



September 13, 2016

Monica Azare
Vice President and Deputy General Counsel
Verizon
140 West Street, 6th Floor
New York, New York 10007

**Sent via e-mail and certified mail, return receipt requested – tracking number 9590 9402
1441 5329 1519 74**

Dear Ms. Azare:

We send this Notice of Default pursuant to section 15.2 of the Cable Franchise Agreement (the “Agreement”) by and between the City of New York and Verizon New York Inc. (“Verizon”). The City has determined that Verizon is in Default under three separate provisions of the Agreement, sections 5.1, 5.4, and 11.1. This determination is based on, among other things, information provided by Verizon during the course of, and following, the audit conducted by the City’s Department of Information Technology and Telecommunications culminating in the issuance of the Final Audit Report dated June 16, 2015 (the “Audit Report”).

Under section 5.1 of the Agreement (including subsections), entitled “Initial Deployment,” Verizon agreed to deploy its FTTP Network by “pass[ing]” all households throughout the City. Verizon agreed that it would complete this initial deployment – that is, that its FTTP Network would “pass all households” in the City – no later than June 30, 2014. This deadline was extended, if at all, until no later than November 28, 2014 (the “Deployment Deadline”). Verizon failed to “pass” all residential buildings in the City by the Deployment Deadline, and has failed to do so to date, in that it has not run fiber immediately in front of or behind each residential building in the City. Therefore, Verizon is in Default of its obligations under section 5.1. Moreover, Verizon improperly reduced, from \$50 million to \$15 million, the performance bond required under section 15.9 of the Agreement on the basis of Verizon’s incorrect representations that Verizon had met the prescribed deployment schedule, when in fact it had not.

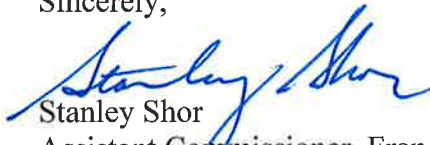
Under section 5.4 of the Agreement (including subsections), Verizon is obligated “to make Cable Service available to all residential dwelling units” in the City by accepting orders for service and then, in connection with each such order, installing all necessary equipment within the time frames afforded by that section. Section 5.4 provides – at most, depending on the circumstances – 12 months from the time of the request for Verizon to complete installation. As of December 31, 2014, there were at least 31,313 property addresses with initial non-standard installation requests for service exceeding 12 months and as of October 9, 2015, there were at least 38,551 property addresses with initial non-standard installation service requests exceeding

12 months. Based on available information, including limited information provided by Verizon in response to the City's requests, it appears that with respect to a significant number of these, the delay is not excused by any of the three exceptions set forth in section 5.5. Therefore, Verizon is in Default of its obligations under section 5.4.

Under section 11.1 of the Agreement (including subsections), Verizon is obligated to make available, upon reasonable written notice, books and records pertaining to its provision of cable service under the Agreement. As described in the Audit Report, Verizon failed during the course of the audit to make available, and has not since made available, a large portion of the records reasonably requested by the City. Therefore, Verizon is in Default of its obligations under section 11.1.

The City has reviewed the proposals Verizon has made regarding the satisfaction of installation requests outstanding more than one year, including the most recent one dated June 17, 2016, and has determined that they are insufficient to resolve the outstanding issues. In accordance with section 15.3 of the Agreement, the City seeks a Cure of these Defaults, including restoration of the performance bond to the initial amount of \$50 million, or a response from Verizon, within 30 days of receipt of this Notice. The City reserves all rights under the Agreement.

Sincerely,



Stanley Shor
Assistant Commissioner, Franchise Administration

c:

Verizon
140 West Street, 6th Floor
New York, NY 10007
Attention: Franchise Service Manager