

TIME WARNER INC.  
Form DEF 14A  
April 29, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Time Warner Inc.**

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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April 29, 2016

**Dear Fellow Shareholder:**

**Delivering Sustained Strong Financial Performance**

In 2015, Time Warner made great progress in executing its strategy while delivering solid financial performance, with revenue growing 3% to \$28 billion, adjusted operating income increasing 19% to \$6.9 billion, and adjusted EPS growing 14% to \$4.75 – exceeding our earnings outlook despite \$0.50-per-share headwinds from foreign exchange rates. Over the past eight years through the end of 2015, the Company has delivered a total return to shareholders of over 140% – far outpacing the S&P 500.

Along with most major U.S. media and entertainment companies, however, our stock price fell in the second half of 2015, largely due to concerns about long-term trends in the U.S. television industry regarding the number of multi-channel TV subscribers, TV ratings, TV advertising growth, and competition from broadband-delivered video services. So in this year’s letter to shareholders, we want to focus on how we are addressing the challenges and opportunities in the television industry and why we’re highly confident about the Company’s future.

**Transforming Our Structure**

Over the past several years, we have transformed Time Warner from a traditional media conglomerate to a company focused on high-quality video content and global brands in television, feature films, and video games. This enables us to take advantage of the growing worldwide demand for quality video content *and* gives us greater flexibility to distribute our content both inside and outside the traditional media ecosystem in ways that meet changing consumer expectations and viewing habits.

While streamlining the Company, we maintained the scale in our strategically aligned businesses. With the #1 television and film studio in the world at Warner Bros., and the strongest group of cable networks at Turner and Home Box Office, we have critical competitive advantages in producing the best programming; negotiating favorable distribution deals with traditional and broadband distributors; and launching new services and products. It also provides us with powerful efficiencies that help fuel growth.

**Executing Our Strategy Designed for an Evolving Industry**

As we’ve transformed the Company, we’ve executed a business strategy that capitalizes on our advantages to navigate and help shape the future of the television and media industries.

***1. We’re using our scale to invest in a concentrated portfolio of strong brands, and to create compelling content, that resonate with consumers around the world and across all platforms.***

Home Box Office, long recognized as the home of the best programming on television, extended its record of success in 2015, receiving 43 Primetime Emmy Awards, the most of any network for the 14<sup>th</sup> year in a row. This year, HBO plans to increase its original programming hours worldwide by 50% with an expanded line-up to appeal to multiplatform audiences, including programs from Sesame Street, Jon Stewart, Bill Simmons, and Vice.

Turner is also increasing its investment in original programming and strengthening its leading brands in news, kids, sports and entertainment. In 2015, CNN grew primetime ratings 29% in its key demographic; Cartoon Network was the only top three kids network to grow ratings; and Turner extended its agreements with the NBA and NCAA, securing must have sports programming for its entertainment networks and digital properties. And this year, Turner is focused on refreshing its leading entertainment networks, TBS and TNT, with more original, on-demand, and cutting-edge programming to appeal to younger and multiplatform audiences.

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Warner Bros., which has been the #1 producer of primetime shows for U.S. broadcast networks for 12 of the past 13 seasons, is expanding its production slate. Already the largest supplier of programming to Turner and HBO, Warner Bros. is supplying more original programming to premium and basic cable networks as well as broadband video services. Warner Bros. is also developing strong global franchises, such as ones from DC Entertainment, LEGO, and the world of Harry Potter from J.K. Rowling, to drive growth across film, TV, video games, and consumer products.

### ***2. We're leveraging our scale and technology to meet consumer demand both inside and outside the traditional TV ecosystem and create additional revenue streams for our Company.***

The number of U.S. households that subscribe to a traditional television bundle is expected to continue to decline modestly over the next few years, so we're working with our distribution partners to help retain subscribers by enhancing the attractiveness of traditional television bundles through offering more on-demand programming and enabling more multi-platform viewing. With our concentrated portfolio of strong networks and must-watch programming, we also plan to capture a greater share of the industry's affiliate revenues.

At the same time, we're aggressively pursuing opportunities to distribute our networks and content outside the traditional TV ecosystem. In April 2015, HBO successfully launched its stand-alone broadband service, HBO NOW, and this year it's focused on expanding HBO NOW's distribution. In 2015, Turner and HBO also secured carriage on new, smaller broadband-delivered bundles, and we're actively exploring other opportunities to launch new broadband-delivered services. In addition to delivering our networks over broadband, we're expanding our online presence in other ways—for example, we're increasing our investment in CNN.com, which was the most viewed digital news source, and bleacherreport.com, which was the #2 digital sports destination in the U.S. last year.

We're also investing in technology, not only to support the broadband distribution of our content, but also to improve the effectiveness and value of advertising across platforms—combining the power of television with the targeting ability of digital platforms.

### ***3. We're expanding internationally to take advantage of growing demand for content and increasing pay television and broadband penetration.***

Outside the U.S., we're focused on gaining scale, particularly in territories with strong long-term growth prospects, and we tailor our programming and distribution strategies to optimize our returns in each market. A good example is Home Box Office's international strategy. HBO- and Cinemax-branded networks are distributed in over 60 countries across Latin America, Asia, and Europe. Those networks feature both U.S. and local programming with distribution models appropriate for each market: some are premium networks as in the U.S., while others are ad-supported. HBO has also been rolling out stand-alone broadband services in select countries, starting in the Nordics and now expanding to Latin America and Spain. And, in territories where HBO sees a larger opportunity in licensing its content, it has reached agreements with top networks and distributors with a focus on Home of HBO deals. Turner and Warner Bros. are likewise focused on increasing share in key regions, and all of our businesses collaborate with each other to capitalize on their combined scale outside the U.S.

### ***4. We're focused on both operating and capital efficiency to drive shareholder returns.***

We're tightly controlling overhead costs to help fund investments in content and growth initiatives. We're also executing a disciplined and balanced capital allocation strategy, with clear priorities: first, invest fully in our

businesses; second, selectively pursue M&A; and third, provide direct returns to shareholders. In 2015, the Company invested almost \$11.5 billion in our businesses, spent close to \$700 million on M&A (focused on enhancing the Company's broadband-distribution capabilities), and returned \$4.8 billion to shareholders through dividends and share repurchases.

### **Reviewing and Refining Our Strategy for Long-Term Success**

Time Warner's structure, strategy, and strong execution have positioned the Company for sustained future growth. With the accelerating pace of change in the media and entertainment industry, the Board is engaged with management in continually reviewing, refining, and overseeing the execution of the Company's strategy. We're focused on delivering superior performance over the long-term by ensuring that your Company thrives in a world in which high-quality video content will remain enormously popular across the globe, and in which programming will be delivered in a growing number of ways and viewed by consumers on-demand on an ever-expanding array of devices.

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On behalf of the full Board of Directors, we want to express our appreciation for your investment in Time Warner and encourage you to vote your shares. Every shareholder's vote is important.

We also invite you to attend the Company's 2016 Annual Meeting of Shareholders. The meeting will be held on Friday, June 17, 2016, at 10:00 a.m. (local time) at Warner Bros. Studios, 4000 Warner Boulevard, in Burbank, California. If you are not able to attend the meeting, you may listen to the webcast live at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials).

Sincerely,

Jeffrey L. Bewkes  
*Chairman of the Board*

*and Chief Executive Officer*

Stephen F. Bollenbach  
*Lead Independent Director*



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**NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS**

**Annual Meeting Date:** Friday, June 17, 2016

**Time:** 10:00 a.m. (local time)

**Location:** Warner Bros. Studios, 4000 Warner Boulevard, Burbank, California 91522

**You are cordially invited to attend Time Warner Inc. s 2016 Annual Meeting of Shareholders.**

**Meeting Agenda**

1. Elect the 11 directors named in the Proxy Statement;
2. Ratify the appointment of Ernst & Young LLP as the Company s independent auditor for 2016;
3. Hold an annual advisory vote to approve named executive officer compensation; and
4. Transact such other business as may properly come before the Annual Meeting.

**Record Date**

You can vote at the Annual Meeting if you were a shareholder of record at the close of business on April 20, 2016.

**Voting**

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 in 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, which will revoke any previously submitted proxy. If your shares are held through a bank,

brokerage firm or other nominee and you want to vote your shares in person at the Annual Meeting, you will need to contact your bank, brokerage firm or nominee to obtain a written proxy from it.

### **Attending the Annual Meeting**

All Time Warner shareholders (as of the record date) are invited to attend the Annual Meeting. The Company has implemented security measures for the Annual Meeting. If you attend the Annual Meeting in person, you will be required to present valid, government-issued photo identification, such as a driver's license or passport, and an admission ticket to be admitted to the Annual Meeting. For instructions on how to obtain an admission ticket, please see *General Information* beginning on page 97. In addition, packages and bags may be inspected and other measures may be employed to enhance the security of persons attending the Annual Meeting. These procedures may require additional time, so please plan your arrival time accordingly. To avoid disruption, admission may be limited once the Annual Meeting begins. A map with directions to the Annual Meeting is provided on the last page of the Proxy Statement.

### **Listening to the Live Webcast of the Annual Meeting:**

If you are unable to attend the meeting in person, you may listen to the live webcast of the Annual Meeting at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials).

### **By order of the Board of Directors,**

Paul F. Washington

*Corporate Secretary*

April 29, 2016

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on Friday, June 17, 2016:**

This Proxy Statement and the Company's 2015 Annual Report to Shareholders are available electronically at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials).

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**Table of Contents****2016 PROXY STATEMENT SUMMARY**

*This summary highlights information contained in this Proxy Statement. The Company encourages you to read the entire Proxy Statement carefully before voting.*

**Time Warner Inc.**

Time Warner is a global leader in media and entertainment that owns and operates television networks and produces and distributes television programming, films, videogames and other high-quality video content on traditional and emerging platforms worldwide. The Company has three operating divisions: Turner, Home Box Office and Warner Bros.

**Leading domestic and international television networks and related digital properties in entertainment, sports, kids and news**  
**2016 Annual Meeting**

**Leading premium television services in the U.S. HBO and Cinemax**

**Largest television and film studio in the world**

<b>Date:</b>	Friday, June 17, 2016
<b>Time:</b>	10:00 a.m. (local time)
<b>Location:</b>	Warner Bros. Studios, 4000 Warner Boulevard, Burbank, California 91522
<b>Record date:</b>	April 20, 2016
<b>Voting:</b>	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each nominee and one vote for each of the other matters properly presented at the Annual Meeting.
<b>Admission to the Annual Meeting:</b>	If you attend the Annual Meeting in person, you will be required to present valid, government-issued photo identification, such as a driver's license or passport, and admission ticket to be admitted to the Annual Meeting.
<b>Meeting Webcast:</b>	<a href="http://www.timewarner.com/annualmeetingmaterials">www.timewarner.com/annualmeetingmaterials</a>
<b>Matters to Be Voted on at the Annual Meeting</b>	



Matter	Page Reference	
	Board Recommendation	For More Information
<b>Proposal 1: Election of Directors</b>	<b>FOR each nominee</b>	Pages 7 to 23
<b>Proposal 2: Ratification of the appointment of Ernst &amp; Young LLP as the Company's independent auditor for 2016</b>	<b>FOR</b>	Page 24
<b>Proposal 3: Annual advisory vote to approve named executive officer compensation</b>	<b>FOR</b>	Page 25

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### **Business Highlights**

#### **Time Warner's Strategy**

Time Warner has pursued a strategy that uses its leading brands, distinctive intellectual property and global scale to capitalize on the growing demand for high-quality video content around the world. First, the Company invests in a concentrated portfolio of leading television networks, as well as compelling television programming, top Hollywood movies, and other forms of content, that appeal to audiences globally and across platforms. Second, the Company uses its scale and technology to meet consumer demand for the Company's networks and content both inside and outside the traditional TV ecosystem, on-demand and across a variety of platforms. Third, the Company continues to expand its businesses internationally in territories with strong long-term growth potential, taking advantage of the growing global demand for video content and increasing pay television and broadband penetration. Finally, the Company's on-going focus on operating and capital efficiency helps fund investments for future growth and substantial returns of capital to shareholders.

#### **Strong Financial Performance in 2015**

The continued execution of the Company's long-term strategy led to the delivery of strong financial performance in 2015.

Adjusted Operating Income<sup>1</sup> increased 19% to \$6.9 billion

Adjusted earnings per share<sup>1</sup> ( Adjusted EPS ) increased 14% to \$4.75, which exceeded the Company's outlook for the year. The Company was able to achieve this growth despite an approximate \$0.50-per-share headwind from foreign exchange rates.

Free Cash Flow<sup>1</sup> totaled \$3.6 billion

Returned \$4.8 billion to shareholders through dividends and share repurchases, including a 10% increase in the Company's quarterly dividend

(1) See Annex A for definitions of the non-GAAP financial measures used in this Proxy Statement and reconciliations of the non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with generally accepted accounting principles in the United States ( GAAP ).

## **2 Time Warner Inc. Notice of 2016 Annual Meeting of Shareholders and Proxy Statement**

**Table of Contents****Director Nominees**

The Board has nominated the 11 individuals named below for election as directors at the Annual Meeting; if elected by shareholders, they will serve for a one-year term until (i) the next annual meeting of shareholders and until their successors have been duly elected and qualified or (ii) their earlier death, resignation or removal. In accordance with the retirement provisions of the Corporate Governance Policy, Kenneth Novack, a current director, will retire from the Board at the Annual Meeting. The Board and the Nominating Committee believe that the depth and breadth of qualifications, skills and experiences of the nominees, all of whom are seasoned leaders and current directors of the Company, have contributed to an effective and well-functioning Board and that, individually and as a whole, the nominees possess the necessary qualifications to provide effective oversight of and advice to the Company's management and businesses.

Name	Director		Primary Occupation	Independent	Committee Memberships			Other Public Co. Boards
	Age	Since			A&FC	N&GC	C&HDC	
<b>James L. Barksdale</b>	73	2001	Chairman and President of Barksdale Management Corporation	ü		ü		1
<b>William P. Barr</b>	65	2009	Former Attorney General of the United States	ü		ü	Chair	3
<b>Jeffrey L. Bewkes</b>	63	2007	Chairman and CEO of Time Warner Inc.					0
<b>Stephen F. Bollenbach</b>	73	2001	Former Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation	ü		ü	ü	3
<b>(Lead Independent Director)</b>								
<b>Robert C. Clark</b>	72	2004	Distinguished Service Professor at Harvard University	ü	ü		Chair	1
<b>Mathias Döpfner</b>	53	2006	Chairman and Chief Executive Officer of Axel Springer SE	ü			ü	2
<b>Jessica P. Einhorn</b>	68	2005	Former Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at the John Hopkins University	ü	ü	ü		1
<b>Carlos M. Gutierrez</b>	62	2014	Chair of Albright Stonebridge Group	ü	ü			2
<b>Fred Hassan</b>	70	2009	Partner and Managing Director at Warburg Pincus LLC	ü	ü		ü	1
<b>Paul D. Wachter</b>	59	2010	Founder and Chief Executive Officer of Main Street Advisors, Inc.	ü			ü	2

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<b>Deborah C. Wright</b>	58	2005	Senior Fellow in the Economic Opportunity and Assets Division of the Ford Foundation and Non-Executive Chairman of Carver Bancorp, Inc.	<a href="#">ü</a>	Chair	2
A&FC	Audit and Finance Committee	N&GC	Nominating and Governance Committee	C&HDC	Compensation and Human Development Committee	

[Time Warner Inc. Notice of 2016 Annual Meeting of Shareholders and Proxy Statement](#) **3**

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The executive compensation program uses key performance measures that are tied to the Company's long-term success, and supported the Company's strong financial performance in 2015.

Vast majority of executive compensation is variable and performance-based (93% for CEO), and a substantial portion is equity-based.

Balanced mix of long-term and short-term performance measures that tie to Company financial performance, support execution of the Company's long-range plans and encourage collaboration among businesses to generate sustained financial performance and shareholder value.

Performance achieved on challenging performance goals set at the beginning of each performance period determines payouts.

Compensation decisions and disclosure informed by long-standing engagement with shareholders.

94.3% of the votes cast at the 2015 annual meeting of shareholders were in favor of the compensation of the named executive officers (NEOs).

Taking into account shareholder feedback received in recent years, the results of the 2015 advisory vote on NEO compensation and the Compensation and Human Development Committee's review of the executive compensation program, the Committee decided to maintain the overall executive compensation structure for 2016, with a refinement in the individual goals for the CEO and CFO to include a goal focused on return on invested capital in connection with their annual bonuses.

**New Employment Agreement for CEO**

In light of Jeffrey Bewkes' strong performance over his tenure as CEO, the Board and the Compensation Committee wanted to secure his leadership in executing the Company's strategy and long-range plan during a time of accelerating change in the television and media industries. The Compensation Committee approved a three-year extension (through December 2020) of Mr. Bewkes' employment agreement, and the Company entered into the amended agreement in January 2016. The extension did not change the compensation for Mr. Bewkes.

**Strong Governance of Executive Compensation**

What Time Warner Does	What Time Warner Doesn't Do
ü Pay-for-performance	No targeting specific percentiles
ü Multiple performance metrics and time horizons	No guaranteed bonuses
ü Share ownership and retention requirements	No excise tax gross-ups
ü Regular engagement with shareholders	No change in control agreements
ü Limited personal benefits	No tax gross-ups for personal benefits
ü Policy limiting equity dilution	No repricing or buyouts of stock options

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- ü Annual compensation-related risk review                      No hedging or pledging by executives
  - ü Clawback policy    No excessive overhang or dilution from equity awards
  - ü Use of independent compensation consultant                      No pension credits for years not worked
- Value of equity awards not included in pension calculations

**4**      Time Warner Inc. Notice of 2016 Annual Meeting of Shareholders and Proxy Statement

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### Governance Highlights

#### Strong Governance Practices and Policies

The Company is committed to strong governance practices and policies and robust engagement practices. In early 2016, the Board took several actions to strengthen the Company's corporate governance practices.

**Proxy Access.** In January 2016, the Board amended the Company's By-laws to implement proxy access. The Board's adoption of proxy access followed (i) a series of discussions during recent years with the Company's major institutional shareholders; (ii) a careful evaluation by the Nominating and Governance Committee over the course of several meetings of shareholder views, policies and votes at other companies on proxy access, evolving practices at other large corporations, relevant academic research, the potential impact on the Company of the adoption of proxy access, alternatives to proxy access and proxy access frameworks adopted by other companies; and (iii) the receipt of a shareholder proposal on proxy access in late December 2015. The Board believes the Company's proxy access framework is responsive to the views expressed by shareholders in discussions over the last year, strikes an appropriate balance between enhancing shareholder rights and adequately protecting the interests of all shareholders, provides shareholders a meaningful voice in the nomination and election of directors and is consistent with prevailing practices and the proxy access frameworks adopted by other Fortune 500 companies. The Company's proxy access framework has the following key features:

- 3% ownership threshold

- 3-year holding period

- Greater of 2 nominees or 20% of Board, for election at an annual meeting of shareholders

- Up to 20 shareholders may group together to satisfy 3% ownership threshold

- Nomination must be received at least 150 days and no more than 180 days prior to the anniversary of the release to shareholders of the Company's proxy materials for the prior year's annual meeting.

#### **Key examples of the Company's long-standing commitment to strong governance practices and policies:**

**Board Independence:** Under the Corporate Governance Policy, a substantial majority of directors must be independent – all directors other than the CEO are independent

**Independent Board Committees:** Only independent directors serve on the Board's committees

**Lead Independent Director** with significant authority and responsibilities since 2006

#### **Board Director Qualifications and Ongoing Education:**

- i The Board believes that the Company is best served by a board whose members have a variety of professional experience, backgrounds, qualifications and complementary skills and who bring diverse viewpoints and perspectives to the Board

- i The Board's experience is reinforced through a robust ongoing director education program

**Board Tenure:** The Board believes it is well-served by having non-employee directors with a mix of tenures and expects that average tenure of non-employee directors will generally not exceed 10 years

**Strong Director Succession Practices:** With one director retiring at the Annual Meeting and several additional directors expected to retire over the next few years, the Nominating Committee is conducting a search to identify, recruit and appoint new directors who possess the core characteristics required of all

directors and the relevant experience and qualifications, complementary skills and fresh perspectives the Board looks for in director candidates

**Limits on Service on Other Public Company Boards**

**Director Accountability:** Directors are elected annually (no classified board) and in an uncontested election, each director nominee receiving more for votes than against votes is elected to the Board

**Director Resignation By-law Provision:** If an incumbent director nominee in an uncontested election receives more against votes than for votes, the director must submit an offer to resign from the Board. The Board would consider the resignation offer within 90 days of certification of the vote and either accept the resignation offer or reject the resignation offer and seek to address the underlying cause(s) of the against votes

**Board and Committee Self-Evaluations**

**No supermajority voting provisions in the Company's Charter or By-laws**

**Special meeting rights:** 15% threshold



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**No Shareholder Rights Plan**

**Strong Executive Succession Practices:** Management succession planning is a priority for the Board. The Nominating Committee discussed CEO succession multiple times during 2015 and, in connection with the extension of Mr. Bewkes' employment agreement through 2020, is executing a process to select his successor prior to the end of the term of his employment agreement.

**Stock Ownership Requirements for Executive Officers and Directors**

**No Hedging or Pledging**

**Codes of conduct** for executive officers and directors

**ESG Disclosures:** The Company keeps the investment community informed about its activities relating to environmental, social and governance matters through its website

**Shareholder Engagement**

The Company values the views of its shareholders and has a long-standing practice of engaging with shareholders throughout the year. The Company engaged with shareholders representing over 45% of the Company's outstanding shares of Common Stock in 2015 on a range of compensation, governance, including proxy access, and environmental and other corporate responsibility matters. The Board is regularly updated on shareholder feedback and considers the views of shareholders in making its decisions. The Board views this continuing constructive dialogue as an integral part of the process of maintaining a strong executive compensation and governance practices.

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**Proposal 1: Election of Directors**

**One Time Warner Center**

**New York, NY 10019-8016**

**PROXY STATEMENT**

This Proxy Statement is being provided to holders of Time Warner common stock, par value \$0.01 per share ( Common Stock ), at the close of business on the record date (April 20, 2016) in connection with the solicitation of proxies by the Board of Directors of Time Warner Inc., a Delaware corporation, for use at the Annual Meeting of Time Warner's shareholders, and at any adjournment or postponement of the meeting, for the purpose of considering and acting on the matters set forth in the accompanying notice and this Proxy Statement. The Annual Meeting will be held on Friday, June 17, 2016, at the Warner Bros. Studios, 4000 Warner Boulevard, Burbank, California 91522 commencing at 10:00 a.m., local time.

**COMPANY PROPOSALS**

**Proposal 1: Election of Directors**

**Director Nominees**

The Board of Directors nominated the 11 nominees named below for election as a director at the Annual Meeting. If elected by the shareholders, they will serve for a one-year term until (i) the next annual meeting of shareholders and until their successors have been duly elected and qualified or (ii) their earlier death, resignation or retirement. Each of the nominees currently serves as a director of the Company and was elected by the shareholders at the 2015 annual meeting of shareholders. If any nominee is unable or unwilling to serve as a director at the time of the Annual Meeting, the persons named in the proxy card (who are appointed by shareholders as their 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 has no reason to believe that any of the nominees will be unable or unwilling to serve as a director if elected. The persons named in the proxy card as shareholders' proxies intend to vote such proxy for the election of each of the nominees, unless a shareholder indicates on the proxy card that the vote should be against any or all of the nominees.

**Vote Required for Election of Director Nominees**

Because the election of the directors at the Annual Meeting is uncontested, a director nominee must receive a majority of the votes duly cast by the holders of Common Stock with respect to that director nominee to be elected (*i.e.*, the number of for votes for a director nominee must exceed the number of against votes for that director nominee). If an incumbent director nominee receives more against votes than for votes in an uncontested election, the director must submit an offer to resign from the Board. The Board will consider the resignation offer and may either accept the resignation offer or reject it 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 shareholder 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. Abstentions and broker non-votes are not considered votes cast in the election of director nominees

and will have no effect on the election of director nominees.

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**Proposal 1: Election of Directors**

**Director Nomination Process**

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

*Nominations Developed by the Nominating Committee.* The Nominating Committee follows the steps described below to identify and propose an individual for election to the Board:

The Nominating Committee considers the composition of the Board as part of its annual self-evaluation process and conducts periodic assessments of the overall composition of the Board in light of the Company's current and expected future business needs and, based on such assessments, may establish specific qualifications that it will seek in Board candidates. The Nominating Committee reports on these assessments to the Board.

The Nominating Committee seeks advice and the names of potential director candidates from members of the Board, management, major shareholders, and other public and private sources. The Nominating Committee sometimes retains a search firm to assist it in these efforts. The Nominating Committee reviews the qualifications of incumbent candidates for re-nomination to the Board annually, including any incumbent candidates elected through proxy access.

The Nominating Committee recommends a slate of director candidates, which may include both incumbent and new director nominees, to submit for shareholder approval at the annual meeting of shareholders. The Nominating Committee may also recommend that the Board elect new directors who will serve until the next annual meeting of shareholders.

*Shareholder Recommendations and Nominations.*

Shareholders may submit names of director candidates to the Nominating Committee for its consideration by following the process described under **General Information**.

Shareholders may submit names of director candidates directly to the Company's shareholders at an annual meeting by following the process set forth in the Company's By-laws and described under **General Information**.

Shareholders may also follow the process set forth in the Company's By-laws for **proxy access** to nominate individuals for election as a director and to have information about the nominees included in the Company's proxy statement and proxy card for an annual meeting of shareholders. A shareholder, or group of up to 20 shareholders, who has owned 3% or more of the Company's

outstanding Common Stock continuously for at least three years, may nominate and have included in the Company's annual meeting proxy materials up to the greater of two individuals or 20% of the number of directors on the Board. Any nominees who were previously elected to the Board through the proxy access By-law provision at either of the two most recent annual meetings of shareholders and who are re-nominated as a director nominee by the Board count toward the number of individuals shareholders can nominate pursuant to the proxy access By-law provision. The shareholder(s) and the nominees must satisfy the requirements specified in the By-laws. The Nominating Committee is responsible for determining whether proxy access candidates satisfy these requirements. If timely requested by the shareholder(s) who nominated the candidate(s) and the proxy access candidate(s), the Nominating Committee will review the proxy access candidate(s) using the same criteria it applies to new director candidates initially identified by the Nominating Committee.

### **Board Qualifications, Composition and Tenure**

*Criteria for Membership.* The Nominating Committee and the Board take into consideration many factors in reviewing candidates and apply the same criteria to all candidates, including incumbent directors, and some additional criteria when evaluating the qualifications of new director candidates. The Board believes the Company is best served by a board consisting of individuals who share certain core characteristics, such as a high level of integrity, professional accomplishment and business judgment, and who also bring a variety of complementary skills, professional experience, backgrounds and diverse viewpoints and perspectives to the Board.

**Table of Contents****Proposal 1: Election of Directors**

**Board Tenure.** The Board recognizes the importance of having new directors join the Board regularly to achieve an optimum mix of institutional knowledge and fresh perspectives. Reflecting a commitment to Board refreshment, the Corporate Governance Policy states that the Board believes the Board and the Company are well-served by having non-employee directors with a mix of tenures and expects that the average tenure of non-employee directors will generally not exceed 10 years. In addition, the Corporate Governance Policy provides that non-employee directors are not eligible for nomination for a term during which they will reach age 75.

This commitment to Board refreshment has been demonstrated by the Board recruiting and adding since January 2009, four new directors with highly relevant experience,

including two in 2009 and one in each of 2010 and 2014. In addition, in accordance with the retirement provisions in Corporate Governance Policy, Kenneth Novack, a current director, will retire from the Board at the 2016 Annual Meeting.

**Director Succession Planning.** The Board expects to appoint new directors over the next few years as a result of Mr. Novack's retirement this year and the anticipated retirement of Messrs. Barksdale and Bollenbach at the annual meeting of shareholders in 2017 and Mr. Clark in 2018. To that end, the Nominating Committee is conducting a search to identify, recruit and appoint new directors who possess the core characteristics required of all directors and the relevant experience and qualifications, complementary skills and fresh perspectives to work effectively with their fellow directors in fulfilling the Board's role in reviewing the Company's strategy and overseeing its businesses during a time of significant change in the media and entertainment industry.

<b>Board Tenure for Non-Employee Director Nominees</b>
<b>5 Directors</b>
<b>More than 10 Years</b>
<b>4 Directors</b>
<b>6-10 Years</b>
<b>1 Director</b>
<b>1-5 Years</b>

**Table of Contents****Proposal 1: Election of Directors**

**Directors Skills and Qualifications.** The Nominating Committee and Board have identified the following criteria to be considered when evaluating all director candidates, both the incumbent directors selected as nominees and potential new director candidates.

*Criteria for All Director Candidates**Additional Criteria for New Director Candidates*

**Personal Qualities.** Each director candidate must possess a demonstrated reputation for integrity, judgment, acumen and high professional and personal ethics.

**Experience.** Each director candidate should be financially literate and have significant experience at the policy-making level in business, government or the non-profit sector. **In evaluating director candidates, the Board also considers the categories of business experience discussed below in light of the Company's current and expected future business needs.** For incumbent director candidates, the Nominating Committee will also evaluate the candidates' past performance on the Board.

**Independence.** A majority of the Board, and, unless otherwise determined by the Board, any newly nominated non-employee candidate for the Board, must satisfy the criteria to be considered an independent director under the Company's By-laws and Corporate Governance Policy and the applicable New York Stock Exchange (the NYSE ) listing standards.

**Commitment.** Each director candidate must have the time and ability to make a constructive contribution to the Board, as well as a clear commitment to fulfilling a director's fiduciary duties and serving the interests of the Company's shareholders. In addition, to help ensure directors have sufficient time to devote to their responsibilities as a director, the Board has determined

**Professional Experience.** New director candidates should have significant high-level leadership experience at a public corporation or other firm, in government or at a non-profit institution. The candidate's performance in those leadership roles, as well as the performance of the public corporation, firm or institution during the candidate's tenure, are important factors the Nominating Committee considers when evaluating a candidate.

**Diversity.** The Corporate Governance Policy requires the Nominating Committee and the Board to consider the Board's overall composition when evaluating director candidates, including whether the Board has an appropriate combination of professional experience, skills, knowledge and a range of viewpoints and backgrounds in light of the Company's current and expected future business needs. In addition, as set forth in the Policy Statement Regarding Director Nominations, the Nominating Committee believes it is desirable for new candidates to contribute to there being a variety of viewpoints on the Board, which may be enhanced by a mix of different professional and personal backgrounds and experiences.

**Committee Eligibility.** The Nominating Committee believes it is desirable for new director candidates to satisfy the requirements for serving on the Board's committees, as set forth in the charters for those committees and applicable regulations.

that non-employee directors should generally serve on no more than four other public company boards. Directors are required to offer their resignation upon a significant change in their primary professional responsibilities, and, in such case, the Nominating Committee will make a recommendation to the Board as to whether to accept the offer of resignation.

***Director Experience.*** The Nominating Committee believes it is useful for director candidates to have experience as a director of a major public corporation.

***Age.*** Under the Company's By-laws and Corporate Governance Policy, each director candidate must be at least 21 years of age at the commencement of service as a director and is not eligible for nomination for a term during which he or she will reach age 75.

***Antitrust Requirements.*** Each director candidate must satisfy the requirements of antitrust laws, which limit service as an officer or director of the Company's significant competitors.

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**Table of Contents****Proposal 1: Election of Directors*****Business Experience Considered for All Director******Director Nominee Experience******Candidates***

***Leadership and Senior Management.*** 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). Director candidates who have served in significant leadership positions over an extended period, especially chief executive officer positions, are important as they bring experience with developing, implementing and overseeing the execution of business plans and strategies. Director candidates with this experience also generally possess strong leadership qualities and the ability to identify and develop those qualities in others.

All of the nominees for director have leadership or senior management experience, including eight nominees who are either current or former chief executive officers of public or private companies.

***Media, Communications or Technology Businesses.***

Knowledge of and experience in media, communications and/or technology businesses. Relevant industry experience is important in understanding the Company's business, strategy and long-range plans. In addition, director candidates who have relevant industry experience can offer advice and insights regarding new technologies and business models, which is particularly important with the significant changes that are occurring in the media and entertainment industry.

The vast majority of the nominees for director have highly relevant industry experience. The nominees for director include:

a former President and Chief Executive Officer of Netscape Communications Corp.;

a former Executive Vice President and General Counsel of Verizon Communications Inc.;

a former Senior Executive Vice President and Chief Financial Officer of The Walt Disney Company;

a current director of Omnicom Group, Inc.;

a current director of Vodafone Group Plc. and Warner Music Group Corp. and the current Chairman and Chief Executive Officer of Axel Springer SE; and

a former member of the board of managers of Beats Electronics, LLC and Beats Music, LLC.

***Finance, Investments or Banking.*** Knowledge of and experience in finance, investments and/or banking. Experience in this area is important because it assists the directors in understanding and evaluating the Company's

All of the nominees who serve on the Audit Committee qualify as financially literate under the NYSE listing standards and four of them qualify as audit committee financial experts under the SEC's rules. The nominees for

capital structure, financing and investment activities and financial statements. It is also important because it assists them in understanding and overseeing the Company's financial reporting and internal controls. Director candidates who have experience overseeing investments directly or through service as a director of an investment company or state pension fund provide strong insights into shareholder perspectives and views on a range of matters, including governance, operating performance and oversight.

director also include:

the Chairman and President of Barksdale Management Corporation, a private investment management company;

a trustee of Teachers Insurance and Annuity Association, a life insurance company; a director of BlackRock, Inc.;

a Partner and Managing Director at Warburg Pincus LLC; the Founder and Chief Executive Officer of Main Street Advisors, Inc., a private company that provides investment and financial advisory services to high net worth individuals; and

the Non-Executive Chairman (and former Chairman and Chief Executive Officer) of Carver Bancorp, Inc.

**Table of Contents****Proposal 1: Election of Directors**

***Consumer-Focused Businesses.*** Knowledge of and experience in businesses with products or services that directly serve consumers. As a Company focused on capitalizing on the growing global demand for high-quality video content and evolving consumer viewing behaviors, director candidates with expertise in consumer-focused businesses can provide insights regarding the marketing and distribution of the Company's content to consumers around the world.

The vast majority of the nominees for director have experience as either a senior executive officer or member of the board of a consumer-focused business.

***Legal, Regulatory and Government Relations.*** Legal (including corporate governance), regulatory and/or government relations experience. Director candidates who have served in the government sector or have significant legal or regulatory experience can provide insight into working constructively with governments around the world and addressing significant public policy matters, such as piracy.

The nominees for director include:

- a former Attorney General of the United States;
- a former U.S. Secretary of Commerce; and
- the former Dean and Royall Professor of Law at Harvard Law School.

***International Operations or Global Economic Policy.*** Knowledge of and experience in managing or investing in companies with international operations or experience with policies regarding global economic development and cooperation. Time Warner's success depends, in part, on its ability to continue to grow its international operations. Director candidates with international experience can provide useful business and cultural perspectives regarding the Company's international operations.

The nominees for director include:

- the current Chairman and Chief Executive Officer of Axel Springer SE, an integrated multimedia company based in Germany;
- a former executive at The World Bank, visiting fellow at the International Monetary Fund and Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The John Hopkins University;
- a former Chairman and Chief Executive Officer of Schering Plough Corporation;
- a former Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation; and
- the Chair of the Albright Stonebridge Group, a global strategy firm, who also has experience in global economic policy as a former U.S. Secretary of Commerce and nearly 30 years of international business experience from his prior roles with Kellogg Company.

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**Table of Contents****Proposal 1: Election of Directors****Background of Director Nominees**

Set forth below is information regarding each of the 11 nominees, including their ages as of April 28, 2016 and key skills and professional qualifications. The Board and the Nominating Committee believe that the depth and breadth of qualifications, skills and experiences of the nominees, all of whom are seasoned leaders and current directors of the Company, have contributed to an effective and well-functioning Board and, individually and as a whole, the nominees possess the necessary qualifications to provide effective oversight of and advice to the Company's management and businesses.

*The Board of Directors recommends a vote **FOR** the election of the 11 director nominees.*

**James L. Barksdale**

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

**Director since 2001**

**Age: 73**

**Independent Director**

**Board Committees:** Nominating

***Prior Professional Experience:*** Mr. Barksdale served as President and Chief Executive Officer of Netscape Communications Corp. from 1995 to 1999 (when it was acquired by America Online, Inc.); Chief Operating Officer and then Chief

Executive Officer of McCaw Cellular Communications (now AT&T Wireless Services) from 1992 to 1994; Chief Information Officer and then Executive Vice President and Chief Operating Officer of FedEx Corporation from 1979 to 1992; and Chief Information Officer and in other management positions at Cook Industries from 1972 to 1979.

***Other Public Company Boards:*** FedEx Corporation. Mr. Barksdale also served as a director of a predecessor company of Time Warner from March 1999 to January 2001.

***Key Skills and Qualifications:*** Mr. Barksdale brings more than 25 years of entrepreneurial leadership and senior management experience as a former senior executive (including Chief Executive Officer) of several major companies with international operations. Mr. Barksdale's experience includes leadership roles at technology-based and consumer-focused companies, such as Netscape Communications Corp., McCaw Cellular Communications (now AT&T Wireless Services) and FedEx Corporation, as well as formerly serving as a director of Sun Microsystems, Inc. (now Oracle Corporation). Mr. Barksdale has continued his involvement in new technology ventures through Barksdale Management Corporation and by serving as Chairman of Spread Networks, LLC, which was involved in the development of a fiber optic network that runs between the greater New York and Chicago metropolitan areas. Mr. Barksdale also brings financial experience to the Board, including through his role at Barksdale Management Corporation. Mr. Barksdale also has significant experience with mergers and acquisitions, both in executive roles at corporations such as Netscape Communications Corporation and as Chairman and President of Barksdale Management Corporation.

**William P. Barr**

**Former Attorney General of the United States**

**Director since 2009**

**Age: 65**

**Independent Director**

**Board Committees:** Compensation (Chair); Nominating

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

***Other Public Company Boards:*** Dominion Resources, Inc. and Selected Funds. Mr. Barr is also a trustee of Clipper Funds.

***Key Skills and Qualifications:*** Mr. Barr, who is Chair of the Company's Compensation Committee, brings leadership experience in government as a former Attorney General of the United States and head of the U.S. Department of Justice. He

also has more than 14 years of leadership and senior management experience in major corporations in the media and telecommunications industries, as the former Executive Vice President and General Counsel of Verizon Communications Inc. and its predecessor, GTE Corporation. As a former senior executive at Verizon Communications Inc. and GTE Corporation, Mr. Barr has knowledge of and experience in broadband and mobile distribution systems, including the distribution of video content, as well as experience in consumer-focused businesses with international operations. As a former Attorney General of the United States, General Counsel and partner of a major law firm, Mr. Barr has a strong background in a wide range of legal, regulatory and government relations matters, including intellectual property and antitrust policy, as well as overseeing the negotiation of and obtaining regulatory approvals for significant mergers and acquisitions, such as the Bell Atlantic Corporation and GTE Corporation merger that formed Verizon Communications Inc. and Verizon Communications Inc.'s subsequent acquisitions of MCI Communications Corporation and Alltel Corporation. As a director of Selected Funds, where he is currently a director or trustee of three separate investment companies in the fund complex, Mr. Barr has knowledge of and experience in finance and investments.

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Table of Contents**Proposal 1: Election of Directors****Jeffrey L. Bewkes**

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

**Director since 2007**

**Age: 63**

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

**Other Public Company Boards:** Mr. Bewkes served as a director of Time Inc. for many years, resigning on June 6, 2014 in connection with the legal and structural separation of Time Inc. from the Company. Time Inc. became a public company on May 9, 2014.

**Other Boards:** Mr. Bewkes is a Trustee of the Yale Corporation of Yale University. He is a member of the board of the Partnership for New York City and the advisory board of the Creative Coalition.

**Key Skills and Qualifications:** Mr. Bewkes has more than 30 years of experience at the Company and its subsidiaries, including 25 years of leadership and senior management experience serving as the Chief Executive Officer or in other senior executive positions at the Company and Home Box Office. His unique in-depth knowledge of the Company's history and businesses, including his deep understanding

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of the Company's operations and strategy and the media and entertainment industry, provide him a strong foundation for leading the Board, as Chairman, and facilitating effective communication between management and the Board.

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**Stephen F. Bollenbach**

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

**Director since 2001**

**Age: 73**

**Lead Independent Director**

**Board Committees:** Compensation; Nominating

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

***Other Public Company Boards:*** KB Home, Macy's, Inc. and Mondelēz International, Inc. During the past five years, Mr. Bollenbach served as a director of Moelis & Company. Mr. Bollenbach also served as a director of a predecessor company of Time Warner from 1997 to January 2001.

***Key Skills and Qualifications:*** Mr. Bollenbach, who serves as the Company's Lead Independent Director, has more than 15 years of leadership and senior management experience as a former Chief Executive Officer or senior executive of several major companies. In particular, he has experience in the media and entertainment industry, international operations, and consumer-facing businesses through his experience at

companies including The Walt Disney Company and Hilton Hotels Corporation. Further, Mr. Bollenbach has extensive knowledge of and experience in finance and investments as a former Chief Financial Officer of several major companies, including The Walt Disney Company. Mr. Bollenbach also has extensive experience with corporate transactions; for example, while he was the Chief Executive Officer, Hilton Hotels Corporation acquired Promus Hotel Corporation (which owned the DoubleTree, Hampton Inn, Embassy Suites and Homewood Suites brands) in 1999 and Hilton Group plc for \$5.7 billion in 2006, which reunited Hilton Hotels in the U.S. and internationally, and made Hilton the fifth largest hotel operator. Mr. Bollenbach also oversaw the sale of Hilton Hotels Corporation to The Blackstone Group L.P. in 2007.

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**Proposal 1: Election of Directors**

**Robert C. Clark**

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

**Director since 2004**

**Age: 72**

**Independent Director**

**Board Committees:** Audit; Nominating (Chair)

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

***Other Public Company Boards:*** Omnicom Group, Inc.

***Other Boards:*** Mr. Clark is a trustee of Teachers Insurance and Annuity Association (TIAA), a life insurance company focused on serving the retirement needs of the higher education community.

***Key Skills and Qualifications:*** Mr. Clark has 14 years of leadership experience as a former Dean of Harvard Law School. Mr. Clark's expertise and insights in the areas of corporate law (including mergers and acquisitions and corporate governance), finance and regulation are useful to the Nominating Committee, which he chairs, as well as the rest of the Board. His experience serving on the boards of directors of other

companies provides him with knowledge of a number of industries, including the advertising industry. As a trustee of a life insurance company, Mr. Clark also brings his understanding of finance, investments and the views of pension funds and other institutional shareholders.

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**Proposal 1: Election of Directors**

**Mathias Döpfner**

**Chairman and Chief Executive Officer of Axel Springer SE**, an integrated multimedia company based in Berlin, Germany January 2002 to present

**Director since 2006**

**Age: 53**

**Independent Director**

**Board Committees:** Compensation

***Prior Professional Experience:*** Mr. Döpfner has been with Axel Springer SE since 1998, initially as editor-in-chief of *Die Welt* and since 2000 as a member of the Management Board. Prior to joining Axel Springer SE, Mr. Döpfner held various positions in media companies, including editor-in-chief of the newspapers *Wochenpost* and *Hamburger Morgenpost* and as a Brussels-based correspondent for *Frankfurter Allgemeine Zeitung*.

***Other Public Company Boards:*** Warner Music Group Corp. and Vodafone Group Plc. During the past five years, Mr. Döpfner served as a supervisory board member of RHJ International SA (now known as BHF Kleinwort Benson Group).

***Key Skills and Qualifications:*** Mr. Döpfner brings more than 15 years of leadership and senior management experience serving as Chairman and Chief Executive Officer of Axel Springer SE. As Chairman and Chief Executive Officer of Axel Springer SE, a company with businesses consisting largely of newspaper and magazine publishing and digital media, and as a Director of Warner Music Group, Mr. Döpfner has a deep understanding of the media and entertainment industry, including the development of

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new business models to address and capitalize on technological changes within the industry. As the Chairman and Chief Executive Officer of a major media company with operations throughout Europe, Mr. Döpfner has knowledge and experience in managing a major consumer-focused media company with international operations.

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**Jessica P. Einhorn**

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

**Director since 2005**

**Age: 68**

**Independent Director**

**Board Committees:** Audit; Nominating

***Prior Professional Experience:*** Ms. Einhorn served as Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The Johns Hopkins University from June 2002 through June 2012; a consultant at Clark & Weinstock, a strategic communications and public affairs consulting firm, from 2000 to 2002; a Visiting Fellow at the International Monetary Fund from 1998 to 1999; and in various executive positions (including Managing Director for Finance and Resource Mobilization) at The World Bank from 1978 to 1979 and 1981 to 1999.

***Other Public Company Boards:*** BlackRock, Inc.

***Other Boards:*** Ms. Einhorn serves as a director of the Peterson Institute for International Economics and the National Bureau of Economic Research. Ms. Einhorn is also Resident Senior Advisor and a member of the advisory board of The Rock Creek Group.

***Key Skills and Qualifications:*** Ms. Einhorn brings leadership experience in international organizations and education administration, including 10 years as Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The Johns Hopkins University (retired in June 2012) and more than 18 years serving in various staff and executive positions at The World Bank. Ms. Einhorn has extensive knowledge of policies and practices in international finance, economic development and government relations through her roles at the International Monetary Fund and The World Bank, membership on the boards of research and public policy institutions and her ongoing research interest in finance. As a member of the board of a major investment firm, BlackRock, Inc., and as an advisory board member of The Rock Creek Group, a global alternative asset manager, she also brings the perspective and experience of investment firms.

Table of Contents**Proposal 1: Election of Directors****Carlos M. Gutierrez**

**Chair of Albright Stonebridge Group**, a global strategy firm February 2014 to present

**Director since 2014**

**Age: 62**

**Independent Director**

**Board Committees:** Audit

***Prior Professional Experience:*** Mr. Gutierrez served as Vice Chair of Albright Stonebridge Group from April 2013 to February 2014; Vice Chairman of the Institutional Clients Group at Citigroup Inc. from January 2011 to February 2013; a consultant at the Global Political Strategies division of APCO Worldwide Inc., a communications and public affairs consulting firm, from December 2009 to April 2013; Chairman of the Global Political Strategies division of APCO Worldwide Inc. from January 2010 to January 2011; the 35th U.S. Secretary of Commerce from February 2005 to January 2009; Kellogg Company's Chairman of the Board (from April 2000 to February 2005), Chief Executive Officer (from April 1999 to February 2005) and President (from 1998 to September 2003); and in various executive and non-executive positions at Kellogg Company from 1975 to 1998.

***Other Public Company Boards:*** MetLife, Inc. and Occidental Petroleum Corporation. During the past five years, Mr. Gutierrez also served as a director of Lighting Science Group Corporation.

***Key Skills and Qualifications:*** Mr. Gutierrez brings nearly 30 years of experience in leading, managing and growing international business operations at Kellogg Company, a global consumer-focused company with international operations. At Kellogg Company, Mr. Gutierrez was responsible for major consumer brands in a complex worldwide business. As a result of this experience, Mr. Gutierrez brings significant knowledge of brand management, marketing and product development. He also brings leadership experience and knowledge of international commerce and government relations as former U.S. Secretary of Commerce.

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**Proposal 1: Election of Directors**

**Fred Hassan**

**Partner and Managing Director at Warburg Pincus LLC**, a private equity firm  
January 2011 to present

**Director since 2009**

**Age: 70**

**Independent Director**

**Board Committees:** Audit; Compensation

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

***Other Public Company Boards:*** Amgen, Inc. During the past five years, Mr. Hassan served as a director of Avon Products Inc. and Valeant Pharmaceuticals International, Inc.

***Key Skills and Qualifications:*** Mr. Hassan brings more than 12 years of leadership and senior management experience as a former Chairman and/or Chief Executive Officer of major pharmaceutical companies with intellectual-property based business models and international operations, which provided him with strong and relevant operational and strategic experience. Because the pharmaceutical business is a highly regulated field, Mr. Hassan also has knowledge and experience in regulatory matters

and government relations. As a partner and managing director at Warburg Pincus, Mr. Hassan also brings his knowledge of finance and investments to the Board and the Audit and Finance Committee. Mr. Hassan also brings his significant experience with large mergers and acquisitions to the Board. As Chairman and Chief Executive Officer of Schering Plough Corporation, he oversaw Schering Plough's merger with Merck & Co., Inc., and as Chairman and Chief Executive Officer of Pharmacia Corporation, he oversaw its sale to Pfizer, Inc.

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**Proposal 1: Election of Directors**

**Paul D. Wachter**

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

**Director since 2010**

**Age: 59**

**Independent Director**

**Board Committees:** Compensation

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

***Other Public Company Boards:*** Avalanche Biotechnologies, Inc. and Virgin America, Inc.

***Other Boards:*** Mr. Wachter serves in the noted capacities at the following privately held companies: a director of Haworth Marketing and Media Company, Oak Productions, Inc. and Content Partners LLC (Co-Chairman). Mr. Wachter also serves as Chairman of the Board of After-School All-Stars, a national non-profit organization that provides comprehensive after-school programs.

***Key Skills and Qualifications:*** Mr. Wachter brings his knowledge of and experience in finance, investments and banking as the founder and Chief Executive Officer of Main Street Advisors, through serving as the Chairman of the Investment Committee of the Board of Regents of the University of California, and as a former Managing Director at several investment banks. Mr. Wachter also has a background in the media and entertainment industry as a former investment banker focusing on the media and entertainment industry, a former member of the board of managers of Beats Electronics, LLC and Beats Music, LLC (companies focused on headphones and related products and music streaming services, respectively, both now part of Apple Inc.), and a director of Content Partners LLC (a company that acquires profit participations in films, television shows and music). Mr. Wachter also has experience in regulatory matters and government relations through his service on the Board of Regents of the University of California, as an adviser to the former Governor of California and through his work as a tax attorney at a major law firm.

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**Proposal 1: Election of Directors**

**Deborah C. Wright**

**Senior Fellow in the Economic Opportunity and Assets Division of the Ford Foundation and Non-Executive Chairman of Carver Bancorp, Inc.** January 2015 to present

**Director since 2005**

**Age: 58**

**Independent Director**

**Board Committees:** Audit (Chair)

***Prior Professional Experience:*** Ms. Wright served as Chairman and Chief Executive Officer of Carver Bancorp, Inc. from February 2005 through December 2014; President and Chief Executive Officer of Carver Bancorp, Inc. and Carver Federal Savings Bank from 1999 to 2005; President and Chief Executive Officer of the Upper Manhattan Empowerment Zone Development Corporation from 1996 to 1999; Commissioner of the Department of Housing Preservation and Development from 1994 to 1996; a member of the New York City Housing Authority Board from 1992 to 1994; and a member of the New York City Planning Commission from 1990 to 1992.

***Other Public Company Boards:*** Carver Bancorp, Inc. and Voya Financial, Inc. During the past five years, Ms. Wright also served as a director of Kraft Foods Inc. (now Mondelez International, Inc. and Kraft Foods Group Inc.).

***Key Skills and Qualifications:*** Ms. Wright brings to the Board and to her role as Chair of the Audit and Finance Committee leadership senior management and financial experience through her 16 years of service as the Chairman and/or Chief

Executive Officer of Carver Bancorp., Inc. and Carver Federal Savings Bank and approximately 10 years of leadership roles at non-profit organizations or governmental bodies. Ms. Wright also brings to the Board her experience with businesses that provide products or services directly to customers gained through her service at Carver Bancorp., Inc. and Carver Federal Savings Bank, as well as her prior long-term service as a director of Kraft Foods Inc. Ms. Wright also has extensive experience in regulatory matters and government relations through her senior roles in government and non-profit organizations.

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**Proposal 2: Ratification of Appointment of Independent Auditor**

**Proposal 2: Ratification of Appointment of**

**Independent Auditor**

The Audit and Finance Committee of the Board of Directors (the "Audit Committee") is responsible for the appointment, compensation and oversight of the Company's independent auditor. The Audit Committee annually reviews the independent auditor's qualifications, performance, fees and independence. Following its review in December 2015, the Audit Committee appointed Ernst & Young LLP ("EY") as the Company's independent auditor for 2016. EY has served as the Company's independent auditor since 2001, when the Company was formed through the merger of America Online, Inc. (now known as Historic AOL LLC) and Time Warner Inc. (now named Historic TW Inc.). The Company is requesting that the shareholders ratify the appointment of EY as the Company's independent auditor for 2016. The Audit Committee and the Board believe EY is independent and it is in the best interests of the Company and its shareholders to retain EY as the Company's independent auditor.

**Rotation of Lead Audit Partner and Annual Consideration of Audit Firm Rotation**

The Audit Committee believes it is important for the independent auditor to maintain its objectivity and independence. Accordingly, since 2004 the Audit Committee has reviewed on an annual basis whether the Audit Committee should have a policy requiring the regular rotation of the independent auditor and reports its conclusion to the Board. To date, the Audit Committee has determined not to adopt such a policy. In addition, in accordance with Securities and Exchange Commission ("SEC") rules and the Company's Policy Regarding Audit Partner Rotation, audit partners are subject to limitations on the number of consecutive years they may provide services to the Company. For the lead audit partner, the maximum number of consecutive years in that capacity is five years. Consistent with these requirements, a new lead audit partner was selected for the audit of the Company's 2014 financial statements. The Audit Committee and its Chairman are involved in the process for selecting the lead audit partner.

**EY's Attendance at the Annual Meeting**

Representatives of EY will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and to respond to appropriate questions from shareholders.

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

**Vote Required for Approval**

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to ratify the appointment of EY (*i.e.*, the number of shares voted for the proposal must exceed the number of shares voted against

the proposal). However, shareholder approval is not required for the appointment of EY because the Audit Committee is responsible for selecting the Company's independent auditor. No determination has been made as to what action the Audit Committee or the Board would take if shareholders do not ratify the appointment.

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**Proposal 3: Annual Advisory Vote to Approve NEO Compensation**

**Proposal 3: Annual Advisory Vote to Approve Named**

**Executive Officer Compensation**

In accordance with SEC rules, Time Warner is asking shareholders to approve the following resolution at the Annual Meeting:

RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narratives.

**2015 was a successful year for Time Warner. The Company made significant progress on achieving its key long-term strategic objectives and delivered strong financial results despite the significant negative impact from foreign currency exchange rates, including 3% growth in revenues to \$28.1 billion, 19% growth in Adjusted Operating Income to \$6.9 billion and 14% growth in Adjusted EPS to \$4.75, the seventh consecutive year of double-digit growth in Adjusted EPS. The Compensation Committee and the Board believe the Company's compensation program effectively supports the execution of the Company's long-range plans and that the 2015 compensation for the NEOs appropriately reflects the Company's financial performance and the NEOs' individual performance.**

The pay-for-performance design of the Company's compensation program, the Company's 2015 performance, the NEOs' individual performance, and the Compensation Committee's determination of the 2015 compensation paid to the NEOs are described in the Compensation Discussion and Analysis section beginning on page 48. Shareholders are encouraged to read this section before deciding how to vote on this proposal. The next advisory vote on NEO compensation will take place at the 2017 annual meeting of shareholders.

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

**Vote Required for Approval**

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock is required to approve this proposal (*i.e.*, the number of shares voted for the proposal must exceed the number of shares voted against the proposal). However, the vote on executive compensation is advisory and, therefore, not binding on the Company, the Board or the Compensation Committee. The Board and the Compensation Committee will consider the outcome of the vote when making future executive compensation decisions.



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**Table of Contents****Corporate Governance****CORPORATE GOVERNANCE****Strong Governance Practices**

Time Warner has strong corporate governance practices and policies, including the Corporate Governance Policy, which was initially adopted in 2002, which help ensure the Board not only provides independent oversight of management, but also has the experience, expertise and information to work effectively with management in making strategic and other key business decisions for the Company. Because corporate governance practices evolve, the Board reviews its Corporate Governance Policy, committee charters, and other governance documents at least annually and updates them as necessary or appropriate, taking into account the effectiveness of the Company's policies and practices, legal requirements, industry practices and shareholder views.

**Proxy Access**

In January 2016, the Board amended the Company's By-laws to implement proxy access, which provides shareholders the ability to nominate individuals for election as a director and to have the nominee included in the Company's proxy statement and proxy. The Board's adoption of proxy access followed (i) a series of discussions during recent years with the Company's major institutional shareholders; (ii) a careful evaluation by the Nominating Committee over the course of several meetings of shareholder views, policies and votes at other companies on proxy access, evolving practices at other large corporations, relevant academic research, the potential impact on the Company of the adoption of proxy access, alternatives to proxy access and proxy access frameworks adopted by other companies; and (iii) the receipt of a shareholder proposal on proxy access in late December 2015.

The Company discussed proxy access with its major institutional shareholders on a number of occasions from late 2014 through the summer of 2015. In autumn 2015 and early 2016, the Company had a series of more detailed conversations with major institutional shareholders representing over 40% of its outstanding shares of Common Stock, which included discussions of their views on specific proxy access provisions that provided valuable feedback.

Most of the shareholders with whom the Company spoke expressed their support for proxy access, noting their view that proxy access rights would increase accountability of directors to shareholders and would give shareholders a more meaningful role in electing directors. While a few shareholders supported a higher ownership threshold, most expressed support for a framework in which a group of up to 20 shareholders who have held a 3% ownership stake for three years have the right to nominate director candidates constituting up to the greater of two individuals or 20% of the Board. Shareholders also expressed their views on other features of proxy access provisions, including, among others, those relating to (i) loaned shares, (ii) disclosures relating to financial arrangements between the nominating shareholders and their proxy access nominees versus prohibitions of such arrangements and (iii) the time by which nominations must be submitted to the Company. With regard to the last topic, a number of shareholders supported setting a deadline that would provide an adequate opportunity for the Nominating Committee to engage with the nominating shareholders, review the qualifications of the proxy access candidates and consider whether to nominate the proxy access candidates for election as a Board-nominated nominee.

Following those discussions and the Nominating Committee's discussions regarding proxy access during meetings in 2015, the Company developed a proxy access By-law provision for review and consideration by the Nominating Committee and Board. The Company also received a shareholder proposal in late December 2015 requesting the

Company adopt proxy access with 3% ownership/3-year holding requirements. In January 2016, the Board adopted amendments to the By-laws to implement proxy access. The Board believes the Company's proxy access framework is responsive to the views expressed by the Company's shareholders in discussions over the last year, strikes an appropriate balance between enhancing shareholder rights and adequately protecting the interests of all shareholders, provides shareholders a meaningful voice in the nomination and election of directors and is consistent with prevailing practices and the proxy access frameworks adopted by other Fortune 500 companies. In considering the number of shareholders that could join together to satisfy the ownership requirements, the Nominating Committee and Board considered the make-up of the Company's shareholder base and the fact that it would be possible for either the Company's largest shareholders or a group of relatively small shareholders to satisfy the 3% ownership/3-year holding requirements.

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**Table of Contents****Corporate Governance**

After adopting the amendments to the By-laws, the Board amended several of its corporate governance policies so they work with proxy access. The Board's adoption of proxy access enhanced shareholders' rights without taking away any of the existing rights shareholders had to nominate directors. The Nominating Committee also amended the Policy Statement regarding Director Nominations to provide that, if timely requested by the shareholders who nominate director candidates through proxy access, the Committee will review proxy access candidates using the same criteria the Committee applies to other new director candidates. The Company's proxy access provision has the following key features:

3% ownership threshold

3-year holding period

Greater of 2 nominees or 20% of Board, for election at an annual meeting of shareholders

Up to 20 shareholders may group together to satisfy 3% ownership threshold

Nomination must be received at least 150 days and no more than 180 days prior to the anniversary of the release to shareholders of the Company's proxy materials for the prior year's annual meeting of shareholders.

**Key Examples of Strong Governance Practices**

Key examples of Time Warner's long-standing commitment to strong corporate governance policies and practices include the following:

**Board Independence:** Under the Corporate Governance Policy, a substantial majority of the directors must be independent. All current directors, other than the CEO, are independent.

**Independent Board Committees:** Only independent directors serve on the Board's committees.

**Lead Independent Director** with significant authority and responsibilities since 2006. The Board Leadership Policy requires consideration of Board leadership at least annually, with disclosure to shareholders on factors reviewed (see the 2016 report posted at [www.timewarner.com/leadership](http://www.timewarner.com/leadership)).

**Board Qualifications and Ongoing Education:** The Board believes that the Company is best served by a board of directors whose members have a variety of professional experience, backgrounds, qualifications and complementary skills and who bring diverse viewpoints and perspectives to the Board. The Board has identified experience in the media, technology and consumer-facing industries, as well as success in building and managing a large and successful global business, including businesses with evolving business models, as key qualifications. The Board's experience is reinforced through a robust ongoing director education program, including in-depth regular discussions and information (including from third parties) on the trends, competitive positioning, and emerging challenges and opportunities in the media and entertainment industry.

**Board Tenure:** To help ensure the Board has an appropriate balance of experience and fresh perspectives, the Board believes it is well-served by having non-employee directors with a mix of tenures, and the Corporate Governance Policy was amended in 2013 to state that the Board expects that the average tenure of non-employee directors will generally not exceed 10 years.

**Strong Director Succession Practices:** With one director retiring at the Annual Meeting and several additional directors expected to retire over the next few years, the Nominating Committee is conducting a search to identify, recruit and appoint new directors who possess the core characteristics required of all directors and the relevant experience and qualifications, complementary skills and fresh perspectives the Board looks for in new director candidates.

**Service on Other Public Company Boards:** In February 2016, the Board amended the Corporate Governance Policy to reduce the number of other public company boards that non-employee directors may serve on from five to four to further ensure that directors have sufficient time to devote to their responsibilities.

**Director Accountability:** Directors are elected annually (no classified board) and in an uncontested election, each director nominee receiving more for votes than against votes is elected to the Board.

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**Corporate Governance**

**Director Resignation By-Law Provision:** If an incumbent director nominee in an uncontested election receives more against votes than for votes, the director must submit an offer to resign from the Board. The Board would consider the resignation offer within 90 days of certification of the vote and either accept the resignation offer or reject the resignation offer and seek to address the underlying cause(s) of the against votes.

**Board and Committee Self-Evaluations:** The Board conducts rigorous annual self-evaluations in which (i) the members of the Nominating Committee discuss with the other directors the composition, responsibilities, leadership structure, committee process, and overall effectiveness of the Board; (ii) the Nominating Committee reviews the findings and recommendations from those discussions; and (iii) the Nominating Committee recommends an action plan to address items identified through the self-evaluation process to the Board for approval. Management reports to the Board during the year on the progress in implementing the action plan. The self-evaluations have helped inform the Board's decisions in areas such as director and executive succession planning, topics to be addressed at Board meetings, and opportunities for the Board to expand its interactions with management across the Company. The committees also discuss similar topics during their annual self-evaluation processes.

**No Supermajority Voting Provisions in the Company's Charter or By-Laws**

**Special Meeting Rights:** Shareholders have the right to request special meetings (15% threshold).

**No Shareholder Rights Plan**

**Strong Executive Succession Practices:** Management succession planning is a priority for the Board. Consistent with the Company's history of developing leaders internally, the Board's goal is to be in a position to appoint its most senior executives from within the Company. CEO succession planning is overseen by the Nominating Committee, which has developed a comprehensive program that encompasses both emergency succession of the CEO and long-term succession planning. The Nominating Committee discussed CEO succession planning multiple times during 2015 and, in connection with the extension of Mr. Bewkes employment agreement through 2020, is executing a process to select his successor prior to the end of the term of his employment agreement. The Compensation Committee and the Board also periodically discuss succession planning for other senior management with Mr. Bewkes and the Chief Human Resources Officer. In addition, the Lead Independent Director facilitates additional discussions among the independent directors about succession planning at executive sessions. As part of the Company's succession practices, senior executives of the Company and its divisions regularly meet with the Board and its committees.

## **Stock Ownership Requirements for Executive Officers and Directors**

**No Hedging or Pledging:** The Company prohibits executive officers and directors from engaging in hedging transactions with the Company's Common Stock, holding Common Stock in a margin account or pledging Common Stock as collateral for a loan.

**Codes of Conduct:** The Company has robust codes of conduct for its executive officers and directors.

**ESG Disclosure:** The Company keeps the investment community informed about its activities relating to environmental, social and governance matters, including through updates on its corporate social responsibility initiatives (additional details at [www.timewarner.com/citizenship](http://www.timewarner.com/citizenship)).

## **Shareholder Engagement**

The Board values the views of the Company's shareholders and believes that shareholder engagement is a key component of its strong governance practices. For the past ten years, the Company has had a practice of engaging with shareholders on governance and related matters throughout the year. During 2015, the Company engaged with shareholders representing approximately 45% of its outstanding shares on a range of compensation, governance (including proxy access) and environmental and other corporate responsibility topics. The Board and its committees are regularly updated on shareholder feedback and consider the views of shareholders in making their decisions.

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**Table of Contents****Corporate Governance****Board Response to 2015 Shareholder Proposal on Action by Written Consent**

At the 2015 annual meeting of shareholders, a shareholder proposal that requested that the Company permit shareholders to act by written consent was presented. The proposal did not pass, with more than a majority of the votes cast against it. The Company had discussed the proposal with shareholders prior to the meeting and continued discussions with shareholders regarding their views on the right to act by written consent after the meeting. Some shareholders informed the Company that they support written consent proposals as a matter of policy, under any circumstances; however, similar to feedback the Company received in 2014 and early 2015, most of the Company's largest shareholders continued to report that they believe shareholder interests are more appropriately protected by a well-structured right to call a special meeting. These shareholders recognized that actions by written consent could prevent minority shareholders from having the opportunity to voice their views and vote on an action or even review information on a matter approved by written consent until after the action had already been taken. Taking into account the outcome of the vote and the additional feedback from shareholders, the Board decided not to take any action to implement shareholder action by written consent. The Board continues to believe that the ability of shareholders to call a special meeting at a relatively low threshold addresses the interests of all shareholders in a fair and balanced manner.

**Highly Qualified and Independent Directors**

Time Warner's Board consists of 12 highly qualified, skilled and dedicated directors, 11 of whom are independent. These directors possess a combination of qualifications, skills and experiences that enable them to provide effective oversight of the Company and management. Mr. Novack will retire from the Board at the Annual Meeting in accordance with the provisions in the Corporate Governance Policy related to mandatory retirement after reaching a designated age. For a detailed discussion of the qualifications, skills and experience of each of the 11 nominees for director, see [Background of Director Nominees](#) beginning on page 13.

To conclude that a director is independent, the Board must determine that the director has no material relationship with the Company or its subsidiaries and that the director is free of any other relationship that would interfere with the director's exercise of independent judgment. The Board has established guidelines on director independence that address employment and commercial relationships that may affect a director's independence, as well as categories of relationships that are not deemed material for purposes of director independence. In addition to applying these guidelines, which are included in the Company's Corporate Governance Policy, the Board considers the NYSE listing standards and the Company's By-laws. **Based on its annual review of director independence, the Board determined that all of the current directors and all of the nominees for director are independent, except for Mr. Bewkes. Mr. Bewkes is an executive officer of the Company and thus cannot qualify as an independent director.** In determining the independence of the Company's directors, the Board considered relevant transactions, relationships and arrangements as required by the guidelines, NYSE listing standards and the Company's By-laws, as described on pages 36 and 37.

**Board Leadership**

The current leadership structure consists of one individual serving as Chairman of the Board and Chief Executive Officer and an independent director serving as Lead Independent Director with meaningful responsibilities and authority, who serve as part of a Board consisting of 12 engaged and effective directors, 11 of whom are independent.

The Board's Policy on Determining the Leadership Structure of the Board of Directors provides the Board flexibility to select the appropriate leadership structure for the Company. In its annual review in January 2016, the Board determined that the current leadership structure is effective and continues to be the optimal structure for the Company.

Current Leadership Structure	
Chairman and CEO	Jeffrey L. Bewkes
Lead Independent Director	Stephen F. Bollenbach
Independent Directors	11 of 12 directors are independent
Board Committees	All members are independent

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**Corporate Governance**

**Lead Independent Director's Authority and Responsibilities**

The Lead Independent Director's authority and responsibilities include:

Presiding at meetings of the Board at which the Chairman of the Board is not present and at executive sessions of the Board (unless the matter under consideration is within the jurisdiction of one of the Board's committees, in which case, the Chairman of the relevant committee presides).

Authority to call meetings of independent directors.

Serving as the liaison between the Chairman of the Board and the other directors.

Authority to approve the agenda (including the time allocated to items) and information for Board meetings.

Advising the Chairman of the Board with respect to consultants who may report directly to the Board.

Serving as interim Chairman of the Board in the event of the death or incapacitation of the Chairman.

Availability, as appropriate, for communication with the Company's shareholders.

**Selection of Lead Independent Director**

The Board initially selected Mr. Bollenbach as Lead Independent Director in May 2012 and most recently reappointed him to the position in May 2015. Mr. Bollenbach has more than 15 years of leadership experience and extensive knowledge and experience in finance and accounting matters from senior roles at several major companies with international operations, including from serving as Chief Executive Officer of Hilton Hotels Corporation and Chief Financial Officer of The Walt Disney Company. Mr. Bollenbach also has deep knowledge of the Company from his years of service as a director, including from previously serving as Chair of two of the Board's committees.

**Policy on Determining the Leadership Structure of the Board of Directors**

For more than a decade, the Nominating Committee and Board have annually reviewed the leadership structure of the Board. In January 2009, the Board enhanced and further documented the Company's practices in this area by adopting the Policy on Determining the Leadership Structure of the Board of Directors, which provides for the review of the Board's leadership structure and the performance of the individuals who serve in Board leadership positions annually and whenever there are changes in the individuals serving in Board leadership positions. As part of this review, the Nominating Committee evaluates:

Key leadership positions (*e.g.*, Chairman of the Board, Lead Independent Director and CEO, including whether the position of Chairman of the Board should be held by the CEO, an independent director, or a non-independent director other than the CEO).

Responsibilities of those positions.

Qualifications for those positions.

The Nominating Committee makes its recommendations to the Board, which is responsible for approving the leadership structure of the Board.

### **Determination of Current Leadership Structure**

In January 2016, on the recommendation of the Nominating Committee, the Board determined that the current Board leadership structure is appropriate for Time Warner at this time. In reaching its determination, the Board considered a number of factors, including the following: the current leadership structure supports the effective flow of information between management and the Board, including being responsive to Board requests for information; the Board's decision (and his agreement) to extend the term of Mr. Bewkes' employment agreement for an additional three years to secure his leadership in executing the Company's long-range plan during a time of accelerating change in the media and entertainment industry; the Lead Independent Director's meaningful responsibilities and authority; and that the Company's leadership policies and practices continue to be consistent with the policies and practices of a majority of the S&P 500 companies. As set forth in the report, the Nominating Committee concluded that having Mr. Bewkes serve as both Chairman and CEO has provided strong and effective leadership and accountability with respect to the



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**Corporate Governance**

Company's strategy, long-range plan, budget and transactions. The Nominating Committee also noted that Mr. Bollenbach is highly qualified to serve as the Lead Independent Director and concluded that he has provided effective leadership in carrying out his responsibilities in this role. **The report on the Board's determination of its leadership structure is posted on the Company's website at [www.timewarner.com/leadership](http://www.timewarner.com/leadership).**

**Board and Committee Responsibilities**

**Board Responsibilities**

The Board's primary responsibility is to seek to maximize long-term shareholder value. The Board selects senior management of the Company, oversees and monitors the performance of management and the Company, and provides advice and counsel to management. The Board reviews the Company's strategy and approves a long-range plan that includes an annual budget and capital plan annually, or more often as circumstances warrant. The Board reviews and approves transactions pursuant to guidelines the Board has established and reviews from time to time.

**Company's Strategy**

While the formulation and implementation of the Company's strategy is primarily the responsibility of management, the Board plays an active role with respect to the strategy. This includes not only monitoring progress made in executing the Company's strategy, but also regularly evaluating the strategy in light of evolving business, industry, and global operating and economic conditions. The Board carries out its role primarily through regular strategic reviews and discussions with management, which include both broad-based presentations and more in-depth analyses and discussions of specific areas of focus. The Board holds a full-day meeting each year devoted to the Company's strategy. In addition, regular Board meetings throughout the year include discussions with management of the Company or senior operating executives of the Company's divisions on a key aspect of the strategy, significant initiatives to implement the strategy, or developments in or affecting an area of the Company's businesses, or on trends, competitive positioning, and emerging challenges and opportunities in the media and entertainment industry. The Board also reviews the strategy, including actions taken and planned to implement the strategy, as part of its review and approval of the annual budget and long range plan. In addition, the Board's oversight of risk management (as described below) enhances the directors' understanding of the risks associated with the Company's strategy and its ability to provide guidance to and oversight of senior management in executing the strategy. The Lead Independent Director helps facilitate the Board's oversight of strategy by ensuring that the directors receive adequate information about the Company's strategy, key initiatives and operations.

**Oversight of Risk**

The Board also is charged with general oversight of the management of the Company's risks. The Board considers, as appropriate, risks to the Company among other factors in reviewing the Company's strategy, long-range plan, budget, capital plan and major transactions. The Board carries out its risk oversight function both as a whole and through delegating to the Board committees the oversight of risks that come within the committee's substantive areas, as set forth in the listing of committee responsibilities. In particular:

The Audit Committee reviews and discusses a report from management at least annually on the risks the Company faces, including information security risks, management's actions to address those risks, and the Company's risk management and mitigation processes. The report is also provided to the Board.

The Compensation Committee oversees risks related to the Company's compensation programs and policies. The Compensation Committee reviews and discusses at least annually management's report on such risks. See Compensation Programs and Risk Management beginning on page 73.

The Nominating Committee assists the Board in the oversight of risks, particularly those relating to the Company's reputation, through its oversight of governance, public policy and corporate responsibility matters. In fulfilling the Board's responsibilities, directors have full access to the Company's management, internal and external auditors, and outside advisors selected by the Board or its committees.

**Table of Contents****Corporate Governance****Executive Sessions of the Board**

The Company's independent directors generally meet by themselves, without management or any non-independent directors present, at each regularly scheduled Board meeting, and at other times upon the request of any independent director. These executive sessions are led by the Lead Independent Director, except when it is more appropriate for the Chair of the committee that has primary responsibility for the matter being discussed to lead the discussion.

**Board Meetings and Attendance**

**Board Meetings.** The Board generally meets at least seven times each year; during 2015, the Board met seven times.

**Attendance.** Each incumbent director attended at least 75% of the aggregate of (i) the total number of Board meetings during 2015 and (ii) the total number of meetings of committees on which such member served during 2015 (or the period of 2015 during which the director was a member of the committee, if less than the full year). The Company's directors are encouraged and expected to attend the annual meetings of the Company's shareholders. Ten of the 11 directors nominated for election at the 2015 annual meeting of shareholders attended that meeting.

**Board Committees and their Responsibilities**

The Board has three standing committees: the Audit and Finance Committee (also referred to as the Audit Committee), the Nominating and Governance Committee (also referred to as the Nominating Committee) and the Compensation and Human Development Committee (also referred to as the Compensation Committee). *All members of the committees are independent and satisfy the standards of independence applicable to the respective committee.* Each committee meets periodically throughout the year, reports its actions and recommendations to the Board, evaluates its performance annually and holds regular executive sessions at which management is not present.

Each committee is authorized to retain its own outside consultants, legal counsel and other advisors as it desires. The Compensation Committee's charter requires that the Committee assess the independence of any compensation consultant, legal counsel or other advisor prior to retaining the advisor or receiving advice from the advisor (subject to certain exceptions). The assessment considers factors relevant to such advisor's independence, including the factors specified in the NYSE listing standards. The Nominating Committee's charter contains similar requirements with respect to any consultant, legal counsel or other advisor who will provide the Committee advice regarding non-employee director compensation.

***Audit Committee***

**Committee Members:** Robert C. Clark, Jessica P. Einhorn, Carlos M. Gutierrez, Fred

**Deborah C. Wright** Hassan and Deborah C. Wright (Chair)

**Chair**

**Number of Meetings in 2015:** 8

**Qualifications:** The Board has determined that each member of the Audit Committee is financially literate in accordance with the NYSE listing standards. In addition, the Board has determined that each of Ms. Wright and Messrs. Clark, Gutierrez and Hassan is an audit committee financial expert as defined under SEC rules.

**Primary Responsibilities of the Committee:** The Audit Committee assists the Board of Directors in fulfilling its responsibilities in connection with the following:

independent auditor appointment and oversight and related matters,

internal audit function,

ethics and compliance program,

earnings releases and guidance, financial statements and systems of disclosure controls and procedures and internal control over financial reporting,

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capital structure and strategy, including financing and hedging matters and share repurchase program,

mergers & acquisitions, including strategy,

tax matters, including tax strategy,

risk management policies and processes, including cybersecurity risks,

insurance coverage,

retirement programs funding and performance of assets held in retirement plans, and

responses to regulatory actions involving financial, accounting and internal control matters.

***Compensation Committee***

**Committee Members:** William P. Barr (Chair), Stephen F. Bollenbach, Mathias Döpfner, Fred Hassan and Paul D. Wachter

**William P. Barr**

**Chair**

**Number of Meetings in 2015:** 6

**Primary Responsibilities of the Committee:** The Compensation Committee is responsible for the following:

compensation and benefit structure, programs and plans, including oversight of risks related to the Company's compensation programs and practices,

employment agreements of senior executives, including compensation and benefits provided under them,

long-term incentive program design, including performance measures and awards utilized,

disclosures regarding executive compensation matters, advisors retained by the Committee and risks related to the Company's compensation programs and practices,

shareholder advisory votes regarding NEO compensation,

responses to regulatory developments affecting compensation,

officer appointment recommendations, and

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

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***Nominating Committee***

**Committee Members:** James L. Barksdale, William P. Barr, Stephen F. Bollenbach, Robert C. Clark (Chair), Jessica P. Einhorn and Kenneth J. Novack

**Robert C. Clark**

**Chair**

**Number of Meetings in 2015:** 5

**Primary Responsibilities of the Committee:** The Nominating Committee is responsible for assisting the Board with the following:

corporate governance, including regulatory developments relating to corporate governance,

director nominations,

Board leadership structure,

Board committee structure and appointments,

Chairman and CEO performance evaluations and CEO succession planning,

annual Board performance evaluations,

non-employee director compensation,

shareholder proposals and communications,

related person transactions review and approval, and

the Company's public policy and corporate responsibility activities.

## **Other Corporate Governance Matters**

### **Corporate Responsibility**

Time Warner focuses its corporate responsibility efforts on areas that are significant to the Company's businesses and its communities, including sustainability, diversity, and philanthropy. As a company that produces and distributes high-quality video content, the sustainability of the Company depends on the protection of intellectual property rights, freedom of expression, and the maintenance and expansion of a robust infrastructure and competitive environment for the distribution of the Company's content to consumers, all of which are priorities that the Company seeks to advance through its public policy, legal, communications, and other efforts.

The quality of the Company's content is also important for its sustainability. The Company is guided by core values in producing content and reporting news: journalistic integrity, freedom of expression, diversity of viewpoints and responsible content. Time Warner fosters an environment of creativity and freedom of expression and journalists, writers, directors, and producers respond by telling important stories in fresh and unexpected ways on both its networks and across media platforms. The Company also strives to produce and distribute its content in a responsible manner. For example, the Company's studios have been and continue to be industry leaders in establishing, implementing, and reporting on policies and practices to reduce or eliminate tobacco depictions in feature films. From the adoption of the studios' tobacco depiction policy in 2005 through December 31, 2015, the studios had no tobacco depictions in their G-rated films and achieved a 95% reduction in tobacco depictions in their PG and PG-13-rated films.



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Diversity is also an important factor affecting the Company's sustainability. For the Company to thrive, it is important to be able to attract diverse talent, to maintain an inclusive and welcoming workplace, and to create content that appeals to diverse and global audiences. The Company has implemented broad diversity initiatives focusing on each of these areas.

Time Warner is also committed to conducting its businesses in an environmentally responsible manner. The Company is focused on energy efficiency programs, renewable energy investments, green building projects, green production of feature films and television programs and waste reduction. The Company's commitment to improving its environmental practices is reflected in the actions of its Global Energy Council, which is composed of a company-wide team focused on effectively managing the usage, cost and environmental impact of utilities (electricity, water, natural gas and steam) used in the Company's buildings and identifying and implementing best practices. Time Warner has undertaken a variety of environmentally-focused initiatives throughout its businesses, including making energy-efficient upgrades to its buildings and offices, using energy-efficient facilities such as a LEED Gold certified sound stage at Warner Bros. Studios in California, and investing in renewable energy projects, including installing a 600 kilowatt solar project at Warner Bros. Studios in California. The Company plans to move its corporate headquarters and employees based in New York City to a new building in the Hudson Yards development in New York, which is expected to be a LEED Gold certified building. Time Warner discloses greenhouse gas emissions data, including year-over-year data, in its responses to the annual questionnaire from the CDP, an international organization that provides a global system for companies to measure and disclose their greenhouse gas emissions. The Company's responses to the questionnaire are available at [www.cdp.net](http://www.cdp.net).

Time Warner's philanthropic activities are aligned with the Company's strategy and focus on investments that seek to identify and support new and emerging storytellers, especially those who come from groups that traditionally have been underrepresented in the entertainment industry. In addition, the Company has invested in programs that broaden access to the arts for younger, more diverse audiences. Time Warner's employees are significant partners in helping the Company have an impact in the communities in which the Company's employees live and work. Therefore, Time Warner has a number of innovative initiatives that strongly support employees in their local volunteer efforts.

Time Warner keeps shareholders, the investment community and other stakeholders informed of the Company's activities relating to corporate responsibility through regular updates to information on its website. To learn more about Time Warner's corporate responsibility activities, please visit the Company's website at [www.timewarner.com/citizenship](http://www.timewarner.com/citizenship). The Nominating Committee oversees the Company's corporate social responsibility activities.

**Select 2015 Corporate Responsibility Recognitions**

Time Warner named to Diversity Inc.'s 2015 Top 50 companies for diversity list

Time Warner earned a score of 100% on the 2015 Corporate Equity Index, an annual survey by the Human Rights Campaign

**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 and licensees to follow. The Company expects that its vendors will establish and actively review, monitor and modify their management processes and business operations so that their operations align with the principles set forth in the Guidelines. The failure to follow the Guidelines may, among other things, 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 heading "Leading Responsibly" and sub-heading "Ethical Sourcing And Supply Chain."

#### **Political Activity Policies, Oversight and Disclosure**

The Nominating Committee is responsible for overseeing the Company's public policy activities, which includes policies and practices regarding political contributions and expenditures by the Company, its political action committee (PAC), and trade associations. The Company has processes for prior review of corporate political contributions and the use of Company resources in support of the Company's political activities. In addition, Time Warner discloses at least annually all corporate and PAC political contributions (including, if any, independent expenditures made without coordination with any candidate, campaign or their authorized agents) and payments to trade associations and other tax-exempt

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organizations that are used for political expenditures. These disclosures can be found on the Company's website at [www.timewarner.com/citizenship](http://www.timewarner.com/citizenship) under the heading "Leading Responsibly" and sub-heading "Political Activities." **In 2015, the Company was again ranked in the top tier of companies in the Center for Political Accountability's CPA- Zicklin Index of Corporate Political Disclosure and Accountability, which measures corporate disclosure and accountability for political spending.**

**Corporate Governance Documents and Website**

The following documents are available on the Company's corporate governance website at [www.timewarner.com/governance](http://www.timewarner.com/governance) and are also available in print to any shareholder who requests them by writing to the Office of the Corporate Secretary, Time Warner Inc., One Time Warner Center, New York, New York 10019-8016:

By-laws

Corporate Governance Policy

Charters of the Board's three standing committees

Policy and Procedures Governing Related Person Transactions

Policy Statement Regarding Director Nominations

Policy on Determining the Leadership Structure of the Board of Directors

Most recent Report on Determination of Current Board Leadership Structure

Standards of Business Conduct, which apply to the Company's employees

Code of Ethics for Our Senior Executive and Senior Financial Officers ( "Code of Ethics" ), which applies to certain senior executives of the Company, including the Chief Executive Officer, Chief Financial Officer and Controller, and serves as a supplement to the Standards of Business Conduct

Guidelines for Non-Employee Directors, which serves as a code of conduct for the Company's non-employee directors

There were no waivers in 2015 under either the Code of Ethics or the Standards of Business Conduct with respect to any of the Time Warner senior executives covered by the Code of Ethics.

### **Transactions Considered in Making Independence Determinations**

In determining the independence of each current director other than Mr. Bewkes, the Board considered the business transactions, other relationships and charitable contributions described below, all of which it determined were not material to the directors' independence.

*Business Transactions.* Under categorical standards on director independence included in the Corporate Governance Policy, a transaction in the ordinary course between the Company and another entity with which a director or a member of a director's immediate family is affiliated is generally deemed not to create a material relationship unless:

the transaction occurred within the last three years;

the director is an executive officer, employee or substantial owner, or the director's immediate family member is an executive officer, of the other entity; and

the transaction represents (i) more than 5% of the Company's consolidated gross revenues for the prior fiscal year or (ii) more than \$250,000 and 2% of the other entity's gross revenues for the prior fiscal year.

The Board reviews transactions that meet these criteria to determine whether the transaction affects the director's independence. The Company had only two transactions during the relevant time period that were outside the ordinary course of business or that surpassed the numerical thresholds contained in the Company's categorical standards for director independence. The first transaction was an ordinary course business transaction between Home Box Office and a production company controlled by Andrew Rossi, an established documentary film producer and the son-in-law of Kenneth Novack. As the Company disclosed in its proxy statement for the 2015 annual meeting of shareholders, in

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early 2015, the Nominating Committee approved this transaction under the Time Warner Inc. Policy and Procedures Governing Related Person Transactions (the Related Person Transaction Policy ). Home Box Office agreed to pay the production company approximately \$600,000 for a documentary about a New York City police officer who had been convicted of a sensational crime (the conviction was later overturned). The second transaction was an ordinary course business transaction between CNN Films and a production company controlled by Mr. Rossi. As the Company disclosed in its proxy statements for the 2013, 2014 and 2015 annual meetings of shareholders, in January 2013, CNN Films agreed to pay the production company \$864,000 to produce a documentary regarding higher education. Both of these transactions (i) occurred on an arm's length basis in the ordinary course of business, (ii) were for amounts that were not material to Home Box Office's or CNN Film's annual programming expenses, and (iii) were negotiated without the involvement of any of Mr. Novack, the Board of Directors or senior management of Time Warner. Mr. Novack has no direct or indirect interest in either transaction or production company. Considering the facts, the Board determined that the transactions did not affect Mr. Novack's independence.

***Other Relationships.*** In making its independence determination, the Board considered three ordinary course business transactions in 2015 involving SpringHill Entertainment LLC ( SpringHill ) and the Company. Paul Wachter holds a less than 5% ownership interest in SpringHill and is not an officer or director of SpringHill. Because Mr. Wachter does not have a material interest in these transactions, they did not constitute related person transactions under the Related Person Transaction Policy. In addition, these transactions did not raise any independence issues under the NYSE director independence standards, and the amounts involved were well below the numerical thresholds for business transactions in the categorical standards for director independence described above. These transactions were also on terms that are consistent with the terms of similar transactions the Company has entered into with third parties.

Warner Bros. entered into a three-year agreement with SpringHill to produce films, television programming and short-form video content. Warner Bros. agreed to pay SpringHill \$1.5 million per year to cover SpringHill's overhead costs and a portion of the production costs for the short-form video content. SpringHill will receive a portion of the profits generated by its productions (which will be determined after Warner Bros. recoups its costs and receives a distribution fee).

Home Box Office has agreed with SpringHill that it will produce a documentary on Muhammad Ali. Home Box Office agreed to pay SpringHill \$600,000, and SpringHill will receive a share of certain revenues generated by the documentary. Mr. Wachter will be one of a number of individuals receiving an Executive Producer credit for the documentary, but will not receive any financial benefit from SpringHill relating to the documentary.

Warner Bros. contributed \$15.8 million for a minority interest in Uninterrupted, a multimedia network in which SpringHill holds a 39% interest. Uninterrupted expects to produce content for Warner Bros. Turner will include Uninterrupted's content on its Bleacher Report website and sell advertising for Uninterrupted on other platforms in exchange for a portion of the advertising revenues and a minority interest in Uninterrupted.

***Charitable Contributions.*** Under the categorical standards for director independence, 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 will generally be deemed not to create a material relationship (i) if the contributions occurred more

than three years prior to when the determination of materiality is being made or (ii) if the contributions are consistent with the Company's philanthropic practices, unless:

the director, spouse or domestic partner is an executive officer or director of the non-profit organization; and

the Company's contributions represent, for the most recent fiscal year, more than the greater of \$100,000 or 10% of any individual organization's annual gross revenues (for organizations with gross revenues up to \$10 million per year), or the greater of \$1 million or 2% of any individual organization's annual gross revenues (for organizations with gross revenues of more than \$10 million per year), or the greater of \$1 million or 2% of all such organizations' annual gross revenues in the aggregate.

**No charitable contributions by the Company raised any independence issues.** During 2015, the Company's largest aggregate charitable contribution to a non-profit entity with which a director or a member of the director's family is affiliated was approximately \$220,000 to the University of California. A majority of the contribution primarily supported scholarships, including The Big Bang Theory Scholarship Endowment.

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**Table of Contents****Corporate Governance****Related Person Transactions Policy**

The Board has adopted a written policy that sets forth procedures for the review and approval or ratification of transactions involving related persons, which consist of directors, director nominees, executive officers, holders of more than 5% of any outstanding class of the Company's voting securities, and immediate family members or certain affiliated entities of any of the foregoing persons. The Nominating Committee (or its Chair, under certain circumstances) is responsible for applying the policy with the assistance of the General Counsel or his designee. The General Counsel or his designee assesses whether a proposed transaction involving a related person is a related person transaction covered by the policy. If so, the transaction is presented to the Nominating Committee for review and consideration at its next meeting or, in certain instances when waiting until the next meeting is not advisable, to the Chair of the Nominating Committee. In determining whether to approve or ratify a related person transaction covered by the policy, the Nominating Committee may review such facts and circumstances and take into account such factors as it deems appropriate, including the related person's interest and role in the transaction, the terms of the transaction and the benefits of the transaction to the Company.

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 or indirect material interest. The policy also specifies 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 (such as (i) director compensation disclosed in the proxy statement and (ii) ordinary course transactions with entities with which a related person is affiliated unless (x) the related person serves as an executive officer, employee or beneficial owner of an equity interest of ten percent or more in the other entity and (y) the transaction or series of similar transactions, in the aggregate, represent more than 5% of Time Warner's consolidated gross revenues for the prior fiscal year or 2% of the other entity's gross revenues for the prior fiscal year), and thus are not subject to review by the Nominating Committee. The policy is posted on the Company's website at [www.timewarner.com/governance](http://www.timewarner.com/governance).

**Communicating with the Board of Directors**

The Board has established processes to facilitate communications by the shareholders with the Board, any of its committees, or an individual member of the Board. Communications can be addressed to the Board, any of the Board's committees, the non-employee directors as a group, the Chairman of the Board or any individual non-employee director in care of the Office of the Corporate Secretary, Time Warner Inc., One Time Warner Center, New York, NY 10019-8016.

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**Director Compensation**

**DIRECTOR COMPENSATION**

**Nominating Committee's Review of Non-Employee**

**Director Compensation**

The Nominating Committee is responsible for reviewing and making recommendations to the Board regarding non-employee director compensation. Under the Corporate Governance Policy, the Nominating Committee reviews the compensation paid to non-employee directors at least every two years, with the most recent review conducted in 2014. Final decisions regarding non-employee director compensation are made by the Board. In carrying out its responsibility, the Nominating Committee is guided by the following key objectives and principles:

Compensation should be generally consistent with the Company's broader compensation philosophy for the Company's employees.

Compensation should be competitive and structured with a balanced mix of cash and equity compensation so the Company can attract and retain directors from diverse professional and personal backgrounds.

Compensation should be simple to administer and support the smooth functioning of the Board.

Compensation should be cost-effective and consistent with investor policies and expectations.

Compensation should be in compliance with all regulatory requirements.

**2015 Non-Employee Director Compensation**

Each non-employee director received approximately \$290,000 in total compensation for 2015, which was unchanged from the amount in 2014. As a new feature, each non-employee director could elect to receive either (i) the standard compensation program of a \$145,000 cash retainer and equity grants with an aggregate grant date fair value of approximately \$145,000 (consisting of restricted stock units ( RSUs ) with a grant date fair value of approximately \$100,000 and stock options with a grant date fair value of approximately \$45,000) or (ii) an alternative compensation program of a \$100,000 cash retainer and equity grants with an aggregate grant date fair value of approximately \$190,000 (consisting of RSUs and stock options, each with a grant date fair value of approximately \$95,000). The cash retainer in the standard compensation program is at a level that is intended to provide the non-employee directors sufficient cash to pay income taxes on their RSUs as they vest without having to sell shares of Common Stock, which helps attract and retain directors with diverse professional backgrounds and economic circumstances. The alternative compensation program provides the same amount of total compensation as the standard compensation program, but is weighted more heavily toward equity, and the equity component is split equally between RSUs and stock options. In deciding to add the alternative compensation program beginning in 2015, the Nominating Committee and the Board



determined that the base program was at an appropriate level and was generally effective in compensating non-employee directors for their service. The Nominating Committee and Board concluded that having an alternative compensation program with a higher percentage of compensation delivered through equity grants and with equal values in RSUs and stock options would promote further alignment of the directors' interests with shareholders. An election to receive the alternative compensation program must be made prior to the start of the year in which the compensation is earned and cannot be changed with respect to that year. Under either compensation program, non-employee directors can elect to defer a portion of the annual cash retainer pursuant to the Time Warner Inc. Non-Employee Directors' Deferred Compensation Plan (as described below). No additional compensation is paid for service as Lead Independent Director, a committee chair or member or for attendance at meetings of the Board or any committee. Compensation for a new director who joins the Board other than at an annual meeting of shareholders consists of a pro-rated portion of the standard compensation program.

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**Table of Contents****Director Compensation****Equity Grants**

The RSUs granted to non-employee directors in June 2015 vest on June 1, 2016 (the anniversary of the first day of the month in which the RSUs were granted) or immediately if the director ceases to serve as a director of the Company as a result of certain designated circumstances, including (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 shareholders after nomination, (iii) resignation after receiving fewer than a majority for votes of the votes cast in an uncontested election of directors, (iv) death or disability, (v) the occurrence of certain transactions involving a change in control of the Company or (vi) under certain other designated circumstances, with the approval of the Board on a case-by-case basis. If a non-employee director leaves the Board for any other reason, then his or her unvested RSUs are forfeited to the Company. The aggregate grant date fair value of the RSUs granted is based on the closing sale price of a share of Common Stock on the grant date or the last trading day preceding the grant date if the grant date is a non-trading day.

The stock options granted to non-employee directors in 2015 have an exercise price equal to the closing sale price of a share of Common Stock on the grant date or the last trading day preceding the grant date if the grant date is a non-trading day, expire 10 years from the grant date and vest on June 20, 2016 (the first anniversary of the grant date) or immediately if the director ceases to serve as a director of the Company as a result of certain designated circumstances, including (i) retirement either due to a mandatory retirement policy or after a director has attained the age of 55 with ten or more years of service, (ii) failure to be nominated by the Board to stand for re-election at the annual meeting of shareholders, (iii) failure to be re-elected by the shareholders at the annual meeting of shareholders, (iv) resignation after receiving fewer than a majority for votes of the votes cast in an uncontested election of directors, (v) death or disability, (vi) the occurrence of certain transactions involving a change in control of the Company or (vii) under certain other designated circumstances, with the approval of the Compensation Committee on a case-by-case basis. The aggregate grant date fair value of the stock options granted is based on the Black-Scholes methodology of valuing options.

RSUs and stock options do not have any voting rights. Non-employee directors receive dividend equivalents on the RSUs held by them in an amount equal to the regular quarterly cash dividends declared and paid by the Company at the same time the dividends are paid on outstanding shares of Common Stock.

**Stock Ownership Guidelines**

Each non-employee director is expected to own, within five years of joining the Board, the lesser of at least 10,000 shares of Common Stock or shares of Common Stock with a value equal to four times the annual cash retainer under the standard compensation program. Each non-employee director who has been a member of the Board for at least five years meets these guidelines.

**Expenses**

Non-employee directors are reimbursed for expenses (including costs of travel, food and lodging) incurred in attending Board, committee and shareholder 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. Non-employee directors are also reimbursed for reasonable expenses associated with other Company-related business activities, including participation in director education programs.

The Company provides non-employee directors representative samples of the Company's products (such as films and television programs on DVDs and Blu-ray Discs), promotional items and other merchandise. The Company also periodically invites and provides for directors and their spouses, domestic partners or guests to attend Company-sponsored events, such as film premieres, screenings, cultural events and the annual meeting of shareholders. For the year ended December 31, 2015, the aggregate incremental cost to the Company for providing non-employee directors these Company products and the attendance of non-employee directors and their spouses, domestic partners or guests at Company events was well below \$10,000 per director. The Company also reimburses each non-employee director for the estimated taxes incurred in connection with any income recognized by the director as a result of the attendance by the director, and his or her spouse, domestic partner or guest at such events. From time to time, spouses, domestic partners or guests may also join non-employee directors on Company aircraft when a non-employee director is traveling to or from Board or committee meetings or on other business activities, which may result in the non-employee director recognizing income for tax purposes.

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**Table of Contents****Director Compensation****Deferred Compensation Plan**

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. An election to defer must be made prior to the start of the year in which the retainer is payable and cannot be changed with respect to that year. Each non-employee director can elect from the following crediting alternatives to determine the amounts that will be paid after the deferral period: (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. Amounts deferred are payable in cash in a lump sum or in installments after a non-employee director leaves the Board, based on the director's election made at the time the director elected to defer receipt of the compensation.

**Retirement and Prior Deferred Compensation Program**

The Company does not currently maintain a retirement plan for its non-employee directors. Mr. Novack receives retirement benefits under the terms of the Company's retirement plans as a result of his past service as an employee of the Company.

The Company maintains a prior deferred compensation plan for non-employee directors under which non-employee directors previously could elect to defer all or a portion of their cash compensation until the director reached age 70 or left the Board (the "distribution event"). Mr. Bollenbach is the only current director who had deferred amounts pursuant to this plan, and he elected to receive a payout of the account in annual installments over 10 years following the distribution event. Amounts deferred were tracked by two separate calculation methods to determine which method resulted in the greater value at the time the distribution event occurred: (i) applying the average seven-year Treasury constant maturity bond rate for the year at the end of the year to the amount in the account or (ii) the hypothetical investment of the amounts deferred in shares of Common Stock and reinvestment of any dividends that would be earned thereon. During the payout period, the account accrues interest based on the Treasury rate method. Mr. Bollenbach reached age 70 during 2012 and, as a result, the amount credited to his account became payable in annual installments over ten years beginning in 2013.

**Table of Contents****Director Compensation****Director Compensation Table**

The table below sets forth 2015 compensation information for the Company's non-employee directors. Mr. Bewkes is the only director who is an officer and employee of the Company, and he does not receive any additional compensation for his Board service.

**DIRECTOR COMPENSATION FOR FISCAL YEAR 2015**

Name	Fees Earned				Total
	or Paid in Cash <sup>(1)(2)</sup>	Stock Awards <sup>(1)(3)(5)</sup>	Option Awards <sup>(1)(4)(5)</sup>	All Other Compensation <sup>(6)</sup>	
<b>James L. Barksdale</b>	\$ 145,000	\$ 99,968	\$ 44,993	\$ 76	\$ 290,037
<b>William P. Barr</b>	\$ 100,000	\$ 95,040	\$ 94,998		\$ 290,038
<b>Stephen F. Bollenbach</b>	\$ 100,000	\$ 95,040	\$ 94,998		\$ 290,038
<b>Robert C. Clark</b>	\$ 145,000	\$ 99,968	\$ 44,993		\$ 289,961
<b>Mathias Döpfner</b>	\$ 100,000	\$ 95,040	\$ 94,998		\$ 290,038
<b>Jessica P. Einhorn</b>	\$ 145,000	\$ 99,968	\$ 44,993	\$ 1,397	\$ 291,358
<b>Carlos M. Gutierrez</b>	\$ 145,000	\$ 99,968	\$ 44,993		\$ 289,961
<b>Fred Hassan</b>	\$ 145,000	\$ 99,968	\$ 44,993		\$ 289,961
<b>Kenneth J. Novack</b>	\$ 100,000	\$ 95,040	\$ 94,998		\$ 290,038
<b>Paul D. Wachter</b>	\$ 100,000	\$ 95,040	\$ 94,998		\$ 290,038
<b>Deborah C. Wright</b>	\$ 145,000	\$ 99,968	\$ 44,993	\$ 76	\$ 290,037

(1) Each non-employee director received approximately \$290,000 in total compensation for 2015, unchanged from 2014. Each non-employee director could elect to receive either (i) the standard compensation program with a \$145,000 cash retainer and equity grants with an aggregate grant date fair value of approximately \$145,000 (consisting of approximately \$100,000 in RSUs and approximately \$45,000 in stock options) or (ii) an alternative compensation program with a \$100,000 cash retainer and equity grants with an aggregate grant date fair value of approximately \$190,000 (consisting of approximately \$95,000 in RSUs and approximately \$95,000 in stock options). The election to receive the alternative compensation program for 2015 had to be made prior to 2015 and could not be changed. For 2015, Messrs. Barr, Bollenbach, Döpfner, Novack and Wachter received the alternative compensation program, and Messrs. Barksdale, Clark, Gutierrez, and Hassan and Ms. Einhorn and Wright received the standard compensation program.

- (2) Mr. Bollenbach deferred all of his cash compensation in 2015 under the Non-Employee Directors' Deferred Compensation Plan. For more information, see "Deferred Compensation Plan" on page 41.
- (3) The amounts set forth in the Stock Awards column represent the aggregate grant date fair value of RSUs granted by the Company to non-employee directors in 2015. On June 20, 2015, the Company awarded (i) 1,136 RSUs to each of the non-employee directors serving on that date who received the standard compensation program and (ii) 1,080 RSUs to each of the non-employee directors serving on that date who received the alternative compensation program. Because the grant date occurred on a non-trading day, 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 last trading day preceding the grant date. The actual value, if any, that is realized by a director from an RSU award, will depend on the market price of the Common Stock in future years. For information about the weighted average grant date fair value of the RSUs granted in 2015, see Note 12 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Form 10-K).
- (4) The amounts set forth in the Option Awards column represent the aggregate grant date fair value of stock options granted by the Company in 2015. On June 20, 2015, the Company awarded non-qualified options to purchase (i) 2,460 shares of Common Stock to each of the non-employee directors serving on that date who received the standard compensation program and (ii) 5,194 shares of Common Stock to each of the non-employee directors serving on that date who received the alternative compensation program.

**Table of Contents****Director Compensation**

The grant date fair value of the stock options was calculated using the Black-Scholes option pricing model based on the following assumptions: an expected volatility of 24.71%, an expected term to exercise of 5.22 years from the grant date, a risk-free interest rate of 1.74%, and a dividend yield of 1.59%. For information about the weighted-average assumptions used to determine the grant date fair value of the stock options granted in 2015, see Note 12 to the Company's consolidated financial statements included in the 2015 Form 10-K. The discussion in Note 12 reflects weighted-average assumptions on a combined basis for both retirement-eligible and non-retirement eligible employees and non-employee directors.

The actual value, if any, that is realized by a non-employee director from a stock option will depend on the amount by which the market value of the Common Stock exceeds the exercise price of the stock option on the date the stock option is exercised. Accordingly, there is no assurance that the value realized by a non-employee director will be at or near the grant date fair value presented above. These amounts should not be used to predict stock performance.

- (5) Presented below is the aggregate number of outstanding stock awards and stock option awards held by the non-employee directors on December 31, 2015.

Name	Total Stock Awards (Restricted Stock and RSUs) Outstanding at	
	12/31/15	Total Stock Option Awards Outstanding at 12/31/15
<b>James L. Barksdale</b>	1,136	40,354
<b>William P. Barr</b>	1,080	31,031
<b>Stephen F. Bollenbach</b>	1,442	43,088
<b>Robert C. Clark</b>	1,136	28,297
<b>Mathias Döpfner</b>	1,080	42,082
<b>Jessica P. Einhorn</b>	1,136	5,358
<b>Carlos M. Gutierrez</b>	1,136	2,460
<b>Fred Hassan</b>	1,136	28,297
<b>Kenneth J. Novack</b>	1,080	17,426
<b>Paul D. Wachter</b>	1,080	24,399
<b>Deborah C. Wright</b>	1,136	32,316

- (6) The amounts set forth in the All Other Compensation column consist of the Company's payments made in 2015 for the estimated taxes incurred in 2015 for income recognized by Mr. Barksdale and Mses. Einhorn and Wright due to attendance by a family member or guest at a Company event in 2015.



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## Security Ownership

## 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 February 29, 2016 for each current director, each nominee for election as a director, each of the persons named in the Summary Compensation Table and for all current directors and executive officers as a group. None of the foregoing persons beneficially owned any equity securities of the Company's subsidiaries as of February 29, 2016.

Name of Beneficial Owner	Time Warner Common Stock Beneficially Owned <sup>(1)</sup>			Percent of Class
	Number of Shares	Option Shares <sup>(2)</sup>	RSUs <sup>(3)</sup>	
Howard M. Averill	35,777	127,612		*
James L. Barksdale	62,529	37,894		*
William P. Barr <sup>(4)</sup>	42,323	25,837		*
Jeffrey L. Bewkes <sup>(5)</sup>	658,335	4,430,931		*
Stephen F. Bollenbach <sup>(6)</sup>	27,278	37,894		*
Paul T. Cappuccio <sup>(5)</sup>	101,566	403,825		*
Robert C. Clark	27,877	25,837		*
Mathias Döpfner	13,998	36,888		*
Jessica P. Einhorn	20,915	2,898		*
Gary L. Ginsberg	25,136	120,509	216	*
Carlos M. Gutierrez <sup>(7)</sup>	11,349			*
Fred Hassan	44,454	25,837		*
Kenneth J. Novack <sup>(8)</sup>	32,232	12,232		*
Olaf Olafsson	22,817	375,133		*
Paul D. Wachter <sup>(9)</sup>	20,160	19,205		*
Deborah C. Wright	21,248	29,856		*
<b>All current directors and executive officers (18 persons)</b>				
<b>as a group<sup>(4)-(10)</sup></b>	1,261,627	5,891,539	216	*

\* Represents beneficial ownership of less than one percent of the outstanding Common Stock as of February 29, 2016.

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Unless otherwise indicated, beneficial ownership represents both sole voting and

sole investment power. This table does not include, unless otherwise indicated, any shares of Common Stock or other equity securities of the Company that may be held by pension and profit-sharing plans of other corporations or endowment funds of educational and charitable institutions for which various directors and officers serve as directors or trustees.

Under some of the Company's deferred compensation programs, a participant may elect to have the value of the participant's deferred compensation paid out based on an assumed investment in Common Stock during the deferral period. Participants do not have any right to vote or receive any Common Stock in connection with these assumed investments, which are represented by share equivalents, or phantom units, but are ultimately paid in cash. Under the Company's deferred compensation programs, Messrs. Bewkes and Bollenbach have been credited with 22,832 and 41,737 share equivalents, respectively. 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 within 60 days of February 29, 2016. These shares are not included in the Number of Shares column.
- (3) Reflects shares of Common Stock that were issuable within 60 days of February 29, 2016 upon the vesting of RSUs. These shares are not included in the Number of Shares column.

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**Security Ownership**

- (4) The number of shares includes 3,845 shares of Common Stock held by the Barr Family LLC, of which Mr. Barr is the manager and he and his spouse collectively own a 1% interest and his three adult children collectively own a 99% interest.
- (5) The number of shares includes the following individuals' interests in shares of Common Stock held by a trust under the Time Warner Savings Plan: Mr. Bewkes (approximately 37,668 shares); and Mr. Cappuccio (approximately 284 shares).
- (6) The number of shares held by Mr. Bollenbach includes 362 shares of restricted stock.
- (7) Includes 4,825 shares of Common Stock held by the Carlos M. Gutierrez Trust, of which Mr. Gutierrez is the sole trustee and beneficiary.
- (8) Includes 175 shares of Common Stock held by the Novack Family Foundation, of which Mr. Novack and his wife are two of nine trustees who share voting power with respect to the shares. Mr. Novack disclaims beneficial ownership of shares held by the Novack Family Foundation.
- (9) Includes 11,000 shares of Common Stock held by the Wachter Family Trust, of which Mr. Wachter and his spouse are the trustees and beneficiaries. Mr. Wachter and his spouse share voting and investment power with respect to the shares.
- (10) The number of shares held by all current directors and executive officers as a group includes (i) aggregate interests in approximately 38,322 shares of Common Stock held by a trust under the Time Warner Savings Plan and (ii) an aggregate of approximately 6,448 shares of Common Stock held directly by or in the 401(k) plan of an executive officer's spouse, for which the executive officer disclaims beneficial ownership.

**Security Ownership of Certain Beneficial Owners**

Based on a review of filings with the SEC, the Company has determined that the following entities hold more than 5% of the outstanding shares of Common Stock as of December 31, 2015:

Name and Address of Beneficial Owner	Shares of Stock	Percent
	Beneficially	of Class

	Owned	
<b>BlackRock, Inc.</b> <sup>(1)</sup>		
55 East 52nd Street		
New York, NY 10022	44,921,843	5.6%
<b>Massachusetts Financial Services Company</b> <sup>(2)</sup>		
111 Huntington Avenue		
Boston, MA 02199	44,899,374	5.6%
<b>The Vanguard Group</b> <sup>(3)</sup>		
100 Vanguard Boulevard		
Malvern, PA 19355	44,309,079	5.5%

(1) Based solely on an amendment to Schedule 13G filed by BlackRock, Inc. with the SEC on January 27, 2016.

(2) Based solely on a Schedule 13G filed by Massachusetts Financial Services Company with the SEC on February 12, 2016.

(3) Based solely on a Schedule 13G filed by The Vanguard Group with the SEC on February 10, 2016.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE. Officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to the Company, or written representations that no such filings were required, the Company believes that its officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements in a timely manner during 2015.

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**Audit-Related Matters**

**AUDIT-RELATED MATTERS**

**Report of the Audit and Finance Committee**

**Roles and Responsibilities**

The Audit Committee assists the Board in fulfilling its responsibilities in a number of areas. These responsibilities are described above under Board Committees and their Responsibilities beginning on page 32 and in the Audit Committee's charter, which is posted on the Company's website at [www.timewarner.com/governance](http://www.timewarner.com/governance).

**Required Disclosures and Communications**

In connection with its review of the Company's 2015 financial statements, the Audit Committee reviewed and discussed with management and the independent auditor the audited consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent auditor's evaluation of the effectiveness of the Company's internal control over financial reporting. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. The Audit Committee also discussed with the independent auditor 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.

The Audit Committee received the written disclosures and the letter from the independent auditor regarding its independence that is required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*. The Audit Committee also discussed with EY its independence from the Company and its management. In determining that EY is independent, the Audit Committee also considered whether the provision of any of the non-audit services described below under Services Provided by EY is not compatible with EY maintaining its independence.

**Audit Committee Recommendation**

In performing its functions, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management and independent auditor, which, in their reports, express opinions on the fair presentation of the Company's annual consolidated financial statements in conformity with U.S. generally accepted accounting principles and the effectiveness of the Company's internal control over financial reporting. In reliance on the reviews and discussions referred to in this Report of the Audit and Finance Committee and in light of its role and responsibilities, the Audit Committee recommended to the Board of Directors, and the Board approved, that the audited consolidated financial statements of the Company be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC.

*Members of the Audit and Finance Committee*

Deborah C. Wright (Chair)

Robert C. Clark

Jessica P. Einhorn

Carlos M. Gutierrez

Fred Hassan

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**Table of Contents****Audit-Related Matters****Policy Regarding Pre-Approval of Services**

The Audit Committee has established a policy requiring its pre-approval of all audit services and permissible non-audit services provided by the independent auditor, along with the fees for those services. The policy provides for the annual pre-approval of specific types of services pursuant to policies and procedures adopted by the Audit Committee, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval. The policy requires the specific pre-approval of all other permitted services. The Audit Committee has delegated to its Chair the authority to address certain requests for pre-approval of audit and permissible non-audit services between meetings of the Audit Committee, and the Chair must report her pre-approval decisions to the Audit Committee at its next regular meeting.

**Services Provided by EY**

The aggregate fees for services provided by EY to the Company with respect to the years ended December 31, 2015 and 2014 are as set forth below.

Type of Fees	2015	2014
Audit Fees <sup>(1)</sup>	\$ 18,777,000	\$ 17,744,000
Audit-Related Fees <sup>(2)</sup>	598,000	681,000
Tax Fees <sup>(3)</sup>	2,042,000	1,926,000
All Other Fees		
<b>Total Fees for Services Provided</b>	<b>\$ 21,417,000</b>	<b>\$ 20,351,000</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 auditor to be able to form an opinion on the Company's consolidated financial statements, (b) the audit of the effectiveness of the Company's 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 auditor reasonably can provide, such as services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings and assistance in responding to SEC comment letters.

(2) *Audit-Related Fees* were principally for services related to (a) agreed-upon procedures or expanded audit procedures to comply with contractual arrangements or regulatory reporting requirements, (b) audits of employee benefit plans, and (c) services pertaining to acquisitions, dispositions and the related accounting or disclosure treatment for such transactions or events.

(3)

*Tax Fees* were for services related to (a) tax compliance and advice, (b) tax planning and tax advice, and (c) expatriate tax services.

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**Table of Contents****Executive Compensation CD&A****EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This Compensation Discussion and Analysis or CD&A describes the Company's executive compensation principles and programs, with a focus on the Compensation Committee's decisions on 2015 compensation for the Company's NEOs. The NEOs for 2015 are:

<b>Name</b>	<b>Position with the Company During 2015</b>
Jeffrey L. Bewkes	Chairman and Chief Executive Officer
Howard M. Averill	Executive Vice President and Chief Financial Officer
Paul T. Cappuccio	Executive Vice President and General Counsel
Gary L. Ginsberg	Executive Vice President, Corporate Marketing & Communications
Olaf Olafsson	Executive Vice President, International & Corporate Strategy

*The Company encourages you to read this CD&A in conjunction with Proposal 3: Annual Advisory Vote to Approve Named Executive Officer Compensation on page 25.*

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<u>1. Overview of Company and 2015 Executive Compensation Decisions</u>	49
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<u>4. Strong Governance Practices Followed in Determining Executive Compensation</u>	66
<u>5. Shareholder Engagement on Executive Compensation</u>	69

6. Compensation Policies and Practices

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**Table of Contents****Executive Compensation CD&A****Section 1 Overview of Company and 2015 Executive Compensation Decisions**

This section provides an overview of the Company's businesses, its strategy and progress during 2015 in executing its strategy, its 2015 financial and operating performance highlights, and the Compensation Committee's key compensation decisions in 2015 and in early 2016. See the Summary Compensation Table located at page 75 for 2015 total compensation paid to each of the NEOs.

**Time Warner's Businesses**

Time Warner is a global leader in media and entertainment that owns and operates television networks and produces and distributes television programming, films, videogames and other high-quality video content on traditional and emerging platforms worldwide. The Company has three operating divisions: Turner, Home Box Office and Warner Bros.

**Leading domestic and international television networks and related digital properties in entertainment, sports, kids and news**

**2015 Revenues:** \$10.6 billion;

37% of Company's total revenues

**Leading premium television services HBO and Cinemax**

**2015 Revenues:** \$5.6 billion;

20% of Company's total revenues

**Largest television and film studio in the world**

**2015 Revenues:** \$13.0 billion;

43% of Company's total revenues

**Time Warner's Strategy**

Time Warner has pursued a strategy that uses its leading brands, distinctive intellectual property and global scale to capitalize on the growing demand for high-quality video content around the world. First, the Company invests in a concentrated portfolio of leading television networks, as well as compelling television programming, top Hollywood movies, and other forms of content, that appeal to audiences globally and across platforms. Second, the Company uses its scale and technology to meet consumer demand for the Company's networks and content both inside and outside the traditional TV ecosystem, on-demand and across a variety of platforms. Third, the Company continues to expand its businesses internationally in territories with strong long-term growth potential, taking advantage of the growing global demand for video content and increasing pay television and broadband penetration. Finally, the Company's on-going focus on operating and capital efficiency helps fund investments for future growth and substantial returns of capital to shareholders.

**Progress During 2015 in Executing Strategy**

Time Warner continued to successfully execute its long-standing strategy in 2015, delivering strong operating and financial results while making significant progress on long-term growth initiatives. The table below sets out the components of the Company's strategy and 2015 highlights and significant accomplishments.

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**Table of Contents****Executive Compensation CD&A**

<b>Strategy</b>	<b>2015 Highlights and Accomplishments</b>
<b>Use industry-leading scale to create high-quality branded content that will engage consumers around the world</b>	<p>Invested nearly \$11.5 billion in compelling content to maintain or extend leading positions across the Company's businesses</p> <ul style="list-style-type: none"> <li>i TBS, TNT and Adult Swim ranked in the top 10 ad-supported cable networks in primetime among adults 18-49</li> <li>i Cartoon Network was the only top 3 kids network to grow ratings</li> <li>i CNN grew primetime ratings 29% in its key demographic (adults 25-54)</li> <li>i HBO received 43 Primetime Emmy Awards, more than any other network for the 14<sup>th</sup> consecutive year</li> <li>i Warner Bros. was the #1 producer of primetime series for U.S. networks for the 12<sup>th</sup> time in the past 13 seasons, with over 65 shows airing on television for the 2015-2016 television season, including the top new broadcast show (<i>Blindspot</i>), top reality program (<i>The Voice</i>) and top comedy (<i>The Big Bang Theory</i>)</li> <li>i Warner Bros. posted a record year in videogames and finished 2015 as a top three videogame publisher in the U.S.</li> <li>i Warner Bros. continued to lay the foundation for its multi-year slate of franchise films, which started in 2016 with the release of <i>Batman v Superman: Dawn of Justice</i> and continues with the releases of <i>Suicide Squad</i> and <i>Fantastic Beasts and Where to Find Them</i> later in the year</li> </ul>
<b>Leverage scale and technology to meet consumer demand for Company content both inside and outside the traditional TV ecosystem</b>	<p>Renewed agreements with key traditional distributors while expanding distribution of the Company's networks and content outside the traditional television ecosystem to meet consumer demand and enhance the value of the Company's content</p> <ul style="list-style-type: none"> <li>i Turner completed the repricing of its affiliate agreements with its top 10 distributors</li> <li>i HBO and Cinemax added 2.7 million total domestic subscribers, completing the best 2-year growth period in more than 30 years</li> <li>i Launched HBO NOW, HBO's over-the-top (OTT) service, in the U.S.</li> <li>i Secured distribution of key networks on smaller bundles and OTT services, including Sling TV and Playstation Vue</li> <li>i CNN.com ranked in the top position in news for multiplatform views</li> <li>i Bleacher Report ranked as the #2 digital sports destination in 2015</li> <li>i Turner launched Great Big Story, a news brand distributing content via digital properties</li> </ul>
<b>Expand the Company's international presence</b>	<p>Continued to expand the Company's international businesses to capitalize on growing demand for content and increasing pay television and broadband penetration</p> <ul style="list-style-type: none"> <li>i Turner launched 31 new channels internationally</li> <li>i Turner had the #1 kids and two of the top three general entertainment pay TV networks in Latin America</li> <li>i Home Box Office added close to 6 million international subscribers, including subscribers through Home Box Office's unconsolidated joint ventures</li> <li>i HBO Latin America (HBO LAG, Home Box Office's largest joint venture) launched an OTT service in Colombia</li> </ul>

- i HOOQ (a Warner Bros. joint venture) launched a subscription video-on-demand service ( SVOD ) in parts of Southeast Asia

**Focus on operating efficiency and disciplined and balanced capital allocation**

- Controlled overhead costs to help fund investments in business and maintain disciplined and balanced capital allocation to drive shareholder returns
- i Increased investment while lowering selling, general and administrative expenses by 7% in 2015, principally through restructuring actions and ongoing efficiency measures
  - i Expanded Adjusted Operating Income margin<sup>1</sup> to 25% in 2015
  - i Returned \$4.8 billion to shareholders through dividends and share repurchases

<sup>(1)</sup> For a definition of Adjusted Operating Income margin, see Annex A.

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**Executive Compensation CD&A**

**Strong Financial Performance in 2015\***

As it continued to execute its long-term strategy, the Company delivered strong financial performance in 2015, including 14% growth in Adjusted EPS to \$4.75, which exceeded the Company's Adjusted EPS outlook for the year. The Company was able to achieve this level of growth despite an approximate \$0.50-per-share headwind from foreign exchange rates. The charts below illustrate Time Warner's performance in 2015 and over the last several years in a number of key performance criteria for the Company and its investors.

***Increased Adjusted Operating Income***

(1) Compound Annual Growth Rate ( CAGR ).

***Seven consecutive years of double-digit Adjusted EPS growth***

\*See Annex A for definitions of the non-GAAP financial measures used in this Proxy Statement and reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

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**Executive Compensation CD&A**

*2015 Free Cash Flow of \$3.6 billion*

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**Executive Compensation CD&A**

*Committed to providing direct returns to shareholders through share repurchases and dividends*

*Returned over \$29 billion since January 1, 2010 through share repurchases and dividends*

*Increased the dividend 10% in 2015 and 15% in 2016 seven consecutive years of double-digit percentage increases*

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**Table of Contents****Executive Compensation CD&A*****Strong Total Shareholder Return ( TSR over the long term***

The Company has delivered strong TSR over the long term, reflecting its consistently solid operating performance and focus on disciplined capital allocation. The Company's -22.9% TSR for 2015 was negatively impacted in part by market volatility during the second half of the year as well as perceived uncertainties regarding the long-term trends in the traditional U.S. television industry, which resulted in a decline in stock prices for companies in the media and entertainment industry. The following charts set forth the TSR for the Company, its entertainment industry peer group and the S&P 500 Index for three- and five-year periods ending December 31, 2015.

- (1) TSR data in the charts was provided by FactSet.
- (2) Peer average calculated based on the TSR for CBS Corporation, Comcast Corporation, Twenty-First Century Fox, Inc., Viacom Inc. and The Walt Disney Company.

***Increased Return on Invested Capital ( ROIC )***

- (1) ROIC is an alternative measure of return on assets that the Company uses to evaluate its capital efficiency. ROIC excludes the impact of purchase price adjustments from the merger of Time Warner Inc. (now known as Historic TW Inc.) with America Online, Inc. (now named Historic AOL LLC) in 2001 and the restructuring of Time Warner Entertainment Company, L.P. in 2003.

**Table of Contents****Executive Compensation CD&A****Executive Compensation Program Designed to Support Sustained Performance**

***Compensation Principles and Programs Support Pay-for-Performance Approach.*** The Compensation Committee is guided by the following key principles in making compensation decisions: the executive compensation program should (i) support the NEOs' accountability for the Company's and the NEOs' individual performance; (ii) promote alignment of the NEOs' and shareholders' interests; (iii) help attract, retain and motivate talent; and (iv) be determined by an independent committee responsible for making compensation decisions. In practice, the Committee has applied these principles in the following manner to support sustained performance and tie compensation earned to the performance achieved:

The executive compensation program design has been informed by the Company's engagement with shareholders. The Company contacted and held discussions with shareholders representing nearly 65% and over 45%, respectively, of the outstanding Common Stock before the 2015 annual meeting of shareholders. See page 69 for more information regarding shareholder engagement.

- i Structure executive compensation so the vast majority is variable and performance-based, and a substantial portion is equity-based
- i Use a balanced mix of long-term and short-term performance measures that tie to Company financial performance, support execution of the Company's long-range plans and encourage collaboration among businesses to generate sustained financial performance and shareholder value
- i Set challenging financial and strategic goals at the beginning of each performance period

***Compensation Mix Focused on Components that Drive Performance, with Emphasis on Equity Awards.*** The Compensation Committee believes that the NEOs' compensation should be structured so that the vast majority is variable and performance-based. In addition, a substantial portion should be equity-based to align with shareholder interests and to further support the Company's long-range plans and enterprise-wide value creation. The Committee has determined that delivering a significant portion of compensation increases it approves for NEOs (for example, in connection with the entry into new employment agreements, changes in the executive's responsibilities or other similar circumstances) through equity awards furthers these goals and shareholders' interests.

\* The percentages in the charts reflect the base salary, target annual bonus and target annual value of long-term incentive awards. The charts do not include health and welfare benefits, employer matching contributions in

retirement programs or personal benefits, which, if included in total target direct compensation, would constitute less than 3% of each NEO's 2015 total target direct compensation. The sum of the percentages in the chart for the Other NEOs as a Group exceeds 100% due to rounding.

**Table of Contents****Executive Compensation CD&A**

***Incentive Compensation Based on Balanced Mix of Performance Measures.*** The Compensation Committee has selected a balanced mix of performance measures for the Company's incentive programs, which support the execution of the Company's long-range plans, encourage collaboration among businesses and drive sustained financial performance and shareholder value. The following table summarizes the Company's performance-based incentive compensation components, the performance measure(s) used in each and the performance delivered in 2015 and resulting payouts.

Incentive Component/ Time Horizon	Performance Measure	Performance Delivered	2015 Payout Linked to Performance
Annual Cash	Financial Performance: 70%		
	Adjusted Divisional Pre-Tax Income ( ADPTI )	8% ADPTI growth in 2015	133% financial performance rating
Bonus	Free Cash Flow Individual Performance: 30%	\$3.6 billion of Free Cash Flow See pages 62 to 63 for individual performance ratings and achievements; see Summary Compensation Table on page 75 for amount paid to each NEO	
PSUs (3-year performance period 2013-2015)	Progress on key long-term strategic objectives		
	Cumulative Adjusted EPS <i>(based on budgeted number of shares outstanding)</i>	Double-digit Adjusted EPS growth each year	Adjusted EPS rating: 183% x
	TSR relative to the S&P 500	58.7% TSR <sup>2</sup> at 54.6 percentile	TSR Modifier: 103.7% = Payout: 189.8% of target
Stock Options (4-year vesting period)	Company stock price <i>(approximately 20% growth in stock price required to realize grant-date fair value<sup>3</sup> of stock options granted in 2015)</i>	2015 decrease: 24% 3-year increase: 35% 5-year increase: 101%	Value based on long-term stock price performance

(1) For a definition of ADPTI, see Annex A.

(2) For PSUs, the share price component of Company and S&P 500 TSR is calculated using the average closing price for the 30 trading days ending on the first and last days of the performance period.

(3) The grant date fair value of the stock options granted in 2015 is disclosed in the Grants of Plan-Based Awards Table at page 78.

*Incentive Payouts Based on Challenging Performance Goals.* The Compensation Committee annually follows a rigorous process in setting challenging performance goals for both the short-term and long-term incentive plans:

At the beginning of 2015, the Committee followed this process in setting goals for the 2015 annual bonus and the PSUs granted in early 2015. The goals were based on the budget and long-range plan approved by the Board in January 2015, which provided for sustained strong earnings growth in 2015 and over the period covered by the long-range plan. To help assess whether the Company financial goals for the 2015 annual bonus, and particularly the relative difficulty of achieving them, were appropriate, the Committee compared the goals to the following information:

- i Analysts' expectations regarding the financial performance of the Company and its entertainment industry peers; and
- i The historical performance of the Company and its entertainment industry peers.

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The Committee concluded that the goals appropriately reflected the difficulty of achieving the 2015 budget and supported the delivery of the growth reflected in the Company's 2015 budget and long-range plan.

In addition to setting the Company financial goals for the 2015 annual bonus, the Committee approved 2015 individual goals for each NEO that were focused on supporting the Company's key long-term strategic objectives and new growth initiatives, including increased investment in original programming at Turner, HBO NOW, and a multi-year slate of franchise films at Warner Bros.; operating efficiency; and talent development and diversity.

**Key Executive Compensation Decisions for 2015 and In Early 2016**

***New Employment Agreement for CEO.*** In light of Mr. Bewkes' strong performance over his tenure as CEO, the Board and the Compensation Committee wanted to secure his leadership in executing the Company's strategy and long-range plans during a time of accelerating change in the television and media industries. As a result, the Committee approved a three-year extension (through December 2020) of Mr. Bewkes' employment agreement, and the Company entered into the amended agreement in January 2016. The extension did not change the compensation for Mr. Bewkes.

***Use of ROIC in Goals for Annual Bonuses of CEO and CFO Beginning in 2016.*** In February 2016, taking into account input from the Company's shareholders, the Compensation Committee approved individual performance goals for Messrs. Bewkes and Averill for their annual cash bonuses that include ROIC as a measure of their performance on capital allocation goals. The Compensation Committee determined it would be appropriate to include the ROIC measure for these executives because, among the NEOs, they have the most responsibility for capital allocation decisions.

***Financial Rating for 2015 Annual Bonuses.*** The Compensation Committee approved a Company financial rating of 133% for 2015 in determining the annual bonuses of the CEO and other NEOs, reflecting financial performance in excess of the challenging goals set for 2015, but lower than the financial rating for 2014. As a result, the Committee approved a 2015 bonus for Mr. Bewkes that was lower than his bonus for 2013 or 2014. For more information regarding the financial performance rating and Mr. Bewkes' 2015 bonus, see Performance-Based Compensation Annual Cash Bonuses beginning on page 60.

***Other 2015 Compensation Actions.*** In February 2015, the Company amended the employment agreement with Mr. Averill to extend the term to December 31, 2017 and increase his compensation. The Compensation Committee approved the extension and compensation increase in light of Mr. Averill's strong performance during 2014 as well as his key role in driving the Company's performance in the coming years. Consistent with the Compensation Committee's philosophy on NEO compensation, the largest portion of the increase in Mr. Averill's compensation was through an increase in the target value of his long-term incentive compensation.

In January 2015, the Compensation Committee approved incremental stock option awards for Messrs. Ginsberg and Olafsson to recognize their significant contributions in completing the spin-off of Time Inc. (the Time Separation ) in June 2014 and in developing and/or communicating the Company s response to the unsolicited offer from Twenty-First Century Fox, Inc. during 2014. The incremental stock options provide further incentives for the executives to deliver long-term growth and are directly aligned with and dependent on increasing shareholder value.

### **Strong Governance of Executive Compensation**

The Company s compensation governance policies and practices are designed to support effective oversight and implementation of the Company s executive compensation program, thereby helping to drive the Company s performance while mitigating compensation-related risk.



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The Company's Executive Compensation Practices	Executive Compensation Practices the Company Does Not Engage In
<p><b>Pay-for-Performance:</b> Tie compensation to performance by setting clear and challenging Company financial goals and individual goals and by having a majority of total target compensation consist of performance-based components.</p>	<p><b>No Targeting Specific Percentiles:</b> The Compensation Committee does not target a specific percentile of compensation paid to executives at peer companies in setting total compensation levels or individual compensation components.</p>
<p><b>Multiple Performance Metrics and Time Horizons:</b> Use different performance measures (<i>e.g.</i>, for cash bonuses and PSUs) and short- and long-term vesting or performance periods.</p>	<p><b>No Guaranteed Bonuses:</b> The Company does not guarantee bonus payments for NEOs.</p>
<p><b>Share Ownership and Retention Requirements:</b> NEOs must comply with share ownership and stock retention requirements.</p>	<p><b>No Excise Tax Gross-Ups:</b> The Company does not provide any excise tax gross-up payments in connection with a change in control.</p>
<p><b>Regular Engagement with Shareholders:</b> The Company regularly engages with shareholders throughout the year regarding executive compensation and corporate governance matters.</p>	<p><b>No Change in Control Agreements:</b> The Company does not have change in control agreements with the NEOs and none of the NEOs' employment agreements provide for any payments solely on a change in control.</p>
<p><b>Limited Personal Benefits:</b> The Company provides limited personal benefits.</p>	<p><b>No Tax Gross-Ups for Personal Benefits:</b> The Company does not provide tax gross-ups to NEOs for personal benefits.</p>
<p><b>Limit on Equity Dilution:</b> The Compensation Committee maintains a policy limiting annual equity dilution, which caps the maximum annual run rate at 1.5% of the total outstanding Common Stock at December 31 of the preceding year.</p>	<p><b>No Repricing or Buyouts of Stock Options:</b> The Company's active equity plan prohibits repricing or buyouts of underwater stock options.</p>

**Annual Compensation-Related Risk Review:** The Company conducts an annual review of compensation-related risks to confirm that any such risks are not reasonably likely to have a material adverse effect on the Company.

**Clawback Policy:** The Company has a policy on the recovery of previously paid executive compensation.

**Use of Independent Compensation Consultant:** The Compensation Committee has retained an independent compensation consultant that performs no other consulting services for the Company and has no conflicts of interest.

**No Hedging or Pledging:** NEOs are prohibited from engaging in hedging transactions with Common Stock, holding Common Stock in a margin account or pledging Common Stock as collateral for a loan.

**No Excessive Overhang or Dilution:** The Company's 2015 and 2014 equity grants represented less than 1% of the total outstanding Common Stock each year. As of February 29, 2016, the total number of equity awards outstanding (including 2x target PSUs) represented approximately 4.5% of the outstanding Common Stock.

**No Pension Credits for Years not Worked**

**Value of Equity Awards is not included in Pension Calculations**

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**Section 2 Components of Executive Compensation**

The following table describes the components of the executive compensation program and the purpose of each component.

Component	Description	Objectives
<b>Base Salary</b>	Consistent with pay-for-performance principles, represents smallest component of total target compensation	Attract and retain NEOs by providing competitive level of fixed compensation
<b>Annual Cash Bonus</b>	Performance-based annual compensation component linked to Company financial performance and individual performance compared to pre-set goals	Motivate and reward executives and promote alignment with shareholder interests by determining bonus amounts based on both annual financial performance and progress made during the year on key long-term strategic objectives
<b>Long-Term Incentive Awards</b>	Performance-based multi-year compensation component linked to stock price and Company performance	Provide incentives for executives to deliver strong Company stock and financial performance over the long-term
	Value ultimately earned by NEOs depends on stock price at vesting or exercise and, for PSUs, also on Company financial and relative TSR performance over 3-year performance period	Reinforce alignment between interests of NEOs and shareholders
		Promote retention
	For CEO, value delivered 50% through stock options and 50% through PSUs	
	For other NEOs, value delivered through stock options, RSUs and PSUs	
<b>Retirement Programs</b>	A qualified savings plan and nonqualified deferred compensation plans and programs. The Company also has a qualified defined benefit pension plan and a nonqualified defined benefit	Enable employees to plan and save for retirement at a reasonable cost to the Company

	plan (both now frozen)	
<b>Personal Benefits</b>	Include financial services reimbursement, life insurance benefits and transportation-related services	Provide a competitive level of benefits at a reasonable cost to the Company
	No tax gross-up taxes on personal benefits are sole responsibility of the NEOs	For security and efficiency reasons, the Chairman and CEO is provided a car and driver and is encouraged to use Company aircraft for business and personal use

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**Section 3 2015 Executive Compensation Decisions**

This section describes the Compensation Committee's decisions regarding 2015 compensation for the NEOs in more detail.

***Considerations in Determining 2015 Compensation.*** At the beginning of the year (or in connection with the appointment of a new NEO), the Compensation Committee sets target compensation levels for each NEO. In determining target compensation levels, the Committee considers:

Nature and scope of each NEO's duties

Terms of each NEO's employment agreement

Each NEO's prior compensation and individual performance

Information on compensation levels of similarly positioned executives at entertainment industry peers

Views expressed by shareholders and the results of the advisory vote on NEO compensation at the most recent annual meeting of shareholders

Internal pay positioning, taking into account each NEO's pay components and levels relative to other executives with respect to role, length of time the NEO has served in the NEO's current position, seniority and levels of responsibility

***Base Salary.*** The Compensation Committee reviews the NEOs' base salaries annually and in connection with the entry into or renewal of employment agreements with NEOs. The Committee determined to keep the base salary for Mr. Bewkes the same as has been in place since 2010. Mr. Averill's 2015 base salary was increased in connection with the amendment of his employment agreement. For more information regarding the amendment of Mr. Averill's employment agreement, see "Key Executive Compensation Decisions for 2015 and In Early 2016" on page 57. The Committee determined to keep the base salaries for the other NEOs unchanged during 2015.

***Performance-Based Compensation Annual Cash Bonuses***

1. ***Set Target Bonuses.*** The Compensation Committee reviews the NEOs' target bonuses annually and in connection with the entry into or renewal of employment agreements with NEOs. The Committee determined to keep the target bonus for Mr. Bewkes the same as has been in place since 2010. Mr. Averill's target bonus was increased

from 200% to 250% of his base salary in connection with the amendment of his employment agreement. For more information regarding the amendment of Mr. Averill's employment agreement, see Key Executive Compensation Decisions for 2015 and In Early 2016 on page 57. The Committee determined to keep the 2015 target bonuses for the other NEOs (which are expressed as a percentage of their base salaries) unchanged. See page 64 for each NEO's target bonus for 2015. Bonus payouts are generally capped at a maximum of 150% of the target bonus.

2. **Select Performance Measures.** Consistent with its approach for the past several years, early in 2015, the Compensation Committee (i) selected ADPTI and Free Cash Flow as the financial criteria for the annual cash bonuses (70% weighting) and (ii) approved individual performance goals (30% weighting) that are focused on supporting the Company's key long-term strategic objectives, including new growth initiatives, operating efficiency, and talent development and diversity. The 70%/30% relative weightings emphasize the Committee's view of the importance of achieving strong financial performance while reinforcing individual accountability for each NEO's performance.

The Compensation Committee selected ADPTI and Free Cash Flow because the use of ADPTI and Free Cash Flow goals (i) encourages growth and efficient use of capital, (ii) tracks measures used by the Board and management (as well as investors) to evaluate the Company's performance, and (iii) supports the long-range plan. ADPTI is also consistent with Adjusted Operating Income, which is one of the primary measures the Company uses to evaluate its profitability, and provides accountability for capital allocation. Free Cash Flow gives a clear view of the Company's ability to generate cash that can be used for investments in the Company, returns to shareholders and other actions that enhance shareholder value. The Committee assigned a weighting of 70% to ADPTI and 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.

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The Compensation Committee periodically reviews the performance measures it uses in the executive compensation program. As noted above, in February 2016, the Compensation Committee approved individual performance goals for Messrs. Bewkes and Averill for their 2016 annual cash bonuses that include ROIC as a measure of their performance on capital allocation goals.

The Committee has also previously considered using return on assets and return on equity to measure financial performance, but concluded that these are not meaningful measures of the Company's financial performance due to the goodwill and intangible assets recorded in the Company's balance sheet in connection with accounting for the merger of Historic TW Inc. with Historic AOL LLC in 2001 and the restructuring of Time Warner Entertainment Company, L.P. in 2003. The accounting treatment of these transactions has the impact of depressing returns due to the substantial amount of goodwill and intangible assets that remain on the Company's balance sheet.

3. ***Set Challenging Financial Performance and Individual Performance Goals.*** The Compensation Committee approved challenging financial goals that are consistent with the Company's budget and long-range plan and individual goals for the NEOs that are focused on supporting the Company's key long-term strategic objectives, including new growth initiatives, operating efficiency, talent development and diversity. The ADPTI performance goals set by the Committee required a significant increase over 2014 results to achieve either a 50% or 150% rating. To reflect the significant increase in content and technology investments budgeted for 2015, the Committee set Free Cash Flow performance levels corresponding to 50% and 150% ratings at approximately the same levels as in 2014. For more information on setting the financial performance goals, see *Executive Compensation Program Designed to Support Sustained Performance* beginning on page 55.
4. ***Evaluate Company Financial Performance.*** In January 2016, the Compensation Committee reviewed the Company's performance with respect to the financial criteria established by the Committee. The Company delivered strong financial performance in 2015, with ADPTI up 8% over 2014 and \$3.6 billion of Free Cash Flow more than \$300 million above the upper range for the measure (and higher than in 2014 even with increased levels of investments in content). After careful consideration, the Committee approved a 133% financial performance rating, which is lower than the financial rating for 2014. The Committee considered (i) the Company's performance compared to the goals it had set at the beginning of the year, (ii) additional measures of the Company's financial performance and continued progress on long-term goals and strategy, (iii) the Company's performance compared to the entertainment industry peers, and (iv) while not explicitly part of the financial performance criteria, the Company's stock price performance during the last part of the year. While the Committee noted that the Company's financial performance in 2015 and progress made in executing the Company's long-term strategy supported a modestly higher rating, it exercised negative discretion to approve a lower rating of 133% to recognize that, primarily as a result of unfavorable foreign exchange rates, the Company is expected to take longer to achieve the long-range Adjusted EPS growth objectives that had been communicated to investors and that the Company's stock price had underperformed during the second half of the year.

Performance Measure (\$ in millions)	% of Financial Component	Financial Performance Framework <sup>(1)</sup>		Performance <sup>(2)</sup>
		<b>50%</b>	<b>150%</b> <sup>(3)</sup>	
ADPTI	70%	\$6,673	\$7,370	\$7,246
Free Cash Flow	30%	\$2,083	\$3,293	\$3,601 <sup>(4)</sup>
<b>Financial Performance Rating Approved by the Committee</b>				<b>133%</b>

- (1) If the performance is between the levels shown, payouts are generally determined by interpolation. The financial performance framework reflects adjustments approved by the Compensation Committee to address the impact of unbudgeted acquisitions in 2015, which were undertaken to advance long-term goals and performance but adversely affected 2015 financial results.
- (2) Consistent with the Compensation Committee's practice of taking into account transactions, changes in accounting treatment and strategic decisions that were not known or anticipated when the budget and the financial performance criteria



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were approved (but would have been reflected, if known), the ratings reflect adjustments for select unbudgeted actions taken in 2015 that lowered the Company's results, but were undertaken to further the Company's long-term strategic objectives, including expenses to support the launch of HBO NOW, the impact from shifts in the timing of film releases and television licensing sales at Warner Bros., targeted restructurings at Turner, and programming write-downs, primarily related to the brand refreshes at TBS and TNT. The Committee believes the adjustments for strategic business decisions appropriately mitigate the adverse impact on bonus payouts of actions that reduce short-term results but improve long-term performance.

- (3) Represents the performance for the maximum rating. Amounts above these levels would not result in a higher rating.
- (4) Free Cash Flow for 2015 in the table above does not correspond to the Free Cash Flow reflected in the Company's 2015 earnings documents and the reconciliation included in Annex A for the same period because of the adjustments described above.

5. ***Evaluate Individual Performance.*** In January 2016, the Committee evaluated the individual performance of each of the NEOs in 2015 with respect to their individual performance goals. Based on its evaluation, and taking into account Mr. Bewkes' recommendations with respect to performance ratings for the other NEOs, the Committee approved individual performance ratings of 135% for Messrs. Bewkes, Cappuccio and Ginsberg and 140% for Messrs. Averill and Olafsson, reflecting strong individual performances during 2015. As it does each year in determining the individual performance ratings, the Committee considered the individual accomplishments during 2015 that helped the Company make progress on its long-term strategic objectives, including the new growth initiatives, operating efficiency, and talent development and diversity. Some of the significant accomplishments of the NEOs the Committee considered include:

***Mr. Bewkes (Chairman and CEO)***

Working with the Board, refined the Company's strategy to position the Company for long-term growth, including focusing on improving the value of traditional pay television subscriptions for consumers and affiliates while pursuing distribution opportunities outside the ecosystem

Oversaw actions that helped make progress on the Company's key long-term strategic objectives and initiatives, including (i) investing in content that will appeal to multiplatform audiences, including HBO expanding its programming through agreements with Sesame Street, Jon Stewart, Bill Simmons and Vice, Turner developing new original programming as it starts to rebrand TBS and TNT in 2016, and Warner Bros. preparing for the 2016 launch of a multi-year slate of franchise films, (ii) executing Turner's and HBO's network affiliate renewal strategy, including securing favorable distribution of Turner's networks in OTT offerings, (iii) making content available to consumers across more platforms both inside and outside the traditional television ecosystem by successfully launching HBO NOW in the U.S., making more content available on-demand through the Turner networks, and

increasing the Company's streaming video capabilities through its acquisition of a majority ownership interest in iStreamPlanet, and (iv) expanding the distribution of the Company's content internationally through investments in streaming services in Asia and the launch of OTT services by HBO LAG, while continuing to invest in local content production capabilities

Oversaw actions to improve the efficiency and effectiveness of key business operations, including through the successful management of overhead expenses and the Company's multi-year enterprise services initiatives to deliver certain business services (e.g., real estate and certain information technology services) centrally to the Company's divisions

Effectively communicated the Company's long-term strategy through an active investor engagement program

*Mr. Averill (EVP and CFO)*

Prudently managed the Company's balance sheet with respect to the Company's leverage ratio, share repurchases, investments and liquidity

Took significant steps to reduce the Company's exposure to foreign currency volatility, including overseeing the Company's issuance of its first Euro-denominated debt (as a natural hedge) and improving the Company's cash forecasting process, which led to a significant improvement in the Company's ability to hedge transactions

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Oversaw the achievement of meaningful cost savings across the Company and significant progress on the Company's multi-year enterprise services initiatives

Led the Company's investor relations program in communicating the Company's financial plans and strategy to shareholders and debt holders during a period of market volatility

Maintained effective internal control over financial reporting and enhanced existing internal control processes  
*Mr. Cappuccio (EVP and General Counsel)*

Provided effective legal advice and assistance, individually and through the legal department, on significant matters, including (i) the issuance of an aggregate of \$3.8 billion of debt in three public debt offerings, including the Company's first Euro-denominated debt offering, (ii) the tender offer and redemption of \$1 billion aggregate principal amount of debt, (iii) the extension of the Company's \$5 billion senior unsecured credit facilities from December 2019 to December 2020, (iv) the construction and related work at the Hudson Yards development, and (v) key acquisitions and investments, including the acquisition of a majority ownership interest in iStreamPlanet

Led the Company's effective response to government requests in connection with the government's review of proposed media industry mergers, while at the same time successfully protecting the confidentiality of sensitive Company information

Maintained an effective compliance program, with a continued focus on international compliance matters

Contributed to the refinement and execution of the Company's distribution strategy, including enhancing the value of traditional pay television services for consumers, while also increasing the scale of the Company's OTT services  
*Mr. Ginsberg (EVP, Corporate Marketing & Communications)*

Launched cross-divisional marketing and research initiatives to foster collaboration among communications and marketing executives, to cross-promote key initiatives and share research findings

Significantly increased the collection, sharing and application of consumer data across the Company to increase the efficiency and effectiveness of its marketing campaigns

Effectively communicated the Company's strategy, financial discipline and significant accomplishments during 2015, including the launch of HBO NOW, ratings growth at Cartoon Network and CNN and the success of Warner Bros. videogames business

Strengthened the Company's efforts to support and cultivate diverse storytellers by investing in their work, facilitating internal and external relationships and providing a platform for them to reach wider audiences

*Mr. Olafsson (EVP, International & Corporate Strategy)*

Led several company-wide initiatives to evaluate growth and investment opportunities outside the traditional television ecosystem, and supported divisional management in their efforts to better understand consumer behaviors and industry trends that are driving industry changes

Oversaw the review of the Company's strategy in light of evolving television industry trends and facilitated discussions with the Board on the strategy throughout the year

Continued to oversee the implementation of the Company's international strategy, including expansion efforts in China, and leading the analysis and negotiations on potential SVOD opportunities globally

Provided advice and assistance on a number of potential and completed acquisitions and investments and key initiatives across the Company, actively managed the Company's portfolio of investments and continued to represent the Company's interests on boards of directors of several companies in which the Company has invested

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6. **Reward Performance: Determine Final Bonus Amounts.** The Compensation Committee approved final bonus amounts for each NEO that reflect the Company's strong financial performance in 2015 and the NEO's individual performance. The Committee uses the bonus framework discussed above and reflected in the table below in determining the NEOs' bonuses, while retaining and exercising discretion in approving the final bonus amounts, as it did in 2015 in approving a lower financial performance rating for all NEOs and an additional amount for Mr. Cappuccio (described below).

	Company Performance		Individual Performance		Bonus Amount	
	Component Rating Multiplied		Component Rating Multiplied			
	Target	by 70% of Target	by 30% of Target	Bonus		
	Bonus Amount	Rating	Bonus	Rating	Bonus	Bonus Amount
Jeffrey L. Bewkes	\$ 10,000,000	133%	\$ 9,310,000	135%	\$ 4,050,000	\$ 13,360,000
Howard M. Averill	3,500,000	133%	3,258,500	140%	1,470,000	4,728,500
Paul T. Cappuccio	3,150,000	133%	2,932,650	135%	1,275,750	4,708,400 <sup>(1)</sup>
Gary L. Ginsberg	1,750,000	133%	1,629,250	135%	708,750	2,338,000
Olaf Olafsson	1,387,500	133%	1,291,763	140%	582,750	1,874,513

- (1) Includes an additional \$500,000 for Mr. Cappuccio that the Compensation Committee approved in recognition of his exceptional performance on a number of strategic and regulatory matters during 2015.

**Performance-Based Compensation Long-Term Incentives.** At its meeting in January 2015, the Compensation Committee approved long-term incentive awards for the NEOs. These awards were granted on February 15, 2015, which was consistent with the Committee's past practice and followed the release of the Company's financial results for the prior year. As described above, the awards approved by the Committee for Messrs. Olafsson and Ginsberg included incremental stock options with a grant date fair value of \$1 million to recognize their accomplishments during 2014 and provide further long-term incentives in the form of equity awards. The actual value realized from stock option awards will depend on the amount by which the market value of the Company's stock exceeds the exercise price on the date the award is exercised. As of February 29, 2016, the closing price of the Company's Common Stock was below the exercise price of the stock options granted in February 2015, so those stock options had an intrinsic value of \$0.

	Target	Number of	Number of	Number of	Total Grant
	Annual	Stock	RSUs	Target	Date Fair
	Value	Options	Awarded	PSUs	Value

		Awarded		Awarded	
Jeffrey L. Bewkes	\$ 16,000,000	433,135		90,324	\$ 15,882,578
Howard M. Averill	4,600,000	75,328	19,196	18,178	4,585,411
Paul T. Cappuccio	3,400,000	55,677	14,189	13,436	3,389,275
Gary L. Ginsberg	900,000	69,323	3,756	3,557	1,903,751
Olaf Olafsson	1,400,000	77,511	5,842	5,532	2,402,050

**PSUs Granted in 2015 Select Performance Measures.** The PSUs granted in 2015 have a three-year performance period ending December 31, 2017. At the end of the three-year performance period, a percentage between 0% and 200% will be determined based on the cumulative Adjusted EPS achieved (the EPS Factor ) as compared to the goal established by the Compensation Committee at the start of the performance period. The EPS Factor will then be multiplied by a modifier ranging from 80% to 120% (the TSR Modifier ), depending on the Company s TSR percentile for the performance period relative to the TSR of the other companies in the S&P 500 Index for the performance period. The number of shares that can be earned is capped at 200% of the target number of PSUs awarded. The Adjusted EPS calculation is based on the budgeted number of shares outstanding in the long-range plan approved by the Board at the beginning of the performance period, so that the performance rating and payout are not advantaged if share repurchases during the performance period are higher than expected when goals are set. In determining the cumulative Adjusted EPS achieved, the Committee may take into account the impact of unusual or nonrecurring items (such as unplanned strategic decisions, regulatory changes and external developments) and other factors the Committee deems appropriate.

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The chart below illustrates how the two measures are used to determine the final payout of shares for the PSUs. For example, if 100 target PSUs were awarded and after the three-year performance period (i) the Company's cumulative Adjusted EPS is at a level that would result in a payout of 100% of the target PSUs and (ii) the relative TSR of the Common Stock is at the 75<sup>th</sup> percentile, the final PSU payout would be 120 shares of Common Stock, calculated by multiplying the 100 target PSUs by an EPS Factor of 100% and a TSR Modifier of 120%.

Relative TSR Performance	TSR						Payout Based on EPS Factor Alone
	Modifier	0%	50%	100%	150%	200%	(as Percentage of Target)
£ 25 <sup>th</sup> Percentile	80%	0%	40%	80%	120%	160%	<b>Final Payout after Applying TSR</b>
50 <sup>th</sup> Percentile	100%	0%	50%	100%	150%	200%	
<sup>3</sup> 75 <sup>th</sup> Percentile	120%	0%	60%	120%	180%	200%	

**Modifier**

(1) If Relative TSR performance is between the levels shown, the TSR Modifier is generally determined by interpolation.

The PSU design emphasizes Adjusted EPS performance and relative TSR, providing a clear incentive for executives to drive shareholder value. The Compensation Committee considered feedback from shareholders and a number of alternate designs in 2011, when it approved the PSU performance measures and design. The Committee selected a design that balances (i) three-year cumulative Adjusted EPS performance achieved compared to goals set by the Compensation Committee at the beginning of the performance period with (ii) relative TSR performance, so that strong performance on the Adjusted EPS goals is fully rewarded only if it also results in above average shareholder returns. The executive officers awarded PSUs have a clear line-of-sight into how superior performance affects Adjusted EPS, which the Committee concluded should help lead to strong shareholder returns. In selecting the performance measures, the Committee also considered that Adjusted EPS is one of the primary measures the Company and investors use to assess the Company's performance, while relative TSR is an important measure for shareholders.

**PSUs Granted in Prior Periods Determine Payouts.**

*Performance Period Ended in 2015.* The PSUs granted in 2013 had a three-year performance period ending in December 2015. In January 2016, the Compensation Committee reviewed the Company's performance for the 2013-2015 performance period compared to goals established in 2013, which are reflected in the table below and which were set by the Committee in January 2013 based on the Board-approved long-range plan for 2013-2015 (the 2013 LRP). The Compensation Committee certified the Company's EPS Factor of 183% based on the cumulative Adjusted EPS achieved (corresponding to an approximately 17% CAGR) compared to the goals approved by the Committee in 2013.

Cumulative Adjusted EPS Goals (2013-2015) <sup>(1)(2)</sup>	2013-2015 Performance
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EPS Factor	0%	50%	100%	150%	200%	183%
Cumulative Adjusted EPS	\$9.95	\$10.38	\$10.77	\$11.73	\$12.17	\$12.02 <sup>(3)</sup>

- (1) The cumulative Adjusted EPS goals in the table reflect adjustments made in connection with the Time Separation to remove the 2014 and 2015 contributions from Time Inc. included in the 2013 LRP and for other transactions not contemplated at the time the 2013 LRP was approved. For the 2013-2015 performance period, the cumulative Adjusted EPS results were decreased to exclude the positive impact of share repurchases above the amounts included in the 2013 LRP (so that the performance rating and payout were not advantaged by an increase in the number of shares repurchased from what was expected at the time the original goals were set). The cumulative Adjusted EPS results also reflect the following adjustments, which had a net impact of reducing the cumulative Adjusted EPS achieved and the payouts for the PSUs:
- (i) increased for restructuring charges and programming impairments in 2014 (as disclosed in the Company's proxy statement for its 2015 annual meeting of shareholders) and in 2015 (as described on pages 61 and 62),
  - (ii) increased for foreign currency losses related to the translation of net monetary assets denominated in Venezuelan currency resulting from changes in the Venezuelan foreign exchange system, and
  - (iii) decreased for the release in 2014 of tax reserves related to an audit settlement and items related to state and other taxes.
- (2) If cumulative Adjusted EPS performance is between the levels shown, the EPS Factor is generally determined by interpolation.
- (3) Cumulative Adjusted EPS for 2013-2015 in the table does not correspond to the Adjusted EPS reflected in the Company's earnings documents and the reconciliation included in Annex A for the same period because of the adjustments described in Note 1 to the table.



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Based on the Company's TSR (58.7%) being at the 54.6th percentile of the TSRs of companies in the S&P 500 for the 2013-2015 performance period, the Committee certified a TSR Modifier of 103.7%. Based on the two performance ratings, 189.8% of the target number of PSUs granted in 2013 vested in February 2016.

*Performance Period Ended in 2014.* The PSUs granted in 2012 had a three-year performance period. As disclosed in the Company's proxy statement for the Company's 2015 annual meeting of shareholders, in January 2015, the Compensation Committee reviewed the Company's performance and certified the Company's cumulative Adjusted EPS rating of 193% compared to the goals approved by the Committee in 2012. Based on the Company's TSR (170.5%) exceeding the TSR of 91% of the companies in the S&P 500 for the 2012-2014 performance period, the Committee certified a TSR Modifier of 120%. Based on the two performance ratings and the 200% cap on payouts, the maximum 200% of the target number of PSUs granted in 2012 vested in February 2015.

**Section 4 Strong Governance Practices Followed in Determining Executive Compensation**

*Role of the Compensation Committee.* The Compensation Committee, which is composed of five independent directors, is responsible for determining the compensation of the NEOs. At the beginning of each fiscal year, the Committee reviews and approves target compensation and performance goals for the NEOs for that year (plus for any performance period cycles for long-term incentive programs beginning that year), and determines bonus payouts for the prior year and the level of performance achieved for any completed long-term incentive performance periods. This timing allows the Committee to consider financial results for the most recent year, along with feedback from shareholders through the Company's engagement activities as well as input from the Committee's independent compensation consultant, as it makes compensation decisions and sets performance targets for the subsequent year and performance periods. The Committee reviews and approves compensation with a view to providing incentives to support the Company's long-range plans and to achieve superior annual and long-term financial results, as well as continued progress on the Company's long-term strategic objectives and growth initiatives. The duties and responsibilities of the Committee are described on page 33.

*Role of the Board of Directors.* The Board has delegated authority with respect to most executive compensation decisions to the Compensation Committee, but has retained the authority to approve new executive compensation plans, new equity plans and material amendments to existing executive compensation plans. The Board receives reports from the Committee on its actions and recommendations following every Committee meeting, and the Board receives an update on the Company's executive compensation and benefits programs each year.

*Role of Management.* At the Compensation Committee's request, management provides the Committee information, analyses and recommendations regarding the Company's executive compensation program and policies and assists the Committee in carrying out its responsibilities. The Committee also meets regularly in executive session without management present, including with its independent compensation consultant. While the Committee considers the recommendations of Mr. Bewkes regarding NEO compensation levels (other than with respect to his own compensation) and the input received from its compensation consultant, the Committee ultimately makes all the decisions regarding NEO compensation.

*Role of Independent Compensation Consultant.* The Compensation Committee has retained Pay Governance LLC as its independent compensation consultant. The consultant assists the Committee in the development and evaluation of

the Company's executive compensation program, policies and practices and in its decisions regarding executive compensation, and provides advice to the Committee on other matters related to its responsibilities. The compensation consultant reports directly to the Committee and the Committee has the sole authority to retain and terminate the consultant and to review and approve the consultant's fees and other retention terms. A representative of the compensation consultant attends meetings of the Committee, and communicates with the Committee chair between meetings as necessary or requested.

During 2015, at the Committee's request, Pay Governance LLC performed the following services:

Provided competitive market data on compensation for executives at the Company and its divisions

Provided information on executive employment agreement terms among the Company's peer groups

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**Executive Compensation CD&A**

Assisted the Committee in its review of the executive compensation program, with a focus on the annual and long-term incentive performance measures

Conducted analyses of long-term incentive award practices, including executive stock ownership requirements and share utilization among companies in the Company's peer groups

Reviewed compensation-related disclosures in the Company's proxy statement for its 2015 annual meeting of shareholders

Provided information with respect to emerging compensation-related practices and policies  
Pay Governance LLC did not perform any other services for the Company in 2015.

The Committee assessed the consultant's performance and independence in 2015 and determined that the consultant had no conflicts of interest that would prevent it from advising the Committee and confirmed the consultant's independence.

***Use of Peer Groups.*** The Committee did not make any changes to its peers groups or how it uses information regarding them during 2015.

As one of the largest video content-focused media and entertainment companies in the United States, Time Warner competes most directly for talent with five large U.S.-based media and entertainment companies. Therefore, the Compensation Committee primarily uses an entertainment industry peer group composed of these companies. The Committee does not target a specific percentile of compensation provided to executives at these companies in making compensation decisions. However, the Committee believes that an understanding of the compensation provided to executives in comparable positions at these companies is important given the skills and experience required of the Company's top executives. Referring to the entertainment industry peer group helps the Committee understand the market for talent and set total target compensation at appropriate competitive levels that enable the Company to attract, retain and reward top

Although compensation levels at the companies in the entertainment industry peer group (some of which are effectively controlled by a single shareholder) are generally higher than in many other industries, the Committee believes those companies provide the most relevant comparisons because the Company competes most directly with these companies for the limited pool of executives with the creative and management skills and relevant industry experience needed to successfully operate the Company's businesses.

performers over the long-term.

The Committee also uses a secondary peer group, consisting of 21 companies, as a general reference point for compensation practices and related governance matters, such as the stock ownership requirements for executive officers and vesting provisions for equity awards. The secondary peer group includes a broad range of multi-national and multi-divisional companies with consumer-oriented branded businesses. The Committee selected these companies based on revenue, market capitalization, and organizational complexity, also factoring in whether a company has a consumer focus and significant brand recognition. While the Committee regularly reviews this peer group based on these factors, it does not make frequent changes because there can be significant fluctuations in some of these factors (*e.g.*, market capitalization) over the short term. Instead, the Committee considers changes based on a longer-term perspective.

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The following tables summarize the Company's peer groups for 2015 and how the Committee uses them:

<b>Entertainment Industry Peer Group</b>		
<b>Companies</b>		<b>Purpose of Peer Group</b>
CBS Corporation	Comcast Corporation	Evaluate and understand compensation provided to NEOs at peer companies; understand market for talent
Twenty-First Century Fox, Inc.	Viacom Inc.	
The Walt Disney Company		

<b>Secondary Peer Group</b>		
<b>Companies</b>		<b>Purpose of Peer Group</b>
Altria Group, Inc.	Amazon.com, Inc.	General reference point for compensation practices and related governance matters, such as stock ownership guidelines
CBS Corporation	Colgate-Palmolive Company	
Coca-Cola Co.	Comcast Corporation	
DirecTV <sup>(1)</sup>	DISH Network Corporation	
eBay Inc.	Kimberly-Clark Corp	
McDonald's Corp.	Microsoft Corporation	
Mondelēz International, Inc.	Nike, Inc.	
PepsiCo Inc.	Philip Morris International Inc.	
Starbucks Corporation	Time Warner Cable Inc.	
Twenty-First Century Fox, Inc.	Viacom Inc.	
The Walt Disney Company		

(1) As a result of its acquisition by AT&T Inc. during 2015, DirecTV will be replaced as a secondary peer group company for 2016.

**Total Target Direct Compensation Comparison.** The following table shows how each NEO's 2015 total target direct compensation (consisting of base salary, target cash bonus and the target annual value of long-term incentive awards) compared to the 2014 (and, where available, 2015) total target direct compensation of executives in comparable roles at the companies in the entertainment industry peer group, including the annualized value of any upfront equity awards granted to such executives. Information is not available for comparable positions at every company in the peer group, and the scope and nature of responsibilities for these positions may vary substantially among the entertainment industry peers. The Compensation Committee takes these factors into account when reviewing the competitive market data.

<b>Companies in Entertainment Industry Peer Group with Information Available</b>		<b>Position Within Entertainment Industry Peer Group</b>
Jeffrey L. Bewkes	All	Toward lower end of range

Howard M. Averill	All	Within range
Paul T. Cappuccio	CBS Corporation, Twenty-First Century Fox, Inc., The Walt Disney Company and Viacom Inc.	Within range
Gary L. Ginsberg		Not Available <sup>(1)</sup>
Olaf Olafsson	The Walt Disney Company, NBC Universal (a subsidiary of Comcast Corporation)	Within range <sup>(2)</sup>

and Viacom Inc.

- (1) Due to the scope of Mr. Ginsberg's responsibilities, which include corporate communications, corporate marketing and corporate social responsibility, there are no directly comparable positions in the entertainment industry peer group.
- (2) Because Mr. Olafsson's role encompasses international and corporate strategy and investments, the Compensation Committee considered available information for executives in positions responsible for international operations or for strategy, M&A, and corporate development.

**Table of Contents****Executive Compensation CD&A****Section 5 Shareholder Engagement on Executive Compensation**

The Company has a long-standing practice of engaging with its shareholders throughout the year on a range of topics, including executive compensation. The Company continues to enhance its shareholder engagement program. In the period before the 2015 annual meeting of shareholders, the Company contacted its 75 largest shareholders representing nearly 65% of outstanding shares and held discussions with shareholders representing over 45% of outstanding shares. Following the 2015 annual meeting, the Company continued to engage with shareholders on a range of topics, including executive compensation, speaking with shareholders representing approximately 40% of outstanding shares.

The Compensation Committee reviewed the shareholder engagement plan before it was implemented, was regularly updated on shareholder feedback and considered the views expressed by shareholders in making its decisions. The Committee views this continuing constructive dialogue as an integral part of the process of designing and refining the Company's executive compensation program and maintaining strong corporate governance practices.

**The Company's executive compensation program received strong support from shareholders in 2015, with shareholders representing 94.3% of the votes cast at the annual meeting voting in favor of the compensation of the NEOs included in the proxy statement for the Company's 2015 annual meeting of shareholders.** Taking into account the feedback from shareholders in recent years, the results of the 2015 advisory vote on NEO compensation and the Committee's review of the executive compensation program in 2014, the Committee decided to maintain the overall executive compensation structure for 2016, with a refinement in the individual performance goals for the CEO and CFO to include a goal focused on ROIC in connection with their annual bonuses. See also Key Executive Compensation Decisions for 2015 and In Early 2016 on page 57.

The constructive dialogue with shareholders is an integral part of the Compensation Committee's process to design and refine the executive compensation program and maintain strong corporate governance practices.

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The Company's engagement with shareholders has helped inform the Committee's deliberations and decisions in recent years. The following chart summarizes the key points the Company heard from shareholders about executive compensation over the last several years and the actions the Committee has taken with regard to the topics discussed.

What We Heard From our Shareholders	How We Responded
Supported inclusion of ROIC as a performance measure in incentive compensation	The 2016 individual performance goals for the CEO and CFO for their annual bonus include an ROIC goal
More of NEO compensation should be delivered through long-term incentive components	Majority of increases in NEO target compensation during 2014 and 2015, including in connection with new employment agreements, delivered in the form of incentives with significant portion in long-term incentives
Supported higher stock ownership by the CEO	Significantly increased the CEO's stock ownership requirement to 8 times base salary from 5 times base salary
CEO's employment agreement should provide greater emphasis on long-term compensation and performance-based equity grants. Some shareholders have expressed reservations about	No increase in compensation for 3-year extension of CEO employment agreement (through 2020) entered into in January 2016
The level of CEO compensation in the media and entertainment industry;	Increase in compensation under prior agreement (effective in 2013) consisted entirely
Large up-front grants of equity awards as part of new employment agreements; and	of performance-based long-term incentive opportunity with no increase in base salary, no increase in target bonus and no future grants of time-vested RSUs
Change-in-control excise tax gross-up provisions	No up-front equity awards
	No change-in-control excise tax gross-up provision
Expressed support for a new stock incentive plan that would provide the Company more flexibility to grant RSUs and PSUs	Time Warner Inc. 2013 Stock Incentive Plan ( 2013 Stock Incentive Plan ) adopted by the Committee and Board and approved by shareholders in May 2013 with 91% of votes cast in favor



<p>Positive response to design and performance measures for the PSUs</p>	<p>PSU program design updated in 2012 primary performance measure is 3-year cumulative Adjusted EPS target established by the Committee, with a payout modifier based on the Company's 3-year TSR relative to the S&amp;P 500; subject to cap on payout at 200%</p>
<p>Supported having a significant portion of full-value equity awards to executives be performance-based</p>	<p>Adopted policy in 2007 that 50% of full-value equity awards to executive officers be performance-based</p>
<p>Expressed concern that dilution from equity awards be managed appropriately</p>	<p>Implemented PSUs for executive officers beginning in 2007</p> <p>The Committee decided to award stock options only to the Company's most senior management. Beginning in 2012, other eligible employees receive only RSUs. Reduces dilutive impact of awards while also providing market-competitive equity-based compensation.</p>

**Table of Contents****Executive Compensation CD&A****Section 6 Compensation Policies and Practices**

The Compensation Committee has adopted a number of policies and practices to support its compensation principles and help drive performance and align executive and shareholder interests. In addition, these policies and practices are designed to mitigate compensation-related risk without diminishing the incentive nature of the executive compensation program. For information regarding the Company's annual risk assessment of the compensation programs and practices, see "Compensation Programs and Risk Management" beginning on page 73.

**Pay-for-Performance Policy.** Under the Compensation Committee's policy, a majority of total target compensation for NEOs consists of performance-based components, which include a cash bonus, stock options and PSUs. This policy also incorporates the Company's commitment that at least 50% of the estimated fair value of full-value stock awards (*i.e.*, RSUs and PSUs) made to the Company's executive officers will be performance-based, such that achievement of performance measures will determine the size and/or vesting of the awards.

**Equity Dilution Policy.** The equity awards granted by the Company in 2015 represented 0.7% of the Common Stock outstanding on December 31, 2014, well within the Compensation Committee's equity dilution policy of 1.5% of the total outstanding Common Stock at December 31 of the preceding year. The equity dilution policy addresses how the Company determines the appropriate level of equity dilution and establishes general guidelines for monitoring and managing equity dilution and annual share usage under its shareholder-approved equity plan. The Company regularly analyzes its equity compensation program, including whether dilution rates are in line with those of its peer companies. The current annual usage limit under the equity dilution policy is included in the terms of the 2013 Stock Incentive Plan.

**Stock Ownership and Retention Guidelines.** The Compensation Committee has adopted stock ownership and retention guidelines to help promote a focus by NEOs on longer-term goals and further align the interests of executives and shareholders. Following election to a position that is subject to the stock ownership guidelines, an executive has five years to meet the applicable stock ownership requirement, as set forth in the table below:

	Multiple of Salary in Equity	Status as of
Executive Level	Ownership Value	January 31, 2016
Chairman and CEO	8 times	Met ownership requirement
Executive Vice Presidents	2 times	All met ownership requirement

Shares held directly by the individual, interests in the Time Warner Inc. Stock Fund in the Company's qualified savings and nonqualified deferred compensation plans, restricted stock, unvested RSUs, and the expected net after-tax shares for PSU awards for which the performance period has been completed are included in determining whether the ownership requirement has been met and sustained.

The Committee also has adopted stock retention requirements with respect to stock option awards. Executive officers must retain for at least 12 months after exercise of stock options granted while an executive officer (or, if no longer employed by the Company, for at least 12 months after the date of exercise, but not beyond the first anniversary of the

termination of employment) shares of Common Stock representing at least 75% of the after-tax gain that the executive realizes upon exercise (assuming a 50% tax rate for purposes of the calculation).

***Hedging and Pledging Common Stock.*** The Company's executive officers and directors may not engage in short sales of Common Stock and may not purchase or sell puts, calls, straddles, collars or other similar risk reduction devices involving Common Stock. The Company's executive officers and directors may not hold Common Stock in a margin account or pledge Common Stock as collateral for a loan, except in very limited circumstances in which the compliance officers for the Company's supplemental trading policies are confident that sufficient other assets are available to satisfy the loan and that the likelihood of the pledged shares being sold is low.

***Recovery of Previously Paid Executive Compensation ( Clawback Policy ).*** By policy, if the Board determines that an executive officer intentionally caused a material financial misstatement that resulted in artificially inflated executive compensation, the Board will determine appropriate actions to remedy the misconduct and prevent its recurrence and any actions to be taken with respect to the executive, including recovery of compensation. 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

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**Table of Contents****Executive Compensation CD&A**

paid as a result of the material financial misstatement; the risks, costs and benefits associated with pursuing the recovery of the compensation; and other actions the Company or third parties may have taken with respect to the executive who caused the misstatement.

**Employment Agreements.** Employment agreements are standard in the entertainment industry for top executives, and the Compensation Committee believes it is in the Company's best interest to secure the employment of each of the NEOs through an employment agreement. All of the NEOs are, and were during 2015, parties to employment agreements with the Company. The terms and provisions of these agreements are described on pages 88 to 90. The Committee approves all employment agreements with the NEOs.

The employment agreements with the NEOs provide for payments and benefits upon termination of employment in various circumstances, as described under Potential Payments Upon Termination of Employment, Disability, Death or Change in Control beginning on page 90. The objective of these provisions is to recruit and retain talent in a competitive marketplace.

**Section 162(m) Considerations.** Section 162(m) of the Code limits to \$1 million the amount of compensation the Company can deduct for federal income tax purposes in any one year for compensation paid to the chief executive officer and the three other most highly-compensated executive officers employed by the Company at the end of the year (other than the Company's chief financial officer). However, the \$1 million deduction limit generally does not apply to compensation that is performance-based and provided pursuant to a shareholder-approved plan. While the Compensation Committee considers deductibility as one factor in determining executive compensation, it believes shareholder interests are best served by the Committee retaining the flexibility to approve compensation that is not deductible by the Company for tax purposes. Because there are uncertainties regarding the application of Section 162(m) of the Code, it is possible the Company's deductions may be challenged or disallowed.

**Base Salary.** The Company believes the base salaries paid to the executive officers who are covered by Section 162(m) of the Code for 2015 will be deductible by the Company, except for the portions of Messrs. Bewkes and Cappuccio's 2015 base salary that exceeded the \$1 million limit.

**Cash Bonuses.** In 2009, the Board and shareholders approved the Annual Incentive Plan for Executive Officers, which provides for the payment of an annual cash bonus and the grant of RSUs. Awards under the Plan are intended to qualify as performance-based compensation under Section 162(m) of the Code. Pursuant to the Plan, the maximum annual bonus that can be paid to each participant and be tax-deductible is the lower of 1.5% of the Company's Adjusted Net Income for such year and \$20 million. For 2015, the maximum bonus that would qualify as tax-deductible under the Plan was \$20 million. This amount is greater than the amount that generally would be payable to the NEOs under the annual bonus framework and target bonuses described on pages 60 to 64. The Company believes the cash bonuses for 2015 paid to the executive officers who are covered by Section 162(m) of the Code will be deductible by the Company.

***Long-Term Incentives.*** The Company awards stock options, RSUs and PSUs to its executive officers pursuant to plans and with performance measures and processes the Company believes satisfy the requirements of Section 162(m) of the Code. The RSUs and PSUs granted to NEOs beginning in 2012 have a Section 162(m) performance condition based on Adjusted Net Income achieved for a specified year. In January 2016, the Committee reviewed and certified that the 162(m) performance conditions for the RSUs and PSUs granted to NEOs in February 2015 and April 2014 had been satisfied. The Company believes compensation realized from the vesting of the RSUs and PSUs granted in February 2015 and April 2014 and the exercise of the stock options granted in 2015 to the executive officers who are covered by Section 162(m) of the Code will be deductible by the Company.

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**Executive Compensation**

**Compensation and Human Development Committee**

**Report**

The Compensation Committee of the Board of Directors has reviewed and discussed with management the foregoing CD&A. Based on such review and discussion, the Compensation Committee has recommended to the Board of Directors that the CD&A be included in this Proxy Statement.

*Members of the Compensation Committee*

William P. Barr (Chair)

Stephen F. Bollenbach

Mathias Döpfner

Fred Hassan

Paul D. Wachter

**Compensation Committee Interlocks and Insider**

**Participation**

None of the Compensation Committee members (i) has ever been an officer or employee of the Company or (ii) was a participant in a related person transaction in 2015. None of the Company's executive officers serves, or in 2015 served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or the Compensation Committee.

**Compensation Programs and Risk Management**

In early 2016, the Company completed its annual risk assessment of its compensation programs and policies for employees, including executive officers. In particular, the Company reviewed and analyzed the major components of compensation at the Company and its divisions, including:

base salary,

annual bonuses,

long-term incentive programs (including cash-based incentive plans and equity-based incentive plans),

sales incentive plans and commission plans, and

retirement programs (including defined benefit programs, defined contribution programs, deferred compensation programs, and profit-sharing arrangements).

In reviewing the major components of compensation, the Company evaluated the key characteristics of its compensation plans and programs, such as the performance measures used in the performance-based programs, the combination and number of such performance measures, eligibility for participation, any individual payout maximums, and the timing of payouts. The Company analyzed whether any of the major compensation components gave rise to different types of risk, such as strategic, financial, operational and reputational risk, which included but were not limited to the risk factors identified in the Company's then most recent Annual Report on Form 10-K. The Company also reviewed the distribution of pay versus revenue share for each of the Company's divisions and considered the situations that may trigger disclosure specified in the SEC's rules.

**Based on its review of its compensation policies and practices, 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 through a combination of design elements and pay practices that are intended to support building long-term shareholder value. Throughout the Company, total compensation is heavily weighted toward fixed salary, while executive compensation includes a

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**Executive Compensation**

balanced mix of short-term and long-term compensation, cash-based and stock-based compensation, and fixed and performance-based compensation. The combination of performance measures for annual bonuses and the equity compensation programs, stock 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 and thereby discourage behavior that leads to excessive risk taking.

**Independent Compensation Consultant**

The Compensation Committee retained Pay Governance LLC as its independent executive compensation consultant in 2015. Pay Governance LLC provides advice to the Compensation Committee on matters related to the fulfillment of the Committee's responsibilities under its charter and on a wide range of executive compensation matters, including the overall design of the executive compensation program and competitive market data. All of the services provided by Pay Governance LLC during 2015 were to the Compensation Committee, and Pay Governance LLC did not provide any additional services to the Company. At least annually, the Compensation Committee conducts a review of its compensation consultant's performance and independence. The Compensation Committee believes that there was no conflict of interest between Pay Governance LLC and the Compensation Committee during the year ended December 31, 2015. In reaching this conclusion, the Compensation Committee considered the factors set forth in the SEC and NYSE rules regarding compensation adviser independence. During 2015, at the Compensation Committee's request, Pay Governance LLC provided the services described on pages 66 to 67.

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**Table of Contents****Executive Compensation****Summary Compensation Table**

The following table presents information concerning 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, 2015. For information regarding the components of the NEOs' total compensation, see Compensation Discussion and Analysis beginning on page 48.

**SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2015**

Name and Principal Position	Year	Salary	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	Non-Equity Incentive Plan Compensation <sup>(4)</sup>	Change in Pension Value and Nonqualified Deferred Earnings <sup>(5)</sup>	All Other Compensation <sup>(6)</sup>	Total
<b>Jeffrey L. Bewkes</b>								
Chairman of the Board and Chief Executive Officer	2015	\$ 2,000,000	\$ 7,882,575	\$ 8,000,003	\$ 13,360,000	\$	\$ 250,633	\$ 31,493,211
	2014	2,000,000	7,999,957	7,959,700	14,510,000	245,560	187,922	32,903,139
<b>Howard M. Averill</b> (1)	2013	2,000,000	8,182,160	7,842,666	14,350,000		126,889	32,501,715
	2015	\$ 1,400,000	\$ 3,196,363	\$ 1,389,048	\$ 4,728,500	\$	\$ 59,563	\$ 10,773,474
Executive Vice President and Chief Financial Officer	2014	1,200,000	2,449,921	1,031,805	3,446,400	18,210	69,523	8,215,859
	2015	\$ 1,400,000	\$ 2,362,591	\$ 1,026,684	\$ 4,708,400	\$	\$ 43,004	\$ 9,540,679
Executive Vice President and General Counsel	2014	1,341,315	1,924,974	810,714	4,523,400	89,300	59,663	8,749,366
	2013	1,325,385	1,946,900	785,118	3,737,300		42,452	7,837,155
<b>Gary L. Ginsberg</b>	2015	\$ 875,000	\$ 625,435	\$ 1,278,316	\$ 2,338,000	\$	\$ 60,929	\$ 5,177,680
	2014	872,740	628,396	264,073	2,513,000		64,303	4,342,512
Executive Vice President,	2013	847,115	531,003	214,126	2,388,500		75,006	4,055,750

Corporate  
Marketing &

## Communications

<b>Olaf Olafsson</b>	2015	\$ 925,000	\$ 972,747	\$ 1,429,303	\$ 1,874,513	\$	\$ 58,557	\$ 5,260,120
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Executive Vice President,	2014	902,411	909,942	383,252	1,971,600	101,020	58,207	4,326,432
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	2013	862,116	920,363	371,145	1,842,450		57,857	4,053,931
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International &  
Corporate

## Strategy

- (1) Mr. Averill became Executive Vice President and Chief Financial Officer of the Company on January 1, 2014.
- (2) The amounts set forth in the Stock Awards column represent the aggregate grant date fair value of RSUs and PSUs awarded to the applicable NEO by the Company in each year referenced in the table above. 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 grant date or, if the grant date occurred on a non-trading day, the last trading day preceding the grant date. For accounting purposes, the PSU awards are considered to have a market condition (based on the Company's relative TSR) and a performance condition (based on the Company's cumulative Adjusted EPS as approved by the Compensation Committee). The grant date fair value of the PSU awards reflects the effect of the market condition by using a Monte Carlo analysis to estimate the TSR ranking of the Company among the S&P 500 Index companies over the performance period. Had the achievement of the highest level of performance been assumed, the aggregate grant date fair value of the PSUs granted in 2015 would be as follows: \$15,765,151 (Mr. Bewkes), \$3,172,788 (Mr. Averill), \$2,345,119 (Mr. Cappuccio), \$620,839 (Mr. Ginsberg), and \$965,555 (Mr. Olafsson). See Material Terms of Equity Awards Granted to the NEOs on page 79 for additional information regarding the performance criteria for the PSUs and their relative weight. For information about the weighted-average grant date fair value of the RSUs and PSUs, see Note 12 to the Company's consolidated financial statements included in the 2015 Form 10-K. The actual value, if any, realized by an NEO from a stock award will depend on the market price of the Common Stock in future years and, for the PSUs, the level of the Company's achievement of the applicable performance goals. These amounts should not be used to predict stock performance.
- (3) The amounts set forth in the Option Awards column represent the aggregate grant date fair value of stock options granted to the NEOs by the Company in each year referenced in the table above. The grant date fair value of the stock options granted to Messrs. Averill, Cappuccio, Ginsberg and Olafsson on February 15, 2015 was calculated using the Black-Scholes option pricing

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model based on the following assumptions: an expected volatility of 25.27%, an expected term to exercise of 5.81 years from the grant date, a risk-free interest rate of 1.78%, and a dividend yield of 1.67%. Because, as of February 15, 2015, Mr. Bewkes had previously satisfied the requirements for retirement treatment of equity awards, the grant date fair value of the stock options granted to him on such date was based on the following assumptions: an expected volatility of 25.27%, an expected term to exercise of 5.83 years from the grant date, a risk-free interest rate of 1.78%, and a dividend yield of 1.67%.

For information about the weighted-average assumptions used to determine the grant date fair value of stock options, see Note 12 to the Company's consolidated financial statements included in the 2015 Form 10-K. The discussion in Note 12 reflects weighted-average assumptions on a combined basis for both retirement-eligible and non-retirement eligible employees and non-employee directors. The actual value, if any, realized by an NEO from a stock option will depend on the extent, if any, 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 NEO will be at or near the grant date fair value presented above. These amounts should not be used to predict stock performance.

- (4) The amounts set forth in the Non-Equity Incentive Plan Compensation column for 2015 represent cash bonuses paid in early 2016 for performance in 2015. For additional information regarding the determination of the 2015 bonus payments, see pages 60 to 64 of the Compensation Discussion and Analysis section.
- (5) For Messrs. Bewkes, Averill, Cappuccio and Olafsson, no amounts are shown in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column for 2015 because the aggregate change in the actuarial present value of each NEO's accumulated pension benefits under the Time Warner Pension Plan and the Time Warner Excess Benefit Pension Plan was a net decrease during 2015. For Messrs. Bewkes, Averill, Cappuccio and Olafsson, their pension values as of December 31, 2015 decreased from December 31, 2014 due to the use of interest rates that were higher than the rates used for 2014 when calculating the present values of pension benefits. The net decrease for these NEOs was \$250,080 for Mr. Bewkes, \$6,040 for Mr. Averill, \$33,100 for Mr. Cappuccio, and \$39,240 for Mr. Olafsson. No amounts are shown for Mr. Ginsberg because he is not eligible to participate in the plans, which were closed to newly hired employees in 2010. There were no above-market earnings or preferential earnings on any compensation that was deferred pursuant to a nonqualified deferred compensation plan.

- (6) The amounts shown in the All Other Compensation column for 2015 include the following:

Name	Time Warner Savings Plan Matching Contributions <sup>(a)</sup>	Time Warner Supplemental Savings Plan Matching	Payment or Imputed Income Based on Cost of Life Insurance Coverage <sup>(c)</sup>	Other Personal Benefits <sup>(d)</sup>	Total
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	Deferrals <sup>(b)</sup>									
<b>Jeffrey L. Bewkes</b>	\$	18,549	\$	\$	24,528	\$	207,556	\$	250,633	
<b>Howard M. Averill</b>	\$	18,549	\$	16,449	\$	10,008	\$	14,557	\$	59,563
<b>Paul T. Cappuccio</b>	\$	18,549	\$	\$	10,008	\$	14,447	\$	43,004	
<b>Gary L. Ginsberg</b>	\$	18,549	\$	\$	10,008	\$	32,372	\$	60,929	
<b>Olaf Olafsson</b>	\$	18,549	\$	\$	10,008	\$	30,000	\$	58,557	

- (a) Consists of the Company's matching contributions pursuant to the Time Warner Savings Plan, a tax-qualified defined contribution plan available generally to the Company's U.S. employees, on compensation deferred by the NEOs under the plan in 2015.
- (b) Consists of the Company's matching deferrals pursuant to the Time Warner Supplemental Savings Plan, a nonqualified deferred compensation plan available generally to eligible employees of the Company, on compensation deferred by an NEO under the plan in 2015.
- (c) Consists of a cash payment pursuant to each NEO's employment agreement equal to the cost of obtaining specified levels of life insurance coverage under a standard group universal life (GUL) insurance program and, with respect to Mr. Bewkes, also includes imputed income of \$5,189 reflecting the amount allocated to the term portion of a split-dollar life insurance policy for Mr. Bewkes. The NEOs are under no obligation to use the cash payments to purchase insurance. The Company discontinued payment of the premiums for Mr. Bewkes' split-dollar life insurance policy starting in 2003, and the annual premium is satisfied from the accreted value of the policy and/or a loan by the insurance company. For additional information regarding life insurance coverage for the NEOs provided pursuant to the terms of their employment agreements, see Employment Agreements beginning on page 88.
- (d) The amounts of personal benefits included in this column for 2015 consist of the aggregate incremental cost to the Company for the following items: (i) with respect to Mr. Bewkes, his personal use of Company-provided aircraft

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(\$165,625) and automobile and driver and the Company's reimbursement of fees for financial advisory services; (ii) with respect to Mr. Averill, the Company's reimbursement of fees for financial advisory and legal services; (iii) with respect to Mr. Cappuccio, the personal use of Company-provided aircraft and use of a Company-controlled parking space; (iv) with respect to Mr. Ginsberg, the Company's reimbursement of fees for financial advisory services and parking and car service expenses; and (v) with respect to Mr. Olafsson, the Company's reimbursement of fees for financial advisory services.

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, (b) private car service, and (c) a Company-provided car and a driver for Mr. Bewkes (based on the portion of the usage that was personal).

For security and efficiency reasons, Mr. Bewkes was provided with a car and driver during 2015 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 Company 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.

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## Grants of Plan-Based Awards Table

## GRANTS OF PLAN-BASED AWARDS DURING 2015

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>		Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>		All Other Stock Awards of Shares of Stock or Units <sup>(3)</sup>	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards <sup>(4)</sup>
			Threshold	Target	Threshold	Target			
<b>Jeffrey L. Bewkes</b>	N/A	N/A	\$ 10,000,000						
	2/15/2015	1/28/2015			90,324	180,648			
<b>Howard M. Averill</b>	2/15/2015	1/28/2015						433,135	\$ 83.87
	N/A	N/A	\$ 3,500,000						
	2/15/2015	1/28/2015			18,178	36,356			
	2/15/2015	1/28/2015					19,196		
<b>Paul T. Cappuccio</b>	2/15/2015	1/28/2015						75,328	\$ 83.87
	N/A	N/A	\$ 3,150,000						
	2/15/2015	1/28/2015			13,436	26,872			
	2/15/2015	1/28/2015					14,189		
	2/15/2015	1/28/2015						55,677	\$ 83.87
<b>Gary L. Ginsberg</b>	N/A	N/A	\$ 1,750,000						
	2/15/2015	1/28/2015			3,557	7,114			
	2/15/2015	1/28/2015					3,756		
	2/15/2015	1/28/2015						69,323	\$ 83.87
<b>Olaf Olafsson</b>	N/A	N/A	\$ 1,387,500						
	2/15/2015	1/28/2015			5,532	11,064			
	2/15/2015	1/28/2015					5,842		
	2/15/2015	1/28/2015						77,511	\$ 83.87

(1) Reflects the target payout amounts of non-equity incentive plan awards payable for service in 2015 as approved by the Compensation Committee. See the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for the non-equity incentive plan awards actually earned by the NEOs in 2015 and paid in early 2016.

- (2) Reflects the number of shares of Common Stock that may be earned upon vesting of the PSUs granted in 2015, assuming the achievement of target and maximum performance levels (*i.e.*, 100% and 200%, respectively, of the target PSUs) during the applicable performance period. There is no threshold performance level for the PSUs granted in 2015.
  
- (3) Reflects awards of RSUs.
  
- (4) The exercise price for the awards of stock options was determined based on the closing sale price of the Common Stock on the NYSE Composite Tape on the grant date or, if the grant date occurred on a non-trading day, the last trading day preceding the grant date.
  
- (5) See footnote (2) to the Summary Compensation Table for Fiscal Year 2015 for additional information regarding the determination of the grant date fair value of RSUs and PSUs and see footnote (3) to the Summary Compensation Table for Fiscal Year 2015 for additional information regarding the determination of the grant date fair value of stock options.

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The stock options, RSUs and PSUs granted to the NEOs in 2015 were awarded under the Time Warner Inc. 2013 Stock Incentive Plan.

The stock options granted in 2015 vest and become exercisable 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 death, disability or (other than the incremental stock options granted to Messrs. Ginsberg and Olafsson) retirement (as defined in the applicable equity award agreements). The exercise price of the stock options is equal to the closing sale price of the Common Stock on the date of grant. 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 RSUs granted in 2015 vest in installments of 25% over a four-year period, assuming continued employment and achievement of a performance condition based on Adjusted Net Income for a one-year period that is intended to satisfy the requirements under Section 162(m) of the Code (the "Section 162(m) performance condition") to maintain the tax-deductibility of the RSUs upon vesting. If the Section 162(m) performance condition is not achieved, the RSUs are forfeited. The RSUs are subject to accelerated vesting upon the occurrence of certain events such as the grantee's retirement (as defined in the applicable equity award agreements), death or disability. Holders of RSUs receive cash dividend equivalents on outstanding RSUs if and when regular cash dividends are paid on outstanding shares of Common Stock and at the same rate, provided that, unless and until the Compensation Committee certifies that the Section 162(m) performance condition has been achieved, cash dividend equivalents are accrued but are not paid. Holders of RSUs have no voting rights, and RSUs are subject to restrictions on transfer prior to the vesting and distribution of the shares subject to the RSUs. The Board may determine whether holders of the RSUs will participate in any special dividends or distributions declared by the Board or if the number of RSUs should be adjusted.

The PSUs granted in 2015 vest on the third anniversary of the date of grant, assuming continued employment and the achievement of the Section 162(m) performance condition. The number of PSUs that ultimately vests is based on (i) the Company's cumulative Adjusted EPS for the 3-year performance period compared to cumulative Adjusted EPS goals for the Company approved by the Compensation Committee at the beginning of the period and (ii) the percentile rank of the TSR of the Common Stock relative to the TSR of the other companies in the S&P 500 Index for the performance period. In determining the cumulative Adjusted EPS achieved, the Compensation Committee may take into account the impact of unusual or nonrecurring items (such as unplanned strategic decisions, regulatory changes and external developments) and other factors that the Committee deems appropriate. For additional information, see "Performance-Based Compensation—Long-Term Incentives" on page 64. Holders of such PSUs are entitled to receive, at the time of vesting, dividend equivalents on the shares ultimately earned, based on the regular quarterly cash dividends paid on outstanding shares of Common Stock while the PSUs are outstanding. The Board may determine whether holders of the PSUs will participate in any special dividends or distributions



declared by the Board or if the target number of PSUs should be adjusted. Holders of PSUs have no voting rights. See Potential Payments Upon Termination of Employment, Disability, Death or Change in Control beginning on page 90 for additional information regarding the treatment of the equity awards granted to the NEOs following a termination of their employment or a change in control of the Company.

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## Executive Compensation

## Outstanding Equity Awards Table

## OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2015

Name	Option Awards <sup>(1)</sup>					Stock Awards		Equity Incentive Plan Awards:	
	Date of Grant	Number of Unexercised Options Exercisable	Number of Unexercised Options Not Exercisable	Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup>	Unearned Shares, Units or Other Rights That Have Not Vested <sup>(4)</sup>	Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(3)</sup>
<b>Jeffrey L. Bewkes</b>						332,689	\$ 21,514,998	432,672	\$ 27,980,898
	3/3/2006	301,299		\$ 34.65	3/2/2016				
	3/2/2007	228,535		\$ 39.77	3/1/2017				
	12/17/2007	477,054		\$ 33.22	12/16/2017				
	3/7/2008	753,243		\$ 29.71	3/6/2018				
	2/20/2009	703,026		\$ 14.64	2/19/2019				
	2/8/2010	647,744		\$ 25.81	2/7/2020				
	2/7/2011	434,162		\$ 34.62	2/6/2021				
	2/15/2012	257,057	85,683	\$ 35.93	2/14/2022				
	2/15/2013	315,604	315,604	\$ 51.31	2/14/2023				
	2/15/2014	131,369	394,107	\$ 62.60	2/14/2024				

	2/15/2015		433,135	\$ 83.87	2/14/2025				
<b>Howard M. Averill</b>						38,566	\$ 2,494,063	74,946	\$ 4,846,758
	2/8/2010	7,917		\$ 25.81	2/7/2020				
	2/7/2011	34,422		\$ 34.62	2/6/2021				
	2/15/2012	23,472	7,821	\$ 35.93	2/14/2022				
	2/15/2014	17,574	52,723	\$ 62.60	2/14/2024				
	2/15/2015		75,328	\$ 83.87	2/14/2025				
<b>Paul T. Cappuccio</b>						92,036	\$ 5,951,968	57,194	\$ 3,698,736
	3/3/2006	85,620		\$ 34.65	3/2/2016				
	3/2/2007	56,595		\$ 39.77	3/1/2017				
	2/8/2010	29,981		\$ 25.81	2/7/2020				
	2/7/2011	126,224		\$ 34.62	2/6/2021				
	2/15/2012	73,762	24,585	\$ 35.93	2/14/2022				
	2/15/2013	34,094	34,094	\$ 51.31	2/14/2023				
	2/15/2014	13,809	41,425	\$ 62.60	2/14/2024				
	2/15/2015		55,677	\$ 83.87	2/14/2025				
<b>Gary L. Ginsberg</b>						25,852	\$ 1,671,849	17,088	\$ 1,105,081
	4/15/2010	18,885		\$ 31.53	4/14/2020				
	2/7/2011	34,425		\$ 34.62	2/6/2021				
	2/15/2012	20,116	6,706	\$ 35.93	2/14/2022				
	2/15/2013	9,298	9,299	\$ 51.31	2/14/2023				
	2/15/2014	3,766	11,299	\$ 62.60	2/14/2024				
	4/15/2014	784	2,352	\$ 60.67	4/14/2024				
	2/15/2015		69,323	\$ 83.87	2/14/2025				
<b>Olaf Olafsson</b>						42,642	\$ 2,757,658	25,396	\$ 1,642,359
	3/7/2008	33,272		\$ 29.71	3/6/2018				
	2/20/2009	69,977		\$ 14.64	2/19/2019				
	2/8/2010	99,934		\$ 25.81	2/7/2020				
	2/7/2011	68,850		\$ 34.62	2/6/2021				
	2/15/2012	34,868	11,623	\$ 35.93	2/14/2022				
	2/15/2013	16,117	16,117	\$ 51.31	2/14/2023				
	2/15/2014	6,528	19,583	\$ 62.60	2/14/2024				
	2/15/2015		77,511	\$ 83.87	2/14/2025				

(1) The stock option awards become exercisable in installments of 25% on each of the first four anniversaries of the grant date, assuming continued employment and subject to accelerated vesting upon the occurrence of certain events.

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- (2) This column presents the number of shares of Common Stock as of December 31, 2015 represented by (i) the PSU awards with a 2013-2015 performance period (the 2013 PSUs ) that were no longer subject to performance criteria but had not yet vested as of December 31, 2015 and (ii) unvested RSU awards. This column does not include the amount of any fractional shares of Common Stock for which the grantees receive cash payment upon vesting.

The RSU awards granted prior to 2014 vest equally on each of the third and fourth anniversaries of the grant date. Except for the RSU award granted on April 15, 2014 to Mr. Ginsberg, the RSU awards granted during and after 2014 vest in installments of 25% on each of the first four anniversaries of the grant date, assuming continued employment and subject to accelerated vesting upon the occurrence of certain events. The RSU awards granted in 2015 and the RSU award granted to Mr. Ginsberg in April 2014 were subject to a Section 162(m) performance condition based on 2015 performance, achievement of which the Compensation Committee certified in early 2016. The RSU award granted to Mr. Ginsberg in April 2014 also vests in installments of 25%, but the first installment vested on February 15, 2016, after the Compensation Committee's certification of the Section 162(m) performance condition; the three remaining installments vest 25% on each of the second, third and fourth anniversaries of the grant date, assuming continued employment and subject to accelerated vesting upon the occurrence of certain events.

The number of unvested 2013 PSUs reflects 189.8% of the target number of PSUs based on (i) the Company's cumulative Adjusted EPS as compared to the goals approved by the Compensation Committee in 2013 for the 2013-2015 performance period, which resulted in an Adjusted EPS factor of 183%, and (ii) the Company's 5<sup>th</sup> percentile TSR ranking for the performance period relative to the other companies in the S&P 500 Index for the performance period, which resulted in a TSR modifier of 103.7%. The PSU payment factor is determined by multiplying the Adjusted EPS factor by the TSR modifier. The 2013 PSU awards vested on February 15, 2016. For additional information regarding the 2013 PSUs, see Compensation Discussion and Analysis beginning on page 48.

The vesting dates for the unvested PSU awards that were no longer subject to any performance criteria as of December 31, 2015 and the unvested RSU awards are as follows. The PSU award column does not include the amount of any fractional shares of Common Stock for which the grantees receive cash payment upon vesting.

Name	Number of RSUs		Grant Date	Vesting Dates
	That Have Not Vested	That Have Not Vested		
Jeffrey L. Bewkes	48,703		2/15/2012	2/15/2016
		283,986	2/15/2013	2/15/2016

<b>Howard M. Averill</b>	4,694		2/15/2012		2/15/2016
	14,676		2/15/2014		2/15/2016, 2/15/2017 and 2/15/2018
	19,196		2/15/2015		2/15/2016, 2/15/2017, 2/15/2018 and 2/15/2019
<b>Paul T. Cappuccio</b>	13,393		2/15/2012		2/15/2016
		34,165	2/15/2013		2/15/2016
	18,758		2/15/2013		2/15/2016 and 2/15/2017
	11,531		2/15/2014		2/15/2016, 2/15/2017 and 2/15/2018
	14,189		2/15/2015		2/15/2016, 2/15/2017, 2/15/2018 and 2/15/2019
<b>Gary L. Ginsberg</b>	3,653		2/15/2012		2/15/2016
		9,317	2/15/2013		2/15/2016
	5,116		2/15/2013		2/15/2016 and 2/15/2017
	3,145		2/15/2014		2/15/2016, 2/15/2017 and 2/15/2018
	865		4/15/2014		2/15/2016, 4/15/2016, 4/15/2017 and 4/15/2018
	3,756		2/15/2015		2/15/2016, 2/15/2017, 2/15/2018 and 2/15/2019
<b>Olaf Olafsson</b>	6,331		2/15/2012		2/15/2016
		16,151	2/15/2013		2/15/2016
	8,867		2/15/2013		2/15/2016 and 2/15/2017
	5,451		2/15/2014		2/15/2016, 2/15/2017 and 2/15/2018
	5,842		2/15/2015		2/15/2016, 2/15/2017, 2/15/2018 and 2/15/2019

(3) Calculated using the NYSE closing sale price of \$64.67 per share of Common Stock on December 31, 2015, the last trading day of 2015.

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(4) This column presents the number of shares of Common Stock represented by the PSUs granted in 2014 and 2015, all of which remained subject to performance criteria and had not vested as of December 31, 2015. This column does not include the amount of any fractional shares for which the grantees will receive cash payment upon vesting. The number of shares presented reflects the assumption, in accordance with SEC guidance, that the PSUs granted in 2014 and 2015 will vest based on the achievement of the maximum performance level. The actual value, if any, realized by an NEO from PSUs will depend on the actual performance level achieved by the Company for the applicable performance period. The PSU awards granted in 2014 and 2015 were subject to a one-year Section 162(m) performance condition. In early 2015, the Compensation Committee certified the 162(m) performance condition with respect to the PSU awards granted in 2014, other than the PSU award granted on April 15, 2014 to Mr. Ginsberg, and, in early 2016, the Compensation Committee certified the 162(m) performance condition with respect to the PSU awards granted in 2015 and the PSU award granted to Mr. Ginsberg on April 15, 2014.

The number of target PSUs granted and the respective vesting dates for the PSUs that remained subject to performance criteria as of December 31, 2015 are as follows:

Number of Target PSUs That Have				
Name	Not Vested	Grant Date	Performance Period	Vesting Date
<b>Jeffrey L. Bewkes</b>	126,012	2/15/2014	1/1/2014 to 12/31/2016	2/15/2017
	90,324	2/15/2015	1/1/2015 to 12/31/2017	2/15/2018
<b>Howard M. Averill</b>	19,295	2/15/2014	1/1/2014 to 12/31/2016	2/15/2017
	18,178	2/15/2015	1/1/2015 to 12/31/2017	2/15/2018
<b>Paul T. Cappuccio</b>	15,161	2/15/2014	1/1/2014 to 12/31/2016	2/15/2017
	13,436	2/15/2015	1/1/2015 to 12/31/2017	2/15/2018
<b>Gary L. Ginsberg</b>	4,134	2/15/2014	1/1/2014 to 12/31/2016	2/15/2017
	853	4/15/2014	1/1/2014 to 12/31/2016	2/15/2017
	3,557	2/15/2015	1/1/2015 to 12/31/2017	2/15/2018
<b>Olaf Olafsson</b>	7,166	2/15/2014	1/1/2014 to 12/31/2016	2/15/2017
	5,532	2/15/2015	1/1/2015 to 12/31/2017	2/15/2018

**Option Exercises and Stock Vested Table**

The following table sets forth information regarding the vesting during 2015 of RSU and PSU awards held by the NEOs. No stock options were exercised by the NEOs during 2015.

**OPTION EXERCISES AND STOCK VESTED DURING 2015**

Name	Stock Awards	
	Number of	Value Realized
	Shares Acquired on Vesting <sup>(1)(2)</sup>	on Vesting <sup>(3)</sup>
<b>Jeffrey L. Bewkes</b>	269,408	\$ 22,459,198
<b>Howard M. Averill</b>	21,632	\$ 1,772,232
<b>Paul T. Cappuccio</b>	77,931	\$ 6,498,657
<b>Gary L. Ginsberg</b>	21,252	\$ 1,772,200
<b>Olaf Olafsson</b>	37,617	\$ 3,134,532

(1) The RSU awards that vested in 2015 reflect the vesting of the second 50% installment of the RSUs awarded to the NEOs on February 7, 2011, the first 50% of the RSUs awarded to the NEOs on February 15, 2012, and the first 25% of the RSUs awarded to the NEOs (other than Mr. Bewkes) on February 15, 2014. The aggregate number of shares of Common Stock received from the vestings, net of shares withheld for taxes, was 46,343 shares for Mr. Bewkes, 12,244 shares for Mr. Averill, 15,112 shares for Mr. Cappuccio, 3,793 shares for Mr. Ginsberg and 7,038 shares for Mr. Olafsson.

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(2) The PSU awards that vested in 2015 reflect the vesting of the PSUs that were awarded to Messrs. Bewkes, Cappuccio, Ginsberg and Olafsson on February 15, 2012. The number of shares of Common Stock acquired by these NEOs from the vesting of the 2012 PSU awards was equal to 200% of the applicable target number of PSUs based on the Company's cumulative Adjusted EPS as compared to the goals approved by the Compensation Committee, which resulted in an Adjusted EPS factor of 193%, and the Company's 91 percentile TSR ranking relative to the other companies in the S&P 500 Index, which resulted in a TSR modifier of 120%, and a payout capped at 200%. Mr. Averill did not hold any PSU awards that vested in 2015. Information regarding aggregate number of shares of Common Stock received from vesting, net of shares of Common Stock withheld for taxes, is reflected in the table below.

Name	Target Number	Number of	Number of Shares
	of PSUs	Shares	Received Net
		Acquired	of Shares Withheld
		on Vesting	for Taxes
<b>Jeffrey L. Bewkes</b>	90,862	181,724	88,009
<b>Paul T. Cappuccio</b>	24,987	49,974	24,203
<b>Gary L. Ginsberg</b>	6,814	13,628	6,021
<b>Olaf Olafsson</b>	11,811	23,622	10,437

(3) The value realized from the vesting of the RSU and PSU awards was calculated based on the closing sale price of Common Stock on the NYSE Composite Tape on the applicable vesting date or, if the vesting date occurred on a non-trading day, the last trading day preceding the applicable vesting date.

**Pension Plans****Time Warner Pension Plan**

Eligible employees (including executive officers) of the Company and certain of its subsidiaries are participants in the Time Warner Pension Plan (the "Pension Plan"), which has been amended at various times. Each of the NEOs other than Mr. Ginsberg participates in the Pension Plan. Mr. Ginsberg is not eligible to participate in the Pension Plan because he did not meet the eligibility requirements before it was closed to newly hired employees, as described below.

Because of certain grandfathering provisions, Mr. Bewkes' pension benefit under the Pension Plan will be determined based on amounts that he would have received under the provisions of (i) the Pension Plan prior to amendments made to the Pension Plan in 2000 (the "Old Pension Plan"), (ii) the Pension Plan as amended in 2000 or (iii) the Pension Plan as amended in 2008, whichever produces the greatest benefit. For each, Mr. Bewkes' pension benefit is calculated using all of his years of eligible service (30.3 years under the Old Pension Plan and 30 years otherwise). As a result, Mr. Bewkes will receive a pension benefit determined in accordance with the terms of the Pension Plan as amended in 2000. The pension benefits of Messrs. Averill, Cappuccio and Olafsson will be determined in accordance with the



provisions of the Pension Plan as amended in 2008.

Effective after June 30, 2010, the Pension Plan was closed to new hires and employees with less than one year of service, and participating employees stopped accruing additional years of service for purposes of determining the benefits provided by the Pension Plan (although crediting years of service for purposes of vesting and eligibility for early retirement benefits continues). Effective after December 31, 2013, pay increases are not taken into consideration when determining a participating employee's benefits under the Pension Plan.

***Average Annual Compensation.*** Under the Old Pension Plan, average annual compensation is defined as the highest average annual compensation for any five consecutive full and partial calendar years of employment, which includes regular salary, overtime and shift differential payments, and non-deferred bonuses paid according to a regular program. Following an amendment to the Pension Plan in 2000, the term average annual compensation only covers full calendar years of employment.

***Normal Retirement and Vesting.*** Amounts accrued are payable generally at 65 years of age with five years of service. Eligible employees become vested in all benefits under the Pension Plan on the earlier of five years of service or certain other events.

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Plan	How the Benefit is Calculated
Old Pension Plan	The benefit formula is expressed as a lifetime monthly annuity equal to the sum of (i) 1 2/3% of the participant's average annual compensation for each year of service up to 30 years and (ii) 1/2% of the participant's average annual compensation for each year of service over 30 years, divided by 12. Benefits are reduced by a Social Security offset determined by a formula that takes into account benefit service of up to 35 years, covered compensation up to the applicable average Social Security wage base and a disparity factor based on the age at which Social Security benefits are payable.
Pension Plan as amended in 2000	For participants who do not qualify for grandfathering provisions that specify more favorable treatment, for the benefit earned from the date of the Pension Plan amendment in 2000 to before July 1, 2008, the benefit formula is expressed as a lifetime monthly annuity equal to the sum of (i) 1.25% of the participant's average annual compensation up to the participant's applicable average Social Security wage base and (ii) 1.67% of the participant's average annual compensation above such average Social Security wage base, multiplied by years of benefit service up to 30 years, and divided by 12. For Mr. Bewkes and other participants who qualify for grandfathering provisions, the benefit formula applies to all years of qualifying service (subject to the 30-year limit) and not only service between 2000 and 2008.
Pension Plan as amended in 2008	For the benefit earned on or after July 1, 2008, the benefit formula is expressed as a fixed lump sum amount equal to the sum of (i) 10% of the participant's average annual compensation up to the participant's applicable average Social Security wage base and (ii) 13% of the participant's average annual compensation above such average Social Security wage base, multiplied by the participant's years of benefit service up to 30 years.
	Upon retirement, a participant will receive the greater of (i) the benefit calculated by applying the formula under the Pension Plan as amended in 2000 to the participant's benefit service through June 30, 2008 and the formula, as amended in 2008, after that date and (ii) the benefit calculated by applying the formula as amended in 2008 to the participant's entire benefit service.
	Participants will receive a transition enhancement to the above formula based on their age and/or period of service with the Company. The transition enhancement for Messrs. Bewkes, Cappuccio and Olafsson is as follows:

Because the sum of age and years of service with the Company for Mr. Bewkes equaled 65 or more as of July 1, 2008, if he were to receive benefits under the Pension Plan as amended in 2008, he would receive (i) 13% of his average annual compensation up to his applicable average Social Security wage base and (ii) 16% of his average annual compensation above such average Social Security wage base, multiplied by his years of benefit service up to 30 years. In addition, because he had accrued more than 20 years of benefit service as of June 30, 2008, he would receive credit for each additional year of benefit service from July 1, 2008 through June 30, 2010 above the 30-year cap for benefit service.

Because the sum of age and years of service with the Company for each of Messrs. Cappuccio and Olafsson equaled 50 or more as of July 1, 2008, each will receive (i) 12% of his average annual compensation up to his applicable average Social Security wage base and (ii) 15% of his average annual compensation above such average Social Security wage base, multiplied by his years of benefit service up to 30 years.

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**Early Retirement.** Under the Pension Plan, participants may elect early retirement and receive a reduced pension, generally at 55 years of age with at least 10 years of service. To elect early retirement and receive their full pension, participants must (1) be at least 60 years old (under the Old Pension Plan) or 62 years old (under the Pension Plan as amended in 2000 or the Pension Plan as amended in 2008) and (2) have completed at least 10 years of service. As of December 31, 2015, Mr. Bewkes was the only NEO eligible to elect early retirement under the Pension Plan.

**Form of Benefit Payment.** A participant may elect the form of benefit payment at the time of retirement. The benefits under the Pension Plan are generally payable as (i) a single life annuity (based on the formulas as described above), (ii) a 50%, 75% or 100% joint and survivor annuity (based on the single life annuity amount but reduced to take into account the ages of the participant and the beneficiary at the time the annuity payments begin and the percentage of the monthly benefit that the beneficiary would receive), (iii) a life annuity that is guaranteed for 5, 10 or 20 years (based on the single life annuity amount but actuarially adjusted to take into account the applicable guaranteed payment period), or (iv) a lump sum, provided that spousal consent is required with respect to the election of payment forms under (i), (iii) and (iv).

**Time Warner Excess Benefit Pension Plan**

The Time Warner Excess Benefit Pension Plan (the Excess Plan) provides for payments by the Company of additional pension benefits to eligible employees of the Company in excess of the federal limitations on the amount of compensation eligible for the calculation of benefits and the amount of benefits derived from employer contributions that may be paid to participants under the Pension Plan. The formula used to calculate the participant's benefit under the Pension Plan as amended in 2008 applies to the Excess Plan, except that the participant's benefit under the Excess Plan is based on the benefit that the participant would have received under the Pension Plan if the participant's eligible compensation (including any deferred bonuses) were limited to \$250,000 in 1994 (increased 5% per year thereafter to a maximum of \$350,000) and the payment restrictions under the Pension Plan did not apply.

Similar to the Pension Plan, the accrual of benefit service under the Excess Plan was frozen effective June 30, 2010, so that a participant's benefit under the Excess Plan will not increase due to additional years of service, and, effective after December 31, 2013, pay increases are not taken into consideration when determining a participant's benefit under the Excess Plan. Each of the NEOs other than Mr. Ginsberg participates in the Excess Plan. Because of certain grandfathering provisions, Mr. Bewkes' pension benefits under the Excess Plan will be determined based on amounts that he would have received under the provisions of the Old Pension Plan, the Pension Plan as amended in 2000 or the Pension Plan as amended in 2008, whichever produces the greatest benefit, if his eligible compensation were limited (as described above) and there were no payment restrictions.

**Form of Benefit Payment.** The benefits under the Excess Plan are payable only as a lump sum, unless the participant elected to receive monthly installments over 10 years by the applicable deadline. Effective May 1, 2008, any distribution from the Excess Plan will be paid or will commence generally on the first day of the month following six calendar months after the participant separates from service, subject to the requirements of Section 409A of the Code.

Table of Contents**Executive Compensation****Pension Benefits Table**

Set forth in the table below is each NEO's years of credited service and the present value of his accumulated benefit under each of the pension plans pursuant to which the NEO would be entitled to a retirement benefit, in each case, computed as of December 31, 2015, which is the same pension plan measurement date used for financial statement reporting purposes with respect to the Company's audited financial statements for the year ended December 31, 2015.

**PENSION BENEFITS FOR FISCAL YEAR 2015**

Name	Plan Name	Number of	Present	Payments
		Years of	Value of	
		Credited	Accumulated	During
		Service <sup>(2)</sup>	Benefit <sup>(3)</sup>	2015
<b>Jeffrey L. Bewkes<sup>(1)</sup></b>	Pension Plan	30.3	\$ 1,497,860	
	Excess Plan	30.3	\$ 669,970	
<b>Howard M. Averill</b>	Pension Plan	3.1	\$ 57,630	
	Excess Plan	3.1	\$ 29,980	
<b>Paul T. Cappuccio</b>	Pension Plan	9.4	\$ 229,790	
	Excess Plan	9.4	\$ 146,010	
<b>Gary L. Ginsberg</b>				
<b>Olaf Olafsson</b>	Pension Plan	10.7	\$ 246,300	
	Excess Plan	10.7	\$ 158,000	

(1) The amounts shown in the table for Mr. Bewkes reflect the estimated benefits payable under the provisions of the Pension Plan as amended in 2000, which would have produced the greatest benefit as of December 31, 2015.

(2) Effective June 30, 2010, the accrual of benefit service under the Pension Plan and the Excess Plan was frozen so that a participant's benefit under the plans will no longer increase due to additional service after such date. In addition, after December 31, 2013, pay increases do not increase the benefits under the Pension Plan and the Excess Plan.

(3) The amounts under this column were calculated based on the terms of the Pension Plan and the Excess Plan (including the grandfathering provisions with respect to Mr. Bewkes) in effect on December 31, 2015. The present values also reflect the assumptions that (i) the benefits will be payable at the earliest retirement age at which unreduced benefits are payable (which, under the Pension Plan, has been reached by Mr. Bewkes and is age 65 for Messrs. Averill, Cappuccio and Olafsson), (ii) the benefits are payable as a lump sum, (iii) the

maximum annual covered compensation is \$350,000 and (iv) no joint and survivor annuity will be payable (which would, on an actuarial basis, reduce benefits to the employee but provide benefits to a surviving beneficiary). The present values of accumulated benefits under the Pension Plan and the Excess Plan were calculated using a 4.76% discount rate, 4.76% lump sum rate and the RP-2015 Mortality Table. The foregoing assumptions are consistent with the assumptions used for these plans in the calculation of the Company's benefit obligations as of December 31, 2015, as disclosed in Note 13 to the Company's consolidated financial statements included in the 2015 Form 10-K.

## **Deferred Compensation**

### **Time Warner Supplemental Savings Plan**

In 2010, the Company adopted the Time Warner Supplemental Savings Plan (the Supplemental Savings Plan), which is a nonqualified deferred compensation plan that is generally available to U.S. salaried employees of the Company (including each of the NEOs) whose eligible compensation exceeds the compensation limit established by the Internal Revenue Service for tax-qualified defined contribution plans. Commencing in 2011, eligible employees were permitted to defer receipt of their eligible compensation (consisting of base salary, bonus, commissions and overtime, if any), except that participants could not defer any bonus received in 2011 for 2010 service. The Company matches up to the first 6% of deferred eligible compensation between the compensation limit for tax-qualified plans (\$265,000 in 2015) and \$500,000. The Company match provides 133 1/3% on the first 3% of amounts deferred and 100% on the next 3% of amounts deferred for a maximum Company match of 7%. Participants may defer eligible compensation above \$500,000, but there is no Company match on these deferrals. The Company may also make discretionary awards under the Supplemental Savings Plan. As of December 31, 2015, each of the NEOs except Mr. Bewkes was a participant in the Supplemental Savings Plan.

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Participants are 100% vested in the Company match after two years of service (with prior service counting toward vesting), subject to acceleration following certain events such as death, disability, the attainment of age 65 or a change in control of the Company, in each case while employed with the Company. Participants are able to select among investment crediting rates that track the same third-party investment vehicles (other than a self-directed brokerage account) offered under the Time Warner Savings Plan, which is the Company's tax-qualified defined contribution plan. Participants may change their investment crediting rate elections at any time for future deferrals and generally once during each calendar month for any existing balance in the Supplemental Savings Plan. Participants may elect to receive their vested Supplemental Savings Plan account balances in the form of (i) a lump sum, (ii) 120 monthly installments for elections that have become irrevocable prior to December 1, 2013 or (iii) 10 annual installments for elections that have become irrevocable on or after December 1, 2013, except that account balances of less than \$100,000 will be paid in a lump sum. In the event of the death of a participant, a lump sum payment will be made to the participant's named beneficiary or estate.

**Time Warner Inc. Deferred Compensation Plan**

The Time Warner Inc. Deferred Compensation Plan (the "Deferred Compensation Plan") generally permitted employees of the Company whose annual cash compensation exceeded certain dollar thresholds to defer receipt of all or a portion of their annual bonus until a specified future date. Messrs. Bewkes and Averill are the only NEOs who participated in the Deferred Compensation Plan. As a result of the Company's adoption of the Supplemental Savings Plan in 2010, compensation earned after December 31, 2010 is not eligible for deferral under the Deferred Compensation Plan. For compensation that has been deferred, participants may change their investment crediting rate elections, which track the same third-party investment vehicles (other than a self-directed brokerage account) offered under the Time Warner Savings Plan, generally once during each calendar quarter.

Participants elected to receive either (i) an in-service distribution in the form of a lump sum during a specified calendar year that is at least three years from the year the deferred compensation would have been payable or (ii) a termination distribution (subject to the restrictions of Section 409A of the Code), in the form of a lump sum or two to 10 annual installments commencing in the year following the participant's termination of employment with the Company. In the event of the death of a participant, a lump sum payment will be made to the participant's named beneficiary or estate.

**Individual Deferred Compensation Accounts**

Prior to 2001, while Mr. Bewkes was an executive officer of the Company's Home Box Office division, pursuant to his employment agreement then in place, payments of deferred compensation for Mr. Bewkes were made to separate, non-current individual deferred compensation accounts maintained in a grantor trust or comparable amounts were credited under the Deferred Compensation Plan. The individual accounts maintained in the grantor trust are invested in certain eligible securities by a third-party investment adviser designated by the trustee (subject to Mr. Bewkes approval). Beginning January 2001, the Company stopped making these contributions, but existing individual accounts in the grantor trust continue to be invested and the amounts credited to the Deferred Compensation Plan continue to track the crediting rate selections. Earnings on the individual accounts are based on the earnings of the actual investments selected by the investment adviser, adjusted for taxes on realized income computed as if each account were a stand-alone corporation conducting 40% of its business in New York City. Each individual account is reduced by such taxes on a net operating profit basis or credited with a tax benefit in the event the account sustains a

net operating loss. Subject to the restrictions of Section 409A of the Code, the accrued amount for Mr. Bewkes will be paid to him bi-weekly for a period of 10 years following his termination of employment.



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## Executive Compensation

## Nonqualified Deferred Compensation Table

**NONQUALIFIED DEFERRED COMPENSATION FOR  
FISCAL YEAR 2015**

Name	Arrangement	Contributions		Aggregate	Aggregate	Balance at December 31, 2015 <sup>(5)</sup>
		in 2015 <sup>(1)</sup>	in 2015 <sup>(2)</sup>	Earnings (Loss)	Withdrawals Distributions <sup>(4)</sup>	
Jeffrey L. Bewkes	Deferred Compensation Plan			\$ (626,149)		\$ 2,119,503
	Individual Deferred Account			\$ (5,145)		\$ 3,053,980
Howard M. Averill	Deferred Compensation Plan			\$ 88,572		\$ 1,865,373
	Supplemental Savings Plan	\$ 14,100	\$ 16,449	\$ (5,082)	\$ (731)	\$ 171,898
Paul T. Cappuccio	Supplemental Savings Plan			\$ 1,418		\$ 84,306
Gary L. Ginsberg	Supplemental Savings Plan			\$ (452)		\$ 153,046
Olaf Olafsson	Supplemental Savings Plan			\$ 2,533		\$ 203,050

- (1) These amounts represent compensation deferred by the NEOs and are reported as salary and/or non-equity incentive plan compensation for 2015 in the Summary Compensation Table for Fiscal Year 2015.
- (2) These amounts represent the Company match and are reported as All Other Compensation for 2015 in the Summary Compensation Table for Fiscal Year 2015.
- (3) None of these amounts are required to be reported as compensation in the Summary Compensation Table for Fiscal Year 2015 because there were no above-market earnings on the deferred compensation.
- (4) These amounts reflect deductions from the applicable NEO's account balances to satisfy employment tax withholding liabilities resulting from the Company match.
- (5) None of the amounts reported in this column for Mr. Bewkes and only certain of the amounts reported in this column for Mr. Averill were reported as compensation in the Company's Summary Compensation Table for prior years because they were not NEOs at the time of the deferrals related to such amounts. Of the amounts reported in this column for Messrs. Averill, Cappuccio and Ginsberg, \$31,849 was previously reported as 2013 compensation

in the Summary Compensation Table for Fiscal Year 2013 for Mr. Ginsberg, and \$31,199 was previously reported as 2014 compensation in the Summary Compensation Table for Fiscal Year 2014 for each of Messrs. Averill, Cappuccio, and Ginsberg. In the case of Messrs. Cappuccio, Ginsberg, and Olafsson, amounts reported in this column that relate to fiscal years before 2015 were previously reported in the Summary Compensation Table for the fiscal year in respect of which such amounts were earned.

### **Employment Agreements**

The Company has entered into employment agreements with each of the NEOs, and the material terms of the employment agreements are described below. See also Potential Payments Upon Termination of Employment, Disability, Death or Change in Control beginning on page 90.

*Jeffrey L. Bewkes.* On January 22, 2016, the Company entered into an amended and restated employment agreement with Mr. Bewkes, which became effective as of January 1, 2016 and has a term ending December 31, 2020, which extends the term of his prior employment agreement by three years. Mr. Bewkes' compensation was not increased in connection with the contract extension, and the other terms of the agreement remain substantially the same as in the amended and restated employment agreement entered into in November 2012, which was in effect in 2015. The agreement continues to provide for a minimum annual salary of \$2.0 million, an annual discretionary cash bonus with a target of \$10.0 million, long-term incentive compensation with a target annual value of \$16.0 million and participation in other Company benefit plans. The agreement also provides for a cash payment equal to the premium for coverage under a group universal life (GUL) insurance program in an amount equal to twice his salary, minus \$50,000. The agreement confirms the obligation under Mr. Bewkes' prior employment agreements to provide him life

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insurance benefits in the amount of \$4.0 million through a split-dollar life insurance policy, under which the Company would be entitled to recover the total amount of premiums paid by the Company or its subsidiaries following Mr. Bewkes' death or on the earlier surrender of such policy by Mr. Bewkes. The split-dollar life insurance policy for Mr. Bewkes has a benefit amount of \$4.1 million. Starting in 2003, the Company stopped paying the premiums on the split-dollar life insurance policy due to restrictions under the Sarbanes-Oxley Act of 2002. Following a termination without cause or due to material breach by the Company, Mr. Bewkes would have (i) a severance period of two years if the termination event occurs prior to December 31, 2020 or (ii) no severance period if the termination event occurs on or after December 31, 2020.

**Howard M. Averill.** On February 24, 2015, the Company entered into an amended and restated employment agreement with Mr. Averill, which became effective as of January 1, 2015 and has a term ending on December 31, 2017. The agreement provides for a minimum annual salary of \$1.4 million, an annual discretionary cash bonus with a target of 250% of his salary, long-term incentive compensation with a target annual value of \$4.6 million and participation in Company benefit plans. The agreement also provides for a cash payment equal to two times the premium that Mr. Averill would otherwise pay to obtain \$3.0 million in GUL insurance coverage. Following a termination without cause or due to material breach by the Company, Mr. Averill would have a severance period of either (i) two years if the termination event occurs prior to December 31, 2017 or (ii) one year if the termination event occurs on or after December 31, 2017.

**Paul T. Cappuccio.** On November 3, 2014, the Company entered into an amended and restated employment agreement with Mr. Cappuccio, which became effective as of January 1, 2014 and has a term ending on December 31, 2018. The agreement provides for a minimum annual salary of \$1.4 million effective November 3, 2014, an annual discretionary cash bonus with a target of 225% of his salary, long-term incentive compensation with a target annual value of \$3.4 million beginning in 2015 and participation in Company benefit plans. In addition, the agreement provides for a cash payment equal to two times the premium that Mr. Cappuccio would otherwise pay to obtain \$3.0 million in GUL insurance coverage. Following a termination without cause or due to material breach by the Company, Mr. Cappuccio would have a severance period of either (i) two years if the termination event occurs prior to December 31, 2018 or (ii) one year if the termination event occurs on or after December 31, 2018.

**Gary L. Ginsberg.** On April 14, 2014, the Company entered into an amended and restated employment agreement with Mr. Ginsberg, which became effective as of January 1, 2014 and has a term ending on December 31, 2016. The agreement provides for a minimum annual salary of \$875,000, an annual discretionary cash bonus with a target of 200% of his salary, long-term incentive compensation with a target annual value of \$900,000 and participation in Company benefit plans. In addition, the agreement provides for a cash payment equal to two times the premium that Mr. Ginsberg would otherwise pay to obtain \$3.0 million in GUL insurance coverage. Following a termination without cause or due to material breach by the Company, Mr. Ginsberg would have a severance period of either (i) two years if the termination event occurs prior to December 31, 2016 or (ii) one year if the termination event occurs on or after December 31, 2016.

**Olaf Olafsson.** On October 31, 2014, the Company entered into an amended and restated employment agreement with Mr. Olafsson, which became effective as of August 1, 2014 and has a term ending on July 31, 2017. The agreement provides for a minimum annual salary of \$925,000, an annual discretionary cash bonus with a target of 150% of his salary, long-term incentive compensation with a target annual value of \$1.4 million and participation in Company benefit plans. In addition, the agreement provides for a cash payment equal to two times the premium that

Mr. Olafsson would otherwise pay to obtain \$3.0 million in GUL insurance coverage. Following a termination without cause or due to material breach by the Company, Mr. Olafsson would have a severance period of either (i) two years if the termination event occurs prior to July 31, 2017 or (ii) one year if the termination event occurs on or after July 31, 2017.

***Other Provisions and Restrictive Covenants.*** Each NEO's employment agreement provides that the NEO is subject to restrictive covenants that obligate such NEO, among other things: (i) not to disclose any of the Company's confidential matters, (ii) not to hire certain of the Company's employees for one year following a termination of employment and (iii) not to compete with the Company by providing services to, serving in any capacity for or owning certain interests in competitors of the Company while employed and for one year following the NEO's retirement,

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voluntary termination of employment, a termination of employment by the Company with or without cause or the termination of employment by the NEO due to a material breach by the Company, except that Mr. Bewkes employment agreement provides for different non-competition obligations. Mr. Bewkes employment agreement provides that he will be restricted from competing with the Company by providing services to, serving in any capacity for, or owning certain interests in an entity that competes with the Company for 12 months following the termination of his employment prior to the end of the term of employment. Mr. Bewkes will have no non-competition obligations if his employment terminates after the end of the term of employment.

The NEOs employment agreements each provide for a best net approach with respect to any parachute payments under Section 280G of the Code following any change in control of the Company, as described on page 91.

**Potential Payments Upon Termination of Employment,****Disability, Death or Change in Control**

The payments and benefits that the NEOs would receive following a termination of their employment, disability, death or a change in control of the Company are generally governed by the terms of the NEOs employment agreements and their equity award agreements. The following is a summary of the payments and benefits that the NEOs would receive following each of the foregoing events.

**Termination without Cause or Due to the Company s Material Breach of Employment Agreement**

As determined pursuant to their respective employment agreements, in the event of a termination of employment on December 31, 2015, the severance period for each NEO would be two years. During the applicable severance period, each NEO would receive the payments and benefits described in the footnotes to the table below. In addition, none of the NEOs would be eligible to participate in any disability programs, accrue any benefit service or make any contributions or deferrals under the Company s qualified or nonqualified retirement plans, or receive any new equity awards.

Receipt of the payments and benefits would be conditioned on the NEO s execution of a release of claims against the Company. If the NEO does not execute a release of claims, the NEO would receive a severance payment determined in accordance with the Company s policies. In addition, certain payments would be subject to suspension of payment for six months following the separation from service if required under Section 409A of the Code.

If any NEO were to obtain employment (other than with a not-for-profit or governmental entity), the NEO would continue to receive the payments and benefits described in the footnotes to the table below but any stock options that would have vested prior to the end of the severance period would vest and the time period to exercise the NEO s vested stock options would be determined based on the date the new employment began rather than the end of the severance period. If the NEO were to accept full-time employment with an affiliate of the Company, the salary and bonus payments to the NEO would cease. The calculations in the table below assume that none of the NEOs become employed by a new employer or return to work for the Company or an affiliate after December 31, 2015.

**Retirement**

Mr. Bewkes satisfied the requirements for retirement under the Company's equity award agreements and was eligible to elect early retirement under the Company's pension plans on December 31, 2015. No other NEO was eligible to retire on December 31, 2015. Information regarding the NEOs' pension retirement benefits is provided in the Pension Benefits Table and the accompanying narrative. The other payments and benefits that would be provided to Mr. Bewkes following his retirement are described in the footnotes to the table below.

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**Table of Contents****Executive Compensation****Change in Control**

None of the employment agreements for the NEOs provide for any additional payments or tax gross-up payments and none of the equity award agreements provide for equity vesting solely as a result of a change in control of the Company. Each NEO's employment agreement provides that if any amounts or benefits payable by the Company constituting parachute payments under Section 280G of the Code would exceed the maximum amount that would not give rise to any liability under Section 4999 of the Code (*i.e.*, the safe harbor amount), the Company's payment either would be reduced to equal the safe harbor amount or be paid to the NEO in full, whichever would result in the executive receiving the greater amount on a net after-tax basis (*i.e.*, the best net approach). In the event of a change in control on December 31, 2015, the payments to Messrs. Bewkes, Cappuccio, Ginsberg and Olafsson would have been less than the safe harbor amount and the payment to Mr. Averill would have exceeded the safe harbor amount. Under the best net approach, Mr. Averill would have received the full amount of the parachute payments and paid the tax on such payments. The footnotes to the table below describe the payments and benefits that would be provided to the NEOs if various conditions were satisfied following a change in control of the Company pursuant to the equity award agreements and, with respect to Mr. Bewkes, his split-dollar life insurance policy.

**Disability**

Under each NEO's employment agreement, the NEO's disability period would not commence until six months of disability have occurred. The NEO would continue to receive his salary during the six months of disability and thereafter would receive a pro rata bonus for the year in which the disability occurred. The calculations in the table below assume that the requisite six months of disability had passed as of December 31, 2015 so that the disability period would commence on January 1, 2016. As determined pursuant to their respective employment agreements (as of December 31, 2015), the disability period for each NEO would run until the later of (i) one year following the date that the disability period commences and (ii) the date that the term of the NEO's employment agreement expires. Such expiration dates were as follows as of December 31, 2015: December 31, 2017 for Messrs. Bewkes and Averill, December 31, 2018 for Mr. Cappuccio, December 31, 2016 for Mr. Ginsberg, and July 31, 2017 for Mr. Olafsson. The payments and benefits that would be provided to the NEOs during their respective disability periods are described in the footnotes to the table below. Payments of salary or bonus would be reduced by any amounts received by the NEO from workers' compensation, Social Security or disability insurance policies maintained by the Company.

**Death**

Pursuant to the NEOs' employment agreements, each NEO's estate or designated beneficiary would receive the NEO's salary and a pro rata annual bonus through the date of death. Any other obligations by the Company to make payments under the NEO's employment agreement would terminate. See the footnotes to the table below for a description of the treatment of equity awards following an NEO's death.

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**Table of Contents****Executive Compensation****POST-TERMINATION AND CHANGE IN CONTROL TABLE**

The following table describes and quantifies the estimated dollar value of potential additional payments and other benefits that would be provided to the NEOs (or, in the case of death, to their respective estates or beneficiaries) under the NEOs' respective employment agreements and equity award agreements following a termination of their employment or a change in control of the Company, in each case, assumed to have occurred on December 31, 2015.

The calculations exclude payments and benefits that are provided pursuant to plans or arrangements that do not discriminate in scope, terms or operation in favor of the NEOs and are available generally to all of the Company's salaried employees, including any (i) balances under the Time Warner Savings Plan, (ii) medical and other group insurance coverage following disability and (iii) post-retirement medical benefits. The calculations also exclude payments and benefits to the extent they were earned but unpaid through the date of termination, including (i) the NEOs' balances under the pension plans and nonqualified deferred compensation plans, which were fully vested as of December 31, 2015 and are disclosed in the Pension Benefits Table and the Nonqualified Deferred Compensation Table, and (ii) the NEOs' annual bonuses for 2015, which were earned but not paid as of December 31, 2015.

The values in the table below relating to stock options that would vest are based on the excess (if any) of the closing sale price of the Common Stock on December 31, 2015 (\$64.67 per share) over the exercise price of the stock options. The values relating to RSUs and PSUs that would vest are based on the closing sale price of the Common Stock on December 31, 2015. With respect to the RSUs and PSUs granted in 2015, and the RSUs and PSUs granted to Mr. Ginsberg on April 15, 2014, which were subject to the satisfaction of the Section 162(m) performance condition as of December 31, 2015, the table below reflects that the Compensation Committee certified in early 2016 that the Section 162(m) performance condition was achieved. Dividend equivalents that would be paid on RSUs during the severance or disability period and retained distributions that would be accrued and paid on any shares of Common Stock earned from the vesting of PSUs, in each case based on the regular quarterly cash dividends paid on the Common Stock while the equity awards are outstanding, are not included in the calculations below.



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NEO	Equity Awards:					
	Base Salary	Bonus	Group Benefits	Stock Options and RSUs <sup>(4)</sup>	Equity Awards: PSUs <sup>(5)</sup>	Other Benefits <sup>(6)</sup>
<b>Jeffrey L. Bewkes</b>						
Termination without Cause/Material Breach	\$ 4,000,000	\$ 28,860,000	\$ 16,114	\$ 10,644,423	\$ 13,990,449	\$ 1,197,218
Retirement				\$ 10,644,423	\$ 13,990,449	\$ 978,374
Change in Control				\$ 10,644,423	\$ 12,106,159	\$ 978,374
Disability	\$ 3,000,000	\$ 21,645,000		\$ 10,644,423	\$ 13,990,449	\$ 1,077,052
Death				\$ 10,644,423	\$ 8,460,324	
<b>Howard M. Averill</b>						
Termination without Cause/Material Breach	\$ 2,800,000	\$ 8,228,500	\$ 25,587	\$ 1,854,400	\$ 2,423,379	\$ 77,514
Change in Control				\$ 2,827,975	\$ 1,916,689	
Disability	\$ 2,100,000	\$ 6,171,375		\$ 2,827,975	\$ 2,423,379	\$ 80,016
Death				\$ 2,827,975	\$ 1,363,955	
<b>Paul T. Cappuccio</b>						
Termination without Cause/Material Breach	\$ 2,800,000	\$ 9,231,800	\$ 24,745	\$ 4,990,336	\$ 1,849,368	\$ 84,156
Change in Control				\$ 4,990,336	\$ 1,493,813	
Disability	\$ 3,150,000	\$ 10,385,775		\$ 4,990,336	\$ 1,849,368	\$ 177,744
Death				\$ 4,990,336	\$ 1,058,389	
<b>Gary L. Ginsberg</b>						
Termination without Cause/Material Breach	\$ 1,750,000	\$ 4,901,500	\$ 24,745	\$ 1,204,824	\$ 552,540	\$ 77,514
Change in Control				\$ 1,419,080	\$ 478,946	
Disability	\$ 656,250	\$ 1,838,063		\$ 1,419,080	\$ 472,673	\$ 80,016
Death				\$ 1,419,080	\$ 333,180	
<b>Olaf Olafsson</b>						
Termination without Cause/Material Breach	\$ 1,850,000	\$ 3,846,113	\$ 24,745	\$ 2,303,078	\$ 821,179	\$ 77,514
Change in Control				\$ 2,303,078	\$ 694,233	
Disability	\$ 1,096,125	\$ 2,278,822		\$ 2,303,078	\$ 769,120	\$ 63,246
Death				\$ 2,303,078	\$ 487,418	

(1) Reflects the payment by the Company, on the Company's normal payroll payment dates, of (i) 100% of the NEO's base salary in effect immediately prior to the termination of employment during the NEO's severance period or (ii) 75% of such base salary during the NEO's disability period, as applicable. The amounts shown for disability

do not reflect any reductions for other sources of disability payments received by the NEO.

- (2) Reflects the annual payment by the Company, in a lump sum in respect of each year of the severance or disability period, of (i) 100% of the NEO's Average Annual Bonus during the NEO's severance period or (ii) 75% of such Average Annual Bonus during the NEO's disability period, as applicable. Average Annual Bonus is defined in each NEO's employment agreement as the average of the NEO's two largest regular annual bonus amounts received in the most recent three calendar years through the effective date of termination.
- (3) Reflects the cost to the Company of the NEO's continued participation in the Company's group benefit plans (*i.e.*, medical and dental insurance coverage, \$50,000 of basic life insurance coverage and accidental death and dismemberment insurance coverage) during the NEO's severance period. The table excludes the cost of providing these group benefits to the NEOs during their respective disability periods, because these benefits are available generally to all of the Company's salaried employees during a disability period under the Company's benefit programs.

**Table of Contents****Executive Compensation**

(4) This column includes the aggregate intrinsic value of stock options and RSUs that will vest as a result of the events described below.

Termination without Cause/Material Breach

Because Mr. Bewkes satisfied the requirements for retirement treatment of equity awards (i.e., at least age 55 with 10 years of service with the Company or its affiliates), all of his outstanding RSUs would vest upon his termination. His outstanding stock options would continue to vest during his severance period and any stock options still outstanding at the end of his severance period would vest at such time. Because Messrs. Cappuccio and Olafsson would satisfy the requirements for retirement treatment of equity awards prior to the end of their severance period (i.e., December 31, 2017), all of their RSUs and stock options (other than the incremental stock options granted to Mr. Olafsson in February 2015, described in Key Executive Compensation Decisions for 2015 and In Early 2016 on page 57) would receive the same retirement treatment as Mr. Bewkes awards, provided that, with respect to their RSUs granted in 2015, the Compensation Committee certifies that the Section 162(m) performance condition has been achieved. All of the RSUs granted to Messrs. Averill and Ginsberg that would have vested through the end of the severance period would become immediately vested as of the beginning of the severance period, except that RSUs granted to them in 2015 and to Mr. Ginsberg in April 2014 would vest, if at all, at the later of the beginning of the severance period and the Compensation Committee's certification that the Section 162(m) performance condition has been achieved. Any other unvested RSUs held by Messrs. Averill and Ginsberg would be forfeited. All of the stock options granted to Messrs. Averill and Ginsberg and the incremental stock options granted to Mr. Olafsson in February 2015 would continue to vest during their respective severance periods and any such stock options that were scheduled to vest after the severance period would be forfeited.

Retirement

Mr. Bewkes was the only NEO eligible for retirement treatment of equity awards as of December 31, 2015. Upon Mr. Bewkes' retirement, all of his outstanding RSUs and stock options would vest unless he continues to serve on the Board of Directors, in which case such RSUs and stock options would remain outstanding and be subject to the regular vesting date. For the purposes of the table above, we have assumed that if Mr. Bewkes retired from his position as Chairman and CEO on December 31, 2015, he would also resign from the Board on such date so that all of his outstanding RSUs and stock options would vest upon his retirement.

Change in Control

Pursuant to the terms of the NEOs' equity award agreements:

Stock options, other than the incremental stock options granted to Messrs. Ginsberg and Olafsson in February 2015, described in Key Executive Compensation Decisions for 2015 and In Early 2016 on page 57, would become fully exercisable upon the earliest of (i) the first anniversary of the change in control, (ii) the original vesting date with respect to each portion of the option and (iii) the termination of the NEO's employment by the Company other than for cause or by the NEO for good reason (as such terms are defined in the stock option agreements) or due to the death or disability of the NEO. The remaining stock options granted to Messrs. Ginsberg (54,585 options) and Olafsson (54,585 options) on February 15, 2015 would become fully exercisable upon the termination of the NEO's employment by the Company other than for cause or by the NEO for good reason (as such terms are defined in the stock option agreements) or due to the death or disability of the NEO. RSUs would vest in full upon the earliest of (i) the first anniversary of the change in control, (ii) the original vesting date with respect to each portion of the RSU and (iii) the termination of the NEO's employment other than for cause or due to the death or disability of the NEO or by the NEO for good reason (as such terms are defined in the RSU agreements).

Disability/Death Pursuant to the terms of the NEOs' equity award agreements, all RSUs and stock option awards would vest.

(5) This column includes the aggregate intrinsic value of (i) the PSUs granted in 2014 having a 2014-2016 performance period (the 2014 PSUs) and (ii) the PSUs granted in 2015 having a 2015-2017 performance period (the 2015 PSUs). The table does not include the intrinsic value of the PSUs granted in 2013 having a 2013-2015 performance period, because none of the events set forth in the table would have enhanced the value or significantly accelerated the vesting of those PSUs. The following summary describes the treatment of PSUs held by the NEOs as of December 31, 2015.

**Table of Contents****Executive Compensation****Termination without Cause/Material Breach**

In the case of Mr. Bewkes, because he was retirement eligible as of December 31, 2015, his 2014 PSUs and 2015 PSUs would vest without proration after the applicable performance period ended based on the actual performance achieved and, with respect to the 2015 PSUs, provided that the Compensation Committee certifies that the Section 162(m) performance condition has been achieved. Similarly, because Messrs. Cappuccio and Olafsson would satisfy the requirements for retirement treatment of equity awards prior to the end of their severance period (i.e., December 31, 2017), all of their PSUs would be treated in the same manner as Mr. Bewkes' PSUs.

In the case of Messrs. Averill and Ginsberg, their PSUs would be prorated based on the number of days from the grant date through the end of the severance period during the performance period, and, with respect to the PSUs granted in 2015 and April 2014, provided that the Compensation Committee certifies that the Section 162(m) performance condition has been achieved. However, in the event of a termination on December 31, 2015, no proration would occur for their PSUs, because the entire performance periods will have elapsed by the end of the two-year severance period.

Because the actual performance levels that will be achieved with respect to these PSUs are not yet known, their intrinsic values were calculated assuming the vesting at 100% of the target number of shares underlying the PSUs.

**Retirement**

Among the NEOs, only Mr. Bewkes satisfied the requirements for retirement treatment for the PSUs. Mr. Bewkes' outstanding PSUs would vest after the applicable performance period has ended based on the actual performance achieved without any proration as long as Mr. Bewkes does not engage in prohibited competitive activity during the performance period and, with respect to the 2015 PSUs, provided that the Compensation Committee certifies that the Section 162(m) performance condition has been achieved. Because the actual performance levels that will be achieved with respect to these PSUs are not yet known, their intrinsic values were calculated assuming the vesting at 100% of the target number of shares underlying the PSUs.

**Change in Control**

The 2014 PSUs would immediately vest based on (i) an EPS Factor determined from the sum of the Adjusted EPS achieved for 2014 and 2015 and the budgeted Adjusted EPS for 2016 and (ii) a TSR Modifier based on the Company's TSR percentile for the performance period through 2015. See page 64 for the definitions of EPS Factor and TSR Modifier. The 2015 PSUs would immediately vest based on (i) an EPS Factor determined from the sum of the Adjusted EPS achieved for 2015 and the budgeted Adjusted EPS for 2016 and 2017 and (ii) a TSR Modifier based on the Company's TSR

percentile for 2015. The 2014 PSUs and the 2015 PSUs were assumed to vest at 132.5% and 22.4% of the target number of PSUs, respectively.

Disability

The 2014 PSUs and 2015 PSUs would vest after the applicable performance period has ended based on the actual performance achieved (and, with respect to the PSUs granted in 2015 and April 2014, provided that the Compensation Committee certifies that the Section 162(m) performance condition has been achieved) and would be prorated based on the number of days from the grant date through the end of the disability period during the performance period. Because the actual performance levels that will be achieved with respect to these PSUs are not yet known, their intrinsic values were calculated assuming the vesting at 100% of the target number of PSUs.

Death

For the 2014 PSUs, their intrinsic values were calculated based on (i) an EPS Factor determined from the sum of the Adjusted EPS achieved for 2014 and 2015 and the budgeted Adjusted EPS for 2016 and (ii) a TSR Modifier based on the Company's TSR percentile for the period through 2015, and prorated based on the number of days from the grant date through the date of death. For the 2015 PSUs, because the date of death would have occurred prior to the first anniversary of the grant date, the PSUs' intrinsic values were calculated based on (i) an EPS Factor of 100% and (ii) a TSR Modifier based on the Company's TSR percentile for 2015, and prorated based on the number of days from the grant date through the date of death. See page 64 for the definitions of EPS Factor and TSR Modifier. The 2014 PSUs and the 2015 PSUs were assumed to vest at 132.5% and 80% of the target number of PSUs, respectively, and were prorated based on the number of days from the grant date through the date of death.

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**Table of Contents****Executive Compensation**

(6) The following summary explains the components of the Other Benefits amounts for each NEO:

(a) Mr. Bewkes:

*Termination without Cause/Material Breach:* Equal to the sum of (i) \$978,374 representing the present value of the cost to the Company for maintaining his split-dollar life insurance policy for the estimated duration of his life (based on the assumption that Mr. Bewkes would no longer serve as an executive officer or a director of the Company after December 31, 2015), (ii) \$125,000 for the cost of providing comparable office space and secretarial support for one year after termination (based on the maximum allowance for this benefit), (iii) \$60,000 for the reimbursement of financial services for the severance period (based on an allowance of \$30,000 per year) and (iv) \$33,844 equal to the premiums that Mr. Bewkes would pay for GUL insurance coverage (with a value equal to twice his salary, minus \$50,000) for the severance period.

The amounts relating to Mr. Bewkes' split-dollar life insurance policy reflect the time value of money with respect to the premiums that the Company estimates it would pay from when Mr. Bewkes no longer serves as an executive officer or director of the Company until the date of his death (based on the RP-2014 Mortality Table). The actual premium amounts that the Company will pay, which the Company is entitled to recover following Mr. Bewkes' death or on the earlier surrender of the policy by Mr. Bewkes, will depend on when Mr. Bewkes is no longer an executive officer or director of the Company and the length of his life.

*Retirement or Change in Control:* The benefit would consist solely of the Company's maintenance of Mr. Bewkes' split-dollar life insurance policy for the estimated duration of his life. The present value of the cost to the Company for maintaining this policy is based on the following assumptions: (i) for the retirement scenario, the assumption that the Company would recommence its payment of premiums following the annual meeting preceding the term during which Mr. Bewkes would reach age 75, which is the mandatory retirement age for the Company's directors under the Corporate Governance Policy, and (ii) for the change in control scenario, the assumption that Mr. Bewkes would no longer serve as an executive officer or a director of the Company after December 31, 2015 such that the Company would resume its payment of premiums on January 1, 2016.

*Disability:* Equal to the sum of (i) \$978,374 representing the present value of the cost to the Company for maintaining his split-dollar life insurance policy for the estimated duration of his life (based on the assumption that Mr. Bewkes would no longer serve as an executive officer or a director of the Company after December 31, 2015), (ii) \$60,000 for the reimbursement of financial services for the disability period (based on an allowance of \$30,000 per year) and (iii) \$38,678 equal to the premiums that Mr. Bewkes would pay for GUL insurance coverage (with a value equal to twice his salary, minus \$50,000) for the disability period.

For a description of the assumptions applicable to estimating the value of Mr. Bewkes' split-dollar life insurance policy, see the description under the heading entitled "Termination without Cause/Material Breach" above.

- (b) Messrs. Averill, Cappuccio, Ginsberg and Olafsson: Following a termination without cause or due to material breach by the Company or disability, each of Messrs. Averill, Cappuccio, Ginsberg and Olafsson would receive (i) reimbursement of up to \$30,000 per year during the NEO's severance period or disability period, as applicable, for financial services and (ii) cash payments equal to two times the premiums that the NEO would pay for \$3.0 million in GUL insurance coverage during the NEO's severance period or disability period, as applicable.



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**GENERAL INFORMATION**

**Annual Meeting Information**

**When and where is the Annual Meeting?**

The Annual Meeting is on Friday, June 17, 2016, at 10:00 a.m., local time, at the Warner Bros. Studios, 4000 Warner Boulevard, Burbank, California 91522.

**Will the Annual Meeting be webcast?**

Yes, the Annual Meeting will be available through a live webcast. Information about the webcast can be found on our website at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials).

**Who can attend the Annual Meeting?**

Shareholders as of the record date and/or their authorized representatives are permitted to attend the Annual Meeting in person by following the procedures described below.

**What do I need to bring or do to attend the Annual Meeting?**

The Company has implemented the following security procedures for the Annual Meeting:

*Photo Identification and Admission Ticket.* If you attend the Annual Meeting in person, you will be required to present valid, government-issued photo identification, such as a driver's license or passport, and an admission ticket to be admitted to the Annual Meeting.

If your shares are registered in your name directly with our transfer agent, Computershare, and you receive your proxy materials by mail, your admission ticket is attached to your proxy card. If your shares are registered in your name directly with our transfer agent, Computershare, and you receive a notice regarding the availability of proxy materials, the notice is your admission ticket. If your shares are registered in your name directly with our transfer agent, Computershare, and you receive your proxy materials electronically, you will need to print an admission ticket in advance by visiting [www.envisionreports.com/TWX](http://www.envisionreports.com/TWX) and following the instructions there. You will need the control number found on your email from Computershare regarding the proxy materials to access [www.envisionreports.com/TWX](http://www.envisionreports.com/TWX).

If your shares are held in an account at a bank, brokerage firm or other nominee, you will need to print an admission ticket in advance by visiting the website listed on your voting instruction form or notice regarding the availability of proxy materials and following the instructions there. You will need the control number found on your voting instruction form or notice regarding the availability of proxy materials to access the website.

If you have questions regarding these procedures, please contact Time Warner Investor Relations at (866) 211-9605.

*Additional Documentation for an Authorized Representative.* Any shareholder representative (for example, of an entity that is a shareholder) must also present satisfactory documentation evidencing his or her authority with respect to the shares. We reserve the right to limit the number of representatives for a shareholder that can attend the Annual Meeting.

*Inspection of Packages and Bags.* Packages and bags may be inspected and other measures may be employed to enhance the security of persons attending the Annual Meeting. These procedures may require additional time, so please plan your arrival time accordingly. To avoid disruption, admission may be limited once the Annual Meeting begins.

**What are Time Warner's proxy materials for the Annual Meeting?**

Our proxy materials, which are available on our website at [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials), include:

this Proxy Statement; and

our 2015 Annual Report to Shareholders.

If you receive printed versions of these materials by mail (rather than through electronic delivery), the proxy materials also include a proxy card or voting instruction form.

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**General Information**

**Voting**

**Who can vote at the Annual Meeting?**

Shareholders of record of Common Stock at the close of business on April 20, 2016 are entitled to vote at the Annual Meeting or any adjournments or postponements of the meeting. On April 20, 2016, there were 787,365,285 shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

**How many votes do I have?**

Each share of Common Stock outstanding on the record date is entitled to one vote for each director nominee and one vote on each of the other matters properly presented at the Annual Meeting.

**What is the difference between holding shares as a shareholder of record and as a beneficial owner of shares held in street name?**

*Shareholder of Record.* If your shares of Common Stock are registered in your name directly with our transfer agent, Computershare, you are considered the shareholder of record of those shares.

*Beneficial Owner of Shares Held in Street Name.* If your shares are held in an account at a bank, brokerage firm or other nominee, then you are a beneficial owner of shares held in street name. In that case, you have the right to direct your bank, brokerage firm or other nominee as to how to vote the shares held in your account.

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

By submitting your proxy, you authorize the persons named in the proxy (Howard M. Averill, Paul T. Cappuccio and Karen Magee) to vote your shares at the Annual Meeting in accordance with your instructions. You may not appoint more than three persons to act as your proxy at the Annual Meeting. All shares entitled to vote and represented by properly executed proxies received prior to the Annual Meeting, and not revoked, will be voted as instructed on those proxies. The Board is not aware of any matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the proxy will have discretion to vote on those matters in accordance with their own judgment to the same extent you would be entitled to vote. If the meeting is adjourned or postponed, the persons named in the proxy can vote your shares to adjourn the Annual Meeting and will be authorized to vote at any adjournments or postponements of the meeting. In accordance with our By-laws, the Annual Meeting may be adjourned, including by the Chairman, to permit the solicitation of additional proxies.

**Table of Contents****General Information****How do I vote my shares?**

You can vote your shares of Common Stock (or direct how they will be voted) by Internet, telephone or mail or in person at the Annual Meeting. To be valid, your vote by Internet, telephone or mail must be received by the deadline specified on the proxy card or voting instruction form, as applicable.

	<b>If you are a shareholder of record:</b>	<b>If you are a beneficial owner of shares held in street name:</b>
<b>By Internet (24 hours a day):</b>	<i>www.envisionreports.com/TWX</i>	The website listed on your voting instruction form or the notice regarding the availability of proxy materials
<b>By Telephone (24 hours a day):</b>	1-800-652-8683	The telephone number listed on your voting instruction form or the notice regarding the availability of proxy materials
<b>By Mail:</b>	Return a properly executed and dated proxy card in the pre-paid envelope we have provided	Return a properly executed and dated voting instruction form by mail, depending on the method(s) your bank, brokerage firm or other nominee makes available
<b>In Person at the Annual Meeting:</b>	Return a properly executed and dated proxy card at the Annual Meeting or return a properly executed ballot at the Annual Meeting. Ballots will be distributed at the Annual Meeting to any shareholder who requests a ballot.	You must obtain a proxy from your bank, brokerage firm or other nominee to vote in person at the Annual Meeting. Return a properly executed ballot with a copy of the proxy from your bank, brokerage firm or other nominee at the Annual Meeting. Ballots will be distributed at the Annual Meeting to any shareholder who requests a ballot.

**Can I change my vote or revoke my proxy or voting instructions after I have voted or submitted it?**

Yes, you can change your vote before the Annual Meeting, subject to the voting deadlines that are described on the proxy card or voting instruction form, as applicable, by:

Voting again by Internet or by telephone (only your last Internet or telephone proxy or voting instruction submitted prior to the applicable deadline will be counted);

Signing and returning a new proxy card or voting instruction form with a later date; or

Attending the Annual Meeting and voting in person.

You may also revoke your proxy by delivering a written notice of revocation to Time Warner Inc., One Time Warner Center, New York, NY 10019-8016, Attention: Corporate Secretary, which must be received no later than 5:00 p.m., Eastern Time, on June 16, 2016. You may also hand deliver your written notice of revocation or subsequent proxy to the Corporate Secretary at the Annual Meeting before the taking of the vote at the Annual Meeting.

If you hold your shares of Common Stock in street name, you must contact your bank, brokerage firm or other nominee to change your voting instructions.

**Table of Contents****General Information****What are my choices for voting on the proposals to be presented at the Annual Meeting?**

Proposals	Voting Options	Effect of Abstentions on the Vote	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes on the Vote
<b>Election of Directors</b>	FOR, AGAINST or ABSTAIN (for each director nominee)	No effect (does not count as a vote cast)	No	No effect (does not count as a vote cast)
<b>Ratification of Independent Auditors</b>	FOR, AGAINST or ABSTAIN	No effect (does not count as a vote cast)	Yes	Not applicable
<b>Annual Advisory Vote to Approve Named Executive Officer Compensation</b>	FOR, AGAINST or ABSTAIN	No effect (does not count as a vote cast)	No	No effect (does not count as a vote cast)

**How will my shares be voted if I do not give specific voting instructions?**

*Shareholders of Record.* If you sign, date and return a proxy card but do not give specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this Proxy Statement.

*Beneficial Owners of Shares Held in Street Name.* If you do not provide specific voting instructions to your bank, brokerage firm or other nominee, how your shares will be voted depends on the type of proposal.

**Proposal 2: Ratification of Appointment of Independent Auditor.** For the vote on the ratification of the appointment of independent auditor, the NYSE rules provide that if the bank, brokerage firm or other nominee has not received voting instructions from its customer 10 days before the meeting date the bank, brokerage firm or other nominee may vote its customers' shares in its discretion on the ratification of independent auditor. This is known as broker-discretionary voting.

**All Other Matters.** All other proposals are non-discretionary matters under NYSE rules, which means your bank, brokerage firm or other nominee may not vote your shares without voting instructions from you. Therefore, you must give your bank, brokerage firm or other nominee instructions for your shares to be voted and included in the vote count.

*Participants in the Time Warner Savings Plan.* If you hold an interest in the Time Warner Inc. Stock Fund under the Time Warner Savings Plan and you sign and return your voting instruction card without indicating your instructions for voting, Fidelity Management Trust Company, as Trustee, will vote your proportionate interest in the Common Stock held in the Time Warner Inc. Stock Fund FOR each of the Company proposals described as Proposals 1, 2 and 3. If you do not provide any voting instructions via the Internet or by telephone and do not return a signed voting instruction card, your interest will be voted in the same proportion as other participants' interests in the Time Warner

Inc. Stock Fund for which Fidelity has received voting instructions, except that any interests you hold attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan and the WCI Employee Stock Ownership Plan will not be voted.

**What is a broker non-vote ?**

A broker non-vote occurs with respect to non-discretionary matters if a bank, brokerage firm or other nominee that holds shares of Common Stock submits a proxy for the Annual Meeting and does not specify how the persons named in the proxy should vote the shares on non-discretionary matters because the bank, brokerage firm or other nominee did not receive voting instructions from the beneficial holder of the shares on these matters. Each of the proposals included in this Proxy Statement (other than the proposal to ratify the appointment of the independent auditor) is a non-discretionary matter.

**100** [Time Warner Inc. Notice of 2016 Annual Meeting of Shareholders and Proxy Statement](#)

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**General Information**

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

Abstentions and broker non-votes are not included in the tabulation of the voting results on proposals that require approval of a majority of the votes cast and, therefore, do not have the effect of votes cast either for or against the proposal. Each of the proposals included in this Proxy Statement require approval of a majority of the votes cast.

**What constitutes a quorum for the Annual Meeting?**

The presence, in person or by proxy of the holders of a majority of the Common Stock outstanding and entitled to vote at the Annual Meeting constitutes a quorum and is necessary for the conduct of business at the Annual Meeting. Shares with respect to which a shareholder abstains or there is a broker non-vote are included as present in determining whether a quorum exists at the Annual Meeting.

**Who counts the votes cast at the Annual Meeting?**

Representatives of Computershare will tabulate the votes cast at the Annual Meeting, and will act as the independent inspectors of election.

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

The Company will announce the preliminary voting results at the Annual Meeting. The Company will report the final results in a Current Report on Form 8-K filed with the SEC within four business days following the Annual Meeting.

**Who will pay the cost of the solicitation of proxies for the Annual Meeting?**

The Company will pay all expenses of the solicitation of proxies for the Annual Meeting, 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, our directors, officers and employees may solicit proxies and voting instructions by telephone or other means of communication. Such directors, officers and employees will not be paid additional compensation but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with such solicitation. The Company has retained Georgeson Inc. at an estimated cost of \$25,000 plus reimbursement of expenses to assist in the solicitation of proxies. The Company will also pay the reasonable expenses of banks, brokerage firms and other nominees for mailing the Notices of Internet Availability of Proxy Materials and proxy materials to beneficial owners of shares held of record by such banks, brokerage firms and other nominees.

**Delivery of Proxy Materials**

**How is Time Warner distributing its proxy materials?**

To expedite delivery, reduce our costs and decrease the environmental impact of our proxy materials, we are using Notice and Access in accordance with an SEC rule, which permits us to provide proxy materials to our shareholders over the Internet. On April 29, 2016, we began sending a Notice of Internet Availability of Proxy Materials to certain of our shareholders. The Notice contains instructions on how to access our proxy materials online. If you received a Notice, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you how to



access and review online the proxy materials. The Notice also instructs you how you can submit your proxy or voting instructions via the Internet. If you received a Notice and would like to receive a copy of our proxy materials, follow the instructions contained in the Notice to request a copy electronically or in paper form on a one-time or ongoing basis. Shareholders who are not sent the Notice will continue to be sent either a paper or electronic copy of this Proxy Statement and our 2015 Annual Report to Shareholders, which we began mailing to shareholders on April 29, 2016.

**How will proxy materials be delivered to beneficial owners who share a residence?**

Beneficial owners of Common Stock holders at a single address who hold their shares through the same bank, brokerage firm or other nominee will receive only one copy of the Notice of Internet Availability of Proxy Materials or a

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**General Information**

single set of this Proxy Statement and our 2015 Annual Report to Shareholders unless the Company has previously received contrary instructions from any shareholder at the address. This practice, known as householding, is designed to reduce printing and postage costs. We currently do not household for shareholders of record.

If your household received a single copy of the Notice of Internet Availability of Proxy Materials or set of proxy materials, and you would prefer to receive a separate copy for each beneficial owner in the future, or if your household received multiple copies and would prefer to receive a single copy, please contact your bank, brokerage firm or other nominee, or Broadridge Financial Solutions, Inc. at (800) 542-1061 or in writing at Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717.

You may request to begin or discontinue householding in the future by contacting your bank, brokerage firm or other nominee or Broadridge.

**How do I sign up for electronic delivery of proxy materials?**

This Proxy Statement and our 2015 Annual Report to Shareholders are available on our website at: [www.timewarner.com/annualmeetingmaterials](http://www.timewarner.com/annualmeetingmaterials). If you would like to help reduce our costs of printing and mailing future materials, you can agree to access these documents in the future over the Internet rather than receiving printed copies in the mail. Record holders can sign up for electronic delivery at [www.computershare.com/investor](http://www.computershare.com/investor). Beneficial owners who hold shares in street name will need to contact their bank, brokerage firm or other nominee to sign-up for electronic delivery. Once you sign up, you will continue to receive proxy materials electronically until you revoke this preference.

**Procedures for Submitting Shareholder Proposals and Director Nominations and Recommendations**

**Can I submit a proposal for inclusion in the Proxy Statement for the 2017 annual meeting of shareholders?**

Pursuant to Rule 14a-8 under the Exchange Act, shareholders may present proper proposals for inclusion in the Company's proxy statement and for consideration at our next annual meeting of shareholders by submitting their proposals to us in a timely manner. To be included for the 2017 annual meeting of shareholders, a proposal must be received by the Company no later than December 30, 2016, and must otherwise comply with the requirements of Rule 14a-8.

**Can I submit a proposal to be brought before the 2017 annual meeting of shareholders that will not be included in the Proxy Statement for that meeting (advance notice provision)?**

The Company's By-laws establish an advance notice procedure with regard to certain matters, including shareholder proposals not included in the Company's proxy statement, to be brought before an annual meeting of shareholders. In general, notice must be received by the Corporate Secretary of the Company not less than 90 days and no more than 120 days prior to the anniversary date of the immediately preceding annual shareholders meeting and must contain specified information concerning the matters to be brought before such meeting and concerning the shareholder proposing such matters. Therefore, to be presented at the 2017 annual meeting of shareholders, such a proposal must be received by the Company on or after February 17, 2017 but no later than March 19, 2017. If the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice must be received

not earlier than the 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made. If a shareholder who has notified the Company of his or her intention to present a proposal at an annual meeting does not appear or send a qualified representative to present the proposal at such meeting, the Company is not required to present the proposal for a vote at the meeting.

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**General Information**

**How do I submit a director recommendation to the Nominating Committee?**

The Nominating Committee has adopted a policy statement regarding its consideration of director candidates recommended by shareholders. The Nominating Committee's policy is to apply the same criteria in reviewing director candidates, regardless of whether the candidate is suggested or proposed by a shareholder or identified by the Board or another process. If a shareholder would like the Nominating Committee to consider an individual as a candidate for election to the Board of Directors, the shareholder must submit a written notice (containing the information specified in the Policy Statement Regarding Director Nominations to the Nominating Committee) by no later than September 1 of the year prior to the annual meeting of shareholders with respect to which the shareholder would like the individual to be considered as a potential director nominee. The Policy Statement Regarding Director Nominations may be found on our website at [www.timewarner.com/governance](http://www.timewarner.com/governance).

**How do I submit a director nomination to shareholders at an annual meeting of shareholders (advance notice provision)?**

The Company's By-laws provide that shareholders may nominate individuals for election as directors at an annual meeting of shareholders by complying with the requirements set forth in the By-laws. Under the advance notice provision of the By-laws, to be timely and proper, notice of a nomination by a shareholder must be delivered to or mailed to and received at our principal executive offices at least 90 days and no more than 120 days before the first anniversary of the date the annual meeting of shareholders was held the prior year. The notice must contain specified information concerning the individual(s) the shareholder intends to nominate at the meeting and the shareholder nominating the individual(s). Therefore, to be included in the nominees presented for election to the Board at the Company's 2017 annual meeting (but not included in the Company's proxy materials for the meeting), the notice of nomination must be received by the Company on or after February 17, 2017 but no later than March 19, 2017. If the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice of the nomination by the shareholder must be delivered or received by the Company no earlier than the 120<sup>th</sup> day before the annual meeting and no later than the close of business on the later of the 90<sup>th</sup> day prior to the annual meeting or the 10<sup>th</sup> day after the day on which the date of such annual meeting is first publicly announced. If a shareholder who has given notice of the intention to nominate an individual for election as a director at an annual meeting does not appear at, or send a qualified representative to, such meeting, the Company is not required to present the nominee(s) for vote at the meeting.

**Can I submit a director nomination for inclusion in the Company's proxy materials for a future annual meeting of shareholders (proxy access provision)?**

In January 2016, the Board adopted amendments to the Company's By-laws to permit a shareholder, or group of up to 20 shareholders, who has owned 3% or more of the Company's outstanding Common Stock continuously for at least three years to nominate, and have included in the Company's annual meeting proxy materials, up to the greater of two individuals or 20% of the number of directors on the Board. Any nominees who were previously elected to the Board through the proxy access By-law provision at either of the two most recent annual meetings of shareholders and who are re-nominated as a director nominee by the Board count toward the number of individuals shareholders can nominate pursuant to the proxy access By-law provision. The shareholder(s) submitting a nomination and the nominees must satisfy the requirements specified in the proxy access provision of the Company's By-laws. Notice of proxy access director nominees must be received by the Company at least 150 days and no more than 180 days before

the first anniversary of the date the Company's proxy statement was released to shareholders in connection with the most recent annual meeting. Therefore, proxy access nominations for our 2017 annual meeting must be received by the Company on or after October 31, 2016 and no later than November 30, 2016.

Time Warner Inc. Notice of 2016 Annual Meeting of Shareholders and Proxy Statement **103**

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**General Information**

**Where should I send my shareholder proposal and director nominations or recommendations?**

All proposals and director nominations or recommendations by shareholders, whether or not to be included in the Company's proxy materials for the 2017 annual meeting of shareholders, should be sent to the attention of the Corporate Secretary of the Company at One Time Warner Center, New York, NY 10019-8016.

\* \* \*

BY ORDER OF THE BOARD OF DIRECTORS,

PAUL F. WASHINGTON

Corporate Secretary

April 29, 2016

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Annex A

**NON-GAAP FINANCIAL MEASURES****Definitions**

**Adjusted Operating Income (Loss)** is defined as Operating Income (Loss) excluding the impact of noncash impairments of goodwill, intangible and fixed assets; gains and losses on operating assets (other than deferred gains on sale-leasebacks); gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions, as well as contingent consideration related to such transactions, to the extent such costs are expensed; amounts related to securities litigation and government investigations; and the foreign currency losses during the three months ended December 31, 2014 and March 31, 2015, related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

**Adjusted Operating Income margin** is defined as Adjusted Operating Income divided by revenues.

**Adjusted Divisional Pre-Tax Income** is defined as Adjusted Operating Income plus Income (loss) from equity method investments.

**Adjusted EPS** is defined as Diluted Income per Common Share from Continuing Operations attributable to Time Warner Inc. common shareholders with the following items excluded from Income from Continuing Operations attributable to Time Warner Inc. common shareholders: noncash impairments of goodwill, intangible and fixed assets and investments; gains and losses on operating assets (other than deferred gains on sale-leasebacks), liabilities and investments; gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions, investments or dispositions, as well as contingent consideration related to such transactions, to the extent such costs are expensed; amounts related to securities litigation and government investigations; the foreign currency losses during the three months ended December 31, 2014 and March 31, 2015, related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively; and amounts attributable to businesses classified as discontinued operations; as well as the impact of taxes and noncontrolling interests on the above items and the Company's share of the above items with respect to equity method investments.

For periods ending on or after July 1, 2012, **Free Cash Flow** is defined as Cash Provided by Operations from Continuing Operations plus payments related to securities litigation and government investigations (net of any insurance recoveries), external costs related to mergers, acquisitions, investments or dispositions, to the extent such costs are expensed, contingent consideration payments made in connection with acquisitions, and excess tax benefits from equity instruments, less capital expenditures, principal payments on capital leases and partnership distributions, if any. For periods ending prior to that date, **Free Cash Flow** is defined as Cash Provided by Operations from Continuing Operations plus payments related to securities litigation and government investigations (net of any insurance recoveries), external costs related to mergers, acquisitions, investments or dispositions, to the extent such costs are expensed, and excess tax benefits from equity instruments, less capital expenditures, principal payments on capital leases and partnership distributions, if any. A change to the definition of Free Cash Flow for periods prior to July 1, 2012 to adjust for contingent consideration payments made in connection with acquisitions would have had no

impact on the reported Free Cash Flow for such periods.



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Annex A

**Reconciliations****Reconciliation of Adjusted Operating Income to Operating Income****(In millions; Unaudited)**

	Year Ended December 31,					
	2015	2014	2013	2012	2011	2010
Adjusted Operating Income	\$ 6,923	\$ 5,833	\$ 6,195	\$ 5,663	\$ 5,284	\$ 4,874
Asset impairments	(25)	(69)	(61)	(180)	(27)	(9)
Gain (loss) on operating assets, net	(1)	464	129	45	7	70
Venezuelan foreign currency loss <sup>(1)</sup>	(22)	(173)				
Other <sup>(2)</sup>	(10)	(80)	5	(30)	(22)	(22)
Operating Income	\$ 6,865	\$ 5,975	\$ 6,268	\$ 5,498	\$ 5,242	\$ 4,913

(1) Venezuelan foreign currency loss during 2014 and 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

(2) Other includes gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions; and amounts related to securities litigation and government investigations.

**Reconciliation of Adjusted Operating Income Margin to Operating Income Margin****(In millions; Unaudited)**

	Adjusted Operating Income	Asset Impairments	Gain (loss) on operating assets, net	Venezuelan foreign currency loss <sup>(1)</sup>	Other	Operating Income
Time Warner	\$ 6,923	(25)	(1)	(22)	(10)	\$ 6,865
Margin	24.6%	(0.1)%	%	(0.1)%	%	24.4%

(1) Venezuelan foreign currency loss during 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the Simadi exchange rate during the quarter ended

March 31, 2015.

**Reconciliation of Adjusted EPS to Diluted Income Per Common Share from Continuing Operations  
Attributable to Time Warner Inc. Common Shareholders**

(Unaudited)

	Year Ended December 31,					
	2015	2014	2013	2012	2011	2010
Diluted income per common share from continuing operations attributable to Time Warner Inc. common shareholders	\$ 4.58	\$ 4.41	\$ 3.56	\$ 2.73	\$ 2.37	\$ 1.99
Less Impact of items affecting comparability on diluted income per common share from continuing operations attributable to Time Warner Inc. common shareholders	(0.17)	0.26	0.05	(0.21)	(0.14)	(0.15)
Adjusted EPS	\$ 4.75	\$ 4.15	\$ 3.51	\$ 2.94	\$ 2.51	\$ 2.14

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Annex A

**Reconciliation of Free Cash Flow to Cash Provided by Operations from Continuing Operations****(In millions; Unaudited)**

	Year Ended December 31,					
	2015	2014	2013	2012	2011	2010
Cash provided by operations from continuing operations	\$ 3,851	\$ 3,681	\$ 3,258	\$ 2,987	\$ 2,939	\$ 2,778
Add payments related to securities litigation and government investigations				3	8	22
Add external costs related to mergers, acquisitions, investments or dispositions and contingent consideration payments	14	76	231	32	14	
Add excess tax benefits from equity instruments	151	179	179	83	22	7
Less capital expenditures	(423)	(474)	(568)	(609)	(724)	(582)
Less principal payments on capital leases	(11)	(11)	(9)	(11)	(12)	(14)
Free Cash Flow	\$ 3,582	\$ 3,451	\$ 3,091	\$ 2,485	\$ 2,247	\$ 2,211

**Reconciliation of Return on Invested Capital (ROIC)****(In millions; Unaudited)****Reconciliation of Operating Income to NOPAT**

	Year Ended December 31,		
	2015	2014	2013
Operating Income	\$ 6,865	\$ 5,975	\$ 6,268
Asset impairments	25	69	61
(Gain) loss on operating assets, net	1	(464)	(129)
Venezuelan foreign currency loss <sup>(1)</sup>	22	173	
Other operating income items	10	80	(5)
Adjusted Operating Income	6,923	5,833	6,195
Add Amortization expense	189	202	209
Adjusted Operating Income before amortization expense	7,112	6,035	6,404
Less Income taxes <sup>(2)</sup>	(2,134)	(1,267)	(2,049)
Add equity loss, net of taxes	(123)	(153)	(150)
Adjust for items affecting comparability relating to equity method investments	27	97	30

NOPAT <sup>(3)</sup>	\$ 4,882	\$ 4,712	\$ 4,235
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Annex A

**Reconciliation of Total Assets to Capital Employed**

	Year Ended December 31,			
	2015	2014	2013	2012
Total Assets	\$ 63,848	\$ 63,146	\$ 67,890	\$ 67,984
Less:				
Deferred tax assets	(133)	(184)	(369)	(384)
Assets related to Discontinued Operations			(5,746)	(5,943)
Total current liabilities of continuing operations less debt due within				
one year	(7,804)	(8,086)	(7,296)	(8,059)
Excess cash <sup>(4)</sup>	(655)	(1,118)	(316)	(1,260)
Capital employed	55,256	53,758	54,163	52,338
Less Purchase Price Adjustments <sup>(5)</sup>	(32,758)	(32,894)	(33,049)	(33,194)
Capital employed excluding PPA	\$ 22,498	\$ 20,864	\$ 21,114	\$ 19,144
Average Capital Employed <sup>(6)</sup>	\$ 54,507	\$ 53,961	\$ 53,251	
Average Capital Employed excluding PPA <sup>(6)</sup>	\$ 21,681	\$ 20,989	\$ 20,129	
<b>ROIC<sup>(7)</sup></b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	
<b>ROIC excluding PPA<sup>(7)</sup></b>	<b>23%</b>	<b>22%</b>	<b>21%</b>	

(1) Venezuelan foreign currency loss during 2014 and 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

(2) Calculated using the Company's adjusted effective tax rate 30% for 2015, 21% for 2014 and 32% for 2013. The Company's adjusted effective tax rate reflects the impact of the items affecting comparability on the Company's Income from continuing operations as set forth below.

	2015			2014			2013		
	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted
Income from continuing operations before income taxes	5,446	(205)	5,651	4,679	69	4,610	4,968	106	4,862
	(1,651)	57	(1,708)	(785)	165	(950)	(1,614)	(59)	(1,555)

Income tax provision									
Effective Tax rate	30%	28%	30%	17%	-239%	21%	32%	56%	32%

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Annex A

	Year Ended December 31,		
	2015	2014	2013
<b>Items Affecting Comparability</b>			
Asset impairments	\$ (25)	\$ (69)	\$ (61)
Gain (loss) on operating assets, net	(1)	464	129
Venezuelan foreign currency loss <sup>(a)</sup>	(22)	(173)	
Other operating income items <sup>(b)</sup>	(10)	(80)	5
Gains (losses) on investments	(31)	30	61
<b>Other</b>			
Amounts related to separation of Time Warner Cable Inc.	(8)	(11)	3
Amounts related to disposition of Warner Music Group		2	(1)
Amounts related to separation of Time Inc.	(9)	3	
Premiums paid and costs incurred on debt redemption	(72)	—	—
Items affecting comparability relating to equity method investments	(27)	(97)	(30)
Total other	(116)	(103)	(28)
Total of above items affecting comparability	(205)	69	106
Income tax impact of above items <sup>(c)</sup>	57	165	(59)
Impact of items affecting comparability on income from continuing operations attributable to Time Warner Inc. shareholders	\$ (148)	\$ 234	\$ 47

(a) Venezuelan foreign currency loss during 2014 and 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

(b) Other operating income items includes gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions; and amounts related to securities litigation and government investigations.

(c) For the year ended December 31, 2014, the gain on the sale and leaseback of Time Warner Center was offset by the utilization of tax attributes.

(3) Net operating profit after taxes (NOPAT) represents the Adjusted Operating Income before amortization expense, net of tax at the Company's adjusted effective tax rate plus the equity income (loss), net of taxes from investments accounted for under the equity method adjusted for the Company's share of items affecting comparability relating

to such equity method investments.

- (4) Excess cash represents the amount of cash in excess of \$1.5 billion.
- (5) Purchase Price Adjustments ( PPA ) reflect the net outstanding goodwill and intangible assets recognized in connection with the merger of Time Warner Inc. (now named Historic TW Inc.) with America Online, Inc. (now known as Historic AOL LLC) in 2001 and the restructuring of Time Warner Entertainment Company, L.P. in 2003.
- (6) Average Capital Employed and Average Capital Employed excluding PPA are calculated using the respective amounts at December 31, 2015, 2014, 2013 and 2012 divided by two.
- (7) Return on Invested Capital ( ROIC ) is calculated as NOPAT divided by Average Capital Employed and ROIC excluding PPA is calculated as NOPAT divided by Average Capital Employed excluding PPA.



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**Directions to Time Warner's Annual Meeting of Shareholders  
at Warner Bros. Studios in Burbank, California**

**FROM DOWNTOWN LOS ANGELES:**

Take the 110 North to the 101 Hollywood Freeway North and exit at Barham Boulevard. Turn right on Barham Boulevard. The street name becomes Olive Avenue. Continue on Olive Avenue around Studio property. Turn right to enter Gate 4 (at Olive Avenue and Hollywood Way).

**FROM I-5 (TRAVELING EITHER NORTH OR SOUTH):**

Take the I-5 Golden State Freeway to the 134 Ventura Freeway West and exit at Hollywood Way. At the traffic light, turn left on Alameda Avenue. At the first traffic light, turn left on Hollywood Way. Cross Olive Avenue and enter Gate 4 (at Olive Avenue and Hollywood Way).

**FROM WEST LOS ANGELES, LOS ANGELES INTERNATIONAL AIRPORT OR SANTA MONICA AREA:**

Take the I-405 San Diego Freeway North to the 101 Hollywood Freeway South. After the exit for Laurel Canyon stay in the far left lane and merge onto the 134 Ventura Freeway East. Exit at Pass Avenue. Go South (right) on Pass Avenue to Olive Avenue. Turn left on Olive Avenue and continue on Olive Avenue around Studio property. Turn right to enter Gate 4 (at Olive Avenue and Hollywood Way).

**Return Directions**

134 WEST Exit Gate 4/Hollywood Way and turn right on Alameda.

134 EAST Exit Gate 4/Hollywood Way and turn left on Riverside Drive.

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***TIME WARNER INC.***  
***ONE TIME WARNER***  
***CENTER***  
***NEW YORK, NY 10019***

You must provide instructions to the Trustee by June 14, 2016 for your instructions to be tabulated. You may issue instructions by telephone or the Internet until 11:59 P.M. (Eastern Time) on that day. If you are sending instructions by mail, the Trustee must receive your executed instruction card by 5:00 P.M. (Eastern Time) on June 14, 2016. If you submit your instructions by telephone or the Internet, there is no need to mail back your instruction card. **If you do not provide instructions to the Trustee, the Trustee will vote your interests as required by the terms of the applicable Plan as described on the reverse side of the card.**

**You may send your voting instructions to the Trustee via the Internet, telephone or mail, as follows:**

**PROVIDE VOTING INSTRUCTIONS BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**  
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. (Eastern Time) on June 14, 2016. Have your voting instruction card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**PROVIDE VOTING INSTRUCTIONS BY PHONE - 1-800-690-6903**  
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. (Eastern Time) on June 14, 2016. Have your voting instruction card in hand when you call and then follow the instructions.

**PROVIDE VOTING INSTRUCTIONS BY MAIL**  
Mark, sign and date your voting instruction card and return it in the postage-paid envelope we have provided or return it to Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**ADMISSION TO THE ANNUAL MEETING**  
If you attend the Annual Meeting in person, you will need to register and print an admission ticket in advance by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions there.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E10812-P78615

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS VOTING INSTRUCTION CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**TIME WARNER INC.**

**Company Proposals**

**Instructions to Vote on  
Directors - The Board of  
Directors recommends a vote  
FOR all nominees  
in Proposal 1.**

1. Election of Directors. Nominees:	For	Against	Abstain		For	Against	Abstain
1a. James L. Barksdale	..	..	..				
1b. William P. Barr	..	..	..	<b>The Board of Directors recommends a vote <u>FOR</u> Proposals 2 and 3.</b>			
1c. Jeffrey L. Bewkes	..	..	..	2. Ratification of Appointment of Independent Auditor.	..	..	..
1d. Stephen F. Bollenbach	..	..	..	3. Advisory Vote to Approve Named Executive Officer Compensation.	..	..	..
1e. Robert C. Clark	..	..	..				
1f. Mathias Döpfner	..	..	..				
1g. Jessica P. Einhorn	..	..	..				
1h. Carlos M. Gutierrez	..	..	..				
1i. Fred Hassan	..	..	..				

1j. Paul D. Wachter                    ..        ..        ..

1k. Deborah C.                        ..        ..        ..  
Wright

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by an authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint  
Owners)

Date

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**SUBMIT YOUR CONFIDENTIAL VOTING INSTRUCTIONS**

**BY TELEPHONE, INTERNET OR MAIL**

**TIME WARNER SAVINGS PLAN**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

**ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS**

If you would like to reduce the costs incurred by Time Warner Inc. in mailing proxy materials, you can consent to receive all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions on the reverse side to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**Please fold and detach card at perforation before mailing.**

E10813-P78615

**Time Warner Inc.**

**CONFIDENTIAL VOTING INSTRUCTIONS**

**Instructions solicited by Fidelity Management Trust Company on behalf of the Board of Directors for the Time Warner Inc. Annual Meeting of Shareholders on June 17, 2016.**

The undersigned hereby instructs Fidelity Management Trust Company ( Fidelity ), as Trustee, to vote as specified on the reverse side by proxy at the Annual Meeting of Shareholders of Time Warner Inc. to be held on June 17, 2016, and at any adjournment thereof, the undersigned's proportionate interest in the shares of Time Warner Inc. Common Stock held in the Time Warner Inc. Stock Fund under the Time Warner Savings Plan (the Plan ).

Under the provisions of the Trust relating to the Plan, Fidelity, as Trustee, is required to request your confidential instructions as to how your proportionate interest in the shares of Time Warner Inc. Common Stock held in the Time Warner Inc. Stock Fund under the Plan (an interest ) is to be voted at the Annual Meeting of Shareholders on June 17, 2016. Your instructions to Fidelity will not be divulged to anyone at Time Warner Inc. If Fidelity does not receive your instructions on or prior to 5:00 P.M. (Eastern Time) via a voting instruction card or 11:59 P.M. (Eastern Time) via telephone or the Internet on June 14, 2016, your interest, if any, attributable to (a) accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan ( PAYSOP ) and the WCI Employee Stock

Ownership Plan ( WCI ESOP ) will not be voted and (b) the remainder of the accounts in the Plan will be voted at the Annual Meeting in the same proportion as other participants' interests in the Plan for which Fidelity has received voting instructions (excluding PAYSOP and WCI ESOP accounts). **If this card is signed but no direction is made, Fidelity will vote the undersigned's proportionate interest FOR all nominees listed and FOR Proposals 2 and 3.**

(PLEASE SIGN AND DATE ON THE REVERSE SIDE)

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Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

x

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on June 17, 2016.**

**Vote by Internet**

Go to **[www.envisionreports.com/TWX](http://www.envisionreports.com/TWX)**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**Company Proposals**

**A Proposals** The Board of Directors recommends a vote FOR all nominees in Proposal 1.

1. Election of Directors:	For	Against	Abstain	For	Against	Abstain	For	Against	Abstain		
01 - James L. Barksdale	..	..	..	02 - William P. Barr	..	..	..	03 - Jeffrey L. Bewkes	..	..	..
04 - Stephen F. Bollenbach	..	..	..	05 - Robert C. Clark	..	..	..	06 - Mathias Döpfner	..	..	..
07 - Jessica P. Einhorn	..	..	..	08 - Carlos M. Gutierrez	..	..	..	09 - Fred Hassan	..	..	..
10 - Paul D. Wachter	..	..	..	11 - Deborah C. Wright	..	..	..				

**B Proposals** The Board of Directors recommends a vote FOR Proposals 2 and 3.

	For	Against	Abstain		For	Against	Abstain
2. Ratification of Appointment of Independent Auditor.	..	..	..	3. Advisory Vote to Approve Named Executive Officer Compensation.	..	..	..

**In their discretion, the proxies are authorized to vote on such other matters as may properly come before the meeting.**

**C Non-Voting Items**

**Meeting Attendance**



**Change of Address** Please print new address below.

Mark box to the right if  
you plan to attend the  
Annual Meeting.

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - D ON BOTH SIDES OF THIS CARD.**

02BCOF

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**2016 Annual Meeting Admission Ticket**

**Time Warner Inc.**

**2016 Annual Meeting of Shareholders**

**June 17, 2016, 10:00 a.m. (Local Time)**

**Warner Bros. Studios**

**4000 Warner Boulevard**

**Burbank, CA 91522**

If you attend the Annual Meeting in person, you will be required to present this admission ticket and valid, government-issued photo identification to be admitted to the Annual Meeting.

**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

+

**Proxy TIME WARNER INC.**

**Proxy Solicited on Behalf of the Board of Directors of**

**Time Warner Inc. for the Annual Meeting of Shareholders on June 17, 2016**

The undersigned hereby acknowledges receipt of the Time Warner Inc. Notice of Annual Meeting and Proxy Statement and hereby constitutes and appoints Howard M. Averill, Paul T. Cappuccio and Karen Magee, and each of them, its true and lawful agents and proxies, with full power of substitution in each, to attend the Annual Meeting of Shareholders of Time Warner Inc. on Friday, June 17, 2016, and any adjournment or postponement thereof, and to vote on the matters indicated all the shares of Common Stock that the undersigned would be entitled to vote if personally present.

**This proxy when properly executed will be voted in the manner directed herein. If this proxy is executed but no direction is made, this proxy will be voted FOR all nominees listed in Proposal 1 and FOR Proposals 2 and 3.**

Please mark, date and sign this Proxy Card below and return it promptly in the enclosed reply envelope. To vote by telephone or the Internet, see the instructions on the reverse side.

**Continued and to be voted on reverse side.**

**D Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**  
Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) below. / /	Please print date	Signature 1 within the box.	Please keep signature	Signature 2 within the box.	Please keep signature
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**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - D ON BOTH SIDES OF THIS CARD.**