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October 9, 2008

**VIA ELECTRONIC FILING**

***EX PARTE NOTICE***

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: Applications Relating to the Transfer of Control of Time Warner Cable Inc. from Time Warner Inc., MB Docket No. 08-120, WC Docket No. 08-157**

Dear Ms. Dortch:

In response to an inquiry from Media Bureau staff, Time Warner Inc. and Time Warner Cable Inc. (“TWC”) provide in this letter a summary of various ancillary agreements related to the proposed separation of TWC from Time Warner Inc.

A number of the ancillary agreements deal with practical aspects of the separation and will fall away after the completion of the transaction, *e.g.*, the Registration Rights Agreement Amendment, which provides that TWC will file a Securities and Exchange Commission registration statement required in the event Time Warner Inc. elects to conduct a “split-off” as a first step in distributing TWC shares to its shareholders and the Shareholder Agreement Amendment, which terminates the existing Shareholder Agreement as of the consummation of the separation (given that Time Warner Inc. shareholders - and not Time Warner Inc. itself - will be shareholders of TWC once the separation occurs). The Separation Agreement also makes reference to the Distribution Agreement between Time Warner Inc. and a third-party distribution agent, which will govern the actual distribution and/or exchange of TWC shares that will effectuate the proposed separation. The above-mentioned ancillary agreements would have no further effect after the separation occurs.

In addition, there are ancillary agreements necessary to facilitate the transaction that will have a relatively insignificant and short term prospective effect, *e.g.*, the Transition Services Agreement, which outlines the procedures for negotiating Time Warner Inc.’s continued provision of certain services to TWC for a limited time following the separation;<sup>1</sup> the Reimbursement Agreement Amendment, which clarifies and makes reciprocal an existing arrangement under which TWC reimburses Time Warner Inc. when TWC employees exercise Time Warner Inc. stock options or upon vesting of restricted stock units that such employees

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<sup>1</sup> The parties had left flexibility for a variety of transition services to be elected. But it is presently contemplated that such transition services will be limited solely to assistance from Time Warner Inc. with an executive recruiting function and only for a period of three months after the separation. Notably, this is a screening and outreach function; TWC has sole authority over its employment openings, job descriptions, and all hiring decisions.

were granted as part of their compensation (*i.e.*, under the amendment, Time Warner Inc. will also reimburse TWC when Time Warner Inc. employees exercise TWC stock options or their TWC restricted stock units vest);<sup>2</sup> and the Tax Matters Agreement, which defines how basic tax matters will be addressed by the companies as they relate to the time prior to completion of the separation. Other ancillary agreements continue existing commercial arrangements between TWC and Time Warner Inc. The IP Agreements allow TWC to continue to use the “Time Warner” and “RoadRunner” trademarks post-separation subject to certain conditions. In addition, the parties extended the existing term of their current affiliation agreements for various Time Warner Inc. programming services for a short period (*i.e.*, 30 months).

The Bridge Commitment Papers referenced in the Separation Agreement consist of letter agreements between TWC and a group of third party lenders relating to the financing of the dividend that TWC will declare and pay to all of its shareholders in connection with the transaction. On June 30, 2008, TWC and these lenders entered into the Bridge Credit Agreement, under which TWC can borrow up to \$4.04 billion to use towards funding the dividend. Time Warner Inc. is not and will not be a party to the Bridge Credit Agreement, nor will it be a guarantor of TWC’s obligations thereunder. However, in the event that TWC has not repaid amounts borrowed under the Bridge Credit Agreement after a two-year period, it can, subject to certain conditions, borrow money from Time Warner Inc. under the Supplemental Term Sheet (copy attached) to repay the amount owed (up to, originally, \$3.5 billion, but now capped at \$2.52 billion). The parties refer to this arrangement as the “backstop” because they anticipate that it would be utilized only in the event that credit market conditions do not allow TWC to refinance the Bridge Credit Agreement before maturity through ordinary course third party financing. Moreover, the Supplemental Term Sheet contemplates representations, warranties, and covenants consistent with those contained in TWC’s existing third party credit agreements, and will not provide Time Warner Inc. with any oversight or governance rights with respect to TWC or its business decisions, regardless of whether TWC borrows under the backstop. TWC will not otherwise obtain any loans from Time Warner Inc., and neither company will be assuming preexisting debt of the other.

In sum, the ancillary agreements are designed solely to facilitate the smooth transition of Time Warner Inc. and TWC into fully separate companies. Any agreements between the parties that will have continuing effect following the separation reflect bargained-for terms and arrangements that are fair to both parties, that are common in the ordinary course, and that are consistent with the fiduciary responsibilities of each company not to favor the other.

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<sup>2</sup> The amendment has practical effect only with respect to a very limited number of former TWC employees who received TWC stock options and restricted stock units as part of their employment but subsequently left TWC to join Time Warner Inc. or one of its non-TWC subsidiaries.

Ms. Marlene H. Dortch, Secretary

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Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,



Arthur H. Harding

*Counsel for Time Warner Cable Inc.*

cc:	Sarah Whitesell	Royce Sherlock
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**TIME WARNER CABLE INC.**  
**\$3,500,000,000 TWO-YEAR SENIOR UNSECURED SUPPLEMENTAL TERM**  
**LOAN FACILITY**

**Indicative Summary of Terms and Conditions**

May 2008

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This indicative summary of terms and conditions describes the principal terms of the proposed senior unsecured term loan facility of the Borrower (as defined below) in a principal amount of up to \$3,500,000,000.

**Parties:**

Borrower: Time Warner Cable Inc. (“TWC” or the “Borrower”).

Guarantors: The obligations of TWC shall be guaranteed by Time Warner Entertainment Company, L.P., TW NY Cable Holding Inc. and each other affiliate of TWC that from time to time guarantees any of TWC’s other indebtedness for borrowed money with an outstanding principal amount individually or in the aggregate in excess of \$200,000,000 (each a “Guarantor” and, together, the “Guarantors”).

No other subsidiary or affiliate of the Borrower shall be required to provide a guaranty.

Administrative Agent: Time Warner Inc. (“Time Warner”) or, at Time Warner’s option, an entity to be selected by Time Warner and subject to approval by TWC, such approval not to be unreasonably withheld (in its capacity as administrative agent, the “Administrative Agent”).

Lenders: Time Warner and/or one or more of its permitted assignees as provided below (in their capacity as lenders, collectively, the “Lenders”).

**The Facility:**

Term Loan Facility: Two-year single draw supplemental term loan facility in an aggregate principal amount equal to the lesser of (i) \$3,500,000,000 (subject to reduction as provided below) and (ii) the outstanding principal amount under the Bridge Facility Credit Agreement (as defined below) as more fully described below (the

“Facility”; the loan thereunder, the “Term Loan”).

Maturity: The Term Loan shall mature on the date (the “Maturity Date”) that is two years after the date of the Borrowing (as defined below).

Amortization: The Term Loan shall not be subject to amortization.

Interest Rates & Step-Ups: As set forth in Annex A attached hereto.

Duration Fee: As set forth in Annex A attached hereto.

Documentation: The Term Loan will be documented under a credit agreement substantially identical (with appropriate adjustments consistent with this Term Sheet) to the Bridge Facility Credit Agreement (as defined below) (the “Credit Agreement”). The Bridge Facility Credit Agreement shall have the terms and conditions set forth in the term sheet for such facility attached to the Separation Agreement (as defined below) unless otherwise agreed to by Time Warner and such other terms as contemplated by Section 4.02 of the Separation Agreement.

The Guarantors shall guaranty TWC’s obligations under the Credit Agreement pursuant to guarantees (each a “Guarantee” and, together, the “Guarantees”) substantially identical (with appropriate adjustments consistent with this Term Sheet) to the guarantees under the Bridge Facility Credit Agreement.

Availability: The Term Loan shall be made available to the Borrower pursuant to a single drawing (the “Borrowing”; the date of the Borrowing, the “Borrowing Date”) to occur on the final maturity date following extension of the Borrower’s new \$9,000,000,000 senior unsecured bridge term loan facility (the “Bridge Facility Credit Agreement”) in an amount not to exceed the lesser of (i) \$3,500,000,000 (subject to reduction as provided below) and (ii) the aggregate outstanding principal amount under the Bridge Facility Credit Agreement on the final maturity date following extension of such facility; provided, however, that if the lenders under the Bridge Facility Credit Agreement have waived any mandatory prepayments of the loans under the Bridge Facility Credit Agreement (or agreed to any

amendment, modification or waiver having the effect of eliminating or reducing any mandatory prepayment), the aggregate outstanding principal amount under the Bridge Facility Credit Agreement shall be deemed to be the actual aggregate principal amount outstanding thereunder less the aggregate amount of mandatory prepayments which were waived.

Amounts borrowed under the Facility that are repaid or prepaid may not be reborrowed.

Mandatory Reduction of Commitment:

Notwithstanding the foregoing, if on or prior to the funding of the Bridge Facility Credit Agreement, TWC reduces the amount expected to be available under the Bridge Facility Credit Agreement from the \$9,000,000,000 originally available thereunder by an aggregate amount in excess of \$3,000,000,000 (the aggregate amount of any and all such reductions in excess of \$3,000,000,000, the “Bridge Facility Reduction Amount”), the maximum amount of \$3,500,000,000 otherwise available under the Facility on the Borrowing Date will immediately be reduced by an amount equal to 50% of the Bridge Facility Reduction Amount.

On the Borrowing Date, the maximum amount of \$3,500,000,000 otherwise available under the Facility on the Borrowing Date will be further reduced by the amount by which Revolver Availability on the Borrowing Date exceeds \$2,000,000,000.

Each such reduction shall be applied to reduce the commitment of each Lender under the Facility on a pro rata basis.

Optional Reduction of Commitment:

The Borrower may elect to reduce the maximum amount available under the Facility at any time; provided that any such reduction shall be in an integral multiple of \$100,000,000. Any such reduction to zero will terminate the Facility.

Each such reduction shall be applied to reduce the commitment of each Lender under the Facility on a pro rata basis.

- Ranking: The Term Loan shall be senior, unsecured indebtedness of the Borrower.
- Use of Proceeds: The proceeds of the Term Loan will be used to repay any amounts outstanding under the Bridge Facility Credit Agreement.
- Optional Prepayments: TWC may prepay the Term Loan in whole or in part at any time, and from time to time, without premium or penalty except for customary “breakage costs”; provided that the minimum amount of any prepayment in respect of the Term Loan shall be \$100,000,000. Each such prepayment shall be applied to reduce the exposures of each Lender under the Facility on a pro rata basis.
- Mandatory Prepayments: After the Borrowing Date, TWC will be required to prepay a portion of the Term Loan with (i) 100% (except as provided below) of the net cash proceeds from issuances or incurrence of debt by TWC or any of its subsidiaries (except as provided below) after the Borrowing Date (with an exception for borrowings under TWC’s existing \$6,000,000,000 Five-Year Revolving Credit Facility, dated as of February 15, 2006, as such credit facility and/or related documents may be amended, restated, supplemented, renewed, extended, refunded, replaced, restructured, refinanced or otherwise modified from time to time whether or not with the same agent, trustee, representative lenders or holders and irrespective of any changes in the amounts, terms and conditions thereof (the “Revolving Credit Agreement”), debt issued under TWC’s commercial paper program and other appropriate exceptions to be mutually agreed), (ii) 100% of the net cash proceeds from any public offering of equity securities, or any public offering or private placement of preferred stock (with appropriate exceptions for issuances of equity securities in connection with employee stock option plans or similar equity incentive plans and other appropriate exceptions to be mutually agreed), of TWC after the Borrowing Date, (iii) 100% of the net after-tax cash proceeds received from certain non-ordinary course dispositions or sales of all or any part of the assets (including securities of subsidiaries) of TWC or any of its subsidiaries (except as provided below) after the Borrowing Date (with exceptions for

intercompany dispositions among the Borrower and its restricted subsidiaries, deemed dispositions attributable to the designation of unrestricted subsidiaries and other appropriate exceptions to be mutually agreed), subject to limited reinvestment provisions to be mutually agreed upon, to the extent that the aggregate of all such net after-tax cash proceeds received after the Borrowing Date (together with the cumulative amount of all such net after-tax cash proceeds received at any time and from time to time during the term of the Bridge Facility Credit Agreement) shall exceed \$250,000,000; provided, that so long as no Event of Default shall have occurred and be continuing, TWC may defer any prepayment that would otherwise be required under this clause (iii) until the first date on which the aggregate amount of net after-tax cash proceeds required to be prepaid (together with the cumulative amount of all such net after-tax cash proceeds received and deferred at any time and from time to time during the term of the Bridge Facility Credit Agreement) exceeds \$100,000,000; and (iv) on the Borrowing Date and on the last day of each fiscal quarter following the Borrowing Date and on the date of any increase in the commitments available under the Revolving Credit Agreement, if Revolver Availability (as defined below) with respect to the Revolving Credit Agreement exceeds \$2,000,000,000, from borrowings under the Revolving Credit Agreement in the amount of such excess.

For purposes of the foregoing, unrestricted subsidiaries (other than Bright House Networks LLC, but otherwise whether in existence on the Effective Date or designated after the Effective Date) shall be treated like any other subsidiary provided that the percentage of the net cash proceeds of any such issuance or incurrence of debt or disposition or sale of assets by such unrestricted subsidiary which are required to be so applied shall be the amount which is equal to the percentage of TWC's direct or indirect equity interest in such unrestricted subsidiary.

“Revolver Availability” means, as of any date, (i) the sum of (a) the outstanding undrawn commitments available for borrowing under (after giving effect to the aggregate outstanding amount of undrawn letters

of credit issued under) the Revolving Credit Agreement on such date plus (b) the amount of cash and cash equivalents of TWC and its subsidiaries (other than Bright House Networks, LLC as long as it is an unrestricted subsidiary) in excess of \$100,000,000 on such date minus (ii) the aggregate outstanding amount of commercial paper backed by the Revolving Credit Agreement on such date.

Each such prepayment shall be applied to reduce the exposures of each Lender under the Facility on a pro rata basis.

**Conditions:**

The conditions precedent to the effectiveness of the Credit Agreement shall be substantially identical to the conditions to effectiveness of the Bridge Facility Credit Agreement and shall include the following (the date on which all such conditions precedent shall be satisfied, the "Effective Date"):

(a) The Borrower and Time Warner shall have executed and delivered the Credit Agreement, and the Guarantors shall have executed and delivered the related Guarantees (the "Credit Documentation").

(b) The Borrower shall have duly authorized the Facility and the execution and delivery of the Credit Agreement, and the Guarantors shall have duly authorized their respective Guarantees.

(c) Time Warner shall have received such legal opinions and officers' certificates as are customary for transactions of this type (together with any other supporting documents or instruments substantially identical to those provided under the Bridge Facility Credit Agreement, to the extent applicable to the Facility).

(d) The separation agreement between Time Warner and TWC (the "Separation Agreement") to which this Term Sheet is attached shall have been executed and delivered, and shall not have been terminated.

**Conditions to Borrowing:**

The availability of the Term Loan on the Borrowing Date shall be subject to (a) the final maturity following extension of the Bridge Facility Credit Agreement and TWC taking all actions necessary and

appropriate to ensure the immediate application of the proceeds of the Term Loan to repay amounts outstanding thereunder; provided that the date of such final maturity shall occur one year and 364 days from the date of the funding of the Bridge Facility Credit Agreement, (b) the payment of the Duration Fee on or before the Borrowing Date by TWC in connection with the Facility, (c) the accuracy in all material respects of all representations and warranties in the Credit Agreement (except the material adverse change, absence of litigation, environmental, tax and ERISA representations); provided that any such representations and warranties which expressly relate to a given date or period shall be subject to accuracy in all material respects as of the respective date or for the respective period, as the case may be, and (d) at the time of, or, solely for purpose of determining compliance with the maximum consolidated leverage ratio, after giving effect to, the Borrowing, there being no default or event of default in existence under the Credit Agreement and no event of default in existence under the Revolving Credit Agreement.

For purposes solely of determining whether the condition that there is no “default” under the Credit Agreement is satisfied as of the Borrowing Date, no default shall be deemed to exist with respect to a breach of any affirmative covenant (i) that is not qualified by material adverse effect unless the same would or could reasonably be expected to have a material adverse effect on TWC and its subsidiaries taken as a whole or (ii) with respect to delivery of (x) financial statements relating to a period ending prior to the Borrowing Date or (y) notices relating to events occurring prior to the Borrowing Date.

**Representations and Warranties:**

The representations and warranties in the Credit Agreement shall be substantially identical to those in the Bridge Facility Credit Agreement, and shall include: financial statements and condition; no material adverse change since December 31, 2007; corporate existence; compliance with laws; corporate power and authority; enforceability of Credit Documentation; no conflict with law or contractual obligations; no material litigation; ownership of or valid leasehold in property; intellectual property; taxes; ERISA; Investment Company Act;

environmental matters; and accuracy of disclosure. The representations and warranties shall be made only on the Effective Date and the Borrowing Date (subject, in the case of the representations and warranties made on the Borrowing Date, to the exceptions described in “Conditions to Borrowing” above).

**Effectiveness of Covenants and Events of Default:**

The affirmative, negative and financial covenants and the events of default shall be effective only upon and after the occurrence of the Borrowing Date, it being understood that in determining whether the conditions to borrowing have been satisfied, compliance with all affirmative covenants, negative covenants, financial covenants and events of default shall be measured as of the Borrowing Date as contemplated in “Conditions to Borrowing” above; provided that the maximum consolidated leverage ratio shall be calculated on a pro forma basis as of the last day of the fiscal quarter most recently ended for which financial statements have been delivered to the lenders under the Bridge Facility Credit Agreement.

**Affirmative Covenants:**

Except as otherwise stated in this summary of terms and conditions, the affirmative covenants (and related definitions) in the Credit Agreement shall be substantially identical to those in the Bridge Facility Credit Agreement, and shall include: delivery of annual and quarterly financial statements of TWC (it being understood that no financial statements of any Guarantor shall be required unless such Guarantor is providing financial statements to any bank or other financial institution in respect of indebtedness for borrowed money), compliance reports, officers’ certificates and other information reasonably requested by the Lenders (subject to confidentiality provisions); payment of other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws; maintenance of property and insurance; maintenance of books and records; right of the Lenders to inspect property and books and records at reasonable times and upon reasonable notice and to discuss financial information with TWC and its accountants; notices of defaults, litigation and other material events (based on the knowledge of senior executives of TWC); use of proceeds and fiscal

periods.

**Financial Covenants:**

The Credit Agreement shall contain a maximum consolidated leverage ratio covenant substantially identical to that in the Bridge Facility Credit Agreement (including with respect to related definitions and a maximum specified ratio of 5.0:1.0). There shall be no other financial covenants.

**Negative Covenants:**

The negative covenants (and related definitions) in the Credit Agreement shall be substantially identical to those in the Bridge Facility Credit Agreement and shall include limitations on indebtedness; liens; mergers, consolidations, liquidations and dissolutions; sales of all or a substantial portion of the Borrower's consolidated assets or stock of its restricted subsidiaries, taken as a whole; dividends and other payments in respect of capital stock; investments, loans and advances; and transactions with affiliates. The Credit Agreement shall contain provisions regarding designation of unrestricted subsidiaries (and related definitions) substantially identical to those in the Bridge Facility Credit Agreement (subject, in the case of mandatory prepayments, to the exceptions described in "Mandatory Prepayments" above).

**Events of Default:**

The events of default (and related definitions) in the Credit Agreement shall be substantially identical to those in the Bridge Facility Credit Agreement, including: nonpayment of principal when due; nonpayment of interest, fees or other amounts after a grace period of five days; material inaccuracy of representations and warranties when made; violation of covenants (subject, in the case of certain affirmative covenants, to a grace period of 30 days after notice of default given by the Administrative Agent, if any, or the Lender); cross-default with respect to any indebtedness in excess of \$200,000,000; bankruptcy events; certain ERISA events; and unpaid material judgments in excess of \$200,000,000.

The Credit Documentation shall include exceptions and thresholds with respect to representations and warranties, affirmative and negative covenants, and events of default that are substantially identical with

the Bridge Facility Credit Agreement, adjusted as necessary to reflect the terms and conditions contained herein, and the representations and warranties and the affirmative and negative covenants described herein shall apply to TWC and its restricted subsidiaries on a consolidated basis, except as otherwise provided in the Bridge Facility Credit Agreement.

**Voting:**

Amendments and waivers with respect to Credit Documentation shall require the approval of Lenders holding not less than a majority of the aggregate amounts outstanding under the Term Loan, except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) increases in or extensions of the commitment of such Lender, (ii) reductions in the amount or extensions of the scheduled date of final maturity of the Term Loan, (iii) reductions in the rate of interest or any fee payable in respect of the Term Loan or extensions of any due date thereof, and (iv) the release of any Guarantor from its guarantee; and (b) the consent of 100% of the Lenders shall be required with respect to modifications to any of the voting percentages. Provision shall be made for TWC to add guarantors of the obligations under the Facility for purposes of maintaining the Facility on an equal footing with other indebtedness of the Borrower or at its discretion.

**Assignments and Participations:**

The Lenders shall be permitted to assign and sell participations in the Term Loan and commitments to make the Term Loan to financial institutions with capital and surplus in excess of \$500,000,000 whose home office is domiciled in OECD countries, subject, in the case of assignments (other than to another Lender or to an affiliate of a Lender), to the consent of the Administrative Agent and TWC (which consent shall not in either case be unreasonably withheld); provided, that any assignment made prior to the Borrowing Date will not relieve the obligation of Time Warner to fund the entire commitment in respect of the Facility on the Borrowing Date in the event such assignee fails to do so. In the case of partial assignments (other than to another Lender or to an affiliate of a Lender), the minimum assignment amount in respect of the Facility shall be

\$10,000,000, and, after giving effect thereto, the assigning Lender shall have remaining outstandings in respect of the Term Loan of at least \$15,000,000, in each case unless otherwise agreed by each of TWC and the Administrative Agent.

Participants shall have the same benefits as the Lender from which it participates (but no greater) with respect to yield protection and increased cost provisions. Voting rights of participants shall be limited to those matters with respect to which the affirmative vote of the Lender from which it purchased its participation would be required as described under "Voting" above. Pledges of the Term Loan in accordance with applicable law shall be permitted without restriction. Promissory notes shall be issued under the Facility only to the extent necessary to facilitate such pledges.

**Yield Protection:**

The provisions relating to increased costs, yield protection and "breakage costs" in the Credit Agreement shall be substantially identical to those in the Bridge Facility Credit Agreement.

**Expenses and Indemnification:**

The Borrower shall pay (a) all reasonable out-of-pocket expenses of the Administrative Agent (including Time Warner in such capacity) associated with the administration of the Credit Agreement and the preparation, execution, delivery and administration of any amendment or waiver with respect thereto (including the reasonable fees, disbursements and charges of a single counsel to the Administrative Agent); provided that Time Warner (in its capacity as Administrative Agent) shall not be reimbursed for out-of-pocket expenses relating to the preparation, execution, delivery and administration of the Credit Agreement or any amendment or waiver thereto incurred prior to the date of consummation of the Separation (as defined in the Separation Agreement) and (b) all out-of-pocket expenses of the Lenders (including the reasonable fees, disbursements and charges of counsel, it being understood that the Administrative Agent and the Lenders shall use, and that the Borrower shall only be required to pay such fees, disbursements and charges of, a single counsel, unless conflicts of interests require the use of more than one counsel) in

connection with the enforcement of the Credit Agreement.

The Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents (each, an “indemnified party”)) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense (each a “loss”) incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence or willful misconduct of the indemnified party or its affiliates or their respective officers, directors, employees, advisors or agents); provided that Time Warner and its affiliates and their respective officers, directors, employees, advisors and agents (each a “TW Indemnified Party”) will not be entitled to indemnification hereunder (x) with respect to any loss incurred prior to the date of the Separation or to the extent directly relating to or arising out of the Separation, whether incurred prior to or after the date hereof or (y) with respect to a loss which is of a type that an unaffiliated lender engaged in the business of making loans would not customarily be indemnified for, it being understood that the foregoing proviso will not limit any rights of the TW Indemnified Parties pursuant to the Separation Agreement or any other contract or agreement.

**Confidentiality:**

The Credit Agreement shall contain confidentiality provisions substantially identical to those contained in the Bridge Facility Credit Agreement, and each Lender may be required to otherwise expressly agree to maintain the confidentiality of material non-public information in a manner to be agreed upon, subject to customary exceptions and limitations.

**Governing Law and Forum:**

State of New York.

**Counsel to Time Warner:**

Cravath, Swaine & Moore LLP.

**Interest and Certain Fees**

Interest Rate Options:

In the event that Time Warner has assigned the Term Loan in full, the Borrower may elect that the Term Loan bear interest at a rate per annum equal to:

the ABR plus the Applicable Margin plus the Step-Up Margin; or

the Adjusted LIBO Rate plus the Applicable Margin plus the Step-Up Margin;

provided that unless and until Time Warner has assigned the Term Loan in full, the Term Loan shall bear interest at a rate per annum equal to the Adjusted LIBO Rate plus the Applicable Margin plus the Step-Up Margin; provided further if at any time when the LIBO Rate would otherwise be required to be determined, no LIBO Rate for any eligible LIBOR period (as defined below) is available, then and until such time as a LIBO Rate for an eligible LIBOR period is available, the Term Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin plus the Step-Up Margin.

As used herein:

“ABR” means the higher of (i) either (x) if the Administrative Agent is a financial institution that announces a prime rate in the ordinary course of its business, the rate of interest announced by the Administrative Agent as its prime rate from time to time or (y) if clause (x) does not apply, the rate of interest quoted in *The Wall Street Journal*, Money Rates Section as the Prime Rate (currently defined as the base rate on corporate loans posted by at least seventy five percent (75%) of the nation’s thirty (30) largest banks), and (ii) the federal funds effective rate from time to time plus 0.50%.

“Adjusted LIBO Rate” means the LIBO Rate, as adjusted for statutory reserve requirements for eurodollar liabilities.

“Applicable Margin” shall vary commensurate with the debt rating of the senior unsecured long-term debt of TWC, as per the pricing grid attached hereto as Annex A-I.

“LIBO Rate” means the British Banker’s Association LIBOR Rate for eurodollar deposits in the London interbank market for (i) one, two or three months (each an “eligible LIBOR period”) or (ii) only in the event Time Warner has assigned the Term Loan in full, one, two, three or six months (or longer if available) as selected by the Borrower.

“Step-Up Margin” means 0 basis points per annum for the period from the Borrowing Date until the date six months thereafter and shall increase to 25 basis points per annum on such date and by an additional 25 basis points per annum at the end of each subsequent six-month period.

Interest Payment Dates:

In the case of the portion of the Term Loan bearing interest based upon the ABR (“ABR Loans”), quarterly in arrears.

In the case of the portion of the Term Loan bearing interest based upon the Adjusted LIBO Rate (“Eurodollar Loans”) on the last day of each relevant interest period and, in the case of any interest period longer than three months, on each successive date three months after the first day of such interest period.

Duration Fee:

The Borrower shall pay a duration fee (the “Duration Fee”) (i) on the Borrowing Date in an amount equal to 50 bps on the principal amount of the Term Loan borrowed on the Borrowing Date and (ii) on the first anniversary of the Borrowing Date in an amount equal to 50 bps on the outstanding principal amount of the Term Loan on such date.

Administrative Agent Fee:

If the Administrative Agent is an entity other than Time Warner or any affiliate thereof, the Borrower shall pay a customary administrative agent fee to be agreed with such administrative agent.

Default Rate:

At any time when the Borrower is in default in the

payment of any amount of principal due under the Facility, such overdue principal amount shall bear interest at 2.0% above the rate otherwise applicable thereto. Overdue interest and other amounts shall bear interest at 2.0% above the rate applicable to ABR Loans.

**Rate Basis:**

All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of ABR Loans) for actual days elapsed.

Pricing Grid

	<b>S&amp;P/Moody's Credit Rating for Senior Unsecured Long-Term Debt of TWC</b>	<b>LIBO Rate Applicable Margin<sup>3</sup></b>	<b>ABR Applicable Margin</b>
<b><u>Pricing Level</u></b>	<b><u>Credit Rating</u></b>		<b>(Bps)</b>
<b>Category A</b>	A / A2	150	50
<b>Category B</b>	A- / A3	162.5	62.5
<b>Category C</b>	BBB+ / Baa1	175	75
<b>Category D</b>	BBB / Baa2	200	100
<b>Category E</b>	BBB- / Baa3	237.5	137.5
<b>Category F</b>	<BBB- / Baa3	275	175

For purposes of the foregoing, (i) if either Moody's or S&P shall not have in effect a rating for the senior unsecured long-term debt of TWC (the "Index Debt") (other than by reason of the circumstances referred to in clause (iii) of this definition), then the rating assigned by the other rating agency shall be used; (ii) if the ratings assigned by Moody's and S&P for the Index Debt shall fall within different Categories, the applicable rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Categories lower than the other, in which case the applicable rate shall be determined by reference to the Category next below that of the higher of the two ratings; (iii) if either rating agency shall cease to assign a rating to the Index Debt solely because TWC elects not to participate or otherwise cooperate in the ratings process of such rating agency, the applicable rate shall not be less than that in effect immediately prior to such rating agency's rating becoming unavailable; and (iv) if the ratings assigned by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the applicable rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be

<sup>3</sup>The Applicable Margin for each Pricing Level below shall be set on the Borrowing Date (i) in the case of the LIBO Rate Applicable Margin, at the higher of (a) the rate set forth in the Pricing Grid and (b) the average price for a TWC five-year credit default swap for the thirty days preceding the Borrowing Date (the "Average Borrowing Date CDS Price"); provided that in the case of this clause (b), the Applicable Margin for each Pricing Level other than that in effect on the Borrowing Date shall increase by the amount of the difference between the Applicable Margin for the Pricing Level in effect on the Borrowing Date and the Average Borrowing Date CDS Price; provided further that in the case of this clause (b) in no event shall the Applicable Margin for any Pricing Level exceed 500 bps and (ii) in the case of the ABR Applicable Margin, the higher of (a) the rate set forth in the Pricing Grid and (b) the rate described in clause (i)(b) above, less 100 bps.

in the business of rating corporate debt obligations, TWC and the Administrative Agent (with the consent of the Majority Lenders) shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the applicable rate shall be determined by reference to the rating most recently in effect prior to such change or cessation.