

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

Stephen F. Bollenbach  
*Lead Independent Director*

*and Chief Executive Officer*



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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	Board Recommendation	Page Reference
		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
  - ü Clawback policy
  - ü Use of independent compensation consultant
- No hedging or pledging by executives
  - No excessive overhang or dilution from equity awards
  - 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**

<i>Business Experience Considered for All Director Candidates</i>	<i>Director Nominee Experience</i>
<p><b>Leadership and Senior Management.</b> 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.</p>	<p>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.</p>
<p><b>Media, Communications or Technology Businesses.</b> 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.</p>	<p>The vast majority of the nominees for director have highly relevant industry experience. The nominees for director include:</p> <ul style="list-style-type: none"> <li>a former President and Chief Executive Officer of Netscape Communications Corp.;</li> <li>a former Executive Vice President and General Counsel of Verizon Communications Inc.;</li> <li>a former Senior Executive Vice President and Chief Financial Officer of The Walt Disney Company;</li> <li>a current director of Omnicom Group, Inc.;</li> <li>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</li> <li>a former member of the board of managers of Beats Electronics, LLC and Beats Music, LLC.</li> </ul>
<p><b>Finance, Investments or Banking.</b> 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</p>	<p>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</p>

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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Table of Contents**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 Mses. 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.

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**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>			
	Number of Shares	Option Shares <sup>(2)</sup>	RSUs <sup>(3)</sup>	Percent of Class
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.

**Table of Contents****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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<b>Section</b>	<b>Page</b>
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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

(1) 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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**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:

- 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

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.

***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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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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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						fPayout 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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**Executive Compensation CD&A**

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.