

**RESOLUTION GRANTING THE CONSENT OF CHATHAM COUNTY TO THE TRANSFER OF CONTROL OF A CABLE TELEVISION FRANCHISE FROM TIME WARNER, INC., TO AOL TIME WARNER, INC., AND A TRANSFER OF CONTROL FROM MEDIA ONE GROUP, INC., TO AT&T CORPORATION**

**WHEREAS**, Time Warner Entertainment-Advance/Newhouse Partnership (TWEAN) holds a valid, non exclusive franchise to operate a cable television system in Chatham County, North Carolina (the "Franchising Authority"); and

**WHEREAS**, TWEAN is a subsidiary of Time Warner, Inc. ("TWI"); and

**WHEREAS**, Media One Group, Inc., ("Media One") holds a 25.51% interest in Time Warner Entertainment Company, L.P., ("TWE") which in turn owns a 66.66% interest in TWEAN; and

**WHEREAS**, a wholly-owned subsidiary of AT&T Corporation ("AT&T") is acquiring all of the shares of Media One pursuant to an Agreement and Plan of Merger dated May 6, 1999, ("Transaction No. 1") so that following closing of the transaction, AT&T will control an approximate 17% interest in TWEAN; and

**WHEREAS**, TWI and America Online, Inc., ("AOL") have entered into an Agreement and Plan of Merger dated January 10, 2000 ("Transaction No. 2"); and

**WHEREAS**, the merger agreement will result in a stock to stock merger (Transaction No. 2") in which TWI and AOL will merge with subsidiaries of a newly formed holding company; and

**WHEREAS**, as a result of Transaction No. 2, both TWI and AOL will become wholly owned subsidiaries of the new company, AOL-Time Warner, Inc., ("AOL-TW"); and

**WHEREAS**, the franchisee, TWEAN, and TWI, AOL-TW, Media One, and AT&T, have requested the consent of the Franchising Authority, if it determines consent is necessary, to the aforementioned change of control and Transaction Nos. 1 and 2; and

**WHEREAS**, on or about February 10, 2000, TWI, as transferor, and AOL-TW, as transferee, filed an FCC Form 394 seeking the consent of the Franchising Authority to Transaction No. 2 and

**WHEREAS**, on or about February 18, 2000, Media One, transferor and AT&T, transferee, filed a Form 394 with the Franchising Authority seeking consent to Transaction No. 1; and

**WHEREAS**, the Franchising Authority has conducted a thorough review of the legal, technical and financial qualifications of the applicants and the transferees to own and operate the cable system; and

**WHEREAS**, the Franchising Authority received and reviewed the report of its cable television consultant concerning the legal, technical and financial qualifications of the transferees and provided an opportunity for public comments; and

**WHEREAS**, AT&T and TWI are the two largest cable television operators in the United States and AOL is the largest and most dominant provider of internet services; and

**WHEREAS**, TWI and AOL have entered into a Memorandum of Understanding dated February 29, 2000 (the "MOU") (a copy of which is attached hereto as Attachment A) setting forth significant commitments that AOL/TW will undertake to enable cable modem subscribers to obtain service from affiliated Internet service providers ("ISPs"). Included among those commitments is the commitment of AOL/TW to operate its cable systems in a manner that does not discriminate among ISPs based on their affiliation with AOL/TW; and

**WHEREAS**, following further review and an investigation, the Franchising Authority has concluded that the transferees have established that they meet the technical, legal and financial criteria to operate the cable system and have satisfied all criteria set forth in and/or under all applicable or required local government and federal documents, laws, rules and regulations, including FCC Form 394 and contingent upon applicants meeting all of the requirements set forth below;

**NOW, THEREFORE, BE IT RESOLVED** that in consideration of the foregoing and the promises set forth herein; the Franchising Authority and the transferees agree to the following:

1. The Franchising Authority consents to Transactions Nos. 1 and 2, effective immediately upon the closing of the transactions contemplated by the agreements, provided that said closings take place prior to July 1, 2000;
2. The Franchising Authority confirms that:
  - (a) the franchise held by the franchisee is valid and in full force and effect
  - (b) the franchisee will be in material compliance with the franchise if the other conditions set forth in this Resolution are met.
3. TWEAN:
  - (a) agrees to be bound by the franchise and perform all duties and obligations thereunder;
  - (b) represents and warrants that it is able to provide and agrees to provide all services required under said franchise;
  - (c) acknowledges and agrees that TWEAN is subject to the regulatory authority of the grantor as provided by state and federal law;
  - (d) agrees to cooperate fully with the Franchising Authority and to obtain from any governmental agency having jurisdiction, all licenses, permits and other authority necessary for lawful operation and maintenance of the cable system;

4. The past performance of TWEAN under the control of TWI pursuant to the franchise is not waived by the Franchising Authority consenting to this transfer and adopting this Resolution. TWEAN (under the control of its new parent, AOL-TV) agrees to be responsible for and bound by the breaches and non-performance, if any, of TWEAN (under the control of TWI) prior to this transfer. The Franchising Authority may, after consummation of the Transaction Nos. 1 and 2, consider in any ongoing renewal proceeding, the past performance of TWEAN (under the control of TWI) to the extent permitted under 47 U.S.C. §546. As if it were the past performance of TWEAN (under the control of AOL-TV).
5. TWEAN and AOL-TV agrees that the revaluation of the cable system assets, if any, resulting from Transaction Nos. 1 and 2 shall not be the basis for any future rate increases for any regulated cable service, including, but not limited to, basic cable service, equipment rentals and installation costs.
6. This Resolution shall become effective on the date of its passage but shall be automatically rescinded and the transfer of control denied (1) if not accepted in writing by TWEAN, within (30) days of passage; or (2) if any of the conditions of this consent resolution are determined to be invalid in a final judgement by a court of competent jurisdiction.
7. Within thirty days following the adoption of this Resolution, TWEAN shall pay the sum of \$2,500 to the Franchising Authority if it has 1,000 or more subscribers and the sum of \$1,250 to the Franchising Authority if it has 999 or less subscribers to reimburse the Franchising Authority for its expenses in connection with this transfer. None of the foregoing expenses described in this paragraph or TWEAN'S payment thereof shall constitute an offset against franchise fees or any other amounts due by Franchising Authority from TWEAN pursuant to the terms of the Franchise or otherwise.
8. The Franchising Authority is granting its consent to the transfer of control of the Franchise in reliance on the commitment of TWI and AOL (as expressed in the MOU), and Franchisee (as an entity substantially owned by TWI, and proposed to be substantially owned by AOL/TW), to the principles expressed in and underlying the MOU.

**PASSED, ADOPTED AND APPROVED** this 10<sup>th</sup> day of July, 2000.

LOCAL GOVERNMENT



Rick Givens

Chairman, Board of Commissioners

ATTEST:



Sandra Lee

Clerk to the Board of Commissioners

WE CONSENT TO AND ACCEPT THE TERMS AND CONDITIONS OF THIS RESOLUTION.

DATE OF ACCEPTANCE

TIME WARNER ENTERTAINMENT  
ADVANCE NEWHOUSE PARTNERSHIP

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By \_\_\_\_\_