

City of Alexandria, Virginia

24
6-25-02

MEMORANDUM

DATE: JUNE 20, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER ^{PS}

SUBJECT: CONSIDERATION OF RESOLUTION AND AGREEMENT TO TRANSFER CONTROL OF THE CITY'S CABLE TELEVISION FRANCHISE FROM COMCAST CABLE COMMUNICATIONS CORPORATION TO AT&T COMCAST CORPORATION

ISSUE: Request from Comcast Cable Communications Corporation, Inc.(Comcast) to approve the transfer of control of the City's cable television franchise to AT&T Comcast Corporation, a newly formed entity created by the merger of AT&T Broadband Corporation and Comcast Corporation(Attachment 1).

RECOMMENDATION: That City Council approve:

- (1) the transfer of control of the City's cable television franchise held by Comcast Cablevision of Virginia, Inc., a wholly-owned subsidiary of Comcast Corporation, to AT&T Comcast Corporation (AT&T Comcast) and adopt, on a roll call vote, the resolution (Attachment 2) approving the transfer; and
- (2) authorize the City Manager to execute the transfer agreement (Attachment 3) which binds the new entity to all of the terms, conditions, and obligations of the current franchise agreement.

Staff has received written assurances in the Form 394 and the proposed transfer agreement that the franchisee will continue to own and operate the cable system after the closing, and continue to provide service consistent with the terms and conditions of the franchise agreement. Staff has been advised by Comcast that there will be very little change in the local management structure currently in place, and the regional and divisional structure will remain the same. The local staff will continue to report to Comcast's Washington Metro Region Office in Silver Spring, Maryland. Comcast has indicated that although the merger transaction will result in a new indirect parent company for the franchisee, all day-to-day authority over the operations of the new entity will remain with current Comcast Corporation CEO Brian L. Roberts. Comcast staff indicate that the transfer of control of the franchise will not change the holder of the franchise or impact cable service rates, and that the financial assumptions and debt structure of the franchisee are not expected to change as a result of the stock transaction at the parent company level.

The members of the Commission on Information Technology were briefed on the transfer of control of the franchise during a special meeting on June 17 and did not raise any objections to the staff analysis described below.

DISCUSSION: Alexandria's cable system is a wholly-owned subsidiary of Comcast Cable Communications, Inc. Therefore, ownership changes in the parent company, Comcast, affect the ownership of our local cable system. The City Code requires that City Council approve all transactions in which more than 20 percent of the ownership interest in a franchisee or in the cable system is sold.

Section 9-3-85 of the City Code outlines the factors that Council must consider in determining whether to approve or deny the transfer of control of the franchise. These factors include the legal, financial, and technical qualifications of the proposed transferee to operate the cable system, and "...whether operation of the cable system by the proposed transferee would adversely affect subscribers, the City's interest, the existing franchise agreement between the incumbent franchisee and the City, or the public interest, or make it less likely that the future cable-related needs and interests of the Alexandria community will be satisfied at a reasonable cost."

By way of background, Comcast, the third largest cable operator in the United States with approximately 8.4 million subscribers, agreed to merge with AT&T Broadband on December 19, 2001. In March, City staff received official notification of Comcast and AT&T's plan to combine their cable systems into a new company, AT&T Comcast Corporation, and the pending transfer of control of the City's cable television franchise to the new entity. The merger will make AT&T Comcast the largest cable operator in the United States with 22 million customers in 41 states. Comcast provided a copy of the Federal Communications Commission (FCC) form 394, Application for Franchise Authority Consent to Assignment or Transfer Control of Cable Franchise, that the Company had filed with the FCC on February 25 on March 8. Under the FCC regulations, the City has 120 days to review and take action on the merger.

Director of Finance Daniel Neckel reviewed the Pro Forma Financial Statements for AT&TComcast Corporation that were included in the Preliminary Joint Proxy Statement /Prospectus filed with the Securities and Exchange Commission (SEC), and determined that there is nothing materially that will affect the current operation of the City's cable system. These financial statements include the unaudited Pro Forma Combined Balance Sheet of AT&T Comcast Corporation as of September 30, 2001 and the unaudited pro forma combined Condensed Statements of Operation of AT&T Comcast for the nine months ended September 30, 2001 and for the year ended December 31, 2000.

The total pro forma assets of AT&TComcast are \$141.201 billion. In comparison, the total assets of the Alexandria system are \$189.2 million or 0.1 percent of the total assets of the combined deal. The total equity of the Alexandria system is \$124.2 million or 0.2 percent of the combined equity of AT&T Comcast of \$62.098 billion or less than the book value of the intangible assets. Mr. Neckel notes that this position of huge intangible assets is typical of cable

companies. The Alexandria system reports over 80 percent of their assets are intangible. The pro forma Statement of Operations for the year ended December 31, 2000 reports a net operations loss of \$6.680 billion. Mr. Neckel notes that operation losses are also typical of cable companies. The Alexandria system lost \$10.3 million in the same period. (Accounting rules have changed and goodwill and other intangible assets that have indefinite lives are no longer required to be amortized.) Comcast incurred amortization expense of approximately \$1.556 billion for the year ended December 1, 2000, which was not eliminated from the pro forma statement of operations.

Based on the information in these documents, staff determined that the transfer of controlling interest to the new entity, AT&T Comcast, will not affect the current operation of the City's cable system, and that AT&T Comcast has the financial resources and management experience to maintain the system. Therefore, I recommend that Council approve the transfer.

FISCAL IMPACT: None.

ATTACHMENTS:

Attachment 1. February 25 Letter from Sheila R. Willard to Director of Citizen Assistance

Attachment 2. Proposed Resolution

Attachment 3. Proposed Transfer Agreement

STAFF:

Rose Williams Boyd, Director of Citizen Assistance

Karen Snow, Assistant City Attorney

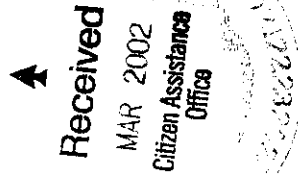
Daniel Neckel, Director of Finance



Comcast Cable Communications, Inc.
1500 Market Street
Philadelphia, PA 19102-2148

February 25, 2002

Director of Citizen Assistance
Alexandria City
City Hall
301 King Street
Alexandria, VA 22314



Re: Comcast Corporation - AT&T Broadband Merger

Dear Madam or Sir:

As you have no doubt heard, Comcast Corporation and AT&T Corp. have announced plans to combine their cable systems into a new company - AT&T Comcast Corporation. Comcast Corporation, as the parent corporation of your local cable company, is especially excited about entering this new period in our history, and we look forward to creating a company that is uniquely positioned to provide our customers and the communities we serve with the best in broadband service. The merger of Comcast and AT&T Broadband will establish one of the world's leading communications, media, and entertainment companies. And, utilizing the combined expertise and initiative of Comcast and AT&T Broadband, our goal is to expand both the availability and choice of products and services we offer to our customers.

Attached is a description of the proposed merger, including "before" and "after" charts, to assist you in understanding how the merger transaction will be completed. You should note that the merger transaction will **not** change the holder of your franchise; the franchise will continue to be held by your local cable franchisee. And although the merger transaction will result in a new indirect parent company for the franchisee, all day-to-day authority over the operations of the business will remain with current Comcast Corporation CEO, Brian L. Roberts.

Please review all the attached materials closely. If you determine that your consent is **not** required for this transaction to proceed, you need not take any further action. If, however, you believe your consent is necessary, we have provided copies of the Federal Communications Commission's (FCC) Form 394 and a draft consent resolution to help facilitate the consent process.

- **FCC FORM 394.** FCC Form 394 (required copies enclosed) is designed to provide you with the relevant information needed to assess the financial, legal, and technical qualifications of the proposed new controlling entity. In conjunction with the Form 394, we are including any specific additional information required by the local cable franchise.

February 25, 2002

Page 2

According to the FCC's rules, you have a maximum of 120 days from the date you receive this information to review all materials and act upon our request for consent to the merger. (Please note, this time frame may be shorter if so specified in your franchise.) If you choose not to take any action within the 120-day period, under federal law your consent will automatically be deemed granted.

- **CONSENT RESOLUTION.** Should you determine that your consent to the merger is required, we have enclosed a draft consent resolution that can be used to help expedite the consent process. We would request that a consent resolution, if needed, be placed on your agenda for consideration at your earliest convenience.

We are available at any time to discuss any questions you may have about the FCC Form 394, the consent resolution, or any of the other enclosed documents. And if you should have questions or concerns related to the merger transaction or would like additional information, please just give me a call at (215) 320-8618. We greatly appreciate your assistance in this matter, and we look forward to continuing to work with you and all the members of the community as we embark on this new and important phase of our company's growth and development.

Sincerely,



Sheila R. Willard
Senior Vice President, Government Affairs

Attachment and Enclosures

AT&T COMCAST CORPORATION MERGER TRANSACTION STRUCTURE

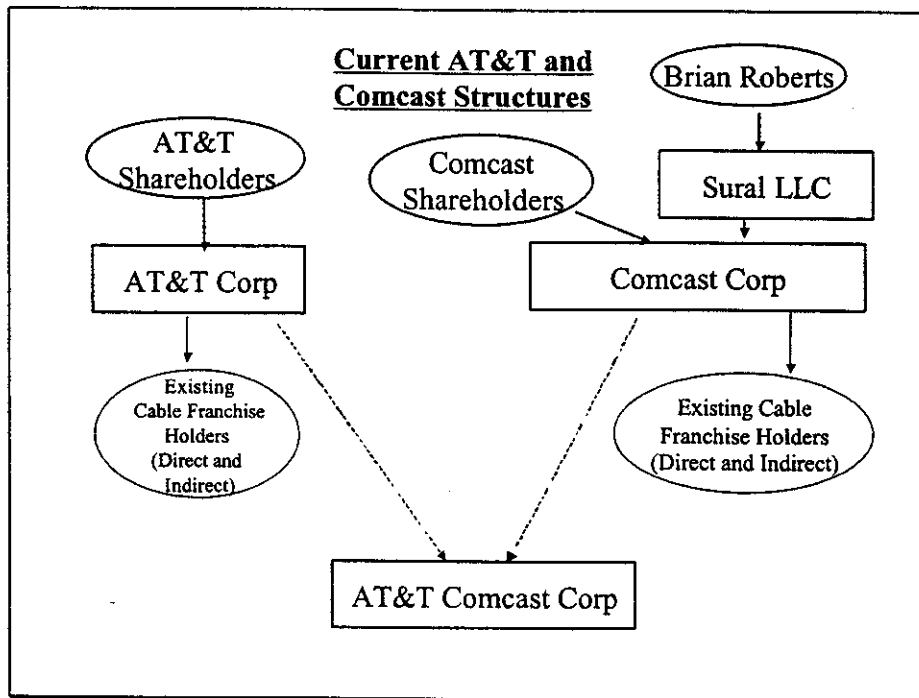
Post Merger Operations

AT&T Comcast will be headquartered in Philadelphia, PA. Mr. Brian Roberts, President of Comcast, will be Chief Executive Officer of the new company, with all day-to-day authority over the operation of the business. Mr. Roberts and his family will control 1/3rd of the voting interest.

Mr. Roberts, as CEO, will also be responsible for all matters relating to other officers and employees of the new company, and will consult with the Chairman with respect to senior officers. Mr. Roberts and the management team he selects will be responsible for the full operational control of the merged company. Mr. Roberts plans to continue Comcast's demonstrated track record in system upgrade, deployment of new services and customer care.

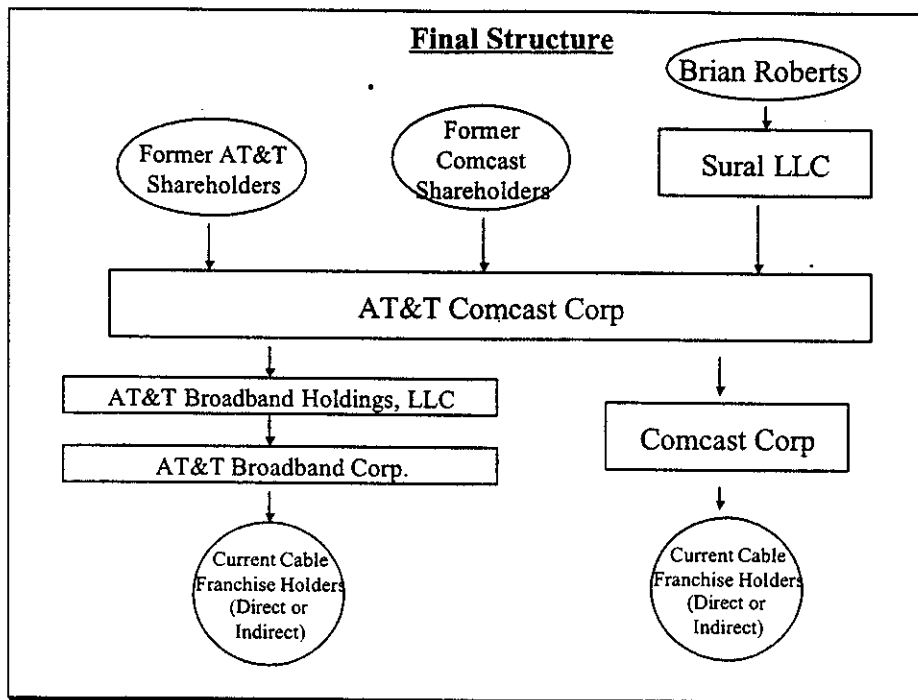
Current Corporate Structures

AT&T Comcast Corporation is presently an interim subsidiary that is jointly owned by Comcast Corporation and AT&T Corporation.



AT&T Comcast Corporation: Ultimate Corporate Structure

With the completion of the merger transaction, AT&T Comcast Corporation will be the new public company parent of both Comcast Corporation and AT&T Broadband, which will be wholly owned "brother/sister" subsidiaries of AT&T Comcast Corporation.



RESOLUTION NO. _____

CONSENT TO TRANSFER OF CONTROL AND INTERNAL REORGANIZATION

WHEREAS, [franchisee name] ("Franchisee") is an indirect subsidiary of Comcast Corporation ("Comcast"), and Comcast intends to merge with AT&T Broadband Corp. to create a new company to be known as AT&T Comcast Corporation (the "Merger"). Following the Merger, Franchisee will remain an indirect subsidiary of Comcast and the Franchisee's ultimate parent will be AT&T Comcast Corporation; and

WHEREAS, Franchisee has requested that [name of community] ("Franchise Authority") consent to the Merger and in accordance with the requirements of the Franchise has filed an FCC Form 394 ("Application") with the Franchise Authority; and

WHEREAS, Franchisee may elect as permitted by law to convert or reorganize its legal form to a limited liability company ("LLC Conversion"); and

WHEREAS, following the Merger and any LLC Conversion, the resulting entity controlled by AT&T Comcast Corporation will continue to operate the System and continue to hold and be responsible for performance of the Franchise; and

WHEREAS, the Franchise Authority is willing to consent to the Merger and LLC Conversion described above.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The Franchise Authority consents (i) to a change in control of the Franchisee arising from the Merger and (ii) to an LLC Conversion by Franchisee.

SECTION 2. This Resolution shall be deemed effective upon adoption.

SECTION 3. This Resolution shall have the force of a continuing agreement with the Franchisee and the Franchise Authority shall not amend or otherwise alter this Resolution without the consent of the Franchisee.

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PASSED, ADOPTED AND APPROVED this ____ day of _____, 2002

By: _____

ATTEST:

Clerk

FCC 394

APPLICATION FOR FRANCHISE AUTHORITY
 CONSENT TO ASSIGNMENT OR TRANSFER OF CONTROL
 OF CABLE TELEVISION FRANCHISE

FOR FRANCHISE AUTHORITY USE ONLY

SECTION I. GENERAL INFORMATION

DATE: February 25, 2002	1. Community Unit Identification Number: VA0220
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2. Application for: Assignment of Franchise Transfer of Control

3. Franchising Authority: Alexandria City, VA	
4. Identify community where the system/franchise that is the subject of the assignment or transfer of control is located: Alexandria, VA	
5. Date system was acquired or (for systems constructed by the transferor/assignor) the date on which service was provided to the first subscriber in the franchise area:	N/A
6. Proposed effective date of closing of the transaction assigning or transferring ownership of the system to transferee/assignee:	As soon as all closing conditions have been satisfied

7. Attach as an Exhibit a schedule of any and all additional information or material filed with this application that is identified in the franchise as required to be provided to the franchising authority when requesting its approval of the type of transaction that is the subject of this application.

Exhibit No.
1

PART I - TRANSFEROR/ASSIGNOR

1. Indicate the name, mailing address, and telephone number of the transferor/assignor.

Legal name of Transferor/Assignor (if individual, list last name first) Comcast Corporation			
Assumed name used for doing business (if any)			
Mailing street address or P.O. Box 1500 Market Street, 28th Floor -West Tower			
City Philadelphia	State PA	ZIP Code 19102	Telephone No. (include area code) (215) 320-8618

2.(a) Attach as an Exhibit a copy of the contract or agreement that provides for the assignment or transfer of control (including any exhibits or schedules thereto necessary in order to understand the terms thereof). If there is only an oral agreement, reduce the terms to writing and attach. (Confidential trade, business, pricing or marketing information, or other information not otherwise publicly available, maybe redacted).

Exhibit No.
2

(b) Does the contract submitted in response to (a) above embody the full and complete agreement between the transferor/assignor and the transferee/assignee?

Yes No

If No, explain in an Exhibit.

Exhibit No.
See Exhibit 2

PART II - TRANSFEREE/ASSIGNEE

1.(a) Indicate the name, mailing address, and telephone number of the transferee/assignee.

Legal name of Transferee/Assignee (if individual, list last name first)			
AT&T Comcast Corporation			
Assumed name used for doing business (if any)			
Mailing street address or P.O. Box			
1500 Market Street, 28th Floor - West Tower			
City	State	ZIP Code	Telephone No. (include area code)
Philadelphia	PA	19102	215-320-8618

(b) Indicate the name, mailing address, and telephone number of person to contact, if other than transferee/assignee.

Name of contact person (list last name first)			
Willard, Sheila R. - Senior Vice President, Government Affairs			
Firm or company name (if any)			
Comcast Corporation			
Mailing street address or P.O. Box			
1500 Market Street, 28th Floor - West Tower			
City	State	ZIP Code	Telephone No. (include area code)
Philadelphia	PA	19102	215-320-8618 FAX 267-200-0967

(c) Attach as an Exhibit the name, mailing address, and telephone number of each additional person who should be contacted, if any.

Exhibit No. N/A

(d) Indicate the address where the system's records will be maintained.

Street address		
1500 Market Street		
City	State	ZIP Code
Philadelphia	PA	19102

2. Indicate on an attached exhibit any plans to change the current terms and conditions of service and operations of the system as a consequence of the transaction for which approval is sought.

Exhibit No. 3

SECTION II. TRANSFEREE'S/ASSIGNEE'S LEGAL QUALIFICATIONS

1. Transferee/Assignee is:

Corporation

a. Jurisdiction of incorporation: Pennsylvania	d. Name and address of registered agent in jurisdiction: Corporation Service Company 2704 Commerce Drive, Suite B Harrisburg, PA 17110
b. Date of incorporation: 12/7/2001	
c. For profit or not-for-profit: For profit	

Limited Partnership

a. Jurisdiction in which formed:	c. Name and address of registered agent in jurisdiction:
b. Date of formation:	

General Partnership

a. Jurisdiction whose laws govern formation:	b. Date of formation:
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Individual

Other. Describe in an Exhibit.

Exhibit No. N/A

2. List the transferee/assignee, and, if the transferee/assignee is not a natural person, each of its officers, directors, stockholders beneficially holding more than 5% of the outstanding voting shares, general partners, and limited partners holding an equity interest of more than 5%. Use only one column for each individual or entity. Attach additional pages if necessary. (Read carefully - the lettered items below refer to corresponding lines in the following table.)

- (a) Name, residence, occupation or principal business, and principal place of business. (If other than an individual, also show name, address and citizenship of natural person authorized to vote the voting securities of the applicant that it holds.) List the applicant first, officers, next, then directors and, thereafter, remaining stockholders and/or partners.
- (b) Citizenship.
- (c) Relationship to the transferee/assignee (e.g., officer, director, etc.).
- (d) Number of shares or nature of partnership interest.
- (e) Number of votes.
- (f) Percentage of votes.

(a)	AT&T Comcast Corporation 1500 Market Street Philadelphia, PA 19102-2148	See attached pages for officers, directors and stockholders beneficially holding more than 5% of outstanding voting shares.	
(b)	USA		
(c)	Transferee		
(d)	N/A		
(e)	N/A		
(f)	N/A		

ATTACHMENT TO SECTION I, Question 2

All individuals who will serve as officers and directors of Transferee as of the effective time of the closing have not been determined as of the date hereof. The Board of Directors of Transferee will consist of 12 persons, 10 of which will be drawn from the existing Boards of Directors of AT&T Corp. and Comcast Corporation, whose members, other than those listed below, are shown on the attached Appendix to this Attachment. Three of the twelve persons have already been designated. The persons designated as officers and directors of Transferee are listed below:

Directors and Officers:

- | | | |
|---|---|--|
| (a) C. Michael Armstrong
32 Avenue of the Americas
New York, NY 10013 | (a) Brian L. Roberts
1500 Market Street
Philadelphia, PA 19102 | (a) Ralph J. Roberts
1500 Market Street
Philadelphia, PA 19102 |
| (b) USA | (b) USA | (b) USA |
| (c) Chairman of the Board | (c) Director, President, Chief Executive
Officer and over 5%
beneficial owner | (c) Director |
| (d) Less than 5% | (d) 138,268 shares of Class A common stock
9,444,375 shares of Class B common stock
9,656,613 shares of Class A Special
common stock | (d) Less than 5% |
| (e) Less than 5% | (e) 141,696,625 | (e) Less than 5% |
| (f) Less than 5% | (f) 33.3% | (f) Less than 5% |

Stockholders beneficially owning more than 5% of the outstanding voting shares of Transferee:

The current stockholders of Transferee are:

- | | |
|---|---|
| (a) AT&T Corp.
295 North Maple Avenue
Basking Ridge, NJ 07920 | (a) Comcast Corporation
1500 Market Street
Philadelphia, PA 19102 |
| (b) USA | (b) USA |
| (c) Stockholder | (c) Stockholder |
| (d) 1 share common stock | (d) 1 share common stock |
| (e) One | (e) One |
| (f) 50% | (f) 50% |

At the closing, Brian L. Roberts will be the only person beneficially owning more than 5% of the outstanding voting control of Transferee.

APPENDIX TO ATTACHMENT TO SECTION I, Question 2

AT&T Board Members

J. Michael Cook
Chairman and Chief Executive Officer, Retired
Deloitte & Touche LLP

Kenneth T. Derr
Chairman of the Board, Retired
Chevron Corporation

David W. Dorman
President
AT&T Corp.

M. Kathryn Eickhoff
President
Eickhoff Economics Inc.

George M. C. Fisher
Retired Chairman and Chief Executive Officer
Eastman Kodak Company

Amos B. Hostetter, Jr.
Former Chairman and Chief Executive Officer
Continental Cablevision, Inc.

Shirley A. Jackson
President
Rensselaer Polytechnic Institute

Donald F. McHenry
President
IRC Group
former U.S. Ambassador to the United Nations

Charles H. Noski
Vice Chairman and Chief Financial Officer
AT&T Corp.

Louis A. Simpson
President and CEO, Capital Operations
GEICO Corporation

Michael I. Sovern
President Emeritus and Chancellor Kent Professor of Law
Columbia University

Sanford I. Weill
Chairman and Chief Executive Officer
Citigroup

Comcast Board Members

Decker Anstrom
President and Chief Operating Officer
Landmark Communications

Sheidon M. Bonovitz
Chairman and Chief Executive Officer
Duane, Morris & Heckscher

Julian A. Brodsky
Director
Comcast Cable Communications, Inc. and RBB Fund, Inc.

Joseph L. Castle, II
Chairman and Chief Executive Officer and Director
Castle Energy Corporation

Felix G. Rohatyn
Former US Ambassador to France
Managing Director, Retired
Lazard Frères and Company
Chairman, Retired
Municipal Assistance Corporation (MAC) of the City of New York

Bernard C. Watson
Chairman of the Board of Directors, Retired
Health Management Alternatives Foundation

Irving A. Wechsler
Of Counsel
Wechsler, Wolsh and Associates, Certified Public Accountants

Anne Wexler
Chairman
Wexler Group - unit of Hill and Knowlton Public
Affairs Worldwide

3. If the applicant is a corporation or a limited partnership, is the transferee/assignee formed under the laws of, or duly qualified to transact business in, the State or other jurisdiction in which the system operates?

Yes No

If the answer is No, explain in an Exhibit.

Exhibit No.

4

4. Has the transferee/assignee had any interest in or in connection with an applicant which has been dismissed or denied by any franchise authority?

Yes No

If the answer is Yes, describe circumstances in an Exhibit.

Exhibit No.

5

5. Has an adverse finding been made or an adverse final action been taken by any court or administrative body with respect to the transferee/assignee in a civil, criminal or administrative proceeding, brought under the provisions of any law or regulation related to the following: any felony; revocation, suspension or involuntary transfer of any authorization (including cable franchises) to provide video programming services; mass media related antitrust or unfair competition; fraudulent statements to another government unit; or employment discrimination?

Yes No

If the answer is Yes, attach as an Exhibit a full description of the persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable), and the disposition of such proceeding.

Exhibit No.

6

6. Are there any documents, instruments, contracts or understandings relating to ownership or future ownership rights with respect to any attributable interest as described in Question 2 (including, but not limited to, non-voting stock interests, beneficial stock ownership interests, options, warrants, debentures)?

Yes No

If Yes, provide particulars in an Exhibit.

Exhibit No.

7

7. Do documents, instruments, agreements or understandings for the pledge of stock of the transferee/assignee, as security for loans or contractual performance, provide that: (a) voting rights will remain with the applicant, even in the event of default on the obligation; (b) in the event of default, there will be either a private or public sale of the stock; and (c) prior to the exercise of any ownership rights by a purchaser at a sale described in (b), any prior consent of the FCC and/or of the franchising authority, if required pursuant to federal, state or local law or pursuant to the terms of the franchise agreement will be obtained?

Yes No

If No, attach as an Exhibit a full explanation.

Exhibit No.

8

SECTION III. TRANSFEREE'S/ASSIGNEE'S FINANCIAL QUALIFICATIONS

1. The transferee/assignee certifies that it has sufficient net liquid assets on hand or available from committed resources to consummate the transaction and operate the facilities for three months.
2. Attach as an Exhibit the most recent financial statements, prepared in accordance with generally accepted accounting principals, including a balance sheet and income statement for at least one full year, for the transferee/assignee or parent entity that has been prepared in the ordinary course of business, if any such financial statements are routinely prepared. Such statements, if not otherwise publicly available, may be marked CONFIDENTIAL and will be maintained as confidential by the franchise authority and its agents to the extent permissible under local law.

Yes No

Exhibit No.

9

SECTION IV. TRANSFEREE'S/ASSIGNEE'S TECHNICAL QUALIFICATIONS

Set forth in an Exhibit a narrative account of the transferee's/assignee's technical qualifications, experience and expertise regarding cable television systems, including, but not limited to, summary information about appropriate management personnel that will be involved in the system's management and operations. The transferee/assignee may, but need not, list a representative sample of cable systems currently or formerly owned or operated.

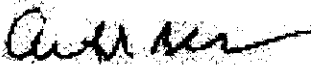
Exhibit No.

10

SECTION V - CERTIFICATIONS

Part I - Transferor/Assignor

All the statements made in the application and attached exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

<p>I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.</p>	<p>Signature: Comcast Corporation </p>
<p>WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.</p>	<p>Date February 25, 2002</p>
	<p>Print full name Arthur R. Block</p>
<p>Check appropriate classification:</p> <p> <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Corporate Officer (Indicate Title) <input type="checkbox"/> Other. Explain: Senior Vice President/Assistant Treasurer/Assistant Secretary </p>	

Part II - Transferee/Assignee

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

The transferee/assignee certifies that he/she:

- (a) Has a current copy of the FCC's Rules governing cable television systems.
- (b) Has a current copy of the franchise that is the subject of this application, and of any applicable state laws or local ordinances and related regulations.
- (c) Will use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.


<p>I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.</p>	<p>Signature AT&T Comcast Corporation </p>
<p>WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.</p>	<p>Date February 25, 2002</p>
	<p>Print full name Brian L. Roberts</p>
<p>Check appropriate classification:</p> <p> <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Corporate Officer (Indicate Title) <input type="checkbox"/> Other. Explain: President and Chief Executive Officer </p>	

Exhibit 1

All specific information if any, required by the Franchise is contained in this FCC Form 394 and the Exhibits hereto or has previously been provided by franchisee to the franchising authority.

Attachment A to Exhibit 1

The following additional information is provided pursuant to your local requirements:

AT&T Comcast Corporation will be, following the transaction, one of the most widely traded public companies in the United States with billions of shares outstanding held by millions of shareholders. As set forth in this Form 394, as of the date of the merger no single shareholder of AT&T Comcast Corporation will hold more than 5% of the outstanding shares, but one shareholder, Brian L. Roberts, will hold a 33 1/3% voting interest.

There have been a number of transactions between AT&T Corporation and Comcast Corporation involving the sale, purchase, or exchange of cable systems.

Included on the attached CD are the Form 8-Ks filed with the Securities and Exchange Commission ("SEC") in December 2001, as well as the Preliminary Joint Proxy Statement filed on February 11, 2002. Documents filed under the Clayton Act with the Department of Justice and Federal Trade Commission are not publicly available and are confidential and proprietary in accordance with DOJ/FTC policy. Therefore, they are not included in this Form 394.

As of the date of this Form 394, neither AT&T Comcast Corporation nor its subsidiaries own any cable television franchises. Pursuant to the proposed transaction, AT&T Comcast Corporation will acquire control of AT&T Broadband Corp. and Comcast Corporation with their years of experience in the cable television industry, including Comcast Corporation's controlling interest in the entity that directly owns and operates the cable television system in your community. Following the closing of the transaction, AT&T Comcast Corporation will indirectly own subsidiaries that provide cable service to more than 5,000 communities pursuant to cable television franchises. Information with respect to any such subsidiary or community will be provided upon request. No officer or director of AT&T Comcast Corporation holds any interest in a cable system, except shares of publicly traded companies that operate cable television systems that may be held by such persons as passive investors.

You have previously considered and approved the current franchise agreement held by the Grantee as one that meets the cable related needs and interests of the community. The franchisee will continue to own and operate your cable system after the closing, and continue to provide service consistent with the terms and conditions of the franchise agreement.

The financial assumptions and debt structure of the franchisee are not expected to change as a result of this stock transaction at the parent company level.

Enclosed is the required application fee. By payment of this fee, the Applicant does not waive any right to challenge any future application fees or regulatory costs associated with franchise transfers.



**COMCAST FINANCIAL
AGENCY CORPORATION**
A Comcast Cable Communications Group Company
1500 Market Street
Centre Square East Tower
Philadelphia, PA 19102-2148

REMITTANCE ADVICE

No. 209297826

Date : 21-FEB-02

Vendor Name : CITY OF ALEXANDRIA

Vendor No. : 71296

INVOICE NO.	INVOICE DATE	DESCRIPTION	DISCOUNT AMOUNT	NET AMOUNT
394FILINGS	21-FEB-02	2 KLAYTON X 3520	0.00	25,000.00
TOTAL			0.00	25,000.00

THE FACE OF THIS DOCUMENT HAS A MULTI COLORED BACKGROUND - NOT A WHITE BACKGROUND



**COMCAST FINANCIAL
AGENCY CORPORATION**
A Comcast Cable Communications Group Company
1500 Market Street
Centre Square East Tower
Philadelphia, PA 19102-2148

MELLON BANK, N.A.
Three Mellon Bank Center
Pittsburgh, PA 15259

60-160
433

No. 209297826

Date 21-FEB-02

Pay Twenty-Five Thousand Dollars And 00 Cents*****

\$ *****25,000.00

To
The
Order
CITY OF ALEXANDRIA
301 KING STREET
CITY HALL
ALEXANDRIA, VA 22314

Authorized Signature

Authorized Signature

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

⑈ 209297826 ⑆ ⑆ 043301601 ⑆ 038⑈0437⑈

Exhibit 2

Attached to this Exhibit 2 is a CD ROM containing unredacted copies of the Agreement and Plan of Merger dated as of December 19, 2001 (the "Agreement") and the Separation and Distribution Agreement dated as of December 19, 2001, an exhibit to the Agreement. Other Exhibits and the Schedules to the Agreement have been omitted as they are not necessary in order to understand the terms of the Agreement or contain confidential trade, business, pricing or marketing information, or other information not otherwise publicly available. Certain Exhibits to the Agreement are summarized in response to Question 6 in Exhibit 7 to this FCC Form 394.

Exhibit 3

Transferee has no current plans to change the terms and conditions for the service and operations of the cable system that is the subject matter of this FCC Form 394 as a consequence of this transaction. The cable system will be operated pursuant to the current franchise and applicable law after the consummation of the proposed transaction. Transferee reserves the right to make service and operational changes in accordance with applicable law.

Exhibit 4

Transferee is a Pennsylvania corporation and, as of the effective time of the closing, will be the indirect parent company of the legal entity holding the franchise ("Franchisee"). To the extent required by applicable law, Franchisee is duly qualified to transact business in the State or Commonwealth in which this system is operated.

Exhibit 5

Transferee is a newly formed entity created by AT&T Corp. and Comcast Corporation. As of the effective time of the closing, Transferee will be the new indirect parent company of the legal entity holding the franchise for your cable system. Other than similar applications made to other franchise authorities in connection with this transaction, Transferee has not made any previous applications to any franchise authorities and, therefore, has not had any dismissals or denials. As a courtesy, however, below is the information about denials/dismissals with respect to AT&T and Comcast cable businesses.

AT&T's Cable Business

In connection with the March 1999 merger of TCI into AT&T Corp. (the "Merger"), the City of Portland, Oregon and Multnomah County, Oregon denied consent to the Merger because AT&T and TCI would not accept the communities' conditions requiring non-discriminatory access to the cable modem platform. Subsequently, the Ninth Circuit Court of Appeals held that the City and County had no lawful authority to impose such access obligations in the transfer process.

Also in connection with the Merger, the Village of Rhinebeck, New York, the Town of Rhinebeck, New York and the Village of Red Hook, New York denied consent to the Merger. These three franchises serve approximately 3,000 customers and the franchise authorities did not provide reasons for the denial as part of the resolutions adopting such denials. The communities consented to the Merger in connection with the June 1999 exchange of certain cable systems (the "Time Warner Exchange"), owned by Time Warner, Inc. ("Time Warner").

In connection with the May 1999 merger of MediaOne Group, Inc. into AT&T (the "MediaOne Merger"), Cambridge, Massachusetts denied the transfer of control based on issues relating to forced access, allegations that AT&T did not possess the requisite managerial ability, further allegations of lack of benefit to the community and its speculations that AT&T was not likely to adhere to the terms and conditions of the license. On May 1, 2000 the Massachusetts Department of Telecommunications and Energy (DTE) ruled that the city's denial based on the forced access issue was unlawful because it was outside the appropriate standard for review of a transfer of control of a cable franchise. The DTE also found that the city cannot unilaterally alter the existing cable licenses by mandating that AT&T provide open access to non-affiliated ISPs. They further ruled that no specific community benefit need be shown by the applicant. The dispute has been settled. The city gave its consent following the settlement.

Also in connection with the MediaOne Merger, Mentor, Ohio denied the transfer of control based on allegations of MediaOne's non-compliance with the franchise and AT&T's unwillingness to agree to additional terms and conditions the city sought to impose. AT&T and MediaOne subsequently appealed the city's decision. The dispute has been settled and the city gave its approval as part of the settlement.

Also, in connection with the Time Warner Exchange, the Township of Middletown, Pennsylvania denied consent to the transfer of the franchise from Time Warner to TCI of New York, Inc. due to a dispute with Time Warner over a cable rate appeal. The dispute was settled and the Township subsequently withdrew its denial and gave its approval for the franchise transfer.

In connection with the December 1999 formation of a partnership with affiliates of AT&T and Century Communications Corporation ("Century"), pursuant to which the franchises granted by Moreno Valley, CA were to be contributed to the partnership, Moreno Valley denied the FCC Form 394 application to transfer the franchise to the partnership because of the pending sale of Century to Adelphia Communication Corporation. The dispute has been settled and the city gave its approval as part of the settlement.

In connection with the December 2000 exchange of certain cable systems owned by Comcast Corporation ("Comcast") and AT&T, the Borough of Blawnox, Pennsylvania denied the FCC Form 394 application to transfer the franchise owned by Comcast Cablevision of the South, Inc. to AT&T based on transferee's legal qualifications. The transfer is still pending.

In connection with the June 2001 sale of certain cable systems to Charter Communications Holding Company LLC ("Charter"), the City of Hoover, Alabama denied the FCC Form 394 application to transfer the franchise to Charter. The City did not provide reasons for the denial as part of the resolutions adopting the denial.

Comcast's Cable Business

In connection with the sale of certain cable systems owned by an affiliate of Lenfest Communications, Inc. to Comcast, Buckingham Township, Pennsylvania initially denied consent to the transfer application because the Township alleged a material violation of the Township's Cable Ordinance and a breach of the franchise. The Township alleged that the sale closed prior to the Township's granting its consent. The dispute was settled, and the transfer was ultimately approved on September 26, 2001.

In connection with the sale of certain cable systems owned by an affiliate of Jones Intercable, Inc. to Comcast, the City of Bowie, Maryland initially denied the transfer from Jones to Comcast alleging that Jones was not in compliance with its franchise. The parties settled their dispute without a finding of fault, and the transfer was ultimately approved on October 14, 1999.

Exhibit 6

No adverse findings have been made and no final actions have been taken with respect to Transferee related to any of the items listed in Question 5. As a courtesy, however, the following information is provided with respect to AT&T's and Comcast's cable businesses in the last ten years.

Rosemary Santos v. TCI Cablevision, Case #150 98 2016, EEOC of Florida. Plaintiff, a former employee in the Plantation Call Center in Florida, filed a charge against TCI Cablevision on April 14, 1998, alleging discrimination under the ADA. The EEOC determined on July 21, 1998 that TCI Cablevision violated the statute.

Fred Roberts v. AT&T Broadband, Cause No. 01-CV-699, in the District Court of Arapahoe County, Colorado Courtroom 5. Plaintiff, a former employee, filed a disability discrimination and retaliation suit on March 15, 2001. Default judgment was entered on September 20, 2001 plus pre-judgment interest. AT&T Broadband has filed Motions to Set Aside the Default Judgment and to Stay Execution. Execution has been stayed. The Motion to Set Aside is pending.

Exhibit 7

The following are summaries of documents relating to ownership or future ownership rights with respect to the attributable interest described in Section I., Question 2.

THE SUPPORT AGREEMENT

In connection with the merger agreement, AT&T Corp. ("AT&T"), Comcast Corporation ("Comcast"), AT&T Comcast Corporation ("AT&T Comcast"), Brian L. Roberts and Sural LLC, an entity controlled by Brian L. Roberts, have entered into a support agreement relating to the shares of Comcast voting stock held by Sural prior to the completion of the AT&T Comcast transaction and the shares of AT&T Comcast voting stock that will be held by Sural after completion of the AT&T Comcast transaction (all of such shares are referred to in this section as the "Comcast Shares"). As of February 11, 2002, Sural held shares of Comcast voting stock representing approximately 86.7% of Comcast's outstanding voting power.

Voting Agreement

Sural has agreed to vote the Comcast Shares:

- in favor of adoption of the merger agreement and approval of the transactions contemplated by the merger agreement;
- against any action or agreement that would reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of Comcast under the merger agreement or that would reasonably be expected to result in any of the conditions to the obligations of the parties under the merger agreement not being fulfilled;
- in favor of any other matter relating to the consummation of the transactions contemplated by the merger agreement with respect to which Sural may be entitled to vote; and
- against any other matter that would reasonably be expected to prevent, interfere with or delay consummation of the transactions contemplated by the merger agreement.

Covenants

No Inconsistent Agreements. Sural has agreed that it will not enter into any voting agreement or grant a proxy or power of attorney or take any other action with respect to the Comcast Shares which is inconsistent with the terms of the support agreement. Brian L. Roberts has agreed that he will not enter into any voting agreement or grant a proxy or power of attorney or take any other action with respect to any units of membership interests in Sural which is inconsistent with the terms of the support agreement.

Dispositions Prior to Completion of the AT&T Comcast Transaction. Sural has agreed that prior to the completion of the transaction it will not transfer ownership of any of the Comcast Shares, except to certain permitted transferees who agree to be bound by the same transfer restrictions.

Dispositions After Completion of the AT&T Comcast Transaction. Sural has agreed that from and after the completion of the AT&T Comcast transaction until the tenth anniversary of the completion of the AT&T Comcast transaction it will not transfer ownership of any of its shares of AT&T Comcast Class B common stock, except to certain permitted transferees who agree to be bound by the same transfer restrictions or in a transaction that (1) permits AT&T Comcast's other shareholders to dispose of all of their shares of AT&T Comcast stock for the same per share consideration as Sural receives for its shares of AT&T Comcast Class B common stock (or, if higher, any of its shares of any other class of AT&T Comcast common stock) and (2) is approved by the disinterested holders of AT&T Comcast's voting stock. Brian L. Roberts has also agreed that from and after the completion of the AT&T Comcast transaction until the tenth anniversary of the completion of the AT&T Comcast transaction he will not transfer ownership of any of his securities or other equity interests in Sural, except to certain permitted transferees who agree to be bound by the same transfer restrictions or in a transaction that (1) permits AT&T Comcast's other shareholders to dispose of all of their shares of AT&T Comcast stock for the same per share consideration as the effective per share consideration that Brian L. Roberts receives (as a result of his ownership interest in Sural) for each of the shares of AT&T Comcast Class B common stock held by Sural (or, if higher, any of the shares of any other class of AT&T Comcast common stock), and (2) is approved by the disinterested holders of AT&T Comcast's voting stock. Following the tenth anniversary of the completion of the AT&T Comcast transaction, subject to applicable law, the holders of the AT&T Comcast Class B common stock will be permitted to transfer their shares of AT&T Comcast Class B common stock in a transaction in which they receive a premium that is disproportionate to the premium (if any) received by the other holders of AT&T Comcast stock for their shares of AT&T Comcast stock.

Interested Party Transactions. AT&T Comcast has agreed that, except as described in the next sentence, after the completion of the AT&T Comcast transaction neither it nor any of its subsidiaries will enter into any material transaction with Brian L. Roberts or any of his associates or any permitted transferee unless such transaction is approved by AT&T Comcast's disinterested directors. Compensation arrangements between Brian L. Roberts or any of his associates on the one hand and AT&T Comcast or any of its subsidiaries on the other hand will require the approval of the disinterested directors of the compensation committee of the AT&T Comcast Board.

Additional Voting Agreements. Sural has agreed that from and after the completion of the AT&T Comcast transaction until the 2005 annual meeting of AT&T Comcast shareholders, it will vote its shares of AT&T Comcast Class B common stock against any proposed amendment to the governance arrangements set forth in the AT&T Comcast charter.

Sural has further agreed that if Brian L. Roberts dies or becomes incapable of performing his duties prior to the fifth anniversary of the completion of the AT&T Comcast transaction, then, unless Ralph J. Roberts has sole voting power in respect of the election of directors with respect to all outstanding shares of

AT&T Comcast Class B common stock, from the date of Brian L. Roberts' death or inability to perform his duties until the fifth anniversary of the completion of the AT&T Comcast transaction, Sural will vote its shares of AT&T Comcast Class B common stock in any election of AT&T Comcast directors in the same proportion as the holders of shares of AT&T Comcast common stock (other than AT&T Comcast Class B common stock and any other voting shares of AT&T Comcast owned by Brian L. Roberts or Sural or any permitted transferee) vote in such election of directors. Each permitted transferee of any of such securities will also be required to agree, as a condition to such transfer, to the same voting obligations.

Enforcement

The support agreement provides that any determination with respect to Sural's, Brian L. Roberts' or AT&T Comcast's compliance with the support agreement or otherwise with respect to the items described in "– Covenants" above, in each case after the completion of the AT&T Comcast transaction, including any determination as to the enforcement action to be taken by AT&T Comcast in connection with such determination, will be made for AT&T Comcast by the disinterested, independent persons on the AT&T Comcast Board; *provided* that any Comcast director designee (including any replacement Comcast director designee) or any director who was a Comcast director designee or any spouse, parent, sibling, lineal descendant, aunt, uncle, cousin, other close relative of Brian L. Roberts or their respective spouses will not be considered a disinterested, independent person.

Amendments

Any provision of the support agreement may be amended if such amendment is in writing and is signed by each of the parties to the support agreement. However, no amendment of any provision described above under "– Covenants" or "– Enforcement" will be effective without the approval of:

- a majority of the disinterested, independent persons on the AT&T Comcast Board; *provided* that any Comcast director designee (including any replacement Comcast director designee) or any director who was a Comcast director designee or any spouse, parent, sibling, lineal descendant, aunt, uncle, cousin, other close relative of Brian L. Roberts or their respective spouses will not be considered disinterested, independent persons; and
- holders of a majority of the votes cast by the holders of all of the classes of AT&T Comcast capital stock entitled to vote (other than the AT&T Comcast Class B common stock and any other voting shares of AT&T Comcast owned by Brian L. Roberts, Sural or any permitted transferee).

Termination

The support agreement terminates on the earlier to occur of (1) one day after the tenth anniversary of the completion of the transaction and (2) any termination of the merger agreement.

CAPITAL STRUCTURE OF AT&T COMCAST

AT&T Comcast will have one of two capital structures upon completion of the AT&T Comcast transaction: one that is referred to as the "Preferred Structure" that will be implemented if holders of Comcast Class A common stock, voting together as a single class, approve the Preferred Structure proposal at the Comcast shareholders' meeting held to approve the AT&T Comcast transaction or another that is referred to as the "Alternative Structure" that will be implemented if they do not.

The Preferred Structure

If holders of Comcast Class A common stock, voting as a single class, and holders of Comcast Class A common stock and Comcast Class B common stock, voting together as a single class, approve the Preferred Structure proposal:

- each share of AT&T Broadband common stock that is outstanding immediately prior to the completion of the AT&T Comcast transaction will be converted into the right to receive a number of shares of AT&T Comcast Class A common stock determined by a formula set forth in the merger agreement; and
- each share of Comcast Class A common stock, Comcast Class B common stock and Comcast Class A Special common stock that is outstanding immediately prior to the completion of the AT&T Comcast transaction will be converted into the right to receive one share of AT&T Comcast Class A common stock, AT&T Comcast Class B common stock and AT&T Comcast Class A Special common stock, respectively.

The Alternative Structure

If the holders of the Comcast Class A common stock, voting as a single class, or holders of Comcast Class A common stock and Comcast Class B common stock, voting together as a single class, do not approve the Preferred Structure proposal:

- each share of AT&T Broadband common stock that is outstanding immediately prior to the completion of the AT&T Comcast transaction will be converted into the right to receive a number of shares of AT&T Comcast Class C common stock determined by a formula set forth in the merger agreement; and
- each share of Comcast Class A common stock, Comcast Class B common stock and Comcast Class A Special common stock that is outstanding immediately prior to the completion of the AT&T Comcast transaction will be converted into the right to receive

one share of AT&T Comcast Class A common stock, AT&T Comcast Class B common stock and AT&T Comcast Class A Special common stock, respectively.

Description of AT&T Comcast Capital Stock

The following describes the material terms of the capital stock of AT&T Comcast that will be issued in the AT&T Comcast transaction under the charter and bylaws that will be in effect after the completion of the transaction.

Authorized Capital Stock

Under the Preferred Structure, the authorized capital stock of AT&T Comcast will consist of 7.5 billion shares of Class A common stock, 7.5 billion shares of Class A Special common stock, 75 million shares of Class B common stock and 100 million shares of preferred stock.

Under the Alternative Structure, the authorized capital stock of AT&T Comcast will consist of 200 million shares of Class A common stock, 7.5 billion shares of Class A Special common stock, 75 million shares of Class B common stock, 7.5 billion shares of Class C common stock and 100 million shares of preferred stock.

AT&T Comcast Class A Common Stock

AT&T Comcast Class A Common Stock Outstanding. The outstanding shares of AT&T Comcast Class A common stock will be duly authorized, validly issued, fully paid and nonassessable.

Voting Rights. Under the Preferred Structure, on all matters submitted for a vote of the holders of all classes of AT&T Comcast voting stock, the holders of the AT&T Comcast Class A common stock in the aggregate will hold 66-2/3% of the combined voting power of the AT&T Comcast capital stock upon completion of the transaction. Unlike the AT&T Comcast Class B common stock under the Preferred Structure, the aggregate voting interest of the AT&T Comcast Class A common stock under the Preferred Structure will be dilutable and will decrease upon the issuance of shares of any other class of AT&T Comcast capital stock with voting rights (other than any issuance of additional shares of AT&T Comcast Class B common stock). Based on the number of shares of AT&T Comcast Class A common stock anticipated to be outstanding upon completion of the AT&T Comcast transaction if the Preferred Structure is implemented, each share of AT&T Comcast Class A common stock will have approximately .225 of a vote upon completion of the AT&T Comcast transaction.

Under the Alternative Structure, subject to the following two sentences, on all matters submitted for a vote of the holders of all classes of AT&T Comcast voting stock, the holders of the AT&T Comcast Class A common stock and AT&T Comcast Class B common stock in the aggregate will hold 5.14% and 33-1/3%, respectively, of the combined voting power of the AT&T Comcast capital stock upon completion of the transaction, regardless of the number of shares of AT&T Comcast Class C common stock or any

other class of AT&T Comcast capital stock outstanding at any time. If the number of shares of AT&T Comcast Class A common stock or AT&T Comcast Class B common stock outstanding upon completion of the transaction is reduced for any reason (e.g., by repurchase or, in the case of the AT&T Comcast Class B common stock only, conversion) after the completion of the transaction, the aggregate voting power of the applicable class of AT&T Comcast capital stock will be proportionately reduced. If additional shares of AT&T Comcast Class A common stock or AT&T Comcast Class B common stock are issued in disproportionate amounts after the completion of the transaction, the relative aggregate voting percentages of the two classes of AT&T Comcast common stock will change (based on the principle that each share of AT&T Comcast Class B common stock will be entitled to 15 times the vote of each share of AT&T Comcast Class A common stock) but the combined aggregate voting percentage of the two classes of stock will remain constant at approximately 38-47/100 % (except to the extent there has been a reduction in the aggregate voting power of either class of stock as described in the preceding sentence). Under the Alternative Structure, each share of AT&T Comcast Class A common stock will have 1 vote and each share of AT&T Comcast Class B common stock will have 15 votes, in each case upon completion of the AT&T Comcast transaction.

Approval Rights. Under the Preferred Structure, except as required by law, holders of AT&T Comcast Class A common stock will have no specific approval rights over any AT&T Comcast corporate actions. Under the Alternative Structure, holders of AT&T Comcast Class A common stock and holders of AT&T Comcast Class B common stock, voting together as a single class, will have the approval rights described under "– AT&T Comcast Class B Common Stock – Approval Rights".

Conversion Rights. The shares of AT&T Comcast Class A common stock will not be convertible into shares of any other class of AT&T Comcast capital stock.

Preemptive Rights. The holders of AT&T Comcast Class A common stock will have no preemptive rights to purchase, subscribe for or otherwise acquire any unissued or treasury shares or other securities.

AT&T Comcast Class B Common Stock

AT&T Comcast Class B Common Stock Outstanding. The outstanding shares of AT&T Comcast Class B common stock will be duly authorized, validly issued, fully paid and nonassessable.

Voting Rights. Under the Preferred Structure, subject to the next sentence, on all matters submitted for a vote of holders of all classes of AT&T Comcast voting stockholders of AT&T Comcast Class B common stock in the aggregate will hold 33-1/3% of the combined voting power of AT&T Comcast capital stock upon completion of the AT&T Comcast transaction, regardless of the number of shares of AT&T Comcast Class A common stock or any other class of AT&T Comcast capital stock outstanding at any time. If the number of shares of AT&T Comcast Class B common stock outstanding upon completion of the transaction is reduced for any reason (e.g., by repurchase or conversion) after the completion of the transaction, the aggregate voting power of the AT&T Comcast Class B common stock

will be proportionately reduced. Under the Preferred Structure, each share of AT&T Comcast Class B common stock will have 15 votes upon completion of the AT&T Comcast transaction.

Under the Alternative Structure, the voting rights of AT&T Comcast Class B common stock will be as described under "Description of AT&T Comcast Capital Stock".

Approval Rights. Under the Preferred Structure, the holders of AT&T Comcast Class B common stock will have an approval right over (1) any merger of AT&T Comcast with another company or any other transaction, in each case that requires AT&T Comcast shareholder approval under applicable law, or any other transaction that would result in any person or group owning shares representing in excess of 10% of the combined voting power of the resulting or surviving corporation, or any issuance of securities (other than pursuant to director or officer stock option or purchase plans) requiring AT&T Comcast shareholder approval under the rules and regulations of any stock exchange or quotation system; (2) any issuance of AT&T Comcast Class B common stock or any securities exercisable or exchangeable for or convertible into AT&T Comcast Class B common stock; and charter amendments (such as a charter amendment to opt in to any of the Pennsylvania antitakeover statutes) and other actions (such as the adoption, amendment or redemption of a shareholder rights plan) that limit the rights of holders of AT&T Comcast Class B common stock or any subsequent transferee of AT&T Comcast Class B common stock to transfer, vote or otherwise exercise rights with respect to AT&T Comcast capital stock.

Under the Alternative Structure, holders of AT&T Comcast Class B common stock and AT&T Comcast Class A common stock, voting together as a single class, will have the same approval rights that holders of AT&T Comcast Class B common stock have under the Preferred Structure. In addition, under the Alternative Structure, the approval of holders of AT&T Comcast Class B common stock and AT&T Comcast Class A common stock, voting together as a single class, will also be required to issue any AT&T Comcast Class A common stock or any securities exercisable or exchangeable for or convertible into AT&T Comcast Class A common stock.

Conversion Rights. Each share of AT&T Comcast Class B common stock will be convertible into one share of AT&T Comcast Class A common stock, AT&T Comcast Class A Special common stock or, under the Alternative Structure, AT&T Comcast Class C common stock.

Preemptive Rights. The holders of AT&T Comcast Class B common stock will have no preemptive rights to purchase, subscribe for or otherwise acquire any unissued or treasury shares or other securities.

AT&T Comcast Class A Special Common Stock

AT&T Comcast Class A Special Common Stock Outstanding. The outstanding shares of AT&T Comcast Class A Special common stock will be duly authorized, validly issued, fully paid and nonassessable.

Voting Rights. Except as required by law, the holders of AT&T Comcast Class A Special common stock will not be entitled to vote.

Approval Rights. Except as required by law, holders of AT&T Comcast Class A Special common stock will have no specific approval rights over any AT&T Comcast corporate actions.

Conversion Rights. The shares of AT&T Comcast Class A Special common stock will not be convertible into shares of any other class of AT&T Comcast capital stock.

Preemptive Rights. Holders of AT&T Comcast Class A Special common stock will have no preemptive rights to purchase, subscribe for or otherwise acquire any unissued or treasury shares or other securities.

AT&T Comcast Class C Common Stock

AT&T Comcast Class C common stock will be authorized and issued only if the Alternative Structure is implemented.

AT&T Comcast Class C Common Stock Outstanding. The outstanding shares of AT&T Comcast Class C common stock will be duly authorized, validly issued, fully paid and nonassessable.

Voting Rights. On all matters submitted for a vote of the holders of all classes of AT&T Comcast voting stockholders of AT&T Comcast Class C common stock in the aggregate will hold approximately 61-53/100% of the combined voting power of AT&T Comcast capital stock upon completion of the transaction. Unlike AT&T Comcast Class A common stock and AT&T Comcast Class B common stock under the Alternative Structure, the aggregate voting interest of AT&T Comcast Class C common stock will be dilutable and will decrease upon the issuance of shares of any other class of AT&T Comcast capital stock with voting rights (other than any issuance of additional shares of AT&T Comcast Class A common stock or AT&T Comcast Class B common stock). Based on the number of shares of AT&T Comcast Class C common stock anticipated to be outstanding upon completion of the AT&T Comcast transaction, each share of AT&T Comcast Class C common stock will have approximately .211 of a vote upon completion of the AT&T Comcast transaction.

Approval Rights. Except as required by law, holders of AT&T Comcast Class C common stock will have no specific approval rights over any AT&T Comcast corporate actions.

Conversion Rights. The shares of AT&T Comcast Class C common stock will not be convertible into shares of any other class of AT&T Comcast capital stock.

Preemptive Rights. Holders of AT&T Comcast Class C common stock will have no preemptive rights to purchase, subscribe for or otherwise acquire any unissued or treasury shares or other securities.

AT&T Comcast Preferred Stock

AT&T Comcast Preferred Stock Outstanding. It is not anticipated that any shares of AT&T Comcast preferred stock will be outstanding upon completion of the transaction.

Blank Check Preferred Stock. Under the AT&T Comcast charter, the AT&T Comcast Board will have the authority, without shareholder approval, to create and issue one or more series of preferred stock, without par value, with full, limited, multiple, fractional, or no voting rights, and with such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights as it so chooses. Acting under this authority, the AT&T Comcast Board could create and issue a class or series of preferred stock with rights, privileges or restrictions, and adopt a shareholder rights plan, having the effect of discriminating against an existing or prospective holder of securities as a result of that shareholder beneficially owning or commencing a tender offer for a substantial amount of AT&T Comcast voting capital stock. One of the effects of authorized but unissued and unreserved shares of capital stock may be to render more difficult or discourage an attempt by a potential acquirer to obtain control of AT&T Comcast by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of AT&T Comcast's management. The issuance of such shares of capital stock may have the effect of delaying, deferring or preventing a change in control of AT&T Comcast without any further action by the shareholders of AT&T Comcast.

Pursuant to the authority described in the preceding paragraph, prior to the completion of the transaction the AT&T Comcast Board will designate a series of preferred stock in connection with the adoption of the AT&T Comcast shareholder rights plan.

Exhibit 8

Not applicable. There are no documents, instruments, agreements, or understandings for the pledge of stock of the Transferee as security for loans or contractual performance.

Exhibit 9

Because Transferee is a new entity formed by AT&T Corp. and Comcast Corporation, no financial statements have been prepared in the ordinary course for Transferee and Transferee has no historical financial information. The Pro Forma Financial Statements for AT&T Comcast Corporation included in the Preliminary Joint Proxy Statement/Prospectus filed with the SEC on February 11, 2002 are attached to this Exhibit. The Annual Report on Form 10-K for the year ended December 31, 2000 and Form 10-Q for the quarterly period ended September 30, 2001 for each of AT&T Corp. and Comcast Corporation are included in the CD ROM attached to Exhibit 2.

ATTACHMENT TO EXHIBIT 9

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Combined Condensed Balance Sheet of AT&T Comcast Corporation ("AT&T Comcast") as of September 30, 2001 gives effect to the AT&T Comcast transaction. The following Unaudited Pro Forma Combined Condensed Statements of Operations of AT&T Comcast for the nine months ended September 30, 2001 and for the year ended December 31, 2000 give effect to the AT&T Comcast transaction and AT&T Corp.'s acquisition of MediaOne Group, which occurred on June 15, 2000. The pro forma financial statements reflect the fact that the AT&T Comcast transaction and the MediaOne acquisition are accounted for under the method of accounting.

Since the acquisition of MediaOne Group occurred prior to September 30, 2001, the financial position of MediaOne Group has been included in the historical combined AT&T Broadband Group balance sheet as of September 30, 2001. The Unaudited Pro Forma Combined Condensed Balance Sheet assumes the AT&T Comcast transaction occurred on September 30, 2001. The Unaudited Pro Forma Combined Condensed Statements of Operations assume the AT&T Comcast transaction and AT&T's acquisition of MediaOne Group occurred on January 1, 2000. The unaudited pro forma financial data is based on the historical consolidated financial statements of Comcast, the historical combined financial statements of AT&T Broadband Group and the historical consolidated financial statements of MediaOne Group under the assumptions and adjustments set forth in the accompanying explanatory notes.

AT&T Corp. ("AT&T") and Comcast Corporation ("Comcast") have determined that the AT&T Comcast transaction will be accounted for as an acquisition by Comcast of AT&T Broadband Group. As Comcast is considered the accounting acquiror, the historical basis of Comcast's assets and liabilities will not be affected by the AT&T Comcast transaction. For purposes of developing the Unaudited Pro Forma Combined Condensed Balance Sheet as of September 30, 2001, AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities have been recorded at their estimated fair values and the excess purchase price has been assigned to goodwill. The fair values assigned in these pro forma financial statements are preliminary and represent management's best estimates of current fair value which are subject to revision upon completion of the AT&T Comcast transaction. Management of both companies currently knows of no events or circumstances other than those disclosed in these pro forma notes that would require a material change to the preliminary purchase price allocation. However, a final determination of required purchase accounting adjustments will be made upon the completion of a study to be undertaken by AT&T Comcast in conjunction with independent appraisers to determine the fair value of certain of AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities. Assuming completion of the AT&T Comcast transaction, the actual financial position and results of operations will differ, perhaps significantly, from the pro forma amounts reflected herein due to a variety of factors, including access to additional information, changes in value not currently identified and changes in operating results between the dates of the pro forma financial data and the date on which the AT&T Comcast transaction takes place. See Note (b) to Unaudited Pro Forma Combined Condensed Balance Sheet.

Comcast stockholders will receive shares of AT&T Comcast Class A common stock, AT&T Comcast Class B common stock and AT&T Comcast Class A Special common stock in exchange for shares of Comcast Class A common stock, Comcast Class B common stock and Comcast Class A Special common stock, respectively, based on an exchange ratio of 1 to 1. AT&T Comcast will issue stock options to purchase shares of AT&T Comcast common stock in exchange for all outstanding stock options of Comcast, based on an exchange ratio of 1 to 1.

The estimated aggregate consideration and Comcast's transaction costs directly related to the AT&T Comcast transaction total \$49,235.6 million. This includes the fair value of the issuance of approximately 1,231 million shares of AT&T Comcast common stock to AT&T shareholders in exchange for all of AT&T's interests in AT&T Broadband Group, the fair value of the issuance of 115.0 million shares of AT&T Comcast common stock to Microsoft Corporation in exchange for AT&T Broadband Group shares that Microsoft will receive immediately

prior to the completion of the AT&T Comcast transaction for settlement of their \$5 billion aggregate principal amount in quarterly income preferred securities (QUIPS), the fair value of AT&T Comcast stock options and stock appreciation rights issued in exchange for AT&T Broadband Group stock options and stock appreciation rights and Comcast's estimated transaction costs directly related to the AT&T Comcast transaction. The fair value of the shares to be issued for AT&T Broadband Group is based on a price per share of \$35.97 which reflects the weighted average market price of Comcast Class A Special common stock during the period beginning two days before and ending two days after the AT&T Comcast transaction was announced. In limited circumstances the number of shares issued to AT&T shareholders is subject to adjustment. In the event this occurs, the fair value of all of the shares to be issued would be based on the market price of Comcast Class A Special common stock on the closing date. In addition to the consideration paid, AT&T Comcast will refinance \$7,819.6 million of debt and accrued interest assumed from AT&T Broadband Group based on the pro formas.

AT&T Comcast intends to review the synergies of the combined business, which may result in a plan to realign or reorganize certain of AT&T Broadband Group's existing operations. The costs of implementing such a plan, if it were to occur, have not been reflected in the accompanying pro forma financial statements. The impact of a potential realignment, assuming such a plan were in place at the consummation date of the AT&T Comcast transaction, could increase or decrease the amount of goodwill and intangible assets recognized by AT&T Comcast in accordance with Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The Unaudited Combined Condensed Statements of Operations exclude any benefits that may result from synergies that may be derived, or the elimination of duplicative efforts.

Among the provisions of Statement of Financial Accounting Standards No. 141, "Business Combinations," new criteria have been established for determining whether intangible assets should be recognized separately from goodwill. Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") provides, among other guidelines, that goodwill and intangible assets with indefinite lives will not be amortized, but rather will be tested for impairment on at least an annual basis. Management of both companies believes that cable franchise operating rights have indefinite lives based upon an analysis utilizing the criteria in paragraph 11 of SFAS 142. The pro forma adjustments to the Unaudited Pro Forma Combined Condensed Statements of Operations reflect the elimination of AT&T Broadband Group's amortization expense related to goodwill and cable franchise operating rights since this acquisition will be accounted for under the provisions of SFAS 142.

Comcast incurred goodwill and cable franchise operating rights amortization expense of approximately \$1,556.0 million and \$1,473.0 million for the year ended December 31, 2000 and nine months ended September 30, 2001, respectively. The historical consolidated financial statements of Comcast included in the Unaudited Pro Forma Combined Condensed Statements of Operations include the amortization expense related to Comcast's goodwill and cable franchise operating rights, which has not been eliminated in the pro forma adjustments. Effective January 1, 2002, Comcast will, in accordance with the provisions of SFAS 142, no longer amortize goodwill and cable franchise operating rights.

The pro forma financial data presents assumes the AT&T Comcast transaction is completed under the Preferred Structure (see the "Summary of The Preferred Structure", below) However, if the AT&T Comcast transaction were completed under the Alternative Structure (see "Summary of The Alternative Structure" below), this would have no impact on the pro forma financial statements as presented. Management of both companies believes that the assumptions used provide a reasonable basis on which to present the unaudited pro forma financial data. In addition to AT&T's acquisition of MediaOne Group, both companies have completed other acquisitions and dispositions which are not significant, individually or in the aggregate, and, accordingly, have not been included in the accompanying unaudited pro forma financial data. The unaudited pro forma financial data may not be indicative of the financial position or results that would have occurred if AT&T's acquisition of MediaOne Group and the AT&T Comcast transaction had been in effect on the dates indicated or which may be obtained in the future.

The unaudited pro forma financial data should be read in conjunction with the historical consolidated financial statements and accompanying notes thereto for Comcast, and the historical combined financial statements and accompanying notes thereto for AT&T Broadband Group, which have been incorporated by reference or included herein.

AT&T COMCAST CORPORATION
UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
As of September 30, 2001

	<u>Historical Comcast (a)</u>	<u>Historical AT&T Broadband (a)</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma AT&T Comcast</u>
	(Dollars in millions)			
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 658.4	\$ 253.0		\$ 911.4
Investments	1,271.9			1,271.9
Accounts receivable, net	829.7	604.0		1,433.7
Inventories, net	504.3			504.3
Other current assets	165.5	570.0	25.0 (b1)	760.5
Total current assets	<u>3,429.8</u>	<u>1,427.0</u>	<u>25.0</u>	<u>4,881.8</u>
			1,878.2 (b2)	
	3,302.3	22,492.0	(1,701.0) (d)	25,971.5
INVESTMENTS	<u>7,001.7</u>	<u>14,292.0</u>		<u>21,293.7</u>
PROPERTY AND EQUIPMENT, net				
INTANGIBLE ASSETS				
Goodwill	7,168.3	20,008.0	(2,683.7) (b3)	24,492.6
Cable franchise operating rights	19,938.1	45,513.0	(2,226.0) (b4)	63,225.1
Other intangible assets	2,772.1			2,772.1
	29,878.5	65,521.0	(4,909.7)	90,489.8
Accumulated amortization	(5,503.2)	(2,841.0)	2,841.0 (b5)	(5,503.2)
	24,375.3	62,680.0	(2,068.7)	84,986.6
OTHER NON-CURRENT ASSETS	672.3	3,370.0	25.0 (b6)	4,067.3
	<u>\$38,781.4</u>	<u>\$104,261.0</u>	<u>\$ (1,841.5)</u>	<u>\$141,200.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 3,294.0	\$ 2,692.2	\$ 1,023.8 (b7)	\$ 7,010.0
Accrued interest	191.5	228.8	(48.4) (c)	371.9
Deferred income taxes	194.6			194.6
			25.0 (b8)	
Short-term debt		5,390.0	(1,480.2) (c)	3,934.8
Current portion of long-term debt	554.4	572.0		1,126.4
Total current liabilities	<u>4,234.5</u>	<u>8,883.0</u>	<u>(479.8)</u>	<u>12,637.7</u>
			250.0 (b8)	
			(11.9) (b9)	
LONG-TERM DEBT, less current portion	11,494.8	17,312.0	1,528.6 (c)	30,573.5
DEFERRED INCOME TAXES	6,453.1	25,659.0	276.7 (b10)	32,388.8
			(179.0) (b11)	
OTHER NON-CURRENT LIABILITIES	806.2	974.0	(253.9) (b12)	1,347.3
MINORITY INTEREST	954.0	3,319.0	(2,117.8) (b13)	2,155.2
Company-Obligated Convertible Quarterly Income Preferred Securities of Subsidiary Trust Holding Solely Subordinated Debt Securities of AT&T		4,718.0	(4,718.0) (b14)	
STOCKHOLDERS' EQUITY				
Common stock	944.9		1,346.0 (b15)	2,243.6
			(47.3) (d)	
Additional capital	11,742.6		(1,653.7) (d)	57,703.5
Retained earnings	1,952.0		47,614.6 (b15)	1,952.0
Accumulated other comprehensive income	199.3			199.3
Combined attributed net assets		43,396.0	(43,396.0) (b16)	
Total stockholders' equity	<u>14,838.8</u>	<u>43,396.0</u>	<u>3,863.6</u>	<u>62,098.4</u>
	<u>\$38,781.4</u>	<u>\$104,261.0</u>	<u>\$ (1,841.5)</u>	<u>\$141,200.9</u>

See notes to Unaudited Pro Forma Combined Condensed Balance Sheet

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

(Dollars in millions, except per share amounts)

- (a) These columns reflect the historical balance sheets of the respective companies. Certain reclassifications have been made to the consolidated historical financial statements of Comcast and to the combined historical financial statements of AT&T Broadband Group to conform to the presentation expected to be used by AT&T Comcast.
- (b) This entry reflects the preliminary allocation of the purchase price to identifiable net assets acquired and the excess purchase price to goodwill.

	<u>Common Stock</u>	<u>Additional capital</u>	<u>Total</u>
Calculation of consideration			
Issuance of common stock to AT&T shareholders (1,231.0 million shares * \$35.97)	\$1,231.0(i)	\$43,048.1	\$ 44,279.1
Issuance of common stock to Microsoft Corporation (115.0 million shares * \$35.97)	115.0	4,021.6	4,136.6
Fair value of AT&T Comcast stock options resulting from the conversion of AT&T Broadband Group stock options in the merger based on Black-Scholes option pricing model		544.9	544.9
(b15) Comcast common stock equity consideration	1,346.0	47,614.6	48,960.6
(b8) Transaction costs (assumed to be funded — \$25.0 short-term debt and \$250.0 long-term debt)			275.0
Total consideration			<u>\$ 49,235.6</u>
Preliminary estimate of fair value of identifiable net assets acquired:			
(b16) Book value of AT&T Broadband Group			\$ 43,396.0
Elimination of gross AT&T Broadband Group goodwill			(20,008.0)
(b1) Current portion of deferred financing fees			25.0
(b2) Preliminary estimate of adjustment to fair value of investments			1,878.2
(b4) Preliminary estimate of adjustment to fair value of cable operating franchise rights			(2,226.0)
(b5) Elimination of AT&T Broadband Group accumulated amortization			2,841.0
(b6) Long-term portion of deferred financing fees			25.0
(b7) Preliminary estimate of current tax liability arising from the transaction			(1,023.8)
(b9) Preliminary estimate of fair value of AT&T Broadband Group assumed long-term debt			11.9
(b10) Preliminary estimate of adjustment to deferred tax liability on pro forma adjustments at combined federal and state statutory rate			(276.7)
(b11) Certain liabilities retained by AT&T			179.0
(b12) Preliminary estimate of adjustment to fair value of other non- current liabilities			253.9
(b13) Liabilities retained by AT&T related to TCI Pacific Preferred shares			2,117.8
(b14) Redemption of Microsoft Corporation QUIPS			4,718.0
Preliminary estimate of fair value of identifiable net assets acquired			<u>31,911.3</u>
Acquisition goodwill			<u>\$ 17,324.3</u>
Calculation of goodwill acquisition adjustment			
Acquisition goodwill			\$ 17,324.3
Gross value of AT&T Broadband Group goodwill			(20,008.0)
(b3) Goodwill acquisition adjustment			<u>\$ (2,683.7)</u>
(i) Maximum number of shares of common stock that could be issued in the AT&T Broadband merger	1,235.0		
Share equivalent of intrinsic value of AT&T Broadband Group stock options and stock appreciation rights	(4.0)		
Common stock to be issued to AT&T shareholders	<u>1,231.0</u>		

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Certain programming and other contracts of AT&T Broadband and Comcast may, by their terms, be assumed, altered or terminated as a result of the completion of the AT&T Comcast transaction. However, due to confidentiality provisions in those contracts as well as legal restrictions, those terms cannot be shared between the two parties as of the date of this proxy. Therefore, management cannot currently estimate the impact, if any, of favorable or unfavorable contracts that may result from the ultimate allocation of purchase price. See note (m) to the Unaudited Pro Forma Combined Condensed Statements of Operations for a sensitivity analysis of the purchase price allocation.

- (c) Represents the refinancing of existing short-term debt due to AT&T (\$5,390.0) and certain long-term debt (\$2,381.2 plus accrued interest of \$48.4) with new debt of AT&T Comcast. The refinancing is assumed to be funded half with short-term debt and half with long-term debt.
- (d) Represents the reclassification of AT&T Broadband Group's investment in Comcast as follows:

Elimination of Comcast stock held by AT&T Broadband Group.....	\$ (1,701.0)
Reclassification of Comcast stock held by AT&T Broadband Group to equity (par value common stock \$47.3 and additional capital \$1,653.7)	1,701.0
	\$ —

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AT&T COMCAST CORPORATION
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
For the year ended December 31, 2000

	Historical Comcast(a)	Historical AT&T Broadband(a)	Historical MediaOne 1/1/00-6/14/00(a)	Intercompany Adjustments	Pro Forma Adjustments(e)	Pro Forma AT&T Comcast(m)
(Dollars in millions, except per share amounts)						
REVENUES						
Service revenues	\$ 4,682.7	\$ 8,445.0	\$ 1,325.0	\$ (65.1) (b)		\$14,387.6
Net sales from electronic retailing	3,535.9					3,535.9
	<u>8,218.6</u>	<u>8,445.0</u>	<u>1,325.0</u>	<u>(65.1)</u>		<u>17,923.5</u>
COSTS AND EXPENSES						
Operating	2,212.5	4,600.0	554.0	(21.5) (b)		7,345.0
Cost of goods sold from electronic retailing	2,284.9					2,284.9
Selling, general and administrative	1,250.9	2,180.0	342.0	(21.6) (b)		3,751.3
Depreciation	837.3	1,674.0	435.0			2,946.3
Amortization	1,794.0	2,377.0	271.0		(2,435.8) (f)	2,006.2
Asset impairment, restructuring and other charges		6,270.0				6,270.0
	<u>8,379.6</u>	<u>17,101.0</u>	<u>1,602.0</u>	<u>(43.1)</u>	<u>(2,435.8)</u>	<u>24,603.7</u>
OPERATING LOSS	(161.0)	(8,656.0)	(277.0)	(22.0)	2,435.8	(6,680.2)
OTHER INCOME (EXPENSE)						
Interest expense	(691.4)	(1,323.0)	(312.0)		103.7 (g) 25.4 (h)	(2,197.3)
Investment income (expense)	983.9	(84.0)		(37.4) (b)		862.5
Income related to indexed debt	666.0					666.0
Equity in net income (losses) of affiliates	(21.3)			(67.0) (b)	(967.0) (i) 485.0 (f)	(570.3)
Other income (expense)	2,825.5	45.0	3,341.0	(2,756.0) (c)		3,455.5
	<u>3,762.7</u>	<u>(1,362.0)</u>	<u>3,029.0</u>	<u>(2,860.4)</u>	<u>(352.9)</u>	<u>2,216.4</u>
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	3,601.7	(10,018.0)	2,752.0	(2,882.4)	2,082.9	(4,463.8)
					370.0 (i) (721.1) (j)	(617.4)
INCOME TAX (EXPENSE) BENEFIT	(1,441.3)	1,183.0	(1,189.0)	1,181.0 (d)		(617.4)
INCOME (LOSS) BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	2,160.4	(8,835.0)	1,563.0	(1,701.4)	1,731.8 597.0 (i)	(5,081.2)
Net loss from equity investments		(597.0)				
MINORITY INTEREST INCOME (EXPENSE)	(115.3)	4,062.0		(106.0) (b)	160.0 (k)	4,000.7
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	2,045.1	(5,370.0)	1,563.0	(1,807.4)	2,488.8	(1,080.5)
PREFERRED DIVIDENDS	(23.5)					(23.5)
INCOME (LOSS) FOR COMMON STOCKHOLDERS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$ 2,021.6	\$ (5,370.0)	\$ 1,563.0	\$ (1,807.4)	\$ 2,488.8	\$ (1,104.0)
Earnings (loss) per share from continuing operations before extraordinary items — basic	\$ 2.27					\$ (0.50)
Earnings (loss) per share from operations before extraordinary items — assuming dilution	\$ 2.16					\$ (0.50)
Weighted average number of common shares outstanding — basic	890.7				1,298.7 (l)	2,189.4
Weighted average number of common shares outstanding — assuming dilution	948.7				1,302.7 (l)	2,251.4

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

AT&T COMCAST CORPORATION
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
For the nine months ended September 30, 2001

	<u>Historical Comcast (a)</u>	<u>Historical AT&T Broadband (a)</u>	<u>Intercompany Adjustments</u>	<u>Pro Forma Adjustments (e)</u>	<u>Pro Forma AT&T Comcast (m)</u>
	(Dollars in millions, except per share amounts)				
REVENUES					
Service revenues	\$4,195.0	\$ 7,756.0	\$ (96.7) (b)	\$	\$11,854.3
Net sales from electronic retailing	<u>2,655.1</u>	<u>7,756.0</u>	<u>(96.7)</u>	<u> </u>	<u>2,655.1</u>
	<u>6,850.1</u>	<u>7,756.0</u>	<u>(96.7)</u>	<u> </u>	<u>14,509.4</u>
COSTS AND EXPENSES					
Operating	1,991.6	4,245.0	(56.2) (b)		6,180.4
Cost of goods sold from electronic retailing	1,685.6				1,685.6
Selling, general and administrative	1,125.8	1,951.0	(17.0) (b)		3,059.8
Depreciation	760.4	1,952.0			2,712.4
Amortization	1,698.7	1,681.0		(1,462.4) (f)	1,917.3
Asset impairment, restructuring and other charges		<u>1,494.0</u>			<u>1,494.0</u>
	<u>7,262.1</u>	<u>11,323.0</u>	<u>(73.2)</u>	<u>(1,462.4)</u>	<u>17,049.5</u>
OPERATING LOSS	(412.0)	(3,567.0)	(23.5)	1,462.4	(2,540.1)
OTHER INCOME (EXPENSE)					
				217.3 (g)	
Interest expense	(549.2)	(1,347.0)		19.1 (h)	(1,659.8)
Investment income (expense)	1,045.7	(1,245.0)	(18.7) (b)		(218.0)
				(43.0) (i)	
Equity in net income (losses) of affiliates	(26.1)			120.0 (f)	50.9
Other income (expense)	<u>1,180.9</u>	<u>(911.0)</u>			<u>269.9</u>
	<u>1,651.3</u>	<u>(3,503.0)</u>	<u>(18.7)</u>	<u>313.4</u>	<u>(1,557.0)</u>
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	1,239.3	(7,070.0)	(42.2)	1,775.8 (494.8) (j)	(4,097.1)
INCOME TAX (EXPENSE) BENEFIT	<u>(602.9)</u>	<u>3,214.0</u>	<u>(750.2) (d)</u>	<u>6.0 (i)</u>	<u>1,372.1</u>
INCOME (LOSS) BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	636.4	(3,856.0)	(792.4)	1,287	(2,725.0)
Net loss in equity investments		(37.0)		37.0 (i)	
MINORITY INTEREST (EXPENSE) INCOME	<u>(89.8)</u>	<u>905.0</u>	<u>(24.0) (b)</u>	<u>120.0 (k)</u>	<u>911.2</u>
INCOME (LOSS) FOR COMMON STOCKHOLDERS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	<u>\$ 546.6</u>	<u>\$(2,988.0)</u>	<u>\$(816.4)</u>	<u>\$ 1,444.0</u>	<u>\$(1,813.8)</u>
Earnings (loss) per share from continuing operations before extraordinary items and cumulative effect of accounting change — basic	\$ 0.58				\$ (0.81)
Earnings (loss) per share from continuing operations before extraordinary items and cumulative effect of accounting change — assuming dilution	\$ 0.56				\$ (0.81)
Weighted average number of common shares outstanding — basic	949.3			1,298.7 (l)	2,248.0
Weighted average number of common shares outstanding — assuming dilution	964.7			1,302.7 (l)	2,267.4

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

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AT&T COMCAST CORPORATION
NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED
STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts)

(a) These columns reflect the historical statements of operations of the respective companies. Certain reclassifications have been made to the consolidated historical financial statements of Comcast and the combined historical financial statements of AT&T Broadband Group to conform to the presentation expected to be used by AT&T Comcast.

(b) Adjustment reflects the elimination of historical intercompany transactions between Comcast and AT&T Broadband Group as follows: amounts charged by Comcast to AT&T Broadband Group for programming, the gains and losses resulting from the sales of certain cable systems by AT&T Broadband Group to Comcast, the gains recorded by AT&T Broadband Group resulting from the fair value exchange of certain cable systems with Comcast and Excite@Home transactions.

(c) Adjustment represents the gains recorded by Comcast resulting from intercompany transactions with AT&T Broadband Group for the year ended December 31, 2000.

Gain on systems exchanged	\$1,711.0
Gain on receipt of Excite@Home right	<u>1,045.0</u>
Total	<u>\$2,756.0</u>

(d) Represents the aggregate pro forma income tax effect of Notes (b) and (c) above at the combined federal and state statutory rate.

(e) AT&T Broadband Group has certain intercompany agreements with AT&T Corp. which will be terminated as of the date of the AT&T Comcast transaction. The costs of replacing these services is uncertain. However, the impact of the termination of these arrangements is not expected to be material.

(f) Represents the elimination of AT&T Broadband Group's and MediaOne Group's historical goodwill and cable franchise operating rights amortization expense for consolidated subsidiaries and equity method investments. Under the accounting rules set forth in SFAS 142 issued by the Financial Accounting Standards Board in June 2001, goodwill and intangibles with indefinite lives are not amortized against earnings other than in connection with an impairment.

(g) Represents the net effect on interest expense resulting from the financings described in Note (c) to the Unaudited Pro Forma Combined Condensed Balance Sheet. Pro forma interest expense was calculated based on the interest rates of the historical debt outstanding plus the interest rates of the planned credit facilities. The pro forma financial information assumes the financings occurred on January 1, 2000. Amortization of deferred financing costs was calculated based on the expected amounts and terms of the new facilities. Short-term rates are assumed to be 4% and long-term rates are assumed to be 7%. Assuming interest rates changed by 0.125%, the related interest expense and pre-tax impact on earnings would be \$9.7 for the year ended December 31, 2000 and \$7.3 for the nine months ended September 30, 2001.

(h) Represents the decrease in interest expense as a result of the adjustment of AT&T Broadband Group's long-term debt to its fair value as described in Note (c) to the Unaudited Pro Forma Combined Condensed Balance Sheet. The difference between the fair value and the face amount of each borrowing is amortized as a reduction to interest expense over the remaining term of the borrowing.

(i) Represents the reclassification of losses in equity investments to conform with the presentation currently used by Comcast.

(j) Represents the aggregate pro forma income tax effect of Notes (f) through (h) above at the combined federal and state statutory rate.

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- (k) Represents the elimination of historical dividends on QUIPS exchanged for AT&T Broadband Group common stock.
- (l) For basic earnings per share, this adjustment represents the issuance of AT&T Comcast shares to AT&T shareholders and Microsoft Corporation offset by shares of Comcast owned by AT&T Broadband Group which are classified as treasury shares (see Note (d) to the Unaudited Pro Forma Combined Condensed Balance Sheet). In addition, earnings per share assuming dilution has been adjusted to include the dilutive effects of AT&T Comcast stock options issued in exchange for the AT&T Broadband Group stock options.
- (m) The pro forma combined condensed financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in different allocations for tangible and intangible assets than that presented in these pro forma combined condensed financial statements. The following table shows the absolute dollar effect on pro forma net income (loss) applicable to common stockholders and net income (loss) per share assuming dilution for every \$500 of purchase price allocated to amortizable assets or certain liabilities over assumed weighted average useful lives. An increase in the purchase amount allocated to amortizable assets or a decrease in the amount allocated to certain liabilities will result in a decrease to net income. A decrease in the amount allocated to amortizable assets or an increase in the amount allocated to certain liabilities will result in an increase to net income.

<u>Weighted Average Life</u>	<u>Year Ended December 31, 2000</u>	<u>Nine Months Ended September 30, 2001</u>
Five years		
Net income	\$61.5	\$46.1
Per share	\$0.03	\$0.02
Ten years		
Net income	\$30.8	\$23.1
Per share	\$0.01	\$0.01
Twenty years		
Net income	\$15.4	\$11.5
Per share	\$0.01	\$0.01

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Exhibit 10

Transferee, AT&T Comcast Corporation, will be the world's leading provider of broadband video, voice and data services and will have a presence in 41 states with approximately 22 million subscribers. AT&T and Comcast each bring over 30 years of experience and expertise in the cable industry to the combined company. AT&T Comcast will become the indirect parent company of AT&T and Comcast subsidiaries operating cable systems throughout the United States, including the franchisee that owns and operates your cable system.

You have previously considered and approved the technical qualifications, experience and expertise of your current franchisee, and the combined company will further strengthen the current franchisee's technical qualifications, experience and expertise.

Mr. Brian Roberts, President of Comcast, will be President and Chief Executive Officer of the new company with all day-to-day authority over the operation of the business. Mr. Roberts, as CEO, will also be responsible for all matters relating to other officers and employees of the new company, and will consult with the Chairman with respect to senior officers. Mr. Roberts and the management team he selects will be responsible for the full operational control of the merged company. Mr. Roberts plans to continue Comcast's demonstrated track record in system upgrade, deployment of new services and customer care.

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6-25-02

RESOLUTION NO. _____

WHEREAS, in Ordinance No. 3728, enacted on June 18, 1994, the Alexandria City Council ("City Council") granted Jones Communications of Virginia, Inc., a non-exclusive franchise to operate a cable television system in the City of Alexandria (the "Franchise") for a term of fifteen years; and

WHEREAS, by Resolution No. 1907, adopted on February 9, 1999, the City Council approved the transfer of control and assignment of the Franchise from Jones Communications of Virginia, Inc. to Comcast Cablevision. of Virginia, Inc. (the "Franchisee"); and

WHEREAS, pursuant to a transaction (the "Proposed Transaction" or "the Transfer") described in an Agreement and Plan of Merger dated December 19, 2001, (the "Merger Agreement"), AT&T Comcast Corporation will acquire control of the Franchisee and the cable system servicing the City of Alexandria ("City"); and

WHEREAS, on or about March 8, 2002, Comcast Corporation and AT&T Corporation filed an application seeking City Council approval of the Transfer (the "Application"); and

WHEREAS, the City, the Franchisee and AT&T Comcast Corporation have negotiated a Transfer Agreement which sets forth the obligations of these parties with respect to the Transfer (a copy of the Transfer Agreement is attached hereto as Exhibit A); and

WHEREAS, as set forth in the Application, the Transfer Agreement, Comcast Cablevision of Virginia, Inc. will remain the entity providing cable television service in the City pursuant to the Franchise, will continue to be bound by the terms and conditions of the Franchise, will keep its local management in place, and has no plans to change any of its plant, equipment, channel capacity or cable services in the City of Alexandria; and

WHEREAS, the Proposed Transaction will result in a change of control of the Franchisee, because Comcast Corporation will become a wholly-owned subsidiary of AT&T Comcast Corporation, whereupon AT&T Comcast Corporation will indirectly own all of the equity interests in the Franchisee and thereby control the Franchisee; and

WHEREAS, under Section 9-3-35 of the Code of the City of Alexandria, Virginia, 1981, as amended, (the "City Code"), the agreement to sell more than 20% of ownership interest in the cable system constitutes a transfer of the control of the cable system (the "Transfer"), which requires the approval of City Council; and

WHEREAS, the Franchisee and AT&T Comcast Corporation will abide by the obligations as set forth in the Transfer Agreement, which will be executed between the City, the Franchisee and AT&T Comcast Corporation, Sections 9-3-1 through 9-3-364 of the City Code,

the Franchise Agreement and any subsequent resolutions, acceptances and agreements, (collectively referred to as the "Franchise Documents"); and

WHEREAS, city staff and consultants have reviewed the Application and Franchise Documents and have concluded that Comcast AT&T Corporation has the legal, financial, managerial and technical capabilities to operate the cable system, and that the Transfer will not adversely affect the City, cable subscribers in the City or the public interest; and

NOW, THEREFORE, BE IT RESOLVED BY THE
CITY COUNCIL OF ALEXANDRIA, VIRGINIA

1. That the City of Alexandria's consent to, and approval of, the Transfer is hereby granted in accordance with Section 9-3-85 of The City Code, subject to the following conditions:

(a) that within 30 days of the adoption of this resolution, the City, Franchisee, and AT&T Comcast Corporation enter into and execute a Transfer Agreement, substantially in the form of Exhibit A, attached hereto; and

(b) that the Transfer be finally consummated on or before June 30, 2003; and

(c) that the Transfer be consummated on terms and conditions identical in all material respects to those described in the Application and the Transfer Agreement.

2. That if any of the terms, conditions or requirements specified in Section 1 or in Exhibit A are materially breached or not performed, then the City of Alexandria's consent to the Transfer shall, upon the written certification thereof by the city manager and without further action by the City Council, be revoked and of no force and effect.

3. That the city manager is authorized to execute the Transfer Agreement on behalf of the City of Alexandria and to undertake all further action on behalf of the City of Alexandria with regard to the proposed Transfer.

ADOPTED: _____

KERRY J. DONLEY MAYOR

ATTEST:

Beverly I. Jett, CMC City Clerk

**CITY OF ALEXANDRIA
AT&T-COMCAST
TRANSFER AGREEMENT**

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**CITY OF ALEXANDRIA
AT&T-COMCAST
TRANSFER AGREEMENT**

THIS AGREEMENT is made this ___ day of _____, 2002, by and between:

1.1.1. The City Council of the City of Alexandria, Virginia, the governing body of the City of Alexandria, Virginia, organized under the laws of the Commonwealth of Virginia (the "City Council");

1.1.2. AT&T Comcast Corporation, a Pennsylvania corporation ("AT&T Comcast"); and

1.1.3. Comcast Cablevision of Virginia, Inc., a Colorado corporation ("Franchisee");

1.1.4. Franchisee and AT&T Comcast may be referred to jointly herein as "Companies," or individually as a "Company."

RECITALS

WHEREAS, the City Council has granted the Franchisee a nonexclusive cable television franchise (the "Franchise") for a term of fifteen (15) years pursuant to The City of Alexandria Code, Title 9, Chapter 3 (the "Cable Ordinance") and the Franchise Agreement granted to the Franchisee, pursuant to Ordinance No. 3728 effective June 18, 1994, referred to collectively as the "Franchise Documents"; and

WHEREAS, pursuant to a transaction ("the Proposed Transaction" or "the Transfer") described in an Agreement and Plan of Merger dated as of December 19, 2001 (the "Merger Agreement"), AT&T Comcast will acquire control of the Franchisee and the cable system serving the City (the "System"); and

WHEREAS, if the Proposed Transaction is consummated, the Franchisee will continue to own and operate the cable system in the City of Alexandria, and it will continue to hold the Franchise; and

WHEREAS, Franchisee is a wholly-owned subsidiary of Jones Cable Holdings, Inc., which is a wholly-owned subsidiary of Comcast Cable Communications, Inc. ("Comcast Cable") which is a wholly-owned subsidiary of Comcast Corporation; and

WHEREAS, the Proposed Transaction will result in a change of control of the Franchisee, because Comcast Corp. will become a wholly-owned subsidiary of AT&T Comcast, whereupon AT&T Comcast will indirectly own all of the equity interests in the Franchisee and thereby control the Franchisee; and

WHEREAS, the City Council has legal authority under Section 9-3-81 of the Cable Ordinance, the Franchise Agreement, and applicable state and federal law to approve or disapprove the Transfer; and

WHEREAS, on or about March 8, 2002, Comcast Corp. and AT&T Comcast filed FCC Form 394 with the City and requested that the City approve the Proposed Transaction (the "Transfer Application"); and

WHEREAS, the Franchisee has represented to the City that Franchisee has no current plans to change the terms or conditions for the services or operations of the cable system as a consequence of the Proposed Transaction; and

WHEREAS, the Franchisee has agreed that it will continue to comply with the Franchise Documents and applicable law from and after the consummation of the Proposed Transaction;

WHEREAS, the Companies have represented that the Franchisee will not be an obligor for any debt that may be incurred by the Companies to meet cash funding requirements of the Merger Agreement, and that no assets of the System will be encumbered as a result thereof; and

WHEREAS, relying on the completeness and accuracy of the representations of the Companies, which representations are considered material, the City Council is willing to consent to the Transfer, and

NOW, THEREFORE, in consideration for the City's consent to the Proposed Transaction, and subject to the terms and conditions of this Agreement and of the City's Resolution consenting to the Proposed Transaction ("Transfer Resolution"), THE PARTIES DO HEREBY AGREE as follows:

TRANSFER

1.1. The foregoing recitals are true and correct and are incorporated herein by reference.

1.2. The City has consented through the Transfer Resolution to the Proposed Transaction as described in the Transfer Application, in consideration for the promises and performances of AT&T Comcast and Franchisee as expressed in this Transfer Agreement.

2. ACCEPTANCE OF FRANCHISE OBLIGATIONS

2.1. Nothing in this Transfer Agreement amends or alters the Franchise Documents or any requirements therein in any way, and all provisions of the Franchise Documents remain in full force and effect and are enforceable in accordance with their terms and with applicable law.

2.2. The Franchisee agrees that neither the Proposed Transaction nor the City's approval of the Proposed Transaction shall in any respect relieve the Franchisee or any of its successors in interest of responsibility for past acts or omissions, known or unknown. Franchisee hereby agrees that it shall continue to be liable for any such acts and omissions, known and unknown, including liability for any and all previously accrued but unfulfilled

obligations to the City under the Franchise Documents and applicable law, for all purposes, including but not limited to review of past performance for purposes of determining whether its Franchise should be renewed. Franchisee agrees that all acts and omissions of Franchisee occurring prior to the effective date of this Agreement will continue to be deemed to be those of Franchisee. The Proposed Transaction shall not restrict or expand the rights of the Franchisee under or related to the Franchise Documents as compared to those that could have been exercised by the Franchisee prior to the Proposed Transaction.

2.3. The Franchisee shall ensure that all records pertaining to the Franchise, including financial records, shall continue to be available after the Proposed Transaction in the same way (or in an equivalent manner) and to the same extent such information was available prior to the Proposed Transaction.

2.4. AT&T Comcast agrees that, from and after the consummation of the Proposed Transaction, it shall not take any action that would prevent Franchisee from fully complying with all of the terms and conditions set forth in the Franchise Documents and (when executed and delivered) this Transfer Agreement.

3. RESERVATION OF RIGHTS

3.1. The City and the Franchisee each reserve all rights not expressly granted in this Transfer Agreement, including without limitation those specified below.

3.2. The City waives none of its rights with respect to the Franchisee's compliance with the requirements set forth in the Franchise Documents, including but not limited to the requirements regarding transfers. At no time will the Companies contend, either directly or indirectly, that the City is barred, by reason of the Proposed Transaction, from considering, or raising claims based on, any defaults of Franchisee, any failure by Franchisee to provide

reasonable service in light of the community's needs, or any failure by Franchisee to comply with the terms and conditions of the Franchise Documents or with applicable law. The City's approval of the Proposed Transaction shall in no way be deemed a representation by the City that the Franchisee is in compliance with all of its obligations under the Franchise Documents.

3.3. Neither this Transfer Agreement, nor any other action or omission by the City at or before the execution of this Transfer Agreement, shall be construed to grant the City's consent to any future transfer of the Franchise and/or the System, and/or any future change in ownership and/or control of the Franchise and/or the System, or to mean that the City's consent to any future transaction is not required.

3.4. Any consent given by the City to the Proposed Transaction is made without prejudice to, or waiver of, the City's right to investigate and take into account any lawful considerations during any future franchise renewal or transfer process.

3.5. This Transfer Agreement does not affect and shall not be construed to affect any rights or authority the City may have to regulate or authorize, by ordinance, license or otherwise, use of the public rights-of-way for purposes other than for cable service. To the extent that the Companies may seek to provide a service other than cable service over the System, the City reserves the right to require any additional authorizations regarding such services that it may lawfully require. Consent to the Transfer shall not be deemed to be consent to the use of the public rights-of-way by any of the Companies or any of their Affiliates for any purpose other than those purposes allowed under the Franchise Agreement.

3.6. The City reserves any rights it may have regarding the charging of a franchise fee or other compensation for the right to provide cable modem service using the rights-of-way within the City.

3.7. The City reserves any rights it may have to regulate cable modem service under applicable law, including, without limitation, the right to adopt rules related to subscriber privacy and customer service.

4. NO EFFECT ON RATES

4.1. The Franchisee represents and warrants that the Proposed Transaction will not result in any increase in subscriber rates, provided, however, that the Franchisee reserves the right to make lawful changes in subscriber rates in the ordinary course of business.

5. REPRESENTATIONS AND WARRANTIES

5.1. Each of the Companies hereby represents and warrants that at the time of the execution of this Agreement: (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; (b) the Franchise Documents and, assuming due execution hereof by the other parties hereto, this Transfer Agreement constitute legal, valid and binding obligations of such Company enforceable in accordance with their terms; (c) the execution and delivery of, and performance by such Company under, this Transfer Agreement and the Franchise Documents, where applicable, are within such Company's power and authority without the joinder or consent of any other party and have been duly authorized by all requisite corporate or partnership action on the part of such Company and are not in contravention of such Company's charter, bylaws, and/or other organizational documents; and (d) no representation made to the City by such Company is incomplete, untrue or inaccurate in any material respect.

5.2. Franchisee represents and warrants that neither the Proposed Transaction nor this Transfer Agreement will adversely affect its ability to meet the requirements of the Franchise Documents.

5.3. The Companies represent and warrant that the Proposed Transaction will not adversely affect subscribers, the City's interests under the Cable Ordinance, the existing franchise agreement between the Franchisee and the City, or the public interest, or make it less likely that the future cable-related needs and interests of the Alexandria community will be satisfied at a reasonable cost.

5.4. Franchisee represents and warrants that it owns, in its own name, materially all of the cables, equipment and other physical facilities that constitute the System, and that no such facilities in the City that were owned by the Franchisee prior to the Proposed Transaction will be owned by any other entity after the Proposed Transaction.

6. **INDEMNIFICATION**

6.1. The Franchisee agrees to indemnify and hold the City, its elected and appointed officers, officials, employees, agents, and contractors, harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) caused by or arising from any representation or warranty made herein by that Company, which is determined by a court of competent jurisdiction or by the parties to be untrue or inaccurate in any material respect.

6.2. Franchisee shall indemnify and hold the City, its elected and appointed officers, officials, employees, agents, and contractors, harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) incurred by the City in connection with any action or proceeding commenced by a third party (not one of the parties to

this Transfer Agreement) claiming or asserting any liability of the City relating to or arising from the Proposed Transaction or this Transfer Agreement.

7. ADDITIONAL CONDITIONS

7.1. In the event the Proposed Transfer does not close by June 30, 2003, or closes on terms that are in any material respect different from the terms disclosed to the City in writing, then any City consent to the Proposed Transaction shall be void and of no force or effect, and the Proposed Transaction deemed to have been timely denied.

7.2. The Companies hereby waive any and all claims that they may have that any denial of the Transfer Application that results from failure of the conditions in Section 7.1 fails to satisfy the deadlines established by applicable law including, without limitation, claims based on, arising out of, or relating to 47 U.S.C. § 537, as amended, and agree that they shall be deemed to have agreed to an extension of the time to act on the Transfer Application as required to make any such denial effective.

8. BREACHES

Any breach of this Transfer Agreement shall be deemed a breach of the Franchise Agreement and shall be subject to all remedies available for a breach of the Franchise Agreement, in addition to any other remedies the parties may have under this Transfer Agreement at law or equity.

9. MISCELLANEOUS PROVISIONS.

9.1. **Effective Date:** This Transfer Agreement shall be effective and binding upon the signatories once it has been signed by all signatories.

9.2. **Binding Acceptance:** This Transfer Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof. Any purported assignment of this Transfer Agreement is void without the express written consent of the signatories.

9.3. **Voluntary Agreement:** This Transfer Agreement is freely and voluntarily given by each party, without any duress or coercion, and after each party has consulted with its counsel. Each party has carefully and completely read all of the terms and provisions of this Transfer Agreement. Neither any of the Companies, nor any of their affiliates, nor the City, will take any action to challenge any provision of this Transfer Agreement; nor will they participate with any other person or entity in any such challenge.

9.4. **Severability:** If any term, condition, or provision of this Transfer Agreement shall, to any extent, be held to be invalid, preempted, or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective.

9.5. **Counterparts:** This Transfer Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

9.6. **Conforming Amendments to Franchise:** AT&T Comcast and Franchisee agree to accept amendments to the Franchise Agreement that may be adopted by the City to the extent necessary to reflect the Proposed Transaction or the provisions of this Transfer Agreement.

9.7. **Governing Law:** This Transfer Agreement shall be governed in all respects by the law of the Commonwealth of Virginia.

9.8. **Captions and References:** The captions and headings of sections throughout this Transfer Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Transfer Agreement. Such captions shall not affect the meaning or interpretation of this Transfer Agreement.

AGREED TO BY THE PARTIES:

THE CITY OF ALEXANDRIA, VIRGINIA

Date

By: _____

APPROVED AS TO FORM
AND LEGALITY:

Office of the City Attorney

COMCAST CABLEVISION OF VIRGINIA, INC.

Date

By: _____
Its: _____

AT&T COMCAST CORPORATION

Date

By:

Its:

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**CITY OF ALEXANDRIA
AT&T-COMCAST
TRANSFER AGREEMENT**

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**CITY OF ALEXANDRIA
AT&T-COMCAST
TRANSFER AGREEMENT**

THIS AGREEMENT is made this ____ day of _____, 2002, by and between:

1.1.1. The City Council of the City of Alexandria, Virginia, the governing body of the City of Alexandria, Virginia, organized under the laws of the Commonwealth of Virginia (the "City Council");

1.1.2. AT&T Comcast Corporation, a Pennsylvania corporation ("AT&T Comcast");
and

1.1.3. Comcast Cablevision of Virginia, Inc., a Colorado corporation ("Franchisee");

1.1.4. Franchisee and AT&T Comcast may be referred to jointly herein as "Companies," or individually as a "Company."

RECITALS

WHEREAS, the City Council has granted the Franchisee a nonexclusive cable television franchise (the "Franchise") for a term of fifteen (15) years pursuant to The City of Alexandria Code, Title 9, Chapter 3 (the "Cable Ordinance") and the Franchise Agreement granted to the Franchisee, pursuant to Ordinance No. 3728 effective June 18, 1994, referred to collectively as the "Franchise Documents"; and

WHEREAS, pursuant to a transaction ("the Proposed Transaction" or "the Transfer") described in an Agreement and Plan of Merger dated as of December 19, 2001 (the "Merger Agreement"), AT&T Comcast will acquire control of the Franchisee and the cable system serving the City (the "System"); and

WHEREAS, if the Proposed Transaction is consummated, the Franchisee will continue to own and operate the cable system in the City of Alexandria, and it will continue to hold the Franchise;
and

WHEREAS, Franchisee is a wholly-owned subsidiary of Jones Cable Holdings, Inc., which

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is a wholly-owned subsidiary of Comcast Cable Communications, Inc. ("Comcast Cable") which is a wholly-owned subsidiary of Comcast Corporation; and

WHEREAS, the Proposed Transaction will result in a change of control of the Franchisee, because Comcast Corp. will become a wholly-owned subsidiary of AT&T Comcast, whereupon AT&T Comcast will indirectly own all of the equity interests in the Franchisee and thereby control the Franchisee; and

WHEREAS, the City Council has legal authority under Section 9-3-81 of the Cable Ordinance, the Franchise Agreement, and applicable state and federal law to approve or disapprove the Transfer; and

WHEREAS, on or about March 8, 2002, Comcast Corp. and AT&T Comcast filed FCC Form 394 with the City and requested that the City approve the Proposed Transaction (the "Transfer Application"); and

WHEREAS, the Franchisee has represented to the City that Franchisee has no current plans to change the terms or conditions for the services or operations of the cable system as a consequence of the Proposed Transaction; and

WHEREAS, the Franchisee has agreed that it will continue to comply with the Franchise Documents and applicable law from and after the consummation of the Proposed Transaction;

WHEREAS, the Companies have represented that the Franchisee will not be an obligor for any debt that may be incurred by the Companies to meet cash funding requirements of the Merger Agreement, and that no assets of the System will be encumbered as a result thereof; and

WHEREAS, relying on the completeness and accuracy of the representations of the Companies, which representations are considered material, the City Council is willing to consent to the Transfer, and

NOW, THEREFORE, in consideration for the City's consent to the Proposed Transaction, and subject to the terms and conditions of this Agreement and of the City's Resolution consenting to the Proposed Transaction ("Transfer Resolution"), THE PARTIES DO HEREBY AGREE as follows:

1. TRANSFER

1.1. The foregoing recitals are true and correct and are incorporated herein by reference.

1.2. The City has consented through the Transfer Resolution to the Proposed Transaction as described in the Transfer Application, in consideration for the promises and performances of AT&T Comcast and Franchisee as expressed in this Transfer Agreement.

2. ACCEPTANCE OF FRANCHISE OBLIGATIONS

2.1. Nothing in this Transfer Agreement amends or alters the Franchise Documents or any requirements therein in any way, and all provisions of the Franchise Documents remain in full force and effect and are enforceable in accordance with their terms and with applicable law.

2.2. The Franchisee agrees that neither the Proposed Transaction nor the City's approval of the Proposed Transaction shall in any respect relieve the Franchisee or any of its successors in interest of responsibility for past acts or omissions, known or unknown. Franchisee hereby agrees that it shall continue to be liable for any such acts and omissions, known and unknown, including liability for any and all previously accrued but unfulfilled obligations to the City under the Franchise Documents and applicable law, for all purposes, including but not limited to review of past performance for purposes of determining whether its Franchise should be renewed. Franchisee agrees that all acts and omissions of Franchisee occurring prior to the effective date of this Agreement will continue to be deemed to be those of Franchisee. The Proposed Transaction shall not restrict or expand the rights of the Franchisee under or related to the Franchise Documents as compared to those that could have been exercised by the Franchisee prior to the Proposed Transaction.

2.3. The Franchisee shall ensure that all records pertaining to the Franchise, including financial records, shall continue to be available after the Proposed Transaction in the same way (or in an equivalent manner) and to the same extent such information was available prior to the Proposed Transaction.

2.4. AT&T Comcast agrees that, from and after the consummation of the Proposed

Transaction, it shall not take any action that would prevent Franchisee from fully complying with all of the terms and conditions set forth in the Franchise Documents and (when executed and delivered) this Transfer Agreement.

3. RESERVATION OF RIGHTS

3.1. The City and the Franchisee each reserve all rights not expressly granted in this Transfer Agreement, including without limitation those specified below.

3.2. The City waives none of its rights with respect to the Franchisee's compliance with the requirements set forth in the Franchise Documents, including but not limited to the requirements regarding transfers. At no time will the Companies contend, either directly or indirectly, that the City is barred, by reason of the Proposed Transaction, from considering, or raising claims based on, any defaults of Franchisee, any failure by Franchisee to provide reasonable service in light of the community's needs, or any failure by Franchisee to comply with the terms and conditions of the Franchise Documents or with applicable law. The City's approval of the Proposed Transaction shall in no way be deemed a representation by the City that the Franchisee is in compliance with all of its obligations under the Franchise Documents.

3.3. Neither this Transfer Agreement, nor any other action or omission by the City at or before the execution of this Transfer Agreement, shall be construed to grant the City's consent to any future transfer of the Franchise and/or the System, and/or any future change in ownership and/or control of the Franchise and/or the System, or to mean that the City's consent to any future transaction is not required.

3.4. Any consent given by the City to the Proposed Transaction is made without prejudice to, or waiver of, the City's right to investigate and take into account any lawful considerations during any future franchise renewal or transfer process.

3.5. This Transfer Agreement does not affect and shall not be construed to affect any rights or authority the City may have to regulate or authorize, by ordinance, license or otherwise, use of the public rights-of-way for purposes other than for cable service. To the extent that the Companies may

seek to provide a service other than cable service over the System, the City reserves the right to require any additional authorizations regarding such services that it may lawfully require. Consent to the Transfer shall not be deemed to be consent to the use of the public rights-of-way by any of the Companies or any of their Affiliates for any purpose other than those purposes allowed under the Franchise Agreement.

3.6. The City reserves any rights it may have regarding the charging of a franchise fee or other compensation for the right to provide cable modem service using the rights-of-way within the City.

3.7. The City reserves any rights it may have to regulate cable modem service under applicable law, including, without limitation, the right to adopt rules related to subscriber privacy and customer service.

4. NO EFFECT ON RATES

4.1. The Franchisee represents and warrants that the Proposed Transaction will not result in any increase in subscriber rates, provided, however, that the Franchisee reserves the right to make lawful changes in subscriber rates in the ordinary course of business.

5. REPRESENTATIONS AND WARRANTIES

5.1. Each of the Companies hereby represents and warrants that at the time of the execution of this Agreement: (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; (b) the Franchise Documents and, assuming due execution hereof by the other parties hereto, this Transfer Agreement constitute legal, valid and binding obligations of such Company enforceable in accordance with their terms; (c) the execution and delivery of, and performance by such Company under, this Transfer Agreement and the Franchise Documents, where applicable, are within such Company's power and authority without the joinder or consent of any other party and have been duly authorized by all requisite corporate or partnership action on the part of such Company and are not in contravention of such Company's

charter, bylaws, and/or other organizational documents; and (d) no representation made to the City by such Company is incomplete, untrue or inaccurate in any material respect.

5.2. Franchisee represents and warrants that neither the Proposed Transaction nor this Transfer Agreement will adversely affect its ability to meet the requirements of the Franchise Documents.

5.3. The Companies represent and warrant that the Proposed Transaction will not adversely affect subscribers, the City's interests under the Cable Ordinance, the existing franchise agreement between the Franchisee and the City, or the public interest, or make it less likely that the future cable-related needs and interests of the Alexandria community will be satisfied at a reasonable cost.

5.4. Franchisee represents and warrants that it owns, in its own name, materially all of the cables, equipment and other physical facilities that constitute the System, and that no such facilities in the City that were owned by the Franchisee prior to the Proposed Transaction will be owned by any other entity after the Proposed Transaction.

6. INDEMNIFICATION

6.1. The Franchisee agrees to indemnify and hold the City, its elected and appointed officers, officials, employees, agents, and contractors, harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) caused by or arising from any representation or warranty made herein by that Company, which is determined by a court of competent jurisdiction or by the parties to be untrue or inaccurate in any material respect.

6.2. Franchisee shall indemnify and hold the City, its elected and appointed officers, officials, employees, agents, and contractors, harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) incurred by the City in connection with any action or proceeding commenced by a third party (not one of the parties to this Transfer Agreement) claiming or asserting any liability of the City relating to or arising from the Proposed Transaction or this Transfer Agreement.

7. ADDITIONAL CONDITIONS

7.1. In the event the Proposed Transfer does not close by June 30, 2003, or closes on terms that are in any material respect different from the terms disclosed to the City in writing, then any City consent to the Proposed Transaction shall be void and of no force or effect, and the Proposed Transaction deemed to have been timely denied.

7.2. The Companies hereby waive any and all claims that they may have that any denial of the Transfer Application that results from failure of the conditions in Section 7.1 fails to satisfy the deadlines established by applicable law including, without limitation, claims based on, arising out of, or relating to 47 U.S.C.

§ 537, as amended, and agree that they shall be deemed to have agreed to an extension of the time to act on the Transfer Application as required to make any such denial effective.

8. BREACHES

Any breach of this Transfer Agreement shall be deemed a breach of the Franchise Agreement and shall be subject to all remedies available for a breach of the Franchise Agreement, in addition to any other remedies the parties may have under this Transfer Agreement at law or equity.

9. MISCELLANEOUS PROVISIONS.

9.1. Effective Date: This Transfer Agreement shall be effective and binding upon the signatories once it has been signed by all signatories.

9.2. Binding Acceptance: This Transfer Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof. Any purported assignment of this Transfer Agreement is void without the express written consent of the signatories.

9.3. Voluntary Agreement: This Transfer Agreement is freely and voluntarily given by each party, without any duress or coercion, and after each party has consulted with its counsel. Each party has carefully and completely read all of the terms and provisions of this Transfer Agreement. Neither any of the Companies, nor any of their affiliates, nor the City, will take any action to challenge any provision of this Transfer Agreement; nor will they participate with any other person or entity in any such challenge.

9.4. Severability: If any term, condition, or provision of this Transfer Agreement shall, to any extent, be held to be invalid, preempted, or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective.

9.5. Counterparts: This Transfer Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

9.6. Conforming Amendments to Franchise: AT&T Comcast and Franchisee agree to accept amendments to the Franchise Agreement that may be adopted by the City to the extent necessary to reflect the Proposed Transaction or the provisions of this Transfer Agreement.

9.7. Governing Law: This Transfer Agreement shall be governed in all respects by the law of the Commonwealth of Virginia.

9.8. Captions and References: The captions and headings of sections throughout this Transfer Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Transfer Agreement. Such captions shall not affect the meaning or interpretation of this Transfer Agreement.

AGREED TO BY THE PARTIES:

THE CITY OF ALEXANDRIA, VIRGINIA

Date

By: _____

APPROVED AS TO FORM
AND LEGALITY:

Office of the City Attorney

COMCAST CABLEVISION OF VIRGINIA, INC.

Date

By: _____

Its: _____

AT&T COMCAST CORPORATION

Date

By: _____

Its: _____

G:\DOCS\CLIENT\4096\01\MLF02262.DOC

RESOLUTION NO. 2033

WHEREAS, in Ordinance No. 3728, enacted on June 18, 1994, the Alexandria City Council ("City Council") granted Jones Communications of Virginia, Inc., a non-exclusive franchise to operate a cable television system in the City of Alexandria (the "Franchise") for a term of fifteen years; and

WHEREAS, by Resolution No. 1907, adopted on February 9, 1999, the City Council approved the transfer of control and assignment of the Franchise from Jones Communications of Virginia, Inc., to Comcast Cablevision of Virginia, Inc. (the "Franchisee"); and

WHEREAS, pursuant to a transaction (the "Proposed Transaction" or "the Transfer") described in an Agreement and Plan of Merger dated December 19, 2001 (the "Merger Agreement"), AT&T Comcast Corporation will acquire control of the Franchisee and the cable system servicing the City of Alexandria ("City"); and

WHEREAS, on or about March 8, 2002, Comcast Corporation and AT&T Corporation filed an application seeking City Council approval of the Transfer (the "Application"); and

WHEREAS, the City, the Franchisee and AT&T Comcast Corporation have negotiated a Transfer Agreement which sets forth the obligations of these parties with respect to the Transfer (a copy of the Transfer Agreement is attached hereto as Exhibit A); and

WHEREAS, as set forth in the Application, the Transfer Agreement, Comcast Cablevision of Virginia, Inc. will remain the entity providing cable television service in the City pursuant to the Franchise, will continue to be bound by the terms and conditions of the Franchise, will keep its local management in place, and has no plans to change any of its plant, equipment, channel capacity or cable services in the City of Alexandria; and

WHEREAS, the Proposed Transaction will result in a change of control of the Franchisee because Comcast Corporation will become a wholly-owned subsidiary of AT&T Comcast Corporation, whereupon AT&T Comcast Corporation will indirectly own all of the equity interests in the Franchisee and thereby control the Franchisee; and

WHEREAS, under Section 9-3-35 of the Code of the City of Alexandria, Virginia, 1981, as amended (the "City Code"), the agreement to sell more than 20% of ownership interest in the cable system constitutes a transfer of the control of the cable system (the "Transfer"), which requires the approval of City Council; and

WHEREAS, the Franchisee and AT&T Comcast Corporation will abide by the obligations as set forth in the Transfer Agreement, which will be executed between the City, the Franchisee and AT&T Comcast Corporation, Sections 9-3-1 through 9-3-364 of the City Code, the Franchise Agreement and any subsequent resolutions, acceptances and agreements (collectively referred to as the "Franchise Documents"); and

WHEREAS, city staff and consultants have reviewed the Application and Franchise Documents and have concluded that Comcast AT&T Corporation has the legal, financial, managerial and technical capabilities to operate the cable system, and that the Transfer will not adversely affect the City, cable subscribers in the City or the public interest;

**NOW, THEREFORE, BE IT RESOLVED BY THE
CITY COUNCIL OF ALEXANDRIA, VIRGINIA**

1. That the City of Alexandria's consent to, and approval of, the Transfer is hereby granted in accordance with Section 9-3-85 of the City Code, subject to the following conditions:

(a) that within 30 days of the adoption of this resolution, the City, Franchisee, and AT&T Comcast Corporation enter into and execute a Transfer Agreement, substantially in the form of Exhibit A, attached hereto; and

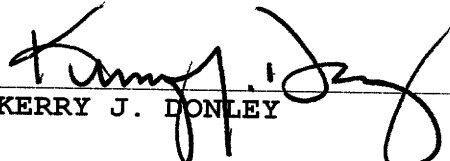
(b) that the Transfer be finally consummated on or before June 30, 2003; and

(c) that the Transfer be consummated on terms and conditions identical in all material respects to those described in the Application and the Transfer Agreement.

2. That if any of the terms, conditions or requirements specified in Section 1 or in Exhibit A are materially breached or not performed, then the City of Alexandria's consent to the Transfer shall, upon the written certification thereof by the city manager and without further action by the City Council, be revoked and of no force and effect.

3. That the city manager is authorized to execute the Transfer Agreement on behalf of the City of Alexandria and to undertake all further action on behalf of the City of Alexandria with regard to the proposed Transfer.

Adopted: June 25, 2002


KERRY J. DONLEY MAYOR

ATTEST:


Beverly I. Jett, CMC City Clerk

**CITY OF ALEXANDRIA
AT&T-COMCAST
TRANSFER AGREEMENT**

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**CITY OF ALEXANDRIA
AT&T-COMCAST
TRANSFER AGREEMENT**

THIS AGREEMENT is made this ___ day of _____, 2002, by and between:

1.1.1. The City Council of the City of Alexandria, Virginia, the governing body of the City of Alexandria, Virginia, organized under the laws of the Commonwealth of Virginia (the "City Council");

1.1.2. AT&T Comcast Corporation, a Pennsylvania corporation ("AT&T Comcast"); and

1.1.3. Comcast Cablevision of Virginia, Inc., a Colorado corporation ("Franchisee");

1.1.4. Franchisee and AT&T Comcast may be referred to jointly herein as "Companies," or individually as a "Company."

RECITALS

WHEREAS, the City Council has granted the Franchisee a nonexclusive cable television franchise (the "Franchise") for a term of fifteen (15) years pursuant to The City of Alexandria Code, Title 9, Chapter 3 (the "Cable Ordinance") and the Franchise Agreement granted to the Franchisee, pursuant to Ordinance No. 3728 effective June 18, 1994, referred to collectively as the "Franchise Documents"; and

WHEREAS, pursuant to a transaction ("the Proposed Transaction" or "the Transfer") described in an Agreement and Plan of Merger dated as of December 19, 2001 (the "Merger Agreement"), AT&T Comcast will acquire control of the Franchisee and the cable system serving the City (the "System"); and

WHEREAS, if the Proposed Transaction is consummated, the Franchisee will continue to own and operate the cable system in the City of Alexandria, and it will continue to hold the Franchise; and

WHEREAS, Franchisee is a wholly-owned subsidiary of Jones Cable Holdings, Inc., which is a wholly-owned subsidiary of Comcast Cable Communications, Inc. (“Comcast Cable”) which is a wholly-owned subsidiary of Comcast Corporation; and

WHEREAS, the Proposed Transaction will result in a change of control of the Franchisee, because Comcast Corp. will become a wholly-owned subsidiary of AT&T Comcast, whereupon AT&T Comcast will indirectly own all of the equity interests in the Franchisee and thereby control the Franchisee; and

WHEREAS, the City Council has legal authority under Section 9-3-81 of the Cable Ordinance, the Franchise Agreement, and applicable state and federal law to approve or disapprove the Transfer; and

WHEREAS, on or about March 8, 2002, Comcast Corp. and AT&T Comcast filed FCC Form 394 with the City and requested that the City approve the Proposed Transaction (the “Transfer Application”); and

WHEREAS, the Franchisee has represented to the City that Franchisee has no current plans to change the terms or conditions for the services or operations of the cable system as a consequence of the Proposed Transaction; and

WHEREAS, the Franchisee has agreed that it will continue to comply with the Franchise Documents and applicable law from and after the consummation of the Proposed Transaction;

WHEREAS, the Companies have represented that the Franchisee will not be an obligor for any debt that may be incurred by the Companies to meet cash funding requirements of the Merger Agreement, and that no assets of the System will be encumbered as a result thereof; and

WHEREAS, relying on the completeness and accuracy of the representations of the Companies, which representations are considered material, the City Council is willing to consent to the Transfer, and

NOW, THEREFORE, in consideration for the City's consent to the Proposed Transaction, and subject to the terms and conditions of this Agreement and of the City's Resolution consenting to the Proposed Transaction ("Transfer Resolution"), THE PARTIES DO HEREBY AGREE as follows:

TRANSFER

1.1. The foregoing recitals are true and correct and are incorporated herein by reference.

1.2. The City has consented through the Transfer Resolution to the Proposed Transaction as described in the Transfer Application, in consideration for the promises and performances of AT&T Comcast and Franchisee as expressed in this Transfer Agreement.

2. ACCEPTANCE OF FRANCHISE OBLIGATIONS

2.1. Nothing in this Transfer Agreement amends or alters the Franchise Documents or any requirements therein in any way, and all provisions of the Franchise Documents remain in full force and effect and are enforceable in accordance with their terms and with applicable law.

2.2. The Franchisee agrees that neither the Proposed Transaction nor the City's approval of the Proposed Transaction shall in any respect relieve the Franchisee or any of its successors in interest of responsibility for past acts or omissions, known or unknown.

Franchisee hereby agrees that it shall continue to be liable for any such acts and omissions, known and unknown, including liability for any and all previously accrued but unfulfilled

obligations to the City under the Franchise Documents and applicable law, for all purposes, including but not limited to review of past performance for purposes of determining whether its Franchise should be renewed. Franchisee agrees that all acts and omissions of Franchisee occurring prior to the effective date of this Agreement will continue to be deemed to be those of Franchisee. The Proposed Transaction shall not restrict or expand the rights of the Franchisee under or related to the Franchise Documents as compared to those that could have been exercised by the Franchisee prior to the Proposed Transaction.

2.3. The Franchisee shall ensure that all records pertaining to the Franchise, including financial records, shall continue to be available after the Proposed Transaction in the same way (or in an equivalent manner) and to the same extent such information was available prior to the Proposed Transaction.

2.4. AT&T Comcast agrees that, from and after the consummation of the Proposed Transaction, it shall not take any action that would prevent Franchisee from fully complying with all of the terms and conditions set forth in the Franchise Documents and (when executed and delivered) this Transfer Agreement.

3. RESERVATION OF RIGHTS

3.1. The City and the Franchisee each reserve all rights not expressly granted in this Transfer Agreement, including without limitation those specified below.

3.2. The City waives none of its rights with respect to the Franchisee's compliance with the requirements set forth in the Franchise Documents, including but not limited to the requirements regarding transfers. At no time will the Companies contend, either directly or indirectly, that the City is barred, by reason of the Proposed Transaction, from considering, or raising claims based on, any defaults of Franchisee, any failure by Franchisee to provide

reasonable service in light of the community's needs, or any failure by Franchisee to comply with the terms and conditions of the Franchise Documents or with applicable law. The City's approval of the Proposed Transaction shall in no way be deemed a representation by the City that the Franchisee is in compliance with all of its obligations under the Franchise Documents.

3.3. Neither this Transfer Agreement, nor any other action or omission by the City at or before the execution of this Transfer Agreement, shall be construed to grant the City's consent to any future transfer of the Franchise and/or the System, and/or any future change in ownership and/or control of the Franchise and/or the System, or to mean that the City's consent to any future transaction is not required.

3.4. Any consent given by the City to the Proposed Transaction is made without prejudice to, or waiver of, the City's right to investigate and take into account any lawful considerations during any future franchise renewal or transfer process.

3.5. This Transfer Agreement does not affect and shall not be construed to affect any rights or authority the City may have to regulate or authorize, by ordinance, license or otherwise, use of the public rights-of-way for purposes other than for cable service. To the extent that the Companies may seek to provide a service other than cable service over the System, the City reserves the right to require any additional authorizations regarding such services that it may lawfully require. Consent to the Transfer shall not be deemed to be consent to the use of the public rights-of-way by any of the Companies or any of their Affiliates for any purpose other than those purposes allowed under the Franchise Agreement.

3.6. The City reserves any rights it may have regarding the charging of a franchise fee or other compensation for the right to provide cable modem service using the rights-of-way within the City.

3.7. The City reserves any rights it may have to regulate cable modem service under applicable law, including, without limitation, the right to adopt rules related to subscriber privacy and customer service.

4. NO EFFECT ON RATES

4.1. The Franchisee represents and warrants that the Proposed Transaction will not result in any increase in subscriber rates, provided, however, that the Franchisee reserves the right to make lawful changes in subscriber rates in the ordinary course of business.

5. REPRESENTATIONS AND WARRANTIES

5.1. Each of the Companies hereby represents and warrants that at the time of the execution of this Agreement: (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; (b) the Franchise Documents and, assuming due execution hereof by the other parties hereto, this Transfer Agreement constitute legal, valid and binding obligations of such Company enforceable in accordance with their terms; (c) the execution and delivery of, and performance by such Company under, this Transfer Agreement and the Franchise Documents, where applicable, are within such Company's power and authority without the joinder or consent of any other party and have been duly authorized by all requisite corporate or partnership action on the part of such Company and are not in contravention of such Company's charter, bylaws, and/or other organizational documents; and (d) no representation made to the City by such Company is incomplete, untrue or inaccurate in any material respect.

5.2. Franchisee represents and warrants that neither the Proposed Transaction nor this Transfer Agreement will adversely affect its ability to meet the requirements of the Franchise Documents.

5.3. The Companies represent and warrant that the Proposed Transaction will not adversely affect subscribers, the City's interests under the Cable Ordinance, the existing franchise agreement between the Franchisee and the City, or the public interest, or make it less likely that the future cable-related needs and interests of the Alexandria community will be satisfied at a reasonable cost.

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6. INDEMNIFICATION

6.1. The Franchisee agrees to indemnify and hold the City, its elected and appointed officers, officials, employees, agents, and contractors, harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) caused by or arising from any representation or warranty made herein by that Company, which is determined by a court of competent jurisdiction or by the parties to be untrue or inaccurate in any material respect.

6.2. Franchisee shall indemnify and hold the City, its elected and appointed officers, officials, employees, agents, and contractors, harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) incurred by the City in connection with any action or proceeding commenced by a third party (not one of the parties to

this Transfer Agreement) claiming or asserting any liability of the City relating to or arising from the Proposed Transaction or this Transfer Agreement.

7. ADDITIONAL CONDITIONS

7.1. In the event the Proposed Transfer does not close by June 30, 2003, or closes on terms that are in any material respect different from the terms disclosed to the City in writing, then any City consent to the Proposed Transaction shall be void and of no force or effect, and the Proposed Transaction deemed to have been timely denied.

7.2. The Companies hereby waive any and all claims that they may have that any denial of the Transfer Application that results from failure of the conditions in Section 7.1 fails to satisfy the deadlines established by applicable law including, without limitation, claims based on, arising out of, or relating to 47 U.S.C. § 537, as amended, and agree that they shall be deemed to have agreed to an extension of the time to act on the Transfer Application as required to make any such denial effective.

8. BREACHES

Any breach of this Transfer Agreement shall be deemed a breach of the Franchise Agreement and shall be subject to all remedies available for a breach of the Franchise Agreement, in addition to any other remedies the parties may have under this Transfer Agreement at law or equity.

9. MISCELLANEOUS PROVISIONS.

9.1. **Effective Date:** This Transfer Agreement shall be effective and binding upon the signatories once it has been signed by all signatories.

9.2. **Binding Acceptance:** This Transfer Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof. Any purported assignment of this Transfer Agreement is void without the express written consent of the signatories.

9.3. **Voluntary Agreement:** This Transfer Agreement is freely and voluntarily given by each party, without any duress or coercion, and after each party has consulted with its counsel. Each party has carefully and completely read all of the terms and provisions of this Transfer Agreement. Neither any of the Companies, nor any of their affiliates, nor the City, will take any action to challenge any provision of this Transfer Agreement; nor will they participate with any other person or entity in any such challenge.

9.4. **Severability:** If any term, condition, or provision of this Transfer Agreement shall, to any extent, be held to be invalid, preempted, or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective.

9.5. **Counterparts:** This Transfer Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

9.6. **Conforming Amendments to Franchise:** AT&T Comcast and Franchisee agree to accept amendments to the Franchise Agreement that may be adopted by the City to the extent necessary to reflect the Proposed Transaction or the provisions of this Transfer Agreement.

9.7. **Governing Law:** This Transfer Agreement shall be governed in all respects by the law of the Commonwealth of Virginia.

9.8. **Captions and References:** The captions and headings of sections throughout this Transfer Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Transfer Agreement. Such captions shall not affect the meaning or interpretation of this Transfer Agreement.

AGREED TO BY THE PARTIES:

THE CITY OF ALEXANDRIA, VIRGINIA

_____ By: _____
Date

APPROVED AS TO FORM
AND LEGALITY:

Office of the City Attorney

COMCAST CABLEVISION OF VIRGINIA, INC.

_____ By: _____
Date Its: _____

AT&T COMCAST CORPORATION

By: _____

Date

Its: _____

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