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October 19, 2004

Mr. Calvin Horton
Town Manager
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, NC 27516

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Dear Mr. Horton:

I am writing to inform you of upcoming changes in pricing and channel lineups for your area. As you already know, according to federal law, Time Warner Cable, (TWC) is allowed to adjust rates only once a year. Typically this is done to coincide with the new calendar year with new rates being in effect by January.

During 2004 TWC has deployed exciting new technology, enabled by the recent upgrade of our cable system. Not only do our customers enjoy more choices in information and entertainment but they now can choose enhanced, higher speed on line services. Our Digital Phone service has grown rapidly due to excellent quality of service and toll free calling in the US and Canada. In addition, News 14 Carolina continues to be a proven leader in local news, weather and sports and is exclusive to TWC customers. We are proud that the cable system in the Raleigh Division of Time Warner Cable is comparable to any other system in the country.

Excellence in customer service has always been our goal. We strive to improve customer service, both in our telephone call center and our field technicians through more frequent and in-depth training. All TWC employees are equipped with all the tools and technology they need to assist customers in any way. Technicians have lap top computers in every truck to ensure timely and accurate installations and service calls. We realize that exemplary customer service is a journey, not a destination and we will continue to listen to our customers in order to improve.

As many North Carolina companies have been impacted by the upward spiral of costs required to do deliver products and services, so has the cable industry. The prices we pay for network programming have increased much faster than the rate of inflation. The cost of providing benefits, equipping and training employees has risen steadily. As I have often said before, we never like announcing changes in prices. We do all we can to hold

those prices down. Nevertheless, beginning December 2, 2004 customers will be notified by a billing statement and newsletter bill inserts that their rates for 2005 will be changing.

I am excited to announce some good news; the price for the Basic Service tier is going down or remaining flat across the division. Equipment and installation prices also remain at the same level as 2004. The CPST or Standard tier is going up but only by an average of around \$2.00 per month. Digital tier services will be increasing also as this is the area we have incurred our greatest increase from programmers.

Below is a chart outlining the changes for your community. A complete channel line up is also attached.

Franchise #520	Current Rates	New Rates
Basic	\$14.30	\$14.50
Standard	\$29.80	\$31.75
DIGIPiC 1000	\$55.95	\$59.25

Franchise #710	Current Rates	New Rates
Basic	\$11.25	\$10.60
Standard	\$29.80	\$32.90
DIGIPiC 1000	\$55.95	\$58.30

Franchise #520 and #710

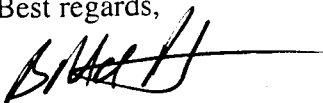
	Current Rates	New Rates
DIGIPiC 1500	\$66.95	\$70.25
DIGIPiC 2000	\$75.95	\$77.25
DIGIPiC 3000	\$80.95	\$84.25
DIGIPiC 4000	\$85.95	\$90.25
Digital Equipment	\$7.95	\$7.95
* New Installation	\$42.95	\$42.95

**May be discounted or waived due to marketing promotion.*

One of our Government and Public Affairs staff will be contacting you shortly to arrange a time to meet with you to answer questions and discuss our plans. In the meantime, please feel free to call me directly at 919-573-7040 if you have questions.

It is a pleasure to serve the almost 500,000 customers in the Raleigh Division. We look forward to a great 2005 with a continued commitment to our customers and the communities we serve.

Best regards,



Brad Phillips
Vice President
Government and Public Affairs

DURHAM/CHAPEL HILL**BASIC**

- 0/98 TV Guide Channel
- 2 WNCN (NBC)
- 3 WRAL (CBS)
- 4 Educational Programming
- 5 WRAY (IND)
- 6 WTVD (ABC)
- 7 Home Buyers Channel
- 8 Community Programming
- 9 WUNC (PBS)
- 10 WLFL (WB)
- 11 WUVC (Univision)
- 12 WRDC (UPN)
- 13 WRAZ (FOX)
- 14 News 14 Carolina
- 15 HSN
- 16 QVC
- 18 C-SPAN (Durham)/Gov. Access/CSPAN2 (Chapel Hill)
- 19 BET
- 21 WGN
- 22 WRPX (PAX)
- 24 Triangle TV

STANDARD

- 25 USA Network
- 26 TNT
- 27 A&E
- 28 ABC Family
- 29 CNN
- 30 Discovery
- 31 ESPN
- 32 ESPN2
- 33 Lifetime
- 34 TBS
- 35 Discovery Health
- 36 Comedy Central
- 37 CNBC
- 38 AMC
- 39 TLC
- 40 Spike TV
- 41 Headline News
- 42 Weather Channel
- 43 Nickelodeon
- 44 Court TV
- 45 MSNBC
- 46 Animal Planet
- 47 Lifetime Movie Network
- 48 VH1
- 49 Sci-Fi
- 50 Fox Sports Net
- 51 The Golf Channel
- 53 MTV
- 54 TV Land
- 55 Oxygen
- 56 History Channel
- 57 Disney
- 58 Fox News
- 59 C-SPAN (Chapel Hill only)
- 60 C-SPAN2
- 61 Women's Entertainment

- 62 E! (S)
- 63 SoapNet
- 64 ShopNBC
- 65 OLN
- 66 ESPN Classic
- 67 Turner Classic Movies
- 68 FitTV
- 69 CMT
- 70 National Geographic
- 71 fX
- 72 Inspirational Network
- 73 Hallmark Channel
- 74 Travel Channel
- 75 Cartoon Network
- 76 HGTV
- 77 Food Network

DIGITAL VARIETY

- 100 News 14 Carolina Weather Now
- 110 Discovery Kids
- 111 The Science Channel
- 112 Discovery Wings
- 114 Discovery Times
- 115 Discovery Home Channel
- 116 BBC America
- 117 Biography Channel
- 118 History Channel International
- 119 CNBC World
- 120 C-SPAN3
- 121 CNNfn
- 122 Newsworld International
- 123 G4tech TV
- 124 Bloomberg TV
- 125 Ovation
- 126 Trio
- 129 MBC
- 130 BET on Jazz
- 131 GAC
- 132 MTV2
- 133 Fuse
- 134 VH1 Classic
- 135 MTV Hits
- 140 C-SET
- 142 ESPN News
- 144 Fox Sports World
- 148 Speed Channel
- 149 Outdoor Channel
- 150 Do It Yourself
- 151 Fine Living
- 160 America's Store
- 161 GSN
- 162 Style
- 170 IFC
- 171 Lifetime Real Women
- 180 Toon Disney
- 181 Disney (East)
- 182 Disney (West)
- 183 Games and Sports
- 184 Noggin
- 185 Boomerang
- 190 Good Life Network
- 191 TBN

- 200 UNC (PBS)
- 202 UNC Kids
- 203 UNC Educational
- 204 UNC NC
- 212 WTVD (ABC) D2
- 213 WTVD (ABC) D3
- 218 WNCN (NBC) SD
- 251 WRAZ (FOX) D2
- 252 WRAZ (FOX) Weather
- 256 WRAL (CBS) 24 Hr. News
- 310 Encore (East)

HIGH DEFINITION*

- 201 UNC (PBS) HD
- 211 WTVD (ABC) HD
- 217 WNCN (NBC) HD
- 250 WRAZ (FOX) HD
- 255 WRAL (CBS) HD
- 280 Discovery HD Theater
- 281 TNT in HD
- 285/411 HBO HD**
- 286/451 Showtime HD**

HD SUITE*

- 290 ESPN HD
- 291 INHD
- 292 INHD2
- 293 HDNet
- 294 HDNet Movies

CINEMA CHOICE

- 190 Good Life Network
- 300 Flix (East)
- 301 Flix (West)
- 302 Sundance (East)
- 303 Sundance (West)
- 304 Fox Movie Channel

ENCORE MOVIE PAK

- 310 Encore (East)
- 311 Encore (West)
- 312 Encore Action
- 313 Encore Love Stories
- 314 Encore Mystery
- 315 Encore True Stories
- 316 Encore Westerns
- 317 Wam!

DIGITAL SPORTS

- 144 Fox Sports World
- 148 Speed Channel
- 149 Outdoor Channel
- 320 Fox College Sports - Atlantic
- 321 Fox College Sports - Central
- 322 Fox College Sports - Pacific
- 324 NBA TV
- 325 Tennis Channel
- 326 Fuel

SABOR LATINO

- 380 Discovery Español
- 381 CNN Español

382 Canal Sur
383 Cine Latino
384 Fox Sports World Español
385 MTV Español
386 Video Rola
387 Puma TV
388 mun2
389 Boomerang Español

PREMIUM

395 HBO Latino
400 HBO (East)
401 HBO2 (East)
402 HBO Family (East)
403 HBO Signature (East)
404 HBO Comedy
405 HBO Zone
407 HBO (West)
408 HBO2 (West)
409 HBO Family (West)
410 HBO Signature (West)
420 CineMAX (East)
421 MoreMAX (East)
422 ActionMAX (East)
423 ThrillerMAX (East)
424 WMax
425 @Max
426 5 StarMax
427 OuterMax
428 CineMAX (West)
429 MoreMAX (West)
430 ActionMAX (West)
431 ThrillerMAX (West)
440 Showtime (East)
441 Showtime Too (East)
442 Showcase (East)
443 Showtime Extreme
444 Showtime Beyond
445 Showtime Next
446 Showtime Women
447 Showtime Zone
448 Showtime (West)
449 Showtime Too (West)
450 Showcase (West)
460 TMC
461 TMC Xtra
470 STARZ!
471 STARZ! Theater
472 Black STARZ!
473 STARZ! Family
474 STARZ! Cinema

iCONTROL

500 Answers On Demand
501 Movies On Demand
800 Adult On Demand

FAVORITES ON DEMAND

535 Fine Living On Demand
536 Tech TV On Demand
538 Oxygen On Demand
539 Court TV On Demand

540 DIY On Demand
541 HGTV On Demand
542 Food Network On Demand
543 BBC On Demand
544 Comedy Central On Demand
545 A&E On Demand
546 The Golf Channel On Demand
547 CNN Showcase On Demand
548 Cartoon Network On Demand
549 Music On Demand
550 My Music On Demand
552 Kids On Demand

PREMIUMS ON DEMAND**

412/530 HBO On Demand
432/531 Cinemax On Demand
452/532 Showtime On Demand
462/533 TMC On Demand

iN DEMAND PAY-PER-VIEW

600 iN DEMAND Previews
601 Events iN DEMAND
602 Events iN DEMAND 2
603-610 iN DEMAND 3-10

ADULT

800 Adult On Demand
801 Playboy
802 Playboy en Español
805 Pleasure
806 TEN Clips
807 TEN
808 TEN Blue
809 TEN Blox

SPORTS PACKAGES

701-706 ESPN GAMEPLAN (Aug-Nov)
701-705 ESPN FULL COURT (Nov-Mar)
710-721 NBA LEAGUE PASS (Oct-Apr)
717-720 MLS DIRECT KICK (Apr-Nov)
731-740 MLB EXTRA INNINGS (Apr-Sep)
731-740 NHL CENTER ICE (Oct-Apr)
750-756 NASCAR IN CAR (Feb-Nov)

MUSIC CHOICE

900 Showcase
901 Today's Country
902 Classic Country
903 Bluegrass
904 R&B and Hip-Hop
905 Classic R&B
906 Smooth R&B
907 R&B Hits
908 Rap
909 Metal

910 Rock
911 Arena Rock
912 Classic Rock
913 Alternative
914 Retro-active
915 Electronica
916 Dance
917 Adult Alternative
918 Soft Rock
919 Hit List
920 Party Favorites
921 90's
922 80's
923 70's
924 Solid Gold Oldies
925 Singers and Standards
926 Big Band & Swing
927 Easy Listening
928 Smooth Jazz
929 Jazz
930 Blues
931 Reggae
932 Soundscapes
933 Classical Masterpieces
934 Opera
935 Light Classical
936 Show Tunes
937 Contemporary Christian
938 Gospel
939 Radio Disney
940 Sounds of the Seasons
941 Musica Urbana
942 Salsa y Merengue
943 Rock En Español
944 Pop Latino
945 Americana

Basic Service is required to receive all other services. Digital, Premium, and PPV channels are available for an additional charge and require special equipment. Digital box, remote, and access fee required to receive Digital Cable. Multi-Channel Premium Service available only when subscribing to the corresponding traditional Premium Channel. Programming is subject to change. Effective 12/2/04.

*High Definition television and HD box required.

**Premium Service required.