

DESCRIPTION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

This application seeks FCC approval for a *pro forma* transfer of control of Home Box Office, Inc. (“HBO”) that results from the conversion of one of its controlling corporate parents, Warner Communications Inc. (“WCI”), from a corporation to a limited liability company. This change in control is *pro forma* because at all times WCI, WCI’s successor form of entity, Warner Communications LLC (“WC LLC”), and HBO remain under the ultimate 100 percent ownership and control of Time Warner Inc. (“TWI”), and HBO, WCI, and the new form of legal entity into which it converts, WC LLC, will have the same ownership, assets, and liabilities.¹ The complete circumstances of this internal reorganization are briefly set forth below.

HBO is a direct, wholly-owned subsidiary of WCI, a corporation organized under the laws of Delaware. As shown in the attached organizational diagram, WCI is a wholly-owned subsidiary of Historic TW Inc. (“HTW”). HTW is directly majority-owned and controlled by Time Warner Inc (“TWI”), and TWI indirectly owns the remaining equity of HTW. WCI and Turner Broadcasting System, Inc. (“TBS”) directly holds shares of HTW, but neither WCI nor TBS control HTW. Both WCI and TBS are indirect, wholly-owned subsidiaries of TWI.

On December 31, 2013, WCI will be converted to a limited liability company organized under the laws of Delaware and become WC LLC. After that conversion is completed, WC LLC will distribute the shares of HTW that it holds to HTW. The distribution of the shares of HTW held by WC LLC to HTW will increase the *direct* ownership of HTW held by TWI, but the ownership of HTW distributed by WC LLC will not be a controlling interest in HTW; rather, the controlling interest (and ultimate 100 percent equity ownership) of HTW will at all times be held by TWI. Hence, no transfer of control will occur as a result of WC LLC’s distribution of HTW shares to HTW. Grant of this application will serve the public interest because it will enable TWI to streamline its ownership of HBO.

¹ See *In re FCBA’s Petition for Forbearance from Section 310(d) of the Communications Act Regarding Non-Substantial Assignments of Wireless Licenses and Transfers of Control Involving Telecommunications Carriers*, 13 FCC Rcd 6293, ¶ 8 (1998) (*pro forma* transactions include those involving a “corporate reorganization which involves no substantial change in the beneficial ownership of the corporation”).

**POST-TRANSACTION OWNERS
OF HOME BOX OFFICE, INC.**

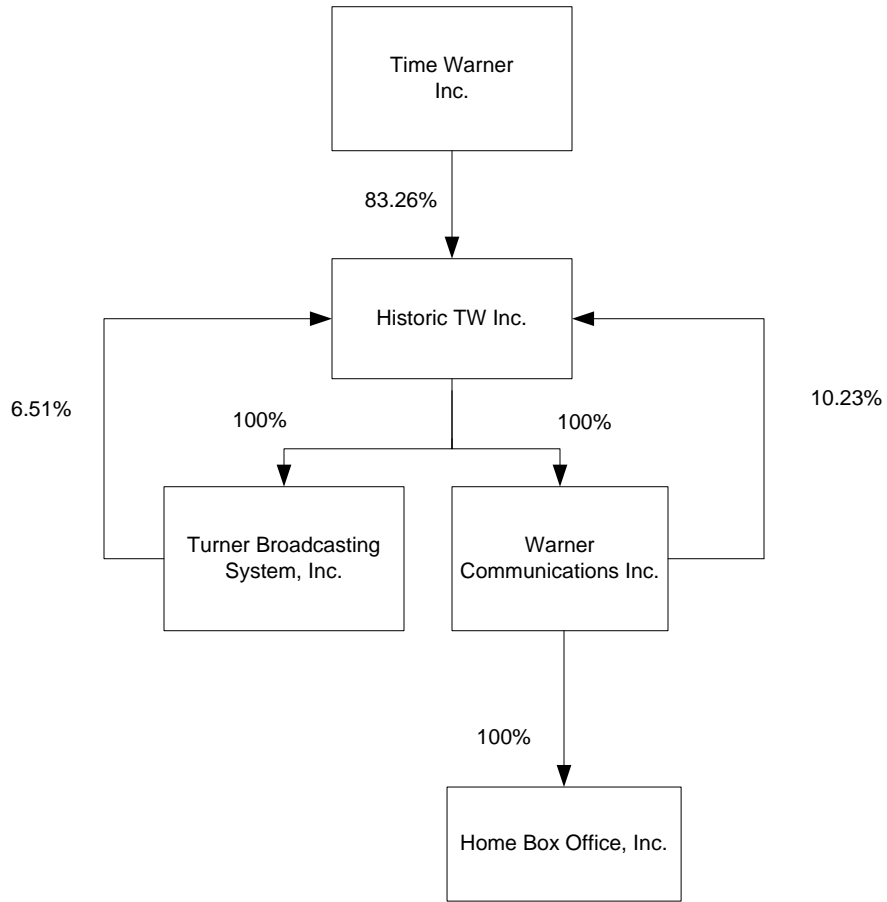
Warner Communications LLC
Address: One Time Warner Center, New York, NY 10019
Citizenship: U.S.
Primary Business: Holding Company

Historic TW Inc.
Address: One Time Warner Center, New York, NY 10019
Citizenship: U.S.
Primary Business: Holding Company

Time Warner Inc.
Address: One Time Warner Center, New York, NY 10019
Citizenship: U.S.
Primary Business: Media

No entity or individual owns ten percent or more of the equity of Time Warner Inc.

Pre-Transaction Structure



Post-Transaction Structure

