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December 18, 2000
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

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Re: Applications of America Online, Inc. and Time Warner Inc. for Transfers of Control
CS Docket No. 00-30

Dear Ms. Salas:

As detailed in the attached press release, Time Warner Inc. ("Time Warner") today announced a restructuring of the Road Runner high speed Internet service partnership whereby Time Warner Cable will increase its ownership in Road Runner and manage its operations. The Road Runner restructuring, which will satisfy the condition imposed by the Justice Department in connection with the AT&T/MediaOne merger that AT&T divest its interest in Road Runner, is expected to be completed by April of 2001.

On March 1, 2000 Time Warner and America Online, Inc. ("AOL") jointly submitted their "Memorandum of Understanding Regarding Open Access Business Practices" ("MOU") into the record in the above-referenced proceeding. The MOU noted that the various commitments therein relating to offering consumers a choice of multiple ISPs on Time Warner's broadband cable systems were subject to Time Warner's agreements with Road Runner.

The restructuring announced today will end Road Runner's exclusivity preferences on Time Warner Cable, which were to run through the end of 2001, clearing the way for Time Warner Cable to offer multiple IPSs on its systems on an accelerated basis. Starting in April,

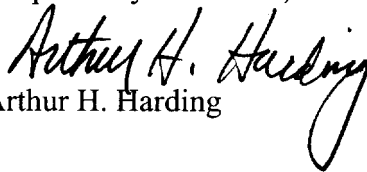
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affected AT&T Broadband cable systems will continue to offer the Road Runner service to their cable customers for a transitional period of up to 15 months under a new service agreement with Road Runner.

Time Warner cable systems offering the Road Runner service will continue to do so, and Road Runner will be operated independently of, and held separate and apart from, AOL and all of its businesses, as provided for in the "Order to Hold Separate" issued by the Federal Trade Commission.

Kindly direct any questions regarding this matter to the undersigned.

Respectfully submitted,


Arthur H. Harding

cc: Hon. William E. Kennard
Hon. Susan Ness
Hon. Michael K. Powell
Hon. Harold Furchtgott-Roth
Hon. Gloria Tristani
Karen Edwards Onyeije, Legal Advisor, Office of Chairman Kennard
David Goodfriend, Legal Advisor, Office of Commissioner Ness
Kyle D. Dixon, Legal Advisor, Office of Commissioner Powell
Susan Eid, Legal Advisor, Office of Commissioner Powell
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Sherille Ismail, Deputy Bureau Chief, Cable Services Bureau
Royce Dickens, Deputy Chief, Policy and Rules Division, Cable Services Bureau
Linda Senecal, Cable Services Bureau
Darryl Cooper, Cable Services Bureau
International Transcription Service

For Immediate Release

TIME WARNER TO INCREASE ROAD RUNNER OWNERSHIP AND MANAGE ITS OPERATIONS

-Will Strengthen Time Warner Cable's Leadership in Driving Growth of Broadband Internet Services-

-Accelerates Timetable for Time Warner Cable to Offer Multiple ISPs To Its Customers By Ending Road Runner Exclusivity-

TIME WARNER AND AOL PROVIDE UPDATE ON OPERATIONS

NEW YORK, NY, December 18, 2000-Time Warner Inc. (NYSE:TWX) today announced that Time Warner Cable will increase its ownership in the Road Runner high-speed Internet service and manage its operations. Time Warner and America Online, Inc. (NYSE: AOL) also provided an update on their operating performance.

The Road Runner restructuring, resulting from a consent decree between AT&T and the Department of Justice in connection with AT&T's acquisition of MediaOne Group, is expected to be completed by April of 2001.

With Time Warner Cable managing the Road Runner operations as a result of the restructuring, it will be able to pursue more aggressively and efficiently the growing business opportunities in high-speed Internet services, as well as advance the timetable for offering multiple ISPs to its customers. In addition, Time Warner Cable will be even better positioned to roll out next-generation broadband content, applications and functionality, including video streaming, for cable consumers.

The restructuring will end Road Runner's exclusivity on Time Warner Cable, which was to run through the end of 2001. That clears the way for Time Warner Cable to offer multiple ISPs on its systems on an accelerated basis. Starting in April, AT&T Broadband will continue to offer the Road Runner service to its cable customers for a transitional period of up to 15 months under a new service agreement with Time Warner Cable's new Road Runner company.

At this time, Time Warner, AT&T Broadband and Advance/Newhouse together own an 80 percent fully diluted interest in Road Runner LLC-the entity that now provides national network facilities and management, as well as certain content, to cable operators that, in turn, offer the Road Runner service to their customers. Microsoft Corp. and Compaq Computer Corporation have a combined 20% preferred interest in Road Runner LLC.

Under the new agreement, the interests of Microsoft and Compaq will be redeemed, and Road Runner LLC will distribute substantially all of its assets to Time Warner and its affiliates, and to AT&T Broadband. Time Warner and its affiliates will incur approximately \$570 million in cash expenditures related to the restructuring, and they will receive the

national assets of Road Runner. Time Warner expects to recognize a one-time restructuring charge of \$20 million to \$40 million in the fourth quarter of 2000 in connection with this transaction.

Update on Operating Results

Time Warner

In addition to the restructuring charge related to Road Runner, Time Warner said that its December quarter results will reflect the disappointing box office performance of its Little Nicky release, as well as recent softness in cable network advertising revenues in line with prevailing market conditions, and weaker than anticipated music sales. At the same time, the Company continues to experience healthy double-digit EBITA growth in other core businesses, notably Publishing and Cable Systems. Based on these trends, Time Warner said it is reducing expectations for EBITA growth to 11% for the full year 2000, from 12 to 13% previously, while remaining comfortable that it will post annual growth in total advertising revenues in the mid-teens.

America Online

Approaching the AOL Time Warner merger, America Online affirmed that its businesses are currently on track to post record growth in the December quarter, with strong momentum in both membership growth and advertising/commerce revenues. AOL recently surpassed the 26 million member milestone for its flagship service, and membership growth is particularly strong in the U.S. and Europe. In the U.S., AOL experienced its second-best day ever in net membership growth on December 10, signing up approximately 40,000 net new members. The Company also is on track to post fourth quarter advertising/commerce revenues in line with Wall Street consensus expectations.

Strong Commitment to Road Runner

Glenn A. Britt, President of Time Warner Cable, said: "We are very excited about the potential of broadband Internet services for both cable consumers and Time Warner Cable. By restructuring Road Runner, we are even better positioned to continue its nationwide roll-out, and to deliver valuable next-generation services faster and more efficiently. We are committed to building our broadband customer base at a rapid pace, as well as providing the highest level of service and popular benefits to cable consumers."

Mr. Britt added: "Just as importantly, this restructuring represents a major advance in fulfilling our commitment to offer Time Warner Cable customers multiple choices in broadband ISPs. Not only is consumer choice in high-speed ISPs good business for cable operators, but it also will drive the development of the interactive medium and deliver new benefits to consumers."

Under the new agreement, the Road Runner headquarters will remain in its current facility in Herndon, Virginia. Road Runner LLC also owns 21 regional data centers that connect with its local affiliates. These data centers will be distributed to AT&T Broadband or Time Warner Cable based on which company's cable operations are the predominant users of them.

About Time Warner Inc.

Time Warner Inc. (NYSE: TWX, www.timewarner.com) is the world's leading media company. Its businesses include cable networks, publishing, music, filmed entertainment, cable and digital media.

About Time Warner Cable

Time Warner Cable owns and manages the world's most advanced, best clustered cable television operations, with 90 percent of its 12.6 million customers in systems of 100,000 subscribers or more. It is a division of Time Warner Entertainment.

About Road Runner

Road Runner (www.roadrunner.com) is the nation's pre-eminent broadband service provider, serving more than 1.1 million customers in the communities where it is available. The Road Runner character is a trademark and copyright of Warner Bros., a division of Time Warner Entertainment Company, L.P.

Caution Concerning Forward-Looking Statements

This document includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are naturally subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein. The forward-looking statements herein include statements about the proposed Time Warner/America Online transaction. The following factors, among others, could cause actual results to differ materially from those described herein: the risk that the Time Warner and America Online businesses will not be integrated successfully; the costs related to the merger; inability to obtain, or meet conditions imposed for, governmental approvals for the merger of America Online and Time Warner; and other economic, business, competitive, technological and/or regulatory factors affecting Time Warner's and America Online's businesses generally. More detailed information about those factors is set forth in filings by Time Warner, America Online and AOL Time Warner with the Securities and Exchange Commission, including America Online's most recent annual report on Form 10-K, Time Warner's most recent quarterly report on Form 10-Q and current reports on Form 8-K. None of Time Warner, America Online or AOL Time Warner is under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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