

APPENDICES

APPENDIX A

Cable Franchise Agreement

by and between

The City of New York

and

Time Warner Entertainment Company, L.P.

* * *

THIS AGREEMENT (this “Agreement”) is entered into by and between the City of New York (“the City”), a validly organized and existing political subdivision of the State of New York, and Time Warner Entertainment Company, L.P., a limited partnership duly organized under the applicable laws of the State of Delaware (“Franchisee”).

WHEREAS, the City is a “franchising authority” in accordance with Title VI of the Communications Act, (see 47 U.S.C. § 522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”)

which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, on September 16, 1998 a franchise agreement was executed between the City and Franchisee (or the predecessor in interest to Franchisee) granting a franchise for the provision of certain services in the Franchise Area (as hereinafter defined), pursuant to the terms described therein, said franchise agreement referred to hereinafter as the “1998 Franchise”; and

WHEREAS, the scheduled term of the 1998 Franchise expired on September 16, 2008, and Franchisee sought a renewal of its rights to provide Cable Services in the Franchise Area (as hereinafter defined) pursuant to the terms of this Agreement and 47 U.S.C. § 546; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City Charter, has issued a solicitation for cable television franchise renewals (the “Solicitation”) to which Franchisee responded; and

WHEREAS, in response to the Solicitation, Franchisee submitted materials regarding the terms and conditions for its continued operation and maintenance of its Cable System and provision of Cable Services (as hereinafter defined) and other matters; and

WHEREAS, Franchisee and the City have completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to Franchisee, and Franchisee intends to accept

from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically renewing Franchisee’s rights to provide Cable Services in the Franchise Area (as hereinafter defined) pursuant to 47 U.S.C. § 546 and pursuant to the complete terms of this Agreement; and

WHEREAS, the City has, with respect to such proposed renewal franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 *et seq.* of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning has determined pursuant to Section 363(c) of the City Charter that the franchise renewal granted pursuant to and consistent with the terms of the Solicitation would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter; and

WHEREAS, Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on a proposed franchise for Franchisee, with respect to the Franchise Area, and including terms of an agreement

memorializing the terms and conditions of the proposed franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed a proposed franchise agreement with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to Franchisee of the Franchise and the terms of this Agreement as described herein; and

WHEREAS, pursuant to Section 895.1 of Title 16 of the New York Code of Rules and Regulations, Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; Franchisee's plans for its Cable System (as hereinafter defined) were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City, following said public proceeding, determined that this Franchise granting Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 222 of the Public Service Law, the regulations of the NY PSC, and all other applicable laws and regulations; and

WHEREAS, the City and Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the 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 SIGNATORIES DO HEREBY AGREE AS
FOLLOWS:**

* * *

1. DEFINITIONS

* * *

1.18 *Community Access Organization (or "CAO")*: Shall mean the nonprofit corporation that has been

designated by the Borough President, as described in Section 8.1.7 of this Agreement, for the purposes described in that section.

* * *

1.47 *Public Rights-of-Way*: The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way.

* * *

3. EFFECTIVE DATE AND TERM:

3.1 Effective Date and Term:

(a) *Effective Date & Scheduled Termination Date*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the “Effective Date”) following the Closing (which certificate Franchisee shall submit all required applications for within 30 days of the Closing); provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the “Term”) of this Agreement and the Franchise granted herein shall run from the Effective Date until (but not including) July 18, 2020 (the “Scheduled Termination Date”), unless the Franchise is earlier terminated as provided herein. Franchisee shall memorialize the Effective Date by notifying the City in writing of the occurrence

of said Effective Date, which notification shall become a part of this Franchise.

* * *

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1 *Grant of Authority:* (a) The City hereby grants Franchisee, subject to the terms and conditions of this Agreement, a nonexclusive franchise providing the right and consent to install, operate, repair, maintain, remove and replace cable, wire, fiber optic lines or other transmission medium that may be used in lieu of cable, wire or fiber optic lines for the same purposes, and related equipment and facilities, on, over and under the Public Rights-of-Way in order to provide Cable Services. The City and Franchisee agree that this franchise is a grant of the right to provide cable service pursuant to 47 U.S.C. § 541. It is the City's position that authorization to install non-closed path transmission facilities, such as antennae and related equipment, on, over or under the Public Rights-of-Way is not granted pursuant to this Agreement, although Franchisee is permitted to separately seek a franchise granting such authorization. It is the City's position that the franchise granted hereunder does not include the right or consent to use the Public Rights-of-Way for the transmission of any Information Service or Telecommunications Service, unless such authority is expressly granted hereinafter, although to the extent not thus expressly granted hereinafter Franchisee is permitted to separately seek authority from the City granting such authorization. It is the City's position that the franchise granted hereunder does not include the right or consent to install, maintain or operate any computer kiosks or other similar facilities on the Public Rights-of-Way

the purpose of which is the reception and use of an Information Service, or any other service, by pedestrians, vehicles or others users or occupants of the Public Rights-of-Way, although Franchisee is permitted to separately seek authority from the City granting such authorization. Franchisee does not agree with all of these positions of the City, as it believes the City's grant of a franchise hereunder, as a matter of law, provides Franchisee with certain additional rights, and Franchisee reserves all rights, and does not waive any rights, in that regard.

(b) Without limiting the City's authority to argue that separate and additional franchise rights are required to provide Non-Cable Services where, as in this Agreement, it is the City's position that the right to offer such Non-Cable Services has, by express reservation, not been granted, to the extent Non-Cable Services are in fact provided by Franchisee pursuant to claimed legal authority rather than pursuant to one or more separately granted, express written franchises from the City, such shall be referred to in this Agreement as "Additional Provided Services".

(c) The City and Franchisee each reserve all of their respective rights with respect to Franchisee's provision of Non-Cable Services (including as provided in the preceding subsections (a) and (b)); provided, however, that the City agrees that, absent any modification or clarification of existing law, the City will resolve any dispute between the City and Franchisee as to such Non-Cable Services solely by means of an action for declaratory judgment, and shall not contend that Franchisee's provision of Non-Cable Services without the payment, under this Agreement, of franchise or other fees with respect to such services

constitutes a Default as defined in Article 15 of this Agreement.

* * *

8. PEG SERVICES

8.1 *PEG Set Aside*: In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall provide on the Basic Service tier use of seventeen (17) Access Channels in total, subject to, and phased in over the Term as set forth below in, this Section 8.1:

8.1.1 *Continuing Public Access Channels*: Throughout the Term, four (4) Public Access Channels.

8.1.2 *Continuing Government/Educational Access Channels*: Throughout the Term, five (5) Government/Educational Access Channels, one of which is designated by the City for educational Access Channel programming.

8.1.3 *Additional Access Channels*: In addition to providing the Access Channels described in Sections 8.1.1 and 8.1.2 above, Franchisee shall provide the City with the following additional Access Channels on the Basic Service tier, subject to the conditions set forth below:

8.1.3.1 Commencing not later than sixty days after the Effective Date and thereafter throughout the Term, Franchisee shall provide: (i) an additional two (2) Public Access Channels; and (ii) one (1) additional Government/Educational Access Channel.

8.1.3.2 Commencing not later than the later to occur of (x) January 1, 2012, and (y) the one hundred eightieth (180th) day after Franchisee's receipt of a written request from the City for such additional

channels, and then thereafter throughout the Term, Franchisee shall provide to the City: (i) one (1) further additional Public Access Channel; and (ii) two (2) further additional Government/Educational Access Channels.

8.1.3.3 Commencing not later than the later to occur of (x) July 15, 2014, and (y) the one hundred eightieth (180th) day after Franchisee's receipt of a written request from the City for such additional channels, and then thereafter throughout the Term, Franchisee shall provide to the City a further additional two (2) Public Access Channels.

8.1.3.4 No single additional Government/Educational Access Channel or additional Government/Educational Access Channels to be provided pursuant to this Section 8.1.3 shall be activated by Franchisee unless (a) the City has provided notice to Franchisee that additional programming is available for each such additional channel, and (b) all existing Government/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 AM and 12:00 AM for the preceding six (6) consecutive months. With respect to Public Access Channels, no single additional Public Access Channel or additional Public Access Channels to be provided pursuant to this Section 8.1.3 shall be activated by Franchisee unless all existing Public Access Channels are providing programming for at least eighty percent (80%) of the time between 6:00 AM and 12:00 AM for the preceding six (6) consecutive months.

8.1.4 *Fallow Time*: In the event that one or more Public or Government/Educational Access Channels are not being utilized by the City or the CAO's, the

provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

8.1.5 The City hereby authorizes Franchisee to transmit on the Access Channels the Access Channel programming the City submits to Franchisee for such transmission.

8.1.6 (a) All Access Channels shall be provided to Subscribers as part of the same tier of Service as are all those signals (hereinafter “must-carry signals”) carried in fulfillment of the requirements of 47 U.S.C. §§ 534 and 535 (provided, however, that Franchisee reserves the right to claim that such a franchise requirement regarding the tier on which Access Channels must be carried is preempted, in whole or in part, by federal law). Provision of Access Channels on “the same tier of service” as must-carry signals, as that concept is expressed in the preceding sentence, shall mean provision of such channels for a package price (for a package of services which include the Access Channels, the must-carry signals and any other channels Franchisee in its discretion chooses to include in such tier). Notwithstanding the preceding provisions of this Subsection 8.1.6(a), (i) while the City and Franchisee each reserve all rights with respect to the format in which Franchisee provides Access Channels, the City agrees not to object to Franchisee’s provision of the additional Access Channels required pursuant to Sections 8.1.3, 8.1.3.1, 8.1.3.2 and 8.1.3.3 hereof (as well as one existing Government/Educational Access Channel) in digital format even if other channels that are part of the Basic Service tier are provided in analog format; and (ii) the Commissioner, in his or her discretion, may approve the provision of any Government/Educational or (after consultation with the Community Access Organization) Public Access

Channel in any manner that varies from said provisions upon a determination that such variance would be in the City's interest.

(b) Franchisee shall carry Access programming on each of the respective Public or Government/Educational Access Channels as indicated in Appendix J. In the future, Franchisee shall assign the Public or Government/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. Franchisee shall not arbitrarily or capriciously change such channel assignments, and Franchisee shall minimize the number of such changes; provided, however, that Franchisee may change such channel assignments as it deems appropriate so long as (i) Franchisee gives the appropriate CAO or the Government/Educational Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Government/Educational Access Channel change on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Subsection

8.1.6), and (B) providing notice of such change in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

(c) Notwithstanding the preceding subsection (b), but subject to applicable law, Franchisee shall retain, throughout the Term, Channel Positions for Government/Educational Access Channels at Channel Positions 74 and 75, unless the Commissioner in the Commissioner's reasonable discretion approves other Channel Positions for such channels upon a written request by Franchisee (with supporting documentation), provided, however, that nothing in this Section 8.1.6(c) shall be construed to require Franchisee to allocate Channel Positions in a manner that conflicts with existing and/or any future applicable law governing the location of Channels, including, without limitation, the signal carriage and positioning requirements set forth in 47 C.F.R. §§ 76.51-76.70 and 47 U.S.C. §§ 534 and 535, as such may be amended or superseded during the Term of this Agreement. To the extent that Franchisee enters into an agreement with the Community Access Organization regarding Channel Positions for one or more of the Public Access Channels, then notwithstanding anything to the contrary herein, the Channel Positions for Public Access Channels as specified by such agreement, so long as it is in effect, shall be deemed to be required hereunder in lieu of any contrary provisions of this Agreement (except to the extent such affect the Channel Locations for Government/Educational Access Channels,

in which event the provisions of this Agreement shall prevail).

8.1.7 The City shall provide a suitable video signal and a suitable audio signal for each Government/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Government/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.7.1 Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Government/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Government/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.7 or in Franchisee's video channel aggregation point and distribution equipment and facilities

in order to permit the continuation of such intended use.

8.1.7.2 The Government/Educational Access Channels shall be placed under the jurisdiction of the Mayor and shall be for the noncommercial use of the City, for noncommercial use by New York City public schools and the New York City Board of Education and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the City.

8.1.7.3 *Government/Educational Access Video on Demand:* In addition to the dedicated Government/Educational Access Channels described in Sections 8.1.2 and 8.1.3 hereof, Franchisee shall also provide to the City capacity on its video on demand server equipment, up to maximum capacity of 25 hours of standard definition programming, for Government/Educational Access Programming (defined below), such that VOD-enabled Subscribers will be able to select and watch such programs on a program-by-program basis using the video on demand system that Franchisee uses to offer other programming on a video on demand basis. Notwithstanding the preceding sentence, however, Franchisee's obligation under said sentence shall be limited to the provision of capacity for Government/Educational Access Programming which is delivered by the City in properly encoded form for use in video on demand systems. As used in this Section 8.1.7.3, the term Government/Educational Access Programming means programming which is, has been or could be provided on a Government/Educational Access Channel in accordance with the terms of this Agreement and applicable law.

8.1.7.4 *High Definition Access Channel*: Upon no less than ninety (90) days written notice from the City to Franchisee, one of the Government/Educational Access Channels being provided by Franchisee pursuant to this Section 8 shall, at the City's option, be provided in high-definition format (with a minimum resolution of 720p or 1080p resolution, the choice of such resolution to be at the City's option, provided such format is being used by Franchisee for at least five other high-definition programming services on the System). If the City is not capable of producing and delivering programming in the selected high definition format by the date described in the preceding sentence, then the obligation of Franchisee to transmit such programming in said format shall be delayed until such capability is achieved.

8.1.8 *Community Access Organizations*: The Manhattan Borough President has designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the CAO for the Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreement (as hereinafter defined), a form of which is attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO, the By-Laws of the CAO, the rules and regulations of the NY PSC, and applicable law. The CAO shall maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.9 *Use of Public Access Channels.* The Public Access Channels for the Borough shall be under the jurisdiction of the CAO. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between Franchisee and the CAO.

8.1.9.1 *Public Access Interconnection:* Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.10 *No Editorial Control by Franchisee:* Consistent with applicable law, Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.11 *Access Channel Quality:* Each Public and Government/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's Basic Service tier of service that is not an Access Channel; provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Government/Educational Access Channels content provided to Franchisee by

any Public or Government/Educational Access Channel programmer.

8.1.12 *Public Access Video on Demand and High Definition:* In addition to, and not in lieu of, the requirements described above in Sections 8.1.7.3 and 8.1.7.4, to the extent that Franchisee and the CAO have agreed pursuant to separate agreement that Franchisee will provide video on demand and/or high definition, such agreements by Franchisee shall be considered obligations of Franchisee hereunder as if expressly included herein.

8.2 *Government and Educational Access Grant:* Franchisee, together with the other TWC Franchisees, shall provide a combined, annual grant payable to the City to be used in support of the local Government/Educational Access Channel capital needs (the “Annual G/E Grant”). The amount of each Annual G/E Grant shall be an amount calculated by dividing Six Million Fifty Thousand Dollars (\$6,050,000.00) by the number of payment due dates which are scheduled to occur prior to July 18, 2020. The first such annual payment shall be due on the sixtieth (60th) day after the Effective Date and each subsequent annual payment shall be due on the sixtieth (60th) day after each anniversary of the Effective Date.¹ Such grant shall be used solely by the City for Government/Educational Access Channel capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2. In addition, Time Warner Franchisees will collectively pro-

¹ If, for example, the Effective Date occurs before May 19, 2012, the amount of each Annual G/E Grant will be \$672,222.

vide \$1.7 million of in-kind support through the cable-casting of thirty second PSAs regarding WNYE's channels as follows:

<u>Year</u>	<u>Amount</u>	<u># of PSAs @ 500</u>
1	\$475,000	950
2	432,000	865
3	432,000	865
4	60,000	120
5	60,000	120
6	60,000	120
7	60,000	120
8	60,000	120
9	60,000	120

8.3 *Community Access Grant*: Franchisee shall pay to the CAO certain funding (the "CAO Grant") pursuant to the terms of a Community Access Organization Grant and Use Agreement by and between the CAO and Franchisee (the "CAO Agreement"), substantially in the form attached hereto as Appendix C. Franchisee and the City acknowledge and agree that, consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for the CAO pursuant to this Agreement or the CAO Agreement. The CAO Grant, or any portion thereof, shall not constitute or be treated as a deduction or credit against Franchise Fees payable to the City by Franchisee pursuant to this Agreement (nor shall any provision of services or funds to the City pursuant to this Agreement constitute or be treated as such a deduction or credit).

8.4 *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5 *Recovery of Costs:* To the extent permitted by federal law, Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.6 from Subscribers and to include such costs as a separately billed line item on the applicable Subscribers' bills. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

* * *

13. TRANSFER OF FRANCHISE

13.1 *City Approval Required:* The ownership and control structure of the Franchisee as of the date of execution of this Agreement is set forth in Appendix B hereof. Subject to the provisions of this Article, Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided, however, that the foregoing requirements of this Section 13.1 shall not be applicable with respect to: (a) transfers of any ownership interests expressly permitted in the "Permitted Transfers" section, if any, of Appendix B; or (b) which are effectuated as a result of any transactions involving the exchange of publicly traded

shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1 all information and forms required under federal law;

13.1.2 any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3 a report detailing any changes in ownership of voting or non-voting interests of over five percent (5%);

13.1.4 other information necessary to provide an accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5 information regarding any potential impact of the transaction on Subscriber rates and service; and

13.1.6 any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if Franchisee believes that the requested information is confidential and proprietary, then Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential;

and (iii) a statement that the documents are available at Franchisee's designated offices for inspection by the City.

* * *

15. DEFAULT AND REMEDIES

15.1 *Defaults*. In the event of any breach, default, failure or other noncompliance by Franchisee in the performance of any obligation of Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1 make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.2 draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

15.1.3 cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.4 pursue any rights the City may have under the Guaranty;

15.1.5 seek and/or pursue money damages from Franchisee as compensation for such Default (including, as applicable, liquidated damages as contemplated in Section 15.13 hereof);

15.1.6 seek to restrain by injunction the continuation of the Default; and/or

15.1.7 pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement; provided, however, that the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

* * *

APPENDIX B

**COMMUNITY ACCESS ORGANIZATION
("CAO")**

GRANT AND USE AGREEMENT

BY AND BETWEEN

**TIME WARNER ENTERTAINMENT
COMPANY, L.P.**

AND

**MANHATTAN COMMUNITY ACCESS
CORPORATION**

**D/B/A MANHATTAN NEIGHBORHOOD
NETWORK**

CAO GRANT AND USE AGREEMENT

THIS AGREEMENT (the "Agreement") made on this ____ day of _____, 2011, is entered into by and between Time Warner Entertainment Company, L.P., a limited partnership duly organized under the applicable laws of the State of Delaware and Time Warner NY Cable LLC a limited liability company duly organized under the applicable laws of the State of Delaware (together referred to herein as "Time Warner Cable"), with their place of business at 120 East 23rd Street, New York, New York 10010 and Manhattan Community Access Corporation d/b/a Manhattan Neighborhood Network, a New York not-for-profit corporation (the "CAO") designated by the Borough President of Manhattan (the "Borough President"), with a place of business at 537 West 59th Street, New York, New York 10019.

WHEREAS, the City of New York (the "City"), is entering into Franchise Agreements granting Time

Warner Cable nonexclusive franchises (“Franchise Agreements”) to operate a Cable System (the “System”) in the Borough of Manhattan (service area hereinafter defined); and

WHEREAS, Time Warner Cable has directly and independently negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of Manhattan; and

WHEREAS, the Franchise Agreement requires Time Warner Cable to make available CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), to fulfill certain technical requirements with respect to such channels and to provide to the CAO any support payments and Cash Grants (as hereinafter defined) as may be agreed upon between the CAO and Time Warner Cable as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Time Warner Cable pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO shall obtain the funds necessary to carry out its purposes and objectives from

the grants provided for herein and from any other lawful sources; and

WHEREAS, Time Warner Cable desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in the Borough of Manhattan; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

* * *

SECTION II - GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Time Warner Cable shall make a Public Access Channel grant to be used in support of the CAO's development and production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Time Warner Cable hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 1 - Year 2: The Public Access Channel Grant shall be in the amount of NINETY CENTS (\$.90) per month, per Subscriber until the second anniversary of the Effective Date:

Year 3 - Year 5: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR AND FIVE CENTS (\$1.05) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 6-8: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR AND TWENTY-FIVE CENTS (\$1.25) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 Forward: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR AND THIRTY CENTS (\$1.30) per month, per Subscriber until Time Warner Cable no longer operates under the Franchise Agreement or under any subsequent Temporary Operating Authority authorized by the NYS Public Service Commission.

The per-month, per-Subscriber payments detailed herein will be calculated based on the number of Subscribers to Time Warner Cable Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Time Warner Cable, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Time Warner Cable shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Time Warner Cable's payment obligations under this Section 2.1.

2.1.05 The other provisions of this Section II notwithstanding, in no event shall the Public Access Channel Grant rate provided by Time Warner Cable per subscriber exceed in any month the Public Access Channel Grant per subscriber rate paid to the CAO by Verizon.

2.2 Cash Grant

2.2.01 Time Warner Cable shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00) shall be due and payable within thirty (30) days of the Effective Date;

FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) shall be due and payable within thirty (30) days of the first anniversary of the Effective Date;

SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000.00) shall be due and payable within thirty (30) days of the fourth anniversary of the Effective Date; and

SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000.00) shall be due and payable within thirty (30) days of the fifth anniversary of the Effective Date.

2.2.02 Each Cash Grant shall be non-refundable.

2.2.03 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section

2.2 shall not affect Time Warner Cable's payment obligations under this Section 2.2.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, local public access programming development by the CAO, and other public access costs as may be determined by the CAO and its Board of Directors.

* * *

2.8 Additional Obligations of Time Warner Cable

2.8.01 Each Public Access Channel provided in Section 4.2 shall be delivered with transmission quality compliant with all applicable FCC standards and at least the same as the transmission quality of any other channel on Time Warner Cable's tier of service that includes local broadcast channels, provided, however, that Time Warner Cable shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Time Warner Cable by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Time Warner Cable shall provide to the CAO, without charge, one service outlet activated for Basic Service at each of the following CAO's locations: 537 West 59th Street, New York, New York 10019 and 175 East 104th Street, New York, NY. Cable Service may not be resold or otherwise used in contravention of Time

Warner Cable's rights with third parties respecting programming. Equipment provided by Time Warner Cable, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 In the event that Time Warner Cable does collect for itself specific standalone public access viewership information, Time Warner Cable may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of applicable law including, without limitation, 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Time Warner Cable shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that, Time Warner Cable shall not be responsible for any inaccuracies in such information.

2.8.05 In the event Time Warner Cable is required by law or regulation to adhere to technical standards not currently necessary for the production or distribution of the CAO's programming over the System, and such requirement necessitates the acquisition of new equipment not currently contemplated by the parties hereto, Time Warner Cable shall make such equipment available at no cost to the CAO.

2.8.06 Time Warner Cable will provide 100 "avails" or listing of spots each month for the CAO to use for promotional or public interest purposes.

SECTION III - OBLIGATIONS OF THE CAO

3.1 Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

The CAO shall: (i) administer and manage the Public Access Channels provided for its use by Time Warner Cable and the use of the CAO's facilities, equipment, and supplies in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Time Warner Cable to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code, and as deemed necessary by the Board of Directors of the CAO.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations

governing the procedure for applying to the CAO) for such grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

* * *

SECTION IV - PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Time Warner Cable and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 Time Warner Cable shall carry Public Access Channels as provided in its franchise, including, without limitation, Section 8.16(a) of the Franchise Agreement. Two of such channels shall be carried on Time Warner Cable's system in high definition ("HD") 1080P format. Time Warner Cable shall initially carry the programming on each of the respective Public Access Channels as indicated in Appendix J to the Franchise Agreement. Time Warner Cable shall not arbitrarily or capriciously change such channel assignments and Time Warner Cable shall minimize the number of such changes. However, Time Warner Cable may change such channel assignments as it deems appropriate so long as (i) Time Warner Cable gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, unless the change is required by law and there is no reasonable opportunity to provide such

notice; and (ii) Time Warner Cable provides, free of charge, notice of such changes that shall include (a) to the extent Time Warner Cable has availability, giving notice of such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day, for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Time Warner Cable does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Time Warner Cable shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Time Warner Cable provides the requisite notice of such changes to all Subscribers in a letter separate from their bill. If Time Warner Cable changes the channel location of any Public Access channel, the location after such change shall be contiguous with other Public Access channels.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.2.03 During the term of its franchise, for as long as Time Warner Cable makes video on demand ("VOD") programming available on its system in Manhattan, it will include in the VOD programming available at any given time at least 25 hours of public access programming selected by the CAO, provided such programming is provided to Time Warner Cable by

the CAO in an encoded format so that it can be accessed by Time Warner Cable customers from the VOD platform without further technical or formatting modification by Time Warner Cable. This twenty five hours of public access programming will be available to Time Warner Cable customers at any time, 24 hours per day, seven days a week. It is agreed that this is a designation of channel capacity for public access use but not an offset of the total number of channels required in the Franchise Agreement, Time Warner Cable will provide, upon request and to the extent practical and permitted by law, any aggregate data regarding subscriber use of the CAO's programming on the VOD platform.

* * *

SECTION V - MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the Effective Date.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Time Warner Cable under this Agreement shall cease. Notwithstanding the foregoing, in the event Time Warner Cable continues to provide Cable Service in the Service Area, after the termination or expiration of the Term of the Franchise Agreement

pursuant to any Temporary Operating Authority from the NY Public Service Commission, then Time Warner Cable shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns.

* * *