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AMENDMENT NO. 2 TO LEASE AGREEMENT BETWEEN
APOLLO AND GTEC FOR COAXIAL BANDWIDTH LEASE

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

This Agreement is entered into as of the date last appearing on the signature page of this Agreement between GTE California Incorporated, formerly known as General Telephone Company of California ("GTEC" or "Owner") and Apollo Cablevision, Inc. ("Apollo" or "Lessee").

RECITALS

This Agreement is entered into with reference to the following agreed facts:

A. Apollo entered into a Lease Agreement with GTEC dated January 22, 1987, which Lease Agreement was modified by the Amendment No. 1 to Lease Agreement dated May 26, 1988 signed by Apollo and GTEC. All references to the "Lease" shall hereinafter refer to the January 22, 1987 Lease Agreement as modified by the May 26, 1988 Amendment thereto. The Lease specifies the terms and conditions under which GTEC, as Owner of an underground electrical signal transmission facility (the "System"), will lease to Apollo as Lessee, bandwidth in the System required by Apollo to provide Video Programming (as that phrase is used in the Cable Communications Policy Act of 1984) to Apollo's customers in the City of Cerritos, California ("City").

B. Apollo has entered into contractual arrangements to acquire decoders ("converter boxes"), which decoders are

suitable for Apollo's current Video Programming, as defined at Recital paragraph F. Apollo has installed, or has in inventory, approximately 3,000 decoders as of the date of this Agreement.

C. GTEC has approved the head end design as prepared by T. L. Robak, Inc., Apollo's parent company, in accordance with a design agreement between GTEC and T. L. Robak. The design specified encoders, computer, and decoders manufactured and provided by Scientific Atlanta, which met the criteria known at the time.

D. GTEC has entered into a separate agreement with GTE Service Corporation ("GTEC") to lease bandwidth in the System to GTEC for testing technology and services in the City. It was understood by all parties at the time of initial leasing that GTEC would be seeking to develop services useful to Apollo and the City. GTEC has determined that the decoders purchased by Apollo do not have the capabilities desired by GTEC, which is attempting to develop new services for Apollo and the City. GTEC has requested GTEC to provide additional System capabilities that necessitate the replacement of the existing decoders, encoder and computer presently installed in the System. The parties agree that this will require Apollo's current installed supply and inventory of decoders to be eliminated and will require

the use of a different decoder throughout the entire system.

E. It is understood that Apollo is concurrently entering into a separate agreement with GTEC regarding the financial impact on Apollo as a result of the replacement of the decoders Apollo has installed or has in inventory as a result of the System change.

F. The parties agree that Apollo's essential business objective and economic expectation in the Lease is the provision of Video Programming to its customers in the City. The parties further agree that the decoders are an integral element of the System, of which the ownership and future commercial use (other than the provision of Video Programming) are essential business objectives and economic expectations of GTEC. It is also agreed that the most efficient way of accomplishing the desired decoder exchange is for GTEC to provide and own all of the decoders (and related wiring and other materials) to be installed in the System. The parties agree that such an approach provides greater flexibility for the testing of new communications technologies as contemplated in paragraph 18 of the Lease, and is not intended to change Apollo's control over, or essential economic expectations of, its provision of Video Programming as set forth in the Cable Communications Policy Act of 1984 and in Apollo's franchise with the City of Cerritos. This

requires certain amendments and modifications to the Lease. The purpose of this agreement is to express such modifications to the Lease.

G. GTEC and Apollo desire that the Lease remain and continue in effect, but further desire that the Lease be amended, ratified and confirmed as herein provided.

NOW THEREFORE the parties hereby agree as follows:

1. Exhibit C to the initial Lease is hereby modified to delete all reference to "decoders" or "converter boxes". Henceforth, the decoders (converter boxes) and the related wiring and other materials shall be deemed to be a part of the System and will be the property of GTEC. The parties further agree to enter into a separate agreement which will specify the terms and provisions under which Apollo will be reimbursed for its costs (including labor and materials) for the wiring of the structures in which the decoders are to be installed and for the performance of certain other services such as the connection of the telephone interface module of the decoders to the telephone network.

2. Within a reasonable time following: (i) the required System changes; (ii) the execution of this Agreement; and, (iii) the agreement with GTEC referred to in recital paragraph E; Apollo hereby agrees to commence replacement of the existing decoders installed in homes in the City with decoders provided by GTEC. In addition, Apollo agrees to

install such decoders provided by GTEC for all installations in the System, at no cost to GTEC other than the reimbursement for wiring the structures in which the decoders are installed pursuant to the separate agreement referred to in paragraph 1.

3. GTEC agrees to provide Apollo with a quantity of decoders, as specified by Apollo, to meet Apollo's ongoing service requirements, as well as those decoders needed to replace existing inventory and installed decoders. Apollo's duty to commence the replacement of the existing decoders installed on the System shall not arise until GTEC provides Apollo with replacement decoders.

4. The parties understand that GTEC's involvement in the new Video services made possible by replacement of decoders is subject to regulatory and judicial review, and, if GTEC's involvement is disallowed, this may require further revision of the Lease and this modification. The parties agree to negotiate any further modifications in good faith. Such negotiations shall be based on the essential business objectives and economic expectations of the parties as specified in Recital paragraph F and, with reference to the decoders, on the principle of relative commercial utility of the decoder to each party.

5. Apollo agrees that one half of GTEC's reasonably incurred costs of acquiring all decoders for initial, but not subsequent replacement, installation in the System (including

one half of the reimbursement for wiring the structures in which the decoders are installed pursuant to the separate agreement referred to paragraph 1) shall be included in the "Owner's Recoverable Construction Cost", as that phrase is defined in Exhibit B to the initial Lease. In the event GTEC is subsequently requested to incorporate in the System a decoder with different capabilities that is more expensive than the currently specified decoder, the parties agree to negotiate responsibility for any additional cost that may be incurred in good faith.

6. That paragraph 5, found at page 3 of the Lease shall now read as follows:

Option to Renew Lease. Owner hereby grants Lessee an option to renew this Lease coextensive with any extensions granted by the City of Cerritos to Lessee pursuant to the CATV Contract referred to in paragraph 4, at a reasonable market rent that includes any future investments in the System and/or operational costs needed to continue the level of service quality required by the City and the FCC.

7. (a) GTEC agrees not to compete with Apollo, or any permitted successor or assignee, in the provision of Video Programming in the City during the term of the lease (including any extensions thereof not in excess of seven (7)

years beyond the initial term).

(b) Provided, however, that GTEC shall not be prevented by subsection (a) from complying, as a carrier, with any access obligations to video programmers imposed on it by the FCC, other regulatory bodies, or the courts.

8. To delete paragraph 21 of the Lease and to substitute the following in lieu thereof:

"21. Increase in Bandwidth Capacity or Utilization of Other Portions of the System for the Transmission of CATV Signals.

(a) Owner agrees that if bandwidth capacity in the Coaxial facilities in excess of 275 MHz should become available, Lessee, or its successor, is hereby granted a right of first refusal to the use of any such increase in capacity at the then reasonable market rent for such bandwidth.

(b) Owner further agrees that if bandwidth capacity in its Fiber Network Facilities (as that term is defined in the lease agreement between GTEC and GTEC dated May 26, 1988): (i) is available for the commercial--as opposed to the initially experimental--provision of Video Programming in the City; and, (ii) such capacity is offered by Owner to any other party for the purpose of commercially providing Video Programming; then in such event, Lessee, or its successor, is hereby granted a right of first refusal to the partial use of any such portion of the Fiber Network

Facilities that is available for the provision of Video Programming at the then reasonable market rent for such bandwidth. Provided, however, that the right shall not extend to more bandwidth than is represented by the total of: (i) Apollo's current usage of Coaxial System bandwidth; and, (ii) amounts of Fiber Network Facilities bandwidth offered to other parties for Video Programming.

(c) In the event Lessee switches all or a portion of its Video Programming to any of Owner's facilities other than the coaxial facilities, the parties agree to negotiate in good faith the rescheduling of the rent to be paid by the Lessee for the initial term of the Lease based upon the essential business objectives and economic expectations of the parties as specified in Recital paragraph F to Amendment No. 2 to this Lease.

(d) Owner agrees not to lease any portion of the System for the purpose of providing Video Programming to another party at a rental rate that is less than the reasonable market rent offered by Owner to Lessee pursuant to the rights of first refusal specified in subparagraphs (a) and (b) of this paragraph 21."

9. The Lease as amended shall, in all respects, remain in full force and effect without modification or revision except to the extent and in the manner herein specifically provided.

IN WITNESS WHEREOF, the parties hereto have executed
this Agreement as of the dates indicated below.

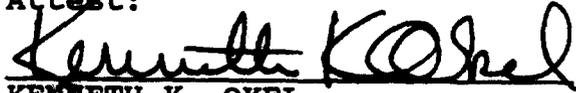
OWNER

GTE California Incorporated

By 

DATED: 6/26/89, 1989

Attest:



KENNETH K. OKEL
Assistant Secretary

LESSEE

Apollo Cablevision, Inc.

By  President

DATED: 6/19/89, 1989

Attest:


Corporate Secretary

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AMENDMENT NO. 3 TO LEASE AGREEMENT
BETWEEN GTE CALIFORNIA INCORPORATED
AND APOLLO CABLEVISION, INC.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

This Agreement is entered into as of the 3rd day of May, 1991, between GTE California Incorporated, formerly known as General Telephone Company of California ("GTEC" or "Owner") and Apollo Cablevision, Inc. ("Apollo" or "Lessee").

DETAILS

This Agreement is entered into with reference to the following agreed facts:

A. Apollo entered into a Lease Agreement with GTEC dated January 22, 1987, which Lease Agreement was modified by Amendment No. 1 to Lease Agreement dated May 26, 1988 signed by Apollo and GTEC, and by Amendment No. 2 to Lease Agreement dated June 26, 1989 signed by Apollo and GTEC. All references to the "Lease" shall hereinafter refer to the January 22, 1987 Lease as modified by the May 26, 1988 and June 26, 1989 amendments thereto. The Lease specifies the terms and conditions under which GTEC, as Owner of an underground electrical signal transmission facility (the "System"), will lease to Apollo as Lessee, bandwidth in the System required by Apollo to provide Video Programming (as that phrase is used in the Cable

Communications Policy Act of 1984) to Apollo's customers in the City of Cerritos, California ("City").

B. The purpose of Amendment No. 3 is to establish Apollo's current obligation to pay rent in recognition that the System will be deemed to be completed upon the signing of the Notice of Partial Completion.

NOW, THEREFORE, the parties hereby agree that:

1. Paragraph 2 of the January 22, 1987 Lease Agreement is hereby modified to read as follows:

"2. Rent. The Lessee shall pay the Owner as rent for the use of said bandwidth capacity the monthly sum of \$95,265.00 described in Exhibit "A" to Amendment No. 3. A late payment charge equal to 1.5% per month, or the maximum rate allowed by law, whichever is less, will apply to each rental payment which is received by Owner more than five (5) days after the payment due date shown on Owner's monthly statements. The Attributable Owner's Recoverable Cost incurred after this Amendment No. 3 is signed shall appear as a separately identified entry on the Lessee's monthly bill, and is a cost payable to Lessee in addition to that monthly sum of \$95,265.00. For the purpose of this Lease, the phrase "Attributable Owner's Recoverable Cost" means one-half (1/2) of Owner's direct capital costs incurred in the completion or extension of the 550 MHz CATV System as defined in the Maintenance Agreement (as amended), including but not limited to the connection of the 550 MHz CATV System to

certain schools in the City of Cerritos, which is currently being accomplished, the addition of new subscribers (including residential and business users) to the 550 MHz CATV System or any extension of the 550 MHz CATV System required by the City of Cerritos. Attributable Owner's Recoverable Cost does not include extraordinary repair or capital replacement of existing investment as replacement and maintenance is the subject of a separate agreement between the parties, or Owner's indirect costs, including but not limited to overhead and legal costs or interest on sums expended."

2. Paragraph 3 of the January 22, 1987 Lease Agreement is hereby modified to read as follows:

"3. ~~TERM~~. This Lease Agreement shall commence as of the date the Notice of Partial Completion is signed by the Owner, T. L. Robak, Inc. as Contractor, and City, which for purposes of the lease payment constitutes the date that the System is deemed to be completed. The Lease Agreement shall continue for a period of fifteen (15) years from the date the Notice of Partial Completion is signed by the Owner, Contractor and City which constitutes written notice of the availability of said bandwidth capacity to Lessee (as set forth in paragraph 16 of that certain Construction Agreement between the Owner and T. L. Robak, Inc., dated the

22nd day of January, 1987, and by this reference incorporated herein), unless sooner terminated by the provision of this Lease Agreement. The first monthly lease payment shall be due and payable on the date the Notice of Partial Completion is signed by the Owner, Contractor and the City and on the same day of each month thereafter for a total (including payment number one) of 180 months."

3. Paragraph 17 of the January 22, 1987 Lease Agreement is hereby modified to read as follows:

"17. Prepayment of Rental. The parties agree that the Lessee may, at any time during the term of this Lease, prepay in whole or in part the "Owners Recoverable Construction Cost" (as specified on Exhibit "A" to Amendment No. 3) at its then present value. If the full unpaid balance is paid, Lessee shall have no further rental payments due under the terms of this Lease Agreement, except the Attributable Owner's Recoverable Cost not identified as a part of the 180 month Lease Payment Schedule."

4. Exhibit "B" to the Initial Lease of January 22, 1987 is hereby amended to read as follows:

"(a) Lessee shall pay Owner, over the term of this Lease, a principal sum equal to the sum of \$5,685,500 ("Owner's Recoverable Construction Cost") (See Summary of Owner's Recoverable Construction

Cost attached to Amendment No. 3 as Exhibit "A" and by this reference incorporated herein).

(b) The annual rental payment is agreed to be the sum necessary to amortize the Owner's Recoverable Construction Cost and provide the Owner an annual rate of return of 18.9% on the Owner's Recoverable Construction Cost over the initial 15 year term of this Lease payable in monthly installments of \$95,265.00. The first rental payment is due on the date the Notice of Partial Completion is signed by the Owner, T.L. Robak, Inc. as Contractor, and the City of Cerritos and on the same day of each month thereafter for a total (including payment number one) of 180 months.

(c) Based upon the Owner's Recoverable Construction Cost specified in paragraph (a) above, the twelve (12) monthly payments total \$1,143,185.00 per year.

Any Attributable Owner's Recoverable Cost incurred after this Amendment No. 3 is signed, will be a separately identified entry on the Lessee's monthly bill, for which the Lessee is responsible for paying in addition to the monthly amount of \$95,265.00."

5. Exhibit "C" to the Initial Lease of January 22, 1987 is hereby amended as follows:

**"SCHEDULE OF ITEMS OF THE CATV
OPERATING FRANCHISE OWNED BY LESSEE**

Items of the operating system owned by the Lessee are limited to the following:

1. CATV and TVRO (Television Receive Only) earth station antennas;
2. Low Noise Amplifiers ("LNA");
3. Low Noise Blocking converters ("LNB");
4. Low Noise Converters ("LNC"); and
5. Coaxial cables up to the input of the decouplers/power dividers."

6. The Lease, as amended, shall in all respects, remain in full force and effect without modification or revision except to the extent and in the manner herein specifically provided.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 3 to the Lease Agreement as of the dates indicated below.

OWNER

GTE CALIFORNIA INCORPORATED

By J. P. [Signature]
Dated: May 3, 1991 For B. Heiler

Attest:

[Signature]
KENNETH K. OKEL
Assistant Secretary

ATTACHMENT B

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

MAINTENANCE AGREEMENT

This Maintenance Agreement is entered into as of the 22nd day of January, 1987, between General Telephone Company of California ("Owner") and Apollo Cablevision, Inc. ("Apollo").

Recitals

This Maintenance Agreement is entered into with reference to the following agreed facts:

A. Owner and T. L. Robak, Inc., Apollo's parent corporation, have entered into negotiations for the construction of an underground electrical signal transmission facility (the "System") to be constructed in the City of Cerritos, California. A portion of the System (the "Coaxial Facilities") has been designed to transmit cable television ("CATV") signals to Apollo's customers in the City of Cerritos via coaxial cable.

B. The purpose of this Maintenance Agreement is to set forth the terms and conditions under which Apollo will maintain and repair the head-end and coaxial cable portion of the System for the Owner.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. The Coaxial Facilities Capacity. Under a certain Lease Agreement between Owner and Apollo dated the 22nd day of January, 1987, and by this reference incorporated herein, the Owner agrees to lease and Apollo agrees to rent from the Owner 275 MHz of bandwidth capacity for the use of Apollo in providing CATV service in the City of Cerritos.

2. Maintenance and Repair of Coaxial Facilities. The parties agree that the Coaxial Facilities used by Owner to provide bandwidth capacity to Apollo require certain routine items of repair and maintenance. Attached hereto as Exhibit "A" and by this reference incorporated herein is a schedule of the agreed elements of routine repair and maintenance for which Apollo shall be responsible at its own expense for the entire term of this Maintenance Agreement. Any items of repair or maintenance to said Coaxial Facilities other than those specified on Exhibit "A" ("extraordinary repair") shall be performed by Apollo but the cost of such extraordinary repair shall be borne by the Owner and billed to the Owner by Apollo.

3. Maintenance of the Remainder of the System. The parties agree that any repair or maintenance to the remainder of the System other than those Coaxial Facilities used to transmit CATV signals ("additional maintenance") shall be the responsibility of the Owner. In the event the Owner requests Apollo to perform such additional maintenance, Apollo agrees to do so, provided however: (i) Apollo is capable of performing the requested additional maintenance; and (ii) the terms of payment for such additional maintenance shall be pursuant to such terms as subsequently are agreed to by the parties.

4. Risk of Loss; Insurance; and Indemnity. Subject to the requirement to maintain and repair the Coaxial Facilities as set forth in paragraph 2, the parties agree that all risk of loss or damage to the System (including the Coaxial Facilities) shall be borne by the Owner. Apollo shall, however, furnish the Owner

with general and public liability insurance in amounts not less than \$2,000,000.00 for any one person, and \$2,000,000.00 per occurrence; property damage liability insurance of not less than \$2,000,000.00; and liability insurance to indemnify and hold Owner harmless from any loss, claim, liability or demand, including attorneys' fees, arising out of Apollo's maintenance of the Coaxial Facilities. Apollo shall provide Owner with certificates of said insurance naming Owner as loss payee as its interest may appear as to each of the foregoing insurance policies. The certificates shall further state that Owner shall be given at least thirty (30) days prior written notice of any proposed cancellation of said policies. Apollo shall also maintain workers' compensation insurance covering its employees as required by law for all work performed on the System, including the Coaxial Facilities pursuant to this Agreement. In addition to the foregoing insurance contract obligations of Apollo, Apollo agrees that it shall indemnify and hold Owner harmless from any and all liability, claims and demands whatsoever, including attorneys' fees, as a result of the negligence or other wrongdoing on the part of any employee, agent, servant or representative of Apollo, in connection with the maintenance work performed by Apollo on the System.

5. Assignment. The parties agree that, subject to the provisions of the Franchise Agreement between Owner and the City of Cerritos, the Owner may assign all or any part of its right, title and interest in and to the System (including the Coaxial Facilities). In such event, all the provisions of this

Maintenance Agreement for the benefit of the Owner shall inure to the benefit of and may be exercised by or on behalf of the successor in interest of the Owner.

6. Apollo's Default. Time is of the essence under this Agreement and any of the following events shall constitute default on the part of Apollo hereunder:

(a) Any breach or failure of Apollo to observe or perform any of its other obligations hereunder and the continuance of such default for seven (7) days after notice in writing to Apollo of the existence of such default;

(b) The insolvency or bankruptcy of Apollo or the making by Apollo of an assignment for the benefit of creditors, or the consent of Apollo to the appointment of a Trustee or Receiver, or the appointment without its consent of a Trustee or Receiver for Apollo or for a substantial part of its property;

(c) The institution by or against Apollo of bankruptcy, reorganization, arrangement, or insolvency proceedings;

(d) The termination of the CATV Contract between Apollo and the City of Cerritos, California; or

(e) Apollo's failure to maintain System signal quality to approved levels as specified in the Franchise Agreement between Owner and the City of Cerritos and by this reference incorporated herein.

7. Remedies. Upon the occurrence of any default by Apollo as specified in paragraph 6, the Owner may, at its option:

(a) Declare this Maintenance Agreement in default and thereupon terminated.

(b) If Apollo breaches this Maintenance Agreement and ceases to perform and discharge its obligations before the end of the maintenance term, or if Apollo's right to perform maintenance is terminated by Owner because of Apollo's breach of this Maintenance Agreement, this Maintenance Agreement, at the option of Owner, shall terminate. On such termination, Owner may recover from Apollo any amount necessary to compensate Owner for all the detriment proximately caused by Apollo's failure to perform its obligations under this Maintenance Agreement, or which in the ordinary course of things would be likely to result therefrom.

(c) Efforts by Owner to mitigate the damages caused by Apollo's breach of this Maintenance Agreement do not waive Owner's right to recover damages under this article.

(d) Even though Apollo has breached this Maintenance Agreement, this Maintenance Agreement continues in effect so long as Owner does not terminate Apollo's right to perform maintenance; and Owner may enforce all its rights and remedies under this Maintenance Agreement, including the right to recover the costs of maintenance as it becomes due under this Maintenance Agreement.

8. Owner's Right of Participation. Owner reserves the right to observe, inspect and participate in the routine repair and maintenance of the Coaxial Facilities to enhance Owner's familiarity with the routine repair and maintenance of Coaxial

Facilities so long as Owner does not interfere with Apollo's ability to discharge its obligations under this Maintenance Agreement.

9. Term. This Maintenance Agreement shall commence as of the date indicated above and shall continue for a period of five (5) years from the date Apollo receives the written notice of the availability of said bandwidth capacity (as set forth in paragraph 16 of that certain Construction Agreement between the Owner and T. L. Robak, Inc., dated the 22nd day of January, 1987, and by this reference incorporated herein). Any extension of this Maintenance Agreement shall be subject to further negotiations of the parties.

10. Invalid Provision. Any provision of this Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the rest of this Agreement.

11. Construction. The validity, construction and enforcement of this Agreement shall be governed by the laws of the State of California.

12. Complete Agreement. This Agreement and the exhibit attached hereto contain the entire understanding of the parties, and such understanding may not be modified or terminated except in writing signed by the parties.

13. Waiver of Default; Recovery of Costs of Suit. A waiver of default by Owner shall not be a waiver of any other or subsequent default. In the event either party hereto initiates an appropriate legal action to enforce the terms and provisions of

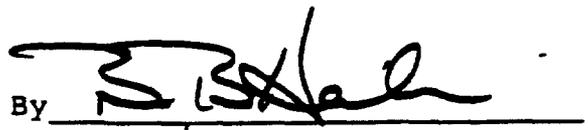
this Maintenance Agreement, the prevailing party in such action may recover its costs of suit, including reasonable attorneys' fees.

14. System Evolution. In the event that the Coaxial Facilities are no longer required for the transmission of electrical signals, Owner reserves the right to terminate this Maintenance Agreement without penalty and at Owner's option to enter into a new maintenance agreement with Apollo to repair and maintain any replacement system. If pursuant to this paragraph Owner exercises its right to terminate this Maintenance Agreement prior to the expiration of the term of this Maintenance Agreement as specified in paragraph 9, the undepreciated value of any equipment purchased by Apollo for the maintenance of the System that cannot be used in the repair and maintenance of any replacement system shall be recoverable from Owner.

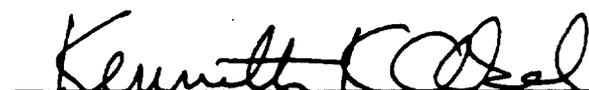
IN WITNESS WHEREOF, this Maintenance Agreement is executed on the day and year indicated below.

OWNER

GENERAL TELEPHONE COMPANY
OF CALIFORNIA

By 
Date 1/22/87

Attest:


Assistant Secretary

APOLLO CABLEVISION, INC.

By 

Date 1/22/87

Attest:


Corporate Secretary