

SETTLEMENT AGREEMENT AND RELEASE

This Agreement (“Agreement”) is made and entered into this 7th day of August, 2003, by and among the City of Richmond, California, a municipal corporation (the “City”), Comcast of California/Colorado/Florida/Oregon, Inc., a Georgia corporation formerly known as TCI Cablevision of Georgia, Inc. (“Comcast CCFO”), Comcast of California/Colorado, LLC, a Delaware limited liability company formerly known as AT&T Broadband HC of Delaware, LLC (“Comcast CC”), Comcast Corporation, a Pennsylvania corporation formerly known as AT&T Comcast Corporation (“Comcast”), Comcast Holdings Corporation, a Pennsylvania corporation formerly known as Comcast Corporation (“Comcast Holdings”), and AT&T Corp., a New York corporation (“AT&T”). Comcast CCFO, Comcast of CC, Comcast, Comcast Holdings and AT&T are hereinafter jointly referred to as the “Companies.” Comcast CCFO and Comcast CC are hereinafter jointly referred to as the “Franchisees”

RECITALS

WHEREAS, the Franchisees are duly authorized holders of cable television franchises (the “Franchises”) originally granted by the City on October 24, 1988 and September 14, 1988, respectively (the “Franchises”); and

WHEREAS, the City retained Communications Support Group (“CSG”) to conduct a franchise compliance audit of the Franchises, and CSG alleged that material violations existed under the Franchises; and

WHEREAS, the Franchisees dispute the findings of CSG; and

WHEREAS, the Franchisees had filed an application(s) with the City to approve the transfer of control of the Franchisees from AT&T to AT&T Comcast Corporation (the "Transfers of Control"); and

WHEREAS, the City denied its consent as a result of the Companies unwillingness to agree to comply with certain conditions that the Companies determined were beyond the scope of the City's authority; and

WHEREAS, in November, 2002, after notice to the City, AT&T Comcast Corporation acquired control of TCI Cablevision of Georgia, Inc. and AT&T Broadband HC of Delaware, LLC, and subsequently changed the names of such entities as evidenced in the caption to this Settlement Agreement; and

WHEREAS, the City has filed an action against AT&T, AT&T Broadband HC of Delaware, LLC, Comcast Holdings and Comcast in the Superior Court of Contra Costa County, State of California, captioned *City of Richmond, California vs. AT&T Broadband INC. of Delaware, LLC AT&T Corp., Comcast Corporation; AT&T Comcast Corporation and DOES 1 through 25, inclusive*, Case No. C03 00104 (the "Action") alleging various breaches of the Franchises by virtue of the Transfers of Control); and

WHEREAS, the City and the Companies now desire to (i) settle and compromise all claims that the City has or may have against the Companies in connection with transactions and circumstances described above and averred in the Action, and (ii) provide for the City's consent to the Transfers of Control.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration the sufficiency of which are hereby acknowledged, the parties agree as follows:

TERMS

1. **Payments to the City.** Subject to the approval of this Agreement by the governing authority of the City (the "City Council") and the dismissal of the Action with prejudice, as provided in Sections 7 and 8 below, the Franchisees shall make the following payments to the City within thirty (30) days of the Effective Date of this Agreement:

a. The sum of \$250,000, in consideration for the extensions of the terms of the Franchises as set forth in Section 4 below.

b. The sum of \$24,000 in compromise and complete settlement for all alleged underpayments of Utility Users Tax on cable modem service through March 31, 2002.

For purposes of this Agreement, the Effective Date shall be the date on which the City Council approves this Agreement.

2. **Cable System Upgrade.**

a. The Franchisees further agree to upgrade the cable systems in the City such that the cable systems will satisfy the following minimum requirements upon completion:

1. Utilization of hybrid fiber-coaxial cable with minimum bandwidth of 750 MHz;
2. Active components having a minimum capacity of 860 MHz;
3. Passive components having a minimum capacity of 1 GHz;
4. Two-way capability upon activation;
5. Construction at a maximum of 1200 homes per node, utilizing a scalable architecture capable of segmentation to 300 homes per node; and

6. Pass all lawful residential dwelling units existing and identified in the City's property records as of January 1, 2004 within the incorporated City limits.

b. The upgrade shall be completed on or before December 31, 2004, subject to force majeure. The City shall cooperate in the prompt review and issuance of all permit applications required in connection with the upgrade. The Franchisees further agree that not less than 50% of the system upgrade shall be completed on or before June 1, 2004 (the ("Interim Completion Date")), subject to force majeure.

c. Franchisees agree to pay liquidated damages to the City for failure to complete 50% of the system upgrade on or before the Interim Completion Date at a daily rate of \$500.00. Franchisees agree to pay liquidated damages to the City for failure to complete the upgrade as described in this Section 2 on or before December 31, 2004, at a daily rate of \$750.00.

d. Franchisees shall provide the City, within thirty (30) days of the Effective Date of this Agreement, a performance bond (the "Bond"), from an institution and in a form prior approved by the City Attorney whose consent shall not be unreasonably withheld, in an amount of \$200,000 which Bond shall constitute security for the upgrade set forth herein. The City may make demands upon said Bond for the payment of liquidated damages imposed pursuant to this Agreement based upon a written certification to the issuer of the Bond that the Franchisee has committed a material breach of this Agreement in relation to its upgrade obligations as set forth herein and has failed to pay, within thirty (30) days after written notice, assessed liquidated damages or otherwise comply with the terms hereof. The Bond obligation set forth herein shall be released and extinguished upon the written certification by the City, or

its agent, of the successful completion of the upgrade obligation as set forth herein. Receipt of notice on the part of the issuer of the Bond that said Bond will be terminated or not renewed shall constitute a complete and lawful basis for the City to draw down the entire amount of the Bond.

e. From and after completion of the upgrade contemplated herein, the Franchisees shall offer materially the same Cable Services over the Cable System serving the City as are offered on a commercial basis over any other cable system owned and operated by the Franchisees or any of its or their parent companies, subsidiaries or affiliates within a 50 mile radius of the City and serving 150% or less than the number of cable subscribers served by the Franchisees in the City (a "Comparable Community"). The Franchisees shall not be obligated to offer any Cable Services pursuant to this provision if they demonstrate that it is commercially impractical or technically infeasible to do so. Franchisees shall make all information upon which such demonstration was based available to the City upon request. Nothing in this provision shall impose any obligation upon the Franchisees to deploy any particular technology, equipment, facilities or software for use with the Cable System.

f. Within sixty (60) days of any written request of the City, the Franchisees shall provide it with non-confidential information regarding the Cable Services it is then offering in the City and in Comparable Communities, together with any information regarding any decision not to deploy certain Cable Services within the City. Within sixty (60) days of its receipt of such information, the City shall identify in writing any material Cable Services that are then deployed in Comparable Communities and that it desires to be deployed in the City, and for which the Franchisees have not reasonably demonstrated commercial impracticality or technical

infeasibility. Thereafter, the Franchisees and the City shall negotiate and agree upon a reasonable period of time by which such identified Cable Services shall be deployed in the City.

3. Additional Benefits to City.

- a. Within 15 days of the Effective Date of this Agreement, Franchisees will provide to the City, pursuant to Section XI of the Franchise, a Letter of Credit from a bank or other lending institution and in a form approved by the City Attorney, such approval not to be unreasonably withheld, for \$70,000.
- b. Franchisees will comply with the call answer time customer service standard that ninety percent (90%) of all calls will be answered in 30 seconds by July 1, 2003, and provide the statistics for that standard for the third quarter of 2003 broken down by month.
- c. Franchisee will move the Weather Channel off of channel 31 by March 1, 2003. Franchisee will comply with any request, pursuant to the Franchise, to provide City with a third PEG channel, however such request made before the completion of the upgrade described in this Agreement would require removing current programming. If City delays such a request until after the upgrade is complete it will not be necessary to remove existing programming to obtain the third PEG channel.
- d. Franchisees shall obtain all insurances required by the Franchisees within 30 days after approval of this Agreement.
- e. Franchisees shall perform a survey and deliver such survey results to the City as required by Section VI (L) of the Franchise with Comcast CC by June 1, 2003.
- f. Franchisees agree to provide basic and expanded basic cable service without charge to all public buildings currently receiving only basic service without charge.

g. Franchisees agree to provide basic and expanded basic cable service without charge to the temporary City Hall facilities.

h. Franchisees agree to provide without charge a free standard drop and basic and expanded basic cable service to any public school or library (subject to request) in the City that does not currently have such drop or service and that is located within 151 feet of Franchisees existing cable system.

i. Commencing as of September 1, 2003, and continuing throughout the balance of the terms of the Franchises, Franchisees shall assess \$.40 per month on the cable service bills of each Basic Service Tier Subscriber, and pay the City the receipts thereof (the "PEG Payment") to be utilized exclusively for the purchase, acquisition, construction and/or installation of capital equipment and/or facilities relating to the production of PEG Programming. Said PEG Payment shall be remitted to the City quarterly based upon actual collections of the PEG assessment during the previous calendar quarter. The City shall annually certify to Franchisee that the PEG Payment has been utilized exclusively for the purchase, acquisition, construction and/or installation of capital equipment and/or facilities relating to the production of PEG Programming. The City may notify the Franchisees that it requires less financial support at any time in which event the both the PEG Payment and the assessment on subscribers shall equitably reduced. The foregoing payments shall continue during any extension of the Franchisees pending negotiation of any renewal. The parties further agree that the foregoing shall constitute the minimum PEG Payment which shall be included in any new or renewed franchise agreement subject to the continued use of such sums for the purchase, acquisition, construction and/or installation of capital equipment and/or facilities relating to the production of PEG Programming in accordance with federal law.

4. Consent to Change of Control and Extension of Terms.

a. This Agreement is contingent upon the execution of the Change of Control

Agreement attached hereto as Exhibit A and made a part hereof by all the parties thereto.

b. Subject to the City's receipt of the payments described in Section 1 above,

the term of each Franchise is hereby extended to December 31, 2007.

5. The City's Release of Claims. Subject to the City's receipt of the payments

required under subsections 1, the City hereby releases, relinquishes, abandons and waives all

claims, causes of action, demands, liabilities, damages and costs (collectively, the "Claims"),

whether now known or unknown, that it has, or might have as of the Effective Date against the

Companies, their affiliates, agents, directors, employees, attorneys, and other representatives,

including, without limitation, all such Claims averred in the Action.

6. No Pass-Through of Expenditures. Franchisees shall not pass-through or line-

itemize to any subscriber, the costs of compliance with Section 1a of this Agreement.

7. No Waiver of Rights. Neither the City nor any of the Companies shall be

deemed to have waived any rights it may have under applicable federal, state, or local laws,

including, without limitation, the Constitutions of the United States of America or the State of

Georgia, except as expressly stated in the Franchises and this Agreement.

8. City Council Approval. The City shall cause this Agreement to be submitted to

its City Council for approval within ten (10) days of its execution by the City Manager and the

Franchisees. Notwithstanding anything herein to the contrary, the Franchisees understand and

agree that no officer or employee of the City has authority to bind the City to this Agreement

unless and until the City Council shall have duly approved this Agreement. The City Council may approve or reject this Agreement in its sole discretion. Therefore, any obligations of the City and the Franchisees hereunder are contingent upon such approval, and this Agreement shall not be effective unless and until such approval is obtained.

9. Dismissal of Action with Prejudice. Within three (3) business days after approval of this Agreement by the City Council, the City shall file a voluntary dismissal of the Action with prejudice in a form satisfactory to all of the parties hereto.

10. Breach of this Agreement. The City may elect to treat any material breach of the Companies' obligations contained in this Agreement as a breach of a material term of the Franchises, and may subject the Franchisees to any remedies the City may have for breach of the Franchises under the terms of such Franchises or applicable federal and state law.

11. Entire Agreement. This Agreement contains the entire understanding and agreement between the parties, each of which has participated and cooperated in the drafting of this. This Agreement may not be modified, amended or waived, in whole or in part, except in a writing signed by both of the parties.

12. Titles and Captions. All titles, captions, headings and similar items are provided for the purpose of reference and convenience and are not intended to affect the meaning of the contents or scope of this Agreement.

13. Negotiated Settlement. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Agreement.

14. Severability. If any part of this Agreement is held invalid, the remainder of this

Agreement shall not be affected thereby and shall continue in full force and effect unless enforcement as so modified would be unreasonable or grossly inequitable under the circumstances or would frustrate the purposes hereof. To this end, provisions of this Agreement are severable.

15. Notices. Any notice or request required or authorized to be made under the terms

of this Agreement shall be given in writing and shall be deemed to be properly given if delivered personally, sent by facsimile transmission, or sent by United States mail, postage prepaid, to the persons set forth below:

If to City:

City of Richmond

1401 Marina Way South

Richmond, CA 94804

Attn: City Manager

With a copy to:

City of Richmond

1401 Marina Way South

Richmond, CA 94804

Attn: City Attorney

If to the Companies:

Comcast Cable Communications, Inc.

Attn: Roy Russell, Jr.

With a copy to:

Comcast Cable Communications, Inc.

1500 Market Street, 34th Floor

Philadelphia PA 19103

Attn: General Counsel

16. Authorization to Execute Agreement. Subject to Section 8 above with respect to the City Manager's signature, each party represents and warrants to the other parties that the person executing this Agreement on its behalf has the authority to sign and, by signing, to bind that party to the terms and conditions of this Agreement. It is acknowledged that AT&T Corp. is a signatory to this Agreement for the sole purpose of acknowledging the settlement and dismissal of the Action, and shall have no further liability hereunder or under the Franchises.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

CITY OF RICHMOND, CALIFORNIA

By: *Irma Anderson*
Irma Anderson

Title: Mayor

COMCAST OF CALIFORNIA/COLORADO, LLC

By: *Arthur M...*

Title: *Senior Vice President*

COMCAST OF CALIFORNIA/COLORADO/FLORIDA/OREGON, INC.

By: *Arthur M...*

Title: *Senior Vice President*

AT&T CORP.

By: _____

Title;

COMCAST CORPORATION

By: *Arthur M...*

Title: *Senior Vice President*

COMCAST HOLDINGS CORPORATION

By: *Arthur M...*

Title: *Senior Vice President*

16. Authorization to Execute Agreement. Subject to Section 8 above with respect to the City Manager's signature, each party represents and warrants to the other parties that the person executing this Agreement on its behalf has the authority to sign and, by signing, to bind that party to the terms and conditions of this Agreement. It is acknowledged that AT&T Corp. is a signatory to this Agreement for the sole purpose of acknowledging the settlement and dismissal of the Action, and shall have no further liability hereunder or under the Franchises.

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CITY OF RICHMOND, CALIFORNIA

By: _____
Irma Anderson

Title: Mayor

COMCAST OF CALIFORNIA/COLORADO, LLC

By: _____

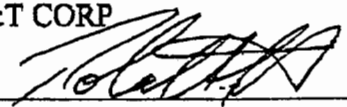
Title:

COMCAST OF CALIFORNIA/COLORADO/FLORIDA/OREGON, INC.

By: _____

Title:

AT&T CORP

By: _____


Title: *Secretary*

COMCAST CORPORATION

By: _____

Title:

COMCAST HOLDINGS CORPORATION

By: _____

Title: