

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA, Québec, NEW BRUNSWICK, NOVA SCOTIA AND NEWFOUNDLAND**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF AOL TIME WARNER INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Manitoba, Québec, New Brunswick, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from AOL Time Warner Inc. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement to register and prepare a prospectus contained in the Legislation shall not apply to a proposed distribution of securities by AOL Time Warner Inc. to security holders of America Online, Inc. and Time Warner Inc. resident in the Jurisdictions in connection with the Mergers (as hereinafter defined) and upon the first trade in securities of the Filer by security holders resident in the Jurisdictions provided the trades are executed through the facilities of a stock exchange or organized market outside of Canada in accordance with all the laws and rules applicable to the stock exchange or market;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), Manitoba is the principal regulator for this application;

**AND WHEREAS** the Filer has represented to the Decision Maker as follows:

- (a) America Online, Inc. is a public company organized under the laws of the State of Delaware in the United States of America and is not a reporting issuer or equivalent under the Legislation of any of the Jurisdictions;
- (b) The authorized share capital of America Online, Inc. is 5,000,000 shares of preferred stock, \$.01 par value ("America Online Preferred Stock") and 6,000,000,000 shares of common stock, \$.01 par value ("America Online Common Stock"). As of August 31, 2000, no shares of America Online Preferred Stock were issued and outstanding and 2,324,112,291 shares of America Online Common Stock were issued and outstanding with approximately 3 registered shareholders with addresses in Manitoba holding approximately 870 shares of America Online Common Stock (approximately .00004% of the outstanding America Online Common Stock); 38 registered shareholders with addresses in Québec holding approximately 95,679 shares of America Online Common Stock (approximately .004% of the outstanding America Online Common Stock); 1

registered shareholder with an address in Nova Scotia holding approximately 12 shares of America Online Common Stock (approximately .0000005% of the outstanding America Online Common Stock); and 1 registered shareholder with an address in Newfoundland holding approximately 14 shares of America Online Common Stock (approximately .0000005% of the outstanding America Online Common Stock);

(c) The America Online Common Stock is listed for trading on the New York Stock Exchange. The America Online Common Stock is not listed for trading on any Canadian Stock Exchange;

(d) Time Warner Inc. is a public company organized under the laws of the State of Delaware in the United States of America and is not a reporting issuer or equivalent under the Legislation of any of the Jurisdictions;

(e) The authorized share capital of Time Warner Inc. is 250,000,000 shares of preferred stock, \$.10 par value, of various series ("Time Warner Preferred Stock"), 5,000,000,000 shares of common stock, \$.01 par value ("Time Warner Common Stock") and 600,000,000 shares of additional common stock, including Series LMCN-V common stock, \$.01 par value ("Time Warner Series LMCN-V Common Stock"). As of September 30, 2000, 4,017,982 shares of Time Warner Preferred Stock were issued and outstanding, 1,211,926,517 shares of Time Warner Common Stock were issued and outstanding and 114,123,884 shares of Time Warner Series LMCN-V Common Stock were issued and outstanding. There are no holders of Time Warner Preferred Stock or Time Warner Series LMCN-V common stock resident in the Jurisdictions. With respect to the Time Warner Common Stock there are approximately 5 registered shareholders with addresses in Manitoba holding approximately 619 shares of Time Warner Common Stock (approximately .00005% of the outstanding Time Warner Common Stock) and 36 registered shareholders with addresses in Québec holding approximately 5,368 shares of Time Warner Common Stock (approximately .0004% of the outstanding Time Warner Common Stock);

(f) The Time Warner Common Stock is listed for trading on the New York Stock Exchange. The Time Warner Common Stock is not listed for trading on any Canadian Stock Exchange;

(g) The Filer is a corporation organized under the laws of the State of Delaware in the United States of America and is not a reporting issuer or equivalent under the Legislation of any of the Jurisdictions;

(h) As of October 23, 2000, the authorized share capital of the Filer is 100 shares of common stock, \$.01 par value ("Common Stock") of which 2 shares are issued and outstanding, 1 share of Common Stock held by America Online, Inc. and 1 share of Common Stock held by Time Warner Inc. At the time the Mergers are completed, the authorized share capital of the Filer will be 750,000,000 shares of preferred stock, \$.10 par value, of various series ("Preferred Stock"), 25,000,000,000 shares of Common Stock and 1,800,000,000 shares of additional common stock, including Series LMCN-V common stock, \$.01 par value ("Series LMCN-V Common Stock");

(i) America Online Merger Sub Inc., a wholly-owned subsidiary of the Filer, is a company organized under the laws of the State of Delaware in the United States of America and is not a reporting issuer or equivalent under the Legislation of any of the Jurisdictions;

(j) Time Warner Merger Sub Inc., a wholly-owned subsidiary of the Filer, is a company organized under the laws of the State of Delaware in the United States of America and is not a reporting issuer or equivalent under the Legislation of any of the Jurisdictions;

(k) Pursuant to a Second Amended and Restated Agreement and Plan of Merger (the "Merger Agreement") dated as of January 10, 2000 among the Filer, America Online, Inc., Time Warner Inc., America Online Merger Sub Inc. and Time Warner Merger Sub Inc., subject to waiver or satisfaction of the conditions precedent set out in the Merger Agreement, at the effective time, (i) Time Warner Merger Sub Inc. shall be merged with and into Time Warner Inc. (the "Time Warner Merger"). Time Warner Inc. will be the surviving corporation and shall continue its corporate existence under the laws of the state of Delaware and, as a result of the Time Warner Merger, shall become a wholly-owned subsidiary of the Filer; and (ii) America Online Merger Sub Inc. shall be merged with and into America Online, Inc. (the "America Online Merger"). America Online, Inc. will be the surviving corporation and shall continue its corporate existence under the laws of the state of Delaware and, as a result of the America Online Merger, shall become a wholly-owned subsidiary of the Filer;

(l) When the Time Warner Merger is completed, (i) each outstanding share of Time Warner Common Stock will be converted into 1.5 shares of Common Stock; (ii) each outstanding share of Time Warner Series LMCN-V Common Stock will be converted into 1.5 shares of Series LMCN-V Common Stock having terms substantially identical to those of the Time Warner Series LMCN-V Common Stock; (iii) each outstanding share of each series of Time Warner Preferred Stock will be converted into one share of the corresponding series of Preferred Stock having terms substantially identical to those of the Time Warner Preferred Stock, with an appropriate adjustment to the voting rights and conversion ratio for each series;

(m) When the America Online Merger is completed, each outstanding share of America Online Common Stock will be converted into one share of Common Stock;

(n) Employee stock options in America Online, Inc. ("America Online Stock Options") which remain outstanding immediately prior to the effective time of the America Online Merger will be converted into options to acquire that number of shares of Common Stock equal the number of shares of America Online Common Stock subject to the America Online Stock Options. As of October 23, 2000, 3 residents in Québec hold America Online Stock Options for approximately 22,452 shares of America Online Common Stock (approximately .001% of the outstanding America Online Common Stock); 1 resident in New Brunswick holds America Online Stock Options for approximately 2,300 shares of America Online Common Stock (approximately .0001% of the outstanding America Online Common Stock); and 1 resident in Nova Scotia holds America Online Stock Options for approximately 1,040 shares of America Online Common Stock (approximately .00004% of the outstanding America Online Common Stock);

(o) Approval of the Time Warner Merger and the America Online Merger (the "Mergers"), and the issuance of the securities contemplated by the Mergers, will be effected in compliance with the *Securities Exchange Act* of 1934 of the United States (the "1934 Act") as amended, the *Securities Act* of 1933 of the United States, as amended, and the rules of the Securities and Exchange Commission made pursuant thereto, and the Mergers will be effected under the corporate laws of the State of Delaware;

(p) Residents in the Jurisdictions holding securities in America Online, Inc. and Time Warner Inc. will receive, in connection with the Mergers, the same disclosure documentation as that received by holders of securities of America Online, Inc. and Time Warner Inc. resident in the United States;

(q) On an ongoing basis, residents in the Jurisdictions holding securities in the Filer will be concurrently sent by the Filer copies of all continuous disclosure documentation to be sent to holders of securities of the Filer resident in the United States;

(r) The Common Shares will be listed on for trading on the New York Stock Exchange. The Common Shares will not be listed for trading on any Canadian stock exchange.

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**IT IS HEREBY DECIDED** by the Decision Makers pursuant to the Legislation that the requirement to register and prepare a prospectus contained in the Legislation shall not apply to the distribution of securities of Filer in association with the Mergers provided that:

(a) the distribution is effected in accordance with the applicable laws of the United States;

(b) that all material relating to the Mergers prepared in accordance with applicable laws of the United States, sent by or on behalf of America Online, Inc., Time Warner Inc. and the Filer, as applicable, to holders of securities outside of Canada, be sent to holders of securities resident in the Jurisdictions;

(c) the first trade of securities acquired as a result of the Mergers shall be deemed a distribution or primary distribution to the public unless:

(i) such first trade is executed through the facilities of a stock exchange outside of Canada; and

(ii) such first trade is made in accordance with the rules of such stock exchange and all applicable laws.

DATED at Winnipeg, MB, on December 15, 2000.

"Douglas R. Brown"