

TIME WARNER INC.
Form DEF 14A
April 08, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Time Warner Inc.

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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

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(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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April 8, 2013

Dear Fellow Stockholder:

You are cordially invited to attend Time Warner Inc.'s 2013 Annual Meeting of Stockholders. The meeting will be held on Thursday, May 23, 2013, at 10:00 a.m. (local time) at the Omni Hotel at CNN Center in Atlanta, Georgia. 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 webcast 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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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time Warner Inc.

One Time Warner Center

New York, NY 10019-8016

The Annual Meeting (the Annual Meeting) of Stockholders of Time Warner Inc. (the Company) will be held on Thursday, May 23, 2013, at 10:00 a.m. (local time). The meeting will take place at:

Omni Hotel at CNN Center

Grand Ballroom, M4 Level, North Tower

100 CNN Center

Atlanta, GA 30303

(see directions to the meeting and parking instructions on the last page)

The purposes of the meeting are:

1. To elect 11 directors named in the attached Proxy Statement for a term of one year and until their successors are duly elected and qualified;
2. To ratify the appointment of the firm Ernst & Young LLP as independent auditors of the Company for 2013;
3. To hold an annual advisory vote to approve named executive officer compensation;
4. To approve the Time Warner Inc. 2013 Stock Incentive Plan; and
5. To transact such other business as may properly come before the Annual Meeting.

The close of business on March 25, 2013, 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:

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;

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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; or

Attend and vote at the Annual Meeting.

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 revoking any previous proxy. 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 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 be admitted to the Annual Meeting**. You can register in advance by calling (855) 840-9414 by Monday, May 20, 2013. In addition to registering in advance, **you will be required to present government-issued photo identification** (e.g., driver's license or passport) to be admitted to 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 Annual Meeting begins.

TIME WARNER INC.

PAUL F. WASHINGTON

Corporate Secretary

April 8, 2013

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This summary highlights information contained in this Proxy Statement. You should read the entire Proxy Statement carefully before voting.

Annual Meeting of Stockholders

Date and Time	Thursday, May 23, 2013, at 10:00 a.m. (local time)
Place	Omni Hotel at CNN Center Grand Ballroom, M4 Level, North Tower 100 CNN Center Atlanta, GA 30303 (see directions to the meeting and parking instructions on the last page)
Record Date	March 25, 2013
Voting	Every holder of Time Warner common stock, par value \$0.01 per share (Common Stock), on the record date will be entitled to one vote per share on all matters properly presented at the Annual Meeting.

Matters to be Voted on at the Annual Meeting

Matter	Board Recommendation	Page Reference For More Information
Election of 11 directors for a term of one year and until their successors are duly elected and qualified James L. Barksdale William P. Barr Jeffrey L. Bewkes Stephen F. Bollenbach Robert C. Clark Mathias Döpfner	FOR each nominee	Pages 10 to 20
Ratification of the appointment of the firm Ernst & Young LLP as independent auditors for 2013	FOR	Page 21
Advisory vote to approve named executive officer compensation	FOR	Page 22
Approval of the Time Warner Inc. 2013 Stock Incentive Plan	FOR	Pages 23 to 31

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2012 Company Performance

2012 Financial Performance Highlights¹

Adjusted Diluted Net Income per Common Share (Adjusted EPS) grew 13.5% to a record \$3.28 for 2012 the fourth straight year of double-digit growth in Adjusted EPS. Diluted Income per Common Share increased from \$2.71 for 2011 to \$3.09 for 2012.

13.5% Growth

Adjusted Operating Income increased 4.5% from 2011, reaching a record \$6.1 billion. At the same time, Operating Income rose 1.9% from \$5.8 billion in 2011 to \$5.9 billion in 2012.

4.5% Growth

The Company delivered strong Free Cash Flow, increasing 8.6% from 2011, which was due in part to the growth in Adjusted Operating Income. In 2012, Cash Provided by Operations from Continuing Operations reached \$3.5 billion, up from \$3.4 billion in 2011.

8.6% Growth

¹ See Annex A to this Proxy Statement for definitions of the non-GAAP financial measures discussed in this summary (*i.e.*, Adjusted EPS, Adjusted Operating Income, Free Cash Flow and return on invested capital excluding the impact of certain purchase price adjustments) and a reconciliation of each such non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP.

² | Time Warner Inc. Notice of 2013 Annual Meeting of Stockholders and Proxy Statement

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The Company's one-year total stockholder return (TSR) was 35.8% compared to a weighted average TSR of 16.0% for the S&P 500 Index, and the price of the Company's Common Stock increased 32.3% during 2012. The Company also delivered a return on invested capital (excluding the impact of purchase price adjustments from a merger in 2001 and a significant corporate structure transaction in 2003) of 19% in 2012. See footnote 5 of the Reconciliation of Return on Invested Capital in Annex A for more information regarding the merger and the corporate structure transaction.

2012 Business Highlights Significant Progress on Key Long-Term Strategic Objectives

Increasing investments in content. In 2012, the Company continued to invest aggressively to create, acquire and distribute compelling content, which resulted in continued leadership in television ratings and box office performance, as well as critical acclaim.

Advancing the digital transition of its businesses with Content Everywhere strategy. In 2012, the Company continued to develop and accelerate digital business models, such as TV Everywhere, UltraViolet, Disc-to-Digital and tablet editions of magazines, and entered into multi-year licensing agreements with subscription video-on-demand services.

Expanding the Company's international businesses. During 2012, the Company continued to expand its international businesses, launching new networks and premium pay television services in Europe and Asia.

Improving the Company's operating and capital efficiency. The Company reduced total operating expenses in 2012 while continuing to invest aggressively in content, and returned \$4.3 billion to stockholders in the form of increased dividends and share repurchases. For additional information regarding the Company's 2012 business achievements, see page 50.

2012 Compensation

The Compensation and Human Development Committee (the Compensation Committee) is guided by its pay-for-performance philosophy and made compensation decisions regarding the Company's named executive officers (NEOs) that reflect the Company's strong 2012 financial performance and progress made on its key long-term strategic objectives under the effective leadership of the Company's executive officers. The 2012 total direct compensation of Jeffrey Bewkes, the Company's Chairman and CEO, was flat compared to the prior year reflecting the challenging bonus targets set for 2012. The components of Mr. Bewkes' compensation were:

Base salary: \$2.0 million, as set out in his employment agreement.

Performance-based cash bonus: The amount awarded to Mr. Bewkes (\$13.6 million) reflected both the Company's strong 2012 performance and the Compensation Committee's review of Mr. Bewkes' individual performance, in both cases against goals set at the beginning of the year.

Long-term incentive compensation: Mr. Bewkes was awarded performance stock units (PSUs), restricted stock units (RSUs) and stock options with an aggregate grant date fair value of \$9.9 million. The value that Mr. Bewkes will actually realize from these awards will be based on the extent to which the Company is able to deliver long-term financial results and stock price growth.

Additional information regarding the executive compensation program and 2012 compensation is discussed in the Compensation Discussion and Analysis section of this Proxy Statement, beginning on page 49.

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New Employment Agreement for Chairman & CEO

In 2012, in anticipation of the expiration of Mr. Bewkes' 2008 employment agreement on December 31, 2012, the Compensation Committee determined that it would be in the best interest of the Company to extend the term of Mr. Bewkes' employment and retain his leadership for an additional five years. This decision was driven by the Company's financial and operating performance since January 2008, when Mr. Bewkes became the CEO of the Company. **During this period and under Mr. Bewkes' leadership, the Company has delivered very strong financial results, developed, implemented and executed a new content-focused strategy and significantly increased stockholder returns.**

Financial Performance Highlights during Mr. Bewkes' Tenure as CEO

Adjusted EPS has increased at a compound annual growth rate (CAGR) of 15.6% since December 2007.

Adjusted Operating Income has increased at a CAGR of 7.0% since December 2007.

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The Company has delivered stockholder returns during the most recent one-, three- and five-year periods that significantly exceeded the weighted average TSR of the S&P 500 during the same periods.

The following table shows the Company's five-year TSR compared to the five-year TSR for the S&P 500 Index. The table assumes that \$100 was invested in the Company's Common Stock and the S&P 500 Index on December 31, 2007.

Business Highlights during Mr. Bewkes' Tenure as CEO

Under Mr. Bewkes' leadership, the Company has pursued a content-focused strategy designed to provide sustainable, attractive growth and returns for the Company's stockholders. During his tenure, the Company has made significant and consistent progress in executing this strategy, including:

Repositioning the Company to focus on the creation, packaging and distribution of compelling branded content globally. As part of this strategy, the Company successfully spun-off Time Warner Cable Inc. and AOL Inc. to stockholders in 2009. Narrowing the Company's focus provided better alignment among its divisions and allowed it to dedicate its resources to the accomplishment of its key long-term strategic objectives.

Creating compelling branded content. The Company significantly increased its investment in programming and production, which resulted in an expanded slate of original programming on the Company's networks and premium pay television services, the acquisition and extension of marquee sports programming and the development of record-breaking and award-winning film franchises. In particular, the increased programming investment strengthened the competitive position of the Company's networks and premium pay television services and laid the foundation for continued growth in subscription revenues in the coming years.

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Leading the development of new digital business models through its Content Everywhere strategy. The Company has led the industry in the development and adoption of new business models for the distribution of content that enable consumers to access content on any device and at any time. For example, Turner and HBO were instrumental in developing the technology and business rules to make TV Everywhere a success and were the first among their peers to widely offer these rights to their distribution partners. Likewise, Warner Bros. was a leading force behind the launch of UltraViolet, the new multiplatform standard for the home entertainment industry. In addition, Time Inc. was the first major publisher to offer subscribers to its U.S. magazines full access to those titles in print and on tablets.

Expanding international operations. The Company has executed an international strategy that has focused on achieving scale in industry segments and territories with attractive growth prospects, including in Latin America, Asia and Central and Eastern Europe. The successful execution of its strategy resulted in international revenue growth despite a stronger U.S. dollar. At the same time, the Company focused on rationalizing its networks' cost structure in territories where it does not have a scale position.

Managing capital to provide sustainable, attractive growth and stockholder returns. From 2008 through 2012, the Company generated strong Free Cash Flow, increased its quarterly dividend three times (in each of 2010, 2011 and 2012) and repurchased more than \$11 billion in Common Stock, returning an aggregate of \$16.2 billion to stockholders from 2008 to 2012.

Factors Considered by the Compensation Committee in Setting Compensation Level and Structure

The Compensation Committee's charter outlines the following factors for the Committee to take into consideration when determining compensation for the CEO.

Compensation previously provided to the CEO.

The Company's overall performance and stockholder return.

The achievement of specific performance objectives that the Committee establishes on an annual basis.

The value of compensation provided to individuals in similar positions at comparable companies (*i.e.*, one or more peer groups).

The measures taken by the Company to enhance its corporate compliance programs and to improve its systems of internal controls.

The views expressed by stockholders on executive compensation matters.

In determining the level and structure for Mr. Bewkes' compensation under his new employment agreement, the Compensation Committee considered all the factors specified in the Committee's charter and noted the following:

Prior Compensation Level. The target compensation level determined for Mr. Bewkes was driven by the amount of his compensation as of 2012, which had not been increased since 2010, and the Compensation Committee's desire to recognize the Company's very strong performance since Mr. Bewkes became CEO.

Peer Compensation Levels. While the Compensation Committee was mindful of the compensation provided to CEOs at comparable companies, it also recognized that some of the Company's entertainment industry peers are effectively controlled companies. Accordingly, and consistent with the Compensation Committee's practice, the Committee did not target an increase in Mr. Bewkes' compensation on a specific

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percentile of compensation for CEOs at the Company's entertainment industry peers.

Stockholder Alignment and Views. The Committee endeavored to provide a compensation structure that will provide effective incentives for Mr. Bewkes to continue to drive future long-term stockholder value and returns with a significant portion of his compensation tied to the Company's long-term financial and stock price performance. In addition, the Committee considered the views expressed by some of the Company's stockholders, including that (i) more of Mr. Bewkes' compensation should be focused on long-term performance, (ii) gross-ups to cover excise taxes are considered a poor pay practice, and (iii) large up-front equity award grants can create the potential for significant windfalls for executives.

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Following the Compensation Committee's evaluation, the Committee developed the terms of a new agreement that (i) provides Mr. Bewkes with a compensation increase in 2013 that the Committee believes is appropriate in light of his historical and expected future performance and (ii) is structured to reflect the views of the Company's stockholders and leading governance practices. The Company and Mr. Bewkes entered into a new five-year employment agreement in November 2012 that became effective January 1, 2013.

Key Employment Agreement Terms

Base salary and target annual bonus have not changed from 2010 levels.

Increase in target compensation consists entirely of increase in the target value of annual long-term incentives, with future long-term incentive awards consisting solely of stock options and PSUs (*i.e.*, no time-vested RSUs).

No up-front equity grant.

Eliminated excise tax gross-up upon a change in control of the Company.

Stockholder Engagement

The Company has long-standing practice of actively engaging with its stockholders on executive compensation and corporate governance matters, generally both before and after its annual meeting of stockholders. For example, before and after each of the 2011 and 2012 Annual Meetings of Stockholders, the Company spoke with stockholders representing 40-55% of the Company's outstanding Common Stock regarding their views on the advisory vote to approve NEO compensation and other compensation and governance matters.

At the 2011 Annual Meeting, 77.45% of the votes cast were in favor of the advisory vote to approve NEO compensation and, at the 2012 Annual Meeting, 79.32% were in favor of the advisory vote to approve NEO compensation. The Company placed a particular focus on seeking to speak with stockholders who voted against the proposals.

The discussions with stockholders have helped to inform the Compensation Committee's deliberations and decisions regarding (i) the changes to the performance measures for the PSUs implemented in January 2012; (ii) the new compensation structure for the Company's Chairman and CEO under the employment agreement entered into in November 2012, including an increased emphasis on long-term, performance-based compensation; and (iii) the 2013 Stock Incentive Plan being presented for stockholder approval at the 2013 Annual Meeting. For more information regarding the Company's engagement with its stockholders, see pages 54 to 55 in the Compensation Discussion and Analysis section.

Approval of the Time Warner Inc. 2013 Stock Incentive Plan

The Company is asking its stockholders to approve the Time Warner Inc. 2013 Stock Incentive Plan (the 2013 Plan). The purpose of the 2013 Plan is to aid the Company in recruiting and retaining employees, directors and advisors and to provide them with incentives that are aligned with the interests of the Company's stockholders through equity grants that increase in value when the price of the Common Stock increases.

The 2013 Plan will replace the Time Warner Inc. 2010 Stock Incentive Plan (the 2010 Plan), which is the Company's only active equity plan. If the 2013 Plan is approved by stockholders, the plan will become effective on May 23, 2013, and the Company will terminate the 2010 Plan in the third quarter of 2013. Any equity awards by the Company after May 23, 2013 will continue to be made under the 2010 Plan until it is terminated, and then awards will be made under the 2013 Plan. The Company expects to grant a limited number of awards under the 2010 Plan after May 23, 2013 and prior to its termination. The number of shares represented by awards made during this period will be treated by the Company as reducing the total number of shares available under the 2013 Plan.

The Board recommends that the Company's stockholders vote to approve the 2013 Plan for the following main reasons:

Stockholder approval of the 2013 Plan will enable the Company to grant awards using fewer shares. As of March 15, 2013, there were approximately 41.6 million shares available for equity grants out of the 70 million shares authorized under the 2010 Plan. However, of the shares available for equity grants, only approximately 13.1 million shares were available for grants of full-value awards (*i.e.*, RSUs and PSUs). In recent years, the Compensation

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Committee has decided to grant RSUs rather than stock options to employees who receive equity awards other than the Company's most senior executives. The Compensation Committee's decision to grant more RSUs and fewer options was based on a desire to continue providing market-competitive equity-based compensation and to use fewer shares.

Adoption of the 2013 Plan will not cause incremental dilution to stockholders. The number of shares authorized under the 2013 Plan is less than the number of shares currently available for grants of awards under the 2010 Plan, and the 2013 Plan has the same 1.5% annual cap on awards (as described below), so the adoption of the 2013 Plan by itself will not result in any incremental dilution to the Company's stockholders. Although the Company's share repurchase program increases the dilutive impact of equity awards by reducing the number of outstanding shares of Common Stock, the 1.5% annual cap on awards mitigates that consequence and, over time, the share repurchase program results in fewer shares being available for awards granted under the 2013 Plan during any given year. For information regarding the Company's share repurchases from 2010 through 2012 and current share repurchases authorization, see page 25.

The Company has been managing its burn rate and overhang diligently and effectively.

- i **Burn Rate.** The Company's burn rate has declined over the past three years, and its burn rate in 2012 was substantially less than the 2010 Plan's annual burn rate cap of 1.5% of the total outstanding Common Stock at December 31 of the preceding year, even as the number of outstanding shares has declined due to the Company's share repurchase program. The 2013 Plan will have the same 1.5% annual cap on awards, which limits the potential dilutive impact of the Company's share repurchases on awards granted under the 2013 Plan.
- i **Overhang.** As of March 15, 2013, the total number of the Company's outstanding equity awards (assuming a payout of PSUs at target), or overhang, was 62.7 million, which represents 6.7% of the Company's outstanding shares of Common Stock as of that date.

The key terms of the 2013 Plan were determined after the Company spoke with many of its institutional stockholders and reviewed the voting policies of the Company's large institutional stockholders and stockholder advisory firms.

- i When the Company spoke with stockholders representing over 40% of the outstanding Common Stock at the end of 2012 and early 2013 to discuss the potential terms of a new stock incentive plan, the stockholders expressed support for a new plan that would provide the Company with more flexibility to issue RSUs and PSUs. For more information regarding the Company's engagement with stockholders, see pages 54 to 55.

For more information regarding the terms of the 2013 Plan, see pages 23 to 31.

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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 (the Board or 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 Thursday, May 23, 2013, at the Omni Hotel at CNN Center in Atlanta, Georgia, commencing at 10:00 a.m., local time, and at any adjournment or postponement thereof, for the purpose of considering and acting on 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), the Company has elected to provide the majority of its stockholders with access to its proxy materials over the Internet rather than providing them in paper form. Accordingly, the Company will send a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials via the Internet to most of its stockholders of record as of the close of business on March 25, 2013. If you received a Notice of Internet Availability of Proxy Materials, you will not receive a printed copy of the proxy materials unless you request it by following the instructions in the notice for requesting printed materials. On or about April 8, 2013, the Company will begin mailing 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.

A copy of the Company's 2012 Annual Report to Stockholders has been sent simultaneously with this Proxy Statement or has been made available to all stockholders entitled to vote at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on Thursday, May 23, 2013:

This Proxy Statement and the Company's 2012 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.

If you received a Notice of Internet Availability of Proxy Materials: Please submit your proxy (if you are a registered holder) or voting instructions (if you hold your shares through a bank, brokerage firm or other nominee) via the Internet using the instructions included in the Notice of Internet Availability of Proxy Materials.

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 the pre-addressed reply envelope provided with the proxy materials. The proxy card must be completed in accordance with the instructions on it and received by the Company's transfer agent Computershare 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 the Internet, follow the Vote by Internet instructions on the Electronic Voting Instructions section of the proxy card delivered with the proxy materials. Whichever method you select, for your proxy to be counted, you must submit it prior to 1:00 a.m., Central Time, on May 23, 2013.

If your Time Warner common stock, par value \$0.01 per share (Common Stock), is held in street name and you received a paper copy of the proxy materials, you should submit your voting instructions in accordance with the instructions on the voting instruction form provided by the bank, brokerage firm or other nominee that holds the Common Stock on your behalf.

If you are planning to attend the Annual Meeting and wish to vote your shares in person, you will be given a ballot at the meeting. If your shares are held through a bank, brokerage firm or other nominee, you must obtain a legal proxy from the record holder of your shares to vote at the Annual Meeting.

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COMPANY PROPOSALS

PROPOSAL 1: Election of Directors

Director Nominees for 2013 Annual Meeting

The Board of Directors nominated for election at the Annual Meeting the slate of 11 nominees named below on the recommendation of the Nominating and Governance Committee of the Board of Directors (the Nominating Committee). Each of the nominees currently serves as a director of the Company and was elected by the stockholders at the Company's 2012 Annual Meeting of Stockholders.

The nominees for director at the 2013 Annual Meeting will be elected to serve for a one-year term until the next annual meeting of stockholders and until their successors have been duly elected and qualified or until their earlier death, resignation or retirement. If any director nominee is unable or unwilling to serve as a director at the time of the annual meeting of stockholders, the persons who are designated as proxies intend to vote, in their discretion, for such other persons, if any, as may be designated by the Board. As of the date of this Proxy Statement, the Board of Directors has no reason to believe that any of the nominees will be unable or unwilling to serve as a director if elected. The persons named in the proxy intend to vote such proxy for the election of each of the 11 nominees named below, unless the stockholder indicates on the proxy that the vote should be against any or all of the nominees.

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

Vote Required for Approval

Because the election of the Company's directors at the 2013 Annual Meeting is uncontested, a majority of the votes duly cast by the holders of Common Stock with respect to each director is required for the election of that director. If the election were contested, directors would be elected by a plurality of the votes cast. 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, then under New York Stock Exchange (NYSE) rules, the bank or broker will not have discretion to vote your shares, in which case your shares will not be voted with respect to the election of directors and will be counted as a broker non-vote.

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 will then consider the resignation offer and may either (i) accept the resignation offer or (ii) reject the resignation offer and seek to address the underlying cause(s) of the against votes. The Board is required to make its determination within 90 days following the certification of the stockholder vote and make a public announcement of its decision, including a statement regarding the reasons for its decision if the Board rejects the resignation offer.

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Background of Director Nominees for 2013 Annual Meeting

Set forth below is information regarding each of the 11 nominees, including their ages as of March 28, 2013, current and prior professional experience, tenure on the Company's Board, service on the boards of directors of other companies, and key skills and professional qualifications that the Board considered in concluding that the director nominees should serve on the Company's Board. To the extent that any of the director nominees previously served as a director of either the company then known as America Online, Inc. (Historic AOL) or the company then known as Time Warner Inc. (Historic TW) prior to the merger of Historic AOL and Historic TW on January 11, 2001, this prior service is described in the information set forth below.

James L. Barksdale

Age 70

Director since January 2001

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

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 Historic AOL); 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.

Public Company Directorships: Mr. Barksdale serves as a director of FedEx Corporation. During the past five years, Mr. Barksdale also served as a director of Sun Microsystems, Inc. (now Oracle Corporation). He served as a director of Historic AOL from March 1999 to January 2001.

Key Skills and Qualifications: Mr. Barksdale brings more than 25 years of 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 consumer-focused, technology-based companies, such as Netscape Communications Corp., McCaw Cellular Communications (now AT&T Wireless Services) and FedEx Corporation. Mr. Barksdale is also a former director of Sun Microsystems, Inc. (now Oracle Corporation).

Mr. Barksdale also brings financial experience to the Board, including through his role at Barksdale Management Corporation.

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William P. Barr

Age 62

Director since July 2009

Former Attorney General of the United States.

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.

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

Key Skills and Qualifications: Mr. Barr, who is Chair of the Company's Compensation Committee, brings significant leadership experience 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 senior management experience in major corporations as the former Executive Vice President and General Counsel of Verizon Communications Inc. and its predecessor, GTE Corporation. 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 or government relations matters. In addition, due to his service as General Counsel of Verizon Communications Inc. and GTE Corporation, Mr. Barr has knowledge of and experience in consumer-focused businesses with international operations in the communications field. As a director of Selected Funds, Mr. Barr has knowledge of and experience in finance and investments.

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Jeffrey L. Bewkes

Age 60

Director since January 2007

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

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.

Public Company Directorships: During the past five years, Mr. Bewkes served as a director of the Company's former subsidiaries, Time Warner Cable Inc. (from April 8, 2008 to March 12, 2009) and AOL Inc. (from November 17, 2009 to December 8, 2009).

Other Directorships: Mr. Bewkes is a member of the board of non-profit organizations, including Yale University and The Paley Center for Media.

Key Skills and Qualifications: Mr. Bewkes has 22 years of senior management experience serving as the Chief Executive Officer or in other senior executive positions at the Company and HBO. His more than 30 years of experience at the Company and its subsidiaries provide him with a unique in-depth knowledge of the Company's history and businesses, including its international operations, and the media and entertainment industry. His deep understanding of the Company's business operations and strategy, as well as 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 **Age 70** **Director since January 2001**
Former Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation.

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.

Public Company Directorships: Mr. Bollenbach serves as a director of KB Home, Macy's, Inc. and Mondelēz International, Inc. During the past five years, Mr. Bollenbach also served as a director of American International Group, Inc. He served as a director of Historic TW 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 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.

Robert C. Clark **Age 69** **Director since January 2004**
Distinguished Service Professor at Harvard University July 2003 to present.

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.

Public Company Directorships: Mr. Clark serves as a director of Omnicom Group, Inc.

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

Key Skills and Qualifications: Mr. Clark has substantial leadership experience from serving as Dean of Harvard Law School for 14 years. Mr. Clark's background includes extensive experience in corporate law, governance, finance and regulation, and his expertise and insights in these areas are useful to the Nominating Committee, which he chairs, as well as the rest of the Board. His service on the boards of directors of other companies provides him with experience in a number of industries. As a trustee of a large pension fund, Mr.

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Clark also brings his understanding of finance and investments, as well as the views of pension funds and other institutional investors.

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Mathias Döpfner

Age 50

Director since July 2006

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

Prior Professional Experience: Mr. Döpfner served as Head of the Newspapers Division (from November 2000 to December 2011) and the International Division (from January 2008 to December 2011) of Axel Springer AG; a member of Axel Springer's Executive Board and Head of the Multimedia Division from July 2000 to November 2001; Editor-in-Chief of Die Welt from 1998 to 2000; Editor-in-Chief of Hamburger Morgenpost from 1996 to 1998; and Editor-in-Chief of Wochenpost from 1994 to 1996.

Public Company Directorships: Mr. Döpfner serves as a supervisory board member of RHJ International SA.

Key Skills and Qualifications: Mr. Döpfner brings more than 11 years of leadership experience serving as Chairman and Chief Executive Officer of Axel Springer AG. Because Axel Springer's business largely consists of newspaper and magazine publishing and digital media, Mr. Döpfner has a deep understanding of the media industry, including publishing and online activities. 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.

Jessica P. Einhorn

Age 65

Director since May 2005

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

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.

Public Company Directorships: Ms. Einhorn serves as a director of BlackRock, Inc.

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

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Key Skills and Qualifications: Ms. Einhorn brings 10 years of leadership experience as a former Dean of the Paul H. Nitze School of Advanced International Studies (SAIS) at The Johns Hopkins University and more than 18 years of leadership experience 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. She also serves on the board of BlackRock, Inc. and the advisory board of The Rock Creek Group, a global alternative asset manager. She also previously served for six years as a director of Pitney Bowes Inc., which has international operations.

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Fred Hassan

Age 67

Director since October 2009

Partner at Warburg Pincus, a private equity firm January 2011 to present.

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.

Public Company Directorships: Mr. Hassan serves as the non-executive Chairman of the Board of Avon Products Inc. During the past five years, Mr. Hassan also served as a director of Schering-Plough Corporation (now part of Merck & Co., 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 and government relations. As a partner at Warburg Pincus, Mr. Hassan also brings his knowledge of finance and investments to the Board and the Audit and Finance Committee.

Kenneth J. Novack

Age 71

Director since January 2001

Former Partner of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC.

Prior Professional Experience: Mr. Novack served as Vice Chairman of the Company from January 2001 through December 2003; Vice Chairman of Historic AOL from 1998 to January 2001; and Of Counsel (from 1998 to 2001) and an attorney (from 1966 to 1998) at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC. Mr. Novack served on the law firm's executive committee from 1972 until his retirement in 1998.

Other Directorships: Mr. Novack serves in the noted capacities at the following privately held companies: a director of Appleton Partners, Inc. and Leerink Swann Holdings, LLC and an advisory board member of General Catalyst Partners. He served as a director of Historic AOL from January 2000 to January 2001.

Key Skills and Qualifications: Mr. Novack has held key leadership roles at the Company and at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC, a major law firm. With more than five years of experience serving as Vice Chairman of the Company or Historic AOL, he has an in-depth knowledge of the Company's businesses. In addition, Mr. Novack brings more than 30 years of legal, corporate governance and regulatory experience as a corporate attorney at Mintz, Levin. Mr. Novack also brings his experience in finance and investments through his service on the boards of privately held investment companies and experience practicing securities law for over 30 years.

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Paul D. Wachter

Age 56

Director since October 2010

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.

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 Directorships: 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) and a member of the board of managers of Beats Electronics, LLC.

Key Skills and Qualifications: Mr. Wachter brings 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's background includes roles as an investment banker focusing on the entertainment industry and a director of companies in the entertainment industry, including Content Partners LLC. Mr. Wachter also serves on the board of managers of Beats Electronics, LLC, which is a technology-based company that manufactures and distributes headphones and other sound-related products. Mr. Wachter also has experience in regulatory 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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Deborah C. Wright

Age 55

Director since May 2005

Chairman and Chief Executive Officer of Carver Bancorp, Inc. February 2005 to present. Carver Bancorp, Inc. is the holding company for Carver Federal Savings Bank, a federally chartered savings bank.

Prior Professional Experience: Ms. Wright served as 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 Planning Commission from 1992 to 1994; and a member of the New York City Housing Authority Board from 1990 to 1992.

Public Company Directorships: Ms. Wright serves as a director of Carver Bancorp, Inc. During the past five years, Ms. Wright also served as a director of Kraft Foods Inc.

Key Skills and Qualifications: Ms. Wright has extensive leadership experience through her more than 13 years of service as the Chairman and/or Chief Executive Officer of Carver Bancorp., Inc. and Carver Federal Savings Bank and approximately 9 years of leadership roles at non-profit organizations or governmental bodies. Ms. Wright brings financial expertise to the Board, which is important in her role as Chair of the Company's Audit and Finance Committee. Ms. Wright also brings 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 and government relations through her senior roles in government and non-profit organizations.

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Director Nomination Process

The Nominating Committee and the Board take into consideration many factors, including independence, in reviewing candidates to select as nominees for director. The Nominating Committee and the Board apply the same criteria to all candidates, whether the candidate is proposed by a stockholder or is identified through another source. There are a number of different ways in which an individual can be nominated for election to the Board of Directors.

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 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, the Nominating Committee may establish specific qualifications that it will seek in Board candidates. The Nominating Committee reports on the results of these assessments to the full Board of Directors.

In identifying new director candidates, the Nominating Committee seeks advice and the names of potential candidates from Committee members, other members of the Board, members of management, major stockholders, and other public and private sources. The Nominating Committee sometimes retains a search firm to assist it in these efforts.

The Nominating Committee also reviews the qualifications of incumbent candidates for re-nomination to the Board annually.

The Nominating Committee recommends a slate of candidates for the Board of Directors to submit for approval to the stockholders at the annual stockholders meeting. This slate may include both incumbent and new director nominees. In addition, the Nominating Committee may, pursuant to the By-laws, recommend that the Board elect new members of the Board who will serve until the next annual stockholders meeting.

Stockholder Nominations Submitted to the Nominating Committee. Stockholders may submit names of director candidates, including themselves, to the Nominating Committee for its consideration. The process for stockholders to use in submitting names of director candidates to the Nominating Committee is described below under "Other Procedural Matters" Procedures for Submitting Director Recommendations and Nominations.

Stockholder Nominations Submitted to Stockholders. Stockholders may submit nominations directly to the Company's stockholders. The Company's By-laws set forth the process that stockholders may use if they choose this method, which is described below under "Other Procedural Matters" Procedures for Submitting Director Recommendations and Nominations.

Criteria for Membership on the Board

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. The Nominating Committee and the Board consider these individual skills, professional experience and backgrounds in the broader context of the Board's overall composition, so that the Board collectively possesses the appropriate skills and experience to oversee the Company's business.

Criteria Applicable to All Directors. In addition to the Board possessing the appropriate combination of skills, professional experience, and diversity of backgrounds in light of the Company's current and expected future business needs, the Directors must also have certain qualities in common. Each director must possess certain personal qualities, including financial literacy and a demonstrated reputation for integrity, judgment, and business acumen, as well as high personal and professional ethics. In addition, each director must be at least 21 years of age at the commencement of service as a director and less than 72 years of age at the time of nomination.

Each director must also have the time and ability to make a constructive contribution to the Board, as well as a clear commitment to fulfilling the director's fiduciary duties and serving the interests of all the Company's stockholders. Each director must satisfy the requirements of antitrust laws, which limit service as an officer or director of the Company's significant competitors. In addition, to help ensure that directors have sufficient time to devote to their responsibilities

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as a member of Time Warner's Board, the Board has determined that directors should generally serve on no more than five other public company boards. Directors are also required to offer their resignation upon a significant change in their primary professional responsibilities, and, in such case, the Nominating Committee will make a recommendation to the Board as to whether to accept the offer of resignation.

Additional Criteria for New Directors. The Nominating Committee has identified the following additional criteria for new members of the Board in light of the Company's current and expected structure and business needs. The following criteria may further evolve over time depending on changes in the Board and the Company's business needs and environment:

Professional Experience. New candidates for the Board should have significant high-level leadership experience at a public corporation or other firm, in government or at a non-profit institution.

Diversity. Although the Company does not have a specific policy on diversity of the Board, the Company's Corporate Governance Policy requires the Nominating Committee and the Board to consider the Board's overall composition when considering director candidates, including whether the Board has an appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds in light of the Company's current and expected future business needs. In addition, as set forth in the Policy Statement Regarding Director Nominations, the Nominating Committee also believes that it is desirable for new candidates to contribute to the variety of viewpoints on the Board, which may be enhanced by a mix of different professional and personal backgrounds and experiences.

Independence. The Board and the Nominating Committee have established a policy that, unless otherwise determined by the Board, any newly nominated non-employee director must satisfy the applicable regulatory requirements to be an independent member of the Board, including the NYSE listing standards and the categorical standards for director independence set forth in the Company's Corporate Governance Policy. The Board must also determine that the nominee has no material relationship with the Company or its subsidiaries and that the director is free of any other relationship—whether with the Company or otherwise—that would interfere with his or her exercise of independent judgment.

Committee Eligibility. In addition to satisfying the independence requirements that apply to directors generally, the Nominating Committee believes that it would be desirable for new candidates for the Board to satisfy the requirements for serving on the Board's committees, as set forth in the charters for those committees and applicable regulations.

Director Experience. The Nominating Committee believes it would also be useful for candidates for the Board to have experience as a director of a major public corporation.

In light of the Company's current and expected business needs, the Board considered the following categories of business experience in evaluating the director candidates to be nominated for election to the Board of Directors:

Leadership and Senior Management: Experience serving as a founder, chief executive officer or a senior executive of a major corporation or firm (or a comparable position in government or the non-profit sector),

Media, Communications or Technology Businesses: Knowledge of and experience in media, communications and/or technology businesses,

Finance, Investments or Banking: Knowledge of and experience in finance, investments and/or banking,

Consumer-Focused Businesses: Knowledge of and experience in businesses with products or services that directly serve consumers,

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Legal, Regulatory and Government Relations: Legal, regulatory and/or government relations experience, and

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.

The qualifications and experience of the director nominees with respect to the foregoing categories are reflected in the description of the director nominees' backgrounds starting on page 11.

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PROPOSAL 2: Ratification of Appointment of Independent Auditors

The Audit and Finance Committee of the Board of Directors (the Audit Committee) has appointed Ernst & Young LLP as independent auditors of the Company to audit its consolidated financial statements for 2013, and the Board of Directors has determined that it would be desirable to request that the stockholders ratify such appointment. Representatives of Ernst & Young LLP 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 stockholders.

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

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 Ernst & Young LLP. However, stockholder approval is not required for the appointment of Ernst & Young LLP because the Audit Committee is responsible for selecting the Company's independent auditors. No determination has been made as to what action the Audit Committee or the Board of Directors would take if stockholders do not ratify the appointment. 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, then under NYSE rules, the bank or broker will have discretion to vote your shares.

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PROPOSAL 3: Annual Advisory Vote to Approve Named Executive Officer Compensation

The Company is asking stockholders to approve the following resolution at the Annual Meeting:

RESOLVED, that the Company's stockholders 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 2013 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narratives.

2012 was a successful year for Time Warner. The Company delivered strong financial results, including Adjusted EPS growth of 13.5% resulting in a record Adjusted EPS of \$3.28 for 2012, and made significant progress on achieving its key long-term strategic objectives. The Company's Common Stock price increased 32.3% during 2012, and its one-year TSR was 35.8% compared to a weighted average TSR of 16.0% for the S&P 500 Index. The Compensation Committee and the Board of Directors believe that the 2012 compensation for the NEOs appropriately reflects the Company's strong financial performance and the NEOs' individual performance against the goals that the Compensation Committee established at the beginning of 2012.

The pay-for-performance design of the executive compensation program and the Compensation Committee's determination of the 2012 compensation paid to the NEOs are described in the Compensation Discussion and Analysis section of this Proxy Statement beginning on page 49 and information regarding the Company's 2012 performance and the 2012 compensation for Mr. Bewkes, the Company's Chairman and CEO, are summarized in the Proxy Statement Summary beginning on page 1. Stockholders should read these sections before deciding how to vote on the proposal.

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. However, the vote on executive compensation is advisory and, therefore, not binding on the Company, the Board of Directors or the Compensation Committee. The Board of Directors and the Compensation Committee intend to take into account the outcome of the vote when making future executive compensation decisions. Unless a proxy is marked to give a different direction, the persons named in the proxy will vote FOR the approval of the compensation of the NEOs as disclosed in this Proxy Statement. 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, then under NYSE rules, the bank or broker will not have discretion to vote your shares, in which case your shares will not be voted on this proposal and will be counted as a broker non-vote.

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PROPOSAL 4: Approval of the Time Warner Inc. 2013 Stock Incentive Plan

General

The Company is asking its stockholders to approve the 2013 Plan, which will replace the 2010 Plan, the Company's only active equity plan. The purpose of the 2013 Plan is to aid the Company in recruiting and retaining employees, directors and advisors and to provide them with incentives that are aligned with the interests of the Company's stockholders through equity grants that increase in value when the price of the Common Stock increases. The 2013 Plan provides for the grant of awards to the Company's directors, employees and advisors in the United States and certain foreign jurisdictions.

The Compensation Committee recommended, and the Board of Directors has unanimously approved, adoption of the 2013 Plan. If the 2013 Plan is approved by stockholders, the plan will become effective on May 23, 2013, and the Company will terminate the 2010 Plan in the third quarter of 2013. Any equity awards granted by the Company after May 23, 2013 will continue to be made under the 2010 Plan until it is terminated, and then awards will be made under the 2013 Plan. The Company expects to grant a limited number of awards under the 2010 Plan after May 23, 2013 and prior to its termination. The number of shares represented by awards made during this period will be treated by the Company as reducing the total number of shares available under the 2013 Plan. The 2013 Plan will terminate on August 31, 2017, but awards granted prior to such date may extend beyond that date.

Stockholder approval of the 2013 Plan will also constitute approval of (i) the performance criteria for performance-based awards that are intended to be deductible by the Company under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code); (ii) the annual per-participant limits on the number of shares of Common Stock underlying awards that may be granted; and (iii) the classes of participants eligible to receive awards.

Why the Board is Seeking Approval of the 2013 Plan

As of March 15, 2013, there were approximately 41.6 million shares available for equity grants out of the 70 million shares authorized under the 2010 Plan. However, of the shares available for equity grants, only approximately 13.1 million shares were available for grants of full-value awards (*i.e.*, RSUs and PSUs). In recent years, the Compensation Committee has decided to grant RSUs rather than stock options to employees who receive equity awards other than the Company's most senior executives. The Compensation Committee's decision to grant more RSUs and fewer options was based on its desire to continue providing market-competitive equity-based compensation and to use fewer shares.

In setting the number of shares available under the 2013 Plan, the Compensation Committee and the Board considered (i) the shift in the mix of equity grants, (ii) the Company's equity dilution policy that currently sets an annual burn rate cap at 1.5% of the total outstanding Common Stock at December 31 of the preceding year, (iii) the historical amounts of equity awards granted under the 2010 Plan, and (iv) the number of shares currently available for grants under the 2010 Plan. In 2010, 2011, 2012 and through March 15, 2013, the Company granted equity awards (including target PSUs) representing approximately 15.7 million shares, 13.6 million shares, 10.3 million shares and 4.5 million shares, respectively. After taking into account these considerations, the Compensation Committee and Board believe that the 35 million shares authorized under the 2013 Plan should be sufficient to cover awards through August 31, 2017.

Table of Contents**Comparison of 2010 Plan and 2013 Plan**

The terms of the 2013 Plan are substantially similar to the terms of the 2010 Plan. The substantive changes from the 2010 Plan are as follows:

Key Differences Between the Plans	2010 Plan	2013 Plan
Authorized shares significantly fewer under the 2013 Plan.	70 million authorized shares.	35 million authorized shares.
Mix of awards higher percentage of grants in full-value awards under the 2013 Plan.	No more than 40% of authorized shares (<i>i.e.</i> , 28 million) issued as RSUs or other stock-based awards.	No more than 30 million shares (<i>i.e.</i> , approximately 86%) issued as RSUs or other stock-based awards.
Annual per-participant limit higher under the 2013 Plan due to increased long-term incentive target consisting of PSUs and options under new employment agreement with Mr. Bewkes.	Annual per-participant limit of 1.2 million shares of Common Stock and no more than 500,000 full-value awards per year per participant.	Annual per-participant limit of 2.5 million shares of Common Stock and no more than 1.0 million full-value awards per year per participant.
Vesting limits on full-value awards Reflecting competitive practices, the 2013 Plan allows restricted stock or RSUs to vest over three years.	RSU awards may not vest in less than three years.	Awards of restricted stock and RSUs generally will not fully vest until the completion of a vesting period of at least three years.

Reasons Why the Board Believes Stockholders Should Vote to Approve the 2013 Plan

Approval of the 2013 Plan will enable the Company to continue providing market-competitive equity-based compensation to employees while using fewer shares than the 2010 Plan. The primary goals of the Company's long-term incentive program are to (1) provide incentive compensation to key employees to help drive the Company's long-term performance and employee retention, (2) provide competitive overall compensation and (3) use equity awards in an efficient and cost-effective way, while being consistent with market practices and stockholder expectations. In keeping with these goals, the Compensation Committee has decided in recent years to grant RSUs rather than stock options to employees who receive equity awards other than the Company's most senior executives. Approval of the 2013 Plan will enable the Company to grant market-competitive awards and use fewer shares. The Company plans to continue to grant PSUs and options to its Chairman and CEO, a combination of options, RSUs and PSUs to its executive officers, and a combination of options and RSUs to its other most senior executives and to the non-employee directors.

Adoption of the 2013 Plan will not cause any incremental dilution to the Company's stockholders. As of March 15, 2013, there were approximately 41.6 million shares available for future grants under the 2010 Plan, which is more than the 35 million shares authorized for equity grants under the 2013 Plan. If the stockholders approve the 2013 Plan, the Company will terminate the 2010 Plan so that the 2013 Plan will be the only active equity plan. The Company expects to grant a limited number of awards under the 2010 Plan after May 23, 2013 and prior to its termination in the third quarter of 2013. The number of shares represented by awards made during this period will be treated by the Company as reducing the total number of shares available under the 2013 Plan. In addition, the 2013 Plan has the same 1.5% annual cap on awards (as described below) as the 2010 Plan. Thus, the adoption of the 2013 Plan by itself will not result in any incremental dilution to the Company's stockholders. The Company's share repurchase program increases the dilutive impact of equity awards granted under the 2013 Plan because the number of outstanding shares of Common Stock decreases. However, because of the annual cap on awards, which is based on the number of outstanding shares (as described below), over time, the share repurchase program results in fewer shares being available for awards granted during a year under the 2013 Plan.

Table of Contents**The Company has managed its burn rate and overhang diligently and effectively.**

- i The Compensation Committee maintains an equity dilution policy that currently sets an annual burn rate cap at 1.5% of the total outstanding Common Stock at December 31 of the preceding year, and the 2010 Plan provides for the same burn rate cap. The Company's burn rate has declined over the past three years and its burn rate in 2012 was substantially less than the 1.5% annual cap on awards, even as the number of outstanding shares has declined due to the Company's share repurchase program. The 2013 Plan has the same 1.5% annual cap on awards.

	2012	2011	2010
Burn Rate ⁽¹⁾	1.1%	1.2%	1.4%

(1) Assumes a payout of PSUs at target.

- i The Company has been actively repurchasing its Common Stock, consistent with the Company's strategy of returning capital to stockholders through share repurchases and increasing dividends. From 2010 through 2012, the Company repurchased more than 24% of its shares of Common Stock outstanding as of December 31, 2009. In January 2013, the Board of Directors authorized a total of \$4.0 billion of share repurchases beginning January 1, 2013. The burn rate cap under the equity dilution policy and the 2013 Plan will limit the potential dilutive impact of the Company's share repurchases on awards granted under the 2013 Plan.
- i Overhang measures the potential dilutive effect of outstanding equity awards. As of March 15, 2013, the total number of the Company's outstanding equity awards (assuming a payout of PSUs at target), or overhang, was 62.7 million, which represents 6.7% of the Company's outstanding shares of Common Stock as of that date.

The terms of the 2013 Plan reflect the Company's good corporate governance practices and focus on the best interests of the Company's stockholders.

- i Administered by the Compensation Committee, which is composed entirely of independent directors.
- i Reflects feedback received from many of the Company's largest stockholders:
 - i The approximately 4-year term of the 2013 Plan is consistent with the term of the 2010 Plan that was approved by stockholders and was determined following the Company's discussions with its stockholders.
 - i The other key terms of the 2013 Plan were determined after the Company spoke with stockholders representing over 40% of the outstanding Common Stock and reviewed the voting policies of the Company's large institutional stockholders and stockholder advisory firms.
 - i The stockholders expressed support for a new stock incentive plan that would provide the Company with more flexibility to grant RSUs and PSUs.

For additional information regarding the Company's engagement with stockholders regarding the 2013 Plan, see pages 54 to 55.

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- i 35 million authorized shares (representing approximately 3.7% of the Common Stock outstanding as of March 15, 2013) with no evergreen feature that would cause the number of authorized shares to automatically increase.

- i Annual cap on awards equal to 1.5% of the total outstanding Common Stock at December 31 of the preceding year. The burn rate cap for grants in 2013 is approximately 14.0 million shares.

- i Stock options:
 - j Exercise prices are 100% of fair market value of the Common Stock on the grant date or greater.

 - j Repricing and buyouts are prohibited without prior stockholder approval, except in connection with a stock dividend or split, reorganization, recapitalization, merger or a similar event at the Company or a change in control of the Company (as defined in the 2013 Plan).

- i Shares of Common Stock withheld from an award to pay taxes are not eligible for reissue.

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- i Stockholder approval is required for certain plan amendments, including any amendments that would increase the total number of authorized shares, the maximum number of shares of restricted stock or other stock-based awards that may be awarded, or the annual maximum per-participant limit.

The Compensation Committee's stock ownership and retention guidelines and its policy that at least 50% of the estimated fair value of full-value awards to the Company's executive officers be performance-based apply to awards granted under the 2013 Plan. For information about the current guidelines and policy, see page 66 in the Compensation Discussion and Analysis section of this Proxy Statement.

Outstanding Awards

In the Equity Compensation Plan Information section on page 32, the Company provides information as of December 31, 2012 about the number of shares of Common Stock that may be issued upon the exercise of outstanding options, RSUs and PSUs, the weighted-average exercise price of the outstanding options, and the number of securities that remain available for future issuance under the Company's equity plans. The information and table below supplements the information provided in the Equity Compensation Plan Information section.

The following table provides information about the Company's stock options outstanding at March 15, 2013:

	Options		Options		
	Outstanding Number	Outstanding as of 3/15/13	Exercisable Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price (\$) ⁽¹⁾	Weighted-Average Exercise Price (\$) ⁽¹⁾
Range of Exercise Prices	(thousands)	(thousands)			
Under \$20.00	5,296	5,295	5.55	15.32	15.32
\$20.01 to \$30.00	6,381	4,349	6.30	26.89	26.93
\$30.01 to \$40.00	29,591	22,163	3.66	35.56	35.20
\$40.01 and above	5,726	4,545	3.60	44.02	41.61
Total	46,994	36,352	4.24	33.13	32.12

(1) Includes options granted in February 2013 to the Company's employees, including the NEOs.

In addition to the outstanding stock options included in the table above, as of March 15, 2013, 15,187,480 RSUs and 522,439 target PSUs (which have a maximum payout of 200% of the target PSUs) were outstanding.

Description of the 2013 Plan

The description of the 2013 Plan set forth below is a summary and is qualified in its entirety by the provisions of the 2013 Plan. A copy of the 2013 Plan is attached as Annex B to this Proxy Statement.

General. The purpose of the 2013 Plan is to aid the Company in recruiting and retaining directors, employees and advisors and to provide them with stock-based incentives that are aligned with the interests of the Company's stockholders. If the 2013 Plan is approved, the Company intends to file a registration statement, pursuant to the Securities Act of 1933, as amended, on Form S-8 to register the offer and issuance of the shares authorized for grant under the 2013 Plan. As with the 2010 Plan, all employees of the Company and its affiliates will be eligible to receive awards under the 2013 Plan, but awards under the 2010 Plan in 2012 were generally limited to approximately 3,000 employees and non-employee directors of the Company (of whom there are currently 10). Although the 2013 Plan provides for the potential grant of equity awards to non-employee advisors, the Company has historically granted such awards under very limited circumstances and has not granted any awards to advisors since 2004.

Shares Subject to the Plan.

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Authorization. The total number of shares of Common Stock that may be issued under the 2013 Plan is 35 million, of which no more than 30 million may be issued in the form of restricted stock or other stock-based awards payable in shares of Common Stock.

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Annual Per-participant Limits. There is also an overall annual per-participant limit of 2.5 million shares of Common Stock and, subject to the overall annual limit, a participant may not be granted (i) options or stock appreciation rights representing more than 2.5 million shares of Common Stock, (ii) restricted stock representing more than 1.0 million shares of Common Stock or (iii) other stock-based awards (including RSUs and PSUs) representing more than 1.0 million shares of Common Stock.

For awards settled in cash, the maximum aggregate cash amount that may be paid to a participant in a calendar year is the fair market value of a share of Common Stock as of the relevant grant date multiplied by the maximum number of shares with respect to which awards may be granted during a calendar year to any participant.

Annual Cap on Awards. The maximum aggregate number of shares with respect to which awards may be granted in a calendar year is equal to 1.5% of the number of shares outstanding at December 31 of the preceding calendar year, net of any shares subject to awards (or portions thereof) that terminate or lapse without payment of consideration during the year.

Administration. The Compensation Committee administers the 2013 Plan and may delegate all or some of its duties and powers to a subcommittee consisting solely of at least two individuals who qualify as (i) independent directors under NYSE rules, (ii) non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and (iii) to the extent required by Section 162(m) of the Code, outside directors under that section.

In addition, to the extent permitted by the Delaware General Corporation Law, the Compensation Committee may delegate the authority to grant awards (other than grants to any individual who is subject to Section 16 of the Exchange Act) to any employee or group of employees, provided that the awards are consistent with the Committee guidelines. The Compensation Committee may establish or waive the terms and conditions of any award to any participant, except as otherwise provided in the 2013 Plan. The Compensation Committee is authorized to (i) interpret the 2013 Plan, (ii) establish, amend and rescind any rules and regulations relating to the 2013 Plan, and (iii) make any other determinations that it deems necessary or desirable for the administration of the 2013 Plan, and may delegate such authority, as it deems appropriate.

The number of shares available for issuance will be reduced by the full number of shares covered by awards, whether settled in cash or by the issuance of shares; provided, however, that the number of shares covered by awards (or portions thereof) that are forfeited or that otherwise terminate or lapse without the payment of consideration will again become available for issuance.

Limitations. No award may be granted after August 31, 2017. Awards granted prior to August 31, 2017 may extend beyond such date.

No Repricing or Buyouts. The 2013 Plan prohibits the repricing or buyouts of stock options or stock appreciation rights awarded without the approval of the Company's stockholders, except as permitted in connection with a stock dividend or split, reorganization, recapitalization, merger or a similar event at the Company or a change in control of the Company (as defined in the 2013 Plan).

Stock Options and Stock Appreciation Rights.

Options. Options granted under the 2013 Plan will become vested and exercisable at such times and upon such terms and conditions as may be determined by the Compensation Committee at the time of grant, but an option will not be exercisable more than 10 years after it is granted. Participants awarded stock options will not receive dividends or dividend equivalents or have any voting rights with respect to shares of Common Stock underlying the stock options.

The per share exercise price for any stock option awarded will not be less than 100% of the fair market value of a share of Common Stock on the grant date. To the extent permitted by the Compensation Committee, the exercise price of a stock option may be paid (i) in cash or in shares of Common Stock having a fair market value equal to the exercise price; (ii) partly in cash and partly in shares of Common Stock; or (iii) through the delivery of irrevocable instructions to a broker to sell shares of Common Stock obtained upon the exercise of the stock option and to deliver to the Company an amount out of the sale proceeds equal to the exercise price for the shares of Common Stock being purchased.

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Stock Appreciation Rights. The Compensation Committee may grant stock appreciation rights independent of or in connection with a stock option. Participants awarded stock appreciation rights will not receive dividends or dividend equivalents or have any voting rights with respect to shares of Common Stock covered by the stock appreciation rights.

The exercise price of a stock appreciation right will not be less than 100% of the fair market value of a share of Common Stock on the grant date. In addition, if a stock appreciation right is granted in conjunction with a stock option, the exercise price will not be less than the exercise price of the related stock option. A stock appreciation right will not be exercisable more than 10 years after it is granted.

If a stock appreciation right is granted independent of a stock option, the participant will receive upon exercise an amount equal to (i) the excess of (A) the fair market value on the exercise date of one share of Common Stock over (B) the exercise price, times (ii) the number of shares of Common Stock covered by the stock appreciation right. If a stock appreciation right is granted in conjunction with a stock option and the participant surrenders the unexercised stock option, the participant will receive (i) the excess of (A) the fair market value on the exercise date of one share of

Common Stock over (B) the exercise price per share, times (ii) the number of shares of Common Stock covered by the option or the portion thereof that is surrendered. Payment will be made in shares of Common Stock and/or cash (with any share of Common Stock valued at fair market value), as determined by the Compensation Committee.

Restricted Stock. If the Compensation Committee grants restricted stock awards to a participant, it will determine the award's terms and conditions, including the conditions, if any, under which the restricted stock may be forfeited to the Company.

Restricted stock awards that are subject solely to time-based vesting will fully vest only after a vesting period of at least three years from the grant date, subject to earlier vesting in whole or in part in the event of a change in control of the Company or the death, disability or other termination of the participant's service. The minimum vesting period requirement does not apply to restricted stock relating to shares equal to 5% of the total number of shares that may be issued under the 2013 Plan (the Unrestricted Pool). Restricted stock awards that are subject solely to time-based vesting and relate to shares in the Unrestricted Pool will be subject to vesting over such period as the Compensation Committee determines.

Dividends paid on any shares of restricted stock may be (i) paid directly to the participant, (ii) withheld by the Company until the shares of restricted stock have vested, or (iii) reinvested in additional shares of restricted stock, as determined by the Compensation Committee; provided that, for shares of restricted stock that are subject to performance-based vesting, dividends may be withheld and paid only with respect to those shares of restricted stock for which the Compensation Committee certifies the performance goal has been met and the shares vest. Certain restricted stock awards may be granted in a manner designed to make them deductible by the Company under Section 162(m) of the Code. These awards will be based on one or more of the performance criteria set forth below under Performance-Based Awards and will have a minimum performance period of one year.

Other Stock-Based Awards (Including RSUs and PSUs). The Compensation Committee may grant awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value of, the Common Stock, such as RSUs and PSUs. The Compensation Committee can determine the form of the stock-based awards and the applicable conditions for the delivery of the underlying shares, such as the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Stock-based awards settled in shares of Common Stock that are subject solely to time-based vesting (other than a stock-based award relating to shares in the Unrestricted Pool) will fully vest only after a vesting period of at least three years from the grant date, subject to earlier vesting in whole or in part in the event of a change in control of the Company or the death, disability or other termination of the participant's service. Stock-based awards settled in shares of Common Stock that are subject to vesting upon the attainment of performance objectives will have a minimum performance period of one year, and dividend equivalents for these awards may be accrued and paid only with respect to the shares for which the performance objective is certified by the Committee as having been achieved. Stock-based awards that are settled in shares of Common Stock that are subject solely to time-based vesting and relate to shares in the Unrestricted Pool will be subject to vesting over such period as the Compensation Committee determines.

Performance-Based Awards. Restricted stock awards and other stock-based awards may be granted in a manner that is intended to make them deductible by the Company under Section 162(m) of the Code. In order to be deductible, the

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awards must be subject to the attainment of written performance goals approved by the Compensation Committee for a performance period of not less than one year established by the Committee. The performance goals, which must be objective, will be based upon one or more of the following criteria: (i) operating income before depreciation and amortization (OIBDA), including adjusted OIBDA; (ii) operating income, including adjusted operating income; (iii) net income, including adjusted net income; (iv) earnings per share, including adjusted earnings per share; (v) return on stockholders' equity; (vi) revenues or sales; (vii) free cash flow; (viii) return on invested capital, including adjusted return on invested capital; (ix) TSR; (x) cash flow from operations; (xi) stock price; (xii) margins; (xiii) reduction in expenses; and (xiv) completion or progress on the achievement of significant transactions, acquisitions, divestitures and/or projects or processes. These goals may relate to the Company, one or more of its affiliates or one or more of its or their divisions or units and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, all as the Compensation Committee determines. In addition, to the extent consistent with Section 162(m) of the Code, the performance goals may be calculated with such adjustments as the Compensation Committee determines appropriate to exclude the effects of extraordinary, unusual or nonrecurring items to reflect other factors that the Committee deems appropriate.

Non-Employee Director Awards. Awards to non-employee directors will be made pursuant to formulas established by the Board in advance of the grant and may be made at the time a non-employee director first joins the Board and, thereafter, in annual grants at or following the annual meeting of stockholders.

Adjustments upon Certain Events. In the event of any stock dividend or split, reorganization, recapitalization, merger, consolidation, combination, spin-off, combination or exchange of shares or other corporate exchange, any distribution to stockholders of shares (other than regular cash dividends), or any transaction similar to the foregoing, the Compensation Committee may (subject to limitations due to Section 409A of the Code) adjust (i) the number or kind of shares of Common Stock or other securities issued or reserved for issuance pursuant to the 2013 Plan or outstanding awards; (ii) the maximum number of shares for which awards may be granted during a calendar year to any participant; (iii) the exercise price of any option or stock appreciation right; and/or (iv) any other affected terms of the awards.

In the event of a change in control of the Company, the Compensation Committee may (subject to limitations due to Section 409A of the Code): (i) accelerate, vest or cause the restrictions to lapse with respect to, all or any portion of an award; (ii) cancel awards for fair value; (iii) provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected awards previously granted, as determined by the Compensation Committee; or (iv) provide that for a period of at least 30 days prior to the change in control, outstanding stock options will be exercisable and that upon the occurrence of the change in control, such stock options will terminate.

Subject to the restrictions on repricing, the Compensation Committee may grant awards in assumption of, or in substitution for, outstanding awards previously granted by (i) the Company or any of its affiliates, (ii) an entity acquired by the Company or any of its affiliates, or (iii) an entity with which the Company or any of its affiliates combines. The number of shares underlying any substitute awards will be counted against the 2013 Plan's share limit, except that (a) substitute awards issued in assumption of, or in substitution for, outstanding awards previously granted by an entity that is acquired by the Company or any of its affiliates or with which the Company or any of its affiliates combines will not be counted against the share limit and (b) substitute awards issued in assumption of, or in substitution for, outstanding stock options intended to qualify for special tax treatment under Sections 421 and 422 of the Code that were previously granted by an entity that is acquired by the Company or any of its affiliates or with which the Company or any of its affiliates combines is counted against the maximum aggregate number of shares available for incentive stock options.

Transferability. Unless otherwise determined by the Compensation Committee, an award will not be transferrable or assignable by a participant except by will or pursuant to the laws of descent and distribution. An award exercisable after the death of a participant may be exercised by the participant's legatees, personal representatives and distributees.

Amendment and Termination. The Board of Directors or the Compensation Committee may amend, alter or discontinue the 2013 Plan, except that prior stockholder approval is required if the action would (i) increase the total number of shares of Common Stock reserved under the plan, (ii) increase the maximum number of shares of restricted stock or other stock-based awards that may be awarded, (iii) increase the maximum number of shares for which awards may

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be granted to any participant, (iv) permit repricing of options or stock appreciation rights (provided, however, that the Committee may amend the 2013 Plan in such manner as it deems necessary to permit the granting of awards meeting the requirements of the Code or other applicable laws), (v) otherwise be required to be approved by stockholders pursuant to applicable law or regulation, NYSE rules, or Section 162(m) of the Code, or (vi) to change the class of individuals eligible to receive incentive stock options. In addition, the Board of Directors or the Compensation Committee may not amend, alter or discontinue the 2013 Plan without the consent of a participant if the action would diminish any of the participant's rights under any award previously granted to the participant under the 2013 Plan.

International Participants. The Compensation Committee may amend the terms of the 2013 Plan or awards for participants who reside or work outside the United States and who are not (and are not expected to be) covered employees within the meaning of Section 162(m) of the Code to recognize differences in local law, tax policies or customs or to obtain more favorable tax treatment for the participants or the Company.

Awards under the 2013 Plan and Awards During 2012

No awards have been made under the 2013 Plan, and any awards granted in the future will be determined by the Compensation Committee. It is, therefore, not possible to predict the awards that will be made to particular individuals in the future. Stock options, RSUs and PSUs awarded to the NEOs in 2012 under the Company's 2010 Plan are set forth under Executive Compensation Grants of Plan-Based Awards Table.

Nonqualified stock options covering an aggregate of 668,517 shares of Common Stock were awarded during 2012 to the Company's current executive officers as a group (6 people) and approximately 4.1 million nonqualified stock options were awarded during 2012 to employees other than current executive officers.

RSUs representing an aggregate of 186,300 shares of Common Stock were awarded during 2012 to the Company's current executive officers as a group (6 people) and approximately 5.2 million RSUs were awarded during 2012 to employees other than current executive officers.

Target PSUs representing an aggregate of 173,786 shares of Common Stock were awarded during 2012 to the Company's current executive officers as a group (6 people) and no target PSUs were awarded during 2012 to any other employees.

Tax Status of 2013 Plan Awards

The following discussion of the U.S. federal income tax status of possible awards is based on current U.S. federal tax laws and regulations and is not a complete description of the U.S. federal income tax laws. Participants may also be subject to certain state and local taxes or may be subject to taxes imposed by countries other than the U.S., none of which are described below.

Nonqualified Stock Options. If a stock option is a nonqualified stock option, no income is realized by the participant at the time of grant, and no deduction is available to the Company at the time of grant. At the time of exercise (other than by delivery of shares of Common Stock to the Company), ordinary income is realized by the participant in an amount equal to the excess, if any, of the fair market value of the shares of Common Stock on the date of exercise over the exercise price, and the Company receives a tax deduction for the same amount. If a stock option is exercised by delivering Common Stock to the Company, a number of shares received by the participant equal to the number of shares delivered will be received free of tax and will have a tax basis and holding period equal to the shares delivered to the Company. The fair market value of additional shares of Common Stock received by the participant will be taxable to the participant as ordinary income, and the participant's tax basis in such shares will be their fair market value on the date of exercise. Upon disposition, any difference between the participant's tax basis in the shares of Common Stock and the amount realized on disposition of the shares will be treated as capital gain or loss.

Incentive Stock Options. No income is realized by the participant upon award or exercise of an incentive stock option, and no deduction is available to the Company at such times. If the Common Stock purchased upon the exercise of an incentive stock option is held by a participant for at least two years from the grant date and for at least one year after exercise, any resulting gain is taxed, upon disposition of the shares, at long-term capital gains rates. If the Common Stock purchased pursuant to the option is disposed of before the expiration of that period, any gain on the disposition, up to the difference between the fair market value of the Common Stock at the time of exercise and the exercise price,

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is taxed at ordinary rates as compensation paid to the participant, and the Company is entitled to a deduction for an equivalent amount. Any amount realized by the participant in excess of the fair market value of the stock at the time of exercise is taxed at capital gains rates.

Stock Appreciation Rights. No income is realized by the participant at the time a stock appreciation right is granted, and no deduction is available to the Company at such time. When the right is exercised, ordinary income is realized by the participant in the amount of the cash and/or the fair market value of the Common Stock received by the participant, and the Company is entitled to a deduction of equivalent value.

Restricted Stock and Other Stock-Based Awards. With respect to restricted stock, the Company receives a deduction and the participant recognizes taxable income equal to the fair market value of the restricted stock at the time the restrictions on the shares lapse, subject to Section 162(m) of the Code, unless the participant elects to recognize such income immediately by making an election under Section 83(b) of the Code not later than 30 days after the grant date. If the participant makes this election, both the Company's deduction and the participant's inclusion in income occur on the grant date. With respect to RSUs and PSUs, the Company receives a deduction and the participant recognizes taxable income equal to the fair market value of the RSUs or PSUs (as applicable) at the time the award vests and shares of Common Stock are issued, in each case, subject to Section 162(m) of the Code. Section 83(b) of the Code is not applicable to RSUs and PSUs.

Section 162(m). Section 162(m) of the Code, as interpreted by the Internal Revenue Service, generally disallows a tax deduction to public companies for compensation over \$1 million paid to the Chief Executive Officer and the three other most highly compensated executive officers in any taxable year of the Company (other than the Chief Financial Officer). Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. One requirement is stockholder approval of (i) the performance criteria upon which performance-based awards may be based, (ii) the annual per-participant limits on grants and (iii) the class of employees eligible to receive awards. In the case of restricted stock and performance-based awards, other requirements generally are that objective performance goals and the amounts payable upon achievement of the goals be established by a committee of at least two outside directors and that no discretion be retained to increase the amount payable under the awards. In the case of stock options and stock appreciation rights, other requirements are that the option or stock appreciation right be granted by a committee of at least two outside directors and that the exercise price of the stock option or stock appreciation right be not less than the fair market value of the Common Stock on the grant date.

Section 409A. Section 409A of the Code generally establishes rules that must be followed with respect to covered deferred compensation arrangements in order to avoid the imposition of an additional 20% tax (plus interest) on the service provider who is entitled to receive the deferred compensation. Certain awards that may be granted under the 2013 Plan may constitute deferred compensation within the meaning of and subject to Section 409A of the Code. It is intended that the provisions of the 2013 Plan comply with Section 409A of the Code, and all provisions of the 2013 Plan will be interpreted in a manner consistent with the requirements for avoiding taxes or penalties with respect to Section 409A of the Code. The Company reserves the right to make amendments to any award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties with respect to Section 409A of the Code. In any case, a participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the participant or for such participant's account in connection with an award (including with respect to Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold such participant harmless from any or all of such taxes or penalties.

Other Information

On March 15, 2013, the closing price of the Common Stock, as reported on the NYSE Composite Tape, was \$56.65 per share.

The Board of Directors believes that the Company's and stockholders' best interests will be served by the approval of the 2013 Plan and recommends a vote FOR the approval of the Time Warner Inc. 2013 Stock Incentive Plan.

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 the 2013 Plan.

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The following table summarizes information as of December 31, 2012 about the Company's outstanding equity compensation awards and shares of Common Stock reserved for future issuance under the Company's equity compensation plans.

Plan Category	Number of Securities	Weighted-Average	Number of Securities
	to be Issued Upon	Exercise	Remaining Available for Future Issuance
	Exercise of Outstanding	Price of Outstanding	Under Equity Compensation Plans
	Options, Warrants	Options, Warrants	(Excluding Securities Reflected in Column (a)) ⁽⁴⁾
	and Rights ⁽³⁾	and Rights ⁽³⁾	
	(a)	(b)	(c)
Equity compensation plans approved by security holders ⁽¹⁾	72,910,405	\$ 32.67	46,224,361
Equity compensation plans not approved by security holders ⁽²⁾	1,084,793	\$ 22.02	0
Total ⁽³⁾	73,995,198	\$ 32.46	46,224,361

(1) Equity compensation plans approved by security holders are the (i) Time Warner Inc. 2010 Stock Incentive Plan (will expire on August 15, 2014), (ii) Time Warner Inc. 2006 Stock Incentive Plan (terminated effective September 16, 2010), (iii) Time Warner Inc. 2003 Stock Incentive Plan (expired on May 16, 2008), (iv) Time Warner Inc. 1999 Stock Plan (expired on October 28, 2009) and (v) Time Warner Inc. 1988 Restricted Stock and Restricted Stock Unit Plan for Non-Employee Directors (expired on May 19, 2009). The Time Warner Inc. 1999 Stock Plan and the Time Warner Inc. 1988 Restricted Stock and Restricted Stock Unit Plan for Non-Employee Directors were approved in 1999 by the stockholders of Historic AOL and Historic TW, respectively, and were assumed by the Company in connection with the merger of Historic AOL with Historic TW, which was approved by the stockholders of both Historic AOL and Historic TW on June 23, 2000.

(2) The AOL Time Warner Inc. 1994 Stock Option Plan (expired on November 18, 2003) (the 1994 Plan) is the only equity compensation plan not approved by security holders.

(3) Column (a) includes 16,717,266 shares of Common Stock underlying outstanding RSUs and 1,274,820 shares of Common Stock underlying outstanding PSUs, assuming a maximum payout of 200% of the target number of PSUs at the end of the applicable performance period. Because there is no exercise price associated with RSUs or PSUs, these stock awards are not included in the weighted-average exercise price calculation presented in column (b).

(4) Of the shares available for future issuance under the Time Warner Inc. 2010 Stock Incentive Plan, a maximum of 17,124,181 shares may be issued in connection with awards of restricted stock, RSUs or PSUs as of December 31, 2012.

The 1994 Plan was assumed by the Company in connection with the merger of Historic AOL with Historic TW. Prior to the expiration of the 1994 Plan on November 18, 2003, nonqualified stock options and related stock appreciation rights could be granted under the plan to employees (other than executive officers) of and consultants and advisors to the Company and certain of its subsidiaries. Only stock options are currently outstanding under the 1994 Plan. Under the 1994 Plan, the exercise price of a stock option may not be less than the fair market value of the Common Stock on the date of grant. The definition of fair market value was amended effective October 1, 2008 to mean the closing sale price of shares of Common Stock as reported on the NYSE Composite Tape (rather than the average of the high and low sales prices of the Common Stock on the NYSE). The change did not affect the exercise price of outstanding stock options under the 1994 Plan, but the new definition is used to calculate the gain realized upon the exercise of stock options issued under the plan. The outstanding stock options under the 1994 Plan generally became exercisable in installments of one-quarter on each of the first four anniversaries of the date of grant, subject to earlier vesting upon termination of employment due to death, disability or retirement, and expire 10 years from the grant date. Holders of stock options awarded under the 1994 Plan do not receive dividends or dividend equivalents on the stock options.

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Time Warner is committed to maintaining strong corporate governance practices that allocate rights and responsibilities among the Company's stockholders, Board of Directors and management in a manner that benefits the long-term interests of the Company's stockholders. The Board regularly reviews and updates 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 the Company's stockholders. The Company has a long-standing practice of engaging with stockholders on corporate governance matters and responding to their views.

Corporate Governance Documents

The Company has a corporate governance webpage at www.timewarner.com/governance. The Company's By-laws, the Corporate Governance Policy, the charters of the Board's three standing committees, the Company's codes of conduct, the Policy and Procedures Governing Related Person Transactions, the Policy on Determining the Leadership Structure of the Board of Directors, the Policy Statement Regarding Director Nominations and the most recent Report on Determination of Current Board Leadership Structure are available on the Company's corporate governance webpage. These documents are also available in print to any stockholder 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.

The Corporate Governance Policy describes the principles and practices that guide the Board of Directors in carrying out its duties, including its size and composition, the categorical standards used in analyzing director independence, the criteria and process used in selecting directors, leadership structure, term, compensation and stock ownership, responsibilities, communications with stockholders, meetings, committees, and education and orientation programs. As part of its annual review of governance documents earlier this year, the Board of Directors approved changes to its Corporate Governance Policy and committee charters, including an update to the Compensation Committee's charter to include the Committee's duty to assess the independence of its advisers pursuant to NYSE rules.

Board Responsibilities and Oversight of Risk

The Board's primary responsibility is to seek to maximize long-term stockholder value. The Board selects senior management of the Company, monitors the performance of management and the Company, 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. The Board also reviews and approves transactions pursuant to guidelines that the Board has adopted and reviews from time to time. In addition, the Board reviews and approves the leadership structure of the Board at least annually. In fulfilling the Board's responsibilities, directors have full access to the Company's management, internal and external auditors, and outside advisors.

The Board 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, 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 Committee reviews a report from management at least annually on the risks the Company faces, management's actions to address those risks, and the Company's risk management and mitigation processes. The report is also provided to the Board. In addition, the Compensation Committee oversees risks related to the Company's compensation programs and policies and reviews at least annually management's report on such risks. See "Compensation Programs and Risk Management" on page 68.

Independent Directors

The Board undertook its annual review of director independence in March 2013 applying the listing standards of the NYSE, the Company's By-laws and the categorical standards for director independence adopted by the Board and set forth in the Company's Corporate Governance Policy. The categorical standards establish guidelines as to 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. The Board must also determine that the director has no material relationship with the Company or its subsidiaries and that the director is free of any other relationship—whether with the Company or otherwise—that would interfere with his or her exercise of independent judgment.

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As a result of 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.

Each member of the Audit Committee, Compensation Committee, and Nominating Committee satisfies the respective standards of independence applicable to such committees. The Board previously determined in March 2012 that each of Frank J. Caufield and Michael A. Miles, former directors who served during part of 2012 but did not stand for re-election at the Company's 2012 Annual Meeting of Stockholders, was independent during his service as a director during 2012.

In determining the independence of each current director other than Mr. Bewkes, the Board considered the transactions described below, which it determined were immaterial to the directors' independence.

Business Transactions: Under the NYSE listing standards, a director may not be considered independent if he or she is an employee (or if a member of the director's immediate family is an executive officer) of another entity that, during any one of the last three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of \$1.0 million or 2% of the other entity's annual consolidated gross revenues. Under the Board's categorical standards for director independence, transactions in the ordinary course between the Company and another entity with which a director or a member of a director's family is affiliated shall generally be deemed not to create a material relationship unless they occurred within the last three years and (i) 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 (ii) such transactions represent (A) more than 5% of the Company's consolidated gross revenues for the prior fiscal year or (B) more than \$250,000 and 2% of the other entity's gross revenues for the prior fiscal year. **The Company did not have any transactions that were outside the ordinary course of business or that surpassed the numerical thresholds contained in the Company's categorical standards for director independence, other than the transaction discussed below.**

Although none of the following transactions raised any independence issues, the Board also considered that the Company and its subsidiaries in the ordinary course of business have:

- received advertising revenues from Harvard University (where Mr. Clark is a Distinguished Service Professor) that in 2012 were less than the thresholds described above and less than 0.01% of the Company's total revenues in 2012; and
- purchased products or services (license rights, content, advertising and promotional fees) from Axel Springer AG (where Mr. Döpfner serves as Chairman and CEO) or its subsidiaries that in 2012 were less than the thresholds described above and less than 0.02% of Axel Springer AG's total 2011 revenues.

The Board also considered that the Time Warner Foundation Inc., a non-profit corporation, holds one certificate of deposit for approximately \$309,000 at Carver Federal Savings Bank (where Ms. Wright serves as Chairman and Chief Executive Officer), which was approximately 0.06% of Carver Federal Savings Bank's total deposits as of December 31, 2012 and earned a market rate of interest during 2012.

The Board also considered that in January 2013, CNN Films entered into an ordinary course transaction with a production company controlled by Mr. Novack's son-in-law, Andrew Rossi, pursuant to which CNN Films agreed to pay \$864,000 to the production company to produce a documentary examining the historic transformation underway in higher education as told through the stories of students, educators, and administrators. CNN Films is a production and acquisition unit of Turner Broadcasting System, Inc. (Turner), a subsidiary of the Company, and Mr. Rossi is an established filmmaker. This transaction satisfies the bright-line criteria for director independence under the NYSE listing standards. However, under the Company's stricter categorical standards, because the payment will exceed \$250,000 and 2% of the production company's gross revenues, the Board was required to determine whether a material relationship exists with the Company that would affect Mr. Novack's independence. After reviewing the transaction, the Board concluded that the transaction does not impair Mr. Novack's independence because, among other things: (i) the transaction occurred on an arm's length basis in the ordinary

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course of business of CNN Films; (ii) Mr. Novack was not involved in the negotiations related to the transaction, nor did he have any knowledge of the transaction until after it had been entered into by the parties; (iii) Mr. Novack has no direct or indirect interest in the transaction or the production company; (iv) the transaction amount is not material relative to CNN's or Turner's annual programming expenses; and (v) CNN Films decision to enter into the transaction was made independently of Time Warner's Board of Directors or Time Warner's management.

The Board in reviewing the independence of the directors was also advised that Mr. Novack has been a retired partner of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC (Mintz, Levin) since 1998. As a retired partner, Mr. Novack does not practice law or have a direct or indirect financial interest in the legal services provided by Mintz, Levin to the Company, which are unrelated to Mr. Novack's service on the Board or to matters involving the Board.

Charitable Contributions: Under the NYSE listing standards, any contributions by the Company in a fiscal year to a tax-exempt organization where an independent director serves as an executive officer that exceeds the greater of \$1 million or 2% of the organization's gross revenues must be disclosed. Under the Board's 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 shall generally be deemed not to create a material relationship with the Company that would affect a director's independence, unless they occurred within the last three years and (i) were inconsistent with the Company's philanthropic practices; or (ii) were provided to an organization where the director or director's spouse is an executive officer or director and the Company's contributions for the most recently completed fiscal year represent more than (a) the greater of \$100,000 or 10% of that organization's annual gross revenues for organizations with gross revenues up to \$10.0 million per year or (b) the greater of \$1.0 million or 2% of that organization's annual gross revenues for organizations with gross revenues of more than \$10.0 million per year; or (iii) the aggregate amount of the Company's contributions to the organizations where a director or director's spouse is an executive officer or director is more than the greater of \$1.0 million or 2% of all such organizations' annual gross revenues.

The largest contribution by the Company in 2012 to a non-profit entity affiliated with a non-employee director or spouse was approximately \$350,000, including Company matching contributions for employee contributions, to the University of California and its campuses at which a director serves on the Board of Regents. **No charitable contributions by the Company raised any independence issues.**

Board Leadership

Policy on Determining the Leadership Structure of the Board of Directors. Under the Company's Policy on Determining the Leadership Structure of the Board of Directors, the Nominating Committee is responsible for reviewing the leadership structure of the Board at least annually and at times of potential change in individuals holding Board leadership positions (e.g., retirement, resignation, or renewal of the Chairman and CEO's employment agreement). As part of this review, the Nominating 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 CEO, an independent director, or a non-independent director other than the CEO (if any). The Nominating Committee makes its recommendations to the full Board, which is responsible for approving the leadership structure of the Board. The policy sets forth the factors the Nominating Committee and Board consider in making the determinations.

In January 2013, upon the recommendation of the Nominating Committee, the Board determined that the current structure, with one individual serving as Lead Independent Director and another serving as the Company's Chairman and CEO, is effective and appropriate. The report on the Board's determination of its leadership structure is posted on the Company's corporate governance webpage at www.timewarner.com/governance. As set forth in this report, the Board believes that having a single individual serve as both Chairman and CEO is effective and appropriate and provides clear governance, leadership and accountability as the Company executes its strategy as a content-focused company, including the digital transformation and international expansion of its businesses. The Board also believes that the current structure has provided for an effective flow of information to, and discussion among, members of the Board regarding the Company's strategy and performance.

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Lead Independent Director. Mr. Bollenbach has served as Lead Independent Director since May 2012, following the retirement of the previous Lead Independent Director from the Board. Mr. Bollenbach has many years of executive leadership experience as a former CEO, CFO or other senior executive of several major companies with international operations, including Hilton Hotels Corporation and The Walt Disney Company, and also has extensive experience in finance and investments as a former Chief Financial Officer of several major companies. Mr. Bollenbach also has deep knowledge of the Company from his 12 years of service as a director.

As described in the Company's Corporate Governance Policy, the Lead Independent Director presides at executive sessions of the Board and serves as the liaison between the Chairman and the other directors (unless the matter under consideration is within the jurisdiction of one of the Board's committees). In addition, the Lead Independent Director's responsibilities include (i) advising the Chairman of the Board with respect to the schedule, agenda and information for Board meetings (including possessing the authority to approve the agenda and specific items of information for Board meetings), (ii) advising the Chairman of the Board with respect to consultants who may report directly to the Board, and (iii) being available, as appropriate, for communication with the Company's stockholders. The Lead Independent Director will also serve as the Chairman of the Board on an interim basis in the event of the death or disability of the Chairman.

Board Meetings, Executive Sessions and Attendance

The Board of Directors generally holds at least six meetings each year, including a meeting devoted to the Company's strategy. The Company's independent directors generally meet by themselves, without management or any non-independent directors present, at each regularly scheduled Board meeting, unless the independent directors decide otherwise. Any independent director may request additional executive sessions. These executive sessions are led by the Lead Independent Director, except for those portions of the executive session when it is appropriate for the Chair of the committee that has primary responsibility for the matter being discussed to lead the discussion. The Board of Directors also communicates informally with management on a regular basis.

During 2012, the Board met nine times. No incumbent director attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board held during the period for which he or she served as a director and (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. Nine of the 11 directors nominated for election at the 2012 Annual Meeting of Stockholders attended that meeting.

Committees of the Board

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), each of which has a written charter that is posted on the Company's corporate governance webpage at www.timewarner.com/governance. 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 authorized to retain its own outside consultants, counsel and other advisors as it desires. The Compensation Committee's charter requires the Committee to assess the independence of any compensation consultant, legal counsel or other advisor prior to retaining or receiving such advisor's advice (subject to certain exceptions), taking into consideration factors relevant to such advisors' independence, including the factors specified in the NYSE listing standards. The Nominating Committee's charter contains similar requirements with respect to any consultant, counsel or other advisor who will provide the Committee with advice regarding non-employee director compensation.

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The table below provides a brief summary of the committees' current members and the number of meetings held by each committee during 2012:

Independent Director	Audit Committee	Nominating Committee	Compensation Committee
James L. Barksdale			
William P. Barr			CHAIR
Stephen F. Bollenbach			
Robert C. Clark		CHAIR	
Mathias Döpfner			
Jessica P. Einhorn			
Fred Hassan			
Kenneth J. Novack			
Paul D. Wachter			
Deborah C. Wright	CHAIR		
Number of Meetings in 2012	7	6	8

Audit Committee. The Audit 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, (iv) earnings releases and guidance, financial statements and systems of disclosure controls and procedures and internal control over financial reporting, (v) capital structure and strategy, (vi) risk management policies and processes, (vii) responses to any regulatory actions involving financial, accounting and internal control matters, (viii) retirement programs with respect to their performance and funding, (ix) insurance coverage, and (x) tax status and strategy.

The Board has determined that each of the members 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, Hassan and Wachter is an audit committee financial expert as defined under rules promulgated by the SEC.

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

Compensation Committee. The Compensation Committee is responsible for (i) approving the compensation of and employment agreements for, and reviewing benefits provided to, the Company's senior executives, (ii) approving long-term incentive program design and awards, (iii) reviewing stockholder advisory votes regarding executive compensation, (iv) overseeing the Company's disclosure regarding executive compensation, advisors retained by the Committee and risks related to the Company's compensation programs and policies, (v) reviewing the Company's overall compensation structure and benefit plans, including risks related to the Company's compensation programs and policies, (vi) reviewing the Company's response to regulatory developments affecting compensation, (vii) reviewing and recommending officer appointments, and (viii) overseeing the Company's human development programs, including recruitment, retention, development, diversity and internal communication programs.

Compensation Committee Interlocks and Insider Participation

None of the Compensation Committee members (i) has ever been an officer or employee of the Company or (ii) was a participant in a related person transaction in 2012. None of the Company's executive officers serves, or in 2012 served, as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or the Compensation Committee.

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Codes of Conduct

To help ensure the highest levels of business ethics at the Company, the Board of Directors has adopted the following three codes of conduct: (i) the Standards of Business Conduct, which apply to the Company's employees, (ii) the Code of Ethics for Our Senior Executive and Senior Financial Officers, 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, and (iii) the Guidelines for Non-Employee Directors, which serves as a code of conduct for the Company's non-employee directors. There were no waivers in 2012 under either the Code of Ethics for Our Senior Executive and Senior Financial Officers or the Standards of Business Conduct with respect to any of the Time Warner senior executives covered by the Code of Ethics for Our Senior Executive and Senior Financial Officers. The three codes of conduct are posted on the Company's corporate governance webpage at www.timewarner.com/governance.

Policy and Procedures Governing Related Person Transactions

The Board has adopted the Time Warner Inc. Policy and Procedures Governing Related Person Transactions, which is 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 (if any). The General Counsel or his designee will assess whether any proposed transaction involving a related person is a related person transaction covered by the policy. If so, the transaction will be presented to the Nominating Committee for review and consideration at its next meeting or, in certain instances where 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.

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 (including any of its consolidated subsidiaries) 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, and thus are not subject to review by the Nominating Committee. The policy, including the list of excluded transactions, is posted on the Company's corporate governance webpage at www.timewarner.com/governance. Since the beginning of 2012, there were no transactions with any related person that were reportable as related person transactions under SEC rules.

Corporate Social Responsibility

Time Warner is committed to effective corporate governance practices, including keeping stockholders, the investment community and others informed of the Company's activities relating to environmental, social and governance matters. The Company updates the information about its corporate social responsibility efforts regularly as appropriate on its website at www.timewarner.com/citizenship to provide stockholders with information in a dynamic and timely manner.

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. In October 2012, Time Warner revised the Guidelines to, among other things, include clearer descriptions of the different categories of third parties (*i.e.*, vendors and licensees) to which the guidelines apply and provide examples of the types of actions that Time

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Warner may take if a vendor or licensee is found to act in a manner inconsistent with the Guidelines. The revised Guidelines are posted on the Company's website at 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 advance 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 on its website at www.timewarner.com/citizenship under the heading "Leading Responsibly" and sub-heading "Political Activities" 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 organizations that are used for political expenditures. In 2012, the Company was again ranked in the top tier of companies in the Center for Political Accountability's CPA-Zicklin Index, which measures corporate disclosure and accountability for political spending.

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DIRECTOR COMPENSATION

Under its charter, the Nominating Committee is responsible for reviewing the compensation for the Company's non-employee directors and making recommendations regarding director compensation to the Board of Directors for its approval. In carrying out this responsibility, the Nominating Committee is guided by the following key objectives and principles regarding non-employee director compensation:

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.