

TIME WARNER INC.  
Form DEF 14A  
April 06, 2010  
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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)

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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April 5, 2010

Dear Fellow Stockholder:

You are cordially invited to attend Time Warner Inc.'s 2010 Annual Meeting of Stockholders. The meeting will be held on Friday, May 21, 2010, at 10:00 a.m. (local time) at the Steven J. Ross Theater, Warner Bros. Studios, 4000 Warner Boulevard, in Burbank, California. 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 audiocast 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 21, 2010, at 10:00 a.m. (local time). The meeting will take place at:

Steven J. Ross Theater  
Warner Bros. Studios  
4000 Warner Boulevard  
Burbank, California 91522  
(see directions on last page)

The purposes of the meeting are:

1. To elect 12 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 2010;
3. To approve the Time Warner Inc. 2010 Stock Incentive Plan;
4. To approve an amendment to the Company's By-Laws to provide that holders of at least 15% of the combined voting power of the Company's outstanding capital stock may request a special meeting of stockholders;
5. To consider and vote on the stockholder proposals described in the attached Proxy Statement, if properly presented at the Annual Meeting; and
6. To transact such other business as may properly come before the Annual Meeting.

The close of business on March 26, 2010, 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:

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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;

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; 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 in order 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 gain admission to the Annual Meeting**. You can register in advance by calling (877) 691-6135 by Wednesday, May 19, 2010. In addition to registering in advance, **you will be required to present government-issued photo identification** (e.g., driver's license or passport) to enter the Warner Bros. Studios on the day of 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 meeting begins.

TIME WARNER INC.

PAUL F. WASHINGTON

*Corporate Secretary*

April 5, 2010

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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 21, 2010, at the Steven J. Ross Theater at Warner Bros. Studios, 4000 Warner Boulevard, in Burbank, California, commencing at 10:00 a.m., local time, and at any adjournment or postponement, for the purpose of considering and acting upon 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 ), we have elected to provide the majority of our stockholders with access to our proxy materials over the Internet rather than providing them in paper form. Accordingly, we will send a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials via the Internet, rather than a printed copy of the proxy materials, to most of our stockholders of record as of the close of business on March 26, 2010. We expect to mail 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, on or about April 7, 2010. For information about stockholders' eligibility to vote at the Annual Meeting, shares outstanding on the record date and the ways to submit and revoke a proxy or voting instructions, please see Information About This Proxy Statement and the Annual Meeting in the following section of this Proxy Statement.

#### Annual Report

A copy of the Company's Annual Report to Stockholders for the year 2009 has been sent simultaneously with this Proxy Statement or has been previously provided to all stockholders entitled to vote at the Annual Meeting.

#### Recommendations of the Board of Directors

The Board of Directors recommends a 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 2010; **FOR** the approval of the Time Warner Inc. 2010 Stock Incentive Plan; **FOR** the amendment to the Company's By-Laws regarding special stockholder meetings; and **AGAINST** the stockholder proposals described in this Proxy Statement.

#### Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on Friday, May 21, 2010:

This Proxy Statement and the Company's 2009 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.

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*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. In order 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. In any case, in order to assure that your proxy is counted, you must submit it prior to 1:00 a.m., Central Time, on May 21, 2010. If your Time Warner Common Stock is held in street name, you should submit your voting instructions in accordance with the instructions on the voting instruction form as provided by the bank, brokerage firm or other nominee who holds Time Warner Common Stock on your behalf.

*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 would like to receive a printed copy of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials for requesting printed materials.

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

***Why did I receive this Proxy Statement?***

Time Warner is providing this Proxy Statement because Time Warner's Board of Directors is soliciting your proxy to vote at the Annual Meeting on May 21, 2010. This Proxy Statement contains information about the proposals being voted on at the Annual Meeting.

Time Warner has sent this Proxy Statement or a Notice of Internet Availability of Proxy Materials to each person who is registered as a holder of its common stock, par value \$0.01 per share (the Common Stock), in its register of stockholders (such owners are often referred to as holders of record) at the close of business on March 26, 2010, the record date for the Annual Meeting.

Time Warner has requested that banks, brokerage firms and other nominees who hold Common Stock on behalf of the owners of the Common Stock (such owners are often referred to as beneficial stockholders or street name holders) at the close of business on March 26, 2010, provide a Notice of Internet Availability of Proxy Materials to those beneficial stockholders. Time Warner has agreed to pay the reasonable expenses of the banks, brokerage firms and other nominees for mailing these notices.

***Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?***

In accordance with the SEC's rules and regulations, instead of mailing a printed copy of our proxy materials to all stockholders entitled to vote at the Annual Meeting, we are furnishing the proxy materials to most of our stockholders via the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials and submit your proxy via the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials for requesting printed materials.

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

Only holders of record of Common Stock at the close of business on March 26, 2010, 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 26, 2010, there were 1,144,997,229 shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

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***Does the information in this Proxy Statement reflect the effects of the separation of each of Time Warner Cable Inc. and AOL Inc. from Time Warner and the effects of Time Warner's reverse stock split during 2009?*** Yes. The beneficial ownership, director compensation, executive compensation and equity plan information presented in this Proxy Statement reflects the effects of (i) the legal and structural separation of Time Warner Cable Inc. ( Time Warner Cable ) from Time Warner on March 12, 2009, and Time Warner's distribution of all of its shares of Time Warner Cable common stock as a dividend to Time Warner's stockholders on March 27, 2009 (the Cable Separation ), (ii) the one-for-three reverse stock split of Common Stock that became effective on March 27, 2009 (the Reverse Stock Split ), and (iii) the legal and structural separation of AOL Inc. ( AOL ) from Time Warner on December 9, 2009, and Time Warner's distribution of all of its shares of AOL common stock as a dividend to Time Warner's stockholders on that date (the AOL Separation ).

***What proposals are being presented at the Annual Meeting?*** Time Warner intends to present the following proposals for stockholder consideration and voting at the Annual Meeting:

To elect 12 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 2010.

To approve the Time Warner Inc. 2010 Stock Incentive Plan.

To approve an amendment to the Company's By-Laws to provide that holders of at least 15% of the combined voting power of the Company's outstanding capital stock may request a special meeting of stockholders.

To consider three stockholder proposals, if properly presented at the Annual Meeting. See the Table of Contents for a list of the Stockholder Proposals.

To transact such other business as may properly come before the Annual Meeting. Other than matters incident to the conduct of the Annual Meeting and as set forth in this Proxy Statement, Time Warner does not know of any business or proposals to be considered at the Annual Meeting.

***How do I attend the Annual Meeting?*** For admission to the Annual Meeting, holders of record should register in advance by calling (877) 691-6135. In addition, holders of record will be required to present government-issued photo identification (e.g., driver's license or passport) to enter the Warner Bros. Studios on the day of the Annual Meeting. The Annual Meeting will begin at 10:00 a.m. (local time) on Friday, May 21, 2010.

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### *How do I vote?*

If you are a holder of record, you can vote in the following ways:

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

**By Internet:** by submitting the proxy by following the instructions included in the Notice of Internet Availability of Proxy Materials.

If you received a paper copy of the proxy materials:

**By Internet:** by submitting the proxy by following the *Vote by Internet* instructions on the Electronic Voting Instructions section of the proxy card at any time up until 1:00 a.m., Central Time, on May 21, 2010. Stockholders submitting their proxies or voting instructions via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that would be borne by the stockholder.

**By Telephone:** by submitting the proxy by following the *Vote by telephone* instructions on the Electronic Voting Instructions section of the proxy card at any time up until 1:00 a.m., Central Time, on May 21, 2010.

**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 are planning to attend the Annual Meeting and wish to vote your Common Stock in person, we will give you a ballot at the meeting. If your shares are held through a broker or other nominee, you must obtain a legal proxy from the record holder of your shares in order to vote at the Annual Meeting.

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

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

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. By submitting your proxy, you are authorizing the persons named in the form of proxy (Paul T. Cappuccio, Patricia Fili-Krushel and John K. Martin, Jr.) to vote your shares at the meeting in accordance with your instructions. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the form of 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

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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, in order to permit the solicitation of additional proxies. You may not appoint more than three persons to act as your proxy at the Annual Meeting.

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

If you are a stockholder of record and you (i) indicate when voting via the Internet or by telephone that you wish to vote as recommended by the Board or (ii) sign and return your proxy card 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 4 in the Proxy Statement and AGAINST each of the stockholder proposals described as Proposals 5, 6 and 7 in the Proxy Statement.

Under New York Stock Exchange rules, 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, the bank or broker will have discretion to vote your shares on Proposal 2 (Ratification of Appointment of Independent Auditors), but not with respect to Proposal 1 (Election of Directors), Proposal 3 (Approval of the Time Warner Inc. 2010 Stock Incentive Plan), Proposal 4 (Amendment to the Company's By-Laws Regarding Special Stockholder Meetings), or any of the Stockholder Proposals, in which case, your shares will be counted as a broker non-vote on those proposals.

If you hold an interest in the Time Warner Inc. Stock Fund under the Time Warner Savings Plan and do not provide Fidelity Management Trust Company, as Trustee, with specific voting instructions with respect to your proportionate interest in the Common Stock held in the Time Warner Inc. Stock Fund, 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.

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

Yes, you may change your proxy in one of two ways at any time before it is exercised by:

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

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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. To revoke a proxy previously submitted electronically through the Internet or by telephone, a stockholder may simply submit a new proxy at a later date before the taking of the vote at the Annual Meeting, in which case the later submitted proxy will be recorded and the earlier proxy will be revoked.

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 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 us 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 our stockholders. This practice, known as householding, is intended to reduce the Company's printing and postage costs. We have 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 (i.e., street name holders) and share a single address, unless we received contrary instructions from any stockholder at that address.

However, any such street name holder residing at the same address who wishes to receive a separate copy of the Notice of Internet Availability of Proxy Materials or proxy materials may make such a request by contacting the bank, broker or other holder of record, or Broadridge Financial Solutions, Inc. at (800) 542-1061 or in writing at Broadridge, Household Department, 51 Mercedes Way, Edgewood, NY 11717. Street name holders residing at the same address who would like to request householding of Company materials may do so by contacting the bank, broker or other holder of record or Broadridge at the phone number or address listed above.

***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



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at the Annual Meeting is necessary to constitute a quorum for the conduct of business.

***What vote is required in order to approve the proposals?***

The affirmative vote of a majority of the outstanding shares of Common Stock is required for the approval of the Company's proposal for an amendment to the Company's By-laws.

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.

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to approve each of the other proposals to be acted on at the Annual Meeting.

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

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. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received voting instructions from the beneficial owner. Broker non-votes and the shares with respect to which a stockholder abstains are included in determining whether a quorum is present at the Annual Meeting.

***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 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 from brokers, nominees, institutions and individuals. Arrangements will also be made with custodians, nominees and fiduciaries for forwarding a Notice of Internet Availability of Proxy Materials or printed proxy materials, as applicable, to beneficial owners of shares held of record by such custodians, nominees and fiduciaries, and Time Warner will reimburse such custodians, nominees and fiduciaries for reasonable expenses incurred in connection therewith.

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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, the 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. Accordingly, the Company's corporate governance practices are designed not merely to satisfy regulatory requirements, but to provide for effective oversight and management of the Company.

During 2009 and early 2010, the Board has taken a number of steps to further enhance the Company's corporate governance practices. These changes were, to a large extent, the result of the Board's regular process of reviewing 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. Recent changes in the Company's corporate governance practices include the following:

*Special Stockholder Meetings.* The Company has included a proposal in this Proxy Statement to amend the Company's By-laws to reduce the threshold for stockholders to request special stockholder meetings from at least 25% of the combined voting power of Company's outstanding capital stock to at least 15% (see Company Proposals Proposal Four: Amendment to the Company's By-Laws Regarding Special Stockholder Meetings below). In the Board's view, lowering the current ownership threshold to 15% of the outstanding shares of Common Stock is appropriate in light of the views expressed by the Company's stockholders on this matter, the practices and experience of other leading companies, the Company's size and stockholder composition, and the financial and other costs associated with calling special stockholder meetings.

*Policy on Determining the Leadership Structure of the Board of Directors.* In January 2009, following a constructive dialogue with Company stockholders, the Board adopted the Policy on Determining the Leadership Structure of the Board of Directors, which sets forth a process for the Nominating and Governance Committee and the Board to follow in determining the appropriate leadership structure for the Board and the criteria for the Committee and the Board to apply in making those determinations. Pursuant to the policy, the Nominating and Governance Committee conducts a review, on at least an annual basis, of the Board's leadership structure. In accordance with the policy, a copy of the policy and a description of the Board's rationale for the Company's current leadership structure are posted on the Company's website under Corporate Governance at [www.timewarner.com/governance](http://www.timewarner.com/governance).

*New Independent Directors.* During July and October 2009, the Board elected two new independent directors, William P. Barr and Fred Hassan, respectively. Mr. Barr brings to the Board his significant experience in government as a senior government official, including his former role as Attorney General of the United States. He also brings almost 15 years of experience in technology and communications as the former Executive Vice President and General Counsel of Verizon Communications and GTE Corporation. Mr. Hassan brings to the Board more than 15 years of leadership experience as the former CEO of large global companies with major international operations. In addition, each of Messrs. Barr and Hassan has the personal qualities, including integrity and sound judgment, important for service on the Board. Messrs. Barr and Hassan were initially suggested as potential candidates by the Company's management other than the Chief Executive Officer. Each of Messrs. Barr and Hassan then met

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with all of the members of the Nominating and Governance Committee, which led the search process with the assistance of an outside, independent advisor. For additional information regarding the directors' qualifications, see Directors of the Company.

*Amendments to the Corporate Governance Policy:* During 2009 and early 2010, the Board amended the Corporate Governance Policy to enhance the Company's corporate governance practices. Among other things, the Board adopted the following changes:

To reduce the target size of the Board from a range of 12 to 16 members to a range of 10 to 14 members, reflecting the Board's view that a somewhat smaller Board would strike the right balance between having a small enough body to facilitate active discussions and decision-making while also having a sufficient variety of backgrounds, skills, and viewpoints to fulfill the Board's responsibilities.

To reflect the new compensation program for non-employee Directors. The Board (i) removed the provision that non-employee director compensation be set at the 75<sup>th</sup> percentile among the Company's peer group, reflecting the Board's view that it should not tie compensation to a specific peer group percentile and the fact that such compensation, as revised, is at approximately the median among the Company's peer group; (ii) provided that a substantial percentage (rather than a majority) of non-employee director compensation be equity-based, which allows for an even balance between cash and equity-based compensation; and (iii) increased the target stock ownership for non-employee Directors from 5,000 shares of Common Stock within three years of joining the Board to 10,000 shares within five years, to encourage Directors to have a significant financial stake in the company.

To clarify the factors that the Nominating and Governance Committee and the Board will consider in determining the appropriate size of the Board and selecting candidates for the Board. The Nominating and Governance Committee also adopted similar changes to the Policy Statement Regarding Director Nominations.

To describe the role of the Board and its committees in overseeing the management of the Company's risks.

*Amendments to Committee Charters.* In February 2010, the Board also adopted amendments to the charters of the Board's three standing committees to clarify or describe each committee's duties, including their respective roles in the oversight of risk management. Information on the Company's corporate governance practices is available on the Company's website under Corporate Governance at [www.timewarner.com/governance](http://www.timewarner.com/governance). The information on the website includes: the Company's By-laws, the Corporate Governance Policy (which includes the Board's categorical standards for determining director independence), the charters of the Board's three standing committees, the Company's codes of conduct, the Time Warner Inc. Policy and Procedures Governing Related Person Transactions, the Policy on Determining the Leadership Structure of the Board of Directors, and information regarding the process by which stockholders may communicate with members of the Board.

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

### **Board Size**

The Corporate Governance Policy, as amended, provides that the size of the Board of Directors should generally be in the range of 10 to 14 members. In establishing its size, the Board considers a number of factors, including (i) resignations and retirements from the current Board, (ii) the

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availability of candidates, and (iii) balancing the desire of having a small enough Board to facilitate deliberations with, at the same time, having a large enough Board to provide the appropriate mix of continuity, experience, skills and diversity of viewpoints and backgrounds so that the Board and its committees can effectively perform their responsibilities in overseeing Time Warner's management and businesses. Currently, the number of directors is 12.

### **Board Responsibilities**

**Primary Responsibilities.** 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. As part of the Board's review of the Company's strategy, the Board evaluates the Company's businesses and determines whether, in its view, stockholder value would be enhanced by expanding, divesting or otherwise restructuring the ownership of any of these businesses. The Board also reviews and approves transactions in accordance with guidelines that the Board may adopt from time to time. In fulfilling the Board's responsibilities, directors have full access to the Company's management, internal and external auditors, and outside advisors. The Board also reviews and approves the leadership structure of the Board on at least an annual basis. By a majority vote, the Board, non-employee directors, or independent directors may retain their own counsel or other advisors.

**Risk Oversight.** 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 and Finance 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. Following its review of the report, the Audit and Finance Committee reports the results of its review to the full Board. In addition, the Compensation and Human Development Committee oversees risks related to the Company's compensation programs and policies and reviews management's periodic reports on such risks.

### **Board Meetings and Executive Sessions**

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 have no material relationship with the Company, either directly or indirectly, and are independent within the meaning of the listing requirements of the NYSE and the Company's more rigorous independence standards. 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 Chair of the committee that has primary responsibility for the matter being discussed (*e.g.*, the Audit and Finance Committee Chair would lead a discussion of audit-related matters). When it is not apparent which committee has specific responsibility for the subject matter, the Lead Independent Director leads the discussion.

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During 2009, the Board of Directors met thirteen times. No incumbent director attended fewer than 75% of (i) the total number of meetings of the Board of Directors 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. Each of the eleven directors nominated for election at the 2009 Annual Meeting of Stockholders attended that meeting.

### **Committees of the Board**

The Board has three standing committees: the Audit and Finance Committee, the Nominating and Governance Committee and the Compensation and Human Development Committee. 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. The charters for each standing committee are available on the Company's website at [www.timewarner.com/governance](http://www.timewarner.com/governance).

The following provides a brief summary of the committees' responsibilities and information regarding the committees' current members:

***Audit and Finance Committee.*** The Audit and Finance 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 members of the Audit and Finance Committee are Stephen F. Bollenbach (Chair), Robert C. Clark, Jessica P. Einhorn, Fred Hassan and Deborah C. Wright, each of whom is an Independent Director. The Board has determined that each of the members of the Committee is financially literate in accordance with the NYSE listing standards. In addition, the Board has determined that each of Messrs. Bollenbach, Clark and Hassan and Ms. Wright is an audit committee financial expert as defined under rules promulgated by the SEC. The Audit and Finance Committee met seven times during 2009.

***Nominating and Governance Committee.*** The Nominating and Governance 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) 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.

The members of the Nominating and Governance Committee are James L. Barksdale, Frank J. Caufield, Robert C. Clark (Chair), Jessica P. Einhorn and Kenneth J. Novack, each of whom is an Independent Director. The Nominating and Governance Committee met seven times during 2009.

***Compensation and Human Development Committee.*** The Compensation and Human Development Committee is responsible for (i) approving compensation and employment agreements

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for, and reviewing benefits provided to, the Company's senior executives, (ii) overseeing the Company's disclosure regarding executive compensation and, together with the Nominating and Governance Committee, making recommendations to the Board regarding the Company's responses to stockholder proposals related to compensation matters for inclusion in the Company's annual proxy statement, (iii) reviewing the Company's overall compensation structure and benefit plans, including risks related to the Company's compensation programs and policies, (iv) reviewing the Company's response to regulatory developments affecting compensation, (v) reviewing and recommending officer appointments, and (vi) overseeing the Company's human development programs, including recruitment, retention, development, diversity and internal communication programs. The Compensation and Human Development Committee's primary processes for establishing and overseeing executive compensation are described in the Compensation Compensation Discussion and Analysis section below.

The members of the Compensation and Human Development Committee are William P. Barr, Frank J. Caufield, Mathias Döpfner, Michael A. Miles (Chair) and Deborah C. Wright, each of whom is an Independent Director. The Compensation and Human Development Committee met eight times during 2009.

### **Compensation Committee Interlocks and Insider Participation**

Consistent with the Company's categorical standards for director independence and the charter of the Compensation and Human Development Committee, none of the Compensation and Human Development Committee members (i) has ever been an officer or employee of the Company or (ii) is or was a participant in a related person transaction in 2009. None of the Company's executive officers serves, or in 2009 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 and Human Development Committee.

### **Board Leadership**

***Policy on Determining the Leadership Structure of the Board of Directors.*** In January 2009, the Board adopted the Policy on Determining the Leadership Structure of the Board of Directors. Under this policy, the Nominating and Governance 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 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 Chief Executive Officer, an independent director, or a non-independent director other than the Chief Executive Officer. The Committee makes its recommendations to the full Board of Directors, which is responsible for approving the leadership structure of the Board. The policy sets forth the factors for the Committee and Board to consider in making the determinations. This policy is posted on the Company's website under Corporate Governance at [www.timewarner.com/governance](http://www.timewarner.com/governance).

In January 2010, upon the recommendation of the Nominating and Governance 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

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and appropriate. A report on the Board's determination of its leadership structure is posted on the Company's website under "Corporate Governance" at [www.timewarner.com/governance](http://www.timewarner.com/governance). As described in the report, the Committee considered numerous factors prior to providing its recommendation to the Board that the current Board leadership structure be maintained:

*Oversight of CEO Performance and Compensation.* The Committee considered the scope and nature of the respective responsibilities of the Chairman of the Board, Lead Independent Director and Chief Executive Officer and the qualifications for each position. The Committee concluded that the current arrangement is working effectively and that having an independent Chairman at this juncture would not enhance the flow of information to the Board or the Board's agenda-setting process.

*Policies, Practices, and People in Place to Provide Independent Board Oversight of Management.* The Committee also considered the current policies, practices and people that the Company has in place to ensure independent oversight of management, such as (i) the roles of the independent Nominating and Governance Committee and the Compensation and Human Development Committee in reviewing the performance of the Chairman and CEO, (ii) the regular executive sessions held by the Board and its Committees, (iii) the ability of the Company's independent directors to call additional meetings of the Board, (iv) the role of the Nominating and Governance Committee in recommending director candidates for the Board, (v) the Board's high degree of independence (with 11 of its 12 members qualifying as independent), and (vi) the role of the Lead Independent Director who oversees Board meeting agendas, executive sessions and the engagement of independent consultants and serves as a liaison between the independent directors and others.

*Directors' and Stockholders' Views.* The Committee also considered views expressed by the Company's directors regarding the Board's leadership structure in conducting its annual self-evaluations, as well as the views of the Company's stockholders as expressed in various forums, including the Company's annual stockholder meetings. Stockholder proposals requiring an independent Chairman of the Board failed to receive majority support at each of the Company's 2006, 2007, and 2008 annual meetings. Further, the Committee noted that, while certain investors advocate an independent Chairman, the Company's principal stockholders generally believe a board's leadership structure should be determined on a case-by-case basis.

*Company Circumstances.* As the Company's circumstances have evolved, the Board has adopted different leadership structures, at times combining the Chairman and CEO positions, and at other times separating them. The Committee believes that having a single individual serve as both Chairman and CEO provides clear leadership and accountability as the Company executes its strategy as a more content-focused enterprise during a period of technological change for the media industry.

*Attraction and Retention of Candidates.* The Committee considered the Company's ability to attract individuals for the positions of Chairman, CEO and Lead Independent Director, including the potential disruption that could be caused by altering the current successful leadership structure.

*Practices in the U.S. and Other Countries.* The Committee also considered practices in the United States, the United Kingdom, and other countries.

*Legislative and Regulatory Developments.* The Committee considered recent legislative and regulatory developments relating to board leadership, which are generally consistent with the Board's current approach.

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*Impact on Company Performance.* The Committee considered the impact that changing the current effective leadership structure would have on the Company, including noting that empirical studies are divided on whether separating the roles of chairman and CEO has any impact on company performance.

*Lead Independent Director.* Mr. Caufield has served as Lead Independent Director since 2006. He was most recently re-elected to the position in May 2009 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 and Executive Sessions above) 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: 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); advising the Chairman of the Board with respect to consultants who may report directly to the Board; and being available, as appropriate, for communication with the Company's 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.

## **Criteria for Membership on the Board**

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

*Overall Composition.* The Board of Directors believes it is important for the Board as a whole to reflect the appropriate combination of skills, professional experience, and diversity of backgrounds in light of the Company's current and future business needs.

*Personal Qualities.* Each director must possess certain personal qualities, including financial literacy and a demonstrated reputation for integrity, judgment, business acumen, and 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.



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***Commitment to Time Warner and its Stockholders.*** 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.

***Other Commitments.*** Each director must satisfy the requirements of antitrust laws that limit service as an officer or director of a significant competitor of the Company. 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 and Governance Committee will make a recommendation to the Board as to whether to accept the offer of resignation.

***Additional Criteria for Incumbent Directors.*** During their terms, all 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.*** As part of its annual assessment of the Board's overall composition in light of the Company's current and expected structure and business needs, the Nominating and Governance Committee has identified additional criteria for new members of the Board, which were most recently modified in February 2010. 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 in a non-profit institution.

***Diversity.*** The Company does not have a specific policy on diversity of the Board. Instead, the Company's Corporate Governance Policy requires the Nominating and Governance 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 needs. In addition, as set forth in the Nominating and Governance Committee's policy statement regarding director nominations, the 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 (see below), the 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 Committee believes it would also be useful for candidates for the Board to have experience as a director of a major public corporation.

***Independence.*** In addition to the foregoing criteria, the Board of Directors and Nominating and Governance Committee have established a policy that a majority of the directors, and any newly nominated non-employee director, must satisfy the requirements to be an independent member of the Board. In addition, the Board has established the objective that a substantial majority of the Board should be independent. The Board has determined that 11 of the 12 current directors (or 92% of the

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Board), and 11 of the 12 nominees for director, are independent in accordance with the Company's criteria. The following current 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 and Deborah C. Wright. Each of the foregoing directors is a nominee for director. The Board previously determined that Reuben Mark, a former director who served during part of 2009 but did not stand for re-election at the Company's 2009 Annual Meeting of Stockholders, was independent during his service as a director during 2009.

NYSE Criteria. The Board applies the following NYSE criteria in making its independence determinations (for the purposes of the independence determinations under NYSE rules, references to the Company mean Time Warner Inc. and its consolidated subsidiaries):

- ∅ *No Material Relationship.* The director must not have any material relationship with the Company. In making this determination, the Board considers all relevant facts and circumstances, including commercial, charitable, and familial relationships that exist, either directly or indirectly, between the director and the Company.
- ∅ *Employment.* The director must not have been an employee of the Company at any time during the last three years. In addition, a member of the director's immediate family (including the director's spouse, parents, children, siblings, mothers-, fathers-, brothers-, sisters-, sons- and daughters-in-law, and anyone who shares the director's home, other than household employees) must not have been an executive officer of the Company in the prior three years.
- ∅ *Other Compensation.* Neither the director nor any immediate family member of the director shall have received more than \$120,000 per year in direct compensation from the Company, other than in the form of director fees, pension, or other forms of deferred compensation, during the last three years.
- ∅ *Auditor Affiliation.* The director must not be a current partner or employee of the Company's external auditors, and no members of the director's immediate family may be either a current employee of such auditors who personally works on the Company's audit or a current partner of such auditors. In addition, neither the director nor an immediate family member shall have been a partner or employee of such auditors who personally worked on the Company's audit within the last three years.
- ∅ *Interlocking Directorships.* During the last three years, neither the director nor any member of the director's immediate family shall have been employed as an executive officer by another entity for which one of Time Warner's current executive officers served at the same time on such entity's compensation committee.
- ∅ *Business Transactions.* The director must not be an employee of another entity that, during any one of the last three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of \$1.0 million or 2% of the other entity's annual consolidated gross revenues. In addition, a member of the director's immediate family cannot have been an executive officer of another entity that, during any one of the last three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of \$1.0 million or 2% of the other entity's annual consolidated gross revenues.

Additional Categorical Criteria. In addition to applying the NYSE requirements summarized above, the Board has also developed the following categorical standards, which it uses to guide it in determining whether a material relationship exists with the Company that would affect a

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director's independence (for the purposes of the independence determinations under the Board's categorical standards for director independence, references to the Company mean Time Warner Inc. and its consolidated subsidiaries):

- Ø *Charitable Contributions.* Discretionary charitable contributions by the Company to established non-profit entities with which a director or a member of the director's family is affiliated shall generally be deemed not to create a material relationship, unless they occurred within the last three years and (i) were inconsistent with the Company's philanthropic practices; or (ii) were provided to an organization where the director or director's spouse is an executive officer or director and the Company's contributions for the most recently completed fiscal year represent more than (a) the greater of \$100,000 or 10% of that organization's annual gross revenues for organizations with gross revenues up to \$10.0 million per year or (b) the greater of \$1.0 million or 2% of that organization's annual gross revenues for organizations with gross revenues of more than \$10.0 million per year; or (iii) the aggregate amount of the Company's contributions to the organizations where a director or director's spouse is an executive officer or director is more than the greater of \$1.0 million or 2% of all such organizations' annual gross revenues.
  
- Ø *Employment and Benefits.* The employment by the Company of a member of a director's family shall generally be deemed not to create a material relationship, unless such employment (i) is of the type set forth above under Employment or Other Compensation or (ii) involves employment at a salary of more than \$120,000 per year of a director's current spouse, domestic partner, or child. Further, vested and non-forfeitable equity-based benefits and retirement benefits provided to directors or their family members under qualified plans as a result of prior employment shall generally be deemed not to create a material relationship.
  
- Ø *Other Transactions.* Transactions between the Company and another entity with which a director or a member of a director's family is affiliated shall generally be deemed not to create a material relationship unless (i) they are of the type set forth above under Business Transactions; (ii) they occurred within the last three years and were inconsistent with other transactions in which the Company has engaged with third parties; (iii) they occurred within the last three years and the director is an executive officer, employee or substantial owner of the other entity and such transactions represent more than 5% of the Company's annual consolidated gross revenues or 2% of the other entity's gross revenues for the prior fiscal year; or (iv) they occurred within the last three years, a member of the director's immediate family serves as an executive officer of the other entity and such transactions represented more than 5% of the Company's annual consolidated gross revenues or 2% of the other entity's gross revenues for the prior fiscal year.
  
- Ø *Interlocking Directorships.* Service by an employee of the Company as a director of an entity where a director or a director's family member serves as an executive officer shall generally be deemed not to create a material relationship unless the Company employee (i) is an executive officer of the Company; (ii) reports directly to the Board; or (iii) has annual compensation that is approved by the Board's Compensation and Human Development Committee. In addition, service by an employee of the Company as a director of an entity where one of the Company's directors or a member of the director's family serves as a non-employee director shall generally be deemed not to create a material relationship.
  
- Ø *Educational and Other Affiliations.* Attendance by an employee of the Company at an educational institution affiliated with one of the Company's directors or a member of the

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director's family, or membership by an employee of the Company in a professional association, social, fraternal or religious organization, club or institution affiliated with a Company director or a member of his or her family, shall generally be deemed not to create a material relationship.

Ø *Security Ownership.* The ownership by an employee of the Company of the securities of an entity where one of the Company's directors or a member of the director's family serves as a director or an employee shall generally be deemed not to create a material relationship, unless (i) the Company employee (a) is an executive officer of the Company, reports directly to the Board, or a Committee of the Company or has annual compensation approved by the Compensation and Human Development Committee and (b) beneficially owns more than 5% of any class of the other entity's voting securities; and (ii) the Company director or a member of a director's family is a director or executive officer of the other entity.

Ø *Benefit Plans.* Vested and non-forfeitable equity-based benefits and retirement benefits under qualified plans as a result of prior employment shall generally be deemed not to create a material relationship.

*Independent Judgment.* Finally, in addition to the foregoing independence criteria, which relate to a director's relationship with the Company, the Company's By-laws also require that independent directors be free of any other relationship—whether with the Company or otherwise—that would interfere with their exercise of independent judgment.

The following are types of transactions, relationships or arrangements that the Board of Directors considered in determining the independence of those directors identified above as being independent:

*Business Transactions:* Transactions in the ordinary course of business between the Company and an entity of which the Company's director is an executive officer, employee or substantial owner, or an immediate family member of the director is an executive officer. Within the three most recently completed fiscal years, the Company has engaged in transactions in the ordinary course of business with the following companies and/or their subsidiaries: Harvard University (where Mr. Clark is employed as a professor), Axel Springer AG (for which Mr. Döpfner serves as Chairman and Chief Executive Officer), Staples, Inc. (at which an immediate family member of Mr. Miles serves as an executive officer), Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC (where Mr. Novack is Senior Counsel and a retired partner who no longer practices law), A Table in Heaven LLC (of which an immediate family member of Mr. Novack is a managing member and majority owner), and Carver Federal Savings Bank (for which Ms. Wright serves as Chairman, President and Chief Executive Officer). The foregoing transactions consisted mainly of revenue received from the other companies to the Company (e.g., advertising revenues) and the Company's payments for services or products provided by the other companies in the ordinary course of business. In the case of Harvard University, the transactions also included contributions by the Company or its employees that were well below 1% of the university's most recently available revenues. In the case of Carver Federal Savings Bank, the Time Warner Foundation, Inc., a non-profit organization, maintains a certificate of deposit at the bank.

*Other Business Transactions:* Transactions in the ordinary course of business between the Company and an entity of which the Company's director serves or served as a non-employee director in 2009. Although these types of transactions would generally not prevent a determination that a director is independent, information regarding such transactions is provided to the Board of Directors for consideration. Within the three most recent completed fiscal years, the Company has

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engaged in transactions in the ordinary course of business with the following companies and/or their subsidiaries for which the following directors served as non-employee director or trustee during all or part of 2009: Dick Clark Productions, Inc., FedEx Corporation and Sun Microsystems, Inc. (Mr. Barksdale); Dominion Resources, Inc. (Mr. Barr); American International Group, Inc., KB Home and Macy's, Inc. (Mr. Bollenbach); Omnicom Group, Inc. and TIAA (Mr. Clark); dpa Deutsche Presse Agentur GmbH (Mr. Döpfner); Avon Products, Inc., Bausch & Lomb Incorporated and Schering-Plough Corporation (Mr. Hassan); AMR Corporation, Citadel Broadcasting Corporation and Dell Inc. (Mr. Miles); and Kraft Foods Inc. (Ms. Wright). The foregoing transactions consisted mainly of revenue received from the other companies to the Company (e.g., advertising revenues) and the Company's payment for services or products provided by the other companies in the ordinary course of business (e.g., payments to Sun Microsystems, Inc. for computer products and services). None of these transactions exceeded 2% of the other companies' gross revenues for their prior fiscal year.

*Charitable Contributions:* Discretionary charitable contributions to organizations for which a Company's director or a director's spouse serves as an executive officer or director. Within the three most recent completed fiscal years, the Company has made discretionary charitable contributions that are consistent with the Company's philanthropic practices to organizations affiliated with 6 of the Company's 11 current non-employee directors. These contributions were below the thresholds contained in the Company's Corporate Governance Policy. None of the contributions exceeded \$250,000 to any single organization.

*Other Relationships:* Within the three most recently completed fiscal years, (i) Mr. Caufield is a co-founder of Kleiner Perkins Caufield & Byers, where Mr. Barksdale serves as a strategic limited partner; (ii) Mr. Caufield and Ms. Einhorn have served on the global advisory board of J.E. Robert Companies; (iii) Ms. Einhorn and Mr. Bewkes have served as directors on the board of the Council on Foreign Relations; (iv) Mr. Hassan serves as a director of Avon Products, Inc., where the Chairman and CEO of Time Inc., a subsidiary of the Company, serves as a director; and (v) Ms. Wright serves as Chairman, President and Chief Executive Officer of Carver Bancorp, Inc. where a senior executive (who is not an executive officer) of the Company served as a director.

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

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

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

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

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

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**Identifying New Candidates.** In light of such assessments, the Committee may seek to identify new candidates for the Board who possess the specific qualifications established by the Committee and satisfy the other requirements for Board service. In identifying new director candidates, the Committee seeks advice and names of candidates from Committee members, other members of the Board, members of management, and other public and private sources. The Committee may also, but need not, retain a search firm in order to assist it in these efforts. In 2009, the Committee retained an outside search firm to assist the Committee in performing due diligence with respect to potential candidates.

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

**Reviewing Incumbent Candidates.** On an annual basis, the Committee also reviews the qualifications of incumbent candidates for renomination to the Board. This review involves an analysis of the criteria set forth above that apply to incumbent directors.

**Recommending Candidates.** The 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 of candidates may include both incumbent and new director nominees. In addition, apart from this annual process, the 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 Committee.** Stockholders may also submit names of director candidates, including their own, to the Nominating and Governance Committee for its consideration. The process for stockholders to use in submitting suggestions to the Nominating and Governance Committee is set forth 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.**

**Director Elections.** The Company's By-laws provide that, in any uncontested election of directors, each person receiving a majority of the votes cast will be deemed elected. Any abstentions or broker non-votes will not be counted as a vote cast for such director. Accordingly, any new director nominee in an uncontested election who receives more against votes than for votes will not be elected to the Board and must submit an offer to resign from the Board no later than two weeks after the certification by the Company of the voting results. 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. This procedure also provides that the Chairman of the Nominating and Governance Committee has the authority to manage the Board's review of the resignation offer, unless it is the Chairman of the Nominating and Governance Committee who has received the majority-withheld vote, in which case, the remaining independent directors who did not receive majority-withheld votes will

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select a director to manage the process and that director will have the authority otherwise delegated to the Chairman of the Nominating and Governance Committee. In any contested election of directors, the election will be subject to a plurality vote standard, where the persons receiving the highest numbers of the votes cast, up to the number of directors to be elected in such election, will be deemed elected. A contested election is one in which the number of persons nominated exceeds the number of directors to be elected as of the date that is ten days prior to the date that the Company first mails its notice of meeting for such meeting to the stockholders.

## **Codes of Conduct**

In order to help assure the highest levels of business ethics at the Company, the Board of Directors has adopted the following three codes of conduct, which are posted on the Company's website at [www.timewarner.com/governance](http://www.timewarner.com/governance).

***Standards of Business Conduct.*** The Company's Standards of Business Conduct apply to the Company's employees, including any employee directors. The Standards of Business Conduct 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, the Foreign Corrupt Practices Act, antitrust laws and political activities and solicitations.

***Code of Ethics for Senior Executive and Senior Financial Officers.*** 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, President, Chief Operating 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 conflicts of interest and disclose any relationship that could give rise to a conflict, protect the confidentiality of non-public information about the Company, work to achieve responsible use of the Company's assets and resources, 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. Individuals to whom the code applies are held accountable for their adherence to it. Failure to observe the terms of the code or the Standards of Business Conduct can result in disciplinary action (including termination of employment). There were no waivers in 2009 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.

***Guidelines for Non-Employee Directors.*** 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, persons or entities known to the Company to

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be the beneficial owner of more than 5% of any outstanding class of the voting securities of the Company, or immediate family members or certain affiliated entities of any of the foregoing persons. Under authority delegated by the Board, the Nominating and Governance 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 is, will or may be expected to be a participant; and (iii) any related person has or will have a direct material interest or an indirect material interest.

In addition to the requirements described above for transactions covered by the policy, the policy 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 and Governance Committee. These excluded transactions consist of the following types of transactions between the Company or any of its consolidated subsidiaries and a related person or another entity with which a related person is affiliated:

*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;

*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 a corporation, firm or other 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 is an individual and the related person's interest in the transaction is based solely on his or her position as (a) a non-employee director of the other entity or (b) subject to the requirements relating to the Company's charitable contributions as described above, a non-employee director or trustee, or unpaid volunteer at a non-profit organization;



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*Executive Compensation.* Any compensation paid to an executive officer of the Company if (a) 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 or (b)(i) the executive officer 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 (ii) the Compensation and Human Development Committee approved (or recommended that the Board approve) such compensation;

*Director Compensation.* Any compensation paid to a director 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;

*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 where the rates or charges involved are determined by competitive bids; transactions with a related person 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 transactions with a related person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

*Indemnification payments.* Any indemnification payments made to a Related Person pursuant to Time Warner Inc.'s By-laws, which are governed by and subject to the provisions in the By-laws; and

*Other.* Other categories of transactions that may be identified by the Nominating and Governance Committee from time to time as having no significant potential for an actual, or the appearance of a, conflict of interest or improper benefit to a related person. 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 and Governance Committee for review and consideration at its next meeting or, in those instances in which the General Counsel or his designee determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, to the Chair of the Nominating and Governance Committee. If the General Counsel or his designee potentially may be involved in a related person transaction, the applicable person is required to inform the Chief Executive Officer and the Chair of the Nominating and Governance Committee. Related person transactions (other than the excluded transactions described above) will be reviewed and be subject to approval by the Nominating and Governance Committee. If possible, the approval will be obtained before the Company commences the transaction or enters into or amends any contract relating to the transaction. If advance Committee 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 and Governance Committee determines it to be appropriate, ratified at the Committee's next regularly scheduled meeting.

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In determining whether to approve or ratify a related person transaction covered by the policy, the Nominating and Governance Committee may take into account such factors it deems appropriate, which may include:

the extent of the related person's interest in the transaction;

whether the transaction would interfere with the objectivity and independence of any related person's judgment or conduct in fulfilling his or her duties and responsibilities to the Company;

whether the transaction is fair to the Company and on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances;

whether the transaction is in the interest of the Company and its stockholders;

whether the transaction is consistent with any conflicts of interest policies set forth in the Company's Standards of Business Conduct and other policies; and

whether, in connection with any transaction involving a non-employee director or nominee for director, such transaction would compromise such director's status as: (1) an independent director under the NYSE Listing Standards or the Company's categorical standards for director independence, (2) an outside director under Section 162(m) of the Internal Revenue Code or a nonemployee director under Rule 16b-3 under the Securities Exchange Act of 1934 (the Exchange Act), if such non-employee director serves on the Compensation and Human Development Committee or (3) an independent director under Rule 10A-3 of the Exchange Act, if such non-employee director serves on the Audit and Finance Committee.

A member of the Nominating and Governance Committee who potentially is a related person in connection with a particular proposed related person transaction will not participate in any discussion or approval of the transaction, other than discussions for the purpose of providing material information concerning the transaction to the Committee. The Time Warner Inc. Policy and Procedures Governing Related Person Transactions is posted on the Company's website at [www.timewarner.com/governance](http://www.timewarner.com/governance).

## **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. For example, the Guidelines provide that the Company expects that its vendors will not discriminate in employment practices, employ persons under a certain age, use forced or involuntary labor, or use coercion or harassment against employees. 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**

**Director Nominees for 2010 Annual Meeting**

The Company's directors are elected annually, and the current term of office of all of the Company's directors expires at the 2010 Annual Meeting. The nominees for director at the 2010 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.

The Board proposes for election: James L. Barksdale, William P. Barr, Jeffrey L. Bewkes, Stephen F. Bollenbach, Frank Caufield, Robert C. Clark, Mathias Döpfner, Jessica P. Einhorn, Fred Hassan, Michael A. Miles, Kenneth Novack and Deborah C. Wright. All of the nominees are current members of the Board. Other than Messrs. Barr and Hassan, who were elected by the Board in accordance with the Company's By-laws in July and October 2009, respectively, the director nominees were elected at the Company's 2009 Annual Meeting of Stockholders.

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. See Corporate Governance and Board Matters Director Nomination Process and Director Elections above. Unlike in previous years, brokers or banks holding shares beneficially owned by their clients will not have the ability to cast votes with respect to the election of directors unless they have received instructions from the beneficial owner of the shares. *If you hold your shares of Common Stock in street name, it is important that you provide voting instructions to your broker or bank so that your vote with respect to the director nominees is counted.*

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.

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Set forth below are the principal occupation, business experience, tenure on the Company's Board, service on the boards of directors of other publicly traded companies and investment companies, and certain other information for each of the 12 nominees as of March 31, 2010. To the extent that any of the director nominees previously served as a director of either AOL or the company then known as Time Warner Inc. ( Historic TW ) prior to the merger of AOL and Historic TW (the AOL-Historic TW Merger ) on January 11, 2001, this prior service is described in the information set forth below.

**James L. Barksdale, Chairman and President of Barksdale Management Corporation**, a private investment management company. He is also a strategic limited partner of Kleiner Perkins Caufield & Byers, a venture capital firm. Mr. Barksdale, 67, was first elected to the Board of Directors in January 2001.

Prior Professional Experience: Previously, Mr. Barksdale served in the following positions:

President and CEO, Netscape Communications Corp. 1995 to 1999 (when it was acquired by AOL).

Chief Executive Officer, AT&T Wireless Services (formerly McCaw Cellular Communications) 1993 to 1994.

Executive Vice President and Chief Operating Officer, FedEx Corporation 1983 to 1992.

Chief Information Officer, FedEx Corporation 1979 to 1983.

Chief Information Officer and other management positions, Cook Industries 1972 to 1979.

Company Directorship: Mr. Barksdale is an **Independent Director**. He was a director of AOL from March 1999 to January 2001.

Other 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.

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**William P. Barr, Former Attorney General of the United States.** Mr. Barr, 59, was first elected to the Board of Directors in July 2009.

Prior Professional Experience: Previously, Mr. Barr served in the following positions:

Of Counsel of Kirkland & Ellis LLP January 2009 to July 2009.

Executive Vice President and General Counsel of Verizon Communications Inc. June 2000 to December 2008.

Executive Vice President and General Counsel of GTE Corporation 1994 to June 2000.

Partner of Shaw, Pittman, Potts & Trowbridge (now Pillsbury Winthrop Shaw Pittman LLP) 1993 to 1994.

7<sup>th</sup> Attorney General of the United States 1991 to 1993.

Deputy Attorney General of the United States 1990 to 1991.

Assistant Attorney General for the Office of Legal Counsel 1989 to 1990.

Partner of Shaw, Pittman, Potts & Trowbridge 1984 to 1989.

Company Directorship: Mr. Barr is an **Independent Director**.

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



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**Jeffrey L. Bewkes, Chairman of the Board and Chief Executive Officer of the Company** January 2009 to present. Mr. Bewkes, 57, was first elected to the Board of Directors in January 2007.

Prior Professional Experience: Previously, Mr. Bewkes served in the following positions:

President and Chief Executive Officer of the Company January 2008 through December 2008.

President and Chief Operating Officer of the Company January 2006 through December 2007.

Chairman, Entertainment & Networks Group, of the Company July 2002 to December 2005.

Chairman and Chief Executive Officer of the Home Box Office division of the Company May 1995 to July 2002.

President and Chief Operating Officer of the Home Box Office division of the Company September 1991 to May 1995.

Company Directorship: Mr. Bewkes is an **Affiliated Director**.

Other Public Company Directorships: Mr. Bewkes also served as a director of Time Warner Cable Inc. from April 2008 to March 12, 2009.

Other Directorships: Mr. Bewkes is a member of the board or other governing body of non-profit organizations, including the Stanford Graduate School of Business, Yale University and the Yale School of Management.

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**Stephen F. Bollenbach, Former Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation.** Mr. Bollenbach, 67, was first elected to the Board of Directors in January 2001.

Prior Professional Experience: Previously, Mr. Bollenbach served in the following positions:

Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation May 2004 to October 2007.

President and Chief Executive Officer, Hilton Hotels Corporation 1996 to 2004.

Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company 1995 to 1996.

President and Chief Executive Officer, Host Marriott Corporation 1993 to 1995.

Chief Financial Officer, Marriott Corp. 1992 to 1993.

Company Directorship: Mr. Bollenbach is an **Independent Director**. He was a director of Historic TW from 1997 to January 2001.

Other 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., Hilton Hotels Corporation, Catellus Development Corporation and Caesars Entertainment.

**Frank J. Caufield, Co-Founder of Kleiner Perkins Caufield & Byers (KPCB).** KPCB is one of the largest venture capital firms in the U.S. Mr. Caufield, 70, was first elected to the Board of Directors in January 2001.

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



Company Directorship: Mr. Caufield is an **Independent Director**. He was a director of AOL from 1991 to January 2001.

Other Public Company Directorships: During the past five years, Mr. Caufield served as a director of JER Investors Trust Inc.

Other Directorships: Mr. Caufield also served on the global advisory board of J.E. Robert Companies until November 2009.

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**Robert C. Clark, Distinguished Service Professor at Harvard University** July 2003 to present. His research and teaching interests are centered on corporate governance. Mr. Clark, 66, was first elected to the Board of Directors in January 2004.

Prior Professional Experience: Previously, Mr. Clark served in the following positions:

Dean and Royall Professor of Law, Harvard Law School 1989 to 2003.

Professor, Harvard Law School 1978 to 2003. Concentrated on corporate law; author of *Corporate Law*.

Professor, Yale Law School 1974 to 1978.

Associate, Ropes & Gray 1972 to 1974. Practice involved commercial and corporate law.

Company Directorship: Mr. Clark is an **Independent Director**.

Other 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 and Lazard Ltd.

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

**Mathias Döpfner, Chairman and Chief Executive Officer of Axel Springer AG**, a large newspaper and magazine publishing company 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. Mr. Döpfner, 47, was first elected to the Board of Directors in July 2006.

Prior Professional Experience: Previously, Mr. Döpfner served in the following positions:

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Member of the Executive Board of the Electronic Media Division of Axel Springer AG July 2000 to November 2000.

Editor-in-Chief of Die Welt 1998 to 2000.

Editor-in-Chief of Hamburger Morgenpost 1996 to 1998.

Editor-in-Chief of Wochenpost 1994 to 1996.

Company Directorship: Mr. Döpfner is an **Independent Director**.

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

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**Jessica P. Einhorn, Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The Johns Hopkins University** June 2002 to present. Ms. Einhorn, 62, was first elected to the Board of Directors in May 2005.

Prior Professional Experience: Previously, Ms. Einhorn served in the following positions:

Consultant, Clark & Weinstock, a strategic communications and public affairs consulting firm 2000 to 2002.

Visiting Fellow, International Monetary Fund 1998 to 1999.

Executive positions at The World Bank, an international economic development organization 1978 to 1979 and 1981 to 1999, including Managing Director for Finance and Resource Mobilization 1996 to 1998.

Company Directorship: Ms. Einhorn is an **Independent Director**.

Other Directorships: Ms. Einhorn is also a director of the Peter G. Peterson Institute for International Economics, the Center for Global Development, and the National Bureau of Economic Research. Ms. Einhorn is also a member of the advisory board of Rock Creek Group. She also served as the chair of the global advisory board of J.E. Robert Companies until November 2009.

**Fred Hassan, Senior Advisor at Warburg Pincus**, a private equity firm November 2009 to present. Mr. Hassan, 64, was first elected to the Board of Directors in October 2009.

Prior Professional Experience: Previously, Mr. Hassan served in the following positions:

Chairman and Chief Executive Officer of Schering Plough Corporation 2003 to November 2009.

Chairman and Chief Executive Officer of Pharmacia Corporation 2001 to 2003.

Chief Executive Officer of Pharmacia Corporation 2000 to 2001.

Chief Executive Officer of Pharmacia & Upjohn, Inc. 1997 to 2000.

Company Directorship: Mr. Hassan is an **Independent Director**.

Other 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.

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**Michael A. Miles, Special Limited Partner, Forstmann Little & Company**, a private equity firm February 1995 to present. Mr. Miles, 70, was first elected to the Board of Directors in January 2001.

Prior Professional Experience: Previously, Mr. Miles served in the following positions:

Chairman of the Board and Chief Executive Officer of Philip Morris Companies Inc. (now named Altria Group, Inc.) 1991 to 1994.

Vice Chairman and a member of the Board of Directors of Philip Morris Companies Inc. and Chairman and Chief Executive Officer of Kraft Foods, Inc. 1989 to 1991. Previously served as Kraft Foods President and Chief Executive Officer, and President and Chief Operating Officer 1982 to 1991.

Executive positions at Heublein, Inc., including Senior Vice President of Foods and Chairman of Kentucky Fried Chicken Corporation (KFC) Worldwide; Senior Vice President of Marketing for its Kentucky Fried Chicken subsidiary; Vice President and General Manager of Heublein's Grocery Products Group; Group Vice President of Heublein's international operations 1971 to 1982.

Executive positions at Leo Burnett Co., a Chicago-based advertising agency 1961 to 1971.

Company Directorship: Mr. Miles is an **Independent Director**. He was a director of Historic TW from 1995 to January 2001.

Other Public Company Directorships: Mr. Miles serves as a director of AMR Corporation and Citadel Broadcasting Corporation. During the past five years, Mr. Miles also served as a director of Dell Inc., Sears Holding Corporation and Morgan Stanley & Co.

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**Kenneth J. Novack, Senior Counsel, 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. Mr. Novack, 68, was first elected to the Board of Directors in January 2001.

Prior Professional Experience: Previously, Mr. Novack served in the following positions:

Vice Chairman of the Company from the AOL-Historic TW Merger in January 2001 to December 2003.

Vice Chairman, AOL May 1998 to the AOL-Historic TW Merger in January 2001.

Of Counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC 1998 to 2001.

Attorney, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC 1966 to 1998, and served on its executive committee from 1970 until his retirement in 1998.

Company Directorship: Mr. Novack is an **Independent Director**. He was a director of AOL from January 2000 to January 2001.

Other Directorships: Mr. Novack serves in the following capacities for the following privately held companies: a director of Appleton Partners, Inc., Humedica, Inc., Leerink Swann & Company, Paratek Pharmaceuticals, Inc. and Prematics, Inc. and an advisory board member of General Catalyst Partners and Gordon Brothers Group.

**Deborah C. Wright, 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. Ms. Wright, 52, was first elected to the Board of Directors in May 2005.

Prior Professional Experience: Previously, Ms. Wright served in the following positions:

President and Chief Executive Officer of Carver Bancorp, Inc. and Carver Federal Savings Bank 1999 to 2005.

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President and Chief Executive Officer of the Upper Manhattan Empowerment Zone Development Corporation, a redevelopment fund 1996 to 1999.

Commissioner of the Department of Housing Preservation and Development 1994 to 1996.

Member of the New York City Planning Commission 1992 to 1994, and the New York City Housing Authority Board 1990 to 1992.

Company Directorship: Ms. Wright is an **Independent Director**.

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



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### **Independence and Qualifications of the Nominees for Director**

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 and Governance 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 skill and experience to oversee the Company's business.

As set forth in the Company's Corporate Governance Policy, the Nominating and Governance Committee and the Board are required to evaluate various factors in selecting its slate of nominees for election to the Board. In accordance with the Corporate Governance Policy, with respect to each nominee for director at the 2010 Annual Meeting, they considered each nominee's independence, satisfaction of regulatory requirements, personal qualifications (including financial literacy), professional qualifications and, with respect to incumbent directors, past performance on the Board. In addition, the Nominating and Governance Committee and the Board reviewed each nominee's qualifications under the additional criteria for membership on the Board established by the Committee. See [Criteria for Membership on the Board](#) above.

**Satisfaction of Regulatory Requirements.** The Corporate Governance Policy requires that the Board has directors who meet the applicable criteria for committee or Board membership established by regulatory entities, including the NYSE and the SEC. The Board has determined that each of the nominees for director meets all of the regulatory criteria to serve on the Board, and each director other than Mr. Bewkes meets all of the regulatory requirements to serve on committees of the Board. Mr. Bewkes is an employee of the Company and thus is not independent and does not meet the regulatory criteria for membership on any of the Board's committees. Messrs. Barksdale and Novack do not qualify as outside directors under Section 162(m) of the Internal Revenue Code due to their former positions as executive officers of the Company or a predecessor company. As a result, the Board has determined not to appoint them as members of the Compensation and Human Development Committee.

**Independence.** Each of the nominees is currently a director of the Company. The By-laws require a majority of the Board to be independent, but the Board's objective is that a substantial majority of its members be independent. The Board of Directors has determined that 11 of the 12 nominees for director (92%) are Independent Directors.

**Personal Qualifications.** The Board has determined that each director nominee is financially literate and possesses the skills, judgment, experience, reputation and commitment to make a constructive contribution to the Board.

**Professional Qualifications.** In addition to the information under [Directors of the Company](#) above regarding each nominee's business experience and service on the boards of directors of other companies, the Board considered the following experience, qualifications or skills of each of the nominees in concluding that each director nominee is qualified to serve as a director of the Company. The information below is not intended to be an exhaustive list of the qualifications that the Board considered with respect to the director nominees.

**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):

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Mr. Barksdale has more than 25 years of experience as a former CEO or senior executive of the following major companies: Netscape Communications Corp. (President and CEO), AT&T Wireless Services (CEO), FedEx Corporation (Chief Operating Officer and Chief Information Officer), and Cook Industries (Chief Information Officer and other management positions).

Mr. Barr served as Attorney General of the United States and, as such, he led the U.S. Department of Justice. Mr. Barr also has more than 14 years of experience as a former Executive Vice President and General Counsel of Verizon Communications Inc. and its predecessor, GTE Corporation.

Mr. Bewkes has more than 7 years of experience serving as the CEO or senior executive of the Company. During these years, he has served as the Company's Chairman and CEO (his current position since January 2009), President and CEO, President and Chief Operating Officer, and Chairman, Entertainment & Networks Group. Mr. Bewkes also has more than 11 additional years of experience serving as a senior executive of the Company's Home Box Office division, during which he served as Chairman and CEO and prior to that, President and Chief Operating Officer.

Mr. Bollenbach has more than 15 years of experience as a former CEO or senior executive of the following major companies: Hilton Hotels Corporation (Co-Chairman, CEO and President), The Walt Disney Company (Senior Executive Vice President and CFO), Host Marriott Corporation (President and CEO) and Marriott Corporation (CFO).

Mr. Caufield is a co-founder and former partner of Kleiner Perkins Caufield & Byers, one of the largest venture capital firms in the United States.

Mr. Clark serves as the Distinguished Service Professor at Harvard University and has held this position since 2003. Prior to that, he served as the Dean of Harvard Law School for 14 years.

Mr. Döpfner serves as the Chairman and CEO of Axel Springer AG, a major media and communications company in Germany, and has held these positions for over 8 years. He has also served as the Head of the Newspapers Division and the International Division of Axel Springer AG.

Ms. Einhorn serves as the Dean of the Paul H. Nitze School of Advanced International Studies ( SAIS ) at The Johns Hopkins University and has held this position since June 2002. She has also held executive positions at The World Bank, an international economic development organization, for more than 18 years.

Mr. Hassan has more than 12 years of experience as a former Chairman and/or CEO of the following major pharmaceutical companies: Schering Plough Corporation (Chairman and CEO), Pharmacia Corporation (Chairman and CEO) and Pharmacia & Upjohn, Inc. (CEO).

Mr. Miles has more than 12 years of experience as a former CEO or senior executive of the following major companies: Philip Morris Companies Inc. (now named Altria Group, Inc.) (Chairman and CEO) and Kraft Foods, Inc. (Chairman and CEO and other senior executive positions). Prior to these positions, he served in executive positions at Heublein, Inc. and Leo Burnett Co.

Mr. Novack has more than five years of experience serving as Vice Chairman of the Company and as Vice Chairman of AOL prior to the AOL-Historic TW Merger. He also served on the executive committee of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC, a major law firm, for 28 years until his retirement in 1998.



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Ms. Wright has more than 10 years of experience serving as the CEO of Carver Bancorp, Inc. and Carver Federal Savings Bank. During these years, she has served as the Chairman, President and CEO (her position since February 2005) and as the President and CEO of Carver Bancorp, Inc. and Carver Federal Savings Bank. She also has approximately 15 years of experience serving in leadership roles at the following non-profit organizations or governmental bodies: Upper Manhattan Empowerment Zone Development Corporation (President and CEO), the Department of Housing Preservation and Development (Commissioner), the New York City Planning Commission (Member) and the New York City Housing Authority (Board member).

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

Mr. Barksdale is a former senior executive of the following major companies that have communications or technology businesses: Netscape Communications Corp. (President and CEO) and AT&T Wireless Services (CEO).

Mr. Barksdale also has experience in technology through his prior service as Chief Information Officer of FedEx Corporation. Mr. Barksdale is also a former director of Sun Microsystems.

Mr. Barr is a former Executive Vice President and General Counsel of Verizon Communications Inc. and its predecessor, GTE Corporation.

Mr. Bewkes serves as the Chairman and CEO of the Company and has over 30 years in the media and entertainment business.

Mr. Bollenbach is a former Senior Executive Vice President and CFO of The Walt Disney Company.

Mr. Döpfner serves as the Chairman and CEO of Axel Springer AG, a major media and communications company in Germany.

Mr. Miles is a former director of Dell Inc. and served in this role for 14 years until his retirement from Dell's board of directors in 2009.

Mr. Novack is a former Vice Chairman of the Company and AOL.

*Finance, Investments or Banking:* Each of Messrs. Barksdale, Barr, Bollenbach, Caufield, Clark, Hassan and Novack and Meses. Einhorn and Wright has extensive knowledge of and experience in finance, investments and/or banking (or their equivalents in government or the non-profit sector):

Mr. Barksdale serves as the Chairman and President of Barksdale Management Corporation, a private investment management company. Mr. Barksdale is also a strategic limited partner of Kleiner Perkins Caufield & Byers, a venture capital firm.

Mr. Barr serves as a director of the Selected Funds, which consist of several mutual funds.

Mr. Bollenbach is a former CFO of The Walt Disney Company and Marriott Corporation.

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Mr. Caufield is a co-founder and former partner of Kleiner Perkins Caufield & Byers, a major venture capital firm.

Mr. Clark serves as a trustee of TIAA, a large pension fund serving the higher education community.

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Ms. Einhorn is a former Visiting Fellow at the International Monetary Fund and has held executive positions at The World Bank. Ms. Einhorn also serves as a director of the Peterson Institute for International Economics, the Center for Global Development, and the National Bureau of Economic Research. She also serves on the advisory board of Rock Creek Group, a global alternative asset manager and provider of financial advisory services.

Mr. Hassan serves as a Senior Advisor at Warburg Pincus, a private equity firm.

Mr. Novack serves as a director of Leerink Swann & Company, a healthcare investment bank, and an advisory board member of General Catalyst Partners, a venture capital and private equity firm. He also practiced securities law for over 30 years.

Ms. Wright serves as the Chairman, President and CEO of Carver Bancorp, Inc. and Carver Federal Savings Bank.

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

Mr. Barksdale is a former CEO or senior executive of the following companies: Netscape Communications Corp., AT&T Wireless Services and FedEx Corporation.

Mr. Barr is a former Executive Vice President and General Counsel of Verizon Communications Inc. and its predecessor, GTE Corporation.

Mr. Bewkes serves as the Chairman and CEO of the Company.

Mr. Bollenbach is a former senior executive of the following companies in the hotel and entertainment industries: Hilton Hotels Corporation, The Walt Disney Company and Host Marriott Corporation (including its predecessor Marriott Corporation). Mr. Bollenbach also serves as a director of Macy's.

Mr. Döpfner serves as the Chairman and CEO of Axel Springer AG, which publishes newspapers and magazines.

Mr. Hassan is a former Chairman and CEO of Schering Plough Corporation and other pharmaceutical companies.

Mr. Miles is a former CEO or senior executive of the following companies: Philip Morris Companies Inc. (now named Altria Group, Inc.), Kraft Foods, Inc. and Heublein, Inc. Mr. Miles also served as a director of Sears Holding Corporation.

Mr. Novack is a former Vice Chairman of the Company and AOL.

Ms. Wright serves as Chairman, President and CEO of Carver Federal Savings Bank, which directly serves banking customers. She also serves as a director of Kraft Foods Inc.

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

Mr. Barr has legal, regulatory and/or government relations experience through his former positions as Attorney General of the United States, General Counsel of Verizon Communications Inc. and as a partner of a major law firm.

Mr. Clark has been a law professor since 1974 and currently serves as the Distinguished Service Professor at Harvard University. His research and teaching interests are centered on corporate governance.

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Ms. Einhorn's experience in regulatory and government relations includes senior finance positions at The World Bank and her ongoing research interest in financial regulations.

Mr. Hassan has extensive legal, regulatory and government relations experience through his former position as the CEO of Schering Plough Corporation, a global pharmaceutical company.

Mr. Novack's experience in legal and regulatory matters includes over 30 years of legal practice as a partner of a major law firm.

Ms. Wright's experience in regulatory and government relations includes her roles at the Upper Manhattan Empowerment Zone Development Corporation, the Department of Housing Preservation and Development, the New York City Planning Commission and the New York City Housing Authority.

*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.

Mr. Barksdale is a former CEO or senior executive of the following companies with international operations: Netscape Communications Corp., AT&T Wireless Services and FedEx Corporation.

Mr. Barr is a former Executive Vice President and General Counsel of Verizon Communications Inc., which provides communication services to 150 countries outside the United States.

Mr. Bewkes is the Chairman and CEO of the Company, which has operations globally.

Mr. Bollenbach is a former executive officer of Hilton Hotels Corporation, The Walt Disney Company and Host Marriott Corporation (including its predecessor Marriott Corporation), which are major companies with international operations.

Mr. Caufield has extensive experience in investing in international companies through his former position as partner of Kleiner Perkins Caufield & Byers and his prior service on the global advisory board of J.E. Robert Companies, a global real estate investment management company, and the board of JER Investors Trust Inc., a real estate finance company that is managed by an affiliate of J.E. Robert Companies.

Mr. Döpfner is the Chairman and CEO of Axel Springer AG, a major media and communications company with operations throughout Europe.

Ms. Einhorn has extensive knowledge of policies and practices in international finance and economic development, including through her prior positions at The World Bank and on the boards of non-profit research and public policy institutions. She also previously served for over six years as a director of Pitney Bowes Inc., which has international operations.

Mr. Hassan is a former Chairman and CEO of Schering Plough Corporation and other major pharmaceutical companies with international operations.



Mr. Miles is a former Chairman and CEO of Philip Morris Companies Inc. (now named Altria Group, Inc.) and former Chairman and CEO of Kraft Foods, Inc., each with international operations.

**Table of Contents****EXECUTIVE OFFICERS OF THE COMPANY**

The following table sets forth the name of each executive officer of the Company, the office held by such officer and the age of such officer as of April 5, 2010.

<b>Name</b>	<b>Age</b>	<b>Office</b>
Jeffrey L. Bewkes	57	Chairman and Chief Executive Officer
Paul T. Cappuccio	48	Executive Vice President and General Counsel
Patricia Fili-Krushel	56	Executive Vice President, Administration
Gary L. Ginsberg	47	Executive Vice President
John K. Martin, Jr.	42	Executive Vice President and Chief Financial Officer
Carol A. Melton	55	Executive Vice President, Global Public Policy
Olaf Olafsson	47	Executive Vice President

Set forth below are the principal positions held by each of the executive officers named above:

Mr. Bewkes	Chairman and Chief Executive Officer since January 1, 2009; prior to that, Mr. Bewkes served as President and Chief Executive Officer from January 1, 2008 and President and Chief Operating Officer from January 1, 2006. Director since January 25, 2007. Prior to January 1, 2006, Mr. Bewkes served as Chairman, Entertainment & Networks Group from July 2002 and, prior to that, Mr. Bewkes served as Chairman and Chief Executive Officer of the Home Box Office division from May 1995, having served as President and Chief Operating Officer from 1991.
Mr. Cappuccio	Executive Vice President and General Counsel since January 2001; prior to that, he served as Senior Vice President and General Counsel of AOL from August 1999. From 1993 to 1999, Mr. Cappuccio was a partner at the Washington, D.C. office of the law firm of Kirkland & Ellis. Mr. Cappuccio was an Associate Deputy Attorney General at the U.S. Department of Justice from 1991 to 1993.
Ms. Fili-Krushel	Executive Vice President, Administration since July 2001; prior to that, she was Chief Executive Officer of the WebMD Health division of WebMD Corporation from April 2000 to July 2001 and President of ABC Television Network from July 1998 to April 2000. Prior to that, she was President, ABC Daytime from 1993 to 1998.
Mr. Ginsberg	Executive Vice President since April 5, 2010; prior to that, Mr. Ginsberg served as an Executive Vice President at News Corporation from January 1999 to December 2009, most recently serving as Executive Vice President of Global Marketing and Corporate Affairs. Prior to that, Mr. Ginsberg served as Managing Director at the strategic consulting firm, Clark & Weinstock, from November 1996 to December 1998, Senior Editor and Counsel of George Magazine from March 1995 to November 1996, and Assistant Counsel to President Clinton and Senior Counsel at the U.S. Department of Justice from January 1993 to November 1994.

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Mr. Martin	Executive Vice President and Chief Financial Officer since January 2008; prior to that, he was Executive Vice President and Chief Financial Officer of Time Warner Cable since August 2005. Mr. Martin joined Time Warner Cable from Time Warner where he had served as Senior Vice President of Investor Relations from May 2004 and Vice President from March 2002 to May 2004. Prior to that, Mr. Martin was Director in the Equity Research group of ABN AMRO Securities LLC from 2000 to 2002, and Vice President of Investor Relations at Time Warner from 1999 to 2000. Mr. Martin first joined the Company in 1993 as a Manager of SEC financial reporting.
Ms. Melton	Executive Vice President, Global Public Policy since June 2005; prior to that, she worked for eight years at Viacom Inc., serving as Executive Vice President, Government Relations at the time she left to join Time Warner. Prior to that, Ms. Melton served as Vice President in Time Warner's Public Policy Office until 1997, having joined the Company in 1987 as Washington Counsel to Warner Communications Inc.
Mr. Olafsson	Executive Vice President since March 2003. During 2002, Mr. Olafsson pursued personal interests, including working on a novel that was published in the fall of 2003. Prior to that, he was Vice Chairman of Time Warner Digital Media from November 1999 through December 2001 and, prior to that, Mr. Olafsson served as President of Advanta Corp. from March of 1998 until November 1999.

**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, 2010 for each current director, each nominee for election as a director, each of the persons named in the Summary Compensation Table and for all directors and executive officers as a group as of January 31, 2010. None of the foregoing persons beneficially owned any shares of equity securities of the Company's subsidiaries as of January 31, 2010. All amounts representing shares of outstanding Common Stock issued prior to March 27, 2009 have been adjusted to reflect the Reverse Stock Split that became effective on such date, and all amounts representing shares of Common Stock to be issued upon the vesting of stock awards or the exercise of stock options have been adjusted (as applicable) to reflect the Reverse Stock Split, the Cable Separation and the AOL Separation.

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
James L. Barksdale (5)	169,192	61,636	0	0	*
William P. Barr (6)	0	0	0	0	*
Jeffrey L. Bewkes (7)	219,078	3,462,112	34,563	75,029	*
Stephen F. Bollenbach (8)	10,333	63,803	0	0	*
Paul T. Cappuccio (7)	60,986	1,267,065	8,558	16,294	*
Frank J. Caufield	83,832	61,636	0	0	*
Robert C. Clark	6,649	13,490	0	0	*
Mathias Döpfner	2,447	4,820	0	0	*
Jessica P. Einhorn	3,986	9,637	0	0	*
Patricia Fili-Krushel (7)	21,951	629,876	6,368	12,178	*
Fred Hassan (8)	0	0	0	0	*
John K. Martin, Jr. (7)	4,567	273,606	0	3,192	*
Michael A. Miles (9)	21,864	63,803	0	0	*
Kenneth J. Novack (10)	15,395	1,457,772	0	0	*
Olaf Olafsson (7)	20,990	419,119	6,368	12,178	*
Deborah C. Wright	4,319	9,637	0	0	*
All current directors and executive officers (18 persons) as a group (2)-(10)	676,320	8,334,130	64,447	135,308	*

\* Represents beneficial ownership of less than one percent of the issued and outstanding Common Stock as of January 31, 2010.

- (1) Beneficial ownership as reported in the above table 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. The table includes the following equity securities of the Company beneficially owned by the named persons or group as of January 31, 2010: (i) shares of Common Stock and restricted stock (reported under the Number of Shares column), (ii) options to purchase Common Stock, (iii) performance stock units ( PSUs ) that represent a contingent right to receive shares of Common Stock upon

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satisfaction of certain performance criteria and (iv) restricted stock units ( RSUs ) that represent a contingent right to receive shares of Common Stock.

In addition, under 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. As described below, such participants do not have any right to vote or receive any Common Stock in connection with 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, 19,837 share equivalents; Mr. Bollenbach, 19,473 share equivalents; and Mr. Miles, 4,513 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, 2010. These shares are not included in the Number of Shares column.
- (3) Reflects shares of Common Stock that were issuable upon the vesting of PSUs on or within 60 days of January 31, 2010. These shares are not included in the Number of Shares column.
- (4) Reflects shares of Common Stock that were issuable upon the vesting of RSUs on or within 60 days of January 31, 2010. 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 and 2,150 shares of Common Stock held by a trust of which Mr. Barksdale is the sole trustee and beneficiary.
- (6) In February 2010, Mr. Barr purchased 7,350 shares of Common Stock.
- (7) Includes (a) an aggregate of approximately 36,691 shares of Common Stock held by a trust under the Time Warner Savings Plan for the benefit of directors and executive officers of the Company (including 31,456 shares for Mr. Bewkes, 881 shares for Mr. Martin, 230 shares for Mr. Cappuccio, 252 shares for Ms. Fili-Krushel and 242 shares for Mr. Olafsson), (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.
- (8) In March 2010, Mr. Hassan purchased 34,000 shares of Common Stock.
- (9) The number of shares held by Messrs. Bollenbach and Miles includes 348 shares of restricted stock held by each director.
- (10) Includes 91 shares of Common Stock held by an irrevocable trust for the benefit of Mr. Novack s children, one of whom shares his household, and 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 trust and the Novack Family Foundation.

**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, 2009:

Name and Address of Beneficial Owner	Shares of Stock	
	Beneficially Owned	Percent of Class
Capital Research Global Investors (1) 333 South Hope Street Los Angeles, CA 90071	90,219,406	7.7%
BlackRock, Inc. (2) 40 East 52 <sup>nd</sup> Street New York, NY 10022	70,221,170	6.0%
Dodge & Cox (3) 555 California Street, 40 <sup>th</sup> Floor San Francisco, CA 94104	61,346,169	5.3%

(1) Based solely on a Schedule 13G/A filed by Capital Research Global Investors with the SEC on February 10, 2010.

(2) Based solely on a Schedule 13G filed by BlackRock, Inc. with the SEC on January 29, 2010.

(3) Based solely on a Schedule 13G/A filed by Dodge & Cox with the SEC on February 12, 2010.

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**AUDIT-RELATED MATTERS**

**Report of the Audit and Finance Committee**

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

**Independent Auditors and Internal Audit Matters.** The 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 2009, the 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 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 Committee concerning independence. The 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 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 Committee has also appointed, subject to stockholder ratification, Ernst & Young LLP as the Company's independent auditors for 2010, and the Board concurred in its appointment.

The 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 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 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 compliance matters. The Committee has previously reviewed and recommended that the Board of Directors

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approve the Company's Standards of Business Conduct, which forms the cornerstone of the Company's ethics and compliance program. The 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, 2009.** 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 conformity of the consolidated financial statements with U.S. generally accepted accounting principles and (ii) the effectiveness of the Company's internal control over financial reporting.

In this context, the 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, 2009. Management represented to the 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 2009 year-end financial statements, the 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 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 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 conformity of the Company's annual financial statements 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 and in light of its role and responsibilities, the 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 fiscal year ended December 31, 2009 for filing with the SEC.

*Members of the Audit and Finance Committee*

Stephen F. Bollenbach (Chair)

Robert C. Clark

Jessica P. Einhorn

Fred Hassan

Deborah C. Wright

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

The Audit and Finance 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



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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 and Finance 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 and Finance 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 and Finance 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 and Finance 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 and Finance Committee, and the Chair must report his pre-approval decisions to the Audit and Finance Committee at its next regular meeting. The Pre-Approval Policy is designed to help ensure that there is no delegation by the Audit and Finance Committee of authority or responsibility for pre-approval decisions to management of the Company. The Audit and Finance Committee monitors compliance by management with the Pre-Approval Policy by requiring management, pursuant to the Pre-Approval Policy, to report to the Audit and Finance 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 and Finance Committee is responsible for the appointment, compensation, retention and oversight of the work of the independent auditors. Accordingly, the Audit and Finance Committee has appointed Ernst & Young LLP to perform audit and permissible non-audit services for the Company and its subsidiaries.

The aggregate fees billed by Ernst & Young LLP to the Company for services with respect to the years ended December 31, 2009 and 2008 are as follows:

**Fees of the Independent Auditors**

	2009	2008
Audit Fees (1)	\$ 23,272,000	\$ 26,149,000
Audit-Related Fees (2)	2,196,000	7,923,000
Tax Fees (3)	2,026,000	2,327,000
All Other Fees		
<b>Total Fees for Services Provided</b>	<b>\$ 27,494,000</b>	<b>\$ 36,399,000</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

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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) audits for potential asset dispositions and reorganizations; (b) agreed-upon procedures or expanded audit procedures to comply with contractual arrangements or regulatory reporting requirements; (c) audits of employee benefit plans; and (d) 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 and Finance Committee pursuant to the waiver of pre-approval provisions set forth in the applicable rules of the SEC.

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**COMPENSATION**

**General**

Unless otherwise specified, the reference to "as adjusted" refers to adjustments due to the Cable Separation, the Reverse Stock Split and the AOL Separation.

**Director Compensation**

The Company's Nominating and Governance 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 accordance with the Nominating and Governance Committee's charter, the Committee reviews information on compensation paid to non-employee directors at other public companies that is provided by an independent consultant. Executive officers of the Company and other members of management help coordinate the delivery of materials containing the information provided by the Committee's independent consultant to the 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 and Governance Committee.

From 2005 through 2009, the Board-approved total annual director compensation program consisted of (i) a cash retainer of \$100,000, (ii) options to purchase 3,853 shares of Common Stock (as adjusted) and (iii) an award of RSUs valued at \$75,000. This compensation program was designed to comply with the guidelines set forth in the Company's Corporate Governance Policy, prior to the amendments made to the policy in December 2009.

During 2009, the Committee engaged Steven Hall & Partners as the Committee's independent consultant to provide advice to the Committee in terms of both the structure and level of non-employee director compensation. In providing the services, the independent consultant (i) compared the Company's compensation program and policies for non-employee directors against the programs and policies of peer companies, (ii) made recommendations regarding the Company's compensation program and policies for non-employee directors and (iii) updated the Committee on trends and best practices in director compensation. In December 2009, upon the recommendation of the Nominating and Governance Committee, the Board approved a revised compensation program for non-employee directors, which sets each non-employee director's overall compensation at \$250,000, consisting of (i) a cash retainer of \$125,000 and (ii) equity grants having an aggregate fair value of \$125,000 (\$85,000 in RSUs and \$40,000 in stock options). The compensation will be effective for directors elected at the 2010 Annual Meeting. The overall compensation level places Time Warner near the median for its peer group. Under the revised program, the RSUs and stock options granted to non-employee directors after December 2009 will vest fully in one year. Finally, the revised program provides that new directors who join the Board after an annual meeting of stockholders will receive a pro-rated share of cash and equity (consisting of both RSUs and stock options).

As noted above, the Board revised its Corporate Governance Policy to provide that non-employee directors are expected to hold a minimum of 10,000 shares of Common Stock within five years of joining the Board (rather than 5,000 shares within three years of joining the Board). The Board also amended the Corporate Governance Policy to remove the provision that non-employee director compensation be set at the 75<sup>th</sup> percentile among the Company's peer group, which is consistent with the elimination of a target percentile for executive compensation and reflects the Board's view that it

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should not tie compensation to a specific peer group percentile and the fact that such compensation, as revised, is at approximately the median among the Company's peer group. For a discussion of other related amendments to the Corporate Governance Policy, see Corporate Governance and Board Matters.

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 compensation for his Board activities.

**Cash Retainer.** During 2009, each non-employee director elected at the 2009 Annual Meeting of Stockholders received an annual cash retainer of \$100,000, unless the director elected to defer receipt of all or part of the retainer pursuant to the Company's deferred compensation plan for non-employee directors. Commencing in 2010, the annual cash retainer has been increased to \$125,000. The cash retainer is intended to provide a balance between cash and equity compensation, as well as to allow our directors to use the cash to pay taxes on their RSUs as they vest without having to sell shares to pay those taxes. Messrs. Barr and Hassan, each of whom joined the Board after the 2009 Annual Meeting of Stockholders, each received a pro-rated cash retainer, as set forth in the Director Compensation for Fiscal Year 2009 table below. The revised compensation program provides that new directors who join the Board after an annual meeting of stockholders will receive a pro-rated cash retainer.

### ***Options.***

**Options Granted in 2009 and Prior Years.** In prior years (through December 2009), each non-employee director who had served for at least six months received a grant of options to purchase 3,853 shares of Common Stock (as adjusted) on the day following the annual meeting. In addition, each new non-employee director who was elected or appointed to the Board of Directors for the first time received an initial grant of options to purchase 3,853 shares of Common Stock (as adjusted) (or such greater number of options as determined by the Board of Directors for recruitment purposes).

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 in installments of 25% over a four-year period 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 for votes of the votes cast in an uncontested election of directors.

In 2009, each non-employee director elected at the 2009 Annual Meeting of Stockholders received a grant of options to purchase 3,853 shares of Common Stock (as adjusted). Messrs. Barr and Hassan also received an initial grant of options to purchase 3,853 shares of Common Stock (as adjusted) upon their appointment to the Board in 2009. Stock options were granted to directors from the Time Warner Inc. 1999 Stock Plan through October 28, 2009, when the plan terminated. Stock options granted to directors after that date were made from the Time Warner Inc. 2006 Stock Incentive Plan (the 2006 Stock Incentive Plan).

**Options Granted After 2009.** Grants of stock options to non-employee directors in 2010 will be made under the 2006 Stock Incentive Plan. Under the revised compensation program for non-employee

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directors, each non-employee director who is elected to the Board at an annual meeting of stockholders will receive a grant of options to purchase Common Stock having a fair value of \$40,000 (rather than a fixed number of stock options) on the date of grant, which is the date following the annual meeting at which the director was elected. The number of stock options granted with a fair value of \$40,000 will be 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 options. The revised compensation program provides that new directors who join the Board after an annual meeting of stockholders will receive a pro-rated share of stock options. All stock options granted to non-employee directors after December 2009 will have the same terms regarding the determination of exercise price as stock options granted prior to December 2009. However, the grants will vest fully in one year (rather than in installments of 25% over a four-year period).

***Restricted Stock Units.***

*RSUs Granted in 2009.* Following the 2009 Annual Meeting of Stockholders, each non-employee director who had served for at least six months received an award of RSUs under the 2006 Stock Incentive Plan having a value of approximately \$75,000 on the date of grant, which was the date following the annual meeting of stockholders. 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 granted based on the \$75,000 value was determined by dividing \$75,000 by the fair market value of the Common Stock on the date of grant, which is the closing price of a share of Common Stock as reported on the NYSE Composite Tape. Any non-employee director who joined the Board after the Company's annual meeting of stockholders was not eligible to receive an award of RSUs until the next annual meeting of stockholders.

All of the RSUs granted to non-employee directors in 2009 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 RSUs) in equal annual installments on the first four anniversaries of the first day of the month in which the RSUs were granted. The RSUs will 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 all 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.

Each non-employee director elected at the 2009 Annual Meeting of Stockholders received a grant of 3,438 RSUs (as adjusted). Messrs. Barr and Hassan did not receive any grant of RSUs in 2009 because they were appointed to the Board after the 2009 Annual Meeting of Stockholders.

*Restricted Stock Units Granted After 2009.* Beginning in 2010, each non-employee director who is elected to the Board at an annual meeting of stockholders will receive a grant of RSUs to purchase Common Stock having a fair value of \$85,000 (rather than \$75,000) on the date of grant, which is the

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date following the annual meeting at which the director was elected. The number of RSUs granted based on the \$85,000 value will be based on the closing sale price of a share of Common Stock as reported on the NYSE Composite Tape on the date of grant. In addition, new directors who join the Board after an annual meeting of stockholders will receive a pro-rated share of RSUs. All RSUs to be granted to non-employee directors in 2010 under the 2006 Stock Incentive Plan will have the same terms regarding voting and dividend equivalents as described above. However, the grants will vest fully in one year (rather than in installments of 25% over a four-year period).

**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, 2009, the aggregate incremental cost to the Company of these Company products, events and related expenses was less than \$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 the non-employee director's or spouse's attendance at such events. No such taxes were incurred by any director in 2009.

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. Any 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.

**Retention 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, as amended in December 2009, 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. In connection with the increase in the number of shares expected to be held from 5,000 to 10,000, the stock retention guidelines for future grants of stock options to non-employee directors was removed.

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***Deferred Compensation Plan.*** The Company has 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. Certain of the Company's directors participated in this plan due to service as a director of Historic TW. If Mr. Miles 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. Messrs. Mark and Parsons, each of whom did not stand for re-election at the 2009 Annual Meeting of Stockholders, also served as non-employee directors of Historic TW. Each received an initial payment of \$30,000 in June 2009. Messrs. Mark and Parsons will receive the annual payment of \$30,000 for a total of three years and four years, respectively, based on the number of years each director served as a non-employee director of Historic TW prior to May 1996.

The Company also had a prior deferred compensation plan for non-employee directors under which the directors could 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 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 Messrs. Bollenbach and Miles. In addition, each of Messrs. Novack and Parsons receives retirement benefits under the terms of the Company's benefit plans as a result of his past service as an executive officer of the Company.

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The table below sets forth 2009 compensation information regarding the Company's non-employee directors (including non-employee directors who served on the Board for only part of 2009). The material factors necessary to understand the director compensation set forth in the table are described in "Director Compensation" above. The share and equity award information set forth in the table and footnotes below have been adjusted due to the Cable Separation, the Reverse Stock Split and the AOL Separation, as applicable. All references to the price of the Common Stock prior to March 27, 2009 reflect adjustments giving effect to the Reverse Stock Split.

**DIRECTOR COMPENSATION****FOR FISCAL YEAR 2009**

Name	Fees Earned	Stock	Option	Non-Equity	Change in Pension Value and Nonqualified Deferred	All Other	Total
	or Paid in Cash	Awards (1)(2)	Awards (2)(3)	Incentive Plan Compensation	Compensation Earnings (4)	Compensation (5)	
Herbert M. Allison, Jr. (6)	\$	\$	\$				\$
James L. Barksdale	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
William P. Barr (7)	\$ 84,660	\$	\$ 27,923				\$ 112,583
Stephen F. Bollenbach (4)	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Frank J. Caufield	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Robert C. Clark	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Mathias Döpfner	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Jessica P. Einhorn	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Fred Hassan (7)	\$ 57,810	\$	\$ 31,077				\$ 88,887
Reuben Mark (5)(8)	\$	\$	\$			\$ 90,000	\$ 90,000
Michael A. Miles	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Kenneth J. Novack	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,547
Richard D. Parsons (5)(8)	\$	\$	\$			\$ 926,954	\$ 926,954
Deborah C. Wright	\$ 100,000	\$ 75,014	\$ 22,533				\$ 197,548

- (1) The amounts set forth in the Stock Awards column represent the aggregate grant date fair value of 3,438 RSU awards granted by the Company to non-employee directors on May 29, 2009, as computed in accordance with accounting guidance. 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 vested RSU award will depend on the performance of the Company's stock in future years. For additional information about the weighted average assumptions used to determine the grant date fair value of the RSU awards granted in 2009, see Note 10 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, 2009 (the "2009 Form 10-K"). The awards of RSUs granted in 2009 vest in increments of 25% on May 1 of each year, beginning on May 1, 2010, 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 any 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 (including non-employee directors who served on the Board for only part of 2009) on December 31, 2009.

Name	Total Stock Awards (Restricted Stock and RSUs) Outstanding at 12/31/09	Total Option Awards Outstanding at 12/31/09
Herbert M. Allison, Jr.		
James L. Barksdale	6,475	71,264
William P. Barr		3,853
Stephen F. Bollenbach	6,823	73,431
Frank J. Caufield	6,475	71,264
Robert C. Clark	6,475	23,118
Mathias Döpfner	5,954	14,448
Jessica P. Einhorn	6,475	19,265
Fred Hassan		3,853
Reuben Mark		69,578
Michael A. Miles	6,823	73,431
Kenneth J. Novack	6,475	1,467,400
Richard D. Parsons		3,717,102
Deborah C. Wright	6,475	19,265

As of December 31, 2009, Mr. Parsons held 49,422 target PSUs with a performance period that ended on December 31, 2009. The number of target PSUs reflects a pro rata portion of Mr. Parsons' original target PSUs based on Mr. Parsons' period of service during the 2007-2009 performance period. On March 2, 2010, a portion of the target PSUs vested based on the Company's performance during the performance period and 34,052 shares of Common Stock were issued.

- (3) The amounts set forth in the Option Awards column represent the aggregate grant date fair value of stock option awards granted by the Company in 2009, as computed in accordance with accounting guidance. On May 29, 2009, the Company awarded options to purchase 3,853 shares of Common Stock to each of Messrs. Barksdale, Bollenbach, Caufield, Clark, Döpfner, Miles and Novack and Meses. Einhorn and Wright. The Company awarded options to purchase 3,853 shares of Common Stock to each of Messrs. Barr and Hassan on July 23, 2009 and October 29, 2009, respectively, when they joined the Board.

The grant date fair value of the stock options awarded to the non-employee directors on May 29, 2009 was determined using the Black-Scholes option pricing model based on the following assumptions: an expected volatility of 32.5%; an expected term to exercise of 7.61 years from the date of grant; a risk-free interest rate of 3.0%; and a dividend yield of 3.2%. The grant date fair value of Mr. Barr's stock options awarded on July 23, 2009 was calculated using the Black-Scholes option pricing model, based on the following assumptions: an expected volatility of 30.2%; an expected term to exercise of 7.61 years from the date of grant; a risk-free interest rate of 3.5%; and a dividend yield of 2.7%. The grant date fair value of Mr. Hassan's stock options awarded on October 29, 2009 was calculated using the Black-Scholes option pricing model, based on the following assumptions: an expected volatility of 30.1%; an expected term to exercise of 7.61 years from the date of grant; a risk-free interest rate of 3.2%; and a dividend yield of 2.5%. For additional information about the weighted-average assumptions used to determine the grant date fair value of options granted in 2009, see Note 10 to the Company's consolidated financial statements included in the 2009 Form 10-K. The discussion in the foregoing note to the

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Company's consolidated financial statements 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 extent to 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) 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 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. All earnings on the cash compensation deferred pursuant to a deferred compensation plan for non-employee directors previously maintained 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. None of the earnings in 2009 under either deferred compensation plan was above-market. Mr. Bollenbach elected to defer receipt of 100% of his 2009 cash compensation pursuant to the terms of the Time Warner Inc. Deferred Compensation Plan for Non-Employee Directors.
- (5) Messrs. Mark and Parsons served as non-employee directors and participated in the Time Warner Retirement Plan for Outside Directors that had been maintained prior to 1996. Because Messrs. Mark and Parsons retired from the Time Warner Board in May 2009, each is entitled to receive an annual payment of \$30,000 for three years and four years, respectively, pursuant to this plan. The amount shown in the All Other Compensation column with respect to Mr. Mark consists of the sum of (i) \$60,000 accrued for cash payments to be made after 2009 pursuant to the Time Warner Retirement Plan for Outside Directors and (ii) the cash payment of \$30,000 made in 2009 pursuant to the plan following his retirement from the Board. The amount shown in the All Other Compensation column with respect to Mr. Parsons consists of a sum of (i) \$612,919 for the cost of providing him with office space and secretarial services during 2009, (ii) \$168,991 for the Company's payment of premiums during 2009 with respect to split-dollar life insurance policies for Mr. Parsons, (iii) \$90,000 accrued for cash payments to be made after 2009 pursuant to the Time Warner Retirement Plan for Outside Directors, (iv) the cash payment of \$30,000 made in 2009 pursuant to the plan following his retirement from the Board, (v) \$25,000 for the reimbursement of three months of financial services and (vi) the cost of providing representative samples of the Company's products. The office space and secretarial services and reimbursement of fees for three months of financial services were provided following Mr. Parsons' retirement from the position of Chairman of the Board of the Company, effective at the end of December 31, 2008, in accordance with Mr. Parsons' employment agreement with the Company. An amount of \$801,000 was accrued for such services as of December 31, 2008 (\$776,000 for office space and secretarial services and \$25,000 for the reimbursement of financial services fees) and was previously reported in the All Other Compensation column of the Summary Compensation Table for Fiscal Year 2008 in the Company's 2009 Proxy Statement. With respect to Mr. Parsons' split-dollar life insurance policies, the Company expects to recover the net after-tax cost of all premiums paid by the Company under these policies (including the premium amounts paid in 2009) from proceeds distributed following Mr. Parsons' death or from the policies' cash surrender value if Mr. Parsons chooses to surrender these policies prior to his death.

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- (6) As a result of Mr. Allison's resignation as a director on April 22, 2009 to serve in a government position, his options to purchase 3,853 shares of Common Stock vested at such time and were exercisable for a period of three years. In September 2009, in connection with his employment with the U.S. Federal government, Mr. Allison voluntarily and irrevocably cancelled the stock options granted to him. Because Mr. Allison resigned from the Board prior to the Company's 2009 Annual Meeting of Stockholders, he did not receive a cash retainer fee or a grant of RSUs in 2009.
- (7) Messrs. Barr and Hassan were elected to the Board on July 23, 2009 and October 29, 2009, respectively. Mr. Barr was paid a cash retainer of \$84,660 and Mr. Hassan was paid a cash retainer of \$57,810, each pro-rated from the \$100,000 annual cash retainer fee, based on the time that each individual will serve as a director of the Company from election to the 2010 Annual Meeting of Stockholders (assumed to be the anniversary of the date of the 2009 annual meeting for the purposes of the calculations). In accordance with the Company's compensation program for non-employee directors, each of Messrs. Barr and Hassan was also granted options to purchase 3,853 shares of Common Stock. Because Messrs. Barr and Hassan joined the Board after the Company's 2009 Annual Meeting of Stockholders and prior to the adoption of the revised compensation program for non-employee directors (as described above), they did not receive a grant of RSUs during 2009.
- (8) Each of Messrs. Mark and Parsons served as a director until the 2009 Annual Meeting of Stockholders on May 28, 2009 and retired from the Board and did not stand for re-election at the 2009 Annual Meeting.

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

The Compensation Discussion and Analysis ( CD&A ) describes the compensation provided to the Company's named executive officers for services provided to the Company in 2009, including the principles and processes used in determining their compensation. The following table lists the names of the Company's named executive officers, their respective positions at the Company during 2009, and their respective years of service as executives of the Company and/or its subsidiaries as of December 31, 2009:

<b>Name</b>	<b>Position with the Company During 2009</b>	<b>Years of Service at the Company and/or Its Subsidiaries</b>
Jeffrey L. Bewkes	Chairman and Chief Executive Officer	Over 30 years
John K. Martin, Jr.	Executive Vice President and Chief Financial Officer	Over 14 years
Paul T. Cappuccio	Executive Vice President and General Counsel	Over 10 years
Patricia Fili-Krushel	Executive Vice President, Administration	Over 17 years
Olaf Olafsson	Executive Vice President	Over 10 years

The CD&A is organized as follows. *First*, it discusses key developments in the Company's executive compensation during 2009. *Second*, it discusses the roles of the Compensation and Human Development Committee (the Committee), the Board, members of management of the Company, and the Committee's independent consultant in establishing executive compensation. *Third*, it discusses the Committee's executive compensation philosophy and how that philosophy is reflected in the Company's executive compensation program. *Fourth*, it discusses how the Committee applied that philosophy in determining compensation for the Company's Chairman and CEO and the other named executive officers of the Company for 2009. *Finally*, the CD&A discusses other significant policies and matters related to executive compensation.

**Key Developments in Executive Compensation for 2009**

While the Company's executive compensation philosophy and principles did not change during 2009, the Committee took a number of steps to refine the Company's compensation programs in light of market conditions and structural changes at the Company, as well as to maintain the tax-deductibility of annual bonuses.

The Committee did not change the base salaries, annual bonus target or annual target long-term incentive compensation of the named executive officers for 2009 due to the economic environment in which the Company was operating at the end of 2008 and the uncertainty regarding whether the economy would improve during 2009. Although Mr. Bewkes' employment agreement provided for an increase in base salary as a result of his promotion to Chairman in addition to CEO, Mr. Bewkes declined the increase, as discussed in more detail in this CD&A. In addition, as noted below, in 2009, the Company reduced the amount it will reimburse the named executive officers for financial planning services and established a cap on the value of post-termination office space and secretarial support.

During 2009, in light of the Cable Separation and the AOL Separation, the Committee modified the peer groups that it uses when reviewing and determining compensation targets and levels. It refined the media peer group (now called the entertainment peer group) to eliminate the less relevant subgroups of telecommunications and internet companies, reflecting the Company's content-focused businesses. It modified the broader industry peer group to include multi-national consumer-facing companies with revenues in the same range as the Company's revenues.

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The Committee also determined to discontinue its use of a third peer group, which previously consisted of companies with annual revenues above \$20 billion that participated in Towers Perrin's executive compensation database. In 2009, the Committee also determined that it would continue its practice of utilizing peer group information, but, consistent with the Committee's actions in practice, would not target a specific percentile or use strict benchmarking of total direct compensation.

The Annual Incentive Plan for Executive Officers (the Annual Incentive Plan) was approved at the 2009 Annual Meeting of Stockholders. The Annual Incentive Plan, which uses a performance measure based on the achievement of positive net income, is designed to allow the Company to pay annual cash bonuses to certain executive officers that qualify as performance-based compensation that is deductible by the Company for income tax purposes under Section 162(m) of the Internal Revenue Code. The bonus awards for 2009 were determined within the framework of the Annual Incentive Plan.

**Roles of the Compensation Committee and Others in Establishing Executive Compensation**

*Role of the Committee*

The Committee is responsible for approving the compensation of, and employment agreements with, the Company's named executive officers, the Company's other executive officers, the divisional chief executive officers, and other executives whose annual target compensation is greater than an amount designated in the Committee's charter. In addition, the Committee is responsible for (i) overseeing the compensation practices and benefits programs that apply to the Company's employees generally, including with respect to the risks to the Company presented by such practices and programs, (ii) reviewing the Company's disclosures to stockholders regarding executive compensation, (iii) approving long-term incentive awards, including stock options, restricted stock units (RSUs), and performance stock units (PSUs), and (iv) overseeing the Company's human development programs. The Committee regularly meets in executive session without members of management present.

Each year, the Committee takes the following key actions in carrying out its responsibilities:

At the beginning of each year, the Committee approves the salary, bonus target, and long-term incentive awards for each executive officer; it also approves the Company-wide financial and individual performance goals to be used in assessing annual performance and determining the annual bonuses for the year.

During the course of the year, the Committee reviews and approves any new employment agreements for executive officers and certain other employees; reviews, approves or recommends changes in, as appropriate, the perquisites and benefits provided to executives, the peer groups used for benchmarking purposes and the Company's existing executive compensation programs and policies and reviews the Company's executive compensation disclosures, management's assessment of the risks related to the Company's compensation practices and programs and the Company's human development programs, including programs designed to attract, retain, and develop employees at all levels of the Company structure.

At the conclusion of the year, the Committee reviews the Company's and management's performance against financial and individual goals as part of determining any bonus to be approved and paid for that year's performance. It also reviews the status of performance through

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the end of the year for long-term incentive programs that have pay-outs determined by performance over a period of multiple years, such as the PSUs.

Additionally, the Committee conducts an initial review of recommendations regarding salary, bonus target, and long-term incentive awards for each of the executive officers to be approved for the following year.

The Committee's approach generally is to discuss significant executive compensation matters over the course of at least two meetings. For example, in December, the Committee typically discusses preliminary estimates of the Company's financial performance, individual performance evaluations and recommendations regarding annual bonuses, and then in January discusses these matters a second time and approves the bonuses to be paid. This approach is designed to provide the Committee members with time extending over more than one meeting to receive and review information on executive compensation matters, to discuss the information among themselves and with the Committee's independent compensation consultant, and to reflect on the information and discussions.

### ***Role of the Board***

The Board receives reports from the Committee on its actions and recommendations following every Committee meeting and acts as it determines appropriate on the Committee's recommendations. The Board has retained authority to approve new executive compensation plans, new equity plans and material amendments to existing executive compensation plans and delegated authority with respect to other executive compensation matters to the Committee. The Board also reviews the Company's executive compensation and benefits programs each year, including the key terms of employment agreements for the named executive officers.

### ***Role of Management***

To assist the Committee in carrying out its responsibilities, management—including employees in the global compensation and benefits, finance and legal departments of the Company—regularly prepares briefing materials for the Committee that are generally reviewed by the Chairman and CEO (Mr. Bewkes), the Executive Vice President, Administration (Ms. Fili-Krushel) and members of the legal department prior to being provided to the Committee. The Chairman and CEO, the Executive Vice President, Administration, the Senior Vice President, Global Compensation and Benefits, and the Vice President, Compensation, attend Committee meetings. The Chairman and CEO and Executive Vice President, Administration participate in the Committee's review of the performance of the other named executive officers. The global compensation and benefits department and other senior executives are responsible for implementing and maintaining the compensation programs approved by the Committee, establishing internal controls and guidelines for global compensation and benefits programs, and coordinating with the Committee's independent compensation consultant to provide him information with respect to executive compensation matters in connection with his role advising the Committee.

### ***Role of Independent Compensation Consultant***

The Committee has retained John England as its independent executive compensation consultant since 2002. Mr. England was a Managing Principal of Towers Perrin and Towers Watson (following the merger of Towers Perrin and Watson Wyatt Worldwide, Inc.) through January 2010 and is currently associated with Pay Governance LLC. Mr. England provides advice to the Committee on

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matters related to the fulfillment of the Committee's responsibilities under its charter. Accordingly, Mr. England advises the Committee on a wide range of executive compensation matters, including the overall design of the executive compensation program, competitive market data, and all other matters related to compensation for the Company's senior executives.

Mr. England attends all meetings of the Committee. At each meeting, Mr. England meets with the Committee in executive session without members of management present. He also communicates with members of the Committee outside of the Committee's meetings as desired by the Committee members. Mr. England reviews briefing materials, including those with respect to individual compensation matters, prepared by management for the Committee members, reviews recommendations and proposals being submitted to the Committee, and provides advice and recommendations to the Committee regarding the recommendations of management, including whether, in his opinion, management's proposal should be accepted as presented, modified or rejected. Mr. England also gathers and provides competitive market data and other background information for consideration by the Committee.

During 2009, at the Committee's request, Mr. England (i) provided competitive market data on compensation (including perquisites and severance benefits) for executives; (ii) conducted analyses related to proposed executive employment agreements and compensation levels; (iii) reviewed modifications to the design of the PSU program; (iv) reviewed proposed new peer groups to be used by the Committee with respect to the named executive officers; (v) provided advice with respect to executive compensation matters, including long-term incentive programs and the adoption of a new annual incentive plan, share utilization and pay mix; (vi) reviewed annual proxy statement disclosures; (vii) assisted the Committee with its annual charter review; (viii) advised the Committee on the adoption of a new stock incentive plan; and (ix) advised the Committee about regulatory and legislative updates. For additional information regarding the compensation consultant, see Compensation Independent Compensation Consultant.

## **Philosophy and Elements of Executive Compensation**

This section addresses the Committee's general compensation philosophy and how that philosophy is reflected in each component of the Company's executive compensation program.

### ***Five Key Principles***

The Committee is guided by the following five key principles in determining the compensation of the Company's senior executives:

*Competition.* 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 that 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.

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*Independence.* An independent committee of the Board should be responsible for reviewing and establishing the compensation for all of 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 to retain its own advisers, who report directly to the committee, to assist the committee in carrying out its responsibilities.

**Elements of Compensation for Executive Officers**

The Committee’s compensation philosophy is reflected in the elements of the Company’s executive compensation program. The Company’s compensation program for executive officers includes the following key components:

an annual base salary;

a performance-based annual cash bonus;

long-term incentive awards, generally consisting of a blend of stock options, RSUs, and PSUs; and

retirement, health and welfare and other benefit programs provided generally to employees and some additional executive benefits. In general, the elements of compensation reflect a focus on performance-driven compensation, a balance between short-term and long-term compensation, and a mixture of cash- and equity-based compensation. This approach is intended to provide executives with incentives to manage the Company’s business to return value to the stockholders over both short- and long-term horizons. Although the Committee has approved target bonus and long-term incentive amounts for each executive, it has not established specific targets or allocations for short-term versus long-term compensation or cash versus equity-based components of compensation.

The chart below summarizes how each component of executive compensation advances the Committee’s compensation philosophy.

	Compete to retain and attract talent	Hold accountable for business performance	Hold accountable for individual performance	Align with stockholders interests
Base Salary	Ö		Ö	
Bonus	Ö	Ö	Ö	Ö
Equity Awards	Ö	Ö	Ö	Ö
Benefit Programs	Ö			

**Base Salary.** The Committee believes that providing a competitive base salary to executives is appropriate in order to attract, retain, and motivate executives. Consistent with the Committee’s pay-for-performance approach, however, base salary generally represents the smallest component of the compensation program. In reviewing annual base salary, the Committee considers the nature and scope of each named executive officer’s responsibilities, the executive’s prior compensation and performance in his or her job, the pay levels of similarly situated executives within the Company, the terms of employment agreements, data on market compensation levels (including the compensation information for similar positions at companies in the peer groups described below) and general economic conditions.



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***Annual Bonus.*** The annual bonus is intended to provide the Company's named executive officers with a competitive level of compensation, provided that the Company and executive achieve satisfactory performance. In addition, annual bonuses reinforce accountability for both business and individual performance, because bonus payments are tied to the achievement of the Company's financial goals and the executive's individual goals for the year. Further, the Company financial measures used in determining bonuses are intended to advance stockholder interests by improving the value of the Company.

The Committee exercises discretion in determining the actual bonus amount paid (if any) to executive officers. The Company takes the following steps in determining annual bonuses for the named executive officers.

***Bonus Target.*** First, each named executive officer has a bonus target that represents the amount the Company would expect to pay the executive each year if the Company and individual achieve satisfactory performance. As with the base salary, the Committee reviews the bonus target taking into consideration the nature and scope of each executive's responsibilities, the bonus targets of similarly situated executives within the Company, the target bonus amount specified in the executive's employment agreement, and data based on competitive market information.

The bonus target is generally expressed as a dollar amount or a percentage of the executive's base salary, and the minimum bonus target is generally contained in the employment agreement for the executive. The Committee may approve increases in the target bonus from what is specified in the employment agreement.

***Performance Goals.*** Second, at the outset of each year, the Committee approves the Company financial criteria and individual performance goals for each executive officer to be used in determining the bonuses for that year. The financial framework and individual goals are intended not only to guide the executives' actions, but also to assist the Committee at the end of the year in exercising its discretion in determining the bonuses to be paid to the executive officers.

***Evaluation Against Goals and Determination of Bonuses.*** Third, at the end of the year, the Committee evaluates the Company's performance in the context of its financial criteria and the performance of the named executive officers against their individual goals, and the Committee then exercises its discretion in determining the annual bonus to be paid to the executive officers, which may be higher or lower than the amount that would result from application of the individual and Company performance goals. To assist the Committee in the exercise of its discretion, management provides the Committee with an assessment of the Company's financial performance, and each executive officer prepares a self-assessment of his or her performance against the individual goals approved by the Committee. The Committee has considered, and may continue to consider, other factors in establishing the bonus for each named executive officer beyond the strict application of a formula. The factors considered by the Committee with respect to bonuses for 2009 are described below.

***Annual Incentive Plan.*** For executives who are subject to Section 162(m) of the Internal Revenue Code, the preceding steps take place within the framework of the Annual Incentive Plan, which was approved at the 2009 Annual Meeting of Stockholders. The Annual Incentive Plan, which uses a performance measure based on the achievement of positive net income, is designed to allow the Company to pay annual cash bonuses to certain executive officers that qualify as performance-based compensation that is deductible by the Company for income tax purposes under Section 162(m) of the Internal Revenue Code. The Annual Incentive Plan provides that the annual tax deductible maximum bonus that can be paid to each participant pursuant to the plan is the lower of 1.5% of the Company's Adjusted Net Income for such year and \$20 million. The

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maximum bonuses that can be paid under the Annual Incentive Plan and be deducted are expected to be substantially above the target bonuses for executives. After the end of a year, when the Committee evaluates the named executive officer's performance and determines the actual bonuses to be paid, the Committee exercises its discretion to approve bonuses, generally lower than the maximum bonuses that could be paid under the Annual Incentive Plan although the Committee has the authority to approve a bonus higher than such maximum bonus amount outside the Annual Incentive Plan.

***Long-Term Incentives.*** The long-term incentive awards are designed not only to provide the named executive officers with an opportunity to earn a competitive level of compensation, but also to advance the principle of pay-for-performance, to align the executives' interests with those of the stockholders, and to provide a significant retention tool. Specifically, stock options are designed to incent and reward executives for increases in stockholder value—executives earn nothing from the stock options unless the value of the Common Stock increases following the grant. RSUs are intended to incent and reward executives to remain with the Company, as well as to align executives' interests with those of stockholders even during periods of stock market fluctuations when stock options may have no realizable value. PSUs are designed to incent and reward executives based on (i) the Company's relative total stockholder return as compared to that of the other companies in the S&P 500 Index and (ii) beginning with the grants made in 2009, the Company's growth in Adjusted Earnings Per Share ( Adjusted EPS ) relative to that of the other companies in the S&P 500 Index. To help promote retention, stock options vest in equal annual installments over four years, RSUs generally vest in two equal installments on the third and fourth anniversaries of the date of grant, and PSUs generally vest on the third anniversary of the date of grant based on the performance achieved for the performance period.

***Retirement Programs.*** The Company maintains qualified retirement programs for its employees, including (i) a qualified defined benefit pension plan in which a majority of domestic employees at Time Warner and its Divisions participate and (ii) a qualified savings plans in which almost all of the domestic employees at Time Warner and its Divisions are eligible to participate. The Company also maintains a nonqualified excess benefit pension plan and nonqualified deferred compensation programs in which the Company's executive officers and other eligible employees participate. These programs are discussed in more detail under Compensation Pension Plans and Compensation Deferred Compensation . The Company's retirement plans do not include the value of stock-based compensation awarded to, or exercised by, the named executive officer in determining the amount of retirement benefits accrued by the individual. These awards and benefits are not counted for the purposes of these plans so as not to inflate the executives' retirement benefits or introduce greater volatility into the Company's retirement and pension obligations. Similarly, the nonqualified deferred compensation programs that the named executive officers are eligible to participate in enable them to defer receipt of all or a portion of their annual cash bonuses, but do not provide for additional deferrals or contributions by the Company. Accordingly, the Company believes these programs permit the employees to plan and save for retirement while being mindful of the cost to the Company.

***Health and Welfare Programs.*** The Company maintains health and welfare programs that are generally available to all employees of Time Warner and its Divisions. These include medical coverage, vision and dental coverage, flexible spending account programs, and similar benefit programs. In offering these programs to executives, the Company's goals are to provide benefit programs that are competitive and that promote the hiring and retention of qualified employees. Employees earning higher base salaries pay a higher percentage of the cost of some of the health and welfare programs.

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**Personal Benefits.** The Company also makes available certain personal benefits to the named executive officers. During 2009, the named executive officers were eligible to receive reimbursement for financial planning services, dining club memberships used for business meals, and transportation-related benefits (including car services and use of the corporate aircraft in accordance with Company policies). The named executive officers also received representative samples of Company products, dining service benefits, life insurance benefits and, under limited circumstances, security services. Some personal benefits are available only to certain named executive officers, such as post-termination office space and secretarial support, and some benefits, although generally available to executive officers, were not used during 2009, such as dining club memberships used for business meals.

As part of its oversight of executive compensation, the Committee reviews and approves changes to the personal benefits the Company provides to executives on at least an annual basis, and has focused on reducing the personal benefits over the last several years. During 2009, the Company reduced the amount it will reimburse the named executive officers for financial planning services and established a cap on the value of post-termination office space and secretarial support. The Company believes the benefits provided to the executives are appropriate in type and amounts, reflect a limited portion of the total compensation paid to the executives, and are consistent with the competitive market. The personal benefits received by the named executive officers are discussed in more detail in connection with the Summary Compensation Table for Fiscal Year 2009.

**Employment Agreements.** Consistent with the Company's goal of attracting and retaining executives in a competitive environment, the Company has entered into employment agreements with each of the Company's executive officers. The terms of these employment agreements have been, and under the Committee's policies must be, reviewed and approved by the Committee in advance of presenting the proposed terms to the individual. While the agreements specify a minimum salary and annual bonus target, and contain an annual long-term incentive target value, the payment of annual bonuses and the grant of long-term incentive compensation awards are subject to the discretion of the Committee.

**Termination and Severance Packages.** The Committee believes that provisions in the employment agreements governing termination and severance arrangements are consistent with the Committee's compensation objectives to attract, motivate and retain highly talented executives in a competitive environment. The Company has determined the size and features of the termination and severance packages of the executive officers primarily in connection with the entry into employment agreements. The severance periods and other post-termination provisions of the employment agreements generally reflect the Company's negotiations with each individual executive officer and the Company's belief that the terms were appropriate under the circumstances based on the significance of the executive officer's position to the Company, the executive officer's service and tenure with the Company or its subsidiaries, and the amount of time it could take the individual to locate another position. Additionally, the Company believes that the termination and severance arrangements are generally consistent with those arrangements being offered by peer companies. The length of the severance period is generally two years for senior executives. The Committee generally has not considered the termination provisions in employment agreements as a factor in its decisions regarding overall compensation objectives or the elements of compensation for the executive officers. This is because the Company does not view the post-termination benefits as additional elements of annual or long-term compensation because an involuntary termination, change in control or other triggering event may never occur during the named executive officer's employment with the Company.

The treatment of the executive officers' outstanding equity awards upon various employment termination events is generally governed by the Company's equity compensation programs and equity

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award agreements, which were developed and considered by the Committee or the Board. The executive officers' respective employment or equity award agreements include negotiated provisions that provide more favorable terms for the treatment of their equity awards upon various employment termination events. The potential payouts to the named executive officers upon an employment termination event or a change in control of the Company on December 31, 2009 are described in Compensation Potential Payments Upon Termination of Employment or Change in Control .

**Change in Control.** Certain of the Company's compensation programs and arrangements contain provisions that, in the event of a change in control of the Company, increase the amount of compensation received or accelerate the receipt of compensation. The Company's equity compensation plans (other than with respect to PSUs) generally contain provisions that accelerate vesting either (i) in the event of an involuntary termination of employment other than for cause following a change in control of the Company or (ii) on the first anniversary of the change in control occurring. The acceleration of vesting in the event of a termination of employment advances the interests of both the employee and the entity by reducing the incentive for an employee to look immediately for a position with another company after a change in control transaction is announced in order to avoid the uncertainty of whether his or her employment will be terminated. The accelerated vesting after one year also benefits the entity or persons taking control in the transaction by providing an incentive for employees to remain with the Company following the transaction and providing the controlling entity sufficient time to identify the employees it wants to retain and to implement incentive programs designed to retain such employees over the longer term.

With respect to PSUs, a change in control of the Company or a Division would generally result in accelerated vesting. The number of PSUs that would vest following a change in control is determined based on the Company's actual performance level achieved through the date of the change in control (with pro rata vesting based on the time from the grant date until the date of the change in control) and an assumption that the target performance level would be achieved for the remainder of the performance period (with pro rata vesting based on the time from the date of the change in control until the last day of the performance period). The Company believes this approach to acceleration of vesting of equity awards is consistent with and advances the Company's interests because it does not tie the future vesting of these awards to the performance of a new entity. For more information regarding the treatment of equity awards held by the named executive officers in the event of a change in control of the Company, see Compensation Potential Payments Upon Termination of Employment or Change in Control.

As previously disclosed, the employment agreement for Mr. Bewkes, which was entered into in December 2007, provides that the Company will, under specific circumstances in the event of a change in control of the Company, make an additional payment to Mr. Bewkes if he becomes subject to the excise tax imposed under Section 4999 of the Internal Revenue Code. The employment agreements for the other named executive officers do not provide for such an additional payment as a result of a change in control of the Company. For more information regarding payments that may be triggered in the event of a change in control, see Compensation Potential Payments Upon Termination of Employment or Change in Control.

**Peer Groups.** As an important but not determinative factor in establishing executive compensation, the Committee reviews the compensation provided to executives in comparable positions at peer companies. In the Committee's view, this analysis helps to ensure that the total target compensation provided to the Company's senior executives is set at an appropriate competitive level to

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reward, attract and retain top performers over the long term. In 2009, the Committee determined that it would continue its practice of utilizing peer group information, but, consistent with the Committee's actions in practice for several years, would not target a specific percentile, which can lead to increases in compensation solely due to increases in compensation among peer group companies, or use strict benchmarking of total target direct compensation. Similarly, although the Committee is provided with information for the peer groups regarding the individual components of compensation, the Committee does not separately set targets for the different elements that compose total direct compensation, nor does it separately benchmark different elements of compensation against the different peer groups. See "Peer Groups" below for a description of the peer groups for which the Committee reviewed data in connection with 2009 compensation determinations.

## **2009 Compensation**

This section discusses the compensation for the Company's named executive officers in 2009, including how and why the Committee established that compensation in light of the processes, philosophy and framework discussed above. See "Compensation" Employment Agreements for summaries of the key terms of the respective employment agreements.

### ***2009 Base Salary***

The Committee did not change the base salaries of the named executive officers for 2009 due to the economic environment in which the Company was operating at the end of 2008 and the uncertainty regarding whether the economy would improve during 2009. Mr. Bewkes employment agreement provides that his base salary would be increased from \$1.75 million to \$2.0 million if the Board elected him to serve as Chairman of the Board as well as CEO. Mr. Bewkes was elected Chairman effective January 1, 2009. At that time, Mr. Bewkes declined the increase in his base salary, in recognition of the economic downturn and its potential impact on the Company's businesses and the decision not to increase the base salaries of other executive officers and senior corporate employees for 2009, and continued to receive a base salary of \$1.75 million during 2009.

### ***2009 Annual Bonuses***

The Committee determined bonuses for 2009 for Mr. Bewkes and each of the other named executive officers within the overall context of the Annual Incentive Plan, which is intended to comply with Section 162(m) of the Internal Revenue Code, and the framework discussed above.

***2009 Bonus Targets.*** In late 2008 and early 2009, the Committee approved annual bonus targets for Mr. Bewkes and the other named executives at the same levels as applied for 2008. In making these determinations, the Committee considered the same factors as those used in the determination of 2009 base salaries to be appropriate and applied them in determining 2009 bonus targets.

***2009 Performance Goals.*** In early 2009, the Committee approved Company financial criteria and individual performance goals to assist it in the determination of 2009 bonuses for the named executive officers. The underlying bonus framework included the Company's financial performance, representing 70% of the bonus determination, and the individual's goals, representing 30%. The Committee approved this 70/30 weighting because it emphasizes the importance of the Company's financial performance and reinforces individual accountability for the achievement of an executive's goals for the year. The use of these goals advances the components of the Company's compensation philosophy that individual executives be held accountable for both the performance of the business and

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their personal performance. Additionally, the Committee also considers whether the goals and targets that are set will support sustained growth in the Company's financial performance over the long term, without encouraging excessive short-term or longer-term risk-taking, thereby enhancing sustained stockholder value. While the Committee uses the goals and percentages as a guide in determining the bonuses to be paid to the executives, the Committee has the discretion to deviate from the results obtained from applying the percentage and goals in making its bonus determinations and it has done so in the individual 2009 bonus determinations.

The Company-wide financial criteria for 2009 included a range for each of (i) adjusted operating income before depreciation and amortization (known as Adjusted OIBDA\*) and (ii) Free Cash Flow,\* which correlated to a 50% and 150% rating for each of these measures. The Committee selected the Company financial measures because they are important measures of the Company's financial performance and are consistent with the measures on which the Company historically has focused its quarterly and annual earnings releases. Within the financial measures, the Committee assigned a weighting of 70% to Adjusted OIBDA and a weighting of 30% to Free Cash Flow, based on its view of the relative importance of these measures as indicators of the Company's operating performance over both the short and long term. Using the ranges for each measure as a guide and the weighting, the Committee assigns a financial performance rating following the end of the year based on the Company's performance.

***Evaluation of Performance Against Financial Framework and Individual Goals.*** With respect to the Company's financial performance, in January 2010, the Committee established a financial performance rating of 143% for 2009. The rating was based on the Company's financial performance, which was at the high end of the range for Adjusted OIBDA and exceeded the range for Free Cash Flow. The Committee exercised its discretion in setting the financial rating within the 50% to 150% range, and considered the following:

The Company's performance ratings of 141% and 150%, respectively, against the Adjusted OIBDA and Free Cash Flow criteria, and that the Company exceeded both the original and increased business outlook provided to investors for 2009.

The financial results were achieved while also accomplishing or making progress on key strategic initiatives in 2009, including:

completing the separations of Time Warner Cable and AOL;

expanding internationally;

advancing the digital transition of its businesses, e.g., pioneering the TV Everywhere initiative;

\* The Company defines Adjusted OIBDA as Operating Income (Loss) before Depreciation and Amortization excluding the impact of noncash impairments of goodwill, intangible and fixed assets, as well as gains and losses on asset sales, and amounts related to securities litigation and government investigations. The Company defines Free Cash Flow as Cash Provided by Operations from Continuing Operations (as defined by U.S. generally accepted accounting principles (GAAP)) plus payments related to securities litigation and government investigations (net of any insurance recoveries), external costs related to mergers, acquisitions, investments or dispositions and excess tax benefits from the exercise of stock options, less capital expenditures, principal payments on capital leases and partnership distributions, if any. Adjusted OIBDA and Free Cash Flow are non-GAAP financial measures and are discussed in the Company's earnings release for the 2009 full year and fourth quarter, furnished on a Current Report on Form 8-K dated February 3, 2010. Adjusted OIBDA and Free Cash Flow should be considered in addition to other measures of the Company's financial performance reported in accordance with GAAP.

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improving operating efficiency; and

implementing the Company's capital plan to strengthen its balance sheet, increase investment in the Company's businesses and increase returns to stockholders.

The financial results were achieved despite an advertising and economic environment that was worse than originally expected and represented outperformance relative to other media companies.

Management made decisions that had the effect of decreasing the Company's financial results in 2009 but were in the longer-term interests of the Company. If adjustments had been made to reflect those decisions (as they have in some prior years, but not for 2009), the financial results would have been at or above the 150% amount.

The table below sets forth the financial performance framework established by the Committee for the named executive officers, along with the Company's 2009 performance rating. The table reflects one adjustment to the levels approved in February 2009 to remove the amounts attributable to the performance of AOL. This adjustment was approved in July 2009 in light of the Company's decision to proceed with the AOL Separation and the expectation that it would be completed by the end of the year. On February 3, 2010, the Company issued its earnings release for 2009, reflecting Adjusted OIBDA of \$5.691 billion, which was toward the high end of the range, and Free Cash Flow of \$2.856 billion, which exceeded the 150% end of the range, each as established by the Committee.

Performance Measure	% of Financial Component	2009 Financial Performance Framework		Performance Rating (%)
		50%	150%	
Adjusted OIBDA	70%	\$ 5,120	\$ 5,750	141
(\$ in millions)				
Free Cash Flow	30%	\$ 1,563	\$ 2,315	150
(\$ in millions)				
2009 Financial Performance Rating				143

The individual goals established for Mr. Bewkes and the other named executive officers at the beginning of 2009 were tailored to each individual's position and focused on supporting the Company's overall strategic initiatives. The Committee approved the following 2009 individual bonus goals for Mr. Bewkes and each of the other named executive officers:

Mr. Bewkes: Further refining the Company's portfolio of businesses to enhance returns and growth; identifying and executing on growth opportunities, including in international, digital and U.S. multi-cultural markets audience areas; effecting a smooth leadership transition in assuming the responsibilities of the Chairman of the Board and continuing to develop as CEO; and strengthening the senior management team and identifying and developing successors to senior executives throughout the Company.

Mr. Martin: Safeguarding the Company's assets through the continued maintenance and development of effective internal controls, and supporting appropriate public disclosures; maintaining a finance organization that supports the Company's strategy and operations; managing the Company's financial operations to support value creation; focusing on cost minimization while supporting operational efficiency; and establishing a process to identify and develop key management talent.

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Mr. Cappuccio: Maintaining and refining an effective enterprise-wide compliance program; providing legal advice and support for major transactions; facilitating greater communication with and discussion among the Company's divisions on legal issues and legal aspects of key business initiatives; and effectively managing the corporate legal department and providing legal and business strategy advice to the Chairman and CEO and the Board.

Ms. Fili-Krushel: Refining and executing the Chairman and CEO's human development strategy; optimizing identification, recruitment and development of key talent to execute the Company's strategy; providing that the Company's total rewards programs are responsive to changing internal and external environments; strengthening the Company's reputation; focusing on the realization of corporate efficiencies; supporting acquisitions and operational restructurings; continuing a Company-wide focus on policies, plans and processes to mitigate risk; and retaining key talent and enhancing the effectiveness of the Company's administration function by increasing collaboration and providing professional development opportunities.

Mr. Olafsson: Facilitating the implementation of the Company's international strategy; addressing strategic alternatives and opportunities for the businesses; maintaining a vigorous and successful investments function; enhancing effectiveness through interaction and sharing of information with other corporate areas; and continuing to attract and develop the professionals in his department.

At the end of the year, the Committee reviewed the individual performance of Mr. Bewkes and each of the other named executive officers in 2009 against the goals established at the beginning of the year. In connection with this evaluation, the named executive officers prepared self-assessments of their performance against the objectives that had been set for 2009. Mr. Bewkes (Chairman and CEO), Ms. Fili-Krushel (Executive Vice President, Administration) and Mr. Mark Wainger (Senior Vice President, Global Compensation and Benefits) reviewed these self-assessments before they were presented to the Committee to help confirm they fairly represented the individuals' performance with respect to their respective goals. The following lists summarize the executives' significant accomplishments during 2009, as set forth in the self-assessments provided to the Committee.

Mr. Bewkes:

The Company completed the structural changes to make Time Warner a more content-focused company. Successfully completed the Cable Separation in March 2009. Planned and successfully executed the AOL Separation in December 2009.

The Company made significant progress in executing the Company's international strategy to expand the television networks, filmed entertainment and video games businesses in developing and developed countries through the acquisitions of: an interest in Central European Media Enterprises Ltd. ( CME ), a publicly-traded broadcasting company operating leading networks in several Central and Eastern European countries; control over HBO's joint venture in Central Europe; Japan Image Communications Co., Ltd. ( JIC ), a Japanese pay television business; and a majority stake in NDTV Imagine Limited ( NDTV Imagine ), which owns a Hindi general entertainment network in India.

Provided strategic direction regarding the digital transitions at each of the Company's divisions, particularly on the TV Everywhere initiative.

Assumed the Chairman role and worked with the Nominating and Governance Committee and other members of the Board to attract William P. Barr and Fred Hassan as new Directors.



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Continued to increase the strategic and operating coordination between the Company's business units and corporate management and increased employee communications; improved the teamwork among corporate management through regular meetings and informal mechanisms; and, prior to the AOL Separation, identified and hired new executive leadership at AOL, which was essential for its separation.

Mr. Martin:

Achieved key financial goals for 2009, exceeding the outlook (including the increased outlook) provided for Adjusted EPS despite a challenging macro-economic environment.

Led the teams responsible for the planning, negotiation and completion of the Cable Separation, resulting in the receipt of a \$9.25 billion cash dividend from Time Warner Cable and thus strengthening the Company's balance sheet, and the planning and completion of the AOL Separation.

Enhanced the Company's mergers and acquisition process.

Oversaw the Company's financial disclosures and maintained effective internal controls, with no material weaknesses or significant deficiencies.

Contributed to the reduction of expenses across the organization through cost cuts and the improvement of operational efficiencies, which was important to the Company's achievement of its financial performance for 2009. Partnered with the Executive Vice President, Administration to identify additional areas of future cost savings.

Continued to strengthen and develop the personnel in the Company's finance organization.

Mr. Cappuccio:

Continued to maintain and refine an effective compliance program throughout the Company, including a top-down review and benchmarking against best practices and continued enterprise-wide online training on various compliance topics.

Effectively managed the Corporate legal department, and provided important legal and business strategy advice to the Company's Chairman and CEO and the Board.

Provided legal support and assistance with negotiations, individually and through the legal department, in connection with three large and significant transactions: the separations of Time Warner Cable and AOL and the investment in CME.

Continued to facilitate greater communications among the Company's Divisions on key legal issues, individually and through the legal department, and provided effective legal and strategic advice on the TV Everywhere initiative and other legal matters.

Ms. Fili-Krushel:

Successfully oversaw employee, technology, real estate and facilities matters related to the separations of Time Warner Cable and AOL.

Designed and implemented consistent features across the divisions for the company-wide health plan, resulting in significant annual savings. Identified additional cost-savings targets through the reorganization of certain functions and launched company-wide effort to achieve efficiencies in certain areas to achieve significant savings in future years.

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Managed the design and implementation of new development programs for executives focused on key growth areas, including international leadership.

Continued the development of the worldwide recruitment and diversity functions.  
Mr. Olafsson:

Played a key role in the acquisition of the interest in CME and in Turner’s acquisitions of JIC and a majority interest in NDTV Imagine.

Coordinated the review of corporate and divisional strategies for the Board’s annual strategy session.

Conducted key strategic evaluations of the Company’s businesses and operating strategies throughout the year as specific questions or potential opportunities arose.

In addition to these self-assessments, Mr. Bewkes discussed the performance of the other named executive officers with the Committee and proposed individual performance ratings for each of these executives. Ms. Fili-Krushel joined the discussions (other than with respect to herself).

**Determination of 2009 Bonuses.** In determining bonuses for 2009, the Committee considered the Company financial performance rating (143%) and the proposed individual performance ratings for the named executive officers for the four Executive Vice Presidents (145% for Mr. Martin, 135% for Mr. Cappuccio and Ms. Fili-Krushel and 130% for Mr. Olafsson out of a maximum of 150%). The Committee also considered the potential bonus amounts that would result from the application of these performance ratings in a formulaic manner. With respect to Mr. Bewkes, the Committee considered a number of factors, including his target bonus, the bonus awarded for 2008, the Company’s financial operating and stock performance during 2009, and the macroeconomic conditions that prevailed during 2009, as well as Mr. Bewkes’ 140% individual performance in leading the Company as CEO and the Board as Chairman. The Committee exercised its discretion in determining final bonus amounts for each named executive officer, taking into account the individual’s performance and increasing or decreasing the bonus amounts that would result from the application of the formula, including to approve a bonus for Mr. Martin that is higher than the amount that would be determined from application of the formula. The final bonus amounts are set forth in the chart below.

	<b>2009 Bonus Amount</b>
Jeffrey L. Bewkes	\$ 12,100,000
John K. Martin, Jr.	3,250,000
Paul T. Cappuccio	2,800,000
Patricia Fili-Krushel	2,400,000
Olaf Olafsson	1,050,000

As a result of this process, the Committee approved bonuses for 2009 for the Company’s named executive officers (which are shown above and in the Summary Compensation Table for Fiscal Year 2009 under the Non-Equity Incentive Plan Compensation column) that were higher than those paid for 2008, reflecting the improved financial performance by the Company in 2009 as compared to 2008 and the executives’ accomplishments in 2009. Under the Annual Incentive Plan, the maximum individual annual bonus that would be deductible for tax purposes was \$20 million for each participant, which was significantly higher than the actual bonuses approved by the Committee.

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During early 2009, the Committee approved long-term incentive awards to the named executive officers consisting of stock options, RSUs and PSUs. The Committee determined the total amount of these awards in light of competitive compensation data, the target value of annual long-term incentive compensation for each executive contained in the named executive officer's employment agreement, and the manner in which that total estimated target value could be delivered, taking into account limits on the number of awards that can be made to an individual from the Company's 2006 Stock Incentive Plan and the Committee's policy that at least 50% of the full-value stock awards (i.e., the RSUs and PSUs) should be performance-based. The Committee approved the equity awards at a level to provide for a total estimated target value of compensation that was competitive, while also seeking to deliver a substantial portion of the executive's compensation that would be tied directly to the Company's stock price and a substantial majority of the executive's compensation that would be performance-based. As a result of the limits on the number of awards that can be made to an individual, Mr. Bewkes was awarded equity grants in 2009 with an estimated value less than the target long-term incentive value in his employment agreement.

The mix of equity awards (including stock options, RSUs and PSUs) made to the Company's named executive officers in 2009 was intended to deliver 40% of the award value through stock options and 60% of the award value through a combination of RSUs and PSUs. This mix reflects current market practices and takes into account the relative retention value of each type of award, and the dilutive impact of the awards. In 2006, the Committee adopted a policy that, beginning in 2007, at least 50% of the full-value stock awards made to executive officers would be performance-based. In applying this policy for PSU awards, the number of shares counted is the target amount.

PSUs provide for a potential payout of shares of Company Common Stock ranging from 0% to 200% of the target number of PSUs awarded, depending on the performance achieved by the Company for the applicable performance period, generally three years. The PSUs granted in 2009 have performance measures based on (i) total stockholder return (TSR) of the Common Stock relative to the TSR of the other companies in the S&P 500 Index (subject to certain adjustments) and (ii) the Company's relative growth in Adjusted EPS. The new performance measure, Adjusted EPS, will apply only if the Company's TSR ranking is below the 50<sup>th</sup> percentile and its Adjusted EPS growth ranking is at or above the 50<sup>th</sup> percentile, in which case the percentage of a participant's target PSUs that will vest will be the average of (x) the percentage of target PSUs that would vest based on the Company's TSR ranking during the performance period and (y) 100%. These performance measures align the participants' interests with those of the Company's stockholders. Relative growth in Adjusted EPS, which was added for awards made beginning in 2009, is intended to provide a second measure of performance for the PSUs in the event that strong operating performance is not appropriately reflected in the Company's stock price due to market or other conditions outside of management's control.

With respect to the timing of equity awards in 2009, as part of its annual review of executive compensation matters in early 2009, the Committee approved the equity awards to executive officers at its meeting on January 28, 2009 and set the grant date for the awards at February 20, 2009. This was consistent with the Committee's practice of approving awards to executive officers at a meeting in January or February and establishing a subsequent grant date at that time. The February grant date (i) provided sufficient time for the Company to prepare communications materials for employees throughout the Company who receive stock-based awards at the same time as the executives and (ii) was after the issuance of the earnings release for the prior fiscal year.

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Pursuant to provisions in the Company's equity plans, stock options have exercise prices at fair market value, which since October 2008 is defined as the closing price of the Common Stock on the grant date as reported on the NYSE Composite Tape. From January 2001 through September 2008, fair market value under the Company's equity plans was defined as the average of the high and low sale prices of the Common Stock on the NYSE on the grant date. The change to the current fair market value definition was approved in July 2008 and went into effect October 1, 2008 to bring the Company's fair market value calculation in line with market practice and to make it easier to verify the fair market value. In a small number of countries other than the U.S., the exercise price is established pursuant to local law requirements using another methodology, but the exercise price under that methodology will not be lower than what would be determined using the closing price on the NYSE Composite Tape on the grant date. The stock options awarded on February 20, 2009 vest in four equal installments on each of the first four anniversaries of the date of grant and the RSUs awarded at the same time vest in two equal installments on the third and fourth anniversaries of the date of grant. The PSUs awarded on February 20, 2009 vest on the third anniversary of grant. The Committee believes that the use of multi-year vesting schedules not only enhances executive retention, but also encourages a longer-term perspective on the part of the executives.

Occasionally, the Committee approves a stock-based award made to an executive officer outside the annual compensation review process. The most common instances for such an award are in connection with the review of the executive compensation of an individual at the time of the individual's initial hiring or promotion to an executive position, in connection with the renewal of an employment agreement, or for other retention purposes. In those circumstances, the equity award generally would be made at either the time approved by the Committee or on the next regular grant date. For equity awards made pursuant to authority delegated by the Committee outside of the annual compensation review process, the awards are made after all required approvals are obtained. The Company has established standard grant dates of the 1<sup>st</sup> and 15<sup>th</sup> of each month for most grants made pursuant to the delegated authority.

***Overall 2009 Compensation***

Each named executive officer's amounts of salary and bonus for 2009 are disclosed under the Salary and Non-Equity Incentive Plan Compensation columns, respectively, in the Summary Compensation Table for Fiscal Year 2009. The aggregate grant date fair values of each named executive officer's 2009 equity awards are disclosed under the Option Awards and Stock Awards columns in the Summary Compensation Table for Fiscal Year 2009. The grant date fair values for each award made in 2009 to a named executive officer are disclosed in the Grant Date Fair Value of Stock and Option Awards column of the Grants of Plan-Based Awards During 2009 table.

The Committee considers the specific situation of the individual named executive officer and the compensation level and mix that will attract and/or retain the executive. This can include the compensation of the executive who most recently held the relevant position when an executive is being hired or promoted to a new position, the compensation history of executives who have held the same position for a number of years, internal pay equity among senior executives and the total target direct compensation amount that the Committee considered to be competitive to attract or retain the executive to the position.

The Committee believes the compensation package for each of the named executive officers is appropriate in view of his or her performance and duties. Further, as reflected in the Summary

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Compensation Table for Fiscal Year 2009, a substantial majority of each executive's compensation was performance-based. In reaching its compensation determinations for Mr. Bewkes, the Committee also considered the differences in his roles and scope of responsibilities for 2009 as compared to the other named executive officers. The Committee determined that the higher level of compensation for Mr. Bewkes was appropriate in light of the broader scope and the level of his duties as compared to the executive vice presidents, as well as the compensation levels for executives in similar positions to Mr. Bewkes at peer companies.

***Peer Groups***

In January 2009, the Committee used three peer groups in evaluating executive compensation for 2009. The first was a media peer group, which consisted of U.S.-based major companies in the media, telecommunications and internet sectors with which the Company competed most directly (including for executive talent) before the Cable Separation and the AOL Separation both completed in 2009. The second was an industry peer group, which consisted of a larger number of major U.S.-based companies with which the Company is also likely to compete for executive talent. The third peer group was used to provide a supplemental, general reference point as it consisted of a much broader group of companies than those with which the Company generally competes for talent. This group included companies with more than \$20 billion in annual revenues and that participated in Towers Perrin's executive compensation database.

The Company's media peer group for January 2009 consisted of select sub-groups of peer executives at companies operating in three main lines of business: media, telecommunications and the Internet. These media peer groups differed by executive because not all of the peer companies had comparable executive positions to those of the Company's named executive officers or provided data for each of the named executive officer roles. The media peer groups consisted of the following:

For Mr. Bewkes, media peers included CBS Corporation, News Corporation, The Walt Disney Company, and Viacom Inc.; telecommunications peers included AT&T Corp., Comcast Corporation, and Verizon Communications Inc.; and internet peers included Google Inc., IAC/InterActiveCorp, Microsoft Corporation and Yahoo! Inc.

For Mr. Martin, media peers included CBS Corporation, News Corporation, and The Walt Disney Company; telecommunications peers included AT&T Corp., Comcast Corporation, and Verizon Communications Inc.; and internet peers included Google Inc., IAC/InterActiveCorp, Microsoft Corporation and Yahoo! Inc.

For Mr. Cappuccio, media peers included CBS Corporation, News Corporation, The Walt Disney Company and Viacom Inc.; and telecommunications and internet peers included AT&T Corp., Verizon Communications Inc., Google Inc., IAC/InterActiveCorp, Microsoft Corporation and Yahoo! Inc.

For Ms. Fili-Krushel, media peers for whom compensation data for top Human Resources executives was available included CBS Corporation, The Walt Disney Company and Viacom Inc.; telecommunications peers included AT&T Corp. and Verizon Communications Inc.; and internet peers included IAC/InterActiveCorp, Microsoft Corporation and Yahoo! Inc.; there was insufficient data for Administration executives in the media peers.

For Mr. Olafsson, there was insufficient data for executives in the media peers; and telecommunications and internet peers included AT&T Corp., Verizon Communications Inc., Google Inc., IAC/InterActiveCorp, Microsoft Corporation and Yahoo! Inc.

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The Company's industry peer group utilized in January 2009 consisted of the following 22 media, telecommunications and Internet-based companies: Amazon.com, Inc., AT&T Corp., Cablevision Systems Corporation, CBS Corporation, Charter Communications, Inc., Comcast Corporation, Cox Enterprises, Inc., The DIRECTV Group, Inc., eBay Inc., Google Inc., IAC/InterActiveCorp, Liberty Media Corporation, Meredith Corporation, Microsoft Corporation, News Corporation, Oracle Corporation, Qwest Corporation, Sprint Nextel Corporation, Verizon Communications Inc., Viacom Inc., The Walt Disney Company and Yahoo! Inc. The number of companies from the industry peer group reflected in the market data for each of the Company's executive vice presidents varied because information for each position was not available for comparable positions at every company in the peer group. There was insufficient data available for one position (Mr. Olafsson) to utilize the industry peer group. The size of the sample pool for the other executive vice presidents ranged from a low of 12 companies out of the 22 companies in the industry group for one position to a high of 21 of the 22 companies in the industry group for another position.

The Company's peer group of public companies with more than \$20 billion in annual revenues that participated in the Towers Perrin executive compensation database (utilized in January 2009) is listed at the end of the CD&A.

In January 2009, the Committee reviewed information from its independent compensation consultant, reflected in the table below, that showed how proposed total target direct compensation for 2009 (consisting of base salary, target annual cash bonus and the estimated value of stock-based awards) for each of the named executive officers compared to the peer groups. The Committee placed greater emphasis on the media peer group because the companies in that group are more likely to compete directly with the Company, especially with respect to executive talent.

	<b>Media Peer Group</b>	<b>Telecommunications Peer Group</b>	<b>Internet Peer Group</b>	<b>Industry Peer Group</b>	<b>Companies with &gt;\$20 Billion in Revenues</b>
Jeffrey L. Bewkes	Below range	Middle of the range	N/A	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentiles	Above the 90 <sup>th</sup> percentile
John K. Martin	Below range	Toward the low end of the range	Within range	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentiles	Between the 75 <sup>th</sup> and 90 <sup>th</sup> percentiles
Paul T. Cappuccio	Within range	Within range*	N/A*	At approximately the 75 <sup>th</sup> percentile	Above the 90 <sup>th</sup> percentile
Patricia Fili-Krushel**	Above range for Human Resources peers; N/A for Administration peers	Between 75 <sup>th</sup> and 90 <sup>th</sup> percentiles for Human Resources peers; N/A for Administration peers	N/A for Administration peers	Between the 75 <sup>th</sup> and 90 <sup>th</sup> percentiles for Human Resources peers; N/A for Administration peers	Above the 90 <sup>th</sup> percentile for Human Resources peers; Between the 50 <sup>th</sup> and the 75 <sup>th</sup> percentile for Administration peers
Olaf Olafsson	N/A	Within range*	N/A*	N/A	At approximately the 75 <sup>th</sup> percentile

\* The telecommunications and internet companies were combined into one peer group for Messrs. Cappuccio and Olafsson because of the limited information available for telecommunications companies.

\*\* Ms. Fili-Krushel's role is benchmarked against both top Administration executives and top Human Resources executives because her role encompasses responsibilities in both of these areas. The comparative data for Administration executives is available only for two of the peer groups, as reflected in the table. The telecommunications and internet companies were combined into one peer group for top Human Resources executives.





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During 2009, the Committee examined the peer groups in light of the separation of Time Warner Cable completed in March 2009 and the then-pending separation of AOL. Based on the review, the Committee concluded that it should move to two peer groups – an entertainment peer group and a broader industry group. The new entertainment peer group includes companies in the media and entertainment business with which Time Warner competes most directly, but, in light of the structural changes in the Company during 2009, no longer includes companies in the telecommunications and internet sectors. The entertainment peer group includes CBS Corporation, News Corporation, The Walt Disney Company, Viacom Inc. and, when data is available for a position, Sony Corporation and the NBC unit of General Electric Company. The second industry peer group is composed of 23 multi-national and multi-divisional companies with consumer-oriented branded businesses that generally have revenues similar in size to Time Warner, and is intended to reflect a broader range of major companies with which Time Warner may compete for executives. The Committee determined to stop using the third peer group consisting of companies with annual revenues above \$20 billion that participate in Towers Perrin's executive compensation database because it had only been used as a general reference and did not provide significant additional insights into competitive practices.

For the remainder of 2009 and in early 2010, the Committee utilized the following peer groups in considering the actual 2009 bonuses that were paid in 2010, and in establishing 2010 target compensation levels:

An entertainment peer group consisting of the following:

For Mr. Bewkes, entertainment peers included CBS Corporation, News Corporation, The Walt Disney Company, and Viacom Inc.

For Mr. Martin, entertainment peers included CBS Corporation, News Corporation, and The Walt Disney Company.

For Mr. Cappuccio, entertainment peers included CBS Corporation, The Walt Disney Company and Viacom Inc.

For Ms. Fili-Krushel, entertainment peers for whom compensation data for top Human Resources executives was available included CBS Corporation, The Walt Disney Company and Viacom Inc.; there was insufficient data for Administration executives in the entertainment peers.

For Mr. Olafsson, there was insufficient data for entertainment peers.

A revised industry peer group consisting of the following 23 companies: Abbott Laboratories, Altria Group Inc., Apple Inc., CBS Corporation, Coca-Cola Co., Comcast Corporation, E.I. DuPont de Nemours and Co., FedEx Corp., General Electric Co., Google Inc., Hewlett-Packard Co., Johnson & Johnson, Kimberly-Clark Corp., Kraft Foods Inc., McDonald's Corp., Microsoft Corporation, News Corporation, PepsiCo Inc., Procter & Gamble Co., Sprint Nextel Corporation, Verizon Communications Inc., Viacom Inc., and The Walt Disney Company. The number of companies from the industry peer group reflected in the market data for each of the Company's executive vice presidents varies because information for each position is not available for comparable positions at every company in the peer group. The size of the sample pool for the executive vice presidents ranged from a low of five companies out of the 23 companies in the industry group for one position to a high of 20 companies out of the 23 companies in the industry group for another position.

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In December 2009 and January 2010, the Committee reviewed information from its independent compensation consultant, reflected in the table below, that showed how total target direct compensation for 2009 (consisting of base salary, target cash bonus and estimated value of stock-based awards) for each of the named executive officers compared to the two new peer groups the Committee approved during 2009.

	<b>Entertainment</b>	<b>Revised Industry</b>
	<b>Peer Group</b>	<b>Peer Group</b>
Jeffrey L. Bewkes	Below range	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentile
John K. Martin	Below range	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentile
Paul T. Cappuccio	Below range	Between the 75 <sup>th</sup> and 90 <sup>th</sup> percentile
Patricia Fili-Krushel*	Above average of Human Resources peers; N/A for Administration peers	Above the 90 <sup>th</sup> percentile for Human Resources peers; Between the 75 <sup>th</sup> and 90 <sup>th</sup> percentile for Administration peers
Olaf Olafsson	N/A	Between the 50 <sup>th</sup> and 75 <sup>th</sup> percentile

\* Ms. Fili-Krushel's role is benchmarked against both top Administration executives and top Human Resources executives because her role encompasses responsibilities in both of these areas. The comparative data for Administration executives is available only for the industry peer group, as reflected in the table.

**2010 Compensation Matters**

The Committee has taken several actions in 2010 with respect to the compensation paid to the named executive officers. In January 2010, the Committee approved an increase in Mr. Bewkes' annual base salary to \$2.0 million, effective January 1, 2010, and increases in his bonus target and long-term incentive compensation to \$10 million each. The increase in the base salary was consistent with the terms of the employment agreement with Mr. Bewkes entered into in December 2007 with his promotion to CEO, which required an increase if he were elected to serve as Chairman. As discussed above, Mr. Bewkes declined the increase for 2009 when he was elected to serve as Chairman. The Committee approved the increases in the bonus and long-term incentive compensation targets in recognition of, among other things, Time Warner's operational and financial performance under Mr. Bewkes' leadership and his performance, including overseeing the development and execution of a new corporate strategy. The strategy included the Cable Separation and the AOL Separation, a focus on expanding Time Warner's digital platforms, leveraging Time Warner's scale and brands to deliver compelling content, targeted international expansion, and improving efficiency. Mr. Bewkes' accomplishments in carrying out this strategy are reflected in the discussion of his goals and performance for 2009. The Committee also considered information regarding compensation paid to chief executive officers at peer entertainment companies, which generally is higher than the compensation paid to Mr. Bewkes.

For 2010, the Committee has decided to replace Adjusted OIBDA as a Company financial measure used in determining the annual cash bonuses for named executive officers with Adjusted Divisional Pre-Tax Earnings. The new measure is consistent with the Adjusted Operating Income measure that the Company will use in evaluating the operating performance of its businesses and in its quarterly earnings releases beginning with the first quarter of 2010; it is intended to provide greater accountability for capital allocation (because it measures operating performance after depreciation and

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amortization); and the Committee believes it is a more appropriate measure of operating performance in light of the Cable Separation and the AOL Separation because those businesses experienced greater short-term changes in depreciation and amortization.

Following discussions with the Company's stockholders, the Committee determined that PSUs granted beginning in 2010 will accrue dividend equivalents based on the regular quarterly cash dividends paid by the Company. The dividend equivalents will be paid in cash following the end of the performance period and will be paid only with respect to the shares paid out based on the performance level achieved for the performance period.

## **Other Policies and Matters Related to Executive Compensation that Advance the Committee's Compensation Philosophy**

This section discusses the Company's other policies that help to advance the Committee's compensation philosophy.

### ***Pay-for-Performance Policy***

One of the key tenets of the Committee's executive compensation philosophy is to pay compensation for performance so that the Company's executives are focused on achieving goals that support the Company's strategic objectives and the interests of executives are aligned with those of stockholders and are tied to the Company's performance. Consistent with this philosophy, in 2007 the Committee adopted a policy that codifies the Company's prior practice that a majority of total target compensation for named executive officers will consist of performance-based components. The policy defines performance-based compensation as including annual cash bonus, stock options and PSUs. This policy also incorporates the Company's commitment that at least 50% of the full-value stock awards made to senior executives of the Company will be performance-based, such that achievement of performance measures will determine the size and/or vesting of the awards. Full-value stock awards are equity-based awards other than stock options or stock appreciation rights and include awards such as restricted stock, RSUs, PSUs and other stock-based awards.

### ***Equity Dilution Policy***

The Company regularly analyzes its equity programs both in the context of a total compensation competitive review as well as in determining whether dilution rates are in line with those of peer companies. The Committee's objective is to deliver competitive compensation levels while also maintaining manageable rates of dilution. In 2007, the Committee adopted a policy on equity dilution, which addresses how the Company determines the appropriate level of equity dilution within the context of its stockholder-approved equity plans and establishes general guidelines for monitoring and managing equity dilution and annual share usage rate (*i.e.*, run rate). The Committee maintains the authority with respect to the administration of the Company's equity-based compensation plans and decisions regarding awards to executive officers and other employees.

The policy on equity dilution currently sets annual run rate guidelines consistent with the Time Warner Inc. 2006 Stock Incentive Plan and the proposed Time Warner Inc. 2010 Stock Incentive Plan, which cap the maximum annual run rate at 1.5% of the total outstanding Common Stock at December 31 of the preceding year. Within the annual run rate cap, the Committee determines the amount and mix of equity awards to be granted in any single year, based on a number of factors, including the goals of (i) rewarding employees for their performance, (ii) providing compensation at

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competitive levels in order to attract and retain employees, (iii) furthering the alignment of employees' interests with those of stockholders, (iv) adhering to commitments made in employment agreements with senior executives, and (v) assessing the number of shares available for future grant. The 1.5% annual limitation was not adjusted in connection with the Cable Separation and the AOL Separation.

### ***Stock Ownership and Retention Guidelines***

Since January 2003, the Company's executives have been subject to Board-adopted stock ownership guidelines and stock retention requirements with respect to stock option awards. The Committee believes that these standards help to further assure the alignment of executive compensation with the interests of stockholders. The stock ownership guidelines are expressed as a multiple of salary, with the Chairman and CEO, the Executive Vice Presidents and Division CEOs being required to hold Time Warner Common Stock with a value equal to at least five times, two times and three times their respective salaries by no later than January 2008 (or five years following election to the applicable position, if later). The Committee reviews the Common Stock held by each executive officer and the Division CEOs annually to determine whether the executives have met their required ownership levels or are making progress toward compliance. Shares held directly by the individual, interests in the Time Warner Inc. Stock Fund in the qualified savings plan and the nonqualified deferred compensation plan, shares held in individual retirement accounts and unvested shares of restricted stock and RSUs are included in determining the number of shares of Common Stock held by the individuals. As of February 2010, all of the named executive officers had reached their required stock ownership levels.

Pursuant to the Company's stock retention guidelines adopted in 2003, beginning with the stock options awarded in 2003, the executive officers must retain for at least twelve months after exercise (or, if the executive is no longer employed by the Company, for at least twelve months after the termination of employment) shares of Common Stock representing at least 75% of the after-tax gain that the executive realizes upon the exercise, after paying the exercise price (assuming a 50% tax rate for purposes of the calculation). The Committee believes this policy promotes a focus on longer-term goals by the executives and helps align the interests of the executives with the stockholders by having the executives remain stockholders for a significant period of time after exercising the stock options. Thus, for example, if an executive exercises a stock option granted in 2003 or later during June 2010, the executive will be required to hold the minimum number of shares from the exercise through June 2011. If an executive had retired from the Company in November 2009 and exercised a stock option in March 2010, the executive would be required to hold the minimum number of shares through the one-year anniversary of retirement, or November 2010.

### ***Recovery of Previously Paid Executive Compensation***

The Board adopted a policy in February 2007 regarding the recovery of executive compensation under certain circumstances. This policy reinforces the Company's commitment to the Standards of Business Conduct, which each employee is expected to follow, and furthers the concept of performance-based compensation as part of the Company's compensation philosophy. Under the policy, if the Board determines that an executive officer or a Division CEO intentionally caused a material financial misstatement, which resulted in artificially inflated executive compensation, the Board will determine the appropriate actions to remedy the misconduct and prevent its recurrence and any actions with respect to the executive. The Board may consider a number of factors in determining whether to seek to recover compensation paid to an executive, including the nature of the underlying misconduct and the role of the executive, the amount of excess compensation paid as a result of the material misstatement, the risks, costs and benefits associated with pursuing the recovery of the

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compensation, and other actions the Company or third parties may have taken with respect to the executive who caused the misstatement. The Board also may seek recommendations from the Committee and/or the Audit and Finance Committee of the Board and may retain outside advisors to assist in the determination.

The Committee also adopted a policy in February 2006 under which, as a factor in determining the annual compensation for each of the Company's senior executives, the Committee will consider the Company's efforts to strengthen its compliance and ethics program and to enhance its system of internal control over financial reporting. This policy was adopted in conjunction with a settlement reached in shareholder derivative actions against the Company.

### ***Section 162(m) Considerations***

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for non-performance-based compensation over \$1 million paid for any fiscal year to each of the individuals who were, at the end of the fiscal year, the corporation's chief executive officer and the three other most highly compensated executive officers (other than the chief financial officer).

*Base Salary and Annual Cash Bonus.* The Company believes that the base salaries and annual cash bonuses paid to the individual executive officers covered by Section 162(m) for 2009 will be deductible by the Company, except for \$750,000 of Mr. Bewkes' 2009 salary that exceeded the \$1 million limit.

*Stock-Based Awards.* The Company has adopted a general policy of awarding stock options to its executive officers only pursuant to plans and with processes that the Company believes satisfy the requirements of Section 162(m). However, individuals who are promoted to executive officer positions may hold stock options that were granted prior to their promotion that do not satisfy the requirements of Section 162(m), either because the stock options were granted pursuant to plans that were not approved by the Company's stockholders and thus do not satisfy the requirements of Section 162(m) or because the award of the stock options was approved by authority delegated by the Committee. The Committee approved the terms of and awarded the first PSUs beginning in 2007 and shares were paid out for the performance period ending December 31, 2009 in connection with such awards in March 2010. The Company believes that compensation realized from such PSUs will be deductible by the Company. RSUs that the Company has granted to date are not considered performance-based compensation under Section 162(m), so compensation realized by the individual executive officers covered by Section 162(m) from the vesting of such RSUs may not be deductible by the Company. If the Company awards RSUs under the Annual Incentive Plan, such RSUs would be considered performance-based compensation under Section 162(m).

*Other Annual Compensation.* Any other annual compensation paid or imputed to the individual executive officers covered by Section 162(m) (including the value of personal benefits provided to executive officers) that causes non-performance-based compensation to exceed the \$1 million limit will not be deductible by the Company.

The deductibility of some types of compensation payments can depend on the timing of an executive's vesting or exercise of previously granted rights. Interpretations of and changes in applicable tax laws and regulations as well as other factors beyond the Committee's control can affect deductibility of compensation. For these and other reasons, the Committee has determined that it will not necessarily seek to limit executive compensation to that deductible under Section 162(m).

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*Adjustments to Equity Awards in Connection with the Cable and AOL Separations and Reverse Stock Split*

Outstanding equity awards granted to the Company's employees and directors, including the named executive officers, were adjusted to maintain the fair value of such awards in connection with the Cable Separation on March 12, 2009 and the AOL Separation on December 9, 2009. The outstanding equity awards did not participate in the pro rata distributions of shares of Time Warner Cable Inc. or AOL Inc. and, thus, as provided for in the Company's equity plans, the number of outstanding RSUs, target PSUs and stock options was increased and the exercise price of stock options was decreased to maintain the fair value of the awards. In addition, the outstanding equity awards were proportionally adjusted to reflect the one-for-three reverse stock split of Time Warner's Common Stock that was effected on March 27, 2009.

In addition to adjustments to outstanding equity awards, adjustments to certain provisions in the equity plans were approved to reflect the effects of the Cable Separation, the AOL Separation and the reverse stock split. For example, the number of shares that can be issued from each plan was increased to reflect the adjustments due to the Cable Separation and the AOL Separation and also proportionately reduced to reflect the reverse stock split. The annual cap on the number of awards that can be made under the Time Warner Inc. 2006 Stock Incentive Plan was not adjusted and will remain at 1.5% of the total outstanding Common Stock at December 31 of the prior year.

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**Peer Group Companies with More than \$20 Billion in Annual Revenues**

Abbott Laboratories	International Business Machines Corporation
Accenture plc	International Paper Company
Aetna Inc.	Johnson Controls, Inc.
Alcoa Inc.	Johnson & Johnson
The Allstate Corporation	Kraft Foods Inc.
Altria Group, Inc.	Lockheed Martin Corporation
Apple Inc.	Manpower Inc.
Archer-Daniels-Midland Company	Marathon Oil Corporation
AT&T Inc.	McDonald's Corporation
Bank of America Corporation	McKesson Corporation
Best Buy Co., Inc.	Medco Health Solutions, Inc.
The Boeing Company	Merck & Co., Inc.
Bunge Limited	MetLife, Inc.
Cardinal Health, Inc.	Microsoft Corporation
Caterpillar Inc.	Motorola, Inc.
Chevron Corporation	Northrop Grumman Corporation
Cisco Systems, Inc.	PepsiCo, Inc.
Citigroup Inc.	Pfizer Inc.
The Coca-Cola Company	The Procter & Gamble Company
Coca-Cola Enterprises Inc.	Prudential Financial, Inc.
Constellation Energy Group, Inc.	Raytheon Company
ConocoPhillips	Schlumberger N.V. (Schlumberger Limited)
Dell Inc.	Sprint Nextel Corporation
The Dow Chemical Company	Sunoco, Inc.

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E.I. du Pont de Nemours and Company	Supervalu Inc.
Electronic Data Systems Corp.	Target Corporation
Emerson Electric Co.	Tesoro Corporation
Exxon Mobil Corporation	3M Company
FedEx Corporation	The Travelers Companies, Inc.
Ford Motor Company	UAL Corporation
General Dynamics Corporation	UnitedHealth Group Incorporated
General Electric Company	United Parcel Service, Inc.
General Motors Corporation	United Technologies Corporation
The Hartford Financial Services Group, Inc.	U.S. Bancorp
Hess Corporation	Valero Energy Corporation
Hewlett-Packard Company	Verizon Communications Inc.
The Home Depot, Inc.	Wachovia Corporation
Honeywell International Inc.	The Walt Disney Company
Humana Inc.	WellPoint, Inc.
Intel Corporation	Wells Fargo & Company
	Wyeth



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### **Compensation and Human Development Committee Report**

The Compensation and Human Development Committee of the Board of Directors (the Compensation Committee) has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

#### *Members of the Compensation Committee*

William P. Barr (from January 2010)

Frank J. Caufield

Mathias Döpfner

Michael A. Miles (Chair)

Deborah C. Wright

### **Compensation Programs and Risk Management**

The Company has determined that any risks arising from its compensation programs and policies are not reasonably likely to have a material adverse effect on the Company. The Company's compensation programs and policies mitigate risk by combining performance-based, long-term compensation elements with payouts that are highly correlated to the value delivered to stockholders. The combination of performance measures for annual bonuses and the equity compensation programs, share ownership and retention guidelines for executive officers, as well as the multiyear vesting schedules for equity awards encourage employees to maintain both a short and a long-term view with respect to Company performance.

### **Independent Compensation Consultant**

The Compensation and Human Development Committee has retained John England as its independent executive compensation consultant since 2002 to provide advice to the Committee on matters related to the fulfillment of the Committee's responsibilities under its charter. Mr. England served as Managing Principal of Towers Perrin and its successor, Towers Watson, until February 2010. In February 2010, he left to form a new executive compensation consulting practice called Pay Governance LLC, and the Committee terminated Towers Watson as its consultant and retained Pay Governance LLC. Consistent with the Committee's goal of maintaining the independence of its consultant, the Company will not retain Pay Governance LLC to provide any additional consulting services to the Company.

Mr. England advises the Committee on a wide range of executive compensation matters, including the overall design of the executive compensation program, competitive market data, and all other matters related to compensation for the Company's senior executives. Fees for this consulting advice to the Committee for the years ended December 31, 2009, 2008 and 2007 were \$210,159, \$263,312 and \$250,368, respectively. See Compensation Discussion and Analysis Role of Independent Consultant for additional information regarding Mr. England's services provided during 2009. The Committee did not engage any other compensation consultants during 2009 in determining or recommending the amount or form of executive compensation. See Compensation Director Compensation for information regarding the independent consultant engaged by the Nominating and Governance Committee to provide advice relating to non-employee director compensation.

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It is the Committee's view that its compensation consultant should be able to render candid and direct advice independent of management's influence, and numerous steps have been taken to satisfy this objective:

Mr. England was first identified by a member of the Committee, and then was retained by the Committee without any intervention by management. The fact that Mr. England was then employed by Towers Perrin, a preeminent human resources consulting firm that provides services to Time Warner in several areas, was clearly understood by the Committee. Having Mr. England as its consultant, however, was the motivating factor for the Committee in selecting an outside advisor, rather than the consulting firm at which he was employed.

In his role, Mr. England reports directly to the Committee, meets separately with the Committee members outside the presence of management at each meeting, and he also speaks separately with the Committee Chair and other Committee members between meetings, as necessary or desired. The interactions Mr. England has with management are limited to those which are on the Committee's behalf or related to proposals that will be presented to the Committee for review and approval.

During the time that Mr. England was employed by Towers Watson (including Towers Perrin prior to its merger with Watson Wyatt), the firm and Mr. England took their own steps to separate Mr. England's consulting services from the other services provided by Towers Watson. Mr. England did not serve as a client relationship manager on services provided to the Company, and neither he nor any member of his team participated in any client development activities related to increasing Towers Watson's consulting services to the Company. Other than their work for the Board from time to time, Mr. England and the team of professionals working with him did not work on other consulting assignments for Time Warner or its Divisions. In addition, Towers Watson has informed the Company that no part of Mr. England's or his team's pay was or is directly impacted by growth in Towers Watson's fees from the Company for performing its additional consulting services.

At least annually, the Committee conducts a review of Mr. England's performance and independence. For 2009, the review was conducted in July 2009, and included an evaluation of the services that Mr. England and Towers Perrin (prior to its merger with Watson Wyatt) provided to the Company, the fees associated with those services and the procedures implemented by Towers Watson with respect to maintaining Mr. England's independence. The Company has posted on its website (at [www.timewarner.com/governance](http://www.timewarner.com/governance)) a report by the Committee dated August 2009 describing the relevant policies, procedures and criteria that the Committee used in selecting and retaining Mr. England, including but not limited to its consideration of independence, ethics and potential conflicts of interest.

Until Mr. England's departure from Towers Watson, the Committee also reviewed the types of projects performed by Towers Perrin (prior to its merger with Watson Wyatt) and the fees charged for the services rendered. As part of this process, Mr. England provided the Committee with a report on, and the Committee reviewed, the other consulting services that Towers Perrin (prior to its merger with Watson Wyatt) provided to Time Warner and its Divisions. For 2009, these services included providing competitive market compensation data for executive positions that were not part of the Committee's review process and for non-U.S. positions, research related to annual and long-term incentive programs, consulting and actuarial services for retirement plans and benefits, and consulting services on health and welfare programs provided to employees. In providing these services to Time Warner, Towers Perrin was engaged solely by management, and neither the Committee nor the Board was involved in management's decision to engage Towers Perrin for these services. The aggregate fees billed by Towers Perrin (prior to its merger with Watson Wyatt) to the Company exclusive of the consulting fees charged for independent advice to the Committee for the years ended December 31, 2009, 2008 and 2007 were \$1,728,535, \$2,283,825 and \$2,090,374, respectively.

**Table of Contents****Summary Compensation Table****SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2009**

The following table presents information concerning total compensation paid to the Company's Chief Executive Officer, Chief Financial Officer and each of the three other most highly compensated executive officers who served in such capacities on December 31, 2009 (collectively, the named executive officers). For information regarding salary, non-equity incentive plan compensation and other components of the named executive officers' total compensation, see Compensation Discussion and Analysis. The information presented in the table and footnotes below regarding the Company's stock awards and option awards reflects adjustments giving effect to the Cable Separation, the Reverse Stock Split and the AOL Separation.

In addition, pursuant to SEC rules adopted in December 2009, the dollar values contained in the Stock Awards and Option Awards columns are the aggregate grant date fair values of the stock and option awards granted to the named executive officer in the respective years. In the Company's proxy statement for its 2009 annual meeting, the dollar values contained in the Stock Awards and Option Awards columns for 2008 and 2007 represented the aggregate compensation expense that the Company recognized during that year for all outstanding equity awards granted to the named executive officer.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (3)	Option Awards (4)	Non-Equity Incentive Plan Compensation (5)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation (7)	Total
							Earnings (6)		
Jeffrey L. Bewkes (1) Chairman of the Board and Chief Executive Officer	2009	\$ 1,750,000		\$ 3,048,000	\$ 2,338,000	\$ 12,100,000	\$ 184,570	\$ 141,714	\$ 19,562,284
	2008	1,750,000		5,292,500	6,710,250	7,600,000	161,600	103,517	21,617,867
	2007	1,250,000		4,260,465	6,798,244	7,000,000		87,593	19,396,302
John K. Martin, Jr. (2) Executive Vice President and Chief Financial Officer	2009	\$ 1,000,000		\$ 1,307,592	\$ 664,000	\$ 3,250,000	\$ 40,950	\$ 13,688	\$ 6,276,230
	2008	1,000,000		2,895,686	1,326,566	2,150,000	36,200	31,493	7,439,945
Paul T. Cappuccio Executive Vice President and General Counsel	2009	\$ 1,000,000		\$ 784,860	\$ 398,400	\$ 2,800,000	\$ 42,620	\$ 14,264	\$ 5,040,144
	2008	1,000,000		1,088,192	579,556	2,050,000	24,540	13,664	4,755,952
	2007	1,000,000		1,055,753	569,777	2,600,000	27,490	13,464	5,266,484
Patricia Fili-Krushel Executive Vice President, Administration	2009	\$ 850,000		\$ 589,788	\$ 300,600	\$ 2,400,000	\$ 60,170	\$ 70,930	\$ 4,271,488
	2008	850,000		818,496	434,768	1,750,000	49,010	76,547	3,978,821
	2007	750,000		785,398	424,173	2,000,000	42,560	74,807	4,076,938
Olaf Olafsson Executive Vice President	2009	\$ 750,000		\$ 655,320	\$ 332,000	\$ 1,050,000	\$ 43,790	\$ 54,284	\$ 2,885,394

(1) On January 1, 2009, Mr. Bewkes became Chairman of the Board of the Company and continues to serve as Chief Executive Officer, having served as President and Chief Executive Officer of the Company from January 1, 2008 through December 31, 2008 and as President and Chief Operating Officer from January 1, 2006 through December 31, 2007.

(2) On January 1, 2008, Mr. Martin became Executive Vice President and Chief Financial Officer of the Company.

(3)

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The amounts set forth in the Stock Awards column represent the aggregate grant date fair value of restricted stock unit (RSU) and performance stock unit (PSU) awards granted to the named executive officers by the Company in each year referenced in the table above, as computed in accordance with accounting guidance.

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The grant date fair value of each RSU award was determined using the closing sale price of the Common Stock on the NYSE Composite Tape on the date of grant. For accounting purposes, PSUs granted prior to 2009 are considered to have a market condition based on total stockholder return (also referred to as TSR), and PSU awards granted in 2009 are considered to have a market condition (based on TSR) and a performance condition (based on Adjusted EPS). The effect of the market condition is reflected in the grant date fair value of the PSU award, which was estimated using a Monte Carlo analysis to estimate the TSR ranking of the Company among the S&P 500 Index companies over the performance period. In the case of PSU awards granted in 2009, the grant date fair value of such awards included in the Stock Awards column was estimated using a Monte Carlo analysis to estimate the TSR ranking of the Company among the S&P 500 Index companies over the performance period and also assumes that the performance condition relating to adjusted earnings per share has been met.

For additional information about the weighted-average assumptions used to determine the grant-date fair value of the stock awards, see Note 10 to the Company's consolidated financial statements included in the 2009 Form 10-K. The actual value, if any, that is realized by an executive officer from any vested stock award will depend on the performance of the Company's stock in future years and, for the PSUs, the level of the Company's achievement of the applicable performance goals.

(4) The amounts set forth in the Option Awards column represent the aggregate grant date fair value of option awards granted to the named executive officers by the Company in each year referenced in the table above, as computed in accordance with accounting guidance. The grant date fair value of the stock options awarded on February 20, 2009 to the named executive officers (other than Mr. Bewkes and Ms. Fili-Krushel) was determined using the Black-Scholes option pricing model based on the following assumptions: an expected volatility of 35.5%; an expected term to exercise of 5.79 years from the date of grant; a risk-free interest rate of 2.5%; and a dividend yield of 4.5%. Because each of Mr. Bewkes and Ms. Fili-Krushel was retirement-eligible on February 20, 2009, the values of the stock awards granted to each such executive officer on such date were based on the following assumptions: an implied volatility of 33.4%; an expected term to exercise of 7.73 years from the date of grant; a risk-free interest rate of 2.9% and a dividend yield of 4.5%.

For additional information about the weighted-average assumptions used to determine the grant-date fair value of stock options, see Note 10 to the Company's consolidated financial statements included in the 2009 Form 10-K. The discussion in the foregoing note to the Company's financial statements 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 an executive officer from any stock option will depend on the extent to 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 an executive officer 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.

(5) The amounts set forth in the Non-Equity Incentive Plan Compensation column for 2009 represent amounts paid pursuant to the Time Warner Inc. Annual Incentive Plan for Executive Officers (the Annual Incentive Plan), which is a performance-based plan that was adopted by the Board and approved by the Company's stockholders in 2009 and is intended to satisfy the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended. The maximum bonuses

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payable to the executives subject to Section 162(m) that can be deducted for income tax purposes were calculated using a formula set forth in the Annual Incentive Plan that is equal to the lesser of 1.5% of the Company's 2009 combined operating income (loss) subject to certain adjustments ( Adjusted Net Income ), as defined and calculated pursuant to the Annual Incentive Plan, and \$20 million. The bonus amounts paid to the executives were based on the Compensation Committee's determination that the Company and its executives met or exceeded the financial and individual goals that were established for 2009. For additional information regarding the Compensation Committee's determinations with respect to the bonus payments, see Compensation Discussion and Analysis 2009 Annual Bonuses.

- (6) The amounts set forth in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column for 2009 represent the aggregate change during 2009 in the actuarial present value of each named executive officer's accumulated pension benefits under the Time Warner Pension Plan and the Time Warner Excess Benefit Pension Plan. There were no above-market earnings or preferential earnings on any compensation that was deferred pursuant to a nonqualified deferred contribution plan or other basis that is not tax-qualified.
- (7) The amounts shown in the All Other Compensation column for 2009 include the following:
- (a) Pursuant to the Time Warner Savings Plan (a defined contribution plan available generally to employees of the Company), for the 2009 plan year, each of the named executive officers deferred a portion of his or her annual compensation and Time Warner contributed \$9,800 as a matching contribution on the amount deferred by each named executive officer.
  - (b) The Company maintains a program of life and disability insurance generally available to all salaried employees on the same basis. This group term life insurance coverage was reduced to \$50,000 for each of the named executive officers, who were each given a cash payment pursuant to the terms of their employment agreements to cover the cost of specified coverage under the Company's voluntary group universal life ( GUL ) insurance program. The named executive officers are under no obligation to use the payments to purchase GUL insurance or to purchase any other life insurance. The named executive officers who received cash payments in excess of \$10,000 for this benefit during 2009 were: Mr. Bewkes (\$10,847) and Ms. Fili-Krushel (\$18,864). Commencing in 2010, no new participants may enroll in the Company's GUL insurance program, but the named executive officers are entitled to continue to receive the annual cash payments pursuant to the terms of their employment agreements. The Company also maintains a split-dollar life insurance policy on the life of Mr. Bewkes. Starting in 2003, the Company discontinued payment of the premiums on this split-dollar life insurance policy. Instead, the premium is satisfied from the accreting value of the policy and/or a loan by the insurance company. Pursuant to tax rules, the Company imputed income of less than \$10,000 for the amount allocated to the term portion of the split-dollar coverage for Mr. Bewkes. It is anticipated that the Company will recover the net after-tax cost of the premiums paid by it on these policies or the cash surrender value thereof. For additional information regarding life insurance coverage for the named executive officers provided pursuant to the terms of their employment agreements, see Compensation Employment Agreements.
  - (c) The amounts of personal benefits shown in this column for 2009 consist of the aggregate incremental cost to the Company for the following items: (i) with respect to Mr. Bewkes, transportation-related benefits (\$78,785) and the Company's reimbursement or payment of fees for financial services (\$37,750); (ii) with respect to Ms. Fili-Krushel, the Company's reimbursement or payment of fees for financial services (\$28,580), transportation-related

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benefits and representative samples of the Company's products (such as DVDs); and (iii) with respect to Mr. Olafsson, the Company's reimbursement or payment of fees for financial services (\$40,000) and representative samples of the Company's products (such as DVDs).

Transportation-related benefits consist of the incremental cost to the Company of personal use of (a) aircraft owned (based on fuel, landing, repositioning and catering costs and crew travel expenses) or leased (based on hourly fees) by the Company and (b) a Company-provided car and a driver for Mr. Bewkes (based on the cost of car lease payments, the driver's compensation and benefits, fuel, parking and other related expenses) and commercial car services for Ms. Fili-Krushel and Mr. Martin (in each case, based on the portion of the usage that was personal).

For security reasons, Mr. Bewkes was provided with a car and driver during 2009 and was encouraged to use Company aircraft for business and personal use. Other executive officers were eligible to use a private car service, Company aircraft for business use and, in limited circumstances and subject to the controls in the Company's travel policies, to make personal use of Company aircraft. Personal use of corporate aircraft by executives other than Mr. Bewkes was permitted when there was available space on a flight scheduled for a business purpose, in the event of a medical or family emergency, or with the approval of Mr. Bewkes.

The Compensation Discussion and Analysis discusses the amounts of 2009 salary and non-equity incentive plan compensation levels for the named executive officers relative to their total cash and equity-based compensation. For a description of the material terms of each named executive officer's employment agreement, please see Compensation Employment Agreements.

**Table of Contents****Grants of Plan-Based Awards Table**

The following table presents information with respect to each award of plan-based compensation to each named executive officer in 2009. All share-based amounts and exercise prices reflect the adjustments giving effect to the Cable Separation, the Reverse Stock Split and the AOL Separation.

**GRANTS OF PLAN-BASED AWARDS DURING 2009**

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards:			Grant Date	Fair Value of Stock and Option Awards (5)
			Threshold	Target	Maximum	Threshold	Target	Maximum	Number of Shares of Stock or Units	All Other Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (4)		
Jeffrey L. Bewkes	N/A	N/A	\$ 8,500,000										
	2/20/2009	2/18/2009				48,143	96,285	192,570					\$ 1,578,000
	2/20/2009	1/28/2009							96,285				\$ 1,470,000
	2/20/2009	1/28/2009								673,997	\$ 15.27		\$ 2,388,000
John K. Martin, Jr.	N/A	N/A	\$ 2,000,000										
	2/20/2009	2/18/2009				20,653	41,305	82,610					\$ 676,962
	2/20/2009	1/28/2009							41,305				\$ 630,630
	2/20/2009	1/28/2009								192,572	\$ 15.27		\$ 664,000
Paul T. Cappuccio	N/A	N/A	\$ 2,000,000										
	2/20/2009	2/18/2009				12,397	24,793	49,586					\$ 406,335
	2/20/2009	1/28/2009							24,793				\$ 378,525
	2/20/2009	1/28/2009								115,543	\$ 15.27		\$ 398,400
Patricia Fili-Krushel	N/A	N/A	\$ 1,700,000										
	2/20/2009	2/18/2009				9,315	18,630	37,260					\$ 305,343
	2/20/2009	1/28/2009							18,630				\$ 284,445
	2/20/2009	1/28/2009								86,658	\$ 15.27		\$ 300,600
Olaf Olafsson	N/A	N/A	\$ 750,000										
	2/20/2009	2/18/2009				10,350	20,700	41,400					\$ 339,270
	2/20/2009	1/28/2009							20,700				\$ 316,050
	2/20/2009	1/28/2009								96,287	\$ 15.27		\$ 332,000

- (1) Reflects the target payout amounts of non-equity incentive plan awards payable under the Annual Incentive Plan for service in 2009. The target payout amount for each named executive officer reflects the target amount set forth in the named executive officer's employment agreement. See the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for the non-equity incentive plan awards actually earned by the named executive officers in 2009 and paid out in early 2010. The Compensation Committee has established criteria to assist it in determining the non-equity incentive plan awards for each of the named executive officers and the Annual Incentive Plan includes a formula for the purpose of calculating the maximum bonus amounts that can be paid to executives who are subject to Section 162(m) of the Internal Revenue Code and deducted for income tax purposes. However, there are no threshold payout amounts specified under the Company's non-equity incentive plans and, because the Compensation Committee can, in its discretion, choose



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to pay amounts outside of the Annual Incentive Plan, which are greater than what is deductible for tax purposes, there also are no maximum payout amounts. See Compensation Discussion and Analysis 2009 Annual Bonuses for a description of the material terms of the non-equity incentive plan awards under the Annual Incentive Plan.

- (2) Reflects the number of shares of Common Stock that may be earned upon vesting of PSUs granted in 2009, assuming the achievement of threshold, target and maximum performance levels (i.e., 50%, 100% and 200%),

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respectively, of the target PSUs) at the end of the applicable performance period. The threshold performance level resulting in the minimum payout of 50% of the target PSUs assumes that the Company's TSR (as discussed below) is below the 25th percentile level but the minimum performance level for Adjusted EPS growth (as discussed below) has been met.

- (3) Reflects awards of RSUs.
- (4) The exercise price for the awards of stock options was determined based on the closing price of the Common Stock on the NYSE Composite Tape on the date of grant. The exercise price was subsequently adjusted for the Cable Separation, the Reverse Stock Split and the AOL Separation.
- (5) The grant date fair value of each PSU award was estimated using a Monte Carlo analysis to estimate the total stockholder return ranking of the Company among the S&P 500 Index companies over the performance period and also assumes that the performance condition has been met. See footnote (3) to the Summary Compensation Table for Fiscal Year 2009 for additional information regarding the determination of grant date fair value of PSUs.

***Material Terms of Equity Awards***

The awards in 2009 of stock options, RSUs and PSUs were made under the Time Warner Inc. 2006 Stock Incentive Plan.

The stock options granted in 2009 become exercisable, or vest, in installments of 25% over a four-year period, assuming continued employment, and expire 10 years from the grant date. The stock options are subject to accelerated vesting upon the occurrence of certain events such as the grantee's retirement, death or disability. The exercise price of the stock options cannot be less than the fair market value of the Common Stock on the date of grant. In addition, holders of the stock options do not receive dividends or dividend equivalents or have any voting rights with respect to the shares of Common Stock underlying the stock options.

The awards of RSUs granted in 2009 vest in equal installments on each of the third and fourth anniversaries of the date of grant, assuming continued employment and subject to accelerated vesting upon the occurrence of certain events such as the grantee's retirement, death or disability. Holders of the RSUs are entitled to receive cash dividend equivalents on unvested RSUs, if and when regular cash dividends are paid on outstanding shares of Common Stock and at the same rate. The awards of RSUs confer no voting rights on holders and are subject to restrictions on transfer and forfeiture prior to vesting.

The awards of PSUs granted in 2009 vest on the third anniversary of the date of grant, assuming continued employment and the achievement of specified performance criteria. The PSUs have a performance measure of total stockholder return (also referred to as TSR) of the Common Stock relative to the common stock of the companies in the S&P 500 Index and the Company's growth in Adjusted EPS, as reported by Bloomberg, relative to the Adjusted EPS of companies in the S&P 500 Index, over a three-year period beginning on January 1, 2009. The PSUs will be paid out in shares of Common Stock in amounts ranging from 0% to 200% of the target amounts awarded to the holders, based on the performance achieved. The TSR will determine the payout if it is at least at the 50<sup>th</sup> percentile. If the TSR is less than the 50<sup>th</sup> percentile and the Company's Adjusted EPS growth is at least at the 50