

TIME WARNER INC.
Form DEF 14A
April 06, 2010
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Time Warner Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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April 5, 2010

Dear Fellow Stockholder:

You are cordially invited to attend Time Warner Inc.'s 2010 Annual Meeting of Stockholders. The meeting will be held on Friday, May 21, 2010, at 10:00 a.m. (local time) at the Steven J. Ross Theater, Warner Bros. Studios, 4000 Warner Boulevard, in Burbank, California. A map with directions to the meeting is provided on the last page of this Proxy Statement. If you are unable to attend the meeting in person, please listen to the audiocast live on the Internet at www.timewarner.com/annualmeetingmaterials.

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

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

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

Sincerely,

Jeffrey L. Bewkes

Chairman of the Board

and Chief Executive Officer

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

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting (the Annual Meeting) of Stockholders of Time Warner Inc. (the Company) will be held on Friday, May 21, 2010, at 10:00 a.m. (local time). The meeting will take place at:

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

The purposes of the meeting are:

1. To elect 12 directors for a term of one year and until their successors are duly elected and qualified;
2. To ratify the appointment of the firm of Ernst & Young LLP as independent auditors of the Company for 2010;
3. To approve the Time Warner Inc. 2010 Stock Incentive Plan;
4. To approve an amendment to the Company's By-Laws to provide that holders of at least 15% of the combined voting power of the Company's outstanding capital stock may request a special meeting of stockholders;
5. To consider and vote on the stockholder proposals described in the attached Proxy Statement, if properly presented at the Annual Meeting; and
6. To transact such other business as may properly come before the Annual Meeting.

The close of business on March 26, 2010, is the record date for determining stockholders entitled to vote at the Annual Meeting or any adjournments or postponements thereof. Only holders of the Company's common stock as of the record date are entitled to vote on the proposals described in this Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement.

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

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

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

Attend and vote at the Annual Meeting.

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

If you are planning to attend the Annual Meeting in person, because of security procedures, **you should register in advance to gain admission to the Annual Meeting**. You can register in advance by calling (877) 691-6135 by Wednesday, May 19, 2010. In addition to registering in advance, **you will be required to present government-issued photo identification** (e.g., driver's license or passport) to enter the Warner Bros. Studios on the day of the Annual Meeting. Inspection of packages and bags, among other measures, may be employed to enhance the security of those attending the Annual Meeting. These procedures may require additional time, so please plan accordingly. To avoid disruption, admission may be limited once the meeting begins.

TIME WARNER INC.

PAUL F. WASHINGTON

Corporate Secretary

April 5, 2010

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TIME WARNER INC.

One Time Warner Center

New York, NY 10019-8016

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Time Warner Inc., a Delaware corporation (Time Warner or the Company), for use at the Annual Meeting of the Company s stockholders (the Annual Meeting) to be held on Friday, May 21, 2010, at the Steven J. Ross Theater at Warner Bros. Studios, 4000 Warner Boulevard, in Burbank, California, commencing at 10:00 a.m., local time, and at any adjournment or postponement, for the purpose of considering and acting upon the matters set forth in the accompanying Notice of Annual Meeting of Stockholders and in this Proxy Statement. Stockholders attending the Annual Meeting in person should follow the directions provided on the last page of this Proxy Statement.

As permitted by rules adopted by the Securities and Exchange Commission (the SEC), we have elected to provide the majority of our stockholders with access to our proxy materials over the Internet rather than providing them in paper form. Accordingly, we will send a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials via the Internet, rather than a printed copy of the proxy materials, to most of our stockholders of record as of the close of business on March 26, 2010. We expect to mail the Notice of Internet Availability of Proxy Materials to stockholders entitled to vote at the Annual Meeting, as well as printed copies of the Proxy Statement and accompanying form of proxy to some stockholders, on or about April 7, 2010. For information about stockholders eligibility to vote at the Annual Meeting, shares outstanding on the record date and the ways to submit and revoke a proxy or voting instructions, please see Information About This Proxy Statement and the Annual Meeting in the following section of this Proxy Statement.

Annual Report

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

Recommendations of the Board of Directors

The Board of Directors recommends a vote **FOR** the election of the nominees for election as directors; **FOR** the ratification of the appointment of Ernst & Young LLP as independent auditors of the Company for 2010; **FOR** the approval of the Time Warner Inc. 2010 Stock Incentive Plan; **FOR** the amendment to the Company s By-Laws regarding special stockholder meetings; and **AGAINST** the stockholder proposals described in this Proxy Statement.

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

This Proxy Statement and the Company s 2009 Annual Report to Stockholders are available electronically at www.timewarner.com/annualmeetingmaterials.

Submitting Your Proxy

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

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If you received a paper copy of the proxy materials: If you are submitting your proxy by mail, please complete, sign and return the proxy card. In order to assure that your proxy is received in time to be voted at the Annual Meeting, the proxy card must be completed in accordance with the instructions on it and received prior to the Annual Meeting. If you are submitting your proxy by telephone, follow the Vote by telephone instructions on the Electronic Voting Instructions section of the proxy card delivered with the proxy materials. If you are submitting your proxy by Internet, follow the Vote by Internet instructions on the Electronic Voting Instructions section of the proxy card delivered with the proxy materials. In any case, in order to assure that your proxy is counted, you must submit it prior to 1:00 a.m., Central Time, on May 21, 2010. If your Time Warner Common Stock is held in street name, you should submit your voting instructions in accordance with the instructions on the voting instruction form as provided by the bank, brokerage firm or other nominee who holds Time Warner Common Stock on your behalf.

If you received a Notice of Internet Availability of Proxy Materials: Please submit your proxy or voting instructions via the Internet using the instructions included in the Notice of Internet Availability of Proxy Materials. If you would like to receive a printed copy of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials for requesting printed materials.

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

Why did I receive this Proxy Statement?

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

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

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

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

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

Who is entitled to vote?

Only holders of record of Common Stock at the close of business on March 26, 2010, the record date, are entitled to vote at the Annual Meeting.

How many votes do I have?

Every holder of Common Stock on the record date will be entitled to one vote per share on all matters properly presented at the Annual Meeting. On March 26, 2010, there were 1,144,997,229 shares of Common Stock outstanding and entitled to vote at the Annual Meeting.

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

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

To elect 12 directors for a term of one year and until their successors are duly elected and qualified.

To ratify the appointment of the firm of Ernst & Young LLP as independent auditors of the Company for 2010.

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

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

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

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

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

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How do I vote?

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

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

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

If you received a paper copy of the proxy materials:

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

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

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

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

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

What does it mean to vote by proxy?

All shares entitled to vote and represented by properly executed proxies received prior to the Annual Meeting, and not revoked, will be voted as instructed on those proxies. By submitting your proxy, you are authorizing the persons named in the form of proxy (Paul T. Cappuccio, Patricia Fili-Krushel and John K. Martin, Jr.) to vote your shares at the meeting in accordance with your instructions. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the form of proxy will have discretion to vote on those matters in accordance with their own judgment to the same extent you would be entitled to vote. They may also vote your shares to adjourn the Annual Meeting and will be

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authorized to vote your shares at any adjournments or postponements of the meeting. In accordance with the Company's By-laws, the Annual Meeting may be adjourned, including by the Chairman, in order to permit the solicitation of additional proxies. You may not appoint more than three persons to act as your proxy at the Annual Meeting.

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

If you are a stockholder of record and you (i) indicate when voting via the Internet or by telephone that you wish to vote as recommended by the Board or (ii) sign and return your proxy card without indicating your instructions for voting, your Common Stock will be voted FOR each of the Company proposals described as Proposals 1, 2, 3 and 4 in the Proxy Statement and AGAINST each of the stockholder proposals described as Proposals 5, 6 and 7 in the Proxy Statement.

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

If you hold an interest in the Time Warner Inc. Stock Fund under the Time Warner Savings Plan and do not provide Fidelity Management Trust Company, as Trustee, with specific voting instructions with respect to your proportionate interest in the Common Stock held in the Time Warner Inc. Stock Fund, your interest will be voted in the same proportion as other participants' interests in the Time Warner Savings Plan for which Fidelity has received voting instructions. If you hold interests attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan and the WCI Employee Stock Ownership Plan, your interests attributable to such accounts will not be voted.

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

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

Filing with the Corporate Secretary of the Company, at or before the taking of the vote at the Annual Meeting, a written notice of revocation or a duly executed new proxy, in either

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case dated later than the prior proxy relating to the same shares; or

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

The written notice of revocation or subsequent proxy should be delivered to Time Warner Inc., One Time Warner Center, New York, NY 10019-8016, Attention: Corporate Secretary, or hand delivered to the Corporate Secretary, before the taking of the vote at the Annual Meeting. To revoke a proxy previously submitted electronically through the Internet or by telephone, a stockholder may simply submit a new proxy at a later date before the taking of the vote at the Annual Meeting, in which case the later submitted proxy will be recorded and the earlier proxy will be revoked.

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

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials or set of proxy materials? It means you have multiple accounts at the transfer agent and/or with banks and stockbrokers. Please submit proxies or voting instructions for all of your Common Stock.

I share the same address with another Time Warner stockholder. Why has our household received only one Notice of Internet Availability of Proxy Materials or set of proxy materials? The SEC's rules permit us to deliver a single Notice of Internet Availability of Proxy Materials or a single set of proxy materials to one address shared by two or more of our stockholders. This practice, known as householding, is intended to reduce the Company's printing and postage costs. We have delivered only one Notice of Internet Availability of Proxy Materials or one set of proxy materials to stockholders who hold their shares through a bank, broker or other holder of record (i.e., street name holders) and share a single address, unless we received contrary instructions from any stockholder at that address.

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

What constitutes a quorum? The presence, in person or by proxy, of the holders of a majority of the Common Stock outstanding and entitled to vote

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

What vote is required in order to approve the proposals?

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

The affirmative vote of a majority of the votes duly cast by the holders of Common Stock with respect to each nominee is required for the election of that nominee as a director.

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

How are abstentions and broker non-votes counted?

Abstentions and broker non-votes are not included in the tabulation of the voting results on the election of directors or other issues requiring approval of a majority of the votes cast and, therefore, do not have the effect of votes in opposition. Abstentions and broker non-votes will, however, have the effect of a vote against any proposals requiring the affirmative vote of holders of a majority of the outstanding shares of Common Stock entitled to vote. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received voting instructions from the beneficial owner. Broker non-votes and the shares with respect to which a stockholder abstains are included in determining whether a quorum is present at the Annual Meeting.

Who will bear the cost of solicitation?

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

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CORPORATE GOVERNANCE AND BOARD MATTERS

Time Warner is committed to maintaining strong corporate governance practices that allocate rights and responsibilities among the Company's stockholders, the Board of Directors (the Board or the Board of Directors) and management in a manner that benefits the long-term interests of the Company's stockholders. Accordingly, the Company's corporate governance practices are designed not merely to satisfy regulatory requirements, but to provide for effective oversight and management of the Company.

During 2009 and early 2010, the Board has taken a number of steps to further enhance the Company's corporate governance practices. These changes were, to a large extent, the result of the Board's regular process of reviewing its corporate governance practices in light of proposed and adopted laws and regulations, the practices and experience of other leading companies, the recommendations of various corporate governance authorities, and discussions with and the expectations of the Company's stockholders. Recent changes in the Company's corporate governance practices include the following:

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

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

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

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

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

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

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

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

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

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

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

Board Size

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

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

Board Responsibilities

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

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

Board Meetings and Executive Sessions

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

The Company's Independent Directors have no material relationship with the Company, either directly or indirectly, and are independent within the meaning of the listing requirements of the NYSE and the Company's more rigorous independence standards. Independent Directors meet by themselves, without management or any non-independent directors present, at every regularly scheduled Board meeting. Any Independent Director may request additional executive sessions. These executive sessions are led by the Chair of the committee that has primary responsibility for the matter being discussed (*e.g.*, the Audit and Finance Committee Chair would lead a discussion of audit-related matters). When it is not apparent which committee has specific responsibility for the subject matter, the Lead Independent Director leads the discussion.

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During 2009, the Board of Directors met thirteen times. No incumbent director attended fewer than 75% of (i) the total number of meetings of the Board of Directors held during the period for which he or she served as a director or (ii) the total number of meetings of the committees held during the period for which he or she served as a committee member. The Company's directors are encouraged and expected to attend the annual meetings of the Company's stockholders. Each of the eleven directors nominated for election at the 2009 Annual Meeting of Stockholders attended that meeting.

Committees of the Board

The Board has three standing committees: the Audit and Finance Committee, the Nominating and Governance Committee and the Compensation and Human Development Committee. Each committee is composed entirely of Independent Directors. The Chair of each committee is elected by the Board and rotated periodically. Each committee holds regular executive sessions at which management is not present. Each committee is also authorized to retain its own outside counsel and other advisors as it desires. The charters for each standing committee are available on the Company's website at www.timewarner.com/governance.

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

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

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

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

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

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

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

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

Compensation Committee Interlocks and Insider Participation

Consistent with the Company's categorical standards for director independence and the charter of the Compensation and Human Development Committee, none of the Compensation and Human Development Committee members (i) has ever been an officer or employee of the Company or (ii) is or was a participant in a related person transaction in 2009. None of the Company's executive officers serves, or in 2009 served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or the Compensation and Human Development Committee.

Board Leadership

Policy on Determining the Leadership Structure of the Board of Directors. In January 2009, the Board adopted the Policy on Determining the Leadership Structure of the Board of Directors. Under this policy, the Nominating and Governance Committee is responsible for reviewing the leadership structure of the Board on at least an annual basis and at times of potential change in individuals holding Board leadership positions (e.g., retirement, resignation or renewal of employment agreements). As part of this review, the Committee evaluates (i) whether to have a Lead Independent Director, (ii) the responsibilities of the positions of Chairman of the Board and Lead Independent Director, and (iii) the qualifications for those positions, including whether the position of Chairman of the Board should be held by the Chief Executive Officer, an independent director, or a non-independent director other than the Chief Executive Officer. The Committee makes its recommendations to the full Board of Directors, which is responsible for approving the leadership structure of the Board. The policy sets forth the factors for the Committee and Board to consider in making the determinations. This policy is posted on the Company's website under Corporate Governance at www.timewarner.com/governance.

In January 2010, upon the recommendation of the Nominating and Governance Committee, the Board determined that the current structure, with one individual serving as Lead Independent Director and another serving as the Company's Chairman of the Board and Chief Executive Officer, is effective

