

# City of Philadelphia



(Bill No. 060440)

## AN ORDINANCE

Consenting to the assignment of Area II cable television franchise from Time Warner Cable Inc. to Time Warner NY Cable LLC, to further assignment of such franchise from Time Warner NY Cable LLC to Cable Holdco Exchange VI LLC, and to change of control of such franchise from Time Warner Inc. to Comcast Corporation, all under certain terms and conditions.

**WHEREAS**, Time Warner Cable Inc. (“TW Cable”), a Delaware corporation and subsidiary of Time Warner Inc., is the operator of a cable television system in Area II of the City of Philadelphia (the “Area II Franchise”), pursuant to a transfer of the Area II Franchise from Urban Cable Works of Philadelphia, L.P. (“Urban Cable”), to which the City consented by ordinance (Bill No. 050858, approved November 21, 2005); and

**WHEREAS**, TW Cable currently operates the Area II Franchise pursuant to an assignment to and assumption by TW Cable of a Franchise Renewal Agreement (together with amendments and modifications, the "Area II Franchise Agreement") which was executed on December 21, 1999 by the City as franchisor and Wade Communications Partnership, d/b/a Wade Cablevision, as franchisee, as approved by Bill No. 990843 on December 16, 1999, and which Area II Franchise Agreement was transferred to Urban Cable with the City’s consent by ordinance (Bill No. 990842, approved December 16, 1999); and

**WHEREAS**, TW Cable, as a condition to the City of Philadelphia’s consent to the transfer of the Area II Franchise to TW Cable from Urban Cable, also entered into an Assumption Agreement with the City of Philadelphia dated December 2, 2005 (the “2005

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Assumption Agreement”), by which TW Cable among other commitments agreed to assume and be bound by all of the provisions, terms and conditions of the Area II Franchise Agreement and those certain agreements, understandings, modifications and amendments related thereto, including but not limited to an Assumption Agreement (the “1999 Assumption Agreement”) and a Supporting Agreement (the “Supporting Agreement”) both dated December 21, 1999 between the City and Urban Cable; and TW Cable further committed to comply with the terms and conditions set forth in Attachment A to the 2005 Assumption Agreement, which were incorporated into and made a part of the Area II Franchise Agreement; and

**WHEREAS**, under the terms of the Area II Franchise Agreement, the Area II Franchise terminates as of August 12, 2015; and

**WHEREAS**, Time Warner NY Cable LLC (“TWNY”), a Delaware limited liability company, is a wholly-owned a subsidiary of TW Cable; and

**WHEREAS**, under an Agreement of Contribution, Bill of Sale and Assignment and Instrument of Assumption by and between TW Cable and TWNY dated January 5, 2006, which is attached as Exhibit A, TW Cable agreed to assign to TWNY, and TWNY agreed to accept, TW Cable’s rights, title and interests in the Area II Franchise and the assets related to the operation thereof (the “TWNY Assignment”); and

**WHEREAS**, TWNY commits that it will enter into an Assumption Agreement (the “2006 TWNY Assumption Agreement”) with the City of Philadelphia by which it will assume and be bound by all of the provisions, terms and conditions of the Area II Franchise Agreement and all amendments thereto, including but not limited to the 1999

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Assumption Agreement, the Supporting Agreement, and the 2005 Assumption Agreement; and

**WHEREAS**, TWNY is also planning to enter into a separate transaction with Adelphia Communications Corporation pursuant to an Asset Purchase Agreement dated as of April 20, 2005 (the “Adelphia Transaction”), the timing of which will impact the structure of the TWNY Assignment; and

**WHEREAS**, if the TWNY Assignment is implemented prior to the closing of the Adelphia Transaction, TW Cable will directly transfer the Area II Franchise to TWNY; however, if the TWNY Assignment is implemented after the closing of the Adelphia Transaction, TW Cable will transfer the Area II Franchise to TWNY through a series of transactions that would occur in immediate succession: (i) TW Cable would transfer the Area II Franchise to its subsidiary TWE Holding I LLC; (ii) TWE Holding I LLC would transfer the Area II Franchise to its subsidiary Time Warner NY Cable Holding Inc.; and (iii) Time Warner NY Cable Holding Inc. would transfer the Area II Franchise to TWNY; and

**WHEREAS**, TW Cable, TWNY, Comcast Corporation, a Pennsylvania corporation (“Comcast”), and several Comcast subsidiaries entered into an Exchange Agreement dated as of April 20, 2005 (the “Exchange Agreement”), a form of which without exhibits is attached as Exhibit B, whereby TW Cable and Comcast will exchange rights to operate certain cable franchises which each currently operates or will acquire from Adelphia Communications Corporation; among the interests to be exchanged are those of TWNY with respect to the Area II Franchise, control of which TW Cable will transfer to Comcast

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in exchange for Comcast's interests in cable franchises in other jurisdictions, pursuant to the terms of such Exchange Agreement, including the condition that consent of the City as franchise authority be obtained; and

**WHEREAS**, following completion of the assignment of the Area II Franchise to TWNY by TW Cable, and immediately prior to the exchange transaction contemplated by the Exchange Agreement, TW Cable will effect an internal assignment of the Area II Franchise from TWNY to subsidiary Cable Holdco Exchange VI LLC, a Delaware limited liability company ("Holdco VI"); and

**WHEREAS**, immediately after the assignment of the Area II Franchise to Holdco VI by TWNY, Century-TCI California, L.P., an indirect wholly-owned subsidiary of Comcast, will acquire 100 percent control of Holdco VI (the "Holdco VI Change of Control"); and

**WHEREAS**, the change of control of the Area II Franchise from TW Cable to Comcast will be effected through the acquisition of Holdco VI by Century; and

**WHEREAS**, all property rights and franchise rights of TW Cable and TWNY in the Area II Franchise will vest in Holdco VI and will be controlled by Comcast, and all debts, liabilities and duties of TW Cable and TWNY with respect to the Area II Franchise will become the debts, liabilities and duties of Holdco VI; and

**WHEREAS**, it is intended that Holdco VI will become the franchisee for Area II effective upon the assignment from TWNY and the immediately subsequent Holdco VI Change of Control, that Holdco VI, except to the extent specifically excluded by agreement of the City and Holdco VI, will assume and be bound by all provisions, terms, and conditions of the Area II Franchise Agreement and all amendments thereto, including

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but not limited to the 1999 Assumption Agreement, the Supporting Agreement, the 2005 Assumption Agreement, and the 2006 TWNY Assumption Agreement; and

**WHEREAS**, Holdco VI commits that it will enter into an Assumption Agreement (the “2006 Holdco VI Assumption Agreement”) with the City by which it will assume and be bound by all of the provisions, terms and conditions of the Area II Franchise Agreement and all amendments thereto, including but not limited to the 1999 Assumption Agreement, the Supporting Agreement, the 2005 Assumption Agreement, and the 2006 TWNY Assumption Agreement, except to the extent specifically excluded by agreement of the City and Holdco VI; and

**WHEREAS**, Comcast will guarantee the performance by Holdco VI of its obligations pursuant to the Area II Franchise Agreement and all amendments thereto, including but not limited to the 1999 Assumption Agreement, the Supporting Agreement, the 2005 Assumption Agreement, the 2006 TWNY Assumption Agreement, as provided by and with specific exclusions stated within the 2006 Holdco VI Assumption Agreement; and

**WHEREAS**, TW Cable and Comcast seek the consent of the City for the assignment and transfer of the Area II Franchise and all interests therein to Holdco VI and the transfer of control of the Area II Franchise to Comcast; and

**WHEREAS**, Article II, Section 10 of the Area II Franchise Agreement requires that the franchisee obtain the consent of the City by ordinance prior to the transfer of control of the franchise or transfer of the franchise or any interest therein; and

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**WHEREAS**, the TWNY Assignment and the Holdco VI Change of Control are events requiring the consent of the City by ordinance pursuant to Article II, Section 10 of the Area II Franchise Agreement; and

**WHEREAS**, Article II, Sections 10.c and 10.d of the Area II Franchise Agreement require TW Cable and Comcast to demonstrate the character and financial qualifications of the proposed new franchisees TWNY and Holdco VI, and TW Cable and Comcast have submitted documents so demonstrating; now, therefore,

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

**SECTION 1.** City Council hereby consents, pursuant to Article II, Section 10 of the Area II Franchise Renewal Agreement (approved by Bill No. 990843, approved December 16, 1999) to:

- 1) the assignment of Area II Franchise for cable television service from Time Warner Cable Inc. (“TW Cable”) to Time Warner NY Cable LLC (“TWNY”) pursuant to the Agreement of Contribution, Bill of Sale and Assignment and Instrument of Assumption by and between TW Cable and TWNY dated January 5, 2006, which is attached hereto as Exhibit A, and
- 2) to the further assignment of the Area II Franchise from TWNY to Cable Holdco Exchange VI LLC (“Holdco VI”), and
- 3) to the change of control of the Area II Franchise from Time Warner Inc. to Comcast Corporation by acquisition of Holdco VI by Century-TCI California,

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L.P., an indirect wholly-owned subsidiary of Comcast, pursuant to the Exchange Agreement dated as of April 20, 2005 by and among TW Cable, TWNY, Comcast Corporation and several Comcast subsidiaries, a form of which without exhibits is attached as Exhibit B;

provided that:

- 1) TWNY executes an Assumption Agreement substantially in the form attached hereto as Exhibit C,
- 2) Holdco VI executes an Assumption Agreement substantially in the form attached hereto as Exhibit D; and
- 3) Comcast Corporation executes an agreement substantially in the form attached hereto as Exhibit E,

in each case with such additions, deletions and changes as the City Solicitor deems appropriate.

**SECTION 2.** The Chief Clerk of City Council shall keep all Exhibits to this Ordinance on file and make them available to the public for inspection and copying during regular office hours.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 15, 2006. The Bill was Signed by the Mayor on July 5, 2006.

A handwritten signature in cursive script that reads "Patricia Rafferty".

Patricia Rafferty  
Chief Clerk of the City Council