need not comply with this Section 13.4.2.1. The Commissioner shall hear and consider the issues, shall hear any person interested therein, and shall determine, in the Commissioner's discretion, whether or not a Termination Default by the Franchisee has occurred. The Franchisee shall be afforded fair opportunity for full participation in the hearing, including the right to introduce evidence, to require the production of evidence, and to question witnesses. A transcript shall be made of the proceeding.

13.4.2.2 If the Commissioner determines the existence of a Termination Default by the Franchisee, the Commissioner shall issue her written decision to that effect, stating her reasons for the decision, and may give notice to the Franchisee that, unless there is compliance within such period as the Commissioner may fix, such period not to be less than sixty (60) days (the “Compliance Period”), this Agreement and the Franchise may be terminated and forfeited; provided, however, that no time for compliance need be granted for fraud, misrepresentation, violation of privacy rights referenced in this Agreement, or any event described in Section 13.3.3.

13.4.2.3 At the end of the Compliance Period, the Commissioner shall determine whether the Franchisee is then in compliance. If the Commissioner determines that the Franchisee is not in compliance, the Commissioner may report this finding to the Council together with the Commissioner's recommendation that this Agreement and the Franchise be terminated. The Council shall accept or reject such recommendation by Ordinance. If the Council accepts the Commissioner’s recommendation that the Agreement and the Franchise be terminated by Ordinance, this Agreement and the Franchise shall terminate thirty (30) days after the Ordinance becomes law or on the date provided in the Ordinance, whichever is later, as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the Franchise granted herein.

13.4.3 The City may, at its sole discretion, take any lawful action that it deems appropriate to enforce the City’s rights under the Franchise in lieu of termination of the Franchise.

13.5 *Liquidated Damages:* The City may impose the following liquidated damages for the specified violations of this Agreement set forth in this Section 13.5. Because such violations will result in injury to the City, and because it is and will be impracticable to ascertain the actual amount of such damage in the event of delay or nonperformance, and the City and the Franchisee agree that the liquidated damages in the amounts set forth below are fair and reasonable compensation for such injuries:

13.5.1 For failure to comply with the requirements set forth in Article 8 of this Agreement: (\$1,000) per day for each day the violation continues;

13.5.2 For failure to provide PEG Channels and support pursuant to Section 5.1, Section 5.4, Section 5.5, or Section 5.6 of this Agreement: (\$1,000) per day for each day the violation continues;

13.5.3 For failure to furnish or maintain the Performance Bond as required by Section 9.2: (\$1,000) per day for each day the violation continues;

13.5.4 For failure to adhere to the technical performance standards set forth in Article 4 of this Agreement (including but not limited to the standards set forth in Sections 4.1.6, 4.1.7, 4.1.9, 4.1.11, and 4.2): Two Hundred and Fifty Dollars (\$250) per day for each day such failure continues;

13.5.5 For a Transfer without required City approval as required in Article 11 of this Agreement: (\$1,000) per day for each day such failure continues;

13.5.6 For failure to comply with any of the provisions of Sections 14.1, 14.2, 14.3, 14.4, 14.5, or 14.6, the Franchisee shall pay to the City Two Hundred and Fifty Dollars (\$250) per day for each day, or part thereof, that the breach occurs or continues;

13.5.7 The amount of all liquidated damages shall not exceed Five Hundred Thousand Dollars (\$500,000) in the aggregate in any calendar year during the Term of this Agreement.

13.6 Each breach of each provision of this Agreement shall be considered a separate violation for which separate damages or liquidated damages may be imposed. Any remedy exercised by the City pursuant to Section 13 of this Agreement shall not be a limitation upon any other provisions of this Franchise and applicable law, including revocation, or any other statutorily or judicially imposed penalties or remedies.

13.7 Whenever this Agreement shall set forth any time for an act to be performed by or on behalf of the Franchisee, such time shall be deemed of the essence and any failure of the Franchisee to perform within the time allotted shall be deemed to be a substantial breach of this

Agreement, except as otherwise provided in this Article 13, *Default and Remedies; Termination of Franchise*.

13.8 Except as may be expressly provided otherwise in this Section 13, the City's rights under this Section 13 are in addition to all of the other rights and remedies the city may have under this Agreement, in law, or in equity, and are not intended to be exclusive rights or remedies.

14. SPECIFIC LAWS

14.1 *Non-Discrimination:* The Agreement is entered into under the terms of the Philadelphia Home Rule Charter, as it may be amended from time to time, and in complying with the terms and conditions of this Agreement, Franchisee shall not discriminate or permit discrimination against any person because of race, color, religion, national origin, or sex. In the event of such discrimination, the City may, in addition to any other rights or remedies available under the Agreement, at law or in equity, terminate the Agreement forthwith

14.2 *Fair Practices:* Franchisee agrees, in complying with the terms and conditions of this Agreement, to comply with the provisions of the Fair Practices Ordinance of The Philadelphia Code (Chapter 9-1100) and the Mayor's Executive Order No. 4-86, as they may be amended from time to time, both of which prohibit, inter alia, discrimination against persons with AIDS in employment and services.

14.3 *The Philadelphia Code, Chapter 17-400:* In accordance with Chapter 17-400 of The Philadelphia Code, as it may be amended from time to time, Franchisee agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes a breach of this Agreement entitling the City to all rights and remedies expressly provided in the Agreement or otherwise available at law or equity.

14.3.1 Franchisee agrees to cooperate with the Commission on Human Relations of the City of Philadelphia in any manner that the Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of The Philadelphia Code. Failure to so cooperate shall constitute, without limiting the applicability of Article 13, *Default and Remedies*, a substantial breach of this Agreement entitling the City to all rights and remedies provided herein or otherwise available at law or equity.

14.4 *Federal Laws:* Franchisee shall comply with the provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d - 2000d.7), Section 504 of the Federal Rehabilitation Act of 1973 (29 U.S.C. § 794), The Age Discrimination Act of 1975, (42 U.S.C. §§ 6101 - 6107), Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681), and 45 C.F.R. Part 92, as they may be amended from time to time, which together prohibit discrimination on the basis of race, color, national origin, sex, handicap, age and religion.

14.5 *Affirmative Action:* If required by the City, Franchisee agrees to provide to the Responsible Official or Responsible Official's designee, no later than January 31 of each year during the Term of this Agreement, an annual report describing the increase or decrease in numbers of minority and female employees during the preceding calendar year, or Agreement period if less than a calendar year, in each of the following three categories:

- (a) rank and file employees (other than supervisors and managers);
- (b) supervisors (first level supervisors);
- (c) managers (all managerial personnel other than first level supervisors).

14.6 *Americans With Disabilities Act:* As a condition of accepting and executing the Agreement, Franchisee shall comply with all provisions of the Americans With Disabilities Act (the "Act"), 42 U.S.C. §§12101 - 12213, and all regulations promulgated thereunder, as the Act and regulations may be amended from time to time, which are applicable (a) to Franchisee, (b) to the benefits, Services, activities, facilities and programs provided in connection with the Agreement, (c) to the City, or the Commonwealth of Pennsylvania, and (d) to the benefits, services, activities, facilities and programs of the City or of the Commonwealth, and, if any funds under the Agreement are provided by the federal government, which are applicable to the federal government and its benefits, services, activities, facilities and programs. Without limiting the applicability of the preceding sentence, Franchisee shall comply with the "General Prohibitions Against Discrimination," 28 C.F.R. Part 35.130, and all other regulations promulgated under Title II of "The Americans With Disabilities Act," as they may be amended from time to time, which are applicable to the benefits, services, programs and activities provided by the City through Agreements with outsider contractors.

14.7 *The Philadelphia Code, Section 17-104 – MacBride Principles:*

(a) In accordance with Section 17-104 of The Philadelphia Code, Franchisee by execution of this Agreement certifies and represents that (1) Franchisee (including any parent company, subsidiary, exclusive distributor or company affiliated with Franchisee) does not have, and will not have at any time during the Term of this Agreement (including any extensions thereof), any investments, licenses, franchises, management agreements or operations in Northern Ireland and (2) no product to be provided to the City under this Agreement will originate in Northern Ireland, unless Franchisee has implemented the fair employment principles embodied in the MacBride Principles.

(b) In the performance of this Agreement, Franchisee agrees that it will not utilize any suppliers, Subcontractors or subconsultants at any tier (1) who have (or whose parent, subsidiary, exclusive distributor or company affiliate have) any investments, licenses, franchises, management agreements or operations in Northern Ireland or (2) who will provide products originating in Northern Ireland unless said supplier, subconsultant or Subcontractor has implemented the fair employment principles embodied in the MacBride Principles.

(c) Franchisee agrees to cooperate with the City's Director of Finance in any manner that the said Director deems reasonable and necessary to carry out the Director's responsibilities under Section 17-104 of The Philadelphia Code. Franchisee expressly understands and agrees that any false certification or representation in connection with this

Paragraph and/or any failure to comply with the provisions of this Paragraph shall constitute a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available in law (including, but not limited to, Section 17-104 of The Philadelphia Code) or equity. In addition, it is understood that false certification or representation is subject to prosecution under Title 18 Pa.C.S.A. § 4904.

14.8 *Prevailing Wage*: All employees of the franchisee shall be paid at least the prevailing wage as that term is defined in Section 17-107(1)(j) of the Philadelphia Code, as amended, or under any provisions of any subsequently enacted wage law. The Franchisee shall require all of its contractors and subcontractors to pay all of their employees at least such prevailing wage.

14.9 *Slavery Era Business Disclosures*: In accordance with Section 17-104 of The Philadelphia Code, Franchisee agrees to complete an affidavit certifying and representing that Franchisee (including any parent company, subsidiary, exclusive distributor or company affiliated with Franchisee) has searched any and all records of the Franchisee or any predecessor company regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era. The names of any slaves or slaveholders described in those records must be disclosed in the affidavit. The information in the affidavit will be made public by posting on an Internet-accessible web page of the City. Franchisee expressly understands and agrees that any false certification or representation in connection with this Paragraph and/or any failure to comply with the provisions of this Paragraph shall constitute a substantial breach of this Agreement entitling the City to all rights and remedies provided in this Agreement or otherwise available in law (including, but not limited to, Section 17-104 of The Philadelphia Code) or equity and the contract will be deemed voidable. In addition, it is understood that false certification or representation is subject to prosecution under Title 18 Pa.C.S.A. Section 4904.

14.10 *The Philadelphia Code, Chapter 17-1300 Philadelphia 21st Century Minimum Wage And Benefits Standard*: If Franchisee is subject to Philadelphia Code Chapter 17-1300, as specified therein, Franchisee shall comply with the minimum benefits and compensation standards by providing its employees with an hourly wage, excluding benefits, at least one hundred fifty percent (150%) of the federal or state minimum wage, whichever is higher, as more fully set forth at Philadelphia Code Chapter 17-1300. Franchisee shall promptly provide to the City all documents and information verifying its compliance with the requirements of Section 17-1300. Furthermore, Franchisee shall notify each affected employee what wages are required to be paid. The Office of Labor Standards, as defined by Section 17-1302, may grant a partial or total waiver of Chapter 17-1300 based on specific stipulated reasons elaborated in Section 17-1304 of the Philadelphia Code. City remedies for noncompliance of this section are set forth in Article XII herein. As it relates to minimum benefits, Chapter 17-1300 is effective July 1, 2009.

15. MISCELLANEOUS PROVISIONS

15.1 *Actions of Parties*: In any action by the City or the Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely

manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed, or conditioned.

15.2 *Binding Acceptance; Survival:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors, and assigns, and the promises and obligations herein shall survive the expiration date hereof.

15.3 *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule, or regulation is subsequently repealed, rescinded, amended, or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the City.

15.4 *Force Majeure:* Neither the City nor the Franchisee shall be held in default under, or in noncompliance with, the provisions of this Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged default was caused by a Force Majeure; provided, however, as follows:

15.4.1 In the event that any noncompliance or default resulting from a Force Majeure affects only part of a party's ability to comply with the Agreement, the party shall comply to the maximum extent it is able to do so and shall take all steps reasonably within its ability to minimize the effect of the noncompliance or default, including, without limitation, the length and effect of any delay in complying;

15.4.2 The non-complying or defaulting party shall notify the other party in writing (such notice to the City to be delivered to the Commissioner) of the occurrence of a Force Majeure, or a series of related events together constituting a Force Majeure, that caused or is causing the noncompliance or default; such notice to be provided within twenty (20) business days of the date on which the non-complying or defaulting party becomes aware of the occurrence or commencement of the Force Majeure.

15.5 *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

15.5.1 Notices to the Franchisee shall be mailed to:

President
Verizon Pennsylvania Inc.
1717 Arch Street, Floor 17
Philadelphia, PA 19103

with a copy to:

Senior Vice President and General Counsel-Telecom

One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

Notices to the City shall be mailed to:

Commissioner, Department of Public Property
City Hall, Room 790
Broad and Market Streets
Philadelphia, PA 19107

with a copy to:

City Solicitor
City of Philadelphia Law Department
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

15.6 *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between the Franchisee and the City and supersedes all prior or contemporaneous agreements, representations, or understanding (whether written or oral) of the parties regarding the subject matter hereof.

15.7 *Amendments:* Amendments to this Franchise shall be mutually agreed to in writing by the parties.

15.8 *No Third Party Beneficiaries:* Except as expressly provided in this Agreement, this Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

15.9 *Captions:* The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

15.10 *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term, or provision hereof, all of which will remain in full force and effect for the Term of the Franchise.

15.11 *Recitals*: The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

15.12 *Modification*: This Franchise shall not be modified except by written instrument executed by both parties.

15.13 *FTTP Network Transfer Prohibition*: Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise, or any other action to forbid or disallow the Franchisee from providing Cable Services, shall the Franchisee or its assignees be required to sell any right, title, interest, use, or control of any portion of the Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the City or any third party. The Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal, or any other action to forbid or disallow the Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI or PEG requirements set out in this Agreement.

15.14 *Public Notice of Meetings Relating to Franchise*: Notice to the public of public meetings relating to the Franchise shall be as determined by the Commissioner, consistent with applicable law. Commencing on the seventh (7th) day prior to a public meeting, if requested by the Commissioner in writing, the Franchisee shall notify its subscribers of the meeting by announcement on the half hour on at least one (1) channel on the lowest service tier of the Area System between the hours of 7:00 p.m. and 9:00 p.m., for five (5) consecutive days.

15.15 *Representations and Warranties*: In addition to the representations and warranties of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City that:

15.15.1 *Organization, Standing and Power*: The Franchisee is a corporation duly organized and validly existing under the laws of the Commonwealth of Pennsylvania and is duly authorized to do business in the Commonwealth of Pennsylvania and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

15.15.2 *Authorization*: The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

15.15.3 *Compliance with Law*: The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the

services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service.

15.15.4 *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

15.16 *No Indebtedness to the City:* Franchisee and any and all entities controlling Franchisee, under common control with Franchisee or controlled by Franchisee are not currently indebted to the city, and will not at any time during the term of this Agreement (including any additional term(s)) be indebted to the City, for or on account of any delinquent taxes (including, but not limited to, taxes collected by the city on behalf of the School District of Philadelphia), water bills, sewer bills, liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to the city has been established. Franchisee shall remain current during the Term of this Agreement under all such agreements and payment plans, and shall inform the responsible official in writing of Franchisee's receipt of any notices of delinquent payments under any such agreement or payment plan within five (5) days after receipt. In addition to any other rights or remedies available to the City at law or in equity, Franchisee acknowledges that any breach or failure to conform to this representation, warranty and covenant may, at the option of the City, result in the withholding of payments otherwise due to Franchisee under this Agreement or any other agreement with the City under which the City may then owe payment of any kind, and, if such breach or failure is not resolved to the City's satisfaction within a reasonable time frame specified by the City in writing, may result in the offset of any such indebtedness against said payments or the termination of this Agreement for default (in which case Franchisee shall be liable for all excess costs and other damages resulting from the termination), or both. In addition, Franchisee understands that false certification, representation or warranty by it is subject to prosecution under 18 pa. C. S. § 4904.

15.17 *Remedies:* Except as expressly provided otherwise in this Agreement, the rights and remedies reserved to the City by this Agreement are cumulative and concurrent and shall be in addition to and not in derogation of any other rights or remedies which the City may have with respect to the subject matter of this Agreement. Any termination or expiration of this Agreement, and any renewal hereof, shall be subject to any and all liabilities, actual or contingent, which have arisen during the Term of this Agreement or any renewal hereof.

15.18 *Governing Law; Forum And Jurisdiction:*

15.18.1 This Agreement, the Franchise, and all disputes arising thereunder shall be governed by and construed in accordance with the Laws of the United States of America and the Commonwealth of Pennsylvania, without giving effect to principles of Pennsylvania law concerning conflicts of laws.

15.18.2 Except where jurisdiction lies with the FCC, Franchisee and the City agree that any lawsuit, action, claim, or legal proceeding involving, directly or indirectly, any matter arising out of or related to this Agreement, the Franchise, or the relationship created or evidenced thereby, shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania or the Commonwealth Court of Pennsylvania or the Court of Common Pleas of Philadelphia County. Except as otherwise provided in this Agreement, it is the express intent of the parties that jurisdiction over any lawsuit, action, claim, or legal proceeding shall lie exclusively in one of the foregoing forums and in no other court, administrative agency, board or commission, whether State or federal. The parties further agree not to raise any objection to the choice of forum in connection with any lawsuit, action, claim, or legal proceeding that is brought in either of these two forums and the Parties expressly consent to the jurisdiction and venue of these forums.

15.19 *Independent Review; Agreement:* The City and the Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

15.20 *Counterparts:* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and the parties may become a party hereto by executing a counterpart hereof. This Agreement and any counterpart so executed shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

[SIGNATURE PAGE FOLLOWS]

AGREED TO THIS ____ DAY OF _____, 200_.

CITY OF PHILADELPHIA

By:

Print: _____

Title: _____

SIGNATURES CONTINUE ON NEXT PAGE

VERIZON PENNSYLVANIA INC.

By: _____

President, Verizon Pennsylvania Inc.

APPENDICES

Appendix A: Intentionally Omitted

Appendix B: Franchise Area

Appendix C: Deployment of Cable Service

Appendix D: Customer Service

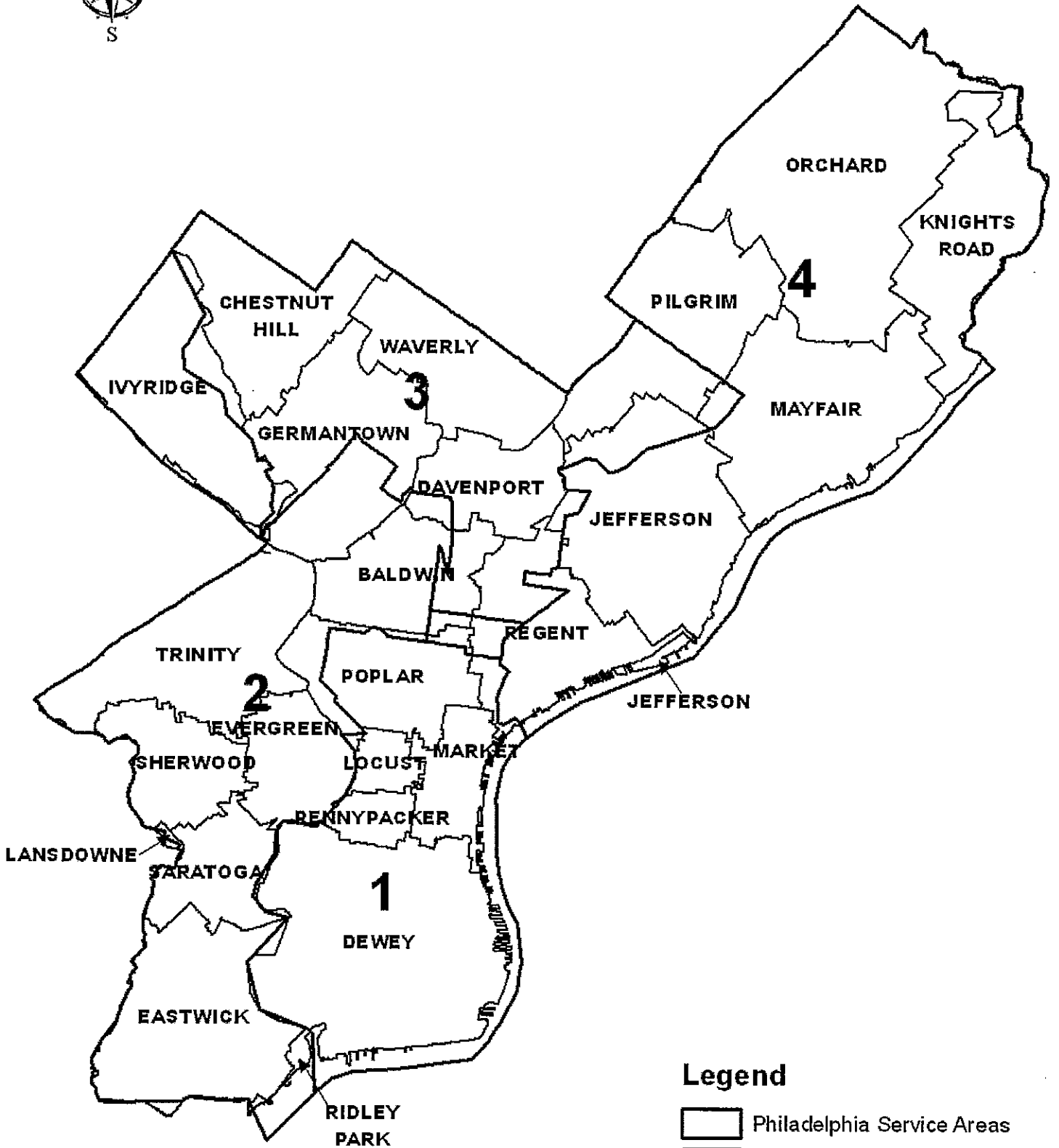
Appendix E: Form of Performance Bond

Appendix F: System Architecture



Appendix G: Form of Quarterly Franchise Fee Report

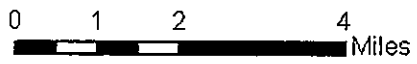
APPENDIX A
INTENTIONALLY OMITTED

APPENDIX B
FRANCHISE AREA



Legend

-  Philadelphia Service Areas
-  Philadelphia Wire Centers



APPENDIX C
DEPLOYMENT OF CABLE SERVICE

APPENDIX C

DEPLOYMENT OF CABLE SERVICE

Section 1 - Citywide Service/Service Deployment Phases:

A. In accordance with the terms of Article 3 of this Agreement, Franchisee shall provide Cable Service to all residential dwelling units in the City within seven (7) years of the Effective Date of this Agreement, subject to the exceptions set forth in Section 3.2 of this Agreement. Franchisee shall make Cable Service available throughout the City in two (2) phases, each respectively consisting of the following areas of the City as described below and as more fully illustrated on the map attached hereto as Exhibit 1 [Wirecenter overlay map].

Phase 1 Areas	Phase 2 Areas
Chestnut Hill	Pennypacker
Pilgrim	Ivyridge
Waverly	Orchard
Poplar	Davenport
Dewey	Baldwin
Knights Road	Eastwick
Mayfair	Saratoga
Regent	Evergreen
Sherwood	Market
Germantown	Locust
Jefferson	
Trinity	

Section 2 – Cable Service Deployment Schedule

A. Phase 1: Not later than the date which is four (4) years from the Effective Date of the Franchise (the “Year 4 Benchmark”), Franchisee shall offer Cable Service in each of the Phase 1 Areas. As of the Year 4 Benchmark, in no event shall the number of households throughout the City capable of receiving Cable Service from Franchisee constitute less than forty-five percent (45%) of total households in the City that are not subject to an exception set forth in Section 3.2 of this Agreement.

B. Phase 2: Not later than the date which is seven (7) years from the Effective Date of the Franchise, Franchisee shall offer Cable Service in each of the Phase 1 Areas and Phase 2 Areas; provided, however, that not later than the date which is six (6) years from the Effective Date of the Franchise (the “Year 6 Benchmark”), in no event shall the number of households

throughout the City capable of receiving Cable Service from Franchisee constitute less than eighty-five percent (85%) of total households in the City that are not subject to an exception set forth in Section 3.2 of this Agreement.

C. Equitable Deployment-Year 5 Benchmark: In order to demonstrate Franchisee's compliance with Section 3.3 of this Agreement (Non-Discrimination), Franchisee agrees that as of the Year 5 Benchmark, the estimated median household income of all households capable of receiving Cable Service from Franchisee shall not be greater than the average household income of all households in the City (based on the calculations set forth in the 2000 census data).

APPENDIX D
CUSTOMER SERVICE

APPENDIX D

CUSTOMER SERVICE STANDARDS

These standards shall, starting twenty-four (24) months after the Effective Date, apply to the Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise Area.

SECTION 1: DEFINITIONS

A. Respond: The Franchisee's investigation of a Service Interruption by receiving a Subscriber call and opening a trouble ticket, if required.

B. Significant Outage: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Franchise Area.

C. Service Call: The action taken by the Franchisee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

D. Standard Installation: Installations where the Subscriber is within one hundred fifty (150) feet of trunk or feeder lines.

SECTION 2: TELEPHONE AVAILABILITY

A. The Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. The Franchisee representatives trained and qualified to answer questions related to Cable Service in the Franchise Area must be available to receive reports of Service Interruptions twenty four (24) hours a day, seven (7) days a week, and other inquiries at least forty five (45) hours per week. The Franchisee representatives shall identify themselves by name when answering this number.

B. The Franchisee's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local telephone company or companies serving the Franchise Area, beginning with the next publication cycle after acceptance of this Franchise by the Franchisee.

C. The Franchisee may use an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU") to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. The Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by the Franchisee shall be answered within thirty (30) seconds. The Franchisee shall meet this standard for ninety percent (90%) of the calls it receives at all call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by the Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after thirty (30) seconds of call waiting.

E. Under Normal Operating Conditions, callers to the Franchisee shall receive a busy signal no more than three percent (3%) of the time during any calendar quarter.

F. At the Franchisee's option, the measurements above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the City of such a change at least thirty (30) days in advance of any implementation.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of Franchisee-supplied equipment and Cable Service.

B. The Standard Installation shall be performed within seven (7) business days after the placement of the Optical Network Terminal ("ONT") on the customer's premises or within seven (7) business days after an order is placed if the ONT is already installed on the customer's premises.

The Franchisee shall meet this standard for ninety five percent (95%) of the Standard Installations it performs, as measured on a calendar quarter basis, excluding customer requests for connection later than seven (7) days after ONT placement or later than seven (7) days after an order is placed if the ONT is already installed on the customer's premises.

C. At the Franchisee's option, the measurements of above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the City of such a change not less than thirty (30) days in advance.

D. The Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls, and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 a.m. unless it is deemed appropriate to begin earlier by location exception. At the Franchisee's discretion, the Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. The Franchisee shall notify the City of any Significant Outage of the Cable Service.

B. The Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, the Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty four (24) hour period only after the City and each affected Subscriber in the Franchise Area have been given fifteen (15) days' prior notice of the proposed Significant Outage. Notwithstanding the foregoing, the Franchisee may perform modifications, repairs, and upgrades to the System between 12.01 a.m. and 6 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual Subscriber notice.

C. The Franchisee representatives who are capable of responding to Service Interruptions must be available to Respond twenty four (24) hours a day, seven (7) days a week.

D. Under Normal Operating Conditions, the Franchisee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty four (24) hours, including weekends, of receiving Subscriber calls respecting Service Interruptions in the Franchise Area.

(2) The Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or the City of a Cable Service problem.

E. Under Normal Operating Conditions, the Franchisee shall complete Service Calls within seventy two (72) hours of the time the Franchisee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy two (72) hour period.

F. The Franchisee shall meet the standard in Subsection E of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

G. At the Franchisee's option, the above measurements may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the City of such a change at least thirty (30) days in advance of any implementation.

H. Under Normal Operating Conditions, the Franchisee shall provide a credit upon Subscriber request when all Channels received by that Subscriber are out of service for a period of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the Subscriber must promptly report the problem and allow the Franchisee to verify the problem if requested by the Franchisee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

I. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty four (24) consecutive hours, the Franchisee

shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly recurring charges for the proportionate time the Cable Service was out, or a credit to the affected Subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by the Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

SECTION 5: CUSTOMER COMPLAINTS

Under Normal Operating Conditions, the Franchisee shall investigate Subscriber complaints referred by the City within five (5) business days. The Franchisee shall notify the City of those matters that necessitate an excess of five (5) business days to resolve, but those matters must be resolved within fifteen (15) days of the initial complaint. The City may require reasonable documentation to be provided by the Franchisee to substantiate the request for additional time to resolve the problem. For purposes of this Section, "resolve" means that the Franchisee shall perform those actions which, in the normal course of business, are necessary to investigate the Customer's complaint and advise the Customer of the results of that investigation.

SECTION 6: BILLING

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. The Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items, Franchise fees, taxes, and/or other governmentally imposed fees. The Franchisee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to the Franchisee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill that lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Subsection 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved provided that:

- (1) The Subscriber pays all undisputed charges;
- (2) The Subscriber provides notification of the dispute to the Franchisee within five (5) days prior to the due date; and
- (3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.

(4) It shall be within the Franchisee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, the Franchisee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. The Franchisee shall provide a telephone number and address on the bill for Subscribers to contact the Franchisee.

G. The Franchisee shall forward a copy of any Cable Service related billing inserts or other mailing sent to Subscribers to the City upon request.

H. The Franchisee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. The Franchisee may in the future, at its discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of the Franchisee, the payment alternative may be limited.

I. Upon the City's written request, the Franchisee shall omit the City's name, address, and telephone number from Subscriber bills as permitted by 47 C.F.R. § 76.952.

SECTION 7: DEPOSITS, REFUNDS, AND CREDITS

A. The Franchisee may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to the Franchisee, or 3) who rent Subscriber equipment from the Franchisee, so long as such deposits are applied on a non-discriminatory basis. The deposit the Franchisee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit the Franchisee may charge for Subscriber equipment is the cost of the equipment that the Franchisee would need to purchase to replace the equipment rented to the Subscriber.

B. The Franchisee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. The Franchisee shall pay interest on other deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within the next available billing cycle following the resolution of the event giving rise to the refund (*e.g.*, equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by the Franchisee or its authorized agent. Appropriate time considerations shall be included in the Franchisee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

SECTION 8: RATES, FEES, AND CHARGES

A. The Franchisee shall not, except to the extent permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to the Franchisee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Franchisee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect the Franchisee's equipment (for example, a dog chew).

B. The Franchisee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice.

SECTION 9: DISCONNECTION /DENIAL OF SERVICE

A. The Franchisee shall not terminate Cable Service for nonpayment of a delinquent account unless the Franchisee mails a notice of the delinquency and impending termination prior to the proposed final termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of the Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to the Franchisee's equipment, abusive and/or threatening behavior toward the Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow the Franchisee to validate the identity, credit history, and credit worthiness via an external credit agency.

SECTION 10: COMMUNICATIONS WITH SUBSCRIBERS

A. All Franchisee personnel, contractors, and subcontractors contacting Subscribers or potential Subscribers outside the office of the Franchisee shall wear a clearly visible identification card bearing their name and photograph. In addition, all Franchisee representatives shall wear appropriate clothing while working at a Subscriber's premises. Every service vehicle of the Franchisee and its contractors or subcontractors shall be clearly identified as such to the public. Specifically, Franchisee vehicles shall have the Franchisee's logo plainly visible. The vehicles of those contractors and subcontractors working for the Franchisee shall have the

contractor's/subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to the Franchisee.

B. All contact with a Subscriber or potential Subscriber by a Person representing the Franchisee shall be conducted in a courteous manner.

C. The Franchisee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by the Franchisee may be referred to the City.

D. All notices identified in this Section shall be by either:

(1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or

(2) A separate electronic notification.

E. The Franchisee shall provide reasonable notice to Subscribers of any pricing changes or additional changes (excluding sales discounts, new products, or offers) and, subject to the foregoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of the Franchisee, and the Franchisee shall provide a copy of the notice to the City including how and where the notice was given to Subscribers.

F. The Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Subsection 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of the Franchisee:

(1) Products and Cable Service offered;

(2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees, and other fees charged by the Franchisee related to Cable Service;

(3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;

(4) Channel positions of Cable Services offered on the Cable System;

(5) Complaint procedures, including the name, address, and telephone number of the City, but with a notice advising the Subscriber to initially contact the Franchisee about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

- (7) The availability of a parental control device;
- (8) Franchisee practices and procedures for protecting against invasion of privacy; and
- (9) The address and telephone number of the Franchisee's office to which complaints may be reported.

A copy of notices required in this Subsection 10.F. will be given to the City at least fifteen (15) days prior to distribution to Subscribers if the reason for notice is due to a change that is within the control of the Franchisee and as soon as possible if not within the control of the Franchisee.

G. Notices of changes in rates shall indicate the Cable Service new rates and old rates, if applicable.

H. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the channel location, hours of operation, or existence of other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

I. Every notice of termination of Cable Service shall include the following information:

- (1) The name and address of the Subscriber whose account is delinquent;
- (2) The amount of the delinquency for all services billed;
- (3) The date by which payment is required in order to avoid termination of Cable Service; and
- (4) The telephone number for the Franchisee where the Subscriber can receive additional information about their account and discuss the pending termination.

APPENDIX E
FORM OF PERFORMANCE BOND



CITY OF PHILADELPHIA

PERFORMANCE BOND

Cable Franchise Agreement Between City Of Philadelphia
And Verizon Pennsylvania Inc.,
Dated [insert Agreement Effective Date] _____

Bond No. _____
Bond Amount _____

1. Verizon Pennsylvania, Inc. ("Franchisee") and _____ ("Surety") jointly and severally bind themselves, their heirs, executors, administrators, successors, and assigns to the City of Philadelphia ("City") for the performance of the Franchise Agreement. The Franchise Agreement is by reference incorporated herein and made a part hereof.
2. If the Franchisee performs the Franchise Agreement, in accordance with the terms and conditions thereof, the Surety and the Franchisee shall have no further obligation under this Performance Bond.
3. The Surety's obligation under this Performance Bond shall arise after the City has declared a "Franchisee Default" as defined below, formally terminated the Franchise Agreement or the Franchisee's rights under the Franchise Agreement, and so notified the Surety under this Performance Bond.
4. When the City has satisfied the conditions of Paragraph 3 above, the Surety shall, at the Surety's sole cost and expense, undertake one or more of the following actions:
 - a. Arrange for the Franchisee to perform and complete the Franchise Agreement; or
 - b. Perform and complete the Franchise Agreement itself, through qualified entities approved by the City, through a contract between the Surety and such qualified entity, which performance and completion shall be undertaken in strict accordance with the terms and conditions of the Franchise Agreement; or
 - c. Tender payment to the City in the amount of all losses incurred by the City as a result of the Franchisee Default and as determined by the City for which the Surety is liable to the City, including any and all costs of performing the Franchise Agreement and all losses, costs, and expenses incurred by the City as a result of the Franchisee Default, and including all unpaid fees or payments owed to the City by the Franchisee under the Franchise Agreement, except that Surety's payment under this option shall in no event exceed the Bond Amount provided above. The Surety may not proceed with this option in lieu of the options set forth in subparagraphs (a) or (b) above, except upon the express written consent of the City, which consent may be withheld by the City for any reason.
5. The Surety shall proceed in accordance with Paragraph 4 above within ten (10) business days after notice from the City to the Surety of the Franchisee Default, formal termination of the Franchise Agreement or the Franchisee's right to perform the Franchise Agreement, except that the Surety shall proceed within five (5) days after notice, where the notice states that immediate action by the Surety is necessary to safeguard life or property.
6. If the Surety fails to proceed in accordance with Paragraphs 4 and 5 above, then the Surety shall be deemed to be in default on this Performance Bond three business days after receipt of written notice from the City to the Surety demanding that the Surety perform its obligations under this Performance Bond. Thereafter, if notice to the Surety is without effect, the City shall be entitled to enforce any legal or equitable remedy

available to the City. If the Surety has denied liability, in whole or in part, the City shall be entitled without further notice to Surety to enforce any legal or equitable remedies available to the City.

7. This Bond shall be effective as of the date of the Franchise Agreement written on page 1, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Oblige not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Oblige.
8. Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its obligations under said Agreement, shall constitute a loss to the Oblige recoverable under this bond.
9. After the City has terminated the Franchise Agreement or the Franchisee's rights under the Franchise Agreement, and if the Surety is proceeding under subparagraphs 4(a) or 4(b) above, then the responsibilities of the Surety to the City shall not be greater than those of the Franchisee under the Franchise Agreement, and the responsibilities of the City to the Surety shall not be greater than those of the City under the Franchise Agreement. The Surety shall be obligated to the limit of the Bond Amount as set forth on page 1 of this Performance Bond. The Surety shall be obligated, without duplication, for:
 - a. The responsibilities of the Franchisee for performance of the Franchise Agreement and correction of all Franchisee Defaults under the Franchise Agreement;
 - b. Additional legal, professional, delay costs and other costs incurred by the City as a result of the Franchisee Default, and as a result of the Surety's actions or failures to act under Paragraph 4 above;
 - c. Liquidated damages as specified in the Franchise Agreement, and all damages incurred by the City as a result of Franchisee Default and/or non-performance of the Franchise Agreement by the Surety; and
 - d. Payment of all unpaid and due and owing fees or payments owed to the City under the Franchise Agreement.
10. The Surety hereby waives notice of any change or modification to the Franchise Agreement.
- 11 Any proceeding, suit, or claim, legal or equitable, under this Performance Bond shall be instituted in the U.S. District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County and shall be instituted within two years of the date on which the Surety refuses or fails to perform its obligations under this Performance Bond, in accordance with Paragraphs 4 and 5 above. If the provisions of this Paragraph are void or prohibited by law, the minimum limitations period available to sureties as a defense in the jurisdiction of the proceeding, suit, or claim shall be applicable.
12. All notices to the Surety or the Franchisee shall be mailed or delivered to the respective addresses shown on the signature page. In the event of a change in the address of the Surety or the Franchisee, such party shall promptly provide notice to the City and the other party, with such notice to include the title and date of the Franchise Agreement as set forth on page 1 above and the above number of this Performance Bond. Notice to the City shall be provided as set forth in the Franchise Agreement.
13. The law controlling the interpretation or enforcement of this Performance Bond shall be Pennsylvania law.
14. Definitions
 - a. City/Verizon Franchise Agreement or Franchise Agreement: The agreement between the City and Franchisee, identified by the title and date on Page 1 above, pursuant to which the City granted Franchisee the right to own, construct, operate, and maintain a Cable System in and along the public rights-of-way within the Franchise Area for the purpose of providing Cable Service (where "Cable System," "Cable Service," and "Franchise Area" have the meanings provided in the Franchise Agreement.)

- b. Franchisee Default: "Franchisee Default" shall mean the occurrence of a "Default" or a "Termination Default" as defined or provided for in the Franchise Agreement.

FRANCHISEE AS PRINCIPAL:

Signature: _____

Title: _____

Date: _____

Address: _____

(Franchisee Corporate Seal)

SURETY:

Signature: _____

Attorney-In-Fact
(*Attach Power of Attorney)

Date: _____

Address: _____

(Surety Seal)

APPENDIX F
SYSTEM ARCHITECTURE

APPENDIX F

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

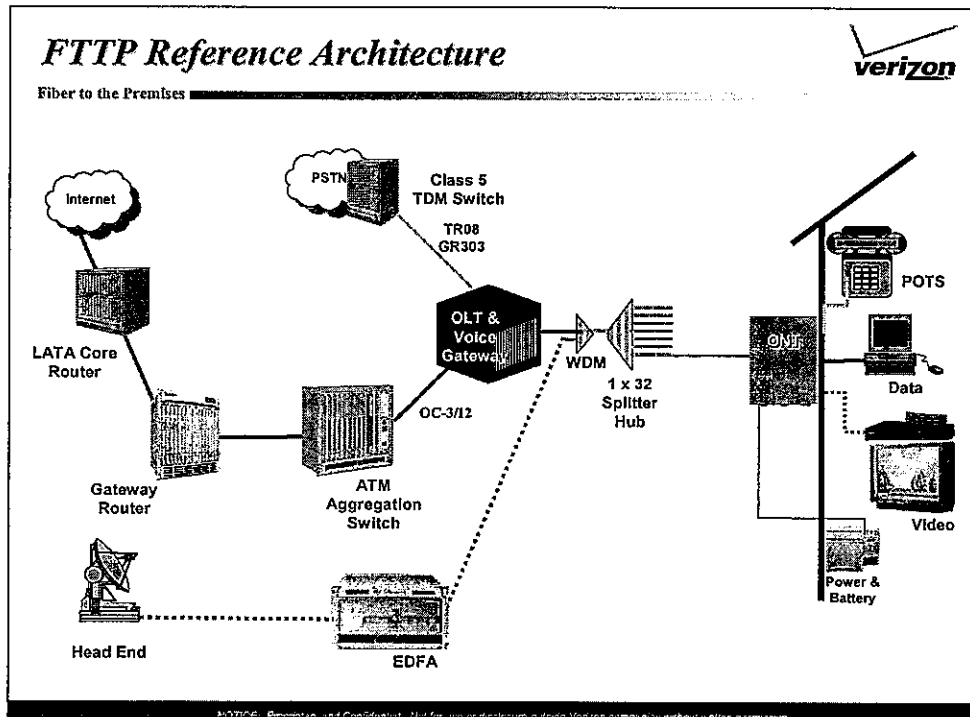
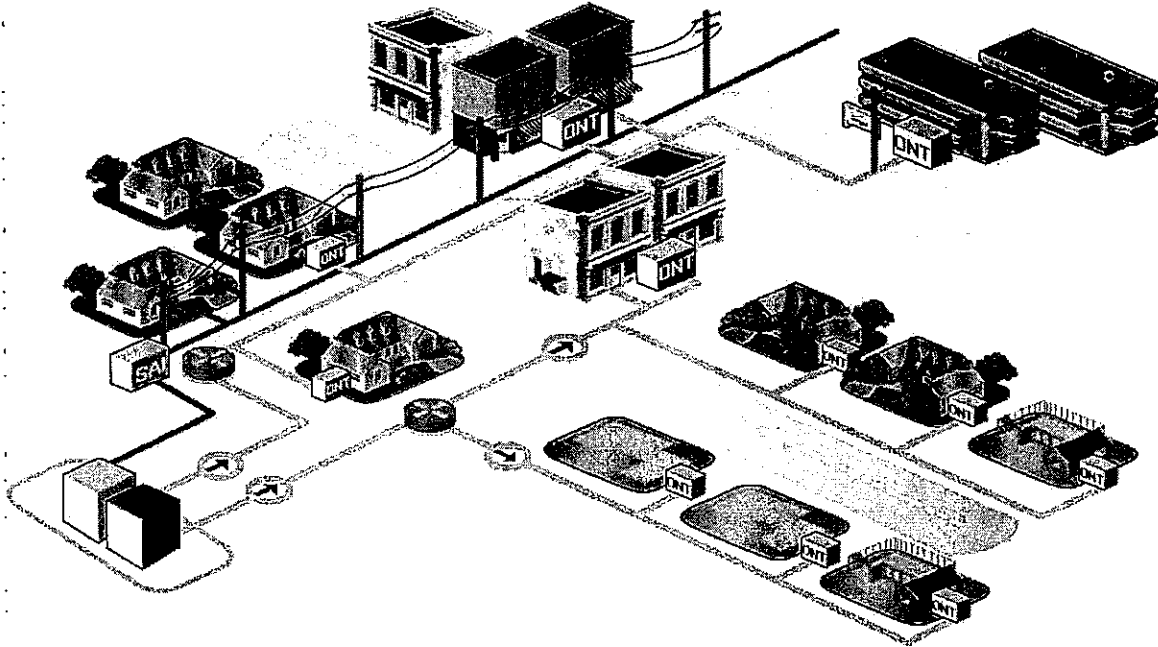


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point



At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The

national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX G
FORM OF QUARTERLY FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of Philadelphia

Verizon - fBA

Pennsylvania

Franchise Fee Rate: 5.00%

October November December Quarter Total

Monthly Recurring Cable
Service Charges (e.g. Basic,
Enhanced Basic, Premium and
Equipment Rental)
Usage Based Charges (e.g.
PayPer View, Installation)

Advertising

Home Shopping

Late Payment

Other Misc. (Leased Access &
Other Misc.)

Franchise Fee Billed

PEG Fee Billed

Less:

Bad Debt

Total Receipts Subject to
Franchise Fee Calculation

Franchise Fee Due

Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.

