CITY OF CULVER CITY

LOS ANGELES COUNTY, CALIFORNIA

RESOLUTION NO. _______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY DENYING WITHOUT PREJUDICE THE ASSIGNMENT AND ULTIMATE TRANSFER OF CONTROL OF A CABLE TELEVISION FRANCHISE BY COMCAST CORPORATION TO C-NATIVE EXCHANGE I, LLC, A WHOLLY-OWNED SUBSIDIARY OF TIME WARNER NY CABLE LLC

RECITALS:

A. Comcast of Los Angeles, Inc. ("Franchisee") is the authorized holder of a franchise ("Franchise") that authorizes the construction, operation, and maintenance of a cable television system within the City of Culver City ("Franchise Authority").

B. On April 20, 2005, Time Warner NY Cable, LLC ("TWNY"), an indirect subsidiary of Time Warner Cable Inc., and Comcast Corporation ("Comcast"), the ultimate parent company of Franchisee, each entered into separate definitive agreements to acquire, collectively, substantially all of the assets of Adelphia Communications Corporation ("Adelphia") for a total of $12.7 billion in cash (of which TWNY will pay $9.2 billion and Comcast will pay the remaining $3.5 billion) and 16% of the common stock of Time Warner Cable Inc. At the same time that Comcast and TWNY entered into the agreements to purchase Adelphia's assets, Time Warner Cable Inc., Comcast, and their respective subsidiaries also agreed to swap certain cable systems to enhance their respective geographic clusters of subscribers ("Cable Swaps"). The cable system now owned and operated by Franchisee in the City of Culver City is one of many cable systems in Southern California involved in the Cable Swaps.

C. On June 14, 2005, the Franchise Authority received from Comcast of Georgia, Inc. ("Transferor"), an intermediate subsidiary wholly-owned by Comcast Corporation, and from Time Warner Cable Inc. ("Transferee"), an application for the assignment and ultimate transfer of control of the existing Franchise. This application included FCC Form 394 titled "Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise." Certain supplemental information was provided to the Franchise Authority by the Transferee on July 25, 2005.

D. In accordance with Section 35B-3(j) of Ordinance No. 87-201, the Franchise Authority has the right to review and to approve, among other factors, the financial, technical, and legal qualifications of the Transferee in connection with the proposed assignment and ultimate transfer of control of the Franchise.

E. The staff of the Franchise Authority has reviewed the documentation that accompanied FCC Form 394. Based upon the representations set forth in that documentation, staff has concluded that the proposed Transferee has failed to submit sufficient information to support a determination by the Franchise Authority that the proposed Transferee has the requisite financial, technical, and legal qualifications to adequately perform, or to ensure the performance of, all obligations required of the Franchisee under the Franchise previously granted by the Franchise Authority

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CULVER CITY RESOLVES AS FOLLOWS:

Section 1. In accordance with Section 35B-3(j) of Ordinance No. 87-021, the Franchise Authority denies without prejudice its consent to and approval of the proposed assignment of the Franchise from Franchisee to C-Native Exchange I, LLC, a wholly-owned subsidiary of Comcast of Georgia, Inc., and the subsequent transfer of control of C-Native Exchange I, LLC to Time Warner Cable Inc.

Section 2. The Franchise Authority finds and determines that the public interest would not be served by authorizing and consenting to the proposed assignment and transfer at this time because the information submitted in the FCC Form 394 filed on June 14, 2005, and in the supplemental documents received on July 25, 2005, does not demonstrate that the proposed Transferee possesses the legal, technical, and financial qualifications to acquire and to operate the Franchise or the regional cable system of which the Franchise will be an integral component. This finding and determination of the Franchise Authority is based upon and supported by the following facts:

A. The proposed Transferee, C-Native Exchange I, LLC, is a Delaware limited liability company that was formed on May 11, 2005, shortly after the Exchange Agreement was entered into on April 20, 2005, by Comcast Corporation, Time Warner Cable Inc., Time Warner NY Cable LLC, and other parties. As of the date of this resolution, neither the Franchisee nor the Transferee has complied with the Franchise Authority's request for a copy of a certificate of registration issued to the limited liability company by the California Secretary of State that authorizes C-Native Exchange I, LLC to transact business in this state. Nor has the franchisee or the transferee complied with the Franchise Authority's request for copies of the articles of organization and the operating agreement of this newly formed limited liability company. Consequently, the Franchise Authority finds and determines that insufficient information has been provided to enable the Franchise Authority to fully evaluate the legal structure and legal qualifications of the proposed Transferee.

B. The proposed Transferee, C-Native Exchange I, LLC, has no documented history of business operations involving the ownership and operation of cable television systems in California or in any other state. It is therefore impossible for the Franchise Authority to evaluate the technical qualifications of the proposed Transferee to conduct business in accordance with sound business principles and practices customary in the cable television industry. Consequently, the Franchise Authority finds and determines that the proposed

Transferee lacks the technical qualifications to own and operate the Franchise previously granted by the Franchise Authority.

C. The Franchisee and the Transferee have failed or refused to provide all necessary and material documents and information requested by the City in order to conduct a "due diligence" evaluation of the Transferee's financial qualifications to acquire control of and to operate the Franchise and the cable system. In the absence of pro forma financial statements, specific information concerning the credit-worthiness of the proposed Transferee, its access to funding sources, its entry into binding contractual commitments to obtain financing, or the amount of debt to be assumed and then refinanced, the Franchise Authority is unable to conduct a thorough evaluation of the financial capabilities of the proposed Transferee. Consequently, the Franchise Authority finds and determines that the proposed Transferee lacks the financial qualifications to own and operate the Franchise previously granted by the Franchise Authority.

<u>Section 3</u>. The action taken by the Franchise Authority in denying its consent to the assignment and transfer requested by the Franchisee and the Transferee, as set forth in this resolution, is without prejudice to the right of these applicants to submit to the Franchise Authority a new FCC Form 394 that contains more specific and detailed information concerning the legal, technical, and financial qualifications of the proposed Transferee.

<u>Section 4</u>. The City Clerk is directed to transmit a certified copy of this resolution to the following persons:

Mr. Roger Keating, President
Los Angeles Division
Time Warner Cable Inc.
959 South Coast Drive
Suite 300
Costa Mesa, CA 92626

Ms. Sheila R. Willard
Senior Vice President, Government Affairs
Comcast of Georgia, Inc.
1500 Market Street
Philadelphia, PA 19102-2148

<u>Section 5</u>. The City Clerk is directed to certify to the passage and adoption of this resolution.

PASSED, APPROVED, AND ADOPTED this 28th day of November, 2005.

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MAYOR

ATTEST:

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CITY CLERK

APPROVED AS TO FORM:

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CITY ATTORNEY