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STATE OF HAWAII
CABLE TELEVISION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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July 20, 2012

BY ELECTRONIC DELIVERY

Brian A. Kang, Esq.
Watanabe Ing L.L.P
999 Bishop Street, 23rd Floor
Honolulu, Hawaii 96813

Dear Mr. Kang:

Re: Transfer/Assignment of Hawaii Cable Franchises from Time Warner Entertainment Company, L.P. to Oceanic Time Warner Cable LLC

On July 10, 2012 the State of Hawaii Department of Commerce and Consumer Affairs ("DCCA") received Time Warner Entertainment Company L.P.'s ("TWE") and Oceanic Time Warner Cable LLC's ("OTWC") responses to the June 26, 2012 questions from the DCCA. These responses were applicable to the transfer/assignment applications for all of TWE's cable franchises in the State of Hawaii (i.e., franchises on Oahu, Kauai, Maui County, Lahaina, East Hawaii, and West Hawaii).

Earlier, on May 11, 2012, TWE submitted information on OTWC within the context of TWE's franchise renewal application for the East and West Hawaii franchises on the Big Island ("May 11 Supplemental Information").

DCCA does not yet believe that the record is complete. We have reviewed all supplemental information submitted up through the July 10, 2012 submission, but the responses thus far have left unresolved certain of the core issues that necessitated DCCA's initial request. In order to complete its review of the qualifications of the prospective transferee and ensure that there is sufficient and adequate documentation of OTWC's ability and fitness to operate the Hawaii cable franchises, the DCCA is requesting additional information from TWE and OTWC regarding the qualifications of OTWC, especially the financial fitness of the newly incorporated corporation. Please provide information and supporting documentation on the following:

1. According to the March 12, 2012 Restructuring Agreement provided to DCCA in each Exhibit A accompanying the Form 394 for each of TWE's Hawaii cable franchises, TWE's Hawaii cable franchises and assets relating to TWE's cable operations in Hawaii will, through a series of mergers, be transferred to OTWC. Will OTWC be assuming the obligations and liabilities of TWE? If so, please describe the nature and value of these obligations and liabilities.
2. If question 1 is yes, are any of these obligations and liabilities secured or collateralized by assets? If so, please provide the agreements, the assets, the current value of these assets, and who currently holds legal title to the assets.
3. What are the sources and amount of long-term debt projected for OTWC? List amount of such debts and possible financing. Are there any provisions in the debt agreements that may constrain the ability of OTWC to finance the Hawaii cable systems. Please provide the same information for short-term debt and equity capital.
4. Are there any liabilities not currently held by TWE that will be transferred to OTWC? If so, please describe the nature and value of these obligations and liabilities.
5. If question 4 is yes, are any of these obligations and liabilities secured or collateralized by assets? If so, please provide the agreements, the assets, the current value of these assets, and who currently holds legal title to the assets.
6. As of December 31, 2011, according to Time Warner Cable's ("TWC") 10-K, Exhibit A to the Form 394s, TWE is an outstanding guarantor of TWC's senior debt. TWE is also a guarantor under TWC's \$4.0 billion senior unsecured three-year revolving credit facility, its \$4.0 billion commercial paper program and its \$23.6 billion in principal amount of outstanding debt securities. After the completion of the transaction, will OTWC take over TWE's position as guarantor of TWC's obligations as stated above or any other obligations of parent companies?
7. In its May 11 Supplemental Information on page 37, response to question 3, TWE states that OTWC does not contemplate a need for financial arrangements. Is this statement applicable to the other Hawaii franchises? Does this mean that OTWC will not have a line of available financing? Explain.
8. For the record, please identify which of the responses in the May 11 Supplemental Information are applicable to the Hawaii cable franchises.

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9. As a newly incorporated corporation, OTWC does not have an audited financial statement. Are there any other financial projections/budgets/financial pro forma for OTWC over the next 5 years? Are there any statements/documents that OTWC can provide to demonstrate its financial fitness?
10. Please provide a current trial balance of OTWC.

Hawaii Revised Statutes § 440G-6 requires that applications for cable franchise be accompanied by a fee of \$1,000.00 per application. The six franchises (Oahu, Kauai, Maui County, Lahaina, East Hawaii, and West Hawaii) must therefore be accompanied by a payment of \$6,000.00, payable to the Department of Commerce and Consumer Affairs along with an itemized statement.

In light of the fact that the DCCA is already in the process of scheduling a public hearing on the matter, please provide your responses by July 31, 2012.

Sincerely,



DONN YABUSAKI
Cable Television Administrator
Department of Commerce and
Consumer Affairs

c: Bob Barlow, TWE
Keali'i Lopez, DO