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## **TIME WARNER INC. (TWX)**

### **Form 8-K**

**Filed: November 17, 2009 (Period: November 16, 2009)**

Report of unscheduled material events or corporate changes.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): November 16, 2009

**TIME WARNER INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation)

1-15062  
(Commission File Number)

13-4099534  
(IRS Employer  
Identification No.)

One Time Warner Center, New York, New York 10019  
(Address of Principal Executive Offices) (Zip Code)

212-484-8000  
(Registrant's Telephone Number, Including Area Code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 1.01. Entry into a Material Definitive Agreement.**

On November 16, 2009, Time Warner Inc., a Delaware corporation (“Time Warner”), entered into a separation and distribution agreement (the “Separation Agreement”) with AOL Inc., a Delaware corporation (“AOL”), pursuant to which AOL will be legally and structurally separated from Time Warner.

Under the terms of the Separation Agreement, (i) Time Warner and AOL will complete certain internal restructuring transactions, (ii) Time Warner and AOL will effect certain transfers of assets and assume certain liabilities such that substantially all of the assets and liabilities of AOL LLC, which is currently a wholly-owned subsidiary of AOL that holds, directly or indirectly, all of the AOL business, will be transferred to and assumed by AOL (with the exception of AOL LLC’s guarantees of indebtedness of Time Warner and other non-AOL affiliates of Time Warner) and will settle or extinguish certain liabilities and other obligations between Time Warner and AOL, (iii) the ownership of AOL LLC will be transferred to, and retained by, Time Warner, (iv) subject to certain exceptions, all agreements and commitments, including most intercompany accounts payable or accounts receivable, between AOL and Time Warner will terminate effective as of the date and time of the Spin-off (as defined below), (v) AOL will obtain releases of all credit support instruments currently provided by or through Time Warner prior to the Spin-off and, to the extent it cannot obtain such releases, Time Warner will provide AOL with ongoing credit support until the earlier of 24 months following the Spin-off and 30 days after AOL obtains the right to borrow funds under its permanent post-distribution credit facility, and in exchange for such ongoing credit support, AOL will pay Time Warner a credit support fee, and (vi) Time Warner will distribute all the issued and outstanding shares of common stock, par value \$0.01 per share, of AOL (the “AOL Common Stock”) to Time Warner’s stockholders as a pro rata dividend in a spin-off (the “Spin-off”). Time Warner has the sole and absolute discretion to determine the terms of, and whether to proceed with, the Spin-off and may terminate the Separation Agreement at any time prior to the Spin-off.

Consummation of the Spin-off is subject to customary closing conditions that must be satisfied or waived by Time Warner in its sole discretion. These conditions include, among other things, that (i) the Registration Statement on Form 10 of AOL relating to the registration of the AOL Common Stock under the Securities Exchange Act of 1934 has been declared effective by the Securities and Exchange Commission (the “SEC”), (ii) no stop order of the SEC suspending the effectiveness of the Form 10 is in effect prior to the Spin-off and (iii) the AOL Common Stock has been authorized for listing on the New York Stock Exchange (the “NYSE”). The condition relating to the authorization of the AOL common stock for listing on the NYSE has been satisfied, and on November 16, 2009, AOL sent a letter to the SEC requesting that the Form 10 be declared effective.

In addition to, and concurrently with, the Separation Agreement, Time Warner and AOL have entered into a second tax matters agreement (the “Tax Matters Agreement”), and Time Warner, AOL and AOL LLC have entered into an employee matters agreement (the “Employee Matters Agreement”).

Pursuant to the Tax Matters Agreement, (i) Time Warner will indemnify AOL for any liability resulting from AOL’s joint and several liability with Time Warner to the Internal Revenue Service (the “IRS”) for the consolidated U.S. Federal income taxes of Time Warner’s consolidated U.S. federal income tax group relating to the taxable periods in which AOL was part of the group and any similar liability for U.S. Federal, state or local income taxes that are determined on a consolidated, combined, unitary or similar basis for each taxable period in which AOL is included in such consolidated, combined, unitary or similar group with Time Warner, (ii) AOL will remain responsible for any foreign income taxes and any income taxes that are not determined on a consolidated, combined, unitary or similar basis with Time Warner, and (iii) AOL will indemnify Time Warner for tax liabilities that are attributable to the failure of certain representations made by AOL or its affiliates to be true when made or deemed made or to certain other actions or omissions by AOL or its affiliates in the event that the Spin-off, together with certain related transactions, results in the recognition, for U.S. Federal income tax purposes, of gain or loss to Time Warner or its stockholders, except to the extent of cash received in lieu of fractional shares. Though valid as between the parties, the Tax Matters Agreement is not binding on the IRS.

Pursuant to the Employee Matters Agreement, subject to certain exceptions, (i) the assets and liabilities arising out of employee compensation and benefit programs in which AOL's employees participated prior to the Spin-off will be transferred from AOL LLC or Time Warner, as the case may be, to AOL, (ii) vested and certain unvested account balances under Time Warner's tax-qualified savings plan that relate to AOL's current and former employees will be transferred directly to the tax-qualified savings plan that AOL will establish, (iii) stock options and restricted stock units ("RSUs") granted or awarded to AOL's employees under Time Warner's equity incentive plans will be treated as if the employees were terminated without cause under the relevant award agreements, (iv) all performance stock units awarded to AOL's employees under Time Warner's equity incentive plans will be treated under provisions governing a "divisional change in control" under the relevant award agreements, and (v) AOL's liability to Time Warner relating to equity awards held by AOL's current and former employees will be settled prior to the Spin-off. Following the Spin-off, AOL will have no further financial obligations with respect to such awards, other than (i) with respect to reporting and withholding of taxes on the equity awards (certain of which taxes will be reimbursed by Time Warner), (ii) to pay dividend equivalents on Time Warner RSUs (which will be reimbursed by Time Warner), and (iii) to reimburse Time Warner for certain ongoing administrative expenses. All obligations pursuant to Time Warner's nonqualified deferred compensation plans and other agreements providing for the payment of deferred compensation by AOL LLC or Time Warner will remain with AOL LLC or Time Warner, as applicable, following the Spin-off.

The Employee Matters Agreement will also govern the transfer of employees between Time Warner and AOL in connection with the Spin-off and sets forth obligations for certain reimbursements and indemnities between Time Warner and AOL relating to such transfer. In addition, upon the Spin-off, all Time Warner stock options and RSUs held by AOL's Chief Executive Officer will be converted, with appropriate adjustments, into stock options and RSUs of AOL on substantially the same terms and conditions (including vesting) as were applicable to his Time Warner stock options and RSUs immediately prior to the Spin-off. Specifically, the Employee Matters Agreement provides that AOL's Chief Executive Officer's stock options and RSUs will be adjusted in a manner such that the "fair value" and the "intrinsic value" of such awards (each within the meaning of the accounting guidance for equity-based compensation) will be the same immediately before and immediately after the Spin-off.

In addition, in connection with the Separation Agreement, Time Warner has entered into additional ancillary agreements, including a transition services agreement pursuant to which Time Warner will provide AOL with certain services for a limited time to help with an orderly transition following the Spin-off, an intellectual property cross-license agreement pursuant to which Time Warner and AOL will license, subject to certain terms and conditions, all United States or foreign patent applications or patents owned in whole or in part, as of the date of the Spin-off, by it or any of its subsidiaries to the other party on a non-exclusive basis, an IT applications and database agreement pursuant to which each of Time Warner and AOL will provide to the other software applications that have been developed internally, a master services agreement for ATDN and hosting services pursuant to which AOL will continue to provide AOL network and hosting services to Time Warner and its subsidiaries after the Spin-off in a manner consistent with the nature, scope and price of services currently provided to Time Warner and its subsidiaries.

The foregoing descriptions of the Separation Agreement, the Tax Matters Agreement and the Employee Matters Agreement are qualified in their entirety by reference to the full text of the Separation Agreement, the Tax Matters Agreement and the Employee Matters Agreement, which are filed as Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3, respectively, to this Current Report on Form 8-K and are hereby incorporated by reference. All stockholders of Time Warner are urged to read the Separation Agreement, the Tax Matters Agreement and the Employee Matters Agreement carefully and in their entirety. The descriptions of the Separation Agreement, the Tax Matters Agreement and the Employee Matters Agreement have been included to provide you with information regarding their terms. They are not intended to provide any other factual information about Time Warner.

#### **Item 8.01. Other Events.**

On November 16, 2009, Time Warner and AOL announced the timing and details regarding the Spin-off. The Time Warner board of directors has declared a pro rata dividend of AOL Common Stock to be made at 11:59 p.m. New York City time on December 9, 2009 to Time Warner's stockholders of record as of 5:00 p.m. New York City time on November 27, 2009 (the "Record Date"). Each Time Warner stockholder will receive a dividend of one share of AOL Common Stock for every eleven shares of common stock, par value \$0.01 per share, of Time Warner that they hold on the Record Date.

A copy of the press release is included as Exhibit 99.4.

#### **Caution Concerning Forward-Looking Statements**

This Current Report on Form 8-K includes certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, statements about the plans, objectives, expectations and intentions of Time Warner, including the benefits of the Spin-off and other related transactions involving Time Warner and AOL and their subsidiaries, and other statements that are not historical facts. These statements are based on the current expectations and beliefs of Time Warner's management, and are subject to uncertainty and changes in circumstances. Time Warner cautions readers that any forward-looking information is not a guarantee of future performance and that actual results may vary materially from those expressed or implied by the statements herein, due to the conditions to the consummation of the Spin-off and other related transactions, changes in economic, business, competitive, technological, strategic or other regulatory factors, as well as factors affecting the operation of the businesses of Time Warner and AOL. More detailed information about certain of these and other factors may be found in filings by Time Warner with the SEC, including its most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, in each case in the sections entitled "Caution Concerning Forward-Looking Statements" and "Risk Factors." Various factors could cause actual results to differ from those set forth in the forward-looking statements including, without limitation, the risk that the anticipated benefits from the Spin-off may not be fully realized or may take longer to realize than expected. Time Warner is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit</b>	<b>Description</b>
99.1	Separation and Distribution Agreement, dated as of November 16, 2009, by and between Time Warner Inc. and AOL Inc.
99.2	Second Tax Matters Agreement, dated as of November 16, 2009, by and between Time Warner Inc. and AOL Inc.
99.3	Employee Matters Agreement, dated as of November 16, 2009, by and among Time Warner Inc., AOL LLC and AOL Inc.
99.4	Press release issued November 16, 2009, by Time Warner Inc. and AOL Inc.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TIME WARNER INC.

By: /s/ Pascal Desroches

Name: Pascal Desroches

Title: Senior Vice President and Controller

Date: November 17, 2009

## EXHIBIT INDEX

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SEPARATION AND DISTRIBUTION AGREEMENT

By and Between

TIME WARNER INC.

and

AOL INC.

Dated as of November 16, 2009

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SEPARATION AND DISTRIBUTION AGREEMENT dated as of November 16, 2009, by and between TIME WARNER INC., a Delaware corporation (“TWX”), and AOL INC., a Delaware corporation (“AOL”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I hereof.

#### RECITALS

WHEREAS the board of directors of TWX has determined that it is in the best interests of TWX and its shareholders to distribute its entire interest in its wholly owned subsidiary, AOL, by way of a stock dividend to be made to holders of common stock of TWX;

WHEREAS in furtherance of the foregoing, it is appropriate and desirable to effect the Separation and the Distribution, each as more fully described in this Agreement;

WHEREAS TWX and AOL have prepared, and AOL has filed with the Commission, the Form 10, which includes the Information Statement and sets forth appropriate disclosure concerning AOL and the Distribution;

WHEREAS on July 8, 2009, TWX purchased membership interests representing 5% of AOL Holdings LLC, a Delaware limited liability company that was classified as a corporation for U.S. Federal income tax purposes (“AOL Holdings”), from Google Inc., a Delaware corporation (the “Google Buyout”);

WHEREAS, immediately after the Google Buyout, TWX and TW AOL Holdings Inc., a Virginia corporation (“TWA”), owned membership interests representing 7.5% and 92.5% of AOL Holdings, respectively;

WHEREAS on November 2, 2009, Original AOL Inc., a direct wholly owned Subsidiary of AOL LLC, completed the Existing AOL Inc. Name Change;

WHEREAS on November 2, 2009, the AOL Conversion was effected and, as a result, AOL became the successor to AOL Holdings;

WHEREAS on November 5, 2009, the TWA Conversion was effected and, as a result, TW AOL Holdings LLC, a Virginia limited liability company (“TWALLC”), became the successor to TWA;

WHEREAS TWX and AOL intend that each of the Transactions qualifies for its Intended Tax Treatment; and

WHEREAS it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation, the Distribution and the relationship of TWX, AOL and their respective Subsidiaries following the Distribution.

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NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

Definitions

For the purpose of this Agreement, the following terms shall have the following meanings:

“Action” means any claim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any Federal, state, local, foreign or international arbitration or mediation tribunal.

“Affiliate” of any Person means a Person that controls, is controlled by or is under common control with such Person. As used herein, “control” of any entity means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise; provided, however, that, except as specified in the following sentence, (i) AOL and its Subsidiaries shall not be considered Affiliates of TWX or any of its Subsidiaries and (ii) TWX and its Subsidiaries shall not be considered Affiliates of AOL or any of its Subsidiaries. For the avoidance of doubt, AOL LLC shall be considered an Affiliate of AOL and its Subsidiaries, and not TWX, at all times prior to the Distribution, but shall be considered an Affiliate of TWX and its Subsidiaries, and not AOL, at all times following the Distribution.

“Agent” means the distribution agent to be appointed by TWX to distribute to the shareholders of TWX, pursuant to the Distribution, the shares of AOL Common Stock held by TWX.

“Agreement” means this Separation and Distribution Agreement, including the Schedules hereto.

“Ancillary Agreements” means the Transition Services Agreement, TMA, EMA, IPA, Assignment and Assumption Agreement and any other instruments, assignments, documents and agreements executed in connection with the implementation of the transactions contemplated by this Agreement.

“AOL” has the meaning set forth in the preamble.

“AOL Actions and Investigations” means the “Actions and Investigations” referred to in the Release and Agreement between TWX and various insurance companies, dated as of January 31, 2006.

“AOL Assets” means all of the Assets held by AOL LLC directly (including, for the avoidance of doubt, all capital stock of any Person held by AOL LLC), but excluding the TWX Retained Assets and any Assets held by a member of the AOL Group that are determined by the Parties, in good faith, to be primarily related to or used primarily in connection with the business or operations of a member of the TWX Group.

“AOL Business” means the businesses and operations of the AOL Group, including the businesses and operations of AOL LLC prior to the Distribution.

“AOL Common Stock” means the common stock, \$0.01 par value per share, of AOL.

“AOL Conversion” has the meaning set forth on Schedule I.

“AOL Group” means AOL and each of its controlled Affiliates.

“AOL Holdings” has the meaning set forth in the recitals.

“AOL Indemnitees” has the meaning set forth in Section 6.03.

“AOL Liabilities” means the Liabilities of the AOL Group, including the AOL LLC Liabilities and the Liabilities assumed by or assigned to AOL under this Agreement, but excluding the TWX Retained Liabilities.

“AOL LLC Liabilities” means the Liabilities of AOL LLC, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or prior to the Distribution Date, including as a result of or in connection with this Agreement, the Assignment and Assumption Agreement or any of the transactions or other actions to implement the Separation or Distribution, but excluding the TWX Retained Liabilities.

“AOL LLC Name Change” has the meaning set forth on Schedule I.

“AOL Online Shares” has the meaning set forth on Schedule I.

“AOL Online Transfer” has the meaning set forth on Schedule I.

“Asset Distribution” has the meaning set forth on Schedule I.

“Assets” means all assets, properties and rights (including goodwill), other than any relating to Taxes, wherever located (including in the possession of vendors or other third-parties or elsewhere), whether real, personal or mixed, tangible or intangible, or accrued or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(a) all accounting and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, furniture, office and other equipment, including hardware systems, circuits and other computer and telecommunication assets and equipment, automobiles, trucks, aircraft, rolling stock, vessels, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

- (c) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products;
- (d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;
- (e) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; all other investments in securities of any Person; and all rights as a partner, joint venturer or participant;
- (f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments and all rights arising thereunder;
- (g) all deposits, letters of credit, performance bonds and other surety bonds;
- (h) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals and materials and analyses prepared by consultants and other third-parties;
- (i) all United States, state, multinational and foreign intellectual property, including patents, copyrights, trade names, trademarks, service marks, slogans, logos, trade dresses and other source indicators and the goodwill of the business symbolized thereby; all registrations, applications, recordings, disclosures, renewals, continuations, continuations-in-part, divisions, reissues, reexaminations, foreign counterparts, and other legal protections and rights related to any of the foregoing; mask works, trade secrets, inventions and other proprietary information, including know-how, processes, formulae, techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals, discoveries, inventions, licenses from third-parties granting the right to use any of the foregoing and all tangible embodiments of the foregoing in whatever form or medium;
- (j) all computer applications, programs, software and other code (in object and source code form), including operating software, network software, firmware, middleware, design software, design tools, systems documentation, instructions, ASP, HTML, DHTML, SHTML and XML files, cgi and other scripts, APIs, web widgets, algorithms, models, methodologies, files, documentation related to any of the foregoing and all tangible embodiments of the foregoing in whatever form or medium;
- (k) all Internet URLs and domain names;

- (l) all websites, databases, content, text, graphics, images, audio, video, data and other copyrightable works or other works of authorship including all translations, adaptations, derivations and combinations thereof;
- (m) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, subscriber, customer and vendor data, correspondence and lists, product literature and other advertising and promotional materials, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, server and traffic logs, quality records and reports and other books, records, studies, surveys, reports, plans, business records and documents;
- (n) all prepaid expenses, trade accounts and other accounts and notes receivable (whether current or non-current);
- (o) all claims or rights against any Person arising from the ownership of any other Asset, all rights in connection with any bids or offers, all claims, causes in action, lawsuits, judgments or similar rights, all rights under express or implied warranties, all rights of recovery and all rights of setoff of any kind and demands of any nature, in each case whether accrued or contingent, whether in tort, contract or otherwise and whether arising by way of counterclaim or otherwise;
- (p) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;
- (q) all licenses (including radio and similar licenses), permits, approvals and authorizations that have been issued by any Governmental Authority and all pending applications therefor;
- (r) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements;
- (s) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements; and
- (t) all goodwill as a going concern and other intangible properties.

“Assignment and Assumption Agreement” means the Assignment and Assumption Agreement between TWX, AOL and AOL LLC to be dated as of the date of the Asset Distribution.

“Cash” means cash, cash equivalents, bank deposits and marketable securities, whether denominated in United States dollars or otherwise.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the Securities and Exchange Commission.

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Person other than a member of either Group.

“Covered Employees” has the meaning set forth in Section 6.04.

“Credit Support Agreement” means the Credit Support Agreement to be entered into between TWX and AOL prior to the Distribution Date.

“Credit Support Instruments” has the meaning set forth in Section 3.01(a).

“D&O Policies” has the meaning set forth in Section 8.01(e).

“Deferred Compensation Payable” has the meaning ascribed thereto in the EMA.

“Distribution” means the distribution, on a pro rata basis, by TWX to the Record Holders of all the outstanding shares of AOL Common Stock owned by TWX on the Distribution Date.

“Distribution Date” means the date, determined by TWX in accordance with Section 5.03, on which the Distribution occurs.

“DLLC Act” has the meaning set forth on Schedule I.

“EMA” means the Employee Matters Agreement dated as of the date of this Agreement by and among TWX, AOL and AOL LLC.

“Escrow Account” means the account established by the Escrow Agreement between TWX and Deutsche Bank Trust Company Americas, dated as of December 21, 2005.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Existing AOL Inc. Name Change” has the meaning set forth on Schedule I.

“First AOL LLC Distribution” has the meaning set forth on Schedule I.

“Form 10” means the registration statement on Form 10 filed by AOL with the Commission to effect the registration of AOL Common Stock pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time.

“Google Buyout” has the meaning set forth in the recitals.

“Governmental Approvals” means any notices, reports or other filings to be given to or made with, or any Consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

“Governmental Authority” means any Federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other legislative, judicial, regulatory, administrative or governmental authority.

“Group” means either the TWX Group or the AOL Group, as the context requires.

“Indemnifying Party” has the meaning set forth in Section 6.05(a).

“Indemnitee” has the meaning set forth in Section 6.05(a).

“Indemnity Payment” has the meaning set forth in Section 6.05(a).

“Information” means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product) and other technical, financial, employee or business information or data.

“Information Statement” means the Information Statement to be sent to each holder of TWX Common Stock in connection with the Distribution, as such Information Statement may be amended from time to time.

“Insurance Proceeds” means those moneys:

- (a) received by an insured (or its successor-in-interest) from an insurance carrier;
- (b) paid by an insurance carrier on behalf of the insured (or its successor-in-interest); or
- (c) received (including by way of set-off) from any third-party in the nature of insurance, contribution or indemnification in respect of any Liability;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

“Intended Tax Treatment” has the meaning ascribed thereto in the TMA.

“Intercompany Accounts” has the meaning set forth in Section 2.03(a).

“Internal Distribution” has the meaning set forth on Schedule I.

“Internal Transactions” means the TWA Conversion, the Existing AOL Inc. Name Change, the AOL Conversion, the Asset Distribution, the AOL Online Transfer, the First AOL LLC Distribution, the Second AOL LLC Distribution, the AOL LLC Name Change, the Internal Distribution, the Payables Transactions and the Recapitalization, each as described on Schedule I.

“IPA” means the Intellectual Property Cross-License Agreement dated as of the date of this Agreement by and between TWX and AOL.

“Law” means any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, government approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended.

“Liabilities” means any and all claims, debts, demands, actions, causes of action, suits, damages, obligations, accruals, accounts payable, reckonings, bonds, indemnities and similar obligations, agreements, promises, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any law, rule, regulation, Action, threatened or contemplated Action, order or consent decree of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, including those arising under this Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person. For the avoidance of doubt, Liabilities (i) shall include attorneys’ fees, the costs and expenses of all assessments, judgments, settlements and compromises, and any and all other costs and expenses whatsoever reasonably incurred in connection with anything contemplated by the preceding sentence and (ii) shall not include liabilities or requirements related to Taxes.

“NYSE” means the New York Stock Exchange.

“Party” means either party hereto, and “Parties” shall mean both parties hereto.

“Payables Transactions” means the intercompany payables transactions set forth on Schedule IV to be settled prior to or as of the close of business on the business day immediately prior to the Distribution Date.

“Person” means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity and any Governmental Authority.

“Pre-Separation Claims-Based Insurance Claim” means any claim made against the AOL Group or TWX Group and reported to the applicable insurer(s) on or prior to the Distribution Date in respect of a Liability occurring on or prior to the Distribution Date under a “claims-made-based” insurance policy of any member of the TWX Group in effect on or prior to the Distribution Date.

“Pre-Separation Insurance Claim” means a Pre-Separation Claims-Based Insurance Claim or any Action (whether made prior to, on or following the Distribution Date) in respect of a Liability occurring on or prior to the Distribution Date under an “occurrence-based” insurance policy of any member of the TWX Group in effect on or prior to the Distribution Date.

“Recapitalization” has the meaning set forth on Schedule I.

“Record Date” means the close of business on the date to be determined by the TWX board of directors as the record date for determining the shares of TWX Common Stock in respect of which shares of AOL Common Stock will be distributed pursuant to the Distribution.

“Record Holders” has the meaning set forth in Section 5.01(b).

“Second AOL LLC Distribution” has the meaning set forth on Schedule I.

“Security Interest” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

“Separation” means (a) the Internal Transactions, (b) any actions to be taken pursuant to Article II and (c) any other transfers of Assets and assumptions of Liabilities, in each case, between a member of one Group and a member of the other Group, provided for in this Agreement or the Assignment and Assumption Agreement.

“Subsidiary” of any Person means any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however that (i) no Person that is not directly or indirectly wholly owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person and (ii) AOL and its Subsidiaries (including AOL LLC) shall not be considered Subsidiaries of TWX prior to the Distribution.

“Taxes” has the meaning set forth in the TMA.

“Third-Party Claim” means any assertion by a Person (including any Governmental Authority) who is not a member of the TWX Group or the AOL Group of any claim, or the commencement by any such Person of any Action, against any member of the TWX Group or the AOL Group.

“Third-Party Proceeds” has the meaning set forth in Section 6.05(a).

“TMA” means the Second Tax Matters Agreement dated as of the date of this Agreement by and between TWX and AOL.

“Transition Services Agreement” means the Transition Services Agreement dated as of the date of this Agreement between TWX and AOL.

“Transactions” means the Internal Transactions and the Distribution.

“TWA” has the meaning set forth in the recitals.

“TWA Conversion” has the meaning set forth on Schedule I.

“TWA LLC” has the meaning set forth in the recitals.

“TW Coverage Amount” has the meaning set forth in Section 6.04.

“TWX” has the meaning set forth in the preamble.

“TWX Business” means (a) the businesses and operations of the TWX Group and (b) except as otherwise expressly provided herein, any terminated, divested or discontinued businesses or operations of the TWX Group (other than the businesses and operations to be divested by the TWX Group pursuant to this Agreement); provided, however, that the TWX Business shall not include the businesses and operations, or any discontinued businesses and operations, of AOL LLC prior to the Distribution.

“TWX Credit Support Instruments” has the meaning set forth in Section 3.01(a).

“TWX Common Stock” means the common stock, \$0.01 par value per share, of TWX.

“TWX Disclosure Sections” means all information set forth in or omitted from the Form 10 or Information Statement to the extent relating to (a) the TWX Group, (b) the TWX Liabilities, (c) the TWX Retained Assets or (d) the substantive disclosure set forth in the Form 10 relating to (i) TWX’s repurchase of Google’s interest in AOL, including the section entitled “AOL-Google Alliance” within the “Recent Developments” section, (ii) TWX’s board of directors’ consideration of the Separation and the Transactions, including the section entitled “Reasons for the Spin-Off” and (iii) the description relating to the solicitation of consents from the holders of certain outstanding public debt of TWX or its subsidiaries guaranteed by AOL LLC.

“TWX Equity Award Payable” has the meaning ascribed thereto in the EMA.

“TWX Group” means TWX and each of its controlled Affiliates.

“TWX Indemnitees” has the meaning set forth in Section 6.02.

“TWX Liabilities” means the Liabilities of the TWX Group, including the TWX Retained Liabilities and the Liabilities assumed by or assigned to the TWX Group pursuant to this Agreement, but excluding the AOL LLC Liabilities.

“TWX Retained Assets” means the Assets to be retained by TWX, as listed in Schedule II.

“TWX Retained Liabilities” means the Liabilities to be retained by TWX, as listed in Schedule III.

## ARTICLE II

### The Separation

SECTION 2.01. Transfer of Assets and Assumption of Liabilities. (a) Prior to the Distribution, the Parties shall cause the Internal Transactions to be completed.

(b) In the event that it is discovered after the Distribution that there was an omission of the transfer or conveyance by one Party (or any other member of its Group) to, and the acceptance or assumption by, the other Party (or any other member of its Group) of any Asset or Liability that, had the Parties given specific consideration to such Asset or Liability prior to the Distribution, would have otherwise been so transferred or conveyed pursuant to this Agreement or the Assignment and Assumption Agreement, the Parties shall use reasonable best efforts to promptly effect such transfer or conveyance of such Asset or Liability. Any transfer or conveyance made pursuant to this Section 2.01(b) shall be treated by the Parties for all purposes as if it had occurred immediately prior to the Distribution.

(c) In the event that it is discovered after the Distribution that there was a transfer or conveyance by one Party (or any other member of its Group) to, and the acceptance or assumption by, the other Party (or any other member of its Group) of any Asset or Liability that was intended to be retained by the transferring or conveying Party pursuant to this Agreement or the Assignment and Assumption Agreement, the Parties shall use reasonable best efforts to promptly transfer or convey such Asset or Liability back to the transferring or conveying Party. Any transfer or conveyance made pursuant to this Section 2.01(c) shall be treated by the Parties for all purposes as if such Asset or Liability had never been originally transferred or conveyed.

(d) To the extent that any transfer or conveyance of any Asset or acceptance or assumption of any Liability required by this Agreement or the Assignment and Assumption Agreement to be so transferred, conveyed, accepted or assumed shall not have been completed prior to the Distribution, the Parties shall use reasonable best efforts to effect such transfer, conveyance, acceptance or assumption as promptly following the Distribution as shall be practicable. Nothing in this Agreement shall be deemed to require the transfer or conveyance of any Assets or the acceptance or assumption of any Liabilities which by their terms or operation of law cannot be so transferred, conveyed, accepted or assumed; provided, however, that the Parties shall use reasonable best efforts to obtain any necessary Consents for the transfer, conveyance, acceptance or assumption (as applicable) of all Assets and Liabilities required by this Agreement or the Assignment and Assumption Agreement to be so transferred, conveyed, accepted or assumed. In the event that any such transfer, conveyance, acceptance or assumption (as applicable) has not been completed effective as of and after the Distribution, the Party retaining such Asset or Liability shall thereafter hold such Asset for the use and benefit of the Party entitled thereto (at the expense of the Party entitled thereto) and retain such Liability for the account, and at the expense, of the Party by whom such Liability should have been assumed or accepted pursuant to this Agreement or the Assignment and Assumption Agreement, and take such other action as may be reasonably requested by the Party to which such Asset should have been transferred or conveyed, or by whom such Liability should have been assumed or accepted, as the case may be, in order to place such Party, insofar as reasonably possible, in the same position as would have existed had such Asset or Liability been transferred, conveyed, accepted or assumed (as applicable) as contemplated by this Agreement or the Assignment and Assumption Agreement. As and when any such Asset or Liability becomes transferable, the Parties shall use reasonable best efforts to promptly effect such transfer, conveyance, acceptance or assumption (as applicable). Any transfer, conveyance, acceptance or assumption made pursuant to this Section 2.01(d) shall be treated by the Parties for all purposes as if it had occurred immediately prior to the Distribution.

(e) After the First AOL LLC Distribution and until the Distribution, TWX shall cause AOL LLC not to engage in any business or conduct any activities unrelated to the Separation or the Distribution, and during such period TWX shall not, and shall cause TWA LLC not to, take any affirmative action to change or remove any officers or directors of AOL LLC, in each case unless AOL consents (such consent not to be unreasonably withheld).

SECTION 2.02. Certain Matters Governed Exclusively by Ancillary Agreements. Each of TWX and AOL agrees on behalf of itself and its Subsidiaries that, except as explicitly provided in this Agreement or any Ancillary Agreement, (i) the TMA shall exclusively govern all matters relating to Taxes between such parties, (ii) the EMA shall exclusively govern the allocation of Assets and Liabilities related to employee and employee benefits-related matters (except for those matters involving the Payables Transactions which are governed by Schedule IV hereto), including the existing equity plans with respect to employees and former employees of members of both the TWX Group and the AOL Group, (iii) the Transition Services Agreement shall exclusively govern all matters relating to the provision of certain services identified therein to be provided by each Party to the other on a transitional basis following the Distribution, and (iv) the IPA shall exclusively govern all matters relating to the mutual licensing of certain intellectual property identified therein between members of the TWX Group and the AOL Group.

SECTION 2.03. Termination of Agreements. (a) Except as set forth in Section 2.03(b) or as otherwise provided by the steps constituting the Internal Transactions, in furtherance of the releases and other provisions of Section 6.01, effective as of the Distribution, AOL and each other member of the AOL Group, on the one hand, and TWX and each other member of the TWX Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments and understandings, oral or written, including all intercompany accounts payable or accounts receivable ("Intercompany Accounts"), between such parties and in effect or accrued as of the Distribution. No such terminated Intercompany Account, agreement, arrangement, commitment or understanding (including any provision thereof that purports to survive termination) shall be of any further force or effect after the Distribution Date. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.03(a) shall not apply to any of the following agreements, arrangements, commitments, understandings or Intercompany Accounts (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement, arrangement, commitment, understanding or Intercompany Account expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by either Party or any other member of its Group), (ii) any existing written agreements, arrangements, commitments or understandings to provide services between a member of the AOL Group, on the one hand, and a member of the TWX Group, on the other hand, that have been entered into in the ordinary course of business on an arm's-length basis, including outstanding operational intercompany trade receivables or payables incurred on such basis but excluding Qualified Intercompany Accounts and (iii) any other agreements, arrangements, commitments, understandings or Intercompany Accounts that this Agreement or any Ancillary Agreement expressly contemplates will survive the Distribution Date.

SECTION 2.04. Disclaimer of Representations and Warranties. Each of TWX (on behalf of itself and each other member of the TWX Group) and AOL (on behalf of itself and each other member of the AOL Group) understands and agrees that, except as expressly set forth herein, no Party to this Agreement or any other agreement or document contemplated by this Agreement is representing or warranting in any way as to any Assets, businesses or Liabilities transferred or assumed as contemplated hereby or thereby, as to any consents or approvals required in connection therewith, as to the value or freedom from any Security Interests of, or any other matter concerning, any Assets of such Party, or as to the absence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other Asset, including any accounts receivable, of any such Party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Asset or thing of value upon the execution, delivery and filing hereof or thereof. Except as may expressly be set forth herein, any such Assets are being transferred on an "as is," "where is" basis and the respective transferees shall bear the economic and legal risks that (a) any conveyance shall prove to be insufficient to vest in the transferee good and marketable title, free and clear of any Security Interest, and (b) any necessary Governmental Approvals or other Consents are not obtained or that any requirements of laws or judgments are not complied with.

### ARTICLE III

#### Credit Facilities

SECTION 3.01. Replacement of Credit Support. (a) AOL shall use reasonable best efforts to arrange, at its sole cost and expense and effective as early as possible prior to the Distribution Date, the replacement of all guarantees, covenants, indemnities, surety bonds, letters of credit or similar assurances or credit support ("Credit Support Instruments") provided by or through TWX or any other member of the TWX Group for the benefit of AOL or any other member of the AOL Group ("TWX Credit Support Instruments") with alternate arrangements that do not require any credit support from TWX or any other member of the TWX Group, and shall use reasonable best efforts to obtain from the beneficiaries of such Credit Support Instruments written releases (which in the case of a letter of credit or bank guarantee would be effective upon surrender of the original TWX Credit Support Instrument to the originating bank and such bank's confirmation to TWX of cancellation thereof) indicating that TWX or such other member of the TWX Group will, effective upon the consummation of the Distribution, have no liability with respect to such Credit Support Instruments, in each case reasonably satisfactory to TWX; provided, however, that in the event that AOL shall not have obtained all such releases on or prior to the Distribution Date, the terms of the Credit Support Agreement shall govern all such unreleased TWX Credit Support Instruments.

(b) TWX shall use reasonable best efforts to arrange, at its sole cost and expense and effective on or prior to the Distribution Date, the replacement of all Credit Support Instruments provided by AOL or any other member of the AOL Group for the benefit of TWX or any other member of the TWX Group with alternate arrangements that do not require any credit support from AOL or any other member of the AOL Group, and shall use reasonable best efforts to obtain from the beneficiaries of such Credit Support Instruments written releases indicating that AOL or such other member of the AOL Group will, effective upon the consummation of the Distribution, have no liability with respect to such Credit Support Instruments, in each case reasonably satisfactory to AOL; provided, however, that in the event that TWX shall not have obtained all such releases on or prior to the Distribution Date, TWX shall provide AOL with letters of credit or guarantees, in each case issued by a bank reasonably acceptable to AOL, against losses arising from all such Credit Support Instruments, or if AOL agrees in writing, cash collateralize the full amount of any outstanding Credit Support Instrument with respect to which such release has not been obtained.

(c) TWX and AOL shall provide each other with written notice of all Credit Support Instruments a reasonable period prior to the Distribution.

#### ARTICLE IV

##### Actions Pending the Distribution

SECTION 4.01. Actions Prior to the Distribution. (a) Subject to the conditions specified in Section 4.02 and subject to Section 5.03, TWX and AOL shall use reasonable best efforts to consummate the Distribution. Such actions shall include those specified in this Section 4.01.

(b) Prior to the Distribution, TWX shall mail the Information Statement to the holders of TWX Common Stock as of the Record Date.

(c) AOL shall prepare, file with the Commission and use its reasonable best efforts to cause to become effective any registration statements or amendments thereto required to effect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements.

(d) TWX and AOL shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the Distribution.

(e) AOL shall prepare and file, and shall use reasonable best efforts to have approved prior to the Distribution, an application for the listing of the AOL Common Stock to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(f) Prior to the Distribution, the existing directors of AOL shall duly elect the individuals listed as members of the AOL board of directors in the Information Statement, and such individuals shall be the members of the AOL board of directors effective as of immediately after the Distribution; provided, however, that to the extent required by any Law or requirement of the NYSE or any other national securities exchange, as applicable, one independent director shall be appointed by the existing board of directors of AOL and begin his or her term prior to the Distribution and shall serve on AOL's audit and finance committee.

(g) Prior to the Distribution, TWX shall deliver or cause to be delivered to AOL resignations, effective as of immediately after the Distribution, of each individual who will be an employee of any member of the TWX Group after the Distribution and who is an officer or director of any member of the AOL Group immediately prior to the Distribution.

(h) Immediately prior to the Distribution, the Amended and Restated Certificate of Incorporation and By-laws of AOL, each in substantially the form filed as an exhibit to the Form 10, shall be in effect.

(i) Prior to the Distribution, AOL shall make capital and other expenditures and operate its cash management, accounts payable and receivables collection systems in the ordinary course consistent with prior practice; provided, however, that AOL may take such actions as AOL deems appropriate to cause any excess Cash held by any non-U.S. Subsidiary of AOL to be transferred to AOL or any Subsidiary of AOL.

(j) TWX and AOL shall, subject to Section 5.03, take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 4.02 to be satisfied and to effect the Distribution on the Distribution Date.

SECTION 4.02. Conditions Precedent to Consummation of the Distribution. Subject to Section 5.03, as soon as practicable after the date of this Agreement, the Parties shall use reasonable best efforts to satisfy the following conditions prior to the consummation of the Distribution. The obligations of the Parties to consummate the Distribution shall be conditioned on the satisfaction, or waiver by TWX, of the following conditions:

(a) The board of directors of TWX shall have authorized and approved the Separation and Distribution and not withdrawn such authorization and approval, and shall have declared the dividend of AOL Common Stock to TWX shareholders.

(b) Each Ancillary Agreement shall have been executed by each party thereto.

(c) The Form 10 shall have been declared effective by the Commission, no stop order suspending the effectiveness of the Form 10 shall be in effect, and no proceedings for such purpose shall be pending before or threatened by the Commission.

(d) The AOL Common Stock shall have been accepted for listing on the NYSE or another national securities exchange approved by TWX, subject to official notice of issuance.

(e) TWX shall have received the written opinion of Cravath, Swaine & Moore LLP, which shall remain in full force and effect, that each of the Transactions will qualify for its Intended Tax Treatment.

(f) The Internal Transactions shall have been completed.

(g) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Distribution shall be in effect, and no other event outside the control of TWX shall have occurred or failed to occur that prevents the consummation of the Distribution.

(h) No other events or developments shall have occurred prior to the Distribution that, in the judgment of the board of directors of TWX, would result in the Distribution having a material adverse effect on TWX or the shareholders of TWX.

(i) The actions set forth in Sections 4.01(b), (f), (g) and (h) shall have been completed.

(j) AOL shall have delivered to TWX a certificate signed by the Chief Financial Officer of AOL, dated as of the Distribution Date, certifying that AOL has complied with Section 4.01(i).

The foregoing conditions are for the sole benefit of TWX and shall not give rise to or create any duty on the part of TWX or the TWX board of directors to waive or not waive such conditions or in any way limit the right of TWX to terminate this Agreement as set forth in Article X or alter the consequences of any such termination from those specified in such Article. Any determination made by the TWX board of directors prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 4.02 shall be conclusive.

## ARTICLE V

### The Distribution

SECTION 5.01. The Distribution. (a) AOL shall cooperate with TWX to accomplish the Distribution and shall, at the direction of TWX, use its reasonable best efforts to promptly take any and all actions necessary or desirable to effect the Distribution. TWX shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, distribution agent and financial, legal, accounting and other advisors for TWX. TWX or AOL, as the case may be, will provide, or cause the applicable member of its Group to provide, to the Agent all share certificates and any information required in order to complete the Distribution.

(b) Subject to the terms and conditions set forth in this Agreement, (i) on or prior to the Distribution Date, for the benefit of and distribution to the holders of TWX Common Stock (other than shares of restricted stock issued pursuant to TWX equity plans) as of the Record Date (“Record Holders”), TWX will deliver to the Agent all of the issued and outstanding shares of AOL Common Stock then owned by TWX or any other member of the TWX Group and book-entry authorizations for such shares and (ii) on the Distribution Date, TWX shall instruct the Agent to distribute, by means of a pro rata dividend, to each Record Holder (or such Record Holder’s bank or brokerage firm on such Record Holder’s behalf) electronically, by direct registration in book-entry form, the number of shares of AOL Common Stock to which such Record Holder is entitled based on a distribution ratio to be determined by TWX in its sole discretion. The Distribution shall be effective at 11:59 p.m. New York City time on the Distribution Date. On or as soon as practicable after the Distribution Date, the Agent will mail an account statement indicating the number of shares of AOL Common Stock that have been registered in book-entry form in the name of each Record Holder.

SECTION 5.02. Fractional Shares. The Agent and TWX shall, as soon as practicable after the Distribution Date, (a) determine the number of whole shares and fractional shares of AOL Common Stock allocable to each Record Holder, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests and (c) distribute to each such holder, or for the benefit of each beneficial owner, such holder's or owner's ratable share of the net proceeds of such sale, based upon the average gross selling price per share of AOL Common Stock after making appropriate deductions for any amount required to be withheld under applicable Tax Law and less any brokers' charges, commissions or transfer Taxes. The Agent, in its sole discretion, will determine the timing and method of selling such fractional shares, the selling price of such fractional shares and the broker-dealer to which such fractional shares will be sold; provided, however, that the designated broker-dealer is not an Affiliate of TWX or AOL. Neither TWX nor AOL will pay any interest on the proceeds from the sale of fractional shares.

SECTION 5.03. Sole Discretion of TWX. TWX shall, in its sole and absolute discretion, determine the Record Date, the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition and notwithstanding anything to the contrary set forth below, TWX may at any time and from time to time until the Distribution decide to abandon the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution.

## ARTICLE VI

### Mutual Releases; Indemnification

SECTION 6.01. Release of Pre-Distribution Claims. (a) Except as provided in Section 6.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, AOL does hereby, for itself and each other member of the AOL Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution Date have been shareholders, directors, officers, agents or employees of any member of the AOL Group (in each case, in their respective capacities as such), remise, release and forever discharge TWX and the other members of the TWX Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution Date have been shareholders, directors, officers, agents or employees of any member of the TWX Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all AOL Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement the Separation or the Distribution. This Section 6.01(a) shall not affect TWX's indemnification obligations under Article VI of its Bylaws, as in effect on the date on which the event or circumstances giving rise to such indemnification obligation occur.

(b) Except as provided in Section 6.01(c) or elsewhere in this Agreement or the Ancillary Agreements, effective as of the Distribution, TWX does hereby, for itself and each other member of the TWX Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution Date have been shareholders, directors, officers, agents or employees of any member of the TWX Group (in each case, in their respective capacities as such), remise, release and forever discharge AOL, the other members of the AOL Group, their respective Affiliates, successors and assigns, and all Persons who at any time on or prior to the Distribution Date have been shareholders, directors, officers, agents or employees of any member of the AOL Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all TWX Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement the Separation or the Distribution.

(c) Nothing contained in Section 6.01(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.03(b) not to terminate as of the Distribution, in each case in accordance with its terms. Nothing contained in Section 6.01(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the TWX Group or the AOL Group that is specified in Section 2.03(b) as not to terminate as of the Distribution, or any other Liability specified in such Section 2.03(b) as not to terminate as of the Distribution;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability provided in or resulting from any other agreement or understanding that is entered into after the Distribution between one Party (and/or a member of such Party's Group), on the one hand, and the other Party (and/or a member of such Party's Group), on the other hand;

(iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement for claims brought against the Parties, the members of their respective Groups or any of their respective directors, officers, employees or agents, by third Persons, which Liability shall be governed by the provisions of this Article VI or, if applicable, the appropriate provisions of the relevant Ancillary Agreement;

(v) in the case of AOL, any AOL LLC Liability; or

(vi) any Liability the release of which would result in the release of any Person not otherwise intended to be released pursuant to this Section 6.01.

(d) AOL shall not make, and shall not permit any other member of the AOL Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against TWX or any other member of the TWX Group, or any other Person released pursuant to Section 6.01(a), with respect to any AOL Liabilities released pursuant to Section 6.01(a). TWX shall not make, and shall not permit any other member of the TWX Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against AOL or any other member of the AOL Group, or any other Person released pursuant to Section 6.01(b), with respect to any TWX Liabilities released pursuant to Section 6.01(b).

(e) It is the intent of each of TWX and AOL, by virtue of the provisions of this Section 6.01, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among AOL or any other member of the AOL Group, on the one hand, and TWX or any other member of the TWX Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as set forth in Section 6.01(c) or elsewhere in this Agreement. At any time, at the request of the other Party, each Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

**SECTION 6.02. Indemnification by AOL.** Subject to Section 6.05 and the exception in Section 6.02(d), AOL shall indemnify, defend and hold harmless TWX, each other member of the TWX Group and each of their respective former and current directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "TWX Indemnitees"), from and against any and all Liabilities of the TWX Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the AOL Business, including the failure of AOL or any other member of the AOL Group or any other Person to pay, perform or otherwise promptly discharge any Liability relating to or arising out of or resulting from the AOL Business in accordance with its terms, whether prior to or after the Distribution (but not including the TWX Retained Assets and TWX Retained Liabilities);

(b) the AOL Liabilities;

(c) any breach by AOL or any other member of the AOL Group of this Agreement; and

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in, or incorporated by reference into, the Form 10 and any other documents filed with the Commission in connection with the Transactions or as contemplated by this Agreement, other than with respect to the TWX Disclosure Sections.

SECTION 6.03. Indemnification by TWX. Subject to Section 6.05, TWX shall indemnify, defend and hold harmless AOL, each other member of the AOL Group and each of their respective former and current directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “AOL Indemnitees”), from and against any and all Liabilities of the AOL Indemnitees relating to, arising out of or resulting from any of the following items (without duplication):

(a) the TWX Business, including the failure of TWX or any other member of the TWX Group or any other Person to pay, perform or otherwise promptly discharge any Liability relating to, arising out of or resulting from the TWX Business in accordance with its terms, whether prior to or after the Distribution;

(b) the TWX Retained Assets;

(c) the TWX Liabilities;

(d) any breach by TWX or any other member of the TWX Group of this Agreement; and

(e) the waiver by TWX of any conditions in Section 4.02.

SECTION 6.04. Indemnification of AOL Directors, Officers and Employees. AOL LLC will retain as TWX Retained Liabilities any obligation to indemnify or advance funds, consistent with Delaware law, to any person who is or was a director, officer or employee of the AOL Group (“Covered Employees”) for liabilities arising out of the AOL Actions and Investigations. Notwithstanding the foregoing, AOL LLC and TWX shall not be required to make indemnification payments or advance funds to the Covered Employees in excess of (i) the amount of funds in the Escrow Account as of the Distribution, less (ii) any funds distributed from the Escrow Account after the Distribution Date to individuals who are not Covered Employees (such difference, the “TW Coverage Amount”). AOL shall indemnify, defend and hold harmless TWX from any obligation to indemnify or advance funds to any person who is or was a director, officer or employee of the AOL Group for liabilities arising out of the AOL Actions and Investigations in excess of the TW Coverage Amount. AOL LLC will retain as TWX Retained Assets the agreements entered into by AOL LLC with Covered Employees with respect to the obligation of such Covered Employees to repay amounts advanced on their behalf if indemnification is not approved by the AOL LLC Board of Managers.

SECTION 6.05. Indemnification Obligations Net of Insurance Proceeds and Third-Party Proceeds. (a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement will be net of (i) Insurance Proceeds that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability or (ii) other amounts recovered from any third-party that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability (“Third-Party Proceeds”). Accordingly, the amount that either Party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification or reimbursement pursuant to this Agreement (an “Indemnitee”) will be reduced by any Insurance Proceeds or Third-Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee from a third-party in respect of the related Liability. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an “Indemnity Payment”) and subsequently receives Insurance Proceeds or Third-Party Proceeds in respect of such Liability, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if such Insurance Proceeds or Third-Party Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of the indemnification provisions hereof, it being expressly understood and agreed that no insurer or any other third-party shall be entitled to a “wind-fall” (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Each member of the TWX Group and AOL Group shall use reasonable best efforts to seek to collect or recover any Insurance Proceeds and any Third-Party Proceeds to which such Person is entitled in connection with any Liability for which such Person seeks indemnification pursuant to this Article VI; provided, however, that such Person’s inability to collect or recover any such Insurance Proceeds or Third-Party Proceeds shall not limit the Indemnifying Party’s obligations hereunder.

(c) The calculation of any Indemnity Payments required by this Agreement shall be subject to Section 6.04 of the TMA.

SECTION 6.06. Procedures for Indemnification of Third-Party Claims. (a) If an Indemnitee shall receive notice or otherwise learn of a Third-Party Claim with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as reasonably practicable, but no later than 30 days after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 6.06(a) shall not relieve the related Indemnifying Party of its obligations under this Article VI, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third-Party Claim. Within 30 days after the receipt of notice from an Indemnitee in accordance with Section 6.06(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election as to whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee, except that the Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee (i) for any period during which the Indemnifying Party has not assumed the defense of such Third-Party Claim (other than during any period in which the Indemnitee shall have failed to give notice of the Third-Party Claim in accordance with Section 6.06(a) or (ii) to the extent that such engagement of counsel is as a result of a conflict of interest, as reasonably determined by the Indemnitee acting in good faith.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnitee of its election as provided in Section 6.06(b), such Indemnitee may defend such Third-Party Claim at the cost and expense of the Indemnifying Party.

(d) If an Indemnifying Party elects to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnitee(s) shall, subject to the terms of this Agreement, cooperate with the Indemnifying Party with respect to the defense of such Third-Party Claim.

(e) No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any Third-Party Claim without the consent of the applicable Indemnitee or Indemnitees; provided, however, that such Indemnitee(s) shall be required to consent to such entry of judgment or to such settlement that the Indemnifying Party may recommend if the judgment or settlement (i) contains no finding or admission of any violation of Law or any violation of the rights of any Person, (ii) involves only monetary relief which the Indemnifying Party has agreed to pay and (iii) includes a full and unconditional release of the Indemnitee. Notwithstanding the foregoing, in no event shall an Indemnitee be required to consent to any entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against any Indemnitee.

(f) Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, no Indemnitee shall admit any liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (such consent not to be unreasonably withheld or delayed).

SECTION 6.07. Additional Matters. (a) Any claim on account of a Liability that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Party as contemplated by this Agreement.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action relating to a Liability that has been allocated to an Indemnifying Party pursuant to the terms of this Agreement or any Ancillary Agreement in which the Indemnifying Party is not a named defendant, if the Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant or add the Indemnifying Party as an additional named defendant, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts, fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

SECTION 6.08. Remedies Cumulative. The remedies provided in this Article VI shall be cumulative and, subject to the provisions of Article IX shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

SECTION 6.09. Survival of Indemnities. The rights and obligations of each of TWX and AOL and their respective Indemnitees under this Article VI shall survive the sale or other transfer by any Party or its Affiliates of any Assets or businesses or the assignment by it of any Liabilities.

SECTION 6.10. Limitation on Liability. Except as may expressly be set forth in this Agreement, none of TWX, AOL or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other TWX Indemnitee or AOL Indemnitee, as applicable, under this Agreement (i) with respect to any matter to the extent that such Party seeking indemnification has engaged in any knowing violation of Law or fraud in connection therewith or (ii) for any indirect, special, punitive or consequential damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages; provided, however, that the provisions of this Section 6.10(ii) shall not limit an Indemnifying Party's indemnification obligations hereunder with respect to any Liability any Indemnitee may have to any third-party not affiliated with any member of the TWX Group or the AOL Group for any indirect, special, punitive or consequential damages.

ARTICLE VII

Access to Information; Confidentiality

SECTION 7.01. Agreement for Exchange of Information; Archives. (a) Except in the case of an adversarial Action or threatened adversarial Action by either TWX or AOL or a Person or Persons in its Group against the other Party or a Person or Persons in its Group, and subject to Section 7.01(b), each of TWX and AOL, on behalf of its respective Group, shall provide, or cause to be provided, to the other Party, at any time before or after the Distribution, as soon as reasonably practicable after written request therefor, any Information relating to time periods on or prior to the Distribution Date in the possession or under the control of such respective Group, which TWX or AOL, or any member of its respective Group, as applicable, reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on TWX or AOL, or any member of its respective Group, as applicable (including under applicable securities laws), by any national securities exchange or any Governmental Authority having jurisdiction over TWX or AOL, or any member of its respective Group, as applicable, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, regulatory, litigation or other similar requirements or (iii) to comply with its obligations under this Agreement or any Ancillary Agreement. The receiving Party shall use any Information received pursuant to this Section 7.01(a) solely to the extent reasonably necessary to satisfy the applicable obligations or requirements described in clause (i), (ii) or (iii) of the immediately preceding sentence.

(b) In the event that either TWX or AOL determines that the exchange of any Information pursuant to Section 7.01(a) could be commercially detrimental, violate any Law or agreement or waive or jeopardize any attorney-client privilege or attorney work product protection, such Party shall not be required to provide access to or furnish such Information to the other Party; provided, however, that both TWX and AOL shall take all commercially reasonable measures to permit the compliance with Section 7.01(a) in a manner that avoids any such harm or consequence. Both TWX and AOL intend that any provision of access to or the furnishing of Information pursuant to this Section 7.01 that would otherwise be within the ambit of any legal privilege shall not operate as waiver of such privilege.

(c) TWX and AOL each agree that it will only process personal data (as defined by EU Directive 95/46/EC of 24 October 1995) provided to it by the other Group in accordance with all applicable privacy and data protection law obligations and will implement and maintain at all times appropriate technical and organizational measures to protect such personal data against unauthorized or unlawful processing and accidental loss, destruction, damage, alteration and disclosure. In addition, each Party agrees to provide reasonable assistance to the other Party in respect of any obligations under privacy and data protection legislation affecting the disclosure of such personal data to the other Party and will not knowingly process such personal data in such a way to cause the other Party to violate any of its obligations under any applicable privacy and data protection legislation.

SECTION 7.02. Ownership of Information. Any Information owned by one Group that is provided to the requesting Party hereunder shall be deemed to remain the property of the providing Party. Except as specifically set forth herein, nothing herein shall be construed as granting or conferring rights of license or otherwise in any such Information.

SECTION 7.03. Compensation for Providing Information. TWX and AOL shall reimburse each other for the reasonable costs, if any, in complying with a request for Information pursuant to this Article VII. Except as may be otherwise specifically provided elsewhere in this Agreement, such costs shall be computed in accordance with AOL's or TWX's, as applicable, standard methodology and procedures.

SECTION 7.04. Record Retention. To facilitate the possible exchange of Information pursuant to this Article VII and other provisions of this Agreement, each of TWX and AOL shall use its reasonable best efforts to retain all Information in accordance with its respective record retention policy as in effect on the date hereof.

SECTION 7.05. Accounting Information. Without limiting the generality of Section 7.01 but subject to Section 7.01(b):

(a) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards as required by Law for TWX to prepare consolidated financial statements or complete a financial statement audit for any period during which the financial results of the AOL Group were consolidated with those of TWX), AOL shall use its reasonable best efforts to enable TWX to meet its timetable for dissemination of its financial statements and to enable TWX's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) AOL shall authorize and direct its auditors to make available to TWX's auditors, within a reasonable time prior to the date of TWX's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of AOL and (y) work papers related to such annual audits and quarterly reviews, to enable TWX's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of AOL's auditors as it relates to TWX's auditors' opinion or report and (ii) until all governmental audits are complete, AOL shall provide reasonable access during normal business hours for TWX's internal auditors, counsel and other designated representatives to (x) the premises of AOL and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of AOL and its Subsidiaries and (y) the officers and employees of AOL and its Subsidiaries, so that TWX may conduct reasonable audits relating to the financial statements provided by AOL and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the AOL Group.

(b) Until the end of the first full fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards or as required by Law), TWX shall use its reasonable best efforts to enable AOL to meet its timetable for dissemination of its financial statements and to enable AOL's auditors to timely complete their annual audit and quarterly reviews of financial statements. As part of such efforts, to the extent reasonably necessary for the preparation of financial statements or completing an audit or review of financial statements or an audit of internal control over financial reporting, (i) TWX shall authorize and direct its auditors to make available to AOL's auditors, within a reasonable time prior to the date of AOL's auditors' opinion or review report, both (x) the personnel who performed or will perform the annual audits and quarterly reviews of TWX and (y) work papers related to such annual audits and quarterly reviews, to enable AOL's auditors to perform any procedures they consider reasonably necessary to take responsibility for the work of TWX's auditors as it relates to AOL's auditors' opinion or report and (ii) until all governmental audits are complete, TWX shall provide reasonable access during normal business hours for AOL's internal auditors, counsel and other designated representatives to (x) the premises of TWX and its Subsidiaries and all Information (and duplicating rights) within the knowledge, possession or control of TWX and its Subsidiaries and (y) the officers and employees of TWX and its Subsidiaries, so that AOL may conduct reasonable audits relating to the financial statements provided by TWX and its Subsidiaries; provided, however, that such access shall not be unreasonably disruptive to the business and affairs of the TWX Group.

(c) In order to enable the principal executive officer(s) and principal financial officer(s) (as such terms are defined in the rules and regulations of the Commission) of TWX to make any certifications required of them under Section 302 or 906 of the Sarbanes-Oxley Act of 2002, AOL shall, within a reasonable period of time following a request from TWX in anticipation of filing such reports, cause its principal executive officer(s) and principal financial officer(s) to provide TWX with certifications of such officers in support of the certifications of TWX's principal executive officer(s) and principal financial officer(s) required under Section 302 or 906 of the Sarbanes-Oxley Act of 2002 with respect to TWX's Quarterly Report on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs (unless such quarter is the fourth fiscal quarter), each subsequent fiscal quarter through the third fiscal quarter of the year in which the Distribution Date occurs and TWX's Annual Report on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs. Such certifications shall be provided in substantially the same form and manner as such AOL officers provided prior to the Distribution (reflecting any changes in certifications necessitated by the Separation, the Distribution or any other transactions related thereto) or as otherwise agreed upon between TWX and AOL.

SECTION 7.06. Limitations of Liability. Neither TWX nor AOL shall have any Liability to the other Party in the event that any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or that is based on an estimate or forecast, is found to be inaccurate in the absence of wilful misconduct by the providing Person. Neither TWX nor AOL shall have any Liability to the other Party if any Information is destroyed after reasonable best efforts by AOL or TWX, as applicable, to comply with the provisions of Section 7.04.

SECTION 7.07. Production of Witnesses; Records; Cooperation. (a) After the Distribution Date and until the third anniversary thereof, except in the case of an adversarial Action or threatened adversarial Action by either TWX or AOL or a Person or Persons in its Group against the other Party or a Person or Persons in its Group, each of TWX and AOL shall take all reasonable steps to make available, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the Persons in its respective Group (whether as witnesses or otherwise) and any books, records or other documents within its control or that it otherwise has the ability to make available, to the extent that such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or threatened or contemplated Action (including preparation for such Action) in which TWX or AOL, as applicable, may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all reasonable out-of-pocket costs and expenses in connection therewith.

(b) Without limiting the foregoing, TWX and AOL shall use their reasonable best efforts to cooperate and consult to the extent reasonably necessary with respect to any Actions or threatened or contemplated Actions, other than an adversarial Action against the other Group.

(c) The obligation of TWX and AOL to make available former, current and future directors, officers, employees and other personnel and agents or provide witnesses and experts pursuant to this Section 7.07 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to make available employees and other officers without regard to whether such individual or the employer of such individual could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 7.07(a)). Without limiting the foregoing, each of TWX and AOL agrees that neither it nor any Person or Persons in its respective Group will take any adverse action against any employee of its Group based on such employee's provision of assistance or information to each other pursuant to this Section 7.07.

(d) Upon the reasonable request of TWX or AOL, in connection with any Action contemplated by this Article VII, TWX and AOL will enter into a mutually acceptable common interest agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of either Group.

SECTION 7.08. Confidential Information. (a) Each of TWX and AOL, on behalf of itself and each Person in its respective Group, shall hold, and cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold, in strict confidence and not release or disclose, with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own confidential and proprietary information pursuant to policies in effect as of the Distribution Date, all Information concerning the other Group or its business that is either in its possession (including Information in its possession prior to the Distribution) or furnished by the other Group or its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder, except, in each case, to the extent that such Information is (i) in the public domain through no fault of any member of the TWX Group or the AOL Group, as applicable, or any of its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) later lawfully acquired from other sources by any of TWX, AOL or its respective Group, employees, directors or agents, accountants, counsel and other advisors and representatives, as applicable, which sources are not themselves bound by a confidentiality obligation to the knowledge of any of TWX, AOL or Persons in its respective Group, as applicable, (iii) independently generated without reference to any proprietary or confidential Information of the TWX Group or the AOL Group, as applicable, or (iv) required to be disclosed by Law; provided, however, that the Person required to disclose such Information gives the applicable Person prompt, and to the extent reasonably practicable, prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially reasonable efforts to cooperate, at the expense of the requesting Person, in seeking any reasonable protective arrangements requested by such Person. In the event that such appropriate protective order or other remedy is not obtained, the Person that is required to disclose such Information shall furnish, or cause to be furnished, only that portion of such Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Information. Notwithstanding the foregoing, each of TWX and AOL may release or disclose, or permit to be released or disclosed, any such Information concerning the other Group (x) to their respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who need to know such Information (who shall be advised of the obligations hereunder with respect to such Information), and (y) to any nationally recognized statistical rating agency as it reasonably deems necessary, solely for the purpose of obtaining a rating of securities upon normal terms and conditions; provided, however, that the Party whose Information is being disclosed or released to such rating agency is promptly notified thereof.

(b) Without limiting the foregoing, when any Information concerning the other Group or its business is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each of TWX and AOL will, promptly after request of the other Party, either return all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party, as applicable, that it has destroyed such Information (and used commercially reasonable efforts to destroy all such Information electronically preserved or recorded within any computerized data storage device or component (including any hard-drive or database)).

SECTION 7.09. AOL LLC Corporate Records. Prior to the Distribution Date, AOL shall deliver, or cause to be delivered, to TWX original copies of all of AOL LLC's corporate records; provided, however, that AOL may retain copies of such records and, to the extent it does not keep copies, shall have the right to request access to such corporate records in accordance with the provisions of this Article VII.

## ARTICLE VIII

### Insurance

SECTION 8.01. Insurance. (a) Until and including the Distribution Date, TWX shall (i) cause the members of the AOL Group and their respective employees, officers and directors to continue to be covered as insured parties under TWX's policies of insurance in a manner which is no less favorable than the coverage provided for the TWX Group and (ii) permit the members of the AOL Group and their respective employees, officers and directors to submit claims arising from or relating to facts, circumstances, events or matters that occurred at or prior to the Distribution Date to the extent permitted under such policies. With respect to policies currently procured by AOL for the sole benefit of the AOL Group, AOL shall continue to maintain such insurance coverage through the Distribution Date in a manner no less favorable than currently provided. Without limiting any of the rights or obligations of the parties pursuant to Section 8.01(b), TWX and AOL acknowledge that, as of immediately after the Distribution Date, TWX intends to take such action as it may deem necessary or desirable to remove the members of the AOL Group and their respective employees, officers and directors as insured parties under any policy of insurance issued to any member of the TWX Group by any insurance carrier effective immediately following the Distribution Date, and that the AOL Group will not be entitled following the Distribution Date, absent mutual agreement otherwise, to make any claims for insurance thereunder to the extent such claims are based upon facts, circumstances, events or matters occurring after the Distribution Date or to the extent any claims are made pursuant to any TWX claims-made policies. No member of the TWX Group shall be deemed to have made any representation or warranty as to the availability of any coverage under any such insurance policy. Notwithstanding the foregoing, TWX shall, and shall cause the other members of the TWX Group to, use reasonable best efforts to take such actions as are necessary to cause all insurance policies of the TWX Group that immediately prior to the Distribution provide coverage to or with respect to the members of the AOL Group and their respective employees, officers and directors to continue to provide such coverage with respect to acts, omissions and events occurring prior to the Distribution in accordance with their terms as if the Distribution had not occurred; provided, however, that in no event shall TWX be required to extend or maintain coverage under claims-made policies with respect to any claims first made against a member of the AOL Group or first reported to the insurer after the Distribution Date.

(b) After the Distribution Date, the members of each of the TWX Group and the AOL Group shall have the right to assert Pre-Separation Insurance Claims and the members of the AOL Group shall have the right to participate with TWX to resolve Pre-Separation Insurance Claims under the applicable TWX insurance policies up to the full extent of the applicable and available limits of Liability of such policy. TWX or AOL, as the case may be, shall have primary control over those Pre-Separation Insurance Claims for which the TWX Group or the AOL Group, respectively, bears the underlying loss, subject to the terms and conditions of the relevant policy of insurance governing such control. If a member of the AOL Group is unable to assert a Pre-Separation Insurance Claim because it is no longer an “insured” under a TWX insurance policy, then TWX shall assert such claim in its own name and deliver the Insurance Proceeds to AOL. Any Insurance Proceeds received by the TWX Group for members of the AOL Group shall be for the benefit of the AOL Group. Any Insurance Proceeds received for the benefit of both the TWX Group and the AOL Group shall be distributed pro rata based on the respective share of the underlying loss.

(c) With respect to Pre-Separation Insurance Claims, whether or not known or reported on or prior to the Distribution Date, AOL shall, or shall cause the applicable member of the AOL Group to, report as soon as practicable such claims arising from the AOL Business directly to the applicable insurer(s) and to TWX, and AOL shall, or shall cause the applicable member of AOL Group to, individually, and not jointly, assume and be responsible for the reimbursement Liability (i.e., deductible or retention) related to its portion of the Liability and/or any retrospective premium charges associated with the workers compensation, automobile and general liability claims so submitted by it to the extent such amounts payable by TWX after the Distribution Date are greater than they otherwise would have been, if such amounts had been based on the claim reserves established for such claims immediately prior to the Distribution, unless otherwise agreed in writing by TWX. TWX shall, and shall cause each member of the TWX Group to, cooperate and assist the applicable member of the AOL Group with respect to such claims and shall arrange for the applicable member of the AOL Group to post any such collateral in respect of the reimbursement obligations as may reasonably be requested by the insurers. TWX agrees that Pre-Separation Insurance Claims of members of the AOL Group shall receive the same priority as Pre-Separation Insurance Claims of members of the TWX Group and be treated equitably in all respects, including in connection with deductibles, retentions, coinsurance and retrospective premium charges.

(d) TWX shall not be liable to AOL for claims, or portions of claims, not reimbursed by insurers under any policy for any reason, including coinsurance provisions, deductibles, quota share deductibles, self-insured retentions, bankruptcy or insolvency of any insurance carrier(s), policy limitations or restrictions (including exhaustion of limits), any coverage disputes, any failure to timely file a claim by any member of the TWX Group or any member of the AOL Group or any defect in such claim or its processing. In the event that insurable claims of both TWX and AOL (or the members of their respective Groups) exist relating to the same occurrence, the Parties shall jointly defend and waive any conflict of interest necessary to the conduct of the joint defense and shall not settle or compromise any such claim without the consent of the other (which consent shall not be unreasonably withheld or delayed subject to the terms and conditions of the applicable insurance policy). Nothing in this Section 8.01 shall be construed to limit or otherwise alter in any way the obligations of the Parties, including those created by this Agreement, by operation of Law or otherwise.

(e) After the Distribution Date, to the extent that any claims have been duly reported on or before the Distribution Date under the directors and officers liability insurance policies or fiduciary liability insurance policies (collectively, "D&O Policies") maintained by members of the TWX Group, TWX shall not, and shall cause the members of the TWX Group not to, take any action that would limit the coverage of the individuals who acted as directors or officers of AOL (or members of the AOL Group) on or prior to the Distribution Date under any D&O Policies maintained by the members of the TWX Group. TWX shall, and shall cause members of the TWX Group to, reasonably cooperate with the individuals who acted as directors and officers of AOL (or members of the AOL Group) on or prior to the Distribution Date in their pursuit of any coverage claims under such D&O Policies which could inure to the benefit of such individuals. TWX shall, and shall cause members of the TWX Group to, allow AOL and its agents and representatives, upon reasonable prior notice and during regular business hours, to examine and make copies of the relevant D&O Policies maintained by TWX and members of the TWX Group pursuant to this Section 8.01(e). TWX shall provide, and shall cause other members of the TWX Group to provide, such cooperation as is reasonably requested by AOL in order for AOL to have in effect after the Distribution Date such new D&O Policies as AOL deems appropriate with respect to claims reported after the Distribution Date.

(f) The parties shall use reasonable best efforts to cooperate with respect to the various insurance matters contemplated by this Section 8.01.

ARTICLE IX

Further Assurances and Additional Covenants

SECTION 9.01. Further Assurances. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall, subject to Section 5.03, use reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each Party shall cooperate with the other Party, without any further consideration, but at the expense of the requesting Party, (i) to execute and deliver, or use reasonable best efforts to execute and deliver, or cause to be executed and delivered, all instruments, including any instruments of conveyance, assignment and transfer as such Party may reasonably be requested to execute and deliver by the other Party, (ii) to make, or cause to be made, all filings with, and to obtain, or cause to be obtained, all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument, (iii) to obtain, or cause to be obtained, any Governmental Approvals or other Consents required to effect the Separation or the Distribution and (iv) to take, or cause to be taken, all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and any transfers of Assets or assignments and assumptions of Liabilities hereunder and the other transactions contemplated hereby.

(c) On or prior to the Distribution Date, TWX and AOL, in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by AOL or any other Subsidiary of TWX, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) Prior to the Distribution, if either Party identifies any commercial or other service that is needed to ensure a smooth and orderly transition of its business in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the Parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which the other Party will provide such service.

(e) As soon as reasonably possible following the Distribution Date, the Parties agree to determine and settle the final amounts of the Payables Transactions to the extent such amounts have not previously been settled.

ARTICLE X

Termination

SECTION 10.01. Termination. This Agreement may be terminated by TWX at any time, in its sole discretion, prior to the Distribution.

SECTION 10.02. Effect of Termination. In the event of any termination of this Agreement prior to the Distribution, neither Party (nor any of its directors or officers) shall have any Liability or further obligation to the other Party under this Agreement or the Ancillary Agreements.

ARTICLE XI

Miscellaneous

SECTION 11.01. Counterparts; Entire Agreement; Corporate Power. (a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party hereto and delivered to the other Party.

(b) This Agreement, the Ancillary Agreements and the exhibits, schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

(c) TWX represents on behalf of itself and each other member of the TWX Group, and AOL represents on behalf of itself and each other member of the AOL Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been (or, in the case of any Ancillary Agreement, will be on or prior to the Distribution Date) duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms thereof.

SECTION 11.02. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, except to the extent the Laws of Delaware or any other jurisdiction are mandatorily applicable to any of the transactions contemplated by this Agreement. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of the Commercial Division of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York over any and all claims, disputes, controversies or disagreements between the Parties or any of their respective subsidiaries, affiliates, successors and assigns under or related to this Agreement or any document executed pursuant to this Agreement or any of the transactions contemplated hereby or thereby.

SECTION 11.03. Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the preceding sentence, either Party may assign this Agreement without consent in connection with (a) a merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's Assets, or (b) upon the sale of all or substantially all of such Party's Assets; provided, however, that the assignee expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party provides written notice and evidence of such assignment and assumption to the non-assigning Party. No assignment permitted by this Section 11.03 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

SECTION 11.04. Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any TWX Indemnitee or AOL Indemnitee in their respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the parties hereto and are not intended to confer upon any Person except the parties hereto any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

SECTION 11.05. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) sent by telecopier (except that, if not sent during normal business hours for the recipient, then at the opening of business on the next business day for the recipient) to the fax numbers set forth below or (c) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to TWX, to:

Time Warner Inc.  
One Time Warner Center  
New York, NY 10019  
Attn: General Counsel  
Facsimile: (212) 484-7167

with a copy to:

Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019  
Attn: Eric Schiele  
Facsimile: (212) 474-3700

If to AOL to:

AOL Inc.  
770 Broadway  
New York, NY 10003  
Attn: General Counsel  
Facsimile: (703) 265-7404

Either Party may, by notice to the other Party, change the address to which such notices are to be given.

SECTION 11.06. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the Parties.

SECTION 11.07. Force Majeure. Neither Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

SECTION 11.08. Publicity. Each of TWX and AOL shall consult with the other prior to issuing, and shall, subject to the requirements of Section 7.08, provide the other Party the opportunity to review and comment upon, any press releases or other public statements in connection with the Distribution or any of the other transactions contemplated hereby and prior to making any filings with any Governmental Authority or national securities exchange with respect thereto (including the Parties' respective Quarterly Reports on Form 10-Q filed with respect to the fiscal quarter during which the Distribution Date occurs, or if such quarter is the fourth fiscal quarter, the Parties' respective Annual Reports on Form 10-K filed with respect to the fiscal year during which the Distribution Date occurs (each such Quarterly Report on Form 10-Q or Annual Report on Form 10-K, a "First Post-Distribution Report"). Each Party's obligations pursuant to this Section 11.08 shall terminate on the date on which such Party's First Post-Distribution Report is filed with the Commission.

SECTION 11.09. Expenses. Except as expressly set forth in this Agreement or in any Ancillary Agreement, all third-party fees, costs and expenses paid or incurred in connection with the Separation and the Distribution will be paid by the Party incurring such fees or expenses, whether or not the Distribution is consummated, or as otherwise agreed by the Parties. For the avoidance of doubt, TWX shall bear the costs and expenses directly related to the mailing of the Information Statement to TWX shareholders and the fees and expenses of the Agent in connection with the Distribution.

SECTION 11.10. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 11.11. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the liabilities for the breach of any obligations in this Agreement shall survive each of the Separation and the Distribution and shall remain in full force and effect.

SECTION 11.12. Waivers of Default. Waiver by any Party hereto of any default by the other Party hereto of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

SECTION 11.13. Specific Performance. Subject to Section 5.03 and notwithstanding the procedures set forth in Article IX, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief. The Parties to this Agreement agree that the remedies at law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

SECTION 11.14. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party hereto, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

SECTION 11.15. Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms “hereof,” “herein” “and “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the articles, sections, exhibits, schedules and appendices of or to this Agreement unless otherwise specified. Any reference herein to this Agreement, unless otherwise stated, shall be construed to refer to this Agreement as amended, supplemented or otherwise modified from time to time, as permitted by Section 11.14. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive.

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives.

TIME WARNER INC.,

by

/s/ John K. Martin, Jr.

Name: John K. Martin, Jr.

Title: Executive Vice President and  
Chief Financial Officer

AOL INC.,

by

/s/ Ira H. Parker

Name: Ira H. Parker

Title: Executive Vice President, Corporate  
Secretary and General Counsel

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## Schedule I

### Internal Transactions

The Internal Transactions will take place in the following steps, all of which have occurred or will occur prior to the Distribution in the following order, unless otherwise determined by the Parties:

Step 1: Existing AOL Inc. Name Change. On November 2, 2009, AOL Inc., a direct wholly owned Subsidiary of AOL LLC, filed with the Delaware Secretary of State, pursuant to Section 242 of the Delaware General Corporate Law, the documentation necessary to change its name to "Original AOL Inc." (the "Existing AOL Inc. Name Change").

Step 2: Conversion of AOL Holdings to a Corporation. On November 2, 2009, AOL Holdings filed with the Delaware Secretary of State, pursuant to Section 18-216 of the Delaware Limited Liability Company Act (the "DLLC Act"), the documentation necessary to convert to a Delaware corporation and to change its name to AOL Inc. (the "AOL Conversion").

Step 3: Conversion of TWA to a Limited Liability Company. On November 5, 2009, TWA filed with the Virginia Secretary of State, pursuant to Section 13.1-722.9 of the Virginia Code, the documentation necessary to become a Virginia limited liability company named TW AOL Holdings LLC (the "TWA Conversion").

Step 4: Distribution of AOL LLC Assets and Assumption of Liabilities. AOL LLC will transfer the AOL Assets to AOL (the "Asset Distribution"), and AOL shall assume the AOL LLC Liabilities, pursuant to the Assignment and Assumption Agreement. Notwithstanding the foregoing, TWX may determine not to have AOL LLC transfer its shares in AOL Online India Private Limited (the "AOL Online Shares") in the Asset Distribution.

Step 4A: Transfer of AOL Online Shares. If the AOL Online Shares are not distributed to AOL prior or pursuant to the Asset Distribution, following the Asset Distribution, AOL LLC will transfer the AOL Online Shares to AOL Mauritius Services Ltd. (the "AOL Online Transfer").

Step 5: AOL LLC Name Change. AOL LLC will file with the Delaware Secretary of State, pursuant to Sections 18-103 and 18-202 of the DLLC Act, the documentation necessary to change its name to "Historic AOL LLC" (the "AOL LLC Name Change").

Step 6: First AOL LLC Distribution. AOL will transfer all of the membership interests in AOL LLC to TWX and TWA LLC, on a pro rata basis in respect of the AOL Common Stock held by TWX and TWA LLC, respectively (the "First AOL LLC Distribution").

Step 7: Second AOL LLC Distribution. TWA LLC will transfer all of its membership interests in AOL LLC to TWX in respect of the membership interests of TWA LLC held by TWX (the "Second AOL LLC Distribution").

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Step 8: Internal Distribution. TWA LLC will transfer all of the AOL Common Stock that it owns to TWX in respect of the membership interests of TWA LLC held by TWX (the “Internal Distribution”).

Step 9: Payables Transactions. TWX and AOL shall settle the Payables Transactions.

Step 10: AOL Share Recapitalization. Whether before, after or simultaneously with Step 9 above, TWX will cause the recapitalization of AOL so that the number of outstanding shares of AOL Common Stock will be equal to the number of shares that will be distributed in the Distribution (the “Recapitalization”).

Schedule II

TWX Retained Assets

1. Funding Agreement between TWX and AOL LLC relating to the guarantees by AOL LLC of the existing public and bank debt of TWX and its Affiliates.
2. Those domain names listed on Schedule II-A attached hereto.
3. The following United States patents and patent applications:

<u>Patent/Application No.</u>	<u>Title</u>
6,351,776 6,985,927 7,171,472 7,337,207 7,496,578	Shared Internet Storage Resource, User Interface System, And Method (5 patents)
6,496,855	Web Site Registration Proxy System
7,237,024	Cross-Site Timed Out Authentication Management
7,415,500	Facilitating Negotiations Between Users Of A Computer Network Through Messaging Communications Enabling User Interaction
7,415,718	Receiving and Processing Vertical Blanking Interval Data
7,571,234	Authentication Of Electronic Data
11/019,124	System And Method For Using A Streaming Protocol

4. AOL LLC's undivided percentage interest in the following aircrafts:

<u>FAA Registration No.</u>	<u>Manufacturer Serial No.</u>	<u>Manufacturer/Model</u>	<u>Installed Engines</u>
N73RP	529	Gulfstream Aerospace G-V	2x BMW Rolls Royce BR 700 Series Engines
N74RP	5058	Gulfstream Aerospace G550	2x Rolls Royce BR 700 Series Engines
N75RP	528	Gulfstream Aerospace G-V	2x BMW Rolls Royce BR 700 Series Engines

5. AOL LLC's 2.882% undivided interest in one 2001 Raytheon Hawker 800XP aircraft bearing manufacturer's serial number 258543, together with two Garrett TFE 731-5BR engines bearing manufacturer's serial numbers P107629 and P107631 (collectively, the "Aircraft"), which is managed and operated within the fractional ownership program of Flight Options, LLC and subject to common agreements governing a consolidated undivided 37.5% interest in the Aircraft held by TWX, Time Inc., Warner Bros. Entertainment Inc., Time Warner Cable Inc. and AOL LLC.

6. AOL LLC's interests in those securities that were distributed by AOL LLC to its then sole member, TW AOL Holdings Inc., on April 4, 2006 (the "Minority Investments"), and any and all rights and benefits of AOL LLC under any and all agreements relating thereto (the "Investment Agreements"). For the avoidance of doubt, Minority Investments shall not include AOL LLC's interests in Brightcove, Inc., 360 Intellectual Equity, LLC, Kayak Software Corporation, Lat34, LLC (f/k/a Fusion Entertainment, LLC), Advanced Commerce Strategies, Inc. (ACSI), Orb Networks, Inc., Cranberry Properties, LLC, Jonas-MGX JV and Advertising.com Kabushiki-Kiasha.
7. AOL LLC's rights and benefits under:
- (a) Sublease: Historic TW Inc. and AOL LLC
- (i) Sublease Agreement, dated as of October 8, 2004, between Historic TW Inc. and America Online, Inc. for floors 3, 4, 5, 6, 10 and 11 at the building known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, NY, NY 10019;
- (ii) First Amendment of Sublease, dated as of January 25, 2005, between Historic TW Inc. and America Online, Inc. for a portion of the sub-concourse level and a portion of the concourse level at the building known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, NY, NY 10019;
- (iii) Second Amendment of Sublease, dated as of April 26, 2005, between Historic TW Inc. (as successor to Time Warner Companies, Inc.) and America Online, Inc. for a portion of the 8th floor (the screening room) and a portion of the 9th floor (the control room) at the building known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, NY, NY 10019; and
- (iv) Third Amendment of Sublease, dated as of January 20, 2006, between Historic TW Inc. (as successor to Time Warner Companies, Inc.) and America Online, Inc. floors 24 and 25 at the building known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, NY, NY 10019, (collectively, the "75 Rock Sublease")
- (b) Sub-Sublease: AOL LLC and NBC Universal, Inc.
- (i) Agreement of Sub-Sublease, dated January 30, 2008, between AOL LLC and NBC Universal, Inc. for floors 5 and 6 at the building known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, NY, NY 10019;
- (ii) First Amendment to Sub-Sublease, dated September 2008, between AOL LLC and NBC Universal, Inc. for floors 3, 4, portion of 8, portion of 9, 10, 11, 24 and 25 and a portion of the concourse level at the building known by the street numbers 75 Rockefeller Plaza and 15 West 51st Street, NY, NY 10019;

(iii) That certain letter agreement by and between AOL LLC, NBC Universal, Inc. and Historic TW Inc. dated August 11, 2009 related to the modified uses to which the 8<sup>th</sup> floor studio may be used by NBC Universal, Inc.; and

(iv) That certain letter agreement by and between NBC Universal, Inc. and Historic TW Inc. dated August 11, 2009 related to the air intake filter maintenance that Historic TW Inc. agrees to perform at the building, together with the related furniture, fixtures, equipment and improvements (collectively, the “75 Rock Sub-Sublease”).

8. As described in Section 6.04, agreements entered into by AOL LLC with Covered Employees with respect to the obligation of such Covered Employees to repay amounts advanced on their behalf under certain circumstances.

Schedule II-A

Domain Names

4aoltimewarner.com  
4aoltw.com  
americanonlinetimewarner.com  
americanonline-timewarner.org  
americanonline-timewarner.com  
americanonline-timewarner.org  
americaonlineroadrunner.com  
americaonline-roadrunner.com  
america-online-roadrunner.com  
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Schedule III

TWX Retained Liabilities

1. Guarantees by AOL LLC of the existing public and bank debt of TWX and its Affiliates.
  2. AOL LLC's obligations under the Investment Agreements.
  3. AOL LLC's obligations under the 75 Rock Sublease and the 75 Rock Sub-Sublease.
  4. To the extent required by Section 6.04, certain obligations to indemnify or advance funds to certain directors, officers and employees of AOL LLC.
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Schedule IV

Payables Transactions

The Payables Transactions will take place in the following steps in such order as specified below, unless otherwise determined by the Parties:

1. Each of TWX and AOL shall, and shall cause their respective Affiliates to, take all necessary actions to remove each of AOL's Qualified Foreign Subsidiaries from all Qualified Cash Pooling Arrangements to which it is a party, and clear any related overdrafts in connection therewith, in each case prior to the close of business on the business day immediately prior to the Distribution Date.
  2. Each of TWX and AOL shall, and shall cause their respective Affiliates to, settle all Qualified Intercompany Loans by payment in full in Cash of all principal, interest, guarantee fees or other amounts outstanding in respect of such Qualified Intercompany Loans, and where applicable terminate the loan agreements governing such Qualified Intercompany Loans, in each case prior to the close of business on the business day immediately prior to the Distribution Date.
  3. AOL shall (A) cause each of its Qualified Subsidiaries to (i) transfer to AOL all Cash of such Qualified Subsidiary and (ii) assign, dividend or otherwise transfer to AOL all of such Qualified Subsidiary's right, title and interest in and to any Qualified Intercompany Accounts that are receivables owed by TWX or any Affiliate of TWX and (B) agree to discharge (whether by assumption, capital contribution or otherwise) all of its Qualified Subsidiaries' Qualified Intercompany Accounts that are payables owed to TWX or any Affiliate of TWX, in each case as of the close of business on the business day immediately prior to the Distribution Date.
  4. AOL shall loan to TWX pursuant to that certain Loan Agreement dated as of April 13, 2006, between AOL LLC, as lender, and TWA, as borrower (or each of their permitted successors and assigns), or TWX shall loan to AOL pursuant to that certain Loan Agreement dated as of April 13, 2006, between TWA, as lender, and AOL LLC, as borrower (or each of their permitted successors and assigns), as applicable, an amount of Cash such that the amount of Cash that will be left at the AOL Group as of the close of business on the business day immediately prior to the Distribution Date shall equal \$100 million.
  5. AOL shall cause all Qualified Intercompany Accounts of AOL or any of its Qualified Subsidiaries owed by or to TWX or any Affiliate of TWX outstanding as of the close of business on the business day immediately prior to the Distribution Date to be settled (whether by dividend to, or capital contribution or assumption by, TWX or any Affiliate of TWX or otherwise).
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For purposes of this Schedule IV:

“Qualified Cash Pooling Arrangement” shall mean all non-U.S. cash pooling arrangements to which TWX or its Affiliates is a party;

“Qualified Foreign Subsidiaries” shall mean all non-U.S. Subsidiaries of AOL;

“Qualified Intercompany Accounts” shall mean all intercompany accounts receivable and accounts payable (including (i) all accrued and unpaid expenses, (ii) the TWX Equity Award Payable and (iii) the Deferred Compensation Payable) other than any outstanding operational intercompany trade receivables or payables incurred in the ordinary course of business on an arm’s-length basis;

“Qualified Intercompany Loans” shall mean all non-U.S. intercompany loans between certain TWX Affiliates and AOL or AOL’s Qualified Foreign Subsidiaries; and

“Qualified Subsidiaries” shall mean all Subsidiaries of AOL other than: (i) any non-U.S. subsidiary of AOL and (ii) AOL LLC.

SECOND TAX MATTERS AGREEMENT (this “Agreement”), dated as of November 16, 2009, by and between TIME WARNER INC., a Delaware corporation (“TWX”), and AOL INC., a Delaware corporation (“AOL”, and together with TWX, the “Companies”).

W I T N E S S E T H:

WHEREAS AOL is a wholly-owned Subsidiary of TWX;

WHEREAS the Companies are parties to the Tax Matters Agreement dated as of April 13, 2006 (the “Old AOL TMA”);

WHEREAS, pursuant to the Separation Agreement, the Companies have agreed to effect the Transactions;

WHEREAS the Companies intend, with respect to: (i) the Existing AOL Inc. Name Change, that it qualifies for non-recognition of gain and loss under Sections 354 and 368(a)(1)(F) of the Code; (ii) the AOL Conversion, that it qualifies for non-recognition of gain and loss under Sections 354 and 368(a)(1)(F) of the Code; (iii) the TWA Conversion, that it qualifies for non-recognition of gain and loss under Sections 332 and 337 of the Code; (iv) the Asset Distribution, that it is disregarded for U.S. Federal income tax purposes; (v) the AOL Online Transfer (if it occurs), that it qualifies for non-recognition of gain and loss under Section 351 of the Code and that Section 367(a) of the Code does not apply to it; (vi) the AOL LLC Name Change, that it is disregarded for U.S. Federal income tax purposes; (vii) the First AOL LLC Distribution, that it will result in the recognition of gain (or loss) under Sections 311 and 1001 of the Code and will be taken into account consistent with the principles of Section 1.1502-13 of the Regulations with respect to assets owned by AOL LLC at the time of the First AOL LLC Distribution (including the TWX Retained Assets); (viii) the Second AOL LLC Distribution, that it is disregarded for U.S. Federal income tax purposes; (ix) the Internal Distribution, that it is disregarded for U.S. Federal income tax purposes; (x) the Recapitalization, that it qualifies for non-recognition of gain and loss under Sections 368(a)(1)(E) and/or 1036 of the Code; and (xi) the Distribution, that it qualifies for non-recognition of gain and loss under Section 355 of the Code; in the case of each of clauses (i), (ii), (iii), (v), (x) and (xi), other than income or gain arising from any imputed income or other adjustment to TWX, AOL or their Subsidiaries if and to the extent that the Separation Agreement or the Ancillary Agreements are determined to have terms that are not at arm’s length (the “Intended Tax Treatment”);

WHEREAS the Companies desire to terminate the Old AOL TMA and memorialize certain new agreements and understandings relating to the Transactions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Companies hereby agree as follows:

## ARTICLE I

### Definitions

SECTION 1.01. Definition of Terms. The following terms shall have the following meanings (such meanings to apply equally to both the singular and the plural forms of the terms defined). All Section and Article references are to this Agreement unless otherwise stated. Terms used but not defined in this Agreement shall have the meanings ascribed to them in the Separation Agreement.

“Agreement” has the meaning set forth in the preamble.

“AOL” has the meaning set forth in the preamble.

“AOL Indemnified Taxes” shall mean any Ordinary Taxes of AOL or its Affiliates other than, without duplication, (i) Consolidated Income Taxes for any Pre-Distribution Tax Period and (ii) Contribution Agreement Taxes.

“AOL Prepared Tax Return” has the meaning set forth in Section 3.01(b).

“AOL Tax Package” has the meaning set forth in Section 3.01(c).

“AOL Tax Representations” shall mean any representations made by AOL or its Affiliates in Representation Letters that serve as a basis for the Tax Opinion.

“Business Day” shall mean any day on which the New York Stock Exchange, or its successor, is open for trading.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Companies” has the meaning set forth in the preamble.

“Consolidated Group” shall mean (i) an affiliated group of corporations (within the meaning of Section 1504(a) of the Code), including any predecessors and successors to such corporations, that files consolidated U.S. Federal income tax returns and (ii) a group of corporations, including any predecessors and successors to such corporations, that files state or local income tax returns on a combined, consolidated, unitary or similar basis.

“Contribution Agreement” shall mean the Contribution Agreement dated March 24, 2006, among TWX, Google Inc. and America Online, Inc.

“Contribution Agreement Taxes” shall mean Taxes arising solely as a result of the transactions described in Article I, Section 2.01, Section 2.02(a), Section 2.02(b), Section 2.02(c), Section 7.01, Section 7.02 or Section 7.04 of the Contribution Agreement.

“Consolidated Income Taxes” shall mean any Income Taxes of a TWX Consolidated Group that are (i) imposed by the United States of America or any state or local jurisdiction in the United States of America and (ii) determined on a consolidated, combined, unitary or similar basis.

“Determination” shall mean (i) any final determination of liability in respect of a Tax that, under applicable Law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or period for the filing of claims for refunds, amended tax returns or appeals from adverse determinations), including a “determination” as defined in Section 1313(a) of the Code or execution of an IRS Form 870AD or (ii) the payment of Tax by TWX or AOL or any of their respective Subsidiaries, whichever is responsible for payment of such Tax under applicable Law, with respect to any item disallowed or adjusted by a Taxing Authority; provided, however, that such responsible Company determines that no action should be taken to recoup such payment and the other Company agrees.

“Income Taxes” shall mean any income and franchise Taxes, and any similar Taxes primarily based upon, measured by, or calculated with respect to gross income, net income, gross receipts, net receipts, capital or profits (including any capital gains Taxes and minimum Taxes), but excluding any sales, use, withholding or payroll Taxes, other similar Taxes and Transaction Taxes.

“Indemnifying Party” shall mean a Company that has any obligation to indemnify an Indemnitee pursuant to the Separation Agreement or any Ancillary Agreement.

“Indemnitee” shall mean a Company entitled to indemnification pursuant to the Separation Agreement or any Ancillary Agreement.

“Indemnity Payment” shall mean a payment from an Indemnifying Party to an Indemnitee pursuant to the Separation Agreement or any Ancillary Agreement.

“Intended Tax Treatment” has the meaning set forth in the recitals.

“IRS” shall mean the U.S. Internal Revenue Service.

“OldAOL TMA” has the meaning set forth in the recitals.

“Ordinary Taxes” shall mean Taxes other than Transaction Taxes.

“Pre-Distribution Tax Period” shall mean any taxable period (or portion thereof) that ends on or before the Distribution Date.

“Records” has the meaning set forth in Section 6.01.

“Regulations” shall mean the Treasury regulations promulgated under the Code.

“Representation Letters” shall mean letters setting forth reasonable and customary representations (that are true and correct) regarding certain facts in existence at the applicable time.

“Separation Agreement” shall mean the Separation Agreement dated as of November 16, 2009, by and between TWX and AOL.

“Tax Attribute” has the meaning set forth in Section 2.05.

“Taxes” shall mean all forms of taxation or duties imposed, or required to be collected or withheld, including charges, together with any related interest, penalties or other additional amounts.

“Taxing Authority” shall mean any Governmental Authority imposing Taxes.

“Tax Opinion” shall mean the written opinion of Cravath, Swaine & Moore LLP issued to TWX to the effect that the Transactions will qualify for the Intended Tax Treatment, which opinion is in form and substance satisfactory to TWX in its sole discretion; provided, however, that such opinion may rely on the Tax Representations.

“Tax Representations” shall mean the TWX Tax Representations and the AOL Tax Representations.

“Transaction Tax Contest” shall mean an audit, review, examination or any other administrative or judicial proceeding, in each case by any Taxing Authority, with the purpose or effect of determining or redetermining Transaction Taxes.

“Transaction Taxes” shall mean all (i) Taxes resulting from the failure of the Transactions to qualify for the Intended Tax Treatment, (ii) Taxes and any other liability of any third party for which TWX, AOL or any of their respective Subsidiaries or Affiliates is or becomes liable for any reason, which Taxes or liabilities result from the failure of the Transactions to qualify for the Intended Tax Treatment and (iii) reasonable, out-of-pocket legal, accounting and other advisory and court fees incurred in connection with liability for Taxes described in clause (i) or (ii).

“TWA Conversion Stockholder Consent” shall mean the consent of an authorized TWX representative to effect the TWA Conversion.

“25% Ownership Change” shall mean one or more persons acquiring, directly or indirectly, an interest in the relevant Company representing (i) 25% of “the total combined voting power of all classes of stock entitled to vote” (within the meaning of Section 355(d)(4) of the Code) or (ii) 25% of “the total value of shares of all classes of stock” (within the meaning of Section 355(d)(4) of the Code).

“TWX” has the meaning set forth in the preamble.

“TWX Consolidated Group” shall mean any Consolidated Group of which (i) TWX or any of its Affiliates is a member and (ii) AOL or any of its Affiliates is also a member.

“TWX Consolidated Return” shall mean (i) any consolidated U.S. Federal income tax return of a TWX Consolidated Group and (ii) any combined, consolidated, unitary or similar state or local income tax return of a TWX Consolidated Group.

“TWX Prepared Tax Return” has the meaning set forth in Section 3.01(a).

“TWX Tax Representations” shall mean any representations made by TWX or its Affiliates in Representation Letters that serve as a basis for the Tax Opinion.

## ARTICLE II

### Termination of Old AOL TMA; Allocation of Tax Liabilities and Benefits

SECTION 2.01. Effectiveness; Termination of Old AOL TMA. This Agreement shall become effective at the time the Distribution occurs. At that time, the Old AOL TMA shall be terminated and shall have no further force or effect.

SECTION 2.02. Indemnification. (a) TWX shall be liable for, and shall indemnify and hold AOL and its Subsidiaries harmless from, without duplication, any (i) Consolidated Income Taxes for any Pre-Distribution Tax Period, (ii) Contribution Agreement Taxes and (iii) Transaction Taxes other than Transaction Taxes for which AOL is liable under Section 2.02(b)(ii).

(b) AOL shall be liable for, and shall indemnify and hold TWX and its Subsidiaries harmless from, any (i) AOL Indemnified Taxes and (ii) Transaction Taxes attributable to (A) the failure of any representation made by AOL or its Affiliates in the AOL Tax Representations to be true when made or deemed made or (B) except as otherwise expressly required by the Separation Agreement or any Ancillary Agreement, any other action or omission by AOL or its Affiliates.

SECTION 2.03. Refunds, Credits and Offsets. (a) If AOL or its Affiliates receives (i) any refund, credit or offset of any Taxes for which TWX is responsible under Section 2.02(a) or (ii) any refund of Taxes other than state and local indirect Taxes that at the time of the Distribution is anticipated to be received within 60 Business Days after the Distribution Date, AOL shall pay to TWX the entire amount of the refund or the economic benefit of the credit or offset (including interest) within 10 Business Days of receipt or accrual; provided, however, that TWX, upon the request of AOL, shall repay the amount paid to TWX in the event AOL is required to repay such refund, credit or offset.

(b) If TWX or its Affiliates receives any refund, credit or offset of any Taxes for which AOL is responsible under Section 2.02(b), other than any refund described in clause (ii) of Section 2.03(a), TWX shall pay to AOL the entire amount of the refund or the economic benefit of the credit or offset (including interest) within 10 Business Days of receipt or accrual; provided, however, that AOL, upon the request of TWX, shall repay the amount paid to AOL in the event TWX is required to repay such refund, credit or offset.

SECTION 2.04. Straddle Periods. In the case of any taxable period that includes (but does not end on) the Distribution Date, Income Taxes for the Pre-Distribution Tax Period shall be computed as if such taxable period ended as of the close of business on the Distribution Date.

SECTION 2.05. Carrybacks. If a tax return of AOL or its Affiliates for any taxable period ending after the Distribution Date reflects any net operating losses, net capital losses, excess tax credits or other tax attributes (a "Tax Attribute") that is carried back to a TWX Consolidated Return, whether or not AOL or its Affiliates waives the right to carry back any such Tax Attribute to a TWX Consolidated Return, no payment with respect to such carryback shall be due to AOL or its Affiliates from TWX. In the event that AOL or its Affiliates receives any refund, credit or offset of any Taxes in connection with a carryback of a Tax Attribute of any Company to a TWX Consolidated Return, AOL shall promptly pay the full amount of such refund or the economic benefit of the credit or offset (including interest) to TWX.

### ARTICLE III

#### Procedural Matters for Ordinary Taxes

SECTION 3.01. Tax Returns. (a) TWX shall have exclusive and sole responsibility for the preparation and filing of (i) any TWX Consolidated Returns (including requests for extensions thereof) and (ii) any other tax returns of TWX or its Affiliates, other than tax returns of AOL LLC that relate to AOL Indemnified Taxes for a Pre-Distribution Tax Period (a "TWX Prepared Tax Return").

(b) AOL shall have exclusive and sole responsibility for the preparation and filing of the tax returns of AOL and its Affiliates to the extent such responsibility has not been allocated to TWX under Section 3.01(a) (an "AOL Prepared Tax Return").

(c) AOL shall provide to TWX (in the format determined by TWX) all information requested by TWX as reasonably necessary to prepare any TWX Consolidated Returns (the "AOL Tax Package"). The AOL Tax Package shall be provided to TWX on a timely basis consistent with the current practices of the TWX Consolidated Groups in preparing tax returns. AOL shall also provide to TWX information reasonably required to determine estimated tax payments, current taxable income, current and deferred tax liabilities, tax reserve items and any additional current or prior information required by TWX to comply with its obligations under this Agreement.

SECTION 3.02. Audits, Refund Claims, Litigation. (a) If any AOL Prepared Tax Return becomes the subject of litigation in any court or examination by any Taxing Authority, the conduct and settlement of the litigation or examination shall be exclusively controlled by AOL; provided, however, that TWX and AOL shall share joint control with respect to the conduct and settlement of any litigation or examination that reasonably could be expected to cause a payment obligation to, or a refund claim for, TWX.

(b) If any TWX Prepared Tax Return becomes the subject of litigation in any court or examination by any Taxing Authority, the conduct and settlement of the litigation or examination shall be exclusively controlled by TWX; provided, however, that TWX and AOL shall share joint control with respect to the conduct and settlement of any litigation or examination that reasonably could be expected to cause a payment obligation to, or a refund claim for, AOL.

(c) Notwithstanding Sections 3.02(a) and (b), no settlement relating to any matter that would cause a payment obligation for an Indemnifying Party under this Agreement shall be accepted or entered into by the Indemnitee without the consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(d) AOL shall assist and cooperate with TWX during the course of any examination or litigation described in Section 3.02(b). Within 10 Business Days of the commencement of any such proceeding, TWX shall give AOL notice of, and consult with AOL with respect to, any issues relating to AOL Indemnified Taxes; provided, however, that AOL shall not be relieved of any obligation to make payments under this Agreement if TWX fails to timely deliver the notice described in this Section 3.02(d) except, and only to the extent that, AOL is actually prejudiced thereby.

(e) TWX shall assist and cooperate with AOL during the course of any examination or litigation described in Section 3.02(a). Within 10 Business Days of the commencement of any such proceeding, AOL shall give TWX notice of, and consult with TWX with respect to, any issues relating to Consolidated Income Taxes for any Pre-Distribution Period; provided, however, that TWX shall not be relieved of any obligation to make payments under this Agreement if AOL fails to timely deliver the notice described in this Section 3.02(e) except, and only to the extent that, TWX is actually prejudiced thereby.

(f) This Section 3.02 shall not apply to Transaction Taxes or to Article V, which shall govern procedural matters relating to Transaction Taxes.

SECTION 3.03. Expenses. (a) AOL shall bear the cost of its own expenses and shall reimburse TWX for all reasonable out-of-pocket expenses (including, without limitation, legal, consulting and accounting fees) in the course of proceedings described in Section 3.02 to the extent such expenses are reasonably attributable to AOL Indemnified Taxes.

(b) TWX shall bear the cost of its own expenses and shall reimburse AOL for all reasonable out-of-pocket expenses (including, without limitation, legal, consulting and accounting fees) in the course of proceedings described in Section 3.02 to the extent such expenses are reasonably attributable to Taxes for which TWX is responsible pursuant to this Agreement.

SECTION 3.04. Rulings. AOL shall assist and cooperate with TWX and take all actions reasonably requested by TWX in connection with any ruling requests submitted by TWX to the IRS.

SECTION 3.05. Short Period Election. TWX and AOL shall jointly make a timely election under Section 1.1502-76(b)(2)(ii)(D) of the Regulations or any comparable provision or state or local law to allocate items ratably between the final Pre-Distribution Tax Period (TWX Consolidated Return) and the AOL short taxable period beginning after the Distribution Date (AOL separate tax return).

SECTION 3.06. Tax Treatment of Payments Paid Pursuant to the EMA. Any Federal, state and local income tax deduction arising as a result of amounts paid pursuant to the EMA shall be claimed (if and when permitted by applicable law) by the Company (or its applicable Affiliate) that pays such amount in the first instance; provided, however, that with respect to amounts (i) for which reimbursement is paid pursuant to Article XV of the EMA, such deduction shall be claimed (if and when permitted by applicable law) by the Company that pays such reimbursement, (ii) settled pursuant to Article VIII of the EMA, such deduction shall be claimed by TWX or (iii) settled pursuant to Article XII of the EMA, such deduction shall be claimed by TWX; provided, however, that if a deduction claimed by TWX pursuant to this Section 3.06(iii) is disallowed by a Taxing Authority for any reason, AOL shall amend its applicable tax return to claim such deduction and shall pay to TWX an amount equal to the tax benefit actually realized by AOL resulting from such deduction.

#### ARTICLE IV

##### Tax Matters Relating to the Separation

SECTION 4.01. Mutual Representations. Except as otherwise expressly required or permitted by the Separation Agreement or any Ancillary Agreement, neither Company has any plan or intention to take any action inconsistent with the qualification of the Transactions for the Intended Tax Treatment.

SECTION 4.02. Mutual Covenants. (a) The Companies agree to take, and to cause their respective Affiliates to take, any reasonable actions necessary or advisable in order for the Transactions to qualify for the Intended Tax Treatment. Except as otherwise expressly required or permitted by the Separation Agreement or any Ancillary Agreement, neither Company shall take or fail to take, or permit their respective Affiliates to take or fail to take, any action, if such action or omission would be inconsistent with its respective Tax Representations.

(b) Subject to Section 4.02(c), during the period beginning on the date of the Distribution and ending on and including the last day of the 30-month period following the date of the Distribution, each Company shall notify the other Company within 10 Business Days after entering into a binding contract (or other agreement or understanding that has been publicly disclosed by such Company) with respect to a transaction that, if completed (whether or not it would constitute a “plan (or series of related transactions)” within the meaning of Section 355(e) of the Code with the Distribution) alone or together with other transactions (excluding, for these purposes, the transactions described in clauses (i) through (iv) of Section 4.02(c)), would result in a 25% Ownership Change of such Company and shall provide the other Company with complete details (and additional information as such other Company shall reasonably request) regarding such transaction and other transactions, if any; provided, however, that in no case shall either Company be obligated to provide to the other Company any material non-public information.

(c) For purposes of Section 4.02(b), a “binding contract (or other agreement or understanding that has been publicly disclosed by such Company)” shall not include (i) the adoption by a Company of a shareholder rights plan that meets the requirements of IRS Revenue Ruling 90-11, 1990-1 C.B. 10, (ii) transfers on an established market of the stock of a Company described in Safe Harbor VII of Section 1.355-7(d)(7) of the Regulations, (iii) issuances of stock of a Company pursuant to an employee stock purchase agreement or equity compensation plan in accordance with Safe Harbor VIII of Section 1.355-7(d)(8) of the Regulations or (iv) issuances of stock of a Company described in Safe Harbor IX of Section 1.355-7(d)(9) of the Regulations.

SECTION 4.03. Tax Opinion. The Companies shall use their reasonable best efforts to cause the Tax Opinion to be issued, including by executing any Representation Letters reasonably requested by Cravath, Swaine & Moore LLP.

SECTION 4.04. Reporting. (a) AOL and TWX each (i) shall timely file the appropriate information and statements (including as required by Section 1.355-5 of the Regulations) to report the Transactions as qualifying for the Intended Tax Treatment and (ii) absent a change of Law or a Determination of a Transaction Tax Contest, shall not take any position on any tax return that is inconsistent with the Transactions qualifying for the Intended Tax Treatment.

(b) With respect to the AOL Online Transfer, AOL and TWX each shall comply with the relevant rules regarding gain recognition agreements contained in Section 1.367(a)-8 of the Regulations, including by entering into a new gain recognition agreement upon the Distribution in accordance with Section 1.367(a)-8(j)(5) of the Regulations.

## ARTICLE V

### Procedural Matters for Transaction Taxes

SECTION 5.01. Notice. (a) Within 30 Business Days after a Company becomes aware of the existence of a Transaction Tax Contest, such Company shall promptly notify the other Company of the Transaction Tax Contest, and thereafter shall promptly forward or make available to the other Company copies of notices and communications with a Taxing Authority relating to such Transaction Tax Contest.

(b) A failure by the Indemnitee to timely provide the notice described in Section 5.01(a) shall not affect the Indemnifying Party's indemnification obligations under this Agreement except, and only to the extent that, the Indemnifying Party shall have been actually prejudiced as a result of such failure.

SECTION 5.02. Control of Transaction Tax Contests. (a) Both Companies shall have the right to control jointly the defense, compromise or settlement of any such Transaction Tax Contest.

(b) No Indemnitee shall settle or compromise or consent to entry of any judgment with respect to any Transaction Tax Contest without the prior written consent of the Indemnifying Party (which consent may be withheld in the Indemnifying Party's sole discretion).

(c) Notwithstanding Sections 5.02(a) and (b), a Company shall be entitled to control exclusively the defense, compromise or settlement of any Transaction Tax Contest if such Company notifies the other Company that (notwithstanding the rights and obligations of the Companies in Article IV or Article V) it agrees to pay (and indemnify such other Company against) any liability for all Transaction Taxes resulting from such Transaction Tax Contest; provided, however, that no settlement, compromise or consent to entry of any judgment that fails to give the Company indemnified under this Section 5.02(c) full release of liability or that would impose any material obligations on that Company shall be made without the prior written consent of that Company.

SECTION 5.03. Indemnification Payments. An Indemnitee shall be entitled to make a claim for payment with respect to Transaction Taxes pursuant to this Agreement when the Indemnitee determines that it is entitled to such payment and the amount of such payment. The Indemnitee shall provide to the Indemnifying Party notice of such claim within 60 Business Days of the date on which it first so becomes entitled to claim such payment, and such notice shall include a description of such claim and a detailed calculation of the amount of the indemnification payment that is claimed; provided, however, that no delay on the part of the Indemnitee in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder except, and only to the extent that, the Indemnifying Party shall have been actually prejudiced thereby as a result of such failure. The Indemnifying Party shall make the claimed payment to the Indemnitee within 30 Business Days after receiving such notice, unless the Indemnifying Party reasonably disputes its liability for, or the amount of, such payment.

SECTION 5.04. Cooperation. TWX and AOL shall cooperate, and shall cause their Affiliates to cooperate, with all reasonable requests from the other Company in connection with Transaction Tax Contests.

## ARTICLE VI

### Procedural Matters for Ordinary Taxes and Transaction Taxes

SECTION 6.01. Document Retention, Access to Records and Use of Personnel. Until the expiration of the relevant statute of limitations (including extensions), each of TWX and AOL shall (i) retain records, documents, accounting data, computer data and other information (the "Records") necessary for the preparation, filing, review, audit or defense of all tax returns relevant to an obligation, right or liability of either Company under this Agreement; and (ii) give each other reasonable access to such Records and to its personnel (ensuring their cooperation) and premises to the extent relevant to an obligation, right or liability of either Company under this Agreement. Prior to disposing of any such Records, each of TWX and AOL shall notify the other Company in writing of such intention and afford the other Company the opportunity to take possession or make copies of such Records at its discretion.

SECTION 6.02. Interest. Interest required to be paid pursuant to this Agreement shall, unless otherwise specified, be computed at the rate and in the manner provided in the Code for interest on underpayments and overpayments, respectively, for the relevant taxable period. Any payments required pursuant to this Agreement that are not made within the time period specified in this Agreement shall bear interest at a rate equal to the interest rate for underpayments of U.S. Federal income tax for the relevant period.

SECTION 6.03. Access to Information. TWX and AOL agree to provide to the other Company any information reasonably required to complete tax returns or to compute the amount of any payment contemplated by this Agreement.

SECTION 6.04. Indemnity Payments. (a) Any Indemnity Payment (other than a payment that represents interest accruing after the date of the Distribution) shall be treated by AOL and TWX for all Tax purposes as a distribution from AOL to TWX immediately prior to the Distribution (if made by AOL to TWX) and as a contribution from TWX to AOL immediately prior to the Distribution (if made by TWX to AOL).

(b) The amount of any Indemnity Payment described in Section 6.04(a) shall be (i) reduced to take into account any Tax benefit actually realized by the Indemnitee resulting from the incurrence of the Liability in respect of which the Indemnity Payment was made and (ii) increased to take into account any Tax cost actually realized by the Indemnitee resulting from the receipt of the Indemnity Payment (including Tax cost arising from such Indemnity Payment having resulted in income or gain to either Company (for example, under Section 1.1502-19 of the Regulations) and Tax cost imposed on additional amounts payable pursuant to this Section 6.04(b)(ii)).

## ARTICLE VII

### Miscellaneous Provisions

SECTION 7.01. Confidentiality. The Confidential Information provision of the Separation Agreement shall apply with respect to this Agreement.

SECTION 7.02. Successors. This Agreement shall be binding upon and inure to the benefit of the Companies, their Affiliates, their legal representatives and any successor to either of the Companies, by merger, acquisition of assets or otherwise, to the same extent as if the successor had been an original party to the Agreement, and in such event, all references herein to a Company shall refer instead to the successor of such Company. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Companies or their respective successors or assigns or, to the extent provided by this Agreement, their Affiliates, any rights or remedies under or by reason of this Agreement.

SECTION 7.03. Failure to Pursue Remedies. The failure of a Company to seek redress for breach of, or to insist upon the strict performance of, any provision of this Agreement shall not prevent a subsequent act, which would have originally constituted a breach, from having the effect of an original breach.

SECTION 7.04. Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by a Company shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the Companies may have by Law or otherwise.

SECTION 7.05. Entire Agreement. This Agreement contains the entire agreement between the Companies with respect to the subject matter hereof, supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Companies with respect to the subject matter hereof other than those set forth or referred to herein.

SECTION 7.06. Absence of Presumption. The Companies have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Companies and no presumption or burden of proof shall arise favoring or disfavoring either Company by virtue of the authorship of any of the provisions of this Agreement. Notwithstanding the foregoing, the purposes of Articles IV and V are to ensure the Intended Tax Treatment and, accordingly, the Companies agree that the language thereof shall be interpreted in a manner that serves this purpose to the greatest extent possible.

SECTION 7.07. Governing Law; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, except to the extent the Laws of Delaware or any other jurisdiction are mandatorily applicable. Each of the Companies irrevocably agrees that any legal action or proceeding arising out of this Agreement or any transaction contemplated hereby shall be brought only in the State or United States Federal courts located in the State of New York. Each Company irrevocably consents to the service of process outside the territorial jurisdiction of such courts in any such action or proceeding by the mailing of such documents by registered United States mail, postage prepaid, to the respective address set forth in Section 7.13. EACH COMPANY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY AGREEMENT ENTERED INTO IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.

SECTION 7.08. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 7.09. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Company and delivered to the other Company.

SECTION 7.10. Interpretation. Any reference in this Agreement to the Separation Agreement, the Ancillary Agreements or the Contribution Agreement shall in each case include references to any exhibits, schedules and amendments thereto. If, and to the extent, the provisions of this Agreement conflict with the Separation Agreement, or any Ancillary Agreement, the provisions of this Agreement shall control.

SECTION 7.11. Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by either Company without the prior written consent of the other Company. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the Companies and their respective successors and assigns. Notwithstanding the preceding sentence, either Company may assign this Agreement without consent in connection with (a) a merger transaction in which such Company is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Company's Assets or (b) upon the sale of all or substantially all of such Company's Assets; provided, however, that the assignee expressly assumes in writing all of the obligations of the assigning Company under this Agreement, and the assigning Company provides written notice and evidence of such assignment and assumption to the non-assigning Company. No assignment permitted by this Section 7.11 shall release the assigning Company from liability for the full performance of its obligations under this Agreement.

SECTION 7.12. Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Companies and are not intended to confer upon any Person except the Companies any rights or remedies hereunder. There are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

SECTION 7.13. Notices. Any payments, notices, requests, claims, demands and other communications under this Agreement shall be provided in accordance with the Notices provision of the Separation Agreement. In addition, copies of all documents mentioned in the preceding sentence shall also be sent to the address set forth below (or at such other address as one Company may specify by notice to the other Company):

If to TWX:

Time Warner Inc.  
One Time Warner Center  
New York, NY 10019  
Attention: Annaliese Kambour, Esq.  
Senior Vice President—Tax  
Fax: (212) 484-8507

and with copies to:

Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019  
Attention: Stephen L. Gordon, Esq.  
Lauren Angelilli, Esq.  
Fax: (212) 474-3700

If to AOL:

AOL Inc.  
770 Broadway  
New York, NY 10003  
Attention: Scott Cockrell  
Vice President—Tax  
Fax: (917) 606-4743

All such notices shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) sent by telecopier (except that, if not sent during normal business hours for the recipient, then at the opening of business on the next Business Day for the recipient) to the fax numbers set forth above or (c) deposited in the United States mail or private express mail, postage prepaid, addressed as set forth above.

SECTION 7.14. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby, as the case may be, is not affected in any manner materially adverse to either Company. Upon any such determination, the Companies shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the Companies.

SECTION 7.15. Force Majeure. Neither Company shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability or parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

SECTION 7.16. Termination. The Agreement shall remain in force and be binding so long as the applicable period of assessments (including extensions) remains unexpired for any Taxes contemplated by the Agreement.

SECTION 7.17. Successor Provisions. Any reference herein to any provisions of the Code or Regulations shall be deemed to include any amendments or successor provisions thereto as appropriate.

SECTION 7.18. Compliance by Affiliates. TWX and AOL shall cause their Affiliates to comply with the terms of this Agreement.

SECTION 7.19. Survival. Except as expressly set forth in this Agreement, any covenants, representations or warranties contained in this Agreement and any liabilities for the breach of any obligation contained in this Agreement shall survive each of the Separation and Distribution and shall remain in full force and effect.

SECTION 7.20. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by either Company, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Company against whom it is sought to enforce such waiver, amendment, supplement or modification.

IN WITNESS WHEREOF, the Companies have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

**TIME WARNER INC.,**

By: /s/ John K. Martin, Jr.

\_\_\_\_\_  
Name: John K. Martin, Jr.

Title: Executive Vice President and  
Chief Financial Officer

**AOL INC.,**

By: /s/ Ira H. Parker

\_\_\_\_\_  
Name: Ira H. Parker

Title: Executive Vice President, Corporate  
Secretary and General Counsel

EMPLOYEE MATTERS AGREEMENT

By and Among

TIME WARNER INC.,

AOL LLC,

and

AOL INC.

Dated as of November 16, 2009

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THIS EMPLOYEE MATTERS AGREEMENT (this "Agreement"), dated as of November 16, 2009, by and among TIME WARNER INC., a Delaware corporation ("TWX"), AOL LLC, a Delaware limited liability company ("AOL LLC"), and AOL INC., a Delaware corporation ("AOL").

#### RECITALS

WHEREAS, TWX and AOL are entering into the Separation and Distribution Agreement (the "Separation Agreement") concurrently herewith, pursuant to which TWX intends to distribute to its shareholders its entire interest in AOL by way of a stock dividend to be made to holders of TWX Common Stock (as defined below); and

WHEREAS, TWX, AOL LLC and AOL wish to set forth their agreements as to certain matters regarding employment, compensation and employee benefits.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

#### ARTICLE I

SECTION 1.01. Schedules and Section References. Article, Section and Schedule references are to the articles, sections or schedules of or to this Agreement unless otherwise specified.

SECTION 1.02. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any claim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any federal, state, local, foreign or international arbitration or mediation tribunal.

"Affiliate" of any Person shall mean a Person that controls, is controlled by or is under common control with such Person. As used herein, "control" of any entity shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise; provided, however, that, except as specified in the following sentence, for the purposes of the Separation Agreement and the Ancillary Agreements, (i) AOL and its Subsidiaries shall not be considered Affiliates of TWX or any of its Subsidiaries and (ii) TWX and its Subsidiaries shall not be considered Affiliates of AOL or any of its Subsidiaries. For the avoidance of doubt, AOL LLC shall be considered an Affiliate of AOL and its Subsidiaries, and not TWX, at all times prior to the Distribution, but shall be considered an Affiliate of TWX and its Subsidiaries, and not AOL, at all times following the Distribution.

"Ancillary Agreements" shall mean the Transition Services Agreements, TMA, this Employee Matters Agreement, IPA, Assignment and Assumption Agreement, Employee Benefits Assignment and Assumption Agreement and any other instruments, assignments, documents and agreements executed in connection with the implementation of the transactions contemplated by the Separation Agreement.

“AOL” has the meaning set forth in the preamble.

“AOL Asset Distribution Date” shall mean the date on which the Asset Distribution occurs.

“AOL Assets” shall mean all of the Assets held by AOL LLC directly (including, for the avoidance of doubt, all capital stock of any Person held by AOL LLC), but excluding the TWX Retained Assets and any Assets held by a member of the AOL Group that are determined by the Parties, in good faith, to be primarily related to or used primarily in connection with the business or operations of a member of the TWX Group.

“AOL Benefit Agreement” shall mean any Benefit Agreement to which any member of the AOL Group is a party and to which any member of the TWX Group is not a party.

“AOL Benefit Plan” shall mean any AOL New Benefit Plan, AOL LLC Benefit Plan or Transferred Entity Benefit Plan. For the avoidance of doubt, no member of the AOL Group shall be deemed to sponsor or maintain any Benefit Plan if its relationship to such Benefit Plan is solely to administer or provide to TWX any reimbursement in respect of such Benefit Plan

“AOL Cafeteria Plan” shall have the meaning set forth in Section 9.01.

“AOL Common Stock” shall mean the common stock, \$0.01 par value per share, of AOL.

“AOL Conversion” shall mean the filing by AOL Holdings with the Delaware Secretary of State, pursuant to Section 18-216 of the DLLC Act, the documentation necessary to convert to a Delaware corporation and to change its name to AOL Inc.

“AOL Employee” shall mean each individual who, as of the time that is relevant to the context in which such term is used, is either (i) an AOL LLC Employee, (ii) a Former AOL LLC Employee, (iii) a Transferred Entity Employee or (iv) a TWX Transferred Employee.

“AOL Employee Transfer Time” shall mean the time that the employment of the AOL LLC Employees is transferred to a member of the AOL Group, which time shall not be later than 11:59 p.m. on the business day immediately preceding the AOL Asset Distribution Date.

“AOL 401(k) Plan” shall have the meaning set forth in Section 7.01.

“AOL Group” shall mean AOL and each of its controlled Affiliates.

“AOL Holdings” shall mean AOL Holdings LLC, a Delaware limited liability company that was classified as a corporation for U.S. Federal income tax purposes.

“AOL Indemnitees” shall mean AOL, each other member of the AOL Group and each of their respective former and current directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing.

“AOL LLC Benefit Agreement” shall mean each Benefit Agreement to which AOL LLC is a party.

“AOL LLC Benefit Plan” shall mean each Benefit Plan sponsored or maintained by AOL LLC.

“AOL LLC Employee” shall mean an employee of AOL LLC, who, as of immediately prior to the AOL Employee Transfer Time, is actively employed by AOL LLC or is on a leave of absence, whether paid or unpaid, from which such employee is permitted to return (in accordance with AOL LLC’s personnel policies).

“AOL LLC Employee Liabilities” shall mean all potential or actual employment and employee benefits-related AOL LLC Liabilities.

“AOL LLC Liabilities” shall mean the Liabilities of AOL LLC, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or prior to the Distribution Date, including as a result of or in connection with the Separation Agreement, the Assignment and Assumption Agreement or any of the transactions or other actions to implement the Separation or Distribution, but excluding the TWX Retained Liabilities.

“AOL LLC Name Change” shall mean the filing by AOL LLC with the Delaware Secretary of State, pursuant to Sections 18-103 and 18-202 of the DLLC Act, the documentation necessary to change its name to “Historic AOL LLC”.

“AOL LLC Welfare Plan” shall mean each Welfare Plan sponsored or maintained by AOL LLC.

“AOL New Benefit Plan” shall mean any Benefit Plan sponsored or maintained by any member of the AOL Group as of the AOL Employee Transfer Time (including, without limitation, any AOL LLC Benefit Plan assumed by AOL pursuant to Section 2.01), other than a Transferred Entity Benefit Plan.

“AOL Online Shares” shall mean the shares held by AOL LLC in AOL Online India Private Limited.

“AOL Online Transfer” shall mean the transfer by AOL LLC, following the Asset Distribution, of the AOL Online Shares to AOL Mauritius Services Ltd. that will occur if the AOL Online Shares are not distributed to AOL prior or pursuant to the Asset Distribution.

“AOL TRA Plan” shall have the meaning set forth in Section 10.01.

“AOL Transferred Entity” shall mean each member of the AOL Group that is transferred from AOL LLC to AOL in connection with the Asset Distribution.

“AOL Welfare Plan” shall mean each Welfare Plan that, immediately upon the AOL Employee Transfer Time, is sponsored or maintained by a member of the AOL Group.

“AOL Workers Compensation Plan” shall have the meaning set forth in Section 5.04.

“Armstrong” shall have the meaning set forth in Section 12.02.

“Armstrong Employment Agreement” shall have the meaning set forth in Section 12.02.

“Asset Distribution” shall mean AOL LLC’s transfer of the AOL Assets to AOL pursuant to the Assignment and Assumption Agreement.

“Assets” shall mean all assets, properties and rights (including goodwill), other than any relating to Taxes, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible or intangible, or accrued or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

- (a) all accounting and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;
- (b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, furniture, office and other equipment, including hardware systems, circuits and other computer and telecommunication assets and equipment, automobiles, trucks, aircraft, rolling stock, vessels, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;
- (c) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products;
- (d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

- (e) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; all other investments in securities of any Person; and all rights as a partner, joint venturer or participant;
- (f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments and all rights arising thereunder;
- (g) all deposits, letters of credit, performance bonds and other surety bonds;
- (h) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals and materials and analyses prepared by consultants and other third parties;
- (i) all United States, state, multinational and foreign intellectual property, including patents, copyrights, trade names, trademarks, service marks, slogans, logos, trade dresses and other source indicators and the goodwill of the business symbolized thereby; all registrations, applications, recordings, disclosures, renewals, continuations, continuations-in-part, divisions, reissues, reexaminations, foreign counterparts, and other legal protections and rights related to any of the foregoing; mask works, trade secrets, inventions and other proprietary information, including know-how, processes, formulae, techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals, discoveries, inventions, licenses from third-parties granting the right to use any of the foregoing and all tangible embodiments of the foregoing in whatever form or medium;
- (j) all computer applications, programs, software and other code (in object and source code form), including operating software, network software, firmware, middleware, design software, design tools, systems documentation, instructions, ASP, HTML, DHTML, SHTML and XML files, cgi and other scripts, APIs, web widgets, algorithms, models, methodologies, files, documentation related to any of the foregoing and all tangible embodiments of the foregoing in whatever form or medium;
- (k) all Internet URLs and domain names;
- (l) all websites, databases, content, text, graphics, images, audio, video, data and other copyrightable works or other works of authorship including all translations, adaptations, derivations and combinations thereof;
- (m) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, subscriber, customer and vendor data, correspondence and lists, product literature and other advertising and promotional materials, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, server and traffic logs, quality records and reports and other books, records, studies, surveys, reports, plans, business records and documents;

- (n) all prepaid expenses, trade accounts and other accounts and notes receivable (whether current or non-current);
- (o) all claims or rights against any Person arising from the ownership of any other Asset, all rights in connection with any bids or offers, all claims, causes in action, lawsuits, judgments or similar rights, all rights under express or implied warranties, all rights of recovery and all rights of setoff of any kind and demands of any nature, in each case whether accrued or contingent, whether in tort, contract or otherwise and whether arising by way of counterclaim or otherwise;
- (p) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;
- (q) all licenses (including radio and similar licenses), permits, approvals and authorizations that have been issued by any Governmental Authority and all pending applications therefor;
- (r) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements;
- (s) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements; and
- (t) all goodwill as a going concern and other intangible properties.

“Assignment and Assumption Agreement” shall mean the Assignment and Assumption Agreement between TWX, AOL and AOL LLC to be dated as of the date of the Asset Distribution.

“Benefit Agreement” shall mean any Benefit Plan that is an employment, consulting, deferred compensation, executive compensation, change in control, split dollar life insurance, special retiree medical, sale bonus, incentive bonus, severance or other compensatory agreement between any employee or former employee of any member of the TWX Group or any member of the AOL Group, on the one hand, and any member of the TWX Group or any member of the AOL Group, on the other hand.

“Benefit Plan” shall mean, with respect to an entity, each plan, program, policy, agreement, arrangement or understanding that is an employment, consulting, deferred compensation, executive compensation, incentive bonus or other bonus, employee pension, profit sharing, savings, retirement, supplemental retirement, stock option, stock purchase, stock appreciation right, restricted stock, restricted stock unit, deferred stock unit, other equity-based compensation, severance pay, salary continuation, life, death benefit, health, hospitalization, sick leave, vacation pay, disability or accident insurance or other employee benefit plan, program, agreement or arrangement, including any “employee benefit plan” (as defined in Section 3(3) of ERISA) sponsored or maintained by such entity or to which such entity is a party.

“COBRA” shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Converted AOL Option” shall have the meaning set forth in Section 12.02.

“Converted AOL RSU” shall have the meaning set forth in Section 12.02.

“Deferred Compensation Payable” shall mean an amount equal to the aggregate fair market value, determined as of the most recently available time prior to the business day immediately preceding the Distribution Date (or as of such earlier date as is necessary to reflect the provisions in Schedule IV of the Separation Agreement), of the obligations pursuant to the deferred compensation account for any Former AOL LLC Employee listed on Schedule 8.01(B) or Schedule 8.01(C). For the avoidance of doubt, the Deferred Compensation Payable shall be considered a Qualified Intercompany Account pursuant to Schedule IV of the Separation Agreement.

“Distribution” shall mean the distribution, on a pro rata basis, by TWX to the Record Holders of all the outstanding shares of AOL Common Stock owned by TWX on the Distribution Date.

“Distribution Date” shall mean the date, determined by TWX in accordance with Section 5.03 of the Separation Agreement, on which the Distribution occurs.

“DLLC Act” shall mean the Delaware Limited Liability Company Act.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“Employee Benefits Assignment and Assumption Agreement” shall mean the Employee Benefits Assignment and Assumption Agreement between TWX, AOL and AOL LLC to be dated as of the date of AOL Employee Transfer Time.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Existing AOL Inc. Name Change” shall mean the filing with the Delaware Secretary of State of the documentation necessary to change its name to “Original AOL Inc.” by AOL Inc., a direct wholly-owned Subsidiary of AOL LLC.

“FAS 123R” shall mean Statement of Financial Accounting Standards No. 123R or the comparable relevant sections of the FASB Accounting Standards Codification.

“FASB” shall mean the Financial Accounting Standards Board.

“Fair Market Value” of a share of TWX Common Stock shall mean, with respect to any given date, (i) if there should be a public market for such stock on such date, the closing sale price of such stock on the NYSE Composite Tape, or, if such stock is not listed or admitted on any national securities exchange, the average of the per share closing bid price and per share closing asked price on such date for such stock as quoted on the NASDAQ (or such market in which such prices are regularly quoted), or, if no sale of shares of such stock shall have been reported on the NYSE Composite Tape or quoted on the NASDAQ on such date, then the immediately preceding date on which sales of shares of such stock have been so reported or quoted shall be used, and (ii) if there should not be a public market for such stock on such date, the Fair Market Value shall be the value established by TWX in good faith.

“First AOL LLC Distribution” shall mean the transfer by AOL of all of the membership interests in AOL LLC to TWX and TWA LLC, on a pro rata basis in respect of the AOL Common Stock held by TWX and TWA LLC, respectively.

“Former AOL LLC Employee” shall mean each employee of AOL LLC who, as of immediately prior to the AOL Employee Transfer Time, is no longer employed by a member of the TWX Group or the AOL Group. For the avoidance of doubt, the term “Former AOL LLC Employee” shall not include any employee who, as of immediately prior to the AOL Employee Transfer Time, is on a leave of absence from which such employee is permitted to return (in accordance with AOL LLC’s personnel policies).

“Governmental Authority” shall mean any Federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other legislative, judicial, regulatory, administrative or governmental authority.

“Group” shall mean either the TWX Group or the AOL Group, as the context requires.

“HIPAA” shall mean the Health Insurance Portability and Accountability Act of 1996.

“Indemnifying Party” shall have the meaning set forth in Section 17.01.

“Indemnitee” shall have the meaning set forth in Section 17.01.

“Indemnity Payment” shall have the meaning set forth in Section 17.01.

“Information” shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Insurance Proceeds” shall mean those moneys:

- (a) received by an insured (or its successor-in-interest) from an insurance carrier;
- (b) paid by an insurance carrier on behalf of the insured (or its successor-in-interest); or
- (c) received (including by way of set-off) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

“Internal Distribution” shall mean the transfer by TWA LLC of all of the AOL Common Stock that it owns to TWX in respect of the membership interests of TWA LLC held by TWX.

“Internal Transactions” shall mean the TWA Conversion, the Existing AOL Inc. Name Change, the AOL Conversion, the Asset Distribution, the AOL Online Transfer, the First AOL LLC Distribution, the Second AOL LLC Distribution, the AOL LLC Name Change, the Internal Distribution, the Payables Transactions and the Recapitalization.

“IPA” means the Intellectual Property Cross-License Agreement dated as of the date of this Agreement by and between TWX and AOL.

“Law” shall mean any statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, government approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended.

“Liabilities” shall mean any and all claims, debts, demands, actions, causes of action, suits, damages, obligations, accruals, accounts payable, reckonings, bonds, indemnities and similar obligations, agreements, promises, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any law, rule, regulation, Action, threatened or contemplated Action, order or consent decree of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, including those arising under this Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person. For the avoidance of doubt, Liabilities (i) shall include attorneys’ fees, the costs and expenses of all assessments, judgments, settlements and compromises, and any and all other costs and expenses whatsoever reasonably incurred in connection with anything contemplated by the preceding sentence and (ii) shall not include liabilities or requirements related to Taxes.

“NASDAQ” shall mean the National Association of Securities Dealers Automated Quotation System.

“NYSE” shall mean the New York Stock Exchange.

“Party” shall mean any party hereto.

“Payables Transactions” shall mean the intercompany payables transactions set forth on Schedule IV of the Separation Agreement to be settled prior to or as of the close of business on the business day immediately prior to the Distribution Date.

“Person” shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability company, any other entity and any Governmental Authority.

“Post-Separation AOL Employee” shall mean each AOL Employee who is employed by a member of the AOL Group immediately following the Distribution Date.

“Recapitalization” shall mean the recapitalization of AOL so that the number of outstanding shares of AOL Common Stock will be equal to the number of shares that will be distributed in the Distribution.

“Recently Terminated Former AOL LLC Employee” shall mean a Former AOL LLC Employee whose employment was terminated within the five years immediately prior to the AOL Employee Transfer Time.

“Record Date” shall mean the close of business on the date to be determined by the TWX board of directors as the record date for determining the shares of TWX Common Stock in respect of which shares of AOL Common Stock will be distributed pursuant to the Distribution.

“Record Holders” shall mean the holders of TWX Common Stock as of the Record Date.

“Second AOL LLC Distribution” shall mean the transfer by TWA LLC of all of its membership interests in AOL LLC to TWX in respect of the membership interests of TWA LLC held by TWX.

“Security Interest” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

“Separation” shall mean (a) the Internal Transactions, (b) any actions to be taken pursuant to Article II of the Separation Agreement and (c) any other transfers of Assets and assumptions of Liabilities, in each case, between a member of one Group and a member of the other Group, provided for in the Separation Agreement or the Assignment and Assumption Agreement.

“Subsidiary” of any Person shall mean any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however that (i) no Person that is not directly or indirectly wholly owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person and (ii) AOL and its Subsidiaries (including AOL LLC) shall not be considered Subsidiaries of TWX prior to the Distribution.

“Taxes” shall mean all forms of taxation or duties imposed, or required to be collected or withheld, including (but not limited to) all forms of income taxes, social insurance charges, payroll tax payments or other tax-related amounts, together with any related interest, penalties or other additional amounts.

“Third-Party Claim” shall mean any assertion by a Person (including any Governmental Authority) who is not a member of the TWX Group or the AOL Group of any claim, or the commencement by any such Person of any Action, against any member of the TWX Group or the AOL Group.

“Third-Party Proceeds” shall have the meaning set forth in Section 17.01.

“TMA” shall mean the Second Tax Matters Agreement dated as of the date of the Separation Agreement by and between TWX and AOL.

“Transferred Entity Benefit Plan” shall mean any Benefit Plan sponsored or maintained by any AOL Transferred Entity.

“Transferred Entity Employees” shall mean each individual who, as of immediately prior to the AOL Asset Distribution Date, is a current or former employee of any AOL Transferred Entity, other than any former employee of an AOL Transferred Entity who, immediately prior to the AOL Asset Distribution Date, is employed by a member of the TWX Group.

“Transition Services Agreement” shall mean the Transition Services Agreement dated as of the date of the Separation Agreement between TWX and AOL.

“Transactions” shall mean the Internal Transactions and the Distribution.

“TWA” shall mean TW AOL Holdings Inc., a Virginia corporation.

“TWA Conversion” shall mean the filing by TWA with the Virginia Secretary of State, pursuant to Section 13.1-722.9 of the Virginia Code, the documentation necessary to become a Virginia limited liability company named TW AOL Holdings LLC.

“TWA LLC” shall mean TW AOL Holdings LLC, a Virginia limited liability company.

“TWX” shall have the meaning set forth in the preamble.

“TWX Benefit Agreement” shall mean any Benefit Agreement to which any member of the TWX Group is a party and to which any member of the AOL Group is not a party.

“TWX Benefit Plan” shall mean any Benefit Plan sponsored or maintained by any member of the TWX Group. For the avoidance of doubt, no member of the TWX Group shall be deemed to sponsor or maintain any Benefit Plan if its relationship to such Benefit Plan is solely to administer or provide to AOL any reimbursement in respect of such Benefit Plan.

“TWX Benefit Plan Costs” shall have the meaning set forth in Section 16.02.

“TWX Benefit Plan Costs Reimbursement Amount” shall mean, with respect to any calendar quarter ending at or after the AOL Employee Transfer Time, the amount, if any, by which the TWX Benefit Costs incurred by the members of the TWX Group during such calendar quarter exceed the TWX Benefit Plan Rebates received by the members of the TWX Group during such calendar quarter (in each case, as set forth in Section 13.02), which amount shall be paid pursuant to Section 15.01.

“TWX Benefit Plan Rebate Reimbursement Amount” shall mean, with respect to any calendar quarter ending at or after the AOL Employee Transfer Time, the amount, if any, by which the TWX Benefit Plan Rebates received by the members of the TWX Group during such calendar quarter exceed the TWX Benefit Plan Costs incurred by the members of the TWX Group during such calendar quarter, which amount shall be paid pursuant to Section 15.02.

“TWX Benefit Plan Rebates” shall have the meaning set forth in Section 13.02.

“TWX Cafeteria Plan” shall have the meaning set forth in Section 9.01.

“TWX Common Stock” shall mean the common stock, \$0.01 par value per share, of TWX.

“TWX Dividend Equivalents” shall mean cash dividend equivalents based on cash dividends declared and paid by TWX on the TWX Common Stock that are paid with respect to TWX RSUs held by AOL Employees.

“TWX Dividend Equivalent Reimbursement Amount” shall mean an amount equal to the TWX Dividend Equivalent payments made by a member of the AOL Group to AOL Employees pursuant to Section 12.01. For the avoidance of doubt, such amount shall not include the employer-paid portion of any Social Security, Medicare or unemployment Taxes due with respect to such amount.

“TWX Equity Compensation Award” shall have the meaning set forth in Section 12.01.

“TWX Equity Award Payable” shall mean the sum of (i) an aggregate amount equal to the excess of (A) the Fair Market Value, as of the most recently available time prior to the business day immediately prior to the Distribution Date, of a share of TWX Common Stock over (B) the per share exercise price of each TWX Option that is outstanding as of the business day immediately prior to the Distribution Date (or as of such earlier date as is necessary to reflect the provisions in Schedule IV of the Separation Agreement), and that is not expected to be forfeited promptly following the Distribution, (ii) an aggregate amount equal to the Fair Market Value, as of the most recently available time prior to the business day immediately prior to the Distribution Date, of all shares of TWX Common Stock subject to TWX RSUs that are outstanding as of the business day immediately prior to the Distribution Date and that are not expected to be forfeited promptly following the Distribution and (iii) an aggregate amount equal to the Fair Market Value, as of the most recently available time prior to the business day immediately prior to the Distribution Date (or as of such earlier date as is necessary to reflect the provisions in Schedule IV of the Separation Agreement), of all shares of TWX Common Stock subject to TWX PSUs that are outstanding as of the business day immediately prior to the Distribution Date and that are not expected to be forfeited promptly following the Distribution. For the avoidance of doubt, the TWX Equity Award Payable shall be considered a Qualified Intercompany Account pursuant to Schedule IV of the Separation Agreement.

“TWX Excess Benefit Pension Plan” shall mean the Time Warner Excess Benefit Pension Plan, as amended and restated as of May 1, 2008.

“TWX 401(k) Plan” shall have the meaning set forth in Section 7.01.

“TWX Group” shall mean TWX and each of its controlled Affiliates.

“TWX Indemnitees” shall mean TWX, each other member of the TWX Group and each of their respective former and current directors, officers and employees, and each of the heirs, executors, successors and assigns.

“TWX Nonqualified Plans” shall mean the Time Warner Inc. Deferred Compensation Plan, as amended January 1, 2004, the Time Warner Inc. Deferred Compensation Plan, as amended and restated as of January 1, 2005, and the Time Warner Excess Profit Sharing Plan, effective as of January 1, 1997.

“TWX Option” shall have the meaning set forth in Section 12.01.

“TWX Option Tax Withholding Reimbursement Amount” shall mean the Fair Market Value of the shares of TWX Common Stock (if any) withheld by a member of the TWX Group (determined as of the date that such shares are withheld) pursuant to Section 12.04 in connection with the exercise of a TWX Option by an AOL Employee. For the avoidance of doubt, such amount shall not include the employer-paid portion of any Medicare, Social Security or any unemployment Taxes due with respect to such amount.

“TWX Pension Plan” shall have the meaning set forth in Section 6.01.

“TWX PSU” shall have the meaning set forth in Section 12.01.

“TWX Retained Assets” shall mean the Assets to be retained by TWX in the Funding Agreement between TWX and AOL LLC relating to the TWX Retained Liabilities.

“TWX Retained Employee” shall have the meaning set forth in Section 2.03.

“TWX Retained Employee Bonuses” shall have the meaning set forth in Section 3.02.

“TWX Retained Employee Bonuses Reimbursement Amount” shall mean an amount equal to the TWX Retained Employee Bonuses paid pursuant to Section 3.02.

“TWX Retained Employee 401(k) Contributions” shall have the meaning set forth in Section 7.03.

“TWX Retained Employee 401(k) Contributions Reimbursement Amount” shall mean an amount equal to the TWX Retained Employee 401(k) Contributions paid pursuant to Section 7.03 (which amount shall not include the value of any forfeitures held by the TWX 401(k) Plan that are allocated to a TWX Retained Employee’s account with any such allocations determined in a manner that is consistent with the way that TWX allocates forfeitures of account balances to other employees of members of the TWX Group).

“TWX Retained Employee Transfer Time” shall mean the time at which a TWX Retained Employee commences employment with a member of the TWX Group, but in no event later than the AOL Employee Transfer Time.

“TWX Retained Liabilities” shall mean the guarantees by AOL LLC of the existing public and bank debt of TWX and its Affiliates and the Liabilities described in Section 8.03 of the Separation Agreement.

“TWX RSU” shall have the meaning set forth in Section 12.01.

“TWX Services” shall have the meaning set forth in Section 13.01.

“TWX Services Reimbursement Amounts” shall have the meaning set forth in Section 13.01.

“TWX TRA Plan” shall have the meaning set forth in Section 10.01.

“TWX Transferred Employee” shall have the meaning set forth in Section 2.02.

“TWX Transferred Employee Bonuses” shall have the meaning set forth in Section 3.01.

“TWX Transferred Employee Bonuses Reimbursement Amount” shall mean an amount equal to the TWX Transferred Employee Bonuses paid pursuant to Section 3.01.

“TWX Transferred Employee Transfer Time” shall mean the time at which a TWX Transferred Employee commences employment with a member of the AOL Group, but in no event later than the AOL Employee Transfer Time.

“TWX Welfare Plan” shall mean each Welfare Plan which, immediately upon the AOL Employee Transfer Time, is sponsored or maintained by a member of the TWX Group.

“TWX Workers Compensation Plan” shall have the meaning set forth in Section 5.04.

“Vendor Contract” shall have the meaning set forth in Section 19.01.

“Welfare Plan” shall mean each Benefit Plan that provides life insurance, health care, dental care, accidental death and dismemberment insurance, disability, severance, vacation or other group welfare or fringe benefits.

“Workers Compensation Event” shall mean the event, injury, illness or condition giving rise to a workers compensation claim.

ARTICLE II

General Principles: Employee Transfers

SECTION 2.01. Transfer of AOL LLC Employees and Assumption of AOL LLC Employee Liabilities; Indemnity. The employment of each AOL LLC Employee with AOL LLC shall be transferred, and each AOL LLC Employee shall become employed by AOL, effective as of the AOL Employee Transfer Time. Furthermore, except as otherwise specifically provided in this Agreement, effective as of the AOL Employee Transfer Time, AOL LLC shall, in accordance with the Employee Benefits Assignment and Assumption Agreement, transfer, assign, convey and deliver, to AOL all of AOL LLC's right, title and interest in the AOL Assets relating to employees or employee-benefits matters. Except as otherwise specifically provided in this Agreement, at the AOL Employee Transfer Time, (i) AOL shall, in accordance with the Employee Benefits Assignment and Assumption Agreement, assume and pay, perform, fulfill and discharge all AOL LLC Employee Liabilities and (ii) AOL shall, in accordance with the Employee Benefits Assignment and Assumption Agreement, assume and be responsible for administering each AOL LLC Benefit Plan and each AOL LLC Benefit Agreement in accordance with its terms. For the avoidance of doubt from and after the AOL Employee Transfer Time, AOL LLC shall not retain any AOL LLC Employee Liabilities, and in connection therewith, AOL shall indemnify, defend and hold harmless AOL LLC and each other member of the TWX Group from and against any and all AOL LLC Employee Liabilities.

SECTION 2.02. Transfer of TWX Transferred Employees. Prior to December 1, 2009, or such other date as the Parties may mutually agree upon, but in no event later than the last business day prior to the AOL Employee Transfer Time, TWX and AOL shall mutually agree upon a list of employees, if any, of any member of the TWX Group who shall be offered employment by a member of the AOL Group. Prior to the AOL Employee Transfer Time, a member of the AOL Group shall make an offer of employment to each employee on such list, effective as of the TWX Transferred Employee Transfer Time. Each employee who is offered employment by a member of the AOL Group pursuant to this Section 2.02 and who expressly accepts such offer and commences employment is referred to herein as a "TWX Transferred Employee". The employment of each TWX Transferred Employee with the relevant member of the TWX Group shall be terminated, and each TWX Transferred Employee shall become employed by a member of the AOL Group, effective as of the TWX Transferred Employee Transfer Time. For a period of not less than one year following the AOL Employee Transfer Time, AOL shall maintain or cause to be maintained for the benefit of each TWX Transferred Employee base salary or hourly compensation, as applicable, and annual cash incentive opportunities and long-term incentive opportunities that are substantially comparable in the aggregate to the base salary or hourly compensation, annual cash incentive opportunities and long-term incentive opportunities, as applicable, provided to other similarly situated employees of the members of the AOL Group; provided, however, that nothing herein shall be construed as requiring any member of the AOL Group to continue the employment of any specific person for any particular period of time after the AOL Employee Transfer Time. No member of the AOL Group shall be responsible for any severance payments or benefits in respect of the termination of employment of any employee by any member of the TWX Group pursuant to this Section 2.02; provided, however, that the applicable member of the AOL Group shall be responsible for severance payments or benefits (if any) in respect of the termination of employment of any TWX Transferred Employee by a member of the AOL Group following the TWX Transferred Employee Transfer Time.

SECTION 2.03. Transfer of TWX Retained Employees. Prior to December 1, 2009, or such other date as the Parties may mutually agree upon, but in no event later than the last business day prior to the AOL Employee Transfer Time, TWX and AOL shall mutually agree upon a list of employees, if any, of any member of the AOL Group who shall be offered employment by a member of the TWX Group. Prior to the AOL Employee Transfer Time, a member of the TWX Group shall make an offer of employment to each employee on such list, effective as of the TWX Retained Employee Transfer Time. Each employee who is offered employment by a member of the TWX Group pursuant to this Section 2.03 and who expressly accepts such offer and commences employment is referred to herein as a "TWX Retained Employee". The employment of each TWX Retained Employee with the relevant member of the AOL Group shall be terminated, and each TWX Retained Employee shall become employed by a member of the TWX Group, effective as of the TWX Retained Employee Transfer Time. For a period of not less than one year following the relevant AOL Employee Transfer Time, TWX shall maintain or cause to be maintained for the benefit of each TWX Retained Employee base salary or hourly compensation, as applicable, and annual cash incentive opportunities and long-term incentive opportunities that are substantially comparable in the aggregate to the base salary or hourly compensation, annual cash incentive opportunities and long-term incentive opportunities, as applicable, provided to other similarly situated employees of a member of the TWX Group; provided, however, that nothing herein shall be construed as requiring any member of the TWX Group to continue the employment of any specific person for any particular period of time after the AOL Employee Transfer Time. No member of the TWX Group shall be responsible for any severance payments or benefits in respect of the termination of employment of any employee by any member of the AOL Group pursuant to this Section 2.03; provided, however, that the applicable member of the TWX Group shall be responsible for severance payments or benefits (if any) in respect of the termination of employment of any TWX Retained Employee by a member of the TWX Group following the TWX Retained Employee Transfer Time.

SECTION 2.04. Continuation of Employment of Transferred Entity Employees. From and after the AOL Asset Distribution Date, AOL will (a) cause the relevant AOL Transferred Entity to continue the employment of each Transferred Entity Employee who is actively employed on such date; provided, however, that nothing herein shall be construed as requiring any member of the AOL Group to continue the employment of any specific person for any particular period of time after the AOL Asset Distribution Date, and (b) retain liability and responsibility for all actual or potential employment and employee benefits-related Liabilities relating to each Transferred Entity Employee to the same extent as if the transactions contemplated by this Agreement and the Separation Agreement had not occurred.

SECTION 2.05. Benefit Plans and Benefit Agreements. Except as otherwise specifically provided in this Agreement, as of the AOL Employee Transfer Time, each AOL Employee (and each such employee's dependents and beneficiaries) shall cease active participation in all TWX Benefit Plans and, as of such time, AOL shall or shall cause another member of the AOL Group to have in effect such AOL New Benefit Plans as are necessary to comply with its obligations pursuant to this Agreement, including, without limitation, pursuant to Sections 5.01, 7.01, 9.01 and 10.01. As of immediately following the AOL Employee Transfer Time, except as otherwise specifically provided in this Agreement, (i) TWX shall, or shall cause one or more members of the TWX Group to, retain, pay, perform, fulfill and discharge all Liabilities arising out of or relating to all TWX Benefit Plans and TWX Benefit Agreements and (ii) AOL shall, or shall cause one or more members of the AOL Group to, retain, pay, perform, fulfill and discharge all Liabilities arising out of or relating to all AOL Benefit Plans and AOL Benefit Agreements. Notwithstanding the foregoing, and unless otherwise provided in this Agreement, (A) in the case of any Benefit Agreement in effect at the AOL Employee Transfer Time that is listed on Schedule 2.05(A) pursuant to which both a member of the AOL Group and a member of the TWX Group are parties, each such party shall continue to honor its respective obligations under such Benefit Agreement, (B) in the case of any AOL Benefit Agreement in effect as of the AOL Employee Transfer Time that is listed on Schedule 2.05(B), pursuant to which AOL and TWX intend or expect that specific compensation or benefit items will be provided by any member of the TWX Group (as described in Schedule 2.05(B)), such member of the TWX Group shall honor its obligations with respect to such specific compensation or benefit items and (C) in the case of any TWX Benefit Agreement in effect as of the AOL Employee Transfer Time that is listed on Schedule 2.05(C), pursuant to which AOL and TWX intend or expect that specific compensation or benefit items will be provided by any member of the AOL Group (as described in Schedule 2.05(C)), such member of the AOL Group shall honor its obligations with respect to such specific compensation or benefit items. From and after the AOL Employee Transfer Time, except in the case of any arrangement that is set forth on Schedule 2.05(A), Schedule 2.05(B) or Schedule 2.05(C) or as otherwise specifically provided in this Agreement, in the case of any Benefit Agreement pursuant to which both a member of the AOL Group and a member of the TWX Group are parties, (1) AOL shall, or shall cause one or more members of the AOL Group to, assume all obligations of the members of the TWX Group under such Benefit Agreement that relate to an AOL Employee (other than a TWX Transferred Employee), (2) TWX shall, or shall cause one or more members of the TWX Group to, assume all obligations of the members of the AOL Group under such Benefit Agreement that relate to any current or former employee of the TWX Group who is not an AOL Employee (other than a TWX Retained Employee) and (3) in the case of any TWX Transferred Employee or any TWX Retained Employee, (x) AOL shall, or shall cause one or more members of the AOL Group to, assume all obligations of the members of the TWX Group under such Benefit Agreement that relate to such employee's service with any member of the AOL Group, and (y) TWX shall, or shall cause one or more members of the TWX Group to, assume all obligations of the members of the AOL Group under such Benefit Agreement that relate to such employee's service with any member of the TWX Group. For the avoidance of doubt, from and after the AOL Employee Transfer Time, in no event will AOL be required to issue, grant or award any compensation relating to AOL Common Stock to any employee who is a member of the TWX Group, and in no event will TWX be required to issue, grant or award any compensation relating to TWX Common Stock to any employee who is a member of the AOL Group. Notwithstanding any provision of this Agreement to the contrary, nothing contained herein shall be construed as requiring, and the members of the TWX Group shall take no action that would have the effect of requiring, any member of the AOL Group to continue any AOL Benefit Plan or any other specific plans, programs, policies, arrangements, agreements or understandings from or after the AOL Employee Transfer Time.

SECTION 2.06. Allocation of Employment Liabilities for TWX Transferred Employees and TWX Retained Employees. Except as otherwise specifically provided in this Agreement, effective as of the relevant TWX Transferred Employee Transfer Time, (a) the members of the TWX Group shall retain liability and responsibility for all actual or potential employment and employee benefits-related Liabilities incurred prior to the TWX Transferred Employee Transfer Time that relate to the TWX Transferred Employees (or any dependent or beneficiary of any TWX Transferred Employee) and (b) the members of the AOL Group shall assume liability and responsibility for all actual or potential employment and employee benefits-related Liabilities incurred at or after the TWX Transferred Employee Transfer Time that relate to the TWX Transferred Employees (or any dependent or beneficiary of any TWX Transferred Employee). Except as otherwise specifically provided in this Agreement, effective as of the relevant TWX Retained Employee Transfer Time, (i) the members of the AOL Group shall retain liability and responsibility for all actual or potential employment and employee benefits-related Liabilities incurred prior to the TWX Retained Employee Transfer Time that relate to the TWX Retained Employees (or any dependent or beneficiary of any TWX Retained Employee) and (ii) the members of the TWX Group shall assume liability and responsibility for all actual or potential employment and employee benefits-related Liabilities incurred at or after the TWX Retained Employee Transfer Time that relate to the TWX Retained Employees (or any dependent or beneficiary of any TWX Retained Employee).

### ARTICLE III

#### Annual Bonuses for Year of Distribution

SECTION 3.01. TWX Transferred Employee Bonuses. Following the end of the calendar year that includes the Distribution Date, TWX shall inform AOL in writing of the bonus (if any) payable to each TWX Transferred Employee under the applicable annual incentive plan or arrangement of a member of the TWX Group with respect to the portion of such calendar year ending at the TWX Transferred Employee Transfer Time (collectively, the "TWX Transferred Employee Bonuses"). AOL shall, or shall cause its Affiliates to, pay each TWX Transferred Employee such bonus (if any) promptly following the end of such calendar year and within the time period set forth in the applicable annual incentive plan or arrangement. The obligations of the members of the TWX Group to reimburse the members of the AOL Group with respect to the TWX Transferred Employee Bonuses are set forth in Section 15.02.

SECTION 3.02. TWX Retained Employee Bonuses. Following the end of the calendar year that includes the Distribution Date, AOL shall inform TWX in writing of the bonus (if any) payable to each TWX Retained Employee under the applicable annual incentive plan or arrangement of a member of the AOL Group with respect to the portion of such calendar year ending at the TWX Retained Employee Transfer Time (collectively, the “TWX Retained Employee Bonuses”). TWX shall, or shall cause its Affiliates to, pay each TWX Retained Employee such bonus (if any) promptly following the end of such calendar year and within the time period set forth in the applicable annual incentive plan or arrangement. The obligations of the members of the AOL Group to reimburse the members of the TWX Group with respect to the TWX Retained Employee Bonuses are set forth in Section 15.01.

#### ARTICLE IV

##### Service Credit

SECTION 4.01. TWX Benefit Plans. From and after the AOL Employee Transfer Time, service of Post-Separation AOL Employees with any member of the AOL Group or any other employer other than any member of the TWX Group shall not be taken into account for any purpose under the TWX Benefit Plans, except for purposes of determining the timing of the payment of compensation or the provision of benefits under any TWX Benefit Plan, to the extent that the timing of such payment or provision is triggered under such TWX Benefit Plan by a Post-Separation AOL Employee’s separation from service from the AOL Group.

SECTION 4.02. AOL Benefit Plans. Unless prohibited by applicable Law, as of the AOL Employee Transfer Time, AOL shall, and shall cause its Affiliates to, credit service accrued by each Post-Separation AOL Employee with, or otherwise recognized for benefit plan purposes by, any member of the TWX Group prior to the AOL Employee Transfer Time for purposes of (i) eligibility and vesting under each AOL Benefit Plan under which service is relevant in determining eligibility or vesting, (ii) determining the amount of severance payments and benefits (if any) payable under each AOL Benefit Plan that provides severance payments or benefits and (iii) determining the number of vacation days to which each such employee will be entitled following the AOL Employee Transfer Time, in the case of clauses (i), (ii) and (iii), (A) to the same extent recognized by the relevant members of the TWX Group or the corresponding TWX Benefit Plan immediately prior to the AOL Employee Transfer Time, and (B) except to the extent such credit would result in a duplication of benefits for the same period of service.

#### ARTICLE V

##### Certain Welfare Benefit Plan Matters

SECTION 5.01. AOL Welfare Plans. Effective as of the AOL Employee Transfer Time, AOL shall, or shall cause its Affiliates to, have in effect the AOL Welfare Plans to provide welfare benefits to the Post-Separation AOL Employees and Former AOL LLC Employees participating in any TWX Welfare Plans immediately prior to the AOL Employee Transfer Time. Schedule 5.01 contains a list of AOL LLC Welfare Plans that are in effect as of the date hereof.

SECTION 5.02. Comparability of Welfare Benefits. Without limiting the generality of Section 2.05, the Post-Separation AOL Employees and Former AOL LLC Employees (and their respective dependents and beneficiaries) shall cease all active participation in all TWX Welfare Plans effective as of AOL Employee Transfer Time. To the extent permitted by applicable Law, AOL shall, and shall cause the other members of the AOL Group to, (i) for a period of not less than one year following the AOL Employee Transfer Time, provide benefits to all TWX Transferred Employees that are substantially comparable in the aggregate to those provided to other similarly situated employees of the members of the AOL Group under the AOL Welfare Plans, (ii) waive, or with respect to AOL Welfare Plans insured through third-party insurance carriers, use commercially reasonable efforts to cause such insurance carriers to waive, all limitations as to preexisting conditions, exclusions and waiting periods and actively-at-work requirements with respect to eligibility, participation and coverage requirements applicable to the Post-Separation AOL Employees, Former AOL LLC Employees and their dependents under the AOL Welfare Plans, to the extent satisfied or waived under the applicable corresponding TWX Welfare Plan as of the AOL Employee Transfer Time, and (iii) provide or, with respect to AOL Welfare Plans insured through third-party insurance carriers, use commercially reasonable efforts to cause such insurance carriers to provide, each Post-Separation AOL Employee, each Former AOL LLC Employee and their eligible dependents with credit under the AOL Welfare Plans for any co-payments, co-insurance and deductibles paid under corresponding TWX Welfare Plans at or prior to the AOL Employee Transfer Time, in the plan year in which the relevant time occurs for purposes of satisfying any applicable deductible or out-of-pocket requirements under any AOL Welfare Plans in which the relevant Post-Separation AOL Employee or Former AOL LLC Employee participates following the AOL Employee Transfer Time.

SECTION 5.03. Allocation of Welfare Benefit Claims. Except as otherwise required under applicable Law and except for benefits for which a member of the AOL Group will reimburse a member of the TWX Group as provided in Section 15.01 or as otherwise set forth in Section 13.03, AOL or a member of the AOL Group shall be responsible for all benefit claims incurred under the TWX Welfare Plans and the AOL Welfare Plans by AOL Employees, Former AOL LLC Employees and their covered dependents and beneficiaries, whether incurred prior to, at or after the AOL Employee Transfer Time. Notwithstanding the foregoing and except as otherwise required under applicable Law or as otherwise specifically provided in this Agreement, TWX shall be responsible in accordance with the applicable TWX Welfare Plans in effect prior to the relevant TWX Transferred Employee Transfer Time for all benefit claims incurred under such plans prior to the relevant TWX Transferred Employee Transfer Time by TWX Transferred Employees and their covered dependents and beneficiaries. Except in the event of any claim by a TWX Transferred Employee for workers compensation benefits and as otherwise provided under applicable Law, for purposes of this Section 5.03, a benefit claim shall be deemed to be incurred as follows: (i) health, dental, vision, employee assistance program and prescription drug benefits (including in respect of any hospital confinement), upon provision of such services, materials or supplies, and (ii) life, disability, accidental death and dismemberment and business travel accident insurance benefits, upon the death, illness or accident giving rise to such benefits.

SECTION 5.04. Workers Compensation Claims of TWX Transferred Employees and TWX Retained Employees. Workers compensation claims of any TWX Transferred Employee shall be covered under the workers compensation plans of a member of the TWX Group (each, a “TWX Workers Compensation Plan”) if the Workers Compensation Event occurred prior to the TWX Transferred Employee Transfer Time, and shall be covered under the workers compensation plans of a member of the AOL Group (each, an “AOL Workers Compensation Plan”) if the Workers Compensation Event occurs at or after the TWX Transferred Employee Transfer Time. Workers compensation claims of any TWX Retained Employee shall be covered under the AOL Workers Compensation Plans if the Workers Compensation Event occurred prior to TWX Retained Employee Transfer Time, and shall be covered under the TWX Workers Compensation Plans if the Workers Compensation Event occurs at or after the TWX Retained Employee Transfer Time. If the Workers Compensation Event occurs over a period both preceding and following the TWX Transferred Employee Transfer Time or the TWX Retained Employee Transfer Time, as applicable, the claim shall be covered jointly under TWX Workers Compensation Plan and AOL Workers Compensation Plan, and shall be equitably apportioned between them based upon the relative periods of time that the Workers Compensation Event transpired preceding and following the TWX Transferred Employee Transfer Time or the TWX Retained Employee Transfer Time, as applicable.

SECTION 5.05. COBRA and HIPAA. Effective as of the AOL Employee Transfer Time, AOL shall assume all Liabilities of the TWX Welfare Plans and the members of the TWX Group to Post-Separation AOL Employees, Former AOL LLC Employees and their eligible dependents, in respect of COBRA and any applicable similar state Laws. Without limiting the generality of Section 13.03, AOL shall indemnify, defend and hold harmless the members of the TWX Group from and against any and all Liabilities relating to, arising out of or resulting from COBRA provided by AOL, or the failure of AOL to meet its COBRA obligations, to Post-Separation AOL Employees, Former AOL LLC Employees and their eligible dependents. Notwithstanding Section 13.03 or any other provision of this Agreement to the contrary, in the event of any violation of HIPAA, whether occurring prior to, at or after the AOL Employee Transfer Time, the members of the TWX Group shall be solely liable for any such violations resulting from any action by a member of the TWX Group or any employee of a member of the TWX Group, and the members of the AOL Group shall be solely liable for any such violations resulting from any action by a member of the AOL Group or any employee of a member of the AOL Group.

ARTICLE VI

Defined Benefit Pension Plans

SECTION 6.01. TWX Pension Plans. Effective as of the AOL Employee Transfer Time, each Post-Separation AOL Employee who is a participant, as of the AOL Employee Transfer Time, in one or more TWX Benefit Plans that are defined benefit pension plans, whether or not tax-qualified (each such plan, a “TWX Pension Plan”), including the TWX Excess Benefit Pension Plan, shall cease active participation in such TWX Pension Plans and, without limiting the generality of Section 2.05 or the first sentence of Section 4.01, service with any member of the AOL Group or any other employer other than any member of the TWX Group from and after the AOL Employee Transfer Time shall not be taken into account for any purpose under such TWX Pension Plans, except for purposes of determining the timing of the payment of compensation or the provision of benefits under any TWX Pension Plan, to the extent that such payment or provision is triggered under such TWX Pension Plan by a Post-Separation AOL Employee’s separation from service from the AOL Group. Notwithstanding any provision of this Agreement to the contrary, following the AOL Employee Transfer Time, TWX or its applicable Subsidiaries shall retain, or shall cause the applicable TWX Pension Plans to retain, sponsorship of each TWX Pension Plan and all Assets and Liabilities arising out of or relating to each TWX Pension Plan, and shall make payments to Post-Separation AOL Employees and former employees of any member of the AOL Group with vested rights thereunder and their applicable beneficiaries, in accordance with the terms of the applicable TWX Pension Plans, as in effect from time to time. The obligations of the members of the AOL Group to provide information to the members of the TWX Group in connection with the payment of benefits to the AOL Employees pursuant to the TWX Pension Plans are set forth in Section 14.01.

SECTION 6.02. Vesting of Benefits. Notwithstanding anything to the contrary in Section 4.01 of this Agreement, TWX shall take all steps necessary, including amending any TWX Pension Plan, so that, as of the Distribution Date, each Post-Separation AOL Employee shall be fully vested in his or her benefits under each TWX Pension Plan in which such Post-Separation AOL Employee participated while an employee of a member of the TWX Group.

ARTICLE VII

U.S. Tax-Qualified Savings/401(k) Plan

SECTION 7.01. AOL 401(k) Plan. Effective as of the AOL Employee Transfer Time, AOL shall, or shall cause its Affiliates to, have in effect a defined contribution plan that includes a qualified cash or deferred arrangement within the meaning of Section 401(k) of the Code (the “AOL 401(k) Plan”) providing benefits as of the AOL Employee Transfer Time to the AOL LLC Employees participating in any tax-qualified defined contribution plan sponsored by any member of the TWX Group (collectively, the “TWX 401(k) Plan”) immediately prior to the AOL Employee Transfer Time.

SECTION 7.02. Trust-to-Trust Transfers. At the AOL Employee Transfer Time, or at such later time as may be mutually agreed upon by TWX and AOL, a member of the TWX Group shall cause to be transferred from the TWX 401(k) Plan to the AOL 401(k) Plan the Assets and Liabilities relating to (a) the account balances of the AOL LLC Employees (whether vested or unvested as of the AOL Employee Transfer Time), (b) the account balances or portions thereof of the Former AOL LLC Employees who are not Recently Terminated Former AOL LLC Employees that are vested as of the AOL Employee Transfer Time and (c) the account balances or portions thereof of the Recently Terminated Former AOL LLC Employees that are vested or unvested as of the AOL Employee Transfer Time, in each case, in accordance with the applicable requirements of all applicable Laws, including the Code. From and after the time that the transfer is complete, as described in the immediately preceding sentence, a member of the AOL Group shall administer the accounts of AOL LLC Employees, TWX Transferred Employees and Former AOL LLC Employees in the AOL 401(k) Plan in accordance with all applicable Laws, including the Code. Except as otherwise provided for in this Section 7.02, such transfer of Assets shall consist of cash, cash equivalents or participant loan receivables equal to all the accrued benefit Liabilities relating to all account balances referred to in the first sentence of this Section 7.02, including such Liabilities for the beneficiaries of the AOL LLC Employees and the Former AOL LLC Employees and including such accrued benefit Liabilities arising under any applicable qualified domestic relations order. Notwithstanding the foregoing, in the event that the AOL 401(k) Plan provides for an investment option listed on Schedule 7.02 hereto, transfers relating to TWX 401(k) balances invested in such investment option will be made in kind. A member of the AOL Group shall direct the trustee of the AOL 401(k) Plan to accept such transfers of Assets and Liabilities from the TWX 401(k) Plan. No later than 30 days prior to the date of the transfer of Assets and Liabilities pursuant to this Section 7.02, TWX shall, to the extent necessary and with the cooperation of AOL as necessary, file Internal Revenue Service Form 5310-A regarding such transfer of Assets and Liabilities from the TWX 401(k) Plan to the AOL 401(k) Plan, as described in this Section 7.02. At the AOL Employee Transfer Time, or such later date upon which the transfers of Assets and Liabilities contemplated by this Section 7.02 are completed, a member of the AOL Group shall direct the trustee of the AOL 401(k) Plan to, and the trustee shall, fully and immediately vest the transferred account balances of all AOL LLC Employees and TWX Transferred Employees (but not the account balances of any Recently Terminated Former AOL LLC Employee) in the AOL 401(k) Plan. Following the foregoing transfer, AOL and/or the AOL 401(k) Plan shall assume all Liabilities of the TWX Group under the TWX 401(k) Plan with respect to all participants in the TWX 401(k) Plan whose balances were transferred to the AOL 401(k) Plan and their beneficiaries pursuant to such transfer, and the TWX Group and the TWX 401(k) Plan shall have no Liabilities to provide such participants with benefits under the TWX 401(k) Plan following such transfer. TWX and AOL shall use reasonable efforts to minimize the duration of any “blackout period” imposed in connection with each transfer of account balances from the TWX 401(k) Plan to the AOL 401(k) Plan. For purposes of clarity, subject to Section 13.03, from and after the AOL Employee Transfer Time, the TWX 401(k) Plan shall retain liability and responsibility for the unvested account balances or portions thereof of each Former AOL LLC Employee who is not a Recently Terminated Former AOL LLC Employee.

SECTION 7.03. Employer 401(k) Plan Contributions. Following the end of the calendar year in which the Distribution Date occurs, AOL and TWX shall cooperate in good faith to contribute (in accordance with ERISA, the Code and the relevant terms of the TWX 401(k) Plan and the AOL 401(k) Plan), to the account of any AOL LLC Employee whose account balance was transferred from the TWX 401(k) Plan to the AOL 401(k) Plan in accordance with Section 7.02 the prorated amount of any additional employer contributions that such AOL LLC Employee would otherwise be eligible to receive under the TWX 401(k) Plan based on his or her deferral of eligible compensation (as defined in the TWX 401(k) Plan) received from a member of the AOL Group or a member of the TWX Group prior to the AOL Employee Transfer Time and during the calendar year in which the AOL Employee Transfer Time occurs. TWX shall treat the AOL LLC Employees consistently with the employees of the members of the TWX Group for purposes of allocating forfeitures of account balances, or any portion thereof, under the TWX 401(k) Plan to the AOL LLC Employees. Following the end of the calendar year in which the Distribution Date occurs, if a TWX Retained Employee would otherwise be eligible for any additional employer contributions (in accordance with the TWX 401(k) Plan) for the calendar year in which the applicable TWX Retained Employee Transfer Time occurs, a member of the TWX Group will contribute (or allocate a portion of the forfeitures held by the TWX 401(k) Plan) to each such TWX Retained Employee's account under the TWX 401(k) Plan the prorated amount of any such additional employer contributions to which the TWX Retained Employee is entitled based on his or her deferral of eligible compensation (as defined in the TWX 401(k) Plan) received from a member of the AOL Group up to but not including the applicable TWX Retained Employee Transfer Time (collectively, the "TWX Retained Employee 401(k) Contributions"), provided that such TWX Retained Employee is employed by the TWX Group on the last day of the calendar year in which the applicable TWX Retained Employee Transfer Time occurred. The obligations of the members of the AOL Group to reimburse such member of the TWX Group with respect to the TWX Retained Employee 401(k) Contributions in excess of forfeiture allocations are set forth in Section 15.01.

SECTION 7.04. Limitation of Liability. For the avoidance of doubt, TWX shall have no responsibility for any failure of AOL to properly administer the AOL 401(k) Plan in accordance with its terms and applicable Law, including without limitation any failure to properly administer the accounts of Post-Separation AOL Employees and their beneficiaries in such AOL 401(k) Plan, and, without limiting the generality of Section 13.03, AOL shall indemnify, defend and hold harmless the TWX 401(k) Plan and the members of the TWX Group from and against any and all Liabilities relating to, arising out of or resulting from any such failure.

## ARTICLE VIII

### Deferred Compensation

SECTION 8.01. Employee Deferred Compensation. AOL and TWX hereby acknowledge that each AOL LLC Employee and Former AOL LLC Employee whose name is set forth on Schedule 8.01(A), 8.01(B) or 8.01(C) (i) has an outstanding deferred compensation account balance under a TWX Nonqualified Plan or (ii) is an individual to whom AOL LLC has nonqualified deferred compensation Liabilities, in each case, as of the date of this Agreement, and no other AOL LLC Employee or Former AOL LLC Employee has an outstanding deferred compensation account balance under a TWX Nonqualified Plan or is an individual to whom AOL LLC has nonqualified deferred compensation Liabilities.

SECTION 8.02. Retention of TWX Deferred Compensation Obligations. Notwithstanding Section 2.05 or any provision of this Agreement or the Separation Agreement to the contrary, from and after the AOL Employee Transfer Time, TWX shall retain, or cause any member of the TWX Group to retain, all Assets and all Liabilities arising out of or relating to the TWX Nonqualified Plans, and all trusts relating to such TWX Benefit Plans, including any grantor or “rabbi trust”, and shall make payments to all Post-Separation AOL Employees or Former AOL LLC Employees listed on Schedule 8.01(A) or 8.01(B) and their respective beneficiaries in accordance with the terms of the applicable plan. The members of the AOL Group shall not be required to reimburse the members of the TWX Group with respect to the deferred compensation accounts for any Post-Separation AOL Employee or Former AOL LLC Employee listed on Schedule 8.01(A). The Deferred Compensation Payable shall be treated as a Qualified Intercompany Account, as set forth on Schedule IV of the Separation Agreement. From and after the completion of the Payables Transactions, the members of the AOL Group shall have no obligations to reimburse the members of the TWX Group with respect to any deferred compensation accounts that relate to any AOL LLC Employee or Former AOL LLC Employee listed on Schedule 8.01(A) or Schedule 8.01(B). The obligations of the members of the AOL Group to provide information to the members of the TWX Group in connection with the payment of benefits to AOL Employees pursuant to the TWX Nonqualified Plans are set forth in Section 14.01.

SECTION 8.03. Retention of AOL LLC Deferred Compensation Obligations. Notwithstanding Section 2.01 or any other provision of this Agreement or the Separation Agreement to the contrary, from and after the AOL Employee Transfer Time, AOL LLC shall retain all Assets and all Liabilities arising out of or relating to the deferred compensation account or accounts maintained by AOL LLC on behalf of any Former AOL LLC Employee listed on Schedule 8.01(C), and shall make payments to such individuals pursuant to the terms of the applicable agreement. The Deferred Compensation Payable shall be treated as a Qualified Intercompany Account, as set forth on Schedule IV of the Separation Agreement. From and after the completion of the Payables Transactions, the members of the AOL Group shall have no obligations to reimburse the members of the TWX Group with respect to any such deferred compensation accounts.

SECTION 8.04. No Distributions on Separation. TWX and AOL acknowledge that neither the Separation nor any of the other transactions contemplated by this Agreement or the Separation Agreement will trigger a payment or distribution of compensation under any TWX Nonqualified Plan or other deferred compensation account for any Post-Separation AOL Employee and, consequently, that the payment or distribution of any compensation to which any Post-Separation AOL Employee is entitled under any TWX Nonqualified Plan will occur upon such Post-Separation AOL Employee’s separation from service from the AOL Group or at such other time as provided in such TWX Nonqualified Plan or such AOL Employee’s deferral election. Notwithstanding the foregoing, if TWX and AOL reasonably determine that the Separation or any other transaction contemplated by this Agreement or the Separation Agreement will trigger a payment or distribution of compensation under any TWX Nonqualified Plan or other deferred compensation account for any Post-Separation AOL Employee, TWX and AOL shall cooperate in good faith so that neither the Separation nor any of the other transactions contemplated by this Agreement or the Separation Agreement will trigger any such payment or distribution; provided, however, that neither TWX nor AOL shall be required to take any action to the extent that such action would cause any TWX Nonqualified Plan or other deferred compensation account or payment thereunder to fail to comply with Section 409A of the Code.

SECTION 8.05. Section 409A. TWX and AOL shall cooperate in good faith so that the Separation will not result in adverse tax consequences under Section 409A of the Code to any current or former employee of any member of the TWX Group or any member of the AOL Group, or their respective beneficiaries, in respect of his or her benefits under any TWX Benefit Plan or AOL Benefit Plan.

SECTION 8.06. Tax Withholding and Reporting. Notwithstanding Section 19.03, TWX shall be responsible for the withholding and reporting of Taxes required to be withheld or reported in connection with payments made pursuant to Sections 8.02 and 8.03, and no member of the AOL Group shall have any responsibility or liability with respect thereto.

SECTION 8.07. Limited Indemnification. From and after the AOL Employee Transfer Time, (i) the members of the TWX Group shall be solely liable for all deferred compensation payments to the AOL LLC Employees and the Former AOL LLC Employees pursuant to the TWX Nonqualified Plans and (ii) AOL LLC shall be solely liable for all payments to any Former AOL LLC Employee with respect to the deferred compensation account or accounts for any Former AOL LLC Employee listed on Schedule 8.01(C) and, notwithstanding Section 13.03 or any other provision of this Agreement to the contrary, the members of the AOL Group shall not be obligated to indemnify the members of the TWX Group for Liabilities relating thereto, except to the extent that any such Liabilities relate to actions by a member of the AOL Group, whether occurring before, at or after the AOL Employee Transfer Time (including, without limitation, any failure by a member of the AOL Group to provide the members of the TWX Group with true and accurate information that is necessary for the proper administration of the TWX Nonqualified Plans and the deferred compensation account or accounts for any Former AOL LLC Employee listed on Schedule 8.01(C)).

## ARTICLE IX

### Flexible Spending Arrangements

SECTION 9.01. Flexible Spending Arrangements. Effective as of the AOL Employee Transfer Time, AOL shall, or shall cause its Affiliates to, have in effect flexible spending arrangements under a cafeteria plan qualifying under Section 125 of the Code (“AOL Cafeteria Plan”). Promptly following the AOL Employee Transfer Time, with respect to each individual who, as of the AOL Employee Transfer Time, is an AOL LLC Employee, a Former AOL LLC Employee or a Transferred Entity Employee, and who has a flexible spending arrangement under the cafeteria plan sponsored by TWX or any of its Affiliates (the “TWX Cafeteria Plan”), TWX shall transfer to AOL all relevant records relating to flexible spending arrangements of such AOL LLC Employees, Former AOL LLC Employees and Transferred Entity Employees under the TWX Cafeteria Plan and any other information necessary for the administration of the AOL Cafeteria Plan with respect to such flexible spending arrangements. AOL shall, or shall cause its Affiliates to, cause the AOL Cafeteria Plan to accept, effective as of the AOL Employee Transfer Time, a spin-off of the flexible spending arrangements of individuals who, as of the AOL Employee Transfer Time, are AOL LLC Employees, Former AOL LLC Employees and Transferred Entity Employees and who have a flexible spending arrangement under the TWX Cafeteria Plan, from the TWX Cafeteria Plan, and to honor and continue, through the end of the plan year in which the AOL Employee Transfer Time occurs, the elections made by each such employee with respect to a flexible spending arrangement under the TWX Cafeteria Plan for such plan year. Notwithstanding the second sentence of Section 5.03 above, from and after the AOL Employee Transfer Time, the AOL Group shall assume and be solely responsible for all flexible spending arrangement claims by all individuals whose flexible spending arrangements transferred pursuant to this Section 9.01 under the TWX Cafeteria Plan that were incurred in the year in which the AOL Employee Transfer Time occurs, whether incurred prior to, at or after the AOL Employee Transfer Time, that have not been paid in full as of the AOL Employee Transfer Time.

ARTICLE X

Transportation Reimbursement Accounts

SECTION 10.01. Transportation Reimbursement Accounts. Effective as of the AOL Employee Transfer Time, AOL shall, or shall cause its Affiliates to, have in effect a transportation reimbursement account plan (the "AOL TRA Plan"). Promptly following the AOL Employee Transfer Time, TWX shall transfer to AOL all relevant records relating to accounts of AOL Employees under the transportation reimbursement account plan sponsored by TWX or any of its Affiliates (the "TWX TRA Plan") and any other information necessary for the administration of the AOL TRA Plan with respect to such accounts. AOL shall, or shall cause its Affiliates to, cause the AOL TRA Plan to accept, effective as of the AOL Employee Transfer Time, a spin-off of the accounts of individuals who, as of the AOL Employee Transfer Time, are AOL Employees and who have an account under the TWX TRA Plan, from the TWX TRA Plan, and to honor and continue, through the end of the plan year in which the AOL Employee Transfer Time occurs, the elections made by each such employee with respect to an account under the TWX TRA Plan for such plan year. Notwithstanding the second sentence of Section 5.03 above, from and after the AOL Employee Transfer Time, the AOL Group shall assume and be solely responsible for all claims by all individuals whose accounts transferred pursuant to this Section 10.01 under the TWX TRA Plan that were incurred in the year in which the AOL Employee Transfer Time occurs, whether incurred prior to, at or after the AOL Employee Transfer Time, that have not been paid in full as of the AOL Employee Transfer Time.

ARTICLE XI

Vacation

SECTION 11.01. Vacation. Promptly following the relevant TWX Transferred Employee Transfer Time, TWX shall make a cash payment to each TWX Transferred Employee for any vacation or annual leave days accrued or earned for the year in which the TWX Transferred Employee Transfer Time occurs, but not yet used by such TWX Transferred Employee as of the TWX Transferred Employee Transfer Time. AOL shall not assume any Liability for such vacation or annual leave days.

ARTICLE XII

TWX Equity Compensation Awards

SECTION 12.01. General Treatment of Outstanding TWX Equity Compensation Awards. Notwithstanding Section 2.05 or any other provision of this Agreement or the Separation Agreement to the contrary, on and following the Distribution Date, each outstanding option to purchase TWX Common Stock (“TWX Option”) and each performance stock unit (“TWX PSU”) and restricted stock unit (“TWX RSU”) payable in shares of TWX Common Stock or the value of which is determined by reference to the value of shares of TWX Common Stock, in each case that was granted under or pursuant to any equity compensation plan of TWX (each such TWX Option, TWX PSU or TWX RSU, a “TWX Equity Compensation Award”), that, on the Distribution Date, is held by any AOL Employee, shall be treated as provided in the equity compensation plan under which such TWX Equity Compensation Award was granted, the award agreement governing such TWX Equity Compensation Award and any employment agreement to which such AOL Employee is a party, as in effect on the Distribution Date; provided, however, that, except as set forth in Section 12.02 below, any such TWX Equity Compensation Award that is not forfeited by its holder as a result of the Distribution shall be adjusted to reflect the Distribution in the same manner, if any, as similar TWX Equity Compensation Awards held by employees of the TWX Group immediately prior to the Distribution (other than TWX Transferred Employees) are adjusted, as determined in the sole discretion of TWX; provided further, however, that TWX may amend any such TWX Equity Compensation Award in any manner that TWX determines is necessary in order to avoid additional Taxes and penalties under Section 409A of the Code. TWX hereby acknowledges that each Post-Separation AOL Employee who, as of the Distribution Date, meets the eligibility requirements for retirement treatment in the event of a voluntary termination of employment with respect to any TWX Equity Compensation Award held by such Post-Separation AOL Employee as of the Distribution Date, as determined under the applicable equity compensation plan or award agreement, will, in connection with the Distribution, receive the benefit of any provisions of such equity compensation plan or award agreement that provide for accelerated vesting of such TWX Equity Compensation Award or an extended time period to exercise any such TWX Equity Compensation Award that is a vested TWX Option in connection with a termination of employment due to retirement. As soon as practicable following the payment by TWX of a cash dividend with respect to TWX Common Stock that is paid on or after the Distribution, AOL shall pay each AOL Employee with an outstanding TWX RSU any TWX Dividend Equivalent payable pursuant to such award (less any Taxes that are withheld), and TWX shall not be obligated to pay such AOL Employee such TWX Dividend Equivalent.

SECTION 12.02. Treatment of Outstanding TWX Equity Compensation Awards Held by Timothy M. Armstrong. Notwithstanding any provision of Section 12.01 to the contrary, subject to any required action by the AOL board of directors (or a duly authorized committee thereof) in accordance with the Employment Agreement, dated March 12, 2009, by and among Timothy M. Armstrong (“Armstrong”), AOL LLC and TWX (the “Armstrong Employment Agreement”), effective immediately upon the Distribution, each outstanding TWX Option, whether vested or unvested, that is held, immediately prior to the Distribution, by Armstrong shall be converted into an option (each, a “Converted AOL Option”) to acquire shares of AOL Common Stock, on substantially the same terms and conditions as were applicable under such TWX Option (other than with respect to exercise price and the number and type of shares covered thereby), the number of shares at the exercise price per share that will allow such option to have a “fair value” and an “intrinsic value” (in each case, within the meaning of FAS 123R and determined in accordance therewith), as of immediately following the Distribution, that shall be identical to the fair value and intrinsic value of such TWX Option immediately prior to the Distribution. The adjustments provided in this Section 12.02 with respect to any TWX Options, whether or not they are “incentive stock options”, as defined in Section 422 of the Code, are intended to be effected in a manner that is consistent with Section 424(a) and Section 409A of the Code. Furthermore, subject to any required action by the AOL board of directors (or a duly authorized committee thereof) in accordance with the Armstrong Employment Agreement, effective immediately upon the Distribution, each outstanding TWX RSU, whether vested or unvested, that is held, immediately prior to the Distribution, by Armstrong shall be converted into a restricted stock unit with respect to shares of AOL Common Stock (such restricted stock units, the “Converted AOL RSUs”), on substantially the same terms and conditions as were applicable under such TWX RSU (other than with respect to the number and type of shares covered thereby), with respect to the number of shares that will allow such restricted stock unit to have a “fair value” and an “intrinsic value” (in each case, within the meaning of FAS 123R and determined in accordance therewith), as of immediately following the Distribution, that shall be identical to the fair value and intrinsic value of such TWX RSU immediately prior to the Distribution. Effective immediately upon the Distribution, AOL shall assume all Liabilities related to the TWX Options and TWX RSUs (as Converted AOL Options and Converted AOL RSUs) and, from and after the Distribution, no member of the TWX Group shall have any Liabilities with respect thereto. The AOL board of directors (or a duly authorized committee thereof) shall take all reasonable steps as may be required to cause the transactions contemplated by this Section 12.02 to be exempt from Section 16 of the Exchange Act under Rule 16b-3 promulgated thereunder.

SECTION 12.03. Payable. The TWX Equity Award Payable shall be treated as a Qualified Intercompany Account, as set forth in Schedule IV of the Separation Agreement.

SECTION 12.04. Tax Withholding and Reporting. Except as otherwise set forth in this Section 12.04, (i) in the case of any TWX RSUs that are subject to Tax withholding upon vesting, upon the vesting of any such TWX RSUs held by AOL Employees that are not forfeited upon the Distribution Date, TWX shall reduce the number of TWX RSUs held by each AOL Employee by a number of TWX RSUs having a Fair Market Value equal to the employee-paid portion of any Taxes (including any Social Security and Medicare Taxes) required to be withheld upon vesting of such TWX RSUs and (ii) upon exercise or settlement, as applicable, of any TWX Equity Compensation Award, a member of the TWX Group shall withhold from the number of shares of TWX Common Stock otherwise issuable to the relevant AOL Employee a number of shares having a Fair Market Value equal to the employee-paid portion of any Taxes required to be withheld upon vesting of such TWX Equity Compensation Awards. Notwithstanding the foregoing, if any of the procedures described in clause (i) or (ii) of the immediately preceding sentence are prohibited by applicable Law, TWX and AOL shall cooperate in good faith to determine alternative procedures with respect to such awards in order to fulfill all required withholding and reporting obligations in compliance with applicable Law. The Parties hereby acknowledge and agree that, without limiting the generality of Section 19.03 and notwithstanding any provision of this Section 12.04, the members of the AOL Group shall be solely responsible for all obligations relating to reporting of Taxes to the appropriate taxing authority and remitting the amounts of any such Taxes required to be withheld (including any Social Security, Medicare or unemployment Taxes) to the appropriate taxing authority in connection with the exercise, vesting or settlement of any TWX Equity Compensation Awards and the payment of any TWX Dividend Equivalents, and no member of the TWX Group shall have any responsibility or liability with respect thereto, other than (A) the obligations of the members of TWX Group to notify the members of the AOL Group about amounts withheld by members of the TWX Group in connection with the exercise, vesting or settlement of any TWX Equity Compensation Awards and the amounts paid by TWX in respect of any cash dividend on TWX Common Stock that would entitle any AOL Employee to a TWX Dividend Equivalent (in each case, as set forth in Section 14.01), and (B) the obligations of the members of the TWX Group to make payments to the members of the AOL Group in respect of the TWX Dividend Equivalent Reimbursement Amounts and the TWX Option Tax Withholding Reimbursement Amounts (as set forth in Section 15.02). The obligations of the members of the AOL Group and the TWX Group to provide information to the other Party in order to allow the administration of the TWX Equity Compensation Awards pursuant to this Article XII are set forth in Section 14.01.

SECTION 12.05. Reports. For so long as any TWX Equity Compensation Award is outstanding and held by an AOL Employee, TWX shall provide AOL with the reports listed on Schedule 12.05 hereto at the times specified therein.

SECTION 12.06. Tax Deductions. The rights of the members of the TWX Group and the members of the AOL Group to take deductions for TWX Equity Compensation Awards shall be determined in accordance with Section 3.06 of the TMA.

ARTICLE XIII

Administrative Costs and Benefit Plan Reimbursements

SECTION 13.01. AOL Reimbursement of TWX for Post-Separation Administrative Services. From and after the AOL Employee Transfer Time, TWX shall continue to provide to the members of the AOL Group services relating to (a) the administration of the TWX Equity Compensation Awards outstanding at the AOL Employee Transfer Time, (b) the administration of compensation and benefits provided to AOL Employees pursuant to those TWX Benefit Plans set forth on Schedule 13.01 prior to the AOL Employee Transfer Time that require ongoing administration following the AOL Employee Transfer Time (including, without limitation, any administration relating to the TWX Nonqualified Plans and other deferred compensation accounts and any administration relating to withholding or reporting of Taxes) and (c) maintenance and administration of such data relating to AOL Employees as is necessary to provide the administrative services described in the preceding clauses (a) and (b) (such services, the “TWX Services”). Without limiting the generality of Section 19.02, TWX Services shall not include any services relating to an individual’s employment with any member of the AOL Group following the Distribution Date. As payment for the TWX Services, AOL shall make payments to TWX, or shall cause one of its Affiliates to make payments to TWX, in amounts that TWX and AOL reasonably determine to be the costs incurred by TWX in connection with such services (the “TWX Services Reimbursement Amounts”); provided, however, that to the extent that the costs of any TWX Service are billed directly to a member of the AOL Group by the relevant third-party vendor, the members of the AOL Group shall not be required to reimburse the members of the TWX Group for such TWX Service. The TWX Services Reimbursement Amounts shall also include amounts that relate to services for which a member of the AOL Group has previously reimbursed a member of TWX Group (including, without limitation, services provided to the AOL Group prior to the AOL Employee Transfer Time and any TWX Services) but with respect to which a member of the TWX Group incurs additional costs following the time of the initial reimbursement, which additional costs may include, but are not limited to, additional Taxes payable by a member of the TWX Group with respect to such services and additional payments required to be made to third-party vendors for previously rendered services. The obligations of AOL to reimburse TWX with respect to the TWX Services are set forth in Section 15.01.

SECTION 13.02. Pre-Separation Benefit Plan Matters. Following the AOL Employee Transfer Time, the members of the AOL Group shall remain responsible for reimbursing the members of the TWX Group for costs relating to compensation and benefits provided to the AOL Employees as a result of participation in the TWX Benefit Plans prior to the AOL Employee Transfer Time that are not charged directly to the members of the AOL Group (such costs, the “TWX Benefit Plan Costs”); provided, however, that, except as otherwise specifically provided in this Agreement, in no event shall any member of the AOL Group be required to reimburse any member of the TWX Group for the cost of any compensation or benefits provided to a TWX Transferred Employee that relates to a period prior to the applicable TWX Transferred Employee Transfer Time. Furthermore, following the AOL Employee Transfer Time, the members of the TWX Group shall reimburse the members of the AOL Group for any rebates or reimbursements received by a member of the TWX Group from any third party (whether from a vendor, a taxing authority or any other third party) that relates to amounts paid by a member of the AOL Group prior to the AOL Employee Transfer Time in connection with participation by AOL Employees in any TWX Benefit Plan (such refunds and rebates, the “TWX Benefit Plan Rebates”). Any amount that a member of the TWX Group owes to a member of the AOL Group in respect of the TWX Benefit Plan Rebates shall reduce the amount payable by the members of the AOL Group to the members of the TWX Group in respect of the TWX Benefit Plan Costs for the relevant calendar quarter. The timing of the obligations of AOL and TWX with respect to the TWX Benefit Plan Costs and the TWX Benefit Plan Rebates is set forth in Section 15.01.

SECTION 13.03. TWX Benefit Plan Indemnification. With respect to each TWX Benefit Plan, AOL shall indemnify, defend and hold harmless the members of the TWX Group from and against any and all Liabilities relating to, arising out of or resulting from participation in any such plan by any AOL Employee, regardless of whether such participation relates to a period that was prior to, at or after the AOL Employee Transfer Time; provided, however, that the foregoing obligations shall not apply to any participation by a TWX Transferred Employee in any TWX Benefit Plan prior to the applicable TWX Transferred Employee Transfer Time; provided, further, that the foregoing obligations shall not apply in the event of any Liabilities arising out of willful or intentional misconduct by any member of the TWX Group or any employee of any member of the TWX Group. With respect to each TWX Benefit Plan, TWX shall indemnify, defend and hold harmless the members of the AOL Group from and against any and all Liabilities arising out of willful or intentional misconduct by any member of the TWX Group or any employee of any member of the TWX Group; provided, however, that in no event shall any member of the TWX Group be responsible for the cost of any compensation or benefits that the relevant member of the AOL Group would have incurred in the absence of any willful or intentional misconduct by the relevant member of the TWX Group or the relevant employee of any member of the TWX Group.

#### ARTICLE XIV

##### Cooperation; Production of Witnesses; Works Councils

SECTION 14.01. Cooperation. Following the date of this Agreement, TWX and AOL shall, and shall cause their respective Subsidiaries to, use commercially reasonable efforts to cooperate with respect to any employee compensation or benefits matters that TWX or AOL, as applicable, reasonably determines require the cooperation of both TWX and AOL in order to accomplish the objectives of this Agreement. Without limiting the generality of the preceding sentence, (i) with respect to each AOL Employee who is a participant in a TWX Pension Plan or a TWX Nonqualified Plan, AOL shall notify TWX of the occurrence of such individual's "separation from service" (within the meaning of Section 409A of the Code, where applicable) with the AOL Group not later than 10 calendar days following the end of the month in which any such separation occurs and, at such time, will provide TWX with (a) such individual's current home address and (b) an indication of whether such AOL Employee is a "specified employee" (within the meaning of Section 409A of the Code) of AOL at the time of such AOL Employee's separation from service, (ii) prior to the trust-to-trust transfer described in Section 7.02, AOL shall promptly notify TWX of the occurrence of a separation from service of any AOL Employee who is a participant in the TWX 401(k) Plan, (iii) TWX shall promptly notify AOL upon the occurrence of an exercise, vesting or settlement of a TWX Equity Compensation Award held by any AOL Employee (and the amounts withheld by a member of the TWX Group in connection with such exercise, vesting or settlement) or the payment by TWX of any cash dividend on TWX Common Stock that would entitle any AOL Employee to a TWX Dividend Equivalent, (iv) TWX and AOL shall cooperate in connection with any audits of any TWX Benefit Plan or AOL Benefit Plan with respect to which the other Party may have information, (v) TWX and AOL shall cooperate in coordinating each of their respective payroll systems in connection with the transfers of AOL Employees to the AOL Group and the Distribution, (vi) TWX shall transfer records to AOL as necessary for the proper administration of AOL Benefit Plans, to the extent such records are in TWX's possession, (vii) TWX and AOL shall cooperate in good faith in connection with the notification and consultation with works councils, labor unions and other employee representatives of members of the AOL Group and the TWX Group and (viii) for so long as any AOL Employee holds an outstanding TWX Equity Compensation Award, AOL shall promptly notify TWX upon the occurrence of any changes to such AOL Employee's name, address or payroll profile (e.g., changes to the employee's Form W-4). The obligations of the AOL Group and the TWX Group to cooperate pursuant to this Section 14.01 shall remain in effect for so long as any obligations of any member of the TWX Group remain outstanding to any AOL Employee described in clause (i) or (iii) of the immediately preceding sentence, and until all audits of all Benefit Plans with respect to which the other Party may have information have been completed or the applicable statute of limitations with respect to such audits has expired.

SECTION 14.02. Production of Witnesses; Records; Further Cooperation. (a) For the time period described in Section 14.01, except in the case of an adversarial Action or threatened adversarial Action by either TWX or AOL or a Person or Persons in its Group against the other Party or a Person or Persons in its Group, each of TWX and AOL shall take all reasonable steps to make available, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the Persons in its respective Group (whether as witnesses or otherwise) and any books, records or other documents within its control or that it otherwise has the ability to make available, to the extent that such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or threatened or contemplated Action (including preparation for such Action) in which TWX or AOL, as applicable, may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all reasonable out-of-pocket costs and expenses in connection therewith.

(b) Without limiting the foregoing, TWX and AOL shall use their reasonable best efforts to cooperate and consult to the extent reasonably necessary with respect to any Actions or threatened or contemplated Actions, other than an adversarial Action against the other Group.

(c) The obligation of TWX and AOL to make available former, current and future directors, officers, employees and other personnel and agents or provide witnesses and experts pursuant to this [Section 14.02](#) is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to make available employees and other officers without regard to whether such individual or the employer of such individual could assert a possible business conflict (subject to the exception set forth in the first sentence of [Section 14.02\(a\)](#)). Without limiting the foregoing, each of TWX and AOL agrees that neither it nor any Person or Persons in its respective Group will take any adverse action against any employee of its Group based on such employee's provision of assistance or information to each other pursuant to this [Section 14.02](#).

(d) Upon the reasonable request of TWX or AOL, in connection with any Action contemplated by [Section 14.01](#), TWX and AOL will enter into a mutually acceptable common interest agreement so as to maintain, to the extent practicable, any applicable attorney-client privilege or work product immunity of any member of either Group.

SECTION 14.03. [Works Councils; Employee Notices](#). Prior to the AOL Asset Distribution Date, (a) AOL shall, and shall cause the other members of the AOL Group, to satisfy all legally required obligations of the AOL Group (if any), and (b) TWX shall, and shall cause the other members of the TWX Group, to satisfy all legally required obligations of the TWX Group (if any), in each case, relating to (i) notification and consultation with works councils, labor unions and other employee representatives, (ii) completion of all regulatory filings relating to AOL Employees, (iii) notification of individual AOL Employees, (iv) obtaining any required consents from any AOL Employees and (v) taking such other actions with respect to the AOL Employees as may be required by applicable Law, in each case, as may be necessary in order to complete the Transactions. AOL shall indemnify, defend and hold harmless AOL LLC and each member of the TWX Group from and against any and all Liabilities relating to, arising out of or resulting from the failure of any member of the AOL Group to satisfy its obligations pursuant to this [Section 14.03](#), and TWX shall indemnify, defend and hold harmless AOL and each member of the AOL Group from and against any and all Liabilities relating to, arising out of or resulting from the failure of any member of the TWX Group to satisfy its obligations pursuant to this [Section 14.03](#).

## ARTICLE XV

### [Reimbursements](#)

SECTION 15.01. [Reimbursements by the AOL Group](#). Promptly following the end of each calendar quarter that ends following the AOL Employee Transfer Time, TWX shall provide AOL with one or more invoices that set forth the aggregate (a) TWX Retained Employee Bonuses Reimbursement Amounts, (b) TWX Retained Employee 401(k) Contributions Reimbursement Amounts, (c) TWX Services Reimbursement Amounts and (d) TWX Benefit Plan Costs Reimbursement Amounts incurred by a member of the TWX Group during such calendar quarter. Within 30 days following AOL's receipt of each such invoice, AOL shall pay TWX an amount in cash equal to the aggregate amounts set forth on such invoice.

SECTION 15.02. Reimbursements by the TWX Group. Promptly following the end of each calendar quarter that ends following the AOL Employee Transfer Time in which the TWX Transferred Employee Bonuses are paid to TWX Transferred Employees or TWX Dividend Equivalents are paid to AOL Employees, AOL shall provide TWX with one or more invoices that set forth the aggregate TWX Transferred Employee Bonuses Reimbursement Amounts and TWX Dividend Equivalent Reimbursement Amounts incurred by a member of the AOL Group during such calendar quarter. Within 30 days following TWX's receipt of each such invoice, a member of the TWX Group shall pay a member of the AOL Group an amount in cash equal to the sum of the aggregate amounts set forth on such invoice plus the TWX Benefit Plan Rebate Reimbursement Amount (if any) for such calendar quarter. Furthermore, not later than the last business day of the month following each month in which an amount is withheld by a member of the TWX Group pursuant to Section 12.04 in connection with the exercise of a TWX Option by an AOL Employee, a member of the TWX Group shall pay a member of the AOL Group an amount in cash equal to the aggregate TWX Option Tax Withholding Reimbursement Amount (if any) withheld by members of the TWX Group during such month.

SECTION 15.03. Invoices. All invoices provided pursuant to this Article XV shall be denominated in United States dollars.

## ARTICLE XVI

### Termination

SECTION 16.01. Termination. This Agreement may be terminated by TWX at any time, in its sole discretion, prior to the Distribution Date; provided, however, that this Agreement shall automatically terminate upon the termination of the Separation Agreement in accordance with its terms.

SECTION 16.02. Effect of Termination. In the event of any termination of this Agreement prior to the Distribution Date, none of the Parties (or any of its directors or officers) shall have any Liability or further obligation to any other Party under this Agreement.

ARTICLE XVII

Indemnification Procedures

SECTION 17.01. Indemnification Obligations Net of Insurance Proceeds and Third-Party Proceeds. (a) The Parties intend that any Liability subject to indemnification or reimbursement pursuant to this Agreement will be net of (i) Insurance Proceeds that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability or (ii) other amounts recovered from any third party that actually reduce the amount of, or are paid to the applicable Indemnitee in respect of, such Liability (“Third-Party Proceeds”). Accordingly, the amount that either Party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification or reimbursement pursuant to this Agreement (an “Indemnitee”) will be reduced by any Insurance Proceeds or Third-Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee from a third party in respect of the related Liability. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an “Indemnity Payment”) and subsequently receives Insurance Proceeds or Third-Party Proceeds in respect of such Liability, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if such Insurance Proceeds or Third-Party Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or have any subrogation rights with respect thereto by virtue of the indemnification provisions hereof, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a “wind-fall” (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Each member of the TWX Group and AOL Group shall use reasonable best efforts to seek to collect or recover any Insurance Proceeds and any Third-Party Proceeds to which such Person is entitled in connection with any Liability for which such Person seeks indemnification pursuant to this Article XVII; provided, however, that such Person’s inability to collect or recover any such Insurance Proceeds or Third-Party Proceeds shall not limit the Indemnifying Party’s obligations hereunder.

(c) The calculation of any Indemnity Payments required by this Agreement shall be subject to Section 6.04 of the TMA.

SECTION 17.02. Procedures for Indemnification of Third-Party Claims. (a) If an Indemnitee shall receive notice or otherwise learn of a Third-Party Claim with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to this Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as reasonably practicable, but no later than 30 days after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 17.02(a) shall not relieve the related Indemnifying Party of its obligations under this Article XVII, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third-Party Claim. Within 30 days after the receipt of notice from an Indemnitee in accordance with [Section 17.02\(a\)](#) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election as to whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee, except that the Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee (i) for any period during which the Indemnifying Party has not assumed the defense of such Third-Party Claim (other than during any period in which the Indemnitee shall have failed to give notice of the Third-Party Claim in accordance with [Section 17.02\(a\)](#)) or (ii) to the extent that such engagement of counsel is as a result of a conflict of interest, as reasonably determined by the Indemnitee acting in good faith.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnitee of its election as provided in this [Section 17.02](#), such Indemnitee may defend such Third-Party Claim at the cost and expense of the Indemnifying Party.

(d) If an Indemnifying Party elects to assume the defense of a Third-Party Claim in accordance with the terms of this Agreement, the Indemnitee(s) shall, subject to the terms of this Agreement, cooperate with the Indemnifying Party with respect to the defense of such Third-Party Claim.

(e) No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any Third-Party Claim without the consent of the applicable Indemnitee or Indemnitees; provided, however, that such Indemnitee(s) shall be required to consent to such entry of judgment or to such settlement that the Indemnifying Party may recommend if the judgment or settlement (i) contains no finding or admission of any violation of Law or any violation of the rights of any Person, (ii) involves only monetary relief which the Indemnifying Party has agreed to pay and (iii) includes a full and unconditional release of the Indemnitee. Notwithstanding the foregoing, in no event shall an Indemnitee be required to consent to any entry of judgment or settlement if the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly, against any Indemnitee.

(f) Whether or not the Indemnifying Party assumes the defense of a Third-Party Claim, no Indemnitee shall admit any liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (such consent not to be unreasonably withheld or delayed).

SECTION 17.03. Additional Matters. (a) Any claim on account of a Liability that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Party as contemplated by this Agreement.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action relating to a Liability that has been allocated to an Indemnifying Party pursuant to the terms of this Agreement in which the Indemnifying Party is not a named defendant, if the Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant or add the Indemnifying Party as an additional named defendant, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts, fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

SECTION 17.04. Remedies Cumulative. The remedies provided in this Article XVII shall be cumulative and, subject to the provisions of Article XVIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

SECTION 17.05. Survival of Indemnities. The rights and obligations of each of TWX and AOL and their respective Indemnitees under this Article XVII shall survive the sale or other transfer by any Party or its Affiliates of any Assets or businesses or the assignment by it of any Liabilities.

SECTION 17.06. Limitation on Liability. Except as may expressly be set forth in this Agreement, none of TWX, AOL or any other member of either Group shall in any event have any Liability to the other or to any other member of the other's Group, or to any other TWX Indemnitee or AOL Indemnitee, as applicable, under this Agreement (i) with respect to any matter to the extent that such Party seeking indemnification has engaged in any knowing violation of Law or fraud in connection therewith or (ii) for any indirect, special, punitive or consequential damages, whether or not caused by or resulting from negligence or breach of obligations hereunder and whether or not informed of the possibility of the existence of such damages; provided, however, that the provisions of this Section 17.06 shall not limit an Indemnifying Party's indemnification obligations hereunder with respect to any Liability any Indemnitee may have to any third-party not affiliated with any member of the TWX Group or the AOL Group for any indirect, special, punitive or consequential damages.

ARTICLE XVIII

Further Assurances and Additional Covenants

SECTION 18.01. Further Assurances. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall, subject to the discretion of TWX with respect to the Distribution, as set forth Section 5.03 of the Separation Agreement, use reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each Party shall cooperate with the other Party, without any further consideration, but at the expense of the requesting Party, (i) to execute and deliver, or use reasonable best efforts to execute and deliver, or cause to be executed and delivered, all instruments, including any instruments of conveyance, assignment and transfer as such Party may reasonably be requested to execute and deliver by the other Party, (ii) to make, or cause to be made, all filings with, and to obtain, or cause to be obtained, all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument and (iii) to take, or cause to be taken, all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement, in order to effectuate the provisions and purposes of this Agreement and any transfers of Assets or assignments and assumptions of Liabilities hereunder and the other transactions contemplated hereby.

(c) On or prior to the Distribution Date, TWX and AOL, in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by AOL or any other Subsidiary of TWX, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) Prior to the Distribution, if either Party identifies any commercial or other service that is needed to ensure a smooth and orderly transition of its business in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement, the Parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which the other Party will provide such service.

ARTICLE XIX

Miscellaneous

SECTION 19.01. Vendor Contracts. Prior to the AOL Employee Transfer Time, TWX and AOL shall use commercially reasonable efforts to (i) negotiate with the current third-party providers to separate and assign the applicable rights and obligations under each group insurance policy, health maintenance organization, administrative services contract, third-party administrator agreement, letter of understanding or arrangement that pertains to one or more TWX Welfare Plans and one or more AOL Welfare Plans (each, a “Vendor Contract”) to the extent that such rights or obligations pertain to AOL Employees and (ii) to the extent permitted by the applicable third-party provider, obtain and maintain pricing discounts or other preferential terms under the Vendor Contracts. At AOL’s reasonable request, AOL and TWX shall use commercially reasonable efforts so that the AOL Group may participate in the terms and conditions of such Vendor Contracts until a date that is not later than December 31, 2010. Prior to the AOL Employee Transfer Time, TWX and AOL shall use commercially reasonable efforts to negotiate with applicable consultants, plan auditors, investment advisors, legal advisors and other third-party providers of services to TWX in connection with the Benefit Plans to maintain pricing discounts or other preferential terms in effect as of immediately prior to the AOL Employee Transfer Time. At the AOL Employee Transfer Time, AOL shall assume each Vendor Contract to which AOL LLC is a party and shall be solely responsible for all obligations of AOL LLC thereunder, in each case, to the extent that there are any rights or obligations of any party thereunder that relate to any period following the AOL Employee Transfer Time.

SECTION 19.02. Administration. AOL hereby acknowledges that TWX has provided administration services for certain AOL Benefit Plans and AOL agrees to assume responsibility for the administration and administration costs of such plans and each other AOL Benefit Plan. The parties shall cooperate in good faith to complete such transfer of responsibility on commercially reasonable terms and conditions effective no later than the AOL Employee Transfer Time.

SECTION 19.03. Employment Tax Reporting Responsibility. AOL LLC and AOL hereby agree to follow the alternate procedure for United States employment tax withholding as provided in Section 5 of Rev. Proc. 2004-53, I.R.B. 2004-35. Accordingly, AOL LLC shall have no United States employment tax reporting responsibilities, and AOL shall have full United States employment tax reporting responsibilities, for AOL LLC Employees from and after the AOL Employee Transfer Time.

SECTION 19.04. Data Privacy. The Parties agree that any applicable data privacy Laws and any other obligations of the AOL Group and the TWX Group to maintain the confidentiality of any employee information in accordance with applicable Law shall govern the disclosure of employee information among the Parties under this Agreement. AOL and TWX shall ensure that they each have in place appropriate technical and organizational security measures to protect the personal data of the AOL Employees and the TWX Retained Employees.

SECTION 19.05. No Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any TWX Indemnitee or AOL Indemnitee in their respective capacities as such, this Agreement is solely for the benefit of the Parties, and no current or former director, officer, employee or independent contractor of any member of the TWX Group or any member of the AOL Group or any other individual associated therewith (including any beneficiary or dependent thereof) shall be regarded for any purpose as a third-party beneficiary of this Agreement, and no provision of this Agreement shall create such rights in any such persons in respect of any benefits that may be provided, directly or indirectly, under any TWX Benefit Plan or any AOL Benefit Plan. Furthermore, no provision of this Agreement shall constitute a limitation on the rights to amend, modify or terminate any TWX Benefit Plan or any AOL Benefit Plan, and nothing herein shall be construed as an amendment to any such Benefit Plan. No provision of this Agreement shall require any member of the TWX Group or any member of the AOL Group to continue the employment of any employee of any member of the TWX Group or any member of the AOL Group for any specific period of time following the Distribution Date.

SECTION 19.06. Confidentiality. (a) Without limiting the scope of Section 19.04, each of TWX and AOL, on behalf of itself and each Person in its respective Group, shall hold, and cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold, in strict confidence and not release or disclose, with at least the same degree of care, but no less than a reasonable degree of care, that it applies to its own confidential and proprietary information pursuant to policies in effect as of the Distribution Date, all Information concerning the other Group or its business that is either in its possession (including Information in its possession prior to the Distribution) or furnished by the other Group or its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement, and shall not use any such Information other than for such purposes as shall be expressly permitted hereunder, except, in each case, to the extent that such Information is (i) in the public domain through no fault of any member of the TWX Group or the AOL Group, as applicable, or any of its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) later lawfully acquired from other sources by any of TWX, AOL or its respective Group, employees, directors or agents, accountants, counsel and other advisors and representatives, as applicable, which sources are not themselves bound by a confidentiality obligation to the knowledge of any of TWX, AOL or Persons in its respective Group, as applicable, (iii) independently generated without reference to any proprietary or confidential Information of the TWX Group or the AOL Group, as applicable, or (iv) required to be disclosed by Law; provided, however, that the Person required to disclose such Information gives the applicable Person prompt, and to the extent reasonably practicable, prior notice of such disclosure and an opportunity to contest such disclosure and shall use commercially reasonable efforts to cooperate, at the expense of the requesting Person, in seeking any reasonable protective arrangements requested by such Person. In the event that such appropriate protective order or other remedy is not obtained, the Person that is required to disclose such Information shall furnish, or cause to be furnished, only that portion of such Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Information. Notwithstanding the foregoing, each of TWX and AOL may release or disclose, or permit to be released or disclosed, any such Information concerning the other Group (x) to their respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who need to know such Information (who shall be advised of the obligations hereunder with respect to such Information), and (y) to any nationally recognized statistical rating agency as it reasonably deems necessary, solely for the purpose of obtaining a rating of securities upon normal terms and conditions; provided, however, that the Party whose Information is being disclosed or released to such rating agency is promptly notified thereof.

(b) Without limiting the foregoing, when any Information concerning the other Group or its business is no longer needed for the purposes contemplated by this Agreement, each of TWX and AOL will, promptly after request of the other Party, either return all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party, as applicable, that it has destroyed such Information (and used commercially reasonable efforts to destroy all such Information electronically preserved or recorded within any computerized data storage device or component (including any hard-drive or database)).

SECTION 19.07. Counterparts; Entire Agreement; Corporate Power. (a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party hereto and delivered to the other Party.

(b) This Agreement and the schedules hereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein.

(c) TWX represents on behalf of itself and each other member of the TWX Group, and AOL represents on behalf of itself and each other member of the AOL Group, as follows: (i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and (ii) on or prior to the Distribution Date, this Agreement will have been duly executed and delivered by it and constitutes, or will constitute, a valid and binding agreement of it enforceable in accordance with the terms thereof.

SECTION 19.08. Governing Law, Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof, except to the extent the Laws of Delaware or any other jurisdiction are mandatorily applicable to any of the transactions contemplated by this Agreement. Each Party irrevocably consents to the exclusive jurisdiction, forum and venue of the Commercial Division of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York over any and all claims, disputes, controversies or disagreements between the Parties or any of their respective subsidiaries, affiliates, successors and assigns under or related to this Agreement or any document executed pursuant to this Agreement or any of the transactions contemplated hereby or thereby.

SECTION 19.09. Assignability. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by either Party without the prior written consent of the other Party. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns. Notwithstanding the preceding sentence, either Party may assign this Agreement without consent in connection with (a) a merger transaction in which such Party is not the surviving entity and the surviving entity acquires or assumes all or substantially all of such Party's Assets, or (b) upon the sale of all or substantially all of such Party's Assets; provided, however, that the assignee expressly assumes in writing all of the obligations of the assigning Party under this Agreement, and the assigning Party provides written notice and evidence of such assignment and assumption to the non-assigning Party. No assignment permitted by this Section 19.09 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

SECTION 19.10. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person, (b) sent by telecopier (except that, if not sent during normal business hours for the recipient, then at the opening of business on the next business day for the recipient) to the fax numbers set forth below or (c) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to TWX, to:

Time Warner Inc.  
One Time Warner Center  
New York, NY 10019  
Attn: General Counsel  
Facsimile: (212) 484-7167

with a copy to:

Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019  
Attn: Eric Schiele  
Facsimile: (212) 474-3700

If to AOL LLC to:

AOL LLC  
c/o Time Warner Inc.  
One Time Warner Center  
New York, NY 10019  
Attn: General Counsel

If to AOL to:

AOL Inc.  
770 Broadway  
New York, NY 10003  
Attn: General Counsel  
Facsimile: (703) 265-7404

Any Party may, by notice to the other Parties, change the address to which such notices are to be given.

SECTION 19.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon any such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable provision to effect the original intent of the Parties.

SECTION 19.12. Force Majeure. Neither Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

SECTION 19.13. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 19.14. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants in this Agreement and the liabilities for the breach of any obligations in this Agreement shall survive each of the Separation and the Distribution and shall remain in full force and effect.

SECTION 19.15. Waivers of Default. Waiver by any Party hereto of any default by the other Party hereto of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default.

SECTION 19.16. Specific Performance. Subject to Section 5.03 of the Separation Agreement and notwithstanding the procedures set forth in Article XVIII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the affected Party shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The other Party shall not oppose the granting of such relief. The Parties to this Agreement agree that the remedies at law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

SECTION 19.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party hereto, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

SECTION 19.18. Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms “hereof,” “herein” “and “herewith” and words of similar import, unless otherwise stated, shall be construed to refer to this Agreement as a whole (including all of the schedules hereto) and not to any particular provision of this Agreement. Article, Section and Schedule references are to the articles, sections and schedules of or to this Agreement unless otherwise specified. Any reference herein to this Agreement, unless otherwise stated, shall be construed to refer to this Agreement as amended, supplemented or otherwise modified from time to time, as permitted by Section 19.17. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive.

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives.

TIME WARNER INC.,

BY: /s/ John K. Martin, Jr.

NAME: John K. Martin, Jr.

TITLE: Executive Vice President and  
Chief Financial Officer

AOL LLC,

BY: /s/ Ira H. Parker

NAME: Ira H. Parker

TITLE: Executive Vice President, Corporate  
Secretary and General Counsel

AOL INC.,

BY: /s/ Ira H. Parker

NAME: Ira H. Parker

TITLE: Executive Vice President, Corporate  
Secretary and General Counsel



**For Immediate Release:**

## **TIME WARNER DECLARES SPIN-OFF DIVIDEND OF AOL SHARES**

### **Record and Distribution Dates and Final Distribution Ratio Announced**

**NEW YORK, November 16, 2009** – Time Warner Inc. (NYSE:TWX) and AOL Inc. today announced the timing and details regarding the spin-off of AOL from Time Warner.

The Time Warner board of directors has approved the final distribution ratio and declared a pro rata dividend of the shares of AOL common stock owned by Time Warner that will result in the complete legal and structural separation of the two companies.

On the distribution date of December 9, 2009, Time Warner stockholders of record as of 5 p.m. on November 27, 2009, the record date for the distribution, will receive one share of AOL common stock for every eleven shares of Time Warner common stock they hold.

Fractional shares of AOL common stock will not be distributed to Time Warner stockholders. Instead, the fractional shares of AOL common stock will be aggregated and sold in the open market, with the net proceeds distributed pro rata in the form of cash payments to Time Warner stockholders who would otherwise be entitled to receive a fractional share of AOL common stock.

No action or payment is required by Time Warner stockholders to receive the shares of AOL common stock. Stockholders who hold Time Warner common stock on the record date will receive a book-entry account statement reflecting their ownership of AOL common stock or their brokerage account will be credited with the AOL shares. An Information Statement containing details regarding the distribution of the AOL common stock and AOL's business and management following the AOL spin-off will be mailed to Time Warner stockholders prior to the distribution date.

The AOL spin-off has been structured to qualify as a tax-free dividend to Time Warner stockholders for U.S. federal income tax purposes. Cash received in lieu of fractional shares, however, will be taxable. Time Warner stockholders are urged to consult with their tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of the AOL spin-off.

Shares of Time Warner common stock will continue to trade "regular way" on the New York Stock Exchange ("NYSE") under the symbol "TWX" through the distribution date of December 9, 2009, and thereafter. Any holders of shares of Time Warner common stock who sell Time Warner shares regular way on or before December 9, 2009, will also be selling their right to receive shares of AOL common stock. Investors are encouraged to consult with their financial advisers regarding the specific implications of buying or selling Time Warner common stock on or before the distribution date.

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AOL common stock will begin trading on a “when-issued” basis on the NYSE under the symbol “AOL WI” beginning on November 24, 2009. On December 10, 2009, when-issued trading of AOL common stock will end and “regular-way” trading under the symbol “AOL” will begin. The CUSIP number for the AOL common stock will be 00184X 105 when regular- way trading begins.

Time Warner and AOL have entered into a Separation and Distribution Agreement and several other agreements related to the AOL spin-off. The completion of the AOL spin-off is subject to the satisfaction or waiver of a number of conditions, including the Registration Statement on Form 10 for the AOL common stock being declared effective by the Securities and Exchange Commission (“SEC”), the AOL common stock being authorized for listing on the NYSE and certain other conditions described in the Information Statement included in the Form 10 and in the agreements filed as exhibits to the Form 10. The condition relating to the authorization of the AOL common stock for listing on the NYSE has been satisfied, and today AOL sent a letter to the SEC requesting that the Form 10 be declared effective. Time Warner and AOL expect all other conditions to the AOL spin-off to be satisfied on or before the distribution date.

**Additional Information**

Please see <http://www.timewarner.com/investors> and <http://ir.aol.com> for additional information, including Frequently Asked Questions, regarding the spin-off of AOL described in this release.

**About Time Warner Inc.**

Time Warner Inc., a global leader in media and entertainment with businesses in television networks, filmed entertainment, publishing and interactive services, uses its industry-leading operating scale and brands to create, package and deliver high-quality content worldwide through multiple distribution platforms.

**About AOL Inc.**

AOL Inc. is a leading global Web services company with an extensive suite of brands and offerings and a substantial worldwide audience. AOL’s business spans online content, products and services that the company offers to consumers, publishers and advertisers. AOL is focused on attracting and engaging consumers and providing valuable online advertising services on both AOL’s owned and operated properties and third-party websites. In addition, AOL operates one of the largest Internet subscription access services in the United States, which serves as a valuable distribution channel for AOL’s consumer offerings. AOL is a wholly owned subsidiary of Time Warner Inc.

**Caution Concerning Forward-Looking Statements**

This document includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors and other factors affecting the operation of the businesses of Time Warner Inc. and AOL Inc. More detailed information about these factors may be found in filings by Time Warner with the SEC, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as well as AOL's Registration Statement on Form 10 filed with the SEC. Time Warner and AOL are under no obligation to, and expressly disclaims any such obligation to, update or alter their forward-looking statements, whether as a result of new information, future events, or otherwise.

***Information on Time Warner's Cash Dividend Press Release***

*Time Warner Inc. issued a separate press release today regarding the company's regular quarterly cash dividend.*

**Contacts:**

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