



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

CABLE TELEVISION

IN THE MATTER OF THE PETITION OF TWFANCH-)
ONE CO., d/b/a TIME WARNER CABLE OF NEW YORK)
AND NEW JERSEY, AND TIME WARNER)
ENTERTAINMENT COMPANY, L.P., FOR APPROVAL)
OF A CERTAIN MERGER TRANSACTION AND THE)
TRANSFER OF CERTIFICATES OF APPROVAL)

ORDER OF APPROVAL

DOCKET NO. CM09080719

Dennis C. Linken, Esq., Stryker, Tams & Dill, Newark, New Jersey for Petitioner

BY THE BOARD

On August 31, 2009, TWFanch-one Co, d/b/a Time Warner Cable of New York and New Jersey, ("TWC") and Time Warner Entertainment Company, L.P., ("Time Warner Entertainment") (jointly referred to as the "Petitioners") petitioned the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:5A-38, N.J.A.C. 14:17-6.18, N.J.S.A. 48:5A-19 and N.J.A.C. 14:17-6.8 for approval of a certain merger transaction and the transfer of Certificates of Approval ("Transaction"). The Petitioners entered into an Agreement and Plan of Merger ("Agreement") on August 11, 2009.

TWC, with its principal offices at 200 Roosevelt Place, Palisades Park, New Jersey 07650, is a Delaware general partnership that operates a cable television system in fourteen (14) municipalities in Bergen and Hudson County, New Jersey (the "Bergen System")¹, pursuant to municipal consents and Certificates of Approval issued by the Board.

TWC is owned 98.99% by Time Warner Entertainment and 1.01% by Time Warner Holdings, Inc., a wholly-owned subsidiary of Time Warner Entertainment. Time Warner Entertainment, a Delaware limited partnership, with principal offices at 60 Columbus Circle, New York, New York, 10023, is 100% owned through wholly-owned subsidiaries by Time Warner Cable Inc. ("Time Warner Cable"), a publicly traded corporation and the parent company of all of the Time Warner Cable entities.

¹ The Bergen System serves the following municipalities: Cliffside Park, Edgewater, Englewood, Englewood Cliffs, Fairview, Fort Lee, Leonia, Little Ferry, Moonachie, Palisades Park, Ridgefield, Ridgefield Park and Teterboro, and Little Ferry in Bergen County, and Guttenberg in Hudson County.

Time Warner Cable is the nation's second largest cable television company, serving more than 14 million customers throughout the country.

Pursuant to the Agreement entered into by TWC and Time Warner Entertainment, TWC will merge with and into its parent, Time Warner Entertainment, with Time Warner Entertainment as the surviving entity.

The Petitioners have provided responses to discovery requests regarding the impact of the Transaction on TWC's New Jersey cable television customers. In addition, the Petitioners provided information supporting the ability of Time Warner Entertainment to continue to provide safe, adequate and proper service subsequent to the merger.

Simultaneously with the filing of the Petition in this matter, Petitioners also filed with the Board a FCC Form 394 – Application for Franchising Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, setting forth pertinent information concerning the Transaction.

TWC operates its Bergen System franchise pursuant to municipal consents issued by the above listed municipalities and Certificates of Approval issued by the Board for those municipalities. The petition provides that TWC will transfer its Certificates of Approval to Time Warner Entertainment. After the Transaction's completion, Time Warner Entertainment will be the holder of all authorizations and licenses formerly held by TWC.

Notice has been provided, in accordance with N.J.A.C. 14:17-6.8, to subscribers, affected municipalities, and to contiguous cable television companies and electric and telephone companies.

Petitioners assert that the Transaction was authorized to simplify the corporate structure of the Time Warner Cable entities. The Transaction is purely internal, resulting in no change in the local management and staff operating the Bergen System. In addition, because Time Warner Cable will continue to be solely and exclusively responsible for the day-to-day management and operation of the Bergen System, there will be no impact upon business policies or practices.

Generally, the Transaction will have the effect of vesting all properties, rights, privileges, powers and franchises of TWC in Time Warner Entertainment and all debts, liabilities and duties of TWC will become those of Time Warner Entertainment. Pursuant to Section 1.7 of the Agreement, TWC's equity outstanding immediately prior to the closing of the Transaction will be cancelled with no consideration paid to Time Warner Entertainment.

Upon review of the petition and exhibits submitted in this matter, the Board HEREBY FINDS the Transaction to be made is in accordance with law, is in the public interest, and will not adversely impact the financial integrity of the affected cable companies. The Board FURTHER FINDS that Time Warner Entertainment has demonstrated that it possesses the financial resources and technical qualifications to ensure the Board of Time Warner Entertainment's ability to provide safe, adequate and proper service. Moreover, the Board has continuing authority to regulate rates for basic cable service and equipment and installation in portions² of TWC's Bergen

² The following municipalities are not subject to rate regulation pursuant to a grant of effective competition by the FCC: Fairview, Moonachie, Ridgefield Park, Little Ferry and Guttenberg. The remaining

system and enforce the cable television system's franchise obligations. In view of the foregoing, the Board HEREBY ORDERS that Petitioners are HEREBY AUTHORIZED to merge TWC with and into Time Warner Entertainment. The Board FURTHER ORDERS that Petitioners are HEREBY AUTHORIZED to transfer TWC's Certificates of Approval to Time Warner Entertainment pursuant to the terms of the Agreement and to execute all documents related thereto. This Order is subject to the following conditions:

- 1) This Order shall not affect or in any way limit the exercise of the authority of the Board, the Office of Cable Television or the State of New Jersey in any future petition or in any proceeding regarding rates, cost of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioners.
- 2) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of tangible or intangible assets now owned or hereinafter to be owned by Petitioners.
- 3) This Order shall not be construed as superseding pending rate proceedings involving the Petitioners.
- 4) The Petitioners shall notify the Board, in writing, within five (5) days of the date on which each of the transactions are consummated.
- 5) Consummation of the above referenced transactions must take place no later than ninety (90) days from the date of this Order, unless otherwise extended by the Board.
- 6) Petitioners shall file a Certification with the Board within thirty (30) days of the closing attesting to the lack of material deviation in the executed closing documents or final terms from those terms and conditions described herein and /or submitted to the Board with the Petition. Any such material deviation in the executed closing documents shall render this Order voidable by the Board.
- 7) Petitioners shall file journal entries with the Board to record the transactions approved herein within 45 days of final closing.
- 8) Approval herein of the merger transaction and transfer of Certificates of Approval shall not constitute automatic approval of any business contract referenced in the Agreement or supporting documents, if Board approval, pursuant to N.J.S.A 48:5A-1 et seq. would otherwise be required.
- 9) TWC shall provide, within 90 days of the date of closing, revised Office of Cable Television Forms CATV-1 and CATV-2 that shall reflect all categories of gross revenue, as defined by the applicable statutes, for the period January 1, 2009 through the last day of business for the franchises involved.
- 10) Time Warner Entertainment shall file, within thirty days of the closing of the transaction, amended OCTV Forms F99 for the years ended 2007 and 2008 on behalf of TWF, recognizing the promissory note receivable from TWC Digital Phone, LLC as a separate line item on the balance sheet portion of Forms F99. Any additional account balances affected or offset by this transaction shall also be adjusted and/or included accordingly.
- 11) TWC remains liable for all franchise fees, CATV Universal Fund Fees and the State Assessment fee accrued for the period January 1, 2009 through

municipalities, which continue to be rate regulated, have petitions pending with the FCC for effective competition determinations.


- their last day of business to be reflected in the CATV-1 and CATV-2 filings to be submitted pursuant to Condition 9.
- 12) Time Warner Entertainment shall file within 45 days of the closing of the Transaction a revised schedule of all prices, rates, terms and conditions for cable television service reflecting all charges as required by the Board, the Office of Cable Television or the Federal Communications Commission highlighting all changes resulting from the Transaction.
 - 13) Time Warner Entertainment shall file within 30 days of the closing of the Transaction the Certificate of Merger it will file with the Delaware Secretary of State pursuant to paragraph 1 of the Agreement.
 - 14) All obligations imposed on TWC by the Certificates of Approval issued by the Board for the municipalities listed above, shall be assumed by Time Warner Entertainment.
 - 15) All representations and commitments made by TWC to the municipalities served by the Bergen system are fully enforceable as if set forth at length herein.
 - 16) Within ninety (90) days from the date of closing of the proposed Transaction, Petitioners shall certify, for each system under their control, as well as each system to be acquired as part of this Docket the following items:
 - a) That all New Jersey cable television systems under their respective ownership and/or control, are in full compliance with Article 820 of the National Electrical Code as previously certified.
 - b) That all Board Ordered requirements or conditions arising out of any and all Offers of Settlement and Certificates of Approval have been or are being satisfied within the time frame set forth therein.
 - c) That billing records are available for all customers in New Jersey cable television systems under their respective ownership and/or control and copies of such records are maintained for three (3) years in accordance with N.J.A.C. 14:18-3.7.
 - d) That within ninety (90) days from the date of closing of the Transaction, Time Warner Entertainment will provide certification that the Bergen system is and will remain fully compliant with Emergency Alert System ("EAS") obligations imposed by the FCC on digital programming services, effective December 31, 2006, and will retain the current levels of EAS functionality as currently being provided under the State Operational Plan.

Should Petitioners be unable to complete their review of their respective systems within 90 days of closing, each Petitioner shall file a certified report with the OCTV prior to the expiration of the 90 day period setting forth its progress on the requirements set forth above in paragraphs a through d. Petitioners will at that time have the option of requesting an extension of time of up to 90 days to finalize the review of their systems and certify to same with regard to the provisions of paragraphs a through d set forth above.

All parties to the Transactions must comply with the New Jersey Cable Television Act and applicable sections of the New Jersey Administrative Code.

DATED: 12/17/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

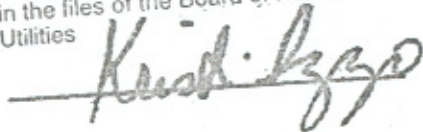

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



SERVICE LIST

I/M/O Petition of TWFanch-one Co., d/b/a Time Warner Cable of New York and New Jersey and Time Warner Entertainment Company, L.P., for Approval of the Transfer of a Certain Merger Transaction and the Transfer of Certificates of Approval

Docket No. CM09080719

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