# COUNTY OF LOS ANGELES
# DEPARTMENT OF CONSUMER AFFAIRS

Members of the Board

Gloria Molina
Yvonne B. Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich

Pastor Herrera, Jr.
Director

*"To Enrich Lives Through Effective and Caring Service"*

March 7, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE AND ADOPT A RESOLUTION AUTHORIZING THE EXECUTION OF: 1) AN AGREEMENT CONSENTING TO A TRANSFER OF OWNERSHIP AND CONTROL OF SIX CABLE TELEVISION FRANCHISES FROM ADELPHIA COMMUNICATIONS CORPORATION TO TIME WARNER NY CABLE, LLC (TRANSACTION #3); 2) A SETTLEMENT AGREEMENT WITH ADELPHIA AND; 3) AN APPROPRIATION ADJUSTMENT RESULTING FROM THE SETTLEMENT AGREEMENT WITH ADELPHIA**

**(1, 5 DISTRICTS) (4 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and adopt a Resolution consenting to a transfer of ownership and control of the cable television franchises in the unincorporated areas of: Acton, East Los Angeles, Green Valley/Leona Valley/Elizabeth Lake, Littlerock/Lake Los Angeles/Pearland, Palmdale, and Walnut Park.

2. Approve and authorize the Director of the Department of Consumer Affairs ("Director") to execute a "Transfer Agreement", attached hereto in substantially final form.

3. Approve and authorize the Director to execute a "Settlement and Release Agreement" with Adelphia Communications Corporation ("Adelphia"), Adelphia affiliates, and the Los Angeles County Flood Control District, attached hereto in substantially final form.

4. Approve the attached request for appropriation adjustment in the amount of $113,000 using one-time revenues from reimbursement of audit costs that resulted from the settlement with Adelphia. This will allow the purchase of professional services and necessary supplies associated with the administration of cable television franchises.

5. Find this action adopting the Resolution, approving and authorizing execution of the aforementioned documents, and making an appropriation adjustment categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

## PURPOSE / JUSTIFICATION OF RECOMMENDED ACTION

On September 14, 1999, the Board of Supervisors ("Board") requested that the Director notify it of cable transfer applications received so that the Board can approve or reject them. This action is in accordance with that directive.

Adelphia and Comcast Corporation ("Comcast") have entered into an Asset Purchase Agreement whereby Comcast intends to purchase Century-TCI California, L.P., which includes 7 of the County's 13 Adelphia cable franchises. Comcast then intends to assign these franchises to a newly formed, wholly-owned Comcast subsidiary called CAC Exchange I, LLC ("CAC"). Comcast and Time Warner Cable, Inc. ("Time Warner") have entered into a separate agreement in which Comcast intends to assign the County's 5 Comcast franchises to another newly formed, wholly-owned Comcast subsidiary called C-Native Exchange, LLC ("CNE"). Once these transactions occur, Comcast will transfer ownership and control of CAC and CNE, and the 12 County franchises held by these two entities, to Time Warner. In a separate transaction, the remaining 6 of the County's 13 Adelphia franchises will be transferred directly to Time Warner. The Department of Consumer Affairs ("DCA") has filed three concurrent Board letters ("Transaction #1," "Transaction #2," and "Transaction #3"), which together describe these transactions.

Outstanding issues must either be resolved, or mutual written agreement reached, by all parties prior to the execution of the Transfer Agreement. Failure to reach resolution or mutual written agreement as specified in the attached documents could lead to the County's loss of remedies for outstanding issues.

Further, your approval of the attached request for appropriation adjustment will allow the Department to purchase professional services and necessary supplies associated with the administration of cable television franchises, using one-time revenues from reimbursement of costs with previously conducted audits.

The DCA has reviewed the transactions, determined their impact on the County, and resolved all outstanding compliance issues. Therefore, DCA recommends adoption of the attached Resolution and approval of the attached Transfer Agreement and the Adelphia Settlement and Release Agreement.

Implementation of the Strategic Plan Goals

Approval of this recommendation will assist in implementing the Countywide Strategic Plan goal of fiscal responsibility. This will ensure the continuation of revenue provided to the County by statute.

## FISCAL IMPACT/FINANCING

There will be no cost to the County. These cable television franchises will continue to generate revenue to the County. Section 622 (b) of the Cable Act of 1984, 47 U.S.C. §542 (b), gives the County the right to collect five percent (5%) franchise fees of the total gross revenues collected by a cable television franchisee over a 12-month period.

In the proposed Adelphia Settlement and Release Agreement, the DCA and Adelphia have agreed to a settlement amount of $315,824.84 to satisfy compliance issues related to findings in audits conducted by the County. In addition, the Los Angeles County Flood Control District ("District") has agreed to accept the settlement amount of $30,000 for outstanding construction and excavation permit fees owed to the District.

Of the total $315,824.84 that is due to the County, $202,905.44 will be deposited 50% into the County's General Fund and 50% into the Cable TV Franchise Trust Fund. The balance of $112,919.40 will be realized as one-time revenue for Consumer Affairs.

The Transfer Agreement contains a provision to reimburse the County for costs incurred for attorneys' fees associated with the transfers up to $30,000. The actual amount of reimbursement will be determined after finalization of the transactions.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 17, 2005, the DCA informed your Board that Time Warner Cable submitted applications requesting the approval of a transfer of control of the franchises held by Adelphia. The intent of the applications is to ultimately transfer the ownership and control of all the franchises held by Adelphia and Comcast to Time Warner. There are a total of 6 cable television franchises involved in the transaction represented in the attached Transfer Agreement. (To illustrate the overall impact that Transactions #1, #2, and #3 have on the ownership of all County cable franchises, attached are Pre-Transfer and Post-Transfer pie charts.)

The transaction identified in the attached Transfer Agreement reflects that Time Warner NY Cable LLC (“TWNY”), an indirect subsidiary of Time Warner Cable, intends to purchase the following 6 Adelphia franchises: Acton, East Los Angeles, Green Valley/Leona Valley/Elizabeth Lake, Littlerock/Lake Los Angeles/Pearland, Palmdale, and Walnut Park.
As a condition of the County’s consent to the requested transfer of control, the DCA also negotiated a proposed Settlement and Release Agreement with Adelphia. Your

Board's approval and authorization for the execution of the proposed Adelphia Settlement and Release Agreement, will satisfy compliance issues related to findings in audits conducted by the County.

Approval of the Transfer Agreement authorizes the transfer of control of the cable television franchises as specified in County Code §16.60.170 and 47 U.S.C. §537. Pursuant to Los Angeles County Code Section 16.60.170, a franchisee shall inform the Director of any pending sale, transfer or change of control of the franchises.

In addition to the DCA's due diligence review, DCA requested that the Auditor-Controller, Audit Division, review the financial condition of Time Warner. The Auditor-Controller reported Time Warner's financial condition to be "fair" and did not object to the change of control. Further, the DCA requested the Department of Public Works to determine if they had any objections to the change of control and they raised no opposition.

The Transfer Agreement requires Time Warner to comply with all terms and conditions of the cable television franchises, the County Code, and the provisions of the agreement itself. County Counsel has reviewed the attached documents and has approved them as to form.

## ENVIRONMENTAL DOCUMENTATION

Your Board's adoption of the Resolution and approval and authorization of the aforementioned are categorically exempt under CEQA pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301of the State CEQA Guidelines.

## IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services. Time Warner will continue to provide cable television service to the residents of the unincorporated areas and all franchise provisions will remain in effect.

## CONCLUSION

It is requested that the Executive Office-Clerk of the Board notify Thomas E. Carlock, Regional Vice President of Law and Public Policy, Adelphia Communications Corporation, 3100 Ocean Park Blvd., Suite 300, Santa Monica, CA 90404, Kristy Hennessey, Vice President, Government an Public Affairs, Time Warner, 303 W. Palm Ave., Orange, CA 92866, Chief Administrative Officer, Auditor-Controller, County Counsel, Department of Public Works, and the Department of Consumer Affairs of the Board's action in this matter.

Respectfully submitted,

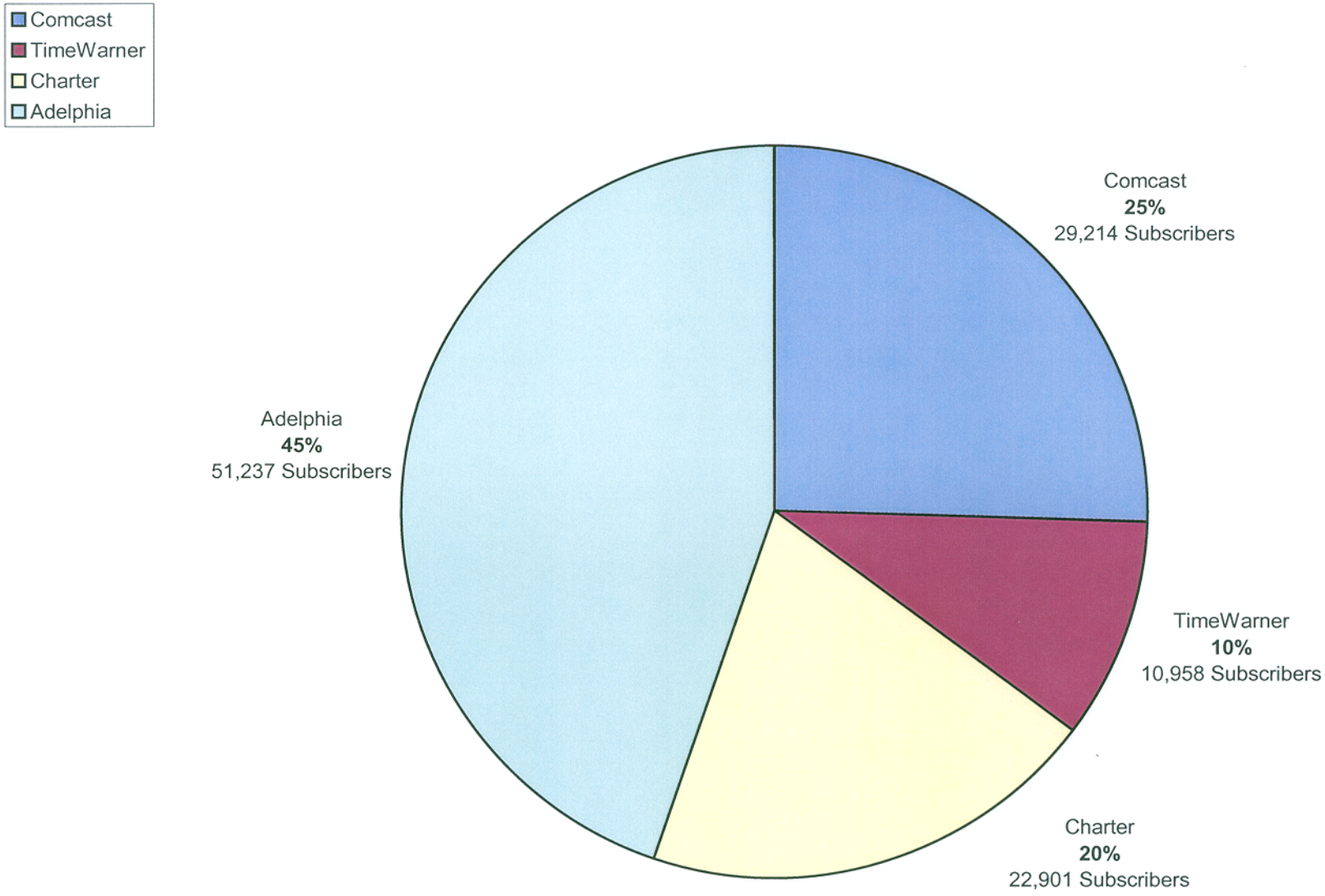
Pastor Herrera, Jr.
Director

Enclosures: Pre-Transfer & Post -Transfer pie charts
Transfer Agreement
Adelphia Settlement Agreement
Request for Appropriation Adjustment

c: Executive Officer, Board of Supervisors
Thomas E. Carlock, Adelphia
Kristy Hennessey, Time Warner
Chief Administrative Officer
Auditor-Controller
County Counsel
Department of Public Works

# Current Pre-Transfer Franchise Ownership

## Based on 2005 Subscriber Numbers - County Unincorporated Areas

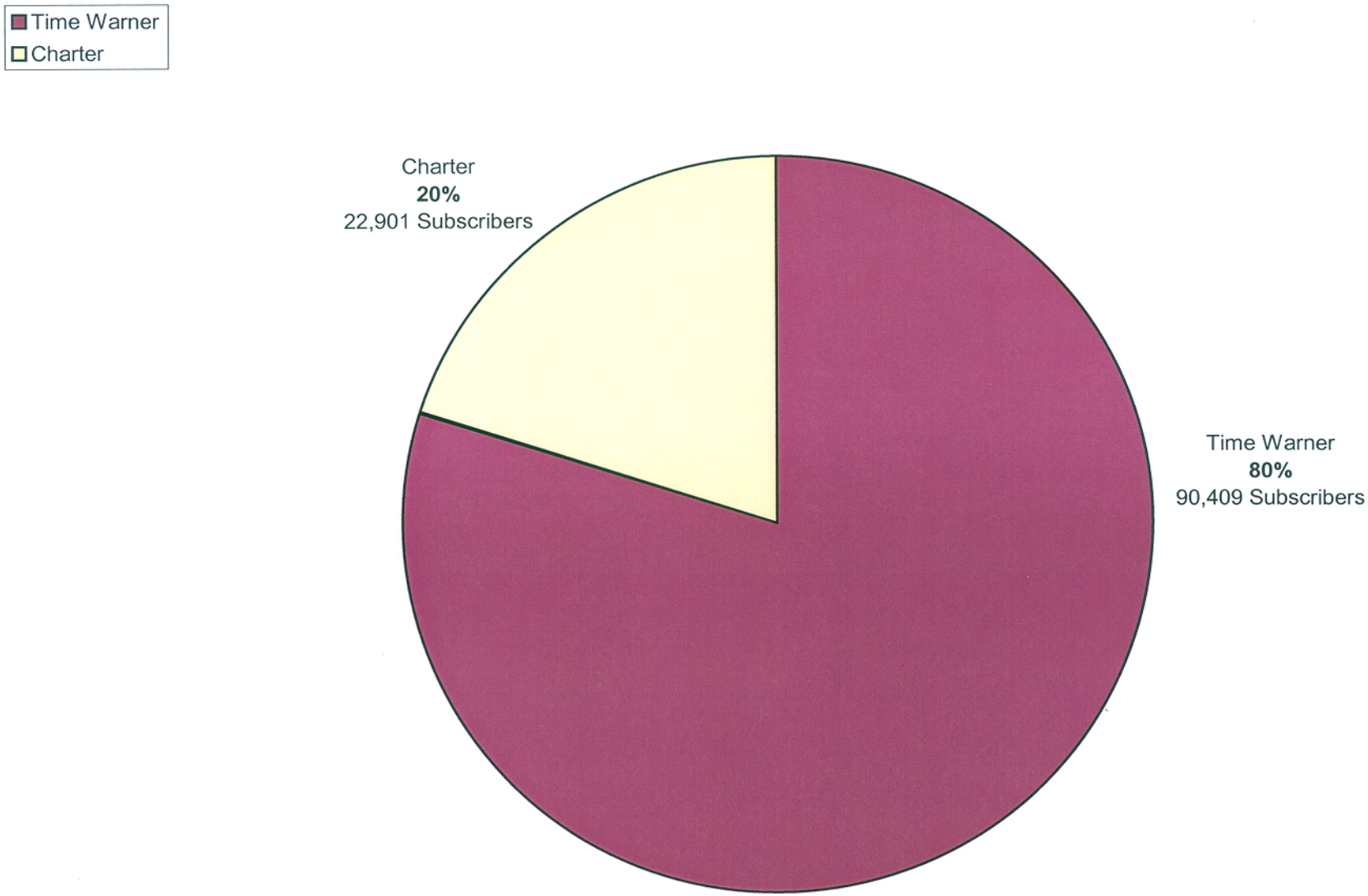



Not Included: Capps (98 subscribers), Champion(6 subscribers), and Cox (594 subscribers)
Based on Total NO. of Subscribers: 115,008

H:\CableServices\Cable\Active Projects\Transfers\2005 Transfer Related\Pie Chart of Year 2005 Subscribers

# Post-Transfer Franchise Ownership

## Based on 2005 Subscriber Numbers - County Unincorporated Areas




Less than 1% not included: Capps (98 subscribers), Champion(6 subscribers), and Cox (594 subscribers)
Based on Total NO. of Subscribers: 115,008

H:\CableServices\Cable\Active Projects\Transfers\2005 Transfer Related\Pie Chart of Year 2005 Subscribers Pos

**TRANSFER AGREEMENT**
**BUENAVISION/ACC/ACC II to TIME WARNER NY**

**ACTON, EAST LOS ANGELES, GREEN VALLEY, LITTLEROCK, PALMDALE, and WALNUT PARK FRANCHISES**

THIS TRANSFER AGREEMENT ("Agreement") is made this __ day of March, 2006, by and between:

1. The County of Los Angeles, California (the "County");
2. Buenavision Telecommunications, Inc., a California corporation ("BTI");
3. Adelphia Communications Corporation, a Delaware corporation ("Adelphia");
4. Adelphia California Cablevision, LLC ("ACC");
5. Adelphia Communications of California, LLC ("ACOC")
6. Adelphia Communications of California II, LLC ("ACC II");
7. Time Warner NY Cable LLC, a Delaware LLC ("TWNY") and an indirect subsidiary of Time Warner Cable Inc.; and
8. Time Warner Cable Inc. ("Time Warner Cable"), a Delaware corporation.

**RECITALS**

A. The County grants and regulates cable television franchises pursuant to the provisions of Title 16, Division 4 of the Los Angeles County Code, as may be amended from time to time (the "County Code").

B. Adelphia owns, operates and maintains cable television systems in the Walnut Park unincorporated areas of the County, and is providing services in those areas under the terms and conditions of a County franchise granted by Ordinance No. 85-0148F, as amended (the "Walnut Park Franchise").

C. BTI, a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the East Los Angeles unincorporated area of the County,

and is providing services in that area under the terms and conditions of a County franchise granted by Ordinance No. 98-0070F, as amended (the "East Los Angeles Franchise").

D. ACC, a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the Acton unincorporated area of the County, and is providing services in that area under the terms and conditions of a County franchise granted by Ordinance No. 88-0165F, as amended (the "Acton Franchise").

E. ACOC, a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the Littlerock (including Lake Los Angeles and Pearland), and Palmdale unincorporated areas of the County, and is providing services in those areas under the terms and conditions of County franchises granted by Ordinance Nos. 85-0145F, as amended (the "Littlerock Franchise", and 90-0118F, as amended (the "Palmdale Franchise").

F. ACC II, a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the Green Valley (including Leona Valley and Elizabeth Lake) unincorporated area of the County, and is providing services in that area, under the terms and conditions of County franchises granted by Ordinance No. 84-0007F, as amended (the "Green Valley Franchise"). (The Walnut Park, East Los Angeles, Acton, Littlerock, Palmdale, and Green Valley Franchises are hereinafter sometimes collectively referred to as the "Adelphia Franchises").

G. Adelphia has a petition in bankruptcy pending in the United States Bankruptcy Court, Southern District of New York, No. 02-41729(REG), and is restructuring and transferring assets subject to the jurisdiction of that bankruptcy court.

H. TWNY and Adelphia have entered into that certain "Asset Purchase Agreement" dated April 20, 2005 (the "Purchase Agreement"), pursuant to which TWNY will purchase the

assets of Adelphia, BTI, ACC, ACOC, and ACC II which include the Adelphia Franchises (the "Proposed Transaction").

I. On June 14 and 15, 2005, Time Warner Cable submitted to the County on behalf of Adelphia, BTI, ACC, ACOC, ACC II, and TWNY materials including FCC Forms 394 dated June 10, 2005 requesting that the County approve the transfer of the Adelphia Franchises and cable systems ("System") from Adelphia, BTI, ACC, ACOC, ACC II, to TWNY (the "Transfer Application").

J. The Proposed Transaction will result in a transfer of the Adelphia Franchises and systems which are subject to the County's approval under the terms and conditions of the Adelphia Franchises and the County Code.

K. TWNY agrees to accept and be bound by all of the terms, conditions, and obligations of the Adelphia Franchises and the County Code.

L. Time Warner Cable agrees to unconditionally guarantee TWNY's performance under the Adelphia Franchises and the County Code.

M. The County, Adelphia, BTI, ACC, ACOC, ACC II, and other affiliates of Adelphia have agreed to enter into a separate settlement and release agreement (the "Adelphia Settlement Agreement"), which will resolve to the satisfaction of the County certain claims by the County arising from the performance by Adelphia, BTI, ACC, ACOC, and ACC II under the Adelphia Franchises.

N. The County Board of Supervisors will adopt a Resolution approving the Transfer Applications subject to certain conditions, in the form attached hereto as Exhibit A ("Transfer Resolution,"), one of which is the execution and full performance of this Transfer Agreement by Adelphia, BTI, ACC, ACOC, ACC II, TWNY, and Time Warner Cable (hereinafter sometimes collectively referred to as the "Companies").

NOW, THEREFORE, in consideration of the mutual covenants, agreements, promises and undertakings contained herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the County and the Companies do hereby agree as follows:

## 1. TRANSFER OF FRANCHISE

1.1 The County, upon adoption of the Transfer Resolution by the Board of Supervisors and the satisfaction by the Companies of all conditions established in the Transfer Resolution, consents to the transfer of the ownership and control of the Adelphia Franchises and systems from Adelphia, BTI, ACC, ACOC, and ACC II to TWNY, with TWNY being indirectly owned by Time Warner Cable, as specifically described in the Transfer Application. Upon the closing of the Proposed Transaction ("Closing"), TWNY will have all of existing rights and obligations of Adelphia, BTI, ACC, ACOC, and ACC II under the Adelphia Franchises, and each of them, and the County Code, from and after the Closing. Following the transfer TWNY will do business in the County as Time Warner Cable.

1.2 The County reserves all rights and powers not contrary to the terms of this Agreement, including but not limited to, and without limitation, the following:

1.2.1 Neither this Agreement, the County's consent to the transfer of the ownership and control of the Adelphia Franchises, nor any other action or omission by the County at or before the execution of this Agreement, shall be construed to constitute: (i) the County's consent to any future transfer of TWNY, any of the Adelphia Franchises and/or the systems, and/or change in ownership and/or control of TWNY, the Adelphia Franchises and/or the systems; (ii) or to mean that the County's consent to any future transaction is not required in accordance with the terms of any of the Adelphia Franchises or the County Code. Likewise, the County's consent to the transfer of the ownership and

control of the Adelphia Franchises shall not expand any rights beyond those provided in the ordinances granting the Adelphia Franchises.

1.2.2 Any consent given by the County to the Proposed Transaction is made without prejudice to, or waiver of, the County's right to fully investigate and consider the financial, technical, and legal qualifications and other relevant facts related to TWNY, and/or persons or entities owning or controlling or proposing to own or control TWNY or the Adelphia Franchises, and each of them, during any future franchise renewal or transfer process.

1.2.3 Neither the Proposed Transaction nor this Agreement waives or affects any right with respect to the County's ability at the time of renewal of the Adelphia Franchises, and each of them to consider or raise claims arising after the date of Closing based on defaults, failure to provide reasonable service in light of the community's needs, or failure to comply with the terms, conditions and provisions of the Adelphia Franchises, and each of them, the County Code, and applicable law, except as the same would be barred under the Adelphia Settlement Agreement.

1.2.4 The County's approval of the Proposed Transaction will in no way be deemed to be an admission that Adelphia, BTI, ACC, ACOC, and ACC II, or any of them, are presently in compliance with all of their obligations under this Agreement, the respective Adelphia Franchises, or the County Code.

1.2.5 This Agreement does not waive or affect any County right with respect to TWNY's future compliance with the terms, conditions, provisions, requirements and other obligations set forth in the Adelphia Franchises, or any of them, or the County Code, including the County's right to regulate and to compel TWNY to comply with same.

## 2. ACCEPTANCE OF FRANCHISE OBLIGATIONS & GUARANTEE

2.1 From and after the Closing, TWNY accepts the Green Valley Franchise, and accepts, acknowledges, and agrees that: (i) it will be bound by all the commitments, duties, and obligations, present, continuing and future, of the Green Valley Franchise, the County Code, and all other applicable and lawful County ordinances, rules and regulations, as amended, and (ii) that the Proposed Transaction will have no effect on these obligations.

2.2 From and after the Closing, TWNY accepts the East Los Angeles Franchise, and accepts, acknowledges, and agrees that: (i) it will be bound by all the commitments, duties, and obligations, present, continuing and future, of the East Los Angeles Franchise, the County Code, and all other applicable and lawful County ordinances, rules and regulations, as amended, and (ii) that the Proposed Transaction will have no effect on these obligations.

2.3 From and after the Closing, TWNY accepts the Acton Franchise, and accepts, acknowledges, and agrees that: (i) it will be bound by all the commitments, duties, and obligations, present, continuing and future, of the Acton Franchise, the County Code, and all other applicable and lawful County ordinances, rules and regulations, as amended, and (ii) that the Proposed Transaction will have no effect on these obligations.

2.4 From and after the Closing, TWNY accepts the Littlerock Franchise, and accepts, acknowledges, and agrees that: (i) it will be bound by all the commitments, duties, and obligations, present, continuing and future, of the Littlerock Franchise, the County Code, and all other applicable and lawful County ordinances, rules and regulations, as amended, and (ii) that the Proposed Transaction will have no effect on these obligations.

2.5 From and after the Closing, TWNY accepts the Palmdale Franchise, and accepts, acknowledges, and agrees that: (i) it will be bound by all the commitments, duties, and obligations, present, continuing and future, of the Palmdale Franchise, the County Code, and all

other applicable and lawful County ordinances, rules and regulations, as amended, and (ii) that the Proposed Transaction will have no effect on these obligations.

2.6 From and after the Closing, TWNY accepts the Walnut Park Franchise, and accepts, acknowledges, and agrees that: (i) it will be bound by all the commitments, duties, and obligations, present, continuing and future, of the Walnut Park Franchise, the County Code, and all other applicable and lawful County ordinances, rules and regulations, as amended, and (ii) that the Proposed Transaction will have no effect on these obligations.

2.8 No later than March 7, 2006, TWNY shall execute and submit to the County an Acceptance of Franchise ("Acceptance") in the form attached hereto as Exhibit B.

2.9 TWNY agrees to assume responsibility and be liable for any acts and omissions under the Adelphia Franchises and the County Code, for all purposes, except for such acts and omissions that have been expressly released by the County in the Adelphia Settlement Agreement. Notwithstanding the above, while TWNY will be required to cure any existing or future defaults, whether known or unknown, it shall not be liable for any monetary damages, including liquidated damages, for any defaults that existed as of the closing of the Proposed Transaction. Nothing in this Section 2.9 shall be construed to prevent the County from exercising any remedies that may be available under the Adelphia Franchises, or any of them, or the County Code, including imposing applicable monetary damages, including liquidated damages arising from and after the Closing, on TWNY for the failure of TWNY to cure defaults where TWNY has been provided notice and opportunity to cure the default and had failed to do so.

2.10 The Companies acknowledge and agree that, by entering into this Agreement, the County reserves all of its rights with respect to TWNY's future compliance with the terms, conditions, requirements and obligations set forth in the Adelphia Franchises and the County

Code from and after the Closing. No delay or failure to enforce any provision of the Adelphia Franchises will operate against the County or the Companies as an estoppel or waiver.

2.11 Nothing in this Agreement amends or alters the Adelphia Franchises or any requirements therein in any way, except as set forth herein.

2.12 Section 16.60.170.B of the County Code requires the County's consent when there has been a twenty-five percent (25%) or more change the ownership interest in the franchisee. A change in control of Time Warner Cable shall require the prior consent of the County. Any transaction that would result in a twenty-five percent (25%) or more change in Time Warner Inc.'s ownership interest shall establish a rebuttable presumption of a change of control of Time Warner Cable.

2.13 Time Warner Cable agrees to provide a parent company Guarantee of Performance ("Guarantee") acceptable to the County assuring compliance by TWNY with all the obligations of the Adelphia Franchises and the County Code from and after the Closing. No later than March 7, 2006, Time Warner Cable shall execute and submit to the County the Guarantee in the form attached hereto as Exhibit C.

## 3. EFFECT ON FRANCHISE REQUIREMENTS

3.1 Except as expressly provided to the contrary, nothing in this Agreement diminishes or affects the commitments, duties, and obligations, present, continuing and future, from and after the Closing, of TWNY under the Adelphia Franchises and the County Code. All provisions of the Adelphia Franchises remain in full force and effect and are enforceable in accordance with their terms.

3.2 The Companies acknowledge that, nothing in this Agreement either expands or contracts the rights any party may have under 47 U.S.C. § 546(a)-(g).

## 4. ADDITIONAL CONDITIONS

4.1 It is expressly recognized by the parties that the County's approval of the Proposed Transaction will be effective only upon the adoption of the Transfer Resolution by the Board of Supervisors and the timely performance by the Companies of all conditions established in the Transfer Resolution. The execution of this Agreement will in no way bind the County to approve the Proposed Transaction, and this Agreement and the Adelphia Settlement Agreement will become null and void if the County does not approve the Proposed Transaction.

4.2 If all of the necessary conditions to the County's approval of the Proposed Transaction are not executed by all the appropriate Companies when required by the Transfer Resolution, then the County's consent to the Proposed Transaction will become voidable upon written notice to the parties to this Agreement, and in such case the Proposed Transaction will be deemed to have been timely denied on March 7, 2006. In the event the County's consent to the Proposed Transaction is timely denied, neither the County nor the Companies waive any rights they have under applicable law, including, without limitation, any rights or privileges under Title 11 of the United States Code (the "Bankruptcy Code").

4.3 Except as provided in Section 4.2, hereof, the Companies hereby agree that any denial of the Transfer Application pursuant to Section 2 of the Transfer Resolution satisfies the requirements established by any applicable law including, without limitation, the Cable Communications Policy Act of 1984, 47 U.S.C. § 521 *et seq.*, as amended, the FCC's rules or regulations, the First Amendment of the U.S. Constitution, or any other law or regulation.

4.4 In the event that the County's consent to the Transfer Application is denied pursuant to Section 2 of the Transfer Resolution, the Companies hereby waive any and all claims that the deemed denial of such consent by operation of this Agreement fails to satisfy the deadlines established by 47 U.S.C. § 537, as amended.

4.5 Pursuant to Section 16.65.025(B) of the County Code, the Companies agree to reimburse the County for the actual and reasonable costs the County has incurred in processing the applications for transfer, not to exceed thirty thousand dollars ($30,000) within 30 days receipt of an invoice from the County.

4.6 Time Warner Cable shall, within sixty (60) days of the closing of the Proposed Transaction, conform all insurance certificates to the specifications previously agreed to by the County and Time Warner Cable for the Canyon Country, Stevenson Ranchi, and North Torrance County Franchises.

## 5. RATES

5.1 The Companies covenant, promise, warrant and represent that the costs associated with the Proposed Transaction itself will not result in any increase in subscriber rates.

5.2 The Companies agree that no payment, expenditure, or other consideration provided pursuant to or arising from this Agreement shall be treated as a cost arising from a condition of the Adelphia Franchises in accordance with 47 C.F.R. § 76.925. The Companies agree that any payment, expenditure, or other consideration provided pursuant to or arising from this Agreement or the Adelphia Settlement Agreement, or any other settlement amounts previously paid by ACC, ACC II, BTI or Adelphia to the County will not be passed through to subscribers on future bills issued after the effective date of this Agreement. This provision shall not be construed to prevent Franchisee from setting unregulated rates at any level, at its discretion, nor to prevent Franchisee from recovering and itemizing any future payments made for franchise fees, utility user taxes or payments for public, education and government access from subscribers to the extent such recovery and itemization is authorized by applicable law.

5.3 The Companies agree that they waive refund of any amount that the Companies or their predecessors may have at one time paid to the County as a franchise fee on cable modem

internet and other high speed data service.

5.4 Nothing in this Agreement, the Acceptance, the Guarantee or the Transfer Resolution shall restrict the authority of the Companies to establish rates in accordance with FCC regulations.

## 6. LABOR AND EMPLOYMENT.

6.1 TWNY shall comply with all applicable state and federal law with respect to labor and employment, including the provisions of the National Labor Relations Act. Subject to the terms of the Purchase Agreement, TWNY has agreed to offer all Adelphia, BTI, ACC, ACOC, and ACC II employees, save those employees to whom no offer is to be made pursuant to the provisions of the Purchase Agreement, positions of similar or greater status and aggregate compensation, if employees so desire, subject to completion of the background checks and drug screenings that are part of TWNY's customary employment conditions. This provision does not grant the County greater rights or impose any greater obligations than it would otherwise have prior to the date of this Agreement.

## 7. DISPUTES REGARDING THIS AGREEMENT

7.1 Any material breach of this Agreement will be deemed a material breach of the Adelphia Franchises, and each of them, and the applicable Companies will be subject to all remedies available for a breach of the Adelphia Franchises. The remedies set forth in this Section will be in addition to, and not exclusive of, any other remedies the County may have under this Agreement, the County Code, or the Adelphia Franchises, and at law or equity.

7.2 Any material misrepresentation in the Transfer Application shall constitute a material violation of the Adelphia Franchises, and each of them, and the applicable Companies shall be subject to all the remedies available to the County under the Adelphia Franchises and the County Code.

## 8. REPRESENTATIONS AND WARRANTIES

8.1 Each of the Companies hereby covenant, represent and warrant that at the time of the execution of this Agreement: (a) it is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; (b) the Adelphia Franchises and, assuming due execution hereof by the other parties hereto, this Agreement constitute legal, valid and binding obligations of the Companies, and each of them, enforceable in accordance with their terms and the County Code; (c) the execution and delivery of, and performance by the Companies, and each of them, under this Agreement and the Adelphia Franchises, where applicable, are within each of the Companies' power and authority without the joinder or consent of any other party except to the extent required by the Bankruptcy Code, and have been duly authorized by all requisite corporate or partnership action on the part of each and are not in contravention of any of the Companies' partnership agreement, charter, bylaws, and/or other organizational documents; and (d) the execution and delivery of this Agreement and attached documents do not contravene, result in a breach of, or constitute a default under any contract or agreement to which any of them is a party or by which any of them or any of their properties may be bound (nor would such execution and delivery constitute such a default with the passage of time or the giving of notice or both), and do not violate or contravene any law, order, decree, rule, regulation or restriction to which any of them is subject.

8.2 Time Warner Cable covenants, represents and warrants that the Proposed Transaction will not adversely affect the financial position of TWNY or limit the funds available to TWNY.

8.3 Time Warner Cable agrees that, from and after the consummation of the Proposed Transaction, it will not take any action which will cause the Franchisee to fail to fully comply

with the terms of Adelphia Franchises, this Agreement, the County Code, and applicable law. To the extent that any provisions of any document associated with the Proposed Transaction, or any other contract, conflicts with the Adelphia Franchises, this Agreement, the County Code, or applicable law, the parties agree that any such provision will be of no force or effect as between any of the Companies and the County.

8.4 The Companies acknowledge and agree that the County's consent to the Proposed Transaction is made in reliance upon the covenants, representations, warranties, documents, and information provided by the Companies in connection with the Transfer Application. The Companies will be liable for their own representations and warranties relied upon by the County.

8.5 Each of the Companies agrees to indemnify and hold harmless the County and its officers, employees and agents against any loss, claim, damage, liability or expense (including, without limitation, all associated costs and expenses) caused directly or indirectly by any representation or warranty made by it which proves to be untrue, incomplete or inaccurate in any material respect.

## 9. MISCELLANEOUS PROVISIONS

9.1 Effective Date: If all the conditions precedent to the effectiveness of this Agreement occur, the effective date of this Agreement shall be the date of execution by all parties.

9.2 Entire Agreement: This Agreement, together with the Adelphia Settlement Agreement, constitute the entire agreement and understanding of the parties with respect to the settlement of issues related to Adelphia, the Transfer Application, the settlement of the issues identified in the Adelphia Settlement Agreement related to Adelphia, BTI, ACC, ACOC, and ACC II's compliance with the Adelphia Franchises, and the County's consent to the Proposed Transaction. No statements, promises or inducements inconsistent with this Agreement made by

any party will be valid or binding, unless in writing and executed by all parties. This Agreement may only be modified by written amendments signed by all parties hereto.

9.3 Binding Acceptance: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns. Any purported assignment of this Agreement is void without the express written consent of each signatory.

9.4 Voluntary Agreement: This Agreement is freely and voluntarily given by each party, without any duress or coercion, and after each party has consulted with its counsel. Each party has carefully and completely read all of the terms and provisions of this Agreement.

9.5 Counterparts: This Agreement may be executed in several counterparts, each of which when so executed will be deemed to be an original copy, and all of which together will constitute one agreement binding upon all parties hereto, notwithstanding that all parties will not have signed the same counterpart.

9.6 Governing Law: This Agreement will be governed in all respects by the law of the State of California and applicable federal law.

9.7 Time is of Essence: In determining whether a party has complied with any term, condition or provision of this Agreement, the parties agree and understand that time is of the essence.

9.8 Captions and References: The captions and headings of sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions will not affect the meaning or interpretation of this Agreement.

9.9 Severability. If any term, condition, or provision of this Agreement, other than Section 4.1, shall, to any extent, be held to be invalid, preempted or unenforceable, the remainder

hereof shall be valid in all other respects and continue to be effective.

AGREED TO THIS _____ DAY OF _____, 2006.

County of Los Angeles, California

By: _____

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

Buenavision Telecommunications, Inc

By: _____
**[title]**

Adelphia Communications Corporation

By:_____
**[title]**

Adelphia California Cablevision, LLC

By:_____
**[title]**

Adelphia Communications of California, LLC

By:_____
**[title]**

Adelphia Communications of California II, LLC

By:_____
**[title]**

Time Warner NY Cable LLC

By:_____
**[title]**

Time Warner Cable Inc.

By:_____
**[title]**

EXHIBIT A

**RESOLUTION NO. _____**

**A RESOLUTION APPROVING AND CONSENTING, SUBJECT TO CERTAIN CONDITIONS, TO THE TRANSFER OF THE ACTON, EAST LOS ANGELES, GREEN VALLEY, LITTLEROCK, PALMDALE, WALNUT PARK FRANCHISES TO TIME WARNER NY CABLE LLC**

**WHEREAS,** Adelphia Communications Corporation, a Delaware corporation, ("Adelphia") owns, operates and maintains cable television systems in the Walnut Park unincorporated areas of the County, and is providing services in those areas under the terms and conditions of a County franchise granted by Ordinance No. 85-0148F, as amended (the "Walnut Park Franchise"); and

**WHEREAS,** Buenavision Telecommunications, Inc., a California corporation ("BTI"), a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the East Los Angeles unincorporated area of the County, and is providing services in that area under the terms and conditions of a County franchise granted by Ordinance No. 98-0070F, as amended (the "East Los Angeles Franchise"); and

**WHEREAS,** Adelphia California Cablevision, LLC ("ACC"), a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the Acton unincorporated area of the County, and is providing services in that area under the terms and conditions of a County franchise granted by Ordinance No. 88-0165F, as amended (the "Acton Franchise; and

**WHEREAS,** Adelphia Communications of California, LLC ("ACOC"), a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the Littlerock (including Lake Los Angeles and Pearland), and Palmdale unincorporated areas of the County, and is providing services in those areas under the terms and conditions of County

franchises granted by Ordinance Nos. 85-0145F, as amended (the "Littlerock Franchise"), and 90-0118F, as amended (the "Palmdale Franchise"); and

**WHEREAS,** Adelphia Communications of California II, LLC ("ACC II"), a wholly owned, indirect subsidiary of Adelphia, owns, operates and maintains cable television systems in the Green Valley (including Leona Valley and Elizabeth Lake) unincorporated area of the County, and is providing services in that area, under the terms and conditions of County franchises granted by Ordinance No. 84-0007F, as amended (the "Green Valley Franchise"). (The Walnut Park, East Los Angeles, Acton, Littlerock, Palmdale, and Green Valley Franchises are hereinafter collectively referred to as the "Adelphia Franchises"); and.

**WHEREAS,** Adelphia has a petition in bankruptcy pending in the United States Bankruptcy Court, Southern District of New York, No. 02-41729(REG), and is restructuring and transferring assets subject to the jurisdiction of that bankruptcy court; and

**WHEREAS,** TWNY and Adelphia have entered into that certain "Asset Purchase Agreement" dated April 20, 2005 (the "Purchase Agreement"), pursuant to which TWNY will purchase assets of Adelphia, BTI, ACC, ACOC, and ACC II which include the Adelphia Franchises (the "Proposed Transaction"); and

**WHEREAS,** on June 14 and 15, 2005, Time Warner Cable submitted to the County on behalf of Adelphia, BTI, ACC, ACOC, ACC II, and TWNY materials including FCC Forms 394 dated June 10, 2005 requesting that the County approve the transfer of the Adelphia Franchises and cable systems ("System") from Adelphia, BTI, ACC, and ACC II to TWNY (the "Transfer Applications"); and

**WHEREAS,** the Proposed Transaction will result in a transfer of the Adelphia Franchises and systems which are subject to the County's approval under the terms and conditions of the Adelphia Franchises and the County Code; and

**WHEREAS,** TWNY agrees, from and after the closing of the Proposed Transaction, to accept and be bound by all of the terms, conditions, and obligations of the Adelphia Franchises; and

**WHEREAS,** Time Warner Cable agrees to unconditionally guarantee TWNY's performance under the Adelphia Franchises; and

**WHEREAS,** the County, Adelphia, BTI, ACC, ACOC, and ACC II, and other affiliates of Adelphia have agreed to enter into a separate settlement and release agreement (the "Adelphia Settlement Agreement"), which will resolve to the satisfaction of the County certain claims by the County arising from the performance by Adelphia, BTI, ACC, ACOC, ACC II, and TWNY under the Adelphia Franchises; and

**WHEREAS**, at its meeting, duly and regularly held, the Board of Supervisors of the County of Los Angeles, affording due process and opportunity for public participation, hereby finds it in the public interest to grant the transfer of the Adelphia Franchises from Adelphia, BTI, ACC, ACOC, and ACC II to TWNY subject to the terms and conditions set forth herein;

**NOW, THEREFORE,**

**THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES RESOLVES AS FOLLOWS:**

**Section 1.** The County consents to the transfer of the Adelphia Franchises from Adelphia, BTI, ACC, ACOC, ACC II, to TWNY, subject to the following conditions:

(a) Adelphia, ACC, ACOC, ACC II, BTI, TWNY, and Time Warner Cable (hereinafter sometimes collectively referred to as the "Companies") shall execute and file with the County a Transfer Agreement in the form and substance acceptable to the Director of the Department of Consumer Affairs (the "Director"), the County Counsel, and the Companies (the "Transfer Agreement") no later than March 7, 2006.

(b) Time Warner Cable, as guarantor, shall file with the County a Guarantee

of TWNY's performance under the Adelphia Franchises in the form and substance acceptable to the Director, the County Counsel, and Time Warner Cable, executed by Time Warner Cable and certified and sworn as to the legally binding act of Time Warner Cable, no later than March 7, 2006.

(c) TWNY shall file with the County an Acceptance of the Franchise in the form and substance acceptable to the Director and the County Counsel, executed by TWNY and certified and sworn as to the legally binding act of TWNY, no later than March 7, 2006.

(d) Time Warner Cable shall execute and file with the County a County Channel Agreement in the form of Exhibit 1 no later than March 15, 2006, unless extended in writing by the Director.

(e) The Proposed Transaction shall be consummated on terms and conditions that are not in any material respect different from those described in the Transfer Applications and other related materials provided to the County, this Resolution, and the Transfer Agreement.

(f) Adelphia shall execute and file the Adelphia Settlement Agreement, in the form and substance acceptable to the Director, and the County Counsel, and Adelphia, no later than March 7, 2006.

(g) The Adelphia Settlement Agreement must be approved by the Bankruptcy Court no later than May 12, 2006.

(h) The Proposed Transaction shall be consummated no later than October 31, 2006.

**Section 2.** (a) If any of the conditions specified in Section 1 hereof, except for the requirements of Section 1(g), are not both agreed to and timely satisfied, then the County's consent to the transfer of the Adelphia Franchises from Adelphia, BTI, ACC, ACOC, and ACC II to TWNY shall be deemed denied as of March 7, 2006, unless extended by agreement of the

County and the Companies.

(b) If the condition specified in Section 1(g) is not agreed to and timely satisfied, then the County's consent to the transfer of control of the Adelphia Franchises from Adelphia, BTI, ACC, ACOC, and ACC II to TWNY shall thereafter be voidable at the County's sole discretion, upon written notice to the companies.

**Section 3.** Any material misrepresentation in the Transfer Applications shall constitute a material violation of the Adelphia Franchises, subject to all the remedies available to the County under the Adelphia Franchises.

**Section 4.** The Director of the Department of Consumer Affairs is authorized to execute the Transfer Agreement on behalf of the County.

**Section 5.** The Director is authorized to execute the Adelphia Settlement Agreement on behalf of the County.

**Section 6.** This Resolution is a final decision on the Transfer Applications within the meaning of 47 U.S.C. § 537, and for these purposes the Transfer Applications is deemed acted upon when this Resolution is approved by the Board.

I hereby certify that the foregoing Resolution was adopted at the meeting of the Board of Supervisors of the County of Los Angeles on _____, 2006.

By:_____

Approved _____

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

EXHIBIT B

ACCEPTANCE OF FRANCHISE BY TWNY

Time Warner NY Cable LLC, d/b/a Time Warner Cable ("TWNY") hereby accepts, as of the closing of the proposed transaction approved by Resolution No. ___ (the "Closing"), the County cable franchise granted by Ordinance 85-0148F, as amended (the "Walnut Park Franchise"); the County cable franchise granted by Ordinance No. 98-0070F, as amended (the "East Los Angeles Franchise"); the County cable franchise granted by Ordinance No. 88-0165F, as amended (the "Acton Franchise"); the County cable franchise granted by Ordinance No. 85-0145F, as amended (the "Littlerock Franchise"), the County cable franchise granted by Ordinance No. 90-0118F, as amended (the "Palmdale Franchise"); the County cable franchise granted by Ordinance No. 84-0007F, as amended (the "Green Valley Franchise). (The Walnut Park, East Los Angeles, Acton, Littlerock, Palmdale, and Green Valley Franchises are hereinafter sometimes collectively referred to as the "Adelphia Franchises").

By accepting the Adelphia Franchises, and each of them, TWNY further: (1) acknowledges and accepts the County's legal right to issue and enforce the Adelphia Franchises, and each of them; (2) agrees that it will not oppose the County's intervention in any proceeding affecting its Adelphia Franchises or obligations thereunder; (3) accepts and agrees to comply with each and every provision of the Adelphia Franchises, and each of them, and the County Code; and (4) agrees that the Adelphia Franchises, and each of them, were granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

TWNY declares that it has carefully read all of the terms and conditions of the Adelphia Franchises, and each of them, and accepts and agrees to abide by the same, the County Code, and all other applicable law.

As of the Closing, TWNY is bound to maintain and operate a cable system under the terms, conditions, provisions and limitations set forth in the Adelphia Franchises, and each of them, the County Code, as may be amended from time to time, and all other applicable law, including all other applicable and lawful County ordinances, rules and regulations, as amended.

AGREED TO THIS _____ DAY OF _____, 2006.

Time Warner NY Cable LLC

By:_____

EXHIBIT C

TIME WARNER CABLE GUARANTEE

GUARANTEE, dated as of _____, made by TIME WARNER CABLE INC., a Delaware corporation ("Guarantor"), in favor of the County of Los Angeles, California ("Beneficiary").

**WHEREAS**, in accordance with the relevant provisions of the County Code of the County of Los Angeles, the Beneficiary, pursuant to Resolutions of the County Board of Supervisors, dated _____ (the "Transfer Resolutions") has approved:

A. The assignment of the franchise granted by County Ordinance No. 85-0148F, as amended (the "Walnut Park Franchise"), under which Adelphia Communications Corporation ("Adelphia") is providing services in the unincorporated Walnut Park areas of the County, and the cable system over which Adelphia is providing services, to Time Warner NY Cable LLC ("TWNY"), whose indirect parent is the Guarantor;

B. The assignment of the franchise granted by County Ordinance No. 98-0070F, as amended (the "East Los Angeles Franchise"), under which Buenavision Telecommunications, Inc., a California corporation ("BTI"), a wholly owned, indirect subsidiary of Adelphia, is providing services in the East Los Angeles unincorporated area of the County, and the cable system over which BTI is providing services, to TWNY;

C. The assignment of the franchise granted by County Ordinance No. 88-0165F, as amended (the "Acton Franchise") under which ACC is providing services in the Acton unincorporated areas of the County, and the cable systems over which ACC is providing services, to TWNY;

D. The assignment of the franchises granted by County Ordinance No. 85-0145F, as amended (the "Littlerock Franchise"), and County Ordinance 90-0118F, as amended (the "Palmdale Franchise"), under which Adelphia Communications of California, LLC ("ACOC"), is providing services in the Littlerock (including Lake Los Angeles and Pearland), and Palmdale unincorporated areas of the County, and the cable systems over which ACOC is providing services, to TWNY;

E. The assignment of the franchise granted by County Ordinance No. 84-0007, as amended (the "Green Valley Franchise"), under which Adelphia Communications of California II LLC ("ACC II"), is providing services in the Green Valley (including Leona Valley and Elizabeth Lake) unincorporated areas of the County, and the cable system over which ACC II is providing services, to TWNY;

F. (i) the transfer of control of Century-TCI California, L.P. ("Century-TCI"), which is providing services in the County under the franchises granted by County Ordinance No. 90-0150F, as amended (the "Agoura Franchise"); County Ordinance No. 89-0146F (the "Glendora Franchise"), County Ordinance No. 82-0117F, as amended (the "Hacienda Heights Franchise") County Ordinance No. 86-0113F, as amended (the "La Habra Heights Franchise"), County Ordinance No. 83-0205F, as amended (the "Marina

del Rey Franchise"), County Ordinance No. 97-0046F, as amended (the "Rowland Heights Franchise"), and County Ordinance No. 83-0087F, as amended (the South Whittier Franchise, under which Century-TCI is providing services in the Agoura, Glendora, Hacienda Heights, La Habra Heights, Marina del Rey (including Franklin Canyon), Rowland Heights, and South Whittier unincorporated areas of the County, and the cable systems over which Century-TCI is providing services, to Comcast Cable Holdings, LLC ("Comcast Cable"); and (ii) the assignment of the franchises and the cable system in these areas from Comcast Cable to CAC Exchange I, LLC ("CAC I"); and the simultaneous transfer of control of CAC I to Guarantor;

G. The assignment of the franchise granted by County Ordinance No. 88-032F, as amended (the "Claremont Franchise"), under which Comcast of California I, LLC ("CC I" is providing services in the Claremont unincorporated areas of the County, and the cable system over which CC I is providing service, to C-Native Exchange I, LLC ("C-Native I"), which is also owned and controlled by Comcast; and the simultaneous transfer of control of C-Native I from Comcast to Guarantor;

H. The assignment of the franchise granted by County Ordinance No. 89-0161F, as amended (the "Kagel Canyon Franchise"), under which Comcast of California VII, Inc. ("CC VII") is providing services in the Kagel Canyon unincorporated area of the County, and the cable system over which CC VII is providing service, to C-Native Exchange I, LLC ("C-Native I"), which is also owned and controlled by Comcast; and the simultaneous transfer of control of C-Native I from Comcast to Guarantor

I. The assignment of the franchise granted by County Ordinance No. 87-0169F, as amended (the "Saugus Franchise"), under which Comcast of Newhall, Inc. ("CON") is providing services in the Saugus unincorporated areas of the County, and the cable system over which CON is providing service, to C-Native Exchange I, LLC ("C-Native I"), which is also owned and controlled by Comcast; and the simultaneous transfer of control of C-Native I from Comcast to Guarantor;

J. The assignment of the franchise granted by County Ordinance No. 97-0032F as amended (the "South Franchise"), under which Comcast of Los Angeles, Inc. ("CLA") is providing services in the South (including Baldwin Hills, Ladera Heights, and Lennox) unincorporated areas of the County, and the cable system over which CLA is providing service, to C-Native Exchange I, LLC ("C-Native I"), which is also owned and controlled by Comcast; and the simultaneous transfer of control of C-Native I from Comcast to Guarantor; and

**WHEREAS**, pursuant to Resolution Nos. ____ and ____, the County's approval was conditioned, among other things, on Guarantor unconditionally guaranteeing the performance of TWNY, CAC I and C-Native I under the terms and conditions of the franchises granted pursuant to the above-referenced Ordinances, as amended (hereinafter collectively referred to as the "Franchise Ordinances"); and

**WHEREAS,** Guarantor is the indirect parent of TWNY and, upon closing of the transactions which will result in certain transfers described herein, Guarantor will also become the indirect parent of CAC I, and C-Native I; and Guarantor will have a substantial interest in the

cable systems in each of the County unincorporated areas described herein, as well as in the management and control of TWNY, CAC I, and C-Native I (collectively, the "Transferees"), and in the County franchises granted by the Franchise Ordinances;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Beneficiary to consent to the transfers described above, Guarantor agrees as follows:

**1.** Interpretive Provisions**.**

1.1 The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Guarantee, shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and section and paragraph references are to this Guarantee unless otherwise specified.

1.2 The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

**2.** Guarantee**.**

2.1 Upon the closing of the Proposed Transaction and Proposed Exchange Transaction described in Resolution Nos._____ and _____, respectively, Guarantor unconditionally and irrevocably guarantees to Beneficiary the timely and complete performance of all obligations of the Transferees under the Franchise Ordinances (the "Guaranteed Obligations"). The Guarantee is an irrevocable, absolute, continuing guarantee of payment and performance, and not a guarantee of collection. If any Transferee fails to pay any of its monetary Guaranteed Obligations in full when due in accordance with the terms of the Franchise Ordinances, Guarantor will promptly pay the same to Beneficiary or procure payment of same to Beneficiary. Anything herein to the contrary notwithstanding, Guarantor shall be entitled to assert as a defense hereunder any defense that is or would be available to a Transferee under the Franchise Ordinances or otherwise.

2.2 This Guarantee shall remain in full force and effect for so long as any of the Transferees, or their successors or assigns, are providing services over cable systems under the Franchise Ordinances; provided, however, that this Guarantee shall terminate upon the earliest to occur of: (i) performance in full of all Guaranteed Obligations at a time when no additional Guaranteed Obligations remain outstanding or will accrue to any Transferee under the Franchise Ordinances or (ii) with respect to any particular Franchise Ordinance, any direct or indirect transfer of the rights to provide the services which are the subject of the respective Franchise Ordinances from the applicable Transferee to (or direct or indirect acquisition of the applicable Transferee or any successor thereto by (whether pursuant to a sale of assets or stock or other equity interests, merger or otherwise)) any other person or entity a majority of whose equity and voting interests are not beneficially owned and controlled, directly or indirectly, by Guarantor, so long as any such transfer is approved in writing by the Beneficiary, to the extent approval is required by the applicable Franchise Ordinance; provided that, nothing herein is intended to amend or modify the transfer provisions of the applicable Franchise Ordinances being transferred, or the County Code, including without limitation Section 16.60.170.B of the County Code, which requires the County's consent when there has been (25%) or more change of the ownership interest in the franchisee.

2.3 In the event of a conflict or contradiction between the forgoing proviso and a Franchise Ordinance or County Code, the language of the Franchise Ordinance or County Code Ordinance will prevail. Upon termination of this Guarantee in accordance with Section 2.2, all contingent liability of Guarantor in respect hereof shall cease and Guarantor shall remain liable solely for Guaranteed Obligations accrued prior to the date of such termination. Except as provided above, no termination, substitution or cancellation of this Guarantee may occur without the prior written approval of the Beneficiary. To the extent that the Beneficiary approves a substitution of the Guarantor under this Guarantee, such substitution will be implemented in a manner that ensures the substitute guarantee is in place and effective prior to or contemporaneously with the termination and/or release of the existing Guarantee.

**3.** Waiver**.** Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by Beneficiary upon this Guarantee or acceptance of this Guarantee. Guarantor waives diligence, presentment, protest and demand for payment to a Transferee or Guarantor with respect to the Guaranteed Obligations; provided, however, that Guarantor shall be furnished with a copy of any notice of or relating to default under the Franchise to which a Transferee is entitled or which is served upon a Transferee at the same time such notice is sent to or served upon a Transferee.

4**.** **Representations and Warranties**. Each of Guarantor and Beneficiary represents and warrants that: (i) the execution, delivery and performance by it of this Guarantee is within its corporate, limited liability company or other powers, have been duly authorized by all necessary corporate, limited liability company or other action, and do not contravene any law, order, decree or other governmental restriction binding on or affecting it and (ii) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by it of this Guarantee, except as may have been obtained or made, other than, in the case of clauses (i) and (ii), contraventions or lack of authorization, approval, notice, filing or other action that would not, individually or in the aggregate, impair or delay in any material respect such party's ability to perform its obligations hereunder.

**5.** **Binding Effect**. This Guarantee, when executed and delivered by Beneficiary, will constitute a valid and legally binding obligation of Guarantor, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency or other similar laws applicable to creditors' rights generally and by equitable principles (whether enforcement is sought in equity or at law).

**6.** **Notices**. All notices, requests, demands, approvals, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given and made if served by personal delivery upon the party for whom it is intended or delivered by registered or certified mail, return receipt requested, or if sent by telecopier, provided that the telecopy is promptly confirmed by telephone confirmation thereof, to the party at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such party:

To Guarantor and Transferee:

Time Warner Cable Inc.
290 Harbor Drive
Stamford, CT 06902-6732
Telephone: (203) 328-0631
Telecopy: (203) 328-4094
Attention: General Counsel

To Beneficiary:

County of Los Angeles
Department of Consumer Affairs
B-96 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-2706
Telephone: (213) 974-7239
Telecopy: (213) 687-1158
Attention: Director, Department of Consumer Affairs

**7.** **Integration**. This Guarantee represents the agreement of Guarantor with respect to the subject matter hereof and there are no promises or representations by Guarantor or Beneficiary relative to the subject matter hereof other than those expressly set forth herein.

8. Amendments in Writing. None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except by a written instrument executed by Guarantor and Beneficiary, provided that any right, power or privilege of Beneficiary arising under this Guarantee may be waived by Beneficiary in a letter or agreement executed by Beneficiary.

9. Section Headings**.** The section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

10. No Assignment or Benefit to Third Parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon anyone other than Guarantor and Beneficiary and their respective permitted assigns, any rights or remedies under or by reason of this Guarantee.

11. Expenses**.** All costs and expenses incurred in connection with this Guarantee and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses.

12. Counterparts. This Guarantee may be executed by Guarantor and Beneficiary on separate counterparts (including by facsimile transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

13. Governing Law**.** This Guarantee shall be governed by and construed and construed and interpreted in accordance with the laws of the state of California without regard to principles of conflicts of law.

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee to be duly executed and delivered by its duly authorized officer as of the day and year first above written.

TIME WARNER CABLE INC.

By: _____
Name:
Title:

177203v4

**ADELPHIA AND COUNTY OF LOS ANGELES**

**SETTLEMENT AND RELEASE AGREEMENT**

This Settlement and Release is entered into this 7th day of March, 2006, by and between the County of Los Angeles, CA ("County"); the Los Angeles County Flood Control District ("District"); Buenavision Telecommunications, Inc. ("BTI"), Adelphia Communications of California, L.L.C. ("ACC"), Adelphia Communications of California II, L.L.C. ("ACC II"), Century-TCI California, L.P. ("Century"); and Adelphia Communications Corporation ("Adelphia Corp.") (collectively "Franchisees" or "Adelphia").

WHEREAS, the County and Adelphia executed the following franchise agreements (collectively, the "Franchise Agreements") for the following unincorporated area(s) of the County:

East Los Angeles adjacent effective on December 11, 1998 ("East Los Angeles"), Ord. 98-0070F, as amended,

Palmdale/Quartz Hill adjacent effective on September 14, 1990 ("Palmdale"), Ord. 90-0118F, as amended,

Green Valley/Leona Valley/Elizabeth Lake effective on February 24, 1984 ("Green Valley"), Ord. 84-0007F, as amended,

Littlerock/Pearland/Lake Los Angeles effective on October 11, 1985 ("Littlerock"), Ord. 85-0145F, as amended,

Agoura/Calabasas adjacent effective on November 9, 1990 ("Agoura"), Ord. 90-0150F, as amended,

Hacienda Heights effective on June 25, 1982 ("Hacienda Heights"), Ord. 82-0117F, as amended,

South Whittier effective on July 1, 1983 ("South Whittier"), Ord. 83-0087F, as amended,

Walnut Park effective on October 25, 1985 ("Walnut Park"), Ord. 85-0148F, as amended,

Rowland Heights effective on October 3, 1997 ("Rowland Heights"), Ord. 97-0046F,

Glendora/Covina adjacent effective on December 29, 1989 ("Glendora"), Ord. 89-0146F, as amended,

La Habra Heights adjacent effective on August 8, 1986 ("La Habra Heights"), Ord. 86-0113F, as amended, and

Marina del Rey effective on January 20, 1984 ("Marina del Rey"), 83-0205F, as amended;

WHEREAS, the County has alleged that Adelphia has underpaid franchise fees owed to the County for the periods

Years ended December 31, 2001 through December 31, 2003 for East Los Angeles,
Years ended December 31, 1999 through December 31, 2002 for Palmdale,
Years ended December 31, 1999 through December 31, 2002 for Green Valley,
Month ended December 31, 1999 through years ended December 31, 2002 for Littlerock,
Years ended December 31, 1999 through December 31, 2002 for Agoura,
Years ended December 31, 2000 through December 31, 2002 for Hacienda Heights,
Month ended December 31, 1999 through years ended December 31, 2002 for South Whittier,
Years ended December 31, 2000 through December 31, 2002 for Walnut Park,
Years ended December 31, 1997 through December 31, 2001 for Rowland Heights,
Years ended December 31, 1995 through December 31, 1999 for Glendora,
Years ended December 31, 1995 through December 31, 1999 for La Habra Heights,
Years ended December 31, 1995 through December 31, 1999 for Marina del Rey.

WHEREAS, the County has alleged that Adelphia has not complied with the County's technical specifications for the South Whittier and Hacienda Heights franchises (together with the alleged underpayment of franchise fees, the "Disputes").

WHEREAS, ACC, ACC II, BTI, Century, and Adelphia Corp., and certain of their affiliates (collectively, the "Debtors") are debtors in possession under title 11 of the United States Code (the "Bankruptcy Code"). The Debtors' chapter 11 cases are being jointly administered under case number 02-41729 (REG) and are pending in the United States Bankruptcy Court of the Southern District of New York (the "Bankruptcy Court").

WHEREAS, the County has filed the following proofs of claim against Debtors in the United States Bankruptcy Court of the Southern District of New York (the "Bankruptcy Court") in connection with the Disputes: Claim Number 13434 in the amount of $60,853.00, Claim Number 14609 in the amount of $4,300.00, Claim Number 13854 in the amount of $12,664.00, Claim Number 14298 in the amount of $29,450.00, Claim Number 14302 in the amount of $629,580.00 and Claim Number 14299 in the amount of $259,420.00 (collectively, the "Claims");

WHEREAS, the District has filed a proof of claim against Debtors in the Bankruptcy Court, in connection with back-due rental payments and permit fees incurred between December 2001 and June 2002, in the amount of $56,836.81 ("District Claim");

WHEREAS, the Debtors have waived their right to an exit conference and requested that County issue a final audit report; and

WHEREAS, the County, District and Debtors have agreed to resolve the Disputes and Debtors believe that this Settlement and Release Agreement (the "Agreement") is fair, equitable and in the best interests of Debtors' estates;

NOW, THEREFORE, in consideration of the foregoing, the parties mutually agree as follows:

1. Debtors agree to pay the County the amount of Three Hundred Fifteen Thousand, Eight Hundred Twenty-Four Dollars and Eighty-Seven Cents ($315,824.87) and the District the amount of Thirty Thousand Dollars and Zero Cents ($30,000.00) (collectively, the "Settlement Amount"), within thirty (30) days of the later of (i) the approval of the Agreement by the Bankruptcy Court, as further described in paragraph 7 below; or (ii) Adelphia Corp's receipt of a fully executed Agreement.

2. The County acknowledges that the Franchise Agreements are valid and shall remain in full force and in effect through their respective expirations dates as may be extended by the County.

3. In consideration of the above, the County and District waive and release the Claims and the District Claim, respectively, against Adelphia, their successors, affiliates, directors, officers, employees, attorneys, agents, representatives, and sureties, which arose prior to the execution of this Agreement.

4. The Debtors shall fully and forever waive and release any and all claims (as such term is defined in section 101(5) of the Bankruptcy Code) against the County, the District, and their representatives, officers, agents, and employees and their predecessors, successors and assigns, which are related to, or arising from, the Disputes or the District Claim.

5. Upon payment of the Settlement Amount, the Claims and the District Claim will automatically be deemed fulfilled and expunged.

6. Pass-Through Waiver. Adelphia Corp. and the Franchisees acknowledge and agree that the monetary payment made by Adelphia Corp. pursuant to this Settlement Agreement ($345,824.87) is in settlement and compromise of the Claims and the District Claim, which are existing contract disputes with the County and the District, respectively. Adelphia Corp., the Franchisees, and their successors and assigns hereby waive any claim that these settlement payments are recoverable from subscribers or customers. Adelphia Corp, the Franchisees, and their successors and assigns further promise these settlement payments will not be recovered through an additional or increased line itemization on subscriber or customer bills, nor will they be recovered through an inclusion of the costs in any rate filing, in any form, now or in the future.

7. The County, the District, and Debtors agree that nothing herein shall be deemed to be an admission of liability with respect to this matter.

8. The County, the District, and Debtors represent and warrant to each other that each has the legal right, power and authority to enter into this Agreement and to perform its obligations hereunder.

9. This Agreement is subject to and shall be effective upon approval by the Bankruptcy Court. Such approval may be obtained pursuant to settlement procedures previously approved by the Bankruptcy Court. Debtors shall not be obligated to pay the Settlement Amount unless and until the Bankruptcy Court approves this Agreement. In the event that the Bankruptcy Court does not approve this Agreement, (i) nothing contained herein shall be deemed to be a waiver

of any claims or an admission of liability by any party hereto; and (ii) this Agreement shall be null and void, and all rights of the parties prior to this Agreement shall be preserved.

10. This Agreement sets forth the entire agreement between the parties with respect to the settlement and release of claims specified herein. All agreements, covenants, representations and warranties, express or implied, oral or written, of the parties with regard to the subject matter addressed herein are contained in this Agreement and the documents referred to herein. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by any party to any other party. All prior and contemporaneous conversations, negotiations, possible and alleged agreements, representations, covenants and warranties with respect to the subject matter hereof are waived, merged in this Agreement and superseded by it.

11. Each of the parties to this Agreement acknowledges and agrees that the releases contained in this Agreement are special releases and that §1542 of the Civil Code of the State of California is not applicable. If and to the extent it should be determined that the releases contained in this Agreement are not special releases, contrary to the parties' acknowledged intention and agreement, each party specifically waives the benefit of the provisions of §1542 of the Civil Code of the State of California, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

12. This Agreement shall be binding upon and shall inure to the benefit of the parties, their affiliates, agents, representatives, successors and assigns.

13. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto, through their duly authorized representative, have executed this Agreement.

[FRANCHISE AUTHORITY]

By:_____
[Representative]
[Title]

Date:_____

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT

By: _____
[Representative]
[Title]

BUENAVISION TELECOMMUNICATIONS, INC.
A California corporation
l/k/a Adelphia Cable Communications

By: _____

Name: _____

Title: _____

Date: _____

ADELPHIA COMMUNICATIONS OF CALIFORNIA II, L.L.C.,
A Delaware limited liability company,
l/k/a Adelphia Cable Communications

By: Adelphia Cablevision Corporation,
A New York corporation,
Its Sole Member

By: _____

Name: _____

Title: _____

Date: _____

CENTURY-TCI CALIFORNIA, L.P.,
A Delaware limited partnership,
l/k/a Adelphia Cable Communications

By: Century-TCI California Communications, L.P.,
A Delaware limited partnership,
Its General Partner,

By: Century Exchange, L.L.C.,
A Delaware limited liability company,
Its General Partner,

By: Century Cable Holding Corporation,
A New York corporation,
Its Sole Member

By: _____

Name: _____

Title: _____

Date: _____

ADELPHIA COMMUNICATIONS CORPORATION
A Delaware corporation
l/k/a Adelphia Cable Communications

By: _____

Name: _____

Title: _____

Date: _____

ADELPHIA COMMUNICATIONS OF CALIFORNIA, L.L.C.,
A Colorado limited liability company,

By: Adelphia Cablevision Corporation
A New York corporation,
Its Sole Member

By: _____

Name: _____

Title: _____

Date: _____

Attachment: Exhibit A: Settlement Allocation Summary

# Exhibit A

## Adelphia and County of Los Angeles

## Settlement Allocation Summaries

### *County of Los Angeles*

| | Audit Costs Reimbursements | Franchise Fees | Late Fees and Interest | Total |
|---|---|---|---|---|
| Fees Owed to the County | $112,919.40 | $117,543.21 | $137,207.52 | $367,670.13 |
| Uncollectible Amounts (*Write Off*)* | $0.00 | $0.00 | ($51,844.29) * | ($51,844.29)* |
| **Settlement Amount** | $112,919.40 | $117,543.21 | $85,362.23 | **$315,824.84** |

### *Los Angeles County Flood Control District*

| | |
|---|---|
| Fees Owed to the District | $55,419.17 |
| Uncollectible Amounts *(Write Off)* * | ($25,419.17)* |
| **Settlement Amount** | **$30,000.00** |

* Not recoverable under bankruptcy provisions.

76R 352M 11/83

BOARD OF SUPERVISORS OFFICIAL COPY

COUNTY OF LOS ANGELES

# REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. 762/06-03

DEPARTMENT OF CONSUMER AFFAIRS

February 21, 2006 20

AUDITOR-CONTROLLER.
THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

## ADJUSTMENT REQUESTED AND REASONS THEREFOR

4-Vote Budget Adjustment
FISCAL YEAR 2005-06

| Sources | | Uses | |
|---|---|---|---|
| Department of Consumer Affairs | | Department of Consumer Affairs | |
| Miscellaneous Revenue - SERVICES | | Services and Supplies | |
| A01-CA-19100-9497 | | A01-CA-19100-2000 | |
| Increase in Revenue | $113,000 | Increase in Appropriation | $113,000 |
| | $ 113,000 | | $ 113,000 |

JUSTIFICATION:

This will allow the Department of Consumer Affairs to purchase professional services and necessary supplies associated with the administration of cable television franchises using one-time revenue from reimbursement of costs.

PASTOR HERRERA, JR., DIRECTOR

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR— ACTION

✓ RECOMMENDATION

AUDITOR-CONTROLLER BY

No. 275 FEB 22 2006

APPROVED AS REQUESTED ✓ AS REVISED

FEBRUARY 23 2006

CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED): BOARD OF SUPERVISORS 20

BY

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER