AGREEMENT
BETWEEN WISCONSIN BELL AND
THE CITY OF MILWAUKEE, WISCONSIN

WHEREAS, Wisconsin Bell, Inc., a Wisconsin corporation doing business as AT&T Wisconsin ("AT&T Wisconsin") is in the process of upgrading its existing telecommunications network to provide a broadband platform of voice, data and video services ("network upgrade"), the video component of which is a switched, two-way, point-to-point and interactive service ("U-verse TV"); and

WHEREAS, the network upgrade and the ongoing maintenance and operation of the network will involve the occupation of and the placement of private commercial facilities in the public rights-of-way ("ROW") within the City of Milwaukee ("City"); and

WHEREAS, AT&T Wisconsin recognizes the right of the City to impose reasonable conditions on the use of the ROW related to the construction, operation and maintenance of private commercial facilities in the ROW within the City; and

WHEREAS, the City and AT&T Wisconsin disagree on whether AT&T Wisconsin is required under federal, state and local law to obtain a cable television franchise to provide U-verse TV services, and the parties agree that there is a real and significant dispute between them as to whether U-verse TV service is a cable service and whether the network is a cable television system under state, federal and local law; and

WHEREAS, nothing in this agreement is intended to prevent either party from seeking appropriate legal remedies to have the issue determined whether AT&T Wisconsin is required to acquire and hold a valid cable television franchise, nor to prevent each party from reserving any rights such party may have; and

WHEREAS, both parties agree that the provision of U-verse TV service should not be delayed during the course of establishing the applicability of federal, state, and local law to AT&T's Wisconsin's U-verse TV service, whether by litigation or otherwise and that each party voluntarily enters into this Agreement to avoid such delay; and

WHEREAS, the parties wish to enter into an agreement that would provide interim authorization to AT&T Wisconsin to use and occupy the City's rights-of-way to provide U-verse TV services, and wish such agreement to define the terms and conditions which apply during the term of the agreement (the "Agreement").

NOW THEREFORE, in consideration of the City's grant of authority to AT&T Wisconsin and execution of the Agreement; AT&T Wisconsin's promise to provide U-verse TV services to residents of the City pursuant to and consistent with this Agreement and the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which is hereby acknowledged;

THE SIGNATORIES AGREE AS FOLLOWS:

SECTION 1. DEFINITIONS.

Words not defined shall be given their normal and customary meaning. Words otherwise defined by applicable state or federal law shall be defined in accordance with such law. In addition, the following definitions shall apply:

1.1 Agreement: This contract and any amendments, exhibits or appendices hereto.

1.2 AT&T Wisconsin: Wisconsin Bell, Inc., a Wisconsin corporation doing business as AT&T Wisconsin, and its lawful and permitted successors, assigns, and transferees, however designated.

1.3 Gross Revenue: means all revenue derived by AT&T Wisconsin from the operation of its System specifically to provide U-verse TV services, whether such revenue is received by AT&T Wisconsin, its affiliates, or by any other entity that is an operator of the network or services directly or indirectly. Gross revenue includes, by way of illustration and not limitation, amounts charged for basic service, optional premium, per-channel, per-program services, and, to the extent applicable, television-like programming services, audio services, channel guide subscriptions, installation, disconnection, re-connection and changes-in-service; equipment rentals, leased channel fees; late fees and administrative charges of any type; and consideration received from programmers. Gross revenue also includes a pro rata portion of all revenue generated by AT&T Wisconsin's network pursuant to compensation arrangements for advertising derived from the operation of AT&T Wisconsin's network to provide U-verse TV services within the City. The allocation shall be based on the number of subscribers in the City divided by the total number of subscribers in relation to the relevant regional or national compensation arrangement. The provision of U-verse TV services to customers at no charge, however, including the provision of U-verse TV services to public institutions without charge, is not derived revenue unless bundled with other services for which a charge is collected in accordance with 6.2. For purposes of this Agreement, Gross revenue shall not include:

1.3.1 Bad debt except to the extent that bad debts are recovered.

1.3.2 The revenue of any person including, without limitation, a supplier of programming to AT&T Wisconsin to the extent that said revenue is also included in gross revenue of AT&T Wisconsin.

1.3.3 Pass-through payments received by AT&T Wisconsin from third-party programmers to purchase services from entities other than AT&T Wisconsin, which services benefit only the third party programmers and for which AT&T Wisconsin neither received nor provides any consideration.

1.3.4 Any taxes on services furnished by AT&T Wisconsin which are imposed directly on any subscriber or user by the state, the city or other governmental unit and which are collected by AT&T Wisconsin on behalf of said government unit. The License Fee in Section 6 is not such a tax.

1.3.5 Refunds, rebates, credits or discounts to subscribers or City to the extent not already offset and to the extent such refund, rebate, credit, or discount is attributable to U-verse TV services;

1.3.6 Any revenues received by AT&T Wisconsin or its affiliates from the provision of services or capabilities other than U-verse TV services, including telecommunications services, information services, and services, capabilities, and applications that may be sold as part of a package or bundle, or functionally integrated, with U-verse TV services;

1.3.7 Any revenues received by AT&T Wisconsin or its affiliates for the provision of directory or Internet advertising, including yellow pages, white pages, banner advertisement, including advertising on the U-verse TV program guide, and electronic publishing;

1.3.8 Reimbursement by programmers of marketing costs actually incurred by AT&T Wisconsin for the marketing of programming; and

1.3.9 Any revenues received by AT&T Wisconsin for maintenance charges or sales of capital assets or equipment.

1.4 Service Area: The telecommunications footprint of AT&T Wisconsin within the combined areas covered by the Milwaukee and Racine Metropolitan Statistical Areas (MSAs)

1.5 Related Programming Service: For purposes of this Agreement shall mean U-verse TV service related information AT&T Wisconsin makes available to all U-verse TV service subscribers generally.

1.6 System: For purposes of this Agreement shall mean all physical facilities used by AT&T Wisconsin for the delivery of U-verse TV services within the corporate limits of the City, provided some portion of the facilities are located in the public rights-of-way within the City.

1.7 U-verse TV service: For purposes of this Agreement shall mean video programming delivered over AT&T Wisconsin's System. U-verse TV Service does not include the following:

1. Video programming delivered by a commercial mobile service provider defined in 47 USC § 332(d), so long as the obligations under this Agreement are not transferred to a mobile service affiliate of AT&T

Wisconsin.

2. Video programming provided as part of and via an Internet access service that enables users to access content, information, electronic mail, or any other service offered over the public Internet.

1.8 Video programming: For purposes of this Agreement shall mean programming provided by, or generally considered comparable to programming provided by, a television broadcast station.

SECTION 2. GRANT OF AUTHORITY.

2.1 Subject to the terms and conditions of this Agreement, the City hereby grants to AT&T Wisconsin the right to own, construct, operate and maintain the System along the Public Rights-of-Way within the Service Area, for the sole purpose of providing the U-verse TV service. This Agreement shall grant no authority for AT&T Wisconsin to use the City's Public Rights-of-Way for any purposes other than provision of U-verse TV service, except to the extent other services may be provided pursuant to section 5 herein. No privilege or power of eminent domain is bestowed by this grant. This Agreement does not confer any rights to either the City or AT&T Wisconsin other than as expressly provided herein or as mandated by federal, state or local law.

2.2 Agreement Subject to Other Laws. This Agreement is subject to and shall be governed by all applicable provisions of the federal, state, and local law.

2.3 Agreement Subject to Exercise of Police Powers. All rights and privileges granted herein are subject to the police powers of the City and its rights under applicable laws and regulations to exercise its governmental powers to their full extent.

2.4 Approval and Effective Date. This Agreement shall become effective on and after April 25, 2007.

2.5 Term. The term of this Agreement shall be three (3) years from the Effective Date of this Agreement; thus, the agreement will expire on April 25, 2010. The term may be extended upon mutual agreement of the parties.

2.6 Effect of Acceptance. By accepting and executing this Agreement, AT&T Wisconsin:

2.6.1 Accepts and agrees to comply with each provision of this Agreement; and

2.6.2 Acknowledges and accepts the City's legal right to enter into this Agreement.

2.7 This Agreement, and the rights granted hereunder, may not be transferred to a non-affiliate of AT&T Wisconsin. AT&T Wisconsin may assign or transfer this Agreement or any interest therein to an affiliated parent or subsidiary entity of AT&T Wisconsin or other direct or indirect majority owned subsidiary of AT&T Inc. upon written notice and consent of the City, which consent shall not be unreasonably withheld. Any transfer of interest may only occur to an entity that demonstrates adequate financial capability to perform on this Agreement.

2.8 AT&T Wisconsin Not To Interfere With City Performance of Public Works: Nothing in this Agreement shall be in preference or hindrance to the right of the City to perform or carry on any public works or public improvements of any kind. AT&T Wisconsin expressly agrees that it shall, at its own expense, protect, support, temporarily disconnect, relocate in the same street or other public place, or remove from such street or other public place, any of the network when required to do so by the City because of necessary public health, safety and welfare improvements. AT&T Wisconsin, by performing any work at its own expense, does not waive and specifically reserves all rights under state and federal law. In the event AT&T Wisconsin and other users, including utilities, of a public right-of-way are required to relocate and compensation is paid to the users of such public right-of-way, such parties shall be treated equally with respect to such compensation.

SECTION 3. RESERVATION OF RIGHTS AND CHANGE OF LAW.

3.1 The parties agree that there is a real and significant dispute as to whether U-verse TV service is a cable service and whether the System is a cable television system under state, federal and local law. Each party reserves any right it may have to assert such claim and to enjoy the benefits of any final, non-appealable judicial or legislative resolution of the issue. Further, each party reserves any right it may have to take appropriate action to have that issue determined.

The Parties agree to consult in the event that, after the Effective Date, any court, agency, commission, legislative body, or other authority of competent jurisdiction issues a finding that limits the validity or enforceability of this Agreement, in whole or in part, or determines that AT&T Wisconsin is providing a "cable service" over a "cable system" under Title VI. Should the finding be final, non-appealable and binding upon either the City or AT&T Wisconsin, this Agreement shall be deemed modified or limited to the extent necessary to comply with the finding unless either Party, within thirty (30) days of receipt of the ruling, provides written notice to the other Party of election to terminate, in which case this Agreement shall terminate within six (6) months or such earlier period as the Parties mutually may agree. Where the effect of a finding is a modification, the Parties shall enter into good faith negotiations to modify this Agreement in the manner which best effectuates its overall purposes and the intentions of the Parties. Failure to reach a mutually satisfactory modification within ninety (90) days of the commencement of such efforts shall entitle either Party to terminate this Agreement on the provision of

thirty (30) days' written notice. Further, in the event that a court of competent jurisdiction finds that U-verse TV service is a "cable service" or the System is a "cable system" as those terms are defined under federal, state, or local law, this Agreement shall, if the parties elect, constitute a franchise pursuant to Chapter 99 of the Milwaukee Code and AT&T Wisconsin shall be subject to Chapter 99.

SECTION 4. AVAILABILITY OF U-VERSE TV SERVICE AND CONSTRUCTION REQUIREMENTS.

4.1 AT&T Wisconsin shall make available access to its U-verse TV service to a number of households equal to at least 25% of the households within the Regional Service Area, as defined in Section 4.9.4, within three (3) years of the Effective Date.

4.2 AT&T Wisconsin will not deny access to its U-verse TV service to any potential residential subscribers within the Regional Service Area because of the income or race of the residents. It is a defense to an alleged violation of Section 4.2 if AT&T Wisconsin demonstrates that beginning three (3) years after the date it begins providing U-verse TV service in the Regional Service Area, at least twenty five percent (25%) of the households with access to AT&T Wisconsin's U-verse TV service will be or are low-income households.

4.3 If at any time during the term of this Agreement, any municipality within the Regional Service Area either fails to grant AT&T Wisconsin authority to deploy and provide U-verse TV service within 90 days of AT&T Wisconsin's request or otherwise takes any action to prevent AT&T Wisconsin from deploying or offering its U-verse TV service, the base number of households by which the 25% in section 4.1 is calculated will be reduced by the number of households attributable to that municipality. By way of example, if there were 100 households in that municipality and there was a base of 1000 households against which the 25% would apply, the base would be reduced to 900 because of that municipality's actions. The parties agree to negotiate in good faith to modify the terms of this Agreement to reflect the impact of such municipal action.

4.4 AT&T Wisconsin may apply to the applicable municipality within the Regional Service Area, for a waiver of or for an extension of time to meet the requirements of subsections 4.1 and 4.2 of this Section, if 1 or more of the following apply:

(a) The inability to obtain access to public and private rights-of-way under reasonable terms and conditions.

(b) Developments or buildings not being subject to competition because of existing exclusive service arrangements.

(c) Developments or buildings being inaccessible using reasonable technical solutions under commercial reasonable terms and conditions.

(d) Natural disasters.

(e) Anything triggered by section 11.7.

4.5 If AT&T Wisconsin seeks a waiver or extension pursuant to subsection 4.4 of this Section, it shall submit an application stating (a) what substantial effort it has taken to meet the requirements of subsections 4.1 and 4.2 of this Section, (b) which portions of subsection 4.4 of this Section apply; and (c) the number of days it has been delayed or the requirements it can not perform as a consequence of subparagraph (b) herein. No later than 30 days after the application has been submitted to the municipality, the municipality shall notify AT&T Wisconsin whether its application is complete. If portions of the application are incomplete, AT&T Wisconsin shall provide the supplemental information identified in the notification from the municipality. Within 30 days of receiving a completed application, the municipality shall grant either a waiver or an extension. If an extension is granted, the municipality shall establish a new compliance deadline consistent with the effect of such delay as described in subparagraph (c) herein. If an additional period of time to perform is impracticable because of the nature of waiver described in subparagraphs (b) and (c) herein, the municipality shall specify the requirements waived and shall modify the terms of this Agreement to reflect the impact of such waiver.

4.6 AT&T Wisconsin shall provide an annual certification with the municipality regarding the progress made toward compliance with subsections 4.1 and 4.2.

4.7 Notwithstanding any other provision of this Agreement, AT&T Wisconsin is not obligated to provide U-verse TV service outside the Regional Service Area defined in section 4.9.4.

4.8 Notwithstanding any other provision of this Agreement, AT&T Wisconsin shall not be required to comply with, and a municipality within the Regional Service Area may not impose or enforce, any mandatory build-out or deployment provisions or schedules, except as required by this Section.

4.9 As used in this Section, the following definitions shall apply:

4.9.1 "Access" means that AT&T Wisconsin is capable of providing U-verse TV service at the household address using any technology providing two-way broadband Internet capability and video programming, content, and functionality, regardless of whether any customer has ordered service or whether the owner or landlord or other responsible person has granted access to the household. If more than one technology is utilized, the technologies shall provide similar two-way broadband Internet accessibility and similar video programming.

4.9.2 "Household" means consistent with the United States Census Bureau, as a house, an apartment, a mobile home, a group of rooms, or a single room that is intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the

building and which have direct access from the outside of the building or through a common hall.

4.9.3 "Low income household" means those residential households located within the holder's existing telephone service area where the average annual household income is less than $35,000 based on the United States Census Bureau estimates adjusted annually to reflect rates of change and distribution through January 1, 2007.

4.9.4 "Regional Service Area" means AT&T Wisconsin's telecommunications service area, as defined by its basic local exchange boundaries, within the combined areas covered by the "Milwaukee-Waukesha-West Allis, Wi" and the "Racine, Wi" Metropolitan Statistical Areas (MSAs), as defined by the U.S. Office of Management and Budget.

4.10 AT&T Wisconsin shall comply with all the applicable construction and technical standards and the conditions of right-of-way occupancy set forth in the Milwaukee Code of Ordinances.

4.11 AT&T Wisconsin shall comply with the lawful application of all applicable federal, state, and local laws, including without limitation, the city's street construction and work on public ways provisions, Chapter 115 of the Milwaukee Code of Ordinances. To further the public interest of bringing competition in the video service marketplace to the residents of City and in recognition that AT&T Wisconsin's significant investment is predicated on its ability to enter the video services marketplace quickly, the City agrees to use its best efforts to process any and all applicable permits for the installation, construction, maintenance, repair, removal, and other activities associated with the Network within ninety (90) days and provide specific reasons for any denial or delay in issuing a required permit within 90 days.

4.12 The City does not guarantee the accuracy of any maps showing the horizontal or vertical location of existing substructures. In public ROW, where necessary, the location shall be verified by excavation.

4.13 System Tests and Inspections.

4.13.1 AT&T Wisconsin shall perform testing on the System necessary to demonstrate compliance with applicable law. All tests shall be conducted in accordance with applicable law.

4.13.2 AT&T Wisconsin shall retain written reports of the results of any tests on the System as required by applicable law, and such reports shall be available for review by the City upon reasonable request.

4.13.3. If any test indicates that any part or component of the System fails to meet applicable requirements, AT&T Wisconsin, without requirement of additional

notice or request from the City, shall take corrective action and retest the locations.

4.14 Publicizing Proposed Construction Work. AT&T Wisconsin shall make reasonable efforts to notify the public prior to commencing any proposed construction of the System that will significantly disturb or disrupt public property or have the potential to present a danger or affect the safety of the public generally.

4.15 System Maintenance; interruptions to be Minimized. AT&T Wisconsin shall make reasonable efforts to schedule maintenance on its System so that activities likely to result in an interruption of service are performed during periods of minimum Subscriber use of the System.

4.16 Technical Standards. The System shall meet or exceed all technical standards required by applicable state or federal law.

4.17 Emergency Alert System.

4.17.1. By December 31, 2007, AT&T Wisconsin shall install in the System and thereafter maintain an Emergency Alert System ("EAS") capability as required under federal law.

SECTION 5. PUBLIC AND COMMUNITY BENEFITS.

5.1 AT&T Wisconsin shall provide capacity for the City's noncommercial, education and governmental ("PEG") programming through AT&T's U-verse TV service using AT&T's Internet Sourced PEG solution. This solution will (i) enable AT&T Wisconsin U-verse TV subscribers to view existing PEG programming made available by the City (ii) enable the City to make available PEG programming through the Internet and (iii) potentially in the future enable the City to make available additional content through additional streams of video or on an archived basis, subject to reasonable economic and technical feasibility considerations.

AT&T Wisconsin will employ best efforts to deliver PEG programming over its Internet Sourced PEG solution in a manner that provides the subscriber with a comparable viewing experience to PEG programming currently carried on PEG channels provided by Time Warner within the City, subject to reasonable economic and technical feasibility considerations. The City may be required to support a change in or addition to current City technology now in use for PEG programming to ensure that content made available by the City is provided to AT&T Wisconsin in a manner or form that is compatible with AT&T's IP-enabled video technology.

Within ninety (90) days of the Effective Date of this Agreement, AT&T's design parameters regarding the PEG digitization, connection, and transport necessary for the City's use of AT&T's Internet Sourced PEG solution shall reduced to a writing to be

attached to this Agreement as Exhibit A-1. The City has the right to terminate the Agreement if Exhibit A-1 is not completed within this time period.

City and AT&T Wisconsin recognize that AT&T Wisconsin's network is new and subject to modifications as AT&T Wisconsin and the City gain operational experience with AT&T's Internet Sourced PEG solution. Successful deployment of the PEG over AT&T's Internet Sourced PEG solution requires that the City as a video programming provider and AT&T Wisconsin as a content delivery provider work together closely. Therefore, the parties agree that they will meet in good faith, as necessary, to effectuate the PEG provisions of the Agreement between the City and AT&T Wisconsin and the provisions of Exhibit A-1.

5.2 Grant for Access.

5.2.1 AT&T Wisconsin agrees to provide a "PEG Grant" of 2% of AT&T Wisconsin's Gross Revenue from the operations of the System, as determined in accordance with Section 1.3, within the confines of the Service Area attributable to the City. The Grant shall be identified and passed through on subscriber bills by AT&T Wisconsin and paid at the same time and in the same manner as the License Fees in Section 6.

5.2.2 Such PEG Grant shall be used by the City, in its sole discretion, for PEG-related purposes in accordance with this Agreement and 47 USC § 531.

5.2.3 In addition to the PEG Grant, upon the City's request, AT&T Wisconsin will reimburse the City for any reasonable costs the City incurs to purchase and install any equipment and transport necessary to make the City's existing PEG content available on AT&T's Internet Sourced PEG solution. Any such costs paid for by AT&T Wisconsin, however, shall be offset against the PEG Grant. AT&T Wisconsin shall consult with the City concerning the City's initial equipment and transport needs, but AT&T Wisconsin bears no responsibility for the selection, installation, and ongoing maintenance of the equipment and transport the City chooses to install to make the City's existing PEG content available on AT&T's Internet Sourced PEG solution.

5.2.4 AT&T Wisconsin's obligations in Section 5.2 will begin 90 days after the date that its U-verse TV subscribers within the boundaries of the City reach one thousand (1,000) subscribers or eighteen (18) months after the Effective Date, whichever comes first.

5.2.5 If the effect of a judicial or legislative change is to decrease or increase AT&T Wisconsin's obligations under Section 5, the new obligation shall be effective on a date mutually agreed upon by the parties (the "Prospective Application Date"), but in no case shall the prospective Application Date be later than one hundred twenty (120) days after the issuance of the controlling court order or pertinent legislative enactment. City and AT&T Wisconsin each specifically waive any right to recover any grant payments, license fees, or

expenses of any kind or nature incurred or paid prior to the Prospective Application Date.

5.2.6 Editorial Control: Except as expressly permitted by federal law, AT&T Wisconsin shall not exercise any editorial control over the content of programming on the designated public, educational and governmental access channels. Indemnification by PEG access programming producers and users: All local producers and users of any of the PEG access facilities or channels shall agree in writing to hold harmless AT&T Wisconsin, the City, and any responsible educational institution, from any and all liability or other injury (including the reasonable cost of defending claims or litigations) arising from or in connection with failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by AT&T Wisconsin or the City; and for any other injury or damage in law or equity, which claims result from the use of a PEG access facility or channel.

5.3 U-verse TV Service to Certain Facilities

5.3.1 AT&T Wisconsin shall without charge install one (1) activated outlet with standard installation of U-verse TV service at each of the City designated buildings identified in Exhibit A. At its sole discretion, AT&T Wisconsin may also provide higher levels of service to such facilities free of charge.

5.3.2 It is the City's intention that each accredited primary and secondary school building, each City government building, and each public library building be provided with cable service, IP Video Service or similar service at no cost, and that the burden of providing such connections be shared by all cable and IP Video Service providers in the City in an equitable manner. AT&T Wisconsin will offer one free installation and free monthly U-verse TV service to one outlet at each public school, each City office and agency, and each City-owned and City-leased facility that is passed by AT&T Wisconsin's system. AT&T Wisconsin shall have the responsibility to offer a free installation and free monthly U-verse TV Service to a share of such schools, governmental, or library buildings. AT&T Wisconsin's share shall be proportionate to the total number of cable operators or competitive video service providers (collectively "Providers"), unless other negotiated compensation has been provided to the City.

AT&T Wisconsin shall negotiate with other Providers in good faith, as necessary, to determine who will provide video service to which school or public building. If Providers are unable to reach agreement as to who will provide free video service to which school, governmental, or library building, the City Clerk will confer with the Providers and determine the assignments in a reasonable manner. This obligation will apply to a new Provider of video service once that

Provider's video service is available on the section of its system that passes the school or public building assigned to that Provider. Until such time, the incumbent Provider of video service to that location will provide video service to such school or public building. The City bears any inside wiring and CPE costs, and the City will not require duplicative installations to buildings otherwise served by another Provider.

5.4 PEG Costs and Payments Not License fees.

5.4.1 AT&T Wisconsin agrees that it will not credit the PEG Grant and all other PEG support provided pursuant to this Section 5 against, or otherwise diminish, the Section 6.1 License Fee obligation to the City. AT&T Wisconsin, upon request, shall provide reasonable assistance to the City in demonstrating that the PEG Grant and all other PEG support provided pursuant to Section 5 shall not be credited against or otherwise diminish the Section 6.1 License Fee.

5.5 PEG Signal Transport

5.5.1 If a municipality adjacent to the City or a company providing cable service to such a municipality desires to obtain access programming from the City or its Access Manager, AT&T Wisconsin shall make the PEG programming provided over its Internet Sourced PEG solution available to the cable system of the adjacent municipality. The adjacent municipality and the cable system of the adjacent municipality will remain responsible to ensure that the signal providing access programming is compatible with AT&T Wisconsin's Internet Sourced solution and must undertake at their sole expense any and all modifications to make the signal providing access programming compatible with AT&T Wisconsin's Internet Sourced PEG solution. In no event will AT&T Wisconsin be obligated to modify its system under this section.

5.5.2 If the City desires to obtain access programming from a company providing access services to an adjacent municipality, AT&T Wisconsin must provide such programming to AT&T Wisconsin U-verse TV subscribers. The City and the cable system of the adjacent municipality will remain responsible to ensure that the signal providing access programming is compatible with AT&T Wisconsin's Internet Sourced PEG solution and must undertake at their sole expense any and all modifications to make the signal providing access programming compatible with AT&T Wisconsin's Internet Sourced PEG solution. In no event will AT&T Wisconsin be obligated to modify its system under this section.

SECTION 6. COMPENSATION.

6.1 As partial consideration for the authority granted pursuant to this Agreement, AT&T Wisconsin shall pay to the City an amount equal to five (5) percent of AT&T Wisconsin's Gross Revenue from the operations of the System

within the confines of the Service Area that are attributable to the City ("License Fee"). This payment shall be in addition to any other fee, tax, or payment owed to the City by AT&T Wisconsin.

6.2 In the case where AT&T Wisconsin bundles, integrates, ties or combines its U-verse TV services with non-U-verse TV services, creating a bundled package so that subscribers receive a discount on U-verse TV services, AT&T Wisconsin will allocate the discount amount the U-verse TV and non-U-verse TV services comprising the bundle on a pro-rata and non-weighted basis. By way of example only, if the bundled price is $60 and has four services including U-verse TV service, each price would be valued at $60 divided by 4. So, for purposes of determining Gross Revenues, the amount attributed to U-verse TV would be $15. If the offer for the same bundle for the first 3 months is for free, AT&T Wisconsin would receive no money from the bundle and, accordingly, there would be no amounts attributed to Gross Revenues from the bundle.

6.3 The License Fee and any other costs or penalties assessed shall be payable quarterly on a calendar year basis to the City within thirty (30) days after the quarter.

6.4 If any license payment or recomputed amount, cost or penalty is not made on or before the applicable dates heretofore specified, interest shall be charged daily from such date at the rate then earned by the City on its cash deposits and AT&T Wisconsin shall reimburse the City for any actual expenses and costs incurred by the City by reason of the delinquent payment(s).

6.5 License Fee Computation:

6.5.1. The method of computing the license fee shall be adjusted if:

6.5.1.1. a court or agency of competent jurisdiction (i.e., the Wisconsin Supreme Court, United States Supreme Court or the Federal Communications Commission) rules:

6.5.1.1.1. that the method of computing the License Fee, including the method of determining which elements of revenue may be contained in the definition of Gross Revenue upon which the fee is paid, is either unconstitutional or contrary to law; or

6.5.1.1.2. that elements of revenue not contained within the current definition of Gross Revenue may be included within that definition for purposes of computing the License Fee; or

6.5.1.2 legislation is passed which either:

6.5.1.2.1. expands the amount of the License Fee which can be collected by the City by increasing the percentage of Gross Revenues upon which the License Fee is computed or by adding to the elements of Gross Revenue upon which the License Fee is computed; or

6.5.1.2.2. invalidates all or some of the License Fee or the method of computing the License Fee.

6.5.2 If a License Fee adjustment is required under subsection 6.4.1.1. or 6.5.1.2., the parties shall thereafter meet in order to negotiate a new license fee which falls within the appropriate constitutional, administrative or legislative parameters.

6.5.3 If the effect of the judicial, administrative or legislative change is to decrease the amount of the License Fee to be paid by AT&T Wisconsin, the new fee shall be effective on the Prospective Application Date which is the date mutually agreed upon by the parties, but in no case later than one hundred twenty (120) days after the issuance of the controlling court order or pertinent administrative or legislative ruling or enactment. AT&T Wisconsin specifically waives its right to recover any License Fees paid prior to the Prospective Application Date.

SECTION 7. CONSUMER PROTECTION.

7.1. General Provisions.

7.1.1. This section sets forth customer service standards that AT&T Wisconsin shall satisfy.

7.1.2. Definitions. For purposes of this section, the following definitions shall apply:

7.1.2.1. Normal business hours: Those hours during which most similar businesses in the City are open to serve customers, including some evening hours at least one night per week or some weekend hours.

7.1.2.2. Normal operating conditions: Service conditions within AT&T Wisconsin's control. Conditions not within AT&T Wisconsin's control include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Conditions ordinarily within AT&T Wisconsin's control include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and network maintenance or upgrades.

7.1.2.3. Service interruption: Loss of picture or sound on one or more channels.

7.1.2.4. Standard installation: An installation located up to 125 feet from the existing distribution system.

7.2. Office Hours and Telephone Availability.

7.2.1. AT&T Wisconsin shall maintain a local, toll-free or collect call telephone access line that will be available to U-verse TV subscribers 24 hours a day, seven days a week.

7.2.1.1. Trained AT&T video representatives shall be available to respond to customer telephone inquiries during normal business hours.

7.2.1.2. After normal business hours, the access line may be answered by a service or an automated response system, including an answering machine. A trained AT&T video representative shall respond to inquiries received after normal business hours on the next business day.

7.2.2. Under normal operating conditions, AT&T video representatives shall answer telephone calls within thirty (30) seconds, including wait time. If the representative needs to transfer the call, transfer time shall not exceed thirty (30) seconds. AT&T Wisconsin shall meet these standards no less than ninety (90) percent of the time under normal operating conditions, measured on a quarterly basis.

7.2.3. AT&T Wisconsin will not be required to acquire equipment or perform surveys to measure compliance with the telephone answering standards above unless an historical record of complaints indicates a clear failure to comply.

7.2.4. Under normal operating conditions, AT&T Wisconsin customers shall receive a busy signal less than three (3) percent of the time.

7.3. Installations, Outages, and Service Calls. Under normal operating conditions, AT&T Wisconsin shall meet each of the following standards no less than ninety-five (95) percent of the time, measured on a quarterly basis:

7.3.1. AT&T Wisconsin shall perform standard installations within seven (7) business days after an order has been placed.

7.3.2. Excluding conditions beyond AT&T Wisconsin's control, AT&T Wisconsin shall begin working on service interruptions promptly and in no event later than 24 hours after the interruption becomes known. AT&T Wisconsin shall begin actions to correct other service problems the next business day after notification of the service problem.

7.3.3. The "appointment window" alternatives for installations, service calls, and other installation activities shall be either a specific time or, at a maximum, a four-hour time block during normal business hours. (AT&T Wisconsin may schedule service calls and other installation activities outside of normal business hours for a customer's express convenience.)

7.3.4. AT&T Wisconsin shall not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment.

7.3.5. If an AT&T Wisconsin representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, AT&T Wisconsin shall contact the customer. AT&T Wisconsin shall reschedule the appointment, as necessary, at a time that is convenient for the customer.

7.4. Communications Between AT&T Wisconsin and U-verse TV Subscribers.

7.4.1. Refunds. AT&T Wisconsin shall issue refund checks promptly, but no later than either:

7.4.1.1. The customer's next billing cycle following resolution of the request or thirty (30) days, whichever is earlier; or

7.4.1.2. If service is terminated, the return of the equipment supplied by AT&T Wisconsin.

7.4.2. Credits. AT&T Wisconsin shall issue credits for service no later than the customer's next billing cycle following the determination that a credit is warranted.

7.5 Complaint Procedures.

7.5.1 AT&T Wisconsin shall establish a clear procedure for resolving complaints filed by any interested party, providing that complaints may be made orally or in writing, at the complainant's option, and identifying a person responsible for handling complaints that are not already being handled by a customer service representative.

7.5.2 AT&T Wisconsin shall provide a written response within 30 days after the complaint is made. The final written response shall include a notice stating that, if the complaint has not been resolved to the complainant's satisfaction, the matter may be referred to the city clerk for enforcement by the City pursuant to Subsection 7.6.

7.6 City's Enforcement.

7.6.1 The City shall enforce all of the customer service and protection standards of Section 7 with respect to complaints received from residents within the City's jurisdiction, but it may not adopt or seek to enforce any additional or different customer service or other performance standards under Section 7.

7.6.2 The City shall, by ordinance or resolution, provide a schedule of penalties for any material breach by AT&T Wisconsin of this section. For purposes of this section, "material breach" means any substantial and repeated failure by AT&T Wisconsin to comply with service quality and other standards specified in Section 7. No monetary penalties shall be assessed for a material breach if it is out of the reasonable control of AT&T Wisconsin. Further, no monetary penalties may be imposed before AT&T Wisconsin has provided U-verse TV for six months within the City. Any schedule of monetary penalties adopted pursuant to this section shall in no event exceed five hundred dollars ($500) for each day of each material breach, not to exceed one thousand five hundred dollars ($1,500) for each occurrence of a material breach. But if a material breach of this section has occurred, and the City has provided notice and a fine or penalty has been assessed, and if a subsequent material breach of the same nature occurs within 12 months, the penalties may be increased by the City to a maximum of one thousand dollars ($1,000) for each day of each material breach, not to exceed three thousand dollars ($3,000) for each occurrence of the material breach. If a third or further material breach of the same nature occurs within those same 12 months, and the City has provided notice and a fine or penalty has been assessed, the penalties may be increased to a maximum of two thousand five hundred dollars ($2,500) for each day of each material breach, not to exceed seven thousand five hundred dollars ($7,500) for each occurrence of the material breach. Any monetary penalties assessed under this section shall be reduced dollar-for-dollar to the extent any liquidated damage or penalty provision of this Agreement is utilized by the City, and no other monetary damages may be assessed.

7.6.3 Once the City provides written notice to AT&T Wisconsin of any alleged material breaches of Section 7, the City and AT&T Wisconsin shall follow the process set forth in Section 9.2.4.

7.6.4 A material breach for the purposes of assessing penalties shall be deemed to have occurred for each day within the jurisdiction of the City, following the expiration of the period specified in subsection 7.6.3, that any material breach has not been remedied by AT&T Wisconsin, irrespective of the number of customers affected.

7.6.5 AT&T Wisconsin may seek review of a decision of the City in accordance with Section 9.2.4.3 of this Agreement. For this purpose, such review shall be a de novo review on any issues presented.

7.7 Parental Control Option.

7.7.1 AT&T Wisconsin shall make available to any subscriber, upon request, the option of blocking the video and audio portion of any channel or channels of programming entering a subscriber's home. This control option shall be provided at no charge, except to the extent that federal law specifically provides that AT&T Wisconsin shall be permitted to so charge a subscriber, provided that AT&T Wisconsin may require a reasonable deposit for the use of any customer premises device. The control option described herein shall be made available to all subscribers requesting it when any U-verse TV service is provided, or within a reasonable time thereafter.

7.8 Exclusive Contracts and Anti-Competitive Acts Prohibited.

7.8.1 AT&T Wisconsin may not require a subscriber or a building owner or manager to enter into an exclusive contract as a condition of providing or continuing U-verse TV service. However, nothing herein prevents AT&T Wisconsin from entering into an otherwise lawful, mutually desired exclusive arrangement with a building owner or manager of a multiple dwelling unit or commercial subscriber.

7.8.2 AT&T shall not engage in acts that have the purpose or effect of unlawfully impeding competition for the provision of cable service or services similar to cable service in the City, except for such acts as are expressly authorized by federal or state law.

7.9 Rights of Individuals.

7.9.1 Nondiscrimination Required. AT&T Wisconsin shall not deny service, deny access or otherwise discriminate against subscribers, channel users or general citizens on the basis of race, color, religion, national origin, age, sex, sexual orientation or mental or physical handicap provided that the subscriber shall pay all applicable fees for the service desired. AT&T Wisconsin shall comply at all times with all other applicable federal, state and local laws and regulations, and all executive and administrative orders relating to nondiscrimination which are incorporated and made part of this chapter by reference.

7.9.2 AT&T Wisconsin will comply with applicable laws and regulations protecting subscriber information and privacy.

7.9.3 Fairness of Accessibility. The entire system of AT&T Wisconsin shall be operated in compliance with all applicable federal and state antidiscrimination laws.

SECTION 8. BOOKS AND RECORDS; INSPECTION.

8.1 AT&T Wisconsin shall maintain records as necessary to comply with the terms and conditions of this Agreement and applicable law and shall make such records available for review by the City upon request.

8.2 The City shall have the right to an audit at the end of the three-year Term as to any amounts determined to be payable in satisfaction of the fees set forth in Sections 5.1.4.1 and 6.1 of this Agreement. Any additional amount due the City as a result of the audit shall be paid by AT&T Wisconsin within thirty (30) days after AT&T Wisconsin receives a written notice from the City. The notice that the City sends to AT&T Wisconsin shall include a copy of the audit report. AT&T Wisconsin shall pay the reasonable costs of the audit at the end of the three-year Term.

8.3 In the event that payment of any fee set forth in this Section is not made on or before the expiration of thirty (30) days following written notice by the City, AT&T Wisconsin shall be charged and shall pay, in addition to the amount due, interest on the amount due equal to the prevailing prime rate plus two hundred (200) basis point of interest compounded daily from the due date for payment of the recomputed amount. The prevailing prime rate shall be the prime rate of M & I in Milwaukee, Wisconsin.

SECTION 9. SPECIFIC RIGHTS AND REMEDIES.

9.1 Initial Performance Bond.

9.1.1 Upon the execution of this Agreement, AT&T Wisconsin shall obtain and maintain an initial performance bond in favor of the City in the amount of Seven Hundred Fifty Thousand Dollars ($750,000) until the completion of the initial System as described in Section 4.1 herein at which point, upon written notice from AT&T Wisconsin to the City, the initial performance bond shall be terminated.

9.1.2 The initial performance bond shall provide the following conditions:

9.1.2.1 There shall be recoverable by the City from the principal and surety, any and all fines and penalties due to the City and any and all damages, losses, costs, and expenses suffered or incurred by the City resulting from the failure of AT&T Wisconsin to faithfully comply with section 4.1 or deliver the PEG Grant or both. Such losses, costs and expenses shall include but not be limited to reasonable attorney's fees and other associated expenses.

9.1.2.2 The initial performance bond shall be issued by a surety with an A-1 or better rating of insurance in Best's Key Rating Guide, Property/Casualty Edition; shall be subject to the approval of the City; and shall contain the following endorsement:

"This bond may not be canceled, or allowed to lapse, until thirty (30) days after receipt by the City, by certified mail, return receipt requested,

of a written notice from the issuer of the bond of intent to cancel or not to renew."

9.2 Security Fund.

9.2.1 AT&T Wisconsin, upon execution of this Agreement, shall establish with the City a Security Fund in the amount of Two Hundred Fifty Thousand Dollars ($250,000). At AT&T Wisconsin's discretion, the Fund may be a letter of credit for the full amount delivered to the City Clerk on or before the effective date of this Agreement, or the letter of credit may be in the amount of Fifty Thousand Dollars ($50,000) and the balance of Two Hundred Thousand Dollars ($200,000) shall be in the form of a permanent performance bond, both delivered to the City Clerk on or before the Effective Date of this Agreement.

9.2.2 The Security Fund shall serve as security for:

9.2.2.1 the faithful performance by AT&T Wisconsin of all material provisions of this Agreement;

9.2.2.2 any damage or loss occasioned by AT&T Wisconsin's failure to comply with this Agreement;

9.2.2.3 the payment by AT&T Wisconsin of all liens and taxes, all damage, claims, costs or expenses which the City has been compelled to pay or incur by reason of any act or default of AT&T Wisconsin, and all other payments due the City from AT&T Wisconsin pursuant to this Agreement;

9.2.2.4 the loss of any payments required to be made by AT&T Wisconsin to the City which would have been received by the City but for AT&T Wisconsin's failure to perform its obligations pursuant to this Agreement; and

9.2.2.5 any other documented costs incurred by the City which are necessitated by such failures listed above.

9.2.2.6 The withdrawal of amounts from the Security Fund shall constitute a credit against the amount of the applicable liability of AT&T Wisconsin to the City but only to the extent of said withdrawal.

9.2.3 Throughout the term of this Agreement, AT&T Wisconsin shall maintain the Security Fund in the amount specified in subsection 9.2.1. hereof, or such other amount as may from time to time be agreed to by the City and AT&T Wisconsin. Within thirty (30) days after receipt of notice from the City Clerk that any amount has been withdrawn from the Security Fund after the process

described in section 9.2.4, AT&T Wisconsin shall restore the letter of credit portion of the Security Fund to the amount specified in subsection 9.2.1. hereof, provided that said restoration obligation for such withdrawal shall be suspended during the period of any challenge by AT&T Wisconsin to the propriety of such withdrawal from the Security Fund, and provided further that if it is determined that said withdrawal by the City was improper, the City shall restore the improperly withdrawn amount to the Security Fund.

9.2.4. Procedure for Notice of Breach and Imposition of Liquidated Damages Payments.

9.2.4.1 Whenever the City finds that AT&T Wisconsin has allegedly violated one or more terms, conditions or provisions of this Agreement, a written notice shall be given to AT&T Wisconsin. The written notice shall describe in reasonable detail the alleged breach so as to afford AT&T Wisconsin an opportunity to remedy the violation(s). AT&T Wisconsin shall have thirty (30) days subsequent to receipt of the breach notice in which to correct the violation(s) before the City may either assess liquidated damages or Section 7 monetary penalties against AT&T Wisconsin and/or assert a claim against the Security Fund. The time for AT&T Wisconsin to correct any alleged violation(s) shall be extended by the City if more than thirty (30) days are required to correct the alleged violation(s); provided, however, AT&T Wisconsin must commence the corrective action within fifteen (15) days of receipt of the notice and thereafter use reasonable diligence, as determined by the City, to correct the violation(s).

9.2.4.2 Within fifteen (15) days after receipt of written notice of the alleged violation(s), AT&T Wisconsin may request to be heard by the City on the issue of the violation(s) alleged in the notice. AT&T Wisconsin's request for a hearing on the alleged violation(s) shall be in writing and shall specify with particularity the matters AT&T Wisconsin disputes. Upon receipt of such request, the City shall notify AT&T Wisconsin of, the date, time and place of such hearing, which shall not be scheduled for a date that is less than thirty (30) days from the date of AT&T Wisconsin's request for a hearing. At the hearing, AT&T Wisconsin shall be permitted to furnish evidence that:

1. demonstrates that corrective action has been, or is being actively and expeditiously pursued, to remedy the violation or noncompliance;

2. rebuts the alleged violation or noncompliance; and/or

3. disputes the amount.

9.2.4.3 Upon completion of the hearing, the City shall issue a written decision, including findings of fact, determining whether AT&T Wisconsin is in violation of this Agreement. The written decision must be issued within 5 business days from the close of the hearing. If the City determines that AT&T Wisconsin is in violation of this Agreement following hearing, or if AT&T Wisconsin fails to correct the violation and fails to request a hearing, then the City may assess liquidated damages consistent with the section 9.2.4.4 or monetary penalties under Section 7, which shall accrue from the date on which the City first provided AT&T Wisconsin with written notice of the violation(s), and/or may draw against the Security Fund for the liquidated damages. The parties agree that AT&T Wisconsin has the right to seek de novo review of any decision by the City or, in the absence of any decision, the assessment of liquidated damages or monetary penalties under Section 7 against AT&T Wisconsin, as follows:

9.2.4.3.1 By ad hoc arbitration to a sole arbitrator, either Michael Skwierawski or Michael J. Barron, who shall have the authority to consider the record of any hearing conducted by the City in reaching a decision, and also take written evidence and affidavit testimony from the parties, in reaching a final award, which shall be binding and non-appealable;

9.2.4.3.2 The arbitration shall take place in Milwaukee, Wisconsin, at a location to be mutually agreed between the parties and the arbitrator. Any award in the arbitration shall be governed by Wisconsin law;

9.2.4.3.3 Both arbitrators named in this Agreement have consented to serve, have been provided with a copy of this Agreement, and shall be chosen in rotation with Michael Skwierawski being assigned to the first matter to be reviewed, followed by Michael J. Barron. If either of the arbitrators is unable to serve because of ethical conflict, health or disability, or any other reason, the other shall be chosen. If both named arbitrators are unable to serve because of ethical conflict, health or disability, or any other reason, the parties shall meet and select a substitute arbitrator within 30 days of both parties having received notice that both previously named arbitrators are unable to serve. The parties shall share equally the expense of the arbitration, including the arbitrators' fees.;

9.2.4.3.4 The award in any arbitration shall be made within sixty (60) days of the AT&T Wisconsin providing the City with written notice that it will seek arbitration. AT&T Wisconsin has thirty (30) days from receipt of either the City's written determination that it has violated the Agreement, or notice of any assessment of liquidated damages or monetary penalties without hearing, to

provide the City with written notice that AT&T Wisconsin will seek de novo review by arbitration;

9.2.4.3.5 For the purposes of enforcing any arbitration award made pursuant to this Agreement, either by entry of judgment or through available interim or ancillary relief, the parties hereby submit themselves to the jurisdiction of the State Courts located in the State of Wisconsin; and

9.2.4.3.6 In addition to the authority conferred upon the sole arbitrator pursuant to this Agreement, the arbitrator, with the consent of the parties, may mediate to settlement all matters otherwise subject to arbitration under the Agreement. Notwithstanding the arbitrator's authority to conduct such a mediation, all matters subject to arbitration under the Agreement shall be fully and finally concluded, either by an arbitration award or settlement, within the sixty (60) day time period set forth in paragraph 9.2.4.3.4.

9.2.4.4 Pursuant to section 9.2.4.3, the City Clerk may assess the following fees upon AT&T Wisconsin or withdraw from the Security Fund and pay to the City the amounts specified in this section as liquidated damages:

9.2.4.4.1 Failure to comply with Section 4: Five Hundred Dollars ($500) per day for each day or part thereof that such failure continues;

9.2.4.4.2 Failure to provide services in accordance with Section 5, above: Fifty Dollars ($50) per day for each day or part thereof that such failure continues;

9.2.4.4.3 Willful and unjustified refusal to provide the City with any books, records or other documents required to be provided by this Agreement: One Hundred Dollars ($100) per day for each day or part thereof that such failure continues;

9.2.4.5 AT&T Wisconsin agrees that the foregoing amounts are liquidated damages to be paid to the City for failure to comply with those time and performance requirements set forth above and are not in the nature of a penalty.

9.2.4.6 Within one (1) week after each of the foregoing withdrawals, the City Clerk shall notify AT&T Wisconsin of the date and amount thereof.

9.2.4.7 Any withdrawal from the Security Fund for an amount in excess of Ten Thousand Dollars ($10,000) with respect to any single event shall be made by the City Clerk only upon resolution adopted by the Common Council.

9.2.4.8 In the event that the City elects to terminate this Agreement for cause as a consequence of any act, or pattern of acts, by AT&T Wisconsin for which withdrawals may be made from the Security Fund pursuant to this section, then, as of the date upon which the City adopts a resolution so terminating this Agreement, the City Clerk may no longer make any such withdrawals as a consequence of said act or pattern of acts; provided that this shall in no way be deemed to relieve AT&T Wisconsin of its obligation to compensate the City for any loss or damage occasioned by said act or pattern of acts prior to said date of termination so long as the City's termination is deemed valid by a court of law or AT&T Wisconsin agrees that the City's termination is proper.

9.3 Material Breach.

9.3.1 In the event AT&T Wisconsin fails to comply with a material provision of this Agreement, then, in accordance with the procedures set forth below, the City may either:

9.3.1.1 Seek to amend any provision of this Agreement; or

9.3.1.2 Seek money damages from AT&T Wisconsin as compensation for said material breach; or

9.3.1.3 In the event that AT&T Wisconsin does not consent to any or all of the foregoing amendments as may be specified by the City, or the City does not elect to seek money damages from AT&T Wisconsin or AT&T Wisconsin does not agree to pay such damages as the City may seek, then the City may elect to revoke the authority granted pursuant to this Agreement by termination of this Agreement.

9.3.2 AT&T Wisconsin agrees that a failure to comply with a material provision of this Agreement shall include any of the following acts or failures to act by AT&T Wisconsin or any officer, agent or employee of AT&T Wisconsin, or any of the following events, unless excused by the City:

9.3.2.1 substantial failure to meet the technical performance standards as provided in Section 4.16 of this Agreement;

9.3.2.2 substantial failure to provide U-verse TV service to any Person within the City who requests it, subject to Section 4.1 of this Agreement;

9.3.2.3 abandonment of the whole or a substantial part of the System without the prior written consent of the City;

9.3.2.4 substantial and repeated failure to supply the public and educational Access Channels and related facilities and resources as provided in Section 5 of this Agreement or in any separate purchase-of-services agreement between AT&T Wisconsin and City-designated access manager within one hundred twenty (120) days after the date by which said items must be supplied;

9.3.2.5 substantial failure to supply the municipal channels and other support as provided in Section 5 of this Agreement;

9.3.2.6 substantial failure to make any of the compensation payments, including but not limited to License Fees as provided in Section 6 hereof, or to maintain the Security Fund in the amount as required by Section 9.2 of this Agreement;

9.3.2.7 the taking of any material action which requires the approval or consent of the City Clerk or the City without having first obtained said approval or consent;

9.3.2.8 failure to furnish and maintain, throughout the term of this Agreement, the liability insurance policy or policies and bonds, as provided by Sections 9 and 10 hereof;

9.3.2.9 to engage in a course of conduct intentionally designed to practice any fraud or deceit upon the City;

9.3.2.10 any material misrepresentation, either oral or written, intentionally made by or on behalf of AT&T Wisconsin in connection with the negotiation or renegotiation of, or any amendment; renewal; transfer or other modification to, this Agreement;

9.3.2.11 the conviction of AT&T Wisconsin, any person holding a controlling interest in AT&T Wisconsin, any director or officer of AT&T Wisconsin or of any controlling person, or any employee or agent of AT&T Wisconsin or of any controlling person acting under the express direction or with the actual consent of any of the foregoing of any criminal offense, including, without limitation, bribery or fraud, arising out of or in connection with (i) this Agreement to construct, operate or maintain the System in the City, (ii) the award of the authority granted pursuant to this Agreement, or (iii) any act to be taken following the effective date of this Agreement by the City, its officers, employees or agents relating to or pursuant to this Agreement; provided that the right to terminate this

Agreement in the event of said convictions shall arise only with respect to any of the foregoing convictions of AT&T Wisconsin itself and, in the event of the conviction of any of the other persons specified in this subsection, the City shall have the right to order AT&T Wisconsin to disassociate itself from or terminate the employment of, said other persons with respect to activities in the City or any other activities affecting the System pursuant to this Agreement.

9.3.2.12 any false entry knowingly made in the books of account or records of AT&T Wisconsin related to services provided over the System or any false statement related to the System or this Agreement knowingly made in any report or otherwise to the City or otherwise by AT&T Wisconsin, any director, officer, or other person holding a controlling interest in AT&T Wisconsin, or any employee or agent of AT&T Wisconsin acting under the express direction or with the actual consent of any of the foregoing;

9.3.2.13 Substantial failure to comply with the provisions of Section 7.

9.3.3 The City shall exercise the rights provided in Section 9.3, hereof in accordance with the procedures set forth in section 9.2.4. If the City Clerk determines after the hearing process set forth in section 9.2.4 that a failure to comply with a material provision has occurred and that either said failure is not excusable or has not been or will not be cured by AT&T Wisconsin, then the City Clerk shall give written notice of the material breach to AT&T Wisconsin.

9.3.3.1 if AT&T Wisconsin fails to cure the material breach within thirty (30) days after the giving of such notice (or if such breach is of such a character as to require more than thirty (30) days within which to cure the same, and AT&T Wisconsin fails to commence to cure the same within said thirty (30) day period and thereafter fails to use reasonable diligence, in City Clerk's sole opinion, to cure such default as soon as possible), then, and in any event, such breach shall be a material breach and the City Clerk may elect to recommend termination of the Agreement to the Common Council and, along with such recommendation, shall deliver to the Common Council a written report detailing the reasons why AT&T Wisconsin is in material breach and recommending what action should be taken by the Common Council. If the Common Council decides, based upon the City Clerk's report, that there is cause or reason to terminate the Agreement, the following procedure shall be followed:

9.3.3.1.1 The City Clerk shall provide AT&T Wisconsin with a written notice of the reason or cause for proposed termination

and shall allow AT&T Wisconsin a minimum of thirty (30) days subsequent to receipt of the notice in which to correct the default.

9.3.3.1.2 AT&T Wisconsin shall be provided with an opportunity to be heard at a public hearing prior to any decision by the Common Council to terminate the Agreement.

9.3.3.1.3 If, after notice is given and an opportunity to cure, at AT&T Wisconsin's option, a public hearing is held, and the Common Council, by resolution, determines that there was a material breach of the Agreement by AT&T Wisconsin, the Common Council may declare by resolution the Agreement revoked and of no further force and effect unless there is compliance within such period as the Common Council may fix, such period may not be less than thirty (30) days provided no opportunity for compliance need be granted for fraud or misrepresentation.

9.4. Surety Arrangement upon termination by AT&T Wisconsin: If AT&T Wisconsin exercises its termination rights under Section 3, all amounts in respect to any bond, surety, letter of credit, fund, or any other financial instrument or accommodation provided or arranged by AT&T Wisconsin (each, a "Surety Arrangement") shall be returned or delivered to AT&T Wisconsin, and all Surety Arrangements shall be immediately and automatically terminated, cancelled and no longer in force or effect. This Section does not apply to any pending claims by the City.

SECTION 10. INSURANCE; INDEMNITY.

10.1 Insurance Required: Throughout the term of this Agreement and such other period of time during which AT&T Wisconsin operates or is engaged in the removal of the System, AT&T Wisconsin shall, at its own cost and expense, maintain the insurance described below, together with evidence demonstrating that the premiums for said policy or policies have been paid. City agrees to accept self-insurance from AT&T Wisconsin in lieu of the insurance policies required pursuant to this section, subject to the risk management and comptroller's approval, which consent may not be unreasonable withheld.

10.1.2 Required Types and Limits:

10.1.2.1 Commercial General Liability Insurance. Must be written on ISO Occurrence Form CG 00 0 1 or equivalent substitute form to cover liability arising from promises and operations, independent contractors, products and completed operations, personal and advertising injury, contractual liability, and XCU exposures. The combined bodily injury and property damage limit shall not be less than $1,000,000 each occurrence and annual aggregate.

10.1.2.2 Automobile Liability Insurance. Must be maintained in accordance with the laws of the State of Wisconsin as to the ownership, maintenance, and use of all owned, non-owned, leased, and hired vehicles. The combined bodily injury and property damage limit shall not be less than $1,000,000 each accident.

10.1.2.3 Workers' Compensation/Employers Liability Insurance. Workers' Compensation insurance shall cover all employees engaged in work for AT&T Wisconsin in accordance with the laws of the State of Wisconsin. The Employers Liability insurance limit shall not be less than $100,000 disease each employee, $500,000 disease aggregate, and $100,000 each accident.

10.1.2.4 Umbrella Liability Insurance. Shall be maintained above the primary commercial general liability, automobile liability, and employers liability policies required herein. The limit shall not be less than $5,000,000 each occurrence and annual aggregate.

10.1.3 Required Terms:

10.1.3.1 Additional Insured. The City and its officers, boards, commissions, councils, elected officials, agents, and employees must be included as additional named insured on the general and excess liability policies.

10.1.3.2 Cancellation/non-renewal. Each liability policy must be specifically endorsed to state that thirty (30) days written notice by registered or certified mail will be given to the City of any cancellation, intent to non-renew, or material reduction in coverages.

10.1.3.3 Evidence of Insurance. Prior to the effective date, the City must receive certificates of insurance documenting that the insurance required herein is in effect. Renewal certificates shall be provided to the City within ten (10) days of expiration of the current coverages.

10.1.3.4 Waiver of Subrogation. AT&T Wisconsin waives ail rights against the City, it officers, boards, commissions, councils, elected officials, agents, and employees for recovery of damages to the extent such damage is covered under the liability policies required herein, except for claims arising out of the negligence or intentional actions of the City, its officers, boards, commissions, councils, elected officials, agents or employees.

10.1.3.5 Subcontractors. It is AT&T Wisconsin's responsibility to require all subcontractors to maintain adequate insurance coverage.

10.1.3.6 Primary Policies. AT&T Wisconsin's insurance is primary to the City's insurance or any self insurance program thereof.

10.1.3.7 Rating. All insurers shall be authorized to do business in the State of Wisconsin and shall have an A.M. Best rating of A- (or better), Class VI (or higher), or otherwise be acceptable to the City if not rated by A.M. Best.

10.1.3.8 Deductibles. AT&T Wisconsin is responsible for, all deductibles.

10.1.3.9 Insurance Adjustments. In the event of any changed circumstances (i.e., the adequacy of the present limits given the parties' actual loss experience), following the Effective Date, the City may, after consulting with AT&T Wisconsin, alter the minimum limitation of the liability insurance policy or policies required in this Section.

10.1.4 Liability Not Limited. The legal liability of AT&T Wisconsin to the City and any person for any of the matters which are the subject of the liability insurance policies required by this Section including without limitation AT&T Wisconsin's indemnification obligations set forth in this Agreement, shall not be limited by such insurance policies, nor by the recovery of any amounts thereunder, except to the extent necessary to avoid duplicate recovery from or payment by AT&T Wisconsin or its Guarantor.

10.2 Indemnification:

10.2.1. AT&T Wisconsin shall indemnify and save harmless the City and all contractors, officers, employees and representatives thereof from all claims, demands, causes of action, copyright action, liability, judgments, costs and expenses or losses for injury or death to persons or damage to property owned by, and Worker's Compensation claims against any parties indemnified herein, arising out of, caused by, or as a result of AT&T Wisconsin's provision of U-verse TV service, construction, lines, cable, erection, maintenance, use or presence of, or removal of any poles, wires, conduit, appurtenances thereto, or equipment or attachments thereto. AT&T Wisconsin, however, shall not indemnify (1) the City for any liabilities, damages, cost and expense resulting from the willful misconduct or proportional negligence of the City, its officers, employees and agents or (2) third parties for any activity or function conducted in connection with any public, educational or governmental programming or emergency messages.

10.2.2 In the event that the incumbent cable service provider in the City files a claim against the City in state or federal court arising out of the fact that the City entered into this Agreement, challenging the lawfulness of this Agreement or seeking to modify its obligations under its existing cable franchise

on the basis that the City entered into this Agreement, AT&T Wisconsin agrees to pay the full amount of any judgment or award issued by a court against the City as a result of entering into this Agreement or any settlement negotiated by AT&T Wisconsin with respect to the claim and all other expenses related to the resolution of the claim. AT&T Wisconsin's obligation to pay excludes an incumbent cable service provider's costs, interests and attorneys' fees in bringing such action or claim unless otherwise agreed to by AT&T Wisconsin in any settlement agreement.

10.2.3. With respect to AT&T Wisconsin's indemnity obligations set forth above, AT&T Wisconsin shall provide the defense of any claims brought against the City by selecting counsel of AT&T Wisconsin's choice to defend the claim, subject to the consent of the City, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the City from cooperating with AT&T Wisconsin and participating in the defense of any litigation by its own counsel at its own cost and expense, provided, however, that after consultation with the City, Other than for non-monetary claims, AT&T Wisconsin shall have the right to defend, settle or compromise any claim or action arising hereunder, and AT&T Wisconsin shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such settlement do not include the release of the City and the City does not consent to the terms of any such settlement or compromise, AT&T Wisconsin shall not settle the claim or action, but its obligation to indemnify the City shall in no event exceed the amount of such settlement.

SECTION 11. MISCELLANEOUS.

11.1 No Waiver

11.1.1 The failure of the City or AT&T Wisconsin on one or more occasions to exercise a right or to require compliance or performance under this Agreement, or any applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the City or AT&T Wisconsin, nor to excuse AT&T Wisconsin or the City from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

11.1.2 Waiver of a breach of this Agreement shall not be a waiver of any other breach, whether similar to or different from that waived. Neither the granting of the authority pursuant to this Agreement, nor any provision herein, nor any action by the City hereunder shall constitute a waiver of or a bar to the exercise of any governmental right or power of the City, including without limitation the right of eminent domain.

11.2 No Recourse: Except for equitable relief, AT&T Wisconsin shall have no recourse against the City for any loss, cost, expense, claim, liability or damage arising out

of any action undertaken or not undertaken by AT&T Wisconsin, whether or not such action or non-action was required by the this Agreement, arising out of the enforcement or non-enforcement by the City of any provision or requirement of this Agreement, or otherwise arising out of this Agreement. This section does not apply to counterclaims AT&T Wisconsin may bring against the City in any litigation concerning whether or not U-verse TV is a cable service under federal, state, or local law.

11. 3 Equal Opportunity Policy And Emerging Business Enterprise Involvement.

11.3.1 Equal Opportunity Policy: AT&T Wisconsin shall meet all federal, state, and local requirements relative to equal opportunity hiring and employment discrimination, including, but not limited to Section 109-11-8, Milwaukee Code of Ordinances.

11.3.2 Emerging Business Enterprise (EBE) Program and Policy: For the purposes of this Agreement, AT&T, Inc.'s existing Supplier Diversity Plan that has been approved and accepted by the State of Wisconsin, at Exhibit B, is consistent with and supports the City's policy to establish a plan for Emerging Business Enterprises, as defined in Section 360-01-10, Milwaukee Code of Ordinances.

11.4 Binding Acceptance: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, however designated, and the promises and obligations herein shall survive the expiration date hereof.

11.5 Severability.

11.5.1 If any term, condition, or provision of this Agreement shall, to any extent, be held to be invalid or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective.

11.5.2 In the event of an adjustment under subsection 11.5.1, and upon application of either the City or AT&T Wisconsin, the parties shall thereafter meet in order to negotiate a new term, condition or provision which falls within the judicial, administrative or legislative parameters.

11.5.3 Unless the parties agree otherwise as provided in subsections 11.5.1 and 11.5.2, and in the event of a subsequent change in applicable law so that the provision which had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the City and shall thereafter be binding on AT&T Wisconsin and the City.

11.6 Compliance With Federal, State and Local Laws. AT&T Wisconsin shall comply with all applicable federal, state, and local laws and regulations.

11.7 Force Majeure. AT&T Wisconsin shall not be deemed in default of provisions of this Agreement or the applicable provisions of Milwaukee Code of Ordinances where performance was rendered impossible by reason of strike, acts of God, acts of public enemies, orders of any kind of a government of the United States of America or of the State or any of their respective departments, agencies, political subdivisions, however designated, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes; tornadoes, volcanic activity, storms, floods, washouts, droughts, civil disturbances, explosions, partial or entire failure of utilities or any other cause or event not reasonably within the control of AT&T Wisconsin. If AT&T Wisconsin is unable in whole or in part to carry out its obligations hereunder, AT&T Wisconsin shall not be deemed to be in violation or default during the continuance of such inability.

11.8 Governing Law. This Agreement shall be governed in all respects by the law of the State of Wisconsin.

11.9 Notices. Unless otherwise expressly stated herein, notices required under this Agreement shall be mailed first class, postage prepaid, to the addresses below. Each party may change its designee by providing written notice to the other party, but each party may only designate one entity to receive notice.

11.9.1 Notices to AT&T Wisconsin shall be mailed to:

General Attorney
AT&T Wisconsin
722 North Broadway, 14th Floor
Milwaukee, WI 53202

11.9.2 Notices to the City shall be mailed to:

City Clerk
Office of the City Clerk City of Milwaukee
200 East Wells Street
Milwaukee, WI 53202

11.9.3 AT&T Wisconsin shall at all times keep the City advised as to which individual(s) are authorized to act on behalf of AT&T Wisconsin and whose acts will be considered to bind AT&T Wisconsin.

11.10 Captions and References.

11.10.1 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 shall not affect the

meaning or interpretation of this Agreement. When any provision of the Milwaukee Code of Ordinances is expressly mentioned herein, such reference shall not be construed to limit the applicability of any other provision of City law that may also govern the particular matter in question.

11.11 Reservation of Rights. The parties expressly reserve all rights they may now or hereafter have under local, state and federal law including the Cable Communications Policy Act of 1984 as amended.

11.12 Entire Agreement. This Agreement supersedes all oral statements and prior drafts.

11.13 Incorporation of Exhibits. The following exhibits to this Agreement, attached hereto, and all portions thereof, are incorporated herein by reference and expressly made a part of this Franchise Agreement:

Exhibit A – List of Public Buildings

Exhibit B – Supplier Diversity Plan

Executed at Milwaukee, Wisconsin this 25th day of April, 2007. As to the City of Milwaukee

By: _____

_____ Mayor

Attest:

By: _____

Ronald D. Leonhardt, City Clerk

Countersigned:

By:

_____, Comptroller

SPECIAL DEPUTY

As to Wisconsin Bell, Inc.:

By: _____

Attest:

By: _____

_____ Secretary

APPENDIX A

Facilities at which U-verse service is required in order to monitor PEG transmission (per section 5.3.1 of the agreement between AT&T Wisconsin and the City of Milwaukee)

City Clerk's Office, Room 205, City Hall, 200 E. Wells St.

City Channel 25, 809 N. Broadway

MATA, 2404 W. Clybourn St

Milwaukee Public Schools Administration, 5225 W. Vliet St

UW-Milwaukee, 1921 E. Hartford Ave

Milwaukee Area Technical College, Corner of N 8th St and W. Highland Ave

APPENDIX B

AT&T, Inc. Supplier Diversity Plan

1. Introduction

AT&T, Inc. (AT&T) understands that the State of Wisconsin is committed to the involvement of emerging business enterprises in the state's procurement program. AT&T also understands that City of Milwaukee and agencies with delegated purchasing authority will attempt to ensure that 18% of the total amount expended in the City's purchasing program in each fiscal year is paid to emerging business enterprises.

AT&T shares Milwaukee's commitment to Supplier Diversity. For over 35 years, AT&T has been a pioneer and leader in the integration of Emerging Business Enterprises into our corporate supply chain. Our focus on economic development through Supplier Diversity has allowed AT&T to take a national leadership role in promoting Supplier Diversity throughout the telecommunications industry and with our customers.

AT&T's methods and procedures have been ISO9000 certified and include industry-best practices. One of the quality processes that has been integrated into the program is a method for early (and ongoing) identification, qualification, and certification of diversity firms in advance of potential (or actual) projects. This process enables early involvement of diversity firms in any project life cycle, to maximize quality and integrate diversity firms into supply chain strategies (i.e., cost containment, quality control, etc.).

Our Supplier Diversity Program is designed to promote, increase, and improve the quality of the overall participation of diversity firms in our supply chain. Last year, we spent over $1.4 billion dollars with diversity firms representing 15.14% of our purchasing base.

The AT&T Supplier Diversity Program began in 1968 and has been recognized as best in class by many different organizations through awards including, but not limited to:

- America's Most Admired Telecommunications Company, *Fortune* Magazine
- Ron Brown Award, The Conference Board (only Presidential Award given for Corporate Economic Leadership)
- Best Companies for Minorities, *Fortune* Magazine
- Economic Leadership Award, National Emerging Supplier Development Council
- America's Top Corporation for Women's Business Enterprises, Women's Business Enterprise National Council

2. State of Wisconsin Subcontracting Plan

AT&T is submitting this Supplier Diversity Initiative Plan ("Plan") in support of State of Wisconsin' Supplier Diversity Initiative. This Plan represents AT&T's commitment to utilize diversity suppliers in support of providing telecommunications services to the State of Wisconsin.

AT&T's Plan focuses on supporting the City of Milwaukee Emerging Business Enterprise Program through the utilization of Emerging Business Enterprises in all aspects of our business in support of our telecommunications network.

AT&T works closely with all its diversity suppliers and continuously identifies new business opportunities. As our business with City of Milwaukee continues to grow and evolve, we will continuously search for new subcontracting opportunities. In addition to the indirect utilization of State of Wisconsin Emerging Business Enterprises to support our business operations, AT&T will work collaboratively with the State of Wisconsin to identify opportunities for direct utilization of these firms.

3. AT&T Corporate Subcontracting Plan

The AT&T Supplier Diversity organization is an important aspect of our program. In conjunction with internal clients and strategic sourcing managers, the Supplier Diversity Managers develop diversity firm participation within specific product and service areas. This cross functional team of managers works closely with diversity firms that seek to provide products and services to AT&T.

We look for opportunities to work with suppliers in all aspects of our business, from advertising to central office engineering, computers, outside plant construction, and network provisioning.

AT&T endeavors to purchase from diversity firms those products that support the needs of AT&T as a telecommunications company. Included are all telecommunications related products and services that are used in the process of providing service to our customers. Also included are those products and services necessary for the day-to-day operation of AT&T.

Examples of the principal types of telecommunications products and services that are subcontracted to diversity firms are outlined in the following table:

Diversity Firm Subcontracting

	Emerging Business Enterprises	Women Business Enterprises
Switching Equipment for Central Offices	X	X
Materials & Labor associated with Construction & Repair	X	X
Copper & Fiber Optic Cable	X	X
Building Maintenance, Leases, etc.	X	X
Computers – Hardware & Software	X	X
Marketing & Advertising Services	X	X
Financial & Misc. Services	X	X
Professional & Temporary Services	X	X
Office Equipment/Supplies	X	X
Training Services	X	X
Printing & Reproduction Services	X	X
Travel Services	X	X
Transportation Services	X	X
Motor Vehicles	X	X

Subcontracting Goals

The methods used to develop the subcontracting goals for diversity firms are:

- Goals are established for each major product and service category comparing total purchases to purchases for diversity firms.
- Areas subcontracted are determined based on AT&T's Supplier Diversity guidelines which includes a community outreach process, as well as an internal program which encourages employees to utilize diversity firms in all purchasing and contracting activities when circumstances make it practical.
- Capabilities of all suppliers are determined through the use of AT&T's normal supplier evaluation process. The assessment of supplier capability is often tailored to meet the specific product or service being procured. This process has supported the growth and development of AT&T's internal program that encourages employees to utilize diversity firms in all purchasing and contracting activities when circumstances make it practical.

Methods used to identify potential sources for solicitation purposes

The following are the methods used to identify potential sources for solicitation purposes:

- Develop and maintain profiles of diversity firms to better enable us to refer them to contract managers for possible purchasing opportunities.
    - Attend or arrange for the attendance of company managers at Business Opportunity Workshops, Emerging Business Enterprise Seminars, Trade Fairs, etc.
    - Seek sources from local, regional or national minority councils; local or state government and professional certifying agencies, and SBA's ProNet System in the determination process.
    - Advertise in trade publications as well as minority publications to reach potential suppliers.

Program Administrator

Name: Joan Kerr
Title: Executive Director – AT&T Services, Inc., Supplier Diversity Programs
Address: 2600 Camino Ramon, Rm. 1E104, San Ramon, CA 94583
Telephone: (925) 824-5507

The Program Administrator has general overall responsibility for the subcontracting program, i.e., developing, preparing, and executing individual subcontracting plans and monitoring performance relative to the particular plan.

These duties include, but are not limited to, the following activities:

- Developing and promoting company policy statements that demonstrate the company's support for awarding contracts and subcontracts to diversity firms.
- Developing and maintaining bidder's lists of diversity firms from all possible sources.
- Ensuring periodic rotation of potential subcontractors on the bidder's lists.
- Assuring that diversity firms are included on the bidders' list for every subcontract solicitation for products and services that they are capable of providing.

- Ensuring that subcontract procurement "packages" are designed to permit the maximum possible participation of diversity firms.
- Reviewing subcontract solicitations to remove statements, clauses, etc., which might tend to restrict or prohibit diversity firm participation.
- Ensuring that the subcontract bid proposal review board documents its reasons for not selecting any low bids submitted by diversity firms.
- Overseeing the establishment and maintenance of contract and subcontract award records.
- Attending or arranging for the attendance of company counselors at Small Business Opportunity Workshops, Emerging Business Enterprise Seminars, Trade Fairs, etc.
- Directly or indirectly counseling diversity firms on subcontracting opportunities and how to prepare bids to the company.
- Providing notice to subcontractors concerning penalties for misrepresentations of business status as diversity firms for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in AT&T 's subcontracting plan.
- The process of providing notice to companies for misrepresentation of business status was used during the period that diversity programs were accepting "self-certification" as a determining factor. AT&T no longer reports results from suppliers who are not certified by agencies with rigorous verification standards (i.e., CPUC Clearinghouse, NMSDC, and WBENC). In addition, for the federal government reporting, AT&T also uses an electronic comparison of the ProNet database to identify spend with diversity firms.
- Conducting or arranging training for purchasing personnel regarding the intent and impact of Section 8(d) of the Small Business Act on purchasing procedures.
- Developing and maintaining an incentive program for buyers who support the subcontracting program.
- Monitoring the company's performance and making any adjustments necessary to achieve the subcontract plan goals.
- Preparing and submitting timely reports.
- Coordinating the company's activities during compliance reviews by Federal agencies.

Equitable Opportunity

Efforts by AT&T to assure that diversity firms have an equitable opportunity include, but are not limited to:

A. Outreach efforts to obtain sources by:

- Contacting minority and business trade associations.
- Contacting business development organizations.
- Requesting sources from the Small Business Administration's ProNet System.
- Attending minority and woman-owned Business procurement conferences and trade-fairs.

B. Internal efforts to guide and encourage purchasing personnel:

- Presenting workshops, seminars and training programs.
- Establishing, maintaining and using diversity firm source lists, guides and other data for soliciting subcontracts.
- Monitoring activities to evaluate compliance with the subcontracting plan.

C. Additional efforts:

- Work closely with major suppliers to develop value added resellers (VARs) for diversity firms.

Record Keeping

A description of the types of records that are maintained concerning procedures adopted to comply with the requirements and goals in the plan, including established source lists; and a description of the AT&T's efforts to locate diversity firms and to award subcontracts to them.

These records include, but are not limited to, the following:

- Diversity firm source lists, guides, and other data identifying such vendors.
- Organizations contacted for diversity firms.
- On a contract-by-contract basis, records on all subcontract solicitations over $100,000 which indicate for each solicitation:
  - whether small business concerns were solicited, and if not, why not;
  - whether disadvantaged business concerns were solicited, and if not, why not;
  - whether woman-owned business concerns were solicited, and if not, why not; and
  - reasons for the failure of the above to receive the subcontract award.
- Records to support other outreach efforts, e.g., contracts with minority and small business trade associations, attendance at small, minority, and woman-owned business procurement conference and trade fairs.
- Records to support internal activities to:
  - Guide and encourage purchasing personnel; e.g., workshops, seminars, training programs, incentive awards; and
  - Monitor activities to evaluate compliance.
- On a contract-by-contract basis, records to support subcontract award data including the name, address and business size of each subcontractor.
- Other records to support compliance with the subcontract plan.

Timely Payments to Subcontractors

AT&T procurement process includes contract negotiated payment intervals, which ensures timely, mutually agreed upon payment terms and conditions. These processes ensure that diversity firms are paid in a timely fashion.