

Loretta Walker

Vice President, External Affairs-Bay Area

AT&T California 525 Market Street Room 1906

T: 415.778.1406 F: 415.541.9270 loretta.walker@att.com

Room 1906 San Francisco, CA 9410

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January 18, 2010

CITY OF CAPITOLA

Mr. Richard Hill City Manager City of Capitola 420 Capitola Avenue Capitola, CA 95010

Dear City Manager Hill:

As you are aware, AT&T California has been diligently working with your staff on upgrading our network infrastructure to deliver new products to Capitola residents.

I am pleased to notify you that AT&T California will begin offering its U-versesm TV to residents of Capitola no sooner than 10 days from the date of this letter.

AT&T has a rich history of providing services to residents throughout Capitola, and we value the relationship we have with the city employees who have helped make this possible. If you haven't already, please return the "AB 2987 — Implementation Survey" we provided. We will not be able to provide franchise fee or other payments until we have the information requested in the survey. We look forward to continuing our work with your staff to ensure the best interests of your city are supported.

AT&T External Affairs Manager Bettye Saxon has been discussing our plans with you and is available to answer any questions you may have. She can be reached directly at 831-649-2086.

We look forward to bringing this exciting new service to residents of your city. Thank you for your time and consideration on this matter. Your continued assistance with this process is greatly appreciated.

Sincerely,

cc: Bettye Saxon