TIME WARNER INC.
Form DEFA14A
May 19, 2014

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

Filed by the Registrant x

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

x 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):

x No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Explanatory Note: As part of Time Warner Inc. s regular, ongoing engagement with shareholders, Time Warner is planning to have a number of in-person meetings with shareholders. The attached Proxy Statement Summary is intended to facilitate discussions at those meetings and presents information regarding the Company s businesses, performance, executive compensation programs, and governance practices taken from the Company s 2014 Proxy Statement.

2014 Proxy Statement Summary
May 2014

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Executive Summary
Clear Operating Strategy
Sound Corporate &
Compensation Governance
Practices
Use leading scale and brands to create the best content
Lead digital transition of our industry
Expand internationally in faster-growing territories
Focus on operating and capital efficiency
Compensation Program
Closely Aligned With
Performance
Significant emphasis on variable performance-based compensation (93% of total target pay for CEO)
Mix of performance measures across varying time horizons

Challenging financial and strategic goals set at the beginning of each performance period
Informed by shareholder perspectives; following long-standing practice of ongoing shareholder engagement, held conversations with shareholders representing > 40% of common stock in late 2013
93% of votes cast by shareholders in 2013 were in favor of named executive officer compensation
Focused Business Model
Sustained Strong Financial Performance
Global leader in media and entertainment with a focus on video content
Three ongoing operating divisions: Turner, HBO, and Warner Bros.
Time Inc. will be spun-off on June 6, 2014
Adjusted Operating Income 5-year compound annual growth rate of 9.5%; 2013 growth of 7.7% to a record $6.6B
Free Cash Flow grew 20% in 2013, to $3.5B
Adjusted EPS 5-year compound annual growth rate of 21.6%; 2013 growth of 16.4% to $3.77
3
Board s leadership structure and composition provide effective independent oversight
Committee follows strong governance practices to determine executive compensation

Overview of Our Businesses
4
Owns and operates leading cable television networks and related digital properties in the U.S. and internationally, including TBS, TNT, CNN, Cartoon Network, Adult Swim, truTV and Turner Sports
Turner accounted for 33% of the Company s total revenues in 2013
Operates leading premium pay television services HBO and Cinemax, in the U.S. and internationally
Home Box Office accounted for 17% of the Company s total revenues in 2013
Global leader in entertainment with businesses that produce and distribute feature films, television programming, home entertainment, comic books, and
videogames, and license characters and brands for consumer products

Warner Bros. accounted for 39% of the Company s total revenues in 2013
One of the largest magazine publishers based on readership and print advertising revenues; also operates related websites and operations
Time Inc. accounted for 11% of the Company s total revenues in 2013
The Company will spin off Time Inc. to its shareholders on June 6, 2014

Our Operating Strategy
2013 Highlights
Lead digital transition of
our industry
Use leading scale and
brands to create the
best content
Expand internationally
in faster-growing
territories
Turner
o
TBS #1 ad-supported cable network in primetime among adults 18-34 and adults 18-49

o
Adult Swim #2 among adults 18-34
o
TNT aired four of the top 15 original series on ad-supported cable
Home Box Office
o
More Primetime Emmy awards than any other network for the 12th year in a row
Warner Bros.
o
#1 at the worldwide box office, with films grossing over $5 billion in 2013
o
#1 producer of primetime broadcast series with > 60 series airing for the 2013-2014 season
Continued to lead the development of new digital services and business models, such as TV Everywhere (including HBO GO), UltraViolet, Disc-to-Digital and digital magazines
HBO
GO
active
users
grew
over
30%
and
average
monthly
usage
grew
at
a
double
digit
rate
Increased monetization of content through platforms such as subscription video on demand
Turner
launched
networks
in
Asia
and
Latin
America,
expanding
to
more
than
150
channels
in
over 200 countries
Home
Box

Office
launched
premium
services
in
Denmark,
Norway
and
India
and
purchased
its
partners
interests in HBO Asia, HBO South Asia and HBO Nordic
5

Sustained Strong Financial Performance*
Free Cash Flow ($B)
Return on Invested Capital
1-YR Growth: 7.7%
3-YR CAGR: 6.9%
Adjusted Operating Income ($B)
Adjusted EPS
1-YR Growth: 16.4%
3-YR CAGR: 15.8%
6
* See Annex A for definitions of non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures.
$4.2

$4.6
$5.4
$5.9
$6.1
$6.6
2008
2009
2010
2011
2012
2013
2008
2009
2010
2011
2012
2013
$1.42
$1.82
$2.43
$2.86
$3.24
$3.77
2009
2010
2011
2012
2013
$2.9
$2.7
$2.7
$2.9
$3.5
20%
19%
19%
2011
2012
2013

Commitment to Driving Shareholder Value
Direct Returns of Capital ($B)
Total Shareholder Return
7
~$19.7B in returns
since 2009
$2.1
$3.0
$5.6
$4.3
$4.8
2009
2010

2011
2012
2013
Share Repurchases
Dividends
48.6%
133.1%
282.3%
32.4%
56.8%
128.2%
1-YR
3-YR
5-YR
Time Warner
S&P 500

Compensation Mix Focused on Components that
Drive Performance
Chairman / CEO Pay
Pay for Other NEOs
93% Variable
81% Variable
8
7%
36%
57%
13%
19%
43%

25%
Base Salary
Target Annual Cash Bonus
Target Value of Performance Long-Term
Incentive Awards (PSUs & Stock Options)
Base Salary
Target Annual Cash Bonus
Target Value of Performance Long-Term
Incentive Awards (PSUs & Stock Options)
Target Value of Long-Term Incentive
Awards (RSUs)

Performance Measures and 2013 Results
Incentive
Component
Time
Horizon
Performance
Measure
How TWX & NEOs Performed
on the Performance Measures
2013 Outcome Linked to
Performance
Annual Cash
Bonus

1-year
Adj. Divisional Pre-Tax Income
70%
8% growth in 2013
145% financial
performance rating
(maximum
150%)
Free Cash Flow
20% growth in 2013
Annual progress on key long-term
strategic objectives
30%
Individual performance
achievements described on
pages 45-46 of the proxy
statement
Individual performance
ratings ranged from
130% to 140%
(maximum
150%)
PSUs with a
Performance
Period Ending
in 2013
3-year
TSR relative to the S&P 500
130.7% TSR (2011-2013)
91
percentile
of
the
S&P
500
182.2% payout for
2011-2013 PSUs
Stock Options
4-year
vesting
period
TWX common stock price
1-year increase
45.8%
3-year increase
116.7%
5-year increase
235.7%
Value realized
determined by long-

term stock price
performance
9
1
For PSUs, (1) TSR is calculated using the average closing price for the 30 trading days ending on the first and last days of the p
from
the
S&P
500
Index
during
the
performance
period
due
to
the
decline
of
such
companies
stock
price
below
the
minimum
market
capitalization
standard
only
if
their
stock
is
no
longer
traded
on
a
national
exchange
Multiple performance measures that are important to investors
Varying time horizons
1
1
st

More
Challenging
Financial
Goals
for
2013
*
2013 Adjusted Divisional Pre-Tax Income and Free Cash Flow goals for annual cash bonuses were significantly more challenging than for 2012
Higher growth required to achieve the same rating across entire range of outcomes
Adjusted Divisional Pre-Tax Income Growth
Required for 150% Rating
Free Cash Flow

Required for 150% Rating
10
*
See
Annex
A
for
definitions
of
non-GAAP
financial
measures
and
reconciliations
to
the
most
directly
comparable
GAAP
financial
measures.
6%
9%
2012
2013
$2,565
$3,195
2012
2013

CEO Pay

The Company entered into a new five-year employment agreement with Mr. Bewkes in 2012, effective January 1, 2013. Terms disclosed in the proxy statement filed last year

Structure of the agreement reflects input from shareholders

Increase in target compensation consisted only of long-term performance-based incentive opportunity

No increase in base salary or target bonus

No upfront grant of equity awards, and no further grants of time-vested RSUs

Removed exercise tax gross-up

Stock ownership requirement increased to 8x base salary (up from 5x)

2013 CEO compensation reflects the terms of the agreement

Mr. Bewkes

2013 Compensation

Base Salary
No change
Annual Cash Bonus
No change in target bonus
Financial criteria:
o
Committee approved a 145% financial performance rating
Individual performance:
o
Committee approved a 140% individual performance rating
Long-Term Incentive
Awards
Target annual value of long-term incentive awards increased
Awards entirely performance-based, with 50% of target value in PSUs and 50% in stock options
11

Best Practices in Compensation Governance
Regular engagement with shareholders, with input reflected in compensation plan design
Emphasis on variable compensation with multiple performance metrics
Substantial share ownership and retention requirements
Limited personal benefits
Limit on annual equity dilution
No gross-ups, including for change-in-control
Clawback policy
Use of independent compensation consultant
Annual compensation-related risk review and disclosure
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Sound Corporate Governance
Lead Independent Director
has robust authority, including authority over meeting agendas
Board Leadership Policy requires consideration of Board leadership at least annually, with disclosure to shareholders on factors reviewed (see 2014 report posted at *www.timewarner.com/leadership)*
Stephen Bollenbach has served as Lead Independent Director since
May 2012
Director
Qualifications:
The
Board
believes
that

the Company is best served by a board of directors consisting of individuals who have a variety of complementary skills, professional experience, and backgrounds, and who bring diverse viewpoints and perspectives to the Board

Board Independence:
All directors, other than the CEO, are independent and each Board committee consists solely of independent directors

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

Director Accountability:
Board is elected annually (no classified board) under a majority-vote standard

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

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

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Non-GAAP Financial Measures -
Definitions
A-1
Annex A

Adjusted Operating Income (Loss) is defined as Operating Income (Loss) excluding the impact of noncash impairments o goodwill, intangible and fixed assets; gains and losses on operating assets (other than deferred gains on sale-leasebacks); gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external co related to mergers, acquisitions or dispositions, as well as contingent consideration related to such transactions, to the extent su costs are expensed; and amounts related to securities litigation and government investigations.

Adjusted Divisional Pre-Tax Income is defined as Adjusted Operating Income plus Income (loss) from equity method investments.

Adjusted EPS is defined as Diluted Income per Common Share from Continuing Operations attributable to Time Warner I common shareholders excluding noncash impairments of goodwill, intangible and fixed assets and investments; gains and loss operating assets (other than deferred gains on sale-leasebacks), liabilities and investments; gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions, investments or dispositions, as well as contingent consideration related to such transactions, to the extent such cos are expensed; amounts related to securities litigation and government investigations; and amounts attributable to businesses classified as discontinued operations, as well as the impact of taxes and noncontrolling interests on the above items.

For periods ending on or after July 1, 2012, **Free Cash Flow** is defined as Cash Provided by Operations from Continuing Operations plus payments related to securities litigation and government investigations (net of any insurance recoveries), exter costs related to mergers, acquisitions, investments or dispositions, to the extent such costs are expensed, contingent considerati payments made in connection with acquisitions, and excess tax benefits from equity instruments, less capital expenditures, prin payments on capital leases and partnership distributions, if any. For periods ending prior to that date, Free Cash Flow is def Cash Provided by Operations from Continuing Operations plus payments related to securities litigation and government investigations (net of any insurance recoveries), external costs related to mergers, acquisitions, investments or dispositions, to t extent such costs are expensed, and excess tax benefits from equity instruments, less capital expenditures, principal payments c capital leases and partnership distributions, if any. A change to the definition of Free Cash Flow for periods prior to July 1, 201 adjust for contingent consideration payments made in connection with acquisitions would have had no impact on the reported I Cash Flow for such periods.

Year Ended December
31,
2013
2012
2011
2010
2009
2008
Adjusted Operating Income
$
6,599
$
6,126

$
5,864
$
5,400
$
4,618
$
4,193
Asset impairments
(140)
(186)
(44)
(20)
(85)
(7,213)
Gain (loss) on operating assets, net
142
9
7
70
(3ck; MARGIN-LEFT: 0pt; MARGIN-RIGHT: 0pt" align="right">9,595,695

Florida – 3.1%

Halifax Hospital Medical Center, Florida, Revenue Bonds, Series 2006, 5.375%, 6/01/46

JEA St. Johns River Power Park System, Florida, Revenue Bonds, 2012-Issue 2 Series 25,

4.000%, 10/01/14

Miami-Dade County, Florida, General Obligation Bonds, Build Better Communities Program, Series

2005, 5.000%, 7/01/24 – NPFG Insured

Volusia County, Florida, Tax Revenue Bonds, Tourist Development, Series 2004, 5.000%, 12/01/34

(Pre-refunded 12/01/14) – AGM Insured

Total Florida

Georgia – 0.5%

Franklin County Industrial Building Authority, Georgia,Revenue Bonds, Ty Cobb Regional Medical

Center Project, Series 2010, 8.125%, 12/01/45, (5)

Illinois – 10.4%

Board of Trustees of Southern Illinois University, Housing and Auxiliary Facilities System

Revenue Bonds, Series 1999A:

0.000%, 4/01/20 – NPFG Insured

0.000%, 4/01/23 – NPFG Insured

Chicago Board of Education, Illinois, General Obligation Bonds, Dedicated Revenues Series

2011A, 5.000%, 12/01/41

Illinois Finance Authority, Revenue Bonds, Loyola University of Chicago, Tender Option Bond

Trust 1137, 9.406%, 7/01/15 (IF)

Illinois Finance Authority, Revenue Bonds, Northwestern Memorial Hospital, Series 2004A,

5.500%, 8/15/43 (Pre-refunded 8/15/14)

Illinois Finance Authority, Revenue Bonds, Rehabilitation Institute of Chicago, Series 2013A,

6.000%, 7/01/43

Illinois Finance Authority, Revenue Bonds, Silver Cross Hospital and Medical Centers, Series

2009, 6.875%, 8/15/38

Illinois Finance Authority, Revenue Refunding Bonds, Silver Cross Hospital and Medical

Centers, Series 2008A, 5.500%, 8/15/30

Illinois State, General Obligation Bonds, Refunding Series 2012, 5.000%, 8/01/23

Kendall, Kane, and Will Counties Community Unit School District 308 Oswego,Illinois, General

Obligation Bonds, Series 2008, 0.000%, 2/01/24 – AGM Insured

Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion

Project, Series 1993A, 0.010%, 6/15/17 – FGIC Insured

Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion

Project, Series 2002A:

0.000%, 12/15/29 – NPFG Insured

0.000%, 6/15/30 – NPFG Insured

0.000%, 12/15/31 – NPFG Insured

0.000%, 12/15/36 – NPFG Insured

Schaumburg, Illinois, General Obligation Bonds, Series 2004B, 5.250%, 12/01/34 (Pre-refunded

12/01/14) – FGIC Insured (6)

University of Illinois, Health Services Facilities System Revenue Bonds, Series 2013,

6.000%, 10/01/42

Total Illinois

Indiana – 1.0%

Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds, Columbus

Regional Hospital, Series 1993, 7.000%, 8/15/15 – AGM Insured

Indiana Health Facility Financing Authority, Revenue Bonds, Community Foundation of Northwest

Indiana, Series 2007, 5.500%, 3/01/37

West Clark 2000 School Building Corporation, Clark County, Indiana, First Mortgage Bonds,

Series 2005, 5.000%, 7/15/22 – NPFG Insured

Total Indiana

Iowa – 2.5%

Iowa Finance Authority, Iowa, Midwestern Disaster Area Revenue Bonds, Iowa Fertilizer Company

Project, Series 2013, 5.000%, 12/01/19

Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C,

5.375%, 6/01/38

Iowa Tobacco Settlement Authority, Tobacco Asset-Backed Revenue Bonds, Series 2005B,

5.600%, 6/01/34

Total Iowa

Kansas – 0.2%

Lawrence, Kansas, Hospital Revenue Bonds, Lawrence Memorial Hospital, Refunding Series 2006,

4.875%, 7/01/36

Kentucky – 1.1%

Kentucky Economic Development Finance Authority, Hospital Revenue Bonds, Baptist Healthcare

System Obligated Group, Series 2011, 5.250%, 8/15/46

Massachusetts – 1.0%

Massachusetts Health and Educational Facilities Authority, Revenue Bonds, CareGroup Inc.,

Series 2008E-1 &2, 5.000%, 7/01/28

Massachusetts Housing Finance Agency, Housing Bonds, Series 2009F, 5.700%, 6/01/40

Total Massachusetts

Michigan – 3.8%

Detroit Water and Sewerage Department, Michigan, Sewage Disposal System Revenue Bonds,

Refunding Senior Lien Series 2012A, 5.250%, 7/01/39

Detroit, Michigan, Sewer Disposal System Revenue Bonds, Second Lien, Series 2001E, 5.750%,

7/01/31 – BHAC Insured

Detroit, Michigan, Sewer Disposal System Revenue Bonds, Second Lien, Series 2006B, 5.000%,

7/01/33 – FGIC Insured

Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 2004A, 4.500%,

7/01/25 – NPFG Insured

Wayne County Airport Authority, Michigan, Revenue Bonds, Detroit Metropolitan Wayne County

Airport, Series 2005, 5.000%, 12/01/34 – NPFG Insured (Alternative Minimum Tax)

Total Michigan

Missouri – 2.4%

Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Mass Transit Sales

Tax Appropriation Bonds, Refunding Combined Lien Series 2013A, 5.000%, 10/01/28

Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1:

0.000%, 4/15/23 – AMBAC Insured

0.000%, 4/15/30 – AMBAC Insured

Missouri Health and Educational Facilities Authority, Health Facilities Revenue Bonds,

CoxHealth, Series 2013A, 5.000%, 11/15/38

Total Missouri

Nevada – 2.4%

Clark County, Nevada, Airport Revenue Bonds, Tender Option Bond Trust Series 11823, 20.654%,

1/01/18 (IF)

Clark County, Nevada, Passenger Facility Charge Revenue Bonds, Las Vegas-McCarran

International Airport, Series 2010A, 5.250%, 7/01/42

Las Vegas Redevelopment Agency, Nevada, Tax Increment Revenue Bonds, Series 2009A,

8.000%, 6/15/30

Las Vegas Valley Water District, Nevada, General Obligation Bonds, Series 2005A, 5.000%,

6/01/18 – FGIC Insured

Total Nevada

New Jersey – 8.9%

New Jersey Economic Development Authority, Private Activity Bonds, The Goethals Bridge

Replacement Project, Series 2013, 5.125%, 1/01/39 – AGM Insured (Alternative Minimum Tax)

New Jersey Economic Development Authority, Revenue Bonds, Motor Vehicle Surcharge, Series

2004A, 5.250%, 7/01/33 – NPFG Insured

New Jersey Economic Development Authority, School Facilities Construction Financing Program

Bonds, Series 2009Z, 5.000%, 12/15/14 (ETM)

New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C,

0.000%, 12/15/34 – AGM Insured

Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds,

Series 2007-1A, 5.000%, 6/01/41

Total New Jersey

New Mexico – 2.0%

New Mexico Mortgage Finance Authority, Multifamily Housing Revenue Bonds, St Anthony, Series

2007A, 5.250%, 9/01/42 (Alternative Minimum Tax)

University of New Mexico, FHA-Insured Hospital Mortgage Revenue Bonds, University of Mexico

Hospital Project, Series 2004, 4.625%, 7/01/25 – AGM Insured

Total New Mexico

New York – 4.0%

Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Senior Fiscal 2012 Series

2011A, 5.250%, 2/15/47

Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 5.000%,

2/15/47 – FGIC Insured

Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 2004A,

5.000%, 9/01/34 – BHAC Insured

New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal

Series 2007B, 4.750%, 11/01/27

Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air

Terminal LLC Project, Eighth Series 2010, 6.000%, 12/01/42

Total New York

North Carolina – 0.5%

North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2008C,

6.750%, 1/01/24

Ohio – 2.7%

Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue

Bonds, Senior Lien, Series 2007A-2:

6.000%, 6/01/42

6.500%, 6/01/47

Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue

Bonds, Senior Lien, Series 2007A-3, 6.250%, 6/01/37

Ohio Department of Administrative Services, Certificates of Participation, Administrative

Knowledge System Project, Series 2005A, 5.250%, 9/01/14 – NPFG Insured

Ohio Turnpike Commission, Turnpike Revenue Bonds, Infrastructure Project, Junior Lien Series

2013A-1, 5.000%, 2/15/48

Total Ohio

Oklahoma – 0.4%

Norman Regional Hospital Authority, Oklahoma, Hospital Revenue Bonds, Series 2005,

5.375%, 9/01/36

Pennsylvania – 0.9%

Pennsylvania Turnpike Commission, Motor License Fund-Enhanced Subordinate Special Revenue

Bonds, Series 2010B, 0.000%, 12/01/30

Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Series 2004A, 5.500%, 12/01/31 –

AMBAC Insured

Total Pennsylvania

Puerto Rico – 1.6%

Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series

2009A, 6.000%, 8/01/42

Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A:

0.000%, 8/01/41 – NPFG Insured

0.000%, 8/01/43 – NPFG Insured

Total Puerto Rico

Rhode Island – 0.5%

Rhode Island Economic Development Corporation, Airport Revenue Bonds, Refunding Series 2005A,

4.625%, 7/01/26 – NPFG Insured (Alternative Minimum Tax)

South Carolina – 1.7%

Dorchester County School District 2, South Carolina, Installment Purchase Revenue Bonds,

GROWTH, Series 2004, 5.250%, 12/01/20 (Pre-refunded 12/01/14)

Piedmont Municipal Power Agency, South Carolina, Electric Revenue Refunding Bonds, Series

1991A, 6.500%, 1/01/15 – NPFG Insured

Total South Carolina

Texas – 11.0%

Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006D,

4.000%, 8/15/14

Central Texas Regional Mobility Authority, Revenue Bonds, Senior Lien Series 2005, 5.000%,

1/01/35 (Pre-refunded 1/01/15) – FGIC Insured

Central Texas Regional Mobility Authority, Revenue Bonds, Senior Lien Series 2011,

6.000%, 1/01/41

Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A,

7.125%, 9/01/34 (Pre-refunded 9/01/14) (WI/DD, Settling 7/01/14)

Grand Parkway Transportation Corporation, Texas, System Toll Revenue Bonds, First Tier Series

2013A, 5.500%, 4/01/53

Harris County-Houston Sports Authority, Texas, Revenue Bonds, Junior Lien Series 2001H,

0.000%, 11/15/30 – NPFG Insured

Harris County-Houston Sports Authority, Texas, Revenue Bonds, Third Lien Series 2004A-3,

0.000%, 11/15/35 – NPFG Insured

Harris County-Houston Sports Authority, Texas, Special Revenue Bonds, Refunding Senior Lien

Series 2001A, 0.000%, 11/15/38 – NPFG Insured

Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation

Bonds, Series 2007, 0.000%, 8/15/37

Love Field Airport Modernization Corporation, Texas, Special Facilities Revenue Bonds,

Southwest Airlines Company, Series 2010, 5.250%, 11/01/40

North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Capital Appreciation

Series 2008I, 0.000%, 1/01/43

Texas Municipal Gas Acquisition and Supply Corporation III, Gas Supply Revenue Bonds, Series

2012, 5.000%, 12/15/26

Wood County Central Hospital District, Texas, Revenue Bonds, East Texas Medical Center Quitman

Project, Series 2011, 6.000%, 11/01/41

Total Texas

Virginia – 4.4%

Fairfax County Economic Development Authority, Virginia, Residential Care Facilities Mortgage

Revenue Bonds, Goodwin House, Inc., Series 2007A, 5.125%, 10/01/42

Henrico County Economic Development Authority, Virginia, Residential Care Facility Revenue

Bonds, Westminster Canterbury of Richmond, Series 2006, 5.000%, 10/01/35

Metropolitan Washington Airports Authority, Virginia, Dulles Toll Road Second Senior Lien

Revenue Bonds, Dulles Metrorail Capital Appreciation, Series 2010B, 0.000%, 10/01/44

Route 460 Funding Corporation, Virginia, Toll Road Revenue Bonds, Series 2012A, 5.125%, 7/01/49

Stafford County Economic Development Authority, Virginia, Hospital Facilities Revenue Bonds,

MediCorp Health System, Series 2006, 5.250%, 6/15/37

Virginia Small Business Financing Authority, Senior Lien Revenue Bonds, Elizabeth River

Crossing, Opco LLC Project, Series 2012:

5.250%, 1/01/32 (Alternative Minimum Tax)

6.000%, 1/01/37 (Alternative Minimum Tax)

5.500%, 1/01/42 (Alternative Minimum Tax)

Virginia Small Business Financing Authority, Wellmont Health System Project Revenue Bonds,

Series 2007A, 5.250%, 9/01/37

Total Virginia

Washington – 2.1%

Washington Health Care Facilities Authority, Revenue Bonds, Fred Hutchinson Cancer Research

Center, Series 2011A, 5.625%, 1/01/35

Washington State, General Obligation Motor Vehicle Fuel Tax Bonds, Series 2008D,

5.000%, 1/01/33

Washington State, Motor Vehicle Fuel Tax General Obligation Bonds, Series 2003F, 0.000%,

12/01/27 – NPFG Insured

Total Washington

West Virginia – 0.9%

West Virginia Hospital Finance Authority, Hospital Revenue Bonds, West Virginia United Health

Project, Series 2006A, 4.500%, 6/01/26 – AMBAC Insured

West Virginia Hospital Finance Authority, Hospital Revenue Bonds, West Virginia United Health

System Obligated Group, Refunding and Improvement Series 2013A, 5.500%, 6/01/44

Total West Virginia

Wisconsin – 2.8%

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Mercy Alliance, Inc.,

Series 2012, 5.000%, 6/01/39

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan

Healthcare System, Series 2006A, 5.250%, 8/15/31

Wisconsin Public Power Incorporated System, Power Supply System Revenue Bonds, Series 2005A,

5.000%, 7/01/35 – AMBAC Insured

Wisconsin, General Obligation Refunding Bonds, Series 2003-3, 5.000%, 11/01/26

Total Wisconsin

Total Municipal Bonds (cost $216,129,665)

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
	CORPORATE BONDS –0.0%				
	Transportation –0.0%				
$ 201	Las Vegas Monorail Company, Senior Interest Bonds (5), (7)	5.500%	7/15/19	N/R	$ 36,264
56	Las Vegas Monorail Company, Senior Interest Bonds (5), (7)	3.000%	7/15/55	N/R	7,467
$ 257	Total Corporate Bonds (cost $15,398)				43,731
	Total Long-Term Investments (cost $216,145,063)				235,151,960
	Other Assets Less Liabilities – 4.1% (8)				10,161,662

Net Assets – 100%	$ 245,313,622

Investments in Derivatives as of June 30, 2014
Interest Rate Swaps outstanding:

Counterparty	Notional Amount	Fund Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate (Annualized)	Fixed Rate Payment Frequency	Effective Date (9)	Termination Date	Unrealized Appreciation (Depreciation) (8)
Barclays	$20,100,000	Receive	USD-BMA	2.728%	Quarterly	5/28/15	5/28/24	$(673,956)
JPMorgan	2,500,000	Receive	USD-BMA	3.230	Quarterly	6/01/15	6/01/35	(92,369)
	$22,600,000							$(766,325)

Fair Value Measurements

Fair value is defined as the price that would be received upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The following is a summary of the three-tiered hierarchy of valuation input levels.

Level 1 – Inputs are unadjusted and prices are determined using quoted prices in active markets for identical securities.

Level 2 – Prices are determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Prices are determined using significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risks associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of the end of the reporting period:

	Level 1	Level 2	Level 3	Total
Long-Term Investments:				
Municipal Bonds	$ —	$233,938,752	$1,169,477	$235,108,229
Corporate Bonds	—	—	43,731	43,731
Investments in Derivatives:				
Interest Rate Swaps*	—	(766,325)	—	(766,325)

Total	$ —	$233,172,427	$1,213,208	$234,385,635

* Represents net unrealized appreciation (depreciation).

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

As of June 30, 2014, the cost of investments (excluding investments in derivatives) was $214,935,550.

Gross unrealized appreciation and gross unrealized depreciation of investments (excluding investments in derivatives) as of June 30, 2014, were as follows:

Gross unrealized:	
Appreciation	$22,453,458
Depreciation	(2,237,048)
Net unrealized appreciation (depreciation) of investments	$20,216,410

(1) All percentages shown in the Portfolio of Investments are based on net assets.

(2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

(3) Ratings: Using the highest of Standard & Poor’s Group (“Standard & Poor's”), Moody’s Investors Service, Inc. (“Moody's”) or Fitch, Inc. (“Fitch”) rating. Ratings below BBB by Standard & Poor’s, Baa by Moody’s or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

(4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.

(5) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors/Trustees. For fair value measurement disclosure purposes, investment classified as Level 3.

(6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.

(7) During January 2010, Las Vegas Monorail Company (“Las Vegas Monorail”) filed for federal bankruptcy protection. During March 2012, Las Vegas Monorail emerged from federal bankruptcy with the acceptance of a reorganization plan assigned by the Federal Bankruptcy Court. Under the reorganization plan, the Fund surrendered its Las Vegas Monorail Project Revenue Bonds, First Tier, Series 2000 and in turn received two senior interest corporate bonds: the first with an annual coupon rate of 5.500% maturing on July 15, 2019 and the second with an annual coupon rate of 3.000% (5.500% after December 31, 2015) maturing on July 15, 2055. The Fund’s custodian is not accruing income on the Fund’s records for either senior interest

	corporate bond.
(8)	Other Assets Less Liabilities includes the Unrealized Appreciation (Depreciation) of derivative instruments as listed within Investments in Derivatives as of the end of the reporting period.
(9)	Effective date represents the date on which both the Fund and Counterparty commence interest payment accruals on each contract.
WI/DD	Investment, or portion of investment, purchased on a when-issued or delayed delivery basis.
(ETM)	Escrowed to maturity.
(IF)	Inverse floating rate investment.
USD-BMA	United States Dollar-Bond Market Association.

Item 2. Controls and Procedures.

a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Select Tax-Free Income Portfolio

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date: August 29, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date: August 29, 2014

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date: August 29, 2014