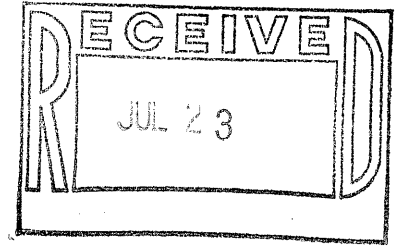


**Resolution of Town Council
Town of Derry, New Hampshire**



Whereas, MediaOne of New England, Inc. (MediaOne) is the duly authorized holder of a Franchise Agreement (Agreement) to operate a cable communication system in the Town of Derry, New Hampshire (Town), said Agreement having been signed originally on March 16, 1984; and

Whereas, the Agreement was granted for an initial period of 15 years; and

Whereas, the Agreement provides for a ten-year extension, provided that MediaOne has complied with the terms and conditions of the Agreement; and

Whereas, MediaOne has continually complied with all of the terms and conditions of the Agreement and has demonstrated an ongoing commitment to the cable-related needs of the Town; and

Whereas, the Agreement provides an opportunity for MediaOne and the Town to negotiate amendments which may be desirable in the future; and

Whereas, MediaOne and the Town have worked in good faith to reach agreement on a number of such amendments;

Now therefore, after due and full consideration, the Town and MediaOne confirm the continued effectiveness of the Agreement for an additional period of ten (10) years, following the expiration of the initial period, upon the following conditions:

Section 12: System Design Specifications is amended by removing the existing section in its entirety and replacing it with the following:

Section 12: System Design Specifications

- (a) The Franchisee shall maintain a two-way capable residential Cable System utilizing Addressable Technology, and cable and electronics capable of providing a minimum of 750 MHZ of bandwidth.

- (b) The Cable System shall be designed and constructed so that television signals transmitted in stereo in any one cable service (e.g. Basic Broadcast Service) can be received in stereo by Subscribers to said service without the necessity of subscribing to any other level of service, providing Subscriber has video reception equipment capable of receiving stereo signals.
- (c) The Cable System shall be designed and constructed with a capability so that Television broadcast stations' signals transmitted using High Definition Television (HDTV) technology can be received by Subscribers with HDTV capable television sets.
- (d) The Cable System shall incorporate an emergency alert system in accordance with the 1992 Cable Act, as amended.

Section 25: Review of License and Non-binding Arbitration is amended by removing the existing section in its entirety and replacing it with the following:

Section 25: Franchise Fee

- (a) Commencing in 1999, the Franchisee shall pay to the Town as a Franchise Fee, a sum equal to two percent (2%) of the Franchisee's Gross Revenues as defined in subsection (e) below. Franchise Fee payments shall be made quarterly. The first payment shall be made during the first quarter of 2000 for services delivered and revenues derived during the fourth quarter of 1999. Said payment shall be made within sixty (60) days after the end of each quarter. Each payment shall be accompanied by a statement certifying the factual basis for payment, including a break-down by category and source of Franchisee's Gross Revenues upon which such payment is based. The Town shall designate a particular Town account or fund, including any non-capital reserve fund duly established, to which the Franchisee shall direct Franchise Fee hereunder to support Public, Educational and Government (PEG) Access programming and additional future cable-related needs of the Town.
- (b) Within one hundred and twenty (120) days of the payment of the Franchise Fee described above, the Town may, as needed to verify the appropriateness of such payment, request, and the Franchisee shall make available, its financial records and books insofar as they apply to the calculation of Gross Revenues and the Franchise Fee, and the Town may subject said records and

books to an independent audit at the Town's expense so as to verify the amount due to the Town for the Franchise Fees. At any other time during the life of this Franchise, the Town may, as needed to verify the information provided hereunder, upon reasonable belief and after notice and an opportunity by the Franchisee to be heard, inspect and subject to independent audit at the Town's expense the financial records and books of the Franchisee in so far as they apply to the calculation of Gross Revenue and Franchise Fees paid to the Town; provided, however, that if the Town has a reason to believe or reasonably should have had a belief of a need to verify information, it must exercise its right to inspect and audit within three (3) years of such event. Both the Town and any such independent auditor hereby agree to keep all such information as a result of said audit confidential.

- (c) No acceptance of any payment shall be construed as an accord that the payment is, in fact, the correct amount, nor shall such acceptance of payment be construed as a release of (i) any claim the Town may have for further additional sums payable under provisions of this Franchise or (ii) any other claim whatsoever, provided however, that if the Town knows or reasonably should have known that a payment is incorrect, it must challenge such payment within three (3) years of such event.
- (d) In the event that the payments required herein are not tendered on or before the dates fixed herein, interest due on such payments shall accrue from the due date at a rate of two percent (2%) above the Prime Rate.
- (e) Franchisee's Gross Revenues shall be defined as all fees received by the Franchisee and billed to Subscribers within the Town as a result of the provision of Cable Service on the Cable System, including, but not limited to all monthly service fees, including premium services, all commercial subscriber revenues, all other service fees including pay-per-view services and others sold on a per channel basis, installation, reconnection, downgrade, upgrade and any similar fees, and converter and remote control rentals, leases or sales. Revenues shall be net of uncollected fees billed for cable television services. Gross Revenues shall not include taxes, fees or other assessments collected for governmental authorities or Franchise Fees passed through to subscribers. Revenues from advertising, and revenue derived from the sale of products in any way advertised or promoted on the cable system, as well as telephone, telecommunications and data services which may be sold by the Franchisee over the cable system in the future are


expressly excluded from Gross Revenues. If, at any time during the extension term, Franchisee is relieved of its obligation to pay the New Hampshire Communications Services Tax (NHCST) on high-speed Internet service, delivered over the Cable System, revenues derived from the provision of said service shall be included in the definition of Gross Revenues for the purpose of Franchise Fee calculations. Under no circumstances shall Franchisee be responsible for paying both the NHCST and a Franchise Fee on said service.

The resolution of these Franchise Agreement amendments do not prohibit either the Franchisee or the Franchising Authority from exercising due diligence pursuant to federal, state and local laws.

Approved this ___ day of July, 1999

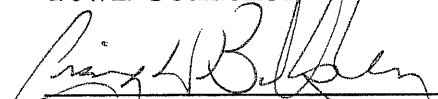
By:

Accepted by:




Town Councilor

Kevin M. Casey
Senior Vice President
MediaOne of New England Inc.



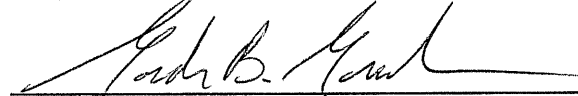
Town Councilor



Town Councilor



Town Councilor



Town Councilor

Town Councilor

Town Councilor