

TIME WARNER INC.  
Form PRE 14A  
March 29, 2011

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Time Warner Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April , 2011

Dear Fellow Stockholder:

You are cordially invited to attend Time Warner Inc.'s 2011 Annual Meeting of Stockholders. The meeting will be held on Friday, May 20, 2011, at 10:00 a.m. (local time) at the Omni Hotel at CNN Center in Atlanta, Georgia. A map with directions to the meeting is provided on the last page of this Proxy Statement. If you are unable to attend the meeting in person, please listen to the webcast live on the Internet at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials).

Details about the business to be conducted at the Annual Meeting and other information can be found in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. As a stockholder, you will be asked to vote on a number of proposals.

Whether or not you plan to attend the Annual Meeting of Stockholders in person, your vote is important. After reading the attached Notice of Annual Meeting of Stockholders and Proxy Statement, please submit your proxy or voting instructions promptly.

We look forward to seeing those of you who are able to attend the Annual Meeting in person.

Sincerely,

Jeffrey L. Bewkes  
*Chairman of the Board  
and Chief Executive Officer*

**YOUR VOTE IS IMPORTANT. PLEASE PROMPTLY SUBMIT YOUR PROXY  
BY INTERNET, TELEPHONE OR MAIL.**

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Time Warner Inc.  
One Time Warner Center  
New York, NY 10019-8016

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The Annual Meeting (the Annual Meeting ) of Stockholders of Time Warner Inc. (the Company ) will be held on Friday, May 20, 2011, at 10:00 a.m. (local time). The meeting will take place at:

Omni Hotel at CNN Center  
Grand Ballroom, M4 Level, North Tower  
100 CNN Center  
Atlanta, GA 30303

(see directions and parking instructions on back cover)

The purposes of the meeting are:

1. To elect 13 directors for a term of one year and until their successors are duly elected and qualified;
2. To ratify the appointment of the firm of Ernst & Young LLP as independent auditors of the Company for 2011;
3. To hold an advisory vote on executive compensation;
4. To hold an advisory vote on the frequency of holding an advisory vote on executive compensation;
5. To approve an amendment to the Company's Restated Certificate of Incorporation to remove absolute majority vote provisions;
6. To consider and vote on the stockholder proposal described in the attached Proxy Statement, if properly presented at the Annual Meeting; and
7. To transact such other business as may properly come before the Annual Meeting.

The close of business on March 25, 2011, is the record date for determining stockholders entitled to vote at the Annual Meeting or any adjournments or postponements thereof. Only holders of the Company's common stock as of the record date are entitled to vote on the proposals described in this Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement.

You can vote your shares using one of the following methods:

If you received a Notice of Internet Availability of Proxy Materials, submit your proxy or voting instructions via the Internet using the instructions included in the Notice of Internet Availability of Proxy Materials;

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If you received a paper copy of the proxy materials, follow the instructions on the proxy card or voting instruction form and submit your proxy or voting instructions (i) via the Internet, (ii) by telephone or (iii) by completing and signing the written proxy card or voting instruction form and returning it in the pre-addressed reply envelope included with the printed proxy materials; or

Attend and vote at the Annual Meeting.

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**Whether or not you plan to attend the Annual Meeting in person, please promptly submit your proxy or voting instructions by Internet, telephone or mail** by following the instructions found on your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form. Any holder of record who is present at the Annual Meeting may vote in person instead of by proxy, thereby canceling any previous proxy. Please note that if your shares are held through a bank or brokerage account, you will need to contact your bank or broker to obtain a written legal proxy from the record holder of your shares to vote in person at the Annual Meeting.

If you are planning to attend the Annual Meeting in person, because of security procedures, **you should register in advance to be admitted to the Annual Meeting**. You can register in advance by calling (855) 896-3388 by Wednesday, May 18, 2011. In addition to registering in advance, **you will be required to present government-issued photo identification** (e.g., driver's license or passport) to be admitted to the Annual Meeting. Inspection of packages and bags, among other measures, may be employed to enhance the security of those attending the Annual Meeting. These procedures may require additional time, so please plan accordingly. To avoid disruption, admission may be limited once the Annual Meeting begins.

Time Warner Inc.

Paul F. Washington  
*Corporate Secretary*

April , 2011

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**TIME WARNER INC.**

One Time Warner Center  
New York, NY 10019-8016

**PROXY STATEMENT**

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Time Warner Inc., a Delaware corporation ( Time Warner or the Company ), for use at the Annual Meeting of the Company s stockholders (the Annual Meeting ) to be held on Friday, May 20, 2011, at the Omni Hotel at CNN Center in Atlanta, Georgia, commencing at 10:00 a.m., local time, and at any adjournment or postponement, for the purpose of considering and acting on the matters set forth in the accompanying Notice of Annual Meeting of Stockholders and in this Proxy Statement. Stockholders attending the Annual Meeting in person should follow the directions provided on the last page of this Proxy Statement.

As permitted by rules adopted by the Securities and Exchange Commission (the SEC ), the Company has elected to provide the majority of its stockholders with access to its proxy materials over the Internet rather than providing them in paper form. Accordingly, the Company will send a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials via the Internet to most of its stockholders of record as of the close of business on March 25, 2011. If you received a Notice of Internet Availability of Proxy Materials, you will not receive a printed copy of the proxy materials unless you request it by following the instructions in the notice for requesting printed materials. On or about April , 2011, the Company will begin mailing the Notice of Internet Availability of Proxy Materials to stockholders entitled to vote at the Annual Meeting, as well as printed copies of the Proxy Statement and accompanying form of proxy to some stockholders.

A copy of the Company s 2010 Annual Report to Stockholders has been sent simultaneously with this Proxy Statement or has been made available to all stockholders entitled to vote at the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on Friday, May 20, 2011:**

This Proxy Statement and the Company s 2010 Annual Report to Stockholders are available electronically at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials).

**Submitting Your Proxy**

Time Warner stockholders should submit their proxy or voting instructions as soon as possible.

*If you received a Notice of Internet Availability of Proxy Materials:* Please submit your proxy or voting instructions via the Internet using the instructions included in the Notice of Internet Availability of Proxy Materials.

*If you received a paper copy of the proxy materials:* If you are submitting your proxy by mail, please complete, sign and return the proxy card. To assure that your proxy is received in time to be voted at the Annual Meeting, the proxy card must be completed in accordance with the instructions on it and received prior to the Annual Meeting. If you are submitting your proxy by telephone, follow the Vote by telephone instructions on the Electronic Voting Instructions section of the proxy card delivered with the proxy materials. If you are submitting your proxy by Internet, follow the Vote by Internet instructions on the Electronic Voting Instructions section of the proxy card delivered with the proxy materials. Whichever method you select, to assure that your proxy is counted, you must submit it prior to 1:00 a.m., Central Time, on May 20, 2011. If your Time Warner common stock, par value \$0.01 per share ( Common Stock ), is

held in street name, you should submit your voting instructions in accordance with the instructions on the voting instruction form provided by the bank, brokerage firm or other nominee that holds Common Stock on your behalf.

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**INFORMATION ABOUT THIS PROXY STATEMENT AND  
THE ANNUAL MEETING**

***What proposals are being presented at the Annual Meeting?***

Time Warner intends to present the following proposals at the Annual Meeting:

To elect 13 directors for a term of one year and until their successors are duly elected and qualified.

To ratify the appointment of the firm of Ernst & Young LLP as independent auditors of the Company for 2011.

To hold an advisory vote on executive compensation.

To hold an advisory vote on the frequency of holding an advisory vote on executive compensation.

To approve an amendment to the Company's Restated Certificate of Incorporation to remove absolute majority vote provisions.

To consider a stockholder proposal on shareholder action by written consent, if the proposal is properly presented at the Annual Meeting.

To transact such other business as may properly come before the Annual Meeting.

Other than matters set forth in this Proxy Statement, Time Warner does not know of any business or proposals to be considered at the Annual Meeting.

***How does the Board of Directors recommend stockholders vote?***

The Board of Directors recommends stockholders vote **FOR** the election of the nominees for election as directors; **FOR** the ratification of the appointment of Ernst & Young LLP as independent auditors of the Company for 2011; **FOR** the approval, on an advisory basis, of the compensation of the Company's named executive officers; **FOR** the approval, on an advisory basis, of a vote on executive compensation every **3 YEARS**; **FOR** an amendment to the Company's Restated Certificate of Incorporation to remove absolute majority vote provisions; and **AGAINST** the stockholder proposal described in this Proxy Statement. When voting via the Internet or by telephone, you may indicate that you wish to vote as recommended by the Board.

***Who is entitled to vote?***

Only holders of record of Common Stock at the close of business on March 25, 2011, the record date, are entitled to vote at the Annual Meeting.

***How many votes do I have?***

Every holder of Common Stock on the record date will be entitled to one vote per share on all matters properly presented at the Annual Meeting. On March 25, 2011, there were \_\_\_\_\_ shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

***How do I attend the Annual Meeting?***

For admission to the Annual Meeting, stockholders should register in advance by calling (855) 896-3388. In addition, stockholders will be required to present government-issued photo

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identification (e.g., driver's license or passport) to be admitted to the Annual Meeting. The Annual Meeting will begin at 10:00 a.m. (local time) on Friday, May 20, 2011.

### ***How do I vote?***

If you are a holder of Common Stock on the record date, you can vote in the following ways:

If you received a Notice of Internet Availability of Proxy Materials:

**By Internet:** by submitting your proxy (if you are a registered holder) or voting instruction form (if you hold your shares through a bank, brokerage firm or other nominee) by following the instructions included in the Notice of Internet Availability of Proxy Materials.

If you are a registered holder and received a paper copy of the proxy materials:

**By Internet:** by submitting your proxy by following the Vote by Internet instructions on the Electronic Voting Instructions section of the proxy card at any time until 1:00 a.m., Central Time, on May 20, 2011.

**By Telephone:** by submitting your proxy by following the Vote by telephone instructions on the Electronic Voting Instructions section of the proxy card at any time until 1:00 a.m., Central Time, on May 20, 2011.

**By Mail:** by marking, dating and signing your proxy card in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials. The proxy card must be received prior to the Annual Meeting.

If you hold your shares through a bank, brokerage firm or other nominee and received a paper copy of the proxy materials, you should submit your voting instructions in accordance with the instructions on the voting instruction form provided by the nominee who holds the shares on your behalf.

If you are planning to attend the Annual Meeting and wish to vote your shares in person, you will be given a ballot at the meeting. If your shares are held through a bank, brokerage firm or other nominee, you must obtain a legal proxy from the record holder of your shares to vote at the Annual Meeting.

**Even if you plan to be present at the Annual Meeting, you are encouraged to vote your shares of Common Stock by submitting your proxy or voting instructions.**

### ***What does it mean to vote by proxy?***

By submitting your proxy, you authorize the persons named in the proxy (Paul T. Cappuccio, John K. Martin, Jr. and Karen Magee) to vote your shares at the Annual Meeting in accordance with your instructions. All shares entitled to vote and represented by properly executed proxies received prior to the Annual Meeting, and not revoked, will be voted as instructed on those proxies. The Board does not currently know of any other matters to be presented at the Annual Meeting. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the proxy will have discretion to vote on those matters in accordance with their own judgment to the same extent you would be entitled to vote. They may also vote your shares to adjourn the Annual Meeting and will be authorized to vote your shares at any adjournments or postponements of the meeting. In accordance with the Company's By-laws, the Annual Meeting may be adjourned, including by the Chairman, to permit the solicitation of additional proxies. You may not appoint more than three persons to act as your proxy at the Annual Meeting.



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***May I change or revoke my proxy after I submit my proxy or voting instructions?***

Yes, you may change your proxy at any time before it is exercised by either:

Filing with the Corporate Secretary of the Company, at or before the taking of the vote at the Annual Meeting, a written notice of revocation or a duly executed new proxy, in either case dated later than the prior proxy relating to the same shares; or

Attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not by itself revoke a proxy).

The written notice of revocation or subsequent proxy should be delivered to Time Warner Inc., One Time Warner Center, New York, NY 10019-8016, Attention: Corporate Secretary, or hand delivered to the Corporate Secretary before the taking of the vote at the Annual Meeting.

If you are a beneficial owner and hold shares through a broker or other nominee, you must contact your broker or nominee to revoke any prior voting instructions.

***What if I submit my proxy card or voting instruction form but do not indicate how I am voting?***

If you sign and return your proxy card or voting instruction form without indicating your instructions for voting, your Common Stock will be voted FOR each of the Company proposals described as Proposals 1, 2, 3 and 5 in the Proxy Statement, for the approval of an advisory vote on executive compensation every 3 YEARS, and AGAINST the stockholder proposal described as Proposal 6 in the Proxy Statement.

If you hold an interest in the Time Warner Inc. Stock Fund under the Time Warner Savings Plan and you sign and return your voting instruction card without indicating your instructions for voting, Fidelity Management Trust Company, as Trustee, will vote your proportionate interest in the Common Stock held in the Time Warner Inc. Stock Fund FOR each of the Company proposals described as Proposals 1, 2, 3 and 5 in the Proxy Statement, for the approval of an advisory vote on executive compensation every 3 YEARS, and AGAINST the stockholder proposal described as Proposal 6 in the Proxy Statement. If you do not provide any voting instructions via the Internet or by telephone and do not return a signed voting instruction card, your interest will be voted in the same proportion as other participants' interests in the Time Warner Savings Plan for which Fidelity has received voting instructions. If you hold interests attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan and the WCI Employee Stock Ownership Plan, your interests attributable to such accounts will not be voted.

***What constitutes a quorum?***

The presence, in person or by proxy, of the holders of a majority of the Common Stock outstanding and entitled to vote at the Annual Meeting constitutes a quorum and is necessary for the conduct of business at the Annual Meeting.

**Table of Contents*****What vote is required to approve the proposals?***

<b><i>Proposal</i></b>	<b><i>Vote Required</i></b>	<b><i>Broker Discretionary Voting Permissible</i></b>
PROPOSAL 1: Election of Directors	The affirmative vote of a majority of the votes duly cast by the holders of Common Stock with respect to each nominee is required for the election of that nominee as a director.	No
PROPOSAL 2: Ratification of Appointment of Independent Auditors	The affirmative vote of a majority of the votes duly cast by the holders of Common Stock.	Yes
PROPOSAL 3: Advisory Vote on Executive Compensation	The affirmative vote of a majority of the votes duly cast by the holders of Common Stock.	No
PROPOSAL 4: Advisory Vote on the Frequency of Holding an Advisory Vote on Executive Compensation	The affirmative vote of a majority of the votes duly cast by the holders of Common Stock.	No
PROPOSAL 5: Approval of an Amendment to the Company's Restated Certificate of Incorporation to Remove Absolute Majority Vote Provisions	The affirmative vote of a majority of the outstanding shares of Common Stock.	No
PROPOSAL 6: Shareholder Action by Written Consent	The affirmative vote of a majority of the votes duly cast by the holders of Common Stock.	No

With respect to Proposals 1, 2, 3, 5 and 6, you may vote FOR, AGAINST or ABSTAIN. With respect to Proposal 4, you may vote for every 3 YEARS, 2 YEARS, 1 YEAR or ABSTAIN.

***How are abstentions and broker non-votes counted?***

If you are a beneficial owner of shares held in street name and do not provide the bank or broker that holds your shares with specific voting instructions, then under New York Stock Exchange rules, the bank or broker will have discretion to vote your shares on Proposal 2, but not with respect to the other Proposals, in which case your shares will be counted as a broker non-vote on those proposals.

Abstentions and broker non-votes are not included in the tabulation of the voting results on the election of directors or other issues requiring approval of a majority of the votes cast and, therefore, do not have the effect of votes in opposition. Abstentions and broker non-votes will, however, have the effect of a vote against any proposals requiring the affirmative vote of holders of a majority of the outstanding shares of Common Stock entitled to vote, such as Proposal 5. Broker non-votes and shares with respect to which a stockholder abstains are included in determining

whether a quorum is present at the Annual Meeting.

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***How can I find the voting results?***

The Company will disclose the final results of the voting in a Current Report on Form 8-K filed with the SEC within four business days of the Annual Meeting.

***What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or set of proxy materials?***

It means you have multiple accounts at the transfer agent and/or with banks and stockbrokers. Please submit proxies or voting instructions for all of your Common Stock.

***I share the same address with another Time Warner stockholder. Why has our household received only one Notice of Internet Availability of Proxy Materials or set of proxy materials?***

The SEC's rules permit the Company to deliver a single Notice of Internet Availability of Proxy Materials or a single set of proxy materials to one address shared by two or more of the Company's stockholders. This practice is intended to reduce the Company's printing and postage costs. The Company has delivered only one Notice of Internet Availability of Proxy Materials or one set of proxy materials to stockholders who hold their shares through a bank, broker or other holder of record and share a single address, unless the Company received contrary instructions from any stockholder at that address.

If you have received only one copy of the Notice of Internet Availability of Proxy Materials or set of proxy materials and wish to receive a separate copy for each stockholder in your household or if you have received multiple notices or sets of proxy materials and wish to receive only one, please notify your bank, broker or other holder of record, or Broadridge Financial Solutions, Inc. at (800) 542-1061 or in writing at Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717.

***Who will bear the cost of solicitation?***

Time Warner will bear all expenses of the solicitation, including the cost of preparing and mailing the Notice of Internet Availability of Proxy Materials and the proxy materials. In addition to solicitation by the use of the mail, directors, officers and employees of Time Warner may solicit proxies and voting instructions by telephone or other means of communication. Such directors, officers and employees will not be paid additional compensation but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with such solicitation. Time Warner has retained D.F. King & Co., Inc. at an estimated cost of \$24,500, plus reimbursement of expenses, to assist in its solicitation of proxies. Time Warner has also agreed to pay the reasonable expenses of banks, brokerage firms and other nominees for mailing the Notices of Internet Availability of Proxy Materials and proxy materials to beneficial owners of shares held of record by such banks, brokerage firms and other nominees.

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**COMPANY PROPOSALS**

**PROPOSAL 1: Election of Directors**

**Director Nominees for 2011 Annual Meeting**

Upon the recommendation of the Nominating and Governance Committee of the Board of Directors (the Nominating Committee), the Board nominated for election at the Annual Meeting the slate of 13 nominees listed below. The section Directors of the Company on pages 29 to 41 of this Proxy Statement contains information regarding the backgrounds of the nominees, including the key skills and professional qualifications that the Board considered in concluding that the nominees are qualified to serve on the Company's Board.

Directors are elected by a majority of the votes cast unless the election is contested, in which case directors are elected by a plurality of the votes cast. If an incumbent director nominee in an uncontested election receives more against votes than for votes, the director must submit an offer to resign from the Board. The Board will then consider the resignation offer and may either (i) accept the resignation offer or (ii) reject the resignation offer and seek to address the underlying cause(s) of the against votes. The Board is required to make its determination within 90 days following the certification of the stockholder vote and make a public announcement of its decision, including a statement regarding the reasons for its decision if the Board rejects the resignation offer.

Each of the nominees currently serves as a director of the Company and, other than Mr. Wachter (who was elected by the Board of Directors in October 2010 in accordance with the Company's By-laws), was elected by the stockholders at the Company's 2010 Annual Meeting of Stockholders. The nominees for director at the 2011 Annual Meeting will be elected to serve for a one-year term until the next annual meeting of stockholders and until their successors have been duly elected and qualified or until their earlier death, resignation or retirement. If any director nominee is unable or unwilling to serve as a director at the time of the annual meeting of stockholders, the persons who are designated as proxies intend to vote, in their discretion, for such other persons, if any, as may be designated by the Board. As of the date of this Proxy Statement, the Board of Directors has no reason to believe that any of the nominees will be unable or unwilling to serve as a nominee or as a director if elected.

The persons named in the proxy intend to vote such proxy for the election of each of the 13 nominees named below, unless the stockholder indicates on the proxy that the vote should be against any or all of the nominees.

The Board of Directors recommends a vote **FOR** the election of the 13 director nominees listed below.

James L. Barksdale  
William P. Barr  
Jeffrey L. Bewkes  
Stephen F. Bollenbach  
Frank J. Caufield  
Robert C. Clark  
Mathias Döpfner  
Jessica P. Einhorn  
Fred Hassan  
Michael A. Miles  
Kenneth J. Novack  
Paul D. Wachter

Deborah C. Wright

**Vote Required for Approval**

A majority of the votes duly cast by the holders of Common Stock with respect to each director is required for the election of that director.

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**PROPOSAL 2: Ratification of Appointment of Independent Auditors**

The Audit and Finance Committee of the Board of Directors (the Audit Committee ) has appointed Ernst & Young LLP as independent auditors of the Company to audit its consolidated financial statements for 2011, and the Board of Directors has determined that it would be desirable to request that the stockholders ratify such appointment. Representatives of Ernst & Young LLP will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and to respond to appropriate questions from stockholders.

The Board of Directors recommends a vote **FOR** the ratification of the appointment of Ernst & Young LLP as independent auditors.

**Vote Required for Approval**

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to ratify the appointment of Ernst & Young LLP. However, stockholder approval is not required for the appointment of Ernst & Young LLP because the Audit Committee is responsible for selecting the Company's independent auditors. No determination has been made as to what action the Audit Committee or the Board of Directors would take if stockholders do not ratify the appointment.

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**PROPOSAL 3: Advisory Vote on Executive Compensation**

In accordance with Section 14A of the Securities Exchange Act of 1934 (the Exchange Act ), which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), and the related rules of the SEC, the Company is providing stockholders an advisory vote on executive compensation.

The Company's executive compensation program is designed to advance the philosophy of the Compensation and Human Development Committee of the Board of Directors (the Compensation Committee ) of motivating and retaining executives, holding the executives accountable for business and individual performance, and aligning the executives' interests with those of the Company's stockholders. To align executive pay with both the Company's financial performance and the creation of long-term stockholder value, a significant portion of the compensation paid to the named executive officers is linked to performance-based short-term incentives (*e.g.*, annual bonus) and long-term incentives (*e.g.*, equity awards with multi-year vesting schedules or performance periods). The Compensation Committee continually reviews the compensation program to assess whether it achieves the desired goals.

The Compensation Committee and the Board of Directors believe that the Company's 2010 executive compensation programs align well with the Compensation Committee's philosophy and are linked to the Company's performance. Stockholders are encouraged to read the Compensation Discussion and Analysis on pages 55 to 81 for information about the Company's executive compensation programs and how they reflect the Compensation Committee's philosophy and are linked to the Company's performance.

The Company will ask its stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2011 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narratives.

The Board of Directors recommends a vote FOR the approval of the resolution.

**Vote Required for Approval**

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to adopt this proposal. However, the vote on executive compensation is advisory and, therefore, not binding on the Company, the Board of Directors or the Compensation Committee. The Board of Directors and the Compensation Committee may take into account the outcome of the vote when making future executive compensation decisions.

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**PROPOSAL 4: Advisory Vote on the Frequency of Holding an Advisory Vote on Executive Compensation**

In addition to the advisory vote on executive compensation in Proposal 3 above, in accordance with Section 14A of the Exchange Act, the Company is providing stockholders with an opportunity to vote, on an advisory basis, on whether future executive compensation advisory votes should be held every year, every two years, or every three years.

After careful consideration, the Board of Directors is recommending a vote in favor of holding an advisory vote on executive compensation every three years. In reaching this recommendation, the Board has considered the relevant legislative and regulatory requirements, the Company's compensation programs and governance policies, the results of prior votes by the Company's stockholders regarding proposals to hold advisory votes on executive compensation, the views expressed by the Company's stockholders in discussions over recent months, and evolving industry practices.

The Board notes that the Company's stockholders have expressed a range of views on the appropriate frequency of holding an advisory vote on executive compensation, and that in recent consultations the Company's stockholders have expressed support for either a triennial or annual vote in approximately equal numbers. The Board has determined that, on balance, holding a vote every three years, with the flexibility to hold a vote more frequently if appropriate, is the best approach for Time Warner for the following reasons:

A periodic vote is consistent with the Company's practice in making changes to its executive compensation program. Typically, the Company has not made significant changes to its executive compensation program on an annual basis, but has done so less frequently and expects to do the same in the future. For example, the most recent significant change to the Company's executive compensation program was in 2007 with the introduction of performance stock units to the Company's long-term incentive program.

It is also consistent with the long-term focus of the Company's compensation objectives and programs, as discussed in this Proxy Statement, including the multi-year vesting and performance periods for long-term incentive compensation.

Further, an advisory vote is an additional, but not exclusive, opportunity for stockholders to communicate with the Board and the Compensation Committee regarding the Company's executive compensation programs.

A longer cycle also reinforces a longer-term perspective with respect to executive compensation, providing the Compensation Committee with time to evaluate the results of the most recent advisory vote on executive compensation, as well as to develop and implement changes to the Company's compensation programs and policies that may be appropriate, and then providing both the Compensation Committee and stockholders with the opportunity to assess the impact of those changes before the next advisory vote.

The Board of Directors looks forward to hearing from its stockholders on this Proposal and reviewing the results of this advisory vote.

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Stockholders may cast their vote on their preferred voting frequency by choosing the option of one year, two years or three years or may abstain from voting. In considering this vote, stockholders may wish to review the information presented in connection with the advisory vote (Proposal 3) above and the Compensation Discussion and Analysis on pages 55 to 81.

The Board of Directors recommends a vote for the option of every THREE YEARS as the frequency with which stockholders are provided an advisory vote on executive compensation.

**Vote Required for Approval**

The vote on this proposal is not intended to approve or disapprove the recommendation of the Board of Directors. If one of the frequency options (one year, two years or three years) receives the vote of a majority of the votes duly cast by the holders of Common Stock, it will be the frequency preferred by the stockholders. Because this vote is advisory and not binding on the Company or the Board of Directors, the Board will consider the vote, but may decide that it is in the best interests of the stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option determined to be the frequency preferred by the stockholders.

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**PROPOSAL 5: Approval of an Amendment to the Company's Restated Certificate of Incorporation to Remove Absolute Majority Vote Provisions**

The Board has approved an amendment to the Company's Restated Certificate of Incorporation and a related amendment to the Company's By-laws, and recommends that the Company's stockholders approve the amendment to the Company's Restated Certificate of Incorporation described below. The purpose and effect of these amendments will be to remove all remaining provisions in the Company's Restated Certificate of Incorporation and By-laws that provide for stockholder action by more than a simple majority vote (*i.e.*, a majority of the votes cast) other than where Delaware corporation law requires a different vote standard.

Specifically, the Board recommends that the stockholders approve an amendment to the Company's Restated Certificate of Incorporation to remove the provisions in Articles VII and VIII that provide for an absolute majority vote standard (*i.e.*, a majority of the Company's outstanding shares) for certain stockholder actions. The amendment to Article VII removes the absolute majority vote requirement for stockholders to adopt, amend or repeal any provision of the Company's By-laws. The amendment to Article VIII also removes the express requirement of an absolute majority vote (i) to amend, alter or repeal Article VIII, Article IX (which limits the liability of the directors of the Company to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by law), or Section 5 of Article IV (which authorizes the Company to redeem shares when a redemption is necessary to prevent the loss or secure the reinstatement of any license or franchise of the Company or its subsidiaries from a government agency) of the Restated Certificate of Incorporation or (ii) to adopt any provision inconsistent with Article VIII, Article IX, or Section 5 of Article IV of the Restated Certificate of Incorporation.

The Board has also approved an amendment to the Company's By-laws to change the required vote of the stockholders to amend the By-laws from an absolute majority vote to a simple majority vote, subject to and effective upon the approval by the stockholders of the proposed amendment to the Company's Restated Certificate of Incorporation.

In making this recommendation, the Nominating Committee and Board have considered the requirements of Delaware law, the potential governance implications of changing the stockholder vote standards, discussions with Company stockholders over the course of several months, and the vote in favor of a stockholder proposal calling for the Company to implement a simple majority vote standard that was presented at the Company's annual meeting of stockholders in 2010. Based on these considerations, and the recommendation of the Nominating Committee, the Board has determined that the amendment to the Company's Restated Certificate of Incorporation to remove the provisions in Articles VII and VIII requiring an absolute majority vote is in the best interests of the Company and its stockholders.

**Summary of the Proposed Amendment and Required Vote Standard**

The proposed amendment to the Restated Certificate of Incorporation is set forth in Annex A to this Proxy Statement, with deletions indicated by strikeouts. The form of the Certificate of Amendment to the Restated Certificate of Incorporation is set forth in Annex B to this Proxy Statement. The following description of the proposed amendments to Articles VII and VIII is qualified in its entirety by reference to the proposed amendment set forth in Annexes A and B.

***Article VII of the Restated Certificate of Incorporation:*** If the proposed amendment is approved, Article VII of the Restated Certificate of Incorporation will be amended to remove the requirement for an absolute majority vote for the stockholders to adopt, amend or repeal any



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provision of the Company's By-laws. As a result, the Company's By-laws would govern the vote required for any amendment to the By-laws by the stockholders. As noted above, the Board has approved an amendment to the By-laws that will become effective upon the approval by the stockholders of the proposed amendment to the Restated Certificate of Incorporation. The By-laws, as amended, will require that any amendment to the By-laws approved by the stockholders must be approved by a majority of the votes cast by the stockholders entitled to vote thereon who are present in person or represented by proxy at a meeting of stockholders, *i.e.*, a simple majority vote. Therefore, if the proposed amendment is approved, once the Certificate of Amendment is filed with the Secretary of State of Delaware and becomes effective, the vote required for stockholders to amend the Company's By-laws will be a simple majority vote.

**Article VIII of the Restated Certificate of Incorporation:** Article VIII requires an absolute majority vote to alter, amend or repeal Article VIII itself, Article IX or Section 5 of Article IV of the Restated Certificate of Incorporation or to adopt any provision inconsistent with any of those sections. If the proposed amendment is approved, Article VIII will be amended to remove the express requirement of an absolute majority vote and will simply provide that the Company reserves the right to amend, alter or repeal any provision contained in the Restated Certificate of Incorporation in accordance with law. Article IX limits the liability of the directors of the Company to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by law. Section 5 of Article IV permits the Company to redeem shares of its common stock or other series or class of stock from stockholders if the redemption is necessary to prevent the loss or secure the reinstatement of a license or franchise from any governmental agency that requires some or all of the holders of the Company's common stock or any other class or series of stock to possess certain qualifications. This provision protects the Company's ability to take the steps necessary to retain valuable licenses and franchises granted by a governmental agency that might otherwise be subject to forfeiture based on the identify or qualifications of the Company's stockholders.

The amendment to Article VIII will not have any current impact in practice because Delaware corporation law requires approval by a majority of the outstanding shares entitled to vote thereon to amend a corporation's certificate of incorporation, which is an absolute majority voting standard. If Delaware corporation law is amended to provide for a different voting standard, then that voting standard would automatically apply to amendments to the Company's Restated Certificate of Incorporation.

## **Implementation of the Proposed Amendment**

If the proposed amendment is approved by the stockholders, the Company will file a Certificate of Amendment to the Restated Certificate of Incorporation with the Delaware Secretary of State promptly after the Annual Meeting, and the Certificate of Amendment will become effective upon filing. In addition, if this proposal is approved by the stockholders, the amendment to the By-laws (to require a simple majority vote for stockholders to amend the By-laws), which was previously approved by the Board of Directors, will become effective.

The Board of Directors recommends a vote **FOR** the approval of the proposed amendment to the Restated Certificate of Incorporation.

## **Vote Required for Approval**

The affirmative vote of a majority of the Company's outstanding shares of Common Stock is required to approve the proposed amendment to the Restated Certificate of Incorporation.

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**STOCKHOLDER PROPOSAL**

**PROPOSAL 6: Shareholder Action by Written Consent**

Mr. William Steiner, 12 Abbottsford Gate, Piermont, NY 10968, the beneficial owner of 4,200 shares of Common Stock, has advised the Company that he intends to propose a resolution at the Annual Meeting. Mr. Steiner has appointed John Chevedden of 2215 Nelson Ave., No. 205, Redondo Beach, CA 90278 and/or his designee to act on his behalf in matters relating to the proposed resolution. The proposed resolution and statement in support there are set forth below:

**6 Shareholder Action by Written Consent**

RESOLVED, Shareholders hereby request that our board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting (to the fullest extent permitted by law).

Taking action by written consent in lieu of a meeting is a means shareholders can use to raise important matters outside the normal annual meeting cycle. A study by Harvard professor Paul Gompers supports the concept that shareholder dis-empowering governance features, including restrictions on shareholder ability to act by written consent, are significantly related to reduced shareholder value.

The merit of this Shareholder Action by Written Consent proposal should also be considered in the context of the need for improvement in our company's 2010 reported corporate governance status:

The Corporate Library [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com), an independent investment research firm, rated our company D with High Governance Risk and Very High Concern for executive pay \$19 million for our CEO Jeffrey Bewkes.

Mr. Bewkes' pay was too concentrated in market-priced stock options. Thus small increases in our company's share price (unrelated to CEO performance) can result in a windfall.

Our board was the only significant directorship for 5 of our directors. This could indicate a significant lack of current transferable director experience for 40% of our board. Regarding the future trend in our director selection process, two of our newest directors bring experience from D-rated boards: Fred Hassan from Avon Products and William Barr from Dominion Resources.

Michael Miles was marked as a Flagged (Problem) Director by The Corporate Library because of his Citadel Broadcasting directorship as it went bankrupt in 2009. Mr. Miles was still allowed to be on our Executive Pay Committee and attracted our highest negative votes.

We had no independent Board Chairman, no Lead Director, no shareholder right to proxy access, no cumulative voting and no shareholder written consent. In spite of this we also had two inside-related directors who made up 40% of our Nomination committee (independence concern): James Barksdale and Kenneth Novack.

Please encourage our board to respond positively to this proposal and remedy the above type of practices:

**Shareholder Action by Written Consent Yes on 6.**



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**COMPANY RECOMMENDATION:**

The Board of Directors recommends a vote **AGAINST** this proposal for the following reasons:

- (i) Without proper procedural protections, stockholder action by written consent (as proposed in the proposal) can deprive stockholders of a voice on an important matter and of information regarding the matter approved in the written consent;
- (ii) Stockholder meetings are a better method to raise important matters for consideration by stockholders, and holders of 15% of the outstanding Common Stock already have the right to request a special meeting of stockholders; and
- (iii) The adoption of the proposal as proposed will not enhance the Company's existing corporate governance practices, which already provide stockholders with meaningful access to the Board and significant rights and protections.

First, without procedural protections, stockholder action by written consent can exclude minority stockholders from participating in an action or even receiving information regarding the matter approved in a written consent. The proposal provides no procedural protections, such as a requirement to provide a description of the proposed action and the reasons for the proposed action. This means that, for example, a group of stockholders representing a majority of the Common Stock could take a significant action, such as agreeing to sell the Company, without providing prior notice to all stockholders, an opportunity to discuss or raise objections to the proposed action or an opportunity to vote on the proposed action.

In addition, the proposal does not provide for reasonable procedural protections to prevent or limit the abuse of this mechanism for stockholder action. For example, if multiple groups of stockholders are able to solicit written consents at any time and as often as they wish, the solicitation of written consents could create a considerable amount of confusion and disruption among the Company's stockholders.

Second, the Board believes that presenting matters to stockholders at a stockholder meeting is a superior method for stockholder action. The Company's Common Stock is widely held by a large number of stockholders and, therefore, soliciting the Company's stockholders for written consents would be expensive, time-consuming and impractical. By contrast, stockholders can present appropriate matters for a vote by the stockholders at an annual or special meeting by following advance notice and disclosure requirements, as set forth in the Company's By-laws or as otherwise required by SEC rules, which allow all the Company's stockholders to have an opportunity to be informed about matters that are being presented to stockholders for a vote. At a stockholder meeting, stockholders are able to ask questions, discuss any concerns or views that they have regarding a proposal, and vote on the matter. Under the Company's By-laws, holders of 15% of the outstanding Common Stock may request that a special meeting of stockholders be held. Thus, the Company's stockholders already have an effective mechanism for raising important matters for consideration by stockholders outside of the normal annual meeting cycle.

Third, the Company believes that its stockholders already have significant access to the Board, and rights and protections that reduce the need to be able to act by written consent. For example:

As stated above, holders of 15% of the outstanding Common Stock may request a special meeting of stockholders.

Stockholders may submit proposals for presentation at an annual meeting (including nominations of director candidates).



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Stockholders may communicate directly with any director (including the Lead Independent Director), any Board committee or the full Board.

The Board has been responsive to stockholder concerns, whether expressed through proposals or discussions between stockholder representatives and the Company. For example, following discussions with stockholders, the Company implemented changes so that holders representing at least 15% of the Company's outstanding common stock can request a special meeting.

Stockholders elect directors annually by majority vote in uncontested director elections, and any incumbent director who does not receive a majority of the votes cast for his or her election is required to offer to resign from the Board.

The Board consists of a significant majority of independent directors (*i.e.*, all of the directors except the Company's CEO).

The Board believes that the Company's existing corporate governance policies and practices provide stockholders with meaningful access to and accountability of Board members and better methods to bring matters before all the stockholders in an orderly and non-discriminatory fashion. Accordingly, the Board believes that the proposal, in the form presented, is not in the best interests of the Company or its stockholders and, therefore, it recommends a vote **AGAINST** the proposal.

**Vote Required for Approval**

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to adopt this proposal.

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

Time Warner is committed to maintaining strong corporate governance practices that allocate rights and responsibilities among the Company's stockholders, Board of Directors (the Board or the Board of Directors) and management in a manner that benefits the long-term interests of the Company's stockholders. The Board regularly reviews and updates its corporate governance practices in light of proposed and adopted laws and regulations, the practices and experience of other leading companies, the recommendations of various corporate governance authorities, and discussions with and the expectations of the Company's stockholders.

During 2010 and early 2011, the Board took a number of steps to further enhance the Company's corporate governance practices, including the following:

*Special Stockholder Meetings.* At the Company's 2010 annual meeting of stockholders, the Company proposed an amendment to its By-laws to lower the percentage of the combined voting power of the Company's outstanding capital stock that can request a special meeting of stockholders from 25% to 15%. The proposed amendment was approved by the stockholders, and the By-laws were amended, effective May 21, 2010.

*New Independent Director.* In October 2010, the Board elected an additional independent director, Paul D. Wachter. Mr. Wachter is the founder and Chief Executive Officer of Main Street Advisors, Inc., a company that provides investment advisory services. As described below under Directors of the Company Professional Qualifications of Director Nominees for 2011 Annual Meeting and Directors of the Company Background of Director Nominees for 2011 Annual Meeting, Mr. Wachter brings to the Board his background in finance, investments and banking and the entertainment industry. Mr. Wachter also brings personal qualities that are important for service on the Board, such as integrity and sound judgment. The Nominating Committee led the director search process. Mr. Wachter was initially suggested as a potential candidate by officers of the Company other than the Chief Executive Officer. Mr. Wachter met with all of the members of the Nominating Committee, and the Nominating Committee recommended Mr. Wachter's election to the Board.

*Committee Charters and Corporate Governance Policy.* In February 2011, the Board amended the charters of its three standing committees and the Corporate Governance Policy as follows:

The Audit Committee's charter was amended to (i) authorize the Audit Committee to periodically review the Company's strategy for and use of derivatives (including swaps that are subject to the exception for end users from the mandatory clearing and exchange trading provisions of the Dodd-Frank Act) and (ii) eliminate the provisions relating to the Audit Committee's role as a Qualified Legal Compliance Committee (the Company's chief legal officer now performs those duties).

The Nominating Committee's charter was amended to, among other things, specify that the Nominating Committee, along with the Compensation Committee, will make recommendations to the Board regarding the frequency of stockholder advisory votes on executive compensation.

The Compensation Committee's charter was amended to, among other things, specify that (i) the Compensation Committee may, as appropriate, consider stockholder views and the results of the most recent advisory vote on executive compensation in determining executive compensation and (ii) the Compensation Committee will make recommendations to the Board regarding the frequency of stockholder advisory votes on executive compensation and any other Company proposals regarding executive compensation for inclusion in the Company's annual proxy statement.



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The Corporate Governance Policy was amended to provide that the Lead Independent Director will serve as the Chairman of the Board on an interim basis in the event of the death or disability of the Chairman.

The foregoing changes reflect in part the results of the Company's long-standing practice of engaging with stockholders on corporate governance matters and responding to their views. In addition, following the adoption of Dodd-Frank Act in July 2010, the Company had additional discussions with stockholders regarding their views on various aspects of the legislation, including the stockholder advisory vote on executive compensation and the frequency of holding such vote.

The remainder of this section of the Proxy Statement summarizes the key features of Time Warner's corporate governance practices.

### **Corporate Governance Documents**

The Company has a corporate governance webpage at [www.timewarner.com/governance](http://www.timewarner.com/governance). The Company's By-laws, the Corporate Governance Policy (which includes the categorical standards for director independence), the charters of the Board's three standing committees, the Policy Regarding Audit Partner Rotation, the Report on Executive Compensation Consultant, the Company's codes of conduct, the Policy and Procedures Governing Related Person Transactions, the Policy on Determining the Leadership Structure of the Board of Directors, and the most recent Report on Determination of Current Board Leadership Structure are available on the Company's corporate governance webpage. These documents are also available in print to any stockholder who requests them by writing to the Office of the Corporate Secretary, Time Warner Inc., One Time Warner Center, New York, New York 10019-8016.

### **Board Responsibilities and Oversight of Risk**

The Board's primary responsibility is to seek to maximize long-term stockholder value. The Board selects senior management of the Company, monitors management's and the Company's performance, and provides advice and counsel to management. Among other things, at least annually, the Board reviews the Company's strategy and approves a business plan and budget for the Company. The Board also reviews and approves transactions in accordance with guidelines that the Board may adopt from time to time. In addition, the Board reviews and approves the leadership structure of the Board on at least an annual basis. In fulfilling the Board's responsibilities, directors have full access to the Company's management, internal and external auditors, and outside advisors.

As described in the Corporate Governance Policy, the Board is charged with general oversight of the management of the Company's risks. The Board considers, as appropriate, risks among other factors in reviewing the Company's strategy, business plan, budgets and major transactions. Each of the Board's committees assists the Board in overseeing the management of the Company's risks within the areas delegated to the committee. In particular, the Audit Committee assists the Board by reviewing a report from management on at least an annual basis on the risks facing the Company, management's actions to address those risks, and the Company's risk management processes. The report is also provided to the Board. In addition, the Compensation Committee oversees risks related to the Company's compensation programs and policies and reviews at least annually management's report on such risks.

### **Independent Directors**

The Board undertook its annual review of director independence in March 2011 and determined that 12 of the 13 current directors (or 92% of the Board) and 12 of the 13 nominees for director are



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independent under the listing standards of the NYSE and the Company's By-laws and Corporate Governance Policy, which includes the categorical standards for director independence adopted by the Board. To assist the Board with its determination, the categorical standards follow the NYSE rules and establish guidelines as to employment and commercial relationships that may affect a director's independence and categories of relationships that are not deemed material for purposes of director independence. The following directors were determined by the Board to be independent: James L. Barksdale, William P. Barr, Stephen F. Bollenbach, Frank J. Caufield, Robert C. Clark, Mathias Döpfner, Jessica P. Einhorn, Fred Hassan, Michael A. Miles, Kenneth J. Novack, Paul D. Wachter and Deborah C. Wright. Mr. Bewkes is an executive officer of the Company and thus cannot qualify as an independent director. Each of the current directors is a nominee for director and there are no nominees who do not currently serve as a director. Each member of the Audit Committee, Compensation Committee, and Nominating Committee satisfies the respective standards of independence applicable to such committees.

In evaluating the independence of each director, the Board considered the following types of transactions or relationships:

*Business Transactions:* The Board considered that the Company and its subsidiaries in the ordinary course of business have: (i) received advertising revenues during the last three years from Harvard University (Mr. Clark is a Distinguished Service Professor), Axel Springer AG (Mr. Döpfner serves as Chairman and Chief Executive Officer) and Staples, Inc. (an immediate family member of Mr. Miles serves as an executive officer) and the 2010 advertising revenues from such companies were, in each case, less than 0.02% of the Company's total revenues in 2010, (ii) purchased products or services during the last three years from (x) Axel Springer AG (license rights, content, advertising and promotional fees) and that the 2010 purchases were less than 0.01% of Axel Springer's total revenues in 2009 and (y) Staples, Inc. (office supplies) and that the 2010 purchases were less than 0.002% of Staples, Inc.'s total revenues in 2010, and (iii) received professional legal services from Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC during the last three years (Mr. Novack is a Senior Counsel and a retired partner who no longer practices law and does not have a direct or indirect interest in the legal services provided to the Company) and that the fees for the 2010 services were less than 0.25% of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo's total revenues in 2009 and less than 0.7% of the total fees paid by the Company in 2010 for professional legal services. In addition, the Board considered that the Time Warner Foundation, Inc., a non-profit organization, holds one certificate of deposit at Carver Federal Savings Bank (Ms. Wright serves as Chairman, President and Chief Executive Officer) that was less than 0.06% of Carver Federal Savings Bank's total deposits in 2010.

*Charitable Contributions:* Discretionary charitable contributions to organizations for which a director or a director's spouse serves as an executive officer. These contributions were consistent with the Company's philanthropic practices and well below the thresholds set forth in the Company's Corporate Governance Policy. None of the contributions exceeded \$230,000 to any single organization.

*Other Relationships:* The Board also considered the following relationships that existed in 2010 or early 2011: (i) Mr. Caufield is a co-founder of Kleiner Perkins Caufield & Byers, where Mr. Barksdale served as a strategic limited partner; (ii) Mr. Hassan serves as a director of Avon Products, Inc., where Ann Moore, the recently retired Chairman and CEO of Time Inc., a subsidiary of the Company, serves as a director; and (iii) Ms. Wright serves as Chairman, President and Chief Executive Officer of Carver Bancorp, Inc. where an officer of the Company (who is not an executive officer) previously served as a director until February 2010.

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The Nominating Committee and the Board of Directors reviewed the transactions or relationships described above and, based on the Company's categorical standards and the NYSE rules governing director independence, the Board determined that the transactions or relationships did not impair the applicable director's independence.

**Board Leadership**

***Policy on Determining the Leadership Structure of the Board of Directors.*** Under the Company's Policy on Determining the Leadership Structure of the Board of Directors, the Nominating Committee is responsible for reviewing the leadership structure of the Board on at least an annual basis and at times of potential change in individuals holding Board leadership positions (*e.g.*, retirement, resignation, or renewal of employment agreements). As part of this review, the Nominating Committee evaluates: (i) whether to have a Lead Independent Director, (ii) the responsibilities of the positions of Chairman of the Board and Lead Independent Director, and (iii) the qualifications for those positions, including whether the position of Chairman of the Board should be held by the CEO, an independent director, or a non-independent director other than the CEO. The Nominating Committee makes its recommendations to the full Board, which is responsible for approving the leadership structure of the Board. The policy sets forth the factors the Nominating Committee and Board consider in making the determinations.

In January 2011, upon the recommendation of the Nominating Committee, the Board determined that the current structure, with one individual serving as Lead Independent Director and another serving as the Company's Chairman of the Board and Chief Executive Officer, is effective and appropriate. The report on the Board's determination of its leadership structure is posted on the Company's corporate governance webpage. As set forth in this report, the Board believes that having a single individual serve as both Chairman and CEO is effective and appropriate and provides clear governance, leadership and accountability as the Company executes its strategy as a content-focused company, including the digital transformation of its businesses. The Board also believes that the current structure has provided for an effective flow of information to, and discussion among, members of the Board regarding the Company's strategy and performance.

As described in the report, the Nominating Committee considered numerous factors prior to providing its recommendation to the Board that the current Board leadership structure be maintained, including (among other factors): (i) the scope and nature of the respective responsibilities of the Chairman of the Board, CEO and Lead Independent Director and the qualifications for each position, (ii) the current policies and practices that the Company has in place to ensure independent oversight of management, (iii) the views expressed by the Company's directors and stockholders regarding the Board's leadership structure, (iv) the practices in the United States and other countries, (v) recent legislative and regulatory developments relating to board leadership, and (vi) the impact that changing the current effective leadership structure would have on the Company.

***Lead Independent Director.*** Mr. Caufield has served as Lead Independent Director since 2006. He was most recently re-elected to the position in May 2010 by the independent directors. As described in the Company's Corporate Governance Policy, the Lead Independent Director presides at executive sessions of the Board (see Board Meetings, Executive Sessions and Attendance below) and serves as the liaison between the Chairman and the other directors (unless the matter under consideration is within the jurisdiction of one of the Board's committees). In addition, the Lead Independent Director's responsibilities include (i) advising the Chairman of the Board with respect to the schedule, agenda and information for Board meetings (including possessing the ability to include specific items on those agendas), (ii) advising the Chairman of the Board with respect to

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consultants who may report directly to the Board, and (iii) being available, as appropriate, for communication with the Company's stockholders. The Lead Independent Director will also serve as the Chairman of the Board on an interim basis in the event of the death or disability of the Chairman.

### **Board Meetings, Executive Sessions and Attendance**

The Board of Directors generally holds at least six meetings each year, including a meeting devoted to addressing the Company's strategy. The Board of Directors also communicates informally with management on a regular basis.

The Company's independent directors meet by themselves, without management or any non-independent directors present, at every regularly scheduled Board meeting. Any independent director may request additional executive sessions. These executive sessions are led by the Lead Independent Director, except for those portions of the executive session when it is appropriate for a Chair of the committee that has primary responsibility for the matter being discussed to lead the discussion.

During 2010, the Board met 10 times. No incumbent director attended fewer than 75% of (i) the total number of meetings of the Board held during the period for which he or she served as a director or (ii) the total number of meetings of the committees held during the period for which he or she served as a committee member. The Company's directors are encouraged and expected to attend the annual meetings of the Company's stockholders. Eleven of the 12 directors nominated for election at the 2010 Annual Meeting of Stockholders attended that meeting. Mr. Döpfner was not able to attend the meeting, and Mr. Wachter was appointed to the Board after the 2010 Annual Meeting of Stockholders.

### **Board Self-Evaluation**

The Board of Directors conducts a self-evaluation of its performance annually, which includes a review of the Board's composition, responsibilities, leadership and committee structure, processes and effectiveness. Each standing committee of the Board also conducts an annual self-evaluation.

### **Director Orientation and Education**

Upon joining the Board of Directors, each new director is provided with an orientation regarding the role and responsibilities of the Board and the Company's operations. As part of this orientation, new directors meet with members of the Company's senior management. From time to time, the Company's executives and the heads of its business groups make presentations to the Board regarding their respective areas. The Company is also committed to the ongoing education of its directors and therefore reimburses directors for reasonable expenses relating to ongoing director education.

### **Committees of the Board**

The Board has three standing committees: the Audit and Finance Committee (also referred to as the Audit Committee), the Nominating and Governance Committee (also referred to as the Nominating Committee) and the Compensation and Human Development Committee (also referred to as the Compensation Committee), each of which has a written charter that is posted on the Company's corporate governance webpage. Each committee is composed entirely of independent directors. The Chair of each committee is elected by the Board and rotated periodically. Each committee holds regular executive sessions at which management is not present. Each committee is also authorized to retain its own outside counsel and other advisors as it desires.



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The table below provides a brief summary of the committees' current members and the number of meetings held by each committee during 2010:

<b>Independent Director</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Compensation Committee</b>
James L. Barksdale			
William P. Barr			
Stephen F. Bollenbach			CHAIR
Frank J. Caufield			
Robert C. Clark		CHAIR	
Mathias Döpfner			
Jessica P. Einhorn			
Fred Hassan			
Michael A. Miles			
Kenneth J. Novack			
Paul D. Wachter			
Deborah C. Wright	CHAIR		
Number of Meetings in 2010	8	7	8

**Audit Committee.** The Audit Committee assists the Board of Directors in fulfilling its responsibilities in connection with the Company's (i) independent auditors, (ii) internal audit function, (iii) ethics and compliance program and risk management policies and processes, (iv) responses to any regulatory actions involving financial, accounting and internal control matters, (v) earnings releases and guidance, financial statements and systems of disclosure controls and procedures and internal control over financial reporting, (vi) capital structure and financial capacity and strategy and (vii) the performance and funding of the Company's retirement programs.

The Board has determined that each of the members of the Audit Committee is financially literate in accordance with the NYSE listing standards. In addition, the Board has determined that each of Messrs. Bollenbach, Clark, Hassan and Wachter and Ms. Wright is an audit committee financial expert as defined under rules promulgated by the SEC.

**Nominating Committee.** The Nominating Committee is responsible for assisting the Board in relation to (i) corporate governance, (ii) director nominations, (iii) committee structure and appointments, (iv) Board leadership structure, Chairman and CEO performance evaluations and CEO succession planning, (v) annual Board performance evaluations, (vi) non-employee director compensation, (vii) regulatory matters relating to corporate governance, (viii) stockholder proposals and communications, (ix) related person transactions, and (x) the Company's corporate social responsibility activities.

**Compensation Committee.** The Compensation Committee is responsible for (i) approving the compensation of and employment agreements for, and reviewing benefits provided to, the Company's senior executives, (ii) approving long-term incentive awards, (iii) overseeing the Company's disclosure regarding executive compensation, (iv) reviewing the Company's overall compensation structure and benefit plans, including risks related to the Company's compensation programs and policies, (v) reviewing the Company's response to regulatory developments affecting compensation and stockholder advisory votes regarding compensation, (vi) reviewing and recommending officer appointments, and (vii) overseeing the Company's human development

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programs, including recruitment, retention, development, diversity and internal communication programs.

**Compensation Committee Interlocks and Insider Participation**

Consistent with the Company's categorical standards for director independence and the charter of the Compensation Committee, none of the Compensation Committee members (i) has ever been an officer or employee of the Company or (ii) was a participant in a related person transaction in 2010. None of the Company's executive officers serves, or in 2010 served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or the Compensation Committee.

**Criteria for Membership on the Board**

In accordance with the Company's Corporate Governance Policy and the Nominating Committee's policy statement regarding director nominations, the Nominating Committee and the Board take into consideration many factors, including independence, in reviewing candidates to select as nominees for director. The Nominating Committee and the Board also apply the same criteria to all candidates, whether the candidate is proposed by a stockholder or is identified through another source.

***Criteria Applicable to All Directors.*** The Board of Directors believes it is important for the Board to reflect the appropriate combination of skills, professional experience, and diversity of backgrounds in light of the Company's current and expected future business needs. Each director must possess certain personal qualities, including financial literacy and a demonstrated reputation for integrity, judgment, and business acumen, as well as high personal and professional ethics. In addition, each director must be at least 21 years of age at the commencement of service as a director and less than 72 years of age at the time of nomination.

Each director must have the time and ability to make a constructive contribution to the Board, as well as a clear commitment to fulfilling the director's fiduciary duties and serving the interests of all the Company's stockholders. Each director must satisfy the requirements of antitrust laws, which limit service as an officer or director of the Company's significant competitors. In addition, to help ensure that directors have sufficient time to devote to their responsibilities as a member of Time Warner's Board, the Board has determined that directors should generally serve on no more than five other public company boards. Directors are also required to offer their resignation upon a significant change in their primary professional responsibilities, and, in such case, the Nominating Committee will make a recommendation to the Board as to whether to accept the offer of resignation.

***Additional Criteria for Incumbent Directors.*** Incumbent directors on the Board are expected to attend the meetings of the Board and of any committees on which they serve and the annual meetings of stockholders, to stay informed about the Company and its businesses, to participate in the discussions of the Board and its committees, to comply with applicable Company policies, and to provide advice and counsel to the Company's management.

***Additional Criteria for New Directors.*** The Nominating Committee has identified additional criteria for new members of the Board in light of the Company's current and expected structure and

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business needs. The following criteria may further evolve over time depending on changes in the Board and the Company's business needs and environment:

*Professional Experience.* New candidates for the Board should have significant high-level leadership experience at a public corporation or other firm, in government or at a non-profit institution.

*Diversity.* Although the Company does not have a specific policy on diversity of the Board, the Company's Corporate Governance Policy requires the Nominating Committee and the Board to consider the Board's overall composition when considering director candidates, including whether the Board has an appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds in light of the Company's current and expected future business needs. In addition, as set forth in the Nominating Committee's policy statement regarding director nominations, the Nominating Committee also believes that it would be desirable for new candidates to contribute to the variety of viewpoints on the Board, which may be enhanced by a mix of different professional and personal backgrounds and experiences.

*Committee Eligibility.* In addition to satisfying the independence requirements that apply to directors generally, the Nominating Committee believes that it would be desirable for new candidates for the Board to satisfy the requirements for serving on the Board's committees, as set forth in the charters for those committees and applicable regulations.

*Director Experience.* The Nominating Committee believes it would also be useful for candidates for the Board to have experience as a director of a major public corporation.

*Independence.* Under NYSE rules, the Company must have a majority of independent directors who satisfy applicable independence standards. The Company's By-laws also provide that a majority of the members of the Board must be independent. In addition, the Board has established the objective that a substantial majority of the Board should be independent. The Board and the Nominating Committee have established a policy that any newly nominated non-employee director must satisfy the requirements to be an independent member of the Board. For a director to be considered independent, the director must satisfy the applicable regulatory requirements, including the NYSE's listing standards, and the categorical standards for director independence set forth in the Company's Corporate Governance Policy. The Board must also determine that the director has no material relationship with the Company or its subsidiaries and that the director is free of any other relationship—whether with the Company or otherwise—that would interfere with his or her exercise of independent judgment. All of the Company's directors and nominees for director are independent, except for Mr. Bewkes, the Company's Chairman and CEO.

## **Director Nomination Process and Director Elections**

There are a number of different ways in which an individual can be nominated for election to the Board of Directors.

*Nominations Developed by the Nominating Committee.* The Nominating Committee may identify and propose an individual for election to the Board. This involves the following steps:

The Nominating Committee conducts periodic assessments of the overall composition of the Board in light of the Company's current and expected future business needs and, as a result of such assessments, the Nominating Committee may establish specific qualifications that it will seek in Board candidates. The Nominating Committee reports on the results of these assessments to the full Board of Directors.

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In light of such assessments, the Nominating Committee may seek to identify new candidates for the Board who possess the specific qualifications established by the Nominating Committee and satisfy the other requirements for Board service. In identifying new director candidates, the Nominating Committee seeks advice and names of candidates from Committee members, other members of the Board, members of management, major stockholders, and other public and private sources. The Nominating Committee may also, but need not, retain a search firm to assist it in these efforts. The Nominating Committee retained an outside search firm that assisted the Nominating Committee in identifying Mr. Wachter as a director nominee.

The Nominating Committee reviews the potential new director candidates identified through this process, including the candidates' qualifications as compared to the specific criteria established by the Nominating Committee and the more general criteria established by the By-laws and Corporate Governance Policy. The Nominating Committee may also select certain candidates to be interviewed by one or more Committee members.

The Nominating Committee also reviews the qualifications of incumbent candidates for re-nomination to the Board annually. This review involves an analysis of the criteria described above that apply to incumbent directors.

The Nominating Committee recommends a slate of candidates for the Board of Directors to submit for approval to the stockholders at the annual stockholders meeting. This slate may include both incumbent and new director nominees. In addition, apart from this annual process, the Nominating Committee may, in accordance with the By-laws, recommend that the Board elect new members of the Board who will serve until the next annual stockholders meeting.

***Stockholder Nominations Submitted to the Nominating Committee.*** Stockholders may submit names of director candidates, including their own, to the Nominating Committee for its consideration. The process for stockholders to use in submitting names of director candidates to the Nominating Committee is described below under **Other Procedural Matters** **Procedures for Submitting Director Recommendations and Nominations.**

***Stockholder Nominations Submitted to Stockholders.*** Stockholders may choose to submit nominations directly to the Company's stockholders. The Company's By-laws set forth the process that stockholders may use if they choose this approach, which is described below under **Other Procedural Matters** **Procedures for Submitting Director Recommendations and Nominations.**

## **Corporate Governance Policy**

The Corporate Governance Policy describes the principles and practices that guide the Board of Directors in carrying out its duties, including its size and composition, the categorical standards used in analyzing director independence, the criteria and process used in selecting directors, leadership structure, term, compensation and stock ownership, responsibilities, communications with stockholders, meetings, committees, and education and orientation programs.

## **Codes of Conduct**

To help assure the highest levels of business ethics at the Company, the Board of Directors has adopted the following three codes of conduct.

The Company's Standards of Business Conduct apply to the Company's employees, including any employee directors, and establish policies pertaining to employee conduct in the workplace, electronic communications and

information security, accuracy of books, records and financial statements, securities trading, confidentiality, conflicts of interest, fairness in business practices,

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the Foreign Corrupt Practices Act, antitrust laws and political activities and solicitations. Failure to observe the terms of the Standards of Business Conduct can result in disciplinary action (including termination of employment).

The Company's Code of Ethics for Senior Executive and Senior Financial Officers applies to certain senior executives of the Company, including the Company's Chief Executive Officer, Chief Financial Officer and Controller, and serves as a supplement to the Standards of Business Conduct. Among other things, the code mandates that the designated officers engage in honest and ethical conduct, avoid and disclose potential conflicts of interest, comply with all applicable governmental rules and regulations and promptly report any possible violation of the code. Additionally, the code requires that these individuals promote full, fair, understandable and accurate disclosure in the Company's publicly filed reports and other public communications and sets forth standards for accounting practices and records. There were no waivers in 2010 under either the Code of Ethics for Senior Executive and Senior Financial Officers or the Standards of Business Conduct with respect to any of the senior executives covered by the Code of Ethics for Senior Executive and Senior Financial Officers.

The Guidelines for Non-Employee Directors assist the Company's non-employee directors in fulfilling their fiduciary and other duties to the Company. In addition to affirming the directors' duties of care and loyalty, the guidelines set forth specific policies addressing, among other things, securities trading and reporting obligations, gifts, the Foreign Corrupt Practices Act, political contributions and antitrust laws.

## **Policy and Procedures Governing Related Person Transactions**

The Time Warner Inc. Policy and Procedures Governing Related Person Transactions sets forth procedures for the review and approval or ratification of transactions involving related persons, which consist of directors, director nominees, executive officers, holders of more than 5% of any outstanding class of the Company's voting securities, and immediate family members or certain affiliated entities of any of the foregoing persons. The Nominating Committee (or its Chair, under certain circumstances) is responsible for applying the policy with the assistance of the General Counsel or his designee (if any). Transactions covered by the policy consist of any financial transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, in which (i) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (ii) the Company (including any of its consolidated subsidiaries) is, will or may be expected to be a participant, and (iii) any related person has or will have a direct or indirect material interest.

The policy also includes a list of categories of transactions identified by the Board as having no significant potential for an actual or apparent conflict of interest or improper benefit to a related person, and thus are not subject to review by the Nominating Committee. These excluded transactions consist of the following:

*Ordinary Course Transactions with Other Entities.* Transactions between the Company and another entity with which a related person is affiliated, if the transactions occur in the ordinary course of business and are consistent with other transactions in which the Company has engaged with third parties, unless (a) the related person serves as an executive officer, employee, or beneficial owner of an equity interest of 10% or more in the other entity and (b) the transactions, in the aggregate, represent more than 5% of the Company's consolidated gross revenues for the prior fiscal year or 2% of the other entity's gross revenues for the prior fiscal year;

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*Charitable Contributions.* Discretionary charitable contributions by the Company to an established non-profit entity with which a related person is affiliated, if the contributions are consistent with the Company's philanthropic practices, unless (a) the related person is an executive officer or director of the non-profit entity and (b) the Company's contributions represent (or are expected to represent), for the most recent fiscal year, more than: (i) the greater of \$100,000 or 10% of the individual non-profit entity's annual gross revenues (for entities with gross revenues up to \$10.0 million per year), or (ii) the greater of \$1.0 million or 2% of the individual non-profit entity's annual gross revenues (for entities with gross revenues of more than \$10 million per year), or (iii) the greater of \$1.0 million or 2% of the annual gross revenues in the aggregate of all of the related person's affiliated non-profit entities that have received charitable contributions by the Company during the current calendar year;

*Transactions with Significant Stockholders.* Transactions between the Company and another entity known to the Company to be the beneficial owner of more than 5% of any outstanding class of the Company's voting securities (a Significant Stockholder), if the transactions occur in the ordinary course of business and are consistent with other transactions in which the Company has engaged with third parties, unless the transactions, in the aggregate, represent more than 5% of the Company's consolidated gross revenues for the prior fiscal year or 2% of the Significant Stockholder's gross revenues for the prior fiscal year;

*Non-employee Position with Other Affiliated Entities.* Transactions where the related person's interest in the transaction is based solely on his or her position as a non-employee director of a for-profit entity or a non-employee director, trustee or unpaid volunteer at a non-profit organization;

*Reported Executive or Director Compensation.* Compensation paid to a director or an executive officer of the Company if the compensation is required to be reported in the Company's annual report on Form 10-K or proxy statement under the SEC's compensation disclosure requirements;

*Other Executive Compensation.* Compensation paid to an executive officer of the Company if (a) he or she is not an immediate family member otherwise covered by the policy and the compensation would be reported in the Company's annual report on Form 10-K or proxy statement if the executive officer was a named executive officer (as defined under SEC rules) and (b) the Compensation Committee approved (or recommended that the Board approve) such compensation;

*Transactions Where All Stockholders Receive Proportional Benefits.* Transactions where the related person's interest arises solely from the ownership of the Common Stock and all holders of the Common Stock received the same benefit on a pro rata basis (e.g., dividends);

*Transactions Involving Competitive Bids, Regulated Transactions and Certain Banking-Related Services.* Transactions involving a related person (i) where the rates or charges involved are determined by competitive bids, (ii) involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority, or (iii) involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

*Indemnification Payments.* Indemnification payments made to a related person pursuant to the Company's By-laws; and

*Other.* Other categories of transactions that may be identified by the Nominating Committee from time to time.



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The General Counsel or his designee will assess whether any proposed transaction involving a related person is a related person transaction covered by the policy. If so, the transaction will be presented to the Nominating Committee for review and consideration at its next meeting or, in certain instances where waiting to the next meeting is not advisable, to the Chair of the Nominating Committee. Review of a proposed transaction should occur before the commencement of a transaction or entry into a contract related to a transaction that requires review under the policy. If advance Committee review and approval of a related person transaction is not feasible or not identified prior to commencement of a transaction, then the transaction will be considered and, if the Nominating Committee determines it to be appropriate, ratified at the Nominating Committee's next regularly scheduled meeting. In determining whether to approve or ratify a related person transaction covered by the policy, the Nominating Committee may review such facts and circumstances and take into account such factors as it deems appropriate. Since the beginning of 2010, there were no transactions with any related person that were reportable as related person transactions under SEC rules and no transactions covered by the Policy and Procedures Governing Related Person Transactions.

## **Corporate Social Responsibility**

Time Warner is committed to effective corporate governance practices, including keeping stockholders, the investment community and others informed of the Company's activities relating to environmental, social and governance matters. The Company intends to update the information about its corporate social responsibility efforts regularly as appropriate on its website to provide stockholders with information in a dynamic and timely manner. As a result of discussions with stockholders represented by Investor Voice, working on behalf of Newground Social Investment, the information available on the Company's website will include a discussion of the Company's engagement with its stockholders and others, the Board's role in reviewing sustainability matters, and other areas related to the Company's corporate social responsibility efforts.

## **Ethical Sourcing Guidelines**

The Time Warner Ethical Sourcing Guidelines set forth the standards in areas such as employment, health, safety and the environment that the Company expects its vendors to follow. The Company expects that its vendors will establish and actively review, monitor and modify their management processes and business operations so that their operations align with the principles set forth in the Guidelines. The failure to follow the Guidelines may impact a vendor's ability to continue to do business with the Company. The Guidelines are posted on the Company's website at [www.timewarner.com/citizenship](http://www.timewarner.com/citizenship) under the topic of Global Supply Chain Ethical Sourcing.

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**DIRECTORS OF THE COMPANY**

**Professional Qualifications of Director Nominees for 2011 Annual Meeting**

The Board of Directors believes that the Company would be best served by a board of directors consisting of individuals who have a variety of complementary skills, professional experience and backgrounds and who bring diverse viewpoints and perspectives to the Board. The Nominating Committee and the Board consider these individual skills, professional experience and backgrounds in the broader context of the Board's overall composition, so that the Board collectively possesses the appropriate skills and experience to oversee the Company's business. In light of the Company's current and expected business needs, the Board considered the following categories of business experience in evaluating the director candidates to be nominated for election to the Board of Directors.

*Leadership and Senior Management:* Each of the Company's director nominees has significant experience serving as a founder, chief executive officer or a senior executive of a major corporation or firm (or a comparable position in government or the non-profit sector).

*Media, Communications or Technology Businesses:* Each of Messrs. Barksdale, Barr, Bewkes, Bollenbach, Caufield, Döpfner, Miles, Novack and Wachter has extensive knowledge of and experience in media, communications and/or technology businesses.

*Finance, Investments or Banking:* Each of Messrs. Barksdale, Barr, Bollenbach, Caufield, Clark, Hassan, Novack and Wachter and Ms. Einhorn and Wright has extensive knowledge of and experience in finance, investments and/or banking.

*Consumer-Focused Businesses:* Each of Messrs. Barksdale, Barr, Bewkes, Bollenbach, Döpfner, Hassan, Miles, Novack and Wachter and Ms. Wright has extensive knowledge of and experience in businesses with products or services that directly serve consumers.

*Legal, Regulatory and Government Relations.* Each of Messrs. Barr, Clark, Hassan, Novack and Wachter and Ms. Einhorn and Wright has extensive legal, regulatory and/or government relations experience.

*International Operations or Global Economic Policy:* Each of Messrs. Barksdale, Barr, Bewkes, Bollenbach, Caufield, Döpfner, Hassan and Miles and Ms. Einhorn has extensive knowledge of and experience in managing or investing in companies with international operations or experience with policies regarding global economic development and cooperation.

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**Background of Director Nominees for 2011 Annual Meeting**

Set forth below is information regarding each of the 13 nominees, including their age as of the date of the 2011 Annual Meeting, current and prior professional experience, tenure on the Company's Board, service on the boards of directors of other companies, and key skills and professional qualifications that the Board considered, along with the information under Professional Qualifications of Director Nominees for 2011 Annual Meeting above, in concluding that the director nominees are qualified to serve on the Company's Board. To the extent that any of the director nominees previously served as a director of either the company then known as America Online, Inc. (Historic AOL) or the company then known as Time Warner Inc. (Historic TW) prior to the merger of Historic AOL and Historic TW on January 11, 2001, this prior service is described in the information set forth below.

**James L. Barksdale Age 68 Director since January 2001**

**Chairman and President of Barksdale Management Corporation**, a private investment management company April 1999 to present.

***Prior Professional Experience:*** Mr. Barksdale served as President and Chief Executive Officer of Netscape Communications Corp. from 1995 to 1999 (when it was acquired by Historic AOL); Chief Operating Officer and then Chief Executive Officer of McCaw Cellular Communications (now AT&T Wireless Services) from 1992 to 1994; Chief Information Officer and then Executive Vice President and Chief Operating Officer of FedEx Corporation from 1979 to 1992; and Chief Information Officer and in other management positions at Cook Industries from 1972 to 1979.

***Public Company Directorships:*** Mr. Barksdale serves as a director of FedEx Corporation. During the past five years, Mr. Barksdale also served as a director of Sun Microsystems, Inc. (now Oracle Corporation). He served as a director of Historic AOL from March 1999 to January 2001.

***Key Skills and Qualifications:*** Mr. Barksdale brings more than 25 years of leadership and senior management experience as a former senior executive (including Chief Executive Officer) of several major companies with international operations. Mr. Barksdale's experience includes leadership roles at consumer-focused, technology-based companies, such as Netscape Communications Corp., McCaw Cellular Communications (now AT&T Wireless Services) and FedEx Corporation. Mr. Barksdale is also a former director of Sun Microsystems (now Oracle Corporation). Mr. Barksdale also brings financial experience to the Board, including through his role at Barksdale Management Corporation.

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**William P. Barr Age 60 Director since July 2009**

**Former Attorney General of the United States.**

***Prior Professional Experience:*** Mr. Barr served as Of Counsel of Kirkland & Ellis LLP from January 2009 to July 2009; Executive Vice President and General Counsel of Verizon Communications Inc. from June 2000 to December 2008; Executive Vice President and General Counsel of GTE Corporation from 1994 to June 2000; a partner of Shaw, Pittman, Potts & Trowbridge (now Pillsbury Winthrop Shaw Pittman LLP) from 1993 to 1994; the 77<sup>th</sup> Attorney General of the United States from 1991 to 1993; Deputy Attorney General of the United States from 1990 to 1991; Assistant Attorney General for the Office of Legal Counsel from 1989 to 1990; and a partner of Shaw, Pittman, Potts & Trowbridge from 1984 to 1989.

***Public Company Directorships:*** Mr. Barr serves as a director of Dominion Resources, Inc. and Selected Funds.

***Key Skills and Qualifications:*** Mr. Barr brings significant leadership experience as a former Attorney General of the United States and head of the U.S. Department of Justice. He also has more than 14 years of senior management experience in major corporations as the former Executive Vice President and General Counsel of Verizon Communications Inc. and its predecessor, GTE Corporation. As a former Attorney General of the United States, General Counsel and partner of a major law firm, Mr. Barr is able to provide his views on a variety of legal, regulatory and/or government relations issues. In addition, due to his service as General Counsel of Verizon Communications Inc. and GTE Corporation, Mr. Barr has knowledge of and experience in consumer-focused businesses with international operations in the communications field. As a director of Selected Funds, Mr. Barr has knowledge of and experience in finance and investments.

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**Jeffrey L. Bewkes Age 58 Director since January 2007**

**Chairman of the Board and Chief Executive Officer of the Company** January 2009 to present.

***Prior Professional Experience:*** Mr. Bewkes served as President and Chief Executive Officer of the Company from January 2008 through December 2008; President and Chief Operating Officer of the Company from January 2006 through December 2007; Chairman, Entertainment & Networks Group, of the Company from July 2002 through December 2005; Chairman and Chief Executive Officer of the Home Box Office division of the Company from 1995 to July 2002; and President and Chief Operating Officer of the Home Box Office division of the Company from 1991 to 1995.

***Public Company Directorships:*** During the past five years, Mr. Bewkes served as a director of the Company's former subsidiaries, Time Warner Cable Inc. (from April 8, 2008 to March 12, 2009) and AOL Inc. (from November 17, 2009 to December 8, 2009).

***Other Directorships:*** Mr. Bewkes is a member of the board of non-profit organizations, including Yale University, the Yale School of Management and The Paley Center for Media.

***Key Skills and Qualifications:*** Mr. Bewkes has 20 years of senior management experience serving as the Chief Executive Officer or in other senior executive positions at the Company and HBO. His more than 30 years of experience at the Company and its subsidiaries provide him with a unique in-depth knowledge of the Company's history and businesses and the media and entertainment industry. His strong understanding of the Company's business operations and strategy, as well as the media and entertainment industry, provide him a strong base for leading the Board, as Chairman, and facilitating effective communication between management and the Board.

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**Stephen F. Bollenbach Age 68 Director since January 2001**

**Former Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation.**

***Prior Professional Experience:*** Mr. Bollenbach served as Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation from May 2004 to October 2007; President and Chief Executive Officer of Hilton Hotels Corporation from 1996 to 2004; Senior Executive Vice President and Chief Financial Officer of The Walt Disney Company from 1995 to 1996; President and Chief Executive Officer of Host Marriott Corporation from 1993 to 1995; and Chief Financial Officer of Marriott Corp. from 1992 to 1993.

***Public Company Directorships:*** Mr. Bollenbach serves as a director of KB Home and Macy's, Inc. During the past five years, Mr. Bollenbach also served as a director of American International Group, Inc., Harrah's Entertainment, Inc. and Hilton Hotels Corporation. He served as a director of Historic TW from 1997 to January 2001.

***Key Skills and Qualifications:*** Mr. Bollenbach has more than 15 years of leadership experience as a former Chief Executive Officer or senior executive of several major companies. In particular, he has experience in the media and entertainment industry, international operations, and consumer-facing businesses through his experience at companies including The Walt Disney Company and Hilton Hotels Corporation. Further, Mr. Bollenbach also has extensive knowledge of and experience in finance and investments as a former Chief Financial Officer of several major companies, including The Walt Disney Company.

**Frank J. Caufield Age 71 Director since January 2001**

**Co-Founder of Kleiner Perkins Caufield & Byers, a venture capital firm.**

***Prior Professional Experience:*** Mr. Caufield served as General Partner and Manager of Oak Grove Ventures, a venture capital partnership in Menlo Park, California, from 1973 to 1978.

***Public Company Directorships:*** During the past five years, Mr. Caufield served as a director of JER Investors Trust Inc. Mr. Caufield served as a director of Historic AOL from 1991 to January 2001.

***Key Skills and Qualifications:*** Mr. Caufield brings leadership experience and knowledge of technology, finance and investments, as a co-founder and former partner of Kleiner Perkins Caufield & Byers, a venture capital firm based in Silicon Valley and one of the largest venture capital firms in the United States. Mr. Caufield also has broad international experience through his role at Kleiner Perkins Caufield & Byers, as well as his service as a director of non-profit organizations such as The U.S. Russia Foundation for Economic Advancement and the Rule of Law, The Council on Foreign Relations, and Refugees



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**Robert C. Clark Age 67 Director since January 2004**

**Distinguished Service Professor at Harvard University** July 2003 to present.

***Prior Professional Experience:*** Mr. Clark served as the Dean and Royall Professor of Law at Harvard Law School from 1989 to 2003; a professor at Harvard Law School from 1978 to 2003; a professor at Yale Law School from 1974 to 1978; and an associate at Ropes & Gray from 1972 to 1974.

***Public Company Directorships:*** Mr. Clark serves as a director of Omnicom Group, Inc. During the past five years, Mr. Clark also served as a director of Collins & Aikman Corporation.

***Other Directorships:*** Mr. Clark is a trustee of TIAA, a large pension fund serving the higher education community.

***Key Skills and Qualifications:*** Mr. Clark has substantial leadership experience from serving as Dean of Harvard Law School for 14 years. Mr. Clark's background includes extensive experience in corporate law, governance, finance and regulation, and his expertise and insights in these areas are useful to the Nominating and Governance Committee, which he chairs, as well as the rest of the Board. His service on the boards of directors of other companies provides him with experience in a number of industries. As a trustee of a large pension fund, Mr. Clark also brings his understanding of finance and investments, as well as the views of pension funds and other institutional investors.

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**Mathias Döpfner Age 48 Director since July 2006**

**Chairman and Chief Executive Officer of Axel Springer AG**, a large newspaper and magazine publishing company based in Germany January 2002 to present. Also serves as Head of the Newspapers Division (November 2000 to present) and the International Division (January 2008 to present) of Axel Springer AG.

***Prior Professional Experience:*** Mr. Döpfner served as a member of the Executive Board of the Electronic Media Division of Axel Springer AG from July 2000 to November 2000; Editor-in-Chief of Die Welt from 1998 to 2000; Editor-in-Chief of Hamburger Morgenpost from 1996 to 1998; and Editor-in-Chief of Wochenpost from 1994 to 1996.

***Public Company Directorships:*** Mr. Döpfner serves as a supervisory board member of RHJ International SA. During the past five years, Mr. Döpfner also served as a director of Schering AG and Deutsche Telekom AG.

***Key Skills and Qualifications:*** Mr. Döpfner brings more than 9 years of leadership experience serving as Chairman and Chief Executive Officer of Axel Springer AG. Because Axel Springer's business largely consists of newspaper and magazine publishing, Mr. Döpfner has a deep understanding of the publishing industry, as well as digital activities. As the Chairman and Chief Executive Officer of a major media and communications company with operations throughout Europe, Mr. Döpfner has knowledge and experience in managing a major consumer-focused media company with international operations.

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**Jessica P. Einhorn Age 63 Director since May 2005**

**Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The Johns Hopkins University** June 2002 to present.

***Prior Professional Experience:*** Ms. Einhorn served as a consultant at Clark & Weinstock, a strategic communications and public affairs consulting firm, from 2000 to 2002; a Visiting Fellow at the International Monetary Fund from 1998 to 1999; and in various executive positions (including Managing Director for Finance and Resource Mobilization) at The World Bank from 1978 to 1979 and 1981 to 1999.

***Other Directorships:*** Ms. Einhorn serves as a director of the Peterson Institute for International Economics, the Center for Global Development, and the National Bureau of Economic Research. Ms. Einhorn is also an advisory board member of Rock Creek Group and a policy council member of the Una Chapman Cox Foundation.

***Key Skills and Qualifications:*** Ms. Einhorn brings more than 8 years of leadership experience serving as the Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The Johns Hopkins University and more than 18 years of leadership experience serving in various executive positions at The World Bank. Ms. Einhorn has extensive knowledge of policies and practices in international finance, economic development and government relations through her roles at the International Monetary Fund and The World Bank, membership on the boards of research and public policy institutions and her ongoing research interest in finance. She also serves on the advisory board of Rock Creek Group, a global alternative asset manager. She also previously served for over six years as a director of Pitney Bowes Inc., which has international operations.

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**Fred Hassan Age 65 Director since October 2009**

**Partner at Warburg Pincus**, a private equity firm January 2011 to present.

***Prior Professional Experience:*** Mr. Hassan served as Senior Advisor at Warburg Pincus from November 2009 through December 2010; Chairman and Chief Executive Officer of Schering Plough Corporation (now Merck & Co., Inc.) from 2003 to November 2009; Chairman and Chief Executive Officer of Pharmacia Corporation from 2001 to 2003; Chief Executive Officer of Pharmacia Corporation from 2000 to 2001; and Chief Executive Officer of Pharmacia & Upjohn, Inc. from 1997 to 2000.

***Public Company Directorships:*** Mr. Hassan serves as a director of Avon Products Inc. During the past five years, Mr. Hassan also served as a director of Schering-Plough Corporation (now Merck & Co., Inc.).

***Key Skills and Qualifications:*** Mr. Hassan served for more than 12 years as a former Chairman and/or Chief Executive Officer of major pharmaceutical companies with intellectual-property based business models and international operations, which provided him with strong and relevant operational and strategic experience. Because the pharmaceutical business is a highly regulated field, Mr. Hassan also has knowledge and experience in regulatory and government relations. As a partner at Warburg Pincus, Mr. Hassan also brings his knowledge of finance and investments to the Board and the Audit Committee.

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**Michael A. Miles Age 71 Director since January 2001**

**Special Limited Partner at Forstmann Little & Company**, a private equity firm February 1995 to present.

***Prior Professional Experience:*** Mr. Miles served as Chairman and Chief Executive Officer of Philip Morris Companies Inc. (now Altria Group, Inc.) from 1991 to 1994; Vice Chairman and a director of Philip Morris Companies Inc. and Chairman and Chief Executive Officer of Kraft Foods, Inc. from 1989 to 1991; and President and Chief Operating Officer and then President and Chief Executive Officer of Kraft Foods from 1982 to 1991. Mr. Miles previously held executive positions at Heublein, Inc., a producer and distributor of food and beverages, from 1971 to 1982 and was an advertising executive at Leo Burnett Co., a Chicago-based advertising agency, from 1961 to 1971.

***Public Company Directorships:*** Mr. Miles serves as a director of AMR Corporation. During the past five years, Mr. Miles also served as a director of Citadel Broadcasting Corporation, Dell Inc. and Sears Holding Corporation. Mr. Miles served as a director of Historic TW from 1995 to January 2001.

***Key Skills and Qualifications:*** Mr. Miles brings more than 23 years of senior management experience as a former Chief Executive Officer or senior executive of major companies with international operations that serve consumers directly. He also serves as a director of AMR Corporation (the parent company of American Airlines) and previously served as a director of Sears Holding Corporation, both of which are consumer-focused companies with international operations. As a former director of Dell Inc. for 14 years, Mr. Miles also brings his experience in the technology field.

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**Kenneth J. Novack Age 69 Director since January 2001**

**Senior Counsel at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC**, a Boston-based law firm January 2004 to present. Mr. Novack is a retired partner of this law firm and no longer practices law.

***Prior Professional Experience:*** Mr. Novack served as Vice Chairman of the Company from January 2001 through December 2003; Vice Chairman of Historic AOL from 1998 to January 2001; and Of Counsel (from 1998 to 2001) and an attorney (from 1966 to 1998) at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC. Mr. Novack served on the law firm's executive committee from 1972 until his retirement in 1998.

***Other Directorships:*** Mr. Novack serves in the noted capacities at the following privately held companies: a director of Appleton Partners, Inc., Humedica, Inc., Leerink Swann Holdings, LLC and Paratek Pharmaceuticals, Inc. and an advisory board member of General Catalyst Partners and Gordon Brothers Group. He served as a director of Historic AOL from January 2000 to January 2001.

***Key Skills and Qualifications:*** Mr. Novack has held key leadership roles at the Company and at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC, a major law firm. With more than five years of experience serving as Vice Chairman of the Company or Historic AOL, he has an in-depth knowledge of the Company's businesses. In addition, Mr. Novack brings more than 30 years of legal, corporate governance and regulatory experience as a corporate attorney at Mintz, Levin. Mr. Novack also brings his experience in finance and investments through his service on the boards of privately held investment companies and experience practicing securities law for over 30 years.

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**Paul D. Wachter Age 54 Director since October 2010**

**Founder and Chief Executive Officer of Main Street Advisors, Inc.**, a private company that provides investment advisory services to a select group of high net worth individuals and companies 1997 to present.

***Prior Professional Experience:*** Mr. Wachter served as Managing Director of Schroder & Co. Incorporated from 1993 to 1997; Managing Director of Kidder Peabody from 1987 to 1993; an investment banker at Bear, Stearns & Co., Inc. from 1985 to 1997; and an attorney at Paul, Weiss, Rifkind, Wharton and Garrison from 1982 to 1985.

***Prior Public Company Directorship:*** During the past five years, Mr. Wachter served as a director of American Skiing Company.

***Other Directorships:*** Mr. Wachter serves in the following capacities at the following privately held companies: a director of Haworth Marketing and Media Company, Oak Productions, Inc. and Content Partners LLC (Co-Chairman) and a member of the board of managers of Beats Electronics, LLC.

***Key Skills and Qualifications:*** Mr. Wachter brings knowledge of and experience in finance, investments and banking as the founder and Chief Executive Officer of Main Street Advisors, through serving as the Chairman of the Investment Committee of the Board of Regents of the University of California, and as a former Managing Director at several investment banks. Mr. Wachter's background includes roles as an investment banker focusing on the entertainment industry and a director of companies in the entertainment industry, including Content Partners LLC. Mr. Wachter also serves on the board of managers of Beats Electronics, LLC, which is a technology-based company that manufactures and distributes headphones. Mr. Wachter also has experience in regulatory and government relations through his service on the Board of Regents of the University of California, as an adviser to the former Governor of California and through his work as a tax attorney at a major law firm.

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**Deborah C. Wright Age 53 Director since May 2005**

**Chairman, President and Chief Executive Officer of Carver Bancorp, Inc. and Carver Federal Savings Bank** February 2005 to present. Carver Bancorp, Inc. is the holding company for Carver Federal Savings Bank, a federally chartered savings bank.

***Prior Professional Experience:*** Ms. Wright served as President and Chief Executive Officer of Carver Bancorp, Inc. and Carver Federal Savings Bank from 1999 to 2005; President and Chief Executive Officer of the Upper Manhattan Empowerment Zone Development Corporation from 1996 to 1999; Commissioner of the Department of Housing Preservation and Development from 1994 to 1996; a member of the New York City Planning Commission from 1992 to 1994; and a member of the New York City Housing Authority Board from 1990 to 1992.

***Public Company Directorships:*** Ms. Wright serves as a director of Carver Bancorp, Inc. and Kraft Foods Inc.

***Key Skills and Qualifications:*** Ms. Wright has extensive leadership experience through her more than 11 years of service as the Chairman, President and/or Chief Executive Officer of Carver Bancorp., Inc. and Carver Federal Savings Bank and approximately 9 years of leadership roles at non-profit organizations or governmental bodies. Ms. Wright brings financial expertise to the Board, which is important in her role as Chair of the Company's Audit Committee. Ms. Wright also brings her experience with businesses that provide products or services directly to customers gained through her service at Carver Bancorp., Inc. and Carver Federal Savings Bank, as well as her long-term service as a director of Kraft Foods Inc. Ms. Wright also has extensive experience in regulatory and government relations through her senior roles in government and non-profit organizations.

**Table of Contents****DIRECTOR COMPENSATION**

Under its charter, the Company's Nominating Committee is responsible for reviewing the compensation for the Company's non-employee directors and making recommendations to the Board of Directors for its approval. In carrying out this responsibility, the Nominating Committee reviews information provided by Stephen Hall & Partners, an independent consultant, regarding compensation paid to non-employee directors at other public companies, most recently the Fortune 200 companies and the same peer companies used by the Compensation Committee when determining executive compensation. Executive officers of the Company and other members of management help coordinate the delivery of materials containing the information provided by the Nominating Committee's independent consultant to the Nominating Committee members, but do not determine or recommend the amount or form of compensation for the Company's non-employee directors. Final compensation decisions regarding director compensation are made by the full Board of Directors, based on recommendations by the Nominating Committee. While the Board does not tie non-employee director compensation to a specific peer group percentile, the overall compensation level places Time Warner near the median for its industry peer group, which consists of the 23 companies described on page 66 of the Compensation Discussion and Analysis section below.

In December 2009, upon the recommendation of the Nominating Committee, the Board approved the following compensation program for non-employee directors, which sets each non-employee director's overall compensation at \$250,000:

Annual cash retainer	\$125,000, any or all of which amount may be deferred, at the director's option, pursuant to the deferred compensation plan for non-employee directors
Annual equity compensation grant	Aggregate fair value of \$125,000 on the date of grant <sup>(1)</sup>

- (1) Each non-employee director who is elected to the Board at an annual meeting of stockholders will receive a grant of (a) options to purchase Common Stock having a fair value of \$40,000 on the date of grant and (b) restricted stock units ( RSUs ) with respect to Common Stock having a fair value of \$85,000 on the date of grant. The date of grant is the date following the annual meeting at which the director was elected.

No additional compensation is paid for service as a committee chair or member or for attendance at meetings of the Board or any Board committee. Mr. Bewkes is the only director who is also an officer of and employed by the Company (or any of its subsidiaries). He does not receive any additional compensation for his Board activities.

**Annual Cash Retainer.** The annual cash retainer is intended to provide a balance between cash and equity compensation, as well as to allow the directors to use the cash to pay taxes on their RSUs as they vest without having to sell shares to pay those taxes. New directors who join the Board after an annual meeting of stockholders receive a pro-rated cash retainer.

**Options.** Stock options granted to directors in 2010 (prior to September 16, 2010) were made from the Time Warner Inc. 2006 Stock Incentive Plan (the 2006 Stock Incentive Plan ). Grants of stock options to non-employee directors after such date are made under the Time Warner Inc. 2010 Stock Incentive Plan (the 2010 Stock Incentive Plan ). The number of stock options granted with a fair value of \$40,000 is based on the closing sale price of a share of Common Stock as reported on the NYSE Composite Tape on the date of grant and the Black-Scholes methodology of valuing



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options. New directors who join the Board after an annual meeting of stockholders will receive a pro-rated grant of stock options. All of the options granted to non-employee directors have an exercise price equal to the fair market value of the Common Stock on the date of grant and a term of 10 years and vest fully in one year and immediately if the director ceases to serve as a director of the Company under certain conditions, including because the director is not nominated by the Board of Directors to stand for re-election at the annual meeting of stockholders, is not re-elected by the stockholders at the annual meeting, or resigns after receiving fewer than a majority of for votes of the votes cast in an uncontested election of directors.

***Restricted Stock Units.*** The RSUs represent a contingent right to receive the designated number of shares of Common Stock upon completion of the vesting period. The number of RSUs having a fair value of \$85,000 is determined based on the closing sale price of a share of Common Stock as reported on the NYSE Composite Tape on the date of grant. New directors who join the Board after an annual meeting of stockholders will receive a pro-rated grant of RSUs. All of the RSUs granted to non-employee directors in 2010 vest and shares of Common Stock are issued and delivered to the non-employee director (along with any distributions retained by the Company) on the anniversary of the first day of the month in which the RSUs were granted. The RSUs also vest in full upon the termination of the non-employee director's service on the Board on account of (i) retirement either due to a mandatory retirement policy or after serving at least five years as a director, (ii) failure to be re-elected by the stockholders after nomination, (iii) resignation after receiving fewer than a majority for votes of the votes cast in an uncontested election of directors, (iv) death or disability, (v) the occurrence of certain transactions involving a change in control of the Company, or (vi) under certain other designated circumstances, with the approval of the Board on a case-by-case basis. If a non-employee director leaves the Board for any other reason, then his or her unvested RSUs are forfeited to the Company. During the vesting period, the directors may not vote the RSUs or transfer their rights with respect to the RSUs. The directors are entitled to receive dividend equivalents on the RSUs in an amount equal to the regular quarterly cash dividends declared and paid by the Company at the same time that the dividends are paid on outstanding shares of Common Stock.

***Expenses.*** Non-employee directors are reimbursed for expenses (including costs of travel, food and lodging) incurred in attending Board, committee and stockholder meetings. While travel to such meetings may include the use of Company aircraft, if available and appropriate under the circumstances, the directors generally use commercial air or rail transportation services. Directors are also reimbursed for reasonable expenses associated with other Company-related business activities, including participation in director education programs.

The Company provides directors with representative samples of the Company's products (such as DVDs), promotional items and other merchandise. The Company also periodically invites directors and their spouses to attend Company-sponsored events, such as film premieres, screenings and cultural events. The Company believes that receiving these products and attending these types of functions serve a business purpose by expanding the directors knowledge of the Company's business, products, services, business partners and other constituencies. The Company also invites directors and their spouses to attend the annual meeting of stockholders and, from time to time, other events. The Company generally provides for, or reimburses expenses of, the spouses' travel, food and lodging for attendance at the annual meeting of stockholders and other events to which directors' spouses and guests have been invited. For the year ended December 31, 2010, the aggregate incremental cost to the Company of these Company products, events and related expenses was well below \$10,000 per director. The Company also reimburses the non-employee director for the estimated taxes incurred in connection with any income recognized by the director as a result of

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the non-employee director's or spouse's attendance at such events. The reimbursements paid by the Company in early 2011 for such taxes incurred by certain directors in 2010 are included in the All Other Compensation column of the table below.

From time to time, spouses may also join non-employee directors on Company aircraft when a non-employee director is traveling to or from any Board, committee, or stockholder meeting. While the Company generally incurs no additional cost, this travel may result in the non-employee director recognizing income for tax purposes. The Company does not reimburse the non-employee director for the estimated taxes incurred in connection with such income. In limited circumstances (such as medical emergencies or other exigent circumstances), non-employee directors may also use Company aircraft for personal use. Such personal use of Company aircraft will result in the non-employee director recognizing income for tax purposes, and the Company does not reimburse the non-employee director for any taxes incurred in connection with such personal use.

***Ownership Guidelines.*** The Company's Corporate Governance Policy provides that directors are encouraged to own Common Stock (whether obtained through the exercise of stock options, the vesting of RSUs or the purchase of shares). In addition, under the Company's Corporate Governance Policy, it is expected that, within five years of joining the Board, a non-employee director will own at least 10,000 shares of Common Stock. Seven of the non-employee directors own at least 10,000 shares of Common Stock and three of the non-employee directors are expected to own at least 10,000 shares of Common Stock by May 2011 due to the vesting of RSUs on May 1. The remaining two non-employee directors have been members of the Board for less than five years.

***Deferred Compensation Plan.*** The Company maintains a deferred compensation plan for non-employee directors. Under the Time Warner Inc. Non-Employee Directors' Deferred Compensation Plan, non-employee directors may elect each year to defer receipt of 10% to 100% of their cash compensation payable during the next calendar year. During the time that the cash compensation amounts are deferred, each director can elect from the following crediting alternatives to determine the amounts that will be paid: (i) the amount deferred plus annual interest at the prime rate in effect on May 1 of each annual period plus 2%, (ii) the value of a hypothetical investment in shares of Common Stock made at the time of the deferral, plus the notional reinvestment of dividend equivalents based on any regular cash dividends paid by the Company on the Common Stock, or (iii) an allocation of 50% of the amount deferred to each of the crediting alternatives. The crediting election can be changed by the director at any time with respect to cash compensation earned after the date of the election. Amounts deferred are payable in cash in a lump sum or in installments after a director leaves the Board, based on the director's election made at the time the director elected to defer receipt of the compensation.

***Prior Retirement and Deferred Compensation Programs.*** The Company does not currently maintain a retirement plan for its non-employee directors. Prior to 1996, the Company maintained a plan called the Time Warner Retirement Plan for Outside Directors. Mr. Miles participated in this plan due to his service as a director of Historic TW. When he leaves the Board, he will receive a payment of \$30,000 and another payment of \$15,000 in the following year, which reflects the 1.5 years he served as a non-employee director of Historic TW prior to May 1996, when the plan was frozen. In addition, Mr. Novack receives retirement benefits under the terms of the Company's benefit plans as a result of his past service as an employee of the Company.

The Company also has a prior deferred compensation plan for non-employee directors under which the directors could previously elect to defer all or a portion of their cash compensation. Amounts deferred under this deferred compensation plan are increased based on the seven-year Treasury bond rate or the hypothetical investment of the amounts deferred in shares of Common

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Stock and any dividends thereon, with the higher valuation of the two used to determine the amount paid upon distribution. Amounts deferred are payable generally upon the director reaching age 70 or ceasing to be a director of the Company for certain specified reasons. The Company currently maintains accounts under this plan on behalf of Mr. Bollenbach.

The table below sets forth 2010 compensation information regarding the Company's non-employee directors. The material factors necessary to understand the director compensation set forth in the table are described in "Director Compensation" above.

**DIRECTOR COMPENSATION  
FOR FISCAL YEAR 2010**

Name	Fees Earned or Paid in Cash	Stock Awards (1)(2)	Option Awards (2)(3)	Change in Pension Value and Nonqualified Deferred Compensation All Other Earning Compensation		Total
				Non-Equity Incentive Plan Compensation (4)	(5)	
James L. Barksdale	\$ 125,000	\$ 85,006	\$ 39,391		\$ 19	\$ 249,416
William P. Barr	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397
Stephen F. Bollenbach (4)	\$ 125,000	\$ 85,006	\$ 39,391		\$ 19	\$ 249,416
Frank J. Caufield	\$ 125,000	\$ 85,006	\$ 39,391		\$ 19	\$ 249,416
Robert C. Clark	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397
Mathias Döpfner	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397
Jessica P. Einhorn	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397
Fred Hassan	\$ 125,000	\$ 85,006	\$ 39,391		\$ 51	\$ 249,448
Michael A. Miles	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397
Kenneth J. Novack	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397
Paul D. Wachter (6)	\$ 72,917	\$ 49,576	\$ 22,695			\$ 145,188
Deborah C. Wright	\$ 125,000	\$ 85,006	\$ 39,391			\$ 249,397

(1) The amounts set forth in the Stock Awards column represent the aggregate grant date fair value of RSUs granted by the Company to non-employee directors in 2010. On May 22, 2010, the Company awarded 2,826 RSUs to each of the non-employee directors except Mr. Wachter, who was not a director at such time. The Company awarded 1,532 RSUs to Mr. Wachter on October 28, 2010 when he joined the Board. The grant date fair value of each RSU award was calculated using the closing sale price of the Common Stock on the NYSE Composite Tape on the date of grant. The actual value, if any that is realized by a director from any RSU award will depend on the performance of the Company's stock. For additional information about the weighted average assumptions used to determine the grant date fair value of the RSUs granted in 2010, see Note 12 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (the "2010 Form 10-K"). The awards of RSUs granted in 2010 vest on the anniversary of the

first day of the month in which the RSUs were granted, subject to acceleration upon the occurrence of certain events, as described under Restricted Stock Units above. Each director has a right to receive dividend equivalents on his or her unvested RSUs, based on regular cash dividends paid by the Company on the Common Stock.

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- (2) Presented below is the aggregate number of outstanding stock awards and stock option awards held by the non-employee directors on December 31, 2010.

Name	<b>Total Stock Awards (Restricted Stock and RSUs) Outstanding at 12/31/10</b>	<b>Total Option Awards Outstanding at 12/31/10</b>
James L. Barksdale	6,945	76,736
William P. Barr	2,826	9,325
Stephen F. Bollenbach	7,293	76,736
Frank J. Caufield	6,945	76,736
Robert C. Clark	6,945	28,590
Mathias Döpfner	6,945	19,920
Jessica P. Einhorn	6,945	24,737
Fred Hassan	2,826	9,325
Michael A. Miles	7,293	76,736
Kenneth J. Novack	6,945	991,445
Paul D. Wachter	1,532	2,967
Deborah C. Wright	6,945	24,737

- (3) The amounts set forth in the Option Awards column represent the aggregate grant date fair value of stock options granted by the Company in 2010. On May 22, 2010, the Company awarded options to purchase 5,472 shares of Common Stock to each of the non-employee directors (except Mr. Wachter, who was not a member of the Board at that time). The Company awarded options to purchase 2,967 shares of Common Stock to Mr. Wachter on October 28, 2010 when he joined the Board.

The grant date fair value of the stock options awarded to the non-employee directors on May 22, 2010 was determined using the Black-Scholes option pricing model based on the following assumptions: an expected volatility of 29.2%; an expected term to exercise of 6.3 years from the date of grant; a risk-free interest rate of 2.8%; and a dividend yield of 2.8%. The grant date fair value of Mr. Wachter's stock options awarded on October 28, 2010 was calculated using the Black-Scholes option pricing model based on the following assumptions: an expected volatility of 30.4%; an expected term to exercise of 6.3 years from the date of grant; a risk-free interest rate of 2.0%; and a dividend yield of 2.8%. For additional information about the weighted-average assumptions used to determine the grant date fair value of options granted in 2010, see Note 12 to the Company's consolidated financial statements included in the 2010 Form 10-K. The discussion in Note 12 reflects weighted-average assumptions on a combined basis for both retirement-eligible and non-retirement eligible employees and non-employee directors.

The actual value, if any, that is realized by a non-employee director from any stock option will depend on the amount by which the market value of the Common Stock exceeds the exercise price of the stock option on the date the stock option is exercised. Accordingly, there is no assurance that the value realized by a non-employee director will be at or near the grant date fair value presented above. These amounts should not be used to predict stock performance. None of the stock options were awarded with tandem stock appreciation rights.

- (4) Based on the elections made by the participants, all earnings on the cash compensation deferred pursuant to the Time Warner Inc. Deferred Compensation Plan for Non-Employee Directors were based on the value of a

hypothetical investment in shares of Common Stock

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made at the time of the deferral, plus the notional reinvestment of dividend equivalents based on any regular cash dividends paid by the Company on the Common Stock. The earnings on the cash compensation deferred pursuant to a deferred compensation plan for non-employee directors previously offered by the Company were based on the higher of the seven-year Treasury bond rate or the hypothetical investment of the amounts deferred in shares of Common Stock and any dividends thereon. Only Mr. Bollenbach elected to defer receipt of 100% of his 2010 cash compensation pursuant to the terms of the Time Warner Inc. Deferred Compensation Plan for Non-Employee Directors.

- (5) The amounts shown in the All Other Compensation column consist of the Company's payments made in 2011 for the estimated taxes incurred in 2010 in connection with income recognized by the applicable director as a result of the attendance by such director's spouse at one or more Company events held in 2010.
- (6) Mr. Wachter was elected to the Board on October 28, 2010. Mr. Wachter was paid a cash retainer of \$72,917 (pro-rated from the \$125,000 annual cash retainer fee) and on October 28, 2010, he was granted options to purchase 2,967 shares of Common Stock (pro-rated based on an annual grant of stock options having a value of \$40,000) and 1,532 RSUs (pro-rated based on an annual grant of RSUs having a value of \$85,000).

**Table of Contents****SECURITY OWNERSHIP****Security Ownership of the Board of Directors and Executive Officers**

The following table sets forth information concerning the beneficial ownership of Time Warner Common Stock as of January 31, 2011 for each current director, each nominee for election as a director, each of the persons named in the Summary Compensation Table and for all current directors and executive officers as a group as of January 31, 2011. None of the foregoing persons beneficially owned any shares of equity securities of the Company's subsidiaries as of January 31, 2011.

Name of Beneficial Owner	Time Warner Common Stock Beneficially Owned (1)				
	Number of Shares	Option Shares (2)	Performance Stock Units (3)	Restricted Stock Units (4)	Percent of Class
Edward I. Adler	10,723	320,806	9,030		*
James L. Barksdale (5)	36,231	40,454			*
William P. Barr	16,800	964			*
Jeffrey L. Bewkes (6)	274,531	3,473,544		26,888	*
Stephen F. Bollenbach (7)	12,689	40,454			*
Paul T. Cappuccio (6)	70,275	609,340	16,237	15,020	*
Frank J. Caufield	86,188	40,454			*
Robert C. Clark	9,005	17,343			*
Mathias Döpfner	3,825	8,673			*
Jessica P. Einhorn	6,342	13,490			*
Patricia Fili-Krushel (6)	62,696	813,553	12,214		*
Gary L. Ginsberg					*
Fred Hassan	34,000	964			*
John K. Martin, Jr. (6)	14,196	411,872	27,094	13,937	*
Michael A. Miles (7)	24,220	40,454			*
Kenneth J. Novack (8)	17,660	17,343			*
Paul D. Wachter (9)	3,000				*
Deborah C. Wright	6,675	13,490			*
All current directors and executive officers (18 persons) as a group (2)-(9)	666,286	5,256,561	63,219	74,066	*

\* Represents beneficial ownership of less than one percent of the issued and outstanding Common Stock as of January 31, 2011.

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Exchange Act. Unless otherwise indicated, beneficial ownership represents both sole voting and sole investment power. This table does not include, unless otherwise indicated, any shares of Common Stock or other equity securities of the Company that may be held by pension and profit-sharing plans of other corporations or endowment funds of educational and charitable institutions for which various directors and officers serve as directors or trustees.

Under some of the Company's deferred compensation programs, as described below, a participant may elect to have the value of his or her deferred compensation ultimately paid out based on an assumed investment in the Common Stock during the deferral period. Such participants do not have any right to vote or receive any Common Stock in connection with

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these assumed investments, which are ultimately paid in cash, but the assumed investments of the deferred compensation do represent an economic interest in the Common Stock. The following share equivalents, or phantom units, have been credited to the following individuals under the Company's deferred compensation programs: Mr. Bewkes, 20,484 share equivalents; Mr. Bollenbach, 24,307 share equivalents; and Mr. Miles, 4,636 share equivalents. These share equivalents are not included in the table above.

- (2) Reflects shares of Common Stock underlying stock options awarded by the Company that were exercisable on or within 60 days of January 31, 2011. These shares are not included in the Number of Shares column.
- (3) Reflects shares of Common Stock that were issuable upon the vesting of performance stock units ( PSUs ) on or within 60 days of January 31, 2011. PSUs represent a contingent right to receive shares of Common Stock upon the satisfaction of certain performance criteria. These shares are not included in the Number of Shares column.
- (4) Reflects shares of Common Stock that were issuable upon the vesting of restricted stock units ( RSUs ) on or within 60 days of January 31, 2011. RSUs represent a contingent right to receive shares of Common Stock. These shares are not included in the Number of Shares column.
- (5) Includes 400 shares of Common Stock held by a limited partnership of which Mr. Barksdale is the sole general partner.
- (6) Includes (a) an aggregate of approximately 33,481 shares of Common Stock held by a trust under the Time Warner Savings Plan for the benefit of employees of the Company (including 31,782 shares for Mr. Bewkes, 899 shares for Mr. Martin, 236 shares for Mr. Cappuccio and 258 shares for Ms. Fili-Krushel, (b) an aggregate of 6,126 shares of Common Stock beneficially owned by the spouse of an executive officer (Carol Melton) and (c) 92 shares held in an IRA account for the benefit of Ms. Fili-Krushel. Also includes 51,649 shares of Common Stock issuable to Ms. Fili-Krushel due to the vesting of outstanding RSUs held by her on January 1, 2011 in connection with her resignation, which will not be issued and delivered to her until July 2, 2011 in accordance with Section 409A of the Internal Revenue Code.
- (7) The number of shares held by Messrs. Bollenbach and Miles includes 348 shares of restricted stock held by each director.
- (8) Includes 175 shares of Common Stock held by the Novack Family Foundation, of which Mr. Novack and his wife are two of nine trustees who share voting power with respect to the shares. Mr. Novack disclaims beneficial ownership of shares held by the Novack Family Foundation.
- (9) Reflects 3,000 shares of Common Stock held by the Wachter Family Trust, of which Mr. Wachter and his spouse are the trustees and beneficiaries. Mr. Wachter and his spouse share voting and investment power with respect to the shares.

**Table of Contents****Security Ownership of Certain Beneficial Owners**

Based on a review of filings with the SEC, the Company has determined that the following persons are holders of more than 5% of the outstanding shares of Common Stock as of December 31, 2010:

<b>Name and Address of Beneficial Owner</b>	<b>Shares of Stock</b>	
	<b>Beneficially Owned</b>	<b>Percent of Class</b>
Capital Research Global Investors (1) 333 South Hope Street Los Angeles, CA 90071	68,907,000	6.2%
BlackRock, Inc. (2) 40 East 52 <sup>nd</sup> Street New York, NY 10022	66,356,159	5.98%
Dodge & Cox (3) 555 California Street, 40 <sup>th</sup> Floor San Francisco, CA 94104	57,800,257	5.2%

(1) Based solely on a Schedule 13G/A filed by Capital Research Global Investors with the SEC on February 10, 2011.

(2) Based solely on a Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 9, 2011.

(3) Based solely on a Schedule 13G/A filed by Dodge & Cox with the SEC on February 10, 2011.

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**AUDIT-RELATED MATTERS**

**Report of the Audit and Finance Committee**

In accordance with its charter, the Audit Committee assists the Board of Directors in fulfilling its responsibilities in a number of areas. These responsibilities include, among others: (i) the appointment and oversight of the Company's independent auditors, as well as the evaluation of the independent auditors' qualifications, performance and independence, (ii) the appointment and oversight of the Company's Chief Audit Executive and the Company's internal audit function, (iii) oversight of the Company's ethics and compliance program, (iv) oversight of the Company's response to any regulatory actions involving financial, accounting and internal control matters, (v) oversight of the Company's risk management policies and processes, (vi) review of the Company's earnings press releases, financial statements, and systems of disclosure controls and procedures and internal control over financial reporting, and (vii) oversight of the Company's financial structure, financial condition (including financial capacity) and capital strategy.

To assist it in fulfilling its oversight and other duties, the Audit Committee may retain outside counsel and other advisors as it deems necessary to carry out its duties. In addition, the Audit Committee regularly meets separately with the internal auditor, the independent auditors, management and in-house counsel.

**Independent Auditors and Internal Audit Matters.** The Audit Committee has discussed with the Company's independent auditors their plan for the audit of the Company's annual consolidated financial statements and the independent auditors' evaluation of the effectiveness of the Company's internal control over financial reporting, as well as reviews of the Company's quarterly financial statements. During 2010, the Audit Committee met regularly with the independent auditors, with and without management present, to discuss the results of their audits and reviews, as well as their evaluations of the Company's internal control over financial reporting and the overall quality of the Company's accounting principles. In addition, the Audit Committee has received the written disclosures and the letter from the independent auditors required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, regarding the independent auditors' communications with the Audit Committee concerning independence. The Audit Committee has also discussed with the independent auditors the auditors' independence from the Company and its management. In determining that the auditors are independent, the Audit Committee also considered whether the provision of any of the non-audit services described below under *Fees of the Independent Auditors* is compatible with maintaining their independence. The Audit Committee has also appointed, subject to stockholder ratification, Ernst & Young LLP as the Company's independent auditors for 2011, and the Board concurred in its appointment.

The Audit Committee has reviewed and approved the annual internal audit plan and has met regularly with the Chief Audit Executive, with and without management present, to review and discuss the internal audit reports, including reports relating to operational, financial and compliance matters.

**Ethics and Compliance Matters.** The Audit Committee has reviewed and discussed with the Chief Ethics and Compliance Officer and management the Company's ongoing efforts to sustain and enhance its ethics and compliance program to promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law. The Audit Committee has periodically received reports from the Chief Ethics and Compliance Officer and management concerning the Company's ethics and compliance program, as well as reports on specific ethics and

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compliance matters. During 2010, the Audit Committee reviewed and recommended that the Board of Directors approve the Company's revised Standards of Business Conduct, which forms the cornerstone of the Company's ethics and compliance program. The Audit Committee has also overseen other initiatives in this area, including training programs and other efforts to increase awareness among employees of the Company's ethics and compliance program.

**Financial Statements as of December 31, 2010.** Management has the primary responsibility for the Company's financial statements and the reporting process, including the systems of internal and disclosure controls (including internal control over financial reporting). The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements and internal control over financial reporting and expressing opinions on (i) the fair presentation of the Company's annual consolidated financial statements in conformity with U.S. generally accepted accounting principles and (ii) the effectiveness of the Company's internal control over financial reporting.

In this context, the Audit Committee has met and held discussions with management and the independent auditors with respect to the Company's audited financial statements for the fiscal year ended December 31, 2010. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles.

In connection with its review of the Company's 2010 year-end financial statements, the Audit Committee has reviewed and discussed with management and the independent auditors the consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent auditors' evaluation of the effectiveness of the Company's internal control over financial reporting. The Audit Committee also discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended and as adopted by the Public Accounting Oversight Board in Rule 3200T, including the quality and acceptability of the Company's accounting policies, financial reporting processes and controls.

In performing its functions, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management and independent auditors, which, in their reports, express opinions on the fair presentation of the Company's annual consolidated financial statements in conformity with U.S. generally accepted accounting principles and the effectiveness of the Company's internal control over financial reporting. In reliance on the reviews and discussions referred to in this Report of the Audit and Finance Committee and in light of its role and responsibilities, the Audit Committee recommended to the Board of Directors, and the Board approved, that the audited financial statements of the Company be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC.

*Members of the Audit and Finance Committee*

Deborah C. Wright (Chair)  
Stephen F. Bollenbach  
Robert C. Clark  
Jessica P. Einhorn  
Fred Hassan  
Paul D. Wachter

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**Policy Regarding Pre-Approval of Services Provided by the Independent Auditors**

The Audit Committee has established a policy (the Pre-Approval Policy ) requiring its pre-approval of all audit services and permissible non-audit services provided by the independent auditors, along with the associated fees for those services. The Pre-Approval Policy provides for the annual pre-approval of specific types of services pursuant to policies and procedures adopted by the Audit Committee, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval. The Pre-Approval Policy requires the specific pre-approval of all other permitted services. For both types of pre-approval, the Audit Committee considers whether the provision of a non-audit service is consistent with the SEC's rules on auditor independence, including whether provision of the service (i) would create a mutual or conflicting interest between the independent auditors and the Company, (ii) would place the independent auditors in the position of auditing their own work, (iii) would result in the independent auditors acting in the role of management or as an employee of the Company, or (iv) would place the independent auditors in a position of acting as an advocate for the Company. Additionally, the Audit Committee considers whether the independent auditors are best positioned and qualified to provide the most effective and efficient service, based on factors such as the independent auditors' familiarity with the Company's business, personnel, systems or risk profile and whether provision of the service by the independent auditors would enhance the Company's ability to manage or control risk or improve audit quality or would otherwise be beneficial to the Company.

The Audit Committee has delegated to its Chair the authority to address certain requests for pre-approval of audit and permissible non-audit services between meetings of the Audit Committee and the Chair must report her pre-approval decisions to the Audit Committee at its next regular meeting. The Pre-Approval Policy is designed to help ensure that there is no delegation by the Audit Committee of authority or responsibility for pre-approval decisions to management of the Company. The Audit Committee monitors compliance by management with the Pre-Approval Policy by requiring management, pursuant to the Pre-Approval Policy, to report to the Audit Committee on a regular basis regarding the pre-approved services rendered by the independent auditors. Management has also implemented internal procedures to promote compliance with the Pre-Approval Policy.

**Services Provided by the Independent Auditors**

The Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of the independent auditors. Accordingly, the Audit Committee has appointed Ernst & Young LLP to perform audit and permissible non-audit services for the Company and its subsidiaries.

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The aggregate fees for services provided by Ernst & Young LLP to the Company with respect to the years ended December 31, 2010 and 2009 are as set forth below. The lower fees for 2010 as compared to 2009 reflect the reduced services required following the separations of Time Warner Cable Inc. and AOL Inc. from the Company in 2009.

**Fees of the Independent Auditors**

	<b>2010</b>	<b>2009</b>
Audit Fees (1)	\$ 14,427,000	\$ 23,272,000
Audit-Related Fees (2)	547,000	2,196,000
Tax Fees (3)	1,486,000	2,026,000
All Other Fees	0	0
<b>Total Fees for Services Provided</b>	<b>\$ 16,460,000</b>	<b>\$ 27,494,000</b>

- (1) *Audit Fees* were for audit services, including (a) the annual audit (including required quarterly reviews), subsidiary audits and other procedures required to be performed by the independent auditors to be able to form an opinion on the Company's consolidated financial statements, (b) the audit of the effectiveness of internal control over financial reporting, (c) consultation with management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, the Financial Accounting Standards Board or other regulatory or standard-setting bodies, (d) international statutory audits, and (e) services that only the independent auditors reasonably can provide, such as services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings and assistance in responding to SEC comment letters.
- (2) *Audit-Related Fees* were principally for services related to (a) agreed-upon procedures or expanded audit procedures to comply with contractual arrangements or regulatory reporting requirements, (b) audits of employee benefit plans, and (c) services pertaining to acquisitions, dispositions and the related accounting or disclosure treatment for such transactions or events.
- (3) *Tax Fees* were for services related to (a) tax compliance, (b) tax planning and tax advice, and (c) expatriate tax services.

None of the services related to Audit-Related Fees or Tax Fees presented above were approved by the Audit Committee pursuant to the waiver of pre-approval provisions set forth in the applicable rules of the SEC.

**Table of Contents****EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This Compensation Discussion and Analysis ( CD&A ) describes and analyzes the compensation provided to the following named executive officers for services provided to the Company in 2010. Their compensation is set forth in the Summary Compensation Table and the other compensation tables that follow this CD&A.

<b>Name</b>	<b>Position with the Company During 2010</b>
Jeffrey L. Bewkes	Chairman and Chief Executive Officer
John K. Martin, Jr. (1)	Executive Vice President and Chief Financial Officer
Paul T. Cappuccio	Executive Vice President and General Counsel
Patricia Fili-Krushel (2)	Executive Vice President, Administration
Gary L. Ginsberg (3)	Executive Vice President, Corporate Marketing and Communications
Edward I. Adler (4)	Executive Vice President, Corporate Communications

- (1) Mr. Martin was appointed Executive Vice President, Chief Financial and Administrative Officer of the Company effective January 1, 2011.
- (2) Ms. Fili-Krushel resigned effective January 1, 2011 to accept a position at another company.
- (3) Mr. Ginsberg's employment with the Company began on April 5, 2010.
- (4) Mr. Adler's employment with the Company ended effective July 31, 2010.

This CD&A is organized as follows. First, the **Executive Summary** (pages 56 to 62) discusses the Compensation Committee's compensation philosophy and summarizes key information included in the rest of this CD&A. This CD&A then describes the **Components of Executive Compensation** (pages 63 to 64), **How Executive Compensation is Established** (pages 64 to 68), and the Compensation Committee's decisions about the named executive officers' **2010 Compensation** (pages 68 to 78). Finally, this CD&A addresses **Other Compensation Policies and Practices** (pages 78 to 81) that help advance the Compensation Committee's compensation philosophy.

The Company encourages you to read this CD&A in conjunction with the advisory vote to approve the compensation of the named executive officers as discussed in this Proxy Statement. See Proposal 3 Advisory Vote on Executive Compensation.

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**Executive Summary**

In the past year, Time Warner took a number of actions to advance its compensation philosophy. In 2010, the Company successfully executed agreements to retain and attract executive talent; it refined its compensation and benefits programs to further align them with stockholders' interests and achieve efficiencies; and it provided compensation for its named executive officers that reflected the Company's strong performance and the individual performance of the named executive officers. During 2010, the Company posted its strongest revenue growth in years, increased Adjusted Earnings per Share by over 30%, strengthened the competitive position of its businesses, and made progress toward achieving its long-term strategic objectives including the successful digital transition and international expansion of its businesses.

***Compensation Philosophy.*** The Compensation Committee continues to be guided by the following key principles in determining the compensation of the Company's executive officers:

*Retain and Attract Talent.* Compensation should reflect the competitive marketplace, so the Company can attract, retain, and motivate talented executives.

*Accountability for Business Performance.* Compensation should be tied in part to the Company's financial and operating performance, so executives are held accountable through their compensation for the performance of the businesses for which they are responsible.

*Accountability for Individual Performance.* Compensation should be tied in part to the individual's performance to encourage and reflect individual contributions to the Company's performance.

*Alignment with Stockholder Interests.* Compensation should be tied in part to the Company's stock performance to align executives' interests with those of the Company's stockholders.

*Independence.* An independent committee of the Board should be responsible for reviewing and establishing the compensation for all the Company's executive officers and its divisional chief executive officers, as well as the Company's overall compensation and benefits programs. The committee should have the power and funding to retain its own advisers, who report directly to the committee, to assist the committee in carrying out its responsibilities.

***Design of Compensation Program.*** Time Warner's executive compensation program is designed to implement the Compensation Committee's philosophy of attracting, motivating and retaining executives, holding the executives accountable for business and individual performance, and aligning the executive's interests with those of the Company's stockholders. The compensation of the named executive officers generally consists of annual base salary, annual cash bonus and long-term incentive awards (generally a blend of stock options, restricted stock units ( RSUs ) and performance stock units ( PSUs )). The salary, annual bonus and long-term incentives together reinforce the Compensation Committee's goals of motivating and retaining the executives, holding the executives accountable for business and individual performance, providing a balanced focus on both short-term

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performance (through the use of annual bonus) and long-term performance (through the use of equity awards with multi-year vesting schedules or performance periods), and aligning the executives' interests with those of the Company's stockholders. The Company also provides retirement, health, welfare and other benefits, including limited perquisites, which are an essential part of a competitive compensation program. The chart below summarizes how each component of executive compensation advances the Compensation Committee's compensation philosophy.

	<b>Retain and attract talent</b>	<b>Hold accountable for business performance</b>	<b>Hold accountable for individual performance</b>	<b>Align with stockholders interests</b>
Base Salary	√			√
Bonus	√	√		√
Equity Awards	√	√		√
Benefit Programs	√			

**Developments in Executive Compensation in 2010.** During 2010, the Compensation Committee took a number of actions to advance the Compensation Committee's compensation philosophy, including actions to retain key talent and changes to compensation to further align compensation with stockholders' interests.

The Compensation Committee approved an increase in Mr. Bewkes' base salary from \$1.75 million to \$2.0 million, which was consistent with the employment agreement he entered into in 2007 that provided that his salary would be increased to \$2.0 million if the Board of Directors elected him to serve as Time Warner's Chairman. Mr. Bewkes declined the increase when he was elected Chairman effective January 1, 2009 due to the economic environment at that time. In addition, in recognition of Mr. Bewkes' individual performance, the Company's performance under his leadership, and the competitive market for talent among major media and entertainment companies, the Compensation Committee approved an increase in Mr. Bewkes' target bonus from \$8.5 million to \$10.0 million, and an increase in the target value of annual long-term incentive compensation from \$8.5 million to \$10.0 million.

The Compensation Committee approved an amended and restated employment agreement for Mr. Martin that provides for (i) an increase in his base salary from \$1.0 million to \$1.5 million effective January 1, 2010, (ii) an increase in the target bonus from \$2.0 million to \$3.75 million beginning with the bonus for 2010, and (iii) beginning in 2011, an increase in his target value of annual long-term incentive compensation from \$3.0 million to \$3.25 million. The terms of the agreement reflected Mr. Martin's integral role as the Company's senior financial executive, his strategic leadership on key company-wide initiatives, and the competitive market for executive talent.

The Compensation Committee also approved an amended and restated employment agreement for Mr. Cappuccio, which provides for (i) an increase in his base salary from \$1.0 million to \$1.25 million effective July 1, 2010, and (ii) beginning in 2011, an increase in the target value of annual long-term incentive compensation from \$1.8 million to \$2.75 million. Mr. Cappuccio's target bonus remained at 200% of his base salary, with the bonus for 2010 pro-rated. The increases in Mr. Cappuccio's

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compensation reflect Mr. Cappuccio's performance and leadership role in major corporate initiatives and transactions as well as the competitive market.

Acting on the Compensation Committee's recommendation, the Board approved changes to the Company's domestic retirement plans and programs as part of its efforts to provide competitive benefit programs that attract, motivate and retain employees in a more cost-effective manner, mitigate risks, and reduce the volatility of such plans and programs. In March 2010, the Board approved amendments to the Company's domestic defined benefit pension plans to freeze benefit accruals effective June 30, 2010 as part of a transition to a savings plans-only model for retirement programs. The Company now maintains a qualified savings plan and non-qualified deferred compensation programs that limit the Company's match to a percentage of employee deferrals on up to \$500,000 of eligible compensation.

The Compensation Committee approved changes to the executive compensation programs to further align the executives' compensation with the stockholders' interests. It changed one of the financial measures used in determining annual bonuses from Adjusted Operating Income Before Depreciation and Amortization (Adjusted OIBDA) to Adjusted Divisional Pre-Tax Earnings. The new measure not only is more consistent with the Adjusted Operating Income measure used beginning in 2010 to evaluate the operating performance of the Company, but also is intended to provide greater accountability for capital allocation because it measures operating performance after depreciation and amortization.

Following discussions with institutional investors who had raised a concern that failing to accrue dividend equivalents could provide a disincentive to management to recommend to the Board that it increase the Company's dividend, the Compensation Committee also approved a change so that PSUs awarded as part of long-term incentive compensation beginning in 2010 will include the accrual of dividend equivalents on the shares that ultimately vest and are earned based on the Company's performance. The dividend equivalents will be distributed in cash to the participants following the vesting of such PSUs. Further, to continue the use of long-term incentive compensation that aligns the interests of the executives with stockholders, the Board adopted (and the stockholders approved) the Time Warner Inc. 2010 Stock Incentive Plan in 2010, which is the only active equity compensation plan used by the Company.

As part of its regular review of the personal benefits provided to the named executive officers, the Compensation Committee reduced the reimbursement for financial planning services to \$30,000 per year beginning in 2010, eliminated the reimbursement of dues for private dining clubs used for business purposes beginning in 2011 (reflecting the informal practice for the last two years), and required executive officers to pay for executive dining services.

The Company also regularly engages with its stockholders to discuss the Company's and the stockholders' perspectives on compensation, governance and disclosure practices. The Company values these conversations and considers them and other feedback from its stockholders when evaluating the Company's compensation programs, policies and practices. Following the adoption of the Dodd-Frank Act in July 2010, the Company discussed the requirements to conduct stockholder advisory votes on the compensation of its named executive officers and the frequency of such votes with many of its institutional stockholders, as well as other aspects of the legislation.

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These discussions helped inform the Board of Directors' recommendation on Proposal 4 Advisory Vote on the Frequency of Holding Advisory Votes on Executive Compensation.

***Summary of 2010 Compensation***

**2010 Base Salary.** As described above, the Compensation Committee approved increases in the base salaries of Messrs. Bewkes, Martin and Cappuccio during 2010. In addition, it approved the \$800,000 base salary of Mr. Ginsberg in connection with his joining the Company in 2010. The base salaries for Ms. Fili-Krushel and Mr. Adler were not increased for 2010.

**2010 Annual Bonus.**

For 2010, with respect to each named executive officer other than Mr. Adler,\*\* the Compensation Committee considered both the Company's financial performance (assigned a weighting of 70%) and individual performance (assigned a weighting of 30%) against the goals it established at the beginning of 2010. This approach is intended to hold executives accountable for business and individual performance.

**Financial Performance.** For the year ended December 31, 2010, Time Warner delivered very strong financial and operating performance despite the difficult and uncertain economy that persisted during the year, and had the following noteworthy financial accomplishments:

Revenues rose 6% to \$26.9 billion, the highest growth rate since 2004.

Operating income rose 21% to \$5.4 billion. Adjusted Operating Income increased 17% from 2009. Diluted Income per Common Share from Continuing Operations was \$2.25 for 2010 compared to \$1.75 for 2009.

The Company issued its business outlook at the beginning of 2010 and raised it each quarter during 2010, and then delivered Adjusted Earnings per Share for 2010, which exceeded its most recently updated business outlook.

The Company delivered strong Free Cash Flow (see page 71 for a definition of Free Cash Flow).

The Compensation Committee used the following financial performance measures in determining the amount of executives' bonuses in 2010: Adjusted Divisional Pre-Tax Earnings and Free Cash Flow. These measures are consistent with the measures that the Company uses to evaluate its financial performance and the Compensation Committee believes that using these measures encourage long-term growth and performance, which drives the creation of long-term shareholder value. See page 71 for the definitions of the financial measures for the annual bonus. The Compensation Committee assigned a weighting of 70% to Adjusted Divisional Pre-Tax Earnings and 30% to Free Cash Flow to determine the Company's performance rating.

\* The discussion of the bonuses awarded to the named executive officers does not include Mr. Adler because his employment relationship with the Company ended during the year. Pursuant to the severance provisions of his employment agreement, Mr. Adler received a payment in an amount equal to his pro rata average annual bonus for the period January 1, 2010 to July 31, 2010.

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Based on the Company's very strong financial performance in 2010, the Adjusted Divisional Pre-Tax Earnings rating was 150% and the Free Cash Flow rating was 137%. Based on these ratings and the Compensation Committee's evaluation of the Company's performance, the Compensation Committee approved a final rating of 146% for the Company's 2010 financial performance.

*Individual Performance.* Each named executive officer's individual performance goals for 2010 related to the execution of the Company's business strategies based on the executive's role at the Company. The named executive officers played an integral role in the Company's achievement of its very strong financial results and the Company's significant progress during 2010 on its strategic objectives, including increasing investments in the Company's programming to drive future ratings and revenue increases (e.g., the agreement with the NCAA to present the NCAA Division I Men's Basketball Championship games), advancing the digital transition of its businesses (e.g., the TV Everywhere initiative), expanding internationally in attractive markets (e.g., HBO's acquisition of the remainder of its partners' interests in HBO Central Europe, Turner's acquisition of networks in Chile and India, and Warner Bros. expansion of its television and video games capabilities outside the U.S.), and improving operational efficiency (e.g., cost savings initiatives relating to technology, real estate and facilities). The Company also strengthened its balance sheet, taking advantage of the historically low interest rates in the credit markets to extend the maturities of \$5.0 billion in debt while returning \$3.0 billion to stockholders through increased dividends and share repurchases. The Compensation Committee assigned a performance rating of 140% for Mr. Bewkes and approved Mr. Bewkes' recommendations of 145% for Mr. Martin and 130% for each of Messrs. Cappuccio and Ginsberg and Ms. Fili-Krushel (out of a maximum of 150%). The disclosure on pages 72 to 76 provides more information on each executive officer's individual performance.

*Final Amounts.* The Compensation Committee believes that discretion and judgment are important factors when determining the appropriate levels of compensation. Therefore, while the performance measures form a framework for awarding bonuses, the Compensation Committee retains discretion to deviate from the results obtained from applying the percentages and goals in a formulaic manner. The Compensation Committee exercised its discretion in determining final bonus amounts for each named executive officer, taking into account each individual's performance, and, in each case, approved a bonus that was less than the maximum tax-deductible bonus that could be paid, and that was either equal to the bonus that would result from applying the Company financial and the individual performance ratings or slightly less.

Under the Time Warner Inc. Annual Incentive Plan for Executive Officers (the Annual Incentive Plan), which was approved by the Company's stockholders and is intended to comply with Section 162(m) of the Internal Revenue Code, the maximum bonus that could be paid to each named executive officer for 2010 was \$20.0 million. The table below provides each named executive officer's target bonus approved by the Compensation

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Committee in early 2010 and the actual bonus awarded by the Compensation Committee for 2010.

		<b>Company Performance Amount</b>		<b>Individual Performance Amount</b>		
	<b>2010 Target Bonus Amount</b>	<b>Rating</b>	<b>Rating Multiplied by 70% of Target Bonus</b>	<b>Rating</b>	<b>Rating Multiplied by 30% of Target Bonus</b>	<b>Actual Bonus Amount</b>
Jeffrey L. Bewkes	\$ 10,000,000	146%	\$ 10,220,000	140%	\$ 4,200,000	\$ 14,420,000
John K. Martin, Jr.	3,750,000	146%	3,832,500	145%	1,631,250	5,450,000
Paul T. Cappuccio	2,250,000	146%				