CABLE TELEVISION FRANCHISE AGREEMENT

between

The District of Columbia

and

Comcast Cablevision of the District, LLC

October 21, 2002

Table of Contents

Page

SCHEDULE OF APPENDICES

THIS AGREEMENT, executed in duplicate this 21st day of October, 2002, by and between THE DISTRICT OF COLUMBIA (hereinafter referred to as the "District"), by the Mayor of the District and the Chairman of the Council of the District, party of the first part, and COMCAST CABLEVISION OF THE DISTRICT, LLC (hereinafter referred to as the "Company"), party of the second part:

W I T N E S S E T H:

WHEREAS, Pursuant to the D.C. Cable Television Communications Act of 1981, effective August 21, 1982 (D.C. Law 4-142; D.C. Official Code § 34-1201 *et seq.*), as amended, the District, acting through the Council (as defined in Section 1 hereof), has the power to grant and renew franchises for Cable Services (as defined in Section 1 hereof) within the District; and

WHEREAS, Pursuant to the federal Cable Act (as defined in Section 1 hereof), the Congress established certain cable franchising (including renewal) procedures and standards in order to, among other purposes, encourage the growth and development of cable systems, assure that cable systems are responsive to the needs and interests of the local community, assure that cable communications provide and are encouraged to provide the widest possible diversity of information services and other services to the public and assure that access to Cable Service is not denied to any Person (as defined in Section 1 hereof); and

WHEREAS, On December 28, 1984, through the District of Columbia Cable Television Franchise Award Act of 1984, effective March 14, 1985 (D.C. Law 5-163; D.C. Official Code § 34-1213.01, note), the District granted the predecessor in interest of the Company (as defined in Section 1 hereof), a franchise for the provision of cable television services (the "Previous Franchise"), the terms of which are set forth in An Agreement Granting a Franchise to District Cablevision, Inc. to Operate a Cable Television System in the District of Columbia and Setting Forth Conditions Accompanying the Granting of the Franchise, approved by Act on December 28, 1984, as amended by the Cable Television Franchise Agreement Modification Act of 1985, effective November 19, 1985 (D.C. Law 6-59; 32 DCR 7018) and by the Cable Television Communications Act of 1981 Amendment Act of 1987, effective March 16, 1988 (D.C. Law 7-93; 35 DCR 721), (the "Previous Franchise Agreement"); and

WHEREAS, The Previous Franchise, which was scheduled to expire on March 14, 2000, has been extended to March 14, 2002, pursuant to the Approval of the Extension of the Term of District Cablevision Limited Partnership Franchise in the District of Columbia Emergency Act of 2000, effective April 17, 2000 (D.C. Act 13-314; 47 DCR 2847); the Approval of the Extension of the Term of District Cablevision Limited Partnership Franchise Temporary Act of 2000, effective July 18, 2000 (D.C. Law 13-142; 47 DCR 6092); Approval of the Extension of the Term of District Cablevision Limited Partnership's Franchise Act of 2000, effective September 16, 2000 (D.C. Law 13-153; 47 DCR 8059); Mayor's Order 2000-144, adopted September 22, 2000 (47 DCR 8256); Mayor's Order 2000-156, adopted October 12, 2000 (47 DCR 8682); Mayor's Order 2000-169, adopted November 2, 2000 (47 DCR 9536); Mayor's

Order 2001-9, adopted January 16, 2001 (48 DCR 946); Mayor's Order 2001-10, adopted January 17, 2001 (48 DCR 947); Mayor's Order 2001-26, adopted February 14, 2001 (48 DCR 2179); the Approval of the Extension of the Term of Comcast Cablevision of the District, LLC's Franchise Emergency Act of 2001, effective March 21, 2001 (D.C. Act 14-23; 48 DCR 3309); the Approval of the Extension of the Term of the Franchise of Comcast Cablevision of the District, LLC, Congressional Review Emergency Act of 2001, effective June 6, 2001 (D.C. Act 14-63; 48 DCR 5710); the Approval of the Extension of the Term of Comcast Cablevision of the District, LLC's Franchise Temporary Act of 2001, effective July 10, 2001 (D.C. Law 14-12; 48 DCR 6588); the Approval of the Extension of the Term of the Franchise of Comcast Cablevision Act of 2001, effective October 26, 2001 (D.C. Law 14-49; 48 DCR 10382; to be codified at D.C. Official Code § 34-1213.01 note); and the Comcast Cable Franchise Extension Emergency Act of 2002, effective March 13, 2002 (D.C. Act 14-298; 49 DCR 2652; to be codified at D.C. Official Code § 34-1202.01 note); and

WHEREAS, Pursuant to Section 17 of the D.C. Cable Television Communications Act of 1981, effective August 21, 1982 (D.C. Law 4-142; D.C. Official Code § 34-1216), as amended, a final franchise renewal shall be by act of the Council; and

WHEREAS, In response to a renewal petition submitted by the Company, the District, pursuant to the terms of the Cable Act, reviewed the performance of the Company under its franchise, performed a technical review of the system, identified the future cable-related community needs and interests, and issued a request for renewal proposal for the cable television franchise to which the Company responded; and

WHEREAS, The Company offered to provide certain facilities and equipment as well as various Services (as defined in Section 1 hereof) and to perform certain additional undertakings and the Company and the District subsequently engaged in arm's-length negotiations regarding the terms and conditions of a proposed franchise; and

WHEREAS, The Council held a public hearing on the proposed franchise agreement memorializing the terms and conditions of the proposed franchise; and

WHEREAS, Said hearing was a full public proceeding affording due process at which the District reviewed the Company's character and its financial, legal and technical ability to carry out its obligations pursuant to this Agreement (as defined in Section 1 hereof); and reviewed the Company's plan for constructing, operating, maintaining, upgrading, rebuilding and enhancing the System (as defined in Section 1 hereof); and

WHEREAS, The District, following said public hearing, determined that this Agreement granting the Company a nonexclusive franchise complies with the franchise standards set forth in the federal Cable Act, the D.C. Cable Act, and all other applicable laws and regulations; and

WHEREAS, The Council adopted an Act authorizing the Mayor and the Chairman of the Council to execute this Agreement and granting the Company a nonexclusive franchise on the terms and conditions set forth in this Agreement; and

WHEREAS, The District intends to exercise the full scope of its powers, including both its police power and contracting authority, to promote the public interest; to protect the health, safety and welfare of its residents; and to assure the widespread availability of cable television services; and, in pursuit of these goals, among other purposes, desires to maximize the diversity of programming provided over the System and access to the System by Persons other than the Company; to promote access to advanced services and technologies for District residents and institutions; to develop innovative programming and services by the District and its institutions for delivery to the public over the System; to experiment with and implement uses for Cable Communications Systems (as defined in Section 1 hereof), including the System, in connection with the District's operations; and to develop an Institutional Network (as defined in Section 1 hereof) as a means of providing a wide range of Cable Services and Noncable Services (as defined in Section 1 hereof) for public, educational and governmental use; and

WHEREAS, The Company, through arm's-length negotiation of the terms and conditions of this Agreement between the Company and the District, has knowingly and voluntarily agreed to such terms and conditions;

NOW, THEREFORE, In consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

SECTION 1
DEFINED TERMS

For purposes of this Agreement, the following terms, phrases, words and their derivations shall have the meanings set forth in this Section, unless the context clearly indicates that another meaning is intended. When not inconsistent with the context, words used in the present tense include the future tense, words used in the plural number include the singular number, and words used in the singular number include the plural number. All capitalized terms used in the definition of any other term shall have their meaning as otherwise defined in this Section 1.

1.1 "Abandonment" means the cessation, by act or failure to act of the Company or any Affiliated Person, of the provision of all, or substantially all, of the Services then being provided over the System to Subscribers or the District for seven (7) or more consecutive days, except if due to an event beyond the control of the Company as set forth in Section 15.4 hereof.

1.2 "Actual Cost" means the incremental cost to the Company or an Affiliated Person of (i) the equipment and (ii) the materials and labor of any construction,

maintenance or other services provided by the Company or such Affiliated Person. Actual Cost shall not include any markup on such equipment, materials or labor. (The term "actual costs" as defined in Exhibit 1 to Appendix E only applies to such Exhibit 1.)

1.3 "Affiliated Person" means each Person who falls into one (1) or more of the following categories: (i) each Person having, directly or indirectly, a Controlling Interest in the Company; (ii) each Person in which the Company has, directly or indirectly, a Controlling Interest; (iii) each officer, director, general partner, limited partner holding an interest of twenty percent (20%) or more, joint venturer or joint venture partner of the Company; and (iv) each, Person, directly or indirectly, controlling, controlled by or under common Control with the Company; provided that "Affiliated Person" shall in no event mean the District, any PEG Entity, any limited partner holding an interest of less than twenty percent (20%) of the Company or any creditor of the Company solely by virtue of its status as a creditor and which is not otherwise an Affiliated Person by reason of falling within clause (iii) of this Section 1.3 or by reason of owning a Controlling Interest in; being owned by; or being under common ownership, common management or common Control with the Company.

1.4 "Agreement" means this Cable Television Franchise Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

1.5 "Analog Channel" means six (6) MHz of bandwidth provided in analog form, which shall include both the visual and aural carriers and corresponding sidebands which constitute the picture and sound of an NTSC television program.

1.6 "Basic Service" means any Service tier which includes the retransmission of local television broadcast Signals.

1.7 "Business Day" means any day, which is not a Holiday.

1.8 "Cable Act" means the Cable Communications Policy Act of 1984, approved October 30, 1984 (98 Stat. 2779; 47 U.S.C. §§ 521-573) and any amendments thereto.

1.9 "Cable Communications System" means any facility consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television Signals of one or more television broadcast stations; (B) a facility that serves subscribers without using any public right-of-way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the Communications Act of 1934, approved June 19, 1934 (48 Stat. 1070; 47 U.S.C. § 201 *et seq.*), as amended, except that such facility shall be considered a cable system (other than for purposes of Section 621(c) of the Cable Act (47 U.S.C. § 541(c)) to the extent such facility is used in the transmission of video programming directly to subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an Open Video System that complies with

Section 653 of the Cable Act (47 U.S.C. § 573) (or any successor thereto) and the rules promulgated thereunder; or (E) any facilities of any electric utility used solely for operating its electric utility systems. The foregoing definition of "Cable Communications System" shall not be deemed to circumscribe the valid authority of any governmental body, including the District, to regulate the activities of any other communications system or provider of communications services.

1.10 "Cable Service" means, subject to Section 3.9 hereof: (A) the one-way transmission to Subscribers of (i) video programming or (ii) other programming service, and (B) Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

1.11 "Channel" means a band of frequencies in the electromagnetic spectrum utilizing various means of transmission (including, without limitation, optical fibers or any other means now available or that may become available), which band of frequencies is capable of carrying one (1) or more video Signals, audio Signals, voice Signals or data Signals.

1.12 "Closing" means the event described in Section 2.2.01 hereof.

1.13 "Company" means Comcast Cablevision of the District, LLC.

1.14 "Control" of or "Controlling Interest" in a Person or in the System or the Franchise granted herein, means working control in whatever manner exercised, including, without limitation, working control through ownership, management, debt instruments or negative control, as the case may be, of such Person or of the System or of the Franchise granted herein. A rebuttable presumption of the existence of Control of, or a Controlling Interest in, a Person shall arise from the beneficial ownership, directly or indirectly, by any Person or group of Persons acting in concert (other than underwriters during the period in which they are offering securities to the public) of twenty percent (20%) or more (for voting interests), or fifty percent (50%) or more (for non-voting interests), of such Person. Control or Controlling Interest as used herein may be held simultaneously by more than one (1) Person or group of Persons. Notwithstanding the preceding sentence, if one (1) Person owns a majority of the voting interests of a Person, the System or the Franchise, such owner shall have sole Control of and shall possess the sole Controlling Interest in such Person, the System or the Franchise unless another Person exercises *de facto* control (as that term is defined under the precedents of the Federal Communications Commission) of the Controlled Person, the System or the Franchise, in which case such other Person also shall have Control and a Controlling Interest.

1.15 "Corporation Counsel" means the Corporation Counsel of the District, the Corporation Counsel's designee or any successor thereto.

1.16 "Council" means the Council of the District of Columbia, its designee or any successor to the legislative powers of the present Council.

1.17 "Current Technology," as applicable, means that level of technical or service performance in terms of quality, reliability, capacity and capability (including, but not limited to, plant or other equipment; public, educational or governmental access and other production equipment or facilities; construction techniques; customer service; facilities, equipment, systems and operations; and performance standards) which has been developed and demonstrated in the cable industry or any other comparable industry that provides services to the public under similar conditions to be workable and Economically and Technically Feasible and Viable, as such level may develop from time to time throughout the term of the Franchise.

1.18 "D.C. Cable Act" means the D.C. Cable Television Communications Act of 1981, effective August 21, 1982 (D.C. Law 4-142; D.C. Official Code § 34-1201, *et seq.*), as amended (or any successor statute).

1.19 "D.C. Treasurer" means the Treasurer of the District, the Treasurer's designee or any successor thereto.

1.20 "DDOT" means the Division of Transportation of the District, its designee or any successor thereto.

1.21 "Dial Location" means the position or assignment on a television receiver, tuner, converter, or other device which is selected to receive a specific Channel or Service.

1.22 "Digital Service" means a Service which is transmitted in a digital format.

1.23 "Digital Television Channel" means a Channel which is transmitted in a digital format; which utilizes digital compression and encryption technologies; and which occupies sufficient bandwidth to enable the transmission of a high-quality television program at the System's standard compression level(s).

1.24 "District" means the government of the District of Columbia or, as appropriate in the case of specific provisions of this Agreement, any board, bureau, authority, agency, commission or department of, or any other entity of or acting on behalf of, the District of Columbia government or any officer, official, employee or agent thereof, any designee of any of the foregoing, or any successor thereto.

1.25 "District Resident" means a natural person who is domiciled in the District of Columbia and who maintains a place of abode in the District of Columbia as his or her actual, regular and principal place of occupancy. (This definition is for purposes of Section 7 and Appendix J only; for all other purposes, see the definition of "Resident" in Section 1.62 hereof.)

1.26 "Downstream" means the direction of Signals on the System from any location and going toward a Subscriber.

1.27 "Economically and Technically Feasible and Viable" means capable of being provided: (i) through technology which has been demonstrated to be feasible for

its intended purpose; (ii) in an operationally workable manner; and (iii) in a manner whereby the System has a reasonable likelihood of being operated on reasonably profitable terms.

1.28 "Educational Channel" means a PEG Channel on the System which the Company shall make available to the District, at no charge, for use as provided in Section 4.1.08 hereof and Appendix D to this Agreement.

1.29 "Effective Date" means the date on which this Agreement shall take effect, as further defined in Section 2.1 herein.

1.30 "Executive Director" means the executive director of OCTT, the executive director's designee or any successor thereto.

1.31 "FCC" means the Federal Communications Commission, its designee or any successor thereto.

1.32 "Franchise Area" means all the area within the boundaries of the District of Columbia for which the PROW are under the jurisdiction of the District.

1.33 "Governmental Channel" means a PEG Channel on the System which the Company shall make available to the District, at no charge, for use as provided in Section 4.1.06 hereof and Appendix D to this Agreement.

1.34 "Gross Revenue" means all revenue, as determined in accordance with generally accepted accounting principles, which is derived by the Company and by each Affiliated Person from the operation of the System to provide Cable Services, including, without limitation, late fees and other revenues that may be posted in the general ledger as an offset to an expense account and all earned and accrued revenues. Gross Revenue shall also include, to the extent it is received by the Company, all revenue of any other Person, including, without limitation, Leased or PEG Channel programmers, which is derived from the operation of the System to provide Cable Services. Gross Revenue, for purposes of Section 9.1 hereof, shall also specifically include: (i) the fair market value of any nonmonetary (*i.e.*, barter) transactions between the Company and any Affiliated Persons but not less than the customary prices paid in connection with equivalent transactions conducted with Persons who are not Affiliated Persons; (ii) revenue received by the Company which represents or can be attributed to a Subscriber fee or a payment for the use of the System for the sale of merchandise through any Service distributed over the System; (iii) franchise fees received from Subscribers; (iv) to the extent provided in Section 3.9 of this Agreement, revenue generated from the provision of cable modem service; (v) any revenue generated by the Company or by any Affiliated Person through any means which has the effect of avoiding the payment of compensation that would otherwise be paid to the District for the Franchise granted herein; and (vi) any revenue from Subscriber equipment sold or leased by the Company or an Affiliated Person. Gross Revenue shall also include all advertising revenue which is derived, directly or indirectly, by the Company, any Affiliated Person or any other Person from or in connection with the sale of advertising on the System. Advertising revenues from an

Affiliated Person shall be grossed up as if the Company had received the advertising revenue directly, if the advertising revenue received from the Affiliated Person is only net advertising revenue. Notwithstanding the preceding sentence, standard and reasonable commissions retained by a regional interconnect that is an Affiliated Person may be excluded from Gross Revenue.

Gross Revenue shall not include: (i) any compensation awarded to the Company based on the District's condemnation of property of the Company; (ii) the revenue of any Person, including, without limitation, a supplier of programming to the Company, to the extent that said revenue is also included in Gross Revenue of the Company; (iii) the revenue of the Company or any other Person which is generated directly from the sale of any merchandise through any Service distributed over the System (other than that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the System for the sale of such merchandise (such as, for example, the portion of such payment attributable to a commission for the Company or an Affiliated Person), which portion shall be included in Gross Revenue); (iv) taxes imposed by law on Subscribers which the Company is obligated to collect (it being acknowledged that franchise fees under this Agreement are not considered taxes); (v) amounts collected by the Company from Subscribers on behalf of Leased or PEG Channel programmers, other than Affiliated Persons, to the extent that all of the amounts collected (in excess of the amounts deducted pursuant to Section 9.1.06 hereof and paid to the District) are passed on by the Company to said programmers; (vi) the revenue of any Affiliated Person which represents standard and reasonable amounts paid by the Company to said Affiliated Person for ordinary and necessary business expenses of the Company, including, without limitation, professional service fees and insurance or bond premiums; (vii) advertising commissions deducted by advertising agencies (other than an agency which is an Affiliated Person) before advertising revenues are paid over to the Company; (viii) to the extent consistent with generally accepted accounting principles, consistently applied, actual bad debt write-offs; and (ix) investment income.

1.35 "Guarantor" means Comcast Cablevision of the South, Inc.

1.36 "Holiday" means Saturday, Sunday, officially recognized Federal or District legal holidays and any other day on which the District's offices are closed and not reopened before 5:30 p.m.

1.37 "Inspector General" means the Inspector General of the District, the Inspector General's designee or any successor thereto.

1.38 "Institutional Network" means the dedicated, high-speed data, video, television, audio communications and telephony facilities and one-way and two-way network, designed and constructed to connect government locations and institutions, among other entities. The District is acquiring facilities and services from a variety of providers to design and construct the Institutional Network. As part of this project, the Company shall provide various facilities and services to the District or for the use of the District for the Institutional Network pursuant to Section 4.3 hereof, Appendix E to this

Agreement and Exhibit 1 to Appendix E. The Institutional Network sometimes may be referred to as the "I-Net" or the "Municipal Area Network."

1.39 "Leased Channel" means a Channel on the Subscriber Network designated by the Company pursuant to Section 612 of the Cable Act (47 U.S.C. § 532) or as otherwise provided in accordance with Section 3.7 hereof.

1.40 "Liability" or "Liabilities" means any and all encumbrances, defects of title, easements, mortgages, security interests or agreements, pledges, liens, charges, damages, expenses, penalties, fines, costs, conditional sales agreements, title retention agreements, claims, assessments, restrictions, liabilities, obligations, debts, commitments, undertakings, taxes, covenants, attorneys' and other fees and responsibilities of every kind and character, known and unknown, contingent or otherwise, or arising or existing by operation of law, by judicial decree or judgment, by contract or otherwise, including, without limitation, those evidenced by contracts, agreements, memoranda, indentures, mortgages and security agreements and conditional sales and other title retention agreements. "Liability" or "Liabilities" shall also mean any damage or loss to any real or personal property of, or any injury to or death of, any Person or the District.

1.41 "Local Ad Insertion Channel" means any Channel on the Subscriber Network on which the Company or any Affiliated Person, or any Person on behalf of or authorized by the Company or any Affiliated Person, sells time for local commercial advertisements which are inserted by the Company or any Affiliated Person at a headend, hub or other local facility serving the System.

1.42 "Mayor" means the chief executive officer of the District, the Mayor's designee or any successor to the executive powers of the present Mayor.

1.43 "Noncable Service" means any Service which is distributed over the System, other than a Cable Service.

1.44 "Non-Residential Subscriber" means a Subscriber, other than a Residential Subscriber, who lawfully receives any Service the Company provides through its System.

1.45 "OCTO" means the Office of the Chief Technology Officer of the District, its designee or any successor thereto.

1.46 "OCTT" means the Office of Cable Television and Telecommunications of the District, its designee or any successor thereto.

1.47 "OHR" means the Office of Human Rights of the District, its designee or any successor thereto.

1.48 "Open Video System" means an Open Video System as defined in Section 653 of the Cable Act (47 U.S.C. § 573) (or any successor thereto) and the rules promulgated thereunder.

1.49 "PEG Channel" mean the Channels supplied to the District and other PEG Entities pursuant to Sections 4.1.01 and 4.1.12(i) hereof.

1.50 "PEG Direct Connections" mean the direct connection links provided to PEG Entities by the Company pursuant to Section 4.1.04 of this Agreement.

1.51 "PEG Direct Connection Capacity" means the capacity provided over the PEG Direct Connections.

1.52 "PEG Entity" means the District, the Public Access Corporation, UDC, the Public Schools and such other entities as OCTT may designate from time to time as provided in the PEG Operating Agreement and Appendix D to this Agreement.

1.53 "PEG Operating Agreement" means the agreement or agreements to be entered into among the PEG Entities (other than the Public Access Corporation) and OCTT that will govern the relationship among the PEG Entities (other than the Public Access Corporation) and the use and allocation of the PEG Channels and support provided in Sections 4.1 and 4.2 hereof and Appendix D to this Agreement.

1.54 "Person" shall mean any natural person or any association, firm, partnership, joint venture, corporation or other legally recognized entity, whether for-profit or not-for-profit, but shall not mean the District.

1.55 "Physically Challenged" shall mean any individual with a physical disability or handicap.

1.56 "Previous Franchise Agreement" means An Agreement Granting a Franchise to District Cablevision, Inc. to Operate a Cable Television System in the District of Columbia and Setting Forth Conditions Accompanying the Granting of the Franchise, approved by Act on December 28, 1984, as amended by the Cable Television Franchise Agreement Modification Act of 1985, effective November 19, 1985 (D.C. Law 6-59; 32 DCR 7018) and by the Cable Television Communications Act of 1981 Amendment Act of 1987, effective March 16, 1988 (D.C. Law 7-93; 35 DCR 721).

1.57 "Public Access Corporation" means the Public Access Corporation established and operated pursuant to Section 30 of the D.C. Cable Act (D.C. Official Code § 34-1229) or any successor thereto.

1.58 "Public Channel" means a PEG Channel on the Subscriber Network which the Company shall make available to the Public Access Corporation, at no charge, for use as provided in Section 4.1.07 hereof and Appendix D to this Agreement.

1.59 "Public Rights-of-Way" or "PROW" means the surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, lanes, paths, alleys, sidewalks, drives, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the District and any other property within the District of Columbia to the extent to which there exist public utility easements or public utility rights-of-way, and

any temporary or permanent fixtures or improvements located thereon now or hereafter held by the District which may be utilized for the purpose of installing and maintaining the System after negotiation of terms and conditions mutually satisfactory to the District, the Company and the appropriate public utility.

1.60 "Public Schools" means the public school system of the District, its designee and any successor thereto.

1.61 "Region" shall mean the District of Columbia; Montgomery County and Prince George's County, Maryland; the City of Alexandria and Arlington County, Virginia; and any incorporated municipalities within such counties.

1.62 "Resident" means an occupant who: (i) resides in a dwelling which has or is entitled to receive from the District a residential certificate of occupancy, including, without limitation, a private dwelling or a multiple dwelling; or (ii) has continuously resided in the same building for at least six (6) months or who takes occupancy pursuant to a lease (or other similar arrangement) of at least sixty (60) days duration, including, but not limited to, occupants of any buildings not included in subsection (i) above, and including occupants of hotels, apartment houses, one (1) and two (2) family dwellings, apartment hotels, motels, lodging or rooming houses, rectories, convents, monasteries, school dormitories, hospitals, prisons, reformatories, nursing homes, mental institutions, clinics, orphanages, day nurseries, homes for the aged and sanitariums, whether or not such buildings have or are entitled to receive from the District residential certificates of occupancy, provided, however, that (a) with respect to prisons, reformatories and mental institutions, the Company's obligation shall be only to provide Services to common areas in such facilities, to the extent that the Company can obtain the consent of such prison, reformatory or mental institution for the provision of such Services, and (b) in the case of any other commercial or institutional facility (such as a hotel, a dormitory, a hospital, a nursing home, etc.), the Company shall negotiate the terms of providing Services to Residents in such institutional facility. (For purposes of Section 7 and Appendix J only, "District Resident" is defined in Section 1.25 hereof.)

1.63 "Residential Subscriber" means a Resident who lawfully receives any Service on the Subscriber Network, except to the extent that such Services are used by such Subscriber in connection with a trade, business or profession, either directly or indirectly, unless such use is incidental.

1.64 "Security Fund" means the fund established in Section 13.2 hereof.

1.65 "Service" means (i) any Cable Service, including any Basic Service, or any other service, whether originated by the Company or any other Person, which is offered to any Person in conjunction with, or distributed over, the System; and (ii) any Noncable Service provided for public, educational or governmental use.

1.66 "Service Related Activity" means any activity or function associated with the production or distribution of any Service over the System, including, without

limitation, use of studio or other facilities or equipment, billing, audience promotion or installation or lease of equipment.

1.67 "Signal" means any transmission of radio frequency energy or of optical information.

1.68 "Subscriber" means any Person lawfully receiving any Service provided by the Company by means of or in connection with the System, whether or not a fee is paid for such Service.

1.69 "Subscriber Network" means that portion of the System over which Services are provided primarily to Residential Subscribers.

1.70 "System" means, subject to Section 13.6 hereof, the Cable Communications System which is to be constructed, operated and maintained by the Company pursuant to this Agreement, including, without limitation, all real property, all tangible and intangible personal property, buildings, offices, furniture, Subscriber lists, cables, wires, amplifiers and all other electronic devices used in connection therewith and all rights, contracts and understandings with regard to any matter related thereto. In addition, the System shall include any facilities provided by the Company to the District or for the use of the District as part of the Institutional Network pursuant to Section 4.3 hereof, Appendix E to this Agreement and Exhibit 1 to Appendix E.

1.71 "Two-Way" means that the headend, cables, hubs, distribution plant, amplifiers and other technical components of the System have the requisite equipment in place to pass video, audio, voice and/or data Signals in both directions simultaneously.

1.72 "UDC" means the University of the District of Columbia, its designee and any successor thereto.

1.73 "Upgrade" means the upgrade of the System described in Appendix A hereto. "Upgraded" shall describe the result of the Upgrade. Unless the context requires otherwise, "upgrade" shall include the Upgrade.

1.74 "Upstream" means the direction of Signals on the System from any location and going toward a headend, hub or other distribution facility of the System.

SECTION 2
GRANT OF AUTHORITY

2.1 Effective Date. The Franchise ("Franchise") granted to the Company pursuant to this Agreement, which as provided in Section 2.4.01 hereof is a nonexclusive franchise, shall commence upon completion of the Closing hereof (hereinafter referred to as the "Effective Date") described in the following Section 2.2.01 hereof, provided that the Company meets each of the conditions precedent set forth in such Section.

2.2 Closing, Term and Termination of Agreement

2.2.01 Closing. This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the "Closing"). The Closing shall be held on a date and at a location to be specified by the Mayor, but in no event later than thirty (30) days after the end of the Congressional review period described in Section 2.2.01(i) below. At the Closing, the Mayor, the Chairman of the Council and the Company shall execute, by signing, this Agreement, provided that, prior to such execution by the Mayor and the Chairman of the Council, the following conditions have occurred unless the District has waived the closing condition in question:

(i) Council Act. The Council shall have adopted an act approving this Agreement, and the period for congressional review shall have passed without Congress taking action to disapprove, amend or modify such act;

(ii) Certified Copies of Resolutions. The Company shall have furnished the District with a certified copy of the resolution(s) duly adopted by the Board of Directors of Comcast Cablevision of the South, Inc., the Guarantor and sole member of the Company, approving the execution, delivery and performance of this Agreement by the Company and, where applicable, the Guarantor and approving the execution, delivery and performance by the Company and, where applicable, the Guarantor of all other documents, certificates, guarantees and other instruments required to be furnished to the District by and pursuant to the terms of this Agreement, and such resolutions shall have been transmitted to the Council in connection with its review of this Agreement;

(iii) Representations and Warranties. The Company shall have provided the District with a certificate by the President of the Mid-Atlantic Division of Comcast Cable Communications, Inc., certifying that the representations and warranties made by the Company in this Agreement are true and correct as of the Closing;

(iv) Leased Channel Report. OCTT shall have approved the Company's report regarding Leased Channels, which report is described in Section 3.7.02 hereof;

(v) Performance Bond. The Company shall have furnished to the District the performance bond, pursuant to Section 6.11 hereof, or, in the event that the issuer will not issue the bond until this Agreement has been fully executed, the Company shall have furnished to the District the form of the performance bond, pursuant to Section 6.11 hereof accompanied by a letter from the issuer stating that it shall issue a bond in the form of the performance bond not later than thirty (30) days after the Effective Date;

(vi) Local Employment Plan. The Company shall have entered into a First Source Agreement with the Department of Employment Services, pursuant to Section 7.3 hereof, and such First Source Agreement shall have been transmitted to the Council in connection with its review of this Agreement;

(vii) Memorandum of Understanding/Local Businesses. The Company shall have entered into a Memorandum of Understanding regarding the utilization of local, small and disadvantaged businesses, pursuant to Section 7.5 hereof, and such Memorandum of Understanding shall have been transmitted to the Council in connection with its review of this Agreement.

(viii) Related Services Report. The Company shall have submitted to OCTT the Related Services Report, pursuant to Section 10.5.02 hereof;

(ix) Location of Administrative Office. The Company shall have notified OCTT of the location of its administrative office within the District of Columbia;

(x) Liability Insurance Policy. The Company shall have secured its liability insurance policy (or policies) pursuant to Section 12.2.01 hereof and shall have delivered the certificate(s) of insurance to OCTT and the Corporation Counsel, together with evidence that the premiums for such policy (or policies) have been paid, that such policy (or policies) shall be in effect on or before the Effective Date, and that such policy (or policies) is (or are) in accordance with Section 12.2 hereof;

(xi) Security Fund. The Company shall have deposited the Security Fund with an approved financial institution pursuant to Section 13.2 hereof;

(xii) Guaranty. The Company shall have secured and delivered to OCTT and the Corporation Counsel a guaranty executed by the Guarantor in the form set forth at Appendix I to this Agreement, which guaranty shall have been authorized, executed and delivered by each such Guarantor;

(xiii) List of Government Installations. The Company shall have delivered to OCTT a list of all facilities at which the Company has installed a service outlet or drop pursuant to Section 7.2.01 of the Previous Franchise Agreement, as amended;

(xiv) Permitting and Licensing Compliance. DDOT shall have certified that the Company is in compliance with all applicable permitting and licensing requirements under District law; and

(xv) Clean Hands Certification. The Company shall have provided the certification required by Section 47-2863(b) of the D.C. Official Code.

2.2.02 Submission of Closing Documents. The Company shall submit to OCTT at least five (5) copies of each document required to be submitted or approved

prior to the Closing pursuant to Section 2.2.01 hereof. The documents shall be submitted to OCTT in labeled volumes. Any document requiring review or approval by a District agency other than or in addition to OCTT shall be forwarded by OCTT to the appropriate District agency or to the Council for such review and/or approval. If any document required to be submitted prior to the Closing pursuant to Section 2.2.01 hereof is modified after submission to OCTT and prior to the Closing, the Company shall submit to OCTT prior to the Closing an additional five (5) copies of such document as modified.

2.2.03 Term of Agreement. This Agreement shall remain in effect from the Effective Date of this Agreement to the termination of this Agreement, as provided in Section 2.2.04 hereof, which period of time is herein referred to as "the term of this Agreement."

2.2.04 Termination. The termination of this Agreement shall occur upon the earliest to occur of: (i) the revocation of the Franchise granted pursuant to this Agreement as provided in Section 13.4 hereof; (ii) an Abandonment of the System; or (iii) subject to Section 626 of the Cable Act (47 U.S.C. § 546) (or any successor thereto) and Section 2.3.06 hereof, the expiration of the term of the Franchise as set forth in Section 2.3.03 hereof, or otherwise.

2.2.05 Termination Not a Waiver. The termination of this Agreement (in any way specified in Section 2.2.04 hereof) shall not, for any reason, operate as a waiver or release of any obligation or Liability of the Company or any other Person, as applicable, incurred or accrued prior to the date of such termination. This Section 2.2.05 and Sections 9.1.07, 10.7.01, 10.7.02, 13.2, 13.5, 13.6, 13.7, 13.8, 15.15, 15.16, 15.18 and 15.21 shall survive the termination of this Agreement. If the Company continues to operate all or any part of the System after the expiration of the term of the Franchise, without renewal, then (i) this Section 2.2.05 shall not be construed to waive or release any obligation or Liability of the Company arising out of such continued operations and (ii) the Company shall comply with the terms and conditions of this Agreement, including but not limited to all compensation and other payment provisions of this Agreement. Any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement except to the extent provided in Section 2.3.06 hereof.

2.3 Nature of Franchise, Term, Grant of Franchise, and Effect of Termination

2.3.01 Nature of Franchise. On the Effective Date, the Company's nonexclusive Franchise for the occupation and use of the PROW within the Franchise Area for the construction, operation, maintenance, upgrade, rebuild, enhancement, repair and removal of the System, for the purpose of providing Cable Services in accordance with the provisions of this Agreement, shall commence. The Franchise granted herein shall, consistent with Sections 10.2 and 15.21 hereof, be subject to the terms and conditions of this Agreement.

2.3.02 Noncable Services. The Franchise granted herein does not authorize the Company to provide any Noncable Services, provided that this limitation shall not limit the use of the Institutional Network or the PEG Channels by the PEG Entities. The Company's provision of Noncable Services shall be subject to separate additional approval by the District if permitted by applicable law. Any use of the System for Noncable Services shall be reported in writing to OCTT at least fifteen (15) days after the Company has begun such use. Nothing in this Agreement shall be interpreted to prevent the District from imposing additional lawful conditions, including additional compensation provisions, for use of the PROW if the Company provides any service other than Cable Service.

2.3.03 Franchise Term. Unless the Franchise is sooner revoked, there has been an Abandonment or the term of the Agreement expires, the Franchise shall remain in force for a period of ten (10) years, which period of time is herein referred to as "the term of the Franchise."

2.3.04 Renewal. Subject to Section 626 of the Cable Act (47 U.S.C. § 546) (or any successor thereto), the District reserves the right to grant or deny renewal of the Franchise granted herein; provided that any renewal may be based upon the Company's agreement to comply fully with the terms of the renewed franchise and agreement.

2.3.05 Effect of Termination. In the event of a termination as set forth in Section 2.2.04 hereof and except as provided in Section 2.3.06 hereof, the term of the Franchise shall expire and the Franchise shall be revoked; all rights of the Company in the Franchise shall cease, with no value allocable to the Franchise itself; and the rights of the District and the Company to the System, or any part thereof, shall be determined as provided in Sections 13.5 through 13.8 hereof.

2.3.06 Limited Extension. In the event the Company has properly sought a renewal of the Franchise in accordance with applicable law, the Company is engaged in good-faith negotiations with the District regarding a renewal of the franchise, and the District has neither denied nor granted a renewal as of the expiration of the term of the Franchise, the term of the Franchise and the term of the Agreement shall be extended until (i) the District denies a renewal and during the pendency of any diligently prosecuted appeal(s) of such denial or (ii) the District grants a renewal and the renewal term commences; provided an extension under this section 2.3.06 shall not exceed six (6) months. The Company agrees that any limited extension granted under this Section 2.3.06 does not confer upon it any additional rights under Section 626 of the Cable Act (47 U.S.C. § 546) (or any successor thereto).

2.4 Conditions and Limitations on Franchise

2.4.01 Not Exclusive. Nothing in this Agreement shall affect the right of the District to grant to itself or any Person a franchise, consent or right to occupy and use the PROW, or any part thereof, for the construction, operation or maintenance of all

or any part of a Cable Communications System or an Open Video System or similar systems within the Franchise Area or elsewhere in the District or for any other purpose.

2.4.02 Public Works and Improvements. Nothing in this Agreement shall abrogate the right of the District (or any board, authority, commission, public benefit corporation or other public or quasi-public entity) to perform any public works or public improvements of any description, including, without limitation, all work authorized by the Washington Metropolitan Area Transit Authority (WMATA). In the event that the System interferes with the construction, operation, maintenance or repair of such public works or public improvements, the Company shall, at its own cost and expense, protect or promptly alter or relocate the System, or any part thereof, as directed by the District. In the event that the Company refuses or neglects to so protect, alter or relocate all or part of the System, the District shall have the right to break through, remove, alter or relocate, without notice to the Company, all or any part of the System without any Liability to the Company, and the Company shall pay to the District the costs incurred in connection with such breaking through, removal, alteration or relocation. Nothing in this Section 2.4.02 shall be construed to limit the District's ability to act in emergencies pursuant to Section 34(g) of the D.C. Cable Act (D.C. Official Code § 34-1233(g)). In the event that the District or any public or quasi-public entity reimburses costs for other occupants of the PROW which this Section 2.4.02 imposes on the Company, it will not be a breach of this Agreement for the Company to request that the District or such public or quasi-public entity, as the case may be, bear some or all of the Company's costs.

2.4.03 No Waiver. Nothing in this Agreement shall be construed as a waiver of any laws, regulations or rules of the District or of the District's right to require the Company or any Person using the System to secure the appropriate permits or authorizations for such use, provided that the fees and charges imposed upon the Company for any such permit or authorization shall be the standard fees or charges generally applicable to all Persons for such permits or authorizations, and any such standard fee or charge: (i) shall not be considered a "franchise fee" under Section 622(g)(1) of the Cable Act (47 U.S.C. § 542(g)(1)); (ii) shall fall within the exception to such term pursuant to Section 622(g)(2)(A) of the Cable Act (47 U.S.C. § 542(g)(2)(A)); and (iii) shall not be an offset against the compensation or other payment the Company, an Affiliated Person or other Person is required to pay to the District or any other entity pursuant to Section 4 and Section 9.1 hereof.

2.4.04 Closing of PROW. Nothing in this Agreement shall be construed as a waiver or release of the rights of the District in and to the PROW. In the event that all or part of the PROW within the Franchise Area are closed, all rights and privileges granted pursuant to this Agreement with respect to such PROW, or any part thereof so closed, shall cease upon the effective date of such closing, and the Company shall remove its facilities and equipment from such PROW. However, if such closing of any PROW is undertaken for the benefit of any private Person, the District shall, as appropriate, condition its consent to such closing of such PROW on the agreement of such private Person to (i) grant the Company the right to continue to occupy and use such

PROW or (ii) reimburse the Company for its reasonable costs to relocate the affected part of the System.

SECTION 3
SERVICE OBLIGATIONS

3.1 Provision of Service

3.1.01 Parity with Neighboring Jurisdictions. If the Company or an Affiliated Person provides a new Cable Service on a commercially deployed basis in the Region, then the Company, within thirty-six (36) months, shall provide such Cable Service on the System unless the Company reasonably determines and demonstrates in writing to the District, within eighteen (18) months of such commercial deployment, that doing so would not be Economically and Technically Feasible and Viable.

3.1.02 Current Technology Report. As part of the first annual report submitted, pursuant to Section 10.5.01 of this Agreement, after the fifth (5^{th}) anniversary of the Effective Date of this Agreement, the Company shall explain what it has done or plans to do to keep pace with Current Technology, including keeping pace with a new or improved level of technical or service performance provided in neighboring jurisdictions pursuant to Section 3.1.01 hereof. At a minimum, such report shall identify (i) new Services which have been or are scheduled to be offered to Subscribers; (ii) new technologies which have been or are scheduled to be deployed in connection with the System; and (iii) new equipment which has been or is scheduled to be deployed as part of the System. OCTT or the Council may, but shall not be obligated to, schedule a public hearing, roundtable or meeting to discuss such report and the deployment of Current Technology in the System. Pursuant to Section 10.3 hereof, the Company shall participate in such public hearing, roundtable or meeting.

3.2 Service to All Persons

3.2.01 Obligation. Throughout the term of this Agreement, the Company covenants and agrees to construct, operate, repair, maintain and upgrade the System so as to provide access to all Services distributed over the Subscriber Network to any Person within the Franchise Area that submits a request for Services to the Company within the time periods and subject to the procedures described in Section 3.2.03, including, but not limited to, those for accessing multiple dwelling unit buildings. In offering Services on the Subscriber Network, the Company shall not discriminate in the availability of Services or in the rates, terms and conditions thereof, subject to the provisions of Section 5.3 hereof and Section 623(e) of the Cable Act (47 U.S.C. § 543(e)) (or any successor thereto). It shall be the right of all Subscribers to receive continuously all available Services insofar as their financial and other obligations to the Company are honored, provided, however, that the Company may refuse or condition service to any Person for good cause (based upon such Person's actions, behavior or conduct) upon a demonstration of the same to OCTT. The obligations set forth in the preceding three (3) sentences shall include, without limitation, the obligation to ensure that (i) access to any

Service is not denied to any group of potential Subscribers because of the income of the Residents of the area in which such group resides, geographic location or any other unlawfully discriminatory criteria; and (ii) hearing-impaired individuals have access to Services. The Company may enter into or maintain any "bulk rate" agreements permitted under applicable law. Nothing in this paragraph shall be construed to prevent the Company from charging a Non-Residential Subscriber the Company's Actual Cost to connect such Non-Residential Subscriber to the Subscriber Network, provided that, in the event multiple Subscribers share the same connection to the Subscriber Network at the time of installation, the Company shall allocate its Actual Cost evenly among such Subscribers, to the extent consistent with Section 3.2.03 hereof.

For any specific building, which has been constructed or converted to residential use after the Effective Date, where the obligations in this Section 3.2.01 to provide Services via the System would be substantially in excess of the range of the Company's usual costs for connections, the Company may seek a waiver of such obligation from OCTT. In its discretion, OCTT may grant a waiver to permit the Company to charge more than its standard installation fee. In determining whether to grant such a waiver, which shall not be unreasonably withheld, OCTT shall consider (i) the "payback" time period that it would take the Company to recoup its investment in establishing service to the building and (ii) the level of Subscriber penetration reasonably expected in the apartment building (if applicable).

Nothing in this Section 3.2.01 is intended to prevent the Company from reasonably conditioning its provision of Services to a Person with an impaired credit history. Such restrictions shall be lifted to the extent such Person demonstrates to the Company's reasonable satisfaction that such Person subsequently has established a positive payment history (*i.e.*, that such Person has paid his, her or its bills in full and on time).

3.2.02 Special Obligation for Interactive Services. Subject to Section 3.2.01 hereof, once the Company offers interactive Services, including, but not limited to, cable modem service, for sale to Persons in any area of the District of Columbia, such Services shall be made available progressively throughout the Franchise Area to each node service area (this term is explained in the Glossary attached as Exhibit 1 to Appendix A) after the completion of any necessary upgrade of such node service area. The preceding sentence shall not be construed to require the Company to provide such Services to Residents solely because it provides them to non-Residents, or vice versa. The Company shall not discriminate in the deployment of such Services in the District of Columbia on the basis of the income of the Residents of any area, and the Company shall comply at all times with applicable law relating to nondiscrimination.

In addition, while the Company and the District acknowledge that the throughput rate of the cable modem service will vary as a result of a number of different factors, the Company shall not discriminate in the quality of the cable modem service provided to Subscribers on the basis of the income of the Residents of any area in the District of Columbia. For the purposes of this Section 3.2.02, throughput shall mean the actual

amount of useful and non-redundant information which is received by the end user after being transmitted or processed.

3.2.03 Requests for Service. Provided that the Company is able to obtain access to the building in accordance with this Section 3.2.03 to perform the necessary work, the Company shall fulfill all requests for Services (including any upgrades to inside wiring necessary to transmit the full range of its Services for Residential Subscribers living in multiple dwelling unit buildings) within the time periods set forth in applicable law. The Company shall charge its standard installation fee to Residents for installation of connections that do not require in excess of two hundred fifty (250) feet of underground trenching per drop, or two hundred fifty (250) feet of aerial wiring per drop. For longer connections, the Company shall not charge more than its Actual Cost for the portion of the connection from the closest point on the Subscriber Network to the residence to the point that is two hundred fifty (250) feet from the residence, provided further that, in the event multiple Subscribers share the same connection to the Subscriber Network at the time of installation, the Company shall allocate such Actual Cost evenly among such Subscribers. If the Company is unable to fulfill any such request within sixty (60) days because a multiple dwelling unit building is not currently wired for Residents to receive any Services from the Company, it shall provide written notice within seventy-two (72) hours after the expiration of such sixty (60) day period to OCTT and the Person requesting Services and in such notice shall state a date on which the Person requesting Services may expect to receive such Services. The Company shall pursue access to all buildings containing Residents which are not currently wired for Residents to receive any Services from the Company. In each case in which the Company needs to obtain access to property for providing or upgrading its Services, the Company shall follow and diligently pursue the steps set forth in Section 45a of the D.C. Cable Act (D.C. Official Code § 34-1244.01); 15 DCMR Chapter 30 (Cable Access to Residential Real Property), as it may be amended; and any other applicable law, including seeking approval of OCTT to install cable facilities.

Notwithstanding the first sentence of this Section 3.2.03, (i) for any building which has been constructed or converted to residential use after the Effective Date, and which is not passed by the System at the time of the request for Services, the Company shall fulfill each request for Services not later than ninety (90) days after receiving the request for Services, but (ii) for any such building for which the Company needs to obtain a permit, license or other authorization from the District or any other Person to connect such building to the System, the Company shall fulfill each request for Services not later than ninety (90) days after receiving all necessary permits, licenses and other authorizations from the District or any other Person. The Company shall use its best efforts to obtain any such permit, license or other authorization.

3.3 No Use of Other Systems. In the operation of the System, the Company shall not utilize the inside wiring of any master antenna system, satellite master antenna system or any other similar system if such inside wiring is used by the residents of a building to receive services via such system unless the Company has received the express permission of the building's owner or applicable law explicitly authorizes the Company to do so.

3.4 Programming Services; Rate Publication. The Company shall endeavor to offer to all Subscribers a diversity of video programming Services, including the categories of Services set forth in Appendices A and C to this Agreement, provided, however, that nothing contained in this Agreement shall be interpreted as a requirement for provision of any specific video programming Services. The Company shall continuously maintain and provide to the District a listing of all Services it offers to Subscribers and the rates therefor in the form of a Cable Services and Rate Report, which shall be attached as Exhibit 1 to Appendix C to this Agreement.

The initial Cable Services and Rate Report shall be delivered at the Closing and shall represent an accurate statement as of the Effective Date of the Services offered and the rates therefor. Consistent with 47 C.F.R. § 76.1603(c) (or any successor thereto), the Company shall provide OCTT with a revised Cable Services and Rate Report not less than thirty (30) days before changing the Services it offers or the rates it charges therefor.

3.5 Persons Served under Bulk Agreements. The Company shall cooperate with OCTT to permit OCTT to exercise its responsibilities under this Agreement with respect to Residential Subscribers who receive Services under bulk agreements in a manner comparable to the way in which it carries out such responsibilities with respect to other Residential Subscribers.

3.6 Channel Capacity. Following completion of the Upgrade, the Subscriber Network shall be capable of passing frequencies of at least eight hundred sixty (860) MHz cable bandwidth. The Subscriber Network shall have a Downstream bandwidth of at least eight hundred eight (808) MHz, from fifty-two (52) MHz to eight hundred sixty (860) MHz. The Downstream bandwidth shall be allocated between Analog Channels and Digital Services, and the allocation may change over time. After completion of the Upgrade, the Subscriber Network shall be capable of delivering eighty (80) six (6) MHz Analog Channels (counting Channels A-1 and A-2) of television programming. The Subscriber Network also shall be capable of providing over two hundred (200) Digital Services, which may include television, audio, data and cable modem services. The Upstream bandwidth shall not be less than thirty-five (35) MHz, from five (5) MHz to forty (40) MHz and, as of the Effective Date, is anticipated to be used exclusively for digital Signals.

3.7 Commercial Access

3.7.01 Number of Leased Channels. The Company shall maintain no less than the number of Leased Channels required by Section 612 of the Cable Act (47 U.S.C. § 532) (or any successor thereto), the regulations promulgated pursuant thereto or any other consistent applicable law.

3.7.02 Leased Channel Report. The Leased Channels shall be administered by the Company as required by Section 612 of the Cable Act (47 U.S.C. § 532), any regulations promulgated thereunder or any other applicable law. The Company shall submit to OCTT, not later than ten (10) days prior to the Closing, its most recent document(s) containing each type of information pertaining to Leased Channels

that the Company places in its public file. In the aggregate, such document(s) shall be referred to as the "Leased Channel Report." Such information shall include, at a minimum, the Company's form contract and rates for Leased Channels as well as its fees and methods of calculating such fees for the production assistance it provides to lessees of Leased Channels. The Company shall submit to OCTT a description of any changes in the information presented in the last-filed version of the Leased Channel Report within thirty (30) days after such change is implemented or goes into effect.

3.8 Access to Competitive Internet Service Providers. The Company shall comply with applicable law pertaining to competitive access to its System for the provision of Internet access Services.

3.9 Classification of Cable Modem Service. The parties acknowledge that, on March 15, 2002, the FCC released a declaratory ruling that cable modem service is not a cable service within the meaning of Section 602(6) of the Cable Act (47 U.S.C. § 522(6)), but is an information service within the meaning of Section 3(20) of the Communications Act of 1934, approved February 8, 1996 (110 Stat. 56, 59; 47 U.S.C. § 153(20)). On the same date, the FCC also issued a notice of proposed rulemaking seeking comment on the regulatory implications of the declaratory ruling. The parties further acknowledge that the declaratory ruling is being appealed in the federal courts and will be subject to additional proceedings. In addition, the FCC will issue rules pursuant to the notice of proposed rulemaking which may be subject to yet further proceedings.

Notwithstanding Section 10.2 hereof, the District and the Company each reserves to the fullest extent its respective rights arising from: the FCC March 15, 2002 declaratory ruling, any subsequent proceedings (including judicial, legislative and administrative proceedings) relating to such ruling, the notice of proposed rulemaking and any subsequent proceedings (including any rules and requirements and any judicial, legislative and administrative proceedings) relating to such rulemaking.

SECTION 4
PUBLIC SERVICES

4.1 PEG Channels

4.1.01 Minimum Channels. At all times throughout the term of this Agreement, the Company shall make available, without charge, to the District, for the transmission of television, data, audio and video Signals for the purpose of public, educational and governmental access, at least six (6) Downstream Analog Channels, provided that, upon completion of the Upgrade, the Company shall make available to the District at least two (2) additional Downstream Analog Channels and one (1) Digital Television Channel using digital compression. Further, after the completion of such Upgrade, the Company, without charge, shall make up to seven (7) additional such Digital Television Channels available to the District as follows: one (1) such Digital Television Channel shall be made available not later than sixty (60) days after each time the Company receives from OCTT either an approved PEG Operating Agreement or

other notice for such Digital Television Channel or a notice that such Digital Television Channel shall be the Training Channel described in Section 4.1.10 hereof. If the Company upgrades the System to be capable of passing frequencies of one (1) GHz or greater during the term of the Franchise, the Company, without charge, shall make up to four (4) additional such Digital Television Channels (for a total of eleven (11) additional Digital Television Channels in addition to the one (1) made available upon the completion of the Upgrade) available to the District as follows: one (1) such Digital Television Channel shall be made available not later than sixty (60) days after each time the Company receives from OCTT either an approved PEG Operating Agreement or other notice for such Digital Television Channel or a notice that such Digital Television Channel shall be the Training Channel described in Section 4.1.10 hereof. Not later than sixty (60) days after each time OCTT notifies the Company that it wishes to swap one (1) of the Downstream Analog Channels previously made available to the District in exchange for one (1) Digital Television Channel, the Company shall effect such a swap.

The equipment needed for digital compression and other processing equipment required for all Digital Television Channels provided pursuant to this Section 4.1, except for Subscriber converters, shall be supplied by the Company without charge. The Analog Channels and Digital Television Channels supplied to the District and other PEG Entities pursuant to Section 4.1.01 and Section 4.1.12(i) hereof shall be known as the PEG Channels. The PEG Channels shall be allocated to the PEG Entities as specified in Section 4.1.03.

4.1.02 Frequency Allocations, Channel Assignments and Dial Locations; Channel Change. In the event that the District requests that an analog PEG Channel be included in the Expanded Basic Service (B2) tier instead of the Basic Service (B1) tier, the Company shall make a good-faith effort to accommodate the District's request.

The PEG Channels shall be distributed at frequency allocations, Channel assignments and Dial Locations to be specified, as an initial matter, in Appendix D hereof. Thereafter, the Company shall seek to minimize changes in such frequency allocations, Channel assignments and Dial Locations. For purposes of this Section 4.1.02, the frequency allocation, Channel assignment and Dial Location of a Digital Television Channel shall be deemed not to change if the Dial Location as displayed on all customer premises equipment does not change.

(ii) In the event the Company elects to change the frequency allocation, Channel assignment or Dial Location of any PEG Channel, the Company shall (a) provide each affected PEG Entity with notice at least ninety (90) days prior to such change and (b) in cooperation with, but without expense to, each affected PEG Entity, develop and implement the details of the Marketing Plan outlined in Section 4.1.02(iii) hereof, which shall be subject to OCTT review and comment, to inform Subscribers of such change.

(iii) Such Marketing Plan shall provide for the following components:

(a) The Company shall provide, at the Company's expense, at least thirty (30) days' notice of such change, in monthly bills or another mailing sent to Subscribers (such mailing may cover all affected PEG Entities, provided that each is prominently featured).

(b) The Company, without charge, shall produce a five (5) minute program featuring either an officer, senior manager or authorized spokesperson of the Company to explain the changes. The Company, without charge, shall transmit such program on one (1) or more Local Ad Insertion Channels (*e.g.*, CNN Headline News) and shall make such program available to all PEG Entities to transmit on the PEG Channels at such times as the PEG Entities may desire.

(c) The Company, without charge, shall produce a five (5) minute interview of one (1) or more spokespersons for each affected PEG Entity. The Company, without charge, shall make each such interview available to all PEG Entities to transmit on the PEG Channels at such times as the PEG Entities may desire.

(d) At the Company's expense (which expense shall include the cost of production of one (1) notice), the Company shall insert on one (1) or more Local Ad Insertion Channels, selected by the Company after consideration of the affected PEG Entities' requests and subject to availability, notices provided by the affected PEG Entities of up to thirty (30) seconds in duration. Such notices shall be run a total of ten (10) times per day (five (5) times between 6:00 a.m. and 6:59 p.m. and five (5) times between 7:00 p.m. and 11:00 p.m.) during the thirty (30) days preceding, thirty (30) days following and the day of the change (*i.e.*, the Company shall provide the affected PEG Entities with a total of 610 spots per change).

(e) Without charge to the District, the Company shall insert an on-hold message concerning such change on the System's telephone system; such message shall prominently feature all affected PEG Entities.

(f) Without charge to the District, the Company shall feature prominently all affected PEG Entities in a quarter-page (¼-page) advertisement. The Company shall run such advertisement in the Washington Post at least once two (2) weeks preceding and at least once two (2) weeks after such change and ten (10) times over the same time period in other print media published in the District of Columbia (of such ten (10) times, the advertisement shall be run in the Washington Afro-American two (2) times).

(g) The Company shall make full payment for costs, limited to Ten Thousand Dollars ($10,000.00), reasonably and actually incurred by each PEG Entity operating an affected Analog Channel and associated with the

replacement of stationery, letterhead, business cards, promotional materials, channel identification materials, mailings, etc., the replacement of which is caused by the Company's change of frequency allocation, Channel assignment or Dial Location of the affected PEG Entity. Nevertheless, in the case of the first change affecting a Government Channel, the limit on reimbursement of OCTT shall be Twenty-Five Thousand Dollars ($25,000.00), regardless of whether one (1) Government Channel or more than one (1) is affected; for any subsequent change, the limit on reimbursement of OCTT shall be Ten Thousand Dollars ($10,000.00), regardless of whether one (1) Government Channel or more than one (1) is affected. At the option of each affected PEG Entity, such payments shall be made either to such PEG Entity or its vendor(s); in either case, such payments shall be made not later than thirty (30) days after receipt of an invoice from such PEG Entity or its vendor(s).

Solely for purposes of this component (g) of the Marketing Plan, a Digital Television Channel that either has been swapped for an Analog Channel pursuant to the last sentence of the first paragraph of Section 4.1.01 hereof or has been exchanged for an Analog Channel pursuant to Section 4.1.12(i) hereof shall be deemed to be an Analog Channel, and a change in the frequency allocation, Channel assignment or Dial Location of such a Digital Television Channel shall continue to trigger reimbursement rights under this component (g) of the Marketing Plan.

(iv) Not later than sixty (60) days after the date of a change covered by Section 4.1.02(ii) hereof, the Company shall certify to OCTT in writing or shall submit such other written evidence satisfactory to OCTT that the notices required by Sections 4.1.02(ii)-(iii) hereof were provided on time and in the required manner.

(v) Notwithstanding Section 4.1.02(ii) hereof, if the change in frequency allocation, Channel assignment or Dial Location does not result from the election of the Company, the affected PEG Entities, taken as a whole, and the Company shall each pay one half (½) of the costs incurred, pursuant to the Marketing Plan, by the Company for contracted goods and services or by the PEG Entities. In such a circumstance, each affected PEG Entity may waive its right to take advantage of any of the minimum components of such Marketing Plan in exchange for not having to contribute towards the cost of such component.

4.1.03 Allocation of PEG Channels. The PEG Channels shall be allocated as follows:

(i) Two (2) Downstream Analog Channels allocated to the District pursuant to Section 4.1.01 shall be Public Channels and shall be under the jurisdiction of the Public Access Corporation;

(ii) Two (2) Downstream Analog Channels allocated to the District pursuant to Section 4.1.01 shall be Educational Channels; the Public Schools and UDC shall each have jurisdiction over one (1) Educational Channel;

(iii) Two (2) Downstream Analog Channels allocated to the District pursuant to Section 4.1.01 shall be Governmental Channels; the Mayor and Council shall each have jurisdiction over one (1) Government Channel; and

(iv) All remaining PEG Channels allocated to the District pursuant to Section 4.1.01 shall be further allocated to the PEG Entities by OCTT pursuant to the PEG Operating Agreements (except for channels allocated to the Mayor, the Council, or the Public Access Corporation, for which no PEG Operating Agreement shall be required) described in Appendix D to this Agreement and such rules or regulations as may be promulgated by OCTT.

4.1.04 Interconnection; Headend and Hub Equipment. To enable interconnection of the PEG Entities' production and distribution facilities with the Subscriber Network and other locations, the Company shall provide and maintain, at its own expense, operational direct connection links from certain locations to the headend or other locations, as specified in Exhibit 2 to Appendix A to this Agreement. Such direct connection links shall consist of (i) sufficient fibers from the interconnecting hubs or the other endpoints into the buildings at such specified locations, and vice versa, to permit the addition of other PEG Channels, as provided elsewhere in this Section 4, to be produced or distributed from such locations as well as (ii) the allocation of sufficient fiber along the Company's ring as necessary to transport the traffic between the endpoints of each link. Not later than sixty (60) days after receiving from OCTT an approved PEG Operating Agreement or other notice for an additional Digital Television Channel pursuant to Section 4.1.01 or 4.1.12 of this Agreement, the Company shall provide an operational direct connection link between such Service's point of production or distribution, as specified by the PEG Entity programming such Service, and the headend or such other facility as needed to distribute such Service over the Subscriber Network; the PEG Entity programming such Service shall pay the Company the Actual Cost of the provision and installation of such direct connection link, but the Company shall provide maintenance for such direct connection link at its own expense. In the event that the Company changes the location of its headend from the northeast corner of Florida Avenue and Fourteenth Street, N.W. in the District of Columbia, the Company, at its own expense, shall directly connect each then-directly connected PEG Entity location with the new headend prior to activating the new headend. In addition, the Company, at its own expense, shall supply and maintain at the headend, hubs and the locations specified in Exhibit 2 to Appendix A to this Agreement all modulators, processors, encoder/decoders, transmitters, receivers and any associated equipment necessary for the appropriate PEG Entity to transmit programming on each PEG Channel.

In the event that any PEG Entity changes a location listed in Exhibit 2 to Appendix A, and not later than one hundred twenty (120) days after receiving notice of the new location from the affected PEG Entity, the Company shall directly connect the new location with the Subscriber Network at the headend if, prior to the move, such

location was connected to the Subscriber Network, or with such other location with which the old location was directly connected pursuant to the preceding paragraph. The Company shall perform the first such move of each single end of each direct connection link listed on Exhibit 2 to Appendix A or installed pursuant to the third sentence of the first paragraph of this Section 4.1.04 at its own expense, provided that, during the term of the Franchise, the Company shall pay an Actual Cost not to exceed Thirty Thousand Dollars ($30,000.00) for such move. In the event that any PEG Entity, for which the Company previously has provided interconnection at the Company's expense, requests a subsequent move of such single end of each direct connection link, the Company shall, not later than one hundred twenty (120) days after receiving such request and at the expense of the PEG Entity, directly connect the new location with the Subscriber Network at the headend if, prior to the move, such location was connected to the Subscriber Network, or with such other location with which the old location was directly connected pursuant to the preceding paragraph.

The direct connection links described in the preceding two (2) paragraphs shall be described as the PEG Direct Connections, and the capacity provided thereon shall be described as PEG Direct Connection Capacity.

At its own cost, the Company shall supply and maintain all hardware and equipment (including, but not limited to, digital compression and processing equipment such as encoder/decoders and modulators) at the headend, hubs and PEG Entities' production and distribution sites that are necessary for the appropriate PEG Entity to transmit programming on all of its PEG Channels and over the PEG Direct Connections. (With respect to the PEG Direct Connections, the parties intend the preceding sentence to permit the PEG Entities to use the hardware and equipment supplied by the Company to transmit their programming over the PEG Direct Connections in digitally transmitted analog format, which the Company shall digitize further at the headend as necessary.) If a PEG Entity develops a new Service that requires the Company to purchase new equipment not currently used in the Company's normal course of business, the PEG Entity shall pay the Company for the Actual Cost of the acquisition, maintenance and installation of such equipment. The PEG Entity's use of the Company's equipment shall not degrade the quality of or interfere with the Company's normal use, provided that the Company shall supply sufficient equipment to avoid any reasonably anticipated degradation or interference.

The Company's interconnection, headend and hub facilities and patching equipment shall directly, automatically and without any delay perceptible to the recipient transmit the Signals of any Service, including live and interactive transmissions, provided by any PEG Entity over PEG Channels on the Subscriber Network. This paragraph shall not be interpreted to require the Company to provide, at its own expense, equipment at PEG Entity production and distribution sites other than those sites specified in Exhibit 2 to Appendix A to this Agreement.

In addition, the Company shall provide OCTT, at the Company's expense, with five (5) sets of portable transmission equipment to enable the PEG Entities to transmit programming from a site connected to the Institutional Network via the Institutional

Network to the PEG Entities' points of production or distribution. Each such set shall consist of an encoder (such as VBrick Systems, Inc.'s Model 4200 or an encoder of equivalent or better quality and performance in light of Current Technology) and a decoder (such as VBrick Systems, Inc.'s Model 5200 or a decoder of equivalent or better quality and performance in light of Current Technology). Except as may be provided in Section III of Appendix A or in Appendix E (including any exhibits thereto) hereto with respect to the performance of the Institutional Network, the Company's responsibility for the quality of such Signals pursuant to Section 4.1.05 hereof shall begin at the input of a PEG Direct Connection.

As a general principle, the Company shall provide to the PEG Entities all equipment associated with the PEG Direct Connections and described in Section 4.1 of this Agreement either at the Company's own expense, if so required under this Agreement, or at its Actual Cost.

4.1.05 Signal Quality. The Company shall transmit the Signals of any PEG Entity's Service to Residential Subscribers over the Subscriber Network, to another PEG Entity and to the Institutional Network without altering or degrading any such Signal or altering, failing to retransmit or removing any formatting or coding information or data associated with any such Signal, including information associated with stereo, closed captioned or digital transmissions, provided, in the case of digital transmissions, that the headend is engineered to accept such transmissions. Signal components covered by the preceding sentence include, but are not limited to, the analog and/or digital video information, the left and right audio channels, the secondary audio programming ("SAP") channel, subcarrier audio, audio encoding of touchtones for cueing and editing and any portion of the vertical interval. A PEG Entity shall notify the Company not later than thirty (30) days prior to initiating use of the SAP channel or any portion of the vertical interval. The Company reserves the right to insert vertical interval test Signals, provided that such insertion shall not interfere with the relevant PEG Entity's use of the vertical interval.

The Company shall use the same or better quality equipment and engineering practices to transport the PEG Signals along the PEG Direct Connections as it uses to transport the Signal for the top quarter (¼) of commercial broadcast Channels (measured in terms of signal quality on the Subscriber Network) by means of a fiber-optic link with digital transmission employing at least ten-bit (10-bit) encoding. The performance of such equipment shall equal or exceed the performance specifications of the equipment described in Exhibit 3 to Appendix A (at ten-bit (10-bit) encoding). At any terminal on the Subscriber Network, measurements of any component of a PEG Signal's quality shall be at least as good as the average corresponding measurements for the ten (10) highest-quality programming Signals carried on the Subscriber Network. To facilitate such measurements, the Company shall supply and maintain, at its own expense, one (1) Vertical Interval Test Signal ("VITS") generator for each PEG Direct Connection pursuant to Section 4.1.04 hereof, up to a limit of twelve (12) VITS generators.

The Company, via its or an Affiliated Person's Network Operations Center(s) ("NOC(s)"), through the status monitoring system described in Appendix A hereof, shall

monitor the continuity of the PEG Direct Connections. In the event of any outages or other failures of such an interconnection or the headend or hub facilities, the Company shall respond within four (4) hours of receiving notice by telephone to a Company-designated telephone number or in writing from a PEG Entity; at all times, the Company shall have provided up-to-date written notice to each PEG Entity of such telephone number and the name and contact information (*e.g.*, facsimile telephone number, mail address and electronic mail address) for the person(s) to receive such communications. The Company shall restore service through such failed interconnection or facility as soon as reasonably possible, but not later than twenty-four (24) hours after such receipt of notice from a PEG Entity, provided that, as consistent with and subject to Section 15.4 hereof, such time may be extended to account for any delays and failures beyond the control of the Company.

As a general principle, in the event that the Company makes any change in the System or in Signal delivery that affects signal quality or transmission, the Company shall ensure, at its expense, that the signal quality of PEG Channels is not diminished or adversely affected by such change.

In the event the Company upgrades the headend modulators or signal processing equipment for at least thirty percent (30%) of the combined basic and expanded basic tier Channels, or at an earlier time by mutual consent, then the Company, at its expense, shall upgrade such equipment for the PEG Direct Connections. Further, the Company shall upgrade, at its expense, the transport and terminal equipment for the PEG Direct Connections when it has upgraded the transport and terminal equipment for the top quarter (¼) of commercial broadcast Channels (measured in terms of signal quality on the Subscriber Network). An equipment change shall be viewed as an upgrade for purposes of this paragraph if a significant improvement in operational functionality, reliability or signal quality would result.

4.1.06 Use of Governmental Channels. The Governmental Channels placed under the jurisdiction of the Mayor and the Council shall be used for any purpose permitted by applicable law, as limited by Section 4.2.04 hereof. The Company shall not exercise editorial control over programming or distribution of Services over any Governmental Channel used by any Person(s), except where the Company is utilizing any such Governmental Channel pursuant to the fallow time rules described in Section 4.1.09 hereof or except as otherwise permitted by Section 611(e) of the Cable Act (47 U.S.C. § 531(e)) (or any successor thereto). OCTT may designate one (1) or more additional PEG Entities to use Governmental Channels.

4.1.07 Use of Public Channels. Subject to Section 4.2.04 hereof, the Public Channels placed under the jurisdiction of the Public Access Corporation shall be used for the purpose of distributing Services by the public. The Company shall not exercise editorial control over programming or distribution of Services over any Public Channel used by any Person(s), except where the Company is utilizing any such Public Channel pursuant to the fallow time rules described in Section 4.1.09 hereof or except as otherwise permitted by Section 611(e) of the Cable Act (47 U.S.C. § 531(e)) (or any

successor thereto). In the event there is any fallow time on any Public Channel, OCTT may allocate such Public Channel(s) for governmental or educational use.

4.1.08 Use of Educational Channels. Subject to Section 4.2.04 hereof, the Educational Channels placed under the jurisdiction of the Public Schools, UDC or any other PEG Entity designated by OCTT shall be used for nonsectarian educational purposes. (It shall be understood that the nonsectarian educational purposes requirement shall not preclude a sectarian institution from producing, offering or otherwise participating in programming that would be deemed nonsectarian but for the production, offering or participation by the sectarian institution.) The Company shall not exercise editorial control over programming or distribution of Services over any Educational Channels used by any Person(s), except where the Company is utilizing any such Educational Channel pursuant to the fallow time rules described in Section 4.1.09 hereof or except as otherwise permitted by Section 611(e) of the Cable Act (47 U.S.C. § 531(e)) (or any successor thereto). In the event there is any fallow time on any Educational Channel, OCTT may allocate such Educational Channel(s) for governmental or public use. OCTT may designate one (1) or more additional PEG Entities to use Educational Channels.

4.1.09 Fallow Time. OCTT shall prescribe rules and regulations regarding the use of fallow time on PEG Channels by the Company consistent with applicable law.

4.1.10 Training Channel. The Company agrees to cooperate with the District to provide video training programming to the District's workforce. Specifically, once the Upgrade has been completed and as requested by OCTT, the Company shall provide to the District, at the Company's expense, digital cable converters encoded to receive a special training Digital Television Channel (the "Training Channel"), provided that the Company shall not be obligated to provide more than two hundred twenty-five (225) such digital cable converters unless the District pays the Company's Actual Cost for the additional digital cable converters. Only the digital cable converters provided to the District under this Section 4.1.10, and no other digital cable converter issued by the Company, shall be authorized to receive the Training Channel. The Training Channel shall be one (1) of the PEG Digital Television Channels provided by the Company pursuant to Sections 4.1.01 or 4.1.12(i) hereof and shall be transmitted from OCTT's studio facilities to the headend via one (1) of the PEG Direct Connections described in Section 4.1.04 hereof. Such PEG Direct Connection, the Training Channel and its Signals shall be treated like any other PEG Direct Connection, PEG Channel and PEG Signal (respectively) for purposes of Sections 4.1.04-4.1.05 hereof.

4.1.11 Subscriber Reception of PEG Digital Television Channels.

The Company shall make available a digital cable converter, which permits the Subscriber to receive all PEG Digital Television Channels (except the Training Channel) but no other Digital Service, to each Subscriber who would not otherwise receive PEG Digital Television Channels because the Subscriber does not subscribe to the Company's Digital Services. After the Company receives from OCTT the approved PEG Operating Agreement or other notice which authorizes the first use of a PEG Digital Service, the

Company shall announce this availability to each such Subscriber (i) at the time of any request for Service and (ii) not less than annually thereafter. The Company shall not charge for the use of such limited digital cable converters (exclusive of any applicable security deposit, which shall not exceed the security deposit for full-service digital cable converters) more than eighty percent (80%) of its normal monthly charge for full-service digital cable converters.

4.1.12 Digital Transition. At such time as the Company offers all programming Services as Digital Services, the Company shall take the following steps:

(i) In satisfaction of its obligations under the first paragraph of Section 4.1.01 hereof, the Company shall make available to the District without charge twenty (20) Digital Television Channels using digital compression for the transmission of television and data Services for the purpose of public, educational and governmental access. Subject to the terms of its PEG Operating Agreement, if any, each PEG Entity then operating a Downstream Analog Channel shall be allocated one (1) Digital Television Channel for each such Downstream Analog Channel it operates. The remaining Digital Television Channels and any additional Digital Television Channels described below in this Section 4.1.12(i) shall be allocated in accordance with Section 4.1.03(iv) hereof. In further satisfaction of its obligations under the first paragraph of Section 4.1.01, the Company, without charge, shall make up to seven (7) additional Digital Television Channels available to the District as follows: one (1) such Digital Television Channel shall be made available not later than sixty (60) days after each time the Company receives from OCTT either an approved PEG Operating Agreement or other notice for such Digital Television Channel or a notice that such Digital Television Channel shall be the Training Channel described in Section 4.1.10 hereof. Activation of all the Digital Television Channels allocated to PEG Entities would result in a maximum total of twenty-seven (27) Digital Television Channels allocated to PEG Entities.

(ii) The Company shall pay for all digital compression, transmission and processing equipment necessary for the PEG Entities to transmit, on the Subscriber Network, Digital Television Channels instead of Services on Analog Channels.

(iii) The Company shall enter into good-faith negotiations with OCTT over the frequency allocation, Channel assignment and Dial Location of the new PEG Digital Television Channels prior to making such assignments.

4.1.13 Advanced Services. In a timely fashion, the Company shall notify the District of the technical characteristics of the methodology for offering a commercially deployed advanced Service, including, but not limited to, an interactive Service or a video-on-demand Service, in order to allow for the process set forth in this Section 4.1.13. Thereafter, at the request of the District, the Company shall meet with one (1) or more PEG Entities to discuss the potential for the PEG Entities to use such advanced Service functionality. Should the Company agree to provide such advanced

Service functionality, the Company shall provide any necessary equipment if requested by the PEG Entities, and the PEG Entities shall reimburse the Company for its Actual Cost for any such equipment.

4.2 PEG Channels: Resources, Rules and Regulations

4.2.01 Capital Funding. The Company shall pay to the District an amount equal to one percent (1%) of Gross Revenue as capital support for the PEG Entities. The District shall allocate such amount among the PEG Entities in accordance with Appendix D. All such payments shall be made quarterly, at the same time as the Company pays the franchise fee to the District pursuant to Section 9.1 hereof, provided that, at the Closing, the Company shall make an advance payment of the first twelve (12) quarterly payments (*i.e.*, all such payments that are due during the first three (3) years after the Effective Date). Such advance payment shall be based on the Company's Gross Revenue for the last quarter ended before the Effective Date. On the date the Company would have made its twelfth quarterly payment, it shall report to OCTT the amount that each quarterly payment would have been if it had been calculated based on the Company's actual Gross Revenue for each such quarter; the sum of such amounts shall be referred to as the "True-Up Amount." If the True-Up Amount exceeds the amount of the advance payment the Company made at the Closing, the Company shall transmit a payment of the difference with its report. If the amount of the advance payment exceeds the True-Up Amount, the Company may deduct one quarter (¼) of the difference from each of the next four (4) quarterly payments. In the event that the difference exceeds the sum of those four (4) quarterly payments, the Company may continue to withhold quarterly payments to the PEG Entities until it has recovered the difference in full; if withholding only part of such a payment is necessary to recover the difference in full, the Company shall not withhold the other part. (As an illustration, if the overpayment were One Million Five Hundred Thousand Dollars ($1,500,000.00) and the quarterly payments after the true-up were to be Two Hundred Thousand Dollars ($200,000.00) each, the Company could withhold the first seven (7) quarterly payments following the true-up and one half (½) of the eighth such payment but would have to pay the other half (½) of the eighth such payment.) In performing such true-ups under this Section 4.2.01, no account shall be made for interest rates, inflation, the time value of money or other such factors.

4.2.02 Other Support. In addition to the payments required pursuant to Section 4.2.01 hereof, the Company shall pay to the Public Access Corporation ongoing support of one percent (1%) of Gross Revenue. Said payments shall be made quarterly, directly to the Public Access Corporation, at the same time as the Company pays the franchise fee to the District pursuant to Section 9.1 hereof.

4.2.03 PEG Resources, Institutional Network and Other Contributions Not Franchise Fees. All facilities, equipment and ongoing annual support payments in connection with PEG Channels shall be for the benefit of the District and its residents. The Company acknowledges that all contributions, services, equipment, facilities, support, resources and other activities to be paid for or supplied by the Company pursuant to or in connection with its performance under this Section 4 and Appendices D, E and F to this Agreement (including any Exhibits to Appendices D, E

and F) are for the benefit of all Subscribers and the public. The Company agrees that such contributions, services, equipment, facilities, support, resources and other things of value are not within the meaning of the term "franchise fee" as defined by Section 622(g)(1) of the Cable Act (47 U.S.C. § 542(g)(1)) (or any successor thereto) and are within one (1) or more exclusions to the term "franchise fee" provided by Section 622(g)(2)(A)-(D) of the Cable Act (47 U.S.C. § 542(g)(2)(A)-(D)) (or any successor thereto). The Company further agrees that such contributions, services, equipment, facilities, support, resources and other things of value shall not be deemed to be: (i) "Payments-in-kind" or involuntary payments chargeable against the compensation to be paid to the District by the Company pursuant to Section 9.1 hereof or (ii) part of the compensation to be paid to the District by the Company pursuant to Section 9.1 hereof.

4.2.04 Restrictions on Use of PEG Contributions. The District and the Company agree that the equipment, facilities, PEG Channels and PEG Direct Connection Capacity provided by the Company through in-kind contributions or cash support pursuant to Sections 4.1-4.2 of this Agreement shall be used solely for noncommercial PEG purposes or for any other purpose to which the Company might agree in writing. Such noncommercial PEG purposes shall include the following:

(i) Each PEG Entity may (1) lease its PEG Channels for a fee to other PEG Entities, governmental entities or nonprofit organizations, but not to other programmers, provided that such lessees shall not use the PEG Channels in any manner prohibited by this Section 4.2.04, and (2) use its PEG Channels to transmit any material that would not be unlawful for a public broadcast station to transmit under 47 U.S.C. § 399B(b) (or any successor thereto). In addition, any Governmental Channel may carry programming promoting tourism or other economic development in the District, and any Public or Educational Channel may carry programming (such as auctions, telethons and similar programming) to raise funds to support its or any other PEG Entity's programming operations, a governmental entity or a nonprofit organization.

(ii) The foregoing limitations shall not prevent the District or the Public Access Corporation from (1) making available, for a fee or otherwise, programming, information or data created or collected by the District or (2) providing production and post-production services to the public for a fee or otherwise.

(iii) For purposes of Section 4.2.04(i), no programming shall be construed to be prohibited (as unlawful for a public broadcast station to transmit under 47 U.S.C. § 399B(b) (or any successor thereto)) on account of (a) audio or visual content that is captured incidentally in the course of the production of the program or (b) remuneration in the form of a PEG Entity's standard membership fee.

4.2.05 Rules and Regulations. Rules and regulations adopted by the Public Access Corporation shall govern the use of all Public Channels, including all matters related to the governance, management, time, equipment, facilities and other

services. Such rules and regulations shall ensure that: (i) the Public Channels shall be available for the purposes set forth in Section 4.1.07 hereof; (ii) at least a portion of the programming time on the Public Channels shall be available for use by the general public on a first-come, first-served, nondiscriminatory basis, subject to appropriate time, place and manner requirements, and no charges shall be imposed for Public Channel time or playback of prerecorded programming on such Public Channels; and (iii) charges, if any, for production costs shall be set at the lowest reasonable level necessary to cover the Public Access Corporation's costs for the provision of such services. Such rules and regulations may be modified by the Public Access Corporation during the term of this Agreement.

4.2.06 Ratings. The Company shall promptly provide copies of any ratings information it obtains on a regular basis from a third party concerning viewership of PEG Channels to OCTT (for Cable Services provided on any Governmental or Educational Channel) and to the Public Access Corporation (for Cable Services provided on any Public Channel), provided, however, that with respect to any such ratings, the Company shall redact any personally identifiable information prior to providing such information to OCTT and/or the Public Access Corporation, as applicable. The preceding sentence shall not apply to any information the Company receives from an ascertainment it has commissioned in connection with the renewal of the Franchise or to any information the Company generates on its own in connection with such renewal.

4.3 Institutional Network

4.3.01 Provision of Institutional Network Facilities. The Company shall comply with the requirements of Appendix E to this Agreement and Exhibit 1 to Appendix E with respect to the Institutional Network.

4.3.02 Interconnection. The Company shall, at the Company's expense, interconnect the Institutional Network to the rest of the System, including the Subscriber Network, within one hundred and twenty (120) days of the completion of the Institutional Network. In addition, the Company shall cooperate with the District to interconnect the Institutional Network with any other District, local, state or federal government networks, provided that the use of such interconnection will be consistent with Appendix E to this Agreement and that the District shall reimburse the Company for its Actual Costs of performing such interconnection.

Any interconnection to the System shall provide direct and automatic access, without any delay perceptible to the recipient, to the System's transmission, routing, switching and processing capabilities and shall not alter or degrade any Signal delivered to it or alter, fail to retransmit or remove any formatting or coding information or data associated with any such Signal.

The Company shall provide notice to OCTT and OCTO that it has complied with the requirements of this Section 4.3.02 within thirty (30) days of such compliance.

4.4 Other Public Services

4.4.01 Services for Physically Challenged Persons. The Company shall comply with applicable law regarding access to Services by Physically Challenged persons.

4.4.02 Emergency Override. In the event of an emergency, as determined by the Mayor, the Mayor may order that Signals being distributed over the System shall be interrupted for the delivery of appropriate Signals necessitated by such emergency. The procedures for, and the equipment and facilities necessary to accomplish, such emergency override shall be determined as set forth in applicable law and in Exhibit 4 to Appendix A to this Agreement.

4.4.03 Services to Municipal and Other Facilities. The Company shall provide Services to the municipal and other facilities specified in Appendix F to this Agreement under the conditions set forth in said Appendix.

4.4.04 Advertising. The Company shall provide, on an annual basis over the course of each year of the term of the Franchise, Five Hundred Thousand Dollars ($500,000.00) of advertising time to the District for public, educational or governmental purposes, provided that the Company shall have the right to designate the Channel(s) and time slot(s) for such advertisements. Further information on the terms and conditions for such advertising time may be found in the letter of April 18, 2002 from Steven A. Burch, President of the Mid-Atlantic Division of Comcast Cable Communications, Inc., to Darryl Anderson, Executive Director, OCTT.

SECTION 5
FEES AND CHARGES

5.1 General Requirement. Each fee, charge, deposit or associated term or condition imposed by the Company or any Affiliated Person for (i) any equipment, installation or other activity subject to Section 623 of the Cable Act (47 U.S.C. § 543) (or any successor thereto) and the rules and regulations issued in connection therewith or (ii) any Service shall be consistent with the requirements of such provision and of any other applicable law. A schedule of the Company's current fees, charges, deposits, terms and conditions is included in the initial Cable Services and Rate Report set forth in Appendix C to this Agreement. The Company shall not change the Services it offers or the rates it charges therefor without meeting all requirements of applicable law and this Agreement.

5.2 Notice of Change. In addition to any notice required by applicable law, not less than thirty (30) days prior to the effective date of any change in any such fee, charge, deposit, term or condition (or such shorter period as may upon a showing of good cause be approved by OCTT provided such shorter period is in accordance with applicable law), the Company shall (i) submit a revised Cable Services and Rate Report to OCTT; (ii) provide written notice to each affected Subscriber utilizing the affected Service, which notice shall include the telephone number(s) for accessing the Company's automated telephone descriptions of such change pursuant to Clause (vi) of this

Section 5.2; (iii) provide notice of the proposed change in a newspaper of general circulation; (iv) provide electronic notice of the proposed change on the Company's web site (if applicable); (v) post notice of such change in the lobby of Company offices and in all customer service centers in the District; and (vi) offer descriptions of such change via an automated telephone system, which descriptions shall be in English and Spanish, provided that, beginning three (3) years after the Effective Date, the Company shall provide such descriptions in up to two (2) other languages as the District and the Company may reasonably agree in light of the District of Columbia's demographics.

5.3 No Discrimination. Except to the extent otherwise permitted by applicable law (and after receiving the District's approval, to the extent the District is exercising such authority pursuant to applicable law), the Company shall not discriminate among Subscribers with respect to fees, charges, deposits and other terms and conditions affecting any Service, or any equipment, installation or any other activity subject to regulation under Section 623 of the Cable Act (47 U.S.C. § 543) (or any successor thereto) and the rules and regulations issued in connection therewith. All such fees, charges, deposits and other terms and conditions must be applied fairly and uniformly to all Subscribers in the Franchise Area. Nothing contained in this Section 5.3 shall prohibit the Company from offering, to the extent permitted by applicable law: (i) discounts to senior citizens or economically disadvantaged groups; (ii) different charges for Residential Subscribers than for Non-Residential Subscribers; (iii) sales promotions and other discounts or reduced charges for a reasonable period of time, which are offered to all Residential Subscribers or all Non-Residential Subscribers, as the case may be, for the same length of time although the start date of such promotions, discounts or reduced charges may be staggered such that the offer may begin for the last Subscriber to whom they are offered up to six (6) months after the start date for the first Subscriber to whom they are offered; (iv) bulk rates; or (v) any discounts, promotions or reduced charges allowed by law or regulation.

5.4 Hearing Impaired Individuals. The Company shall provide equipment which facilitates the reception of Services by hearing-impaired individuals at the rates set forth in Appendix C to this Agreement. Notwithstanding any provision of this Agreement to the contrary, and to the extent consistent with applicable law, such rates shall not be increased without the prior consent of OCTT.

5.5 Subsequent Changes. To the extent that applicable law may in the future permit the District to regulate fees, charges, deposits and the terms and conditions with respect thereto to an extent greater than currently provided in the Cable Act, OCTT may make rules and regulations governing fees, charges, deposits and terms and conditions with respect thereto in accordance with Section 14.3 of this Agreement.

SECTION 6
CONSTRUCTION AND
TECHNICAL REQUIREMENTS

6.1 Construction and/or Upgrade Obligations. The Company shall fulfill the obligations set forth in Appendix A with respect to the Upgrade.

6.2 General Requirement. Throughout the term of this Agreement (and for such other time as it may take the Company to remove the System pursuant to Section 13.6.01 hereof, the Company agrees to comply with each of the terms set forth in this Section 6 and Appendix B to this Agreement governing construction and technical requirements for any construction, operation, repair, maintenance, upgrade, rebuild, enhancement and removal of the System and any other lawful requirements or procedures pertaining to construction and technical requirements which are specified by the District and consistent with this Agreement.

6.3 Quality. All work involved in the construction, operation, repair, maintenance, upgrade, rebuild, enhancement and removal of the System shall be performed in a safe, thorough and reliable manner using materials of good and durable quality. The Company shall comply with the specifications set forth in the most recently published edition of DDOT's *Standard Specifications for Highways and Structures* (currently, this is the 1996 edition, which was published by the District of Columbia Department of Public Works); DDOT's administrative issuances; the National Electrical Code; and the National Electrical Safety Code. If, at any time, it is determined by the District or any other agency or authority of competent jurisdiction that, consistent with applicable law, any part of the System, including, without limitation, any means used to distribute Signals over or within the System, is harmful to the health or safety of any person, then the Company shall, at its own cost and expense, promptly, or within a reasonable time period specified by the District or such agency or authority, correct all such conditions. The Company shall notify OCTT and the Directors of the District of Columbia Emergency Management Agency (or any successor thereto) and of the District of Columbia Department of Health (or any successor thereto) promptly, but in no event longer than twenty-four (24) hours, of any determination or finding by an agency or authority of competent jurisdiction that any part of the System is harmful to the health or safety of any person.

6.4 Licenses and Permits. The Company shall have the sole responsibility for obtaining, at its own cost and expense, all permits, licenses or other forms of approval or authorization necessary to construct, operate, maintain, repair, upgrade, rebuild, enhance or remove the System, or any part thereof, prior to commencement of any such activity. Such costs and expenses shall be of general applicability and shall not be unduly discriminatory against cable operators or subscribers. In the event of an emergency which poses a serious risk to life or public safety, the Company may carry out any necessary work to the extent consistent with applicable law.

6.5 New Grades or Lines. If the grades or lines of any PROW within the Franchise Area are changed at any time during the term of this Agreement, then the

Company shall, at its own cost and expense and within ten (10) days from actual or constructive notice from the District, or such longer time period as may be specified by the District, protect, alter or relocate the System, or any part thereof, so as to conform with such new grades or lines. In the event that the Company refuses or neglects to so protect, alter or relocate all or part of the System within the time period specified by or pursuant to this Section 6.5, the District shall have the right to break through, remove, alter or relocate all or any part of the System without any Liability of the District to the Company, and the Company shall pay to the District the costs incurred in connection with such breaking through, removal, alteration or relocation. In the event that the District reimburses costs for other occupants of the PROW which this Section 6.5 imposes on the Company, it will not be a breach of this Agreement for the Company to request that the District bear some or all of the Company's costs.

6.6 Protect Public Property and Landmarks. In connection with the construction, operation, maintenance, repair, upgrade, enhancement, rebuild or removal of the System, the Company shall, at no cost or expense to the District or other appropriate authorities, protect any and all existing structures belonging to the District, the federal government, the Washington Metropolitan Area Transit Authority and any other public or quasi-public entity, and all federally and locally designated landmarks and districts, as well as all other structures within any designated landmark district. The Company shall not alter any public structure in the PROW without prior approval of the District and all other appropriate authorities. Any such alteration shall be made by the Company, at no cost or expense to the District or such other appropriate authorities, and in a manner reasonably prescribed by the District and all other appropriate authorities. Pursuant to Section 34(f) of the D.C. Cable Act (D.C. Official Code § 34-1233(f)), the District shall perform any permanent restorations of the PROW at the Company's expense. For other replacements, repairs and restorations, the Company agrees that it shall be liable, at no cost or expense to the District or such other appropriate authorities, to replace or repair and restore, in a manner and within a reasonable time period as may be specified by the District and all other appropriate authorities, any PROW or any public structure involved in the construction, operation, maintenance, repair, upgrade, enhancement, rebuild or removal of the System that may become disturbed or damaged as a result of any work thereon by or on behalf of the Company pursuant to this Agreement. In the event the District or other appropriate authorities do not specify the manner of replacement, repair or restoration, the Company shall replace, repair or restore the PROW or public structure, within thirty (30) days, to good condition consistent with industry standards and the requirements of the most recent edition of DDOT's *Standard Specifications of Highways and Structures* (currently, this is the 1996 edition, which was published by the District of Columbia Department of Public Works). In the event the Company refuses or neglects to replace, repair or restore any PROW or any public structure, the District shall have the right to replace, repair or restore such PROW or structure, and the Company shall pay to the District the costs incurred in connection with such replacement, repair or restoration.

6.7 No Obstruction. In connection with the construction, operation, maintenance, repair, upgrade, rebuild, enhancement or removal of the System, the Company shall not obstruct the PROW, subways, railways, passenger travel, river

navigation or other traffic to, from or within the Franchise Area without the prior consent of all appropriate public or private authorities.

6.8 Movement of Cables, Wires and Other Equipment. The Company shall, upon written notice delivered not less than ten (10) days in advance by the District or any Person holding a permit that authorizes an activity that requires movement of cables, wires or other equipment, move its cables, wires and other equipment to allow the permitted activity (including, but not limited to, movement of a structure) to be completed in a timely manner. The Company may impose a charge, not to exceed its Actual Cost, on any such permit holder other than the District, for any such movement of its cables, wires and other equipment. This Section 6.8 shall not be construed to be a limitation on Section 2.4.02 hereof.

6.9 Safety Precautions. The Company shall, at its own cost and expense, undertake all necessary and appropriate efforts to prevent accidents at its work sites, including the placing and maintenance of proper guards, fences, barricades, watchmen and suitable and sufficient lighting. The Company shall comply with the Occupational Safety and Health Act of 1970, approved December 29, 1970 (84 Stat. 1590; 29 U.S.C. §§ 651-78), as amended, (or any successor thereto), and any other applicable law pertaining to occupational safety and health.

6.10 No Interference with Facilities or Equipment. In the construction, operation, maintenance, repair, upgrade, rebuild, enhancement or removal of the System, the Company shall not interfere with or damage the cables, wires and equipment of the District or any Person, including but not limited to utilities, other Cable Communications Systems, Open Video Systems, master antenna systems, satellite master antenna systems and similar systems. In the event the Company interferes with or damages such cables, wires or equipment, and the Company and the Person whose property has been interfered with or damaged cannot resolve the matter by agreement, the Company agrees to mediation by OCTT. In the event of a final court decision not subject to further appeal, which decision concludes that the Company interfered with or damaged the cable, wires or equipment of the District or any Person, the District may consider whether such finding constitutes a material breach of this Agreement under Section 13.4.02 hereof should the District find that (i) the Company willfully interfered in a grossly material fashion with the operations of a competitor or (ii) such finding, together with other interference, establishes a pattern of interference by the Company. This Section 6.10 is intended to address the normal installation, repair and maintenance practices of the Company. This Section 6.10 is not intended to prohibit the Company from taking any action that is consistent with applicable law to remove, use or dispose of the facilities of another provider.

6.11 Performance Bond

6.11.01 Establishment. To guarantee the timely completion of the Upgrade of the System required in Appendix A and any other construction, upgrade, rebuild or enhancement undertaken during the term of this Agreement, to ensure that the operation of the System continues in an orderly and uninterrupted manner in the event of

a default by the Company, and for the other purposes specified in Section 6.11.03 hereof, the Company shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond solely for the protection of the District, with a corporate surety and trust company that: (i) is listed as a certified company in the most recent version, as of the Effective Date, of the Department of the Treasury's Listing of Approved Sureties (Department Circular 570), or any successor thereto; (ii) has a per-bond underwriting limitation, as set forth in such Listing, of not less than Twenty Million Dollars ($20,000,000.00); and (iii) is otherwise acceptable to the Corporation Counsel, as provided in Sections 6.11.02 through 6.11.06 hereof.

Before any change in the performance bond (including, but not limited to, its issuer, amount or terms and conditions, whether or not such change is explicitly contemplated by this Section 6.11) takes effect, (i) the Corporation Counsel shall have approved the form of the new bond if the form is being changed and (ii) the Company shall furnish the new bond to the Corporation Counsel, with a copy to OCTT.

6.11.02 Amount. The amount of the performance bond during the Upgrade of the System required by Appendix A shall be in a face amount of not less than Twenty Million Dollars ($20,000,000.00). Such bond shall remain in effect until ninety (90) days after OCTT, on behalf of the District and pursuant to Section II.A of Appendix B to this Agreement, has provided the Company an acknowledgment of the Company's certification of completion of the first construction milestone for the Upgrade. At that point, the Company shall replace the initial performance bond with a second bond identical to the first except that it shall have a face amount of not less than Ten Million Dollars ($10,000,000.00). Such replacement bond shall remain in effect until ninety (90) days after OCTT, on behalf of the District, has acknowledged the completion of the Upgrade pursuant to Section II.G of Appendix B to this Agreement. At that point, the Company shall replace the second performance bond with a third bond identical to the first except that it shall have a face amount of not less than Five Million Dollars ($5,000,000.00). Such third bond shall remain in effect during the term of this Agreement and such later date as provided in Section 13.5 hereof.

6.11.03 Indemnification. The performance bond shall indemnify the District, up to the full face amount of the bond, for: (i) the cost to complete the Upgrade required in Appendix A and any other construction, upgrade, rebuild or enhancement of the System in the Franchise Area and to maintain the operation of the System following a termination of this Agreement; (ii) any loss or damage to any municipal structure during the course of any construction of the System; (iii) any other costs, losses or damages incurred by the District as a result of the Company's failure to perform its obligations pursuant to this Agreement; and (iv) the removal of all or any part of the System from the PROW; provided, however, that the District may not seek recourse against such bond for any costs or damages for which the District has previously been compensated in full through a withdrawal from the Security Fund or otherwise by the Company or its Guarantor(s). The requirements of this Section 6.11.03 shall apply to both the initial and replacement bonds described in Sections 6.11.02 and 6.11.05.

6.11.04 Form. The initial performance bond shall be in a form approved by the Corporation Counsel and shall be furnished to the Corporation Counsel, with a copy to OCTT, on or before the Closing. Such initial bond and any replacement bond shall contain the following endorsement: "It is hereby understood and agreed that this bond may not be cancelled or not renewed by the surety nor may the intention to cancel or not to renew be stated by the surety until sixty (60) days after OCTT has acknowledged the completion of the Upgrade pursuant to Section II.G of Appendix B to the Cable Television Franchise Agreement between the District of Columbia and Comcast Cablevision of the District, LLC and, notwithstanding the foregoing, shall in no case be cancelled or not renewed by the surety until at least sixty (60) days' written notice to the Corporation Counsel and OCTT of the surety's intention to cancel or not renew this bond."

6.11.05 Responsibilities of the Company If the Surety Cancels or Fails to Renew a Performance Bond. Prior to the effective date of any cancellation or failure to renew a performance bond by the surety, the Company shall obtain a replacement performance bond from a corporate surety and trust company that meets the requirements set forth in the first paragraph of Section 6.11.01 as of the effective date of such replacement performance bond, and is otherwise acceptable to the Corporation Counsel. Such replacement performance bond shall be in a form approved by the Corporation Counsel and, prior to such effective date, shall have been furnished to the Corporation Counsel, with a copy to OCTT.

6.11.06 Not a Limit on Liability. The acceptance by the District of the bond required by this Section 6.11 shall not limit the requirement of faithful performance by the Company pursuant to this Agreement or the Liability of the Company pursuant to this Agreement.

6.12 Technical Requirements

6.12.01 Testing Procedures; Technical Performance. Throughout the term of this Agreement, the Company shall operate and maintain the System in accordance with the District's testing procedures and the technical performance standards, as provided in Appendix A to this Agreement. The Company shall give at least ninety-six (96) hours' prior notice to OCTT of any scheduled System test performed in accordance with Appendix A so that the District may arrange to have an engineer or other person observe the Company's engineer or other person performing such test.

6.12.02 Engineer; Technicians. Throughout the term of this Agreement, the Company or an Affiliated Person shall employ a competent and knowledgeable engineer to serve, on a full-time basis, the cable systems in the Washington Metro/Nova Region, which covers the District of Columbia; Montgomery County and Prince George's County, Maryland; and the City of Alexandria, Arlington County, Chesterfield County, Fairfax County (Reston Franchise Area) and Prince William County, Virginia. Throughout the term of this Agreement, the Company shall employ a service and repair force, selected in a manner consistent with Section 7.3

hereof, of competent technicians capable of maintaining the System in accordance with Appendix A hereto.

6.12.03 Interconnection. The Company shall construct, operate, maintain, repair, upgrade, rebuild and enhance the System such that it is capable of transmitting and receiving Signals to and from any other Cable Communications Systems or Open Video Systems in the District, the Region, elsewhere in the United States or outside the United States. At the request of the District, the Company shall consider whether it is commercially reasonable to interconnect the System with another Cable Communications System or Open Video System where such interconnection does not already exist. As part of such consideration, if an Affiliated Person does not operate the other Cable Communications System or Open Video System, the Company shall initiate good-faith discussions with such operator regarding the commercial reasonableness of an interconnection.

6.12.04 Testing Vehicle and Equipment. In order to enable the Company to test the ability of the System to perform in accordance with Section III of Appendix A to this Agreement, the Company shall secure and continuously maintain in the Franchise Area: (i) all necessary testing and monitoring equipment specified in Exhibit 6 to Appendix A to this Agreement, or equivalent equipment; (ii) any other equipment necessary to monitor the performance of the System (including any upgrades to the testing and monitoring equipment specified in Exhibit 6 to Appendix A to this Agreement); and (iii) one (1) or more motor vehicles collectively capable of containing and having all such equipment installed therein promptly, and which shall be used for the purpose of such tests. Notwithstanding the preceding sentence, automated performance measurement equipment, such as the Tektronix VM-700 series (or better), and its associated equipment, may be secured and maintained by an Affiliated Person elsewhere in the Washington Metro/Nova Region (as described in Section 6.12.02 hereof), provided that such equipment shall be available to the Company, not later than one (1) Business Day following a request to such Affiliated Person, for testing the System in whole or in part. Such equipment shall be maintained in good working condition at all times.

SECTION 7
EMPLOYMENT AND PURCHASING

7.1 Right to Bargain Collectively. The Company shall recognize the right of its employees to elect to bargain collectively through representatives of their own choosing in accordance with applicable law.

7.2 No Discrimination. In accordance with the District of Columbia Human Rights Act, effective December 13, 1977 (D.C. Law 2-38; D.C. Official Code § 2-1401.01 *et seq.*) (or any successor thereto) and other applicable law, the Company shall not, on the basis of race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, disability, matriculation or political affiliation: (i) fail or refuse to hire or discharge any individual; (ii) otherwise discriminate against any individual with respect to his or her compensation, terms,

conditions or privileges of employment, including promotion; (iii) limit, segregate or classify its employees in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee; or (iv) discriminate against any individual in admission to or employment in any program established to provide apprenticeship or other training or retraining, including an on-the-job training program. During the term of this Agreement, the Company agrees to comply in all respects with all applicable law pertaining to employment nondiscrimination.

7.3 Local Employment; First Source Requirements. Prior to the Closing, the Company shall have entered into a First Source Agreement with the District of Columbia Department of Employment Services (or any successor agency) and shall have submitted a copy of such First Source Agreement to OCTT. The Company shall keep such First Source Agreement current throughout the term of the Franchise. Further, pursuant to 4 DCMR § 603 (or any successor thereto), the Company shall make a good faith effort to ensure that its workforce shall consist of not less than fifty-one percent (51%) District Residents.

7.4 Management Hiring. The Company shall endeavor to promote internal candidates, including the District Residents hired pursuant to Section 7.3 of this Agreement, to management and supervisory level positions with the Company.

7.5 Local Businesses. Prior to the transmission of this Agreement to the Council, and prior to the Closing, the Company shall have entered into a Memorandum of Understanding regarding the utilization of local, small and disadvantaged businesses with the District of Columbia Office of Local Business Development (or any successor agency). The Company shall keep such Memorandum of Understanding current throughout the term of the Franchise. The Memorandum of Understanding shall require the Company make at least good-faith efforts to contract and procure at least 35% of its goods and services, with local, small, and disadvantaged business enterprises.

7.6 Local Law Requirements

7.6.01 Equal Employment Opportunity/Affirmative Action Program Compliance. The Company shall comply with the applicable rules and regulations of OHR pertaining to equal employment opportunity and affirmative action.

7.6.02 Required Plan. Every year, no later than a date specified by OHR, and for as long as the Company operates the System, the Company shall submit for approval by such agency the written plan(s) relating to equal employment opportunity and affirmative action required by such Agency. Taken together (if there is more than one (1) plan), such plan(s) shall apply to all job categories in the Company's workforce.

7.6.03 Job Training and Apprenticeship Programs. At all times during the term of the Franchise, the Company shall maintain an apprenticeship program that is registered with, pursuant to Section 5 of the Amendments to An Act To Provide for

Voluntary Apprenticeship in the District of Columbia Act of 1978, effective March 6, 1979 (D.C. Law 2-156; D.C. Official Code § 32-1431) (or any successor thereto), and approved by the District of Columbia Apprenticeship Council (or any successor agency). Such program shall be designed to provide District Residents, particularly unskilled and semi-skilled disadvantaged youth, with job skills, job opportunities and upward mobility, both within the cable television industry and the Company's workforce. In addition, the Company shall maintain throughout the term of the Franchise on-the-job-training opportunities for existing employees both to assist them in their current jobs and to prepare them for future opportunities. One purpose of such on-the-job training opportunities shall be to assist the Company in meeting its goal of promoting internal candidates, including District Residents hired pursuant to Section 7.3 of this Agreement, to management and supervisory level positions pursuant to Section 7.4 of this Agreement. Such apprenticeship and on-the-job-training programs shall apply to all appropriate job categories in the Company's workforce.

7.7 Enforcement. The Company shall take steps to ensure that the requirements of this Section 7 are adhered to, consistent with the First Source Agreement required by Section 7.3 hereof and the Memorandum of Understanding required by Section 7.5 hereof, by (i) the Company, (ii) its officers and employees and (iii) any Affiliated Person or contractor that is regularly performing functions in the District of Columbia or elsewhere in the Region with respect to the System that normally are performed by a cable operator in the operation of a cable system.

7.8 Penalties for Equal Employment Opportunity/Affirmative Action Program Violations. Nothing in this Agreement affects the penalties set forth in 4 DCMR § 606 (or any successor thereto). However, in the event OHR fines the Company pursuant to 4 DCMR § 606 (or any successor thereto), the Company may offset such fine against any amount it must pay OCTT as a liquidated damage or other breach remedy for the same matter. In addition, OCTT shall not take any enforcement action, pursuant to this Section 7.8, against the Company with respect to a matter regarding which OHR has issued a written ruling or advisory opinion determining that the Company has not violated applicable law within OHR's jurisdiction.

7.9 Local Board. Pursuant to the goals of encouraging local and minority access to and participation in cable communications as set forth in the statement of legislative purposes of the D.C. Cable Act, the Company shall maintain a governing body of the Company to be comprised, at all times, of at least sixty percent (60%) minorities (as that term is defined in Section 3(24) of the D.C. Cable Act, as the act was in effect as of June 1, 2002) and at least fifty-one percent (51%) current District Residents, as further described in Appendix J hereto.

SECTION 8
ADDITIONAL SUBSCRIBER RIGHTS

8.1 Consumer Protection Standards. The Company shall comply in all respects with all applicable customer service and other consumer protection requirements set forth in applicable law.

8.2 Privacy Protection. The Company shall comply with Section 631 of the Cable Act (47 U.S.C. § 551) (or any successor thereto), Section 46 of the D.C. Cable Act (D.C. Official Code § 34-1245) and any other applicable law pertaining to privacy.

8.3 No Interference with Consumer Equipment. The Company and any Affiliated Person shall comply with applicable law regarding a Subscriber's ability to utilize consumer equipment of the Subscriber's choosing.

8.4 Prevention of Reception of Undesired Services. The Company shall comply with Section 640 of the Cable Act (47 U.S.C. § 560) (or any successor thereto). In addition, the Company shall inform Subscribers at the time of subscription and at least once annually thereafter, by individual written notice, (i) that they are entitled, upon request and without charge, to receive full blockage of any undesired audio or video programming to which they do not subscribe and (ii) how to make such a request.

8.5 Service Centers. The Company shall maintain at least one (1) customer service center ("Service Center") in the District of Columbia. At a minimum, each Service Center shall allow Subscribers on a walk-in basis to file complaints; ask questions regarding bills or service; pay bills; request, upgrade or terminate Services; and pick up or drop off equipment. Subject to Section 10.2 hereof, the required Service Center shall be open for not less than six (6) hours on Saturdays in addition to any other periods required by applicable law. In addition, the Company shall maintain not less than one (1) location in each ward of the District of Columbia where Subscribers may pay their bills (receiving credit for doing so as if the payment had been made at the Service Center), provided that the Company shall not have to do so for a ward containing a Service Center (for example, if the Company has one (1) Service Center, it shall have at least seven (7) payment centers since there are eight (8) wards in the District of Columbia). The Company shall use its best efforts to maintain such locations other than at liquor stores although the Company may use liquor stores as additional payment locations beyond the requirement in the preceding sentence.

SECTION 9
COMPENSATION AND OTHER PAYMENTS

9.1 Compensation

9.1.01 Franchise Fees. As compensation for the Franchise, the Company shall pay to the District an amount equal to five percent (5%) of Gross Revenue. All such payments pursuant to this Section 9.1.01 shall be made on a quarterly

basis and shall be remitted simultaneously with the submission of the Company's quarterly report required pursuant to Section 9.1.02 hereof.

9.1.02 Payment Due. The Company shall submit to OCTT, with copies to the D.C. Treasurer, a report, in such form and containing such detail as OCTT and the Company shall agree, not later than thirty (30) days after the last day of each March, June, September and December throughout the term of this Agreement setting forth the Gross Revenue for the quarter ending on said last day of such month. The report shall contain a reconciliation between the Gross Revenue shown in the report and the financial statements for the System, prepared in accordance with generally accepted accounting principles, over the relevant time period. In the event of any transfer of the System to any Person pursuant to this Agreement, the Company, as a condition to the approval of any such transfer, shall remit to the District prior to the effective date of the transfer the balance due of the payment required by Section 9.1.01 based on the Gross Revenue as of the date of the transfer.

9.1.03 Reservation of Rights. No acceptance of any such payment by the District shall be construed as an accord and satisfaction that the amount paid is in fact the correct amount, nor shall such acceptance of any payment be construed as a release of any claim that the District may have for further or additional sums payable under the provisions of this Agreement. All amounts paid shall be subject to audit and recomputation by the District.

9.1.04 Itemization. If the Company chooses to designate that portion of a Subscriber's bill attributable to the amount of any compensation payment to be made by the Company or any other Person (including payments made on behalf of any other Person for whose Services the Company bills Subscribers) to the District pursuant to this Agreement, it shall do so in a manner that does not mischaracterize the nature of such compensation payment and is consistent with applicable law. Not less than sixty (60) days prior to mailing a bill containing such a designation (or a modification thereof) for the first time, the Company shall submit to OCTT a sample bill showing the proposed contents of such designation. The Company shall consider any comments received from OCTT on the sample bill.

9.1.05 Ordinary Business Expense. Nothing contained in this Section 9.1 or elsewhere in this Agreement shall prevent the Company or any Affiliated Person from treating the compensation and other payments that it, they or either of them may pay pursuant to this Agreement as an ordinary expense of doing business and, accordingly, from deducting such payments from gross income in any District, state or federal income tax return.

9.1.06 Payments to Be Made to the District. If the Company collects from Subscribers any amounts to be paid to any Person for the provision of Services, excluding (unless otherwise agreed by the Company and OCTT) Internet access and similar online Services, on the System or in connection with the System, the Company shall deduct five percent (5%) from such amounts and include such deducted amounts in its payment to the District pursuant to Section 9.1.01 hereof and include such payments in

its report pursuant to Section 9.1.02 hereof. If any Person other than the Company directly collects such amounts from Subscribers, excluding (unless otherwise agreed by the Company and OCTT) revenues received for Internet access and similar online Services, that would constitute Gross Revenue if received directly by the Company, the Company shall include in its contract, or other arrangement with such Person, a provision (which must be approved in advance by OCTT) which provides that such Person shall remit to the District on a quarterly basis an amount equal to five percent (5%) of such amounts collected from Subscribers, together with a quarterly report similar in form and content to the report referred to in Section 9.1.02 hereof, and that the District may enforce such provision directly against such Person.

9.1.07 Franchise Fee Audits. At any time during the term of the Franchise or for six (6) years after the receipt of a payment pursuant to Section 9.1.01 hereof, whichever is later, the District, at its expense, may conduct an audit or review, pursuant to Section 10.7 hereof, of the payments by the Company or any other Affiliated Person (to the extent its revenues constitute Gross Revenue hereunder) required by this Section 9.1. At the District's request, the Company shall provide the source documents that support the franchise fee calculation for the time period(s) being audited and a reconciliation between the Gross Revenue on which the franchise fee is based and the financial statements for the System, prepared in accordance with generally accepted accounting principles. Within thirty (30) days after notice from the District of any underpayment by the Company, the Company (i) shall pay such underpayment to the District, with interest calculated at the rate specified in Section 9.4 hereof, and shall pay to the PEG Entities any corresponding underpayment in support required by Sections 4.2.01 and 4.2.02 hereof, with interest calculated at the rate specified in Section 9.4 hereof, or (ii) shall notify the District in writing that it does not agree with the results of the audit and the reasons therefor. To the extent the parties disagree about the results of the audit pursuant to the preceding sentence, each party reserves the right to exercise all its rights and remedies under this Agreement and applicable law. If the audit or review permitted by this Section 9.1.07 results in any underpayment to the District or to the PEG Entities which exceeds four percent (4%) of the total amount due to the District or the PEG Entities from the Company over the time period audited or reviewed, the Company shall pay the District's costs of such audit or review. The District shall have a reasonable period of time to complete the audit or review and to accept the audit or review as accurate and final; at the end of such period, it shall issue an audit closure notice to the Company. Notwithstanding the issuance of such notice, the District shall have the right to reopen such audit or review for a period of twelve (12) months after the date of such notice or at any time upon the discovery that the Company or an Affiliated Person has provided fraudulent information or acted in bad faith during the course of the audit or review. There shall be no more than one (1) audit for each fiscal year in any twelve (12) month period, except in extraordinary circumstances.

9.1.08 Billing Reports. The Company shall provide a month-end detail of all revenue billed for all Services and installation and equipment charges for that month allocable to the Franchise Area in the District. The Company shall also calculate for each month earned and accrued revenues.

9.2 Future Costs. The Company shall pay a fee in the amount of Thirty Thousand Dollars ($30,000.00) to cover administrative costs of the District in connection with the consideration of each transfer requiring Council approval as described in Sections 11.1 or 11.2; such fee shall not be passed through to Subscribers in any form, itemized on Subscriber bills, or, for rate regulation purposes, attributed to capital costs, operating expenses or external costs of the System. Payments of such fees, costs and expenses shall not be deemed to be "franchise fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. § 542) (or any successor thereto), and such payments shall not be deemed to be (i) "payments-in-kind" or involuntary payments chargeable against the compensation to be paid to the District by the Company pursuant to Section 9.1 hereof or chargeable against the payments to any PEG Entity by the Company pursuant to Section 4.2 hereof, or (ii) part of the compensation to be paid to the District by the Company pursuant to Section 9.1 hereof or part of the payments to any PEG Entity by the Company pursuant to Section 4.2 hereof.

9.3 Not Franchise Fees. The Company expressly acknowledges and agrees that:

(i) Except for the payments expressly required by Section 9.1 hereof, none of the payments or contributions made by, or the services, equipment, facilities, support, resources or other activities to be provided or performed by the Company pursuant to this Agreement, or otherwise in connection with the construction, operation, maintenance, repair, removal, upgrade, rebuild or enhancement of the System (including specifically, but not by way of limitation, such payments, contributions, services, equipment, facilities, support, resources or other activities as described in or provided for in Sections 4 and 9.2 hereof and in Appendices D, E and F to this Agreement) are franchise fees chargeable against the compensation payments to be paid to the District by the Company pursuant to Section 9.1 hereof; and

(ii) As applicable, except for the compensation payments to the District expressly required by Section 9.1 hereof, each of the payments or contributions made by, or the services, equipment, facilities, support, resources or other activities to be provided by the Company, are within the exclusions from the term "franchise fee" set forth in Section 622(g)(2) of the Cable Act (47 U.S.C. § 542(g)(2)) (or any successor thereto); and

(iii) The compensation payments due from the Company to the District pursuant to Section 9.1 hereof, shall take precedence over all other payments, contributions, services, equipment, facilities, support, resources or other activities to be paid or supplied by the Company pursuant to this Agreement; and

(iv) The compensation and other payments to be made pursuant to this Section 9 of this Agreement shall not be deemed to be in the nature of a tax, and shall be in addition to any and all taxes of general applicability or other fees or charges which the Company or any Affiliated Person shall be required to pay to the District or to any state or federal agency or authority. Unless the District

agrees otherwise, neither the Company nor any Affiliated Person shall have or make any claim for any deduction or other credit of all or any part of the amount of the compensation or other payments to be made pursuant to this Agreement from or against any District or other governmental taxes of general applicability (including (a) any such tax, fee or assessment imposed on both utilities and cable operators or their services but not including a tax, fee or assessment which is unduly discriminatory against cable operators or cable subscribers or (b) income taxes) or other fees or charges which the Company or any Affiliated Person is required to pay to the District or other governmental agency. Each of the compensation, other payments, taxes and other fees and charges shall be deemed to be separate and distinct obligations of the Company and Affiliated Persons; and

(v) Neither the Company nor any Affiliated Person shall apply or seek to apply all or any part of the amount of any District or other governmental taxes or other fees or charges of general applicability (including any such tax, fee or assessment imposed on both utilities and cable operators or their services but not including a tax, fee or assessment which is unduly discriminatory against cable operators or cable subscribers) as a deduction or other credit from or against any of the compensation or other payments to be made pursuant to this Agreement, each of which shall be deemed to be separate and distinct obligations of the Company and Affiliated Persons.

Nothing in this Agreement is intended to preclude the Company from exercising any right it may have to challenge the lawfulness of any tax imposed by the District or any state or federal agency or authority.

9.4 Interest on Late Payments. In the event that any payment required by this Agreement is not actually received by the District or any PEG Entity on or before the applicable date fixed in this Agreement, interest thereon shall accrue from such date at a rate equal to the then-prevailing prime rate of interest charged by the Industrial Bank, N.A. (or such other bank as may be selected by agreement of the D.C. Treasurer and the Company) for commercial loans, such rate to be compounded daily, except as provided in Sections 13.2.04 and 13.3 hereof with respect to a withdrawal from the Security Fund.

9.5 Method of Payment. All payments by the Company to the District pursuant to this Agreement shall be made payable to the D.C. Treasurer and shall be delivered to OCTT.

SECTION 10
OVERSIGHT AND REGULATION

10.1 Oversight. The District shall have regulatory oversight over the System, including, but not limited to, the right to regulate and inspect the construction, operation, maintenance, repair, upgrade, rebuild, enhancement and removal of the System, and all parts thereof to ensure compliance with the terms and conditions of this Agreement and applicable law. The Company shall establish and maintain managerial and operational

standards, procedures, records and controls to enable the Company to be, at all times throughout the term of this Agreement, in compliance with each term and condition of this Agreement. Notwithstanding the foregoing provision, but subject to Section 10.7.02 hereof with respect to documents pertaining to financial matters, the Company shall retain such records for a period of not less than three (3) years.

10.2 District Reservation of Authority. To the extent consistent with federal law, the District, including OCTT, reserves the right to adopt or issue such statutes, rules, regulations, orders or other directives governing the Company or the System as it shall find necessary or appropriate in the exercise of its police power or other governmental power, and the Company expressly agrees to comply with all such lawful statutes, rules, regulations, orders or other directives. No rule, regulation, order or other directive issued pursuant to this Section 10.2 shall constitute an amendment to this Agreement. In addition to other rights reserved in this section, the District reserves its rights to enact and enforce laws to prohibit or regulate exclusive contracts and anticompetitive acts that have the purpose or effect of limiting competition for the provision of cable service or services similar to cable service, including exclusive programming agreements, and exclusive contracts with vendors to provide equipment, materials or services. The Company reserves its Constitutional contract rights as applicable to its rights and obligations as set forth in the Agreement.

10.3 Meetings or Hearings

10.3.01 Council Meetings or Hearings. At the request of the Council, the Company's General Manager (or the person holding the equivalent position if there is no General Manager) and other personnel of the Company with relevant expertise in the designated subjects shall, absent extraordinary circumstances, attend and participate as witnesses at any meeting or hearing held by the Council regarding the System, this Agreement or the Franchise. The Company personnel shall bring to such meeting or hearing any documents requested by the Council, including any documents reasonably known by the Company to be responsive to the Council's request even if such documents are not specifically identified by such request. Also, the documents or information shall be relevant to determining compliance with this Agreement or applicable law. Any confidential or proprietary information or documents requested for such meeting or hearing pursuant to this Section 10.3.01 may be provided to the Council in advance of the meeting or hearing. Whether they are provided at or in advance of the meeting or hearing, any such confidential or proprietary information or documents shall be subject to Section 10.7.02(iv) of this Agreement.

10.3.02 OCTT Meetings. At the request of the Executive Director, the Company's General Manager (or the person holding the equivalent position if there is no General Manager) and other personnel of the Company with relevant expertise in the designated subjects shall, absent extraordinary circumstances, attend and participate in any meeting held by the Executive Director regarding the System, this Agreement or the Franchise. Company personnel shall bring to such meeting any documents requested by OCTT, including any documents reasonably known by the Company to be responsive to OCTT's request even if such documents are not specifically identified by such request,

which are relevant to determining compliance with this Agreement or applicable law. Any confidential or proprietary information or documents requested for or provided at such meeting pursuant to this Section 10.3.02 shall be subject to Section 10.7.02(iv) of this Agreement.

10.4 General Provisions Regarding Reports

10.4.01 Additional Information. Within a reasonable period of time, as determined by OCTT, after a request of the Council, Corporation Counsel or OCTT, the Company shall, subject to the provisions of Section 10.7.02(iv) hereof with respect to the processing of confidential and proprietary information, submit to the requesting party any information reasonably required to demonstrate compliance with the terms and conditions of this Agreement or applicable law.

10.4.02 Format. The Company shall transmit to OCTT, by means of such method and in such format as OCTT may specify, after consultation with the Company, all information OCTT requests consistent with this Agreement, including, without limitation, the information required to be submitted by applicable law. In the event that OCTT's staff and the Company's personnel disagree regarding such specification of the format of a report, the issue shall be referred to the Executive Director and the Company's General Manager (or a person in an equivalent or higher position) for resolution. The Company shall inform OCTT, at the beginning of any report submitted, of all changes in calculations, methodology, time periods used and any other changes that may adversely affect OCTT's ability to compare previous reports to the report in question.

10.4.03 Deadline for Submission. Unless otherwise specified, any report or other provision of information required under any provision of this Agreement shall be due to OCTT within thirty (30) days of the event that triggers the reporting requirement.

10.4.04 Supplemental Information Requests. If OCTT, in its reasonable discretion, determines that it needs additional information to clarify the data contained in a report submitted by the Company or any Affiliated Person that submitted the report, OCTT must submit such supplemental information request within ninety (90) days of receipt of the Company's or Affiliated Person's original report. Notwithstanding the preceding sentence, extenuating circumstances may warrant a longer time within which OCTT may submit such supplemental information request (such extenuating circumstances shall include, but not be limited to, discrepancies among reports in a chronological series which lead to questions about the earlier reports). Subject to Section 10.7.02(iv) of this Agreement, the Company or such Affiliated Person shall provide the requested information to OCTT as soon as reasonably possible but in no event later than thirty (30) days after receipt of such request, provided that extenuating circumstances approved by OCTT may justify a longer period of time.

10.4.05 Designated Officers and Employees. Throughout the term of this Agreement, the General Manager of the Company or a person in an equivalent

position, or such other person whom the Company designates in writing to OCTT, shall be responsible for overseeing the Company's reporting obligations pursuant to this Agreement and for responding to the District's questions regarding the Company's compliance with the terms and conditions of this Agreement. The Company must, within five (5) days of a change in the designation of such responsible person, notify OCTT in writing of such change.

10.5 Required Annual Reports

10.5.01 Company Report. On June 1 of every year during the term of this Agreement, the Company shall submit an annual report to both OCTT and the Council committee with jurisdiction over OCTT. OCTT, after consultation with the Company, may reasonably specify the form of and details covered by any such annual report, provided that the failure of OCTT so to specify shall not relieve the Company of its obligation to submit such report annually to OCTT and such Council committee. In the event that OCTT's staff and the Company's personnel disagree regarding such specification of the form of or details covered by a report, the issue shall be referred to the Executive Director and the Company's General Manager (or a person in an equivalent or higher position) for resolution.

Such report shall, in reasonable detail, specifically address, at a minimum, the following areas, and shall state whether there has been any material change in the information or plans regarding such areas from the information or plans the Company previously has provided to the District:

(i) compliance with the requirements regarding System characteristics; the Upgrade; and technical performance and testing requirements, as provided in Appendix A to this Agreement;

(ii) compliance with any plans or specifications submitted by the Company in connection with the construction terms, schedule and sequence for performance of the Upgrade or any other construction, upgrades, rebuilds and enhancements of the System, as provided in Section 6 hereof and Appendix B to this Agreement;

(iii) the Leased Channel Report, as provided in Section 3.7.02 hereof;

(iv) a description of the interconnections between the System and any other network or system provided by the District or a local, state or federal government entity or any other Cable Communications System or Open Video System; a statement of the reason for each such interconnection; and the Company's response to any request by the District to perform such an interconnection;

(v) compliance with all requirements related to PEG Channels, including support for PEG Entities, PEG Direct Connections and signal quality and transmission on the PEG Channels, as provided in Sections 4.1 and 4.2 hereof and Appendix D to this Agreement;

(vi) compliance with all requirements related to the Institutional Network pursuant to Section 4.3, Appendix E to this Agreement and Exhibit 1 to Appendix E;

(vii) compliance with all requirements related to Services to District and other facilities, as provided in Section 4.4.03 and Appendix F to this Agreement; such report shall include a list of the sites provided with such Services;

(viii) compliance with applicable law regarding access to Services by Physically Challenged persons, as provided in Section 4.4.01 hereof;

(ix) compliance with the Company's employment, purchasing and governing board obligations including the First Source Agreement and the Memorandum of Understanding regarding the utilization of local, small and disadvantaged business enterprises, as provided in Section 7 hereof;

(x) copies or (if no copies exist) descriptions of (a) any notices or other information provided to Subscribers about the Company's privacy policies and other protections of Subscriber privacy and (b) the instructions the Company provides to its employees and contractors regarding the Company's privacy policies and other protections of Subscriber privacy;

(xi) compliance with the additional covenants set forth in Section 15.8 hereof;

(xii) an annual compilation of the information contained in the reports required by Section 10.6.08 hereof;

(xiii) a summary description of the documented Subscriber complaints received during the preceding twelve (12) months; such summary shall include the number and category of Subscriber complaints received during such period; such summary shall be in the form of the Monthly Report of Subscriber Complaints for June 2001 as filed with OCTT except that it shall be an annual report and that a description of the issues involved in (excluding personally identifiable information of Subscribers) and steps required for resolution of each complaint listed as pending shall be appended thereto;

(xiv) compliance with the consumer protection standards, as provided in Section 8.1 hereof and applicable law pertaining to consumer protection;

(xv) (a) a schedule of the Company's current fees, charges, deposits, terms and conditions for the provision of Services and equipment (including, but not limited to, equipment for the hearing impaired) to Residential Subscribers not billed on a bulk basis in the form set out in Appendix C to this Agreement and (b) a statement separately identifying any changes from the previous year's schedule;

(xvi) a report answering the following questions (for the purposes of this Section 10.5.01(xvi), the Company may exclude Affiliated Persons that do not operate a Cable Communications System in the Washington, D.C. Designated Market Area (as defined by Nielsen Media Research, Inc.)): (a) Has an adverse finding been made or an adverse final action been taken by any court or administrative body with respect to the Company or any Affiliated Person in a civil, criminal or administrative proceeding, brought under the provisions of any law or regulation related to the following: any felony; revocation, suspension or involuntary transfer of any authorization (including cable franchises) to provide communications services; communications-related antitrust or unfair competition; fraudulent statements to another government unit; or employment discrimination? (b) If the answer to (a) is "Yes," fully describe the Persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable) and the disposition of such proceeding. (c) Is the Company or any Affiliated Person currently a party in any pending matter of a type described in (a)? (d) If the answer to (c) is "Yes," fully describe the Persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable) and the disposition of such proceeding;

(xvii) an up-to-date version of the ownership interests in the Company, as provided in Appendix G to this Agreement;

(xviii) an up-to-date list of all Local Ad Insertion Channels, including a separate indication of any changes since the previous year's annual report; and

(xix) a financial report consisting of (a) a copy of the annual financial report with respect to the fiscal year most recently ended for each of the Company's parent companies that produce such reports and (b) a copy of the Company's annual financial statements, including, but not limited to, its balance sheet and income statement; an officer of the Company shall certify that the Company's annual financial statements have been prepared in accordance with generally accepted accounting principles.

10.5.02 Related Services Report. The Company shall submit to OCTT annually a list of all programming Services owned, controlled or operated, in whole or in part (excluding interests of less than five percent (5%)), by the Company or its ultimate parent (other than local origination Services to Cable Communications Systems outside the District). The first such report shall be submitted no later than the Closing and shall be updated annually. To the extent that the Company's or any of its parents' Securities and Exchange Commission Form 10-K contains such information, the Company may satisfy the requirements of this Section 10.5.02 by filing a copy of such Form 10-K with OCTT.

10.6 Other Required Reports

10.6.01 Upgrade Progress Reports. Once monthly during the Upgrade of the System, the General Manager (or a person in an equivalent or higher position) and one (1) or more of the engineers designing and managing the Upgrade shall meet with the Executive Director to brief the Executive Director on the progress of the Upgrade, provided that such personnel shall have additional such meetings at the request of the Executive Director. Every three (3) months throughout the Upgrade of the System, the Company shall submit to OCTT quarterly written reports. In addition, if the Company performs another upgrade of the System (such an upgrade is defined, for the purposes of this Section 10.6.01, as a modification to the System after completion of the Upgrade which necessitates significant construction in the PROW) during the term of the Franchise, the Company shall provide OCTT with quarterly written reports in compliance with this Section 10.6.01.

The first such report shall be submitted within ninety (90) days of the commencement of any such upgrade, including, but not limited to, the Upgrade. All such reports, including, but not limited to, the reports on the Upgrade, shall be updated every three (3) months thereafter. The last such report for the Upgrade shall be due with the certification to the District that such Upgrade has been completed. Such reports shall explain what work has been done and how such work satisfies the requirements of this Agreement. Such reports also shall include as-built maps in both paper and electronic forms (the final design map shall be substituted for any as-built map that is not yet available for an area where the construction has been completed). In addition, such reports shall describe the Company's construction plans for the next six (6) months. The District agrees that OCTT shall treat the as-built (and, if applicable, final design) maps to be submitted to OCTT by the Company pursuant to this Section 10.6.01 in accordance with the confidentiality provisions of Section 10.7.02(iv) of this Agreement.

10.6.02 Technical Performance Documents. Within ten (10) days after completing the tests or other measurements the results of which are reflected in a document pertaining to the System's technical performance (*e.g.*, a report on a proof-of-performance test that was conducted pursuant to 47 C.F.R. § 76.601 (or any successor thereto); a signal leakage log or record created pursuant to 47 C.F.R. §§ 76.614, 76.1706 (or any successors thereto); records pertaining to a test of the emergency alert system pursuant to 47 C.F.R. §§ 11.54, 11.61, 76.1700, 76.1711 (or any successors thereto); or records pertaining to any test conducted pursuant to Appendix A hereof) to be placed in a file for public inspection pursuant to 47 C.F.R. § 76.1700 (or any successor thereto) or Section 10.7.03 hereof, the Company shall submit to OCTT a copy of such document.

10.6.03 Additional Filings. Within ten (10) days after the Company has received from or submitted to any District, municipal, state, county or federal legislative body, agency or official any communication, public report, petition or other filing which (i) is in writing or is reduced to writing (in manual or computer form) and (ii) are relevant to (a) any aspect of operations or the financial arrangements of the System or this Agreement or (b) the Company's representations and warranties set forth herein, but not including tax returns, automobile registrations and other similar routine

filings, the Company shall submit to OCTT a copy of such report, petition or other communication.

10.6.04 Report on Lawsuits. Not later than thirty (30) days after the Company receives service of a complaint that it is a defendant in a judicial proceeding in law or equity pertaining to the System or this Franchise, the outcome of which could have a material adverse effect on the Company, the System or its operation, the Company shall provide OCTT with a copy of the complaint.

10.6.05 Report on Permits. Not later than the fifteenth (15^{th}) day of each calendar quarter during the twelve (12) months following the Effective Date, the Company shall report to OCTT a cumulative list of the permits that the Company or any Affiliated Person has received from the District through the last day of the preceding calendar quarter. Such report shall list the type of permit, the location(s) of the work being performed under the permit, the date the work started or is projected to start and the date the work stopped or is projected to stop. The Company shall omit a permit from this list after such permit has expired and not been renewed for three (3) consecutive months.

10.6.06 Report on Employees. Six (6) months after the Effective Date and every six (6) months thereafter, the Company shall submit to OCTT a report on its compliance with Section 7.3 of this Agreement, provided that the Company may satisfy this Section 10.6.06 by copying OCTT on any such report it files with another District agency on a semiannual or more frequent basis.

10.6.07 Report on Contracting. Three (3) months after the Effective Date and every three (3) months thereafter, the Company shall submit to OCTT a report on its compliance with Section 7.5 of this Agreement, provided that the Company may satisfy this Section 10.6.07 by copying OCTT on any such report it files with another District agency on a quarterly or more frequent basis.

10.6.08 Report on Service Interruptions. Not later than the fifteenth (15^{th}) day of each month, the Company shall provide to OCTT a log of all unscheduled Service outages and, to the extent they last more than one (1) hour, all scheduled Service outages during the preceding calendar month, except for those scheduled outages related to the Upgrade. Such log shall be in the form of the Outage Log for May 2001 as filed with OCTT except that the log shall address scheduled Service outages pursuant to the preceding sentence and shall provide information regarding the locations affected by the reported outages, scheduled and unscheduled.

10.6.09 Report on Subscriber Complaints. Not later than the fifteenth (15^{th}) day of each month, the Company shall provide to OCTT a summary description of the documented Subscriber complaints received during the preceding calendar month; such summary shall include the number and category of Subscriber complaints received during the calendar month. Such summary also shall be in the form of the Monthly Report of Subscriber Complaints for June 2001 as filed with OCTT except that a description (excluding personally identifiable information of Subscribers) of the issues involved in and steps required for resolution of each complaint listed as pending shall be

appended thereto. In addition, the Company agrees to copy OCTT on any written response by the Company to a documented Subscriber complaint, where that complaint was originally received by OCTT and forwarded to the Company.

10.6.10 Report on Subscriptions. Not later than the fifteenth (15^{th}) day of each month, the Company shall report to OCTT the number of Subscribers that subscribed to its basic ("B1"), expanded basic ("B2"), digital and pay (or premium) tiers of Service during the previous month; such report shall clearly indicate whether the number listed for a lower tier of Service includes the number of Subscribers also receiving a higher tier (*e.g.*, whether the basic number includes expanded basic Subscribers). Such report shall also identify the number of Subscribers to cable modem service offered or distributed over the System by any Person during the previous month. Such report shall also state the number of homes passed by the System and the Subscriber penetration rate.

10.6.11 Report on Change in Location of Administrative Office. The Company shall notify OCTT not less than thirty (30) days prior to changing the location of its administrative office within the District, as specified initially pursuant to Section 2.2.01(ix) hereof and subsequently pursuant to this Section 10.6.11.

10.7 Books and Records/Audit

10.7.01 Books and Records. Subject to Section 631 of the Cable Act (47 U.S.C. § 551) (or any successor thereto), for any period as may be required by the last sentence in Section 10.1 or by Section 10.7.02(iii) hereof), the Company shall maintain complete and accurate books of account and records of the business, ownership and operations of the Company with respect to the System, its operation, any Service distributed over the System and reflected in the calculation of Gross Revenue and each Service Related Activity. Such books of account and records shall include, without limitation, books of account and records adequate to enable the Company to demonstrate that it is, and has been, in compliance with each term and condition of this Agreement and applicable law.

10.7.02 Right of Inspection. Subject to Section 631 of the Cable Act (47 U.S.C. § 551) (or any successor thereto), OCTT, the Corporation Counsel, the Inspector General or their designated representative(s) shall have the right to inspect, examine or audit, during normal business hours and upon twenty-four (24) hours' notice to the Company (five (5) Business Days' notice in the case of audits), which shall include at least one (1) Business Day, unless extenuating circumstances warrant a longer period of time, all those documents, records and other information which are reasonably necessary or appropriate to determine compliance with this Agreement or applicable law or are reasonably related to the terms and conditions of this Franchise.

(i) All such documents, records and other information of the Company to which this Section 10.7.02 refers shall be made available at a mutually agreed upon location within fifty (50) miles of OCTT's office in order to facilitate said inspection, examination or audit.

(ii) Provided that the request is not unreasonably voluminous and subject to Section 10.7.02(iv) of this Agreement, OCTT, the Corporation Counsel, the Inspector General or their designated representative(s) shall have the right to require the production and delivery of all such documents, records and information to the offices of such agency, official or representative(s). The Company shall complete such production and delivery within twenty-one (21) Business Days after receipt of such request, unless extenuating circumstances warrant a longer or shorter period of time.

(iii) All such documents which pertain to financial matters which may be the subject of an audit by the District shall be retained by the Company for a minimum of six (6) years following termination of this Agreement.

(iv) Access by the District to any of the documents, records or other information covered by this Section 10.7.02(iv), or otherwise to be provided to the District under this Agreement, shall not be denied by the Company on the grounds that such documents, records or other information are alleged by the Company to contain confidential or proprietary information, provided that this requirement shall not be deemed to constitute a waiver of the Company's right under title 2 of the District of Columbia Administrative Procedure Act (also known as the Freedom of Information Act of 1976), effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et seq.*), as amended, or other applicable law to assert that the confidential or proprietary information contained in such documents, records or other information should not be disclosed to unauthorized Persons, provided further that the public body receiving such documents, records or other information has agreed to protect such documents, records or other information in the manner described in Section 10.7.02(v) hereof. The District agrees that OCTT shall protect such documents, records or other information in such manner. To invoke the right to such protections with respect to a document, record or other information or to a portion thereof, the Company shall physically mark each page of such document, record, other information or portion in a manner that conspicuously indicates that such page contains confidential or proprietary information and shall provide such document, record or other information to the public body with a cover letter invoking such right.

Solely for the purpose of determining whether documents, records or other information submitted by the Company to a public body solely pursuant to this Agreement are subject to disclosure under title 2 of the District of Columbia Administrative Procedure Act or other applicable law, the District agrees, to the maximum extent permitted by applicable law, that disclosure of (a) financial information of the Company or an Affiliated Person in detail not otherwise available to the general public, (b) System construction maps which are not otherwise available to the general public or (c) the number of Subscribers to a particular Service or tier of Service (but not the total number of Subscribers to the System) if such number is not otherwise available to the general public may result in substantial harm to the competitive position of the Company within the meaning of title 2 of the District of Columbia Administrative Procedure Act.

Nothing in Sections 10.7.02(iv)-10.7.02(v) hereof shall pertain to any documents, records or other information submitted by the Company to a public body pursuant to any legal obligation other than this Agreement. Further, nothing in Sections 10.7.02(iv)-10.7.02(v) hereof shall prohibit use of information in System construction maps for the District's record-keeping and PROW management purposes.

For purposes of Sections 10.7.02(iv)-10.7.02(v) hereof, an unauthorized Person is a Person other than a public body, which public body has agreed to protect such documents, records or other information in the manner described in Section 10.7.02(v) hereof, and such public body's officials, employees and contractors who have use for such documents, records or other information in the exercise of the District's rights under this Agreement; and a public body shall be a "public body" as that term is defined in Section 3(18A) of the District of Columbia Administrative Procedure Act, effective April 27, 2001 (D.C. Law 13-283; D.C. Official Code § 2-502(18A)), as amended, (or any successor thereto).

(v) Upon the assertion by the Company of a right under title 2 of the District of Columbia Administrative Procedure Act or other applicable law that confidential or proprietary information contained in documents, records or other information received by a public body under this Agreement should not be disclosed to unauthorized Persons, such public body shall

(a) protect such documents, records or other information from disclosure to unauthorized Persons pursuant to such public body's procedures for handling confidential and proprietary information obtained from outside the government unless otherwise ordered by a court of competent jurisdiction;

(b) provide notice to the Company not less than two (2) Business Days after receiving any request from an unauthorized Person for such documents, records or other information;

(c) determine, in consultation with the Corporation Counsel, whether such documents, records or other information is protected under applicable law from disclosure to unauthorized Persons; and

(d) if such public body determines that such documents, records or other information is not so protected, provide the Company with not less than four (4) Business Days' notice before disclosing such documents, records or other information to an unauthorized Person so that the Company shall have an opportunity to seek judicial relief enjoining such disclosure, provided that such notice period may be shortened to the extent necessary for such public body to comply with an order of a court of competent jurisdiction; after the expiration of such notice period, such public body shall not have to continue to comply with Clause (a) of this Section 10.7.02(v).

Notwithstanding Section 15.5 hereof, any notice to be provided to the Company pursuant to this Section 10.7.02(v) shall be provided by hand delivery and facsimile transmission to the General Manager's attention.

The Company shall serve such public body with a copy of any court filing it makes seeking to enjoin disclosure of such documents, records or other information to an unauthorized Person.

(vi) During normal business hours and consistent with any notice or other requirement provided by Section III of Appendix A or elsewhere in this Agreement, OCTT or its designated representative(s) may inspect and examine any other aspect of the System, including the facilities and equipment thereof.

10.7.03 File for Public Inspection. Throughout the term of this Agreement, the Company shall maintain, in a file available for public inspection during normal business hours at the Company's administrative office within the District specified pursuant to Section 2.2.01(ix) or Section 10.6.11 hereof, all documents required by 47 C.F.R. § 76.1700 (or any successor thereto). In the event the Federal Communications Commission eliminates its requirements for the maintenance of cable operators' public files, the Company agrees to continue to maintain the public file in accordance with 47 C.F.R. § 76.1700 as it exists on the Effective Date.

SECTION 11
RESTRICTIONS AGAINST ASSIGNMENT AND OTHER TRANSFERS

11.1 Transfer of Interest. Except as provided in Section 11.8 hereof and Appendix G to this Agreement (and excepting conveyances of real or personal property in the ordinary course of business), neither the Franchise granted herein, nor any rights or obligations of the Company in the System or pursuant to this Agreement shall be encumbered, assigned, sold, transferred, pledged, leased or sublet, in whole or in part, to any Person, nor shall all or substantially all of the capacity of the System be encumbered, assigned, sold, transferred, pledged, leased or sublet to any Person, nor shall title therein, either legal or equitable, or any right or interest therein, pass to or vest in any Person, either by act of the Company, by act of any Person holding Control, directly or indirectly, of any interest in the Company or in the System or the Franchise granted herein, by operation of law or otherwise, without the prior written approval of the Council. The approval of the Council of any action described in this Section 11.1 shall not be unreasonably withheld. Nothing herein shall be interpreted to require the Company to obtain the Council's approval before leasing Channel capacity as required by Section 612 of the Cable Act (47 U.S.C. § 532) (or any successor thereto).

11.2 Transfer of Control or Stock. The Company represents and warrants that, notwithstanding any other provision of this Agreement, except as provided in Section 11.8 hereof and Appendix G to this Agreement, no change in Control of the Company, the System, the assets of the System or the Franchise granted herein shall

occur after the Closing, by act of the Company, by act of any Person holding Control, directly or indirectly, of the Company, the System or the Franchise granted herein, by operation of law or otherwise without the prior written approval of the Council. The approval of the Council of any action described in this Section 11.2 shall not be unreasonably withheld. The requirements of this Section 11.2 to obtain prior written approval of the Council shall also apply to any other Person seeking to obtain Control, directly or indirectly, of the Company, the System, the assets of the System or the Franchise granted herein. After the consummation of any transfer permitted or approved under this Section 11.2, the Company shall remain responsible for any past breaches of this Agreement or applicable law for purposes of the remedies under this Agreement and for purposes of the District's right to consider past breaches and other past performance problems in future renewal or other proceedings.

The requirements of Sections 11.3-11.7 hereof shall apply whenever any change is proposed with respect to (i) twenty percent (20%) or more (for voting interests) or fifty percent (50%) or more (for non-voting interests) of the ownership of or (ii) Control of the Company, the System, the assets of the System or the Franchise granted herein or any Person holding Control, directly or indirectly, of the Company, the System, the assets of the System or the Franchise granted herein (but nothing herein shall be construed as suggesting that a proposed change of less than twenty percent (20%) (for voting interests) or fifty percent (50%) (for non-voting interests) does not require the approval of the Council if it would in fact result in a change in Control of the Company, the System, the assets of the System or the Franchise granted herein), regardless of the manner in which such Control is evidenced (*e.g.*, stock, bonds, debt instruments or other indicia of ownership or Control).

Notwithstanding the foregoing, the approval of the Council shall not be required with respect to solely intracorporate reorganizations between or among entities wholly owned and wholly controlled by the Company's ultimate parent, which as of the Effective Date is Comcast Corporation, to the extent such transaction does not involve a change in the management, day-to-day operations or financial condition of the Company; provided the Company shall provide OCTT with thirty (30) days advance written notice of such intracorporate reorganization.

11.3 Petition. The Company shall promptly notify the District of any proposed action requiring the approval of the Council pursuant to Sections 11.1 or 11.2 hereof by submitting to OCTT, with a copy to the Corporation Counsel, a petition requesting the approval of the Council. The Company shall also promptly notify OCTT, with a copy to the Corporation Counsel, of, and describe, any proposed action pursuant to Part II of Appendix G to this Agreement. The petition shall include a completed FCC Form 394 (or any successor thereto) and all other information required to be filed with the FCC and the District pursuant to the FCC's implementing regulations issued pursuant to Section 617 of the Cable Act (47 U.S.C. § 537) (or any successor thereto). The petition shall provide complete information on the proposed transaction, including details on the legal, financial and technical qualifications of the transferee. Such information shall include, at a minimum, the information specified in Appendix H hereto. Unless OCTT notifies the Company otherwise, approval of the petition by the Council shall be required.

11.4 Transfer Review Period

11.4.01 Length and Commencement of Period. The District shall have the transfer review period provided under Section 617 of the Cable Act (47 U.S.C. § 537) (or any successor thereto) to act on a transfer request. The Company agrees that any time required for Congressional review of District legislation shall not count against such transfer review period. Such transfer review period shall not commence until all of the information required by Section 11.3 hereof and Appendix H hereto is submitted to the District. All such information shall not be deemed to have been submitted until notice is provided to the Company as set forth in Section 11.4.03, at which time the commencement of such transfer review period shall relate back to the date on which the last element of such information was submitted.

11.4.02 Additional Information. In addition to the information required by Section 11.3 and Appendix H, the District shall have the right to request during the transfer review period set forth in Section 11.4.01 of this Agreement such additional information and documents reasonably necessary to determine the transferee's qualifications to assume the Company's obligations under this Agreement and/or to determine how the transferee intends to address any outstanding compliance issues under this Agreement, and the Company shall respond to such information and document request within the time period specified by the District. Assuming that the Company has submitted all of the information required by Section 11.3 and Appendix H, any additional information and document request pursuant to this Section 11.4.02 shall not toll the transfer review period under Section 11.4.01 of this Agreement, provided that, if the Company does not respond within ten (10) days to such additional information and document request, which the District has reasonably determined in good faith to be necessary for a determination of the transferee's qualifications and/or plans to address outstanding compliance issues, the transfer review period under Section 11.4.01 of this Agreement shall be tolled from the end of such ten (10) day period until the Company does respond.

11.4.03 Notice to Company That Information Is Complete; Extensions. OCTT shall provide notice to the Company when all of the information required by FCC regulations, FCC Form 394 (or any successor thereto), Section 11.3 hereof, Appendix H and other applicable law has been submitted and therefore the petition is complete. The Company and the District may, at their discretion, agree to increase the time period for review of the transfer request.

11.5 OCTT Decision. Upon review of the petition, OCTT shall either (i) notify the Company in writing if OCTT determines that the consent of the Council is not required or (ii) submit to the Council, together with a recommendation for action on the petition, the Company's petition requesting approval or, if OCTT has determined that approval of the Council is required and a petition requesting approval has not been submitted by the Company, such additional information as the Company submits in response to any request of OCTT pursuant to Section 11.4.02.

11.6 Scope of Inquiry. For the purpose of determining whether the Council shall grant its approval, the District may inquire into: (i) the qualifications of the

transferee; (ii) all matters reasonably necessary to determine whether said transferee will adhere to all applicable provisions of this Agreement and applicable law; and (iii) the transferee's plans to address any outstanding compliance issues. Further, the District may perform a comprehensive audit of the Company's performance under the terms and conditions of this Agreement, but the performance of such audit shall not operate to extend the transfer review period set forth in Section 11.4 hereof, unless otherwise agreed by the parties. The Company shall provide all reasonably requested assistance to the District in connection with any such inquiry and, as appropriate, shall secure the cooperation and assistance of all Persons involved in said action.

11.7 Conditions. As a condition to the granting of any approval required by Section 11.1 hereof, in addition to the conditions imposed elsewhere in this Agreement (including, without limitation, those imposed by Section 9.2 hereof), the transferee, in connection with a transfer of interest under Section 11.1 hereof, shall make the same representations and warranties to the District that the Company has made in this Agreement, and the District may require that the transferee shall execute an agreement providing that (i) such transferee assumes and agrees to be bound by all applicable provisions of this Agreement and such other conditions which the District deems necessary or appropriate in the circumstances to ensure performance of the existing terms of the Agreement; and (ii) the transferee agrees that approval of the pending transfer petition does not waive the District's right to consider past breaches and other past performance problems in future renewal or other proceedings. In connection with review of a transfer of interest under Section 11.1 hereof, the District may require that the transferor and/or transferee address past compliance issues by corrective or other appropriate action. If a transfer involves a change in Control of the Company described under Section 11.2 hereof, the District may require the Person to whom Control is being transferred to sign an agreement reaffirming the obligations of the Company under this Agreement.

11.8 Permitted Encumbrances. Nothing in this Section 11 shall be deemed to prohibit any assignment, pledge, lease, sublease, mortgage or other transfer of all or any part of the System, or any right or interest therein, for purposes of financing the construction, rebuild, enhancement, upgrade, maintenance, repair or operation of the System, provided that: (i) each such assignment, pledge, lease, sublease, mortgage or other transfer shall be subject to and subordinate to the rights of the District pursuant to this Agreement and applicable law and (ii) the terms of such financing do not require any Person other than the Company to perform the obligations of the Company under this Agreement to provide Service over the System or to use the System in any other way. (If the terms of any financing obligate any Person other than the Company to perform the obligations of the Company under this Agreement, the terms of such financing shall be a transfer subject to Sections 11.1 and 11.2 hereof.) The approval of the Council shall not be required with respect to any transfer to, or taking of possession by, any banking or lending institution which is a secured creditor of the Company of all or any part of the System pursuant to the rights of such secured creditor under Article 9 of the Uniform Commercial Code (Sections 28:9-101 through 28:9-709 of the D.C. Official Code) as may be amended from time to time, and, to the extent that the collateral consists of real

property, under District of Columbia real property law; provided further that, the District's rights are in no way adversely affected or diminished.

11.9 Effect of Unauthorized Sale/Transfer. The completion of any action described in Sections 11.1 or 11.2 hereof without the prior written approval of the Council shall be deemed to be a material breach of this Agreement.

11.10 Consent Not a Waiver. The grant or waiver of any one (1) or more of such consents shall not render unnecessary any subsequent consent, nor shall the grant of any such consent constitute a waiver or release of any other rights of the District.

SECTION 12
LIABILITY AND INSURANCE

12.1 Liability and Indemnity

12.1.01 Company. As between the District and the Company, except as provided in Section 12.1.07 hereof, the Company shall be responsible for any Liability of any public or quasi-public entity (including, without limitation, the District, the federal government, the District of Columbia Water and Sewer Authority, the Washington Metropolitan Area Transit Authority and the PEG Entities) or any other Person (including, without limitation, any officer, employee or agent of such public or quasi-public entity) arising out of or in connection with the construction, operation, maintenance, repair, upgrade, enhancement, rebuild or removal of the System; any Service Related Activity; or the distribution of any Service over the System. The Company shall, at its own cost and expense, replace, repair or restore any damaged property to its prior condition and shall pay compensation in the event of any personal injury, death or property damage occasioned by any act or failure to act of the Company, any Affiliated Person, or any officer, employee, agent or subcontractor of either the Company or any Affiliated Person in connection with the construction, operation, maintenance, repair, upgrade, enhancement or removal of the System. Nothing in this Section 12.1.01 is intended to permit third parties to file claims to enforce this Section 12.1.01; rather, the parties intend that only the District may take action to enforce this Section 12.1.01.

12.1.02 No Liability of the District for Liability of the Company. The District, its officers, employees, agents, attorneys, consultants and independent contractors shall not be liable for any Liability of the Company, any Affiliated Person or any other Person, arising out of or in connection with the construction, operation, maintenance, repair, upgrade, rebuild, enhancement or removal of, or other action or event with respect to, the System, any Service Related Activity or the distribution of any Service over the System.

12.1.03 Moving Wires, Etc. The District may, at any time, in case of fire, disaster or other emergency, in its sole discretion, cut or move any of the wires, cables, fibers, amplifiers, appliances or other parts of the System, in which event the District shall not incur any Liability to the Company, any Affiliated Person or any other

Person. When possible, the Company shall be consulted prior to any such cutting or movement of its wires, cable, fibers, amplifiers, appliances or other parts of the System. All costs to repair or replace such wires, cables, amplifiers, appliances or other parts of the System shall be borne by the Company.

12.1.04 No Liability for Public Work, Etc. Neither the District nor its officers, employees, agents, attorneys, consultants or independent contractors shall have any Liability to the Company or any Affiliated Person for any Liability as a result of or in connection with the protection, breaking through, movement, removal, alteration or relocation of any part of the System, by or on behalf of the Company or the District, in connection with any emergency or in connection with any public work; public improvement; alteration of any municipal structure; any change in the grade or line of any PROW; or the elimination, discontinuation and closing of any PROW, as provided in Sections 2.4.02 [Public Works and Improvements], 2.4.04 [Closing of PROW], 6.5 [New Grades or Lines], 6.6 [Protect Public Property and Landmarks] or 12.1.03 [Moving Wires, Etc.] hereof. (The parties understand that, pursuant to such sections, the District will be performing such work only in an emergency or if the Company fails to do so as required by such sections.)

12.1.05 No Liability for Damages. Consistent with Section 635A of the Cable Act (47 U.S.C. § 555a) (or any successor thereto), the District, its officers, employees, agents, attorneys, consultants and independent contractors shall have no Liability to (i) the Company, (ii) any Affiliated Person or (iii) any other Person, to the extent there is privity between such other Person and either the Company or an Affiliated Person, for any money damages as a result of the exercise of the rights of the District to approve or disapprove the grant, amendment, renewal or transfer of the Agreement or the Franchise.

12.1.06 Indemnification of the District. The Company and each Affiliated Person shall: (i) defend, indemnify and hold harmless the District, its officers, employees, agents, attorneys, consultants and independent contractors from and against all Liabilities, special, incidental, consequential, punitive and all other damages, costs and expenses (including, but not limited to, reasonable attorneys' fees and witness fees) arising out of or in connection with: (a) the construction, operation, maintenance, repair, upgrade, enhancement, rebuild or removal of, or any other action or event with respect to, the System or any Service Related Activity or (b) the distribution of any Service over the System, except as provided in Section 12.1.07 hereof and (ii) cooperate with the District, by providing, at no charge to the District, such nonfinancial assistance as may be requested by the District, in connection with any claim arising out of or in connection with the selection of the franchisee for, or the negotiation or award of, this Agreement. In any action in which the Company defends the District, the Company shall consult with the District prior to proposing, accepting or rejecting a settlement and prior to filing any pleading which might estop the District with respect to any question of fact or law. The District shall have the right, at its option, with regard to Liabilities subject to indemnification under this Section 12.1.06, to participate in its own defense by engaging, at its own expense, its own attorneys, experts and consultants. In the event the District and the Company disagree about whether to settle a case for which the Company must

indemnify the District under this Section 12.1.06, the issue shall be referred to the Executive Director, the Corporation Counsel and the Company's General Manager (or a person in an equivalent or higher position) for resolution. The Company shall not be required to indemnify the District for settlements entered into by the District without the Company's prior knowledge and consent.

12.1.07 Limitations. As between the District and the Company or any Affiliated Person, the foregoing Liability and indemnity obligations of the Company pursuant to this Section 12.1 shall not apply to: (i) any willful misconduct or gross negligence of any District officer, employee, agent, attorney, consultant or independent contractor proximately causing any claim or damages; (ii) any Liability arising out of the content of Services over the Governmental Channels or the portion of the Institutional Network available to and used by the District to the extent that such claim does not arise out of an act or failure to act by the Company; (iii) any Liability arising out of the content of Services over Public Channels and Educational Channels to the extent that such claim does not arise out of an act or failure to act by the Company; or (iv) the operation and maintenance of any facility by the District on the Company's tower pursuant to Section II of Appendix F hereto, except (a) to the extent the Company performs such operation and maintenance for the District (in which case applicable law for allocating such Liabilities between the District and its contractors shall apply) or (b) for any willful misconduct or gross negligence by the Company, its employees, agents or independent contractors.

12.2 Insurance

12.2.01 Specifications. At or before the Closing, the Company shall, at its own cost and expense, obtain a liability insurance policy or policies, in a form acceptable to the Corporation Counsel, together with evidence acceptable to the Corporation Counsel, demonstrating that the premiums for said policy or policies have been paid and evidencing that said policy or policies shall take effect and be furnished at or before the Effective Date. Such policy or policies shall be issued by companies duly authorized by the Superintendent of Insurance of the District to do business in the District and acceptable to the Corporation Counsel. Such companies must carry a rating by Best of not less than "A." Such policy or policies shall insure (i) the Company and (ii) the District and its officers, boards, commissions, elected officials, agents, contractors and employees (through appropriate endorsements if necessary) against each and every form of Liability of the Company referred to in Section 6 and Section 12.1 hereof in the minimum combined amount of Thirteen Million Dollars ($13,000,000.00) for bodily injury and property damage and a maximum deductible of One Million Dollars ($1,000,000.00) as aggregated across all policies of any given type of liability insurance. The District and its officers, boards, commissions, elected officials, agents, contractors and employees shall be named as additional insureds by such policies.

Prior to the expiration of any liability insurance policy the Company obtains pursuant to this Section 12.2.01, the Company shall provide to OCTT and to the Corporation Counsel evidence acceptable to the Corporation Counsel of such policy's renewal or replacement. Further, the Company shall report to OCTT and the Corporation Counsel any modification or discontinuation of coverage under any such policy (together

with a plan to correct such modification or discontinuation) within two (2) Business Days of its occurrence.

12.2.02 Period of Coverage. The liability insurance policy or policies required by Section 12.2.01 hereof shall be maintained by the Company throughout the term of this Agreement and such other period of time during which the Company operates or is engaged in the removal of the System, whichever period is longer, and for one hundred twenty (120) days thereafter. Each such liability insurance policy shall contain the following endorsement: "It is hereby understood and agreed that this policy may not be cancelled or not renewed nor the intention not to renew be stated until thirty (30) days after receipt by the District, by registered mail, of a written notice of such intent to cancel or not to renew." Not later than thirty (30) days prior to said cancellation, the Company shall obtain one (1) or more replacement insurance policies in a form acceptable to the Corporation Counsel and shall furnish copies of the certificate of insurance to the Corporation Counsel and to OCTT.

12.2.03 Increased Insurance Coverage. The District may, after consulting with the Company, alter the minimum limitation of the liability insurance policy or policies required in Section 12.2.01 hereof to account for inflation.

12.2.04 Liability Not Limited. The legal Liability of the Company or any Affiliated Person to the District or any Person for any of the matters which are the subject of the liability insurance policy or policies required by this Section 12.2, including, without limitation, the Company's indemnification obligation set forth in Section 12.1.06 hereof, shall not be limited by such insurance policy or policies nor by the recovery of any amounts thereunder, except to the extent necessary to avoid duplicative recovery from or payment by the Company or its Guarantor(s).

SECTION 13
SPECIFIC RIGHTS AND REMEDIES

13.1 Not Exclusive. The Company agrees that the District shall have the specific rights and remedies set forth in this Section 13. These rights and remedies are in addition to and cumulative with any and all other rights or remedies, existing or implied, now or hereafter available to the District at law or in equity in order to enforce the provisions of this Agreement, except that nothing herein shall be interpreted to permit the District to exercise such rights and remedies in a manner that permits duplicative recovery from or payments by the Company. Such rights and remedies shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by the District, provided that, to the extent the District may obtain a remedy by recourse to both the Security Fund pursuant to Section 13.2 hereof and the Performance Bond pursuant to Section 6.11 hereof, the District shall seek such remedy from the Security Fund before seeking such remedy from the Performance Bond. Except as provided in Section 13.3 hereof, the exercise of one (1) or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy nor shall any such delay or omission be construed to

be a waiver of or acquiescence to any default. The exercise of any such right or remedy by the District shall not release the Company from its obligations or from any Liability under this Agreement, except (i) with regard to any breach for which liquidated damages are paid as provided in Section 13.3.03, (ii) as expressly provided for in this Agreement or (iii) as necessary to avoid duplicative recovery from or payments by the Company or its Guarantor(s).

13.2 Security Fund

13.2.01 Obligation to Maintain. Throughout the term of this Agreement, or for as long as the Company operates the System or until the Company completes the removal of the System, whichever period is longest, and for at least one hundred twenty (120) days thereafter, the Company shall maintain the Security Fund in the amount specified in Section 13.2.02 hereof.

13.2.02 Amount. At or before the Closing, and as a condition precedent to the Closing, the Company shall deposit, in the name of the District, with a financial institution in the District approved by OCTT the amount of One Million Dollars ($1,000,000.00), of which Two Hundred Thousand Dollars ($200,000.00) shall be provided in cash, with the balance in the form of an irrevocable, unconditional letter of credit or other instrument in a form acceptable to the Corporation Counsel, which letter of credit or other instrument shall in no event require the consent of the Company prior to the collection by the District of any amounts covered by such letter of credit or other instrument. The amount of such cash and such letter of credit to be provided under this Section 13.2.02 shall constitute the Company's Security Fund. The Company shall be entitled to interest on the cash portion of the Security Fund at a rate equal to whatever rate the District is actually earning on such cash. Not later than ten (10) Business Days after receiving notice that OCTT has a new Executive Director (including, but not limited to, someone holding the position on an interim, acting or similar basis for a term that either is indefinite or exceeds one (1) month), the Company shall update the name of the Executive Director in such financial institution's records of the Security Fund to enable the new Executive Director to have full access to the Security Fund pursuant to the terms of this Agreement.

13.2.03 Purposes. The Security Fund shall serve as security for: (i) the faithful performance of the Company's obligations pursuant to this Agreement and any costs, losses or damages incurred by the District as a consequence of the Company's performance or nonperformance of the terms and conditions of this Agreement; (ii) any expenditure (excluding any outside attorneys' fees for enforcement of this Agreement), damage or loss incurred by the District occasioned by the Company's failure to comply with all rules, regulations, orders, permits and other directives of the District issued pursuant to this Agreement or applicable law; (iii) all payments due the District from the Company pursuant to this Agreement; (iv) the loss of any payments required to be made by the Company to the District which would have been received by the District but for the Company's failure to perform its obligations pursuant to this Agreement during the period of time between the Company's unexcused or uncured failure to perform and the date on which the District takes over, or authorizes any other Person to take over, the

construction, operation or maintenance of the System; (v) any costs incurred by the District in connection with the award of any franchise for, or other authorization to, construct, operate, maintain, repair, upgrade, rebuild or enhance a Cable Communications System in the Franchise Area necessitated by such failure; and (vi) any costs, losses or damages incurred by the District as a result of termination for cause due to a material breach pursuant to Section 13.4, provided, however, that such costs, losses or damages, to the extent they are actually paid by the Company or its Guarantor(s) to the District, shall not also be considered in determining "equitable price," pursuant to Section 13.6.03 hereof. The withdrawal of amounts from the Security Fund shall constitute a credit against the amount of the applicable Liability of the Company to the District but only to the extent of said withdrawal.

13.2.04 Withdrawals from Security Fund

(i) After receipt of notice from OCTT that the Company has failed (a) to make any payment required by this Agreement within the time fixed herein; (b) to pay to the District any Liability payable to the District and relating to the System that is due and unpaid; (c) to pay to the District any costs, losses, damages, claims or expenditures (excluding any outside attorneys' fees for enforcement of this Agreement) which the District has been compelled to pay or incur by reason of any act or default of the Company; or (d) to comply with any provision of this Agreement which OCTT determines can be remedied by an expenditure of an amount in the Security Fund, the Company shall take one (1) of the steps specified in Subsection (ii) of this Section 13.2.04.

(ii) Not later than five (5) Business Days after receipt of the notice described in Subsection (i)(a) of this Section 13.2.04 or twenty (20) Business Days after receipt of the notice described in Subsection (i)(b)-(d) of this Section 13.2.04, the Company shall (a) cure such alleged failure and provide to OCTT a written explanation and evidence of such cure; (b) in a written response to OCTT, present facts and arguments in refutation or excuse of such alleged failure; or (c) promptly begin to cure such breach, default or other noncompliance and provide to OCTT a written explanation of why such cure cannot be completed within five (5) or twenty (20) Business Days, as applicable, and a schedule for completing such cure, both of which shall be satisfactory to OCTT.

(iii) After the lapse of five (5) or twenty (20) Business Days, as applicable, after OCTT's provision of notice pursuant to Subsection (i) of this Section 13.2.04, if the Company has failed to take any of the steps specified in Subsection (ii) of this Section 13.2.04 to the satisfaction of OCTT, then OCTT may withdraw the amount specified in such notice from the Security Fund and pay it to the District.

(iv) For breaches subject to liquidated damages pursuant to Section 13.3.01 hereof, OCTT may withdraw liquidated damages from the Security Fund, and the procedures set forth in Section 13.3.01 hereof shall apply

to such withdrawals instead of the procedures set forth in Subsections (i)-(iii) of this Section 13.2.04.

13.2.05 Replenishment. Within fifteen (15) Business Days after receipt of notice from OCTT that any amount has been withdrawn from the Security Fund, as provided in Section 13.2.04 hereof, the Company shall restore the Security Fund to the amount specified in Section 13.2.02 hereof and provide to OCTT evidence satisfactory to OCTT that the Company has done so. If a court determines that said withdrawal by the District was improper, the District shall restore the improperly withdrawn amount to the Security Fund, together with interest, from the date of the withdrawal at the rate specified in Section 9.4 hereof during the period from such withdrawal until such restoration.

13.2.06 Confirmation of Withdrawals. Within five (5) Business Days after each of the foregoing withdrawals, OCTT shall notify the Company of the date and amount thereof.

13.2.07 Return of Security Fund. Within one hundred twenty (120) days after the termination of this Agreement due to the expiration of the term of the Franchise granted herein, the Company shall be entitled to the return of the Security Fund deposited pursuant to Section 13.2 hereof, or such portion thereof as remains on deposit at said termination, provided that all offsets necessary to compensate the District for any uncured failure to comply with any provision of this Agreement have been taken by the District. Notwithstanding the foregoing sentence, if the Company continues to operate the System following the termination of this Agreement or if the District orders the Company to remove the System as provided in Section 13.6 hereof, the Company shall not be entitled to a return of the Security Fund until one hundred twenty (120) days after the end of such continued operation or the completion of removal of the System, whichever is later. In the event of a termination of this Agreement for cause due to a material breach by the Company pursuant to Section 13.4 hereof or otherwise, such Security Fund shall become the property of the District to the extent necessary to satisfy the purposes of the Security Fund as set forth in Section 13.2.03 hereof, including the covering of any costs, loss or damage incurred by the District as a result of such termination or material breach, provided that any amounts in excess of such costs, loss or damage shall be refunded to the Company, and provided further that, to the extent the District actually withdraws from such Fund amounts used to reimburse the District for such costs, losses or damages, such withdrawn amounts shall not also be considered in determining the "equitable price" pursuant to Section 13.6.03 hereof.

13.3 Liquidated Damages

13.3.01 Liquidated Damages. The Company shall be liable to the District or the specified intended third-party beneficiary for the amounts specified in this Section 13.3.01 for any of the following failures by the Company to comply with the provisions of this Agreement, unless, within twenty (20) Business Days after receipt of notice by the Company from OCTT, or such longer period as OCTT shall specify, the Company has cured the failure in a manner acceptable to OCTT, resolved the matter to the satisfaction of OCTT, presented facts and argument in refutation or excuse of each

such failure or matter that satisfy OCTT or provided a cure plan and schedule that satisfy OCTT. At the option of OCTT, such amounts may be withdrawn from the Security Fund and paid to the District (in addition to the withdrawals authorized by any other Section of this Agreement) or shall be paid in such other manner as may be determined by OCTT.

For the liquidated damages set forth in Sections 13.3.01(i)-13.3.01(v) and Section 13.3.01(viii) hereof, the first day for which damages may be assessed, if there has been no cure after the end of the applicable cure period, shall be the day after the twentieth (20^{th}) Business Day after receipt by the Company of the notice required in the preceding paragraph even if OCTT has specified an applicable cure period longer than the default period of twenty (20) Business Days. For the liquidated damages set forth in Sections 13.3.01(vi)-13.3.01(vii) hereof, the first day for which damages may be assessed, if there has been no cure after the end of the applicable cure period, shall be the day after the end of the applicable cure period, including any time specified by OCTT beyond the default period of twenty (20) Business Days.

For the liquidated damages set forth in Sections 13.3.01(i)-13.3.01(viii) hereof, the maximum period for assessing liquidated damages for each single occurrence of non-compliance shall be one hundred thirty (130) days.

For the following breaches, the liquidated damages shall be the following amounts:

(i) Failure to perform the Upgrade in accordance with the then-current sequence and schedule and in accordance with Appendix A: Five Hundred Dollars ($500.00) per day;

(ii) Failure to provide all requested Services to any Person to the extent required by Section 3.2 of this Agreement: One Dollar ($1.00) per day, per affected Person, for each day that such failure continues, provided, however, that in no event shall the total liquidated damages amount calculated under this Section 13.3.01(ii) be less than Two Hundred Fifty Dollars ($250.00) per day;

(iii) Failure to provide data, documents, records, reports or information to the District, pursuant to the terms of this Agreement: Five Hundred Dollars ($500.00) per day, for each day that such failure continues;

(iv) Failure to comply with Section 4.3 hereof, Appendix E to this Agreement and Exhibit 1 to such Appendix E: Five Hundred Dollars ($500.00) per day, for each day that such failure continues;

(v) Failure to provide any of the capital grants, equipment and other support for the PEG Channels pursuant to Section 4 hereof, including, but not limited to, compliance with the Marketing Plan provisions of Section 4.1.02 hereof: Five Hundred Dollars ($500.00) per day per affected PEG Entity, payable to the affected PEG Entity as directed by OCTT, for each day that such failure occurs or continues;

(vi) Failure to adhere to the technical performance standards agreed to in Section III.A.3 of Appendix A of this Agreement: Two Hundred Fifty Dollars ($250.00) per day for each day such failure continues, payable to such beneficiary as OCTT may direct;

(vii) Failure to comply with the customer service rules set forth in 47 C.F.R. § 76.309 and such other lawful customer service rules, regulations or standards as may be established by the District: Five Hundred Dollars ($500.00) per day for each day such failure continues; and

(viii) Failure to furnish or maintain the performance bond as required by Section 6.11 hereof or failure to furnish or replenish the Security Fund as required by Section 13.2 hereof: One Hundred Dollars ($100.00) per day for each day that such failure occurs or continues.

The Company agrees that each of the foregoing failures set forth in this Section 13.3.01 shall result in injuries to the District and its residents, businesses and institutions, the compensation for which will be difficult to ascertain and to prove. Accordingly, the Company and the District agree that the liquidated damages in the amounts set forth above are fair and reasonable compensation for such injuries. The Company agrees that the foregoing amounts are liquidated damages, not a penalty or forfeiture, and are within one (1) or more exclusions to the term "franchise fee" provided by Section 622(g)(2)(A)-(D) of the Cable Act (47 U.S.C. § 542(g)(2)(A)-(D)). Further, the payment of such liquidated damages shall not be deemed to be: (i) "Payments-in-kind" or involuntary payments chargeable against the compensation to be paid to the District by the Company pursuant to Section 9.1 hereof or chargeable against the payments to any PEG Entity by the Company pursuant to Section 4.2 hereof; or (ii) part of the compensation to be paid to the District by the Company pursuant to Section 9.1 hereof or part of the payments to any PEG Entity by the Company pursuant to Section 4.2 hereof. Nothing contained in this Section 13.3.01 shall be construed to permit duplicative recovery from or payment by the Company or its Guarantor(s).

13.3.02 No Pass-Through of Liquidated Damages. The costs associated with payment of liquidated damages pursuant to Section 13.3 shall not be passed through to Subscribers in any form, itemized on Subscriber bills, or, for rate regulation purposes, attributed to capital costs, operating expenses or external costs of the System.

13.3.03 Availability of Additional Remedies; Breach Procedures Not Applicable. To the extent that the District elects to assess liquidated damages as provided in this Section 13.3 and such liquidated damages have been paid to the satisfaction of OCTT, such damages shall be the District's sole and exclusive remedy. Nothing in this Section 13.3.03 is intended to preclude the District from exercising any other right or remedy with respect to (i) a breach that continues past the time the District stops assessing liquidated damages for such breach or (ii) the District's use of a past breach or past portion of a continuing breach to support a claim of material breach or another claim, one (1) of the elements of which is a previous, continuing or repeated

violation of this Agreement or applicable law. Further, the Company's payment of such liquidated damages shall not preclude the District from considering the breaches for which such liquidated damages were paid in any decision the District makes on whether to renew this Franchise pursuant to Section 626 of the Cable Act (47 U.S.C. § 546) (or any successor thereto) or otherwise. The procedures set forth in Section 13.3.01 hereof shall apply to liquidated damages and the withdrawal of any such liquidated damages from the Security Fund. The breach procedures set forth in Section 13.4.04 hereof shall apply solely to the remedies for material breach set forth in Section 13.4.01 hereof.

13.4 Material Breach

13.4.01 Remedies for Material Breach

(i) In the event that the Company fails to comply with a material provision of this Agreement, as provided in Section 13.4.02 hereof, then, in accordance with the procedures provided in Section 13.4.04 hereof, the District may, at any time during the term of this Agreement, to the extent lawful and in addition to any other remedies the District may have under this Agreement or at law or in equity:

(a) Require the Company to take such actions, which are reasonably related to the cure of the breach, that the District deems appropriate in the circumstances; and/or

(b) Seek money damages from the Company as compensation for such material breach (it being acknowledged that seeking money damages for a material breach shall not preclude seeking money damages for a breach which is not material); and/or

(c) Revoke the Franchise granted pursuant to this Agreement by termination of this Agreement pursuant to Section 13.5 hereof, provided that, if the District does not elect to purchase the System, operate the System itself or effect the transfer of the System to another Person, then such revocation and termination shall not take effect for a period of one (1) year after notice thereof is given to the Company if the Company notifies the District in writing (within thirty (30) days of receipt of the notice of termination and revocation) that (A) the Company shall use its best efforts, during such period, to find a purchaser for the System, which purchaser shall be subject to the approval of the District pursuant to Section 11 hereof, and (B) the Company shall provide evidence on a monthly basis to OCTT of its attempts to find such a purchaser.

(ii) In addition to all other remedies granted or available to the District, the District may seek, to the extent appropriate under law, (a) the restraint by injunction of the violation, or attempted or threatened violation, by the Company of any terms or provisions of this Agreement or (b) a decree or order compelling performance by the Company of any term or provision herein.

(iii) This Section 13.4 shall apply instead of the remedy set forth in Section 8(a)(5) of the Cable Television Reform Amendment Act of 2001, Bill 14-480 (as introduced), for failure to perform specific obligations.

13.4.02 Grounds. The Company agrees that a failure to comply with a material provision of this Agreement shall include, but shall not be limited to, any of the following acts or failures to act, or any of the following events, unless such acts, failures to act or events are waived or otherwise excused in writing by the District:

(i) Failure to satisfy a material requirement regarding the System, as provided in Appendix A to this Agreement;

(ii) Failure to comply with the material terms, schedule or sequence for performance of any construction, upgrade, rebuild or enhancement of the System, provided that such failure shall not arise in the event of a delay of less than one hundred twenty (120) days in meeting the schedule for construction, provided further that, if the District agrees to extend the schedule for construction by written waiver or amendment, such one hundred twenty (120) days shall be reduced day-for-day by the length of such extension unless such written waiver or amendment explicitly provides otherwise in writing;

(iii) Repeated failure to comply with the material requirements of Sections 3.1 [Provision of Service] or 3.2 [Service to All Persons] hereof;

(iv) Failure to comply with Section 3.1.02 [Current Technology Report] hereof;

(v) Failure to comply with the requirements of Section 3.8 [Access to Competitive Internet Service Providers];

(vi) Any pattern of discrimination in connection with the provision of Services to Subscribers or the imposition of any rate, charge, deposit or other term and condition of Service to Subscribers in violation of Sections 3.2 [Service to All Persons] or 5.3 [No Discrimination] of this Agreement, or the offering or failure to offer any Service, or the imposition of any rate, charge, deposit or associated term or condition, which is inconsistent with that set forth in the then-current Cable Services and Rate Report made pursuant to this Agreement;

(vii) Failure to supply the PEG Channels and related capital grants and other support within sixty (60) days after the date by which such items must be supplied, as provided in Sections 4.1 [PEG Channels] and 4.2 [PEG Channels: Resources, Rules and Regulations] hereof, provided that such grace period shall be five (5) days instead of sixty (60) days in the case of a failure to comply with the Marketing Plan pursuant to Section 4.1.02 hereof;

(viii) Failure to comply with the interconnection requirements as provided in Sections 4.1.04, 4.3.02 and 6.12.03 hereof, and Appendices A and E to this Agreement;

(ix) Failure to comply with the material requirements relating to the Institutional Network, as provided in Appendix E to this Agreement and Exhibit 1 to Appendix E;

(x) Repeated or intentional failure to notify OCTT of any material change in the construction schedules and specifications of any construction, upgrade, rebuild or enhancement of the System pursuant to this Agreement or undertaking such a material change without the prior written approval of OCTT;

(xi) Repeated or willful failure to furnish or update, as applicable, the information required pursuant to Sections 5.2 [Notice of Change], 7.3 [Local Employment; First Source Requirements], 7.5 [Local Businesses], 10.4.01 [Additional Information] or 10.5.02 [Related Services Report] hereof;

(xii) A final determination described in Section 6.10 [No Interference with Facilities or Equipment], but only to the extent permitted under such section;

(xiii) Failure to furnish or maintain, throughout the term of this Agreement, the performance bond, as provided in Section 6.11 [Performance Bond] hereof;

(xiv) Failure to comply with the Company's employment and purchasing obligations, as provided in Section 7 [Employment and Purchasing] hereof, provided that such failure is not de minimis;

(xv) Failure to comply with any material requirement set forth in Section 8 [Additional Subscriber Rights] hereof or applicable law pertaining to the subjects of Section 8, or repeated failure to comply with any requirement of Section 8 hereof or applicable law pertaining to the subjects of Section 8;

(xvi) Failure to provide any of the compensation or other payments, as provided in Section 9 [Compensation and Other Payments] hereof;

(xvii) Any failure to comply with the provisions of Section 9.3 [Not Franchise Fees] hereof;

(xviii) Repeated failure to comply with the material provisions of Section 10 [Oversight and Regulation] hereof;

(xix) Failure to comply with the provisions of Section 11 [Restrictions Against Assignment and Other Transfers] hereof;

(xx) Failure to furnish and maintain, throughout the term of this Agreement, the liability insurance policy or policies, as provided in Section 12.2 [Insurance] hereof;

(xxi) Failure to furnish, maintain or replenish, throughout the term of this Agreement, the Security Fund, as provided in Section 13.2 [Security Fund] hereof;

(xxii) Failure to comply with the material provisions of Section 15.8 [Additional Covenants] hereof;

(xxiii) The taking of any material action which requires the approval or consent of the District without first having obtained said approval or consent;

(xxiv) The taking of repeated nonmaterial actions which require the approval or consent of the District without first having obtained said approval or consent;

(xxv) Failure to comply with the material terms of the rules, regulations, orders or other lawful directives of the District;

(xxvi) A persistent failure by the Company, its Affiliated Persons or its Guarantor(s), as applicable, to comply with any of the provisions, terms or conditions of this Agreement or with any rules, regulations, orders or other lawful directives of the District after having received notice of a failure to comply;

(xxvii) Engaging in conduct intentionally designed to practice any fraud or deceit upon the District, any PEG Entity or any Subscriber, provided that, with respect to fraud or deceit upon the District, the determination of the existence of such fraud or deceit shall have been made by a court of competent jurisdiction;

(xxviii) Any material misrepresentation, either oral or written, intentionally or grossly negligently made by or on behalf of the Company in connection with any representation or warranty contained herein, or the negotiation or renegotiation of this Agreement or any amendment or other modification to this Agreement, provided that either the Company has admitted to such conduct or a court of competent jurisdiction has determined that the Company engaged in such conduct;

(xxix) The conviction, guilty plea or plea of *nolo contendere* (or an equivalent plea) of the Company, any Person holding a Controlling Interest in the Company, any director or officer of the Company or of any Controlling Person or any employee or agent of any of the foregoing, acting under the express direction or with the actual consent of any of the foregoing, of: (a) any criminal offense relevant to fitness to own or operate a Cable Communications System, excluding petty misdemeanors (within the meaning of Rule 32(d) of the District of Columbia Superior Court Rules of Criminal Procedure (or any successor thereto)), violations and traffic infractions; or (b) any offense, including, without limitation, bribery or fraud, arising out of or in connection with (I) this Agreement or any other agreement to construct, operate or maintain a Cable Communications System in the District, (II) the award of the Franchise granted pursuant to this Agreement, or (III) any act to be taken following the Effective Date of this

Agreement by the District, its officers, employees or agents relating or pursuant to this Agreement, provided that the right to terminate this Agreement in the event of such convictions or guilty pleas shall arise only with respect to any of the foregoing convictions of the Company itself and, in the event of the conviction or guilty plea of any of the other Persons specified in this Subsection (xxix), the District shall have the right to order the Company to disassociate itself from, or terminate the employment of, said other Persons with respect to activities in the District or any other activities affecting the System pursuant to this Agreement;

(xxx) The conviction, guilty plea or plea of *nolo contendere* (or an equivalent plea) of any District officer, employee or agent of the offense of bribery, extortion or fraud with respect to this Agreement which arises out of or in connection with an interaction between such Person and the Company, any Person holding a Controlling Interest in the Company or any agent or employee of any of the foregoing acting under the express direction or actual consent of the foregoing, provided that the interaction was initiated by the Company, any Person holding a Controlling Interest in the Company or any agent or employee of any of the foregoing;

(xxxi) The occurrence of any of the following events: (a) default under any loan, indenture or any financing arrangement material to the System or the ability of the Company to perform its obligations under this Agreement; (b) default under any contract material to the System or the ability of the Company to perform its obligations under this Agreement; (c) termination of any lease or mortgage covering all or any material part of the System, which termination would affect the Company's ability to maintain normal business operations of the System; or (d) receipt by the Company or a Person Controlling the Company of any notice of intent to foreclose on all or any material part of the System;

(xxxii) The condemnation by a public authority other than the District, or sale or dedication under threat or in lieu of condemnation, of all or any part of the System, the effect of which would materially frustrate or impede the ability of the Company to carry out its obligations and the purposes of this Agreement;

(xxxiii) In the event that: (a) the Company shall suspend or discontinue its business, shall make an assignment for the benefit of creditors, shall fail to pay its debts generally as they become due, shall become insolvent (however such insolvency may be evidenced), shall be adjudicated insolvent, shall petition or apply to any tribunal for, or consent to, the appointment of, or taking possession by, a receiver, custodian, liquidator, trustee or similar official pursuant to federal, District, state or local laws, ordinances, rules or regulations of or for it or any substantial part of its property or assets, including all or any material part of the System; or (b) a writ or warrant of attachment, execution, distraint, levy, possession or any similar process shall be issued by any tribunal against all or any material part of the Company's property or assets; or (c) any creditor of the Company or any other Person petitions or applies to any tribunal for the

appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official for the Company or of any material parts of the assets of the Company under the law of any jurisdiction, whether now or hereinafter in effect, and an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings; or (d) any order, judgment or decree is entered in any proceedings against the Company decreeing the voluntary or involuntary dissolution of the Company; or

(xxxiv) If, following any appeals taken by the Company, there shall occur any denial, forfeiture or revocation by any federal, District, state or local governmental authority of any authorization required by law or the expiration without renewal of any such authorization, and such events either individually or in the aggregate, materially jeopardize the System or its operation.

13.4.03 No Independent Failure to Comply. If, as a result of a failure or alleged failure to comply with a material provision of this Agreement as delineated in the foregoing Sections 13.4.02(i) through 13.4.02(xxxiv) hereof, the Company is unable to comply with any other material provision(s) which necessarily and directly arise(s) out of said failure or alleged failure as delineated in said subsections, such inability to comply with such other provision(s) shall not be deemed to be an independent failure to comply with a material provision of this Agreement.

13.4.04 Material Breach Procedures. The District shall exercise the rights provided in Section 13.4.01 hereof in accordance with the procedures set forth below, which procedures shall not be applicable to other remedies in this Agreement:

(i) OCTT shall notify the Company, in writing, of an alleged failure to comply with a material provision of this Agreement, which notice shall specify the alleged failure with reasonable particularity. The Company shall, within twenty (20) Business Days after receipt of such notice or such longer period of time as OCTT may specify in such notice, either: (a) cure such alleged failure and provide to OCTT a written explanation and evidence of such cure; (b) in a written response to OCTT, present facts and arguments in refutation or excuse of such alleged failure; or (c) in a written response to OCTT, state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

(ii) OCTT shall determine (a) whether a failure to comply with a material provision has occurred; (b) whether such failure is excusable; and (c) whether such failure has been cured or will be cured by the Company in a manner and in accordance with a schedule acceptable to OCTT. In connection with such determination, OCTT may consider the Company's performance during or prior to the term of this Franchise, but in no event prior to December 31, 2000, to substantiate a pattern or practice of the Company's failure to comply with such material provision.

(iii) If OCTT determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Company in a manner and in accordance with a schedule satisfactory to OCTT, then OCTT may (a) take any action set forth in Sections 13.4.01(i)(a) and 13.4.01(i)(b); or (b) submit a report to the Council, as provided in Sections 13.4.04(iv) below, recommending that the Council take any action set forth in Section 13.4.01(i)(c). If OCTT determines to take any action set forth in Sections 13.4.01(i)(a) or 13.4.01(i)(b) hereof, OCTT shall provide written notice and a copy of its determination to the Company and to the Council. The Company shall comply with OCTT's determination promptly, but in no event later than thirty (30) days after such determination, or such other time as may be specified by OCTT, unless: (1) the Company seeks review of OCTT's determination by the Council within twenty (20) days after receipt of notice of OCTT's determination, and (2) the Council reverses or modifies OCTT's determination within forty-five (45) days (excluding days that the Council is recessed or not in session) after the Company has timely requested Council review. OCTT may submit additional information to the Council in response to the Company's request for Council review. If the Council fails to take any action within the thirty (30) day period, or the Company fails to request Council review in a timely manner, OCTT's determination shall be deemed to be ratified, and the Company shall comply with OCTT's determination within five (5) Business Days of such determination or such other period of time as may be specified by OCTT. Any proceeding before the Council shall afford the Company such procedural rights as are available under the Council's rules and procedures.

(iv) In the event OCTT recommends that the Council take any action set forth in Section 13.4.01(i)(c), OCTT shall prepare a written report to the Council regarding the failure to comply with a material provision that has occurred and recommending the action that should be taken. OCTT shall provide notice of such determination and a copy of such report to the Company at the time the report is transmitted to the Council. In the event the Council determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the Council, or that such failure is excusable, such determination shall conclude the investigation. In the event the Council determines that such failure has occurred, and has not been and will not be cured in a manner and in accordance with a schedule satisfactory to the Council, and that such failure is not excusable, the Council may take, or direct OCTT to take, any of the actions provided in Section 13.4.01 hereof. Any final determination by the Council pursuant to this Section 13.4.04(iv) shall be subject to such judicial review as applies to legislative determinations.

13.5 Obligations upon Termination. In the event of any termination of this Agreement, the District may: (i) direct the Company to operate the System on behalf of the District pursuant to the provisions of this Agreement and such additional terms and conditions as are agreed upon by the District and the Company, for a period of up to one (1) year; (ii) if there is an Abandonment, authorize any other Person to operate the

System on behalf of the District; or (iii) order the Company to cease all construction and operational activities in a prompt, workmanlike and safe manner by a date to be specified by the District. In the event of such a termination, the Company shall maintain in full force and effect the performance bond required by Section 6.11 hereof and coverage under the liability insurance policies required by Section 12.2 hereof for a reasonable period following the date of termination, but in no event less than three (3) years following such date. Pursuant to Clause (i) of this Section 13.5, the Company shall cooperate with the District in maintaining continuous and uninterrupted distribution of Services over the System, including, but not limited to, operating the System for a period of time specified by the District but not to exceed one (1) year; it is the intent of the parties that only the District may take action to enforce this sentence.

13.6 District's Right to Order Removal or to Acquire or Effect a Transfer of the System

13.6.01 Removal. In addition to its rights under Section 13.5 hereof, upon any termination, the District may, in its sole discretion in the event the System is not sold pursuant to Section 13.6.02 hereof, but shall not be obligated to, direct the Company to remove, at the Company's sole cost and expense, all or any portion of the System from all PROW and other public property within the District, subject to the following:

(i) this provision shall not apply to buried cable which the District determines should not be removed;

(ii) in removing the System, or part thereof, the Company shall refill and compact, at its own expense, any excavation that shall be made by it and shall leave all PROW and other property in as good condition as that prevailing prior to the Company's removal of the System and without affecting, altering or disturbing in any way any electric, telephone or other utility cables, wires or attachments (except to the extent such affecting, altering or disturbing is permitted by an agreement between the Company and the applicable owner of the cable, wires or attachments), provided that, consistent with Section 34(f) of the D.C. Cable Act (D.C. Official Code § 34-1233(f)), the District shall perform any permanent restorations of the PROW at the Company's expense;

(iii) the District shall have the right to inspect and approve the condition of such PROW and public property after removal;

(iv) notwithstanding any other provisions of this Agreement, the performance bond, the Security Fund, liability insurance and indemnity provisions of this Agreement shall remain in full force and effect during the entire period of removal and associated repair of all PROW and other public property (or during such longer period as may be required by any other provision of this Agreement);

(v) removal shall be commenced within thirty (30) days of the removal order by the District and shall be completed within twelve (12) months thereafter including all associated repair of all PROW and other public property; and

(vi) if, in the reasonable judgment of OCTT, the Company fails to substantially complete such removal, including all associated repair of PROW and other public property, within twelve (12) months thereafter; then, to the extent not inconsistent with applicable law, the District shall have the right to: (a) declare that all rights, title and interest to those portions of the System within the District of Columbia (or outside the District of Columbia but used exclusively for the System) belong to the District with all rights of ownership, including, but not limited to, the right to operate the System or to effect a transfer of the System to another Person for operation; or (b)(1) authorize removal of the System, including all associated repair of PROW and other public property, by another Person at the Company's cost; and (2) declare that, to the extent not inconsistent with applicable law, any portion of the System within the District of Columbia (or outside the District of Columbia but used exclusively to serve Persons within the District of Columbia) not designated by the District for removal shall belong to and become the property of the District without compensation to the Company and the Company shall execute and deliver such documents, as OCTT shall request, in form and substance acceptable to OCTT, to evidence such ownership by the District.

Notwithstanding the foregoing, the Company may dispose of any portion of the System not designated by the District for removal during such twelve (12) month period, provided, however, that if the Company fails to complete the removal of the portion(s) of the System designated for removal by the District within such period, then all such portion(s) of the System not disposed of and all amounts collected for any portion(s) of the System disposed of by the Company during such period shall belong to the District, with no price due to the Company.

For purposes of this Section 13.6, the System shall not be deemed to include any trademarks, service marks or any other intangible personal property of the Company that is not necessary for the operation of a Cable Communications System in the District of Columbia. Without limiting the types of intangible personal property that are necessary for such operation, nothing in this paragraph shall be construed to exclude the Company's list of Subscribers, their addresses, the Services which they receive and similar information from the meaning of the System as used in this Section 13.6.

13.6.02 Acquisition or Transfer. Upon any termination and as an alternative to ordering removal of the System, the District shall have the right to, and may, in its sole discretion and in accordance with Section 627 of the Cable Act (47 U.S.C. § 547) (or any successor thereto) and other applicable law, acquire, or effect a transfer to a third party acceptable to the District of, all or any part of the System and all components thereof necessary to maintain and operate the System pursuant to the terms of this Agreement, provided that this requirement shall apply only to those portions of the

System within the District of Columbia (or outside the District of Columbia but used exclusively to serve Persons within the District of Columbia).

13.6.03 Price. The price to be paid to the Company upon an acquisition or transfer by the District or a third party acceptable to the District shall depend upon the nature of the termination. If the Franchise expires without any request by the Company pursuant to Section 626(a)(1) of the Cable Act (47 U.S.C. § 546(a)(1)) (or any successor thereto) that it be renewed, or if the renewal of the Franchise is denied, then the price shall be fair market value, determined on the basis of the System valued as a going concern but with no value allocated to the Franchise itself (*i.e.*, the fair market value of the System valued as a going concern, with a deduction for the value allocable to the Franchise itself). If the termination is due to the revocation of the Franchise for cause, including, but not limited to, revocation due to a material breach of this Agreement by the Company as provided in Section 13.4 hereof or otherwise, then the price shall be an equitable price. In either case, the price shall take into consideration the effects of Sections 13.7 and 13.8 hereof.

13.6.04 Valuation Date and Appraisal. The date of valuation for purposes of the price determination pursuant to Section 13.6.03 shall be the day before the date the District preliminarily elects to acquire or to effect a transfer of the System. For the purpose of determining such valuation, the District shall select a qualified appraiser to compute the purchase price in accordance with the aforementioned standards. The Company, at its own expense, shall have the right to select a different qualified appraiser to do the same. If the lower appraisal is not more than five percent (5%) less than the higher appraisal, the lower appraisal shall be the purchase price; otherwise, the two (2) appraisers shall jointly select a third qualified appraiser. If the third appraiser's appraisal is between the first and second appraisals, the third appraisal shall be the purchase price, and the cost of the third appraisal shall be shared evenly by the Company and the District (or the third party purchaser). If the third appraiser's appraisal is lower than both of the first and second appraisals, the purchase price shall be the mean of the third appraisal and the lower of the first and second appraisals, and the Company shall pay the full cost of the third appraisal. If the third appraiser's appraisal is higher than both of the first and second appraisals, the purchase price shall be the mean of the third appraisal and the higher of the first and second appraisals, and the District (or the third party purchaser) shall pay the full cost of the third appraisal.

13.7 Company's Obligations. In the event of any acquisition or transfer pursuant to Section 13.6 hereof or Abandonment pursuant to Sections 13.5 and 13.6 hereof, the Company shall:

(i) cooperate with the District or any third party in maintaining continuous and uninterrupted distribution of Services over the System, including, but not limited to, operating the System for a period of time specified by the District but not to exceed one (1) year;

(ii) promptly execute all appropriate documents to transfer to the District or third party title to the System, all components thereof necessary to

operate and maintain the System pursuant to the terms and conditions of this Agreement, as well as all contracts, leases, licenses, permits, rights-of-way and any other rights, contracts or understandings necessary to maintain the System and the distribution of Services over the System; provided that such transfers shall be made subject to the rights, under Article 9 of the Uniform Commercial Code, Sections 28:9-101 through 28:9-709 of the D.C. Official Code, and, to the extent that any collateral consists of real property, under the District of Columbia's real property law, of banking or lending institutions which are secured creditors or mortgagees of the Company at the time of such transfers; and provided that the District shall have no obligation following said transfers to pay, pledge or otherwise commit in any way any general or any other revenues or funds of the District, other than the net operating revenues received by the District from its operation of the System, in order to repay any amounts outstanding on any debts secured by the System which remain owing to such creditors or mortgagees; and provided, finally, that the total of such payments by the District to such creditors and mortgagees, from the net operating revenues received by the District from its operation of the System, shall in no event exceed the lesser of: (a) the fair market value of the System on the date of the transfer of title to the District or (b) the outstanding debt owed to such creditors and mortgagees on said date. Nothing in this Section 13.7 shall be construed to limit the rights of any such banking or lending institutions which are not Affiliated Persons to exercise its or their rights as secured creditors or mortgagees at any time prior to the payment of all amounts due pursuant to the applicable debt instruments; and

(iii) promptly supply OCTT with all necessary records to reflect the District's or third party's ownership of the System and to operate and maintain the System, including, without limitation, all Subscriber records and plant and equipment layout documents.

It is the intent of the parties that only the District may take action to enforce Subsection (i) of this Section 13.7.

13.8 Other Provisions. The District and the Company shall negotiate in good faith all other terms and conditions of any such acquisition or transfer, except that, in the event of any acquisition of the System by the District: (i) the District shall not be required to assume any of the obligations of any collective bargaining agreements or any other employment contracts held by the Company or any other obligations of the Company or its officers, employees or agents, including, without limitation, any pension or other retirement or any insurance obligations; (ii) the District shall not be required to assume any Liabilities; and (iii) the District may lease, sell, operate or otherwise dispose of all or any part of the System in any manner.

SECTION 14
SUBSEQUENT ACTION

14.1 Procedure for Subsequent Action. In the event that, after the Effective Date, any court, agency, commission, legislative body or other authority of competent jurisdiction: (i) declares this Agreement invalid, in whole or in part, or (ii) requires the Company either to: (a) perform any act which is inconsistent with any provision of this Agreement or (b) cease performing any act required by any provision of this Agreement, including any obligations with respect to compensation or other financial obligations pursuant to this Agreement, then the Company shall promptly notify OCTT of such fact. Upon receipt of such notification, the District, acting in good faith, shall determine whether such declaration or requirement has a material and adverse effect on this Agreement. If the District, acting in good faith, determines that such declaration or requirement does not have a material and adverse effect on this Agreement, then the Company shall comply with such declaration or requirement. If the District, acting in good faith, determines that such declaration or requirement would materially frustrate or impede the ability of the Company to carry out its obligations pursuant to, and the purposes of, this Agreement, then the Company and the District shall enter into good faith negotiations to enable the Company to perform obligations and provide Services for the benefit of the District and others equivalent to those immediately prior to such declaration or requirement, to the maximum extent consistent with said declaration or requirement. In connection with such negotiations, the District and the Company shall consider whether the circumstances existing at that time are such that the Company, as a direct result of such declaration or requirement, should not or cannot perform obligations and provide Services for the benefit of the District and others which are equivalent to those performed and provided immediately prior to such declaration or requirement.

14.2 Reservation of Rights. To the extent that any statute, rule, regulation, or any other law is enacted, adopted, repealed, amended, modified, changed or interpreted in any way during the term of this Agreement so as to enhance the District's authority with regard to cable-related matters, or the District's authority with respect to Cable Communications Systems, then, upon either party's request, the Company and the District shall enter into good faith negotiations regarding how, if at all, this Agreement should be modified to reflect such change in law.

14.3 Other Cable Franchise Granted on More Favorable Terms

14.3.01 Basis for Request. The Company enters into this Agreement with the understanding and on the representation that the District shall act fairly and reasonably in the event that, pursuant to the Cable Act, the District, subsequent to the Effective Date of this Agreement, grants, renews or renegotiates one (1) or more other franchises for the operation of a Cable Communications System in the Franchise Area ("Other Cable Franchise").

To the extent the District does not have lawful authority over the relevant benefits and burdens described in the following paragraph, the term "Other Cable Franchise" as

used in this Section 14 shall not include municipally owned Cable Communications Systems or Open Video Systems, video dialtone systems or similar systems.

If the Company believes the agreement pursuant to which such Other Cable Franchise may be granted (hereinafter the "Other Cable Franchise Agreement") bestows benefits and imposes burdens on the franchisee which, as an economic or operational matter, on balance, are materially more advantageous to such third party than the benefits bestowed and burdens imposed on the Company by this Agreement are to the Company, then, at any one (1) time but not sooner than the effective date of the Other Cable Franchise or later than eighteen (18) months after the effective date of the Other Cable Franchise, the Company may request that OCTT make a determination to such effect; in the event of such a determination, the Company may request renegotiation of the terms and conditions of this Agreement as provided below. The discharge in bankruptcy of any obligations of the Other Cable Franchise Agreement shall not be a basis for the Company to request such a determination.

14.3.02 Procedure

(i) In the event of such a request, OCTT shall determine within sixty (60) days whether the Other Cable Franchise Agreement bestows benefits and imposes burdens on the third party which, as an economic or operational matter, on balance, are materially more advantageous to the third party than the benefits and burdens imposed by this Agreement are to the Company. The Company may submit to OCTT a written statement of those factors it believes to be relevant to such inquiry.

(ii) If OCTT determines that the Other Cable Franchise Agreement bestows benefits and imposes burdens on the third party which, on balance, are materially more advantageous to the third party than the benefits bestowed and burdens imposed by this Agreement are to the Company, then upon the Company's request, OCTT and the Company shall enter into good faith negotiations to modify this Agreement to bestow benefits and impose burdens which, on balance, create overall economic comparability between this Agreement and the Other Cable Franchise Agreement.

(iii) If OCTT and the Company have not completed this negotiation within six (6) months, or if OCTT determines that the Other Cable Franchise Agreement does not bestow benefits and impose burdens on the third party which, on balance, are materially more advantageous to the third party than the benefits bestowed and burdens imposed by this Agreement are to the Company, then the Company may petition the Council for appropriate relief.

SECTION 15
MISCELLANEOUS

15.1 Appendices. The Appendices to this Agreement, attached hereto, and all portions thereof and exhibits thereto, are, except as otherwise specified in such

Appendices, incorporated herein by reference and expressly made a part of this Agreement.

15.2 Action Taken by District. Any action to be taken by the District and/or OCTT pursuant to this Agreement shall be taken in accordance with the applicable provisions of District law, as said law may be amended or modified throughout the term of this Agreement.

15.3 Entire Agreement. This Agreement, including all Appendices hereto, along with any other document executed on the Effective Date, embody the entire understanding and agreement of the District and the Company with respect to the subject matter hereof and merges and supersedes all prior representations, agreements and understandings, whether oral or written, between the District and the Company with respect to the subject matter hereof, including, without limitation, all prior drafts of this Agreement and any Appendix to this Agreement and any and all written or oral statements or representations by any official, employee, agent, attorney, consultant or independent contractor of the District or the Company, provided, however, that between the date of execution by the Company and the Effective Date, the Company shall comply with the terms and conditions of the Previous Franchise Agreement, as amended.

15.4 Delays and Failures Beyond Control of Company. Notwithstanding any other provision of this Agreement, the Company shall not be liable for delay in the performance of, or failure to perform, in whole or in part, its obligations pursuant to this Agreement due to strike, war or act of war (whether an actual declaration of war is made or not), insurrection, riot, act of public enemy, accident, fire, flood or other act of God, manufacturing delays or delays in delivery due to conditions that would otherwise relieve the Company from liability under this Section 15.4, loss of utility service or facilities (except to the extent such loss should have been covered by the Company's standby and backup power supplies required by Appendix A to this Agreement); any act, order or decree of any governmental agency or judicial body; any moratoria on construction projects imposed by the District; sabotage or other such events, provided the Company and Affiliated Persons have exercised all due care in the prevention thereof, to the extent that such causes or other events are beyond the control of the Company. In the event that any such delay in performance or failure to perform affects only part of the Company's capacity to perform, the Company shall perform to the maximum extent it is able to do so and shall take all steps within its power to correct such cause(s) as rapidly as possible. The Company agrees that in correcting such cause(s), it shall take all reasonable steps to do so in as expeditious a manner as possible. The Company shall notify OCTT in writing of the occurrence of an event covered by this Section 15.4 within five (5) Business Days of the time at which the Company learns of its occurrence, provided that a failure to send such notice shall not negate an otherwise excusable delay.

15.5 Notices. Every notice, order, petition, document or other direction or communication to be served upon the District or the Company shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by personal delivery with written evidence of receipt. Every such communication to the Company shall be sent to its office at the location most recently specified pursuant to

Sections 2.2.01(ix) or 10.6.11 hereof, or to such other location in the District as the Company may designate from time to time. Every communication from the Company shall be sent to the individual, agency or department designated in the applicable section of this Agreement, unless it is to "the District," in which case such communication shall be sent to the Executive Director of OCTT at 2217 Fourteenth Street, N.W., Washington, D.C. 20009, or such other address as may be specified by OCTT, provided that any notice with respect to the Institutional Network or the portions thereof being provided by the Company also shall be sent to the Deputy Chief Technology Officer for the Program Management Office at 441 Fourth Street, N.W., Suite 930 South, Washington, D.C. 20002, or such other address as may be specified by OCTO. Any documents that are required by this Agreement to be sent to the Corporation Counsel shall be sent to the Corporation Counsel, 1350 Pennsylvania Avenue, N.W., Fourth Floor, Washington, D.C. 20004, or such other address as may be specified by the Corporation Counsel. Notwithstanding any other provision of this Section 15.5, any notice OCTT is required to give to the Company pursuant to Section 13.2 hereof for which a cure period is ten (10) days or less must be served by personal delivery, overnight mail service or facsimile transmission.

15.6 Questionnaires. In accordance with the District's right to effectively enforce the provisions of this Agreement, if requested by OCTT, the Company shall, once in every three (3) year period, pay the cost of the outgoing and return postage for sending questionnaires to up to ten thousand (10,000) Subscribers. The number and general characteristics of such Subscribers shall be selected by OCTT after consultation with the Company. All such questionnaires shall be in such form and contain such detail as may be specified by OCTT after consultation with the Company. Such questionnaires may solicit responses regarding the Company, the System or its operation. The Company agrees that the costs and expenses described in this Section 15.6 and the Company's payment thereof are not within the meaning of the term "franchise fee" as defined by Section 622(g)(1) of the Cable Act (47 U.S.C. § 542(g)(1)) (or any successor provision), and are within one (1) or more exclusions to the term "franchise fee" provided by Section 622(g)(2)(A)-(D) of the Cable Act (47 U.S.C. § 542(g)(2)(A)-(D)) (or any successor provision). The Company further agrees that such costs and expenses shall not be deemed to be: (i) "payments-in-kind" or involuntary payments chargeable against the compensation to be paid to the District or chargeable against the payments to any PEG Entity by the Company pursuant to Sections 4.1 through 4.4 or 9.1 hereof, or (ii) part of the compensation to be paid to the District or the payments to any PEG Entity by the Company pursuant to Sections 4.1 through 4.4 or 9.1 hereof.

15.7 Additional Representations and Warranties. In addition to the representations, warranties and covenants of the Company to the District set forth elsewhere herein, the Company represents and warrants to the District and covenants and agrees (which representations, warranties, covenants and agreements shall not be affected or waived by any inspection or examination made by or on behalf of the District) that, as of the Closing:

15.7.01 Organization, Standing and Power. The Company is a limited liability company, duly organized, validly existing and in good standing under the laws of

the District of Columbia, and is duly authorized to do business in the District. The Company has all requisite power and authority to own or lease its properties and assets, to conduct its businesses as currently conducted and 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 Company's organizational documents, as amended to date, have been delivered to OCTT and are complete and correct. The Company is qualified to do business and is in good standing in each jurisdiction in which it conducts business.

15.7.02 Authorization; Non-Contravention. 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 Company and the Guarantor(s), and the Company has furnished the District with a certified copy of the resolutions of the Board of Directors of Comcast Cablevision of the South, Inc., the sole member of the Company, authorizing the execution and delivery of this Agreement. This Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly executed and delivered by the Company and the Guarantor(s) and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Company and the Guarantor(s), and are enforceable (or upon execution and delivery will be enforceable) in accordance with their respective terms, subject to the qualifications that the availability of the remedy of specific enforcement, of injunctive relief or of other equitable relief is subject to the discretion of the court before which any proceeding therefor may be brought, and that the enforcement of the rights and remedies created hereby is subject to bankruptcy, insolvency, reorganization and similar laws of general application affecting the rights and remedies of creditors and secured parties, provided that nothing in the foregoing qualifications is intended to diminish or affect the rights and remedies of the District under this Agreement at law or in equity. The Company and the Guarantor(s), as applicable, have obtained the requisite authority to approve, authorize, execute and deliver this Agreement and to consummate the transactions contemplated hereby and no other proceeding or other action is necessary on the part of the Company to approve and authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. Neither the Company nor any of the Guarantors has made any representations, warranties or agreements inconsistent with or with respect to the subject matter of this Agreement. Neither the execution and delivery of this Agreement by the Company or the Guarantor(s) nor the performance of their obligations contemplated hereby, by the Company or the Guarantor(s), will:

(i) conflict with, result in a material breach of or constitute a material default under (or with notice or lapse of time or both result in a material breach of or constitute a material default under) (a) any governing document of the Company or the Guarantor(s) or, to the Company's or any Guarantor's knowledge, any shareholders' agreement or other similar agreement among security holders or other owners of the Company or the Guarantor(s) or (b) any statute, regulation, agreement, judgment, decree, court or administrative order or process or any commitment to which the Company or any Guarantor is a party or by which it (or any of its properties or assets) is subject or bound;

(ii) result in the creation of, or give any party the right to create, any material lien, charge, encumbrance or security interest upon the property and assets of the Company or any Guarantor that would have a material adverse effect on the operation of the System or the financial condition of the Company, any Guarantor or the System; or

(iii) terminate, modify or accelerate, or give any third party the right to terminate, modify or accelerate, any provision or term of any contract, arrangement, agreement, license agreement or commitments, except for any event which individually or in the aggregate would not have a material adverse effect on the business, properties or financial condition of the Company, any Guarantor or the System.

15.7.03 Consent. No consent, approval or authorization of, or declaration or filing with, any public, governmental or other authority (including, without limitation, the FCC or any other federal agency or any District, state, county or municipal agency, authority, commission or council, and, if applicable, public service commissions and other entities) on the part of the Company or any Guarantor is required for the valid execution and delivery of this Agreement or any other agreement or instrument executed or delivered in connection herewith.

15.7.04 Compliance with Law. The Company and each Guarantor is in material compliance with all applicable law and the Company has obtained all government licenses, permits and authorizations necessary for the operation and maintenance of the System.

15.7.05 Litigation; Investigations. Except as disclosed in a certificate which has been provided by the President of the Mid-Atlantic Division of Comcast Cable Communications, Inc. (or another officer of the Company or its parents who is acceptable to OCTT) and approved by OCTT and the Corporation Counsel prior to the Closing, there is no civil, criminal, administrative, arbitration or other proceeding, investigation or claim (including, without limitation, proceedings with respect to unfair labor practice matters or labor organization activity matters or involving the granting of a temporary or permanent injunction) pending or threatened against the Company or any Guarantor, (i) at law or in equity or (ii) before any foreign, federal, District, state, county, municipal or other governmental department, commission, board, bureau, agency or instrumentality or any arbitrator(s), that, if decided adversely to the Company or such Guarantor, would (a) have a material adverse effect on the business, operation, properties, assets or financial condition of the Company, any Guarantor or the System, or (b) question the validity or prospective validity of this Agreement, of any essential element upon which this Agreement depends or of any action to be taken by the Company or any Guarantor. Neither the Company nor any Guarantor is subject to any outstanding order, writ, injunction or decree which materially and adversely affects or will affect the business, operation, properties, assets or financial condition of the System.

15.7.06 Full Disclosure. Without limiting the specific language of any other representation and warranty herein, all information furnished by the Company

which is contained in (i) this Agreement or its Appendices; (ii) any other document executed on the Effective Date; (iii) the most recently supplied financial information about the Company and any Guarantor; (iv) the most recently supplied design, as-built and construction sequence maps; and (v) documents submitted in connection with any transfer of Control authorized by Appendix G hereto is, as of the Effective Date, accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein not misleading.

15.7.07 Fees. The Company has paid all franchise, license or other fees and charges which have become due pursuant to any prior franchise or permit and has made adequate provisions for any such fees and charges which have accrued.

15.7.08 Licenses and Permits. The Company has duly secured all material permits and licenses in connection with the design, construction, operation, maintenance, repair, upgrade, rebuild or enhancement of the System, or any part thereof, from, and has filed all required registrations, applications, reports and other documents with, the FCC. Further, no event has occurred which could (i) result in the revocation or termination of any such license or authorization, or (ii) materially and adversely affect any rights of the Company or any Guarantor. No event has occurred which permits, or after notice or lapse of time or both would permit, revocation or termination of any such license or which materially and adversely affects or, so far as the Company and each of the Guarantors can now foresee, will materially and adversely affect the System or any part thereof. The Company has obtained all material leases, easements and equipment-rental or other agreements necessary for the maintenance and operation of the System as now conducted.

15.7.09 Ownership Interests. Appendix G represents a current, complete and accurate description of the ownership structure of the Company and a current, complete and accurate list of all Persons which hold, directly or indirectly, a five-percent (5%) or greater interest in the Company, and all Persons in which the Company, directly or indirectly, holds a five-percent (5%) or greater interest.

15.8 Additional Covenants. Until the termination of this Agreement and the satisfaction in full by the Company of its obligations under this Agreement, in consideration of the Franchise granted herein, the Company agrees that it will comply with the following affirmative covenants, unless the District otherwise consents in writing:

15.8.01 Compliance with Laws; Licenses and Permits. Consistent with Sections 10.2 and 14 of this Agreement, the Company shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the FCC and any other federal, state or local agency or authority of competent jurisdiction); and (ii) all laws and all rules, regulations, orders, writs, decrees, judgments or other directives of the District, including OCTT, issued pursuant to this Agreement or applicable law. The Company shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to

construct, operate, maintain, upgrade, rebuild, enhance, replace or repair the System, or any part thereof.

15.8.02 Maintain Existence. The Company will preserve and maintain its existence, its business and all of its rights and privileges necessary or appropriate for the normal conduct of said business. The Company shall maintain its good standing in the District of Columbia and continue to qualify to do business and remain in good standing in each jurisdiction in which it conducts business.

15.8.03 Financial Condition. The Company and each Guarantor shall, throughout the term of this Agreement and thereafter, for as long as the Company is required to construct, operate, maintain, upgrade, rebuild and enhance the System pursuant to this Agreement, maintain adequate financial resources to perform all obligations pursuant to this Agreement.

15.8.04 Condition of System. All of the material properties, assets and equipment of the System are, and all such items added in connection with any construction, upgrade, rebuild or enhancement will be maintained in good repair and proper working order and condition throughout the term of the Agreement and for any time period in which the Company continues to operate the System.

15.8.05 Inconsistent Contracts. The Company and each Guarantor shall not enter into any contract, compliance with which would prevent the Company or such Guarantor, as the case may be, from performing its obligations under this Agreement.

15.9 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted transferees and assigns. All of the provisions of this Agreement apply to the Company, its successors and assigns and, to the extent that the District exercises its rights with respect to the Guaranty, the Guarantor(s).

15.10 No Waiver; Cumulative Remedies. Subject to the conditions and limitations established in this Agreement, no failure on the part of the District to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor, except as otherwise provided in this Agreement, shall any single or partial exercise of any such right preclude any other right. Except as otherwise provided in this Agreement, the rights and remedies provided herein are cumulative and not exclusive of any remedies provided by law or in equity, and nothing contained in this Agreement shall impair any of the rights of the District under applicable law, subject in each case to the terms and conditions of this Agreement. A waiver of any right or remedy by either party at any one (1) time shall not affect the exercise of such right or remedy or any other right or other remedy by such party at any other time. In order for any waiver to be effective, it must be in writing and it must be explicit, not implied. The failure of the District to take any action in the event of a material breach by the Company shall not be deemed or construed to constitute a waiver of or otherwise affect the right of the District to take any action permitted by this Agreement at any other time in the event that such material breach has

not been cured, or with respect to any other material breach by the Company, provided that this sentence is not intended to change or affect the application of the last sentence of Section 626(d) of the Cable Act (47 U.S.C. § 546(d)) (or any successor to such sentence).

15.11 No Opposition. By execution of this Agreement or the Guaranty, the Company and each Guarantor accepts the validity of the terms and conditions of this Agreement (including the Guaranty and all other Appendices) in their entirety and hereby waives and relinquishes, to the maximum extent permitted by applicable law, any and all rights it (or they) has (or have) as of the Effective Date, or may have had prior to the Effective Date, in law or in equity, to assert in any manner, at any time or in any forum that this Agreement, the Franchise granted pursuant to this Agreement or the processes and procedures pursuant to which this Agreement was entered into and the Franchise was granted are not consistent with applicable law as of the Effective Date.

15.12 Partial Invalidity. If any section, subsection, sentence, clause, phrase or other portion of this Agreement is, for any reason, declared invalid, in whole or in part, by any court, agency, commission, legislative body or other authority of competent jurisdiction, such portion shall be deemed a separate, distinct and independent portion. Except as provided in Section 14 hereof, such declaration shall not affect the validity of the remaining portions hereof, which other portions shall continue in full force and effect.

15.13 Headings and Interpretation. The headings contained in this Agreement are to facilitate reference only, do not form a part of this Agreement and shall not in any way affect the construction or interpretation hereof. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder" and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires. "Number" shall include "amount" and vice versa.

15.14 No Agency. The Company shall conduct the work to be performed pursuant to this Agreement as an independent contractor and not as an agent of the District.

15.15 Governing Law. This Agreement shall be deemed to be executed in the District of Columbia, and shall be governed in all respects, including validity, interpretation and effect, and construed in accordance with the laws of the District of Columbia, as applicable to contracts entered into and to be performed entirely within that jurisdiction.

15.16 Survival of Representations and Warranties. After the term of the Agreement and any extension thereof, the District may seek any lawful remedy for any breach by the Company, any Guarantor or any Affiliated Person of any representation or warranty made by such Person and contained in this Agreement, provided that such breach occurred during the term of the Agreement or any extension thereof or, for a

representation or warranty specifically limited to being true as of the Effective Date, that such breach occurred as of the Effective Date.

15.17 Delegation of District Rights. Except where this Agreement specifies that an action is to be taken by the Council, the District reserves the right to delegate and redelegate, from time to time, any of its rights or obligations under this Agreement to any body, organization or official. Any such delegation by the District shall be effective upon written notice by the District to the Company of such delegation. Upon receipt of such notice by the Company, the Company and Guarantor(s) shall be bound by all terms and conditions of the delegation not in conflict with this Agreement. Any such delegation, revocation or redelegation, no matter how often made, shall not be deemed an amendment to this Agreement or require any consent of the Company or any Guarantor. Nothing in this Section 15.17 shall be construed to prevent the Council from delegating any fact-finding function, including, but not limited to, the hearing of evidence, in support of a decision that must be made by the Council under this Agreement, provided that the Council is the entity that shall adopt the final findings of fact and conclusions of law for the District (subject to any subsequent judicial process under applicable law).

15.18 Claims under Agreement. The District and the Company, on its behalf and on behalf of the Guarantor(s), agree that, except to the extent inconsistent with Section 635 of the Cable Act (47 U.S.C. § 555) (or any successor provision), any and all claims asserted by or against the District arising under this Agreement or related thereto shall be heard and determined either in a court of the United States located in the District of Columbia ("Federal Court") or in a court of the District of Columbia ("D.C. Court"). To effectuate this agreement and intent, the Company agrees that if the District initiates any action against the Company in Federal Court or in D.C. Court, service of process may be made on the Company either in person, wherever such Company may be found, or by registered mail addressed to the Company at its office in the Franchise Area, which is specified for receipt of notices pursuant to Section 15.5 of this Agreement, or to such other address as the Company may provide to the District in writing.

15.19 Modification. Except where this Agreement (including the Appendices) specifies that an Appendix to this Agreement may be modified without the approval of both parties, no provision of this Agreement nor any Appendix to this Agreement shall be amended or otherwise modified, in whole or in part, except by an instrument in writing, duly authorized and executed by the District and the Company.

15.20 Computation of Time. Unless otherwise provided, the first day to be counted under this Agreement when a period of time begins with the occurrence of an act, event or default is the day after the day on which the act, event or default occurs. When computing a period of time, the last day of such period is included in the computation, and any required action must be taken on or before that day. It is immaterial whether the first day of a time period is a Holiday.

15.21 Applicable Law; Priority of District Laws.

(i) As used in this Agreement, "applicable law" shall include the Constitution of the United States; federal and District statutes, rules and regulations; the administrative and judicial decisions interpreting the preceding sources of law and federal and District common law.

(ii) To the extent, the D.C. Cable Act, the rules and regulations promulgated by the Council and OCTT thereunder and the administrative and judicial decisions interpreting the D.C. Cable Act and such rules and regulations answer a question left to "applicable law" under this Agreement, such statute, rules and regulations and decisions shall take precedence over any other source of District law.

15.22 Time of the Essence. Time is of the essence in the execution and performance of each of the terms of this Agreement.

– end of page –
[signatures appear on the following page]

IN WITNESS WHEREOF, the party of the first part, by its Mayor and Chairman of the Council of the District of Columbia, thereunto duly authorized, has caused the corporate name of said District to be hereunto signed and the corporate seal of said District to be hereunto affixed and the party of the second part, by its officers thereunto duly authorized, has caused its name to be hereunto signed and its seal to be hereunto affixed as of the date and year first above written.

THE CITY OF WASHINGTON,
DISTRICT OF COLUMBIA

By /s/ Anthony A. Williams
Mayor

Approved as to form:

By /s/ Linda W. Cropp
Chairman of the Council of the District of Columbia

/s/ Arabella W. Teal
Interim Corporation Counsel

COMCAST CABLEVISION OF THE DISTRICT, LLC

By /s/ Donna Rattley
Name: Donna Rattley
Title: Vice President and General Manager

(Seal)

Witness:

/s/ Maurice Smith
Name: Maurice Smith
Title: Governmental Affairs Manager